

➤ **LIXIL GROUP  
CORPORATE RESPONSIBILITY  
REPORT 2019**



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● **Corporate Governance**  
See the Corporate Governance section on the LIXIL Group Corporation website (<http://www.lixil.com/>) for information on the Corporate Governance Framework, the Group Management Philosophy, Group Charter of Corporate Behavior and Internal Control Systems.

**Reporting Period**  
FYE2019 (April 1, 2018 to March 31, 2019)

**Applicable Organizations**  
CR activities of LIXIL Group Corporation, as well as LIXIL Corporation and other consolidated subsidiaries are covered in the report. The scope is provided in footnotes for matters that have narrower coverage.

# 01

## COMMITMENT

### > COMMITMENT

We express our commitment to corporate responsibility through messages from Kinya Seto, Director, Representative Executive Officer, President and CEO of LIXIL Group Corporation, and Jin Song Montesano, Chair of the CR Committee.

#### Commitment

Message from the CEO

Message from  
CR Committee Chairperson

Supporting International Initiatives

LIXIL CORE and Behaviors



# 01

## COMMITMENT

### MESSAGE FROM THE CEO

#### Commitment

##### Message from the CEO

Message from  
CR Committee Chairperson  
Supporting International Initiatives  
LIXIL CORE and Behaviors

Society's expectations of corporations are higher than ever before. With the increased interest in ESG (Environment, Social, and Governance) based investing, it is critical for corporations to actively engage in solving the world's environmental and social issues, both as global citizens and to ensure corporate sustainability.

At LIXIL, we believe Corporate Responsibility (CR) is core to our long-term success and that our CR and business strategies should align. We believe that taking part in solving society's challenges through our everyday business activities inspires and motivates our employees to go beyond their everyday goals, which, in turn, will contribute to LIXIL's long-term competitiveness.

To improve the quality of people's lives, LIXIL focuses on three strategic pillars that help solve global social issues that require urgent action, as well as make a positive impact in the communities that we operate in.

#### Three Strategic Pillars

Even today, approximately two billion people around the world live without access to basic sanitation. Therefore, LIXIL is addressing the global sanitation and hygiene challenge, an area related to Goal 6 of United Nations' Sustainable Development Goals (SDG), which aims to ensure access to water and sanitation for all by 2030. We continue to create a range of solutions, including our commercialized SATO Toilet Systems for developing countries, while facilitating the

development of local production/sales structures to ensure they become locally rooted businesses. In FYE2019, we also signed a global partnership, "Make a Splash! Toilets for All," with the United Nations Children's Fund (UNICEF), which aims to help establish a sanitation economy in developing countries by leveraging each other's areas of expertise.

Expansion of our social business in partnership with UNICEF is a significant achievement and has also played a part in developing a sense of pride among our employees.

LIXIL has also recognized environmental issues related to SDG 13, which calls for urgent action to combat climate change and its impacts, as one of our key management challenges. Having identified the opportunities and risks associated with social concerns such as climate change, we are executing on an environmental strategy consistent with our business strategy. With the adoption of the Paris Agreement in 2015, which set a clear direction towards global de-carbonization, LIXIL is pursuing innovation in low-carbon and water-efficient technologies. Furthermore, we are working on updating our environmental vision to contribute to a sustainable global environment on a longer-term basis.

Relating to SDG 5, which aims to achieve gender equality, we announced the LIXIL Diversity & Inclusion (D&I) Declaration in FYE2018 in order to help foster a corporate culture that recognizes and values diversity at a more global and extensive scale. In a market where customer needs continue to expand, it is vital that we support a diverse workforce and maximize their individuality and potential

#### Kinya Seto

Director, Representative Executive Officer,  
President & Chief Executive Officer (CEO),  
LIXIL Group Corporation



to achieve sustainable growth. By supporting diversity as well as a culture of inclusion that enables all employees to actively contribute as themselves, we will create new value for our stakeholders, which will lead to strengthening longer-term competitiveness.

As part of our D&I initiatives, we are also focusing our efforts to improve the lives of all individuals through Universal Design (UD). To accelerate our UD strategy, we created advanced UD concepts and established a framework for future progress in FYE2018. Going forward, we hope to assist people in various states of physical ability around the world by sharing the technology we have developed in Japan, where the population is aging, helping them to lead comfortable lives.

In addition to the three strategic pillars, LIXIL also continues to tackle material CR issues, including employee health and safety, procurement, and compliance, for which we have gained high external recognition.

At LIXIL, we remain committed to contributing to the various challenges affecting our world. We will continue to enrich the quality of people's lives and homes by leveraging our global network and accumulated expertise in living solutions.

# 01

## COMMITMENT

### Commitment

Message from the CEO

Message from  
CR Committee Chairperson

Supporting International Initiatives

LIXIL CORE and Behaviors

## MESSAGE FROM CR COMMITTEE CHAIRPERSON

LIXIL's higher purpose as a company is to make better homes a reality for everyone, everywhere, and Corporate Responsibility (CR) is at the core of this endeavor. We are delighted to report that we have continued to reach new heights through our CR activities in FYE2019, making progress in all three strategic pillars as well as enhancing global recognition of our initiatives.

With regard to improving Global Sanitation & Hygiene, we were excited to see that our SATO social business turned profitable in Bangladesh, providing us with the confidence that social enterprises can be viable and self-sustaining. We also entered into a new partnership with UNICEF called "Make a Splash! Toilets for All," aiming to transform the lives of children around the world by providing them with access to basic sanitation services. On top of this, we launched a new partnership with the Bill & Melinda Gates Foundation to pilot a new technology in two markets that could become the world's first "reinvented toilet" for household use.

As for Water Conservation & Environmental Sustainability, we made progress in our contribution to the environment by switching to 100% renewable energy in our showroom in Kyoto and at INAX MUSEUMS, the first step in our journey to achieve zero CO<sub>2</sub> emissions from the use of electricity. In our TOSTEM plant in Thailand, we also succeeded in eliminating landfill waste by collaborating with local industrial waste disposal operators.

On the topic of Diversity & Inclusion, FYE2019 marked the launch of a fully remodeled universal kitchen system in

Japan called Well Life, designed for people in wheelchairs and those who prefer to sit when cooking. LIXIL's Universal Design concept is a core part of our diversity agenda, and we continue to focus on making things that matter to the people who use our products, while promoting it through our advocacy initiatives.

I am pleased to report that the consistent progress we have made over the last three years to deliver on our new CR strategy is gaining global recognition. LIXIL won "Innovation of the Year" at the Ethical Corporation's Responsible Business Awards for our innovative SATO line of products and sanitation initiatives. Similarly, our work to provide innovative, safe, and affordable access to sanitation to communities around the world was recognized at the second Japan SDGs Awards, where LIXIL was awarded the Deputy-Chief's Award from the Minister of Foreign Affairs. Furthermore, we earned a place in CDP's prestigious Water Security A List, reflecting our leadership in sustainable water management. We are also proud to be included for the first time in the Dow Jones Sustainability Indices (DJSI) World Index, and for three consecutive years in the DJSI Asia-Pacific Index and FTSE4Good Index. We are also listed on the MSCI Japan Empowering Women (WIN) Select Index.

Alongside this recognition, how LIXIL makes a difference to people around the world continues to be a source of growing pride among our employees. We are pleased to see this pride propel our colleagues' desire to participate however they can, demonstrated by close to one thousand

### Jin Song Montesano

Executive Officer and Senior Managing Director, Public Affairs, Investor Relations, External Affairs, Corporate Responsibility, and Human Resources, Chief Public Affairs Officer, and Chief People Officer



employees signing up for the "Team Splash!" initiative, which invites employees to make donations to the "Make a Splash! Toilets for All" partnership. Also accelerating in momentum is LIXIL Community Day, inaugurated in FYE2018, which doubled participation in FYE2019 to 6,900 employees across 23 countries. This underscores the strong purpose-driven culture we are building at LIXIL.

Looking ahead, LIXIL has declared its support for the Task Force on Climate-related Financial Disclosures. We are also in the process of updating LIXIL's environmental vision to contribute to a sustainable global environment in the long term. We look forward to sharing in the coming months how we plan to further our commitments to help protect our planet and contribute to society, including strengthening our disclosure of climate-related financial information as well as our broader efforts to deliver on our CR commitments.

# 01

## COMMITMENT

### Commitment

Message from the CEO

Message from  
CR Committee Chairperson

**Supporting International Initiatives**

LIXIL CORE and Behaviors

## SUPPORTING INTERNATIONAL INITIATIVES

The LIXIL Group's corporate philosophy is to contribute to improving the comfort and lifestyles of people around the world. To bring our philosophy to life through our operational activities, we are driving a range of R&D and other initiatives to help resolve global sanitation and hygiene problems as well as other social and environmental issues.

To meet and exceed society's expectations for the LIXIL Group, we must take active leadership as a comprehensive living and housing solutions company. We will continue to support the Ten Principles of the United Nations Global Compact, and provide our expertise in areas of sanitation to help create safe and healthy living spaces for all, as envisioned in the Sustainable Development Goals.

### > Commitment to the UN Global Compact

The LIXIL Group signed the United Nations Global Compact (UNGC) in July 2013 in full support of the principles set out in the framework. The LIXIL Group will continue to implement the Ten Principles in the four fields of human rights, labor, environment, and anti-corruption.

**WEB** United Nations Global Compact

### The UNGC 10 Principles



HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and  
Principle 2: make sure that they are not complicit in human rights abuses.



LABOUR

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;  
Principle 4: the elimination of all forms of forced and compulsory labour;  
Principle 5: the effective abolition of child labour; and  
Principle 6: the elimination of discrimination in respect of employment and occupation.



ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges;  
Principle 8: undertake initiatives to promote greater environmental responsibility; and  
Principle 9: encourage the development and diffusion of environmentally friendly technologies.



ANTI-CORRUPTION

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



The UNGC was proposed in 1999 by then Secretary-General Kofi Annan to encourage companies and other organizations to pursue voluntary actions to promote sustainable growth as good social citizens.

# 01

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LIXIL CORE and Behaviors

### ➤ Sustainable Development Goals

The LIXIL Group reflects the Sustainable Development Goals (SDGs) approach in its corporate responsibility strategy and uses the goals as a major guideline when forming management decisions. The SDGs are a set of concrete action plans outlined in the Transforming our world: the 2030 Agenda for Sustainable Development outcome-oriented document adopted by the United Nations General Assembly in September 2015, consisting of 17 global goals and 169 targets to be achieved for sustainable development. The LIXIL Group will continue to contribute to achieving the SDGs through its business operations.

**CR** Three Strategic Pillars (P13)

**PDF** Details about our winning at the 2nd Japan SDGs Awards

**WEB** United Nations Sustainable Development Goals



The LIXIL Group's Three Strategic Pillars and Their Relevance to the SDGs



Global Sanitation & Hygiene



Water Conservation & Environmental Sustainability



Diversity & Inclusion



### ➤ Endorsing the Task Force on Climate-Related Financial Disclosures

In March 2019, the LIXIL Group announced its support for the Task force on Climate-related Financial Disclosures (TCFD). In response to calls from the G20, the Financial Stability Board established the TCFD to determine and publish a framework for the disclosure of climate-related information. The LIXIL Group will continue to conduct proactive scenario analyses and promote wider and deeper disclosure.

**CR** Environmental Disclosures (P49)



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**LIXIL CORE and Behaviors**

## LIXIL CORE AND BEHAVIORS

LIXIL Group employees are guided by the LIXIL Core Philosophy and three LIXIL Behaviors.

### > LIXIL CORE PHILOSOPHY

**The Group's superior products and services contribute to improving people's comfort and lifestyles.**

### > LIXIL Behaviors

The three LIXIL Behaviors provide a unified way of working for all LIXIL employees, helping to make LIXIL a purpose-driven entrepreneurial company fit for sustainable growth.

**DO THE  
RIGHT THING**

**WORK WITH  
RESPECT**

**EXPERIMENT  
AND LEARN**

**CR** Improving Understanding of LIXIL Behaviors (P36)



# 02

## CR MANAGEMENT STRUCTURE AND MATERIAL ISSUES SELECTION

### CR Management Structure and Material Issues Selection

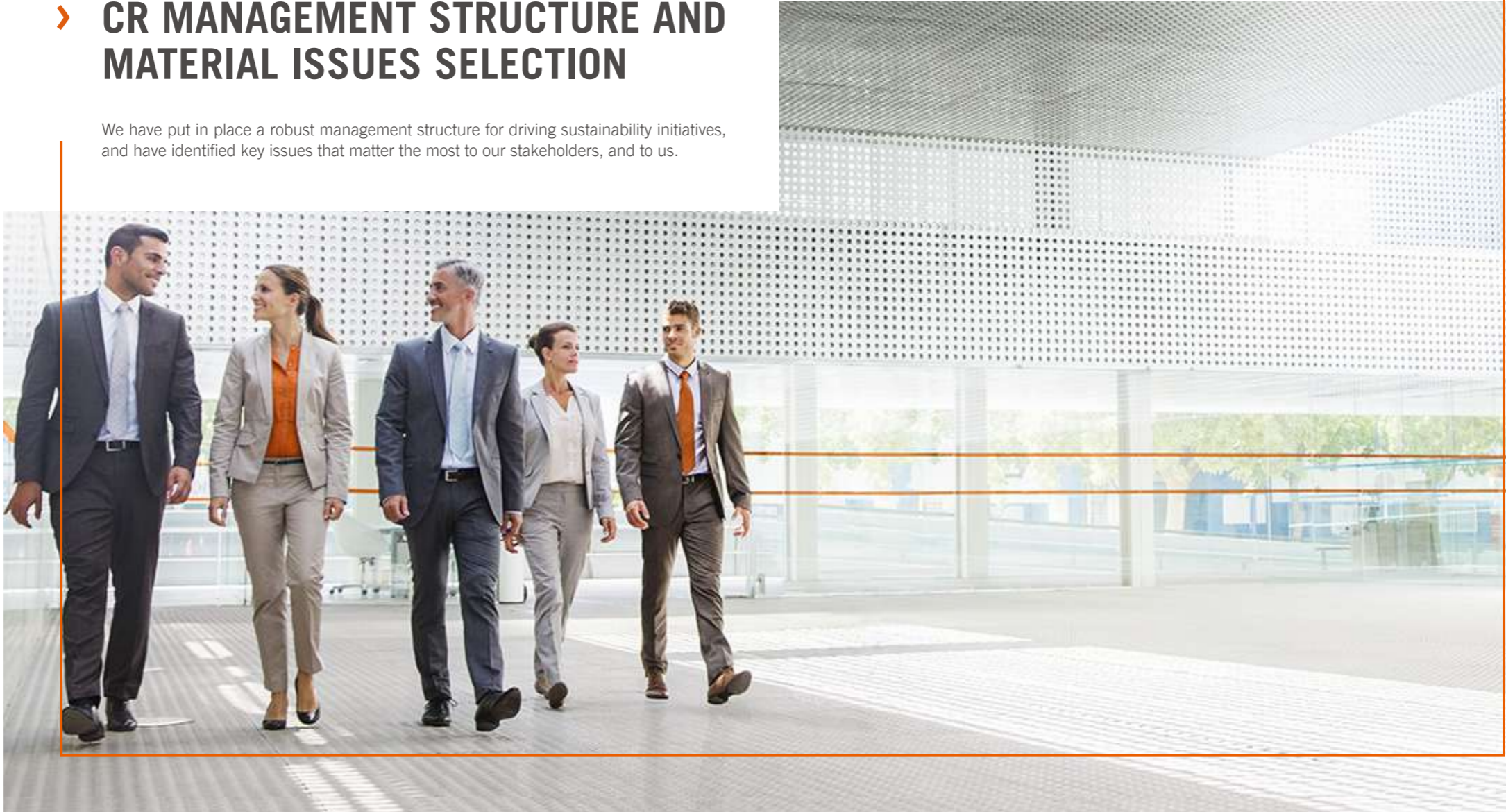
CR Management Structure

Material Issues

CR Strategy

## CR MANAGEMENT STRUCTURE AND MATERIAL ISSUES SELECTION

We have put in place a robust management structure for driving sustainability initiatives, and have identified key issues that matter the most to our stakeholders, and to us.



# 02

## CR MANAGEMENT STRUCTURE AND MATERIAL ISSUES SELECTION

### CR Management Structure and Material Issues Selection

#### CR Management Structure

Material Issues

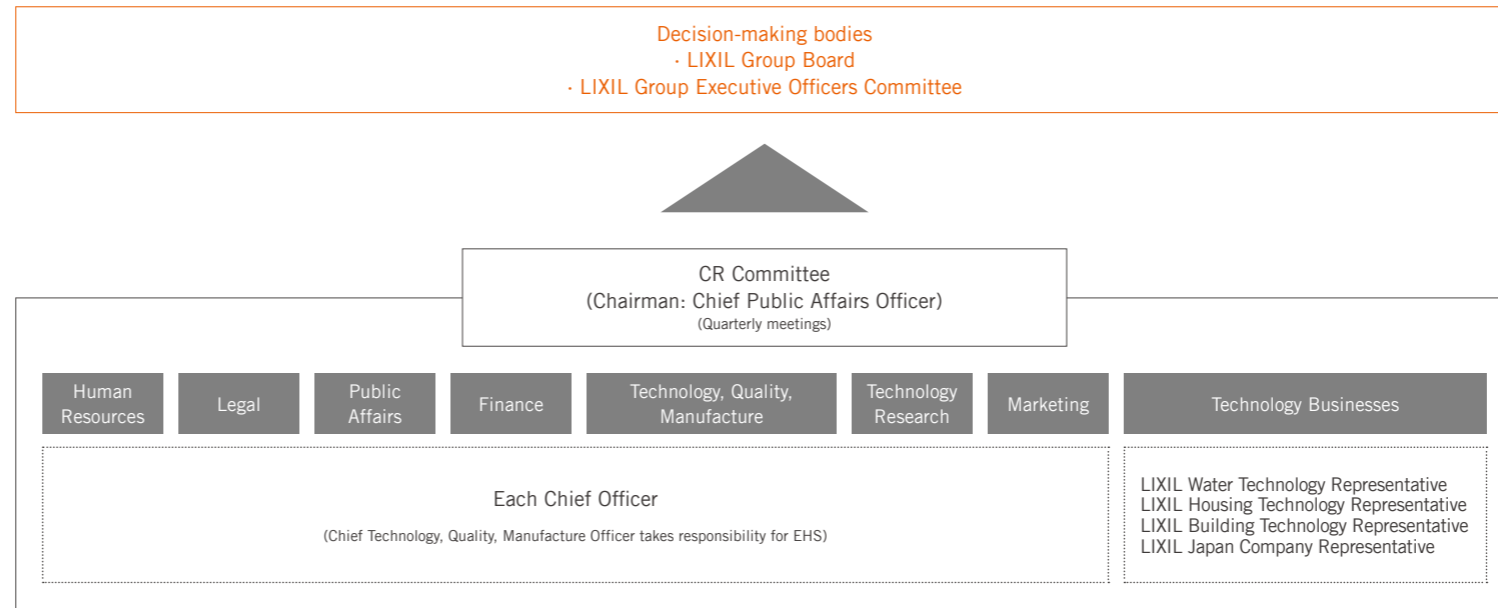
CR Strategy

## CR MANAGEMENT STRUCTURE

LIXIL Group's Corporate Responsibility (CR) Committee was established to align with the technology business operating model that was established in April 2015. The CR Committee meets quarterly and works to ensure swifter action in response to economic, environmental and social sustainability issues. In FYE2019, the Committee discussed and decided on participation in international initiatives such as the signing of the Task Force on Climate-related Financial Disclosures (TCFD).

Management leadership and coordination with the technology businesses is critical to achieve prompt and appropriate actions. Accordingly, Executive Officers in charge of the corporate functions, namely HR, Legal, Public Affairs, Finance, Quality, Environment, Technology Research and Marketing, as well as representatives from each of the technology businesses, have been appointed as members of the CR Committee.

The Executive Officers responsible for CR swiftly report the results of CR Committee discussions and deliberations to the LIXIL Group's Board of Directors and Executive Officers Committee, enabling necessary decisions to be made. The Executive Officers immediately indicate and communicate decisions made in the CR Committee to their respective functional divisions to facilitate speedy, concrete action.



\* As of March 31, 2019

# 02

## CR MANAGEMENT STRUCTURE AND MATERIAL ISSUES SELECTION

### CR Management Structure and Material Issues Selection

CR Management Structure

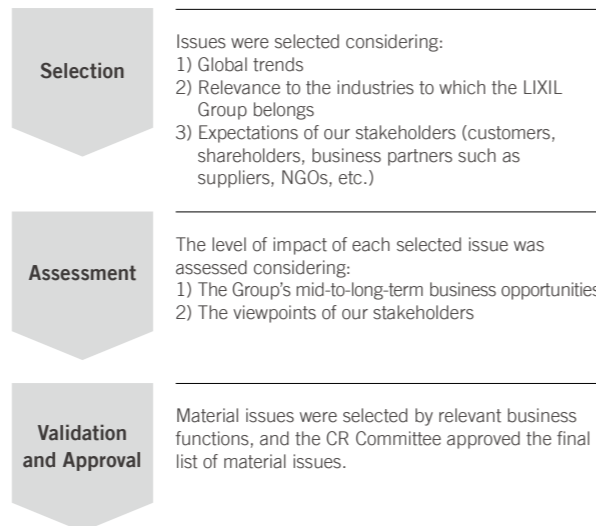
**Material Issues**

CR Strategy

## MATERIAL ISSUES

In FYE2016, the LIXIL Group identified the issues that matter the most to its stakeholders and the Group following a rigorous materiality selection process, as described below. We have set a medium-term action plan for each of these material issues, and disclose the progress and results of our activities on our website. Going forward, we will continuously review these issues to reflect changes in the environment surrounding the LIXIL Group.

### Material Issues Selection Process



### LIXIL Group's Material Issues

### LIXIL Group's Material Issues

\* Compiled FYE2016

\* Highlights issues that require focused priority action

Category	Material Issues*	Background and Reason
Governance	<b>Corporate governance</b> <b>Compliance</b> <b>Risk management</b> Information security Taxation strategy Intellectual property strategy	As a global company, maintaining strong corporate governance practices is of critical importance to LIXIL. It is also an issue that has become of increased interest to our shareholders with the adoption of Japan's Corporate Governance Code in 2015. While expanding our global reach, our corporate governance was put to the test in 2015, when we discovered accounting irregularities at an overseas subsidiary. To prevent recurrence of such incident and solidify our operating foundation, we must further advance our efforts to strengthen our corporate governance, compliance and risk management systems.
Fair Business Practices	<b>Anti-corruption</b> Transparent political relations Fair business	Corruption is detrimental to the development of a sustainable society. Global scrutiny towards bribery and fraud is intensifying, and extraterritorial application of penalties is increasing rapidly.
Human Rights	<b>Human rights due diligence</b>	With the UN's adoption of the Guiding Principles on Business and Human Rights, which clarify the responsibility of companies to uphold human rights, protecting and respecting human rights both within the LIXIL Group and across its entire sphere of business influence have become a greater priority.
Labor Practice	<b>Diversity and equal opportunity</b> <b>Occupational health and safety</b> Employee recruitment and retention Labor-management relationship Working environment Talent development Local job creation	With global expansion, our business and organizational structure have become more complex and diverse. We therefore need to grasp and manage appropriately risks related to occupational health and safety across the Group. Diversity is vital to innovation. Companies worldwide are increasingly focused on attracting and retaining high-caliber employees. We are actively promoting diversity in line with the LIXIL Diversity & Inclusion Declaration, but we need to push ahead further in pursuing this cause.
Quality and Satisfaction	<b>Product safety</b> Customer satisfaction	Product safety is a top priority for the LIXIL Group as a manufacturer. Serious product defects can cause customer anxiety and greatly affect the reliability and reputation of our products.
Environment	<b>Greenhouse gas reduction</b> <b>Sustainable water use</b> <b>Sustainable use of resources</b> Environmental management	The adoption of the Paris Agreement to combat climate change by 196 parties has shaped a clear direction towards future decarbonization. Global water shortage is intensifying, and we need to do more to protect water, energy and other natural resources throughout the LIXIL Group value chain, from procurement to production, distribution, product use and disposal.
Supply Chain	<b>Supply chain management</b>	Stakeholder interest in responsible supplier management has grown in line with the development of international standards on sustainable procurement. The LIXIL Group's manufacturing footprint extends across Japan, Asia, Europe, North and South America and the Middle East, and we need to do more to promote responsible supplier management.
Stakeholder Engagement	<b>Stakeholder engagement and collaboration</b> <b>R&amp;D for solving social problems</b> <b>Contribution to global sanitation &amp; hygiene</b>	The UN Sustainable Development Goals (SDGs) have galvanized companies into helping solve social problems. As a pioneering maker of water and housing products, we need to cooperate with stakeholders and focus more on R&D designed to help solve social issues, such as a graying society and the importance of hygiene and the environment.

# 02

## CR MANAGEMENT STRUCTURE AND MATERIAL ISSUES SELECTION

### CR Management Structure and Material Issues Selection

CR Management Structure

Material Issues

CR Strategy

## CORPORATE RESPONSIBILITY STRATEGY

At LIXIL Group, we believe that our living spaces — the environment where we live, work and play — are critical to our daily lives and well-being. As a result, we are committed to ensuring that any growth in our businesses contributes to improving the quality of people’s lives by delivering safe and

comfortable products and services through responsible and sustainable innovations. We leverage our scale and expertise to pursue initiatives focused on our three strategic pillars that cover global issues requiring urgent action and are closely linked to our field of business.

About LIXIL Vision for Sustainable Living

**WEB** Video (3 mins)

**PDF** Details (137KB)

### Our Corporate Responsibility Mission

To be the most trusted company by enhancing living spaces through innovative, responsible engagements and initiatives around the world

#### Global Sanitation & Hygiene



Promote and enable access to safe and hygienic sanitation practices, especially for women and girls, while preventing the harmful transmission of diseases for children.

#### 100 Million People

By 2020, improve the livelihood of 100 million people through sanitation and hygiene solutions.

#### Water Conservation & Environmental Sustainability



Conserve water, energy, and other natural resources utilized in and by LIXIL products and services, including in the supply chain, production, distribution and during end use.

#### Net Zero

By 2030, achieve a net zero balance between LIXIL’s environmental footprint and the positive environmental contributions created through our products and services.

#### Diversity & Inclusion



Leverage the knowledge and perspectives of a diverse workforce as a key driver of growth and innovation, and improve quality of life for all people through our products and services, irrespective of their age, gender, and level of ability or disability.

#### Inclusive for All

By 2020, establish the culture of diversity and inclusion within our organization and with all employees. By 2030, ensure all products and services\* are based on LIXIL’s Universal Design concept.

\* Scope: products and services in Japan (as of August 2019)

### Our strategy stands upon a foundational commitment to ethical business practices

#### Governance

Enhance LIXIL’s governance to maximize our corporate values

#### Fair Business Practices

Engage all employees and officers in our business operations with a high standard of corporate ethics

#### Human Rights

Advance human rights across the business to operate as a responsible corporate citizen

#### Labor Practices

Build a strong corporation and workplace where all employees can achieve their fullest potential

#### Quality and Satisfaction

Strengthen relationships with customers through our products and services

#### Supply Chain

Through responsible management of the overall supply chain, deliver a stable portfolio of products and fulfill stakeholder accountability

#### Stakeholder Engagement

Proactively engage with LIXIL’s key stakeholders

# 03

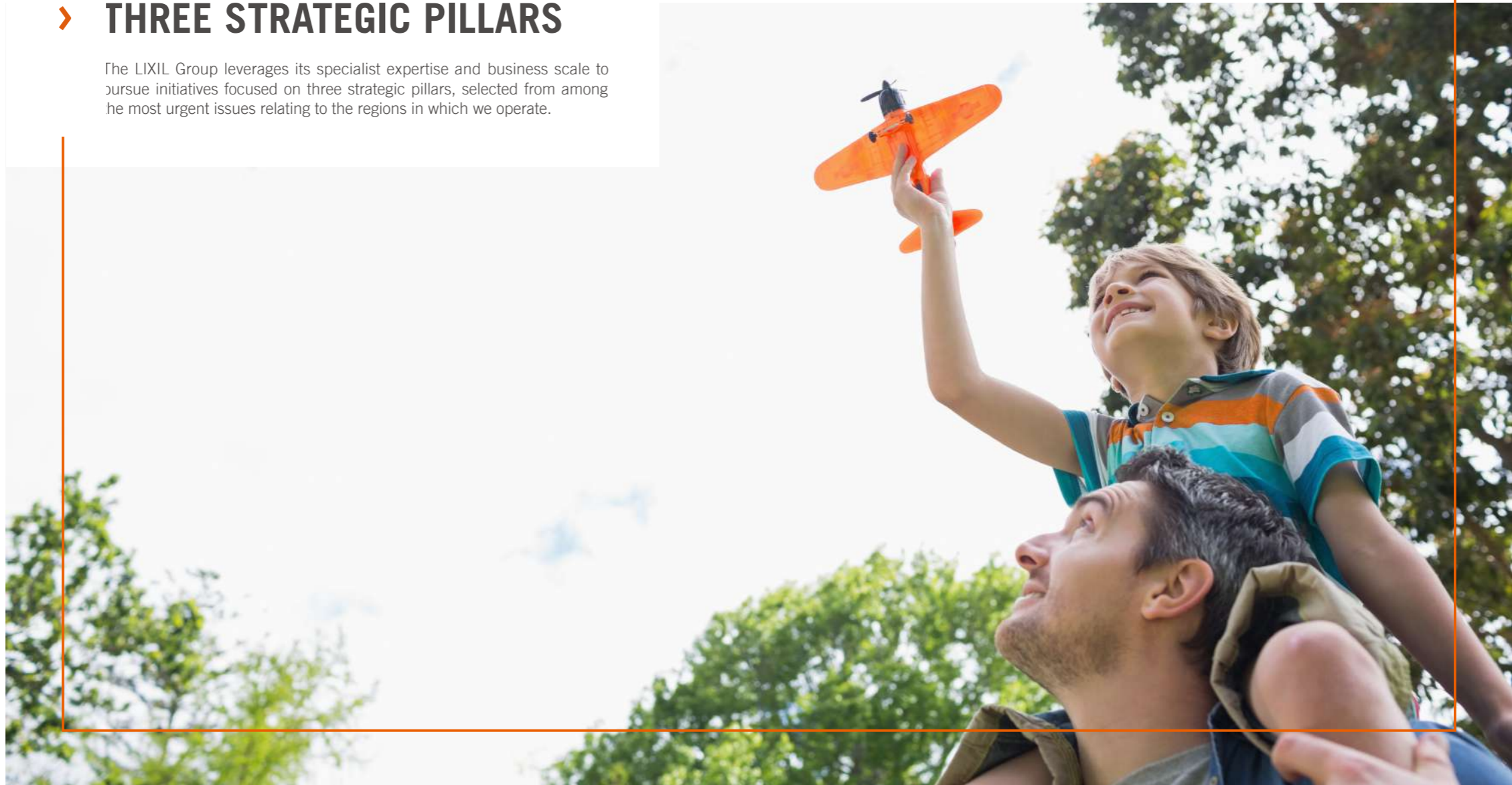
## THREE STRATEGIC PILLARS

### Three Strategic Pillars

- Global Sanitation & Hygiene
- Water Conservation & Environmental Sustainability
- Diversity & Inclusion

## › THREE STRATEGIC PILLARS

The LIXIL Group leverages its specialist expertise and business scale to pursue initiatives focused on three strategic pillars, selected from among the most urgent issues relating to the regions in which we operate.



# 03

## THREE STRATEGIC PILLARS

### Three Strategic Pillars

- Global Sanitation & Hygiene
- Water Conservation & Environmental Sustainability
- Diversity & Inclusion

## GLOBAL SANITATION & HYGIENE

Promote and enable access to safe and hygienic sanitation practices, especially for women and girls, while preventing the harmful transmission of diseases for children.



### Highlight

#### Social Issues

People living without a toilet **2 billion people** (1 in 4)

Those regularly defecate outdoors **670 million people**



#### Target

By 2020, improve the livelihood of 100 million people through sanitation and hygiene solutions.

Progress (FYE2019)

**12.5 million people**



### Our Journey

2016



Analyzed socioeconomic losses from poor sanitation

2017

Set up the Social Sanitation Initiatives organization (now the SATO Business Division), which focuses on sanitation solutions



Launched the Toilets for All project

2018

**MAKE A SPLASH!** TOILETS FOR ALL

**LIXIL** IN PARTNERSHIP WITH **unicef**

Launched Make a Splash! Toilets for All global partnership with UNICEF

2019

**SATO**

Bangladesh SATO operation moved into the black

2020

# 03

## THREE STRATEGIC PILLARS

### Three Strategic Pillars

- Global Sanitation & Hygiene
- Water Conservation & Environmental Sustainability
- Diversity & Inclusion

### › Background

An estimated two billion people – about one-quarter of the global population – live without access to safe, sanitary toilets. Among them, approximately 670 million people still regularly defecate in the open. These figures come with a devastating human cost: each day, over 800 children under five die from diarrheal diseases caused by unsanitary living conditions.

A lack of safe, clean toilets poses particular dangers for women and children. There are countless cases of women or children being sexually assaulted while trying to find somewhere private to relieve themselves. Sanitation issues also contribute to the gender gap in education – the lack of sanitary school toilets has been identified as a reason why girls who have started menstruating feel they are no longer able to attend classes.



Slum in Mumbai

The impact of the sanitation crisis is felt throughout entire nations and regions, crippling opportunities for growth and development. In 2015, global economic losses from poor sanitation were estimated at US\$223 billion. Among the UN’s Sustainable Development Goals (SDGs) for 2030, Target 6.2 seeks to “achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations”. This highlights the need for collaboration between governments, NGOs, private companies, and various other sectors in tackling sanitation issues.

\* According to “The True Cost of Poor Sanitation”, a 2016 survey conducted by Oxford Economics, the international NGO WaterAid, and the LIXIL Group

**WEB** The True Cost of Poor Sanitation

### › Our Approach & Strategy

Utilizing our technology and capabilities as an organization, as well as partnerships with various stakeholders, the LIXIL Group is striving to improve sanitation and quality of life for 100 million people by 2020.

Sanitation problems vary by region, depending on the availability of water resources, the level of urbanization, and access to toilet facilities. The LIXIL Group’s Sato Business Division is the primary driver of R&D and business operations tailored to the characteristics and needs of individual markets, including infrastructure, income levels, and environmental restrictions.

### Regional Issues and Solutions

Region	Issue	Solution	Features
Rural areas	Many households and schools lack toilet facilities	SATO toilet system	<ul style="list-style-type: none"> <li>• Low price</li> <li>• Simple installation</li> <li>• Water-efficient flushing</li> </ul>
Urban areas	Inadequate water supply and facilities	Micro Flush Toilet System (under development)	<ul style="list-style-type: none"> <li>• Reuse wastewater for flushing</li> <li>• Water-efficient flushing</li> </ul>
Rural areas with scattered communities and slums	Difficulty of sewerage infrastructure or pit toilet installation	Portable Toilet System (under development)	<ul style="list-style-type: none"> <li>• A combination of easily installed portable toilets and stations for collecting toilet waste from individual households</li> </ul>

# 03

## THREE STRATEGIC PILLARS

### Three Strategic Pillars

- Global Sanitation & Hygiene
- Water Conservation & Environmental Sustainability
- Diversity & Inclusion

### › SATO Toilet System

The SATO toilet system is a simple, affordable solution intended for use in developing countries. Flushing requires only 0.2-1 liter of water, using a counterweight trapdoor that otherwise remains closed to reduce odors and prevent insects from spreading bacteria. The original SATO model, developed through dialogue with communities in Bangladesh, received a grant from the Bill & Melinda Gates Foundation. Production and sale began in the country in 2013.

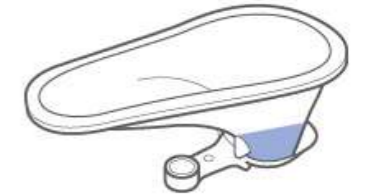
The SATO toilet system is currently manufactured and sold in six countries in Asia and Africa. Including donations, some 2.5 million units have been distributed to at least 25 countries. Based on an average of five users per unit, SATO is estimated to have contributed to better sanitation for around 12.5 million people.

#### Countries Where SATO Toilet System Is Used



#### SATO Toilet System

User relieves themselves



User pours water into the pan, which opens the trap and flushes the waste



The counter-weight trap door closes to keep odors and flies away





# 03

## THREE STRATEGIC PILLARS

### Three Strategic Pillars

- Global Sanitation & Hygiene
- Water Conservation & Environmental Sustainability
- Diversity & Inclusion

### Developing Products Suited to Local Conditions

Adapting product development to local challenges and needs is a vital element of sustainable social business.

The SATO toilet system is currently available in 22 models tailored to local sewage treatment methods and market needs. In India, for example, we developed the SATO V-Trap toilet to address local problems of clogging and time-consuming installation.

India is aiming to eradicate outdoor defecation by the end of 2019. The Indian government promoted a twin-pit system, but it was burdensome to switch from one pit to another, often causing blockages in the mechanism. By replacing the standard Y-shaped piping with a V-shaped one, SATO V-Trap reduces the risk of clogging and requires approximately 80% less water per flush than conventional toilets.

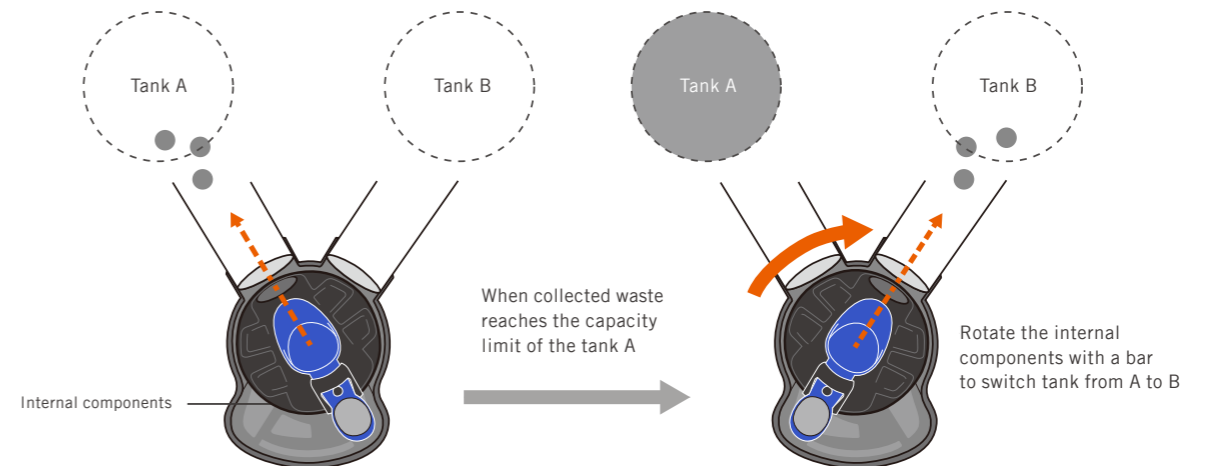
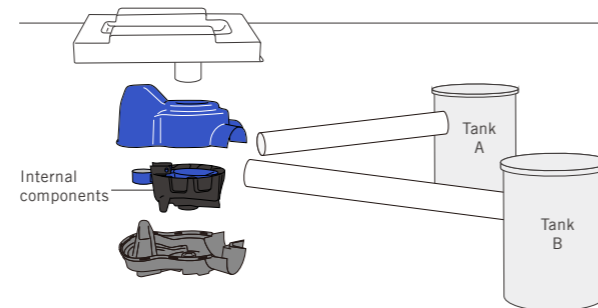


Installing SATO V-Trap



Twin-pit system

### How SATO V-Trap Works



# 03

## THREE STRATEGIC PILLARS

### Three Strategic Pillars

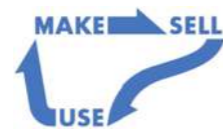
- Global Sanitation & Hygiene
- Water Conservation & Environmental Sustainability
- Diversity & Inclusion

### › Tackling Sanitation Issues throughout the Value Chain

SATO works alongside partner companies and NGOs to establish regional production and sales systems based on its underlying philosophy of social business with local roots. By driving the make-sell-use cycle, SATO generates regional employment and enables autonomous, continuous improvements in sanitation conditions.

One such job-creation initiative is the training of workers who install SATO units and build toilet cubicles. Through training programs offered in collaboration with NGOs, SATO supports skill acquisition primarily among women and young people. Reports in India showed a 200% increase in the earnings of women who received our training.

At the same time, we are working to educate communities about the importance of sanitary toilet use. Unless they are used, installed toilets do not contribute to solving sanitation issues. That is why we work with UNICEF and NGOs to promote understanding of the importance of sanitation and toilet use.



Training program

### › Partnerships

Solving sanitation issues is not something that the LIXIL Group alone can achieve. Our initiatives rely on collaborative partnerships that utilize the strengths of various specialist organizations, NGOs and business partners.

#### UNICEF

LIXIL Corporation and the United Nations Children's Fund (UNICEF) formed the Make a Splash! Toilets for All global partnership to improve sanitation for children around the world. We launched the initiative in Ethiopia, Kenya and Tanzania to establish markets for hygiene-related goods and ensure the availability of affordable products for people lacking toilets. We are working to expand this market-driven program.



#### BRAC, PSI and Other NGOs

To succeed as a social business, we depend on collaborations with NGOs already established in the community and engaged in local sanitation issues. LIXIL works with experienced NGOs such as BRAC (Bangladesh Rural Advancement Committee) in Bangladesh and PSI (Population Services International) in Kenya to build the value chains that enable SATO installation, lobby governments to promote sanitation measures, and receive feedback on product development.

### Toilet Board Coalition

The LIXIL Group is a member of the Toilet Board Coalition, a global alliance of public and private sector partners that aims to develop sustainable solutions to the sanitation crisis. We assist with the running of the organization, mentor entrepreneurs who tackle sanitation problems, and engage in advocacy through the Toilet Board Coalition.

**WEB** Toilet Board Coalition

### › Together with Japanese Customers

LIXIL Corporation launched the Toilets for All Project in 2017 to spread awareness of global hygiene issues in Japan and improve sanitation in developing countries. Under the project, for each LIXIL shower toilet sold in Japan, LIXIL donates one of its simple and innovative SATO products to a developing country in Asia and Africa. Through international organizations and NGOs, our toilets were donated to priority regions and people in India, Tanzania and Rwanda, as well as Rohingya refugee camps in Bangladesh. Donations totaled 208,805 units in 2017 and 203,454 in 2018. In 2019, we began donating a portion of sales through our Make a Splash! Toilets for All partnership with UNICEF.

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- Global Sanitation & Hygiene
- Water Conservation & Environmental Sustainability
- Diversity & Inclusion

### External Recognition

In December 2018, LIXIL Corporation received the Deputy-Chief's Award, given by the Minister of Foreign Affairs, at the 2nd Japan SDGs Award. The LIXIL Group's efforts to tackle sanitation issues, including the development of SATO products, the solving of challenges throughout the value chain, as well as advocacy in collaboration with NGOs and international bodies, have been recognized through various awards.

- Deputy-Chiefs' Award given by the Minister of Foreign Affairs, 2nd Japan SDGs Award
- Grand Award, 2017 International Association for Universal Design (IAUD) Awards (Toilets for All Project)
- Innovation of the Year Award, Responsible Business Awards (SATO)
- Selection Committee Special Award, 7th Technology, Management and Innovation Awards (SATO)
- 2018 Good Design Award (SATO)
- Red Dot Award 2018 (SATO V-Trap)



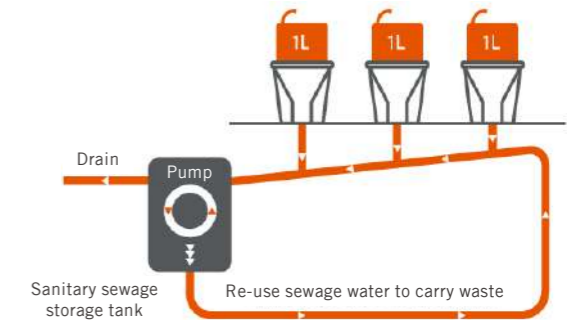
2nd Japan SDGs Award Ceremony

### Designing Toilets for the Future

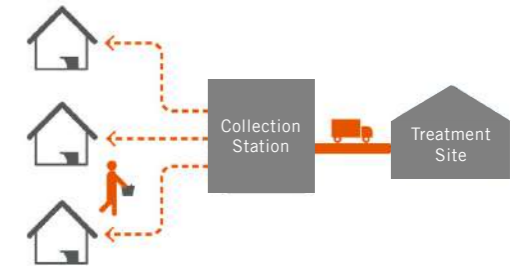
In 2018, LIXIL Corporation announced a partnership with the Bill & Melinda Gates Foundation to develop and commercialize the world's first household reinvented toilet, an off-grid system able to treat human waste without water or sewerage facilities. Many regions around the world lack easy access to water, or face prohibitively expensive sewerage installation and repair due to rapid urbanization. In such areas, installing conventional flush toilets that require water and sewerage infrastructure is difficult. With a team of specialists in technology, design and product development, LIXIL is leading the creation of experimental new toilet systems.

We are also working to develop Micro Flush Toilet System and Portable Toilet System, which aim to help solve issues in cities and slums.

### How Micro Flush Toilet System Works



### How Portable Toilet System Works



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## THREE STRATEGIC PILLARS

### Three Strategic Pillars

- Global Sanitation & Hygiene
- **Water Conservation & Environmental Sustainability**
- Diversity & Inclusion

## WATER CONSERVATION & ENVIRONMENTAL SUSTAINABILITY

Conserve water, energy, and other natural resources utilized in and by LIXIL products and services, including in the supply chain, production, distribution and during end use.



### Highlight

#### Social Issues

**World energy consumption**

**32%** is consumed in buildings (residential 24%, commercial 8%)

**Those likely to experience water stress by 2050**

**4 billion people** (2 in 5)

#### Target

By 2030, achieve a **net zero balance** between LIXIL's environmental footprint and the positive environmental contributions created through our products and services.

Compared to FYE2016	FYE2021 Targets	FYE2019 Progress
CO <sub>2</sub> emissions reduction attributable to Group products and services	<b>1.36 times</b>	<b>1.21 times</b>
CO <sub>2</sub> emissions from places of business	<b>-8%</b>	<b>+3.2%</b> <small>(-4.5% of emission intensity per unit of output)</small>

### Our Journey

2016	2017	2018	2019	2030
Formulated Environmental Sustainability Principles and Environmental Vision 2030	Set the 2020 mid-term targets, promoted environmental initiatives at each business base	Launched My Bottle Promotion and THINK HEAT campaigns	Earned the CDP Water 2018 A List which recognizes companies exhibiting superior water resource management	
	Developed Group-wide EHS management and promotion system and held a global meeting of the EHS Committee	GHG reduction target was approved by the Science Based Target initiative	Endorsed the Task Force on Climate-Related Financial Disclosures (TCFD)	

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### Three Strategic Pillars

- Global Sanitation & Hygiene
- **Water Conservation & Environmental Sustainability**
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### › Background

Increasingly frequent occurrences of extreme weather events and changing regional climates caused by global warming are disrupting the way we live today. In 2015, the UN introduced its Sustainable Development Goals (SDGs), which include calls to combat climate change and its impacts. In the same year, the international Paris Agreement was adopted, seeking to achieve carbon neutrality by the end of the century. These movements, which aim to establish a decarbonized society by addressing anthropogenic contributions to climate change, are now spreading globally in hope of achieving a more sustainable world.

In addition, with the depletion of the world's water resources becoming increasingly severe, approximately four billion people, or 40% of the world's population, are expected to be facing water stress in areas without stable water supply in 2050. Furthermore, the sustainable use of natural resources such as metals, timber, resins and ceramic materials is also a significant issue.

LIXIL's business is strongly linked to buildings, which consume energy in various forms such as air conditioning and hot water supply. Energy used in buildings accounts for approximately one third, or 32% (24% residential and 8% commercial), of global energy consumption, and as a result, CO<sub>2</sub> emissions from buildings have increased by 2.4 times over the past 40 years. Without action, energy use by buildings is estimated to more than double by 2050, requiring urgent action in order to reduce anthropogenic greenhouse gas emissions.

### › Our Approach & Strategy

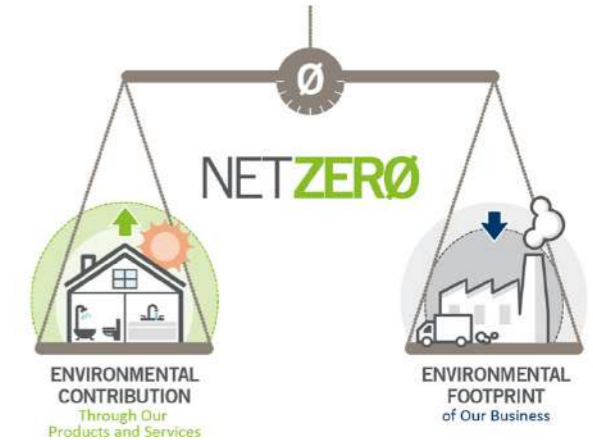
As a living technology company, the LIXIL Group formulated its Environmental Vision in 2016 with the aim of helping solve social and environmental problems with its products and services that incorporate both environmental considerations and comfort.

#### Environmental Vision 2030

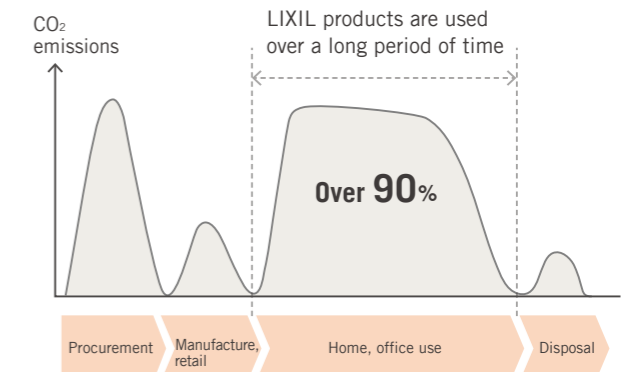
By 2030, the positive environmental contribution from our products and services will surpass the environmental footprint from our entire business process, thus, achieving a net zero environmental footprint. We will achieve this through innovative technologies, such as low-carbon and water-efficient technology, as well as by reducing the environmental impact of every one of our processes, including procurement, production, product use and disposal.

Within the LIXIL Group, over 90% of a product's environmental impact occurs when the product is in use. For this reason, the LIXIL Group will continue to develop energy and water-saving products that can help reduce the environmental impact of homes, offices and other living spaces with the aim of helping solve climate change.

#### Environmental Vision 2030



#### Product & Service Lifecycle



# 03

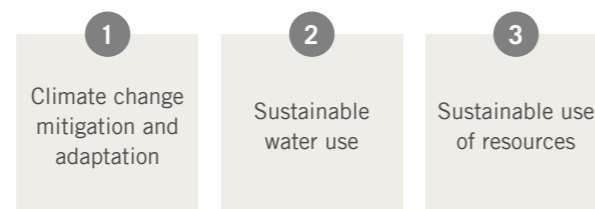
## THREE STRATEGIC PILLARS

### Three Strategic Pillars

- Global Sanitation & Hygiene
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- Diversity & Inclusion

### Core Environmental Strategy Themes

We are focused on three core areas in order to achieve our Environmental Vision.



**CR** Climate Change Mitigation and Adaptation (P50)

**CR** Sustainable Water Use (P53)

**CR** Sustainable Use of Resources (P56)

### FYE2021 Targets

The LIXIL Group has set FYE2021 targets and action plans to help realize its Environmental Vision 2030. The Group has also built a global environmental management system, and is working as a unified team to ensure a clear grasp of the environmental impact across its entire value chain and promote measures to alleviate that impact.

### Opportunities and Risks for the LIXIL Group

	Maximizing Opportunities	Minimizing Risks
<b>1</b> Climate change mitigation and adaptation	- Increased demand for improvements in the energy saving performance of homes and other buildings, and for the widespread adoption of Net Zero Energy Houses (ZEH)	- Heightened risk of natural disasters and increasingly stringent regulation, and increased energy costs
<b>2</b> Sustainable water use	- Rising demand for water-saving products in the global market as a whole	- Strong likelihood that areas affected by water stress will increase, resulting in higher operational risk in these regions
<b>3</b> Sustainable resource use	- Technology innovation that makes effective use of recycled materials and new forms of energy, etc.	- Rising cost of raw materials, and heightened risk of more stringent regulation affecting the supply chain, with a consequent increase in reputational risk
	Increase positive contribution to the environment through our products and services	Reduce the environmental footprint of our business activities

### FYE2021 Targets

Environmental Issues		KPI	2020 Mid-Term Targets (FYE2021)	2030 targets*3
Improvement in environmental value of our products and services	Climate change mitigation and adaptation	CO <sub>2</sub> emissions reduction attributable to Group products and services	Increase by 1.36 times (compared to FYE2016)	-
Environmental footprint reduction from our entire business process	Climate change mitigation and adaptation	CO <sub>2</sub> emissions from places of business*1	Reduce by 8% (compared to FYE2016)	30% reduction
		CO <sub>2</sub> emissions from product use	Formulate KPI/target and implement measures based on business plan	15% reduction
		CO <sub>2</sub> emissions in the distribution process	Reduce by 5% (compared to FYE2016)	-
	Sustainable water use	Improving water usage efficiency at major places of business that have high water risk	<ul style="list-style-type: none"> <li>Complete the water risk analysis of global production sites</li> <li>Select high-risk sites, formulate KPI/target and implement measures</li> </ul>	-
Sustainable use of resources	Sustainable use of resources	Recycling ratio of waste and other materials collected from places of business	<ul style="list-style-type: none"> <li>Japan &amp; Europe : 95%</li> <li>Asia : 66%</li> <li>North America : 40%</li> </ul>	-
		Environmental management	Coverage of EHS management system	100%
		Number of environmental law violations*2	0	-

\*1 CO<sub>2</sub> conversion factors are published by each electricity company with which our sites have a contract (factors that include emissions from renewable energy sources, etc.)

\*2 Number of significant violations with penalty of operational suspension or fines

\*3 Medium to long-term targets approved by the international Science Based Target initiative

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## THREE STRATEGIC PILLARS

### Three Strategic Pillars

- Global Sanitation & Hygiene
- Water Conservation & Environmental Sustainability
- Diversity & Inclusion

## DIVERSITY & INCLUSION

Embrace the diversity of people inside and outside the Group. This includes helping improve quality of life for elderly people and people with disabilities through our products and services, and leveraging the knowledge and perspectives of a diverse workforce within the Group as a key driver of growth and innovation.



### Highlight

#### Social Issues

1 in 5 people aged 60+ by 2050



Many of those will be living in elderly-only households



#### Target

By 2030, ensure all products and services are based on LIXIL's Universal Design concept.

See P30 for internal diversity promotion.



### Our Journey



# 03

## THREE STRATEGIC PILLARS

### Three Strategic Pillars

- Global Sanitation & Hygiene
- Water Conservation & Environmental Sustainability
- **Diversity & Inclusion**

### › Background

Many regions in the world are faced with an aging population. By 2050, more than one in five people are projected to be over the age of 60, with most of them living either alone or with their spouse only. Approximately 15% of the world's population today also live with some degree of disability, and this rate is increasing every year.

In light of these trends, it is vital that companies help improve quality of life for elderly people and people with disabilities through their products and services. It is also essential that they help build a sustainable society that provides everyone with the opportunity to participate and grow, including by empowering women, as promoted in the fifth SDG on gender equality.

The LIXIL Group focuses its efforts on universal design (UD), a design philosophy that seeks to ensure everyone can live comfortably, no matter who they are. UD allows as many people as possible to use a product, irrespective of age, nationality, ability, disability or capability. We believe that the multi-faceted knowledge and perspectives of our diverse range of employees serves as a key driver of growth and innovation that enables us develop and offer UD products.

### › Our Approach & Strategy

The LIXIL Group aims to encourage all employees to embrace a diversity- and inclusion-driven culture by 2020. In addition, we aim to ensure all our products are based on UD concepts by 2030.

### Universal Design Project

In FYE2018, the LIXIL Group established an exploratory committee led by senior managers to promote UD-related activities. The committee invited a diverse range of members from different functions (design, marketing, technology development and public relations) to attend workshops to formulate advanced UD concepts: easy to understand, easy to use, safe and secure, and easy to love. Based on these concepts, LIXIL intends to develop and offer products and services that incorporate ideas from multiple perspectives to enable all individuals of all ages to live full and comfortable lives in the home.



LIXIL Universal Design Policy

**WEB** Universal Design (Japanese only)

<b>Easy to understand</b>	<b>Intuitive</b> <ul style="list-style-type: none"> <li>• Detectable by anyone</li> <li>• Uncomplicated</li> </ul>	<b>Clear purpose</b> <ul style="list-style-type: none"> <li>• Can be properly recognized</li> <li>• Multi-sensory information, such as sight, hearing and touch</li> </ul>
<b>Easy to use</b>	<b>Easy to execute and operate</b> <ul style="list-style-type: none"> <li>• Simple to operate</li> <li>• Uses shapes and dimensions that support body movement and posture</li> <li>• Uses layouts that follow the natural flow of movement</li> <li>• Ensures space needed to operate</li> </ul>	<b>Flexible</b> <ul style="list-style-type: none"> <li>• Able to adapt along with changing physical capabilities and growing or aging families</li> <li>• Able to select or add necessary functions</li> </ul>
<b>Safe and secure</b>	<b>Considerate of all people</b> <ul style="list-style-type: none"> <li>• No physical or financial loss from incorrect use</li> <li>• Minimal damage from accidents</li> </ul>	<b>Child-friendly</b> <ul style="list-style-type: none"> <li>• Designs that consider children's needs</li> </ul>
<b>Easy to love</b>	<b>Can be used for a long time</b> <ul style="list-style-type: none"> <li>• High quality to support long-term use</li> <li>• Easy to look after and keep clean over a long time</li> <li>• Designed to adapt to individual ways of living</li> </ul>	<b>Encourages smiles</b> <ul style="list-style-type: none"> <li>• Beautiful, pleasant designs</li> <li>• Demonstrates its functional beauty with every use</li> </ul>



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### Examples of LIXIL's Universal Design Products and Services

#### Well Life Kitchen: Easy to Use While Sitting

In October 2018, LIXIL Corporation introduced a fully updated version of its wheelchair-adapted Well Life kitchen range. This includes sink and countertop dimensions that are easier to use from a seated position. Our Well Life kitchen also incorporates user feedback to facilitate steadier side-to-side movement in a wheelchair. This approach is not only popular with wheelchair users, but also with many elderly and other people who prefer to do their housework from a less-tiring seated position.



WEB Well Life (Japanese only)

#### Developing Guiding Blocks That Are Well-Designed and Easy to Visually Recognize

The LIXIL Group offers well-designed barrier-free products for public spaces. This includes the guiding blocks for people with visual disabilities. Barrier-free experts encourage the placement of dark-yellow guiding blocks on all pathways, but ambiance-sensitive designers tend to avoid using them because the yellow shade stands out too much. This has made it challenging to fulfill both parties' needs. Therefore, LIXIL Corporation developed new blocks to guide people with visual disabilities using a new cool-yellow color that is










equally visible but blends better with its surroundings. The new blocks went on sale in FYE2018.



New cool-yellow color blocks

#### Other Examples of LIXIL's Universal Design Products and Services

WEB Details (Japanese only)

<p>Toilet Honoka-Light</p> 	<p>Bathroom Push faucet</p> 	<p>Bathroom vanity Wheelchair accessible vanity</p> 
<p>Stairs, corridors, entrances Stairs with slip prevention</p> 	<p>Entrance, exterior Slide system</p> 	<p>Public toilet Large remote control</p> 
<p>Kitchen Hands-free faucet</p> 	<p>Living room Non-rail sash</p> 	<p>In town Support rail UD</p> 

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### › Promoting Broader Understanding of Diversity

Aiming to create a universally accessible society that enables people to live invigorating lives while respecting those around them, LIXIL offers education programs for elementary school students.

As part of these educational programs, we hold Universal Run: Sports Prosthesis Experience Class at elementary schools in Japan. We want as many people as possible to consider and personally feel what universal access means by talking with people who wear artificial limbs and attending this program. In FYE2019, the program attracted 5,184 people from 78 schools.



**WEB** Universal Run: Sports Prosthesis Experience Class (Japanese only)

LIXIL Corporation visits schools to conduct its Universal Design: Good for One, Good for All program, which teaches children the significance of universal design concepts. LIXIL employees create their own teaching materials and conduct lessons for elementary school children. The program is designed to highlight examples of universal design in nearby streets and individual homes to deepen students' understanding of diversity in terms of gender, age, nationality, ability and disability, and encourage them to think what they can do and how they can act on it. In FYE2019, the program attracted 1,810 children from 21 schools.



**WEB** Universal Design: Good for One, Good for All (Japanese only)

### International Association for Universal Design (IAUD) Award\*

LIXIL's Toilets for All initiative won a Grand Award in the International Association for Universal Design (IAUD) Awards 2017. The project was highly praised for its scope, scale, passion and implementation. The judges described the initiative as "a life-saving innovation for the poorest regions of developing countries that adds a new dimension to universal design."

\* An initiative directed by the IAUD general incorporated foundation that awards groups and individuals who conduct or propose activities designed to help develop a society in which the greatest number of people can live comfortably

### › Diversity of LIXIL Group Employee

The LIXIL Group aims to encourage all employees to embrace a diversity- and inclusion-driven culture by 2020, and to build a corporate environment that encourages the involvement of a diverse range of personnel. Read on to find out more.

**CR** Diversity & Equal Opportunity (P30)

# 03

## THREE STRATEGIC PILLARS

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- Global Sanitation & Hygiene
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- Diversity & Inclusion

### ▶ A Toilet That Can Be Used as Always Even in Times of Natural Disasters

The world is facing more natural disasters caused by climate-change related extreme weather events. In Japan specifically, experts anticipate there will be a huge earthquake in the future. The need for disaster preparedness is becoming increasingly pressing. Sewage disposal in times of natural disasters is just as vital to health as securing food and water. Conscious of this, LIXIL Corporation has developed the innovative Resilience Toilet, which can be used in the same way as always even in times of natural disasters.

The Resilience Toilet can be used like a regular toilet in everyday life. It has been designed to be comfortable, easy to clean, and safe to use, and uses five liters of water for a regular flush. During times of natural disasters, when water and other lifeline services have been disrupted, the volume of water required to flush can be switched to one liter without compromising its functionality. This toilet can be used by people of all ages and genders, including those who might require particular care.

Currently, we are marketing this toilet mainly to schools and gymnasiums that serve as emergency shelters when a disaster strikes, as well as public buildings that serve as disaster response centers. Rather than focus solely on providing the Resilience Toilet itself, we are generally helping solve problems at emergency shelters by providing practical support regarding broad toilet-related issues that may arise in times of disasters, such as how many toilets are required and how to operate them. We also hold disaster-response lectures in schools.

Many people flood into emergency shelters when a disaster hits, so the toilet facilities should be sufficient in number and quality. However, we can't satisfy these needs with our Resilience Toilets alone, so LIXIL Corporation is working together with other manufacturers that provide emergency toilets to help strengthen Japan's emergency response capability.

#### In everyday life

Can be used like a regular toilet.  
Compatible with a bidet seat.  
Uses five liters per flush.

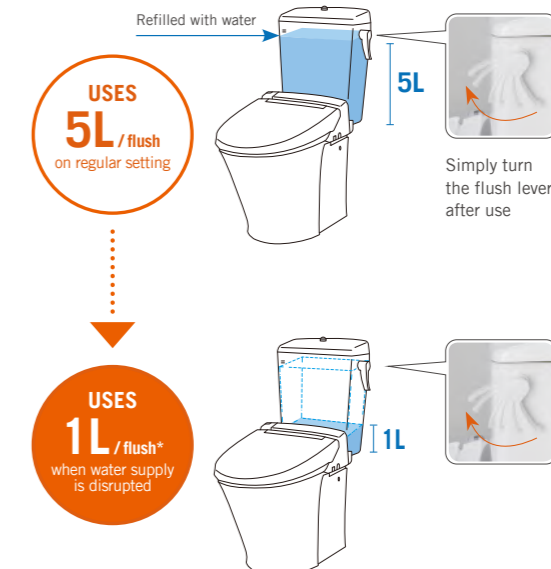
#### When water supply is disrupted

The volume of water required to flush can be switched from five liters to one liter.  
A toilet you use in everyday life ensures comfortable use even when water supply is disrupted.  
Easy to clean and safe to use.

\* Uses one liter if you hold the lever for about one second.  
The volume of water used can vary depending on how you operate it



Received the Grand Award at the Japan Resilience Awards 2019 (corporate & industrial category)



Can easily switch into 1L flush mode

# 04

## OUR PEOPLE

### Our People

Diversity & Equal Opportunity

Rewarding Workplaces

Talent Development

Occupational Health & Safety

## > OUR PEOPLE

We strive to respect the individuality of all employees and create a rewarding working environment.



# 04

## OUR PEOPLE

### Our People

Diversity & Equal Opportunity

Rewarding Workplaces

Talent Development

Occupational Health & Safety

### > Highlight

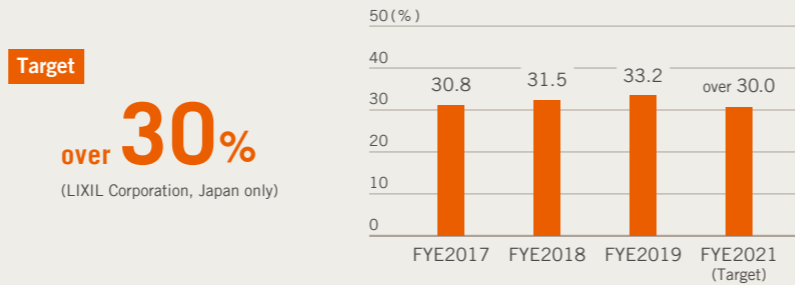
Target

Build a strong corporation and workplace where all employees can achieve their fullest potential.



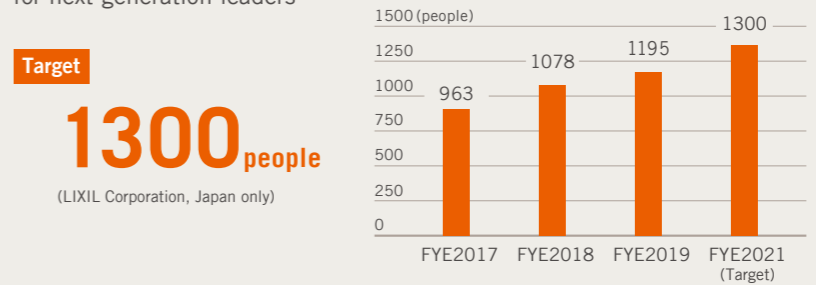
### Diversity & Equal Opportunity

Ratio of women among regularly recruited new hires



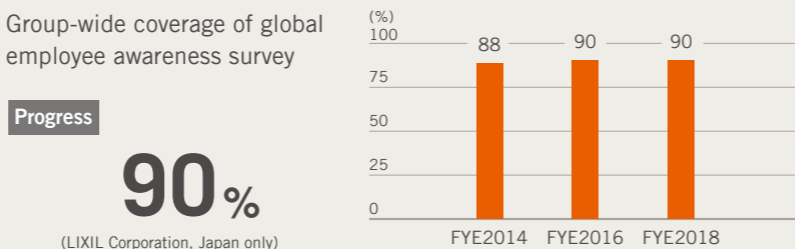
### Talent Development

Number of employees participating in the Talent Acceleration Program (TAP) for next-generation leaders



### Rewarding Workplaces

Group-wide coverage of global employee awareness survey

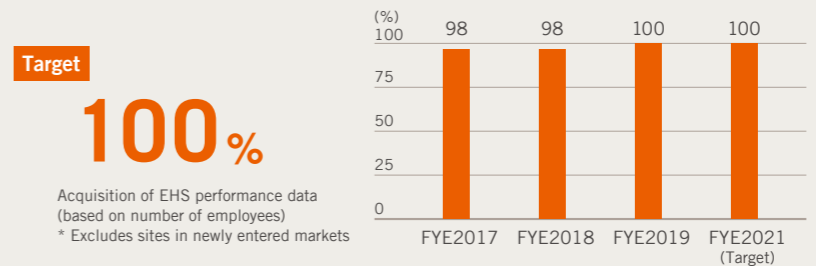


\* Conducted every two years, no survey in FYE2019



### Occupational Health & Safety

Group-wide coverage of EHS management system



# 04

## OUR PEOPLE

### Our People

#### Diversity & Equal Opportunity

Rewarding Workplaces

Talent Development

Occupational Health & Safety

## DIVERSITY & EQUAL OPPORTUNITY

The LIXIL Group is committed to respecting diversity and recruiting and developing high caliber talent across the Group. We believe that harnessing the intelligence and perspectives of our diverse workforce is critical to driving growth and innovation.

### Our Approach

United under the LIXIL Diversity & Inclusion Declaration, the LIXIL Group embraces diversity in gender, age, race, nationality, values, background, etc., and turns the energy and creativity generated by diversity into a source of strength. We aim to furnish a comfortable and friendly working environment for all, enabling employees to approach challenges with an entrepreneurial spirit, and be appropriately evaluated for their performance.

### Our System

Based on the LIXIL Diversity & Inclusion Declaration, the LIXIL Group is taking a regional approach to ensuring diversity by setting targets that reflect the situations of individual countries.

### LIXIL Diversity & Inclusion Declaration

The LIXIL Group formed the LIXIL Diversity & Inclusion Declaration in FYE2018, aiming to leverage its differences and create new energy and engagement generated through open and honest dialogue across its organization. These efforts will enable our employees to build entrepreneurial mindsets that will drive innovation and sustainable growth.

### Four Focus Areas



#### Gender & Age

We will drive business performance by embracing diversity and ensuring that all employees have equal opportunities to be recruited, developed, advanced, and retained globally, regardless of gender or age.



#### Family & Life

We will support employees through various life stages and events, thereby allowing them to contribute to business success while also fulfilling personal and family priorities and obligations.



#### Disability

We will raise awareness, provide education and resources, and proactively create a culture that embraces, enables, values, and maximizes the contributions of persons with disabilities.



#### Culture & Identity

We will foster mutual understanding, respect, and communications in order to fully embrace the diversity in race, religion, culture, gender identity and sexual orientation of everyone at LIXIL.



**PDF** LIXIL Diversity & Inclusion Declaration -Japan 2.0- (272KB)

# 04

## OUR PEOPLE

### Our People

#### Diversity & Equal Opportunity

Rewarding Workplaces

Talent Development

Occupational Health & Safety

### Gender & Age Empowering Women in the Workplace

The LIXIL Group strives to create an environment in which employees can demonstrate their own individual strengths through their work. We believe the active participation of female employees is a vital part of this effort. In March 2012, we had one female senior executive (1.0%) in LIXIL Group Corporation and LIXIL Corporation. In March 2019, the number increased to six, including two directors, two senior managing executive officers, and two executive officers.

LIXIL Corporation set up the Diversity Promotion Office and, in August 2014, became a member of the Male Leaders General Meeting, an initiative backed by Japan's Cabinet Office to promote the active participation of women. As a result of our efforts in facilitating the appointment of female directors, officers, and managers, LIXIL Corporation had 168 female managers (5.7% of all managers) at the end of March 2019, 7.6 times more than in March 2012 (22 female managers, 0.9% of all managers).

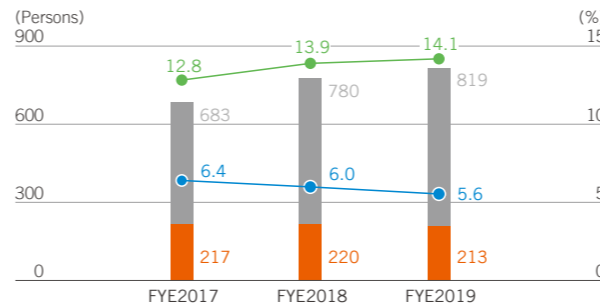
In addition, we are working to create an environment where female employees can consistently develop their careers even if they take time off for life events such as childbirth. As part of this effort, we have developed the Mamap career-building tool for working mothers.



Female employees intending to take childcare leave can use the career mapping tool and interview form to better communicate with their managers to design a career path and support system, and ensure continued active and rewarding work after their maternity leave.

We have also set relevant regional targets for increasing the number of women working in LWT Americas, LIXIL Asia, and other global locations, and are making efforts to achieve the targets. These include, for example, the number of women in each professional class or of different ethnicities.

#### Number and Composition Ratio of Female Managers ★



- Composition ratio of women among managers (LIXIL Group total)
- Composition ratio of women among managers (LIXIL Group in Japan)
- Number of female managers (LIXIL Group total)
- Number of female managers (LIXIL Group in Japan)

Scope: The entire Group

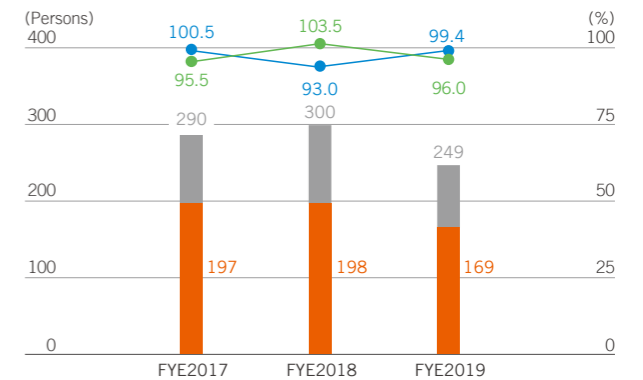
\* Directly hired employees only, data collected based on the qualification system used at each operating company, as of March 31 of each fiscal year

### Family & Life Supporting a Healthy Work-Life Balance

At the LIXIL Group, the executive management team actively supervises the creation of a rewarding working environment in which each and every employee can perform to their full potential.

Holding active Work-Life Flexibility (WLF) Advisory Discussions between the union and the company, LIXIL Corporation is committed to enhancing the necessary systems and cultivating the right atmosphere to support a good work-life balance, enabling employees to maintain a high level of performance throughout different life stages.

#### Number of Maternity Leave Users ★



- Return to work ratio (LIXIL Group total)
- Return to work ratio (LIXIL Corporation)
- Number of users (LIXIL Group total)
- Number of users (LIXIL Corporation)

\* Directly hired employees in Japan only

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We have introduced a variety of new systems, including hourly based paid holidays, career return systems that facilitate the reemployment of employees who gave up work due to various reasons such as childbirth, childcare, or nursing care commitments, or relocation because of their partner's transfer. We also subsidize extended daycare fees and provide subsidies equivalent to social security premiums to employees on temporary nursing care leave. More male employees whose partners have just had a baby are using our Papa Childcare Leave system thanks to the newly available extended leave and flexible scheduling options, and more users are further extending their childcare leave after taking leave for the number of days available under the Papa Childcare Leave system.

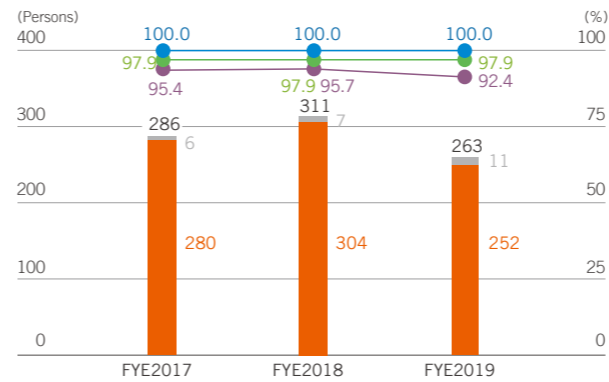
LWT & LHT Asia (GROHE Sanitary Products Shanghai) forbids employees from doing more than 36 hours of overtime a month to promote a strong work-life balance.

#### Percentage of Staff Still Working 1 Year After Childcare Leave

	FYE2017	FYE2018	FYE2019
Male	100.0%	100.0%	100.0%
Female	93.1%	93.1%	96.8%
Total	93.3%	93.3%	96.9%

\*Current employment of LIXIL Corporation's permanent employees in Japan at the end of the business period one year after their return to work

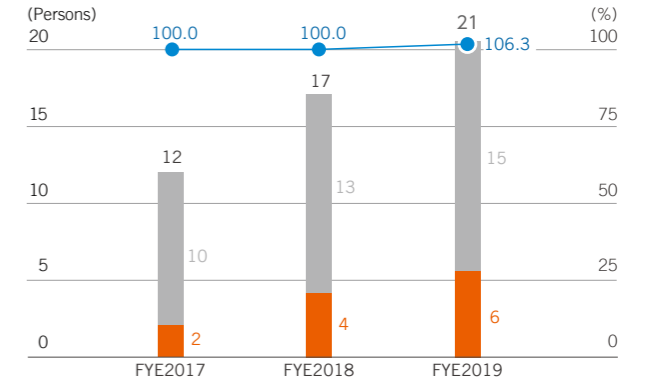
#### Number of Child-Care Leave Users ★



- Return to work ratio (Male, LIXIL Group total)
- Return to work ratio (Female, LIXIL Group total)
- Return to work ratio (Female, LIXIL Corporation)
- Number of users (Male, LIXIL Group total)
- Number of users (Female, LIXIL Group total)

\* Directly hired employees in Japan only

#### Number of Nursing-Care Leave Users ★



- Return to work ratio (LIXIL Group total)
- Number of users (Female, LIXIL Group total)
- Number of users (Male, LIXIL Group total)

\* Directly hired employees in Japan only



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### > Culture & Identity Fostering a Friendly Corporate Culture towards Sexual Minorities

Since April 2017, the LIXIL Group has been working to create a friendly working environment and atmosphere for LGBT and other sexual minority employees. LIXIL Corporation holds study sessions for employees and provides badges, stickers and handbooks to employees who identify themselves as an LGBT Ally as a way to show their willingness to support and understand sexual minorities. We have been promoting internal understanding and support of sexual minorities by encouraging ally employees across Japan to share various information through the LIXIL Ally network. We also held a social gathering in September 2018 where employees could interact with sexual minorities. In March 2019, we achieved our target of creating two or more allies in each of our 86 bases with 50 or more employees. Also in March 2019, we made some improvements to our human resources system and working environments. For instance, we have started treating same-sex partners as dependents and applying the relevant congratulation or condolence leave and financial payments, arranging times and locations for undergoing health checks, and recognizing employees' preferences for either male or female uniforms



LGBT-friendly logo

(if factories that allocate uniforms have the appropriate toilet and changing facilities).

### Promoting Multi-Cultural Understanding

LIXIL Corporation factories accept foreign-national apprentices. To enable these apprentices to work enthusiastically in Japan, we believe it is important to build better communication, so we hold events to help promote understanding of Japanese culture and Japanese language study sessions.

As a global company, it is essential to understand different cultures in order to foster strong communication. In that spirit, LWT Americas conducted a program to improve employees' understanding of values and work procedures in Japan, where the LIXIL Group Headquarter is located.

### Encouraging the Promotion to Management Positions

LWT South Africa selects staff who have potential leadership qualities from among its factory workers and from particular ethnic groups who have traditionally found themselves in a disadvantageous position and are underrepresented in current management positions. These employees are sent on a Future Leadership Program designed to develop the necessary skills to advance to management positions in the future.



LIXIL Women's Sales Group

### Frameworks Encouraging Employee Activities

The LIXIL Group has established frameworks to support independent employee activities so that each and every employee can work enthusiastically and respect each other's differences.

LIXIL Corporation launched the LIXIL Diversity Network in 2017. In addition to the Women's Network launched in January 2013, we have created networks where employees involved in childcare and nursing care life stages, employees with disabilities, sexual minority employees, and employees interested in other issues can participate in joint discussions and activities. We actively encourage people to get together voluntarily to share and solve their problems on a broad range of issues and to improve individual skills and overall corporate value. For instance, LIXIL runs a Women's Sales Group to help increase the active participation of saleswomen in the traditionally male-dominated construction industry and to provide a venue for proactively sharing and solving any

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issues or problems that women in particular might have. In November 2018, we held a video conference event linking saleswomen across Japan and explained our systems for facilitating more flexible working styles, and introduced women who could serve as good role models. The event successfully boosted motivation among the participating saleswomen.

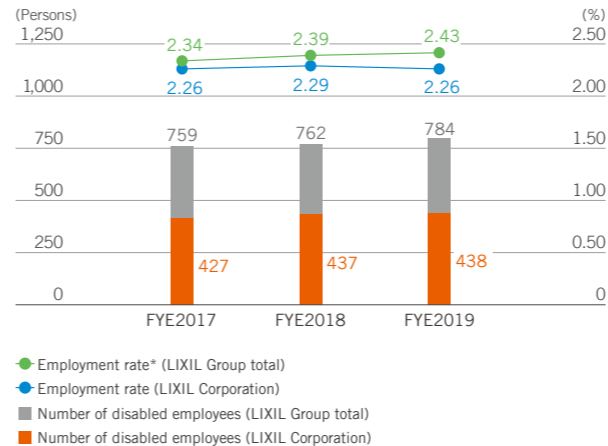
In FYE2018, LWT Americas also set up employee networks for women, multi-cultural employees, or employees currently involved in childcare or nursing care, so that employees from diverse backgrounds can always find a mentor and never feel alone or isolated. In terms of concrete activities, we broadcasted a panel discussion held to coincide with International Women's Day to all our places of business, and we also held discussions with our product development and marketing departments on topics such as developing products for mothers looking after children, and designing communication for people from Asian backgrounds.

### Disability Employing People with Disabilities

Many employees with disabilities work alongside those without disabilities in the LIXIL Group because we have developed inclusive environments in different workplaces, from R&D to production, sales administration, and planning management, to suit each individual's specific disability. As of June 1st, 2018, 784 people with disabilities were employed across the LIXIL Group, representing 2.43% of the workforce (438 people and 2.26%\* in LIXIL Corporation).

In 2014, LIXIL Corporation launched its WING NIJI office to provide support for people with disabilities.

### Number and Percentage of Disabled Employees ★



\* Directly hired employees in Japan only, as of March 31 of each fiscal year  
 \* LIXIL Corporation includes LIXIL Senior Life Company  
 \* Calculated based on the Employment Rate System for Persons with Disabilities by the Ministry of Health, Labour and Welfare

In addition to the proper evaluation of work assignments and job development opportunities, WING NIJI has been undertaking many initiatives to explore the type of environments and conditions that would enable people with and without disabilities to work together most effectively. For instance, the office introduced large-font characters for people with impaired eyesight and adjustable-height desks for people in wheelchairs.

LIXIL Corporation is also strengthening company-wide efforts, including introducing sign language interpretation in training sessions and other meetings and putting subtitles on intranet videos for employees with hearing impediments.

Since 2012, we have been proactively employing people with mental disorders and seeking to make various efforts

and considerations to improve working environments to suit the capabilities and characteristics of individual employees. For instance, we ask people who are prone to anxiety to do tasks at their own pace, or leave an empty desk in front of an employee who gets distracted by other people around them or allow them to work in a free space.

In May 2016, LIXIL Corporation was certified by the Japanese Ministry of Health, Labour and Welfare as a leading company in the active employment of persons with mental and other disabilities. We aim to help create a social structure in which people with disabilities can participate actively by sharing these initiatives with other companies and government institutions.

\* Calculated based on the Employment Rate System for Persons with Disabilities by the Ministry of Health, Labour and Welfare

FYE2019 human resource performance data indicated with ★ have received an independent practitioner's assurance.

### CR Scope and details (P105)



Job instruction at WING NIJI

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## REWARDING WORKPLACES

The LIXIL Group seeks to create a fair and rewarding workplace, develop a strong and cohesive corporate culture, and foster an open atmosphere between the unions and the company.

### › Our Approach

The LIXIL Group strives to create an environment that encourages employee diversity, inspires pride in the company, and enables each individual employee to maximize their productivity and potential. As part of this, we have been focusing on improving our workstyles and revising our human resources systems to foster employee enthusiasm and motivation. This includes encouraging employees to take paid holidays, offering more comprehensive childcare and nursing care support, and promoting personal career development.

### › Our System

The LIXIL Group is evolving rapidly. In order to further integrate employees and become One LIXIL, it is important for us to understand the circumstances of each organization and actively incorporate employees' views when seeking to improve working environments and building both top-down and bottom-up systems.

### Workstyle Transformation Campaign

LIXIL Corporation has embarked on a Change Our Working Style! campaign to help create a company environment that encourages every employee to have an entrepreneurial spirit, and that every employee can enjoy and take pride in. This campaign encourages flat and open communication and facilitates efficient ways of working to suit individual circumstances.



#### Building Awareness through the Change Our Working Style! Handbook

Achieving this level of workstyle transformation requires increased awareness among both senior and junior staff. We have created and distributed a handbook to all employees to help convey the aims of our workstyle transformation and the systems currently available to facilitate it, and to address any doubts or concerns. We have also set up an inhouse program where managers and employees can come together to discuss ideas.



#### Expanding the Range of People Who Can Work from Home

While previously only staff involved in child or nursing care were cleared to work from home, we have extended this option to all of our employees. We encourage all of our staff to consider the best place to work based on the content of their work, their circumstances at home, weather conditions, and any other pertinent factors. We believe this will enable them to work efficiently and establish their own self-styled working patterns. So far, over 1,000 employees have started using this system.



#### An Employee-Centric Flexi-Time System

Under our new flexi-time system, we have reduced the number of core-time hours that employees have to work within a prescribed time of the day to just two hours, leaving them free to decide how to split up the day's remaining working hours. Our ultimate aim is to see staff responsibly managing their own working hours according to the ebb and flow of their specific tasks. We are encouraging more employees to utilize this system by sharing materials from discussion groups held by current users through our in-house media channels.

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### › Improving Understanding of LIXIL Behaviors

We work to ensure that employees understand the three LIXIL Behaviors, which serve as a guideline on how individual LIXIL Group employees think and act in their daily work. LIXIL Corporation offered a special menu associated with each of the three behaviors in its canteens to prompt employees to review the LIXIL Behaviors during their meals, and think about their daily working habits. We also set up an internal online Group Behaviors Lounge in which we conduct relay interviews with our CEO and other chief officers.



**CR** LIXIL CORE and Behaviors (P8)



Relay interview with our chief officers

### › Employee Opinion Surveys

We conduct opinion surveys of all employees worldwide under direct employment contracts every two years. The surveys had been previously conducted separately within each Group company, but we combined them into one common survey in FYE2016. We will conduct the next survey in FYE2020.

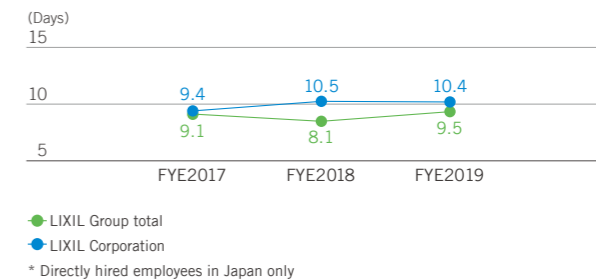
In the second survey conducted in FYE2018, we collected opinions from 90.3% of employees in 21 different languages. That's a total of 56,364 responses. The results collected from major global organizations were then reported and made accessible to managers and employees. We have also introduced an online system that enables each employee to freely view and analyze their own organization's results, so that they can gain a solid understanding of their organization's strengths and weaknesses and develop action plans. We have since made progress on over 90% of the 451 stipulated actions. We intend to continuously improve grassroots initiatives and create an easy, comfortable working environment by taking various actions, both big and small, from holding assemblies to encourage inter-organization communication to holding debates centered around senior management messages to deepen understanding of our management policies.

### › Preventing Overwork

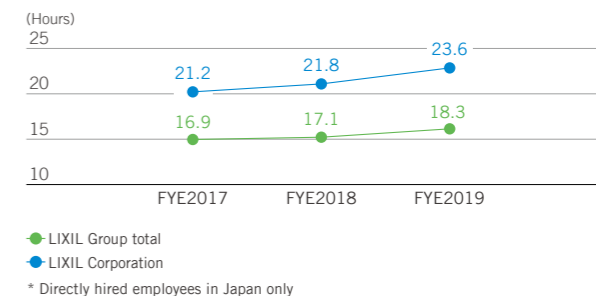
The LIXIL Group emphasizes working styles that help employees achieve high performing and efficient output. To that aim, top managers are proactively seeking to improve productivity by eradicating long working hours and ensuring a healthy work-life balance.

LIXIL Corporation holds study groups on time management for all employees to help increase awareness of the need to work efficiently. Clarifying the definition of working hours is helping improve the quality of time management. Employees who consistently work long hours are interviewed by an industrial physician to prevent any consequent issues with their mental or physical health. After we started encouraging staff to take five consecutive days of annual leave at a time, and to take leave to celebrate special personal anniversaries, the usage of paid leave has been increasing since FYE2015, exceeding 50% in FYE2018.

### Paid Leave Days Taken per Employee ★



### Average Monthly Overtime Hours per Employee ★



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### › Labor-Management Relationship

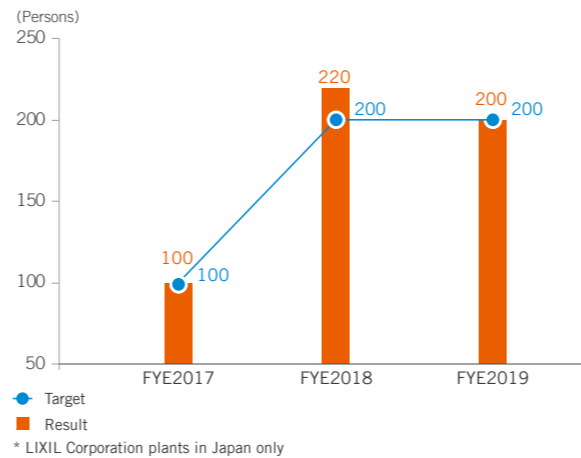
The LIXIL Group believes that building mutual trust between the union and the company based on an equal and responsible relationship helps create a fair and rewarding workplace and leads to improved business performance. The LIXIL Labor Union, which adopts a union shop system for permanent employees of LIXIL Corporation, had 13,596 registered members as of March 31, 2019, achieving a membership rate of 100%.

The fundamental labor-management agreement includes items relating to health and safety and working conditions. Labor-management consultations are conducted in the form of regular discussions and information-sharing on business status, working conditions, health and safety issues, etc., and the union and the company work together to resolve issues. When working conditions and/or other systems are newly introduced or revised as a result of labor-management consultations, the union and the company cooperate to ensure employees are aware of the changes. This is facilitated by posting the information on the company intranet, passing the information down through relevant general administration departments, and distributing copies of the Union Guide compiled by the union to all union members.

### › Creating Local Employment Opportunities

LIXIL Corporation supports the expansion of employment opportunities in regions in Japan where it operates by employing technical college and high-school graduates as local permanent employees at its plants.

Local Employees Hired at LIXIL Plants



FYE2019 human resource performance data indicated with ★ have received an independent practitioner's assurance.

**CR** Scope and details (P105)

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## TALENT DEVELOPMENT

The LIXIL Group supports a systematic and structured talent development program, and encourages all employees to proactively advance their own careers.

### › Our Approach

The LIXIL Group pursues talent development from a long-term perspective in order to nurture personnel who can support the LIXIL brand well into the future. As part of that process, we focus on training next-generation leaders and employees after evaluating global LIXIL personnel based on future business needs. To create a working environment in which all employees can work and contribute enthusiastically, we support career development from two angles: company-driven, strategic career development, and self-motivated career development managed by individual employees.

### › Our System

The LIXIL Group holds People and Organization Development (POD) conferences with its CEOs in all major global organizations, and creates an annual next-generation training plan to cover vital positions and help achieve our Medium-term Plan. In FYE2019, we created a list of approximately 600 potential successors for 160 major Group positions worldwide. This enables us to ensure business continuity even in times of emergency and to build a future-looking system for strategically selecting successors. We devise training plans for each of the listed successors that are designed to build their individual strengths and address weaknesses by providing business assignments and job transfer opportunities, offering mentor and leadership training, and other measures.

### Global Challenge Program: Nurturing Future Global Human Resources

We launched our Global Challenge Program with the aim of finding and nurturing globally minded, active talent and supporting self-motivated career-building. The program gives employees of LIXIL Corporation a chance to work in an office outside Japan for a year.



#### Training Future Human Resources

We offer opportunities for international work experience to help nurture our people to develop the knowledge, experience, career independence, capability, and adaptability required for our future global business.



#### Selecting Primarily Young Employees through Open Recruitment

Each year, we offer open recruitment opportunities to all employees (excluding managers) via our internal intranet. Over 40 employees, primarily in their twenties, apply each year. They undergo selection procedures including an interview conducted in English with an office outside Japan, and selected applicants are then dispatched overseas. We sent 14 employees to six countries (Thailand, Vietnam, China, the United States, Germany, and France) in FYE2018, and 14 employees to five countries (Thailand, the Philippines, China, the United States, and Germany) in FYE2019. Each dispatched employee creates their own career plan prior to departure, and receives regular advice and support through interviews with the Japan office and mentors, enabling them to grow through their international on-the-job training.



#### Building Bridges between Japan and Other Global Offices

As the LIXIL Group continues its global expansion, the employees dispatched to overseas offices to work together with local staff play an extremely important role in helping build a closer relationship with the head office and promote mutual understanding and cooperation across the Group. The original set of dispatched employees are currently returning to Japan, where they share their experiences and what they learned with Japanese colleagues, so their personal insights can be more broadly incorporated into daily business routines.



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### Overview of Talent Development

LIXIL Corporation's talent development consists of seamless education and training programs when an employee is promoted. The programs are designed to improve employees' basic skills, develop stronger expertise, and nurture next generation managers. We have three types of educational institutions, which are all intrinsically linked.

#### 1 Basic School for Improving Fundamental Skills

This training system is designed to help employees at each level improve fundamental skills and offers learning opportunities to match their enthusiasm for learning so they can acquire the necessary competencies. Our communication skills training for each year group, in particular, focuses on developing the skills required to foster flat communications and an open corporate culture.

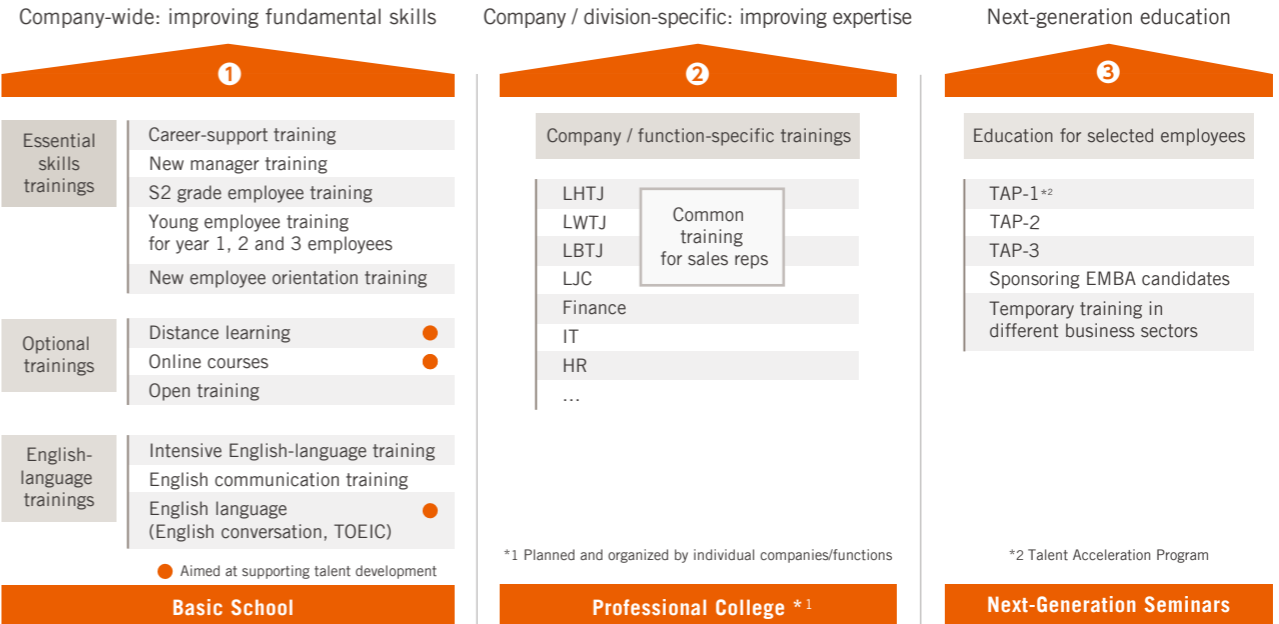
#### 2 Professional College for Improving Specialist Skills

Each division offers its own training opportunities to improve specialist knowledge, with the aim of improving the comprehensive strength and specialist expertise of our business units and functional divisions.

#### 3 Next-Generation Seminars to Nurture Future Company Leaders

Our Talent Acceleration Program (TAP) consists of three sub-programs, and is designed to help employees foster management skills, a managerial mindset, and an entrepreneurial mindset, all from an early stage. We also offer an overseas MBA study program to help employees with managerial experience acquire management skills and develop an international outlook.

### LIXIL Training System



### Training and Education Support Programs Conducted in FYE2019

Item	Training Summary	Participants
New employee training	Basic training for employees newly entering the company	440
Corporate position-specific training	Training to develop skills and capabilities required at each position level	2,242
Talent Acceleration Program (TAP)	Training to nurture next-generation management personnel	120
Management training	Training for employees being promoted to management positions	283
Division training	Training in each division to develop skills and capabilities respectively required for product development, production, sales, and other lines of work	10,944

\* LIXIL Corporation only. Talent Acceleration Program (TAP) covers LIXIL Corporation and its subsidiaries

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### › Offering Diverse Educational Programs

LIXIL Corporation prepares a variety of education programs to help support employee self-motivated learning. This year, we have refreshed our internal education website to ensure all information on education and training opportunities is displayed in one place, so that individual employees can more easily grasp what education and training opportunities are available to them.

LWT Americas offers a comprehensive LWTA University training program to satisfy a diverse range of employee needs. In addition to group lectures, the program uses multiple resources such as webinars, videos, and electronic books to prepare a wide selection of courses, ranging from general courses on fundamental business skills such as leadership and management, through to specialized courses in specific fields such as compliance, environment, occupational health and safety, and product knowledge. LWT EMENA is focused on expanding its e-learning programs so that employees across a wide geographical area can take lectures. Employees can choose from online learning programs on various topics from product-related knowledge, leadership, to compliance.

#### Annual Training Hours and Costs per Employee (FYE2019)

Name of Company	Training Hours	Training Costs
LIXIL Corporation	23.1 hours★ (Includes online)	80,218 Yen★
LIXIL Group	11.2 hours (Includes online)	156,556 Yen

\* Scope: Directly hired employees only

### › Career Development Support

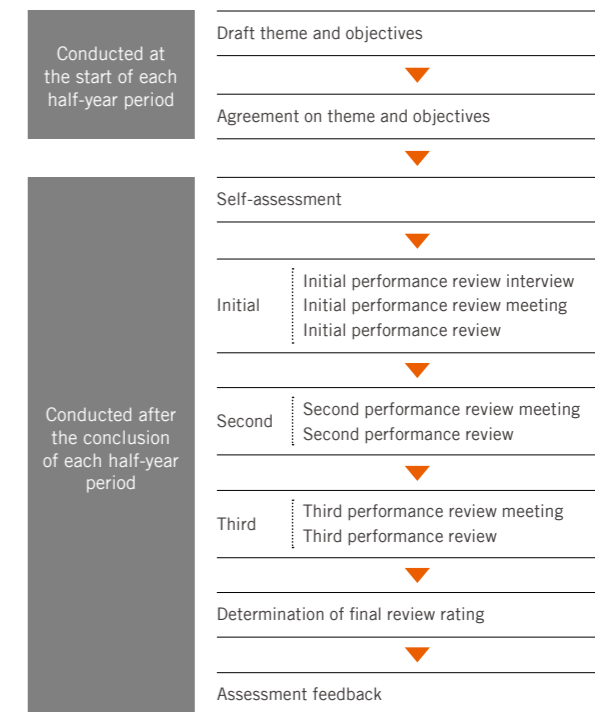
LIXIL Corporation's career-support training programs, started in FYE2017, are developed for all managers based on the understanding that the best supporters for realizing employees' career ambitions are their managers. The programs provide managers the right mindset and skills for helping staff develop their careers, as well as for solving daily management concerns. In addition, we support both individual and organizational growth through our open-recruitment job posting system for specific positions. This seeks to improve the movement of company-wide personnel and to ensure the optimum placement of employees in order to match the needs of specific departments with employee ambitions.

### › Evaluation Framework

To ensure growth and positive results are fairly rewarded, employees of all major LIXIL Group companies review their performance against their goals with their direct manager, and are evaluated by at least two managers at the end of each fiscal year.

At LIXIL Corporation, all employees assess their own achievements against objectives set at the beginning of the fiscal year, and receive feedback from their managers in interviews based on their final performance evaluation results. We seek to nurture our employees by reviewing their performance and communicating what we expect from them every half year. To secure fair evaluations, we provide managers with key points to consider and guidance on what approach to take in the evaluation process through the Personnel Evaluation System Manual and position-specific training programs.

### Performance Evaluation Flow



FYE2019 human resource performance data indicated with ★ have received an independent practitioner's assurance.

**CR** Scope and details (P105)



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## OCCUPATIONAL HEALTH & SAFETY

The LIXIL Group has built a Group-wide occupational health and safety management system to protect all employees, and is working to expand its scope.

### › Our Approach

The LIXIL Group, in our Group Charter of Corporate Behavior, commits to “promoting the mental and physical well-being of all workers by prioritizing safety to realize an ideal working environment without any work-related accidents.” To this aim, we have introduced an occupational health and safety management system and implemented a PDCA approach to help prevent accidents at work. We are also promoting health management.

### › Our System

The Group EHS Committee, chaired by the Group’s executive officer, sets common employee health and safety policies and core EHS rules and promotes EHS-related activities across the Group. Based on the determined policies and rules, Group-wide EHS management systems are built, and their applicable scope is extended.

We also have a Health and Safety Committee in each business segment, which shares information on and discusses health and safety issues to help generate continuous improvements.

**PDF** LIXIL Group Occupational Health and Safety Principles (41KB)

### › Efforts to Eradicate Work-Related Accidents

The LIXIL Group seeks to actively prevent work-related accidents by ensuring all employees follow established safety rules and anticipate dangers at work. That means pinpointing and eradicating any dangerous elements relating to machinery, facilities, or unsafe action by workers, and sharing best-practice examples to avoid work-related accidents. To prevent reoccurrence, we compare and analyze any similarities between accidents that do occur, and instigate improvements. LIXIL Corporation also provides practical training sessions (Anzen Dojo) in which staff from Japan and overseas can experience simulations of past accidents.



Training session Anzen Dojo

LIXIL’s logistics departments held a forklift safety competition to raise safety awareness and promote safe operation of the vehicles in workplaces where they are used. Twenty employees from around Japan vied to outdo each other in written tests, pre-operation checks, and driving performance through the forklift course.



A forklift safety competition

LIXIL Water Technology (LWT) shares and extends best practices from each region to help promote further progress. For instance, LWT EMENA and LWT Americas attached spotlights to the back of their forklifts to help prevent collisions and extend this to other regions for company-wide improvement.

LIXIL Housing Technology (LHT) Japan holds conferences that bring together safety managers from all of its 27 facilities in order to share safety policy targets and important directives. In 2019, this has involved workshops to instill commitment to the “Stop, Call, Wait” approach to the handling of irregular events, which is one of our priority issues, as well as efforts to share best practices from other factories.

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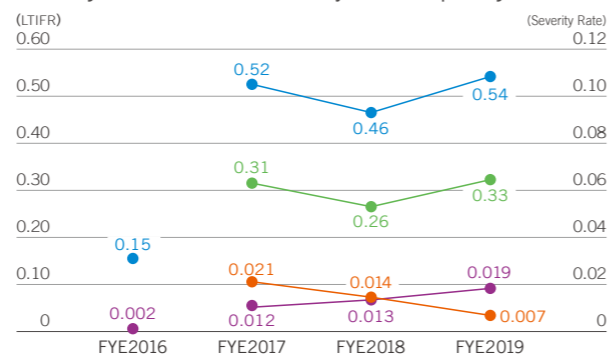
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### › The Occurrence of Work-Related Accidents

#### Severity Rate and Lost Time Injuries Frequency Rate ★



- LTIFR\*1 (Directly and indirectly employed staff [left])
- LTIFR (Contractors [left])
- Severity Rate\*2 (Directly and indirectly employed staff [right])
- Severity Rate (Contractors [right])

#### OIFR\*3 ★

	FYE2016	FYE2017	FYE2018	FYE2019
Directly and indirectly employed staff	0	0	0	0
Contractors	-	0	0	0

#### Number of Work-Related Fatalities ★

	FYE2016	FYE2017	FYE2018	FYE2019
Directly and indirectly employed staff	0	0	0	1
Contractors	-	0	0	0

Scope: FYE2016 covers directly employed staff at production and non-production bases in Japan. FYE2017, FYE2018 and FYE2019 cover directly and indirectly employed staff and contractors at production and non-production bases in Japan and production bases outside Japan (excluding some bases)

\* Excludes Permasteelisa Group and LIXIL VIVA Corporation

\*1 Lost Time Injuries Frequency Rate (LTIFR): Number of lost-day occupational injury cases / Total working hours × 1,000,000

\*2 Severity rate: Total days lost due to occupational accidents / Total working hours × 1,000 (Total days lost due to occupational accidents = actual days absent from work)

\*3 Occupational Illness Frequency Rate (OIFR): Number of lost-day occupational illness cases / Total working hours × 1,000,000

### › Driving Health Management

The LIXIL Group promotes sound health management because we believe it is important to ensure every one of our employees is physically and mentally healthy if we are to build an enthusiastic, vigorous workplace.

We set up the LIXIL WELLNESS project in 2015 in cooperation with the LIXIL Health Insurance Society in order to use joint corporate and health union resources to promote and support steady employee health. The project focuses are to:

- Improve awareness of health issues and the importance of self-management among all employees.
- Provide many employees with opportunities to prevent illness and promote good health.
- Establish health-conscious, comfortable working environments.



LIXIL WELLNESS health support framework

To implement these initiatives, we have established an employee health support framework through which company nurses facilitate collaboration between occupational physicians and relevant departments.



Brochure of LIXIL WELLNESS

「LIXIL WELLNESS (ウェルネス)」とは、LIXIL (会社) と LIXIL 健康保険組合がみなさんの健康の為に連携を強化し、相互に資源や強みを活用する LIXIL 流の「コラボヘルス」を指します。

「LIXIL WELLNESS」を推進することにより、みなさん一人ひとりがこれまで以上にいきいきと健やかに毎日を過ごせることを目指します。このパンフレットでは、「LIXIL WELLNESS」について、皆さんに「知ってほしいこと」、「協力してほしいこと」をお伝えします。

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### Illness-Prevention Initiatives

#### Annual Medical Checkups

All employees undergo annual medical checkups, and occupational physicians determine whether individual employees require arrangements specific to their jobs. In addition, employees who exhibit health risks are encouraged to visit a medical institution in order to ensure early detection and treatment of any diagnosed illness. We are especially rigorous in encouraging employees with high health risks to visit medical specialists, so we can enable them to continue working in a healthy and safe manner without exacerbating their symptoms. The LIXIL Health Insurance Society covers basic medical examination fees for both employees and their dependents.

#### Mental Health Measures

We conduct annual stress checks as part of our mental health support, with a participation rate of 94.5% in FYE2019. Employees suffering from high stress levels are referred to occupational physicians for private consultation. Any workplace with ten or more respondents that has been identified as being high-stress is required to create an action plan sheet to resolve the underlying causes.

We are also strengthening our mental health support system by allocating occupational psychiatrists in multiple Japanese bases to facilitate a more targeted specialist approach.

### Health Education Program

We create programs tailored to specific audiences (new hires, supervisors, etc.), through which company nurses provide information on topics such as mental health, disease prevention, and improvement of health-related lifestyle factors. In FYE2019, we held a total of 58 sessions with 1,540 participants. In particular, we ensure all newly appointed managers receive training on mental health management, as part of efforts to create work environments that facilitate the early detection and treatment of mental health issues.

We also work together with the LIXIL Health Insurance Society to arrange health seminars given by external lecturers on topics selected to suit the needs of individual workplaces or job types. In FYE2019, we held 35 seminars on six chosen topics relating to the building of sound mental and physical health.



Health seminar given by an external lecturer

### Health Promotion Events

Given the importance of daily efforts to maintain health, we work with the LIXIL Health Insurance Society to actively

encourage exercise. Since 2016, we have held our biannual LIXIL Walking Rally as a way to encourage employees to develop their own exercise routines, drawing some 2,000 participants each time.

We also run the LIXIL Health Insurance Society's twice-yearly health promotion campaign, which is designed to encourage healthy living through six separate courses including no smoking, regular exercise routines, and dieting.

### Supporting Return to Work

We support employees' return to work following sickness absence based on our Return to Work Program. From care during absence to follow-up support after return, relevant departments, supervisors, occupational physicians and company nurses align with each other to provide support suited for individual mental and physical conditions.

### New Helplines

LIXIL Corporation has established a helpline offering mental and physical health advice through which employees can receive specific individual advice and specialist support from company nurses via email or telephone.

The LIXIL Health Insurance Society has set up its own mental and physical health support line where employees can seek advice via telephone, web or face-to-face interview from external doctors and public health nurses not only about health and medical treatment, but also about child-raising and nursing care.

# 04

## OUR PEOPLE

### Our People

Diversity & Equal Opportunity

Rewarding Workplaces

Talent Development

**Occupational Health & Safety**

### METI Health and Productivity Certification

For three consecutive years since 2017, the LIXIL Group has received White 500 (large enterprise) Health and Productivity certification from Japan's Ministry of Economy, Trade and Industry. This certification recognizes LIXIL's health maintenance and improvement measures, including mental health education, exercise promotion, and initiatives to prevent exacerbation of lifestyle diseases and other illnesses. In 2019, LIXIL VIVA CORPORATION was also certified under the same program.



### KENKO Kigyo Kai Participation

Maintaining and improving health is a challenge for all workers, extending beyond the activities of any individual company. The LIXIL Group is part of KENKO Kigyo Kai, an organization that seeks to improve the effectiveness of health promotion activities by sharing and utilizing health management expertise. We hope this association will develop into a group of leading companies in the health promotion sphere, and, by extension, set a strong example for broadening health management in our society at large.



### Overseas Cases

To introduce a few of our international well-being promotion activities, LWT & LHT Asia (LIXIL Thailand) created exercise clubs designed to relieve stress and improve health awareness that all employees can attend after work. The multiple clubs, ranging from badminton to futsal, attract over 1,200 participants in total. LWT & LHT Asia (LWT China) also holds a biweekly health promotion club to help relieve work-related pressure.

FYE2019 human resource performance data indicated with ★ have received an independent practitioner's assurance.

**CR** Scope and details (P105)



LWT & LHT Asia (LIXIL Thailand) exercise club in action



LWT & LHT Asia (LIXIL China) health club puts on a show

# 05

## ENVIRONMENT

### > ENVIRONMENT

We proactively pursue environmentally conscious initiatives across all of our processes based on our earnest desire to help people coexist in harmony with our planet.

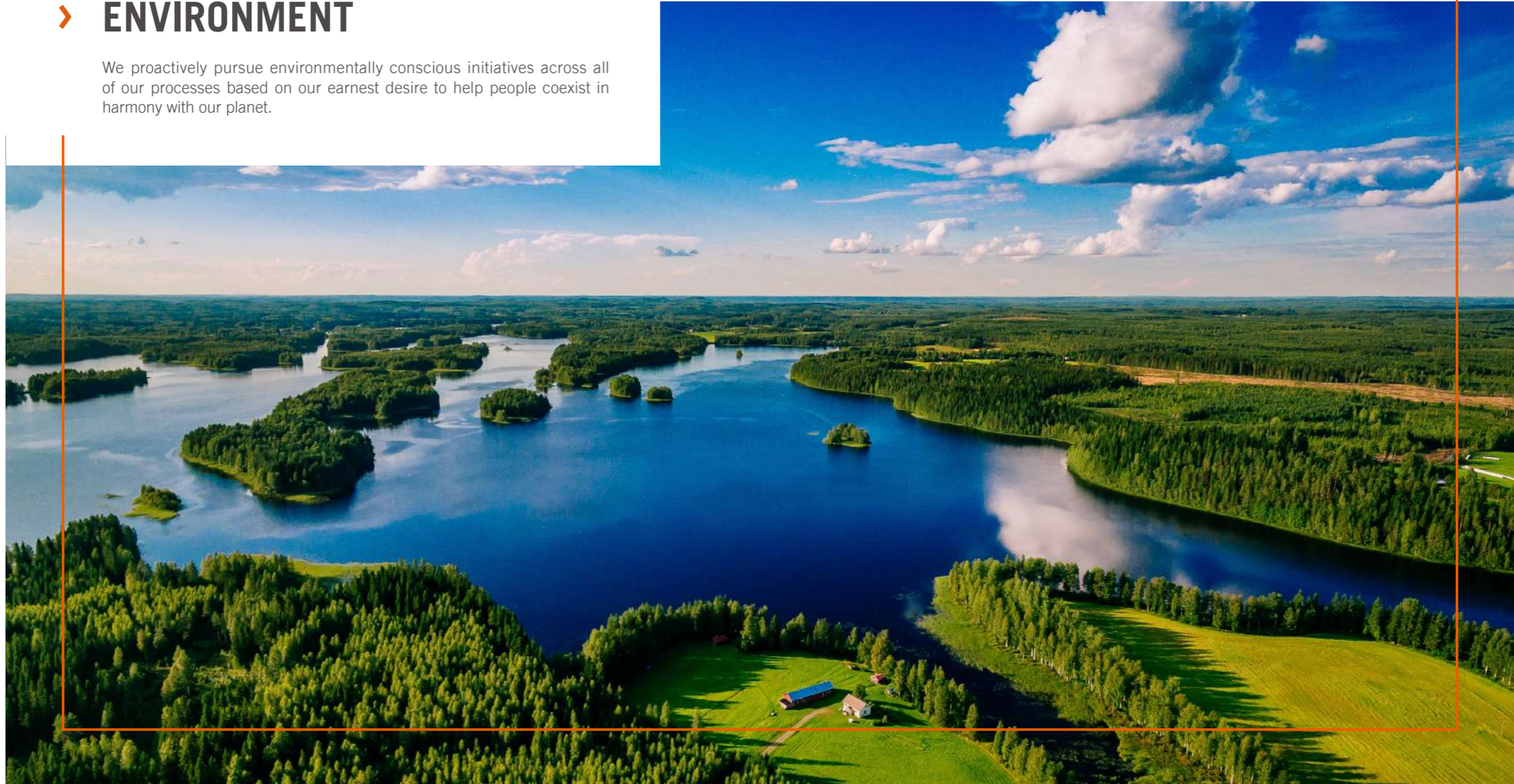
#### Environment

Environmental Management

Climate Change Mitigation and Adaptation

Sustainable Water Use

Sustainable Use of Resources



# 05

## ENVIRONMENT

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Sustainable Water Use

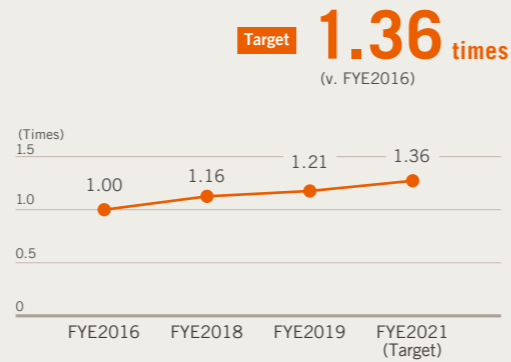
Sustainable Use of Resources

### > Highlight

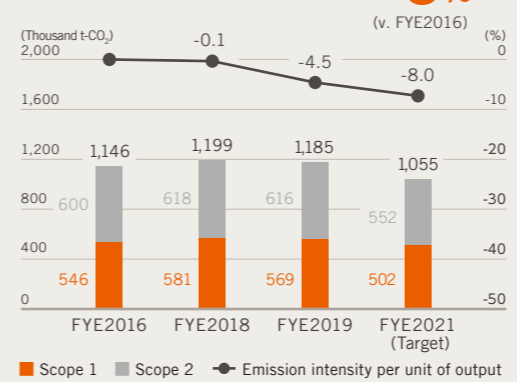
#### Target

Help realize a sustainable society through innovative products and services and environmental considerations across all operational processes.

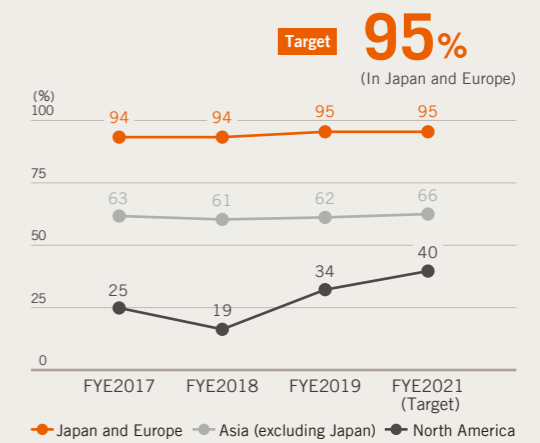
CO<sub>2</sub> emissions reduction attributable to Group products and services



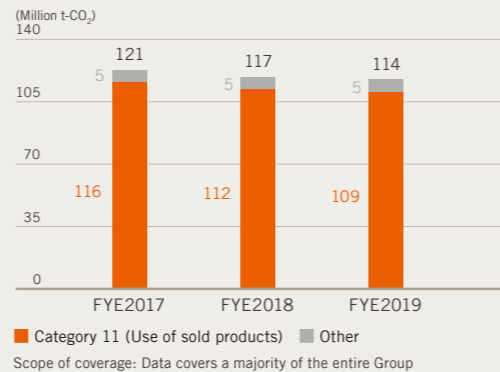
CO<sub>2</sub> emissions from places of business (Scope 1 and 2)



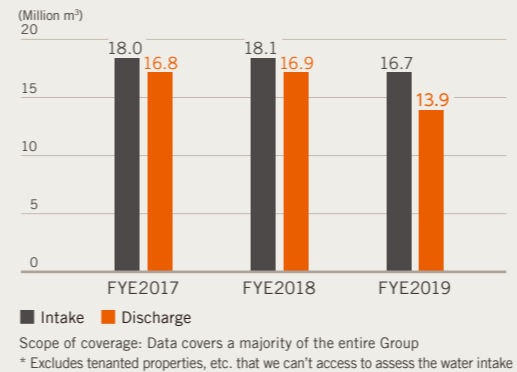
Waste recycling ratio



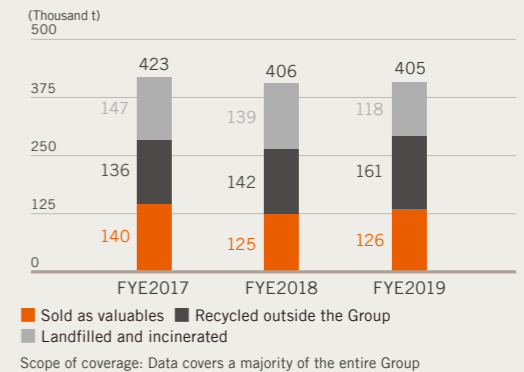
Scope 3 emissions



Water usage



Waste and other emissions



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## ENVIRONMENTAL MANAGEMENT

In order to achieve our Environmental Vision 2030, the LIXIL Group is developing and operating a Group-wide Environment, Occupational Health and Safety (EHS) management system.

### › Our Approach

In 2016, the LIXIL Group announced its Environmental Vision 2030 medium to long-term targets, and established the LIXIL Group Environmental Sustainability Principles to define our environmental philosophy and code of conduct. By 2030, we aim to achieve an overall net zero balance between the environmental footprint of our business and the positive environmental contribution we make through technological innovations and the development of low-carbon, water-saving products and services. We are now also developing a long-term vision that envisages how by 2050 LIXIL Group will contribute to solving the increasingly serious environmental issues that we have witnessed in recent years. We aim to announce this strategy in FYE2020.

To achieve our Environmental Vision, it is vital that we operate an effective environment management system and work to reduce the environmental impact of our entire supply chain, from raw materials procurement through product disposal. In 2016, we started operating under our newly established EHS Performance Reporting Guidelines to help strengthen Group-wide target management and monitoring systems. We are looking to actively reduce our environmental impact across the Group by extending activities implemented primarily in Japan to all global operations.

### › Our System

In order to promote Group-wide EHS activities, the Group EHS Committee was established under senior managing executive officers. The Quality and EHS departments for the LIXIL Group and LIXIL Corporation serve as Committee secretariats, overseeing all our business organizations, head office departments, and consolidated subsidiaries. The Group EHS Committee enlists the cooperation of the LIXIL Group Executive Officers Committee, LIXIL Corporation Board of Directors, the Internal Audit Committee, the Risk Management Committee, and the CR Committee for its activities. These activities focus primarily on establishing a Group-wide EHS management system, including promoting environmental strategies, organizing effective management structures and reporting lines, and sharing and expanding organizational and regional measures.

The Group EHS Committee holds a regular meeting once a year, which is attended by Group senior managing executive officers supervising EHS activities, and employees responsible for EHS from individual business organizations. At the meeting, participants confirm the Group's EHS policy, strategy, and emergency response process, which they then share and implement in each of their individual jurisdictions as a means of strengthening corporate governance and improving performance.

At the end of each business year, Committee members meet for a management review session where they look back on the past year's activities, formulate plans for the coming business year, and revise the company's overall vision and medium-term targets.



Group EHS Committee



Internal TCFD study session during the second part of the EHS Committee meeting

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### Environmental Sustainability Principles

#### Philosophy

Striving to help people live in harmony with the earth, LIXIL Group is committed to continuing its environmentally sound efforts in every aspect of our businesses activities.

#### Code of Conducts

- Continually improve environmental management systems and performance
- Adhere to rigorous compliance
- Develop and provide environmentally sound products and services
- Reduce environmental impact in every process of the business operation
- Proactively communicate with all stakeholders

**PDF** LIXIL Group Environmental Sustainability Principles (50KB)

### External and Internal Audit

The LIXIL Group operates an internal audit system covering the entire Group. Its manufacturing factories conduct internal audits in strict accordance with ISO14001 standards and check the effectiveness and compliance of environmental management systems. With regard to non-manufacturing divisions and Group operating companies, we perform internal audits based on the standards set in our own environmental management system and are gradually expanding the scope to include Group subsidiaries. We work to ensure the effective operation of our management system by following up on all audit points and confirming the implementation of improvements. From FYE2018, LIXIL Group's EHS Management Division started auditing employees responsible for EHS in all business organizations.

Furthermore, our 13 manufacturing sites in North America (eight sites in the US, one site in Canada, and four sites in Mexico) are progressing with plans to formally acquire ISO14001 certification by FYE2020 with the aim of strengthening Group-wide environmental governance.

### Environmental Education and Internal Evaluation

We strive to inform and educate employees at different levels of the company about environmental initiatives. The company conducts environmental training for new recruits, provides Environmental Management System (EMS) training for EMS promotion managers and operators in each office, and distributes monthly reports on environmental trends to top management, including directors, auditors, and the CEOs of technology businesses.

In addition, we evaluate and award environmental activities at each business site. We also encourage managers to promote environmental activities through a new system introduced in 2018 as part of our executive compensation system review. Under this system, we evaluate how senior managers seek to help raise medium to long-term corporate value.



Environmental education for new hires



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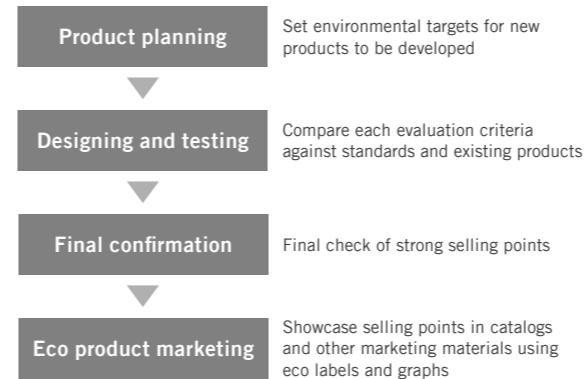
Sustainable Water Use

Sustainable Use of Resources

### Environmentally Conscious Design

LIXIL Corporation conducts an environmental assessment at each stage of the product development process to help reduce the environmental impact of products in all three lifecycle stages: produce, use, dispose.

#### Product-Related Environmental Assessment Steps



#### Evaluation Criteria for Product-Related Environmental Assessment

Stage	Items to be considered	Eco product features
Produce	Reducing major component materials and parts	Resource-saving
	Additional reductions from using recycled materials	Recycled material use
	Efficient assembly and construction	Construction-saving
	Using lawful, sustainable wooden materials	Lawfully logged wood
Use	Reducing energy and water usage in everyday living	Energy- and water-saving
	Improving performance using natural energy and zero energy use	Energy-creating / zero energy
	Ease of maintenance and cleaning	Dirt-proofing, easy cleaning
	Responding to sick-house countermeasures	F☆☆☆☆, etc.*
Dispose	Material recyclability of main component materials and parts	Recyclable design
	Reusability of main component materials and parts	Reusable

\* F☆☆☆☆ (four-star) is the highest rating in the formaldehyde emissions level rating scheme

### Environmental Disclosures

We are establishing systems to assist environmental management decision-making by appropriately evaluating risks and opportunities and clearly understanding the financial impact of the effects of climate change on our future business operations. Our head office environment department provides information to senior managers derived from various analyses regarding the calculated financial impact of CO<sub>2</sub> emissions on the Group, which are based on national carbon taxes, carbon prices in the emissions trading market, forecasts of energy prices, the potential cost-saving benefits to be derived from capital investment and environmental measures, etc. In order to further promote environmental investment, calculating the CO<sub>2</sub> reduction of equipment investments is required for processing any request for approval (RFA) of investment.

In March 2019, the LIXIL Group announced its support for the Task Force on Climate-related Financial Disclosures (TCFD), and reorganized its existing information under recommended TCFD disclosure items. Going forward, we will continue to help solve social issues through our business activities, and work to further enhance our information disclosure that will enable us to build a stronger relationship of trust with our stakeholders.

We also participate in the survey conducted by an international non-profit CDP. We were recognized as an A List company in the CDP Water Security 2018 for our outstanding water resource management initiatives.

**CR** TCFD Index (P121)

**WEB** Details about the CDP

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## CLIMATE CHANGE MITIGATION AND ADAPTATION

The LIXIL Group provides products and services that can help achieve a carbon-neutral future, while actively reducing carbon footprint in its operational processes.

### › Products & Services: Conserving Energy and Reducing Greenhouse Gas Emissions

#### | LW (TOSTEM)

Introduced in 2018, LW is an innovative window product consisting of a large glass door that slides open sideways and a built-in frame that is almost invisible from inside the house. This product offers high thermal insulation (heat transmission coefficient  $1.00W/(m^2K)$ )\* through its aluminum and resin hybrid frame, which helps reduce CO<sub>2</sub> emissions and energy consumption from heating and air conditioning. The built-in frame provides a clear, wide view and is designed to perfectly fit the lines of the window frame.

LW won the Nikkei Sangyo Shimbun Award of Excellence at the 2018 Nikkei Superior Products and Services Awards, along with the 2019 Construction Materials and Facilities Grand Prize.



LW installed room

Built-in frame design

\* Calculated internally using JIS A 2102-1 and JIS A 2102-2 standards for measuring the two-way thermal transmittance of Low-E green (5-10-1.3-11-5) model of sliding 16522 triple-pane glass (with krypton gas)

**WEB** About the product (Japanese only)

The LIXIL Group develops and retails products and services that help reduce energy consumption through thermal insulation, energy conservation, energy creation, and other measures. We intend to help mitigate and adapt to climate change by improving performance and expanding the reach of these products and services.

#### | RE-PLUS (TOSTEM)

While the level of thermal insulation of windows in newly built houses meets Japan's 2020 energy-saving standards thanks to ZEH (net zero energy house) promotion activities driven by the Japanese government, this is not necessarily the case for windows in existing houses. RE-PLUS is a window product that enables existing windows to be replaced with an aluminum-resin hybrid model in as little as 60 minutes\* using existing window frames. Since introducing this product, we have expanded the range of windows that can be upgraded by complementing the sliding-door window frame launched in 2017 with a new frame for decorative windows in 2018. We are now also trying to improve the level of thermal insulation of windows in current housing by extending the scope of windows that can be upgraded, from sliding doors most commonly found in living rooms and bedrooms to a wider range of windows.

\* Regular-sized pane replacement takes at least 60 minutes, and terrace window-sized pane replacement takes at least 90 minutes



Replacement image

Cross-section image

**WEB** About the product (Japanese only)

#### | Ecoful Shower (INAX)

Heating water constitutes 24% of household CO<sub>2</sub> emissions. Reducing the amount of hot water used, therefore, is an effective way to reduce emissions. The impeller built into the Ecoful Shower's showerhead is designed to close off half of the showerhead's holes while spinning at a high speed. As a result, the increased internal pressure creates a powerful shower spray despite using considerably less water. In fact, this showerhead can reduce the amount of water used by 48% compared to traditional shower heads (10liters/minute), thereby saving energy.



**WEB** About the product (Japanese only)

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### Automatic Heating Faucet (INAX)

INAX's Automatic Heating Faucet for public restrooms will instantly heat water to 26°C when the temperature of the water dips below the 21 to 26°C range, which is considered comfortable for washing hands. This faucet also incorporates our Ecoful feature, releasing the minimum amount of water required for users to feel that they have cleaned their hands properly. This new method of ensuring the optimum temperature and volume of water for washing hands has successfully reduced energy use by 92% compared to traditional electric water heaters. As a result of its simple design and eco-friendly approach, the faucet won the top award for excellence at the Environment and Equipment Design Awards hosted by the Association of Building Engineering and Equipment.



WEB About the product (Japanese only)

### IoT-Enabled Smart Post Delivery Box (LIXIL)

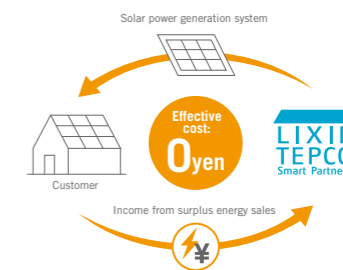
The growth of online shopping in recent years has increased the number of home deliveries. However, due to the growing number of redeliveries as well, this is cited as reducing labor productivity and increasing CO<sub>2</sub> emissions. LIXIL launched its IoT-enabled Smart Post Delivery Box in 2018, which enables two-way communication between the box and a smartphone, sending notification of deliveries and enabling users to accept multiple separate deliveries. We are currently conducting a demonstration experiment on how much this product can reduce CO<sub>2</sub> emissions in the Tokyo districts of Koto and Edogawa.



WEB About the product (Japanese only)

### Promoting the Construction of Net Zero Energy House (LTSP)

To help reduce household energy consumption, the Japanese government has set a target requiring over 50% of new houses built by 2020 to qualify as net zero energy houses (ZEH)\*. ZEH are not expanding at the desired pace, though. To help address this situation, LIXIL Corporation and TEPCO Energy Partner established a joint venture company, LIXIL TEPCO Smart Partners, in September 2017. The company leases solar-power generation systems to customers who purchase LIXIL's ZEH materials, and receives income from any surplus energy sold. In return, the actual cost customers pay each month for their solar power generation systems is zero yen. LIXIL's new Tatetoku Value service, which was launched in 2018 to help reduce customers' monthly electricity bills, won the Agency for Natural Resources and Energy Director-General's Award at the FYE 2019 Energy Conservation Awards. LIXIL intends to use these services to promote the spread of ZEH, help customers live comfortably and healthily, and help mitigate global warming.



\* ZEH is an abbreviation for Net Zero Energy House. The term refers to housing that offers both a comfortable interior environment and a substantial reduction in energy consumption, thanks to its high degree of insulation and high-efficiency facilities. Moreover, it produces energy through solar power generation systems and other equipment, and the yearly net amount of energy consumption is basically zero or lower as a result

WEB About the product (Japanese only)

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### ▶ Promoting Energy Creation and Saving

Each business sets targets and action plans in line with our medium-term goals. Based on these, we are implementing various initiatives to help mitigate climate change by reducing the net amount of energy consumed in our entire supply chain. These include activities aimed at saving or creating energy.

#### Increasing Energy Efficiency

The new GROHE Klaeng factory in Thailand was constructed to be environmentally friendly. This building integrates highly efficient equipment within its production processes and uses a solar power generation system installed on the roof to reduce factory CO<sub>2</sub> emissions by approximately 700 tons per year.

Despite a 20% year-on-year increase in production volume in FYE2018, LIXIL Corporation's Ariake factory in Kyushu, Japan managed to equalize daytime and nighttime electric power usage by reviewing the operational framework of its materials department. This initiative successfully reduced the factory's CO<sub>2</sub> emission intensity by 6%. Subsequently in FYE2019, all functional departments worked together to increase the frequency of inspections, which enabled them to analyze power consumption patterns and implement measures to adjust energy usage at the initial production planning stage. These new measures helped reduce the factory's CO<sub>2</sub> emission intensity by a further 3%.

We are also replacing existing lighting at LIXIL Corporation's factories and logistics centers with LED lighting. We developed a plan to make a full transition to LED at all factories in Japan by 2020, and have already achieved nearly 90% of the plan.



LIXIL Chita plant in Japan

#### Using Renewable Energy

LIXIL Corporation is contributing to the creation and spread of renewable energy by operating large-scale solar power generation facilities in unused spaces and on roofs of buildings at seven bases in Japan. The seven bases generate approximately 32,600 MWh of energy per year, equivalent to the annual energy consumption of approximately 6,500 standard households in Japan.

#### Energy Savings at Manufacturing Sites

In July 2016, the GROHE Lahr Plant in Germany introduced a new combined heat and power (CHP) unit\* to replace two inefficient boilers. The new CHP unit provides heat for



GROHE Lahr plant in Germany

two electroplating lines and can supply up to 30% of the plant's demand for electricity. In addition to improving overall energy efficiency, it also enables the plant to reduce CO<sub>2</sub> emissions by 2,550 tons per year.

At the GROHE Hemer Plant, a CHP unit introduced in 2015 has reduced the plant's electricity consumption by 15% by using recovered heat, reducing CO<sub>2</sub> emissions by 2,200 tons per year.

All GROHE plants and distribution centers around the world were successfully certified according to ISO50001 Energy Management Systems by the end of 2016.

\* A power generation system that uses a heat recovery unit to capture waste heat and turn it into thermal energy

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## SUSTAINABLE WATER USE

The LIXIL Group aims to develop and offer products and services that help reduce water consumption and solve kitchen and bathroom-related problems, as well as promote the conservation and sustainable use of water resources in its own business processes.

### Enhancing the Water-Saving Features in Products and Services

We aim to contribute to the conservation of water resources by developing and offering products and services that can reduce water consumption, such as water-efficient toilets and faucets. We are also committed to adding extra value to water resources by developing innovative technologies in various areas including water purification and circulation.

#### SATIS (INAX)

The SATIS toilet, with its strong cleaning performance and water-saving functionality, can save up to 73% of water used compared to conventional toilets that use 13 liters of water for each long flush. It is also possible to reduce the amount of water used for cleaning the toilet thanks to the AQUA CERAMIC sanitary ware material that enables dirt to be easily washed away with just water and will stay shiny for 100 years.



SATIS

AQUA CERAMIC

**WEB** About the product (Japanese only)

#### Water Saving Toilets (American Standard)

American Standard offers a wide range of toilets that meet strict criteria for water savings established by the U.S. Environmental Protection Agency's WaterSense program, and save nearly 20% more water than the standard criteria set by the governmental organization. We seek to enhance the variety of products to match consumers' tastes, including Cadet PRO, a quality toilet at an affordable price, VorMax

UHET, an Ultra High Efficiency Toilet, and Lyndon, a popular contemporary-style toilet. The bowl height of these toilets also conforms to the accessibility height guidelines as outlined by the Americans with Disability Act of 1990.



VorMax UHET Elongated Toilet

**WEB** About the product

#### GROHE SENSE GUARD (GROHE)

According to a survey of European households conducted by GROHE in 2017, 54% of households have experienced some form of water damage such as those caused by water leakage. In response, GROHE developed the remote-controllable GROHE SENSE GUARD. Used together with a smartphone app, it notifies users in the event of a burst pipe and automatically shuts off the water supply to minimize damage.



**WEB** About the product

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### Navish Hands-Free Faucet Equipped with the Eco Sensor (INAX)

LIXIL's Navish hands-free faucet uses the automatic Eco Sensor to detect the presence of hands and other objects, enabling water to be dispensed and stopped without touching the faucet. The faucet equipped with the Eco Sensor function also separates hot and cold water, preventing unintended use of hot water and energy. Users can save approximately 52% energy and 31% water compared to conventional faucets.



**WEB** About the product (Japanese only)

### Beale MeasureFill Touch Pull-Down Kitchen Faucet (American Standard)

American Standard's Beale MeasureFill Touch Pull-Down Kitchen Faucet features an in-built measuring function capable of dispensing exact volumes of water up to 1.2 liters. Setting the dial to the quantity required for cooking, users can save water by ensuring not a drop is wasted. This product won the 2018 Red Dot Award for Product Design.



**WEB** About the product

### GROHE Blue (GROHE)

Using a specialized filter cartridge, the GROHE Blue household water system dispenses chilled or carbonated water from the kitchen faucet. It can also chill room-temperature water to a desired temperature. Given that as much as seven liters are required to produce a single liter of bottled drinking water, GROHE Blue also contributes to the conservation of water resources. The system also helps to cut CO<sub>2</sub> emissions by 61% compared to bottled water and reduce plastic waste.



**WEB** About the product

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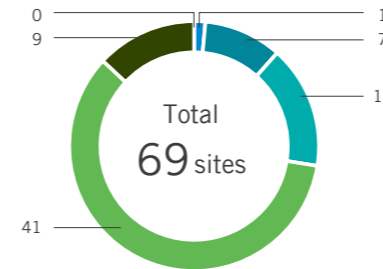
### › Reducing Water Usage and Conserving Water in Business Activities

To help conserve water resources, the LIXIL Group is working to further improve the efficient use of water in its business processes by developing tailored measures for each production base. The LIXIL Group uses large amounts of water for aluminum product surface finishing and other processes at its production sites. In order to promote the efficient use of water, we investigate the level of water usage at each factory, including water intake and water usage in each process, and confirming that water recycling systems are in place. Meanwhile, we are introducing water recycling systems and other water-saving measures. We also conduct strict wastewater management to protect water environment in each region and maintain water quality.

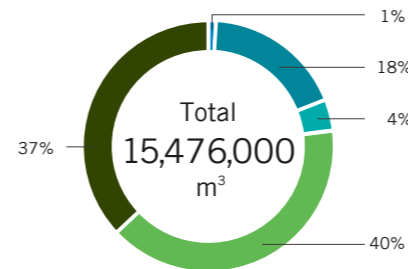
#### Identifying Water Risks in Our Production Facilities

In order to better understand local conditions and introduce appropriate measures to address the problem of increasingly scarce global water resources, the LIXIL Group started conducting surveys in FYE2017 to identify water risks at production sites that use water in their manufacturing processes. We used international evaluation tools such as the WWF Water Risk Filter and the WRI Aqueduct to quantify local characteristics and actual water usage. We are currently taking measures to improve water usage at the six priority focus sites identified as high risk in FYE2017. Thanks to improvements made at each site and the increased accuracy of evaluation tool databases, only one high-risk site remained out of a total of 69 production sites in FYE2019.

Percentage of Production Sites by Water Risk Level (FYE2019)



Water Risk Survey Results and Water Usage (FYE2019)



Low ■ ■ ■ ■ ■ High

\* Targets those production sites that use water in their production processes (excluding the newly added sites in India and Dominica)

### Introducing Wastewater Recycling Systems

LIXIL Sanitary Fitting Manufacturing (Suzhou) Corporation is a factory in China affiliated with LIXIL Water Technology, which has made a notable reduction in its water use. In 2015, the factory installed wastewater recycling systems with a reverse osmosis (RO) membrane filtration system\* to filter wastewater generated in production processes such as machining and plating. The filtered water is reused in production processes and water savers in the factory. For example, water consumption per unit weight of products was reduced by approximately 45% in FYE2017 compared to FYE2015, when the system was not in place. In FYE2017, fresh water usage and cost were reduced by 36,927m³ and US\$15,000, respectively.

Based on its success, similar projects are being rolled out in other LIXIL faucet factories in Asia. Through engaging proactively in wastewater recycling and other water-saving projects, we are expecting to see even more benefits from reductions in freshwater use and related costs.



INAX Suzhou factory in China

\* A type of filtration membrane that enables water to flow through while blocking impurities such as ions and other molecules

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## SUSTAINABLE USE OF RESOURCES

The LIXIL Group promotes the sustainable use of raw materials across the entire lifecycle of its products, from procurement through disposal.

### › Saving and Recycling Resources in Products and Services

We develop and offer recyclable products that use less resources by incorporating an eco-friendly approach into planning and designing phases of our products and services. We also seek to promote the sustainable use of resources by utilizing underused resources, recycled materials, and environmentally-friendly materials.

#### Products Made with up to 85% Recycled Materials

GROHE manufacturing plants in Germany, Portugal and Thailand refine alloys in their own melting furnaces, turning internally and externally sourced recycled materials into 70-85% of the brass used to make faucet fittings.



GROHE Klaeng factory in Thailand

#### Wooden Decks Made from 100% Recycled Materials

KIRARA STAGE Mokucho is an artificial timber deck with the natural character of wood, made from 100% recycled materials. This range of decks uses medium-density fiberboard (MDF) wood dust, which is generated from LIXIL's wood-cutting processes and usually reprocessed as fuel, mixed with plastic collected and recycled by local authorities.



Completed deck image

Cross-section showing the material's asymmetric grooves (patented technology)



**WEB** KIRARA STAGE Mokucho (Japanese only)

#### Committed to Using Recycled Aluminum

LIXIL Corporation factories in Japan have been using recycled aluminum materials for over 25 years. Aluminum, an exceptional metal that is light, strong and rust-resistant, requires large amounts of electricity and water in the refining process. Reusing existing aluminum can therefore lead to drastic energy use reductions in manufacturing. However, given the low purity of recycled aluminum materials, maintaining quality and productivity was a challenge. Through cross-functional efforts, LIXIL Corporation established supply routes that achieve the industry's highest aluminum recycling rates, helping to reduce CO<sub>2</sub> emissions by around 350,000 tons annually.



Feeding raw materials into the aluminum smelter



# 05

## ENVIRONMENT

### Environment

Environmental Management

Climate Change Mitigation and Adaptation

Sustainable Water Use

**Sustainable Use of Resources**

### › Recycling Resources in Operational Activities

The LIXIL Group ensures sustainable use of resources through various initiatives, including the recycling of waste materials produced in its operations. Based on the 3R principles (Reduce, Reuse, Recycle), LIXIL is committed to reducing industrial waste generated from manufacturing processes, collecting and sorting waste, and recycling. Furthermore, during product development, we promote initiatives to reduce resource use and simplify construction, design products that can be easily disassembled for recycling, and reuse parts and materials.

#### Reducing Wood Material Waste

Our factory in Dalian, China reduces wood material waste through improved cutting processes and increased yield. We also utilize surplus materials generated in the production process, which were previously disposed of by sale to third parties, to manufacture parts. Thanks to these efforts, the factory managed to reduce the volume of waste wood by 1,600 tons year on year in FYE2018.

#### Recycling Wood Pallets

Presented with the challenge of recycling and utilizing wood offcuts, our Oyama factory has succeeded in selling its waste pallets as biomass fuel. Expanding the initiative to other factories in the region and coordinating transport among multiple bases has contributed to reducing both wood offcut waste and the environmental impact of distribution. In

FYE2019, these efforts cut waste at LWT production plants in Japan by around 18% (4,470 tons).

#### Working with Stakeholders to Eliminate Industrial Landfill Waste

TOSTEM THAI, a LIXIL Corporation subsidiary, has been working with stakeholders to recycle its industrial waste. In Thailand, most industrial waste is generally landfilled, causing environmental problems. With the cooperation of the Thai government, we reduced the amount of landfill by around 90% over four years through initiatives such as recycling industrial sludge to produce cement. Along with other community activities, including tree planting and garbage collection, this earned TOSTEM THAI a Level 4 rating in the Thai Ministry of Industry's Green Industry commendation system\*. However, with few local companies able to comply with new laws and regulations issued each year, finding recycling contractors proved challenging. In FYE2019, we re-established a viable recycling framework by inspecting such potential contractors, along with guidance and support to incorporate corrective measures, which allowed us to eliminate our industrial landfill waste in Thailand from March 2019. These efforts were rewarded with the Thai Ministry of Industry's 3Rs Award and the Zero Waste to Landfill Award. We are now working towards our goals of maintaining zero landfill waste in FYE2020 and achieving Level 5 in the Green Industry commendation system.



Award ceremony for green industry promoted by Ministry of Industry of Thailand

\* The green industry commendation system operated by the Thai Ministry of Industry has five achievement levels, and gives a level-specific Green Industry mark to each company that fulfills the required environmental activities

# 06

## CUSTOMERS & SUPPLY CHAIN

### Customers & Supply Chain

Responsible Supply Chain Management

Product Safety & Quality

Customer Satisfaction

## › CUSTOMERS & SUPPLY CHAIN

We are committed to delivering customer-focused products and services and promoting responsible supply chain management.



# 06

## CUSTOMERS & SUPPLY CHAIN

### Customers & Supply Chain

Responsible Supply Chain Management

Product Safety & Quality

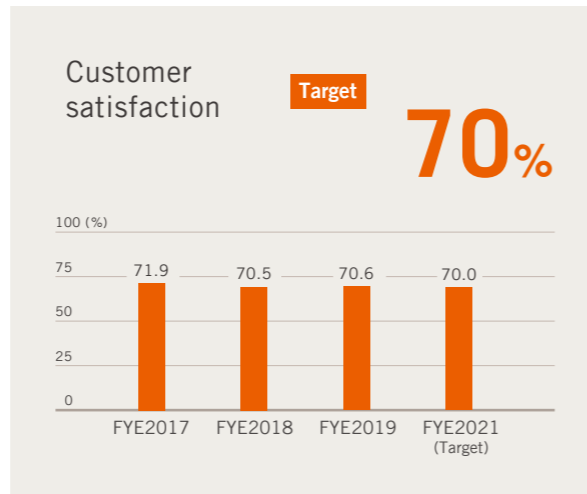
Customer Satisfaction

### > Highlight



#### Quality and Satisfaction

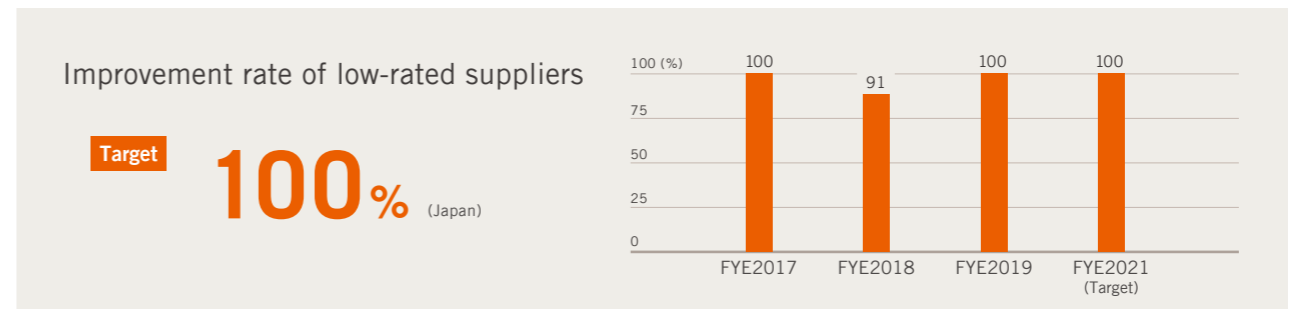
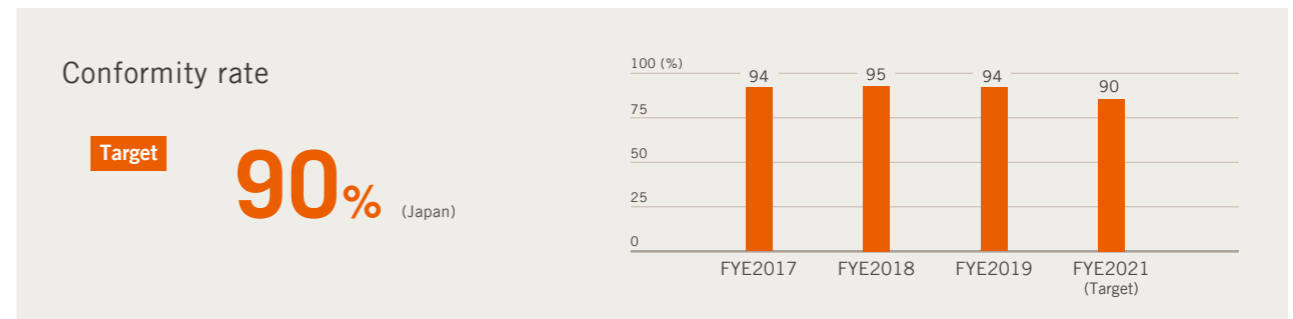
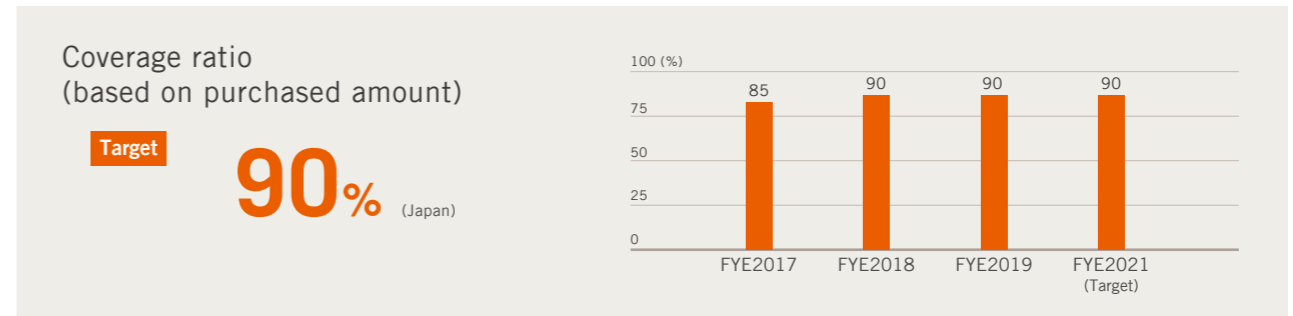
**Target** Strengthen relationships with customers through our products and services.



#### Supply Chain

**Target** Through responsible management of the overall supply chain, deliver a stable portfolio of products and fulfill stakeholder accountability.

#### Responsible Procurement Survey



# 06

## CUSTOMERS & SUPPLY CHAIN

### Customers & Supply Chain

#### Responsible Supply Chain Management

Product Safety & Quality

Customer Satisfaction

## RESPONSIBLE SUPPLY CHAIN MANAGEMENT

The LIXIL Group seeks to ensure stable product supply and responsible procurement by identifying related risks and working closely with business partners.

### Our Approach & System

The LIXIL Group's procurement is based on strong partnerships with global suppliers in accordance with our Procurement Principles and the concrete guidelines of our Procurement Compliance Policy. Our LIXIL Group Code of Conduct also specifies the ethical behavior that is expected of all our staff, including prohibition of bribery.

Meanwhile, our Supplier Code of Conduct compiled in FYE2018 requires that suppliers prohibit corruption and observe legal working hours and minimum wage requirements. At the same time, we request that they demand equivalent standards from their own suppliers.

**PDF** Procurement Principles (92.9KB)

**PDF** LIXIL Group Code of Conduct (2.6MB)

**PDF** Supplier Code of Conduct (156KB)

### Promoting Responsible Procurement That Upholds the Environment and Labor Safety

The LIXIL Group is committed to responsible procurement.

#### Selecting New Business Partners

The Supplier Assessment Standards used to select business partners include criteria on: quality, cost and delivery, technical capabilities, and ability to deliver stable supply; environmental consciousness, such as sustainable use of resources and proper control of chemical substances, and; human rights and labor safety. We require new business partners to understand and accept our Supplier Code of Conduct. Once suppliers are selected, we also conduct assessments of their products.

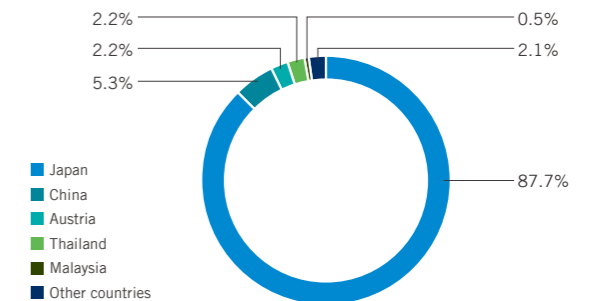
LIXIL Corporation ascertains the compliance of new business partners by checking written responses to surveys of labor management, health and safety, anti-corruption, and other practices.

### Monitoring Existing Business Partners

We also conduct regular inspections of our existing partners. The LIXIL Group employs the process outlined below to designate important suppliers, which will be prioritized when sharing procurement policies, conducting questionnaire surveys, and checking progress towards improvement.

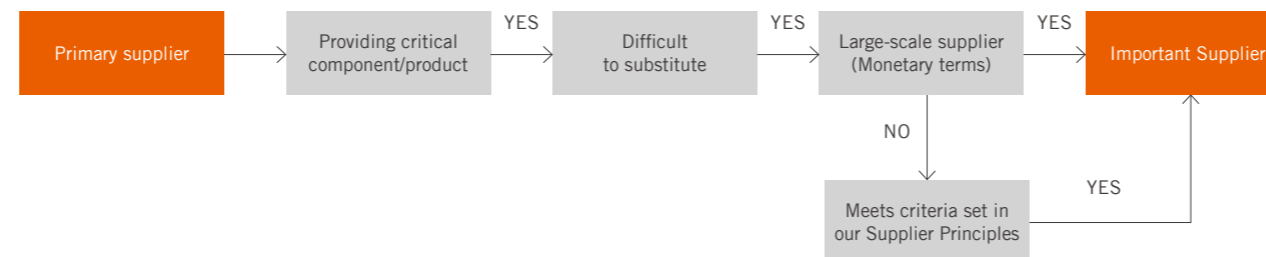
Based on transaction value, approximately 90% of LIXIL Corporation suppliers are located in Japan, followed by China, Austria, and Thailand. For major suppliers in Japan, we hold annual meetings to explain responsible procurement policies and request cooperation with questionnaire surveys.

#### Procurement Transaction Amount Breakdown by Country



Scope of application: Suppliers to LIXIL Corporation and its subsidiaries  
\* Excluding GROHE Group S.à r.l., American Standard Brands, and PERMASTEELISA GROUP

#### Flowchart for Important Suppliers Identification



# 06

## CUSTOMERS & SUPPLY CHAIN

### Customers & Supply Chain

#### Responsible Supply Chain Management

Product Safety & Quality

Customer Satisfaction

### ▶ Conducting and Following Up on Responsible Procurement Surveys

The LIXIL Group identifies supply chain risks by conducting responsible procurement surveys and checking subsequent progress. Survey results form part of the basis for selecting suppliers or determining whether to continue business with an existing partner.

Details of the process are outlined below.

- ❶ Select suppliers to be surveyed based on previous year's transaction value, etc.
- ❷ Conduct responsible procurement surveys for chosen suppliers, covering CSR management, fair business, human rights, labour, occupational health and safety, conservation of the global environment, and contribution to the community.
- ❸ Compile survey results, classifying suppliers with sub-standard conformance rates as high-risk.
- ❹ Manage high-risk suppliers individually to encourage improvement.

For suppliers classified as high-risk through this process, we provide site visits and other forms of individual guidance that help promote sustainable partnerships and strengthen our supplier base, the primary goals of our supply chain management strategy.

LIXIL Corporation reviewed its responsible procurement survey in FYE2019. The new 47-question survey is easier to understand because it dovetails more closely with our Supplier Code of Conduct, revised in FYE2018, and enables online responses. This has lightened the survey load for both suppliers and LIXIL's procurement department, allowing efforts to be focused on improving any problems that are uncovered. We plan to expand this responsible procurement survey system to other parts of the LIXIL Group.

### Number of Responsible Procurement Survey Questionnaire Items

CSR management	5
Fair business	12
Human rights	8
Labour	6
Occupational health and safety	7
Conservation of the global environment	7
Contribution to the community	2
<b>Total</b>	<b>47</b>

[PDF](#) Survey Forms (447KB)

### Responsible Procurement Survey Results

Activities	KPI	FYE2017		FYE2018		FYE2019		FYE2021	
		Targets	Results	Targets	Results	Targets	Results	Targets	
Distribute Procurement Principles; follow up on survey results and related activities	Coverage ratio (based on purchased amount)	Japan	80%	85%	90%	90%	90%	90%	90%
		Overseas*1	60%	80%	90%	90%	90%	90%	90%
	Total conformity rate	Japan	90%	94%	90%	95%	90%	94%	90%
		Overseas*1	90%	88%	80%	85%	80%	88%	-*2
Improvement rate	Japan	100%	100%	100%	91%	100%	100%	100%	

Scope of application: Suppliers to LIXIL Corporation and its subsidiaries

Japan: Procurement by operating sites in Japan, Overseas: Procurement by operating sites overseas

\*1 Excluding GROHE Group S.à r.l., American Standard Brands, and PERMASTEELISA GROUP

\*2 Not decided yet as the scope is now under reconsideration

# 06

## CUSTOMERS & SUPPLY CHAIN

### Customers & Supply Chain

#### Responsible Supply Chain Management

Product Safety & Quality

Customer Satisfaction

### › Strengthening Support for International Business Partners through Training

LIXIL Corporation provides training for procurement staff at overseas factories as part of efforts to deepen understanding of responsible procurement and improve business partner support.

#### Understanding Social Needs

In FYE2019, we conducted training for procurement departments at our factories in China. Lectures led by members of the head office procurement department provided information on the importance of responsible procurement and related social trends, deepening the understanding of the company's challenges under our Procurement Principles.

#### Visiting Business Partners for On-the-Job Training

Personnel from local and head office procurement departments jointly visited business partner factories to assist with aspects requiring improvement. Local staff commented on how the experience reinforced the understanding of the importance of CSR, and inspired them to utilize insights gained through the on-the-job training to help business partners with their activities.

### › Management of Chemical Substances

LIXIL Corporation specifies chemical substances whose use in products or production processes in Japan is either prohibited or requires strict control. In April 2019, we published our approach to chemical substances in products. We also plan to set procurement standards for chemical substances and update our list of controlled substances.

**PDF** [List of the Environment-Related Substances to be controlled by LIXIL Corporation \(506KB\)](#)

# 06

## CUSTOMERS & SUPPLY CHAIN

### Customers & Supply Chain

Responsible Supply Chain Management

Product Safety & Quality

Customer Satisfaction

## PRODUCT SAFETY & QUALITY

The LIXIL Group is committed to maintaining and strengthening ties with its customers by ensuring superior quality in manufacturing and services, and consistently improving its product quality management system with the aim of eradicating serious product-related accidents.

### Our Approach

The LIXIL Group firmly believes that product quality is the key to earning the trust of its customers and society, and a source of corporate profitability. To ensure that this belief is shared among all employees, we have published the LIXIL Group Quality Principles in 14 languages and are continuously pursuing excellence in product manufacturing and services around the world. Significant product-related problems make customers anxious and adversely affect our reputation for reliability. That is why we pursue product quality management initiatives such as confirming legislative compliance based on the LIXIL Product Safety Principles.

Going forward, we intend to make consistent improvements to our product quality management system, and work to ensure consumers know how to use products safely.

[PDF LIXIL Group Quality Principles \(106KB\)](#) [PDF LIXIL Product Safety Principles \(40KB\)](#)

### Management Structure

LIXIL Corporation has established quality and EHS headquarters under the direct control of the company president, and is continuously working to develop a strong company-wide product quality management system to resolve quality issues. We have also established quality and EHS departments for the LIXIL Group to help unify quality management across Group companies.

We have unified the major functions of development, manufacturing and sales at our three technology companies, and strive to achieve ultimate quality in each business' operation. We have appointed a chief quality officer (CQO) in each company, who oversees product quality department efforts to guarantee superior-quality products and services and resolve quality-related issues. In addition, LIXIL Japan Company, which has jurisdiction over the retail service functions in Japan, strives to offer superior quality customer service.

CQOs and other relevant members gather together on a quarterly basis for the LIXIL Group quality management conference, and conduct regular management reviews.

### Nurturing a Culture That Strives for Superior Quality Product Manufacturing

The LIXIL Group is proactively pursuing activities to improve quality by turning its annual month-long efforts to nurture a quality-improvement focused environment into an all-year drive, and extending activities at each office worldwide.



#### Stimulating Regular Learning via Internal Social Media Network

In FYE2019, we launched new product-quality promotion activities via our internal social media. We actively share our quality-related strategy, related CEO messages and examples of initiatives on each organization's message boards to help improve quality. To date, the LIXIL Group has promoted quality-focused training during its annual LIXIL Quality Month in November, but, more recently, we have started using internal social media channels to encourage year-round activities.



#### Sharing Global Improvement Initiatives at Our Product Quality Forum

We hold a group-wide Product Quality Forum in November each year. In FYE2019, approximately 800 people participated in the forum, which was transmitted live to 43 offices around the world. Over 3,000 employees have taken part in the forum over the seven years since it was first launched in 2012. The forum seeks to strengthen product-quality initiatives at each office by sharing a selection of outstanding examples of improvements made at offices worldwide.



# 06

## CUSTOMERS & SUPPLY CHAIN

### Customers & Supply Chain

Responsible Supply Chain Management

Product Safety & Quality

Customer Satisfaction

### › Enhancing Quality across Entire Product Lifecycle

To ensure customer safety, LIXIL Corporation is focused on enhancing quality across the full lifecycle of all products, from development to design, procurement, manufacture, distribution, and after-sales support.

#### Design & Development

During the development stage, we have introduced techniques such as Fault Tree Analysis (FTA), Failure Mode and Effect Analysis (FMEA), and Design Review Based on Failure Mode (DRBFM), which are used globally as a means of assessing potential risks that may arise when using products. Through these, we aim to improve our ability to pinpoint values that our customers seek.

Furthermore, in recognition of our duty to help protect the environment, we are currently striving to expand sales of environmentally conscious products and develop a vision for our future environmental strategy. We are also working to develop frameworks to ensure accurate recognition and compliance with global legislation and regulations as we continue to pursue collaborative development projects around the world.

#### Material & Parts Procurement

We set quality-related standards to which our business partners must adhere. If necessary, we will design joint activity themes to help resolve quality-related issues.

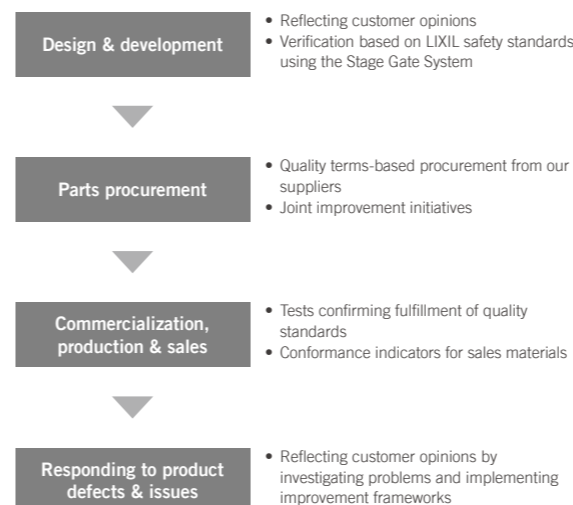
#### Commercialization, Production & Sales

We only commercialize products that have undergone and passed vigorous stress tests and quality checks for durability, weather resistance, etc. Products that require specific labeling to indicate conformance with safety and quality standards are clearly marked in our catalogues and other sales materials as

meeting required criteria. We also strive to provide better, readily understandable product explanations, including experience-based showroom displays and online videos, in order to ensure that customers select appropriate products. We also have a customer service team in place to respond to queries.

#### Responding to Product Defects & Issues

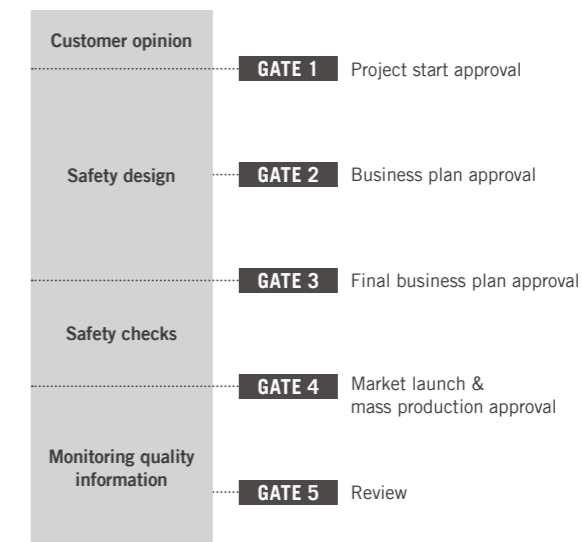
We have a system in place for incorporating customer opinions with regard to product-related accidents and defects. We thoroughly investigate the cause of any problem via the system and implement improvements, not only in product design, but across all processes from manufacturing to retail distribution. The improvement process also covers steps to help prevent product defects and problems, from pursuing organizational management to ensure improvements are fully integrated, to developing better governance frameworks to support them.



### › Stage Gate System

In its product development, LIXIL Group categorizes the various processes from research and development to commercialization and merchandising into “Stages” and sets up “Gates” between transitions to subsequent stages, with high importance placed on evaluation reviews and management decisions. To raise the level of completion in design, quality and production, the Development, Production and Sales Divisions collaborate with each other at each stage of the development process. The criteria for evaluation are also reexamined on an ongoing basis to promote the development of even higher-quality products.

#### Concept of Stage Gate System



\* The above is a concept, arranged in each division or each area



# 06

## CUSTOMERS & SUPPLY CHAIN

### Customers & Supply Chain

Responsible Supply Chain Management

**Product Safety & Quality**

Customer Satisfaction

### › Responding to Serious Product-Related Accidents

At LIXIL Corporation in Japan, whenever a product-related accident occurs, information is gathered in the Quality & Six Sigma Division within 24 hours from the receipt of notification, and an emergency notice is sent out to relevant departments. The division in charge of customer services reports such high-risk product-related accidents directly to senior management to ensure a swift response. The division also coordinates with other departments to implement on-site response and investigation of an accident. A report is submitted to the relevant authorities within ten days as stipulated by the Japanese government's reporting and disclosure procedures on product accidents under the Consumer Product Safety Act. To prevent a recurrence, we reflect lessons learned from accidents in design schematics, and proactively improve preventative safety technology.

Regarding suspected illegal occurrences, the technology or other relevant departments will ascertain if an infringement has occurred, and submit a report to the competent authorities. We follow a similar process for suspected legal infringements as for product-related accidents; namely, we conduct a thorough investigation of the cause and decide appropriate countermeasures to prevent a recurrence.

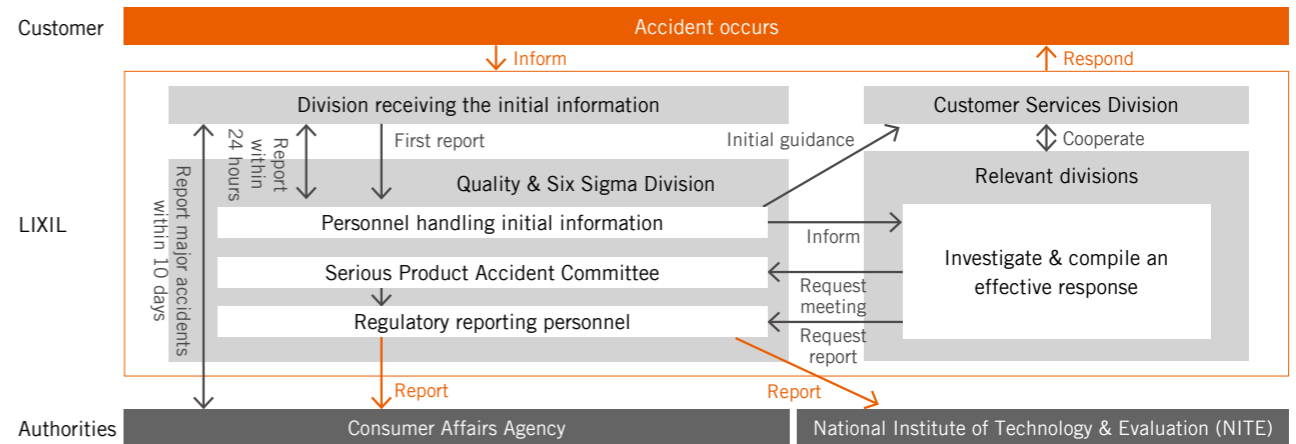
### › Product Safety Education

LIXIL Corporation provides product quality education through a training framework tailored to individual job types and levels. In FYE2019, LIXIL Corporation conducted product safety training for new technical-stream employees, and

Number of Legal Infringements and Significant Product-Related Accidents

	FYE2017	FYE2018	FYE 2019
Number of legal infringements	0	1	1
Number of significant product-related accidents	4	3	8

### Emergency Procedure for Responding to Accidents



training sessions for different job types on Japan's Electrical Appliance and Material Safety Act for approximately 450 employees across ten offices.

### › Conveying How to Use Products Safely

The LIXIL Group publishes product-specific instructions for all of its major products on the website to ensure safe product use, along with videos illustrating how to care for and clean products to ensure appropriate use.

**WEB** Product & installation manuals (Japanese only)

**WEB** How-to videos (Japanese only)

### › Long-Term Guarantee to Facilitate Long, Safe Customer Use

Today, houses are designed to last much longer than in the past. In recognition of these changing trends, LIXIL Corporation offers a maximum ten-year LIXIL Long-term Guarantee Service that enables customers to use products safely over a longer period of time.

Praised as a pioneering development in the industry, this service enabled LIXIL to win the Excellence Award in the large manufacturer and importer category at the 8th Best Contributors to Product Safety Awards in 2014.

# 06

## CUSTOMERS & SUPPLY CHAIN

### Customers & Supply Chain

Responsible Supply Chain Management

Product Safety & Quality

Customer Satisfaction

### External Activities

#### Safety Education Program: Think about Safety in the Home

As part of its product safety-related activities, LIXIL Corporation has developed a safety training program with the not-for-profit Association of Corporation and Education (ACE) for fifth and sixth year elementary students, and provided this program for free to school teachers and educators. In FYE2019, LIXIL employees also used this program to give 14 lessons in seven schools to approximately 500 children. The program also won the Outstanding Performance Award at the Instructional Materials for Consumer Education Awards 2014 conducted by the National Institute on Consumer Education (NICE).



**WEB** Details about the activity (Japanese only)

#### Consumer Education

LIXIL Corporation creates opportunities for consumers to consider how to ensure safety and prevent accidents in the home, by conducting themed lectures on safety in the home at product safety seminars hosted by the National Federation of Regional Women's Organizations and other consumer-related organizations. In FYE2019, the seminars were conducted at ten different halls for approximately 1,000 participants.



Product safety seminar

# 06

## CUSTOMERS & SUPPLY CHAIN

### Customers & Supply Chain

Responsible Supply Chain Management

Product Safety & Quality

**Customer Satisfaction**

## CUSTOMER SATISFACTION

The LIXIL Group is constantly enhancing its products and services and promoting communication across the Group to ensure continued and improved customer satisfaction.

### Our Approach & System

To ensure that our customers enjoy all aspects of their living spaces, the LIXIL Group seeks to maximize customer satisfaction among both construction-related commercial customers and end consumers. Developing and providing products and services that fulfill customer expectations and communicating effectively with relevant stakeholders are vital to improving customer satisfaction. LIXIL Corporation's Marketing Division and quality and EHS headquarters work consistently together to improve our products and services based on customer feedback.

### Improving Customer Safety in Times of Disasters

LIXIL Corporation started to provide disaster-response information in recognition of the more frequent occurrence of natural disasters and the rising number of related customer enquiries. We have also been working to strengthen our support systems so that we can respond to customer enquiries even during a disaster.



#### Communicating Disaster-Response and Disaster-Recovery Key Points

The damage to personal homes in times of disasters greatly impacts the everyday lives of our customers. Our website offers relevant information for each type of natural disaster, including how to repair LIXIL products, in order to help customers get back on their feet as soon as possible and regain a sense of normality. We try hard to ensure this information is widely available by posting it on our website and regularly providing disaster-related information through our LIXIL Owners Club, as well as by posting it on our official social media accounts when a disaster strikes.



#### Providing Reassuring Customer Support by Moving Telephone-Based Services onto the Cloud

During a disaster, we receive a higher number of emergency inquiries from affected customers. However, it is difficult for our call centers to respond if they have also suffered damage. To ensure we can continue to support our customers even in times of disasters, we have moved our contact facility onto the cloud and increased our number of satellite bases. This has enabled us to create a more decentralized call center network in order to make our infrastructure more resilient, and establish a system that is more responsive to customer concerns in times of disasters.

Product-specific disaster-response examples:

- How to flush a toilet in times of suspended or restricted water supply
- How to cope with a collapsed carport or terrace roof
- How to deal with broken window panes
- How to prevent freezing in bathrooms and bathtubs

Types of disasters: earthquake, flood, power outage, typhoon, water outage, heavy snowfall/freezing

**WEB** Key points for responding to specific disasters (Japanese only)

# 06

## CUSTOMERS & SUPPLY CHAIN

### Customers & Supply Chain

Responsible Supply Chain Management

Product Safety & Quality

**Customer Satisfaction**

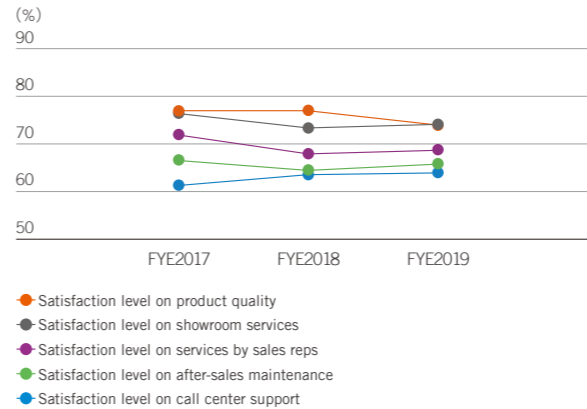
### Implementing the Six Sigma Quality Management Method

LIXIL Corporation considers customer satisfaction a significant element of its business activities. In order to listen attentively to the voices of our customers (VOC) and channel those opinions into creating better products and services, we have introduced the Six Sigma system. This system involves listening to customer opinions and pinpointing issues for improvement. Then, instead of making judgements based on instinct and experience, we focus on facts derived from numerical analyses to help control any variation in our work and services, ultimately helping lead to quality improvements. We have established an interdivisional team across Group companies to promote the improvement initiatives.

### Reflecting Commercial Customer Opinions in Our Products and Services

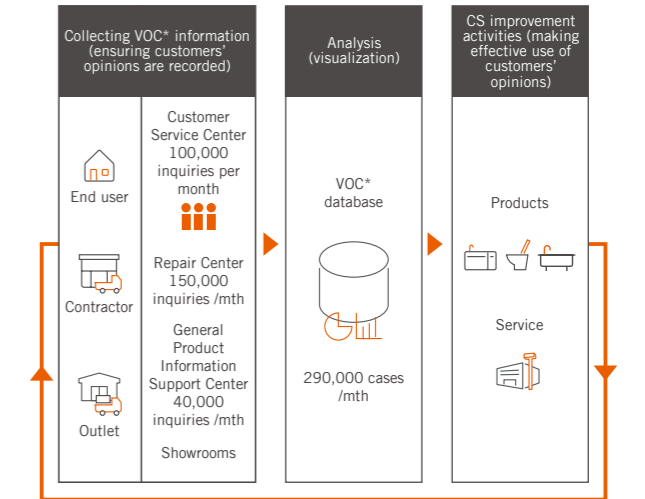
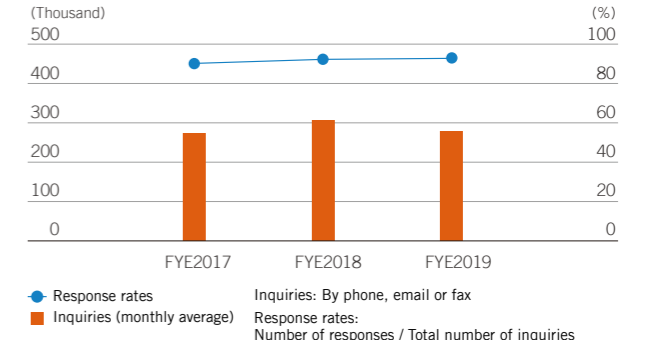
LIXIL Corporation conducts satisfaction surveys of its commercial customers. In FYE2019, we achieved an average satisfaction rate of 70.6% in terms of the quality of our products and customer support, including showrooms, call centers, aftersales maintenance, and sales representatives.

Professional User Satisfaction of Products and Support Services



We also collect approximately 300,000 comments from customers each month through our customer service center, repair center, and product information support center. This data is stored in our database and shared with relevant departments to encourage measures to improve and ultimately boost the quality of our products and services. In addition, our customer service center sends a questionnaire to customers who have recently contacted the center to rate the quality of service received, and also conducts mystery shopping surveys. We use the results to improve our communication and enhance customer satisfaction.

Customer Inquiries



\* VOC: Voice of Customers

**WEB** Examples of service improvement through the VOC (Japanese only)

# 06

## CUSTOMERS & SUPPLY CHAIN

### Customers & Supply Chain

Responsible Supply Chain Management

Product Safety & Quality

**Customer Satisfaction**

### › Training: How to Improve Customer Satisfaction

We hold practical construction-related training workshops for commercial customers on window sashes, doors, exteriors, kitchens, and bathrooms with the aim of improving end consumer satisfaction. We also conduct regular training for employees to improve their level of knowledge about our overall work and products so that they can resolve any problems customers face. Furthermore, we seek to boost motivation by offering rewards for excellent customer service skills.

#### Product training

Hands-on product knowledge training using actual toilets



#### Construction training

Carport foundation construction training



#### Recognition system

Award recipients of a regularly-held customer service contest



### › LIXIL Owners Club

With the launch of its membership-based LIXIL Owners Club, LIXIL Corporation is seeking to improve customer satisfaction by providing information and services that will enable customers to use purchased items comfortably and safely over a long period of time.

Examples of available services:

- Ability to extend guarantee period free of charge
- Long-term guarantee service (additional payment required for a five or ten year guarantee)
- Maintenance package (additional payment required)

## LIXIL OWNERS CLUB

リクシルオーナーズクラブ

**WEB** LIXIL Owners Club (Japanese only)

# 07

## SOCIETY

### Society

Human Rights

Stakeholder Engagement

Community

## > SOCIETY

We uphold the human rights of all our stakeholders in our determined drive to promote business activities and contribute to society.



## 07

## SOCIETY

## Society

Human Rights

Stakeholder Engagement

Community

## Highlight

## Stakeholder Engagement

**Target** Proactively engage with LIXIL's key stakeholders.

## Meeting with investors

**359 times**

(FYE2019)



## LIXIL Community Day participants

**6,938 employees**

(FYE2019)



# 07

## SOCIETY

### Society

#### Human Rights

Stakeholder Engagement

Community

## HUMAN RIGHTS

We aim to operate as a sustainable, responsible corporate citizen that respects human rights.

### › Our Approach & System

Based on the LIXIL Group Human Rights Principles, we strive to uphold the human rights of all stakeholders, including end-users, suppliers and other business partners, residents living near our factories and offices, and our employees. LIXIL Group also established the Human Rights Due Diligence Task Force in FYE2018, comprising managers from Corporate Responsibility, Human Resources, Compliance, Global Auditing and Purchasing departments, with the aim of strengthening and ensuring strict adherence to human rights due diligence processes\* as a global company. Going forward, we will extend the scope of these human rights due diligence processes to the entire Group and provide transparent reports on our performance.

The LIXIL Group has signed the United Nations Global Compact, and is a member of the Human Rights Due Diligence Working Group of the Global Compact Network Japan.

\*Due diligence on human rights: To put in place measures that identify, prevent, reduce, or respond to any negative impact on human rights caused by the activities of a company or its related companies, and to regularly monitor their effectiveness

### › Human Rights Principles

LIXIL Group business activities are built on a fundamental respect for human rights. The LIXIL Group Human Rights Principles, established in March 2016, align with international standards, International Bill of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights, and we seek to instill a solid understanding of the principles among all officers and employees. If there are any discrepancies between the internationally recognized human rights standards and the laws and regulations of individual countries or regions, we adhere to the higher commitment. If any contradictions exist, we seek a way of respecting internationally recognized human rights standards while complying with local laws and regulations.

### › Instilling Human Rights Principles within the Group

The LIXIL Group completed the training on its Human Rights Principles for all employees and officers by FYE2019. In Japan, we sought to deepen employee understanding by encouraging staff to debate business-related human rights issues in meetings held by individual departments. In FYE2019, we worked to instill a broad understanding of the importance of upholding human rights by holding training sessions for all employees and officers outside Japan, covering our policies relating to the banning of discrimination and harassment.

## LIXIL Group Human Rights Principles

### Our commitment

### Our approach

- Respect the human rights of customers
- Respect the human rights in the workplace
- Respect the human rights of business partners
- Due diligence
- Remedy
- Education/instilling

### Our engagement

- Cooperation with stakeholders
- Reporting

**PDF** LIXIL Group Human Rights Principles (76KB)



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### › Strengthening Human Rights Due Diligence

The LIXIL Group is working to strengthen its human rights due diligence. Having determined our principles in FYE2016, the following year we conducted risk mapping in the CR Committee, which is made up of executive officers from each functional division in the head office and representatives from each of the technology businesses. We invited the BSR human rights NGO to give lectures on social trends relating to business and human rights, and pinpointed human rights risks across the lifecycle of LIXIL products. In FYE2018, our newly established Human Rights Due Diligence Task Force created a survey sheet of 76 items, and conducted a test run in all head office departments.

Based on results of the test run, the LIXIL Group will implement human rights due diligence across all global operations by FYE2021 to help define and reduce LIXIL business-related human rights risks for customers, employees, business partners and other stakeholders, and to respond swiftly and sincerely to any human rights



Risk mapping in the CR Committee

violations and ensure improvements are made. We will also conduct regular reviews of our human rights due diligence framework, and ensure highly transparent disclosure of relevant content and processes.

### Requiring Our Business Partners to Uphold Human Rights

LIXIL Corporation has implemented a Supplier Code of Conduct which requires its business partners to take action against human rights risks. We use supplier questionnaires to maintain a clear understanding of how those efforts are progressing.

**CR** Responsible Supply Chain Management (P60)

### › Concern-Raising System

The LIXIL Group operates an internal concern-raising system called Speak Up! for reporting human rights and other concerns relating to the entire Group, including subsidiaries outside Japan. We welcome information from our business partners such as suppliers and service providers on any potential compliance violations by the LIXIL Group.



**WEB** Concern-raising system Speak Up!

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## STAKEHOLDER ENGAGEMENT

The LIXIL Group proactively engages with stakeholders to help improve the quality of people's daily lives and resolve social issues.

### › Our Approach

Our success depends on the support of a broad range of stakeholders. We are committed to proactively engaging with our stakeholders (including customers, business partners, members of the communities where our operational facilities are located, shareholders, our employees and their families) to collect and reflect their opinions in our business operations and corporate social responsibility activities.

### › Relationship with Stakeholders

The LIXIL Group invites external experts to hold sustainability workshops for the CR Committee, which consists of officers from each functional division in the head office and representatives from each technology business. In FYE2018, we held a second top-level meeting exploring how international companies are expected to contribute to the Sustainable Development Goals (SDGs). The meeting started with a lecture from experts on recent sustainability trends, followed by an engaging discussion on how and in what capacity LIXIL could effectively contribute to the SDGs now and in the future. Ideas proposed in the discussion will be reflected in our future CR activities.



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### Key Stakeholder Engagement

#### Customers

CR Details (P67)

We incorporate customer opinions, and provide timely and appropriate disclosure on our products and services. We offer customer support via telephone, email, and 135 showrooms worldwide.

#### Suppliers

CR Details (P60)

We build and maintain strong relationships with our suppliers by facilitating two-way communication. In response to the results of our Responsible Procurement Surveys, we share our procurement policies, recognize current circumstances, and follow through on promised improvements. We also hold regular meetings with suppliers to share information on regulatory trends and new corporate purchasing strategies.

#### Local Communities

CR Details (P78)

The LIXIL Group operates 103 factories worldwide. As a responsible corporate citizen, in addition to respecting local culture and customs and creating responsible products and jobs, we also contribute to the development of the surrounding community in which we operate. We hold community dialogues at factories and sales offices in Japan to encourage communication with local residents.

#### Shareholders and Investors

WEB Details

We held 359 discussions this year with investors around the world to help promote sustainable growth and enhance corporate value. We disclose timely and transparent information in English and Japanese through our Annual Report (Integrated Report from FYE2016), our Investor Relations web pages, and the Tokyo Stock Exchange website.

#### Employees

CR Details (P28)

The LIXIL Group boasts approximately 75,000 employees. We strive to create an inspiring working environment that encourages diversity and incorporates employee opinions expressed through systematic global employee satisfaction surveys or discussions between the union and the company.

#### NPOs, NGOs, and Educational and Research Institutions

We partner with NPOs, NGOs, and educational and research institutions for research and development related to global sanitation, and support environmental education for next-generation leaders.

#### Government Authorities and Industrial Associations

Engaging in vigorous but transparent dialogue with government authorities is necessary to shaping a sustainable society. As part of this process, we are involved in several industrial and business associations whose missions include engaging with public authorities on behalf of their respective industries, including window sashes, plumbing, and metals. Participating in these associations helps keep us up-to-date with current and pending changes in laws and international agreements that may affect our business.

(Total political contributions: Less than JPY 1 million in FYE2017; less than JPY 1.1 million in FYE2018; Less than JPY 0.8 million in FYE2019) (Total fees relating to industrial associations and others\*: JPY 55 million in FYE2017; JPY 97.6 million in FYE2018; JPY 86.2 million in FYE2019) \* Total fees from FYE2015, FYE2017 and FYE2019 start to include ASD Americas Holding Corp. (American Standard), GROHE Group S.à r.l. (GROHE), and Permasteelisa S.p.A., respectively

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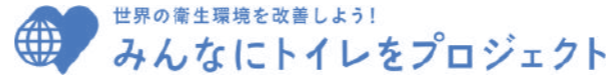
### Stakeholder Cooperation in Our Three Strategic Pillars

LIXIL Corporation is pursuing cooperative initiatives together with stakeholders to help promote its Three Strategic Pillars.

#### Global Sanitation and Hygiene Toilets for All Project

End-user customers, professional building contractor customers and LIXIL employees are currently participating in our Toilets for All project, which was launched in 2017 with the aim of deepening understanding of sanitation problems in developing countries and encouraging improvements. In 2017 and 2018, for each LIXIL shower toilet sold, LIXIL Corporation donated one of its innovative SATO toilet systems to a developing country in Asia and Africa. Those donations totaled 208,805 toilets in 2017 and 203,454 toilets in 2018. We started off by donating SATO toilets through international organizations and NGOs to Rohingya refugee camps in Bangladesh and to regions and people in urgent need in India, Tanzania and Rwanda. We will continue to donate to individual countries and regions that require access to basic toilet facilities. In 2019, we are also donating a portion of sales through the LIXIL and UNICEF initiative named Make a Splash! Toilets for All.

**WEB** Toilets for All Project (Japanese only)



Children with the donated SATO toilets

#### Water Conservation and Environmental Sustainability My Bottle Promotion Campaign

We are taking determined action on water conservation and environmental protection together with customers through the My Bottle Promotion campaign. The campaign, launched in 2017, gives LIXIL branded bottles to customers who ask for a price quotation on water filter taps at our showrooms. LIXIL water filter taps help reduce water consumption and CO<sub>2</sub> emissions through their eco-handles and other functions. People can reduce plastic bottle waste by filling the LIXIL bottle with filtered tap water and bringing it to school or the office.

In 2017 we have also distributed LIXIL bottles to all LIXIL Group employees in Japan, and replaced the taps in all Japanese offices with LIXIL filter taps to encourage our employees to conserve water.



**WEB** My Bottle Promotion Campaign (Japanese only)

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### ● Water Conservation and Environmental Sustainability THINK HEAT: Let's THINK about Eco-Friendly Temperatures

We launched the THINK HEAT project in 2018 to consider with our customers the importance of indoor temperature, which can cause heatstroke or heat shock, and the efficient use of heaters and air-conditioners, which account for approximately 25% of household energy consumption. At our showrooms, we distributed LIXIL branded thermometers to customers who asked for a quotation on products that improve residential insulation and thermal efficiency in order to promote their interest in indoor temperature and the efficient use of heater and air-conditioners. We also distributed LIXIL thermometers to all Group employees in Japan to help change their daily behavior and raise awareness of indoor temperature.

We are also working with local governments to spread knowledge among local communities on how to prevent indoor heatstroke through our Cool Peace Project. For example, we held seminars on indoor heatstroke in Kumagaya city, Saitama and donated Style Shade sun blinds to public housing units for disaster victims in Nishihara village, Kumamoto. Through these initiatives, we help create comfortable indoor living environments during the peak of summer.

**WEB** THINK HEAT: Let's THINK about Eco-Friendly Temperatures (Japanese only)



Donated Style Shade sun blinds to public housing of Kumamoto Prefecture for disaster victims



Held a briefing session for the residents

### ● Diversity and Inclusion Universal Run: Sports Prosthesis Experience Class

Our Universal Run: Sports Prosthesis Experience Classes, launched in 2017, provide a chance to deepen children's understanding of diversity. Thanks to the cooperation of Paralympic and other athletes who use artificial limbs in sports, this experience-based class and discussion provides an opportunity to change the way children perceive people with disabilities. The classes are organized together with schools and local authorities, and our local staff join in the classes, too.



**WEB** Universal Run: Sports Prosthesis Experience Class (Japanese only)

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## COMMUNITY

As a corporate citizen, we are working on various activities to help solve community-specific problems.

### Our Approach & System

The LIXIL Group focuses on making a positive social impact in priority areas such as global sanitation and hygiene, water conservation and environmental sustainability, and diversity and inclusion, as well as in areas where our expertise can make the biggest difference. Our CEO is a member of our Endowments and Consulting Review Committee, which meets regularly to screen, assess and prioritize significant donations and sponsorships in order to ensure our profits contribute to society appropriately and effectively.

#### Social Contribution Expenditures

(Million Yen)

	FYE 2017	FYE 2018	FYE 2019
Charitable donations	122.8	45.5	81.2
Community investments	880.8	658.2	1,147.8
Commercial initiatives	660.6	510.0	510.0

\*Exclude Permasteelisa S.p.A. for FYE2017 and FYE2018 data

\*Monetary and other contributions have been collected and categorized in accordance to the London Benchmarking Group Guidance Manual

### LIXIL Community Day

In 2017, we started LIXIL Community Day, a day when executives and employees from all workplaces and regions around the world take part in corporate citizenship activities during working hours. Staff participation roughly doubled for our second LIXIL Community Day, held in FYE2019, with some 6,900 employees in 23 countries working on 115 projects for a total of 18,050 hours. Outstanding initiatives were recognized through the LIXIL Community Day Awards.



LIXIL Interior Products Division staff selling sweets to colleagues

#### Global Sanitation & Hygiene Category

PT American Standard Indonesia and PT LIXIL Trading Indonesia (Indonesia)

Provided classes on toilet repair and educated kids about handwashing at PKBM Al-Falah, a school on the outskirts of Jakarta for children whose parents earn a living by picking up recyclable garbage.

#### Water Conservation & Environmental Sustainability Category

LIXIL Corporation ZEH Promotion Division (Japan)

Staff initiative aimed at reducing electricity and gas consumption in the home.

AS Maquilla Mexico, S. de R.L. de C.V. (Mexico)

Visit to a local elementary school that involved teaching about water conservation, planting 30 trees, and repairing toilet tanks.

GROHE (Baltic States, Northern Europe)

Created a picture book about the impact of plastic waste on our oceans.

#### Diversity & Inclusion Category

LIXIL Corporation Interior Products Division (Japan)

Worked with three organizations that support the employment of people with disabilities in confectionary production, and sold the sweets to LIXIL colleagues.

Decorative Panels International (USA)

Assisted with lunch preparation and cleaning at homeless shelters. Worked with NPOs to provide meals and household goods to underprivileged children.

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#### › Initiative Examples

##### Youth Empowerment: Plumbing Skills for a More Secure Future

Underprivileged young people in emerging countries often lack the skills to secure stable employment, while at the same time the local society suffers a chronic shortage of skilled workers. GROHE addresses this issue through GROHE Dual Tech, conducted in conjunction with Don Bosco Mondo e.V., a non-profit organization committed to helping disadvantaged young people obtain a job.

The German-modeled, dual-track training program, which provides students with technical knowledge and professional skills on plumbing as well as IT and English-language skills, has been in place in Mumbai, India since 2009. The program was then expanded to New Delhi, the Tondo district in Manila, and the Philippines. To date, over 1,200 young people have taken part in the program, and near 100% of students have been placed in jobs upon their graduation.



GROHE Dual Tech students at the training facility in Mumbai

Training highly skilled plumbers not only helps GROHE secure access to reliable personnel for installing GROHE products, but also helps advance the overall industry. A similar program will be introduced in Nairobi, Kenya in 2019.

##### Providing Safe Sanitation for Communities in Need

SATO products are innovative, life-saving, low-cost solutions that provide safe and hygienic sanitation for people in developing countries. In addition to expanding the SATO business to reach more people in Asia and Africa, the LIXIL Group has been working on donation activities with NGOs to support communities in urgent need, including disaster areas. We are committed to helping ensure a safe and sanitary environment as part of our disaster relief efforts.

Inadequate or damaged facilities and insufficient human resources in disaster areas exacerbate already poor sanitary conditions and the spread of disease. The Caribbean island of Haiti, the poorest nation in the western hemisphere, witnessed a further deterioration in its already insufficient sanitary environment following the 2010 earthquake. American Standard engineers worked with Plumbers without Borders (PWB) to teach students at Haiti Tec plumbing skills and how to improve hygiene. In addition, the company donated 7,900 SATO products to towns and villages in Haiti and surrounding countries with the help of NGOs like PWB and Food for the Poor. SATO products were also delivered to survivors of the 2015 devastating earthquakes in Nepal with the help of NGO WaterAid. Through these activities, we are working to help provide access to adequate sanitation

to people living in disaster-affected areas so that they can feel safer. In 2016, several thousand SATO products were delivered to Bangladesh with the help of the BRAC, an international NGO working to support people suffering with poverty worldwide.

2018 saw the launch of our Make a Splash! Toilets for All partnership with UNICEF. Focusing on countries in Asia and Africa, we will continue working with UNICEF and other UN bodies, along with international NGOs such as WaterAid and Habitat for Humanity, to increase public awareness of the importance of safe, hygienic toilets.

**CR** Global Sanitation & Hygiene (P14)

**CR** Toilets for All Project (P76)



Teaching plumbing skills and how to improve hygiene to students in Haiti

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#### Turn Water into Food Program: Contribution to Communities by Supporting Water Conservation

Since 2012, GROHE has been participating in the Water for Life project, which seeks to reduce water usage through the introduction of advanced technology and promotional campaigns in the Middle East and Africa, where water is extremely scarce.

Part of the initiative revolves around the Turn Water into Food program, conducted together with local food banks since 2015. In this program, GROHE purchases food packages to donate to local families requiring support, equivalent in monetary terms to the amount of money saved by introducing GROHE water efficient products. To date, the program has been conducted in Saudi Arabia, Egypt and Turkey and then extended to Jordan in 2018, and provided food support to a total of over 2,710 families. Water efficient taps were introduced in an all-girls high school in Jordan,



Receiving food through the Turn Water into Food program

where schools are among the highest public spaces for water consumption.

#### Solving Sanitation Problems in Nearby Communities

LIXIL Americas is engaged in tackling sanitation problems within the United States. In the Navajo Nation, our skilled staff joined forces with the International Association of Plumbing and Mechanical Officials (IAPMO) to bring running water to ten households. Teaming up with universities and public agencies, we also worked to raise public awareness of sanitation problems among residents of Lowndes County, Alabama, where 80% of homes are not connected to the public sewage system. Going forward, we plan to explore the possibility of establishing local sewage treatment, and use LIXIL products to improve the facilities of 100 households each year.

#### Delivering Christmas Gifts to Children

Through the Christmas Tree Activity, GROHE staff helped children whose families struggle with poverty or alcoholism in Dusseldorf and Hemer, Germany, where the company headquarters is located. At Christmas, we fulfilled the wish lists of these children by giving a total of 85 presents.



Gifts given to children through the Christmas Tree Activity

#### Local Community Engagement: Community Dialogue in Factories and Sales and Retail Bases

LIXIL Corporation regularly holds community dialogues with local stakeholders (such as local government officials, business owners, and residents) on how we can give back to the community. These dialogues are held at factories and sales and retail bases around Japan. In FYE2018, LIXIL Corporation held community dialogues at 11 locations in Japan, attracting over 90 participants. Over the past six years, we have held over 110 community dialogues in total.



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We cultivate meaningful relations with local residents and authorities by implementing initiatives based on opinions received through community dialogues and ensuring consistent communication and follow up in order to gain trust from the local community. For example, our Handa Factory in Aichi started to help local day-care centers with emergency evacuation procedures after a principal voiced concern that the predominately female staff might not be physically capable of evacuating all the children safely on their own.

LIXIL VIVA Corporation began community dialogues in FYE2013. In FYE2019, meetings at six stores brought together participants from community councils, schools, and centers providing employment and support for people with disabilities, facilitating an exchange of views on issues such as regional disaster prevention, employment for people with disabilities, and work experience for junior high-school students.



Community dialogue (LIXIL VIVA)

**WEB** Details about Community Dialogue (Japanese only)

### LIXIL Omotenashi Toilet Cleaning at Tourist Site

In 2014, Shikoku area staff started the LIXIL Omotenashi Toilet Cleaning at Tourist Site initiative to express the Japanese spirit of hospitality by ensuring that visitors were greeted with clean toilets. As a toilet manufacturer and retailer, LIXIL expanded this unique initiative to 39 areas in 17 prefectures throughout Hokkaido, North Kanto, Chubu, Chugoku, and Shikoku, with employees and local residents working together to clean public toilet facilities. In FYE2019, 1,196 employees cleaned toilets in 334 public facilities together with local residents.

This initiative has been certified by the Tokyo 2020 Official Program (urban development category) for fostering a commitment to heartfelt omotenashi hospitality through cleaning activities towards realization of universal society.



Toilet cleaning initiative

**WEB** LIXIL Omotenashi Toilet Cleaning at Tourist Site initiative (Japanese only)

### Disaster Aid and Recovery Support in Japan

LIXIL Corporation has supported various recovery efforts following the March 2011 earthquake and tsunami in Northeast Japan and the April 2016 earthquake in Kumamoto. These activities include donations of basic daily necessities such as toilets and hand-washing facilities, monetary donations, employee-driven charity events, and sponsoring of recovery projects.

In FYE2018, our Tohoku branch office launched a project to repay the generous support received from around Japan in the wake of the 2011 earthquake and tsunami. Using proceeds from the sale of select refurbishment products, the Tohoku branch donated 500,000 yen to each of five disaster-affected prefectures as a gesture of gratitude.



Donated windows and toilets to the Minamisoma Playground for All recovery support project

**WEB** Details about Disaster Aid and Recovery Support (Japanese only)

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#### Cooperating with Various Partner Organizations (examples)

UNICEF	Working together to promote safe sanitary facilities in Africa.
JICA	Promoting field trials of the water-saving Micro Flush Toilet System in Kenya.
WaterAid	Cooperating to improve the lives of people living in areas without hygienic toilets, and compiled together a white paper that analyzes the socioeconomic losses associated with underdeveloped sanitary environments.
Toilet Board Coalition	Helping develop sustainable, large-scale potential sanitation solutions as a founding member of this multi-industry group.
NIJIRO DIVERSITY	Conducting awareness surveys with this NPO to identify issues LGBT and other sexual minorities encounter when using public toilets, with the aim of providing a comfortable toilet space for all.

**WEB** Partnership with UNICEF**PDF** Special Report: The True Cost of Poor Sanitation (10.2MB)**WEB** Toilet Board Coalition**WEB** Activities with NIJIRO DIVERSITY (Japanese only)

#### Environmental, Cultural and Social Activities

Environmental preservation activities	Encouraging our employees and their families to participate in voluntary activities to protect forest and mountain environments in cooperation with government, NPOs and forestry cooperatives.
Cultural activities	Promoting cultural activities in areas related to our history, such as management of ceramic and textile museums and galleries, and publishing.
Sanitation, environment and universal design educational activities	Offering educational classes at primary schools on the global sanitation challenge, environment and universal design.

**WEB** Environmental preservation activities (Japanese only)**WEB** Cultural activities**WEB** Sanitation, environment and universal design educational activities (Japanese only)**WEB** Other Japan-based activities (Japanese only)

# 08

## ESG DATA, SCOPE OF REPORTING AND GRI

### ESG Data, Scope of Reporting and GRI

- External Evaluations & Awards
- Action Plan & KPIs
- Human Resource Performance
- Environmental Performance
- Scope of Reporting
- GRI Index
- TCFD Index

## › ESG DATA, SCOPE OF REPORTING AND GRI

We publish our 2020 action plans, employee and environment-related data, scope of reporting, and GRI sustainability reporting guidelines comparison charts.



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## ESG DATA, SCOPE OF REPORTING AND GRI

### ESG Data, Scope of Reporting and GRI

#### External Evaluations & Awards

[Action Plan & KPIs](#)
[Human Resource Performance](#)
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[TCFD Index](#)

## EXTERNAL EVALUATIONS & AWARDS

### Evaluations of the Group and Subsidiaries

Award	Year
Included for the first time in the DJSI World Index, and for three consecutive years in the DJSI Asia-Pacific Index	September 2019
Included in the FTSE4Good Index Series and the FTSE Blossom Japan Index for three consecutive years	June 2019
Included in the MSCI Japan Empowering Women (WIN) Select Index for three consecutive years	June 2019
Included in the S&P Japan 500 ESG Index	June 2019
Selected as a Nadeshiko Brand for two consecutive years	March 2019
Named as a CDP Water 2018 A List company	January 2019

Award	Year
Won the Deputy Chiefs' Award given by Japan's Minister of Foreign Affairs at the 2nd Japan SDGs Awards	December 2018
Won the Innovation of the Year Award at Ethical Corporation Responsible Business Awards (for the LIXIL Group's sanitation activities)	October 2018
Received the Gold, the highest award level, in the Pride Index 2018 for two consecutive years	October 2018
Included in the S&P/JPX Carbon Efficient Index	September 2018
Recognized by Japan Ministry of Economy, Trade and Industry and Tokyo Stock Exchange as a Certified Health and Productivity Management Organization for three consecutive years	February 2018
Received the Eruboshi (L Star) certification from Minister of Health, Labor and Welfare based on Japan's Act on Promotion of Women's Participation and Advancement in the Workplace	January 2017

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## ESG DATA, SCOPE OF REPORTING AND GRI





### ESG Data, Scope of Reporting and GRI

#### External Evaluations & Awards

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[Human Resource Performance](#)
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### Evaluations of Our Products

Award	Product or brand being awarded
iF DESIGN AWARD 2019 	INAX, GROHE, American Standard, TOSTEM, LIXIL, DXV, NITTO CERA
Red Dot Award: Product Design 2019 	INAX, GROHE, American Standard, TOSTEM, LIXIL, DXV, NITTO CERA
Resilience Award Grand Prize (Corporate & Industry section), 2019 Japan Resilience Awards 	Resilience Toilet
Judge Committee Special Award, 7th Technology Management and Innovation Awards	SATO simple toilet system for developing countries

Award	Product or brand being awarded
12th Kids Design Awards 	LIXIL ALLER-PURE (allergen- mitigating decorative tiles) and Style Shade (window shades)
2018 Good Design Awards 	A total of 11 products of LIXIL Group brands * American Standard won the Good Design Best 100 award for its bathroom products
Nikkei Sangyo Shimbun Award of Excellence, 2018 Nikkei Superior Products and Services Awards 	TOSTEM LW window
Agency for Natural Resources and Energy Director General Prize, FY2018 Energy Conservation Awards * Awarded to LIXIL TEPCO Smart Partners Incorporated 	Tatetoku Value (zero energy House)

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## ACTION PLAN & KPIs

### GOVERNANCE



#### Compliance

On track  Needs attention

#### Reorganize Group-wide compliance system and clarify compliance rules

FYE2021 Targets	FYE2019 Progress Details	Progress Level
<ul style="list-style-type: none"> <li>Establish a system for conducting compliance reviews of appropriately defined business units at a frequency determined using a risk-based approach (annual or biennial)</li> <li>Establish an effectively functioning system by creating a framework to operate and improve our Group-wide compliance system and allocating appropriate resources (budget and human resources)</li> <li>Establish a system for holding compliance committee meetings or alternative meetings for each appropriately defined business unit at least twice a year, and reporting the results in a timely manner to the Group compliance committee</li> </ul>	<ul style="list-style-type: none"> <li>Conducted the specified number of compliance reviews, completed reporting by the end of March, and reflected in upcoming fiscal year measures (Japan-based companies with a compliance committee and companies with accountable managers)</li> <li>Established compliance committees or alternative meeting structures in all business units worldwide. Distributed compliance guidelines, including fundamental rules</li> <li>Held each committee meeting between two to four times a year. Built a framework for timely reporting of meeting results to the Group compliance committee</li> <li>LIXIL Group compliance committee met four times a year</li> </ul>	○

#### Strengthening compliance education and training across the Group

FYE2021 Targets	FYE2019 Progress Details	Progress Level
<ul style="list-style-type: none"> <li>Maintain and improve Group Code of Conduct basic training and acknowledgement mechanism</li> <li>Create a central framework for planning and tracking history of compliance education and training</li> <li>Basic training completion and acknowledgement rate: 100%</li> <li>Training completion rate by region and employee level: 100%</li> </ul>	<ul style="list-style-type: none"> <li>Basic training completion and acknowledgement rate: 96.1% 96% in Japan and 96.3% outside Japan (LWT EMENA: 90.8%, Americas: 94%, APAC: 100%, LIXIL Africa: 88%, LBT: 94.5%, four LHT companies (G2J*): 99.8%) * G2J is the abbreviation for Global to Japan. G2J factories are manufacturing facilities located outside Japan that manufacture products for the Japanese market</li> <li>Not achieved due to variation in training completion rates by region and employee level. Continue to implement in FYE2020</li> </ul>	○

#### Unify Group-wide concern-raising system and ensure familiarity

FYE2021 Targets	FYE2019 Progress Details	Progress Level
<ul style="list-style-type: none"> <li>Ensure Speak Up! is well known and used as a common system across the Group to track and manage concerns raised</li> <li>Use Speak Up! as a point of contact for customers and business partners to raise compliance-related concerns</li> <li>Disclose important compliance indicators, including number and summary of concerns raised</li> </ul>	<ul style="list-style-type: none"> <li>Familiarity with the internal concern-raising system in Japan: 63.3%. Number of concerns raised: 187 in Japan and 191 outside Japan (Total: 378)</li> <li>Conducted compliance events in each region in October and November to promote education and build awareness</li> <li>Currently preparing an internal system to summarize internal concerns raised. Therefore, external disclosure is still pending</li> </ul>	○

# 08

## ESG DATA, SCOPE OF REPORTING AND GRI

### ESG Data, Scope of Reporting and GRI

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### Risk Management

#### Establish a risk management framework that seeks to reduce the frequency and minimize the damage of critical events

FYE2021 Targets	FYE2019 Progress Details	Progress Level
Foster a culture in which risks are owned by respective executives (risk owners) in all global organizations. Encourage risk owners, the risk management department, and the audit department to cooperate in the promotion of risk countermeasures to control enterprise risks on a daily basis	<ul style="list-style-type: none"> <li>Risk management systems developed in all Group companies</li> <li>Group Internal Audit Committee performed quarterly monitoring of response of risk owners to significant Group-wide risks</li> <li>Intend to review a list of Group risks in the upcoming fiscal year, and conduct risk assessments of major businesses and regional operations worldwide. Based on the results, we plan to identify significant management risks and conduct regular monitoring in the appropriate committee</li> </ul>	○
Cultivate a risk management culture across all global organizations to ensure timely escalation of incidents, and formulate timeline-driven action plans to ensure appropriate initial countermeasures	<ul style="list-style-type: none"> <li>Crisis management systems developed in all Group companies</li> <li>Based on the crisis management system established in the previous fiscal year, crisis events that occurred in Japan and overseas were escalated in a timely manner to Group headquarters</li> <li>Created a handbook for local companies to ensure thorough initial response and Group-wide acknowledgement of the escalation rules. Distributed this to local managers via the risk manager stationed in each region worldwide</li> </ul>	○



### Information Security

#### Formulate and instill Group Information Security Policy

FYE2021 Targets	FYE2019 Progress Details	Progress Level
<ul style="list-style-type: none"> <li>Ensure the ability to manage and measure activities formulated under the Group Information Security Policy</li> <li>Ensure the security incident response framework is functioning across the Group</li> <li>Ensure prompt responses to changes in security-related environments</li> <li>Ensure an up-to-date and fully acknowledged policy that complies with all local laws and suits individual company circumstances</li> <li>Update the content of security training for employees to reflect changes in the surrounding environment</li> <li>Implement an auditing and improvement PDCA cycle as a means of assessing security</li> </ul>	<ul style="list-style-type: none"> <li>Revised our information security regulations and reworked a number of detailed rules</li> <li>Conducted assessments of eight Group companies in Japan</li> <li>Detailed information security rules were implemented at LJSS, LIXIL Housing Research Institute, and LIXIL REALTY, and are now being compiled at LIXIL VIVA</li> <li>Conducted two training sessions for 30,000 people on how to respond to targeted mail attacks</li> <li>Implemented an information security pledge</li> <li>Information security incidents: 2 malware infections (VINAX and TTC) and 8 ID impersonations</li> <li>Formed a system to help strengthen security on a global scale, and decided security strengthening initiatives and implementation schedule for FYE2020</li> </ul>	◐

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### Intellectual Property Strategy

#### Introduce a Group Intellectual Property Management Guideline and an IP sharing system, and strengthen the global reach and function of the IP Committee

FYE2021 Targets	FYE2019 Progress Details	Progress Level
<ul style="list-style-type: none"> <li>Maximize the value of the Group's intellectual property by conducting PDCA for the global IP governance structure and processes</li> <li>Hold IP Committee meetings quarterly</li> </ul>	<ul style="list-style-type: none"> <li>Drew up a draft Group IP Management Guideline. Specified the establishment of the IP Committee</li> <li>Selected a global IP platform in discussion with all regional operations</li> <li>Held three global IP Committee meetings with IP Department managers from each region</li> </ul>	○

#### Launch and explore an IP strategy pilot project and form a Group IP strategy

FYE2021 Targets	FYE2019 Progress Details	Progress Level
<ul style="list-style-type: none"> <li>Determine global IP strategy based on the growth strategies of each technology business</li> <li>Prepare a system for implementing global IP strategy</li> </ul>	<ul style="list-style-type: none"> <li>Launched a new pilot project</li> <li>Started planning the forming of a global IP operation platform</li> </ul>	○

## FAIR BUSINESS PRACTICES



### Anti-corruption, Transparent Political Relations and Fair Business

#### Determine a Group-wide compliance policy and conduct compliance reviews and compliance education and training

FYE2021 Targets	FYE2019 Progress Details	Progress Level
<ul style="list-style-type: none"> <li>Scope of compliance policy coverage (%)</li> <li>Completion rate of compliance education and training (%)</li> <li>Number of compliance violations (incidents)</li> <li>Adoption rate of global policy and guidelines (%)</li> <li>Establish a standard program for minimizing corruption risks of our supply chain and agents etc.</li> </ul>	<ul style="list-style-type: none"> <li>Achieved 100% coverage of global compliance policy and guidelines (adoption rate by company unconfirmed)</li> <li>Not achieved due to variation in training completion rates by region/specific compliance policy</li> <li>Number of compliance violations: 0</li> <li>Determined global guidelines for implementing business partner due diligence. Plan to conduct training in the FYE2020 and beyond</li> </ul>	◐



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## OUR PEOPLE



### Diversity and Equal Opportunity

#### Promote the active participation of women in the workplace

FYE2021 Targets	FYE2019 Progress Details	Progress Level
Achieve at least 30% ratio of women among regularly recruited new hires (LIXIL Corporation, Japan only)	Ratio of female new graduates employed (incl. those who completed graduate studies): 33.2%	○
Achieve at least 8% ratio of women among managers (LIXIL Corporation, Japan only)	<ul style="list-style-type: none"> <li>Ratio of women among managers: 5.72%</li> <li>Implemented policy to register at least 30% of highly qualified regular employees for planned successor training in order to increase the number of potential female manager candidates</li> </ul>	◐
Achieve participation rate in leadership training programs of at least 20% (LIXIL Corporation, Japan only)	Participation in talent acceleration program stage 3 (selective training for young employees): 29.2%	○



### Rewarding Workplaces

#### Conduct regular employee opinion surveys across the Group targeting approximately 65,000 employees

FYE2021 Targets	FYE2019 Progress Details	Progress Level
Achieve engagement index of 39% (10% higher than in previous survey)	<ul style="list-style-type: none"> <li>With the exception of a few organizations (LWT EMENA and H&amp;S), no opinion surveys were conducted in FYE2019</li> <li>Next survey scheduled for FYE2020</li> </ul>	N/A
Achieve work-life balance score of 46% (10% higher than in previous survey)		N/A

#### Hold regular discussions between the union and the company

FYE2021 Targets	FYE2019 Progress Details	Progress Level
Hold nine meetings of the Central Labor Relations Committee annually (LIXIL Corporation, Japan only)	Held nine meetings of the Central Labor Relations Committee over the year	◐

#### Create a staffing plan that encourages local employment and talent development

FYE2021 Targets	FYE2019 Progress Details	Progress Level
Achieve 100% fulfillment of our recruitment plan that aims to increase the number of local factory employees (LIXIL manufacturing subsidiaries)	<ul style="list-style-type: none"> <li>Achieved 100% fulfillment of the plan (200 people recruited, incl. 1 university graduate, 23 specialist high school graduates, 16 junior college (two-year college)/technical college graduates, 160 high school graduates)</li> <li>Regularly visited schools in each area and took part in job fairs to help achieve the target</li> </ul>	○

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### Talent Development

#### Continue talent acceleration program for next-generation leaders and optimize training programs

FYE2021 Targets	FYE2019 Progress Details	Progress Level
Achieve 1,300 participants in the talent acceleration program (TAP) for next-generation leaders (Japan only)	Number of participants to date: 1,195	○
Achieve 100% uptake of initial 3-year basic education (Japan only)	Percentage uptake of first to third year employees: 100% first year follow-up training: 218, second year communication training: 183, third year communication training: 139	○
Formulate next-generation leader training plans for the Group's 200 major positions	Achieved 100% coverage of the 160 major positions across the Group (reduced from 200 after reconfirming the actual necessary number of positions), for which lists of potential emergency interim managers and potential next and future successor candidates were created, training plans formulated, and discussions held with management on the plans	○
Provide common learning opportunities for the Group's 800 next-generation leader personnel	Provided leadership e-learning opportunities using common Group contents for 1,200 employees across the Group. Target achieved in FYE2019, so no training to be conducted in FYE2020	○



### Occupational Health and Safety

#### Build a common Group EHS management system

FYE2021 Targets	FYE2019 Progress Details	Progress Level
Achieve 100% Group-wide coverage of EHS management system	<ul style="list-style-type: none"> <li>Achieved 100% acquisition of EHS performance data (based on number of employees)</li> <li>Conducted regular internal audits of EHS management frameworks and their operation at each business unit</li> </ul>	○

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## ENVIRONMENT



### Environmental Management

#### Build a common Group EHS management system

FYE2021 Targets	FYE2019 Progress Details	Progress Level
100% coverage of Group-wide EHS management system	<ul style="list-style-type: none"> <li>Achieved 100% acquisition of environmental performance data (offices covered)</li> <li>Conducted regular internal audits of each business's environmental management system and its operation</li> <li>Application for ISO14001 certification of environmental management systems for all LWT Americas production facilities is proceeding as planned</li> </ul>	○



### Climate Change Mitigation and Adaptation, Sustainable Water Use and Sustainable Use of Resources

#### Improve environmental values our products and services can offer and reduce environmental impacts across the entire process of our business

FYE2021 Targets	FYE2019 Progress Details	Progress Level
<ul style="list-style-type: none"> <li>Expand CO<sub>2</sub> emissions reduction attributable to Group products and services by 1.36 times v. FYE2016</li> <li>Pursue environmentally-conscious designs that consider the entire product lifecycle</li> <li>Promote the sales expansion of environmentally-conscious products and services</li> </ul>	<ul style="list-style-type: none"> <li>CO<sub>2</sub> emission reduction attributable to products and services: improved by 1.21 times (Amount of CO<sub>2</sub> emissions reduced: 61,577 thousand t-CO<sub>2</sub>)</li> <li>Strengthened sales activities for SAMOS X hybrid insulating window, and PR for PRESEA-H hybrid thermal windows for communal residential buildings</li> </ul>	○
<ul style="list-style-type: none"> <li>Reduce total CO<sub>2</sub> emissions from operational processes across the Group by 8% v. FYE2016</li> <li>Reduce CO<sub>2</sub> emission intensity from transportation carried out in Japan by LIXIL as the consigner by 5%</li> <li>Improve water usage efficiency at high-water risk bases</li> <li>Raise waste recycling ratio from places of business to at least 95% in Japan and Europe, 66% in Asia and 40% in North America</li> </ul>	<ul style="list-style-type: none"> <li>CO<sub>2</sub> emissions from places of business: increased by 3.2% (Reduced by 4.5% on basis of emission intensity per unit of output)</li> <li>CO<sub>2</sub> emissions from transportation: reduced by 1.1%</li> <li>Set targets for reducing water used and discharged and extending use cases of recycled water at six high-water risk bases, and promoted related activities</li> <li>Waste recycling rates: 95% (Japan and Europe), 62% (Asia), and 34% (North America)</li> </ul>	○

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## SOCIETY



### Human Rights

#### Create LIXIL Group Human Rights Policy and promote awareness among all LIXIL Group employees

FYE2021 Targets	FYE2019 Progress Details	Progress Level
Implement human rights due diligence globally, and define and reduce LIXIL Group business-related human rights risks for customers, employees, business partners and other stakeholders	Redrafted the existing global expansion plan and formulated a new plan, which will be gradually extended from Japan to other regions worldwide in the upcoming fiscal year	●

#### Create a framework for human rights due diligence

FYE2021 Targets	FYE2019 Progress Details	Progress Level
Respond swiftly and sincerely to any human rights violations and instigate improvements, regularly review human rights due diligence frameworks, and ensure highly transparent disclosure of due diligence activities and processes	<ul style="list-style-type: none"> <li>Employed existing compliance hotline</li> <li>Maintained the existing framework for deciding human rights survey contents and processes, which is driven by the Human Rights Due Diligence Task Force composed of managers from compliance, risk management, human resources and purchasing departments</li> </ul>	●



### Stakeholder Engagement

#### Help solve sanitation issues

FYE2021 Targets	FYE2019 Progress Details	Progress Level
Offer the benefit of our solutions to a total of 100 million people	<ul style="list-style-type: none"> <li>Shipped over 2.5 million units of our products (over 12.5 million beneficiaries in total)</li> <li>Shipped to more than 25 countries so far, including ten new destinations added this year</li> </ul>	●

#### Research and develop products that can help solve social issues

FYE2021 Targets	FYE2019 Progress Details	Progress Level
Conduct ten research activities using digital and other technologies	<ul style="list-style-type: none"> <li>Conducted five research activities using digital and other technologies</li> <li>Made a conference presentation on bathroom accidents among seniors (Presented at the Japanese Society of Biometeorology, etc. in cooperation with universities)</li> <li>Conducted verification testing of night-time monitoring at nursing homes (Conducted using dedicated sensors since January 2019 in cooperation with Z-Works under our accelerator program), etc.</li> </ul>	○

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## CUSTOMERS & SUPPLY CHAIN



### Responsible Supply Chain Management

#### Extend our CR procurement process from Japan to the entire Group

FYE2021 Targets	FYE2019 Progress Details	Progress Level
CR survey of Group-wide suppliers <ul style="list-style-type: none"> <li>Achieve 90% global coverage ratio (based on purchased amount)</li> <li>Achieve 90% conformity rate</li> <li>Achieve 100% improvement rate</li> </ul>	<ul style="list-style-type: none"> <li>Coverage ratio: top 90% of suppliers in terms of purchased amount (483 companies in Japan)</li> <li>Average conformity rate: 93.5% (Japan)</li> <li>Visited low-rated suppliers and achieved 100% improvement rate</li> </ul>	○



### Product Safety and Quality

#### Make continuous improvements to the product quality management system

FYE2021 Targets	FYE2019 Progress Details	Progress Level
Maintain zero cases of serious product accidents across the Group	<ul style="list-style-type: none"> <li>Critical product-related accidents: 8 (Single gas stove: 2, warm-water electronic toilet seat: 2, oil-fueled water heater: 1, small electric water heater: 2, bathroom ventilator/dryer/heater: 1)</li> <li>Conducted product-related crisis management meetings to make reports and discuss corrective actions</li> <li>Filed information on accidents in the database and reviewed them one by one to determine if any corrective actions were necessary. Carried out product improvements and awareness-raising on safe use as necessary</li> </ul>	◐

#### Monitor customer satisfaction levels and re-evaluate collected data for further improvements

FYE2021 Targets	FYE2019 Progress Details	Progress Level
Conduct customer satisfaction surveys on products and services across the Group, and continuously monitor and disclose results	<ul style="list-style-type: none"> <li>Continued to conduct the survey and expanded the scope to:                             <ol style="list-style-type: none"> <li>product quality</li> <li>showrooms</li> <li>call centers</li> <li>after-sales maintenance</li> <li>sales representatives</li> </ol> </li> <li>Customer satisfaction level: 70.6%</li> </ul>	○

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## HUMAN RESOURCE PERFORMANCE

In recruiting and hiring employees, the LIXIL Group respects human rights and is committed to ensuring a fair selection process, recruiting diverse talent irrespective of social group, and building a platform which allows diverse set of employees to contribute to their full potential.

Includes the following information/data:

1. Number of Employees by Type of Employment
2. Number of Employees by Country
3. Number of New Hires
4. Number of Retirees and Turnover Rate

FYE2019 Human Resource Performance Data indicated with ★ have received the independent practitioner's assurance. Past data were revised based on the scope change in FYE2019. See the Coverage on page 105.



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### > LIXIL Group Human Resource Performance Data

#### 1. Number of Employees by Type of Employment ★

			Number of employees (Persons)	Ratio (%)	
Japan	Directly employed	Permanent staff*1	Male	18,187	23.5%
			Female	5,879	7.6%
			Total	24,066	31.1%
		Nonpermanent staff*2	Male	3,340	4.3%
			Female	8,141	10.5%
			Total	11,481	14.8%
		Male total		21,527	27.8%
		Female total		14,020	18.1%
		Directly employed total		35,547	45.9%
		Indirectly employed*3		3,371	4.3%
Japan total			38,918	50.2%	
Outside Japan	Directly employed	Male total	28,189	36.4%	
		Female total	10,393	13.4%	
	Outside Japan total		38,582	49.8%	
LIXIL Group Grand total			77,500	100%	

\*1 Permanent staff: Employees under a labor contract without a fixed period of employment

\*2 Non-permanent staff: Employees under a labor contract with a fixed period of employment

\*3 Indirectly employed: Temporary sub-contract staff

\* Since each amount in "Ratio" is rounded off, total may not become 100%

#### 2. Number of Employees by Country ★

Country	Employees
Japan	35,590
Thailand	8,197
China	5,485
Mexico	4,857
Vietnam	5,093
Germany	3,809
USA	2,955
South Africa	1,320
Italy	836
Portugal	532
Indonesia	695
Hong Kong	297
India	1,042
Netherlands	407
Singapore	195
Other European region	1,002
Other Middle Eastern & African region	453
Other Asian region	844
Other American region	520
	74,129

\* Covers directly hired employees only., Data collected according to location of employment or base region

\* Other Asian region covers Australia. Other European region covers Russia

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### 3. Number of New Hires ★

	FYE2016		FYE2017		FYE2018		FYE2019	
		LIXIL Corp.		LIXIL Corp.		LIXIL Corp.		LIXIL Corp.
Permanent staff	898	472	638	261	879	349	966	476
(new graduates)	(517)	(323)	(329)	(155)	(374)	(245)	499	359
Non-permanent staff	561	360	1,911	286	1,887	385	2,899	444
<b>Total</b>	<b>1,459</b>	<b>832</b>	<b>2,549</b>	<b>547</b>	<b>2,766</b>	<b>734</b>	<b>3,865</b>	<b>920</b>

\* Directly hired employees in Japan only

### 4. Number of Retirees and Turnover Rate ★

	FYE2016		FYE2017		FYE2018		FYE2019	
		LIXIL Corp.		LIXIL Corp.		LIXIL Corp.		LIXIL Corp.
Permanent staff	624	290	679	250	687	259	694	281
Turnover rate* <sup>1</sup>	2.60%	1.71%	2.80%	1.50%	2.86%	1.55%	2.87%	1.66%
Non-permanent staff	1,818	330	1,854	248	1,730	270	1,536	159
<b>Total</b>	<b>2,442</b>	<b>620</b>	<b>2,533</b>	<b>498</b>	<b>2,417</b>	<b>529</b>	<b>2,230</b>	<b>440</b>

\*<sup>1</sup> Directly hired employees in Japan only

\* Turnover rate calculation method: The turnover rate uses the number of employees as of April 1 of the fiscal year as a basis for comparison with the number of retirees through March 31 of the same fiscal year

### Scope of Data Collection

The LIXIL Group employee-related data covers: LIXIL Group Corporation, its four operating companies\*<sup>1</sup>, LIXIL Corporation's 72 major consolidated subsidiaries (35 companies in Japan\*<sup>2</sup> and 37 groups/companies outside Japan\*<sup>3</sup>), LIXIL Living Solution Corporation's three subsidiaries\*<sup>4</sup>, LIXIL Group Finance Corporation's one subsidiaries\*<sup>5</sup> and the number of groups and companies covered is 76 in total. While the majority of LIXIL Group Corporation's major consolidated subsidiaries as of March 31, 2019 are covered, please note that the scope of human resource performance data differs from the scope of subsidiaries for the consolidated financial report.

#### Operating Companies of LIXIL Group Corporation\*<sup>1</sup>

LIXIL Corporation, LIXIL VIVA CORPORATION,  
LIXIL Group Finance Corporation, and LIXIL Living Solution Corporation

#### Major Consolidated Subsidiaries of LIXIL Corporation

Consolidated subsidiaries in Japan\*<sup>2</sup>:

LIXIL Total Service Corporation, Kawashima Selkon Textiles Co., Ltd., Kawashima Selkon Sewing Ltd., Kawashima Bunka Jigyodan Ltd., Benikoya Ltd., LIXIL Logistics Corporation, Maruki Unyu Corporation, LIXIL Window Products Inc., Handy Techno Co., Ltd., NITTO CERA Corporation, Omi Chemical Pottery Corporation, LIXIL Sales Okinawa Co., Ltd., Fukunaga Glass And Building Materials Sales Corporation, Sobue Industry Corporation, Safety Partners Corporation, LIXIL OKINAWA SUZUKI SHUTTER CORPORATION, Sonitech Corporation, LIXIL Travel Corporation, LIXIL Insurance Service Corporation, LIXIL Total Hanbai Corporation, LIXIL SUZUKI SHUTTER CORPORATION, G TERIOR Corporation, Asahi Tostem Exterior Building Materials Co., Ltd., LIXIL Toyo Sash Shoji Co., Ltd., LIXIL RENEWAL Corporation, T.M.S Corporation Ltd., Kuwata Co., Ltd., Dinaone Corporation, Oita Tostem Co., Ltd., Nishi Kyushu Tostem Co., Ltd., LIXIL TEPCO Smart Partners Inc., blisspa japan Inc., Tokoto Corporation, Grohe Japan KK, and K-engine Inc.



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Consolidated subsidiaries outside Japan\*<sup>3</sup>:

Grohe Group, TOSTEM THAI Co., Ltd., LIXIL Manufacturing (Dalian) Corporation, LIXIL Vietnam Corporation, LIXIL GLOBAL MANUFACTURING VIETNAM Co., Ltd., LIXIL Thailand Public Co., Ltd., PT AMERICAN STANDARD INDONESIA, LIXIL Sanitary Fitting Manufacturing (Suzhou) Corporation, LIXIL Building Materials Manufacturing (Suzhou) Corporation, LIXIL Korea Inc., PT LIXIL ALUMINIUM INDONESIA, Taiwan INAX Corporation, LIXIL Philippines Ltd., Co., LIXIL India Private Limited,, A-S (China) Co., Ltd., HUAMEI Sanitary Ware Co., Ltd., Jiangmen LIXIL AS Sanitary Fitting Manufacturing Co., Ltd., LIXIL AS Sanitary Manufacturing (Tianjin) Co., Ltd., LIXIL AS Sanitary Manufacturing (Shanghai) Co., Ltd., LIXIL Australia Pty Ltd., AS America Inc., LIXIL Canada Inc., LIXIL Housing Products Manufacturing (Shanghai) Corporation, LIXIL Taiwan Corporation, AS Maquilla Mexico, S. de R.L. de C.V,Decorative Panels International Inc., ASB Ceramica Dominicana S.A.S, LIXIL Myanmar Ltd., LIXIL Trading (Shanghai) Corporation, LIXIL WINDOW SYSTEMS PRIVATE LIMITED,LIXIL International Pte., Ltd., LIXIL (China) Investment Co., Ltd, PT LIXIL TRADING INDONESIA,LIXIL India Sanitary ware Private Limited, LIXIL Africa (Pty) Ltd, LIXIL Group (Shanghai) Management Corporation, and Permasteelisa Group

### Subsidiaries of LIXIL Living Solution Corporation\*<sup>4</sup>

Consolidated subsidiaries in Japan:

LIXIL REALTY Corp, JAPAN HOME SHIELD CORPORATION, and LIXIL Housing Research Institute Ltd.

### Subsidiary of LIXIL Group Finance Corporation\*<sup>5</sup>

Consolidated subsidiary in Japan:

LIXIL Home Finance Corporation

### Data Collection Method and Period

The number of employees is calculated on an original registration basis for each company, mainly as of March 31, 2019.

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## ENVIRONMENTAL PERFORMANCE

The LIXIL Group is committed to conserving water, energy, and other natural resources utilized in our products and services, across the supply chain from procurement through production, distribution, end use and product disposal. To that aim, we work hard to gain a clear understanding of total raw materials and energy inputs as well as CO<sub>2</sub>, air pollutants and other emissions, and implement measures to reduce them.

Includes the following information/data:

1. Procurement (Amount of materials purchased, CO<sub>2</sub> emissions from procurement)
2. Manufacture / Sales (Energy usage, CO<sub>2</sub> emissions from production and sales activities, water intake, water discharge, waste emissions, air pollutant emissions)
3. Logistics (Amount of energy used, CO<sub>2</sub> emissions from transportation)
4. Use of Products (CO<sub>2</sub> emissions from product use)
5. CO<sub>2</sub> emissions by scope
6. Preventing Pollution through strict control of chemical substances

FYE2019 Environmental Performance Data indicated with ★ have received the independent practitioner's assurance. Past data were revised based on the scope change in FYE2019. See the Coverage on page 105.



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#### 1. Procurement ★

Amount purchased		FYE2016		FYE2017		FYE2018		FYE2019	
Materials	Metals raw materials	258,584	t	266,003	t	289,108	t	297,826	t
	Plastics raw materials	54,165	t	57,608	t	62,344	t	62,180	t
	Wood raw materials	146,779	t	146,478	t	150,413	t	153,563	t
	Ceramics raw materials	462,300	t	520,679	t	446,750	t	442,088	t
<b>Total</b>		<b>921,828</b>	<b>t</b>	<b>990,768</b>	<b>t</b>	<b>948,616</b>	<b>t</b>	<b>955,658</b>	<b>t</b>
CO <sub>2</sub> emissions from procurement		FYE2016		FYE2017		FYE2018		FYE2019	
Scope 3 Category 1		3,326	thousand t - CO <sub>2</sub>	3,344	thousand t - CO <sub>2</sub>	3,505	thousand t - CO <sub>2</sub>	3,479	thousand t - CO <sub>2</sub>

#### 2. Manufacture / Sales ★

Energy usage		FYE2016		FYE2017		FYE2018		FYE2019	
Purchased electricity		1,187,683	thousand kWh	1,109,943	thousand kWh	1,128,157	thousand kWh	1,127,012	thousand kWh
	Renewable energy	0	thousand kWh	0	thousand kWh	332	thousand kWh	1,362	thousand kWh
Generation of electricity*		94,541	thousand kWh	106,281	thousand kWh	102,885	thousand kWh	94,157	thousand kWh
	Renewable energy	24.0	thousand kWh	23.9	thousand kWh	24.0	thousand kWh	23.3	thousand kWh
Steam		144	thousand GJ	161	thousand GJ	168	thousand GJ	163	thousand GJ
City gas		175,476	thousand m <sup>3</sup>	201,022	thousand m <sup>3</sup>	204,334	thousand m <sup>3</sup>	197,807	thousand m <sup>3</sup>
Fuel oil		7,140	thousand L	5,924	thousand L	5,240	thousand L	4,974	thousand L
LPG		14,246	thousand kg	16,215	thousand kg	18,835	thousand kg	19,544	thousand kg
LNG		13,257	thousand kg	13,435	thousand kg	14,263	thousand kg	14,463	thousand kg
Kerosene		2,800	thousand L	2,228	thousand L	2,222	thousand L	2,069	thousand L
Gasoline		8,441	thousand L	8,111	thousand L	7,814	thousand L	7,627	thousand L
Diesel		3,195	thousand L	3,138	thousand L	3,053	thousand L	2,868	thousand L
Coal		15	thousand t	0	thousand t	0	thousand t	0	thousand t
<b>Energy consumption total</b>		<b>20,654</b>	<b>thousand GJ</b>	<b>21,968</b>	<b>thousand GJ</b>	<b>22,465</b>	<b>thousand GJ</b>	<b>22,182</b>	<b>thousand GJ</b>

\* Data only covers facilities within the premises of our factories (in-house use only)

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CO <sub>2</sub> emissions from production and sales activities	FYE2016		FYE2017		FYE2018		FYE2019	
Purchased electricity	591.8	thousand t - CO <sub>2</sub>	600.0	thousand t - CO <sub>2</sub>	607.8	thousand t - CO <sub>2</sub>	606.2	thousand t - CO <sub>2</sub>
Steam	8.6	thousand t - CO <sub>2</sub>	9.7	thousand t - CO <sub>2</sub>	10.1	thousand t - CO <sub>2</sub>	9.8	thousand t - CO <sub>2</sub>
Scope2 total	600.4	thousand t - CO <sub>2</sub>	609.7	thousand t - CO <sub>2</sub>	617.8	thousand t - CO <sub>2</sub>	616.0	thousand t - CO <sub>2</sub>
City gas	379.0	thousand t - CO <sub>2</sub>	433.5	thousand t - CO <sub>2</sub>	440.1	thousand t - CO <sub>2</sub>	427.9	thousand t - CO <sub>2</sub>
Fuel oil	19.3	thousand t - CO <sub>2</sub>	16.1	thousand t - CO <sub>2</sub>	14.2	thousand t - CO <sub>2</sub>	13.5	thousand t - CO <sub>2</sub>
LPG	42.7	thousand t - CO <sub>2</sub>	48.6	thousand t - CO <sub>2</sub>	56.5	thousand t - CO <sub>2</sub>	58.6	thousand t - CO <sub>2</sub>
LNG	35.8	thousand t - CO <sub>2</sub>	36.3	thousand t - CO <sub>2</sub>	38.5	thousand t - CO <sub>2</sub>	39.0	thousand t - CO <sub>2</sub>
Kerosene	7.0	thousand t - CO <sub>2</sub>	5.5	thousand t - CO <sub>2</sub>	5.5	thousand t - CO <sub>2</sub>	5.2	thousand t - CO <sub>2</sub>
Gasoline	19.6	thousand t - CO <sub>2</sub>	18.8	thousand t - CO <sub>2</sub>	18.1	thousand t - CO <sub>2</sub>	17.7	thousand t - CO <sub>2</sub>
Diesel	8.2	thousand t - CO <sub>2</sub>	8.1	thousand t - CO <sub>2</sub>	7.9	thousand t - CO <sub>2</sub>	7.4	thousand t - CO <sub>2</sub>
Coal	34.2	thousand t - CO <sub>2</sub>	0	thousand t - CO <sub>2</sub>	0	thousand t - CO <sub>2</sub>	0	thousand t - CO <sub>2</sub>
Scope 1 total	545.8	thousand t - CO <sub>2</sub>	566.9	thousand t - CO <sub>2</sub>	580.9	thousand t - CO <sub>2</sub>	569.3	thousand t - CO <sub>2</sub>
Scope 1,2 total	1,146.2	thousand t - CO <sub>2</sub>	1,176.6	thousand t - CO <sub>2</sub>	1,198.7	thousand t - CO <sub>2</sub>	1,185.3	thousand t - CO <sub>2</sub>

Water intake	FYE2016		FYE2017		FYE2018		FYE2019	
Potable water (Includes water intake from other companies)	2,174	thousand m <sup>3</sup>	2,386	thousand m <sup>3</sup>	2,423	thousand m <sup>3</sup>	2,453	thousand m <sup>3</sup>
Industrial water	3,966	thousand m <sup>3</sup>	3,621	thousand m <sup>3</sup>	3,322	thousand m <sup>3</sup>	3,635	thousand m <sup>3</sup>
Ground water	5,593	thousand m <sup>3</sup>	5,307	thousand m <sup>3</sup>	6,387	thousand m <sup>3</sup>	5,753	thousand m <sup>3</sup>
River water	6,050	thousand m <sup>3</sup>	6,713	thousand m <sup>3</sup>	5,932	thousand m <sup>3</sup>	4,835	thousand m <sup>3</sup>
Recycled water	777	thousand m <sup>3</sup>	864	thousand m <sup>3</sup>	923	thousand m <sup>3</sup>	936	thousand m <sup>3</sup>
Water intake total	17,783	thousand m <sup>3</sup>	18,027	thousand m <sup>3</sup>	18,064	thousand m <sup>3</sup>	16,676	thousand m <sup>3</sup>
Water discharge	FYE2016		FYE2017		FYE2018		FYE2019	
Water discharge	16,715	thousand m <sup>3</sup>	16,788	thousand m <sup>3</sup>	16,859	thousand m <sup>3</sup>	13,910	thousand m <sup>3</sup>

\* Excludes tenanted properties, etc. that we can't access to assess the water discharge. In FYE2016, LIXIL Total Service Corporation is excluded

Waste emissions	FYE2016		FYE2017		FYE2018		FYE2019	
Sold as valuables	103,330	t	140,041	t	125,373	t	126,473	t
Recycled	123,504	t	136,348	t	141,695	t	161,478	t
Landfilled	140,346	t	147,288	t	139,475	t	118,395	t
Hazardous waste*	-	t	16,896	t	18,048	t	15,414	t

\* Recycled or landfilled waste that is defined as hazardous by national legislations

Air pollutant emissions	FYE2017		FYE2018		FYE2019	
NOx	405	t	455	t	529	t
SOx	37	t	54	t	59	t
Soot and dust	523	t	592	t	285	t

\* Data covers production sites subject to regulatory monitoring for NOx, SOx, soot and dust emissions

\* Data for FYE2017 and FYE2018 were revised based on the calculation method change

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### 3. Logistics ★

Amount of energy used	FYE2016		FYE2017		FYE2018		FYE2019	
Crude oil equivalent basis	44.9	thousand kL	43.8	thousand kL	45.9	thousand kL	45.9	thousand kL
Energy consumption	1,740	thousand GJ	1,698	thousand GJ	1,778	thousand GJ	1,778	thousand GJ
CO <sub>2</sub> emissions from transportation	FYE2016		FYE2017		FYE2018		FYE2019	
Scope 3 Category 4	119	thousand t - CO <sub>2</sub>	117	thousand t - CO <sub>2</sub>	122	thousand t - CO <sub>2</sub>	122	thousand t - CO <sub>2</sub>

\* Data covers the services which LIXIL Corporation was identified as the consigner

### 4. Use of Products ★

CO <sub>2</sub> emissions from product use	FYE2016		FYE2017		FYE2018		FYE2019	
Scope 3 Category 11	105,526	thousand t - CO <sub>2</sub>	115,650	thousand t - CO <sub>2</sub>	111,627	thousand t - CO <sub>2</sub>	109,109	thousand t - CO <sub>2</sub>

#### [ Total Energy Consumption Calculation Method ]

- Energy consumption (procurement) = (Amount of purchased raw materials) × (Energy conversion coefficient)<sup>\*1</sup> = (Cost of purchasing parts & materials) × (Energy conversion coefficient)<sup>\*2</sup>
- Energy consumption (manufacture & sales) = (Electricity, fuel & water consumption) × (Energy conversion coefficient)<sup>\*3</sup>
- Energy consumption (logistics) = (Transported weight) × (Transportation distance) × (Energy conversion coefficient)<sup>\*4</sup>

\*1 Conversion coefficient calculated from CFP (Carbon Footprint of Products) Communication Programme, Basic secondary database Version 1.01

\*2 Conversion coefficient calculated from Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain Version 2.4

\*3 Electricity, fuel: Heat value per unit per energy source as specified in the Act on Rational Use of Energy  
Water: Conversion coefficient calculated from CFP (Carbon Footprint of Products) Communication Program, Basic Database Version 1.01

\*4 Unit fuel consumption and unit calorific value using improved tons × distance method as specified in the Act of Rational Use of Energy (Measures Pertaining to Consigners)

#### [ CO<sub>2</sub> Conversion Coefficients Used to Convert CO<sub>2</sub> Emissions ]

- CO<sub>2</sub> emissions (procurement) = (Amount of purchased raw materials) × (CO<sub>2</sub> conversion coefficient)<sup>\*5</sup> + (Cost of purchasing parts & materials) × (CO<sub>2</sub> conversion coefficient)<sup>\*6</sup>
- CO<sub>2</sub> emissions (manufacture & sales) = (Electricity & Fuel consumption) × (CO<sub>2</sub> conversion coefficient)<sup>\*7</sup>
- CO<sub>2</sub> emissions (logistics) = (Transported weight) × (Transportation distance) × (CO<sub>2</sub> conversion coefficient)<sup>\*8</sup>
- CO<sub>2</sub> emissions (product usage) = (Electricity, Fuel & Water consumption per each product) × (Amount of sales) × (CO<sub>2</sub> conversion coefficient)<sup>\*9</sup>

\*5 Emissions intensity from CFP (Carbon Footprint of Products) Communication Program, Basic Database Version 1.01

\*6 Emissions intensity from Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain Version 2.4

\*7 Purchased electricity: Emissions intensity of each country from CO<sub>2</sub> EMISSIONS FROM FUEL COMBUSTION 2015 EDITION (IEA)

Fuel: Coefficient of fuel usage as specified in the Act of Rational Use of Energy

\*8 Emissions intensity from unit fuel consumption and unit calorific value using improved tons × distance method as specified in the Act of Rational Use of Energy (Measures Pertaining to Consigners)

\*9 Coefficients for LIXIL brand's products are as below.

Electricity: 0.447 kg CO<sub>2</sub> /kWh (The Japan Electrical Manufacturers' Association)

City gas: 2.23 kg CO<sub>2</sub> /m<sup>3</sup> (Japan Valve Manufacturers' Association)

Water: 0.23 kg CO<sub>2</sub> /m<sup>3</sup> (Japan Sanitary Equipment Industry Association)

Coefficients for other brands' products are set by each brand or region of sales

#### [ Value Chain CO<sub>2</sub> Emissions Calculation Method ]

- Calculated based on Corporate Value Chain (Scope 3) Accounting and Reporting Standard (The Greenhouse Gas Protocol) and Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain Version 2.2 (Ministry of the Environment and Ministry of Economy, Trade and Industry)

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### 5. CO<sub>2</sub> Emissions by Scope

		FYE2016		FYE2017		FYE2018		FYE2019	
Scope 1 ★		546	thousand t - CO <sub>2</sub>	567	thousand t - CO <sub>2</sub>	581	thousand t - CO <sub>2</sub>	569	thousand t - CO <sub>2</sub>
Scope 2 ★		600	thousand t - CO <sub>2</sub>	610	thousand t - CO <sub>2</sub>	618	thousand t - CO <sub>2</sub>	616	thousand t - CO <sub>2</sub>
Scope 3		FYE2016		FYE2017		FYE2018		FYE2019	
1	Purchased goods & services ★	3,326	thousand t - CO <sub>2</sub>	3,344	thousand t - CO <sub>2</sub>	3,505	thousand t - CO <sub>2</sub>	3,479	thousand t - CO <sub>2</sub>
2	Capital goods	298	thousand t - CO <sub>2</sub>	196	thousand t - CO <sub>2</sub>	216	thousand t - CO <sub>2</sub>	201	thousand t - CO <sub>2</sub>
3	Fuel and energy-related activities (not included in Scope 1 or 2)	150	thousand t - CO <sub>2</sub>	161	thousand t - CO <sub>2</sub>	165	thousand t - CO <sub>2</sub>	165	thousand t - CO <sub>2</sub>
4	Upstream transportation & distribution ★	119	thousand t - CO <sub>2</sub>	117	thousand t - CO <sub>2</sub>	122	thousand t - CO <sub>2</sub>	122	thousand t - CO <sub>2</sub>
5	Waste generated operations	387	thousand t - CO <sub>2</sub>	407	thousand t - CO <sub>2</sub>	386	thousand t - CO <sub>2</sub>	308	thousand t - CO <sub>2</sub>
6	Business travel	8	thousand t - CO <sub>2</sub>	7	thousand t - CO <sub>2</sub>	7	thousand t - CO <sub>2</sub>	8	thousand t - CO <sub>2</sub>
7	Employee commuting	28	thousand t - CO <sub>2</sub>	23	thousand t - CO <sub>2</sub>	26	thousand t - CO <sub>2</sub>	29	thousand t - CO <sub>2</sub>
8	Upstream leased assets* <sup>1</sup>	-	thousand t - CO <sub>2</sub>	-	thousand t - CO <sub>2</sub>	-	thousand t - CO <sub>2</sub>	-	thousand t - CO <sub>2</sub>
9	Downstream transportation & distribution* <sup>2</sup>	-	thousand t - CO <sub>2</sub>	-	thousand t - CO <sub>2</sub>	-	thousand t - CO <sub>2</sub>	-	thousand t - CO <sub>2</sub>
10	Processing of sold products* <sup>2</sup>	-	thousand t - CO <sub>2</sub>	-	thousand t - CO <sub>2</sub>	-	thousand t - CO <sub>2</sub>	-	thousand t - CO <sub>2</sub>
11	Use of sold products ★	105,526	thousand t - CO <sub>2</sub>	115,650	thousand t - CO <sub>2</sub>	111,627	thousand t - CO <sub>2</sub>	109,109	thousand t - CO <sub>2</sub>
12	End of life treatment of sold products	485	thousand t - CO <sub>2</sub>	496	thousand t - CO <sub>2</sub>	470	thousand t - CO <sub>2</sub>	522	thousand t - CO <sub>2</sub>
13	Downstream leased assets* <sup>2</sup>	-	thousand t - CO <sub>2</sub>	-	thousand t - CO <sub>2</sub>	-	thousand t - CO <sub>2</sub>	-	thousand t - CO <sub>2</sub>
14	Franchises* <sup>2</sup>	-	thousand t - CO <sub>2</sub>	-	thousand t - CO <sub>2</sub>	-	thousand t - CO <sub>2</sub>	-	thousand t - CO <sub>2</sub>
15	Investments* <sup>2</sup>	-	thousand t - CO <sub>2</sub>	-	thousand t - CO <sub>2</sub>	-	thousand t - CO <sub>2</sub>	-	thousand t - CO <sub>2</sub>
Scope 3 Total		110,327	thousand t - CO <sub>2</sub>	120,400	thousand t - CO <sub>2</sub>	116,525	thousand t - CO <sub>2</sub>	113,943	thousand t - CO <sub>2</sub>
Scope 1, 2, 3 Total		111,475	thousand t - CO <sub>2</sub>	121,578	thousand t - CO <sub>2</sub>	117,726	thousand t - CO <sub>2</sub>	115,128	thousand t - CO <sub>2</sub>

\*1 Excluded from the calculation since they are already included in Scope 1 or Scope 2

\*2 Excluded from the calculation since they are not or less relevant to our main businesses

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### 6. Preventing Pollution through Strict Control of Chemical Substances

LIXIL Corporation has set rules on substances that are forbidden or require strict control for use in products and/or during production processes. We manage and monitor our factories in compliance with the Soil Contamination Countermeasures Act and other environmental laws and regulations to ensure the soil and waterways around our manufacturing facilities are not affected by our operations.

	FYE2016	FYE2017	FYE2018	FYE2019
No. of environmental law violations	0	0	0	0
Total amount of fines/penalties from the above	0	0	0	0
Environmental liability	0	0	0	0

\*Scope: Significant violations with fines of US\$10,000 or more

### Scope of Data Collection

In principle, environmental performance data covers all operating companies and their consolidated subsidiaries as of March 31 2019, with the exclusion of some consolidated subsidiaries considering their business size and content (Excluding Permasteelisa Group and LIXIL VIVA CORPORATION).

With regard to non-consolidated subsidiaries, subsidiaries operating in buildings owned and managed by an operating company of the LIXIL Group are treated as being part of the LIXIL Group. Major production plants of non-consolidated companies are also included in the scope. Please note that the scope of environmental performance data differs from the scope of subsidiaries for the consolidated financial report. Where scope of data is different to those stated above, details are specified in the footnotes.

#### Operating Companies of the LIXIL Group

LIXIL Corporation, LIXIL Living Solution Corporation, and LIXIL Group Finance Corporation

#### Major Consolidated Subsidiaries of LIXIL Corporation

Consolidated subsidiaries in Japan:

Kawashima Selkon Textiles Co., Ltd., BENIKOYA Ltd., Asahi Tostem Exterior Building Materials Co., Ltd., LIXIL Window Products Inc., G TERIOR Corporation, HANDY TECHNO Co., Ltd., Dinaone Corporation, NITTO CERA Corporation, blisspa japan Inc., Grohe Japan KK, Omi Chemical Pottery Corporation, LIXIL Total Hanbai Corporation, LIXIL SUZUKI SHUTTER CORPORATION, LIXIL Toyo Sash Shoji Co., Ltd., TM.S Corporation, LIXIL Total Service Corporation, LIXIL RENEWAL Corporation, Kuwata Corporation, Oita Tostem Corporation, Nishi Kyushu Tostem Corporation, LIXIL Sales Okinawa Co., Ltd., Fukunaga Glass And Building Materials Sales Corporation, Sobue Industry Corporation, Safety Partners Corporation, LIXIL OKINAWA SUZUKI SHUTTER CORPORATION, Sonitech Corporation, LIXIL Logistics Corporation, Maruki Unyu Corporation, LIXIL Business Service Corporation, LIXIL Travel Corporation, and LIXIL Insurance Service Corporation

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Consolidated subsidiaries outside Japan:

HUA MEI Sanitary ware Co., Ltd., Jiangmen LIXIL AS Sanitary Fitting Manufacturing Co., Ltd., LIXIL AS Sanitary Manufacturing (Tianjin) Co., Ltd., LIXIL AS Sanitary Manufacturing (Shanghai) Co., Ltd., PT AMERICAN STANDARD INDONESIA, LIXIL BUILDING MATERIALS MANUFACTURING (SUZHOU) CORPORATION, LIXIL Sanitary Fitting Manufacturing (Suzhou) Corporation, LIXIL Vietnam Corporation, LIXIL (Thailand) Public Co., Ltd., LIXIL India Sanitaryware Private Limited, LIXIL Korea Inc., PT LIXIL ALUMINIUM INDONESIA, LIXIL GLOBAL MANUFACTURING VIETNAM Co., Ltd., TOSTEM THAI Co., Ltd., LIXIL Manufacturing (Dalian) Corporation, LIXIL Suzuki (Hong Kong) Company, Ltd., American Standard Brands production sites, and GROHE Group production sites

#### Consolidated Subsidiaries of LIXIL Living Solution Corporation

Consolidated subsidiaries in Japan: LIXIL Housing Research Institute, Ltd., LIXIL REALTY, Corp., and JAPAN HOME SHIELD CORPORATION

#### Consolidated Subsidiary of LIXIL Group Finance Corporation

Consolidated subsidiary in Japan: LIXIL HOME FINANCE, Corp.

#### Corporation Procurement, Logistics and Product Usage Data

Procurement:

All raw materials, parts, and packaging materials used for products, which are managed by each procurement department in LIXIL Water Technology and LIXIL Housing Technology are included in the calculations. Manufacturing equipments and office supplies are excluded from the calculations.

Logistics:

The scope of data calculation covers only the LIXIL transports which are designated as specified consignor by the Act on the Rational Use of Energy.

Products usage:

The scope of data calculation covers each brand's products manufactured by LIXIL Water Technology, LIXIL Housing Technology, LIXIL Building Technology and Housing & Services Business.



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## SCOPE OF REPORTING

The LIXIL Group is committed to providing prompt and transparent disclosure in order to earn the long-term trust of its stakeholders and achieve sustainable growth that benefits society.

We advance our Corporate Responsibility (CR) activities by establishing lasting relationships with our stakeholders through appropriate disclosure, reporting, and dialogue.

The details of our CR activities are disclosed on our website. We also provide an update on our CR activities in our annual report.

For information on our corporate governance policies, please see the Corporate Governance section of our website.

### Reporting Period

We updated and published CR-related information for FYE2019 (April 1, 2018 to March 31, 2019) on October 30, 2019. We plan to update the report for the next fiscal year in October 2020.

### Coverage

This report covers the CR activities of LIXIL Group Corporation, as well as LIXIL Corporation and other operating subsidiaries.

Please click below for more information on human resources performance data and scope of coverage (page 94 to 97) and environmental performance data and scope of coverage (page 98 to 104). For items with a more limited scope of coverage, please refer to the footnotes for details.

**CR** Human Resource Performance data and scope of coverage (P94)

**CR** Environmental Performance data and scope of coverage (P98)

### Independent Practitioner's Assurance Report

LIXIL Group Corporation has received the independent practitioner's assurance from Deloitte Tohmatsu Sustainability Co., Ltd. for FYE2019 human resource performance data and environmental performance data marked with a ★ icon.

### Please direct queries on this report to:

**WEB** [To Link to Our Site or for Other Questions and Comments](#)

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# Deloitte.

デロイト トーマツ  
(TRANSLATION)

### Independent Practitioner's Assurance Report

October 28, 2019

Mr. Kinya Seto,  
Director, Representative Executive Officer, President and CEO  
LIXIL Group Corporation

Masahiko Sugiyama  
Representative Director  
Deloitte Tohmatsu Sustainability Co., Ltd.  
3-2-3, Marunouchi, Chiyoda-ku, Tokyo

We have undertaken a limited assurance engagement of the Human Resource Performance Data and Environmental Performance Data indicated with ★ for the year ended March 31, 2019 (the "Sustainability Information") included in the "LIXIL Group Corporate Responsibility Report 2019" (the "Report") of LIXIL Group Corporation (the "Company").

#### The Company's Responsibility

The Company is responsible for the preparation of the Sustainability Information in accordance with the calculation and reporting standard adopted by the Company (as described on pages 96, 97, 103, 104 and indicated with the Sustainability Information of the Report). Greenhouse gas quantification is subject to inherent uncertainty for reasons such as incomplete scientific knowledge used to determine emissions factors and numerical data needed to combine emissions of different gases.

#### Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Sustainability Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board ("IAASB"), ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the IAASB and the *Practical Guideline for the Assurance of Sustainability Information*, issued by the Japanese Association of Assurance Organizations for Sustainability Information.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures also included the following:

- Evaluating whether the Company's methods for estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or reperforming the estimates.
- Undertaking site visits to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

#### Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Information is not prepared, in all material respects, in accordance with the calculation and reporting standard adopted by the Company.

The above represents a translation, for convenience only, of the original Independent Practitioner's Assurance report issued in the Japanese language.

Member of  
Deloitte Touche Tohmatsu Limited

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This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option.

### GRI 102: General Disclosures

Indicator		Report Page	
1. Organizational Profile			
102-1	Name of the organization	a. Name of the organization.	Annual Report P66 Corporate Data
102-2	Activities, brands, products, and services	a. A description of the organization's activities. b. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets.	Annual Report P2 LIXIL Group's Businesses
102-3	Location of headquarters	a. Location of the organization's headquarters.	Annual Report P66 Corporate Data
102-4	Location of operations	a. Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.	Annual Report P25 Global Manufacturing and Sales Sites
102-5	Ownership and legal form	a. Nature of ownership and legal form.	Annual Report P66 Corporate Data
102-6	Markets served	a. Markets served, including: i. geographic locations where products and services are offered; ii. sectors served; iii. types of customers and beneficiaries.	Annual Report P2 LIXIL Group's Businesses P25 Global Manufacturing and Sales Sites
102-7	Scale of the organization	a. Scale of the organization, including: i. total number of employees; ii. total number of operations; iii. net sales (for private sector organizations) or net revenues (for public sector organizations); iv. total capitalization (for private sector organizations) broken down in terms of debt and equity; v. quantity of products or services provided.	Annual Report P25 Global Manufacturing and Sales Sites P60 Consolidated 10-Year Summary P62 Principal Group Companies P66 Corporate Data Annual Securities Report (Available in Japanese): P2 1. Key Management Indicators P8 3. Business Overview P93 1. Consolidated Financial Statements
102-8	Information on employees and other workers	a. Total number of employees by employment contract (permanent and temporary), by gender. b. Total number of employees by employment contract (permanent and temporary), by region. c. Total number of employees by employment type (full-time and part-time), by gender. d. Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees. e. Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries). f. An explanation of how the data have been compiled, including any assumptions made.	CR Report P94 Human Resource Performance

102-9	Supply chain	a. A description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.	CR Report P60 Promoting Responsible Procurement That Upholds the Environment and Labor Safety
102-10	Significant changes to the organization and its supply chain	a. Significant changes to the organization's size, structure, ownership, or supply chain, including: i. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions; ii. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations); iii. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.	Annual Securities Report (Available in Japanese): P8 3. Business Overview P11 4. Subsidiaries Overview
102-11	Precautionary Principle or approach	a. Whether and how the organization applies the Precautionary Principle or approach.	CR Report P47 Environmental Management P55 Reducing Water Usage and Conserving Water in Business Activities P62 Management of Chemical Substances CDP Climate Change Questionnaire 2018 <a href="https://www.cdp.net/en/">https://www.cdp.net/en/</a>
102-12	External initiatives	a. A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.	CR Report P6 Supporting International Initiatives
102-13	Membership of associations	a. A list of the main memberships of industry or other associations, and national or international advocacy organizations.	CR Report P18 Global Sanitation & Hygiene > Partnerships P31 Diversity & Equal Opportunity > Empowering Women in the Workplace P72 Human Rights > Our Approach & System P75 Key Stakeholder Engagement
2. Strategy			
102-14	Statement from senior decision-maker	a. A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.	CR Report P4 Message from the CEO P5 Message from CR Committee Chairperson
102-15	Key impacts, risks, and opportunities	a. A description of key impacts, risks, and opportunities.	Annual Report P12 LIXIL's Business Landscape Annual Securities Report (Available in Japanese): P17 2. Business-Related Risks

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3. Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	a. A description of the organization's values, principles, standards, and norms of behavior.	CR Report P8 LIXIL CORE, LIXIL Behaviors
102-17	Mechanisms for advice and concerns about ethics	a. A description of internal and external mechanisms for: i. seeking advice about ethical and lawful behavior, and organizational integrity; ii. reporting concerns about unethical or unlawful behavior, and organizational integrity.	Annual Report P58 Internal Control Systems CR Report P73 Human Rights > Concern-Raising System
4. Governance			
102-18	Governance structure	a. Governance structure of the organization, including committees of the highest governance body. b. Committees responsible for decision-making on economic, environmental, and social topics.	Annual Report P50 Corporate Governance at the LIXIL Group CR Report P10 CR Management Structure
102-19	Delegating authority	a. Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees.	Annual Report P50 Corporate Governance at the LIXIL Group CR Report P10 CR Management Structure
102-20	Executive-level responsibility for economic, environmental, and social topics	a. Whether the organization has appointed an executive level position or positions with responsibility for economic, environmental, and social topics. b. Whether post holders report directly to the highest governance body.	Annual Report P50 Corporate Governance at the LIXIL Group CR Report P10 CR Management Structure
102-21	Consulting stakeholders on economic, environmental, and social topics	a. Processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics. b. If consultation is delegated, describe to whom it is delegated and how the resulting feedback is provided to the highest governance body.	Annual Report P50 Corporate Governance at the LIXIL Group CR Report P10 CR Management Structure
102-22	Composition of the highest governance body and its committees	a. Composition of the highest governance body and its committees by: i. executive or non-executive; ii. independence; iii. tenure on the governance body; iv. number of each individual's other significant positions and commitments, and the nature of the commitments; v. gender; vi. membership of under-represented social groups; vii. competencies relating to economic, environmental, and social topics; viii. stakeholder representation.	Annual Report P50 Corporate Governance at the LIXIL Group Annual Securities Report (Available in Japanese): P50 4. (2) Corporate Officers
102-23	Chair of the highest governance body	a. Whether the chair of the highest governance body is also an executive officer in the organization. b. If the chair is also an executive officer, describe his or her function within the organization's management and the reasons for this arrangement.	Annual Report P44 Board of Directors of LIXIL Group Corporation Annual Securities Report (Available in Japanese): P50 4. (2) Corporate Officers Website: About Us > Governance Framework <a href="https://www.lixil.com/en/about/governance/framework.html">https://www.lixil.com/en/about/governance/framework.html</a>
102-24	Nominating and selecting the highest governance body	a. Nomination and selection processes for the highest governance body and its committees. b. Criteria used for nominating and selecting highest governance body members, including whether and how: i. stakeholders (including shareholders) are involved; ii. diversity is considered; iii. independence is considered; iv. expertise and experience relating to economic, environmental, and social topics are considered.	Annual Report P56 Procedures and Policies Regarding the Nomination of Director Candidates, the Removal of Directors, and the Appointment and the Removal of Executive Officers LIXIL Group Corporate Governance Guidelines P14 Article 20 Composition of the Board of Directors, Article 22 Composition of Nomination Committee, Compensation Committee, and Audit Committee, Article 23 Policy for Nomination of Director Candidates and Removal of Directors P16 Article 24 Policy for Appointment, Election, Removal and Dismissal of Executive Officers and Representative Executive Officer (CEO) P20 Article 28 Independence Criteria Website: About Us > Governance Framework <a href="https://www.lixil.com/en/about/governance/framework.html">https://www.lixil.com/en/about/governance/framework.html</a>
102-25	Conflicts of interest	a. Processes for the highest governance body to ensure conflicts of interest are avoided and managed. b. Whether conflicts of interest are disclosed to stakeholders, including, as a minimum: i. Cross-board membership; ii. Cross-shareholding with suppliers and other stakeholders; iii. Existence of controlling shareholder; iv. Related party disclosures.	LIXIL Group Corporate Governance Guidelines P12 Article 19 Role and Duties of the Board of Directors P19 Article 26 Duties of Independent Outside Directors Annual Securities Report (Available in Japanese): P50 4. (2) Corporate Officers

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102-26	Role of highest governance body in setting purpose, values, and strategy	a. Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics.	Annual Report P36 LIXIL's Material Issues LIXIL Group Corporate Governance Guidelines P12 Article 19 Role and Duties of the Board of Directors P19 Article 26 Duties of Independent Outside Directors Annual Securities Report (Available in Japanese): P50 4. (2) Corporate Officers	102-34	Nature and total number of critical concerns	a. Total number and nature of critical concerns that were communicated to the highest governance body. b. Mechanism(s) used to address and resolve critical concerns.	-
102-27	Collective knowledge of highest governance body	a. Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics.	CR Report P74 Stakeholder Engagement > Relationship with Stakeholders	102-35	Remuneration policies	a. Remuneration policies for the highest governance body and senior executives for the following types of remuneration: i. Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares; ii. Sign-on bonuses or recruitment incentive payments; iii. Termination payments; iv. Clawbacks; v. Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees. b. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental, and social topics.	Annual Report P54 Corporate Officer Compensation Annual Securities Report (Available in Japanese): P76 (4) Corporate Officer Compensation CR Report P48 Environmental Management > Environmental Education and Internal Evaluation
102-28	Evaluating the highest governance body's performance	a. Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics. b. Whether such evaluation is independent or not, and its frequency. c. Whether such evaluation is a self-assessment. d. Actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental, and social topics, including, as a minimum, changes in membership and organizational practice.	LIXIL Group Corporate Governance Guidelines P23 Article 32 Board of Directors Self-Evaluation	102-36	Process for determining remuneration	a. Process for determining remuneration. b. Whether remuneration consultants are involved in determining remuneration and whether they are independent of management. c. Any other relationships that the remuneration consultants have with the organization.	Annual Report P54 Corporate Officer Compensation Annual Securities Report (Available in Japanese): P76 (4) Corporate Officer Compensation
102-29	Identifying and managing economic, environmental, and social impacts	a. Highest governance body's role in identifying and managing economic, environmental, and social topics and their impacts, risks, and opportunities – including its role in the implementation of due diligence processes. b. Whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental, and social topics and their impacts, risks, and opportunities.	Annual Report P50 Corporate Governance at the LIXIL Group CR Report P10 CR Management Structure P11 Material Issues	102-37	Stakeholders' involvement in remuneration	a. How stakeholders' views are sought and taken into account regarding remuneration. b. If applicable, the results of votes on remuneration policies and proposals.	-
102-30	Effectiveness of risk management processes	a. Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental, and social topics.	Annual Report P57 Internal Control Systems	102-38	Annual total compensation ratio	a. Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest paid individual) in the same country.	-
102-31	Review of economic, environmental, and social topics	a. Frequency of the highest governance body's review of economic, environmental, and social topics and their impacts, risks, and opportunities.	Annual Report P52 Activities of the Board of Directors and Board Committees CR Report P10 CR Management Structure	102-39	Percentage increase in annual total compensation ratio	a. Ratio of the percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest paid individual) in the same country.	-
102-32	Highest governance body's role in sustainability reporting	a. The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material topics are covered.	-	<b>5. Stakeholder Engagement</b>			
102-33	Communicating critical concerns	a. Process for communicating critical concerns to the highest governance body.	Annual Report P57 Internal Control Systems	102-40	List of stakeholder groups	a. A list of stakeholder groups engaged by the organization.	CR Report P75 Stakeholder Engagement > Key Stakeholder Engagement
				102-41	Collective bargaining agreements	a. Percentage of total employees covered by collective bargaining agreements.	CR Report P37 Rewarding Workplaces > Labor-Management Relationship

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102-42	Identifying and selecting stakeholders	a. The basis for identifying and selecting stakeholders with whom to engage.	CR Report P74 Stakeholder Engagement > Our Approach	102-51	Date of most recent report	a. If applicable, the date of the most recent previous report.	Corporate Responsibility Report 2018 <a href="https://www.lixil.com/en/sustainability/reporting/pdf/LIXIL_CR2018_en.pdf">https://www.lixil.com/en/sustainability/reporting/pdf/LIXIL_CR2018_en.pdf</a>
102-43	Approach to stakeholder engagement	a. The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	CR Report P36 Rewarding Workplaces > Employee Opinion Surveys P74 Stakeholder Engagement	102-52	Reporting cycle	a. Reporting cycle.	CR Report P105 Scope of Reporting > Reporting Period
102-44	Key topics and concerns raised	a. Key topics and concerns that have been raised through stakeholder engagement, including: i. how the organization has responded to those key topics and concerns, including through its reporting; ii. the stakeholder groups that raised each of the key topics and concerns.	CR Report P36 Rewarding Workplaces > Employee Opinion Surveys	102-53	Contact point for questions regarding the report	a. The contact point for questions regarding the report or its contents.	CR Report P105 Scope of Reporting
<b>6. Reporting Practice</b>							
102-45	Entities included in the consolidated financial statements	a. A list of all entities included in the organization's consolidated financial statements or equivalent documents. b. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	Annual Securities Report (Available in Japanese): P8 3. Business Overview P11 4. Subsidiaries Overview Annual Report P62 Principal Group CompaniesCR Report P105 Scope of Reporting	102-54	Claims of reporting in accordance with the GRI Standards	a. The claim made by the organization, if it has prepared a report in accordance with the GRI Standards, either: i. 'This report has been prepared in accordance with the GRI Standards: Core option'; ii. 'This report has been prepared in accordance with the GRI Standards: Comprehensive option'.	This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option.
102-46	Defining report content and topic Boundaries	a. An explanation of the process for defining the report content and the topic Boundaries. b. An explanation of how the organization has implemented the Reporting Principles for defining report content.	CR Report P11 Material Issues	102-55	GRI content index	a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report. b. For each disclosure, the content index shall include: i. the number of the disclosure (for disclosures covered by the GRI Standards); ii. the page number(s) or URL(s) where the information can be found, either within the report or in other published materials; iii. if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.	CR Report P107 GRI Index
102-47	List of material topics	a. A list of the material topics identified in the process for defining report content.	CR Report P11 Material Issues	102-56	External assurance	a. A description of the organization's policy and current practice with regard to seeking external assurance for the report. b. If the report has been externally assured: i. A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process; ii. The relationship between the organization and the assurance provider; iii. Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report.	CR Report P106 Independent Assurance
102-48	Restatements of information	a. The effect of any restatements of information given in previous reports, and the reasons for such restatements.	-				
102-49	Changes in reporting	a. Significant changes from previous reporting periods in the list of material topics and topic Boundaries.	N/A				
102-50	Reporting period	a. Reporting period for the information provided.	CR Report P2 Contents P105 Scope of Reporting > Reporting Period				

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### GRI 103: Management Approach

Indicator	Report Page	
103 : Management Approach		
103-1	Explanation of the material topic and its Boundary	<ul style="list-style-type: none"> <li>a. An explanation of why the topic is material.</li> <li>b. The Boundary for the material topic, which includes a description of:                             <ul style="list-style-type: none"> <li>i. where the impacts occur;</li> <li>ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</li> </ul> </li> <li>c. Any specific limitation regarding the topic Boundary.</li> </ul>
		CR Report P11 Material Issues
103-2	The management approach and its components	<ul style="list-style-type: none"> <li>a. An explanation of how the organization manages the topic.</li> <li>b. A statement of the purpose of the management approach.</li> <li>c. A description of the following, if the management approach includes that component:                             <ul style="list-style-type: none"> <li>i. Policies</li> <li>ii. Commitments</li> <li>iii. Goals and targets</li> <li>iv. Responsibilities</li> <li>v. Resources</li> <li>vi. Grievance mechanisms</li> <li>vii. Specific actions, such as processes, projects, programs and initiatives.</li> </ul> </li> </ul>
		CR Report P10 CR Management Structure P11 Material Issues P12 Corporate Responsibility Strategy P13-27 Three Strategic Pillars P30 Diversity & Equal Opportunity > Our Approach, Our System P35 Rewarding Workplaces > Our Approach, Our System P38 Talent Development > Our Approach, Our System P41 Occupational Health & Safety > Our Approach, Our System P47 Environmental Management > Our Approach, Our System P60 Responsible Supply Chain Management > Our Approach & System P63 Product Safety & Quality > Our Approach, Management Structure P67-68 Customer Satisfaction > Our Approach & System, Implementing the Six Sigma Quality Management Method P72 Human Rights > Our Approach & System, Human Rights Principles P73 Human Rights > Concern-Raising System P78 Community > Our Approach & System P86-93 Action Plan & KPIs
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> <li>a. An explanation of how the organization evaluates the management approach, including:                             <ul style="list-style-type: none"> <li>i. the mechanisms for evaluating the effectiveness of the management approach;</li> <li>ii. the results of the evaluation of the management approach;</li> <li>iii. any related adjustments to the management approach.</li> </ul> </li> </ul>
		CR Report P84 External Evaluations & Awards P86-93 Action Plan & KPIs

### GRI 200: Economic Topics

Indicator	Report Page	
201: Economic Performance		
201-1	Direct economic value generated and distributed	<ul style="list-style-type: none"> <li>a. Direct economic value generated and distributed (EVG&amp;D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components:                             <ul style="list-style-type: none"> <li>i. Direct economic value generated: revenues;</li> <li>ii. Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments;</li> <li>iii. Economic value retained: 'direct economic value generated' less 'economic value distributed'.</li> </ul> </li> <li>b. Where significant, report EVG&amp;D separately at country, regional, or market levels, and the criteria used for defining significance.</li> </ul>
		Website Investor Relations > Financial Information <a href="https://www.lixil.com/en/investor/financial/">https://www.lixil.com/en/investor/financial/</a> Website: For our retail investors > LIXIL Group overview <a href="https://www.lixil.com/jp/investor/private/about.html">https://www.lixil.com/jp/investor/private/about.html</a> (Japanese Only) CR Report P75 Key Stakeholder Engagement > Government Authorities and Industrial Associations P78 Community > Our Approach & System > Social Contribution Expenditures Annual Securities Report (Available in Japanese): P93 1. Consolidated Financial Statements
201-2	Financial implications and other risks and opportunities due to climate change	<ul style="list-style-type: none"> <li>a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including:                             <ul style="list-style-type: none"> <li>i. a description of the risk or opportunity and its classification as either physical, regulatory, or other;</li> <li>ii. a description of the impact associated with the risk or opportunity;</li> <li>iii. the financial implications of the risk or opportunity before action is taken;</li> <li>iv. the methods used to manage the risk or opportunity;</li> <li>v. the costs of actions taken to manage the risk or opportunity.</li> </ul> </li> </ul>
		Annual Report P12 LIXIL's Business Landscape CR Report P49 Environmental Disclosures

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201-3	Defined benefit plan obligations and other retirement plans	<ul style="list-style-type: none"> <li>a. If the plan's liabilities are met by the organization's general resources, the estimated value of those liabilities.</li> <li>b. If a separate fund exists to pay the plan's pension liabilities:                             <ul style="list-style-type: none"> <li>i. the extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them;</li> <li>ii. the basis on which that estimate has been arrived at;</li> <li>iii. when that estimate was made.</li> </ul> </li> <li>c. If a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, if any, adopted by the employer to work towards full coverage, and the time scale, if any, by which the employer hopes to achieve full coverage.</li> <li>d. Percentage of salary contributed by employee or employer.</li> <li>e. Level of participation in retirement plans, such as participation in mandatory or voluntary schemes, regional, or country-based schemes, or those with financial impact.</li> </ul>	Annual Securities Report (Available in Japanese): P113 1. Consolidated Financial Statements > Note on the Consolidated Financial Statements > 14. Employee Benefits	202-2	Proportion of senior management hired from the local community	<ul style="list-style-type: none"> <li>a. Percentage of senior management at significant locations of operation that are hired from the local community.</li> <li>b. The definition used for 'senior management'.</li> <li>c. The organization's geographical definition of 'local'.</li> <li>d. The definition used for 'significant locations of operation'.</li> </ul>	-
<b>203: Indirect Economic Impacts</b>							
203-1	Infrastructure investments and services supported	<ul style="list-style-type: none"> <li>a. Extent of development of significant infrastructure investments and services supported.</li> <li>b. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant.</li> <li>c. Whether these investments and services are commercial, in-kind, or pro bono engagements.</li> </ul>		203-2	Significant indirect economic impacts	<ul style="list-style-type: none"> <li>a. Examples of significant identified indirect economic impacts of the organization, including positive and negative impacts.</li> <li>b. Significance of the indirect economic impacts in the context of external benchmarks and stakeholder priorities, such as national and international standards, protocols, and policy agendas.</li> </ul>	CR Report P14-19 Global Sanitation & Hygiene P78-82 Community  CR Report P14-19 Global Sanitation & Hygiene P78-82 Community
<b>204: Procurement Practices</b>							
204-1	Proportion of spending on local suppliers	<ul style="list-style-type: none"> <li>a. Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally).</li> <li>b. The organization's geographical definition of 'local'.</li> <li>c. The definition used for 'significant locations of operation'.</li> </ul>	CR Report P75 Key Stakeholder Engagement > Government Authorities and Industrial Associations	205-1	Operations assessed for risks related to corruption	<ul style="list-style-type: none"> <li>a. Total number and percentage of operations assessed for risks related to corruption.</li> <li>b. Significant risks related to corruption identified through the risk assessment.</li> </ul>	-
<b>205: Anti-Corruption</b>							
205-2	Ratios of standard entry level wage by gender compared to local minimum wage	<ul style="list-style-type: none"> <li>a. When a significant proportion of employees are compensated based on wages subject to minimum wage rules, report the relevant ratio of the entry level wage by gender at significant locations of operation to the minimum wage.</li> <li>b. When a significant proportion of other workers (excluding employees) performing the organization's activities are compensated based on wages subject to minimum wage rules, describe the actions taken to determine whether these workers are paid above the minimum wage.</li> <li>c. Whether a local minimum wage is absent or variable at significant locations of operation, by gender. In circumstances in which different minimums can be used as a reference, report which minimum wage is being used.</li> <li>d. The definition used for 'significant locations of operation'.</li> </ul>	-	205-2	Communication and training about anti-corruption policies and procedures	<ul style="list-style-type: none"> <li>a. Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to, broken down by region.</li> <li>b. Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region.</li> <li>c. Total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organization's anti-corruption policies and procedures have been communicated to any other persons or organizations.</li> <li>d. Total number and percentage of governance body members that have received training on anti-corruption, broken down by region.</li> <li>e. Total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region.</li> </ul>	CR Report P88 Action Plan & KPIs > Fair Business Practices



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205-3	Confirmed incidents of corruption and actions taken	<ul style="list-style-type: none"> <li>a. Total number and nature of confirmed incidents of corruption.</li> <li>b. Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.</li> <li>c. Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.</li> <li>d. Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.</li> </ul>	CR Report P88 Action Plan & KPIs > Fair Business Practices
<b>206: Anti-Competitive Behavior</b>			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	<ul style="list-style-type: none"> <li>a. Number of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant.</li> <li>b. Main outcomes of completed legal actions, including any decisions or judgments.</li> </ul>	CR Report P88 Action Plan & KPIs > Fair Business Practices

### GRI 300: Environmental Topics Indicator

Indicator		Report Page	
<b>301: Materials</b>			
301-1	Materials used by weight or volume	<ul style="list-style-type: none"> <li>a. Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period, by:                             <ul style="list-style-type: none"> <li>i. non-renewable materials used;</li> <li>ii. renewable materials used.</li> </ul> </li> </ul>	CR Report P99 Environmental Performance > Procurement
301-2	Recycled input materials used	<ul style="list-style-type: none"> <li>a. Percentage of recycled input materials used to manufacture the organization's primary products and services.</li> </ul>	-
301-3	Reclaimed products and their packaging materials	<ul style="list-style-type: none"> <li>a. Percentage of reclaimed products and their packaging materials for each product category.</li> <li>b. How the data for this disclosure have been collected.</li> </ul>	-

<b>302: Energy</b>			
302-1	Energy consumption within the organization	<ul style="list-style-type: none"> <li>a. Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used.</li> <li>b. Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used.</li> <li>c. In joules, watt-hours or multiples, the total:                             <ul style="list-style-type: none"> <li>i. electricity consumption</li> <li>ii. heating consumption</li> <li>iii. cooling consumption</li> <li>iv. steam consumption</li> </ul> </li> <li>d. In joules, watt-hours or multiples, the total:                             <ul style="list-style-type: none"> <li>i. electricity sold</li> <li>ii. heating sold</li> <li>iii. cooling sold</li> <li>iv. steam sold</li> </ul> </li> <li>e. Total energy consumption within the organization, in joules or multiples.</li> <li>f. Standards, methodologies, assumptions, and/or calculation tools used.</li> <li>g. Source of the conversion factors used.</li> </ul>	CR Report P99 Environmental Performance > Manufacture / Sales
302-2	Energy consumption outside of the organization	<ul style="list-style-type: none"> <li>a. Energy consumption outside of the organization, in joules or multiples.</li> <li>b. Standards, methodologies, assumptions, and/or calculation tools used.</li> <li>c. Source of the conversion factors used.</li> </ul>	CR Report P99 Environmental Performance > Manufacture / Sales
302-3	Energy intensity	<ul style="list-style-type: none"> <li>a. Energy intensity ratio for the organization.</li> <li>b. Organization-specific metric (the denominator) chosen to calculate the ratio.</li> <li>c. Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all.</li> <li>d. Whether the ratio uses energy consumption within the organization, outside of it, or both.</li> </ul>	CR Report P101 Environmental Performance > Total Energy Consumption Calculation Method
302-4	Reduction of energy consumption	<ul style="list-style-type: none"> <li>a. Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples.</li> <li>b. Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all.</li> <li>c. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it.</li> <li>d. Standards, methodologies, assumptions, and/or calculation tools used.</li> </ul>	CR Report P99 Environmental Performance > Manufacture / Sales

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302-5	Reductions in energy requirements of products and services	<ul style="list-style-type: none"> <li>a. Reductions in energy requirements of sold products and services achieved during the reporting period, in joules or multiples.</li> <li>b. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it.</li> <li>c. Standards, methodologies, assumptions, and/or calculation tools used.</li> </ul>	CR Report P101 Environmental Performance > Use of Products
<b>303: Water</b>			
303-1	Water withdrawal by source	<ul style="list-style-type: none"> <li>a. Total volume of water withdrawn, with a breakdown by the following sources:                             <ul style="list-style-type: none"> <li>i. Surface water, including water from wetlands, rivers, lakes, and oceans;</li> <li>ii. Ground water;</li> <li>iii. Rainwater collected directly and stored by the organization;</li> <li>iv. Waste water from another organization;</li> <li>v. Municipal water supplies or other public or private water utilities.</li> </ul> </li> <li>b. Standards, methodologies, and assumptions used.</li> </ul>	CR Report P100 Environmental Performance > Manufacture / Sales
303-2	Water sources significantly affected by withdrawal of water	<ul style="list-style-type: none"> <li>a. Total number of water sources significantly affected by withdrawal by type:                             <ul style="list-style-type: none"> <li>i. Size of the water source;</li> <li>ii. Whether the source is designated as a nationally or internationally protected area;</li> <li>iii. Biodiversity value (such as species diversity and endemism, and total number of protected species);</li> <li>iv. Value or importance of the water source to local communities and indigenous peoples.</li> </ul> </li> <li>b. Standards, methodologies, and assumptions used.</li> </ul>	CR Report P55 Sustainable Water Use > Identifying Water Risks in Our Production Facilities
303-3	Water recycled and reused	<ul style="list-style-type: none"> <li>a. Total volume of water recycled and reused by the organization.</li> <li>b. Total volume of water recycled and reused as a percentage of the total water withdrawal as specified in Disclosure 303-1.</li> <li>c. Standards, methodologies, and assumptions used.</li> </ul>	CR Report P55 Sustainable Water Use > Introducing Wastewater Recycling Systems

<b>304: Biodiversity</b>			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<ul style="list-style-type: none"> <li>a. For each operational site owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas, the following information:                             <ul style="list-style-type: none"> <li>i. Geographic location;</li> <li>ii. Subsurface and underground land that may be owned, leased, or managed by the organization;</li> <li>iii. Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas;</li> <li>iv. Type of operation (office, manufacturing or production, or extractive);</li> <li>v. Size of operational site in km<sup>2</sup> (or another unit, if appropriate);</li> <li>vi. Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem);</li> <li>vii. Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation).</li> </ul> </li> </ul>	-
304-2	Significant impacts of activities, products, and services on biodiversity	<ul style="list-style-type: none"> <li>a. Nature of significant direct and indirect impacts on biodiversity with reference to one or more of the following:                             <ul style="list-style-type: none"> <li>i. Construction or use of manufacturing plants, mines, and transport infrastructure;</li> <li>ii. Pollution (introduction of substances that do not naturally occur in the habitat from point and nonpoint sources);</li> <li>iii. Introduction of invasive species, pests, and pathogens; Reduction of species; Habitat conversion;</li> <li>iv. Changes in ecological processes outside the natural range of variation (such as salinity or changes in groundwater level).</li> </ul> </li> <li>b. Significant direct and indirect positive and negative impacts with reference to the following:                             <ul style="list-style-type: none"> <li>i. Species affected;</li> <li>ii. Extent of areas impacted;</li> <li>iii. Duration of impacts;</li> <li>iv. Reversibility or irreversibility of the impacts.</li> </ul> </li> </ul>	-
304-3	Habitats protected or restored	<ul style="list-style-type: none"> <li>a. Size and location of all habitat areas protected or restored, and whether the success of the restoration measure was or is approved by independent external professionals.</li> <li>b. Whether partnerships exist with third parties to protect or restore habitat areas distinct from where the organization has overseen and implemented restoration or protection measures.</li> <li>c. Status of each area based on its condition at the close of the reporting period.</li> <li>d. Standards, methodologies, and assumptions used.</li> </ul>	-

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304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	<p>a. Total number of IUCN Red List species and national conservation list species with habitats in areas affected by the operations of the organization, by level of extinction risk:</p> <ul style="list-style-type: none"> <li>i. Critically endangered</li> <li>ii. Endangered</li> <li>iii. Vulnerable</li> <li>iv. Near threatened</li> <li>v. Least concern</li> </ul>	-	
<b>305: Emissions</b>				
305-1	Direct (Scope 1) GHG emissions	<p>a. Gross direct (Scope 1) GHG emissions in metric tons of CO<sub>2</sub> equivalent.</p> <p>b. Gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.</p> <p>c. Biogenic CO<sub>2</sub> emissions in metric tons of CO<sub>2</sub> equivalent.</p> <p>d. Base year for the calculation, if applicable, including:</p> <ul style="list-style-type: none"> <li>i. the rationale for choosing it;</li> <li>ii. emissions in the base year;</li> <li>iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.</li> </ul> <p>e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</p> <p>f. Consolidation approach for emissions; whether equity share, financial control, or operational control.</p> <p>g. Standards, methodologies, assumptions, and/or calculation tools used.</p>	CR Report P102 Environmental Performance > CO <sub>2</sub> Emissions by Scope P101 Environmental Performance > CO <sub>2</sub> Conversion Coefficients Used to Convert CO <sub>2</sub> Emissions P103 Environmental Performance > Scope of Data Collection	
305-2	Energy indirect (Scope 2) GHG emissions	<p>a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO<sub>2</sub> equivalent.</p> <p>b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO<sub>2</sub> equivalent.</p> <p>c. If available, the gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.</p> <p>d. Base year for the calculation, if applicable, including:</p> <ul style="list-style-type: none"> <li>i. the rationale for choosing it;</li> <li>ii. emissions in the base year;</li> <li>iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.</li> </ul> <p>e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</p> <p>f. Consolidation approach for emissions; whether equity share, financial control, or operational control.</p> <p>g. Standards, methodologies, assumptions, and/or calculation tools used.</p>	CR Report P102 Environmental Performance > CO <sub>2</sub> Emissions by Scope P101 Environmental Performance > CO <sub>2</sub> Conversion Coefficients Used to Convert CO <sub>2</sub> Emissions P103 Environmental Performance > Scope of Data Collection	
305-3	Other indirect (Scope 3) GHG emissions	<p>a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO<sub>2</sub> equivalent.</p> <p>b. If available, the gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, FCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.</p> <p>c. Biogenic CO<sub>2</sub> emissions in metric tons of CO<sub>2</sub> equivalent.</p> <p>d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation.</p> <p>e. Base year for the calculation, if applicable, including:</p> <ul style="list-style-type: none"> <li>i. the rationale for choosing it;</li> <li>ii. emissions in the base year;</li> <li>iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.</li> </ul> <p>f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</p> <p>g. Standards, methodologies, assumptions, and/or calculation tools used.</p>	CR Report P102 Environmental Performance > CO <sub>2</sub> Emissions by Scope P101 Environmental Performance > CO <sub>2</sub> Conversion Coefficients Used to Convert CO <sub>2</sub> Emissions P103 Environmental Performance > Scope of Data Collection	
305-4	GHG emissions intensity	<p>a. GHG emissions intensity ratio for the organization.</p> <p>b. Organization-specific metric (the denominator) chosen to calculate the ratio.</p> <p>c. Types of GHG emissions included in the intensity ratio; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).</p> <p>d. Gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.</p>	CR Report P101 Environmental Performance > CO <sub>2</sub> Conversion Coefficients Used to Convert CO <sub>2</sub> Emissions	
305-5	Reduction of GHG emissions	<p>a. GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO<sub>2</sub> equivalent.</p> <p>b. Gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.</p> <p>c. Base year or baseline, including the rationale for choosing it.</p> <p>d. Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).</p> <p>e. Standards, methodologies, assumptions, and/or calculation tools used.</p>	CR Report P102 Environmental Performance > CO <sub>2</sub> Emissions by Scope	
305-6	Emissions of ozone-depleting substances (ODS)	<p>a. Production, imports, and exports of ODS in metric tons of CFC-11 (trichlorofluoromethane) equivalent.</p> <p>b. Substances included in the calculation.</p> <p>c. Source of the emission factors used.</p> <p>d. Standards, methodologies, assumptions, and/or calculation tools used.</p>	-	

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305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	<p>a. Significant air emissions, in kilograms or multiples, for each of the following:</p> <ul style="list-style-type: none"> <li>i. NOx</li> <li>ii. SOx</li> <li>iii. Persistent organic pollutants (POP)</li> <li>iv. Volatile organic compounds (VOC)</li> <li>v. Hazardous air pollutants (HAP)</li> <li>vi. Particulate matter (PM)</li> <li>vii. Other standard categories of air emissions identified in relevant regulations</li> </ul> <p>b. Source of the emission factors used.</p> <p>c. Standards, methodologies, assumptions, and/or calculation tools used.</p>	CR Report P100 Environmental Performance > Manufacture / Sales	306-3	Significant spills	<p>a. Total number and total volume of recorded significant spills.</p> <p>b. The following additional information for each spill that was reported in the organization's financial statements:</p> <ul style="list-style-type: none"> <li>i. Location of spill;</li> <li>ii. Volume of spill;</li> <li>iii. Material of spill, categorized by: oil spills (soil or water surfaces), fuel spills (soil or water surfaces), spills of wastes (soil or water surfaces), spills of chemicals (mostly soil or water surfaces), and other (to be specified by the organization).</li> </ul> <p>c. Impacts of significant spills.</p>	N/A
<b>306: Effluents and Waste</b>							
306-1	Water discharge by quality and destination	<p>a. Total volume of planned and unplanned water discharges by:</p> <ul style="list-style-type: none"> <li>i. destination;</li> <li>ii. quality of the water, including treatment method;</li> <li>iii. whether the water was reused by another organization.</li> </ul> <p>b. Standards, methodologies, and assumptions used.</p>	CR Report P100 Environmental Performance > Manufacture / Sales	306-4	Transport of hazardous waste	<p>a. Total weight for each of the following:</p> <ul style="list-style-type: none"> <li>i. Hazardous waste transported</li> <li>ii. Hazardous waste imported</li> <li>iii. Hazardous waste exported</li> <li>iv. Hazardous waste treated</li> </ul> <p>b. Percentage of hazardous waste shipped internationally.</p> <p>c. Standards, methodologies, and assumptions used.</p>	CR Report P100 Environmental Performance > Manufacture / Sales
306-2	Waste by type and disposal method	<p>a. Total weight of hazardous waste, with a breakdown by the following disposal methods where applicable:</p> <ul style="list-style-type: none"> <li>i. Reuse</li> <li>ii. Recycling</li> <li>iii. Composting</li> <li>iv. Recovery, including energy recovery</li> <li>v. Incineration (mass burn)</li> <li>vi. Deep well injection</li> <li>vii. Landfill</li> <li>viii. On-site storage</li> <li>ix. Other (to be specified by the organization)</li> </ul> <p>b. Total weight of non-hazardous waste, with a breakdown by the following disposal methods where applicable:</p> <ul style="list-style-type: none"> <li>i. Reuse</li> <li>ii. Recycling</li> <li>iii. Composting</li> <li>iv. Recovery, including energy recovery</li> <li>v. Incineration (mass burn)</li> <li>vi. Deep well injection</li> <li>vii. Landfill</li> <li>viii. On-site storage</li> <li>ix. Other (to be specified by the organization)</li> </ul> <p>c. How the waste disposal method has been determined:</p> <ul style="list-style-type: none"> <li>i. Disposed of directly by the organization, or otherwise directly confirmed</li> <li>ii. Information provided by the waste disposal contractor</li> <li>iii. Organizational defaults of the waste disposal contractor.</li> </ul>	CR Report P100 Environmental Performance > Manufacture / Sales	306-5	Water bodies affected by water discharges and/or runoff	<p>a. Water bodies and related habitats that are significantly affected by water discharges and/or runoff, including information on:</p> <ul style="list-style-type: none"> <li>i. the size of the water body and related habitat;</li> <li>ii. whether the water body and related habitat is designated as a nationally or internationally protected area;</li> <li>iii. the biodiversity value, such as total number of protected species.</li> </ul>	-
<b>307: Environmental Compliance</b>							
307-1	Non-compliance with environmental laws and regulations	<p>a. Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in terms of:</p> <ul style="list-style-type: none"> <li>i. total monetary value of significant fines;</li> <li>ii. total number of non-monetary sanctions;</li> <li>iii. cases brought through dispute resolution mechanisms.</li> </ul> <p>b. If the organization has not identified any non-compliance with environmental laws and/or regulations, a brief statement of this fact is sufficient.</p>	CR Report P103 Environmental Performance > No. of Environmental Law Violations				
<b>308: Supplier Environmental Assessment</b>							
308-1	New suppliers that were screened using environmental criteria	<p>a. Percentage of new suppliers that were screened using environmental criteria.</p>	CR Report P60 Responsible Supply Chain Management > Promoting Responsible Procurement That Upholds the Environment and Labor Safety				

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308-2	Negative environmental impacts in the supply chain and actions taken	<ul style="list-style-type: none"> <li>a. Number of suppliers assessed for environmental impacts.</li> <li>b. Number of suppliers identified as having significant actual and potential negative environmental impacts.</li> <li>c. Significant actual and potential negative environmental impacts identified in the supply chain.</li> <li>d. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment.</li> <li>e. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment, and why.</li> </ul>	CR Report P61 Responsible Supply Chain Management > Conducting and Following Up on Responsible Procurement Surveys
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### GRI 400: Social Topics

Indicator		Report Page	
<b>401: Employment</b>			
401-1	New employee hires and employee turnover	<ul style="list-style-type: none"> <li>a. Total number and rate of new employee hires during the reporting period, by age group, gender and region.</li> <li>b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.</li> </ul>	CR Report P96 Human Resource Performance > Number of New Hires, Number of Retirees and Turnover Rate
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<ul style="list-style-type: none"> <li>a. Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation. These include, as a minimum:                             <ul style="list-style-type: none"> <li>i. life insurance;</li> <li>ii. health care;</li> <li>iii. disability and invalidity coverage;</li> <li>iv. parental leave;</li> <li>v. retirement provision;</li> <li>vi. stock ownership;</li> <li>vii. others.</li> </ul> </li> <li>b. The definition used for 'significant locations of operation'.</li> </ul>	-
401-3	Parental leave	<ul style="list-style-type: none"> <li>a. Total number of employees that were entitled to parental leave, by gender.</li> <li>b. Total number of employees that took parental leave, by gender.</li> <li>c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender.</li> <li>d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender.</li> <li>e. Return to work and retention rates of employees that took parental leave, by gender.</li> </ul>	CR Report P31 Diversity & Equal Opportunity > Supporting a Healthy Work-Life Balance
<b>402: Labor/Management Relations</b>			
402-1	Minimum notice periods regarding operational changes	<ul style="list-style-type: none"> <li>a. Minimum number of weeks' notice typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them.</li> <li>b. For organizations with collective bargaining agreements, report whether the notice period and provisions for consultation and negotiation are specified in collective agreements.</li> </ul>	CR Report P37 Rewarding Workplaces > Labor-Management Relationship

<b>403: Occupational Health and Safety</b>			
403-1	Workers representation in formal joint management-worker health and safety committees	<ul style="list-style-type: none"> <li>a. The level at which each formal joint management worker health and safety committee typically operates within the organization.</li> <li>b. Percentage of workers whose work, or workplace, is controlled by the organization, that are represented by formal joint management-worker health and safety committees.</li> </ul>	CR Report P37 Rewarding Workplaces > Labor-Management Relationship P41 Occupational Health & Safety > Our System
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<ul style="list-style-type: none"> <li>a. Types of injury, injury rate (IR), occupational disease rate (ODR), lost day rate (LDR), absentee rate (AR), and work-related fatalities, for all employees, with a breakdown by:                             <ul style="list-style-type: none"> <li>i. region;</li> <li>ii. gender.</li> </ul> </li> <li>b. Types of injury, injury rate (IR), and work-related fatalities, for all workers (excluding employees) whose work, or workplace, is controlled by the organization, with a breakdown by:                             <ul style="list-style-type: none"> <li>i. region;</li> <li>ii. gender.</li> </ul> </li> <li>c. The system of rules applied in recording and reporting accident statistics.</li> </ul>	CR Report P42 Occupational Health & Safety > The Occurrence of Work-Related Accidents
403-3	Workers with high incidence or high risk of diseases related to their occupation	<ul style="list-style-type: none"> <li>a. Whether there are workers whose work, or workplace, is controlled by the organization, involved in occupational activities who have a high incidence or high risk of specific diseases.</li> </ul>	-
403-4	Health and safety topics covered in formal agreements with trade unions	<ul style="list-style-type: none"> <li>a. Whether formal agreements (either local or global) with trade unions cover health and safety.</li> <li>b. If so, the extent, as a percentage, to which various health and safety topics are covered by these agreements.</li> </ul>	CR Report P37 Rewarding Workplaces > Labor-Management Relationship
<b>404: Training and Education</b>			
404-1	Average hours of training per employee	<ul style="list-style-type: none"> <li>a. Average hours of training that the organization's employees have undertaken during the reporting period, by:                             <ul style="list-style-type: none"> <li>i. gender;</li> <li>ii. employee category</li> </ul> </li> </ul>	CR Report P40 Talent Development > Annual Training Hours and Costs per Employee
404-2	Programs for upgrading employee skills and transition assistance programs	<ul style="list-style-type: none"> <li>a. Type and scope of programs implemented and assistance provided to upgrade employee skills.</li> <li>b. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.</li> </ul>	CR Report P39 Talent Development > Overview of Talent Development P40 Talent Development > Offering Diverse Educational Programs, Career Development Support

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404-3	Percentage of employees receiving regular performance and career development reviews	a. Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.	CR Report P40 Our People > Talent Development > Evaluation Framework
<b>405: Diversity and Equal Opportunity</b>			
405-1	Diversity of governance bodies and employees	a. Percentage of individuals within the organization's governance bodies in each of the following diversity categories: i. Gender; ii. Age group: under 30 years old, 30-50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups). b. Percentage of employees per employee category in each of the following diversity categories: i. Gender; ii. Age group: under 30 years old, 30-50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).	Annual Securities Report (Available in Japanese): P50 4. (2) Corporate Officers CR Report P95 LIXIL Group Human Resource Performance > Number of Employees by Type of Employment
405-2	Ratio of basic salary and remuneration of women to men	a. Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation. b. The definition used for 'significant locations of operation'.	-
<b>406: Non-Discrimination</b>			
406-1	Incidents of discrimination and corrective actions taken	a. Total number of incidents of discrimination during the reporting period. b. Status of the incidents and actions taken with reference to the following: i. Incident reviewed by the organization; ii. Remediation plans being implemented; iii. Remediation plans that have been implemented, with results reviewed through routine internal management review processes; iv. Incident no longer subject to action.	-
<b>407: Freedom of Association and Collective Bargaining</b>			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	a. Operations and suppliers in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk either in terms of: i. type of operation (such as manufacturing plant) and supplier; ii. countries or geographic areas with operations and suppliers considered at risk. b. Measures taken by the organization in the reporting period intended to support rights to exercise freedom of association and collective bargaining.	-

<b>408: Child Labor</b>			
408-1	Operations and suppliers at significant risk for incidents of child labor	a. Operations and suppliers considered to have significant risk for incidents of: i. child labor; ii. young workers exposed to hazardous work. b. Operations and suppliers considered to have significant risk for incidents of child labor either in terms of: i. type of operation (such as manufacturing plant) and supplier; ii. countries or geographic areas with operations and suppliers considered at risk. c. Measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labor.	-
<b>409: Forced or Compulsory Labor</b>			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	a. Operations and suppliers considered to have significant risk for incidents of forced or compulsory labor either in terms of: i. type of operation (such as manufacturing plant) and supplier; ii. countries or geographic areas with operations and suppliers considered at risk. b. Measures taken by the organization in the reporting period intended to contribute to the elimination of all forms of forced or compulsory labor.	-
<b>410: Security Practices</b>			
410-1	Security personnel trained in human rights policies or procedures	a. Percentage of security personnel who have received formal training in the organization's human rights policies or specific procedures and their application to security. b. Whether training requirements also apply to third party organizations providing security personnel.	-
<b>411: Management Approach Disclosures</b>			
411-1	Incidents of violations involving rights of indigenous peoples	a. Total number of identified incidents of violations involving the rights of indigenous peoples during the reporting period. b. Status of the incidents and actions taken with reference to the following: i. Incident reviewed by the organization; ii. Remediation plans being implemented; iii. Remediation plans that have been implemented, with results reviewed through routine internal management review processes; iv. Incident no longer subject to action.	-
<b>412: Human Rights Assessment</b>			
412-1	Operations that have been subject to human rights reviews or impact assessments	a. Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.	CR Report P73 Human Rights > Strengthening Human Rights Due Diligence

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412-2	Employee training on human rights policies or procedures	<ul style="list-style-type: none"> <li>a. Total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations.</li> <li>b. Percentage of employees trained during the reporting period in human rights policies or procedures concerning aspects of human rights that are relevant to operations.</li> </ul>	CR Report P72 Human Rights > Instilling Human Rights Principles within the Group
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	<ul style="list-style-type: none"> <li>a. Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.</li> <li>b. The definition used for 'significant investment agreements'.</li> </ul>	-
<b>413: Local Communities</b>			
413-1	Operations with local community engagement, impact assessments, and development programs	<ul style="list-style-type: none"> <li>a. Percentage of operations with implemented local community engagement, impact assessments, and/or development programs, including the use of:                             <ul style="list-style-type: none"> <li>i. social impact assessments, including gender impact assessments, based on participatory processes;</li> <li>ii. environmental impact assessments and ongoing monitoring;</li> <li>iii. public disclosure of results of environmental and social impact assessments;</li> <li>iv. local community development programs based on local communities' needs;</li> <li>v. stakeholder engagement plans based on stakeholder mapping;</li> <li>vi. broad based local community consultation committees and processes that include vulnerable groups;</li> <li>vii. works councils, occupational health and safety committees and other worker representation bodies to deal with impacts;</li> <li>viii. formal local community grievance processes.</li> </ul> </li> </ul>	CR Report P14-19 Global Sanitation & Hygiene P78-82 Community
413-2	Operations with significant actual and potential negative impacts on local communities	<ul style="list-style-type: none"> <li>a. Operations with significant actual and potential negative impacts on local communities, including:                             <ul style="list-style-type: none"> <li>i. the location of the operations;</li> <li>ii. the significant actual and potential negative impacts of operations.</li> </ul> </li> </ul>	-
<b>414: Supplier Social Assessment</b>			
414-1	New suppliers that were screened using social criteria	<ul style="list-style-type: none"> <li>a. Percentage of new suppliers that were screened using social criteria.</li> </ul>	CR Report P60 Responsible Supply Chain Management > Promoting Responsible Procurement That Upholds the Environment and Labor Safety

414-2	Negative social impacts in the supply chain and actions taken	<ul style="list-style-type: none"> <li>a. Number of suppliers assessed for social impacts.</li> <li>b. Number of suppliers identified as having significant actual and potential negative social impacts.</li> <li>c. Significant actual and potential negative social impacts identified in the supply chain.</li> <li>d. Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment.</li> <li>e. Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why.</li> </ul>	CR Report P61 Responsible Supply Chain Management > Conducting and Following Up on Responsible Procurement Surveys
<b>415: Public Policy</b>			
415-1	Political contributions	<ul style="list-style-type: none"> <li>a. Total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/beneficiary.</li> <li>b. If applicable, how the monetary value of in-kind contributions was estimated.</li> </ul>	CR Report P75 Key Stakeholder Engagement > Government Authorities and Industrial Associations
<b>416: Customer Health and Safety</b>			
416-1	Assessment of the health and safety impacts of product and service categories	<ul style="list-style-type: none"> <li>a. Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.</li> </ul>	CR Report P64 Product Safety & Quality > Enhancing Quality across Entire Product Lifecycle
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	<ul style="list-style-type: none"> <li>a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period, by:                             <ul style="list-style-type: none"> <li>i. incidents of non-compliance with regulations resulting in a fine or penalty;</li> <li>ii. incidents of non-compliance with regulations resulting in a warning;</li> <li>iii. incidents of non-compliance with voluntary codes.</li> </ul> </li> <li>b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.</li> </ul>	CR Report P65 Product Safety & Quality > Responding to Serious Product-Related Accidents > Number of Legal Infringements and Significant Product-Related Accidents
<b>417: Marketing and Labeling</b>			
417-1	Requirements for product and service information and labeling	<ul style="list-style-type: none"> <li>a. Whether each of the following types of information is required by the organization's procedures for product and service information and labeling:                             <ul style="list-style-type: none"> <li>i. The sourcing of components of the product or service;</li> <li>ii. Content, particularly with regard to substances that might produce an environmental or social impact;</li> <li>iii. Safe use of the product or service;</li> <li>iv. Disposal of the product and environmental or social impacts;</li> <li>v. Other (explain).</li> </ul> </li> <li>b. Percentage of significant product or service categories covered by and assessed for compliance with such procedures.</li> </ul>	Website Business Information TOP > Laws, Regulations, and Institutions > Laws and Institutions > Environmentally Conscious Design and Eco-Products <a href="http://www.biz-lixil.com/service/law/eco_products/index.html#liXTmplSectionBlock02">http://www.biz-lixil.com/service/law/eco_products/index.html#liXTmplSectionBlock02</a> (Japanese only) CR Report P49 Environmental Management > Environmentally Conscious Design

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417-2	Incidents of non-compliance concerning product and service information and labeling	<ul style="list-style-type: none"> <li>a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling, by:                             <ul style="list-style-type: none"> <li>i. incidents of non-compliance with regulations resulting in a fine or penalty;</li> <li>ii. incidents of non-compliance with regulations resulting in a warning;</li> <li>iii. incidents of non-compliance with voluntary codes.</li> </ul> </li> <li>b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.</li> </ul>	-
417-3	Incidents of non-compliance concerning marketing communications	<ul style="list-style-type: none"> <li>a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by:                             <ul style="list-style-type: none"> <li>i. incidents of non-compliance with regulations resulting in a fine or penalty;</li> <li>ii. incidents of non-compliance with regulations resulting in a warning;</li> <li>iii. incidents of non-compliance with voluntary codes.</li> </ul> </li> <li>b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.</li> </ul>	-
<b>418: Customer Privacy</b>			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<ul style="list-style-type: none"> <li>a. Total number of substantiated complaints received concerning breaches of customer privacy, categorized by:                             <ul style="list-style-type: none"> <li>i. complaints received from outside parties and substantiated by the organization;</li> <li>ii. complaints from regulatory bodies.</li> </ul> </li> <li>b. Total number of identified leaks, thefts, or losses of customer data.</li> <li>c. If the organization has not identified any substantiated complaints, a brief statement of this fact is sufficient.</li> </ul>	-
<b>419: Socioeconomic Compliance</b>			
419-1	Non-compliance with laws and regulations in the social and economic area	<ul style="list-style-type: none"> <li>a. Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of:                             <ul style="list-style-type: none"> <li>i. total monetary value of significant fines;</li> <li>ii. total number of non-monetary sanctions;</li> <li>iii. cases brought through dispute resolution mechanisms.</li> </ul> </li> <li>b. If the organization has not identified any non-compliance with laws and/or regulations, a brief statement of this fact is sufficient.</li> <li>c. The context against which significant fines and non-monetary sanctions were incurred.</li> </ul>	CR Report P86 Action Plan & KPIs



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## TCFD INDEX

Category	Detail	Report Page
Governance	In order to promote Group-wide EHS activities, the Group EHS Committee was established under senior managing executive officers. The Quality and EHS departments for the LIXIL Group and LIXIL Corporation serve as Committee secretariats, overseeing all our business organizations, head office departments, and consolidated subsidiaries. The Group EHS Committee enlists the cooperation of the LIXIL Group Executive Officers Committee, LIXIL Corporation Board of Directors, the Internal Audit Committee, the Risk Management Committee, and the CR Committee for its activities. These activities focus primarily on establishing a Group-wide EHS management system, including promoting environmental strategies, organizing effective management structures and reporting lines, and sharing and expanding organizational and regional measures. We prioritize addressing climate change and other environmental issues in our business operation, and, as a living technology company, promote environmental strategies to help solve social issues.	P47 Environmental Management > Our System
Strategy	In 2016, the LIXIL Group announced its Environmental Vision 2030 medium to long-term targets, and established the LIXIL Group Environmental Sustainability Principles to define our environmental philosophy and code of conduct. By 2030, we aim to achieve an overall net zero balance between the environmental footprint of our business and the positive environmental contribution we make through technological innovations and the development of low-carbon, water-saving products and services. We are now also developing a long-term vision that envisages how by 2050 LIXIL Group will contribute to solving the increasingly serious environmental issues that we have witnessed in recent years. We aim to announce this strategy in FYE2020. LIXIL's business is strongly linked to buildings, which consume energy in various forms such as air conditioning and hot water supply. Energy used in buildings accounts for approximately one third, or 32% (24% residential and 8% commercial), of global energy consumption, and as a result, CO <sub>2</sub> emissions from buildings have increased by 2.4 times over the past 40 years. Without action, energy use by buildings is estimated to more than double by 2050, requiring urgent action in order to reduce anthropogenic greenhouse gas emissions. In addition, with the depletion of the world's water resources becoming increasingly severe, approximately four billion people, or 40% of the world's population, are expected to be facing water stress in areas without stable water supply in 2050.	P21 Water Conservation & Environmental Sustainability > Background, Our Approach & Strategy P47 Environmental Management > Our Approach
Risk Management	Issues were selected considering: 1) Global trends 2) Relevance to the industries to which the LIXIL Group belongs 3) Expectations of our stakeholders (customers, shareholders, business partners such as suppliers, NGOs, etc.) Material issues were selected by relevant business functions, and the CR Committee approved the final list of material issues. We developed mid-term action plans for material issues that include climate risks, and regularly evaluate the progress and results.	P11 Material Issues P22 Water Conservation & Environmental Sustainability > Opportunities and Risks for the LIXIL Group
Metrics and Targets	The LIXIL Group manages Scope 1 to 3 CO <sub>2</sub> emissions. We aim to reduce Scope 1 and 2 emissions by 30% and Scope 3 emissions attributable to product use by 15% by 2030. We set mid-term targets and action plans for 2020, and formulated a roadmap to 2030.	P22 Water Conservation & Environmental Sustainability > FYE2021 Targets

**CR** Environmental Disclosures (P49)



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