

› **LIXIL
CORPORATE RESPONSIBILITY
REPORT 2021**



ABOUT THIS REPORT

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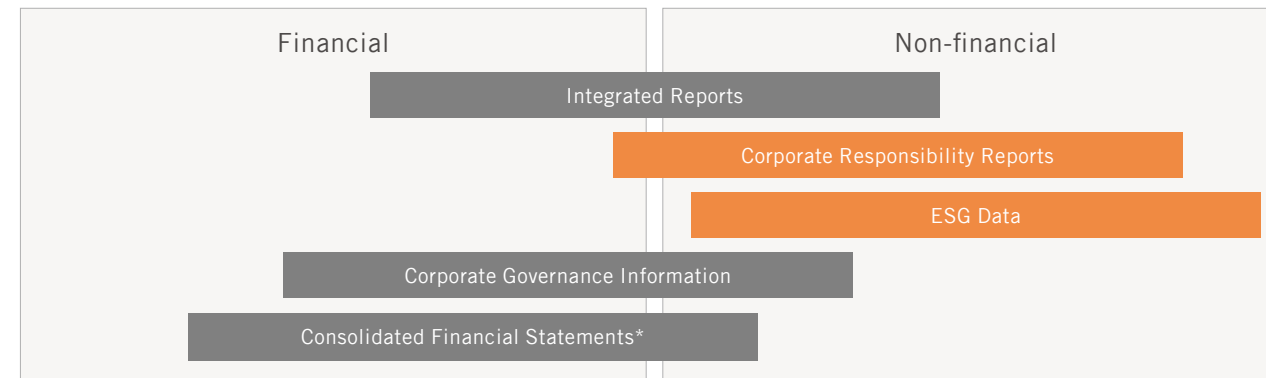
LIXIL is committed to providing prompt and transparent disclosure in order to earn the long-term trust of our stakeholders and achieve sustainable growth that benefits society.

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

We disclose information on our CR activities through our website as described below.

CR Information Disclosure

Click on a title to be directed to the relevant website.



* Please refer to our Supplementary Data Book for details.

Reporting Period

We updated and published CR-related information for FYE2021 (from April 1, 2020 to March 31, 2021) on July 30, 2021. We plan to update the report for the next fiscal year in July 2022.

Coverage

This report covers the CR activities of LIXIL as well as the LIXIL group of companies. Please click the link below for data on human resource and environmental performance and other relevant topics.

WEB ESG Data

Reference Guidelines

- GRI (Global Reporting Initiative) Standards
- TCFD (Task Force on Climate-related Financial Disclosures) recommendations

* You can find content indices for each of the guidelines on the following website.

WEB GRI and TCFD content indices

Independent Practitioner's Assurance Report

Please refer to the following website for ESG data and external assurance of these data.

WEB ESG Data

Please direct queries on this report to:

WEB To Link to Our Site or for Other Questions and Comments

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WEB

* The following items are disclosed on our website. Click on a title to be directed to the relevant page.

- External evaluations & awards
- Action plan & KPIs
- ESG data (human resources, environment, other)
- GRI index
- TCFD index

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COMMITMENT

- Our Purpose and Behaviors
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> COMMITMENT

LIXIL is committed to improving the quality of people's lives, by delivering safe and comfortable products and services through responsible and sustainable innovations.



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COMMITMENT

Our Purpose and Behaviors

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OUR PURPOSE AND BEHAVIORS

LIXIL's Purpose is the north star that guides LIXIL's employees in making decisions and inspires us to become a more agile, entrepreneurial company for sustainable growth, and LIXIL Behaviors are how we implement everyday as we work to realize this purpose.

LIXIL'S PURPOSE

**MAKE BETTER HOMES A REALITY
FOR EVERYONE, EVERYWHERE**

LIXIL BEHAVIORS

- > DO THE **RIGHT** THING
- > WORK WITH **RESPECT**
- > **EXPERIMENT** AND LEARN

CR Improving Understanding of LIXIL Behaviors (P47)

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MESSAGE FROM THE CEO

The global spread of COVID-19 in 2020 has triggered a rise in worldwide interest in environmental and social issues such as sanitation, climate change, economic disparity, and human rights. The continuation of such momentum is providing a tailwind toward efforts to meet the objectives of the Paris Agreement, where governments have signed up to limit global warming. It is also drawing attention to the United Nations Sustainable Development Goals (SDGs), targeted to be achieved by 2030. In Japan, the revised Corporate Governance Code came into effect this June. Against this backdrop, proactively engaging in all elements of ESG (Environment, Social, and Governance) will become increasingly critical for corporations in achieving sustainable growth and enhancing medium- to long-term corporate value. In the rapidly changing global business environment, we sense there are great expectations for LIXIL to contribute to society.

Operating Under the New Normal

The spread of COVID-19 has had a profound impact on the way people live and work around the world. However, I believe unprecedented environmental changes present new opportunities. As people spend more time at home, they are re-evaluating the importance of a comfortable living environment. There is also increased interest in health and hygiene. At LIXIL, we have responded rapidly to needs under the New Normal and are focusing on delivering on our corporate mission to support healthy and comfortable living around the world.



Kinya Seto

Director,
Representative Executive Officer,
President, and CEO

The COVID-19 pandemic has placed a spotlight on the importance of handwashing as a measure to reduce the spread of infection. However, approximately 2.3 billion people in the world do not have access to daily handwashing at home. While the availability of water supply and other basic facilities for sanitation is a given in developed countries, to achieve SDG 6 of ensuring clean water and sanitation for all, the speed of improvement in global water

and sanitation needs to quadruple its current pace. To support the achievement of this goal, LIXIL has been offering the affordable SATO Toilet Solutions to developing economies as a social business. As the world faces the threat of COVID-19, we have developed a new handwashing station, *SATO Tap*, to improve hand hygiene for people without access to necessary facilities.

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Upon Celebrating our 10th Anniversary

This year marks our 10th anniversary as LIXIL, which was formed through the merger of five Japanese building materials and housing companies. Over the past ten years, the world around us and our lifestyles have evolved significantly. While the pace of change continues to accelerate, the one constant is that everyone, regardless of the country or region of residence, dreams of a better home, and LIXIL is making that a reality through its water and housing products.

LIXIL's purpose is to make better homes a reality for everyone, everywhere. At LIXIL, we engage in a circular Value Creation Process (VCP), with our corporate purpose being the starting point. Employees are the driving force behind our value creation. By enabling them to implement business strategies with a sense of purpose in a swift and agile manner, we can create value for our stakeholders and deliver on our purpose. Contributing to society through our business activities is also essential for our sustainable growth. Corporate Responsibility (CR) is at the heart of our VCP. It motivates our employees, and we incorporate CR in all our core business strategies to support long-term business growth.

Contributing to the SDGs

To leverage our expertise and address the most urgent issues relevant to the regions in which we operate, LIXIL

has established three strategic pillars: Global Sanitation & Hygiene, Water Conservation & Environmental Sustainability, and Diversity & Inclusion. We contribute to the achievement of the SDGs by focusing on solving issues within these pillars through our business activities. LIXIL operates in over 150 countries around the world, and our products touch the lives of more than one billion people every day. In delivering products and services, we focus our efforts on improving lives and the environment for future generations by leveraging all our resources, including technology, expertise, talent, information, and financial resources.

We have been strengthening our efforts to help reach the SDGs and hope to further accelerate our contribution by encouraging as many people as possible, including end-users and children, to become interested in social and environmental issues. In December 2020, we launched the LIXIL x SDGs NEXT STAGE project and welcomed former Japan national team football player Atsuto Uchida as LIXIL's SDGs ambassador. Driving societal change is never easy, and it is essential to collaborate with various stakeholders. With the support of Uchida, we hope to nurture a positive impact by informing more people about what is required and what we should do to realize a sustainable society.

At LIXIL, we remain committed to contributing to society through our business activities. Partnering with various stakeholders, we will continue to help enable healthy and comfortable living around the world.



LIXIL SDGs Ambassador Inauguration Ceremony

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MESSAGE FROM CR COMMITTEE CHAIRPERSON



Jin Song Montesano

Director, Executive Officer, Executive Vice President, Human Resources and General Affairs, Public Affairs, Investor Relations, External Affairs, and Corporate Responsibility, and Chief People Officer

The COVID-19 pandemic has highlighted the importance for businesses to do the right thing and consider the needs of their most important stakeholders, including employees, customers, suppliers, business partners and society at large. At LIXIL, our commitment to Corporate Responsibility (CR) is stronger than ever.

LIXIL's corporate purpose is to make better homes a reality for everyone, everywhere. CR forms an integral part of our Value Creation Process to deliver on this purpose, and we

execute our CR Strategy through our business activities. This approach of embedding CR within our core business strategies is not only necessary to demonstrate our ESG credentials but has also generated two clear benefits. The first is the sense of pride it instills in our employees, who are motivated by being a part of LIXIL. The other is the growth in opportunities to collaborate with customers and partners with Sustainable Development Goals (SDGs) as the common language.

Our strong commitment to CR has continued to gain global recognition. LIXIL has been listed in the respected Dow Jones Sustainability World Index for two consecutive years and Dow Jones Sustainability Asia Pacific Index for four years. We also have continued to be included in FTSE4Good and MSCI Japan Empowering Women Select indices. We are honored to receive these recognitions, which represent the progress we have made toward becoming a global leader in sustainability.

Refining Material Issues

To focus our efforts on realizing our corporate purpose effectively while fully utilizing our resources, we reviewed and updated our material issues in FYE2021. Factoring in the latest sustainability trends and the current social and business environment, we defined 20 issues that matter most to LIXIL and our stakeholders. Through the review process, we reaffirmed that the priorities in which LIXIL can play a significant role by using our unique expertise are reflected in our three strategic pillars of Corporate Responsibility.

Global Sanitation and Hygiene

I am delighted to report that we are on track to meet our ambitious goal to improve the lives of 100 million people through safe sanitation and hygiene by 2025, through the tremendous growth of our SATO social business. This

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venture is truly unique to LIXIL, and we are very proud of the progress we are making.

Amid the urgent need for handwashing as the first line of defense against COVID-19, we launched *SATO Tap*, an affordable off-grid handwashing station, in 2020 and started production in India and Tanzania. This simple and functional product, designed for more than 40% of the global population who do not have access to a handwashing facility with soap and water, has proved to be a practical solution to help improve hygiene and fight the spread of diseases. *SATO Tap* was named one of TIME's best inventions of 2020 as an innovation that facilitates effective handwashing.

SATO's focus now is to expand the product lineup to meet specific local needs and challenges worldwide. Harnessing the power of collaboration, we work closely with valued partners such as UNICEF, USAID, JICA, the Toilet Board Coalition, and local NGOs to strengthen local sanitation ecosystems as well as engage in advocacy to advance the importance of and appreciation for the value of improved sanitation. We are also continuing to build on the momentum in raising awareness of our MAKE A SPLASH! partnership with UNICEF among our consumers through successful campaigns under the GROHE brand in Europe and the LIXIL Owners Club campaign in Japan.

Water Conservation & Environmental Sustainability

The world's consumption of energy, water, and natural resources continues to rise dramatically every year. Against this backdrop, countries worldwide have pledged to accelerate their drive to reach net-zero carbon emissions by 2050.

At LIXIL, we believe that it is imperative we recognize

and fulfill our responsibility to help protect the planet. Our Environmental Vision 2050 aims for LIXIL to achieve net-zero carbon emissions and preserve water and natural resources in operations, housing and lifestyle solutions for future generations to become a leading company in environmental sustainability by 2050. To achieve these goals, we are focusing on climate change mitigation and adaptation, water sustainability, and circular economy, through which we seek to reduce the environmental impact of the entire value chain and also capture opportunities to improve the environmental value of our products and services.

As a part of our drive to contribute to the realization of a circular economy, we established the LIXIL Plastics Action Statement in October 2020. The group-wide commitment is a further step forward for LIXIL in pursuing responsible use of plastics and other resources through innovation. We will be implementing measures to reduce single-use plastics, promote recycling, accelerate research and development of renewable materials, and actively use eco-friendly alternatives in all our business processes, products, and services.

To ensure that we have a clear roadmap ahead to deliver on our 2050 vision, we are currently formulating environmental milestones for 2030, including specifying a target reduction of CO₂ emissions. We will be using the TCFD framework to monitor and disclose our climate action progress, analyze risks and opportunities, formulate strategies, and reflect them in our business plans.

Diversity & Inclusion

As a maker of pioneering water and housing products, LIXIL serves a consumer base as diverse as society itself. To

become a company that can achieve sustainable growth and deliver on our purpose, we must become a truly consumer-centric organization that can understand our users and offer innovative products and solutions in anticipation of their needs. D&I is fundamental to achieving this cultural transformation, as new ideas and technologies can only come to life in a truly inclusive working environment.

At LIXIL, we are accelerating our transformation to foster a corporate culture in which our employees want to work and thrive. In March, we renewed our D&I Strategy and goals for 2030, focusing on inclusion as our goal, with the belief that achieving inclusion will lead to sustainable diversity. The enterprise-wide D&I strategy includes ambitious new gender equity targets, which we believe serves as a proxy for measuring our progress toward a more inclusive culture. Our goals include achieving 50:50 gender parity in Board of Directors and Executive Officer roles and females in 30% of managerial positions across the organization by 2030. Specific targets have also been set to reflect regional priorities, such as maintaining equal gender ratio for all new graduate hires in Japan.

The challenges that COVID-19 has imposed on the world reinforces our belief that we can contribute to society by delivering on our corporate purpose. Last year, we were proud to see our employees swiftly come together to support the needs of the communities as they faced the global pandemic.

With a clear purpose and engaged employees, LIXIL is uniquely placed to play an important part in society. We still have a long way to go and there is much more we can and should engage in going forward. I am, however, excited about the progress we are making and will continue to seek ways to accelerate our CR initiatives in a strategic and agile manner.

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SUPPORTING INTERNATIONAL INITIATIVES

LIXIL's Purpose is to "make better homes a reality for everyone, everywhere." To bring our purpose to life through our operational activities, we are driving a range of R&D and other initiatives to help resolve global sanitation and hygiene problems as well as other social and environmental issues.

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

Commitment to the UN Global Compact

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

In order to help implement the UNGC Ten Principles in the four areas of human rights, labor, environment, and anti-corruption, in FYE2021 we shared information virtually with other parties as a member of Global Compact Network Japan working groups (environmental management, reporting, SDGs, and CSV).

WEB United Nations Global Compact

The UNGC 10 Principles

HUMAN RIGHTS



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

LABOUR



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

ENVIRONMENT



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

ANTI-CORRUPTION



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

WE SUPPORT



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

Endorsing the Task Force on Climate-related Financial Disclosures

In March 2019, LIXIL announced our support for the Task Force on Climate-related Financial Disclosures (TCFD). In FYE2020, we participated in TCFD Consortium consisting of supporters in Japan. We also conducted proactive scenario analysis under the support program provided by Japan's Ministry of the Environment to help companies perform scenario analysis of climate-related business risks and opportunities in line with TCFD recommendations. Going forward, we will seek to strengthen our TCFD response and expand relevant operations to further improve information disclosure and earn greater stakeholder trust.

CR Environmental Disclosure (P60)



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› Sustainable Development Goals

LIXIL reflects the SDGs approach in its Corporate Responsibility (CR) Strategy and uses the goals as a major guideline when forming management decisions. The SDGs are a set of concrete action plans outlined in “Transforming our world: the 2030 Agenda for Sustainable Development,” the outcome-oriented document adopted by the UN General Assembly in September 2015, consisting of 17 global goals and 169 targets to be achieved for sustainable development.

To help achieve the SDGs as part of its business, LIXIL focuses on the three pillars of its CR Strategy: Global Sanitation & Hygiene, Water Conservation & Environmental Sustainability, and Diversity & Inclusion.

LIXIL was recognized in the 2nd Japan SDGs Awards for its contribution to solving hygiene problems through its simple SATO Toilet Solutions intended for use in emerging markets and by working with non-governmental organizations (NGOs) and international bodies to raise broader awareness of sanitation issues.

CR Three Strategic Pillars (P23)

PDF Details about our winning at the 2nd Japan SDGs Awards (503KB)

WEB UN Sustainable Development Goals



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



Global Sanitation & Hygiene



Water Conservation & Environmental Sustainability



Diversity & Inclusion



LIXIL x SDGs NEXT STAGE

In December 2020, we launched LIXIL x SDGs NEXT STAGE to further accelerate action on the SDGs in partnership with our stakeholders, which include customers, business partners, local governments and residents, shareholders and investors, international organizations, NGOs, and non-profit organizations.

The project is especially focused on strengthening partnerships with LIXIL customers, the next generation, and business partners. To that aim, we will disseminate information and hold events and campaigns related to the SDGs and LIXIL initiatives. We also plan to post awareness-building videos and other materials on social media and YouTube.

WEB [LIXIL x SDGs NEXT STAGE \(Japanese only\)](#)

LIXIL × SDGs

› NEXT STAGE ‹

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LIXIL SDGs Ambassador

In December 2020, we appointed former Japan national football team player Atsuto Uchida as the LIXIL SDGs ambassador under the LIXIL x SDGs NEXT STAGE. Uchida became interested in helping to solve social issues after watching his former teammates at the Schalke football club in Germany getting involved in community service. During his NEXT STAGE after retiring as an athlete, Uchida is looking to help tackle global issues and create a more habitable world for the next generation through his activities as the LIXIL SDGs ambassador: “My goal is to learn more about the SDGs and LIXIL initiatives myself while working with LIXIL to communicate the importance of these activities to more people worldwide.”

If we can encourage more LIXIL customers and children to join Uchida in learning about global issues, the SDGs, and LIXIL initiatives in this field, we will widen the circle of interest and action and improve our impact on the SDGs.

WEB The LIXIL x SDGs NEXT STAGE ambassador Atsuto Uchida’s activity report (Japanese only)



Atsuto Uchida



Uchida and children learning about environmental issues at an event

SDG House

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

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

* Originally designed for public facilities, so requires special plumbing.



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HIGHLIGHTS

- Review of Material Issues
- Updating Our Diversity & Inclusion Strategy
- Combatting COVID-19

> HIGHLIGHTS

Here is an overview of our key initiatives and their results for FYE2021.



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HIGHLIGHTS

Review of Material Issues

Updating Our Diversity & Inclusion Strategy

Combatting COVID-19

REVIEW OF MATERIAL ISSUES

LIXIL has identified material issues that we, our stakeholders, and society in general consider to be of the highest importance for improving our company’s sustainable growth and corporate value for driving progress on sustainable development. We are working to resolve these issues through our business activities. We also review these material issues to accommodate any changes in LIXIL’s immediate environment or society at large.

Material Issues Selected in FYE2021








In FYE2021, we reviewed the material issues selected in FYE2016. Based on the process outlined on page 20, we determined 20 new material issues by selecting and evaluating issues from both a risk and opportunity perspective, taking into consideration LIXIL’s Purpose, Value Creation Process (VPC), Medium-Term Plan, Corporate Responsibility (CR) Strategy and other business strategies, stakeholder needs and expectations as well as current social circumstances and issues.

The priority of each material issue was determined following examination and discussion by the CR Committee, the officers in charge of individual functions, and the Board of Executive Officers, considering the degree of risk as weighted by ESG-rating organizations and their impact on LIXIL, our stakeholders, and society at large (see right). Material issues that are labeled as “Priority” are deeply related to the three pillars of our CR Strategy. We will continue to accelerate our CR activities with a focus on these material issues. See the below link for more information on how material issues are selected.

CR Selection of Material Issues (P20)


Priority:

Areas in which LIXIL is able to proactively exploit its unique strengths to greatly help solve issues and have a significant positive impact on stakeholders and society. Areas where initiatives should be strengthened in view of stakeholder needs.

Priority
Global Sanitation & Hygiene 
Climate Change Mitigation and Adaptation 
Water Sustainability 
Circular Economy 
Environmental Impact of Product Lifecycle 
Environmental Management 
Diversity & Inclusion 

High:

Areas that should be addressed from the perspective of responding to stakeholder needs and appropriately managing risks to ensure business continuity.

High
Product Safety
Customer Satisfaction
Employee Safety & Wellbeing
Talent & Development 
Ethics & Integrity
Human Rights
Supply Chain Management
Corporate Governance
Risk Management
Stakeholder Engagement

Medium:

Areas requested by stakeholders and that should be appropriately addressed as the basis for our business activities.

Medium
Information Security
Tax Transparency
Responsible Marketing & Advertising

Three pillars of our CR Strategy

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

CR Corporate Responsibility Strategy (P22)

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UPDATING OUR DIVERSITY & INCLUSION STRATEGY

› Our Approach

LIXIL's Purpose is to "make better homes a reality for everyone, everywhere." We do this by striving to understand our customers and other stakeholders around the world and provide products and services that meet their diverse needs. Promoting diversity and inclusion (D&I) — an inclusive cultural and organizational environment that embraces diversity — is the cornerstone of a customer-centric organization. It also drives the type of innovation and sustainable corporate growth that is only possible through the open and free exchange of opinions from varied perspectives.

› Past D&I Initiatives

In FYE2018, LIXIL published its Diversity and Inclusion (D&I) Declaration. This document outlines priority areas for D&I, including gender, age, race, nationality, ability and disability, and sexual orientation, and is now guiding action on relevant issues in each country and region. In FYE2020, we established our Global D&I Department to implement common global D&I initiatives. In FYE2021, we issued our D&I Statement and set up a D&I Committee, both of which were prompted by the global spread of anti-discrimination protests starting in the US. Staffed by our CEO and executive officers, the committee is tasked with strengthening our organizational structure by placing D&I at the very core of LIXIL's corporate culture, business processes, and day-to-day operations management.

CR Diversity & Equal Opportunity (P41)

PDF Diversity and Inclusion Statement (195KB)

› Updating Our D&I Strategy

In FYE2021, we conducted a D&I awareness survey of all employees to further promote D&I across the organization. The survey helped us to understand the current situation and issues and update our D&I Strategy.

The D&I Strategy sets goals and measures focused particularly on correcting gender inequality. To do this, we considered current gender imbalances across society and in our organization, the important role that women play in consumers' purchasing decisions, and the fact that female talent bring views and ideas to the table that are critical to the type of innovation we need. We seek to strengthen D&I in a wider area of our organization by promoting these initiatives. Going forward, we will set and implement more specific plans at each of our bases and pursue D&I measures that promote diversity in all its forms.

CR D&I Awareness Survey of All Employees (P41)

By 2030, embed a culture of inclusion across LIXIL and achieve key gender equity goals.

Enhanced gender equity across leadership roles by 2030:

- 50:50 for Board & Executive Officers
- 30% female leaders across LIXIL
- Maintaining gender parity in new graduate recruitment (Japan)*

* Excluding our group companies.

Key Actions to Enhance D&I and Achieve Targets from FYE2022 Onward:

Talent Development	<ul style="list-style-type: none"> • Accelerate creation of a deep bench for senior roles and managers
Talent Acquisition	<ul style="list-style-type: none"> • Set targets and implement unbiased processes for talent acquisition • Conduct market sweep for qualified talent • Build and promote Employer Value Proposition
Inclusive Environment	<ul style="list-style-type: none"> • Create more inclusive work environment with policies • Create transparency and momentum on the importance of D&I • Build Employee Listening Strategy • Update HR policies and processes to reflect business strategy based on D&I

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Review of Material Issues

Updating Our Diversity & Inclusion Strategy

Combating COVID-19

COMBATTING COVID-19, FORGING THE NEW NORMAL

As a company that prides ourselves on supporting sanitary environments and healthy living, LIXIL was quick to establish a global team to help combat the COVID-19 pandemic and put various countermeasures in place to protect our customers, employees, and local communities.

We are also pursuing initiatives that encourage the ongoing transformation in working styles, digitalization, product development, and globalization in order to help shape our new normal post-COVID world. To that aim, in FYE2021 we developed a global framework that sets out some guiding principles for our organization in the new normal.

› Developing SATO Tap Handwashing Station

Handwashing is an effective way of preventing the spread of COVID-19. However, this can be problematic primarily for emerging markets that do not have sufficient access to water or soap, sufficient handwashing facilities, or an ingrained handwashing culture. Approximately 2.3 billion people, or one in three people in the world, do not have basic handwashing facilities in the home.

Our SATO Tap handwashing station, developed in 2020, can generate a stable but frugal flow with minimal water using water contained in a PET bottle and gravity. To facilitate use in emerging markets and other underprivileged regions, we designed a handwashing station that can use PET bottles of various shapes and sizes and is simple to design and manufacture with only two plastic parts to keep both costs and prices low.

We are now preparing to start production in Africa to complement our existing production facility in India. We are also using SATO Tap as a tool to raise awareness of hygienic practices in various regions.

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



SATO Tap handwashing station using a plastic bottle

› Protecting the Safety of Our Customers

- We adopted various digital tools to deliver services to customers safely. Examples include providing showroom services and seminars online, conducting sales activities virtually, and introducing an automated enquiry response system that utilizes AI-powered chatbots.
- To prevent the spread of COVID-19 and prepare for the new normal, we are strengthening our range of touchless faucets and IoT-driven products. We are also focusing on the development of products with superior ventilation capabilities and solutions designed to satisfy people choosing to work from home.
- As part of our emergency preparedness, we distributed our global production system to multiple sites and promoted supply chain integration and coordination.
- We issue informative advice on how to ventilate homes, etc.

WEB LIXIL Online Showroom (Japanese only)



Navish Hands-Free touchless faucet

02

HIGHLIGHTS

Review of Material Issues

Updating Our Diversity & Inclusion Strategy

Combating COVID-19

› Protecting the Safety of Our Employees

- We were able to shift smoothly to remote work thanks to the solid digital technology base that we have been gradually introducing for some time. That digital base also enables us to hold town hall meetings with managers and employees all over the world and conduct online training.
- To help forge a new normal, we are using digital tools to progress our flextime and remote-working systems and to promote even better internal communication.
- At manufacturing sites, we introduced a flexible shift system, created a scheme that enables people to commute without using public transport, and further strengthened hygiene management.
- We are using internal social media and other channels to distribute information on topics such as preventing infection spread, mental health care, and remote work communication.
- We published guidelines for COVID-19 vaccinations.
- We paid a special COVID-19 allowance to all employees worldwide (one-time payments equivalent to JP¥50,000 in FYE2020 and US\$200 in FYE2021).
- Within Japan, we provided digital teaching materials on sanitation and hygiene issues to help support employees who have children.



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

› Protecting the Safety of Our Communities

- We established a working group of employee volunteers to brainstorm and create products and services that help prevent the spread of COVID-19.
- We donated sanitary products and equipment worldwide:
 - We manufactured medical masks and face shields using 3D printing technology as part of our #LIXILShields employee volunteer initiative and donated more than 70,000 units to healthcare workers and teachers (North America).
 - We produced foot-operated sanitizer pumps and donated them to local schools (Japan).
 - We donated sanitary products such as sanitizers, soap, masks, and handwashing equipment to local communities (China, India, Ethiopia, etc.)
- We raised awareness on good handwashing habits (China, etc.).
- We are helping to prevent the spread of COVID-19 by installing more of our SATO Toilet Solutions for emerging markets and accompanying handwashing facilities in order to improve sanitation and encourage more widespread handwashing.



Employee volunteers worldwide create and donate sanitary products

CR LIXIL Community Day (P97)

03

CR MANAGEMENT STRUCTURE & MATERIAL ISSUES SELECTION

- CR Management Structure
- Selection of Material Issues
- Corporate Responsibility Strategy

> CR MANAGEMENT STRUCTURE & MATERIAL ISSUES SELECTION

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



03

CR MANAGEMENT STRUCTURE & MATERIAL ISSUES SELECTION

CR Management Structure

Selection of Material Issues

Corporate Responsibility Strategy

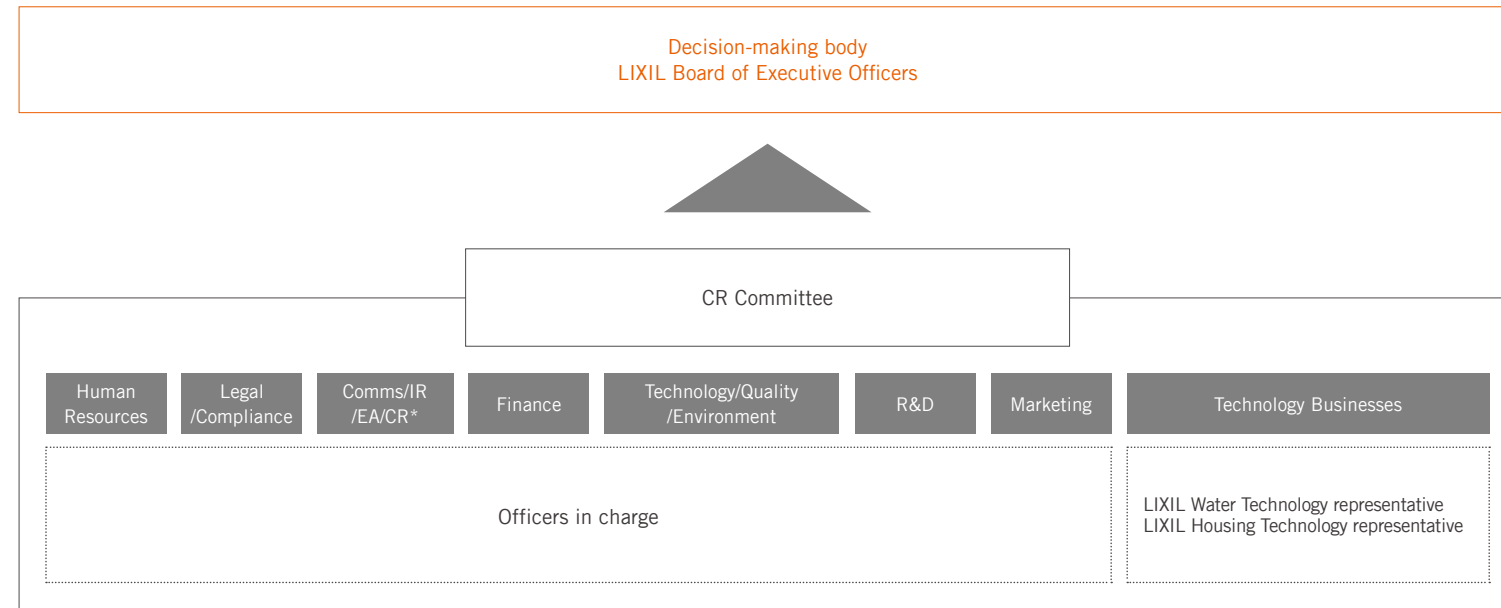
CR MANAGEMENT STRUCTURE

LIXIL's CR Committee meets quarterly with the aim of developing a swifter response to sustainability issues in the economic, environmental, and social fields. In FYE2021, the committee held workshops to review LIXIL's material issues and also discussed various topics, including the LIXIL Plastics Action Statement announced in October 2020 and our Diversity & Inclusion (D&I) Strategy updated in March 2021.

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

technology business.

The executive officer in charge of CR swiftly reports the results of CR Committee discussions and deliberations to the LIXIL Board of Executive Officers, enabling necessary decisions to be made. The executive officers, who are in charge of promoting CR initiatives, immediately indicate and communicate decisions made in the CR Committee to their respective functions to facilitate speedy, concrete action.



As of March, 2021

* Communications/Investor Relations/External Affairs/Corporate Responsibility

03

CR MANAGEMENT STRUCTURE & MATERIAL ISSUES SELECTION

CR Management Structure

Selection of Material Issues

Corporate Responsibility Strategy

SELECTION OF MATERIAL ISSUES

LIXIL has identified material issues that we, our stakeholders, and society in general consider to be of the highest importance for improving our company's sustainable growth and corporate value for driving progress on sustainable development. We are working to resolve these

issues through our business activities while monitoring the progress against our goals.

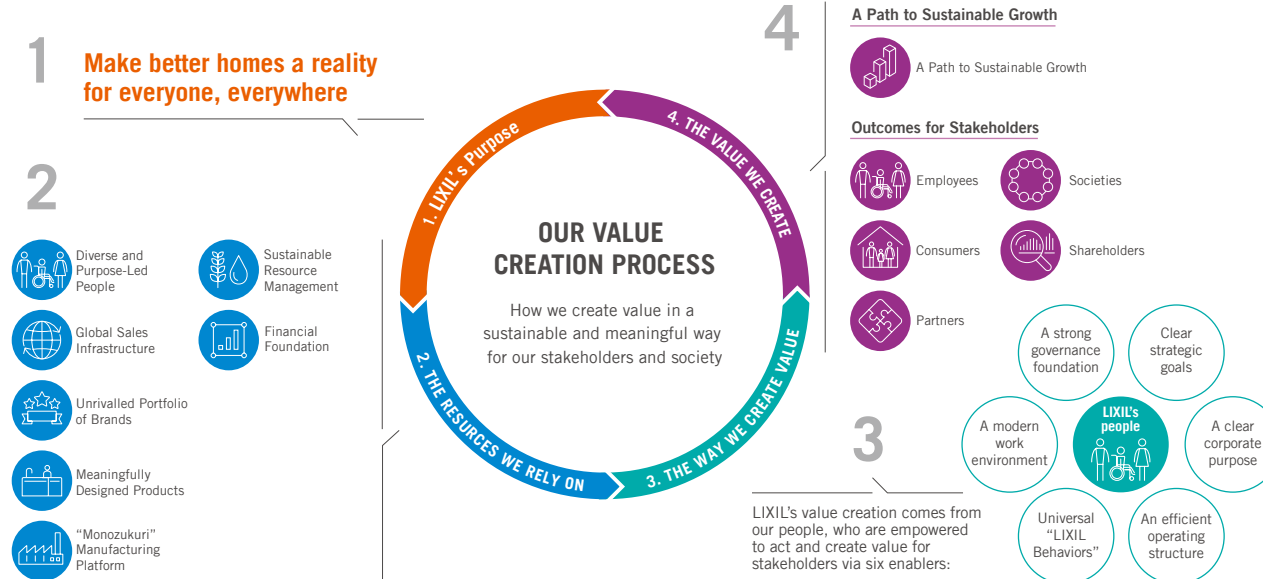
LIXIL's material issues are determined by selecting and evaluating issues from both a risk and opportunity perspective using the process outlined below, taking into

consideration LIXIL's Purpose, Value Creation Process (VCP), Medium-Term Plan, Corporate Responsibility (CR) Strategy and other business strategies, stakeholder needs and expectations as well as current social circumstances and issues. We review these material issues to accommodate any changes in LIXIL's immediate environment or society at large.

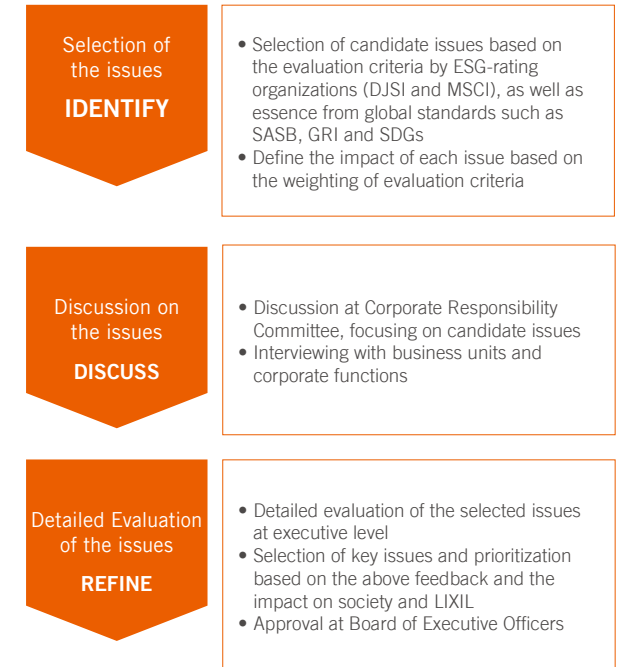
Positioning of the Material Issues

The process of selecting our material issues is deeply linked to our VCP, which creates value for stakeholders and broader society based on LIXIL's Purpose and available resources, as well as to our business strategies and CR Strategy.

Value Creation Process (VCP)



LIXIL's Material Issues Selection Process



Following the above process, we will continuously review the material issues.

03

CR MANAGEMENT STRUCTURE & MATERIAL ISSUES SELECTION

CR Management Structure

Selection of Material Issues

Corporate Responsibility Strategy

Material Issues Selected in FYE2021

In FYE2021, we reviewed the material issues selected in FYE2016 and selected 20 new material issues based on the above-mentioned process. We categorized these issues into the following priority levels in terms of degree of risk as weighted by ESG-rating organizations and their impact on LIXIL, our stakeholders, and society at large.

● Priority:

Areas in which LIXIL is able to proactively exploit its unique strengths to greatly help solve issues and have a significant positive impact on stakeholders and society. Areas where initiatives should be strengthened in view of stakeholder needs.

● High:

Areas that should be addressed from the perspective of responding to stakeholder needs and appropriately managing risks to ensure business continuity.

● Medium:









Areas requested by stakeholders and that should be appropriately addressed as the basis for our business activities.

Material issues that are labeled as “Priority” are deeply related to the three pillars of our CR Strategy. We will continue to accelerate our CR activities with a focus on these material issues.

Three pillars of our CR Strategy

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

CR Corporate Responsibility Strategy (P22)

Priority	Global Sanitation & Hygiene		We seek to promote and enable access to safe and hygienic sanitation practices, especially for women and girls, while preventing the harmful transmission of diseases for children. The SATO brand is LIXIL's primary driver of R&D and business operations to tackle this challenge as it is tailored to the characteristics and needs of individual markets, including infrastructure, income levels, and environmental restrictions.
	Climate Change Mitigation and Adaptation		To meet the urgent need to address climate change, we will further reduce greenhouse gas emissions from our business processes, products, and services and provide solutions to allow people to better adapt.
	Water Sustainability		As a leading company in the water-related product industry, we help achieve global water sustainability by tackling issues such as the improvement of access to safe drinking water and the depletion of water resources so that people can get the most out of the water they use.
	Circular Economy		To use limited resources more sustainably, we promote circular manufacturing practices that consider the entire product lifecycle, from raw material procurement through to manufacturing, product use and disposal.
	Environmental Impact of Product Lifecycle		LIXIL can contribute to reducing environmental impact throughout its products' lifecycle because they are used for a long period of time in people's lives.
	Environmental Management		We will strengthen environmental management and compliance, including management of waste and chemical substances.
High	Diversity & Inclusion		We promote a culture of diversity and inclusion. We are seeking to leverage the knowledge and perspectives of a diverse employee base as the driving force for growth and innovation and to develop products and services that contribute to improving the quality of life for everyone, everywhere.
	Product Safety		We will improve product quality and safety throughout their lifecycle based on the belief that quality is the key to earning the trust of customers and society.
	Customer Satisfaction		We will pursue customer satisfaction from the perspectives of both professional users and end users so that our customers enjoy amazing experiences in every aspect of their lives.
	Employee Safety & Wellbeing		We promote health management for greater corporate value by prioritizing the safety of all employees.
	Talent & Development		Employees are the driving force behind the value creation. With that in mind, we will engage in systematic human resource development and support proactive career development of individual employees.
	Ethics & Integrity		We will build and maintain a culture of compliance where all employees and executives are proud to engage in daily business activities based on high corporate ethics.
	Human Rights		We position the respect for human rights as a fundamental requirement for business continuity. We are committed to promoting business activities that consider the human rights of all stakeholders, following international human rights principles.
	Supply Chain Management		We identify risks during procurement and promote stable supply and responsible procurement of products through cooperation with suppliers.
	Corporate Governance		We will continue to enhance our corporate governance structure. We expressly separate the functions of business execution and supervision to enable executive officers to make management decisions quickly and decisively while securing management transparency.
	Risk Management		We identify risks that affect business activities, and define particularly important risks as those to be managed with priority. We then manage risks for the entire group by having risk owners share and report the status of responses.
Medium	Stakeholder Engagement		LIXIL believes that its business activities are supported by a large number of stakeholders. We will contribute to improving the quality of life and solving social issues through active engagement with each stakeholder.
	Information Security		To ensure the efficient and stable execution of business activities, we will update core systems, strengthen the management of personal information, and establish a system to ensure cyber security.
	Tax Transparency		We strive to ensure tax transparency and implement appropriate tax payments.
	Responsible Marketing & Advertising		We seek to provide appropriate information about our products and services.

03

CR MANAGEMENT STRUCTURE & MATERIAL ISSUES SELECTION

CR Management Structure

Selection of Material Issues

Corporate Responsibility Strategy

CORPORATE RESPONSIBILITY STRATEGY

LIXIL's Corporate Responsibility (CR) Strategy outlines three core pillars of activity representing the most pressing global issues relevant to our business. To drive positive change in

each area, we are leveraging our expertise and business scale to pursue responsible and sustainable innovation and develop safe, comfortable products and services. By being

committed to the strategy, we aim to achieve LIXIL's Purpose to "make better homes a reality for everyone, everywhere."

PDF Details on our CR Strategy (660KB)

LIXIL's Purpose: Make better homes a reality for everyone, everywhere

Global Sanitation & Hygiene

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



Sanitation for All

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

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

Water Conservation & Environmental Sustainability

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



Zero Carbon and Circular Living

By 2050, achieve net-zero carbon emissions, preserve water and natural resources in operations, housing and lifestyle solutions for future generations to become a leading company in environmental sustainability

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

Diversity & Inclusion

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



Inclusive for All

By 2030, embed a culture of inclusion across LIXIL and achieve key gender equity goals
By 2030, ensure all products and services* are based on LIXIL's Universal Design concept

- 50% of Board Directors and Executive Officers to be women by 2030
- 30% of our leaders globally to be women by 2030
- Maintain gender parity in new graduate recruitment in Japan
- Promote the development of universal design products and services that are "Good for one, Good for all, Good for a lifetime"

Scope: Products and services in Japan



Our strategy stands upon a foundational commitment to ethical business practices

Governance

Enhance LIXIL's governance to maximize our corporate value

Fair Business Practices

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

Human Rights

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

Labor Practices

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

Quality and Customer Satisfaction

Strengthen relationships with customers through our products and services

Supply Chain

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

Stakeholder Engagement

Proactively engage with LIXIL's key stakeholders

04

THREE STRATEGIC PILLARS

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

› THREE STRATEGIC PILLARS

We leverage our specialist expertise and business scale to pursue initiatives focused on three strategic pillars, selected from among the most urgent issues relating to the regions in which we operate.



04

THREE STRATEGIC PILLARS

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

GLOBAL SANITATION & HYGIENE

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



Highlights

Social Issue People living without a toilet **1.7 billion people** (1 in 5)

Those regularly defecate outdoors **494 million people**

Target

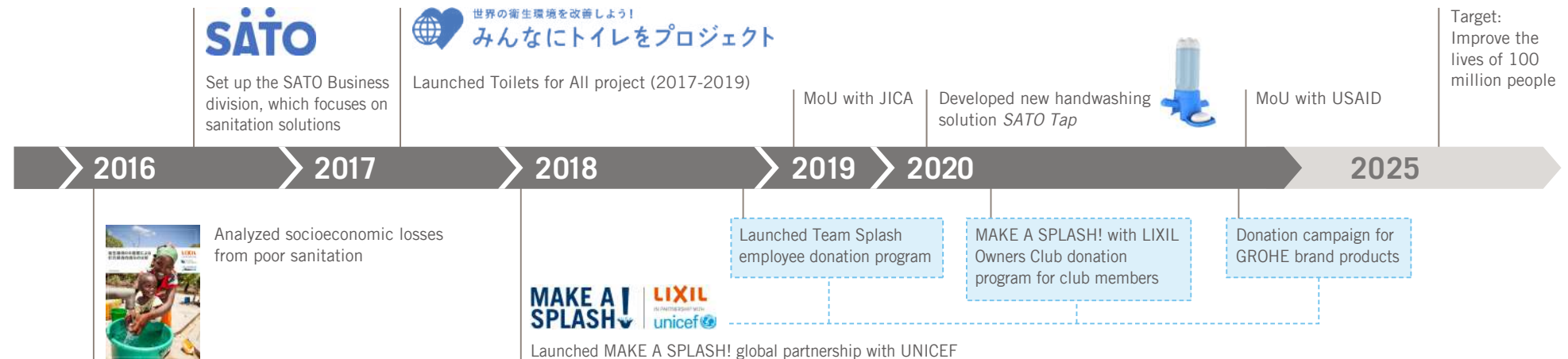
Sanitation for All

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

Progress

- > Shipped **5.1 million units of SATO Toilet Solutions** to date
- > Shipped to **41 countries**
- > Improved the lives of **25 million people**

Our Journey



04

THREE STRATEGIC PILLARS

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

Background

An estimated 1.7 billion people, or about one-fifth of the global population, live without access to safe, sanitary toilets. Among them, approximately 494 million people still regularly defecate in the open. These figures come with a devastating human cost: Each day, over 700 children under five die from diarrheal diseases caused by unsanitary living conditions.

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

About 2.3 billion people, or one in three of the world’s population, lack basic handwashing facilities at home. This lack of handwashing facilities increases the risk of a more rampant spread of infectious diseases, such as COVID-19.

The impact of the sanitation crisis is felt throughout entire nations and regions, crippling opportunities for growth and



Slum in Mumbai

development. In 2015, global economic losses from poor sanitation were estimated at US\$223 billion.* Among the United Nations (UN) Sustainable Development Goals (SDGs) for 2030, Target 6.2 seeks to “achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations.” This highlights the need for collaboration between governments, non-governmental organizations (NGOs), private companies, and various other sectors in tackling sanitation issues.

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

WEB The True Cost of Poor Sanitation

Regional Issues and Solutions

Region	Issue	Solution	Features
Rural areas	Many households and schools lack toilet facilities	SATO Toilet Solutions	<ul style="list-style-type: none"> • Low price • Simple installation • Water-efficient flushing
Urban areas	Inadequate water supply and facilities	Micro Flush Toilet System (under development)	<ul style="list-style-type: none"> • Reuses wastewater for flushing • Water-efficient flushing
Rural areas with scattered communities and slums	Difficulty of sewerage infrastructure or pit toilet installation	Portable Toilet System (under development)	<ul style="list-style-type: none"> • A combination of easily installed portable toilets and stations for collecting toilet waste from individual households
Regions without basic handwashing facilities	Lack of water supply, handwashing facilities, and water resources	SATO Tap	<ul style="list-style-type: none"> • Affordable • Compact • Portable • Uses small amount of water • Easy to operate

Our Approach & Strategy

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

Sanitation problems vary by region, depending on the availability of water resources, the level of urbanization, and access to toilet facilities. LIXIL’s SATO Business division is the primary driver of R&D and business operations tailored to the characteristics and needs of emerging markets, including lack of infrastructure, lower income levels, and environmental restrictions, such as water scarcity.

04

THREE STRATEGIC PILLARS

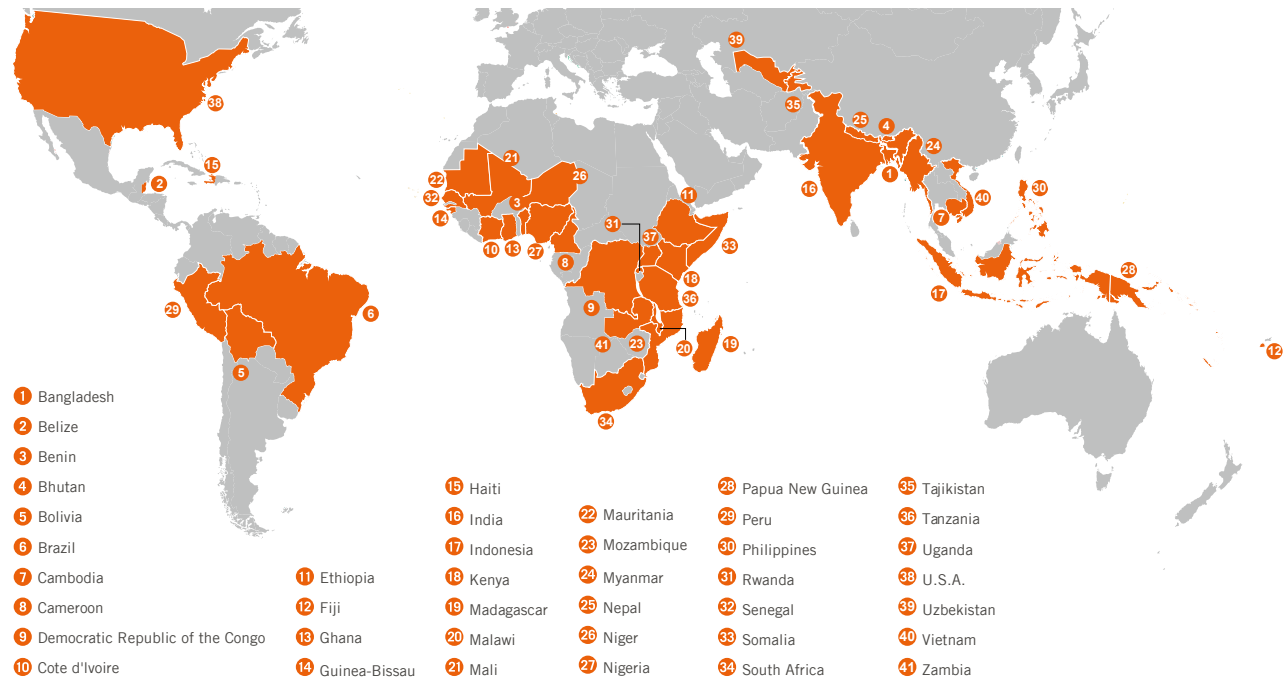
- Global Sanitation & Hygiene
- Water Conservation & Environmental Sustainability
- Diversity & Inclusion

› SATO Toilet Solutions

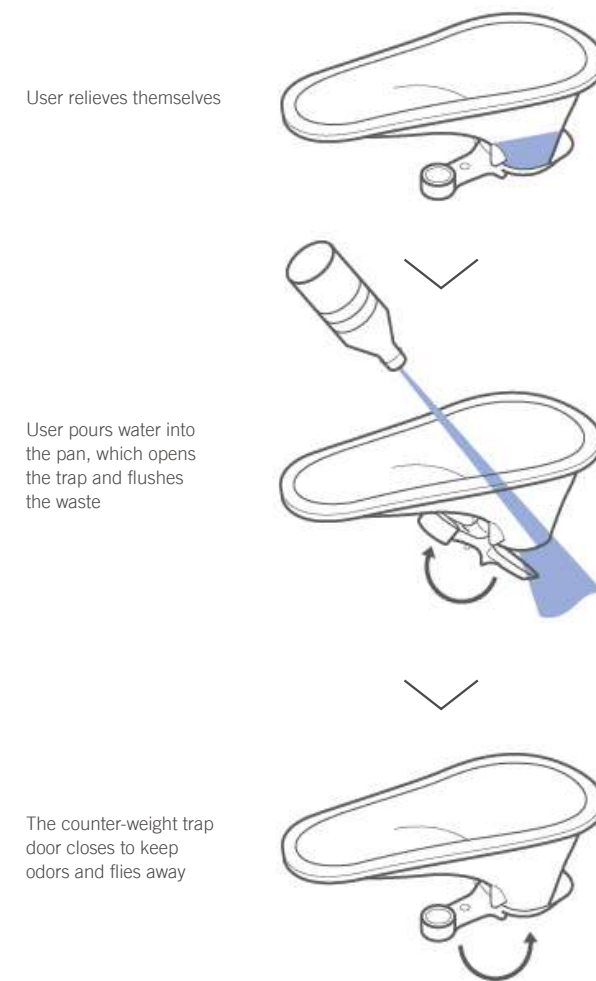
SATO Toilet Solutions are a range of simple, aspirational yet affordable products intended for use in emerging countries. Flushing requires less than one liter of water, using a counterweight trapdoor that otherwise remains closed to reduce odors and prevent insects, such as flies, from spreading bacteria. The original SATO model, developed based on the needs of communities in Bangladesh, received a grant from the Bill & Melinda Gates Foundation. Production and sales began in the country in 2013.

SATO Toilet Solutions are currently manufactured in six countries of Asia and Africa. Including donations, over 5.1 million units have been distributed to 41 countries, contributing to better sanitation for an estimated 25 million people (as of July, 2021).

Countries Where SATO Toilet Solutions Are Used



How SATO Toilet Solutions Work



04

THREE STRATEGIC PILLARS

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

Developing Products Suited to Local Needs

Adapting product development to local challenges and needs is one of the vital elements of a successful sustainable social business.

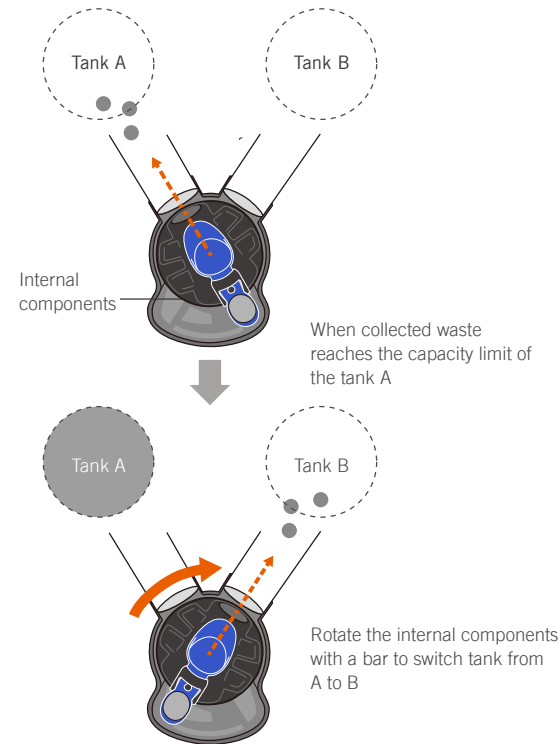
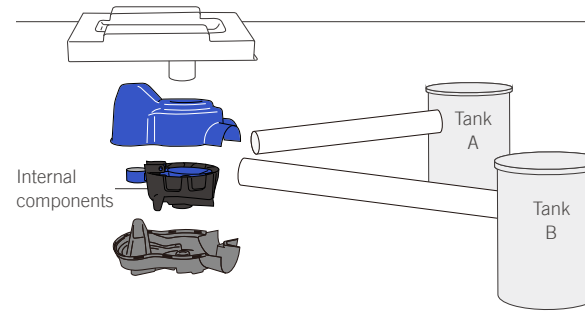
We are developing a range of SATO Toilet Solutions that are tailored to local sewage treatment methods and market needs. In India, for example, we developed the *SATO V-Trap* toilet system to address local problems of clogging and time-consuming installation.

The Indian government promoted a twin-pit system, but it was burdensome to switch from one pit to another, often causing blockages in the mechanism. By replacing the standard Y-shaped piping with a V-shaped one, the *SATO V-Trap* toilet reduces the risk of clogging and requires approximately 80% less water per flush than conventional toilets. India achieved its target of eliminating outdoor defecation by 2019, and our *SATO V-Trap* toilet has helped to boost the ratio of toilet use there.



Installing SATO V-Trap toilet

How SATO V-Trap Works



Using Sato Operations to Nurture Human Capital and Promote Hygiene Education

Our SATO business is collaborating with local manufacturers and NGOs to establish regional production and sales systems. By driving the make-sell-use cycle, we seek to generate regional employment and enable autonomous, continuous improvements and create a local sanitation economy.

One such job-creation initiative is the training of masons who install SATO toilets. To date, more than 19,000 people, including women and youth, in India, Uganda, Nigeria, Tanzania, and other countries have participated in free training programs designed in conjunction with NGOs and international organizations. The training programs have generated improvements in toilet installations and income, with reported 200% increases in income for some women who underwent the training in India, and the nurturing of skilled masons in Uganda who sold and installed more than 3,000 SATO toilets over a period of five years.

At the same time, we are working to drive consumer's awareness on the importance of toilet use as part of our efforts to help solve sanitation issues because we believe simply installing toilets is not enough. That is why we work with UNICEF and NGOs to promote understanding of the importance of sanitation and toilet use.



A training session in Uganda

04

THREE STRATEGIC PILLARS

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

› SATO Tap

We developed *SATO Tap* in 2020 to help prevent the spread of COVID-19. As a handwashing solution, *SATO Tap* uses water in a plastic bottle and gravity to release a minimal, frugal but stable water flow.

SATO Tap was conceived by an employee who has long been involved in the development of SATO Toilet Solutions. He came up with the idea when he became infected with COVID-19 and was being treated for the disease. In emerging markets, where water and soap were not readily available and where there were no handwashing facilities or effective handwashing habits, there was an urgent need to develop solutions to address these problems. To ensure *SATO Tap* could be used across different regions, our product development team focused on local needs and end-user perspectives, such as the need for simple materials and production methods, and affordable pricing.



SATO Tap handwashing station using a plastic bottle

SATO Tap works with plastic bottles of various shapes and sizes and is manufactured from two simple plastic parts to keep costs and prices low. To quickly deliver the product to areas with the most urgent need, we started production in India, where we already had a network of partners in the SATO business and were able to operate a manufacturing system during the COVID-19 pandemic, as well as in Tanzania.

In FYE2021, we used *SATO Tap* to raise awareness of the importance of hygienic practices in various regions. In India, we joined forces with the Japan International Cooperation Agency (JICA) on an awareness-building campaign to promote hygienic practices, conveying the importance of handwashing in rural areas, schools, and hospitals through animation-enhanced lectures and hands-on *SATO Tap* experience sessions.



Awareness-building activities in India (photo credit: JICA)

We conducted user testing in four African regions and are looking to develop products that satisfy local needs, based on users' feedback. By using *SATO Tap* to encourage frequent handwashing even in areas with insufficient handwashing facilities and water supply, we hope to gradually instill better practices that will ultimately help prevent the spread of infectious diseases and improve hygiene.

WEB [SATO Tap](#)

Video [SATO Tap](#)



Handwashing practice using the *SATO Tap* stations (photo credit: JICA)

04

THREE STRATEGIC PILLARS

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

Partnerships

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

UNICEF

In 2018, LIXIL and UNICEF formed the MAKE A SPLASH! global partnership to improve sanitation for children around the world. We launched the initiative in Ethiopia, Kenya, and Tanzania to establish markets for hygiene-related goods and ensure the availability of affordable products for people lacking toilets. We are working to expand this market-driven program.

In Tanzania, we have been cooperating on a government-driven campaign to ensure access to toilets for all of the nation's citizens by 2025. In India, we installed SATO toilets as part of UNICEF's #FlushTheVirus campaign to support healthcare professionals seeking to treat COVID-19. We also conducted *SATO Tap* demonstration testing together with UNICEF in four other African regions, and are now seeking to develop products that better suit local needs.



WEB MAKE A SPLASH!

USAID

In October 2020, LIXIL signed a Memorandum of Understanding (MoU) with the United States Agency for International Development (USAID) to collaborate on solving hygiene and sanitation issues in emerging countries. The MoU covers the planned deployment of SATO toilets and *SATO Tap* handwashing stations in Asia and Africa.

JICA

LIXIL signed an MoU with JICA, the incorporated administrative agency that coordinates official development assistance for the Government of Japan, to cooperate on the goals of improving sanitary environments and securing safe water in emerging countries. This is the first cooperative endeavor between a private company and JICA in this field, and we intend to accelerate progress by leveraging our mutual strengths. In 2020, we worked together in India to raise awareness of hygienic practices such as handwashing.

Thanks to our partnership work with the agency, JICA officially recognized LIXIL as a JICA-SDGs Partner for our efforts to help achieve the SDGs.

WEB JICA-SDGs Partners: List of certified organizations (JICA website) (Japanese only)

BRAC, PSI, and Other NGOs

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

Toilet Board Coalition

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

04

THREE STRATEGIC PILLARS

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

› Together with Japanese Customers

LIXIL is partnering with customers in Japan to broaden understanding of hygiene issues and together help improve sanitary environments in emerging countries.

In 2017 and 2018, we held the Toilets for All Project, in which we agreed to donate one SATO toilet to a country in Asia or Africa for each integrated shower toilet purchased by a customer in Japan. We donated 400,000 SATO toilets during those first two years. In 2019, we donated a portion of the sales of integrated shower toilets through our MAKE A SPLASH! partnership with UNICEF. Approximately JP¥26 million in donations to UNICEF has been used to build the infrastructure to help install safe and sanitary toilets and to raise awareness of hygiene issues in local communities.

We also launched a new service in November 2020 whereby we donate JP¥10 to MAKE A SPLASH! for every purchaser of a LIXIL product who registers as a member of the LIXIL Owners Club.

CR MAKE A SPLASH! (P94)

CR LIXIL Owners Club (P82)

› External Recognition

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

- Deputy-Chiefs' Award given by Japan's Minister of Foreign Affairs, 2nd Japan SDGs Award
- Grand Award, 2017 International Association for Universal Design (IAUD) Awards (Toilets for All project)
- Innovation of the Year Award, Responsible Business Awards (SATO)
- Selection Committee Special Award, 7th Technology, Management and Innovation Awards (SATO)
- 2018 Good Design Award (SATO)
- Red Dot Award 2018 (SATO V-Trap toilet)
- Time Magazine's Best Inventions of 2020 (SATO Tap)



2nd Japan SDGs Award ceremony

› Designing Toilets for the Future

LIXIL formed a partnership with the Bill & Melinda Gates Foundation in 2018 and is now working to develop and commercialize the world's first household reinvented toilet, an off-grid system able to treat human waste without water or sewerage facilities. The system is designed for areas where installing conventional toilets is difficult due to limited access to water or problems with maintaining and updating sewerage systems because of rapid urbanization. With a team of specialists in technology, design, and product development, LIXIL is leading the creation of experimental new toilet systems.

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

04

THREE STRATEGIC PILLARS

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

WATER CONSERVATION & ENVIRONMENTAL SUSTAINABILITY

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



Highlights

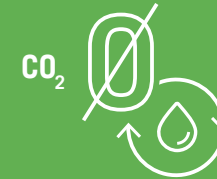
Social Issues

World energy consumption **32%** is consumed in buildings (residential: 24%, commercial: 8%) Those likely to experience water stress by 2050 **4 billion** people (Over 40% of global population) Global resource consumption **Double** by 2050

Target

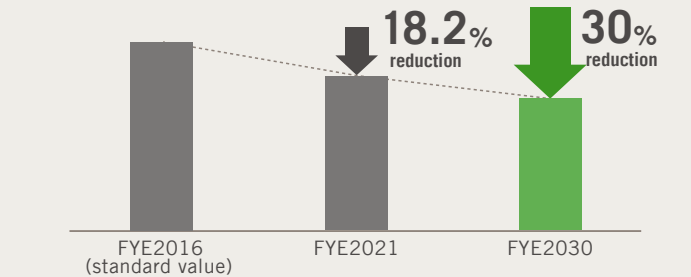
Zero Carbon and Circular Living

By 2050, achieve net-zero carbon emissions, preserve water and natural resources in operations, housing and lifestyle solutions for future generations to become a leading company in environmental sustainability



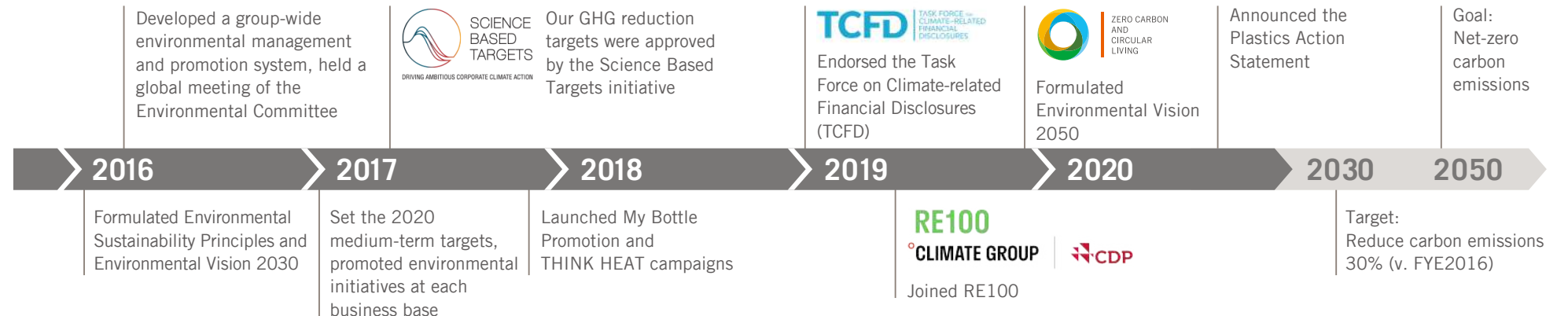
Progress

CO₂ emissions from operational processes



* Covers LIXIL and its group companies (production and non-production bases in Japan and production bases outside Japan).
* Excluding companies divested during the period covered by the above data. Specifically, data for FYE2016 exclude Permasteelisa Group and LIXIL VIVA CORPORATION.

Our Journey



04

THREE STRATEGIC PILLARS

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

Background

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

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

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

Our Approach & Strategy

Modern lifestyles rely on large amounts of energy and resources. As a company that seeks to make better homes a reality for everyone, everywhere, LIXIL plays a crucial role in conserving our global environment.

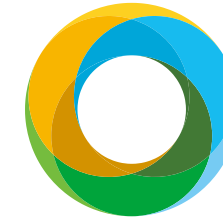
We strive to minimize environmental impacts both in our operations and through eco-conscious products and services that fully draw on advanced technologies and know-how related to life and living.

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

LIXIL Environmental Vision 2050

In FYE2020, we formulated an environmental vision for LIXIL in the year 2050. Based on our Zero Carbon and Circular Living policy, by 2050, we aim to achieve net-zero carbon emissions and preserve water and natural resources in operations, housing and lifestyle solutions for future generations to become a leading company in environmental sustainability.

We have designated the following three focus areas for realizing our environmental vision. These three focus areas are based on the three strategic pillars outlined in LIXIL's



ZERO CARBON AND CIRCULAR LIVING

Corporate Responsibility (CR) Strategy and our specific business characteristics as well as broader global issues and risks such as climate change and international frameworks including the SDGs and Paris Agreement.

Three Focus Areas to Achieve Our Vision



CLIMATE CHANGE MITIGATION AND ADAPTATION

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



WATER SUSTAINABILITY

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



CIRCULAR ECONOMY

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

04

THREE STRATEGIC PILLARS

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

› Three Focus Areas to Achieve Our Vision

Climate Change Mitigation and Adaptation

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

We also seek to provide products and services that can help alleviate the damage caused by rising temperatures, increased rainfall, major typhoons, and other natural disasters brought about by climate change, and also to further advance our climate adaptation policies.

Water Sustainability

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

Circular Economy

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

In FYE2021, we announced our LIXIL Plastics Action Statement. We are accelerating initiatives at all LIXIL plants and offices to reduce plastic use and recycle plastic, to develop and utilize recyclable alternatives, and to design products that have a low impact on the environment.

[PDF](#) LIXIL Plastics Action Statement (1.3MB)

› Initiatives to Achieve Our Vision

LIXIL set medium-term environmental targets for five years from FYE2017 to FYE2021 (see the table below), and has been implementing a wide range of activities, including increasing renewable energy use, improving recycling rates, and managing water risks (click the links below for more

details). From FYE2022 onward, we will be even more committed to realizing our Environmental Vision based on our new medium-term plan.

Activity details: [CR](#) Environment (P56)

Progress against the targets: [WEB](#) Action Plan & KPIs

Medium-Term Environmental Targets and Our Performance against Them

Issues	KPI	2020 medium-term targets (FYE2021)	FYE2021 performance	2030 targets ³	
Improvement in environmental value of our products and services	Climate change mitigation and adaptation	CO ₂ emissions reduction attributable to our products and services	Increase by 1.36 times v. FYE2016	Increased by 1.29 times v. FYE2016	—
Environmental footprint reduction from our entire business process	Climate change mitigation and adaptation	CO ₂ emissions from places of business ¹	Reduce by 8% v. FYE2016	Reduced by 18.2% in total volume (-18.7% in emission intensity)	Reduce by 30%
		CO ₂ emissions from product use	Formulate KPIs/targets and implement measures based on business plan	Reduced by 3% v. FYE2016	Reduce by 15%
		CO ₂ emission intensity per unit of output in the distribution process	Reduce by 5% v. FYE2016	Reduced by 2.6% v. FYE2016	—
	Water sustainability	Improvement in water usage efficiency at high-water risk bases	<ul style="list-style-type: none"> Complete the water risk analysis of all production sites Select high-risk sites, formulate KPIs/targets, and implement measures 	Achieved both water intensity and water use volume targets at two sites out of four high-water risk sites	—
Establishment of an environmental management system	Circular economy	Recycling ratio of waste collected from places of business	<ul style="list-style-type: none"> Japan & Europe: 95% Asia: 66% North America: 40% 	<ul style="list-style-type: none"> Japan & Europe: 97% Asia: 92% North America: 39% 	—
		Coverage of the system	100%	100%	—
		Number of environmental law violations ²	0	0	—

*1 CO₂ conversion factors are published by each electricity company with which our sites have a contract (factors that include emissions from renewable energy sources, etc.)

*2 Number of serious violations with penalty of operational suspension or fines.

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

04

THREE STRATEGIC PILLARS

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

DIVERSITY & INCLUSION

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



Highlights

Social Issue

1 in 5 people aged 60+ by 2050

Many of those will be living in elderly-only households

Target

Inclusive for All

By 2030, embed a culture of inclusion across LIXIL and achieve key gender equity goals
By 2030, ensure all products and services* are based on LIXIL's Universal Design concept

* Scope: Products and services in Japan

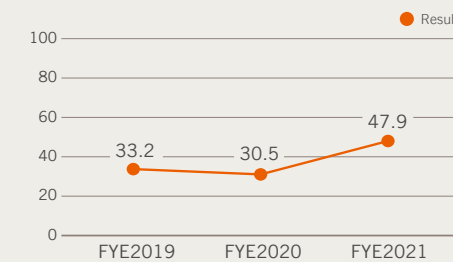


Progress

Ratio of new female graduate and post-graduate hires

In Japan (Covers LIXIL Corporation)

Result **47.9%** Target **Over 30%**



Research studies on supporting the daily lives of elderly people and people with disabilities

Total through to FYE2021
23 studies Target **Over 10 studies**

Participated in the International Home Care and Rehabilitation Exhibition 2020 held online

Our Journey



04

THREE STRATEGIC PILLARS

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

Background

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

Creating a sustainable society requires providing opportunities for people of all ages and abilities to play an active role in society.

Our Approach & Strategy

LIXIL provides products and services to improve people's lives based on LIXIL's Purpose to "make better homes a reality for everyone, everywhere."

Organizational diversity is the key driver of innovation and sustainable growth as we work to develop businesses that satisfy a wide range of customer needs. Based on our Diversity & Inclusion (D&I) Strategy, we aim to foster an inclusive culture that embraces employee diversity and create an environment that engages and includes all employees. We are seeking to embed this culture of inclusion across LIXIL and achieve key gender equity goals by 2030.

CR Updating Diversity & Inclusion Strategy (P15)

We are also implementing universal design (UD) concepts that help improve the quality of life for all people irrespective of age, gender, or disability. We aim to ensure all our products and services are based on LIXIL UD concepts by 2030.*

* Scope: Products and services destined for the Japan market.



LIXIL Universal Design Policy

Promoting Universal Design

LIXIL has strengthened digital communication by revising our UD website in FYE2021 to ensure we provide the right information about our UD concepts and products to customers and business partners.

The new website has separate pages for end users and businesses to make it easier to access the information they need. We are also working on improving accessibility and usability by introducing font and contrast settings that are easy to read, intuitive design, and the alt attribute to specify alternative text for images that can't be displayed, making the site easier to navigate for a broader range of people including people with disabilities or elderly people.

WEB Universal design (Japanese only)

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

04

THREE STRATEGIC PILLARS

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

Examples of Products and Services

Well Life Kitchen: Easy to Use While Sitting

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



WEB *Well Life* (Japanese only)

DOAC Front Door Electric Opening System

LIXIL launched its *DOAC* front door electric opening system in September 2020. *DOAC* enables people to lock and unlock and open and close their front door without touching it using a remote control. This helps people with disabilities, wheelchair users, elderly people, and others get in and out of the house easily.

We have designed this system so that it is easy to use and safe for all family members. For example, we developed an auto-assist function for moments when users don't have the remote control on hand. Pushing the door lightly in these situations fully opens the door. The pinch-detection function, meanwhile, prevents the door from closing when it detects any abnormal contact or obstacle in its path. And the proprietary wireless system makes it possible to retrofit the electric opening system using existing doors and keys. The system can be installed in one day and is designed to accommodate various environments.



DOAC was developed by LIXIL's new Business Incubation Center, which practices agile development of value-added products and services. Our team adopted an inclusive design approach when developing this product, interviewing various wheelchair users and inviting potential interested users to act as advisors from the early design stage. We intend to continue this rapid approach to product development that also meets diverse needs.

DOAC won a Social Products Award at the 8th Social Products Awards held in 2021 on the theme of products and services that help people with disabilities to live a full life and enjoy their work. *DOAC* was applauded for broadening the scope of independent activity for people with disabilities and improving the lives of a wide range of people. We were also recognized for our agile development approach, being based on a clear understanding of the needs of potential users gained through talking directly with them during the development stage.

WEB *DOAC* (Japanese only)

WEB Social Products Awards (Japanese only)



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THREE STRATEGIC PILLARS

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

Accessible Mobile Toilet

LIXIL and Toyota Motor Corporation have jointly developed *Mobile Toilet* that wheelchair users can use with greater ease when outside the house. The toilet vehicle is easy to maneuver and has a comfortable and hygienic multifunctional toilet on board. Installing a number of these vehicles at event venues that typically don't provide enough multifunctional toilets, such as music festivals, firework displays, and sports matches, would increase the range of places that wheelchair users can go. The vehicles could also prove useful in a natural disaster.

The ultra-low floor design enables people to get in and out of the vehicle on a gentle sloping surface. There is enough space inside the vehicle for a wheelchair to easily rotate. It also has a universal seat, or a large bed, that can be used in multiple ways, and an area in the front where wheelchair users and caregivers can wait. The vehicle also features a "nature window" that provides views and sounds of nature to help users relax. We hope to help create a world in which everyone — including people who have given up on going out due to a lack of multifunctional toilets — can go where they want and do what they dream about.

PDF [Mobile Toilet \(Japanese only\) \(600KB\)](#)












Accessible *Mobile Toilet*



Inside the toilet vehicle

Other Examples of LIXIL's UD Products and Services

WEB [UD Ideas \(Japanese only\)](#)

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

04

THREE STRATEGIC PILLARS

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

Our Gender-Neutral Toilet Wins Good Design Award

Our new toilet facility installed in the LIXIL Tokyo headquarters in 2019 won a 2020 Good Design Award.

The facility enables everyone to select freely which toilet they want to use, irrespective of such categorizations as man, woman, adult, child, able-bodied person, or person with disabilities. The pods of different cubicles offer gender-neutral toilet options that respond to diverse needs and ease the difficulties faced by transgender users who have to choose between public toilets for men or women.

The vacant toilet monitor located at the entrance to the toilet space encourages users to “choose a cubicle that best suits you.” On each side of the corridor are toilets that anyone can use. There are also some gender-specific toilets and a handwashing corner, so that users can choose the most appropriate toilet for them without attracting attention.



WEB Good Design Award

› Promoting Broader Understanding of Diversity

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

At our Universal Run: Sports Prosthesis Experience Class program held at elementary schools throughout Japan, children learn about universal design by experiencing wearing a prosthetic limb designed for sports use and by talking with prosthetic limb users about their lives.

CR Stakeholder Engagement (P96)

We also hold our Universal Design: Good for One, Good for All, Good for a Lifetime program, where LIXIL employees create their own teaching materials and visit elementary schools to conduct lessons on universal design for children. The program is designed to highlight examples of universal



design in nearby streets and individual homes to deepen students’ understanding of diversity in terms of gender, age, nationality, and ability and disability, and encourage them to think what they can do and how they can act on it.

CR Community (P100)

› Respecting Employee Diversity

We aim to build an organization where all employees can reach their full potential by fostering an inclusive culture and working environment that embraces diversity in all its forms, including gender, age, ethnicity, nationality, ability and disability, and sexual orientation.

Our goal is to embed a culture of inclusion across LIXIL and achieve key gender equity goals by 2030. To that aim, we are promoting various initiatives in talent recruitment and development and many other areas. Follow the link below to learn more.

CR Diversity & Equal Opportunity (P41)

05

OUR PEOPLE

- Diversity & Equal Opportunity
- A Rewarding Workplace
- Talent Development
- Occupational Health & Safety

> OUR PEOPLE

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



05

OUR PEOPLE

Diversity & Equal Opportunity

A Rewarding Workplace

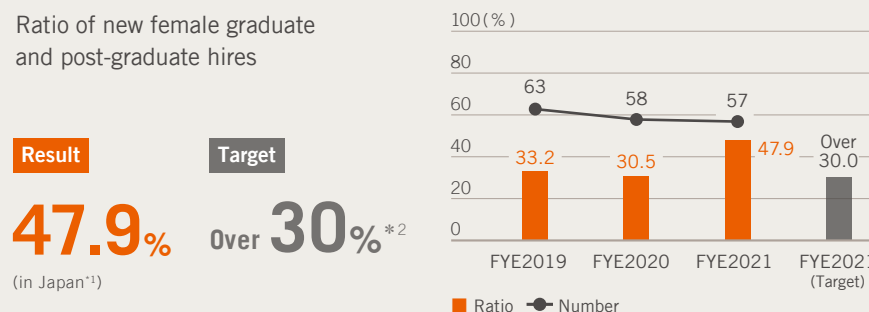
Talent Development

Occupational Health & Safety

Highlights

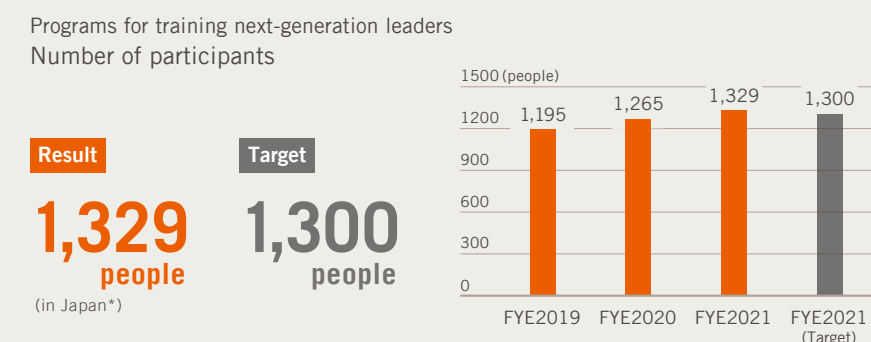
Target Build a strong corporation and workplace where all employees can achieve their fullest potential.

Diversity & Equal Opportunity



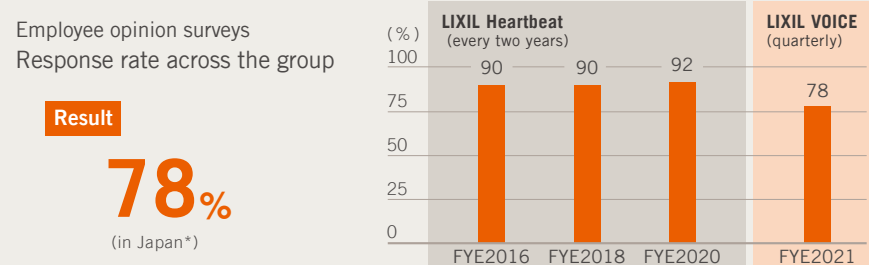
¹ Covers LIXIL Corporation.
² Achieved our 30% target for FYE2021 and set a new target of 50% for FYE2022 onward.

Talent Development



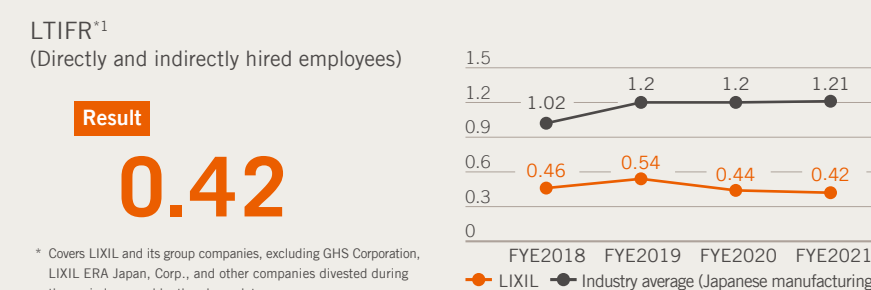
^{*} Covers LIXIL Corporation.

A Rewarding Workplace



^{*} Covers LIXIL Corporation.
^{*} The LIXIL Heartbeat survey was conducted every two years through FYE2020 but was replaced by the LIXIL VOICE quarterly survey in FYE2021.
^{*} The lower response rate in FYE2021 is due to changes in the survey method, such as the shift from paper to electronic surveys. We plan to improve the response rate going forward.
^{*} The survey was conducted only twice in FYE2021, in the third and fourth quarters. The response rate is the average of the two surveys.

Occupational Health & Safety



^{*} Covers LIXIL and its group companies, excluding GHS Corporation, LIXIL ERA Japan, Corp., and other companies divested during the period covered by the above data.
^{*1} LTIFR (Lost Time Injuries Frequency Rate): Number of occupational injury cases involving days away from work / Total working hours × 1,000,000
^{*2} Source: Ministry of Health, Labour and Welfare's "Survey on Industrial Accidents (Surveys on establishments (with 100 or more employees) and general construction)"

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OUR PEOPLE

Diversity & Equal Opportunity

A Rewarding Workplace

Talent Development

Occupational Health & Safety

DIVERSITY & EQUAL OPPORTUNITY

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

› Our Approach

At LIXIL, we believe diversity is the very thing that enhances our uniqueness and competitive edge. Diversity is what drives innovation and sustainable growth as we strive to develop the products and services that meet diverse needs and realize LIXIL's Purpose to "make better homes a reality for everyone, everywhere." Creating a comfortable working environment and culture for all members helps us become an organization of people who feel empowered to tackle difficult challenges with an entrepreneurial spirit and see their achievements justly rewarded.

In FYE2018, we published our Diversity and Inclusion (D&I) Declaration. This document outlines priority areas for D&I, including gender, age, race, nationality, disabilities, and sexual orientation, and is now guiding action on relevant issues in each country and region. Based on our D&I Strategy updated in March 2021, we are working hard to nurture an inclusive culture and build an environment that embraces people in all these priority areas and other groups. The strategy includes a commitment to attracting and educating human resources with a particular focus on reducing inequalities between women and men. We are also creating and expanding systems to promote sexual, gender, and other forms of diversity with the aim of strengthening D&I on a broader level.

CR Updating Our Diversity & Inclusion Strategy (P15)

› Our System

In FYE2020, we established our Global D&I Department, which is tasked with developing common global measures for promoting D&I. In FYE2021, we set up the D&I Committee consisting of our CEO and other executive officers, and updated our D&I Strategy and promotion measures. The committee meets four times a year to implement various measures based on the D&I Strategy and accelerate D&I initiatives across our organization.

D&I Awareness Survey of All Employees

We conducted a D&I awareness survey of all global employees in FYE2021 with the aim of incorporating the results in the formulation of our D&I Strategy and action plans. The survey probed categories such as organizational culture and systems, careers, evaluation and promotion, and learning opportunities. The results showed high scores for organizational culture overall but low scores for careers and promotion. In addition, while the differences were small, women scored lower than men in all categories. After analyzing the survey results, we updated our D&I Strategy and promotion measures in FYE2021, placing a specific focus on reducing gender inequality. We intend to conduct D&I awareness surveys on a regular basis and use the results as input for future strategies and initiatives.

#ChooseToChange Internal Campaign for International Women's Day 2021

LIXIL launched an internal #ChooseToChange campaign to dovetail with the #ChooseToChallenge theme selected for International Women's Day 2021. Employees voluntarily expressed their support for D&I and gender equality by sharing enthusiastic posts, messages, and photos relating to the slogan on internal social media.



Employee photos and messages posted on internal social media

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OUR PEOPLE

Diversity & Equal Opportunity

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Empowering Women in the Workplace

Promoting gender equality is essential to create a work environment in which each employee can demonstrate their own individual strengths. At LIXIL, the CEO is leading our commitment to accelerating gender equality.

We consider diverse talent, including women, in our succession planning for major positions within the group. Every year, we achieved our target of 20% or higher female participation in the younger class of our Talent Acceleration Program (TAP), a training program designed to foster next-generation managers, conducted in Japan through FYE2020. In FYE2021, we launched our selection-based NEXT and NEXT 2nd programs for training next-generation management candidates, and we continue to accelerate female participation. The number of female managers working at LIXIL in Japan (excluding our group companies) rose from 22 (0.9%) in March 2012 to 168 (6.0%) in March 2021.

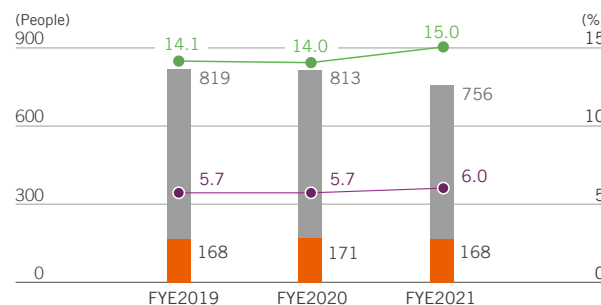
We are also working to create an environment where female employees can consistently develop their careers even if they take time off for life events such as childbirth. As part of this effort, we have developed the Mamap career-building tool for working mothers. Our aim here is to encourage female employees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



or childcare leave to use this tool to explore potential career paths and support structures with their managers and sustain a fulfilling career after they return to work.

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

Number and Composition Ratio of Female Managers



- Ratio of women among managers (LIXIL and its group companies)
- Ratio of women among managers in Japan (excluding the group companies)
- Number of female managers (LIXIL and its group companies)
- Number of female managers in Japan (excluding the group companies)

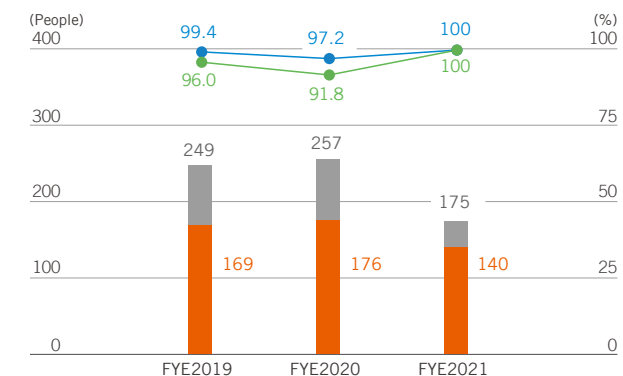
* Covers directly hired employees worldwide only. Data collected based on the qualification system used at each operating company.
 * Excluding companies divested during the period covered by the above data. Specifically, data for FYE2019 and FYE2020 exclude Permasteelisa Group. Data from FYE2020 also exclude consolidated subsidiaries with 100 or fewer employees.
 * In FYE2021, the number of female managers declined as we divested Kawashima Selkon Textiles Co., Ltd., etc., resulting in the decrease in the total workforce. However, the composition ratio of female managers has improved.

Supporting a Healthy Work-Life Balance

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

We are committed to creating the necessary systems and cultivating the right atmosphere to support a good work-life balance, enabling employees to maintain a high level of performance throughout different life stages. In FYE2021, we expanded these systems to enable greater workstyle flexibility, support childbirth and childcare, and provide leave options to suit employees at different life stages.

Number of Maternity Leave Users



- Return to work ratio (LIXIL and its group companies)
- Return to work ratio (LIXIL Corporation)
- Number of users (LIXIL and its group companies)
- Number of users (LIXIL Corporation)

* Covers directly hired employees in Japan only.
 * Excluding companies divested during the period covered by the above data. Data from FYE2020 also exclude consolidated subsidiaries with 100 or fewer employees.
 * Number of employees who started maternity leave during each fiscal year.
 * In FYE2021, the number of users declined as we divested Kawashima Selkon Textiles Co., Ltd., LIXIL VIVA CORPORATION, etc., resulting in the decrease in the total workforce.

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OUR PEOPLE

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Systems That Support Flexible Workstyles

In addition to expanding our remote-working system for working from home or satellite offices, in FYE2021 we also introduced a Superflex system that no longer requires core-time working hours and offers greater flexibility of working hours and locations.

Leave and Employment Systems Tailored to Different Life Stages

In FYE2021, we created a new 10-day paid leave for employees with preschool-age children (Childcare Leave system) and for employees who have to care for family members (Family Care Leave system). We also set up a Self-Care Leave system that covers morning sickness and fertility treatment in addition to the original menstruation leave. Under our Career Return system, we rehire employees who left the company for reasons such as childbirth, childcare, nursing care, or relocation due to a partner's job transfer.

Percentage of Staff Still Working 1 Year After Childcare Leave

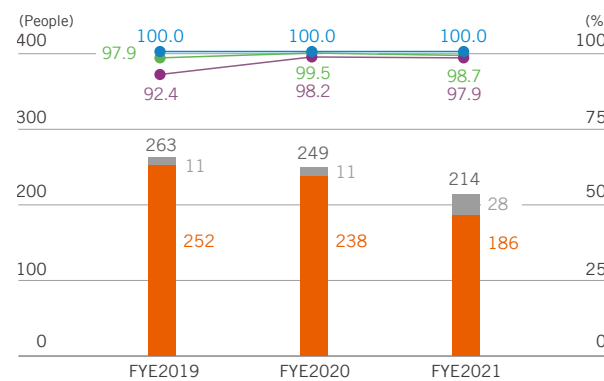
	FYE2019	FYE2020	FYE2021
Male	100.0%	88.9%	100.0%
Female	96.8%	96.8%	88.5%
Total	96.9%	96.4%	88.8%

* Current employment of LIXIL Corporation's permanent employees in Japan at the end of the business period one year after their return to work.
 * The decline in FYE2021 is due to our New Life early retirement program and other human resource programs.

Expanded Support for Childbirth and Childcare

In FYE2021, we introduced a new system that facilitates shorter working hours to support childcare as well as a system that provides financial support to employees wanting to return to work early after maternity or childcare leave. We have also extended the period during which male employees can take Spouse Birth/Childcare Leave (Papa's Childcare Leave) when their spouse gives birth from six to twelve months, and the length of that leave from five to ten days. In

Number of Childcare Leave Users



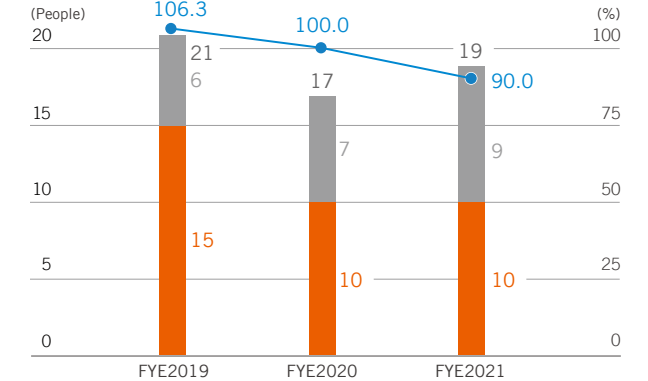
- Return to work ratio (Male, LIXIL and its group companies)
- Return to work ratio (Female, LIXIL and its group companies)
- Return to work ratio (Female, LIXIL Corporation)
- Number of new users (Male, LIXIL and its group companies total)
- Number of new users (Female, LIXIL and its group companies total)

* Covers directly hired employees in Japan only.
 * Excluding companies divested during the period covered by the above data. Data from FYE2020 also exclude consolidated subsidiaries with 100 or fewer employees.
 * In FYE2021, the number of users declined as we divested Kawashima Selkon Textiles Co., Ltd., LIXIL VIVA CORPORATION, etc., resulting in the decrease in the total workforce.

addition, we subsidize extended daycare fees or the use of a broader range of childcare facilities.

We are also promoting a strong work-life balance at our bases outside Japan in various ways. For example, LWT (GROHE Sanitary Products Shanghai) & LHT Asia forbid employees from doing 36 or more hours of overtime a month.

Number of Nursing-Care Leave Users



- Return to work ratio (LIXIL and its group companies)
- Number of new users (Male, LIXIL and its group companies total)
- Number of new users (Female, LIXIL and its group companies total)

* Directly hired employees in Japan only.
 * Excluding companies divested during the period covered by the above data. Data from FYE2020 also exclude consolidated subsidiaries with 100 or fewer employees.

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OUR PEOPLE

Diversity & Equal Opportunity

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▶ Promoting Diversity in the Workplace

Respecting Sexual and Gender Diversity

Since April 2017, LIXIL has been working to create a friendly working environment for sexual and gender minority employees.

In March 2019, we made some improvements to our human resource system and working environments for bases in Japan.^{*1} For instance, we have started treating same-sex partners as dependents and applying the relevant congratulation or condolence leave and financial payments, arranging times and locations for undergoing health checks, and recognizing employees' preferences for either male or female uniforms.

We are also promoting internal activities to expand understanding and support. In FYE2018, we created a series of online lectures relating to sexual and gender diversity and have been encouraging employees to watch them. We seek to increase the number of allies who understand and support sexual and gender minorities through venues such as study sessions, and distribute Ally badges and stickers to employees who support this initiative. We encourage allies to share information through the LIXIL Ally network and seek to deepen understanding by arranging opportunities to interact with sexual and gender minorities. Thanks to these efforts, in FYE2019 we achieved our target of having two or more allies in LIXIL's bases in Japan.^{*2}

We have been working to further improve our working environments by installing a toilet facility in the LIXIL Tokyo headquarters in 2019 with cubicles that do not distinguish between male, female, adult, child, and person with or without disabilities.



Sexual minority-friendly logo

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

*1 Excluding our group companies.

*2 86 bases with 50 or more employees, excluding the bases of our group companies.

Promoting Multi-Cultural Understanding

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

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

Encouraging the Promotion to Management Positions

Based on its D&I Strategy, LIXIL is seeking to create an inclusive working environment and talent acquisition and development plans that consider diversity of all types.

When we nurture and promote the next generation of leaders, we ensure diversity in terms of gender, nationality, race, and career through a list of potential successors

for 250 major group positions and selection-based NEXT program for training next-generation management candidates (for LIXIL bases in Japan).

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

CR Talent Development (P49)

Encouraging Employee Activities

LIXIL has established frameworks to support employee activities.

The LIXIL Diversity Network in Japan encourages employees to get together voluntarily to share and solve their problems and to improve individual skills. We have five networks for women, people with disabilities, sexual and gender minorities, people involved in childcare or nursing care life stages, and for those interested in other issues. For instance, LIXIL Women's Sales Group helps increase the active participation of saleswomen in the traditionally male-

dominated construction industry and provide a venue for proactively sharing and solving any issues or problems that women in particular might have.



LIXIL Women's Sales Group

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In addition, our Mimishiru team, run primarily by employees with hearing disabilities, offers sign language classes for hearing people.

LWT Americas has established its own employee networks for female employees, multicultural employees, and employees currently involved in childcare or nursing care to help employees from various different backgrounds find suitable mentors so they don't feel isolated. The number of members in each network is increasing every year. Each group provides a venue for learning and exchanging opinions on relevant themes and uses internal social media to raise awareness. For example, the women's network shared their opinions on how to promote female leadership and joined forces with the non-profit The Letter Project, which seeks to empower women through letters, to deliver letters and gifts to local women going through difficult times.

Initiatives for Employees with Disabilities

LIXIL seeks to create environments in which employees with disabilities can better perform and enjoy their work by tailoring jobs to suit each individual's skills in a wide range of areas including R&D, production, sales administration, and planning management. As of June 1, 2020, LIXIL had 453.5 employees with disabilities^{*1} in Japan, constituting 2.32%^{*2} of the total workforce.

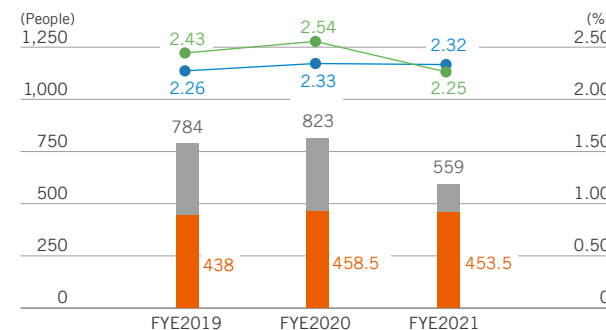
In 2014, LIXIL launched its WING NIJI office that focuses on employment of people with disabilities. In addition to supporting employees with different disabilities to perform their work assignments, conducting career aptitude evaluations, and offering job development opportunities, WING NIJI has been undertaking many initiatives to explore

the type of environments that would enable employees with and without disabilities to work together most effectively. We strive to create comfortable working environments based on barrier-free concepts by, for instance, introducing software that increases the font size for people with impaired eyesight and adjustable-height desks for wheelchair users.

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

Since 2012, we have been proactively employing people

Number and Percentage of Employees with Disabilities



- Ratio of employees with disabilities (LIXIL and its group companies)
- Ratio of employees with disabilities (LIXIL Corporation)
- Number of employees with disabilities (LIXIL and its group companies)
- Number of employees with disabilities (LIXIL Corporation)

* Covers directly hired employees in Japan only.
 * Excluding companies divested during the period covered by the above data. Data from FYE2020 also exclude consolidated subsidiaries with 100 or fewer employees.
 * LIXIL Corporation data for FYE2019 include Senior Life Company Ltd.
 * Employee numbers on June 1 of each fiscal year. However, the number of employees with disabilities for FYE2019 is the number recorded on March 31 of the year.
 * The percentages were calculated based on the Employment Rate System for Persons with Disabilities issued by the Ministry of Health, Labour and Welfare.
 * The decline in the data for LIXIL and its group companies for FYE2021 is due to the disposal of our shares in LIXIL VIVA CORPORATION, etc.

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

In May 2016, we were certified by Japan's Ministry of Health, Labour and Welfare as a leading company in the active employment of people with mental health disorders and other disabilities. We aim to help create a social structure in which people with disabilities can participate actively by sharing these initiatives with other companies and government institutions.

*1 Excluding our group companies.

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



Job instruction at WING NIJI

WEB Scope and details of employee-related data

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A REWARDING WORKPLACE

LIXIL seeks to create a fair and rewarding workplace, develop a strong and cohesive corporate culture, and foster an open atmosphere in terms of the union-company relationship.

› Our Approach

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

› Our System

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

Promoting More Flexible and Diverse Working Styles

LIXIL is promoting workstyle reform as part of our company-wide human resource program, Kawaranaito LIXIL, which is aimed at revitalizing its business in Japan. We are currently developing human resources policies and work environments to facilitate a range of effective working styles that suit individual circumstances.



System Reform to Increase Flexibility of Work Location and Hours

In FYE2021, we updated our remote working policy, which includes work-from-home practices popularized during the COVID-19 pandemic, to make it more flexible to use. We also replaced our former flexitime system around core working hours with a new Superflex system that will make it even easier for employees to independently select their working hours. We fully expect these systems to improve operational efficiency, productivity, and employee work-life balance.



Supporting Working Styles for Different Life Stages

We are making changes to enable working styles tailored to the different stages of an employee's life, such as childcare or nursing care. In FYE2021, we expanded our frameworks for paid leave and shorter working hours to respond to leave requests to nurse elderly relatives or children, self-care leave (can be used on days when an employee's physical condition deteriorates due to menstruation or pregnancy or to receive infertility treatment), Spouse Birth/Childcare Leave (aka. Papa's Childcare Leave, which can be taken when a partner gives birth or to look after children), etc. We have also established a financial support system for employees who are looking to return to work promptly after giving birth.



Designating the Office as a Place of Communication

We have designated the office as a place of communication and consolidated our offices in Japan, which has helped fuel the conception of new ideas and increased operational efficiency. We have organized our Tokyo head office building into several functional areas, including a focus-work area, a conversation area, and a "mood-change room," as spaces to inspire innovation. The Tokyo Design Studio housed within the building also offers the perfect environment for teams to collaborate on creating excellent designs.



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› Improving Understanding of LIXIL Behaviors

We work to ensure that employees understand the three LIXIL Behaviors, which serve as a guideline on how individual LIXIL employees think and act in their daily work. To help that process, LIXIL set up an internal social media group called Behaviors Lounge in which we conduct relay interviews with our CEO, CFO, and other executives. We also offered special menus associated with each of the three behaviors in our staff cafeterias.



Relay interview with our executives



Online meeting with members promoting awareness of the LIXIL Behaviors

CR Our Purpose and Behaviors (P5)

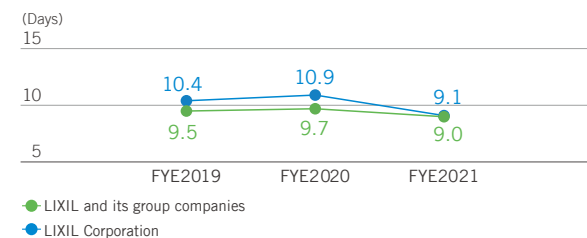
› Employee Opinion Surveys

LIXIL has been conducting the LIXIL Heartbeat survey every other year since 2015 in order to incorporate the opinions of all employees and improve workplace environments.

As new workstyles and consumer-centric approaches started to permeate the company in FYE2021 through our Kawaranaito LIXIL program, we became aware of the need to swiftly understand and respond to employee and end-user needs. We replaced LIXIL Heartbeat with the LIXIL VOICE survey, which is now conducted quarterly with new digital tools. As a result of digital transformation of the survey process, we are now able to gather and analyze a large number of survey responses in just two weeks, which allows us to capture any problems with current conditions and devise solutions more quickly.

In recognition of these efforts, LIXIL received the SAP Japan Customer Award for Experience Management, an acknowledgment of organizational achievement in the area of digital transformation.

Paid Leave Days Taken per Employee



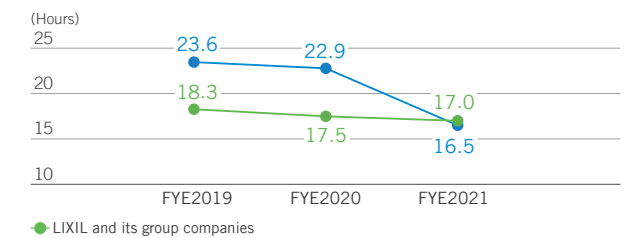
● LIXIL and its group companies
● LIXIL Corporation
* Directly hired employees in Japan only.
* Excluding companies divested during the period covered by the above data. Data from FYE2020 also exclude consolidated subsidiaries with 100 or fewer employees.
* In FYE2021, the number of annual leave days taken declined due to the COVID-19 pandemic.

› Preventing Overwork

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

LIXIL provides information on time management to all employees to help increase awareness of the need to work efficiently. Clarifying the definition of working hours is helping improve the quality of time management. Employees who consistently work long hours are interviewed by an industrial physician to prevent any consequent issues with their mental or physical health. We also encourage employees to take five consecutive days of annual leave at a time, and to take leave to celebrate special personal anniversaries. In FYE2021, while the number of annual paid leave days taken declined due to COVID restrictions, overtime work decreased significantly year on year thanks to advances in our work-from-home and IT infrastructure development. This is an indicator of higher productivity and more flexible working styles.

Average Monthly Overtime Hours per Employee



● LIXIL and its group companies
● LIXIL Corporation
* Directly hired employees in Japan only.
* Excluding companies divested during the period covered by the above data. Data from FYE2020 also exclude consolidated subsidiaries with 100 or fewer employees.

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› Labor-Management Relationship

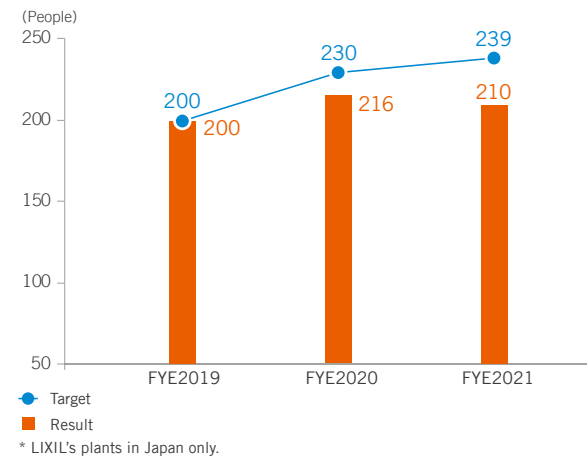
LIXIL believes that building mutual trust between the union and the company based on an equal and responsible relationship helps create a fair and rewarding workplace and leads to improved business performance. LIXIL has established a labor union which adopts a union shop system for permanent employees of the company, and achieved a membership rate of 100% (as of March 31, 2021).

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

› Creating Local Employment Opportunities

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

Local Employees Hired at LIXIL Plants



WEB Scope and details of employee-related data

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TALENT DEVELOPMENT

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

› Our Approach

LIXIL pursues talent development from a long-term perspective to nurture personnel who can expand the LIXIL brand well into the future. As part of that process, we focus on training next-generation leaders and employees after evaluating global LIXIL talent based on future business needs. To create a working environment in which all employees can work with high engagement, we support career development from two angles: strategic company-driven career development, and self-motivated career development managed by individual employees. Our Kawaranaito LIXIL company-wide human resource program, launched in November 2019 to revitalize business in Japan, is noteworthy in that it focuses on self-motivated management of career paths as a priority theme for fostering the next generation of human resources.

› Our System

LIXIL holds People and Organization Development (POD) conferences with its CEOs in all major global organizations, and creates an annual next-generation training plan to cover key positions and help achieve its Medium-Term Plan. From FYE2021, we have created a list of approximately 800 potential successors for 250 major group positions worldwide. This enables us to ensure business continuity even in times of emergency and to build a future-fit system for strategically selecting successors. We devise training plans for each of the listed successors that are designed to build their individual strengths and address development areas by providing business assignments and job transfer opportunities and offering mentor and leadership training.

Global Challenge Program: Nurturing Future Global Human Resources

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



Training Future Human Resources

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



Selecting Primarily Young Employees through Open Recruitment

Each year, we offer open recruitment opportunities to all employees (excluding managers) via our intranet. Over 40 employees, primarily in their twenties, apply each year. They undergo selection procedures including an interview conducted in English with an office outside Japan, and selected applicants are then dispatched overseas. In FYE2021, we had to postpone the dispatch of the third group of employees (nine people) due to the COVID-19 pandemic, but we intend to send those employees in FYE2022 as long as circumstances allow. Each dispatched employee creates their own career plan prior to departure, and receives regular advice and support through interviews with the Japan office and mentors, enabling them to grow through their international on-the-job training.



Building Bridges between Japan and Other Global Offices

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



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Overview of Talent Development

LIXIL's talent development programs in Japan are designed for employees in all layers to improve fundamental skills, develop stronger expertise, and grow as next-generation managers. We have three types of virtual educational institutions, which are all intrinsically linked.

1 Basic School for Improving Fundamental Skills

This training system is designed to help employees at each level improve fundamental skills and offers learning opportunities to match

their enthusiasm for learning so they can acquire the necessary competencies. Our communication skills training for each year group, in particular, focuses on developing the skills required to foster flat communications and an open corporate culture.

2 Professional College for Improving Specialist Skills

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

3 Selection-Based Program for Developing the Next Generation of Company Leaders

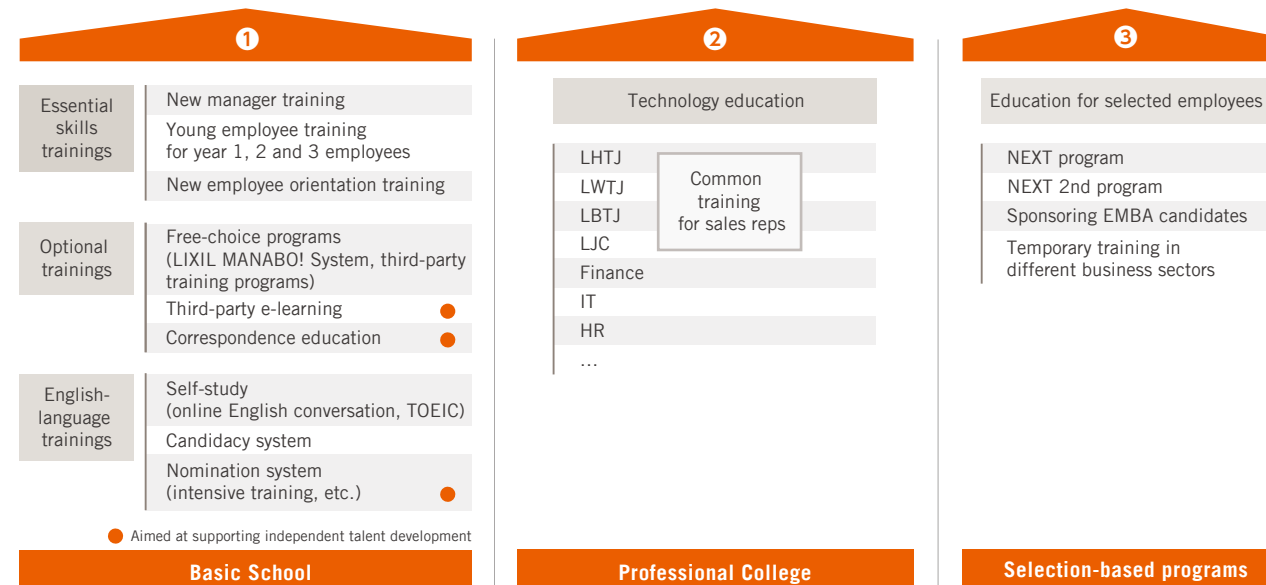
In FYE2021, we terminated our Talent Acceleration Program (TAP) and launched new selection-based human resource development programs called NEXT and NEXT 2nd that focus on practical on-the-job training. These are part of our company-wide drive to accelerate a comprehensive shift toward merit-based systems and a more diverse management-level human resource pool. The NEXT program is for potential company executives and the NEXT 2nd program is for managerial candidates. We also offer an overseas MBA study program to help employees with managerial experience to enhance management skills and develop an international outlook.

LIXIL Training System

Company-wide: improving fundamental skills

Professional development for each technology function

Next-generation education



Training and Education Support Programs Conducted in FYE2021

Item	Training Summary	Participants
New employee training	Basic training for employees newly entering the company	387
Corporate position-specific training	Training to develop skills and capabilities required at each position level	1,120
NEXT program	Selection-based development program for executive candidates	64
Management training	Training for employees being promoted to management positions	189
Division training	Training in each division to develop skills and capabilities respectively required for product development, production, sales, and other lines of work	92,352

* Scope: LIXIL bases in Japan

* Postponed NEXT 2nd until FYE2022 due to the COVID-19 pandemic.

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› Offering Diverse Educational Programs

LIXIL advocates self-motivated management of career paths as a key component of its Kawaranaito LIXIL human resource program to support career development and training for all generations. In FYE2021, we promoted the use of our LIXIL MANABO! learning management system and e-learning programs. We also made self-study easier by creating recommended skill maps for each company level so that employees can choose the right program for their individual skills and needs. LWT Americas offers a comprehensive education program through its LWTA University to meet diverse needs. The University offers a great variety of online tools including webinars, video sessions, and e-books, with course topics ranging from leadership, management, and other basic business skills to compliance, environment, occupational health and safety, and product knowledge. LWT EMENA is focused on expanding e-learning opportunities so that employees can take courses on a wide range of topics, including products, leadership, and compliance, regardless of their location.

Annual Training Hours and Costs per Employee (FYE2021)

Scope	Training hours	Training costs
In Japan	21.4 hours	53,331 yen
Global	12.3 hours	21,725 yen

* Scope: Directly hired employees only (Excludes those working at consolidated subsidiaries in Japan with 100 or fewer directly hired employees).

* Excludes our group companies in Japan.

* Training hours include online learning.

› Career Development Support

We are developing a global Career Journey project designed to motivate every employee and encourage them to think independently in their job. In Japan, for example, employees discuss future career goals one-on-one with managers at least once a year as part of our self-declared career plan system designed to help them fulfill their career aspirations. We also offer systems that provide career flexibility, such as our Job Posting open-recruitment system for recruiting employees to specific positions and a career option system for employees aged 50 or over as a means of transferring to a post outside the company. These systems were expanded in FYE2021 to facilitate continuous recruiting as opposed to just once a year.

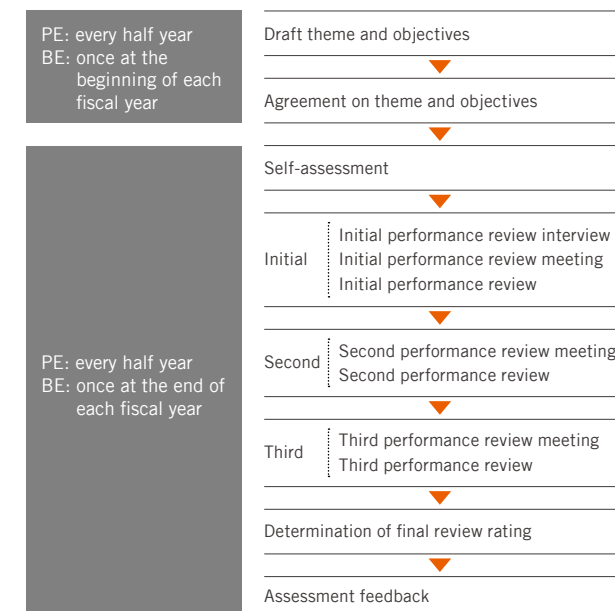
› Evaluation Framework

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

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

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

Performance Evaluation Flow



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

WEB Scope and details of employee-related data

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OCCUPATIONAL HEALTH & SAFETY

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

› Our Approach

In our Group Charter of Corporate Behavior, LIXIL commits to promoting “the mental and physical well-being of all workers by prioritizing safety to realize an ideal working environment without any work-related accidents.” As for the measures we are pursuing to ensure zero work-related accidents and zero occupational illnesses, we have introduced an occupational health and safety management system and implemented a PDCA approach to help prevent accidents at work. We also promote health management for greater corporate value by enhancing employee health.

› Our System

Our occupational health and safety management system is based on the Occupational Health and Safety Assessment Series (OHSAS) and ISO, and involves implementing company-wide policies and core rules and conducting internal audits. GROHE AG in EMENA region is certified to ISO 45001.

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

PDF LIXIL Occupational Health and Safety Principles (49KB)

› Efforts to Eradicate Work-Related Accidents

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

Safety Meetings

We hold cross-technology safety meetings three times a year to share and help develop positive examples of how to ensure occupational safety. From FYE2020, employees in charge of safety at each business base have been invited to join function managers at these meetings for enhancing communication and the speedy development of occupational safety ideas.

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

Anzen Dojo

LIXIL has set up an Anzen Dojo in Japan where visitors can

simulate past occupational accidents. Fifty employees from inside and outside Japan visit the Anzen Dojo 10 times a year. Each technology business also boasts their own Anzen Dojo offering consecutive training sessions for new hires and transferred employees.

Forklift Safety Competition

Our logistics department holds a forklift safety competition each year. Employees from all over Japan participate, which has helped promote safe driving and raise overall awareness of safety in the workplace. The competition has been held seven times in total, but it was canceled in FYE2021 due to the COVID-19 pandemic.

Hazard Source Risk Assessment

In FYE2021, LIXIL Water Technology (LWT) conducted a risk assessment of hazard sources and highlighted ways to prevent accidents from an employee's perspective.



Training session Anzen Dojo

A forklift safety competition

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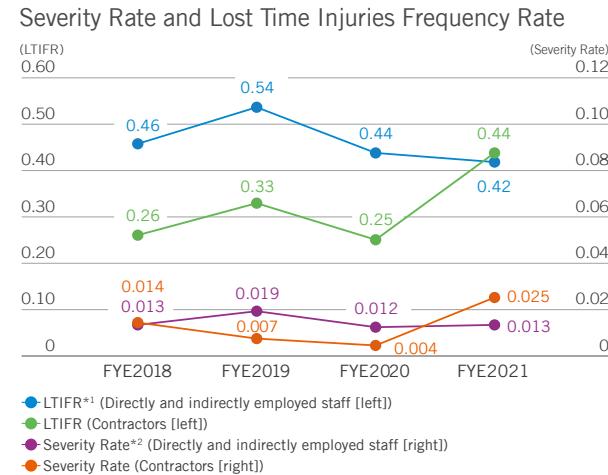
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> The Occurrence of Work-Related Accidents



OIFR*3

	FYE2018	FYE2019	FYE2020	FYE2021
Directly and indirectly employed staff	0	0	0	0
Contractors	0	0	0	0

Number of Work-Related Fatalities

	FYE2018	FYE2019	FYE2020	FYE2021
Directly and indirectly employed staff	0	1	0	0
Contractors	0	0	0	0

Scope: Covers directly and indirectly hired employees and contractors at production and non-production bases in Japan and production bases outside Japan (excluding some bases) across LIXIL and its group companies.

* Excludes GHS Corporation, LIXIL ERA Japan, Corp., and other companies divested during the period covered by the above data.

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

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

*3 Occupational Illness Frequency Rate (OIFR): Number of occupational illness cases involving days away from work / Total working hours × 1,000,000

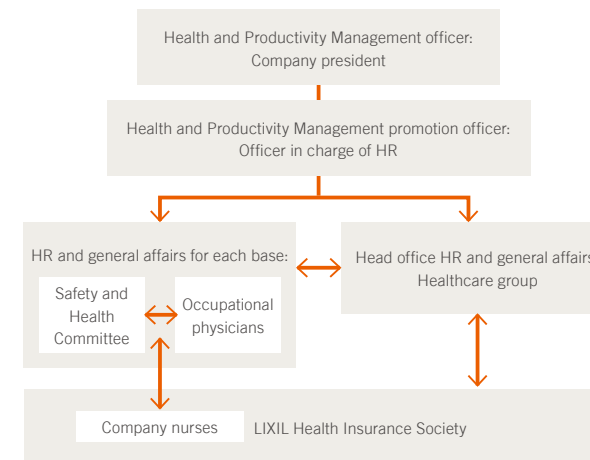
> Driving Health Management

LIXIL believes the physical and mental health of each employee is essential to create a vibrant workplace.

We promote health management based on our Health Management Declaration, through which we seek to facilitate an environment that supports all employees to maintain a vital and healthy work-life balance.

WEB Employee wellness (Japanese only)

- Encourage employees to increase their health awareness and improve self-management.
- Provide more employees with opportunities to help prevent illness and promote good health.
- Establish health-conscious, comfortable working environments.



Health management promotion framework

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

Health Management Declaration

LIXIL believes that the good health of all our employees is a source of the good health of our organization. We declare our commitment to promoting sustainable health management to contribute to making better homes a reality for everyone, everywhere.

In order to build a more resilient organization that can respond quickly to changing circumstances, LIXIL is working hard to foster a corporate culture in which our employees — the core of our organization — can actively realize their full potential. Changing circumstances may change employees' workstyle, but we will continue to be committed to creating an environment in which they can work in ever healthier ways.

We ask all our employees to understand that the most important factor in realizing better homes for everyone, everywhere is the health of you and your families. So please actively participate in activities that help maintain and improve your health.

October 2020

Kinya Seto

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

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Measures to Maintain and Promote Health

Blanket Ban on Smoking

In April 2020, LIXIL banned smoking throughout the day in all our offices and facilities across Japan to maintain the health of our employees, customers, and all other stakeholders. In addition, smoking is strictly prohibited for all employees during working hours.



Posters to announce the smoking ban

Annual Medical Checkups

All employees undergo annual medical checkups, and occupational physicians determine whether individual employees require special arrangements to their jobs. In addition, employees with health risks are encouraged to visit a medical institution to ensure early detection and treatment of any diagnosed illness. The LIXIL Health Insurance Society offers a subsidy for basic medical examination for both employees and their dependents.

Mental Health Measures

We conduct annual stress checks as part of our mental health support, with a response rate of 90.6% in FYE2021. Employees who are confirmed to be suffering from high stress levels are referred to occupational physicians for private consultation. Any workplace with 10 or more respondents that has been identified as being high-stress is required to create an action plan sheet to resolve the underlying causes.

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

Health Education Programs

We create programs tailored to specific employees, such as new hires and supervisors, through which company nurses provide various information on topics such as mental health, disease prevention, and improvement of lifestyle habits. Due to the COVID-19 pandemic, we held 15 seminars online for 657 employees in FYE2021. In particular, we ensure all newly appointed managers receive training on mental health management, as part of efforts to create work environments that facilitate the early detection and treatment of mental health issues.

We also work together with the LIXIL Health Insurance Society to arrange health seminars given by external lecturers on topics selected to suit the needs of individual workplaces or job types. In FYE2021, we held 16 online seminars for 335 people on topics ranging from mental health issues, such as how to deal with stress when working from home, to health promoting behaviors (exercise, sleep, lifestyle habits, etc.)

Health Promotion Events

Given the importance of daily efforts to maintain health, we work with the LIXIL Health Insurance Society to actively encourage exercise. Since 2016, we have held biannual LIXIL Walking Rally events to encourage employees to develop their own exercise routines, drawing some 2,000 participants each time. We were not able to hold the rally in FYE2021 due to the COVID-19 pandemic.

In addition, the LIXIL Health Insurance Society conducts a health promotion campaign twice a year. In FYE2021, the society expanded the campaign to 23 courses, including smoking cessation, developing an exercise routine, and dieting.

Supporting Return to Work

We provide support to employees who take sick leave based on our Return to Work Program. From during their absence to after returning to work, we support them both physically and mentally in conjunction with human resources department, supervisors of the department they belong to, occupational physicians, and company nurses.

COVID-19 Countermeasures

In FYE2021, we regularly transmitted information on infection prevention, online communication, and mental health care linked to increased work-from-home practices through internal social media and bulletin boards as a preventive measure against COVID-19. The Health and Safety Committee and other bodies have also put this issue on their agenda and are working to ensure everyone is fully informed of COVID-19 countermeasures.

05

OUR PEOPLE

Diversity & Equal Opportunity

A Rewarding Workplace

Talent Development

Occupational Health & Safety

Setting Up Helplines

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

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

METI Health and Productivity Certification

LIXIL has been recognized for the fifth consecutive year under the Certified Health & Productivity Management Outstanding Organizations Recognition Program run by Japan's Ministry of Economy, Trade and Industry (METI). This certification recognizes our health maintenance and improvement measures, including mental health education, initiatives to help prevent serious lifestyle diseases and other conditions, and measures to maintain and promote employees' health such as exercise promotion. LIXIL VIVA CORPORATION is also certified under the same program.



Participation in KENKO Kigyo Kai

Maintaining and enhancing workers' health is a challenge not only for a company but also for all working people themselves. LIXIL takes part in KENKO Kigyo Kai, an organization that shares and uses know-how of health management with an aim to enhance active and effective health promotion activities. We hope this organization will become a group of leading companies in the health promotion sphere, and ultimately, set a strong example for promoting health management in our society at large.



Overseas Cases

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



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



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

WEB Scope and details of employee-related data

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> ENVIRONMENT

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



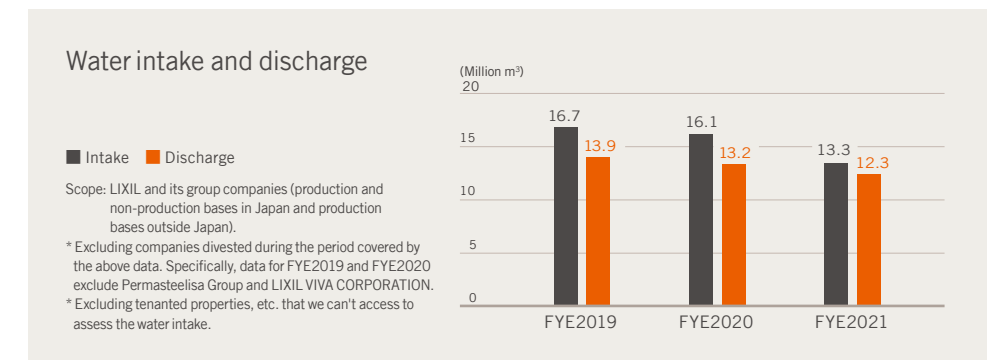
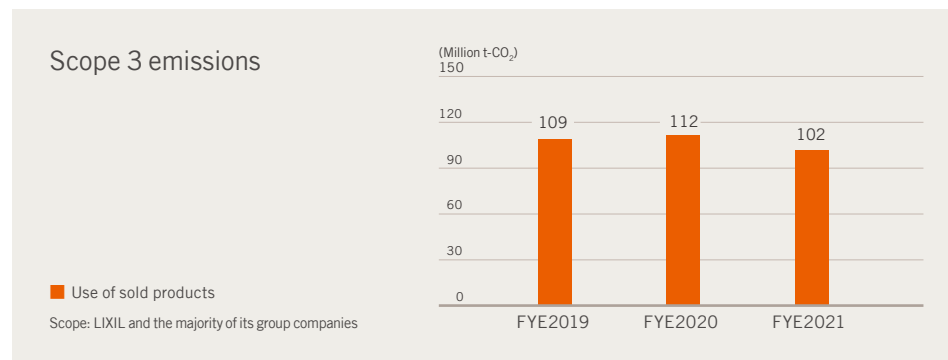
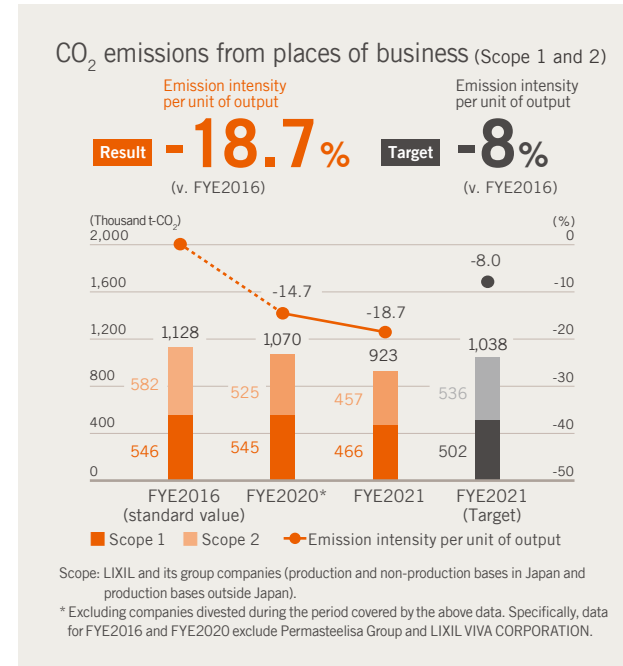
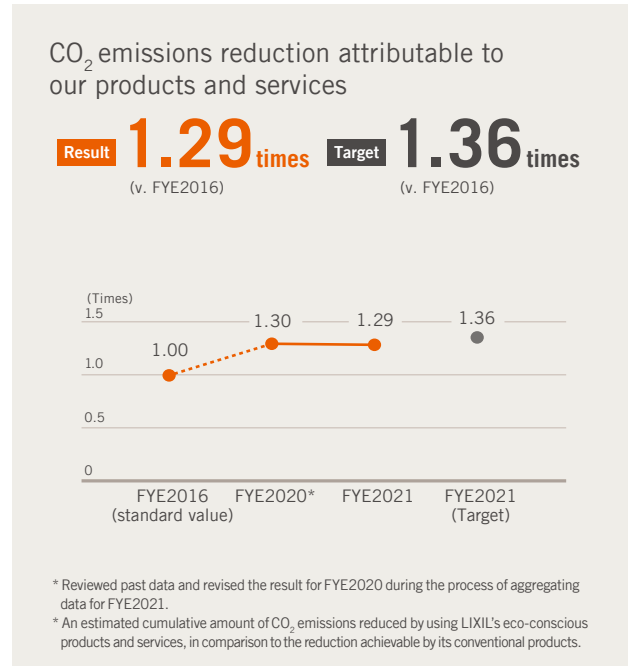
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ENVIRONMENT

- Environmental Management System
- Climate Change Mitigation and Adaptation
- Water Sustainability
- Circular Economy
- Management of Chemical Substances

Highlights

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



Please click the link below for more information on the scope of coverage and other details.

WEB [Scope and details of environment-related data](#)

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ENVIRONMENTAL MANAGEMENT SYSTEM

We are strengthening group-wide management systems to reduce environmental risks that we seek to address in our Environmental Vision 2050 and expand the environmental benefits that we offer to society.

Our Approach

In 2019, LIXIL updated its Environmental Vision to contribute to improving people’s comfort and lifestyles and a better future for our global environment. We will do this by reducing environmental impacts in all business processes from raw materials procurement through the end-of-life of products. Based on the 2050 vision, we aim to achieve net-zero carbon emissions and preserve water and natural resources in operations, housing and lifestyle solutions for future generations to become a leading company in environmental sustainability.

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

[PDF](#) LIXIL Environmental Vision (8.3MB)

Our System

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



Environmental Committee (2019 face-to-face meeting)

Our CTO and environment managers from each business hold regular, biannual Environmental Committee meetings where they establish and revise environmental strategies, deliberate and decide on important measures, and monitor and review implementation plans. The FYE2021 meetings were held online due to COVID-19 restrictions. In the first half of the business year, the meeting reviewed our performance against key goal indicators in our focus areas, and discussed what needs be done going forward to achieve our vision.

At the end of each business year, committee members meet for a management review session where they look back on the past year’s activities, formulate plans for the coming business year, and revise the group’s overall vision and medium-term targets. We then execute these measures within each organization to help strengthen governance and improve performance.



Internal TCFD study session during an Environmental Committee meeting (held in 2019)

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LIXIL Environmental Sustainability Principles

Philosophy

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

Code of Conduct

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

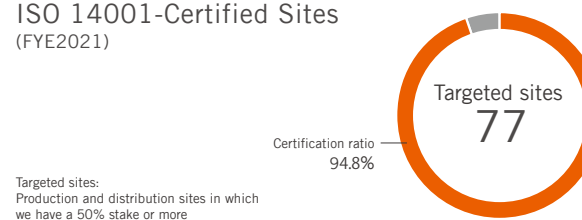
PDF LIXIL Environmental Sustainability Principles (50KB)

Environmental Auditing

LIXIL is working hard to achieve ISO 14001 certification at targeted production sites in order to strengthen environmental governance at all relevant locations including group companies. In FYE2021, 94.8% of the 77 targeted sites (see ISO-certified site list below) acquired the certification, including four new scheduled certifications.

We also have an internal environmental auditing system that covers all our production bases as well as non-production bases and group companies in Japan. We conduct internal audits at production bases based on ISO 14001 to check that environmental management systems are effective and law-abiding. At non-production bases and group operating companies, we conduct internal audits according to our own ISO-based environmental management systems and are gradually expanding the number of companies covered. We follow up on any matters highlighted by the internal audits and confirm that improvements are being implemented to ensure the effective operation of our management systems. Our head office environmental management department also started auditing the environment managers at individual businesses in FYE2018.

ISO 14001-Certified Sites (FYE2021)



PDF List of ISO-certified sites (55KB)

Environmental Education and Internal Evaluation

We strive to inform and educate employees at different levels of the group about environmental initiatives. We conduct environmental training for new recruits, provide Environmental Management System (EMS) training for EMS promotion managers and operators at each site, and distribute monthly reports on environmental trends to top management, including the directors, executive officers, auditors, and Technology representatives. In FYE2021, we invited an external expert to an inhouse seminar on the circular economy (CE) for a wide range of people within the company to deepen understanding of CE concepts and initiatives and how to incorporate CE principles into their business.

In addition, we evaluate and award environmental activities led by employees at each site. For our executives, we introduced a stock-linked compensation that evaluates their contribution to the group's medium- to long-term improvement in corporate value, including environmental performance, to help promote environmental activities across the group. The structure of compensation for each executive is determined considering the business targets and environmental, social, and governance (ESG) issues that they are in charge of. We also take their performance into account when revising the amount of their annual base salary.



Online inhouse seminar on circular economy

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Environmentally Conscious Design

For all LIXIL products destined for the Japan market, we conduct an environmental assessment at each stage of the product development process to ensure compliance with environmental laws, and to help reduce the environmental impact of products in all three lifecycle stages: produce, use, and dispose.

Product-Related Environmental Assessment Steps



Evaluation Criteria for Product-Related Environmental Assessment

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

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

Environmental Disclosure

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

In March 2019, we announced support for the Task Force on Climate-related Financial Disclosures (TCFD), and have been disclosing information based on the TCFD recommended items. In FYE2020, we conducted TCFD-based scenario analysis of our window sash/door and zero-energy house (ZEH) promotion businesses (see next page for analysis results). Looking ahead, we intend to strengthen our systems and expand target businesses as we strive to enhance our information disclosure and improve trust in the eyes of our stakeholders.

We also respond to questionnaires from the international non-profit CDP, earning us an A- rating both in CDP Water Security 2020 and CDP Climate Change 2020. We were also selected for the first time for inclusion in the highest-rated Leaderboard in the CDP Supplier Engagement Rating, which evaluates initiatives for reducing greenhouse gas emissions across the supply chain.

WEB TCFD index

WEB Details about our CDP results

PDF LIXIL Earns Place as a CDP Supplier Engagement Leader for the First Time in 2020 (390KB)

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Response to the TCFD

In light of LIXIL's aspirations set forth in our Environmental Vision for 2050, we analyzed the projected impacts of climate change on our business in the year 2030. In FYE2020, we conducted scenario analysis of our window sash/door and ZEH businesses using the IEA's World Energy Outlook (WEO) and other analysis tools.

Going forward, we intend to expand the scope of our scenario analysis to help us evaluate the medium- to long-term risks and opportunities relating to the achievement of the LIXIL Environmental Vision and clearly grasp any relevant financial impact. We will continue to review our environment-related goals and revise our business planning based on the analysis results.

Risks and Opportunities Identified as High Impact in Step 1

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

Steps of Analysis



Step 1

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

Step 2

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

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

Step 3

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

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CLIMATE CHANGE MITIGATION AND ADAPTATION

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

Products & Services: Conserving Energy and Reducing Greenhouse Gas Emissions

LIXIL aims to reduce CO₂ emissions to net zero by 2050 and realize its Environmental Vision through the provision of environment-conscious products and services.

Over 90% of CO₂ emissions generated during the lifecycle of LIXIL products and services occur during the product use stage. We are taking steps to reduce these emissions and mitigate climate change by improving home insulation to reduce heating and air conditioning demands, reducing the energy required to supply hot water, using renewable energy in product and service development, and utilizing IoT. We are also helping people adapt to climate change by providing solutions for disaster preparedness and indoor heatstroke prevention, for example.

Conserving Energy through High-Grade Thermal Insulation Products



An example of EW installed room



Multilayered, hollow structure

Launching in August 2021, our resin window *EW* (TOSTEM) boasts a world-class thermal insulation performance and a frame that enhances outdoor scenery and beautifies the interior with its picture frame design. The resin frame's multilayered, hollow structure and the leading-edge, triple-glass window support the window's strong thermal insulation performance, restricting heat inflow and outflow and helping to reduce energy used on heating and cooling, thereby reducing CO₂ emissions.

The renovation-specific *RE-PLUS* insulated window (TOSTEM) uses a new cover method that attaches the new window to an existing frame to create an aluminum-resin hybrid window in as little as 60 minutes.* We meet home renovation needs as a way of promoting window insulation in existing homes.

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



Replacement image



Cross-section image

WEB About *EW* (Japanese only)

WEB About *RE-PLUS* (Japanese only)

Developing Water- and Energy-Saving Products

Heating water constitutes 24% of household CO₂ emissions. Reducing the amount of hot water used, therefore, is an effective way to reduce emissions. Our *Eco Aqua Shower* (INAX) offers double the benefits with a large shower head that emits large droplets of air-filled water for a more comfortable shower experience and better water-saving performance. The shower's one-push on/off switch makes it easy to save energy and water by up to 48%* compared to the conventional water volumes of 10 liters/min.



* Please refer to the [product catalogue](#) for more details on the product's features (Japanese only).

Our *Automatic Heating Faucet* (INAX) for public toilets instantly heats water to the right temperature for handwashing as it is released from the faucet. Combined with our Ecoful feature, this faucet provides a full handwashing feel even with a small volume of water and achieves energy savings of 92%* compared to conventional electric water heaters.



* Please refer to the [product catalogue](#) for more details on the product's features (Japanese only).

WEB About *Eco Aqua Shower* (Japanese only)

WEB About *Automatic Heating Faucet* (Japanese only)

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Climate Adaptation Solutions

Global warming and the rising frequency of natural disasters linked to climate change are causing dramatic changes to people's



living environments. Our external *Style Shade* sun blinds (TOSTEM) stop penetration of the sun's heat on the outside and reduce indoor temperature by as much as 3.5°C, * cutting energy use for air conditioning and preventing indoor heatstroke.

* Please refer to the [product webpage](#) for more details on the product's features (Japanese only).

TOSTEM's *Residential Window Shutter* can protect against or



mitigate adverse impacts from natural disasters. Benefits include preventing damage to and the scattering of window glass caused by flying debris during typhoons, and reducing the risk of the roof flying off when strong winds blow into the room.

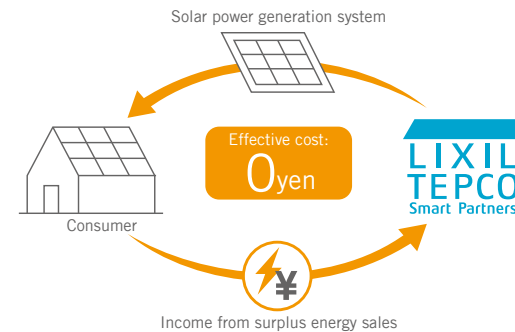
WEB About *Style Shade* (Japanese only)

WEB Shutters and other products that help mitigate disaster impacts (Japanese only)

Promoting Net-Zero Energy Houses (ZEH)

LIXIL TEPCO Smart Partners Inc. (LTSP), a company jointly established by LIXIL and TEPCO Energy Partner, Inc., leases solar-power generation systems to consumers who use LIXIL's ZEH* building materials and earns income from any surplus energy sold. In return, consumers pay virtually zero yen each month to lease their solar-power generation systems and enjoy favorable electricity rates through the company's *Tatetoku Value* service.

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



In 2021, we launched a *Tatetoku Denchi* plan that utilizes our energy storage system designed for consumers using designated LIXIL products when building new ZEH-type homes, the service allows consumers to install solar-power generation and energy storage systems at reduced initial costs in exchange for any surplus energy revenue for a period of 10 years.

WEB About *Tatetoku Value* (Japanese only)

WEB About *Tatetoku Denchi* (Japanese only)

Reducing CO₂ Emissions with IoT-Enabled Products

The growth of online shopping in recent years has increased the number of home deliveries. However, due to the growing number of redeliveries as well, this is cited as reducing labor productivity and increasing CO₂ emissions. LIXIL's *IoT-Enabled Smart Delivery Box* facilitates two-way communication between the box and a smartphone, sending notification of deliveries and enabling users to accept multiple separate deliveries. In a demonstration experiment conducted at 100 households in Tokyo, we successfully cut the redelivery rate from 41.7% to 14.9%* and confirmed the efficacy of the product in reducing CO₂ emissions.

* Please refer to the [press release \(PDF\)](#) for more details on the product's features (Japanese only).



WEB *IoT-Enabled Smart Delivery Box* (Japanese only)

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Business Operations: Promoting Energy Generation and Saving

LIXIL is advancing initiatives across the group to achieve net-zero CO₂ emissions from its business processes and realize its Environmental Vision. For example, we are promoting strict energy-saving activities in factories and offices, the development of energy efficiency technologies, and the use of renewable energy.

Improving Energy Efficiency at Production Sites

We are taking steps to improve energy efficiency at each site, such as pinpointing issues with production processes and reviewing equipment.

At our Oyabe Plant in Japan, we visualized the relationship between outdoor temperature and the temperature of the refrigeration machines used in the aluminum surface treatment process. In winter, we were able to reduce CO₂ emissions by approximately 494 tons per year by turning off the refrigerator or operating it at a reduced load by using air from outside instead. At our Ueno Midori Plant, another site in Japan, we identified losses from steam equipment used in production and reduced CO₂ emissions by approximately 379 tons a year by improving steam efficiency and replacing existing equipment with eco-friendly alternatives. We have also encouraged factories and distribution centers in Japan to switch to LED lighting, achieving a switchover rate of over 95% to date.

Our production plant in Lahr, Germany, has replaced inefficient boilers with a cogeneration system,* contributing to an annual CO₂ emissions reduction of 2,550 tons. Our Klaeng plant in Thailand cut annual CO₂ emissions by approximately

700 tons by building an eco-conscious building in 2017; the building houses high-efficiency production equipment and solar-power generation systems. All plants and distribution centers for the GROHE brand around the world are certified according to ISO 50001 Energy Management Systems.



Lahr Plant in Germany

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

Reducing CO₂ Emissions from Distribution

In FYE2021, we launched a round-trip shipping container program as the first shared use of logistics equipment with other companies in the Tokai region of Japan. By allowing other companies to export their goods with containers that LIXIL has finished using to import its exterior materials, we eliminated 130 kilometers of empty container transportation for every round trip. This reduces annual CO₂ emissions by roughly 40 tons and



Fukaya Distribution Center in Japan

transportation costs by approximately 20%.

Our Hokkaido Distribution Center addressed the issues of declining loading efficiency and a driver

shortage by combining freight with other companies in the same industry. The initiative successfully reduced the combined driving distance by partner companies by 55,200 kilometers a year and CO₂ emissions per tonne-kilometer by 22.7%.

Using Renewable Energy

LIXIL promotes the use of renewable energy as part of its drive to reduce CO₂ emissions from its products and services to net zero by 2050. That drive includes our membership in RE100, a global initiative of companies committed to sourcing 100% renewable electricity for their operations.

So far, we have successfully switched to 100% renewable electricity at all LIXIL International water faucet factories and distribution centers (10 locations in total), and at four offices (including our head office), two distribution centers, and 36 sales bases in Japan. Other bases have switched a portion of their electricity use to renewable sources and are working up to 100% renewable electricity in stages. At the end of FYE2021, our renewable energy ratio reached 14.2%, cutting annual CO₂ emissions by 62,000 tons.

Eight bases in Japan operate megawatt-scale solar power plants in previously unutilized spaces. Together, these

plants generate 34,500MWh of power a year.



LIXIL Chita Plant in Japan

WEB Environmental data

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WATER SUSTAINABILITY

As a leading company in water-related products, we create environmental value for water through water conservation, water circulation, and water purification technologies.

Products & Services: Enhancing the Water-Saving and Water-Purification Features

In order to help realize a circular economy as set out in our Environmental Vision, we provide solutions for using water resources sustainably while also creating additional environmental value for water. We do this by encouraging the use of water purification technologies and products and services that reduce water consumption, such as water-saving toilets, water faucets, and smart water controllers.

Water-Saving Toilets

The *SATIS* toilet (INAX), with its strong cleaning performance and water-saving functionality, can save up to 49%* of water used compared to conventional toilets that use eight liters of water for each long flush. Its *AQUA CERAMIC* sanitaryware material repels waste during each



SATIS

AQUA CERAMIC

flush, making day-to-day cleaning easier and keeping it sparkling like new for 100 years.*

* Please refer to the [product website](#) for more details on the product's features (Japanese only).

American Standard brand offers a wide range of toilets, such as *Cadet PRO*, *Studio S Low-Profile Toilet*, and *Lyndon*, that meet strict criteria for water saving established by the US Environmental Protection Agency's WaterSense program, and save nearly 20% more water than the standard criteria set by the government organization. The bowl height of these toilets also conforms to the accessibility height guidelines as outlined by the Americans with Disabilities Act of 1990.



Studio S Low-Profile Toilet

WEB *SATIS* (INAX) (Japanese only)

WEB American Standard water-saving toilet

Water-Saving and Water-Purifying Products

We are enhancing the water-saving and water-purifying functionality of various water-related products such as kitchen faucets by utilizing the latest sensing and filtration technologies. Our *Navish Hands-Free* faucet (INAX) uses the automatic *Eco Sensor* to detect the presence of hands and other objects, enabling water to be dispensed and stopped without touching the faucet. The faucet equipped with the sensor function also separates hot and cold water, preventing unintended use of hot water and energy. Users can save approximately 37% energy* and 30% water* compared to conventional faucets.

* Please refer to the [product website](#) for more details on the product's features (Japanese only).



WEB *Navish* (Japanese only)

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Our *Saybrook Filtered Kitchen Faucet*, which introduces INAX's filtering technology from Japan, can remove impurities such as lead, chlorine, and small particles contained in tap water to provide safe drinking water, with an improved taste. It comes with a small, innovatively designed filter that can be installed for easy access above deck at countertop level or below deck on the inside wall of the cabinet. Easy access to clean water helps prevent plastic water bottle usage and home water delivery, helping to reduce the environmental footprint.



WEB Saybrook Filtered Kitchen Faucet

Our *GROHE Blue* household water system dispenses chilled or carbonated water from the kitchen faucet, using a specialized filter cartridge. It can also chill room-temperature water to a desired temperature. Given that as much as seven liters of water is required to produce a single liter of bottled drinking water, *GROHE Blue* also contributes to the conservation of water resources. The system also helps cut CO₂ emissions by 61%* compared to bottled water and reduce plastic waste.

* Please refer to the [product website](#) for more details on the product's features.



WEB GROHE Blue

Protecting the Home from Water Damage

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



WEB GROHE SENSE GUARD

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Business Operations: Improving Water Efficiency and Protecting Water Quality

We are working to use water resources sustainably in all business processes across the company. At sites that use water for manufacturing, we work to identify water-related business risks in each region and take appropriate steps to improve water efficiency, recycle water, and manage wastewater.

Identifying Water Risks at Production Sites

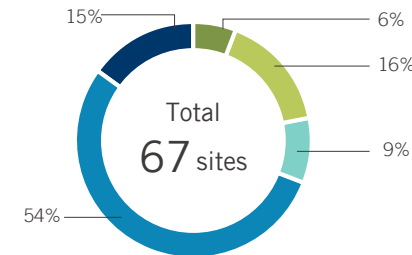
In order to better understand local conditions and introduce appropriate measures to address the problem of increasingly scarce global water resources, LIXIL started conducting surveys in FYE2017 to identify water risks at 67 production sites that use water in their manufacturing processes. Our risk assessment process involves first creating a geographical risk profile using the international WWF Water Risk Filter assessment tool. We then conduct surveys of sites that are revealed to be high-risk. This approach enables us to perform comprehensive water risk assessments.

Water Risk Assessment Process

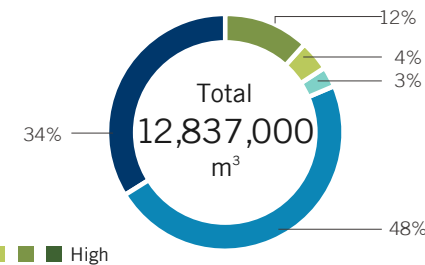


Having conducted risk assessments based on the local conditions at each production site, we are now working to reduce water risk at four bases in Mexico. To strengthen our efforts to conserve precious water resources, we expanded the scope of water risks in the FYE2021 assessments by adding water quality and regulations to the existing water shortage risks. We will also seek to reduce the amount of water intake and discharge and to improve the quality of discharged water, even at newly recognized high-risk sites.

Percentage of Production Sites by Water Risk Level (FYE2021)



Percentage of Water Intake by Water Risk Level* (FYE2021)



Water Risk
Low ■ ■ ■ ■ ■ High

* Total water intake by production sites that use water in their manufacturing processes.

* Targets those production sites that use water in their manufacturing processes (Including India and Domenica while excluding two of Suzuki Shutter Co. Ltd.'s sites and LIXIL's Fujisawa Plant)

Introducing Wastewater Recycling Systems

LIXIL is promoting efficient water resource use through water recycling. In FYE2021, we used 789,837 cubic meters of recycled water.

At our Tlaxcala plant in Mexico, for example, we installed a water recycling system that treats manufacturing wastewater for reuse. The wastewater generated by manufacturing processes such as product cleaning and leak detection is treated using a reverse osmosis (RO) membrane filtration system;* an estimated 34,000 cubic meters of water treated with this system is reused in the manufacturing process. We will continue to increase our use of recycled water and reduce water consumption at plants in the Asian and North American regions where water shortages are severe.

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



Tlaxcara Plant in Mexico

06

ENVIRONMENT

Environmental Management System

Climate Change Mitigation and Adaptation

Water Sustainability

Circular Economy

Management of Chemical Substances

CIRCULAR ECONOMY

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

› Products and Services: Saving and Recycling Resources

We promote circular manufacturing across the group as part of the drive to achieve our Environmental Vision. We do this by using recycled raw materials, designing for durability and reuse, making functional parts of existing products replaceable and upgradable, and expanding our offering of products as a service.

Product Development Using Recycled Materials



LIXIL launched its first *Cradle to Cradle Certified*® products for the GROHE brand to advance circular manufacturing. Four of its products have

been certified Gold for satisfying the five Cradle to Cradle criteria: material health, material reutilization, renewable energy & carbon management, water stewardship, and

social fairness.



LIXIL's *KIRARA STAGE Mokucho* is an artificial timber deck with the natural character of

wood, made from 100% recycled materials. This range of decks uses medium-density fiberboard (MDF) wood dust,

which is generated from our wood-cutting processes and usually reprocessed as fuel, mixed with plastic collected



EW cross section (blue part made from recycled materials)

and recycled by local authorities.

Our resin window *EW* uses wood scraps generated during the manufacturing process, increasing the percentage of recycled materials

used in our double-sliding windows* to roughly threefold that of conventional products. Going forward, we will further advance the circular use of resources.

* In case of the S range.

WEB GROHE's *Cradle to Cradle Certified*® products

WEB *KIRARA STAGE Mokucho* (Japanese only)

WEB Resin window *EW* (Japanese only)

Upgradable Design



Can upgrade to faucet with water purifier

Some LIXIL kitchen faucets are designed so that just the spout portion can be replaced with one that has a built-in water purifier. This helps

WEB Kitchen faucets (Japanese only)

reaches end-of-life.

Renting and Leasing Comfortable Bathroom Spaces

LIXIL is helping to reduce resource and energy inputs and waste by offering rentable and leasable products and services designed to satisfy different environments and needs. Our *withCUBE* mobile bathroom booth is a product-as-a-service that can be obtained under a rental or lease contract to make it easier to provide toilet facilities at distribution centers and other locations. It does not require any large-scale construction, so it can be installed in as little as one day* and easily withdrawn, thus reducing resource and energy inputs and waste across the product lifecycle.



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

WEB *withCUBE* (Japanese only)

06

ENVIRONMENT

Environmental Management System

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Management of Chemical Substances

Business Operations: Circulating Resources

LIXIL strives to recycle resources and reduce waste in all its business processes, including production. We work with stakeholders to minimize new resource input and promote the reuse and recycling of materials. We also practice responsible management of hazardous waste and air pollutants in compliance with ISO 14001 standards.

Proactively Using Recycled Materials

At LIXIL International water faucet factories, we carry out alloy smelting in in-house furnaces. Roughly 70 to 85% of the brass we use in these plants for the GROHE brand is recycled material collected in and outside the factories. LIXIL factories in Japan are reducing the energy required to produce new ingots and other aluminum products by reusing aluminum scraps from outside their manufacturing process; this reduces CO₂ emissions by approximately 340,000 tons per year.

With regard to plastic resources, we aim to recycle materials from one resin window into another. We are also



Feeding raw materials into the aluminum smelter

promoting the effective use and recycling of resin materials by, for instance, building systems to recycle materials left over from factory processes and introducing equipment to sort and separate the materials.

Working with Stakeholders to Eliminate Industrial Landfill Waste

Having obtained certification as a biomass business operator and lobbied timber suppliers to join forest certification organizations, our Nabari Plant in Mie, Japan, succeeded in selling its previously discarded wood shavings as biomass fuel and reducing its wood shavings waste to zero in April 2020. Our Tono Plant in Gifu, another site in Japan, successfully reduced waste from adjustment tiles used for creating wall construction materials by 55 tons a year and reduced the raw materials used by 80% by improving operations and eliminating the cutting process.

At our factories in Rayong and Rangsit, Thailand, we have been recycling waste materials that were previously sent to landfill, such as sludge, mold, and ceramic scraps, into ingredients for making concrete. This has reduced the amount of landfill waste generated by the two factories by approximately 22,700 tons (98.3% compared to FYE2020) and boosted recycling rates to 97.6% in FYE2021.

Meanwhile, TOSTEM THAI has earned a Level 4 rating in the Green Industry commendation system operated by



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

Thailand's Ministry of Industry. In addition, our two ceramic factories in Mexico have managed to recycle ceramic waste and gypsum molds previously earmarked for landfill.

Reducing Plastic in Packaging

Since launching its Less Plastic Initiative in 2018, our GROHE brand has begun switching out plastic for sustainable alternatives, successfully eliminating plastic packaging used for its products by approximately 21 million to date. Now we aim to raise that number to 35 million by 2021. INAX has switched from plastic to paper packaging material for *INAX Aqua POWER* products designed for the Asian market. The company has cleverly printed a full-size, realistically colored image of the product on the packaging so that purchasers can picture the product inside as clearly as with the previous transparent plastic packaging. Our logistics department is also seeking to reduce, reuse, and recycle the plastic stretch film used when transporting products.

Based on the 2020 LIXIL Plastics Action Statement, all our factories and offices will continue to accelerate initiatives



Paper packaging of *INAX Aqua POWER*

to reduce plastic use and recycle plastic, develop and utilize renewable alternative materials, and design products that have a low environmental impact.

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Management of Chemical Substances

MANAGEMENT OF CHEMICAL SUBSTANCES

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

Our Approach

Since the 2002 World Summit on Sustainable Development (WSSD) agreed to aim to ensure “that chemicals are used and produced in ways that lead to the minimization of significant adverse effects on human health and the environment” by 2020, we have witnessed a strengthening in chemical management worldwide. Across all of its business processes, LIXIL has also been seeking to appropriately manage chemicals and reduce substances of concern that can negatively impact human health and environment, helping to resolve environmental pollution issues and improve people’s comfort and lifestyles.

PDF Management of Chemical Substances (304KB)

Our System

In Japan, LIXIL’s corporate functions of Environment, Procurement, and Quality partner with the Technology function under the direction of the chief technology officer to encourage appropriate management and operation of chemical substances in products. To ensure an understanding of and response to regulatory trends, we are working within this system to develop a management infrastructure and stronger governance.

Managing Chemicals in Operational Processes

LIXIL appropriately manages chemicals in accordance with the local laws and guidelines set by each market in which it operates, such as the EU RoHS directive or REACH regulation.



Guidelines for the Appropriate Chemical Management

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

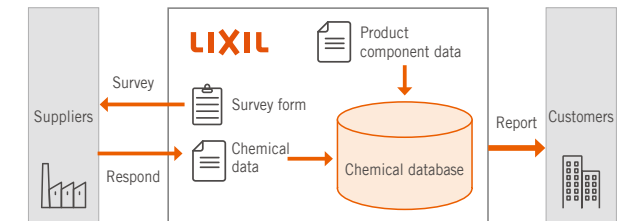
To further enhance our efforts, we have established Chemical Substances Management Rank Guidelines in January 2020 to replace the List of the Environment-

Related Substances to Be Controlled by LIXIL created in 2015. Our inhouse training also includes study sessions on the guideline and the latest regulatory trends to promote employee awareness and understanding of these issues.

PDF LIXIL’s Chemical Substances Management Rank Guidelines (660KB)

Chemical Substance Database

LIXIL has introduced a dedicated system in Japan for the control of chemicals in products. We seek to appropriately manage information when collecting details on chemicals in products from our suppliers, gathering internal data, and providing information to customers.



Reducing Substances of Concern

In new product development, we prioritize the reduction of substances of concern in our products to meet strong societal demands. We also collaborate with our suppliers to find alternatives to any substances of concern in our existing products.

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CUSTOMERS & SUPPLY CHAIN

Responsible Supply Chain Management

Product Safety & Quality

Customer Satisfaction

> CUSTOMERS & SUPPLY CHAIN

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



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Responsible Supply Chain Management

Product Safety & Quality

Customer Satisfaction

Highlights

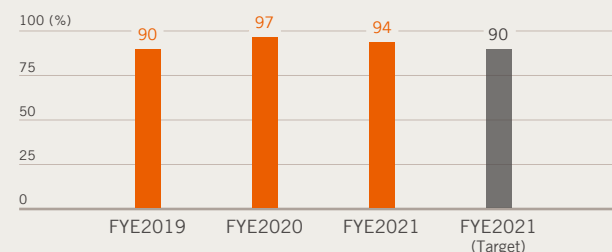
Supply Chain

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

Responsible Procurement Survey

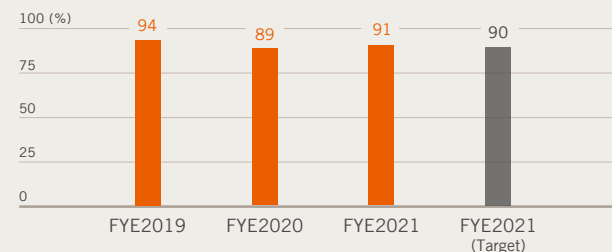
Coverage ratio
(based on purchased amount)

Result **94%** **Target** **90%** (in Japan)



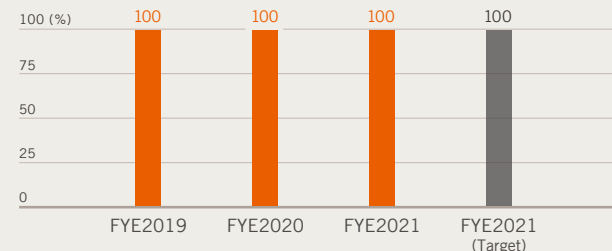
Conformity rate

Result **91%** **Target** **90%** (in Japan)



Improvement rate of low-rated suppliers

Result **100%** **Target** **100%** (in Japan)

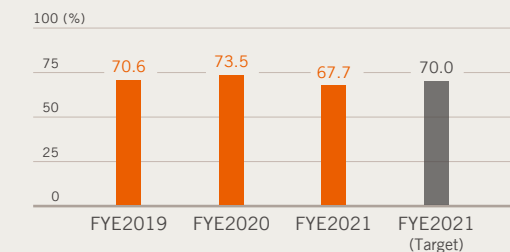


Quality & Satisfaction

Target Strengthen relationships with customers through our products and services.

Customer support satisfaction level

Result **67.7%** **Target** **70%**



* Survey target: Professional users
* In FYE2021, our response rate declined due to a shortage of call center personnel during the COVID-19 pandemic, so we are strengthening our online support and other avenues of response.

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RESPONSIBLE SUPPLY CHAIN MANAGEMENT

LIXIL seeks to ensure stable product supply and responsible procurement by identifying related risks and working closely with suppliers.

Our Approach & System

LIXIL's procurement is based on the Ten Principles of the United Nations Global Compact (UNGC) in the four areas of human rights, labor, environment, and anti-corruption. In accordance with the UNGC principles as well as our Procurement Principles and Procurement Compliance Policy, we seek to build sound partnerships with global suppliers to carry out procurement activities. Our LIXIL Code of Conduct also specifies the ethical behavior that is expected of all our staff, including prohibition of bribery.

Meanwhile, our Supplier Code of Conduct compiled in FYE2018 requires that suppliers respect human rights, observe international labor standards, conserve the global environment, and ensure fair business conduct. At the same time, we request that they demand equivalent standards from their own suppliers.

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

[PDF](#) LIXIL Procurement Principles (93KB)

[PDF](#) Supplier Code of Conduct (213KB)

[PDF](#) Green Procurement Guidelines (241KB)

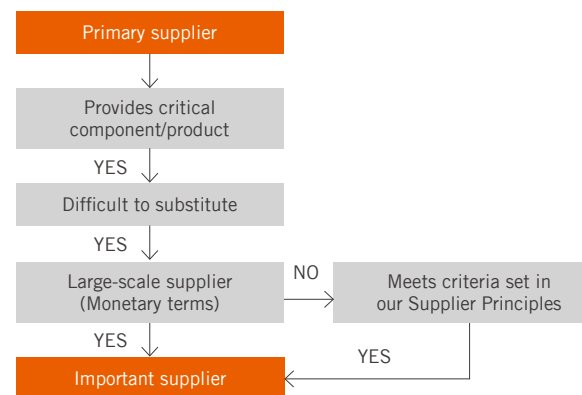
Promoting Responsible Procurement That Upholds the Environment and Labor Safety

Selecting New Suppliers

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

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

Flowchart for Important Suppliers Identification



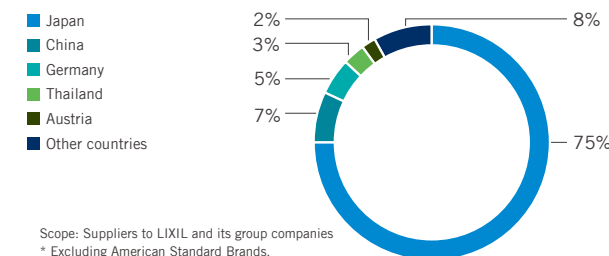
Monitoring Existing Suppliers

We also conduct regular inspections of our existing suppliers.

LIXIL employs the process outlined below to designate important suppliers, which will be prioritized when sharing procurement policies, conducting surveys, and checking progress toward improvement.

Based on transaction value, 75% of LIXIL suppliers are located in Japan, followed by China, Germany, and Thailand. For major suppliers in Japan, we hold annual meetings to explain responsible procurement principles and request cooperation with surveys.

Procurement Transaction Amount Breakdown by Country



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Conducting and Following Up on Responsible Procurement Survey

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

Details of the process are outlined below.

- 1 Select suppliers to be surveyed based on previous year's transaction value, etc.
- 2 Conduct a responsible procurement survey for chosen suppliers, covering CSR management, fair business, human rights, labor, occupational health and safety, conservation of the global environment, and contribution to the community.
- 3 Compile survey results, classifying suppliers with sub-standard conformity rates as high-risk.
- 4 Manage high-risk suppliers individually to encourage improvement.

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

LIXIL reviewed its responsible procurement survey in FYE2019. The new 47-question survey is easier to understand because it dovetails more closely with our Supplier Code of Conduct, revised in FYE2018, and enables online responses. This has lightened the survey load for both suppliers and

LIXIL's procurement department, allowing efforts to be focused on improving any problems that are uncovered.

In FYE2021, we expanded the scope of the survey further to include secondary and primary suppliers in Japan, as well as suppliers to LIXIL Water Technology (LWT) Asia by stages. To help suppliers address issues and risks uncovered through the survey, we provide careful feedback through employee education along with a variety of information on topics such as our Code of Conduct and other guidelines.

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

Number of Responsible Procurement Survey Items

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

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

Responsible Procurement Survey Results

Activities	KPI	FYE2019		FYE2020		FYE2021		
		Targets	Results	Targets	Results	Targets	Results	
Distribute Procurement Principles, follow up on survey results and related activities	Coverage ratio (based on purchased amount)	Japan	90%	90% (697)	90%	97% (1,212)	90%	94% (1,293)
		Overseas*1	90%	90% (116)	90%	90% (234)	90%	85% (378)*2
	Total conformity rate	Japan	90%	94%	85%	89%	90%	91%
		Overseas*1	80%	88%	80%	87%	-*3	89%
Improvement rate	Japan	100%	100%	100%	100%	100%	100%	

Scope: Suppliers to LIXIL and its subsidiaries. Figures in parentheses represent the number of applicable companies.
 Japan: Procurement by operating sites in Japan
 Overseas: Procurement by operating sites outside Japan

*1 Data for FYE2019 exclude GROHE Group and American Standard Brands, and data from FYE2020 exclude American Standard Brands.

*2 If we exclude LWT Asia from the scope, which we have started to cover in the survey by stages in FYE2021, the result goes up to 92% (336 companies). Going forward, we will seek to improve the coverage ratio at LWT Asia.

*3 Not fixed yet as the scope is now under reconsideration.

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CUSTOMERS & SUPPLY CHAIN

Responsible Supply Chain Management

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Strengthening Support to Suppliers Worldwide

LIXIL provides training for procurement staff at factories outside Japan as part of efforts to deepen understanding of responsible procurement and support suppliers. We are also strengthening the support we offer to suppliers in Japan, mainly from the head office procurement department.

Employee Education at Overseas Factories

In FYE2019, we conducted training for procurement departments at our factories in China. Lectures led by members of the head office procurement department provided information on the importance of responsible procurement and related social trends, enhancing the understanding of the company's challenges under our Procurement Principles. In addition to that, personnel from local and head office procurement departments jointly visited supplier factories to provide on-the-job training and assist with aspects requiring improvement. Local staff commented on how the experience reinforced their understanding of the importance of CR, and inspired them to utilize insights gained through the training to help their suppliers with improvement activities.

Overseas Factories Provide Follow-Up to Suppliers

The procurement departments at factories outside Japan where the above training took place make their own plans and conduct their own independent follow-up activities such as supplier visits and support.

We receive regular reports from Chinese factories that experienced onsite training in FYE2019 about their follow-up activities with suppliers, and we are seeing more examples of where those activities have led to concrete improvements in safety, disaster risk reduction, and other measures. We plan to further strengthen these follow-up activities and introduce them in other regions as well.



Chinese factory team that provides supplier support



Suppliers working to strengthen safety and disaster risk reduction

Follow-Up Activities with Japanese Suppliers

We follow up with suppliers in Japan through onsite visits and online interviews.

We share with them information on issues and risks uncovered through our responsible procurement survey. We also support them with their own corporate responsibility initiatives, such as by providing guidance on information disclosure and communication related to community development.

An employee from headquarters procurement department, which is in charge of follow-up activities inside and outside Japan, said, "Responsible procurement initiatives are the first step toward strengthening compliance. We take the long view by emphasizing the significant upsides of responsible procurement to suppliers and getting to know the suppliers as closely as possible so that we can extend any necessary support."

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CUSTOMERS & SUPPLY CHAIN

Responsible Supply Chain Management

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PRODUCT SAFETY & QUALITY

We are committed to maintaining and strengthening ties with our customers by ensuring superior quality in manufacturing and services, and consistently improving our product quality management systems with the aim of eradicating serious product-related accidents.

Our Approach

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

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

PDF LIXIL Quality Principles (166KB)

PDF LIXIL Product Safety Principles (40KB)

Our System

LIXIL set up the Quality Assurance division in the Technology function, which reports directly to the company president, and works to develop robust company-wide product quality management systems and resolve any quality-related issues. LIXIL International oversees product quality outside Japan, with product-specific COOs managing product quality directly.

We have integrated important functions of development, manufacturing, and sales into two of our technology businesses, and strive to achieve ultimate quality in each business operation. The Quality Assurance division of each technology business works to guarantee the quality of products and resolve any quality-related issues. In addition, our sales and services team in Japan manages individual quality management systems as a functional department in the pursuit of quality customer service.

The company-wide quality management conference, which conducts regular management reviews, has been working to strengthen quality control by increasing the number of reviews conducted to once a quarter starting in FYE2021.

Nurturing a Culture That Strives for Superior Quality Product Manufacturing

LIXIL works to build a culture that focuses on enhancing quality throughout the year. We measure the level of awareness of quality via a survey of all group employees and work to generate further improvements.



Promoting Internal Awareness through Information-Sharing and Forums

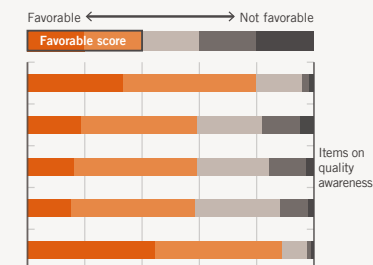
We use inhouse social media platforms to post quality-related policies, CEO messages, and case studies as part of our year-round awareness-raising activities. In FYE2021, we created the LIXIL Quality Journal to help consistently raise awareness on quality-related topics. The journal highlights factory initiatives aimed at encouraging workers to share product-related issues they notice in their work and stories of departments that have used their mistakes to make improvements.

Our Product Quality Forum held each November rewards outstanding improvement-focused activities chosen from among LIXIL group companies worldwide. In FYE2021, the forum was conducted online for a worldwide audience and attracted approximately 2,200 viewers.



All-Employee Awareness Survey and Action Plan

We conduct quality awareness surveys of all employees working at the group companies in Japan in order to raise awareness of product quality and promote quality-enhancing initiatives. We then formulate an action plan for each department based on the survey results. Thanks to progress made in each department, the overall survey score for FYE2021 improved.



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CUSTOMERS & SUPPLY CHAIN

Responsible Supply Chain Management

Product Safety & Quality

Customer Satisfaction

› Enhancing Quality across Entire Product Lifecycle

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

Design & Development

During the development stage, we aim to strengthen our ability to pinpoint fresh customer value by introducing techniques such as fault tree analysis (FTA), failure mode and effect analysis (FMEA), and design review based on failure mode (DRBFM), which are used globally to assess risks that may arise when using products.

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

Materials & Parts Procurement

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

Commercialization, Production & Sales

We only commercialize products that have undergone and passed rigorous stress tests and quality checks for durability, weather resistance, and other properties. Products that require specific labeling to indicate conformance with safety and quality standards are clearly marked in our catalogues and other sales materials as meeting required criteria. We also strive to provide

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

Responding to Product Defects & Issues

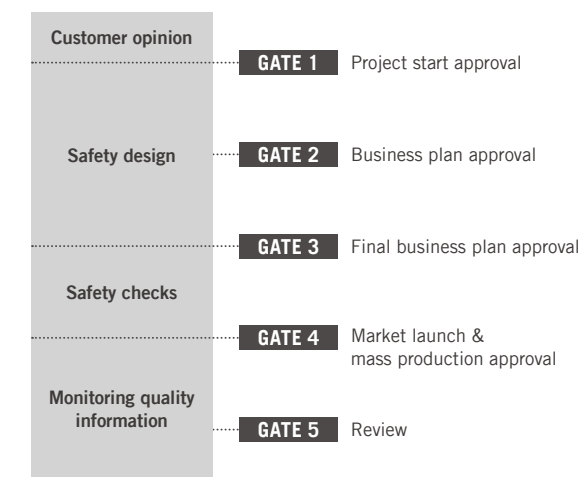
We have a system in place for incorporating customer opinions with regard to product-related accidents and defects. We thoroughly investigate the cause of any problem via the system and implement improvements, not only in product design, but across all processes from manufacturing to retail distribution.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



› Stage Gate System

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

Concept of Stage Gate System



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

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Product Safety & Quality

Customer Satisfaction

Responding to Serious Product-Related Accidents

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

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

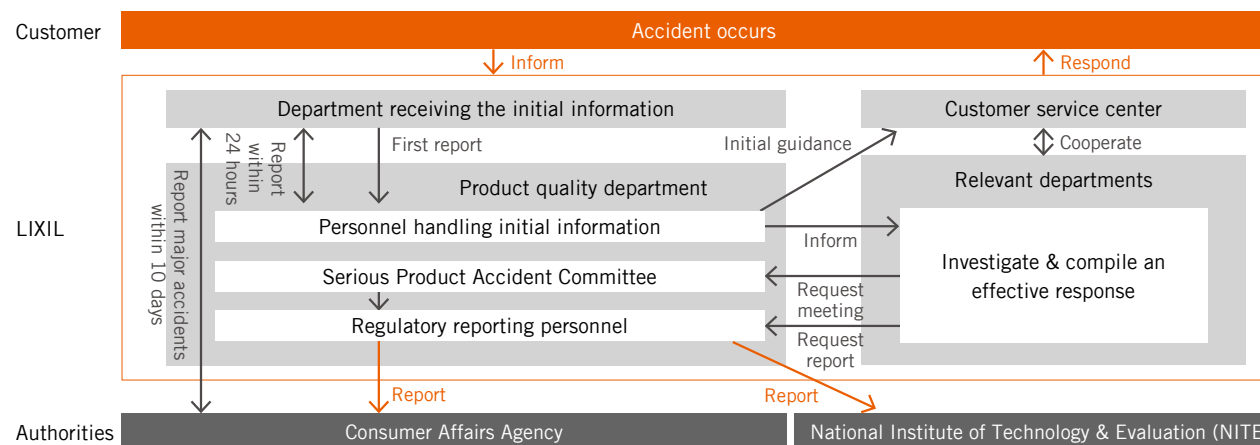
Product Safety Education

LIXIL provides product safety training through its quality education system. In FYE2021, we continued to conduct product safety training for all technical-stream employees including new hires as well as offered training sessions on

Number of Legal Infringements and Significant Product-Related Accidents

	FYE2019	FYE2020	FYE2021
Number of legal infringements	1	1	0
Number of serious product-related accidents	8	7	2

Emergency Procedure for Responding to Accidents



Japan's Electrical Appliance and Materials Safety Act for employees working in specific technical areas. All sessions were held online, and particularly important ones were recorded so people can watch them later.

WEB Product manuals (Japanese only)

WEB How-to videos (Japanese only)

Offering Information on How to Use Products Safely

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

Long-Term Guarantee to Facilitate Long, Safe Customer Use

Today, houses are designed to last much longer than in the past. In recognition of these changing trends, LIXIL offers a maximum 10-year LIXIL Long-term Guarantee Service that enables customers to use products safely over a longer period of time.

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CUSTOMERS & SUPPLY CHAIN

Responsible Supply Chain Management

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Customer Satisfaction

External Awareness-Building Activities

Safety Education Program: Think about Safety in the Home

As part of its product safety-related activities, LIXIL has developed a safety training program in cooperation with NPO the Association of Corporation and Education (ACE) for fifth- and sixth-year elementary school students, and provided this program free of charge to school teachers and educators.

The program encourages children to learn about hidden dangers in the home, such as accidents in the bathroom or stumbling on the stairs, and to think about and implement ways to prevent accidents. LIXIL employees also conduct outreach classes as part of the program. We have conducted 172 program classes for approximately 5,170 participants to date. In FYE2021, due to the COVID-19 pandemic, we conducted only three classes at one school for 65 participants. The program won an Award of Excellence at the



9th Commendation on Instructional Materials for Consumer Education in 2014 conducted by the National Institute on Consumer Education (NICE).

WEB Safety Education Program (Japanese only)

CR LIXIL's Outreach Classes (P100)

Raising Consumer Safety Awareness

We help consumers think of ways to prevent accidents at home by giving lectures at product safety seminars hosted by the National Federation of Regional Women's Organizations and other consumer organizations, covering topics such as accidents in the bathroom or tripping over steps or falling down. We have given 56 such lectures to approximately 6,860 people to date. In FYE2021, we attracted approximately 100 people even though we could hold only two seminars due to the COVID-19 pandemic. We also set up online product safety seminars and on-site lessons at elementary schools in cooperation with non-profit organizations.



Product safety seminar

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CUSTOMERS & SUPPLY CHAIN

Responsible Supply Chain Management

Product Safety & Quality

Customer Satisfaction

CUSTOMER SATISFACTION

We are constantly enhancing our products and services and promoting communication across the group to ensure continued and improved customer satisfaction.

Our Approach & System

To ensure that our customers enjoy all aspects of their living spaces, LIXIL seeks to maximize customer satisfaction among both construction-related commercial customers and end consumers. Developing and providing products and services that fulfill customer expectations and communicating effectively with relevant stakeholders are vital to improving customer satisfaction. In Japan, our Marketing function and Quality Assurance division work consistently together to improve our products and services based on customer feedback.

Improving Customer Safety in Times of Disaster

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



Communicating Key Points for Disaster Response and Recovery

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



Resilient Customer Support through Cloud Solutions

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

Product-specific disaster-response examples:

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

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

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

07

CUSTOMERS & SUPPLY CHAIN

Responsible Supply Chain Management

Product Safety & Quality

Customer Satisfaction

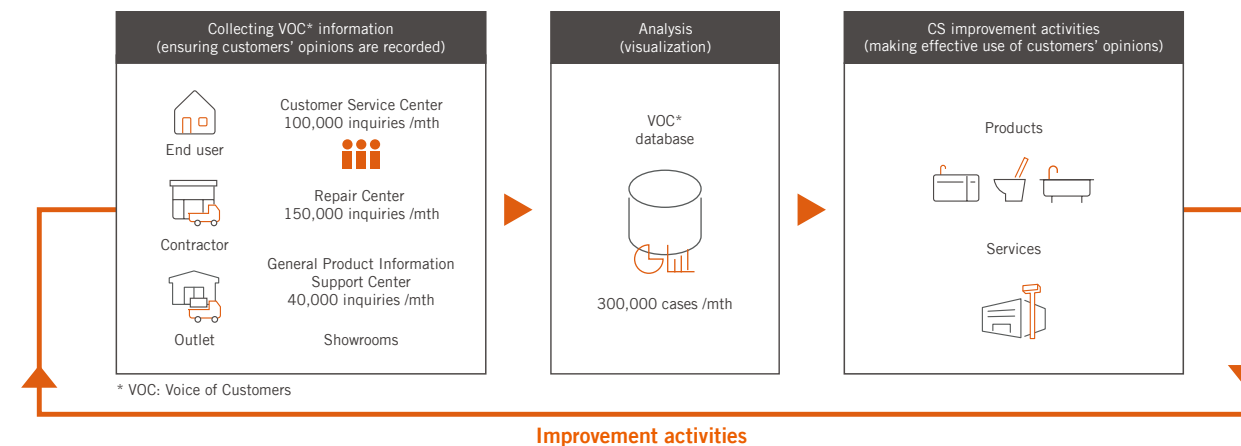
Implementing the Six Sigma Quality Management Method

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

Reflecting Commercial Customer Opinions in Our Products and Services

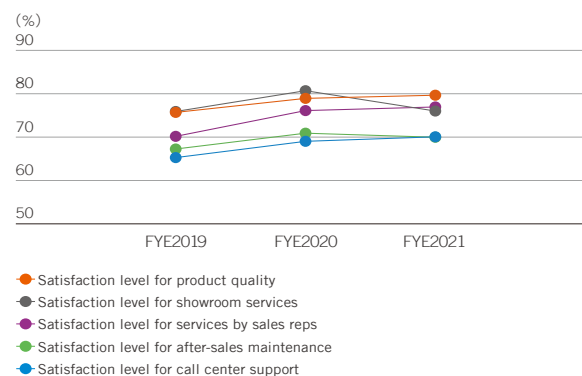
LIXIL conducts satisfaction surveys of our commercial customers in Japan. The surveys cover product quality and support. In FYE2021, the level of satisfaction was 79% for product quality and 67.7% for support. While the number of inquiries increased due to the COVID-19 pandemic, we had difficulty with our response rate due to a shortage of human resources. As a result, we decided to strengthen our online customer services by utilizing AI chatbots, an automated artificial intelligence-driven tool.

We also collect approximately 300,000 comments from customers each month through our customer service center and product information support center. This data is stored in our database and analyzed to encourage relevant departments to implement improvement measures. In addition, our customer service center sends a questionnaire to customers who have recently contacted the center and conducts mystery shopping surveys with the aim of enhancing customer satisfaction.

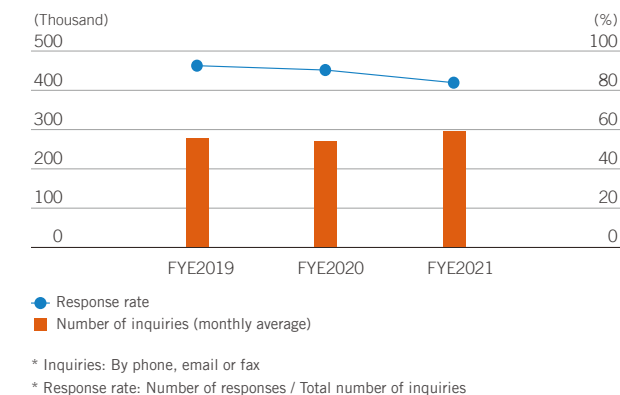


WEB Examples of service improvement through the VOC (Japanese only)

Professional User Satisfaction of Products and Support Services



Customer Inquiries



07

CUSTOMERS & SUPPLY CHAIN

Responsible Supply Chain Management

Product Safety & Quality

Customer Satisfaction

› Training: How to Improve Customer Satisfaction

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

Product training

Hands-on product knowledge training using actual toilets



Construction training

Carport foundation construction training



Recognition system

Award recipients of a regularly-held customer service contest

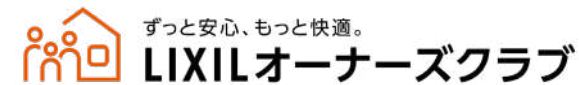


› LIXIL Owners Club

In Japan, LIXIL has established a registration-based LIXIL Owners Club that provides information and services to help ensure easy, long-term, and safe use of purchased products. In FYE2021, we started the MAKE A SPLASH! with LIXIL Owners Club initiative in which we commit to donating JP¥10 to the LIXIL-UNICEF MAKE A SPLASH! partnership for every customer who signs up for the LIXIL Owners Club.

Examples of available services:

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



WEB LIXIL Owners Club (Japanese only)

WEB MAKE A SPLASH!

08

SOCIETY

- Human Rights
- Stakeholder Engagement
- Community

> SOCIETY

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



08

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- Community

Highlights

Stakeholder Engagement

Target Proactively engage with our key stakeholders.

Meeting with investors

298 times
(FYE2021)



LIXIL Community Day participants

Approximately
6,000 people
(FYE2021)



Numbers of LIXIL's outreach classes conducted and participants (Cumulative total)

Classes conducted

682 times

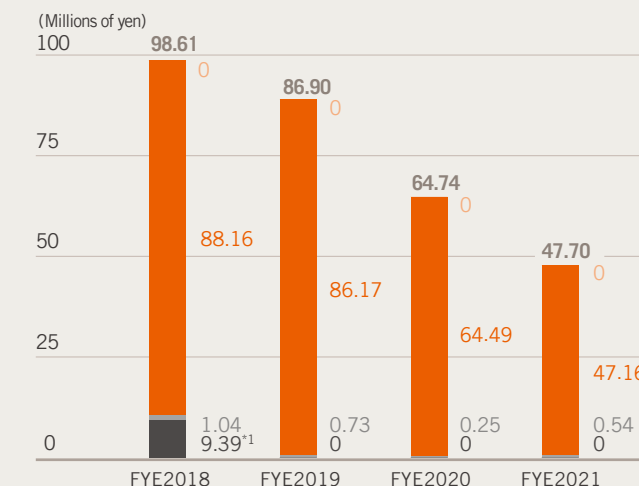
Participants

Approximately
25,000 people
including school children



(Cumulative total since 2010, when we launched the program)

Contributions and other expenditures



Recipients of contributions or expenditure

- Lobbying, stakeholder representation, and similar activities
- District, regional, and national political activities/candidates
- Business associations, tax-deductible organizations (think tanks, etc.)
- Other (expenditures relating to local and national referenda)

* Data for Permasteelisa Group cover FYE2019 and FYE2020, and data for China and Asia Pacific cover FYE2021.

*1 The significant increase in the total for FYE2018 is due to our business in the US being engaged in consultations and services in regards to NAFTA and water regulation in California (as indicated in the lobbying fees in FYE2018).

Please click the link below for more information on the scope of coverage and other details.

WEB ESG data (Other)

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HUMAN RIGHTS

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

Our Approach & Principles

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

Human Rights Principles

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

LIXIL will periodically review and evolve its Human Rights Principles to continue to become a better protector of human rights. In June 2021, we reviewed the principles we had formulated in FYE2016 according to the process displayed on the right and subsequently submitted revised

principles that were approved by the Board of Executive Officers. Particularly, we specified in more detail our governance structure led by the executive officer overseeing legal and compliance matters, LIXIL's key human rights issues determined in FYE2021, and our human rights due diligence process as well as our concern-raising system and overall commitment to reducing human rights risks based on those frameworks.

Human Rights Principles Revision Process

Our Human Rights Due Diligence Task Force examined the elements that need to be included in our Human Rights Principles based on global trends and international standards such as the UN Guiding Principles on Business and Human Rights, and any revisions in assessment criteria used by ESG-rating agencies.



We formulated draft revised Human Rights Principles that took into account LIXIL's key human rights issues as well as current human rights-related circumstances and challenges.



The new principles were approved by the Board of Executive Officers and signed by our CEO.

LIXIL Human Rights Principles

Scope of application

Commitment to respect for human rights

- Respect for the human rights of customers
- Respect for human rights in the workplace
- Respect for the human rights of business partners

Key human rights issues

Due diligence

- Commitment
- Assessment
- Remediation
- Reporting & disclosure
- Engagement with stakeholders
- Education

Governance

Review of principles

PDF LIXIL Human Rights Principles (99KB)

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Other Principles

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

- PDF** LIXIL Code of Conduct (723KB)
- PDF** Group Charter of Corporate Behavior (99KB)
- PDF** LIXIL Occupational Health and Safety Principles (49KB)
- WEB** Personal Data Protection Principles
- PDF** LIXIL Procurement Principles (46KB)

In our relationships with business partners including suppliers, LIXIL respects human rights based on our Supplier Code of Conduct.

- PDF** Supplier Code of Conduct (213KB)

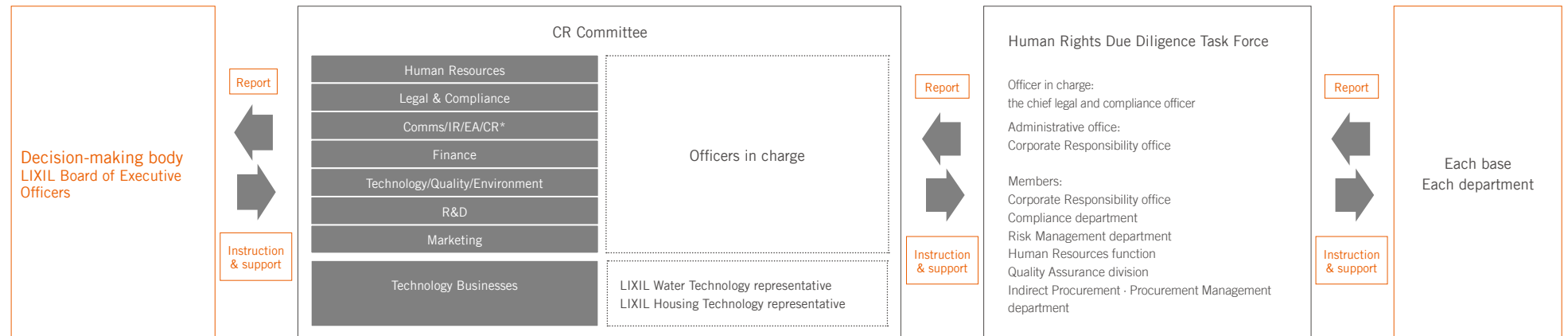
Our System

LIXIL established the Human Rights Due Diligence Task Force in FYE2018, comprising members from a broad range of departments including Corporate Responsibility (CR), Human Resources, and Compliance, with the aim of strengthening and ensuring strict adherence to our human rights due diligence process* as a company that operates globally. In line with our Human Rights Principles revised in June 2021, we set up a new governance structure led by the executive officer in charge of legal and compliance matters who also oversees human rights issues. Going forward, we will extend the scope of this process to the entire group of companies and provide transparent reports on our performance.

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

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

CR Management Structure



* Communications/Investor Relations/External Affairs/Corporate Responsibility

As of June, 2021

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SOCIETY

Human Rights

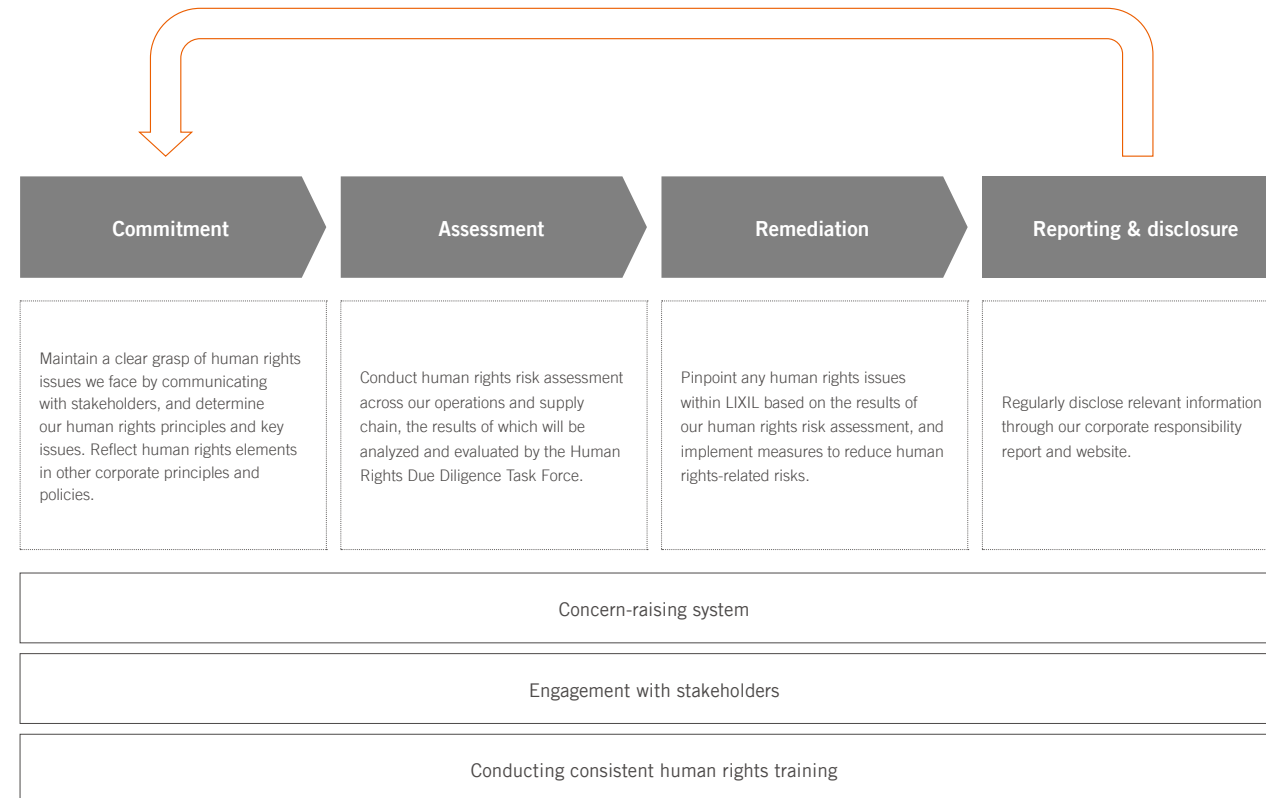
Stakeholder Engagement

Community

› Our Human Rights Due Diligence Process

We seek to reduce human rights risks by analyzing and assessing potential risks using the following human rights due diligence process. Please refer to the following pages for details on each step in that process.

Human Rights Risk Management Process



› Commitment: Human Rights Principles and Key Human Rights Issues

In addition to formulating our Human Rights Principles (P85), LIXIL has identified areas requiring focused action to reduce potential human rights risks. By addressing these key human rights issues, we aim to strengthen our human rights due diligence. We will review these issues based on the results of regularly scheduled human rights risk assessments.

Progress So Far

- FYE2016: Formulated Human Rights Principles
- FYE2017:
 - Our CR Committee (comprising executive officers in charge of different head office functions and representatives of each of our technology businesses) mapped human rights risks with reference to international human rights and labor standards guidelines.^{*1}
 - We invited the human rights NGO Business for Social Responsibility (BSR)^{*2} to give a lecture on business and human rights. We then identified human rights risks across LIXIL product lifecycles.

^{*1} Including International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights.

^{*2} BSR: A global non-profit organization committed to developing sustainable business strategies and solutions.

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- **FYE2018:**
Our Human Rights Due Diligence Task Force prepared a 76-item survey sheet and conducted a test run of a human rights risk assessment across our head office functions.
- **FYE2019–FYE2020:**
We investigated and scrutinized the impact of our business on human rights based on the above results, LIXIL's Code of Conduct, and global human rights trends.
- **FYE2021:**
Our Human Rights Due Diligence Task Force identified seven key issues (shown on the right) as focus areas for reducing potential human rights risks. These seven issues were reported to and approved by the CR Committee, Board of Directors, and Board of Executive Officers.
- **June 2021:** Revised Human Rights Principles.

LIXIL's Key Human Rights Issues

(1) Provide equal opportunity and prohibit discrimination

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

(2) Prohibit forced and child labor

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

(3) Respect freedom of association and collective bargaining

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

(4) Ensure decent wages and working hours

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

(5) Ensure occupational health and safety

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

(6) Prohibit harassment

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

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

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

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Assessment: Specifying Human Rights Risks

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

human rights risks. We did not identify any items requiring an urgent response in FYE2021, but we are working on improvements to help reduce potential future risks.

Assessment method for identifying human rights risks (relevant department)	Assessment overview	LIXIL key human rights issues	Assessment's major target stakeholders
Human rights risk assessments (Human Rights Due Diligence Task Force)	<ul style="list-style-type: none"> • Mapped risks with reference to international human rights and labor standards guidelines,* and conducted a test run of a human rights risk assessment at head office functions (FYE2018). • Conducted a survey on the seven key human rights issues targeting 100% of staff at leader level or higher in departments that are closely linked to the key human rights issues (FYE2021). • Building on the above survey results, we will conduct a human rights risk assessment for all employees (scheduled for FYE2022). We are taking measures to reduce any potential human rights risks highlighted by the survey. <p>* Including International Bill of Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights.</p>	(1)-(7)	Employees
Occupational safety audit (Quality Assurance division)	We conduct an annual occupational safety audit of Japanese bases through checklists, questionnaires, and onsite visits to confirm compliance status primarily with laws and regulations relating to the key human rights issues. We audited 67 Japan bases in FYE2021. We are working on any necessary responses based on the audit results, and holding information-sharing meetings between LIXIL Housing Technology (LHT) Japan and LIXIL Water Technology (LWT) Japan.	(2)(4)(5)	Employees, foreign-national technical apprentices in Japan
LIXIL VOICE employee opinion surveys and D&I awareness surveys (Human Resources function)	We conduct the LIXIL VOICE employee opinion survey of all global employees on a quarterly basis. We use the survey results to identify issues early on, formulate prompt improvement measures in each function, and reflect the findings into our global strategies and initiatives. In FYE2021, we also conducted our first D&I awareness survey, the results of which are being reflected into our D&I Strategy and initiatives. We will continue to conduct such surveys on a regular basis.	(1)(4)(5)(6)	Employees, women
Community dialogue (Corporate Responsibility office)	We have held more than 130 community dialogues with local stakeholders over the past nine years at Japan-based factories and sales and retail locations. Community briefings are one way we continue to promote dialogue to better understand human rights and other risks.	(1)(2)(7)	Local communities, customers, business partners
Responsible procurement surveys (Indirect Procurement · Procurement Management department)	We confirm the status of human rights-related initiatives by asking our suppliers to complete a questionnaire. The surveys not only consider human rights issues, but also cover areas of CSR management, fair business, labor, occupational health and safety, conservation of the global environment, and contribution to the community.	(1)-(7)	Business partners including suppliers

Other relevant activity: Group enterprise risk management (ERM)

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Remediation: Measures to Reduce Human Rights Risks

In FYE2021, we conducted a human rights risk assessment that targeted all staff at leader level or higher in departments that are closely linked to our key human rights issues. Although we received very few negative or “Not sure” responses, we are taking the following measures to address issues highlighted by the assessment.

Period	July–September 2020
Targets and conditions	All staff at leader level or higher who work in departments closely linked to our key human rights issues and who can provide global support (100% response rate)
Method	Survey using human rights risk questionnaire
Survey items	43 items related to our seven key human rights issues ¹
Main results and measures taken	<p>1. Results</p> <ul style="list-style-type: none"> While there were very few negative responses,² some responses raised issues related to key human rights issue No.1: Provide equal opportunity and prohibit discrimination. While there were few “Not sure” responses,³ the results indicated that we need to obtain more information on key human rights issues No.2: Prohibit forced and child labor and No.3: Respect freedom of association and collective bargaining. <p>2. Measures</p> <p>(1) Number of bases that have proposed risk-reduction plans: All global bases, including those in Japan (We expect to know the specific number of bases after conducting a human rights risk assessment for all employees by FYE2022).</p> <p>(2) Response plan:</p> <ul style="list-style-type: none"> We are working to reduce risks with regard to key human rights issue No.1 (Provide equal opportunity and prohibit discrimination), which returned some negative responses in the assessment. Measures include the creation of a D&I Committee in FYE2021, staffed by our CEO and executive officers; the formulation of our D&I Strategy and the promotion of initiatives based directly on the strategy; and the conducting of a D&I-specific employee awareness surveys. With regard to issues No.2 (Prohibit forced and child labor) and No.3 (Respect freedom of association and collective bargaining), which returned some “Not sure” responses in the assessment, we will ask more-detailed questions in the human rights risk assessment for all employees that we plan to conduct in FYE2022 so we can gain a more thorough grasp of the situation. <p>(3) Specific processes for reducing human rights risks:</p> <ul style="list-style-type: none"> We conducted a human rights risk assessment for all staff at leader level or higher who work in departments closely linked to our key human rights issues and who can provide global support. We are now responding to negative and “Not sure” answers. We will conduct a human rights risk assessment for all employees and gain a more specific understanding of the number of bases and risks to include in our human rights risk reduction plans. We will take measures to reduce human rights risks at the identified locations.
Results reporting	We reported the assessment results to the CR Committee and obtained approval of our plans for conducting the next human rights risk assessment.

*1 (1) Provide equal opportunity and prohibit discrimination; (2) Prohibit forced and child labor; (3) Respect freedom of association and collective bargaining; (4) Ensure decent wages and working hours; (5) Ensure occupational health and safety; (6) Prohibit harassment; (7) Legal, fair, and transparent acquisition and use of personal data.

*2 When respondents selected “Disagree” or “Strongly disagree” from the available options.

*3 When respondents selected “In charge but not sure although there is a system for identification,” “In charge but not sure because there is no system for identification,” or “Not in charge (with comment).”

Education

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

Preventing Human Rights Violations at Factories, Bases, and Business Partners including Suppliers

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

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Concern-Raising System

- **Concern-raising system that is available to all group employees, including those at subsidiaries outside Japan**

We receive concerns through LIXIL Compliance Hotline – Speak Up!, which is available online in 17 languages. In Japan, we also have a direct reporting process for voicing concerns to managers and compliance officers as well as an option to report concerns via a third-party law firm.

WEB Concern-Raising System

- **Receive reports from external stakeholders such as business partners including suppliers**

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

WEB Receiving Compliance Information from Business Partners

Promoting Respect for Human Rights in the Workplace

- **Create workplaces that uphold diversity**

We promote equal opportunities for women and men through next-generation management development programs and other initiatives designed to support the careers of diverse human resources. We are also expanding systems that support working styles that can be tailored to accommodate different life-stage responsibilities, such as childcare and nursing care.

In addition, we have a network of allies among staff who understand and support sexual minorities. We view same-

sex partners as spouses and create a comfortable working environment for all and apply certain human resource systems. This includes providing leaves and payments for congratulatory or condolence events, arranging times and locations for undergoing health checks, and recognizing employees' preferences for either male or female uniforms (if factories that allocate uniforms have the appropriate toilet and changing facilities). We also launched WING NIJI office, where we provide support for workers with disabilities and create a comfortable working environment for all regardless of ability or disability.

CR Three Strategic Pillars: Diversity & Inclusion (P34)

CR Diversity & Equal Opportunity (P41)

- **Occupational safety**

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

CR Occupational Health & Safety (P52)

CR Combatting COVID-19, Forging the New Normal (P16)

Advocacy and Community Support for Upholding Human Rights

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

Future Plans

Human Rights Risk Assessment and Initiatives to Reduce Risk

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

FYE2022:

- Implement measures to reduce risks, including initiatives in line with our D&I Strategy, based on the results of the FYE2021 human rights risk assessment for all staff at leader level or higher who work in departments closely linked to our key human rights issues.
- Conduct a human rights risk assessment for all employees.

Re-Examining Key Human Rights Issues

FYE2023:

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

Internal and External Information Sharing and Dialogue

We inform and pursue dialogue with employees and other stakeholders about key human rights issues and related topics that LIXIL is working to address. In FYE2022, we plan to have dialogues with external stakeholders who specialize in human rights.

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STAKEHOLDER ENGAGEMENT

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

Our Approach

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

Our System

LIXIL’s Corporate Responsibility (CR) Committee consists of the executive officers in charge of each head office functional division and representatives from each technology business. The committee deliberates on the impacts upon different stakeholders as well as on our community development for and cooperation with stakeholders as it promotes sustainability initiatives. Our business divisions also respond to and partner with a diverse range of stakeholders.



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› Key Stakeholder Engagement

Customers CR Details (P80)

We incorporate customer opinions and provide timely and appropriate disclosure on our products and services. We offer customer support via telephone, email, 116 showrooms worldwide, and online showrooms.

Suppliers CR Details (P73)

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

Local Communities CR Details (P97)

LIXIL operates 80 factories worldwide. As a responsible corporate citizen, in addition to respecting local cultures and customs and creating responsible products and jobs, we also contribute to the development of the communities in which we operate. We hold community dialogues at factories and sales bases in Japan to encourage communication with local residents. LIXIL employees also teach classes on social issues such as sanitation and the environment at local schools.

Shareholders and Investors WEB Details

We held 298 discussions this year with investors around the world to help promote sustainable growth and enhance corporate value. In April 2021, we held an online ESG briefing for investors, where we explained our strategies to sustainably enhance our corporate value, including our Value Creation Process, Corporate Responsibility (CR) Strategy, and governance structure, as well as answered to questions from the audience.

We disclose timely and transparent information in English and Japanese through our Integrated Report, our investor relations web pages, and the Tokyo Stock Exchange website.

Employees CR Details (P39)

LIXIL boasts approximately 55,000 employees. We strive to create an inspiring working environment that encourages diversity and incorporates employee opinions expressed through regular global employee opinion surveys or discussions between the union and the company.

NPOs, NGOs, and Educational and Research Institutions

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

Government Authorities and Industrial Associations

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

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Stakeholder Cooperation in Our Three Strategic Pillars

Global Sanitation & Hygiene MAKE A SPLASH!

Through its MAKE A SPLASH! partnership with UNICEF, LIXIL helps to establish markets for hygiene-related goods such as toilets and handwashing products and to improve the overall sanitation environment in emerging markets. MAKE A SPLASH! activities are supported by end users, building contractors and other professional users, and LIXIL employees.

In 2017 and 2018, we held the Toilets for All Project, in which we agreed to donate one SATO toilet to a country in Asia or Africa for each integrated shower toilet purchased by a customer in Japan. We donated 400,000 SATO toilets during those first two years. In 2019, we donated a portion of the sales of integrated shower toilets through the MAKE A SPLASH! partnership. Approximately JP¥26 million in donations to UNICEF has been used to build the infrastructure to help install safe and sanitary toilets and to raise awareness of hygiene issues in local communities.

In another MAKE A SPLASH! initiative, we donate JP¥10 every time a customer signs up for our LIXIL Owners Club free membership service. Our employees in Japan, meanwhile, have made approximately 3,500 donations totaling JP¥17 million through our Team Splash program, which automatically deducts the donations from their salaries. In 2020, LIXIL donated approximately €140,000 through a campaign for GROHE showers in the Netherlands and Belgium.



Children with the donated SATO toilets

WEB MAKE A SPLASH!

CR LIXIL Owner's Club (P82)

WEB GROHE donation campaign (Dutch only)

Water Conservation & Environmental Sustainability mymizu Challenge to Reduce Plastic Bottles

In October 2020, we accepted the mymizu (my water) Challenge to reduce single-use plastics in cooperation with Social Innovation Japan, an incubator platform for social action. Over 2,600 employees worldwide teamed up and competed to see how many single-use plastic bottles they could reduce by using their own reusable bottles and cups. The result was a resounding reduction of approximately 34,000 plastic bottles in one month.



Team members participating in the mymizu Challenge

WEB mymizu Challenge

Water Conservation & Environmental Sustainability Reducing Marine Plastic Pollution

To help reduce the amount of plastic in our oceans, LIXIL has been developing water purification products and working to reduce plastic use in product manufacturing and packaging. We have also been supporting the NGO everwave, a team of natural scientists, architects, engineers, and marine biologists who come together to devise ways of improving marine plastic collection. Since roughly 80% of marine plastic flows into the ocean from rivers, everwave is developing a floating platform designed to collect plastic particles in the rivers. Apart from this, they already use the so-called *CollectiX* garbage collection boats which locate and collect garbage in lakes or rivers. After successful tests, the *CollectiX* boat was used for the first time in the Hron River in Slovakia in FYE2021.

WEB everwave

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

THINK HEAT is a collection of initiatives in which we consider with stakeholders the importance of indoor temperature, which can cause heatstroke or heat shock, and the efficient use of heaters and air conditioners, which account for approximately 28% of household energy consumption. Our aim here is to help promote climate change mitigation and adaptation.

In one such initiative, the Cool de Peace Project, we work with local authorities to build awareness of how to prevent indoor heatstroke and install sunshade protection. In addition to holding a seminar in 2018 on how to prevent indoor heatstroke in Kumagaya City, Saitama, we also worked on some verification testing in houses of test volunteers and uninhabited houses equipped with external *Style Shade* sun blinds in 2019. Based on the test results, the city launched in April 2020 a new subsidy for erecting external sunshades on residential buildings, which is contributing to heatstroke prevention in the city.

Also in 2020, we conducted a collaborative experiment at Fuji City Iwamatsu-kita Elementary School in Shizuoka designed to improve classroom environments in summer during the COVID-19 pandemic. We installed *Style Shades* in the classroom, and the students measured, discussed, and presented their findings on the effects of the shades, examining with LIXIL how to balance heatstroke prevention with ventilation. The project not only successfully improved the classroom environment but also provided an opportunity for independent environmental study.

Our ECO Sharing through Windows Project working with local customers, governments, and business partners donates sunshades to public childcare centers funded by a portion of the revenue earned

from sales of thermal windows and other eco-friendly products that help reduce CO₂ emissions. In 2019, we donated shades to five childcare centers in Kyushu, helping to reduce CO₂ emissions by 508 metric tons, equivalent to the annual CO₂ emissions of 112 households. Since November 2020, we have been promoting similar initiatives in the Kita-Kanto area.

We also visit elementary schools to give lessons on the theme of Healthy Living and Good for the Environment and have reached 2,920 children in 40 schools so far. We work with local business partners on experiment- and experience-based classes focusing on thermal insulation, ventilation, and other ideas for creating living environments that can help achieve both good health and environmental conservation.

THINK HEAT was awarded a 2020 Japanese Minister of the Environment Award for Climate Change Action in recognition of the initiative's remarkable efforts to mitigate and adapt to climate change.



Students discussing the *Style Shade* sun blinds installed in their classroom (Iwamatsu-kita Elementary School)

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

WEB Minister of the Environment Award for Climate Change Action (Japanese only)

CR LIXIL's Outreach Classes (P100)

AI Hackathon for Students

In FYE2021, LIXIL organized an AI hackathon for students as part of an internship program designed to develop and recruit human resources with strong digital skills.

Thirteen students proposed ideas on experimental design of new technology solutions to housing-related issues using closed data collected by the LIXIL U2-Home II* research facility.

Several new viewpoints and ideas emerged from the event. The highest-ranking ideas included a system that uses a CO₂ sensor to detect human movement to prevent bathtub drownings; a time-of-flight (ToF) sensor system to detect the sudden onset of illness; and a workplace that facilitates stronger concentration. After the hackathon, the top performers visited the U2-Home II facility and took part in a panel discussion with employees involved in digital and new business fields.

* A house that has been transformed into an IoT smart-home research facility. The facility uses 250 sensors that measure elements such as temperature, humidity, and human motion to collect data on residents' behavior, consumption of utilities, and other factors, and serves as the venue for various demonstration experiments.



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● Diversity & Inclusion Universal Run: Sports Prosthesis Experience Class

The Universal Run: Sports Prosthesis Experience Class aims to promote understanding of diversity. With support from athletes who use prosthetic limbs for running, we seek to change the way children perceive people with disabilities by giving them the opportunity to talk with athletes and experience what it feels like to run with a prosthetic limb. Due to the COVID-19 pandemic, in FYE2021 we held the classes online in accordance with the New School Lifestyle presented by Japan's Ministry of Education, Culture, Sports, Science and Technology. The classes



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

are conducted in cooperation with local schools, governments, and employees. So far, 16,998 children from 238 schools have taken part in the experience.

● Diversity & Inclusion Creating Accessible Toilets for All

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

Through our Study Group on All-Gender Use of Office Toilets, launched in partnership with Kanazawa University and Comany Inc., we investigated toilet use by transgender people and general awareness of transgender issues in the office and identified a need for more diverse toilets. We also conducted a Fact-Finding



Survey on Public Toilet Use by Children with Intellectual or Developmental Disabilities in conjunction with the Foundation for Yokohama Rehabilitation Services to better understand

the needs of children with developmental disabilities and their caregivers. We are now investigating the potential creation of unisex "spacious toilets" that consider odor, sound, and light.

Based on these surveys, we installed a new universal toilet model in the LIXIL Tokyo headquarters. The toilet facility enables people to freely select which cubicle they want to use, unfettered by distinctions such as male, female, adult, child, or person with or without disabilities.

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

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

CR Diversity & Inclusion (P34)

● Diversity & Inclusion Barrier-Free Mobile Toilet

LIXIL has developed an accessible *Mobile Toilet* in partnership with Toyota Motor Corporation. The toilet vehicle is towable so it can be installed at event venues where multifunctional toilets are scarce. This could help expand the range of venues and events that wheelchair users can visit.

CR Accessible *Mobile Toilet* (P37)

Cooperating with Various Organizations

UNICEF	Promoting the distribution of toilets and handwashing facilities and raising sanitation awareness in Asia and Africa. WEB Partnership with UNICEF
Japan International Cooperation Agency (JICA)	Promoting the use of water-saving <i>Micro Flush Toilet System</i> in Kenya, and raising awareness of hygiene habits in India.
WaterAid	Improving the lives of people in areas without hygienic toilets. Prepared a white paper analyzing socioeconomic losses associated with poor sanitation. PDF The white paper (10.2MB)
Toilet Board Coalition	Developing sustainable, scalable sanitation solutions. WEB Toilet Board Coalition
NPO Nijiuro Diversity	Conducted awareness surveys to identify issues LGBT and other sexual/gender minorities encounter when using public toilets. WEB Activities with the NPO (Japanese only)
Board of Education, Tanabe City, Wakayama	Held toilet-related disaster preparedness classes to train volunteers to help manage regional disaster preparedness. PDF Toilet-related disaster preparedness classes (Japanese only) (2.5MB)
Ikaga Laboratory, Keio University	Conducted verification testing of the effect of thermal insulation on the human body. PDF About the test (Japanese only) (1.9MB)
Japanese Red Cross Kumamoto Hospital and GK Sekkei Inc.	Jointly studying the potential impact of our mobile bathroom product <i>withCUBE</i> on healthcare and disaster response facilities. PDF About the joint study (Japanese only) (842KB)
Comany Inc.	Jointly developed building information models (BIM) for public restrooms. PDF About the joint study (Japanese only) (873K)
Tamura Sangyo Co., Ltd.	Opened a renovated house in Fukushima that incorporates the ideas of ZEH, IoT, and resilience. PDF About the project (Japanese only) (718KB)

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

Our Approach & System

LIXIL focuses on making a positive social impact in priority areas including Global Sanitation & Hygiene, Water Conservation & Environmental Sustainability, and Diversity & Inclusion, as well as in areas where our expertise can make the biggest difference. When making donation and sponsorship decisions, we hold careful discussions about the purpose, use, and potential benefits of our assets to ensure they have appropriate and effective social impacts.

Community Development Expenditures

(Million Yen)

	FYE2019	FYE2020	FYE2021
Charitable donations	81.2	70.7	54.2
Community investments	1,147.8	1,161.0	910.6
Commercial initiatives	510.0	520.0	520.0

* Data for Permasteelisa Group cover FYE2019 and FYE2020, and data for China and Asia Pacific cover FYE2021.

* Overall community development expenditures decreased due to the COVID-19 pandemic.

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

LIXIL Community Day

Our LIXIL Community Day is a day when executives and employees from all workplaces and regions around the world take part in corporate citizenship activities relating to our three strategic pillars during working hours. In FYE2021, approximately 6,000 people took part in 87 Community Day activities, including community cleaning, outreach classes, and donations of sanitary products as part of our efforts to combat COVID-19. Outstanding initiatives were recognized through the LIXIL Community Day Awards. In FYE2021, we set up the New Normal category to recognize COVID-19 assistance work.



Canal cleaning in Milan

WEB LIXIL Community Day (Japanese only)

Global Sanitation & Hygiene

MAKE A SPLASH! fundraising, events, and other support activities Global (primarily in Europe and Asia)

Water Conservation & Environmental Sustainability

Reducing plastic bottle usage by 34,000 bottles in a month through the mymizu (my water) Challenge Team of 2,600 employees worldwide

Diversity & Inclusion

Producing and providing a podcast for children in need Italy

Let's Do It Together (cross-functional collaboration)

An iwashhand awareness-building and fund-raising campaign to encourage correct handwashing habits China

New Normal (COVID-19 assistance)

Creating and donating LIXIL Shields 3D-printed face masks US

Producing and donating foot pumps and cleaning cloths for disinfection Japan

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Initiative Examples

Providing Safe Sanitation for Communities in Need

LIXIL is committed to helping ensure a safe and sanitary environment for communities in urgent need, including disaster areas, through teaching of plumbing skills and donation of SATO Toilet Solutions, a series of innovative, life-saving, and affordable toilet solutions.

Inadequate or damaged facilities and insufficient human resources in disaster areas exacerbate already poor sanitary conditions and the spread of disease. The Caribbean island of Haiti, the poorest nation in the western hemisphere, witnessed a further deterioration in its already insufficient sanitary environment following the 2010 earthquake. LIXIL engineers worked with Plumbers without Borders (PWB) to teach students at Haiti Tec, a technical and professional training center, plumbing skills and how to improve hygiene. In addition, the company donated 7,900 SATO products to towns and villages in Haiti and surrounding countries with the help of non-governmental organizations (NGOs) like PWB and Food for the Poor. SATO toilets were also delivered to survivors of the 2015 devastating earthquake in Nepal with the help of NGO WaterAid, and in 2016, to people in Bangladesh with the help of Bangladesh Rural Advancement Committee (BRAC), an international NGO working to support people suffering poverty. Through these activities, we are working to help provide access to adequate sanitation to people living in disaster-affected areas so that they can feel safer.

CR Global Sanitation & Hygiene (P24)

CR MAKE A SPLASH! (P94)

Distributing Face Shields to Frontline Workers amid the Pandemic

Amid the COVID-19 pandemic, LIXIL is seeking to help keep local communities safe by donating much-needed face shields to healthcare workers and other frontline professionals in regions where we operate.

In March 2020, a group of engineers at LIXIL Americas launched a grassroots initiative to produce and distribute face shields to first responders. They repurposed the 3D printers at its R&D facility in New Jersey, and ramped up production and assembly of shields to make approximately 120 shields per week. LIXIL expanded this activity in July by teaming up with the Jersey City Rapid Maker Response Group (JCRMGRG), a volunteer group formed in 2020 that creates hospital-approved face shields. The partnership enabled us to distribute an additional 50,000 shields throughout the US,



Healthcare workers wearing LIXIL face shields

Canada, and Mexico. In October of the same year, we decided to support even more people on the front lines, including teachers, through donation of more than 20,000 face shields as part of our annual LIXIL Community Day. During shield pickup at the various sites throughout the region,

employees donated food and sanitary and hygiene products. Over 71,000 shields have been donated throughout this program.

Solving Sanitation Problems in Nearby Communities

LIXIL Americas is engaged in tackling sanitation problems within the US. We donate LIXIL products to NGOs that provide accommodation for poverty-stricken families and veterans with disabilities. Teaming up with universities and public agencies, we also worked to raise public awareness of sanitation problems among residents of Lowndes County, Alabama, where 80% of homes are not connected to the public sewage system. Going forward, we plan to explore the possibility of establishing local sewage treatment, and use our products to improve the facilities of 300 households.

Meanwhile, we offered educational sessions at schools in Indonesia, Taiwan, and Vietnam to raise children's awareness of sanitation and hygiene issues, including the importance of handwashing. As part of the annual LIXIL Community Day, LIXIL Vietnam installed handwashing basins in a school near its plants, while LIXIL Thailand repainted and cleaned toilets in schools and temples, and upgraded and replaced sanitaryware items in local communities. We also donated sanitary products to communities in China, India, Thailand, and the Philippines, and SATO Tap handwashing stations to schools and other public areas in Indonesia.

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

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

Part of the initiative revolves around the Turn Water into Food program, conducted together with local food banks since 2015. In this program, LIXIL purchases food packages to donate to local families requiring support, equivalent in monetary terms to the amount of money saved by introducing GROHE brand water efficient products. To date, the program has provided food support to a total of over 2,910 families in Saudi Arabia, Egypt, Turkey, and Jordan. Additionally in Jordan, which was added in 2018 as a new recipient country of the donation, water efficient taps were introduced in an all-girls high school, where schools are among the top public spaces for large water consumption.



Receiving food through the Turn Water into Food program

Youth Empowerment: Sanitary Installation Skills for a More Secure Future

The sanitary industry is faced with a chronic shortage of skilled plumbers. To address this issue, LIXIL has officially launched its GROHE Installer Vocational Training and Education (GIVE) program in March 2021 to offer plumbing training at schools across the EMENA region. The GIVE program allows students to gain knowledge of cutting-edge technologies and sanitary innovations through hands-on training and, upon completion of their training, receive assistance with job placement. The GIVE scheme also incorporates the Dual Tech training program, which was initiated in 2009 with the German non-profit organization (NPO) Don Bosco Mondo to provide underprivileged young people with professional skills on sanitary installation. In addition to three schools in the Philippines and in Mumbai and Delhi, India that were formally part of the Dual Tech program, GIVE already collaborates with 26 institutions across EMENA, and plans to open up 24 additional schools over the next two years. Training highly skilled installers also helps solve local sanitation problems and therefore contributes to the fulfillment of the UN Sustainable Development Goals (SDGs), in particular Goal 6 “Clean Water and Sanitation.”

Career Training: Supporting Women Interested in Construction

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

In Africa, we partner with NPOs to help women who have suffered abusive relationships to escape and become financially independent by providing training on plumbing skills.



Female students participating in a Tools & Tiaras program

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Supporting Children

Through its Christmas Tree Activity, LIXIL EMENA helped four organizations in FYE2021: Two of them support children whose families struggle with poverty or alcoholism, while other two are child and youth welfare services. The children's wishes were hung on Christmas trees at our plants in Hemer, Lahr, and Porta Westfalica as well as at the brand's headquarters in Düsseldorf, and LIXIL employees made the wishes come true. LIXIL also distributed hygiene kits across Asia, and donated notebooks and other school essentials to children in local villages in India during reopening of schools amid the COVID-19 pandemic.



Gifts given to children through the Christmas Tree Activity

LIXIL's Outreach Classes for Future Generations

LIXIL is committed to advancing education for sustainable development (ESD). We try to address social issues such as global sanitation and hygiene, environmental problems, and diversity and inclusion by working with the children who will be stewards of our future planet.

Since 2010, over 24,000 children have taken part in 650 outreach classes using original LIXIL teaching materials held at schools and events across Japan. The program not only helps to raise awareness and encourage action among the child participants, but also strengthens bonds between local communities and regional LIXIL offices and employees who serve as lecturers.

- Toilets Can Save the World!
- Health-Conscious, Environment-Conscious Living
- Universal Design: Good for One, Good for All, Good for a Lifetime
- Learn from Water
- Think About Safety in the Home



WEB For Future Generations (Japanese only)

CR THINK HEAT (P95)

CR Promoting Broader Understanding of Diversity (P38)

CR Safety Education Program (P79)

LIXIL Omotenashi Toilet Cleaning at Tourist Site

In 2014, Shikoku area staff started the LIXIL Omotenashi Toilet Cleaning at Tourist Sites initiative to express the Japanese spirit of hospitality by ensuring that visitors were greeted with clean toilets. As a toilet manufacturer and retailer, LIXIL has expanded this unique initiative to 60 areas in 30 prefectures throughout Japan from Hokkaido to Kyushu. To date, 6,019 employees cleaned toilets in public facilities together with local companies.

* The cleaning initiative was canceled in FYE2021 due to the COVID-19 pandemic.



Toilet cleaning initiative

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

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Community Activities at INAX MUSEUMS

The INAX MUSEUMS in Tokoname, Aichi, which is best known for its pottery, serve the local community by holding exhibitions on themes of earth, pottery, manufacturing, and living. They also offer “see, touch, feel, learn” participatory experiences such as shiny dorodango (mud ball) making classes and doro (mud) play events.

In FYE2021, approximately 1,600 citizens took part in workshops held in collaboration with Tokoname City to create tiles for decorating the walls of a pedestrian deck leading to the entrance of the new city hall building.

Also in FYE2021, we strengthened our online initiatives in the wake of COVID-19 by inviting people to post images of shiny mud balls in a Shiny Dorodango Online Contest and by staging virtual tours of the Tile Museum, one of the INAX MUSEUMS.



WEB INAX MUSEUMS

Disaster Relief and Reconstruction Activities in Japan

LIXIL provides a variety of natural disaster support including product and monetary donations. In FYE2021,

we conducted free inspections of LIXIL products and provided financial support following the torrential rains in Kyushu, Chubu, and Tohoku regions of Japan. At the time, we also set up a mobile toilet booth called *withCUBE* at an evacuation center in Hitoiyoshi, Kumamoto.

We are also working to provide disaster relief through products based on years of research on disaster-related problems. Our *Resilience Toilet* is designed with disasters in mind because it can be switched to use only one liter of water per flush in times of disaster compared to five liters for regular usage. This helps evacuation centers to adapt to water supply disruptions and other issues related to toilet facilities. We are not only promoting the installation of these toilets in schools, gyms, and government buildings that serve as disaster response bases, but are also using them for local community disaster response training.

WEB LIXIL Disaster Relief (Japanese only)

WEB *Resilience Toilet* (Japanese only)

Reusing Aluminum Materials from Temporary Housing Windows

As part of our reconstruction efforts following the 2011 earthquake and tsunami, we are collecting and recycling aluminum building materials in Iwate, Miyagi, and Fukushima, including the windows from temporary housing provided by LIXIL. The materials are being used to construct the Tokyo 2020 Recovery Monuments to be installed at one of the venues of the Tokyo 2020 Olympic and Paralympic Games (LIXIL is the Tokyo 2020 Gold Partner for the Building Components & Bathroom and Kitchen Fixtures category).

WEB Tokyo 2020 Recovery Monuments (Japanese only)

Providing Torch Materials for the Tokyo 2020 Paralympic Torch Relay

Aluminum materials collected from disaster-related temporary housing windows have also been used to make torches for the Tokyo 2020 Paralympic Torch Relay (LIXIL is a Presenting Partner of the Tokyo 2020 Paralympic Torch Relay).



Paralympic Torch (Photo credit: Tokyo 2020)

WEB Torch for the Tokyo 2020 Paralympic Torch Relay (Japanese only)

Other Community Development Activities

Environmental conservation	Employees from our local offices and their families participate in rice-growing activities in rice fields in Chiba, Japan to support and promote awareness of biodiversity.
Culture	We are promoting cultural activities in areas related to our history, such as management of pottery museums and publishing.
Education	We participate in educational programs for the upcoming Expo 2025 in Osaka and offer factory tours to elementary school students.

WEB Environmental conservation activities (Japanese only)

WEB Cultural activities

WEB Educational activities (Japanese only)

WEB Other Japan-based activities (Japanese only)



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