



# LENNOX INTERNATIONAL SUSTAINABILITY REPORT



**INNOVATION MEETS  
RESPONSIBILITY**

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**INNOVATION MEETS  
RESPONSIBILITY**

Lennox International Inc. (NYSE: LII) brings an innovative mindset to its climate control solutions for the heating, air conditioning and refrigeration markets. This innovation is applied throughout the business segments and supports our promise of sustainability, energy efficiency and social responsibility.



## OUR COMMITMENT TO SUSTAINABILITY

Lennox International (LII) manufactures some of our industry's most energy efficient products, including the Lennox Ultimate Comfort System™ for residential consumers, Energence® rooftop units for commercial buildings and STRATUS® refrigerated reach-in merchandising cases for food retail applications. Sustainable practices have always been a part of our heritage of innovation. Dating back to 1895, Dave Lennox invented the first riveted steel furnace, which burned cleaner than any other furnace of its time. Today, these practices are reflected in the design, manufacture, distribution and performance of all our products. Our sustainability theme, “Innovation meets Responsibility,” embodies our commitment to the environment, while producing the industry's most innovative products.

Sustainability impacts our factories, distribution centers, sales branches, retail outlets, engineering centers and our business campuses. We do more with less, reduce expenses and invest wisely to meet the needs of our customers. We make significant investments to reduce energy consumption, solid waste, water use and greenhouse gas emissions across the company's operations. In our factories, our plant managers lead their teams to eliminate wasteful practices and conserve natural resources.

Our diversity and inclusion programs drive professional development and leverage our employees' unique perspectives. We measure employee engagement through regular employee surveys and report progress against objectives.

*“Our sustainability theme, “Innovation meets Responsibility,” embodies our commitment to the environment, while producing the industry's most innovative products.”*

We support the communities where we live and work through financial contributions and employee volunteerism. We support over 100 non-profit organizations focused on education, the arts, the environment, youth development and health and human services. Our employees volunteer their time and talents in support of numerous deserving organizations around the globe.

Safety is always a priority and we are succeeding with safety programs that dramatically decreased our recordable injury frequency rate and lost-time injury frequency rate. We are committed to ensuring every employee returns home safe at the end of each day.

All employees share a responsibility to uphold our high standard of ethics, which are embodied in our core values of Integrity, Respect and Excellence. We provide ongoing ethics training and awareness on the LII Code of Business Conduct and numerous other ethics-related topics such as conflicts of interest, insider trading and antitrust violations.

Our Sustainability Report is a snapshot of LII's ongoing commitment to sustainable business practices. Our customers, shareholders and employees care that we are an environmentally sound company and our employees work hard every day to achieve our sustainability objectives and deliver on our commitments.

Todd M. Bluedorn  
Chairman and Chief Executive Officer



# SUSTAINABILITY OPERATIONS

For more than 120 years, LII has led our industry in providing innovative climate control solutions. These systems and solutions include the most efficient products on the market and support our promise of sustainability, energy efficiency and social responsibility.

We are committed to being a responsible organization that advances sustainability in our products, services and operations.

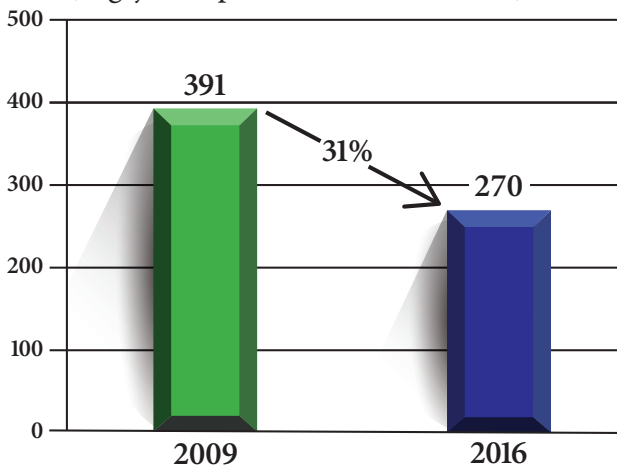
We measure and set aggressive reduction goals for energy, greenhouse gas emissions, solid waste and water. Substantial progress for these metrics

was achieved by investing capital dedicated to sustainability projects, engaging our employees to identify and drive completion of environmental projects and encouraging employees to adopt conservation minded behaviors.

Since 2009, we have reduced our revenue normalized energy use, greenhouse gas emissions, solid waste and water use by 31 percent, 67 percent, 51 percent and 79 percent respectively.

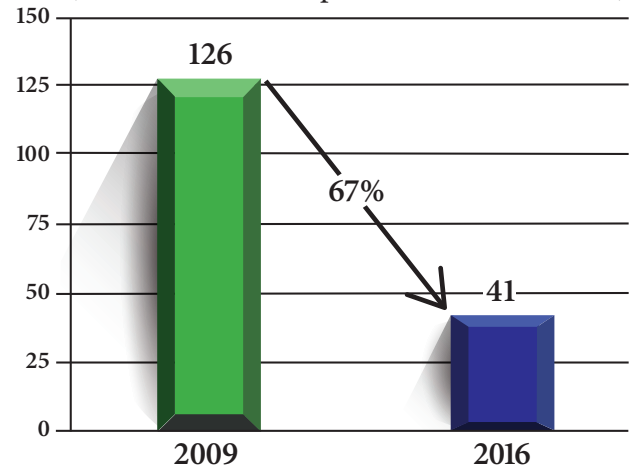
## ENERGY USE

(Gigajoules per \$million in revenue)



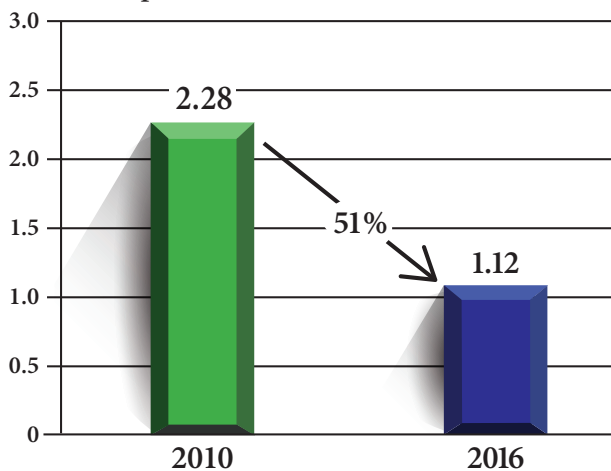
## GREENHOUSE GAS EMISSIONS

(Metric Tons CO<sub>2</sub>e per \$million in revenue)



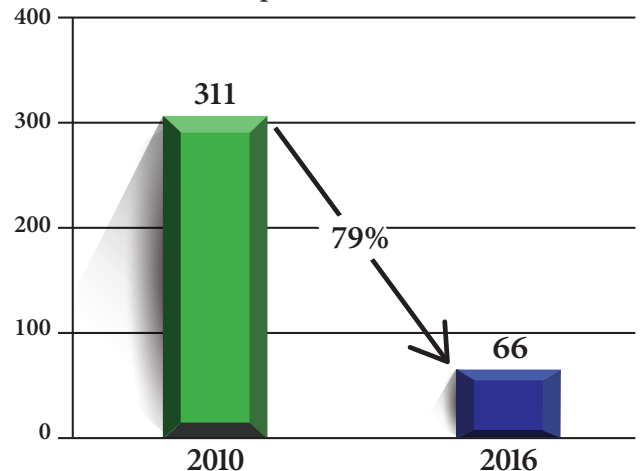
## SOLID WASTE

(Tons per \$million in revenue)



## WATER USE

(Cubic Meters per \$million in revenue)





# PRODUCTS & SERVICES

## RESIDENTIAL HEATING & COOLING

We provide the most efficient comfort solutions available to homeowners today. The Lennox Ultimate Comfort System™ includes the highest efficiency heating and cooling products on the market. With the iComfort S30® smart thermostat, PureAir™ air purification system and the iHarmony® zoning system, homeowners can expect precise comfort control. The iHarmony zoning system allows the homeowner to control temperature throughout the house, or in specific rooms, while the iComfort S30 controls home temperature, humidity and energy cost from anywhere in the world, using a smartphone, tablet or laptop. Features include SmartAway scheduling that uses geo-fencing to save energy when no one is home and email alerts and reminders to keep the homeowner informed of the system's status.



## COMMERCIAL HEATING & COOLING

Customers continue to choose Lennox Commercial products for their industry leading high-efficiency rooftop models, Energence® and Strategos®, both with the advanced Prodigy® unitary control system. We've expanded our high-efficiency Energence lineup with new industry leading Ultra-High Efficiency models that aren't just the lightest and quietest, but also the most efficient in its class, featuring innovative technologies such as variable-speed compressors, blowers and outdoor fans depending on the

model. Many of the Lennox rooftop units feature the innovative aluminum Environ™ condenser coil system providing improved reliability at less weight with over 50 percent less refrigerant than comparable units. These rooftop systems are environmentally friendly and can help commercial building owners qualify for Leadership in Energy and Environmental Design (LEED) points.



## SUNSOURCE® – SOLAR ENERGY SOLUTIONS

We harness the power of the sun to significantly reduce electricity use with the SunSource® Energy System.

Lennox continues to innovate and offers solar-ready heating, cooling and refrigeration solutions for residential and commercial customers. Our SunSource systems significantly reduce energy consumption for homes, commercial buildings and refrigeration systems. In commercial applications, the SunSource rooftop system can help building owners achieve net-zero energy status, as the SunSource system can generate more power than the rooftop HVAC unit consumes. In refrigeration applications, the SunSource Energy System is designed to help grocery retailers and other commercial refrigeration customers reduce energy consumption during peak demand hours resulting in substantial energy savings.



## REFRIGERATION

Heatcraft Worldwide

Refrigeration uses natural refrigerants with low GWP to develop leading technologies for the supermarket and industrial markets. Transcritical CO<sub>2</sub> solutions, such as the eCO<sub>2</sub>Boost, were launched in Europe with outstanding results and customer reception. CO<sub>2</sub> technology in refrigeration has been found to be 1,300 to 4,000 times less impactful on the climate than HFC-type refrigerants. Also, CO<sub>2</sub>-based refrigeration systems can reduce energy consumption by up to 20 percent in most applications. These technological advancements demonstrate Heatcraft's ability to consistently satisfy customer and regulatory requirements, while displaying a commitment towards preserving the environment through sustainable solutions.

# ETHICS

The LII Code of Business Conduct underscores our dedication, at all levels of the organization, to continue the foundation of integrity and highest standards of business ethics that we have demonstrated consistently for more than 120 years. The Code is provided in 10 languages and distributed to our employees throughout the world. Employees can report violations or suspected violations of the Code anonymously through an ethics hotline or dedicated email address, both of which are confidential and operated by an outside party. On a regular basis, the Audit Committee of the Board of Directors is apprised of all reported ethics matters.

Ethics are continually linked to our culture through training courses and ongoing communications. Employees complete training on the Code of Business Conduct, as well as courses in areas such as anti-corruption, antitrust, insider trading, protection of intellectual property, harassment and conflicts of interest.

We continue to drive our business results by keeping ethics at the forefront of everything we do at LII.



**INTEGRITY :**  
**WE BEHAVE IN AN HONEST AND STRAIGHT FORWARD MANNER.**



**RESPECT :**  
**WE RESPECT OUR EMPLOYEES, CUSTOMERS, SUPPLIERS, COMPETITORS AND THE COMMUNITIES WHERE WE WORK AND LIVE.**

## CORE VALUES



**EXCELLENCE :**  
**WE VALUE HIGH PERFORMANCE FROM OUR EMPLOYEES AND SUPPLIERS AND QUALITY IN OUR PRODUCTS AND SERVICES. WE DELIVER VALUE TO OUR SHAREHOLDERS.**

# SAFETY

Lennox International is committed to a safe workplace. We continue to focus on initiatives to reduce injury frequency and severity. Our goal is to create an environment where every employee can return home safe every day.

In 2016 we again achieved tremendous improvements in our safety results. We continue to focus on reducing ergonomic injuries, improving machine safeguarding and enhancing forklift/pedestrian safety.

We increased our efforts to prevent risks from entering our factories by focusing on product design and sourced components. Design engineers consider ergonomics in their product designs and work with our external vendors to ensure packaging and material handling compliments our injury reduction goals.

Increasing employee engagement remains a critical area of focus. By actively involving our employees in our safety and ergonomic programs, we continue to eliminate risks and move closer to our goal of every employee returning home safely every day.



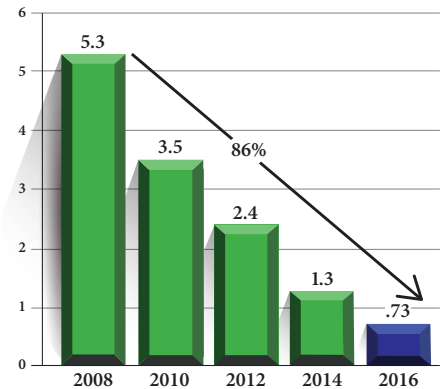
Two million hours without a lost workday injury – Tifton, Georgia



Two million hours without a lost workday injury – U.S. Residential Distribution Centers

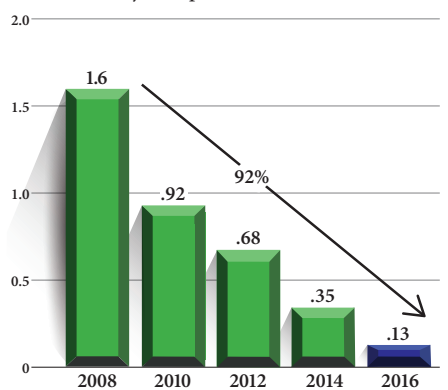
## RECORDABLE FREQUENCY RATE

(Recordable injuries per 200,000 hours worked)



## LOST TIME FREQUENCY RATE

(Lost time injuries per 200,000 hours worked)



“ Few companies I worked with have worked so hard in the pursuit of the safety of employees so we can do our duty and return to our families safely. ”  
 ~Pedro Rosa  
 Industries Operations

SOMOS TODOS HEATCRAFT

CADA PEÇA CONTA

HUMAN RESOURCES

SOMOS TODOS HEATCRAFT

São José dos Campos, Brazil involves employees and their family members in pursuit of zero injuries.



# DIVERSITY & INCLUSION

LII competes in a global market with a diverse workforce built on a foundation of respect. We are comprised of many different backgrounds, experiences and cultures and the collective power of our varied perspectives enables us to provide innovative product systems and solutions to our customers worldwide. Our diversity efforts are aimed at ensuring we have the breadth of talent required to deliver even more value to our customers and shareholders.

We recognize the importance of diversity and the value that women and their perspectives bring to our organization. The LII Women's Business Council (LWBC) is a voluntary, employee-led organization of women and men focused on professional development, networking and support for the communities where we live and work. The LWBC's initiatives enrich the experience of women at LII and make us a stronger company.

employees. In our most recent global survey conducted in 2016, 94 percent of our employees participated, providing valuable feedback to build an even stronger company for the future.

To enable employees to grow their careers, we provide a variety of training and development opportunities through our LII Learning Centre. Our Celebrate Cool employee recognition program



The Lennox Young Professionals Association (LYPA) is an employee resource group for young professionals. LYPA provides a forum for social interaction, networking and professional development for our future leaders.

LII is a member of the Society of Women Engineers (SWE), an inclusive organization focused on issues of interest to women specializing in engineering and technical careers. The organization helps companies advance their women engineers and technologists, achieve their diversity recruitment and retention goals and support their leadership training initiatives.

Our inclusion efforts promote employee engagement to leverage the unique strengths of each employee. The global employee engagement survey, first launched in 2010, allows us to hear directly from our worldwide

recognizes excellence in safety, teamwork, customer focus, integrity, innovation and quality. We also promote flexible work arrangements that allow employees to make their maximum contribution while still meeting the company's business objectives.

Every employee has unique strengths that make a difference. Regardless of where we work around the globe, we harness the collective power of those unique talents to ensure LII remains the best in our industry.

# COMMUNITY

LII supports the communities where we live and work. We give to causes that our employees care about and that also align with our objectives. Our employees volunteer in many different capacities, from tutoring children to serving in leadership positions with local charities to working on home improvement projects for the needy. Our employees contribute thousands of volunteer hours and we provide in-kind donations of HVAC equipment and supplies to various charitable organizations.

Globally, our Lennox India Technology Centre in Chennai helped local residents recover from severe flooding. In Australia, our team donated their time and contributed funds to support a local food bank. In Saltillo, Mexico, our team donated food to end hunger in neighboring communities. These efforts are just a small sampling of the support we provide to more than 200 organizations around the world such as the United Way, the Boys and Girls Clubs of America and the Special Olympics.



Lennox Industries of Stuttgart donated \$10,000 to the Phillips Community College of the University of Arkansas Stuttgart Foundation, which helped make the second Summer Youth Theater Workshop possible.



On Children's Day, members of the Lennox India Technology Centre team visited children at Montfort Sirahugal, who's main goal is to rescue homeless children.



Salvation Army Annual Angel Tree Gift Giving event at the corporate office in Richardson, Texas.

We support the following focus areas with both volunteer efforts and charitable contributions:

## EDUCATION

Organizations that develop or implement ongoing educational programs or special projects, including elementary and secondary schools and institutions of higher learning.

## THE ARTS

Organizations that support or provide programs relating to the visual, literary and performing arts.

## YOUTH DEVELOPMENT

Organizations that support or provide programs for leadership and development of young people, especially those demonstrating greater need.

## THE ENVIRONMENT

Organizations that support or provide programs to conserve or maintain our environment.

## HEALTH AND HUMAN SERVICES

Organizations that support or provide programs that improve health or the delivery of services to meet basic human needs.



# ACCOLADES & AWARDS

## 2016

### **American Diabetes Association Health Champion Award**

Lennox International

### **Dealer Design Award – Gold Award**

Dave Lennox Signature® Collection  
SLP98V Gas Furnace  
Lennox Industries

### **Dealer Design Award – Gold Award**

iComfort® S30 Smart Thermostat  
Lennox Industries

### **Dealer Design Award – Silver Award**

Healthy Climate® PureAir™ Air Purification System  
Lennox Industries

### **CDP 2016 Climate Score of A-**

Lennox International

### **U.S. Environmental Protection Agency Registered SmartWay® Transport Partner**

Lennox International

### **International Organization for Standardization 50001 Energy Management System Certification**

Saltillo, Mexico Factory  
Lennox International United Products

### **International Organization for Standardization 14001 Environmental Management System Certification**

Genas, France Factory  
Heatcraft Europe

### **Mississippi Environmental Quality Leadership Award**

Grenada Factory  
Advanced Distributor Products

## 2015

### **American Heart Association Platinum Fit-Friendly Award**

Lennox International

### **Dallas/Fort Worth's Best and Brightest Companies to Work For®**

Lennox International

### **Index – Environmental Recognition Award**

Saltillo, Mexico Cooling Plant  
Lennox International United Products

### **Dealer Design Award – Gold Award**

Dave Lennox Signature Collection  
Model SL18XC1 Air Conditioner  
Lennox Industries

### **Dealer Design Award – Silver Award**

Direct Drive Fluid Cooler FN Model  
Heatcraft Refrigeration North America

### **Dealer Design Award – Bronze Award**

Elite Series XC20 Air Conditioner  
Lennox Industries

### **Dealer Design Award – Bronze Award**

Slim Contour Electric Defrost Unit Cooler  
Heatcraft Refrigeration North America

### **EPA GreenChill Platinum Certification for Environmentally Friendly Commercial Refrigeration System**

Kysor/Warren

### **Oswaldo Moreira Refrigeration Industry Highlight Award**

Company of the Year in HVACR  
Heatcraft South America – Brazil

### **Le Mondial du Bâtiment – Silver Award for Innovation in the HVACR industry**

SRC Compressorized Rack  
Lennox EMEA

### **Dealer Design Award – Gold Award**

HVAC High-Efficiency Residential Equipment;  
Dave Lennox Signature® Collection  
SL18XC1 Air Conditioner  
Lennox Industries

### **Dealer Design Award – Bronze Award**

HVAC High-Efficiency Residential Equipment;  
Elite Series XC20 Air Conditioner  
Lennox Industries

### **Gustave A. Larson Company Partners in Excellence and Quality (PEAQ) Award**

Heatcraft Refrigeration North America

### **Dealer Design Award – Bronze Award**

Quick Response Controller  
Heatcraft Refrigeration North America

### **Partnership Gwinnett Movers & Makers Award**

Medium Manufacturer of the Year  
Heatcraft Refrigeration North America

### **Gustave A. Larson Company Partners in Excellence and Quality (PEAQ) Award**

Advance Distributor Products

## 2014

### **American Heart Association Platinum Fit-Friendly Award**

Lennox International

### **Department of Energy Better Plants Program 25% Energy Intensity Goal Met**

Lennox International

### **Procuraduría Federal de Protección al Ambiente Clean Industry Environmental Certificate**

Lennox International United Products  
Saltillo, Mexico

### **South Carolina Environmental Excellence Program (SCEEP)**

Allied Air Enterprises

### **Dealer Design Award – Bronze Award**

Smart AirFlow  
Lennox North America Commercial

### **Dealer Design Award – Bronze Award**

Energence Ultra-High Efficiency  
Lennox North America Commercial



### **Buildings Magazine Money-Saving Product**

Landmark

Lennox North America Commercial

### **Dealer Design Award – Gold Award**

Lead Lag Control System

Heatcraft Refrigeration North America

### **Dealer Design Award – Silver Award**

Split System Controller

Heatcraft Refrigeration North America

### **Most Innovative Company Award – Wuxi Industrial Park District Government**

Heatcraft Refrigeration Asia

## **2013**

### **Partnership in Excellence and Quality (PEAQ) GA Larson**

Heatcraft Refrigeration North America

### **Energy Star Certification for Buildings**

EPA – Lennox International Headquarters

Richardson, TX

### **Energy Star Certification for Buildings**

EPA – Lennox Distribution Center

McDonough, GA

### **Partner, Better Plants Program**

Department of Energy

### **American Heart Association**

### **Platinum Fit-Friendly Award**

Lennox International

### **American Heart Association**

### **Workplace Innovation Award**

Lennox International

### **0% Landfill Waste Certification**

Allied Manufacturing Facility – Orangeburg, SC

### **Iowa Governor’s Environmental Excellence Award**

Lennox Manufacturing Facility – Marshalltown, IA

### **ACHR Gold Dealer Design Award**

ACHR News – Lennox iComfort Wi-Fi Thermostat

### **ACHR Gold Dealer Design Award**

ACHR News – Kysor/Warren Composite  
Mechanical Enclosure

### **ACHR Silver Dealer Design Award**

ACHR News – Raider Rooftop Commercial HVAC

### **ACHR Silver Dealer Design Award**

ACHR News – Slim Contour Unit Cooler

### **Consumer Digest Best Buy**

Lennox Healthy Climate Carbon Clean  
16 Media Filter

### **2013 ABRAVA (Brazilian Association of Air Conditioning, Ventilation and Refrigeration) Innovation Award (9 products)**

Heatcraft de Brazil

# **ENERGY STAR CERTIFICATIONS**

In recognition of superior energy performance,  
the U.S. Environmental Protection Agency  
awards the Energy Star® to:



**CARROLLTON REGIONAL  
DISTRIBUTION CENTER**



**EASTVALE REGIONAL  
DISTRIBUTION CENTER**



**GROVE CITY REGIONAL  
DISTRIBUTION CENTER**



**HARRISBURG REGIONAL  
DISTRIBUTION CENTER**



**HOUSTON REGIONAL  
DISTRIBUTION CENTER**



**LENNOX INTERNATIONAL  
HEADQUARTERS, RICHARDSON**



**MARSHALLTOWN REGIONAL  
DISTRIBUTION CENTER**



**MCDONOUGH REGIONAL  
DISTRIBUTION CENTER**

Buildings that earn EPA’s ENERGY STAR use 35 percent less energy and generate 35 percent fewer greenhouse gas emissions than similar buildings across the nation.



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