



LENNOX INTERNATIONAL SUSTAINABILITY REPORT



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INNOVATION MEETS RESPONSIBILITY

Lennox International (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 commitment to 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, Emergence® rooftop units for commercial buildings. 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, production, 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, 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.

We support the communities where we live and work through financial contributions and employee volunteerism. In 2018, LII and our employees supported nearly 600 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 to reduce risks across our operations. 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

"Our sustainability theme, 'Innovation Meets Responsibility,' embodies our commitment to the environment, while producing the industry's most innovative products."

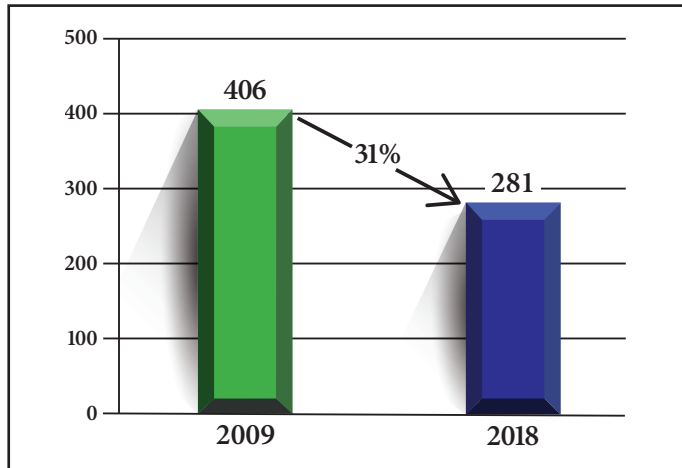
SUSTAINABILITY OPERATIONS

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 commitment to sustainability, energy efficiency, and social responsibility.

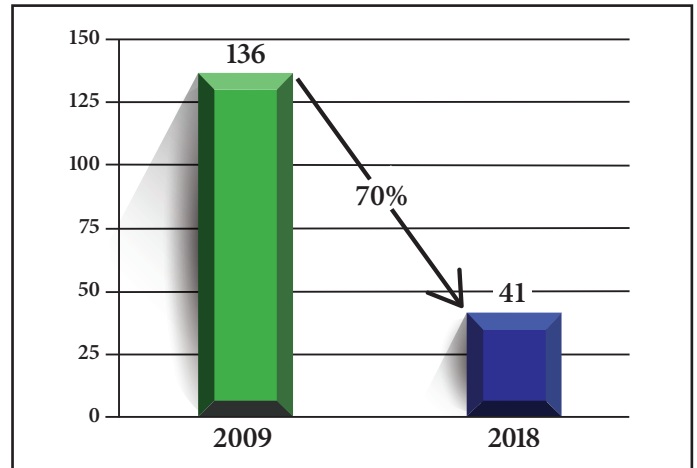
We are committed to being a responsible organization that advances sustainability in our products, services, and operations. We measure and set aggressive reduction goals for energy, greenhouse gas emissions, solid waste, and water use by 31%, 70%, 56%, and 84% respectively.

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.

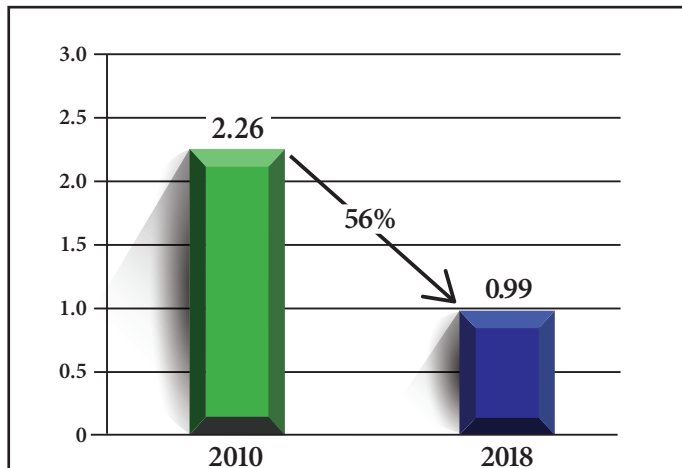
Since 2009, we have reduced our revenue normalized energy use, greenhouse gas emissions, solid waste, and water use by 31%, 70%, 56%, and 84% respectively.



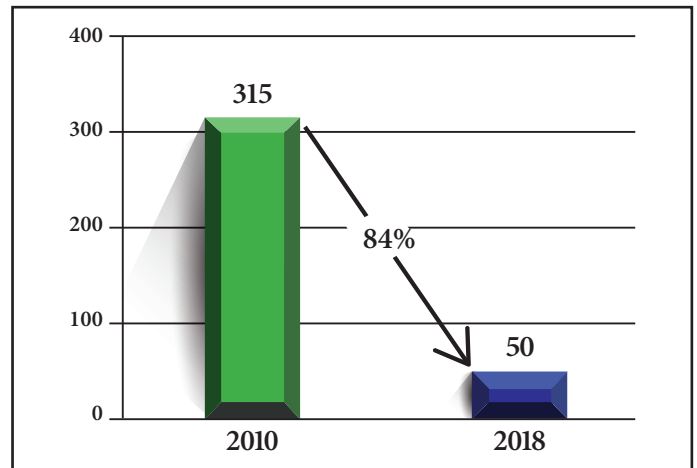
ENERGY USE⁽¹⁾
(GIGAJOULES PER \$MILLION IN REVENUE)



GREENHOUSE GAS EMISSIONS⁽¹⁾
(METRIC TONS CO₂e PER \$MILLION IN REVENUE)



SOLID WASTE⁽¹⁾
(TONS PER \$MILLION IN REVENUE)



WATER USE⁽¹⁾
(CUBIC METERS PER \$MILLION IN REVENUE)

(1) Excludes 2018 Marshalltown tornado impact.

PRODUCTS & SERVICES

RESIDENTIAL HEATING & COOLING

We provide our most advanced residential products and comfort solutions in one outstanding system, The Ultimate Comfort System™. It is the most advanced, efficient, and capable heating and air conditioning system available, offering the very best in comfort and performance. With the iComfort S30® Ultra Smart Thermostat and the PureAir®S air purification system, homeowners can expect precise comfort and zone specific control throughout their home. The iComfort S30 controls home temperature, humidity, and energy costs from anywhere in the world, using a smartphone, tablet, or laptop. Control features include compatibility with major smart home devices such as Apple HomeKit, Amazon Alexa, Google Assistant, and IFTTT with a score of smart features to deliver precise comfort where you need it, when you need it.



S30® ULTRA SMART THERMOSTAT



X25 HEAT PUMP



ULTRA-LOW NOX FURNACES (SL297NV, SL280NV)

Making our air cleaner and healthier benefits both people and the environment. A key contributor to air pollution is the group of reactive gases known as Nitrogen Oxides (NOx) which form ground-level ozone.

The primary effect of breathing NOx is increased respiratory problems. NOx inflames the lining of the lungs, which can cause wheezing, coughing, colds, bronchitis, and can worsen asthma. High levels of NOx can also have a negative effect on vegetation.

Lennox delivers ultimate comfort and efficiency with both the SL297NV and SL280NV variable-speed, ultra-low NOx furnaces. These are the first residential ultra-low NOx furnaces available to consumers. These products have been recognized by Integrated Building Solutions and Green Seal for exceptional environmental performance.

PRODUCTS & SERVICES (CONT.)

COMMERCIAL HEATING & COOLING

Every unit in our commercial rooftop portfolio is configured with the MSAV® Supply Fan, boosting energy-savings by up to 21%, and the Environ® coil system, which maximizes sustainability by using up to 52% less refrigerant. The high-efficiency Emergence rooftop lineup has been enhanced to offer higher efficiency and deliver even better performance with a higher EER, IEER, and cooling capacity. Our Emergence Ultra units boast efficiencies that meet or exceed industry regulations by up to 69%.

The Prodigy® 2.0 unitary controller allows customers to configure the unit to meet the unique demands of the space while achieving maximum unit efficiency resulting in energy savings. These units help building owners qualify for many state and local utility rebates and Leadership in Energy and Environmental Design (LEED) points.

Our newly improved Elite Split Systems provide efficiencies up to 12 EER and 16 IEER and deliver life-cycle energy savings of over 6,000kWh. With a reduction of over 9,000 pounds of CO₂, the Elite Split systems are impactful to carbon savings.

Lennox VRF launched the new generation of products designed for advanced versatility, intelligent performance, and unmatched serviceability in the North American market. In addition to incorporating high efficiency DC motors in all VRF indoor units, every VRF outdoor unit utilizes enhanced vapor injection (EVI) compressors that deliver superior system performance and a 14% improved efficiency rate over the previous product generation. The new generation Heat Recovery units have the highest Simultaneous Cooling and Heating Efficiencies (SCHE) in the industry.



EMERGENCE ROOFTOP UNITS

WORLDWIDE REFRIGERATION

The refrigeration businesses continue to develop solutions that meet customer requirements while being sustainable and environmentally friendly. Product lines using natural CO₂ refrigerant have been expanded. CO₂ has a Global Warming Potential (GWP) that is 1300-4000 times lower than traditional refrigerants and popularity of these products continues to grow. We are developing products with microchannel heat exchangers that reduce the use of traditional refrigerants by 70% and qualifying several lower GWP refrigerants that are emerging in the market place. Alternate low GWP refrigerants will be introduced in commercial rooftops in Europe and in new process chillers. New technologies that boost the efficiency of our products have been developed. We are proactively redesigning a significant portion of our product lines to meet the future requirements of the Department of Energy and EcoDesign directives in the US and Europe.



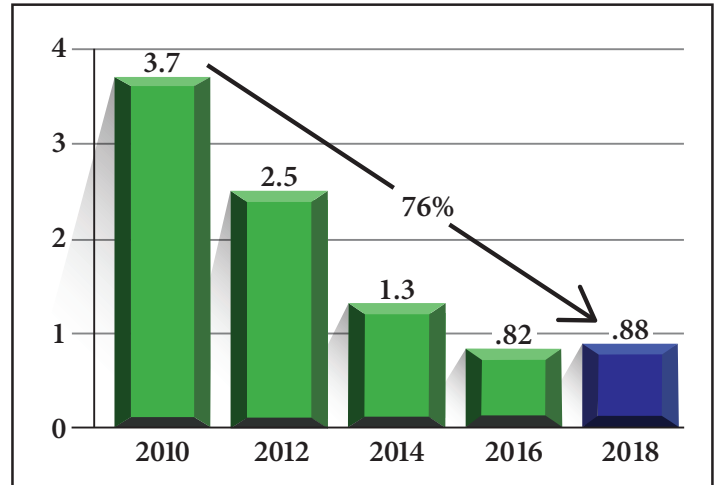
eCO₂BOOST UNIT

SAFETY

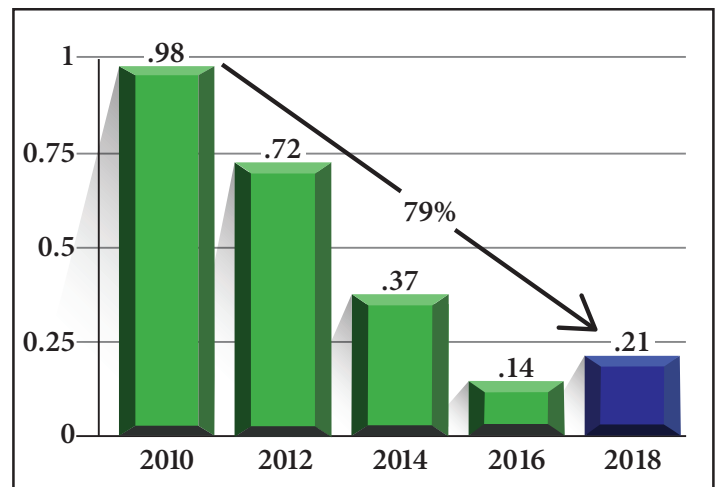
LII is committed to a safe workplace. We focus on risk assessments and mitigations to reduce injury frequency and severity. Our goal is to sustain an environment where every employee returns home safely every day.

Key focus areas for risk reduction include: personal protective equipment (PPE) use while handling sheet metal, improving 5S housekeeping, and forming good habits around proper lifting techniques. We continue driving improvements through audits, education, communication, and employee engagement.

Despite dramatic improvements in our safety rates over the years, our rates increased slightly in 2018. We're confident that we have the right focus, resources, and initiatives to resume our improvement trend.



RECORDABLE FREQUENCY RATE
(RECORDABLE INJURIES PER 200,000 HOURS WORKED)



LOST TIME FREQUENCY RATE
(LOST TIME INJURIES PER 200,000 HOURS WORKED)

AIM TO BE SAFE

HOW CAN I PROTECT MYSELF FROM INJURY?
WEAR PERSONAL PROTECTIVE EQUIPMENT (PPE)

SAFETY GLASSES
PROVIDES PROTECTION FROM FLYING PARTICLES, DIRT, AND DUST

EAR PLUGS
PROTECTS AGAINST HARMFUL NOISES IN THE WORKPLACE

GLOVES
PROTECTS HANDS AND FINGERS AGAINST CUTS AND ABRASIONS

KEVLAR SLEEVES
PROVIDES PROTECTION AGAINST CUTS AND SCRAPES

SAFETY SHOES
(WHERE APPLICABLE) PROVIDES PROTECTION FROM IMPACTS AND DROPPED OBJECTS

REMEMBER:
THERE WILL BE A SAFETY TRIVIA GAME THIS MONTH. SO REMEMBER WHAT YOU'VE LEARNED HERE. TOP SCORES EARN GREAT PRIZES!

WHAT'S THE DIFFERENCE?

FIRST AID INJURIES
ARE INJURIES THAT REQUIRE MINOR TREATMENT

OSHA RECORDABLE INJURIES
ARE TYPICALLY MORE SERIOUS INJURIES THAT REQUIRE TREATMENT BEYOND FIRST AID



EHS SAFETY SUMMIT
LII SAFETY PROFESSIONALS FROM AROUND THE WORLD GATHER FOR THE ANNUAL SAFETY, ERGONOMICS AND ENVIRONMENTAL SUMMIT IN RICHARDSON, TX.

AIM TO BE SAFE CAMPAIGN
DRIVES ENGAGEMENT AND EDUCATION

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 regularly 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.

CORE VALUES

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.

EXCELLENCE:



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

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

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



LYPA

THE LII YOUNG PROFESSIONAL ASSOCIATION (LYPA) HELD A SCHOOL SUPPLY DRIVE AND VOLUNTEERED AT THE NETWORK OF COMMUNITY MINISTRIES TO PACK BACKPACKS FOR LOCAL SCHOOL CHILDREN.

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 bi-annual global employee engagement survey, first launched in 2010, allows us to hear directly from our employees worldwide. During our most recent survey conducted in 2018, 95% of employees participated, providing valuable feedback needed to build an even stronger company for the future.

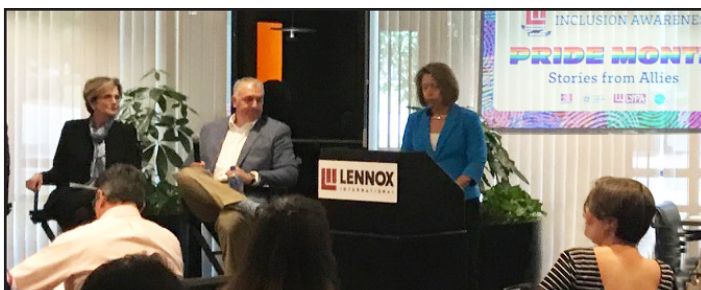
To help employees advance their careers, we provide a variety of training and development opportunities through the LII Learning Centre. Our Celebrate Cool employee recognition program recognizes excellence in safety, teamwork, customer focus, integrity, innovation, and quality. We also promote flexible work arrangements that allow employees to make their maximum contribution and meet 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.



LWBC

LII WOMEN'S BUSINESS COUNCIL (LWBC) HOSTED A PINK OUT DAY TO BUILD AWARENESS OF BREAST CANCER SURVIVORS IN THE COMMUNITY.



LII DIVERSITY COUNCIL

A LUNCH AND LEARN EVENT WAS SPONSORED BY THE LII DIVERSITY COUNCIL ON PRIDE MONTH WITH DISCUSSIONS ON INCLUSION IN THE WORKPLACE.

COMMUNITY

LII supports the communities where we live and work. We give to causes that our employees care about and 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.

One example of this is Feel The Love, which has been a key program for Lennox Residential since 2009. Culminating in Feel The Love Day every October, Lennox partners

with HVAC installers and local community members in the United States and Canada to deliver heating and air conditioning systems at no cost to people who consistently put others before themselves and need a helping hand. Recipients are selected based on a variety of criteria including physical, mental, or social disabilities, financial challenges, job loss, military service, and community service. But beyond that, each recipient has one thing in common; they always put others first. Past nominees include community figures such as teachers, firefighters, and volunteers; families facing hard times; veterans; senior citizens; and people impacted by natural disasters. We believe that everyone should be comfortable in their own home.



FEEL THE LOVE

LENNOX PARTNERED WITH DEALERS DELIVERING HOME COMFORT BY INSTALLING FURNACES AT NO COST FOR FAMILIES IN NEED.



LENNOX INDIA TECHNOLOGY CENTER

EMPLOYEES PARTICIPATED IN THE INTERNATIONAL COASTAL CLEANUP IN CHENNAI AS PART OF AN EFFORT IN FIGHTING OCEAN TRASH.



LWBC

HELPED DELIVER DONATIONS TO ATTITUDES & ATTIRE® AN ORGANIZATION DEDICATED FOR WOMEN SEEKING SELF-SUFFICIENCY AND CONFIDENCE IN THE WORKFORCE.



LENNOX MARSHALLTOWN

EMPLOYEES TEAMED UP WITH HABITAT FOR HUMANITY TO HELP REBUILD HOMES IMPACTED BY THE TORNADO THAT DEVASTATED THEIR TOWN.

ACCOLADES & AWARDS

2018

**Lennox International was awarded
92 United States Patents and 15 Trade Secrets**

Dealer Design Award - Gold Award

Elite® Series Large Split Systems
Lennox Industries

Dealer Design Award - Silver Award

All new and improved Landmark® Rooftop Units
Lennox Industries

Dealer Design Award - Silver Award

Lennox VRF Medium-Static Ducted Indoor Unit
Lennox Industries

Dealer Design Award - Gold Award

Lennox SL280NV Ultra Low NOx Gas Furnace
Lennox Industries

Dealer Design Award - Gold Award

Lennox® PureAir™ S
Lennox Industries

Dealer Design Award - Silver Award

Lennox iComfort® E30 Universal Smart Thermostat
Lennox Industries

2017

Dealer Design Award - Gold Award

ComfortSense CS8500® Commercial
Programmable Thermostat
Lennox Industries

Dealer Design Award - Bronze Award

Landmark High-Efficiency Heat Pump,
2 to 10 ton packaged units
Lennox Industries

Dealer Design Award Gold Award

LRP16GE Residential Package Unit
Lennox Industries

Dealer Design Award Bronze Award

Lennox Elite Series EL16XC1 Air Conditioner
Lennox Industries

Best of IBS: Best Green Building Product

Dave Lennox Signature® Collection
SL290NV Ultra Low NOx Furnace
Lennox Industries

Outstanding Corporate Innovator

Product Development and Management Association
Lennox Industries

**Finalist - Partnership Gwinnett Mover & Makers
Corporate Citizenship Award**

Worldwide Refrigeration

Gustave A Larson PEAQ Award

Worldwide Refrigeration

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

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

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% less energy and generate 35% fewer greenhouse gas emissions than similar buildings across the nation.



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