

Environmental Social Governance Report 2021

LENNOX INTERNATIONAL

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COVER PHOTO SUBMITTED BY:
Brittney Ewing | Richardson, Texas, U.S. - Lake in Seward, Alaska, U.S.

Message From Our CEO



Across Lennox International Inc. (LII), we are dedicated to progressing our Environmental, Social, and Governance (ESG) initiatives for the benefit of our stakeholders. As we publish our 2021 ESG Report, the world is facing a humanitarian crisis caused by the war in Ukraine, and is continuing the battle against COVID and its related impacts. Social inequities persist and climate extremes around the world are on the rise—record breaking temperatures, floods, wildfires, storms, and droughts. Now, more than ever, it is critical for us to come together and address our challenges and opportunities through meaningful ESG efforts. I know we will continue to rise to the occasion.

Despite these global challenges, we are proud to celebrate another year of producing innovative and efficient climate-control solutions for our customers around the world. As industry leaders, we recognize our vital role in contributing to a better world.

REDUCING ENVIRONMENTAL IMPACT THROUGH CARBON REDUCTION INITIATIVES

We are proud to design and manufacture the most efficient climate-control products on the market. We continue to develop products with progressively less carbon impact through greater energy efficiency and use of refrigerants with lower global warming potential (GWP).

In 2021, we set science-based emissions reduction targets validated by the Science Based Targets Initiative (SBTi), a global coalition dedicated to curbing global warming based on the latest climate science. Our commitments include reducing absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 37.5% and Scope 3 emissions by 30% per product sold by 2034.

We were honored to be one of the first six industry leaders to participate in the U.S Department of Energy's Cold Climate Heat Pump Technology Challenge, recognizing our commitment to electrifying the heating industry and helping us all reduce our carbon footprint. We are proud to announce that in June 2022, LII was the first to complete the Challenge, recognizing LII as the industry leader in innovative technology for electric heat pumps. Our technology is paving the way to replace gas furnaces, which will reduce greenhouse gas emissions. Our current products, including our award-winning SL25XPV cold climate heat pump, and our Product Development & Research teams are leaders in supporting electrification and ultimately, a net-zero carbon economy.

IMPACTFUL SOCIAL ENDEAVORS

For many years, we have made and continue to make concerted efforts to expand our diversity and inclusion, including bolstering our recruiting through Historically Black College and Universities (HBCU) partnerships and setting candidate slating targets for diversity. As one of my first actions as CEO of LII and in continuation of our commitment from previous LII leadership, I proudly joined the CEO Action for Diversity & Inclusion pledge to promote a more inclusive workplace. We also continue our support for the Business Coalition for the Equality Act: proposed legislation addressing workplace fairness for lesbian, gay, transgender, bisexual, and queer (LGBTQ+) employees.

Our employees are key to our success and their safety is always our top priority. We are proud of sustained efforts made across the company to maintain and improve employee health and well-being. We conduct robust health and safety audits, and aim for annual, corporate-wide 20% reductions in the rate of year over-year incidents. In 2021, we again reduced our recordable and lost workday frequency rates.

STRONG GOVERNANCE IS FOUNDATIONAL TO LII

Our core values of Integrity, Respect, and Excellence have guided us for 127 years and continue to drive our culture of doing the right thing. I am proud to be the CEO of a company with a strong governance framework and a well-rounded, diverse Board of Directors to oversee the complex issues in today's environment as well as ensure what has been a smooth CEO transition.

We're working to build a better world.

Going forward, as we continue to meet or exceed our existing ESG goals, we will introduce new targets and goals that build on our existing strength and reflect the urgent need to address climate change and social inequities. We also plan to increase our stakeholder engagement to ensure our ESG efforts match expectations.

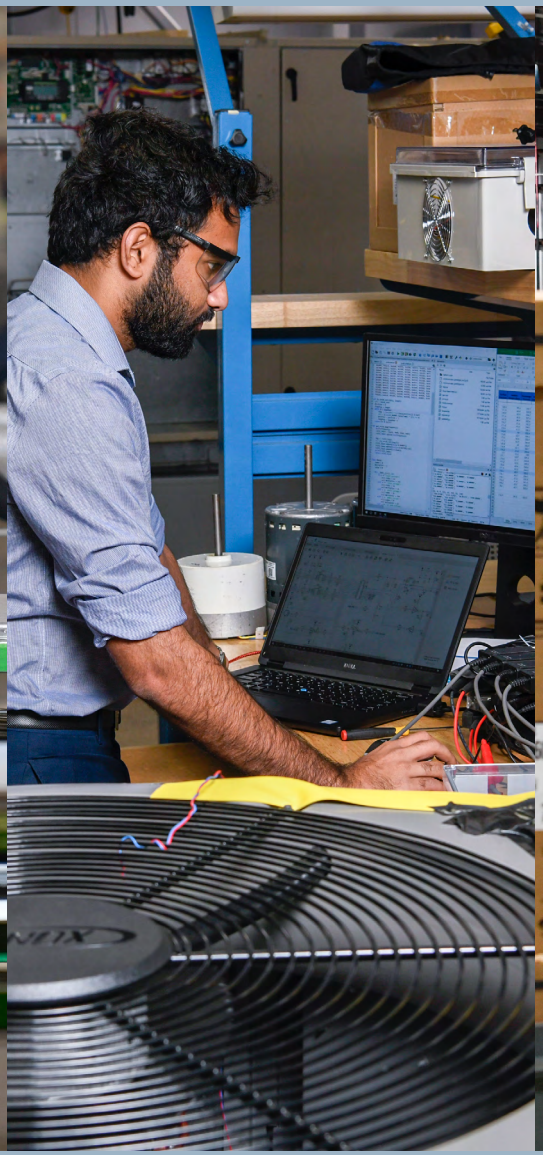


Alok Maskara
CEO

Business Overview









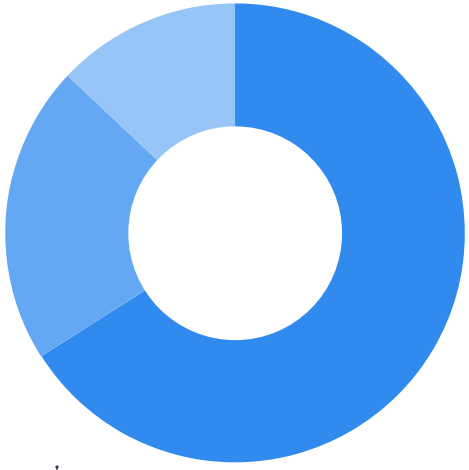
About LII

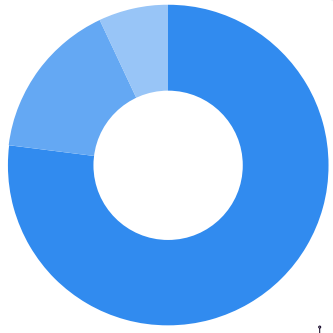
We began manufacturing the world's first steel coal-fired furnace over 125 years ago in Marshalltown, Iowa, where we still manufacture and assemble the quietest and most energy-efficient residential heating and air conditioning equipment in the world. Today we employ over 11,000 people globally and are an industry-leading provider of sustainable, energy-efficient climate-control solutions. Our advanced products and services showcase our deep expertise and reflect the success of our established business processes. We are dedicated to providing the most effective and energy-efficient heating, air conditioning, indoor air quality, and refrigeration systems for our customers, and to driving performance to reduce our and our customers' carbon footprint.

OUR ESTABLISHED BUSINESS PROCESSES:



Our Business





2021 REVENUE

66%
Residential Heating and Cooling

21%
Commercial Heating and Cooling

13%
Refrigeration

2021 SEGMENT PROFIT

77%
Residential Heating and Cooling

16%
Commercial Heating and Cooling

7%
Refrigeration

Recent History of Innovation and Sustainability

1973
Developed the first two-speed hermetic compressor, making possible significant energy cost savings in residential and commercial air conditioning

1982
Developed and manufactured the industry's first high efficiency gas furnaces

1995
Launched configure-to-order L Series product line, with numerous unique configuration combinations and easy service access

2003
Introduced HSX19, industry's quietest and most energy-efficient air conditioner

2015
Published LII's first Sustainability Report, set environmental targets, and submitted a CDP Climate Change response for the first time

2020
Achieved environmental targets set to reduce energy, emissions, water, and waste

2021
Science-based targets validated by the SBTi, covering reductions in our Scope 1, 2, and 3 emissions

2022
First to complete the U.S. DOE's Cold Climate Heat Pump Technology Challenge

Awards and Recognition

Year after year, leading institutions award LII for its industry-defining HVACR products, sustainability performance, and company culture.

» America's Most Responsible and Most Trustworthy Companies 2022 from Newsweek

Our Sustainability Commitments

Topic	SDG Alignment	Goal	2021 Progress
Reducing our Environmental Footprint	13 CLIMATE ACTION	37.5% reduction in absolute Scope 1 and 2 emissions by 2034 (from 2019 baseline), validated by the SBTi	9% increase
		30% reduction in Scope 3 emissions per product sold by 2034 (from 2019 baseline), validated by the SBTi	14%
	7 AFFORDABLE AND CLEAN ENERGY	25% reduction in Building Better Plants energy use intensity by 2024 (from 2014 baseline)	22%
		25% reduction in energy use intensity across all of LII's facilities by 2024 (from 2014 baseline)	19%
	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	25% reduction in water use intensity by 2024 (from a 2014 baseline)	40% (Achieved)
		25% reduction in solid waste by 2024 (from a 2014 baseline)	27% (Achieved)

Alignment with the UN SDGs

The Sustainable Development Goals were adopted by the United Nations in 2015 as a call to address climate issues, poverty, equality, access to clean water, sanitation, health, and more in communities around the world. The SDGs list goals in 17 focus areas. At LII, we have identified six of these goals that closely relate to our business and where we can make a meaningful impact.

For more information on the UN SDGs, please see their official **website**.



PHOTO SUBMITTED BY:
Kartik Deshpande | Carrollton, TX -
Hidden Lake Trail in Glacier National Park

Environmental

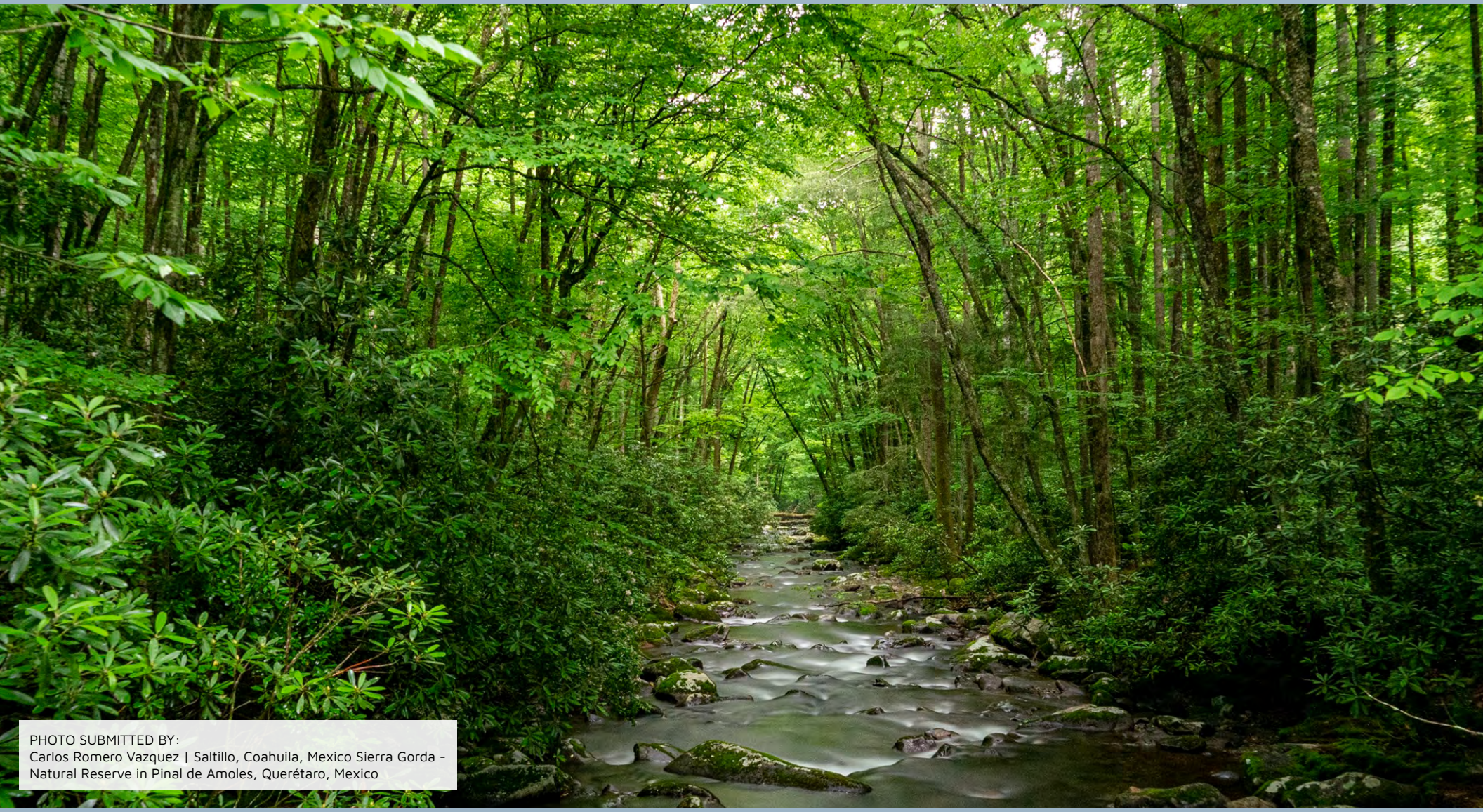


PHOTO SUBMITTED BY:
Carlos Romero Vazquez | Saltillo, Coahuila, Mexico Sierra Gorda - Natural Reserve in Pinal de Amoles, Querétaro, Mexico

Our Approach and 2021 Progress

Driving innovation excellence in our products, services, and operations is at the core of our business strategy and embedded into our processes. Our commitment to reduce our environmental impact is unwavering.

We are proud to share that we have set near-term science-based emissions reduction targets validated by the Science Based Targets Initiative (SBTi), a global coalition dedicated to curbing global warming based on climate science. We have committed to reduce absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 37.5% and Scope 3 emissions by 30% per product sold by 2034 from a 2019 base year.



PHOTO SUBMITTED BY:
Brad Smith | Richardson, Texas, Spring - Time to Get to Work

Environmental Management

At LII, we have a comprehensive Environmental Management System (EMS) aligned with ISO 14001 that comprises policies and procedures to manage the environmental performance of our facilities. Through our EMS framework we develop, review, and set timeframes to achieve our environmental objectives, including reducing our environmental impact. Our EMS also defines the organizational structure and roles that are responsible for maintaining the best environmental management practices.

All of LII's facilities implement our EMS and maintain required standards, procedures, and audits. Additionally, six facilities have ISO 14001 certifications, and further, LII has paid no significant fines or penalties related to environmental or ecology issues for over a decade.



PHOTO SUBMITTED BY:
Thomas Dellapena | Orlando, Florida -
Tricolored Heron in Lake Apopka, Florida

LII'S EMS INCLUDES THE FOLLOWING:

- Monitoring and measuring environmental performance and actions to prevent or correct non-conformance and maintaining environmental records
- Maintaining a comprehensive environmental compliance program, including complying with applicable laws and regulations governing environmental protection
- Educating, training, and motivating employees to conduct their activities in an environmentally-sound manner
- Incorporating environmental considerations in evaluating new projects, products, and processes
- Encouraging the use of non-polluting technologies and waste minimization in the design of products and processes
- Promoting the conservation of resources and protection of the environment through recycling, reuse, and proper disposal of materials
- Anticipating and responding to public concerns about potential hazards and impacts of operations, products, waste, or services
- Continuing to improve environmental performance, and considering technical developments, scientific understanding, consumer needs, and community expectations

ACROSS OUR OPERATIONS

Across our operations, we emphasize sound environmental practices at all levels of the business. In 2022, we will launch a new sustainability employee resource group to educate and engage our employees about how we can all do our part in fighting climate change and living our diversity and inclusion values.

Product Efficiency and Innovation

RESEARCH & DEVELOPMENT

For over 125 years, LII has invented new technologies, launched market-leading products, and improved the quality of life for our customers with our heating, cooling, indoor air quality, and refrigeration products.

Leading energy efficiency, adopting refrigerants with a lower carbon footprint, deploying smart climate controls, and harmonizing with renewable energy and electric sources are at the heart of our product strategy. We are laser-focused on innovation and continuously push the envelope with our robust and dedicated R&D. In 2021, we invested the vast majority of R&D resources in climate-related innovations.

We conduct annual strategic assessments to evaluate market trends and identify energy efficiency priorities for our R&D efforts. Our award-winning SL25XPV fully electric heat pump used for heating and cooling is a result of our constant drive for energy efficiency. Thirty percent of the patent applications we filed over the last 10 years are tied to energy efficiency improvements. Additionally, in our Refrigeration business segment, our advances in using lower GWP refrigerants allow us to meet and exceed regulatory requirements across our markets, from the U.S. Environmental Protection Agency to the similar regulatory body in Europe—EcoDesign.

PRODUCT EFFICIENCY

Our products are sold around the world and used by millions of customers. We make our most meaningful, positive climate impact by focusing on product energy efficiency, more environmentally-friendly refrigerants, and emissions reductions. Today, many of our next-generation control systems, as well as our heating, cooling, and refrigeration products, lead the industry in energy efficiency in their respective categories.

Our Product Vitality Index (PVI) is a key metric by which we measure our success in product innovation. The PVI represents sales of products launched in the last three years as a percentage of total sales. Given our newest products are also the most efficient, a higher PVI indicates we are successfully delighting our customers and meeting their expectations with a lower carbon footprint. Our high PVI of 48% suggests that our newest, highest-efficiency products are drivers of our strong performance. Our investment in energy-efficient products continues to drive market-wide adoption of efficient, sustainable climate control technologies.

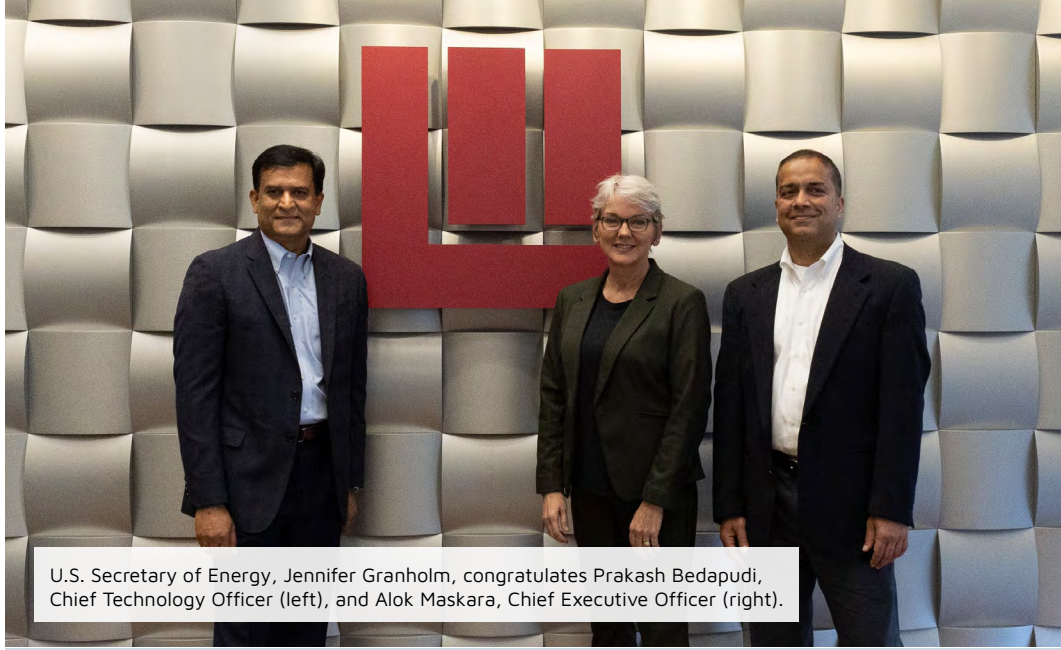
Thirty-seven percent of our revenue comes from the sale of highly efficient products, those that are more energy-efficient than minimum standards for their respective product types. Additionally, 51% and 65% of our eligible Residential and Commercial products by revenue, respectively, meet ENERGY STAR criteria.

We aim to continue increasing the share of our revenue coming from energy-efficient products. Some examples of our initiatives include:

- Establishing an entire New Product Introduction roadmap for commercial refrigeration to develop alternative lower GWP refrigerants
- Focusing on our Residential business's cold climate electric heat pumps roadmap to drive innovation across the industry and facilitate nationwide building electrification efforts

MEMBERSHIP WITH THE INTERNATIONAL WELL BUILDING INSTITUTE (IWBI)

In 2021, we became a proud Keystone member of healthy building certifier IWBI's WELL Performance Rating, a new designation that certifies buildings that measure and validate their building and human performance metrics as they relate to their occupants' health and well-being. As a Keystone member, we are working with the IWBI alongside other industry leaders to develop new pathways and beta features for the new Performance Rating.



U.S. Secretary of Energy, Jennifer Granholm, congratulates Prakash Bedapudi, Chief Technology Officer (left), and Alok Maskara, Chief Executive Officer (right).

Electrification incentives in North America, as well as our environmental goals, bolstered our R&D focus on cold climate heat pumps. In November of 2021, the U.S. DOE confirmed LII as one of the first six industry partners to participate in the Cold Climate Heat Pump Technology Challenge. The competition aims to reduce the carbon footprint of cold climate heating technologies through enhancements targeting efficiency and performance. This effort supports the Biden Administration's goal of a net-zero carbon economy by 2050.

We are proud to announce that in June 2022, Lennox International was the first HVAC partner in the Challenge to develop a next-generation heat pump that can more effectively heat homes in northern climates relative to today's models. As reported by the DOE, "[t]his achievement is a massive step toward for providing reliable clean heating and cooling for millions of American families..."

Examples of Our Efficient Products



RESIDENTIAL

DAVE LENNOX SIGNATURE COLLECTION SL25XPV HEAT PUMP

The SL25XPV Heat Pump leads the industry in heat pump technology as the most precise and efficient heat pump currently on the market for heating and cooling. It holds a 2022 ENERGY STAR certification.

Precise minute-by-minute adjustments with our Precise Comfort™ and TruHeat Performance technologies allow for optimized heat output with enhanced efficiency, saving U.S. homeowners in warm and cold climates up to 58%* in heating and cooling costs per year. As part of the SL25XPV's robust design components, the Quantum™ Coil is designed to designed to weather the harshest elements, increasing product longevity, and thus reducing its overall environmental footprint.



COMMERCIAL

MODEL L

Launched in the last year, the Model L showcases the best of our innovation for enhanced efficiency. With its variable-speed components and Humiditrol™ optimized humidity controls, the Model L Ultra-High Efficiency Rooftop Unit holds industry-leading energy efficiency ratings.

The Model L's Ultimate IAQ System features a High Efficiency MERV 16 air filter, UVC Germicidal lamp, and bipolar ionization to reduce air contaminants, microbes, pathogens, pollutants and odors—supporting a healthier indoor environment for our customers.

Please see our **Indoor Air Quality** section for more information on the Model L's contribution to improved air quality.

*Based on savings from cooling operation in Texas when compared to a 10 SEER system.

Examples of Our Efficient Products



REFRIGERATION

E-BALTIC R-32

The e-Baltic R-32 is the first rooftop unit in the world to use a refrigerant alternative to R410A. Instead of R410A, which has a GWP of 2088, the e-Baltic uses the R-32 refrigerant, which has a lower GWP of 677 and a 68% reduction in GWP emissions. This means each e-Baltic unit, depending on size, has around 9,500-19,000 kg CO2e fewer emissions—which translates to taking 2 to 4 average passenger cars off the road for a whole year. The enhanced design of the e-Baltic also reduces refrigerant charge by up to 30%, further reducing the amount of CO2 emitted. These design elements, which meet the 2022 EcoDesign seasonal efficiency requirement, enable the unit to adjust its power and airflow according to real climatic conditions, leading to optimized energy consumption.



SMART THERMOSTATS

ICOMFORT® S30

Our smart thermostats are fully communicating. Not only do they help consumers save energy, but they can also send alerts when a unit is not functioning optimally, avoiding a breakdown and ensuring comfort and air quality. The iComfort® S30 thermostat's Smart Away™ Mode uses the location services in smartphones to detect when consumers are away from home and automatically adjusts the temperature to a more energy-efficient setting. When they return home, Smart Away Mode adjusts the system to its normal schedule and a more comfortable temperature. The iComfort S30 thermostat can also run energy reports that show how often and how long heating or cooling systems have run for the month, empowering users to manage their own energy consumption.



Product Life Cycle Management

APPROACH

The quality and efficiencies of our products contribute to their long operating lifespans of more than a decade. These longer lifespans translate to smaller environmental footprints and require less frequent replacement. We design our products to be highly efficient; easily transported, serviced, and maintained; and adaptable to each customer's operating environment. As part of our commitments to reduced environmental impacts and building a circular economy, we strive to design, manufacture, monitor, and manage the use and disposal of our products throughout their life cycle. Please see our **Refrigerant Management section** for our approach to end-of-life management of refrigerants.

DESIGN AND DEVELOPMENT

Where possible, our sourcing team procures materials with recycled content, such as steel, aluminum, and copper. Most of the products we manufacture contain recycled content. For our packaging, we also source cardboard with pre- and post-consumer recycled content.

TRANSPORTATION

We aim to be as efficient as possible when transporting our products to customers. A few years ago, we introduced and patented a compact furnace design, allowing more product per truckload, therefore leading to lower transportation costs. Further, we redesigned our Residential product packaging that enables us to stack boxes directly without using wooden pallets, saving resources, costs, and space. Over the past years, we have also increased our direct-to-consumer shipping, shortening the distance in which products are transported.

RECYCLABILITY

We strive to achieve maximum recyclability of our products, reducing cost and waste. On average, our products are composed of over 90% metal that can be disassembled and recycled. For the other materials in our products, we are evaluating the development of additional, robust end-of-life processes, whether it is replacing plastic components with more sustainable materials or partnering with organizations able to recycle these specific parts.

Refrigerant Management

APPROACH AND GOALS

Our approach to refrigerant management is primarily focused on the transition of products to use lower GWP refrigerants. This transition is aligned with the European F-gas Regulation 517/2014, which aims to decrease EU's F-gas emissions by two-thirds by 2030. **LII is committed to transitioning all Lennox residential and commercial products to lower GWP refrigerants by 2025 in line with expected state and federal regulations.**

DESIGN & DEVELOPMENT

A key piece of our product design strategy is the deployment of alternative, low carbon refrigerant technologies. In the past, we replaced chlorofluorocarbons (CFCs) and hydrochlorofluorocarbons (HCFCs) to eliminate ozone depletion. Now, we are working toward the transition to refrigerants with a lower GWP. We also produce and sell products that use microchannel instead of standard coils to reduce the refrigerant charge needed for our units in both our commercial and refrigeration businesses. Microchannel coils are 40% smaller and use up to 65% less refrigerant than standard coils.

PARTNER ENGAGEMENT

As we transition new products to lower GWP refrigerants, we are also ensuring we enhance our end-of-life management for our products. Our contractor partners are primarily responsible for proper collection, disposal, recycling and/or reuse of refrigerants. We currently sell reclaimed refrigerant in Lennox Stores, and our retail footprint makes us uniquely positioned for wider practice as states and federal governments roll out regulations designed to increase the use of recycled refrigerants.

We recently partnered with Hudson Technologies to help collect recovered refrigerant from our dealers. We will receive reports from Hudson Technologies moving forward to help track refrigerant take-back at end-of-life for our Residential business. We continue to explore ways to expand our partnerships and refrigerant management processes across our other businesses.

Our Refrigeration Center of Excellence has developed and conducted successful field tests using even lower GWP refrigerants, such as CO2 and ammonia, for condensing units, unit coolers, and refrigeration racks.



Greenhouse Gas Emissions

To help stem the global impact of climate change, we are committed to reducing the emissions of our products and our operations. In 2021, we set an ambitious science-based emissions reduction target to reduce Scope 1 & 2 absolute emissions by 37.5% and reduce Scope 3 emissions by 30% per product sold by 2034 from a 2019 base year. These targets were validated by the SBTi in December of 2021.

The SBTi is a partnership between the CDP, the United Nations Global Compact, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF), mobilizing companies to set science-based targets over time to reduce their greenhouse gas emissions and mitigate the worst effects of climate change. The two targets we set for LII were assessed against SBTi's qualitative and quantitative criteria and validated in accordance with the SBTi validation protocol.

NEW SCIENCE-BASED TARGETS

37.5% reduction in Scope 1+2 emissions versus 2019

30% reduction in Scope 3 intensity per product sold versus 2019

GHG EMISSIONS MANAGEMENT

We continue to develop an emissions reduction plan to support us in reaching our science-based targets. Pillars of our plan, include the following by emissions scope:

SCOPE 1

- Ensure minimal to zero refrigerant leakage at all manufacturing facilities
- Evaluate alternatives to on-site fossil fuel usage (where applicable)
- Transition to lower GWP refrigerants

REFRIGERANT EMISSIONS

Emissions from refrigerant loss during the manufacturing process accounts for a portion of our Scope 1 emissions. Our facilities follow refrigerant management regulations and work towards eliminating refrigerant leaks and reducing GHG emissions.

SCOPE 2

- Identify operational facilities with opportunities to implement energy efficiency initiatives. Further information on our energy efficiency initiatives can be found in the **Energy section** of our report.
- Continue to transition to LED lighting at LII-operated facilitates

PROCURE RENEWABLE ENERGY

We signed an eight-year contract with our electric provider in Texas to source renewable energy to cover 100% of LII's electricity consumption in Texas operations. In 2021, 14% of our total electricity consumption came from renewable energy, purchased through 100% wind renewable energy credits (RECs).

SCOPE 3

- Continue to develop industry-leading, energy-efficient equipment
- Transition from fuel-powered products to electric products
- Transition to lower GWP refrigerants

PRODUCT USE EMISSIONS

The largest contributor to our carbon footprint comes from the use of sold products within Scope 3. Our Scope 3 emissions account for over 90% of our total GHG emissions.

ABSOLUTE GHG EMISSIONS (IN MTCO2E)

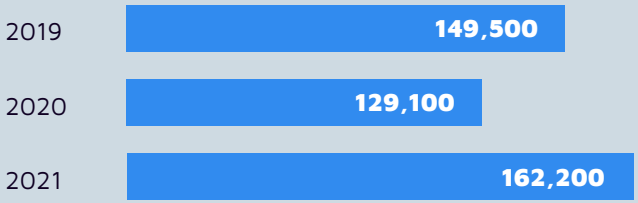
	2019	2020	2021*
Scope 1	95,900	83,100	116,700
Scope 2 (Location-Based)	64,900	56,400	51,400
Scope 2 (Market-Based)	53,600	46,000	45,600
Scope 3	90,228,300	81,421,800	100,267,900
Total Scope 1+2+3 (Market-Based)	**90,377,800**	**81,550,900**	**100,430,200**



PHOTO SUBMITTED BY:
Ramachandran Krishnamoorthi | LITC - Grand Teton

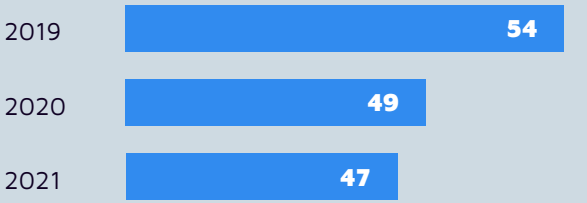
PROGRESS AGAINST TARGET BASELINE

Scope 1 +2 Market-Based Emissions
(MTCO2e)



9% increase since 2019

Scope 3 Emissions Intensity
(MTCO2e/product sold)



14% intensity reduction since 2019

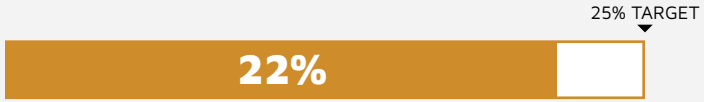
Scope 1 and 2 emissions cover over 95% of our operational facilities and our Scope 3 emissions cover all relevant categories. Detailed breakdowns of our emissions can be found in our latest CDP Climate Change disclosure. All emissions metrics are verified by a third-party. LII reports GHG emissions in accordance with the industry guidelines as developed by the GHG Protocol.
*2021 absolute GHG emissions values are rounded to the nearest hundred from emissions listed in third-party verification opinion.

Energy

Determining where we can reduce energy usage in our operations continues to play a role in our emissions reduction strategy.

To support these efforts, we joined the Department of Energy's Building Better Plants initiative, with the goal to reduce our U.S. facilities' energy efficiency intensity by 25% by 2025 vs. 2014. We are currently on track to meet our Building Better Plants target early.

2021 PROGRESS



22% reduction in Energy Use Intensity (EUI) for LII facilities participating in the Building Better Plants initiative versus 2014

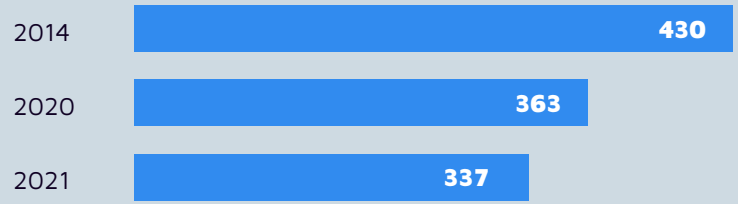


19% reduction in Energy Use Intensity (EUI) across all of LII's facilities versus 2014

Our reported energy usage covers over 95% of our operational facilities. Detailed breakdowns of our energy usage can be found in our latest CDP Climate Change disclosure. All energy usage metrics are verified by a third-party. All data includes only current operational facilities as of December 31, 2021.

BUILDING BETTER PLANTS ENERGY USE INTENSITY

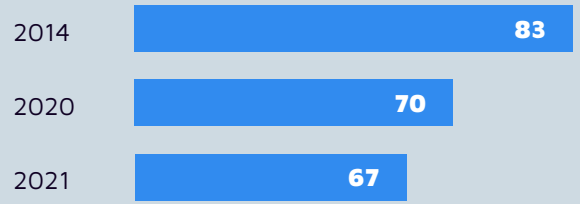
(MMBtu/Millions USD in Normalized Revenue)



22% reduction since 2014

ENERGY USE INTENSITY

(MWh/Millions USD in Normalized Revenue)



19% reduction since 2014

ABSOLUTE ENERGY USAGE (IN MWH)

	2014	2019	2020	2021
Non-Renewable Energy				
Electricity	121,011	135,160	121,769	126,780
Fuel	126,354	156,928	126,935	142,798
Renewable Energy	0	11,183	12,913	18,162
Total Usage	**247,365**	**303,271**	**261,618**	**287,740**

Water

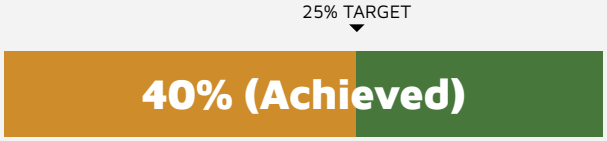
Water is an essential resource. Although our operations do not use or consume significant amounts of water, we are committed to reducing water usage across all our locations. We met our 25% water reduction goal for 2024 (from a 2014 baseline) in 2019 and today have reduced our water usage intensity by 40% from 2014.

WATER STEWARDSHIP

We focus on reducing our operational water consumption and safely managing any wastewater, especially for facilities in water-stressed areas. Some examples include:

» Installing touchless and low-flow faucets, flush valves, and waterless urinals
» Implementing drought-tolerant landscaping and irrigation management
» Monitoring water billing to quickly identify and address water leaks

TARGET AND PROGRESS



Met target to reduce water use intensity by 25% by 2024 (from a 2014 baseline)

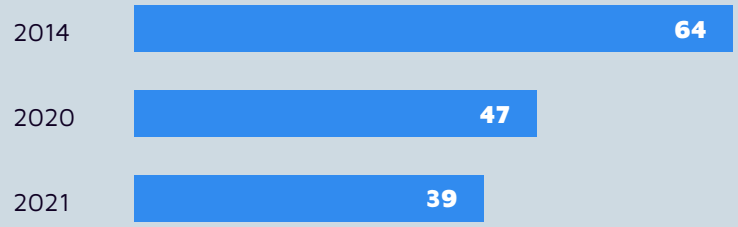
ABSOLUTE WATER USAGE (IN CUBIC METERS)

	2019	2020	2021
Total Usage	**181,048**	**174,337**	**164,670**

Our reported water usage covers over 95% of our operational facilities. Our 2020 water usage data has been updated to reflect more accurate water usage data. All data includes only current operational facilities as of December 31, 2021.

WATER USAGE INTENSITY

(Cubic Meters/Millions USD in Normalized Revenue)



40% reduction since 2014

Waste

We are committed to reducing the amount of waste we generate at our facilities and diverting waste from landfills. We met our waste reduction target to reduce landfill solid waste by 25% for 2024 (from a 2014 baseline) in 2019.

TARGET AND PROGRESS

25% TARGET

27% (Achieved)

Met target to reduce solid waste intensity by 25% by 2024 (from a 2014 baseline)

WASTE MANAGEMENT

We continuously focus on reducing our waste – non-hazardous and hazardous – and diverting waste from landfills. The majority of waste we generate each year are recyclable commodities such as wood, cardboard, and metal.

BREAKDOWN OF ABSOLUTE SOLID WASTE GENERATED IN 2021

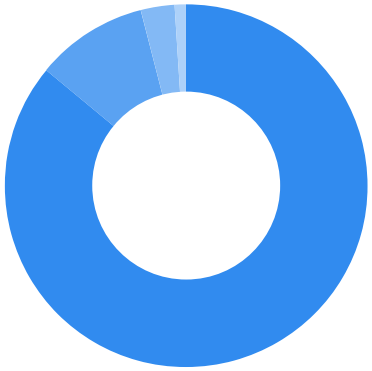
(metric tons)

88% Non-Hazardous Waste (Recycled)

9% Non-Hazardous Waste (Landfill)

3% Non-Hazardous Waste (Waste-to-Energy)

<1% Hazardous



Our reported waste production covers over 95% of our operational facilities. All data includes only current operational facilities as of December 31, 2021.



PHOTO SUBMITTED BY:
Gugan Jagan | Chennai, Tamil Nadu, India - Flower with Honey Bee in Delhi, India

ABSOLUTE SOLID WASTE GENERATED (IN METRIC TONS)

	2019	2020	2021
Total Hazardous Waste	172	127	168
Recycled	Not tracked	95	154
Disposed	Not tracked	32	14
Total Non-Hazardous Waste	Not tracked	34,038	37,941
Waste-to-Energy	668	1,003	1,089
Recycled	Not tracked	30,037	33,465
Landfill	3,123	3,008	3,387
Total Hazardous and Non-Hazardous Solid Waste	**-**	**34,175**	**38,108**

Social


FEEL THE LOVE
LENNOX
FEEL THE LOVE
LENNOX
FEEL THE LOVE
LENNOX
FEEL THE LOVE
LENNOX

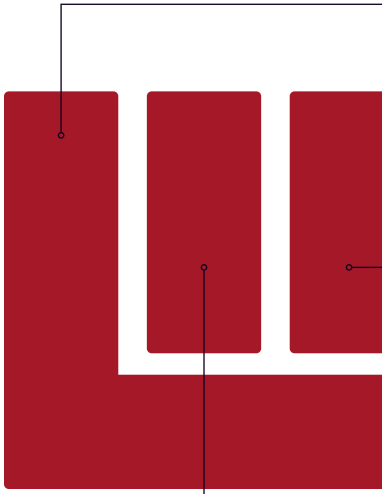


At LII, we promote a healthy, safe, and engaged workforce. We champion diversity and inclusion with our employees and all aspects of our business operations. We design and manufacture safe, reliable, and energy-efficient products. We support the communities where we live and work through financial contributions and volunteerism.

Our innovation stems from the diversity of our experiences, and our leadership in the industry is rooted in designing and manufacturing safe products.

Culture and Values

LII's core values of Integrity, Respect, and Excellence have defined us for over 125 years. Our steadfast commitment to these values built the reputation we enjoy today for doing the right things.



INTEGRITY
We are honest and accountable. That is how we do business.

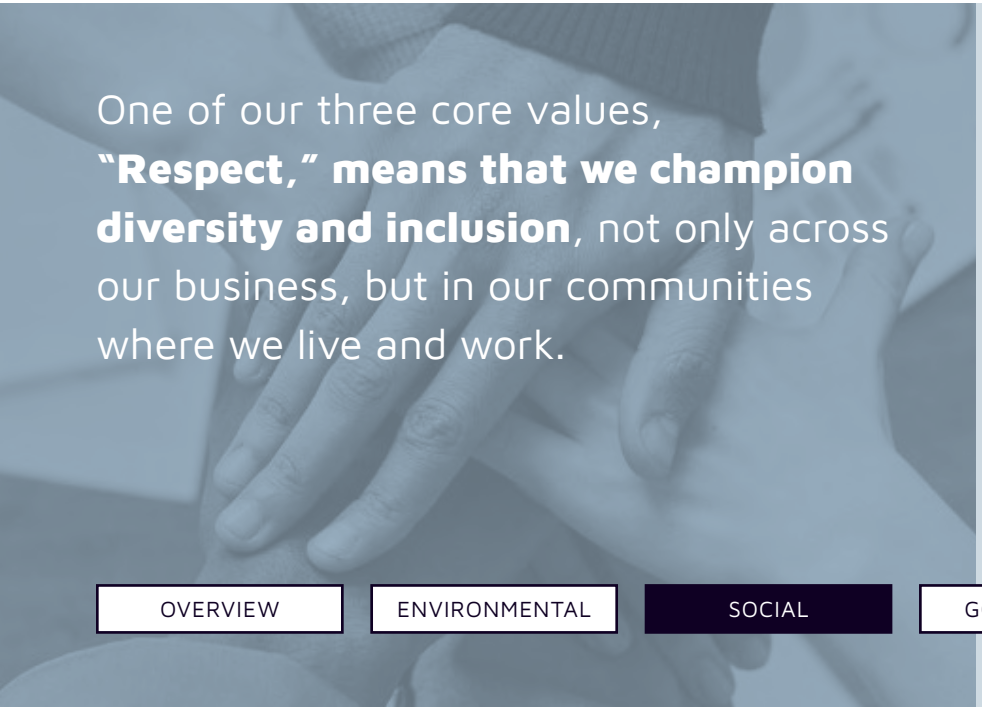
RESPECT
We value our coworkers, customers, business partners, competitors, and the communities where we work and live. We champion diversity and inclusion.

EXCELLENCE
We expect high performance from our employees and business partners and high quality in our products and services. We deliver value to our shareholders and other stakeholders.

Diversity, Equity & Inclusion

WE FOCUS ON FIVE KEY PILLARS OF DIVERSITY AND INCLUSION.

ATTRACT	DEVELOP	ENGAGE / RETAIN	LEADERSHIP	PARTNERSHIP
Recruiting talent that reflects the communities where we live and operate.	Developing our workforce and engaging in meaningful career development conversations.	Creating a climate of inclusion and better understanding the needs of our employees.	Ensuring leadership commitment and providing our leaders with tools and resources to be successful.	Strengthening our partnerships within diverse communities and ensuring diversity in our business activities to promote better solutions.



One of our three core values, **"Respect," means that we champion diversity and inclusion**, not only across our business, but in our communities where we live and work.

We believe diversity and inclusion are important factors that empower LII to continue being an innovative leader. In 2021, we further strengthened our commitment to building ever more expansive diversity and inclusion programs across the organization.

We believe that fair and equitable pay should be an essential element of any successful business model. To this end, LII reviews employees' salaries annually with an eye toward external and internal equity—including racial and gender equity—and makes appropriate adjustments to maintain pay equity. Furthermore, we recognize the importance of diversity in our recruiting approach. In the U.S., we have a goal to include at least one female and one person of color on each final slate of candidates.



CEO ACTION FOR DIVERSITY & INCLUSION

As part of our ongoing commitment to create an inclusive workplace, our new CEO Alok Maskara joined the CEO Action for Diversity & Inclusion pledge – continuing the commitment of LII's prior CEO since 2019. This pledge is the largest CEO-driven business commitment to advance diversity and inclusion in the workplace. Today, nearly 2,200 CEOs have already pledged to:

- Cultivate environments that support open dialogue on complex and often difficult conversations around diversity, equity, and inclusion
- Implement and expand unconscious bias education and training
- Share best-known diversity, equity, and inclusion programs and initiatives, as well as those that have been unsuccessful
- Engage boards of directors when developing and evaluating diversity, equity, and inclusion strategies

WORKFORCE DIVERSITY

We use diversity and inclusion data analytics, as well as other workforce metrics, to support our long-term, strategic workforce planning. This data helps us ensure that we maintain a vigorous pipeline and succession plan to support our diversity and inclusion goals.

DIVERSE CORPORATE PARTNERSHIPS

At LII, we know that embracing people from different backgrounds and experiences accelerates innovation. As part of our efforts to attract diverse talent to our organization, we have engaged in meaningful partnerships with organizations that enable us to attract and develop diverse talent and build an even more inclusive working environment.

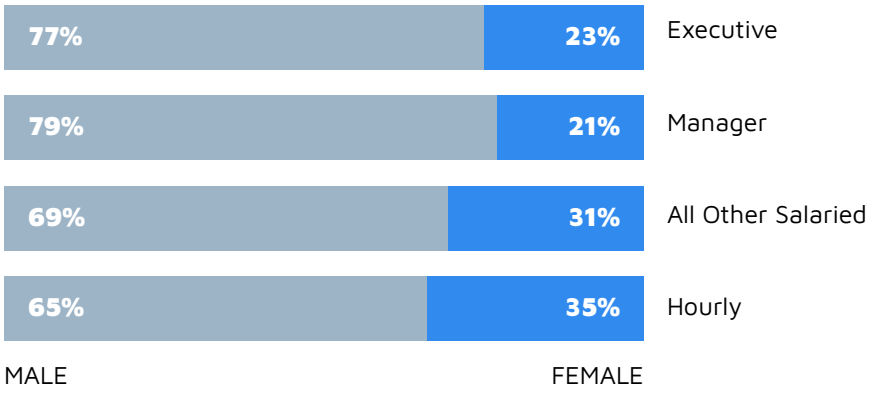
We are also a proud member of the **Business Coalition for the Equality Act**, a group of leading U.S. employers that support the Equality Act. This federal legislation would provide the same basic protections to LGBTQ+ people as are provided to other protected groups under federal law.

Diversity Metrics

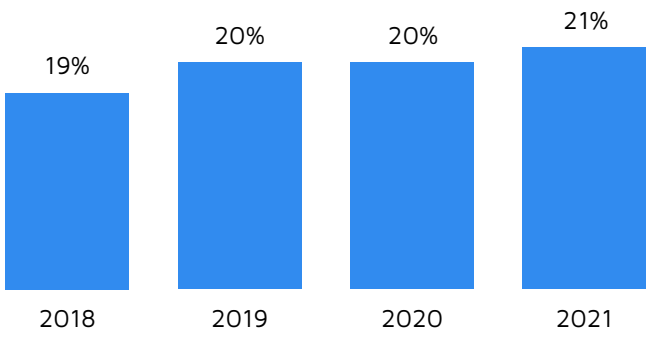
GENDER BREAKDOWN FOR GLOBAL EMPLOYEES IN 2021
OUT OF 10,888 EMPLOYEES



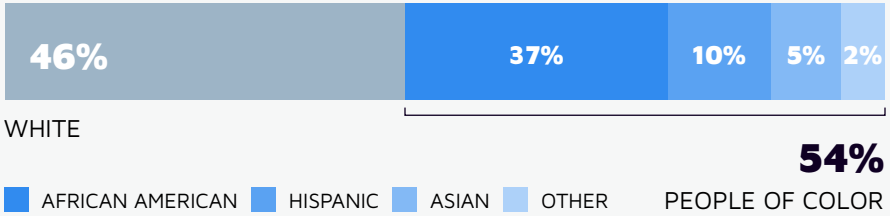
Gender Breakdown by Level for Global Employees in 2021



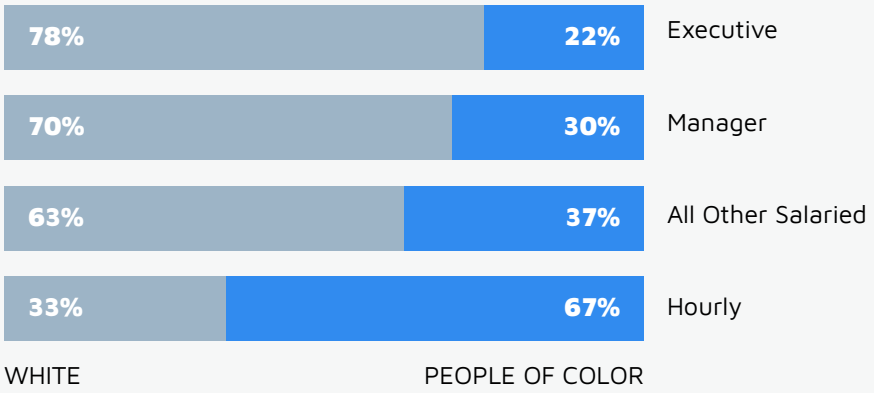
Female Representation for Global Managers and Above



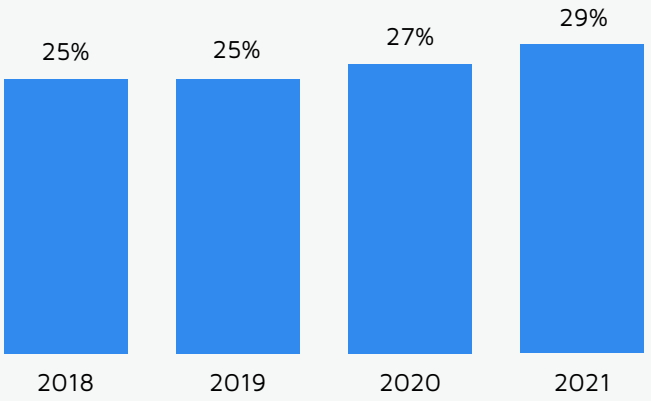
PEOPLE OF COLOR BREAKDOWN FOR U.S. EMPLOYEES IN 2021
OUT OF 7,883 EMPLOYEES (~72% OF WORKFORCE)



People of Color Breakdown by Level for U.S. Employees in 2021



People of Color Representation for U.S. Managers and Above





Recruitment

HISTORICALLY BLACK COLLEGES AND UNIVERSITIES ENGAGEMENTS

We understand the importance of engaging with colleges and universities that reflect the communities where we live and work. Recently, we partnered with several Historically Black Colleges and Universities (HBCUs) including: the North Carolina Agricultural and Technical State University, the University of Arkansas at Pine Bluff, Texas Southern University, and Prairie View A&M University. We know that expanding our campus partners to include HBCUs is critical as we look to strengthen our overall inclusion and diversity efforts. Many LII employees are proud HBCU alumni, and we provide opportunities for them to engage in recruiting fairs, student development workshops, and other campus-related events. Doing so allows us to better connect and recruit talent from HBCUs, all while providing personal and professional development opportunities for our employees.

STEM OUTREACH AND RECRUITMENT

To further support our communities, we encourage STEM areas of study for women and under-resourced student populations. For example, our Product Development & Research headquarters in Carrollton, Texas partners with Design Your World, a STEM conference for girls in grades 5th through 8th that leads engineering exploration and learning activities to encourage interest in STEM careers. At our local universities in the Dallas metroplex and across the nation, we also recruit heavily in STEM fields for internships, co-op opportunities, and full-time employment.

BUILDING DIVERSE SLATES

At LII, we recognize the importance of diversity in our recruiting approach and continued growth of diversity representation. In order to bring top talent to LII, we target having at least one female and one person of color on each final candidate slate in the U.S.

Training and Development

INCLUSION INITIATIVES

To support an inclusive work environment, we partnered with Project Unity. Project Unity leads a collaborative movement based on the belief that what unites us is greater than what divides us. Through this partnership, our U.S. salaried employees have the opportunity to engage in safe, facilitated conversations about race and other inclusion and diversity-related topics. This powerful experience builds upon the unconscious bias training that we rolled out across our organization. We are looking to expand this experience to our broader employee population in 2022.

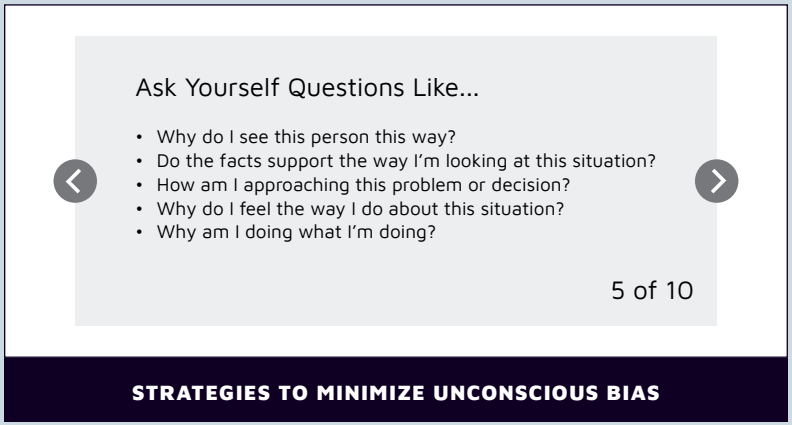
DIVERSITY TRAINING

We continue our efforts in rolling out training sessions around unconscious bias to our global employee population. All salaried employees completed two eLearning modules that engaged learners on the importance of recognizing bias and creating an environment of belonging. Through these ongoing efforts, more than 4,000 unconscious bias eLearning trainings have been completed by employees.

In 2021, we expanded our facilitator-led unconscious bias training to multiple languages to reach our global leadership population. To date, we have hosted over 100 of these facilitated learning experiences.



LIVE VIRTUAL SESSIONS FOR MANAGERS



STRATEGIES TO MINIMIZE UNCONSCIOUS BIAS



eLEARNING MODULES

EMPLOYEE LEARNING AND DEVELOPMENT

At LII, developing our employees is one of our strategic priorities and we believe in empowering our employees to own their career. Our employees have access to several career development programs aimed to enhance their skillsets and provide learning experiences that support professional growth.

LII offers eLearning content, instructor-led courses, and focused development programs for salaried employees.

2021 SALARIED ONLINE LEARNING STATISTICS:

8 hours — minimum average of online learning per employee

41,963 — hours of total online learning

5,316 — distinct participants

1,983 — courses completed

TALENT DEVELOPMENT AND REVIEW

Our semi-annual Talent Development and Review (TDR) process is used to identify key talent, succession gaps, and retention risks. Our CEO is involved in the TDR for Directors and above, and down to the Manager level in select cases. Skill matrices are used to assess the potential skill gaps and needs for technical functions across our organization. We also utilize a Global Engagement Survey to engage LII employees, gather feedback, and improve our internal management and processes. We will continue to use feedback surveys and other assessments to integrate human capital metrics into our risk mitigation strategies.

Career JOURNEY

The Career Journey platform provides LII employees with the information and resources needed to understand personal values and career priorities, to aid in building and achieving career goals. Regardless of career stage, Career Journey helps employees gain clarity on development plans and have better development conversations with their managers.

BENEFITS FOR EMPLOYEES WHO USE CAREER JOURNEY INCLUDE:

- Deeper understanding of personal career drivers and motivators
- Transparency on skills and competencies expected for roles across LII and insight into the development areas needed in order to develop to successfully pursue other roles
- Ability to explore and map out potential career paths
- Resources for candid conversations with managers on career aspirations

LEADERSHIP DEVELOPMENT

LII maintains a strong "promote from within" philosophy and an organizational commitment to talent development.

Our training offerings include a tiered series of leadership development trainings, including:

- Foundations of Management for first-time managers
- Driving Results through Effective Management for managers with 1-3 years of experience
- Cultivating Exceptional Managers for more experienced managers

To complement our broader employee development programs, in 2021 we partnered with Korn Ferry and McKinsey & Company to add two additional development programs that focus on underrepresented talent:

- Power of Choice for individual contributors
- Connected Leaders Academy for more experienced managers

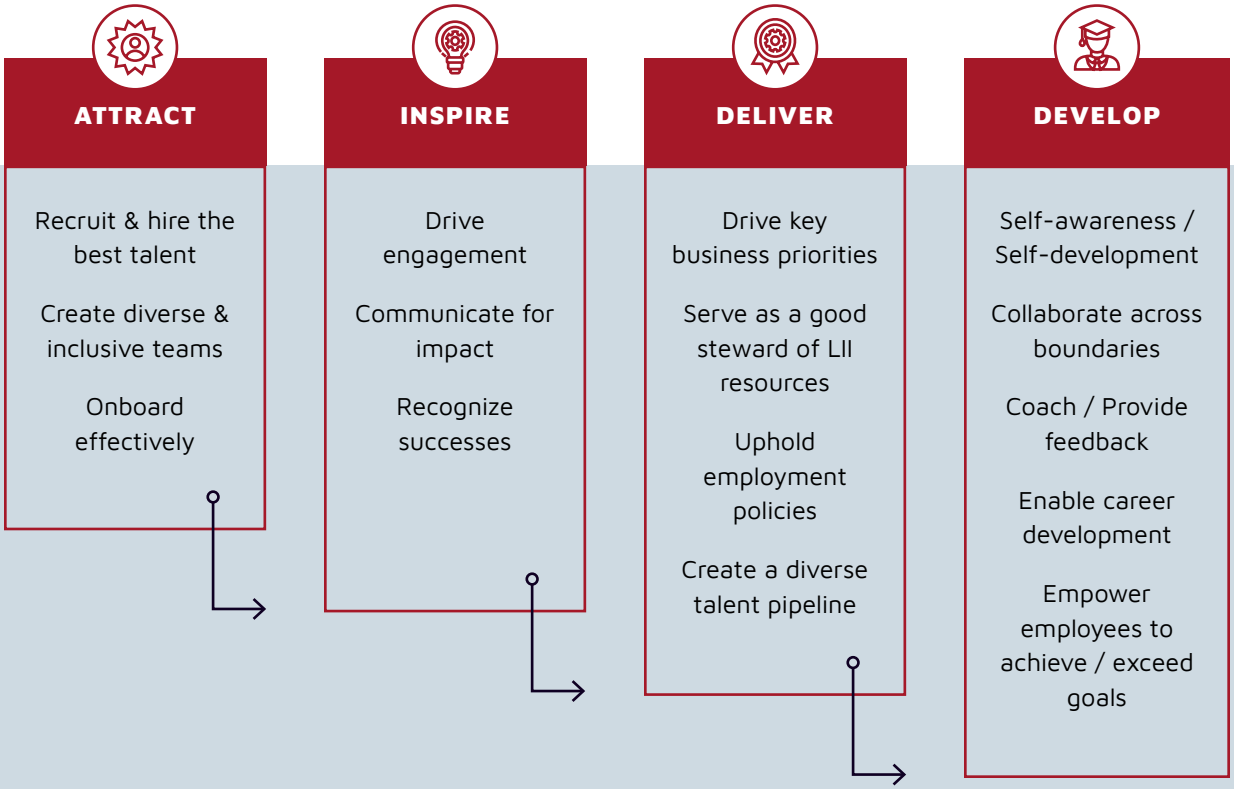
We ensure that our development programs focus on diverse representation across all levels.

leading the LII way

A FRAMEWORK FOR LEADERS OF PEOPLE

In 2021, we created a new framework for supporting the development of people leaders, Leading the LII Way. The course is divided into multiple one-hour webinars that focus on key areas under the topics of Attract, Inspire, Deliver, and Develop. The program has been well-attended and well-received by people leaders at LII.

Since 2008, we have offered an 18-month intensive Leadership Development Program (LDP) for cohorts of 20-25 executives. The LDP focuses on career progression, emotional intelligence, team building, and executive presence.



Employee Spotlight Series: #WhyLennox?

As part of our ongoing efforts to enrich our culture of inclusion, we created an employee spotlight series called "#WhyLennox?" This series spotlights a diverse group of employees from across our business. The #WhyLennox? series is shared internally on our employee intranet as well as externally via social media. These efforts enable us to share the personal sentiments of why our employees enjoy working at LII.

#WhyLennox?



"I'm surrounded by some of the most passionate, caring, all-around talented people in South Carolina.

Our Allied Air Team members make coming to work fun and exciting. It's also exciting to be here with Lennox and witness the growth of our business."

Byron Tobin
Production Supervisor - Allied Air

LENNOX INTERNATIONAL

#WhyLennox?



"Not only is the team environment warm and welcoming but also very supportive in developing my career. Opportunities at Lennox are unmatched."

Maraiah Bangoy
Marketing Program Specialist

LENNOX INTERNATIONAL

#WhyLennox?



"In the last 3 years, I've served in multiple roles. I've learned and developed a lot through my daily responsibilities and the endless trainings that are available.

I've never worked with such an appreciative company and team, who strongly work together to achieve customer satisfaction."

Derek Shuta
LDC Operations Manager

LENNOX INTERNATIONAL

Employee Engagement

GLOBAL ENGAGEMENT SURVEYS

At LII, we value feedback from all our employees and proactively provide channels for employees to provide feedback through global engagement and pulse surveys. We launched our first global engagement survey in 2010 and surveys are typically conducted bi-annually. In 2021 we conducted a global engagement survey and received an 82% response rate. Through this feedback we have developed key actions and initiatives around discussing career development, recognizing team member contributions, and ensuring everyone feels a sense of belonging at Lennox.

In response to the Engagement Index survey questions, most employees agreed they are happy at work and would recommend LII to others as a great place to work.

EMPLOYEE RESOURCE GROUPS

At LII, we recognize that inclusion is an essential part of who we are. We are committed to creating an environment where our employees are valued, supported, and can be the best version of themselves each day. One of the many ways we show our commitment to driving inclusion is through our employee resource groups (ERGs).

LII's ERGs, all of which are employee-led, are a critical part to our overall I&D strategy. In addition, participation in our ERGs provides opportunities for both personal and professional growth.



LII WOMEN'S BUSINESS COUNCIL (LWBC)

The members of LWBC focus on professional development, networking, and support for our employees. LWBC's primary initiative is to enrich the lives of women at LII, making us a stronger company.



LII YOUNG PROFESSIONAL ASSOCIATION (LYPA)

LYPA provides a forum for social interaction and networking, personal and professional development, leadership opportunities, and engagement for young professionals at LII.



LII'S EMPLOYEES OF AFRICAN DESCENT (LEAD)

LEAD supports LII's commitment to advancing diversity and inclusion within our workplace. LEAD serves as a resource to develop a network of employees who promote diversity and embrace a culture of inclusion.



PROGRAMS REPRESENTING INDIVIDUAL DIVERSITY EQUALITY (PRIDE)

PRIDE works to broaden understanding and ensure that LII is a place where LGBTQ+ employees are supported in our Company and our communities.

All employees are invited to join any of LII's ERGs. Each ERG meets at minimum quarterly.



Employee Health and Safety

The health and safety of our employees is our utmost priority. We are committed to a safe workplace and support our safety goals through planning, training, performance management, and employee engagement.

Our occupational health and safety (OHS) management system aligns with the principles of the ISO 45001 management system standards and describes our governance, process, and performance indicators as it relates to health and safety at LII. We continue to improve our processes by focusing on risk identification and reduction using information and data from: risk assessments, observations, audits, inspections, and incidents. When an incident occurs, we identify and analyze the multiple causes of risk and implement sustainable corrective actions. Throughout the year, our Corporate Safety team coordinates recurring meetings with operational and business leadership to discuss specific safety topics, review incidents, and share best practices.

Leadership oversight is provided by our CEO and Board of Directors. At the beginning of each year, our CEO reviews LII's corporate-wide safety plans with our Business Segment Presidents, HR leadership, and operations leadership. Throughout the year, our Board and Public Policy Committee review our program and performance against established targets.

Our OHS organization continuously improves. While we look at root causes and implement corrective action immediately in case of an incident, we also review annual data, documentation, training, and corrective actions from the prior year with relevant levels, from C-level executive management to our sites. Throughout the year, our Corporate Safety team coordinates regular meetings with operational and business leadership to discuss specific safety topics, review incidents, and share best practices.

2022 Safety Initiatives

Employee engagement is vital for continuous and sustainable process improvement. Several areas of improvement are highlighted in our corporate strategy and factory and business safety plans.

CORE INITIATIVES

As part of an overall strategy focused on reducing injury risk, LII developed specific actions for factories and businesses regarding the following initiatives:

- Reducing incidents involving new hires and temporary employees
- Reducing cuts on hands and arms
- Reducing slips, trips, and falls
- Reducing ergonomic shoulder and back injuries
- All sites to track and report on Near Misses by January 2023



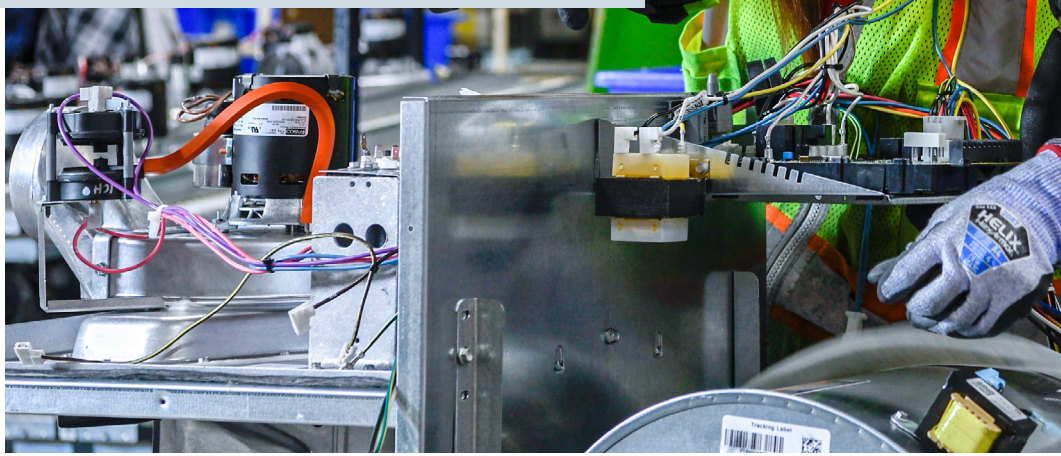
SAFETY BUSINESS PLANS

We have a layered planning process that includes a three-year strategy, annual safety plan, and quarterly operations review. Plans are reviewed with the CEO, business segment presidents, HR leadership, and business operations leadership. Status of progress toward the annual plan is reported monthly.

SAFETY TRAINING

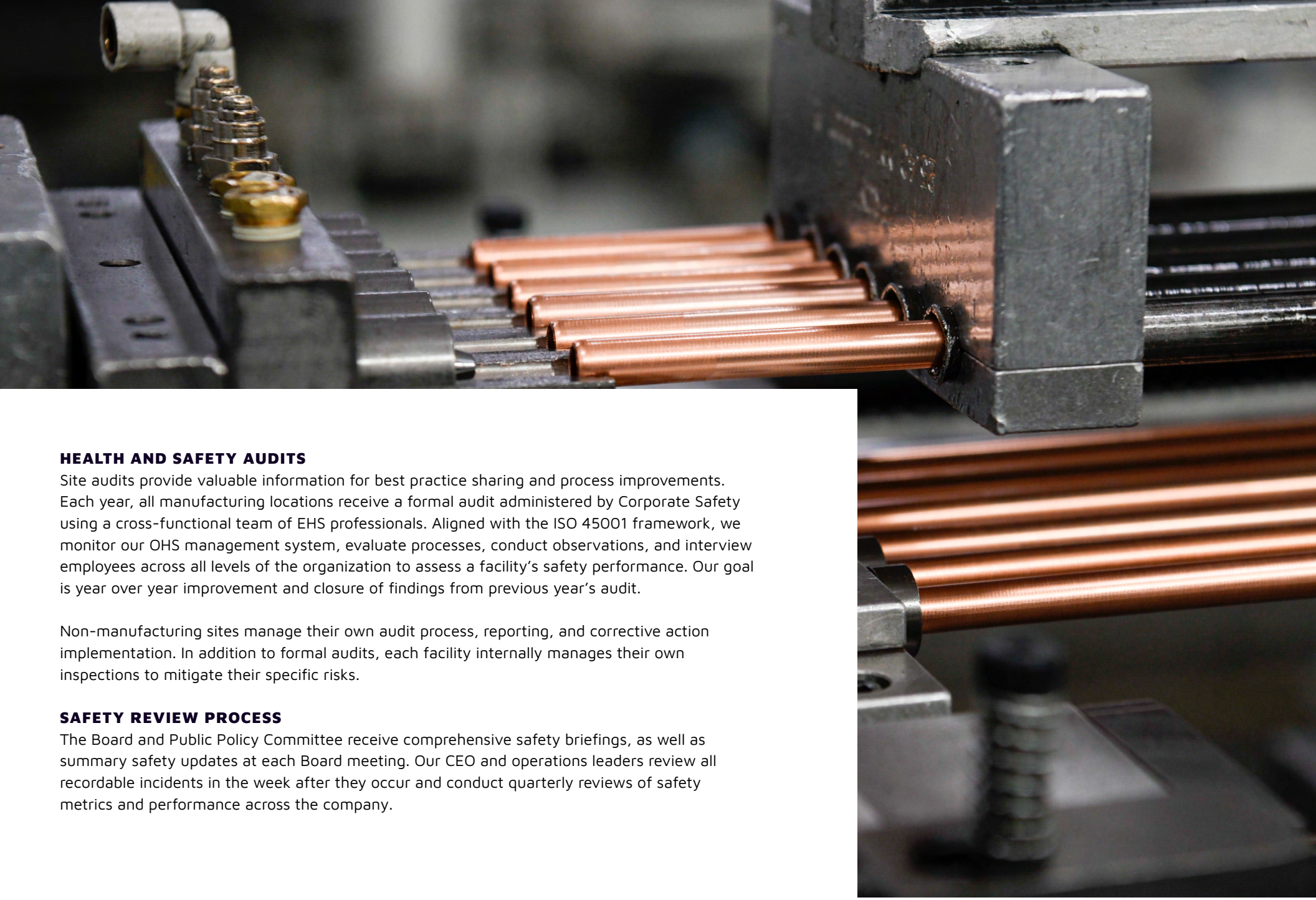
Trainings on safety and ergonomic topics are conducted on a regular basis. All new hire and temporary employees receive fundamental safety and ergonomic training during onboarding. Employees and contractors undergo comprehensive safety training specific to their roles. They also receive refresher trainings annually and additional comprehensive safety trainings as needed. Examples include:

- Power Industrial Trucks (PIT)/Pedestrian
- Machine Safeguarding
- Ladder Use
- PowerLift®
- Electrical Work Safe Practices
- Manufacturing Employee Engagement
- Avoidance of Distracted Driving



BEST PRACTICE SHARING

Sharing best practices, from internal learnings and other companies, is key to continuous improvement. Monthly meetings are scheduled at the beginning of each year and communicated to a large audience across the organization including EHS professionals, engineering, operations leadership, and nurses. Meeting topics include best practice presentations from specific LII sites, incident reviews, safety alerts, and other relevant topics. These meetings are recorded for later reference and use.



HEALTH AND SAFETY AUDITS

Site audits provide valuable information for best practice sharing and process improvements. Each year, all manufacturing locations receive a formal audit administered by Corporate Safety using a cross-functional team of EHS professionals. Aligned with the ISO 45001 framework, we monitor our OHS management system, evaluate processes, conduct observations, and interview employees across all levels of the organization to assess a facility's safety performance. Our goal is year over year improvement and closure of findings from previous year's audit.

Non-manufacturing sites manage their own audit process, reporting, and corrective action implementation. In addition to formal audits, each facility internally manages their own inspections to mitigate their specific risks.

SAFETY REVIEW PROCESS

The Board and Public Policy Committee receive comprehensive safety briefings, as well as summary safety updates at each Board meeting. Our CEO and operations leaders review all recordable incidents in the week after they occur and conduct quarterly reviews of safety metrics and performance across the company.



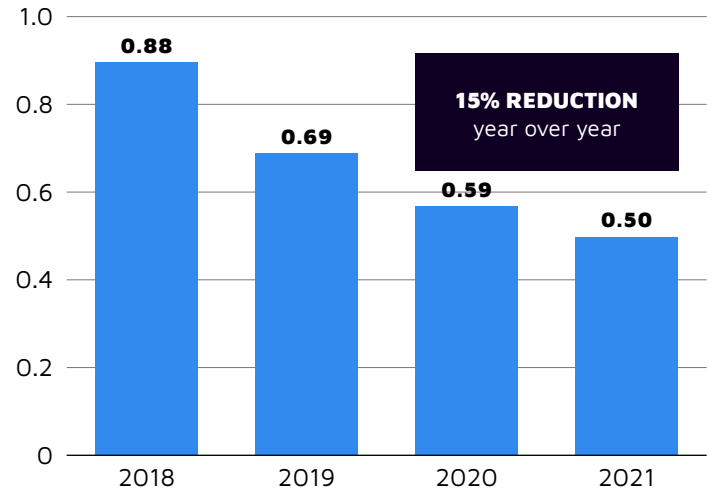
SAFETY PERFORMANCE

Setting targets is key to our process for continuing to improve our safety performance. Every year, we set company-wide safety targets, with specific targets at the business unit and site-level depending on their performance in the prior year. These site-level targets are also embedded into management's performance appraisals and remuneration to reflect our LII focus on safety. Supervisory operational roles have activity-based and/or safety-related performance goal included in their annual evaluations.

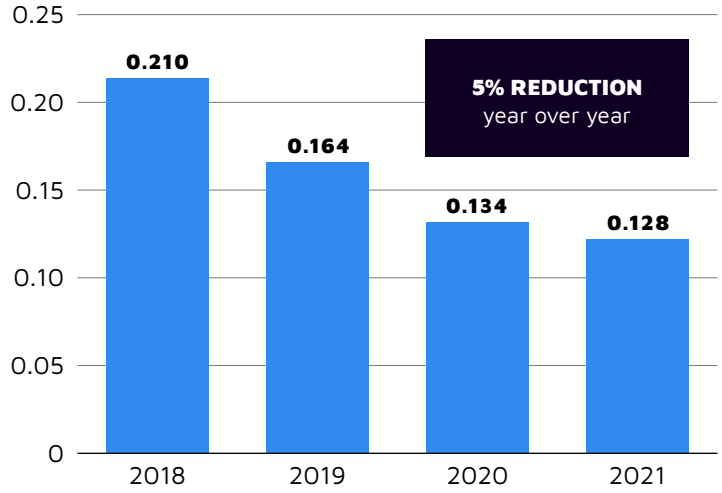
Our efforts have resulted in significant reductions in safety incident rates since 2010 for our employees. We are proud of our record of zero workplace fatalities for both contractors and employees since 2011. Year over year, we set highly ambitious goals for reductions based on the prior year's performance and aim for annual, corporate-wide 20% reductions in the rate of year over year incidents. In 2022, we continue to aim for further reductions.

	2021 Rate
2021 Recordable Frequency Rate	.50
2021 Fatalities	0
2021 Lost Time Frequency Rate (Employees and Contractors)	0.128

RECORDABLE FREQUENCY RATE
(recordable injuries per 200,000 hours worked)



LOST TIME FREQUENCY RATE
(lost time injuries per 200,000 hours worked)



COVID-19 Impact and Response

Initiatives developed in response to the COVID-19 pandemic continued to shape our operations in 2021.

We are proud of sustained efforts made across LII to ensure our employees and communities are kept safe, while minimizing disruptions to our business operations and customers. As an essential business, we continue to implement best practices and procedures to maintain employee safety throughout the pandemic. We communicate frequently and transparently with our global employees about COVID-19 guidelines, developments, and safety protocols.



Product Safety and Quality

One of LII's core values is "Excellence," which highlights that quality and safety are at the center of product design. We achieve excellence through a robust quality management system present across our factories.

We rigorously test our products to ensure they meet all applicable quality and safety standards. We also conduct field safety tests. We:

- Conduct internal product and process audits, including new audits for product-specific "Critical-to-Quality" features and processes.
- Use monthly quick market intelligence (QMI) processes that connect our engineering team with technical field consultants to identify any issue. If an issue is trending in the field, we receive real-time notifications that enable cross-functional team to move quickly to problem solve and implement corrective actions.
- Implement a gated multi-step product development process with market concept, specification development, proof-of-design, manufacturing and supply chain process verification, and post-production checkpoints to ensure products and services meet market and customer needs, product performance and safety, reliability, and environmental targets.
- Conduct monthly warranty data analysis to identify and correct emerging product quality issues that are not reported through the QMI process.

We also have an early launch containment process that monitors recently-launched products and any warranty claims associated with these products, as well as a technical support call center that monitors products broadly for any safety-related information.

Supply Chain

Our Worldwide Sourcing team ensures we have the right materials and components in the right place day after day. As we select and develop relationships with suppliers from around the world, we are mindful of quality, resiliency, logistics, and sustainability. We frequently engage with our vendor partners, both in person and virtually. We recognize the accomplishments of our top suppliers with annual LII Supplier Excellence Awards. Key priorities assessed include the delivery and resilience of LII's supply chain, productivity, and risk mitigation.

KEY COMPONENTS AND MATERIALS

Our top three component purchases are compressors, motors, and controls, while steel, copper, and aluminum account for the bulk of our raw material purchases. We continue to diversify our suppliers to ensure resiliency of our supply chain.

SUPPLIER IDENTIFICATION AND REVIEW PROCESS

Our Worldwide Sourcing team identifies new suppliers to provide new products or technologies to complement our business strategy. Using our onboarding process for new suppliers involves conducting due diligence in the form of in-person visits and audits. These due diligence exercises review a supplier's production practices, equipment, and policies not only from a quality and engineering perspective, but also from an environmental and workforce safety standpoint.

RISK MITIGATION

We recognize that with a global supply chain, destabilizing events such as public health crises, geopolitical tensions, and climate-related risks may disrupt our business operations. As such, we mitigate our risk and build supply chain resiliency by diversifying the geographic locations of our suppliers and our regional sourcing teams. When sourcing new suppliers in strategic categories, we include geographical and climate risk in our decision matrix.



Beginning in 2020, we began to locally source steel for our Saltillo facility. This local, additional supplier diversifies our sourcing for steel and its proximity to our Saltillo facility strengthens the resiliency of our supply chain against global disruptions.



AUDITS

Our Supplier Quality and Development team audits all new suppliers; current suppliers are also audited every three years to ensure continued compliance. Following an audit, we will identify areas of improvement, require suppliers to provide us with a supplier action plan, and formally agree to LII's Business Partner Code of Conduct. We collaborate with the supplier to ensure action plans are robust enough to address flagged areas. Depending on the flagged areas, we conduct follow up or surveillance audits to evaluate the supplier's performance on corrective actions, improvement progress on quality systems, plans to improve quality process control planning, and performance capability.

Examples of ESG topics and risks that are assessed as part of our audit include:

- Workforce readiness, such as skills and access to training
- Evidence that a functioning governance mechanism is made available and communicated to workers in their native language
- Workplace safety, provision of personal protective equipment (PPE), and enforcement of safety rules
- Workplace conditions, such as lighting and air quality
- Presence of an environmental management system registered with a third party
- Documented action plan to address environmental aspects associated with production

We recognize the potential for human rights risks across our supply chain and ensure at a minimum that our suppliers are compliant with regional labor laws. We expect our suppliers to comply with our Business Partner Code of Conduct and our Human Rights Policy. We are currently assessing how to implement greater human rights focus in our supplier selection and audit processes. Please see our **Human Rights** section of this report for more information on our Human Rights Policy.

BUSINESS PARTNER CODE OF CONDUCT

Suppliers are required to comply with our **Business Partner Code of Conduct**. The Business Partner Code of Conduct emphasizes LII's values and provides reporting options, including anonymous reporting options provided by an independent third-party, for our suppliers and their employees or contractors to report behavior or actions from a LII employee that violates our values or the law. Please see our **Business Ethics and Compliance** section of this report for more information on our Business Partner Code of Conduct.

Stakeholder Engagement

CUSTOMERS

We value customer feedback and engage with customers across multiple channels, including through online product reviews, customer surveys, and customer support centers. We also engage customers through focus groups, especially when developing a new product or service. We review the net promoter score of our customers on a quarterly basis and are regularly in contact with customers to discuss their needs to ensure product excellence.

In addition, we engage and educate our customers on energy efficiency products. For instance, our Refrigeration business created a dedicated webpage focused on driving customer awareness of updates to the DOE Annual Walk-In Efficiency Factor (AWEF) as it affects our Heatcraft products. We also created and launched a new Refrigeration Toolkit app that helps customers successfully transition to using higher efficiency products.

DEALERS AND DISTRIBUTORS

Our primary manner of going to market is selling LENNOX-branded residential products directly through independent dealers. For other products, we sell to general contractors, manufacturers' representatives, wholesalers, and distributors. In all areas, we work closely with our business partners to ensure they have what they need, including safe installation instructions and training.

To better support the lifelong learning of the wider industry, we provide top-tier HVAC training on technical skills, leadership, and marketing through our Lennox Learning Solutions program. More details on this program are available in the **Community Involvement and Charitable Giving** section of this report.



INDUSTRY AND COMMUNITY SUPPORT

Lennox Learning Solutions is a top-tier HVAC training program we provide to not only our own employees, but also to technicians, salespeople, and leaders in the industry. Courses are designed to meet dealers' needs and can be accessed through an online learning platform containing webinars, live video streaming, virtual reality, as well as instructor-led classes. Technicians gain HVAC skills, salespeople gain tools on sales strategies, and managers gain leadership and development skills. Since 2016, premier dealers have registered for almost 600,000 online courses and over 5,000 instructor-led courses.



Community Involvement and Charitable Giving



At LII, we believe we have a responsibility to support and make a positive impact in the local communities where we live and work.

We specifically focus our contributions and involvement in five giving areas: Arts, Environment, Health and Human Services (which includes social justice to support diversity and equity in our communities), Youth, and Education. These areas align with the following four UN SDGs:



In 2021, LII contributed approximately $2M in monetary donations across these categories. This does not include the generous amounts our employees gave under our matching gift program, and other business-specific community engagement initiatives.

OUR 2021 CHARITABLE GIVING

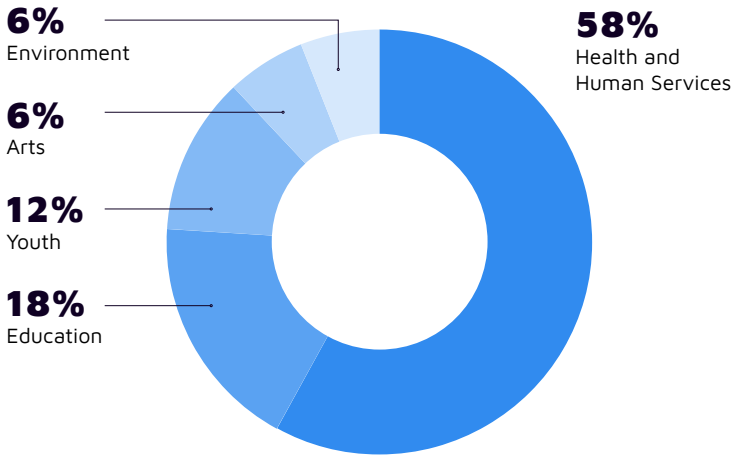
Our employees also volunteer their time in numerous philanthropic activities. Every year, we are proud to support over 200 organizations. Below are a few of the organizations we supported in 2021.

American Heart Association.

BOYS & GIRLS CLUBS OF AMERICA

American Cancer Society

United Way



SUPPORTING SOCIAL JUSTICE

In our continued focus on social justice, here is a sample of the organizations LII supported in 2021:

- NAACP Legal Defense Fund
- Advancement Project
- Project Unity
- Southern Center for Human Rights
- Equal Justice Initiative
- National Civil Rights Museum
- Black Trans Advocacy Coalition

STEM Goes Red brings interesting careers in science, technology, engineering, and mathematics to life for young women by giving them access to leading employers and experts and an insider look at what they do. STEM Goes Red attendees will gain first-hand experience, connect with inspiring professionals, learn about jobs they never knew they could have, and walk away feeling like a whole new world of STEM has been revealed—a world in which they can truly love what they do and make a tremendous impact.



COMMUNITY INVOLVEMENT AND CHARITABLE GIVING INITIATIVES ACROSS OUR BUSINESSES

Feel The Love® is one of our key initiatives at Lennox Residential, supporting heroes who make a difference. Every year since 2009, deserving, local heroes are nominated to receive a new heating and cooling system. Recipients are selected based on a variety of criteria, including persevering despite a disability, experiencing financial challenges or job loss, and having performed military or community service. What they all have in common is that they put others first. In October of every year, LII works with our partner dealers and installers across the US and Canada to deliver our high-quality products to these selected heroes at no cost. In 2021, we proudly supported 140 equipment installations and worked with 120 Lennox dealers.

Heatcraft Cares

Our Heatcraft Cares team aims to foster civic leadership in the community through volunteer time and financial resources for worthy causes, including the following groups supported in 2021.

Donated nearly 1,300 pounds of school supplies to **Mims Kids**, a children and arts community outreach program that provides at-risk youth access to summer camp and other opportunities to learn about arts, travel, and life skills.

Contributed financial support **House of Ruth**, an organization focused on ending domestic and sexual violence and abuse through a collaborative, multidisciplinary approach to investigations, advocacy and support, while working in the community to change attitudes, beliefs, and behaviors.

Donated $10,000 and conducted a back-to-school and canned foods drive for the **Lilburn Cooperative Ministry**, which helps meet the needs of families and individuals in Gwinnett County by providing services including a food pantry, donated clothing, and a family shelter.

Our **Lennox India Technology Center (LITC)** supports under resourced communities. In 2021, LITC employees contributed 770+ hours volunteer hours and donated $75,800+ to our communities in India.

Examples include:

- Donated over $20,000 in medical supplies during India's second and third COVID-19 waves.
- Partnered with organizations to set up study centers, scholarships, and supplies for students and schoolteachers.
- Installed Bio-Gas plants in a nearby village, providing an alternative fuel source for cooking.
- Partnered with the Save the Sparrow movement in Koodugal to supply and distribute sparrow nests across the region in an effort to prevent the spread of mosquito-borne diseases.



Governance



Board Oversight of ESG

Strong corporate governance is foundational to LII. We recognize integrity, accountability, and transparency are keys to a strong business today and tomorrow.

LII's full Board oversees our ESG strategy. We review the ESG strategy with the Board twice a year. Though our Board's Public Policy Committee holds the main responsibility for oversight of LII's ESG priorities, all Board Committees are briefed on various ESG topics during every standard meeting. We are pleased to report that all board members attended all Board meetings over the past year.

GLOBAL ESG COUNCIL (ESGC)

In 2021, to deliver our ESG strategy, we established the ESGC to provide a structure for enterprise-wide ESG management and streamline engagement across businesses and corporate functions. The ESGC is comprised of senior leaders across our business, corporate functions, and regions and is currently chaired by the Vice President, Deputy General Counsel and Chief Sustainability, Ethics & Compliance Officer. In order to be wholly representative of the company, member selection was strategic to include individuals from different departments across the organization.

BOARD OF DIRECTORS

LII's full Board oversees product efficiency & innovation, as well as risk management. The Board is briefed semi-annually on our ESG progress, enterprise risk management, and cybersecurity/data privacy. The Board also receives an annual, comprehensive safety briefing as well as four summary safety updates throughout the year. The four Board Committees oversee the following specific ESG topic areas and are briefed more frequently on progress in these areas:

Audit Committee

- Accounting & Tax Transparency
- Business Ethics & Compliance / Human Rights
- Cyber Security and Data Privacy

Compensation and Human Resources Committee

- Employee Diversity, Inclusion & Engagement
- Pay Equity
- Employee Training & Development
- Benefits & Pension
- Executive Compensation

Board Governance Committee

- Shareholder Rights
- Board Composition & Diversity

Public Policy Committee

- Energy, Waste, and Refrigerant Management
- Climate Change & GHG Emissions
- Water Stewardship
- Product Lifecycle Management & Materials Sourcing
- Employee Health and Safety
- Product Safety
- Supply Chain
- Community Involvement / Charitable Giving
- Public Policy

CEO AND EXECUTIVE STAFF

The CEO sets our ESG goals and delegates responsibility to execute on the goals to the Executive Staff, which comprises of the senior executives responsible for all our major business segments and corporate functions. Our CEO and Executive Staff members have ESG embedded into their performance goals.

GLOBAL ESG COUNCIL

Members of the ESGC brief the CEO and the Executive Staff on a regular basis regarding our ESG goals and progress and regularly brief the Board as a described above.

Board Composition and Diversity

We maintain a well-rounded Board that is best positioned to guide and provide robust oversight of LII's business direction and integration of ESG activities. Our LII Board of Director Qualification Guidelines stipulate that the Board will seek the best qualified candidates with consideration for diversity. When choosing new Director candidates, we aim to balance the Board with a diversity of experience, race, ethnicity, gender, age, cultural background, functional expertise, industry knowledge, and tenure. Our current Board reflects this effort. Four of LII's Directors are female. To further ensure a more balanced Board, we have also separated the CEO and Board Chair roles. The Board and the Board Governance Committee are committed to developing a diverse pool of potential candidates for future Board service.

40% Female Directors

20% Racially Diverse

BREAKDOWN OF TENURE

3	3	4
<5 Years	5-10 Years	10+ Years

90% Independent

60 Average Director Age

BOARD SKILLS AND EXPERTISE



All Board composition metrics shown here include Alok Maskara, our new CEO who joined the Board on May 19, 2022, and as such differ from those metrics shared in our 2022 Proxy, which was published prior to Alok Maskara's employment. Metrics shown here for Board Skills and Expertise exclude Alok Maskara due to his new tenure.

Risk Management

BOARD OVERSIGHT OF RISK MANAGEMENT

LII's Board oversees the company's processes for managing risk across the organization, including enterprise risk exposure through our Enterprise Risk Management (ERM) process. In addition to reviewing LII's full ERM every year, the Board is also regularly educated on risk management issues pertinent to specific topics. Please see our **Task Force on Climate-related Financial Disclosures** index in the Appendix for further detail on our ERM process.

LII ERM PROCESS

Survey Feedback from Key Management

Risk Assessment Workshops

Risk Response Planning and Execution

Reassessment, Monitoring, and Reporting

Review of Top Prioritized Risks and Review Plans

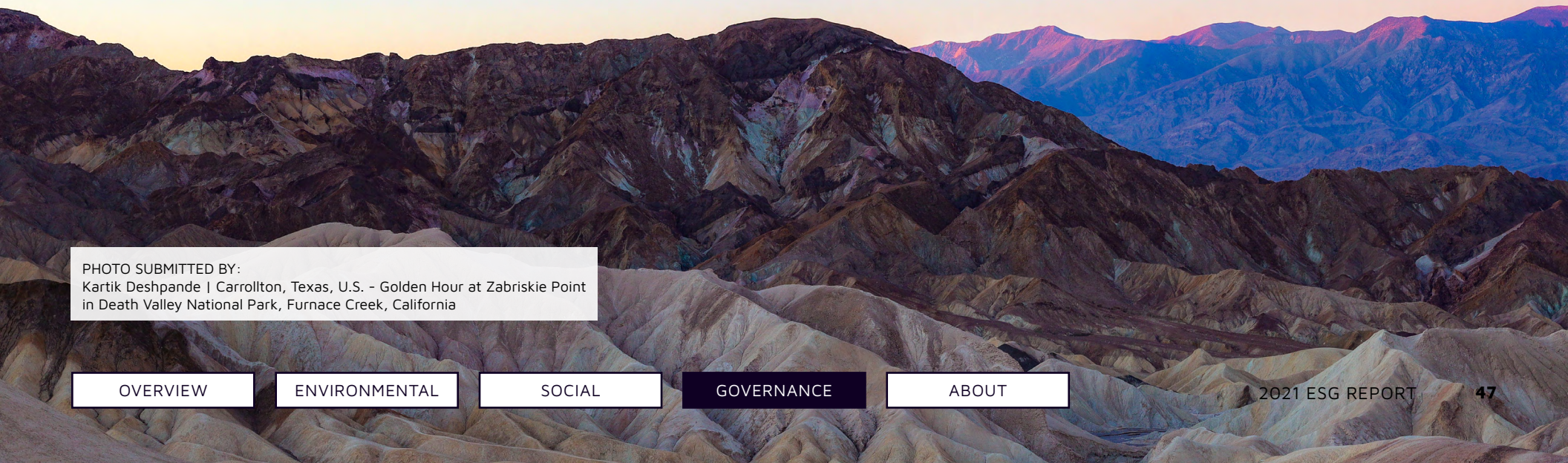


PHOTO SUBMITTED BY:
Kartik Deshpande | Carrollton, Texas, U.S. - Golden Hour at Zabriskie Point in Death Valley National Park, Furnace Creek, California

Managing Climate-Related Risk

Climate-related risk impacts multiple aspects of our business, from severe weather events to customer preferences, supply chain resiliency, and government regulation. We consider climate change a driver that influences our top risks. To better understand our climate-related risks, this year we have begun climate risk training for our executive leadership to pinpoint our greatest opportunities. We are continuing our physical climate risk assessments—including an analysis of flood, severe storms, fire, drought, and extreme heat risks at our facilities—as part of our risk profile analysis.

Our ERM results and progress are presented to the full Board twice a year, though specific risks may be reviewed by the Board more frequently. We are working on formally incorporating climate-related risks. This year, we are providing education on climate and human capital risks as they relate to our business.

In addition to our annual ERM process, in 2021, we also conducted a climate scenario analysis to evaluate the potential risks and opportunities across a range of possible climate futures. In this year's scenario analysis, the impact and scope of various transition risks were evaluated against three scenarios: an ambitious net zero scenario (IEA NZE), a more conservative stated policies scenarios (IEA STEPS), and a middle of the road announced pledges scenario (IEA APS).

The results of our scenario analysis are facilitating further clean product strategy discussions and business-wide priorities with the goal to support LII's R&D allocation decisions and marketing priorities. These decisions will be aimed to take advantage of expected shifts in the overall market demand and landscape. We expect to continue these discussions and further advance subsequent scenario analyses in future years.

Further information on how LII assesses climate-related risks and opportunities, and our strategy to address and capture these respectively is outlined in our **Task Force on Climate-related Financial Disclosures** index in the Appendix.



PHOTO SUBMITTED BY:
Tyson McGrath | Dartmouth, Nova Scotia, CA - Lighthouse in Peggy's Cove, Nova Scotia, CA

Business Ethics and Compliance

We understand that our success is determined by what we do, how we treat others, who we do business with, and how we serve our communities. We conduct our business in accordance with our core values of Integrity, Respect, and Excellence and applicable laws around the world and pursue continuous improvement. Our leaders set the "tone at the top" by modeling and promoting these values in meetings, communications, and their conduct.

LII CODE OF BUSINESS CONDUCT

Employees, officers, and members of the Board of Directors are all held to the same set of standards through LII's Code of Business Conduct. Our Code guides our day-to-day decisions in accordance with our values, policies, and both the letter and spirit of applicable laws. The Code also provides available resources for reporting concerns—including our secure and anonymous third-party reporting options. We recently added a "You Are Our Code in Action" section that outlines specific obligations for employees and heightened responsibilities for managers. LII's **Code of Business Conduct** is offered in nine languages and publicly available on LII's website. It is also available to employees on our intranet or in hard copy.

To educate employees on our Code and supporting policies, we regularly communicate and train employees on a variety of topics, including anti-bribery/corruption, anti-trust, anti-harassment, anti-retaliation, conflicts of interest, human rights, insider trading, protection of intellectual property, confidential information, and lessons learned from real situations at LII. Training is assigned based on role and location. All employees and our Board are required to complete annual Code training – either in person or online. We consistently achieve more than 95% completion on required training. Also on an annual basis, executives, members of the Board of Directors, and other selected employees are required to complete an Ethics & Compliance Questionnaire where they are asked to:

- Report conduct inconsistent with our Code
- Disclose potential conflicts of interest and
- Confirm compliance with the Insider Trader Policy

Any issues raised in the questionnaire are addressed. We are proud to continue our track record of recording no monetary losses in 2021 due to legal proceedings associated with bribery, corruption, or anti-competitive behavior regulations.

BUSINESS PARTNER CODE OF CONDUCT

We select business partners whose values and business practices align with our own core values and Code. LII's Business Partner Code of Conduct lays out expectations for our contractors, temporary employees, dealers, suppliers, distributors, third party intermediaries, joint venture partners, and other business partners. The **Business Partner Code of Conduct** is offered in nineteen languages and publicly available on LII's website.

REPORTING OPTIONS

We know speaking up takes courage. It's also the right thing to do and what's expected of each of us at LII. To make things easy, LII offers several avenues for our employees and others to report concerns, seek guidance, and disclose conflicts of interest—including our secure and anonymous third-party reporting options. All reports are reviewed by the Ethics & Compliance Office and assigned for investigation or handling. If an allegation is substantiated, corrective action is taken. The Ethics & Compliance Office provides a quarterly report to the Board's Audit Committee of all issues raised and case trend data. LII prohibits retaliation for raising Code issues or participating in an investigation, as outlined in our **Anti-Retaliation Policy** in our Code of Conduct.

ETHICS & COMPLIANCE OFFICE

Though our Board of Directors and Chief Executive Officer provide active oversight of LII's ethics and compliance efforts, our Chief Ethics & Compliance Officer ("CECO") and the Ethics & Compliance Office ("ECO") have operational responsibility for the program. The ECO promotes an organizational culture that encourages ethical conduct and a commitment to compliance with the law by establishing and maintaining our Code and related policies, providing awareness and training, fostering a speak-up culture, responding to, tracking, and ensuring consistent enforcement of issues raised, performing anti-bribery/corruption due diligence, and monitoring the effectiveness and continuously improving the program.

The CECO reports directly to the Chief Legal Officer and has direct access to the Board's Audit Committee. To ensure visibility and accountability, the CECO presents a comprehensive annual review of the ECO's activities to the Board's Audit Committee and leads a Compliance Committee comprised of compliance risk-owners from various functions including Internal Audit, Finance, Global Trade Compliance, Safety, Risk, Legal, HR, and Environmental.

Human Rights and Conflict Minerals

HUMAN RIGHTS POLICY

We are committed to creating an ethically conscious business environment that respects and protects international human rights in alignment with the UN Guiding Principles on Business and Human Rights and compliance with local regulations for the areas in which we have sales, including the UK Modern Slavery Act. We support advancement opportunities to all persons, where employment decisions are based on merit, qualifications, and abilities. We prohibit discrimination on the basis of age, race, color, sex, sexual orientation, gender identity and expression, or any other characteristic protected by applicable law. We view any human rights violations as Code violations, and they are subject to the same level of disciplinary actions. Concerns can be reported to LII directly or through our third-party service outlined in our Code of Business Conduct.

Please see our **Human Rights Policy**, publicly available on our website, for further details.

CONFLICT MINERALS POLICY

Lennox International is committed to conducting business with respect for human rights and non-violence. As part of this commitment, we take steps to ensure our sourcing of any tin, tungsten, tantalum, and gold (collectively, "Conflict Minerals") is done responsibly and does not help finance armed conflict or related human rights abuses in the Democratic Republic of the Congo (DRC) and surrounding countries of Angola, Burundi, Central African Republic, Congo Republic, Rwanda, South Sudan, Tanzania, Uganda, and Zambia (collectively with DRC, "Covered Countries"). We publicly disclose information related to the use of Conflict Minerals originating in the Covered Countries to the U.S. Securities and Exchange Commission in accordance with federal legislation, namely the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

LII does not source Conflict Minerals directly from smelters or refiners. We have established a Conflict Minerals compliance program to help ensure suppliers conduct responsible conflict-free sourcing. We abide by procedures under the Conflict-Free Smelter Initiative ("CFSI") and relevant principles of the internationally recognized Organization for Economic Co-operation and Development ("OECD") framework. We require suppliers to provide us with country of origin and smelter or refiner information (if applicable) for the materials or components they supply. We compare the smelters or refiners used by our suppliers with the CFSI list of compliant smelters to confirm responsible sourcing of Conflict Minerals. We also conduct additional due diligence, including assessing records for completeness and consistency. If a supplier refuses to adhere to this policy or non-compliance is detected, we reevaluate use of their materials in future projects.

For further details or to report concerns to LII directly or through our third-party service, please refer to our **Conflict Minerals Policy**, publicly available on our website.

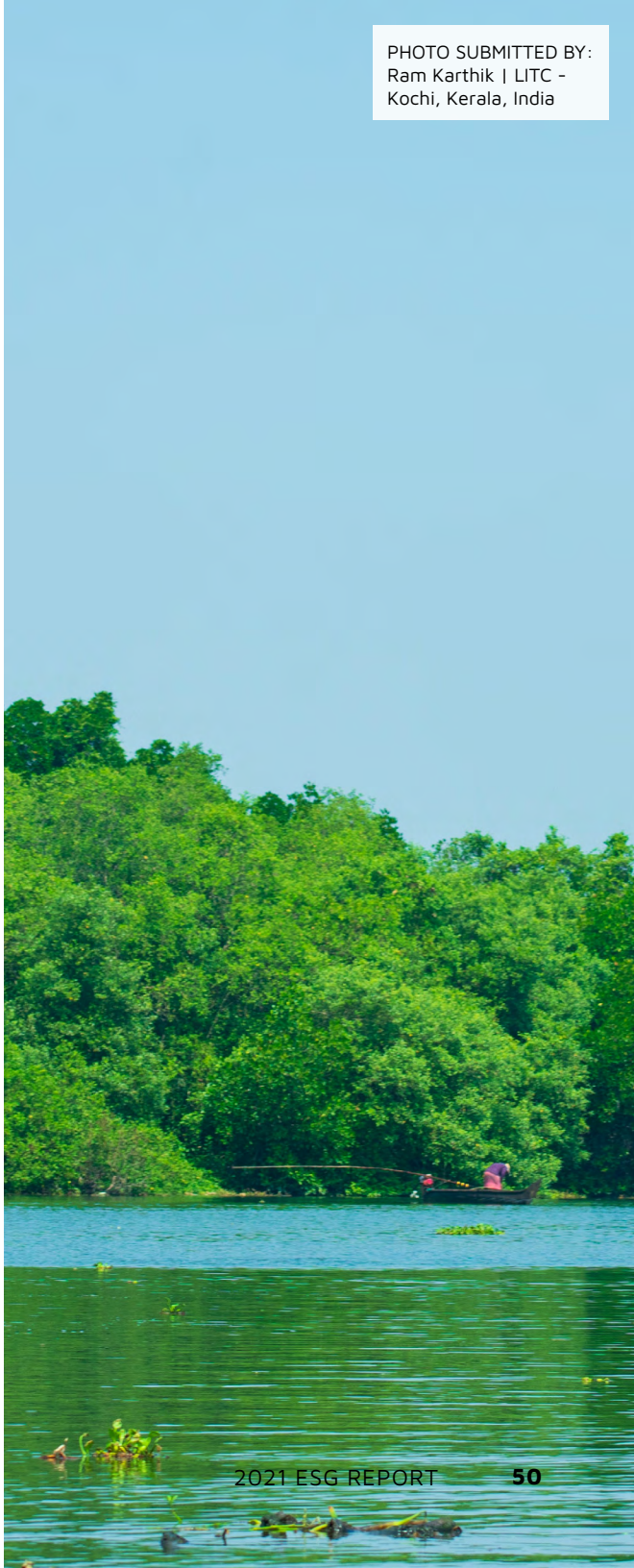


PHOTO SUBMITTED BY:
Ram Karthik | LITC - Kochi, Kerala, India

Cybersecurity and Data Privacy

CYBERSECURITY AND DATA PRIVACY POLICY

In our increasingly digital world, we recognize cybersecurity and data privacy as key aspects of our business. We have invested considerably in our cybersecurity operations and infrastructure and conduct robust risk mitigation, assessments, and planning for our global operations. Our IT infrastructure is aligned with the NIST standard and has been assessed by third parties. We test all our infrastructure on an ongoing basis.

Operationally, we employ three core teams: cybersecurity engineering, data privacy, and a security operation center (SOC). These teams ensure new system and infrastructure deployments are installed with data safety in mind. The teams also guarantee that our controls are appropriate and sufficient to defend against security breaches, and document and investigate any anomalies affecting employees, suppliers, and customers. Our Chief Technology Officer, part of the executive management team, is responsible for overseeing cybersecurity at LII and reports to the Board twice a year on LII's cybersecurity tactical responses and strategic roadmap. The entire Board reviews significant cybersecurity risks and works with the Audit Committee to address these issues. Several members of the Board have specific expertise in managing cybersecurity risk.



We also have an internal, cross-functional cybersecurity team, our **Data Protection & Cybersecurity Steering Committee**, that meets on a quarterly basis. The committee ensures LII's data protection and cybersecurity policies and procedures are effective.

LII's cybersecurity management consists of robust policies around incident response and communication response plans, as well as cybersecurity trainings for employees. Examples of key initiatives that strengthen our cybersecurity and data privacy management include:

- Mandatory cybersecurity training for all employees, ongoing awareness campaigns, simulated phishing attempts multiple times a year to reinforce learnings, and consideration of cybersecurity vigilance in employee performance evaluations.
- External security specialists are engaged to assist in ongoing monitoring for emerging threats.
- Dedicated 24/7 team that monitors activities on LII's infrastructure and systems, with a documented escalation plan that reaches executives if incidents occur.
- Rigorous breach simulations conducted twice a year, including participation in the Department of Homeland Security's Cyber Storm.
- Events to train executive leadership on how to respond to ransomware events.
- Vulnerability scans and analysis, including simulated hacker attacks, by a third party at least once a year, and internally on an ongoing basis for our environment and the applications LII deploys to the public domain.
- Transition toward advanced analytics platforms that utilize artificial intelligence and machine learning capabilities to baseline normal behaviors and detect anomalies that could indicate potential security threats.

Public Policy

LII is at the forefront of driving responsible environmental policy. We innovate, manufacture, and sell some of the most efficient products on the planet. We continue to lead the global HVACR industry's transition to more environmentally friendly refrigerants by advocating for faster transitions to lower GWP refrigerants and supporting the broad use of reclaimed and recycled refrigerants.

We actively participate in and work with various industry associations, sustainability-focused coalitions, environmental advocates, and other stakeholders to influence and promote:

- Greater energy conservation standards for HVACR products
- Product certification, verification, and testing for product efficiency ratings
- Phasedown of high global warming potential refrigerants
- Air quality and emissions standards
- Tax policy or other government incentives that encourage the purchase and installation of energy-efficient and lower carbon footprint products

TRANSITION TO LOW GWP REFRIGERANTS

LII is committed to transitioning all Lennox residential and commercial products to lower GWP refrigerants by 2025 in line with expected regulations. LII partnered with the Natural Resources Defense Council to advocate for an accelerated transition to lower GWP refrigerants in California. LII also supported passage of the U.S. AIM Act pass in December of 2020, which facilitated an accelerated transition to lower GWP refrigerants nationally, and strongly supports the adoption of corresponding safety codes and standards at the state level. Aligned with the Kigali Amendment, the AIM Act directs the EPA to phase down HFCs by 85% over the next 15 years. We continue to work with the EPA and other stakeholders to shape the phasedown process and the types of refrigerants and equipment that will be impacted.

POLITICAL ACTIVITY

In compliance with federal regulations, LII does not contribute to political parties or candidates, including corporate funds or in-kind contributions, to national party committees, campaigns, or candidates for federal office. LII also does not contribute to Section 527 organizations or independent expenditure political action committee, also known as "Super PACS". Furthermore, we strictly prohibit political and charitable contributions that act as a means of bribery and corruption. With the exception of the LII Government Affairs function, our employees are prohibited from engaging in political activity on behalf of the company or as a company employee, and our Code of Business Conduct states our respect for the political process. LII belongs to trade associations who take part in activities to shape future legislation, regulations, building codes and safety standards in the policy areas that affect our business. Monetary contributions for lobbying and trade associations are provided in the Appendix of this report as we believe it is important to be transparent on our advocacy and political involvement.

EXAMPLES OF LII'S ADVOCACY PARTNERS AND FORMAL POSITIONS

Founding member of the Global Food Cold Chain Council

Member of the Alliance for Responsible Atmospheric Policy

Member of the Air Conditioning, Heating & Refrigeration Institute (AHRI)

Partner and contributor to the American Council for an Energy-Efficient Economy (ACEEE)

Supporter of the UN Montreal Protocol's Kigali Amendment

Supporter of the EU's program to phasedown F-gases

About This Report & Indices



About This Report

LII's ESG report references the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD) reporting frameworks.

For any questions related to this report please contact:

STEVE HARRISON
VP, Investor Relations
steve.harrison@lennoxintl.com

The reporting boundary for the quantitative metrics was drawn from available data covering the 2021 calendar year, whereas qualitative information includes the 2021 calendar year and partial year data from the 2022 calendar year.

The environmental and social metrics provided in this report cover >75% of business operations (whether in terms of employees covered or other operational measures) unless otherwise specified. Greenhouse gas emissions are reported in accordance with the industry guidelines as developed by the GHG Protocol. We must make assumptions when estimating Scope 3 greenhouse gas (GHG) emissions, product energy consumption and resulting GHG emissions, and the like. Forward-looking content reflects approaches, goals, and priorities established by the LII teams responsible for implementing them. These were set in consultation with internal, and in some cases external, stakeholders, and consider leading corporate practices.

LII engaged Georgeson and HXE Partners to support the stakeholder engagement process, report design, content development, quantitative data collection, and calculations. Our environmental information included in this report is preliminary, unaudited, and subject to revision, apart from our greenhouse gas emissions and energy usage statements, which are verified by Apex Companies under limited assurance.

This report contains forward-looking statements within the meaning of the federal securities laws. You can identify these statements by our use of the words "assumes," "believes," "estimates," "expects," "guidance," "intends," "plans," "projects" and similar expressions that do not relate to historical matters. You should exercise caution in interpreting and relying on forward-looking statements because they involve known and unknown risks, uncertainties, and other factors which are, in some cases, beyond our control and could materially affect actual results, performance, or achievements. We do not undertake a duty to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. The data and information herein are as of December 31, 2021 unless otherwise indicated.

Stakeholders are urged to closely consider the disclosure and risk factors in our most recent Annual Report on form 10-K and in other reports on file with the Securities and Exchange Commission, available at Lennox's website: **www.lennoxinternational.com**



Sustainability Accounting Standards Board (SASB)

SASB standards enable businesses around the world to identify, manage and communicate financially-material sustainability information to their investors. SASB provides a complete set of 77 globally applicable industry-specific standards that identify the minimal set of financially material sustainability topics and their associated metrics for the typical company in an industry. The following table references topics from the "Electrical & Electronic Equipment" and "Industrial Machinery & Goods" industry standards. Upon reviewing both industry standards, we included relevant topics to our strategy and operations.

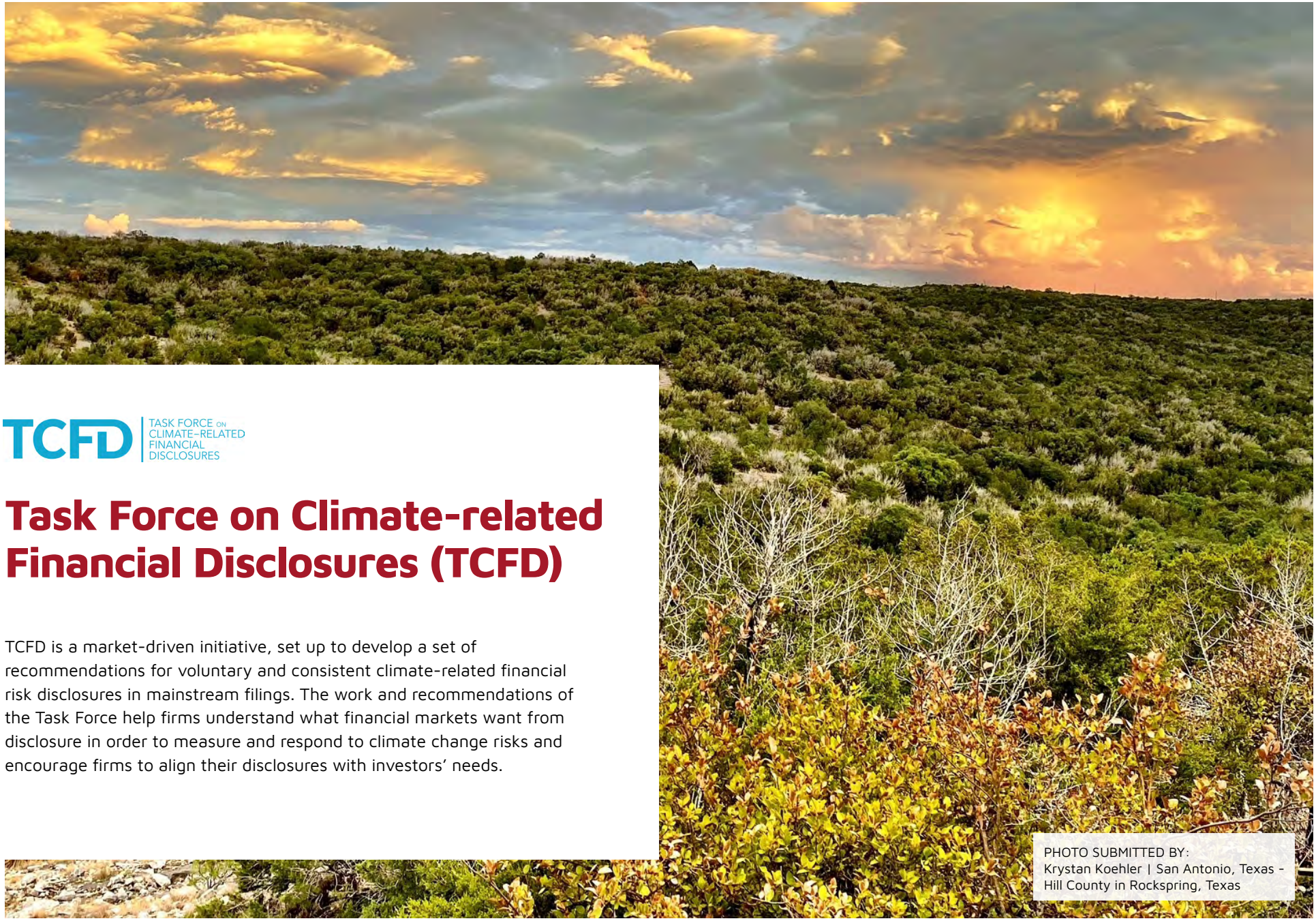
SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

TOPIC	SASB CODE	DESCRIPTION	RESPONSE
Employee Health & Safety (Industrial Machinery & Goods)	RT-IG-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	(1) 0.50 total recordable frequency rate for employees (2) 0 fatality rate (3) Not disclosed
Energy Management	RT-EE-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	(1) 287,740 MWh (2) 44% (3) 6%
Hazardous Waste Management	RT-EE-150a.1	Amount of hazardous waste generated, percentage recycled	In 2021, our operations generated 168 metric tons of hazardous waste, as defined by the authorities that regulate each of our facilities. 92% of hazardous waste is recycled, while the remaining is properly disposed.
	RT-EE-150a.2	Number and aggregate quantity of reportable spills, quantity recovered	We had no reportable spills in 2021.
Product Safety	RT-EE-250a.1	Number of recalls issued, total units recalled	We had no recalls issued in 2021.
	RT-EE-250a.2	Total amount of monetary losses as a result of legal proceedings associated with product safety	$0
Materials Sourcing	RT-EE-440a.1	Description of the management risks associated with the use of critical materials	Our top three component purchases are compressors, motors, and controls, while steel, copper, and aluminum account for the bulk of our raw material purchases. We are doing an updated evaluation of critical suppliers by component and region to better identify ways to manage associated risks. Communication, both internal and external, and continued planning around critical materials are key tools we use to reduce our materials-related risk. We recognize that with a global supply chain, climate-related risks may be present. As such, we mitigate our risk and build supply chain resiliency by diversifying the geographic locations of our suppliers and regional sourcing teams. When sourcing new suppliers in strategic categories, geographical and climate risk are included in our decision matrix.
Product Life Management	RT-EE-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Data not available
	RT-EE-410a.2	Percentage of eligible products, by revenue, that meet ENERGY STAR® criteria	**Residential:** 51% **Commercial:** 65% **Refrigeration:** No ENERGY STAR® eligible products. Our U.S. commercial refrigeration equipment complies with the Department of Energy's Annual Walk-in Energy Factor (AWEF) efficiency ratings.
	RT-EE-410a.3	Revenue from renewable energy-related and energy efficiency-related products	In 2021, 37% of LII's total product revenue is generated from products that are more energy-efficient than minimum standards for their respective product types in the U.S.

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SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

TOPIC	SASB CODE	DESCRIPTION	RESPONSE
Business Ethics	RT-EE-510a.1	Description of policies and practices for prevention of (1) corruption and bribery and (2) anti-competitive behavior	The LII Code of Business Conduct, which includes policies on preventing corruption, bribery, and anti-competitive behavior is shaped by our core values. The Code guides the company on how to apply our core values in daily decision-making, in alignment with LII's expectations and legal requirements and describes how employees can report violations or suspected violations of the Code, with an option to remain anonymous through an ethics hotline or online form operated by a third party. The Code applies to our Board and all employees, regardless of role or location. We have a separate Business Partner Code of Conduct that includes standards for our partners to operate in a manner consistent with our core values and the LII Code of Business Conduct. We conduct due diligence requisite with the risk before engaging third parties to provide products and perform services on behalf of the company. We are continuing to develop processes to evaluate and assess the performance of our partners against our ethical standards. The LII Code of Business Conduct and Business Partner Code of Conduct can be found on our website. To educate employees on our Code and supporting policies, we regularly communicate and train employees on a variety of topics, including anti-bribery/corruption, antitrust, conflicts of interest, and lessons learned from real situations at LII. We consistently achieve more than 95% completion on required training. Also on an annual basis, executives, members of the Board of Directors, and other selected employees are required to complete an Ethics & Compliance Questionnaire where they are asked to: » Report conduct inconsistent with our Code » Disclose potential conflicts of interest and » Confirm compliance with the Insider Trader Policy Any issues raised in the questionnaire are addressed.
	RT-EE-510a.2	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	$0
	RT-EE-510a.3	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	$0
Activity Metrics	RT-EE-000.A	Number of units produced by product category (indoor climate control electronics)	Proprietary data
	RT-EE-000.B	Number of employees	As of December 31, 2021, we employed approximately 11,000 people. Of these employees, approximately 4,800 were salaried and 6,200 were hourly. The number of hourly workers varies in order to match our labor needs during periods of fluctuating demand.



TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Task Force on Climate-related Financial Disclosures (TCFD)

TCFD is a market-driven initiative, set up to develop a set of recommendations for voluntary and consistent climate-related financial risk disclosures in mainstream filings. The work and recommendations of the Task Force help firms understand what financial markets want from disclosure in order to measure and respond to climate change risks and encourage firms to align their disclosures with investors' needs.

PHOTO SUBMITTED BY:
Krystan Koehler | San Antonio, Texas - Hill County in Rockspring, Texas

TOPIC	RESPONSE
GOVERNANCE	
Board oversight of climate-related risks and opportunities	LII's Board is responsible for oversight of our ESG strategy, including our strategy around climate-related issues. Our Board's Public Policy Committee specifically discusses our climate-related strategy, GHG emission reduction goals, and action plans around climate change semiannually, with the CEO in attendance. Our Enterprise Risk Management program identifies and addresses climate-related risks which are presented to and discussed with the Board twice a year, though specific risks may be reviewed by the Board more frequently.
Management's role in assessing and managing climate-related risks and opportunities	The full Board has general oversight over climate topics, though Public Policy Committee has the most direct/formal oversight. Our CEO sets our ESG objectives, including those related to climate, and is actively engaged in managing LII's approach to climate change. Our CEO is the ultimate decision-maker regarding reporting of GHG metrics and objectives, as well as annual funding of capital set aside to address GHG emissions reductions. The responsibility to set and execute on goals that support these objectives is delegated to our Executive Staff, which comprises of the senior executives responsible for all our major business segments and corporate functions. Our CEO and Executive Staff have ESG embedded into their performance goals. To better understand our climate-related risks, this year we have begun climate risk training for our executive leadership to pinpoint our greatest opportunities. In 2021, to deliver our ESG strategy, we established our Global ESG Council (ESGC) to provide a structure for enterprise-wide ESG management and streamline engagement across diverse business and corporate functions. The ESGC is comprised of senior leaders across our business, corporate functions, and regions, and is currently chaired by our Vice President, Deputy General Counsel and Chief Sustainability, Ethics & Compliance Officer. Members of the ESGC brief the CEO and the Executive Staff on a regular basis regarding our climate goals and progress. The Board is briefed semi-annually on ESG progress.



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TOPIC	RESPONSE
STRATEGY	
Short-, medium-, and long-term climate-related risks	Our business and financial planning horizons are based on quarterly, annual, and three-year increments, and consider climate-related risks. Our Enterprise Risk Management process, which incorporates these risks, is described below under "Risk Management." **SHORT-TERM (<1 YEAR)** **Physical Risks (Acute):** As climate change advances, severe weather events may increase. The ability to plan for and mitigate the effects of severe weather events is important for our operations and key suppliers. Our key suppliers could experience a disruption in production if impacted by a severe weather event. We have developed robust business continuity planning processes and dual sourcing projects to build supply chain resiliency in the face of severe weather events. To identify potential exposures, we digitally map (geographic information system) all our key suppliers to pinpoint their locations relative to weather and other natural catastrophe hazard zones. We do this to improve our awareness of assets subject to acute hazards, including flooding, earthquakes, windstorms, extratropical storms, volcanos, tsunamis, tropical cyclones, hail, tornados, lightning, storm surges and coastal flooding. In addition to identifying assets exposed to risks, we also conduct live tracking of significant weather events and distribute event notices to key stakeholders. By identifying potential storms early, our stakeholders are able to take action to reduce risks to employees and better protect our assets. **MEDIUM-TERM (1-5 YEARS)** **Transition Risks (Regulatory and Market-Related):** We are subject to extensive and changing federal, state, and local laws and regulations designed to protect the environment. These laws and regulations could impose liability for remediation costs and civil or criminal penalties in cases of non-compliance. Compliance with environmental laws increases our costs of doing business. As part of the climate scenario analysis conducted in 2021, we evaluated the potential risks and opportunities a range of possible climate futures may have on our business. In particular, we identified potential risks of aggressive policies that could force faster transitions away from HFC refrigerant, higher product efficiency standards, and movement away from fossil fuel or gas-powered heating equipment. Although these laws are subject to frequent changes, we have calculated initial estimates of the financial impact noncompliance with these regulations would have on our business. Please see our CDP responses for further details. Changes in environmental and energy efficiency standards and regulations, such as the UN Montreal Protocol's Kigali Amendment to phase down the use of HFCs, may have a significant impact on the types of products that we are allowed to develop and sell, and the types of products that are developed and sold by our competitors. Our inability or delay in developing or marketing products that match customer demand and that meet applicable efficiency and environmental standards may negatively impact our results. The demand for our products and services could also be affected by the size and availability of tax incentives for purchasers of our products and services. Our future success depends on our continued investment in research and new product development as well as our ability to commercialize new HVACR technological advances in domestic and global markets. If we are unable to continue to timely and successfully develop and market new products, achieve technological advances or extend our business model and technological advances into international markets, in response to many factors, including climate change, our business and results of operations could be adversely impacted. **LONG-TERM (5-15 YEARS)** **Physical Risks (Chronic):** Longer-term shifts in climate patterns (e.g., sustained higher temperatures) that may cause sea levels to rise or chronic heat waves are understood to be a great challenge for the world but are not considered relevant in our current Enterprise Risk Management processes since the nature of our manufacturing and distribution processes can adapt to changing chronic conditions. Should we identify risk associated with chronic physical changes in the future, we will integrate them into our Enterprise Risk Management system. Transition Risks (Reputation): There are potential negative impacts associated with various stakeholder perceptions of our response to climate change. Energy efficiency and refrigerants are key components of products across our business units. If we are unable to continue to timely and successfully develop and market new products, achieve technological advances or extend our business model and technological advances into international markets, in response to many factors, including climate change, the reputation and results of operations could be adversely impacted.

Continued on following page

TOPIC	RESPONSE
Impact of climate-related risks on business, strategy, and financial planning	We recognize that the identified climate-related risks may have a significant impact on our business. Therefore, we are focused on addressing these risks by integrating climate considerations into our R&D, product development, and public policy strategies. **R&D:** In 2021, we spent $76M on R&D to develop new products and services that are more efficient and sustainable, align with customer focuses, and comply with new regulatory requirements. Thirty percent of the patent applications we filed over the last 10 years are tied to energy efficiency improvements. LII continues to focus on maintaining leadership in energy-efficient climate control systems and using alternative refrigerants across our businesses. We leverage improvements in product development cycle time and product data management systems to commercialize new products to market more rapidly. Supported by sustainability-focused R&D efforts, LII is committed to transitioning all Lennox residential and commercial products to low GWP refrigerants by 2025 in line with expected regulations. **Product Development:** We have taken a proactive approach toward addressing climate-related risks by developing efficient, market-leading solutions. From a refrigerant perspective, we have substituted HFCs in some products with alternative refrigerant compounds that have low global warming potentials and do not deplete the ozone. In developing new products, we strive to use more alternative refrigerants with lower global warming potential. Furthermore, we continue to launch the most energy-efficient air conditioning units, furnaces, refrigeration, and heat pumps on the market. Our heat pumps in particular are designed to perform better in colder climates than standard heat pumps, and have variable speed settings that are compatible with intermittent renewable energy sources, including solar and wind. Additionally, the communication controls built into our products, as well as our smart thermostats, enable more precise operational control to meet heat/cool load and ventilation requirements, allowing customers to use less energy than other non-communicating HVAC systems. Together, continuing to develop efficient products both drives our strategy and enables us to reduce energy usage and corresponding emissions across our products' life cycle. **Facility Operations:** To reduce our operation's contribution to climate change, which indirectly aims to reduce future climate-related risks on our business, we replaced ozone-depleting CFCs with HFCs. HFCs do not deplete the ozone and have a global warming potential lower than that of CFCs. However, they remain a significant source of greenhouse gases. For this reason, we have implemented strict management controls to track our operational refrigerant losses. **Regulations and Public Policy:** LII is at the forefront of driving responsible environmental policy. We innovate, produce and distribute some of the most efficient products on the planet. We continue to lead the global HVACR industry's transition to more environmentally friendly refrigerants by advocating for faster transitions to low GWP refrigerants and supporting the broad use of reclaimed and recycled refrigerants. We actively participate in and work with various industry associations, sustainability focused coalitions and other stakeholders to promote, among others: » Energy efficiency standards for HVACR products » Product certification, verification, and testing for product efficiency ratings » Phaseout of high global warming potential refrigerants » Air quality and emissions standards » Tax policy or other government incentives that encourage the purchase and installation of energy-efficient products Our businesses also monitor and conduct stress testing for regulatory risks, particularly as it relates to potential future regulations around increasing energy efficiency and low GWP refrigerant regulatory requirements. We conduct analysis and testing on likely timeframes for and stringency of such regulations.

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TOPIC	RESPONSE
Resilience of strategy using 2°C or lower scenarios	Under the Science Based Targets Initiative (SBTi)'s well-below 2°C scenario, we have set near-term science-based emissions reduction targets. In 2021, we conducted a climate scenario analysis to evaluate the potential risks and opportunities across a range of possible climate futures. In this year's scenario analysis, the impact and scope of various transition risks were evaluated against three scenarios: an ambitious net zero scenario (IEA NZE), a more conservative stated policies scenarios (IEA STEPS), and a middle of the road announced pledges scenario (IEA APS). We identified that LII has considerable opportunities to support a transition and adapt to the most aggressive IEA NZE scenario through our product lines and clean product strategies, all the while meeting increasing demand for new energy-efficient heating and cooling equipment, including heat pumps. We also identified potential risks of aggressive policies that could force faster transitions away from HFC refrigerant and towards higher product efficiency standards. The results of our scenario analysis are facilitating further clean product strategy discussions and business-wide priorities with the goal to support LII's R&D allocation decisions and marketing priorities. These decisions will be aimed to take advantage of expected shifts in the overall market demand and landscape. We expect to continue these discussions and further advance subsequent scenario analyses in future years.
RISK MANAGEMENT	
Process to identify and assess climate-related risks	We view climate change as a driver that indirectly influences varying components of our top risks. For example, climate-driven risks to the regulatory landscape are assessed as part of our overall assessment of regulatory risk in our ERM process. The ERM process consists of a comprehensive bottom-up approach: from risk identification and response planning by operating management to risk assessments and monitoring by our executive team, and finally, reviews of top prioritized risks and corresponding risk response plans by the Board. All risks are addressed with a plan to accept, mitigate/reduce, share/transfer, or avoid risks, and all Risk Response Plans are encouraged to follow SMART guidelines—be Specific, Measurable, Aggressive, Relevant, and Time bound. Top risks are identified, ranked, and risk-response plans are developed with business unit leadership teams monitoring progress and reporting to our CEO and Executive Staff. Our Board reviews and monitors our top ten risks and corresponding mitigation plans. In this process, risks are placed in "impact/likelihood" and "impact/significant" quadrants. Likelihood is scored on a 1-5 scale, from "least likely" to "almost certain," considering frequency, probability, and time horizon. Significance is also scored on a 1-5 impact scale, with the following dollar amounts considered: 1. Insignificant: profit/cash flow impact less than $1 million 2. Minor: profit/cash flow impact $1-$5 million 3. Moderate: profit/cash flow impact $5-$25 million 4. Major: profit/cash flow impact $25-$100 million 5. Catastrophic: profit/cash flow impact more than $100 million Factors for scoring potential impacts of the risk include, but are not limited to, financial, operational, brand, and health and safety impact. Climate-related risks and considerations may also influence the risk's level of impact. Combined, the highest quadrant of concern (i.e., substantive financial or strategic impact) is any issue with impact and likelihood ratings of 3 or higher and a likelihood rating of 3 or higher. Separate from the ERM, we have developed comprehensive LII facility risk profiles to determine the probability and potential severity of climate-related risks– including coastal erosion, extreme heat, floods, hailstorms, severe winters and thunderstorms– on each of our facilities. For each facility we quantified the potential financial impact of each climate-related risk and identified possible risk improvements for the most impactful risks across our facilities.

Continued on following page

TOPIC	RESPONSE
Process to manage climate-related risks	Overall, we manage and reduce our operational and reputational risks related to climate change through sound environmental and business management. Our facilities vary in function, geography, size, and surrounding natural environments, which gives rise to varying exposure levels to severe weather events, different regulatory requirements, and different levels of environmental quality. Although our facilities have their own operating plans depending on their location, all function under a ERM process which provides an effective foundation for environmental stewardship. We have specific processes that help us manage our short-, medium-, and long-term climate-related risks: **SHORT-TERM (<1 YEAR)** We have a robust business continuity planning (BCP) process, with oversight from our Risk Management team, to manage acute, physical climate risks. The process includes educating stakeholders and facilitation of BCP scenario testing. Three operational business segment champions and site-specific BCP team leaders ensure that team members are trained and BCP documents are updated and housed within the BCP SharePoint system. Each manufacturing facility has five to 15 employees at manufacturing sites (based on size and complexity) who participate in training, documentation, and testing. We believe this process builds site specific resiliency in the face of potential climate-related disasters. We also transfer some of these physical climate risks to insurers. We purchase property insurance covering replacement costs for damage to our facilities, business interruption loss resulting from physical damage, and more limited contingent business interruption loss from suppliers disrupted by a physical damage loss. **MEDIUM-TERM (1-5 YEARS)** To mitigate our medium-term climate-related transition risks around the regulatory sphere, LII leverages our leadership position in the HVACR industry to actively participate in the development and implementation of climate-related policies that increase energy efficiency and reduce emissions. We work through various industry associations and coalitions to shape future climate-related legislation, regulations, building codes and safety standards in the policy areas that affect our business. **LONG-TERM (5-15 YEARS)** A vital way we are addressing long-term climate-related transition risks to our reputation is by increasing the quality and quantity of our disclosure around our sustainability commitments and approach to managing material ESG issues. Our Enterprise Risk Management system is regularly reviewed and adapted to meet the needs of our changing risk landscape, in which climate change is expected to assume a larger part. We believe we are well positioned to manage climate change issues both in our operations and in product development with the ultimate result being that our reputation for innovative and responsible HVAC solutions should remain intact. Further actions we take to manage climate-related risks include: » Setting environmental performance objectives and monitoring our progress » Complying with applicable environmental laws and regulatory requirements globally » Providing strategic training and guidance to our environmental and compliance professionals to help them stay informed on environmental issues and best practices that could impact our business » Publicly disclosing environmental performance through reporting frameworks such as the Sustainability Accounting Standards Board (SASB) and CDP, in addition to the TCFD. The reporting process helps us manage and measure our progress as well as engage with our internal and external stakeholders on climate-related issues
Integration of risk processes into overall risk management	Although climate-related risks are already indirectly incorporated into our ERM, described under **"Process to identify and assess climate-related risks,"** we are working on formally incorporating climate-related risks. This year, we are providing education on climate and human capital risks as they relate to our business. These ERM surveys are shared with operating management during the risk identification process. Our ERM results and progress are presented to the full Board twice a year, though specific risks may be reviewed by the Board more frequently.

Continued on following page

TOPIC	RESPONSE
Metrics used to assess climate-related risks	We disclose our GHG emissions and emission intensities as part of this TCFD Index. In addition, we track and monitor a number of metrics around our environmental performance to further help us assess our climate-related risks. These metrics include: » Energy usage related to our direct operations » Refrigerant loss from our manufacturing facilities » Energy efficiency ratings of our products, such as SEER (Seasonal Energy Efficiency Ratio) » Percentage of our product portfolio, by revenue, represented by energy-efficient products » Water usage related to our direct operations
Scope 1, 2, and 3 emissions	Our Scope 1, 2, and 3 emissions cover over 95% of our operational facilities and track the following GHGs: CO2, N2O, CH4, HFCs, HCFCs. The vast majority of our total emissions comes from our Scope 3 emissions, particularly during our products' operational lifecycles. All 2021 Scope 1, 2, and 3 emissions have been verified by a third party, Apex Companies. Please see the data assurance letter from Apex Companies in this section of the report in accordance with ISO 14064-3 standards.
Targets used to manage climate-related risks and opportunities	We have set science-based emissions reduction targets approved by the Science Based Targets Initiative (SBTi). We have committed to reducing absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 37.5% and Scope 3 emissions by 30% per product sold by 2034 from a 2019 base year. These targets were approved by the Science Based Targets Initiative (SBTi) in December of 2021 against the SBTi's Criteria v4.2. The two targets we set for LII were assessed against SBTi's qualitative and quantitative criteria and validated in accordance with the SBTi validation protocol. In 2021, we saw an 8% increase in our absolute Scope 1 and 2 market-based emissions since 2019 due to increases in production. We are working towards driving reductions through our GHG Emissions Management plan, described earlier in our report.

Emission (mTCo2e)	2019	2020	2021
Scope 1	95,900	83,100	116,700
Scope 2 (Location-Based)	64,900	56,400	51,400
Scope 2 (Market-Based)	53,600	46,000	45,600
Scope 3	90,228,300	81,421,800	100,267,900
Total Scope 1+2+3 Emissions (Market-Based)	90,377,800	81,550,900	100,430,200

We used the following standards, protocols, and data collection methods for each source driving our overall emissions calculation methodology:

Scope 1
» AR5 - CH4, N2O, Refrigerant
» US EPA Climate Leaders: Direct Emissions from Mobile Combustion Sources – Propane, Propylene
» US EPA Climate Leaders: Direct Emissions from Stationary Combustion – Gasoline, Diesel, Ethanol GHG Protocol – Natural Gas (energy & volume)

Scope 2
» US EPA eGRID – USA
» Canadian Industry Partnership for Energy Conservation – Canada International Energy Agency: CO2 Emissions from Fuel Combustion (CO2, N2O, CH4) – France, Germany, India, Mexico, Spain

Scope 3
Categories: Purchased good and services, Capital goods, Fuel-and-energy-related activities, Upstream transportation and distribution, Waste generated in operations, Business travel, Employee commuting, Downstream transportation and distribution, Use of sold products, End-of-life treatment for sold products

2022 Equal Employment Opportunity (EEO-1) Report[1]

Job Categories	White	Hispanic or Latino	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or More Races
MALE							
Executive / Sr Officials & Mgrs	32	3	1	0	5	0	0
First / Mid Officials & Mgrs	519	87	42	2	54	2	6
Professionals	373	49	58	2	137	4	11
Technicians	199	20	32	0	6	1	3
Sales Workers	264	23	12	0	3	0	1
Administrative Support	220	62	73	0	5	1	13
Craft Workers	433	174	172	1	19	5	23
Operatives	785	143	1,089	3	26	10	19
All Others[2]	15	0	8	0	0	0	0
Total Job Categories By Race	**2,840**	**561**	**1,487**	**8**	**255**	**23**	**76**
FEMALE							
Executive / Sr Officials & Mgrs	9	1	0	0	0	0	1
First / Mid Officials & Mgrs	155	19	21	1	17	1	2
Professionals	182	36	63	0	73	0	8
Technicians	13	0	5	0	0	0	1
Sales Workers	79	9	9	1	2	0	2
Administrative Support	105	36	86	1	7	2	4
Craft Workers	19	4	71	0	0	0	1
Operatives	257	105	1,142	2	22	5	8
All Others[2]	3	1	8	0	0	0	0
Total Job Categories By Race	**822**	**211**	**1,405**	**5**	**121**	**8**	**27**

OVERALL TOTALS

52
Executive/Sr Officials & Managers

928
First/Mid Officials & Managers

996
Professionals

280
Technicians

405
Sales Workers

615
Administrative Support

922
Craft Workers

3,616
Operatives

35
All Others[2]

7,849
Total

1 U.S. employees only as of 12/31/2021.
2 All other category includes Laborers & Helpers, and Service Workers.

2021 LII Political Contributions

	CY 2018	CY 2019	CY 2020	CY 2021
Lobbying, interest representation or similar	$460,000	$390,000	$280,000	$320,000
Local, regional or national political campaigns / organizations / candidates	$0	$0	$0	$0
Trade associations or tax-exempt groups (e.g., think tanks)	$561,511	$585,823	$576,616	$550,458
Other (e.g., spending related to ballot measures or referendums)	$0	$0	$0	$0

VERIFICATION OPINION DECLARATION
GREENHOUSE GAS EMISSIONS

To: The Stakeholders of Lennox International, Inc.

Apex Companies, LLC (Apex) was engaged to conduct an independent verification of the greenhouse gas (GHG) emissions reported by Lennox International, Inc. (Lennox) for the period stated below. This verification opinion declaration applies to the related information included within the scope of work described below.

The determination of the GHG emissions is the sole responsibility of Lennox. Lennox is responsible for the preparation and fair presentation of the GHG statement in accordance with the criteria. Apex's sole responsibility was to provide independent verification on the accuracy of the GHG emissions reported, and on the underlying systems and processes used to collect, analyze and review the information. Apex is responsible for expressing an opinion on the GHG statement based on the verification. Verification activities applied in a limited level of assurance verification are less extensive in nature, timing and extent than in a reasonable level of assurance verification.

Boundaries of the reporting company GHG emissions covered by the verification:

- Operational Control
- Worldwide

Types of GHGs: CO_2, N_2O, CH_4, HFCs, HCFCs, Kyoto and Montreal Protocol

GHG Emissions Statement:

- **Scope 1:** 116,668 metric tons of CO_2 equivalent
- **Scope 2 (Location-Based):** 51,406 metric tons of CO_2 equivalent
- **Scope 2 (Market-Based):** 45,572 metric tons of CO_2 equivalent
- **Scope 3:**

  Purchased Goods & Services: 926,579 metric tons of CO_2 equivalent

  Capital Goods: 35,023 metric tons of CO_2 equivalent

  Fuel- and Energy-Related Activities: 18,501 metric tons of CO_2 equivalent

  Upstream Transportation and Distribution: 41,338 metric tons of CO_2 equivalent

  Waste Generated in Operations: 10,432 metric tons of CO_2 equivalent

  Business Travel: 2,467 metric tons of CO_2 equivalent

  Employee Commuting: 22,027 metric tons of CO_2 equivalent

  Downstream Transportation and Distribution: 57,766 metric tons of CO_2 equivalent

  Use of Sold Products: 96,940,307 metric tons of CO_2 equivalent

  End-of-Life Treatment of Sold Products: 2,213,523 metric tons of CO_2 equivalent

Energy Use:

- **Direct:** 514,073 GJ
- **Indirect:** 521,792 GJ

Data and information supporting the Scope 1 and 2 GHG emissions assertion were in some cases estimated and, in some cases, historical in nature. Scope 3 emissions were in some cases based on estimates derived using the Comprehensive Environmental Data Archive (CEDA) U.S. version 6, an environmentally extended input-output (EEIO) database.

Period covered by GHG emissions verification:

- January 1, 2021 to December 31, 2021

Criteria against which verification conducted:

- World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard (Scope 1 and 2)
- WRI/WBCSD Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Scope 3)

Reference Standard:

- ISO 14064-3 (2019-04) Second Edition: Greenhouse gases -- Part 3: Specification with guidance for the verification and validation of greenhouse gas statements

Level of Assurance and Qualifications:

- Limited
- This verification used a materiality threshold of ±5% for aggregate errors in sampled data for each of the above indicators

GHG Verification Methodology:

Evidence-gathering procedures included but were not limited to:

- Interviews with relevant personnel of Lennox and their consultant;
- Review of documentary evidence produced by Lennox;
- Review of Lennox data and information systems and methodology for collection, aggregation, analysis and review of information used to determine GHG emissions; and
- Audit of sample of data used by Lennox to determine GHG emissions.

Verification Opinion:

Based on the process and procedures conducted, there is no evidence that the GHG emissions statement shown above:

- is not materially correct and is not a fair representation of the GHG emissions data and information; and
- has not been prepared in accordance with the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard (Scope 1 and 2), and WRI/WBCSD Greenhouse Gas Protocol Corporate Value Chain Accounting and Reporting Standard (Scope 3).

It is our opinion that Lennox has established appropriate systems for the collection, aggregation and analysis of quantitative data for determination of these GHG emissions for the stated period and boundaries.

Statement of independence, impartiality and competence

Apex is an independent professional services company that specializes in Health, Safety, Social and Environmental management services including assurance with over 30 years history in providing these services.

No member of the verification team has a business relationship with Lennox, its Directors or Managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest.

Apex has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities.

The verification team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes, and has over 20 years combined experience in this field and an excellent understanding of Apex's standard methodology for the verification of greenhouse gas emissions data.

Attestation:



Scott Johnston, Lead Verifier
Principal Consultant
Apex Companies, LLC
Doral, FL



Mary E. Armstrong-Friberg, Technical Reviewer
Sr. Project Manager
Apex Companies, LLC
Cleveland, OH

July 14, 2022

This verification declaration, including the opinion expressed herein, is provided to Lennox and is solely for the benefit of Lennox in accordance with the terms of our agreement. We consent to the release of this statement by you to CDP in order to satisfy the terms of CDP disclosure requirements but without accepting or assuming any responsibility or liability on our part to CDP or to any other party who may have access to this statement.