



LIXIL Link to
Good Living

LIXIL Group
Corporate Responsibility Report 2017



Our Approach
Three Strategic Pillars
Our People
Environment
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Reporting

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Corporate Governance

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

■ Reporting period

FY2016 (April 1, 2016 to March 31, 2017)

■ 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.

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Our Approach

We are committed to enhancing living spaces through responsible engagements and initiatives around the world.

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Message

Message from the CEO

As a global citizen, we are committed to creating a positive impact on society through responsible business operations and sustainable innovation.

I have always been motivated by the opportunity to make a contribution to society, and it was this passion that moved me to become an entrepreneur and corporate leader.

I believe that a strong commitment to corporate responsibility is core to LIXIL's long-term success, and that our CR strategy should align with our business strategy.

The LIXIL Group has been a signatory of the United Nations Global Compact (UNGC) initiative since July 2013. In addition to supporting and implementing the ten principles of the UNGC in the areas of human rights, labor, the environment and anti-corruption, we are also taking action towards accomplishing the Sustainable Development Goals (SDGs) established by the UN, with a target date of 2030. These goals include aims such as to "ensure healthy lives and promote wellbeing for all at all ages" and "ensure access to sanitation for all".

Even today, approximately 2.3 billion people, one third of the global population, live without access to proper sanitation. To help resolve this sanitation and hygiene crisis, we have been developing a range of solutions to improve sanitary conditions. For example in 2013, we developed our first product under the SATO brand, an innovative toilet pan for developing countries, and in 2016, established a dedicated business unit to promote the broader use of SATO products and allow us to respond to local demand. To date, over 6 million people in more than 15 countries are using SATO. We will accelerate these initiatives to meet our target of providing improved access to sanitation and hygiene for 100 million people by the year 2020.

We also consider environmental challenges, such as water conservation and environmental protection, to be critical to today's business agenda. As a company that provides products, materials and solutions for people's everyday living spaces, LIXIL pledges to provide environmental solutions



through our products and services.

To mitigate global climate change, the Paris Agreement set a long-term ambition to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century.

In order to contribute to this carbon-neutral future, LIXIL Group created a new Environmental Vision. By 2030, the positive environmental contribution from our products and services will surpass the environmental footprint from our entire business process, thus achieving a Net Zero environmental footprint. We will achieve this through innovative technologies, such as low-carbon and water-efficient technology, and also by reducing environmental impact in every process of the business, including procurement, production, product use and disposal.

Furthermore, to foster an organizational culture in which diversity is valued, we announced our LIXIL Diversity and Inclusion Declaration, a revised version of the LIXIL Diversity Declaration published in 2013, and clarified the importance of open, honest dialogue and entrepreneurial values. To achieve sustainable growth in a market where customer needs are increasingly diverse, it is vital to encourage a diverse workforce to apply and optimize their individual capabilities. Under our new Declaration, we will empower employees to maximize their skills by encouraging mutual respect, and foster a corporate culture that instills a desire to constantly tackle challenges with a true entrepreneurial spirit.

We remain committed to engaging on global issues by leveraging our global network, expertise and experience, and contributing to improving people's comfort and lifestyles.

October 2017

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

Message from the Corporate Responsibility (CR) Committee Chairperson

Corporate Responsibility (CR) is core to our business philosophy. Given the environmental and social considerations facing our communities and our planet, we firmly believe that sustainable and responsible operating practices not only enhance our competitiveness for the short and long term, but such practices make LIXIL a more trusted contributor to the communities in which we work and live.

FY2016 was a significant year for LIXIL's progress on CR. It was the first year following the launch of both our global CR strategy and, by coincidence, the UN's Sustainable Development Goals (SDGs).

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We welcome the collaborative approach outlined in the SDGs between government, business and civil society and our CR strategy is well-aligned with these goals.

This year, we made steady progress against the three pillars outlined in our CR strategy. On improving Global Sanitation & Hygiene, we see it as an age-old challenge whose time has come for some new thinking and new solutions. We launched a dedicated business unit within LIXIL to scale up and accelerate new product development for communities without access to safe sanitation, and expanded SATO business operations and the SATO line of products, a range of simple and innovative toilet solutions for rural communities. We are also actively engaged in advocacy to enhance awareness globally of the urgency to improve sanitation for the estimated 2.3 billion people today who lack a clean and safe toilet for daily living.

On Water Conservation and Environmental Sustainability, we developed a robust global EHS management system that keeps us on track toward our goal of being "Net Zero" by 2030. To increase our environmental contribution through products, we successfully launched a variety of innovative energy-saving products globally, such as ultra-high-efficiency toilets H2Option and H2Optimum in North America and ERSTER S, the top-level insulation resin window, available in Japan. On Diversity and Inclusion, in addition to launching universal design products worldwide, we launched our first contract-based facility management business for serviced retirement homes, Premio Kawaguchi, reflecting the needs of the rapidly aging Japanese population.

One year after its launch, our CR strategy influences the decisions we make and ensures that sustainable and responsible ways of operating are properly embedded within LIXIL. With a strong foundation built in FY2016, LIXIL will continue to accelerate our CR initiatives in FY2017.

October 2017
Executive Officer and Senior Managing Director, Public Affairs, Investor Relations, External Affairs, and Corporate Responsibility,
LIXIL Group Corporation
Jin Song Montesano



Commitment to the UN Global Compact

The LIXIL Group signed the United Nations Global Compact (UNGC) in July 2013 in full support with the principles set out in the framework. Our corporate philosophy is to contribute to improving people's comfort and lifestyles. To fulfill that aim through our operational activities, we are driving a range of R&D and various initiatives to help resolve global sanitation and hygiene problems as well as other social and environmental issues.

To meet and exceed society's expectations for the LIXIL Group, we must take active leadership as a comprehensive living and housing solutions company. We will not only put the UNGC's 10 Principles into practice, but also assist the UN efforts towards achieving the Sustainable Development Goals by providing our expertise in areas of sanitation to help create a safe living space for all.



The Ten 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.

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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.

[United Nations Global Compact >](#)

Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) is a concrete plan of action outlined in the Transforming our World: The 2030 Agenda for Sustainable Development results-oriented document adopted by the United Nations General Assembly in September 2015, consisting of 17 global goals and 169 targets related to sustainable development.

The LIXIL Group reflects the SDGs approach in its corporate responsibility strategy and uses the goals as a broad guideline when forming management decisions.



[United Nations Sustainable Development Goals >](#)

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Corporate Responsibility (CR) Strategy

LIXIL is committed to enhancing living spaces through innovative responsible engagements and initiatives around the world.

At LIXIL, we believe that our living spaces - the environment where we live, work and play - are critical to our daily lives and wellbeing. As a result, we are committed to ensuring that the growth of our businesses contributes to improving the quality of people's lives, by delivering safe and comfortable products and services through responsible and sustainable innovations. Leveraging the scale and expertise of our four core technology business units, we are focused on making a positive impact in the communities in which we operate and on matters that require urgent action:

[Process of identifying the Three Strategic Pillars >](#)

1. 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.

[more >](#)

2. 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.

[more >](#)

3. Diversity & Inclusion



Embrace the diversity of people in society and within LIXIL. This includes enhancing quality of life and wellbeing for the elderly and the physically disabled through LIXIL products and services, as well as harnessing the intelligence and perspectives of LIXIL's diverse workforce, as an engine for growth and innovation.

[more >](#)



LIXIL Vision for Sustainable Living

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

<p>Global Sanitation & Hygiene</p> <p>Provide and enable access to safe and hygienic sanitation practices, especially for women and girls, while preventing the harmful transmission of diseases for children.</p> <p>"100 Million People"</p> <p>By 2030, improve the livelihood of 100 million people through sanitation and hygiene practices.</p> <ul style="list-style-type: none"> Provide research and development of products that actively contribute to reducing sanitation costs. Create a business that promotes sanitation facilities in developing countries around the world. 	<p>Water Conservation & Environmental Sustainability</p> <p>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.</p> <p>"Net Zero"</p> <p>By 2030, achieve a net zero balance between LIXIL's environmental footprint and the positive environmental contributions created through our products and services.</p> <ul style="list-style-type: none"> Design products and services with consideration to lifecycle impacts and environmental efficiency, and increase the sales share of the product portfolio. Lower the environmental burden of the overall business process by improving energy and water efficiencies and resource recycling. 	<p>Diversity & Inclusion</p> <p>Embrace quality of life and wellbeing for the elderly and the physically disabled through LIXIL products and services. Harness the intelligence and perspectives of our diverse workforce as an engine for growth and innovation.</p> <p>"Embrace the diversity of people in society and within LIXIL"</p> <ul style="list-style-type: none"> Create more inclusive products, particularly to support the elderly and people with disabilities. Implement internal diversity initiatives around the world.
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Our strategy stands upon a foundational commitment to ethical business practices

Governance Ensure LIXIL's governance to maximize our corporate value.	Fair Business Practices Engage in activities and efforts in our business operations with a high standard of corporate ethics.	Human Rights Advance human rights across the business to operate in a responsible corporate citizen.	Labour Practices Build a strong corporate identity and enhance the talent pipeline.	Quality and Satisfaction Strengthen relationship with customers through our products and services.	Supply Chain Through responsible management of the most supply chain, deliver a high quality of products and LIXIL customer accountability.	Stakeholder Engagement Proactively engage with LIXIL's key stakeholders.
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CR Management Structure

LIXIL's Corporate Responsibility (CR) Committee was established to align with the technology business operating model that was established in June 2015. The CR Committee succeeds the CSR Promotion Committee, which had been in place since 2012, and works to ensure swifter action in response to economic, environmental and social sustainability issues.

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

The outcomes from CR Committee meetings are presented to LIXIL Group's Board of Directors and Executive Officers Committee for final approval, and decisions are immediately communicated down from the Executive Officers to the respective functional divisions and swiftly executed.



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Material Issues

The issues outlined in our corporate responsibility (CR) strategy and framework are based on a rigorous materiality selection process, as described below, which enables us to identify the issues that matter most to our stakeholders and our Group. We have set medium-term action plans focusing on each of these material issues, and will be disclosing the progress and results of related activities on this website.

Material Issues Selection Process



List of LIXIL Group's Material Issues

Category	Material Issues *Highlights issues that require focused priority action	Background and Reason
Governance	Corporate governance*	As a global company, maintaining strong corporate governance practices is of critical importance to LIXIL. It is also an issue that has become of increased interest to our shareholders with the adoption of Japan's Corporate Governance Code in 2015. While expanding our global reach, our corporate governance was put to test in 2015, when we discovered accounting irregularities at an overseas subsidiary. To prevent recurrence of such incident and solidify our operating foundation, we must further advance our efforts to strengthen our corporate governance, compliance, and risk management systems.
	Compliance*	
	Risk management*	
	Information security	
	Taxation strategy	
Fair Business Practices	Intellectual property strategy	Corruption is detrimental to the development of a sustainable society. Global scrutiny towards bribery and fraud is intensifying, and extraterritorial application of penalties is increasing rapidly.
	Anti-corruption*	
	Transparent political relations	
Human Rights	Fair business	With the UN's adoption of Guiding Principles on Business and Human Rights clarifying the responsibility of companies to uphold human rights, protecting and respecting human rights both within the LIXIL Group and across its entire sphere of business influence have become a greater priority.
	Human rights due diligence*	
Labor Practice	Diversity and equal opportunity*	With global expansion, our business and organizational structure have become more complex and diverse. We therefore need to grasp and manage appropriately risks related to occupational health and safety across the Group. Diversity is vital to innovation. Companies worldwide are increasingly focused on attracting and retaining high-caliber employees. We are actively promoting diversity in line with the LIXIL Diversity Declaration, but we need to push ahead further in pursuing this cause.
	Occupational health and safety*	
	Employee hiring and retention	
	Labor-management relationship	
	Working environment	
	Talent development	
Quality and Satisfaction	Local job creation	Product safety is a top priority for the LIXIL Group as a manufacturer. Serious product defects can cause customer anxiety and greatly affect the reliability and reputation of our products.
	Product safety*	
	Customer satisfaction	

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Category	Material Issues <small>*Highlights issues that require focused priority action</small>	Background and Reason
Environment	Greenhouse gas reduction*	The adoption of the Paris Agreement to combat climate change by 196 parties has shaped a clear direction towards future decarbonization. Global water shortage is intensifying and we need to do more to protect water, energy and other natural resources throughout the LIXIL Group value chain, from procurement to production, distribution, product use and disposal.
	Water conservation*	
	Sustainable use of raw materials*	
	Environmental management	
Supply Chain	Supply chain management*	Stakeholder interest in responsible supplier management has grown in line with the development of international standards on sustainable procurement. The LIXIL Group's manufacturing footprint expands across Japan, China and the Asia-Pacific, as well as, Europe, North and South America, and the Middle East, and we need to do more to promote responsible supplier management.
Stakeholder Engagement	Stakeholder engagement and collaboration*	The UN Sustainable Development Goals have galvanized companies into helping solve social problems. As a comprehensive living technology company, we need to cooperate with stakeholders and focus more on R&D designed to help solve social issues, such as graying society, hygiene and the environment.
	R&D for solving social problems*	
	Contribution to Global Sanitation & Hygiene*	

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Key Performance Indicators

Action plans, KPIs and targets for specific material issues are determined as below. We will report our progress and results on each issue on this website. The below provides an overview of the main issues. For more details, please see the report pages for each activity.

Governance

Enhance group governance to maximize our corporate values.

Corporate governance

Target	Establish global-standard governance
Action plan	Establish a Group governance system
KPI	Coverage of improved governance rules and procedures (%)
Target for FY2016	<ul style="list-style-type: none"> • Implement Corporate Governance Guidelines and commitments • Appoint independent outside directors as chairs of the Nomination, Compensation and Audit Committees
Progress as of 2016	<ul style="list-style-type: none"> • Established standards within Corporate Governance Guidelines for dealings with related parties. Conducted Board of Directors self-appraisal • Appointed independent outside directors as chairpersons of the Nomination, Compensation, and Audit Committees
Target for FY2017	<ul style="list-style-type: none"> • Set clear rules and procedures for business boards and other committee groups • Ensure 100% coverage of improved governance rules and procedures

Compliance

Target	Develop comprehensive and effective compliance structure across the Group
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Action plan	Strengthen compliance-related education and training 1. Develop training for Group Code of Conduct and ensure each employees' commitment 2. Strengthen training by regions and corporate positions
KPI	Group-wide: 1. Basic training and commitment to Group Code of Conduct (%) 2. Implementation of training by regions and corporate positions (%)

Target for FY2016	<ul style="list-style-type: none"> • Inspect high-risk regions and implement a compliance system and training plan, based on the observations • Develop training programs by regions and corporate positions, and a mechanism to monitor the training record
Progress as of 2016	<ul style="list-style-type: none"> • Established Group-wide basic training and acknowledgment mechanism under Group Code of Conduct. Achieved 99% acknowledgment rate in Japan and 94% overseas • Consolidated FY2017 reporting framework for status of training and completion from each technology business unit • Implemented key basic training programs for all new graduate hires, new managers, and directors in Japan
Target for FY2017	<ul style="list-style-type: none"> • Build a system for compliance education and training • Group-wide basic training and commitment to the Group Code of Conduct: 100% • Group-wide implementation of training by region and corporate position: 100%

Risk management

Target	Establish and operate a Group-wide enterprise risk management system, and nurture a risk management culture in the organization
Action plan	Establish a risk management system to contain the occurrence of crisis events and minimize damage
KPI	Coverage of the risk management system across Group companies (%)
Target for FY2016	<ul style="list-style-type: none"> • Clarify risk definitions to ensure common understanding throughout the Group
Progress as of 2016	<ul style="list-style-type: none"> • Established an action plan, including risk definitions and risk management system to be developed from FY 2017
Target for FY2017	<ul style="list-style-type: none"> • Establish a set of systems, processes and rules to identify, analyze, evaluate and respond to significant risks (Boundary: all Group companies.)

Intellectual property (IP) strategy

Target	Maximize the value of the Group's intellectual property by operating a streamlined global IP governance system
Action plan	Extend the global reach and functionality of the IP Committee (IPC)
KPI	Number of meetings of IPC, designed to maximize the value of Group IP

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Target for FY2016	<ul style="list-style-type: none"> • Convene IPC meetings to decide how to drive forward the Group-wide IP management
Progress as of 2016	<ul style="list-style-type: none"> • Convened LWT IP Committee at GROHE and ASB
Target for FY2017	<ul style="list-style-type: none"> • Build a system to monitor IP creation, maintenance and application at individual technology businesses, as well as external IP disputes and IP contractual relationships • Convene IPC meeting at least twice a year

Detailed action plan, KPI and target for :

 [Governance >](#)

Fair Business Practices

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

Anti-corruption

Target	Develop an effective anti-corruption mechanism across the Group
Action plan	<ul style="list-style-type: none"> • Establish a Group Compliance Policy and Group Compliance Guideline
KPI	Group-wide: <ul style="list-style-type: none"> • Compliance-related education and training ratio (%)
Target for FY2016	<ul style="list-style-type: none"> • Under the Group Code of Conduct, create Group-wide policies and guidelines for anti-corruption and transparent political relations
Progress as of 2016	<ul style="list-style-type: none"> • Developed six global polices (concern-raising, anti-corruption, conflict of interest, fair competition, international trade controls, and anti-discrimination and harassment) and email investigation guidelines based on risk assessments attained through inspections of high-risk regions and analysis of internal reporting incidents • As a subset of the Group Code of Conduct, established Policy on Third Party Compliance for Suppliers, Anti-Money Laundering Policy, and Global Gifts and Entertainment Guidelines
Target for FY2017	<ul style="list-style-type: none"> • Group-wide compliance-related education and training ratio: 100%

Detailed activities for :

[Compliance >](#)

Human Rights

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

Human rights due diligence

Target	Appropriately manage human rights considerations that fall within the scope of our operational influence across our entire value chain
Action plan	Create a LIXIL Group Human Rights Principles and promote awareness amongst all LIXIL Group employees
KPI	Implementation of Human Rights Principles learning across the Group (%)

Target for FY2016	<ul style="list-style-type: none"> • Ensure full implementation across the Group
Progress as of 2016	<ul style="list-style-type: none"> • In Japan, LIXIL Corporation fully implemented a human rights policy education program in the form of quarterly interactive departmental meetings
Target for FY2017	<ul style="list-style-type: none"> • Implementation of training in main LIXIL Corporation overseas subsidiaries: 100%

Detailed activities for :

[Human Rights >](#)

Labor Practice

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

Working environment

Target	Build a worker-friendly environment for all employees
Action plan	Conduct a regular employee awareness survey across the Group
KPI	Implementation of action plans derived from the global employee awareness survey across the Group (%)

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Target for FY2016	<ul style="list-style-type: none"> Implementation of action plans derived from the 2015 global employee awareness survey across the Group: 100%
Progress as of 2016	<ul style="list-style-type: none"> Implemented actions in each organization based on the results of the Group-wide employee survey conducted during FY2015 Set up the LIXIL Engagement Committee and shared best practices Group-wide via the intranet
Target for FY2017	<ul style="list-style-type: none"> Implementation of action plans derived from the 2017 global employee awareness survey across the Group: 100%

Diversity and equal opportunity

Target	Secure highly competent people by respecting diversity across the Group
Action plan	Promote the active participation of women in the workplace
KPI	Percentage of women among regularly recruited new hires (Japan only) (%)
Target for FY2016	<ul style="list-style-type: none"> Percentage of women among regularly recruited new hires in March 2016: over 30%
Progress as of 2016	Percentage of women among regularly recruited new hires in April 2017: 30.8%
Target for FY2017	<ul style="list-style-type: none"> Percentage of women among regularly recruited new hires (Japan only): over 30%

Occupational health and safety

Target	Establish an Environment, Occupational Health and Safety (EHS) management system across the Group
Action plan	Build a common Group EHS management system
KPI	Group-wide coverage of EHS management system (%)
Target for FY2016	<ul style="list-style-type: none"> Set up a Group EHS Committee Formulate Group-wide operational rules (EHS manual, EHS emergency response guidelines, EHS governance inspection guidelines)
Progress as of 2016	<ul style="list-style-type: none"> Scope of EHS performance data capture (employees): 98% Developed and implemented Group Occupational Health and Safety Policy, core rules such as the EHS manual and EHS internal audit guidelines
Target for FY2017	<ul style="list-style-type: none"> Group-wide operational scope of occupational health and safety covered by the EHS management system: 98%

Detailed activities for :

[A Fair & Rewarding Workplace](#) > [Work Safety & Well-being](#) > [Talent development](#) > [Diversity and Equal Opportunity](#) > [Performance](#) >

Quality and Satisfaction

Strengthen relationships with customers through our products and services.

Product safety

Target	Eradicate product accidents
Action plan	Make continuous improvements to the product quality management system
KPI	Number of serious product accidents across the Group (#)
Target for FY2016	<ul style="list-style-type: none"> Zero cases of serious product accidents across the Group Extend product safety strategy by setting specific KPI for each technology business
Progress as of 2016	<ul style="list-style-type: none"> Four serious product accidents across the Group. Held a product accident conference to share details of the experience and confirm countermeasures
Target for FY2017	<ul style="list-style-type: none"> Number of serious product accidents across the Group: 0 cases

Detailed activities for :

[Product safety & Quality](#) > [Customer satisfaction](#) >

Environment

Contribute to a sustainable society through innovative products and services, and improving the environmental efficiencies over all operational processes.

Greenhouse gas reduction

Target	Promote reduction in greenhouse gas emissions across the Group
Action plan	<ul style="list-style-type: none"> Pursue more environment-conscious product design and sales expansion strategies, taking into account the entire lifecycle of both products and services Improve CO₂ emissions/units
KPI	<p>Group-wide:</p> <ol style="list-style-type: none"> Benefits from CO₂ emissions reduction achieved from the products and services Levels of CO₂ emissions across all operational processes

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Target for FY2016

- 1.Create a guideline for calculating the decrease in CO₂ emissions to help achieve our mid-term target for FY2016-20 (1.4 times more efficient than in FY2015), and monitor the FY2015 result
- 2.Target -1.6% compared to FY2015, in FY2016 compared to FY2015 to achieve our new mid-term CO₂ emissions target for FY2016-20 (-8% v. FY2015)

*Above includes water resource conservation data (indirect avoided emissions and actual emissions related to water use)

Progress as of 2016

- 1.Contributions from CO₂ emissions reduction achieved from products and services increased by 1.08 times (compared to FY2015). Created Guideline for Calculation of Environmental Contribution to clarify calculation method for individual products and services, and calculated results based on FY2015 performance
- 2.CO₂ emissions from operational processes increased by 5% (compared to FY2015). Set targets and initiatives for each business organization in compliance with med-term targets

- Created Guideline for Calculation of CO₂ Emissions from Value Chain to clarify calculation method for all processes from procurement of raw materials through to product disposal

Target for FY2017

- 1.Group-wide benefits from CO₂ emissions reduction achieved from products and services increased by 1.16 times (compared to FY2015) to achieve our mid-term CO₂ emissions target for FY2016-20
- 2.Group-wide levels of CO₂ emissions across all operational processes reduced by 3.2% (compared to FY2015) to achieve our mid-term CO₂ emissions target for FY2016-20

*Above includes water resource conservation data (indirect avoided emissions and actual emissions related to water use)

Water conservation

Target Promote efficient use of water resources across the Group

Action plan

- Pursue more environment-conscious product design and sales expansion strategies, taking into account the entire lifecycle of both products and services
- Improve efficient use of water resources

KPI

Group-wide:

1. Benefits from CO₂ emissions reduction achieved from the products and services
2. Levels of CO₂ emissions across all operational processes

Target for FY2016

1. Create a guideline for calculating the decrease in CO₂ emissions to help achieve our mid-term target for FY2016-20 (1.4 times more efficient than in FY2015), and monitor the FY2015 result
2. Target -1.6% compared to FY2015, in FY2016 compared to FY2015 to achieve our new mid-term CO₂ emissions target for FY2016-20 (-8% v. FY2015)

*Above includes water resource conservation data (indirect avoided emissions and actual emissions related to water use)

Progress as of 2016

- 1.Contributions from CO₂ emissions reduction achieved from products and services increased by 1.08 times (compared to FY2015). Created Guideline for Calculation of Environmental Contribution to clarify calculation method for individual products and services, and calculated results based on FY2015 performance
- 2.CO₂ emissions from operational processes increased by 5% (compared to FY2015). Set targets and initiatives for each business organization in compliance with med-term targets

- Created Guideline for Calculation of CO₂ Emissions from Value Chain to clarify calculation method for all processes from procurement of raw materials through to product disposal

Target for FY2017

- 1.Group-wide benefits from CO₂ emissions reduction achieved from products and services increased by 1.16 times (compared to FY2015) to achieve our mid-term CO₂ emissions target for FY2016-20
- 2.Group-wide levels of CO₂ emissions across all operational processes reduced by 3.2% (compared to FY2015) to achieve our mid-term CO₂ emissions target for FY2016-20

*Above includes water resource conservation data (indirect avoided emissions and actual emissions related to water use)

Sustainable use of raw materials

Target Promote sustainable use of resources across the Group, from procurement through disposal of raw materials

Action plan

- Pursue more environment-conscious product design and sales expansion strategies, taking into account the entire lifecycle of both products and services
- Improve waste recycling ratio

KPI

Group-wide:

1. Benefits from CO₂ emissions reduction achieved from the products and services
2. Levels of CO₂ emissions across all operational processes

Target for FY2016

1. Create a guideline for calculating the decrease in CO₂ emissions to help achieve our mid-term target for FY2016-20 (1.4 times more efficient than in FY2015), and monitor the FY2015 result
2. Target -1.6% compared to FY2015, in FY2016 compared to FY2015 to achieve our new mid-term CO₂ emissions target for FY2016-20 (-8% v. FY2015)

*Above includes water resource conservation data (indirect avoided emissions and actual emissions related to water use)

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- 2.CO₂ emissions from operational processes increased by 5% (compared to FY2015). Set targets and initiatives for each business organization in compliance with med-term targets

- Created Guideline for Calculation of CO₂ Emissions from Value Chain to clarify calculation method for all processes from procurement of raw materials through to product disposal

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- Message
- Corporate Responsibility (CR) Strategy
- CR Management Structure
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- Key Performance Indicators

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Target for FY2017

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*Above includes water resource conservation data (indirect avoided emissions and actual emissions related to water use)

Detailed activities for :

[Environmental management](#) > [Greenhouse gas reduction](#) > [Sustainable Use Of Resources > Performance](#) >

Supply Chain

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

Supply chain management

Target Identify supplier's CR risk, and establish a mechanism to respond accordingly

Action plan Extend our Japanese CR procurement process across the Group

KPI Responsible procurement surveys coverage ratio (based on purchased amount) (%), and percentage of suppliers which satisfy CR management standards (%) and improvement rate (%)

Target for FY2016

- Promote Group-wide awareness of the LIXIL Group's procurement strategy
- Implement existing CR procurement process across the Group

Progress as of 2016

- Achieved responsible procurement surveys coverage ratio of 85% in Japan and 80% outside of Japan, Proportion of suppliers that meet CR management standards conformity rate of 94% in Japan and 88% outside of Japan

*exclude GROHE Group S.a r.l., American Standard Brands and PERMASTEELISA GROUP

Target for FY2017

- Achieve responsible procurement surveys coverage ratio (based on purchased amount) of 90% in Japan and 60% outside Japan, 90% conformity rate, and 100% improvement rate

*exclude PERMASTEELISA GROUP

Detailed activities for :

[Responsible Supply Chain Management](#) >

Stakeholder Engagement

Proactively engage with LIXIL's key stakeholders for better business management.

Stakeholder engagement and collaboration

Target Proactively engage with LIXIL's key stakeholders for better business management

Action plan Hold regular stakeholder engagement meetings, and disclose the content of these meetings

KPI Number of stakeholder meetings held across the Group (#). Meeting quality based on meeting content

Target for FY2016

- Extend the reach of currently implemented mechanisms and encourage more sophisticated and effective engagement initiatives
- Encourage the sharing and adaptation of successful engagement initiatives across the Group

Progress as of 2016

- Engaged at least once with each stakeholder
- Collected and shared information on stakeholder engagement across the Group

Target for FY2017

- Hold at least one annual dialogue with each group of stakeholders (stakeholders, employees, business partners, local residents, end users, suppliers, etc)

Contribution to Global Sanitation & Hygiene

Target Help improve global hygiene and sanitation through our business

Action plan Launch and develop a business

KPI • Number of beneficiaries

Target for FY2016

- Form a solid operational platform for legal affairs, intellectual property, etc

Progress as of 2016

- Generated 6.24 million beneficiaries as of March 31, 2017
- Created a support team of HQ specialists to help form solid business platforms in individual countries
- Created new SATO brand guidelines
- Strengthened advocacy activities

Target for FY2017

- Generate 10.9 million beneficiaries by March 31, 2018 in order to achieve our 2020 target of 100 million beneficiaries

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R&D for solving social problems

Target	Create products that contribute to the environment
Action plan	Pursue product R&D that is designed to help resolve problems for elderly people and people with disabilities
KPI	Development of IoT-driven applications
Target for FY2016	<ul style="list-style-type: none"> · Complete our IoT House Project in July (ready for public viewing) · Develop two IoT-driven applications
Progress as of 2016	<ul style="list-style-type: none"> · Built latest IoT experimental housing facility on LIXIL property in July 2016 to demonstrate how IoT could be employed in living environments · Conducted two surveys for IoT-driven applications
Target for FY2017	<ul style="list-style-type: none"> · Development of IoT-driven applications: 10 applications

CR Activities (FY2012-2015):

 [Targets and Results >](#)

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Three Strategic Pillars

We focus on making a positive impact in the communities in which we operate and on matters that require urgent action, leveraging our expertise.



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Global Sanitation & Hygiene

LIXIL is committed to promoting and enabling access to safe and hygienic sanitation practices, especially for women and girls, while preventing the harmful transmission of diseases for children.

Connection to UN Sustainable Development Goals



Background

An estimated 2.3 billion people – one out of every three in the world today – live without access to proper sanitation, of which approximately 900 million still defecate in the open on a daily basis. These are figures with a devastating human cost: 800 children under five years of age are estimated to die every day from diarrheal diseases caused by a lack of clean water and sanitary living conditions.

The absence of safe, clean toilets is a particular threat to women. Not only is it embarrassing for women and girls to defecate outside, having to leave home or school to relieve themselves increases the risk of assault. As a result, the lack of sanitary toilets is one of the primary reasons young girls drop out of school when they reach puberty.

The impact of the sanitation crisis is felt throughout entire nations and regions, crippling opportunities for growth and development. According to an Oxford Economics report on behalf of LIXIL, global economic losses from poor sanitation were estimated at US\$223 billion in 2015, an increase of more than 20 percent from five years earlier.

[The True Cost Of Poor Sanitation >](#)

Activities

LIXIL has pledged to provide better sanitation to 100 million people by 2020. In addition to committing our own substantial corporate resources to this goal, we are at the forefront of public-private partnership, teaming with such organizations as UNICEF, the Japan International Cooperation Agency (JICA) and WaterAid. LIXIL is also a member of the Toilet Board Coalition, a wide-ranging global alliance that aims to develop sustainable, scalable measures to tackle the sanitation crisis.

Given the immense size and complexity of the global sanitation issue, LIXIL is developing a number of products to fit different markets, infrastructure and income levels, as well as deal with environmental constraints. Our primary solutions are the SATO product series, already commercially available, and the Micro Flush Toilet System, Green Toilet System and Portable Toilet System, all systems are currently under development. Each represents LIXIL's dedication to improving the quality of people's daily lives.

LIXIL has also established the Social Sanitation Initiatives to strengthen the framework behind our commitment to resolving the global sanitation crisis through revolutionary products and sustainable businesses.

Time for Global Action Episode I - LIXIL (26 mins)



["Global Sanitation Solution" brochure >](#)

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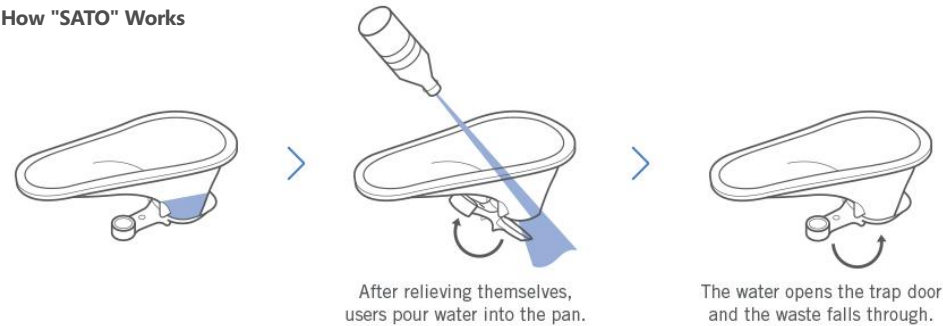
SATO:
**Preventing the transmission of disease and odors,
and reducing open defecation**

Having to defecate in the open, into an open pit or over an inadequate pit latrine, exposes millions of people to odors and disease. To combat this problem, LIXIL has developed the SATO series of products, the first model created with funding from the Bill and Melinda Gates Foundation and launched in Bangladesh in 2013.

Users pour in less than 500 milliliters of water to flush away waste, after which an airtight, counterweighted trap door quickly seals to block smells and flying insects. SATO products are safe for children, easy to clean and affordable. Each one is designed to suit the needs and preferences of users in different regions. Already more than 1.2 million are in place around the world, improving the lives of 6 million people. (As of March 2017)

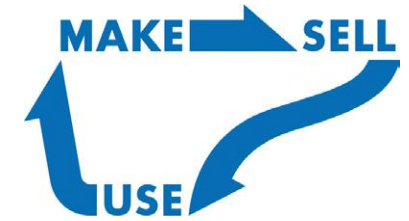


How "SATO" Works



To deliver sustained improvements to sanitary conditions for as many people as possible, LIXIL is focused on developing SATO operations in a tailored way to meet local needs.

Producing SATO toilets locally keeps costs down and facilitates broader distribution. Selling SATO toilets through local partners creates employment and more concrete and entrenched local operations. By establishing a local Make, Sell, Use cycle, individual regions can independently and consistently improve their own sanitary conditions.



Countries Where "SATO" is in Use



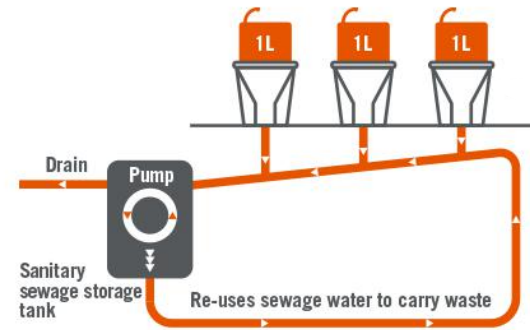
**Micro Flush Toilet System:
Better management of water resources in urban environments**

Using far less water per flush than a regular toilet, and recycling sewage water to assist the flow in outside pipes, the Micro Flush Toilet System significantly reduces the consumption of precious clean water. It is particularly aimed at mitigating problems related to scarce or unreliable water resources in urban environments where the population is rapidly increasing.

Suitable for both stand-alone homes and multi-unit buildings, the system avoids clogging of the sewage system and features a comfortable sitting-type toilet that is easy to clean and maintain. A flapper valve in the toilet bowl is operated with a handle, and the valve and accumulated water prevent odors from entering the room. A steeply angled pipe connected to the toilet and sewage water system assists the overall flow of waste.

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How "Micro Flush Toilet System" Works

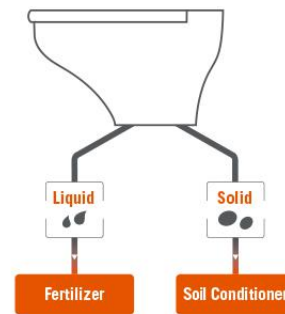


Green Toilet System:
Safety processing human waste into fertilizer

The Green Toilet System safely processes human excrement into fertilizer and provides that value to farmers through the creation of a viable business model. Solid and liquid wastes are separated to prevent odors and prepared for their subsequent conversion into fertilizer, with maintenance workers collecting the waste from different tanks behind the toilet and transporting it to a compost facility.

The Green Toilet System is aimed at communities with no water and sewage infrastructure, or that are too spread out to justify a large sewage system. No water is used to transport the waste, circumventing the need for a traditional sewage system. Additionally, the proper treatment of human wastes protects groundwater and other resources from contamination. The system also creates employment for collection services and compost facilities, providing a financial incentive to prevent dumping.

How "Green Toilet System" Works



Portable Toilet System:
Hygienic, efficient collection of human waste

The Portable Toilet System is an in-home sanitation solution designed for urban slums that lack proper sanitation infrastructure. It is being developed and field-tested to offer disadvantaged households an 'odorless' toilet from which human waste can be collected and treated hygienically and efficiently.

The system consists of a compact, attractive, stand-alone toilet and a collection station. The toilet, which has a mechanism for minimizing odors, can be easily placed in any household. It is equipped with a removable cartridge, which is transported from individual homes to a designated collection station, where the waste inside the cartridge is deposited and the cartridge cleaned. Professional waste treatment companies then collect the accumulated waste from the station and transport it to an offsite treatment site.

How "Portable Toilet System" Works



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Water Conservation & Environmental Sustainability

The LIXIL Group is committed to conserving water, energy, and other natural resources utilized in our products and services, across the supply chain from procurement through production, distribution, end use and product disposal.

Connection to UN Sustainable Development Goals



Background

Sustainable use of natural resources is ever more critical for our society, and given the nature of LIXIL's business, there are multiple areas where our actions can make a difference. By 2030, approximately 47% of the world's population is expected to be living in areas of high water stress. Additionally, LIXIL's business is strongly linked to buildings, which account for 32% (24% residential and 8% commercial) of total global final energy use, and without action, energy use by buildings is estimated to more than double by 2050. With regards to other natural resources, aluminum, one of LIXIL's important raw materials, has been identified as one of the priority materials in the metals category and requires urgent attention.

Activities

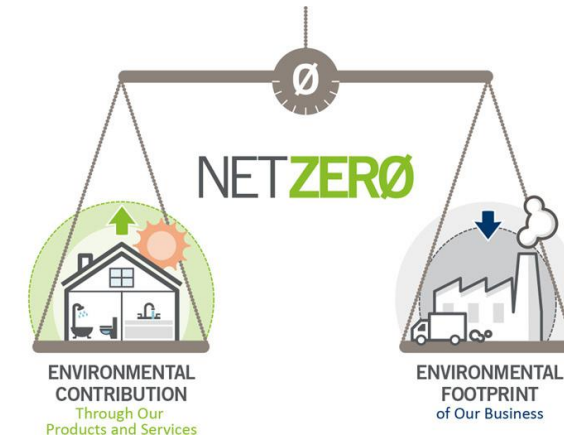
LIXIL Group Environmental Strategy

The LIXIL Group considers environmental challenges, such as water conservation and environmental protection, to be one of our most important business initiatives. As a 'Living Technology' company,

we are committed to our Environmental Strategy, which pledges that LIXIL will provide environmental solutions through our products and services.

Environmental Vision 2030

To mitigate global climate change, the Paris Agreement set a long-term ambition to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century. In order to contribute to this carbon-neutral future, LIXIL Group created a new Environmental Vision. By 2030, **the positive environmental contribution from our products and services** will surpass **the environmental footprint from our entire business process**, thus, achieving a **NETZERO Environmental Footprint**. We will achieve this through innovative technologies, such as low-carbon and water-efficient technology, and also by reducing environmental impact in every process of the business, including procurement, production, product use and disposal.



Core Environmental Strategy Themes

To achieve our Environmental Vision, we are focused on three core areas, based on clearly defined targets and actions plans.

1. Climate change mitigation and adaptation
2. Conservation of water resources
3. Sustainable use of resources

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Environmental Sustainability Principles

The Environmental Sustainability Principles cover five key areas, as outlined below, and guide the actions of all LIXIL employees. From procurement to production, product use, and disposal, we are committed to creating a sustainable society throughout every aspect of our business, and taking responsible actions to respect our environment.

 [LIXIL Group Environmental Sustainability Principle \(PDF:50KB\) >](#)

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

2020 Mid-term Targets

Targets and KPI		Action Plans for Addressing Environmental Issues		
		Mitigating and adapting to climate change (Greenhouse gas reduction)	Water conservation	Sustainable use of resources
1. Improve environmental value of products and services Secure a reduction of CO₂ emissions by 40% v. FY2015	R&D	<ul style="list-style-type: none"> Engage in R&D and develop products that help resolve environmental issues 		
	Product development	<ul style="list-style-type: none"> Define what constitutes LIXIL Group's global "product CO₂ emissions by products and the decrease in CO₂ emissions", establish reporting lines, and set KPI and targets (FY2016) Achieve KPI targets within all technology businesses that are linked to the targeted 40% decrease in product CO₂ emissions (FY2017-FY2020) Pursue Design for Environment, taking into account the entire product lifecycle 		
	Sales	<ul style="list-style-type: none"> Focus on sales expansion strategies for eco-friendly products and services 		

2. Reduce environmental footprint across all operational processes Reduce CO₂ emissions by 8% v. FY2015	Procurement	<ul style="list-style-type: none"> Cooperate with and encourage suppliers to fully embrace responsible procurement, reduce their environmental footprint and disclose information 		
	Manufacturing	<ul style="list-style-type: none"> Reduce CO₂ emissions by 8% (reduce energy use by 5%) 	<ul style="list-style-type: none"> Improve water use efficiency ⇒ Assess our water usage, evaluate the risk, identify high-risk facilities, and build action plans starting with high risk facilities 	<ul style="list-style-type: none"> Achieve 95% or more recycling of waste
	Logistics	<ul style="list-style-type: none"> Improve consigners' CO₂ emissions by 5% 		
	Sales	<ul style="list-style-type: none"> Reduce electricity charges or overall cost of utilities by 5% 		
	Product use & disposal	*See Product Development in Section 1 above		
3. Build an effective environment management system -Ensure strict compliance -Strengthen risk management		<ul style="list-style-type: none"> Strengthen governance, including the committee framework, reporting lines, and Group-wide rules and regulations etc. Maintain zero compliance violations (requiring administrative guidance or incurring a penalty) Establish and achieve an environmental risk management plan taking into account locality and economic viability 		

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Progress on the LIXIL Environmental Vision 2030 Target (as of FY2016)

Approximately 80% of the environmental impact caused by the LIXIL Group value chain occurs when our products are used, making product and service initiatives the most important aspect in achieving our Environmental Vision 2030. In FY2016, the entire Group united in an effort to gain a better understanding of the environmental impact of our entire value chain and develop global activities to reduce that impact. In FY2016, the Group increased production due to strong global product sales. As a result, product contribution to lower CO₂ emissions increased by 1.08 times compared to FY2015, and CO₂ emissions from operations increased by 5%.

[Click here for more details: >](#)

Environment

With the desire to help people live in harmony with the Earth, we are committed to continuing our efforts to be environmentally sound in every aspect of our businesses activities.

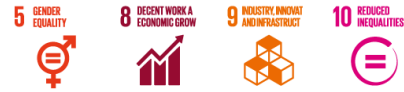
[more >](#)

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Diversity & Inclusion

LIXIL is committed to embracing the diversity of people in society and within our firm. This includes enhancing quality of life and wellbeing for the elderly and the physically disabled through LIXIL products and services, as well as harnessing the intelligence and perspectives of LIXIL's diverse workforce, as an engine for growth and innovation.

Connection to UN Sustainable Development Goals



Background

By 2050, more than one in every five people around the world are projected to be over the age of 60, with many living either alone or with their spouse only. Approximately 15% of the world's population today has some sort of disability, and this rate is increasing every year. In Japan, female participation in the workforce is still low compared to other countries, despite the fact that multiple researches suggest that gender diversity correlates with less volatile and improved financial performance of corporations.

Activities

Universal Design by LIXIL

LIXIL engages in research and development for products and services factoring in various points of view, to help create comfortable and fruitful lives for people of all ages.



Toilets
Dim light



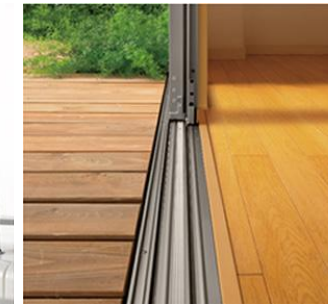
Bathroom
Push-type faucet



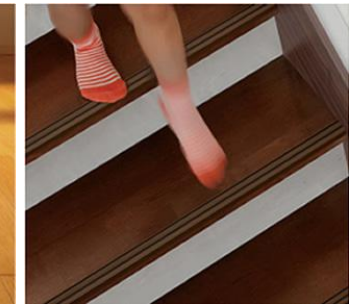
Dressing room
Wash-stand for wheelchairs



Kitchen
Touch-less faucet



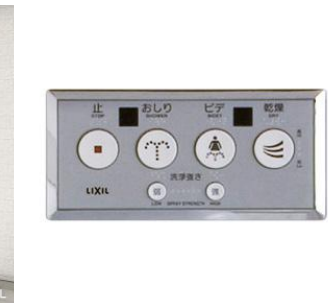
Living room
No-rail window sash



Stairs, corridors, entrance halls
Stairs with slipping prevention mechanism



Entrance porch / exterior
Linear sliding system



Public toilets
Large remote controls



Public spaces
Support rail UD

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Launched Serviced elderly homes, Premio

LIXIL Senior Life Company, which manages elderly homes, launched *Premio*, LIXIL Group's first contract-based facility management business for serviced homes for the elderly. *Premio Kawaguchi*, the first facility in the *Premio* series, opened in March 2017. By using LIXIL products at elderly homes, LIXIL can continuously assess how to improve its product development for the elderly. LIXIL also displayed a lineup of products for the elderly at the 43rd International Home Care & Rehabilitation Exhibition, the largest international home care and rehabilitation exhibition in Asia, further demonstrating its commitment to inclusive designs.

LIXIL Diversity & Inclusion Declaration

We leverage our differences to create new energy and engagement generated by open and honest dialogue across our organization. These efforts will enable our employees to build entrepreneurial mindset that will drive growth and sustainable innovation.

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Our People

We are committed to respecting the individuality of all employees and offering a rewarding working environment.



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A Fair & Rewarding Workplace

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

Action plan	Conduct a regular employee awareness survey across the Group.
KPI	Implementation of action plans derived from the global employee awareness survey across the Group (%)
Target / Progress	
Target for FY2016	<ul style="list-style-type: none"> Implementation of action plans derived from the 2015 global employee awareness survey across the Group: 100%
Progress as of 2016	<ul style="list-style-type: none"> Implemented actions in each organization based on the results of the Group-wide employee survey conducted during FY2015 Set up the LIXIL Engagement Committee and shared best practices Group-wide via the intranet
Target for FY2017	<ul style="list-style-type: none"> Implementation of action plans derived from the 2017 global employee awareness survey across the Group: 100%
Action plan	Hold regular discussions between the union and the company
KPI	Number of meetings of the Central Labor Relations Committee at LIXIL Corporation (Japan only)
Target / Progress	
Target for FY2016	<ul style="list-style-type: none"> Hold 9 meetings of the Central Labor Relations Committee annually (*Also hold regional Labor Relations Committees in order to share details of Central Labor Relations Committee action and debate various issues)
Progress as of 2016	<ul style="list-style-type: none"> Held 9 meetings Established smooth labor relations by promoting prompt communication, including meetings and councils, on each of the themes stipulated under the basic labor-management agreement
Target for FY2017	<ul style="list-style-type: none"> Hold 9 meetings of the Central Labor Relations Committee annually to facilitate regular communication between the union and company

Our Approach to Personnel Management

The LIXIL Group strives to create an environment that encourages employee diversity, inspires pride in the company, and enables each individual employee to maximize their productivity and their potential. We have focused on improving our work styles to ensure employees' enthusiasm and motivation, and revising our human resource systems to encourage employees to take paid holidays; this includes offering more comprehensive childcare and nursing care support, and promoting personal career development.

Employee Opinion Surveys

In order for the rapidly evolving LIXIL Group to achieve further integration as One LIXIL, we believe it is important to understand our current situation and actively incorporate employees' views in improving working environments. Accordingly, from FY2015, we have combined employee opinion surveys that were previously conducted separately within each group subsidiary into one global survey. We are now collecting comprehensive data on the level of employees' understanding of our corporate vision, day-to-day work-related issues, satisfaction, as well as engagement. Over 66,000 employees around the world responded to the first survey conducted in 21 different languages, providing feedback from over 90% of our global workforce.

Survey feedback was offered in three languages (Japanese, English and Chinese) and each business function within the organizations used the results to identify its own issues, design solutions, and implement action plans. In addition, we have set up a global cross-functional project to address group-wide issues. For example, LWT Asia identified communication issues between managers and team members, and decided to provide training for new managers. In addition, LWT Americas committed to optimizing and improving the quality of its daily operation. LWT Americas sent staff from the manufacturing management division to the branches in Japan and Vietnam. As a result, LWT Americas improved the standard of work of these employees through best practice management training over a period of 5 weeks.

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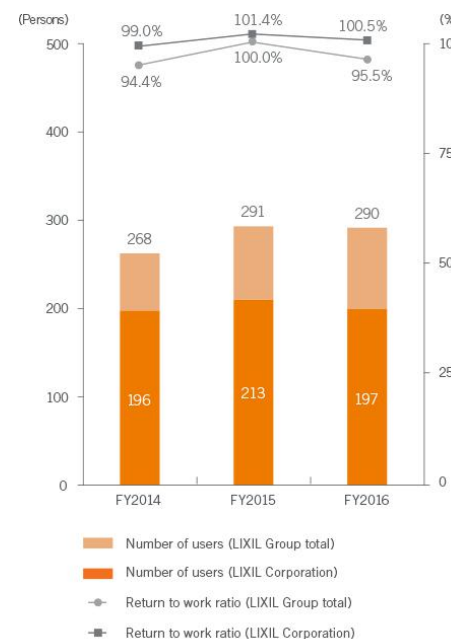
Supporting a Healthy Work-Life Balance

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

Holding active Work-Life Flexibility (WLF) Advisory Discussions between the union and the company, LIXIL Corporation is committed to enhancing the necessary systems and cultivating the right atmosphere. We currently have support practices in place for female employees looking after young children, and are now focusing on supporting our male employees with their childcare commitments, in addition to supporting all employees looking after sick or elderly relatives. We have introduced a variety of new systems, including hourly based paid holidays for all employees, career return systems that allow employees who gave up work due to childbirth, childcare, or nursing care commitments to be reemployed; we are subsidizing extended daycare fees, providing subsidies equivalent to social security premiums to employees on temporary nursing care leave, and offering "Papa Childcare Leave" to male employees whose partner has just had a baby.

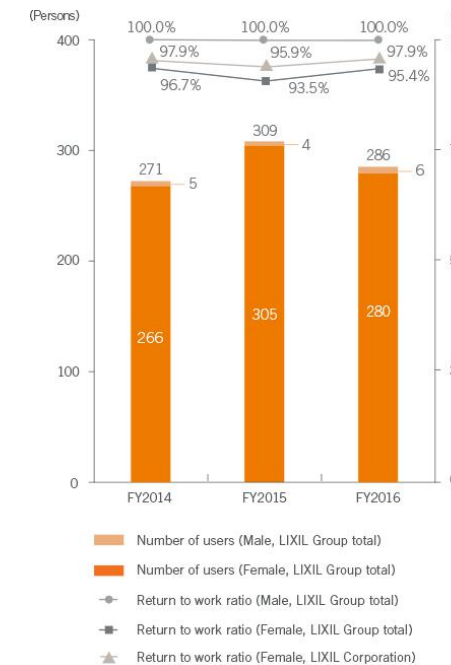
LBT (JOSEF GARTNER CURTAIN WALL SHANGHAI) has introduced and sponsored two initiatives for employees that need to juggle work and care for newborns: fathers are able to request 10 days of paternity leave, and mothers can ask for partially reduced working hours during the first year since the child was born. LWT Indonesia allows flexible working hours during Ramadan to enable employees to eat breakfast with their families and attend prayers.

Number of Maternity Leave Users ★



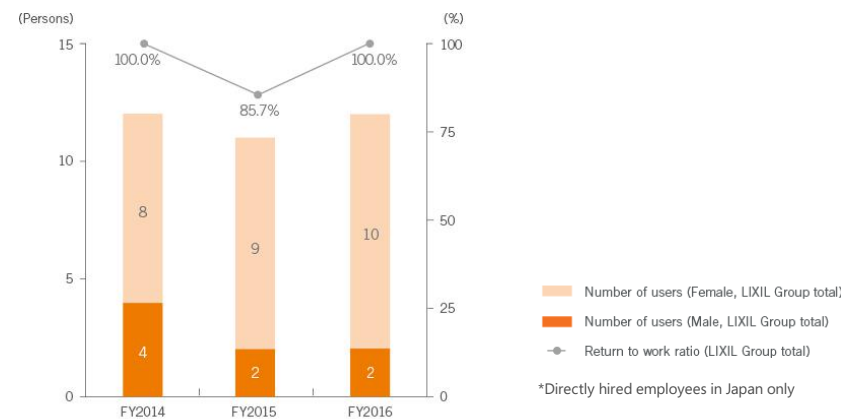
*Directly hired employees in Japan only
*The FY2015 figures have been revised on January 12, 2017

Number of Child-Care Leave Users ★



*Directly hired employees in Japan only

Number of Nursing-Care Leave Users ★



*Directly hired employees in Japan only

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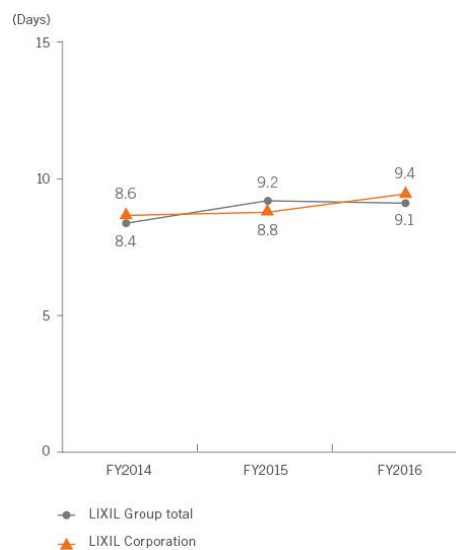
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Preventing Overwork

LIXIL Group top management are proactively seeking to improve productivity by eradicating long working hours and ensuring a healthy work-life balance.

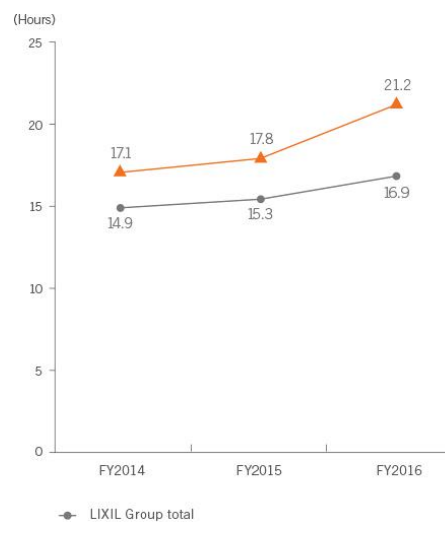
To encourage employees to actively reduce overtime, LIXIL Corporation has designated Wednesdays to be a no-overtime day and has implemented an advance declaration policy for overtime. From FY2015, managers and staff are required to carefully manage their working hours. Employees who consistently work long hours are interviewed by an industrial physician to prevent mental/physical health issues. We aim to increase paid-leave usage to 50% or more by introducing measures such as offering "memorial leave" for personal anniversaries and encouraging employees to take five consecutive days of annual leave at a time. In FY2016, paid-leave usage stood at 48.6%. LWT South Africa (Grohe Dawn) prohibits administrative staff from working after 6pm, and urges them not to work on weekends unless it is an emergency. LHT HK & Macau monitors work progress at monthly or weekly meetings and immediately reviews individual workloads if anyone is working excessive hours.

Paid Leave Days Taken per Employee ★



*Directly hired employees in Japan only

Average Monthly Overtime Hours per Employee ★



*Directly hired employees in Japan only

Labor-Management Relationship

The LIXIL Group believes that building mutual trust between the unions and the company based on an equal relationship helps build a fair and rewarding workplace and leads to improved business performance.

LIXIL Labor Union, which adopts a union shop system for original permanent employees of LIXIL Corporation, is comprised of 13,869 registered members as of March 31, 2017, a 100% membership rate. Labor-management consultations take place in the form of regular discussions and information sharing on business status, working conditions, health and safety issues, etc., and the union and the company work together to resolve issues. When there are changes to working conditions and/or other systems being introduced or revised through labor-management consultation, the union and the company cooperate to ensure employee awareness of the changes. This is facilitated through posting the information on the corporate intranet, cascading the information down through relevant general affairs departments, and the union distributing its own Union Guide to all union members.

FY2016 data indicated with a ★ have received an independent practitioner's assurance.

[Scope and details >](#)

Related principles:

- [LIXIL VALUES >](#)

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Work Safety & Well-being

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.

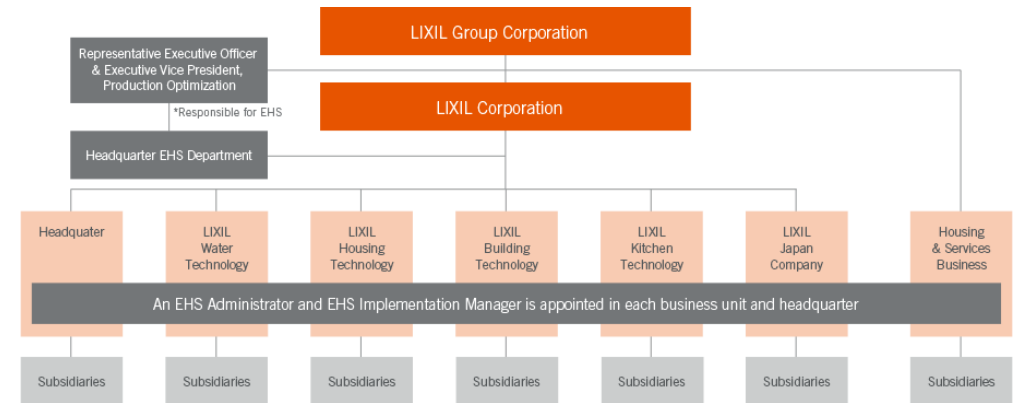
Action plan	Build a common Group EHS management system
KPI	Group-wide coverage of EHS management system (%)
Target / Progress	
Target for FY2016	<ul style="list-style-type: none"> • Set up a Group EHS Committee. • Formulate Group-wide operational rules (EHS manual, EHS governance inspection guidelines).
Progress as of 2016	<ul style="list-style-type: none"> • Scope of EHS performance data capture (employees): 98% • Developed and implemented Group Occupational Health and Safety Policy, core rules such as the EHS manual and EHS internal audit guidelines
Target for FY2017	<ul style="list-style-type: none"> • Group-wide operational scope of occupational health and safety covered by the EHS management system: 98%

Our Approach & Structure

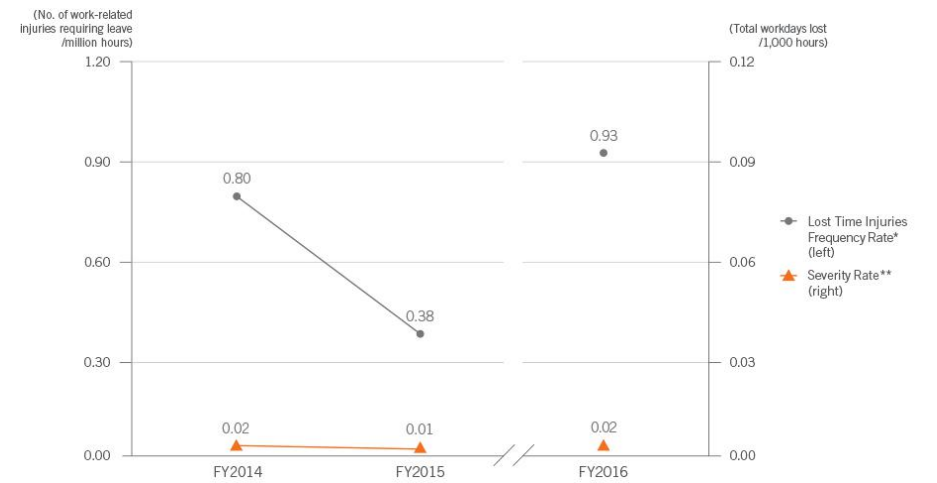
The LIXIL Group, in our Group Charter of Corporate Behavior, commits to "promoting the mental and physical well-being of all workers by prioritizing safety in order to realize an ideal accident-free working environment." To this aim, we have introduced an occupational health and safety management system and implemented a PDCA approach to help prevent accidents at work. We also have a Health and Safety Committee in each business segment, which discusses health and safety issues on a regular basis to help generate continuous improvements.

We have also focused on building and expanding an effective Group-wide management system for occupational health and safety. In July 2015, we appointed health and safety administrators and implementation managers within each of our business units in Japan (each technology business, LIXIL Japan Company and Housing & Services Business) and at headquarters, as well as set up the Japan Health and Safety Committee. In April 2016, the committee's scope was broadened to incorporate

environmental areas and became the Group Environment, Health and Safety (EHS) Committee, chaired by the Representative Officer & Executive Vice President, Production Optimization. Subsequently, we implemented a universal internal occupational safety policy and EHS core rules to establish a Group-wide occupational health and safety management system, and broaden its application over time.



Severity Rate and Lost Time Injuries Frequency Rate ★



* Lost Time Injuries Frequency Rate: Number of lost-day occupational injury cases / Total working hours × 1,000,000
 **Severity Rate: Total days lost due to occupational accidents / Total working hours × 1,000
 (Total days lost due to occupational accidents = actual days absent from work)
 Scope: FY2014 covers directly employed staff at production bases in Japan.
 FY2015 covers directly employed staff at production and non-production bases in Japan.
 FY2016 covers directly and indirectly employed staff at production and non-production bases in Japan and a majority of overseas production bases.

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OIFR ★

	FY2015	FY2016
OIFR *	0.00	0.00

*OIFR: Occupational Illness Frequency Rate
 Number of lost-day occupational illness cases / Total working hours × 1,000,000
 Scope: FY2015 covers directly employed staff at production and non-production bases in Japan.
 FY2016 covers directly and indirectly employed staff at production and non-production bases in Japan and a majority of overseas production bases.

Number of work-related fatalities ★

	FY2014	FY2015	FY2016
Work-related fatalities	0	0	0

*Scope: FY2014 covers directly employed staff at production bases in Japan.
 FY2015 covers directly employed staff at production and non-production bases in Japan.
 FY2016 covers directly and indirectly employed staff at production and non-production bases in Japan and a majority of overseas production bases.

Working to Eradicate Work-Related Accidents

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

LIXIL Water Technology (LWT) shares and develops best practices from each region to help promote further progress. For instance, LWT EMENA and LWT Americas attached spotlights to the back of their forklifts to prevent collisions



with pedestrians walking behind blind corners when the forklift is reversing. LWT Japan improved on this idea by switching the spotlights for strip lights so that pedestrians notice the lights more easily.

Employee Health Management

Working with the LIXIL Health Insurance Society, LIXIL Corporation seeks to ensure the wellness of employees by promoting health awareness and providing opportunities to prevent illnesses and improve fitness.

All employees undergo annual medical check-ups, and industrial doctors determine whether individual employee require attention at work. In addition, employees with high health risks are encouraged to visit a doctor to enable them to continue working in a healthy and safe manner without exacerbating their symptoms. Extra attention is paid to encouraging priority cases (44 employees in FY2015 and 50 in FY2016) to visit a healthcare facility, and, as a result, we achieved a 100% consultation rate. The LIXIL Health Insurance Society covers basic medical examination fees for both employees and their dependents.

We are also focused on caring for mental health, which is important in ensuring overall wellness of employees. We have specialist industry physicians at our business sites, and offer mental health management training for managers to help create a working environment conducive to early detection and early treatment. We also conduct seminars to ensure employees have the correct knowledge to help themselves, and offer a Workplace Reinstatement Program to help employees who have been on sick leave to facilitate their return to the workforce.

In line with new legal requirements on stress tests introduced in December 2015, we started conducting stress tests each year between May and June from 2016. In FY2016, 84.5% of employees took the stress test, rising to 93.9% in FY2017. We are using the test to ensure employees understand the importance of self care as a key part of successful mental health care, and to better understand workplace conditions and instigate improvements.

In February 2017, the LIXIL Group was recognized as a certified health and productivity management organization in the large enterprise White 500 category, a program operated by Japan's Ministry of Economy, Trade and Industry.

FY2016 data indicated with a ★ have received an independent practitioner's assurance.
[Scope and details >](#)

Related principles:

- [LIXIL Group Occupational Health and Safety Principles >](#)



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Talent Development

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

Action plan	Continue and optimize regular leadership training programs*, both in Japan and across the Group
KPI	Number of employees participating in leadership training
Target / Progress	
Target for FY2016	· Number of participants: 200 employees
Progress as of 2016	· 237 employees participated in leadership training* · Expanded development programs to enable all employees to take part
Target for FY2017	· Next-Generation Human Resource Promotion Program: hold 5 classes for 116 employees at LIXIL Corporation (Japan only)
KPI	Percentage uptake of initial 3-year basic education (LIXIL Corporation, Japan only)
Target / Progress	
Target for FY2016	· — *Newly added in FY 2017
Progress as of 2016	· — *Newly added in FY 2017
Target for FY2017	· Ensure 100% introduction of 3-yearly communication training (LIXIL Corporation, Japan only)

Our Approach to Talent Development

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

1. Basic School

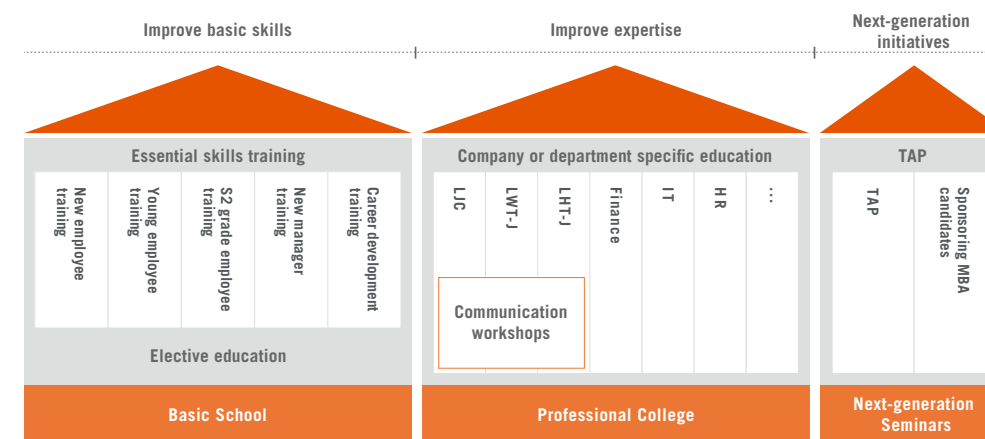
Improving basic skills at each level and offering learning opportunities to match employees' enthusiasm for learning

2. Professional College

Improving the overall capability and expertise of business units and functional divisions

3. Next-generation Seminars

Providing proactive training for entrepreneurially minded employees



Training for young employees (Basic School)

This established training system is designed to ensure young employees in their first through third years of employment can acquire the necessary competences to cope with higher expectations and evolving roles within the company. Our communication skills training for each year group, in particular, focuses on developing the skills required to foster a flat and open corporate culture.

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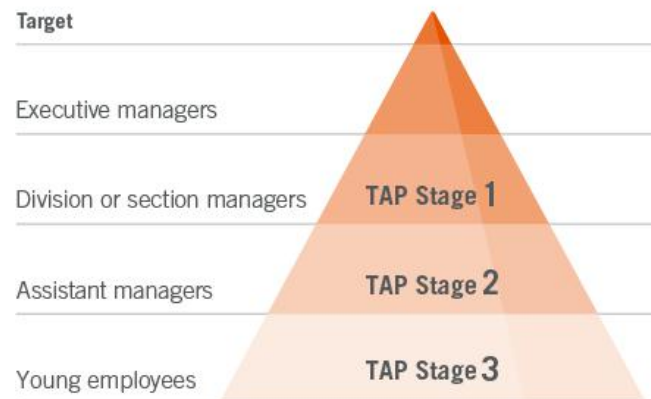
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TAP program for next-generation leaders of an entrepreneurially minded company

Our Talent Acceleration Program (TAP) is designed to proactively nurture entrepreneurially minded personnel, including young employees selected by open recruitment or recommendation, middle managers working predominantly in the field, and division or section managers. We operate different training programs for each of three groups, focusing on fostering management skills and a managerial mindset from an early stage. We are also introducing an overseas MBA study program to help employees acquire management skills and develop an international outlook.



Talent Acceleration Program (TAP) Structure



Training and education support programs conducted in FY2016 (including overseas businesses)

Item	Training summary	Number of participants
New employee training	Basic training for new employees entering the company	165
Training by corporate positions	Training to develop skills and capabilities required at each position level	863
Leadership training (LT)	Training to nurture next-generation management personnel	237
Management training	Training for employees being promoted to management positions	120
Division training	Training in each division to develop skills and capabilities respectively required for product development, production, sales, and other lines of work	12,602

* LIXIL Corporation only
Leadership training (LT) covers LIXIL Corporation and its subsidiaries

Annual training hours and costs per employee (FY2016) ★

Overall training	Training hours 15.01 hours	Training costs 57,392 Yen
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*Directly hired employees in Japan only

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Career Development

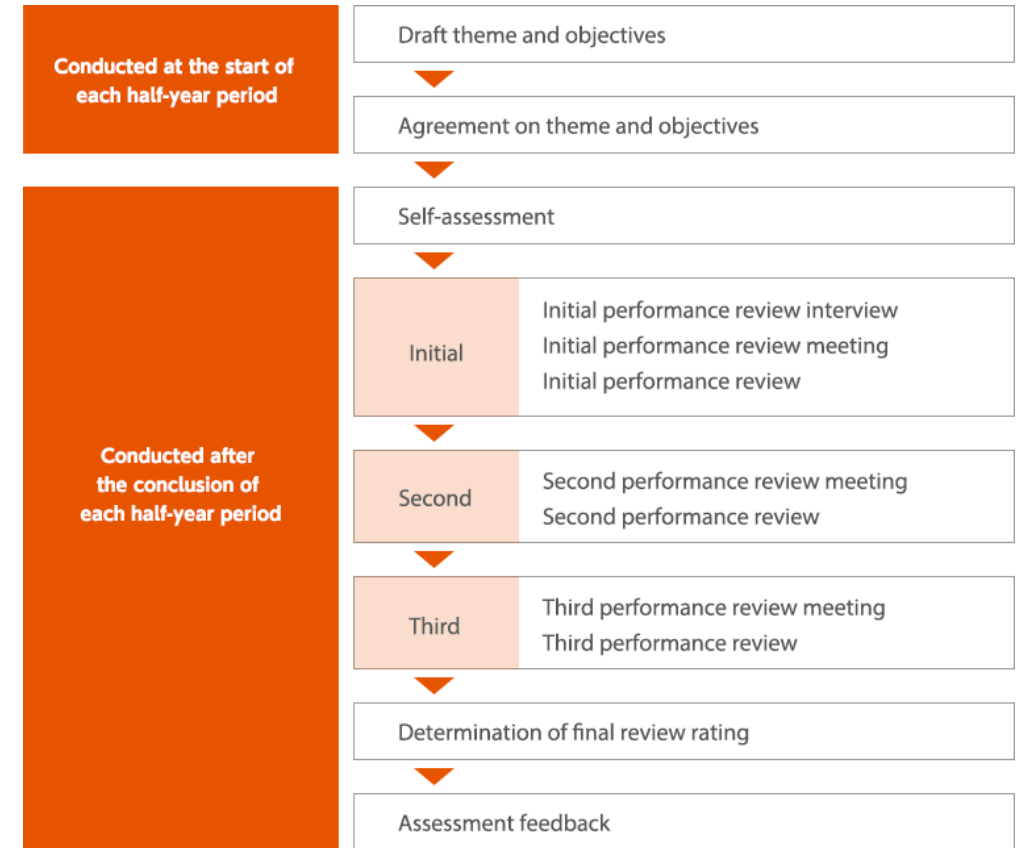
LIXIL Corporation aims to create an environment that enables all employees to contribute enthusiastically and proactively. That involves supporting career development from a dual perspective; encouraging both strategic career development driven by the company, and self-motivated career development driven by individual employees. Our career support training conducted in FY2016 concentrated on helping managers help staff build their own ideal careers, and we will implement this program more widely going forward. We will also continue our Job Posting system that advertises specific vacancies to ensure higher mobility across business sections, and support individual and corporate growth through optimum job placements that match company needs with employees' career designs.

In order to discover and nurture proactive, global-minded personnel, we launched the Global Challenge Program in FY2017, which enables employees, selected from internal opportunity system, to spend 12 to 18 months at one of LIXIL's international businesses.

Evaluation Framework

LIXIL Corporation evaluates all employees to ensure growth and accomplishments are justly awarded. Employees are required to assess their own achievements against objectives set at the beginning of the year, and managers provide feedback in meetings on the performance evaluation results. We nurture development by reviewing half-yearly performance and communicating future expectations. To secure fair evaluations, we develop managers' personal evaluations skills through the Personnel Evaluation System Manual or new manager training programs.

Performance Evaluation Flow



FY2016 data indicated with a ★ have received an independent practitioner's assurance.

[Scope and details >](#)

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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.

Action plan	Promote the active participation of women in the workplace
KPI	Percentage of women among regularly recruited new hires (Japan only) (%)
Target / Progress	
Target for FY2016	· Percentage of women among regularly recruited new hires in March 2016: over 30%
Progress as of 2016	· Percentage of women among regularly recruited new hires in April 2017: 30.8%
Target for FY2017	· Percentage of women among regularly recruited new hires (Japan only): over 30%
KPI	Percentage of women participating in leadership training* (LIXIL Corporation, Japan only) (%)
Target / Progress	
Target for FY2016	· Percentage of women participating in leadership training: over 20%
Progress as of 2016	· Percentage of women participating in leadership training*: 20.8%
Target for FY2017	· Percentage of women participating in Next-Generation Human Resource Promotion Program: over 20%
Action plan	Create a staffing plan that encourages employment and development of people in local communities
KPI	Fulfillment of recruitment plans to increase the number of local factory employees (LIXIL manufacturing subsidiaries)
Target / Progress	
Target for FY2016	· Achieve 100% of the recruitment plan (100 newly hired employees)
Progress as of 2016	· Recruited 100 people (17 graduates from specialist high schools and 83 high-school graduates) · Frequently visited schools in each area, and participated in job fairs
Target for FY2017	· Achieve 100% of the recruitment plan

Our Approach

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

Empowering Women in the Workplace

The LIXIL Group believes the active participation of female employees is vital to promoting diversity. In March 2012, we had 1 female senior executive (1.0%) in the Group. In March 2017, that number had risen to 7 (11.9%), including 2 directors, 2 senior managing executive officers and 3 executive officers. As of March 31, 2017, the number of female managers increased to 687, constituting 12.9% of total management personnel. In July 2017, the LIXIL Group was included in the MSCI Japan Empowering Women Index (WIN), which features Japanese companies with high proportions of female managers and female employees.

LIXIL Corporation has set up the Diversity Promotion Office to further advance careers for women. As a member of "Male Leaders General Meeting (to promote the active role of women)", an initiative backed by the Cabinet Office, we declared a WeDo Action* plan in August 2014, and are facilitating more appointment of female directors / officers and managers. As of March 2017, we had 168 female managers (6.8% of all managers), representing growth of approximately 7.6 times in absolute number from 22 female managers (0.9%) in March 2012.

*WeDo: Women Empowerment in a Diversified Organization

*(0): The ratio of women in all management positions

*1 female director and 1 female senior managing executive officer are from countries other than Japan.

*Data excludes Senior Life Company of LIXIL Corporation

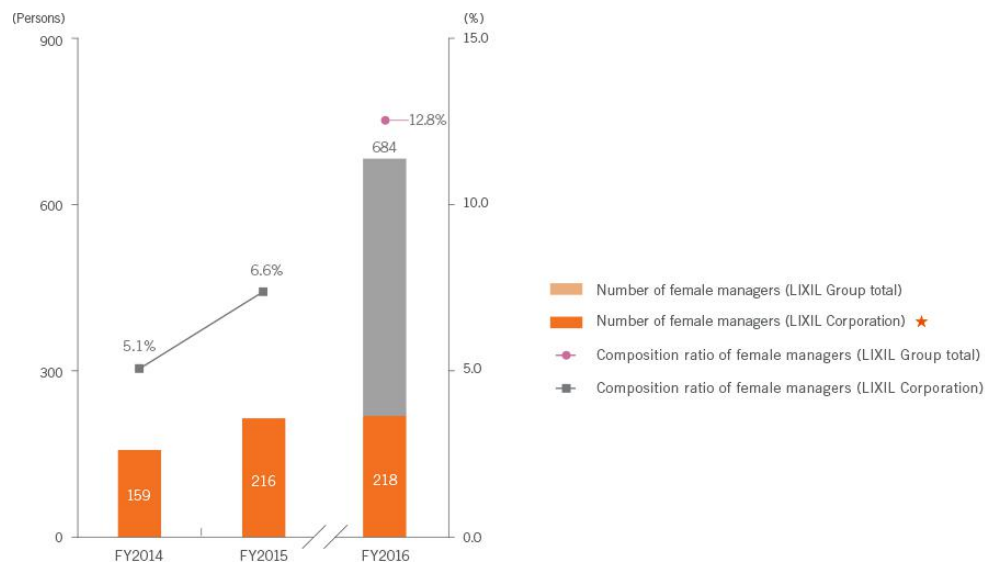
Taking the promotion of active female employees to the next level, we are currently creating an environment in which female employees can consistently develop their careers even if they take time off for life events such as childbirth. For example we developed a Mamap career-building tool for working mothers. Female employees intending to take childcare leave use the provided tool and interview sheet to help them communicate with their managers to design a career path and support system, and ensure continued active and rewarding work after the maternity leave.

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Number and Composition Ratio of Female Managers



* Directly hired employees only, data collected based on the qualification system used at each operating company, as of March 31 of each fiscal year
Scope: FY2014 and FY2015 cover LIXIL Corporation in Japan, and FY2016 covers the entire Group

Other external commendations of LIXIL Corporation

- Received the highest level of Eruboshi certification in 2017 from the Ministry of Health, Labour and Welfare, which honors companies that have actively promoted female employment in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace.

[*Click here for details \(Japanese only\) >](#)

- Received the first Catalyst Distinction award from non-profit Catalyst Japan in 2017, which honors women's advancement, diversity and inclusion initiatives in the workplace.

[*Click here for details >](#)

Fostering a LGBT-friendly company environment

The LIXIL Group is working to create a friendly work environment for LGBT and other sexual minority employees.

LIXIL Corporation held study sessions for employees and provided badges to employees who identified as an LGBT Ally as a way to display their support. The badge logo is a unique LIXIL design. We intend to extend these study sessions to employees across the Group, and will continue to actively expand the LGBT Ally network as part of our drive to create a comfortable and friendly corporate environment for all.

LBT (PNA Corp.) has launched various actions that reflect social change in the US, including the provision of medical coverage to same-sex married partners.

To comply with local anti-discrimination laws, LBT (PERMASTEELISA UK) has supported initiatives, such as the installation of unisex toilets, to create a more comfortable working environment for LGBT.

Employing Persons with Disabilities

Many employees with disabilities work alongside those without disabilities in the LIXIL Group because the Group has developed inclusive working environments, from R&D to production, sales administration, and planning management, to suit each individual's specific disability. As of March, 2017, 759 people with disabilities were employed across the LIXIL Group, representing 2.34% of the workforce (427 and 2.26% for LIXIL Corporation).

In 2014, we launched the WING NIJI employment center for disabled people at LIXIL Corporation's office in Koto ward, Tokyo, to provide support for them in the workplace, in addition to proper evaluation of work assignments and job development opportunities. WING NIJI provides work support, job aptitude assessments, and professional skills development services, and has been undertaking many initiatives to create more inclusive work environments.

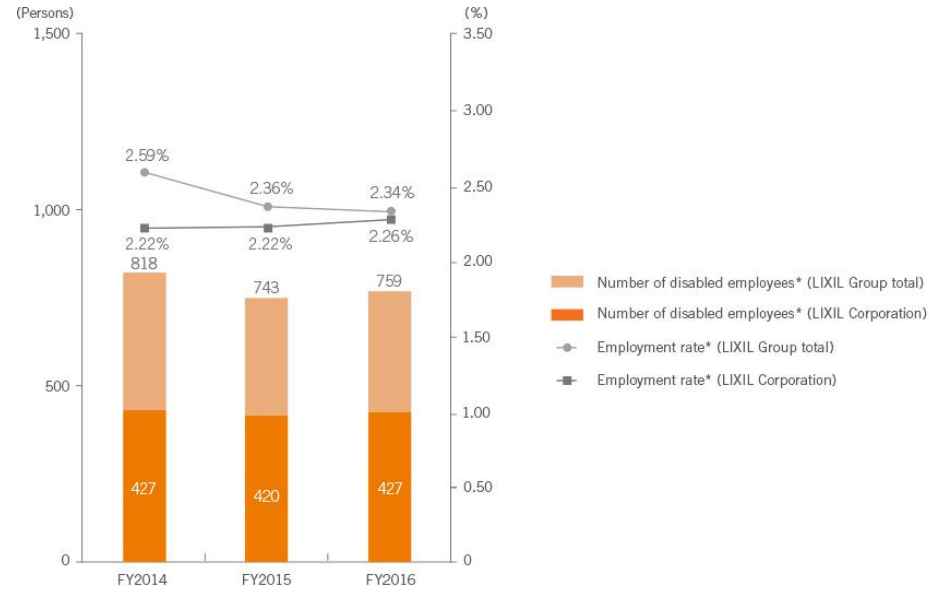
In May 2016, LIXIL Corporation received certification from the Ministry of Health, Labour and Welfare as a leading company in the active employment of persons with mental and other disabilities.

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Number and Percentage of Disabled Employees ★



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

Creating Local Employment Opportunities

LIXIL Corporation supports the growth of employment opportunities in the regions where we operate by employing technical college and high-school graduates as local permanent employees at our plants in Japan.

FY2016 data indicated with a ★ have received an independent practitioner's assurance.

[Scope and details >](#)

Related principles:

- [LIXIL Diversity & Inclusion Declaration >](#)

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

 [LIXIL Group FY2016 Human Resource Performance data \(PDF: 300KB\) >](#)

Includes the following information/data:

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

[Scope of Data Collection >](#)

FY2016 data indicated with a ★ have received an independent practitioner's assurance.

[Details >](#)

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With the desire to help people live in harmony with the earth,
we are committed to continuing our efforts to be environmentally sound
in every aspect of our businesses activities.



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Environmental Management

In order to achieve our Environmental Vision 2030, the LIXIL Group has committed to reducing the environmental footprint of our business operations through launching a Group-wide Environment, Occupational Health and Safety (EHS) management system.

Action plan	Build a common Group EHS management system
KPI	Group-wide coverage of EHS management system (%)
Target / Progress	
Target for FY2016	<ul style="list-style-type: none"> Establish a Group EHS Committee Formulate Group-wide operational rules (EHS manual, EHS governance inspection guidelines) Start collecting and reporting on Group-wide EHS performance data
Progress as of 2016	<ul style="list-style-type: none"> Scope of environmental performance data captured (offices and companies): 96% Built Group-wide EHS enhancement framework. Convened the first EHS Committee Developed and implemented core rules such as the EHS manual and EHS internal audit guidelines. Trialed EHS internal audit Determined Group Occupational Health and Safety Policy
Target for FY2017	<ul style="list-style-type: none"> Group-wide operational scope of occupational health and safety covered by the EHS management system: 98%

Our Approach

In 2016, the LIXIL Group announced its Environmental Vision 2030 medium to long-term targets, and established the LIXIL Group Environmental Sustainability Principles to define our environmental philosophy and code of conduct. By 2030, we aim to secure an overall net zero balance between the environmental footprint of our business and the positive environmental contribution we make through technological innovations and the development of low-carbon, water-saving products and services.

To achieve our Environmental Vision, it is vital that we operate an effective environment management system, and work to reduce environmental impact across our entire business, from

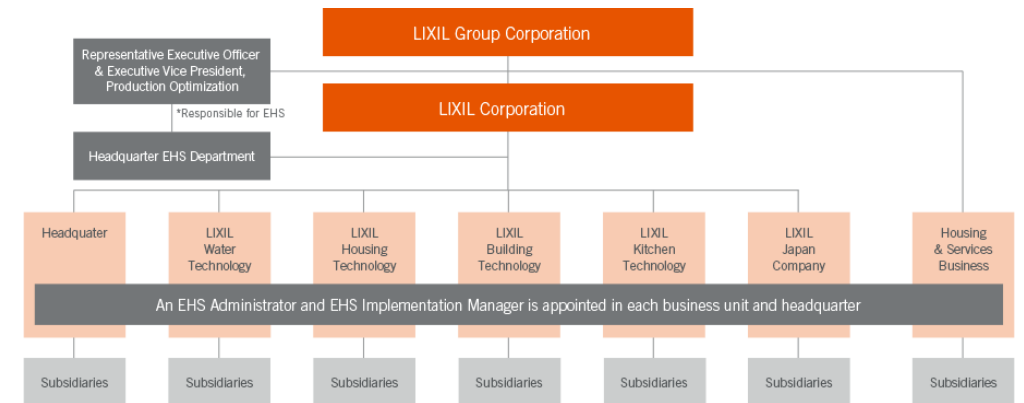
raw materials procurement through product disposal. In 2016, we started operating under our newly established EHS Performance Reporting Guidelines to help strengthen Group-wide target management and monitoring systems. We are looking to actively reduce environmental impact across the Group by extending activities currently implemented in Japan to all global operations.

Promoting EHS

In April 2016, the LIXIL Group launched the Group EHS Committee, chaired by the Representative Officer and Executive Vice President, Product Optimization and covering our four technology businesses, LIXIL Japan Company, Housing & Services Business, and headquarters. We developed and broadened the scope of the Group EHS management system, by bringing together all of the businesses for an annual Group EHS Committee meeting. The committee will further drive our environmental strategy and build effective management and reporting lines in cooperation with LIXIL Group Executive Officers, the LIXIL Corporation Board of Directors, and the Corporate Responsibility Committee.



Group EHS Committee



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External and Internal Audits

The LIXIL Group conducts internal audits of its manufacturing factories according to ISO14001 standards and checks the effectiveness and compliance of the environmental management systems. With regard to non-manufacturing divisions and Group operating companies, we perform internal audits based on the standards set in our own environmental management system and are gradually expanding the scope to include Group subsidiaries. We work to ensure the effective operation of our management system by following up on all audit points and confirming the implementation of appropriate improvements.

Environmental Education Initiatives

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

Converted Economic Value

The LIXIL Group has calculated the total economic value of our products in order to understand the positive and negative impacts they have on the environment. We estimated the overall running costs for water, gas, and electricity from the use of our toilets, water faucets, and kitchens to be US\$179.2 billion for our end users. On the other hand, the positive value created from the use of our environmentally designed products, such as insulated windows, doors, curtain walls, as well as water-saving and energy efficient toilets, water facets, and kitchens, would generate savings of approximately \$59.7 billion for end users. These calculations reveal that the running costs for our mainstream products are nearly triple the potential savings that can be made by using our environmentally designed products. As products account for over 70% of the Group's environmental impact within our value chain, in order to achieve our 2030 Environmental vision, LIXIL is committed to producing even more environmentally efficient products. To achieve this, we intend to analyze the environmental impacts of our products more thoroughly to encourage better processes and more effective management.

Preventing Pollution Through Strict Control of Chemical Substances

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

Number of Environmental law violations

	FY2013	FY2014	FY2015	FY2016
No. of environmental law violations	0	0	0	0
Total amount of fines/penalties from the above	0	0	0	0
Environmental liability	0	0	0	0

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

FY2016 data indicated with a ★ have received an independent practitioner's assurance.

[Scope and details >](#)

Related principles:

- [LIXIL Group Environmental Sustainability Principles >](#)

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Greenhouse Gas Reduction

The LIXIL Group is focused on developing products and services that can help realize a low-carbon or decarbonized society, as well as actively reducing greenhouse gas emissions in its operational processes.

Action plan

- Pursue more environment-conscious product design and sales expansion strategies, taking into account the entire lifecycle of both products and services
- Improve CO₂ emissions/units

KPI

Group-wide:

1. Benefits from CO₂ emissions reduction achieved from the products and services
2. Levels of CO₂ emissions across all operational processes

Target / Progress

Target for FY2016

1. Create a guideline for calculating the decrease in CO₂ emissions to help achieve our mid-term target for FY2016-20 (1.4 times more efficient than in FY2015), and monitor the FY2015 result
2. Target -1.6% in FY2016 compared to FY2015 to achieve our new mid-term CO₂ emissions target for FY2016-20 (-8% v. FY2015)

*Above includes water resource conservation data (indirect avoided emissions and actual emissions related to water use)

Progress as of 2016

1. Contributions from CO₂ emissions reduction achieved from products and services increased by 1.08 times (compared to FY2015). Created Guideline for Calculation of Environmental Contribution to clarify calculation method for individual products and services, and calculated results based on FY2015 performance
2. CO₂ emissions from operational processes increased by 5% (compared to FY2015). Set targets and initiatives for each business organization in compliance with med-term targets

- Created Guideline for Calculation of CO₂ Emissions from Value Chain to clarify calculation method for all processes from procurement of raw materials through to product disposal

Target for FY2017

1. Group-wide benefits from CO₂ emissions reduction achieved from products and services increased by 1.16 times (compared to FY2015) to achieve our mid-term CO₂ emissions target for FY2016-20
2. Group-wide levels of CO₂ emissions across all operational processes reduced by 3.2% (compared to FY2015) to achieve our mid-term CO₂ emissions target for FY2016-20

*Above includes water resource conservation data (indirect avoided emissions and actual emissions related to water use)

Improving Energy Efficiency of Products and Services

The LIXIL Group pursues the development of low-carbon and energy-saving products and services to achieve a net zero balance between our environmental footprint and our positive environmental contribution. In FY2016, we completed the Guidelines for Calculation of Environmental Contribution, which is our global guideline to measure the positive environmental contribution of our products and services. Going forward, we intend to strengthen our focus on product lifecycle and expand our range of environment-conscious products.

LIXIL Navish hands-free faucets

LIXIL's Navish hands-free faucets use automatic Eco Sensors to detect the presence of hands and other objects, enabling water to be dispensed and stopped without touching the faucet. Faucets equipped with the Eco Sensor function also separate hot and cold water, preventing unintended use of hot water and energy. Compared to conventional faucets, users can expect to see energy savings of about 52%, and water savings of about 31%.



LIXIL Navish hands-free faucets

LIXIL SAMOS L and ERSTER S

To reduce energy consumption from air conditioning, it is important to improve the thermal insulation of openings in the home. These represent the greatest inflow and outflow of heat. Following the introduction of LIXIL's high-performance SAMOS X hybrid aluminum and resin windows, in FY2016 LIXIL introduced SAMOS L, a strategic product designed to be more affordable while maintaining high thermal insulation. In addition, ERSTER X, a resin window aimed at providing the top-class level in thermal insulation performance, has been joined by ERSTER S, a resin window at a more affordable price point.



LIXIL SAMOS L

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Permasteelisa mfree-SCCF

Introduced by Permasteelisa in 2008, mfree-SCCF (moisture free Sustainable Close Cavity Façade) curtain walls feature double-skin glass walls with compressed-air internal cavity. The Permasteelisa Group's proprietary technology offers outstanding performance from the perspectives of ecological sensitiveness, comfort, and aesthetic appeal. Many buildings with these curtain wall exteriors have received acclaim and certification by green building rating systems such as Leadership in Energy and Environmental Design (LEED) and the Building Research Establishment Environmental Assessment Method (BREEAM).



HILTI INNOVATION CENTER, SCHAAN
LIECHTENSTEIN
©Bruno Klomfar Fotografie

Expanding Net Zero Energy Housing

In FY2016, LIXIL also worked to promote Net Zero Energy Housing (ZEH).* In October 2016, we renamed the Exterior Business Department the ZEH Solutions Division to further our focus on promoting ZEH in Japan. In April 2017, we also began offering ZEH Design Support Services to assist builders in designing houses that meet ZEH criteria. By providing both building materials with high-performance thermal insulation and design services for builders, LIXIL is helping to promote the growth of ZEH in Japan.

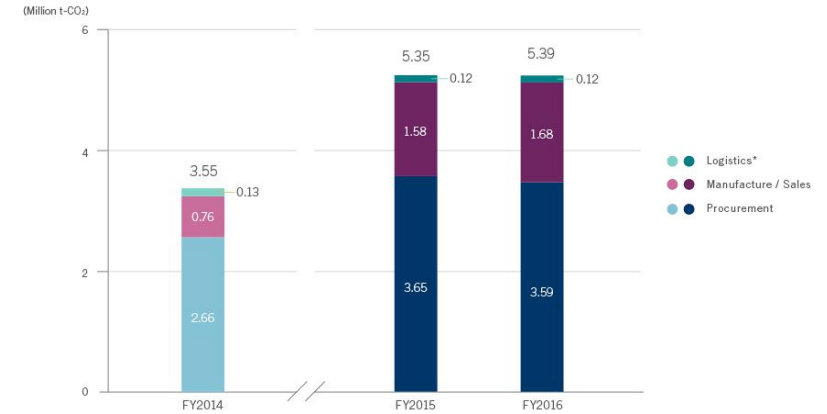
*A house that achieves net zero energy consumption through the use of improved thermal insulation, energy-saving technology, and renewable energy-generating equipment such as solar panels. The definition or criteria of a net zero energy house can vary by country.

Promoting Energy Creation and Saving

Each business within the LIXIL Group sets targets and implements initiatives in line with our medium-term goals, which includes creating and saving energy in operational activities. In FY2016, we established the Guideline for Calculation of Value Chain CO₂ Emissions and are currently implementing these guidelines Group-wide.

We are implementing a number of initiatives to reduce energy consumption in all of our business processes, including switching to LED lighting in our offices and installing systems that encourage environmentally efficient use of commercial vehicles in Japan.

CO₂ Emissions ★



Scope: FY2014 covers operation in Japan and Asia, while FY2015 and FY2016 cover a majority of the entire Group
 *Cargo shipped by LIXIL Corporation is covered

Establishing a solar power system

LIXIL Corporation is promoting the generation and use of renewable energy by turning idle land and factory roofs into mega-solar power plants at five of its sites in Japan. The five sites combined generate approximately 28,900MWh each year, equivalent to the annual power consumption of roughly 5,800 households in Japan. At the end of April 2017, we also introduced a similar system at Minakuchi distribution center and Kumayama factory.



LIXIL Chita SOLAR POWER generated approx. 6,700MWh in FY2016

Energy savings at manufacturing sites

In July 2016, the GROHE Lahr Plant in Germany introduced a new CHP unit, replacing two inefficient boilers. The new CHP unit is providing heat for two electroplating lines and can supply up to 30% of the plant's demand for electricity. In addition to better overall energy efficiency, it also enables the plant to reduce CO₂ emissions by 2,500 tons per year. At the GROHE Hemer Plant, a CHP unit introduced in 2015 is



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reducing 15% of the plant's electricity consumption from the use of "recovered heat," generating a savings of 2,200 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

CDP Climate Change Information Request

LIXIL has been participating in the CDP questionnaire since 2011 and actively disclosing our non-financial information to investors.

[For further details, please refer to the CDP website. >](#)

FY2016 data indicated with a ★ have received an independent practitioner's assurance.

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Sustainable Water Use

The LIXIL Group promotes the conservation and sustainable use of water across the entire lifecycle of our products, from procurement through disposal.

Action plan

- Pursue more environment-conscious product design and sales expansion strategies, taking into account the entire lifecycle of both products and services
- Improve efficient use of water resources

KPI

Group-wide:

1. Benefits from CO₂ emissions reduction achieved from the products and services
2. Levels of CO₂ emissions across all operational processes

Target / Progress

Target for FY2016

1. Create a guideline for calculating the decrease in CO₂ emissions to help achieve our mid-term target for FY2016-20 (1.4 times more efficient than in FY2015), and monitor the FY2015 result.
2. Target -1.6% in FY2016 compared to FY2015 to achieve our new mid-term CO₂ emissions target for FY2016-20 (-8% v. FY2015).

*Above includes water resource conservation data (indirect avoided emissions and actual emissions related to water use).

Progress as of 2016

1. Contributions from CO₂ emissions reduction achieved from products and services increased by 1.08 times (compared to FY2015). Created Guideline for Calculation of Environmental Contribution to clarify calculation method for individual products and services, and calculated results based on FY2015 performance
2. CO₂ emissions from operational processes increased by 5% (compared to FY2015). Set targets and initiatives for each business organization in compliance with med-term targets

- Created Guideline for Calculation of CO₂ Emissions from Value Chain to clarify calculation method for all processes from procurement of raw materials through to product disposal

Target for FY2017

1. Group-wide benefits from CO₂ emissions reduction achieved from products and services increased by 1.16 times (compared to FY2015) to achieve our mid-term CO₂ emissions target for FY2016-20
2. Group-wide levels of CO₂ emissions across all operational processes reduced by 3.2% (compared to FY2015) to achieve our mid-term CO₂ emissions target for FY2016-20

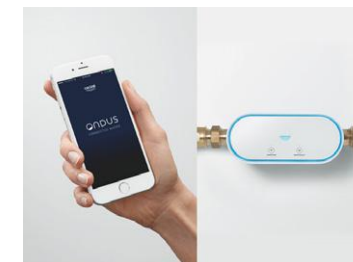
*Above includes water resource conservation data (indirect avoided emissions and actual emissions related to water use)

Enhancing the Water-Saving Features in Products and Services

The LIXIL Group is focusing on water conservation as a core theme for our 2020 mid-term targets. This includes enhancing the water-saving features in our products and services.

GROHE SENSE GUARD, the smart water controller

According to the 2017 GROHE Water Security Survey, 54% of European households experienced water damage. To help households to get control over water in home and costly repairs, GROHE developed the GROHE Sense & GROHE Sense Guard. The GROHE Sense Guard is a smart water controller which notifies them the moment it detects anomalies in their home's waterflow. Using the GROHE ONDUS smartphone application, users can shut off the water supply, thus protecting their home and avoiding costly damage – especially if they are away from home.



GROHE SENSE GUARD

For further details, please refer to the [GROHE SENSE GUARD website](#) >

American Standard Water Saving Toilets

American Standard offers a wide range of toilets that save nearly 20% more water than the national code for toilet water consumption and meet the strict criteria for water savings established by the U.S. Environmental Protection Agency's WaterSense program. We have a variety of products to match consumers' tastes, including CADET PRO, a quality toilet at an affordable price, VorMax UHET, an ultra-high efficient toilet, and Lyndon, a popular contemporary-styled toilets. The bowl height of these toilets also conforms to the accessibility height as outlined by the Americans with Disability Act of 1990.



VorMax UHET flushing technology cleans twice as well as conventional toilets with less water.

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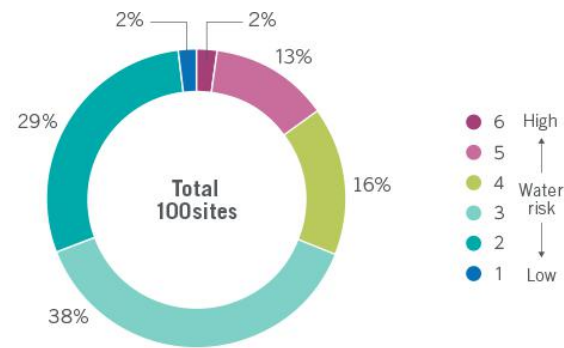
Conserving Water in Business Activities

To help preserve water resources, the LIXIL Group is working to further improve the efficient use of water in our business processes by developing tailored measures for each production base.

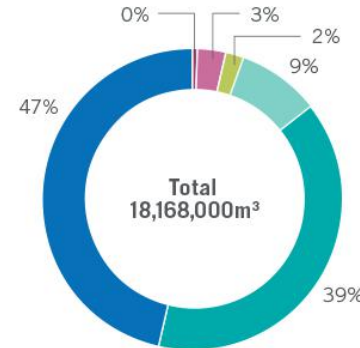
Identifying water risk in our production facilities

As a company that uses water in our production processes, the LIXIL Group identified water supply risks at production sites in order to better understand local conditions and introduce appropriate countermeasures. We used international evaluation tools such as the WWF Water Risk Filter and the WRI AQUEDUCT to quantify local characteristics and water usage. Of the 100 manufacturing sites, factories mainly in Asia were designated top priority water conservation targets. While to date we have promoted improving water quality and efficiency according to individual sites, going forward, we will also incorporate these evaluation results to promote initiatives at each production facility.

Production Sites Categorized by Water Risk Level



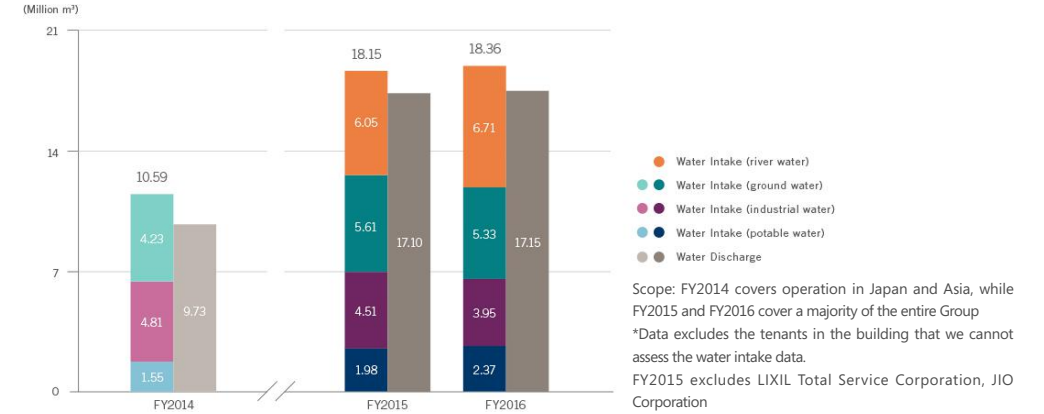
Water Risk Survey Results and FY2015 Water Usage



Reducing water usage in factories

The LIXIL Group uses large amounts of water for aluminum product surface finishing and other processes. In order to conserve water, we study the level of water usage per factory, including water intake, water usage per process, and the installation of water circulation systems. In addition, we promote efficient use of water by building circulation systems and engaging in other conservation measures, as well as conduct strict wastewater management to protect and maintain water quality.

Water Usages ★



Introducing waste water recycling systems

LIXIL Sanitary Fitting Manufacturing (Suzhou) Corporation is a factory in China affiliated with LIXIL Water Technology that has made a notable reduction in its water use. In 2015, the factory installed a wastewater recycling system with a RO membrane filtration system, which can filter wastewater generated in production processes such as machining and plating. The treated water is reused in production and to flush toilets. This new system is currently one of the biggest contributors to water saving in the factory. For example, water consumption per unit weight of products was reduced by approximately 45% in FY2016 compared to FY2014 (pre-system installation). In FY2016, fresh water usage and cost were reduced by 36,927m³ and US\$15,000, respectively. Due to its success, similar projects are being rolled out in other LIXIL faucets factories in Asia. Along with other water saving projects, we are expecting to see even more benefits from reductions in fresh water use and related costs.



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

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CDP Water Information Request

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Sustainable Use Of Resources

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

Action plan

- Pursue more environment-conscious product design and sales expansion strategies, taking into account the entire lifecycle of both products and services.
- Improve waste recycling ratio

KPI

Group-wide:

1. Benefits from CO₂ emissions reduction achieved from the products and services
2. Levels of CO₂ emissions across all operational processes

Target / Progress

Target for FY2016

1. Create a guideline for calculating the decrease in CO₂ emissions to help achieve our mid-term target for FY2016-20 (1.4 times more efficient than in FY2015), and monitor the FY2015 result.
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Target for FY2017

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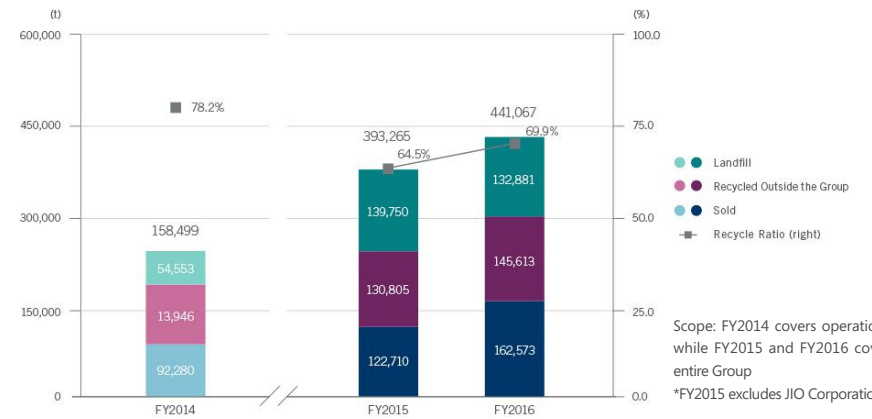
*1 and 2 include water conservation data on indirect CO₂ emissions and the decrease in CO₂ emissions when using water.

Recycling Resources in Operational Activities

The LIXIL Group ensures sustainable use of resources through initiatives such as recycling waste materials produced during its operations.

Based on the 3R principles - Reduce, Reuse, Recycle - LIXIL Corporation is committed to reducing industrial waste products generated from manufacturing processes, collecting and sorting waste, and recycling. Going forward, we plan to expand our efforts by recycling resources at the raw material procurement and product disposal stages as well, and to extend the system globally.

Waste Materials and Recycling Rates ★



Reducing Factory Waste Materials

Recycling complex waste plastics

LIXIL Corporation's Ueno-midori bathtub-manufacturing factory uses plastic resin for its bathtub press molding, wrapped in a protective polypropylene film to prevent the volatilization of organic solvents. The resin and protective film were previously disposed of as waste due to the difficulty of recycling materials with different material composition. However, working together with a waste management processing company, we found a successful way of reusing the materials from FY2016. The pulverized resin and film is sorted, cleaned, and pelletized for reuse as resin pallet. The factory has also worked efficiently to reduce waste by minimizing defective products, as well as distilling and reusing previously used solutions such as paint thinner. As a result, the factory has been able to reduce the total volume of waste by approximately 18% from 905.6 tons in FY2015 to 744.0 tons in FY2016.

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Recycling of sludge in Thailand

TOSTEM THAI Co., Ltd., a LIXIL Corporation subsidiary, has been working to reduce its biggest industrial waste product, sludge. In Thailand, the most common treatment of industrial waste is to bury it. However, this method has recently been criticized as hazardous materials have leached into the soil and groundwater. Concerned with the current process, we suggested to a local cement manufacturer about turning the sludge into cement material, a common process in Japan. The subsidiary worked with the government of Thailand to resolve the challenges of developing a suitable recycling framework. This initiative resulted in a 60% reduction in buried sludge volumes in FY2016 compared to FY2014, and reduced costs. These initiatives, along with other community activities such as tree planting and garbage collection, helped TOSTEM THAI gain Level 4 in the Thailand Ministry of Industry's GREEN INDUSTRY* commendation system. We are now working to reduce new sludge landfills to zero by FY2018.

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



Using recycled material up to 85% in product manufacture

At GROHE's faucet-producing plants in Germany, Portugal, and Thailand, most material used for the brass alloy in the plants come from collected recycled material. Making use of the plant's in-house alloy smelting blast furnaces, we refine the alloys collected internally and externally. Between 70% and 85% of the brass bodies are created from recycled material, and are entirely recyclable.



FY2016 data indicated with a ★ have received an independent practitioner's assurance.

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The LIXIL Group is committed to conserving water, energy, and other natural resources utilized in our products and services, across the supply chain from procurement through production, distribution, end use and product disposal. To that aim, we work hard to gain a clear understanding of total raw materials and energy inputs as well as CO₂, air pollutants and other emissions, and implement measures to reduce them.

 [LIXIL Group FY2016 Environmental Performance Data \(PDF: 419KB\) >](#)

Includes the following information/data:

1. Material Balance (INPUT): Material usage, Energy usage, Water intake
2. Material Balance (OUTPUT): CO₂ emissions, Waste products emissions, Water discharge, Air pollutant emissions

[Scope of Data Collection >](#)

FY2016 data indicated with a ★ have received an independent practitioner's assurance.

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Society

We engage in continual dialogue with our stakeholders and various activities with the society and local communities.

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Human Rights

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

Action plan	Create a LIXIL Group Human Rights Principles and promote awareness amongst all LIXIL Group employees
KPI	Implementation of Human Rights Principles learning across the Group (%)
Target / Progress	
Target for FY2016	· Ensure full implementation across the Group
Progress as of 2016	· In Japan, LIXIL Corporation fully implemented a human rights policy education program in the form of quarterly interactive departmental meetings
Target for FY2017	· Implementation of training in main LIXIL Corporation overseas subsidiaries: 100%
Action plan	Create a framework for human rights due diligence
KPI	Status of creating an execution plan for human rights due diligence
Target / Progress	
Target for FY2016	· — (To be determined in FY2017)
Progress as of 2016	· Determined KPI with Human Resources, Compliance, Auditing, and Purchasing Departments, and started surveying actual conditions
Target for FY2017	· Create an execution plan for human rights due diligence in all Group companies, suppliers, and other business partners

LIXIL's framework for respecting human rights

The LIXIL Group strives to uphold stakeholders' human rights in all of its operations, including end-users, business partners or other suppliers, residents living near our factories and facilities, and our employees. In March 2016, we published the LIXIL Group Human Rights Principles, which align with a number of international guidelines, including the United Nations Universal Declaration of Human Rights, the International Labour Organization Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights. Furthermore, we will adhere to the higher commitment if there are any discrepancies between the internationally recognized human rights standards and the laws and regulations of individual countries or regions.

The LIXIL Group has also established an internal concern-raising system for reporting concerns relating to the entire Group, including overseas subsidiaries, and accepts information regarding any LIXIL Group compliance violations from materials suppliers, subcontractors, and other business partners.

[Details >](#)

LIXIL Corporation promotes human rights principles among all employees in Japan. In FY2016, we sought to deepen understanding of human rights issues in business by implementing a human rights principles education program in interactive departmental meetings, and encouraged employees to discuss issues amongst each other. Going forward, we will promote human right principles more broadly across the whole Group. Moreover, as a global company, we will strengthen human rights due diligence processes and disclose the results.

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

Related principles:

 [LIXIL Group Human Rights Principles \(PDF:76KB\) >](#)

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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.

Action plan	Hold regular top-level meetings with external experts and disclose the content of these meetings
KPI	Number of top-level meetings held across the Group (#); Meeting quality based on meeting content
Target / Progress	
Target for FY2016	<ul style="list-style-type: none"> Plan and execute top-level meeting with external experts Establish a system to ensure timely communication of the content of the top-level meeting with the Board
Progress as of 2016	<ul style="list-style-type: none"> Invited human rights experts for top-level meetings Held workshops on human rights, and discussions at the executive officer level
Target for FY2017	<ul style="list-style-type: none"> Establish a system to facilitate at least one top-level meeting each year Communicate the content of the top-level meeting with the Board Disclose the content of the top-level meeting
Action plan	Hold regular stakeholder engagement meetings and disclose the content of these meetings
KPI	Number of stakeholder meetings held across the Group (#); Meeting quality based on meeting content
Target / Progress	
Target for FY2016	<ul style="list-style-type: none"> Extend the reach of currently implemented mechanisms and encourage more sophisticated and effective engagement initiatives Encourage the sharing and adaptation of successful engagement initiatives across the Group
Progress as of 2016	<ul style="list-style-type: none"> Engaged at least once with each stakeholder Collected and shared information on stakeholder engagement across the Group
Target for FY2017	<ul style="list-style-type: none"> Establish a system for disclosing our engagement activities and resulting outcomes, for internal and external audiences Hold at least one annual dialogue with each group of stakeholders (shareholders, employees, business partners, local residents, end users, suppliers, etc.)

Our Approach

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

Stakeholders	Type of Engagement
Customers	We incorporate customer opinions as well as providing timely and appropriate disclosure on our products and services. We offer customer support via telephone, email, and at 128 showrooms globally. More
Suppliers	We build and maintain strong relationships with our suppliers by facilitating two-way communication. In response to recent Responsible Procurement Surveys, we share our procurement policies, recognize current circumstances and follow through on promised improvements. We also hold regular meetings with suppliers to share information on regulatory trends and new corporate purchasing strategies. More
Local communities	The LIXIL Group operates 99 factories worldwide. As a responsible corporate citizen, on top of respecting local culture and customs and create responsible products and jobs, we also contribute to the development of the surrounding community in which we operate. We hold community dialogues at factories and sales offices in Japan to encourage communication with local residents. More
Shareholders and investors	We hold approximately 625 discussions every 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 via our Annual Report (Integrated Report from FY2015), our Investor Relations web pages and the Tokyo Stock Exchange website. More
Employees	The LIXIL Group boasts approximately 70,000 employees. We strive to create an inspiring working environment that encourages diversity and incorporates employee opinion expressed via systematic global employee satisfaction surveys or discussions between the union and the company. More
NPOs, NGOs, government and universities	We partner with NPOs/NGOs and universities in the research and development related to global sanitation, and support environmental education for next-generation leaders.

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Government, industrial association	Engaging in vigorous but transparent dialogue with government authorities is a necessary process to help shape a sustainable society. We are involved in several industrial associations whose mission includes engaging with government on behalf of their respective industry, such as plumbing, business, metals and electrical, and manufacturing. (Total political contributions (FY2013-2016): less than JPY 1 million per year. Total industrial association fees*: JPY 11.9 million (FY2013); JPY 26.4 million (FY2014); JPY 29.5 million (FY2015); JPY 55 million (FY2016))
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* Total fees from FY2014 and FY2016 include ASD Americas Holding Corp.(American Standard) and GROHE Group S.à rl.(Grohe), respectively.

Examples of LIXIL Stakeholder Engagement

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

	Monetary and other contribution (in JPY)	
	FY2015	FY2016
Charitable donations	130.6 Million	122.8 Million
Community investments	856.8 Million	880.8 Million
Commercial initiatives	600.0 Million	600.6 Million

Scope: LIXIL Group (non-consolidated) and LIXIL Corporation (non-consolidates), and some of the subsidiaries of LIXIL Corporation (Grohe and American Standard)

* Monetary and other contributions have been collected and categorized in accordance to the London Benchmarking Group Guidance Manual (June 2015).

Youth Empowerment

Plumbing skills for a more secure future

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

The German-modelled, dual-track training program, has been underway in Mumbai-Kurla in

India since 2009, and has been expanded to New Delhi, as well as Manila-Tondo in the Philippines. To date, GROHE has helped over 850 young people gain practical and classroom-based education on plumbing, as well as computer and English-language skills. Students are sent on placements with local firms, resulting in a nearly 100% placement rate upon graduation. GROHE benefits from a great pool of these skilled plumbers to install its premium products at the highest professional standard. Spurred on by its overwhelming success, GROHE is looking to extend the training program to Kenya.



GROHE Dual Tech students at the training facility in Mumbai

Natural Disaster Aid and Recovery Support

Disaster recovery initiatives in Japan

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

Employees are encouraged to offer their time and expertise to help local communities which often proves to be a valuable experience that improves their engagement level. [More](#) (Japanese only)



Donated windows and toilets to the "Playground-for-All" in Minamisoma as part of a recovery support project

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Providing safe sanitation for communities in need

SATO products are innovative, life-saving, and low-cost solutions that provides safe and hygienic sanitation. In addition to growing the SATO business to reach more people in Asia and Africa, LIXIL have been working with NGOs to support communities with urgent needs. [\(More information on SATO products\)](#)

We are committed to helping ensure a safe and sanitary environment in disaster relief efforts. Poor sanitary conditions on the poverty-stricken Caribbean island of Haiti were exacerbated by the 2010 earthquake, with open latrines increasing the risk of the spread of disease by airborne insects. American Standard engineers worked with Plumbers without Borders (PWB) to teach students at Haiti Tec plumbing skills and how to improve hygiene. With the help of NGOs like PWB and Food for the Poor, American Standard donated 7,900 SATO products to towns and villages in Haiti, as well as other parts of the Caribbean and Central America. SATO products were also delivered to survivors of the 2015 devastating earthquakes in Nepal with the help of WaterAid.

Through private and public partners, we are also helping rural communities with difficulties accessing adequate sanitation. In FY2016, few thousand SATO products were delivered to Bangladesh with the help of BRAC, an international NGO. We will continue to work alongside International NGOs such as WaterAid and Habitat for Humanity, to help ensure a safe and sanitary environment for communities in need.



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

Local Community Engagement

Holding community dialogues in factories, sales and retail bases

LIXIL Corporation regularly holds community dialogues with local stakeholders (such as local government officials, business owners, residents etc) on how we can contribute back to the community. These are held at factories, sales and retail bases around Japan.

In fiscal 2016, LIXIL Corporation held community dialogues at 11 new locations in Japan, attracting over 160 participants. Over the past five years, we



Community dialogue with the Kitami Sales Office of Dohoku Sales Branch, Hokkaido Branch Office

have held over 100 community dialogues in total. We cultivate meaningful relations with local residents and authorities by implementing initiatives based on the conversations during community dialogues, and ensure consistent communication and follow up after the initial dialogue.

For example, our Handa Factory in Aichi Prefecture started to help local day-care centers with emergency evacuation procedures after a Principal voiced concern that the predominately female staff might not be physically capable of evacuating all the children safely on their own. The same factory is also participating in a range of community-inspired activities, including road accident prevention initiatives, accepting internships, factory visits, and providing classes on product safety.

Partnerships

UNICEF	Working together to promote safe sanitary facilities in Africa.
Japan International Cooperation Agency (JICA)	Promoting field trials of the no-water Green Toilet System and water-saving Micro Flush Toilet System in Kenya.
WaterAid	Cooperating to improve the lives of people living in areas without hygienic toilets, in addition to collaborating on a white paper that analyzes the socioeconomic losses associated with underdeveloped sanitary environments. More(PDF:10.2MB)
Toilet Board Coalition	Helping develop sustainable, large-scale potential sanitation solutions as a founding member of the multi-industry group. More
NIJIIRO DIVERSITY	Conducting awareness surveys with the non-profit organization to identify the issues LGBT and other sexual minorities encounter when using public toilets, with the aim of providing a comfortable toilet space for all. More (Japanese only)

Environmental, Cultural and Social Programs

Forest preservation	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. More (Japanese only)
Water and environment related education activities	Offering educational classes at primary schools on the global water and sanitation challenge. More (Japanese only)
Cultural activities	Promoting cultural activities in areas related to our history, such as ceramic and textile museums, gallery management and publishing. More

Click [here](#) to see more detail on other Japan-based activities (Japanese only)

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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

The LIXIL Group seeks to ensure stable product supply and fulfill stakeholder accountability by identifying and addressing risks at the procurement stage, and managing our processes across our supply chain.

Action plan	Extend our Japanese CR procurement process across the Group
KPI	Responsible procurement surveys coverage ratio (based on purchased amount) (%), and percentage of suppliers which satisfy CR management standards (%) and improvement rate (%)
Target / Progress	
Target for FY2016	<ul style="list-style-type: none"> Promote Group-wide awareness of the LIXIL Group's procurement strategy Implement existing CR procurement process across the Group
Progress as of 2016	<ul style="list-style-type: none"> Achieved responsible procurement surveys coverage ratio of 85% in Japan and 80% outside of Japan, CR management standards conformity rate of 94% in Japan and 88% outside of Japan <p><small>*exclude GROHE Group S.a r.l., American Standard Brands and PERMASTEELISA GROUP</small></p>
Target for FY2017	<ul style="list-style-type: none"> Achieve responsible procurement surveys coverage ratio of 90% in Japan and 60% outside Japan, 90% conformity rate, and 100% improvement rate <p><small>*exclude PERMASTEELISA GROUP</small></p>

Procurement Policy

The LIXIL Group has established a Procurement Policy to develop healthy business partnerships with counterparts worldwide. This policy forms the basis of our overall supply chain management. In FY2017, the Group developed a Procurement Compliance Policy to provide more detailed guidance for the whole Group. We also compiled our Supplier Code of Conduct and are working to ensure business partners fully understand all the items they are required to adhere to.

Procurement Policy

Fair and Impartial Trade Practices

We will provide suppliers with equal and open opportunities, and solicit suppliers broadly. When selecting suppliers, we will evaluate them fairly and impartially, paying due consideration to CR aspects such as environmental management, human rights, and workplace safety, in addition to quality, cost, and delivery.

Adherence to Social Norms

We will observe laws, regulations, and rules related to procurement activities, and act in a way that gains the trust of society.

Respect for Human Rights and Consideration for Working Environment

We respect internationally declared standards of human rights, and pay due attention on ensuring an appropriate working environment.

Care for the Environment

We will preferentially procure raw materials that have low environmental impact.

Promotion of Mutual Prosperity with Our Suppliers

We will conduct transactions in a way that promotes mutual growth as partners.

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

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Promoting Responsible Procurement that Upholds the Environment and Labor Safety

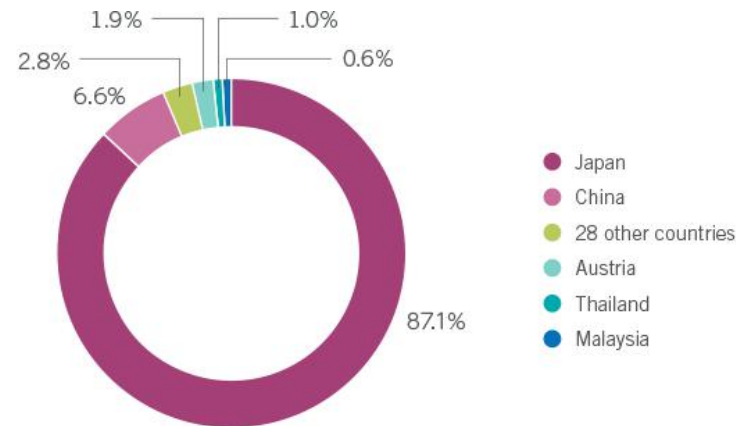
The LIXIL Group promotes responsible procurement. The Supplier Assessment Standards used to select business partners includes: quality, cost, and delivery (QCD) criteria and technological prowess, the ability to deliver stable supply, sustainable use of resources, proper control of chemical substances, human rights, and labor safety. The supplier assessment criteria are applied in both the selection of new partners and the regular inspection of existing partners. Having selected a business partner, we also conduct assessments of procured products. We seek to strengthen responsible procurement across our network of international business partners, which has been extended by mergers and acquisitions.

Working with our Suppliers

Supplier Breakdown

In terms of procurement transaction amounts, nearly 90% of LIXIL Corporation suppliers are based in Japan, followed by China, Austria, and Thailand. We determine our important suppliers using the criteria in the flowchart below, prioritizing them when we distribute our procurement strategies, conduct surveys, and follow up on improvements.

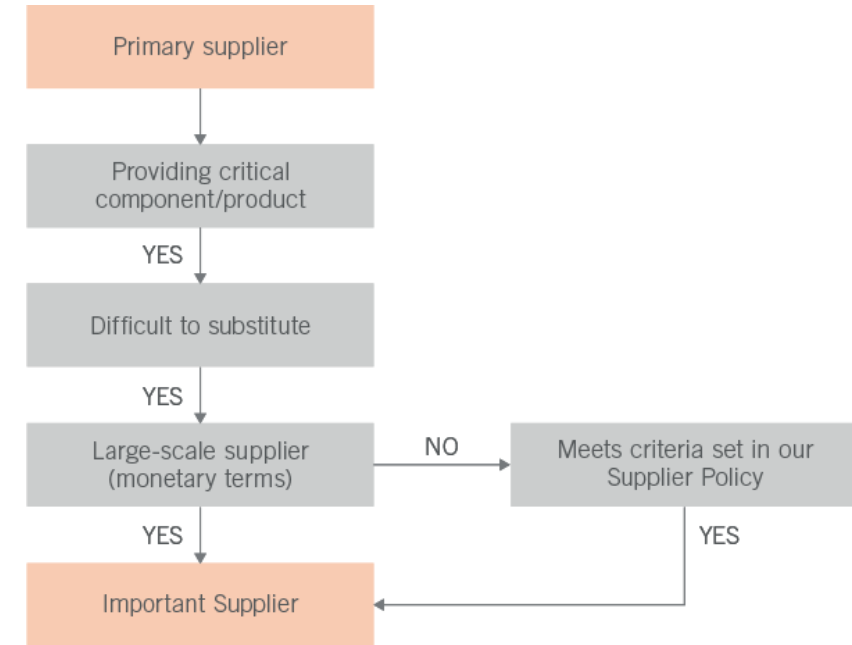
Procurement transaction amount breakdown by country



[Scope of application] Suppliers to LIXIL Corporation and its subsidiaries

*Excluding GROHE Group S.a r.l., American Standard Brands, PERMASTEELISA GROUP

Flowchart for important suppliers



Responsible Procurement Surveys and Follow-up Action

LIXIL Corporation actively shares our Procurement Policy and Supplier Code of Conduct to help steer our expanding and increasingly complex supply chain network following five-company merger in 2011 and subsequent series of international mergers and acquisitions.

We use responsible procurement surveys to gain a strong understanding of business partners' responses on 66 different survey items (46 for Japan, where low-risk items have been removed).

We visited over 100 suppliers inside and outside Japan that performed poorly in our survey to set targets for improvement and provide necessary support. We attained our target of 90% conformity on procurement assessment items. The survey results serve as a valuable evaluation tool when appointing business partners.

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Responsible Procurement Survey

	Overseas	Japan
1. CR Operations	10 questions	6 questions
2. Fair Business	8 questions	8 questions
3. Human Rights	7 questions	6 questions
4. Labor	13 questions	9 questions
5. Health & Safety	9 questions	7 questions
6. Environmental Conservation of the Planet	14 questions	8 questions
7. Regional Contribution	5 questions	2 questions
Total	66 questions	46 questions

Survey sheets

 [To suppliers overseas \(English\) \(PDF:118KB\) >](#)

 [To suppliers in Japan \(English\) \(PDF:100KB\) >](#)

Survey Results

Tasks	KPI		FY2014	FY2015		FY2016		FY2017
			Results	Targets	Results	Targets	Results	Targets
Distribute Procurement Policy; follow up survey results and related activities	Coverage ratio (based on purchased amount)	Japan	72%	80%	82%	80%	85%	90%
		Overseas*	82%	60%	81%	60%	80%	60%
	Total conformity rate	Japan	93%	85%	94%	90%	94%	90%
		Overseas*	91%	85%	85%	90%	88%	90%
	Improvement rate	Japan	/	100%	97%	100%	100%	100%
		Overseas*						

[Scope of application] Suppliers to LIXIL Corporation and its subsidiaries

*FY2014-2016: Excluding GROHE Group S.a r.l., American Standard Brands, PERMASTEELISA GROUP.

FY2017: Excluding PERMASTEELISA GROUP*.

Japan: Procurement by operating sites in Japan


Overseas: Procurement by operating sites overseas

*FY2014 data have been revised

Management of Chemical Substances

LIXIL Corporation has set rules on chemical substances that are forbidden or require strict control for use in products and/or during production processes.

LIXIL's list of controlled substances can be downloaded from the link below:

 [List of the Environment-Related Substances to be controlled by LIXIL Corporation \(English version\) \(updated on November 17, 2016\) \(PDF: 51KB\) >](#)

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Product Safety & Quality

The LIXIL Group is committed to maintaining and strengthening our ties with our customers by ensuring superior quality in manufacturing and services, and consistently improving our product quality management system to eradicate product-related accidents.

Action plan	Make continuous improvements to the product quality management system
KPI	Number of serious product accidents across the Group (#)
Target / Progress	
Target for FY2016	<ul style="list-style-type: none"> Zero cases of serious product accidents across the Group Extend product safety strategy by setting specific KPI for each technology business
Progress as of 2016	<ul style="list-style-type: none"> Four serious product accidents across the Group. Held a product accident conference to share details of the experience and confirm countermeasures
Target for FY2017	<ul style="list-style-type: none"> Number of serious product accidents across the Group: 0 cases
Action plan	Increase awareness of how to safely use our products
KPI	Rate of disclosed instruction manuals for the main products on the website across the Group (%)
Target / Progress	
Target for FY2016	<ul style="list-style-type: none"> Disclose instruction manuals online for all main products in Japan
Progress as of 2016	<ul style="list-style-type: none"> Disclosed instruction manuals online for all main products in Japan Plan to disclose instruction manuals for Group company main products in FY2017
Target for FY2017	<ul style="list-style-type: none"> Disclose instruction manuals online for all main products across the Group

Our Approach

The LIXIL Group firmly believes that product quality is the key to earning the trust of customers and society and a source of corporate profitability. To ensure that this belief is shared among all employees, we have published the LIXIL Group Quality Policy in 14 languages and are continuously pursuing excellence in product manufacturing and services around the world. As significant product defects lead to customer anxiety and damage corporate reputation, our cross-functional teams work together to resolve any issues in accordance with the LIXIL Product Safety Principles.

We will continue to improve its product quality management system and provide clear guidance on the safe use of products.

LIXIL Group Quality Policy

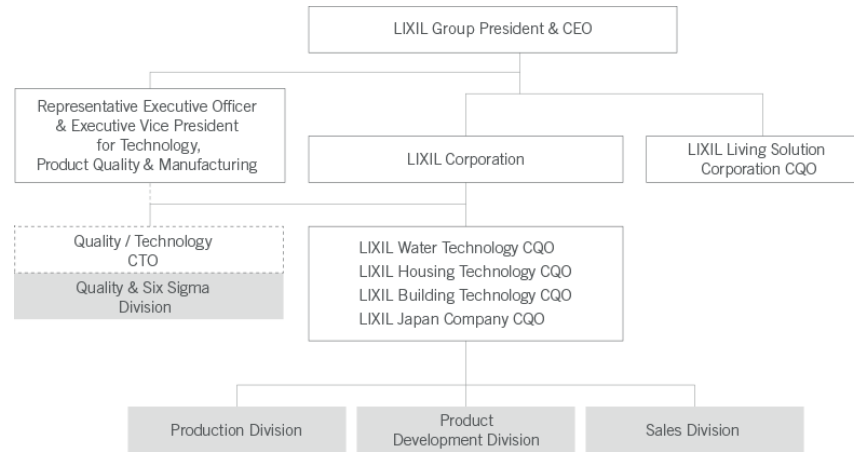
- LIXIL strives for high quality in all processes, pursuing customer satisfaction and contributing to improving people's comfort and lifestyles.
- We generate the world's highest quality, listening to our customers and striving for excellence through KAIZEN activities, specifically going and seeing for ourselves and thoroughly understanding the situation.
- We develop the management system that continuously improves the quality of our employees, products and processes, and aim for business growth.

 [LIXIL Product Safety Principles\(PDF:40KB\) >](#)

Management Structure

Our Quality & Six Sigma Division, which reports directly to the CEO, develops effective group-wide product quality management systems and resolves quality issues across the Group under the leadership of the Chief Technology Officer (CTO). Product Quality divisions at LIXIL's four technology businesses and its Japan distribution arm, LIXIL Japan Company, assure the quality of each product and service and resolve issues under the direct guidance of dedicated Chief Quality officers (CQO). LIXIL Corporation also conducts regular management reviews by inviting the CQO and relevant employees to quarterly group-wide Quality Management Committee meetings.

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*Each technology business and LIXIL Japan Company include subsidiaries of LIXIL Corporation.

Enhancing Quality Across Entire Product Lifecycle

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

Design & development

We use Fault Tree Analysis (FTA) and Failure Mode and Effect Analysis (FMEA) in risk assessments during design and development. To help us reflect customer feedback, we are conducting a review of the original Design Review Based on Failure Mode (DRBFM), and working to strengthen implementation frameworks, on-the-ground procedures, and assessor and facilitator skills.

Material & parts procurement

We require our suppliers to fulfil a certain set of criteria, and cooperate with them to resolve and improve on any issues.

Commercialization, production, sales

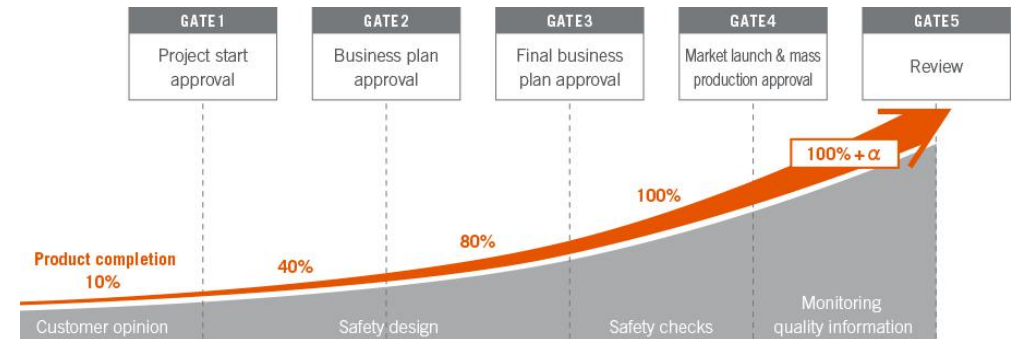
We only commercialize products that have gone through and passed vigorous stress tests and quality checks for durability, weather resistance, etc. Products that require specific safety and quality labelling are clearly marked in our catalogues and other sales materials as meeting those criteria.

Preparing for product defects & issues

We have a system to incorporate customer opinions and experiences with regard to product-related accidents and defects, and thoroughly investigate the root cause for future improvements.

LIXIL Stage gate system

LIXIL Corporation introduced the LIXIL stage gate system to evaluate projects at five key points from the product development through to the product assurance stages. Internal gate keepers assess and approve products at each stage gate to ensure commercial business decisions incorporate product quality considerations. Regular reviews of the evaluation criteria for each gate help us develop higher quality product.

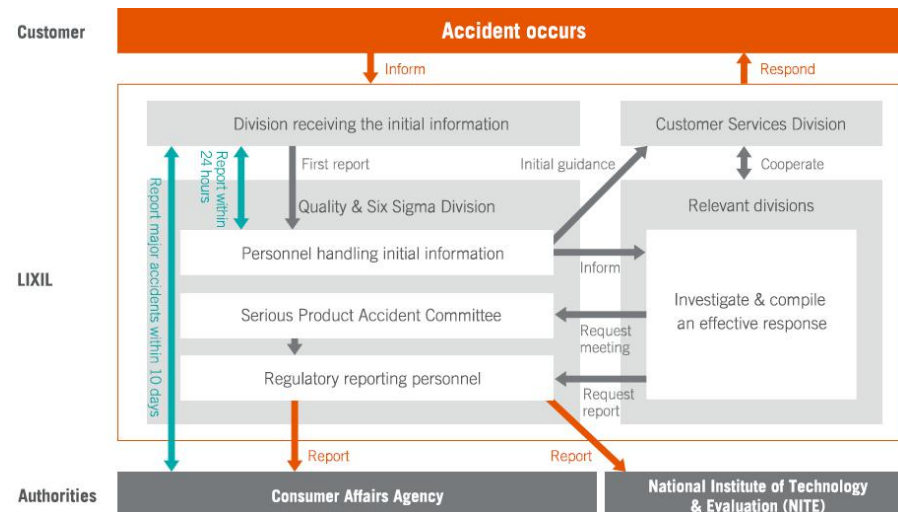


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Responding to Serious Product-related Accidents

At LIXIL Corporation in Japan, whenever a product-related accident occurs, information is gathered in the Quality & Six Sigma Division within 24 hours from the receipt of notification, and an emergency notice is sent out to relevant departments. The division in charge of customer services coordinates with other departments to implement on-site response and investigation of the accident. A report is submitted to the relevant authorities within 10 days as stipulated by the government's reporting and disclosure procedures on product accidents under the Consumer Product Safety Act. To prevent a reoccurrence, we reflect lessons learned from accidents to design schematics, which are adjusted to improve the safety of our products and proactively improve our safety technology.

Procedure for Responding to Accidents as Soon as They Occur



Number of serious product-related accidents in FY2016

4 incident.

Nurturing a Culture that Strives for Superior Quality Product Manufacturing

LIXIL Corporation holds LIXIL Quality Month campaigns to enhance awareness of product quality, expand quality management systems, and encourage improvements. The company holds Product Quality Forums to share internal quality improvement initiatives. In FY2016, selected staff from 161 divisions worldwide came together to compete on best practices for improvements. During each Quality Month campaign, posters were put up in all factories, and staffs were encouraged to submit proposals for improvements.



Information Disclosure and Communication

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

External Recognition

In 2014, LIXIL Corporation won the Excellence Award in the large manufacturer and importer category for the Best Contributors to Product Safety Awards program run by Japan's Ministry of Economy, Trade and Industry (METI). METI commended the company for its ground-breaking 10-year guarantee services and its commitment to studying problematic products to improve functionality. Before its amalgamation, INAX Co., Ltd. won the Director-General for Commerce and Distribution Policy Award in 2010 in recognition of its dedicated accident prevention measures during long-term product use.



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Customer Satisfaction

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

Action plan	Monitor customer satisfaction levels and reevaluate collected data to help improve satisfaction levels
KPI	Customer satisfaction survey towards all Group products and services (%)
Target / Progress	
Target for FY2016	<ul style="list-style-type: none"> Establish a mechanism for measuring and disclosing customer satisfaction, and implement it across the Group
Progress as of 2016	<ul style="list-style-type: none"> Conducted customer satisfaction surveys on product quality and customer support. Expanded scope of responses from call centers only to: 1) product quality, 2) showrooms, 3) call centers, 4) after maintenance, and 5) sales representatives. Result of customer satisfaction survey: 71.9%
Target for FY2017	<ul style="list-style-type: none"> Continue initiative to improve customer satisfaction across the Group

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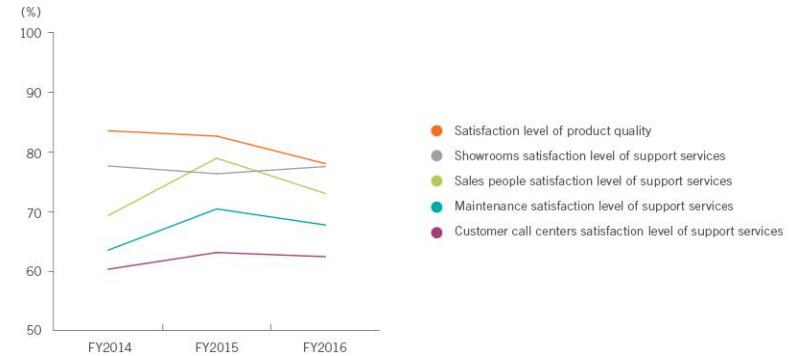
To ensure that our customers enjoy all aspects of their living spaces, the LIXIL Group is focused on developing products and services that satisfy both construction-related commercial customers and end consumers, while communicating with them effectively.

Business Customers

LIXIL Corporation conducts satisfaction surveys of its commercial customers. In FY2016, we achieved an average of 71.9% in terms of the quality of our products and customer support, including showrooms, call centers, after-sales maintenance, and sales representatives. We are committed to continuing these surveys and plan to extend systems for measuring and disclosing customer satisfaction across the Group in order to achieve higher quality products and services.

We hold training workshops for commercial customers on sashes, doors, entrances, kitchens, and bathrooms. Practical construction courses are provided to help boost end consumer satisfaction.

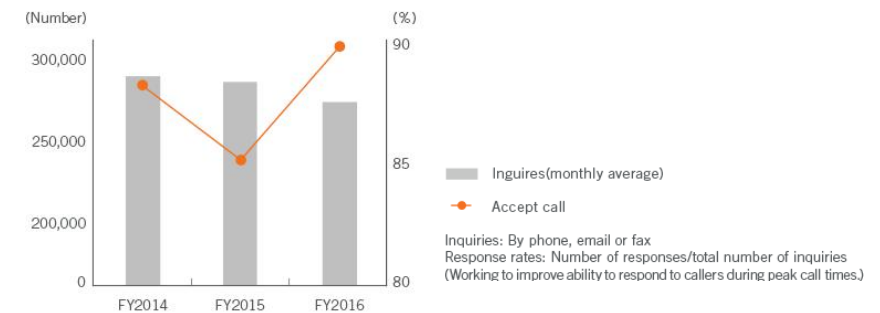
Professional User Satisfaction of Products and Support Services



End Customers

LIXIL Corporation's customer service and repair centers receive approximately 270,000 inquiries each month. We are working to improve products and services with a PDCA approach by using our customer opinion database to analyze and visualize problems from a customer perspective. Our customer service center conducts surveys on service quality twice a year. We use the results to improve our communications and ultimately enhance customer satisfaction.

Customer Inquiries



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Details of how we report on
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The LIXIL Group is committed to providing prompt and transparent disclosure, seeking to build long-term trust of our stakeholders while achieving sustainable growth that complements society. We advance our Corporate Responsibility (CR) activities by establishing lasting relationships with our stakeholders through appropriate disclosure, reporting, and dialogue.

Details of our CR activities and related information are disclosed on our website. We also provide an update of CR activities in our annual report. Please also see the Corporate Governance section of this website for information on our corporate governance policies.

Reporting Period

Updated CR related information for FY2016 (April 1, 2016 to March 31, 2017) has been published on October 31, 2017. We plan to update the report for the next fiscal year in September 2018.

Coverage

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.

Please click below for further information on the scope of coverage:

 [Employee-related Information \(scope, method and period\) \(PDF:61KB\) >](#)

 [Environmental performance information \(scope, method and period\) \(PDF:61KB\) >](#)

Independent Practitioner's Assurance Report

LIXIL Group Corporation has received independent practitioner's assurance from Deloitte Tohmatsu Sustainability Co.,Ltd. regarding a portion of its environmental performance and employee-related information.

 [Independent Practitioner's Assurance Report \(PDF:178KB\) >](#)

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The Current corporate responsibility activities are reported in the Sustainability section of this website.

FY 2015

 [LIXIL Group Corporate Responsibility Report 2016 \(published March 2016\) \(PDF:9.2MB\) >](#)

Detailed information (FY2015)

-  [Detailed action plan, KPI and target for governance\(PDF:78KB\) >](#)
-  [CR Activities \(FY2012-2015\) Targets and Results\(PDF:288KB\)>](#)
-  [Employee-related Information \(scope, method and period\)\(PDF:36KB\) >](#)
-  [Environmental performance Information \(scope, method and period\)\(PDF:36KB\) >](#)
-  [Independent Practitioner's Assurance Report\(PDF:188KB\)>](#)

FY 2014

 [CSR Management 2015 English version \(published September 2015\) \(PDF:5.5MB\) >](#)

FY 2013

 [CSR Management 2014 English version \(published August 2014\) \(PDF:7.6MB\) >](#)

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This report contains Standard Disclosures from the GRI G4 Sustainability Reporting Guidelines.

GENERAL STANDARD DISCLOSURES

Item	Indicator	Related Page
STRATEGY AND ANALYSIS		
G4-1	a. Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	• Message > Message from the CEO
G4-2	a. Provide a description of key impacts, risks, and opportunities.	• Annural Report 2017 / Measures against Risks That May Influence Management Strategy (P49-50) • Annural Report 2017/ Business risks (P67-68)
ORGANIZATIONAL PROFILE		
G4-3	a. Report the name of the organization.	• Corporate Information
G4-4	a. Report the primary brands, products, and services.	• About Us > LIXIL at a Glance
G4-5	a. Report the location of the organization's headquarters.	• Corporate Information
G4-6	a. Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	• Worldwide Presence
G4-7	a. Report the nature of ownership and legal form.	• Corporate Information
G4-8	a. Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	• About Us > LIXIL at a Glance
G4-9	a. Report the scale of the organization, including: • Total number of employees • Total number of operations • Net sales (for private sector organizations) or net revenues (for public sector organizations) • Total capitalization broken down in terms of debt and equity (for private sector organizations) • Quantity of products or services provided	• Corporate Information • About Us > LIXIL at a Glance
G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	• Performance

G4-11	a. Report the percentage of total employees covered by collective bargaining agreements.	• A Fair & Rewarding Workplace > Labor-Management Relationship
G4-12	a. Describe the organization's supply chain.	• Responsible Supply Chain Management > Working with our Suppliers
G4-13	a. Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: • Changes in the location of, or changes in, operations, including facility openings, closings, and expansions • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) • Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination	• Investor Relations
G4-14	a. Report whether and how the precautionary approach or principle is addressed by the organization.	• Environmental Management • Responsible Supply Chain Management > Management of Chemical Substances • Sustainable Water Use > Conserving Water in Business Activities
G4-15	a. List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	• Message > Commitment to the UN Global Compact • Message > Message from the Corporate Responsibility (CR) Committee Chairperson
G4-16	a. List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: • Holds a position on the governance body • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic This refers primarily to memberships maintained at the organizational level.	—
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report. The organization can report on this Standard Disclosure by referencing the information in publicly available consolidated financial statements or equivalent documents.	• PDF 有価証券報告書/事業の内容 (P8-14) (Available in Japanese) (PDF:2.2MB) • Annual Report 2017 / Principal Group companies (P69-70)
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	• Material Issues > Material Issues Selection Process
G4-19	a. List all the material Aspects identified in the process for defining report content.	• Material Issues > List of LIXIL Group's Material Issues
G4-20	a. For each material Aspect, report the Aspect Boundary within the organization, as follows: • Report whether the Aspect is material within the organization • If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: –The list of entities or groups of entities included in G4-17 for which the Aspect is not material or –The list of entities or groups of entities included in G4-17 for which the Aspects is material • Report any specific limitation regarding the Aspect Boundary within the organization	• Scope Of Reporting > Coverage

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G4-21	a. For each material Aspect, report the Aspect Boundary outside the organization, as follows: • Report whether the Aspect is material outside of the organization • If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified • Report any specific limitation regarding the Aspect Boundary outside the organization	• Water Conservation & Environmental Sustainability
G4-22	a. Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	—
G4-23	a. Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	—
STAKEHOLDER ENGAGEMENT		
G4-24	a. Provide a list of stakeholder groups engaged by the organization.	• Stakeholder Engagement
G4-25	a. Report the basis for identification and selection of stakeholders with whom to engage.	• Stakeholder Engagement
G4-26	a. Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	• Stakeholder Engagement • A Fair & Rewarding Workplace > Employee Opinion Surveys
G4-27	a. Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	• Stakeholder Engagement • A Fair & Rewarding Workplace > Employee Opinion Surveys
REPORT PROFILE		
G4-28	a. Reporting period (such as fiscal or calendar year) for information provided.	• Scope Of Reporting > Reporting Period
G4-29	a. Date of most recent previous report (if any).	• Scope Of Reporting > Reporting Period
G4-30	a. Reporting cycle (such as annual, biennial).	• Scope Of Reporting > Reporting Period
G4-31	a. Provide the contact point for questions regarding the report or its contents.	• Contact Us
G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.	• Global Reporting Initiative (GRI) Index
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	• Scope Of Reporting > Independent Practitioner's Assurance Report
GOVERNANCE		
G4-34	a. Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	• Governance Structure • Governance Framework
G4-35	a. Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	• Governance Structure
G4-36	a. Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	• Governance Structure • Governance Framework • CDP Climate Change Information Request
G4-37	a. Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	—

G4-38	a. Report the composition of the highest governance body and its committees by: • Executive or non-executive • Independence • Tenure on the governance body • Number of each individual's other significant positions and commitments, and the nature of the commitments • Gender • Membership of under-represented social groups • Competences relating to economic, environmental and social impacts • Stakeholder representation	• Governance Framework
G4-39	a. Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	• Commitment to Corporate Governance • LIXIL Group Board & Executive Officers
G4-40	a. Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: • Whether and how diversity is considered • Whether and how independence is considered • Whether and how expertise and experience relating to economic, environmental and social topics are considered • Whether and how stakeholders (including shareholders) are involved	• Governance Framework
G4-41	a. Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: • Cross-board membership • Cross-shareholding with suppliers and other stakeholders • Existence of controlling shareholder • Related party disclosures	• 有価証券報告書/役員 の 状 況 (P.52-61) (Available in Japanese) (PDF:2.2MB)
G4-42	a. Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	• Governance Framework
G4-43	a. Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	—
G4-44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	—
G4-45	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	• Governance Framework
G4-46	a. Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	• Governance Framework • Risk Management
G4-47	a. Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	• Annual Report 2017 / Review of Corporate Governance (P.43)
G4-48	a. Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	—
G4-49	a. Report the process for communicating critical concerns to the highest governance body.	• Annual Report 2017 / Risk Management (P.48-50)
G4-50	a. Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	—

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G4-51	a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: • Fixed pay and variable pay: –Performance-based pay –Equity-based pay –Bonuses –Deferred or vested shares • Sign-on bonuses or recruitment incentive payments • Termination payments • Clawbacks • Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	• Corporate Officer Compensation • PDF 有価証券報告書/役員報酬等 (P.68-69) (Available in Japanese) (PDF:2.2MB)
G4-52	a. Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	• Corporate Officer Compensation
G4-53	a. Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	–
G4-54	a. Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	–
G4-55	a. Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	–
ETHICS AND INTEGRITY		
G4-56	a. Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	• Our Values • Compliance • PDF Code of Conduct (PDF:3MB)
G4-57	a. Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	• Compliance > Internal Concern-raising System
G4-58	a. Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	• Compliance > Concern-raising System • Compliance > Receiving Compliance Information from Business Partners • Human Rights > LIXIL's framework for respecting human rights

SPECIFIC STANDARD DISCLOSURES

Item	Indicator	Related Page
DISCLOSURES ON MANAGEMENT APPROACH		
G4-DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach, including: • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach	• Material Issues Selection Process • Key Performance Indicators

CATEGORY: ECONOMIC

Item	Indicator	Related Page
Aspect: Economic Performance		
G4-EC1	Direct economic value generated and distributed	• About Us > LIXIL at a Glance • LIXIL グループの概略 (Available in Japanese)
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	• CDP Climate Change Information Request
G4-EC3	Coverage of the organization's defined benefit plan obligations	• PDF 有価証券報告書/確定給付制度 (P.121-125) (Available in Japanese) (PDF:2.2MB)
G4-EC4	Financial assistance received from government	Not applicable
Aspect: Market Presence		
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	–
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	–
Aspect: Indirect Economic Impacts		
G4-EC7	Development and impact of infrastructure investments and services supported	• Global Sanitation & Hygiene
G4-EC8	Significant indirect economic impacts, including the extent of impacts	• Global Sanitation & Hygiene • About Us > LIXIL at a Glance
Aspect: Procurement Practices		
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	–

CATEGORY: ENVIRONMENTAL

Item	Indicator	Related Page
Aspect: Materials		
G4-EN1	Materials used by weight or volume	• Performance > Material Balance (INPUT)
G4-EN2	Percentage of materials used that are recycled input materials	–
Aspect: Energy		
DMA		• Environmental Management
G4-EN3	Energy consumption within the organization	• Performance > Material Balance (INPUT)
G4-EN4	Energy consumption outside of the organization	• CDP Climate Change Information Request
G4-EN5	Energy intensity	• CDP Climate Change Information Request
G4-EN6	Reduction of energy consumption	• Performance > Material Balance (INPUT)
G4-EN7	Reductions in energy requirements of products and services	–
Aspect: Water		
DMA		• Sustainable Water Use • Environmental Management

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G4-EN8	Total water withdrawal by source	<ul style="list-style-type: none"> Sustainable Water Use > Water Usages Performance > Material Balance (INPUT)
G4-EN9	Water sources significantly affected by withdrawal of water	—
G4-EN10	Percentage and total volume of water recycled and reused	—
Aspect: Biodiversity		
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	—
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	—
G4-EN13	Habitats protected or restored	—
G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	—
Aspect: Emissions		
DMA		
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	<ul style="list-style-type: none"> Greenhouse Gas Reduction Environmental Management Performance > Material Balance (OUTPUT) CDP Climate Change Information Request
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	<ul style="list-style-type: none"> Performance > Material Balance (OUTPUT) CDP Climate Change Information Request
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	<ul style="list-style-type: none"> Performance > Material Balance (OUTPUT) CDP Climate Change Information Request
G4-EN18	Greenhouse gas (GHG) emissions intensity	<ul style="list-style-type: none"> Performance > CO₂ Conversion Coefficients Used to Convert CO₂ Emissions CDP Climate Change Information Request
G4-EN19	Reduction of greenhouse gas (GHG) emissions	<ul style="list-style-type: none"> Performance > Material Balance (OUTPUT) CDP Climate Change Information Request
G4-EN20	Emissions of ozone-depleting substances (ODS)	—
G4-EN21	NOx, SOx, and other significant air emission	<ul style="list-style-type: none"> Performance > Material Balance (OUTPUT)
Aspect: Effluents and Waste		
G4-EN22	Total water discharge by quality and destination	—
G4-EN23	Total weight of waste by type and disposal method	<ul style="list-style-type: none"> Performance > Material Balance (OUTPUT)
G4-EN24	Total number and volume of significant spills	Not applicable
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention ² Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Not applicable
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	—

Aspect: Products and Services		
DMA		
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	<ul style="list-style-type: none"> 環境配慮設計・工口商品 (Available in Japanese) Greenhouse Gas Reduction > Improving Energy Efficiency of Products and Services
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	—
Aspect: Compliance		
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	<ul style="list-style-type: none"> Environmental Management > Preventing Pollution Through Strict Control of Chemical Substances
Aspect: Transport		
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	<ul style="list-style-type: none"> Performance > Material Balance (OUTPUT)
Aspect: Overall		
G4-EN31	Total environmental protection expenditures and investments by type	—
Aspect: Supplier Environmental Assessment		
DMA		
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	<ul style="list-style-type: none"> Responsible Supply Chain Management Responsible Supply Chain Management > Responsible Procurement Surveys and Follow-up Action
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	<ul style="list-style-type: none"> Responsible Supply Chain Management > Responsible Procurement Surveys and Follow-up Action
Aspect: Environmental Grievance Mechanisms		
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	—

CATEGORY: SOCIAL

SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK

Item	Indicator	Related Page
Aspect: Employment		
DMA		
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	<ul style="list-style-type: none"> A Fair & Rewarding Workplace Performance & Number of New Hires, Turnover Rate
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	—
G4-LA3	Return to work and retention rates after parental leave, by gender	<ul style="list-style-type: none"> A Fair & Rewarding Workplace > Supporting a Healthy Work-Life Balance

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Aspect: Labor/Management Relations		
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	—
Aspect: Occupational Health and Safety		
DMA		Work Safety & Well-being
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	• A Fair & Rewarding Workplace
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	• Work Safety & Well-being
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	• Work Safety & Well-being
G4-LA8	Health and safety topics covered in formal agreements with trade unions	• A Fair & Rewarding Workplace > Labor-Management Relationship
Aspect: Training and Education		
DMA		• Talent Development
G4-LA9	Average hours of training per year per employee by gender, and by employee category	• Talent Development > Annual training hours and costs per employee
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	• Talent Development > Our Approach to Talent Development
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	• Talent Development > Evaluation Framework
Aspect: Diversity and Equal Opportunity		
DMA		• Diversity & Equal Opportunity
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	• Diversity & Equal Opportunity • Governance Framework • Performance > Number of Employees by Type of Employment, Number of Employees by Country
Aspect: Equal Remuneration for Women and Men		
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	—
Aspect: Supplier Assessment for Labor Practices		
DMA		• Responsible Supply Chain Management
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	• Responsible Supply Chain Management > Responsible Procurement Surveys and Follow-up Action
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	• Responsible Supply Chain Management > Responsible Procurement Surveys and Follow-up Action
Aspect: Labor Practices Grievance Mechanisms		
DMA		• Compliance > Concern-raising System
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	—

SUB-CATEGORY: HUMAN RIGHTS

Item	Indicator	Related Page
Aspect: Investment		
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	—
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	• Human Rights
Aspect: Non-discrimination		
G4-HR3	Total number of incidents of discrimination and corrective actions taken	—
Aspect: Freedom of Association and Collective Bargaining		
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	—
Aspect: Child Labor		
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	—
Aspect: Forced or Compulsory Labor		
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	• Stakeholder Engagement > Our Approach
Aspect: Security Practices		
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	—
Aspect: Indigenous Rights		
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	—
Aspect: Assessment		
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	—
Aspect: Supplier Human Rights Assessment		
DMA		• Responsible Supply Chain Management
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	• Responsible Supply Chain Management > Responsible Procurement Surveys and Follow-up Action
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	• Responsible Supply Chain Management > Responsible Procurement Surveys and Follow-up Action
Aspect: Human Rights Grievance Mechanisms		
DMA		• Human Rights
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	—

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SUB-CATEGORY: SOCIETY

Item	Indicator	Related Page
Aspect: Local Communities		
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	—
G4-SO2	Operations with significant actual and potential negative impacts on local communities	—
Aspect: Public Policy		
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	—
G4-SO4	Communication and training on anti-corruption policies and procedures	• Compliance > Compliance Training
G4-SO5	Confirmed incidents of corruption and actions taken	—
Aspect: Anti-competitive Behavior		
G4-SO6	Total value of political contributions by country and recipient/beneficiary	• Stakeholder Engagement > Our Approach
Aspect: Compliance		
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Not applicable
Aspect: Supplier Assessment for Impacts on Society		
DMA		• Responsible Supply Chain Management
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	• Responsible Supply Chain Management > Responsible Procurement Surveys and Follow-up Action
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	• Responsible Supply Chain Management > Responsible Procurement Surveys and Follow-up Action
Aspect: Grievance Mechanisms for Impacts on Society		
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	—

SUB-CATEGORY: PRODUCT RESPONSIBILITY

Item	Indicator	Related Page
Aspect: Customer Health and Safety		
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	—
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	• Product Safety & Quality > Responding to Serious Product-related Accidents
Aspect: Product and Service Labeling		
DMA		—
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	• 環境配慮設計・エコ商品>エコ訴求マーク (Available in Japanese)
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	—
G4-PR5	Results of surveys measuring customer satisfaction	• Customer Satisfaction > Business Customers
Aspect: Communications Marketing		
G4-PR6	Sale of banned or disputed products	Not applicable
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	Not applicable
Aspect: Privacy Customer		
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Not applicable
Aspect: Compliance		
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Not applicable



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