



INNOVATION *meets*
RESPONSIBILITY



2012 SUSTAINABILITY REPORT



INNOVATION *meets* RESPONSIBILITY

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

TABLE OF CONTENTS

- 2 OPERATIONS**
Our commitment to sustainability begins in operations.
- 3 PRODUCTS & SERVICES**
Efficiency drives our product development and services.
- 4 ETHICS**
See how we live by three core values of Integrity, Respect and Excellence.
- 5 SAFETY**
The safety of our employees is the first priority.
- 6 DIVERSITY & INCLUSION**
At LII, we leverage diverse thinking to drive results.
- 7 COMMUNITY**
Find out how we serve the communities where we work and live.
- 8 ACCOLADES & AWARDS**
The industry is taking notice of our innovative and energy-efficient solutions.
- 9 LII SUSTAINABILITY PLEDGE**
Check out ideas from employees who pledged to be more responsible global citizens.

We provide high efficiency HVACR products and services to our global customer base.



icomfort Wi-Fi™
Home Thermostat



Emergence® Commercial
Rooftop Unit



STRATUS® Refrigerated
Merchandise Case



Service Experts®
Fuel-Efficient Vehicle

OUR COMMITMENT TO SUSTAINABILITY

AT LENNOX INTERNATIONAL (LII), SUSTAINABILITY IS A KEY COMPONENT OF OUR WINNING GLOBAL STRATEGIES.

Our innovative heating, ventilation, air conditioning and refrigeration (HVACR) solutions are designed through environmentally sound, highly efficient practices that bring the most value and comfort to our customers. LII is home to some of the HVACR industry's most energy-efficient products such as the Dave Lennox Signature® Collection home furnace and air conditioning systems, the Energence® rooftop units for our commercial customers and the STRATUS® refrigerated reach-in merchandising case – just to name a few.

As a company, sustainable and efficient practices have always led our innovative research, development and manufacturing initiatives, dating back to 1895 with the first riveted furnace created by Dave Lennox. Our overall theme, *Innovation meets Responsibility*, makes perfect sense at LII. Over the past 117 years, we've stayed true to our heritage of innovation and kept sustainability at the forefront. Today, we carry those standards forward in everything we do and uphold the promise of excellent quality and top-notch service.

Sustainability touches every aspect of our business from our factories to distribution centers to accounting offices. Doing more with less, reducing expenses, investing wisely, and working tirelessly to meet the needs of our customers comes naturally to the LII team.

In 2010, we officially began a partnership with the Environmental Protection Agency's (EPA) ENERGY STAR for Buildings and Plants program, and in just two years, we made significant *operations* investments in energy conservation and greenhouse gas emission reduction across the company with more to come. In our factories, you'll find sustainability top of mind with our plant managers inspiring their teams to eliminate wasteful practices and conserve natural resources.

To further drive employee engagement, we rely on our *diversity and inclusion* programs for networking, professional development and embracing unique perspectives in all areas of our business. In addition, we continually monitor and track our inclusion programs and report back to the Senior Leadership team on our progress and evolving workplace culture.

In the *communities* where we work and live, we offer support through volunteer activities and charitable donations. Around the globe, we contribute to more than 100 organizations focused on causes from education, youth to health services. We value our community partners and leverage those relationships to strengthen LII and our ties to the local area.

None of our achievements in sustainability or operational innovation would be possible without our people – the foundation of our organization. The *safety* of our employees is a top priority. Over the past four years, we initiated safety programs that have dramatically decreased our recordable injury frequency rate by 62% and lost-time injury frequency rate by 74%.



At the end of the day, all of our employees share the distinct responsibility to uphold our high standard of *ethics*. These standards are clearly defined through our core values of *Integrity, Respect and Excellence*. Our continual focus on ethics provides ongoing training courses and awareness messaging on topics such as conflicts of interest, insider trading and antitrust violations, as well as the Code of Conduct.

This overview, our first Sustainability Report, is a snapshot of who we are at LII. It illustrates our environmental efforts, explains how sustainable business practices drive manufacturing operations, new and ongoing product development, and the ways we focus on our diverse teams and communities.

Our customers, shareholders, and employees care that we are an environmentally sound company, and they hold us to high standards of excellence. At LII, we are committed to live up to those standards, deliver on our success metrics, drive continuous improvements and be a responsible organization that advances sustainability across its products, services and operations.

TODD M. BLUEDORN

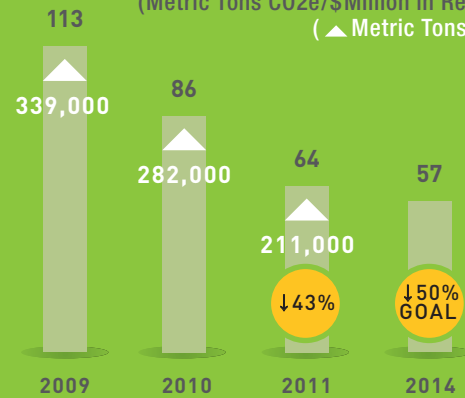
Chairman and Chief Executive Officer

OPERATIONS

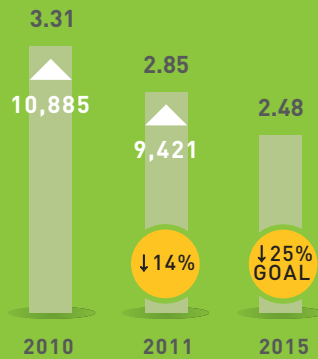
A key priority at LII is to measure and reduce the environmental impact of our operations. We have established worldwide metrics and aggressive reduction goals for energy use, greenhouse gas emissions, air emissions, water use and solid waste.

We have achieved substantial normalized and absolute reductions for all five metrics by investing capital dedicated for sustainability projects and engaging employees throughout the company to identify and drive completion of environmental projects.

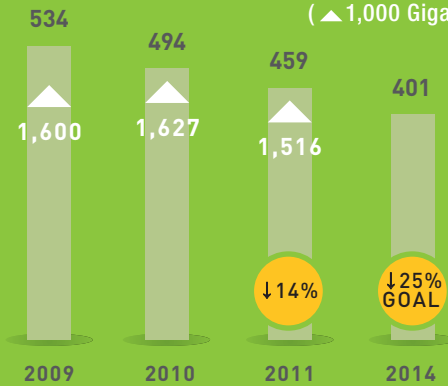
GREENHOUSE GAS EMISSIONS (Metric Tons CO2e/\$Million in Revenue) (▲ Metric Tons CO2e)



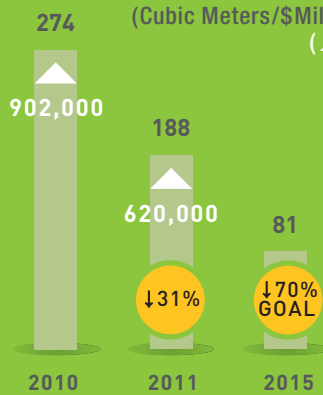
SOLID WASTE (Tons /\$Million in Revenue) (▲ Tons)



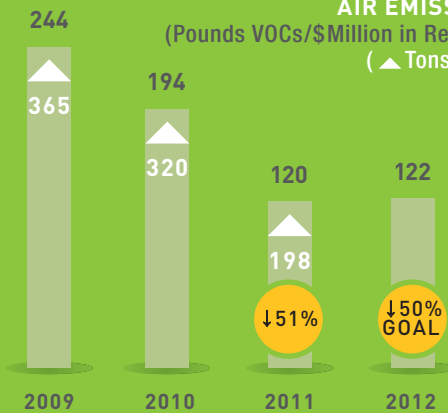
ENERGY USE (Gigajoules/\$Million in Revenue) (▲ 1,000 Gigajoules)



WATER USAGE (Cubic Meters/\$Million in Revenue) (▲ Cubic Meters)



AIR EMISSIONS (Pounds VOCs/\$Million in Revenue) (▲ Tons VOCs)



2 *Lighting retrofits are an example of our energy conservation efforts.*

PRODUCTS & SERVICES



SUNSOURCE™ SOLAR ENERGY SOLUTIONS

Lennox International captures the power of the sun with the SunSource® Solar Energy system and extends it across multiple product offerings. LII continues to innovate and lead the industry with the first high efficiency, solar-ready, heating and cooling and refrigeration solutions for its residential and commercial customers.



RESIDENTIAL HEATING & COOLING TRANSFORMING HOME ENERGY USE

The new icomfort Wi-Fi™ thermostat launched in 2012 – a truly advanced digital thermostat, which represents new thinking in connectivity, convenience and control. Features include a One Touch Away Mode to save energy when no one is home, Weather on Demand, Service Alerts and Reminders by email to keep the consumer and servicing dealer informed of the system's status. The Remote Access feature also allows the consumer to check and adjust the home's temperature from a computer, smartphone or tablet. By adding a custom skin to your icomfort Wi-Fi™ you can coordinate it with the décor in any room, in any color, pattern, picture or design.



COMMERCIAL HEATING & COOLING LEADING THE NEXT GENERATION OF ENERGY EFFICIENCY

The new Enviro™ all-aluminum coil system for the Energence® rooftop unit product line allows the system to operate with significantly less refrigerant – up to 45% less than typical units – without sacrificing cooling performance. This makes the units more environmentally friendly and may also help customers qualify for Leadership in Energy and Environmental Design (LEED) points.



REFRIGERATION PROVIDING SUSTAINABLE GLOBAL SOLUTIONS

We depend on refrigeration in our daily lives to keep our food and beverages at consistent, appropriate and safe temperatures. Our complete, industry-leading global portfolio of microchannel condensing units and condensers allow customers to reduce refrigerant by up to 70% and when combined with energy-saving control technologies, can reduce energy costs by more than 25%.



SERVICE EXPERTS HEATING & AIR CONDITIONING™ MAKING A POSITIVE IMPACT LOCALLY

Service Experts® is the largest residential HVAC service provider in North America and a trusted partner for all installation and maintenance needs. To reduce fuel consumption, Service Experts is transitioning its service fleet to compact, fuel-efficient vehicles. When the transition is complete more than 400,000 gallons of fuel will be saved annually and greenhouse gas emissions will be reduced by 3,000 metric tons annually.

ETHICS

LII operates on a foundation of integrity and the highest standards of business ethics, and has done so consistently for more than 115 years. Today, people buy LII products and invest in our stock because they trust us to do the right thing. Each day, employees are faced with choices that may impact LII's reputation and brand. Many of those choices are relatively easy; others can be difficult and confusing. That's why we rely on our Code of Business Conduct, which includes our Core Values of Integrity, Respect and Excellence, to serve as an essential guide for all employees to make the right choices.

Ethics are continually linked to our culture through training courses and ongoing communications. All employees complete training on our Code of Business Conduct, as well as follow-up courses in areas such as insider trading, anti-corruption laws, harassment, expense reporting and conflicts of interest.

By keeping ethics at the forefront of everything we do at LII, we continue to drive our business results in the right direction.

OUR CORE VALUES

INTEGRITY

We behave in an honest and straightforward 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 from our products and services. We deliver value to our shareholders.



LII legal team provides training on business ethics.



SAFETY

One of our most important priorities is ensuring every one of our employees around the world returns home safe at the end of each day.

Our comprehensive safety program incorporates risk assessment methods to identify and eliminate safety and ergonomic risks to ensure safe work processes.

Employee engagement and leadership accountability are foundations of our safety program. We foster employee engagement at all levels to drive sustained safety improvements and hold leaders accountable to execute our safety business plans.

2012 SAFETY PACESETTER AWARD

The company's Safety Pacesetter Award recognizes superior safety performance across LII. The 2012 Safety Pacesetter Award was presented to our Saltillo, Mexico, facility. To reduce safety and ergonomic risks, the Saltillo team drove continuous process improvement across the factory, ramped up safety communications, held leaders accountable, and broadly engaged all employees in the pursuit of safety excellence. As a result of these efforts, in 2011 our Saltillo facility achieved a recordable injury frequency rate of 0.8 and zero lost-time injuries.



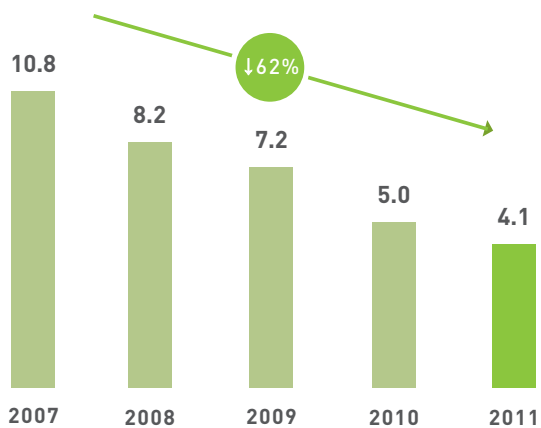
Employees measure pushing force to ensure safe unit movement on the conveyor lines.



Saltillo, Mexico, team members

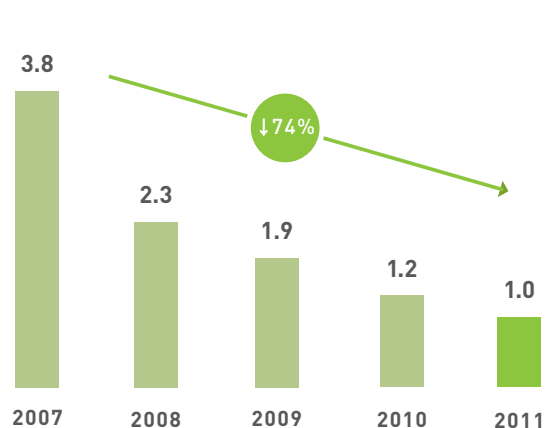
RECORDABLE INJURY FREQUENCY RATE

Recordable injuries per 200,000 hours worked.



LOST-TIME INJURY FREQUENCY RATE

Lost-time injuries per 200,000 hours worked.





DIVERSITY & INCLUSION

DIVERSITY

Our globally diverse workforce is built on a foundation of respect and value for people of different backgrounds, experiences and cultures. The collective power of these unique and varied perspectives enables us to provide innovative HVACR products and system solutions for our customers worldwide.

A cornerstone of our diversity efforts is to attract and retain high performing individuals across a wide range of talent pools. Through focused diversity recruiting programs, we ensure that qualified diverse candidates are well represented for all of our job openings.

The Lennox Women's Business Council (LWBC), formed in 2009, provides a valuable forum for employees with varied backgrounds and experiences to make a difference. The LWBC is a voluntary, employee-led organization of women and men from across our businesses focused on initiatives that enhance professional development, support the communities where we live and work, and contribute to the company's success.



INCLUSION

Our inclusion efforts are aimed at promoting employee engagement and leveraging the unique strengths of every employee. To enable employees to grow their careers, we provide a variety of training and development opportunities through our LII Learning Centre. We also promote flexible work arrangements that allow employees to make their maximum contribution in their own unique ways while still meeting the company's business needs.

The Employee Survey, launched in 2010, allows us to hear directly from our worldwide employees. In 2010, 83% of our employees participated in the survey, providing valuable feedback to help us build an even stronger LII for the future. In response to this feedback, we developed and implemented action plans aimed at improving management communications, training and development opportunities, and employee recognition.



LII LEARNING CENTRE

Grow Your Potential

LII Earth Day event in Saltillo, Mexico.



LII partners with Habitat for Humanity to build homes in the U.S.

COMMUNITY

Lennox International serves the communities where we live and work through a broad range of community relations programs to promote goodwill, align with business objectives and partner for success.

Our giving is concentrated on five focus areas:

- Education
- Youth Development
- Environment
- Health and Human Services
- Arts

Our U.S.-based contributions support a wide range of organizations such as the United Way, Susan G. Komen Foundation, Boys & Girls Clubs of America, The Make-A-Wish Foundation, and Special Olympics.

Globally, our Chennai, India, team leads a holiday gift program for needy children and in Saltillo, Mexico, the team donates time and money to end hunger in the neighboring communities.

Additionally, we partner with Habitat for Humanity in the U.S. to build homes in the communities we serve. LII employees also contribute hundreds of volunteer hours as well as in-kind donations of food, clothes, books and other items to charitable organizations.

These inspired efforts are just a small sampling of the support we provide to more than 100 organizations around the world.



LII Chili Cookoff benefits the United Way.



We support the United Way's efforts to improve lives through education, income and health.

Lennox energy-efficient HVAC products at Earth Day Dallas.



Community events support local youth causes.



Lennox International is recognized as an ENERGY STAR Partner committed to improving energy efficiency.

ACCOLADES & AWARDS

2012

- 2012 Money Saving Products Award — *Buildings Magazine* — Emergence® Rooftop Unit with MSAV
- 2012 ACHR Silver Dealer Design Award — *ACHR News* — Emergence® Rooftop Unit with MSAV & Environ Coil
- 2012 ACHR Bronze Dealer Design Award — *ACHR News* — STRATUS® Refrigerated Merchandise Case
- 2012 Partnership Award — McDonald's Restaurants — Lennox Commercial
- Healthy Climate® Merv 16 Award with the Best Buy rating for home filtration — Lennox Healthy Climate Air Filter
- Innovation Award — Paymetrics — Lennox Industries

2011

- ENERGY STAR Award for Excellence — EPA — Energy Efficient Product Design
- 2011 Money Saving products Award — *Buildings Magazine* — SunSource® Commercial Energy System
- 2011 ACHR Gold Dealer Design Award — *ACHR News* — SunSource® Commercial Energy System
- Platts Award of Excellence (Sustainable Technology of the Year) — Platts — SunSource® Commercial Energy System
- American Manufacturing Strategy Awards Winner (Operational Excellence) — AMS — Stuttgart Manufacturing Facility
- 2011 Gold Level Fit-Friendly Award — American Heart Association — Lennox International

2010

- 2010 ACHR Silver Dealer Design Award — *ACHR News* — icomfort Touch® Touchscreen Thermostat
- 2010 ACHR Gold Dealer Design Award — *ACHR News* — G71MPP Variable-Capacity gas furnace
- 2010 ACHR Silver Dealer Design Award — *ACHR News* — Emergence® Rooftop Unit
- 2010 CSE Product of the Year Award - Gold — Consulting-Specifying Engineer — Emergence® Rooftop Unit
- 2010 ACHR Silver Dealer Design Award — *ACHR News* — ½-6 HP air-cooled condensing unit with HyperCore™ microchannel coil technology
- 2010 Gustave A. Larson PEAQ Award — Quality in HVACR products, service and customer support
- Reader's Choice Award — *RSES Journal* — CO2 Unit Cooler Line
- 2010 Gold Level Fit-Friendly Award — American Heart Association — Lennox International



This workplace has been recognized by the American Heart Association for meeting criteria for employee fitness.



LII SUSTAINABILITY PLEDGE

In 2012, employees around the globe participated in the first LII Commit to Conserve Sustainability Pledge. Team members pledged to conserve natural resources, change behaviors and encourage their co-workers and families to do the same. A few of their ideas and comments are featured here.

“We reuse our pallets and turn off all energy-consuming equipment at closing time.”

“Innovation is key for Lennox...We’re doing our part to stay GREEN.”

“Lennox National Account Services IT has several ‘virtual servers’ that have reduced the cooling and electrical load at our site.”

“We recycle our paper. We have a lot of reports to print, so we print on both sides to reduce the amount of paper we use.”

DID YOU KNOW?

“Installing a Lennox 21 SEER AC system in every U.S. home would save enough electricity to provide

10,600,000

homes with electricity.

LII greenhouse gas reduction of 127,150 tons CO₂e is equal to carbon sequestered by

3,260,256

tree seedlings grown for 10 years.

LII energy use reduction of 22,688,330 kWh is equal to

1,753,909

gallons of gasoline.

The steel, copper and aluminum in our furnaces and AC systems makes them more than

85% *recyclable.*

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