



TRANE[®]

OUR CODE OF

Conduct and Ethics



It's Hard To Stop A Trane.[®]

Special Note for Employees Located in the European Union

Throughout this Code of Conduct and Ethics, we have provided the Values Hotline as one of several resources that our employees can use to report a situation that may violate the law or conflict with our values. Requirements under local law, however, limit the use of the Values Hotline by our employees located in the European Union.

If you are an employee located in the European Union, you may contact our Values Hotline 24 hours a day, seven days a week, when you prefer a confidential way to get advice or to report a situation involving financial or control matters. In the context of this code, these are questionable accounting or auditing matters or other statutory or regulatory obligations of internal control in the financial, accounting, banking and anti-bribery areas (“financial or control matters”). Under local law, you may **not** contact the Values Hotline to report a violation involving potential or apparent violations of law, or of this Code, for any areas outside of financial or control matters.

To contact the Values Hotline outside the United States:

- *By phone:* 1-503-352-7923. Values Hotline operators will accept collect calls.
- *Online:* Submit a confidential report through the link from our company-wide portal at <http://iTrane>

When contacting the hotline to report a situation involving a financial or control matter, you are encouraged to give your name, although you can remain anonymous if you’d like. If you choose to remain anonymous, your identity will be kept confidential.

The Values Hotline is just one of several resources available to you and is intended to be an alternative communication channel. You may speak to your leader, human resources representative or a Law Department representative when you are in doubt about any situation or behavior, including a potential or apparent violation of law, or of this Code, or a situation that may conflict with our values. See **Chapter Five: Our Resources for Complying with the Code of Conduct and Ethics** for additional information.

While employees located in the European Union are not obligated to report violations of the Code of Conduct, they are strongly encouraged to do so.

If you are an employee located in the European Union, each reference to the Values Hotlines through this Code of Conduct is subject to the restrictions on your use of the Values Hotline as described above.

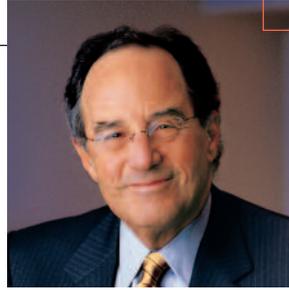
Rights under European Union Data Protection Laws

Any person in the European Union who is the subject of a report will be entitled to the notification, access and corrective action required under applicable data protection laws. Such rights, however, do not include the right to request information about third parties, such as the identity of the person who made the complaint.

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Message from the Chairman & CEO



Dear colleagues:

Integrity is vital for any corporation, but integrity comes from actions, not words. It comes from the conduct of all our people — our directors, officers and employees and our suppliers and contracted service providers. It takes years to build a reputation for integrity and that reputation can be destroyed in a heartbeat, as some companies, once highly respected, have recently learned.

I know that the people of Trane are committed to preserving and enhancing our integrity and reputation. That's why we've had such great support for our company values, which appear on the next page.

Those values are the basis for this Code of Conduct and Ethics. The code provides more details that will help you apply our values. It outlines standards for behavior in specific situations and gives you practical guidance. Why is it necessary to publish this information? Two reasons. First, most of the standards outlined here are based in law, and we face serious trouble as a company and as individuals if we violate them. For this reason, I emphasize that compliance with these standards is mandatory and violations of them will result in more serious consequences, including termination of employment. Second, this code will be a welcome source of help to each of us in the complex world we work in.

We all want to do the right thing, but the right thing isn't always obvious, especially in a company the size of ours that operates in many different countries and cultures. The guidelines you'll find in the code will help you make the right decision. And if you ever find yourself in the difficult position of questioning whether a situation at your business location is consistent with the company values, the code will help you reach people in the company who are ready to help.

Please read our Code of Conduct and Ethics carefully, and review it regularly. With your commitment, it will be an important tool to help us achieve our mission to be the best in the eyes of our customers, employees and shareowners.

A handwritten signature in black ink that reads "Fred Poses". The signature is written in a cursive, flowing style.

Fred Poses
Chairman and CEO

Our Values

All our activities and decisions must be guided by our company values. As we follow these values, we will achieve our mission of being the best in the eyes of our customers, employees and shareowners.

We Are Driven by Customers

We succeed by exceeding customer expectations. Our commitment to premier customer service begins with understanding customer needs. It is realized through the design, manufacture and delivery of quality products and services and the personal support we provide. Each contact with a customer is an opportunity to increase customer satisfaction and win new business.

We Recognize the Importance of Our People

Our people built this business and are the key to its future. We are committed to creating a workplace that is safe, a workplace where diversity is valued, and a workplace that thrives on teamwork and leadership. We are committed to a workplace where individuals are treated fairly and with respect, where all people have the opportunity to expand their skills and take advantage of new opportunities, and where accomplishments are recognized.

We Operate with Integrity

As a company and as individuals, we do the right things and never compromise our values. We honor our agreements and are honest in our communications. Our relationships with co-workers, customers, suppliers, partners and the investor community are based on openness and opportunities for mutual gain. Our sense of responsibility extends to leadership in protecting the environment and good citizenship in the communities where we work.

We Strive for Excellence

No matter how good our products, services, processes and performance, we are dedicated to making them better. We strive for excellence in everything we do by being open to new ideas and better ways of working and not being afraid to take risks. We recognize that each of us can add real value to our business. By approaching our daily work with a passion for innovation and a desire to learn and share that learning with colleagues, we all can make a difference.

We Deliver on Our Promises

We set goals high because we know we can do great things. We treat these goals as promises to our customers, our shareowners and ourselves. Our continued success depends on keeping our promises. Success is measured by the results we produce in customer satisfaction, sales, profitability, investor value and the scope of opportunities we provide for our people.

Introduction



This Code of Conduct and Ethics applies to all employees of our company, including officers and directors. We expect similar conduct from our suppliers and contracted service providers.

These standards are not voluntary. They are mandatory. They flow from laws that control our conduct around the world and from values that define who we are as a company. That's why we all have an obligation to understand these standards and to ask questions when we have doubts. While there are local laws that may affect how you are allowed to report violations depending on where you work, this code is applicable everywhere we do business.

These legal and ethical standards will not be suspended to benefit the activity of our businesses or people. Any actions that violate this code will be addressed through appropriate sanctions, including termination of employment.

While these guidelines cover many areas of conduct, several principles are paramount:

- We treat people inside and outside the company with fairness, dignity and respect.
- We report facts, especially corporate financial facts, honestly and openly. We cannot tolerate any creation of false or fraudulent documents.
- Ignorance of our standards is no excuse for violating them. If we have doubts, we have the personal responsibility to raise questions and get answers. We are also responsible for participating in training programs on business behavior provided to us by the company.

Chapter One



OUR PERSONAL RESPONSIBILITIES

Each of us makes decisions about the right thing to do in business situations that are often far from simple. The Code of Conduct and Ethics provides guidelines to help you in many situations that you may face during your career. Trane relies on your good judgment to take appropriate action in all situations.

But you do not need to do it alone. If you are in doubt about any situation or behavior, you may speak to your leader, human resources representative or Law department representative. If you prefer to remain anonymous, you may contact our Values Hotline:

- *By phone from the U.S.:* 1-800-963-6414,
- *By phone from outside the U.S.:* 1-503-352-7923. Values Hotline operators will accept collect calls.
- *Online:* Submit a confidential report through the link from our company-wide portal at <http://iTrane>

Contact the Values Hotline 24 hours a day, seven days a week, when you prefer a confidential way to get advice or to report a situation that may violate a law or conflict with our values. For example:

- Falsifying company records.
- Harassment of, or discrimination against, other employees.
- Embezzlement or theft of company property.
- Threats to personal safety.
- Use or sale of illegal drugs, or working under the influence of illegal drugs.
- Creating or ignoring environmental hazards.

Our confidential hotline is staffed by an independent organization. When you contact the hotline, an interviewer will document the situation you report in detail. When you submit a report online, you will complete a short form with similar questions about the situation. Either way, you do not have to give your name, although you can if you'd like. Translators are available at any time if you prefer to talk in a language other than English.

The information you provide will be investigated. You will be contacted directly if further information is required and you have provided your name. If you prefer to remain anonymous, you will receive a reference number at the end of your call or online report. This will allow you to call or log back in at a later time to add any additional information to your original report or to find out if Trane has any further questions for you.

You will be protected from retaliation for all reports made by you in good faith even if no violation of this Code of Conduct and Ethics was found to have occurred.

The Values Hotline is just one of several resources available when you need to raise concerns about workplace activities that may be unethical, illegal, or inconsistent with our values. See **Chapter Five: Our Resources for Complying with the Code of Conduct and Ethics** for additional information.

Our Leaders Serve as Role Models

People who lead others need to be ethical role models for employees, and foster an environment of trust and cooperation by:

- Demonstrating the highest standards of integrity and responsibility when dealing with employees, customers, suppliers, and the community.
- Not creating pressure to act in an unethical manner.
- Contributing to a work environment that encourages employees to voice concerns and get help when faced with potentially compromising situations. This also means supporting employees who make the sometimes difficult decision to speak out.
- Avoiding any approval of conduct that may be unethical, dishonest or potentially damaging to Trane's reputation.

We Support the Critical Roles of Managers and Supervisors

Managers and supervisors are expected to demonstrate their personal commitment to the company's standards of behavior and manage their employees according to those standards. They must maintain a workplace environment that ensures compliance with our Code of Conduct and

Ethics. Yet, from time to time, we may question their decisions or actions. At such times, employees are obliged by our values to seek guidance from another manager or supervisor, a human resources representative, or the Values Hotline (in the U.S. call 1-800-963-6414, outside the U.S. call 1-503-352-7923 or submit a confidential report through the link from our company-wide portal at <http://iTrane>).

We Report Financial Results with Integrity

We place great importance on the accuracy and completeness of the financial information we report and are committed to preserving its integrity. Trane's financial, accounting, and other reports and records, including its periodic reports filed with the U.S. Securities and Exchange Commission, must fairly, accurately and completely reflect all transactions and the financial condition of the company. Disclosures in our periodic reports will also be timely and understandable. As a U.S.-based company with global operations, all of our employees including those who are not U.S. citizens are subject to U.S. Generally Accepted Accounting Principles (GAAP) for our worldwide financial reporting. In addition, we also will comply with required statutory accounting practices for local reporting, as well as any governmental regulations in the countries and localities where we do business.

With this in mind, all employees must follow these principles:

- Act in good faith, responsibly, with due care, competence and diligence without misrepresenting material facts or allowing your independent judgment to be compromised.
- Do not make false or misleading entries in the company's books and records for any reason.

Q. Suppose my leader asks me to do something that I think is wrong?

A. Trane trusts you to use your best ethical judgment in the actions you take on the company's behalf. Do not do anything you believe is wrong. If you are told to do something that you believe is wrong, take time to evaluate the situation based on your knowledge of our values. A first course of action may be to read through the code again. Secondly, you may wish to express your concerns directly to your human resources representative or leader. Lay out your concerns openly and honestly. Or, if you prefer, you can contact the Values Hotline.

Q I'm concerned that my manager may be stealing company property. What should I do?

A Report your concern to your local human resources representative or contact the Values Hotline. All information received will be handled discreetly; discussions and inquiries will be kept in strict confidence to the extent possible or permitted by policy and law. The circumstances will be investigated thoroughly and appropriate action taken. If the company can't find independent corroboration of your concern, no action will be taken against your supervisor - or against you for a report made in good faith.

- Observe administrative and accounting controls in place to assure that financial and other reports are accurately and reliably prepared, and fully and fairly disclose pertinent information.
- Share knowledge and maintain skills important and relevant to the performance of your job.
- Do not disclose to anyone outside Trane any information relating to the company that has not been disclosed to the public, without appropriate management approval or as required by law.
- Direct all inquiries from investors to the Investor Relations department and all contacts from the media to the company's Communications department. Please refer to the contact list in **Chapter Five: Our Resources for Complying with the Code of Conduct and Ethics.**

In addition, employees can expect that Trane will:

- Not authorize any payment knowing that any part of the payment will be used for an illegal or unethical purpose or for anything other than its intended purpose.
- Not condone any undisclosed or unrecorded bank accounts or assets established for any purpose.

We Obey All Laws Regarding Insider Trading

Many Trane employees and their families invest in company stock. Those employees and their families must obey all laws and guidelines regulating "insider trading," which is a crime in most countries. You must follow these guidelines:

- Do not purchase or sell company shares or exercise put or call options if you are aware of non-public information about the company that you know, or have reason to believe, could affect the price of the stock if it were known to the public.
- Never share "insider" information with others, including members of your families or friends.

- Insider trading is unethical and illegal. You (and your close relatives) must not engage in insider trading.
- Do not engage in short-term speculative trading in company stock, or allow your close relatives or friends to do so.

Failure to follow these limitations could trigger civil or criminal investigations and result in serious penalties and adverse publicity for the company.

We Avoid Conflicts of Interest

You should do everything possible to avoid putting yourself or any of your family members in any situation that could create (or seem to create) a conflict between your personal interests and the interests of the company. Avoid situations that make it difficult to perform your work objectively and effectively. Here are some examples:

- Receiving money or property from third parties in connection with company business transactions.
- Having an ownership or other interest in a customer, supplier or competitor, other than ownership of an insignificant number of shares in a publicly traded company.
- Having an employment or consulting relationship with a customer, supplier or competitor.
- Serving as an officer or director of a customer, supplier, competitor or any other company unless approved in writing by senior management and the Legal department.
- Engaging in any outside employment or other activities that interfere with your ability to give your job the time and attention it needs.
- Engaging in any outside activity that competes with Trane's business.

Q My spouse has just accepted a position with one of Trane's suppliers. • Is this a problem?

A Our code and our policies are not intended to interfere in our personal lives. However, this situation could be a problem if your job puts you in a position of selecting your spouse's company as a supplier, or if you have to deal with that company on behalf of Trane. Excuse yourself from participating in decisions or negotiations with your spouse and the supplier. Some situations may require additional steps to avoid the potential conflict, so tell your manager, human resources representative, or member of the Legal department about this relationship.

- Receiving cash, excessive entertainment or anything else of significant value from anyone with whom the company does business.
- Supervising, reviewing or having any influence over the evaluation, pay or benefits of a close relative employed by Trane.
- Taking personal advantage of a business opportunity that could interest the company.
- Receiving a loan or guarantee from the company or someone who has a relationship with the company.

Generally, conflicts of interest arise when you (or a close relative) receive a personal benefit as a result of holding a position at Trane. If you have any doubts about whether you are in a conflict-of-interest situation, discuss it with your leader or the Legal department.

We Obey the Law Everywhere

Trane is committed to comply with all applicable laws, rules and regulations wherever we do business in the world. Proper employee conduct ensures that all laws are obeyed and that all conduct is ethical and above reproach. If the company violates its legal and ethical obligations, the company and individual employees can suffer severe consequences ranging from fines to criminal penalties to corporate disciplinary action or dismissal.

As a U.S.-based company with global operations, we follow U.S. laws and applicable laws for the locations in which we operate. Where this Code of Conduct differs with local laws, we adhere to the higher standard unless actions required by the code are prohibited by local law. You are expected to read and become familiar with this code so you can identify and deal with situations in which legal or ethical issues might arise. The following principles shall guide our day-to-day behavior:

- Never do anything you know would violate any law.
- Never do anything you think might violate any law.
- If in doubt check with the Legal department or the Values Hotline (in the U.S. call 1-800-963-6414, outside the U.S. call 1-503-352-7923 or submit a confidential report through the link from our company-wide portal at <http://iTrane>).
- Never use Trane's property, information or position for your own personal gain.
- Never falsify company books, reports or records.
- Take special care to ensure that company books and records and the documentation relating to company transactions are accurate.
- Follow company policies and procedures in everything you do.
- Always treat your fellow employees with respect.
- Deal fairly with Trane's customers, suppliers, competitors and employees. Do not take unfair advantage of others through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair practices.

We Respect the Individual

As a company, we recognize the dignity of the individual. We respect each employee. In return, we expect that employees will not:

- Harass, or discriminate against, fellow employees.
- Use illegal drugs and alcohol in the workplace, or work while under the influence.
- Make unwelcome sexual advances or physical contact, or display or distribute sexually oriented pictures, cartoons, or jokes.
- Retaliate against any fellow employees who protest or complain about discrimination or harassment.

Chapter Two



OUR WORKPLACE RESPONSIBILITIES

Job performance involves achieving results, and achieving those results with ethical and responsible behavior in all workplace dealings with each other and with people outside the company.

We Live Our Values

As representatives of Trane to the outside world, we act responsibly and in a manner that reflects favorably upon ourselves and the entire company. We rely on the company's values as a guiding force in making decisions that will enable us to be the best in the eyes of our customers, employees and shareowners.

We Promote Diversity

Trane is committed to providing challenging, meaningful and rewarding opportunities for personal and professional growth to all employees without regard to race, religion, color, national origin, age, gender, sexual orientation, physical or mental disability, status as a veteran or any other protected classification. This policy applies to all phases of employment, including the hiring of new employees, training, development, compensation, promotions, demotions, transfers, layoffs, terminations, use of facilities, and selection for special programs.

We Provide a Safe Workplace

All employees must assist the company in providing a workplace that is free from safety or health hazards or disease, and one in which operational hazards are controlled to acceptable levels.

Q. Someone I work with doesn't always follow safety procedures, like wearing safety glasses. As long as this doesn't put others at risk, is it my place to say anything?

A. It is your place to give safety advice to colleagues because we all have a responsibility to support safety at our workplace. Try using the "STAR" guidelines:

- **Stop** the person who is being unsafe.
- **Talk** with the person about the unsafe behavior.
- **Agree** on the safe way to do the job.
- **Recognize** each other for finding and agreeing on a safer solution.

To provide a safe workplace and safe products, Trane will conduct world-class safety, loss prevention and occupational health programs. The company requires that our equipment and operating practices meet high standards of safety and resource conservation.

We Create a Positive Environment

Trane aims to create an environment that allows individuals to excel, be creative, take initiative, seek new ways to solve problems, generate opportunities, be accountable for our actions, and be recognized for our contributions and teamwork.

Because of this, the company prohibits:

- The manufacture, distribution, sale, purchase, transfer, possession, or use of illegal drugs in the workplace. The same restrictions apply to alcohol unless the company authorizes its use for special occasions.
- All forms of harassment of employees by fellow employees, employees of outside contractors, or visitors. In addition, we will not tolerate harassment from suppliers or customers. This includes any demeaning, insulting, embarrassing or intimidating behavior directed at any employee because of race, religion, color, national origin, age, gender, sexual

orientation, physical or mental disability, status as a veteran or any other protected classification.

- Unwelcome sexual advances or physical contact, sexually oriented gestures and statements, and the display or circulation of sexually oriented pictures, cartoons or jokes.
- Retaliation against any employee who rejects, protests, or complains in good faith about discrimination or harassment. Employees should report sexual harassment complaints to their supervisor, human resources representative, Legal department representative or by contacting the Values Hotline (in the U.S. call 1-800-963-6414, outside the U.S. call 1-503-352-7923 or submit a confidential report through the link from our company-wide portal at <http://iTrane>).

We Respect Each Other's Privacy

The right to privacy extends into our workplace. Since most of us want our personnel records kept private, Trane retains only those historical and current employee personnel records needed for business, legal or contractual purposes, and restricts access to those records.

Q. Sometimes a friend from outside the company sends racist jokes to my Trane e-mail address. I don't ask to have them sent to me, but the jokes are sent anyway. Is this a violation of our code?

A. You might not have requested the jokes to be sent in the past, but you should tell your friend not to send them in the future. You should also know that forwarding or posting offensive or defamatory e-mail is an abuse of our Internet policy. Do as much as you can to police your e-mail so that it is appropriate.

Be aware of our policies on the use of computers, e-mail, and the Internet. Also be aware that employees have no right to privacy related to information system resources.

The company will not interfere in our personal lives off the job unless our conduct impairs our work performance or adversely affects the company. By the same token, we should not interfere in our colleagues' personal lives.

We Safeguard Trane's Property

Trane's ability to compete and serve our customers requires the efficient and proper use of assets and resources, including proprietary information, technology data, software, land, buildings, equipment, components, raw materials and cash. As employees we should use company assets for legitimate business purposes only.

Each of us has a responsibility to do everything we can to protect these assets. At a minimum, that means using them in accordance with company policies and complying with security programs that help prevent their unauthorized use or theft.

We Use Information Systems and the Internet Responsibly

The systems through which we access e-mail, the Internet, and the intranet are company property. The purpose of these systems is to enhance our business performance. Keep in mind that:

- Any information put in the system is company property, and no employee has any privacy rights to this

information. When we use these systems, we consent to the company monitoring and auditing what we put on it and how we use the Internet.

- The use of e-mail, the Internet, or the intranet within our company is not private, so we should not include any statements in e-mail that we would not want read by a third party. It's also important to be careful what we put on the system, because it can become public.
- Safeguard all passwords and identification codes to prevent unauthorized access to the company's computerized or electronic data.
- Do not disclose proprietary technical data developed or purchased by the company without authorization from the chief information officer for your sector or business.
- Only use software on company computers that has been purchased, developed or authorized by Trane for the purpose of conducting business.
- Do not duplicate copyrighted software for any reason, without written authorization from the software company. Any employee who knowingly or unknowingly duplicates copyrighted software material is subjecting Trane and themselves to substantial penalties under the law.

Q • Can I read an online newspaper on the Internet during working hours?

A • The Internet is an important information tool. When you are using it to access information that relates to your job, you can use the Internet during work time. If you are using the Internet for personal reasons, you should do so on personal times such as breaks or after work.

The following are considered misuse and abuse of our computer systems:

- Forwarding or posting content that is abusive, slanderous, or defamatory, or which is offensive, harassing, vulgar, obscene, or threatening.
- Accessing, creating, posting, viewing, transmitting, or otherwise using pornographic or other sexually explicit material.
- Placing confidential or proprietary company information on any Internet or intranet site without proper authorization.
- Doing anything else that conflicts with the intent of this policy or other policies of the company.

We Protect the Confidentiality of Trane Information

In the course of work, many of us may acquire information about the company or our customers or suppliers that is not generally known to the public and, if improperly disclosed, may be harmful to the company or its customers or suppliers or helpful to its competitors. We also acquire confidential information from former employers and from our customers and suppliers. Treat that information confidentially.

This information takes many forms: financial or operating results, business or marketing plans, sales or promotional activity, advertising plans or expenditures, customer lists, new products, product research, price changes, mergers or acquisitions, securities offerings, management changes, or trade secrets.

Remember these rules when you handle confidential information:

- Do not disclose to anyone outside Trane any information relating to the company that has not been disclosed to the public, without appropriate management approval or as required by law, at any time during or after your employment. Don't even share this information with other employees unless they have a business need to know about it.
- Routinely take precautions to keep confidential information from being disclosed. This includes making sure such information is not displayed on our desks or in our work area where it can be seen by anyone. You should also avoid transmitting information via a computer or by fax in ways that might make it available to unauthorized people.
- Require third-party recipients of restricted company information to keep such information confidential. The Legal department can provide the necessary forms for written confidentiality agreements.
- Do not reveal Trane's trade secrets or the trade secrets of a previous employer or accept improperly obtained proprietary information about another company.
- Respect the confidentiality of private information concerning our employees and proprietary information from customers, suppliers and other third parties that comes to our attention under an understanding of confidentiality. We must respect the proprietary nature of such information and not use or disclose it without proper written authority.

Chapter Three



OUR MARKETPLACE RESPONSIBILITIES

Our marketplace covers many industries. We serve consumers and commercial customers and work closely with suppliers, consultants and other contracted service providers. Our values and code of conduct guide all of our dealings in the global marketplace.

We Meet or Exceed Customer Expectations

Trane establishes competitive prices for the value our products and services provide. To the best of our ability and knowledge, we will provide products and services that meet or exceed customers' expectations for quality, integrity and reliability. Lastly, the company satisfies our customers' specifications or other requirements with on-time deliveries.

Q. My supervisor told me we are very behind on deliveries on an important contract and must do 'whatever it takes' to get the product delivered by month-end. I am concerned that our normal quality standards will be ignored to meet the delivery requirements. What should I do?

A. Talk to your supervisor to clarify his instructions and explain your concerns. If you're not satisfied, contact your local human resources representative or the Values Hotline. Trane has a reputation for quality and will not lower our standards in order to meet deadlines. Each employee has a personal responsibility to ensure our own specified quality criteria.

Q One of my suppliers gave me a box of expensive cigars as a holiday gift. We have a long-standing relationship, and I am afraid she would be offended if I refuse. Should I accept the gifts?

A While it may seem polite to accept this gift, it is not permitted. You should explain very diplomatically that you appreciate the gesture but that you are prohibited from accepting any gifts with a value of more than \$50. Making your position clear and standing by your convictions is the right thing to do and will make future situations easier to resolve.

We are Careful about Accepting Gifts from Suppliers

A gift can be a simple expression of friendship. It is natural for some of us to develop friendships with suppliers we work with over the years. But even a gift offered with the best of intentions can have the appearance of compromising your objectivity and integrity. Therefore, the company imposes restrictions on the gifts employees may accept from people with whom we do business.

The circumstances — timing, value, place — under which you receive a gift may dictate whether or not you should keep it. You may receive certain gifts, such as:

- Promotional material of a general advertising nature, such as imprinted pens, memo pads and calendars.
- Presentations of a ceremonial nature in keeping with national custom as long as it does not violate any law, cannot be construed as a bribe or a payoff, and will not embarrass the company if disclosed publicly.
- Gifts of nominal value (no more than \$50), provided they are given as a gesture of professional friendship, and do not involve a company commitment having to do with the transaction of business.
- An occasional meal or entertainment to be paid by a supplier or potential supplier, as long as the supplier attends the event and such hospitality is not excessive or unusual.

Generally, employees should discourage outside vendors or suppliers from giving gifts since any gift might be misconstrued as an attempt to influence business decisions. If you do receive a gift, you must not allow it to influence your business relationship with any supplier or potential supplier.

We Require Ethical Behavior from Our Outside Consultants and Contracted Service Providers

We are responsible for ensuring that any outside consultant or contracted service provider that we hire is held to the same standards of integrity that Trane requires of our employees. And that includes obeying all the laws and government regulations that apply to us. If an outside contractor we hire violates our ethical standards, it can be equivalent to violating those standards ourselves.

We should be particularly careful about contracts with consultants or other representatives who help us in dealing with any government. Direct or indirect dealings with governments other than the United States are subject to the U.S. Foreign Corrupt Practices Act (FCPA). Therefore, all contracts directly or indirectly dealing with any government must be reviewed and approved by the Legal department prior to signing. Remember, if an outside consultant tries to bribe a government official to win business for us, it can be just the same as if we did it ourselves. If you have any reason to believe that someone whom the company has hired or is considering hiring may engage in bribery or other illegal conduct, promptly inform the Legal department or contact the Values Hotline (in the U.S. call 1-800-963-6414, outside the U.S. call 1-503-352-7923 or submit a confidential report through the link from our company-wide portal at <http://iTrane>).

Here are some examples of warning signs that a consultant or distributor might have bribery in mind:

- Vagueness or evasiveness as to precisely what he or she has done or plans to do for Trane.
- Poorly documented requests for expense reimbursements.

-
- Requests for fees that are unusually high for the type of services rendered or to be rendered.
 - Lack of experience in performing services of a kind for which the individual has been or is being hired.

We Build Mutually Beneficial Relationships with Suppliers

The company makes every effort to build long-term relationships with our suppliers. We award business based on the value our suppliers provide to us and our customers, considering elements such as quality, price, delivery, technical support and service. All employees must follow these principles when dealing with suppliers:

- Provide fair and open information and instructions to each competing supplier.
- Protect all proprietary data our suppliers provide to us, in keeping with our agreements with them.
- Encourage new ideas, techniques and materials by all our people who purchase goods or services from other companies. The company expects employees to make reasonable efforts to evaluate new offerings.
- Do not reproduce software that is licensed to us by a supplier and do not incorporate it into our own internally developed software unless we are permitted to do so.

We Conduct Business Openly and Honestly

We vigorously market our technologies, products and services fairly and based on their proven quality and reliability, and the value they provide. With this in mind, we:

- Strictly prohibit our employees or anyone else from giving bribes, kickbacks or any other form of improper payment, direct or indirect, to any representative of any government, any customer, contractor, supplier, consultant or advisor, or labor union, for any reason. All employees are strictly prohibited from accepting any such payment from anyone.
- Make certain that marketing expenditures are necessary, prudent and job-related. Do not offer our existing or potential commercial customers gifts or favors of more than nominal value (up to \$50). Reasonable business entertainment, including traditional promotional events, is permitted as long as what is offered is consistent with usual business practice and cannot be construed as a bribe or payoff. Business entertainment is not reasonable if it violates any law or would embarrass us if disclosed publicly. Governments on the local, state, or national level may have rules about appropriate levels of entertainment for their government officials.
- Communicate clearly and precisely, either orally or in writing, so that our customers understand the terms of our contracts, including performance criteria, costs and schedules.
- Prepare all customer invoices with clear and accurate sales prices and terms of sale.

Q • **Our business has an opportunity to do business in another country, but a local official expects special fees and other compensation for the business. It's a big opportunity for us. Is it okay to pursue this?**

A • Certain payments, even if normal under local custom, could violate the U.S. Foreign Corrupt Practices Act. To ensure that your actions comply with local law and our code, make sure to check with the Legal department. The telephone number is included in the Contact List in Chapter Five of the code.

We Comply with Competition Laws

We comply fully with U.S. and European Union antitrust laws and the corresponding laws of other nations where Trane does business. Violation of these laws can result in criminal penalties and huge fines. These laws prohibit many kinds of formal or informal understanding, agreement, or plan among competitors, which involve prices, territories, market share or customers to be served. They also prohibit or regulate various other kinds of agreements or behavior. Trane has an active global program for educating our employees in compliance with these laws. For more information, contact your Legal department or human resources representative.

We Safeguard the Property of Others

When business requires us to use the tangible and intellectual property of other companies or individuals, we will comply with all regulations or contractual requirements governing the use of that property. We will obtain the tangible and intellectual property of competitors only through lawful means.

We Refer All Inquiries from the News Media to Communications

Accurate and prompt response to news media inquiries is an important part of our commitment to integrity. Most of us, however, do not have the training and experience to deal effectively with the news media, and even an innocent misunderstanding between the media and Trane could have serious consequences for us. Employees should never discuss company business with the news media on their own, even informally. All inquiries from the media must be referred to the company's Communications department. Please refer to the contact list in **Chapter Five: Our Resources for Complying with the Code of Conduct and Ethics** for additional information.

Chapter Four



OUR GLOBAL RESPONSIBILITIES

Trane operates in many countries around the world where laws, customs and social requirements may differ from those in the United States. It is company policy to abide by U.S. laws and the applicable national and local laws of our host nations and communities. In case of any conflict with U.S. law, the Legal department should be consulted. Where this Code of Conduct differs from local laws, we adhere to the higher standard unless actions required by the code are prohibited by local law.

We Strictly Control Political Contributions

Trane will comply with all national, state and local laws regarding its participation in political activities. Because of the complexity of complying with the laws governing political contributions, employees may not make any direct or indirect political contributions or expenditures on behalf of Trane or one of its subsidiaries unless authorized in writing by Trane's vice president of public and government affairs. Political contributions include contributions to candidates, office holders and parties as well as contributions to legislative or referendum campaigns.

You have every right to get involved in political activity as an individual during non-business hours, but not as a representative of the company.

We Protect the Environment

Trane is committed to environmental excellence in the design, manufacture, distribution, recycling and disposal of our products. We abide by all applicable health, safety and environmental laws and regulations in countries and communities where Trane operates. In all cases, at a minimum, the company will:

- Communicate honestly and openly with our employees, as well as our neighbors, customers, shareholders, and government agencies about the nature of our operations and products and their relationship to the environment.
- Identify, control and minimize waste and the use of hazardous materials.
- Continue to design products that are environmentally sound, conserve resources such as water and energy, and minimize the use of hazardous materials.
- Provide appropriate health, safety, and environmental training for our employees.
- Work with government and other organizations, as appropriate, to develop realistic laws, regulations and standards to protect the public and the environment.

Q A new customer has asked us to set up a payment arrangement that involves a third party. It is an unusual request, but I want to be responsive to a customer. What should I do?

A Although it is important to satisfy a customer, you need to report any suspicious requests or transactions to your Legal department representative or to the Values Hotline. International money brokers often “launder” money obtained illegally by buying goods from legitimate companies and their distributors. They will often pay for these goods in strange ways, like wire transfers from unrelated third parties. Before responding to a request like this, ask for advice from the Legal department or the Values Hotline.

In addition, each of us has a responsibility to:

- Be mindful of the environmental impact of our actions.
- Continually look for opportunities to make our environmental performance better.
- Strive to integrate environmental considerations into our business activities and processes.
- Report any environmental concern to a human resources representative, business leader or to our Values Hotline.

We Comply with U.S. Economic Sanctions and Export Controls

As a U.S.-based company, we are subject to U.S. regulations that impose unilateral economic sanctions against specified countries, entities or individuals. The regulations provide that no U.S. company, citizen or permanent resident alien may be involved in any sales or other dealings that are prohibited by these regulations. These U.S. sanctions severely restrict and sometimes prohibit business dealings with the sanctioned country, entity, or individual. The United States also prohibits exports of U.S.-origin goods or technology or non-U.S.-manufactured goods containing U.S.-origin parts, components or ingredients to entities or individuals, known legally as “Denied Persons,” who have violated U.S. export control laws.

There are exceptions to some of these rules, but no sales or exports of U.S.-origin goods, technology or services may be made to Denied Persons or any country, entity or

individual subject to U.S. economic sanctions without the prior approval of the Legal department. In addition, no sales or exports of non-U.S.-manufactured products containing U.S.-origin parts, components or ingredients may be made to Denied Persons or anyone that is subject to U.S. economic sanctions without the prior approval of the Legal department.

The Legal department has a list of entities and individuals designated as International Terrorists or International Terrorist Organizations, International Drug Traffickers or Denied Persons. Before dealing with any new customer you are uncertain about, check to see whether that potential customer is on any of these lists.

We Comply with Anti-Boycott Laws

The Arab League still boycotts Israel. Participating in any way in this boycott is contrary to U.S. law and company policy. Trane may sometimes be asked, when doing business with Arab League countries, not to do business with Israel or any other country or organization. We might also be asked not to ship goods originating in Israel or goods containing parts, components or ingredients supplied by boycotted companies. The company might even be asked to answer a questionnaire or provide a certificate in a letter of credit about dealings with Israel or blacklisted persons. Refer all such requests to the Legal department; do not answer them yourself.

We Prohibit Money Laundering

In many countries it is a crime to do anything that has the effect of helping criminals hide or “launder” money derived from criminal activity. Unusual requests, such as requests to exchange funds through offshore accounts, should be a warning to us of the possibility of money laundering. If you receive such requests or come across any other evidence that funds received or transferred by the company were derived from criminal activity, promptly inform the Legal department.

We Comply with Policies Regarding Government Investigations

Government agencies frequently make inquiries or conduct inspections or investigations of the company. We cooperate with the government and deal with complete candor and honesty. Some of these inquiries are routine; others are not. Be consistent with company policy and legal requirements by keeping these guidelines in mind:

- For routine government activities, such as fire department and health inspections, we follow local practices and procedures.
- For all other activities, immediately contact your business leader and the Law Department for advice.
- Each company office or factory location should follow our Governmental Investigation Response Procedure, which serves as our guide if contacted by a government investigator on anything other than a routine matter.
- In general, in the event of such a contact, record the name of the investigator, his or her title, and the agency represented. Ask to see identification if the contact is in person, ask the purpose of the investigation or inquiry, and ask precisely what the government representative would like.
- We should not sign anything or have any other conversation with the investigator. Under no circumstances should you furnish documents, answer questions about the company or provide access to the company’s premises unless authorized by the Legal department.

Chapter Five



OUR RESOURCES FOR COMPLYING WITH THE CODE OF CONDUCT AND ETHICS

Our values and policies are the individual responsibility of each of us. The Code of Conduct and Ethics provides guidelines to help you in many situations that you may face day to day, but it cannot anticipate every possible ethical dilemma. For this reason, the company offers a number of resources to help you comply with the code.

Our Personal and Corporate Responsibility

This code addresses many situations; however, there may be times when the right decision is unclear. If you are faced with a difficult ethical decision, the right course to take might become clearer if you ask yourself certain basic questions. For example:

1. Why is this situation bothering me?

- Do I really not know what to do, or am I reluctant to do what I know is right?
- Am I compromising my own personal ethics — or those of a colleague?

2. Who else is affected by my decision?

- What are the implications of my decision for the customers and suppliers to Trane and my fellow employees?
- How will I balance conflicting interests?

3. How would I feel if my action — or my colleague's action — received publicity?

- Can I openly share my decision “in good conscience” with my family? With colleagues?
- What if the news appeared on the front page of a newspaper?

4. Is this my responsibility?

- Am I responsible for resolving the issue? Or is it someone else's responsibility?
- What happens if I do not act?

5. What is the ethical concern?

- What is the legal obligation? What do Trane's policies and values say?
- What about fairness, keeping promises, honesty, protecting integrity?
- Will my decision affect Trane's reputation in doing business with a customer or supplier in the future?

6. To whom do I turn for further advice?

- What do my colleagues think?
- How have similar situations been handled successfully before?

Our values and policies are the individual responsibility of each of us, but our leaders have a special responsibility for assuring understanding, serving as a role model, communicating the contents of this code to employees and assisting with compliance in every way possible.

Our leaders have also provided an alternative communications channel to be used when an employee wishes to report a possible violation of the code or to seek advice, and the normal chain of command cannot, for whatever reason, be used. Access to this kind of guidance is available to any employee by contacting our Values Hotline:

In the U.S., call 1-800-963-6414

Outside the U.S., call collect 1-503-352-7923

Online: Submit a confidential report through the link from our company-wide portal at <http://iTrane>

Or, write to:

Ethics & Integrity Council

One Centennial Avenue

Piscataway, New Jersey, 08855-6820

USA

E-mail: ethics&integritycouncil@trane.com

The use of the Values Hotline is discussed in **Chapter One: Our Personal Responsibilities.**

Our Compliance Structure

The Ethics & Integrity Council is responsible for assuring compliance with our Code of Conduct through communication and education for all employees of the company, as well as monitoring and response. The Board of Directors provides oversight through the Audit Committee, which monitors compliance activities by the Ethics & Integrity Council. A list of Audit Committee members is available on our company's Web site at <http://www.trane.com> (click on Investor Relations, Governance and then Board Committees).

We will protect you from retaliation for making a report in good faith even if no violation of this Code of Conduct and Ethics was found to have occurred. However, any employee who knowingly submits a report that is untrue will be subject to disciplinary action.

There will be no waivers of this code relating to a director, an executive officer or a direct report of any executive officer unless they are approved by the Audit Committee of the Board and promptly disclosed.

Our Ethics & Integrity Council

The Ethics & Integrity Council is chaired by a member of the senior executive team and is appointed by the CEO.

- Other members, who serve on a rotating basis, include representatives of all of our businesses who are appointed by their respective business leaders. A list of members is available on our company portal at <http://ascnet/values/council.htm>.
- The Ethics Advisors for each of our three businesses and for corporate are an additional ethics resource for employees in their business. The names, addresses and telephone numbers of our Ethics Advisors are available to all employees in the Values and Integrity section of the company-wide portal (you'll find the link to this site under "Business Bookmarks" on the <http://iTrane> home page).
- The Ethics & Integrity Council meets quarterly and provides an annual report on compliance activities to the Audit Committee of the company's Board of Directors.

Q Can employees really be dismissed for violating Trane's Code of Conduct and Ethics?

A Yes. Trane takes our values and this Code of Conduct and Ethics very seriously and will enforce them. The values and code apply to everyone. Any employee — no matter what level in the company — who has violated our Code of Conduct and Ethics may be subject to dismissal from employment.

Role of Our Managers and Supervisors

Managers and supervisors have key roles in the compliance program. They are expected to demonstrate their personal commitment to the company's standards of behavior and manage their employees according to those standards.

- The company will require an annual certification from all directors, officers, plant managers, those in charge of sales offices and other facilities, and others who may be designated because of the nature of their work, stating that they have read and understand our Code of Conduct and Ethics. These employees must attest that they have complied with the code, brought it to the attention of everyone under their supervision whose act or failure to act could contribute to a violation of policy, and know of no violations. These employees must also attest that they will in the future report any known violations.
- Managers and supervisors are responsible for seeing that all employees under their supervision participate in appropriate compliance training programs.
- Managers and supervisors must maintain a workplace environment that ensures compliance with our Code of Conduct and Ethics.
- They must also use diligence and discretion and consider an individual's character and behavior, before appointing that individual to any position of authority and responsibility.

Non-Compliance

It is expected that all employees of Trane will fully comply with the legal guidelines and regulations expressed in this code. Employees who do not comply may face disciplinary action up to and including termination of employment.

Contact List

Ethics & Integrity Council

One Centennial Avenue
Piscataway, N.J. 08855-6820
USA
ethics&integritycouncil@trane.com

Communications

One Centennial Avenue
Piscataway, N.J. 08855-6820
USA
kzamani@trane.com

Global Security

One Centennial Avenue
Piscataway, N.J. 08855-6820
USA
mpupa@trane.com

Human Resources

One Centennial Avenue
Piscataway, N.J. 08855-6820
USA
amball@trane.com

Investor Relations

One Centennial Avenue
Piscataway, N.J. 08855-6820
USA
descudero@trane.com

Legal

One Centennial Avenue
Piscataway, N.J. 08855-6820
USA
jscarillo@trane.com

Safety

One Centennial Avenue
Piscataway, N.J. 08855-6820
USA
JMcGillis@trane.com

Values Hotline

In the U.S.: 1-800-963-6414
Outside the U.S.: 1-503-352-7923

Please contact any of the above if you would like additional information. More detailed information about many of our company-wide policies can be found in the “Legal site” on our company-wide portal (you’ll find it under “Business Bookmarks” on the home page of <http://ascnet/legal/index.htm>).