



*Inspiring Progress  
in Sustainability*

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### About This Report

This is Ingersoll Rand's third annual sustainability report. We believe that it meets the standards of a B-level report under the Global Reporting Initiative (GRI) guidelines. The GRI Index is found on page 44 of this report. Unless otherwise noted, the information presented in this report covers calendar year 2009. Financial, environmental, and safety data represent the company's global operations. Ingersoll Rand has internal systems in place to review the data presented in this report for completeness, accuracy, and reliability. The environmental and safety data and data management systems have been reviewed by a third party (see page 24).

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# Chairman and CEO Message

Through the efforts of our 57,000 employees around the world, Ingersoll Rand has become a world leader in creating and sustaining safe, comfortable, and efficient environments. We believe that we have great opportunities for growth through customer focused innovations that improve the quality of life and our environment, including many that advance sustainable business practices. We are proud of the progress we've made this past year in the important areas of sustainability and assisting our customers in improving their sustainable business practices – with particular focus on reducing their energy use and the resulting greenhouse gas emissions.

More than ever before, sustainability is becoming a fundamental element of our business strategy, and we recognize that integrating sustainability principles into our day-to-day operations is critical to our long-term success. We continue to provide products and services that help customers reduce their energy use and greenhouse gas emissions, and therefore help minimize the effects of climate change. At the same time, we are working to reduce the energy footprint of our own operations.

We have made several structural changes to support integration of sustainability into our programs and performance. These include formally defining accountability for sustainability issues within the Board of Directors, creating a Sustainability Strategy Council to lead and monitor enterprise-wide performance, and establishing the Center for Energy Efficiency and Sustainability at Ingersoll Rand – a nonprofit entity which, working with outside partners, will shape the vision and break new ground in sustainability for ourselves and other organizations.

Whether reducing emissions and energy costs, or constructing a green building, we offer an expanding portfolio of products and services to help customers meet their sustainability goals. We have a growing number of Leadership in Energy and Environmental Design (LEED)-accredited professionals, already more than 700 strong and among the most of any industrial company in the world. Our efforts will continue to help reduce the environmental impacts associated with building operations, for our customers and at our own facilities.

Besides reducing energy-related greenhouse gas emissions, we also carefully select and manage the refrigerants used in our products, many of which have a greater global warming potential than carbon dioxide by weight.

In 2009, we set and publicly reported aggressive new sustainability goals. Among our goals, we plan to reduce our rate of energy use and greenhouse gas emissions by 25 percent over 10 years, normalized by revenue, and reduce our workplace safety incidents by 67 percent by 2013.

While the economic downturn has made some of our goals more challenging in the short term, we remain confident that we will meet our objectives over the long term. Tracking progress against these goals has already spurred new efforts to conserve resources and drive operational excellence. We are also looking at ways we can expand our sustainability goals to areas such as the percentage of products developed from customer driven innovation, which will be spearheaded by the Center for Energy Efficiency and Sustainability.

We will continue to expand our partnerships with others to help address sustainability and climate change issues. Last November, we launched a program involving our top 500 global suppliers, representing 80 percent of our direct material spend, to help us better understand and influence the sustainability impacts of their business practices. We have begun to collect information on their environmental and social performance. In addition, we require all suppliers to adhere to our Business Partner Code of Conduct, which clearly articulates our expectations regarding ethics and responsible business behavior. We partnered with the U.S. Department of Energy on its Save Energy Now voluntary partnership, and joined EPA's Climate Leaders program. To reach a broader audience in the community, Ingersoll Rand executives participate as speakers for various energy-related workshops, conferences, and meetings. We will continue to make our voice heard in the green building dialogue, sharing our expertise by offering new ideas, solutions, and case examples for others to learn from.

As these actions demonstrate, Ingersoll Rand is on its way to achieving sustainable business success through world-class EHS performance in our workplaces, and customer driven innovation in our products and services. We are still in the early stages of this journey as a safety, comfort, and efficiency leader, but we have established a strong foundation from which to move forward. We are confident that through the efforts of our outstanding people, Ingersoll Rand will meet the challenges ahead as we strive to be a more economically, environmentally, and socially sustainable company.

May 2010



Herbert L. Henkel  
*Chairman*



Michael W. Lamach  
*President and Chief Executive Officer*

# Highlights for 2009 – Focusing on Our Key Sustainability Issues



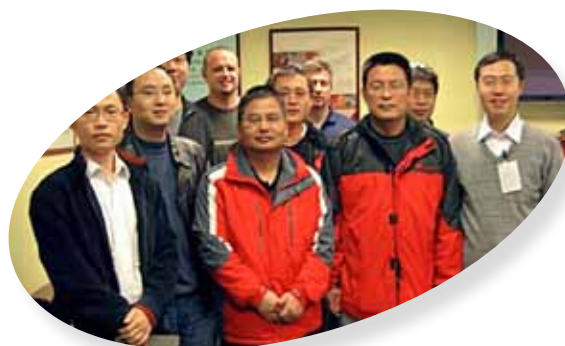
**Energy-efficient products and services –**  
During 2009, 17 new products were launched under our Trane brand – developed to meet customer needs for more efficiency and lower operating costs. See page 16.



**Ethical business practices and sound governance –**  
Our Board of Directors added sustainability to the charter for its Corporate Governance and Nominating Committee. See page 13.



**Company profits and revenue management –** We support government policy that creates a price signal for greenhouse gas emissions to drive investment in energy savings. See page 11.



**Greenhouse gas emissions –** Facilities in our China operations saved \$1 million through energy reduction projects over one year. See page 27.



**Product impacts and stewardship, including product safety –**  
During 2009, two sites became the first golf facilities in the world to power their entire Club Car golf cart fleets with solar energy. See page 19.

## Ingersoll Rand Family of Brands

Our family of brands helps customers globally meet their needs for energy efficiency, comfort, and safety:



**Club Car**<sup>®</sup> – golf, utility, and low-speed vehicles



**Husmann**<sup>®</sup> – refrigerated food and beverage display merchandisers and refrigeration systems



**Ingersoll Rand**<sup>®</sup> – air and electric tools, compressed air systems, material handling systems, fluid handling equipment, and microturbines



**Schlage**<sup>®</sup> – door locks, latches, and locksets; electrical security products; electronic access control systems; door closer and controls; and exit devices



**Thermo King**<sup>®</sup> – truck and trailer refrigeration systems, truck cabin environment control systems, and bus and rail HVAC systems



**Trane**<sup>®</sup> – HVAC systems and building management systems

With 2009 revenues of \$13.2 billion and a workforce of approximately 57,000 people around the world, we are a global, diversified company. Please see the inside back cover of this report for more information on our corporate profile.

## Goals and Performance

Metric	Long-term Goal	2009 Performance
Total Recordable Incident Rate (TRIR)	67% reduction from 2008 to 2013	20% annual reduction
Lost Time Incident Rate (LTIR)	67% reduction from 2008 to 2013	49% annual reduction
Energy	25% normalized reduction* over a 10 year period**	7% annual increase, normalized
Greenhouse gas (GHG) emissions	25% normalized reduction* over a 10 year period**	9% annual reduction, normalized
Nonhazardous waste generation	15% normalized reduction* (excluding scrap metals) from 2009 to 2013	8% annual reduction, normalized
Hazardous waste generation	3% normalized reduction year-over-year	19% annual increase, normalized
Recycling	100% of sites have programs for recycle/reuse of aluminum cans, cardboard, electronics, oils, paper, plastics, scrap metal, and wood by 2013	78% of sites have programs in place for at least two waste streams
EHS management systems (see description on page 24)	100% of sites have validated EHS management system (EHS MS) by 2013	100% implementation of EHS MS at all facilities; within 3 sectors, 20% of sites have validated EHS MS
Annual performance review	100% of salaried employees receive a performance review	93.4% of salaried employees participated in a formal performance review

\*Normalized by revenue

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



# Panel Discussion with Ingersoll Rand Leadership

In February 2010, Michael Lamach, President and CEO, John Conover, President of Security Technologies, and Ray Pittard, Vice President, Global Product Management and Marketing of Climate Solutions and leader of the Center for Energy Efficiency and Sustainability, shared their thoughts about sustainability at Ingersoll Rand. Excerpts from this interview are shared below.



Michael Lamach



John Conover



Ray Pittard

## What are the most material issues for Ingersoll Rand around sustainability?

Lamach: Aligning the value proposition we give our customers with how we run the day-to-day operations of the company. We can't advise our customers to do one thing and not operate our business the same way.

Conover: If you think about the environment and shareholders, the biggest impact we can have is what we can do for our customers. For the employees, it's very important that we follow through on our stated commitments.

## What are some of the benefits of integrating sustainability into what we do as a business?

Lamach: We will ultimately attract and retain those who want to be a part of our business and who are the most innovative people.

Conover: All the sustainability discussions we're engaged in are core to making us a better business. Being a sustainable company will also make us a better company.

Pittard: Like safety, sustainable business practices are the right thing to do. The triple bottom line resonates today in the 21st century – it's a different way to run your business. Today, sustainability can be seen as an innovation source; this approach to sustainable business is a differentiator in the market.

## How is the company addressing sustainability structurally?

Lamach: From an oversight perspective, the Board of Directors is at the top with the Sustainability Strategy Council providing governance for sustainability in the company. Because energy efficiency and sustainability are a core focus for the company, the new Center for Energy Efficiency and Sustainability creates a focal point throughout the company. It enables external partners and alliances to work with a body in the company that represents all the businesses.

Pittard: The Center helps us look at where we put our investments, and where to direct our efforts across the supply chain. We already do this in pockets around the company, but the Center will help us put it into a coordinated framework, a focal point where people know where to go.

Lamach: When you're creating excitement and interest around a topic, people are inspired to be more innovative and to provide better delivery of services. The Center will provide thought leadership inside the company as well as externally.

Conover: The Center is the focal point for taking environmental expertise to the customer and also rolling it out across our own operations.

Lamach: The Center helps us become better at connecting with the outside world, developing alliances and partnerships, and using external relationships to improve innovation. We need to get more on top of the research world and what is going on in the areas of energy efficiency and sustainability.

Pittard: A key advantage of being more external-facing is it allows us to take more of a role in developing industry standards.



Ingersoll Rand Industrial Refrigeration FHC Facility HealthCheck predictive audit program minimizes potential ammonia leaks into the environment. Submitted by Cheryl Beach, Communications Manager, Industrial Vertical Market, Ingersoll-Rand Industrial Refrigeration, Inc., Bridgeton, Missouri

**How has the economic situation impacted sustainability at Ingersoll Rand?**

Conover: The economic situation means that we have to make tougher choices, but it's more important than ever that we be ready with the right products and offerings when the economy turns around.

Lamach: More and more of our customers, over the last 18 months, started to back off "green" products to reduce costs. Residential customers were backing off of energy efficiency to get lowest installed cost. This puts the onus back on us from an innovative standpoint – we need to figure out how to make energy-efficient products and solutions without an economic penalty to the consumer.

Pittard: We have to be consistent even through the difficult times. We can't just pile on sustainable business practices as an add-on, but align and integrate it into everything we do.

**What are the risks and opportunities for Ingersoll Rand around climate change?**

Lamach: Going back to the formation of the Center, we need to do a better job of understanding risks, establishing policy positions, and analyzing regulatory proposals.

Pittard: It's better to be involved with public policy debates and engage with stakeholders than to be reactive and have new regulations imposed upon us.

**What are the company's biggest sustainability challenges?**

Lamach: The greatest risk is that we let too much time pass. We need to be aggressive to be inspiring. Sustainability is part of innovation. We need to look at opportunities.

Pittard: Like safety, we have learned to move from treating sustainability as a compliance issue to making it part of our culture.

Conover: Especially outside of North America – in Asia and Europe – we need to be aggressively looking for partners and alliance opportunities to drive product innovation.

# Stakeholder Engagement and Material Issues

Our stakeholder groups are varied and include employees, customers, investors, and many others with an interest in, and an impact on, our business success. We interact with stakeholders in various ways tailored to meet the needs of each group (see table on page 8). We are using new approaches to communicate more effectively.



Ingersoll Rand YouTube channel

We have posted videos on our YouTube channel to highlight sustainability activities at our sites in Davidson, North Carolina, and Augusta, Georgia, and we communicate with stakeholders on Facebook and Twitter. The launch of the new Ingersoll Rand sustainability web resource in 2009 ([www.ingersollrand.com/sustainability](http://www.ingersollrand.com/sustainability)) was a significant step forward in our ability to communicate clearly with stakeholder groups. The site provides employees, customers, and communities with information about Ingersoll Rand's environmentally beneficial and energy-efficient products and solutions, our expertise in green buildings, and ideas about how individuals can reduce their impact on the environment, both at home and at work.

## Targeted Stakeholder Input for 2010

During the development of this year's report, for the first time Ingersoll Rand conducted a series of individual interviews with representatives of key stakeholder groups to obtain feedback on our previous sustainability reports and, more broadly, on our corporate sustainability programs and performance. Participants in these discussions included experts from green building certification organizations, nongovernmental organizations, sustainability professionals, and one of our long-term business customers. Changes made to this report to address stakeholder feedback include:

- Greater emphasis on the energy efficiency of products and operations
- More focus on goals and progress in meeting those goals
- Increasing the use of charts and graphics to communicate information



We sincerely appreciate the time that was invested by each of these individuals. Their input is vital as we continue to seek opportunities to integrate sustainability into our business strategies across the organization

## Material Sustainability Issues

We followed a systematic method for identifying a focused list of the most significant material issues facing Ingersoll Rand today. The process began with a comprehensive list of economic, social, and environmental factors, and then we asked cross-functional groups of Ingersoll Rand employees, from each of the businesses, to rank the factors using a number of criteria for judging significance. By analyzing the rankings, we developed the list of issues described below. These key material issues were also verified during the in-depth stakeholder interviews:

- Energy-efficient products and services – By helping our customers save energy and operate more efficiently, we leverage our knowledge and expertise to create environmental benefits far beyond our own operating boundaries.
- Ethical business practices and sound governance – The core vision and values of Ingersoll Rand provide a foundation for trust.
- Company profits and revenue management – Integrated corporate responsibility is critical to long-term business success and shareholder value.
- Greenhouse gas emissions – The potential economic, environmental, and social risks of climate change cannot be ignored. Reducing our own emissions while helping our customers reduce theirs is an important factor in the success of our company.
- Product impacts and stewardship, including product safety – We are working hard through product development and supply chain management to minimize the environmental and social impacts associated with the manufacture, use, and ultimate fate of our products and services.

## External Sustainability Initiatives

Ingersoll Rand participates in several voluntary partnerships and initiatives that help drive improved performance for our company and the greater community.

### “Save Energy Now”

This year, Ingersoll Rand became a LEADER company in the U.S. Department of Energy’s (DOE) Save Energy Now program, pledging to reduce our energy intensity by 25 percent over a 10-year period. This pledge strengthens our existing commitment to reducing energy use and greenhouse gas emissions. We adjusted our previously announced quantitative goals to be consistent with the DOE initiative, which calls for a 25 percent reduction in energy use per unit of output. In our case, energy intensity is expressed as energy use per dollar of revenue. While this is a voluntary initiative of the U.S. government, our 25 percent reduction goal applies to Ingersoll Rand operations worldwide. For more information on the Save Energy Now program, visit the DOE sponsored web page.

[www.eere.energy.gov/industry/saveenergynow/](http://www.eere.energy.gov/industry/saveenergynow/)

We also maintain our involvement in the following sustainability related initiatives:

- Business Roundtable’s Climate RESOLVE and S.E.E. Change programs – <http://seechange.businessroundtable.org/>
- Clinton Climate Initiative – [www.clintonfoundation.org/what-we-do/clinton-climate-initiative/](http://www.clintonfoundation.org/what-we-do/clinton-climate-initiative/)
- U.S. Environmental Protection Agency (EPA) voluntary partnerships Climate Leaders, GreenChill, and SmartWay – [www.epa.gov/climateleaders/](http://www.epa.gov/climateleaders/)  
[www.epa.gov/greenchill/](http://www.epa.gov/greenchill/)  
[www.epa.gov/smartway/](http://www.epa.gov/smartway/)



John Conover signing the Save Energy Now pledge

Stakeholders	Approaches to Engagement	Key Issues	How Issues Have Been Addressed
Customers (provide revenue)	<ul style="list-style-type: none"> <li>• Ongoing customer research, including customer satisfaction metrics</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> </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 (provide capital) – more than 70 percent of shares held by institutional investors	<ul style="list-style-type: none"> <li>• Regular communications with investors through quarterly earnings release 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>• Email addresses for Board and 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 2009 and 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 (provide inputs)	<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 its 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>
Employees (provide knowledge and expertise)	<ul style="list-style-type: none"> <li>• Ingersoll Rand Daily News (IRDN), 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> </ul>	<ul style="list-style-type: none"> <li>• Enabling employees to be competitive globally and view themselves as citizens of Ingersoll Rand 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> </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 support</li> </ul>
Distributors and dealers (provide channels to customers)	<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> </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>• Developed Business Partner Code of Conduct</li> </ul>
Facility neighbors, local government, and communities (provide local permits, pool of potential employees, and “license to operate”)	<ul style="list-style-type: none"> <li>• Community open houses, community ambassador committees, meetings with elected officials</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>

## 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
- Environmental Institute for Golf
- EPEE, European Partnership for Energy and the Environment
- Eurovent, European Committee of Air Handling and Refrigeration Equipment Manufacturers
- 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
- 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
- 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.
- U.S. Business Roundtable
- World Golf Foundation 2020 Environmental Committee



#### SUPPORTING SUSTAINABILITY IN THE WORLD OF GOLF

Club Car has long been a supporter of The Environmental Institute for Golf, the philanthropic arm of the Golf Course Superintendents Association of America. In February 2010, the president of our Club Car business, Gary Michel, took a position on the Institute's Advisory Council; Ingersoll Rand Chairman Herbert L. Henkel also serves on that committee. The Institute is a collaborative effort of the environmental and golf communities, dedicated to strengthening the compatibility of golf with the natural environment. The Institute concentrates on delivering programs and services involving research, education, and outreach that communicate the best management practices of environmental stewardship on the golf course.

### *Public Policy Involvement*

Representatives of Ingersoll Rand contribute to public dialogue, particularly regarding climate change mitigation. During 2009, our senior staff participated in more than a dozen conferences and meetings worldwide, attended by hundreds of business executives and government officials. Our participation in these events allows us to share ideas and potential solutions to sustainability challenges. For example, we provided lead technical presentations at two seminars in China focused on the handling of agricultural produce and the important role played by climate control technologies ("cold chain management").

## Political Contributions

It is our policy that Ingersoll Rand follow all applicable local guidelines for political contributions. In 2009, 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. No funding was provided to national candidates in any country. The company does not operate a political action committee. As individual citizens, our employees are free to make such donations on their own.

## Ingersoll Rand Policy Positions

### Position on Refrigerant Use

We take into account the refrigerant selection factors listed below in the systems we use in our own facilities and those we sell to our customers:

- Low ozone depletion potential (ODP)
- Low global warming potential (GWP)
- High operating efficiency
- Short atmospheric life
- Low operating pressure (low leakage rate)

One example of this strategy is our use of R-123 in centrifugal chillers. R-123 is a balanced, environmentally responsible refrigerant with low GWP and near zero ODP. It also has an extremely short atmospheric life. When R-123 is combined with Trane technology in the CenTraVac® chiller, it is the most efficient chiller available today – up to 13.5 percent more efficient than the alternative.

### Position on Climate Change

Ingersoll Rand is actively involved in climate change policy development in national and international forums, such as the United Nations Framework Convention for Climate Change (UNFCCC). Key elements of the Ingersoll Rand position on climate change include:

**Pricing GHG Emissions** – We support government policy that will create a price signal for GHG emissions as an effective tool to spur investment in energy efficiency and renewable energy.

**National and International Linkage** – We believe that a global policy agreed to within the UNFCCC process, followed by domestic programs in both developed and developing countries, is critical to place countries on a level competitive playing field while ensuring climate change mitigation.

**Separate Treatment of Hydrofluorocarbon (HFC) Refrigerants** – HFCs are unique in that they are the only type of GHG deliberately produced and sold as a product for societal value, as opposed to being an unintended by-product. Until more energy efficient, safe, and less potent substitutes are developed, any government policy should provide for an acceptable transition time away from today's best practice solution. In addition, public policy should encourage use of refrigerants that minimize both ozone depletion and global warming potential, and encourage refrigeration applications that minimize emissions.

**The Role of Energy Efficiency** – Since the majority of energy production today is fossil fuel based, with resulting carbon dioxide emissions, reducing energy use has a direct impact on GHG emissions. Ingersoll Rand believes that establishing incentives for investment in energy efficiency – as opposed to seeking aggressive increases in minimum efficiency standards – will best provide a large reduction in energy use, especially in existing buildings.



# 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.

## Governance Structure

### Board of Directors

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.

The position of Chairman of the Board and CEO are generally held by the same person. During our current transitional period, Herbert Henkel serves as Chairman while Mike Lamach has taken on the role of CEO. After Mr. Henkel's retirement (June 2010), Mr. Lamach is expected to succeed Mr. Henkel as Chairman. Given the company's Corporate Governance Guidelines, the quality, stature, and substantial business knowledge of the directors, and the Board's culture of open communication with the CEO and senior management, it is the Board's view that Ingersoll Rand operates most effectively with a combined Chairman and CEO position.

### Lead Director

The Board appoints a Lead Director from among the independent directors who are not Board committee chairs. The Lead Director coordinates the activities of all of the Board's independent directors. In December 2009, the Board approved a revision to the Corporate Governance Guidelines that enhanced the lead director role and established a three-year minimum term, rather than the previous one-year term. The change is designed to improve continuity and enhance our ability to pursue long-term strategic goals. The Board appointed Richard J. Swift as Lead Director; his term will extend until conclusion of the annual meeting in 2013.

The Lead Director is the principal advisor to the CEO and ensures that the Board has an open, trustful relationship with our Corporate senior management team. In addition to the duties of all Directors, as set forth in our Corporate Governance Guidelines, the specific responsibilities of the Lead Director include:



- Chair the meetings of the independent directors when the Chairman is not present;
- Lead the Board in all deliberations involving the CEO's employment, including hiring, contract negotiations, performance evaluations, and dismissal;
- Counsel the CEO on issues of interest/concern to directors and encourage all directors to engage the CEO with their interests and concerns;
- Keep abreast of key company activities and advise the CEO as to the quality, quantity, and timeliness of the flow of information from company management that is necessary for the directors to effectively and responsibly perform their duties. Although company management is responsible for the preparation of materials for the Board, the Lead Director may specifically request the inclusion of certain material;
- Work in conjunction with the Corporate Governance and Nominating Committee in compliance with its Committee processes to interview all Board candidates and make recommendations to the Board, and to identify for appointment the members of the various Board Committees and committee chairs;
- Assist the Board and Company officers in assuring compliance with and implementation of the Company's Governance Guidelines; work in conjunction with the Corporate Governance Committee to recommend revisions to the Corporate Governance Guidelines; and
- Help set the tone for the highest standards of ethics and integrity.

More details about corporate governance and Board processes, including committee structure, assessing Board performance, contacting the Board, management compensation, avoiding conflicts of interest, and determining Board member qualifications, are available at <http://company.ingersollrand.com/aboutus/corpgov/>.

## Sustainability Governance

Over the past year, Ingersoll Rand has made significant strides in formalizing and centralizing our governance of sustainability issues.

### Board-level Oversight

Ingersoll Rand has taken a significant step forward in raising the profile of sustainability issues within our formal corporate governance structure. 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. In addition, through its Audit Committee, the Board of Directors oversees environmental, social, and economic-related compliance.

*Sustainability issues are now addressed by our Board's Corporate Governance and Nominating Committee.*

### Sustainability Strategy Council

In 2009, our Sustainability Strategy Council commenced work. This is a leadership committee created and sponsored by the company's executive leadership team, comprising 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 that invest in Ingersoll Rand.

### Center for Energy Efficiency and Sustainability

In October 2009, we established The Center for Energy Efficiency and Sustainability at Ingersoll Rand (CEES). The CEES is a global group of experts dedicated to integrating best practices for the long-term use of energy and other resources—for ourselves, our customers, and the communities in which we operate and serve. The CEES—which focuses predominantly on the environmental aspects of sustainability—collaborates with and supports the company's Sustainability Strategy Council.

The CEES will work to advance the company's mission of comfort, safety, and efficiency through an integrated approach to sustainability. We intend to do this by:

- Driving energy-efficient technologies and innovation for products and services;
- Advocating for policies, standards, and information sharing;
- Developing best practices for minimizing the carbon footprint of our customers and within our operations and supply chain;
- Establishing the R&D agenda for products and services that support energy efficiency and sustainability;
- Partnering with universities, government, nongovernmental organizations, and the private sector to establish industry energy efficiency and sustainability standards;
- Educating and engaging employees and attracting talent for our company; and
- Demonstrating through our manufacturing and all of our operations our consistent commitment to sustainable practices and approach to business and stakeholder relations.

## Vision, Values, and Code of Conduct

Ingersoll Rand has long-standing, internally developed principles that guide our economic, environmental, and social performance. These principles are embodied in our vision, values, and code of conduct – which apply to all of our employees around the world.

### Our Vision

We are dedicated to inspiring progress for our customers, shareholders, employees, and communities by achieving:

- **Dramatic Growth**, by focusing on innovative solutions for our customers.
- **Operational Excellence**, by pursuing continuous improvement in all of our operations.
- **Dual Citizenship**, by bringing together the talents of all Ingersoll Rand people to leverage the capabilities of our global enterprise.

### Our Values

- **Integrity**. We act in the highest legal and ethical standards in everything we do. We conduct ourselves in a manner that nurtures and inspires the confidence of our colleagues, customers, and shareholders.
- **Respect**. We communicate and act in ways that respect and value the worth of all people, cultures, viewpoints, and backgrounds. We value different perspectives because they enrich our own.
- **Teamwork**. We work together and share resources to provide greater value to our customers, fellow employees, business partners, and shareholders. When we join forces, we multiply our ability to achieve innovation and progress, and we increase our competitive advantage in all our markets.
- **Innovation**. We use our diverse skills, talents, and ideas to develop innovative, imaginative, and creative solutions for our customers. Our innovativeness drives progress and generates growth to benefit customers, employees, and shareholders.
- **Courage**. We speak up for what is right and take measured risks so our company can thrive. We make choices and challenge the status quo with confidence.

## 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. In 2009, we rolled out a revised Code of Conduct with enhancements covering anti-corruption and bribery, conflicts of interest, and expected practice regarding gifts and entertainment. We also added a section discussing political activities and contributions.

Our employees have an obligation to promptly report any known or suspected violations of laws, regulations, or the Ingersoll Rand Code of Conduct. One reporting method is the Ingersoll Rand Ethics HelpLine, which is operated by Global Compliance Services (AlertLine®), a company unaffiliated with Ingersoll Rand. Employees can report suspected violations to the HelpLine by calling a toll-free telephone number or submitting an electronic report through a dedicated website. In 2009, the HelpLine received 273 reports; 179 reports were received in 2008. Of the reports received in 2009, 75 percent were related to employee relations issues, which may include alcohol and substance abuse, conflict of interest, discrimination, workplace conduct, harassment, and time abuse. Globally, we strive to follow up and provide responses to all HelpLine reports within three weeks. Besides the investigation and responses to individual reports, the larger trend of report topics helps inform Ingersoll Rand management regarding areas where additional employee training and awareness may be needed.

Compliance with the Code of Conduct is linked to employee disciplinary action and remuneration. In February 2009, Ingersoll Rand implemented a new discipline policy regarding violations of the Code by requiring that no permanent discipline may be taken without first contacting and receiving approval from the company Corporate Ethics and Compliance Group. 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.



Submitted by Shaffic Ahamed, Electronics and Software (ELSW), Ingersoll Rand Engineering Center – India. Photograph taken at Ingersoll Rand campus in Davidson, North Carolina.

# Products and Services for a More Sustainable Future

“Our greatest contribution to fighting climate change is innovation – creating new products and services to help our customers reduce their energy use and greenhouse gas emissions.”

Michael W. Lamach  
President and Chief Executive Officer

## *Product and Service Innovation*

During 2009, we completed the launch of 17 new products under our Trane brand of HVAC products, an extraordinary level of new product innovation. These offerings were developed in response to customer feedback requesting more efficiency, better performance, and lower operating costs. For example, the new Model CGAM chiller exceeds industry standards for energy efficiency and provides quieter operation and more rapid installation compared to the previous Trane models it is replacing (CGAF and RTAA).

To comply with federal regulations, we completed the phase-out of R-22 refrigerant in all of our Trane products, in advance of the regulatory deadline of 2010. We are replacing the hydrochlorofluorocarbon R-22 with refrigerant R-410A, a compound with much lower ozone depleting potential.

Also in the area of climate control technology, we recently launched 12 innovative products under the Hussmann brand. These products grew out of a comprehensive effort to understand the unmet needs of food retailers (our customers) and of the ultimate consumer (our customers' customer). Our “voice of the customer” research revealed the most important and unmet needs are in the areas of food safety, merchandising, shelf-life, energy efficiency, life-cycle management, and environmental impact of product use. The range of new products incorporates better energy efficiency for chilled food display cases, highly efficient LED lighting, anti-microbial protection on surfaces, and reduction in refrigerant charge required.

For example, the reduced refrigerant charge of the new Protochill system may make it easier for our customer supermarkets to achieve certification under the U.S. EPA's GreenChill Advanced Refrigeration Partnership. A typical water-cooled Protochill can reduce refrigerant charge up to 60 percent over a traditional system, and an air-cooled application can reduce refrigerant charge up to 35 percent.



## Green Buildings and Energy Conservation

Buildings require a significant amount of electricity to operate the heating and air conditioning, lights, water distribution, elevators, and other systems. Our unique knowledge of climate control technologies makes Ingersoll Rand a world leader in helping building owners reduce energy use. Energy conservation in the design and operation of buildings is a huge opportunity for reducing global emissions of greenhouse gases.

Ingersoll Rand actively participates in several organizations that promote environmentally sound 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 not-for-profit education initiative, the GBI owns and operates the Green Globes assessment and rating system in the United States.

The U.S. Green Building Council (USGBC) has established the Leadership in Energy and Environmental Design (LEED) certification program to encourage the use of strategies to save energy and water and reduce the environmental impact of buildings. We recently assisted one of our customers, U.S. Cellular, in its initiative to obtain certification for two of its stores, by providing a high-efficiency Trane Precedent™ rooftop HVAC system with the VeriTrac® control system. The two retail locations received Gold and Silver level certifications, becoming the first LEED-certified stores in the Chicago area.

In 2009, we announced our endorsement of Rebuilding America, a national campaign calling for energy efficiency retrofits of 50 million commercial and residential buildings by 2020. The campaign is a joint initiative of the Center for American Progress Action Fund and the Energy Future Coalition. This coalition of businesses, labor groups, and nongovernmental organizations seeks to mobilize major public and private institutions to promote energy efficiency investment, provide financing, and facilitate access to certified contractors, while also encouraging high performance standards and verifiable energy savings across the retrofit industry.

### Sharing Our Expertise

In an effort to share our practices with the rest of the business community and increase the number of green buildings worldwide, we recently had a presence at the “Sustainability and Green Building” technical symposium conducted by the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) in Shuwaikh, Kuwait. Mani Subramaniam, senior trainer, presented a paper entitled “LEED 2009 – Recent Developments & Impact of HVAC on New Construction & Existing Buildings.” The event was an opportunity to raise awareness of how to build energy-efficient structures and the importance of environmental impact reduction measures.

This is one example of many speaking engagements and presentations that Ingersoll Rand specialists made throughout the year to promote green building technologies and their benefits.

*Ingersoll Rand has more than 700 LEED-certified professionals, among the most of any industrial company in the world.*



Within our own operations, Ingersoll Rand strives to incorporate green building elements where feasible. Our Trane commercial office building in San Antonio, Texas, received LEED Silver certification for commercial interiors in February 2009. In addition, the Trane facility in St. Paul, Minnesota, recently became only the third building in the state to achieve the LEED Gold certification for existing buildings (award presentation above).

## *Customer Health and Safety*

Our products and services must protect the health and safety of our customers. We recognize that worker safety is a top priority for our industrial customers, and we seek opportunities to help those workers avoid injury such as repetitive motion injuries and other ergonomic problems.

During 2009, Ingersoll Rand expanded its efforts to train our sales force in ergonomic handling solutions, a product line of the Industrial Technologies Sector. Participants in the program learn the principles of ergonomic handling and the solutions Ingersoll Rand offers to improve operator safety and productivity. A hands-on demonstration area, recently installed at our Customer Center in Edison, New Jersey, helps participants gain a working knowledge of the systems.

## *Customer Satisfaction*

Ingersoll Rand rolled out an enterprise-wide system to measure customer satisfaction in 2008. The system uses a standardized set of questions covering four key areas: sales, delivery, product, and service. 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 next year on year-over-year change in scores. Having a holistic view of our customers' perspectives will help guide investment decisions on a business, sector, and enterprise level.

Each business is required to move up one level on a Customer Value maturity model every year. This means that every year they need to put more processes in place to monitor and act on customer feedback. Additionally, our goal in 2010 is to have each business determine year-end CSI scores for channel and end-use customers, and to begin tracking year-over-year progress. As a result of putting standard processes and tools in place, all of our businesses are now measuring and acting on customer satisfaction data.

## *Customer Case Studies*

- At the Osage County Courthouse in Kansas, Ingersoll Rand helped the county implement a comprehensive energy-saving capital project that also preserved the historic integrity of the 80-year-old building. Upgrades at the courthouse include installing four high-efficiency rooftop HVAC systems to replace less efficient window air conditioners and outdated steam heating. The existing courthouse roof was replaced with a new insulated, solar reflective roof, and internal storm glazing was added to windows to improve the building's barriers against temperature variation. Other improvements included high-efficiency lighting, low-flow water fixtures, a centralized control system, and electrical system upgrades. The project was funded through a performance contract, which allows building owners to use future energy and operational savings to finance the capital cost of infrastructure improvements with future energy savings.
- In China, we were hired to assess the performance of the compressed air system at Shanghai Chlor-Alkali Chemical Co., Ltd. Based on the survey results, we recommended a total solution to improve the system's performance; however, the client was reluctant to purchase the recommended new equipment, due to the tough economic situation. To assist the customer, we are partnering with a local engineering firm to build the project, which will be paid for over time from the energy saved. Under the terms of the performance contract, all three companies will share in the energy savings provided by the Ingersoll Rand solution over a 6-year period.



Club Car equipped with SolarDrive

- The Jockey Club Kau Sai Chau Public Course in Hong Kong and the Sebonack Golf Club in Southampton, New York, recently became the first golf facilities in the world to power their entire golf car fleets with solar energy. Both courses retrofitted their existing Club Car fleets, a total of 245 cars, using the SolarDrive system. These projects arose from a marketing alliance between our Club Car business and the Denmark-based firm SolarDrive, which specializes in solar technology for mobile applications. The objective of the alliance is to promote the use of solar energy to commercial and golf facilities around the world. SolarDrive designs and engineers vehicle canopies made with solar cells capable of capturing and transferring the sun's energy to electric-powered vehicles, including golf cars and utility vehicles. The solar canopies transfer from 180 to 360 watts of energy to a vehicle's battery system, resulting in considerable additional range between charges under typical conditions and less reliance on electricity purchased from conventional power plants.
- During 2009, Ingersoll Rand completed two particularly notable HVAC retrofit projects. While each site had unique needs, in both cases we provided our customers with solutions to improve operating performance and to reduce emissions and energy use at the same time. At Le Meridien Hotel, a 25-year-old landmark building in Bangalore, India, the upgraded HVAC infrastructure resulted in annual energy savings of about \$85,000, plus a markedly quieter environment for hotel guests and staff. The second project involved installation of a new chilled water plant and air conditioning system along with maintenance agreements at the Royal Castle, a national heritage art museum in Warsaw, Poland. This retrofit improved energy efficiency and helped reduce GHG emissions associated with the museum's operation.

# Supply Chain Management

## *Business Partner Code of Conduct*

As an extension of Ingersoll Rand, our business partners' actions reflect on our company. As a result, we expect our business partners to operate according to the same high standards we have established for Ingersoll Rand employees across the globe. We require our business partners to attest that they are in compliance with the Business Partner Code of Conduct.

Our business partners are expected to adhere to our requirements regarding: legal requirements, discrimination, wages and benefits, child labor, freedom of association, forced labor, antitrust and competition laws, human rights, environment, health and safety, anti-corruption and bribery, no retaliation, confidentiality, global trade compliance, and management systems.

We are expanding our existing supplier audit process to evaluate compliance with the Business Partner Code of Conduct. In 2010, 100 percent of new suppliers will be audited, and re-audits or spot checks will be completed at a minimum of 50 existing supplier sites. 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.

## *Environmental Data Survey*

As part of our commitment to sustainable business growth, we recognize that our environmental efforts are inextricably linked to our suppliers' business practices. Ingersoll Rand has substantial global reach through the supplier network, and this network of influence expands the impact of our operations. We intend to ensure that our business partners are equally committed to pursuing ongoing environmental improvements.

In the past, we have worked with our suppliers to identify opportunities to reduce the environmental impact of our products, replace disposable packaging with returnable packaging, and optimize transportation routes to travel fewer shipping miles. We initiated a major effort in 2009 to develop and implement an environmental impact survey, capturing data from our major suppliers in a consistent format. The data are being used to assess the current state of key environmental factors across the company's supply chain and to help suppliers reduce the environmental impact of their business practices.

The survey targeted our top 500 global suppliers, representing 80 percent of our direct material spend, and collected data relating to greenhouse gas emissions, nonhazardous waste production, and water use. In addition, the survey asked suppliers to communicate their targeted reductions for each of these areas. Suppliers that currently do not have a program to measure their environmental impact were asked to indicate their immediate-term plans for implementing such a program.

## Resolving Code of Conduct or Ethics Issues

Employees of Business Partners are encouraged to work through their own company to resolve internal ethics issues. Business Partners should promptly report violations to Ingersoll Rand.

### Human rights

- Must not violate basic human rights of life, liberty and security. There shall be no harsh or inhumane treatment.

### Confidentiality

- Keep all agreements confidential.

### Teamwork

We work together and share resources to provide the best service to our customers.

## Code of Conduct for Business Partners



Ingersoll Rand is committed to conducting business with the highest ethical standards. Maintaining these standards has never been more important than in today's competitive and rapidly changing global business climate.

This Ingersoll Rand Code of Conduct for Business Partners ("Code") sets Ingersoll Rand's expectations and standards for doing business and applies to agents, distributors, dealers, contractors, intermediaries, joint venture partners, suppliers and other business partners ("Business Partners") of Ingersoll Rand and its operating subsidiaries, affiliates and divisions, including merchandising affiliates of Ingersoll Rand.

The highest legal, moral and ethical standards of honesty, integrity and fairness are to be practiced in the conduct of Ingersoll Rand's affairs. In order to meet this standard, Ingersoll Rand expects each of its Business Partners to operate and act in full compliance with this Code and all applicable laws and regulations. Ingersoll Rand expects that Business Partners will hold their suppliers and other third parties to the same standards, and as such this Code also applies to affiliates and subcontractors of Business Partners and to their respective facilities to the extent those facilities supply goods and services for ultimate sale to or use by Ingersoll Rand.

Ingersoll Rand reserves the right to assess conformance to these requirements and will expect our Business Partners to correct non-conformance issues identified during assessments. Upon request, Business Partners will provide Ingersoll Rand with information to enable it to assess conformance with the code. We want to work with our Business Partners to improve conditions. If a Business Partner refuses or is unable to correct the non-conformance to our satisfaction, we may terminate the relationship as a last resort.

This Code consists of five parts: Core Values, Employee Code of Conduct, Responsibility of Business Partners, Ingersoll Rand's Commitment to Business Partners, and Resolving Ethics Issues. After fully reviewing this Code,

the Business Partner will be fully aware of the standards to which Ingersoll Rand holds itself and Ingersoll Rand's expectations of its Business Partners' actions.



### Our Core Values

Ingersoll Rand can be most successful when we work towards a common purpose and share common values. Our shared culture helps us consistently act in the best interests of our customers, our shareholders, our communities and ourselves. This shared culture is based upon Integrity, Respect, Teamwork, Innovation and Courage.

#### Integrity

We act with the highest legal and ethical standards in everything we do.

#### Respect

We communicate and act in ways that respect and value the worth of all people, cultures, viewpoints and backgrounds.



# Managing Our Environmental, Health, and Safety Impacts

We are committed to using resources responsibly and efficiently while creating value for our customers. We believe that effective EHS management will create a better place to work, a healthier community for our neighbors, and a more successful business.

## *EHS Vision, Policy, and Goals*

Ingersoll Rand has established an EHS vision, policy, requirements, and programs that enable the company to conduct worldwide operations in a safe and environmentally responsible manner. These requirements and programs assist business managers and facilities in developing and implementing environmental solutions tailored to their needs.

### *Our EHS Vision*

Achieve sustainable business success through world-class environmental, health, and safety performance for our employees, in our workplaces, through our products and services, and within our communities.

*To view the full EHS policy, please visit our website:*

*<http://company.ingersollrand.com/sustainabilityreport/ehs/Pages/EHSPolicy.aspx>*

Our EHS policy is posted in all Ingersoll Rand locations where we have at least a 50 percent controlling interest. It recognizes our responsibility to behave in a way that upholds our corporate reputation and commitment to sustainable business practices. The policy requires, in part, that we establish performance targets and work toward achieving them, develop EHS standards to promote compliance and continuous improvement, conduct periodic audits against those standards, and share best practices worldwide. The policy is available in 16 languages.

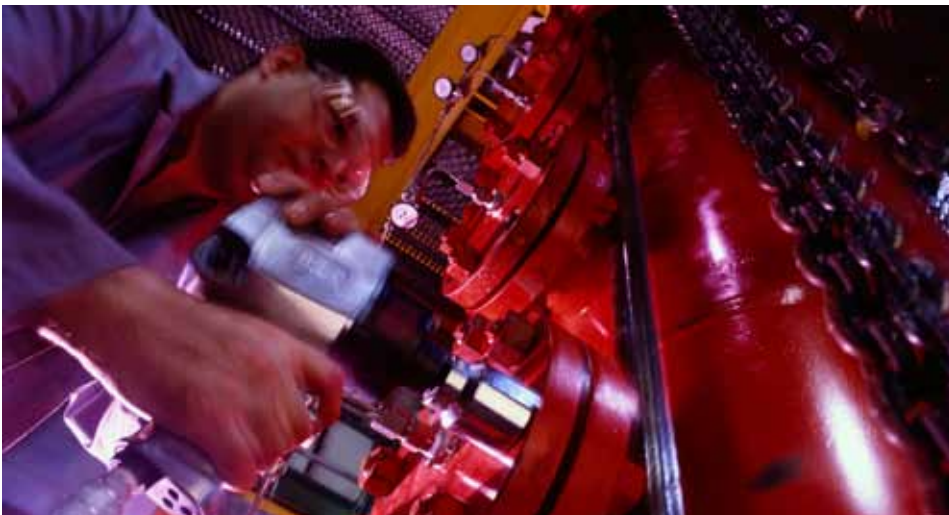
## EHS Goals

Our EHS goals help direct us and provide a benchmark for our operations. They indicate to our customers and employees that we will continually strive for improvement.

We have company-wide goals we publicly share with our clients and interested parties. Specifically, we plan to achieve the global performance improvements listed below, compared to the baseline year of 2008 (2009 for energy, greenhouse gas emissions, and hazardous waste goals). In future reports, we will update our progress toward meeting these long-term goals. For data on our current performance in each of these areas, please see the discussion beginning on page 27.

### *EHS goals drive performance improvements*

- Reduce our recordable incident rate by 67 percent by 2013
- Reduce our lost time incident rate by 67 percent by 2013
- Reduce our rate of energy use by 25 percent, normalized by revenue, over a 10 year period\*
- Reduce our rate of greenhouse gas emissions by 25 percent, normalized by revenue, over a 10 year period\*
- Reduce our rate of nonhazardous waste generation (excluding scrap metals) by 15 percent, normalized by revenue, by 2013
- Reduce our rate of hazardous waste generation by 3 percent, normalized by revenue, year-over-year
- Implement programs at all Ingersoll Rand sites to recycle/reuse aluminum cans, batteries, cardboard, electronics, glass, oils, paper, plastics, scrap metal, and wood by 2013
- Implement effective, validated systems to manage EHS performance at all sites by 2013



\*In last year's report, when introducing these EHS goals, we stated a 2013 goal of 15 percent reduction in both energy use and GHG emissions. We have revised these to become longer-term goals to be consistent with the requirements of the DOE Save Energy Now campaign, which we joined in 2009. We have changed the normalization factor to revenue instead of cost of goods sold at standard, which better aligns us with other companies in our sector.

## Management System



Submitted by Julien LeFevre, Safety Leader,  
Trane Colbey, France

We focus on creating management systems that facilitate protection of, and respect for, the natural environment and our employees' health and safety, while supporting our continued economic prosperity. Our EHS management system includes a set of EHS standards outlining the practices that all of our facilities worldwide must adopt as the basis for safe, environmentally responsible operations.

The standards are modeled on ISO 14001 and OHSAS 18001, internationally recognized standards for EHS management. They cover all of our facilities worldwide and cover a wide range of topics, for example:

- Pollution prevention, environmental management, and integrated permitting
- Air emissions and waste
- Water supply
- Wastewater discharges
- Hazardous substances
- Personal protective equipment
- Physical and mechanical hazards
- Emergency planning and response

### EHS Organization

Through its Audit Committee, the Board of Directors oversees EHS policy and compliance as part of its corporate governance. In addition, the charter for the Governance and Nominating Committee of the Board explicitly includes sustainability – which encompasses EHS – within the scope of the committee's responsibility.

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. Guidance is provided by the EHS Strategy Council, which includes Ingersoll Rand EHS professionals representing each Ingersoll Rand business sector.

The newly created Center for Energy Efficiency and Sustainability provides a global center of thought leadership for our customers and employees. The center works with EHS staff to achieve improvements and drive innovation in the company's performance.

At the corporate level, EHS staff establishes requirements and guidelines, and manages risks associated with transactions and site cleanups. Day-to-day responsibility for EHS management resides primarily with facility, business unit, and sector staffs.

### Enterprise-wide Data Collection

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 and made it possible for us to track performance against goals. The system generates monthly scorecards on the company-wide and sector progress on key EHS metrics. The Vice President of EHS provides these reports to the CEO and his direct reports, which helps drive management support for our ongoing efforts to improve EHS performance.

All 2007 environmental and safety data in this report are estimated, based on the previous profiles of Trane and Ingersoll Rand as separate companies.

### Process for Data Collection

We collect EHS data from our manufacturing, R&D, distribution, service, sales, and office facilities throughout the world.

### Verification

We used a third party to review our GHG data in previous years. In 2009, Ingersoll Rand expanded the third-party assurance to cover the complete set of EHS performance data. 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. A letter documenting the results of this review is available on our website ([www.ingersollrand.com](http://www.ingersollrand.com)). As Ingersoll Rand matures in our reporting processes, we will consider third-party assurance of the complete report.

### Normalizing Data

We report data in both absolute and normalized terms. We normalize 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 (see discussion on page 33).

### Acquisitions and Divestitures

We include data from newly opened and acquired facilities 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.

Our baselines are adjusted to account for acquisitions and divestitures only when significant changes occur in our operations, such as the inclusion of Trane in 2008.

### Audit Program

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

The third-party audit program is supplemented by annual self-assessments that facilities conduct on their own, using a standard companywide protocol. Sector staff also conduct evaluations to help identify opportunities for improving EHS performance and reducing costs.

### 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.

As of the end of 2009, we met our short-term targets of 100 percent implementation of EHS management systems at all of our facilities and 20 percent validation in the management systems within three of our sectors.

In addition to our internal validation process, 30 facilities had received third-party ISO 14001 certification by year-end 2009, including five newly certified sites. Eighteen locations also held OHSAS 18001 certification, including four received in 2009. Four of our U.S. facilities – two sites in La Crosse, Wisconsin, in 2000; Indianapolis, Indiana, in 2004; and Vidalia, Georgia, in 2009 – have obtained third-party certification of their safety programs under the OSHA Voluntary Protection Program.

### Training and Awareness

Every Ingersoll Rand employee is responsible for conserving resources, reducing waste, and working safely and efficiently. 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.

The corporate EHS staff has implemented a webinar series to cover a variety of EHS topics. Global webinars are a cost-effective way to update our employees on performance and evolving topics and to provide refresher training in targeted areas. We provide quarterly global webinars for EHS staff as well as facility managers and business managers. In each of our geographic regions, we schedule additional EHS webinars or live meetings twice a year. During these meetings, we address regional EHS performance and compliance issues, and we share best practices.

Location	Year ISO 14001 certification was first achieved	Year OHSAS 18001 certification was first achieved
Pamplona, Spain	1999	2006
Galway, Ireland	2000	2006
Kolin, Czech Republic	2001	2005
Prague, Czech Republic	2001	
Walsall, U.K.	2002	2007
Shenzhen, China	2003	2009
Unicov, Czech Republic	2003	2005
Charmes, France	2004	
Golbey, France	2004	
Taicang, China	2004	2004
Oberhausen, Germany	2005	
Pavlovo, Russia	2005	
Barcelona, Spain	2005	
Shanghai, China (IT)	2005	
Guilin, China	2006	2007
Leamington Spa, U.K.	2006	
Sahibabad, India	2006	2006
Monterrey, Mexico (CS)	2007	
Security, Colorado, U.S.	2007	2007
El Sauzal, Mexico	2008	2008
Ensenada, Mexico	2008	2008
Jurong, Singapore	2008	2008
Louisville, Georgia, U.S.	2008	2009
Tecate, Mexico	2008	2008
Vignate, Italy	2008	
Cerraduras-Calatayud, Spain	2009	
Ducze, Turkey	2009	2009
Monterrey, Mexico (RS)	2009	2009
Peralta, Spain	2009	
Fogliano Redipuglia, Italy	2009	2007

CS = Climate Solutions  
 IT = Industrial Technologies  
 RS = Residential Solutions



A separate webinar series has been launched to focus specifically on energy management topics. For instance, in October 2009, more than 75 EHS professionals learned more about the “Green Challenge” program employed at Hussmann Monterrey, without ever leaving their offices. This program uses Lean Six Sigma principles to reduce energy use and improve performance. The webinar also provided information on incentives and rebates that are available for energy efficient equipment across the world.

### EHS Conferences

For the first time in 2009, Ingersoll Rand conducted its global Environment, Health, and Safety conference as a virtual meeting. Not only did it reduce travel emissions, but more people were able to attend. Participants were able to attend individual sessions of their choice over the course of four days, concluding with the presentation of the 2008 internal EHS awards.

The event offered a chance for individuals in non-EHS functions to be involved with the discussions, which increases our ability to better integrate EHS considerations into our overall business strategies. During the conference, more than 1,700 “virtual seats” were filled by computers logged into the sessions, and since many of those computers were viewed by more than one employee, actual participation was even higher.

We held one regional meeting in person during 2009. In Shanghai the third meeting of the Asia Pacific EHS Council provided attendees an opportunity to learn about best practices and regulatory updates. This meeting also featured webcast portions for staff who could not attend in person.



Asia Pacific EHS council meeting in Shanghai, China

### Product Stewardship

We have a rigorous process for new product development that incorporates an evaluation of environmental considerations. In 2009, our new HVAC products underwent a review of environmental impacts as part of product design. For Residential Solutions products, in 2009 we utilized an EHS checklist during new product development. The EHS checklist includes criteria regarding raw materials, supplier impacts, reduction of hazardous materials, recyclability, and impacts of both manufacturing and end use. A process is being developed to prioritize across the company where formal life cycle assessments should be conducted.

### INGERSOLL RAND GREEN TEAMS

Many of our facilities have active Green Teams that encourage the engagement of every employee in environmentally friendly behaviors and community service. Green Team activities are generally aligned with corporate objectives of waste reduction and energy efficiency, although teams also have flexibility to promote other activities that are important to the employees and the local community.

To promote energy efficiency, Green Teams conduct treasure hunts, hold energy kaizen events, communicate energy saving tips throughout their facilities, sponsor quizzes and contests, and implement lighting projects. In the area of waste reduction, Green Teams often go beyond office recycling and host events that tie recycling and waste reduction to community service. They collect phones for the local women’s shelter, sneakers for recycling, bikes for kids’ charities and hold clean the highway events. Other waste reduction efforts include electronics swap 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 currently use a network of team leaders and the company Green Teams website to collaborate and share ideas. Our goal is to formalize the Green Team network and structure with public recognition and endorsement, which will be accompanied by environmental, brand, and toolkit training.



Submitted by Janet Walsh, Enterprise Services, Swords, Ireland



## Environmental Performance for 2009

### Energy Use

Reducing energy use – and the associated greenhouse gas (GHG) emissions – continues to be a key sustainability issue and primary goal at Ingersoll Rand. During 2009, we succeeded in reducing energy use by 14 percent on an absolute basis. However, when normalized by revenue, our energy consumption increased by 7 percent. This increase in normalized energy use reflects the fact that some of our energy consumption is fixed, regardless of the level of production. When our revenue stream dropped off in 2009, energy consumption did not decrease to the same extent. Energy audits and other reduction measures undertaken across the company helped minimize the increase in normalized energy use during the course of the year.

Ingersoll Rand tracks the energy produced on-site by burning fuel (known as direct energy or Scope 1 of the WRI/WBCSD GHG Protocol), as well as purchased electricity (known as indirect energy or Scope 2 of the GHG Protocol). Our 2008 and 2009 data include energy use from our global manufacturing, R&D, distribution, service, sales, and office operations. Our 2007 data represent estimated energy use at all sites worldwide, based on 2007 pro forma revenue versus 2009 revenue.

Ingersoll Rand facilities across the world conduct treasure hunts to help identify energy reduction opportunities that, when implemented, will reduce energy use and greenhouse gas emissions, improve operational efficiency, reduce costs, support Ingersoll Rand's long-term EHS and energy strategies, establish a culture that will drive long-term energy efficiency, and support Ingersoll Rand's sustainability goals. Company employees completed 55 Treasure Hunts across all sectors in 2009, with the following results:

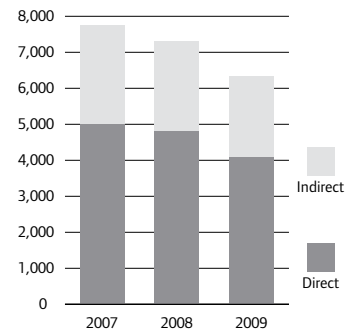
- generated approximately \$3.4 million in annual savings
- reduced energy usage by about 237,000 mmBTU
- reduced greenhouse gases by approximately 10,000 metric tons, equivalent to the use of approximately 1,000,000 gallons of gasoline
- identified additional opportunities that, when implemented in 2010, will generate an additional \$3.5 million in annual savings

We are a leading provider of energy-efficient systems and solutions for buildings, and this same commitment to energy efficiency is vigorously pursued in our own facilities and processes. Ingersoll Rand's plan for reducing energy use and GHG emissions includes:

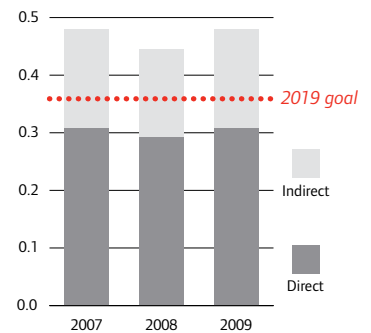
- Leveraging lean manufacturing, six sigma, and kaizen events to identify and implement opportunities for reducing energy use.
- An aggressive campaign to audit energy use at its facilities. A multi-tiered audit platform is used to identify no- and low-cost and capital intensive opportunities. Results from these audits have identified numerous opportunities at each site.
- Training and educating our employees on ways to save energy. On a routine basis, we provide suggestions in our online daily newsletter on ways employees can save energy at work and at home.
- Monthly calls or face-to-face meetings with business unit EHS leaders, who share best practices across the company to reduce energy use and GHG emissions..
- Monthly reporting to the President and CEO, and business unit presidents of our energy use and progress against goals. This information is communicated throughout the organization to drive performance improvements.
- Being active members of U.S. Department of Energy Save Energy Now initiative, U.S. EPA Climate Leaders and GreenChill programs, and the Clinton Climate Initiative.

*Ingersoll Rand facilities generated approximately \$3.4 million in annual savings through energy reduction projects in 2009.*

**Energy Use**  
billion BTUs



**Energy Use**  
billion BTUs per million dollar sales



Note: 2007 data throughout the Environmental Performance section are estimated

*Energy-saving projects reduced our facility greenhouse gases by approximately 10,000 metric tons, equivalent to saving about 1 million gallons of gasoline.*

#### THERMO KING GALWAY'S ENERGY REDUCTION PROGRAM PRODUCES RESULTS

By implementing several energy saving measures, Thermo King Galway employees achieved significant reductions in energy use. In 2009, they reduced the site's energy consumption to 8.7 million kWh from 16.9 million kWh in 2008, a reduction of 48 percent. They scaled down energy use outside of working hours and hired security personnel to decrease after hour energy consumption. Every Friday is now an Energy Reduction Day for company maintenance staff, and weekly meetings are held to plan out activities to reduce energy consumption. Every member of the staff participated in "treasure hunts" where employees seek out, identify, and learn about common energy saving behaviors and policies.

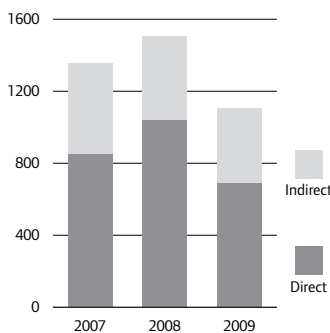
#### TREASURE HUNTS BRING NOTABLE RESULTS ACROSS CHINA OPERATIONS

By September 2009, every Ingersoll Rand manufacturing facility in China had launched at least one treasure hunt project. Total savings reached \$1 million over 12 months. Typical successful stories resulting from the treasure hunts include the following:

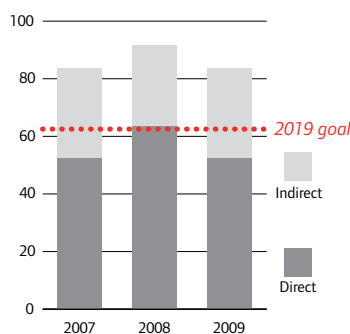
- Taicang: installed a small air compressor, eliminated a transformer, reconstructed the steam pipe between two buildings, and implemented HVAC and re-lamping projects. Total savings exceeded \$350,000 per year.
- Wujiang: closed down a chilled water unit, saving \$336,000 per year.
- Guilin: stopped using a transformer, saving \$60,000 annually.
- Changzhou: installed a variable-frequency device on a wastewater treatment plant blower, reducing noise by 5 dB and saving \$2,300 each year.
- Shanghai (Fuhsing): reduced operation of the dust collecting system for spray coating and polishing processes by 1 hour each day, saving \$68,400 per year.



**Greenhouse Gas Emissions**  
thousand metric tons CO<sub>2</sub>e



**Greenhouse Gas Emissions**  
metric tons CO<sub>2</sub>e per million dollars sales



#### Greenhouse Gases

We have made significant progress in reducing our greenhouse gas (GHG) emissions. During 2009, we succeeded in reducing GHG emissions (combined direct and indirect) by 27 percent on an absolute basis and 9 percent when normalized by revenue. We have embarked on several programs to help drive performance in reducing these emissions. The company has established a team to evaluate sustainability and GHG reduction opportunities across the enterprise. Many of our Lean Six Sigma and Kaizen events focus on energy saving projects that will reduce greenhouse gas emissions. We also participate in Climate Resolve to benchmark the actions that other companies are taking to reduce energy usage.

Ingersoll Rand is a LEADER company in the U.S. Department of Energy's (DOE) Save Energy Now program, pledging to reduce our energy intensity by 25 percent over the next 10 years. This pledge strengthens our already existing commitment to reducing energy use and greenhouse gas emissions. While we had previously established (in 2009) a 5-year reduction goal for GHG intensity, we adjusted our previously announced quantitative target to be consistent with the DOE initiative, which calls for a 25 percent reduction in energy use per unit of output. In the case of a large, diversified manufacturing company like Ingersoll Rand, energy intensity is expressed as energy use per dollar of revenue.

Ingersoll Rand tracks GHG emissions from sources that we own or control (Scope 1 of the GHG Protocol) and GHG emissions that result from our activities but are generated at sources owned or controlled by another organization (Scope 2 of the GHG Protocol). Our 2008 and 2009 data include emissions from our global manufacturing, R&D, distribution, service, sales, and office operations. Our 2007 GHG data represent estimated emissions from all sites worldwide, based on 2007 pro forma revenue versus 2009 revenue. The data reflect GHG emissions generated from gasoline, natural gas, diesel, propane, kerosene, and no. 2, no. 4, and no. 6 fuel oil, refrigerant emissions, and fuels used by our fleet vehicles. Data for 2007 and 2008 include estimated emissions from refrigerants and fleet vehicle fuels. All global warming potentials have been derived from the Greenhouse Gas Protocol or other associated standards.

### Water Use

Water shortages and droughts are serious problems in some parts of the world. But water is also a critical resource for many of our machines and processes. Enterprise-wide, we reduced water use significantly in 2009 compared to the previous year. On a normalized basis, water use decreased by 16 percent (33 percent on an absolute basis).

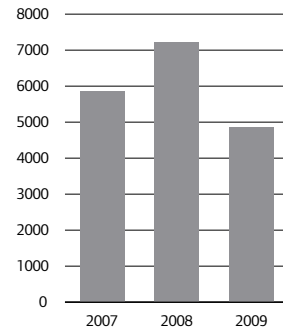
#### FACILITY EXAMPLES OF WATER CONSERVATION

Our Thermo King plant in Hastings, Nebraska, found a way to reduce our water usage by about 12 million gallons annually – a 27 percent reduction. This was accomplished by replacing a “once-through” cooling system for three spot weld machines and one tube bending machine with a closed-loop cooling system that recycles virtually all the water used. In addition, the facility changed its use of one type of lubricating oil to an acceptable substitute material that does not have to be rinsed from aluminum parts prior to welding. This reduced the number of parts that had to be cleaned by about 90 percent, which significantly reduced the amount of rinse water needed.

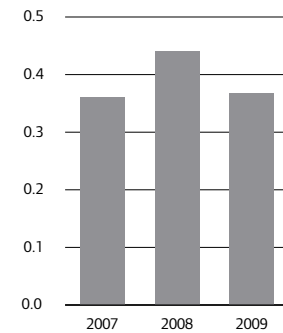
Another example of a successful water conservation project is the plating process modification at the Residential Solutions facility in Tecate, Mexico, which is located in a water-stressed area. The site undertook a pollution prevention project in 2009 that resulted in the use of smaller amounts of plating chemicals without affecting quality. By decreasing the use of plating chemicals, the plant also decreased the need for rinse water. In addition, the facility installed sensors on the water jets in the rinsing operation so the jets only operate when a part is detected. Overall, the project resulted in annual savings of more than 30 million liters of water.

In Curitiba, Brazil, also a water-stressed area, our employees are rethinking how they address rainwater in their operations. Previously a problem to be dealt with, now excess rainwater is collected and can be used in cooling systems and as boiler feed water. Consumption of freshwater has been reduced by 20 percent and the facility is saving over \$10,000 annually.

Water Use  
million liters



Water Use  
liters per dollar sales



### Material Use

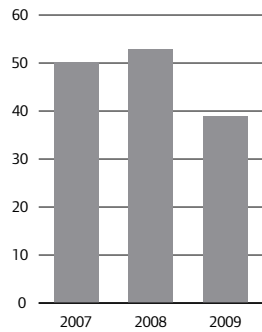
We have had some success in reducing the amount of material used in manufacturing and packaging. For instance, the XB300 air conditioner introduced by Trane/American Standard in early 2010 is 20 pounds lighter than the unit it is replacing. Estimated sales for 2010 translate into a savings of at least 2 million pounds of raw materials. The unit also uses substantially less refrigerant than the previous model; we expect to avoid the use of more than 200,000 pounds of refrigerant.

### Air Emissions

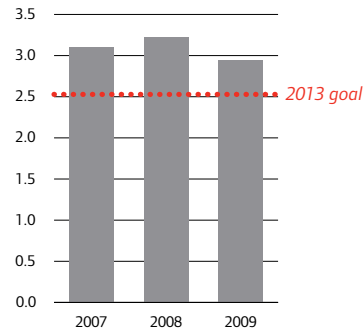
Ingersoll Rand has worked diligently over time to reduce and eliminate air emissions of concern. New operations and product lines undergo a thorough analysis to ensure that potential air emissions are appropriately identified, managed, and controlled.



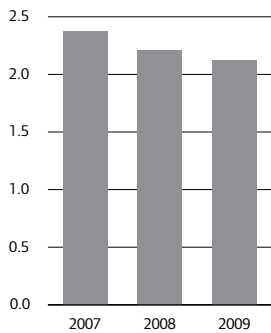
**Nonhazardous Waste Generated**  
thousand metric tons



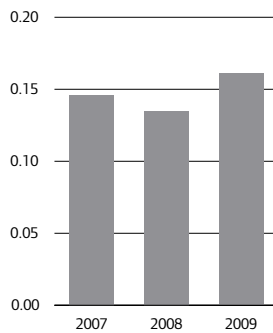
**Nonhazardous Waste Generated**  
metric tons per million dollars sales



**Hazardous Waste Generated**  
thousand metric tons



**Hazardous Waste Generated**  
metric tons per million dollars sales



**Waste Generation**

Across the enterprise, nonhazardous waste generation decreased by 26 percent on an absolute basis in 2009 compared to 2008 (8 percent decrease normalized by revenue). For the same period, hazardous waste decreased by 4 percent on an absolute basis (although this represented a 19 percent increase when normalized by revenue). A significant cause for the increase was the opening of two new facilities. In 2009, hazardous waste represented only 2 percent of the total waste generated by the company. The reported data do not include one-time events such as waste cleanups.

**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 \$8,550 for fines at two U.S.-based facilities in 2009 for environmental noncompliance. We paid \$17,260 in 2009 for health and safety violations at seven facilities. Compliance is treated very seriously by company management, and each violation was thoroughly investigated. Corrective measures are in place to prevent their recurrence.

**CREATIVE PACKAGING SOLUTION REDUCES WASTE AND COSTS**

In 2009, the Schlage Residential Solutions plant in Tecate, Mexico, initiated a plastic reusable packaging program. Previously, cardboard waste and wood pallet remains were discarded, creating fire hazards and disposal costs. By replacing the old cardboard packaging with a recyclable plastic tray option, the Tecate plant eliminated 466,602 pounds of cardboard waste each year and reduced annual costs by \$255,000.



**CLUB CAR CONDUCTS SECOND RECYCLING KAIZEN EVENT**

Our Augusta, Georgia, manufacturing facility conducted its second annual five-day kaizen recycling event. By including Styrofoam and scrap seat vinyl in newly updated recycling policies, the facility has saved an estimated \$20,000 in landfill costs and recovery of materials.

Over the past two years, the site has reduced the amount of trash it generates per car produced by more than 20 percent. The team performed many different activities during the kaizen including educating fellow employees, implementing an office recycling program, and reconfiguring trash collection bins into recycling bins.

## Summary of Environmental Performance Metrics

Metric	Units	2007	2008	2009	Percent Change 2008-2009
Revenue*	\$ billion	\$16.2	\$16.4	\$13.2	-20%
Direct energy consumption	billion BTUs	5,000	4,796	4,074	-15%
	<i>normalized</i> billion BTUs/\$ million sales	0.309	0.292	0.309	6%
Indirect energy consumption	billion BTUs	2,764	2,522	2,252	-11%
	<i>normalized</i> billion BTUs/\$ million sales	0.171	0.154	0.171	11%
Direct GHG emissions	metric tons CO <sub>2</sub> equivalents (CO <sub>2</sub> e)	847,359	1,040,252	690,441	-34%
	<i>normalized</i> metric tons CO <sub>2</sub> e /\$ million sales	52.3	63.4	52.3	-18%
Indirect GHG emissions	metric tons CO <sub>2</sub> e	509,976	465,657	415,536	-11%
	<i>normalized</i> metric tons CO <sub>2</sub> e/\$ million sales	31.5	28.4	31.5	11%
Water use	million liters	5,854	7,218	4,861	-33%
	<i>normalized</i> liters/\$ million sales	361,364	440,134	368,250	-16%
Nonhazardous waste generation	thousand metric tons	50.20	52.81	38.90	-26%
	<i>normalized</i> metric tons/\$ million sales	3.10	3.22	2.95	-8%
Hazardous waste generation	thousand metric tons	2.37	2.21	2.12	-4%
	<i>normalized</i> metric tons/\$ million sales	0.146	0.135	0.161	19%

\* Pro forma revenue for 2007  
Note: 2007 data are estimated



All rockets in this local rocket derby for scouts were funded by the recycling of aluminum cans donated by Trane Pueblo employees. Submitted by Phil Combs, Product Engineer, Trane Pueblo, Colorado



# *Treating Employees with Respect*

Ingersoll Rand is uniquely capable of providing products, services, and solutions to customers because of the talents, experience, and performance of our employees. The company values each employee as an individual and offers developmental opportunities that challenge, reward, and encourage our employees' professional and personal growth in a safe work environment.

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 policy, and harassment. Also, we recently developed a global policy on employee rights.

We focus on attracting and retaining employees who are collaborative, driven, genuine, and innovative. We offer employees opportunities to grow and develop professionally through training and education. We provide a range of benefits and policies to create a positive workplace experience.

Our Senior Vice President, Human Resources and Communications, is the member of senior management with ultimate responsibility for human resources and workforce development.

Providing a safe and healthy workplace is also a vital part of treating our employees well. Our overarching environmental, health and safety (EHS) policy and management system were discussed earlier in this report. Specific safety programs and performance are included here.

## *Employee Health and Safety*

Ingersoll Rand is committed to business practices that uphold the highest safety and health standards both inside and outside of the workplace. Our employees truly are our most valuable asset. We are working hard to promote a culture of individual ownership where safety and health are integrated into all business processes. We use Six Sigma analytical tools to understand the root causes of safety incidents, develop targeted solutions, track results against the appropriate metrics, and continuously evaluate our progress. Our current area of focus is to ensure this world-class safety culture is shared consistently across all Ingersoll Rand facilities globally.

At our facilities, a robust safety management system drives remarkable improvements in safety performance. Our safety standards address training, employee awareness and responsibility, and leadership commitment, among other elements. Facilities are audited to ensure compliance with applicable regulations and with our safety management standards. Safety incidents have declined significantly as a result of this rigorous approach.

**Safety Performance Data**

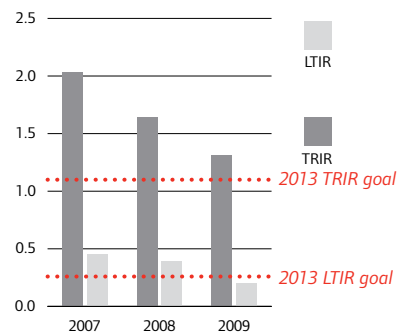
In 2009, we achieved a 20 percent reduction from 2008 in the total recordable incident rate (TRIR) and a 49 percent reduction in the lost time incident rate (LTIR), when considering employees and supervised contractors together. Our safety policies and procedures apply to everyone on our sites, whether employees or contractors. We are on track to achieve our long-term goal of a 67 percent reduction in these metrics by 2013.

Note that the 2008 year-end TRIR and LTIR changed significantly from what we reported in our last 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 U.S. In addition, LTIR increased over the previously reported rate because of incidents that did not initially result in lost workdays, but that later resulted in some work interruption.

We regret to report that we experienced two employee fatalities during 2009, as a result of two separate motor vehicle accidents in China. We immediately instituted a safety stand-down across the enterprise, and have also conducted additional driver safety training and awareness activities in the Asia Pacific region.

**Safety Performance**

Total Recordable Incident Rate, Lost Time Incident Rate



**Summary of 2009 Safety Performance Metrics**

Metric*	2007	2008	2009	Percent change 2008-2009
Total recordable incident rate	2.03	1.64	1.31	-20%
Lost time incident rate	0.45	0.39	0.20	-49%

\*Incidents per 200,000 hours worked  
Note: 2007 data are estimated

*Ingersoll Rand achieved a 49% reduction in lost time incident rate in 2009 compared to the previous year*



**EMPLOYEE INITIATIVE TACKLES ERGONOMIC PROBLEM**

Ergonomic injuries such as muscle strains and repetitive motion injuries are a major cause of recordable incidents in the workplace, so finding innovative methods to prevent them is key to improving our safety performance. Employee initiative solved a vexing ergonomic problem at our Hussmann facility in Bridgeton, Missouri. When trying to remove the protective plastic coatings on some of the stainless steel parts used at the facility, employees’ hands and wrists were in an uncomfortable stance. A manufacturing engineer at the site designed a table with a small drill attachment to safely and efficiently remove the protective plastic while keeping the hands more naturally positioned.

## POWER IN NUMBERS – SECTOR SAFETY DAY

From Boston to Bangalore and Brazil to Belgium, more than 9,000 Industrial Technologies Sector employees came together in 97 different locations for the First Annual Industrial Technologies Sector Safety Day, held in late 2009. The goal was to collect ideas from all employees on potential safety concerns and prevention strategies. Each location developed action plans to address those items that could be fixed in the short term as well as those that required more planning or capital investment to correct. More than 1,000 ideas and issues were collected and then prioritized by the sites. These are being addressed at the facility and sector level and quarterly progress reports will be provided to all sites during 2010.

## Occupational Health and Employee Wellness



### Global Workplace Health Policies

In our continuing efforts to improve the safety of our employees, automated external defibrillators (AEDs) are 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.

We continue our implementation of the 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.

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.

### Health and Wellness Program

Ingersoll Rand launched a health and productivity 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, and
- 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.

### Occupational Health Resources

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. Throughout 2009, Ingersoll Rand medical and environmental health and safety specialists monitored the worldwide status of the H1N1 pandemic and adapted the preparedness plan as needed.

All facilities worldwide have access to the advice and services of medical and environmental health and safety specialists, 24 hours a day, seven days a week. Nurses offer safety and wellness activities for our employees worldwide. In addition, to help increase communication of health and wellness information, a Medical Services website is available on the company intranet site, addressing monthly health topics, policies and programs, and information on training, travel, and vaccines. We have also established a relationship with Memorial Sloan Kettering Cancer Center, a world-class medical facility in New York City, that allows our employees and their dependents to get a referral for a second opinion, diagnosis, or care in the event they develop cancer.

### International Travel Health Program

Business travel can pose increased risk to employees' health and safety, and Ingersoll Rand has implemented programs to address those risks so that our global workforce can focus on their productivity rather than health concerns. During 2009, we rolled out our travel-related health programs to the Trane business sector following the merger of the companies in 2008.

We offer a pre-travel program for business travelers globally, which provides consultation with a specially trained nurse before travel occurs, to minimize the risk of health-related issues. Ingersoll Rand business travelers receive appropriate immunization recommendations, a standardized travel kit, and advice to help safeguard their health during travel. Employees can also obtain up-to-date information regarding travel advisories through the Ingersoll Rand intranet site. All of our business travelers worldwide, when traveling outside their home country, can access emergency help through the International SOS Corporate Medical Services. SOS provides emergency medical and security assistance while on an international travel assignment.

It is essential to consider the health and well-being of employees and any accompanying family members who accept a long-term placement outside of their home country. All outward-bound employees and accompanying family members from the U.S. are required to participate in the Expatriate Medical Program. The program, which will be expanded globally in the future, helps identify any existing medical conditions that the employee or other family members may have in order to ensure that adequate medical services are available in the host country and that the individual's health will not be compromised while on assignment.

### Training and Education

Our target is for salaried employees to have approximately 40 hours of training annually, including compliance, professional development, and a review of the Business Operating System. Those who manage people receive about 60 hours of additional annual training. All employees receive training on the Code of Conduct.

Ingersoll Rand requires all salaried employees worldwide to complete an online training course on the U.S. Foreign Corrupt Practices Act. By the end of 2009, over 95 percent of salaried employees had completed the training.



*More than 93% of salaried employees received performance reviews in 2009, up from 91% in 2008.*

### Performance and Career Development

Ingersoll Rand provides a wealth of opportunities for professional growth. Many of our employees take advantage of our policy to fill vacancies preferentially with internal resources. In 2009, approximately 500 employees moved to other positions within Ingersoll Rand, providing flexibility and ongoing learning opportunities for our work force.

We are committed to identifying and training business leaders from around the world. Each business and region has a talent council to identify and nurture Ingersoll Rand leaders of the future. There is a significant effort to fill management positions with natives of the country where the job is located, thereby cutting back reliance on expatriates to manage non-U.S. operations.

Our goal is for all salaried employees to receive a performance review each year. In 2009, 93.42 percent of our salaried employees participated in a formal performance review discussion, up from 91 percent in 2008. In order to receive an annual salary increase, a performance review must be in our 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.

For 2009, we began separating employees' development planning process from their performance reviews. This separation creates a greater focus on each activity and higher quality of discussions. We expect that over time, the increased focus on short-term and long-term development and career planning will have a positive impact on our employee engagement survey scores. Our 3 year goal is that 100 percent of salaried employees (including administrative employees) will complete a development plan in partnership with their managers. The new development planning process was introduced in June 2009. Currently, 51.73 percent of salaried employees have completed a 2009 development plan.



### Ingersoll Rand University

In its sixth full year of operation, Ingersoll Rand University (IRU) provides strategic education to develop business leaders, enhance strategic competencies, and drive the Ingersoll Rand culture. 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, at any time of day or night, 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. Most courses take 1-2 hours to complete and can be bookmarked, so employees can complete each course at their own pace. During 2009, 25,000 Ingersoll Rand employees took advantage of this training resource.





## Benefits

For U.S.-based Ingersoll Rand non-bargaining employees, full-time employees 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 between 20 and 35 hours per week.

## Diversity and Equal Opportunity

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, 2009.

We believe diversity is an important attribute of the company's highest governing authority. Among our company officers, 16 percent are women. The Board of Directors currently has three women, one African-American, and one Hispanic among its 14 members. We do not track age information from our employees around the world, but all the members of the Board are over 45 years of age.

## Labor Rights

There are no operations within Ingersoll Rand that have significant risk of incidents of child or forced labor.

There are no operations within Ingersoll Rand that have been identified at which the employees' right to exercise freedom of association or collective bargaining may be 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.

## 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	12	3	255	5	1	4	1	0	48	2	0	1	0	0	332
First/Mid Officials & Mgrs	99	15	2,440	99	1	87	11	4	569	38	3	16	2	1	3,365
Professionals	151	46	3,278	123	12	215	13	9	1,196	92	5	64	2	5	5,211
Technicians	112	14	1,433	78	1	42	5	7	154	8	0	5	0	0	1,859
Sales Workers	88	24	2,009	21	0	24	2	5	222	6	0	2	0	0	2,621
Administrative Support	41	109	530	37	1	41	1	1	1593	197	3	51	9	7	2,621
Craft Workers	484	34	5,292	517	13	151	191	13	254	61	0	8	1	0	6,847
Operatives	491	197	3,390	1,671	8	158	15	11	1,241	1,211	0	106	10	12	8,521
Laborers & Helpers	64	31	900	399	1	32	7	4	363	331	2	23	3	0	2,160
Service Workers	2	0	13	4	0	0	0	0	2	0	0	0	0	0	21
<b>Total</b> (as of July 2009)	1,544	472	19,540	2,954	38	734	74	54	5,642	1,946	13	276	27	25	33,340
<b>Previous Report Total</b> (as of July 2008)	2,327	687	21,110	3,385	51	792	105	30	6,344	2,196	23	307	46	10	37,413

# Giving to Our Communities

Ingersoll Rand helps create livable communities by committing our resources in a manner that supports our neighbors. Whether it is lending a hand in constructing energy efficient homes, volunteering in clean up projects, or donating money to help address local and international crises, Ingersoll Rand is committed to creating a better world.

We are working to better align our philanthropy and community outreach efforts with our core business strengths in safety, comfort, and efficiency. 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. The ongoing economic recession made 2009 a difficult year for many charitable organizations. Nonetheless, Ingersoll Rand employees continued to generously donate their time and money during the year.

## **Ingersoll Rand Foundation Partners with VolunteerMatch**

VolunteerMatch is an easy-to-use online service that makes it easier for people to find good causes they are interested in. The Ingersoll Rand Foundation has partnered with VolunteerMatch to provide quick access to volunteer opportunities around the world. Employees are able to reach the VolunteerMatch website directly from our company intranet. The partnership encourages more participation by Ingersoll Rand employees in a variety of nonprofit organizations and improve outreach in local communities where we operate.

## ***Promoting Energy Efficiency through Education***

One of the key pillars to our philanthropic strategy is education, with a strong emphasis on leveraging our internal expertise on energy efficiency and sustainability. The following examples highlight some of the programs we supported in 2009.

### **The Girl Scout Leadership Program**

The newly implemented Girl Scout leadership program, for scouts in grades four and five, engages girls in learning about energy use and taking action to conserve resources. During 2009, approximately 10 Trane employees in Modesto and Sacramento, California, partnered with Girl Scouts during special day camps in those cities. The scouts worked with Trane volunteers, using Trane Energy Analyzer™ software, to learn how a building uses energy and to explore efficiency alternatives. The program is designed to help youngsters increase their energy awareness, as well as encourage girls to pursue careers in science, technology, engineering, and math.

### BTU Crew – St. Joseph Middle School

Children are eager to help in any way they can. Providing materials so they can begin to understand complex energy problems is a critical part in creating promising leaders for tomorrow. Our successful BTU Crew is an interactive educational program used for teaching about energy usage and building conservation. By providing classroom materials for local schools, Ingersoll Rand supports a strong science and math background and encourages energy conservation in our next generation of leaders.

Recently, a fifth grade class from St. Joseph Middle School near Champaign, Illinois, participated in one of our BTU Crew education sessions, where they received hands-on learning activities to gain a basic understanding of how energy works and how to reduce its use. Some of the activities included experiments with compact fluorescent bulbs and insulation materials, and a lesson on renewable forms of energy.



Students from the BTU Crew at St. Joseph Middle School experiment with compact fluorescent bulbs.

### Sharing Green Building Solutions with University Students

Ingersoll Rand regularly sends representatives to colleges and universities to promote education and careers in engineering better buildings for tomorrow. Some examples of outreach activities in 2009 include the following:

- At Rutgers, we held a discussion on sales engineering, which utilizes technical and scientific skills in a business application.
- Architecture students at Ball State University were involved in a presentation about how “building green” will impact the future communities in developing and developed countries.
- One of our business leaders recently spoke at the University of North Texas on how technology can influence the energy performance of buildings.
- Indiana University-Purdue University Indianapolis (IUPUI) students learned about the important role their education will play in the executive order from Indiana legislature requiring new buildings to meet LEED standards.

### Helping Students Explore Alternative Fuels

Club Car recently donated a Carryall utility vehicle to help students at Lehigh University investigate waste vegetable oil (WVO) as a fuel for diesel engines. The option of WVO may appeal to large fleet owners who want to reduce fuel costs and helps the restaurant industry recycle a waste product that would normally be disposed. The Lehigh team put together a market assessment, evaluated various conceptual designs, and ultimately selected a WVO combustion option. A team from Club Car worked directly with the students to provide feedback and help develop their concept.

#### HIGH SCHOOL SUSTAINABILITY INSTITUTE

Sustainability Institute 2009 was a weeklong program designed to teach Charlotte, North Carolina, area high school students about environmental sustainability and inspire them to incorporate green thinking into their future studies and work. The April program took place at our Davidson campus. In partnership with neighboring Davidson College and consulting with Charlotte-Mecklenburg Schools, the institute instilled in the students leadership skills, the importance of teamwork, and an appreciation for the role of sustainability in business.

Using an interactive and hands-on approach, approximately 25 students were introduced to how businesses balance the demands for economic, environmental, and social performance, sometimes known as the “triple bottom line.” Each morning, an Ingersoll Rand expert taught students about a topic tying sustainability to business. Roundtable discussions let the students explore each topic in an open discussion with their peers. The students worked in teams to apply what they have learned to projects. Teams of students developed a sustainability strategy recommendation for the Charlotte-Mecklenburg School system, which they presented to a diverse panel of experts comprised of Ingersoll Rand professionals and representatives from our external partners for this project.



The students gave positive feedback about the Sustainability Institute experience: “(the presentation topics) were very informative and relevant...”

## Providing Comfort to those in Need

### Holiday Giving from La Crosse Employees

Despite the tough economic situation, employees at the La Crosse, Wisconsin, facility still found the means to donate during the annual holiday season food drive. This year, employees donated an unprecedented 13,563 food items to local food pantries. The La Crosse facility also participates in Toys for Tots, which collects toys for children in need during the holiday season.

### Security Technologies Sponsors Habitat for Humanity

More than 225 Security Technologies employees from our facilities in Carmel, Castleton, and Indianapolis participated in a Habitat for Humanity "Panel Build" in July 2009 at the back parking lot of the sector's headquarters office in Carmel, Indiana. The volunteers built interior and exterior wall panels for a Habitat for Humanity of Greater Indianapolis home being sponsored by Security Technologies. During the build, the site's Employee Action Committee also sponsored a luncheon during which employees could receive information at Information & Engagement "stations" on a variety of topics, including health and community involvement.

Company volunteers conducted the actual home build in Indianapolis during August and September 2009. As in all Habitat for Humanity projects, the family who will live in the home – a family originally from Eritrea, with two young children – participated in the building activities alongside the Ingersoll Rand volunteers.

### Supporting Local Communities through 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.

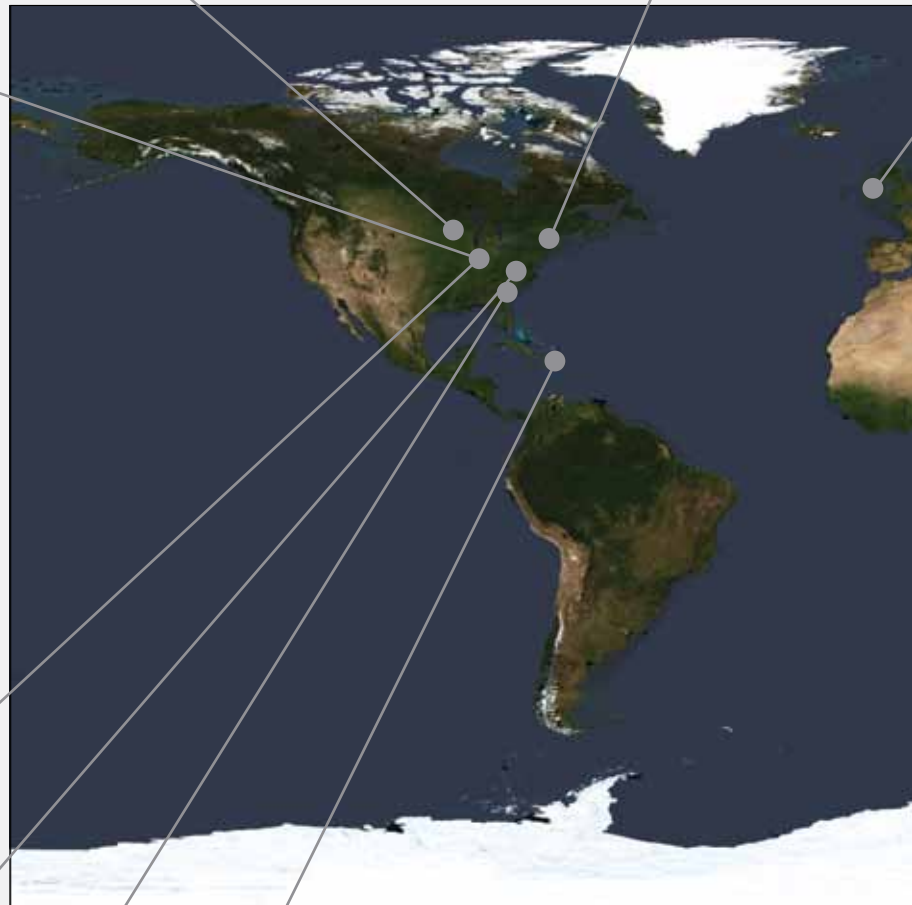
This year in central Indiana, our employees at the Security Technologies and Residential Solution sectors broke last year's participation record and collected over \$76,000 in donations. The Davidson, North Carolina, campus organized many employee activities to make the fundraising enjoyable. The successful campaign resulted in donations totaling \$302,000 and was awarded the Chairman's Prize by the North Carolina United Way.

### Club Car Employees Pull 727 Jet to Raise Money for Charity

Nothing shows the power of teamwork like immediate physical results, as demonstrated by our employees from the Club Car facility in Augusta, Georgia. The team worked together to pull a 193,000 pound 727 FedEx cargo plane 12 feet in 13.675 seconds. This display of team work was part of the Ronald McDonald House charity event.

### Husmann Employees Raise Funds to Support Breathe New Hampshire

An employee team from Husmann's Northeast Territory recently completed a two-day, 85-mile bike ride to raise money for Breathe New Hampshire (BNH), the state's oldest nonprofit health organization. BNH has been dedicated to the support of lung health research, disease prevention, and clean air causes since it began combating tuberculosis in 1916. The Husmann team gained support from throughout the territory as well as from colleagues at Kryptonite and Climate Solutions.



### Haiti Earthquake Relief

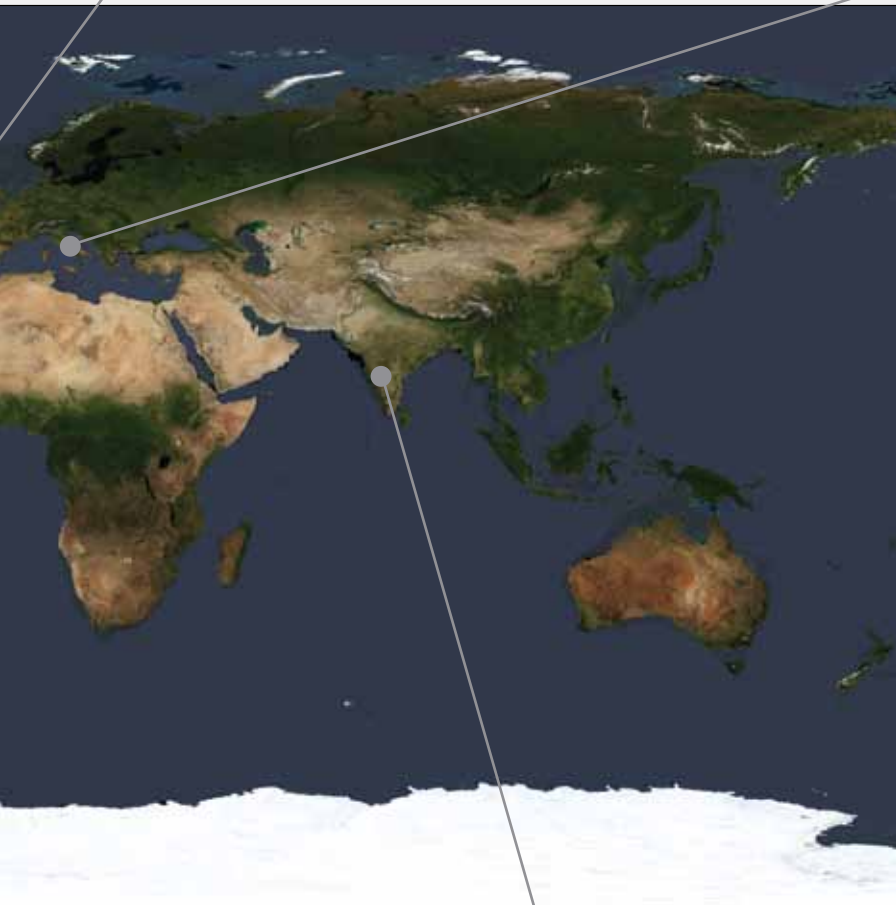
On January 12, 2010, a catastrophic magnitude 7.0 earthquake hit Haiti and left more than a million people homeless and hundreds of thousands dead or injured. The scale of this natural disaster was shocking, and the need for support has been overwhelming. Ingersoll Rand partnered with the American Red Cross to match any employee donation to help with recovery efforts. As of February 16, 2010, our employees donated \$166,000 to Haitian earthquake relief, which was matched, dollar for dollar, by the company.

### Enterprise Services' Dublin Office Supports Irish Society of Prevention of Cruelty to Children

In Dublin, Ireland, a recent "Coffee Morning" event raised money for the Irish Society for the Prevention of Cruelty to Children (ISPCC). Founded in 1889, ISPCC is Ireland's oldest and most well-known children's charity.

### CISA Employees Donate to Support Abruzzo Earthquake Victims

CISA Italy employees agreed to an initiative proposed by the Confederation of Italian Industry and National Unions to donate the equivalent of one hour of salary to support the population of Abruzzo. This region suffered significant damage from a 6.3 magnitude earthquake during the night of April 6, 2009. The funds collected by employees were matched by an equivalent donation from the company.



### Assisting Flood Victims in India

After devastating floods in the northern districts of the state of Karnataka, India, Ingersoll Rand partnered with the United Way to help residents return to normal living conditions. Employees donated part of their pay, with a company match, totaling over \$75,000 for the residents of North Karnataka. Some employees visited the worst sites to help distribute relief supplies to families. Ingersoll Rand and the United Way worked together to alleviate some of the problems caused by flooding and to improve preparedness and response for future natural disasters.

### Security Technologies Employees Join Forces to Feed the Hungry

Across the Security Technologies sector, employees recently donated more than 56,000 food items to their local food banks as part of the sector's "Food Fight for the Hungry." The program was implemented to provide much-needed support to individual communities at a time when food pantries are struggling with increasing demand and decreasing contributions. Participating manufacturing sites included:

- Steelcraft – Suwanee, Georgia
- Steelcraft – Blue Ash, Ohio
- Von Duprin – Indianapolis, Indiana
- LCN – Princeton, Illinois
- Schlage Electronics – Forestville, Connecticut
- Schlage – Security, Colorado
- Security Technologies Canada – Mississauga, Ontario
- Recognition Systems – Campbell, California
- Security Technologies Distribution Center – Olathe, Kansas
- SSC Mountain States – Centennial, Colorado
- SSC North Central – Eden Prairie, Minnesota
- Security Technologies Sector headquarters and Hillsdale – Carmel, Indiana



# Awards and Recognition

Several Ingersoll Rand facilities were publicly recognized for their environmental, safety, and social programs and performance in 2009. Below are selected awards and recognition.

## 2009 External Awards

- Building Products magazine selected **Trane** as a 2009 Green Product Award winner for its XL20i air conditioner. Trane was one of only 16 winners in the second annual contest and the only heating and cooling manufacturer to be recognized in the competition.
- The annual Frost & Sullivan Award for Customer Value Enhancement Oil Free Compressors was presented to **Ingersoll Rand**, in recognition of its energy efficient features, among other attributes.
- The **Thermo King** facility in **Galway, Ireland**, received the 2009 Environmental Award by the Galway Chamber of Commerce for its environmental management program and significant improvements achieved in landfill waste reduction, energy use, waste recycling.
- The **Piscataway, New Jersey**, facility received a Red Cross Award for its leadership in health and fitness promotion.
- The **Hussmann Canada** office was recognized by the Manitoba, Saskatchewan, Nova Scotia, and Ontario Compensation Boards for decreasing the number of workplace injuries and associated costs.
- The **Trane CSO operations in the Carolinas** recently received the Gold Award from the North Carolina department of Labor for having zero recordable incidents and zero lost work days.
- **Trane Gulf South operations in New Orleans, Louisiana**, received the No Lost Time Accident Award for working over 500,000 man hours without a lost time accident from the National Safety Council.
- The **Industrial Technologies** manufacturing facility in **Davidson, North Carolina**, was awarded the Gold Safety Award for 2009 from the North Carolina Department of Labor for achieving a rate of days away from work, job transfer, or restriction at least 50 percent below the statewide rate.
- Our **Thermo King** plant in **Hastings, Nebraska**, was awarded the Gold Safety Award, given by The Great Plains Safety and Health Organization – Nebraska for superior safety and health programs.
- **Trane Chicago** was given the American Heart Association FitFriendly award for wellness promotions and actions.
- The **Hindley Green Distribution and Service business in Lancs** received the British Safety Council International Safety Award for impressive actions related to health and safety issues, including low incident rates, external audits, and commitment to an EHS management plan.
- **Trane Residential Manufacturing Site** at our **Vidalia, Georgia**, Operations was granted the OSHA VPP Star Status in December 2009 for superior safety programs.
- In **Japan**, the Public Buildings Association – under the Japanese Ministry of Land, Infrastructure, Transport, and Tourism – awarded our **Trane** office with the Evaluation Certificate for Trane R-123 centrifugal chillers.

Ingersoll Rand has several internal awards recognizing EHS and sustainability achievement. For more information and a complete list of the 2009 award winners, please visit our website:

<http://company.ingersollrand.com/sustainability/Pages/default.aspx>

- The American Heart Association awarded our **National Distribution Center** in **Bridgeton, Missouri**, with the Gold Start! Fit Friendly award for its commitment to promoting a wellness culture.
- United Way of Greater Mercer County, New Jersey, recognized our **Trane-Trenton** facility as a Gold Level Donor for our company-matched employee donations.
- The **Campbellsville, Kentucky**, office was recently awarded the Governor's Safety and Health Award from the Kentucky Labor Cabinet Department of Workplace Standards for their 2009 safety results.
- **Trane Puerto Rico, Inc.**, received a Distinguished Safety Performance Award from the Puerto Rico Manufacturers Association for its excellent achievements in occupational safety and health.
- Our **Lexington, Kentucky**, office received the following awards:
  - Lexington/Fayette County Storm Water Partner award from the Kentucky Department of Environmental Quality and Bluegrass Pride group, for our participation in projects related to improving water quality in Fayette County;
  - Employer of the Year award from the University of Kentucky James W. Stuckert Career Center for superior commitment in every aspect of college relations and recruiting, which includes participating in career fairs, speaking at employer functions, participating in resume activities and mock interview marathons, hosting interns and co-ops, and holding on-campus interviews; and
  - Platinum award from the American Heart Association for our commitment to wellness programs and activities.
- Our **Trane** facility in **Clarksville, Tennessee**, received these recognitions:
  - Fundraising awards from the Alzheimer's Association and from the United Way of the Greater Clarksville Region;
  - Platinum award from the American Heart Association for its wellness activities and commitment; and
  - Patriot Award from the Middle Tennessee Chapter of the Employer Support of the Guard and Reserve for our support of citizen soldiers.

## Facility Safety Milestones

Listed below are some of the significant safety milestones that Ingersoll Rand facilities around the world have achieved during 2009:

- Bridgeton, Missouri – Trane Residential National Distribution Center. Four years (approximately 1.5 million employee hours) without a lost-time accident and one year without a recordable accident.
- Campbellsville, North Carolina – Industrial Technologies Sector. Ten years without a lost time incident.
- Curitiba, Brazil – Climate Solutions. Three million hours, and two thousand days, without a lost time incident.
- Duzce, Turkey – Security Technologies. One million hours without a lost time incident.
- Golbey and Charmes, France – Climate Solutions. One million hours without a recordable accident.
- Louisville, Georgia – Climate Solutions. One million hours without a lost time incident.
- Mocksville, North Carolina – Industrial Technologies. More than 6 million hours without a lost time incident.
- Pamplona, Spain – Climate Solutions. More than 870,000 hours worked without a lost time incident.
- Rushville, Indiana – Climate Solutions. One million hours worked without a lost time incident and one thousand days worked without a lost time incident.
- St. Paul, Minnesota – Climate Solutions. Three million hours without a lost time incident.
- Southaven, Mississippi – Industrial Technologies. Five hundred thousand hours worked without a lost time incident.
- Trane Commercial Systems, southeast territory – Climate Solutions. Two years (7.7 million employee hours) without a lost time incident.
- Vidalia, Georgia – Residential Solutions. Two years and two million hours without a lost time incident.

# Ingersoll Rand GRI Topic Index

GRI Indicator	Description	Page (TBD)
1.1-1.2	Strategy and analysis	1, 4 -5
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3.5-3.11	Report scope and boundary	6-7, 24, inside back cover
3.12	GRI index	44
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4.1-4.10	Governance	12-16
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DMA	Economic Disclosure of Management Approach (DMA)	Annual Report
EC1	Direct economic value generated	Inside back cover
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## About Ingersoll Rand

Ingersoll-Rand plc is a global diversified industrial firm providing products, services, and solutions to enhance the quality and comfort of air in homes and buildings, transport and protect food and perishables, secure homes and commercial properties, and enhance industrial productivity and efficiency.

In the fourth quarter of 2009, Ingersoll Rand reorganized its operations under the following business segments:

- **Climate Solutions** – Delivers energy-efficient refrigeration and heating, ventilation, and air conditioning (HVAC) solutions throughout the world. Encompassing the transport and stationary refrigeration markets as well as the commercial HVAC markets, this segment offers customers a broad range of products, services, and solutions to manage controlled temperature environments. This segment includes the market leading brands of Hussmann, Thermo King, and Trane.
- **Residential Solutions** – Provides safety, comfort, and efficiency to homeowners throughout North America and parts of South America. It offers customers a broad range of products, services, and solutions including mechanical and electronic locks, energy-efficient HVAC systems, indoor air quality solutions, advanced controls, portable security systems, and remote home management. This segment is comprised of well-known brands like Trane, American Standard Heating and Cooling, and Schlage.
- **Industrial Technologies** – Provides products, services, and solutions that enhance energy efficiency, productivity, and operations. It offers our global customers a diverse and innovative range of products including compressed air systems, tools, pumps, material handling systems, golf and utility vehicles, in addition to environmentally friendly microturbines. This segment includes the Club Car and Ingersoll Rand market leading brands.
- **Security Technologies** – Creates products and services that make environments safe, secure, and productive. The segment's market-leading products include electronic and biometric access control systems and software, locks and locksets, door closers, exit devices, steel doors and frames, portable security devices, as well as time, attendance, and personnel scheduling systems. These products serve a wide range of markets including the commercial construction market, health care, retail, maritime, and transport industries as well as educational and governmental facilities. This segment includes the CISA, LCN, Schlage, and Von Duprin brands.

Since the acquisition of Trane in June 2008, there have been no significant changes in the size, structure, or ownership of the company.

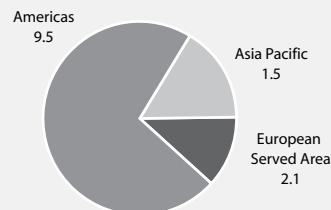
### Financial Summary for 2009

DIRECT ECONOMIC VALUE GENERATED	
Revenues . . . . .	\$13.2 billion
Other Income . . . . .	\$19.8 million
ECONOMIC VALUE DISTRIBUTED	
Operating costs . . . . .	\$9,796.3 million
Employee wages and benefits . . . . .	\$2,557.4 million
Payments to providers of capital . . . . .	\$302.2 million
Payments to government . . . . .	\$71.4 million
Economic value retained . . . . .	\$487.8 million

## Quick Facts

### 2009 Net Revenues (\$ billion)

\$13.2 billion total



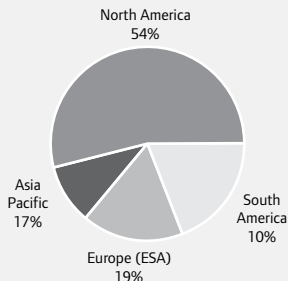
### Stock Symbol

"IR" listed on the New York Stock Exchange since 1906

### Employees

Approximately 57,000  
(55,000 full time and 2,000 contract/temporary/  
part time)

### Employees by Region



### Countries

Ingersoll Rand sells its products to customers in more than 165 countries.

### Locations

As of December 31, 2009, Ingersoll Rand operates 44 major manufacturing facilities in the Americas; 21 in Europe, the Middle East, and Africa; and 15 in Asia Pacific. Ingersoll Rand also maintains offices, warehouses, and repair centers throughout the world.

### Headquarters

Swords, Ireland



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 \$13 billion global business committed to sustainable business practices within our company and for our customers.

For more information, visit [www.ingersollrand.com](http://www.ingersollrand.com)