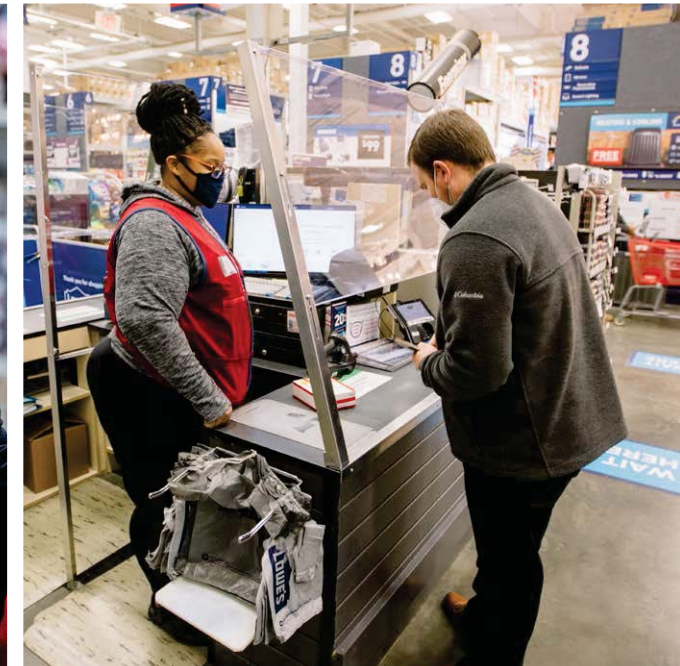




FINDING NEW WAYS FORWARD,
TOGETHER

2020 CORPORATE RESPONSIBILITY REPORT





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CEO LETTER

This last year has been one of uncertainty, change and great tragedy. From a global pandemic and economic hardship to social unrest and natural disasters, our communities, our culture and our company have experienced a year unlike any other. But through it all, we have persevered and remained focused on making homes better for all. I am exceptionally proud of the efforts of our more than 300,000 associates at Lowe's for the way our team stepped up to provide essential products and service to millions of customers in a time of crisis.

The response of our team to these unprecedented challenges has been rooted in our mission: Together, deliver the right home improvement products, with the best service and value, across every channel and community we serve.

But so much of what we've done this past year has also been about going above and beyond to support our neighbors, friends and customers — recognizing emergent needs and providing resources to not only ensure the resiliency of our business but also the resiliency of the people and communities we serve.

Our number one priority has been the safety and well-being of our associates and the customers who shop with us. In fiscal 2020, we invested nearly \$1.3 billion to ensure a safe and clean environment within our stores, as well as to provide financial assistance to our associates and communities.

Lowe's contributed more than \$150 million to support our communities. This encompassed more than \$100 million in pandemic-related relief, including \$55 million in grants in partnership with Local Initiatives Support Corporation (LISC) to provide much-needed financial relief to rural, minority-owned and women-owned small business. We also donated more than \$16 million

in products and support to help local businesses re-open. We gifted personal protective equipment (PPE) to healthcare systems in order to help ease the strain on frontline medical service providers.

We continued our commitment to sustainability, increasing responsible product sourcing and diminishing our environmental impact. To reinforce our commitment to environmental business practices, we published a Sustainability Policy and a separate Water Stewardship Policy. Wind farm and solar energy arrangements in Texas and Illinois have landed us among the ten largest renewable energy buyers in the United States. We continue to focus on responsible sourcing practices, officially partnering with the World Wildlife Fund (WWF) to assist in guiding our wood sourcing practices.

In the face of heightened racial tension and social unrest, Lowe's reinforced our commitment to diversity and inclusion. Diversity and inclusion are strategic priorities as we recruit, hire, develop and retain talent, and that commitment starts at the very top of our organization — from our board and executive leadership team. As tensions grew in our communities, we spoke openly with our associates about racial injustice and provided forums for them to share their

thoughts, concerns and feelings in what has turned out to be a very informative and constructive dialogue. Furthermore, expanding upon our commitment to supplier diversity, we introduced "Making It...With Lowe's," a program that invites diverse, small business entrepreneurs to pitch their products to Lowe's executives with the opportunity to earn, shelf space in our stores or online, grants and valuable mentoring to help their businesses grow.

Amid great challenges, we are investing in the strength and prosperity of our communities, growth of our business and development and well-being of our associates. In fact, beyond the training, opportunities for advancement and benefits that have long made Lowe's an attractive place to work, in the last year we provided more than \$900 million in incremental COVID-related financial support for our frontline hourly associates, including special payments and temporary wage increases; offered emergency paid leave for all associates who qualify; and extended telemedicine access to all associates and their families, regardless of whether they are enrolled in a Lowe's medical plan. Our people are the heart of our company, and we are working to deliver for them just as they deliver each day for our customers.



Inside the pages that follow, you will learn about these efforts and more about what we are doing to grow as a strong business, a strong supporter of our communities, and, the people we serve, and a responsible corporate citizen.

Thank you for your interest and support.

Sincerely,

Marvin R. Ellison

MARVIN R. ELLISON

President and Chief Executive Officer



ABOUT LOWE'S & THIS REPORT

Since our beginning, Lowe's has focused on operating responsibly and providing outstanding customer service. Our mission — Together, deliver the right home improvement products, with the best service and value, across every channel and community we serve— guides us every day and is carried out by our sustainability strategy and vision statements.

“Finding New Ways Forward, Together” is Lowe's 18th annual corporate responsibility report, outlining our approach to sustainability and highlighting our goals, performance and progress to date. Our core focus areas include Our People & Our Communities, Product Sustainability and Operational Excellence.

Lowe's is an active member of the [Retail Industry Leaders Association \(RILA\)](#), [Business Roundtable](#) and the [National Retail Federation \(NRF\)](#). We also collaborate with the [Green Chemistry & Commerce Council](#), [World Wildlife Fund \(WWF\)](#), and the U.S. EPA's [SmartWay](#), [ENERGY STAR®](#) and [WaterSense®](#) programs.

This report covers our activities from January 1 to December 31, 2020, unless otherwise noted, and references the [2016 GRI Standards](#) and the [Sustainability Accounting Standards Board \(SASB\) Standard](#) for Multiline and Specialty Retailers & Distributors as well as Building Products & Furnishings. In 2020, we refreshed our materiality assessment and conducted a Task Force on Climate-related Financial Disclosures (TCFD) analysis to enhance our sustainability strategy and programs. We received external verification of our 2020 Scope 1 and 2 (location-based and market-based) greenhouse gas emissions and our water consumption data. For questions regarding Lowe's corporate responsibility activities or reports, please contact Chris Cassell, Sr. Director of Corporate Sustainability, at socialresponsibility@lowes.com.

NUMBER OF PRODUCTS
2.1 Million

208 Million
SQUARE FEET

Headquarters
MOOREVILLE, NC

MORE THAN
2,200
Stores

20 Million
STORE VISITS
WEEKLY

FY 2020 SALES
\$89.6 Billion*

MORE THAN
300,000
Associates

*Fiscal Year (FY) covers activities from February 1 - January 31, 2021.

AWARDS AND RECOGNITION

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

Included on the Dow Jones Sustainability Index for North America for the second consecutive year



Received a 100 rating on the Human Rights Campaign's Corporate Equality Index for being a best place to work for LGBTQ+ Equality for the second consecutive year



Included on the Disability Equality Index 2020 Best Places to Work for disability inclusion



Received Gold recognition on the Military Friendly Employers list in 2020



Named a 2020 Corporate Veterans Champion by the National Veteran-Owned Business Association



Received the Leader in Sustainability Award from Call2Recycle in U.S. & Canada



Recognized by ENERGY STAR Canada for excellence in energy efficiency and sustainability in 2020



Recognized as a Fortune Most Admired Company

LOWE'S VALUE CHAIN

UPSTREAM



LOWE'S OPERATIONS



DOWNSTREAM



RAW MATERIALS

- Wood and Pulp
- Copper
- Steel
- Iron
- Petrochemicals
- Other

PRODUCT MANUFACTURING

- Indirect Suppliers
- Tier 1 Suppliers (Private brands and third-party branded)

SOURCING & DISTRIBUTION

- Distribution Centers
- Transportation
- Global Sourcing Offices

RETAIL CHANNELS

- Online
- Retail Stores
- Pro Onsite
- Project Specialists Onsite
- Contact Centers

CUSTOMER USE

- Product Use
- Maintenance and Repair

END OF LIFE

- Product Disposal
- Materials Recycling

STAKEHOLDER ENGAGEMENT & MATERIALITY

ENGAGING OUR STAKEHOLDERS

Lowe's proactively and regularly engages our internal and external stakeholders — those groups who impact or are impacted by Lowe's operations — to better understand their needs and concerns, and to guide our strategic decision-making and continuous improvement. Our active collaboration with suppliers, associates, shareholders, customers, local communities, government entities, industry associations and nongovernmental organizations (NGOs) enables us to monitor and respond to emerging challenges, trends and opportunities.

MATERIALITY ASSESSMENT

Understanding the priorities and expectations of our stakeholders plays an important role in how we set our strategies and goals as a responsible corporate citizen. In addition to the engagement activities listed on our website, we periodically conduct a formal materiality assessment. In 2020, we engaged a third party to facilitate this process, which included interviews with Lowe's executives and research on sustainability topics important to customers, associates, shareholders, suppliers, NGOs, government entities, academia, local communities and industry associations.

The results of our 2020 materiality assessment, validated with our senior leaders, outlined in the columns to the right according to section prioritization, inform our sustainability strategy and goals. The strategy focuses on a number of high-priority goals and commitments across three pillars, Our People & Our Communities, Product Sustainability, and Operational Excellence, which guide our efforts. We continually validate priorities through ongoing engagement and dialogue with our stakeholders, which have led to additional initiatives and priorities such as updated and more aggressive emissions reduction targets and the development of sustainable packaging targets.

WE CONDUCTED A MATERIALITY ASSESSMENT IN 2020 UPDATING OUR TOPICS AND PRIORITIES.



ENVIRONMENT

- Supplier Social & Environmental Practices
- Climate Change, Energy & Emissions
- Product Responsibility
- Waste Management
- Natural Resources



SOCIAL

- Workplace Safety
- Diverse, Equitable & Inclusive Workplace
- Talent Acquisition, Development & Retention
- Associate Health & Well-being
- Organizational Culture & Management
- Community Engagement & Support



GOVERNANCE

- Ethics
- Cybersecurity & Data Privacy
- Compliance
- Business Resilience
- Governance

MATERIAL TOPICS

Through interviews, research and analysis, we identified 16 material topics guiding the development of our sustainability strategy and reporting.

✔ Our People & Our Communities
✔ Product Sustainability
✔ Operational Excellence

TOPIC	DEFINITION	WHY IT'S IMPORTANT	Associates	Suppliers	Customers	Planet	Communities	Shareholders
Workplace Safety	Maintain a safe environment in our stores and facilities for our associates and customers	Strong safety practices protect our people while reducing claims and lost productivity	✔					✔
Organizational Culture & Management	Share behaviors and values established by leaders, communicated and reinforced through shaping associate perceptions, practices and understanding	Creating a strong sense of belonging within our operations drives engagement and helps associates better serve our customers and communities	✔					✔
Diverse, Equitable & Inclusive Workplace	Foster an inclusive culture that celebrates diversity and encourages different perspectives	Increased diversity drives better ideas, positive business results and a greater connection with the communities we serve	✔	✔	✔		✔	✔
Associate Health & Well-being	Build a work environment where our associates feel fulfilled and productive, and support them and their families in leading healthy lives	Engaged and healthy associates are more productive, miss less work, provide better service and have longer tenure with the company	✔				✔	✔
Talent Acquisition, Development & Retention	Attract top talent and develop and retain the right people with the right skills	Our associates are our greatest strength, and strong associate development programs help us attract and retain the best talent in the industry	✔				✔	✔
Community Engagement & Support	Act as a responsible neighbor in the communities where we operate and live by making a positive contribution to the local economy and by providing support through community partnerships, volunteering and product donations	Strong, vibrant communities help us attract new talent, help sustain our business and provide great places for our associates and their families to live	✔				✔	✔
Supplier Social & Environmental Practices	Help our suppliers enhance their labor management practices and reduce their impact on the environment	Protecting workers and communities where our products are sourced and manufactured is of the utmost importance	✔	✔	✔	✔	✔	✔
Natural Resources	Ensure that critical raw materials (e.g., wood, metallic minerals) are sourced responsibly and with minimal impact to the environment and society	Ensuring supply chain continuity while improving the environment for future generations is paramount to our business practices	✔	✔	✔	✔	✔	✔
Product Responsibility	Account for the environmental, social, health and safety of our products	Providing safe and environmentally friendly products to our customers gives customers peace of mind when shopping	✔	✔	✔	✔	✔	✔

MATERIAL TOPICS

(Continued)

✔ Our People & Our Communities
 ✔ Product Sustainability
 ✔ Operational Excellence

TOPIC	DEFINITION	WHY IT'S IMPORTANT	Associates	Suppliers	Customers	Planet	Communities	Shareholders
Climate Change, Energy & Emissions	Minimize our contributions to climate change (across our value chain) and manage its impact on our business through efficient use of energy and GHG emissions reduction	Investments in energy efficiency and renewable energy lower operating costs while protecting the environment for future generations	✔			✔	✔	✔
Waste Management	Minimize our waste creation and increase waste reuse and recycling from our operations and products at end of life	Reduction in operational waste decreases costs while reducing the environmental impact of our operations	✔	✔	✔	✔	✔	✔
Governance	Develop structures and processes for decision making, accountability, controls and business conduct	Effective governance delivers better business results and improves public reputation	✔	✔	✔			✔
Ethics	Conduct ourselves and our business in a morally sound manner that also protects and builds our reputation as a responsible business	Operating ethically is the foundation of being a responsible business and a good corporate citizen	✔	✔	✔		✔	✔
Compliance	Oversee our business in a way that complies with all rules, policies, regulations, standards, specifications and laws	Ensuring compliance throughout the business builds brand trust and customer loyalty	✔	✔	✔			✔
Cybersecurity & Data Privacy	Protect associate, supplier, customer and company data from illegal and inappropriate use	Strong data security and privacy practices prevent financial and reputational loss for customers, associates and our company	✔	✔	✔			✔
Business Resilience	Provide long-term risk and financial management planning to ensure continued business success	Preparing for the unknown reduces risks and increases stakeholder confidence	✔	✔	✔		✔	✔

SUSTAINABILITY STRATEGY & GOALS

As Lowe's strives to deliver the best solutions and products to our customers, we want to be a transformational force for our people, our vendors, our communities and our planet. To accomplish this, our sustainability strategy focuses on responsible sourcing; safer and more environmentally friendly product offerings; maintaining a diverse, healthy, engaged and skilled workforce; supporting our local communities; and operating efficiently, ethically and responsibly.

In 2020, we built on the progress for goals set in 2018 and added and updated goals as we make progress in these areas. We also continue to find new ways to contribute to the [United Nations Sustainable Development Goals \(p.11\)](#) and expand our program to help us contribute to those targets. Below you will find the highlights of our progress in 2020.

VISION	MATERIAL TOPICS	GOALS	GOAL PROGRESS
OUR PEOPLE & OUR COMMUNITIES			
<i>Provide a diverse, equitable and inclusive workplace where our associates can grow and thrive</i>	Diverse, Equitable & Inclusive Workplace Talent Acquisition, Development & Retention Organizational Culture & Management		
<i>Foster engaged and healthy associates and safe working environments</i>	Workplace Safety Associate Health & Well-being	By 2025: → Reduce our lost time incident rate (LTIR) each year as we pursue our goal of zero injuries	→ LTIR decreased from 2.35 in 2019 to 2.28 in 2020
<i>Play an active role in improving communities we serve by supporting safe and affordable housing initiatives and skilled trades education</i>	Community Engagement & Support	By 2025: → Invest \$350 million in our local communities through partnerships and charitable contributions → Contribute more than 3 million hours of associate community service	→ Lowe's has invested \$238 million in our local communities through our nonprofit partnerships since 2018 → Since 2018, our associates have contributed 788,000 hours of community service via volunteering and Lowe's Heroes projects
PRODUCT SUSTAINABILITY			
<i>Promote sustainable, responsible and ethical practices throughout our value chain</i>	Supplier Social & Environmental Practices Natural Resources	By 2020: → 100% FSC-certification for all wood products sourced from identified regions at risk By 2025: → 100% of our strategic suppliers will have sustainability goals → 100% of our wood products will be responsibly sourced	→ In 2020, less than 6% (5.7%) of our total U.S. wood volume was sourced from regions at risk, with 11% identified as having FSC-certification → Currently, 62% of our strategic suppliers have sustainability goals in place → 68% of our U.S. wood volume was certified in 2020 → 80% of our Canadian lumber and building materials wood volume was certified in 2020

VISION	MATERIAL TOPICS	GOALS	GOAL PROGRESS
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PRODUCT SUSTAINABILITY

<p><i>Provide customers with eco-friendly, high-quality and safe products</i></p>	<p>Product Responsibility</p>	<p>Commitments:</p> <ul style="list-style-type: none"> → All outdoor pesticide products, except Tree & Shrub Care, will be neonicotinoid-free by 2022 → NEW All fabric protection sprays will be free of PFAS chemicals → NEW 100% of new eligible private brand Kitchen & Bath items will be WaterSense® labeled starting in 2022 	<ul style="list-style-type: none"> → Currently on track for transition → Transition complete as of December 31, 2020
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<p><i>Help customers live more sustainably at home</i></p>	<p>Product Responsibility Natural Resources</p>	<p>By 2025:</p> <ul style="list-style-type: none"> → Save customers more than \$40 billion in energy costs through the sale of ENERGY STAR® certified products → Increase the number of eco-products available to customers → NEW Save customers more than \$65 billion in lifetime water costs and 5 trillion gallons through the sale of WaterSense® labeled products → NEW 100% of private brand packaging will include the How2Recycle label, where space allows 	<ul style="list-style-type: none"> → We've helped our customers save \$17.3 billion via the sale of ENERGY STAR® certified products since 2018 → We continue to expand our eco-product portfolio, as described in the Product Sustainability section of this report
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OPERATIONAL EXCELLENCE

<p><i>Strengthen our business resilience and improve operational efficiency to reduce our impact on the environment</i></p>	<p>Waste Management Climate Change, Energy & Emissions</p>	<p>By 2020:</p> <ul style="list-style-type: none"> → Reduce tons of waste to landfill per net sales by 40% from 2010 baseline <p>By 2025:</p> <ul style="list-style-type: none"> → UPDATED Reduce absolute Scope 1 and 2 emissions by 40% below 2016 levels by 2025 (previously 2030) <p>By 2030:</p> <ul style="list-style-type: none"> → NEW 50% Renewable Energy by 2030 → NEW Reduce absolute Scope 1 and 2 emissions by 60% below 2016 levels by 2030 	<ul style="list-style-type: none"> → Since 2010, we've reduced our waste to landfill per net sales by 20% → Since 2016, we've reduced Scope 1 and Scope 2 emissions by 29.8% and are on track to surpass our 2025 target early
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<p><i>Uphold responsible and ethical business practices throughout our organization</i></p>	<p>Governance Ethics Cybersecurity & Data Privacy Compliance</p>	
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UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS



The U.N. Sustainable Development Goals (SDGs) represent a global call to action to create a sustainable, equitable and just world. Although directed at governments, the private sector and civil society have an important role to play in accomplishing these goals. Lowe's has identified five SDGs and seven associated targets where we believe we can make the most impact. We have outlined each, along with a select set of targets and actions. As many of the UN SDG target dates come to a close in 2020, we are committed to developing processes and metrics in support of updated best practices for these five SDGs.

U.N. SUSTAINABLE DEVELOPMENT GOALS AND TARGETS		HOW WE PLAN TO CONTRIBUTE
GOAL 7	Ensure access to affordable, reliable, sustainable and modern energy for all	
Target 7.2	By 2030, increase substantially the share of renewable energy in the global energy mix	<ul style="list-style-type: none"> → Our first 100 MW utility-scale windfarm partnership became operational and started generating energy → Achieve 50% renewable energy by 2030
GOAL 8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	
Target 8.2	Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors	<ul style="list-style-type: none"> → Graduate 5,000 Track to the Trades students → Graduated over 3,700 Track to the Trades students and over 900 businesses have pledged support for Generation T in 2020
Target 8.8	Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	<ul style="list-style-type: none"> → Continue to monitor and update our Vendor Code of Conduct policy overseeing our suppliers, including the continuation of our zero-tolerance stance on issues of modern slavery, forced labor, human trafficking and child labor → Continue performing Retail Ethical Sourcing Assessments (RESA) at supplier factories (1,220 RESAs performed in 2020)
GOAL 11	Make cities and human settlements inclusive, safe, resilient and sustainable	
Target 11.1	By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	<ul style="list-style-type: none"> → In 2020, we provided hometown community investments of over \$9 million in Charlotte in part to support safe, affordable housing and boosting small businesses → Continue to support programs such as Habitat for Humanity and Rebuilding Together to preserve affordable housing stock
GOAL 12	Ensure sustainable consumption and production patterns	
Target 12.2	By 2030, achieve the sustainable management and efficient use of natural resources	<ul style="list-style-type: none"> → Reduce absolute Scope 1 and 2 emissions by 40% below 2016 levels by 2025; 60% by 2030 → Save our customers \$40 billion in energy costs and \$65 billion in water costs by 2030 through the sale of ENERGY STAR® certified and WaterSense® labeled products
Target 12.4	By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment	<ul style="list-style-type: none"> → Update our safer chemicals policy annually as we continue to evaluate opportunities to remove chemicals of concern from products offered → All fabric protection sprays are now free of PFAS chemicals
GOAL 15	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	
Target 15.2	By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally	<ul style="list-style-type: none"> → Obtain FSC-certification for 100% of wood products sourced from regions identified as at risk → Ensure 100% of wood products are responsibly sourced by 2025

OUR COVID-19 RESPONSE

At Lowe's, the health and well-being of our associates, customers and the communities where we work and live are our priorities. Our stores provide essential products and services to our customers, government officials and first responders. Throughout this reporting period, COVID-19 changed the world in unparalleled ways, impacting every aspect of our lives. While this report focuses on our 2020 accomplishments, it also provides an overview of our pandemic response. In FY 2020, we invested nearly \$1.3 billion to support our associates, store safety and communities. Read more about our efforts in the [Lowe's Newsroom](#).

Lowe's delivered more than **\$16 million** in PPE and product donations — including **4.7 million masks** and **100,000 Tyvek/PPE gowns** — to medical professionals and first responders →

COMMUNITY IMPACT

\$150 Million

Contributed more than **\$150 million** to support our communities, which included more than **\$100 million** in pandemic-related relief.

Provided **\$30 million** to communities and partners, including mask donations and technical assistance, to support **Pros and small businesses** in their efforts to remain open or to re-open.

Established the **Lowe's Small Business Grant Program** in partnership with the Local Initiatives Support Corporation (LISC) to provide **\$55 million** in relief for **rural, minority- and women-owned small businesses** affected by COVID-19.

Supported over **1,100 small businesses** to maintain their **supplier diversity certification**, helping them pursue **long-term business opportunities and success**.



ASSOCIATE SUPPORT

Provided **telemedicine benefits to all associates and their families**, regardless of enrollment status in Lowe's medical plans.

Offered **14 days of emergency paid leave** for associates in need, as well as up to **four weeks of emergency paid leave** for those at high risk of severe illness from COVID-19.

Provided more than **\$900 million** in incremental COVID-related financial support for our **front-line hourly associates**.



OPERATIONS

Introduced **curbside pickup** for all customers and **buy-online-pickup-in-store lockers** to expand **contactless shopping options**.

Provided **PPE, hand sanitizing stations, Plexiglass dividers for cashiers** and other resources to help keep **our stores safe**, such as social distancing reminder signage, overhead announcements and signage on the floor, six feet apart.

Adopted the **CDC requirements for mask-wearing and social distancing** at all U.S. locations.

\$200 Million

Invested over **\$200 million** to support store safety including providing **free face masks** at stores for customers and **enhanced sanitizing and cleaning**.



Introduced a **remote audit program** for factory inspections to **maintain social distancing**.

All COVID-19 Response numbers represent FY 2020.

2020 CORPORATE RESPONSIBILITY HIGHLIGHTS

OUR PEOPLE & OUR COMMUNITIES

BOARD AND EXECUTIVE LEADERSHIP TEAM DIVERSITY

64%

64% of our Board are women and/or ethnically diverse.

33%

33% of our Executive Leadership Team are women.

44%

44% of our Executive Leadership Team are ethnically diverse.



Lowe's joined OneTen Coalition to train, hire and advance the careers of one million Black Americans over the next 10 years.

\$9 Million

Provided hometown community investments of over **\$9 million** in Charlotte to support safe, affordable housing; the skilled trades industry; access to technology; and boosting small businesses hit hardest by the COVID-19 pandemic.

\$1.1 Billion

In 2020, provided more than **\$1.1 billion** in discounts to active military personnel and veterans through our Military Discount Program.

PRODUCT SUSTAINABILITY



Lowe's recognized LG Electronics with our first-ever annual Sustainability Award for vendors.



\$7 Billion

Customer lifetime savings from Lowe's ENERGY STAR® products.



\$427 Million

Customer annual water bill savings from Lowe's WaterSense® products.



OPERATIONAL EXCELLENCE



Renewable Energy Buyers Alliance

Included in the REBA Deal Tracker Top 10 list for large energy buyers as a result of our 250 MW solar deal in Illinois. Our 100 MW wind farm in Texas became operational in 2020.

29%

Since 2016, we have reduced absolute Scope 1 and 2 GHG emissions by 29%.

62%

62% of our strategic suppliers had sustainability goals in place in 2020.

Lowe's named to the **Dow Jones Sustainability Index** for North America for the second consecutive year; one of only six retailers to be included.

11.1%

Achieved **11.1% reduction** in total energy consumption in 2020 from 2019.

OUR PEOPLE & OUR COMMUNITIES

Lowe's has a history and passion for supporting our associates and the communities where we live and work. By building an inclusive culture where our associates feel safe, valued and equipped to grow, we increase their engagement and pride in Lowe's and simultaneously improve customer service. And by collaborating with our local communities, we enhance our capabilities for positive impact.

VISION STATEMENTS

- Provide a diverse, equitable and inclusive workplace where our associates can grow and thrive
- Foster engaged and healthy associates and safe working environments
- Play an active role in improving communities we serve by supporting safe and affordable housing initiatives and skilled trades education



WORKPLACE SAFETY

Our associates and customers drive our success, and their health and well-being are our highest priority. Safety is a value embedded in the decisions we make across the company to protect the safety of our associates, customers and vendors.

Maintaining a culture of safety begins with our leaders modeling the behaviors we want our associates to adopt. Our vice president of asset protection incorporates safety metrics in operational scorecards and executive business reviews, rooting these principles in our corporate culture.

Our safety support program implements tiered interviews by the district team to identify gaps between plans for action and actual operations, enabling us to focus on behaviors versus intentions. This tool has produced great results in developing safety leaders with action points based on the TEAMS leadership structure (see call out box on the right).

DEVELOPING AND REFINING SAFETY TRAINING

As a multi-banner business, setting clear, achievable and standardized expectations is a primary focus of our health & safety program. Lowe's is committed to expanding and improving our safety programs, processes and procedures to protect what matters most: our associates and customers. In 2020, we made considerable improvements to our existing safety programs, and took the first steps to build a robust and comprehensive safety management system. With the support of the executive team, we invested over \$40 million in safety equipment aimed at reducing associate risk exposure. Our leaders are also committed to safety as a core value and coach our associates on fulfilling this responsibility.

INCIDENT REDUCTION STRATEGY

As we continue to work toward a standardized program across all operations, fostering a culture of safety rather than merely enforcing compliance is critical. We believe that no matter the position or division, every associate plays a role in fostering a safe work environment throughout Lowe's. This begins with every associate having the conviction

that their workplace will be incident free. We leverage data and analytics to drive prevention strategies and safety-conscious decision making, which enables us to proactively address potentially unsafe scenarios before an incident arises.

In addition, this year we deployed a tool in the U.S. that promotes a "laser focus" on day-to-day safety readiness inspections, called the Lowe's Safe Review (LSR). The LSR is an electronic daily safety inspection that is completed using handheld mobile devices. In addition to identifying hazards (and tracking their correction), the LSR platform allows us to review analytics and data regarding the daily condition of stores and steps being taken to address any issues. The LSR is available to district managers and senior asset protection officers so they can provide documented feedback and support relating to safety. The tool is part of a larger management system, featuring daily questions to keep associates up-to-date on safety practices and capturing participation and behavior data to assess the effectiveness. We plan to roll out the LSR in the third quarter of 2021 in Canada with system-wide updates including location health scores incorporating LSR and safety incident performance to better understand safety compliance across the entire organization.

Whether as part of a daily safety walk or safety meeting, joint health and safety committee meeting, incident investigation or store visit, we consistently talk about the importance of:

- associate and customer safety;
- ensuring a clean and safe store;
- acting with urgency to correct identified hazards; and
- adhering to established policies and procedures.

SAFETY TEAMS LEADERSHIP

What it means to be a Lowe's Safe leader:

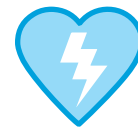
- **TOOLS/TRAINING:** Providing the right tools in the right condition and training associates to do their job safely
- **EXPECTATIONS:** Setting Lowe's Safe expectations so all associates understand that they play an active role in fostering a safe environment.
- **ACCOUNTABILITY:** Ensuring personal and peer-to-peer accountability by recognizing when additional training and expectation-setting is needed, and having the courage to speak up.
- **MOTIVATION:** Fostering the motivation to problem-solve, identify safety root causes and honestly communicate improvement areas and solutions with teams to maintain associate motivation regarding Lowe's Safe.
- **SUPPORT:** Driving the support of teams to reach their goals by teaching, training, involving associates in problem-solving and encouraging them to have a voice about safety.



We believe our commitment to safety, along with the improvements we made this year, has contributed to our overall reduction in incident rates. In 2020, during a global health pandemic, we reduced incidents by over 1,800 — a strong outcome amid a challenging year.

Providing AEDs Across Our Stores

In 2020, the Health & Safety team, focused on the areas of Technology, Innovation and Partnerships. One of these projects was the deployment of Automated External Defibrillator (AED) systems in all of our RONA and Reno-Depot banner stores in Canada. AEDs have been in place in all U.S. stores since late 2019, ensuring that all major facilities in the U.S. and Canada have at least one unit.



IN 2020, 16 LIVES WERE SAVED IN U.S. STORES BY UTILIZING THE AEDs.

COVID-19 SUPPORT

COVID-19 had a significant impact on all aspects of Lowe's operations, both inside and outside the stores. We refocused our safety operations by significantly upgrading, safeguarding and designing equipment to enhance our associates' ability to work as safely as possible. These upgrades included point-of-sale Plexiglass barriers, in-store mask requirements, social distancing signage and new curbside pickup. As an additional precaution, we also required all store associates to participate in infectious disease prevention training to ensure our associates are aware of the best practices to help reduce the rate of spread.

Furthermore, as our stores provided essential products and services to our customers, communities, government officials and first responders, we took steps to ensure we can continue to support customers and our more than 300,000 associates throughout the COVID-19 crisis. In FY 2020, we invested nearly \$1.3 billion in COVID-19 related support for associates, store safety and community pandemic relief, including contact tracing procedures, sanitation stations at entrances and exits and increased cleaning and disinfecting schedules.

To learn more, please see our COVID-19 Response on [page 12](#).



ANGEL AWARD

Through the Lowe's Angel Award program, whenever a Lowe's associate saves a life while wearing their red vest, we recognize them with an Angel Award. In 2020, we approved 111 Angel Award nominations across the company.

ORGANIZATIONAL CULTURE & MANAGEMENT

We work to foster an inclusive culture that unlocks the potential of each associate and encourages them to showcase their talents by supporting customers and their communities. We believe that when Lowe's is successful, our associates, customers and shareholders should be too. It is important that each associate feel welcome and engaged, and that their talents are utilized to the best of their abilities. Even as the business landscape changes, our commitment to excellence, engagement and inclusion remains.

CORPORATE CULTURE

Creating a culture where we bring out the best in each other is a top priority for us. We value the emotional intelligence of our associates, and we prioritize actions and mindsets that promote customer satisfaction, advocate inclusion and inspire continuous associate growth and development. Lowe's seeks associates from a diversity of backgrounds and skill sets who are team-oriented, self-motivated and strong communicators. We work with our associates to identify tasks and responsibilities that are better suited to their career goals and skill sets. This helps to create a family-like work environment that serves both our associates and customers.

ASSOCIATE ENGAGEMENT

We take steps to both measure and improve our associate engagement, by providing opportunities to voice concerns through engagement surveys and anonymous reporting systems and advance their careers through the training we offer. In 2019, we launched an updated annual associate opinion and engagement survey, called Building Engagement and Success Together (BEST) to better understand the day-to-day experience of our associates. In 2020,

the BEST survey yielded our highest participation to date (88%), and revealed an improvement in engagement throughout the company. We believe that this increase is directly related to how our leadership responded to associates during COVID-19, natural disasters and racial injustices in the U.S., by providing incremental financial support and resources, transparent communications and listening to our associates' needs through town halls during challenging times.

We leverage our diversity by offering Business Resource Groups (BRGs) for our associates in the U.S. to learn from their peers on topics related to diversity and inclusion. Launched in 2019, BRG members benefit from networking and leadership opportunities, professional development, and can help shape how we operate and engage with our customers. Based on the success of the first year of our BRGs, in 2020, we maintained the resource throughout COVID-19 by pivoting to virtual support and events. We also created a plan to cascade the BRGs across all U.S. stores in 2021. We want to create an associate experience that includes affinity and alliance groups who are involved within their respective communities, help drive team member engagement, foster innovation through leadership development and help

Lowe's succeed. Our goal is for every associate to have the opportunity to meaningfully participate in a BRG that they personally connect with.

CHANGE MANAGEMENT

Ensuring smooth and continuous operations is paramount to our success, even during difficult times that call for systemic change in how we do things. Our response to COVID-19 showcased how our change management processes helped us navigate the pandemic and reduced potential negative business impacts. Our method for managing change within the organization begins with our planning committee. This planning committee evaluates the scope of the project creating change, and identifies the stakeholders that are affected by it. Once this is established, we create a change plan that includes a combination of communication methods to convey the change, and the plan for implementing it. Once realized, we follow up changes with associate training or a formal announcement. Afterwards, we monitor the change with data analytics where possible, and revisit with stakeholders to ensure the transition occurs as intended.

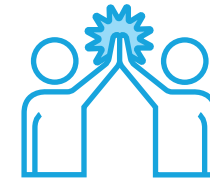
LOWE'S CORE BEHAVIORS

We provide world-class customer service by fostering the values and behaviors we believe are directly responsible for our continued success. These include:

- **FOCUS ON CUSTOMERS:** We build strong relationships with our customers, deliver tailored solutions that meet their needs, and are always thinking of ways to add more value.
- **DELIVER RESULTS:** We hold ourselves accountable for delivering results, even through challenging circumstances and ongoing change.
- **TAKE ACTION:** We take immediate and decisive action with appropriate urgency and enthusiasm.
- **SHOW COURAGE:** We address difficult issues and make tough decisions without fear or hesitation
- **CONTINUE LEARNING:** We're always learning, growing, and working to meet individual and organizational goals. We strive to help others do the same.

CULTURE, DIVERSITY & INCLUSION

We work hard to create a workplace where we bring out the best in our associates, customers and the communities we serve. By fostering an inclusive culture, building a diverse team and encouraging accountability, we increase our associates' engagement while improving customer service. We lean into the power of diverse teams, allowing us to wholly address our customers' needs and provide the personalized shopping experience they expect.



LOWE'S IS COMMITTED TO IMPROVING OUR CULTURE, DIVERSITY, AND INCLUSION IN EVERYTHING WE DO. OUR **2020 CULTURE, DIVERSITY & INCLUSION UPDATE** GIVES INSIGHT INTO OUR JOURNEY.

CULTURE, DIVERSITY AND INCLUSION PRIORITIES

At Lowe's, our commitment to diversity and inclusion is more than a corporate program; it's an executive and board priority. In 2020, we continued our multi-year efforts to integrate diversity and inclusion initiatives and programs into our corporate strategy, focusing on diversity and inclusion in three areas:

- **Talent:** Build a workforce that can provide the best for ALL customers and understand how to best meet their needs.
- **Culture:** Foster an inclusive culture that unleashes the unique abilities and talents of our full workforce to serve and support our customers and community.
- **Business:** Ensure we provide better and more diverse services and solutions, resulting in strong business outcomes and investments into our communities.

As we continue our efforts to develop a diverse and inclusive workforce, we are proud of the new diversity initiatives introduced in 2020 by our executive leaders.

We have also continued our push to integrate diversity, culture and inclusion into our policies, practices and programs, and use accountability to help leaders advance these efforts.

Even during the pandemic and amid rising racial tensions in the U.S., our leadership remained committed to building, operating and investing in an inclusive business that supports those in need. Our leadership provided transparent communications around racial injustices and listened to our associates' concerns and needs through town halls during challenging times. Our associates appreciated these efforts and felt heard by our leaders based on their response to the Ask Me Anything Panels and Town Halls by our president and CEO, Marvin R. Ellison, and guides used by our leaders to extend empathy in a time of difficulty.

64% OF OUR BOARD ARE WOMEN AND/OR ETHNICALLY DIVERSE.





CULTURE, DIVERSITY AND INCLUSION INITIATIVES

We consistently take steps to measure and improve our associates' feelings of inclusion, belonging and engagement. Through our internal BEST annual survey, we measure and identify opportunities to improve associate engagement. In 2020, our BEST survey scores demonstrated an increase in associates' positive attitudes toward inclusion and engagement, reflecting our leadership's swift and successful response to COVID-19 and the implementation of new diversity initiatives.

We also considerably expanded our unconscious bias training and added diversity and inclusion programs for talent acquisition teams in 2020. To comply with COVID-19 safety protocols and to extend the reach of the training program, we updated instructor-led training to be conducted virtually. We also added eight types of bias training for store associates that can be accessed on their mobile devices, increasing accessibility and removing the need for in-person and socially distanced training. Lastly, our talent acquisition team received training on issues impacting candidates with disabilities. Going forward, we will have diverse candidate slates for director and-above positions and partner with our talent acquisition team and hiring managers to promote diverse interview panels for all open roles.

In 2020, we launched "Making It...with Lowe's" which invited diverse entrepreneurs to pitch their products directly to Lowe's executives. This program resulted in Lowe's evaluating more than 400 new products for sale on Lowes.com or on our store shelves and spotlighted the importance of supporting diverse small businesses, including businesses owned by minorities, women, veterans, people with disabilities and members of the LGBTQ+ community.

SUPPLIER DIVERSITY

The Supplier Diversity team works diligently to identify potential suppliers for direct and indirect opportunities, resulting in increased inclusion of small and diverse suppliers to Lowe's supply chain. In 2020, Lowe's distributed \$1 million in grant funds to national and regional supplier diversity third-party certification agencies, for the purpose of assisting suppliers financially impacted by the pandemic with the cost of certification fees. Certification confers legitimacy of a business as diverse-owned and can serve as a marketing tool to differentiate them from the competition. The certifying agencies promote the success of diverse-owned businesses by offering business development resources (including networking, support, education and mentoring programs) and inclusion in national databases. This creates opportunities for suppliers to connect to corporate members, like Lowe's, who wish to build relationships with trusted certified companies. An estimated 1,000 suppliers will benefit from the certification funds, allowing them to remain certified for at least two years.

SUPPORTING VETERANS

We value the hard work and sacrifices veterans make every day and want to recognize our veteran associates for their efforts. To accomplish this, we introduced custom-designed camouflage vests specifically for our U.S. veteran associates, which they can choose to wear instead of our traditional red ones. These vests often spark conversations between customers and associates, very often to express their gratitude for the associate's service. In 2020, we also committed more than \$4.5 million to military organizations that promote career development and provide safe, affordable housing to veterans.

PERFORMANCE AND SKILL BASED COMPENSATION

At Lowe's, we provide compensation based on performance, skills and experience. Our remuneration practices include performing a benchmark analysis reviewing data that compensation is competitive in the market. We make pay decisions based on roles, responsibilities, skills, experience and performance.



*FOR THE SECOND YEAR IN A ROW, LOWE'S WAS RECOGNIZED AS ONE OF THE BEST PLACES TO WORK FOR LGBTQ+ EQUALITY WITH A **100% SCORE** ON THE HUMAN RIGHTS CAMPAIGN'S CORPORATE EQUALITY INDEX.*

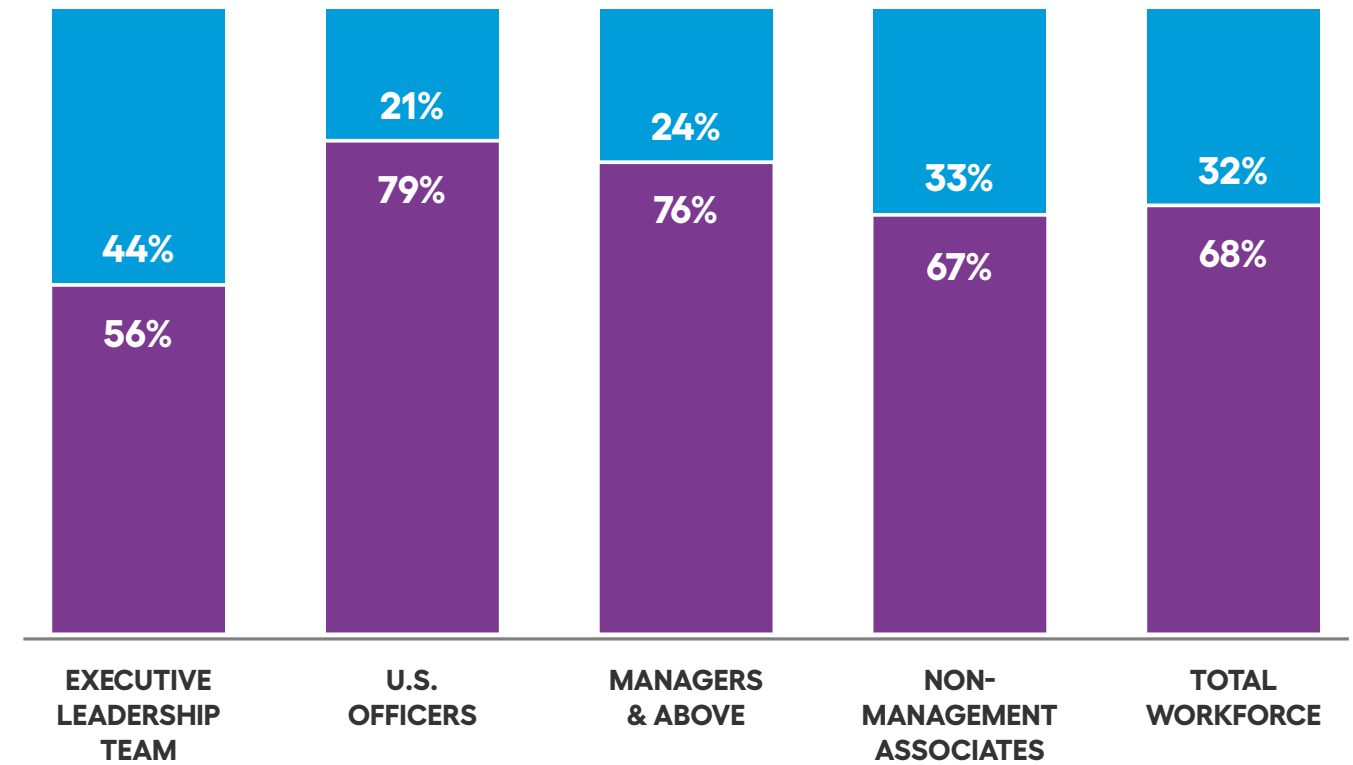
2020 DIVERSITY DATA BY GENDER

■ MEN ■ WOMEN



2020 DIVERSITY DATA BY ETHNICITY

■ WHITE ■ PEOPLE OF COLOR



Lowe's uses market availability data to benchmark our workforce against the qualified labor pool available for Lowe's roles. This allows Lowe's to identify areas of opportunity for each management level.

TALENT ACQUISITION, DEVELOPMENT & RETENTION

Lowe's continued success relies on our ability to provide outstanding customer service. Therefore, we strategically invest in inclusive hiring practices and create holistic learning experiences to develop confident, connected and resourceful associates. Our human resources teams in the U.S. and Canada share a mission to grow leaders who inspire each other and effectively lead their teams and the business by example.

ATTRACTING TOP TALENT

Lowe's is committed to building a skilled, diverse and inclusive workforce through internal and external hiring programs and national partnerships. Initiatives to build our team include:

- **Lowe's Skillbridge Fellowship Program:** Through our partnership with the Department of Defense, Lowe's provides opportunities for transitioning service members to work and gain experience at Lowe's.
- **Road to Hire:** Through this program, non-degreed individuals gain experience and skills for placement into tech careers.
- **Diverse Hiring Slates:** For any new opening, we are focused on providing hiring managers a diverse slate of candidates to select from.

DEVELOPING OUR ASSOCIATES

While attracting top talent is fundamental to creating a first-rate work environment, Lowe's also invests in training our existing associates, helping them develop the confidence to excel at their job and in turn, provide excellent customer service. We are committed to developing our associates through upskilling and reskilling as they become more proficient in their current roles to ensure a long-term career with Lowe's. In 2020, we expanded our training offerings and, due to the social distancing required by COVID-19, we made significant technology investments to adapt our delivery methods to engage and train our associates. We also rolled out a microlearning platform to move training out of the classroom, allowing Lowe's University to deliver instructor-led, role-specific leadership development programs throughout the U.S. and Canada. Lastly, we adjusted our New Associate Orientation to connect new hires with the company while still respecting social distancing requirements.

We will continue to improve the training we offer in 2021 by increasing program accessibility and quality, investing in our virtual classroom capabilities and expanding how we leverage mobile learning for on-the-job training and skill reinforcement.

Skilled Trades Education

In alignment with our commitment to reducing the skilled trades gap, we are continuing to invest in our associates to help them attain careers in various trade fields. Through our Track to the Trades program, up to 1,000 associates a year gain experience in one of five skilled trades to enhance their current roles or pursue a new career as a skilled trades person. In partnership with Guild Education, Lowe's provides tuition support upfront for associates to complete pre-apprenticeships in carpentry, plumbing, electrical, HVAC or appliance repair.

DEVELOPING OUR LEADERS

In 2019, we launched the Lowe's University Leadership Academy, designed to train store and district leaders via the department supervisor, assistant store manager, store manager and district manager onboarding and leadership programs. Based on the success of this program, we decided to completely overhaul all associate training and Lowe's University itself to apply this successful model to all training we provide. We plan for this work to be completed by the end of 2021. Through Lowe's University we will launch a variety of academies, containing unique programs that will provide relevant information and development learning opportunities for associates across all functions and departments on-site, virtually and on-the-job.

Lowe's also partners with five external organizations that provide world-class leadership development programs for women and people of color, building skills for navigating the complexities of a large organization. Our talent and succession planning process supports the development of a diverse talent pipeline for leadership and other critical roles. In 2020, we offered six virtual conferences via the Lowe's Leadership Academy providing support and resources for learning new skills. We plan to continue to expand these programs.

In addition, we are proud to announce the launch of our Advanced Leadership Program this year in the U.S. with our partners at Emory University's Goizueta Business School. Through this best-in-class virtual program, mid-level leaders attended a multi-month cohort experience, where leaders from across the organization were brought together to learn, solve business problems and develop skills that prepare them to take on roles of greater impact and responsibilities.

In Canada, the focus has been on internal promotions rather than external hiring at the officer level to promote internal development and recognition of our talents. Stemming from talent and succession planning, this initiative includes stretch assignments, executive coaching, psychometric assessments and co-coaching sessions.

BY THE END OF 2020, OVER 3,700 ASSOCIATES HAVE GRADUATED FROM THE TRACK TO THE TRADES PROGRAM.



ASSOCIATE HEALTH & WELL-BEING

At Lowe's, we recognize the importance of supporting our associates' health and well-being. Our goal is to provide comprehensive and competitive benefits that consider the whole family and whole person by supporting their physical, financial and emotional wellness. To do this, we consider the spectrum of health and wellness issues our associates may confront and provide support to aid the best possible outcomes.

OUR STANDARD OF CARE

All regular full-time and part-time associates are eligible for a range of health and financial benefits. To support our associates financially, all regular full-time and part-time U.S. associates may participate in our 401(k) plan and can receive Lowe's vested match dollars, up to 4.25%, after 30 days of employment. In addition, our Employee Stock Purchase Program is also available to eligible associates in the U.S. and Canada. The health insurance programs we offer include support for chronic disease prevention and management, weight management, and expert medical opinions. We currently offer four Center of Excellence (COE) programs, including heart surgery, hip and knee replacement, spinal surgery and fertility support for eligible associates in need of such care. Lowe's provides onsite health centers at larger service and distribution locations. For our veterans, Lowe's provides access to a Tricare Supplement Insurance plan.

Lowe's recognizes that child and elder care needs can also affect health and financial well-being. To help support these needs, we offer dependent care flexible spending accounts and commuter subsidies to our full-time hourly associates. In the U.S., we also provide child and elder care discounts, tuition assistance programs, and access to retirement counseling services.

Lowe's also offers access to an Employee and Family Assistance Program to offer help with everyday life issues and challenges, including financial advice, legal support, lifestyle consultation and mental health support.

In Canada, Lowe's provides health insurance to supplement the comprehensive public coverage offered by the provincial governments.

Associates can also participate in a Lowe's-sponsored retirement savings plan and receive Lowe's vested match dollars when eligible.

Moving Care Forward

In 2020, Lowe's introduced several new benefits:

- increased company contributions to offset medical, dental and vision expenses with a company match on health savings accounts;
- added pet insurance, identity theft protection, expanded auto and home insurance choices and enhanced legal benefits;
- offered additional medical plan choices in regions where available;
- automatically provided and paid for \$10,000 life insurance policy for full-time hourly associates;
- launched BetterHelp, a virtual therapy benefit for mental health; and
- offered an additional, more affordable network for dental providers in some states.

In 2020, we enhanced our Activation Reward program, which included an interactive video designed to educate our associates on the health and well-being benefits available to them. This program included a survey wherein associates could share their level of understanding of the benefits available, their preferences in communication and how they rank health and well-being benefits in order of priority. The survey was completed by over 40,000 associates during a three-week annual enrollment window and the valuable insights from the responses will be used to shape future benefit programs and communications.



COVID-19 PANDEMIC

In 2020, the COVID-19 pandemic presented an unprecedented challenge to our company, our associates and their families. We needed to fundamentally and rapidly adjust how we worked as a team and how we performed our role as a provider of essential goods and services.

The health and well-being of our associates and customers has always been our highest priority. We quickly took the following steps to address immediate challenges our U.S. associates faced:

- covered COVID-19 testing at 100% for both full-time and part-time associates;
- waived cost-sharing for in-network COVID-19 treatment for full-time associates;
- expanded telemedicine services to all full-time, part-time and seasonal associates and their families, even if they were not enrolled in a Lowe's health plan;



- allowed 401(k) distributions for hardships due to COVID-19;
- allowed associates to start or stop contributions into flexible spending and health savings accounts;
- allowed associates to enroll, change, or cancel their medical, dental and vision coverage;
- established 14 days of emergency paid leave for associates in need and up to four weeks for those at high risk of severe illness from COVID-19; and
- provided two extra weeks of paid vacation to salaried front-line managers.

We also recognized that the COVID-19 crisis has caused both physical significant and mental health implications. To address these, we expanded Employee Assistance Programs and work/life benefits to assist members with mental health needs associated with the pandemic. Our associates were encouraged to participate in leadership town halls to discuss stress at work, and we encouraged our associate-led Business Resource Groups to address health and well-being topics.

In Canada, we increased awareness of our Employee and Family Assistance Program and provided additional details about how it can assist our associates and their families with issues arising from the pandemic. We also enhanced our healthcare plan by increasing coverage for mental healthcare for our associates and their family members.



IN 2020, WE LAUNCHED ACCESS TO BETTERHELP, PROVIDING VIRTUAL PROFESSIONAL COUNSELING WITH A LICENSED THERAPIST.

BENEFITS OFFERED TO ALL U.S. FULL- AND PART-TIME ASSOCIATES

- | | |
|---|---|
| → Health | → 401(K) plan with a company match up to 4.25% of pay |
| → Pharmacy | → Lowe's associate discount |
| → Dental | → Broad discount marketplace |
| → Vision | → Digital health concierge services |
| → Life and disability benefits | → Wellness challenges |
| → Critical illness, hospital and accident insurance | → Pre-paid legal services |
| → No-cost health screenings | → Pet insurance |
| → Employee Assistance Program | → Identity theft protection |
| → Vacation | → Additional combined auto and home insurance |
| → Sick time | |
| → Discounted stock purchase plan | |

ADDITIONAL BENEFITS FOR FULL-TIME U.S. ASSOCIATES

- | | |
|--|---|
| → Telemedicine | → Paid parental leave and adoption assistance |
| → Enhanced travel coverage to Centers of Excellence | → Onsite DCBT screening |
| → Diabetes prevention program | → Fertility benefits Centers of Excellence |
| → Tuition assistance | → Activation awards |
| → Flexible spending accounts | → Accolade health assistants |
| → Expert opinion services | → Additional medical plan options for some geographic regions |
| → No-cost diabetes supply and management programs | → Business travel accident insurance |
| → Parental resources for children with developmental and learning challenges | → Health savings account |

COMMUNITY ENGAGEMENT & SUPPORT

Lowe's legacy has long included a deep commitment to the communities where we live and work. Ours is a commitment that extends beyond our walls and into our neighborhoods.

In the U.S., we have strategically focused our philanthropy to spotlight critical nationwide needs by investing in safe, affordable housing initiatives and workforce development programs that address the skilled trades gap. We also support veteran-focused initiatives in these two areas, with an emphasis on supporting the transition from military to civilian life. In addition, we continue to assist customers, associates and communities before, during and after natural disasters by partnering with disaster response and relief organizations. Depending upon the needs of a community following a disaster, we also provide products, mobile laundry convoys and clean-up crews to quickly provide the necessary resources for a community to operate normally. Through our national Lowe's Heroes volunteer program, while in-person volunteering was impacted by the COVID-19 pandemic, Lowe's associates contributed more than 143,000 volunteer hours in the communities where they live and work.

In FY 2020, we dedicated more than \$150 million to support our communities, including more than \$100 million in pandemic-related relief. This included a new grant program, Lowe's Small Business Grant Program, which we established in partnership with Local Initiatives Support Corporation (LISC), contributing \$55 million to help meet the most immediate needs of rural, minority-owned and women-owned small businesses. Lowe's also donated essential PPE to help small businesses stay open or reopen and to support medical professionals on the frontlines. The Lowe's Employee Relief Fund (LERF), funded by associates and matched dollar-for-dollar by Lowe's, provides financial support to associates in times of significant, unforeseen financial hardships, including natural disasters and medical treatment. In 2020, we helped more than 2,500 associates and provided almost \$3 million in assistance.

Providing Safe and Affordable Housing

As a home improvement retailer, we are uniquely suited to address our focus area of safe, affordable housing not just through financial contributions but also by providing the products, people, expertise and programs that are critical to success. We support safe and affordable housing initiatives by working with organizations like [Habitat for Humanity International](#), [Rebuilding Together](#) and other nonprofit partners to identify and address critical needs across our communities. Since 2003, Lowe's has committed more than \$78 million to support the Habitat for Humanity's efforts, including the [Women Build program](#), which has brought together more than 143,000 women volunteers to build or repair nearly 6,000 houses and Habitat's [Neighborhood Revitalization program](#), which has helped more than 18,000 Habitat partner families improve their living conditions. In 2020, before the pandemic suspended all in-person volunteer opportunities, we leveraged more than 5,700 volunteers to build and repair more than 350 homes across the U.S. and Canada. As an example of local market support, we also developed a neighborhood revitalization partnership in Baltimore to increase economic mobility and support homeownership. Launched in 2020, this three-year project will invest over \$2 million in critical home repairs, workforce development in the skilled trades and neighborhood improvements.

Investing in Skilled Trades

Lowe's recognized early on that the U.S. faces an unprecedented skilled trades gap. Through partnerships and our own programs, we are changing perceptions and connecting individuals to career paths in the skilled trades. In addition to developing Track to the Trades to support skilled trades education for our associates, Lowe's continued to educate high school students on skilled trades career possibilities through Generation T a national movement focused on shifting the perception of the skilled trades.



“THIS REMARKABLE COMMITMENT FROM LOWE'S IS A GAME CHANGER FOR RURAL AMERICA, AND AS SOMEONE WHO GREW UP IN A SMALL RURAL TOWN, I KNOW DIRECTLY THE IMPACT THIS INVESTMENT IS GOING TO MAKE FOR THE FUTURE OF RURAL BUSINESSES, RESIDENTS AND COMMUNITIES.”

– Maurice A. Jones, Former LISC president and CEO



Recognizing how the pandemic impacted skilled trades education, Lowe's continued work with national partners made a big impact. In 2020, we hosted four virtual informational workshops with the United Service Organizations Inc. (USO) that focused on the skilled trades for the military community and three DIY skilled trades focused workshops for military spouses. In addition, we supported SkillsUSA's carpentry students by supplying tools and materials for their remote, hands-on learning. In partnership with the National Urban League in Charlotte, Houston and Seattle, we assisted in providing workshop development programs for students. Goodwill also played a key role in workshop development training in markets such as Charlotte, Nashville and Atlanta. We also partnered with AMVETS to award Veteranpreneur and technology scholarships and Generation T grants to veterans and their spouses across the country. As part of Lowe's hometown focus, we provided grants to She Built This City, a Charlotte-based program designed to educate and advance women in the skilled trades and construction industry.

Supporting Veterans

As part of our efforts to support veterans transitioning into the workforce, in 2020 we donated more than \$4.5 million to military organizations that promote workforce development and support affordable housing for veterans. We are also partnering with the Department of Defense as an industry partner to launch the Lowe's SkillBridge Fellowship program. Through this program we are providing service members an opportunity to learn valuable civilian work experiences through a 12-week fellowship at Lowe's, in our store management and supply chain operations management.

Disaster Response

Our support for communities impacted by disaster goes far beyond clean-up and recovery supplies. Lowe's partners with non-profit organizations to help communities prepare for, respond to and recover from natural disasters. We are not only responding to immediate needs, but we are also supporting impacted areas with rebuilding efforts in the months and years to come.

This year, Lowe's responded to a multitude of disasters including hurricanes, tornadoes, Iowa's rare derecho and wildfires stretching from California to Washington to Colorado. Lowe's associates passed out over 15,000 disaster relief buckets in impacted communities, bringing the total to more than 55,000 buckets distributed since 2017.

We enhanced our natural disaster response by launching the Lowe's Mobile Convoy, which provided mobile showering and laundry units for store associates where utilities were impacted.

Lowe's also initiated a customer-donation program that raised more than \$3 million for the American Red Cross's disaster relief fund.

Investing in our Hometown Community

As part of our commitment to elevating the communities where we operate, in 2020, Lowe's established a robust hometown community relations strategy that supports some of the most critical challenges facing the greater Charlotte, North Carolina area today. Our 2020 hometown community investments of over \$9 million, in the form of funds, products and gift cards provided to charitable organizations, supported safe, affordable housing; continuing to grow the skilled trades industry; providing access to technology; and boosting small businesses hit hardest by the COVID-19 pandemic.

To learn more, please see our [Newsroom releases](#).

Canadian Philanthropy

In Canada, our giving focuses on providing communities, associates and customers with support specific to the needs of the area. In 2020, we donated over \$385,000 CAD to the Children's Miracle Network and Opération Enfant Soleil. In addition, as part of Lowe's Canada Heroes program, we supported local nonprofit organizations with donations and volunteers, providing over \$2.1 million CAD in donations to over 230 nonprofits across Canada in 2020.

OUR PEOPLE & OUR COMMUNITIES DATA¹

METRIC	2018	2019	2020
WORKPLACE SAFETY			
Associates trained on safety compliance	100%	100%	100%
Number of safety celebrations for stores to celebrate safety rates, completion of safety meetings, trainings or HazMat inspections	2,983 ²	4,397	5,508
Total OSHA recordable rate (per 100 full-time employees) (U.S. only)	7.02	6.37	5.36
Goal Progress: Reduce Lost Time Incident Rate (LTIR) each year as we pursue our goal of zero injuries (per 200,000 Hours)	2.4	2.35 ³	2.28
CULTURE, DIVERSITY & INCLUSION			
Board Members ⁴	13	12	11
Women	4 (31%)	4 (33%)	4 (36%)
People of Color	4 (31%)	4 (33%)	4 (36%)
Executive Leadership	8	8	9
Women	2 (25%)	2 (25%)	3 (33%)
People of Color	3 (37.5%)	3 (37.5%)	4 (44%)
Number of associates: Asia	1,800	2,400	3,200
Number of associates: Canada	27,000	25,000	25,000
Number of associates: U.S.	269,000	271,000	288,000

¹All 2020 data is as of December 31, 2020.

²As of 2018, this metric was U.S. only; we are now reporting globally.

³Data is U.S. only.

⁴For additional information on board demographics, see our 2018, 2019 and 2020 proxy statements.

METRIC	2018	2019	2020
TALENT ACQUISITION, DEVELOPMENT & RETENTION			
Average hours of completed training per store associate ⁵	12.5	12	9.5 ⁶
Hours of training invested in frontline leaders (completed hours)	1,250,966	1,148,610	448,223 ⁶
Training hours for store managers	Not reported	79,245	23,743 ⁶
Training hours for department supervisors and assistant store managers	Not reported	632,231	288,070 ⁶
ASSOCIATE HEALTH & WELL-BEING			
U.S. full-time associates participating in Lowe's health insurance plans (%)	70%	68%	67%
U.S. associates participating in Lowe's 401(K) plan (%)	Full-time: 60%; Part-time: 27%	Full-time: 58%; Part-time: 26%	Full-time: 53%; Part-time: 23%
Number of U.S. associates helped via the Lowe's Employee Relief Fund	3,000	2,251	2,300
Total Lowe's Employee Relief Fund monies distributed (Global)	\$3.8 million	\$2 million	\$2.8 million
Associates completing Lowe's BEST Survey (Global)	232,240; 76% Response rate	206,132; 75% Response rate	276,824; 88% Response rate
COMMUNITY ENGAGEMENT & SUPPORT			
Total charitable giving	\$46 million	\$42 million	\$150 million
Total associate volunteer hours	315,000	330,000	143,000 ⁷
Percent of stores contributing to their local communities through product donation and volunteer opportunities	100% ⁸	100%	100%
Goal Progress: Invest \$350 million in our local communities by 2025	\$46 million	\$88 million	\$238 million
Goal Progress: Contribute more than 3 million hours of associate community service by 2025	315,000	645,000	788,000

⁵Average hours of training is now being reported as hours completed rather than hours offered.

⁶In 2020, our training hours were impacted by COVID-19 as we shifted efforts to customer service and support.

⁷In 2020, volunteer hours were limited due to COVID-19 safety considerations.

⁸2018 is U.S. only; we are now reporting this metric at the global level.

PRODUCT SUSTAINABILITY

Lowe's strives to put the customer first in everything we do, providing high-quality items that our customers can feel good about purchasing. We begin by offering products and selecting vendors that promote human and environmental health, guided by our human rights, wood sourcing, safer chemicals and conflict minerals policies. We are also expanding our pursuit of innovative, more efficient eco-products and educating customers on how to reduce their footprint at home.

VISION STATEMENTS

- Promote sustainable, responsible and ethical practices throughout our value chain
- Provide customers with eco friendly, high quality and safe products
- Help customers live more sustainably at home



SUPPLIER SOCIAL & ENVIRONMENTAL PRACTICES

We aim to meet customer demand for innovative, on-trend and reliable products by responsibly sourcing products domestically and globally. Our supplier screening process is a key component of our overall product sustainability efforts.

SUPPLIER COMPLIANCE

We aim to ensure that workers who manufacture the products we purchase are operating under safe conditions, are being treated fairly and are paid in accordance with or above the requirements of local laws.

To ensure compliance with our Vendor Code of Conduct, we audit factories for Lowe's private brand vendors and products where we are the importer of record. Our audits focus on areas such as forced labor, labor contracts, working hours, compensation and benefits, employment practices, environmental compliance and worker health and safety. Lowe's Vendor Code of Conduct and our Human Rights Policy are the foundation of the audit and our responsible sourcing program. This program is carried out by conducting a Retail Ethical Sourcing Assessment (RESA) at each applicable factory by third-party audit firms to ensure accuracy.

Lowe's continually improves our processes to reduce risk and save vendors time. In 2020, while maintaining compliance with COVID-19 safety protocols, we developed a remote audit process to practice social distancing while continuing to manage our sourcing risk. In addition, Lowe's Information Technology (IT) team is developing a state-of-the-art application to manage our audits, inspections and product testing, which will allow vendors to access their factory performance.

Vendor Code of Conduct

Our Vendor Code of Conduct applies to vendors providing goods and services to Lowe's and our subsidiaries, affiliates and allied businesses. The Code sets forth the basic standards of ethical conduct in business practices, which vendors must comply with as a prerequisite to doing business with Lowe's. In 2020, we updated and expanded the Code to strengthen our supplier standards by including more clarity on sustainability requirements.

The Vendor Code of Conduct covers the following aspects of our vendor relationships:

- Business Integrity and Ethics
- Labor, Health and Safety
- Environmental Standards
- Monitoring, Enforcement and Management Systems

To review our Vendor Code of Conduct in full, please visit [our website](#).

Human Rights Policy

Lowe's believes businesses have a responsibility to recognize and respect human rights. [Lowe's Human Rights Policy](#) reflects the principles embedded in our business operations and embodies our commitment to respect internationally recognized human rights standards.

To ensure vendors are complying with the Policy, we conduct a corporate-wide human rights review annually. We promote our commitment to fundamental rights by evaluating and reviewing our approach to human rights and our process to detect human rights risks. We believe that working through external initiatives and partnerships is often the best way to address shared challenges in operating our business responsibly. Where events may impact Lowe's commitments to human rights, we assess the risk, conduct investigations if necessary and provide a solution or action for remediation. We will continue to track and publicly report on progress annually. To read our Human Rights Policy in full, please visit [our website](#).

Conflict Minerals

Lowe's recognizes the concerns associated with sourcing conflict minerals. We expect vendors to comply with our [Conflict Minerals Compliance Program](#), which we established in light of the U.S. Securities and Exchange Commission's (SEC) conflict minerals rule as mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. We survey our private brand vendors annually to ensure compliance with our Conflict Minerals Policy and report in line with SEC regulations.

NATURAL RESOURCES

With the understanding that we only have one planet with limited resources, Lowe's strives to sustainably source our materials. From the resources we choose for our products to how we source them, Lowe's is committed to upholding environmental stewardship.

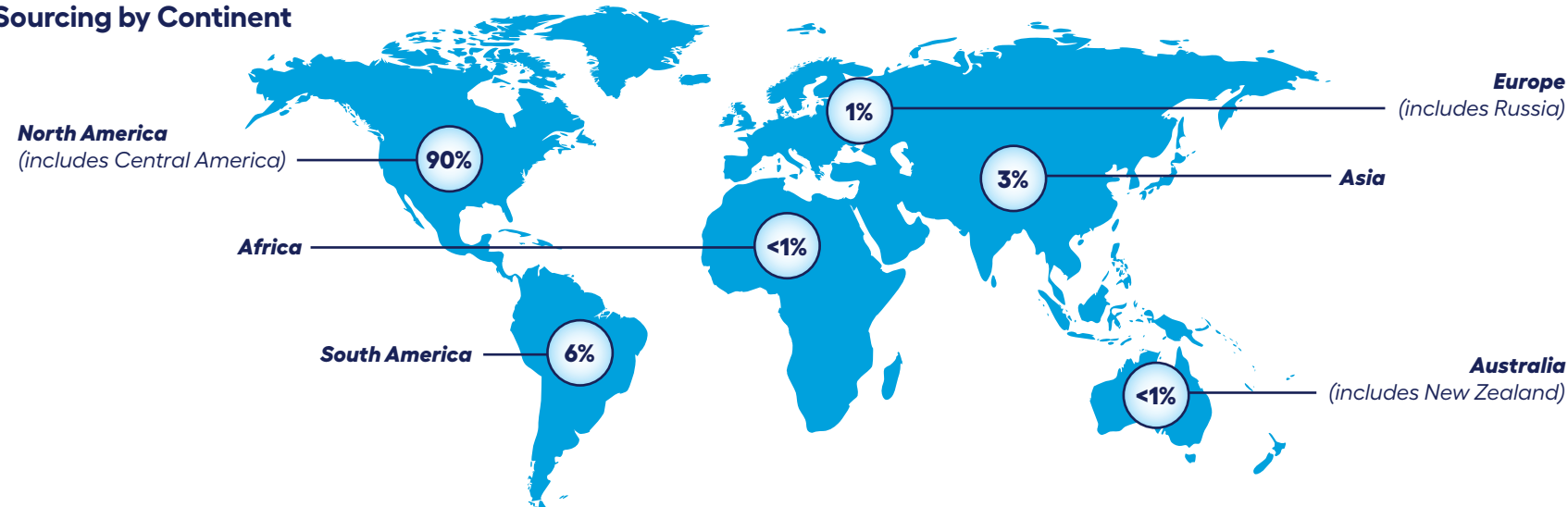
RESPONSIBLE WOOD SOURCING PROGRAM

Lowe's recognizes the important impact the world's forests have on the ecological and climate processes upon which biodiversity and human life depend. Since one of Lowe's primary products is lumber, ensuring sustainable wood sourcing is one of our top priorities.

In 2020, we formalized our partnership with the World Wildlife Fund (WWF). Under its guidance, we have adopted best practices in forestry to identify current regions at risk and continuously assess emerging risks. With this partnership, we will continue to improve our responsible sourcing program and wood sourcing practices, helping to lessen the ecological impacts of the business and reduce deforestation. Our [Wood Sourcing Policy](#) details our commitments to procuring sustainable and certified wood products.

Although we missed our goal of 100% wood products sourced from at-risk regions with FSC-certification by 2020, we did make important progress — improving from less than 1% (0.09%) in 2018 to more than 11% in 2020 while sourcing less than 6% (5.7%) of our total wood volume from regions at risk. Through an intensive review of our current sourcing practices, we identified the primary challenge of our goal is related to plantation grown timber in the Atlantic Forest and Greater Mekong regions and the current availability of FSC-certified timber in those areas. In 2021, we will actively work with our partners and suppliers to explore the viability of alternative sourcing practices in the Atlantic Forest and Greater Mekong while ensuring we're sourcing responsibly from these regions. As we continue improving our wood purchasing program, we are committed to achieving the goal to have 100% of wood products purchased from a responsible source by 2025. In 2020, 68% of our wood products were certified by a third-party sustainability certification.

Wood Sourcing by Continent



WORKING WITH WOOD WASTE

As Lowe's discovers new ways to reduce our waste, we are also looking for opportunities to increase our recycling efforts, especially for our wood waste. Our wood pallets and scrap wood from products are recycled through regional and national partners, diverting materials from landfills, decreasing demand for virgin wood and helping us reduce our environmental footprint. To learn more about how Lowe's is expanding our recycling and waste diversion efforts, please see our [Waste Management](#) section.

PRODUCT RESPONSIBILITY

To build a better future, we aim to provide high-quality, affordable and environmentally friendly products. We are educating our merchandising teams on the environmental impacts of the products that we sell, and we are working to educate our customers on the best products to meet their needs as well as the ways to best utilize, maintain and extend the life of those products.

PRODUCT SAFETY

We are committed to providing safe products that our customers can depend on. Our quality assurance team works closely with vendors and product and engineering teams to ensure product safety and quality. Our cross-functional product safety committee meets weekly and reports to the U.S. Consumer Product Safety Commission and Health Canada as necessary.

Lowe's attends annual conferences held by the [International Consumer Product Health and Safety Organization](#) and the [Retail Industry Leaders Association](#) to align with product safety best practices and prepare for emerging risks and regulations. We work with the Retail Council of Canada, Health Canada and the Retail Leadership Council (RLC) of the Green Chemistry & Commerce Council (GC3) and partner with companies across multiple sectors to address chemicals of concern.

In 2020, we partnered with industry peers and suppliers to drive progress on the Green Chemistry and Commerce Council's (GC3) [RLC Statement on Chemical Innovation Priorities and Transparency Roadmap](#), which will improve ingredient transparency and drive innovation in green chemistry. In addition, we updated our [Safer Chemicals Policy](#) to reflect new product commitments that will increase product safety while reducing environmental impact.

PRODUCT COMPLIANCE

We actively audit, test and inspect Lowe's private brand products and products where we are the importer of record. Each year, Lowe's partners with third-party labs to conduct product and packaging (transit) tests to

verify compliance with applicable industry standards and state and federal regulations. Low-risk products are tested every two years, while all other items are tested annually. Third-party labs are also used for consumer-focused product tests to help our merchants make informed buying decisions. Pre-shipment inspections are performed to ensure that the items are consistent in quality and meet Lowe's and our customers' expectations.

ENVIRONMENTALLY FRIENDLY PRODUCTS

As part of our commitment to reducing the environmental impact of our products, we continue to increase our offering of independently certified products that have validated environmental claims, reduce the usage of natural resources and save customers energy and water consumption.

Our Canadian ECO-Products program, which covers over 25 certifications including [FSC](#), [GreenGuard](#) and [EPA Safer Choice](#) among others, is one way that we are responding to customer product needs. Only after rigorous evaluation through a life cycle approach can a product be labeled an ECO-Product. Our customers can be confident knowing that these products have demonstrated verifiable benefits to the environment compared to their alternatives; more than 5,000 products currently qualify for this program. In 2021, Lowe's Canada will deploy an updated buyer's guide aimed at empowering our merchants, strengthening our portfolio and aligning our purchasing decisions with our sustainability goals.



BATTERY-OPERATED OUTDOOR POWER EQUIPMENT

In 2020, we significantly expanded our environmentally friendly outdoor power equipment offerings. By transitioning outdoor tools to run on batteries instead of gasoline, we are helping our customers reduce their personal emissions and save money on fuel.



We continue to expand our portfolio of energy-efficient products that result in long-term savings, including [ENERGY STAR](#)® certified products. We also host energy efficiency guides and online rebate centers on our website to help customers make environmentally friendly purchasing decisions. In 2020, in partnership with our utility partners, Lowe's offered \$39 million in discounts to customers who purchased energy-efficient products.

Lowe's is also proud of our selection of [WaterSense](#)® offerings, a lineup of U.S. EPA-certified products guaranteed to use at least 20% less water than comparable products. In 2020, we sold more than 12 million WaterSense labeled products, saving customers more than 400 million gallons of water throughout the year.

SUSTAINABLE PACKAGING

We are committed to working with our suppliers to further reduce the environmental impact of our products by increasing the use of recycled content and the recyclability of our packaging, including by labeling to educate customers and simplifying how they can recycle different types of packaging.

In 2020, we took concrete steps to reduce the impact of our product packaging, phasing out the use of non-recyclable material polyvinyl chloride (PVC) and adopting polyethylene terephthalate (PET) packaging for our doorknobs, a material that is both more durable and more recyclable. We also eliminated virgin cardboard in the packaging for our private brand toilets and optimized how the packaging was used. This means that our private brand toilets are packaged in completely recycled material that can again be entirely reused afterwards.

We strive to continually look for opportunities to reduce the environmental impact of the products we sell, as well as our customers' impact. Aligned with this commitment, we are currently working on developing a comprehensive, company-wide policy on product packaging reduction and recyclability.



RESPONSIBLE RETAILING FOR TOMORROW

As part of our ongoing effort to provide the best customer service possible, we expanded collaborations on new products. By working closely with our merchandising and marketing teams, our product teams are designing new goods that better serve our customers and more holistically represent our brand. With this closer collaboration, we expanded our eco-product commitments and offerings, and increased their visibility through articles and websites.

PRODUCT SUSTAINABILITY DATA¹

METRIC	2018	2019	2020
SUPPLIER SOCIAL & ENVIRONMENTAL PRACTICES			
Number of Lowe's RESA audits conducted ²	1,297	1,102	1,220
Follow-up assessments conducted to validate implementation of corrective actions	610	800	816
Goal Progress: Percent of strategic suppliers with sustainability goals	38%	52%	62%
NATURAL RESOURCES			
United States			
Response rate for global vendors surveyed for conflict minerals compliance (U.S. products)	100% (163 vendors representing 2,900 products)	100% (74 vendors representing 2,300 products)	100% (87 vendors representing 2,400 products)
Total wood sourced (million ft ³)	331	392	452
North America	88%	91%	90%
Europe, Middle East & Africa	<1%	<1%	1%
South America	6%	5%	6%
Asia	5%	3%	3%
Percent of total wood volume with FSC-certification	8%	9%	8%
Percent of total wood volume with SFI- or PEFC-certification	48%	56%	58%
Percent of total wood volume with other approved third-party certification	Not reported	3%	2%
Goal Progress: Percent of responsibly sourced wood volume	56%	68%	68%
Percent of wood volume sourced from at-risk regions ³	4%	4%	6%
Goal Progress: Percent of wood products sourced from at-risk regions with FSC-certification ³	<1%	2%	11%
CDP Forests Score	B-	B-	B
Canada			
Lumber & Building Materials			
Total lumber and building materials sourced (million ft ³)	78	52	51
North America	99%	99%	99%
Europe, Middle East & Africa	0%	0%	<1%
South America	<1%	0%	<1%
Asia	<1%	<1%	<1%

¹Unless specified otherwise, all data represents global operations.

²2018 audits cover 1,179 factories in 33 countries; 2019 audits cover 1,005 factories in 25 countries; and 2020 audits cover 1,127 factories in 26 countries.

³2018 and 2019 data has been restated due to a data calculation error.

METRIC	2018	2019	2020
Canada			
Percent of lumber & building materials wood volume with FSC-certification	22%	19%	22%
Percent of lumber & building materials wood volume with SFI- or PEFC-certification	52%	59%	58%
Goal Progress: Percent of responsibly sourced lumber & building materials wood volume	74%	78%	80%
Percent of lumber & building materials wood volume sourced from at-risk regions	0%	0%	<1%
Goal Progress: Percent of lumber & building materials sourced from at-risk regions with FSC-certification	N/A	N/A	93%
Other Products Containing Wood			
Total units sourced	Not reported	12,935,516 ⁴	19,265,717
Percent of other products containing wood sourced with FSC-certified	Not reported	13% ⁴	18%
Percent of other products containing wood sourced with SFI- or PEFC-certification	Not reported	13% ⁴	4%
Goal Progress: Percent of other products containing wood that were responsibly sourced	Not reported	26% ⁴	22%
Percent of other products containing wood sourced from at-risk regions	Not reported	6% ⁴	4%
Goal Progress: Percent of other products containing wood sourced from at-risk regions with FSC-certification	Not reported	21% ⁴	14% ⁵
PRODUCT COMPLIANCE (IMPORTS & PRIVATE BRANDS)			
Number of product tests conducted by third parties	6,346	5,126	7,063
Number of transit tests conducted by third parties	5,562	4,584	5,712
ENVIRONMENTALLY FRIENDLY PRODUCTS			
ENERGY STAR® products offered in store and online	24,883	29,956	48,719
Customer lifetime savings from Lowe's ENERGY STAR® products (\$USD)	\$5 billion	\$5.3 billion	\$7 billion
Goal Progress: Save customers more than \$40 billion in energy costs through the sales of ENERGY STAR® products by 2025	\$5 billion	\$10.3 billion	\$17.3 billion
Customers' GHG emissions savings from Lowe's ENERGY STAR® products over lifetime (metric tons CO ₂ e)	28 million	30.4 million	38.9 million
WaterSense® products offered in store and online	8,199	10,620	12,406
Customer lifetime savings from Lowe's WaterSense® products (\$USD)	\$8.8 billion	\$9.1 billion	\$10.4 billion
Customer lifetime savings from Lowe's WaterSense products (gallons)	799 billion	827 billion	951 billion
Revenues obtained from sustainability-related products (\$USD) ⁶	Not reported	\$8.4 billion	\$9.1 billion

⁴Data has been restated due to a calculation error in the 2019 report.

⁵This number has decreased as we have expanded our process to account for additional product categories containing wood.

⁶Sustainability-related products are currently defined as WaterSense® labeled, ENERGY STAR® certified or products with FSC-certification.

OPERATIONAL EXCELLENCE

At Lowe's, operational excellence means reducing risk and increasing efficiency and effectiveness by being good stewards of the environment, operating ethically and embracing transparency. Mitigating climate change, reducing our operational energy usage, emissions and waste and constantly evaluating our governance practices enables sustainable, transparent and ethical practices for a stronger tomorrow.

VISION STATEMENTS

- Strengthen our business resilience and improve operational efficiency to reduce our impact on the environment
- Uphold responsible and ethical business practices throughout our organization



CLIMATE CHANGE, ENERGY & EMISSIONS

Lowe's actively combats climate change by lowering operational and transportation-related energy use and greenhouse gas (GHG) emissions. Our board of directors monitors and oversees progress toward our climate-related goals and targets, while our retail facilities and sustainability teams manage and track our operational energy use. We report annually to CDP and verify our operational GHG emissions through a third party.

ENERGY OPERATIONS

Lowe's leverages technology, data analytics and best practices to improve building performance, reduce energy consumption and decrease emissions. In 2020, we implemented a building management system across all Canadian stores capable of maximizing the efficiency of lighting, HVAC and generators and now require this system for all new Canadian stores and distribution centers (DCs). Lowe's also uses internal and third-party resources to calculate asset performance to identify retrofitting and energy efficiency projects that meet return-on-investment requirements.

We are also expanding our LED lighting retrofit program. In 2020, 476 stores switched to LED lighting, retrofitting overhead fixtures, in-rack displays, light clouds over show areas and exterior fixtures in garden centers and parking lots. At one of our DCs in 2020, this LED conversion reduced electricity consumption by over 40%. Where possible, Lowe's stores in the U.S. participate in peak demand programs to help stabilize power supply and demand during peak demand events. By lowering our consumption during these events, we help reduce the chance of regional power outages and the need for additional power plants.

In early 2020, our first renewable power purchase agreement with Clearway Energy began providing 100 MW from the Mesquite Star wind farm in Texas. In addition, we partnered with Swift Current Energy to source an additional 250 MW of solar energy annually from the Black Diamond Solar Project in Illinois, which will be operational in 2023. Lowe's is a member of the Renewable Energy Buyers Alliance (REBA) to evaluate and explore new opportunities and technologies across renewable energy markets.

MANAGING OUR WATER IMPACTS

As a diminishing water supply has become critical in more places, water conservation has grown in importance. While our consumption is modest

compared with other industries, we continue to use HydroPoint smart irrigation controllers at most stores in the U.S. for efficient watering. We also carefully manage chemical disposal to prevent release into waterways. We sell water-saving products to our customers and install them in our stores and facilities. In addition, we published a [Water Stewardship Policy](#) in 2020 to guide our organization's water management decisions across our entire value chain.

REDUCING OUR FUTURE CLIMATE IMPACT

We are taking steps to continue reducing our carbon footprint. We began construction on our first thermal storage HVAC systems at our Tustin, California store, which will decrease our energy consumption during peak hours, and are continuing to evaluate onsite distributed generation technologies such as fuel cells at our DCs and stores. In addition, we are in the process of evaluating on-site solar generation and battery storage options in multiple states.

TRANSPORTATION

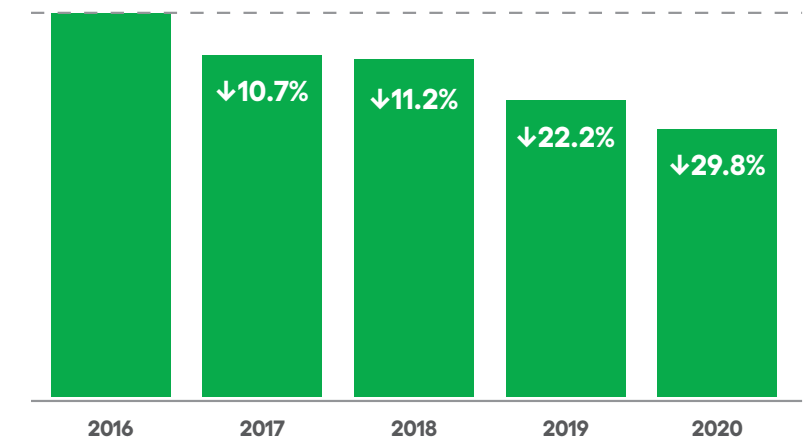
Lowe's is committed to reducing emissions from transportation through innovative solutions and in-depth data analytics. We have collaborated with vendors, stores and DCs to create closed-loop trucking systems via our intermodal, reverse logistics and backhaul programs. For domestic deliveries in the U.S. and Canada, we utilize freight transportation via our intermodal program whenever possible to maximize load efficiency and minimize fuel consumption and emissions. Our backhaul program reduces the distance and number of trucks driving empty, thereby decreasing emissions and environmental impact by maximizing vehicle use and load capacities. In 2020, Lowe's expanded this program by increasing the distance trucks drive for backhauls from 150 miles to 250.

In the U.S., Lowe's is an EPA SmartWay program partner and aims for 100% SmartWay certification for our transportation providers; in the future this will be a program requirement for all transportation providers along with annual recertification. This program provides access to comprehensive data and oversight of Scope 3 emissions associated with our U.S. transportation footprint. In addition, Lowe's is continuing to transition the Canadian program to the U.S. system, which will enhance data quality, streamline processes and provide new opportunities to improve operations.

We continue to improve our final mile appliance delivery by consolidating deliveries through cross-dock terminals (XDTs) rather than fulfilling them from stores. This optimizes delivery routes with route completion in less time and less fuel consumption, while giving stores more backroom space.

GHG REDUCTIONS FROM 2016 BASELINE

2016 = 2,710,148 metric tons of CO₂



WASTE MANAGEMENT

Our waste management priority is to promote reduction and recycling at our facilities, as well as in our customers' waste streams. To achieve this, we are incorporating circular economy principles into our operations and sharing lessons learned across stores and regions.

DIVERTING AND RECYCLING WASTE

We partner with suppliers to improve recycling and waste diversion, develop regional management processes, measure waste streams and conduct waste audits. Store waste streams, such as cardboard and scrap wood, are recycled through regional and national partnerships wherever possible. We also operate in-store recycling centers for customers to recycle items such as compact fluorescent lamps, rechargeable batteries, plastic planter pots and cell phones in the U.S., in addition to paint, batteries and fluorescent tubes in Canada. In addition, Lowe's Canada introduced a new internal Waste and Recycling Policy that identifies updated procedures to optimize waste reduction and recycling. We are currently developing training materials to help store and DC associates identify opportunities to reuse and recycle waste, which we are planning to roll out in 2021.

Lowe's is also significantly reducing the amount of returned or damaged products sent to landfills through our reverse logistics program. By leveraging centralized reverse hubs in the U.S., products destined for landfills are transported from stores back to DCs for reuse or recycling in secondary markets.

Our internal hazardous waste protocols, based on U.S. and Canada regulations and industry best practices, promote responsible management, transport and disposal of all hazardous materials. We are constantly improving our technologies and processes to enhance classification and onboarding of hazardous materials, including proper shipping, handling and disposal once the product enters the Lowe's

system. In 2020, the U.S. team developed a dynamic questionnaire that collects necessary data points to help users calculate the accurate internal HazMat code to ensure compliance with all regulations for storage, transportation and disposal of hazardous products.

Waste management continues to be an important factor of our operational excellence. Although we did not reach our goal to reduce tons of waste to landfill per net sales by 40% from the 2010 baseline set in 2013, we continue to make progress. Our team is conducting an evaluation of opportunities and developing a strategy to reduce waste and improve recycling performance. We look forward to sharing a new plan in 2021 to further demonstrate our commitment.

THE CIRCULAR ECONOMY

As we continue to analyze ways to increase the recyclability of our packaging, we are also searching for ways we can participate in the circular economy. In Canada, we have a paint recycling program where customers can bring in both used and unused paints for recycling, re-purposing or re-shelving for sale. This both reduces waste and creates a new, appealing and sustainable product that is enticing to our customers.

We are also taking steps to generate and organize our waste into higher quality waste streams. This helps prevent waste ending up in landfills by identifying markets where the specific waste type can be used. By better organizing our waste streams, and increasing the overall quality of these resources, we can identify new markets where we can send these materials, generating additional revenue and reducing our waste impacts.



GOVERNANCE

Our **board of directors and its five standing committees, each of which is comprised solely of independent directors, are responsible for overseeing corporate strategy and risk management processes. See our [2021 proxy statement](#) for more information about our current governance structure, board of directors and compensation policies.**

The sustainability and audit committees are regularly updated on environmental and social matters by the general counsel (a direct report to the CEO) and Lowe's senior vice president, deputy general counsel, chief compliance officer and assistant secretary. The sustainability department conducts monthly meetings with our corporate responsibility council, consisting of vice presidents, directors and managers from more than 15 functions across Lowe's, to highlight progress on current initiatives and engage with internal business areas for support. Our Canadian director of corporate responsibility reports to the senior vice president of public affairs, asset protection, and sustainable development, who is a direct report to the president of Lowe's Canada.

The following is a non-exclusive list of topics regularly reviewed by the board or its committees:

- Responsible sourcing and supply chain management
- Sustainable consumer products
- Environmental compliance
- Greenhouse gas emissions and climate change risks
- Human capital strategy
- Diversity and inclusion
- Associate safety
- Cybersecurity & data privacy
- Community and philanthropic investments
- Political contributions and government affairs activities
- Ethics & compliance

POLITICAL INVOLVEMENT

Lowe's generally does not make contributions from corporate funds to political campaigns, super political action committees or political parties.

We provide transparency by publishing annual reports of the company's [political contributions](#) and the aggregate [dues paid to trade associations](#) that engage in lobbying activities. We list trade associations to which our company makes yearly payments of \$5,000 or more, and our political action committee (PAC) contributions are publicly available on the [Federal Election Commission](#) website. Our [Political Engagement and Contributions Policy](#) articulates our principles concerning political contributions, trade associations and lobbying activities. In the U.S., our voluntary associate-led Lowe's Companies, Inc. political action committee (LOWPAC) raises money for political candidates to address issues relevant to the company's priorities and strategy. Lowe's government affairs (GA) team regularly assesses and evaluates the company's relationships with all current trade associations to ensure alignment with the company's strategy.

GA actively participates and communicates with trade associations to help shape their agendas and priorities (e.g., serving on trade associations' boards), and to maintain real-time knowledge of their advocacy positions and policies. The nominating and governance committee of our board of directors has oversight of Lowe's government affairs activities, including lobbying priorities, trade association memberships and LOWPAC. We do not participate in any political action or spending in Canada and focus solely on engaging with governments for educational purposes.

Related Links

- [2020 Annual Report](#)
- [2020 LOWPAC Report](#)
- [Corporate Governance Guidelines](#)
- [2020 Trade Association Memberships](#)
- [Committee Charters](#)
- [Political Engagement and Contributions Policy](#)

BOARD'S ROLE IN RISK OVERSIGHT



ETHICS & COMPLIANCE

Our commitment to doing the right thing guides us in our decision making process. A dedicated team oversees our ethics and compliance program, including our Code of Business Conduct & Ethics (Code), Anti-Corruption Guide and Vendor Code of Conduct. We strive to be a trustworthy and dependable partner for our customers. Customers bring the Lowe’s brand into their homes, so they need to be confident that the product is safe and complies with applicable laws, rules and regulations.

From a governance standpoint, our chief compliance officer reports to the general counsel and provides updates to the audit committee of our board of directors at each quarterly meeting. The Code applies to all associates, officers and directors of the company, and we require board approval for all Code revisions.

ETHICS

The majority of management associates, and certain non-management associates designated by leadership, are required to annually affirm that they have complied with the Code, do not have knowledge of any violations, and have not been asked to engage in any Code-violating activity.

We require all management associates, international leadership, and associates that represent Lowe’s in foreign jurisdictions to receive annual training on our anti-corruption policies and procedures. Additionally, all associates receive annual anti-harassment workplace training.

We offer multiple avenues for associates to report ethics, compliance, discrimination or harassment concerns, including:

- directly to a manager or the corporate compliance and ethics group;
- anonymously through our third-party managed EthicsPoint whistleblower hotline; and
- through dedicated Lowe’s email addresses and telephone numbers.

Our internal audit team and our external auditor assess Lowe’s ethics and compliance performance independently and on an annual basis, reporting their findings to the audit committee.

COMPLIANCE

Lowe’s adheres to the laws and regulations that govern our business and consistently adopts best practices through partnerships with the Retail Industry Leadership Alliance (RILA) and the Business Ethics Leadership Alliance (BELA). In 2020, we updated our Vendor Code of Conduct expanding beyond standard regulatory issues by incorporating ESG-related requirements. This put us at the forefront of companies thinking progressively about ESG supply chains while improving our compliance processes.

Compliance for us is not static and we continually examine and anticipate emerging issues. By staying abreast of new legal requirements, we can train, communicate and prepare our associates for any adjustments.

Related Codes

- [Anti-Corruption Guide](#)
- [Code of Business Conduct & Ethics](#)
- [Vendor Code of Conduct](#)

Related Policies

- [Conflict Minerals Policy](#)
- [Human Rights Policy](#)
- [Safer Chemicals Policy](#)
- [Sustainability Policy](#)
- [Water Stewardship Policy](#)
- [Wood Sourcing Policy](#)



CYBERSECURITY & DATA PRIVACY

At Lowe's, cybersecurity and data privacy are of paramount importance. To properly protect our systems and our customers' data, we continually invest in our talent, technology and process improvements to enhance our security and privacy practices.

COMPLIANCE AND GOVERNANCE

The audit committee of Lowe's board of directors oversees Lowe's major financial risk exposures and regularly discusses data protection and cybersecurity issues. We continually receive executive-level support to improve our cybersecurity program maturity and capabilities. Lowe's also has a cross-functional information security governance committee comprised of leaders in key stakeholder groups in IT and Data Privacy that meets regularly and collaborates closely on data protection.

Lowe's adopts physical, technological and administrative controls on data privacy and security. It leverages the National Institute of Standards and Technology (NIST) security and privacy frameworks and industry best practices to drive our strategic direction and make continuous improvement. We comply with a range of applicable industry standards, such as the PCI DSS. Our data privacy and security policies and procedures follow industry best practices and comply with applicable regulatory requirements.

We regularly conduct risk assessments, penetration testing, compliance reviews, and perform regular security reviews and privacy impact assessments on new applications, systems and engagements to identify and mitigate risks.

THREAT MANAGEMENT AND INCIDENT RESPONSE

Our information security team utilizes leading technologies and vendors to monitor and respond to security threats via a 24/7 security operations center. In the event of a security incident, a defined procedure outlines containment, response and immediate recovery actions. A cross-functional team conducts periodic simulated exercises to ensure team members are properly trained to handle incidents.

With the onset of COVID-19, Lowe's quickly pivoted and enhanced capabilities to protect Lowe's information and systems against threats in a remote working environment.

Third-Party Risk Management

We expect our vendors to uphold our commitment to data security and privacy. Lowe's continuously evaluates and assesses vendor risk levels based on factors such as the nature of shared data and connectivity to the Lowe's environment. We conduct vendor data protection assessments before sharing information and contractually require vendors to adopt policies in compliance with data protection laws and regulations and Lowe's standards.

DATA PRIVACY

We promote transparency by disclosing how we collect, use and share personal information in our [Lowe's Privacy Statement](#). Lowe's has also implemented technical, procedural and organizational measures to comply with applicable data protection laws. When required by law, we provide customers control over their personal information, giving them the ability to access, delete or restrict use of their data; when we are not legally required to do so, we strive to comply with reasonable requests.

We also participate in various privacy and retail industry groups to remain at the forefront of regulatory and policy trends and best practices, and provide input to various privacy legislative initiatives. We continue to invest in our associates on privacy teams by supporting them to pursue professional training and certification, including the Certified Information Privacy Professional designation.



Training and Awareness

We require all associates to complete annual data privacy and security awareness trainings, and based on the existing security and privacy risks, we provide tailored training courses to functional technology or business areas that process personal or sensitive information. We participate in National Information Security Awareness Month with a month-long Cybersecurity Awareness Summit, host monthly security and privacy awareness campaigns, and celebrate Data Privacy Day by distributing relevant information to increase privacy and security awareness.

Anticipating Future Threats

Lowe's continuously monitors the industry for new and improved capabilities, best practices and future innovation in cybersecurity and data protection. We are dedicated to not only protecting our business, but also being an innovator in our capabilities and operations, improving security and streamlining processes wherever possible.

BUSINESS RESILIENCE

Lowe's has a long-term approach to resiliency, focused on climate change, policy making and disaster preparation through continuity plans. These interwoven issues are complex and require ongoing and ever-changing management approaches.

BUSINESS CONTINUITY

Our business resilience and continuity plans emphasize people, places and processes. We currently have over 200 continuity plans in place to ensure our accessibility to customers and provide assistance to our associates in times of disruption.

We have expanded our virtual hosting capabilities, which increases redundancies within our technology, and have merged our store and supply chain continuity plans with IT infrastructure to integrate overall operations. Our group continuity plans are designed to complement and support each business area's plan, and these plans are reviewed annually by managers and leadership.

Our continuity plans were put to the test in 2020 with the rapid onset of the COVID-19 pandemic, and although we successfully adapted our business operations, we will continue to focus on our ability to deploy a decentralized remote workforce in response to future threats. Our Command Center, which disseminates information following business disturbances, has been a critical resource for communications during crisis including natural disasters, weather incidents and COVID-19.

GLOBAL SECURITY OPERATIONS CENTER

In October 2020, we launched the Global Security Operations Center (GSOC) with the mission of protecting all Lowe's associates, customers and assets through a centralized approach to the timely collection, analysis and dissemination of essential security information. The GSOC leverages a Visual Command Center (VCC) to communicate potential threats to relevant stakeholders across the organization 24/7/365. In addition to security operations, the GSOC Intelligence team focuses on strategic

threat intelligence operations, scanning the horizon for potential impacts from possible targeted activism, civil unrest, geopolitical issues, potential reputation impact and other threats, to provide a common threat picture.

In 2021, we will integrate our strategic approaches for a seamless, immediate global response with the GSOC acting as the company-wide response coordination unit. In addition, we will continue to partner with our internal teams such as the asset protection team, the information security group, Lowe's Command Center, technology operations and many other stakeholders to develop a comprehensive common threat picture across the enterprise.

BUILDING FOR RESILIENCE

Enterprise Risk Management (ERM) is integral to the strategic direction of our company and includes the management of financial disclosures related to climate risk overseen by the audit committee. Our sustainability committee also reviews climate-related risks through the ERM framework.

In 2020, we conducted our first formal TCFD analysis to assess our exposure to climate-related risks and better understand the impacts on our value chain. To evaluate the potential impacts to our business, we identified possible stressors to our business model in accordance with the 2° and 4° scenarios and reviewed these stressors with a cross-functional team to determine the risks and opportunities across our value chain.

Going forward, TCFD topics will be further integrated into the overall strategic direction of the company as climate-related risks continue to grow. Lowe's will also increase alignment with TCFD to measure, manage and report our climate impact. For more details on TCFD, please see the [TCFD reporting section](#) at the end of this report.

TCFD TOPICS WILL BE FURTHER INTEGRATED INTO THE OVERALL STRATEGIC DIRECTION OF THE COMPANY AS CLIMATE-RELATED RISKS CONTINUE TO GROW.

RESPONDING TO CLIMATE CHANGE

The challenges of climate change can no longer be solved by a single entity. New laws, legislation and public and private partnerships are necessary to address these issues. Lowe's is ready to respond and collaborate to address climate-related risks and opportunities.

As severe weather events increase in intensity and frequency due to the warming climate, we are expanding our preventative and adaptive measures to reduce the impact of these events. For our retail stores, we are finding innovative ways to mitigate and prevent future floods in our landscaping and paving designs. We also have a policy that mandates building new stores three feet above the 100-year flood line to reduce flooding risks and have started installing cool roofs to reduce the urban heat island effect.

OPERATIONAL EXCELLENCE DATA

METRIC	2018	2019	2020
CLIMATE CHANGE, ENERGY & EMISSIONS			
Renewable Energy Capacity (MW)	2	2	102
Renewable Energy generated (MWh) ¹	N/A	N/A	161,799 ²
Energy consumption within the organization (MWh)	6,773,029	6,346,132	6,121,884
Diesel used (MWh) ³	790,496	755,525	927,314
Electricity used (MWh) ³	4,581,970	4,096,309	3,639,775
Natural gas used (MWh) ³	1,147,643	1,226,013	1,231,335
Propane used (MWh) ³	208,774	213,840	270,645
Direct (Scope 1) GHG emissions (thousands of metric tons CO ₂ e) ³	473	485	541
Indirect (Scope 2) GHG emissions (thousands of metric tons CO ₂ e) ³	1,930	1,624	1,430
Indirect (Scope 2 location-based) GHG emissions (thousands of metric tons CO ₂ e)	1,930	1,624	1,430
Indirect (Scope 2 market-based) GHG emissions (thousands of metric tons CO ₂ e)	1,930	1,624	1,361
Goal Progress: Reduce absolute Scope 1 and 2 emissions by 40% below 2016 levels ⁴	11.2%	22.2%	29.8%
GHG emissions intensity (location-based metric tons CO ₂ e/1,000 ft ²)	11.47	10.13	9.48
Energy (electricity) intensity of stores (MWh/1,000 ft ²) ⁵	20	18	16
GHG emissions intensity of stores (location-based metric tons CO ₂ e/1,000 ft ²) ⁵	10.5	9.0	8.5
CDP Climate Change score	C	B	A-
Transportation (U.S. Only)			
EPA SmartWay cumulative savings (millions of gallons of diesel)	41.9 ⁶	50	Data will be provided in our 2021 report.
EPA SmartWay cumulative savings (metric tons CO ₂ emissions)	426,134	509,248	Data will be provided in our 2021 report.

¹Renewable production for solar installations at stores is not reported.

²The wind farm began operation on May 27, 2020.

³This metric includes data for Lowe's Pro Supply.

⁴Market-based emissions are used to calculate this metric.

⁵2018 metric is U.S. only; we are now reporting at a global level.

⁶2018 number has been restated due to a calculation error.

METRIC	2018	2019	2020
WASTE MANAGEMENT (U.S. & CANADA)⁷			
Non-hazardous waste generated (thousands of metric tons)	531	638	737
Landfilled	283	337	476
Recycled	248	301	260
Hazardous waste generated (thousands of metric tons)	1.48	1.84	1.96
Fuel blending	0.63	0.69	0.45
Incineration	0.21	0.28	0.63
Neutralization	0.22	0.26	0.20
Recycling	0.41	0.60	0.68
U.S. Only			
Waste intensity (tons per net sales)	4.82	5.08	5.05
Goal Progress: Reduce tons of waste to landfill per net sales by 40% from 2010 baseline	23.6	19.4	20.0
WATER (U.S. & CANADA)			
Water usage (billion gallons)	2.27	2.33	2.31
CDP Water Security score	C	C	C
GOVERNANCE, ETHICS & POLITICAL INVOLVEMENT			
Number of independent directors (as of year-end)	12/13	11/12	10/11
U.S. political contributions: LOWPAC (\$USD)	\$465,700	\$359,673	\$505,700

⁷2018 metric is U.S. only; we are now reporting these metrics at a global level.

GRI CONTENT INDEX

GRI Standards Disclosure	Alignment with SASB Building Products & Furnishings	Alignment with SASB Multiline and Specialty Retailers & Distributors	Alignment with TCFD	Response	Lowe's Priority Sustainable Development Goals (SDGs) and Targets
GRI 102 - GENERAL STANDARDS DISCLOSURES – 2016					
ORGANIZATIONAL PROFILE					
102-1 Name of the organization				Lowe's Companies, Inc.	
102-2 Activities, brands, products and services				About Lowe's & About This Report	
102-3 Location of headquarters				Mooresville, North Carolina, USA	
102-4 Location of operations		CG-MR-000.A Number of: (1) retail locations and (2) distribution centers		About Lowe's & About This Report ; FY 2020 10-K p. 14	
102-5 Ownership and legal form				Lowe's is a publicly traded corporation under the NYSE: LOW	
102-6 Markets served				About Lowe's & About This Report	
102-7 Scale of the organization				About Lowe's & About This Report ; FY 2020 10-K p. 1	
102-8 Information on employees and other workers		CG-MR-310a.1 Percentage of: (2) in-store employees earning minimum wage, by region CG-MR-330a.1 Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees		About Lowe's & About This Report ; FY 2020 10-K p. 4 ; Culture, Diversity & Inclusion Data ; .07% of associates in the U.S. earn state or local minimum wage. All Lowe's associates earn more than the federal minimum wage.	
102-9 Supply chain		CG-MR-000.B Total area of: (1) retail space and (2) distribution centers		Lowe's Value Chain , See CDP Report	
102-10 Significant changes to the organization and its supply chain				We completed the closure of under-performing stores in Canada in early fiscal 2020.	
102-11 Precautionary principle or approach				2021 Proxy Statement, p. 20 (Board's role in the risk management process)	

GRI Standards Disclosure	Alignment with SASB Building Products & Furnishings	Alignment with SASB Multiline and Specialty Retailers & Distributors	Alignment with TCFD	Response	Lowe's Priority Sustainable Development Goals (SDGs) and Targets
102-12 External initiatives				CEO Letter ; About Lowe's & About This Report	
102-13 Membership of associations				About Lowe's & About This Report ; Political Involvement	
STRATEGY					
102-14 Statement from senior decision-maker				CEO Letter	
ETHICS & INTEGRITY					
102-16 Values, principles, standards and norms of behavior				CEO Letter ; Lowe's Enterprise Strategy	
102-17 Mechanisms for advice and concerns about ethics				Ethics	
GOVERNANCE					
102-18 Governance structure			TCFD-G: a) The board's oversight of climate-related risks and opportunities	Governance ; Corporate Governance Guidelines ; Sustainability Committee Charter	
102-22 Composition of the highest governance body and its committees			TCFD-G: b) Describe management's role in assessing and managing climate-related risks and opportunities	Proxy Statement	
102-30 Effectiveness of risk management processes			TCFD-M: a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Business Resilience	
STAKEHOLDER ENGAGEMENT					
102-40 List of stakeholder groups				Stakeholder Engagement & Materiality	
102-41 Collective bargaining agreements				Certain associates in Canada are subject to collective bargaining agreements; 2020 10-K p. 4	SDG 8.8
102-42 Identifying and selecting stakeholders				Stakeholder Engagement & Materiality	

GRI Standards Disclosure	Alignment with SASB Building Products & Furnishings	Alignment with SASB Multiline and Specialty Retailers & Distributors	Alignment with TCFD	Response	Lowe's Priority Sustainable Development Goals (SDGs) and Targets
102-43 Approach to stakeholder engagement				Stakeholder Engagement & Materiality	
102-44 Key topics and concerns raised				Material Topics; Sustainability Strategy & Goals	
REPORTING PRACTICES					
102-45 Entities included in the consolidated financial statements				FY 2020 10-K, p.1	
102-46 Defining report content and topic Boundaries				Material Topics	
102-47 List of material topics				Material Topics	
102-48 Restatements of information				We have restated the following data: Average hours of training per store associate 2018-2020; 2019 Canada Other products containing wood sourcing data; 2018-2019 Percent of wood volume sourced from at-risk regions; 2018-2019 Goal Progress: Percent of wood products sourced from at-risk regions with FSC-certification; 2018 EPA SmartWay cumulative savings (millions of gallons of diesel). Details can be found in the data tables within this report.	
102-49 Changes in reporting				Material Topics	
102-50 Reporting period				Calendar Year 2020 except as otherwise noted.	
102-51 Date of most recent report				July 2020	
102-52 Reporting cycle				Annual	
102-53 Contact point for questions regarding the report				Chris Cassell, Sr. Director of Corporate Sustainability socialresponsibility@lowes.com	
102-54 Claims of reporting in accordance with the GRI standards				This report references the GRI Standards, published in 2016, and the Occupational Health & Safety Standards updated in 2018.	
102-55 GRI Content Index				This Document	
102-56 External assurance				About Lowe's & About This Report	
ECONOMIC					
103-1 Explanation of the material topic and its Boundary				Material Topics (Governance & Ethics)	
103-2 The management approach and its components				Ethics	
103-3 Evaluation of the management approach				Ethics	

GRI Standards Disclosure	Alignment with SASB Building Products & Furnishings	Alignment with SASB Multiline and Specialty Retailers & Distributors	Alignment with TCFD	Response	Lowe's Priority Sustainable Development Goals (SDGs) and Targets
201-1 Direct economic value generated and distributed				2020 10-K, p. 17	
201-2 Financial implications and other risks and opportunities due to climate change			<p>TCFD-S:</p> <ul style="list-style-type: none"> a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario <p>TCFD-R:</p> <ul style="list-style-type: none"> a) Describe the organization's processes for identifying and assessing climate-related risks b) Describe the organization's processes for managing climate-related risks c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management 	See CDP Report	
205-2 Communication and training about anti-corruption policies and procedures				Ethics	

GRI Standards Disclosure	Alignment with SASB Building Products & Furnishings	Alignment with SASB Multiline and Specialty Retailers & Distributors	Alignment with TCFD	Response	Lowe's Priority Sustainable Development Goals (SDGs) and Targets
ENVIRONMENTAL					
MANAGEMENT APPROACH					
103-1 Explanation of the material topic and its Boundary				Material Topics (Natural Resources)	
103-2 The management approach and its components	CN0603-04 Discussion of efforts to manage product life cycle impacts and meet demand for sustainable products			Natural Resources	
103-3 Evaluation of the management approach				Natural Resources	
MATERIALS					
301-1 Materials used by weight or volume	CN0603-06 Total wood fiber purchased, (1) percentage from third-party certified forestlands, by standard, and (2) percentage meeting other fiber sourcing standards, by standard			Natural Resources Data	SDG 12.4
Other: wood sourcing by region; certified wood products; wood products with FSC- or PEFC-certification	CN0603-06 Total wood fiber purchased, (1) percentage from third-party certified forestlands, by standard, and (2) percentage meeting other fiber sourcing standards, by standard			Natural Resources Data	SDG 15.2
ENERGY					
103-1 Explanation of the material topic and its Boundary				Material Topics (Climate Change, Energy & Emissions)	
103-2 The management approach and its components				Climate Change, Energy & Emissions	
103-3 Evaluation of the management approach				Climate Change, Energy & Emissions	

GRI Standards Disclosure	Alignment with SASB Building Products & Furnishings	Alignment with SASB Multiline and Specialty Retailers & Distributors	Alignment with TCFD	Response	Lowe's Priority Sustainable Development Goals (SDGs) and Targets
302-1 Energy consumption within the organization		CG-MR-130a.1 Total energy consumed (2) grid electricity (3) percentage renewable		Climate Change, Energy & Emissions Data	SDG 7.2
302-3 Energy intensity				Climate Change, Energy & Emissions Data	
302-4 Reduction of energy consumption				Climate Change, Energy & Emissions Data	SDG 12.2
Other: fuels used; electricity used				Climate Change, Energy & Emissions Data	
EMISSIONS					
103-1 Explanation of the material topic and its Boundary				Material Topics (Climate Change, Energy & Emissions)	
103-2 The management approach and its components				Climate Change, Energy & Emissions	
103-3 Evaluation of the management approach				Climate Change, Energy & Emissions	
305-1 Direct (scope 1) GHG emissions			TCFD-M b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Climate Change, Energy & Emissions Data	SDG 15.2
305-2 Indirect (scope 2) GHG emissions			TCFD-M b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Climate Change, Energy & Emissions Data	SDG 15.2
305-4 GHG emissions intensity				Climate Change, Energy & Emissions Data	SDG 15.2
305-5 Reduction of GHG emissions	CG-MR-130a.1 Total energy consumed (2) grid electricity (3) percentage renewable		TCFD-M c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Climate Change, Energy & Emissions Data	SDG 15.2
Other: EPA SmartWay savings; CDP climate change score				Climate Change, Energy & Emissions Data ; Transportation Data	

GRI Standards Disclosure	Alignment with SASB Building Products & Furnishings	Alignment with SASB Multiline and Specialty Retailers & Distributors	Alignment with TCFD	Response	Lowe's Priority Sustainable Development Goals (SDGs) and Targets
EFFLUENTS AND WASTE					
103-1 Explanation of the material topic and its Boundary				Material Topics (Waste)	
103-2 The management approach and its components				Waste Management	
103-3 Evaluation of the management approach				Waste Management	
306-4 Waste by type and disposal method	CN0603-05 Weight of end-of-life material recovered, percentage of recovered materials that are recycled			Waste Management Data	SDG 12.4
Other: waste intensity; waste intensity reduction				Waste Management Data	
SUPPLIER ENVIRONMENTAL ASSESSMENT					
103-1 Explanation of the material topic and its Boundary				Material Topics (Supplier Social & Environmental Practices)	
103-2 The management approach and its components				Supplier Social & Environmental Practices	
103-3 Evaluation of the management approach				Supplier Social & Environmental Practices	
308-1 New suppliers that were screened using environmental criteria				Supplier Social & Environmental Practices ; 100%	
ECO-PRODUCTS					
103-1 Explanation of the material topic and its Boundary				Material Topics (Natural Resources)	
103-2 The management approach and its components	CN0603-04 Discussion of efforts to manage product lifecycle impacts and meet demand for sustainable products			Natural Resources	
103-3 Evaluation of the management approach	CN0603-02 Description of processes to assess and manage risks and/or hazards associated with chemicals in products	CN0603-02 Description of processes to assess and manage risks and/or hazards associated with chemicals in products		Natural Resources	SDG 12.4

GRI Standards Disclosure	Alignment with SASB Building Products & Furnishings	Alignment with SASB Multiline and Specialty Retailers & Distributors	Alignment with TCFD	Response	Lowe's Priority Sustainable Development Goals (SDGs) and Targets
Other: ENERGY STAR® and Watersense® products; customer savings from ENERGY STAR® and Watersense® products		CG-MR-410a. 1 Revenue from products third-party certified to environmental and/ or social sustainability standards		Eco-Products Data	SDG 12.2

SOCIAL

EMPLOYMENT

103-1 Explanation of the material topic and its Boundary				Material Topics (Associate Health & Well-Being)	
103-2 The management approach and its components				Associate Health & Well-Being	
103-3 Evaluation of the management approach				Associate Health & Well-Being	
401-1 New employee hires and employee turnover				Associate Health & Well-Being Data	
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees				Associate Health & Well-Being	
Other employees participating in health insurance and 401(k) plans; employee relief fund; employees completing employee opinion survey				Associate Health & Well-Being Data	

OCCUPATIONAL HEALTH AND SAFETY

103-1 Explanation of the material topic and its Boundary				Material Topics (Workplace Safety)	
103-2 The management approach and its components				Workplace Safety	
103-3 Evaluation of the management approach				Workplace Safety	
403-1 Occupational health and safety management system				Workplace Safety	SDG 8.8
403-2 Hazard identification, risk assessment, and incident investigation				Workplace Safety	SDG 8.8
403-3 Occupational health services				Workplace Safety	
403-4 Worker participation, consultation, and communication on occupational health and safety				Workplace Safety	
403-5 Worker training on occupational health and safety				Workplace Safety	
403-6 Promotion of worker health				Associate Well-Being	

GRI Standards Disclosure	Alignment with SASB Building Products & Furnishings	Alignment with SASB Multiline and Specialty Retailers & Distributors	Alignment with TCFD	Response	Lowe's Priority Sustainable Development Goals (SDGs) and Targets
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships				Workplace Safety	
403-8 Workers covered by an occupational health and safety management system ¹				100%	
403-9 Work-related injuries				Workplace Safety Data	
403-10 Work-related ill health				Workplace Safety Data	
TRAINING AND DEVELOPMENT					
103-1 Explanation of the material topic and its Boundary				Material Topics (Talent Acquisition, Development and Retention)	
103-2 The management approach and its components				Talent Acquisition, Development and Retention	
103-3 Evaluation of the management approach				Talent Acquisition, Development and Retention	
404-1 Average hours of training per year per employee				Talent Acquisition, Development and Retention Data	SDG 8.2
404-2 Programs for upgrading employee skills and transition assistance programs				Associate Development	SDG 8.2
Other: hours of training invested in leaders				Associate Development Data	
DIVERSITY AND EQUAL OPPORTUNITY					
103-1 Explanation of the material topic and its Boundary				Material Topics (Diverse, Equitable & Inclusive Workplace)	
103-2 The management approach and its components				Diverse, Equitable & Inclusive Workplace; Organizational Culture & Management	
103-3 Evaluation of the management approach				Diverse, Equitable & Inclusive Workplace	
405-1 Diversity of governance body members and employees by gender, age group, and minority				Culture, Diversity & Inclusion Data; 2021 Proxy Statement p. viii	
LOCAL COMMUNITIES					
103-1 Explanation of the material topic and its Boundary				Material Topics (Community Engagement & Support)	SDG 11.1
103-2 The management approach and its components				Community Engagement & Support	SDG 11.1
103-3 Evaluation of the management approach				Community Engagement & Support	

GRI Standards Disclosure	Alignment with SASB Building Products & Furnishings	Alignment with SASB Multiline and Specialty Retailers & Distributors	Alignment with TCFD	Response	Lowe's Priority Sustainable Development Goals (SDGs) and Targets
413-1 Operations with local community engagement, impacts assessments, and development programs				Community Engagement & Support	
Other: total charitable giving; total associate volunteer hours; total stores participation in a Lowe's heroes project				Community Engagement Data	
SUPPLIER SOCIAL ASSESSMENT					
103-1 Explanation of the material topic and its Boundary				Material Topics (Supplier Social & Environmental Practices)	SDG 8.8
103-2 The management approach and its components				Supplier Social & Environmental Practices	
103-3 Evaluation of the management approach				Supplier Social & Environmental Practices	
414-1 New suppliers that were screened using social criteria				Supplier Social & Environmental Practices : 100%	
PUBLIC POLICY					
103-1 Explanation of the material topic and its Boundary				Material Topics (Governance & Ethics)	
103-2 The management approach and its components				Political Involvement	
103-3 Evaluation of the management approach				Political Involvement	
415-1 Political contributions				Governance, Ethics, & Political Involvement Data	
CUSTOMER HEALTH AND SAFETY					
103-1 Explanation of the material topic and its Boundary				Material Topics (Product Responsibility)	SDG 12.4
103-2 The management approach and its components				Product Safety	
103-3 Evaluation of the management approach				Product Safety	
416-1 Assessment of the health and safety impacts of product and service categories		CG-MR-410a. 2 processes to assess and manage risks and/or hazards associated with chemicals in products		Product Safety Data	

GRI Standards Disclosure	Alignment with SASB Building Products & Furnishings	Alignment with SASB Multiline and Specialty Retailers & Distributors	Alignment with TCFD	Response	Lowe's Priority Sustainable Development Goals (SDGs) and Targets
CUSTOMER PRIVACY					
103-1 Explanation of the material topic and its Boundary				Material Topics (Cybersecurity & Data Privacy)	
103-2 The management approach and its components		CG-MR-230a.1 Description of approach to identifying and addressing security risks		Cybersecurity & Data Privacy	
103-3 Evaluation of the management approach				Cybersecurity & Data Privacy	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data				Due to confidentiality restraints, we are not disclosing this information.	

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES 2020 REPORT

As part of our effort to measure, manage and report our climate impact, Lowe's is taking steps to align with recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). TCFD was established to develop recommendations for climate-related disclosures that promote more informed investment decisions. These recommendations help stakeholders to gain a better understanding of a company's exposure to climate-related risks and opportunities.

Lowe's conducted our first formal TCFD analysis in 2020 to assess exposure to climate-related risks and better understand the impacts on our value chain. To properly evaluate the potential impact on our business, we selected two widely-used climate scenarios, identified potential stressors on our business model, and reviewed these stressors with a cross-functional team to determine the risks and opportunities across our value chain. We will continue to monitor changes in relevant public climate scenarios and evaluate their business impact. This report summarizes how we've assessed climate change risks and opportunities and our actions to date, and is structured around the four TCFD elements describing how organizations operate: governance, strategy, risk management and metrics and targets.

GOVERNANCE

A) Describe the board's oversight of climate-related risks and opportunities.

Lowe's is committed to sound and effective corporate governance practices. To provide oversight on climate-related enterprise risks and impacts, Lowe's has the following governance structure as described below.

Our board of directors has five standing committees each of which is composed solely of independent directors. The sustainability committee assists the board in fulfilling its oversight responsibility for the company's broad enterprise risk management program, which includes climate-related risks and opportunities.

The key functions of the sustainability committee include:

- Oversees Lowe's position on significant environmental and social issues.
- Assists the board with Lowe's enterprise risk management system by identifying, evaluating and monitoring environmental, social and related public policy trends, issues, risks and concerns.
- Reviews and evaluates company policies, programs and practices pertaining to environmental and social responsibility issues and impacts to support the sustainable growth of the company.
- Monitors Lowe's performance against relevant external sustainability indices and reviews the annual Corporate Responsibility Report.
- Reviews and makes recommendations to the board regarding responses to shareholder proposals encompassing matters overseen by the committee.
- Reports regularly to the board.

The charter for the sustainability committee can be found [here](#).

B) Describe management's role in assessing and managing risks and opportunities.

The primary responsibility for the identification, assessment and management of the various risks we face belongs with Lowe's management. At the management level, risks are prioritized and assigned to senior leaders based on the risk's relationship to the leader's business area and focus. The senior leaders develop plans to address the risks and measure the progress of risk management efforts. Our general counsel provides centralized oversight of Lowe's enterprise risk management program. In 2020, Lowe's

established the Enterprise Risk Council (ERC), which is co-chaired by the chief compliance officer and vice president of internal audit and composed of senior leaders with broad enterprise experience. The ERC supports the execution of the enterprise risk management program by identifying and assessing material risks faced by Lowe's and evaluating action plans to mitigate material risks.

Our sustainability steering committee and sustainability council summarize climate-related risks and opportunities to integrate within our enterprise risk management framework. The key functions of these management groups include:

Sustainability Steering Committee

- Members: Business unit divisional leaders led by the EVP of merchandising
- Assists the ERC with Lowe's enterprise risk management system by reviewing identified environmental, social and related public policy trends, issues, risks (including climate-related risks) and concerns.
- Reviews and makes recommendations for Lowe's sustainability-related goals and strategies.
- Monitors performance against relevant external sustainability indices
- Reviews the annual Corporate Responsibility Report.
- Reviews and makes recommendations on policies, programs and practices pertaining to environmental and social responsibility issues and impacts to support the sustainable growth of Lowe's.

Sustainability Council

- Members: Business unit divisional leaders led by the EVP of merchandising
- Oversees the implementation of the sustainability strategy.
- Develops a detailed working plan for sustainability initiatives.
- Identifies and evaluates Lowe’s climate-related risks and opportunities.
- Monitors performance against relevant external sustainability indices and reviews the annual Corporate Responsibility Report.
- Outcomes are reported to the sustainability steering committee.

STRATEGY

To evaluate the potential impacts of climate change risks and opportunities on our business strategy, we utilized two distinct climate scenarios commonly used in conjunction with the TCFD framework:

Intergovernmental Panel on Climate Change RCP8.5/Shared Socio-economic pathway SSP5 – “4° C”

The “4° C” scenario represents a future where minimal action is taken to mitigate global warming. Physical stressors, such as hurricanes and wildfires, are more frequent and severe in this scenario. Lowe’s selected this scenario to better understand the impact of extreme climate stressors on our value chain.

Intergovernmental Panel on Climate Change RCP2.6/Shared Socio-economic pathway SSP1 – “2° C”

The “2° C” scenario represents a future where aggressive action is taken to mitigate global warming, including policy changes and incentivizing a cleaner and more efficient global infrastructure. The most significant stressors in this scenario are related to the rapid transition to a low-carbon economy. Lowe’s selected this scenario to better understand the impact of an aggressive mitigation pathway on our value chain.

Below are the stressors that were evaluated in each scenario:

TYPE OF STRESSOR	2° C	4° C
Policy	<ul style="list-style-type: none"> → Carbon tax → Operational regulations → Product regulations 	
Technology	<ul style="list-style-type: none"> → Fleet electrification → Transition to more efficient heating and cooling systems 	
Market	<ul style="list-style-type: none"> → Increased demand for resource efficient and electric products 	<ul style="list-style-type: none"> → Demand for climate adaptation and resilient products increases
Acute Physical		<ul style="list-style-type: none"> → Severity and frequency of extreme weather events (hurricanes, floods, wildfires)
Chronic Physical		<ul style="list-style-type: none"> → Changes to precipitation patterns and season predictability → Rising average temperatures → Sea-level rise

A) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

Through our cross-functional approach, we were able to identify substantive¹ risks and opportunities based on the two scenarios. The following are the most significant risks and opportunities that were identified during our analysis:

2° C SCENARIO RISKS AND OPPORTUNITIES			
STRESSOR	TYPE OF IMPACT	DESCRIPTION	TIME HORIZON
Policy	Risk	<ul style="list-style-type: none"> → Increased operational costs → Increased product costs → Increased third-party transportation costs 	Long-term (6+ years)
Technology	Risk	<ul style="list-style-type: none"> → Increased capital expenditure on fleet electrification → Increased capital expenditure to improve building efficiency 	Long-term (6+ years)
Technology	Opportunity	<ul style="list-style-type: none"> → Decreased operational costs due to investments in building efficiency 	Medium-term (3-6 years)
Market	Opportunity	<ul style="list-style-type: none"> → Increased revenue due to customer demand for more efficient products and conversion from gas to electric appliances and heating 	Medium-term (3-6 years)

4° C SCENARIO RISKS AND OPPORTUNITIES			
STRESSOR	TYPE OF IMPACT	DESCRIPTION	TIME HORIZON
Market	Opportunity	<ul style="list-style-type: none"> → Increased revenue related to climate adaptation and disaster recovery → Increased revenue due to customer demand for more efficient products 	Short-term (0-3 years)
Acute Physical	Risk	<ul style="list-style-type: none"> → Increased product costs due to supply chain disruptions → Loss of revenue due to supply chain disruptions → Increased operational costs due to severe weather events 	Long-term (6+ years)
Chronic Physical	Risk	<ul style="list-style-type: none"> → Increased product costs due to raw material supply disruption → Decreased revenue in outdoor categories due to increased temperatures and seasonal shifts → Inland migration from coastal cities due to sea-level rise 	Long-term (6+ years)

¹Lowe's definition of a substantive impact on our business is a risk that has significant probability of materially impacting enterprise-level financial, compliance, operating objectives, or negatively affects the corporate brand.

B) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

Products: Our product sustainability vision of helping our customers reduce their impact on the environment will play an important role in the "2° C" scenario. We continue to expand our portfolio of energy- and water-efficient products to provide customers options in line with the goals in this scenario. However, under the "4° C" scenario, we would work to provide customers the tools needed to create climate-resilient homes within at-risk

communities. We also have an opportunity to educate our customers on the best ways to adapt to the changing environment caused by climate change.

Operations: At Lowe's, we are committed to strengthening our business resiliency and improving operational efficiency to reduce our impact on the environment. We have invested significant resources to improve the energy efficiency of our corporate, store and supply chain facilities, including investments in LED lighting, high-efficiency HVAC units and

innovative building management systems. In addition to our investments in energy efficiency, we have also procured renewable energy through virtual power purchase agreements (VPPAs). These VPPAs, Texas Mesquite Star wind farm and the Illinois Black Diamond Solar Project, will help drive us to our 2030 goal of reducing our absolute Scope 1 and 2 emissions by 60%. By pursuing energy efficiency and renewable energy initiatives, we are strengthening our business model while preparing for the potential stressors in both scenarios.

Supply Chain: Lowe's promotes sustainable practices throughout our value chain, understanding that the impacts of climate change on our upstream suppliers will be especially important as we make our supply chain more resilient. We are dedicated to collaborating with our suppliers on the benefits of adopting sustainability initiatives to their business. We continue to make progress towards our goal of having 100% of our strategic suppliers demonstrating their own sustainability goals by 2025. Currently, 62% of suppliers have already set sustainability goals, many of which are focused on reducing greenhouse gas emissions.

C) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

The [Lowe's strategy](#) is rooted in serving our customers which is guided by our mission: Together, deliver the right home improvement products, with the best service and value, across every channel and community we serve. We continuously integrate key climate-related risks into our enterprise risk management process, invest in mitigation programs and prepare our business and value chain for the future. Our intent is that our strategy will be resilient enough to withstand the stressors identified in both evaluated scenarios.

RISK MANAGEMENT

A) Describe the organization's processes for identifying and assessing climate-related risks.

Lowe's leveraged the following methodology to identify and assess our climate-related risks:

- Assessed public climate scenarios and pathways to determine best scenarios for analysis.
- Utilized internal and external research to determine climate-related stressors.
- Worked with functional leads across the business to determine the most significant risks and opportunities within each scenario.
- Quantified each risk and opportunity to understand the business impact.
- Identified options to minimize the impact of substantive risks and maximize opportunities.

Lowe's definition of a substantive impact on our business is a risk that has significant probability of materially impacting enterprise-level financial, compliance or operating objectives or negatively affecting the corporate brand.

Qualitative criteria considered substantive based on financial or strategic impact is:

- Significant changes to sales or revenue across a group of products or enterprise.
- Expenses or capital expenditures are meaningfully increased.
- Non-compliance with external legal or regulatory requirements.
- Corporate initiative, functional objective or project goals are not met.
- Negative impact on individuals (associates/customers) health and/or safety or to the environment.
- Public view of Lowe's brand is negatively impacted.

Lowe's is focused on risks and opportunities across the short-term (0-3 years), medium-term (3-6 years), and long-term (6+ years), spanning from 2020 to 2050 and beyond.

B) Describe the organization's processes for managing climate-related risks.

The primary responsibility for the identification, assessment and management of the various climate-related risks we face belong with the enterprise risk management and corporate sustainability teams. At the management level, risks are prioritized and assigned to senior leaders based on the risk's relationship to the leader's business area and focus. The senior leaders develop plans to address the risks and measure the progress of risk management efforts.

C) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

Lowe's general counsel provides centralized oversight of our enterprise risk management program. In 2020, Lowe's established the ERC, which is co-chaired by the chief compliance officer and vice president of internal audit and composed of senior leaders with broad enterprise experience. The ERC supports the execution of the enterprise risk management program by identifying and assessing material risks faced by Lowe's and evaluating action plans to mitigate material risks. As described above in the "Governance" section, climate-related risks are integrated within Lowe's overall risk management framework.

METRICS AND TARGETS

A) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

METRICS

ENERGY USE

Electricity consumption within the organization (MWh)

Electricity intensity (MWh/1000ft²)

Diesel consumption within the organization (MWh)

Natural gas consumption within the organization (MWh)

Propane consumption within the organization (MWh)

Gasoline consumption within the organization (MWh)

EMISSIONS

Scope 1 (mtCO₂e)

Scope 2 (mtCO₂e)

Scope 3 (mtCO₂e)

PRODUCTS

Revenues obtained from sustainability-related products (\$USD)

Customer lifetime energy savings from Lowe's ENERGY STAR® products (\$USD)

Customer lifetime water bill savings from Lowe's WaterSense® products (\$USD)

Customer lifetime water savings through WaterSense® product sales (gallons)

Customers' GHG emissions savings from Lowe's ENERGY STAR® products over lifetime (mtCO₂e)

B) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

SCOPE	RISKS
Scope 1	Carbon tax and efficiency standards resulting in increased operational costs.
Scope 2	Carbon tax and efficiency standards resulting in increased operational costs.
Scope 3	Carbon tax and efficiency standards resulting in increased product costs.

C) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Lowe's goals, targets and progress are available in the body of the annual Corporate Responsibility Report, beginning on [page 9](#).



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