

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Since 1946, Lowe's Companies, Inc. has grown from one hardware store in North Carolina into a Fortune® 50 home improvement company. With more than 2,015 home improvement and hardware stores in the U.S. and Canada we help homeowners, renters and professionals complete a wide array of home improvement projects. Our more than 300,000 employees serve more than 18 million customers each week through our stores, contact centers, online channels and on their jobsites. We had fiscal year 2018 sales of \$71.3 billion. For more information about our company and 2018 financials, see our Annual Report on Form 10-K.

We want our customers to feel good about the high-quality products they choose at Lowe's. Our products a rigorous selection process, beginning with our sourcing decisions. We give considerable attention to how our thousands of products are created and about the people who make them. Through collaboration and established management systems, we monitor our suppliers' practices to ensure we are securing high quality products from suppliers who support worker rights and protect the environment. We are also including innovative, efficient and eco-certified products into our portfolio that provide health and environmental benefits to meet the needs of an increasing customer demand. In 2018, we established new goals to advance our corporate responsibility efforts and intend to work towards achieving these goals by 2025.

We are committed to reducing our climate impact through sustainable practices and conservation. We are dedicated to promoting sustainable practices in the transportation industry and we collaborate with the EPA's SmartWay program to reduce transportation emissions by managing and reducing fuel usage by creating incentives for freight contractors to improve efficiency and are proud to be the only retailer to achieve the EPA's SmartWay Excellence Award ten years in a row. At a local level, store waste, including cardboard, broken appliances, wood pallets, and more, are recycled through national and regional partners and provide in-store recycling centers for our customers to bring in compact fluorescent lamp bulbs, plastic bags, and rechargeable batteries.

Lowe's addressed these metrics and new material sustainability topics and goals in our 2018 Corporate Responsibility Report, "Building a Sustainable Future", accessible at <https://newsroom.lowes.com/responsibility/>

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	January 1 2018	December 31 2018	No	<Not Applicable>

C0.3

(C0.3) Select the countries/regions for which you will be supplying data.

- Canada
- China
- India
- Mexico
- United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

- USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

- Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

- Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Chief Executive Officer (CEO)	Our CEO has oversight of climate-related issues, corporate sustainability, and is regularly informed by our Senior Vice President-Chief Compliance Officer-Deputy General Counsel, among other executives and committees.
Other, please specify (Sustainability Committee)	The Sustainability Committee of the Board of Directors is chaired by former Chair and CEO of WellPoint, Inc. The Sustainability Committee, a five person committee, includes review of environmental and sustainability initiatives, progress and goals related to Lowe's.

C1.1b

(C1.1b) Provide further details on the board’s oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	As of December 31, 2018, the Lowe’s board of directors is comprised of 12 independent directors and our President and Chief Executive Officer. The Board is responsible for overseeing corporate strategy and enterprise risk management processes. Lowe’s board has five committees—Audit, Compensation, Nominating & Governance, Sustainability, and Technology. The Sustainability Committee met three times in 2018, resulting in alignment on new sustainability goals, agreement on execution plans to achieve those goals and updates on progress of our strategic sustainability initiatives.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Other C-Suite Officer, please specify (Chief Compliance Officer)	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly
Chief Financial Officer (CFO)	Assessing climate-related risks and opportunities	Half-yearly
Other, please specify (Corporate Responsibility Council)	Assessing climate-related risks and opportunities	Quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

Lowe's has three separate, but integrated groups, with sustainability oversight: (1) Corporate Responsibility Council; (2) Sustainability Steering Committee; and, (3) Board of Director's Sustainability Committee.

- We established a Corporate Responsibility Council responsible for strategic oversight of the sustainability and social responsibility topics relevant to our business. The council is composed of 14 vice presidents and directors from business functions across our operations. To maintain transparency and accountability, the Corporate Responsibility Council reports to the board on a regular basis and is managed by our Senior Vice President-Chief Compliance Officer-Deputy General Counsel. The council meets regularly and oversees the implementation of our sustainability strategy. In 2018, these meetings included: development of a detailed working plan for sustainability initiatives, sharing of best practices and trends, development of new sustainability goals, and progress reporting against existing commitments.
- Strategies, goals, and plans developed by the Corporate Responsibility Council are brought to the Sustainability Steering Committee, chaired by the Executive Vice President of Merchandising, a direct report to the CEO. The Sustainability Steering Committee reports to the Board of Directors, specifically the Sustainability Committee on sustainability related topics and issues.

We have developed an Enterprise Risk Management (ERM) framework for identifying, assessing and mitigating key risks. The Company's Chief Financial Officer provides centralized oversight of and is responsible for implementing the Company's ERM framework.

Our Canadian Director of Corporate Responsibility reports to the Senior Vice President of Communications, Public Affairs and Compliance, who is a direct report to the president of Lowe's Canada. For the Canada region, we plan to implement a Sustainability Steering Committee in 2019 and look for improved means to quantify sustainability progress and harmonize our metrics with Lowe's US.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

No

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	1	3	
Medium-term	3	6	
Long-term	6	12	

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	>6 years	We have developed an Enterprise Risk Management (ERM) process using periodic surveys, external research, planning processes, risk mapping, analytics and other tools to identify and evaluate the operational, financial, environmental, reputational, strategic and other risks that could adversely affect our business. Our Chief Financial Officer administers our risk management process, including the development of risk mitigation controls and procedures for the material risks we identify.

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

Lowe's risk management process uses periodic surveys, external research, risk mapping, analytics and other tools to identify and evaluate the operational, financial, environmental, reputational, strategic and other risks that could adversely affect our business.

Risk, including those related to climate change, are evaluated on an annual basis by the Chief Financial Officer in conjunction with the results of our monitoring of internal achievements and initiatives as well as our assessment of external regulatory and environmental climates, and we closely consider the interests of consumers, stakeholders and communities in which we do business. We assign materiality consistent with accounting standards stated in our corporate annual reports. Our risk management process also considers the impacts of severe weather events and physical climate parameters.

Lowe's has adopted the concept of Enterprise Risk Management (ERM) using the framework issued in 2004 by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's Chief Financial Officer, who reports directly to the President and CEO, is responsible for implementing the Company's ERM processes. The Company's Chief Financial Officer also presents updates on the Company's ERM processes and specific potential risks and trends at other meetings of the Board during the year. In addition, the President and CEO addresses as necessary at the regularly scheduled Board meetings matters of particular importance or concern to the Company including any significant areas of risk requiring Board attention.

The Audit Committee of the Board annually addresses the company's sustainability profile, including greenhouse gas emissions and the steps management has taken to identify, assess, monitor, control, remediate and report such exposures. The Audit Committee also reviews periodically with the Company's General Counsel legal matters that may have a material adverse impact on the Company's financial statements, compliance with laws and any material reports received from regulatory agencies. Additionally, Lowe's reviews significant risks and opportunities by interacting with stakeholders on carbon emission and climate change matters.

Short term climate related risks and opportunities are focused on mitigating exposure to escalating energy costs. We are promoting energy efficiency technologies and practices as a central element of Lowe's competitive strategy. Our business strategy has been influenced in part by the recognition of the risks posed to our business by the likelihood of increasing energy costs, and a response that includes investment in leading energy efficiency technologies that will provide business advantages.

Medium-term initiatives, over the next approximately three to six years, are supported by our strategy and will translate to a long term process enabling our company to better adapt to rising costs of energy, to more rapidly adopt new technologies for retail store energy use reduction and to build upon our leadership in offering a broad selection of energy-efficient products.

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Canada provincial carbon tax and emissions trading rules present operational risks if strategies to manage those risks are not identified and implemented. Also, U.S. state or regional cap-and-trade schemes may affect our operating costs indirectly through energy supplier cost effects. Mandatory state and federal renewable portfolio standards (RPS) can affect energy supply costs. The cost of state RPS requirements is highly local. Twenty-nine states where we do business have mandatory renewable portfolio standard provisions and an additional 8 states have voluntary goals. In addition, 22 states have energy efficiency resource standards and an additional 4 states have goals.
Emerging regulation	Relevant, always included	We consider the potential impacts from regulatory developments on the cost of energy. Climate change-related legislation and regulations that directly or indirectly result in increased costs of energy would likely pose material operational risks to our company. We expect that these developments will impact our business – either directly or indirectly by increasing transportation costs. We also anticipate that regulations may pose indirect impacts on our vendors including increased costs of manufacturing. Many states are evaluating carbon tax schemes and we are monitoring and evaluating for potential impacts to our business.
Technology	Relevant, always included	We recognize our unique opportunity to engage with suppliers and customers to offer exceptional products promoting energy efficiency and environmental sustainability. To help our customers avail themselves of utility sponsored energy efficiency programs, Lowe's developed a rebate finder found at lowes.com/rebatecenter to allow customers to check current rebate offers, submit rebates and check on status. In addition, we are continually evaluating our energy portfolio with the understanding that energy availability and costs will become more volatile in the future. As such, we are looking to expand our renewable energy portfolio.
Legal	Relevant, always included	Consideration of legal risks apply to climate-related, sustainability and environmental matters no less than any other aspect of our business operations.
Market	Relevant, always included	Lowe's monitors market risks of all sorts that have potential ramifications on our business. Focusing on our customers and their interests and needs, we are continuing to offer services and products to help our customers identify opportunities to be more efficient in their energy use and environmental impact, as they save money by their purchases of these products. As the number of natural disasters increases, we are working closely with the communities we serve by assisting with preparation and negating the effects of natural disasters within communities, reducing the vulnerability of communities and ecosystems.
Reputation	Relevant, always included	Customer opinion, desires, and behavior changes are considered and addressed as part of our risk management process. Climate change and sustainability may influence consumers' buying habits as they are increasingly exposed to information regarding climate change and their individual environmental impact. The process reinforces our business plan and we respond with continuous improvement of the qualities of our retail services. We continue to educate our customers, associates, suppliers, and the communities we serve on environmental impacts.
Acute physical	Relevant, always included	Lowe's recognizes that unpredictable extreme weather may affect buying patterns, disrupt the supply chain, increase operating costs and potentially close stores. Extreme weather events related to climate change could impact the timing and costs associated with delivery of goods. Prolonged disruptions in the supply chain could affect the continuity of the merchandise we distribute and sell in our stores, which could reduce revenues. Lowe's has identified potential weather disturbances by region and has mitigation plans in place to reduce the potential severity and impact of extreme weather.
Chronic physical	Relevant, always included	We consider wood/lumber sourcing exposures and other consumer staple and supply chain factors that may be impacted by climate change under scenarios that could have impact on our business (especially drought, wildfires and extended wet seasons) while considering customer needs and materials supplies. Lowe's sources wood and wood-based products from a broad network in our supply chain. Climate change effects could negatively impact our ability to access critical forest resources and preferred suppliers. Forestry management practices that conform to sustainable resource objectives should be less prone to adverse impacts of climate change but are in no way safeguarded from diverse threats to the vitality of sustainable forests. We continue to evaluate other raw material sources in our supply change for potential disruption caused by climate change.
Upstream	Relevant, always included	We consider the influences of climate change toward execution of our business strategy. A prominent climate change aspect that has influenced our business strategy is an increased awareness of supply chain risks to business continuity. To mitigate such risks, we committed in 2019 to use strategic suppliers that have sustainability goals. Currently, 38% of our strategic suppliers have sustainability goals and we are working with remaining strategic suppliers to establish or publish sustainability goals.
Downstream	Relevant, always included	We consider risks related to customer sentiment of performance, value and efficiency of the products we sell, as well as the potential impacts of climate change on the communities we serve. Our ENERGY STAR® certified appliances, such as dishwashers, water heaters, refrigerators and washer and dryers, help customers save on their utility bills and reduce their impact on the environment. In 2018, we sold enough ENERGY STAR® products to save customers approximately \$5 billion in utility costs over the products' lifetimes. In addition, we analyze the communities we serve for potential climate change related risks and how we can assist in the prevention and mitigation of climate-related risks.

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

In 2016, we conducted a materiality assessment to prioritize our most significant sustainability topics based on multi-stakeholder feedback. This process was conducted by a third party and included interviews with Lowe's executives and industry research on sustainability topics that are important to peers, suppliers, non-governmental organizations (NGOs), governments, shareholders, associates, consumers, local communities and industry associations. These groups represent voices across our value chain. These materiality results were reviewed with our new executive leaders in 2018 and validated as our continued path forward. We plan to conduct another materiality assessment in 2020. Through research and analysis, we identified 13 material topics guiding the development of our sustainability strategy and sustainability reporting. Our sustainability strategy focuses on responsible sourcing; safer and more eco-friendly product offerings; maintaining a diverse, healthy, engaged and skilled workforce; supporting our local communities, and operating ethically and responsibly. Our goals are a mix of those we set in 2013, and those we finalized in 2018 to further our commitments and broaden our impact.

Promote sustainable practices throughout our value chain:

- By 2020: % 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. Help customers reduce their impact on the environment; and,
- By 2025, save customers more than \$40 billion in energy costs through the sale of ENERGY STAR products; Increase the number of eco-products available to customers.

Reduce the environmental footprint of our operations:

- By 2020, reduce tons of waste per net sales by 40% from 2010 baseline; and,
- By 2030, reduce absolute Scope 1 and 2 emissions by 40% below 2016 baseline.

Recent goals met:

- By 2020, improve U.S. store electricity use efficiency 13% per square foot (kWh/ft²) of selling space from 2010 baseline (met in 2018); and,
- By 2020, reduce U.S. store carbon emissions 20% per square foot (metric tons CO₂e/ft²) of selling space from 2010 baseline (achieved in 2015).

Lowe's is investigating how its sustainability strategy aligns with and contributes to the United Nations Sustainable Development Goals (SDGs). We believe that Lowe's has the potential to contribute most meaningfully toward the following SDGs: affordable & clean energy, decent work and economic growth, sustainable cities & communities, responsible consumption & production, and life on land. This connection to the SDGs is important as we aim to deepen our understanding of Lowe's impacts on a larger scale and continue to identify ways to influence positive change.

We are currently evaluating Task Force on Climate-related Financial Disclosures to quantify the financial impact to the business

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Supply chain

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Other

Type of financial impact

Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

Fuel and Energy Taxes and Regulations. We primarily consider the energy markets in North America where our retail business is conducted—specifically the effect of various regulatory developments on the electricity-generating and fossil fuels sectors, due to potential increases in the costs of energy required for our operations. To receive and distribute the products we sell, we rely on contract transportation providers that may have impact on our business partners. We expect that these developments will impact our business – either directly or indirectly by increasing transportation costs. We also anticipate that regulations may pose indirect impacts on our vendors including increased costs of manufacturing. A specific regional example of concern is likely to have a widespread impact on our supply chain logistics. We were alerted to developments in CARB actions through the Pacific Merchant Shipping Association. From a supply chain perspective, it may be a de facto state-imposed cargo diversion mandate that could have a substantial impact on the costs of goods and materials that we source from global markets.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

40000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

We anticipate a measure of protracted increases in the costs of energy due to worldwide demand as well as regulatory developments, and such costs would be anticipated to affect general market pricing of the goods and materials we sell as well as impact transportation costs.

Management method

Long term developments in these regulatory arenas are not yet clear and will require continued attention as we assess potential impacts to our business in the long term. We have identified regulatory risks that affect us indirectly, as increasing energy costs will likely result from climate programs that directly affect the energy sector under carbon emission caps and regulatory-driven investments in technologies and infrastructure.

Cost of management

500000

Comment

Our efforts and investments in energy efficiency and emissions mitigation are anticipated to offset the liabilities we recognize under a “no action” alternative. We have integrated these initiatives with our business plan to offset the identified risks; however, we fundamentally undertake the initiatives represented in the CDP disclosure in pursuit of the objectives of broader financial planning and management of our company.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Supply chain

Risk type

Transition risk

Primary climate-related risk driver

Technology: Substitution of existing products and services with lower emissions options

Type of financial impact

Costs to adopt/deploy new practices and processes

Company- specific description

U.S. state or regional cap-and-trade schemes may affect our operating costs indirectly through energy supplier cost. Effects on our business and to energy users in general are virtually certain.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

50000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The primary financial risks are increased utility expenses, fuel prices, and refrigerant costs. However, without a comprehensive federal regulatory scheme, the policies and resulting carbon prices would vary widely between states and regions. In the U.S. we would expect our annual utility costs to increase by roughly 2% if a federal cap-and-trade scheme were passed and we were not able to offset our emissions through efficiency and renewable energy based carbon credits.

Management method

We continue to monitor developments at the state and regional level through our government affairs staff and retail association memberships. We also continue to make GHG reductions in these regions through improved energy efficiency, new HVAC technologies, and various other methods. We also participate in demand response programs by voluntarily reducing our lighting and HVAC loads during peak demand periods to support electric grid reliability.

Cost of management

0

Comment

Our government affairs staff does not incur incremental costs from this emerging policy. It is likely we will not incur incremental costs in tracking and reporting GHG emissions. Government affairs uses internal resources and retail & business trade associations to keep abreast of legislation and regulations concerning climate change and carbon pricing schemes. The management of our business is already addressing regulatory risks.

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Acute: Increased severity of extreme weather events such as cyclones and floods

Type of financial impact

Reduced revenues from lower sales/output

Company- specific description

Lowe's is monitoring the increase in extreme weather occurrences and realize the substantial impact they can have on our business. Extreme weather can not only disrupt our supply chain and transportation of needed goods, but it can also cause the temporary closure of stores when operation is deemed unsafe for our customers and associates. We work diligently in conjunction with our command center to prepare our stores and associates with the products needed in the community for a quick, safe, and efficient recovery. Although temporary store closures related to natural disasters generally includes temporary lost revenue, the revenue is generally realized in the days following a natural disaster and surrounding regions.

Time horizon

Current

Likelihood

Virtually certain

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

0

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Lost sales of temporary short-term store closures as a result of a natural disaster are typically recaptured in the surrounding region and the impacted stores see no negative impact.

Management method

Lowe's has a best-in-class disaster response team that includes all functional areas of the business. As emergency events are identified, our command center is up-and-running as a 24/7 facility prior, during, and following the event. We deploy merchandising, operations, logistics, and community relations teams to service communities to ensure all needs are met until recovery for the affected area is complete.

Cost of management

65000

Comment

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Chronic: Rising mean temperatures

Type of financial impact

Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

Increasing mean temperatures will require additional energy to cool our locations and ensure a comfortable temperature for our customers and associates. As temperatures continue to rise, more energy will be required in more regions, potentially for extended periods of time that will require additional costs to maintain a comfortable temperature within our stores.

Time horizon

Long-term

Likelihood

About as likely as not

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1750000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The increase in temperature requires additional energy output as we adjust our HVAC within stores to ensure comfortable temperatures for customers and associates. The constant adjustment leads to increased operational costs (per year).

Management method

Lowe's responsibly manages operations to reduce cost and decrease environmental impact across more than 2,000 home improvement and hardware stores. In 2016, we built on past experience to explore new technologies, such as LED lighting, and began rollout of a state-of-the-art building management system (BMS) in stores to schedule efficient operation of our assets, such as HVAC and generators. As of 2018, all US and Canada Lowe's branded stores had access to BMS. Internal and third-party resources use the BMS data to calculate the performance of assets and to inform retrofitting projects. We are performing real time energy monitoring so we can continually improve our stores' energy use. In 2018, we began investing in BMS projects for our Lowe's Canada stores and will complete the installation of BMS systems and LED retrofits in over 90% of Lowe's Canada retail and distribution locations in 2019. We also plan to link our BMS to all of our distribution centers in the near future. Lowe's is always looking for innovative ways to implement energy-efficiency projects, and in 2017, the company began the rollout of high-efficiency HVAC units. In 2018, 104 HVAC replacements across our U.S. stores and distribution centers were performed. In 2018, we achieved our goal of 13% reduction in kWh use per square foot in our US stores from our 2010 levels, two years ahead of schedule.

Cost of management

65000

Comment**Identifier**

Risk 5

Where in the value chain does the risk driver occur?

Supply chain

Risk type

Physical risk

Primary climate-related risk driver

Chronic: Other

Type of financial impact

Reduced revenue from decreased production capacity (e.g., delayed planning approvals, supply chain interruptions)

Company- specific description

Lowe's sources wood and wood-based products from a broad network in our supply chain. Climate change effects could negatively impact our ability to access critical resources and preferred suppliers. Forestry management practices that conform to sustainable resource objectives should be less prone to adverse impacts of climate change, but are in no way safeguarded from diverse threats to the vitality of sustainable forests. Climate change and increased climate variability have both direct and indirect effects on forests

and forest-dependent people. Lowe's Wood Policy guides our program for maintaining a responsible role in procuring wood and wood products for sale to our customers.

Time horizon

Long-term

Likelihood

About as likely as not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

200000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Lowe's is committed to sourcing wood products in accordance with our Wood Policy, and we interact with our suppliers, non-governmental organizations, and other stakeholders including our customers. The potential financial implications associated with diminishing markets for sustainably sourced woods may increase costs to procure these products. If our fulfillment network does not operate properly or if a vendor fails to deliver on their commitments, then we will experience delay in inventory, increased delivery costs, merchandise out-of-stocks which would negatively affect our results of operations.

Management method

Since 2000, Lowe's has partnered with suppliers to support the protection and conservation of forests. Lowe's long-term goal is to ensure that all wood products sold in our stores originate from well-managed, non-endangered forests. We evaluate our wood-sourcing profile by tracking the country where the wood was harvested and if it has sustainable forest certifications. Lowe's maintains a wood-sourcing database to track wood procurement, which we report on every other year. The wood-sourcing database allows us to monitor our wood policy with suppliers and change sourcing profiles that don't meet our expectations.

Cost of management

2000000

Comment

Costs associated with wood policy and supplier engagement are integrated in our business model and not readily identified.

Identifier

Risk 6

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Chronic: Changes in precipitation patterns and extreme variability in weather patterns

Type of financial impact

Reduced revenues from lower sales/output

Company- specific description

Changes in precipitation extremes and droughts can impact our vendors and the products they supply.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

30000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Uncharacteristic or significant weather conditions can affect customer shopping patterns. Droughts can lead to increased sales of water conserving products or decreased sales of live plants as customers delay purchases to wait out a drought. This could also lead to lost sales or greater than expected markdowns.

Management method

Lowe's will shift product selection at a local or regional level to reflect the prevalent conditions.

Cost of management

0

Comment

With experience gained in the past several years, costs associated with managing these risks is minimal. We use internal resources to manage programs and are considered a part of normal business.

Identifier

Risk 7

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Reputation: Shifts in consumer preferences

Type of financial impact

Reduced revenue from decreased demand for goods/services

Company- specific description

Lowe's serves more than 18 million customers a week through product and service offerings, information and advice, and an uncompromising commitment to safety. Each day, we see the continued satisfaction of our customers through their loyalty. In 2018, our net sales totalled 71.3 billion, an increase of 3.9 percent from 2017. To be successful in the future, we must continue to preserve, grow and leverage the value of our brand. Reputational value is based in large part on perceptions of subjective qualities, qualities we strive to address each day with our dedicated customers.

Time horizon

Current

Likelihood

Unlikely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

5000000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

To be successful in the future, we must continue to preserve, grow and leverage the value of our brand. Reputational value is based in large part on perceptions of subjective qualities, qualities we strive to address each day with our dedicated customers.

Management method

We continue to focus on helping consumers reduce their energy and water use and their environmental footprint while saving money when they purchase our products and services. We offer a wide selection of environmentally responsible and energy-efficient products for the home, including ENERGY STAR® appliances. By purchasing ENERGY STAR® products in 2018, Lowe's customers saved approximately \$5 billion in utility costs over the lifetime of these products. Our knowledgeable associates have access to more than 2,600 online training courses that help them provide guidance to customers.

Cost of management

2000000

Comment

We utilize internal resources to manage programs and have some expenses related to these programs. However, these costs as a percentage of total costs are not accounted in a way that clearly differentiates these initiatives from our business plans.

Identifier

Risk 8

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Market: Uncertainty in market signals

Type of financial impact

Reduced demand for goods and/or services due to shift in consumer preferences

Company- specific description

If consumer demand were to shift due to uncertainty in market signals caused by climate change, we may experience reduced demand in certain product categories. Generally, customers shift their spending to other categories with sustainability features and those that provide a short ROI.

Time horizon

Short-term

Likelihood

Unlikely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

100000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Customers that may be choosing to delay extensive home improvement projects are generally still looking for projects that have short ROI, like energy efficient or water savings projects, so the costs are realized in different categories.

Management method

We utilize consumer insight teams as well as our marketing team to determine consumer trends and behaviors. In addition, we are increasing our offering of ECO-products to satisfy the needs of consumers that are becoming increasingly aware of environmental impacts as a result of shopping choices.

Cost of management

Comment**C2.4**

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Type of financial impact

Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

Company-specific description

New and expansive product efficiency regulations and standards will drive innovations in new and existing product lines that we offer for sale. Such developments offer opportunities to refresh the attractiveness of the products we sell, especially to customers that place higher value on energy efficiency, operating cost savings, and reductions of environmental impacts associated with the products they choose. These opportunities are closely allied to our business interests and our care in fostering and promoting our reputation as a leading retailer of products that offer attractive energy savings, lower environmental impact, and sustainable sourcing management.

Time horizon

Current

Likelihood

Virtually certain

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

5000000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Lowe's serves more than 18 million customers a week and there is increasing interest in more sustainable and energy efficient products.

Strategy to realize opportunity

For more than 10 years, our RONA operations in Canada have leveraged the life cycle approach to identify and promote certain products as "eco-products," formalized as the ECO product program. In 2018, we expanded the ECO product program across Canada and revamped our marketing efforts to promote the program. We are enhancing our processes in the U.S. to reflect these best practices. In 2018, our Canada operations also began developing buyer's guides per product group for our merchandising teams to better understand the attributes that make a product more eco-friendly and align with our sourcing goals. The guides include corporate policy requirements, eco-product attributes needed to tag products as "ECO" and benefits for both customers and the environment. We will continue to create and integrate these guides into our global operations in 2019, enabling a strategic focus on offering more environmentally friendly products for our customers. Lowe's Canada is continuing efforts in 2019 to educate consumers on the benefits of ECO products and how to find them in stores and online.

Cost to realize opportunity

0

Comment

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Type of financial impact

Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

Company-specific description

Climate change and sustainability may influence consumers' buying habits as they are increasingly exposed to information regarding climate change and their individual environmental impact. Lowe's plans and implements programs to identify opportunities associated with changing customer attitudes in this area.

Time horizon

Current

Likelihood

About as likely as not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1000000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Changes in consumer behavior could affect demand for sustainable and climate friendly products certain goods and services resulting in increased sales in those categories.

Strategy to realize opportunity

Our communication channels have been developed with our customers so that we maintain a continuous dialog through surveys, social media, website and other online communications, customer support centers, customer contact centers, and community events that we host. We maintain awareness of the marketplace to offer the products and services to meet customer demand and expectations, including offering innovative solutions to rising customer interest in sustainably-sourced and energy efficient products.

Cost to realize opportunity

0

Comment

Understanding consumer demand is fundamental to our business and embedded in everything we do. We affirmed our goal that by 2025, Lowe's will save customers more than \$40 billion in energy costs through the sale of ENERGY STAR® products, and increase the number of eco-products available to customers.

Identifier

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Development of new products or services through R&D and innovation

Type of financial impact

Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

Company-specific description

Our public image and reputation are critical to ensuring that our customers shop at Lowe's, our vendors want to do business with Lowe's and our sales associates and specialists want to work for Lowe's. We must continue to manage, preserve and grow Lowe's public image and reputation in order to benefit from opportunities related to our company's reputation.

Time horizon

Current

Likelihood

More likely than not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1000000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

To be successful in the future, we must continue to preserve, grow and leverage the value of our brand. Reputational value is based in large part on perceptions of subjective qualities, qualities we strive to address each day with our dedicated customers.

Strategy to realize opportunity

Our Innovation Labs enterprise will yield opportunities to leverage new opportunities for technologies and offer exciting enhancement to our customers' experience to maintain our position as a leader in the home improvement space.

Cost to realize opportunity

50000

Comment**Identifier**

Opp4

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Type of financial impact

Increased revenue through demand for lower emissions products and services

Company-specific description

Change in mean (average) temperature. Temperature changes can have wide-ranging impacts from colder winters which would increase heating costs to warmer summers causing an increased costs of cooling. Extended or prolonged periods of temperature change may drive marginal opportunities for increased sales of building insulation materials and systems.

Time horizon

Long-term

Likelihood

About as likely as not

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

3000000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The potential financial implications associated with prolonged changes in regional temperatures may drive customer interest in insulation materials and related materials we sell to install HVAC systems. The sales of existing products are already mature and not likely to expand significantly; however, as a home improvement retailer we have opportunities that arise from newer technology that offers greater heating / cooling efficiencies.

Strategy to realize opportunity

Focusing on more concentrated location based product offerings to ensure appropriate products are available to meet customers changing needs.

Cost to realize opportunity

250000

Comment

Identifier

Opp5

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Resilience

Primary climate-related opportunity driver

Participation in renewable energy programs and adoption of energy-efficiency measures

Type of financial impact

Increased revenue through new products and services related to ensuring resiliency

Company-specific description

The continued increase of climate related incidents will drive changes to our product lines, including the opportunity to expand to more sustainable and energy efficient products across multiple product lines.

Time horizon

Current

Likelihood

About as likely as not

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

15000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Changes in weather patterns can lead to increased demand for reliable home temperature controls as well as energy and water saving products. Lowe's is equipped to make quick inventory changes based on consumer demands to ensure we offer the products needed at that time.

Strategy to realize opportunity

Lowe's is continuing to offer more sustainable and energy and water savings products. We are continuing to roll out more products based on locality rather than standard across the board product sets.

Cost to realize opportunity

50000

Comment**C2.5****(C2.5) Describe where and how the identified risks and opportunities have impacted your business.**

	Impact	Description
Products and services	Impacted	Climate change and sustainability may influence consumers' buying habits as they are increasingly exposed to information regarding climate change and their individual environmental impact.. We mitigate that risk by maintaining a keen awareness of the marketplace to offer the products and services to meet customer demand and expectations, including offering innovative solutions to rising customer interest in sustainably-sourced and energy efficient products. Through collaboration and established management systems, we monitor our suppliers' practices to ensure we are securing high-quality products from suppliers who protect worker rights and the environment. We are also bringing more innovative, efficient and eco-certified products into our portfolio—products that provide health and environmental benefits—to meet the needs of an increasing set of customers who prefer these types of products.
Supply chain and/or value chain	Impacted	We offer a diverse line of products from a broadly-distributed supply chain, and work diligently to minimize the risk associated with availability and delivery of those materials while considering anticipated physical risks that may be associated with climate change. Lowe's operations are also widely distributed geographically in North America, so that local and regional climatic swings or extreme weather events are not likely to pose adverse extended impact to our operations. We have disaster response procedures to respond to a community in need as soon after severe weather events as possible. In 2017, we identified that assurance of sustainable practices throughout our value chain is one of 13 most relevant material topics to our sustainability outlook. Lowe's has committed to ensuring that 100% of our strategic suppliers will have sustainability goals by 2025. Currently, 38% of our strategic suppliers have sustainability goals.
Adaptation and mitigation activities	Impacted	We continue to make GHG reductions through improved energy efficiency, new HVAC technologies, and various other methods. To further reduce our carbon footprint, we incorporate energy-efficient technologies and architectural systems into new stores and retrofits of existing stores, such as energy-efficient lighting, white membrane cool roofs, and HVAC units that meet or exceed ENERGY STAR® qualifications. We also participate in demand response programs by voluntarily reducing our lighting and HVAC loads during peak demand periods to support electric grid reliability. In 2018, we received the EPA SmartWay Excellence Award for the tenth year in a row. In 2016 we began rollout of a state-of-the-art building management system (BMS) in stores to control lighting, air conditioning and other building systems. By the end of 2018, all US and Canada Lowe's branded stores had access to BMS. We also implemented a light-emitting diode (LED) lighting initiative in select markets and new stores. All light sources for new stores constructed in the future are LED. We are also in partnership with The Nature Conservancy to develop plans to proactively develop climate change mitigation strategies in areas that are likely to be impacted by extreme weather events in the near future.
Investment in R&D	Impacted	Lowe's Innovation Labs (LIL) is thinking broadly about developing new and innovative products and potential applications. LIL is working with our suppliers to identify requirements to disrupt technologies, build innovation roadmaps and rapidly deploy new technology in real-world, living labs
Operations	Impacted	Largely transportation, energy consumption, water consumption, heating cooling costs, optimized HVAC, severe water shortages.
Other, please specify	Please select	

C2.6

(C2.6) Describe where and how the identified risks and opportunities have been factored into your financial planning process.

	Relevance	Description
Revenues	Impacted	As mentioned in 2.3a, our operating revenue depends on customer satisfaction with the merchandise and services we offer. In changing markets and developing shifts in customer preferences, we factor these considerations in our financial planning process.
Operating costs	Impacted	As stated in 2.3a, A primary tenet of our business strategy is a focus on reducing operating costs and risks, assuring business continuity due to severe weather and/or prolonged climate impacts, and generating value through products that provide energy efficiency solutions sought by our customers.
Capital expenditures / capital allocation	Impacted	As described in 2.3a, Throughout 2018 we continued a rollout of investments in state-of-the-art building management system in stores to control lighting, air conditioning and other building systems. We also implemented a light-emitting diode (LED) lighting initiative in select markets and new stores.
Acquisitions and divestments	Not impacted	Acquisitions and divestments are reviewed strategically to ensure the actions lead us to our goals of market expansion, increased sales, cost savings, and other positive financial gains. Our strategic review of such business decisions does not include climate-related risks at this time.
Access to capital	Not impacted	As mentioned in 2.3a, our access to capital has not been impacted by risks and opportunities.
Assets	Impacted	As mentioned in 2.3a, We invest in our facility assets to manage certain risks. We believe that our maturing energy conservation program, driving energy efficiency in our operations, will enable our company to adapt and be better able to respond to climate change risks and opportunities as they develop, thereby providing strategic gains that may differentiate Lowe's from its competitors. We will continue to evaluate the specific financial risk to our facilities from increased severe weather events and continue to monitor heating and cooling costs for our facilities.
Liabilities	Impacted	As we continue to explore and advance our renewable energy portfolio, liabilities may change.
Other	Please select	

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

Yes, qualitative

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

Our strategy focuses on responsible sourcing, safer and more eco-friendly product offerings, maintaining a diverse, healthy, engaged and skilled workforce, supporting our local communities and operating ethically and responsibly.

In 2013, we stated the following goals:

- By 2020: Reduce U.S. store electricity use efficiency by 13% per square foot (kWh/ft²) of selling space from 2010 baseline; and,
- Reduce U.S. store indirect carbon emissions by 20% per square foot (metric tons CO₂e/ft²) of selling space from 2010 baseline.

We achieved both of these goals early (2018 and 2015, respectively) and established a new goal in 2019 to help reduce GHG emissions:

- By 2030: reduce absolute Scope 1 and 2 emissions by 40% below 2016 baseline.

We will continue to:

1. Promote sustainable practices throughout our value chain:

- By 2020: 100% of imported wood from regions identified as at risk will be certified by FSC or another certification recognized under the PEFC program.

- By 2025: 100% of our strategic suppliers will have sustainability goals; 100% of our wood products will be purchased from a responsible source, thus either certified from a controlled source.

2. Help customers reduce their impact on the environment and increase the number of eco-products available to customers.

- By 2025, save customers more than \$40 billion in energy costs through the sale of ENERGY STAR products.

3. Reduce tons of waste per net sales by 40% from 2010 baseline.

We also offer ENERGY STAR® and WaterSense products across our portfolio that save customers money through reduced energy and water consumption, and protect the environment. Lowe's supports energy efficiency market transformation by partnering with local and regional utility providers to offer more efficient products at discounted prices. In 2018, Lowe's offered \$15.3 million in discounts to customers purchasing energy efficient products with a key focus on ENERGY STAR and WaterSense certified items. We require independent certification of each product to deliver the quality, performance and savings that consumers expect. We host energy efficiency guides and an online Rebate Center for customers to help them save money while making more environmentally friendly purchasing decisions. In 2019, we plan to establish a roadmap for evaluating lifecycle impacts of our products by category, and continue to build on the success we saw in 2018.

In the U.S., we monitor and annually audit provider fleets and use a transportation management system to optimize routes and combine loads, making deliveries more efficient. Through our Intermodal Program, we use intermodal freight transportation for domestic deliveries whenever possible to maximize load efficiency and minimize emissions. We have been a collaborative partner with U.S. EPA's SmartWay program for many years, mandating SmartWay certification of 100% of our U.S. transportation providers prior to contracting and requiring annual recertification. Our Lowe's Backhaul Program in the U.S. and Canada creates a closed-loop trucking system between our DCs and stores by using delivery trucks to pick up vendor loads on return journeys to the DCs. This reduces empty truck miles, emissions and impacts on communities. We introduced final mile delivery improvements in 2018, leveraging regional cross-dock terminals (XDTs) for our third-party logistics partners to pick up appliance deliveries from one location, rather than run to each store. This creates better routing and optimization of their trucks, enables more deliveries in a shorter time period and gives stores more usable space in their backrooms. We plan to establish 90 more XDTs around the country over the next several years. Through the SmartWay program, we have robust information and oversight of the Scope 3 emissions — those indirect non-Scope 2 emissions occurring in our upstream and downstream value chain — associated with our transportation footprint. In 2018, we began to analyze and understand our upstream product manufacturing and downstream product use Scope 3 footprint, which we will continue to explore and work to measure in the coming years.

As a part of Lowe's long-term commitment and view on the importance of sustainability, the company is currently assessing how we can approach meeting the carbon reduction objectives outlined in the Paris Climate Agreement by developing a Clean Energy Roadmap. Because Lowe's understands the need to prepare for a low carbon economy in the future, Lowe's is committed to continuing to engage stakeholders on this important topic and make regular disclosures over the next few years.

C3.1d

(C3.1d) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios	Details
Other, please specify (SBTi)	As stated in 3.1c, we are in progress developing a clean energy roadmap based on Science Based Target Initiative. In addition, we are conducting qualitative assessments across operations, supply chain, and evaluating key at risk markets and how they might be impacted by climate change.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Both absolute and intensity targets

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Scope

Scope 1+2 (location-based)

% emissions in Scope

100

Targeted % reduction from base year

40

Base year

2016

Start year

2018

Base year emissions covered by target (metric tons CO2e)

2498134

Target year

2030

Is this a science-based target?

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

% of target achieved

9.5

Target status

New

Please explain

The relatively low % of target achieved can be attributed to fact that the 2018 eGRID factors will not be available until next year. This SBT is partially dependent on anticipated improvements in emissions for purchased electricity. If a similar decrease (10%) in factors is observed between 2018/2016 as was observed between 2016/2014, 2018 emissions would be on the order of 2,200,000 rather than 2,400,000 and % of target achieved would be closer to 30.

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Scope

Scope 2 (location-based)

% emissions in Scope

80

Targeted % reduction from base year

20

Metric

Metric tons CO2e per square foot*

Base year

2010

Start year

2014

Normalized base year emissions covered by target (metric tons CO2e)

9.71

Target year

2020

Is this a science-based target?

No, but we are reporting another target that is science-based

% of target achieved

100

Target status

Achieved

Please explain

The Target Year 2020 goal was attained during 2016 based on the use of updated eGRID2016 emission factors released by USEPA early in 2018. We also identified that progress in reduction of emissions intensity is accelerating with the rollout and implementation of additional energy efficiency projects at our network of U.S. retail stores. This goal is being retired (as we have achieved 30% reduction) and replaced with a science based target (see Abs1).

% change anticipated in absolute Scope 1+2 emissions

13

% change anticipated in absolute Scope 3 emissions

0

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

Target

Waste

KPI – Metric numerator

Metric tonnes, U.S. non-hazardous waste

KPI – Metric denominator (intensity targets only)

Net Sales, in millions \$USD

Base year

2010

Start year

2017

Target year

2020

KPI in baseline year

6.31

KPI in target year

3.79

% achieved in reporting year

64.5

Target Status

Underway

Please explain

2020 GOAL - Reduce tons of waste per net sales by 40% from 2010 baseline. 2018 PERFORMANCE - Reduced waste intensity by 25.8% since 2010. We are advancing circular economy principles by recycling and reusing our facilities' and our customers' waste streams. We continue to explore options for reducing and recycling waste, because it is good for our business and the environment. Our objective is to carefully manage all wastes while diverting maximum volumes away from landfills, and leverage service vendors to operate multiple recycling programs to accomplish the same. We manage our waste program at the enterprise level in the U.S. and Canada and operate a 24/7 call center and database for reporting spills or damaged products across our operations. In our contracts with waste haulers, we communicate our waste policies and expectations. Our store waste streams—cardboard, plastic, wood pallets, scrap wood, metal and Styrofoam—are recycled through regional and national partners. We resell as much of this recycled material as we can, offsetting store expenses. Additionally, we operate in-store recycling centers for customers to recycle items such as compact fluorescent lamps (CFLs), plastic bags, rechargeable batteries, planter pots, paint and more. We will continue to invest in reducing our waste streams and increasing our recycling capabilities going forward.

Part of emissions target

No

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Target

Engagement with suppliers

KPI – Metric numerator

Number of strategic suppliers that have verified sustainability goals

KPI – Metric denominator (intensity targets only)

Number of strategic suppliers

Base year

2017

Start year

2017

Target year

2025

KPI in baseline year

22

KPI in target year

100

% achieved in reporting year

38

Target Status

Underway

Please explain

BY 2025: 100% of our strategic suppliers will have sustainability goals. Lowe's recognizes the importance of sourcing our products sustainably and strives to promote responsible business practices throughout our value chain. Lowe's QA Compliance Team is responsible for monitoring conflict minerals and wood sourcing, as outlined in our Vendor Code of Conduct. Our Vendor Code of

Conduct outlines our philosophy and commitments to procure sustainably certified wood and wood products and collaborate with a diverse set of stakeholders to promote sustainable forestry in our Wood Policy, which was updated and harmonized across our global operations in 2018. We also created a new wood sourcing application in the U.S. in 2018, enabling our vendors to easily update all wood sourcing specifications, including certification that they source wood from well-managed, non-endangered forests, wood location, species, sustainable forest certifications and product dimensions. Lowe's Canada is working to put a process in place to enable vendors to provide their wood sourcing specifications.

Part of emissions target

No

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Target

Other, please specify (Responsible sourcing of wood products)

KPI – Metric numerator

Source regions of wood products procured by Lowe's for sales and verified to be certified by the Forest Stewardship Council (FSC)

KPI – Metric denominator (intensity targets only)

Source regions of wood products procured by Lowe's for retail sales

Base year

2017

Start year

2017

Target year

2025

KPI in baseline year

66

KPI in target year

100

% achieved in reporting year

46

Target Status

Underway

Please explain

By 2021: 100% of imported wood from regions identified as at risk will be FSC certified. By 2025: 100% of our wood products will be purchased from a responsible or controlled source, certified by FSC. Lowe's Policy on the Wood Contained in Its Products. Lowe's long-term goal is to ensure that all wood products sold in our stores originate from well-managed, non-endangered forests. In order to meet this goal, Lowe's will: • Aggressively phase out the purchase of wood products from endangered forests as these areas are identified and mapped. • Work with vendors to encourage the maintenance of natural forests and environmentally responsible forest practices. • Give preference to the procurement of wood products from independently certified, well-managed forests. FSC is recognized as having the highest certification standards available today and will be given preference over other certification systems. • Continue to encourage our customers to increase the efficiency of wood use. • Work with our suppliers to increase the procurement of quality recycled, engineered and alternative products, when their environmental benefits are clearly demonstrated.

Part of emissions target

No

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Target

Other, please specify (Energy efficient product sales)

KPI – Metric numerator

Billion USD of estimated costs of electricity use avoided by sales of ENERGY STAR® rated products over the estimated life time of sold products

KPI – Metric denominator (intensity targets only)

Not applicable

Base year

2017

Start year

2017

Target year

2025

KPI in baseline year

5000000000

KPI in target year

40000000000

% achieved in reporting year

33

Target Status

Underway

Please explain

By 2025: Increase the number of eco-products available to customers AND Save customers more than \$40 billion in energy costs through the sale of ENERGY STAR products. 2018 PERFORMANCE: In 2018, our ENERGY STAR® products saved customers approximately \$5 billion in utility costs over the products' lifetime. Our promotion and sales of ENERGY STAR® qualified products ultimately result in emissions reductions from the replacement of older appliances with more efficient appliances by our customers. For example, An ENERGY STAR® certified washer uses approximately 25 percent less energy than a standard model, helping to save roughly \$45 in utility costs over the course of a year. Our assortment of energy-efficient and cost-saving lighting options includes LED and compact fluorescent (CFL) light bulbs. ENERGY STAR® certified LED and CFL bulbs, for example, can save customers approximately \$55 in energy bills over the bulb's lifetime. Emission reductions and savings are based on 2018 sales and the difference in U.S. Environmental Protection Agency's ENERGY STAR® Program data regarding annual unit energy consumption between non-ENERGY STAR® certified products and ENERGY STAR® certified products.

Part of emissions target

No

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	1	170000
Implementation commenced*	3	768000
Implemented*	4	113000
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative type

Energy efficiency: Building services

Description of initiative

Building controls

Estimated annual CO2e savings (metric tonnes CO2e)

8000

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

2000000

Investment required (unit currency – as specified in C0.4)

1000000

Payback period

1-3 years

Estimated lifetime of the initiative

6-10 years

Comment

Building Management System (BMS) Rollout. BMS monitors equipment performance and provides valuable information that helps facility managers manage energy consumption to reduce costs and carbon emissions. By the end of 2018, we implemented BMS upgrades in nearly 400 store locations, including locations in Canada. This new system will provide robust monitoring and control to optimize and reduce energy use to eliminate manual schedule inputs for lighting and HVAC and automate on/off control through sequencing based on building occupancy and customer hours. Lifetime includes longer term system re-commissioning. In 2019, we plan to extend our energy-efficiency projects and expand our LED lighting and HVAC replacement initiatives. We aim to create and implement standardized, comparable and actionable scorecards to assess each store's efficiency and to inform and scale best practices.

Initiative type

Energy efficiency: Building services

Description of initiative

Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

61000

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

15000000

Investment required (unit currency – as specified in C0.4)

80000000

Payback period

1-3 years

Estimated lifetime of the initiative

6-10 years

Comment

Holistic lighting optimization initiative. At the close of 2018, we upgraded approximately 400 retail locations to interior LED lighting, consistent with our target for the year, and new stores opened with LED lighting already installed. In 2019, we plan to extend our energy-efficiency projects and expand our LED lighting initiative, and continue to investigate solutions for specific lighting needs to enhance energy efficiency as well as the customer experience. 2019 LED retrofit stores will expand the scope to include parking lots, garden centers, and display lighting retrofits in addition to the implementation of higher efficiency high-bay LED fixtures. Further testing of next generation of fixtures has completed and will result in an additional 12% reduction in wattage of overhead sales floor LED fixtures and will transition to the new fixtures in Q4 2019. Lifetime will vary based on the specific lighting measures and criteria. Holistic lighting study provided insight to alternative scenarios, including de-lamping, EMS controls, and LED retrofit. The result from the LED pilot study showed 23-26% energy savings per store on average, and reduced lighting energy usage to less than 0.7 watts/SF. This project is 34% complete.

Initiative type

Energy efficiency: Building services

Description of initiative

HVAC

Estimated annual CO2e savings (metric tonnes CO2e)

12000

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

3000000

Investment required (unit currency – as specified in C0.4)

40000000

Payback period

4 - 10 years

Estimated lifetime of the initiative

11-15 years

Comment

HVAC installations (new / rooftop sweep). New HVAC rooftop unit (RTU) installations using variable frequency drive technology are envisioned to take place at roughly 1,000 stores that will have RTUs of 13 years or more of service. Lowe's will transition to Ultra-High Efficiency units starting in Q4 2019 for all new stores and retrofit applications. The expected replacement store count is 100 stores per year based on end-of-life equipment replacement cycle and energy efficiency rankings utilizing BMS data inputs such as equipment runtimes, temperature deltas, and space temperature compliance. HVAC installations (new & retrofit) are now utilizing variable frequency drive (VFD) technology. Based on more accurate occupancy, lighting load, and site specific design data, proper HVAC sizes are ensured to save energy while providing necessary IAQ standards and enthalpy levels resulting in an average tonnage reduction of 50-80 tons per store. In 2018, over 100 store locations benefitted from high efficiency HVAC roof-sweep replacements. This project is 12% complete.

Initiative type

Energy efficiency: Building services

Description of initiative

HVAC

Estimated annual CO2e savings (metric tonnes CO2e)

32000

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

8000000

Investment required (unit currency – as specified in C0.4)

10000000

Payback period

1-3 years

Estimated lifetime of the initiative

1-2 years

Comment

Variable Frequency Drive (VFD) retrofit installations for blower motors in existing rooftop units at nearly 800 that are less than 13 years old. In 2018, almost 500 stores locations installed VFD drives completing the 2-year initiative for units less than 13-years old. This project is 100% complete.

Initiative type

Low-carbon energy purchase

Description of initiative

Wind

Estimated annual CO2e savings (metric tonnes CO2e)

170000

Scope

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

0

Payback period

No payback

Estimated lifetime of the initiative

6-10 years

Comment

In November 2018, Lowe's entered into its first renewable wind energy agreement with Clearway Energy. The deal accounts for 100 MW of wind energy, which is enough energy to power all 143 Lowe's stores in Texas. Construction of the Mesquite wind farm development began in 2019.

Initiative type

Energy efficiency: Building services

Description of initiative

Other, please specify (Lighting Upgrades)

Estimated annual CO2e savings (metric tonnes CO2e)

97000

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

19000000

Investment required (unit currency – as specified in C0.4)

70000000

Payback period

4 - 10 years

Estimated lifetime of the initiative

6-10 years

Comment

In 2019, we plan to extend our energy-efficiency projects and expand our LED lighting initiative and continue to investigate solutions for specific lighting needs to enhance energy efficiency as well as the customer experience. 2019 LED retrofit stores will expand the scope to include parking lots, garden centers, and display lighting retrofits in addition to the implementation of higher efficiency high-bay LED fixtures. Further testing of next generation of fixtures has completed and will result in an additional 12% reduction in wattage of overhead sales floor LED fixtures and will transition to the new fixtures in Q4 2019. Lifetime will vary based on the specific lighting measures and criteria. Holistic lighting study provided insight to alternative scenarios, including de-lamping, EMS controls, and LED retrofit. The result from the LED pilot study showed 23-26% energy savings per store on average, and reduced lighting energy usage to less than 0.7 watts/SF. This project is 34% complete.

Initiative type

Energy efficiency: Building services

Description of initiative

HVAC

Estimated annual CO2e savings (metric tonnes CO2e)

20000

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

55000000

Investment required (unit currency – as specified in C0.4)

500000000

Payback period

4 - 10 years

Estimated lifetime of the initiative

6-10 years

Comment

Lowe's will transition to Ultra-High Efficiency units starting in Q4 2019 for all new stores and retrofit applications. The expected replacement store count is approximately 100 stores per year based on end-of-life equipment replacement cycle and energy efficiency rankings utilizing BMS data inputs such as equipment runtimes, temperature deltas, and space temperature compliance. HVAC installations (new & retrofit) are now utilizing variable frequency drive (VFD) technology. Based on more accurate occupancy, lighting load, and site specific design data, proper HVAC sizes are ensured to save energy while providing necessary IAQ standards and enthalpy levels resulting in an average tonnage reduction of 50-80 tons per store. This project is 12% complete.

Initiative type

Other, please specify (Security/Vector)

Description of initiative

<Not Applicable>

Estimated annual CO2e savings (metric tonnes CO2e)

35000

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

4000000

Investment required (unit currency – as specified in C0.4)

2000000

Payback period

1-3 years

Estimated lifetime of the initiative

6-10 years

Comment

Necessary enhancement to existing BMS project.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	We construct new stores to meet or exceed local and state jurisdictional building and energy efficiency codes.
Dedicated budget for energy efficiency	Lowe's directs the implementation of dedicated budgets for energy efficiency projects on an ongoing schedule. Our initiatives typically have had an implementation schedule of one to five years.
Other	Lowe's is committed to understanding the needs and concerns of our stakeholders—those groups who impact or are impacted by Lowe's operations—to guide strategic decisions and continuous improvement. Our active collaboration with suppliers, employees, shareholders, consumers, local communities, governments, peers, industry associations and NGOs enables us to monitor emerging challenges, trends and opportunities. As a part of Lowe's long-term commitment and view on the importance of sustainability, the company plans to assess how it can approach meeting the carbon reduction objectives outlined in the Paris Climate Agreement. Because Lowe's understands the need to prepare for a low carbon economy in the future, Lowe's is committed to continuing to engage stakeholders on this important topic and make regular disclosures over the next few years.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Group of products

Description of product/Group of products

Our ENERGY STAR® certified appliances, such as dishwashers, water heaters, refrigerators and washer and dryers, help customers save on their utility bills and reduce their impact on the environment. In 2018, we sold enough ENERGY STAR® products to save customers approximately \$5 billion in utility costs over the products' lifetimes.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (ENERGY STAR program)

% revenue from low carbon product(s) in the reporting year

7

Comment

The identified low carbon groups of products are factored by total annual sales units and an energy savings figure appropriate to the product line. Our promotion and sales of ENERGY STAR® qualified products ultimately result in emissions reductions from the replacement of older appliances with more efficient appliances by our customers. For example, An ENERGY STAR® certified washer uses approximately 25 percent less energy than a standard model, helping to save roughly \$45 in utility costs over the course of a year. Our assortment of energy-efficient and cost-saving lighting options includes LED and compact fluorescent (CFL) light bulbs. ENERGY STAR® certified LED and CFL bulbs, for example, can save customers approximately \$55 in energy bills over the bulb's lifetime. Emission reductions and savings are based on 2018 sales and the difference in U.S. Environmental Protection Agency's ENERGY STAR® Program data regarding annual unit energy consumption between non-ENERGY STAR® certified products and ENERGY STAR® certified products.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1 2007

Base year end

December 31 2007

Base year emissions (metric tons CO2e)

276821

Comment

Calendar 2007 was the earliest year in which we had sufficient activity data to support a robust greenhouse gas inventory. In the 11 years since the close of our fiscal 2007, Lowe's has increased retail selling space by 20 percent and increased annual revenues by 48 percent.

Scope 2 (location-based)

Base year start

January 1 2007

Base year end

December 31 2007

Base year emissions (metric tons CO2e)

2868824

Comment

We identified a transcription error for the Scope 2 result reported in past CDP disclosures. The correct result is presented and it reflects a 10,336 metric tonnes reduction from the previously reported 2,879,160 metric tonnes. The year 2007 results are presented as a base year, but are not incorporated in any metrics or targets that Lowe's is presently monitoring.

Scope 2 (market-based)

Base year start

January 1 2018

Base year end

December 31 2018

Base year emissions (metric tons CO2e)

0

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

The Climate Registry: General Reporting Protocol

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

473689

Start date

January 1 2018

End date

December 31 2018

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We have operations where we are able to access electricity supplier emission factors or residual emissions factors, but are unable to report a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based

1932514

Scope 2, market-based (if applicable)

<Not Applicable>

Start date

January 1 2018

End date

December 31 2018

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source

Recent acquisitions of professional & business-to-business retailers that are allied with Lowe's home improvement retail formats, but not fully integrated with the business during 2018. Acquisitions included Maintenance Supply Headquarters, a leading distributor of maintenance, repair and operations products, and Central Wholesalers, enabling us to better serve the multifamily housing industry.

Relevance of Scope 1 emissions from this source

Emissions excluded due to recent acquisition

Relevance of location-based Scope 2 emissions from this source

Emissions excluded due to recent acquisition

Relevance of market-based Scope 2 emissions from this source (if applicable)

Emissions are not evaluated

Explain why this source is excluded

Access to activity data from the newest business acquisitions was not fully realized during 2018. We plan on completing our access to key operational data from these recently acquired companies to ensure that we fully evaluate activities and emissions with respect to our reporting boundary. Orchard Supply Hardware is also not included as we have divested from that business area.

C6.5

(C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

We have begun calculation on emissions from purchased goods and services but are working to confirm the accuracy of the data before publishing.

Capital goods

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Emissions from capital goods are significantly less than 1% of our total emissions. In 2018 we constructed less than 10 new stores.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

We have begun calculation on emissions from fuel and energy-related activities but are working to confirm the accuracy of the data before publishing. We anticipate these emissions to be less than 1% of our total emissions.

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO2e

463300

Emissions calculation methodology

The SmartWay® Transportation Partnership program in the U.S. provides tailored carrier and shipper assessment tools for the composite set of transport modes to ensure that methodology does not deviate from the USEPA's model. Available carrier modes include truck, rail, logistics, and multi-modal (truck/rail/logistics). Carriers input data into their carrier reporting tool for each applicable fleet or business unit level that a shipper can easily identify. For truck carriers, this is typically at the trucking fleet level. The multi-modal, logistics, and shipper reporting tools import carrier performance data, multiplied by each carrier's share of that shipper's freight, providing shippers with a composite weighted average of their emissions performance. These calculator platform is provided in the SmartWayCarrierData2016.xls file, which may be downloaded from the USEPA web site. The calculator tool generates carbon data with scientifically-based methods using USEPA emission factors, and provides consistent and comparable metrics for freight emissions across all industry sectors. The tool enables partners to integrate complex activity data into a single environmental performance profile. The reporting tools generate outputs in grams-per-ton-mile or gram-per-mile allowing for emissions rankings within each mode of moving goods. Emissions results are reported in short tons. We converted the emissions result to metric tonnes by factoring 0.9072 short tons per metric tonne. In Canada, we collected contract transporter activity data and applied Canada government emission factors to derive Scope 3 emissions from upstream transportation.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

All of our U.S. carriers conform to SmartWay® standards, and we depend on contract carriers and intermodal transportation systems to transport merchandise to our distribution centers and to our stores. We have data available to present the 2017, 2016, 2015 and 2014 Scope 3 emissions from our upstream transportation network. The data lags in that 2018 results are not yet available due to the time cycle published by USEPA for the release of updates of the USEPA calculator tool, and due to the collection of activity data from each one of our transporters to derive a composite set of results.

Waste generated in operations

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Emissions from this activity are estimated to be less than 1% of our total emissions.

Business travel

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Emissions from this activity are estimated to be less than 1% of our total emissions.

Employee commuting

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Emissions from this activity are estimated to be less than 1% of our total emissions.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

The majority of emissions from leased assets are included in our scope 1 and 2 emissions.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

The majority of emissions from leased assets are included in our scope 1 and 2 emissions.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Emissions from this activity are estimated to be less than 1% of our total emissions.

Use of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO2e

342179673

Emissions calculation methodology

Emissions for use of sold products was calculated using the following formula: lifetime expected use of sold products X number of units sold X energy consumed per use X emissions factor. Emissions factors were calculated using EPA 2016 eGrid factors for electricity and WRI 2017 US gasoline factors. Energy use factors were based on Energy Star data provided by the EPA. Energy use factors for non-Energy Star products were based on assumptions based on industry data.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

Use of sold products represents the largest area of Scope 3 emissions for Lowe's.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Emissions from this activity are estimated to be less than 1% of our total emissions.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Emissions from this activity are estimated to be less than 1% of our total emissions.

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

The recently acquired RONA business in Canada had operated under a model that includes retail stores under corporate control and other stores under an affiliation agreement similar to a franchise agreement. The reporting year inventory includes all such affiliated assets with Scope 1 and Scope 2 emissions; thus, there are no relevant franchise Scope 3 emissions.

Investments

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

We have no significant investments that would lead to scope 3 emissions.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

No additional emissions noted.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

No additional emissions noted.

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO₂e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.00003374

Metric numerator (Gross global combined Scope 1 and 2 emissions)

2406202

Metric denominator

unit total revenue

Metric denominator: Unit total

71309000000

Scope 2 figure used

Location-based

% change from previous year

4.37

Direction of change

Decreased

Reason for change

Relative to 2017, the maturing electricity efficiency projects effectively reduced the metric numerator (overcoming increases in Scope 1 emissions), and growth of annual revenue increases the metric denominator.

Intensity figure

11.51

Metric numerator (Gross global combined Scope 1 and 2 emissions)

2406202

Metric denominator

Other, please specify (Retail Selling Space (per 1000 square feet))

Metric denominator: Unit total

209000

Scope 2 figure used

Location-based

% change from previous year

2.2

Direction of change

Increased

Reason for change

Relative to 2017, the maturing electricity efficiency projects effectively reduced the metric numerator (overcoming increases in Scope 1 emissions), and the decrease in selling space slightly decreased the metric denominator.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	460360	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	607	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	1361	IPCC Fifth Assessment Report (AR5 – 100 year)
HFCs	11361	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
United States of America	407193
Canada	65908
Mexico	588

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

By activity

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Lowe's Home Centers LLC, a wholly owned subsidiary of Lowe's Companies, Inc.	405970
Lowe's of Canada, a wholly owned subsidiary of Lowe's Companies, Inc.	65908
Lowe's of Mexico, a wholly owned subsidiary of Lowe's Companies, Inc.	588
Orchard Supply Hardware (U.S. States of California, Oregon, Florida), a wholly owned subsidiary of Lowe's Companies, Inc.	1223

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Retail Stores	398218
Distribution	62580
Support Offices	8324
Data Centers	1136
Millworks	1041
Closed Facilities	2390

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
United States of America	1863690	0	0	0
Canada	57791	0	0	0
Mexico	8872	0	0	0
Asia Pacific (or JAPA)	2161	0	0	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

By activity

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Lowe's Home Centers LLC, a wholly owned subsidiary of Lowe's Companies, Inc.	1849905	0
Lowe's of Canada, a wholly owned subsidiary of Lowe's Companies, Inc.	57791	0
Lowe's of Mexico, a wholly owned subsidiary of Lowe's Companies, Inc.	8872	0
Orchard Supply Hardware (US States of California, Oregon, Florida), a wholly owned subsidiary of Lowe's Companies, Inc.	13785	0
Lowe's Global Sourcing, a wholly owned subsidiary of Lowe's Companies, Inc.	2161	0

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Retail Stores	1799929	0
Distribution	89448	0
Support Offices	20065	0
Data Centers	15942	0
Millworks	4063	0
Closed Facilities	3067	0

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	NA
Other emissions reduction activities	66041	Decreased	2.7	Two emission reduction activities are discussed below: (1) In RY2018, Lowe's fleet was modernized (i.e., retirement of vehicles with lower fuel economy). Overall fuel economy increased from 106 miles/MWh to 115 miles/MWh. The overall difference in MC emissions between RY2018 (240,625 mtCO2e) and RY2017 (217,023 mtCO2e) was 23,602 mtCO2e. The estimated emission increase from additional deliveries was estimated at 27,319. Therefore, the estimated emission decrease from higher fuel economy was estimated at 3,717 mtCO2e (i.e., 23,602 - 27,319). (2) Lowes has continued its electricity use initiatives. The overall difference in PE emissions between RY2017 (2,021,567 mtCO2e) and RY2018 (1,932,514 mtCO2e) was 89,053 mtCO2e. It has already been estimated that 56,416 mtCO2e of this is associated with store closures. It has also been estimated that an additional 29,687 mtCO2e are associated with additional air conditioning required for a warmer RY2018 summer. Therefore, the decrease in emissions associated with the initiatives is estimated at 62,324 mtCO2e (i.e., 89,053 - 56,416 + 29,687). Total emissions reduction: 3,717 + 62,634 = 66,041 mtCO2e
Divestment	61386	Please select	2.5	During RY2018, the selling space decreased from 215,000 1000 ft2 to 209,000 1000 ft2. If all other things remained the same, the stationary combustion and purchased electricity emissions would have reduced proportionately. In RY2017, the overall emission factors (mtCO2e/1000 ft2) for stationary combustion (SC) and purchased electricity (PE) were 0.828 and 9.403, respectively. The emission reductions would be 61,386 mtCO2e (i.e., [0.828 + 9.403 mtCO2e/1000 ft2] * [215,000 - 209,000 1000 ft2]). For the purpose of other line items, this is 4,970 mtCO2e for SC and 56,416 mtCO2e for PE.
Acquisitions	0	No change	0	NA
Mergers	0	No change	0	NA
Change in output	27319	Increased	1.1	In RY2018, Lowe's made 11.18 million deliveries compared to 9.93 million in RY2017. If all other things remained the same (fuel economy, distance per delivery), the mobile combustion (MC) emissions would have increased proportionately with mileage. The RY2017 MC emissions were 217,023 mtCO2e. Therefore, the increase in emissions from additional deliveries would be 27,319 mtCO2e (i.e., [11.18/9.93 - 1] * [217,023]).
Change in methodology	0	No change	0	NA
Change in boundary	0	No change	0	NA
Change in physical operating conditions	61326	Increased	2.5	Three changes in physical conditions were observed: (1) A review of heating degree day (HDD) data indicated that the winter months of RY2018 were 14.2% higher than the winter months of RY2017 (952,160,500 HDD*1000 ft2 for RY2018 v. 833,764,000 HDD*1000 ft2 for RY2017). The overall stationary combustion (SC) fuel usage in RY2017 was 4.547 MWh/1000 ft2. To account for the colder winter, the overall stationary combustion fuel usage for RY2018 would have been 5.193 MWh/1000 ft2 (4.547*1.142). The overall SC emission factor was 0.18322 mtCO2e/MWh in RY2018. Therefore, the increase in emissions due to colder winter is 24,728 mtCO2e (i.e., [5.193 - 4.547 MWh/1000 ft2] * [0.18322 mtCO2e/MWh] * [209,000 1000 ft2]). (2) A review of cooling degree day (CDD) data indicated that the summer months of RY2018 were 15.4% higher than the summer months of RY2017 (340,685,200 CDD*1000 ft2 for RY2018 v. 295,294,700 CDD*1000 ft2 for RY2017). The overall purchased electricity (PE) usage in RY2017 was 22.178 MWh/1000 ft2. A review of Lowe's purchased electricity data indicates that approximately 10% is associated with air conditioning (AC). Therefore, the purchased electricity usage in RY2017 for AC was 2.218 MWh/1000 ft2. To account for warmer summer, the AC electricity usage for RY2018 would have been 2.56 MWh/1000 ft2 (2.218*1.154). The overall PE emission factor in RY2018 was 0.4215 mtCO2e/MWh. Therefore, the increase in emissions due to warmer summer is 29,756 mtCO2e (i.e., [2.56 - 2.218 MWh/1000 ft2] * [0.4215 mtCO2e/MWh] * [209,000 1000 ft2]). (3) In United States during RY2018, Lowe's began a refrigerant replacement program for HVAC units - replacing HCFC-22 with a HFC zeotrope blend (R-453A). HCFCs are ozone depleting substances (ODS), but under the GHG protocol have a GWP of 0. R-453A is not an ODS, but has a GWP of 1,636. The emissions associated with R-453A (5,738 mtCO2e) account for 83% of the difference between fugitive refrigerant emissions in 2017 (4,449 mtCO2e) and 2018 (11,361 mtCO2e), namely, 6,912 mtCO2e. Overall emissions increase associated with change in physical operating conditions: 24,728 + 29,756 + 6,912= 61,326 mtCO2e
Unidentified	23850	Increased	1	The overall difference in SC emissions between RY2017 (178,095 mtCO2e) and RY2018 (221,703 mtCO2e) is 43,606 mtCO2e. It has already been estimated that a 4,970 mtCO2e decrease would have been anticipated from store closures. It has also been estimated that 24,728 mtCO2e increase can be attributed to colder winter in RY2018 compared to RY2017. This leaves 23,850 mtCO2e unaccounted for (i.e. 43,606 + 4,970 -24,728).
Other	0	No change	0	NA

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	2191060	2191060
Consumption of purchased or acquired electricity	<Not Applicable>	0	4584392	4584392
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	0	<Not Applicable>	0
Total energy consumption	<Not Applicable>	0	6775451	6775451

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	No
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Natural Gas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

1147643

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Comment

Fuels (excluding feedstocks)

Diesel

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

790496

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Comment

Fuels (excluding feedstocks)

Liquefied Petroleum Gas (LPG)

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

208774

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Comment

Fuels (excluding feedstocks)

Motor Gasoline

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

27266

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Comment

Fuels (excluding feedstocks)

Jet Kerosene

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

16668

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Comment

Fuels (excluding feedstocks)

Compressed Natural Gas (CNG)

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

214

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Comment

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.**Compressed Natural Gas (CNG)****Emission factor**

1.78

Unit

kg CO2 per gallon

Emission factor source

The Climate Registry Default Emission Factors Update March 2018, Table 13.1 (equivalent of 0.05444 kg CO2/scf)

Comment

De minimis emission factors for methane and nitrous oxide were also used

Diesel**Emission factor**

10.2

Unit

kg CO2 per gallon

Emission factor source

The Climate Registry Default Emission Factors Update March 2018 (Tables 12.1 [US, Stationary], 12.2 [Canada, Stationary], 13.1 [US, Mobile] & 13.2 [Canada, Mobile]).

Comment

De minimis emission factors for methane and nitrous oxide were also used

Jet Kerosene

Emission factor

9.75

Unit

kg CO2 per gallon

Emission factor source

The Climate Registry Default Emission Factors Update March 2018, Table 13.1.

Comment

De minimis emission factors for methane and nitrous oxide were also used

Liquefied Petroleum Gas (LPG)

Emission factor

5.69

Unit

kg CO2 per gallon

Emission factor source

The Climate Registry Default Emission Factors Update March 2018 (Tables 12.1 [US, Stationary], 12.2 [Canada, Stationary], 13.1 [US, Mobile] & 13.2 [Canada, Mobile]).

Comment

De minimis emission factors for methane and nitrous oxide were also used

Motor Gasoline

Emission factor

8.78

Unit

kg CO2 per gallon

Emission factor source

The Climate Registry Default Emission Factors Update March 2018 (Tables 13.1 [US] & 13.2 [Canada]).

Comment

De minimis emission factors for methane and nitrous oxide were also used

Natural Gas

Emission factor

52.64

Unit

kg CO2 per million Btu

Emission factor source

The Climate Registry Default Emission Factors Update March 2018 (Tables 12.1 [US] & 12.2 [Canada]).

Comment

De minimis emission factors for methane and nitrous oxide were also used

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	2400	2400	2400	2400
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor

Off-grid energy consumption from an on-site installation or through a direct line to an off-site generator owned by another company

Low-carbon technology type

Solar PV

Region of consumption of low-carbon electricity, heat, steam or cooling

North America

MWh consumed associated with low-carbon electricity, heat, steam or cooling

2400

Emission factor (in units of metric tons CO₂e per MWh)

0

Comment

Lowe's receives electricity from seven (7) solar array sources, including one (1) third party Purchased Power Agreement, one (1) array owned by Lowe's that has its RECs sold, and five (5) arrays owned by Lowe's and their RECs are not sold. We are conducting Scope 2 calculations based on location based emission factors until such time as the accounting of low-carbon electricity can be verified in its entirety.

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Energy usage

Metric value

15.21

Metric numerator

3,853,906

Metric denominator (intensity metric only)

253,330

% change from previous year

4.9

Direction of change

Decreased

Please explain

Electricity used (MWh) to operate U.S. Lowe's stores per thousand square feet of associated selling space. In 2014, Lowe's announced this target to attain reduction of electricity intensity by 13 percent in 2020. This target was achieved in 2018 as the 2010 energy intensity of 17.65 MWh/1000 ft² was reduced by 13.8% to 15.21 MWh/1000 ft².

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	No third-party verification or assurance

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope

Scope 1

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Page/ section reference

Pages 1 and 2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Lowes 2018 Verification Statement - _6.10.2019.pdf

Page/ section reference

Pages 1 and 2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

No, we do not verify any other climate-related information reported in our CDP disclosure

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers

Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Compliance & onboarding

Details of engagement

Included climate change in supplier selection / management mechanism

% of suppliers by number

38

% total procurement spend (direct and indirect)

100

% Scope 3 emissions as reported in C6.5

0

Rationale for the coverage of your engagement

Through research and analysis conducted in 2016 and 2017, we identified two relevant material topics that are established to guide the development of our sustainability strategy: (1) Sustainable Sourcing; and, (2) Supplier Social & Environmental Practices. Lowe's QA team ensures import and private-brand vendors receive Retail Ethical Sourcing Assessments (RESA), conducted by credited third parties. RESA is a unified audit template established via collaboration between Lowe's and other home improvement retailers. The goal was to avoid imposing the added cost of having to conduct multiple audits on shared vendors where the same factories are being used. During a vendor RESA, we focus on employee benefits and compensation, human rights, health and safety, record-keeping, environmental compliance and management systems. Factories with high risk findings required to attend a mandatory workshop conducted by Lowe's where vendors are provided with industry best practices and tools to address any issues. In 2018, Lowe's successfully incorporated our international retail markets into our supplier responsibility program. This included updating our vendor manual and trainings to reflect a larger scope of vendors and our new, risk-based assessment

requirements, which establish clear steps and full follow-up assessments for poor performance, and rewards for good performance.

Impact of engagement, including measures of success

We are committed to conducting business responsibly everywhere we operate. The Lowe's social accountability and environmental (SAE) program is instrumental in achieving this commitment. We uphold the SAE program standards and expectations by auditing our import vendors' factories. In 2016, we expanded the audit scope to include factories producing our private branded products by domestic vendors. Factory SAE program performance is measured against 148 indicators in 18 categories. Throughout 2018, 1,297 SAE audits were performed in 1,179 factories across 33 countries. We also conducted 610 re-audits to ensure that corrective action plans were implemented properly.

Comment

Goal established in 2017: By 2025, 100% of our strategic suppliers will have sustainability goals. We hold our suppliers to the same ethical standards as we hold ourselves through our Vendor Code of Conduct. Import suppliers represent around 9 percent of our supply chain spend. Ethical business practices covered by Lowe's Vendor Code of Conduct include environmental standards among 17 criteria. Before a new import supplier is approved, it must go through a pre-qualification audit. If approved, the supplier is briefed on our Vendor Code of Conduct and associated requirements during onboarding.

Type of engagement

Compliance & onboarding

Details of engagement

Included climate change in supplier selection / management mechanism

% of suppliers by number

20

% total procurement spend (direct and indirect)

30

% Scope 3 emissions as reported in C6.5

0

Rationale for the coverage of your engagement

Lowe's sustainable sourcing objectives are established to ensure that critical raw materials (e.g., wood, conflict minerals) are sourced responsibly and with minimal impact to the environment and society. To ensure supply chain continuity while improving the environment for future generations, Lowe's implements our Policy on the Wood Contained in Products, which was updated and harmonized across our global operations in 2018. Lowe's long-term goal is to ensure that all wood products sold in our stores originate from well-managed, non-endangered forests. In order to meet this goal, Lowe's will: •Aggressively phase out the purchase of wood products from endangered forests as these areas are identified and mapped. •Work with vendors to encourage the maintenance of natural forests and environmentally responsible forest practices. •Give preference to the procurement of wood products from independently certified, well-managed forests. The Forest Stewardship Council (FSC) is recognized as having the highest certification standards available today and will be given preference over other certification systems. •Continue to encourage our customers to increase the efficiency of wood use. •Work with our suppliers to increase the procurement of quality recycled, engineered and alternative products, when their environmental benefits are clearly demonstrated. We also created a new wood sourcing application in the US in 2018, enabling our vendors to easily update all wood sourcing specifications, including certification that they source from well-managed, non-endangered forests, wood location, species, sustainable forest certifications and product dimensions. Lowe's Canada is working to implement a process that enables vendors to provide their wood sourcing specifications.

Impact of engagement, including measures of success

2018 Performance - Currently, 46% of our wood products are from certified sources; 100% vendor compliance to our conflict mineral requirements.

Comment

Goals established in 2017: By 2020, 100% of imported wood from regions identified as at risk will be certified by FSC; By 2025, 100% of our wood products will be purchased from a responsible source, thus either certified by FSC or from a controlled source.

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Run an engagement campaign to educate suppliers about climate change

% of suppliers by number

100

% total procurement spend (direct and indirect)

0

% Scope 3 emissions as reported in C6.5

0

Rationale for the coverage of your engagement

We rely on our vendors to provide quality products for our customers, and we expect them to do so ethically, while protecting worker rights and the environment. Our Quality Assurance (QA) team has accountability for the social and environmental practices of import vendors where Lowe's is the importer of record and for private-brand vendors. Our Vendor Code of Conduct sets supplier social and environmental expectations as part of our vendor contract, which they must sign in agreement. Lowe's Legal team provides vendor responsibility training on the Vendor Code and our Ethics Program, and our QA team conducts monthly trainings on various vendor topics. We provide our vendors with the same reporting channels as our associates to report any code of conduct concerns.

Impact of engagement, including measures of success

Long-term partnerships benefit our suppliers and our business. By actively engaging our suppliers, they can grow with us. In 2016, we held 12 vendor training events that covered relevant Code of Conduct and industry topics. Our approach to supply chain management is always advancing and is well-informed by collaborating within our industry.

Comment

Long-term partnerships benefit our suppliers and our business. By actively engaging our suppliers, they can grow with us. In 2016, we held 12 vendor training events that covered relevant Code of Conduct and industry topics. Our approach to supply chain management is always advancing and is well-informed by collaborating within our industry.

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Climate change performance is featured in supplier awards scheme

% of suppliers by number

15

% total procurement spend (direct and indirect)

70

% Scope 3 emissions as reported in C6.5

0

Rationale for the coverage of your engagement

100% of our strategic suppliers will have sustainability goals by 2025.

Impact of engagement, including measures of success

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement

Education/information sharing

Details of engagement

Share information about your products and relevant certification schemes (i.e. Energy STAR)

% of customers by number

100

% Scope 3 emissions as reported in C6.5

0

Please explain the rationale for selecting this group of customers and scope of engagement

Lowe's strives to put the customer first in everything we do, stocking our shelves with high-quality items that our customers can feel good about buying. This commitment begins with our sourcing decisions, where we carefully select products and vendors that promote human and environmental health. We collaborate with our suppliers and monitor their practices to ensure they are protecting their workers' rights and the environment. Through our sourcing practices, we promote responsible forestry and conflict-free minerals. Our Safer Chemicals Policy guides the sourcing of products that are safe to use. And we are expanding our pursuit of innovative, more efficient eco-products and promoting their benefits to our customers. We are progressing toward our 2025 product sustainability goals and harmonizing our efforts across Canada and the U.S. We recognize our unique opportunity to engage with suppliers and customers to offer exceptional products promoting energy efficiency and environmental sustainability. In addition to the ENERGY STAR® products we sell in stores, we developed our "Efficient Home" site <https://www.Lowe.com/efficienthome>. This site consolidates energy and water efficient products in one location to help our customers more quickly find the products they need to be more efficient and help them save money. To help our customers avail themselves of utility sponsored energy efficiency programs, Lowe's developed a rebate finder found at <https://www.lowes.com/rebatecenter> to allow customers to check current rebate offers, submit rebates and check on status. Additional examples of our engagement include product advertising, internet communications on sustainability topics, and employee training to support customer awareness of energy efficient solutions as well as fulfillment of customer interests for these products. We continually strive to offer customers products that directly contribute to improved efficiency and reductions in the use of energy, water, and other resources.

Impact of engagement, including measures of success

Lowe's announced the Eco-Product target aimed at helping customers reduce their impact on the environment. In 2018, our ENERGY STAR products saved customers approximately \$5 billion in utility costs over the products' lifetime. By 2025, our goal is to save customers more than \$40 billion in energy costs through the sale of ENERGY STAR products. Fundamentally, we will increase the number of eco-products available to customers and promote these products via our omni-channel marketing infrastructure. Our ENERGY STAR product sales continue to increase year over year.

Type of engagement

Education/information sharing

Details of engagement

Run an engagement campaign to education customers about your climate change performance and strategy

% of customers by number

100

% Scope 3 emissions as reported in C6.5

0

Please explain the rationale for selecting this group of customers and scope of engagement

Our 2013 Social Responsibility Report announced our first set of public sustainability goals, covering energy, carbon emissions and waste. Since then we continue to monitor and update our progress annually in the Corporate Responsibility Report.

Impact of engagement, including measures of success

Ongoing goals relative to managing our company's environmental footprint: By 2020: Improve U.S. store electricity use efficiency 13% per square foot (kWh/ft²) of selling space from 2010 baseline. Reduce U.S. store indirect carbon emissions 20% per square foot (metric tons CO₂e/ft²) selling space from 2010 baseline. Lowe's has presently achieved and surpassed both of these goals. Reduce tons of waste per net sales by 40% from 2010 baseline. Lowe's has reduced waste to the landfill by 26%. We announced a new goal in our 2018 Corporate Responsibility report of reducing our absolute scope 1 and 2 emissions by 40% below 2016 levels by 2030.

C12.1c

(C12.1c) Give details of your climate-related engagement strategy with other partners in the value chain.

We are a values-based company with a corporate purpose to help people love where they live. This responsibility begins in our supply chain and carries through our products' end of life. It also spans from our homes to our communities. Our vision statements guide our strategies and can be found on the Product Sustainability, Community Impact and Operational Excellence overview pages of this report. Lowe's is an active member of the Retail Industry Leaders Association (RILA), and the National Retail Federation. We also collaborate with the Green Chemistry & Commerce Council's Retail Leadership Council and the U.S. EPA's SmartWay, ENERGY STAR and WaterSense programs.

Lowe's engages with a broad range of stakeholder in implementing our Wood Policy, which applies to the sourcing of wood contained in the products we sell. Lowe's long-term goal is to ensure that all wood products sold in our stores originate from well-managed, non-endangered forests. In order to accomplish our goal, we will support the work of conservation organizations, governments, indigenous peoples and other groups that help to improve forest management practices worldwide. We will continue to work with our suppliers to help increase the supply of certified wood products we can make available to our customers.

Lowe's is committed to understanding the needs and concerns of our stakeholders—those groups who impact or are impacted by Lowe's operations—to guide strategic decisions and continuous improvement. Our active collaboration with suppliers, employees, shareholders, consumers, local communities, governments, peers, industry associations and NGOs enables us to monitor emerging challenges, trends and opportunities. The outline of our 2018 stakeholder engagement activities include: Customers - In-store interactions, social media, website and digital communications, customer contact centers, community events, surveys Shareholders - SEC filings, Proxy Statement and Annual Report, Annual Meeting of Shareholders, quarterly earnings calls, analyst and investor meetings, and continued engagement with institutional shareholders to discuss our strategy, performance, governance practices, climate change and sustainability efforts Associates - Employee Opinion Survey, performance reviews, Code of Business Conduct and Ethics, Lowe's corporate compliance and ethics hotline, training and development, CEO and leadership podcasts, community events, internal digital channels, internal focus groups Suppliers and Vendors - Trade organizations, Lowe's Vendor Code of Conduct training, social accountability audits, conflict mineral report, wood sourcing survey, vendor advisory council, vendor forum, supplier diversity programs Government - Lobbying activities, Lowe's Political Action Committee (LOWPAC), trade associations, Government Affairs departments NGOs/Community Partners - Partnerships, community events, charitable contributions, volunteerism, corporate social responsibility department initiatives and regular engagement with stakeholders.

Our approach to supply chain management is always advancing and is well-informed by collaborating within our industry. As one of the founding members of the Retail Industry Leaders Association (RILA) responsible sourcing workgroup, we continue to engage our peers in constructive dialogue. In September 2016, we participated in RILA's Retail Sustainability and Environmental Compliance conference. Issues addressed included turning supply chain data into insights, action and results; mapping forced labor risks to enable responsible sourcing; and defining the role of risk assessment in corporate responsibility programs within the retail industry.

We are a founding member of The Coalition for Responsible Transportation (CRT), an organization that works collaboratively with local policymakers and communities to develop innovative solutions that reduce port truck pollution while maintaining flow of commerce. In 2016, we added an additional board member to CRT and will partner with other CRT members to pilot the use of free form container stacks to decrease port turn times. The pilot began in 2017 in collaboration with the Northwest Seaport Alliance in Seattle/Tacoma. We are committed to utilizing intermodal transportation, which relies on a combination of truck, rail and cargo ships to efficiently move products around the globe. Through our backhaul program, we utilized our dedicated fleet to pick up vendor freight after delivering products to our stores, which helps avoid empty truck miles on return trips to our distribution centers. The backhaul program saved approximately \$16 million in freight costs in 2016.

C12.3**(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?**

- Direct engagement with policy makers
- Trade associations

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Energy efficiency	Support	As an employee-sponsored political action committee, LOWPAC is completely funded by voluntary U.S. employee contributions. The LOWPAC Committee determines how political contributions are spent and ensures their alignment with our business priorities. Some of the engagement supported by LOWPAC includes promotion of energy efficiency standards and low carbon products.	In discussions with legislators and regulators, we continue to advocate for support of the ENERGY STAR program, as well as incentives to encourage consumers to take on additional energy efficiency projects.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

Retail Industry Leaders Association

Is your position on climate change consistent with theirs?

Mixed

Please explain the trade association's position

The Retail Industry Leaders Association Sustainability Initiative does not espouse a specific position on climate change, but rather serves as a facilitator for member retailers to share information, practices and experience that support leadership in sustainability achievements. They have programs to help members reduce their energy consumption, generate renewable energy and reduce carbon emissions.

How have you influenced, or are you attempting to influence their position?

Lowe's has been involved in RILA activities since its beginning, helping to contribute to the efficacy of the Retail Sustainability Initiative annual meetings.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Lowe's seeks to develop policy solutions that bring about good environmental stewardship and that make business sense. The nature of our engagement is in harmony with our climate-related strategy, and we do not consider that complexities exist to the extent that our engagement efforts are, or would become, inconsistent with our business strategies. Lowe's retail facilities are primarily in the U.S. and we also have stores in Canada. Our corporate climate change strategy is applied consistently across all business units, states and countries in which we operate.

Our Sustainability and Product Stewardship Council leads and promotes strategic oversight and executive responsibility for climate-related issues. The Council is composed of 14 representatives from business functions across our operations to ensure broad management perspectives. The Public Policy Committee of our Board of Directors provides oversight of our position on significant public issues and corporate social responsibility; thus, this committee is informed to ensure that our activities are consistent with the overall climate change strategy.

Our policy-related participation in trade associations is almost exclusively focused on technology advancements and operations guidance relating to energy efficiency. Lowe's carefully monitors, reviews, prioritizes and implements energy efficiency measures that are identified both internally and through the interactions we have with trade associations. As promotion of energy efficiency standards, technologies and practices are a central element of Lowe's strategy, our engagement in the promotion of public policies that enhance the development of energy efficiency technologies and products is inherently consistent with our business strategy, to the extent that no conflicts have been identified.

As customers' needs change, we continue to expand our offering of quality products that are produced in line with our principles and values. An average Lowe's store stocks 36,000 products while our digital sales channel now offers more than 400,000 products. Our ability to meet customer needs is dependent on our thousands of suppliers worldwide. Through our Vendor Code of Conduct, we work with suppliers to deliver quality products that comply with our ethical, social and environmental standards. We are working to align our supply chain management with our subsidiaries and international businesses to understand where efficiencies may exist.

C12.4

(C12.4) Have you published information about your organization’s response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports

Status

Complete

Attach the document

Lowe_2018CRReport_FINAL_6_2019-1.pdf
 Lowe_2018CRReport_BuildingASustainableFuture_01_Introduction.pdf

Page/Section reference

Lowe’s 2018 Corporate Responsibility Report, "Building a Sustainable Foundation", P3 "CEO Letter" P4 "About Lowe's & About This Report" P5 "Lowe's Value Chain" P6 "Stakeholder Engagement & Materiality", P7 "Material Topics" P8-P9 "Sustainability Strategy & Goals" P12 "Product Sustainability" P15-P16 "Safer & Sustainable Products" P13-P14 "Sustainability in Our Supply Chain" P17 "Product Sustainability Data" P28 - P31 & 34-35 "Operational Excellence: Environmental Footprint P36 - P41

Content elements

Strategy
 Emission targets
 Other metrics
 Other, please specify (Introductory content to all elements)

Comment

Publication

In mainstream reports, in line with the CDSB framework (as amended to incorporate the TCFD recommendations)

Status

Complete

Attach the document

Lowe 20190402 10K Report_Environmental_Stewardship.pdf

Page/Section reference

Form 10-K, within Lowe’s 2018 Annual Report, P4-P5, "Sustainability"; Form 10-K, within Lowe’s 2018 Annual Report, P6 through P12 "Item 1A Risk Factors"

Content elements

Governance
 Risks & opportunities

Comment

C14. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Compliance Officer	Other C-Suite Officer

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to
I am submitting my response	Public	Investors

Please confirm below

I have read and accept the applicable Terms