

➤ **LIXIL GROUP
CORPORATE RESPONSIBILITY
REPORT 2020**



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PDF Supplementary Publication: Databook (581KB)

● **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
FYE 2020 (April 1, 2019 to March 31, 2020)

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 Corporate Responsibility (CR) Committee.

Commitment

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Message from
CR Committee Chairperson

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Supporting International Initiatives

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MESSAGE FROM THE CEO



Kinya Seto

Director, Representative Executive Officer,
Executive Officer and President, and CEO,
LIXIL Group Corporation

LIXIL's higher purpose as a company is to make better homes a reality for everyone, everywhere. I firmly believe that fulfilling this corporate mission leads to further growth of our business as well as contributing to society and the communities we serve.

In FYE 2020, we accelerated our transformation, strengthening governance while simplifying the organizational structure to enable swift decision-making in the rapidly changing business environment in Japan and around the world. We also reviewed our business portfolio to focus on our water and housing technology businesses, our core areas of expertise. In addition, we have built a structure that maximizes cross-regional synergies throughout businesses and brands and accelerates strategic innovations to expand the scale of our business and technological capabilities.

In 2019, LIXIL was included for the first time in the Dow Jones Sustainability World Index (DJSI World), an indication that we have been recognized globally as a company that focuses on sustainability as a part of the overall business strategy. We are proud of this recognition and are committed to improving our performance further and continue contributing to achieving the United Nations (UN) Sustainable Development Goals (SDGs) by 2030 while supporting the everyday lives of people around the world through our products.

Regarding Corporate Responsibility (CR) activities, we announced new goals for our three strategic pillars and have continued to strengthen the execution of our CR strategy of

contributing to society and communities through our business.

Concerning Global Sanitation & Hygiene, until now, LIXIL has been tackling the challenge through the development and roll-out of its affordable SATO Toilet Systems to areas without sewers. However, the global COVID-19 pandemic has highlighted the critical need for people to wash their hands to prevent infection, together with the grave reality that a large proportion of the world's population does not have access to sanitary handwashing facilities. As a swift response to protect the lives of many, LIXIL developed the *SATO Tap*, a handwashing solution for households without access to running water. This affordable innovation is designed to ensure low contact, thereby reducing the spread of disease, while minimizing water use. We are committed to facilitating sustained handwashing practices and improved hygiene through its roll-out.

We are also pushing ahead in our collaborations with various partners on sanitation and hygiene, including the Japan International Cooperation Agency (JICA). Our Make a Splash! partnership with UNICEF is expanding its activities and will include promoting handwashing practices going forward. We are excited that these activities with UNICEF have the potential for LIXIL to make a substantial impact in establishing the sanitary market in developing countries and will also be a meaningful collaboration for us in developing our business.

In the field of Water Conservation & Environmental Sustainability, we achieved our carbon intensity target last year, two years ahead of plan, and set our new

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Environmental Vision 2050, pursuing a net-zero carbon footprint by 2050 in alignment with the Paris Agreement. We are committed to further reducing our business activities' environmental impact and accelerating measures to help the world transition to a circular economy by providing eco-friendly products and services. Leveraging its strength as a global leader in water conservation, resource circulation, and filtering technologies, LIXIL will continue to set high standards globally and elevate the environmental value of water among our employees and external stakeholders.

The execution of business strategies rests with our employees. At LIXIL, we believe that the breadth of knowledge and different perspectives that employees of diverse backgrounds offer are the driving forces of growth and innovation. We also believe that an organization in which each and every employee has a high sense of purpose leads to sustainable growth. To revitalize our business in Japan, we are actively implementing a new HR program and initiatives to transform into an organization based on meritocracy that allows employees to exert their full potential. Furthermore, we are implementing a global Diversity & Inclusion strategy, which comprises fostering an environment where individuals can play to their strengths and measures to attract and retain diverse talent, to build a diverse, inclusive culture among all employees.

The spread of COVID-19 from the start of the year has forced people worldwide to adapt to the "new normal." Lives have changed rapidly and significantly, as work-from-home became the norm due to travel restrictions to

prevent infection. The growing interest in environmental sustainability and diversity around the world is also impacting the role "the home" plays in people's lives. New needs are emerging, such as desires to make the home eco-friendly, comfortable to live in with family members, as well as a pleasant work environment. We believe that accelerating user-centric innovations and creating further value by responding to these new needs will lead to the sustainable growth of our business and contribution to society.

At LIXIL, we are ever more committed to supporting our customers and contributing to society. With our responsibility as a corporate citizen always at the top of our minds, we will continue to pursue swift implementation of our CR strategy with a renewed sense of urgency.

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MESSAGE FROM CR COMMITTEE CHAIRPERSON



Jin Song Montesano

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

At LIXIL, we have completed another year of solid progress in our Corporate Responsibility (CR) activities. As we strive to achieve our purpose to make better homes a reality for everyone, everywhere, I am pleased to see that our commitment to improving society through our corporate activities is building further pride among our employees and a deeper connection with business stakeholders. We believe such progress is vital for the organization's sustainable growth.

LIXIL's CR activities have continued to gain global recognition, including a listing in the Dow Jones Sustainability World Index for the first time in 2019. We are honored to be recognized as a global sustainability leader. This recognition only redoubles our commitment to enhancing our performance. Reflecting the progress made so far and the changing business environment, we set new goals for our three CR strategic pillars in FYE 2020.

Concerning Global Sanitation & Hygiene, our award-winning social business SATO has helped change the lives of 18.6 million people in over 38 countries thus far. We have made significant progress by expanding our reach to over 10 countries within a year. We have extended our timeline to achieve our original target of improving sanitation for 100 million people worldwide to 2025. Armed with the knowledge we have acquired thus far, we are more determined than ever to meet the new target.

In addition, as a response to the global COVID-19 pandemic, we launched a new product in June 2020 called *SATO Tap*, an affordable handwashing solution for households in the regions in which SATO business operates.

LIXIL has committed USD 1 million to expedite the spread of handwashing practices through this innovation and is working proactively with both private and public sector partners, such as UNICEF, to bring this much-needed innovation to communities in need.

Since launching the Make a Splash! partnership with UNICEF to improve sanitation and hygiene in the developing countries, we are making progress in accelerating advocacy and forming toilet markets to develop a sustainable sanitary environment in Kenya, Ethiopia, and Tanzania, in collaboration with local governments. In FYE 2020, JPY 10 million from employees' donation program Team Splash! and JPY 26 million raised from the 3rd annual Toilets for All cause-related marketing campaign in Japan contributed to these efforts. Similar campaigns are now underway worldwide to support LIXIL's efforts to help improve global sanitation and hygiene.

LIXIL is strengthening its partnerships with various organizations. Last year, we signed a memorandum of understanding for collaboration with the Japan International Cooperation Agency (JICA) to improve sanitation and access to clean water in developing economies. We are continuing to expand the network of support and cooperation including employees, end-users, and business partners around the world to help solve global sanitation and hygiene challenges.

In the area of Water Conservation & Environmental Sustainability, we accomplished the carbon intensity target we set in 2016 two years ahead of plan. Our new Environmental Vision 2050 aims to achieve net-zero carbon

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emissions from housing and lifestyle solutions, as well as our business operations, by 2050. In addition, we strive to become a leader in the field of preserving water and limited resources for future generations.

In Germany, GROHE converted all its production plants to run on green electricity in July 2019, which has led to being awarded a top ranking at the German Sustainability Award. In Japan, we participated in the Ministry of the Environment's Practical Guide for Scenario Analysis in line with the TCFD Recommendations, using LIXIL Housing Technology's sash door and ZEH as examples and are also continuing our shift to 100% renewable energy in our business centers. Furthermore, in response to the growing concerns of social issues related to plastics, we formulated the Plastic Action Statement to clarify our direction. Reflecting our leadership in water stewardship, LIXIL has been named in the CDP's prestigious Water A List for the second consecutive year.

Regarding Diversity & Inclusion, we have committed to ensuring all of our products and services are based on our Universal Design concept by 2030.* Our *Resilience Toilet*, which operates on a minimal amount of water during emergencies, won the Japan Resilience Award 2019. We also established the *Alternative Toilet* designed to pursue an inclusive facility that transcends the conventional boundaries created by gender, disabilities, age, and other differences in our headquarter building.

In September 2020, LIXIL began selling a retrofittable electric door opener system called *DOAC*, which allows

locking and unlocking, as well as automatic opening and closing of existing entrance doors, with a single remote control. This device provides support to people in wheelchairs and the elderly by making it easier when going in and out or answering the door. We have also presented a prototype of an AI toilet that uses image sensing technology to check the health of the elderly, and will continue to develop products and services that help enhance people's everyday lives.

To foster a more inclusive environment in the company, we formed new Global Diversity & Inclusion (D&I) department in September 2019 to implement unified D&I strategies and measures across the organization. We have since newly established D&I Committee, chaired by CEO Kinya Seto, to ensure concrete D&I actions are driven by our most senior business leaders and executive officers. Also, amid the worldwide protests against social and racial injustice, we issued our D&I Statement, presenting the steps we will take to building a society free of discrimination and inequality. In recognition of our D&I initiatives, LIXIL has again been selected as a Nadeshiko Brand this year (which highlights Japanese corporations that actively promote women's employment and advancement) and has also been awarded Gold in the PRIDE Index for the third consecutive year.

Pride in LIXIL's commitment to a more sustainable society is felt throughout the company by employees and continues to grow. In FYE 2020, LIXIL Community Day, held annually across the organization for employees to contribute to their local communities at their own initiative, saw the

participation numbers double from the previous year to over 15,000 employees across 33 countries.

The unprecedented spread of the COVID-19 has made us think about ways to continue our business and contribute to society while putting our employees' health and safety first. Across the globe, people have been forced to change how they live and work; I believe LIXIL's role in making better homes a reality has grown even more critical in the "new normal."

LIXIL's employees adapted swiftly to these changes and engaged in numerous organic activities to help their communities, such as setting up handwashing stands in hospital lobbies in Vietnam and creating and distributing face masks to medical personnel in North America and Mexico. We even had an employee lend their camper van to a local hospital so frontline workers could have a place to shower and rest outside of the hospital. Employees are sharing information on their initiatives and sparking collaborations across regions and geographies, and creating new activities via our internal social media platform. I am confident these employee-led activities will be the driving force for new innovations, and that the collaboration happening amongst employees across countries and regions will make us a stronger and more vital company.

In the current world where significant changes are needed, we are committed to paving the way to tackle social challenges in collaboration with various stakeholders, including our employees, customers, international organizations, and business partners.

* Applicable for products and services provided in Japan

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COMBATTING COVID-19, FORGING THE NEW NORMAL

As a company that prides ourselves on supporting sanitary environments and healthy living, the LIXIL Group was quick to establish a global team to help combat the COVID-19 pandemic and put various countermeasures in place to protect our customers, employees, and local communities. We are also pursuing initiatives that encourage the ongoing transformation in working styles, digitalization, product development, and globalization in order to help shape our new normal post-COVID world.

› Developing SATO Tap as a New Solution

Hand-washing is an effective way of preventing the spread of COVID-19. However, this can be problematic primarily for developing countries that do not have sufficient access to water or soap, sufficient hand-washing facilities, or an ingrained hand-washing culture. According to UNICEF, three billion people, or 40% of the world's population, do not have basic hand-washing facilities in the home, and that number can be as high as 75% in the world's least developed countries.

Our recently developed *SATO Tap* handwashing station can generate a stable but frugal flow with minimal water using water contained in a PET bottle and gravity. To facilitate use in developing countries and other underprivileged regions, we designed a handwashing station that can use PET bottles of various shapes and sizes and is simple to design and manufacture with only two plastic parts to keep both costs and prices low. We are scheduled to start production of the *SATO Tap* in India and intend to expand production into Africa as well in the future.

To help fulfill one of our three strategic pillars: Global Sanitation & Hygiene, LIXIL will invest approximately JPY 100 million in encouraging the broader use of hand-washing solutions, and we are working with UNICEF and other organizations to help prevent the spread of COVID-19 through initiatives that advocate hand-washing and other sanitary practices.



SATO Tap hand-washing solution using PET bottles

› Protecting the Safety of our Customers

- We have built up online showroom-style customer service and sales activities via computer, smartphone, or other digital tools.
- To boost our emergency response capabilities, we have been building a more decentralized production base spreading over multiple production sites. Then, in April 2020, we launched a new system to promote greater cooperation by unifying our global production system and supply chain.
- To prepare for the new normal, we are seeking to strengthen our range of touchless toilets, faucets, and IoT-driven products. We are also focusing on the development of products with superior ventilation capabilities and solutions designed to satisfy people choosing to work from home.
- We issued informative advice on how to ventilate homes, etc.



Navish hands-free faucet

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› Protecting the Safety of our Employees

- We were able to shift smoothly to telecommuting thanks to the solid digital technology base that we have been gradually introducing for some time. That digital base also enables us to hold town hall meetings with managers and employees all over the world and conduct online training.
- To help forge a new normal, we are using digital tools to progress our flextime and telecommuting systems and to promote even better internal communication.
- At manufacturing sites, we introduced a flexible shift system, created a scheme that enables people to commute without using public transport, and further strengthened hygiene management.
- We gave all employees inside and outside Japan a one-off COVID-19 benefit of JPY 50,000 or equivalent.
- Within Japan, we distributed masks made from curtain fabric remnants to employees, and provided digital teaching materials on sanitation and hygiene issues to help support employees who have children.



Digital teaching materials on sanitation and hygiene issues for employees with children

› Protecting the Safety of our Communities

- Employee volunteering: Anti-COVID-19 measures and new product development:
A group of employee volunteers who wanted to help prevent the spread of COVID-19 launched a virtual working group to share and implement various ideas. The projects included donating medical masks and face shields made using 3D printing technology to health workers and donating sanitizer, soap, and other items to local communities. They are also seeking to develop new products using LIXIL technology.
- We are helping to prevent the spread of COVID-19 by installing more of our SATO Toilet Systems for developing countries and accompanying hand-washing facilities in order to improve sanitation and encourage more widespread hand-washing.



Employee volunteers worldwide create and donate sanitary products

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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 global company of pioneering water and housing products. We will continue to support and implement the Ten Principles of the United Nations Global Compact (UNGC), 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 (SDGs).

› Commitment to the UN Global Compact

The LIXIL Group signed the UNGC in July 2013 in full support of the principles set out in the framework.

In order to help implement the UNGC Ten Principles in the four areas of human rights, labour, environment, and anti-corruption, we became a member of some Global Compact Network Japan working groups (environmental management, ESG, reporting, human rights due diligence, and human rights education) in FYE 2020, and began sharing information.

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.

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› Sustainable Development Goals

The LIXIL Group reflects the 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 UN 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 (P16)

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

WEB UN 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 FYE 2020, we participated in the newly established TCFD Consortium in Japan. We also pursued proactive scenario analysis under the support program provided by Japan's Ministry of the Environment to help companies perform scenario analysis of climate-related business risks and opportunities in line with TCFD recommendations. Going forward, we will strive to reflect the results of the analysis in our management strategy and enhance our information disclosure.

CR Environmental Disclosures (P53)



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LIXIL CORE & 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 (P40)

02

CR MANAGEMENT STRUCTURE & MATERIAL ISSUES SELECTION

CR Management Structure & Material Issues Selection

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› CR MANAGEMENT STRUCTURE & MATERIAL ISSUES SELECTION

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



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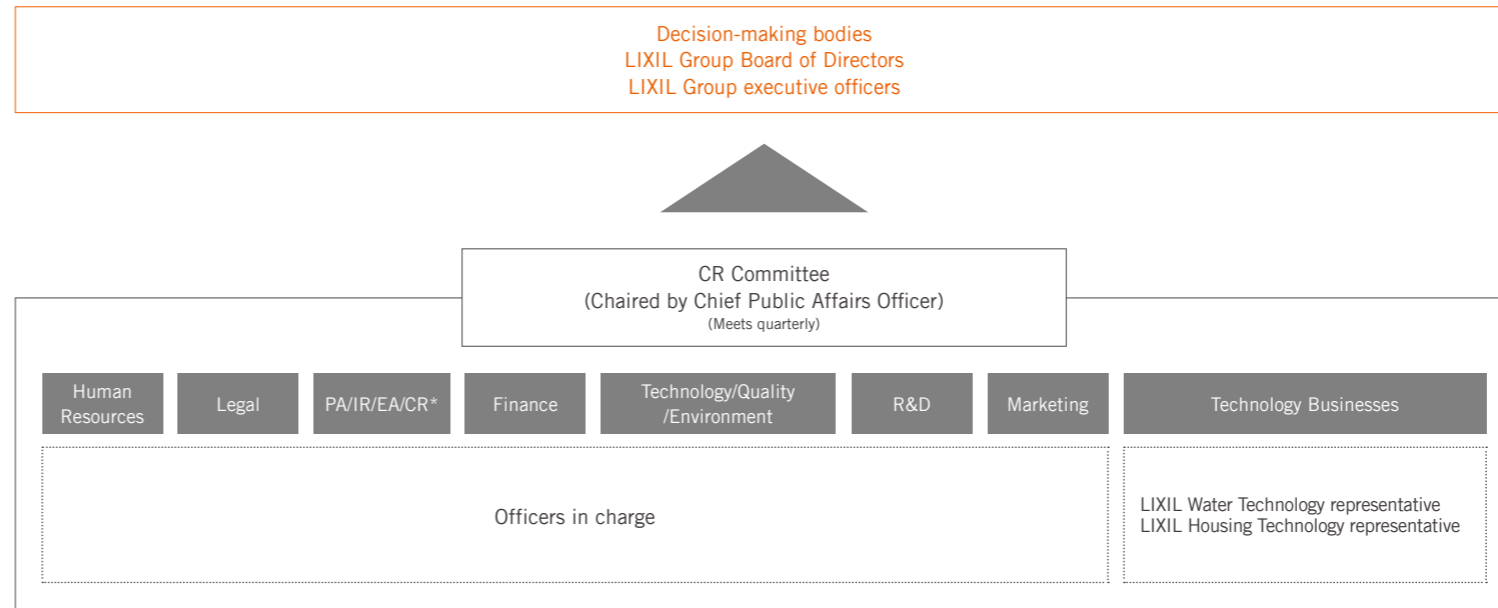
CR Strategy

CR MANAGEMENT STRUCTURE

LIXIL Group's Corporate Responsibility (CR) Committee was established to align with the technology business operating model introduced in April 2015. The CR Committee meets quarterly and works to ensure swifter action in response to economic, environmental, and social sustainability issues. In FYE 2020, the committee discussed and determined new CR strategy, key human rights issues, and TCFD response.

Management leadership and coordination with the technology businesses is critical to achieve prompt and appropriate action. Accordingly, the CR Committee consists of executive officers from corporate functions, including Human Resources, Legal, Finance, Quality, Environment, R&D, Marketing, and Public Affairs/Investor Relations/ External Affairs/Corporate Responsibility, and representatives from each technology business.

The executive officers responsible for CR swiftly report the results of CR Committee discussions and deliberations to other executive officers and directors of the LIXIL Group, enabling necessary decisions to be made. The executive officers, who are in charge of promoting CR initiatives, immediately indicate and communicate decisions made in the CR Committee to their respective functions to facilitate speedy, concrete action.



As of March 31, 2020

* Public Affairs/Investor Relations/External Affairs/Corporate Responsibility

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CR MANAGEMENT STRUCTURE & MATERIAL ISSUES SELECTION

CR Management Structure & Material Issues Selection

CR Management Structure

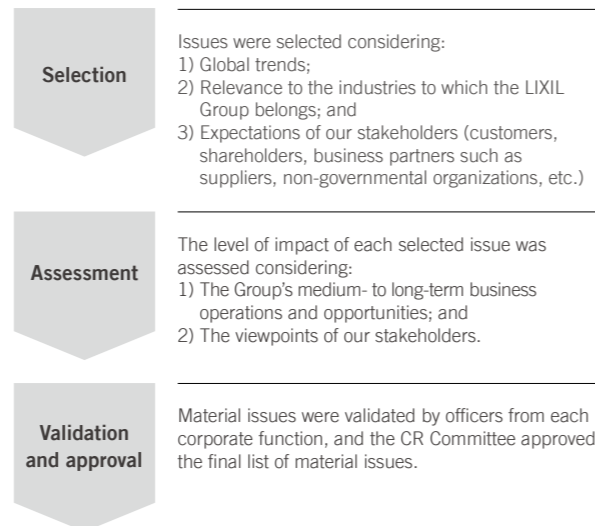
Material Issues

CR Strategy

MATERIAL ISSUES

In FYE 2016, the LIXIL Group identified the issues that matter the most to our 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 appropriately 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.

LIXIL Group's Material Issues Selection Process



LIXIL Group's Material Issues

LIXIL Group's Material Issues

* Compiled FYE 2016

* Highlights issues that require focused priority action

Category	Material issues*	Background and reason
Governance	<ul style="list-style-type: none"> Corporate governance Compliance Risk management Information security Taxation strategy Intellectual property strategy	As a company that operates globally, maintaining strong corporate governance practices is critically important to LIXIL. Our shareholders are also becoming more interested in corporate governance, 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 an 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	<ul style="list-style-type: none"> Anti-corruption 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 imposition of penalties and higher fines are increasing rapidly.
Human rights	<ul style="list-style-type: none"> Human rights due diligence 	In accordance with the United Nations (UN) Guiding Principles on Business and Human Rights, which clarifies the responsibility of companies to uphold human rights, it is becoming of greater importance for us to protect and respect human rights both within the LIXIL Group and across our entire sphere of business influence.
Labor practice	<ul style="list-style-type: none"> Diversity and equal opportunity Occupational health and safety Employee recruitment and retention Labor-management relationship Working environment Talent development Local job creation	As we expand our global reach, our business and organizational structure become more complex and diverse. We therefore need to appropriately grasp and manage 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 based on the LIXIL Diversity & Inclusion Declaration, but we need to push ahead further in pursuing this cause.
Quality and customer satisfaction	<ul style="list-style-type: none"> Product safety Customer satisfaction	Product safety is a top priority for the LIXIL Group as a manufacturer. Serious product defects can cause anxiety for our customers and greatly affect the reliability and reputation of our products.
Environment	<ul style="list-style-type: none"> Greenhouse gas emissions reduction Sustainable water use Sustainable use of resources Environmental management	The adoption of the Paris Agreement by 196 parties to combat climate change has set a clear direction towards decarbonization. Global water shortage is also an increasingly serious issue. The LIXIL Group needs to do more to conserve water, energy, and other natural resources across the entire value chain, from procurement through production, distribution, end use, and product disposal.
Supply chain	<ul style="list-style-type: none"> Supply chain management 	Stakeholders have a growing interest in responsible supplier management as the world seeks to develop international standards on sustainable procurement. The LIXIL Group's manufacturing footprint extends across Japan and other parts of Asia, Europe, North and South America, and the Middle East, and we need to enhance supplier management in an even more responsible manner.
Stakeholder engagement	<ul style="list-style-type: none"> Stakeholder engagement and collaboration R&D for solving social issues Contribution to global sanitation & hygiene	The adoption of the UN Sustainable Development Goals (SDGs) has inspired people, companies, and other organizations to help solve social issues. As a maker of pioneering water and housing products, we need to cooperate with stakeholders, and focus more on R&D designed to help resolve social issues, such as aging, hygiene, and environmental issues.

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CR MANAGEMENT STRUCTURE & MATERIAL ISSUES SELECTION

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CR Strategy

CORPORATE RESPONSIBILITY STRATEGY

The LIXIL Group believes that people's living spaces — the environment where they live, work, and play — are critical to their 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, which cover global issues that require urgent action and are closely linked to our field of business.

About LIXIL Vision for Sustainable Living

[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

Sanitation for All

By 2025, improve the livelihood of 100 million people through sanitation and hygiene initiatives

- Promote research and development of products that actively contribute to resolving sanitation issues
- Expand and ensure self-sustainability of businesses that improve sanitation in developing economies around the world
- Foster a range of initiatives to tackle global sanitation and hygiene issues across LIXIL's global business units

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

Zero Carbon and Circular Living

By 2050, achieve net-zero carbon emissions from housing and lifestyle solutions as well as operations, and become a leading company based on a model that preserves water and natural resources for future generations

- Design products and services with consideration to lifecycle impacts and environmental efficiencies, and increase the sales share of this product portfolio
- Lower its environmental impact through efficient energy usage and adoption of recyclable energy to minimize carbon emission, realize higher water usage efficiencies, and resource circulation throughout all of its business operations

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 the level of disability

Inclusive for All

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

- Implement internal diversity initiatives around the world
- Promote the development of universal design products and services that are "Good for one, Good for all, Good for a lifetime"

* 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 value

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 Customer 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

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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 Issue

People living without a toilet

2 billion people
(1 in 4)

Those regularly defecate outdoors
670 million people

Target

Sanitation for All

By 2025, improve the livelihood of 100 million people through sanitation and hygiene initiatives



Progress

- > Shipped **3.8** million units of SATO products to date
- > Shipped to more than **38** countries
- > Improved the lives of **18.6** million people

Our Journey



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THREE STRATEGIC PILLARS

Three Strategic Pillars

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› 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 USD 223 billion.* Among the United Nations (UN) 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, non-governmental organizations (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, international NGO WaterAid, and the LIXIL Group.

WEB The True Cost of Poor Sanitation

› Our Approach & Strategy

The LIXIL Group continues to strive towards the target of improving the sanitary environments of 100 million people, but we have pushed out our target date from 2020 to 2025. We hope that accelerating cooperation with various partners to help expand our business will also help improve people's sanitary environments and quality of life.

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 Systems	<ul style="list-style-type: none"> • Low price • Simple installation • Water-efficient flushing
Urban areas	Inadequate water supply and facilities	Micro Flush Toilet System (under development)	<ul style="list-style-type: none"> • Reuse wastewater for flushing • Water-efficient flushing
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"> • A combination of easily installed portable toilets and stations for collecting toilet waste from individual households

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› SATO Toilet Systems

The SATO toilet systems are a range of simple, affordable solutions 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, such as flies, 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 sales began in

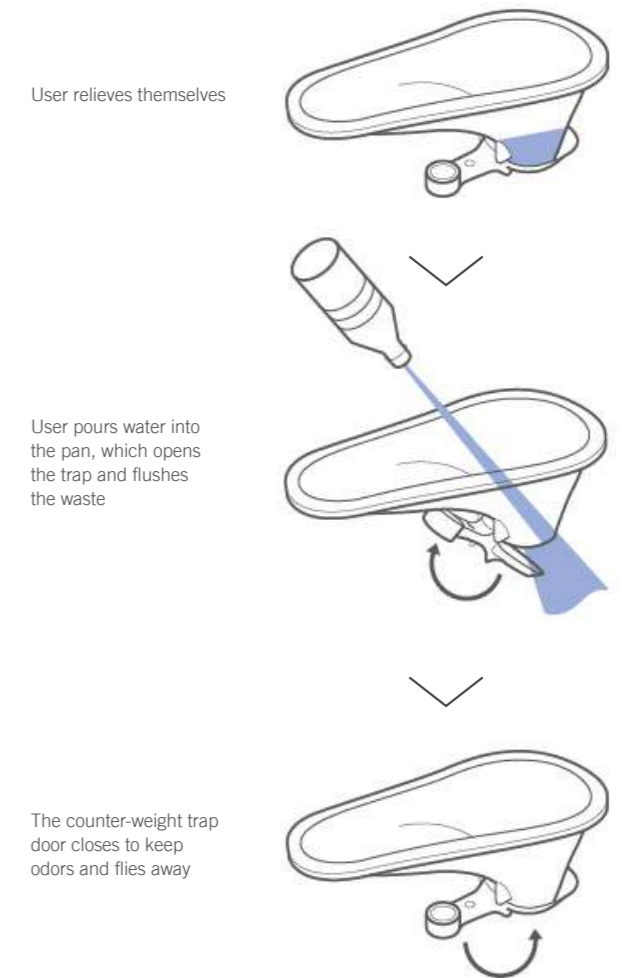
the country in 2013.

The SATO Toilet Systems are currently manufactured and sold in six countries in Asia and Africa. Including donations, some 3.8 million units have been distributed to at least 38 countries, contributing to better sanitation for an estimated 18.6 million people.

Countries Where SATO Toilet Systems Are Used



How SATO Toilet Systems Work



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Developing Products Suited to Local Conditions

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

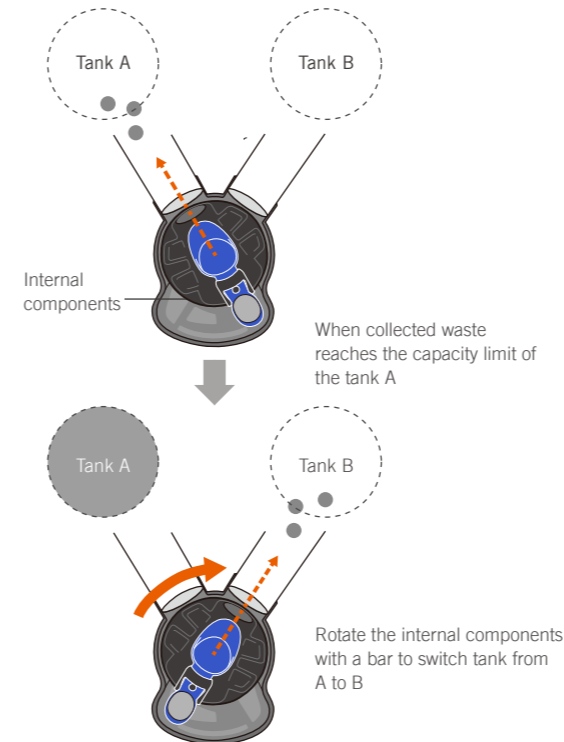
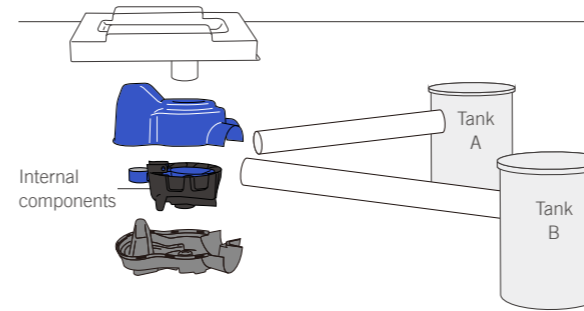
We are developing a range of SATO Toilet Systems that are tailored to local sewage treatment methods and market needs. In India, for example, we developed the *SATO V-Trap* toilet to address local problems of clogging and time-consuming installation.

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* toilet reduces the risk of clogging and requires approximately 80% less water per flush than conventional toilets. India achieved its target of eliminating outdoor defecation by 2019, and our *SATO V-Trap* toilet has helped to boost the ratio of toilet use there.



Installing *SATO V-Trap* toilet

How SATO V-Trap Works



Using Sato Operations to Nurture Human Capital and Promote Hygiene Education

We are collaborating with our partner companies and NGOs to establish regional production and sales systems. By driving the make-sell-use cycle, we seek to generate regional employment and enable 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, we support skill acquisition primarily among women and young people. Reports in India showed a 200% increase in the earnings of several women who received our training.

At the same time, we are working to drive people's awareness of 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

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› 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

In 2018, LIXIL Corporation and UNICEF formed the Make a Splash! 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.

In Tanzania, we have been cooperating on a government-driven campaign to ensure access to toilets for all of the nation's citizens by 2025. We will also promote similar campaigns in other countries.



BRAC, PSI, and Other NGOs

We work with experienced NGOs such as Bangladesh Rural Advancement Committee (BRAC) in Bangladesh and Population Services International (PSI) in Kenya to build the value chains that enable SATO installation, lobby governments to promote sanitation measures, and receive feedback on product development.

JICA

The LIXIL Group signed a memorandum with Japan International Cooperation Agency (JICA), the independent administrative agency that coordinates overseas development assistance for the government of Japan, to cooperate on the goals of improving sanitary environments and securing safe water in developing countries. This is the first cooperative endeavor between a private company and JICA in this field, and we intend to accelerate progress by leveraging our mutual strengths.

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.

› 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, in 2017 and 2018, for each LIXIL integrated shower toilet sold in Japan, LIXIL donated one of its SATO products to a developing country in Asia or Africa. Through international organizations and NGOs, our toilets were donated to priority groups of people in India, Tanzania, and Rwanda, as well as Rohingya refugee camps in Bangladesh. Donations totaled 410,000 units over the two-year period.

In 2019, we donated a portion of the sales of our integrated shower toilets to UNICEF. The donation for the full year totaled approximately JPY 26 million, which is being used to build the infrastructure to help install safe, sanitary toilets and to raise awareness of sanitary issues in local communities.

CR Toilets for All Project (P85)

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External Recognition

In December 2018, LIXIL Corporation received the Deputy-Chief's Award, given by Japan's Minister of Foreign Affairs, at the 2nd Japan SDGs Awards. The LIXIL Group's efforts to tackle sanitation issues, including the development of SATO products and 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 Japan's 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 toilet)



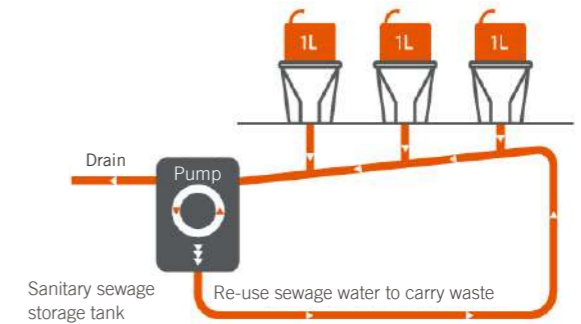
2nd Japan SDGs Award ceremony

Designing Toilets for the Future

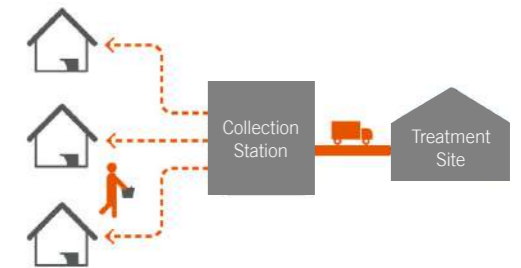
In 2018, LIXIL Corporation announced a partnership with the Bill & Melinda Gates Foundation to develop and commercialize the world's first household reinvented toilet, an off-grid system able to treat human waste without water or sewerage facilities. Many regions around the world lack easy access to water, or face excessively 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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WATER CONSERVATION & ENVIRONMENTAL SUSTAINABILITY

Conserve water, energy, and other natural resources utilized in and by LIXIL products and services across the value chain from procurement through production, distribution, end use, and product disposal.



Highlight

Social Issues

World energy consumption **32%** is consumed in buildings (residential: 24%, commercial: 8%)

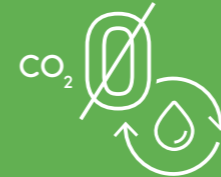
Those likely to experience water stress by 2050 **4 billion people** (2 in 5)

Global resource consumption **Double** by 2050

Target

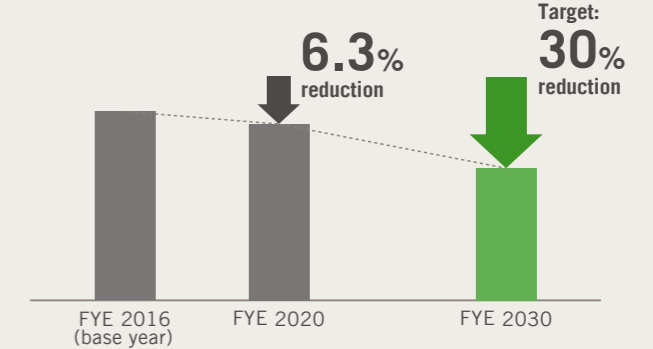
Zero Carbon and Circular Living

By 2050, achieve net-zero carbon emissions from housing and lifestyle solutions as well as operations, and become a leading company based on a model that preserves water and natural resources for future generations

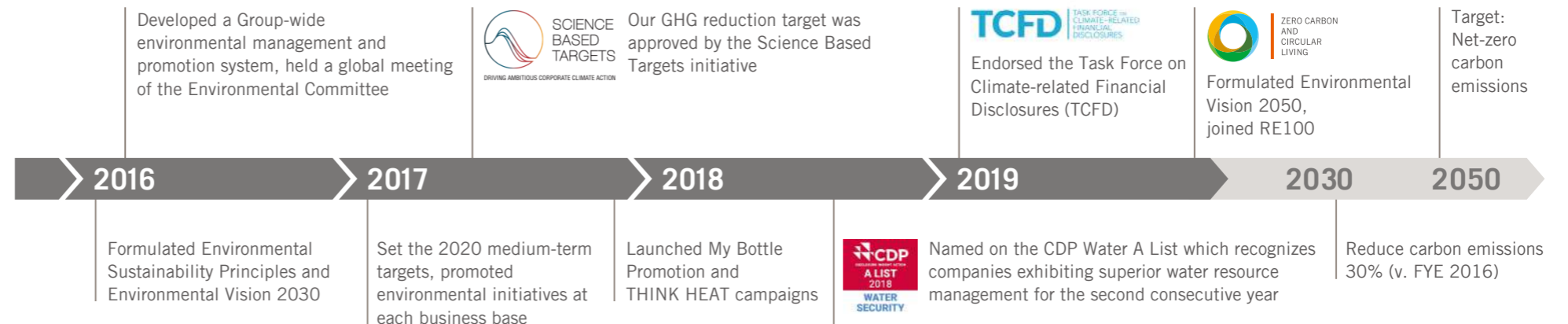


Progress

CO₂ emissions from operational processes



Our Journey



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› Background

The 2015 Paris Agreement seeks to keep the rise in global average temperature well below 2°C above pre-industrial levels, and aims to limit that rise to 1.5°C. To achieve this, the world must reduce CO₂ and other greenhouse gas emissions to net zero by 2050.

In addition, an estimated 800 million people around the world today do not have access to safe drinking water. By 2050, over 40% of the world's population won't have access to necessary water supply due to the depletion of water resources.

Furthermore, global resource consumption is expected to more than double by 2050. To help change this situation, the world is gradually shifting from a one-way economy, which mines resources, makes products in large quantities, and eventually discards them, to a circular economy that closes resource loops.

› Our Approach & Strategy

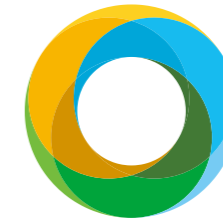
Modern lifestyles rely on large amounts of energy and resources. The LIXIL Group, which seeks to contribute to improving the comfort and lifestyles of people around the world, plays a crucial role in conserving our global environment.

We strive to minimize environmental impacts both in our operations and through eco-conscious products and services that fully draw on advanced technologies and know-how related to life and living.

We are also committed to partnering with various stakeholders to foster an environmentally sustainable future together.

LIXIL Group Environmental Vision 2050

In FYE 2020, we formulated an environmental vision for the LIXIL Group in the year 2050. Based on our Zero Carbon and Circular Living policy, by 2050, we aim to reduce CO₂ emissions from our business processes, products, and services to net zero, and be a leader in the field of conserving water and limited resources for future generations.



ZERO CARBON
AND
CIRCULAR
LIVING

Three Focus Areas to Achieve Our Vision



CLIMATE CHANGE MITIGATION AND ADAPTATION

Achieve Net-Zero GHG Emissions through Our Business Operations, Products, and Services



WATER SUSTAINABILITY

Enhance the Environmental Value of Water Resources by Saving, Circulating, and Purifying Water



CIRCULAR ECONOMY

Help Transition to a Circular Economy and Preserve Natural Resources for Future Generations

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› Three Focus Areas to Achieve Our Vision

Climate Change Mitigation and Adaptation

The energy consumed by LIXIL Group products during their end-use phase accounts for over 90% of CO₂ emissions of the entire lifecycle of LIXIL products and services, from raw material procurement through to product disposal. At the LIXIL Group, we strive to reduce our environmental impact and aim to achieve net zero CO₂ emissions by 2050 by offering eco-conscious products and services.

Water Sustainability

As a leading company in the water-related product industry, providing products such as toilets, kitchen systems, pre-fabricated bathrooms, and faucets, the LIXIL Group strives to help achieve global water sustainability so that people can get the most out of the water they use.

Circular Economy

The LIXIL Group uses a variety of resources, including metals, timber, resin, and ceramics. In order to use limited resources more sustainably, we promote circular manufacturing practices that consider the entire product lifecycle, from raw material procurement through to manufacturing, product use, and disposal.

› Targets for Realizing the Vision

The LIXIL Group has set and is now implementing medium-term environmental targets to be achieved by FYE 2021. Our

medium-term plans going forward will be aligned with our Environmental Vision 2050.

FYE 2021 Targets

Issues		KPI	2020 medium-term targets (FYE 2021)	2030 targets ³
Improvement in environmental value of our products and services	Climate change mitigation and adaptation	CO ₂ emissions reduction attributable to Group products and services	Increase by 1.36 times (v. FYE 2016)	-
		CO ₂ emissions from places of business ¹	Reduce by 8% (v. FYE 2016)	Reduce by 30%
Environmental footprint reduction from our entire business process	Climate change mitigation and adaptation	CO ₂ emissions from product use	Formulate KPIs/targets and implement measures based on business plan	Reduce by 15%
		CO ₂ emission intensity per unit of output in the distribution process	Reduce by 5% (v. FYE 2016)	-
		Water sustainability	Improvement in water usage efficiency at high-water risk bases	<ul style="list-style-type: none"> ● Complete the water risk analysis of all production sites ● Select high-risk sites, formulate KPIs/targets, and implement measures
	Circular economy	Recycling ratio of waste collected from places of business	<ul style="list-style-type: none"> ● Japan & Europe: 95% ● Asia: 66% ● North America: 40% 	-
Establishment of an environmental management system		Coverage of the system	100%	-
		Number of environmental law violations ²	0	-

*1 CO₂ 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 serious violations with penalty of operational suspension or fines

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

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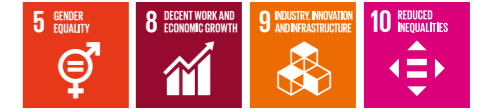
THREE STRATEGIC PILLARS

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DIVERSITY & INCLUSION

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



Highlight

Social Issue

1 in 5 people aged 60+ by 2050

Many of those will be living in elderly-only households

Target

Inclusive for All

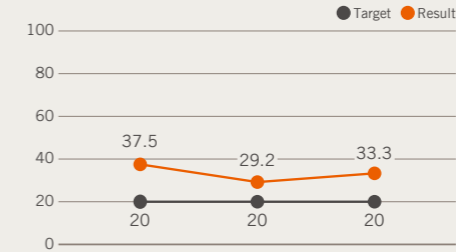
By 2020, establish the culture of diversity and inclusion within our organization and among all employees
 By 2030, ensure all products and services* are based on LIXIL's Universal Design concept

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



Progress

Ratio of Female Participants in Stage 3 of the Talent Acceleration Program (TAP) for Next-Generation Leaders (selective training for young employees) (LIXIL Corporation, Japan)



Research studies on supporting the daily lives of elderly people and people with disabilities (FYE 2020)

Research studies: **5** External announcements: **2**

Exhibited *News from the Toilet* (AI-driven defecation-monitoring system for residents in elderly care facilities) as a reference technology at:

- International Home Care and Rehabilitation Exhibition 2019
- Combined Exhibition of Advanced Technologies (CEATEC) 2019

Our Journey



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Background

Many regions in the world are faced with an aging population. By 2050, 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.

Many people expect companies to develop products and services that can help improve the lives of a wide range of people, including the elderly and people with disabilities, as part of a universal quest to realize a sustainable society in which all people can actively participate.

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, language, gender, ability or disability, or capability. We prize the wide-reaching knowledge and perspectives of a diverse workforce, because they fuel growth and innovation, including UD advancement.



LIXIL Universal Design Policy

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 and services are based on LIXIL Universal Design concepts by 2030.*

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

Universal Design Project

In FYE 2018, the LIXIL Group established an exploratory committee consisting of 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 will 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.



WEB Universal Design (Japanese only)

Easy to understand

Intuitive

- Detectable by anyone
- Uncomplicated

Easy to use

Easy to execute and operate

- Simple to operate
- Uses shapes and dimensions that support body movement and posture
- Uses layouts that follow the natural flow of movement
- Ensures space needed to operate

Safe and secure

Considerate of all people

- No physical or financial loss from incorrect use
- Minimal damage from accidents

Easy to love

Can be used for a long time

- High quality to support long-term use
- Easy to look after and keep clean over a long time
- Designed to adapt to individual ways of living

Clear purpose

- Can be properly recognized
- Multi-sensory information, such as sight, hearing, and touch

Flexible

- Able to adapt along with changing physical capabilities and growing or aging families
- Able to select or add necessary functions

Child-friendly

- Designs that consider children's needs

Encourages smiles

- Beautiful, pleasant designs
- Demonstrates its functional beauty with every use

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Examples of 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 FYE 2018.



New cool-yellow color blocks

Other Examples of LIXIL's UD Products and Services

WEB UD Ideas (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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▶ A Toilet That Can Be Used as Always Even in Times of Natural Disasters

The world is facing more natural disasters caused by extreme weather events due to climate change. 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 to public buildings that serve as disaster response centers. Rather than focusing 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 Toilet* 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 people 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 actually 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

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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. To date, the program has attracted 16,600 children from 233 schools (as of June 2020).



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

LIXIL 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, and ability and disability, and encourage them to think what they can do and how they can act on it. In FYE 2020, the program attracted 904 children from 10 schools.



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

International Association for Universal Design (IAUD) Award*

LIXIL Corporation'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 those most in need in 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 remarkable activities designed to help develop a society in which the greatest number of people can live comfortably.

▶ Diversity of LIXIL Group Employees

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 (P34)

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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.



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> Highlight

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



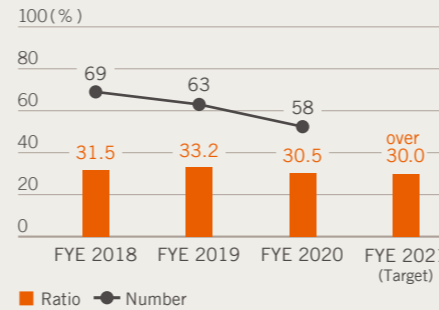
Diversity & Equal Opportunity

Ratio of women among regularly recruited new hires

Target

over 30%

(LIXIL Corporation, Japan only)



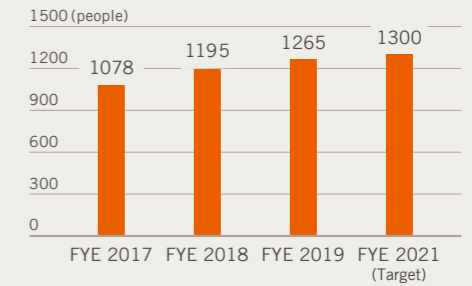
Talent Development

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

Target

1300 people

(LIXIL Corporation, Japan only)



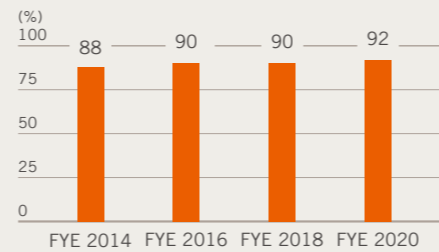
Rewarding Workplaces

Group-wide coverage of global employee awareness survey

Progress

92%

(LIXIL Corporation, Japan only)



* Survey conducted every two years



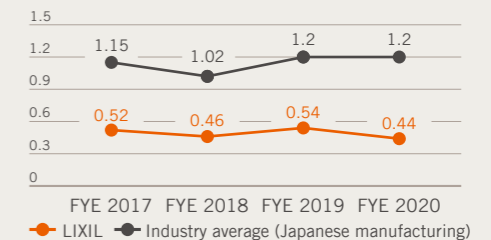
Occupational Health & Safety

LTIFR (Directly and indirectly hired employees)

Result

0.44

LTIFR (Lost Time Injuries Frequency Rate):
Number of occupational injury cases involving days away from work / Total working hours × 1,000,000



Source: Ministry of Health, Labour and Welfare's "Survey on Industrial Accidents (Surveys on establishments (with 100 or more employees) and general construction)"

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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 diverse talent into a source of strength. We aim to furnish a comfortable and friendly culture and working environment for all, enabling employees to approach difficult challenges with an entrepreneurial spirit, and be fairly evaluated for their performance.

› Our System

We set up our Global Diversity and Inclusion department in FYE 2020. In the first year, we analyzed our current level of diversity and inclusion worldwide. Going forward, we will determine a unified global diversity and inclusion strategy, set targets, and implement measures to deal with relevant issues in individual countries and regions.

Diversity and Inclusion Statement

The LIXIL Group issued this emergency Diversity and Inclusion Statement in July 2020:

“We are at a point in time where we all, as individuals and as companies, are forced to face some difficult truths on issues of diversity, equality, and inclusion. The tragic death of George Floyd and the subsequent events, demonstrations, and actions in the US and across the globe serve as a stark reminder that we must do more as society to put an end to racial injustices and inequality.

As a global company with operations in over 150 countries, we have committed ourselves to treating everyone fairly and equally. However, we must reflect and assess if we are truly doing all that we can to ensure equality and tolerance within our company and with our stakeholders.”

The statement includes some concrete policies we intend to implement. The LIXIL Group remains committed to considering what we need to do to be able to solve these issues and to acting upon whatever initiatives we determine.

Examples of Our Commitments

Accelerating diversity in representation, and enhancing the hiring and promotion of diverse talent at all levels.

Strengthening measures to embed equality and inclusivity across the organization, in order to retain diverse talent within the organization.

Demonstrating our commitments not only within LIXIL, but also to enhancing focus on inclusion among stakeholders, including holding those with whom we do business accountable to our standards.

[PDF](#) LIXIL Diversity and Inclusion Statement (195KB)

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Gender & Age Empowering Women in the Workplace

Promoting the active participation of female employees is an essential part of creating an environment in which each employee can demonstrate their own individual strengths through their work. At the LIXIL Group, the CEO is leading our commitment to encouraging the full participation of female employees.

We consider a diverse range of people, including women, in our succession planning for major positions within the Group. We also set a 20% target for female participation in the young employee grade of LIXIL Corporation's Talent Acceleration Program (TAP) to nurture our next generation of corporate managers, and we achieve that target every year. Furthermore, the number of female managers in LIXIL Corporation has risen from 22 (0.9%) in March 2012 to 171 (5.7%) in March 2020.

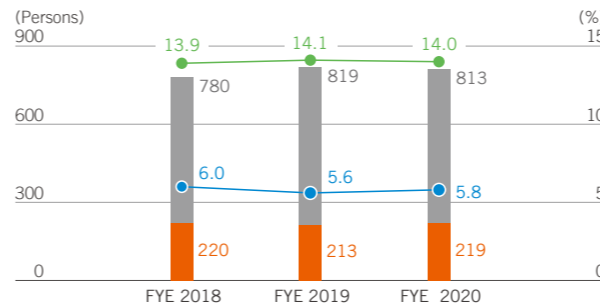
We are also working to create an environment where female employees can consistently develop their careers even if they take time off for life events such as childbirth. As part of this effort, we have developed the Mamap career-building tool for working mothers. Our aim here is to encourage female employees preparing to take maternity or childcare leave to use this tool to explore potential career



paths and support structures with their managers and sustain a fulfilling career after they return to work.

We have also set relevant regional targets for increasing the percentage of women working in LIXIL Water Technology (LWT) Americas, LIXIL Asia, and other locations outside Japan, and are making efforts to achieve the targets. These include, for example, the percentage of women in each professional class or ethnic group.

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)

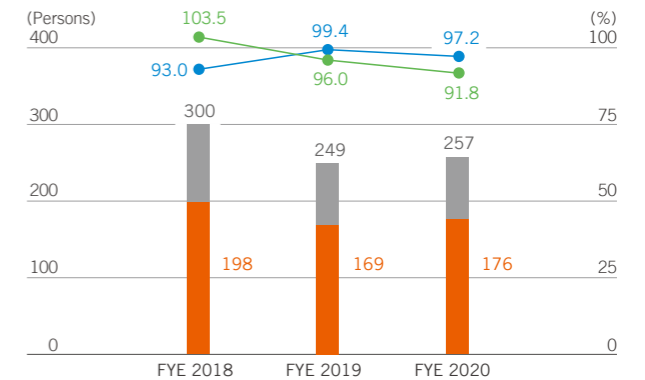
Scope: The entire Group (Excludes Permasteelisa Group. FYE 2020 data also excludes consolidated subsidiaries in Japan with 100 or less directly hired employees.)
* Directly hired employees only, data collected based on the qualification system used at each operating company, as of March 31 of each fiscal 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 vigorously to their full potential.

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. We have introduced a variety of new systems, including telecommuting, hourly based paid holidays, and

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 (FYE 2020 data excludes consolidated subsidiaries with 100 or less employees.)

* Number of employees who started maternity leave during each fiscal year

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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 fees for employees' children to attend unlicensed daycare centers. 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.

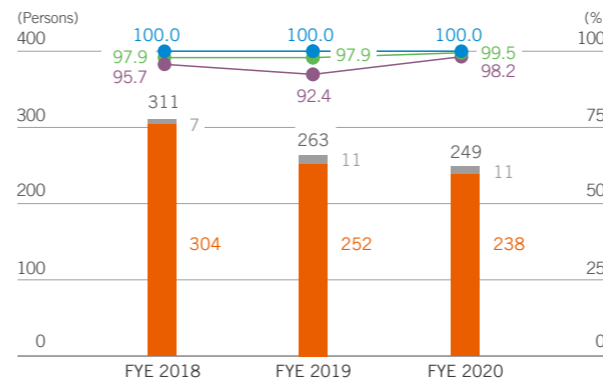
LIXIL Water Technology (LWT) & LIXIL Housing Technology (LHT) Asia (GROHE Sanitary Products Shanghai) forbids employees from doing 36 or more hours of overtime a month to promote a strong work-life balance.

Percentage of Staff Still Working 1 Year After Childcare Leave

	FYE 2018	FYE 2019	FYE 2020
Male	100.0%	100.0%	88.9%
Female	93.1%	96.8%	96.8%
Total	93.3%	96.9%	96.4%

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

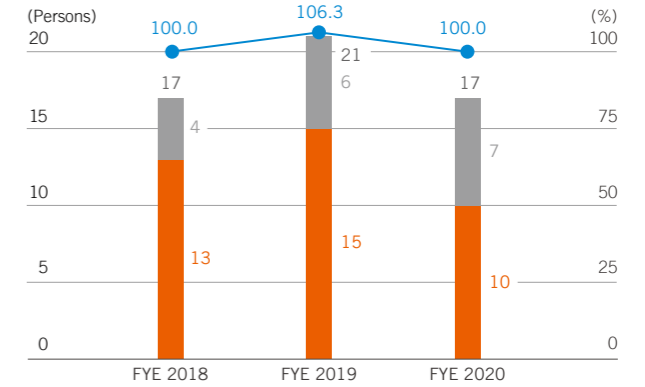
Number of Child-Care Leave Users ★



- 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 (FYE 2020 data excludes those working at consolidated subsidiaries with 100 or less employees)

Number of Nursing-Care Leave Users ★



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

* Directly hired employees in Japan only (FYE 2020 data excludes those working at consolidated subsidiaries with 100 or less employees)

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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 for sexual minority employees. In March 2019, LIXIL Corporation made some improvements to its 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.

We are also promoting internal activities to expand understanding and support. In FYE 2018, we created a series of online lectures relating to sexual diversity and have been encouraging employees to watch them. We seek to increase the number of allies who understand and support sexual minorities through venues such as study sessions, and distribute Ally badges and stickers to employees who support this initiative. We encourage allies to share information through the LIXIL Ally network and seek to deepen understanding by arranging opportunities to interact with sexual minorities. Thanks to these efforts, in March 2019, we achieved our target of having two or more allies in each of LIXIL Corporation's 86 bases in Japan with 50 or more employees.



Sexual minority-friendly logo

Then in September 2019, the LIXIL Group endorsed the "Support the Recruitment and Retention of Talent by Instituting Marriage Equality in Japan" viewpoint published by the American Chamber of Commerce in Japan (ACCJ) recommending that the Japanese government extend the right to marry to sexual minority couples.

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.

It is essential for a global company 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 join a Future Leadership Program designed to develop the necessary skills to advance to management positions in the future.

Encouraging Employee Activities

The LIXIL Group has established frameworks to support independent employee activities.

LIXIL Corporation launched the LIXIL Diversity Network in 2017, which encourages employees to get together voluntarily to share and solve their problems and to improve individual skills. In addition to the Women's Network launched in 2013, we have created four more networks for disabilities, sexual minorities, people involved in childcare or nursing care life stages, or those interested in other issues. For instance, we run LIXIL 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 issues or problems that women in particular might have.



LIXIL Women's Sales Group

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In addition, our Mimishiru team, run primarily by employees with hearing disabilities, offers sign language classes for hearing people to enable all employees to work enthusiastically whatever their hearing ability.

In FYE 2018, LTX 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 business bases, 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

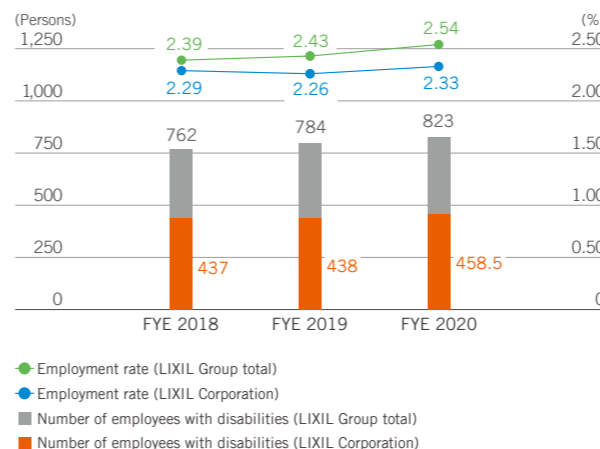
Many employees with disabilities work alongside those without disabilities in the LIXIL Group because we have developed inclusive environments in different workplaces, from R&D to production, sales administration, and planning management, to suit each individual's specific capabilities. As of June 1st, 2019, 458.5 people with disabilities were employed across LIXIL Corporation, representing 2.33% of the workforce.* In 2014, LIXIL Corporation launched its WING NIJI office that focuses on employment of people with disabilities. In addition to supporting people with different disabilities to perform their work assignments, conducting career aptitude evaluations, and offering 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 software that increases the font size for people with impaired eyesight and adjustable-height desks for wheelchair users.

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 disabilities.

Since 2012, we have been proactively employing people

Number and Percentage of Employees with Disabilities ★



* Directly hired employees in Japan only (FYE 2020 data excludes those working at consolidated subsidiaries with 100 or less employees)
 * LIXIL Corporation data for FYE 2018 and FYE 2019 include Senior Life Company Ltd.
 * Employee numbers on June 1 of each fiscal year. However, the numbers of employees with disabilities for FYE 2018 and FYE 2019 are the numbers recorded on March 31 of respective years.
 * The percentages were calculated based on the Employment Rate System for Persons with Disabilities issued by the Ministry of Health, Labour and Welfare.

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 Japan's 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.

FYE 2020 human resource performance data indicated with ★ have been assured by a third party.

DATA Scope and details
 (Supplementary Publication: Databook / 581KB)



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 union 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 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 proactive 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 further improve working environments and building both top-down and bottom-up systems.

Promoting More Flexible and Diverse Working Styles

In FYE 2020, the LIXIL Group launched a new comprehensive human resources program to revitalize its business in Japan called Kawaranaito LIXIL, which includes a drive to change working styles. We strive to create business environments that enable employees to communicate openly and equally and adopt the most efficient working style to suit a particular situation.



Teleworking System Reform

We have expanded our work-from-home system to include satellite offices. We are also promoting new, diverse, and productive working styles that enable employees to flexibly choose where and when they work, and what tools they want to employ depending on the type of work that they do and their individual work-life balance. When launching the new telework system in FYE 2020, we abolished the previous upper limit on the number of days an employee could work remotely so the system could be employed more flexibly. We have also strengthened our IT and other systems to cope with the gradual increase in the number of employees opting to use the telework system.



Change Our Working Style! NEXT

LIXIL Corporation has promoted fresh employee thinking and human resource measures through its Change our Working Style! campaign. In addition to the telework system, we have implemented various measures to make flexible working styles more feasible, such as encouraging employees to take more paid leave, relaxing flextime conditions, and enhancing our IT infrastructure. The results of our FYE 2020 employee opinion survey suggest that our efforts are starting to pay off, with the satisfaction score for work-life balance increasing compared to the previous survey. Going forward, we will develop Change Our Working Style! campaign into Change Our Working Style! NEXT to help employees utilize adapted systems to work more efficiently.



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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. To help that process, LIXIL Corporation set up an internal social media group called Behaviors Lounge in which we conduct relay interview with our CEO and other chief officers, and offered special menus associated with each of the three behaviors in our staff cafeterias.



Relay interview with our chief officers



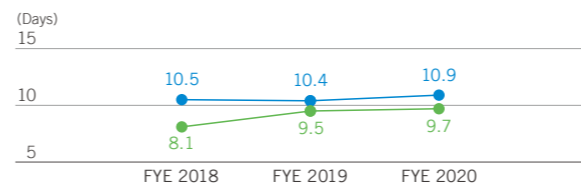
CR LIXIL CORE and Behaviors (P12)

› Employee Opinion Surveys

We conduct biennial opinion surveys of all employees worldwide who are under direct employment contracts. The surveys had been previously conducted separately within each Group company, but we combined them into one common survey in FYE 2016.

In the third survey conducted in FYE 2020, we collected opinions from 92% of target employees in 21 different languages. That's a total of 55,000 responses. The results collected from major global organizations were then reported to management and employees. We have also introduced an online system that enables them to view and analyze each organization's results, so that they can gain a solid understanding of their organization's strengths and weaknesses and develop action plans. We will 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 having discussions centered around senior management messages to deepen understanding of our management policies.

Paid Leave Days Taken per Employee ★



● LIXIL Group total
● LIXIL Corporation

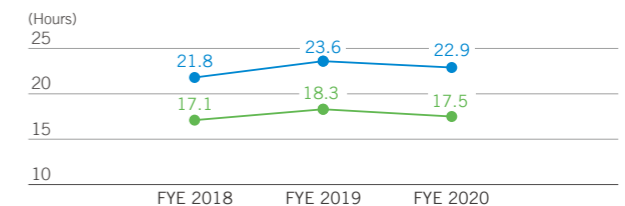
* Directly hired employees in Japan only (FYE 2020 data excludes those working at consolidated subsidiaries with 100 or less employees)

› Preventing Overwork

The LIXIL Group emphasizes working styles that help employees achieve high output efficiently. 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 provides information on time management to 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 employees 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 FYE 2015, exceeding 50% in FYE 2018.

Average Monthly Overtime Hours per Employee ★



● LIXIL Group total
● LIXIL Corporation

* Directly hired employees in Japan only (FYE 2020 data excludes those working at consolidated subsidiaries with 100 or less employees)

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› Labor-Management Relationship

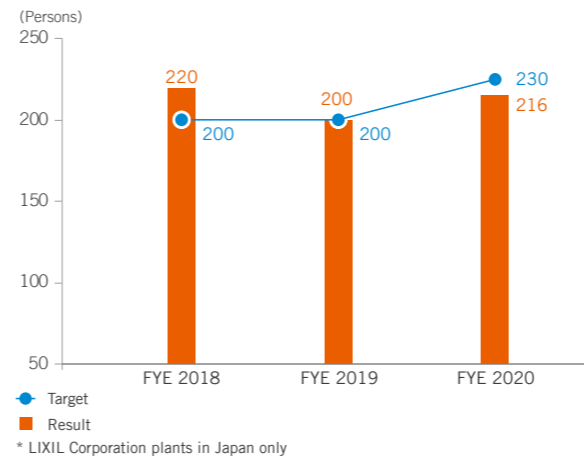
The LIXIL Group believes that building mutual trust between the union and the company based on an equal and responsible relationship helps create a fair and rewarding workplace and leads to improved business performance. LIXIL Corporation has established a labor union which adopts a union shop system for permanent employees of the company, and achieved a membership rate of 100% (as of March 31, 2020).

The fundamental labor-management agreement includes items relating to health and safety and working environments. 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 any 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



FYE 2020 human resource performance data indicated with ★ have been assured by a third party.

DATA Scope and details
(Supplementary Publication: Databook / 581KB)

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TALENT DEVELOPMENT

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

› Our Approach

The LIXIL Group pursues talent development from a long-term perspective in order to nurture personnel who can expand 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 talent based on future business needs. To create a working environment in which all employees can work with high engagement, we support career development from two angles: strategic company-driven 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 key positions and help achieve our Medium-term Plan. From FYE 2019, we have 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 development areas by providing business assignments and job transfer opportunities and offering mentor and leadership training.

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 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 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 the second group of employees (14 persons) to five countries (Thailand, the Philippines, China, the US, and Germany) in FYE 2019. We plan to send the third set of employees in FYE 2021. 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 bases 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. After returning to Japan, dispatched employees share their experiences and what they learned with colleagues in Japan, 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 programs are designed for employees in all layers to improve fundamental skills, develop stronger expertise, and grow as next-generation managers. We have three types of virtual 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

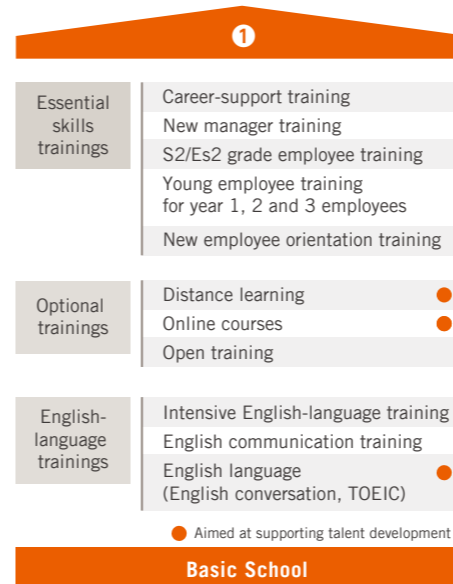
Each division offers its own training opportunities to improve specialist knowledge, with the aim of improving the comprehensive strength and specialist expertise of our business divisions and functional departments.

3 Next-Generation Seminars to Nurture Future Company Leaders

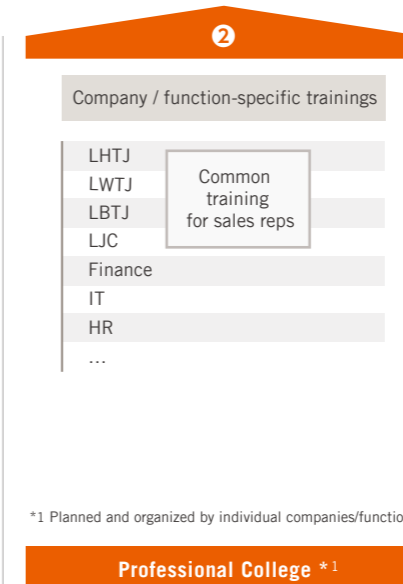
Our Talent Acceleration Program (TAP) consists of three sub-programs, and is designed to help employees in their twenties to forties foster management skills, a managerial mindset, and an entrepreneurial mindset, all from an early stage. We also offer an overseas MBA study program to help employees with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

LIXIL Training System

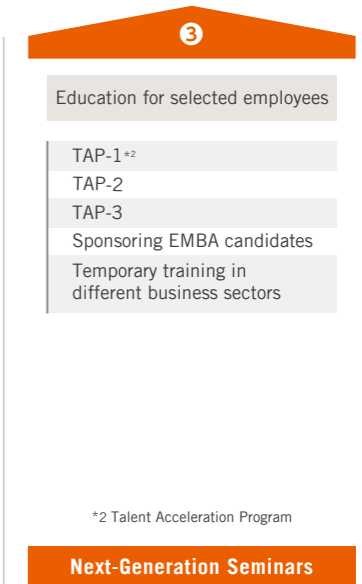
Company-wide: improving fundamental skills



Company / division-specific: improving expertise



Next-generation education



Training and Education Support Programs Conducted in FYE 2020

Item	Training Summary	Participants
New employee training	Basic training for employees newly entering the company	389
Corporate position-specific training	Training to develop skills and capabilities required at each position level	1,393
Talent Acceleration Program (TAP)	Training to nurture next-generation management personnel	72
Management training	Training for employees being promoted to management positions	373
Division training	Training in each division to develop skills and capabilities respectively required for product development, production, sales, and other lines of work	38,339

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

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› Offering Diverse Educational Programs

LIXIL Corporation is strengthening career development and training for employees of all ages as part of its comprehensive human resource program, Kawaranaito LIXIL, to revitalize its business in Japan. In FYE 2020, we launched the LIXIL MANABO! learning management system as part of our drive to build an environment in which any employees can study whenever they want to.

LIXIL Water Technology (LWT) Americas offers a comprehensive LWTA University training program to satisfy a diverse range of employee needs. In addition to classroom trainings, the program uses multiple resources such as webinars, videos, and e-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 focuses on expanding its e-learning programs so that employees across a wide geographical area can take the courses. Employees can choose from online learning programs on various topics from product-related knowledge, leadership, to compliance.

Annual Training Hours and Costs per Employee (FYE 2020)

Name of Company	Training Hours	Training Costs
LIXIL Corporation	22.9 hours★	66,474 Yen★
LIXIL Group	11.27 hours	22,223 Yen

* Scope: Directly hired employees only (Excludes Permasteelisa Group. FYE 2020 data also excludes those working at consolidated subsidiaries in Japan with 100 or less directly hired employees.)

* Training hours include online learning

› Career Development Support

LIXIL Corporation's career-support training programs, started in FYE 2017, 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 internal open positions. This seeks to encourage the cross-functional movement of personnel, and to ensure the optimum placement of employees in order to match the needs of specific business units with employee ambitions.

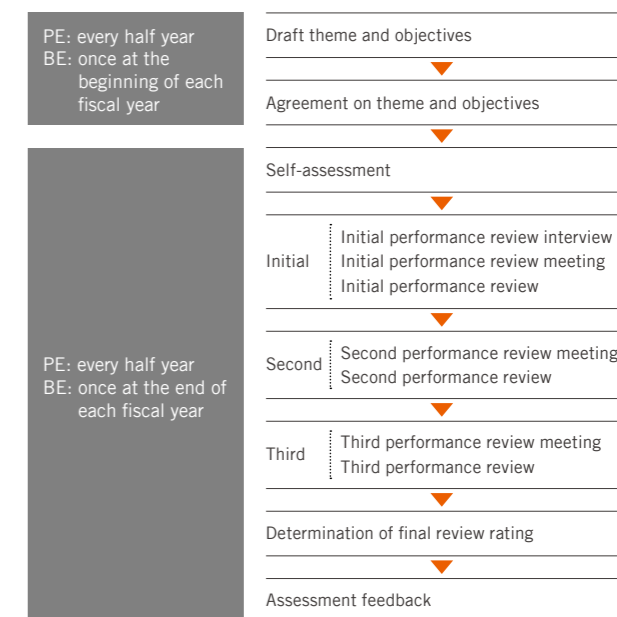
› Evaluation Framework

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.

Under its evaluation framework revised in October 2019, LIXIL Corporation assesses employees' performance in two ways: through evaluation on individual performance over the past half year, and through behavior evaluation to help nurture employees and encourage their personal growth. All employees assess their own achievements against objectives set at the beginning of the relevant evaluation period and determine final review rating by going through an evaluation process. Managers seek to nurture their employees by giving feedback in interviews on each employee's performance and

communicating what they expect from individuals. Managers also hold regular one-on-one interviews with their employees during each evaluation period to foster motivation and mutual understanding. To secure fair evaluations, we share our policies and approach to the evaluation process with our employees through the Personnel Evaluation System Manual and position-specific training programs.

Performance Evaluation Flow



* PE and BE refer to performance evaluation and behavior evaluation, respectively

FYE 2020 human resource performance data indicated with ★ have been assured by a third party.

DATA Scope and details
(Supplementary Publication: Databook / 581KB)

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Rewarding Workplaces

Talent Development

Occupational Health & Safety

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.” As for the measures we are pursuing to ensure zero work-related accidents and zero occupational illnesses, we have introduced an occupational health and safety management system and implemented a PDCA approach to help prevent accidents at work. We also promote health management for greater corporate value by enhancing employee health.

› Our System

Our occupational health and safety management system is based on the Occupational Health and Safety Assessment Series (OHSAS) and involves implementing Group-wide policies and core rules and conducting internal audits. GROHE has adopted OHSAS 18001, and four of our business locations in North America are aiming to shift from OHSAS 18001 to ISO 45001 certification.

We submit monthly reports to senior management detailing our initiatives and their performance in order to help promote occupational safety-related activities across the Group. We operate specific health and safety management systems at each of our business bases and hold Health and Safety Committees on a single technology business or location basis. We also share and discuss issues related to

occupational health and safety, all with the aim of achieving ongoing improvements.

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

› Efforts to Eradicate Work-Related Accidents

In order to prevent work-related accidents, all employees in the LIXIL Group are encouraged to comply thoroughly with the rules. We also establish systems that enable each employee to predict danger and take action to prevent accidents from happening.

Safety Meetings

We hold cross-technology safety meetings three times a year to share and help develop positive examples of how to ensure occupational safety. From FYE 2020, employees in charge of safety at each business base have been invited to join function managers at these meetings for enhancing communication and the speedy development of occupational safety ideas.

Safety promotion function managers at each technology business conduct legal compliance audits at all business bases, obtain a good understanding of effective safety activities at each location, and share that information through the intranet or at joint meetings attended by representatives of each business base.

Anzen Dojo

LIXIL Corporation has set up an Anzen Dojo where visitors can simulate past occupational accidents. Fifty employees from inside and outside Japan visit the Anzen Dojo 10 times a year. Each technology business also boasts its own Anzen Dojo offering consecutive training sessions for new hires and transferred employees.

Forklift safety competition

Our logistics department held its seventh forklift safety competition in FYE 2020. Twenty employees from all over Japan competed in the competition designed to promote safe driving and raise safety awareness across the workspace.

Hazard Source Risk Assessment

In FYE 2020, LIXIL Water Technology (LWT) conducted a risk assessment of hazard sources and highlighted ways to prevent accidents from an employee’s perspective.



Training session Anzen Dojo

A forklift safety competition

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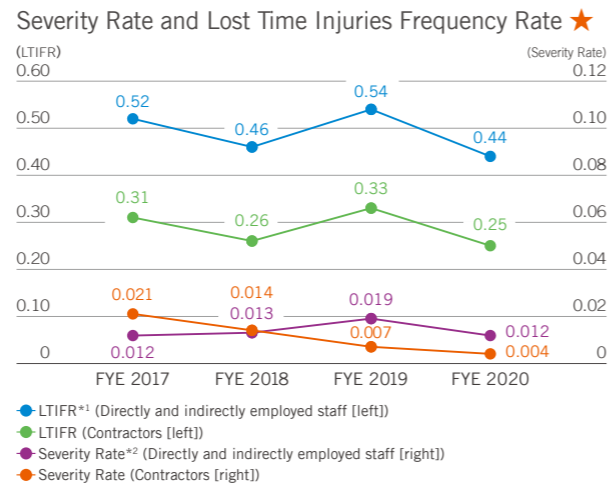
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› The Occurrence of Work-Related Accidents



OIFR*3 ★

	FYE 2017	FYE 2018	FYE 2019	FYE 2020
Directly and indirectly employed staff	0	0	0	0
Contractors	-	0	0	0

Number of Work-Related Fatalities ★

	FYE 2017	FYE 2018	FYE 2019	FYE 2020
Directly and indirectly employed staff	0	0	1	0
Contractors	-	0	0	0

Scope: Covers directly and indirectly hired employees 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 occupational injury cases involving days away from work / Total working hours × 1,000,000

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

*3 Occupational Illness Frequency Rate (OIFR): Number of occupational illness cases involving days away from work / 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 employee is physically and mentally healthy in order for us to build an enthusiastic, vigorous workplace.

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

- Improve awareness of health issues and the importance of self-management among all employees;
- Provide more employees with opportunities to help prevent illness and promote good health; and
- 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.

LIXIL WELLNESS

～わたしたちのかけがえない“健康”のために～

「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“知ってもらいたいこと”、“協力して欲しいこと”をお伝えします。

Brochure of LIXIL WELLNESS

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Health Maintenance Initiatives

Strict Smoking Ban

LIXIL Corporation and its subsidiaries decided to ban smoking on the premises of all business bases and facilities in Japan from April 2020, and to forbid all employees from smoking during working hours. This policy is designed to help maintain and promote the health of our employees and all the other people who use our facilities.

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 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 help them reduce the risk of illness and support them to continue working in a healthy and safe manner. 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 response rate of 94.7% in FYE 2020. Employees suffering from high stress levels are referred

to occupational physicians for private consultation. Any workplace with 10 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 Programs

We create programs tailored to specific employees such as new hires and supervisors, through which company nurses provide information on topics such as mental health, disease prevention, and improvement of health-related lifestyle factors. In FYE 2020, we held a total of 42 sessions with 1,168 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.



Health seminar given by an external lecturer

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 FYE 2020, we held seminars on various themes from protecting mental health to building physical health, including, more specifically, how to prevent back pain or falling down, and women's health.

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, in which we seek to promote physical health by setting up courses that can help employees improve their diet, exercise routines, and daily life habits.

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.

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Setting Up 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.

METI Health and Productivity Certification

The LIXIL Group is recognized under the 2020 Certified Health & Productivity Management Outstanding Organizations Recognition Program run by Japan's Ministry of Economy, Trade and Industry (METI). This certification recognizes our health maintenance and improvement measures, including mental health education, exercise promotion, and initiatives to help reduce the risk of lifestyle diseases and other illnesses. LIXIL VIVA Corporation is also certified under the same program.



KENKO Kigyo Kai Participation

Maintaining and enhancing 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 aims for active and effective 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 promoting 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 promote 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.



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



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

FYE 2020 human resource performance data indicated with ★ have been assured by a third party.

DATA Scope and details
(Supplementary Publication: Databook / 581KB)

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› 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.



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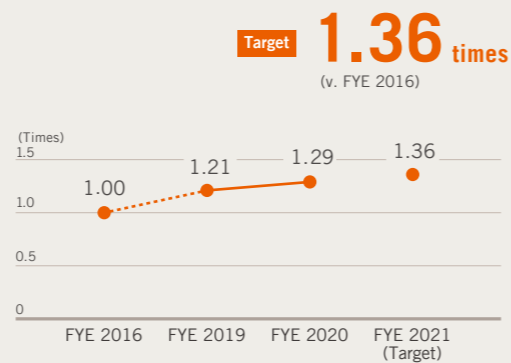
Sustainable Use of Resources

Management of Chemical Substances

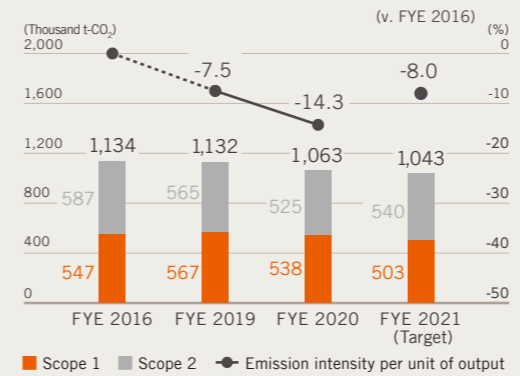
> Highlight

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

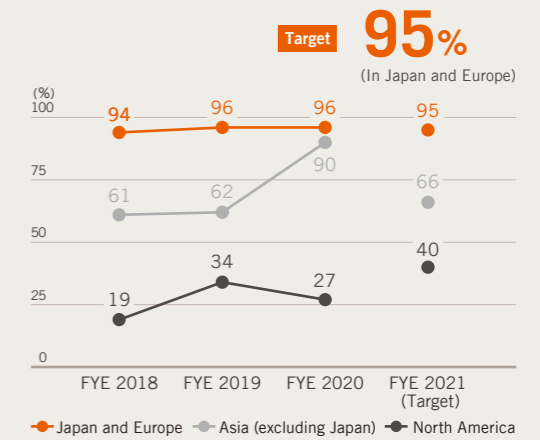
CO₂ emissions reduction attributable to Group products and services



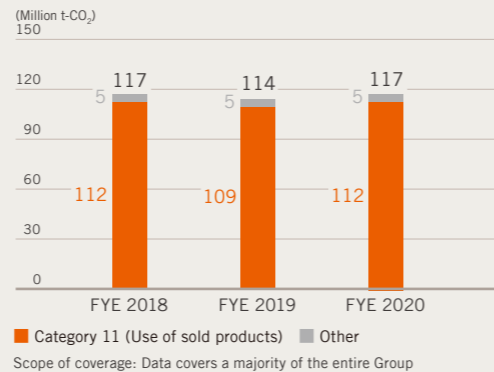
CO₂ emissions from places of business (Scope 1 and 2) Emission intensity per unit of output



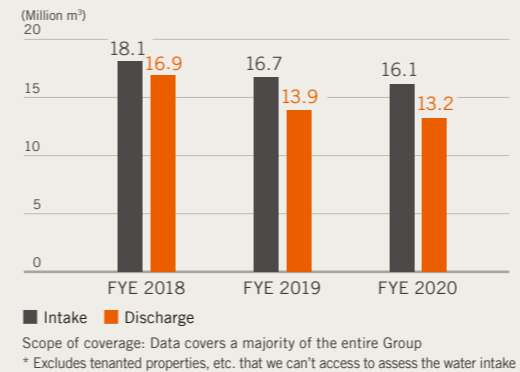
Waste recycling ratio



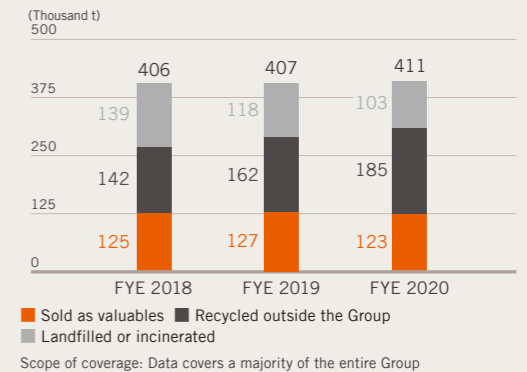
Scope 3 emissions



Water usage



Waste and other emissions



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ENVIRONMENTAL MANAGEMENT SYSTEM

We are operating a Group-wide management system to reduce environmental risks and realize Environmental Vision 2050.

› Our Approach

In 2019, the LIXIL Group updated its Environmental Vision to contribute to improving people's comfort and lifestyles and a better future for our global environment. We will do this by reducing environmental impacts in all business processes from raw materials procurement through the end-of-life of products. Based on the new 2050 vision, we aim to reduce carbon emissions from our business processes, products, and services to net-zero, and to be a leader in the field of preserving water and limited resources for future generations.

Realizing the Environmental Vision will require building an effective Group-wide framework, which includes an environmental philosophy, code of conduct, and a management system. To lay the foundation for environmental target setting, monitoring, and information disclosure, we established Performance Data Reporting Guidelines in 2016 and have been implementing them based on the LIXIL Group Environmental Sustainability Principles. By developing this framework and foundation, we are uniting the entire Group in reducing environmental risks and realizing the Environmental Vision.

› Our System

In order to promote Group-wide environmental activities, we established the Group Environmental Committee chaired by the Group's chief technology officer (CTO). The head office environmental management department serves as the committee's secretariat, overseeing all our business organizations, head office departments, and consolidated subsidiaries. The Group Environment Committee enlists the cooperation of the LIXIL Group executive officers and the Board of Directors, the Risk Management Committee, and the Corporate Responsibility (CR) Committee for its activities. These activities focus primarily on establishing a Group-wide environmental management system, including promoting environmental strategies, organizing effective management structures and reporting lines, and sharing and expanding organizational and regional measures.

The Group Environmental Committee holds a regular meeting once a year, which is attended by the Group CTO supervising environmental activities, and employees responsible for environmental management from each business organization. At the meeting, participants confirm the Group's environmental 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 Group's overall vision and medium-term targets.



Group Environmental Committee



Internal TCFD study session during an environmental Committee meeting

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LIXIL Group's Environmental Sustainability Principles

Philosophy

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

Code of Conduct

- 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 Audits

The LIXIL Group operates an internal audit system covering the entire Group. Our factories conduct internal audits in strict accordance with ISO 14001 standards and check the effectiveness and compliance of environmental management systems. With regard to non-manufacturing departments 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 FYE 2018, the head office environmental management department started auditing employees responsible for environmental management in all business organizations.

We are promoting ISO 14001 certification of all production sites to strengthen environmental governance across the Group. Already, 71 sites have obtained certification, and 13 sites in North America are on track, which will bring the ratio of certified sites to 91.3%.

PDF List of ISO-certified sites (55KB)

Environmental Education and Internal Evaluation

We strive to inform and educate employees at different levels of the Group about environmental initiatives. We conduct environmental training for new recruits, provide Environmental Management System (EMS) training for EMS promotion managers and operators at each site, and distribute monthly reports on environmental trends to top management, including the Group's directors, executive officers, auditors, and the CEOs of technology businesses.

In addition, we evaluate and award environmental activities led by employees at each site. For top management, we introduced a stock-linked compensation program that evaluates and further incentivizes their contribution to the Group's medium- to long-term improvement in corporate value, including environmental performance. These mechanisms help promote environmental activities across the Group.



Environmental education for new hires

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Environmentally Conscious Design

LIXIL Corporation conducts an environmental assessment at each stage of the product development process to ensure compliance with environmental laws, and to help reduce the environmental impact of products in all three lifecycle stages: produce, use, and 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 Disclosure

We are establishing systems to assist environmental management decision-making by appropriately evaluating risks and opportunities and clearly understanding the financial impacts of climate change on our future business operations. Our head office environmental management department provides information to top management derived from various analyses on regulatory trends; carbon tax, emissions trading, and energy cost forecasts; and the estimated financial impacts of capital investments and environmental measures. To promote environmental investment, we require calculation of carbon reduction benefit in investment decision-making processes.

In March 2019, the LIXIL Group announced support for the Task Force on Climate-related Financial Disclosures (TCFD), and has been disclosing information based on the TCFD recommended items. In FYE 2020, we used the TCFD framework to conduct a scenario analysis of our window sash and door businesses and net zero energy house (ZEH) business (see P** for results). 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 more trust with our stakeholders.

We also respond to questionnaires from international non-profit the CDP, earning us an A, the highest grade, in CDP Water Security 2019, and A- in CDP Climate Change 2019.

DATA [TCFD Index \(Supplementary Publication: Databook / 581KB\)](#)

WEB [Details about our CDP results](#)

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› Response to the TCFD

In light of the LIXIL Group's aspirations set forth in Environmental Vision 2050, we analyzed the projected impacts of climate change on our business in the year 2030. In FYE 2020, we applied this analysis to our sash and door businesses and our ZEH business.

Step 1

We organized risks and opportunities by identifying the business impacts of climate change and climate measures and assessing the size of those impacts qualitatively.

Step 2

Given the significant financial impacts of a carbon tax and associated rise in fuel and material prices from a move toward decarbonization, we find it crucial to minimize such impacts by investing in environmental technologies and driving manufacturing innovation. Because natural disaster impacts are expected to intensify in a scenario of worsening climate change, we reaffirmed the need to conduct risk management at each business site and build a resilient supply chain.

Our results also suggested a potential rise in demand for ZEH-related products. An increase in energy retrofits of existing housing, in addition to new construction, is needed to realize a 2°C scenario. Thus, it is important that we seize this business opportunity by increasing promotional communications to customers and responding to public policy changes. Growing disaster risks may increase demand for products that reduce these risks, making the contribution

of our business to safer homes and lifestyles even more important.

Step 3

We will use these scenario analysis results to draft response measures and formulate action plans. We also plan to apply this scenario analysis process to other businesses in the LIXIL Group.

Steps of Analysis



Risks and Opportunities Identified as High Impact in Step 1

Category	Expected business impacts	
	Risks	Opportunities
Regulatory strengthening	<ul style="list-style-type: none"> Carbon tax sharply increases fuel taxes and electricity rates Stronger regulations raise energy efficiency standards Use of alternative and recycled materials is made mandatory 	<ul style="list-style-type: none"> Increasing production efficiency reduces costs Demand for ZEHs, high-insulation, and renewable energy products increases Increased demand for sustainable raw materials promotes sustainability
Renewable energy policy	<ul style="list-style-type: none"> Demand declines because feed-in tariff and other subsidies level out 	<ul style="list-style-type: none"> Service markets related to ZEHs and renewable energy are created
Technology investment	<ul style="list-style-type: none"> Cost of investing in manufacturing processes rises 	<ul style="list-style-type: none"> Innovation in manufacturing processes is encouraged
Market changes	<ul style="list-style-type: none"> Raw material prices rise 	<ul style="list-style-type: none"> Alternative materials are developed
Extreme weather	<ul style="list-style-type: none"> Cost of natural disasters grows Supply chains are disrupted 	<ul style="list-style-type: none"> Business opportunities for disaster risk-reducing products expand Implementation of BCP measures increases resilience

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CLIMATE CHANGE MITIGATION AND ADAPTATION

We have set out to achieve net-zero greenhouse gas emissions from business processes, products, and services.

Products & Services: Conserving Energy and Reducing Greenhouse Gas Emissions

LW (TOSTEM)

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/(m²K))* through its aluminum-resin hybrid frame, which helps reduce CO₂ 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)

We provide products and services with improved home insulation that help reduce heating and air conditioning demand as well as ones that use renewable energy. We also provide IoT-enabled solutions for eco-conscious lifestyles and solutions that address natural disaster and health risks of climate change.

RE-PLUS (TOSTEM)

While the level of thermal insulation of windows in newly built houses meets Japan's 2020 energy-saving standards thanks to net zero energy house (ZEH) 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 seeking 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 CO₂ 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 (10 liters/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 innovative, 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)

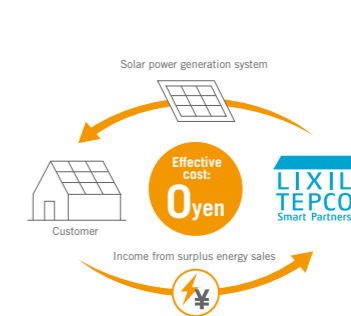
The growth of online shopping in recent years has increased the number of home deliveries. However, due to the growing number of redeliveries as well, this is cited as reducing labor productivity and increasing CO₂ emissions. LIXIL launched its IoT-enabled *Smart Post Delivery Box* in 2018, which enables two-way communication between the box and a smartphone, sending notification of deliveries and enabling users to accept multiple separate deliveries. In a demonstration experiment conducted in 2019 in the Koto and Edogawa districts of Tokyo, we confirmed the benefits of this product in cutting emissions through fewer redeliveries, and plan to expand the product lineup going forward.



WEB About the product (Japanese only)

Promoting the Construction of ZEHs (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 ZEHs.* ZEHs are not expanding at the desired pace, though. To help address this situation, LIXIL Corporation and TEPCO Energy Partner, Inc. established a joint venture company, LIXIL TEPCO Smart Partners Incorporated (LTSP), 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. LTSP'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. We intend to use these services to promote the spread of ZEHs, help customers live comfortably and healthily, and help mitigate global warming.



* Stands for net zero energy houses. ZEHs realize both a comfortable indoor environment and a substantial reduction in energy consumption with high insulation and high-efficiency equipment. A ZEH also produces energy with a solar or other power generation system, thereby reducing the annual net amount of energy consumption to almost zero or less.

WEB About the product (Japanese only)

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▶ Promoting Energy Creation and Saving

| Increasing Energy Efficiency

We aim to increase energy efficiency in manufacturing through site-specific initiatives, such as by identifying issues in production processes and conducting equipment reviews.

The Otani Plant in Aichi, Japan, for example, installed flow meters to quantify steam use, making it possible to identify the location of leaks. In FYE 2020, it reduced steam use by 44%, equivalent to 1,089 metric tons of CO₂. The Shimotsuma Plant in Ibaraki, Japan installed an IoT-enabled monitoring system on its combustion furnaces, which were difficult to improve due to a safety concern. This system enabled more suitable operation of the furnaces and a reduction in fuel use.

The Hokkaido Distribution Center in Japan began combining freight with other companies in the industry to address poor loading efficiencies and a driver shortage — issues faced across Japan. This helped reduce combined driving distance



LIXIL Kanto Distribution Center in Japan

with partner companies by 55,200 kilometers annually, a 22.7% reduction in CO₂ emissions intensity per tonne-km. We are also replacing existing lighting at our Japanese factories and distribution centers with LED lighting. At least 95% of lighting has already been converted to LED.

We are promoting strict energy-saving activities in factories and offices, the development of energy efficiency technologies, and use of renewable energy.

| Installing High-Efficiency Cogeneration Systems

We are installing equipment to improve energy efficiency in production processes.

Our GROHE production plant in Lahr, Southwest Germany, has replaced two inefficient boilers with a cogeneration system,* contributing to an annual CO₂ emissions reduction of 2,550 metric tons. Our GROHE plant in Klaeng, Thailand, built a new eco-conscious building in 2017 that now operates high-efficiency production equipment. A photovoltaic system on the roof helps cut an estimated 700 metric tons of CO₂ per year.

All GROHE plants and distribution centers around the world were successfully certified according to ISO 50001 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.



GROHE Lahr Plant in Germany

| Using Renewable Energy

We are also focused on using renewable energy to reduce CO₂ emissions.

LIXIL Corporation is generating and promoting the use of renewable energy by operating megawatt-scale solar power plants in previously unutilized spaces at eight manufacturing sites in Japan. Together, these eight sites generate some 33,800 MWh of electricity annually, enough to power approximately 6,800 Japanese households.

In FYE 2020, all GROHE production sites achieved a shift to renewable energy, reducing CO₂ emissions by 48,000 metric tons annually. We also converted to 100% renewable energy at the LIXIL headquarters, Kyoto showroom, and INAX MUSEUMS, achieving an annual carbon reduction of 2,000 metric tons. We plan to continue shifting to renewable energy across the entire LIXIL Group.



LIXIL Chita Plant in Japan

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SUSTAINABLE WATER USE

The LIXIL Group adds environmental value to water resources through technologies that save, recycle, and purify water.

Enhancing the Water-Saving Features in Products and Services

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. Its *AQUA CERAMIC* sanitaryware material repels waste during each flush, making day-to-day cleaning easier and keeping it sparkling like new for 100 years.*

* Or up to 70,000 back-and-forth scrubs with a toilet brush. Assuming two scrubs on the same spot 365 days a year.



SATIS



AQUA CERAMIC

WEB About the product (Japanese only)

We provide products and services that reduce water consumption, such as water-saving toilets, water faucets, and smart water controllers. Going forward, we plan to increase our offering of water quality solutions that draw on purification technologies.

Studio S Low-Profile Toilet (American Standard)

American Standard offers a wide range of toilets that meet strict criteria for water savings, established by the US 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 the *Cadet PRO*, a quality toilet at an affordable price, the *Studio S Low-Profile Toilet*, 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.



Studio S Low-Profile 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)

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 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)

Saybrook Filtered Kitchen Faucet (American Standard)

Saybrook Filtered Kitchen Faucet, which introduces INAX's filtering technology from Japan, can remove impurities such as lead, chlorine, and small particles contained in tap water to provide safe drinking water, with an improved taste. Smaller than most and innovatively designed, the filter can be installed for easy access above deck at countertop level, or below deck on the inside cabinet wall, where its compact size doesn't infringe on storage space. Easy access to clean water helps prevent plastic water bottle usage and home water delivery, helping to reduce the environmental footprint.



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 cut CO₂ emissions by 61% compared to bottled water and reduce plastic waste.



WEB About the product

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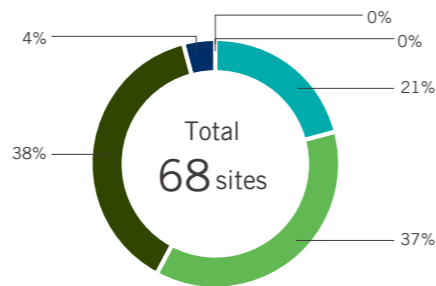
Management of Chemical Substances

Improving Water Efficiency and Protecting Water Quality in Business Activities

Identifying Water Risks at Production Sites

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 FYE 2017 to identify water risks at 68 production sites that use water in their manufacturing processes. We used international evaluation tools such as the WWF Water Risk Filter and WRI Aqueduct to conduct data analysis and quantify local characteristics and the state of water use. Now we are taking steps to install water recycling systems and use recycled water at sites identified as high risk

Percentage of Production Sites by Water Risk Level (FYE 2020)



Low ■ Very High ■ Medium-High ■ Medium-Low ■ High

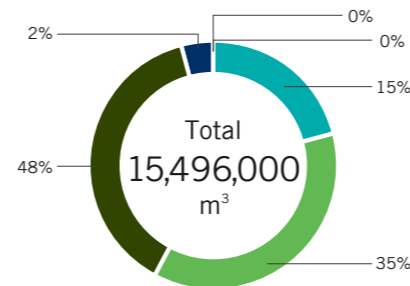
* Targets those production sites that use water in their production processes (excluding the newly added sites in India and Dominica).

At sites that use water for manufacturing, we work to identify water-related business risks in each region and take appropriate steps to improve water efficiency, recycle water, and manage wastewater.

in FYE 2017. Thanks to the increased accuracy of evaluation tool databases, we have been able to conduct more accurate risk-level assessment in each region and improve environmental performance at each site. This brought the number of high-risk sites to zero in FYE 2020.

Because these evaluations focused on volume-related water risks, going forward, we will look closely at risks related to water quality, regulations, and reputation to ensure sustainable operation of our production sites.

Water Risk Survey Results and Water Usage (FYE 2020)



Introducing Wastewater Recycling Systems

The LIXIL Group is promoting efficient water resource use through water recycling. In FYE 2019, we used 1,066,486 m³ of recycled water.

At our sanitaryware factory in Suzhou, China, for example, we installed a water recycling system that treats manufacturing wastewater for reuse. Wastewater from machining and plating is processed through a reverse osmosis (RO) membrane filtration system* and fed back into the production process. Through proactive initiatives at other factories in Asia and North America where water scarcity poses a serious risk, we will seek to further expand recycled water use and reduce our water footprint.

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



INAX Suzhou factory in China

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SUSTAINABLE USE OF RESOURCES

We promote the sustainable use of raw materials across the entire lifecycle of our products, from procurement through production, end use, and product disposal.

› Saving and Recycling Resources in Products and Services

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)

We develop our products for long life and sustained value. We do this by using recycled raw materials, designing for durability and reuse, making functional parts of existing products replaceable and upgradable, and expanding our offering of products as a service.

Upgradable Design

Some LIXIL kitchen faucets are designed so that just the spout portion can be replaced with one that has a built-in water purifier. Upgrading is simple and takes only a minute. This eliminates the need to replace the entire faucet and reduces waste when the faucet reaches end-of-life.



Upgrading the spout



Spout with built-in water purifier

WEB Kitchen faucets (Japanese only)

Renting and Leasing Comfortable Bathroom Spaces

Our mobile bathroom product, *withCUBE*, solves the bathroom challenges distribution centers and other work facilities face. This product as a service is available for rent or lease, offering new ways to expand or renovate bathroom facilities and thus improve workplace quality. It can be shipped as a completed bathroom space as high-quality as conventional bathrooms, and installed in as little as one day.* And since it can be installed and removed without major construction, *withCUBE* can help reduce resource inputs and waste from the product lifecycle.



* Installation of *withCUBE* only. Preparatory construction to install water and wastewater lines and electrical wiring may be required separately.

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› Recycling Resources in Operational Activities

| Proactively Using Recycled Materials

At GROHE water faucet factories, we carry out alloy smelting in in-house furnaces, and use recycled brass collected in and outside the factories for this process. Around 70 to 85% of the brass we use is recycled.

LIXIL Corporation factories in Japan are making efforts to use more recycled aluminum. Refining aluminum to produce new ingots uses large amounts of electricity and water. Reusing aluminum scraps, however, can drastically reduce the energy needed to manufacture aluminum products, thereby cutting CO₂ emissions as well.



Feeding raw materials into the aluminum smelter

We practice strict standards for the appropriate management and reduction of waste. In collaboration with stakeholders, we are making continued efforts to minimize new resource inputs and to further promote reuse and recycling.

| Working with Stakeholders to Eliminate Industrial Landfill Waste

The Nabari Plant in Mie, Japan has succeeded in selling its previously discarded wood shavings as biomass fuel. This required convincing wood suppliers to join an organization that certifies their timber as legally compliant and then getting its shavings approved by biomass power plants. The plant completed this system in April 2020, bringing its wood shavings waste to zero.

Our factories in Rayong and Rangsit, Thailand, are also working to convert waste into resources. They successfully converted materials previously landfilled, such as sludge and mold and ceramic scraps, into ingredients for making concrete. This reduced landfill waste generated by the two factories in FYE 2020 by some 47,000 metric tons (a year-over-year reduction of 15.2%), raising their recycling rates to 90.5%.

TOSTEM THAI, meanwhile, has earned a Level 4 rating in the Thailand's Ministry of Industry's Green Industry commendation system. The company aims to attain Level 5, the highest rating, by building an eco-conscious network with suppliers and business partners.



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

| Examples of Plastic Reduction in Packaging and Packing Materials

As the marine plastic problem grows more serious, the LIXIL Group is working to reduce single-use plastic.

We changed the plastic used in INAX *Aqua Power* packaging to paper, reducing the amount of plastic our customers throw away compared to similar products we have sold in the past. Eliminating clear plastic makes it difficult for customers to see the actual product in-store, so we accentuated the printed image on the packaging to show the product at its real-life size and colors.

Our distribution function has also launched a project to reduce, reuse, and recycle stretch film used for transporting products. By making steady progress in reducing single-use plastic in transport alongside manufacturing and retail, we aim to achieve reductions across our supply chain.



Paper packaging of INAX Aqua Power

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MANAGEMENT OF CHEMICAL SUBSTANCES

The LIXIL Group strives for appropriate management of chemical substances and reduction of substances of concern across all of its business processes.

› Our Approach

Since the 2002 World Summit on Sustainable Development (WSSD) agreed to aim to ensure “that chemicals are used and produced in ways that lead to the minimization of significant adverse effects on human health and the environment” by 2020, we have witnessed a considerable strengthening in chemical substance management worldwide. The LIXIL Group has also introduced various initiatives across all of its business processes to appropriately manage chemical substances as well as reduce substances of concern that can have negative impact on human health and environment, and contribute to improving people’s comfort and lifestyles and resolving environmental pollution issues.

PDF Management of Chemical Substances (304KB)

› Our System

LIXIL Corporation’s corporate functions of Environment, Procurement, and Quality partner with the Technology function under the direction of the chief technology officer to ensure appropriate management of chemical substances in products. Based on the solid partnership, they work to establish a chemicals management framework for LIXIL products (e.g., management infrastructure, strong governance mechanisms), track regulatory trends related to chemical substances, and implement measures to ensure appropriate management.

› Managing Chemicals in Operational Processes

LIXIL Corporation appropriately manages chemical substances in all its business processes in accordance with the local laws and guidelines stipulated by each market in which it operates, such as the EU RoHS directive or REACH regulation.

Design development

We seek to reduce substances of concern in products based on the concept of Design for Environment, and lower the risks relating to them.



Procurement

We obtain and manage information on chemical substances from our business partners, and use that information for handling raw materials and providing information both internally and externally.



Production

We seek to reduce and manage substances of concern in manufacturing processes, and minimize the amount used in products or emitted into the environment, or the impact on the health of factory workers.



Information sharing

We provide information on substances of concern to ensure comfortable product use, and respond swiftly to customer inquiries.

› Reducing Substances of Concern in Products

In new product development, we are prioritizing the reduction of substances of concern in our products in accordance with strong societal demands. We are also working together with our business partners to find alternatives to any substances of concern included in our existing products.

› Rank Guideline for the Control of Chemical Substances

LIXIL Corporation is implementing appropriate control of chemical substances through its control guideline that details any substances prohibited for use in its products and those that may be used under strict management, as well as how to handle them.

To further enhance our efforts, we have newly established Chemical Substances Management Rank Guidelines in January 2020 after reviewing List of the Environment-Related Substances to be controlled by LIXIL Corporation, which was established as a guideline in 2015.

PDF LIXIL Corporation's Chemical Substances Management Rank Guidelines (443KB)

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CUSTOMERS & SUPPLY CHAIN

Customers & Supply Chain

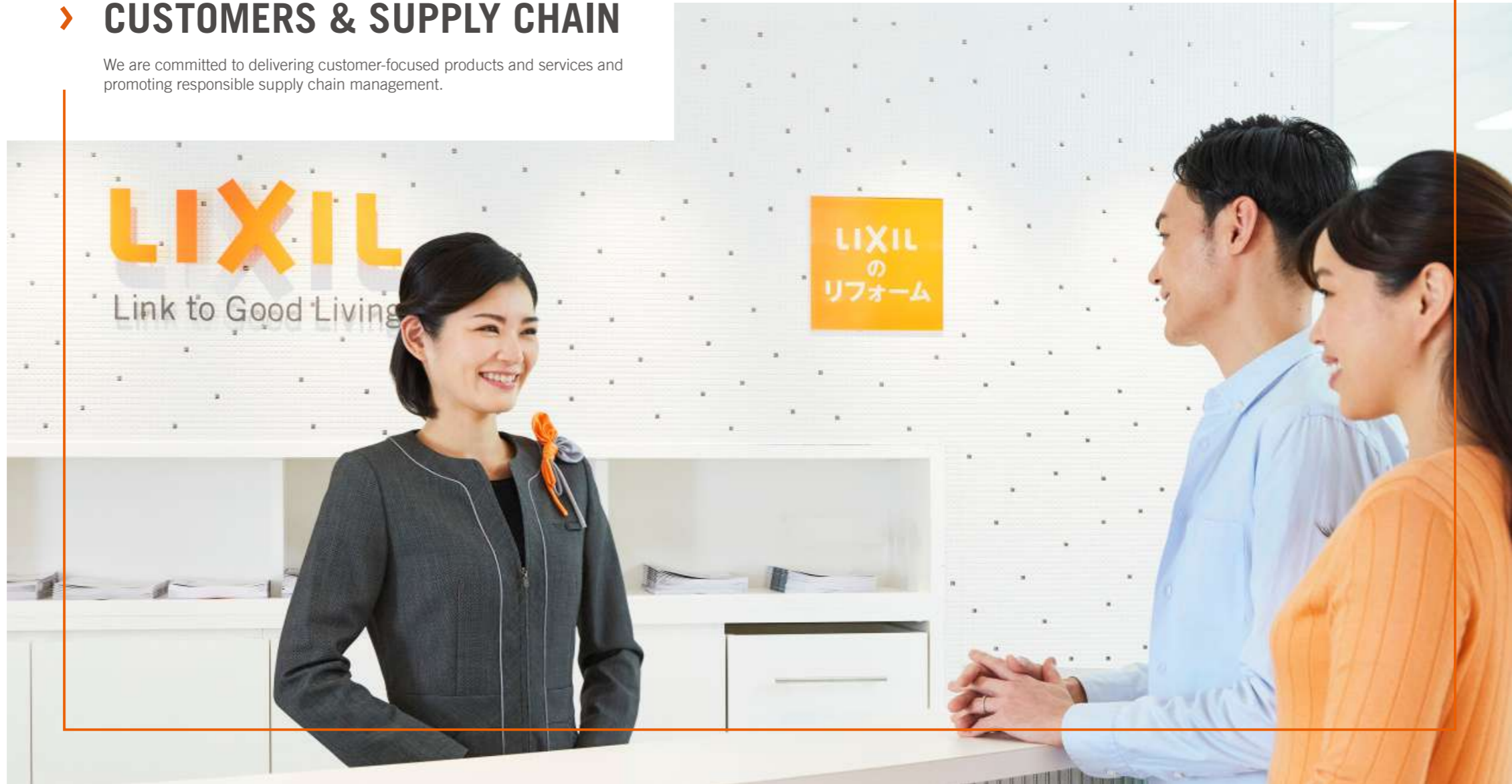
Responsible Supply Chain Management

Product Safety & Quality

Customer Satisfaction

> CUSTOMERS & SUPPLY CHAIN

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



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Responsible Supply Chain Management

Product Safety & Quality

Customer Satisfaction

> Highlight



Quality and Satisfaction

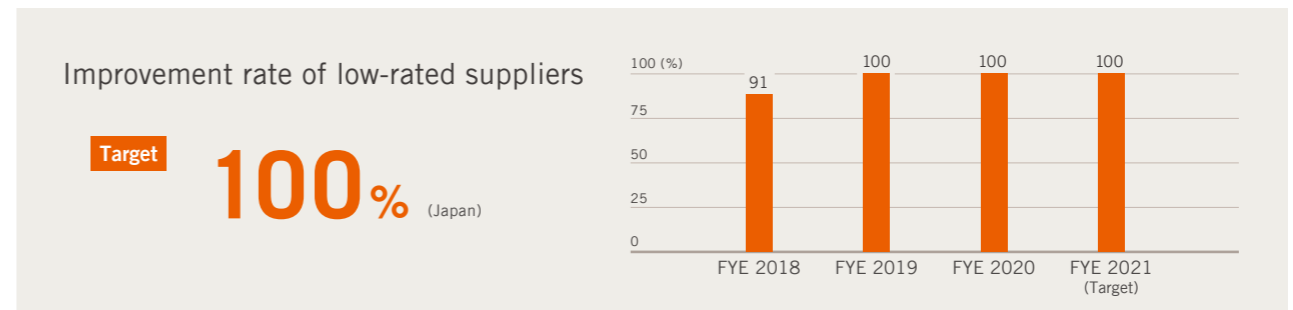
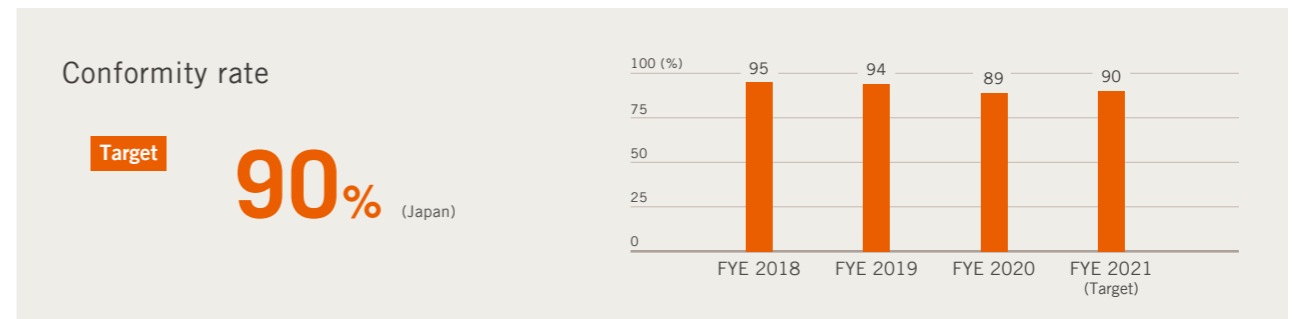
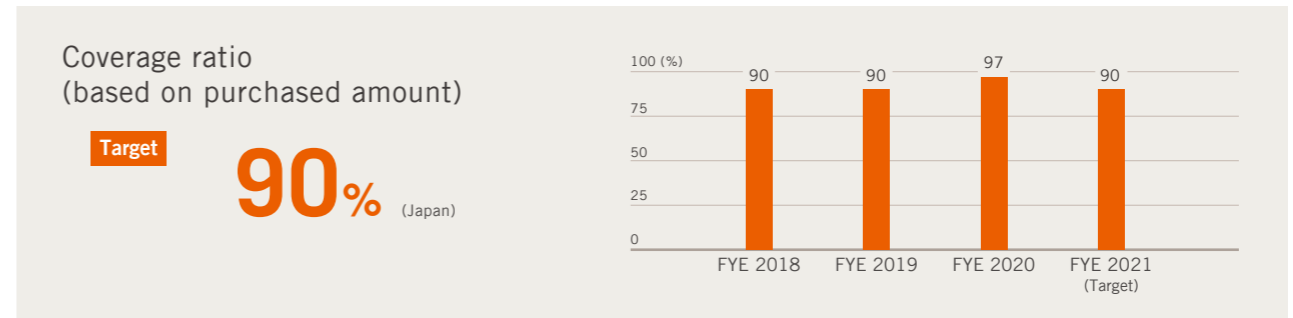
Target Strengthen relationships with customers through our products and services.



Supply Chain

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

Responsible Procurement Survey



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CUSTOMERS & SUPPLY CHAIN

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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 the Ten Principles of the United Nations Global Compact (UNGC) in the four areas of human rights, labour, environment, and anti-corruption. In accordance with the UNGC principles as well as our Procurement Principles and Procurement Compliance Policy, we seek to build sound partnerships with global suppliers to carry out procurement activities. 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 FYE 2018 requires that suppliers respect human rights, observe international labor standards, preserve the global environment, and ensure fair business conduct. At the same time, we request that they demand equivalent standards from their own suppliers.

Additionally, in January 2020, we created Green Procurement Guidelines outlining our policy and standards for procuring parts and materials that exert the least impact on the environment. We ask our business partners to understand and support our environmental initiatives and procurement activities based on these guidelines.

[PDF](#) Procurement Principles (92.9KB)

[PDF](#) Supplier Code of Conduct (156KB)

[PDF](#) Green Procurement Guidelines (287KB)

Promoting Responsible Procurement That Upholds the Environment and Labor Safety

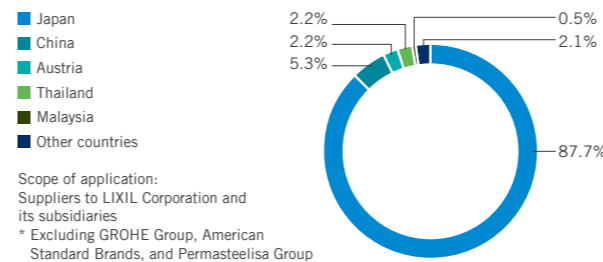
The LIXIL Group is committed to responsible procurement.

Selecting New Business Partners

Our Supplier Assessment Standards used to select business partners include criteria in the following areas: quality, cost, delivery, technical capabilities, and ability to deliver stable supply; environmental consciousness, such as sustainable use of resources and proper control of chemical substances; 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, occupational health and safety, anti-corruption, and other practices.

Procurement Transaction Amount Breakdown by Country



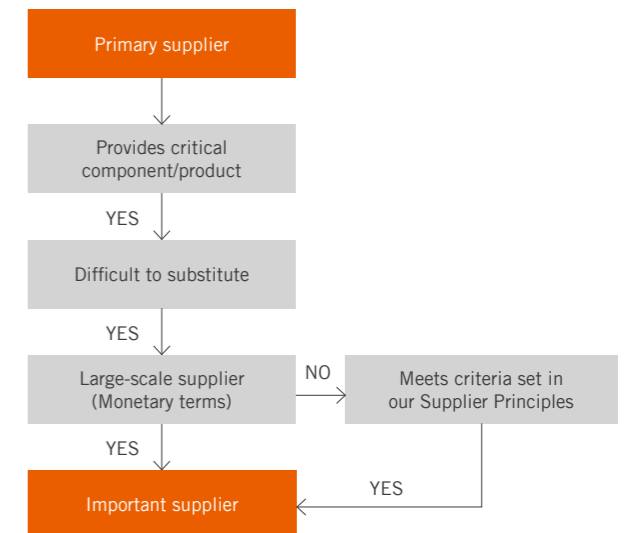
Monitoring Existing Business Partners

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 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 surveys.

Flowchart for Important Suppliers Identification



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▶ 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.

- 1 Select suppliers to be surveyed based on previous year's transaction value, etc.
- 2 Conduct responsible procurement surveys for chosen suppliers, covering CSR management, fair business, human rights, labor, occupational health and safety, conservation of the global environment, and contribution to the community.
- 3 Compile survey results, classifying suppliers with sub-standard conformity rates as high-risk.
- 4 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 FYE 2019. The new 47-question survey is easier to understand because it dovetails more closely with our Supplier Code of Conduct, revised in FYE 2018, 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. The widening of the survey scope in Japan resulted in a lower conformity rate for FYE 2020, and we are working to improve this rate by offering guidance on potential improvements.

GROHE is also utilizing the same framework to help specify and mitigate risks.

Number of Responsible Procurement Survey Questionnaire Items

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

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

Responsible Procurement Survey Results

Activities	KPI		FYE 2018		FYE 2019		FYE 2020		FYE 2021
			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	90%	90% (581)	90%	90% (697)	90%	97% (1,212)	90%
		Overseas*1	90%	90% (123)	90%	90% (116)	90%	90% (234)	90%
	Total conformity rate	Japan	90%	95%	90%	94%	85%	89%	90%
		Overseas*1	80%	85%	80%	88%	80%	87%	-*2
	Improvement rate	Japan	100%	91%	100%	100%	100%	100%	100%

Scope of application: Suppliers to LIXIL Corporation and its subsidiaries. Figures in parentheses represent the number of applicable companies.

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

*1 Excluding GROHE Group and American Standard Brands

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

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› Strengthening Support for International Business Partners through Training

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

Comprehending Social Demands and On-the-Job Training

In FYE 2019, 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, enhancing the understanding of the company's challenges under our Procurement Principles. In addition to that, personnel from local and head office procurement departments jointly visited business partner factories to provide on-the-job training and 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 training to help their business partners with improvement activities.

Training Results: Each Factory Follows Commitment by Business Partners

In FYE 2020, the factories that had received training in the previous year followed up their business partners' commitments more widely. Using what they learned in the

training sessions, procurement departments at individual factories have started formulating their own plans, and strengthening their visits and the support offered to business partners.

We will continue offering training designed to promote responsible procurement by improving the support each factory can provide to their business partners.

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PRODUCT SAFETY & QUALITY

The LIXIL Group is committed to maintaining and strengthening ties with our customers by ensuring superior quality in manufacturing and services, and consistently improving our product quality management systems 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 our customers and society. 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. Serious product-related problems make customers anxious and adversely affect our reputation. That is why we pursue product quality management initiatives such as confirming legislative compliance based on the LIXIL Product Safety Principles.

We will continue to enhance our product quality management systems, and work to ensure our customers know how to use products safely.

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

Our System

LIXIL Corporation set up the Quality Assurance division in Technology function, which reports directly to the company president, and works to develop robust companywide product quality management systems and resolve any quality-related issues. The LIXIL Group has appointed a quality manager for LIXIL International who oversees quality control outside Japan.

We have integrated important functions of development, manufacturing, and sales into two of our 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 the quality of products and after-sales services and resolve any quality-related issues. In addition, our sales and services team in Japan manages individual quality management systems as a functional department in the pursuit of quality customer service.

CQOs and other relevant members meet on a biannual basis at the LIXIL Group quality management conference, and conduct regular management reviews.

Nurturing a Culture That Strives for Superior Quality Product Manufacturing

The LIXIL Group works to build a culture that focuses on enhancing quality throughout the year, not only during the traditional Quality Month. We measured the level of awareness of quality via a survey of all Group employees and embarked on a process to generate further improvements.



Stimulating Daily Awareness and Sharing Best Practices at Our Product Quality Forum

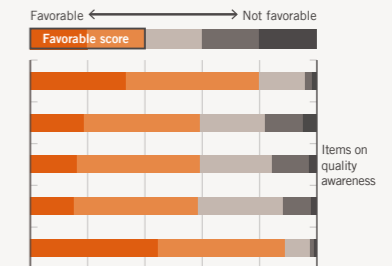
We have been using internal social media since FYE 2019 as one of our tools for raising awareness year-round. We explain our Group Quality Principles and post CEO messages, and we also proactively share experiences of actual cases that can be used as reference by individual departments for improving quality going forward.

At our Product Quality Forum held each year in November, we reward standout quality improvement initiatives selected from all LIXIL Group companies worldwide and share those achievements across the Group. In FYE 2020, we posted a video globally on our internal social media, which attracted approximately 500 live viewers and was replayed by approximately 1,800 people.



All-Employee Awareness Survey and Action Plan

We conducted our first survey on quality awareness in FYE 2020, targeting all employees at all Group companies in Japan. We obtained a good grasp of how aware our employees are about quality by targeting not only design and production areas, but all other departments as well, including sales and corporate departments. We are now formulating an action plan for each department based on the survey results. Looking ahead, we plan to conduct an annual survey to check how successful our initiatives have been.



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➤ 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 through to design, procurement, manufacturing, distribution, and after-sales support.

Design & Development

During the development stage, we aim to strengthen our ability to pinpoint fresh customer value by introducing 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 to assess risks that may arise when using products.

Furthermore, to help conserve our environment, we are working to expand sales of environment-conscious products, and are actively developing our future environmental strategy vision. We are also developing frameworks to ensure accurate recognition of and compliance with local and international laws and regulations as we continue to pursue collaborative development projects around the world.

Materials & Parts Procurement

We set quality standards to which our business partners must adhere. We also design joint activity themes to help resolve quality-related issues whenever necessary.

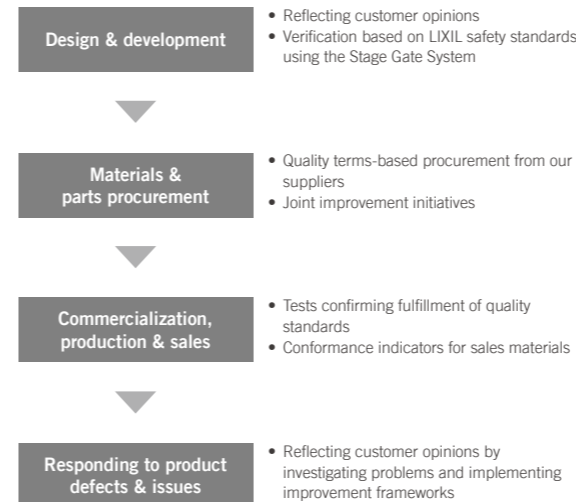
Commercialization, Production & Sales

We only commercialize products that have undergone and passed rigorous stress tests and quality checks for durability, weather resistance, and other properties. 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 center to respond to queries.

Responding to Product Defects & Issues

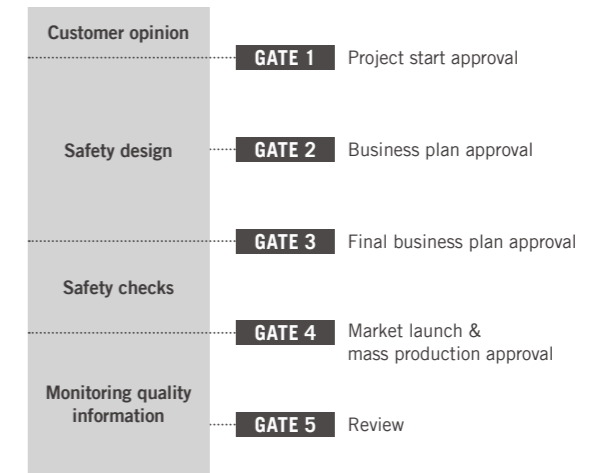
We have a system in place for incorporating customer opinions with regard to product-related accidents and defects. We thoroughly investigate the cause of any problem via the system and implement improvements, not only in product design, but across all processes from manufacturing to retail distribution.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



➤ Stage Gate System

In product development, the LIXIL Group categorizes the various processes from research and development to commercialization and merchandising into “stages” and places “gates” between transitions to subsequent stages. Under this system, we ensure evaluations are carried out and management decisions are made properly. To raise the level of completion in design, quality, and production, the development, manufacturing, and sales departments collaborate with each other at each stage of the development process. The criteria for gate evaluation are also re-examined on an ongoing basis to promote the development of even higher-quality products.

Concept of Stage Gate System



* The above concept is developed into practical working solutions by our individual business divisions and regions.

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, the product quality department collects information within 24 hours of receiving notification, and sends an emergency notice to relevant departments. If an accident that could have a serious impact occurs, the customer service center reports it directly to senior management to ensure a swift response. The center also cooperates with other departments to formulate on-site responses and thoroughly investigate accidents. We submit a report to relevant government authorities within 10 days of an accident occurring as stipulated in Japan's Consumer Product Safety Act. We also seek to prevent a recurrence by reflecting any lessons learned from accidents in product design, and proactively developing technologies that help ensure accident prevention and safety.

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

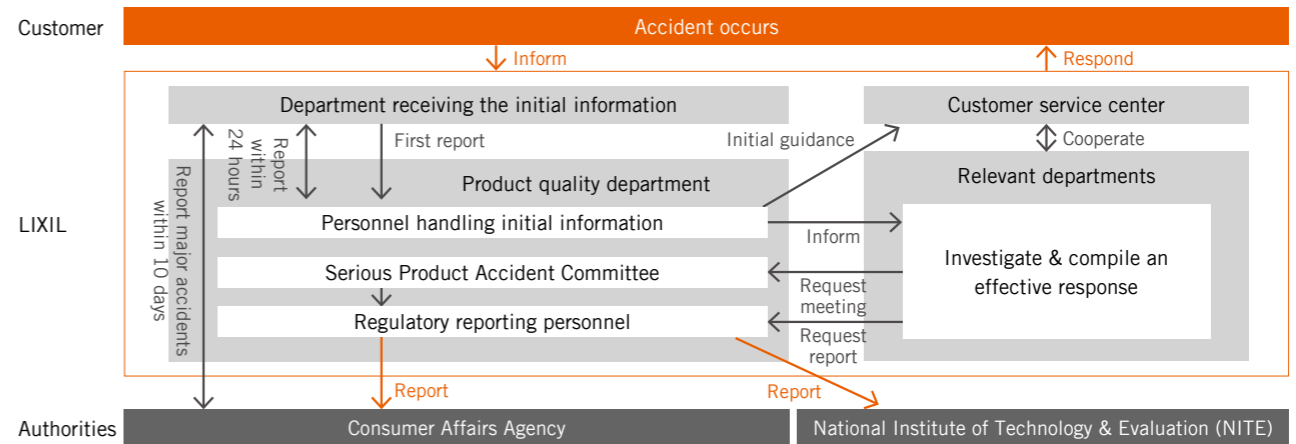
› Product Safety Education

LIXIL Corporation provides product quality training tailored to individual job types and levels. In FYE 2020, we conducted product safety training for new technical-stream employees, and training sessions on Japan's Electrical Appliance and

Number of Legal Infringements and Significant Product-Related Accidents

	FYE 2018	FYE 2019	FYE 2020
Number of legal infringements	1	1	1
Number of serious product-related accidents	3	8	7

Emergency Procedure for Responding to Accidents



Materials Safety Act for approximately 450 employees in different job types across 10 offices.

› Offering Information on How to Use Products Safely

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

WEB Product 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 10-year LIXIL Long-term Guarantee Service that enables customers to use products safely over a longer period of time.

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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 in cooperation with NPO the Association of Corporation and Education (ACE) for fifth- and sixth-year elementary students, and provided this program free of charge to school teachers and educators. LIXIL employees also participate in this program, and, in FYE 2020, delivered 10 lessons at four schools to approximately 350 children. The program has won an Award of Excellence at the 9th Commendation on Instructional Materials for Consumer Education in 2014 conducted by the National Institute on Consumer Education (NICE).



WEB Details about the activity (Japanese only)

Raising Consumer Safety Awareness

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 organizations. In FYE 2020, we held seminars at five different locations for approximately 490 participants. We also delivered lectures to school teachers and consumer centers on four occasions, attracting approximately 120 attendees.



Product safety seminar

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CUSTOMERS & SUPPLY CHAIN

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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 function and Quality Assurance division 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 in Japan 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 Key Points for Disaster Response and Recovery

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, 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 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.



Resilient Customer Support through Cloud Solutions

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)

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Customer Satisfaction

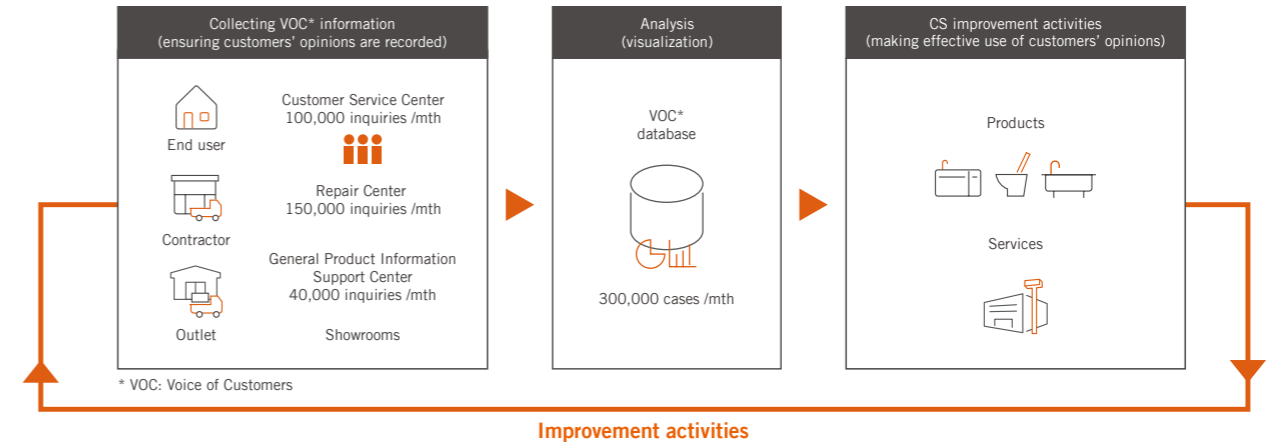
Implementing the Six Sigma Quality Management Method

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 a cross-functional team across Group companies to promote the improvement initiatives.

Reflecting Commercial Customer Opinions in Our Products and Services

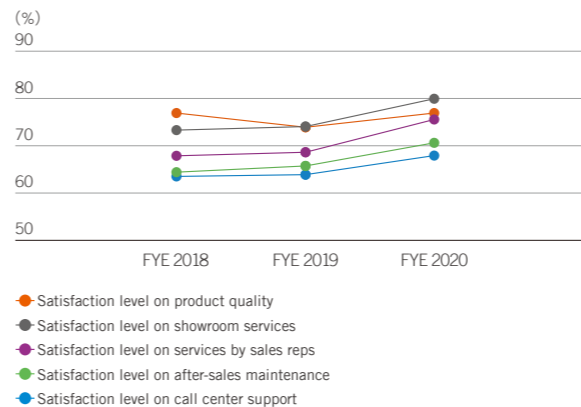
LIXIL Corporation conducts satisfaction surveys of our commercial customers. In FYE 2020, we achieved satisfaction rates of 78.3% in terms of product quality, and 73.5% in terms of customer support (the average of satisfaction levels achieved by showrooms, call centers, aftersales maintenance, and sales representatives).

We also collect approximately 300,000 comments from customers each month through our customer service center and product information support center. This data is stored in our database and analyzed to encourage relevant departments to implement improvement measures and ultimately boost the quality of our products and services. In addition, our customer service center sends a questionnaire



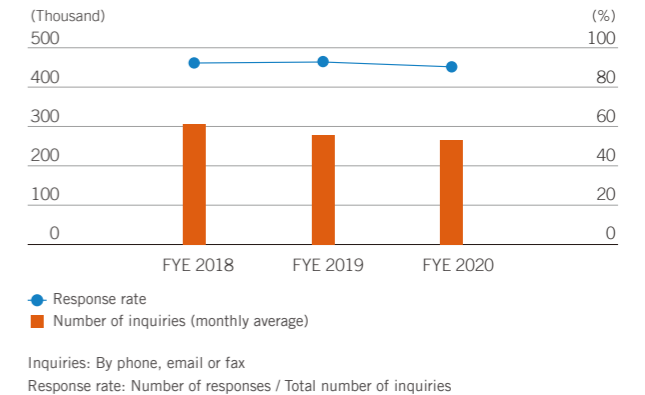
WEB Examples of service improvement through the VOC (Japanese only)

Professional User Satisfaction of Products and Support Services



to customers who have recently contacted the center to rate the quality of service received, and also conducts

Customer Inquiries



mystery shopping surveys. We use the results to improve our communication and enhance customer satisfaction.

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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 employee motivation by offering awards 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 our membership-based LIXIL Owners Club in Japan, 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)

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Community

> SOCIETY

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



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> Highlight

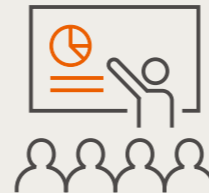
Stakeholder Engagement

Target Proactively engage with LIXIL' s key stakeholders.

Meeting with investors

357 times

(FYE 2020)



LIXIL Community Day participants

**approximately
15,000 employees**

(FYE 2020)



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HUMAN RIGHTS

We are committed to operating as a sustainable, responsible corporate citizen that respects human rights.

› Our Approach & Principles

Based on the LIXIL Group Human Rights Principles, we strive to uphold the human rights of all stakeholders, including customers, suppliers and other business partners, residents living near our factories and offices, and our employees.

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, including the International Bill of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the United Nations (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.

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)

Other Principles

LIXIL Group bases the formation of its corporate principles upon a fundamental commitment to uphold human rights.

- Code of Conduct
- Charter of Corporate Behavior
- Occupational Health and Safety Principles
- Personal Data Protection Principles
- Procurement Principles

PDF Code of Conduct (3MB)

PDF Charter of Corporate Behavior (48KB)

PDF Occupational Health and Safety Principles (41KB)

WEB Personal Data Protection Principles

PDF Procurement Principles (93KB)

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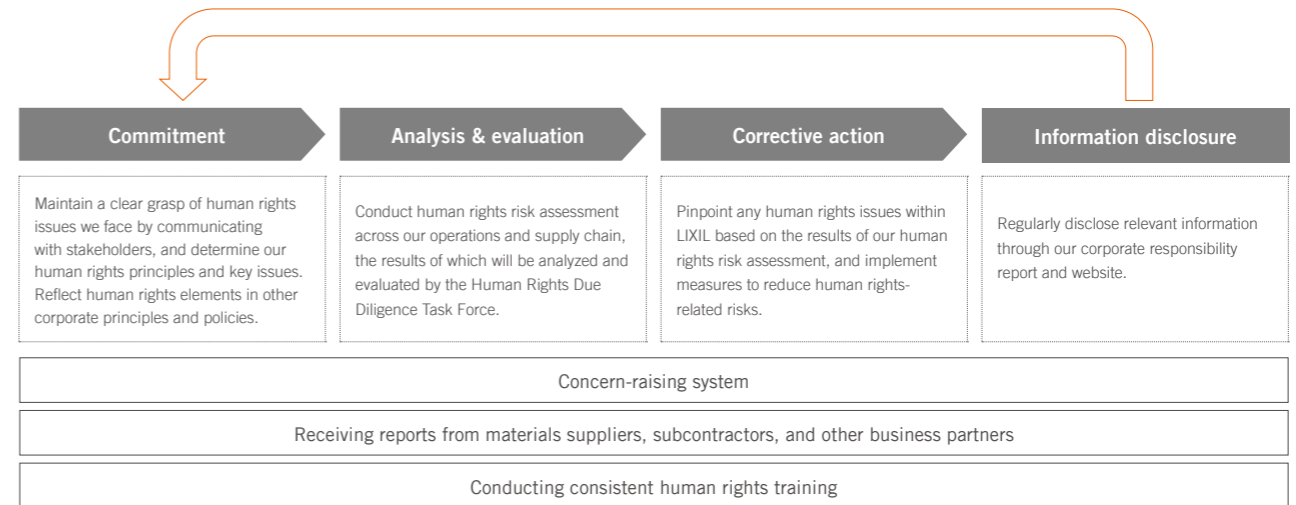
Community

Our System

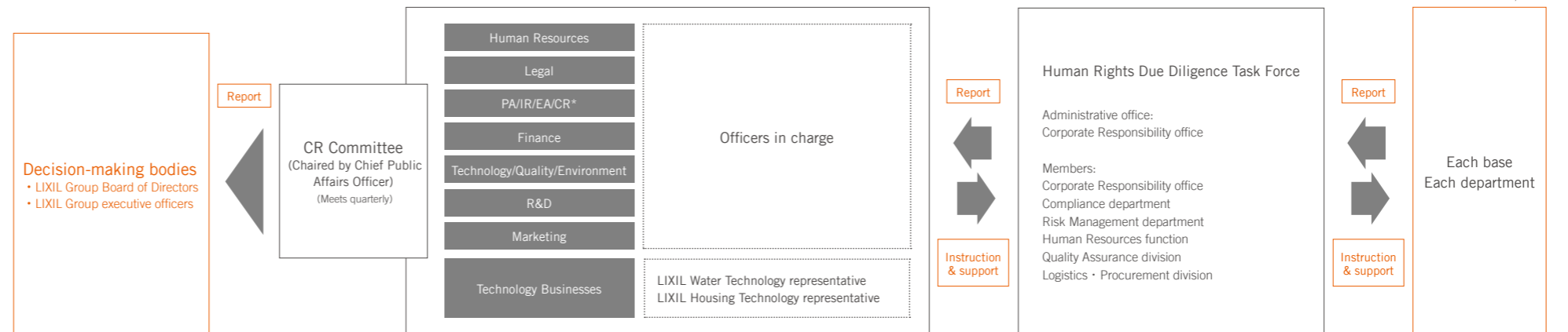
LIXIL Group established the Human Rights Due Diligence Task Force in FYE 2018, comprising members from a broad range of departments including Corporate Responsibility, Human Resources, and Compliance, with the aim of strengthening and ensuring strict adherence to human rights due diligence processes* as a company that operates globally. Going forward, we will extend the scope of these processes to the entire Group and provide transparent reports on our performance. LIXIL Group has signed the UN Global Compact, and is a member of the Human Rights Due Diligence and the Human Rights Education Working Groups of the Global Compact Network Japan.

* Human rights due diligence: 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 Risk Management Process



CR Management Structure



* Public Affairs/Investor Relations/External Affairs/Corporate Responsibility

As of March 31, 2020

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› Commitment: Human Rights Principles and Key Human Rights Issues

The LIXIL Group is working hard to strengthen our human rights due diligence. After deciding our principles in FYE 2016, we conducted risk mapping in FYE 2017 in our Corporate Responsibility (CR) Committee, which is made up of executive officers in charge of different head office functions and representatives of our individual technology businesses. We invited human rights NGO Business for Social Responsibility (BSR)* to present a lecture on social trends relating to business and human rights and pinpointed any human rights risks in LIXIL product life cycles. Then in FYE 2018, our Human Rights Due Diligence Task Force sought external consulting support to help create a survey sheet of 76 relevant items and conduct a test survey run across our head office functions.

The LIXIL Group has investigated the extent of the human rights impact of our business operations by considering the results of the above measures, the LIXIL Group Code of Conduct, and global trends on human rights.

The Human Rights Due Diligence Task Force determined the following seven key issues that should be focused on to help reduce potential human rights risks. These seven issues were submitted to and approved by the CR Committee, Board of Directors, and executive officers. The key issues will be reviewed based on the results of our human rights risk assessment to be conducted every three years.

* The human rights NGO BSR: A global non-profit organization that specializes in the development of sustainable business strategies and solutions.

(1) Provide equal opportunity and prohibit discrimination

Providing fair and equitable employment and other opportunities irrespective of race, color, religion, national or ethnic origin, ancestry, age, disability, gender, pregnancy, marital status, sexual orientation, gender identity or expression, political or personal belief, or union membership, and prohibiting discrimination on these grounds.

(2) Prohibit forced and child labor

Prohibiting forced labor, bonded labor and other forms of labor by restraint, indentured labor or prisoner labor, and labor procured through slavery or human trafficking. Child labor is also prohibited.

(3) Respect freedom of association and collective bargaining

Guaranteeing employee freedom of association and approving the exercising of collective bargaining.

(4) Ensure decent wages and working hours

Paying wages that meet statutory standards, and prohibiting exceeding the statutory maximum number of working hours.

(5) Ensure occupational health and safety

Providing employees, customers, visitors, business partners, and anyone else on our business premises with a safe and hygienic working environment that fulfills international, national, and/or industry-defined standards.

(6) Prohibit harassment

Providing a working environment that is free from discrimination, harassment and bullying of any kind, and any other offensive or disrespectful conduct.

(7) Legal, fair, and transparent acquisition and use of personal data

Complying with laws and regulations, internal rules, and relevant guidelines relating to personal information. Ensuring personal information is obtained fairly and lawfully and is stored and handled in such a way as to prevent improper acquisition, use, transfer, disclosure, or leakage.

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Analysis & Evaluation: Specifying Human Rights Risks

We are introducing several methods, centered primarily around the investigations by our Human Rights Due Diligence Task Force, to enable us to fully understand and address potential

human rights risks. Currently, we have not identified any items requiring an urgent response, but we are working on improvements to help reduce potential future risks.

Method (responsible department)	Detail	Relevant key issues
Human rights risk assessment (Human Rights Due Diligence Task Force)	We conduct human rights risk assessment every three years. In FYE 2021, we are surveying our staff at senior manager level or higher who work in departments that are closely linked to the key human rights issues and who can provide global support. The assessment is based on a test run which was conducted in head office departments in FYE 2018 and covers the seven key human rights issues. We will analyze the results of the assessment to fully grasp potential future risks and take action to reduce them.	(1) to (7)
Occupational safety audit (Quality Assurance division)	We conduct an annual occupational safety audit of Japanese bases through checklists, questionnaires, and onsite visits to confirm compliance status primarily with laws and regulations relating to the key human rights issues. We audited 55 Japan bases in FYE 2020. We are working on any necessary responses based on the audit results, and holding information-sharing meetings between LIXIL Housing Technology (LHT) Japan and LIXIL Water Technology (LWT) Japan.	(2), (4), (5)
Employee opinion surveys (Human Resources function)	We regularly conduct employee opinion surveys of all global employees. Each department seeks to make improvements based on the survey results. We also reflect the survey results in our global strategies and measures for promoting diversity, inclusion, and other factors. CR Employee Opinion Surveys (P40)	(1), (4), (5), (6)
Community dialogue (Corporate Responsibility office)	Our Japan-based factories and sales and retail bases seek to understand human rights and other risks by conducting community dialogues with various local stakeholders. We have held more than 130 such dialogues over the past eight years. CR Local Community Engagement: Community Dialogue in Factories and Sales and Retail Bases (P91)	(1), (2), (7)
Responsible procurement surveys (Logistics・Procurement division)	We confirm the status of human rights-related initiatives by asking our suppliers to complete a questionnaire. The surveys not only consider human rights issues, but also cover areas of CSR management, fair business, labor, occupational health and safety, conservation of the global environment, and contribution to the community. CR Conducting and Following Up on Responsible Procurement Surveys (P67)	(1) to (7)

Other relevant activity: Group enterprise risk management (ERM)

Corrective Action: Measures to Reduce Human Rights Risks

Going forward, we will continue developing initiatives to help fully understand and reduce human rights risks through our FYE 2021 human rights risk assessment. Furthermore, we are engaging in various activities to promote the upholding of human rights and the addressing of human rights risks.

Training

- Compliance education and training for all employees
- Convey human rights-related information on internal social media that all employees can access
- Hold seminars in the CR Committee run by human rights NGO BSR

Preventing Human Rights Violations at Factories, Bases, and Suppliers

- Correct problems discovered during occupational safety audits
- Respond to opinions voiced through community dialogues (reduction of noise, improvement of factory working environments, etc.)
- Confirm status of human rights initiatives through responsible procurement surveys

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Concern-Raising System

- Concern-raising system that is available to all Group employees, including those at subsidiaries outside Japan
- We receive concerns through LIXIL Compliance Hotline – Speak Up!, which is available online in 16 languages. In Japan, we also have a direct reporting process for voicing concerns to managers and compliance officers as well as an option to report concerns via a third-party law firm.

WEB Concern-Raising System

- Receive reports from materials suppliers, subcontractors, and other business partners

In Japan, we have established a contact point via an external law firm. We receive reports from overseas countries via the LIXIL Compliance Hotline – Speak Up!

WEB Receiving Compliance Information from Business Partners

Promoting Respect for Human Rights in the Workplace

- Create workplaces that uphold diversity
- We have a network of allies among staff who understand and support sexual minorities. We view same-sex partners as spouses and create a comfortable working environment for all and apply certain human resource systems. This includes providing leaves and payments for congratulatory or condolence events, arranging times and locations for

undergoing health checks, and recognizing employees' preferences for either male or female uniforms (if factories that allocate uniforms have the appropriate toilet and changing facilities). We also launched WING NIJI office, where we provide support for workers with disabilities and create a comfortable working environment for all regardless of ability or disability.

CR Three Strategic Pillars: Diversity & Inclusion (P27)

CR Diversity & Equal Opportunity (P34)

- Occupational safety

We ensure appropriate management of working hours. We also support the promotion of good health, encourage teleworking and implement flexible shift systems in response to infectious disease outbreaks, and strengthen hygiene management.

CR Occupational Health & Safety (P45)

PDF LIXIL's Response to COVID-19 (399KB)

Advocacy and Community Support for Upholding Human Rights

- Support UNICEF's Children's Rights in Sport Principles
- Became the first Japanese company to announce support for the American Chamber of Commerce in Japan's proposal to recognize the right of sexual minority couples to marry
- Donate SATO Toilet Systems for developing countries to refugee camps

Future Plans

Human Rights Risk Assessment and Initiatives to Reduce Risk

We will conduct human rights risk assessment as detailed below, pinpointing issues that require addressing to reduce potential risks, and take action.

FYE 2021:

We are conducting a human rights risk assessment of staff at the senior manager level or higher who work in departments that are closely linked to the key human rights issues and who can provide global support (from July 2020).

FYE 2022:

Based on the results of our FYE 2021 human rights risk assessment and after examining the survey items, we will conduct a human rights risk assessment of all employees.

Re-Examining Key Human Rights Issues

After conducting both surveys, we will re-examine the validity of the key human rights issues, taking into account the type, scale, and impact of potential human rights risks.

Internal and External Information Sharing

We will inform employees and other stakeholders about the key human rights issues and related topics that LIXIL will address.

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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

The LIXIL Group's success depends on the support of a broad range of stakeholders. We are committed to proactively engaging in dialogue with all of our stakeholders, including customers, business partners, members of the communities where our operational facilities are located, shareholders and investors, and 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 Corporate Responsibility (CR) Committee, which consists of executive officers from each functional division in the head office and representatives from each technology business. So far, we have held lively discussions around various themes, such as contributing to Sustainable Development Goals (SDGs) through our business, and reflected the content of those discussions in LIXIL Group initiatives.



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Key Stakeholder Engagement

Customers

CR Details (P73)

We incorporate customer opinions, and provide timely and appropriate disclosure on our products and services. We offer customer support via telephone, email, and 130 showrooms worldwide.

Suppliers

CR Details (P66)

We build and maintain strong relationships with our suppliers by facilitating two-way communication. Based on the results of our responsible procurement surveys, we share our Procurement Principles, recognize current circumstances, and follow through on promised improvements. We also hold regular meetings with suppliers to share information on regulatory trends and new procurement strategies.

Local Communities

CR Details (P88)

The LIXIL Group operates 97 factories worldwide. As a responsible corporate citizen, in addition to respecting local cultures and customs and creating responsible products and jobs, we also contribute to the development of the communities in which we operate. We hold community dialogues at factories and sales bases in Japan to encourage communication with local residents.

Shareholders and Investors

WEB Details

We held 357 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 FYE 2020), our investor relations web pages, and the Tokyo Stock Exchange website.

Employees

CR Details (P32)

The LIXIL Group boasts approximately 76,000 employees. We strive to create an inspiring working environment that encourages diversity and incorporates employee opinions expressed through regular global employee opinion surveys or discussions between the union and the company.

NPOs, NGOs, and Educational and Research Institutions

We partner with non-profit organizations (NPOs), non-governmental organizations (NGOs), and educational and research institutions to facilitate research and development related to global sanitation, and support environmental education for the next generation.

Government Authorities and Industrial Associations

Engaging in vigorous and transparent dialogue with government authorities is necessary to shape 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 1.1 million in FYE 2018; Less than JPY 0.8 million in FYE 2019; Less than JPY 0.3 million in FYE 2020)

(Total fees relating to industrial associations and others: JPY 97.6 million in FYE 2018; JPY 86.2 million in FYE 2019; JPY 64.5 million in FYE 2020)

* ASD Americas Holding (American Standard) and GROHE Group (GROHE) have started to be included in the above calculation from FYE 2015 and FYE 2017, respectively, following mergers and acquisitions, and Permasteelisa Group from FYE 2019.

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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 & Hygiene Toilets for All Project

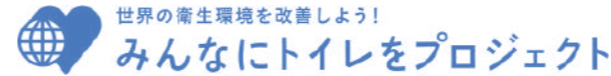
End-user customers, professional customers such as building contractors, and LIXIL employees are participating in our Toilets for All project, which was launched in 2017 with the aim of deepening understanding of sanitation problems in developing countries and encouraging improvements.

In 2017 and 2018, for each LIXIL integrated shower toilet sold, LIXIL Corporation donated one of its innovative SATO Toilet Systems to a country in Asia or Africa. Those donations totaled 400,000 units over the two-year period, helping improve the sanitation for some two million people.

In 2019, we donated a portion of the sales of our integrated shower toilets to UNICEF through Make a Splash! partnership with the organization. The donation totaled approximately JPY 26 million, which is being used to build the infrastructure to help install safe and sanitary toilets, and to raise awareness of sanitation in local communities.

WEB Toilets for All Project (Japanese only)

CR Make a Splash! (P22)



Children with the donated SATO toilets

● Water Conservation & Environmental Sustainability My Bottle Promotion Campaign

We are taking determined action for reducing plastic waste together with customers through our My Bottle Promotion campaign. The campaign, launched in 2017, gives bottles with the LIXIL logo to customers who ask for a price quotation on water filter faucet systems at our showrooms. LIXIL water filter faucet systems help reduce water consumption and CO₂ emissions through their *Eco-Handles* and other functions. People can reduce plastic bottle waste by filling their bottles with filtered tap water and bringing them 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 our offices across Japan with LIXIL water filter faucet systems to encourage our employees to conserve water.

My Bottle, My Style.

マイボトルに変える。
それは、一人ひとりにできる
エコアクション。

ペットボトルを多く使う暮らしから、
マイボトルを持つ暮らしへ。
ひとつの変化が、地球環境にいい影響を与え、
暮らしのクオリティまで高めていく。
自分もはじめてみよう。



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

THINK HEAT is a program that provides us diverse opportunities to consider with stakeholders 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 28% of household energy consumption. Our aim here is to help promote climate change mitigation and adaptation.

We also work with local authorities through our Cool Peace Project to build awareness of how to prevent indoor heatstroke and install sunshade protection. In addition to holding a seminar on how to prevent indoor heatstroke in Kumagaya City, Saitama, we also worked with experts on some verification testing in 2019 in houses of monitors of the city and uninhabited houses equipped with external *Style Shade* sun blinds, all to help prevent heatstroke in the city. We plan to develop this project with other local authorities going forward.

Our ECO Sharing through Windows Project, launched in Kyushu in 2019, is a cooperative initiative involving local business partners, local authorities, and customers in which we donated awnings to public child care centers for every fixed unit of CO₂ we managed to reduce through the sale of thermal windows and other eco-friendly products.

We also visit elementary schools to give lessons on the theme of Healthy Living and Good for the Environment and have reached 2,720 children in 38 schools so far. In 2019, we worked with local business partners on experiment- and experience-based classes focusing on thermal insulation,

ventilation, and other ideas for creating living environments that can help achieve both good health and environmental conservation.



Working with Kumagaya City on testing in houses



Conducting lessons in elementary schools in Saitama with business partners

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

SDG House

LIXIL is cooperating on the SDG House project which tackles SDGs in the housing sector to help achieve sustainable cities and communities. The SDG House project has been designed primarily by professors Norichika Kanie and Hiroto Kobayashi from Keio University Graduate School and full-time lecturer Norihisa Kawashima from Meiji University around the concept of creating housing that offers ultimate comfort for both residents and society at large. Under that concept, the team has built a model house that it hopes will become the gold standard by 2030 by conducting quantitative testing and evaluation of SDGs-related impacts across all processes from design through construction and operation.

The SDG House, designed by Kawashima's architecture firm Nori Architects, was completed in March 2020. Its passive design utilizes renewable energy and incorporates various ingenious features including energy conservation and energy creation measures, sustainable materials and construction methods, water conservation, natural disaster preparedness and response, and IoT functionality. LIXIL has provided a range of products that can help achieve SDGs including washbasins and system kitchens with *Eco-Handles*, the *Resilience Toilet** that can be used during natural disasters,



energy- and water-saving toilets, and bath units and exterior doors that offer a high degree of thermal insulation.

* Originally designed for public facilities, so requires special plumbing

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● Diversity & Inclusion

Universal Run: Sports Prosthesis Experience Class

Our Universal Run: Sports Prosthesis Experience Class program, launched in 2017, provides children with a chance to enhance understanding of diversity. Thanks to the cooperation of athletes who use artificial limbs in sports, this experience-based class and discussion offers an opportunity to change the way children perceive people with disabilities. To date, the class has attracted 16,600 students from 233



schools (as of March 31, 2020). The classes are organized together with schools and local authorities, and our local employees join in the classes, too.

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

● Diversity & Inclusion

Survey on Toilets for Universal Use

We conduct surveys on toilet use together with universities, NPOs, and companies in order to help realize a society which offers toilets that all people can feel comfortable and safe when using. We publicized the results of the following two surveys in FYE 2020.

Our Study Group on All-Gender Use of Office Toilets that we established together with Kanazawa University and Comany Inc. surveyed over 30,000 people working in offices

on transgender employment and toilet use and awareness of transgender issues. The survey results highlighted a clear need to offer a more diverse range of toilet options and encourage the broader acquisition of correct transgender knowledge.

In addition, our Fact-Finding Survey on Public Toilet Use by Children with Intellectual or Developmental Disabilities that we conducted together with the Foundation for Yokohama Rehabilitation Services revealed several distinct findings, including the fact that many such children feel they are not good at dealing with toilet dirt, odor, or sound and that they try to get out of accessible toilet rooms. LIXIL is now considering creating “spacious toilets” that can be used by both men and women that take into account any surrounding smells, sounds, and light in order to make them easier for children with developmental disabilities and their caregivers to use in a more relaxed manner. In fact, the spacious toilet solution could also fulfill other needs, such as elderly couples who need to accompany each other into the toilet and sexual minorities.

Going forward, we intend to cooperate with various organizations to promote public toilets that are easy for all to use by developing a firm understanding of the toilet needs



of a diverse range of users such as wheelchair users, people with infants, elderly people, overseas visitors to Japan, ostomates, and sexual minorities.

PDF Study Group on All-Gender Use of Office Toilets survey results (Japanese only) (1.9MB)

PDF Fact-Finding Survey on Public Toilet Use by Children with Intellectual and Developmental Disabilities (Japanese only) (1.2MB)

Cooperating with Various Organizations

UNICEF	Working together to promote safe sanitary facilities in Africa.
Japan International Cooperation Agency (JICA)	Promoting field trials of the water-saving <i>Micro Flush Toilet System</i> 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 poor sanitation.
Toilet Board Coalition	Helping develop sustainable, large-scale potential sanitation solutions as a founding member of this multi-industry group.
NPO Nijiiri Diversity	Conducted awareness surveys with this NPO to identify issues LGBT and other sexual minorities encounter when using public toilets, with the aim of creating a safe and comfortable toilet space for all.
Board of Education, Tanabe City, Wakayama	Held toilet-related disaster preparedness classes at Obo Elementary School in Tanabe City in order to train junior volunteers to help manage regional disaster preparedness. Provided experience-based opportunities for students to learn about the structure and use of toilets such as our <i>Resilience Toilet</i> that can be used during natural disasters.

WEB Partnership with UNICEF

PDF Special Report: The True Cost of Poor Sanitation (10.2MB)

WEB Toilet Board Coalition

WEB Activities with the NPO Nijiiri Diversity (Japanese only)

PDF Toilet-related disaster preparedness lessons at Obo Elementary School (Japanese only) (2.5MB)

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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 including Global Sanitation & Hygiene, Water Conservation & Environmental Sustainability, and Diversity & 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.

Community Development Expenditures

(Million Yen)

	FYE 2018	FYE 2019	FYE 2020
Charitable donations	45.5	81.2	70.7
Community investments	658.2	1,147.8	1,161.0
Commercial initiatives	510.0	510.0	520.0

* FYE 2018 data excludes Permasteelisa Group

* Categorization is based on the London Benchmarking Group's Guidance Manual

LIXIL Community Day

Our LIXIL Community Day is a day when executives and employees from all workplaces and regions around the world take part in corporate citizenship activities relating to our three strategic pillars during working hours. Employee participation in the LIXIL Community Day more than doubled in FYE 2020 compared to the previous year, with approximately 15,000 employees in 33 countries taking part in community cleaning, tree planting, school visit programs, recycling activities, and other projects. Outstanding initiatives were recognized through the LIXIL Community Day Awards.



Canal cleaning in Milan

WEB LIXIL Community Day (Japanese only)

Global Sanitation & Hygiene Category

Raising awareness of the importance of sanitary environments through cleaning activities in Indian schools | LIXIL India Sanitaryware, LIXIL Water Technology (LWT) Asia Pacific (India)

Providing girls in Kenya with handmade cloth napkins to enable them to go to school and benefit from in-school educational opportunities during menstruation | LWT Japan (LWTJ) sales division, IT department, bathroom business division, LIXIL Japan Company (LJC) (Japan)

Water Conservation & Environmental Sustainability Category

Making eco-bricks* from plastic waste and donating them to an environmental organization | Taguig Office, LWT Asia Pacific (Philippines)
* Bricks made by filling empty PET bottles with used plastic bags

Cleaning canals in Milan | GROHE Italy, LWT EMENA (Italy)

Conserving 144 drums of water (28,705 liters) in two weeks through various water-saving measures | LIXIL Housing Technology Japan (LHT-J) human resources and general affairs division (Japan)

Diversity & Inclusion Category

Providing food for people in need | S Sales, NC Retail Sales Office, LWT Americas (US)

Supporting communities by collecting and donating food, toys, and other goods | Singapore regional office, LWT Asia Pacific (Singapore)

Let's Do It Together Category

Recycling milk cartons and teaching about separating waste | LIXIL China, LWT Asia Pacific (China)

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› Initiative Examples

Providing Safe Sanitation for Communities in Need

SATO Toilet Systems 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 non-governmental organizations (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,



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

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 Technical and Professional Training Center 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 earthquake 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 Bangladesh Rural Advancement Committee (BRAC), an international NGO working to support people suffering poverty worldwide.

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

CR Global Sanitation & Hygiene (P18)

CR Toilets for All Project (P85)

Solving Sanitation Problems in Nearby Communities

LIXIL Americas is engaged in tackling sanitation problems within the US. We donate LIXIL products to NGOs that provide accommodation for poverty-stricken families and veterans with disabilities. 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 our products to improve the facilities of 300 households. Meanwhile, LIXIL Asia Pacific donated funds and American Standard products to a 500-bed facility set up to house people infected with COVID-19 in the Philippines.

Joining Forces to Reduce Ocean Plastic

GROHE supports the Pacific Garbage Screening project that brings together an interdisciplinary team of natural scientists, engineers, marine biologists, and architects working to collect plastic waste before it damages ecosystems in oceans and rivers. Approximately 80% of marine plastic waste originates on land and flows into the sea via rivers. The project seeks to develop floating platforms that can be placed at the mouth of rivers to extract plastic particles from the water.

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Turn Water into Food Program: Contributing to Communities by Supporting Water Conservation

Since 2012, GROHE has been participating in the Water for Life project, which seeks to reduce water usage by introducing 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 provided food support to a total of over 2,710 families in Saudi Arabia, Egypt, Turkey, and Jordan. Additionally in Jordan, which was added in 2018 as a new recipient country of the donation, water efficient taps were introduced in an all-girls high school, where schools are among the top public spaces for large water consumption.



Receiving food through the Turn Water into Food program

Alleviating Drought-Induced Water Shortages

At the request of the Indonesian government, LIXIL Indonesia has extended support for local residents who suffered water shortages from summer droughts, and provided approximately 700m³, or 15% of water used by residents in summer.

Youth Empowerment: Sanitary Installation Skills for a More Secure Future

Underprivileged young people in emerging countries often lack the opportunities to learn the knowledge and 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 training program, conducted in conjunction with Don Bosco Mondo, a German non-profit organization (NPO) committed to providing education and professional training for disadvantaged young people internationally.



GROHE Dual Tech students at the training facility in Mumbai

The German-modeled, dual-track training program, which provides students with technical knowledge and professional skills on sanitary installation 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 and the Tondo district in Manila, 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. Training highly skilled installers also helps solve local sanitation problems and therefore also contributes to the fulfillment of the UN Sustainable Development Goals (SDGs), in particular Goal 6 “Clean Water and Sanitation.”

Career Training: Supporting Female Students Interested in Construction

LIXIL Americas also trains future plumbers through its Trade Up program. As part of this program, we got together with Tools & Tiaras, an NPO involved in career training for female students interested in entering the construction industry. LIXIL volunteer employees helped hold a summer camp in New Jersey, the US, where one of our offices is located. Tools & Tiaras provides job experience and mentoring opportunities for female students interested in entering a trade, such as electricians, carpenters, or plumbers, all professions in which women have been traditionally underrepresented.

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Supporting Children

Through its Christmas Tree Activity, GROHE staff helped three organizations: Two of them support children whose families struggle with poverty or alcoholism, the third of them is a youth welfare service. The children's wishes were hung on Christmas trees at the GROHE plants in Hemer and Porta Westfalica as well as at the brand's headquarter in Düsseldorf, and GROHE employees made the wishes come true. LIXIL Thailand also sought to strengthen community bonds by fulfilling children's wish lists at Christmas, and holding several events to coincide with Children's Day, in which it provided games and quizzes for about 375 local children and their families.



Gifts given to children through the Christmas Tree Activity

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

At its factories and sales and retail bases in Japan, LIXIL Corporation regularly holds community dialogues with local stakeholders, such as local authorities, neighborhood associations, schools, NPOs, and local companies, on how we can cooperate and communicate with and give back to the community. We have held over 130 community dialogues in total since 2012.

For example, our Handa Plant in Aichi helps 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 brought together participants from community councils, schools, and centers providing employment and support for people with disabilities, and facilitated an exchange of views on issues such as disaster preparedness, employment for people with disabilities, and work experience for junior high-school students.



Community dialogue (LIXIL VIVA)

We are currently using these ideas to develop new initiatives and are keen to continue this opinion exchange so that we can work to strengthen our relationships with local communities and contribute to regional societies.

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 has expanded this unique initiative to 60 areas in 30 prefectures throughout Japan from Hokkaido to Kyushu. In FYE 2020, 2,378 employees cleaned toilets in 320 public facilities together with local companies.

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



Toilet cleaning initiative

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Disaster Relief and Reconstruction Activities in Japan

LIXIL provides a variety of natural disaster support including product and monetary donations. When typhoons Faxai and Hagibis hit Japan in September and October 2019 respectively, we carried out free inspections and adjustment of LIXIL products, donated relief money and offered emergency supplies in hard-hit areas such as Chiba.

Having provided LIXIL doors and windows for temporary housing facilities in Iwate, Miyagi, and Fukushima as part of our activities to support the reconstruction effort after the March 2011 earthquake in Northeast Japan, we subsequently collected aluminum materials from those facilities that had served their purpose, and recycled them to help make the Tokyo 2020 Paralympic Torches. (LIXIL will serve as a Presenting Partner of the Tokyo 2020 Paralympic Torch Relay.)

We have also applied our long years of experience in disaster response research to the development of our *Resilience Toilet*, which can be used in the same way as always even during times of natural disaster or water outage. We will continue to strive to provide disaster relief through our products.



Paralympic Torch (Photo credit: Tokyo 2020)

Other Community Development Activities

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

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External Evaluation & Action Plan

External Evaluations & Awards

Action Plan & KPIs

EXTERNAL EVALUATIONS & ACTION PLAN

We display external evaluations and our FYE 2021 action plan.



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EXTERNAL EVALUATION & ACTION PLAN







External Evaluation & Action Plan






External Evaluations & Awards

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EXTERNAL EVALUATIONS & AWARDS

Evaluations of the Group and Subsidiaries

Award	
DJSI World Index (for the first time) DJSI Asia-Pacific Index (for the third consecutive year)	
FTSE4Good Index Series, FTSE Blossom Japan Index (for the fourth consecutive year)	
MSCI Japan Empowering Women Index (WIN) (for the fourth consecutive year)	
S&P Japan 500 ESG Index (for the second consecutive year)	
Nadeshiko Brand (for the third consecutive year)	
CDP Water Security A List Company (for the second consecutive year)	
Gold (the highest award level), Pride Index 2019 (for the third consecutive year) Also selected for Best Practice award	

Award	
S&P/JPX Carbon Efficient Index	
2020 Health and Productivity Management Certification (for the fourth consecutive year)	
Eruboshi (L Star) certification (certified based on Japan's Act on Promotion of Women's Participation and Advancement in the Workplace)	
Silver in corporate catalog category, Japan BtoB Advertising Awards 2019 Given to our Water & Kitchen Technology Book vol.4, which includes overview of our CR activities	
Convention Excellence Award from Japanese Association for an Inclusive Society Presented collaborative research compiled by the Study Group on Use of All-Gender Office Toilets	
GROHE: German Sustainability Award 2019 One of the top three Most Sustainable Big Companies in Germany	
GROHE: The B.A.U.M. Environmental and Sustainability Award from Germany's corporate network B.A.U.M.	

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Evaluations of Our Products

Award	Product or brand being awarded
iF DESIGN AWARD 2020 	INAX, GROHE, LIXIL, TOSTEM, Kawashima Selkon Textiles 27 awards
2019 Good Design Awards 	19 products from INAX, GROHE, American Standard, TOSTEM, LIXIL Good Design Best 100: INAX <i>Resilience Toilet</i> for natural disasters, INAX <i>Wall Hung Shower Toilet Remote Controller</i> (354-1768) Good Focus Award: INAX <i>Resilience Toilet</i> for natural disasters
Parts for Daily Living Award, "CHO" MONODZUKURI Innovative Parts and Components Awards 2019 	Water filter cartridge JF-K10, JF-K11
13 th Kids Design Awards 	12 products Excellence Award (METI Minister's Award) in the Designs that Contribute to the Safety and Security of Children category: INAX <i>Resilience Toilet</i> for natural disasters PDF News release (Japanese only) (646KB)
2019 Construction Materials and Facilities Grand Prize	TOSTEM <i>LW</i>

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GOVERNANCE



Corporate Governance

On track Needs attention

Develop Global Standard Governance

FYE 2021 targets	FYE 2020 progress details	Progress level
<ul style="list-style-type: none"> Restructure governance system as a company with nominating committee, and adopt and embrace global best practices. 	<ul style="list-style-type: none"> To ensure transparent processes and deliberation, we revised our existing regulations and implemented some new ones after reviewing our corporate governance guidelines and regulations concerning the Board of Directors in October and December 2019. Established Governance Committee as a voluntary and permanent committee under the Board of Directors. Announced plans to merge LIXIL Group Corporation and LIXIL Corporation, which will strengthen monitoring and supervision. Revised and clarified Nomination Committee's systems and operations. 	○
<ul style="list-style-type: none"> Rebuild governance rules and procedures for all Group companies, clarify their execution, regulation, and approval. 	<ul style="list-style-type: none"> Held governance seminars for Group companies in Japan. Revised jurisdiction rules to suit organizational changes in overseas Group companies. 	○



Compliance

Reorganize Group-wide compliance system and clarify compliance rules

FYE 2021 targets	FYE 2020 progress details	Progress level
<ul style="list-style-type: none"> Establish a system for conducting compliance reviews of appropriately defined business units at a frequency determined using a risk-based approach (annual or biennial). 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). 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. 	<ul style="list-style-type: none"> Conducted the specified number of compliance reviews (at each overseas business unit), completed reporting by March, and reflected the results in FYE 2021 measures. Established compliance committees or alternative meeting structures in all overseas business units. Distributed compliance guidelines, including fundamental rules. Held meetings for each committee two to four times a year, submitted meeting agenda and minutes to each compliance committee, and built a framework for timely reporting of meeting results to the Group compliance committee. LIXIL Group compliance committee met four times a year. 	○

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Strengthen compliance education and training across the Group

FYE 2021 targets	FYE 2020 progress details	Progress level
<ul style="list-style-type: none"> Maintain and improve Group Code of Conduct basic training and pledge mechanism. Create a central framework for planning and tracking history of compliance education and training. Basic training completion and pledge rate: 100% Training completion rate by region and employee level: 100% 	<ul style="list-style-type: none"> Basic training completion and pledge rate: 77.6% (98% in Japan, 53.7% overseas (LWT EMENA: 45.6%, Americas: 85.6%, APAC: 10.7%, LIXIL Africa: 99.5%, LBT: 3.1%, four LHT companies (G2J): 99.3%)) * G2J is the abbreviation for Global to Japan. G2J factories are manufacturing facilities located outside Japan that manufacture products for the Japanese market. * Overseas data incomplete as pledge was delayed due to COVID-19 pandemic. Training completion rates by region and employee level were uneven; targets not achieved. Continue to implement in FYE 2021. 	

Unify Group-wide concern-raising system and ensure familiarity

FYE 2021 targets	FYE 2020 progress details	Progress level
<ul style="list-style-type: none"> Ensure LIXIL Compliance Hotline — Speak Up! is well known and used as a common system across the Group to track and manage concerns raised. Use Speak Up! as a point of contact for customers and business partners to raise compliance-related concerns. Disclose important compliance indicators, including number and summary of concerns raised. 	<ul style="list-style-type: none"> Familiarity with the internal concern-raising system in Japan: 63.3% (from compliance survey conducted FYE 2019). Number of concerns raised: 240 in Japan, 145 overseas (Total: 385) Conducted compliance events in each region principally in October and November to promote education and build awareness. Regarding number and summary of internal concerns, we are currently preparing the internal communication of concerns lodged outside Japan, and external disclosure is still pending. 	



Risk Management

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

FYE 2021 targets	FYE 2020 progress details	Progress level
<ul style="list-style-type: none"> Foster a culture in which risks are owned by respective executives (risk owners) in all global organizations. Encourage risk owners and the risk management, financial, and audit functions to cooperate in the promotion of risk countermeasures to control enterprise risks on a daily basis. 	<ul style="list-style-type: none"> Developed risk management systems in all Group companies. Reassessed important Group risks at the beginning of the year, evaluating them by region on a quarterly basis, and monitoring response. 	
<ul style="list-style-type: none"> 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"> Crisis management systems developed in all Group companies. Based on the crisis management system, crisis events that occurred in Japan and overseas were escalated in a timely manner to the Group HQ. Created a handbook for local companies to ensure thorough initial response and Group-wide implementation of the escalation rules. Distributed this to local managers via the risk manager stationed in each region worldwide. 	

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Information Security

Formulate and instill Group Information Security Policy

FYE 2021 targets	FYE 2020 progress details	Progress level
<ul style="list-style-type: none"> Ensure the ability to manage and measure activities formulated under the Group Information Security Policy. Ensure the security incident response framework is functioning across the Group. Ensure prompt responses to changes in security-related environments. Ensure an up-to-date and fully acknowledged policy that complies with all local laws and suits individual company circumstances. Update the content of security training for employees to reflect changes in the surrounding environment. Implement an auditing and improvement PDCA cycle as a means of assessing security. 	<ul style="list-style-type: none"> Reworked a number of detailed information security rules. Currently conducting information security assessments of five Group companies in Japan. Currently performing security assessments of overseas Group companies. GROHE assessment completed. 	○
	<ul style="list-style-type: none"> Completed outline for LJSS incident response framework. Targeted email attack training: conducted twice for 20,000 employees* Information security pledge: 30,000 employees* Information security awareness training (e-learning): conducted for 30,000 employees* * Targets: LIXIL Corporation, Group companies in Japan, Dalian factory, TOSTEM Thailand, and LIXIL Vietnam Information security incidents: 0 incidents that caused real harm, 7 incidents of ID fraud Set and agreed to common rules to encourage stronger global security. Strengthened cyberattack surveillance; Introduced managed security services (MSS) in APAC and Africa. 	◐



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

FYE 2021 targets	FYE 2020 progress details	Progress level
<ul style="list-style-type: none"> Maximize the value of the Group's intellectual property by conducting PDCA for the global IP governance structure and processes. Hold Global IP conferences to share strategies (at least twice a year). 	<ul style="list-style-type: none"> Clarified global systems for IP functions and strengthened coordination framework. Determined and launched management policy for domain names and power brands. Conducted two global IP conferences with senior overseas IP managers (August 2019, February 2020). 	○

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

FYE 2021 targets	FYE 2020 progress details	Progress level
<ul style="list-style-type: none"> Determine a global IP strategy based on the growth strategies of each technology business. Prepare an IT infrastructure for implementing the global IP strategy. 	<ul style="list-style-type: none"> Implemented an IP strategy pilot project. Decided to introduce a global IP administration platform, launched introduction project (February 2020). 	○

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FAIR BUSINESS PRACTICES



Anti-Corruption, Transparent Political Relations, and Fair Business

Determine Group-wide compliance policies, and conduct compliance reviews and compliance education and training

FYE 2021 targets	FYE 2020 progress details	Progress level
<ul style="list-style-type: none"> • Create, communicate, and implement regional and national policies for areas that require them based on global policies and guidelines. • Establish appropriate review and application frameworks for procedures based on regional and national policies. • Establish frameworks for conducting compliance reviews by technology business or other appropriate operational unit at the annual or biennial interval determined using a risk-based approach. Uncover, analyze, and respond to risks in corresponding policy areas. • Establish fixed programs to help minimize the risk of corruption in the supply chain and distributors. 	<ul style="list-style-type: none"> • Achieved 100% coverage of global compliance policies and guidelines. Coverage ratios by overseas business unit were uneven; targets not achieved. Continue to implement in FYE 2022. • Training completion rates were uneven by region/specific compliance policy; targets not achieved • Number of compliance violations: 0 • Conducted compliance reviews of overseas business units at the required interval, completed reporting by March, and reflected the results in FYE 2021 measures. • Determined global guidelines for implementing business partner due diligence. Plan to conduct training in FYE 2021 and beyond. 	

OUR PEOPLE



Diversity and Equal Opportunity

Promote the active participation of women in the workplace

FYE 2021 targets	FYE 2020 progress details	Progress level
<ul style="list-style-type: none"> • Achieve at least 30% ratio of women among regularly recruited new hires (LIXIL Corporation, Japan only). 	<ul style="list-style-type: none"> • Ratio of female new graduates employed (incl. those who completed graduate studies): 30.5% 	
<ul style="list-style-type: none"> • Achieve at least 8% ratio of women among managers (LIXIL Corporation, Japan only). 	<ul style="list-style-type: none"> • Ratio of women among managers: 5.7% 	
<ul style="list-style-type: none"> • Achieve female participation rate in leadership training programs of at least 20% (LIXIL Corporation, Japan only). 	<ul style="list-style-type: none"> • Female participation rate in stage 3 of the Talent Acceleration Program (selective training for young employees): 33.3% 	

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Rewarding Workplaces

Conduct regular employee opinion surveys across the Group targeting approximately 55,000 employees

FYE 2021 targets	FYE 2020 progress details	Progress level
<ul style="list-style-type: none"> Achieve engagement index of 39% (10% increase on the 35% score achieved in FYE 2018). 	<ul style="list-style-type: none"> Engagement index: 35% Decided to conduct a different survey from the one illustrated on the left (see below) from now on. Achieved engagement score of 56% (+10% y/y) in Japan telecommuting survey (response rate: 62%, with sales offices, HQ, and divisions accounting for 64% of responses). Plan to conduct a Group-wide employee opinion survey at the end of July 2020. We seek to accelerate the cycle of improvements by increasing the frequency of the survey from once every two years to four times a year from FYE 2021. 	
<ul style="list-style-type: none"> Achieve favorable response rate in the work-life balance category of 46% (10% increase on the 42% score achieved in FYE 2018) 	<ul style="list-style-type: none"> Favorable response rate: 44% 	

Hold regular discussions between the union and the company

FYE 2021 targets	FYE 2020 progress details	Progress level
<ul style="list-style-type: none"> Hold nine meetings of the Central Labor Relations Committee annually (LIXIL Corporation, Japan only). 	<ul style="list-style-type: none"> Maintain cooperation by promoting regular communication between the union and the company. Held nine meetings of the Central Labor Relations Committee over the year. 	

Create a staffing plan that encourages local employment and talent development

FYE 2021 targets	FYE 2020 progress details	Progress level
<ul style="list-style-type: none"> 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"> Achieved 94% fulfillment of the plan (216 people recruited, incl. 1 university graduate, 25 specialist high school graduates, 17 junior college (two-year college)/technical college graduates, 173 high school graduates). 	

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Talent Development

Continue Talent Acceleration Program for next-generation leaders and optimize training programs

FYE 2021 targets	FYE 2020 progress details	Progress level
<ul style="list-style-type: none"> Achieve 1,300 participants in the Talent Acceleration Program (TAP) for next-generation leaders (Japan only). 	<ul style="list-style-type: none"> TAP-1/2/3 participants: 70 Number of participants to date: 1,265 	○
<ul style="list-style-type: none"> Achieve 100% uptake of initial three-year basic education (Japan only). 	<ul style="list-style-type: none"> Percentage uptake: 100% First year follow-up training: 192, second year communication training: 217, third year communication training: 161 	○



Occupational Health and Safety

Build a common Group-wide occupational health and safety management system

FYE 2021 targets	FYE 2020 progress details	Progress level
<ul style="list-style-type: none"> Achieve 100% coverage of the occupational health and safety management system across the Group. 	<ul style="list-style-type: none"> Achieved 100% acquisition of the occupational health and safety performance data (based on number of employees). Conducted regular internal audits of occupational health and safety management frameworks and their operation at each business unit. 	○

ENVIRONMENT



Environmental Management System

Build a common Group-wide environmental management system

FYE 2021 targets	FYE 2020 progress details	Progress level
<ul style="list-style-type: none"> Achieve 100% coverage of the environmental management system across the Group. 	<ul style="list-style-type: none"> Achieved 100% acquisition of environmental performance data (offices covered). Conducted regular internal audits of environmental management frameworks and their operation at each business unit. In process of obtaining certification of the environmental management system (ISO 14001) for all LWT Americas factories. 	○

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Climate Change Mitigation and Adaptation, Water Sustainability, and Circular Economy

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

FYE 2021 targets	FYE 2020 progress details	Progress level
<ul style="list-style-type: none"> CO₂ emissions reduction attributable to Group products and services: expand by 1.36 times v. FYE2016 Pursue environmentally-conscious designs that consider the entire product lifecycle. Promote the sales expansion of environment-conscious products and services. 	<ul style="list-style-type: none"> CO₂ emissions reduction attributable to products and services: expanded by 1.29 times (amount of CO₂ emissions reduced: 65,868 thousand t-CO₂) Benefitted from environment-conscious EMENA faucet business. Achieved solar-panel installation targets early with LTSP's Tatetoku Value service. 	○
<ul style="list-style-type: none"> CO₂ emission intensity from places of business across the Group: reduce by 8% v. FYE 2016 CO₂ emission intensity from transportation carried out in Japan by LIXIL as the consigner: reduce by 5% Improve water usage efficiency at high-water risk bases. Achieve waste recycling ratio from places of business of at least 95% in Japan and Europe, 66% in Asia, and 40% in North America. 	<ul style="list-style-type: none"> CO₂ emission intensity from places of business: reduced by 14.3% (Total volume down 6.3%) CO₂ emission intensity from transportation: reduced by 2.8% Achieved targets in three high-water risk bases. Waste recycling ratios: 96.2% in Japan and Europe, 90.4% in Asia, and 26.6% in North America Began procuring 100% renewable energy at LIXIL WING campus and all GROHE factories. Achieved a great improvement in waste recycling at LWT Asia (Rangsit and Rayong in Thailand). 	○

SOCIETY



Human Rights

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

FYE 2021 targets	FYE 2020 progress details	Progress level
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Introduced various means focusing especially on surveys by Human Rights Due Diligence Task Force to facilitate a better understanding and handling of potential human rights risks. Complemented existing measures by planning a survey of all employees focusing on LIXIL's key human rights issues and potential future human rights risks. Conducted compliance education and training directed at all employees. Conveyed information on human rights on internal social media that all employees can access. 	○

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Create a framework for human rights due diligence

FYE 2021 targets	FYE 2020 progress details	Progress level
<ul style="list-style-type: none"> 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"> Employed the existing concern-raising system. Maintained the Human Rights Due Diligence Task Force's process decision-making approach and exchanged opinions at least once a year. Determined seven key human rights issues requiring a focused effort to reduce potential human rights risks. 	○



Stakeholder Engagement

Help solve sanitation issues

FYE 2021 targets	FYE 2020 progress details	Progress level
<ul style="list-style-type: none"> Improve the sanitary environments of 100 million people. 	<ul style="list-style-type: none"> Shipped 3.8 million units of our SATO Toilet Systems to over 38 countries, reaching 18.6 million people. Goal to reach 100 million people extended to FYE 2026 (from FYE 2021). 	◐

Research and develop products that can help solve social issues

FYE 2021 targets	FYE 2020 progress details	Progress level
<ul style="list-style-type: none"> Conduct 10 or more research activities using digital or other technologies. Contribute to society by publicly announcing some of our research results. 	<ul style="list-style-type: none"> Conducted five research activities. Made two external announcements. Exhibited <i>News from the Toilet</i>, an AI-driven defecation management system for residents in elderly care facilities, as a reference technology at the International Home Care and Rehabilitation Exhibition 2019 and Combined Exhibition of Advanced Technologies (CEATEC) 2019. Conducted Cool Peace Project, an awareness-raising initiative aimed at spreading knowledge on how to prevent indoor heatstroke (monitoring indoor temperatures in regular houses, including elderly households, and investigating the benefits of <i>Style Shade</i> sun blinds). 	○

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CUSTOMERS & SUPPLY CHAIN



Responsible Supply Chain Management

Extend our CR procurement process from Japan to the entire Group

FYE 2021 targets	FYE 2020 progress details	Progress level
<ul style="list-style-type: none"> CR survey of Group-wide suppliers Achieve coverage ratio of 90% in Japan, 90% overseas (based on purchased amount). Achieve 90% conformity rate.* Coverage area: Suppliers to LIXIL Corporation and its subsidiaries Japan: Procurement at domestic operations, overseas: procurement at overseas operations * Overseas data undetermined as coverage area undergoing review 	<ul style="list-style-type: none"> Coverage ratio 97% in Japan, 90% overseas* Greatly expanded Japan survey coverage ratio in FYE 2020. Average conformity rate 89% in Japan, 87% overseas* Will continue follow-up activities, and expect to achieve the targets as planned in FYE 2021 * Exclude American Standard Brands 	○



Product Safety and Quality

Make continuous improvements to the product quality management system

FYE 2021 targets	FYE 2020 progress details	Progress level
<ul style="list-style-type: none"> Maintain zero cases of serious product accidents across the Group. 	<ul style="list-style-type: none"> Serious product-related accidents: 7 (single gas stove: 2, side-hinged outward-opening window: 1, gate doors: 1, double-sliding windows: 1, sliding shutters: 1, general-purpose door: 1) Conducted product-related crisis management meetings to make reports and discuss corrective actions. 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. 	◐

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

FYE 2021 targets	FYE 2020 progress details	Progress level
<ul style="list-style-type: none"> Conduct customer satisfaction surveys on products and services across the Group, and continuously monitor and disclose results. 	<ul style="list-style-type: none"> Continued to conduct the surveys and expanded the scope to: <ol style="list-style-type: none"> product quality showrooms call centers after-sales maintenance sales representatives Customer satisfaction level: 73.5% 	○

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SCOPE OF REPORTING

Scope of Reporting

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 (Integrated Report from FYE 2020).

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 FYE 2020 (from April 1, 2019 to March 31, 2020) on October 30, 2020. We plan to update the report for the next fiscal year in October 2021.

Coverage

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

Please refer to the Supplementary Publication: Databook for the target organizations for human resource performance and environmental performance data.

DATA Supplementary Publication: Databook (581KB)

Independent Practitioner's Assurance Report

LIXIL Group Corporation has received the independent practitioner's assurance from Deloitte Tohmatsu Sustainability Co., Ltd. for FYE 2020 human resource performance data and environmental performance data (only those environmental performance data that are disclosed in the Supplementary Publication: Databook) 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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INDEPENDENT PRACTITIONER'S ASSURANCE REPORT

Independent Practitioner's Assurance Report

(TRANSLATION)

Independent Practitioner's Assurance Report

October 27, 2020

Mr. Kinya Seto,
Director, Representative Executive Officer, Executive Officer and 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 indicated with ★ for the year ended March 31, 2020 (the "Human Resource Performance Data") included in the "LIXIL Group Corporate Responsibility Report 2020" (the "Report") of LIXIL Group Corporation (the "Company").

The Company's Responsibility

The Company is responsible for the preparation of the Human Resource Performance Data in accordance with the calculation and reporting standard adopted by the Company (indicated with the Human Resource Performance Data of the Report).

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 Human Resource Performance Data 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") 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:

- Performing interviews of responsible persons and inspecting documentary evidence 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 Human Resource Performance Data 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



LIXIL Group Corporation

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