

2017
LENNOX
INTERNATIONAL
SUSTAINABILITY REPORT



**INNOVATION MEETS
RESPONSIBILITY**

CONTENTS

3

**OUR COMMITMENT
TO SUSTAINABILITY**

4

**SUSTAINABILITY
OPERATIONS**

5

**PRODUCTS
AND SERVICES**

6

SAFETY

7

ETHICS

8

**DIVERSITY
AND INCLUSION**

9

COMMUNITY

10

**ACCOLADES
AND AWARDS**



**INNOVATION MEETS
RESPONSIBILITY**

Lennox International Inc. (NYSE: LII) brings an innovative mindset to its climate controls 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, 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, 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 2017, 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 on-going 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 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.

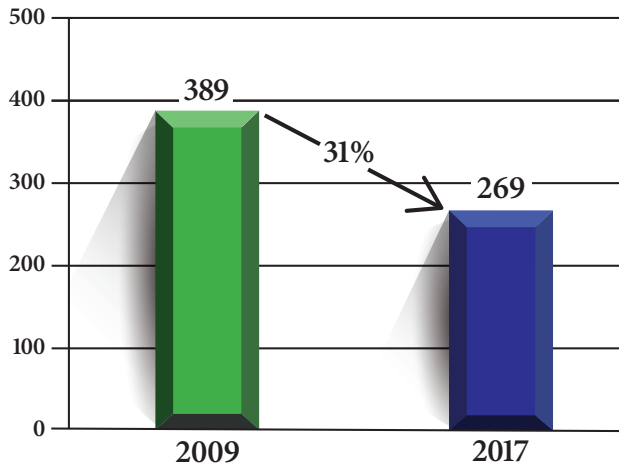
We measure and set aggressive reduction goals for energy, greenhouse gas emissions, solid waste, and

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, 68 percent, 55 percent, and 79 percent respectively.

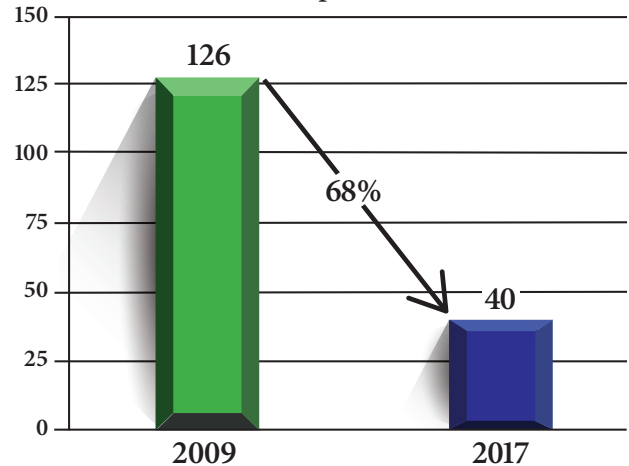
ENERGY USE

(Gigajoules per \$million in revenue)



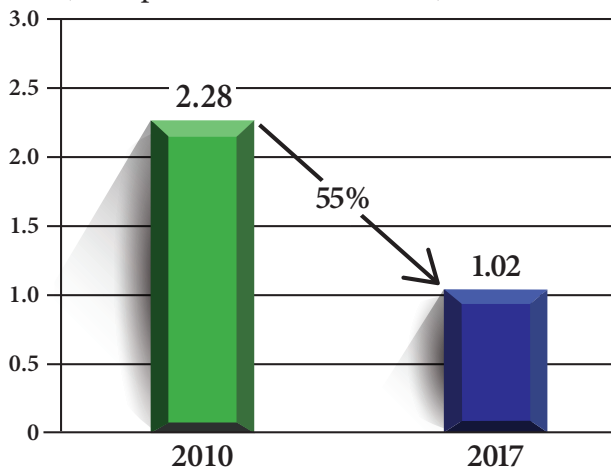
GREENHOUSE GAS EMISSIONS

(Metric Tons CO₂e per \$million in revenue)



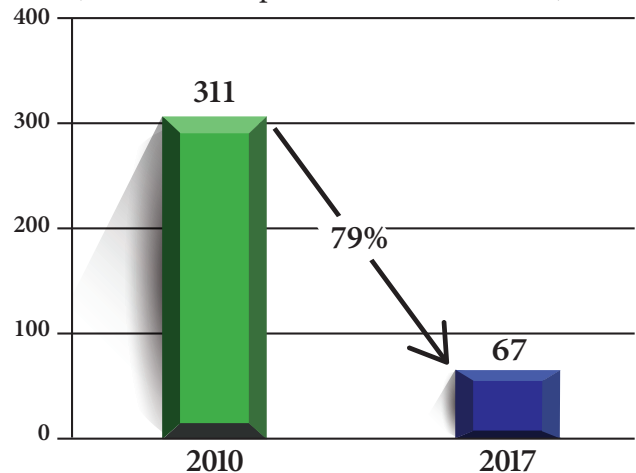
SOLID WASTE

(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® Ultra Smart Thermostat, PureAir®S 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 costs from anywhere in the world, using a smartphone, tablet, or laptop. Features include compatibility with Alexa and Apple HomeKit, SmartAway scheduling that uses geofencing to save energy when no one is home and email alerts and reminders to keep the homeowner informed of the system's operating status.



Ultra-Low NOx Furnace (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) that 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 comfort and compliance with the SL280NV variable-speed, ultra-low NOx gas furnace. This is the first residential ultra-low NOx furnace available to consumers! The unit produces 65 percent lower NOx emissions than the standard low NOx furnace, so you can feel good about your environment, inside and out.

COMMERCIAL HEATING & COOLING

Customers trust we offer high quality and reliable products for light commercial applications. Our already efficient line of rooftop units has gotten even better with increased efficiencies that meet or exceed industry regulations by up to 38 percent! Every unit in our commercial rooftop portfolio is configured for the MSAV® Supply Fan, boosting energy-savings by up to 27 percent, and the Environ® coil system, which maximizes sustainability by using up to 52 percent less refrigerant. The high-efficiency Energence rooftop lineup has been enhanced to offer higher efficiency and deliver even better performance with a higher EER, IEER, and cooling capacity. In addition to being the lightest and quietest units in its class, all Energence models now feature the Prodigy® 2.0 unitary control system, allowing customers to configure the unit to achieve maximum unit efficiency and energy savings. These units can help building owners qualify for many state and local utility rebates and Leadership in Energy and Environmental Design (LEED) points.



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 are being expanded. CO2 has a global warming potential (GWP) that is 1300-4000 times lower than traditional refrigerants. We are developing products with microchannel heat exchangers that reduce the use of traditional refrigerants by 70 percent and qualifying several lower GWP refrigerants that are emerging in the market place. 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. We have replaced fluorescent lighting with LEDs within our facility in Stone Mountain, Georgia reducing energy consumption by 50 percent. We are driving recycling programs within all of our factories to reduce consumption of packaging and other materials.



SAFETY

Lennox International continues its relentless focus on initiatives to reduce injury frequency and severity. Our goal is to create an environment where every employee can return home safely each day.

Over the years, we've dramatically reduced our injury rates through programs dedicated to eliminating ergonomic risks, improving machine safeguards, and enhancing forklift and pedestrian safety.

We also continue to prevent risks by focusing on product design and sourced components. Our Design and Sourcing Engineers work with external vendors to safety and ergonomic risks from entering our factories.

Employee engagement continues to be instrumental to our success. Our factories and business actively engage our employees in the process, which leads to continuous improvement in our programs. Targeted initiatives provide opportunities to personally contribute to our safety journey thereby helping us reach our goal of each employee returning home safely.



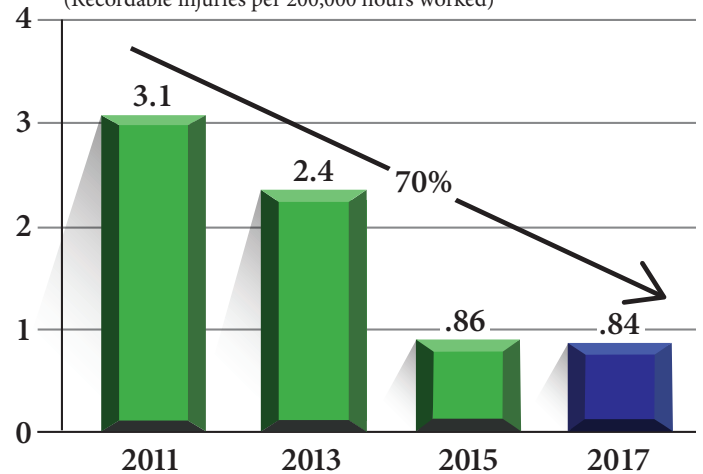
LII safety professionals from around the world gather for their annual LII Safety, Ergonomics and Environmental summit in Richardson, TX.



South Carolina 2017 Safety Award Winner – Orangeburg, SC

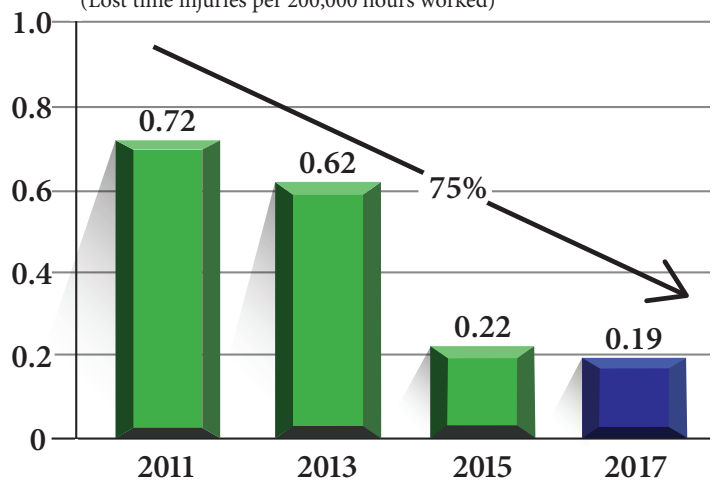
RECORDABLE FREQUENCY RATE

(Recordable injuries per 200,000 hours worked)



LOST TIME FREQUENCY RATE

(Lost time injuries per 200,000 hours worked)



Saltillo continues to lead the way across LII with continuous improvement. WIRED initiative integrates activities across productivity, safety, and quality.

WIRED = Waste + Impact + Risk + Ergonomics + Defects

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.

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, 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.



LII Women's Business Council (LWBC) celebrated International Women's Day across the global with networking events and educational workshops focused on gender parity.



LII Young Professional Association (LYPA) holds monthly events for social international, professional development and leadership opportunities for employees.

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.

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 2016, 94 percent 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 our 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 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.



LII executives present at a panel discussion at the annual sales meeting focused on education, motivation and communication with our field sales team members.

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.

These efforts are just a small sampling of the support we provide to nearly 600 organizations around the world such as the United Way, the Boys and Girls Clubs of America, and the Special Olympics.

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

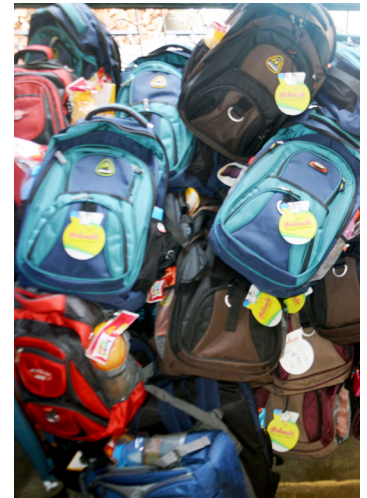
Organizations that support or provide programs to conserve or maintain our environment.

HEALTH AND HUMAN SERVICES

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



PD&R employees visited students during Engineers Week to teach them engineering basics and how to build a bridge.



Lennox India Technology Center provided school supplies for needy children in the District of Arani.



The LII Young Professional Association (LYPA) volunteered at Junior Achievement BizTown which gives students a chance to experience a daylong, fully interactive simulation of life beyond school.

ACCOLADES & AWARDS

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

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

SRV Compressorized Rack

Lennox EMEA

Dealer Design Award – Gold Award

HVACHigh-Efficiency Residential Equipment; Dave Lennox Signature® Collection

SL18XC1 Air Conditioner

Lennox Industries

Dealer Design Award – Bronze Award

HVACHigh-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

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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