



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.



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	<p>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.</p> <p>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.</p>
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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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	<p>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.</p> <p>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.</p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> » Report conduct inconsistent with our Code » Disclose potential conflicts of interest and » Confirm compliance with the Insider Trader Policy <p>Any issues raised in the questionnaire are addressed.</p>
	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.