



# CORPORATE RESPONSIBILITY REPORT 2022



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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 Content Index
- Disclosure based on TCFD recommendations

# ABOUT THIS REPORT

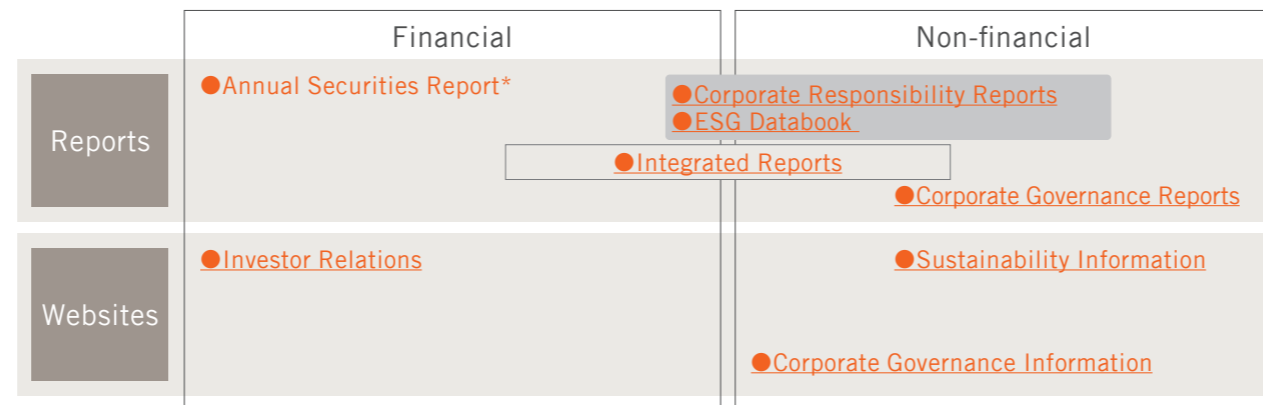
## ABOUT THIS REPORT

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 shown below. We also update details and news items relating to initiatives for the latest fiscal year from time to time on our sustainability website.

### CR Information Disclosure

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



\* Please refer to our [Supplementary Data Book](#) for details of our consolidated financial statements.

### Reporting Period

We updated and published CR-related information for FYE2022 (from April 1, 2021 to March 31, 2022) on July 29, 2022. We plan to update the report for the next fiscal year in July 2023.

### Coverage

This report covers the CR activities of LIXIL as well as the LIXIL group of companies. The definitions of the terms used in the text of this report are as follows:

LIXIL: LIXIL and its group companies

LIXIL in Japan, in Japan (depending on the context):

Excluding group companies

EMENA: Europe, the Middle East and North Africa

Please click the link below for data on human resource and environmental performance and other relevant topics.

**WEB** [ESG Data](#)

### Reference Guidelines

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

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

**WEB** [GRI Content Index](#)

**WEB** [Disclosure based on TCFD recommendations](#)

### 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](#)



# 01

## COMMITMENT

Message from the CEO

Message from  
CR Committee Chairperson

Supporting International Initiatives

### > 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.



# 01

## COMMITMENT

### Message from the CEO

Message from  
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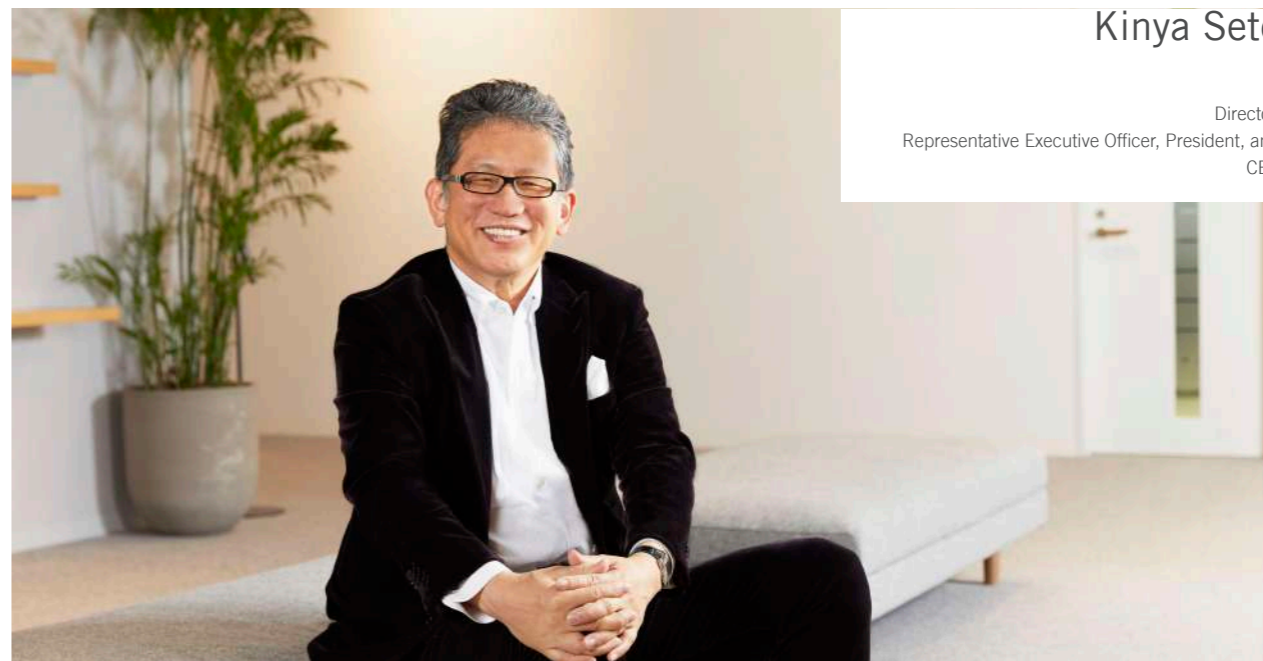
## MESSAGE FROM THE CEO

LIXIL is tackling social issues through our business operations in order to pursue our corporate purpose to make better homes a reality for everyone, everywhere. We are also delivering on a comprehensive Corporate Responsibility (CR) Strategy that contributes to the Sustainable Development Goals established by the United Nations and which provides value beyond financial results to stakeholders, ensuring the long-term viability of our business. Contributing to solving complex social issues and working with diverse stakeholders presents opportunities for value creation and lays the groundwork for our sustainable growth. Furthermore, to ensure that our LIXIL employees at the heart of these activities can achieve their full potential, we are focused on building an inclusive culture where diverse employees can thrive, promoting flexible work styles, and enhancing the employee experience.

### Contributing to Environmental Conservation through Our Business

As the consequences of climate change and other environmental issues intensify, at LIXIL, we believe that we can have a meaningful impact on reducing the environmental burden of society through our products and services as well as through our business activities.

To combat climate change at its source requires a fundamental shift in our working and living environment. LIXIL is committed to being a leader in this area. In



Kinya Seto

Director,  
Representative Executive Officer, President, and  
CEO

Japan, over 90% of existing homes do not meet current energy-efficiency standards. LIXIL can improve the energy efficiency of these homes with our high-insulation products, which will significantly contribute to Japan's decarbonization. As public awareness of the importance of such energy savings in housing is still low in Japan, we also engaged in advocacy activities in FYE2022.

Regarding water sustainability, we are making a critical impact by providing safe water through our water

purification technology and tackling the global sanitation challenges, through SATO and other initiatives.

In addition, LIXIL is promoting the use of recycled materials in aluminum and resin sashes and developing and commercializing sustainable materials made from waste plastic and wood. These initiatives facilitate the circular use of resources, reducing our environmental footprint and thereby contributing to the reduction of greenhouse gases.



# 01

## COMMITMENT

### Message from the CEO

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Supporting International Initiatives



Through these activities, we are making steady progress toward achieving our Environmental Vision 2050, which aims to achieve net-zero carbon emissions and preserve water and natural resources in operations, housing, and lifestyle solutions for future generations by 2050.

### Fostering an Inclusive Culture

LIXIL has established Diversity and Inclusion as a core pillar of our CR Strategy, supporting us to deliver on our purpose. We strive to improve the quality of life for all

people through our products and services, irrespective of their age, gender, and level of disability, leveraging the knowledge and perspectives of our diverse workforce.

We are taking a people-centric approach and establishing an inclusive culture and building an organization where a diverse workforce thrives. Through these measures, we are working to achieve sustainable diversity that leads to innovation and customer-centricity. We believe it is vital to create an inclusive environment where employees feel that they are treated fairly and that they matter to LIXIL and to monitor and support the well-being of each employee.

### Transforming Our Workstyle

Providing flexible working arrangements is critical to achieving an inclusive environment. LIXIL has been transforming how employees work through digitization, with the pandemic further increasing the demand for flexible work arrangements. Amid intensified competition for top talent, companies are expected to provide a work environment where employees can reach their full potential, develop their careers, and feel fulfilled at work.

For office-based employees, LIXIL has moved away from traditional ways of working, enabling employees to choose where, when, and how they work to match their individual lifestyles. This has empowered employees while also bringing an increased focus on productivity and efficiency.

LIXIL will not return to the ways of working seen pre-COVID-19. In August 2022, we will be moving our head office to a smaller office befitting our new workstyle. The new head office is designed not as the place where colleagues are expected to work but instead as a place for human connection, communication, and collaboration. In addition, the relocation and sale of land and buildings of the current head office will reduce head office operating costs and improve capital efficiency.

At LIXIL, we remain committed to contributing to society through our business activities. Partnering with various stakeholders, we will continue to aim to make better homes a reality for everyone, everywhere.

# 01

## COMMITMENT

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Message from  
CR Committee Chairperson

Supporting International Initiatives

## 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

In FYE2022, we made significant progress in further embedding sustainability across our business and strengthening our impact globally by offering environmentally friendly products that cater to the needs of diverse consumers. In line with the revision of the Corporate Governance Code in Japan, we reviewed the composition and governance of our CR Committee, which has led to more substantive and active discussions on sustainability as part of management strategy.

### Enhancing the Protection of Human Rights

During the past year we have also revised our Human Rights Principles. LIXIL is committed to respecting the human rights of all stakeholders and regularly update our policy to become a better protector of human rights. Last year's revisions include more detailed descriptions of the governance structure overseen by the executive officer in charge of legal

and compliance matters, the key areas of LIXIL's human rights issues identified in FYE2021, the human rights due diligence process, the commitment to reducing human rights risks through this process, and the concern-raising system.

Furthermore, to identify potential human rights risks at LIXIL, we conducted a company-wide human rights survey (including indirect employees) and obtained a response rate of approximately 60%. We also identified trends by region, organization, age, and other factors, as well as trends by human rights issue.

### Global Sanitation & Hygiene

Our social business SATO continues to gather momentum. SATO product shipments exceeded 1 million units globally for the third consecutive year. We are thus on track to deliver on our ambitious goal of improving the lives of 100 million people through safe sanitation and hygiene by 2025.

To tackle the global sanitation challenge, in FYE2022, we focused on corporate partnerships to facilitate change at scale. The new Partnership for Better Living with United States Agency for International Development (USAID) aims to accelerate the implementation of SATO and impact at least 2 million more people in the next five years. The scope of activities and regions of our MAKE A SPLASH! global partnership with UNICEF was expanded to three of the world's most populous countries: India, Indonesia, and Nigeria. SATO products are now in homes, schools, and public institutions in more than 45 countries worldwide.

# 01

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In the EMENA region, we expanded coverage of GROHE’s Energy for Life CRM campaign to 13 countries, driving further contribution to the MAKE A SPLASH! global partnership. We also opened 12 additional schools in 2021 under the GROHE Installer Vocational Training and Education (GIVE) program. The program also helps develop skilled installers who can solve local sanitation problems and improve the living conditions of many.

Even in the US, over 2 million people lack access to basic sanitation. LIXIL has provided an innovative and sustainable wastewater treatment solutions to tackle the sanitation challenges in Lowndes County in Alabama. The Alabama model has the potential to be scaled and help those who lack basic plumbing across the US.

### Water Conservation & Environmental Sustainability

LIXIL is committed to being a leading company in reducing environmental impact. To achieve our Environmental Vision 2050, we are focusing on Climate Change Mitigation and Adaptation, Water Sustainability, and Circular Economy.

To mitigate climate change, we are increasingly switching to renewable energy and reducing overall energy consumption in our plants, logistics centers, and sales offices. We also launched our high-performance window *TW* and fully remodeled all our sashes for new construction in Japan, as solutions to support Japan’s Green Growth Strategy for achieving CO<sub>2</sub> neutrality by 2050 through reducing emissions from housing.

To ensure water sustainability, we are monitoring and tracking our overall production consumption without compromising performance across all brands to reduce water and energy consumption. We are also expanding our line-up of touchless faucets, water-saving toilets, and other products equipped with water- and energy-saving and water-purification technologies that enhance environmental value of water across our global water brands.

Pursuing a circular economy, we continue to expand our *Cradle to Cradle Certified®* product portfolio. We are also working on a “product passport” in the form of a standardized Environmental Product Declaration (EPD), which increasingly are being requested in several markets in Europe (i.e. France and Nordics).

We recognize that environmental issues can be both risks and opportunities for us, and our environmental divisions, business units, and management are working together to promote our strategies and measures effectively. To further strengthen our efforts, we established the Environmental Strategy Committee in November 2021 and plan to announce our Environmental Strategy that highlights our medium-term strategy and sets a clear direction towards achieving our Environmental Vision 2050 in FYE2023.

### Diversity & Inclusion

We have been on a journey to embed D&I within the organization not only because it’s the right thing to do but also for its strategic value to strengthen our long-term

competitive advantage. By pursuing inclusion as our goal, we believe diversity will be the natural outcome. Driving inclusion will allow us to integrate more diverse knowledge and perspectives, better catering to the needs of our diverse customer base.

To effect this change, we have enhanced our global people policies, adding talent acquisition guidance to ensure that bias is removed from the hiring process and attract more diverse talent. Our talent management has been strengthened with mentoring programs, D&I training, and the identification of female talent through our People and Organizational Development (POD) process.

Listening to our employees is another critical element for LIXIL. We updated our employee survey, LIXIL VOICE, to be able to track critical drivers of Employee Experience.

We also launched five Employee Resource Groups targeted to strengthen links amongst employees based on shared characteristics, backgrounds, or life experiences and implemented a fully flexible working arrangement. Such initiatives to build an inclusive environment have also contributed to driving inclusion in our workforce.

At LIXIL, our CR Strategy is core to delivering on our corporate purpose. We are confident that we can live our purpose and create a positive impact for our stakeholders through executing our strategy.



# 01

## COMMITMENT

Message from the CEO

Message from  
CR Committee Chairperson

[Supporting International Initiatives](#)

## 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 FYE2022 we shared information with other parties as a member of Global Compact Network Japan working groups (supply chain, environmental management, training to instill the GC within the company, CSV, reporting, SDGs, and human rights due diligence).

[WEB](#) United Nations Global Compact

### › Sustainable Development Goals

LIXIL reflects the SDGs approach in our CR Strategy. To help achieve the SDGs as part of our business, we focus on the three pillars of our CR Strategy: Global Sanitation & Hygiene, Water Conservation & Environmental Sustainability, and Diversity & Inclusion.

In July 2021, we participated as a private company representative in the United Nation's High-level Political Forum on Sustainable Development (HLPF) and talked about the unique sustainable innovation generated by our SATO Toilet Solutions intended for use in emerging markets, as well as the importance of collaboration for improving global sanitary environments.

LIXIL was recognized in the 2nd Japan SDGs Awards for our contribution to solving sanitation and hygiene problems through our SATO business and by working with non-governmental organizations (NGOs) and international bodies to raise broader awareness of sanitation issues.



[CR](#) Three Strategic Pillars (P18)

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

[WEB](#) UN Sustainable Development Goals

Three Strategic Pillars and Their Relevance to the SDGs



Global Sanitation & Hygiene



Water Conservation & Environmental Sustainability



Diversity & Inclusion



# 01

## COMMITMENT

Message from the CEO

Message from  
CR Committee Chairperson

Supporting International Initiatives

### 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 disseminate information and hold events and campaigns related to the SDGs and LIXIL initiatives. We also post awareness-building videos and other materials on social media and YouTube.

## LIXIL × SDGs NEXT STAGE

**WEB** LIXIL x SDGs NEXT STAGE (Japanese only)

### 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.

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.

In FYE2022, Uchida also participated in a special class at Iwamatsu Kita Elementary School in Fuji City, Shizuoka as part of the Cool de Peace project, an awareness-building activity for preventing indoor heatstroke and improving protection from the sun, and helped deepen children's understanding.

In addition, the Atsuto Uchida' SDGs School! program on YouTube conveys information on various themes, such as sanitation and hygiene issues, climate change, and universal design.

Furthermore, as part of the Sanitation and Hygiene Action Project with Atsuto Uchida donation campaign designed to



Conveying SDGs-related information on YouTube

help achieve the SDGs, we convey information about the current situation with regards to toilets and handwashing habits around the world and relevant initiatives, and have also donated ¥700,000 to our MAKE A SPLASH! global partnership with UNICEF.

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

**CR** Cool de Peace Project (P90)

**CR** MAKE A SPLASH! (P89)

### 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 a proactive scenario analysis for some of our businesses under the support program provided by Japan's Ministry of the Environment.

In FYE2022, we further expanded our target businesses and analyzed the opportunities and risks, while also proceeding to form countermeasures. We will strive to disclose information according to the TCFD recommendations.

**WEB** Disclosure based on TCFD recommendations

# 02

## CR STRATEGY & GOVERNANCE STRUCTURE

CR Strategy

CR Governance Structure

### > CR STRATEGY & GOVERNANCE STRUCTURE

Based on our CR Strategy, we seek to resolve social issues through our business operations. We have set up a governance structure that enables us to take strategic action on those issues.





# 02

## CR STRATEGY & GOVERNANCE STRUCTURE

CR Strategy

CR Governance Structure

# 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."

We confirm the progress and results of each initiative every year based on action plans and KPIs determined to coincide with our material issues as we strive to achieve our goals.

CR LIXIL's Material Issues (P19)

LIXIL's Purpose

Make better homes a reality for everyone, everywhere

### Three strategic pillars

#### 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



Material issues  
Priority

- Global Sanitation & Hygiene

#### 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



- Climate Change Mitigation and Adaptation
- Water Sustainability
- Circular Economy
- Environmental Impact of Product Lifecycle
- Environmental Management

#### 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. Leverage the knowledge and perspectives of a diverse employee base as the driving force for growth and innovation, contributing to making better homes a reality for everyone, everywhere



- Diversity & Inclusion

Material issues that are labeled as "Priority" represent our three strategic pillars. We are promoting our CR activities with a focus on these material issues.

### The foundation of our CR activities

- |  |   |  |   |   |  |
|--|---|--|---|---|--|
| <p><b>High</b></p> <ul style="list-style-type: none"> <li>• Product Safety</li> <li>• Customer Satisfaction</li> </ul> | <ul style="list-style-type: none"> <li>• Employee Safety &amp; Wellbeing</li> <li>• Talent &amp; Development</li> </ul> | <ul style="list-style-type: none"> <li>• Ethics &amp; Integrity</li> <li>• Human Rights</li> </ul> | <ul style="list-style-type: none"> <li>• Corporate Governance</li> <li>• Risk Management</li> </ul> | <ul style="list-style-type: none"> <li>• Supply Chain Management</li> </ul> | <ul style="list-style-type: none"> <li>• Stakeholder Engagement</li> </ul> |
| <p><b>Medium</b></p> <ul style="list-style-type: none"> <li>• Information Security</li> </ul>                          | <ul style="list-style-type: none"> <li>• Tax Transparency</li> </ul>  | <ul style="list-style-type: none"> <li>• Responsible Marketing &amp; Advertising</li> </ul>        |   |   |  |

LIXIL's CR activities are based on promoting ethical business activities through initiatives designed to address the material issues (high and medium priority) described above.

# 02

## CR STRATEGY & GOVERNANCE STRUCTURE

CR Strategy

CR Governance Structure

### CR GOVERNANCE STRUCTURE

LIXIL holds quarterly Corporate Responsibility (CR) Committee meetings to ensure strategic action on sustainability issues.

In order to ensure a prompt and appropriate response across the whole of LIXIL, CR Committee members comprise executive officers and leaders from corporate functions and our business units.

The executive officer in charge of CR reports the results of CR Committee discussions and deliberations to the Board of Executive Officers, enabling necessary decisions to be made. The executive officers and functional leaders, who are in charge of promoting CR initiatives, also then communicate

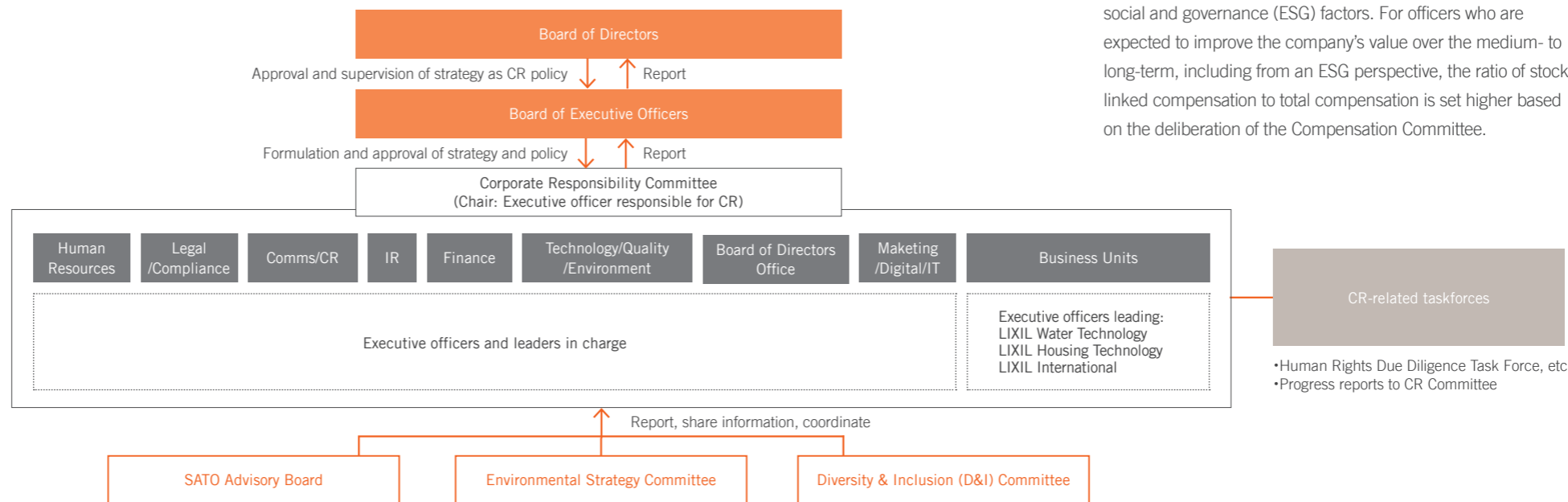
updates and decisions made in the CR Committee to their respective functions to facilitate action. Information is also shared at the CR Committee from other related committees that are deeply involved in CR activities.

In FYE2022, the structure and function of the CR Committee was rearranged to reflect revisions made by the Tokyo Stock Exchange to Japan's Corporate Governance Code and ensure ultimate oversight of sustainability issues by our Board of Directors. The position of the CR Committee as a venue for encouraging cross-divisional discussion of policies and measures has been strengthened, with more

senior leaders appointed to the committee.

Recent discussion in FYE2022 at the CR Committee included defining the KPI monitoring and tracking processes for material issues that were updated in FYE2021, risk assessment processes, creating a workplace and society that facilitate active participation of people with disabilities, and general progress and policies relating to human rights due diligence and TCFD, etc.

Regarding the compensation system for executive officers, we have introduced stock-linked compensation that helps encourage their contribution to improving the company's medium- to long-term corporate value, including environmental, social and governance (ESG) factors. For officers who are expected to improve the company's value over the medium- to long-term, including from an ESG perspective, the ratio of stock-linked compensation to total compensation is set higher based on the deliberation of the Compensation Committee.



As of March, 2022

Coordination with other committees connected to CR and ESG, management and tracking of commitments in CR priority initiative fields.

# 03

## HIGHLIGHTS

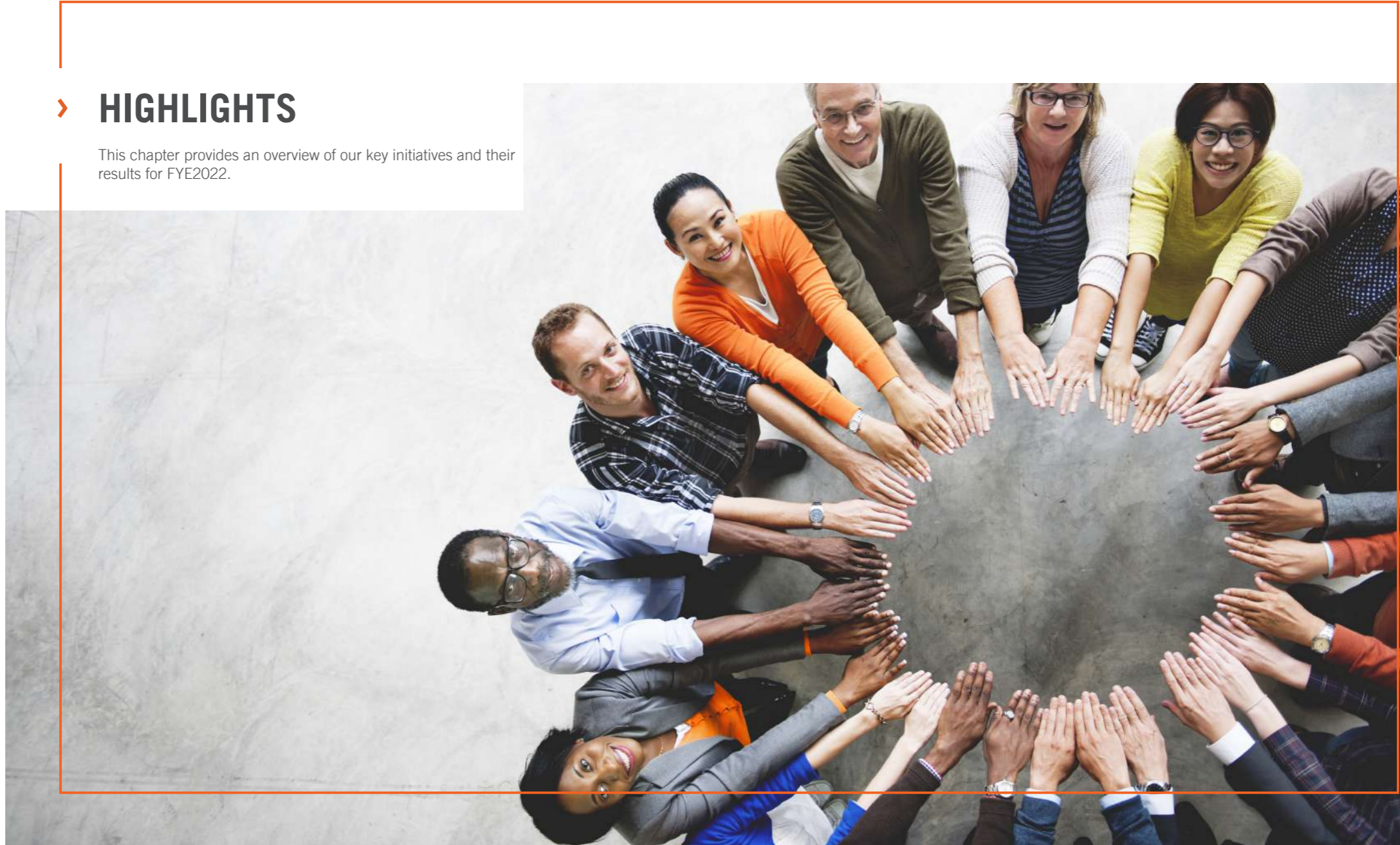
Accelerating Initiatives for Upholding Human Rights

Further Strengthening Relationships with Stakeholders

Protecting People from COVID-19

### > HIGHLIGHTS

This chapter provides an overview of our key initiatives and their results for FYE2022.





# 03

## HIGHLIGHTS

### Accelerating Initiatives for Upholding Human Rights

Further Strengthening Relationships with Stakeholders

Protecting People from COVID-19

## ACCELERATING INITIATIVES FOR UPHOLDING HUMAN RIGHTS

Respect for human rights forms the foundation of LIXIL business and sits at the very core of our CR activities. Based on the LIXIL Human Rights Principles, we have identified seven key issues as focus areas for mitigating potential human rights risks in order to promote initiatives to uphold human rights.

### › Revised Human Rights Principles

In FYE2022, we revised the Human Rights Principles that we had formulated in FYE2016 to strengthen our efforts to uphold human rights. We conducted the revisions by considering the global trends, international standards, and the criteria used by ESG-rating agencies, as well as the key human rights issues, current conditions, and challenges within LIXIL itself. Our Human Rights Due Diligence Task Force led the examination of the elements that need to be included in our Human Rights Principles. The revised principles have been approved by the Board of Executive Officers and signed by the CEO. Please refer to the following item for more details on the revision process and content.

**CR** Human Rights (P79)

### › Conducting Human Rights Risk Assessments of All Employees

LIXIL is using several methods in our human rights due diligence to identify and mitigate potential human rights risks. In FYE2021, we conducted a human rights risk survey of all staff at leader level or higher in departments closely linked to the key human rights issues. Then, in FYE2022, we conducted a survey of all global employees (including indirect employees).

### Survey Outline

- Timing: November 2021
- Scope: All employees working at LIXIL Corporation and its group companies (including indirect employees)
- Survey items: 23 items relating to LIXIL's key human rights issues
- Method: Online survey (response rate: 57%)

### Main Analysis Results

The rate of positive responses<sup>\*1</sup> to our human rights initiatives was very high at an overall average of 85%. Meanwhile, we also received a few negative responses<sup>\*2</sup> in some areas. The following trends were identified as issues that could result in potential human rights risks.

- By region: Japan exhibited a lower positive response rate than in other markets
- By age group: The older the employee and the longer they have been working for the company, the lower the positive response rate
- By job position: The positive response rate was lower among general staff compared to management staff
- By employment type: Business operations with a greater number of non-permanent employees showed a lower positive response rate

\*1 When respondents selected "Agree" or "Slightly agree."

\*2 When respondents selected "Disagree" or "Strongly disagree."

### Plans to Remediate Risk

We have formulated plans to mitigate potential human rights risks identified in the survey and are implementing the following remedies. Please refer to the following item for more details.

**CR** Remediation (P84)

Plans to remediate risk	Initiatives (examples)
Conduct and strengthen training, workshops, etc. to improve understanding of human rights (including promoting understanding of the concern-raising system and labor union activities)	<ul style="list-style-type: none"> <li>• Awareness-building activities and training relating to compliance, information security, D&amp;I, etc.</li> <li>• Conveying human rights-related information on internal social media</li> <li>• We also plan to implement human rights education to coincide with World Human Rights Day and hold seminars with outside experts.</li> </ul>
Strengthen communication and initiatives relating to career development	<ul style="list-style-type: none"> <li>• Empowering women in the workplace</li> <li>• Expanding systems to enable greater workstyle flexibility and support employees at different life stages</li> <li>• We are also reforming our human resources systems to encourage a more growth-oriented mindset, establish a commitment to meritocracy, and promote D&amp;I.</li> </ul>
Strengthen measures to optimize working hours and prevent overwork, encourage employees to take paid leave	<ul style="list-style-type: none"> <li>• Providing information on time management, etc.</li> <li>• Expanding frameworks for paid leave and encouraging employees to use them</li> <li>• We also plan to strengthen our management training programs given the important role that managers play in building a comfortable workplace for employees.</li> </ul>

### Future Plans

We will continue to monitor LIXIL's key human rights issues through our biannual LIXIL VOICE employee opinion survey. We also plan to conduct additional assessments to facilitate a more detailed analysis of any issues identified as potentially high risk in the employee survey. Through these efforts, we aim to enhance our understanding of the issues and formulate a solid response.

# 03

## HIGHLIGHTS

Accelerating Initiatives for Upholding Human Rights

Further Strengthening Relationships with Stakeholders

Protecting People from COVID-19

## FURTHER STRENGTHENING RELATIONSHIPS WITH STAKEHOLDERS

In FYE2022, we strove to strengthen our relationship with stakeholders through the following initiatives. Please also refer to the following item.

**CR** Stakeholder Engagement (P87)

### ESG Briefing

Following our first briefing focused on ESG in April 2021, we held our second ESG Briefing online in May 2022, with our CEO, Chairperson of the CR Committee, and two independent outside directors taking the stage. Entitled “Transformation for Impact,” we explained the paradigm shift in our business strategy and reform-focused initiatives.

Regarding the environment, we explained our governance system, the results of scenario analysis in line with the TCFD recommendations, our targets and progress updates, and initiatives to reduce environmental impact, all of which are aimed at addressing various risks and opportunities posed by climate change and other external changes. Regarding social aspects, we explained our initiatives and human resources strategies for building a more inclusive culture, and the achievements of our SATO business in the global sanitation and hygiene field. On the governance front, we explained how the supervisory frameworks and functions of the Board of Directors had evolved and how the Nomination Committee had enhanced its governance. We also engaged in dialogue with stakeholders by responding to questions during the Q&A session.

**WEB** 2022 ESG Briefing

**CR** Stakeholder Engagement (P91)

### Expanding Our Partnership with UNICEF

In 2018, LIXIL and UNICEF formed the MAKE A SPLASH! global partnership to help advance Global Sanitation & Hygiene, one of LIXIL’s strategic pillars. The partnership combines the two organizations’ complementary strengths to build viable sanitation and hygiene markets serving more people by expanding the availability, affordability, and quality of goods and services. In addition to developing market-driven programs designed to help children and families stop open defecation and access affordable and appealing solutions, we are offering sanitation education, building supply chains, nurturing talent, and conducting advocacy with government bodies.

So far, we have reached 2.9 million people in communities in Ethiopia, Kenya, and Tanzania. Building on these achievements, in November 2021, we announced our expansion to reach children and families living in India, Indonesia, and Nigeria, three of the most populous countries. In addition, the scope of activities of the partnership will also expand, focusing on:

- Sanitation and hygiene demand generation activities, design and supply of solutions based on user needs and preferences
- Leveraging financing for local suppliers and consumers and ultimately supporting the growth of sanitation economies in emerging markets
- Supporting the formation of policies and regulations based on national targets and strategies

**CR** Leveraging Global and Local Partnerships to Maximize Community Value (P26)

### Strengthen Information Disclosure Based on TCFD Recommendations

LIXIL strives to ensure the prompt and transparent information disclosure to earn the long-term trust of our stakeholders and continue to grow sustainably together with society.

We announced our support for the Task Force on Climate-related Financial Disclosures (TCFD) in March 2019, and we now disclose environmental information based on the TCFD’s recommended disclosures. In FYE2020, we conducted scenario analysis of LIXIL Housing Technology (LHT) window sash/door and zero-energy house (ZEH) promotion businesses based on the 2019 support program provided by Japan’s Ministry of the Environment to help companies performance scenario analysis of climate-related business risks and opportunities in line with TCFD recommendations.

In FYE2022, we worked to strengthen information disclosure based on TCFD recommendations. We extended the scope of our scenario analysis to include LIXIL Water Technology (LWT) Japan and LIXIL International, conducted risk and opportunity analysis, and devised countermeasures. We also launched a web page in June 2022 to disclose more detailed information on this analysis and the countermeasures.

**WEB** Disclosure based on TCFD recommendations

# 03

## HIGHLIGHTS

Accelerating Initiatives for Upholding Human Rights

Further Strengthening Relationships with Stakeholders

Protecting People from COVID-19

## PROTECTING PEOPLE FROM COVID-19

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

In FYE2021, we formulated a global framework that outlines organizational guidelines in a new normal environment, and are updating it as appropriate.

We are also pursuing initiatives that relate to the transformation in working styles, digitalization, product development, and globalization based on the various needs that have emerged during the pandemic.

### Developed SATO Tap Handwashing Station

Our SATO Tap handwashing station, developed in 2020 as a means of preventing the spread of COVID-19, can generate a stable but frugal flow with minimal water using water contained in a PET bottle and gravity.

In FYE2022, approximately 370,000 SATO Tap handwashing stations were donated in 11 countries across Africa and East and South Asia to provide a measure of protection from



SATO Tap handwashing station using a plastic bottle

COVID-19. Going forward, we will prepare for the commercial deployment of SATO Tap while also promoting handwashing and hygiene activities to help prevent the spread of COVID-19 through our partnership with UNICEF.

CR SATO Tap (P24)

### Protecting the Safety of Our Customers

We provide products with touchless functions and high ventilation performance, products that support teleworking, online showroom customer services, and information on how to improve housing ventilation.



Navish Hands-Free touchless faucet

### Protecting the Safety of Our Employees

We are promoting work-from-home and other flexible working systems, encouraging the use of digital tools to improve internal communication, and conveying advice and guidance on how to prevent the spread of infections. Our manufacturing sites also introduced flexible working systems and enhanced hygiene management. We also pay a COVID-19 allowance to employees. In FYE2022, the allowance was granted to front-line employees who work in plants or other premises or interact directly with customers.

### Protecting the Safety of Our Communities

We are working to develop products that help prevent the spread of COVID-19 around the world as well as donating hygiene products and equipment to local communities and raising awareness of hygiene habits.



Employee volunteers worldwide create and donate hygiene products



# 04

## MATERIAL ISSUES & THREE STRATEGIC PILLARS

LIXIL's Material Issues

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

### › MATERIAL ISSUES & THREE STRATEGIC PILLARS

We have identified material issues that we, our stakeholders, and society in general consider to be of the highest importance for achieving sustainable growth and improving our corporate value. We put a particular focus on our three strategic pillars, selected from among the material issues as areas where we can have the greatest impact.



# 04

## MATERIAL ISSUES & THREE STRATEGIC PILLARS

### LIXIL's Material Issues

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

## LIXIL'S MATERIAL ISSUES

LIXIL has identified material issues that we, our stakeholders, and society in general consider to be of the highest importance for achieving our company's sustainable growth and improving 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.

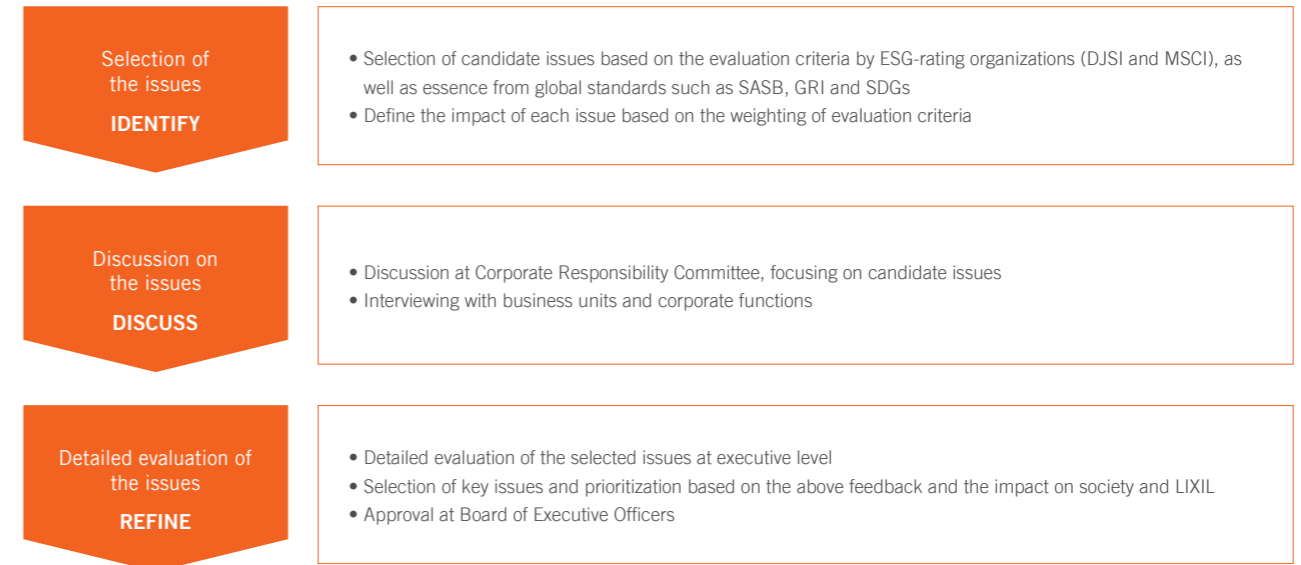
LIXIL's material issues are determined by selecting and evaluating issues from both a risk and opportunity perspective using the process outlined on the right, taking into consideration LIXIL's Purpose, Value Creation Process (VCP), management direction, Corporate Responsibility (CR) Strategy and other 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

Our material issues are 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. To learn more about the connection between the CR Strategy and our material issues, please follow the link below.

**CR** CR Strategy (P12)

### › Material Issues Selection Process



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

# 04

## MATERIAL ISSUES & THREE STRATEGIC PILLARS

### LIXIL's Material Issues

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

### ➤ 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 our 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** CR Strategy (P12)

Priority	 <b>Global Sanitation &amp; Hygiene</b>	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.
	 <b>Climate Change Mitigation and Adaptation</b>	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.
	 <b>Water Sustainability</b>	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.
	 <b>Circular Economy</b>	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.
	 <b>Environmental Impact of Product Lifecycle</b>	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.
	 <b>Environmental Management</b>	We will strengthen environmental management and compliance, including management of waste and chemical substances.
	 <b>Diversity &amp; Inclusion</b>	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.

High	<b>Product Safety</b>	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.
	<b>Customer Satisfaction</b>	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.
	<b>Employee Safety &amp; Wellbeing</b>	We promote health management for greater corporate value by prioritizing the safety of all employees.
	 <b>Talent &amp; Development</b>	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.
	<b>Ethics &amp; Integrity</b>	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.
	<b>Human Rights</b>	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.
	<b>Supply Chain Management</b>	We identify risks during procurement and promote stable supply and responsible procurement of products through cooperation with suppliers.
	<b>Corporate Governance</b>	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.
	<b>Risk Management</b>	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 company by having risk owners share and report the status of responses.
	<b>Stakeholder Engagement</b>	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.

Medium	<b>Information Security</b>	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.
	<b>Tax Transparency</b>	We strive to ensure tax transparency and implement appropriate tax payments.
	<b>Responsible Marketing &amp; Advertising</b>	We seek to provide appropriate information about our products and services.



# 04

## MATERIAL ISSUES & THREE STRATEGIC PILLARS

LIXIL's Material Issues

- 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 Issues

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

Those regularly defecating outdoors **494 million people**

Target

## Sanitation for All

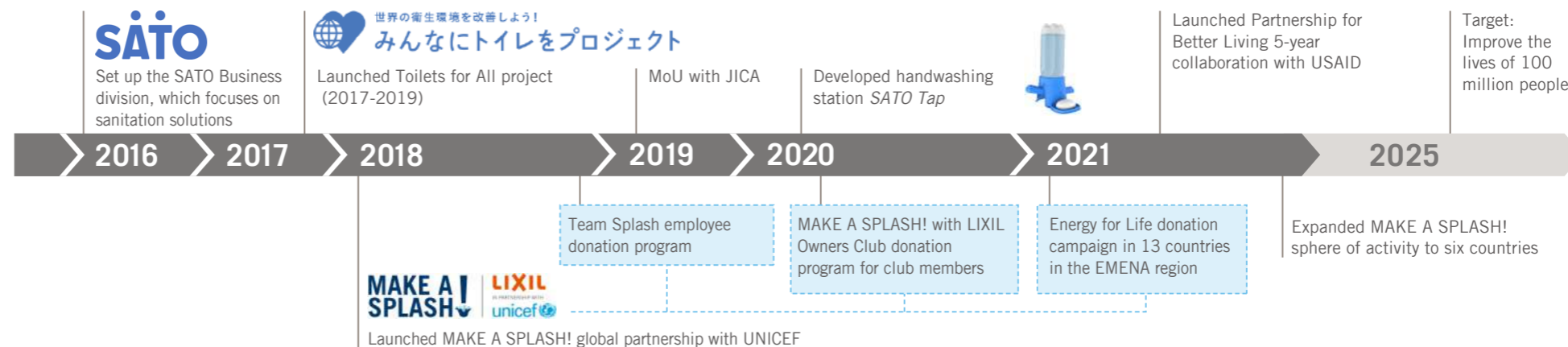
By 2025, improve the livelihood of 100 million people through sanitation and hygiene initiatives



Progress

- > Shipped **6.5 million** units of SATO products to date
- > Used in over **45** countries
- > Improved the lives of **35 million** people

#### Our Journey: Past and Future



# 04

## MATERIAL ISSUES & THREE STRATEGIC PILLARS

LIXIL's Material Issues

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

### › Situation on the Ground

An estimated 1.7 billion people, or about one-fifth of the global population, live without access to safe, sanitary toilets, and approximately 494 million people regularly defecate in the open. The human cost is devastating with over 700 children under five dying daily from diarrheal diseases caused by unsanitary living conditions. Roughly 2.3 billion people, or one in three of the global population, lack basic handwashing facilities at home, increasing the risk of rampant infectious disease, such as COVID-19.

The lack of safe, clean toilets and handwashing facilities is a crisis crippling opportunities for growth and development across entire regions. Lack of access to sanitation also leaves people, especially women and girls, exposed to the danger of animal attacks and sexual assault while seeking somewhere more private to defecate and contributes to the gender gap in education when girls who have started menstruating feel reluctant to attend classes. Global economic losses from poor sanitation in 2015 were estimated at \$223 billion.<sup>\*1</sup> A 2021 report from WHO and UNICEF on the Sustainable Development Goals (SDGs) No. 6 (Clean water and sanitation) called for a quadrupling of progress to achieve the ambitious targets for 2030, including Target 6.2.<sup>\*2</sup> To achieve this, we need renewed collaboration between governments, non-governmental organizations (NGOs), private companies, and various other sectors in tackling sanitation and hygiene issues. And that is precisely what we set out to do.

\*1 2016 True Cost of Poor Sanitation Survey by Oxford Economics, WaterAid, and LIXIL

\*2 "Progress on household drinking water, sanitation and hygiene 2000-2020" by WHO/UNICEF

**WEB** The True Cost of Poor Sanitation

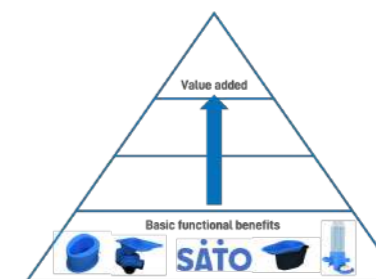
### › Our Strategy

Global sanitation and hygiene is one of LIXIL's three strategic pillars for addressing urgent global issues under our corporate purpose to "make better homes a reality for everyone, everywhere," and is positioned as a priority among our material issues. We have set out to improve sanitation and hygiene for 100 million people around the world by 2025 through the introduction of innovative and affordable toilet and hand hygiene solutions.

Our SATO brand is the primary driver for achieving our ambitious goal. Originally launched with a single product, SATO now offers a diverse line of affordable, durable, and innovative toilet and hygiene products and accessories. SATO Toilet Solutions, *Connection Systems*, and *SATO Tap* are tailored to the specific characteristics and needs of each region, and are designed to empower people everywhere so they can have a better every day life and a brighter future. SATO's affordable solutions are complemented by value-added products that help further improve the quality of life over time, while also creating a market demand for products higher in the pyramid.

SATO's innovative sanitation and hygiene solutions are being used in increasing volumes in over 45 countries worldwide, earning wide praise. However, we cannot achieve

the desired impact through product innovation alone. SATO uses a comprehensive approach that extends to the training of local masons and entrepreneurs, and to the development of reliable local manufacturing and distribution capabilities under our Make-Sell-Use business model. We also pursue imaginative outreach methods for raising awareness of global sanitation and hygiene challenges among people in urban and rural areas with the most urgent needs. This is a work in progress, but, thanks to our newly extended global partnership with UNICEF, our formalized partnership with the United States Agency for International Development (USAID), and links with Japan International Cooperation Agency (JICA) and other NGOs, local manufacturers, and retailers, we are now pressing ahead with our 100 million target and building sustainable frameworks that help improve sanitary environments and quality of life and empower rural entrepreneurship.



### Regional Issues and Solutions

Region	Issue	Solution	Features
Rural and urban areas	Many households and schools lack toilet facilities	SATO Toilet Solutions	<ul style="list-style-type: none"> <li style="width: 50%;">• Low price</li> <li style="width: 50%;">• Water-efficient flushing</li> <li style="width: 50%;">• Simple installation</li> </ul>
Regions without basic handwashing facilities	Lack of water supply, handwashing facilities, and water resources	<i>SATO Tap</i>	<ul style="list-style-type: none"> <li style="width: 50%;">• Affordable</li> <li style="width: 50%;">• Uses small amount of water</li> <li style="width: 50%;">• Compact</li> <li style="width: 50%;">• Easy to operate</li> <li style="width: 50%;">• Portable</li> </ul>

# 04

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### > SATO Toilet Solutions

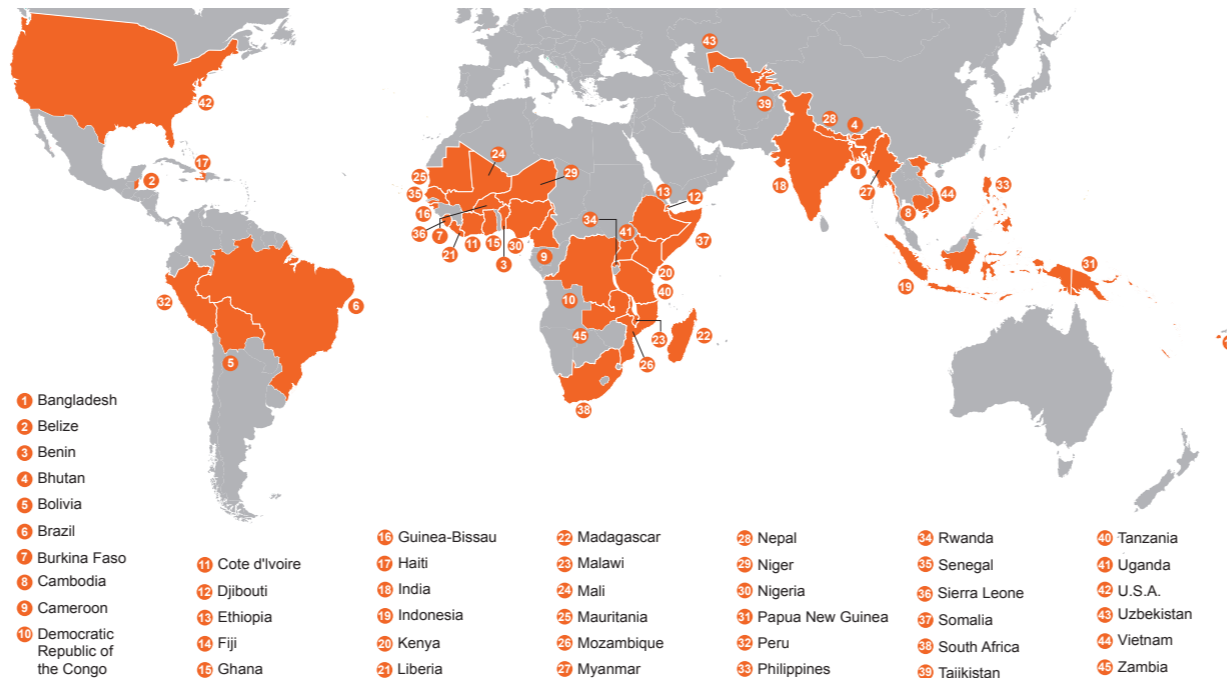
SATO Toilet Solutions are a range of simple and aspirational, yet affordable, toilets and connection systems designed for use in rural and urban areas lacking access to reliable sanitation. Flushing requires less than one liter of water, using a counterweight trapdoor that otherwise remains closed to 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 – SATO's first market – in 2013.

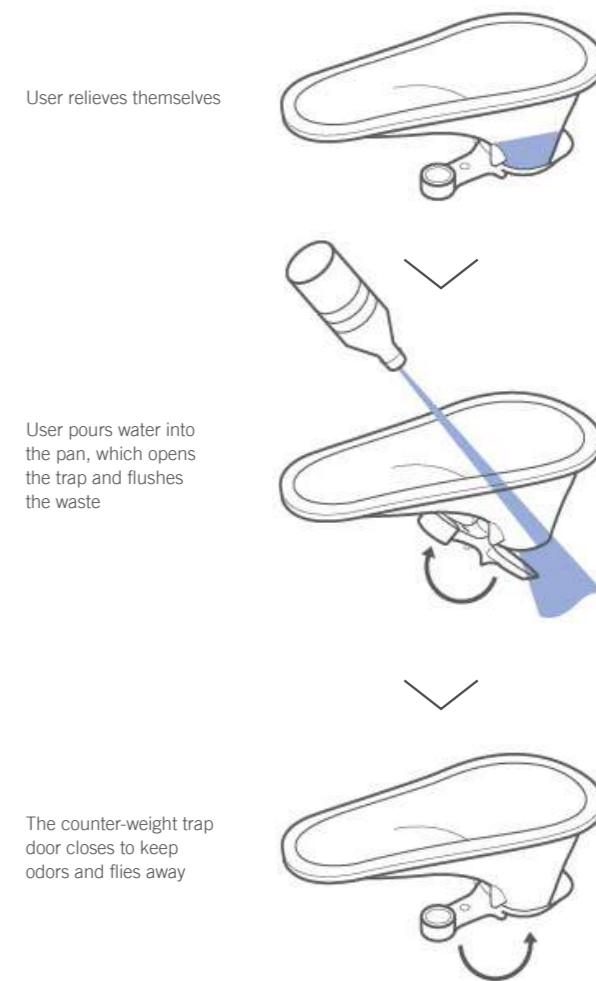
SATO products are currently manufactured in six countries of Asia and Africa. Approximately 6.5 million units\* have been distributed to 45 countries, contributing to better sanitation for an estimated 35 million people (as of June, 2022).

\*The number of SATO products shipped to date.

Countries Where SATO Toilet Solutions Are Used



How SATO toilets work





# 04

## MATERIAL ISSUES & THREE STRATEGIC PILLARS

LIXIL's Material Issues

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### › SATO Tap

*SATO Tap* was developed in FYE2021 as an affordable handwashing solution for use in the home or local community to help prevent the spread of COVID-19. Since FYE2021, we have used *SATO Tap* to raise awareness of the importance of hygienic practices in various regions and to improve accessibility to handwashing, ultimately helping prevent the spread of infectious diseases.

*SATO Tap* uses water in a plastic bottle of various shapes and sizes and uses gravity to release a minimal but stable water flow. As little as 100ml is needed for each hand wash, which is 90% less water than needed with a traditional tap. With a plastic base and nozzle that can easily be manufactured, its simplicity helps keep production costs and retail prices low. Plastic bottles are typically easy to access and, as the *SATO Tap* promotes their reuse, this product also helps reduce plastic waste. To quickly deliver the product to

areas with the most urgent need, production started in India with an existing network of partners in the SATO business, as well as in Tanzania.

Since its launch 370,000 units were donated by LIXIL to 11 countries in Africa, East Asia, and South Asia through our partnerships with UNICEF and other NGOs in the wake of the pandemic. Following investment by LIXIL in manufacturing capabilities in Africa and India, *SATO Tap* is now ready to be offered as a commercial product. The outlook for commercial sales is positive, as market testing resulted in half of those surveyed saying they would prefer to have more than one tap in their home, while potential customers in water-scarce regions pointed to the low water consumption as a major selling point.

*SATO Tap* was conceived by an employee involved in developing SATO Toilet Solutions while he was infected

with COVID-19. He recognized the urgent need to develop solutions for households which lack water, soap, handwashing facilities, and effective handwashing habits. 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* is now being used across underserved communities to promote affordable and sustainable handwashing. For example, in India, LIXIL joined forces with JICA to convey the importance of handwashing in rural areas, schools, and hospitals through Achhi Aadat (Good Habits) Campaign, a series of animation-enhanced lectures and hands-on *SATO Tap* experience sessions.

**WEB** [Sato Tap](#)

**VIDEO** [Sato Tap](#)



*SATO Tap* handwashing station using a plastic bottle



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



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

# 04

## MATERIAL ISSUES & THREE STRATEGIC PILLARS

LIXIL's Material Issues

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

### › Diverse Products Tailored to Local Needs

We now offer an increasingly diverse range of SATO products to reach a broader range of customers' needs and create a sustainable social business. These include the traditional *SATO Pan* for constructing latrines, the *Flex Pan* for more affordable retrofit, and the *SATO Stool* to help engage children, older people, or people with physical challenges. SATO's *Connection Systems* for offset pit latrines, the *I-Trap* and the *V-Trap*, enable rapid installation and make it easier to achieve safely managed sanitation.

In India, for example, where the government promoted a twin-pit system, we developed the *V-Trap* toilet system to address local problems of clogging and time-consuming installation. By replacing the traditional, fixed approach to installation with an adjustable V-shaped unit that also uses our unique trap door, the *V-Trap* toilet enables fast, reliable installation of a twin-pit latrine. That, when combined with a SATO toilet, reduces the risk of clogging and requires approximately 80% less water per flush than conventional toilets. Twin-pit latrines built with SATO are an affordable and effective way to achieve safely managed sanitation in India, and in broader markets.



Installing *V-Trap* toilet

**VIDEO** How *V-Trap* Works

### › Nurturing Human Capital and Rural Entrepreneurship through SATO Operations

In addition to product innovation, we collaborate with local manufacturers and NGOs to build regional production capacity and sales systems, and nurture local human capital to maximize the benefits and impact of SATO product installations. We do this through our Make-Sell-Use business model that seeks to create sustainable local sanitation economies by fostering rural entrepreneurship, generating regional employment, and facilitating continuous local improvements.

The training of local masons and plumbers who install SATO toilets is key. To date, more than 19,000 people, including women and young people, in India, Uganda, Nigeria, Tanzania, and other countries have participated in free training programs designed in conjunction with NGOs and international organizations. These training programs are generating improvements in toilet installations and income. We have also started leveraging digital platforms not only to continue mason training during the pandemic, but also to drive demand for rural mason marts and for our local retailers and partners as we seek to engage more people in greatest need of improved sanitation in rural and urban communities.

### › Inventive Hygiene Education Improves Sanitation for Broader Communities

We pursue targeted projects that also help radiate greater awareness and wider use of toilets and hand hygiene solutions across broader communities.

Our School Toilet Enhancement Program (STEP) aims to

upgrade toilets and handwashing facilities in 145 schools across Africa by March 2023, reduce sanitation-related infections for students, and spread awareness among parents and surrounding communities. We are seeking to engage public and private partners to scale up the project, influence toilet design, and ensure inclusivity with a broader range of toilet solutions.

The Sons and Daughters of the Soil (SODAS) campaign run by USAID in Uganda encourages urban workers to convey sanitation improvements when visiting their rural hometowns, and uses outreach programs and social media campaigns to teach local residents how to use the *SATO Pan* to upgrade open pit toilets. A 2021 user survey suggested SATO toilets are the product of choice for affordable, accessible, and durable sanitation and USAID estimates 750,000 people will benefit from the campaign.

Our Gram Vaani campaign in India uses interactive voice recording to transmit stories that emphasize the importance of good sanitation and the impact of SATO products to regions with little or no internet connectivity. This is an illuminating example of how we are seeking to increase awareness among the hardest-to-reach consumers in an extremely low-touch, low-cost way.



A training session in Uganda

# 04

## MATERIAL ISSUES & THREE STRATEGIC PILLARS

LIXIL's Material Issues

- **Global Sanitation & Hygiene**
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- Diversity & Inclusion

### › Leveraging Global and Local Partnerships to Maximize Community Value

Partnerships are essential for maximizing the impact of our sanitation and hygiene products and marketing and sales activities. We benefit from the strengths of various global organizations, specialist organizations, NGOs, and business partners to help us tailor products, build local production and network hubs, and drive market demand through skills training, sales promotion, and awareness building.

#### UNICEF

In FYE2022, LIXIL expanded our MAKE A SPLASH! global partnership with UNICEF to tackle the sanitation challenge in India, Indonesia, and Nigeria, three of the world's most populous countries. This expansion complements the original partnership launched in FYE2019 which reached 2.9 million people in Ethiopia, Kenya, and Tanzania. The partnership aims to collaborate on new product lines, leverage financing to support local sanitation economies, and to support policy and regulations that strengthen the sector.

In Tanzania, we have been cooperating on a government-driven campaign to ensure universal toilet access by 2025. In India, we installed SATO toilets under UNICEF's #FlushTheVirus campaign to support healthcare professionals during the COVID-19 pandemic. We also collaborated on SATO Tap prototype tests in Bangladesh, India, Tanzania, Kenya, and Ethiopia, enabling us to commercialize the product based on feedback from potential users and retailers.



**WEB** MAKE A SPLASH!

#### USAID

Building on the Memorandum of Understanding (MoU) signed in October 2020, LIXIL and the United States Agency for International Development (USAID) launched a new five-year cooperative agreement, the Partnership for Better Living (PBL), in October 2021 to improve sustainable access to basic sanitation for two million people by 2026 through the deployment of SATO toilets and SATO Tap handwashing stations in up to 11 countries in sub-Saharan Africa and Asia. The PBL is LIXIL's first direct partnership with USAID, who will co-invest \$10 million.

#### 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. Since FYE2021, we have been working together in India to raise awareness of hygienic practices such as handwashing. We also collaborated with JICA in

FYE2021 to provide a webinar on global sanitation and hygiene to government officials involved in public health from five African countries.

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, to lobby governments to promote sanitation measures, and to 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. As co-founder of the Toilet Board Coalition, we have served as chair, and we are now assisting with the running of the organization, mentoring entrepreneurs who tackle sanitation problems, and engaging in advocacy.



# 04

## MATERIAL ISSUES & THREE STRATEGIC PILLARS

LIXIL's Material Issues

- **Global Sanitation & Hygiene**
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- Diversity & Inclusion

### › Together with Japanese Customers

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

In FYE2020, we donated a portion of the sales of integrated shower toilets to the Toilets for All Project under our MAKE A SPLASH! global partnership with UNICEF. Approximately ¥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 an initiative in November 2020 whereby we donate ¥10 to MAKE A SPLASH! for every purchaser of a LIXIL product who registers as a member of the LIXIL Owners Club.

We also convey information relating to global sanitation and hygiene issues through our website and a YouTube channel as part of our LIXIL x SDGs NEXT STAGE activities designed to help achieve the SDGs together with LIXIL customers, business partners, and children that will form the next generation in Japan. In FYE2022, LIXIL's SDGs ambassador Atsuto Uchida, a former Japan national team football player, led the Sanitation and Hygiene Action Project with Atsuto Uchida during which he introduced the current situation with regard to sanitation and hygiene and LIXIL's initiatives in a video. We made a donation to the MAKE A SPLASH! campaign based on the number of views.

**CR** MAKE A SPLASH! (P89)

**CR** LIXIL Owners Club (P76)

**CR** LIXIL x SDGs NEXT STAGE (P10)

### › 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. Most recently, we are recognized for the innovative new *SATO Tap* launch.

- Deputy-Chiefs' Award given by Japan's Minister of Foreign Affairs, 2nd Japan SDGs Award
- Time's Best Inventions of 2020 (*SATO Tap*)
- Fast Company World Changing Ideas: Finalist for Pandemic Response and Developing-World Technology categories (*SATO Tap*)

### › Designing Toilets for the Future

LIXIL believes that everyone should have access to safe sanitation and hygiene. With a team of specialists in technology, design, and product development, LIXIL is leading the creation of experimental new toilet systems across multiple initiatives.

LIXIL began collaborating with the Bill & Melinda Gates Foundation in 2018 on a household "reinvented toilet," and is contributing to the next phase of this initiative in collaboration with Georgia Tech University under the G2RT Project. The off-grid system is designed to safely treat human waste on site, without the need for transport or later treatment. The first units from the consortium are in pilot testing.

SATO is researching the use of inexpensive treatment solutions for pit latrines to complement the SATO portfolio of products, creating a platform for more solutions for safely managed sanitation in rural and peri-urban communities.

LIXIL is piloting innovative sanitation and water efficiency solutions in the US where two million people live without basic access to sanitation. Building on the successful start to an initial pilot of treatment technologies in rural Alabama, LIXIL announced the establishment of LIXIL Public Partners to strengthen collaboration with the public sector including exploring ways to scale this pilot to new communities and to test additional solutions.

# 04

## MATERIAL ISSUES & THREE STRATEGIC PILLARS

LIXIL's Material Issues

- 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

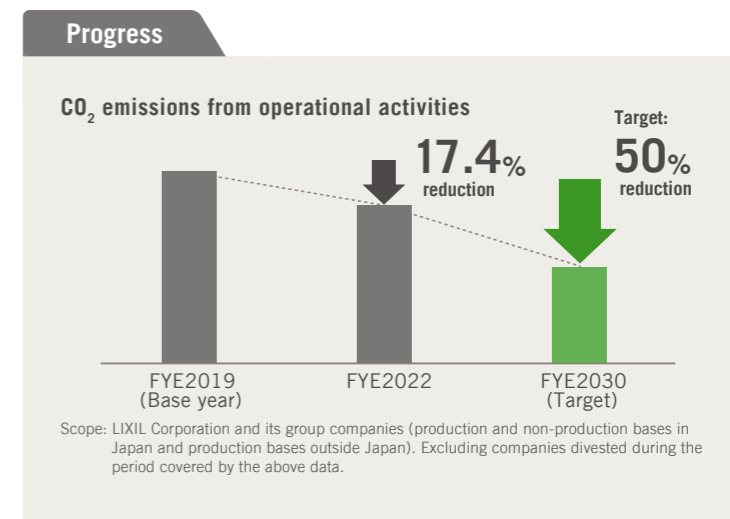
World energy consumption **30%** is consumed in buildings (residential: 22%, non-residential: 8%)  
 Those likely to experience water stress by 2050 **4 billion** people (Over 40% of global population)  
 Global resource consumption **Double** by 2050

### 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





### Our Journey: Past and Future



\* Excluding use-phase emissions from products that indirectly consume energy such as during water heating.

# 04

## MATERIAL ISSUES & THREE STRATEGIC PILLARS

### LIXIL's Material Issues

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

### › Situation on the Ground

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 CO<sub>2</sub> 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 Strategy

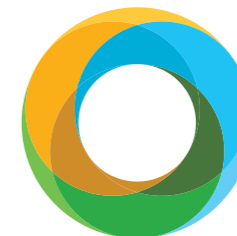
In order to realize LIXIL's Purpose of "making better homes a reality for everyone, everywhere," we have determined Water Conservation & Environmental Sustainability as one of the strategic pillars of our CR Strategy and positioned the following five areas as priority material issues.

- (1) Climate Change Mitigation and Adaptation
- (2) Water Sustainability
- (3) Circular Economy
- (4) Environmental Impact of Product Lifecycle
- (5) Environmental Management

**CR** LIXIL's Material Issues (P19)

### LIXIL Environmental Vision 2050

The LIXIL Environmental Vision 2050, which was compiled in FYE2020, declared a commitment to Zero Carbon and Circular Living and made the material issues (1)-(3) on the left as focus areas for realizing the vision. As a springboard for promoting these focus areas, we have been striving to reduce environmental impact throughout the product lifecycle (4) and to strengthen our company-wide environmental management (5). 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.



**ZERO CARBON AND CIRCULAR LIVING**

### Three Focus Areas to Achieve Our Vision



#### CLIMATE CHANGE MITIGATION AND ADAPTATION

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



#### WATER SUSTAINABILITY

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



#### CIRCULAR ECONOMY

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

# 04

## MATERIAL ISSUES & THREE STRATEGIC PILLARS

### LIXIL's Material Issues

- 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 is the major source of CO<sub>2</sub> emissions in the 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 CO<sub>2</sub> 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 in order to advance climate adaptation.

#### 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.

To that aim, we seek to create additional environmental value for water by encouraging the use of water purification technologies and products and services that reduce water consumption, such as water-saving toilets and faucets, and smart water controllers. At sites that use water for manufacturing, we take appropriate steps to improve water efficiency, recycle water, and manage wastewater.

#### 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. We are also pursuing initiatives based on the LIXIL Plastics Action Statement to reduce the amount of plastic used, recycle plastic, and develop alternative materials.

**PDF** LIXIL Plastics Action Statement (1.3MB)

### › Initiatives to Achieve Our Vision

LIXIL has managed to reduce CO<sub>2</sub> emissions from operational activities by a much larger degree than originally targeted in our five-year medium-term environmental plan through FYE2021 by pursuing energy-saving activities at our plants and offices, promoting technological development aimed at greater energy efficiency, and using renewable energy. We are also actively promoting the recycling of waste in order to reduce waste at our production sites worldwide, and we have seen particularly significant improvements in recycling rates in Asia.

#### Formulating New Medium-Term Targets

In FYE2022, we pursued initiatives in each of the three focus areas based on single-year targets and also analyzed and discussed the formulation of new medium-term targets in each area, which then enabled us to compile new medium-term targets\*<sup>1</sup> in the area of climate change mitigation and adaptation. By FYE2031, we aim to reduce CO<sub>2</sub> emissions from our operational activities (Scope 1 and 2) by 50% compared to FYE2019 and to reduce CO<sub>2</sub> emissions from supply chains (Scope 3) by 30%\*<sup>2</sup> compared to the same year.

We are working to determine medium-term targets for water sustainability and circular economy in FYE2023.

\*<sup>1</sup> Currently preparing for SBT revalidation of the renewed targets (as of July 29, 2022).

\*<sup>2</sup> Excluding use-phase emissions from products that indirectly consume energy such as during water heating.

Activity details:

**CR** Environment (P53)

**WEB** LIXIL Sharpens CO<sub>2</sub> Mid-term Targets in Roadmap to Climate Neutrality



# 04

## MATERIAL ISSUES & THREE STRATEGIC PILLARS

LIXIL's Material Issues

- 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. Leverage the knowledge and perspectives of a diverse employee base as the driving force for growth and innovation, contributing to making better homes a reality for everyone, everywhere.

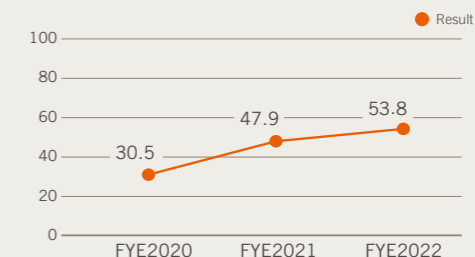
Progress

### Ratio of new female graduate and post-graduate hires

Scope: LIXIL Corporation in Japan

Result **53.8%**

Target **Over 50%**



### Our Journey: Past and Future



- Targets:
- Percentage of female directors and executive officers: 50%
  - Percentage of female managers across LIXIL: 30%
  - Maintain gender parity in new graduate recruitment in Japan

# 04

## MATERIAL ISSUES & THREE STRATEGIC PILLARS

LIXIL's Material Issues

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

### › Situation on the Ground

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 Strategy

LIXIL is committed to providing products and services that meet the diverse needs of customers in order to realize our goal of making better homes a reality for everyone, everywhere. To achieve sustainable growth by ensuring a truly customer-centric approach and realizing innovation that meets diverse needs, we believe it is important to build inclusive environments that enable a diverse range of employees to demonstrate their true potential. To that aim, we actively promote diversity and inclusion (D&I).

Our D&I Strategy seeks to embed a culture of inclusion across LIXIL and to achieve gender equity by 2030. We are also focusing on creating workplaces where people with disabilities feel empowered as another key D&I promotion pillar.

We aim to leverage the knowledge and perspectives of a diverse workforce to provide universal design (UD) products and services that help improve the quality of life of various people worldwide, regardless of age, gender, or ability/disability.

To help realize a sustainable society in which all people feel valued and empowered, we also conduct awareness-building activities to promote understanding of people with disabilities and collaborative research with universities.

### › Promoting D&I

In FYE2018, LIXIL published our D&I Declaration. In FYE2020, we set up our Global D&I Department, which is tasked with developing common global measures for promoting D&I. Then, in FYE2021, we established the D&I Committee, which consists of our CEO and other executive officers and leaders. To further promote D&I across our organization, we also conducted a D&I survey of all employees in FYE2021, and used the results to gain a clear grasp of the current situation and any issues and to update our D&I Strategy.

The D&I Strategy has been updated to incorporate new focused targets and measures for achieving gender equity. In FYE2022, we formulated an action plan to achieve those targets, and we are gradually implementing measures that incorporate D&I perspectives into our talent development and improvement of workplaces.

We are also focusing on creating workplaces that make it easier for employees with disabilities to play an active role in order to help achieve our ultimate aim of embedding culture of inclusion.

**CR** Diversity & Equal Opportunity (P38)

**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 managers 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:

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

# 04

## MATERIAL ISSUES & THREE STRATEGIC PILLARS

LIXIL's Material Issues

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

### ▶ Promoting Universal Design

#### LIXIL UD Concepts and Policies

LIXIL researches and develops products based on UD concepts and policies.



LIXIL Universal Design Policy

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

#### Stronger Communication of UD Concepts

LIXIL has strengthened digital communication to ensure we provide the right information about our UD concepts and products to customers and business partners. We did this by revising our UD website in December 2020 and launching a public toilet information site in March 2022.

The UD 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 older people.



**WEB** LIXIL universal design (Japanese only)

# 04

## MATERIAL ISSUES & THREE STRATEGIC PILLARS

LIXIL's Material Issues

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

### Promoting UD in Living Spaces

#### DOAC Front Door Electric Opening System

LIXIL launched the *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 enables people with disabilities, older people, and others to get in and out of the house easily. In September 2021, we achieved the world's first "hands-free operation" of a front door by adding new functions that support voice control as well as tap control using smartphones.

*DOAC* was developed in our Business Incubation Center, a business division tasked with developing entirely new and unique high 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.



WEB *DOAC* (Japanese only)

#### KINUAMI U: Bathing Assistance Foam Shower

NITTO CERA Corporation, a LIXIL subsidiary, has started selling the *KINUAMI U* foam shower to hospitals and nursing homes across Japan since December 2021.

Assisting with bathing is one of the heaviest tasks of nursing care work because it includes lathering soap, washing the care recipient's body, and rinsing with hot water. *KINUAMI U* can reduce the caregiver's workload by producing large amounts of soft, warm foam that envelops the care recipient's whole body to wash them. *KINUAMI U* also makes care recipients feel comfortable and less reluctant about being seen during bathing since their whole body is wrapped in warm foam.

LIXIL introduced a crowdfunding marketing method together with NITTO CERA to work on the development of *KINUAMI U*. This generated much higher-than-expected fundraising income, and also helped us understand its high demand in the nursing care sector. Following trial operations, we started selling the *KINUAMI U* to hospitals and nursing care facilities across Japan.

Our aim going forward is to provide more people with safe and reliable care situations.



WEB *KINUAMI U* (Japanese only)

WEB Other examples of LIXIL's UD products and services (Japanese only)

### Promoting Inclusive Public Toilets

LIXIL aims to realize a public toilet system that everyone can use comfortably and with peace of mind to help solve one of the biggest barriers to achieving an inclusive society, namely public toilets.

#### 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 is loaded onto a vehicle so it can be installed anywhere when necessary. Installing these vehicles at event venues that typically don't provide enough barrier-free toilets, such as sports events, helps increase the range of places wheelchair users can go. This initiative is helping to realize a society that enables everyone to go where they want to go and do what they want to do, irrespective of their level of ability or disability.



PDF *Mobile Toilet* (Japanese only) (600KB)



# 04

## MATERIAL ISSUES & THREE STRATEGIC PILLARS

LIXIL's Material Issues

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

### Gender-Neutral Toilets That Enable People to Choose Their Preferred Stall

LIXIL installed an inclusive toilet facility in the LIXIL Tokyo headquarters in FYE2020.

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.



### Public Toilets That Are Easy for Anyone to Use

LIXIL built a suite of LIXIL PARK toilets for use by the public from July to September 2021. The toilets, which used our *withCUBE* portable booths to facilitate the flexible creation of private spaces in any location, were segregated according to function, not gender, based on the concept of “peace of mind and comfort for all.” LIXIL PARK represented a new kind of public toilet proposal by displaying five types of function-specific unisex toilet cubicles designed to serve the differing needs of wheelchair users, ostomates, and people

with accompanying infants. We also prepared two types of private spaces: a nursing space and a calm-down space.\*

\* Calm-down space: A space to come to block out outside noise and calm your feelings. A place to calm or preempt any sense of panic. We envisage this space could be used by people with developmental or intellectual disabilities, mental health issues, or dementia for example.



**PDF** LIXIL PARK (Japanese only) (440KB)

**WEB** *withCUBE* (Japanese only)

### Information Platform: LIXIL Public Toilet Lab

In March 2022, we set up the LIXIL Public Toilet Lab on our UD website to curate information on public toilets. The website digs deep into the issue of toilet access from the perspectives of human rights and the SDGs. We intend to use it as a tool for conveying LIXIL's ideas and proposals relating to public toilets and considering the best options together with specific toilet users.

**WEB** LIXIL Universal design (Japanese only)

**WEB** LIXIL Public Toilet Lab (Japanese only)

### 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 Prosthetic Limb 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.

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** Universal Run: Sports Prosthetic Limb Experience Class (P91)

**CR** LIXIL's Outreach Classes (P94)

# 05

## OUR PEOPLE

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

### > 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

Employee Safety & Health

### > Highlights

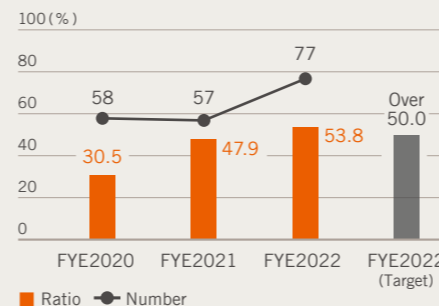
**Target** Build a strong corporation and workplace where all employees can achieve their fullest potential.



#### Diversity & Equal Opportunity

Ratio of new female graduate and post-graduate hires

**Result** **53.8%** **Target** **over 50%\***



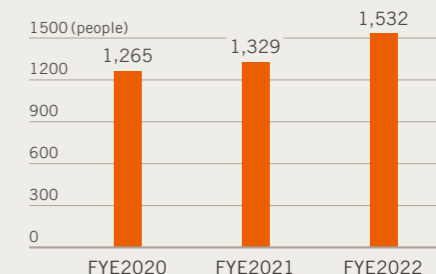
Scope: LIXIL Corporation's bases in Japan  
\* Achieved our 30% target for FYE2021 and set a new target of 50% for FYE2022 onward.



#### Talent Development

Programs for training next-generation leaders  
Number of participants

**Result** **1,532** people



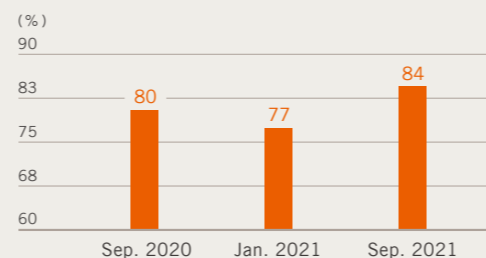
Scope: LIXIL Corporation's bases in Japan



#### A Rewarding Workplace

Employee opinion surveys  
Response rate

**Result** **84%**



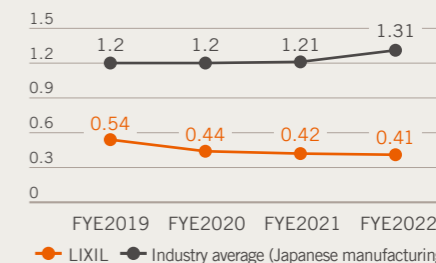
Scope: LIXIL Corporation and its group companies. Covers direct employees.  
\* The LIXIL Heartbeat survey was conducted every two years through FYE2020 but was replaced by the LIXIL VOICE biannual survey in FYE2021.



#### Employee Safety & Health

LTIFR<sup>\*1</sup>  
(Directly and indirectly hired employees)

**Result** **0.41**



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 Corporation and its group companies. Regarding companies divested in FYE2022, covers the results through the month before divestment.

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



# 05

## OUR PEOPLE

### Diversity & Equal Opportunity

A Rewarding Workplace

Talent Development

Employee Safety & Health

## DIVERSITY & EQUAL OPPORTUNITY

LIXIL is committed to respecting diversity and recruiting and developing high caliber talent across the company. 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 and determined our priority areas for D&I to promote initiatives. In April 2021, we updated our D&I Strategy. We have stated that our goal is to embed a culture of inclusion across LIXIL and achieve key gender equity goals by 2030.

To help achieve this goal, in FYE2022, we determined action plans for talent development and acquisition and for creating an inclusive working environment, and have been gradually implementing relevant initiatives.

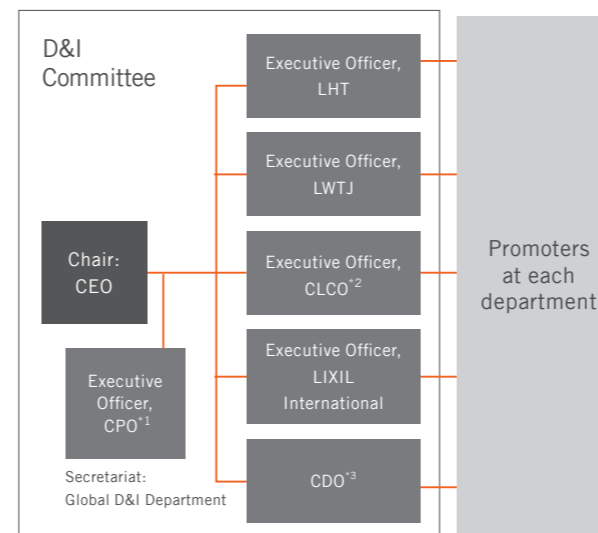
We are also seeking to strengthen D&I more broadly in order to embed a culture of inclusion across the company. As part of that drive, we are focusing on creating a workplace where people with disabilities play an active role.

**CR** Diversity & Inclusion (P31)

### 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 leaders, and updated our D&I Strategy and promotion measures. The D&I Committee implements various measures based on the D&I Strategy, and the results of the committee discussions and deliberations are reported to the Corporate Responsibility (CR) Committee to accelerate D&I initiatives across our organization.

**CR** CR Governance Structure (P13)



D&I promotion structure

\*1 CPO: Chief People Officer  
 \*2 CLCO: Chief Legal & Compliance Officer  
 \*3 CDO: Chief Design Officer

### Fostering an Inclusive Culture

In FYE2022, we newly pursued the following activities in order to embed the inclusive culture that we declared as a goal of our D&I Strategy.

We have launched five Employee Resource Groups (ERGs) on a global scale focusing on Better Together, Multi-cultural, Ability, Working Parents & Caregivers, and LGBTQ+. ERGs are employee-driven groups that strengthen ties between employees when conducting activities. We assign an executive officer to each group to support the group's activities as an executive sponsor.

We also conduct workshops and e-learning on a global scale designed to promote understanding of D&I elements such as unconscious bias and psychological safety. In FYE2022, LIXIL International conducted over 90 D&I workshops which were attended by over 1,200 employees. In Japan, we offered e-learning opportunities for all employees, with 81% of employees and 93% of managers having completed the course to date.

We also added inclusion as one of the KPIs in our biannual LIXIL VOICE employee opinion surveys. This enables us to gain a clear grasp of employee awareness of D&I promotion and the current situation, which we can then reflect in our strategies and measures.

**CR** Employee Listening Systems (P44)

**CR** Encouraging Employee Activities (P42)



# 05

## OUR PEOPLE

### Diversity & Equal Opportunity

A Rewarding Workplace

Talent Development

Employee Safety & Health

### Empowering Women in the Workplace

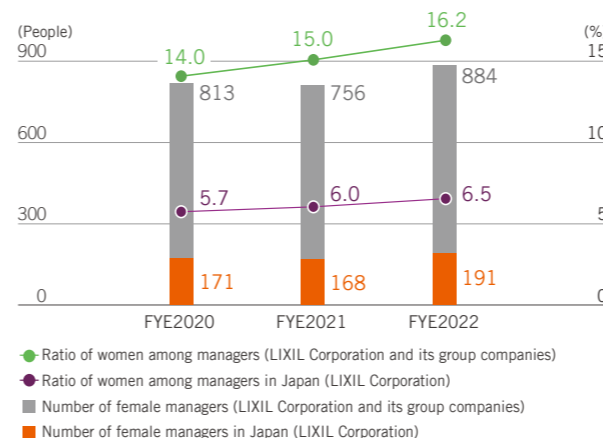
LIXIL is accelerating gender equity based on our CEO's commitment. As part of our drive to correct gender inequality, in FYE2022, we incorporated a D&I perspective into our People and Organizational Development (POD) processes designed to help formulate successor development plans for key positions, and identified key female talent across the company. As of FYE2022, women constituted 27% of the selected successor candidates.

We are also working to develop high-potential employees through our selective NEXT and NEXT 2nd next-generation talent development programs regardless of gender, which were launched in Japan in FYE2021. In addition, we are focusing on creating environments in which employees can continue to advance their career even after childbirth and childcare leave. This includes offering opportunities to discuss future career goals and available support systems with managers.

As a result of these efforts, the percentage of female managers in Japan has increased from 0.9% in March 2012 to 6.5% in March 2022.

We also set suitable targets for the percentage of women in each region around the world by job level, race, etc. and are making efforts to achieve them. In the EMENA region, we held a D&I workshop focusing on gender balance as part of our efforts to achieve gender equity, and discussed issues in business or innovation and potential action plans.

### Number and Composition Ratio of Female Managers



Scope: Directly hired employees worldwide only. Excluding companies divested in FYE2022 and consolidated subsidiaries with 100 or fewer employees in Japan.  
\* Data collected based on the qualification system used at each operating company.

### 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, 2021, LIXIL had 442 employees with disabilities in Japan, constituting 2.42%\* of the total workforce.

In 2014, LIXIL launched our 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.

We have been making various efforts and considerations to improve job assignments and 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.



Held an employee-driven sign language workshop in Japan

# 05

## OUR PEOPLE

### Diversity & Equal Opportunity

A Rewarding Workplace

Talent Development

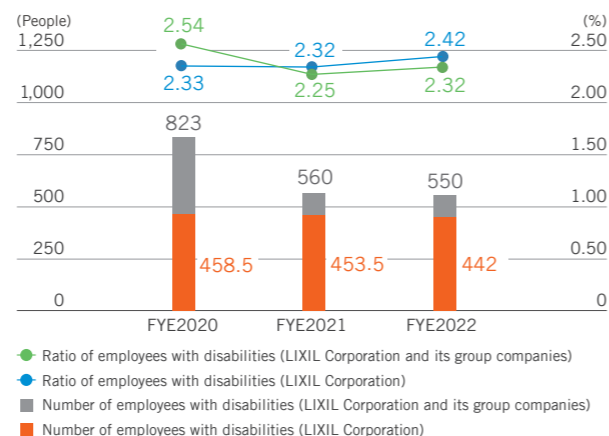
Employee Safety & Health

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.

Fueled by our aim to embed a culture of inclusion, from FYE2023, we will continue to focus on creating a workplace where people with disabilities play an active role, while also working harder than ever to conduct external awareness-building activities and joint research with universities.

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

Number and Percentage of Employees with Disabilities



Scope: Directly hired employees in Japan only. Excluding companies divested in FYE2022 and consolidated subsidiaries with 100 or fewer employees.  
 \* Employee numbers on June 1 of each fiscal year.  
 \* The percentages were calculated based on the Employment Rate System for Persons with Disabilities issued by the Ministry of Health, Labour and Welfare.

### 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. 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 held 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 also 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.\*

We have been working to further improve our working environments by installing a toilet facility in the LIXIL Tokyo headquarters in FYE2020 with cubicles that do not distinguish between male, female, adult, child, and person with or without disabilities.

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



Sexual minority-friendly logo

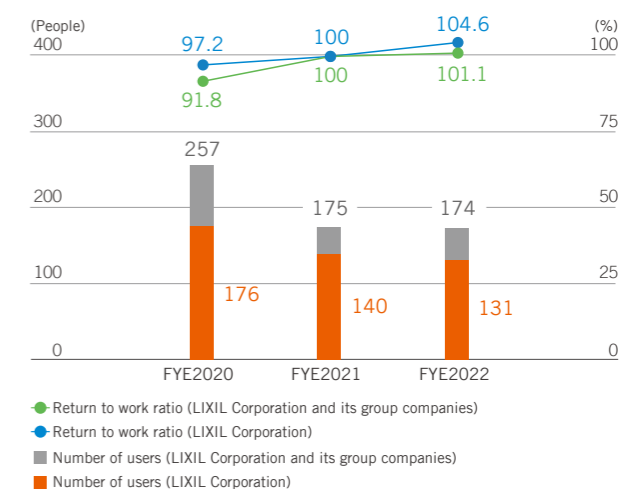
CR Gender-Neutral Toilets (P35)

### Supporting a Healthy Work-Life Balance

At LIXIL in Japan, 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 created frameworks to further expand mechanisms for supporting flexible workstyles, childbirth, and childcare. From FYE2023, we will introduce initiatives to extend systems for supporting shorter working hours and encouraging male employees to take childcare leave.

Number of Childbirth Leave Users



Scope: Directly hired employees in Japan only. Excluding companies divested in FYE2022 and consolidated subsidiaries with 100 or fewer employees.  
 \* Number of employees who started childbirth leave during each fiscal year.

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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

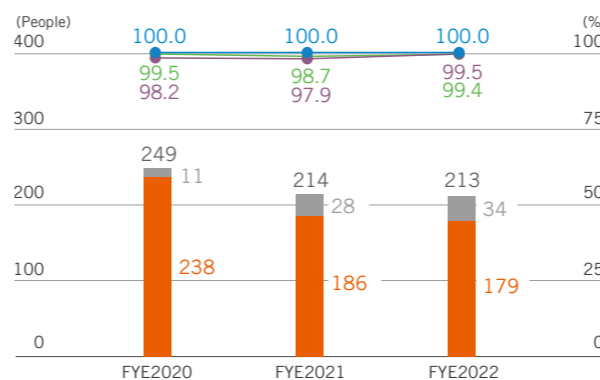
In FYE2021, we created a new 10-day paid leave for employees with preschool-age children (Childcare Leave system) and for employees who have to care for family members (Family Care Leave system). We also set up a Self-Care Leave system that covers morning sickness and fertility treatment in addition 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.

### 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. From FYE2023, our system for shortened working hours for childcare purposes will be extended until the child is in the sixth grade of elementary school. We have also extended the period during

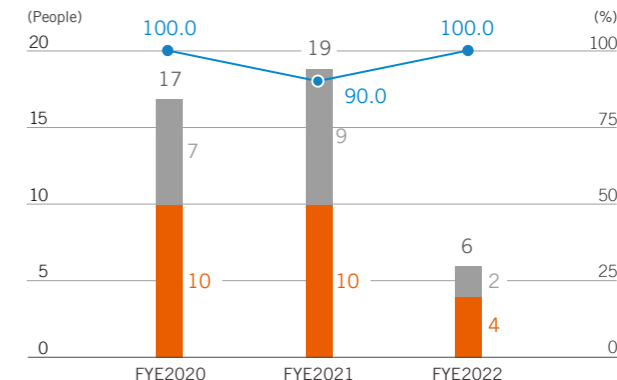
### Number of Childcare Leave Users



Scope: Directly hired employees in Japan only. Excluding companies divested in FYE2022 and consolidated subsidiaries with 100 or fewer employees.

**WEB** Scope and details of employee-related data

### Number of Nursing-Care Leave Users



Scope: Directly hired employees in Japan only. Excluding companies divested in FYE2022 and consolidated subsidiaries with 100 or fewer employees.

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

**CR** Promoting Flexible and Diverse Working Styles (P43)

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### Developing and Supporting Diverse Human Resources

#### Encouraging Promotion to Management Positions

Based on our 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.

LIXIL Americas has set a goal to achieve an internal staff composition by race that mirrors the overall mix in the US by 2030. LIXIL 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 (P46)

#### 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.

We have also launched a global group that focuses on multiculturalism as one of our ERGs, and are implementing initiatives to promote greater understanding of racial diversity.

#### Encouraging Employee Activities

LIXIL has established frameworks to support employee-driven activities. The employee networks in Japan and LIXIL Americas encourage employees to get together voluntarily to share and solve their problems and to improve individual skills. For example, the working parents network, which focuses on how to balance work and childcare responsibilities, holds monthly online lunch meetings where participants get to share any concerns or issues and formulate a course of action to solve those problems. Another example is our Mimishiru team run primarily by employees with hearing disabilities who hold sign language classes for people without hearing disabilities.

In FYE2022, we expanded these activities and set up global ERGs focusing specifically on Better Together, Multi-cultural, Ability, Working Parents & Caregivers, and LGBTQ+.



**CR** Fostering an Inclusive Culture (P38)

### #BreakTheBias Campaign for International Women's Day 2022

LIXIL launched an internal campaign to support the #BreakTheBias theme of International Women's Day 2022. We used our internal social media to help deepen the understanding of unconscious bias and share relevant studies. We also created a video that explains examples of gender bias.

In addition, we sought to ignite employee awareness by distributing a video with our Chief People Officer (CPO) talking about female empowerment.



Distributed a video showing examples of gender bias



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## A REWARDING WORKPLACE

We seek 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, across the entire company.

### › Our Approach

LIXIL promotes workplace diversity and inclusion to create an environment that inspires pride in the company and enables each employee to maximize their productivity and potential.

Based on our Kawaranaito LIXIL initiative aimed at revitalizing our business in Japan, our focus on workstyle reform drives the expansion of our systems to support employees with childcare or nursing care responsibilities and encourages employees to utilize their paid leave, all with the aim of creating a workplace where employees can work with peace of mind.

We seek to foster a growth-oriented mindset and firmly establish meritocracy to enable employees to remain inspired and enthusiastic in their work. To that end, in FYE2022, we laid the groundwork for a review of our qualifications and job grade systems, personnel evaluation systems, and compensation systems. We intend to evolve our human resources systems from FYE2023 onward.

### › 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 Flexible and Diverse Working Styles

In Japan, LIXIL is 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 flextime system around core working hours with a new Superflex system that will make it even easier for employees to independently select their working hours.

Even in a post-COVID world, LIXIL does not intend to return to conventional ways of working, but rather intends to continue to embrace flexible workstyles. In that vein, in FYE2022, we set flexible guidelines around whether employees could work from home depending on the nature of their job and their working environment, and developed various allowances to facilitate this process.

We also formally introduced a system that permits employees to work concurrently for other organizations to encourage diverse and flexible workstyles and boost employee autonomy.

### Supporting Workstyles That Suit Individual 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.

**CR** Supporting a Healthy Work-Life Balance (P40)

#### Designating the Office as a Place of Communication

Alongside LIXIL's efforts in workstyle reform, we are planning to relocate headquarters to streamline office space and leverage the workplace as a space for communication, collaboration, and connection between people that will fuel the creation of new ideas and greater operational efficiencies.

**WEB** LIXIL Continues Work Style Transformation with Move to New HQ

### › Encouraging Individual Employee Growth

LIXIL is reforming our human resources systems in Japan in order to encourage a more growth-oriented mindset that promotes innovation, firmly establish a commitment to meritocracy, and promote D&I. This will create an environment that enables everyone to demonstrate their full abilities, regardless of age, gender, and other factors and supports the individual growth of all employees.

In FYE2022, we considered how to revise our systems with an emphasis on developing qualifications and job grade systems that drive people to challenge themselves, personnel evaluation systems that encourage personal and organizational growth, performance-linked compensation systems, and

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benefits that support well-being. We took the first step in April 2022 by reviewing the grading and compensation systems for managers and updating those systems to a simple, and readily understandable alternative system that better reflects employees' abilities and achievements.

To support the well-being of our employees, we introduced a points system that can be used across a variety of benefit options such as travel and self-development. We also revised various systems to ensure even safer and more comfortable working environments.

### › Employee Listening Systems

In FYE2022, LIXIL launched an Employee Experience initiative, focused on various values experienced throughout the employee life cycle to increase employee engagement. We are developing and continually improving our employee listening strategy to deepen our understanding of the touchpoints that impact an employee's affinity toward the company and motivate them in their work.

Furthermore, we have been conducting an awareness survey of all employees since 2015 and using the survey results to improve workplace environments. In FYE2021, we adopted the LIXIL VOICE survey that leverages new digital tools and increased the survey cadence to twice a year so we are able to react to employee voices in an agile manner as we promote changes in workstyles and instill a more customer-oriented mindset through the Kawaranaito LIXIL project. In FYE2022, we revised the survey to enhance the focus on employee experience and established new KPIs to measure engagement, inclusion, well-being, and intent to stay.

The survey conducted in September 2021 held an 85% response rate, the highest of the past three surveys, as well

as a higher engagement score than the previous survey. Through targeted measures such as on-site CEO visits, we are currently working to better understand the situation at sales bases and factories, where the engagement score was comparatively low, and improve working environments at factories. In the past, it took several months to analyze survey results, but this can now be done instantaneously using the LIXIL VOICE survey methodology. This enables us to take action and address issues in a more agile manner.

Based on survey results, our Human Resources Department drives the effort to understand, address, and mitigate company-wide issues. At the departmental level, we distribute dashboards to departmental managers to communicate the teams' survey results, and conduct training for individual managers across the company. We are seeking to implement highly effective action at the departmental level through these efforts.

### › To Embed the LIXIL 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. We are working to instill our LIXIL Behaviors across the whole company that guide how each employee should think and act in their daily work in order to achieve this purpose.

We are working to deepen understanding by, for instance, encouraging both management and employees to post their own views concerning the LIXIL Behaviors on the internal social media.

Over 120 employee volunteers have participated in activities as ambassadors that embody and promote the LIXIL Behaviors, and have planned and implemented

mechanisms for instilling the Behaviors through workshops and gatherings. The hand signs created mainly by employees with hearing disabilities is just one example. LIXIL has established the NIJI office where we provide support for workers with disabilities and promote the active participation of diverse human resources. In order to enable employees with hearing disabilities to understand the Behaviors more deeply, we have created hand signs to express the Behaviors, and distributed videos illustrating those signs in Japan.

**LIXIL**

**LIXIL's PURPOSE**

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

**LIXIL BEHAVIORS**

- › DO THE RIGHT THING
- › WORK WITH RESPECT
- › EXPERIMENT AND LEARN

**WEB** Our Purpose and Behaviors

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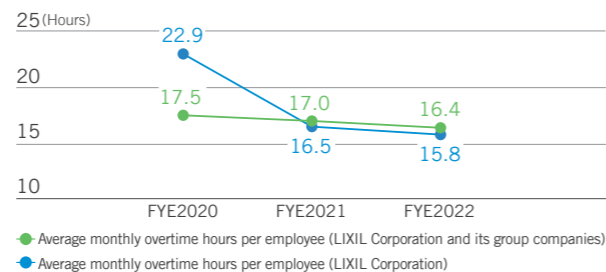
### › Preventing Overwork

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 FYE2022, the number of days of paid leave taken was lower than in the past due to the impact of pandemic stay-at-home restrictions, but overtime work decreased dramatically thanks to the advancement of work-from-home arrangements and IT infrastructure, which is helping to generate greater productivity and more flexibility in workstyles.

#### Average Monthly Overtime Hours per Employee



Scope: Directly hired employees in Japan only. Excluding companies divested in FYE2022 and consolidated subsidiaries with 100 or fewer employees.

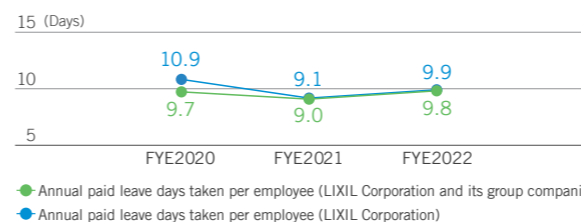
### › Labor-Management Relationship

LIXIL believes that efforts to build a relationship of trust between the union and the company and to seek to establish good working environments help create a fair and rewarding workplace and lead to improved business performance. We have 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, 2022).

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 we work to resolve any issues.

The labor union is also aware of the issues surrounding the reform of human resources systems that LIXIL is pursuing, and the union and the company are working together to promote these initiatives. When working conditions and/or other systems are newly introduced or

#### Paid Leave Days Taken per Employee



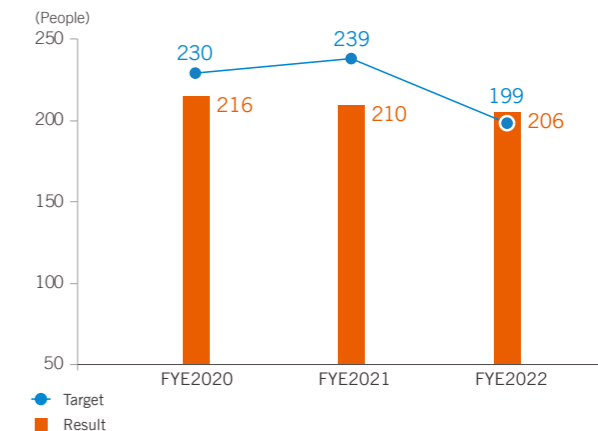
Scope: Directly hired employees in Japan only. Excluding companies divested in FYE2022 and consolidated subsidiaries with 100 or fewer employees.

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 the Human Resources Department, 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 we operate by employing technical college and high-school graduates as local permanent employees at our plants.

#### Local Employment at Plants



Scope: Plants in Japan (excluding group companies)

**WEB** Scope and details of employee-related data

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## TALENT DEVELOPMENT

We support a systematic and structured talent development program and encourage all employees to proactively develop their own careers.

### › Our Approach

If our employees are the driving force behind value creation, talent development should be regarded as one of LIXIL's material issues to be viewed from a long-term perspective. 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 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.

From FYE2022, we launched initiatives that support the ability of management-level talent to bring out the best in their team members, with a particular focus on manager effectiveness.

We are also accelerating the training of high potential female employees to become managers and leaders. As one of the key pillars of LIXIL's enterprise D&I Strategy, we are committed to achieving gender equity at LIXIL by raising the percentage of female directors and executive officers to 50% and the percentage of female managers to 30%, both by 2030.

### › Our System

LIXIL holds People & Organizational Development (POD) conferences in all major organizations with our CEO, Chief People Officer (CPO), and leaders of our business units, and creates an annual next-generation training plan to cover key positions in line with our management direction. In FYE2022, we have created a list of approximately 650 potential successors for 250 major 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 and implement 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 leadership training.

### › Overview of Talent Development

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

#### 1 Basic School for Improving Fundamental Skills

A range of learning opportunities are offered to employees to match their individual skill levels, career stages, and career visions so they can acquire the necessary competencies. From FYE2022, we started offering internal online training focused on raising the overall digital capabilities across the company, which also allows people to choose the skills they want to learn and the level of difficulty.

#### 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 corporate functions and business units.

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

To accelerate the shift toward merit-based systems and a more diverse management-level talent portfolio, we are implementing selection-based talent development programs called NEXT and NEXT 2nd that focus on practical on-the-job training. The NEXT program is designed for company executive candidates and the NEXT 2nd program is designed for managerial candidates. We are also developing a Global Challenge Program designed to develop globally minded talent that offers employees the opportunity to work in an office outside Japan for a period of one year.

**CR** NEXT & NEXT 2nd Programs: Developing Next Generation Leaders (P48)



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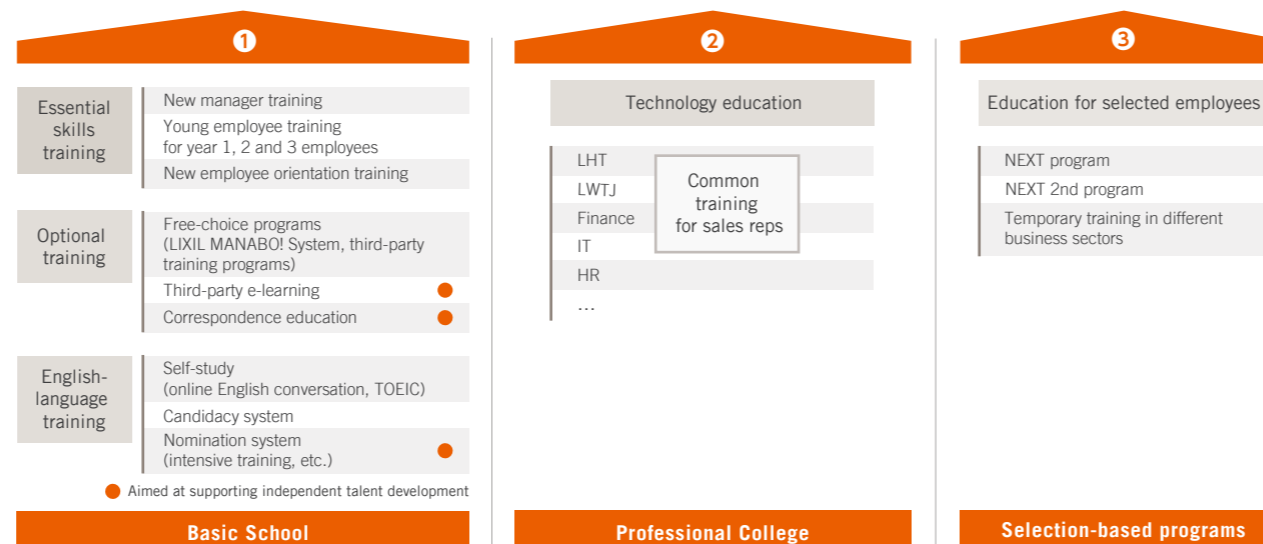
Employee Safety & Health

### LIXIL Training System

Company-wide: improving fundamental skills

Professional development for each technology function

Next-generation education



### Training and Education Support Programs Conducted in FYE2022

Item	Training Summary	Participants
NEXT program	A Selection-based talent development program designed for company executive candidates	61
NEXT 2nd program	A Selection-based talent development program designed for managerial candidates	142
New employee training	Basic training for employees newly entering the company	330
Corporate position-specific training	Training to develop skills and capabilities required at each position level	865
Management training	Training for employees being promoted to management positions	196
Division training	Training in each division to develop skills and capabilities respectively required for product development, production, sales, and other lines of work	50,302

Scope: LIXIL Corporation's bases in Japan

### Annual Training Hours and Costs per Employee (FYE2022)

Scope	Training hours	Training costs
In Japan	22.6 hours	¥57,585
Global	15.9 hours	¥36,796

Scope: Directly hired employees only. Excluding consolidated subsidiaries with 100 or fewer employees and group companies in Japan.  
\*Training hours include online learning.

**WEB** Scope and details of employee-related data

### Offering Diverse Educational Programs

In Japan, LIXIL advocates self-motivated management of career paths as a key component of our Kawaranaito LIXIL human resource program to support career development and training for all generations. We promote 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.

In FYE2022, we introduced a LinkedIn Learning platform for global executive or managerial candidates. The platform helps to improve our managerial training programs by offering an impressive range of over 17,000 training materials in seven languages, including courses, videos, and webinars given by experts.

LIXIL 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.

The EMENA region 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.

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### › Career Development Support

We are developing a global company-wide Career Journey project designed to motivate every employee and encourage them to think independently in their job. In Japan, for example, we are developing frameworks that enable employees to challenge themselves in their careers based on their own vision through our self-declared career plan system. We provide employees with access to our internal Job Posting recruiting system and ensure they have a chance to discuss their desired career path with their manager at least once a year.

In FYE2022, we enhanced our support of proactive career development by introducing a system that enables employees to have concurrent jobs outside the company and trialing a new system that permits employees to allocate 20% of their working hours to another position within the company.

### › Evaluation Framework

To ensure growth and positive results are fairly rewarded, employees of all major LIXIL 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, 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.

### NEXT & NEXT 2nd Programs: Developing Next Generation Leaders

We want to create a human resources structure in which diverse talent can assume important positions, regardless of age. To that aim, we operate our NEXT and NEXT 2nd programs, which are designed to identify and develop talented human resources with the potential to become the next generation of leaders based on merit-based credentials.

#### Program Overview

	NEXT	NEXT 2nd
Target	Those recommended by each department as future executive candidates	Those recommended by each department as future managerial candidates
Development goal	Aim to become a general manager, director, or senior manager within about three years	Aim to be promoted to a managerial position such as group leader within about three years

Based on recommendations from individual departments and assessment results, we design tailored development plans co-created by the selected individual and the manager in charge of their development, and accelerate their growth through highly challenging stretch assignments tailored to their development plans. We also aim to develop the qualities and skills expected of leaders by offering cross-value training in our NEXT program and leadership competency training in our NEXT 2nd program. In addition to conducting regular one-on-one meetings between the candidate and the manager in charge of their development, we also provide a

mentoring program that encourages their growth through a greater awareness and learning from other people's advice, feedback, and support. Separately, we held a total of 34 roundtable discussions with the CEO and executive officers in FYE2022. With strong commitment from senior management, we drive initiatives that accelerate the promotion of program participants. Many female employees participate in the NEXT and NEXT 2nd programs, further contributing to our efforts toward achieving gender equity, one of the key pillars of LIXIL's D&I Strategy.

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**Employee Safety & Health**

## EMPLOYEE SAFETY & HEALTH

We are establishing an occupational health and safety management system and promoting health-oriented management in order to protect the health and safety of all our employees.

### Safety

#### Our Approach

LIXIL positions prioritizing the safety of all employees as one of our material issues. In accordance with our company-wide LIXIL Occupational Health and Safety Principles approved by our executive officers, we are pursuing to ensure zero work-related accidents by introducing an occupational health and safety management system and implementing a PDCA approach.

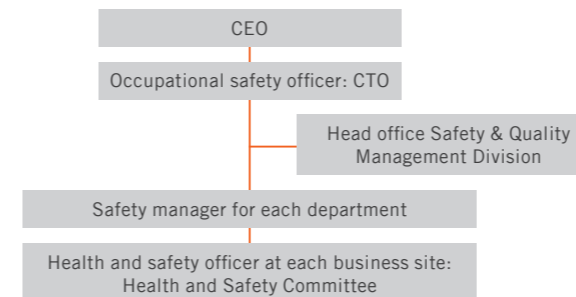
**PDF** LIXIL Occupational Health and Safety Principles (49KB)

#### 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. GROHE AG in EMENA region is also certified to ISO 45001. We conduct management reviews of each technology business, and each function reports their activities to management on a monthly basis and ensures advice and instructions are implemented for continuous improvement. We also conduct internal audits of each business base every year.

In FYE2022, we renewed our safety management structure in order to strengthen governance relating to occupational safety. In addition to our ongoing initiatives, from FYE2023 onwards, we will conduct company-wide management reviews by our Chief Technology Officer (CTO) and audits by our head

office Safety Management Department twice a year. Our CTO will also announce medium-term and fiscal year occupational safety targets, and each function in the technology businesses will determine and implement targets and action plans that align with the broader company-wide objectives. We also seek to make continuous improvements by holding Health and Safety Committee meetings for each business base where the company and employees come together to share and discuss occupational health and safety issues.



Occupational safety management structure

#### Efforts to Eradicate Occupational 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 safety meetings of both technology businesses twice a year to share and help develop positive examples of

how to ensure occupational safety.

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

#### Anzen Dojo

LIXIL has set up an Anzen Dojo in Japan where visitors can simulate past occupational accidents. In FYE2022, Anzen Dojo training was held 42 times for a total of 381 participants from inside and outside Japan.

#### Hazard Source Risk Assessment

LIXIL Water Technology (LWT) conducts risk assessments of hazard sources relating to existing and new facilities and takes measures to prevent disasters from occurring. In FYE2022, we expanded the scope of these assessments to cover R&D bases as well as factories. We also conducted 14 practical training sessions for roughly 50 participants.



R&D staff conducting risk assessments

# 05

## OUR PEOPLE

Diversity & Equal Opportunity

A Rewarding Workplace

Talent Development

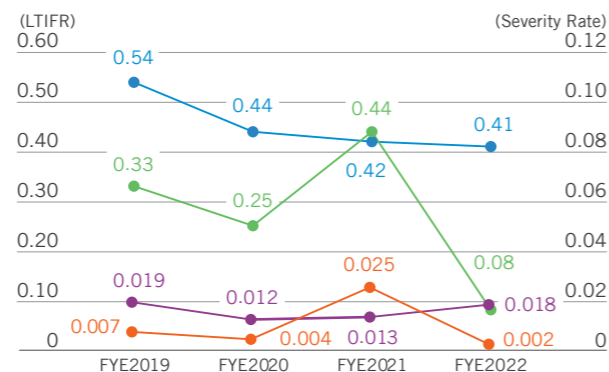
**Employee Safety & Health**

### Our Response to Occupational Accidents

LIXIL monitors various indicators including the lost time injuries frequency rate (LTIFR), the severity rate, and the number of occupational injuries, and introduces measures to help reduce work-related accidents to zero.

In FYE2022, we analyzed past work-related accidents and identified important risks across the company. For FYE2023, we have set two priority themes: reducing risks involving contact with operating equipment and cuts and grazes. We will aim to halve the number of these accidents compared to the previous year.

#### Severity Rate and LTIFR



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

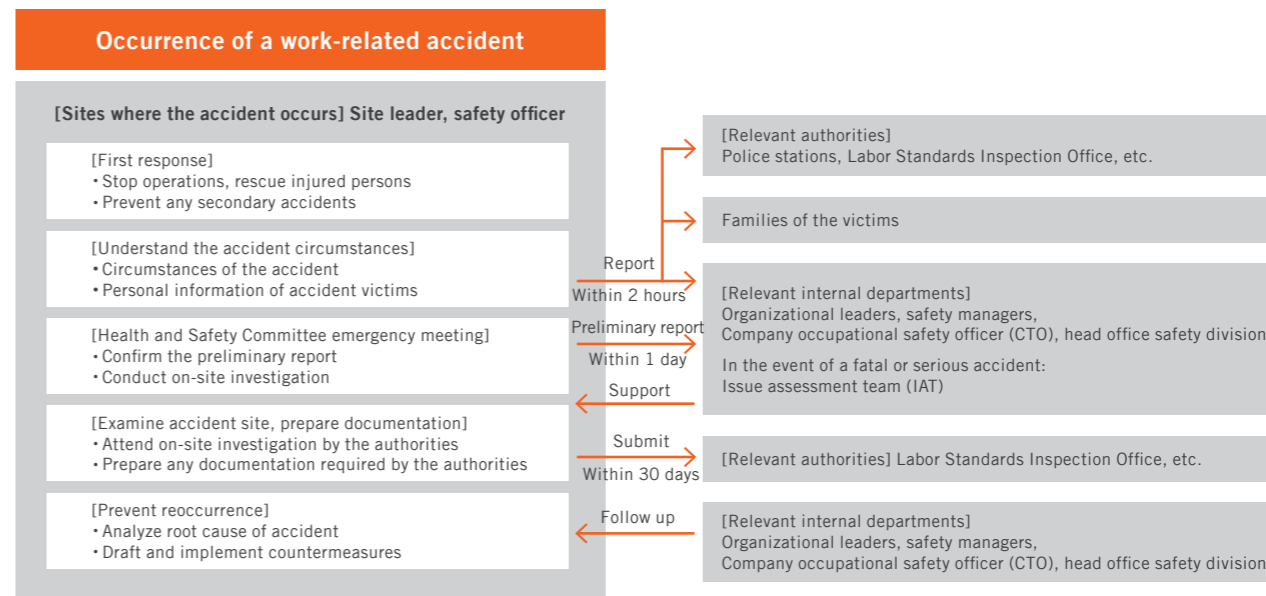
Scope: Covers directly and indirectly hired employees and contractors at production and non-production bases in Japan and production bases outside Japan (excluding some bases) across LIXIL Corporation and its group companies. Regarding companies divested in FYE2022, covers the results through the month before the divestment.

\*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)

### How We Respond to Occupational Accidents

In the event of a work-related accident, we take the following steps to help prevent any secondary or similar accidents.



#### OIFR\*

	FYE2019	FYE2020	FYE2021	FYE2022
Directly and indirectly employed staff	0	0	0	0.007
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 Corporation and its group companies. Regarding companies divested in FYE2022, covers the results through the month before the divestment.

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

#### Number of Work-Related Fatalities

Following the fatal accident that occurred in FYE2019 when a LIXIL employee was involved in a collision on the highway, we invited external lecturers to provide traffic safety

education to employees whose work involves driving. We have also instigated awareness-raising activities through the Health and Safety Committee at each site to help prevent the occurrence of similar accidents.

	FYE2019	FYE2020	FYE2021	FYE2022
Directly and indirectly employed staff	1	0	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 Corporation and its group companies. Regarding companies divested in FYE2022, covers the results through the month before the divestment.

**WEB** Scope and details of employee-related data



# 05

## OUR PEOPLE

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**Employee Safety & Health**

### Health

#### › Our Approach

LIXIL considers the physical and mental health of our employees as one of our material issues because we believe that employee well-being ultimately helps create vibrant workplaces and improve corporate value. Based on that view, we promote health and productivity management based on the Health Management Declaration made by our CEO.

#### 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.

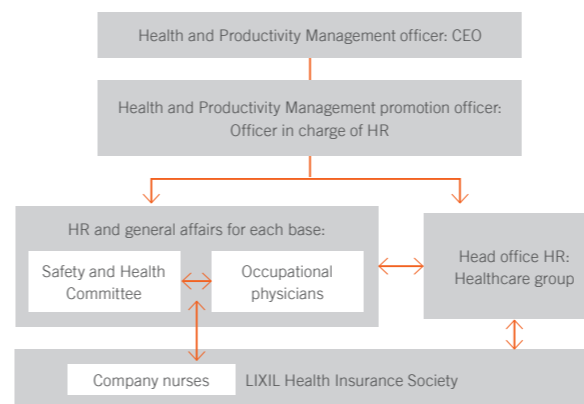
We ask all our employees to understand that the most important factor in realizing better homes for everyone, everywhere is the health of you and your families. So please actively participate in activities that help maintain and improve your health.

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

We seek to enhance employee productivity and motivation by establishing an organizational culture in which good health fuels the development of employee capabilities and by building workplaces in which employees positively manage their own physical and mental health. Building environments that enable individuals to maximize their abilities through these initiatives is proving a powerful driver of value creation. Promoting health and productivity management will help build a more resilient organization that can respond quickly to changes in the business environment and help realize LIXIL's Purpose to "make better homes a reality for everyone, everywhere."

#### › Our System

LIXIL announced the Health Management Declaration in FYE2021. Under the direction of the CEO, who is also Health and Productivity Management officer, departments involved in worksite environments and human resources, occupational physicians, company nurses, and Health Insurance Society work together to establish systems for maintaining and enhancing employee health.



Health management promotion framework

#### › Driving Health Management

In FYE2022, we conducted a comprehensive data-driven risk analysis and evaluation to help strengthen health and productivity management. This enabled us to identify any problems with the disclosure of information to stakeholders and the promotion systems. We also identified issues relating to individual initiatives such as the degree of employee participation and implementation of health guidance as well as the need to improve awareness of women's health issues. These issues are reflected in our strategy and key initiatives. We have determined indicators of health investment measures and changes in employee awareness and behavior as well as health targets to be achieved by FYE2025, and will publish progress once each item has been prepared.

As part of our drive to achieve these FYE2025 targets, in FYE2023, we will expand and further embed activities conducted in the previous year across the whole company, and take further steps to foster an organizational culture that encourages health and productivity management. Furthermore, we will leverage health check results to improve employees' lifestyle habits and expand training and company nurse support systems for mental health and women's health issues. We will also promote data health, which involves analyzing big data based on digitalized health and stress test results in order to promote health and prevent illness.

# 05

## OUR PEOPLE

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**Employee Safety & Health**

### › Measures to Maintain and Promote Health

#### Annual Medical Checkups

We offer annual medical checkups to all employees and discovered issues requiring further attention in 42.1% of employees in FYE2022. Employees with health risks are encouraged to visit a medical institution to ensure early detection and treatment of any diagnosed illness.

#### Mental Health Measures

We conduct annual stress checks for all employees. In FYE2022, 91.5% of employees underwent the test, which revealed a high stress rate of 12.4%. 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.

#### Health Education Programs

Company nurses provide tailored training to address the needs of people in different positions, sites, and workplaces on mental health, preventing illness, improving lifestyles, and managing health when working from home. In FYE2022, 448 people participated in a total of nine training sessions. In particular, we ensure all new employees and newly appointed managers receive health training.

We also work with the LIXIL Health Insurance Society to arrange health seminars given by external lecturers, with 367 people participating in a total of six seminars in FYE2022.

#### Health Promotion Events

Since 2016, we have held biannual LIXIL Walking Rally events to encourage employees to develop their own exercise routines. A total of over 3,000 employees joined the rally in FYE2022.

#### 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.

#### 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.

#### Blanket Ban on Smoking

In April 2020, we 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.

#### COVID-19 Countermeasures

We transmit 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. In FYE2022, we held COVID-19 vaccination clinics in four workplaces in Japan.

### › External Evaluations and Memberships

LIXIL has been recognized for the sixth 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 and initiatives to help prevent serious lifestyle diseases and other conditions.

We have also been recognized as a Sports Yell Company for the fourth year in a row based on positive evaluations of our exercise recommendations and other initiatives.

In addition, we are a member of the KENKO Kigyo Kai, an organization that shares health management best practices with an aim to enhance active and effective health promotion activities across the entire society.



# 06

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Circular Economy

Reducing Environmental Impact of Product Lifecycle

### > 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.



# 06

## ENVIRONMENT

Environmental Management

Climate Change Mitigation and Adaptation

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Circular Economy

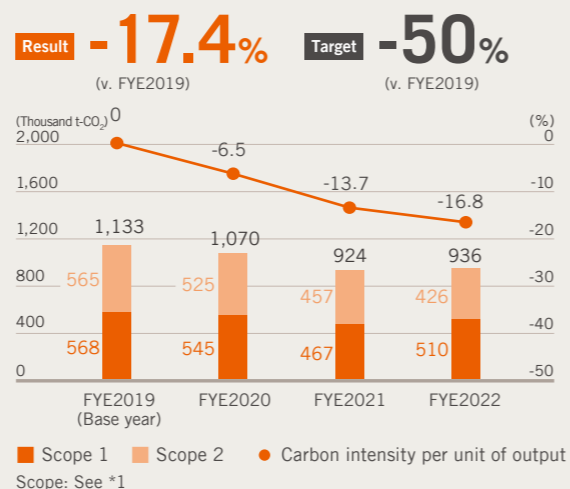
Reducing Environmental Impact of Product Lifecycle

### Highlights

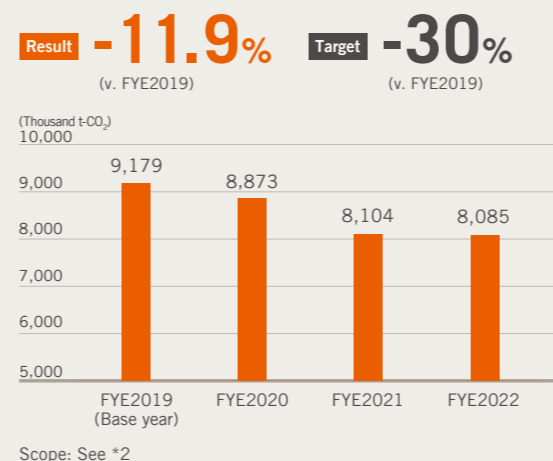
#### Target

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

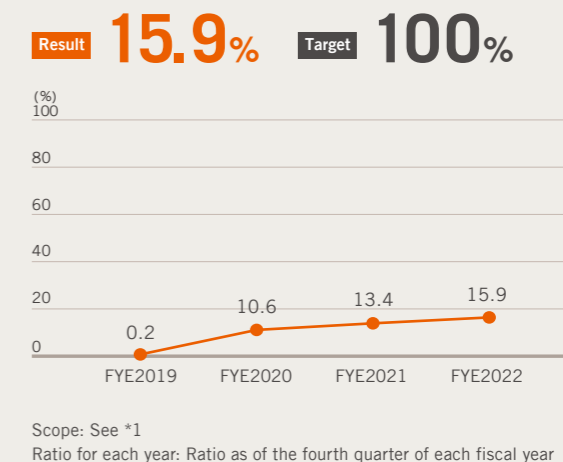
CO<sub>2</sub> emissions from operational activities (Scope 1 and 2)



CO<sub>2</sub> emissions from supply chains (Scope 3)

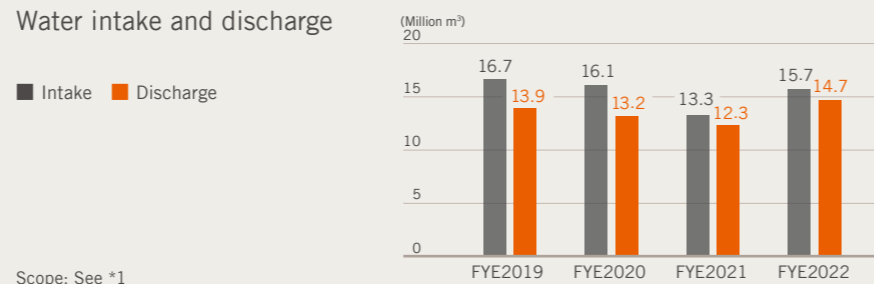


Ratio of renewable electricity use in operational activities



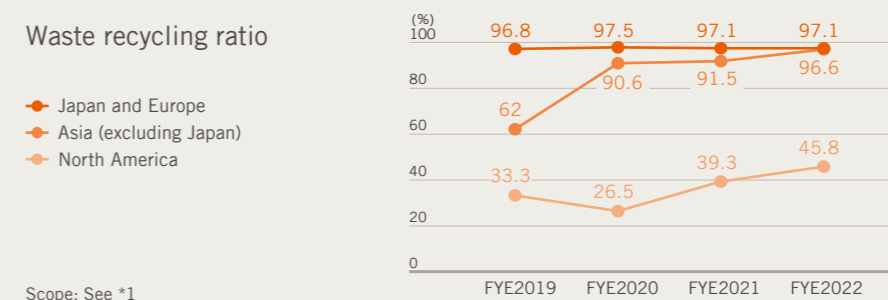
Water intake and discharge

Intake Discharge



Waste recycling ratio

Japan and Europe Asia (excluding Japan) North America



\*1 LIXIL Corporation 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.

\*2 Emissions across the supply chains of LIXIL Corporation and group companies (Category 1 is not included in the calculation because it is covered in Scope 1 and 2. Category 4 covers Japan-based distribution with LIXIL Corporation as the consignee. Categories 9, 10, 13, 14, and 15 are not included in the calculation because they only relate marginally or not at all to LIXIL's main business. Use-phase emissions of products that indirectly consume energy such as during water heating is excluded from Category 11).

Please refer to the item on the right for the latest environmental data assured by a third party. **WEB** Scope and details of environment-related data



# 06

## ENVIRONMENT

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## ENVIRONMENTAL MANAGEMENT

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

### Our Approach

LIXIL has positioned Water Conservation & Environmental Sustainability as one of the strategic pillars of our Corporate Responsibility (CR) Strategy as we aim to make better homes a reality for everyone, everywhere. LIXIL Environmental Vision 2050 calls for Zero Carbon and Circular Living and we are working to create environmental value and reduce environmental risks by developing innovative products and services and reducing environmental impact across our business processes.

In order to promote company-wide initiatives and eventually realize this Environmental Vision, we have defined three focus areas: climate change mitigation and adaptation; water sustainability; and circular economy. As a foundation for promoting these focus areas, we are also working to reduce environmental impact throughout product lifecycles and to strengthen our company-wide environmental management.

**PDF** LIXIL Environmental Vision (8.3MB)

### Our System

We updated our Environmental Committee in FYE2022 to create the Environmental Strategy Committee (ESC), in which executive officers also participate as members, with the aim of accelerating our global environmental activities. Chaired by our Chief Technology Officer (CTO), the ESC oversees activities across all our business units, corporate functions, and consolidated subsidiaries through its

secretariat office, namely the headquarters environmental management department.

At the regular meetings of the ESC, which are held at least once every three months, we formulate and implement environmental strategies, including determining rules and policies relating to environmental governance, deliberating and deciding measures to address environmental issues, and managing and monitoring company-wide environmental targets.

The details of the debate and any resolutions are reported to the Corporate Responsibility (CR) Committee. Decisions on matters of significance or special importance are elevated to the Board of Executive Officers for discussions and approval, followed by the elevation to the Board of Directors for discussions and oversights. The CR Committee identifies and reviews key sustainability issues, including

environmental issues, formulates CR Strategy targets and measures, and monitors and supports the implementation of priority initiatives and specific activities.

The execution of sustainability initiatives is reported and reviewed with the Board of Directors twice annually. In addition, when decisions on matters of significance or special importance are made by the Board of Executive Officers, updates may be reported as necessary as part of regular reporting to the Board of Directors by executive officers. We are developing specific initiatives based on the determined strategies and measures and the environmental governance systems established by each business unit.

In FYE2022, the ESC established environmental governance frameworks and has been continuing discussions regarding the creation of new medium-term targets and strategies.



Environmental management structure

# 06

## ENVIRONMENT

### Environmental Management

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### ▶ Promoting Environmental Management

LIXIL determines our code of conduct, conducts audits, creates in-house education and evaluation systems, participates in external initiatives, and enhances environmental disclosure.

#### LIXIL Environmental Sustainability Principles

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.

- 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

We are 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 FYE2022, 93.7% of targeted sites were certified.

#### ISO 14001-Certified Sites (FYE2022)



**PDF** List of ISO-certified sites (184KB)

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 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 headquarters environmental management department also started auditing the environment managers at individual business units in FYE2018.

Furthermore, as part of our environmental risk management, we strive to comply with environmental laws

and regulations relating to air, water quality, soil, groundwater, noise, waste, and hazardous chemicals, and we have had zero severe violations that incur fines of \$10,000 or more.

**WEB** Environmental data

### Environmental Education and Internal Evaluation

We strive to inform and educate employees at different levels of the company 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 and executive officers. In FYE2022, we invited external experts to a seminar on “What is expected of companies regarding TCFD” as part of our drive to enhance understanding of the importance of information disclosure that complies with Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

In addition, we evaluate and award environmental activities led by employees at each site. Regarding the compensation system for executive officers, we have introduced stock-linked compensation that helps encourage their contribution to improving the company’s medium- to long-term corporate value, including environmental, social and governance (ESG) factors. For officers who are expected to improve the company’s value over the medium- to long-term, including from an ESG perspective, the ratio of stock-linked compensation to total compensation is set higher based on the deliberation of the Compensation Committee.

**CR** CR Governance Structure (P13)

# 06

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### › Participating in Initiatives inside and outside Japan

LIXIL is very vocal in our commitment to environmental conservation and participates in initiatives both inside and outside Japan in order to help solve issues at an industry level.

#### • Task Force on Climate-related Financial Disclosures (TCFD)

An initiative that seeks to promote the disclosure of information relating to climate change risks and opportunities. LIXIL announced our endorsement in March 2019.

#### • RE100

An international corporate initiative that seeks to achieve 100% renewable electricity in business activities. LIXIL joined in October 2019.

#### • Science Based Targets initiative (SBTi)

An initiative that promotes the achievement of science-based emissions reduction targets that align with the Paris Agreement. LIXIL's greenhouse gas emission reduction targets were approved as SBTs in November 2017, and we are preparing for revalidation to update to more ambitious targets.

#### • Japan Climate Leaders' Partnership (JCLP)

A group of Japanese companies aiming to create a sustainable decarbonized society. The group implements management strategies, fosters corporate cooperation, and makes recommendations to the Japanese government to achieve it. LIXIL has participated since September 2014.

### › Environmental Disclosure

We promote prompt and highly transparent information disclosure in order to earn the long-term trust of our stakeholders.

#### CDP Disclosure and Rating

We are promoting the disclosure of detailed information relating to our environmental activities through responses to CDP, leading surveys in the environmental field.

LIXIL achieved the highest A rating in the CDP Water Security 2021 relating to water resource management, and also earned an A- rating for our climate action. In addition, we were included for the second consecutive year in the highest-rated Leaderboard in the CDP Supplier Engagement Rating, which evaluates initiatives for reducing greenhouse gas emissions across the supply chain.



**WEB** CDP Water Security rating 2021

**WEB** CDP Supplier Engagement rating

### Information Disclosure Based on TCFD Recommendations

In March 2019, we announced our endorsement of TCFD and, since then, we have been promoting information disclosure based on TCFD recommendations.

In FYE2020, we conducted a scenario analysis of climate-related risks and opportunities in line with the TCFD recommendations for a portion of our business under a support program by Japan's Ministry of the Environment. In FYE2022, we further expanded the range of target businesses, conducted a risk and opportunity analysis, and proactively formulated countermeasures. Then, in June 2022, we created a new webpage to disclose more detailed accounts of the analysis and countermeasures. Please refer to the following items for more details.



**WEB** Environmental data

**WEB** Disclosure based on TCFD recommendations

# 06

## ENVIRONMENT

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## CLIMATE CHANGE MITIGATION AND ADAPTATION

We are promoting company-wide initiatives to achieve net-zero greenhouse gas emissions from business processes, products, and services across our organization and providing solutions to support climate change adaptation.

### › Our Approach

In order to realize our Zero Carbon and Circular Living environmental vision, LIXIL has designated climate change mitigation and adaptation as one of our focus areas and positioned that goal as a priority among our material issues. As part of our goal to reduce CO<sub>2</sub> emissions from business processes, products, and services to net zero by 2050, by FYE2031, we aim to reduce CO<sub>2</sub> emissions from operational activities (Scope 1 and 2) by 50% compared to FYE2019 and CO<sub>2</sub> emissions from supply chains (Scope 3) by 30%\* compared to the same year. We also intend to support climate change adaptation by providing solutions, such as for dealing with natural disasters or for preventing indoor heatstroke.

\* Excluding use-phase emissions from products that indirectly consume energy such as during water heating.

### › Products and Services

The energy consumed by LIXIL products during their end-use phase is the primary source of CO<sub>2</sub> emissions in the lifecycle of LIXIL products and services. LIXIL provides products and services that can help reduce emissions through their high-insulation, water-saving, or energy-generation capabilities. That is why we believe that we have a major role to play in reducing CO<sub>2</sub> emissions from houses and buildings.

We are seeking to mitigate climate change by providing highly insulated windows and front doors, introducing high-performance construction methods for reinsulating entire homes including walls, ceiling, and floors, and

providing water-saving products. We also pursue climate change adaptation by providing solutions that help improve preparedness for natural disasters, such as typhoons and torrential rains, and heatstroke due to extreme heat.

In addition, we seek to reduce CO<sub>2</sub> emissions across the entire lifecycle of our products and services by using parts and materials that curb carbon emissions, including recycled materials, and designing products to be long-lasting and recyclable.

**CR** Circular Economy (P63)

### Developing High-Grade Thermal Insulation Products

#### • TW triple-glazed high-performance hybrid window (TOSTEM)

The hybrid frame made from mixture of aluminum and resin and the triple-layer glass offers a high degree of thermal



TW

insulation, thus reducing the amount of energy used for heating and air-conditioning and helping reduce CO<sub>2</sub> emissions.

#### • Thermal insulation renovation method for existing homes

Our *Marugoto Dannetsu Reform* is a high-performance housing construction method to reinsulate entire homes by improving the thermal insulation performance of walls, floors, ceilings, and openings, while utilizing the structure of existing homes. It helps improve energy-saving properties of existing houses by renovating homes to become high-performing, without a need to rebuild a house from scratch. Our scheme to support the installation of superior whole-house insulation using our *Super Wall* construction method has won the Agency for Natural Resources and Energy Commissioner's Award at the 2021 Energy Conservation Grand Prize.



**WEB** Thermal insulation products (Japanese only)

**WEB** Winning award for our *Super Wall* construction method (Japanese only)



# 06

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### Developing Water- and Energy-Saving Products

- **Eco Aqua Shower (INAX)**

It 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- and energy-saving performance.

**WEB** Water- and energy-saving products (Japanese only)

### Reducing CO<sub>2</sub> Emissions with IoT-Enabled Products

- **IoT-Enabled Smart Delivery Box**

LIXIL is helping reduce the number of redeliveries and the volume of CO<sub>2</sub> emissions by providing two-way communication



between smartphones and delivery boxes, sending notification of deliveries and enabling users to accept multiple separate deliveries.

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

### Promoting Net-Zero Energy Houses (ZEH) and Buildings (ZEB)

- **ZEH Promotion Services**

LIXIL TEPCO Smart Partners Inc. (LTSP) is developing *Tatetoku Value* and *Tatetoku Denchi* services for ZEHs built using LIXIL products. The services allow 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.

- **Hybrid environment monitoring system Segel E-Control System**

It measures the external and internal environment, such as temperature and humidity, analyzes the data in real time to ascertain the comfort index, and automatically controls air-conditioning and windows. The system reduces energy consumption through the combination of natural ventilation and control of heating and air-conditioning.



**WEB** ZEH-related products and services (Japanese only)

**WEB** ZEB-related products (Japanese only)

**PDF** Segel E-Control System (Japanese only) (1.2MB)

### Climate Adaptation Solutions

- **External Style Shade sun blinds (TOSTEM)**

It helps reduce the energy use for air-conditioners and prevent indoor heatstroke by cutting the sun's heat outside the windows and controlling indoor temperature.



Style Shade

- **Residential Window Shutter (TOSTEM)**

It serves as a tool for disaster preparedness and mitigation by, for example, preventing damage to houses during typhoons.

**WEB** Climate-change adaption products (Japanese only)

**WEB** Disaster mitigation products (Japanese only)

# 06

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### Business Operations

LIXIL is advancing initiatives across the company to achieve net-zero CO<sub>2</sub> emissions from our business processes by 2050. We are promoting strict energy-saving activities in factories and offices, the use of renewable energy, and CO<sub>2</sub> emissions reduction across the supply chain from procurement to distribution.

#### 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 Tono plant in Gifu, Japan, having lowered the defect rates and improved the efficiency of production processes, we were able to consolidate one existing kiln with another and reduce the LPG used in the kiln by 30% from FYE2021. At our Yokohama plant, another site in Japan, the frequent opening and closing of rolling shutters decreased the efficiency of the air conditioners, so we installed air curtains on parts of the shutters. Operating the air curtains when the shutters are opened improves the internal factory environment and reduces CO<sub>2</sub> emissions from heating and cooling the air. 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 CO<sub>2</sub> emissions reduction of 2,550 tons. All plants and distribution centers for the GROHE brand around the world are certified according to ISO 50001 Energy Management Systems.

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

#### Transition to Renewable Energy

LIXIL is making the transition to renewable energy as part of our drive to reduce CO<sub>2</sub> emissions from our business processes 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 three production sites, four offices including the headquarters, seven distribution centers, and 84 sales bases in Japan. Outside of Japan, in addition to all LIXIL International faucet fitting plants and distribution centers (10 locations in total), three plants in Mexico are also scheduled to switch to renewable energy in FYE2023, a move that will help reduce CO<sub>2</sub> emissions and also reduce costs.

Furthermore, we aim to help improve corporate value even further by switching from purchasing renewable energy certificates to using on-site generated renewable energy at our production plants. For instance, the five plants that produce GROHE products generate approximately 8,000MWh



Klaeng plant in Thailand

of electricity. Our Klaeng plant in Thailand, one of the five GROHE plants, installed 3.2MW solar panels on its rooftop, cutting annual CO<sub>2</sub> emissions by approximately 2,400 tons. We also operate megawatt-scale solar power plants that produce approximately 34,700MWh of power per year at eight locations in Japan, and we installed a 5MW solar power system at TOSTEM THAI (Thailand plant) in FYE2022. At the end of FYE2022, our renewable energy ratio reached 15.9%, cutting annual CO<sub>2</sub> emissions by 19,000 tons from the previous year.

#### Reducing CO<sub>2</sub> Emissions from Distribution

In FYE2022, we increased operation of our round-trip shipping container program that allows shared use of logistics equipment with other companies. We achieved round-trip use of 686 containers in total with our partners, reducing CO<sub>2</sub> emissions by approximately 96 tons a year.

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. In FYE2022, the initiative expanded the target area to cover all across Hokkaido, and successfully reduced the combined driving distance by partner companies by approximately 590,000 kilometers a year and CO<sub>2</sub> emissions per tonne-kilometer by 20.9%.



WEB Environmental data

# 06

## ENVIRONMENT

Environmental Management

Climate Change Mitigation and Adaptation

**Water Sustainability**

Circular Economy

Reducing Environmental Impact of Product Lifecycle

## 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.

### › Our Approach

In order to realize the circular economy, set forth in LIXIL's Environmental Vision, we have designated water sustainability as one of our focus areas and positioned that goal as a priority among our material issues. As a leading company in water-related products, we aim to help people enjoy the benefits of water to the full and to help secure sustainable water use on a global scale.

### › Products and Services

LIXIL provides 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.

We seek to conserve water by reducing water consumption, while also cutting waste and energy use through water-purification products that can help reduce the consumption of bottled water and water delivered to the home.

### Water-Saving Toilets

#### • SATIS (INAX)

It achieves considerable water savings, while also delivering strong cleaning performance.

#### • Studio S (American Standard brand)



SATIS

**WEB** Water-saving toilets (Japanese only)

**WEB** American Standard water-saving toilet

The brand offers toilet products that save at least 20% more water than the standard criteria set by a US government agency.

### Water-Saving and Water-Purifying Products

#### • Navish Hands-Free faucet (with Eco Sensor) (INAX)



Navish Hands-Free faucet

**WEB** Water-saving and water-purifying products (Japanese only)

It saves energy and water through touchless functionality that enables water to be dispensed and stopped using an automatic sensor, and Eco Sensor functionality that separates hot and cold water.

#### • Saybrook Filtered Kitchen Faucet

It uses high-grade filtration technology that offers safe and delicious drinking water.

#### • GROHE Blue

It is a household water system that can dispense chilled or carbonated water from the kitchen faucet.



GROHE Blue

**WEB** Saybrook Filtered Kitchen Faucet

**WEB** GROHE Blue

We are also developing products that can help prevent water-related troubles in the house, such as our remote-controllable GROHE SENSE GUARD that, when used



**WEB** GROHE SENSE GUARD

together with a smartphone app, can notify users of a leaking pipe or other water problems and turn off the water supply.



# 06

## ENVIRONMENT

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### Business Operations

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

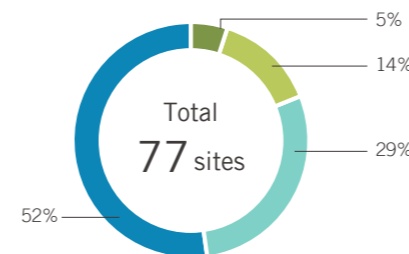
In order to better understand local conditions and introduce appropriate measures to address the problem of increasingly scarce global water resources, LIXIL started conducting surveys in FYE2017 to identify water risks at 67 production sites that use water in their manufacturing processes. Our risk 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

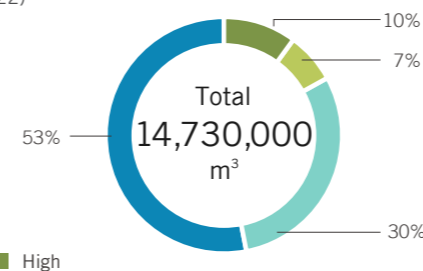


Based on risk assessment results at each site, we promoted initiatives in FYE2022 to reduce water shortage risks at a total of six sites in Mexico, India, and Thailand, and achieved much higher water use efficiency than originally targeted. We then conducted another water risk assessment in March 2022 to prepare initiatives for FYE2023 onwards, which identified four sites in Mexico and Thailand as high-risk (see graph below). Going forward, we intend to regularly update our analysis and to plan and implement appropriate measures in each site to further reduce risks.

Percentage of Production Sites by Water Risk Level (As of March 2022)



Percentage of Water Intake by Water Risk Level\* (As of March 2022)



Water Risk  
Low ■ Medium-Low ■ Medium-High ■ 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 (excluding a plant in India)

### Introducing Wastewater Recycling Systems

LIXIL is promoting efficient water resource use through water recycling. In FYE2022, we used approximately 780,000 cubic meters of recycled water.

At our Tlaxcala plant in Mexico, 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;\* approximately 50,000 cubic meters of water treated with this system is reused in the manufacturing process. TOSTEM THAI (Thailand plant) has also reduced its industrial water consumption by approximately 42,000 cubic meters per year by using a water circulation system that can recycle rainwater and factory wastewater. 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.



Tlaxcala Plant in Mexico

WEB Environmental data



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Reducing Environmental Impact of Product Lifecycle

## CIRCULAR ECONOMY

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

### › Our Approach

In order to realize our Zero Carbon and Circular Living environmental vision, LIXIL has designated circular economy as one of our focus areas and positioned that goal as a priority among our material issues. We use a variety of resources. In order to ensure the sustainable use of limited resources, we are promoting circular production across all product processes, from procurement of raw materials, including metals, timber, resin, and ceramics, through to manufacturing, product use, and disposal. Fueled by the LIXIL Plastics Action Statement announced in FYE2021, we are also working to reduce the amount of plastic we use, to recycle plastic, and to develop alternative materials.

**PDF** LIXIL Plastics Action Statement (1.3MB)

### › Products and Services

We are seeking to use recycled raw materials, design for durability and reuse, make functional parts of existing products replaceable and upgradable, and expand our offering of products as a service.

These efforts are designed to help reduce resource and energy inputs and waste across the product lifecycle.

### Product Development Using Recycled Materials

• **Cradle to Cradle Certified® products (GROHE brand)**



Four products have been certified Gold for satisfying the five Cradle to Cradle international criteria: material health, material

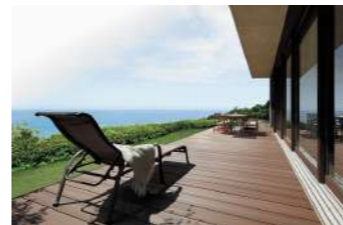
reutilization, renewable energy & carbon management, water stewardship, and social fairness.

• **Resin window EW**

With its design that uses more recycled content than conventional products, the percentage of recycled materials, including resin scraps generated in the manufacturing process, in this sliding window product\* has increased by roughly three times.

\* In case of the S range

• **KIRARA STAGE Mokucho artificial timber deck**



KIRARA STAGE Mokucho

It is made from 100% recycled materials by combining recycled plastics and MDF wood dust generated from the processing of wooden building materials.

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

**WEB** Circular economy products (Japanese only)

### Upgradable Design

• **Replaceable spout with built-in 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 reduce waste when the faucet reaches end-of-life.

Can upgrade to faucet with water purifier

**WEB** Upgradable products (Japanese only)

### Renting and Leasing Comfortable Bathroom Spaces

• **withCUBE mobile bathroom booth**

This product can help reduce the amount of resources and energy used and the amount of waste generated across



a product life cycle by providing toilet spaces that can be easily installed in and removed from various different locations through rental and lease agreements.

**WEB** withCUBE (Japanese only)

# 06

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### Business Operations

LIXIL promotes the circulation of resources across all our business processes. At our production sites, we actively work to minimize new resource input, ensure the efficient and circular use of resources through reuse or recycling, and promote the recycling of waste. In Japan, Europe, and Asia, we have achieved waste recycling rates of over 90%. We are also encouraging resource recycling across the entire supply chain by collaborating with various stakeholders. We have also set up a management system for hazardous waste and air pollutants in compliance with ISO 14001 standards.

#### Efficient and Circular Use of Resources at Production Sites

At LIXIL International water faucet factories, we carry out alloy smelting in in-house furnaces. Up to 80% 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 CO<sub>2</sub> emissions by approximately 640,000 tons per year.

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



Feeding raw materials into the aluminum smelter

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 (98.2% compared to FYE2019) and boosted recycling rates to 98.0% in FYE2022. In addition, our two ceramic factories in Mexico have managed to recycle ceramic waste and gypsum molds previously earmarked for landfill.

#### Collaborating with Stakeholders across the Supply Chain

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.

In FYE2022, TOSTEM THAI acquired Level 5, the highest level in the Green Industry commendation system operated by Thailand's Ministry of Industry. In addition to pursuing initiatives within the organization, our efforts to support the activities of business partners and suppliers and to extend our environment-conscious network across the supply



Award ceremony for Green Industry promoted by Thailand's Ministry of Industry

chain earned high praise. We worked with 170 major suppliers to promote environmental activities that took into account

the degree of environmental footprint. We also helped 14 companies that exert especially large implications on the environment implement improvements which earned them a Level 2 certification.

#### Promoting the Use of Greener Packaging

LIXIL is also working hard to minimize resource use, recycle resources, and use environment-conscious options for our packaging materials. Our LIXIL Plastics Action Statement defines our commitment to reducing plastic use.

##### • GROHE brand's Less Plastic Initiative

Since 2018, we have been switching from plastic to sustainable alternative packaging materials for GROHE brand products. That helps us reduce the number of plastic packages by 37 million a year.

##### • Eco-packaging for LIXIL Parts Shop, the official site for purchasing parts in Japan

We utilize biodegradable wrapping paper and cellophane, hemp twine, and paper cushioning, and also use easy set-up outer boxes that can be assembled without any tape. Switching to paper cushioning will help reduce plastic use by 2.4 tons annually.

##### • Switching water filter cartridge packaging to paper

Transitioning to paper for our water filter cartridge packaging in Japan will help reduce 3.5 tons of plastic use per year.

##### • Shifting to 100% foam-free packaging

Our sanitaryware manufacturing plant in Mexico will switch to 100% foam-free packaging from FYE2023, which should help reduce plastic use by 125 tons a year. This initiative has already been launched in Vietnam and other countries in Asia Pacific.

**WEB** Environmental data

# 06

## ENVIRONMENT

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**Reducing Environmental Impact of Product Lifecycle**

## REDUCING ENVIRONMENTAL IMPACT OF PRODUCT LIFECYCLE

We seek to reduce environmental impact across the product lifecycle as a company offering products that provide long-lasting support for people's lifestyles worldwide.

### Our Approach

LIXIL boasts operations in over 150 countries, and more than one billion people use LIXIL products every day. It is essential to reduce environmental impact across the product lifecycle, from raw materials procurement through manufacturing, use, and disposal, in order to proactively conserve the global environment.

LIXIL has determined Water Conservation & Environmental Sustainability as a strategic pillar in our CR Strategy, and, in line with the LIXIL Environmental Vision 2050, we are working hard to reduce environmental impact of the product lifecycle, positioning it as one of our material issues. We are implementing initiatives as part of our company-wide environmental activities driven by our Environmental Strategy Committee.

### Environmentally Conscious Design

In Japan, 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.

# 06

## ENVIRONMENT

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### › Management of Chemical Substances

Across all of our business processes, LIXIL has 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.

In Japan, LIXIL's corporate functions of Environment, Procurement, and Quality partner with our technology businesses under the direction of the Chief Technology Officer to encourage appropriate management and operation of chemical substances in products. We are working within this system to develop a management infrastructure and stronger governance.

In FYE2022, we sought to further strengthen compliance with international laws and regulations by expanding target areas and enhancing our company-wide frameworks for obtaining and sharing the latest regulatory information at the earliest possible opportunity. We aim to strengthen compliance through these initiatives.

**PDF** Management of Chemical Substances (304KB)

### › Managing Chemicals in Operational Processes

LIXIL strives to appropriately manage any chemical substances contained in our products based on the laws and regulations of each market in which we operate (EU RoHS Directive, REACH Regulation, etc.) and our own guidelines. In Japan, we take action together with the procurement department based on the LIXIL's Chemical Substances Management Rank Guidelines that stipulate which substances are not allowed to be included in products and how to control and handle substances that are permitted. Our inhouse training also includes study sessions on the guidelines and the latest regulatory trends to promote employee awareness and understanding of these issues.

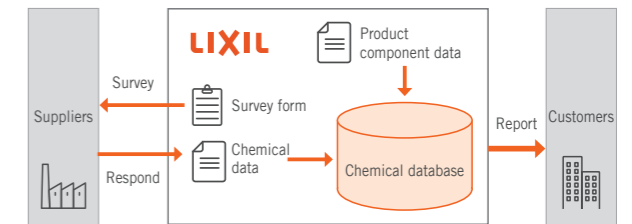
#### Chemical Substance Management Process



We are also striving to ensure chemical substances are appropriately managed in all processes in Japan, including design development, procurement, and manufacturing. We seek to appropriately manage information when collecting details on chemicals in products from our suppliers, gathering internal data, and providing information to customers.

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

#### Chemical Substance Database



### › 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.



# 07

## CUSTOMERS & SUPPLY CHAIN

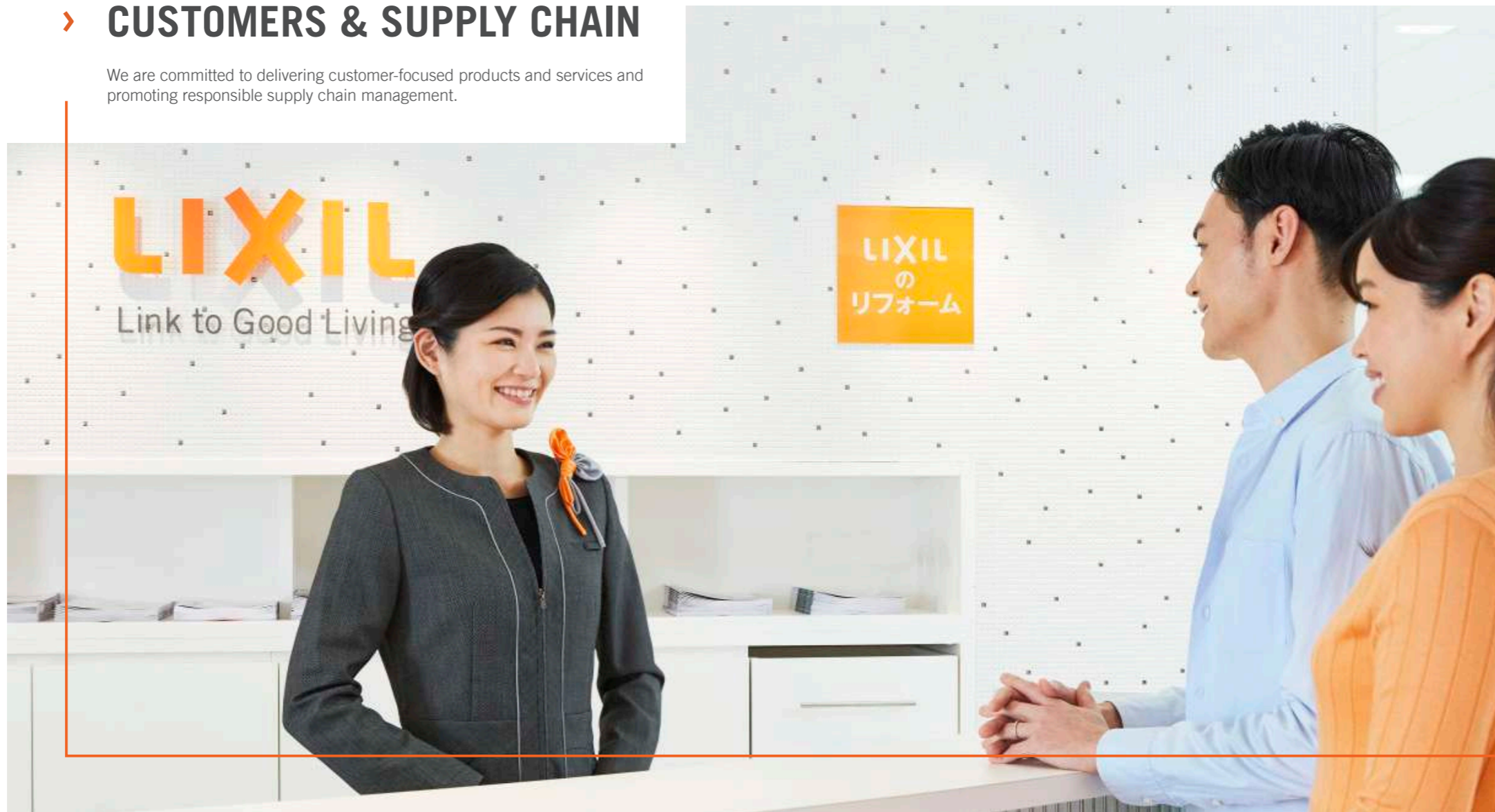
Responsible Supply Chain Management

Product Safety & Quality

Customer Satisfaction

### > CUSTOMERS & SUPPLY CHAIN

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





# 07

## CUSTOMERS & SUPPLY CHAIN

Responsible Supply Chain Management

Product Safety & Quality

Customer Satisfaction

### Highlights

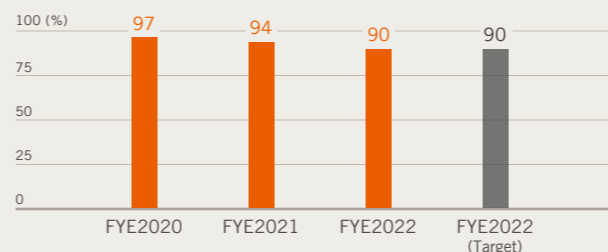
#### Supply Chain

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

#### Responsible Procurement Survey

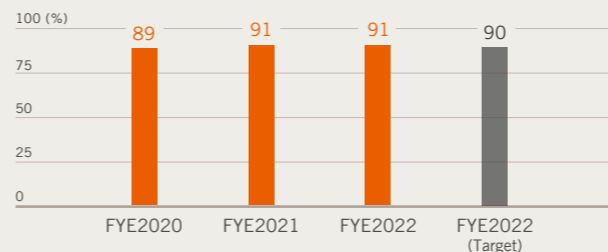
Coverage ratio  
(based on purchased amount)

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



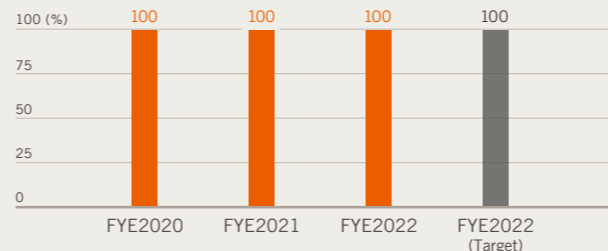
Conformity rate

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



Improvement rate of low-rated suppliers

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

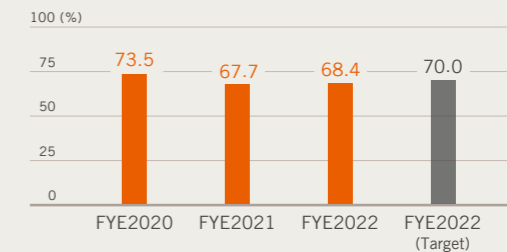


#### Quality & Satisfaction

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

#### Customer support satisfaction level

**Result** **68.4%** **Target** **70%**



Survey target: Professional users  
\* In FYE2021 and FYE2022, 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.

# 07

## CUSTOMERS & SUPPLY CHAIN

### Responsible Supply Chain Management

Product Safety & Quality

Customer Satisfaction

## RESPONSIBLE SUPPLY CHAIN MANAGEMENT

We seek to enhance compliance across our entire supply chain, and provide stronger management and support for our suppliers.

### Our Approach

LIXIL promotes the stable supply of products and responsible procurement across our supply chain as the foundation of our CR activities, and considers supply chain management to be one of our material issues. Stemming from this belief, we base our procurement 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. In collaboration with our environmental management department, 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)

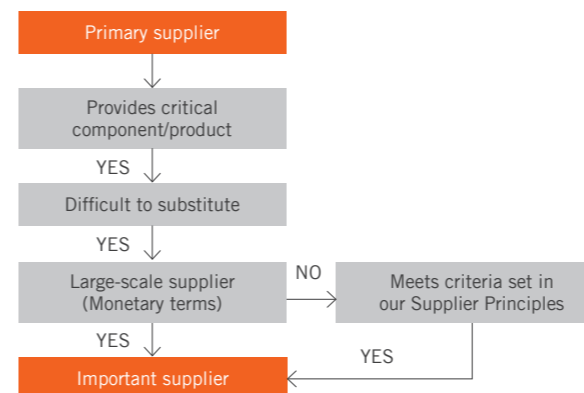
### Promoting Responsible Procurement That Upholds the Environment and Labor Safety

#### 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



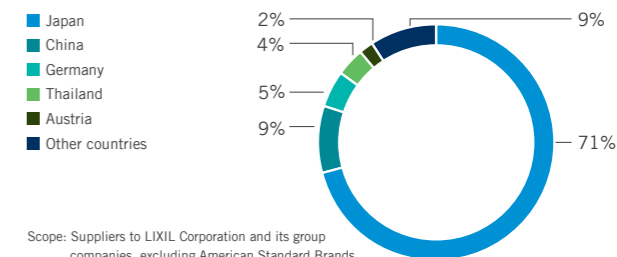
#### Monitoring Existing Suppliers

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, 71% 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



# 07

## CUSTOMERS & SUPPLY CHAIN

### Responsible Supply Chain Management

Product Safety & Quality

Customer Satisfaction

### 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 our 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 Japan, we conducted a trial survey of some of our secondary suppliers in FYE2021. Then, in FYE2022, we determined a five-year plan and specific targets for expanding the coverage of secondary suppliers. We plan to gradually expand the scope of the survey starting in FYE2023.

Outside Japan, we had LIXIL Asia, which had already surveyed some of its suppliers, conduct a full-scale survey of its primary suppliers in China in FYE2022. In FYE2023, we will also implement a full-scale survey of primary suppliers to LIXIL Americas. We are also taking similar steps to identify risks and implement remedial measures in the EMENA region.

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	FYE2020		FYE2021		FYE2022		
		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%	97% (1,212)	90%	94% (1,293)	90%	90% (1,357)
		Overseas*1	90%	90% (234)	90%	85% (378)*2	90%	90% (415)
	Total conformity rate	Japan	85%	89%	90%	91%	90%	91%
		Overseas*1	80%	87%	_*3	89%	_*3	89%
	Improvement rate	Japan	100%	100%	100%	100%	100%	100%
		Overseas*1	100%	100%	100%	100%	100%	100%

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

\*1 Excluding American Standard Brands.  
 \*2 If we exclude LIXIL 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).  
 \*3 Not fixed yet as the scope is now under reconsideration.

# 07

## CUSTOMERS & SUPPLY CHAIN

### Responsible Supply Chain Management

Product Safety & Quality

Customer Satisfaction

### 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 International 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.

#### International 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. The COVID-19 pandemic has prompted us to hold more virtual dialogues with suppliers, which made our follow-up process more systematic and efficient.

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."

# 07

## CUSTOMERS & SUPPLY CHAIN

Responsible Supply Chain Management

Product Safety & Quality

Customer Satisfaction

## PRODUCT SAFETY & QUALITY

We are committed to eradicating serious product-related accidents and ensuring superior quality in manufacturing by consistently improving our product quality management systems.

### Our Approach

LIXIL firmly believes that product quality is the key to earning the trust of our customers and society. We have stipulated improving the quality and safety of our products as one of our material issues. We have published the LIXIL Quality Principles in 14 languages to ensure the continuous pursuit of highest-quality manufacturing and services in various countries 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.

**PDF** LIXIL Quality Principles (166KB)

**PDF** LIXIL Product Safety Principles (40KB)

### Our System

LIXIL works to develop robust company-wide product quality management systems and resolve any quality-related issues at the initiative of our Safety and Quality Management Division overseen by the Chief Technology Officer (CTO), who reports directly to the company CEO. LIXIL International oversees product quality outside Japan, with product-specific Chief Operations Officers (COOs) managing product quality directly.

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.



### Enhancing Quality across 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.

#### 1. Design and 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, in addition to customer comfort and ease of maintenance, we promote product design and development that achieves both environmental consciousness and universal design that is easy for everyone to use. We are also seeking to ensure accurate recognition of and compliance with local and international laws and regulations as we continue to pursue collaborative development projects globally.

**CR** Environmentally Conscious Design (P65)

**WEB** Promoting Universal Design

#### 2. 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.

#### 3. Commercialization, Production & Sales

We only commercialize products that have 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, to ensure that customers select appropriate products.

#### 4. 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 distribution. To prevent product defects and problems, the process covers not only pursuing organizational management to ensure improvements are fully integrated, but also developing governance frameworks to promote better management.



# 07

## CUSTOMERS & SUPPLY CHAIN

Responsible Supply Chain Management

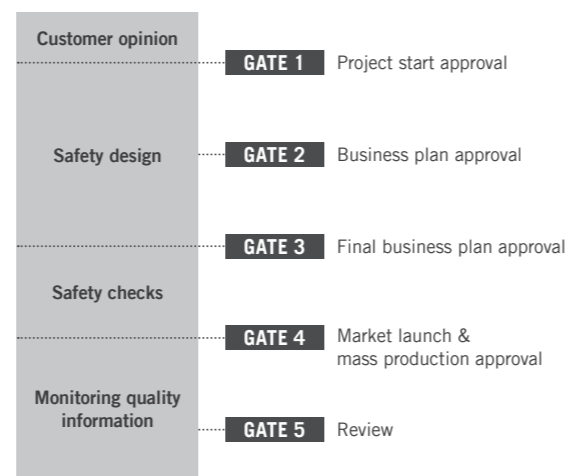
Product Safety & Quality

Customer Satisfaction

### › 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 departments.

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

LIXIL works to build a culture that focuses on enhancing quality through training and awareness-raising activities. We measure the level of awareness of quality via a survey of all employees in Japan and work to generate further improvements.

#### Quality Control and Product Safety Education

LIXIL has set up a quality education system to provide training on enhancing quality and ensuring product safety. In FYE2022, we conducted training sessions on managing quality and preventing product-related accidents for approximately 300 manager-grade employees in order to raise awareness of quality further among our company leaders. As part of this effort, we use examples of past quality defects and product-related accidents along with the actual products and descriptions of background factors to promote understanding of the fundamental cause of product safety issues.

We also provide product safety education for new employees, and offer educational opportunities for technical-stream employees on how to observe Japan’s Electrical Appliances and Materials Safety Act, Building Standards Act, and other relevant laws.

We strive to prevent quality defects and accidents from happening or reoccurring by identifying risks that can cause defects and accidents across the company, strengthening employee awareness, and ultimately encouraging activities that secure cross-sectional 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 employee awareness on quality-related topics. The journal highlights initiatives 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. Thanks to the consistent conveying of information and other awareness-raising activities, we have seen an increase in recent years in customer-oriented improvement activities that focus more earnestly on customer needs. In FYE2022, the forum was conducted online for a worldwide audience and attracted approximately 3,600 viewers.

#### All-Employee Awareness Survey and Action Plan

We conduct quality awareness surveys of all employees in Japan in order to raise awareness of product quality and promote quality-enhancing initiatives. Based on the survey results, we then formulate action plans for each department that include capital investments designed to improve quality. Thanks to progress made in each department, the overall survey score has improved for the second consecutive year.

The entire company is joining forces to improve product quality and safety in a more open environment by, for instance, using awareness surveys to increase opportunities for leaders and other team members to communicate on quality-related issues.

# 07

## CUSTOMERS & SUPPLY CHAIN

Responsible Supply Chain Management

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.

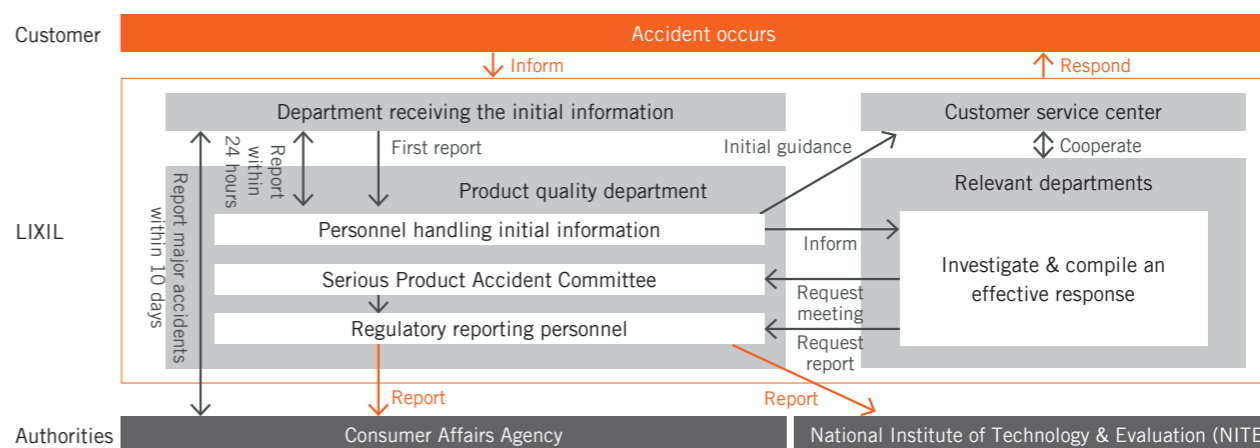
### › Long-Term Guarantee to Facilitate Long, Safe Customer Use

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

Number of Legal Infringements and Significant Product-Related Accidents

	FYE2020	FYE2021	FYE2022
Number of legal infringements	1	0	0
Number of serious product-related accidents	7	2	6

Emergency Procedure for Responding to Accidents



### › Offering Information on How to Use Products Safely

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

**WEB** Product manuals (Japanese only)

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

### › External Awareness-Building Activities

As part of our product safety-related activities, we have developed a safety training program in cooperation with NPO the Association of Corporation and Education (ACE) for elementary school students, and provided this program free of charge to educators. We also conducted outreach classes on the theme "Think about Safety in the Home," which attracted roughly 5,500 participants over a total of 181 sessions.

**WEB** Safety Education Program (Japanese only)

**CR** LIXIL's Outreach Classes (P94)

# 07

## 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 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 by considering it one of our material issues and viewing things from the perspectives of both professional users and end users. 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 Safety and Quality Management Division work consistently together to improve our products and services based on customer feedback.

### Reflecting Customer Opinions in Our Products and Services

LIXIL strives to improve customer satisfaction by collecting and analyzing all customer-related data and encouraging any relevant departments to instigate pertinent improvements.

In FYE2022, we launched an initiative in Japan to combine various customer databases in order to strengthen our customer-centric framework that focuses on customer feedback. We have been working on integrating the customer relationship management (CRM) system, which manages approximately 300,000 inquiries a month that our customer service and repair centers receive, with our e-commerce (EC) system, which manages online purchase history, to create one central My LIXIL database of basic customer information. That integration is scheduled to be completed in FYE2023. This initiative is not only designed

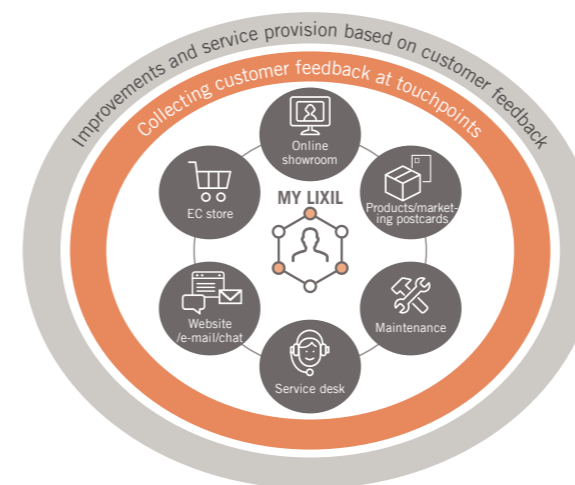
to shorten the lead time between the receipt of an inquiry and the response by the relevant department, but also seeks to improve customer service productivity and customer satisfaction. We also aim to encourage purchases through the integration with our EC system.

In Japan, we also conduct satisfaction surveys that target professional users. The survey revealed 78.5% of users were satisfied with product quality and 68.4% were satisfied with the level of support they received in FYE2022.

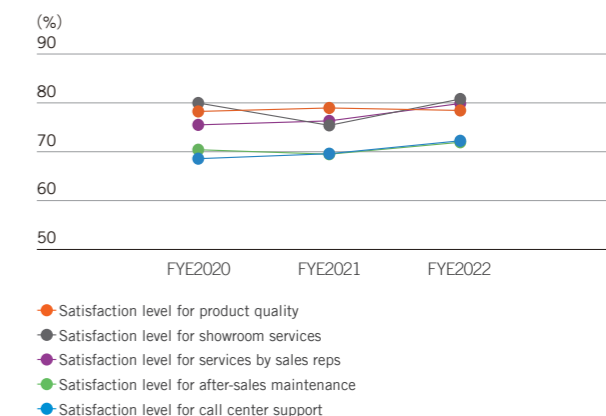
We are also working to improve customer satisfaction through activities focused on generating improvements based on customer feedback.

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

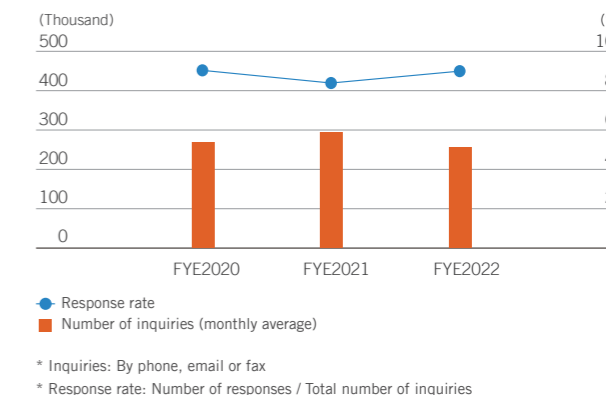
### Building a Customer-Centric Framework



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

LIXIL strives to nurture employees who can interact closely with customers by providing various training programs. Regarding product training in Japan, employees receive explanations of new products from product development personnel, get to confirm actual products and parts for themselves, and acquire skills that enable them to view things from the same perspective as our customers. We also conduct group and one-on-one training for operators to help them better understand customers' feelings.

For professional users, we offer training opportunities where we share the knowledge and experience that we have accumulated based on customer inquiries, and aim to improve customer satisfaction together with our partners.

In FYE2022, we built an online learning platform and digitalized our teaching materials, partly due to COVID-19. As a result, we have seen an increase in the number of participants and frequency of training sessions, with some people commenting on how more employees and professional users are now able to participate in the sessions, and how these measures have helped improve the quality of the training provided.

### › 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. From FYE2021 to FYE2022, we conducted a donation to our partnership with UNICEF called MAKE A SPLASH! with LIXIL Owners Club, which raised approximately ¥4.3 million.

## Improving Customer Safety in Times of Disaster and Emergency

LIXIL provides information on how to respond in the event of a natural disaster in Japan in light of the more frequent occurrence of disasters caused by climate change. We are also strengthening our customer support systems to enable us to respond to inquiries even during natural disasters, COVID-19, and other emergency situations, and to respond swiftly to newly emerging needs.



### 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.



### Respond Quickly to New Needs Created by the Pandemic

In the wake of COVID-19, we have started to disseminate information on our website about effective ventilation in the home and products that can protect customer safety, such as handwashing basins that can be installed near the front door and touchless faucets.

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

**WEB** Effective ventilation in the home (Japanese only)



### 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.

In FYE2021, our response rate declined during the COVID-19 pandemic due to a shortage of operators, so, in FYE2022, we made further progress on decentralizing our bases by creating environments for operators to continue performing call center tasks from home.

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

**WEB** MAKE A SPLASH!

In addition, in FYE2022, we sought to deepen members' understanding of the SDGs through quizzes and our email magazine and also raise awareness of our MAKE A SPLASH! campaign.



# 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

## SOCIETY

Human Rights

Stakeholder Engagement

Community

### Highlights

#### Stakeholder Engagement

**Target** Proactively engage with our key stakeholders.

Meeting with investors

**285** times  
(FYE2022)



LIXIL Community Day participants

Approximately **9,000** people  
(FYE2022)



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

Classes conducted

**1,348** times

Participants

Approximately **44,000** people  
including school children

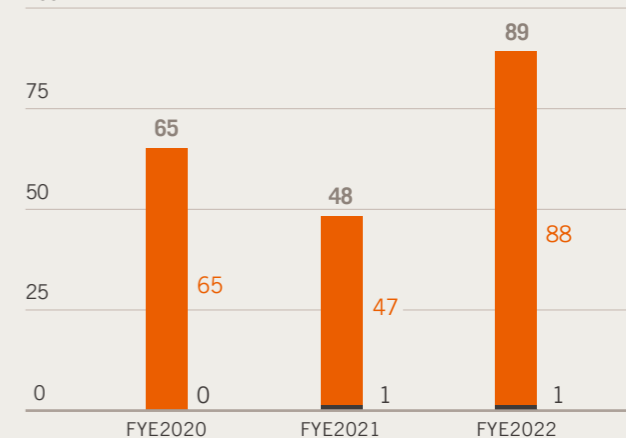


(Cumulative total since 2010, when we launched the program)

\*Data from FYE2022 also include Universal Run: Sports Prosthetic Limb Experience Class.

Contributions and other expenditures

(Millions of yen)



#### Recipients of contributions or expenditure

- Business associations, tax-deductible organizations (think tanks, etc.)
- District, regional, and national political activities/candidates

Scope: LIXIL Corporation and some group companies outside Japan

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

**WEB** ESG data (Other)

# 08

## SOCIETY

### Human Rights

Stakeholder Engagement

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## HUMAN RIGHTS

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

### Our Approach & Commitment

Based on the 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's 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 Children's Rights and Business Principles developed by UNICEF. If there are any discrepancies between the internationally recognized standards and local laws and regulations, we adhere to the higher commitment. If any contradictions exist, we seek a way of respecting international standards while complying with local laws and regulations.

Our Human Rights Principles stipulate key human rights issues, including to prohibit discrimination, prohibit forced and child labor, respect freedom of association and collective bargaining, and ensure decent wages and working hours, all in alignment with international standards. The principles also clearly state that we comply with laws and regulations regarding human trafficking, equal pay for equal work, immigrant labor, etc. In addition, the principles require not only LIXIL but also our

business partners including suppliers to respect human rights.

LIXIL periodically reviews and evolves the principles to continue to become a better protector of human rights. In FYE2022, we reviewed the principles we had formulated in FYE2016 according to the process below 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, our 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.

In May 2022, we strengthened our global, company-wide commitment by making our principles available in 17 languages.

### 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)

# 08

## SOCIETY

### Human Rights

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### Other Principles

LIXIL bases the formation of our 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)

### Key Human Rights Issues

In addition to formulating our Human Rights Principles, LIXIL has identified key human rights issues as focus areas for mitigating potential human rights risks. By addressing these issues, we aim to strengthen our human rights due diligence. We regularly conduct human rights risk assessment and will review these issues based on the assessment result.

#### 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 beliefs, 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 employees 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.

# 08

## SOCIETY

### Human Rights

Stakeholder Engagement

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### Past Activities Designed to Strengthen Our Commitment

- FYE2016: Formulated Human Rights Principles
- FYE2017:
  - Our CR Committee (comprising executive officers and leaders from corporate functions and our business units) mapped human rights risks with reference to international standards.\*<sup>1</sup>
  - We invited the human rights NGO Business for Social Responsibility (BSR)<sup>2</sup> to give a lecture on business and human rights. We then identified human rights risks across LIXIL product lifecycles.

\*1 Including the 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.

- 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: Investigated and scrutinized the impact of our business on human rights based on the above results, LIXIL Code of Conduct, and global trends.

- FYE2021: Our Human Rights Due Diligence Task Force identified seven key issues as focus areas for mitigating potential human rights risks. These seven issues were reported to and approved by the CR Committee, the Board of Directors, and the Board of Executive Officers.

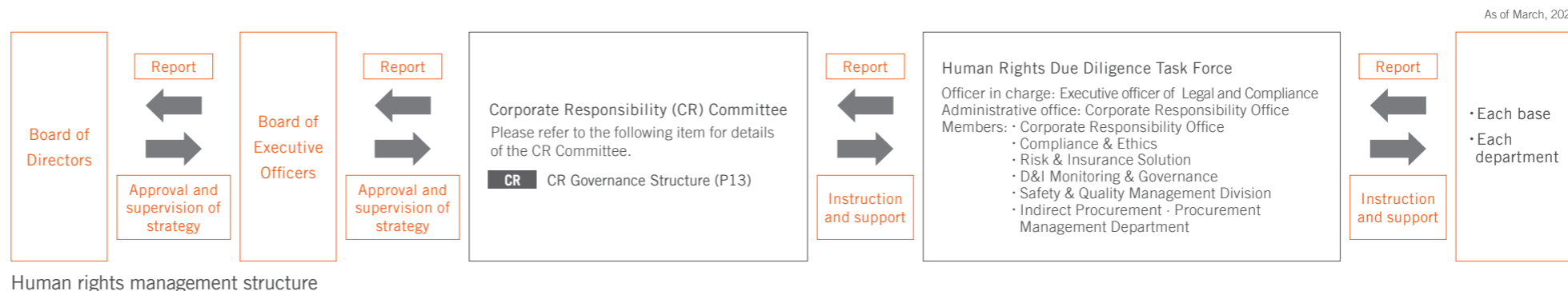
- FYE2022: Revised Human Rights Principles. As part of our assessment for identifying potential human rights risks, we also conducted a human rights survey of all global employees (including indirect employees).

### Our System

LIXIL established the Human Rights Due Diligence Task Force in FYE2018, comprising members from a broad range of departments including Corporate Responsibility, Human Resources, and Compliance, with the aim of strengthening and ensuring strict adherence to our human rights due diligence process\* as a company that operates globally. In line with our Human Rights Principles revised in FYE2022, 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. We are using these systems to strengthen our company-wide human rights due diligence and promote transparent reporting.

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.





# 08

## SOCIETY

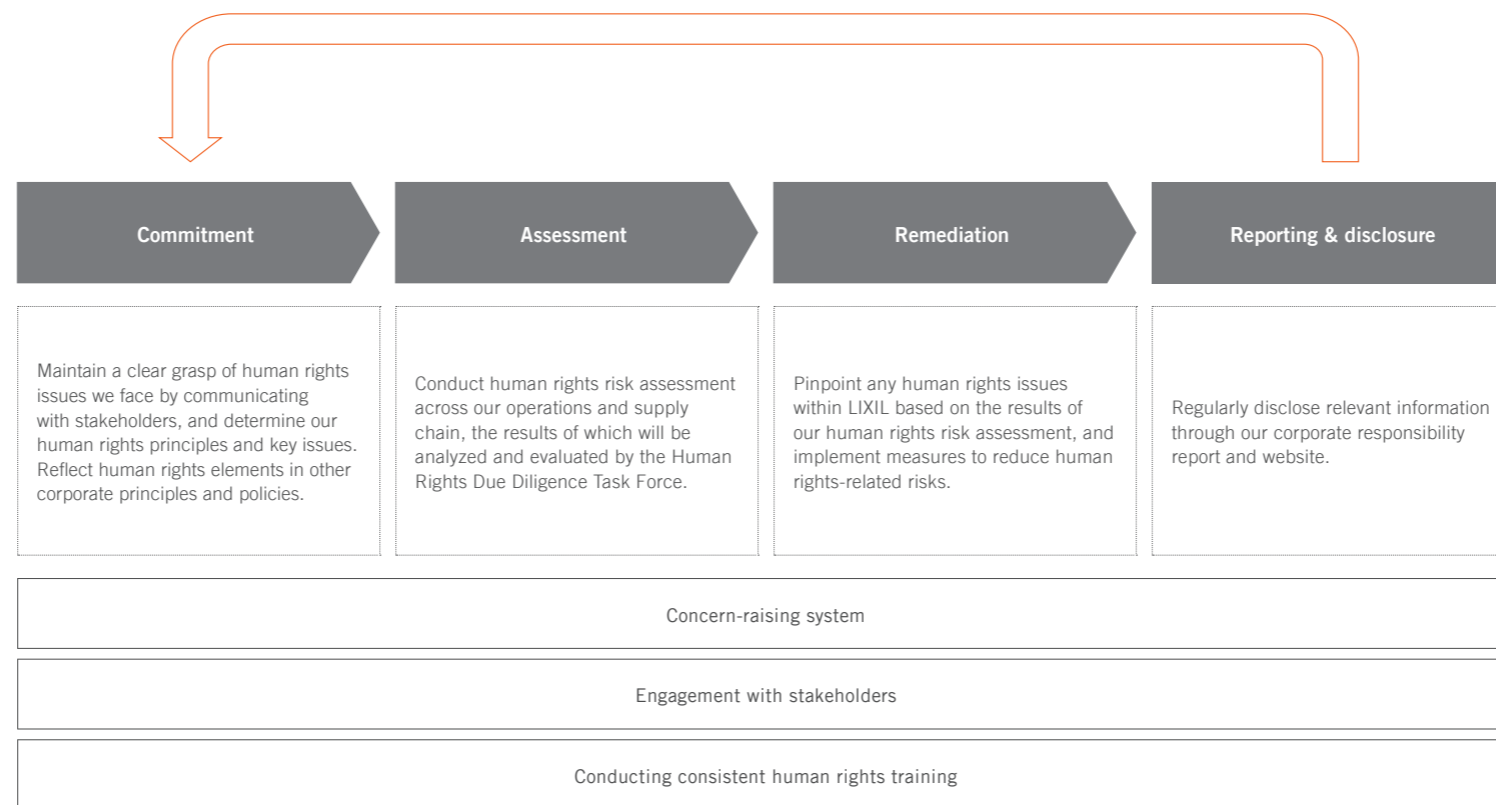
### Human Rights

Stakeholder Engagement

Community

### › Our Human Rights Due Diligence Process

We seek to mitigate 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

# 08

## SOCIETY

### Human Rights

Stakeholder Engagement

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### Assessment: Identifying 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. In FYE2022,

we conducted a survey of all global employees (including indirect employees) to identify potential human rights risks, and we have been promoting measures to mitigate human rights risks based on the survey results.

Assessment method for identifying human rights risks (relevant department)	Assessment overview	LIXIL's key human rights issues <sup>*2</sup>	Assessment's major target stakeholders
Human rights risk assessments (Human Rights Due Diligence Task Force)	<ul style="list-style-type: none"> <li>• Mapped risks with reference to international standards,<sup>*1</sup> and conducted a test run of a human rights risk assessment at head office functions (FYE2018).</li> <li>• Conducted a survey on the seven key human rights issues<sup>*2</sup> targeting 100% of staff at leader level or higher in departments that are closely linked to the key human rights issues (FYE2021).</li> <li>• Building on the above survey results, conducted human rights risk survey of all global employees, including indirect employees (FYE2022). We are taking measures to mitigate any potential risks identified by the survey.</li> </ul>	(1)-(7)	<ul style="list-style-type: none"> <li>• Employees</li> <li>• Third-party employees</li> <li>• Foreign-national technical apprentices in Japan</li> </ul>
Occupational safety audit (Safety and Quality Management 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 79 bases in Japan in FYE2022. We are working on any necessary responses based on the audit results, and holding information-sharing meetings between LIXIL Housing Technology (LHT) and LIXIL Water Technology (LWT) Japan.	(2), (4), (5)	<ul style="list-style-type: none"> <li>• Employees</li> <li>• Foreign-national technical apprentices in Japan</li> </ul>
LIXIL VOICE employee opinion surveys and D&I awareness surveys (Human Resources function)	<p>We conduct the LIXIL VOICE biannual employee opinion survey of all global employees. 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&amp;I awareness survey. From FYE2022, we added inclusion as one of the LIXIL VOICE KPIs, and are seeking to understand employee awareness and the current situation with regards to promoting D&amp;I, so that we can reflect that in future strategies and measures.</p> <p><b>CR</b> Employee Listening Systems (P44)</p>	(1), (4), (5), (6)	<ul style="list-style-type: none"> <li>• Employees</li> <li>• Women</li> </ul>
Community dialogue (Corporate Responsibility Office)	<p>We have held more than 130 community dialogues with local stakeholders from FYE2012 to FYE2021 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.</p> <p><b>CR</b> Key Stakeholder Engagement (P88)</p>	(1), (2), (7)	<ul style="list-style-type: none"> <li>• Local communities</li> <li>• Customers</li> <li>• Business partners</li> </ul>
Responsible procurement surveys (Indirect Procurement - Procurement Management Department)	<p>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. In Japan, we expanded the target range to include some of our secondary suppliers in FYE2021. In addition, from FYE2023, we plan to gradually expand the coverage of secondary suppliers under a five-year plan. We are also expanding the coverage of primary suppliers outside Japan.</p> <p><b>CR</b> Conducting and Following Up on Responsible Procurement Survey (P70)</p>	(1)-(7)	<ul style="list-style-type: none"> <li>• Business partners including suppliers</li> </ul>

Other relevant activity: Group enterprise risk management (ERM)

\*1 Including the 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 LIXIL's key human rights issues: (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 (See P80 for more details).

# 08

## SOCIETY

### Human Rights

Stakeholder Engagement

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### Remediation: Measures to Mitigate Human Rights Risks

LIXIL takes measures to mitigate and address risks and issues that have been identified through our human rights risk assessments of our employees and our supplier surveys. In FYE2021, we conducted a human rights risk survey of all

staff at leader level or higher in departments that are closely linked to the key human rights issues. Based on those results, we then conducted a survey of all global employees (including indirect employees) in FYE2022.

#### Human Rights Risk Assessments and Risk Mitigation Plans

Target stakeholders	All global employees (including indirect employees)	All suppliers inside and outside Japan
Name	Human rights risk assessment	Responsible procurement survey
Process	<ol style="list-style-type: none"> <li>1. Examine and determine the assessment items deemed most important in light of LIXIL's seven key human rights issues.</li> <li>2. Conduct a survey of all global employees (including indirect employees).</li> <li>3. Aggregate the survey responses, analyze the results in their entirety and from various different perspectives, such as by region, department, employment type, position level, and length of service, and identify any items with potential human rights risks that could be significant.</li> <li>4. Formulate risk mitigation plans for any items identified as potentially high risk, and implement remedies.</li> </ol>	<ol style="list-style-type: none"> <li>1. Select suppliers to be surveyed based on previous year's transaction value, etc.</li> <li>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.</li> <li>3. Compile survey results, classifying suppliers with sub-standard conformity rates as high-risk.</li> <li>4. Manage high-risk suppliers individually to encourage improvement.</li> </ol>
Outline	<ul style="list-style-type: none"> <li>• Timing: November 2021</li> <li>• Target: All employees working at LIXIL Corporation and its group companies (including indirect employees)</li> <li>• Survey items: 23 items relating to LIXIL's key human rights issues</li> <li>• Method: Online survey (response rate: 57%)</li> </ul> <p>Please also refer to the following item about this survey.</p> <p><b>CR</b> Conducting Human Rights Risk Assessments of All Employees (P15)</p>	<ul style="list-style-type: none"> <li>• Timing: Once a year</li> <li>• Scope: Japan: Primary suppliers and some secondary suppliers Outside Japan: Primary suppliers<sup>1</sup></li> <li>• Survey items: 47 items relating to the Supplier Code of Conduct (including eight items relating to human rights)</li> <li>• Method: A survey using a questionnaire form (coverage ratio: 90% in Japan, 90% outside Japan)</li> </ul> <p>Please refer to the following item for more details about this survey.</p> <p><b>CR</b> Responsible Supply Chain Management (P69)</p>
Summary of assessment results	The percentage of positive responses <sup>2</sup> in the survey was very high at 85% on average. However, we have formulated risk mitigation plans for areas with potential human rights risks where we received negative responses, <sup>3</sup> and are implementing remedies.	The survey results identified no human rights risks that needed to be addressed.
Number of sites with mitigation plans	Looking at the assessment results by region, we noted more negative responses in Japan compared to other regions. We will focus our efforts on bases in Japan, while also implementing global, company-wide initiatives.	—

# 08

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<p>Details of the plans and progress</p>	<p>We have formulated plans to mitigate potential human rights risks identified in the survey and are implementing the following remedies.</p> <p><b>1. Conduct and strengthen training, workshops, etc. to improve understanding of human rights (including promoting understanding of the concern-raising system and labor union activities)</b></p> <p>So far, we have been implementing the following initiatives (examples):</p> <ul style="list-style-type: none"> <li>• Awareness-building activities and training relating to compliance, information security, D&amp;I, etc.</li> <li>• Conveying human rights-related information on internal social media</li> <li>• In May 2022, we have published LIXIL Human Rights Principles in 15 languages in addition to Japanese and English</li> </ul> <p>Details: <b>CR</b> Education (P86)</p> <p>In addition to the above measures, we plan to implement the following new initiatives:</p> <ul style="list-style-type: none"> <li>• Strengthening the conveying human rights-related information on internal social media</li> <li>• Implementing human rights education to coincide with World Human Rights Day on December 10</li> <li>• Holding seminars once every six months with outside experts</li> </ul> <p><b>2. Strengthen communication and initiatives relating to career development</b></p> <p>So far, we have been conducting the following initiatives (examples):</p> <ul style="list-style-type: none"> <li>• Empowering women in the workplace</li> <li>• Expanding systems to enable greater workstyle flexibility and support employees at different life stages</li> </ul> <p>Details: <b>CR</b> Diversity &amp; Equal Opportunity (P38)</p> <p>We also aim to encourage a more growth-oriented mindset that promotes innovation, firmly establish a commitment to meritocracy, and promote D&amp;I, by creating an environment in which anyone, regardless of age, gender, or any other factors, can demonstrate their full abilities and supporting the individual growth of our employees. To that aim, in addition to the above measures, we have been conducting the following human resources system reforms since April 2022:</p> <ul style="list-style-type: none"> <li>• Introducing qualification and grading systems and performance-linked compensation to ignite a challenging spirit</li> <li>• Extending wider support for balancing work and family life to create an inclusive workplace</li> <li>• Reorganizing our benefit systems to support better well-being</li> </ul> <p><b>3. Strengthen measures to optimize working hours and prevent overwork, encourage employees to take paid leave</b></p> <p>So far, we have been conducting the following initiatives (examples):</p> <ul style="list-style-type: none"> <li>• Providing information on time management, etc.</li> <li>• Expanding frameworks for paid leave and encouraging employees to take paid leave</li> </ul> <p>Details: <b>CR</b> Preventing Overwork (P45)</p> <p>In addition to the above measures, we have positioned the further improvement of manager skills as a priority issue for building comfortable working environments for employees. To that aim, we intend to develop various measures going forward to strengthen manager effectiveness and nurture leaders. We are also considering further enhancing the human rights training offered to managers.</p>	<p>While the survey did not identify any human rights risks that needed to be addressed, for suppliers classified as high-risk through this process, we provide site visits and other forms of individual guidance. This helps promote sustainable partnerships and strengthen our supplier base, the primary goals of our supply chain management strategy.</p> <p>Details: <b>CR</b> Strengthening Support to Suppliers Worldwide (P71)</p>
<p>Future direction</p>	<p>We will continue to monitor LIXIL's key human rights issues through our LIXIL VOICE employee opinion survey (conducted twice a year). We also plan to conduct additional assessments to facilitate a more detailed analysis of any issues identified as potentially high risk in the employee survey. Through these efforts, we aim to enhance our understanding of the issues and formulate a solid response.</p>	<p>In Japan, we determined a five-year plan for expanding the survey to secondary suppliers. We plan to gradually expand the scope of the survey starting in FYE2023. We also intend to expand the scope of primary supplier surveys outside Japan.</p>

\*1 Plan to conduct a survey of suppliers to LIXIL Americas from FYE2023.

\*2 When respondents selected "Agree" or "Slightly agree."

\*3 When respondents selected "Slightly disagree" or "Disagree."

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### Education

LIXIL conveys information and conducts awareness-building programs internally to ensure human rights are upheld.

In FYE2022, we held a Compliance Week with a focus on stronger protection of human rights, and distributed relevant videos in-house as well as educational content on themes relating to business and human rights on our internal social media and factory signage.

- Compliance education and training for all employees
- D&I 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

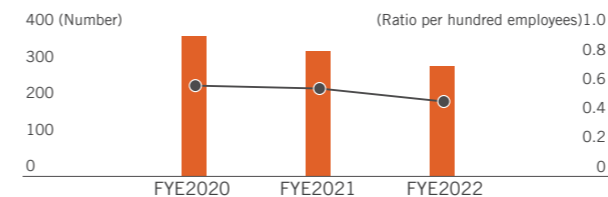
### Preventing Human Rights Violations at Factories, Bases, and Business Partners including Suppliers

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

### Concern-Raising System

LIXIL has established a concern-raising system designed to gather details of compliance violations and to ensure early action on any wrongdoings and violations, and enable preventative measures. We can mitigate or remediate human rights risks by accepting reports from inside and outside the company through this system. No compliance violations that have a significant impact on the management of the company, including serious violations of laws and regulations, occurred.

### Reports of Possible Compliance Issues



- **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 18 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

- **Receiving 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 Concerns from External Stakeholders

### Respecting Human Rights in the Workplace

- **Creating 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 talent. We are also expanding support for different work styles that can be tailored to accommodate different life-stage responsibilities, such as childcare and nursing care. In addition, we create a workplace in which sexual minority employees can work comfortably by developing human resource systems and working environments and establishing a network of sympathetic

allies. We also launched WING NIJI office, where we provide support for workers with disabilities and create a comfortable environment for all regardless of ability or disability.

In FYE2022, we launched global Employee Resource Groups (ERGs) driven by employees in the five areas of Better Together, Multi-cultural, Ability, Working Parents & Caregivers, and LGBTQ+. Executive officers are appointed to each group to serve as an executive sponsor as part of our company-wide drive to encourage respect for employee diversity.

**CR** Three Strategic Pillars (P18)

**CR** Diversity & Equal Opportunity (P38)

- **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** Employee Safety & Health (P49)

**CR** Protecting People from COVID-19 (P17)

### Advocacy 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 emerging economies to refugee camps

### Future Plans

- Strengthen efforts to mitigate human rights risks (FYE2023)
- Re-examine key human rights issues (FYE2024)
- Promote internal and external information sharing and dialogue



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## STAKEHOLDER ENGAGEMENT

We strive to solve social issues by collaborating with the stakeholders who support our business activities.

### Our Approach

LIXIL has positioned improving the quality of people's daily lives and solving social issues through active engagement with stakeholders as one of our material issues. 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 CR Committee consists of the executive officers and leaders from corporate functions and our business units. 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 units also respond to and partner with a diverse range of stakeholders.



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### Key Stakeholder Engagement

#### Customers

CR Details (P75)

We incorporate customer opinions and provide timely and appropriate disclosure on our products and services. We offer customer support via telephone, email, 111 showrooms worldwide, and online showrooms.

#### Suppliers

CR Details (P69)

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.

#### Shareholders and Investors

WEB Details

We held 285 discussions this year with investors around the world to help promote sustainable growth and enhance corporate value. In April 2021 and May 2022, we held an online ESG briefing for investors, where we explained our strategies to sustainably enhance our corporate value, including our Value Creation Process, 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 (P36)

LIXIL boasts approximately 52,000 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.

#### Local Communities

CR Details (P92)

LIXIL operates 79 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. In addition, in response to the growing social interest in the SDGs, we are implementing the LIXIL x SDGs NEXT STAGE initiative that seeks to convey information about LIXIL's SDGs activities to people in Japan.

#### 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! Partnership with UNICEF

Through our MAKE A SPLASH! global 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. We make donations to MAKE A SPLASH! and conduct various activities to increase awareness of sanitation and hygiene issues together with end users, building contractors and other professional users, and LIXIL employees.

- **Toilets for All Project:** Donate a portion of the proceeds from each integrated shower toilet unit sold (FYE2020: ¥26 million)
- **Team Splash employee donation program:** Donate through automatic payroll deductions (FYE2019-FYE2021: Total of ¥17 million)
- **MAKE A SPLASH! with LIXIL Owners Club:** Donation made for every newly registered LIXIL Owners Club member (FYE2021-FYE2022: ¥4.3 million); awareness-building activities through our e-mail magazine
- **Energy for Life campaign targeting 13 countries in the EMENA region:** Donate a portion of the proceeds from each GROHE brand shower product sold (FYE2022: 1.2 million euro)
- **Sanitation and Hygiene Action project with Atsuto Uchida:** Donation made based on the number of interactions with video and social media contents (FYE2022: ¥700,000)



Children with the donated SATO toilets

**WEB** MAKE A SPLASH!

**CR** LIXIL Owners Club (P76)

**WEB** Energy for Life

**WEB** Sanitation and Hygiene Action project with Atsuto Uchida (Japanese only)

#### Global Sanitation & Hygiene Partnership Agreement with USAID

Through our five-year Partnership for Better Living (PBL) agreement with the United States Agency for International Development (USAID) signed in October 2021, LIXIL will deploy SATO toilets and SATO Tap handwashing stations in up to 11 countries in sub-Saharan Africa and Asia. The partnership aims to improve access to basic sanitation for two million people by 2026.

We are also collaborating with USAID's Sons and Daughters of the Soil (SODAS) campaign in Uganda to promote the use of hygiene solutions. SODAS seeks to encourage urban workers to convey sanitation improvements when visiting their rural hometowns. We use outreach programs and social media campaigns to teach local residents how to upgrade their open pit toilets. USAID estimates 750,000 people will benefit from the campaign.

#### 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 in rivers in Slovakia in FYE2021 and in Bosnia and Herzegovina in FYE2022.

**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.

### 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 helping hold seminars on indoor heatstroke prevention and conducting verification testing of external *Style Shade* sun blinds in Kumagaya City, Saitama, we have helped promote SDGs education to boost climate change mitigation and adaptation by conducting demonstration tests at Iwamatsu Kita Elementary School in Fuji City, Shizuoka since FYE2021 and in Iwamatsu Junior High School in the same city in FYE2022. We installed *Style Shades* in the classrooms, and the students measured, discussed and presented their findings on the effects of the shades and examined with LIXIL how to both prevent heatstroke and ensure good ventilation.

The project was awarded the Grand Prize of the 2021 Japan's Minister of the Environment Awards for Climate Action (Dissemination/Promotion Division, Adaptation Field).



Children discussing heatstroke prevention in the school and community (Iwamatsu Kita Elementary School)

### ECO Sharing through Windows Project

In partnership with local customers, governments, and business partners, we donate 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 CO<sub>2</sub> emissions. Over the past three years, we have reduced CO<sub>2</sub> emissions by 6,533 tons through sunshade donations to 26 different facilities in the Kita-Kanto, Koshinetsu, Kanto, Kansai, and Kyushu regions.

### Outreach Classes: Healthy Living and Good for the Environment

We have conducted outreach classes 107 times for about 3,200 people primarily at elementary schools. We offer experiment- and experience-based classes and convey tips on thermal insulation and ventilation and general

daily living habits that are both good for your health and the environment. We have also managed to strengthen relationships with business partners by conducting joint activities in some regions.

- 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 (P94)

● **Water Conservation & Environmental Sustainability**  
 ● **Diversity & Inclusion**  
**Investigating the Processing of Used Paper Diapers**

LIXIL has started to investigate the environmental effects of processing used paper diapers in cooperation with the Sewage and Wastewater Management Department of Japan's Ministry of Land, Infrastructure, Transport and Tourism, the Toyota City Waterworks and Sewerage Bureau, and the Sankyuen nursing home. Used diapers that contain a large amount of liquid are considered to have a heavy environmental toll when incinerated. Using a paper diaper processing machine with a crushing mechanism developed by LIXIL, we investigate the effects on water quality and the volume of CO<sub>2</sub> emissions generated when incinerating the reduced volume of diapers. Our aim is to realize a society in which diverse people can live with peace of mind while also conserving the environment.

- WEB** Investigating the Environmental Effects of Processing Post-Consumer Diapers (Japanese only)

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### ● Diversity & Inclusion

#### Universal Run: Sports Prosthetic Limb Experience Class

We hold Universal Run: Sports Prosthetic Limb Experience Class at elementary schools across Japan in cooperation with athletes who use prosthetic limbs for sports. We seek to promote children’s understanding of diversity by giving them the opportunity to talk with athletes and experience what it feels like to walk with a prosthetic limb. The classes are conducted in cooperation with local schools, governments, and our local employees. So far, 17,065 children have taken part in 617 events.

Fueled by our goal to improve awareness and understanding of people with disabilities and expand opportunities for people with disabilities to participate in society, we reviewed our strategy and management structure in FYE2022. Going forward, we will enlist the support of the National Federation of UNESCO Associations in Japan to extend the number of target schools and expand our awareness programs.



Mikio Ikeda, sprint runner, D.A.Consortium

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

### ● Diversity & Inclusion

#### Inclusive Public Toilet Initiatives

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 are pursuing the following efforts to create an inclusive public toilet environment that everyone can use with ease.

- Develop barrier-free accessible *Mobile Toilet*
- Establish gender-neutral toilets where people can choose the cubicle that best suits them
- Provide public toilet space that everyone can use with ease

**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 (P31)

## ESG Briefing

In May 2022, LIXIL held our second ESG Briefing online for investors, media, and relevant organizations, with our CEO, Chairperson of the CR Committee, and two independent outside directors taking the stage. “At LIXIL, we don’t see ESG initiatives as a necessary cost, but rather as a solution to address the issues we are facing. Our impact is not only about meeting our ESG obligations, but truly living our purpose of making better homes a reality for everyone, everywhere,” said CEO Kinya Seto.

We also engaged in dialogue with stakeholders by responding to questions during the Q&A session on how to measure the impact on society and stakeholders and what initiatives we were taking to improve the performance of existing homes.



**WEB** 2022 ESG Briefing



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## COMMUNITY

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

### Our Approach

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.

#### Philanthropic Contributions

	(Millions of yen)		
	FYE2020	FYE2021	FYE2022
Cash contributions	867.5	883.7	872.2
Time	102.4	51.4	43.4
In-kind giving	52.4	31.1	37.0
Management overheads	729.3	518.4	297.8

Scope: LIXIL Corporation and some group companies outside Japan

### Initiative Examples

#### Developing Next Generation of Plumbers in the Sanitation Area

The sanitary industry is faced with a chronic shortage of skilled installers. To address this issue, LIXIL has initiated our GROHE Installer Vocational Training and Education (GIVE) Program 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, modern equipment and, upon completion of their training, receive assistance with job placement.

GIVE has partnered with 41 institutions offering plumbing training in the EMENA region. It also established 12 new training facilities in 2021, including its first training center in North Africa in Ghana. Going forward, GIVE intends to open 15 training facilities in the EMENA region.

To develop the program, we are also working together with international NGOs that support disadvantaged youth: Don Bosco Mondo and SOS Children's Villages International.

In the African region, we are also supporting employment and human resource development by providing training programs on plumbing technology for women, youth, and people who lost their jobs during the COVID-19 pandemic.

LIXIL Americas also trains future plumbers through its Trade Up program in regions across the US. 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. 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.



Female students participating in a Tools & Tiaras program

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### Green Hospital Initiative to Help Conserve Water in the Community

LIXIL is committed to helping reduce water consumption in the Middle East and Africa, where water is scarce, in order to conserve water resources.

In FYE2022, we started introducing water- and energy-saving touchless faucets in hospitals in Egypt based on our partnership with General Authority for Healthcare in Egypt (GAHC). This project went beyond saving water and energy in medical services by also helping to prevent the spread of infection and encourage cost savings.



A healthcare worker using a water-saving faucet

### Helping Improve Sanitation in Disaster Areas

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. SATO toilets were 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.

In FYE2022, when the war broke out in Ukraine, we donated funds through UNICEF to provide local medical and educational support, ensure safe water, repair damaged schools and water and sanitation facilities, and provide psychological care to children.

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 (P21)

**WEB** LIXIL Provides Donations to Support Ukraine

### 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. We have improved sanitation for 100 households to date. In addition, we donated SATO Tap handwashing stations to the quasi-autonomous Navajo Nation reservation for indigenous Navajo to help stop the spread of COVID-19.

We also strive to improve sanitation facilities and donate hygiene-related products to local communities in other parts of the world. For more details, please refer to the LIXIL Community Day section.

**CR** LIXIL Community Day (P95)

### Supporting Children

Through our Christmas Tree Activity, LIXIL works with NGOs to distribute Christmas gifts donated by employees to children in need in the EMENA region. In FYE2022, we supported 144 children in collaboration with organizations that help children and youth whose families struggle with problems like poverty or alcoholism.

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### 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.

We conduct outreach classes using original teaching materials centered around our three strategic pillars: Global Sanitation & Hygiene, Water Conservation & Environmental Sustainability, and Diversity & Inclusion. Since 2010, over 44,000 children have taken part in 1,348 outreach classes held at schools and events across Japan. The program helps to strengthen bonds between local communities and regional LIXIL offices and employees who serve as lecturers.



**WEB** For Future Generations (Japanese only)

**CR** THINK HEAT (P90)

**CR** Promoting Broader Understanding of Diversity (P35)

**CR** External Awareness-Building Activities (P74)

### 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 workshops where local people can get their hands dirty in the soil.

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. Our CEO attended the completion ceremony of the new city hall in December 2021, where he was presented with a letter of appreciation from the mayor.



Workshop to create tiles for the new Tokoname city hall building

**WEB** INAX MUSEUMS

### 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 and FYE2022 due to the COVID-19 pandemic.



Toilet cleaning initiative

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

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### 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 Hitoyoshi, 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.

#### 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.

**WEB** LIXIL Disaster Relief (Japanese only)

**WEB** *Resilience Toilet* (Japanese only)

### 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 FYE2022, approximately 9,000 people took part in more than 120 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.



**WEB** LIXIL Community Day (Japanese only)

#### ● Global Sanitation & Hygiene

Donated hygiene kits to homeless people Italy

#### ● Water Conservation & Environmental Sustainability

Promoted the donation of secondhand clothing for reuse/resale to fund vaccine purchases in emerging markets Japan

Conducted river water quality improvement activities with local high school students Japan

#### ● Diversity & Inclusion

Supported children with disabilities at school and improved facilities Spain

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

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

#### ● New Normal (COVID-19 assistance)

Conducted hygiene awareness-building activities and made *SATO Tap* donations to vulnerable communities heavily affected by COVID-19 India



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