

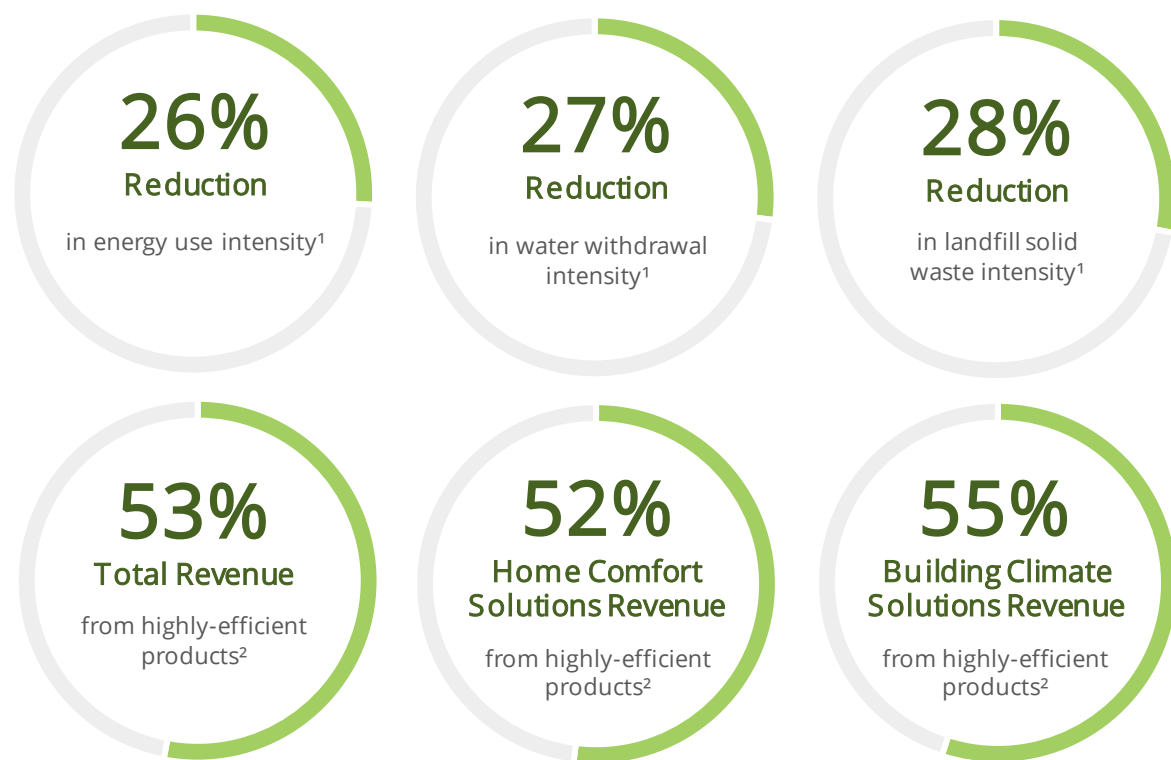


# 2023

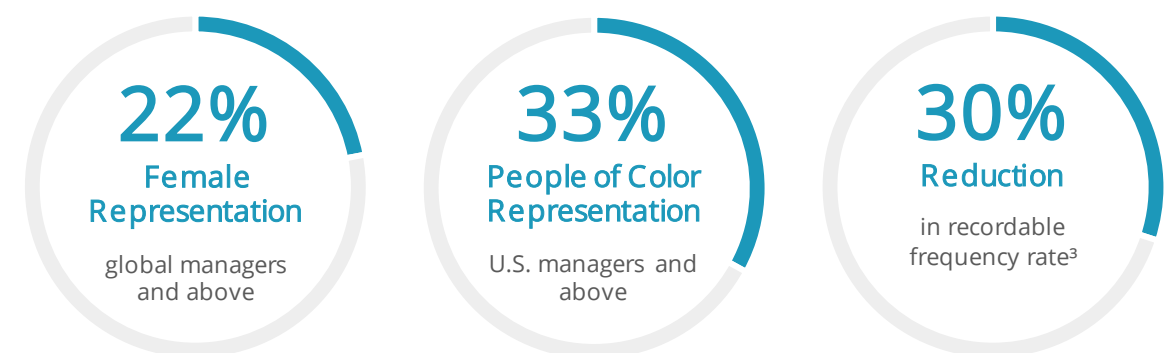
## Sustainability Report

# 2023 SUSTAINABILITY HIGHLIGHTS

## ENVIRONMENTAL



## SOCIAL & SAFETY

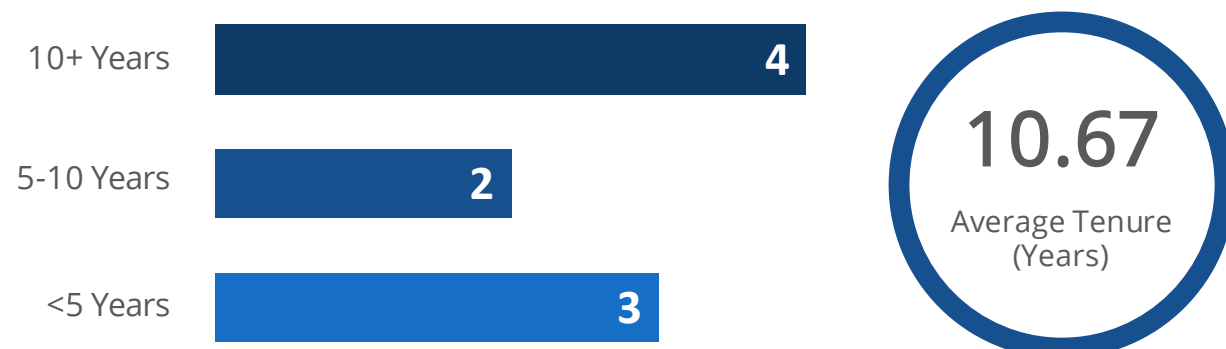


## GOVERNANCE

### Board Composition and Diversity



### Breakdown of Board Tenure



### Board Measures

- ✓ Independent Board Chair
- ✓ Board oversight of the company's sustainability strategy
- ✓ Board oversight of the company's risk management strategy
- ✓ Annual self-evaluation by the Board and its committees and individual evaluation for nominees
- ✓ Key Committees 100% independent (Audit, Compensation, and Governance (nominating) Committees)

All data includes only current operational facilities as of December 31, 2023. Data does not include EMEA and AES businesses.

<sup>1</sup>Compared to 2014 baseline. Adjusted to exclude EMEA business divested in 2023.

<sup>2</sup>Excludes revenue from refrigeration, supplies, parts, and services.

<sup>3</sup>Recordable injuries per 200,000 hours worked, compared to 2018.

## MESSAGE FROM OUR CEO



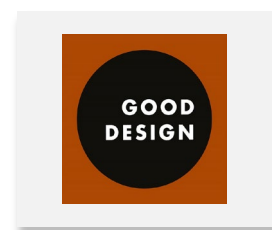
Lennox is a leader in energy-efficient climate-control solutions. Dedicated to sustainability and creating comfortable and healthier environments for our residential and commercial customers while reducing their carbon footprint, we have built a legacy of innovation with our cooling, heating, indoor air quality, and refrigeration systems. Our products have provided comfort for our customers since our first product was introduced in 1895.

We are committed to a globally diverse workforce built on a foundation of respect and value for people of different backgrounds, experiences, and identities. Every day, we strive to create a safe and inclusive work environment where employees can unleash their creative talent, feel challenged, and thrive. We know that a diverse and equitable workplace is key to delivering innovative products and solutions for our customers.

Our products help to reduce energy consumption, support the shift towards electrification, and promote the growing interest in environmental sustainability. Driven by **INTEGRITY**, **RESPECT** and **EXCELLENCE**, Lennox continues to deliver consistent shareholder value.

**Alok Maskara**  
Chief Executive Officer

## AWARDS AND RECOGNITION



## Core Values and Guiding Behaviors

### INTEGRITY

#### Accountability

We deliver on our commitments.

#### Positive Engagement

We energize and motivate others.

#### Trust

We are honest, ethical, and safe.

### RESPECT

#### Customer Experience

We earn the loyalty of our customers.

#### Sustainability

We care for our community and planet.

#### Talent

We foster belonging and create opportunities to grow.

### EXCELLENCE

#### Innovation

We embrace original ideas and creative solutions.

#### Quality

We strive for continuous improvements.

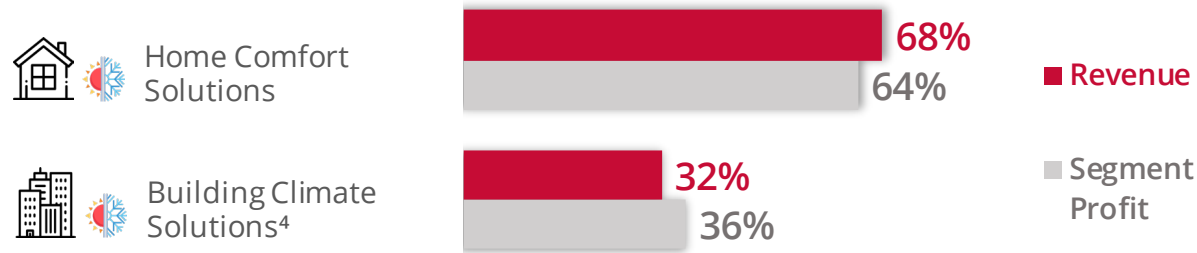
#### Results

We prioritize superior outcomes for our stakeholders.

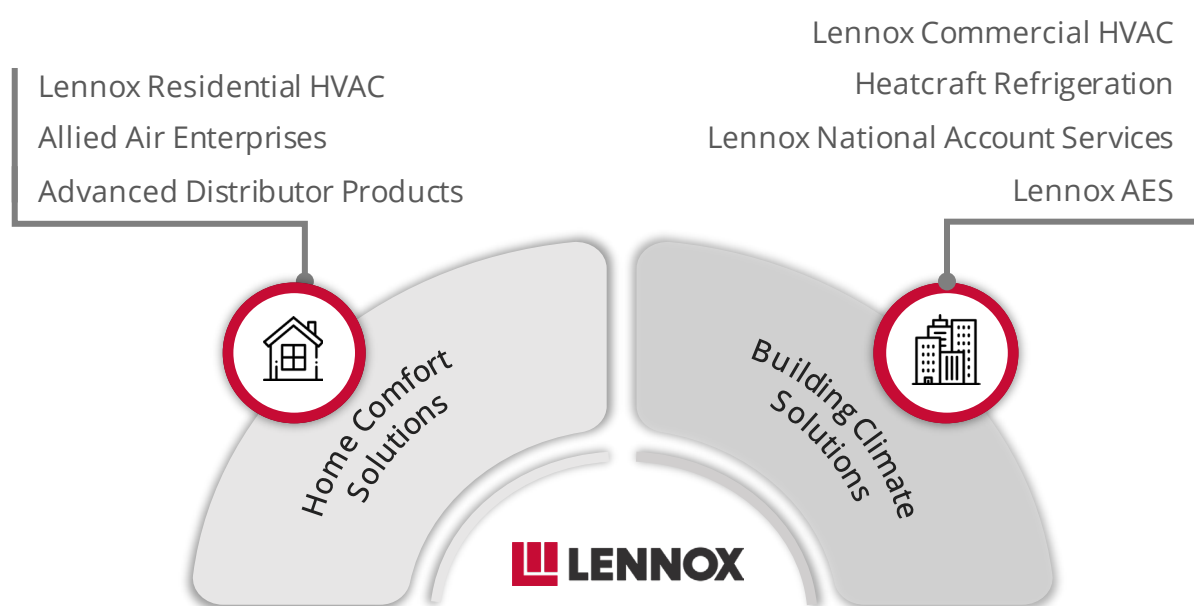
# ABOUT LENNOX

We began manufacturing equipment over 125 years ago in Marshalltown, Iowa. Today, we manufacture and assemble the most energy-efficient residential heat pumps<sup>1</sup>, air conditioners<sup>2</sup>, and furnaces<sup>3</sup> available to consumers. As of December 31, 2023, we employed approximately 12,600 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 our customers with the most effective and energy-efficient heating, air conditioning, indoor air quality, and refrigeration systems.

## 2023 Profit and Revenue By Segment<sup>4</sup>:



## Major Business Units:



<sup>1</sup>Efficiency claim based on comparison of highest Designated Tested Combination SEER of the SL25XPV as compared to the Designated Test Combination SEER of the competitive variable capacity compressor units as published in AHRI (June 2021). Actual system combination efficiency may vary; consult AHRI for exact system efficiencies. <sup>2</sup>Efficiency claim based on comparison of the average SEER of the SL28XCV as compared to the average SEER of the competitive variable capacity compressor units as published in AHRI (December 2020). Actual system combination efficiency may vary; consult AHRI for exact system efficiencies. <sup>3</sup>Based on AFUE efficiency rating of Lennox SLP99UH090XV60C and leading competitive units listed in AHRI directory as of December 2019. Efficiency ratings established per test standard ANSI/ASHRAE 103-1993. <sup>4</sup>Excludes EMEA and Corporate, please see appendix for more information.



**\$4.73** Billion  
Core Revenue<sup>4</sup>



**12,600**  
Total Employees

---



**\$94** Million  
R&D Expenditure






**78**  
Patent Applications

# INNOVATION AND SOLUTIONS

Our research and development initiatives extend beyond product leadership into the core of our product line. We strive to deliver cost-effective solutions that align with customer needs while meeting current and emerging regulatory standards. In 2023, we allocated \$94M to R&D to develop new products and services.

## Some Highlights Include:

-  In 2023, we acquired AES to expand Commercial HVAC services. AES Reclaim recycling programs promote eco-friendly practices through its national reclaim and reuse program.
-  Our newest heat pumps include models designed to perform better in colder climates than standard heat pumps and have variable speed settings that are compatible with renewable energy sources.
-  Our S40 Smart Thermostats include Smart Away™ capabilities to learn our customers' scheduled routine at home and enable energy efficiency when they are not. In 2023, Lennox celebrated one million Smart Thermostats sold.



# ALIGNMENT WITH THE UN SDGs

The Sustainable Development Goals (SDGs) 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 Lennox, we have identified eleven 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](#).

## Sustainability



- Water stewardship initiatives that include the installation of touchless and low-flow faucets, flush valves, and waterless urinals and the implementation of drought-tolerant landscaping and efficient irrigation practices.



- Adoption of waste management strategies focused on reducing waste generation and promoting diversion from landfills.



- Transition to the new M1 product efficiency standard.
- Launch of the cold climate heat pump.
- Partnership with Hudson Technologies to collect recovered refrigerant from our dealers.



- Acquisition of AES, a leader in HVAC equipment recycling.
- Integration of sustainability principles into supply chain management and supplier qualification audits.



- Sustainment of ISO 14001, ISO 45001, ISO 50001, and ISO 9001 certifications for one of our facilities.
- Measures to reduce energy, water, and solid waste intensity across our operations.

## Engagement



- Partnership with the Communities Foundation of Texas.
- Establishment of the LII Lennox Foundation, which facilitates community grants, offers employee donation matching programs, and provides grants for employee volunteer hours.



- Employee benefits designed to support well-being and work-life balance, including Volunteer Time Off, Well-Being Time Off, Bonding Leave, Mental Health and Financial Programs, and Health Screenings.



- Introduction of the LII Lennox Foundation Scholarship Program, aimed at assisting graduating high school seniors in pursuing their educational goals.
- Employee access to over 15,000 courses, including eLearning content, instructor-led courses, and specialized development programs tailored to enhance skillsets and foster professional growth.

## Inclusion



- Partnership with SWE (Society of Women Engineers) and Women in HVAC to support and empower women in the industry.
- Partnership with Project Unity to facilitate conversations and promote understanding on topics of race and diversity within the workplace.



- Introduction of two new Employee Resource Groups in 2023: Lennox Asian Professionals for Excellence (LAPEX) and Hispanic/Latin Organization for Leadership & Achievement (HOLA).



- Annual compensation reviews to promote equitable pay across the organization.
- Commitment to engaging with diverse suppliers, contributing to a more inclusive supply chain.











The content of this publication has not been approved by the United Nations and does not reflect the views of the United Nations or its officials or Member States.

# ENVIRONMENTAL MANAGEMENT

At Lennox, we have a comprehensive Environmental, Health, and Safety Management System (EHS-MS) aligned with the principles of the ISO 45001 and 14001 standards that describes our governance, process, and performance indicators as they relate to EHS at Lennox. 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. All of Lennox’s facilities implement our EHS-MS and maintain required standards, procedures, and audits.

Additionally, one of our facilities has ISO 14001, ISO 45001, and ISO 50001 certifications. Notably, Lennox has paid no significant fines or penalties related to environmental or ecology issues for over a decade.

## OUR EHS-MS INCLUDES TOOLS TO PERFORM THE FOLLOWING FUNCTIONS:

-  Monitoring and measuring EHS performance and actions to prevent or correct non-conformance, while maintaining thorough records.
-  Promoting compliance with all applicable local and federal laws and regulations governing employee safety and environmental protection.
-  Maintaining an EHS compliance program, including standards, procedures, and audits.
-  Encouraging the use of non-polluting technologies and waste minimization in the design of products and processes.
-  Encouraging the conservation of resources and protection of the environment through recycling, reuse, and proper disposal of materials.
-  Identifying potential hazards and environmental impacts associated with our operations, products, wastes, or services, and proactively addressing public concerns.
-  Continuing to improve EHS performance, considering technical developments, scientific understanding, consumer needs and community expectations.
-  Providing job-specific training and education on EHS processes and procedures to promote awareness and address inherent risks present at each facility.
-  Promoting consultation and participation of employees in the development of the EHS-MS.
-  Maintaining clear procedures for internal and external communication of EHS information and incidents.

## WATER STEWARDSHIP

We understand the importance of water conservation and are actively working to reduce our operational water consumption and safely manage wastewater, especially in water-stressed areas. Our efforts include implementing efficient water usage practices throughout our operational processes. By doing so, we aim to minimize our environmental impact while maintaining the highest standards of service and efficiency. We have met our water reduction target to reduce our revenue-normalized water use by 25% for 2024 (from a 2014 baseline).

### Water Withdrawal Intensity<sup>1</sup> (Cubic Meters/Millions USD in Normalized Revenue)



## ENERGY MANAGEMENT

Reducing energy consumption is a key priority for our company. It's integral to both environmental sustainability and operational efficiency. We have met our energy reduction target to reduce our revenue-normalized energy usage by 25% for 2024 (from a 2014 baseline).

### Energy Usage Intensity (MWh/Millions USD in Normalized Revenue)



Our reported energy usage, water usage, and waste production covers over 95% of our operational facilities. All data includes only current operational facilities as of December 31, 2023. Data does not include EMEA and AES businesses. The 2014 baseline was adjusted to exclude EMEA business divested in 2023.

<sup>1</sup>Starting this year, we have updated our water reporting metrics to include total water discharge and total water consumption in addition to water withdrawal (previously referred to as "total absolute water usage"). To reflect these changes, we have renamed our previously reported "total absolute water usage" to "total water withdrawal". Additionally, "water usage intensity" has been renamed to "water withdrawal intensity" to better clarify the metric.

## WASTE MANAGEMENT

Our goal is to significantly reduce landfill waste by optimizing our recycling efforts and adopting more sustainable practices. We are committed to minimizing the waste generated at our facilities, diverting waste from landfills, and recycling materials such as metals, cardboard, and more. We partner with waste management companies to maximize the value of our recyclable materials and minimize the waste sent to landfills. Through our AES subsidiary we recover refrigerant for recycling and recycle HVAC equipment at end of life.

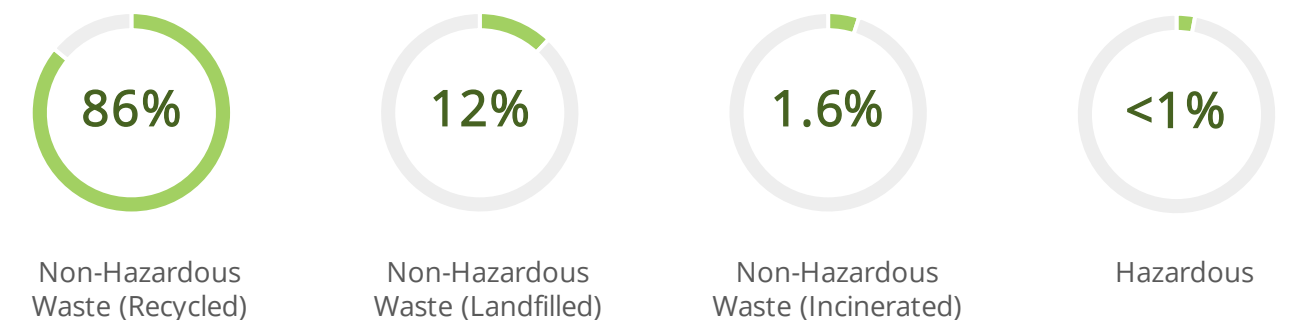
### Landfill Solid Waste Intensity (Metric Tons/Millions USD in Normalized Revenue)



In 2023, solid waste generated from our operations included less than 1% of hazardous waste. We have met our waste reduction target to reduce our revenue-normalized landfill solid waste by 25% for 2024 (from a 2014 baseline). We had no reportable spills in 2023. Below is a breakdown of our waste – non-hazardous and hazardous – data.

### Breakdown Of Absolute Solid Waste Generated In 2023

(Metric Tons)



# DIVERSITY AND INCLUSION

Diversity and inclusion drive ongoing advancement and leadership at Lennox. Acknowledging the value of diverse backgrounds and experiences, we understand that inclusion fosters accelerated innovation within our organization. This commitment is evidenced through our recruitment strategies, comprehensive development initiatives, and the promotion of our various employee resource groups. At Lennox, we firmly believe that fair and equitable compensation is fundamental to any thriving business model. Additionally, in the United States, we ask that each final slate of candidates for salaried positions includes at least one female and one individual from a minority background. We recognize the importance of having dedicated leadership in this area. Therefore, we have appointed an Inclusion and Diversity senior manager to oversee and advance our efforts in promoting diversity and inclusion throughout the organization.

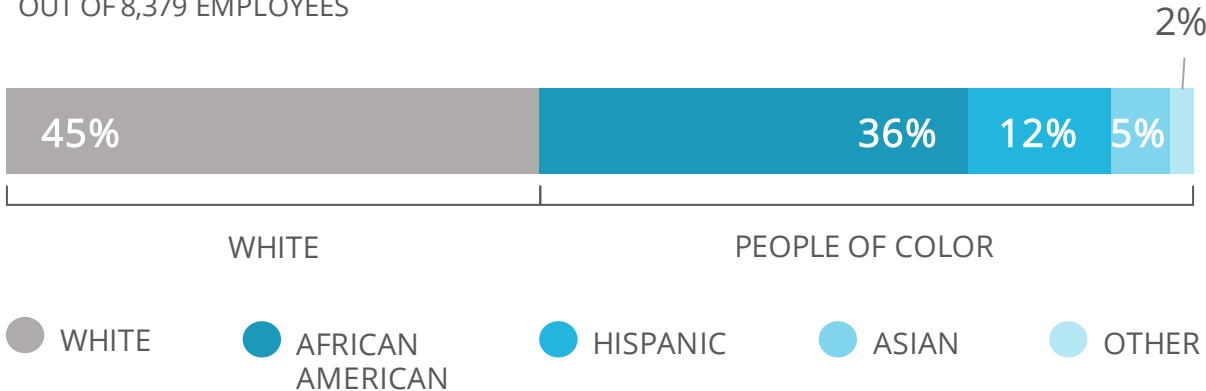
## Gender Breakdown for Global Employees in 2023

OUT OF 12,600 EMPLOYEES

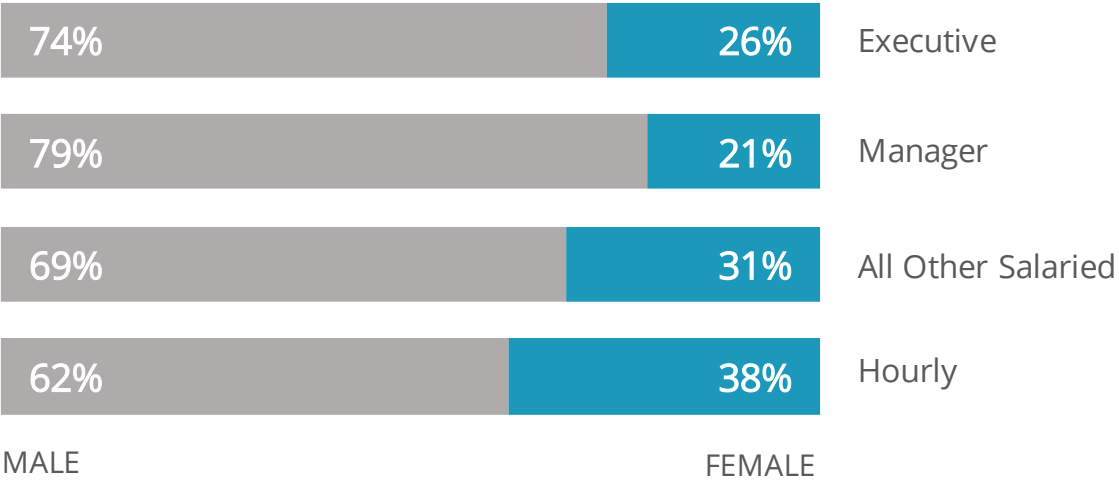


## People of Color Breakdown for U.S. Employees in 2023

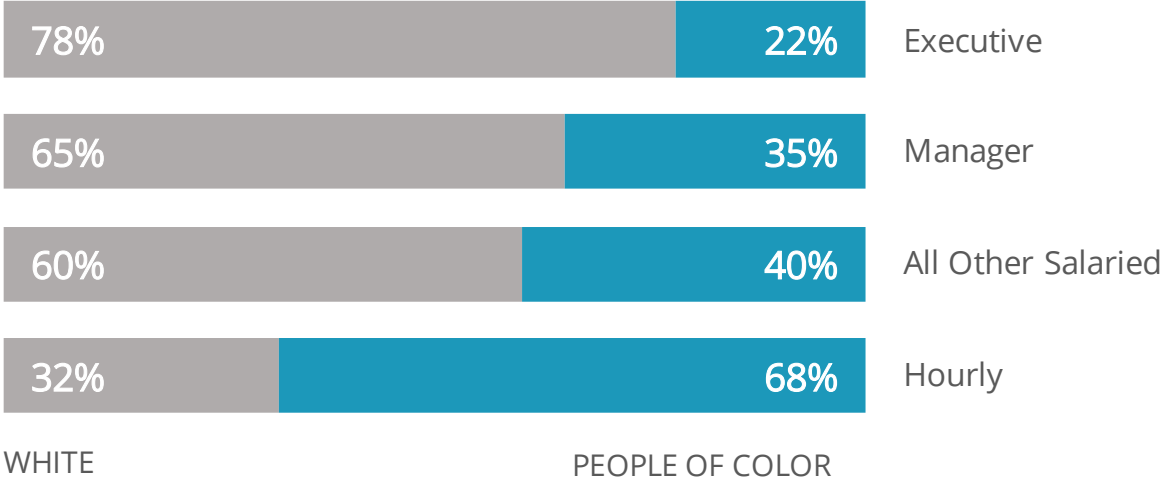
OUT OF 8,379 EMPLOYEES



## Gender Breakdown by Level for Global Employees in 2023



## People of Color Breakdown by Level for U.S. Employees in 2023



Employee data may differ between various reports due to differences in timing and method.



## 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 focus on safety. Supervisory operational roles have activity-based and/or safety-related performance goals included in their annual evaluations. Our design and sourcing engineers are focused on reducing safety and ergonomics risks introduced into our operations from new components, machinery, and process or product changes. We are proud of our record of zero workplace fatalities since 2011 for both contractors and employees. Year over year, we continue to achieve strong absolute performance. In 2023, one of our facilities successfully maintained ISO 45001 certification, further affirming our commitment to prioritizing safety and well-being in our workplace.

Employees and Contractors	2023 Rate <sup>1</sup>
Recordable Frequency Rate	0.58
Fatalities	0
Lost Time Frequency Rate	0.14

## EMPLOYEE LEARNING AND DEVELOPMENT

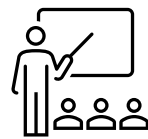
At Lennox, developing our employees is one of our strategic priorities and we believe in empowering our employees to own their careers. Our employees have access to several career development programs aimed at enhancing their skillsets and providing learning experiences that support professional growth. Lennox offers eLearning content, instructor-led courses, and focused development programs for salaried employees. Twice a year, our Talent Development Review (TDR) process identifies key talent, succession plans, and retention risks. Our CEO is involved in the TDR for all executives, and high potential managers. Skill matrices are used to assess the potential skill gaps and needs for technical functions across our organization.

### 2023 Salaried Online Learning Statistics:



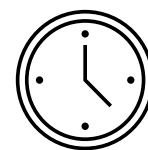
**5,210**

Employees Completed Training



**5,723**

Completed Unique Courses



**87,666**

Training Hours<sup>2</sup>



**21,920**

Hours of Online Classes

## EMPLOYEE RESOURCE GROUPS

At Lennox, 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). Lennox ERGs, all six of which are employee-led, are a critical part to our overall Inclusion & Diversity strategy. In addition, participation in our ERGs provides opportunities for both personal and professional growth. All employees are invited to join any of Lennox's six ERGs. Each ERG meets at a minimum quarterly.

<sup>1</sup>Per 200,000 hours worked; Data does not include EMEA and AES businesses.

<sup>2</sup>Other offerings such as Assessments, Videos offerings, Materials & Curriculum contribute to the overall training hours.

## SUPPLIER AUDITS

We audit all new suppliers. Following an audit, we identify areas of improvement and require suppliers to provide us with a supplier action plan. We collaborate with the supplier to prepare their action plans 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. In 2023, we added 20 new specific sustainability questions to our Supplier Audit. We use a third party to conduct an annual survey of our top 1,000 suppliers, evaluating key sustainability areas such as climate impact, data protection and privacy, human trafficking and slavery, labor rights, organizational commitment, and resource utilization. In our contract templates, we require suppliers to comply with applicable labor laws and our Business Partner Code of Conduct, which includes our Human Rights Policy.

### EXAMPLES OF SUSTAINABILITY 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

## STAKEHOLDER ENGAGEMENT

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 monthly basis and are regularly in contact with customers to discuss their needs to promote product excellence.

We launched a comprehensive refrigerant disposal and reclaim program with Hudson Reclaim for our Lennox residential dealer network in 2023. Benefits of the program included the refrigerant being picked up at the dealer for no cost and dealers were paid up to \$10 per pound of refrigerant reclaimed. We ended 2023 with 350 participating dealer locations registered around 92,000 pounds reclaimed. Lennox met the requirements of the California CARB R4 program for R-410A, which requires OEMs to use at least 10% reclaimed refrigerant annually for 2023 and 2024. We will continue to expand the program utilization in 2024.

# COMMUNITY ENGAGEMENT AND PHILANTHROPY

At Lennox, we are committed to caring for our employees, customers, communities, and environment. In 2023, we furthered this commitment by establishing the LII Lennox Foundation. The Foundation is willing to give up to 1% of the company’s net income to benefit charitable causes. The foundation actively supports charitable endeavors across three giving areas—Health, Education, and the Environment—prioritizing initiatives in the communities where our operations and employees are located. This support is provided through community grants, employee donation matching, and employee volunteer hour grants. In addition, Lennox provides employees with annual Volunteer Time Off (VTO) to encourage them to volunteer for their favorite charitable causes.

In 2023, the LII Lennox Foundation donated \$1.1 million to over 215 charities. Additionally, our employees volunteered over 5,100 hours of their time, participating in numerous philanthropic activities.

## THE LII FOUNDATION: PURPOSE AND PROGRAMS

- 1 Increases positive impact on the communities where Lennox employees live & work
- 2 Provides meaningful volunteer & giving opportunities for employees
- 3 Expands giving with business partners

Employee programs include employee donation matches (up to \$5,000), volunteer grants (up to \$1,000) in addition to VTO, and community grants tied to volunteerism, and apply to all full-time employees, at any of our locations.

## LII LENNOX FOUNDATION IMPACT: SINCE JUNE 2023

 **215+**  
Charities Supported

 **\$1.1 million**  
Giving Outcomes

 **315**  
Feel The Love® Recipients

 **5,100+**  
Recorded Hours of Volunteer Time

## 2023 COMMUNITY CONTRIBUTIONS

- » **Feel The Love®** is one of our key initiatives, supporting heroes who make a difference. Every year since 2009, we partner with our dealer network to recognize deserving community heroes in the U.S. and Canada with heating and cooling equipment and installation free of charge. In 2023, we supported 315 installations with 238 dealers.
- » With **Operation Warm**, we provided over 2,000 brand-new coats in various communities nationwide, offering local children physical and emotional comfort.
- » We donated HVAC units to homes being built and spent time volunteering for Edisto **Habitat for Humanity**, a non-profit dedicated to eliminating substandard housing and homelessness.
- » In support of the **Boys & Girls Club** and its mission to provide resources for young people to achieve an education, we organized school supply drives to ensure students had the tools to succeed.
- » We partnered with the **Paalam Charitable Trust** in Chennai, India to provide resources for rural communities in need. We built solar-powered streetlights and a water tank to improve living conditions and supply sustainable energy.

## BOARD COMPOSITION AND DIVERSITY

We maintain a well-rounded Board that is best positioned to guide and provide robust oversight of Lennox’s business direction and integration of sustainability activities. Our Lennox Corporate Governance Guidelines stipulate that the Board will seek the best qualified candidates with consideration for diversity, including a diversity of professional experience, race, ethnicity, gender, age, and cultural background. Our current Board reflects this effort. In 2023, four of the Lennox Directors were female. The Board and the Board Governance Committee are committed to developing a diverse pool of potential candidates for future Board service. Our Board Chair and each Committee Chair are independent.

### Lennox Code of Business Conduct

Lennox expects all employees and Board Members to comply with our Code of Business Conduct.

[LEARN MORE ▶](#)

### Lennox Corporate Governance Guidelines

Lennox expects our Board to comply with our Corporate Governance Guidelines.

[LEARN MORE ▶](#)

### Lennox Board of Directors

Lennox maintains a diverse and well-rounded Board of Directors.

[LEARN MORE ▶](#)

### Board Skills and Expertise

Lennox aims to balance our Board of Directors with a diversity of experiences.

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## ETHICS AND COMPLIANCE

Our Board of Directors and Chief Executive Officer provide active oversight of the company’s ethics and compliance efforts. Our Chief Ethics & Compliance Officer (“CECO”) and their team (collectively, the “E&C team”) have operational responsibility for the program. The E&C team promotes an organizational culture that encourages ethical conduct and a commitment to compliance with the law by establishing and maintaining our Code of Business Conduct and related policies, providing awareness and training built on our core values and guiding behaviors, fostering a speak-up culture, responding to, investigating, and resolving 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 E&C team’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.

# CYBERSECURITY AND DATA PRIVACY

In our increasingly digital world, we recognize cybersecurity and data privacy as key aspects of our business. We have invested appropriately in our cybersecurity operations and infrastructure and conduct robust risk mitigation, assessments, and planning for our global operations. Our IT security controls are designed to align with the NIST standard and are periodically assessed by a third-party auditor. For applicable business segments, we are certified for Payment Card Industry Data Security Standards (PCI) compliance. 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 are responsible for overseeing data safety during new system and infrastructure deployments, maintaining appropriate cybersecurity controls, and monitoring, documenting, and investigating any anomalies affecting employees, suppliers, and customers. Our Chief Technology Officer, part of the executive management team, is responsible for overseeing cybersecurity at Lennox and reports to the Board twice a year on Lennox'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 oversees Lennox data protection and cybersecurity policies and procedures.

## EXAMPLES OF KEY INITIATIVES THAT STRENGTHEN OUR CYBERSECURITY AND DATA PRIVACY MANAGEMENT:

1

Mandatory cybersecurity training for all employees, ongoing awareness campaigns, simulated phishing attempts multiple times a year to reinforce learnings, and escalation within the organization of any instances of poor performance in cybersecurity training.

2

External security specialists are engaged to assist in ongoing monitoring for emerging threats.

3

Dedicated 24/7 team that monitors activities on the Lennox infrastructure and systems, with a documented escalation plan that reaches executives if incidents occur.

4

Expansion of advanced analytics, artificial intelligence, and machine learning capabilities to detect anomalies that could indicate potential security threats and to automate incident response activities.

5

Rigorous breach simulations conducted twice a year, including participation in the Department of Homeland Security's Cyber Storm.

6

Train executive leadership on how to respond to ransomware events.

7

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 Lennox deploys to the public domain.



## PUBLIC STEWARDSHIP

We produce many of the most efficient products on the planet. We continue to advocate for earlier transitions to lower GWP refrigerants and continue to support the broad use of reclaimed refrigerants.

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

- » Energy conservation standards for HVACR products
- » 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

Lennox will transition our residential and commercial products to lower GWP refrigerants by 2025 in line with federal regulations. We supported the passage of the U.S. AIM Act, 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, Lennox 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. Lennox does not contribute to Section 527 organizations or independent expenditure political action committees, also known as “Super PACS”. We strictly prohibit political and charitable contributions that act as a means of bribery and corruption. Except for the Lennox 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. Lennox belongs to trade associations that take part in activities to shape future legislation, regulations, building codes, and safety standards in the policy areas that affect our business. Expenses related to lobbying and trade associations are provided below as we believe it is important to be transparent on our advocacy and political involvement.

### Examples of Lennox Advocacy Partners and Formal Positions:



Founding member of the Global Food Cold Chain Council



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 United Nations Kigali Amendment to the Montreal Protocol



Member of the Alliance for Responsible Atmospheric Policy

### 2023 Lennox Expenses Related To Lobbying Activities

CY 2018	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023
\$460,000	\$390,000	\$280,000	\$320,000	\$320,000	\$320,000

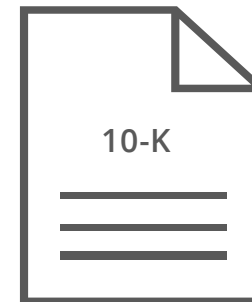
## FY 2023 SEC FILINGS



Official notification to shareholders of matters to be brought to a vote ("Proxy")

Filed April 03, 2024

[READ MORE ▶](#)



Annual report which provides a comprehensive overview of the company for the past year

Filed February 13, 2024

[READ MORE ▶](#)

## DOCUMENTS AND POLICIES

### Environmental, Health, and Safety

Lennox expects all employees to comply with our EHS Policy and EHS Management System.

[LEARN MORE ▶](#)

### Business Partner Code of Conduct

Lennox expects its suppliers to comply with our Business Partner Code of Conduct.

[LEARN MORE ▶](#)

### Human Rights

Lennox expects its employees and suppliers to adhere to our Human Rights Policy.

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### Conflict Minerals

Lennox expects its suppliers to respond to any surveys regarding Conflict Minerals or other material regulations.

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### Anti Bribery / Corruption Policy

Lennox employees and suppliers must understand their obligations under the ABC laws.

[LEARN MORE ▶](#)

### Supplier Diversity

Lennox is committed to supplier diversity as defined in our Supplier Diversity Definitions.

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### Lennox Code of Business Conduct

Lennox expects all employees and Board Members to comply with our Code of Business Conduct.

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### Lennox Reporting FAQ's

Lennox offers several avenues for our employees and others to report concerns, seek guidance, and disclose conflicts of interest.

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## ABOUT THIS REPORT

This 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: [investor@lennox.com](mailto:investor@lennox.com)

The reporting boundary for the quantitative metrics was drawn from available data covering the 2023 calendar year, whereas qualitative information includes the 2023 calendar year and partial year data from the 2023 calendar year.

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 that 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, 2023, unless otherwise indicated. Stakeholders are urged to closely consider the disclosures and risk factors in our most recent Annual Report on Form 10-K and other reports on file with the Securities and Exchange Commission, available at [www.lennox.com](http://www.lennox.com)

As used in this report, the terms “material”, “materiality”, “immaterial”, “substantive”, “significant”, and other similar terminology are not used, or intended to be construed, as they have been defined by or construed in accordance with the securities laws or any other laws of the United States or any other jurisdiction or are they are used in the context of financial statements and financial reporting.

The data presented in this report is collected using accepted and relevant scientific and industry accepted methodologies, which in some instances, are based on assumptions and estimates. Although our data has been internally vetted, there are inherent uncertainties and limitations in the collection and presentation of our data. For example, certain information in this report regarding our progress against our sustainability goals is estimated and comes from third-party sources and operations outside of our control. While we believe such information is reasonably accurate and is based on generally accepted principles and methodology, the collection of this data is beyond our direct influence. In addition, the achievement of certain of our sustainability goals and targets that are discussed in this report are dependent on the actions of our partners, suppliers and other third parties, all of which are outside of our control.

Historical performance data may be revised due to reasons such as new data availability; industry-driven changes to methodologies; improvement in data collection and measuring systems; or activities such as joint ventures, mergers and acquisitions or divestitures. In cases where historical information is revised, we will footnote the change with a clear explanation. Statements about future developments and past occurrences are based on information and assumptions available as of the date of publication. While we are committed to providing timely updates, Lennox holds no obligation to update information or statements.







## 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)	(1) 0.58 total recordable frequency rate for employees
		(2) fatality rate	(2) 0 fatality rate
		(3) near miss frequency rate (NMFR)	(3) Not disclosed
Energy Management	RT-EE-130a.1	(1) Total energy consumed	(1) 285,407 MWh
		(2) Percentage grid electricity	(2) 43%
		(3) Percentage renewable	(3) 6.5%
Hazardous Waste Management	RT-EE-150a.1	Amount of hazardous waste generated, percentage recycled	In 2023, our operations generated 247 metric tons of hazardous waste, as defined by the authorities that regulate each of our facilities. 98% 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 2023.
Product Safety	RT-EE-250a.1	Number of recalls issued, total units recalled	1; about 9,255
	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 continuously evaluate 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. We monitor our top 750 direct material suppliers using our supplier risk management system, Resilinc. We also survey our top 1000 direct material suppliers for sustainability and product compliance using a third party, Assent.</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.3	Revenue from renewable energy-related and energy efficiency-related products	In 2023, 53% of revenue from core products (which excludes revenue from supplies, parts, and services) was generated from products that are more energy efficient than minimum standards for their respective product types in the U.S. The number excludes commercial refrigeration products.





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 Lennox Code of Business Conduct, and related policies on preventing corruption, bribery, and anti-competitive behavior, are shaped by our core values. The Code guides us on how to apply our core values in daily decision-making, in alignment with our expectations and legal requirements. 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 Lennox 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 Lennox Code of Business Conduct and Business Partner Code of Conduct can be found on our website and include how to report violations or suspected violations, with an option to remain anonymous through an ethics hotline or online form operated by a third party.</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, insider training, anti-retaliation, anti-harassment/discrimination, conflicts of interest, bystander intervention, and lessons learned from real situations at Lennox. 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 &amp; Compliance Questionnaire where they are asked to:</p> <ul style="list-style-type: none"> <li>» Report conduct inconsistent with our Code</li> <li>» Disclose potential conflicts of interest and</li> <li>» Confirm compliance with the Insider Trader Policy.</li> </ul> <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 <sup>1</sup>	As of December 31, 2023, we employed approximately 12,600 people. Of these employees, approximately 4,800 were salaried and 7,800 were hourly. The number of hourly workers varies in order to match our labor needs during periods of fluctuating demand.





## 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.



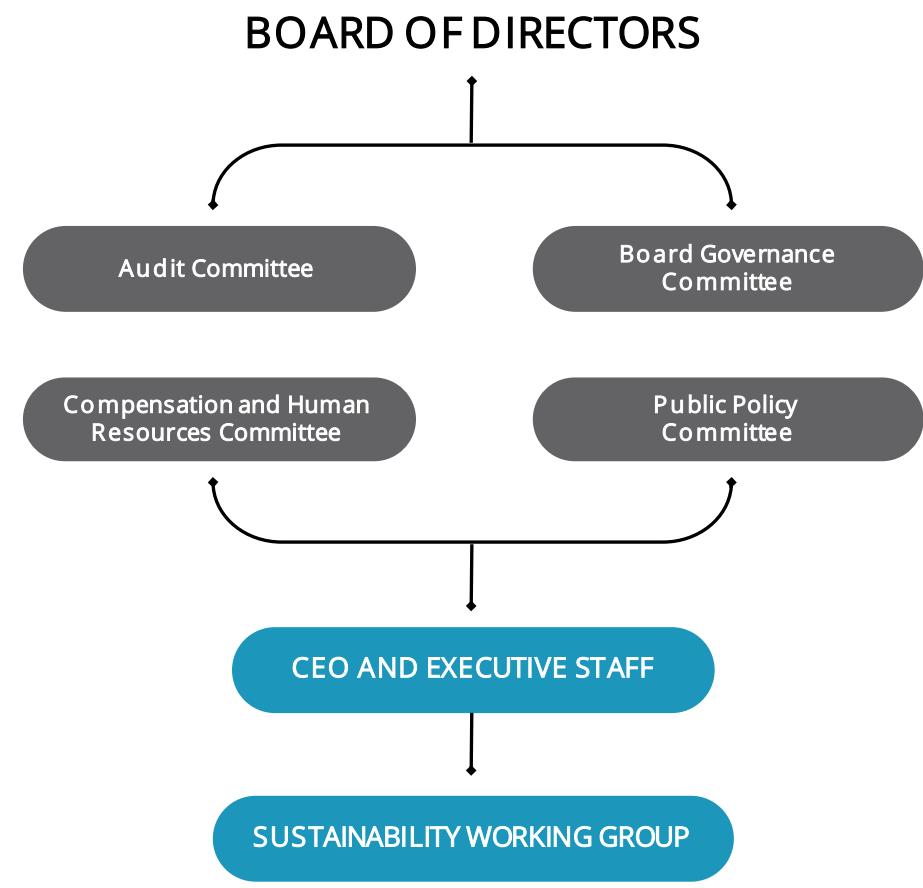
TOPIC	RESPONSE
<b>GOVERNANCE</b>	
<b>Board oversight of climate-related risks and opportunities</b>	<p>The Board is responsible for oversight of our strategy, including our strategy around climate-related issues. Our Board’s Public Policy Committee specifically discusses our climate-related strategy, and action plans around climate change semiannually, with the CEO in attendance.</p> <p>Our Enterprise Risk Management program identifies and addresses climate-related risks that were presented to and discussed with the Board twice in 2023, though specific risks may be reviewed by the Board more frequently.</p>

**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 objectives, including those related to climate, and is actively engaged in managing the company’s approach to climate change. Our CEO is the ultimate decision-maker regarding reporting of sustainability metrics and objectives, as well as annual funding of capital set aside to address sustainability. The responsibility to set and execute on goals that support these objectives is delegated to our Executive Staff, which is comprised of senior executives responsible for all our major business segments and corporate functions. Our CEO and Executive Staff have sustainability embedded into their performance goals.

To deliver on our strategy, we established the Sustainability Working Group to provide structure for enterprise-wide sustainability management and to streamline engagement across diverse business and corporate functions. The Sustainability Working Group is comprised of senior leaders across our businesses. Members of the Sustainability Working Group brief the CEO and Executive Staff on a regular basis. The Board is briefed semi-annually on sustainability progress.



TOPIC	RESPONSE
STRATEGY	
Short-, medium-, and long-term climate-related risks	<p>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.”</p> <p><b>SHORT-TERM (&lt;1 YEAR)</b></p> <p><b>Physical Risks (Acute):</b> 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 the operations of our key suppliers. We have robust business continuity planning processes and dual sourcing projects to improve supply chain resiliency in the face of severe weather events. To identify potential exposures, we digitally map (geographic information system) 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 issues early, we are able to take action to reduce risks to employees and better protect our assets.</p> <p><b>MEDIUM-TERM (1-5 YEARS)</b></p> <p><b>Transition Risks (Regulatory and Market-Related):</b> 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, we evaluated the potential risks and opportunities a range of possible climate futures may have on our business. We identified potential risks of aggressive policies that could force faster transitions away from HFC refrigerant, higher product efficiency standards, and a transition away from gas-consuming heating equipment. Although these laws are subject to frequent changes, we have calculated estimates of the financial impact noncompliance with these regulations would have on our business. 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 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 products. If we are unable to successfully develop and market new products and achieve technological advances in response to climate change, our business and results of operations could be adversely impacted.</p> <p><b>LONG-TERM (5-15 YEARS)</b></p> <p><b>Physical Risks (Chronic):</b> 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 risks associated with chronic physical changes in the future, we will integrate them into our Enterprise Risk Management system.</p> <p><b>Transition Risks (Reputation):</b> 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.</p>

TOPIC	RESPONSE
<p>Impact of climate-related risks on business, strategy, and financial planning</p>	<p>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&amp;D, product development, and public policy strategies.</p> <p><b>R&amp;D:</b> In 2023, we spent \$94M on R&amp;D to develop new products and services that are more efficient and sustainable, align with customer needs, and comply with regulatory requirements. Approximately thirty percent of the patent applications we filed over the last 10 years are tied to energy efficiency improvements. We leverage improvements in product development cycle time and product data management systems to commercialize new products to market more rapidly. Lennox is committed to transitioning most residential and commercial products to lower GWP refrigerants beginning in 2025 in line with regulatory requirements.</p> <p><b>Product Development:</b> In accordance with the Kigali Amendment to the Montreal Protocol and the AIM Act, Lennox is transitioning to refrigerants with a lower global warming potential (GWP) that also do not deplete the ozone. We offer the most energy-efficient heat pumps, air conditioners, and furnaces available on the market today. Our cold climate heat pumps are designed to deliver efficient heat in colder climates than standard heat pumps. Variable speed products deliver better comfort and more efficient operation. Our products are compatible with intermittent renewable energy sources, including solar and wind. Our smart communicating controls enable precise comfort control to meet heating and cooling loads and ventilation requirements, allowing customers to use less energy than non-communicating HVAC systems. Our product development efforts provide the highest levels of comfort and reduce energy use, while helping our customers to reach their electrification and decarbonization goals.</p> <p><b>Facility Operations:</b> Over the past few decades, we replaced CFC and HCFC refrigerants with HFC refrigerants to eliminate the ozone depleting potential (ODP) of the refrigerants used in our products. In 2025 we begin the transition from HFCs to lower global warming potential (GWP) refrigerants that do not deplete the ozone and have a significantly lower GWP than HFC refrigerants. However, refrigerants remain a significant source of greenhouse gas emissions and we are implementing additional controls to track and improve our refrigerant management practices.</p> <p><b>Regulations and Public Policy:</b> We innovate, produce and distribute some of the most energy 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:</p> <ul style="list-style-type: none"> <li>» Energy conservation standards for HVACR products</li> <li>» Product certification, verification, and testing for product efficiency ratings</li> <li>» Phaseout of high global warming potential refrigerants</li> <li>» Air quality and emissions standards</li> <li>» Tax policy or other government incentives that encourage the purchase and installation of energy-efficient products</li> </ul> <p>Our businesses also monitor and conduct stress testing for regulatory risks, particularly as it relates to potential future regulations around increasing energy efficiency, lower GWP refrigerant regulatory requirements, and extended producer responsibility. During our annual strategic assessment, we evaluate likely transition timelines and adjust our product plans to adapt to anticipated changes.</p>



TOPIC	RESPONSE
Resilience of strategy using 2°C or lower scenarios	<p>The Lennox Sustainability Working Group evaluates the potential risks and opportunities across a range of possible future scenarios. In addition, each business segment (Building Climate Solutions and Home Comfort Solutions) conducts an annual strategic assessment to evaluate product planning in response to customer needs, future markets, environmental trends, and regulatory compliance. The impact and scope of various transitions (refrigerant, efficiency, emissions, regulatory) are evaluated.</p> <p>Lennox has considerable opportunities to support future transitions aimed at reducing emissions and moving toward the electrification and decarbonization of our products. Lennox anticipates and will meet the demand for more energy-efficient products as consumer demand and the regulatory landscape evolves. Lennox has a rich history of innovation and continues to produce some of the most energy efficient and environmentally friendly HVACR products on the planet. Lennox was also the first HVACR manufacturer to meet the Department of Energy’s Cold Climate Heat Pump challenge, which is a large step in converting heating in cold climates from fossil fuels to clean energy.</p> <p>We understand and evaluate the risks associated with accelerated policies resulting in quicker transitions to higher energy conservation standards and away from higher global warming potential refrigerants.</p> <p>Our annual strategic assessment facilitates product strategy discussions and business priorities to support investment decisions and marketing priorities. These decisions prepare us for the expected shifts in the market that impact product selection and demand.</p>

**RISK MANAGEMENT**

Process to identify and assess climate-related risks	<p>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.</p> <p>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:</p> <ol style="list-style-type: none"> <li>1. Insignificant: profit/cash flow impact less than \$1 million</li> <li>2. Minor: profit/cash flow impact \$1-\$5 million</li> <li>3. Moderate: profit/cash flow impact \$5-\$25 million</li> <li>4. Major: profit/cash flow impact \$25-\$100 million</li> <li>5. Catastrophic: profit/cash flow impact more than \$100 million</li> </ol> <p>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.</p> <p>Separate from the ERM, we have developed comprehensive Lennox facility risk profiles for our major locations to determine the probability and potential severity of climate-related risks– including coastal erosion, extreme heat, floods, hailstorms, severe winters and thunderstorms. For each facility, we quantified the potential severity and occurrence of each climate-related risk and identified possible risk mitigations for the most impactful risks across our facilities.</p>
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TOPIC	RESPONSE
<p>Process to manage climate-related risks</p>	<p>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 an 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:</p> <p><b>SHORT-TERM (&lt;1 YEAR)</b></p> <p>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 facilitating BCP scenario testing. Two operational business segment champions and site-specific BCP team leaders train team members and update and house BCP documents 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.</p> <p>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.</p> <p><b>MEDIUM-TERM (1-5 YEARS)</b></p> <p>To mitigate our medium-term climate-related transition risks around the regulatory sphere, Lennox 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.</p> <p><b>LONG-TERM (5-15 YEARS)</b></p> <p>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 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.</p> <p>Further actions we take to manage climate-related risks include:</p> <ul style="list-style-type: none"> <li>» Setting environmental performance objectives and monitoring our progress</li> <li>» Complying with applicable environmental laws and regulatory requirements globally</li> <li>» 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</li> <li>» Publicly disclosing environmental performance through reporting frameworks such as the Sustainability Accounting Standards Board (SASB) and CSA, 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.</li> </ul>



TOPIC	RESPONSE
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. Our ERM results and progress were presented to the full Board twice a year, though specific risks may be reviewed by the Board more frequently.

**METRICS AND TARGETS**

Metrics used to assess climate-related risks	<p>We track and monitor several environmental performance metrics to assess climate-related risks. These metrics include but are not limited to:</p> <ul style="list-style-type: none"> <li>» Scope 1 emissions – direct emissions from sources owned or controlled by a company including energy use related to our direct operations, and refrigerant loss from our manufacturing facilities.</li> <li>» Scope 2 emissions – indirect emissions from purchased electricity, steam, heat, and cooling.</li> <li>» Scope 3 emissions – all other emissions associated with a company's activities.</li> <li>» Energy efficiency ratings of our products, such as SEER (Seasonal Energy Efficiency Ratio), AFUE (Annual Fuel Utilization Efficiency, and HSPF (Heating Seasonal Performance Factor).</li> <li>» Percentage of our product portfolio, by revenue, that is above the federal minimum energy conservation standard.</li> <li>» Water usage related to our direct operations.</li> </ul>
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# Lennox 2023 Sustainability Report Data Tear Sheet

Metric

2023

BUSINESS OVERVIEW		
Total Global Employees (People)	<i>SASB Code: RT-EE-000.B</i>	12,600
Salaried Employees (People)		4,800
Hourly Employees (People)		7,800
U.S. Employees (People)		8,379
Business Breakdown as a (%) Percentage of Revenue <sup>1</sup>		
Home Comfort Solutions		68%
Building Climate Solutions		32%
Business Breakdown as a (%) Percentage of Segment Profit <sup>1</sup>		
Home Comfort Solutions		64%
Building Climate Solutions		36%

INNOVATION AND ENERGY EFFICIENCY		
R&D investment to improve product efficiency and explore the research of low global warming potential (GWP) refrigerants (USD\$)		\$94M
% Of Revenue From Energy Efficiency Products	<i>SASB Code: RT-EE-410a.3</i>	53%

## Environmental

ENERGY		
Total Absolute Energy Usage (in MWh)	<i>SASB Code: RT-EE-130a.1</i>	285,407
Renewable Energy (in MWh; % of total energy consumption)	<i>SASB Code: RT-EE-130a.1</i>	18,692; 6.5%
Non-Renewable Energy		266,715
Electricity (in MWh; % of total energy consumption)	<i>SASB Code: RT-EE-130a.1</i>	122,494; 43%
Fuel		144,221
Energy Use Intensity (in MWh/Millions USD in Normalized Revenue)		65

<sup>1</sup>Excludes EMEA and Corporate. Please see appendix for more information.

WATER <sup>1</sup>		
Total Water Consumption (in m3)		94,135
Total Water Withdrawal (in m3)		211,444
Total Water Discharge (in m3)		117,309
Water Withdrawal Intensity (in m3/Millions USD in Normalized Revenue)		48

WASTE		
Total Absolute Hazardous and Non-Hazardous Solid Waste Generated (in metric tons)		34,803
Total Hazardous Waste	<i>SASB Code: RT-EE-150a.1</i>	247
Recycled (in metric tons; % of total hazardous waste)	<i>SASB Code: RT-EE-150a.1</i>	242; 98%
Disposed (in metric tons; % of total hazardous waste)		5.2; 2%
Total Non-Hazardous Waste		34,556
Incinerated		573
Recycled		29,865
Landfilled		4,118
Landfill Solid Waste Intensity (in m.tons/Millions USD in Normalized Revenue)		0.94
<b>Absolute Solid Waste Generated (%):</b>		
Non-Hazardous Waste (Recycled)		86%
Non-Hazardous Waste (Landfilled)		12%
Non-Hazardous Waste (Incinerated)		1.6%
Hazardous Waste		0.71%
Number and aggregate quantity of reportable spills, quantity recovered	<i>SASB Code: RT-EE-150a.2</i>	0 Reportable Spills



## Human Capital Management

### WORKFORCE DIVERSITY

Global Employees by Level (% Female)	
Overall	34%
Manager and Above	22%
Executive	26%
Manager	21%
All Other Salaried	31%
Hourly	38%
U.S. Employees by Level (% People of Color)	
Overall	55%
Manager and Above	33%
Executive	22%
Manager	35%
All Other Salaried	40%
Hourly	68%
U.S. Employees Breakdown by Race/Ethnicity (%)	
White	45%
African American	36%
Hispanic	12%
Asian	5%
Other	2%

### SALARIED TRAINING AND ONLINE LEARNING

Employees Completed Training (unique employees who completed at least 1 training)	5,210
Total Number of Completed Unique Courses	5,723
Total Training Hours	87,666
Total Hours of Online Classes	21,920

## PHILANTHROPY<sup>1</sup>

Number of Organizations Supported	215+
Total Reported Volunteer Hours	5,100+
Feel The Love® Recipients	315
<b>Total Charitable and Philanthropic Donations</b>	<b>\$1,102,238</b>

## SAFETY

Recordable Frequency Rate (recordable injuries/200,000 hours worked)	<i>SASB Code: RT-IG-320a.1</i>	0.58
Year over Year Reduction (%) in Recordable Frequency Rate		2%
Lost Time Frequency Rate (lost time injuries/200,000 hours worked)		0.14
Year over Year Reduction in Lost Workdays (LWD)		Up 27%
Fatalities (#)	<i>SASB Code: RT-IG-320a.1</i>	0
Number of recalls issued; total units recalled	<i>SASB Code: RT-EE-250a.1</i>	1; about 9,255
Total amount of monetary losses as a result of legal proceedings associated with product safety	<i>SASB Code: RT-EE-250a.2</i>	\$0

## GOVERNANCE

<b>Board Members (# of members)</b>	<b>9</b>	
% Female Directors	44%	
% Racially Diverse	22%	
% Independent	89%	
Average Director Age (years)	62	
<b>Tenure (# of members)<sup>2</sup></b>		
10+ Years	4	
5-10 Years	2	
<5 Years	3	
<b>Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption (\$)</b>	<i>SASB Code: RT-EE-510a.2</i>	<b>\$0</b>
<b>Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations (\$)</b>	<i>SASB Code: RT-EE-510a.3</i>	<b>\$0</b>

## Reconciliation of Net Sales, a GAAP measure to Core net sales, a Non-GAAP measure

<i>(Amounts in millions)</i>	<u>For the Year Ended December 31, 2023</u>	<u>% of Adjusted Net Sales</u>
<b>Net Sales</b>		
Net sales, a GAAP measure	\$ 4,982	
Corporate and other segment <sup>(a)</sup>	248	
Adjusted net sales, a non-GAAP measure	<u>\$ 4,734</u>	
Home Comfort Solutions	\$ 3,223	68%
Building Climate Solutions	1,511	32%
Adjusted net sales, a non-GAAP measure	<u>\$ 4,734</u>	<b>100%</b>

(a) The Corporate and other segment includes the results previously disposed businesses

## Reconciliation of Segment profit (loss), a Non-GAAP measure to Adjusted Segment profit (loss), a Non-GAAP measure

<i>(Amounts in millions)</i>	<u>For the Year Ended December 31, 2023</u>	<u>% of Adjusted Segment Profit</u>
<b>Segment Profit (Loss)</b>		
Total segment profit (loss), a GAAP measure	\$ 857	
Corporate and other segment <sup>(a)</sup>	(94)	
Adjusted segment profit (loss), a non-GAAP measure	<u>\$ 951</u>	
Home Comfort Solutions	\$ 610	64%
Building Climate Solutions	341	36%
Adjusted segment profit, a non-GAAP measure	<u>\$ 951</u>	<b>100%</b>

(a) The Corporate and other segment includes the results previously disposed businesses