

# Focusing for the Future

Trane Technologies 2019 ESG Overview

**At Trane Technologies, we challenge what's possible by thinking bigger, acting bolder and taking actions that improve our own performance and influence global change. Sustainability is not just how we do business—it is our business.**

We are a focused global climate innovator solving some of the world's most significant climate challenges to create a more sustainable future.

Global megatrends—such as climate change, urbanization, resource scarcity, demographic shifts and technology—are intensifying at a rapid rate. These issues demand bold action from forward thinking companies that are uniquely positioned to enact meaningful change.

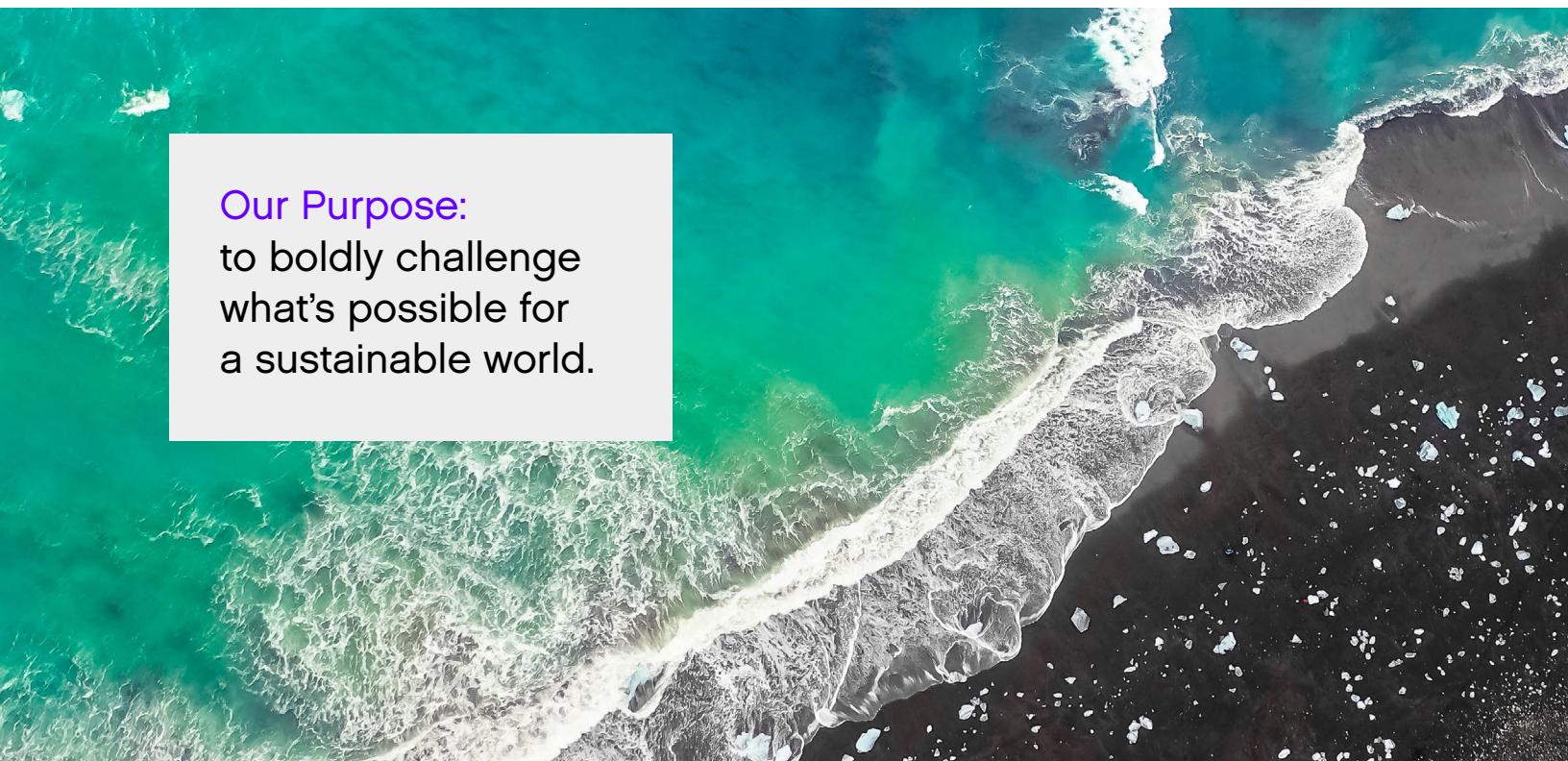
That's where Trane Technologies comes in. Our strategy is at the intersection of powerful sustainability megatrends and our advanced HVAC and transport technologies. With our product innovation and services, we are changing the way the world heats and cools buildings and moves refrigerated perishables such as food and medicine.

Our commitment extends to customer outcomes: **by 2030 we will reduce our customer's carbon emissions (CO<sub>2</sub>e) by 1 gigaton.**

At Trane Technologies, we believe the future will be defined by actions, and actions guided by values. We're focusing for the future.

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THIS ESG REPORT REPRESENTS THE 2019 DATA FOR OUR CLIMATE BUSINESSES, NOW KNOWN AS TRANE TECHNOLOGIES, ON A STAND-ALONE BASIS. A 2019 INTEGRATED ANNUAL AND ESG REPORT INCLUSIVE OF THE CLIMATE AND INDUSTRIAL BUSINESS SEGMENTS IS AVAILABLE AS A SEPARATE DOCUMENT.



**Our Purpose:**  
to boldly challenge  
what's possible for  
a sustainable world.

# Dear Stakeholder,

As I write this letter, the world is managing the widespread effects of COVID-19. The situation continues to evolve, and we are working hard to safeguard the health of our people, while meeting the critical needs of hospitals, data centers, grocery stores, military bases, food and pharmaceutical distribution and other essential customer operations that are under great strain.

Each day, our team challenges what's possible—innovating in support of a sustainable world. Our strategy is at the intersection of sustainability megatrends and our advanced HVAC and transport technologies. Today, 15% of the world's carbon emissions come from heating and cooling buildings, and nearly another 10% comes from global food loss—and these numbers are growing. We are directly addressing emissions at the source, by developing new and better ways to heat and cool homes and buildings, and to transport food and medicine.



## STRATEGIC INNOVATION

In 2019, we introduced 52 new products and enhanced our portfolio through strategic acquisitions. Our EcoWise™ portfolio expanded with new high-efficiency chillers designed to reduce building emissions with low global warming potential refrigerants. Our new connected building services enhance energy efficiency and performance through a building's life cycle. Our transport refrigeration portfolio offers a broad range of zero- and low-emission solutions including a new all-electric unit. Paired with our telematics, we provide transport customers with real-time visibility to temperature-sensitive cargo while on the road.

## WINNING CULTURE

Our experienced leadership team, talented people and high-performance culture enable us to push the boundaries of what's possible. In 2019, we maintained world-class employee engagement in the midst of a rapidly changing environment.

We also continued to enhance our focus on diversity and inclusion. Our Black Employee Network, now in its seventh year, was central to the launch of the Black Leader Forum. As the first company in our industry to join Paradigm for Parity,® we are proud that through seven years of our signature Women's Leadership Program, we have retained 83% of its graduates and promoted nearly one-third.<sup>1</sup>

## FOCUSING FOR THE FUTURE

As a world leader in climate solutions, we are creating a more focused organizational model, more focused investments and aligning around one central purpose: to boldly challenge what's possible for a sustainable world. Our actions are predicated on a strong belief that one company can change an industry, and one industry can change the world.

Thank you for joining us in our quest for a better future.

A handwritten signature in black ink, appearing to read "Michael W. Lamach".

**Michael W. Lamach** Chairman and CEO

# 2019 Sustainability Highlights

Sustainability is the starting point for everything we do—how we innovate and partner with customers, how we manage our supply chain and operations and how we engage our people and communities. Every day at Trane Technologies our team challenges what's possible for a sustainable world.

The early achievement of 30 specific and ambitious sustainability targets that we set for 2020 underscores the long-term value we're creating for stakeholders. In just six years, we've reduced the refrigerant greenhouse gas footprint of our products by more than 50% and emissions from our own operations by more than 35%. We've invested in our employees—expanding access to wellness programs, prioritizing training and career development and creating diverse slates of job candidates—and worked systemically to ensure our suppliers share our values. We've also achieved measurable progress through strategic philanthropy and a culture of volunteerism to help people and communities create a more sustainable world.

Now, as a global climate innovator, Trane Technologies is focusing for the future and taking on bigger, bolder 2030 Sustainability Commitments. These commitments will challenge us to lead by example, collaborate with our customers to drive sustainable innovation and create opportunity for all in our workplace and our communities. Our commitments are synced with the time horizon of the United Nations Sustainable Development Goals (UN SDGs) to ensure we're contributing to the collective actions needed to drive global, sustainable progress.

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RECOGNIZED  
SUSTAINABILITY  
LEADERSHIP

MEMBER OF  
**Dow Jones**  
**Sustainability Indices**

In Collaboration with RobecoSAM

9th Consecutive Year



FTSE4Good

5th Consecutive Year

**FORTUNE**  
WORLD'S MOST  
**ADMIRED**  
COMPANIES  
2020

7th Consecutive Year



2nd Consecutive Year

## Bigger, Bolder 2030 Sustainability Commitments

### THE GIGATON CHALLENGE

Reducing customers' carbon emissions by one gigaton by the year 2030

### LEADING BY EXAMPLE

Committing to carbon-neutral operations and zero waste to landfill by 2030 and pledging to give back more water than used in water stressed areas

### OPPORTUNITY FOR ALL

Creating opportunity for all in our workplace, with goals to achieve gender parity in leadership and workforce diversity that reflects the communities we serve; and opportunity in our communities through investment in education and workforce development, housing and cooling comfort, wellness and healthy food

# We're Making Big Strides in Sustainability

## ENVIRONMENT

We're relentless climate innovators. Environmental sustainability is core to our business from growth strategy and product development to material selection and resource and supply chain management.

### GREENHOUSE GAS EMISSIONS

**51%** decrease in GHG emissions intensity compared to a 2013 baseline

**20M** metric tons CO<sub>2</sub>e avoided from our products compared to a 2013 baseline

### ENERGY

**4,497 MWh** reduction in electricity consumption compared to a 2013 baseline, a 30% reduction normalized to revenue

### RENEWABLE ENERGY

**15%** of the electricity load at our manufacturing site in Taicang, China produced by on-site solar installations

**22MW** virtual power purchase agreement in Texas started generating electricity in June 2019

**23%** reduction in our market-based Scope 2 GHG emissions resulting from our investments in renewable resources in 2019

### WATER USE

**39%** decrease in water use at site in water-stressed regions compared to 2013

### PRODUCT PORTFOLIO

Ranked **#66** on Corporate Knights Clean200

**\$176M** on research and development and launched **52** new products and services

## SOCIAL

Social sustainability means a relentless focus on always improving and leading by example to be a better employer and neighbor.

### CITIZENSHIP

**\$7,028,844** in philanthropic giving\*

**31,682 hours** of employee volunteering in 2019, equivalent to **\$805,673**

### EMPLOYEE DEVELOPMENT

**8 hours** of formal training on average, per employee

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

### WORKFORCE DIVERSITY

**25%** of our workforce was female in 2019

**25%** of leadership positions were held by women

### SUPPLIER DIVERSITY

**\$400M** of goods and services purchased from diverse-owned businesses, a **19%** increase in spend

**\$239M** global spend with women-owned businesses, a **23%** increase over 2018

### RESPONSIBLE SOURCING

**100%** of direct spend assessed on a quarterly basis for risk

**100%** of new suppliers agree to uphold expectations of our Business Partner Code of Conduct

**44%** of direct spend with Preferred Suppliers, strategic suppliers aligned with our values and high ethics and sustainability expectations

## GOVERNANCE

We're about high-performance sustainability—and that starts with strong corporate governance and accountability at all levels of the company.

### SUSTAINABILITY GOVERNANCE

**Executive Oversight** through our Sustainability Strategy Council of company executives

**Board-Level Accountability** with the Corporate Governance and Nominating Committee overseeing risks associated with corporate governance and sustainability

**Daily Management** led by our Center for Energy Efficiency and Sustainability team integrating sustainability into the core of our business

**External Engagement and Guidance** from climate risk and sustainability experts who sit on our Advisory Council on Sustainability

### CLIMATE RISK

Integrated into strategic planning as part of our materiality assessment and enterprise risk management processes and through **climate-related scenario assessments** on the risks and opportunities of refrigerant transition

### ANNUAL ESG REPORTING

Aligned with the **GRI** standards (core option), and for the second year the **SASB** and **TCFD** frameworks. We respond annually to **CDP Climate Change and Water** questionnaires

**Integrated into our annual financial reporting** as a reflection of our business focus on sustainability and commitment to meeting the **European Union Directive on Non-Financial Disclosures**

### BOARD DIVERSITY

Our Board of Directors represents a broad range of industries and brings diverse expertise to Trane Technologies

**4** of 12 joined in the past 5 years

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

# 2019 ESG Data

## GHG EMISSIONS DATA (Metric Tons CO<sub>2</sub>e)

DIRECT (SCOPE 1) EMISSIONS	
Scope 1	304,586
Emissions from fuel	113,746
Emissions from Refrigerants	190,840
Change in Scope 1 emissions (compared to 2018)	<b>22,525 CO<sub>2</sub>e DECREASE</b>
INDIRECT (SCOPE 2) EMISSIONS	
Scope 2	154,027
Market-based	141,753
Location-based	154,027
Change in Scope 2 location-based emissions (compared to 2018)	<b>1,298 CO<sub>2</sub>e DECREASE</b>
OPERATIONAL GHG EMISSIONS	
Total (Scope 1 and Scope 2)	458,613
Emissions from electricity use	34%
Emissions from refrigerants	42%
Normalized GHG emissions (MT/USD)	35.07
Change in absolute emissions (2013 baseline)	<b>215,229 CO<sub>2</sub>e DECREASE</b>
Change in emissions intensity (2013 baseline)	<b>51% DECREASE</b>
SCOPE 3 EMISSIONS*	
Product emissions	238M
Travel emissions*	30,340
Product emissions avoided (2013 baseline)	<b>20M+ CO<sub>2</sub>e AVOIDED</b>

\*Legacy Ingersoll Rand data, including both Climate and Industrial segments

## OTHER AIR EMISSIONS DATA (Metric Tons)

NOx emissions	100.64
SOx emissions	6.15
Direct VOC emissions	269

## REFRIGERANTS DATA

Refrigerant emissions (refrigerant losses in pounds of refrigerant)	283,727
Normalized GHG emissions (metric tons CO <sub>2</sub> e / million USD)	15

## ENERGY DATA (Billion BTU)

Direct energy use (fuel)	1,757
Natural gas	795
Gasoline	786
Diesel	202
Propane	62
Aviation fuel	18
Indirect energy use (electricity)	1,090
Grid electricity	80%
Renewable electricity	20%
Absolute energy consumption	2,847
Normalized energy use (billion BTU/million USD)	0.23
Change in electricity consumption (2013 baseline)	<b>7,222 MWh REDUCTION</b>
Change in absolute energy use (compared to 2018)	<b>1.55% INCREASE</b>
Change in energy intensity (compared to 2018)	<b>4% DECREASE</b>
<b>RENEWABLE ENERGY (BILLION BTU)</b>	
Generated	10
Generated and sold to the grid	1
Generated and used	9
Purchased	235
Change in market-based Scope 2 GHG emissions resulting from investments in renewable resources	<b>23% DECREASE</b>

## WATER DATA (Million Cubic Meters)

Water use (total net freshwater consumption)	2.91
Normalized water use (cubic meters/million USD)	223
Change in overall water use (compared to 2018)	<b>3% REDUCTION</b>
<b>MANAGEMENT IN AREAS OF HIGH TO EXTREMELY HIGH</b>	
Number of sites	10
Percent of total water use	10%
Change in water use (2013 baseline)	<b>39% DECREASE</b>

## WASTE DATA (Metric Tons)

Total waste disposed	10,950
<b>HAZARDOUS WASTE</b>	
Total hazardous waste generated	958
Normalized (per million USD)	0.073
<b>NON-HAZARDOUS WASTE</b>	
Total non-hazardous waste generated	33,958
Normalized (per million USD)	2.60
Non-hazardous waste to landfill	6,953
Normalized (per million USD)	0.53
Non-hazardous waste recycled	23,008
Normalized (per million USD)	1.76
Waste recycled for every pound sent to landfill	3.3
<b>ZERO WASTE TO LANDFILL</b>	
Zero waste to landfill manufacturing sites	15 sites

## WORKFORCE DATA

LOCATION	TYPE	EMPLOYEES	WOMEN	MEN
Global	All	36,321	25%	9,070
Asia Pacific	Hourly	704	7%	48
	Salaried	5,103	23%	1,161
Europe, Middle East, Asia	Hourly	2,315	5%	104
	Salaried	2,284	29%	667
Latin America	Hourly	1,039	16%	168
	Salaried	1,027	32%	327
North America	Hourly	13,133	27%	3,483
	Salaried	10,716	29%	3,112

## HUMAN RIGHTS & FAIR LABOR

Employees trained on anti-harassment	100%
New suppliers agreeing to uphold expectations in our Business Partner Code of Conduct (BPCoC), including terms on human rights and labor practices	100%
Employees covered by collective bargaining agreements	40.7%

## COMPANY CULTURE

Access to wellness programs	96%
Participation in employee engagement survey	93%

## DIVERSITY & INCLUSION

Women held leadership positions (director level, vice president and above)	25%
Women held management positions (all levels of management)	21.5%
Women in the workforce	25%
Ethnically Diverse Employees (US only)	35%
Employees age 40 and above	54%

## TRAINING & DEVELOPMENT

Average formal hours of employee training	8 hours
Hourly	6 hours
Salaried	9 hours
Salaried employees with a development plan	98%
Salaried employees who had a development conversation with their manager	98%

## OCCUPATIONAL HEALTH & SAFETY

Total hours worked	78,112,530
Total recordable incident rate	0.88
Lost time incident rate	0.08
Lost time incident rate (per one million hours worked)	0.41
Employee lost time injury frequency rate (per one million hours worked)	0.46
Contractor lost time injury frequency rate (per one million hours worked)	0.53
Employee occupational illness frequency rate (per one million hours worked)	0
Work-related fatalities	0

## CORPORATE CITIZENSHIP

Total philanthropic giving**	\$7,028,844
Volunteer participants*	17,044
Hours volunteering*	31,682 hours
Value of employee volunteering during paid working hours*	\$805,673
Charitable fundraising**	\$1,007,855
In-kind giving	\$415,502
Management overheads***	\$150,407

\*Legacy Ingersoll Rand data, including both Climate and Industrial segments

\*\*Data includes budgets of legal entities known in 2019 as Ingersoll Rand and Ingersoll Rand Foundation

\*\*\*Costs associated with operating our community affairs function

## SUPPLIER DIVERSITY

Total amount of goods and services purchased from diverse-owned businesses	\$400M	<b>19% INCREASE over 2018</b>
Total global spend with women-owned businesses	\$239M	<b>23% INCREASE over 2018</b>

## SUPPLY CHAIN

Combined annual spend for direct and indirect commodities	\$9,189M
Number of suppliers	14,955
Direct spend with suppliers in Preferred Supplier Program	43.5%
Controllable spend suppliers agreeing to our Business Partner Code of Conduct	100%
<b>SUPPLIER ASSESSMENTS</b>	
Direct material spend subject to on-site assessments	72%
Direct material spend assessed on a quarterly basis for risk	100%
Suppliers assessed for environmental impacts	952
Suppliers identified as having significant actual and potential negative environmental impacts	0

## PRODUCT LIFECYCLE & MATERIALS

Number of product development projects generated or improved by our product development process (PDP)	208
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## PRODUCT SAFETY & RELIABILITY

Projects that meet quality, design and cost goals	83%
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## TECHNOLOGY & INNOVATION

Average innovation revenue	21%
Research and development spend	\$176M
New products and services launched	52
Product portfolio refreshed in 2019	22%
Emerging market revenue	16%