



# *Performance* with **Purpose**

**2018** ESG REPORT

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## *Performance* with **Purpose**

We're committed to achieving top-tier financial performance by helping customers implement sustainability, efficiency and productivity solutions in buildings, transportation and industrial processes. But that's only part of our greater purpose and responsibility. We set high standards for ourselves as a leading corporate citizen, working to reduce our impact on the environment, foster a diverse and inclusive workplace, expand access to vital resources and improve the communities where we live and work. By thinking bigger and acting bolder, we're delivering on a new vision of performance – *Performance with Purpose*.

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Ingersoll Rand (NYSE: IR) creates comfortable, sustainable and efficient environments that advance the quality of life across the globe.

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We heat, cool and automate homes and buildings; enhance commercial and industrial productivity; keep transported food and perishables safe and fresh; and deliver fun, efficient and reliable transportation solutions. Diversity, engagement and teamwork drive innovation and imaginative solutions, and fuel our passion for exceeding customer expectations. Our experienced leadership team, ethical business practices and high-performance, winning culture deliver enduring results that lead to a sustainable world.

## Global Market-leading Brands

*Our people and family of brands – including Club Car,<sup>®</sup> Ingersoll Rand,<sup>®</sup> Thermo King<sup>®</sup> and Trane<sup>®</sup> – work together to create value for customers in homes and buildings, transportation and industrial processes, allowing them to be environmentally responsible and productive at the same time.*



Club Car leads the industry in delivering fun, efficient and reliable personal transportation solutions for consumer, golf, commercial, institutional and resort uses.

Our product portfolio includes consumer vehicles; connected golf cars with an in-car course entertainment system; turf and commercial utility vehicles; multi-passenger shuttle vehicles; rough-terrain utility vehicles; and a digital fleet management system for course owners and resort operators.



Ingersoll Rand enhances operational efficiency, saves energy and improves productivity through innovative equipment, products and services.

Our industrial equipment, products and services range from complete compressed air and gas systems and services to power tools, fluid management and material handling systems.



Thermo King enhances the quality of life through temperature-management solutions in global transportation to preserve fresh foods, pharmaceuticals and other temperature-sensitive products.

We manufacture transport temperature-control systems for a variety of mobile applications, including trailers, trucks, buses, shipboard containers and railway cars.



Trane ensures homeowners and commercial building owners maximize the comfort and energy-efficiency potential of their home or facility.

We safely and efficiently optimize residential, commercial and industrial facilities with a broad portfolio of heating, ventilation and air conditioning (HVAC) systems, connected building and energy services, parts support and advanced building automation controls.

### Our Strategy for Creating Long-Term Value



#### GROWTH EXCELLENCE

*We use customer insights and analytics to make strategic choices about the businesses and markets where we invest, and on the development of innovative, energy-efficient and reliable products and services that deliver on customer needs.*



#### OPERATIONAL EXCELLENCE

*We pursue continuous process improvement that drives growth, creates value, fosters employee engagement, and enhances reliability, quality and the customer experience.*



#### WINNING CULTURE

*We engage our employees and develop a workforce with diverse backgrounds and skills to foster an environment of innovation and integrity that leads to better solutions for our customers and for society.*

## Letter to Shareholders

Dear Shareholder,



*In 2018, we continued along our path of premier performance, delivering on the global business strategy that has defined Ingersoll Rand over the past decade, underpinning our financial results and creating lasting value for our people, customers and shareholders.*

Our strategy is linked to attractive end markets supported by global megatrends – climate change, urbanization, resource scarcity and digital connectedness. As the world becomes warmer and cities more populated, access to safe food and clean water is at risk. We are at the nexus of environmental sustainability and impact, excelling at enhancing the energy efficiency of buildings, transportation and industrial processes, lowering greenhouse gas (GHG) emissions, reducing food waste and generating productivity for customers.

Our business portfolio creates a platform to consistently grow above average global economic conditions. It is anchored by a business operating system designed to generate strong top-line growth, expand operating margins, and generate powerful cash flow, and our balanced and dynamic capital allocation strategy enables us to consistently deploy capital where it earns the best returns. Our experienced management team, highly engaged workforce and winning culture make our performance sustainable. The result is a differentiated business model that drives strong shareholder returns.

### FINANCIAL PERFORMANCE

Our focus and consistent execution resulted in another year of robust financial performance. We delivered top quartile adjusted continuing **EPS growth of 24%**,<sup>\*</sup> record **organic bookings**<sup>\*</sup> and **revenue growth at 13% and 9%** respectively; significant adjusted operating margin expansion<sup>\*</sup> of 60 basis points; and healthy free cash flow.

Despite significant challenges from persistent inflation and tariffs, we applied our business operating system to execute a combination of pricing actions and operational excellence initiatives to offset these costs effectively, driving improved leverage and margin expansion throughout the year.

At the same time, we continued to build a stronger, more resilient company through robust, high-return investments in product and service innovation, and saw services growth of over 10%. We further delivered on our commitment to dynamic capital allocation with a strong and growing dividend, share repurchases, and strategic technology and channel acquisitions aimed at further improving long-term shareholder returns. In 2018, we **returned nearly \$1.4 billion to shareholders**, consisting of \$480 million in dividends and \$900 million in share repurchases. We raised the quarterly dividend by 18% during the year to \$0.53 per share, exiting 2018 at \$2.12 annualized per share. Our total shareholder return of 63% over the past five years exceeds the S&P 500 Industrials Index by nearly double.

### STRATEGIC GROWTH AND INNOVATION INVESTMENTS

We are always evaluating opportunities where we can extend our leadership in solving environmental and industrial challenges through strategic acquisitions. During the year, we acquired ICS Cool Energy, a rental equipment provider of high-performance temperature control systems and services, which is a strong fit with our HVAC business and expands our sales and service channel in key Western European markets.

We also entered a joint venture with Mitsubishi Electric that includes marketing, sales and distribution support of ductless and variable refrigerant flow heating and air conditioning in the U.S. and select Latin American countries. The ductless market is expected to grow rapidly in coming years. This venture helps to ensure we have the right product for the right applications to meet the needs of our customers.

Through the ongoing work of our product growth teams, we **launched more than 90 major new products and services** in 2018, strengthening our digital and services expertise, and continuing to demonstrate our commitment to being environmentally responsible and productive at the same time.

For example, we introduced several new innovations to our EcoWise™ portfolio – products designed to lower environmental impact with next generation, low global warming potential (GWP) refrigerants and high-efficiency operation. Affirming our increasing investment in this portfolio, customers see EcoWise as a game-changing solution that provides more sustainable product choices and enables them to achieve their own sustainability goals.

In addition, global services growth remained strong in 2018. This reflects our ongoing focus on expanding our recurring revenue streams through building management and remote monitoring, fleet monitoring, HVAC and compressor equipment servicing and other initiatives. These capabilities help ensure we remain close to our customers through the life of their building, transportation and industrial assets.

As a company on the forefront of sustainability, we apply our own innovation to make our business more sustainable. As part of our climate commitment, in 2014 we committed to a **35% reduction in our GHG footprint** from our own operations by 2020. We achieved the goal two years ahead of schedule, applying the same energy saving strategies we offer to our customers.

## WINNING CULTURE

Over the years, we've built an experienced management team and a winning culture that makes our performance sustainable and the company a great place to work. Our more than 44,000\*\* people worldwide are the engine that make our achievements possible. We respect and value diverse cultures, backgrounds and perspectives, and understand our people must feel connected and empowered to consistently achieve premier performance. Our annual employee engagement scores remain at top-tier levels in our industry.

Two years ago, we were the first in our industry to enter the *Paradigm for Parity* and *CEO Action for Diversity & Inclusion* to bring gender parity and cultivate diversity and inclusion in the workplace. In 2018, we implemented new programs and practices designed to eliminate unconscious biases in the workplace. A learning experience called Courageous Inclusion reached the top three levels of management in 2018, and the remainder will complete the program by June of this year.

We also continued to accelerate our efforts through differentiated investments in training and development. Our Women's Leadership Program (WLP), aimed at advancing our highly talented women leaders, has graduated 140 women since its inception in 2012. The success of WLP has led to the launch of two new career development programs for women that will begin this year. We increased the number of women in leadership roles in 2018 and expect to accelerate that progress this year. In addition, nearly 900 individuals from across the globe have graduated from our Team Leader Development Program, which provides production associates with operational excellence and leadership skills to grow into manufacturing supervisors and beyond.

## PERFORMANCE WITH PURPOSE

Our 2018 performance underscores the long-term strength and earnings power of our business model. By continually reinvesting in our business, we have built a differentiated company with deep domain expertise and sustainable products and services that keep us on the forefront of addressing global challenges and enhancing quality of life.

Sustainability is more than something we do; it's everything we do. Sustainability is embedded into our brand promise and our core strategies of growth excellence, operational excellence, winning culture and dynamic capital allocation. It is the enabling force behind us growing faster than the global economy and it differentiates our business model, allowing us to drive strong shareholder returns over the long term.

As a global company, we know that sustainability fuels our broader aim: to perform in a way that creates lasting value for our stakeholders and has a positive influence on the world. In short, *performance with purpose*.

Sincerely,



Michael W. Lamach | CHAIRMAN AND CEO



Sustainability is more  
than something we do;  
*it's everything we do.*



\*\*Number of employees, excluding contractors

# 2018 Financial Performance

24%\*

Adjusted Continuing  
EPS Growth

13%\*

Organic Bookings  
Growth

9%\*

Organic Revenue  
Growth

60<sub>bps</sub>\*

Adjusted Operating  
Margin Expansion

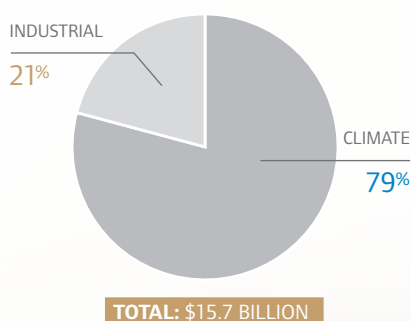
102%\*

5-year Average Free  
Cash Flow Conversion

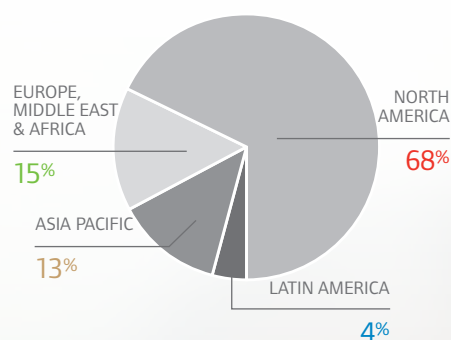
## Dynamic Capital Deployment in Millions



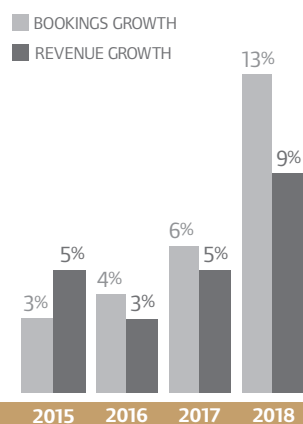
### 2018 Revenue by Segment



### 2018 Revenue by Geography

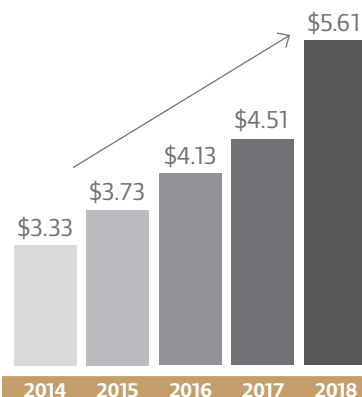


### Organic Bookings & Revenue Growth



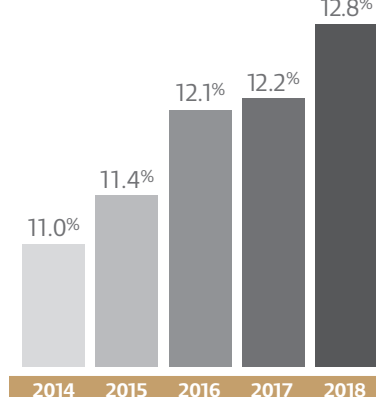
### Adjusted Earnings Per Share

CAGR OF 13.9%



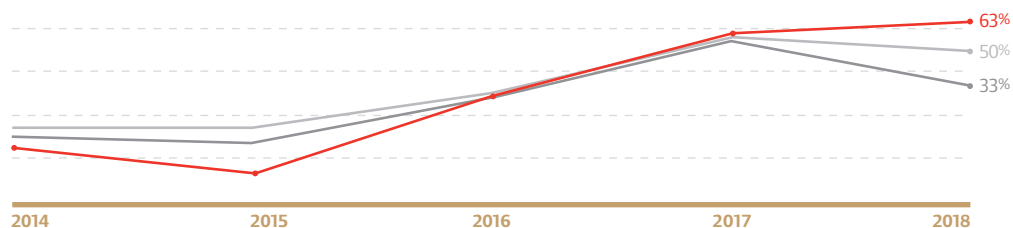
### Adjusted Operating Margin Expansion

1.8 PTS OF MARGIN EXPANSION



### Shareholder Return over the past 5 years

INGERSOLL RAND  
S&P 500  
S&P INDUSTRIALS



\*These are non-GAAP financial measures. Reconciliation of non-GAAP financial measures can be found preceding the 2019 Notice and Proxy Statement.



# Environmental, Social and Governance Data

These highlights reflect the environmental, social and governance (ESG) practices that have helped us successfully embed sustainability throughout our business. Sustainability is foundational to our strategy, integrated into the products we develop, the opportunities we pursue and the way we operate as a company. We are exceptionally proud of the global recognition of our ESG performance over the past eight years and the long-term value we are creating for our stakeholders.



## ENVIRONMENTAL

**238,281** metric tons CO<sub>2</sub>e, or **31%**, total reduction in GHG emissions associated with operations over the past five years

TOTAL SCOPE 1 AND 2 EMISSIONS IN 2018:  
**536,785** metric tons CO<sub>2</sub>e

ABSOLUTE ENERGY USE IN 2018 (DIRECT AND INDIRECT):  
**3,594** billion kilojoules (kJ)

**38%** total reduction in water use in water-stressed regions since 2013

**23%** total energy efficiency increase over the past five years



## SOCIAL

WOMEN IN THE WORKFORCE:  
**10,321** or **23.1%** of 44,664\*\* total employees globally

**21.7%** of leadership positions held by women

**\$253M** global spend with women-owned businesses, which reflects a **23%** increase over prior year

**30,492** hours volunteered by our employees, equivalent to **\$752,847**

**8,500** women and girls in the U.S. and India experiencing STEM education



## GOVERNANCE

BOARD DIVERSITY:  
**5** of **12** directors joined in past 5 years

**4** of **12** directors or **33%** are women

### TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The TCFD was established by the Financial Stability Board to improve disclosure of climate-related risks and opportunities. Our reporting provides information relevant to each of the four TCFD recommendations.

► [Read about our climate governance, strategy, risk management, metrics and targets in our 2018 ESG Report.](#)

## HIGHLY REGARDED ESG PERFORMANCE

MEMBER OF  
**Dow Jones Sustainability Indices**  
In Collaboration with RobecoSAM

8th Consecutive Year



4th Consecutive Year

**FORTUNE**  
WORLD'S MOST  
ADMIRABLE  
COMPANIES 2018

6th Consecutive Year

**TOP 100**  
COMPANY  
2018  
Thomson Reuters  
Diversity & Inclusion Index

Inaugural Year

\*\*Number of employees, excluding contractors

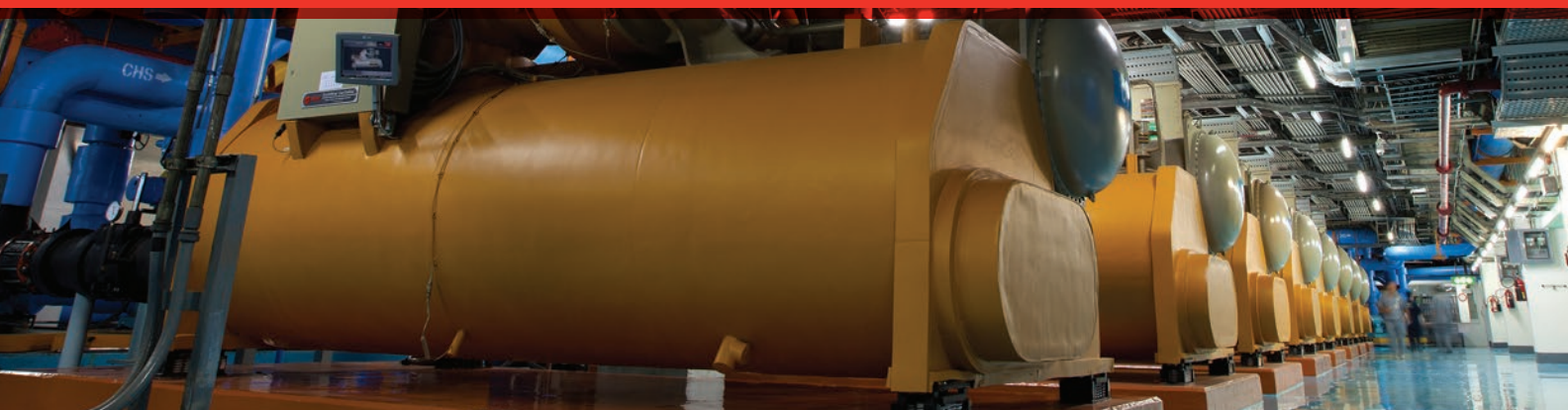


## Strategy in Action

### Developing Innovative, Customer-Driven Solutions

With a strategy centered on sustainability, we have an important role to play in mitigating global climate change. Our portfolio addresses demands for greater energy efficiency with lower greenhouse gas emissions in buildings, homes, industrial spaces and transport markets around the world.

From our compressors to air conditioning systems with next-generation refrigerants to our rapidly growing services and controls offerings, we enable customers to anticipate and reduce their energy needs, identify waste, optimize performance and achieve their business and sustainability goals.



### CHILLING THE CHUNNEL

We even help our customers achieve sustainability under the sea. Without round-the-clock cooling inside the Channel Tunnel or “Chunnel,” the world’s largest undersea tunnel, the heat generated by the high-speed trains would drive indoor temperatures above 95°F (35°C).

With four Series E CenTraVac large-capacity chillers from Trane, the tunnel’s operator, Eurotunnel, achieved its cooling needs with **33% energy savings** in the first season of operations. That’s equivalent to saving enough electricity to run 1,000 households.

These chillers are part of our EcoWise portfolio of products designed to lower environmental impact with next-generation, low-GWP refrigerants and high-efficiency operation. They have been successfully used in various applications across Europe and the world, helping our customers achieve operational savings and lowering their environmental footprint without compromising safety, reliability or performance.




### STAYING COOL – AND ENERGY EFFICIENT – ON THE ROAD

Transporting frozen food and other perishable products from coast to coast requires safe and reliable equipment. So when Infinity Transportation Logistics (ITL) wanted to increase its domestic refrigerated container (DRC) fleet, the company acquired 200 of Thermo King's new 53-foot SLXi-DRC units. More than doubling the size of its DRC capacity, the acquisition helped ITL meet its growth forecasts and achieve its sustainability goals.

The SLXi-DRC's slimline design also provided ITL with an extra pallet row of cargo space, which equates to cargo hauling capacity of up to 44,000 pounds. Thermo King's new trailer units, part of our EcoWise product portfolio, reduce environmental impact by lowering GHG emissions while maintaining or improving performance, cooling capacity, pull-down and fuel efficiency.

To ensure both container and cargo remain safe, the units include Thermo King's TracKing® telematics. By keeping track of preventive maintenance scheduling, container temperature fluctuations and other operational data, TracKing provides valuable insights that enable customers to optimize their assets and minimize downtime.



 **90** new products  
and services launched

 **\$228.7** million  
spent on research  
and development

### MILLING TOWELS BY THE MILLIONS

Compressed air is considered the “fourth utility,” and is the most used resource along with electricity, water and gas. For 1888 Mills, the largest towel maker in the U.S., clean, efficient compressed air is essential to the weaving process that helps produce 176,000 pounds of towels each week.

After enduring production downtime as a result of compressed air inefficiencies, 1888 Mills upgraded its antiquated air compressors with new energy-saving equipment and services from Ingersoll Rand. Taking a system approach, Ingersoll Rand also recommended installation of aluminum piping to increase efficiency and distribute air evenly throughout the facility.

With the new equipment and maintenance services, 1888 Mills received an unexpected rebate from its energy provider and a cost reduction that saved the textile manufacturer more than \$80,000 a year in energy costs. Originally just looking for a way to maximize uptime, 1888 Mills ultimately found a sustainable solution.



# Strategy in Action

## Ensuring Sustainable Operations and Supply Chain Management

We are guided by a set of standard business tools and strategies that define not only what we do, but how we do it. This helps to ensure we apply the most effective strategies to eliminate waste, improve efficiency and enhance agility in execution. This commitment to operational excellence is reflected in the sustainability standards we set for ourselves and for those we work with, including our suppliers. Along with working to reduce GHG emissions at our facilities around the world, we also apply a region-of-use philosophy that localizes manufacturing and the supply chain to help us increase speed to market and implement local product preferences. This in turn cultivates a sustainable, innovative supply chain that fosters diversity, minimizes environmental impact and meets customer needs.



**4.56 billion**  
kJ reduction in energy consumption achieved in 2018 as a direct result of conservation and energy efficiency initiatives; 9% reduction in energy intensity



**90%** of new direct material suppliers screened based on social and environmental criteria



**\$448 million** in purchased goods and services from diverse-owned businesses in 2018, a 9% increase over 2017

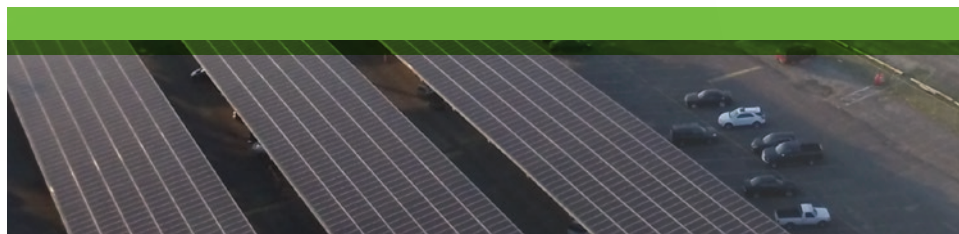


**23%** increase in spend with women-owned businesses in 2018

### HARNESSING RENEWABLE ENERGY

Investing in renewable energy is the next step in our Global Climate Commitment and environmental sustainability journey. In 2018, we initiated and commissioned on-site solar installations at three large manufacturing sites in the U.S. and China. The installations address 15% of the energy load at these locations, the equivalent of saving 560,000 gallons of gasoline or taking 1,000 cars off the road.

We complemented this investment in off-site renewable energy sources by signing a power purchase agreement (PPA) with a wind farm in Baylor County, Texas. The PPA enables us to replace 32% of our U.S. electricity use with green energy and to reduce U.S. Scope 2 GHG Emissions from Electricity by 32%. That is equivalent to recycling 26,000 tons of waste instead of sending it to a landfill, or to preserving 600 acres of U.S. forestland annually.



### CREATING A SUSTAINABLE SUPPLY CHAIN

Our suppliers adhere to our rigorous environmental and social sustainability standards. Our Preferred Supplier Program gives first choice for early engagement to suppliers whose standards best align with our high expectations, helping to cultivate a sustainable and innovative supply chain that meets customer needs.

Our Supplier Diversity Program increases competitiveness, enhances capacity and broadens market connectivity. Since the inception of the program in 2012, we have purchased more than \$2.1 billion from minority, women, veteran, LGBT and disabled-owned businesses. Rather than concentrating on price as the primary factor in selecting suppliers, the program uses a seven-step strategic sourcing process that considers a range of factors including supplier diversity, quality and risk.

As part of our 2016 commitment to WEConnect International, we spent \$253 million globally with women-owned businesses in 2018, a 23% increase over the prior year. These inclusive sourcing initiatives underscore our commitment to stimulate economic growth and job creation, both of which are fundamental to a sustainable future.



## Inspiring Progress Through People and Citizenship

Premier performance means more than delivering on our business and financial commitments. It means caring genuinely about the needs of our employees and communities for today and tomorrow. By living our values of integrity, respect, teamwork, innovation and courage we foster a progressive, diverse and inclusive workplace, and engage our worldwide team in the mission and purpose of the company. By investing in our employees, we promote their learning, development and well-being and create a strong foundation to produce sustainable results. We practice corporate citizenship in the communities where we live and work through initiatives focused on Science, Technology, Engineering and Math (STEM) education; climate and energy; housing and shelter; and food and nutrition for children and families.



**98%** of salaried employees had professional development conversations



**38%** of employees globally participated in community or sustainability initiatives



**\$6.7** million in philanthropic giving

### ADVANCING WOMEN LEADERS

We achieve long-term success by attracting and retaining top-quality, women leaders and creating an environment that allows people to reach their full potential. Development, informal learning experiences and formal leadership programs are integral to this process.

Our Women's Leadership Program (WLP) is an experiential leadership development program that includes a variety of resources, tools and learning opportunities specifically designed to provide high-performing, talented women across the company with the development and mentorship opportunities necessary to grow their careers at the company.

In the six years since its inception, the WLP has graduated more than 140 women from seven cohorts around the world. Our focus on attracting and retaining an increasing number of women in leadership and professional roles is consistent with our many years of work to build a culture of inclusion that is respectful at its core.



### PRACTICING SOCIAL RESPONSIBILITY IN CHINA

Our commitment to social responsibility transcends regional borders and business relationships. In 2017, in response to China's increasingly acute aging problem, we launched "Ying Ai Yi Nian," a Senior Care Program that leverages our resources, technology advantages and employee strengths to create personal interaction and companionship between younger and older generations while improving the quality of life and happiness for the elderly.

As part of this initiative, in June 2018, Ingersoll Rand China held "Care for the Elderly with Love," an interactive walking event that brought together more than 500 Ingersoll Rand China employees and their families, elderly nursing home residents and other participants. Because the Senior Care Program is perfectly aligned with our sustainability values, we expect to continue to drive innovation and healthy development of China's elderly-care practice.





# Non-Financial Statements

## European Union Directive

### INTRODUCTION

The information below, as well as the policies and related content elsewhere in this report, is intended to help you understand the performance and impact of Ingersoll Rand through the environmental, social, human rights and business practices we work to uphold.

The European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (S.I. 360/2017) (as amended) (the “**2017 Regulations**”) require us to disclose certain non-financial information in the Directors’ Report (the “**Irish Directors’ Report**”) accompanying our Irish statutory financial statements. For the purposes of the 2017 Regulations, the sections entitled Description of Business Model, Environmental Matters, Employee Matters, Social Matters, Human Rights, and Anti-Corruption and Anti-Bribery set out below are incorporated by reference into the Irish Directors’ Report.

Our integrated 2018 Annual Report and 2018 ESG Report provide additional information that may be relevant to investors in assessing Ingersoll Rand’s sustainability commitments and achievements but, except as expressly provided above, the integrated 2018 Annual Report and 2018 ESG Report are not incorporated by reference into the Irish Directors’ Report. Copies of this 2018 Annual Report and our 2018 ESG Report can be accessed at [www.ingersollrand.com](http://www.ingersollrand.com).

### DESCRIPTION OF BUSINESS MODEL

We are a diversified, global company that provides products, services and solutions to enhance the quality, energy efficiency and comfort of air in homes and buildings, transport and protect food and perishables and increase industrial productivity and efficiency.

Our two business segments, Climate and Industrial, feature strong brands and highly differentiated products within their respective markets. We generate revenue and cash primarily through the design, manufacture, sale and service of a diverse portfolio of industrial and commercial products that include well-recognized, premium brand names such as Ingersoll Rand, Trane, Thermo King, American Standard,\* ARO,\* and Club Car.

To achieve our mission of being a world leader in creating comfortable, sustainable and efficient environments, we continue to focus on growth by increasing our recurring revenue stream from parts, service, controls, used equipment and rentals; and to continuously improve the efficiencies and capabilities of the products and services of our businesses. We also continue to focus on operational excellence strategies as a central theme to improving our earnings and cash flow.

### ENVIRONMENTAL MATTERS

**Approach** Our commitment to sustainability extends to the environmental impacts of our people, operations, and products and services. From the efficiency of our buildings to our progress in managing energy, water and waste, we continue to find ways to reduce our impact on the environment and embed sustainability throughout our businesses. We proactively engage with key external and internal stakeholders to identify the most material sustainability-related matters and metrics for operations strategy as well as public disclosure. We also think about the stakeholder groups most impacted by these material topics through the lens of a value chain assessment that we perform. These commitments are embedded in an Environment, Health and Safety (“EHS”) Policy which defines our stakeholders, our roles and responsibilities and our goals and targets with respect to EHS matters and our

Business Partner Code of Conduct which requires our business partners to adhere to our standards.

**Due diligence processes** We have a vital role to play in mitigating global climate change by reducing the environmental impact of our operations, products and services. This responsibility begins by setting specific and measurable climate commitments and working to achieve these goals. In addition, we work to systematically ensure that our suppliers share our values and adhere to our standards of business ethics, health and safety, environmental and social responsibility as specified in our Business Partner Code of Conduct. Suppliers must have an effective environmental policy and conduct their operations in a way that protects the environment. They must also obtain and keep current all required environmental permits and meet all applicable environmental rules, regulations and laws in the countries where they do business.

**Policy outcomes / Key Performance Indicators** Our global Climate Commitment is the foundation of our efforts to increase energy efficiency and reduce the greenhouse gas emissions related to our operations and products. In 2010, Ingersoll Rand launched the Center for Energy Efficiency and Sustainability (CEES) to help our customers and our company leverage best practices in sustainability. Within Ingersoll Rand, the CEES is a strategic business catalyst that helps us understand the benefits that sustainability can have in growing our company and reducing our own operational footprint, while helping increase the pace of sustainable innovation.

Our energy consumption from fuels and electricity totaled 3,594 billion kilojoules in 2018. Greenhouse gases emitted indirectly through the use of electricity, and directly, through the burning of fuels or emissions of refrigerants, totaled 536,785 metric tons of CO<sub>2</sub>e.

- **Absolute energy consumption in 2018 – 3,406,174 million Btu (equivalent to 998,000 MWh; 3,594 billion kilojoules)**
- **Absolute Scope 1 and 2 emissions in 2018 – 536,785 metric tons CO<sub>2</sub>e in 2018**

### EMPLOYEE MATTERS

**Approach** As a global organization that employs 49,000 people, we are committed to building a progressive, diverse and inclusive environment in which people of all backgrounds are treated with equality and respect. We also aim to provide a safe, secure workplace that supports employee well-being and productivity. Investing in our associates and creating a culture where they feel engaged and included is key to unleashing the power of their innovation and creativity, and to delivering the enduring results that create a sustainable world. We formalize these aspirations in our Environment, Health and Safety Policy which addresses employee health and safety among other matters. We provide annual anti-harassment training to all salaried employees worldwide and we set policies in key employee areas, including our Global Human Rights Policy, our U.S. Equal Employment Opportunity Policy, and our Policy Prohibiting Harassment or Discrimination, which are made available to Ingersoll Rand employees worldwide.

**Due diligence processes** To reinforce our commitment to cultivate a diverse and inclusive workplace, we were the first company in our industry to enter the Paradigm for Parity Coalition, a pledge to bring gender parity to our corporate leadership structure by 2030. We also provide anti-harassment training to all salaried employees and make clear policies available to employees worldwide. In addition, creating and sustaining a safety-focused, zero-incident culture is a priority for us. We communicate our safety expectations through quarterly CEO town hall meetings as well as monthly environmental, health and safety meetings at both the facility and service-organization levels.

**Policy outcomes / Key Performance Indicators** Consistently high annual employee engagement scores demonstrate that we are creating an environment where our people are learning, thriving and expanding their capabilities. We offer a range of learning experiences for managers and employees to expand our culture of inclusion. For example, our Women's Leadership Program helps accelerate career advancement for high-potential women. Our Bridging Connections sessions create an opportunity for employees to speak openly about topics such as race, gender, ethnicity and sexual orientation, and address issues related to unconscious bias. In addition, our growing number of employee resource groups serve as a foundation to discuss these topics at a deeper level and to engage in the learning and training critical to building a stronger Ingersoll Rand.

- 23.1% of total workforce are women
- 21.7% of leadership positions are held by women
- 93% participation rate in annual employee engagement survey
- Employee engagement score in top quartile of all companies

## SOCIAL MATTERS

**Approach** Through a variety of social sustainability initiatives, we seek to engage directly with the communities in which our associates live and work, which helps to create shared value and engage our worldwide team in the mission and purpose of the company. Our commitment to social sustainability is also expressed through our supplier diversity program.

Our most prominent community initiatives include the Ingersoll Rand Glocal (global + local) program. Launched in 2014 by our Center for Energy Efficiency and Sustainability (CEES), Glocal encourages our employees to partner with local nonprofits and community organizations to advance our social sustainability efforts and nurture authentic engagement. We have identified and are taking action regarding specific social and environmental imperatives that create shared value, result in sustained customer and employee loyalty, and improve the communities where we have business operations. These actions include increasing female representation in the fields of science, technology, engineering and math, addressing nutrition and food waste reduction and supporting housing and shelter needs, among others. Our supplier diversity program embraces suppliers whose ownership is primarily minorities, women, veterans, LGBTQ individuals or people with disabilities.

**Due diligence processes** We track employee and community engagement data including the number of volunteers who participate in community or sustainability initiatives during the year and the number of hours volunteered. We use a 7-step strategic sourcing process that includes a Supplier Diversity Matrix, which enables us to avoid using price as the primary driver for supplier selection.

**Policy outcomes / Key Performance Indicators** Implementing Glocal and our supplier diversity program have contributed to significant increases in global contributions as measured by the number of associates who have volunteered to participate in community or sustainability initiatives, the total number of hours volunteered and the dollar value of philanthropic giving. Spending on goods and services purchased from diverse-owned businesses also is up significantly.

- \$448 million in purchased goods and services from diverse-owned businesses in 2018
- \$6.7 million in philanthropic giving
- 38% of employees globally participated in community or sustainability initiatives

## HUMAN RIGHTS

**Approach** We believe in fundamental standards that support our commitment to our employees, our business partners, our customers and our communities. We have adopted a number of policies which underline our commitment to human rights. Our Global Human Rights Policy aligns with basic working conditions and human rights concepts advanced by international organizations such as the International Labor Organization and the United Nations. Our Modern Slavery and Human Trafficking Statement outlines our commitment to taking steps to ensure that human trafficking and forced labor is not taking place in our supply chain or business. Our Business Partner Code of Conduct (BPCoC) prohibits human trafficking, including forced or child labor.

**Due diligence processes** We engage in reasonable due diligence and screening of customers and distributors to ensure compliance with laws that regulate international trade. We annually survey a sampling from the top 80% of direct material suppliers to confirm their adherence to our BPCoC. As part of that survey, we ask suppliers to certify that they and the materials incorporated into the products they sell comply with the laws regarding slavery and human trafficking of the country or countries in which they are doing business.

**Policy outcomes** Our Global Human Rights Policy is communicated to employees through our Code of Conduct training. As part of our annual compliance training, we have implemented a full training course dedicated to anti-human trafficking. Salaried employees in roles, such as Legal, Human Resources and Global Integrated Supply Chain are assigned courses based on function and associated risks.

## ANTI-CORRUPTION AND ANTI-BRIBERY

**Approach** We are proud of our strong business ethics and sustainable business practices, and our values centered in integrity, respect, teamwork, innovation and courage. Our values, ethics and commitment to sustainability are core to how we operate and serve customers.

Ingersoll Rand's Business Partner Code of Conduct applies to all entities doing business with us and communicates our expectations that our business partners will practice the highest legal, moral, and ethical standards when conducting our affairs. This Code holds our business partners to the same high standards to which we hold ourselves.

**Due diligence processes** Business partners and service providers are risk-rated and vetted with higher risk third parties undergoing enhanced compliance due diligence. We leverage the services of a third-party vendor to conduct compliance screenings from thousands of global public records databases.

**Policy outcomes** Salaried employees receive role-based, online compliance training every year. Employees receive specific training on anti-corruption on a cycle determined by the risk rating of their role. In 2018, the roles assigned to anti-corruption training were Business Strategy; Customer Service; Finance; General Management; Global Integrated Supply Chain; Human Resources; Legal; Marketing; and Sales. In addition to these roles, in 2019, employees in services roles, will receive anti-corruption training. Additionally, we deliver periodic live and web-based anti-corruption training to employees.

# Leadership and Governance

## DIRECTORS

### Kirk E. Arnold

Former Chief Executive Officer, Data Intensity

### Ann C. Berzin

Former Chairman and Chief Executive Officer, Financial Guaranty Insurance Company

### John Bruton

Former EU Commission Head of Delegation to the United States and Former Prime Minister of Ireland

### Jared L. Cohon, Ph.D.

President Emeritus of Carnegie Mellon University

### Gary D. Forsee

Retired Chairman and Chief Executive Officer, Sprint Nextel Corporation and Former President of the University of Missouri System

### Linda P. Hudson

Founder, Chairman and CEO of The Cardea Group and Former President and CEO of BAE Systems, Inc.

### Michael W. Lamach

Chairman and Chief Executive Officer of Ingersoll Rand

### Myles P. Lee

Former Chief Executive Officer and Executive Director of CRH plc

### Karen B. Peetz

Former President, BNY Mellon

### John P. Surma

Retired Chairman and Chief Executive Officer, United States Steel Corporation

### Richard J. Swift

Retired Chairman, President and Chief Executive Officer, Foster Wheeler Ltd. and Former Chairman of Financial Accounting Standards Advisory Council

### Tony L. White

Retired Chairman, President and Chief Executive Officer, Applied Biosystems Inc.

## ENTERPRISE LEADERSHIP TEAM

### Michael W. Lamach

Chairman and Chief Executive Officer

### Marcia J. Avedon, Ph.D.

Senior Vice President, Human Resources, Communications and Corporate Affairs

### Jason E. Bingham

President, Residential HVAC and Supply

### Maria F. Blase

President, Fluid Management, Material Handling and Power Tools

### Paul A. Camuti

Senior Vice President, Innovation and Chief Technology Officer

### Susan K. Carter

Senior Vice President and Chief Financial Officer

### Karin De Bondt

President, HVAC and Transport, Latin America

### Allen W. Ge

President, HVAC and Transport Solutions, Asia Pacific and India

### Maria C. Green

Senior Vice President

### M. Stephen Hagood

Senior Vice President and Chief Information Officer

### Raymond D. Pittard

President, Transport Solutions, North America and EMEA

### David S. Regnery

Executive Vice President, Climate and Industrial Segments

### Donald E. Simmons

President, Commercial HVAC, North America and EMEA

### Keith A. Sultana

Senior Vice President, Global Operations and Integrated Supply Chain

### Evan M. Turtz,

Senior Vice President and General Counsel

### Mark C. Wagner

President, Club Car

### Todd D. Wyman

Senior Vice President and President, Compression Technologies and Services

## OTHER SENIOR LEADERS

### Richard E. Daudelin

Vice President, Treasury

### Christopher J. Kuehn

Vice President and Chief Accounting Officer

### Lawrence R. Kurland

Vice President, Tax

### Zachary A. Nagle

Vice President, Investor Relations



**From Left to Right:** Jason E. Bingham, President Residential HVAC & Supply; Allen W. Ge, President, HVAC and Transport Solutions, Asia Pacific and India; Karin De Bondt, President, HVAC and Transport, Latin America; Mark C. Wagner, President, Club Car; Todd D. Wyman, Senior Vice President and President, Compression Technologies and Services; Paul A. Camuti, Senior Vice President, Innovation and Chief Technology Officer; Marcia J. Avedon, Senior Vice President, Human Resources, Communications and Corporate Affairs; Michael W. Lamach, Chairman and Chief Executive Officer; M. Stephen Hagood, Senior Vice President and Chief Information Officer; Susan K. Carter, Senior Vice President and Chief Financial Officer; Keith A. Sultana, Senior Vice President, Global Operations and Integrated Supply Chain; Donald E. Simmons, President, Commercial HVAC, North America and EMEA; Maria C. Green, Senior Vice President; David S. Regnery, Executive Vice President, Climate and Industrial Segments; Raymond D. Pittard, President, Transport Solutions, North America and EMEA; Maria F. Blase, President, Fluid Management, Material Handling and Power Tools



## CORPORATE DATA

### Annual General Meeting

The company's 2018 Annual Report on Form 10-K as filed with the United States Securities and Exchange Commission, and other company information, is available through Ingersoll Rand's website, [www.ingersollrand.com](http://www.ingersollrand.com). Securities analysts, portfolio managers and representatives of institutional investors seeking information about the company should contact:

Shane Lawrence  
Director, Investor Relations  
704-655-5651

### Annual General Meeting

June 6, 2019, 2:30 p.m.  
Adare Manor Hotel  
Adare, Co. Limerick  
Ireland

FPO FSC LOGO

### New York Stock Exchange

**IR**  
**LISTED**  
**NYSE**

### Transfer Agent and Registrar

Computershare  
Telephone Inquiries: 866-229-8405  
Website: [www.computershare.com/Investor](http://www.computershare.com/Investor)

*Address shareholder inquiries with standard priority:*

Computershare  
PO BOX 505000  
Louisville, KY 40233-5000

*Address shareholder inquiries with overnight priority:*

Computershare  
462 South 4th Street Suite 1600  
Louisville, KY 40202

This integrated annual report and the 2018 online ESG Report at [www.ingersollrand.com/sustainabilitysupplement](http://www.ingersollrand.com/sustainabilitysupplement) is produced in accordance with the G4 framework established by the Global Reporting Initiative (GRI) and reports on our financial and non-financial performance for the 2018 fiscal year. For more information on GRI, please visit [www.globalreporting.org](http://www.globalreporting.org). To ensure the quality of our environmental, health and safety data, we assure selected data with a third-party provider. The results of this assurance can be found in our 2018 ESG Report at [www.ingersollrand.com/sustainabilitysupplement](http://www.ingersollrand.com/sustainabilitysupplement). At the time of publication, assurance of our environmental and safety data from operations was not yet complete and the data presented in this document is subject to change. This annual report, including the letter to shareholders, contains "forward-looking statements," which are statements that are not historical facts, including our ability to address environmental and social challenges, the future success of our operational excellence initiatives, our future financial performance, our growth, market opportunities and our positioning in and the performance of the markets in which we operate. These statements are based on currently available information and our current assumptions, expectations and projections about future events. While we believe that our assumptions, expectations and projections are reasonable in view of the currently available information, you are cautioned not to place undue dependence on our forward-looking statements. Forward-looking statements speak only as of the date they are made and are not guarantees of future performance. They are subject to future events, risks and uncertainties — many of which are beyond our control — as well as potentially inaccurate assumptions that could cause actual results to differ materially from our expectations and projections. You are advised to review the factors described under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" in our Form 10-K for the fiscal year ended December 31, 2018, and any further disclosures we make on related subjects in materials we file with or furnish to the SEC. We do not undertake any obligation to update any forward-looking statements.

*A world of sustainable progress and enduring results.*

#### INTEGRITY

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

#### RESPECT

*We respect and value the worth of all people, cultures, viewpoints and backgrounds.*

#### TEAMWORK

*We work together and share resources to provide greater value to our customers, employees, business partners and shareholders.*

#### INNOVATION

*We use our diverse skills, talents and ideas to develop customer-driven, innovative and imaginative solutions.*

#### COURAGE

*We speak up for what we believe is right and take measured risks to create progress.*

VISION

VALUES





# *Our Governance*

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Ingersoll Rand (NYSE: IR) is a diversified industrial manufacturer with market-leading brands serving customers in global commercial, industrial and residential markets. Diversity, engagement and teamwork drive our innovation and fuel our passion for exceeding customer expectations. Together with experienced and principled leadership, and ethical business practices, our engaged team delivers enduring results that lead to a sustainable world. Read more about our company, brands and governance in our [2018 Annual Report](#) and on [our website](#).

## Sustainability Governance

Sustainability is more than something we do at Ingersoll Rand – it is everything we do. Through the leadership of our chairman and chief executive officer (CEO) and senior leaders, we have embedded sustainability into the anatomy of how we operate, how we help our customers succeed and how we engage our people. Our approach and initiatives are guided by an external Advisory Council on Sustainability and regularly reviewed by our Enterprise leadership team and Board of Directors. Day-to-day, our Center for Energy Efficiency and Sustainability team (CEES) team surveys the market landscape, continually bringing forward new ideas and requirements. The CEES team is also responsible for tracking and disclosing our progress. Read more about our [sustainability governance](#), [materiality assessment](#), [stakeholder engagement](#) and [value chain](#).



### Market leading

*brands serving customers in global commercial, industrial and residential markets*



## Governance, Ethics and Risk Management

Our core values – integrity, respect, teamwork, innovation and courage – are the foundation of our enduring success. Integrity leads the list because it is fundamental to our 148-year reputation and central to our philosophy of corporate governance. Guided by our [Code of Conduct](#), we operate in accordance with the law and the highest standards of ethical conduct to do what is in the best interest of our stakeholders, the environment and society. Read more about our approach to governance, ethics and risk management in our [2018 Annual Report](#) and on [our website](#).

Our Code of Conduct reinforces our values and sets clear expectations of ethical behavior for every one of our employees, regardless of role or location. To ensure our code guides everything we do, all salaried employees are required to complete an annual code of conduct training program – including an attestation of their compliance. When we refreshed our code in early 2018, we also made it digitally accessible, easy to navigate, interactive and policy-based. Additionally, we have an executive-level global Business Integrity Council and region-level councils that operationalize compliance practices locally and raise local issues to the executive level council for consideration and remediation.



### 148 years

*of integrity, respect, teamwork, innovation and courage*

## ANTI-CORRUPTION

Our Code of Conduct and associated Anti-Bribery and Corruption Policy reflect our commitment to integrity. The policy, which is overseen by the Board of Directors, prohibits all company employees from giving and offering anything of value in exchange for a business advantage. This includes a complete ban on facilitation payments to secure routine government functions, even though such payments are permissible under the Foreign Corrupt Practices Act.

Additionally, we know the actions of our business partners may be considered actions of Ingersoll Rand. We leverage a third-party vendor to conduct compliance screenings from thousands of global public record databases.

## Customer Satisfaction

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Customer satisfaction and loyalty are a priority at Ingersoll Rand. We are committed to understanding customer perspectives and refining our offerings to meet and exceed our expectations for reliability, energy efficiency and sustainability. We measure customer satisfaction through the Customer Satisfaction Index (CSI) and leverage analytics through customer relationship management (CRM) systems to drive common processes, connect deep insights on customers and competitors and drive strategic growth programs. Additionally, we measure specific attributes of the full customer experience from sales to service and support.

We use a consistent global measurement process to capture customer feedback and CSI scores for each business. The data is updated and reviewed quarterly with business leadership and used to develop action plans to address items that require corrective action. Additionally, we have 2020 sustainability targets for customer outcomes that include increasing the reliability, durability, efficiency and safety of our products. While we do not report our CSI scores publicly, we are exceeding our planned targets.

## Public Policy Advocacy and Compliance

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We engage with policymakers to find solutions to the issues that are most important to our business and stakeholders. While topics can cover a broad cross-section of policy areas such as global trade and taxes, our focus remains on energy efficiency and refrigerant policy.

## PUBLIC POLICY

Ingersoll Rand supports policies that facilitate market transitions to more energy-efficient technologies and products that use next generation, low-global warming potential (GWP) refrigerants. We engage in public policy both directly and indirectly through associations and coalitions to understand and help shape future regulations in these policy areas. Our approach includes actively participating in international forums, and, when appropriate, our technical policy experts engage directly with regulators and other key stakeholders in advance of and during the rulemaking process.

To improve energy efficiency, we set and already exceeded our 2020 citizenship target to educate officials in developing markets about energy management and optimization. These efforts advance solutions to meet the growing demand for affordable, sustainable energy which is crucial to reducing greenhouse gas (GHG) emissions and creating more resilient communities.

Our objective for refrigerants is to offer customers choices and guidance about how and when to transition to low-GWP alternatives. We continue to evaluate and test available alternatives for global markets to ensure we have the best balance of performance, safety, reliability and availability as well as a strong service organization and supply chain in place to support the transition. We participate in the United Nations Montreal Protocol process and other international forums, bringing research and industry expertise to facilitate a practical transition that expedites the reduction of GHG emissions.



At the same time, we are also working proactively with suppliers through our global [Climate Commitment](#) to identify and develop a viable, long-term low-GWP alternative to R-410A, which is the most prevalent hydrofluorocarbon (HFC) used in heating, ventilation and air conditioning (HVAC) today. This alternative is crucial to the success of the Kigali Agreement to the Montreal Protocol, which seeks to phase down HFCs by 85% by 2036.

Air quality is also an important focus for our policy efforts as urbanization is increasing pollution in cities around the world. In Europe, for example, the proliferation of diesel in passenger and commercial vehicles is increasing levels of particulate and other emissions that have negative health impacts. In line with legislative efforts to create pollutant thresholds, our Thermo King® brand is investing in power technology with significantly lower pollutants.

## POLITICAL ACTIVITY AND CONTRIBUTIONS

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

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

2018	2017	2016	2015	2014	2013
\$30,000	\$28,500	\$24,500	\$11,000	\$37,500	\$7,500

## CONTRIBUTIONS TO 527 ORGANIZATIONS

Ingersoll Rand has not contributed to 527 Organizations – political organizations created under Section 527 of the Internal Revenue Code other than political action committees and candidates – and has no intention of doing so. We also do not, and have no intention to, contribute to federal independent expenditure-only committees, also known as “Super PACs.”

## Environmental Health and Safety (EHS) Compliance

Our operating practices safeguard our people and protect the environment.

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

- Complies with or exceeds requirements of global, national, state and local statutes, regulations and standards that protect the environment, human health and safety. In all cases – regardless of whether applicable laws and regulations exist – we apply sound EHS management practices, which continue to drive our strong compliance record.
- Conducts regular internal and third-party audits to verify compliance with EHS regulatory requirements and company standards.
- Monitors and understands emerging issues, regulatory changes and technological innovations.

We are responsible for managing materials to protect our environment, employees, customers and communities. For example, some refrigerants used in our products are considered ozone-depleting substances and may have higher-global warming potential. We have responsible and sustainable operating and handling practices to minimize refrigerant leaks and avoid environmental and safety impacts.



## EHS MANAGEMENT

Our [EHS Policy](#) is publicly available and has been signed by our Chairman and CEO. This policy is more than a document containing guiding principles and a summary of our obligations. It is a promise to our people, customers, partners, shareholders and communities that we will continue to be good corporate citizens and remain committed to operating safely and protecting the environment.

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

Our employee engagement and EHS committees are critical to effective EHS programs and improvements. We directly involve our employees in strategic planning, assessing performance status and ensuring continuous engagement on the part of leadership, subject matter experts and production associates. Through monthly committee meetings, our employees identify safety issues and implement solutions to improve their workplace.

We use a leading cloud-based software solution, Gensuite™ to collect and track data. The system provides monthly reports on EHS progress to executive and facility-level leadership teams, which we use to track our performance against our annual goals in key areas. The insights in these reports lead to EHS program improvements and initiatives to drive continuous improvement.

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

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

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Our corporate EHS group regularly monitors facility-level performance in these areas against global EHS standards and applicable regulatory requirements. Through a combination of third-party consultants and internal EHS staff, we audit each Ingersoll Rand site on a frequency that depends on the site's complexity. Our proactive oversight process also requires key facilities to conduct annual EHS self-assessments, following a standard protocol to identify opportunities to improve EHS performance.

Keeping our employees safe is core to our culture and a longstanding priority for Ingersoll Rand. The majority of employees at our manufacturing sites and other large locations, and those who complete service work at third-party locations, receive annual EHS training. We use the U.S. Occupational Safety and Health Administration (OSHA) regulation 29 CFR 1904 as the basis to record and report accidents at our sites around the world. Additionally, sites are expected to comply with local regulations when they are stricter than the U.S. OSHA standard. Our EHS data is assured annually by a third party.

Global health issues are addressed through multiple mechanisms, including, among others, high-risk travel destinations, global crisis emergency planning, practices for emergency medical responders and company health programs. Additional awareness training is planned for service employees who perform work in medical health care facilities. Read more about our approach to [occupational health and safety](#).

During acquisitions, Ingersoll Rand completes formal due diligence including EHS. We implement EHS change management programs for all operations we acquire, new operations that we open, and at the time that we introduce new or redesigned products. EHS risk assessments are implemented at multiple levels, including pre-task, pre-project, within change management and when evaluating overall enterprise risks. We do not subscribe to Article 15 of the Rio Principles and do not address the precautionary approach and principle. We have received no significant fines for noncompliance in 2018. Read more about our [EHS Policy](#).

## 2018 Awards and Rankings

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- 8th consecutive year on the Dow Jones Sustainability Index
- 6th consecutive year on Fortune World's Most Admired Companies
- 2nd consecutive year on the Human Rights Campaign Foundation Corporate Equality Index, Best Places to Work for LGBTQ Equality
- 4th consecutive year on FTSE4Good Index Series
- Named to Thomson Reuters Global Diversity Index
- Named to Corporate Knights Global 100 Most Sustainable Corporations Index
- Recipient of U.S. Chamber of Commerce Foundation's Best Environmental Stewardship Award
- Recipient of Green Builder Media's Eco-Leaders Award
- Recipient of the 2018 China CSR Forum's Best Innovative Public Welfare Program Award



**8<sup>th</sup> Consecutive**

year on the Dow Jones  
Sustainability Index

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**6<sup>th</sup> Consecutive**

year on Fortune World's  
Most Admired Companies

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**2<sup>nd</sup> Consecutive**

year on the Human Rights Cam-  
paign Foundation Corporate  
Equality Index, Best Places to  
Work for LGBTQ Equality

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## Memberships and Partnerships

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- Advanced Energy Economy (AEE)
- Air-Conditioning, Heating and Refrigeration Institute (AHRI)
- AHC Group
- Alliance for Responsible Atmospheric Policy (ARAP)
- Alliance to Save Energy (ASE)
- AmCham Shanghai
- American Belt and Road Working Group under the U.S. Embassy
- American Center for Life Cycle Assessment
- American Chamber of Commerce in India (AmCham India)
- American Council for an Energy-Efficient Economy (ACEEE)
- American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE)
- Association of Climate Change Officers (ACCO)
- Association of Energy Engineers (AEE)
- British Compressed Air Society (BCAS)
- Business Council for Sustainable Energy (BCSE)
- Business Roundtable
- California Energy Storage Alliance (CESA)
- China Federation of Logistics and Purchasing (CFLP)
- China General Machinery Industry Association – Compressor Branch
- China Refrigeration and Air-Conditioning Industry Association (CRAA)
- Compressed Air and Gas Institute (CAGI)
- Confederation of Indian Industries (CII)
- Corporate Eco Forum (CEF)
- Energy Storage Association
- European Partnership for Energy and the Environment (EPEE)
- Global Environmental Management Initiative (GEMI)
- GreenBiz Executive Network (GBEN)
- Hydraulic Institute
- International Code Council
- International Light Transportation Vehicle Association (ILTVIA)
- Manufacturers Alliance for Productivity and Innovation (MAPI)
- Material Handling Institute (MHI)
- National Association of Energy Service Companies (NAESCO)
- National Association of Environmental Management (NAEM)
- National Association of Manufacturers (NAM)
- National Golf Course Owners Association (NGCOA)
- Natural Resources Defense Council (NRDC)
- Renewable Energy Business Association (REBA)
- Residential Energy Services Network (RESNET)
- Shanghai Green Building Association
- Shanghai Energy Conservation Center
- Sustainable Energy for All (SEforALL)
- Shanghai Refrigeration Institute
- The Aspen Institute
- The China Construction Machinery Association – Sightseeing Vehicle Branch
- The Conference Board
- The Energy and Resources Institute (TERI)
- U.S. Business Council for Sustainable Development (US BCSD)
- U.S. Green Building Council (USGBC)
- U.S. Regional Energy Efficiency Organizations: SPEER, MEEA, SEEA, SWEEP, NEEP, NEEA
- Verband deutscher Maschinen- und Anlagenbau (VDMA)
- World Environment Center

Ingersoll Rand aligns with several charters that support and advance our sustainability goals.

### **CEO ACTION FOR DIVERSITY & INCLUSION**

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

### **CLEAN ENERGY MINISTERIAL (CEM)**

#### **ADVANCED COOLING (AC) CHALLENGE**

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

### **CLIMATE AND CLEAN AIR COALITION HFC INITIATIVE**

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

### **GLOBAL HUMAN RIGHTS POLICY**

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

### **PARADIGM FOR PARITY**

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

### **U.S. DEPARTMENT OF ENERGY (DOE)**

#### **BETTER PLANTS CHALLENGE PARTNERS**

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

### **WE ARE STILL IN**

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

### **WECONNECT INTERNATIONAL**

WEConnect International is a global network that connects women-owned businesses to qualified buyers around the world. We reported \$253 million global spend with women-owned businesses in 2018, the second reporting period for this commitment.

### **WE MEAN BUSINESS: ADOPT A SCIENCE-BASED EMISSIONS REDUCTION TARGET**

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

### **WE MEAN BUSINESS: COMMIT TO REDUCE SHORT-LIVED POLLUTANT EMISSIONS**

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





# *Our Report and Data*

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## About our Reporting

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We align our reporting with the Global Reporting Initiative (GRI) standards, core option and – this year for the first time – the frameworks of the Sustainability Accounting Standards Board (SASB) and the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD). A formal materiality process defines our priorities, shapes our strategy, guides our goal setting and defines our resource allocation and reporting. In 2018, we refreshed our materiality assessment to prioritize the topics that are most important and impactful to stakeholders and business. Read more about our [materiality assessment process](#).

Our 2018 ESG Report outlines our management approach, data and initiatives for each of our 15 material topics – defined as those that are in the upper right-hand quadrant of our materiality matrix. The report was reviewed by our subject matter experts and the CEES and sustainability leadership teams.

See our GRI Content Index, [SASB Disclosure](#) and [TCFD Disclosure](#).

## A NOTE ABOUT OUR DATA

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

Our EHS and GHG data is assured annually by a third party. Assurance for our 2018 data is currently ongoing. Our future reporting will be updated to reflect, and note, any adjustments that arise. We do not anticipate any significant changes to the data currently in our 2018 ESG Report.

## Progress Towards 2020 Sustainability Targets

Our 2020 sustainability targets are our framework to achieve our vision for a world of sustainable progress. From our governance and operations to our supply chain and products, they keep social and environmental business imperatives at the forefront of everything we do. Our overarching goals are to operate ethically and transparently; cultivate a sustainable and innovative supply chain; optimize natural resources in our operations; innovate to deliver optimal economic and performance value over product lifecycle; build a Winning Culture that is values-based and inclusive; and create shared value by putting more back into society than we take out.

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

Suppliers: Collaborate with suppliers to cultivate a sustainable and innovative supply chain to meet customer needs		
Ensure Alignment of Business Partners to a Common Set of Ethical Beliefs and Expectations	100% of new suppliers have agreed to our Business Partner Code of Conduct (BPCoC)	BPCoC progress: 90% of controllable spend
	60% of our direct spend will be with suppliers in our Preferred Supplier Program	Preferred progress: 49.6%
Leverage Ingersoll Rand Product Development Process (IRPDP) to Use Preferred Suppliers	80% of Early Sourcing Work Plan (ESWP) completed in Phase 1 of IRPDP	On track – 73%
Maximize Marketplace Connectivity by Fostering Supplier Diversity	Extend supplier diversity program to spend with diverse companies globally	\$253 million global spend with women-owned businesses in 2018
Partner with Suppliers to Minimize the Environmental Impact of our Supply Chain	All businesses will have a packaging improvement plan	On track
	Establish baseline of suppliers who have participated in waste, energy and water reduction programs by 2016 and track improvement through 2020	On track – Gensuite supplier platform in development
	Establish baseline of suppliers in water-stressed areas who have a water conservation plan by 2016 and track improvement through 2020	On track – Gensuite supplier platform in development
	Reduce emissions due to freight: goal is 5% reduction	On track – tracking through UPS and EPA Smart Way
Minimize Impacts of our Customers by Ensuring a Viable Supply Chain	Designate 90% of direct material spend assessed on a quarterly basis for risk	Goal exceeded – 95%
Operational Footprint: Optimize the use of natural resources in our operations to reduce environmental impact		
Optimize Energy Use	Increase energy efficiency in owned facilities by 10%	Goal exceeded – 23%
	Increase fuel efficiency in owned fleet	6,310 metric tons of CO <sub>2</sub> e saved
	Evaluate all long-term leases >100K sq. ft. against environmental and energy criteria	Developed guidebook with environmental criteria and certifications
Reduce our Scope 1 and 2 Greenhouse Gas (GHG) Emissions	Reduce Scope 1 and 2 emissions by 35%	31% reduction in absolute emissions 45% decrease in emissions intensity
Improve Waste Management in our Operations	Reduce non-hazardous waste to landfill by 30%	Goal exceeded – 40% reduction in intensity
	Reduce hazardous waste by 20%	On track – 17.5% reduction in intensity
Improve Water Management in our Operations	Reduce water used at sites located in water-stressed areas by 25%	Goal exceeded – 38% reduction
Customer Outcomes: Innovate to deliver optimal economic and performance value over product lifecycle		
Design Products for World-Class Resource Efficiency during Use of Product	Establish portfolios that meet world-class environmental criteria (energy consumption, emissions from the use of the product)	EcoWise™ portfolio
Reduce Direct GHG Emissions	Reduce the GHG refrigerant footprint of our products by 50%	Goal exceeded – 52% reduction
Increase Reliability and Durability	Improve quality and time to solution	On track
Reduce Environmental Impact at End of Products' Useful Life	Perform a life cycle assessment (LCA) on 100% of new products	21%
	100% of New Product Development (NPD) projects in IRPDP have end-of-use manual created	In process – eight end-of-use manuals created
Improve Health and Safety	Improve service ability through IRPDP	Standard work developed

Our People: Build a Winning Culture that is values-based, inclusive and engages and develops people for premier performance		
Attract and Retain Top-Quality, Diverse Talent and Leadership	Create slates with diverse candidates	On track
	Retain 95% of key talent	Goal met – 95.6% retention
Develop People and Processes to Build Strategic Capabilities	95% of employees have development plans in place	Goal exceeded – 97.6% of employees
	Improve Leadership Effectiveness Index by 80%	On track – 74% favorable
	Achieve a Growth and Development Index score of 75% for strategic capability development	On track – 74% as of 2018
Foster an Inclusive, Engaging Workplace that Connects Employees to Company Purpose	Achieve employee engagement rate of 80%	On track – score in top 25th percentile
	75% of employees participate in community or sustainability initiatives	38% of employees participated in 2018
Provide a Safe and Secure Workplace that Supports Employee Well-Being and Productivity	Provide accessibility to wellness programs to 75% of employee base	Goal exceeded – 95% of employee base has access to wellness programs
	Achieve world-class performance in lost time incident rate, 60% reduction from a 2013 baseline	On track
Corporate Citizenship: Address social and environmental imperatives that create shared value, result in sustained customer and employee loyalty, and improve the communities where we have business operations		
Expand Competency in Energy and Other Resource Efficiency	Share energy conservation knowledge with 200 officials in developing regions	Goal met – shared knowledge with 201 officials
	Launch signature program to increase female representation in manufacturing positions and advance technical workforce development programs at 100 community colleges and technology institutes worldwide	Goal met – achieved through participation in vocational technical programs and Tools for Schools program
Expand Competency in Science, Technology, Engineering and Math (STEM)	Launch signature program to increase female representation in manufacturing positions and advance technical workforce development programs at 100 community colleges and technology institutes worldwide	
	Sponsor 20,000 females in STEM-related activities to increase career interest	Goal met – achieved through support of mobile science labs in India
Address Nutrition and Food Waste Reduction	Provide food and nutrition education to 200,000 children	Goal met – achieved through support of Feeding Children Everywhere, American Heart Association and Second Harvest
Support Housing and Shelter Needs	Volunteer 40,000 hours related to housing and shelter	Goal exceeded – more than 42,000 hours volunteered



## Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) represent the biggest and most complex challenges of our time. In addition to reducing the impacts of our operations and portfolio, we prioritize the SDGs that are most relevant to our expertise, business objectives and citizenship goals. In 2016, we used the SDGs as part of our existing 2020 sustainability targets to help guide our business direction.

### 2020 GOALS AND STRATEGIC DEVELOPMENT GOALS

## EMBEDDING SUSTAINABILITY ACROSS THE ENTERPRISE



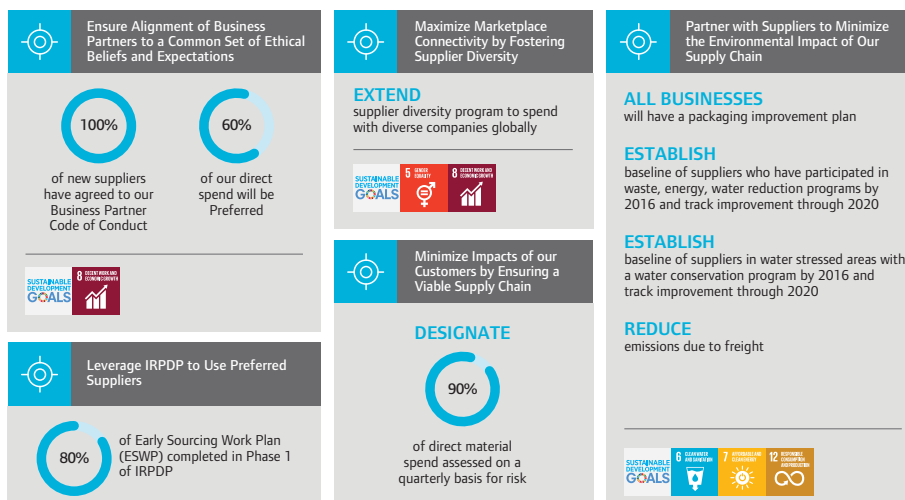
### GOVERNANCE

Enhance efforts to uphold our standards for ethical business conduct, transparency, compliance, and oversight




### SUPPLIERS

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



## OPERATIONAL FOOTPRINT

Optimize the use of natural resources in Our operations to reduce environmental impact

 <b>Optimize Energy Use</b>  <b>INCREASE</b> energy efficiency in owned facilities by 10%  <b>INCREASE</b> fuel efficiency in owned fleet  <b>EVALUATE</b> all long term leases > 100k sq. ft. against environmental and energy criteria  	 <b>Reduce Our Scope 1 and 2 Greenhouse Gas Emissions</b>  <b>REDUCE</b> scope 1 and 2 emissions by 35%  	 <b>Improve Waste Management in Our Operations</b>  <b>REDUCE</b> non-hazardous waste to landfill by 30%  <b>REDUCE</b> hazardous waste by 20%  
	 <b>Improve Water Management in our Operations</b>  <b>REDUCE</b> water used at sites located in water stressed areas by 25%  	









## CUSTOMER OUTCOMES

Innovate to deliver optimal economic and performance value over product lifecycle

 <b>Design Products for World Class Resource Efficiency During Use of Product</b>  <b>ESTABLISH</b> portfolios that meet world class environmental criteria (energy consumption, emissions from the use of the product)  	 <b>Reduce Direct GHG Emissions</b>  <b>REDUCE</b> the GHG refrigerant footprint of our products by 50%  	 <b>Reduce Environmental Impact at End of Products' Useful Life</b>  <b>PERFORM</b> an LCA on 100% of new products  <div>  100% of NPD projects in IRPDP have end of life manual created </div>  
 <b>Increase Reliability, Durability</b>  <b>IMPROVE</b> quality and time to solution	 <b>Improve Health and Safety</b>  <b>IMPROVE</b> service-ability through IRPDP	

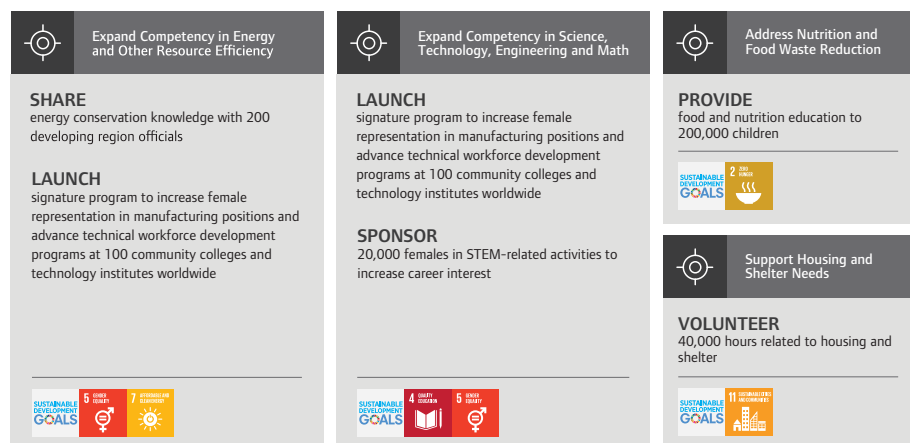
## OUR PEOPLE

Build a Winning Culture that is values-based, inclusive and engages and develops people for premier performance

 <b>Develop People and Processes to Build Strategic Capabilities</b>  <div>  95% of employees have development plans in place </div> <b>IMPROVE</b> Leadership Effectiveness Index by 80%  <b>ACHIEVE</b> a growth and development index score of 75% for strategic capability development	 <b>Provide a Safe and Secure Workplace that Supports Employee Well-Being and Productivity</b>  <b>PROVIDE</b> accessibility to wellness programs to 75% of employee base  <b>ACHIEVE</b> world class performance in lost time incident rate, 60% reduction from 2013 base	 <b>Attract and Retain Top-Quality Diverse Talent and Leadership</b>  <b>INCREASE</b> number of women in professional and leadership roles  <b>CREATE</b> slates with diverse candidates  <b>RETAIN</b> 95% of key talent  
 <b>Foster an Inclusive, Engaging Workplace that Connects Employees to Company Purpose</b>  <div> <b>ACHIEVE</b> employee engagement rate of 80% </div> <div>  75% of employees participate in community or sustainability initiatives </div> <div> <b>ACHIEVE</b> Progressive, Diverse and Inclusive Index score of 80% </div> <div>  </div>		

## CORPORATE CITIZENSHIP

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



Ingersoll Rand was one of the first companies to work with the Trucost SDG Evaluation Tool to better understand how the SDGs relate to our business impact. The tool provides quantitative insights about which SDGs we can make the biggest impact on and where we have opportunities to improve.

Our operations and value chain contribute most significantly to:

- **Climate Action (SDG 13)** – Take urgent action to combat climate change and its impact: The global demand for affordable, reliable energy and access to cooling and comfort are increasingly contributing to climate change. We are reducing greenhouse gas emissions (GHG) and increasing energy efficiency in our operations and through our products, as outlined in our [Climate Commitment](#). To date, we have avoided more than 21 million tons of CO<sub>2</sub>e compared to the 2013 baseline. Read more about our approach to [environmental sustainability](#).
- **Affordable Clean Energy (SDG 7)** – Ensure access to affordable, reliable, sustainable and modern energy for all: We are implementing energy efficiency measures across our enterprise and meeting more of our energy needs through renewable energy. As part of our Climate Commitment, we will also invest \$500 million by 2020 in product-related research and development to fund long-term GHG reduction.
- **Gender Equality (SDG 5)** – Achieve gender equality and empower all women and girls: Through our seven-step strategic sourcing process, we avoid using price as the primary driver for supplier selection. Instead, we consider a range of factors as agreed upon by a cross-functional team, including supplier diversity, quality and risk. We are also working toward our target to spend \$15 billion with women-owned businesses through 2021. Read more about our [supplier diversity](#).

To increase our impact, we also aligned our citizenship targets with four of the UN Sustainable Development Goals (SDGs) — Climate Action (SDG 13), Quality Education (SDG 4), Zero Hunger (SDG 2) and Sustainable Cities and Communities (SDG 11). Read more about our [progress toward 2020 targets](#) and approach to [corporate citizenship](#).

# *Environmental Sustainability*

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## Our Planet

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Climate action is a global imperative and our customers are demanding solutions. They seek our guidance on how to increase energy efficiency and reduce greenhouse gas (GHG) emissions from their buildings and industrial and transportation systems. Every day at Ingersoll Rand, we strive to innovate and deliver on their needs while also ensuring that our actions are consistent within our own operations. Ingersoll Rand is leading the way in decarbonizing our value chain, from raw materials sourcing to a product's end of life. Since 2015, we have refreshed 20.5% of our product portfolio to feature sustainable design aligned with total lifecycle management best practices.



Across our sites, we reduce GHG emissions by investing in renewable energy, modernizing industrial processes and replacing incandescent light bulbs with LED lights. We are working to use only the resources we need, optimize energy use, reduce our Scope 1 and 2 GHG emissions and improve waste and water management.

We know keeping environmental sustainability at the forefront of everything we do requires a rigorous and deep-rooted support structure. Our global [Climate Commitment](#), set in 2014 and championed by our most senior leaders, outlines goals to significantly reduce GHG emissions from our operations and product portfolio by 2020, and incorporate alternatives with lower-global warming potential (GWP) refrigerants across our product portfolio by 2030.

Our 2018 ESG Report provides updates on our continuing progress toward our Climate Commitment and environmental goals.

Our [Climate Commitment](#) increases energy efficiency and reduces the GHG emissions related to both our operations and products including:



### 50% reduction

*in the GHG refrigerant footprint of our products for our customers by 2020 and lower-global warming potential alternatives across our portfolio by 2030*



### \$500 million

*investment in product-related research and development over the next five years to fund the long-term reduction of GHG emissions*



### 35% reduction

*in the GHG footprint of the company's office buildings, manufacturing facilities and fleet by 2020*

## Climate Change

According to the Environmental Protection Agency ([U.S. EPA](#)), more than one-quarter of global greenhouse gas (GHG) emissions come from electricity and heat production. As a leading manufacturer of products that heat, cool, increase industrial productivity and automate buildings and transport, we are uniquely positioned to address climate change.

As part of our [Climate Commitment](#), we developed Scope 1 and 2 emissions reduction goals through the [Science Based Targets Initiative](#) to align with the level of decarbonization required to keep global temperature increase below two degrees Celsius. To date, we have avoided 21 million metric tons of CO<sub>2</sub> equivalent (CO<sub>2</sub>e) globally from our products compared to a 2013 baseline. We have also reduced the GHG emissions intensity of our operations by 45% – meeting and surpassing our target two years early – and reduced energy use by 63,259 million British Thermal Units (BTUs) and electricity consumption by 18,373 megawatt hours (MWh) since 2013.

This year, we took our commitment a step further. Ingersoll Rand joined a cohort of companies leading climate change action in signing on to support the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. In doing so, we outlined our approach to governance, strategy and risk management as well as our metrics and targets in our first-ever [climate-related disclosure](#).

Read more about our efforts to reduce GHG emissions and refrigerants related to our business operations and products in [greenhouse gas emissions](#), [pollutant emissions and refrigerants](#) and [product emissions](#).



## Greenhouse Gas Emissions, Pollutant Emissions and Refrigerants

Through our [Climate Commitment](#), we aim to reduce Scope 1 and 2 emissions (on a per unit revenue basis) 35% by 2020 compared to a 2013 baseline. Over the past five years, we reduced the greenhouse gas (GHG) emissions associated with our operations by more than 238,200 metric tons of CO<sub>2</sub>e – or 31% – while total energy efficiency has increased 23%. In total, we have avoided 732,663 metric tons of CO<sub>2</sub>e in operational GHG emissions since 2013.

REGIONAL GHG BREAKDOWN*	2018	2017	2016	2015	2014	2013
<b>Scope 1 (metric tons CO<sub>2</sub>e)</b>						
North America Region (NAR)	277,581	297,157	314,541	378,283	355,222	408,052
Latin America (LAT)	1,774	1,620	1,743	1,792	1,694	1,938
Europe, the Middle East and Africa (EMEA)	37,889	46,441	48,342	43,803	38,614	44,670
Asia Pacific (AP)	25,733	23,433	28,605	42,102	72,804	59,784
<b>Scope 2 (metric tons CO<sub>2</sub>e)</b>						
NAR	150,086	151,967	173,676	195,595	200,589	208,341
LAT	246	248	309	178	203	246
EMEA	9,281	9,741	10,318	13,549	11,816	13,177
AP	34,203	32,718	31,520	35,067	37,100	35,842

\*Slight adjustments made to previously reported data for 2013-2017 to reflect changes in our operational footprint.

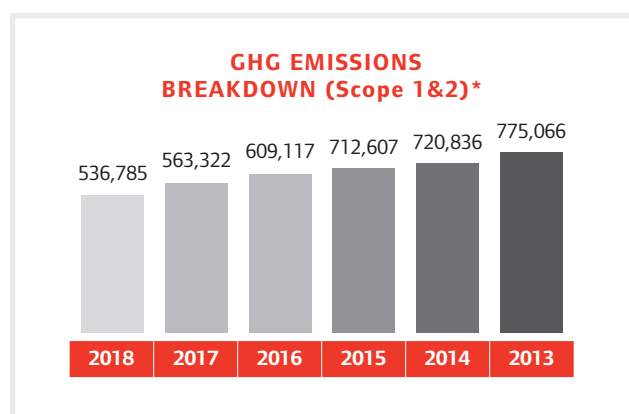
GHG EMISSIONS* (metric tons CO <sub>2</sub> e)		2018	2017	2016	2015	2014	2013
Direct CO <sub>2</sub> e (GHG Scope 1)		342,969	368,648	393,233	466,396	468,775	514,714
Breakdown of Scope 1 emissions	Emissions from fuel	129,396	128,757	129,954	132,487	130,232	129,004
	Emissions from refrigerants	213,573	239,891	263,279	333,909	338,543	385,710
Indirect CO <sub>2</sub> e (GHG Scope 2) (Emissions from electricity)		193,815	194,674	215,885	246,211	252,061	260,352
Total (Scope 1 and 2 emissions)		536,785	563,322	609,117	712,607	720,836	775,066
Normalized GHG emissions (metric tons CO <sub>2</sub> e/million USD)		34.26	39.68	45.09	53.58	55.92	62.76
Reduction of absolute GHG emissions (2013 baseline)		238,281					
Reduction of GHG emissions intensity (2013 baseline)		45%					

\*Slight adjustments made to previously reported data for 2013-2017 to reflect changes in our operational footprint.

NOx AND SOx EMISSIONS* (metric tons)	2018	2017	2016	2015	2014	2013
NOx	114.85	114.51	115.49	116.20	113.74	107.85
SOx	7.60	7.51	7.03	7.20	6.23	7.39

\*Slight adjustments made to previously reported data for 2013-2017 to reflect changes in our operational footprint.

Approximately 36% of our operational Scope 1 and 2 GHG emissions are from electricity use. Refrigerants, an essential component of many Ingersoll Rand products, are also a significant source of emissions. These compounds, also called hydrofluorocarbons (HFCs), have higher global warming potential than carbon dioxide and account for approximately 40% of our Scope 1 and 2 emissions. Read about our efforts to reduce our energy use through energy efficiency and renewable energy in the [energy section](#).



\*Slight adjustments made to previously reported data for 2013-2017 to reflect changes in our operational footprint.

VOLATILE ORGANIC COMPOUND (VOC) AIR EMISSIONS*	2018	2017	2016	2015	2014	2013
Direct VOC emissions (metric tons)	271	272	278	272	259	297

\*Slight adjustments made to previously reported data for 2013-2017 to reflect changes in our operational footprint.

REFRIGERANTS DATA*	2018	2017	2016	2015	2014	2013
Refrigerant emissions (Refrigerant losses in pounds of refrigerant)	293,339	338,978	354,895	422,542	408,285	474,054
Normalized GHG emissions (metric tons CO <sub>2</sub> e/million USD)	13.63	16.90	19.49	25.10	26.26	31.23

\*Slight adjustments made to previously reported data for 2013-2017 to reflect changes in our operational footprint.

## HFC ALTERNATIVES

To reduce product-related GHG emissions, we are identifying HFC alternatives and offering our customers more sustainable products. One of our [Climate Commitment](#) goals is to offer refrigerant alternatives to customers throughout our portfolio by 2030. We believe we can speed up the transition to products that have a smaller environmental impact without compromising product quality.

Since launching all the Climate Commitment goals five years ago, we have avoided approximately 21 million metric tons of CO<sub>2</sub>e globally from our products, equal to the GHG emissions from the energy used in 2.5 million homes for one year. By 2030, our goal is to reduce our products' carbon footprint by 50 million metric tons, which is equal to the energy used in 5.9 million homes for one year. We have also invested more than \$400 million - approximately 80% - of our goal to invest \$500 million over the next five years in product-related research and development to fund the long-term reduction of GHG emissions.

Read more about our approach to [energy efficient and low emissions products](#) and [public policy advocacy](#).

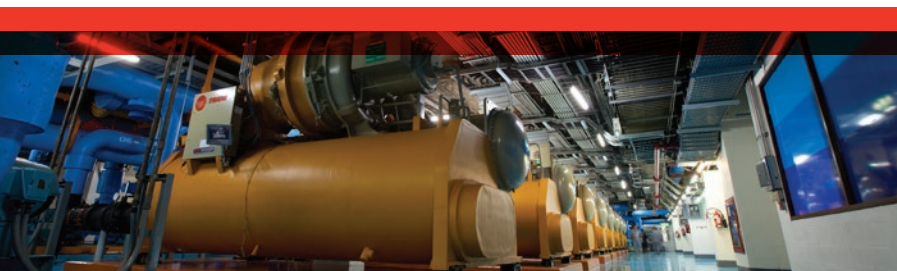
## FUEL-RELATED EMISSIONS

In 2018, we increased the fuel efficiency of our fleet by 1%, and our absolute fleet emissions decreased by approximately 6,310 metric tons CO<sub>2</sub>e, which is equivalent to the energy used in 756 homes for one year.

With our standard vehicle, the hybrid, our fleet fuel efficiency improved from 16.9 to 17.8 miles per gallon in 2018. We also use new vehicles with improved fuel economy and better engine performance that are more effective to minimize large displacement vehicles. Through our efforts, we saved \$1.5 million and 6,310 metric tons CO<sub>2</sub>e over the vehicle life for our fleet.

## ECOWISE™ PORTFOLIO

The Ingersoll Rand EcoWise™ portfolio reduces the greenhouse gas (GHG) footprint of our refrigerant bearing products and offers our customers more sustainable choices. EcoWise products are specifically designed for next-generation, low-global warming potential (GWP) refrigerants without sacrificing energy efficiency, safety and operating performance. We doubled the size of this portfolio in 2017 and added two more products in 2018.



## MANAGEMENT APPROACH

**2020 Targets:** Reduce Scope 1 and 2 emissions by 35% and the GHG refrigerant footprint of our products by 50%. Invest \$500 million in product-related research and development to fund long-term GHG reduction. Read more about our global [Climate Commitment](#).

**Oversight:** Our chairman and CEO announced and signed our Commitment at the United Nations Climate Summit in 2014.

**Approach:** Ingersoll Rand accounts for operational, product and fuel-related emissions. We design programs, products and initiatives that enable us to reduce emissions and achieve our targets. A third party assures GHG emissions data from our operations every year, and we performed an internal audit in 2017 of the product GHG collection process to ensure the integrity of our data.

## Energy

In 2018, it took approximately 360,000 megawatt hours (MWh) to power our manufacturing plants worldwide. We are increasing our operational efficiency and strategically transitioning to renewable energy sources to manage and optimize our energy use and increase business productivity.

This year, we achieved a 9% reduction in energy intensity as a direct result of conservation and energy efficiency initiatives. At our Trane® HVAC manufacturing plant in Waco, Texas, we doubled energy productivity and cut electricity costs by 70%, while the facility's output increased. The U.S. Department of Energy (DOE) recognized our work in Waco with the Better Practice Award.

We are pursuing certification standards at several of our sites around the world. In 2018, we achieved four ISO 50001 certified sites, three LEED-certified sites and two GreenGlobe-certified sites.



**360,000**

megawatt hours (MWh) to power our manufacturing plants worldwide



**70%**

decrease in electricity costs in our Trane® HVAC manufacturing plant in Waco, Texas



**9%**

reduction in energy intensity as a direct result of conservation and energy efficiency initiatives



ABSOLUTE ENERGY USE*	2018	2017	2016	2015	2014	2013	UNITS
Direct (Fuel use)	2,119	2,097	2,115	2,150	2,135	2,119	billion kilojoules (kJ)
Indirect (Electricity)	1,475	1,473	1,501	1,537	1,580	1,541	billion kJ
Total	3,594	3,571	3,616	3,686	3,715	3,660	billion kJ
Normalized Energy Use	0.229	0.251	0.268	0.277	0.288	0.296	billion kJ/million USD
Natural Gas	881	842	845	912	975	916	billion kJ
Gasoline	889	916	946	902	843	844	billion kJ
Diesel	270	264	252	247	240	298	billion kJ
Propane	63	59	61	72	77	62	billion kJ
Aviation Fuel	16	16	11	16	0	0	billion kJ
Renewable Energy	11	0	0	0	0	0	billion kJ
Total Direct Energy	2,129	2,097	2,115	2,150	2,135	2,119	billion kJ

\*Slight adjustments made to previously reported data for 2013-2017 to reflect changes in our operational footprint.

## ENERGY EFFICIENCY

Energy efficiency is central to our strategy to reduce greenhouse gas (GHG) emissions. We have already achieved and exceeded our 2020 target of a 10% increase in energy efficiency from a 2013 baseline by increasing efficiency across our operations. Some of our initiatives include optimizing HVAC systems; employee Green Team programs; eliminating leakage in compressed air systems; and re-lamping. Over the past five years, our total energy efficiency has increased by 23%, and we continue to progress.

## RENEWABLE ENERGY

Strategically transitioning to renewable resources is key to addressing climate change and creating long-term value for all our stakeholders.

In 2018, Ingersoll Rand announced investments in on and off-site renewable energy. A 1,990 kW GE solar PV power system is now online and generating power at our manufacturing facility in Trenton, N.J. A 1.35 megawatt, direct current (MWDC) solar power system is online at our Columbia, S.C. facility and a 2,800 kW system is online at our Taicang, China operation. We continue to evaluate additional solar installations and expect to complete an additional installation in a large manufacturing location in China in 2019. These installations address approximately 15% of the energy loads at the locations, equivalent to saving 560,000 gallons of gasoline or taking 1,000 cars off the road.

We signed a power purchase agreement (PPA) this year that will replace approximately 32% of our United States (U.S.) electricity use with green energy and reduce U.S. Scope 2 GHG emissions from electricity use by 32%. This is the equivalent of recycling 26,000 tons of waste instead of sending it to a landfill and preserving 600 acres of U.S. forests.

Going forward, most of our renewable energy mix will be from PPAs on-site or within a single geographic region. We believe that large-scale investments in renewables are vital to shifting to a clean-energy economy. In some parts of the world, direct investment in renewable energy makes sense whereas in other parts of the world with uncertain electricity prices and availability, on-site renewable energy ensures greater operational continuity.

## MANAGEMENT APPROACH

**2020 Target:** Optimize energy use by (1) increasing energy efficiency in owned facilities by 10%; (2) increasing fuel efficiency in our fleet; and (3) evaluating all long-term building leases more than 100K sq ft. against environmental and energy criteria.

**Oversight:** Responsibility for managing energy extends across multiple work groups and functions that are governed by the use of Standard Work as part of our Business Operating System.

**Approach:** We are increasing our operational efficiency and strategically transitioning to renewable energy sources to manage and optimize our energy use, and increase business productivity. Some of our energy efficiency initiatives include optimizing HVAC systems; employee Green Team programs; eliminating leakage in compressed air systems; and re-lamping.

## Energy Efficient and Low Emissions Products

Investing in opportunities related to energy efficiency and environmental sustainability in buildings, industrial processes and transportation around the world fuels our growth strategy.

HVAC and lighting systems are a great opportunity to reduce energy consumption in commercial, industrial and residential buildings – which account for nearly half of global energy consumption. As a company at the forefront of sustainability, developing energy efficient solutions is core to our business strategy. Today, approximately 25% of our revenue is from products and services that contribute to the clean energy transition. One example of our work with customers was with Honeywell. We provided an efficient, cost-effective solution for cooling the world's largest undersea tunnel, the Channel Tunnel. The system saved enough electricity to power 1,000 households after just one season of operation.

### MANAGEMENT APPROACH

**2020 Target:** Establish portfolios that meet world-class environmental criteria for energy consumption and emissions from the use of the product.

**Leadership:** Our senior vice president and chief technology officer oversees the product development process including engineering, innovation, product development and growth strategy.

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

## Product Life Cycle

Many of our products are built to operate for 15 to 20 years. Designing them to meet current and future regulations adds value for our customers today while helping them prepare for the more stringent regulatory environments to come. By 2020, our goal is to perform a life cycle assessment (LCA) on 100% of new products to understand and look for ways to reduce their environmental impact.

The Ingersoll Rand Product Development Process (IRPDP) standardizes life cycle considerations in product development to ensure we are meeting customer needs, assessing risk, embedding sustainability and developing intellectual property. IRPDP modules can be applied at various product development stages. In 2018, IRPDP has generated or improved more than 115 product development projects.

In phase 2 of IRPDP, the product team identifies environmental, health and safety (EHS) risks or sustainability considerations in complying with related codes that affect the product. Both our extensive (full) LCAs and our streamlined LCAs cover product impacts from cradle to end-of-use, including all stages – raw materials, manufacturing, use phase and end of use.

### MANAGEMENT APPROACH

**2020 Target:** Perform an LCA on 100% of new products.

**Oversight:** Our senior vice president and chief technology officer oversees the product development process including engineering, innovation, product development and growth strategy.

**Approach:** As part of the IRPDP, our Product Footprint Study tool – a streamlined LCA – addresses material use and allows for a comparison between design scenarios. By incorporating the life cycle considerations during the design phase, we identify and implement other environmental impact reductions that include packaging, recycling, and manufacturing improvements.

#### PRODUCT LIFE CYCLE/PRODUCT END-OF-USE DATA

% of new products receiving LCA by EOY 2018	21%
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## Materials

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At Ingersoll Rand, we manufacture many of our products' components made from a variety of materials including steel, copper and aluminum. We work closely with suppliers to ensure they share our commitment to sustainability, including reducing packaging, shipping costs and related emissions. Read more about our commitment to [supply chain transparency and performance](#). For more information about our materials management strategy, refer to our [Form 10-K](#).

### MATERIALS DATA

Savings in emissions from returnable packaging projects (annually) of more than 1,000 tons of CO<sub>2</sub>e; reduction in solid waste from returnable packaging projects (annually) of more than 1,000 tons.

### PRODUCT TAKE-BACK AND RECYCLABILITY

The Ingersoll Rand Product Development Process (IRPDP) accounts for all aspects of product design, including materials manufacturing, the use phase and end-of-use considerations. This approach allows us to identify and reduce environmental impacts through packaging, recycling and manufacturing improvements. Through the IRPDP, product teams evaluate and consider the use of recycled content in new product design. We have also developed specific end-of-use manuals for multiple products and many of our businesses have materials take-back programs. For example, Thermo King® deploys independent dealers to take back refrigeration units for resale in secondary markets.

### PACKAGING

We are committed to eliminating packaging waste including considerations for transport, package material recycling and waste disposal concerns.

To achieve this, our packaging engineers develop innovative and efficient solutions for packaging finished goods and parts. We have a returnable packaging program at 14 North American manufacturing sites to reduce more than 2,500 pounds of solid waste produced from packaging annually.

Our [packaging guidelines](#) for suppliers aim to decrease use of hazardous substances, reduce waste and emissions and increase reuse and recycling of materials. Preferred packaging systems are returnable, reusable or recyclable.

## Water

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Water quality for intake and discharge is important at all our sites. We track our water use at each facility monthly through our Gensuite environment management system. The WaterWatch™ module tracks effluent discharge data and trends against regulatory limitations and reporting requirements. For each effluent limit, we defined an internal action threshold to recognize changing conditions, and pretreatment systems are adjusted before a regulatory discharge limit is exceeded. Our process discharge waters are internally treated and then discharged with the same or higher quality as the intake water.

Our overall water use in 2018 decreased by 5.5% compared to 2017. At sites located in water-stressed regions, we reduced 2018 water use by nearly 1.5%.

### ANALYZING WATER STRESSED REGIONS

We periodically conduct a risk assessment using the World Resources Institute (WRI) Aqueduct™ tool and designate sites that score medium-high or high for water stress. We consider physical risk quality and quantity as well as regulatory and reputational risk. Seven of our sites – which account for 7% of our total water use – are in areas of medium-high to high water stress. We reduced water use 38% at these sites since 2013, significantly exceeding our 2020 target to reduce water use by 25%.

WATER DATA *	2018	2017	2016	2015	2014	2013
Water Use (million cubic meters)	3.20	3.39	3.30	4.21	4.04	3.74
Normalized water use (cubic meters/million USD)	204	239	245	316	314	303
Wastewater permit exceedances	0	2	4	8	16	14

\*Slight adjustments made to previously reported data for 2013-2017 to reflect changes in our operational footprint.



**5.5%**

Decrease in overall water use by Ingersoll Rand in 2018



**1.5%**

Decrease in water use at sites located in water-stressed regions



**2.5%**

Reduction in our non-hazardous waste to landfill



**11%**

Increase in our recycling rate

## Waste

Twenty-four of our manufacturing sites achieved zero waste to landfill in 2018, and we reduced our non-hazardous waste to landfill by 2.5% compared to 2017. We also increased our recycling rate by more than 11% compared to 2017. In all, we recycled six pounds for every pound of non-hazardous waste sent to landfill.

WASTE DATA *	2018	2017	2016	2015	2014	2013
Total hazardous waste generated (metric tons)	1,593	1,344	1,189	1,257	1,507	1,523
Normalized hazardous waste (metric tons/million USD)	0.102	0.095	0.088	0.094	0.12	0.12
Total non-hazardous waste generated (metric tons)	40,929	35,809	34,644	33,118	34,642	35,900
Normalized non-hazardous waste (metric tons/million USD)	2.61	2.52	2.57	2.49	2.69	2.91
Non-hazardous waste to landfill (metric tons)	5,261	5,397	5,951	6,552	7,241	6,945
Normalized non-hazardous waste to landfill (metric tons/million USD)	0.34	0.38	0.44	0.49	0.56	0.56
Non-hazardous waste recycled (metric tons)	31,461	28,198	26,815	25,035	26,068	24,788
Normalized non-hazardous waste recycled (metric tons/million USD)	2.01	1.99	1.99	1.88	2.02	2.01

\*Slight adjustments made to previously reported data for 2013-2017 to reflect changes in our operational footprint.





# *Social Sustainability*

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## Our People and Citizenship

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Ingersoll Rand's commitments as an employer, business partner and neighbor continue to grow and evolve along with our operational excellence and high-performing culture of continuous improvement. To us, social sustainability is operating with a sense of purpose and putting more back into society than we take out.

As a company that connects complex machines with people and their environment, we are in a unique position to apply our innovative solutions and expertise to address challenges like climate change, urbanization and food instability. Our 2020 sustainability targets – targets we set five years ago and are on track to achieve – leverage our knowledge, resources and innovations to help people and communities respond to the impacts of our changing world. We have improved accessibility to wellness programs for our employees; strengthened our employee engagement score; created diverse slates of candidates; expanded competency in energy and resource efficiency; inspired STEM education; addressed nutrition and food waste reduction and supported housing and shelter needs.

Our employees, winning culture and commitment to human rights are the foundation of our company. Investing in training and development while acting to promote diversity and inclusion drives innovations that deliver long-term value for our stakeholders. We achieve measurable progress by leveraging the power of our business and our people through strategic philanthropy and a culture of volunteerism to help people and communities respond to the impacts of our changing world.

Every day at Ingersoll Rand, we think bigger and act bolder to align our investments with the greatest societal needs that reflect the diversity of our people, markets and lines of business. The progress and data reported in our 2018 ESG Report are evidence that by challenging ourselves to help solve these global challenges, we are doing the right thing for our communities, the environment and our business.

## Our Employees

We have 44,664 employees and 3,819 contractors worldwide at Ingersoll Rand. We respect and value diverse cultures, backgrounds and perspectives and understand that the success of our strategies requires high employee engagement. Our goal is to create a dynamic, progressive environment where all employees win when the company wins – and where our people can continue to learn and thrive in their careers with us. Read more about our [company culture](#) and [employees](#).

### INGERSOLL RAND POPULATION

REGION	EMPLOYEE TYPE	FEMALE		MALE		GRAND TOTAL
Asia Pacific	Hourly	8.9%	299	91.0%	3,043	3,342
	Salaried	32.3%	1,422	67.7%	2,975	4,397
EMEA	Hourly	3.7%	107	96.3%	2,812	2,919
	Salaried	28.4%	952	71.6%	2,399	3,351
India	Hourly	0%	0	100%	248	248
	Salaried	11.8%	189	88.2%	1,409	1,598
Latin America	Hourly	15.0%	161	85.0%	911	1,072
	Salaried	30.1%	395	69.9%	916	1,311
North America	Hourly	23.4%	3,188	76.6%	10,462	13,654
	Salaried	28.3%	3,608	71.8%	9,164	12,772
Grand Total	Total	23.1%	10,321	76.9%	34,339	44,664

## Human Rights

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To provide energy-efficient technology solutions, Ingersoll Rand must ensure our people and our suppliers share our values and adhere to our standards of human rights.

In 2010, we adopted our Global Human Rights Policy, [available on our website](#), to strengthen our commitment to our employees, business partners, customers and communities. This policy represents our standards for working conditions and human rights, shaped by international organizations such as the International Labor Organization and the United Nations. It prohibits child and forced labor, discrimination and harassment in the workplace, and addresses freedom of association, work environment standards, compensation and employee privacy. Through our Modern Slavery and Human Trafficking Statement, we committed to taking steps to ensure that human trafficking and forced labor is not taking place in our supply chain or business. The standards outlined in our policy and statement are fundamental to how we do business in accordance with our sustainability vision and core values.

To promote and enforce our policy and expectations, Ingersoll Rand communicates the policy to 100% of our employees through our Code of Conduct training. We implemented a full training course dedicated to anti-human trafficking, in which salaried employees in roles such as Legal, Human Resources and Global Integrated Supply Chain are assigned courses based on function and associated risks. Ingersoll Rand encourages all employees who believe our policy has been violated to report violations through our Ethics Helpline; we do not tolerate retaliatory actions.

We hold our suppliers to the same high standards to which we hold ourselves. To do that, we screen 100% of new suppliers on human rights and labor practices. Our [Business Partner Code of Conduct](#) (BPCoC), which outlines our expectations, is integral to our standard purchase agreement. We also monitor and reinforce our code and policy by annually surveying a sample of the top 80% of our direct material suppliers to confirm their adherence. Read more about our supply chain management and approach to [supply chain transparency and performance](#).

## Company Culture

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Our values – integrity, respect, teamwork, innovation and courage – continue to serve as the catalyst for our profitable growth and high-performance culture. What matters to our success is not just what we do, but how we do it. Engaged employees – who are passionate about what they do – are critical to delivering for our customers, which ultimately creates value for all our stakeholders. This formula is the basis for our winning, high-engagement culture, which drives continuous improvement across the organization.

Built on commitments to safety and investing in employees, our employee engagement score remains at top-tier levels in our industry. Across our enterprise, we strive to create an open reporting culture and sustain a safety-focused, zero injury and incident philosophy that is a top priority for all. Additionally, at all levels of the company, we offer learning solutions that foster collaboration, innovation and achievement. Read more about our approach to [occupational health and safety](#) and [training and development](#).

Competitive benefits are an important part of our approach to investing in employees and attracting and retaining the best talent. We offer benefits and programs that support employees in both their professional and personal lives. Health Progress, our well-being program, offers employees and their spouses enrolled in our medical plan the opportunity to participate in a broad variety of wellness activities to earn significant financial rewards. The program includes physical activity, health coaching and fitness reimbursement.

We also offer a comprehensive benefits packages to our full-time employees, including health coverage (medical, dental and vision), life insurance, disability insurance, employee savings program (401K) and employee assistance program (EAP). Additionally, we maintain a parental leave policy, provide adoption assistance and have a tuition assistance reimbursement program. Many of these benefits are also offered to our part-time employees who work between 20-35 hours. For those who work under 20 hours, Ingersoll Rand offers an EAP, retirement benefits and an employee purchase program. Read more about our [benefits program](#).

### Management Approach

**2020 Targets:** Retain 95% of key talent, achieve employee engagement rate of 80% and provide accessibility to wellness programs to 75% of our employee base.

**Oversight:** Our Benefits strategy and design is governed by the Benefits Design Committee (the “BDC”) under authority delegated by the Board of Directors. The BDC comprises 3 Executive Leadership Team members and is chaired by the Senior Vice President, Human Resources, Communications and Corporate Affairs.

**Approach:** We offer comprehensive benefits packages for full-time employees around the world and track our employee engagement score through our annual employee survey.

PARENTAL LEAVE DATA (U.S.)*	FEMALE	MALE
Employees who were entitled to parental leave	5,102	14,705
Employees who took parental leave	99	307
Employees who returned to work	97	307
Employees who returned to work and were still employed after 12 months	92	282
Return to work rate	98%	100%
Retention rate	93%	92%

\* Parental leave benefits vary by location in accordance with local legal requirements. Data in table is for U.S. locations.

## Diversity and Inclusion

At Ingersoll Rand, we are building a culture that is inclusive and respectful at its core. Diverse teams are more innovative, better at solving problems and deliver greater results for our customers and shareholders.

At the end of 2018, our workforce was 23.1% female and 21.7% of leadership positions were held by women. On our Board of Directors, four out of the 12 members are women. We strive to continue growing the diversity of our workforce and ensuring fair compensation for our employees. Read more about our [employees](#) and [workplace diversity](#).

This year, we worked with The Manufacturing Institute to bring more than 200 women in the industry together through the [STEM Forward](#) program. This two-day experience provided networking, mission-critical data and time for solution building among the employees at Ingersoll Rand and other manufacturing companies near our headquarters in Davidson, N.C.

Our diversity and inclusion office offers a range of learning experiences for managers and employees that help expand our culture of inclusion. For example, our Women's Leadership Program (WLP) helps accelerate career advancement for high potential women. The success of WLP has led to the launch of two additional career development programs for women which will begin in 2019. The diversity and inclusion office also hosts several Bridging Connections sessions per year that create a safe space for employees to speak openly about topics related to race, gender, ethnicity, sexual orientation and more. In 2018, more than 2,800 employees participated in this program.

### EMPLOYEE RESOURCE GROUPS AND INCLUSION NETWORKS

We have eight employee resource groups (ERGs) companywide which reflect the diversity of our workforce. Our ERGs include the following:

- Women's Employee Network (WEN)
- Black Employee Network (BEN)
- Veteran's Employee Resource Group (VERG)
- Asian Employee Resource Group (AERG)
- Global Organization of Latinos (GOL)
- Disability Employee Resource Group (VisAbility)
- LGBT+A Employee Resource Group (Pride)
- InterGenerational Employee Resource Group (iGEN)

### Management Approach

**2020 Target:** Create slates with diverse candidates.

**Oversight:** In 2018, we appointed a director of diversity recruiting to spearhead our efforts to attract a broad range of talent to join the Ingersoll Rand team. Our Director of Diversity Recruiting is responsible for increasing engagement with leading professional associations that help women and historically underrepresented groups advance their careers in STEM.

**Approach:** As part of our Paradigm for Parity pledge, we are implementing a comprehensive action plan to bring gender parity to our leadership structure by 2030. The leaders of every business have diversity and inclusion action plans that address a broad range of best practices and create learning experiences for managers and employees. Progress against these plans is evaluated quarterly by the Chairman and CEO.



Our newest ERG, VisAbility, was created in 2018 with the aim of making both the visible and the invisible disabilities more part of the dialogue in a safe and comfortable manner. VisAbility's mission is to promote disability awareness, equip managers to create opportunities for every employee, and to support employees with disabilities or those who care for a person with a disability. Additionally, we have eight Inclusion Networks established at manufacturing sites and sales offices around North America.

### PARADIGM FOR PARITY

In 2017, we became the first in our industry to enter the [Paradigm for Parity Coalition](#), a pledge to bring gender parity to our corporate leadership structure by 2030. As part of our pledge, we are implementing a comprehensive action plan to (1) minimize and ultimately eliminate unconscious bias in the workplace; (2) significantly increase the number of women in senior operating roles; (3) measure and communicate progress both with senior leaders and publicly; and (4) build career progress and create a culture change for flexible work arrangements.

In 2018, we made significant progress by refreshing and re-deploying our online Unconscious Bias training and developing hiring practices. We require managers to review this training before interviewing candidates. We also engaged many of our senior leaders through a two-day Diversity Learning Lab and are continuing the conversation through quarterly reviews of our gender representation data. In 2018, we increased women in leadership roles by 1%; that progress will accelerate in 2019.

### CEO ACTION FOR DIVERSITY & INCLUSION

As part of our strategy to foster diversity and inclusion, we participate in numerous coalitions and pledges. For example, we joined 150 of America's leading CEOs in a pledge to cultivate diversity and inclusion in the workplace through the [CEO Action for Diversity & Inclusion](#).

### EXTERNAL RECOGNITION

Our ongoing efforts have been recognized for awards including recognition on Thomson Reuters' annual Diversity & Inclusion Index. Additionally, for the second consecutive year, the Human Rights Campaign Foundation awarded us a perfect score of 100% in workplace equality on its Corporate Equality Index (CEI). This sustained leadership on the CEI recognizes our winning culture and commitment to empowering people.

## Training and Development

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A high-engagement culture requires a commitment to personal development. We help people with varied skills and experiences work collaboratively, make a difference together and grow in their careers. The Ingersoll Rand Business Operating System provides our employees with the tools they need to master skills, collaborate, deal with conflict and solve problems as a team. We invest in our people so they can learn, grow and thrive with the company, which also drives our success. We offer learning solutions that focus on employees' abilities to innovate, collaborate and build strategic capabilities needed to achieve.

### TRAINING AND CAREER DEVELOPMENT

Our training and development efforts include people at all levels of the company – from hourly employees to executives. Specific businesses also develop, maintain and support product or technical training for employees. Certain businesses offer training and development to their dealers and distributors.

### ANNUAL DEVELOPMENT PLANS

At Ingersoll Rand, we believe that the best learning and development happens on the job. Every salaried employee has an annual development plan, which includes discussions with their manager about key work projects or experiences, coaching, mentoring and formal learning opportunities. This development process enables our employees to perform at their best in their current role and prepare for future roles.

In 2018, 98% of our salaried employees participated in a development conversation with their manager.

### INGERSOLL RAND UNIVERSITY

Enterprise-wide training and development programs are managed centrally through Ingersoll Rand University (IRU), which we established in 2003 to provide education and drive a cohesive company culture. Over the years, IRU has expanded its scope from executive and leadership development to include the development of sales managers, sales professionals, product and pricing managers and hourly production workers.

IRU offers online professional development courses in multiple languages for global employees at all levels. For example, employees can self-enroll and participate in project management learning paths which qualify them to be able to take the test for their Project Management Institute certification.

IRU is staffed with learning and development experts and is leveraged as a center of expertise for all business training teams. Programs developed and deployed through the program have been externally recognized as best-in-class by multiple organizations including the Association for Talent Development (ATD).

Examples of the enterprise programs offered globally through our IRU include:

**Team Leader Development Program:** An 8-week experiential development program that engages, teaches and empowers front line leaders to make good business decisions through a blend of increased tactical knowledge, coaching and development of leadership and problem-solving skills. Currently there are approximately 40 certified facilitators who have taught nearly 900 participants in 36 locations globally. Among the graduates, we have a 99.5% retention rate and we are already experiencing business benefits as these hourly team leaders are demonstrating leadership and problem-solving on the plant floor, which is having a positive impact on quality, productivity and employee engagement.

**Leading the IR Way (LIRW):** Develops new leaders with the mindset and skills to create and cultivate a winning culture that delivers business results. With research-based best practices as the foundation, and the goal of accelerating successful leadership transition from individual contributors to leader roles, our new managers can contribute faster to the success of their teams and the organization and avoid the mistakes that often undermine the success of new leaders. LIRW provides a forum for leaders to understand work done across the organization and the common challenges faced by leaders in all businesses and functions. We typically deliver between 10-14 cohorts per year globally.

**Women's Leadership Program (WLP):** Unique cohort program for high potential women provides an opportunity to network with other women leaders, gain individual insights through a mentoring partnership and build their leadership skills and confidence through a variety of speakers, experiences and assessments. Women in this program gain exposure to senior leaders, contribute to business growth and learn how to navigate the corporate culture through Ingersoll Rand-specific action learning projects. Since 2012, 140 women have graduated from the program, 27% of whom have been promoted, and many have assumed expanded roles. In more than seven years, turnover of participants has been less than 5% of this critical talent pool.

**Sales Management Excellence (IRSMX):** Develops sales management capability in sales managers and their sales leaders. IRSMX is anchored by a 3.5-day workshop and includes self-study, coaching, and immediate application through a 90-day coaching cycle with an expert coach. With approximately 10-15 cohorts per year, we have developed over 62% of the sales managers and sales leaders in our organization.

## **ADDITIONAL TRAINING AND DEVELOPMENT PROGRAMS**

A pillar of our investment in our employees are innovative training and development programs. Some of these programs include:

**Career Development Program:** Designed to help all employees – hourly, technician and salaried – grow and develop their career and capabilities at Ingersoll Rand. Career Progress includes resources such as My Career Navigator, which helps employees assess and plan their short- and long-term career development.

**My Encore Launch:** Designed to leverage the expertise and experience of retirement-eligible and retired employees by providing options to assimilate into retirement and continue to engage with Ingersoll Rand post retirement. My Encore provides two options: Phased Retirement which serves as a transitional approach to formal retirement by working part time for a specific period, and Post Retirement which enables a retiree to return for project-based work in a contingent work arrangement or via direct hire. This program allows employees to have an adjustment period where knowledge can be transferred and shared, thereby limiting the potential customer impact. Retiree resources are ideal for leveraging their experience to aid in the development and mentoring of others as well as providing unique problem-solving skills and technical training.

We have had 25 participants since inception in December 2017, supporting 'gig' and project-based work in the fields of accounting, human resources, engineering, training, quality, procurement and project management.

**ReLaunch program:** The ReLaunch Program is a progressive new program we are piloting in Engineering & Technology. It is a 12-week, paid professional "returnship" opportunity for engineers who have stepped away from their careers and are ready to put their passion back to work.

In this program, individuals are provided professional development, mentoring, training and networking to re-enter the workforce. ReLaunch professionals work with senior engineers on challenging projects, tied to Ingersoll Rand's current and new products. Responsibilities may include work in these areas: component design; idea generation; project management; lifecycle engineering activities; quality improvements; engineering process development and improvement; and test objective setting and methodology. Participants gain exposure to design intent and performance, and in-depth knowledge of our equipment and product development process. Upon successful completion of the program, individuals are considered for full-time employment.

**Field Worker of the Future:** We are embracing technology that makes work easier and accelerates learning for our field technicians. Ingersoll Rand service technicians will have access to real-time data and live environment conditions so they can more quickly and effectively assess opportunities and threats, which allows them to diagnose and resolve problems faster. With new technology (similar to Google Glass) we can enable senior technicians to remotely coach junior employees who are on location at customer sites and in real-time. Senior technicians will be able to “see” the equipment and resolve problems with the on-site tech, offering coaching and knowledge transfer, radically accelerating technician learning, and satisfying customers more quickly.

Read more about our approach to [training and development](#).

## Management Approach

**2020 Targets:** Create career development programs for 95% of employees and achieve Growth and Development Index score of 75% for strategic capability development.

**Leadership:** Our enterprise training and development strategy is governed by a strategy board for Ingersoll Rand University. Our Chief Learning Officer chairs this board and provides oversight, leadership and day-to-day governance of our enterprise-wide programs. Our Chairman and CEO, Chief Human Resources Officer, Chief Technology Officer, and Executive Vice President also sit on our strategy board, along with representation from our Business Unit presidents and Enterprise Function SVPs.

**Approach:** Ingersoll Rand conducts a yearly review process to align the business requirements with the training and development needs of our employees. This review process includes input from executive stakeholders and learning managers to close any identified developmental gaps throughout the organization.

## Anti-Harassment

We provide annual anti-harassment training to all salaried employees worldwide and make our [Global Human Rights Policy](#) available for them to review on our Intranet portal. We also make our U.S. Equal Employment Opportunity Policy, Policy Prohibiting Harassment and Harassment or Discrimination Policy and Procedures available to our U.S.-based employees through our Intranet portal.

ANTI-HARASSMENT DATA	2018		2017		2016	
	Target	Actual	Target	Actual	Target	Actual
U.S. salaried employees trained on anti-harassment	100%	100%	100%	100%	100%	100%
Employees able to access anti-harassment policy	100%	100%	100%	100%	100%	100%

## Occupational Health and Safety

Our approach to creating and sustaining a safety-focused, zero injury and incident culture starts with our Chairman and CEO and permeates the entire organization. Although we missed internal injury and illness improvement targets, we continue to significantly exceed injury averages, as compared to the Bureau of Labor Statistics (BLS) rate for similar industrial classification codes.

Industry	Total Recordable Incident Rate		Lost Time Injury Rate	
	Ingersoll Rand	Industry Average	Ingersoll Rand	Industry Average
Services	0.91	2.7	0.15	1.1
Club Car® manufacturing	0.65	1.9	0.09	0.5
CTS manufacturing	0.95	1.8	0.18	0.6
HVAC and Refrigeration equipment manufacturing	0.81	3.1	0.09	0.6

Our injury prevention efforts focus on:

- Expanding our internal audit process to include all EHS management system elements
- Continuing to mature our Behavior-Based Safety (BBS) program; and
- Expanding our ergonomics program and aggressively reducing risk factors at targeted workstations.

We expanded our EHS auditing program this year to include our internal EHS management system requirements, rather than only regulatory requirements. In doing so, we ensure that we implement consistent expectations across the enterprise that will create and sustain a safe work environment for our employees.

Our BBS program is building a culture of collective responsibility by establishing a structure to promote open discussions with management regarding work-related hazards and safety issues. Safety expectations are communicated through quarterly CEO town hall meetings as well as monthly environmental, health and safety (EHS) meetings at both the facility- and service-organization levels. These meetings raise awareness of safety risks and preventative measures and provide our employees with opportunities to share best practices.

The results of our annual employee engagement survey reflected our ongoing efforts to create a safety-focused culture with 93% of employees stating they believe Ingersoll Rand is committed to employee safety.

Ingersoll Rand is also focused on ergonomics awareness and reducing manual material handling, eliminating postural problems and reducing repetitiveness along production lines.

#### OCCUPATIONAL HEALTH AND SAFETY DATA

In 2018, we achieved a 9.46% increase in TRIR and were flat (0%) in LTIR (per 200,000 hours worked).

The company experienced 1 work-related fatality in 2018.

The company's employees, including supervised contract employees, worked a total of 95,595,724 hours in 2018.

Lost Time Incident Rate	2018	2017	2016	2015	2014
Number of employees per million hours worked	0.56	0.56	0.61	0.64	0.84

## Corporate Citizenship

At their core, our citizenship initiatives are investments in our communities; we aim to put more back into society than we take out. To achieve measurable impact, we set proactive, strategic 2020 targets. Focused on challenges that align with our core strengths and business goals, Ingersoll Rand has four citizenship priorities: (1) expand competency in energy and other resource efficiency; (2) inspire STEM education; (3) address nutrition and food waste reduction and (4) support housing and shelter needs.

### OUR INVESTMENTS

Across our four priorities, we provide grants through the [Ingersoll Rand Foundation](#) and charitable partnerships, like our longstanding work with United Way. Additionally, at our locations around the world, our employees dedicate their time and apply their unique expertise to volunteer locally and make their communities better places to live and work. In 2018, our employees spent 30,492 hours volunteering, equivalent to \$752,847. Through the Foundation, our signature National Coalition of Certification Centers program, charitable fundraising and management overheads, our total philanthropic giving totaled \$6.7 million in 2018.

GLOBAL CONTRIBUTIONS	2018	2017	2016	2015
Volunteer participants	17,038	13,292	4,765	3,655
Hours volunteered	30,492	25,252	19,301	19,390
Charitable fundraising	\$1,789,290	\$7,430,620	\$5,519,771	\$5,168,408
Value of employee volunteering time during paid working hours	\$752,847	\$623,471		
In-kind giving	\$253,926	\$226,648		
Management overheads	\$61,998	\$39,419		



## OUR IMPACT

Our citizenship priorities leverage our core business strengths and deliver both social and business benefits. Aligned with four of the UN Sustainable Development Goals (SDGs) — read more about how we contribute to the [Sustainable Development Goals](#) — our priorities help us contribute to the work of governments and communities and other businesses around the world. At the same time, our work delivers business benefits by expanding business opportunities, creating human resources benefits through stronger employer reputation and retention, and improving stakeholder relations with our communities and employees.

### CLIMATE ACTION: EXPANDING COMPETENCY IN ENERGY AND RESOURCE EFFICIENCY

Through product and service innovations, Ingersoll Rand is creating more efficient, sustainable and economic options for our customers. We are investing in research and development, convening thought leaders and, as part of our citizenship goals, sharing our expertise and advice with 200 energy officials in developing regions. By creating awareness about the environmental and economic benefits of resource efficiency, we drive uptake in sustainable options and grow the demand for our energy efficient products and services.

### QUALITY EDUCATION: INSPIRING STEM EDUCATION

The skills and education gap resulting from global economic shifts and ongoing advances in technology is bad for business and the health of our local communities. As an industrial manufacturer, Ingersoll Rand's focus on advancing STEM education not only creates opportunities for economic mobility, but it is also an essential investment in the future of our workforce.

As part of our 2020 goals, we established signature STEM education programs that include the National Coalition of Certification Centers (NC3) and STEM experiences for nearly 20,000 women and girls in the United States and India. Through our NC3 program, we provide career training and technical education specific to the HVAC industry investing in the next generation of the workforce. In 2018, the Ingersoll Rand Foundation donated \$70,000 to our NC3 program. Additionally, through partnerships with numerous science museums, like the Discovery Place, Project Scientist and the Agastya International Foundation, we exceeded our 2020 target of sponsoring 20,000 women in STEM-related activities, sparking interest in STEM and bringing new perspectives to our field and company.

### BUILDING SUSTAINABLE CITIES AND COMMUNITIES

For Ingersoll Rand, our commitment to building better environments extends all the way from the products we create to how we improve the communities where our employees and customers live and work. By 2020, we will dedicate 40,000 employee volunteer hours toward housing and shelter. We are achieving this through our annual campaign and signature program with United Way.

In 2018, a total of 1,800 employees in Georgia, North Carolina and Tennessee volunteered 4,000 hours in a single week to build a homeless center, prepare and serve meals and organize snack packs for children. This sustained focus on building community relations, preserves our attractiveness as an employer, strengthens our culture and builds trust and credibility in the communities where we operate. It is through initiatives like these that our employee engagement score remains at top-tier levels in our industry.

### WORKING TOWARDS ZERO HUNGER

With nearly \$200 billion of food thrown away in the United States each year, research suggests that hunger in America may be less of a supply problem and more of a logistics challenge. To address this growing epidemic, Thermo King, together with the Ingersoll Rand Foundation, expanded its social initiative and signature program We Move Food. Through grants, special pricing on refrigerated products and services and in-kind gifts, We Move Food had made it easier and more affordable for food banks throughout the nation to safely recover, redirect and distribute fresh food to families who need it most.

As part of We Move Food's commitment to volunteerism and community engagement, Ingersoll Rand employees, along with employees from the Thermo King dealer network, have been volunteering at mobile food pantries and food drives, reclaiming healthy food from retailers and restaurants, and working with the community food banks to make their operations run more efficiently and effectively. We Move food is one way that we are providing food and nutrition education to 200,000 children by 2020.

### ADDRESSING SOCIAL ISSUES THAT IMPACT OUR COMPANY AND COMMUNITIES

Ingersoll Rand takes an active role in addressing social issues that impact our company and communities. With heart disease as the leading cause of death in America, Ingersoll Rand has been supporting the American Heart Association for more than eight years. Through this signature program, we raise heart health awareness, educate employees and fund heart-healthy programming in the cities where our employees work and live.

## EMPLOYEE AND COMMUNITY ENGAGEMENT DATA

38% of employees globally participated in community or sustainability initiatives in 2018.

Employees volunteered more than 30,492 hours of their time; equivalent to \$752,847.

The Ingersoll Rand Foundation donated more than \$4,262,499 in philanthropic gifts to community partners.

## Supplier Diversity

Supplier diversity is integral to our global integrated supply chain strategy. It is consistent with our values, enhances our competitiveness and capacity building, drives market connectivity and creates jobs and economic growth in the marketplace. Our supplier diversity program embraces suppliers who are at least 51% owned, operated and controlled by minorities, women, veterans, LGBTQ individuals or people with disabilities.

We focus on four pillars:

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

Our innovative process identifies and pre-qualifies diverse-owned businesses to ensure a robust pipeline of diversity for procurement opportunities. The seven-step strategic sourcing process includes a Supplier Diversity Matrix, which enables us to avoid using price as the primary driver for supplier selection. Instead, we consider a range of factors as agreed upon by a cross-functional team, including supplier diversity, quality and risk.

## SUPPLIER DIVERSITY DATA

We purchased \$448 million in goods and services from diverse-owned businesses in 2018, a 9% increase from 2017.

Since the inception of the program, we have purchased more than \$2.1 billion in goods and services from diverse-owned businesses in the United States.

## SUPPORTING WOMEN BUSINESS ENTERPRISES

Through our 2016 commitment to [WEConnect International](#), we are expanding inclusive sourcing by collectively spending \$15 billion with women-owned businesses globally through 2021. This year, we reported \$253 million global spend with women-owned businesses, which reflects a 23% increase over prior year results. We are committed to creating an environmentally and socially sustainable supply chain, recognizing that inclusion of women-owned businesses in our supply chain promotes innovation and enables women to build wealth and sustainable prosperity in their communities around the world.





# *Business Sustainability*

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## Our Products

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Our aspiration is delivering premier performance and a positive impact on society and the planet. We do that by working with our supply chain through innovation and product deployment, and by considering sustainability factors when we make product decisions. We assess, for example, whether a product is an energy- and resource-efficient solution that creates value for our customers. For us, sustainability is the differentiator that pushes us to change behavior and how we think about our portfolio.

## Supply Chain Transparency and Performance

In 2018, our combined annual spend was \$10.6 billion for direct and indirect commodities. The Ingersoll Rand global procurement team sources commodities from a broad, multi-tiered supply base. Using our Preferred Supplier List Program and Supplier Council, we promote business with strategic suppliers who best align with our expectations on quality, service and value. We also operate with an “in region, for region” philosophy, which allows us to deliver products to market quickly, implement local preferences, reduce freight costs and improve our quality and reliability by being near our supplier partners.



**\$10.6 Billion**

*spent on direct and indirect commodities*



**95%**

*of our direct material spend was assessed for risk quarterly in 2018*



**90%**

*of controllable spend suppliers have agreed to our Business Partner Code of Conduct*

### SUPPLIER ENVIRONMENTAL ASSESSMENT

New suppliers that were screened using environmental criteria

90% of controllable spend suppliers have agreed to our Business Partner Code of Conduct

### SUPPLIER SOCIAL ASSESSMENT

New suppliers that were screened using social criteria

90% of controllable spend suppliers have agreed to our Business Partner Code of Conduct

We have a 2020 target for 90% of our direct material spend to be assessed for risk quarterly. We exceeded our goal in 2018, reaching 95% of our direct material. Understanding our suppliers’ environmental and social performance enables us to manage risk and collaborate with those proven best in class. For more information about risk factors associated with our supply chain, see our [Form 10-K](#).

### INGERSOLL RAND BUSINESS PARTNER CODE OF CONDUCT

Our [Business Partner Code of Conduct](#) (BPCoC) outlines the standard terms and conditions we expect of all suppliers. We require suppliers to accept and agree to it whenever entering into a contract or accepting a Purchase Order. Our target is for 100% of all new suppliers to agree to our BPCoC by 2020; at the end of 2018, 90% of controllable spend suppliers have agreed.

Our BPCoC outlines expectations that suppliers do not violate basic human rights of life, liberty and security. No form of harsh or inhumane treatment will be tolerated, such as sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers. Suppliers must have an effective environmental policy and conduct their operations in a way that protects the environment. Suppliers must also obtain and keep current all required environmental permits and meet all applicable environmental rules, regulations and laws in the countries where they do business.

### NEW SUPPLIERS

Through our supplier selection process, we use a Quality Supplier Onsite Assessment based on social and environmental criteria to screen 100% of our new direct material suppliers. For example, the assessment asks if suppliers have a program for tracking and managing water use and hazardous waste, and if they are located in high-risk water areas. The assessment screens for human rights and labor practices criteria by asking, for example, if the supplier’s hiring and compensation practices meet or exceed local legal requirements and if the supplier refrains from the use of prison or forced labor.



## PREFERRED SUPPLIER LIST PROGRAM

The Ingersoll Rand Preferred Supplier List Program is a key initiative to identify and engage world-class suppliers capable of partnering with us to create high-quality products for our customers while enabling mutually profitable growth. This program builds a supply base that aligns with our core values. Preferred suppliers are prioritized for early engagement on new product development and strategic sourcing programs and are given precedence to extend their product and service offerings to our locations. At the end of 2018, 49.6% of direct spend was with preferred suppliers.

## ON SITE ASSESSMENTS

As part of our enterprise risk management processes, we assess the sustainability and business continuity risks associated with our supply chain. Ingersoll Rand performs On Sight Assessment (OSA) audits as part of our supplier development process. The process covers about 1,500 suppliers over a three-year period and, in 2018, about 82% of our direct material spend. Our goal is to increase spend with suppliers who have completed the OSA process.

The OSA process, which is led by a team of 40 engineers who report to the vice president in procurement, addresses several categories including: environmental protection; human rights and labor relations; product compliance; EHS & compliance and sub-supplier management. We complete the process on a regular basis, including reviews of audit results and follow-up monitoring of findings.

Suppliers are required to achieve a minimum score of 80% to do business with us. We work with suppliers to understand their score and put together action plans for improvement.

In 2018, no suppliers were identified as having significant actual or potential negative environmental impacts.

## Ingersoll Rand hosts 4th Annual Global Supplier Conference

In January 2019, we welcomed approximately 200 valued supplier partners to our 4th Annual Global Supplier Conference where sustainability was at the forefront of the conversation. In addition to sharing our new renewable energy projects, the conference included the presentation of our annual supplier awards, business reviews by four of our strategic business unit presidents and breakout sessions tailored to supplier suggested topics. In one breakout session, we discussed sustainability partnerships in which we introduced our new Sustainability Expectations and development plan for furthering their own sustainability.

## Conflict Minerals Statement

Ingersoll Rand conducted a reasonable country of origin inquiry (RCOI) about the minerals specified by Rule 13p-1 of the Securities Exchange Act of 1934, as amended (the “conflict minerals”), that were necessary to the functionality or production of products manufactured by the company for the fiscal year that ended on December 31, 2018. Through due diligence, we identified the source and chain of custody of conflict minerals using the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (the “OECD Framework”). Read more about our approach to [conflict minerals](#).

## Management Approach

**2020 Targets:** Reach 100% of new suppliers agreeing to our BPCoC and increase direct spend with Preferred Suppliers to 60%.

**Oversight:** Our Supplier Sustainability Manager and Senior Manager of Sustainability are responsible for leading the sustainability efforts of our supply chain, including diversity and inclusion within the supply chain.

**Approach:** As part of our enterprise risk management processes, we assess the sustainability and business continuity risks associated with our supply chain. Our BPCoC is integral to our standard purchase agreement and communicates the social, environmental, quality and compliance expectations we have for our supply chain partners.



## Technology and Innovation

We define innovation excellence as the ability to rapidly transform creative ideas into commercially viable product and service offerings while optimizing selection and development. Finding new ways to meet the market's future needs for reliable, energy-efficient solutions is critical to driving our organic revenue growth.

Our average innovation revenue from 2016 to 2018 was 19.7%.

In 2018, we spent \$228.7 million on research and development and launched 91 new products and services, spanning nearly every business and region. We refreshed 20.5% of our product portfolio over the past four years, achieving superior breadth and depth in every major category. Each of these new products features sustainable design, is aligned with total lifecycle management principles and uses natural resources more efficiently than before. Read more about the Ingersoll Rand Product Development Process (IRPDP) and our [product life cycle](#) management.

Our innovation roadmap focuses on ensuring that Ingersoll Rand remains positioned in the right markets with the right products, services and technology capabilities. We do this by leveraging customer relationships, applying advanced data analytics and systemically drawing feedback from our global supplier base. We use our Business Operating System (BOS) as a framework to translate the market intelligence we have gathered into new products, services and solutions.

Looking ahead, trends like climate change, urbanization and industrialization trends will have an especially powerful impact on our customers and the solutions we provide. Enterprise-wide collaboration and knowledge transfer, which we foster through frequent exchange programs with global engineering leaders, drive our culture of innovation. We also form global distributed team structures for all new developed-market product engineers to grow skills in emerging-market R&D teams.

### INNOVATION FOR EMERGING MARKETS

One of our growth strategies is to increase our engagement in emerging markets, with the goal of improving living conditions in base of the pyramid communities while addressing poverty and urbanization. Ingersoll Rand's emerging market revenues were \$3.1 billion in 2018.

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

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

One example of how we can enter early-stage markets with our products is a recent program the Ingersoll Rand HVAC business is working on in China. The "Coal to Electricity" program initiated by China's government is intended to significantly lower coal consumption for winter heating in North China, prevent air pollution and reduce PM2.5 emissions to improve long-term air quality in China. Our market and engineering teams and sales channels are collaborating to develop a new product with vapor injection and variable-speed technology to deliver heating capability that meets the needs of low-temperature environments. We continue to aggressively participate in more early-stage market opportunities.

### Management Approach

**2020 Targets:** Spend \$500 million investment in product-related research and development over the next five years to fund the long-term reduction of GHG emissions as part of our [Climate Commitment](#) and share energy conservation knowledge with 200 officials in developing regions.

**Leadership:** Our senior vice president and chief technology officer manages product stewardship through oversight of engineering, innovation, product development and growth strategy.

**Approach:** The Ingersoll Rand Business Operating System (BOS) is the framework we use to translate the market intelligence gathered into new products, services and solutions.



## Product Reliability and Safety

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The safety and reliability of our products is imperative. We thoroughly incorporate safety and reliability into all phases of our product development process – from research through manufacturing to installment and service. During phase two of the Ingersoll Rand Product Development Process (IRPDP), our team identifies risks related to environmental, health and safety (EHS) and/or sustainability considerations in compliance with related codes that affect the product.

We measure the health and safety of our products through serviceability, reliability and durability. These metrics evaluate the initial customer quality and the time it takes to resolve a design issue from the moment it is first identified. We are operating at world-class levels for quality, design and cost – 80% of projects meet quality, design and cost goals.

Our standard practice is to comply with regulations and various voluntary codes concerning product labeling and service information, marketing communications and customer safety. Each Ingersoll Rand business has a designated legal counsel who follows a process for addressing issues of non-compliance in these areas. Due to market differences, each business is responsible for tracking non-compliance-related incidents. We do not collect this data or make general statements on this topic at the enterprise level.

## Social Impact of our Products

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Our products and services create comfortable, sustainable and efficient environments that advance the quality of life across the globe. Our team is at the forefront of innovating where global trends intersect with buildings, industrial processes and transportation needs. Whether the challenge is climate change, urbanization or natural resource constraints, our expertise enables us to reduce energy use and improve efficiency. For example, as a global provider, we recognize the importance of enabling expanded access to cooling and comfort. With demand for air conditioning continuing to rise worldwide, we are thinking bigger and bolder about how to deliver leading-edge technologies designed for sustainability. The application of ice storage, for example, has added new capabilities to our portfolio of solutions that drive building performance while improving energy cost. Thermal energy storage systems utilize ice or chilled water, which is created during off-peak hours and stored in tanks, to meet a building's peak cooling needs. It is a proven technology in effectively cooling buildings, reducing bills up to 40%. With the operational savings, the solution also drives sustainability and resiliency.







# *GRI Content Index*



GRI STANDARD	DISCLOSURE	LOCATION AND NOTES
<b>GENERAL DISCLOSURES</b>		
GRI 102: General Disclosures	<b>ORGANIZATIONAL PROFILE</b>	
	102-1 Name of the organization	<a href="#">2018 Annual Report: Form 10-K, cover page</a>
	102-2 Activities, brands, products & services	<a href="#">2018 Annual Report: Form 10-K, Part 1</a>
	102-3 Location of headquarters	<a href="#">2018 Annual Report: Form 10-K, cover page</a>
	102-4 Location of operations	<a href="#">2018 Annual Report: Form 10-K, Item 2</a>
	102-5 Ownership and legal form	<a href="#">2018 Annual Report: Form 10-K, cover page and Item 1</a>
	102-6 Markets served	<a href="#">2018 Annual Report: Form 10-K, Item 1</a>
	102-7 Scale of the organization	<a href="#">2018 Annual Report: Form 10-K, Part 1</a> and <a href="#">Financial Performance</a>
	102-8 Information on employees and other workers	<a href="#">Our Employees</a>
	102-9 Supply chain	<a href="#">Supply Chain Transparency and Performance</a>
	102-10 Signification changes to the organization and its supply chain	<a href="#">2018 Annual Report: Form 10-K, Item 7</a>
	102-11 Precautionary Principle or approach	Regulations and Policy: <a href="#">EHS Management</a>
	102-12 External initiatives	<a href="#">Charters</a>
	102-13 Membership of associations	<a href="#">Memberships and Partnerships</a>
	<b>STRATEGY</b>	
	102-14 Statement from senior decision-maker	<a href="#">Letter to Shareholders</a>
	102-15 Key Impacts, risks and opportunities	<a href="#">2018 Annual Report: Strategy in Action and Non-Financial Statements - European Union Directive</a>
	<b>ETHICS AND INTEGRITY</b>	
	102-16 Values, principles, standards and norms of behavior	<a href="#">Code of Conduct</a> , <a href="#">Governance Ethics &amp; Compliance</a> , <a href="#">Risk Management</a>
	102-17 Mechanisms for advice and concerns about ethics	<a href="#">Governance, Ethics and Risk Management</a>
	<b>GOVERNANCE</b>	
	102-18 Governance structure	<a href="#">Governance, Ethics &amp; Compliance</a> , <a href="#">Sustainability Governance Structure</a>
	102-20 Executive-level responsibility for economic, environmental and social topics	<a href="#">Sustainability Governance Structure</a>
	102-21 Consulting stakeholders on economic, environmental, and social topics	<a href="#">Materiality Assessment</a>
	102-22 Composition of the highest governance body and its committees	<a href="#">Leadership and Governance</a>
	102-23 Chair of highest governance body	<a href="#">Leadership and Governance</a>
	102-26 Role of the highest governance body in setting purpose, values and strategy	<a href="#">2018 Annual Report: Corporate Governance</a>
	102-27 Collective knowledge of the highest governance body	<a href="#">2018 Annual Report: Notice and 2019 Proxy Statement, Election of Directors</a>
	102-29 Identifying and managing economic, environment and social impacts	<a href="#">Sustainability Governance Structure</a> and <a href="#">Stakeholder Engagement</a>
	102-32 Highest governance body's role in sustainability reporting	<a href="#">Sustainability Governance Structure</a> and <a href="#">About our Reporting</a>

GRI STANDARD	DISCLOSURE	LOCATION AND NOTES
GENERAL DISCLOSURES		
STAKEHOLDER ENGAGEMENT		
	102-40 List of stakeholder groups	<a href="#">Value Chain</a> and <a href="#">Stakeholder Engagement</a>
	102-41 Collective bargaining agreements	16% of employees were covered by collective bargaining agreements.
	102-42 Identifying and selecting stakeholders	<a href="#">Value Chain</a> and <a href="#">Stakeholder Engagement</a>
	102-43 Approach to stakeholder engagement	<a href="#">Customer Satisfaction</a> , <a href="#">Value Chain</a> and <a href="#">Stakeholder Engagement</a>
	102-44 Key topics and concerns raised	<a href="#">Customer Satisfaction</a> and <a href="#">Value Chain</a>
REPORTING PRACTICE		
	102-45 Entities included in the consolidated financial statements	<a href="#">2018 Annual Report: Form 10-K, Part 1</a> All entities are included in this report.
	102-46 Defining report content and topic Boundaries	<a href="#">About Our Reporting</a> , <a href="#">Value Chain</a> and <a href="#">Stakeholder Engagement</a>
	102-47 List of material topics	<a href="#">Materiality Assessment</a>
	102-48 Restatements of information	<a href="#">About our Reporting</a>
	102-49 Changes in reporting	<a href="#">About our Reporting</a>
	102-50 Reporting period	Calendar Year: January 1–December 31, 2018
	102-51 Date of most recent report	July 2018
	102-52 Reporting cycle	Annual
	102-53 Contact point for questions regarding the report	Perri Richman – vice president, communications for Ingersoll Rand strategic business units Email: <a href="mailto:prichman@irco.com">prichman@irco.com</a>
	102-54 Claims of reporting in accordance with GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.
	102-55 GRI context index	This table is the GRI Context Index, see pages 56 to 63.
	102-56 External assurance	<a href="#">About our Reporting</a>  Our environmental and safety data is assured by an independent third party. The assurance process is led by the vice president, environmental, health and safety, operations who reports to senior vice president, global operations and integrated supply chain.

GRI STANDARD	DISCLOSURE	LOCATION AND NOTES
<b>MATERIAL TOPICS</b>		
<b>FINANCIAL PERFORMANCE</b>		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	<a href="#">Materiality Assessment</a> and <a href="#">Value Chain</a>
	103-2 The management approach and its components	<a href="#">Letter to Shareholders</a>
	103-3 Evaluation of the management approach	<a href="#">2018 Annual Report: Form 10-K, Part II</a> and <a href="#">Letter to Shareholders</a>
GRI 201: Financial Performance	201-1 Direct economic value generated and distributed	<a href="#">2018 Financial Performance</a>
<b>ENERGY; ENERGY EFFICIENT AND LOW EMISSION PRODUCTS</b>		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	<a href="#">Materiality Assessment</a> and <a href="#">Value Chain</a>
	103-2 The management approach and its components	<a href="#">Energy Efficient and Low Emissions Products</a>
	103-3 Evaluation of the management approach	<a href="#">Progress Toward 2020 Targets</a> A third party assures our energy data every year for company operations.
GRI 302: Energy	302-1 Energy consumption within the organization	<a href="#">Energy</a> We do not sell energy, and no conversion factors were needed. Methodology: GRI 302: Energy 2016, Disclosure 302-1 Source of conversion factors used: EPA Climate Leaders, Emission Factors for Greenhouse Gas Inventories, 9 March 2018; Climate Change, 2013, The Physical Science Basis, Working Group I Contribution to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change, Chapter 8, Appendix 8.A, Table 8.A.1; 2017 Climate Registry Default Emission Factors report, Table B.2, March 15, 2017
	302-2 Energy consumption outside the organization	<a href="#">Energy</a> Fuel, energy, heating and cooling are included in the intensity ratio. All energy used was consumed within the organization.
	302-3 Energy intensity	<a href="#">Energy</a> Energy intensity ratio for the organization: 0.229 billion kJ/million USD Fuel, energy, heating and cooling are included in the intensity ratio. All energy used was consumed within the organization. Types of energy included in the intensity ratio: fuel and electricity

GRI STANDARD	DISCLOSURE	LOCATION AND NOTES
<b>MATERIAL TOPICS</b>		
	302-4 Reduction of energy consumption	<u>Energy</u> Amount of reductions in energy consumption achieved through direct result of conservation and efficiency initiatives: 4.56 billion kJ Fuel, electricity, heating and cooling are included in the reductions. 2013 is our base year for our Climate Commitment and 2020 targets. Types of energy included in the reductions: fuel and electricity Basis for calculating reductions: 2018 calendar year Methodology: GRI 302: Energy 2016, Disclosure 302-4
	302-5: Reductions in energy requirements of products and services	<u>Energy Efficient and Low Emissions Products</u>
<b>EMISSIONS</b>		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	<u>Materiality Assessment</u> and <u>Value Chain</u>
	103-2 The management approach and its components	<u>Climate Change</u> and <u>Greenhouse Gas Emissions, Pollutant Emissions and Refrigerants</u>
	103-3 Evaluation of the management approach	<u>Progress Toward 2020 Targets</u> A third party assures our greenhouse gas (GHG) emissions data every year. We also performed an internal audit of the product GHG collection process in early 2017.
	Specific management approach for emissions	See <u>Energy</u> for information about our renewable energy approach. Ingersoll Rand has no existing plans to purchase offsets to reduce our emissions.
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	<u>Greenhouse Gas Emissions, Pollutant Emissions and Refrigerants</u> Gases included in the calculation: CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs and small quantities of HCFCs (e.g. R22). Biogenic CO <sub>2</sub> emissions: Not applicable.  Base year for calculation: 2013. This is the base year of our 2020 targets and our Climate Commitment. Emissions were 514,714 MT. Also see <u>Greenhouse Gas Emissions, Pollutant Emissions and Refrigerants</u> and <u>About our Reporting</u> . Base year data is modified to account for mergers, acquisitions, and divestments. Ingersoll Rand retains base year emissions for manufacturing plants that the company has physically closed.  Source of the emissions factors and the global warming potential rate used: IPCC AR5 – Climate Change 2013; EPA Climate Leaders, Emission Factors for Greenhouse Gas Inventories, March 9, 2018; 2017 Climate Registry Default Emissions Factors Report, Table B.2, March 15, 2017.  Consolidation approach for emissions: Financial control.  Standards, methodologies, assumptions and/or calculation tools used: World Resources Institute, The Greenhouse Gas Protocol.



GRI STANDARD	DISCLOSURE	LOCATION AND NOTES
MATERIAL TOPICS		
	305-2 Energy indirect (Scope 2) GHG emissions	<p>Gross location-based energy indirect (Scope 2) GHG emissions: <a href="#">Greenhouse Gas Emissions, Pollutant Emissions and Refrigerants</a> If applicable, gross market-based energy indirect (Scope 2) GHG emissions: Not applicable.</p> <p>If available the gases included in the calculation: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O</p> <p>Base year for calculation: 2013. This is the base year of our 2020 targets and our Climate Commitment. Emissions were 260,352 MT. Also see <a href="#">Greenhouse Gas Emissions, Pollutant Emissions and Refrigerants</a> and <a href="#">About our Reporting</a>. Base year data is modified to account for mergers, acquisitions, and divestments. Ingersoll Rand retains base year emissions for manufacturing plants that the company has physically closed.</p> <p>Source of the emissions factors and the global warming rates used: eGRID2016, February 15, 2018; International Energy Agency, "CO<sub>2</sub> EMISSIONS FROM FUEL COMBUSTION, Full Document," 2018 Edition, Supplemental CO<sub>2</sub> Emissions Factors provided as an Excel Workbook.</p> <p>Consolidation approach for emissions: Financial Control.</p> <p>Standards, methodologies, assumptions and/or calculation tools used: World Resources Institute, The Greenhouse Gas Protocol.</p>
	305-3 Other Indirect (Scope 3) GHG emissions	<p><a href="#">Greenhouse Gas Emissions, Pollutant Emissions and Refrigerants</a></p> <p>21 million metric tons avoided in product emissions since 2013.</p> <p>Gases included in the calculation: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs</p> <p>Biogenic CO<sub>2</sub> emissions: Not relevant</p> <p>Source of emission factors and global warming potential (GWP) rates used, or a reference to the GWP source: IPCC AR5 100 year for refrigerants; US EPA eGrid factors and International Energy Agency 2013 report CO<sub>2</sub>e factors by country for electricity; EPA factors for fuels.</p>
	305-4 GHG emissions intensity	<p><a href="#">Greenhouse Gas Emissions, Pollutant Emissions and Refrigerants</a></p> <p>Emissions intensity ratio: 34.26</p> <p>Types of GHG Emissions included in intensity ration: Scope 1 and Scope 2</p> <p>Gases included in the calculation: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O.</p>
	305-5 Reduction of GHG emissions	<p><a href="#">Greenhouse Gas Emissions, Pollutant Emissions and Refrigerants</a></p> <p>GHG emissions reduced as a direct result of reduction initiatives:</p> <p>Scope 1: 26,537 CO<sub>2</sub>e</p> <p>Scope 2: 859 CO<sub>2</sub>e.</p> <p>Gases included in the calculation: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O.</p> <p>Base year for calculation: 2013. This is the base year of our 2020 targets and our Climate Commitment. Also see <a href="#">Greenhouse Gas Emissions, Pollutant Emissions and Refrigerants</a> and <a href="#">About our Reporting</a>.</p> <p>Scopes in which reductions took place: Scope 1 and Scope 2.</p> <p>Standards, methodologies, assumptions and/or calculation tools used: GRI 305: Emissions 2016, Disclosure 305-5.</p>
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	<p><a href="#">Greenhouse Gas Emissions, Pollutant Emissions and Refrigerants</a></p>

GRI STANDARD	DISCLOSURE	LOCATION AND NOTES
<b>MATERIAL TOPICS</b>		
<b>SUPPLIER ENVIRONMENTAL CONDITIONS</b>		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	<a href="#">Materiality Assessment</a> and <a href="#">Value Chain</a>
	103-2 The management approach and its components	<a href="#">Supply Chain Transparency and Performance</a>
	103-3 Evaluation of the management approach	<a href="#">Supply Chain Transparency and Performance</a>
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened	<a href="#">Supply Chain Transparency and Performance</a>
	308-2 Negative environmental impacts in the supply chain and action taken	<a href="#">Supply Chain Transparency and Performance</a>
<b>COMPANY CULTURE</b>		
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	<a href="#">Materiality Assessment</a> and <a href="#">Value Chain</a>
	103-2 The management approach and its components	<a href="#">Company Culture</a>
	103-3 Evaluation of the management approach	<a href="#">Company Culture</a> and <a href="#">Progress Toward 2020 Targets</a>
GRI 401 Employment	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	<a href="#">Company Culture</a>
	401-3 Parental leave	<a href="#">Company Culture</a>
<b>TRAINING AND DEVELOPMENT</b>		
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	<a href="#">Materiality Assessment</a> and <a href="#">Value Chain</a>
	103-2 The management approach and its components	<a href="#">Training and Development</a>
	103-3 Evaluation of the management approach	<a href="#">Training and Development</a> and <a href="#">Progress Toward 2020 Targets</a>
GRI 404 Training and Education	404-2 Programs for upgrading employee skills and training assistance programs	<a href="#">Training and Development</a>
	404-3 Percentage of employees receiving regular performance and career development reviews	<a href="#">Training and Development</a>
<b>DIVERSITY &amp; INCLUSION; BOARD OVERSIGHT; EQUAL REMUNERATION</b>		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	<a href="#">Materiality Assessment</a> and <a href="#">Value Chain</a>
	103-2 The management approach and its components	<a href="#">Diversity and Inclusion</a>
	103-3 Evaluation of the management approach	<a href="#">Diversity and Inclusion</a> and <a href="#">Progress Toward 2020 Targets</a>
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance body and employees	<a href="#">Diversity and Inclusion</a> , <a href="#">Our Employees</a> and <a href="#">Sustainability Governance Structure</a>

GRI STANDARD	DISCLOSURE	LOCATION AND NOTES
<b>MATERIAL TOPICS</b>		
<b>PUBLIC POLICY</b>		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	<a href="#">Materiality Assessment</a> and <a href="#">Value Chain</a>
	103-2 The management approach and its components	Regulations and Policy: <a href="#">Public Policy</a>
	103-3 Evaluation of the management approach	Regulations and Policy: <a href="#">Public Policy</a>
GRI 415: Public Policy	415-1 Political contributions	Regulations and Policy: <a href="#">Political Activity and Contributions</a> and <a href="#">Governance, Ethics and Risk Management</a>
<b>TECHNOLOGY AND INNOVATION</b>		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	<a href="#">Materiality Assessment</a> and <a href="#">Value Chain</a>
	103-2 The management approach and its components	<a href="#">Technology and Innovation</a>
	103-3 Evaluation of the management approach	<a href="#">Technology and Innovation</a>
N/A	Technology and innovation	<a href="#">Technology and Innovation</a>
<b>ACCESS TO COOLING AND COMFORT</b>		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	<a href="#">Materiality Assessment</a> and <a href="#">Value Chain</a>
	103-2 The management approach and its components	<a href="#">Social Impact of Our Products</a>
	103-3 Evaluation of the management approach	<a href="#">Social Impact of Our Products</a>
N/A	Access to cooling and comfort	<a href="#">Social Impact of Our Products</a>
<b>INNOVATION FOR EMERGING MARKETS</b>		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	<a href="#">Materiality Assessment</a> and <a href="#">Value Chain</a>
	103-2 The management approach and its components	<a href="#">Technology and Innovation</a>
	103-3 Evaluation of the management approach	<a href="#">Technology and Innovation</a>
N/A	Innovation for emerging markets	<a href="#">Technology and Innovation</a>
<b>PRODUCT LIFE CYCLE</b>		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	<a href="#">Materiality Assessment</a> and <a href="#">Value Chain</a>
	103-2 The management approach and its components	<a href="#">Product Life Cycle Approach</a>
	103-3 Evaluation of the management approach	<a href="#">Progress Toward 2020 Targets</a> We have 2020 targets related to product life cycle. We measure these goals annually to ensure we are on track.
N/A	Product life cycle	<a href="#">Product Life Cycle Approach</a>

## SASB Disclosure

Our 2018 ESG Report marks Ingersoll Rand's first time reporting to the SASB framework. As a diversified industrial manufacturer, the nature of our business does not fit squarely within one industry as defined by the [Sustainable Industry Classification System](#). Our reporting process considered the standards for the [Electrical & Electronic Equipment](#) and [Industrial Machinery & Goods](#) industries. We used SASB's [five factor assessment](#) of interest to a reasonable investor to determine which topics are material to our business.

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	RESPONSE
Accounting Metrics	Number of products produced by category	Quantitative	Number	RT-EE-000.A; RT-IG-000.A	Proprietary
	Number of employees	Quantitative	Number	RT-EE-000.B; RT-IG-000.B	44,664 employees
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	RT-EE-130a.1; RT0203-01	3,594 billion KJ energy consumed; 99.69% grid electricity; 0.31% renewable
Product Lifecycle Management	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative	Percent (%) by revenue	RT-EE-410a.1	Data not available
	Percentage of eligible products, by revenue, that meet ENERGY STAR® criteria	Quantitative	Percent (%) by revenue	RT-EE-410a.2	35% of shipments
	Revenue from renewable energy-related and energy efficiency-related products	Quantitative	Reporting currency	RT-EE-410a.3	Approximately 25% revenue from products and services that contribute to the clean energy transition

## TCFD Disclosure

Ingersoll Rand's commitment to addressing climate change is more than a duty or a growth strategy. It is the filter we apply to every single decision we make. We strongly support the Task Force on Climate-related Financial Disclosures (TCFD) which launched to help companies understand, measure and respond to climate change risks and opportunities. This year, we expanded our reporting to include information and voluntary disclosures that are aligned with TCFD's [final recommendations report](#).

RECOMMENDED DISCLOSURE	SOURCE	COMMENT / DISCLOSURE
<b>GOVERNANCE</b>		
a) Describe the board's oversight of climate-related risks and opportunities.	2018 ESG Report	<a href="#">Sustainability Governance Structure</a>
	<a href="#">2018 CDP Climate Change Survey</a> : Question C1.1a	<b>Question C1.1a:</b> Sustainability and climate change risks are a formal responsibility of our Board of Directors' Corporate Governance and Nominating Committee. The Committee sets the strategic direction for Ingersoll Rand's sustainability approach and is responsible for overseeing our carbon footprint and environmental health and safety performance. The committee meets at least annually to evaluate the company's sustainability performance and is informed regularly by the company's SVP of Innovation and Chief Technology Officer (CTO).

RECOMMENDED DISCLOSURE	SOURCE	COMMENT / DISCLOSURE
b) Describe management's role in assessing and managing climate-related risks and opportunities.	<a href="#">2018 CDP Climate Change Survey</a> : Questions C1.2 and C1.2a	<p><b>Question C1.2:</b> Within the C-suite, Ingersoll Rand's Chief Technology Officer (CTO) has responsibility for both assessing and managing climate-related risks and opportunities. On a half-yearly basis, the CTO reports to the board on climate-related issues.</p> <p><b>Question C1.2a:</b> The CTO reports to the CEO and Chairman of the Board. Since the use of our products is our single largest source of GHG emissions, our innovative solutions for buildings, transportation markets and industrial processes have the potential for the greatest impact on climate change. Thus, Ingersoll Rand's sustainability office reports directly to the SVP of Innovation and the CTO. The CTO also works with business leadership teams and serves on various boards and advisory councils to accelerate global innovation and technology-led growth strategies.</p> <p>Product GHG is a metric on the CTO's goals, monitored quarterly and annually.</p>
<b>STRATEGY</b>		
a) Describe the climate-related risks and opportunities the organization has identified over the short-, medium- and long-term.	<a href="#">2018 Annual Report</a>	Cautionary Statement for Forward Looking Statements, Non-Financial Statements – European Union Directive and Form 10-K
	2018 ESG Report	<a href="#">Public Policy, Climate Change, Energy Efficient and Low Emissions Products and Technology and Innovation</a>
	<a href="#">2018 CDP Climate Change Survey</a> : Questions C2.3a and C2.4a	<p><b>Question C2.3a:</b> Ingersoll Rand has identified climate-related risks with the potential to have a substantive financial or strategic impact on the business including: mandates on and regulation of existing products and services; increased severity of extreme weather events; and increased cost of raw materials. <b>Question C2.4a:</b> Increasing demand for energy efficiency and growing urban populations create product and service development opportunities for our business. For example, HVAC and lighting systems are a great opportunity to reduce energy consumption in commercial, industrial and residential buildings – which account for nearly half of global energy consumption.</p>
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	<a href="#">2018 Annual Report</a>	Item 1A, Risk Factors and Non-Financial Statements - European Union Directive
	2018 ESG Report	<a href="#">Public Policy, Energy Efficient and Low Emissions Products and Technology and Innovation</a>
	<a href="#">2018 CDP Climate Change Survey</a> : Questions C2.5, C2.6 and C3.1c	<p><b>Question C2.5:</b> Describes where and how identified risks and opportunities have impacted the business. For example, Ingersoll Rand has made investments that enable the company to phase out today's high-global warming potential HFCs ahead of regulatory requirements. We work proactively with government agencies and refrigerant suppliers to help identify alternatives and facilitate a practical transition that reduces GHG emissions as early as possible. We also participate in international forums, such as the United Nations Framework Convention on Climate Change and the Montreal Protocol, to help create an organized approach to global refrigerant transitions. <b>Question C2.6:</b> Describes where and how the identified risks and operations have factored into the financial planning process. For example, energy costs and costs to transition to lower GWP refrigerants are factored into annual operating budgets.</p> <p><b>Question C3.1c:</b> Explains how climate-related issues are integrated into business objectives and strategy. For example, guided by our materiality assessment, in 2014 we established a comprehensive set of 2020 Sustainability Targets including targets for energy (10% by 2020 normalized for revenue baseline of 2013) and emissions (35% by 2020 normalized for revenue baseline of 2013). Additionally, in 2014 we announced a major Climate Commitment to reduce the greenhouse gas refrigerant footprint of our products by 50% by 2020 from a baseline of 2013.</p> <p>Aspects of climate change have also influenced our strategy. Energy demand and energy efficiency regulations are transforming how commercial buildings are built and how they operate.</p>



RECOMMENDED DISCLOSURE	SOURCE	COMMENT / DISCLOSURE
c) Describe the potential impact of different scenarios, including a 2DC scenario, on the organization's businesses, strategy and financial planning.	<a href="#">2018 CDP Climate Change Survey</a> : Questions C3.1a and C3.1d	<p><b>Question C3.1a:</b> Ingersoll Rand uses qualitative climate-related scenario analysis to inform our business strategy.</p> <p><b>Question C3.1d:</b> We regularly perform scenario assessments to determine product strategy with respect to climate-related drivers such as greenhouse gas emissions and energy efficiency. These scenario assessments are done at the business unit level and incorporate standard work.</p> <p>Pursuing scenario assessments has led to new product development, technology projects to explore new solutions and changes in strategy. We made a global commitment to reduce the refrigerant related footprint of our products by 50% by 2020 and committed to investing \$500 million in the research and development of new technologies to facilitate a transition to next generation refrigerants and high efficiency operations.</p>
<b>RISK MANAGEMENT</b>		
a) Describe the organization's process for identifying and assessing climate-related risks.	<a href="#">Materiality Assessment</a>	We perform a materiality assessment every 3 to 4 years to assess relevant sustainability topics including those related to climate change.
	<a href="#">2018 CDP Climate Change Survey</a> : Question C2.2b	<p><b>Question C2.2b:</b> At the company level, Ingersoll Rand has adopted the Enterprise Risk Management (ERM) Integrated Framework, a three-dimensional approach, considering objectives, risk components and all layers of the organization across the board and for the ones which apply specifically to certain business units (Asset level). Risk objectives and risk components have been identified for strategic, operational, financial and compliance risks with a corresponding control mechanism which allows management to respond according to the particular risk or opportunity, including specifically climate change and other resource related topics.</p> <p>At the asset level, ERM provides guidance and direction for integrating the enterprise risk management with the major business processes. The Internal Sustainability Strategy Council represents the functions and businesses globally and meets quarterly to review progress against all sustainability targets, including greenhouse gas emissions of our operations and products. This Council also assesses and monitors risks associated with climate change.</p>
b) Describe the organization's processes for managing climate-related risks.	<a href="#">2018 Annual Report</a>	Non-Financial Statements – European Union Directive
	2018 ESG Report	<a href="#">Climate Change, Greenhouse Gas Emissions, Pollutant Emissions and Refrigerants, Energy Efficient and Low Emissions Products and Water</a>
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	<a href="#">2018 CDP Climate Change Survey</a> : Questions C2.2c and C2.2d	<p><b>Question C2.2c:</b> All relevant climate-related risks — including current and existing regulation, technology, reputation, acute and chronic physical risks and downstream risks — are integrated into Ingersoll Rand's materiality assessment and Enterprise Risk Management Integrated Framework.</p> <p><b>Question C2.2d:</b> Climate-related risks are managed through the Enterprise Risk Management Committee via a quarterly review process of priority risks. Both climate-related risks and opportunities are managed at the enterprise level by the Internal Sustainability Strategy Council which meets quarterly to review progress against all sustainability targets, including greenhouse gas emissions of our operations and products. This Council has accountability for sustainability best practices.</p>
	<a href="#">2018 CDP Climate Change Survey</a> : Question C2.2	<b>Question C2.2:</b> Climate-related risks are integrated into multi-disciplinary company-wide risk identification, assessment and management processes.

RECOMMENDED DISCLOSURE	SOURCE	COMMENT / DISCLOSURE
METRICS & TARGETS		
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	2018 ESG Report	<u>Climate Change</u> , <u>Greenhouse Gas Emissions</u> , <u>Pollutant Emissions and Refrigerants</u> , and <u>Energy Efficient and Low Emissions Products</u>
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	2018 ESG Report	<u>Greenhouse Gas Emissions</u> , <u>Pollutant Emissions and Refrigerants</u> and <u>GRI Content Index</u>
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	2018 ESG Report	<u>Climate Change</u>
	<u>2018 CDP Climate Change Survey</u> : Questions C4.1, C4.1a and C4.1b	<p><b>Question C4.1:</b> Ingersoll Rand has targets for both absolute emissions and emissions intensity.</p> <p><b>Question C4.1a and C4.1b:</b> Our combined absolute and intensity targets constitute an approved science-based target.</p> <p>Absolute Emissions Target, Scope 3 (Use of Products): In September 2014 we announced our Climate Commitment. We committed to reducing the refrigerant footprint of our products by 50 percent by 2020 (Dec. 31, 2019) with a baseline of 2013.</p> <p>Emissions Intensity Target, Scope 1+2 (location-based): As part of our Climate Commitment, in 2014, Ingersoll Rand committed to reducing Scope 1+2 emissions 35% from a 2013 baseline.</p>



Ingersoll Rand (NYSE:IR) advances the quality of life by creating comfortable, sustainable and efficient environments. Our people and our family of brands – including Club Car,<sup>®</sup> Ingersoll Rand,<sup>®</sup> Thermo King<sup>®</sup> and Trane<sup>®</sup> – work together to enhance the quality and comfort of air in homes and buildings; transport and protect food and perishables; and increase industrial productivity and efficiency. We are a global business committed to a world of sustainable progress and enduring results.



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