

SUBJECT: **Anti-Bribery/Corruption and Use of Third Party Intermediaries Policy**

APPLIES TO: Lennox International Inc. and its subsidiaries

APPROVED BY: Chief Legal Officer

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STATEMENT OF PURPOSE:

To provide information and guidance necessary to:

- (1) understand our obligations under the Anti-Bribery/Corruption laws (“**ABC Laws**”) which include:
 - a. the U.S. Foreign Corrupt Practices Act (“**FCPA**”),
 - b. the U.K. Bribery Act, and
 - c. other anti-bribery, anti-corruption, and anti-kickback laws* enacted around the world
- (2) engage Third Party Intermediaries (as defined below) in a manner consistent with ABC Laws.

SCOPE:

This Policy covers employees of Lennox International Inc. and its subsidiaries (“**LII**”), members of the Board of Directors (“**Directors**”), and Third Party Intermediaries, regardless of citizenship or work location.

KEY TERMS:

Payment: Anything of value, not just money. Examples include gifts (even of nominal value such as candy or items with an LII logo), entertainment, travel, taxi rides, meals, charitable donations, discounts, employment, business opportunity, favorable contracts, and stock options. There is no minimum monetary amount that defines a Payment.

Bribe: A **Payment** offered, given, promised, or received, directly or indirectly, for the purpose of obtaining or keeping business or to gain an improper advantage or benefit to or from a:

- Government Official or
- Any other person

A Bribe can include but is not limited to kickbacks.

Facilitation Payment: A **Payment** to a **Government Official** for the purpose of expediting or facilitating a routine administrative act, such as obtaining a license or business permit, processing government papers including visas or customs issues, providing police protection, providing telephone, power or water service, or loading and unloading cargo.

* This includes legislation enacted in accordance with the Organization for Economic Co-operation and Development Convention on Combating Bribery of Non-U.S. Public Officials in International Business Transactions.

Government Official: Includes any:

- Officer or employee (or family member) of a government entity, department, administration, or agency
- Employee of a state or government-owned (or partially owned) business, institution, school, university, hospital, or other entity
- Public international organization, such as the United Nations, the World Bank, Olympic Organizing Committee, FIFA Committee, or the Red Cross
- Political party or current/former elected official
- Candidate for political office
- Person acting in an official capacity on behalf of the above

Third Party Intermediary or “TPI”: A party who acts on behalf of LII or interacts with Government Officials, such as:

- Consultants (Government-Related)
- Customs Brokers
- Distributors/Resellers
- Financial, Tax, Accounting, and Audit Advisors
- Joint Venture Partners
- Legal Advisors
- Lobbyists/Political Organizations
- Charities
- Logistics Providers/Couriers/Freight Forwarders
- Sales Agents/Sales Representatives/Sales Brokers
- Travel Agents

INTRODUCTION:

LII is committed to doing business with integrity and the highest standard of business ethics. We abide by all applicable laws, including ABC Laws, in every country where we do business. Accordingly, LII prohibits all forms of bribery and corruption. We do not allow Bribes or Facilitation Payments to Government Officials or between private parties and individuals. This prohibition applies to LII employees, Directors, and TPIs. ABC Laws also require LII to establish and maintain (1) accurate books and records and (2) sufficient internal controls.

Allegations of corruption will be taken seriously and investigated. Any employee’s failure to comply with this Policy will result in discipline up to and including termination. Additional penalties for violations may include fines and imprisonment.

For further guidance or questions, consult the LII Legal Department or the Ethics & Compliance Office (“ECO”).

DOs AND DON'Ts:

DO:

- Follow this Policy when selecting TPIs (see “Engaging TPIs” below).
- Look for “Red Flags” when engaging and working with TPIs (see “Examples of Red Flags” below).
- Obtain pre-approval from the LII Legal Department or ECO for any Payment to a Government Official.

DO (continued):

- Maintain accurate books and records of any Payment.
- Immediately contact the LII Legal Department or ECO if you are asked to make a Bribe, are offered a Bribe, or suspect someone else (including a TPI) of making or offering a Bribe.
- Immediately contact the LII Legal Department or ECO if you are asked to make a Facilitation Payment or encounter a situation that you believe may require a Facilitation Payment.

DON'T:

- Do not offer, give, promise, or authorize someone else to offer, give, or promise, a Bribe.
- Do not solicit, accept, or receive a Bribe.
- Do not offer, give, promise, or authorize someone else to offer, give, or promise, a Payment to a Government Official without the prior written approval of the LII Legal Department or ECO. Remember: "Payments" are anything of value such as gifts (even of nominal value such as candy or items with an LII logo), entertainment, travel, taxi rides, meals, charitable donations, discounts, employment, business opportunity, favorable contracts, and stock options.
- Do not make Facilitation Payments.
- Do not contribute company funds or assets for political or charitable purposes without prior written approval by LII Corporate Communications at LIICommunications@lennoxintl.com.

MINIMIZING TPI RISK:

LII can be liable for Bribes or Facilitation Payments made through TPIs - even if we have no knowledge of the Payment. Therefore, the use of TPIs to help carry out LII's business presents risk under ABC Laws.

LII minimizes TPI risk by:

- **Vetting new and existing TPIs:** LII will perform necessary due diligence before engaging new TPIs and run existing TPIs through the same process. Due diligence serves a number of purposes, including:
 - (1) screening TPIs against sanctions, watch lists, Politically Exposed Persons, and other regulatory databases,
 - (2) identifying "Red Flags" that need to be addressed before entering into a business relationship, and
 - (3) evaluating TPIs through a consistent risk management process.
- **Requiring TPI Certification:** Prior to engagement, TPIs must complete an ABC Laws Certification provided by the ECO.
- **Engaging TPIs with written agreements:** Agreements with TPIs will be memorialized and include appropriate terms and conditions provided and approved by the Legal Department or ECO.
- **Monitoring TPIs Post-Engagement:** After engagement, LII will continue to monitor the TPI including a re-certification process (e.g., annually or every three years, based on the TPI's risk profile), which may include additional due diligence.

Consistent with the guidance provided by the U.S. Federal Government, LII uses a risk-based approach to TPI engagements. Based on an initial risk assessment, TPIs will receive a risk profile rating. The risk profile rating will guide the scope of due diligence, contractual provisions, and degree of post-engagement monitoring required for a particular TPI.

ENGAGING TPIs:

Employees seeking to engage TPIs must proceed as follows:

- **Complete a Business Justification Form (“BJF”):** Complete a BJF [here](#), so the ECO can begin the vetting process. If you need assistance, please contact the [ECO](#).
- **Confirm ECO Approval:** Ensure TPI has been fully vetted and approved for use by the ECO before proceeding with a TPI.
- **Use Anti-Bribery/Corruption Contract Language:** When entering into agreements with TPIs, work with the Legal Department to ensure the inclusion of required anti-corruption language.
- **Look for Red Flags:** Before engaging a TPI, employees should review and familiarize themselves with “Red Flags” which are indications of possible corrupt or unethical activity. While a Red Flag might not automatically preclude using a particular TPI, it does warrant a closer review to safeguard against potential violations of ABC Laws.

EXAMPLES OF RED FLAGS:

- Requests for unusually high compensation or excessive commissions
- Requests for cash
- Requests that Payment go through another party
- Requests for false invoices
- Use of offshore company or bank accounts for Payments
- Contracts with vaguely or inaccurately described services
- TPI is in a different line of business than that for which it has been engaged
- TPI is related to or closely associated with a Government Official
- TPIs recommended by a Government Official
- Refusal to allow LII audit rights
- Refusal to agree with ABC Laws

SEEKING HELP AND REPORTING POSSIBLE VIOLATIONS:

ABC Laws are complex and can result in fines and imprisonment. Regardless of cultural norms and local business customs, we must follow ABC Laws and this policy. If you have a question or believe a LII employee or TPI is violating our values, this Policy, or applicable laws, you have a responsibility to act by contacting:

- A member of the Legal Department
- A member of the Ethics & Compliance Office or contact them at +1 (972) 497-7500 or ECO@lennoxintl.com

SEEKING HELP AND REPORTING POSSIBLE VIOLATIONS (continued):

You can also report matters 24/7 in your preferred language through our third-party provider by:

- Visiting the Employee Webform at www.lennoxintl.ethicspoint.com or
- Calling the EthicsLine, toll free at 1 (855) LII-ETHICS (1-855-544-3844) from the U.S. or Canada. Click [here](#) for a list of international numbers.

The Employee Webform and EthicsLine give you the option to remain anonymous where allowed by law. Immediate reporting ensures LII can investigate any suspected Code violation and take prompt, appropriate action.

LII prohibits retaliation against employees for reporting suspected Code violations in good faith or for participating in an investigation. Good faith does not mean that you have absolute proof, but that you honestly believe your report. If you see something, say something! You are critical to our values of Integrity, Respect and Excellence.