

Green Procurement Guidelines

Version 1.0

LIXIL Corporation

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Introduction

LIXIL Corporation seeks to harmonize people's lives with the global environment and continues to take an active role in environmental conservation in all processes of housing.

As the result of activities aimed at realizing the "Environmental Vision" set in the fiscal year ended in March 2016, we succeeded to achieve our CO2 emission reduction target, 2 years ahead of schedule. LIXIL Corporation will continue to promote ambitious environmental activities for the future of the global environment. We have been tackling to reduce the environmental impact of our business activities in accordance with the Paris Agreement, which is the international framework for addressing climate change. And through the provision of environmentally friendly products and services, we aim to achieve net-zero carbon footprints by 2050. In addition, we will lead the industry in the fields of sustainable water use and resource recycling by constructing product life cycles with recycled resources and making the most of advanced technologies related to "housing" and "living".

It is essential to effectively operate the environmental management system and to reduce the environmental impact of the entire supply chain from the procurement of raw materials to the disposal of products. We cannot achieve this on our own; rather we would like to seek the understanding and the cooperation from the stakeholders of our supply chain as well as the business partners closely related to our company's business activities.

Hence, we appreciate the understanding about our company's environmental initiatives and the approaches in the sourcing activity from our business partners and the customers so that we can contribute to realize the sustainable society together. In addition, we would like you to align with the companies on your upper stream so that we can contribute to global environmental conservation throughout the entire supply chain.

LIXIL has formulated "Green Procurement Guidelines" to achieve this goal. Based on this "Green Procurement Guidelines", we will promote environmentally friendly procurement activities. We would like to seek for your understanding of the importance of our company's environmental management activities and cooperation in our green procurement activities.

LIXIL Corporation
Hiroshi Kamauchi
GM, Logistics & Procurement Division
Shūji Fukao
GM, Quality & EHS Promotion Division

Structure of Guidelines

The guidelines are structured as follows:

1. LIXIL's Commitment to the Environment
2. Basic Policy on Green Procurement
3. Green Procurement Standards
4. Operation of the Guidelines
5. Revision History

1. LIXIL's Commitment to the Environment

LIXIL seeks to harmonize people's lives with the global environment and continues to take an active role in environmental conservation in all processes of housing.

- Environmental Management System

LIXIL continues building and operating the common-EHS management system to achieve "Environmental Vision 2050".

- Mitigation and Adaptation to Climate Change

LIXIL develops and provides products/services that contribute to the realization of low carbon/decarbonized society and promotes the reduction of greenhouse gas emissions in the business processes.

- Conservation of Water Resources

LIXIL develops and provides products /services that contribute to water conservation and the solution of water related problems. We promote the conservation and sustainable use of water resources in the business processes.

- Sustainable Resource Use

LIXIL promotes the sustainable use of raw materials and resource recycling throughout the product life cycles, from procurement to manufacturing, or from the usage to the disposal.

2. Basic Policy on Green Procurement

Based on the LIXIL Environmental Policy, we strive to reduce environmental impact throughout the supply chain and contribute to the realization of a sustainable society by procuring environmentally friendly parts and materials.

3. Green Procurement Standards

Purpose and Scope

① Purpose

The purpose of these Green Procurement Guidelines is to disclose our company's Green Procurement Policy and standards to suppliers so that our company can procure parts and raw materials with low impact on the global environment and ensure that suppliers comply with the requirements.

② Scope

Applicable to all procurement activities of parts and raw materials of LIXIL Corporation.

Basic Approach

our company will contribute to the realization of sustainable society by preferentially procuring parts and raw materials from suppliers who are willing to undertake the following initiatives and support our company's Green Procurement Policy,

- Efforts to reduce the environmental impact of supplied parts and materials
- Efforts to reduce the environmental impact of business activities, such as suppliers' procurement, development, production, distribution, and sales
- Sharing the results of environmental initiatives between LIXIL and suppliers
- Encouraging suppliers to work with their upper stream to reduce environmental impact

Green Procurement Activities Pursued by LIXIL

① Establishment of Environmental Management System

- Active efforts are being made to establish, maintain and improve environmental management systems.

② Abidance by Environmental Compliance

- Suppliers confirm their own legal compliance.
- Suppliers request their upstream companies to abide by law.

③ Thorough Management of Chemical Substances

- Compliance with the latest LIXIL's "Chemical Substances Management Rank Guidelines".
- If it is found that prohibited substances are contained in parts and/or raw materials supplied or used in the manufacturing process, our company must be notified immediately and measures should be taken after mutual consultation.
- Prior notification to our company should be made when manufacturing conditions (materials, production methods, production equipment, manufacturing sites, subcontractors, suppliers of materials, etc.) change.

④ Reduction of Greenhouse Gas Emissions

- Suppliers are requested to actively propose parts, raw materials, etc., which have high effects in greenhouse gas reduction (hereinafter called GHG: Greenhouse Gas) for our company.
- Suppliers monitor their own GHG emissions and make continuous improvements.
- Suppliers request their upstream suppliers to reduce GHG emissions.

⑤ Conservation of Water Resources

- Suppliers are requested to propose parts, raw materials, etc. that contribute to water resource recycling to our company
- Suppliers monitor their own water consumption and make continuous improvements to reduce water consumption.
- Suppliers manage their wastewater from their own site (including risk management) and continually improve wastewater management.
- Suppliers request their upper stream companies to reduce water consumption and manage wastewater on sites

⑥ Promotion of Resource Recycling

- Suppliers are requested to propose parts, raw materials, etc. to our company that have high resource recycling and waste reduction effects.
- Suppliers monitor their volume of waste discharge and make continuous improvements to reduce.
- Suppliers request their upstream companies to reduce waste discharge amount.

⑦ Conservation of Biodiversity

- Suppliers are requested to propose parts, raw materials, etc. that contribute to biodiversity to our company.
- Suppliers are implementing their own activity for biodiversity conservation and making continuous improvements toward conservation.
- As for the wood and/or lumber, etc (hereinafter called applicable to target wood and/or lumber etc.) covered by the Forestry Agency "Act on Promotion of Distribution and Use of Legally Logged Wood (Clean Wood Act) (Enacted on May 20th, 2017)", suppliers must comply with the law or make efforts to comply.
- Suppliers must submit documents to our company that the legality check has been made for the applicable timber and/or wood, etc. Or if the company has been registered, certified or accredited under the Act, the documents (delivery slip, etc.) stating that should be submitted.
- Suppliers request their further upstream companies to conserve biodiversity.

4. Operation of the Guidelines

Concept of the Operation

If necessary, our company may investigate and confirm the status of compliance with the requirements of the guidelines. In addition, we may make requests that differ from the requirements in the guidelines, due to changes or additions to relevant laws and regulations, or requests from customers.

Method of the Operation

Compliance with the requirements of these Guidelines is confirmed by the following method. We will inform you of the investigation request separately. And if necessary, we may ask for on-site check of the operation status. For investigation requests, we may confirm by the following means if required.

① Investigation of Suppliers' Business Activities

- Questionnaire on Responsible Procurement

We investigate/confirm the overall activities to realize sustainable society.

② Investigation of Parts and Raw Materials Supplied

- Investigation of chemical substances contained in the products

We investigate/confirm the content information of environmentally affecting chemical substances in parts and raw materials.

Also, if necessary, we may ask to submit evidence (analysis data) etc.,

- Investigation of legality of wood and wood products

We investigate/confirm it in accordance with regulations of the Clean Wood Act.

If necessary, we may ask to submit the relevant documents.

Handling of Survey Results

Information provided by suppliers will be shared within our group.

If a customer requests for information disclosure, our company may disclose such information to third parties as part of its product-related information, excluding personal information.

5. Revision History