



**LIXIL** Link to  
Good Living

LIXIL Group  
Corporate Responsibility Report 2016



<b>Our Approach</b>
<b>Three Strategic Pillars</b>
<b>Our People</b>
<b>Environment</b>
<b>Society</b>
<b>Customers &amp; Supply Chain</b>
<b>Reporting</b>

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#### Corporate Governance

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

#### ■ Reporting period

FY2015 (April 1, 2015 to March 31, 2016)

#### ■ Applicable organizations

CR activities of LIXIL Group Corporation, as well as LIXIL Corporation and other consolidated subsidiaries are covered in the report. The scope is provided in footnotes for matters that have narrower coverage.

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# Our Approach

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

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## Message

### Message from the CEO

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

I have always been motivated by the opportunity to make a contribution to society, and it was this passion that moved me to become an entrepreneur and corporate leader. I believe that a strong commitment to corporate responsibility is core to LIXIL's long-term success, and therefore that our CR strategy be in alignment with our business strategy.

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

For example, we have been working to tackle the global sanitation and hygiene crisis. Even today, 2.4 billion people - one in every three people - are estimated to be living without access to proper sanitation globally. To help resolve this issue, we developed our innovative SATO (safe toilet) products in 2013 and have provided access to safe and hygienic sanitation to over 5 million people in over 10 countries. To accelerate our efforts, we launched a dedicated business unit in 2016 with the target of enabling improved access to sanitation and hygiene for 100 million people by the year 2020.

We also consider environmental challenges, such as water conservation and environmental protection, to be critical to today's business agenda. As a 'Living Technology' company, our environmental strategy pledges that LIXIL will provide environmental solutions through our products and services.

To mitigate global climate change, the Paris Agreement set a long-term ambition to achieve a



balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century.

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

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

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

### Message from the Corporate Responsibility (CR) Committee Chairperson

As a global citizen, we are more engaged on social and environmental issues today than ever before, and we are committed to creating a positive impact on society through our responsible business operations and sustainable innovations.

In the fiscal year ended March 2016, we updated our corporate responsibility (CR) strategy to ensure that it is truly global in scope, covers broader issues, and includes bolder commitments. The new strategy was developed, and material CR issues were selected, by evaluating current global needs and stakeholders' expectations and identifying the areas where those needs intersect with LIXIL's expertise and business strategy.

We believe that corporate responsibility is core to LIXIL's long-term success, and therefore our CR strategy must align with our business strategy. With this belief, our CR committee



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structure has been renewed to reflect the operating model established in the previous fiscal year. Under the new structure, CR priority issues are owned by their respective executive leaders, which ensures swifter action and tighter integration of business and CR strategy.

As we strive to become the world's most valued, innovative and trusted living technology company, there is still more that we can and must do to make positive, lasting contributions to the global community. Under our revamped CR strategy, we will demonstrate our long-term commitment to tackling global issues.

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

## Commitment to the UN Global Compact

The LIXIL Group signed the United Nations Global Compact (UNGC) in July 2013 in full support with the principles set out in the framework.

Our corporate philosophy is to contribute to improving people's comfort and lifestyles. To fulfill that aim through our operational activities, we are driving a range of R&D and various initiatives to help resolve global sanitation and hygiene problems as well as other social and environmental issues.

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



## The Ten Principles



### HUMAN RIGHTS

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



### LABOUR

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



### ENVIRONMENT

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



### ANTI-CORRUPTION

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

[United Nations Global Compact >](#)

[United Nations Sustainable Development Goals >](#)

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## Corporate Responsibility (CR) Strategy

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

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

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

### 1. Global Sanitation & Hygiene



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

[more >](#)

### 2. Water Conservation & Environmental Sustainability



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

[more >](#)

## 3. Diversity & Inclusion



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

[more >](#)



**LIXIL Vision for Sustainable Living**

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

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

<b>Governance</b> Enforce strict governance to reinforce our corporate values	<b>Fair Business Practices</b> Engage all employees and partners in our business operations with a high standard of corporate ethics	<b>Human Rights</b> Advance human rights across the business to operate in a responsible corporate citizen	<b>Labor Practices</b> Build a strong corporate and workplace where all employees can achieve their best potential	<b>Quality and Satisfaction</b> Strengthen relationship with customers through our products and services	<b>Supply Chain</b> Through responsible management of the best supply chain, deliver a high quality of products and LIXIL stakeholder accountability	<b>Stakeholder Engagement</b> Proactively engage with LIXIL's key stakeholders
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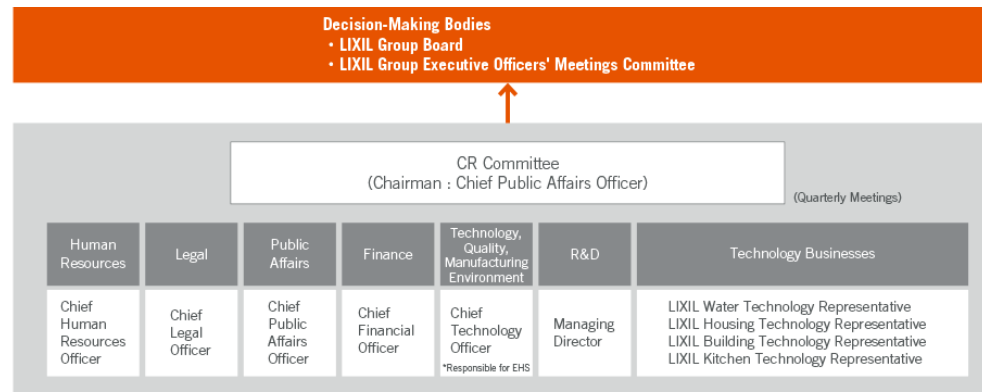
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## CR Management Structure

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

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

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



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## Material Issues

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

### Material Issues Selection Process



## List of LIXIL Group's Material Issues

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



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

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## Key Performance Indicators

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

## Governance

Enhance group governance to maximize our corporate values.

### Corporate governance

- **Target** Establish global-standard governance
- **Action plan** Establish a Group governance system
- **KPI** Coverage of improved governance rules and procedures (%)

#### Target for FY2016

- Implement Corporate Governance Guidelines and commitments.
- Appoint independent outside directors as chairs of the Nomination, Compensation and Audit Committees.

#### Target for FY2017

- Set clear rules and procedures for business boards and other committee groups.
- Ensure 100% coverage of improved governance rules and procedures.

### Compliance

- **Target** Develop comprehensive and effective compliance structure across the Group
- **Action plan** Strengthen compliance-related education and training
  1. Develop training for Group Code of Conduct and ensure each employees' commitment

2. Strengthen training by regions and corporate positions

• **KPI**

Group-wide:

1. Basic training and commitment to Group Code of Conduct (%)
2. Implementation of training by regions and corporate positions (%)

#### Target for FY2016

- Inspect high-risk regions and implement a compliance system and training plan, based on the observations.
- Develop training programs by regions and corporate positions, and a mechanism to monitor the training record.

#### Target for FY2017

- Build a system for compliance education and training.
- Ensure 100% implementation rate for basic training and commitment to Group Code of Conduct.
- Ensure 100% implementation rate for training by regions and corporate positions.

## Risk management

- **Target** Establish and operate a Group-wide enterprise risk management system
- **Action plan** Establish a risk management system to prevent crises
- **KPI** Coverage of the risk management system across Group companies (%)

#### Target for FY2016

- Clarify risk definitions to ensure common understanding throughout the Group.

#### Target for FY2017

- Establish a set of systems, processes and rules to identify, analyze, evaluate and respond to significant risks (Boundary: all Group companies.)

## Intellectual property (IP) strategy

- **Target** Maximize the value of the Group's intellectual property by operating a streamlined global IP governance system
- **Action plan** Extend the global reach and functionality of the IP Committee (IPC)
- **KPI** Plan and implement ways to reduce risks relating to our competitors, by evaluating and quantifying the risk to our IP from competitor IP rights, and evaluating the LIXIL Group IP portfolio

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<p><b>Target for FY2016</b></p> <ul style="list-style-type: none"> <li>• Convene IPC meetings to decide how to drive forward the Group-wide IP management.</li> </ul>	<p><b>Target for FY2017</b></p> <ul style="list-style-type: none"> <li>• Build a system to monitor IP creation, maintenance and application at individual technology businesses, as well as external IP disputes and IP contractual relationships.</li> </ul>
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**Detailed action plan, KPI and target for :**

 [Governance >](#)

## Fair Business Practices

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

### Anti-corruption

- **Target** Develop an effective anti-corruption mechanism across the Group
- **Action plan**
  - Establish a Group Compliance Policy and Group Compliance Guideline
  - Introduce education and training on compliance
- **KPI** Group-wide:
  - Compliance-related education and training ratio (%)

<p><b>Target for FY2016</b></p> <ul style="list-style-type: none"> <li>• Under Group Code of Conduct, create Group-wide policies and guidelines on fair business.</li> </ul>	<p><b>Target for FY2017</b></p> <ul style="list-style-type: none"> <li>• Reduce number of compliance violation incidents to zero.</li> </ul>
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**Detailed activities for :**

[Compliance >](#)

## Human Rights

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

### Human rights due diligence

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

<p><b>Target for FY2016</b></p> <ul style="list-style-type: none"> <li>• Ensure full implementation across the Group.</li> </ul>	<p><b>Target for FY2017</b></p> <ul style="list-style-type: none"> <li>• Ensure full implementation across the Group.</li> </ul>
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**Detailed activities for :**

[Human Rights >](#)

## Labor Practice

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

### Working environment

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

<p><b>Target for FY2016</b></p> <ul style="list-style-type: none"> <li>• Ensure full implementation of action plans derived from the 2015 global employee awareness survey across the Group (100%).</li> </ul>	<p><b>Target for FY2017</b></p> <ul style="list-style-type: none"> <li>• Ensure full implementation of action plans derived from the 2017 global employee awareness survey across the Group (100%).</li> </ul>
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### Diversity and equal opportunity

- **Target** Secure highly competent people by respecting diversity across the Group
- **Action plan** Promote the active participation of women in the workplace
- **KPI** Percentage of women among regularly recruited new hires (Japan only) (%)

Target for FY2016	Target for FY2017
• Over 30% of hires. (As of March 2016)	• Over 30% of hires. (As of March 2016)

### Occupational health and safety

- **Target** Establish an occupational health and safety management system across the Group
- **Action plan** Build a common Group Environment, Occupational Health and Safety (EHS) management system
- **KPI** Group-wide coverage of EHS management system (%)

Target for FY2016	Target for FY2017
• Formulate Group-wide operational rules (EHS manual, EHS emergency response guidelines, EHS governance inspection guidelines).	• Extend the implementation of EHS management system to 95% across the Group.

**Detailed activities for :**

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

### Quality and Satisfaction

Strengthen relationships with customers through our products and services.

#### Product safety & Quality

- **Target** Eradicate product accidents
- **Action plan** Make continuous improvements to the product quality management system
- **KPI** Number of serious product accidents across the Group (#)

Target for FY2016	Target for FY2017
• Zero cases of serious product accidents across the Group	• Maintain the number of serious product accidents across the Group at zero
• Extend product safety strategy by setting specific KPI for each technology business	

**Detailed activities for :**

[Product Safety & Quality](#) > [Customer Satisfaction](#) >

### Environment

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

#### Greenhouse gas reduction

- **Target** Promote reduction in greenhouse gas emissions across the Group
- **Action plan**
  - Pursue more environment-conscious product design and sales expansion strategies, taking into account the entire lifecycle of both products and services
  - Improve CO<sub>2</sub> emissions/units
- **KPI** Group-wide:
  1. Benefits from CO<sub>2</sub> emissions reduction achieved from the products and services
  2. Levels of CO<sub>2</sub> emissions across all operational processes

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<p><b>Target for FY2016</b></p> <ul style="list-style-type: none"> <li>• Target -1.6% compared to FY2015, in FY2016 to achieve our new mid-term CO<sub>2</sub> emissions target for FY2016-20 (-8% v. FY2015).</li> </ul> <p><small>*Above includes water resource conservation data (indirect avoided emissions and actual emissions related to water use).</small></p>	<p><b>Target for FY2017</b></p> <ul style="list-style-type: none"> <li>• In line with the CO<sub>2</sub> emissions target for FY2016-20 (1.4 times more efficient than in FY2015), achieve our goal for FY2017 (1.14 times more efficient than in FY2015).</li> <li>• Target -3.2% compared to FY2015, in FY2017 to achieve our new mid-term CO<sub>2</sub> emissions target for FY2016-20 (-8% v. FY2015).</li> </ul> <p><small>*Above includes water resource conservation data (indirect avoided emissions and actual emissions related to water use).</small></p>
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**Water conservation**

- **Target** Promote efficient use of water resources across the Group
- **Action plan**
  - Pursue more environment-conscious product design and sales expansion strategies, taking into account the entire lifecycle of both products and services
  - Improve efficient use of water resources
- **KPI** Group-wide:
  1. Benefits from CO<sub>2</sub> emissions reduction achieved from the products and services
  2. Levels of CO<sub>2</sub> emissions across all operational processes

<p><b>Target for FY2016</b></p> <ul style="list-style-type: none"> <li>• Target -1.6% compared to FY2015, in FY2016 to achieve our new mid-term CO<sub>2</sub> emissions target for FY2016-20 (-8% v. FY2015).</li> </ul> <p><small>*Above includes water resource conservation data (indirect avoided emissions and actual emissions related to water use).</small></p>	<p><b>Target for FY2017</b></p> <ul style="list-style-type: none"> <li>• In line with the CO<sub>2</sub> emissions target for FY2016-20 (1.4 times more efficient than in FY2015), achieve our goal for FY2017 (1.14 times more efficient than in FY2015).</li> <li>• Target -3.2% compared to FY2015, in FY2017 to achieve our new mid-term CO<sub>2</sub> emissions target for FY2016-20 (-8% v. FY2015).</li> </ul> <p><small>*Above includes water resource conservation data (indirect avoided emissions and actual emissions related to water use).</small></p>
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**Sustainable use of raw materials**

- **Target** Promote sustainable use of resources across the Group, from procurement through disposal of raw materials
- **Action plan**
  - Pursue more environment-conscious product design and sales expansion strategies, taking into account the entire lifecycle of both products and services
  - Improve waste recycling ratio
- **KPI** Group-wide:
  1. Benefits from CO<sub>2</sub> emissions reduction achieved from the products and services
  2. Levels of CO<sub>2</sub> emissions across all operational processes

<p><b>Target for FY2016</b></p> <ul style="list-style-type: none"> <li>• Target -1.6% compared to FY2015, in FY2016 to achieve our new mid-term CO<sub>2</sub> emissions target for FY2016-20 (-8% v. FY2015).</li> </ul> <p><small>*Above includes water resource conservation data (indirect avoided emissions and actual emissions related to water use).</small></p>	<p><b>Target for FY2017</b></p> <ul style="list-style-type: none"> <li>• In line with the CO<sub>2</sub> emissions target for FY2016-20 (1.4 times more efficient than in FY2015), achieve our goal for FY2017 (1.14 times more efficient than in FY2015).</li> <li>• Target -3.2% compared to FY2015, in FY2017 to achieve our new mid-term CO<sub>2</sub> emissions target for FY2016-20 (-8% v. FY2015).</li> </ul> <p><small>*Above includes water resource conservation data (indirect avoided emissions and actual emissions related to water use).</small></p>
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**Detailed activities for :**

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## Supply Chain

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

### Supply chain management

- **Target** Identify supplier's CR risk, and establish a mechanism to respond accordingly
- **Action plan** Extend our Japanese CR procurement process across the Group
- **KPI** Supplier monitoring coverage ratio (based on purchased amount) (%), and percentage of suppliers which satisfy CR management standards (%)

Target for FY2016	Target for FY2017
<ul style="list-style-type: none"> <li>• Promote Group-wide awareness of the LIXIL Group's procurement strategy.</li> <li>• Implement existing CR procurement process across the Group.</li> </ul>	<ul style="list-style-type: none"> <li>• Achieve supplier monitoring coverage ratio (based on purchased amount) to 80% in Japan and 60% outside Japan; ensure that 100% of suppliers satisfy CR management standards.</li> </ul>

#### Detailed activities for :

[Responsible Supply Chain Management >](#)

## Stakeholder Engagement

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

### Stakeholder engagement and collaboration

- **Target** Proactively engage with LIXIL's key stakeholders for better business management
- **Action plan** Hold regular stakeholder engagement meetings, and disclose the content of these meetings
- **KPI** Number of stakeholder meetings held across the Group (#). Meeting quality based on meeting content

#### Target for FY2016

- Extend the reach of currently implemented mechanisms and encourage more sophisticated and effective engagement initiatives.

#### Target for FY2017

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

### R&D for solving social problems

- **Target** Create products that contribute to the environment
- **Action plan** Pursue product R&D to help resolve environmental issues
- **KPI** Assessment of business plans for recycling timber waste

Target for FY2016	Target for FY2017
<ul style="list-style-type: none"> <li>• Complete product quality and other technology verification.</li> <li>• Conduct market research, and determine commercialization strategy.</li> </ul>	<ul style="list-style-type: none"> <li>• Start building a pilot plant in preparation for commercialization.</li> </ul>

### Contribution to Global Sanitation & Hygiene

- **Target** Help improve global hygiene and sanitation through our business
- **Action plan** Launch and develop a business
- **KPI** • Number of beneficiaries

Target for FY2016	Target for FY2017
<ul style="list-style-type: none"> <li>• Form a solid operational platform for legal affairs, intellectual property, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Generate 10.9 million beneficiaries by the end of FY2017 in order to achieve our 2020 target of 100 million beneficiaries.</li> </ul>

#### CR Activities (FY2012-2015):

 [Targets and Results >](#)

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# Three Strategic Pillars

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



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## Global Sanitation & Hygiene

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

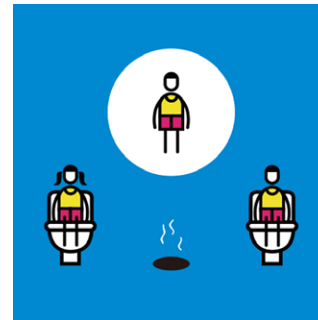
### Background

An estimated 2.4 billion people – one out of every three in the world today – live without access to proper sanitation. 950 million still defecate in the open on a daily basis. These are figures with a devastating human cost: 800 children under five years of age are estimated to die every day from diarrheal diseases caused by a lack of clean water and sanitary living conditions.

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

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

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



(JICA) and WaterAid. LIXIL is also a member of the Toilet Board Coalition, a wide-ranging global alliance that aims to develop sustainable, scalable measures to tackle the sanitation crisis.

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

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

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



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

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

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

Users pour in less than 500 milliliters of water to flush away waste, after which an airtight,

### Activities

LIXIL has pledged to provide better sanitation to 100 million people by 2020. In addition to committing our own substantial corporate resources to this goal, we are at the forefront of public-private partnership, teaming with such organizations as UNICEF, the Japan International Cooperation Agency

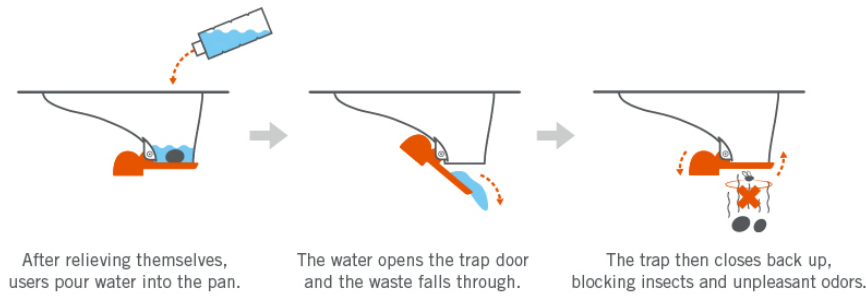


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counterweighted trap door quickly seals to block smells and flying insects. SATO products are safe for children, easy to clean and affordable. Each one is designed to suit the needs and preferences of users in different regions. Already more than 1 million are in place around the world, improving the lives of 5 million people.



**How "SATO" Works**

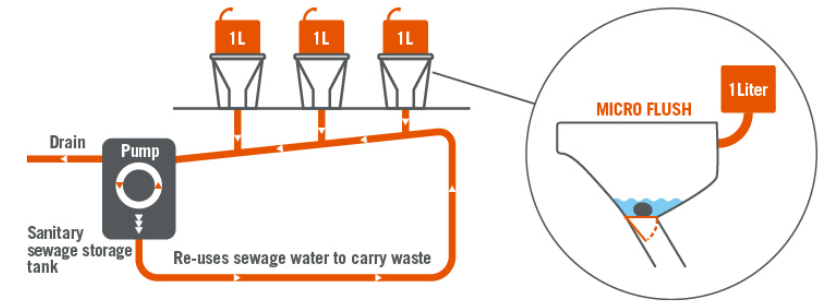


**Micro Flush Toilet System:  
Better management of water resources in urban environments**

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

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

**How "Micro Flush Toilet System" Works**

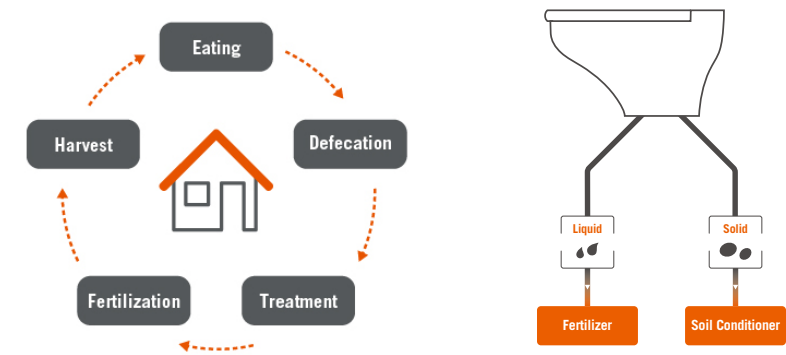


**Green Toilet System:  
Safety processing human waste into fertilizer**

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

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

**How "Green Toilet System" Works**



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## Water Conservation & Environmental Sustainability

LIXIL is committed to conserving 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.

### Background

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

### Activities

#### LIXIL Group Environmental Strategy

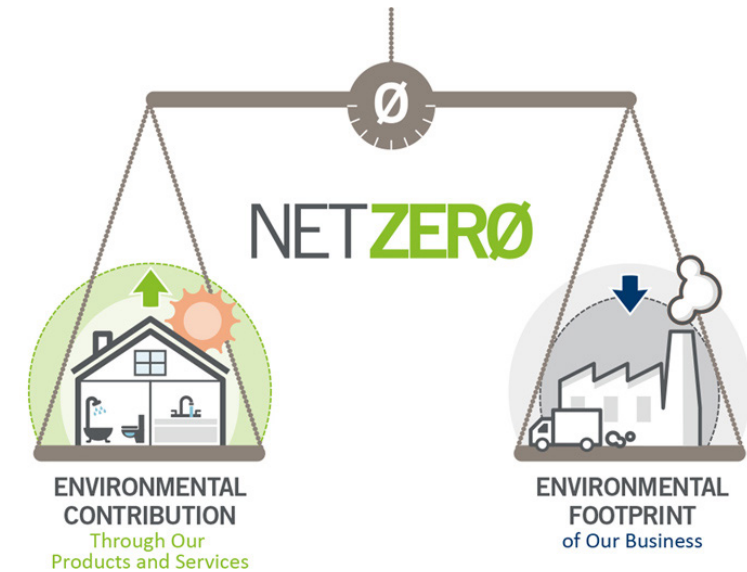
LIXIL Group considers environmental challenges, such as water conservation and environmental protection, to be one of the most important business agendas. As a 'Living Technology' company, we are committed to our Environmental Strategy, which pledges that LIXIL will provide environmental solutions through our products and services.

#### Environmental Vision 2030

To mitigate global climate change, the Paris Agreement set a long-term ambition to achieve a balance

between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century.

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



#### Core Environmental Strategy Themes

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

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

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## Environmental Sustainability Principles

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

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

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

## 2020 Mid-term Targets

Targets and KPI		Action Plans for Addressing Environmental Issues		
		Mitigating and adapting to climate change (Greenhouse gas reduction)	Water conservation	Sustainable use of resources
<b>1. Improve environmental value of products and services</b>  <b>Secure a reduction of CO<sub>2</sub> emissions by 40% v. FY2015</b>	R&D	<ul style="list-style-type: none"> <li>Engage in R&amp;D and develop products that help resolve environmental issues</li> </ul>		
	Product development	<ul style="list-style-type: none"> <li>Define what constitutes LIXIL Group's global "product CO<sub>2</sub> emissions by products and the decrease in CO<sub>2</sub> emissions", establish reporting lines, and set KPI and targets (FY2016)</li> <li>Achieve KPI targets within all technology businesses that are linked to the targeted 40% decrease in product CO<sub>2</sub> emissions (FY2017-FY2020)</li> <li>Pursue Design for Environment, taking into account the entire product lifecycle</li> </ul>		
	Sales	<ul style="list-style-type: none"> <li>Focus on sales expansion strategies for eco-friendly products and services</li> </ul>		

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

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## Diversity & Inclusion

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

## Background

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

## Activities

### Universal Design by LIXIL

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



**Toilets**  
Dim light



**Bathroom**  
Push-type faucet



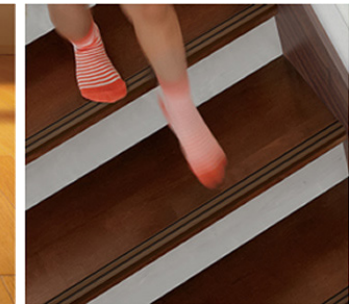
**Dressing room**  
Wash-stand for wheelchairs



**Kitchen**  
Touch-less faucet



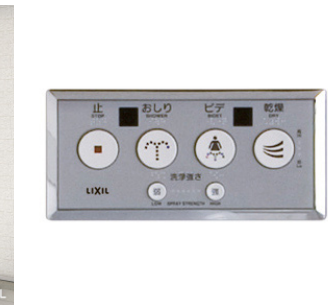
**Living room**  
No-rail window sash



**Stairs, corridors, entrance halls**  
Stairs with slipping prevention mechanism



**Entrance porch / exterior**  
Linear sliding system



**Public toilets**  
Large remote controls



**Public spaces**  
Support rail UD

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## Facilitating the development of next-generation solutions to support the greying society

LIXIL has signed an agreement with the Stanford Center on Longevity in the U.S. to support "The Stanford Center on Longevity Design Challenge", a global competition aimed at encouraging students to design products and services to improve the lives of older adults.

Currently in its third year, the Stanford Center on Longevity Design Challenge invites university students from all over the world to submit designs for new products and services that encourage everyone to live longer, fuller lives. Under the contest theme of this year, "Using Happiness to Optimize Longevity", the design challenge is divided into three categories; Mind, Mobility and Financial Security. LIXIL will participate in the Design Award as a judge as well as an advisor to finalists that will be selected during the judging period of December 2015 through January 2016.

LIXIL has long been a leader in Japan in the development of practical housing and building solutions to support the lives of Japan's fast-aging society. By engaging with the Stanford Center on Longevity on this competition, LIXIL aims to leverage its technologies and solutions to inspire even greater innovations to empower older adults to lead safer, healthier and more active lifestyles, both inside their homes and in their community.

## Promoting Diversity

LIXIL Group has made a "LIXIL Diversity Declaration" and promised to promote diversity among all employees. As we seek to achieve true globalization and increase the strength of the Group, it is essential that we build a corporate culture that possesses creativity and energy. At LIXIL Group, we promote diversity across the entire Group with the aim of achieving "Respect Diversity", "Provide Equal Opportunities" and a "Implement Meritocracy"

## LIXIL Diversity Declaration

The corporate culture of LIXIL is marked by a commitment to become a company that utilizes energy and innovation generated by diversity for its businesses. We also aim to create an environment where people are always looking forward and will achieve better results by continuously clearing self-imposed hurdles.

### 1. Respect Diversity

We will welcome differences among genders, ages, races, cultures, nationalities, beliefs, and backgrounds. Energy and creativity generated by open and passionate discussion can be used as a source of competitiveness.

### 2. Provide Equal Opportunity

We will provide equal opportunities and occasions to anyone that tries to demonstrate a positive and proactive attitude, regardless of background.

### 3. Implement Meritocracy

We will fairly evaluate how much one puts "LIXIL VALUES" into practice and how much one performs.



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# Our People

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



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## A Fair & Rewarding Workplace

The LIXIL Group strives to be a company that is trusted by society and which our employees are proud of by promoting a rewarding working environment, developing a strong corporate culture, and fostering an open atmosphere between the union and the company.

Action plan	KPI	Target for FY2016	Target for FY2017
Conduct a regular employee awareness survey across the Group.	• Implementation of action plans derived from the global employee awareness survey across the Group (%)	• Ensure full implementation of action plans derived from the 2015 global employee awareness survey across the Group (100%)	• Ensure full implementation of action plans derived from the 2017 global employee awareness survey across the Group (100%)
	• The percentage of paid leave taken at LIXIL Corporation (Japan only) (%)	• Over 50% of paid leave taken at LIXIL Corporation (Japan only)	• Over 55% of paid leave taken at LIXIL Corporation (Japan only)
Hold regular discussions between the union and the company.	• Number of meetings of the Central Labor Relations Committee at LIXIL Corporation (Japan only)	• Hold 10 meetings of the Central Labor Relations Committee annually, to facilitate regular communication between the union and company (LIXIL Corporation, Japan only)	• Hold 10 meetings of the Central Labor Relations Committee annually, to facilitate regular communication between the union and company at LIXIL Corporation (Japan only)

## Our Approach to Personnel Management

To fulfill our corporate vision "to be the world's most valued, innovative and trusted living technology company by 2020", the LIXIL Group is focused on nurturing a globally competitive corporate culture that champions meritocracy, diversity, and equal opportunities, and promoting management that invigorates employees. To foster such culture, we strive to create a working environment that is

rewarding for a diverse workforce and respects human rights.

In recruiting employees, we ensure a fair and equitable selection process and focus on seeking talents who share and can act on the LIXIL Values. To enhance the competitiveness and efficient execution of our global businesses, we actively recruit employees from diverse nationalities, as well as offer opportunities to talents in our various overseas subsidiaries.



## Employee Opinion Surveys

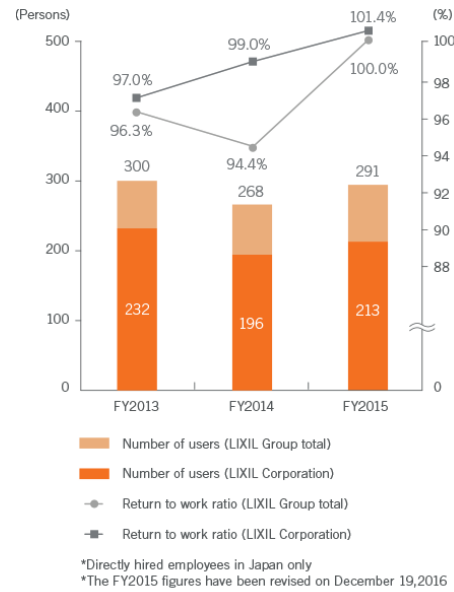
In order for the rapidly evolving LIXIL Group to achieve further growth as One LIXIL, we believe it is increasingly important to understand our current situation and actively incorporate employees' views in building new frameworks and improving working environments. Accordingly, from FY2015, we have combined the employee awareness surveys that were previously conducted separately within each group subsidiary into one global survey. We are now collecting comprehensive data on the level of the employees' understanding of our corporate vision, day-to-day work-related issues, satisfaction, as well as engagement. Over 66,000 employees around the world responded to the first survey, providing feedback from 90% of our global workforce. Based on the survey results, each business function identified its own issues and are implementing and following-up on action plans. Also, we have set up a global cross-functional project to address Group-wide issues.

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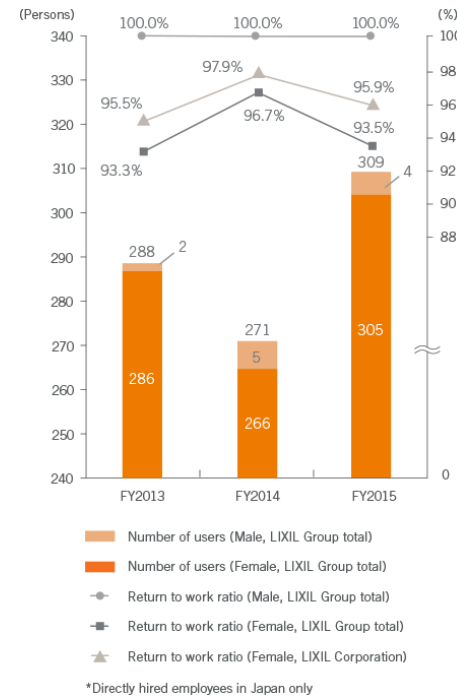
## Supporting a Healthy Work-Life Balance

The LIXIL Group seeks to build a rewarding working environment in which each and every employee can perform to one's full potential. Holding active Work-Life Flexibility (WLF) Advisory Discussions between the union and the company, LIXIL Corporation is committed to enhancing the necessary systems and cultivating the right atmosphere. We will support employees in maintaining a healthy work-life balance throughout various life events (childbirth, childcare, nursing care, etc.), and facilitate employees to continue performing optimally at each stage of their lives.

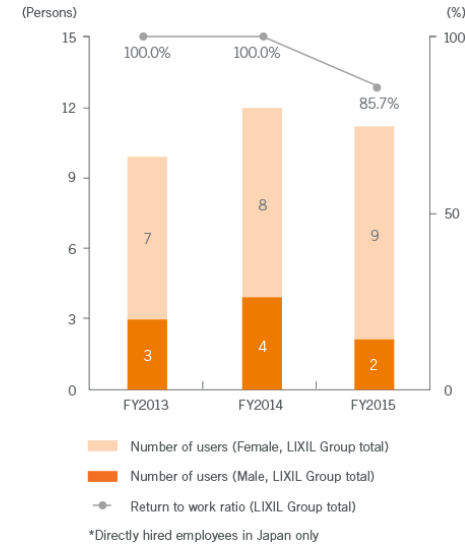
### Number of Maternity Leave Users ★



### Number of Child-Care Leave Users ★



### Number of Nursing-Care Leave Users ★



## Preventing Overwork

The LIXIL Group seeks to optimize working hours to ensure that employees can work in efficient and productive ways. To encourage employees to actively reduce overtime, LIXIL Corporation has designated Wednesdays to be a no-overtime day and has implemented an advance declaration policy for overtime. From FY2015, managers, as well as staff, are required to carefully manage their working hours. Employees who consistently work long hours are interviewed by an industrial physician to prevent mental / physical health issues. We aim to increase paid-leave usage to 50% or more, and have introduced measures such as memorial leave for personal anniversaries to help encourage employees to take time off. In FY2015, paid-leave usage was 45%.

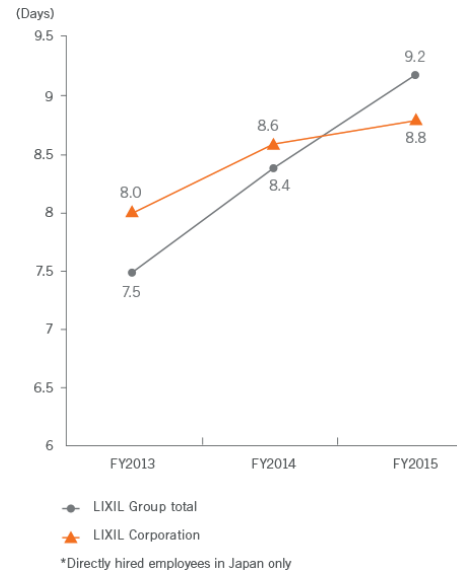


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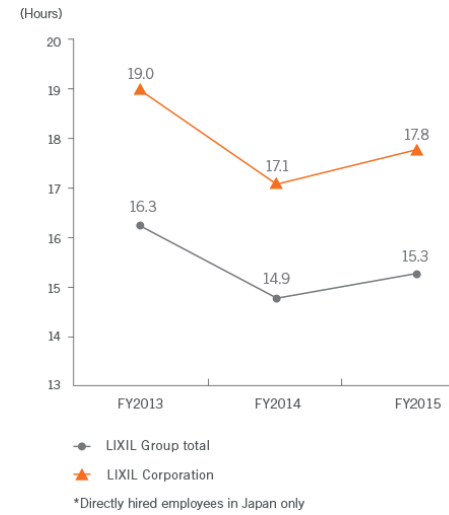
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**Paid Leave Days Taken per Employee ★**



**Average Monthly Overtime Hours per Employee ★**



FY2015 data indicated with a ★ has received the independent practitioner's assurance.

[Scope and details >](#)

**Related principles:**

- [LIXIL VALUES >](#)

## Labor-Management Relationship

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

LIXIL Labor Union, which adopts a union shop system for original permanent employees of LIXIL Corporation, is comprised of 13,973 registered members as of March 31, 2016. Labor-management consultations take place in the form of regular discussions and information sharing on business status, working conditions, health and safety issues, etc., and the union and the company work together to resolve issues. When there are changes to working conditions and/or other systems being introduced or revised through labor-management consultation, the union and the company cooperate to ensure employee awareness of the changes. This is facilitated through posting the information on the corporate intranet, cascading down by the relevant general affairs department, and the union distributing its own Union Guide to all union members.

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## Work Safety & Well-being

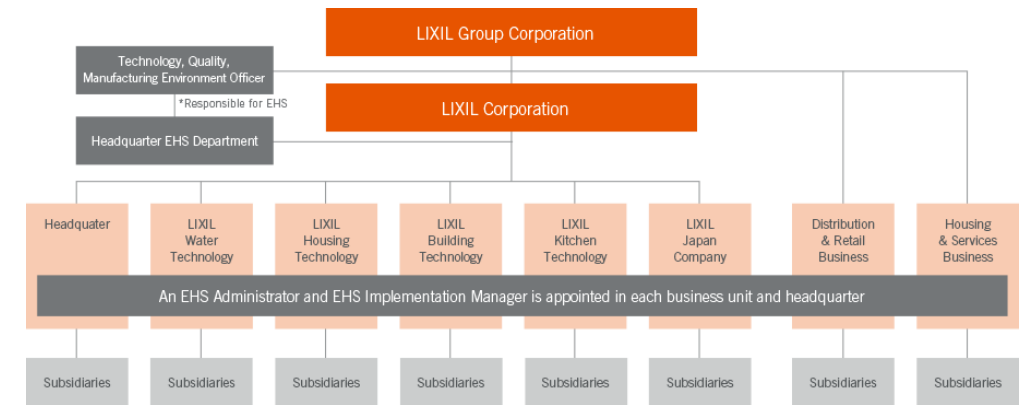
The LIXIL Group has built a Group-wide occupational health and safety management system to protect all employees, and is working to expand its scope.

Action plan	KPI	Target for FY2016	Target for FY2017
Build a common Group Environment, Occupational Health and Safety (EHS) management system.	· Group-wide coverage of EHS management system (%)	· Set up a Group EHS Committee · Formulate Group-wide operational rules (EHS manual, EHS emergency response guidelines, EHS governance inspection guidelines) · Start collecting and disclosing Group-wide EHS performance data	· Extend the implementation of EHS management system to 95% across the Group

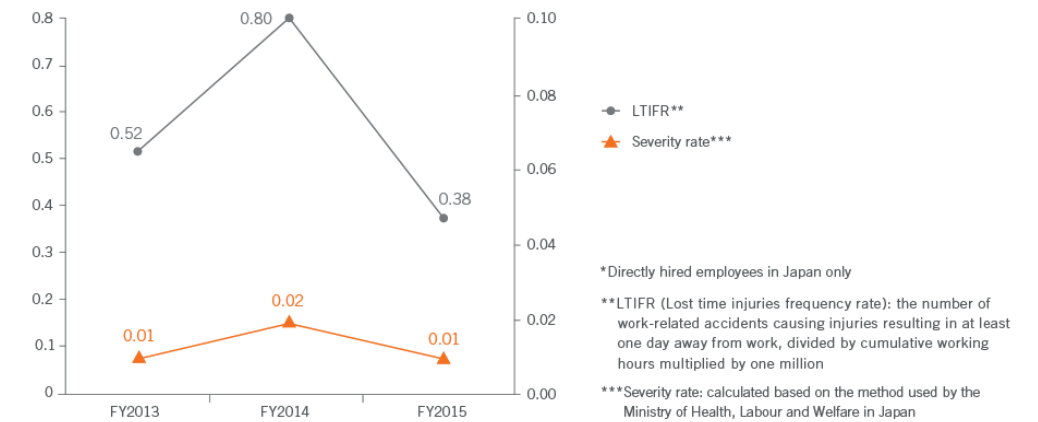
### Our Approach & Structure

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

We have also focused on building and expanding an effective Group-wide management system for occupational health and safety. In July 2015, we appointed health and safety administrators and implementation managers within each of our business units in Japan (each technology businesses, LIXIL Japan Company, Distribution & Retail Business and Housing & Services Business) and the headquarters, and set up the Japan Health and Safety Committee. In April 2016, the committee's scope was broadened to incorporate environmental areas and became the Group Environment, Health and Safety (EHS) Committee, chaired by the Executive Officer in charge of Technology, Quality and Manufacturing Environment.



### Severity Rate and Lost Time Injuries Frequency Rate ★



### OIFR (FY2015) ★

OIFR *	0.00
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\*Directly hired employees in Japan only  
 \*OIFR : Occupational Illness Frequency Rate

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## Working to Eradicate Work-Related Accidents

LIXIL Corporation conducts safety training in each plant to improve workers' awareness of safety issues, and the safety research groups at the plants conduct regular inspections of machinery and facilities and risk assessments to identify and eradicate any risk factors. In addition, the production division provides training sessions (Anzen Dojo) in which staff at all levels experience simulations of actual past accidents. Participants learn the importance of safe behavior by gaining first-hand experience of the dangers of getting caught or rolled-in by production machineries that are in actual use. So far, 2,600 employees have participated in these training sessions.



## Employee Health Management

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

All employees undergo annual medical check-ups, and employees with high risk of lifestyle-related diseases are encouraged to visit a doctor to prevent their symptoms from worsening. The LIXIL Health Insurance Society covers basic medical examination fees for both employees and their dependents.

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

## Number of Seminar Participants

	FY2013	FY2014	FY2015
Mental health seminars	230 (10 seminars)	311 (12 seminars)	413 (19 seminars)
Mental health management training for managers	125	96	139

\*LIXIL Corporation only

FY2015 data indicated with a ★ has received the independent practitioner's assurance.

[Scope and details >](#)

### Related principles:

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

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## Talent Development

As part of our quest to be a company that is trusted by society and which our employees are proud of, the LIXIL Group is committed to providing each and every employee with development opportunities focused on leadership potential.

Action plan	KPI	Target for FY2016	Target for FY2017
<ul style="list-style-type: none"> <li>Hold regular leadership training programs, both in Japan and across the Group.</li> <li>Optimize training programs, both in Japan and across the Group.</li> </ul>	<ul style="list-style-type: none"> <li>Number of employees participating in leadership training</li> </ul>	<ul style="list-style-type: none"> <li>Increase the number of employees participating in leadership training to:                             <ul style="list-style-type: none"> <li>-Group-wide G-ELT (32 employees)</li> <li>-Japan ELT/SLT/JLT/FLT (200 employees in total)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Increase the number of employees participating in leadership training to 210 employees</li> </ul>

### Our Approach to Talent Development

LIXIL Corporation's talent development policy is to foster professionals with strong leadership skills who can operate effectively anywhere in the world. To this aim, we focus on three key areas: 1) development of next-generation leaders by selecting candidates from across all levels of our business; 2) professional development to boost the overall capability and expertise required within specific business groups and divisions; and 3) learning basic business skills as part of the fundamental training for next-generation corporate leaders and professionals.

### Training System

LIXIL Corporation fosters next-generation corporate leaders and professionals through our unique educational system, the LIXIL Academy (Internal). The LIXIL Academy is comprised of three closely inter-linked training institutions:

#### 1.Global Leadership Institute

Focused development of next-generation corporate leaders and enhancing their presence

#### 2.Professional College

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

#### 3.Basic School

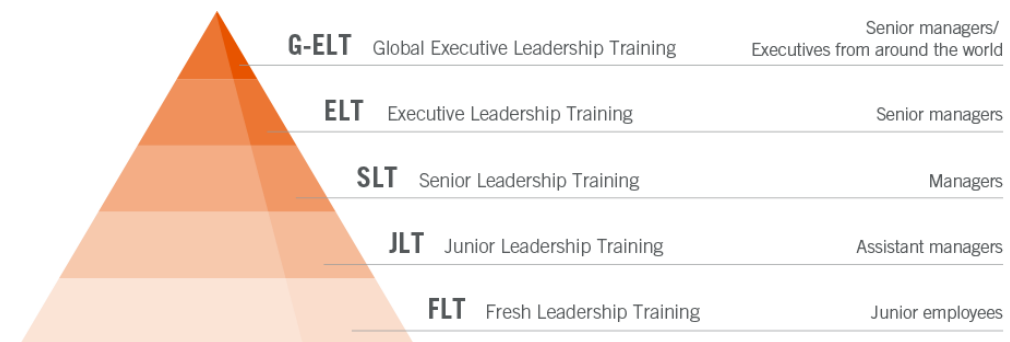
Basic skills training based on the needs of employees

## Fostering Next-generation Corporate Leaders

LIXIL Corporation's Executive Leadership Training (ELT) is designed to strengthen the leadership skills of potential future corporate leaders. The one-year course offers employees at the senior manager level the opportunity to learn about leadership, business strategy and global business in residential workshops and personal coaching sessions. To encourage employees to think about leadership from an early stage, we also provide leadership training programs for managers and junior staff. In addition, we offer opportunities for junior staff to enroll in MBA programs to develop leadership and management skills and acquire an international mind-set.

In FY2015, we held our first Global-Executive Leadership Training (G-ELT) program to develop next-generation of global corporate leaders. We will monitor the effectiveness of G-ELT and facilitate future improvements.

### Leadership Training Structure



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### Training and education support programs conducted in FY2015 (including overseas businesses)

Item	Training summary	Number of participants
New employee training	Basic training for employees newly entering the company	316
Training by corporate positions	Training to develop skills and capabilities required at each position level	697
Global Executive Leadership Training (G-ELT)*	Target: Senior managers/Executives across the Group globally Objective: Fostering global corporate leaders	31
Executive Leadership Training (ELT)*	Target: Senior managers (candidates to become executive officers) Objective: Pursuing global leadership	48
Senior Leadership Training (SLT)*	Target: Managers Objective: Cultivating deeper understanding of values and acquiring management skills	47
Junior Leadership Training (JLT)*	Target: Assistant managers Objective: Nurturing determination and basic skills required to be a future leader	88
Fresh Leadership Training (FLT)*	Target: Junior employees Objective: Developing young leaders	47
Management training	Training for employees being promoted to management positions	138
Division training	Training in each division to develop skills and capabilities respectively required for product development, production, sales, and other lines of work	10,168

\*Includes LIXIL Corporation and its subsidiaries

### Annual training hours and costs per employee (FY2015) ★

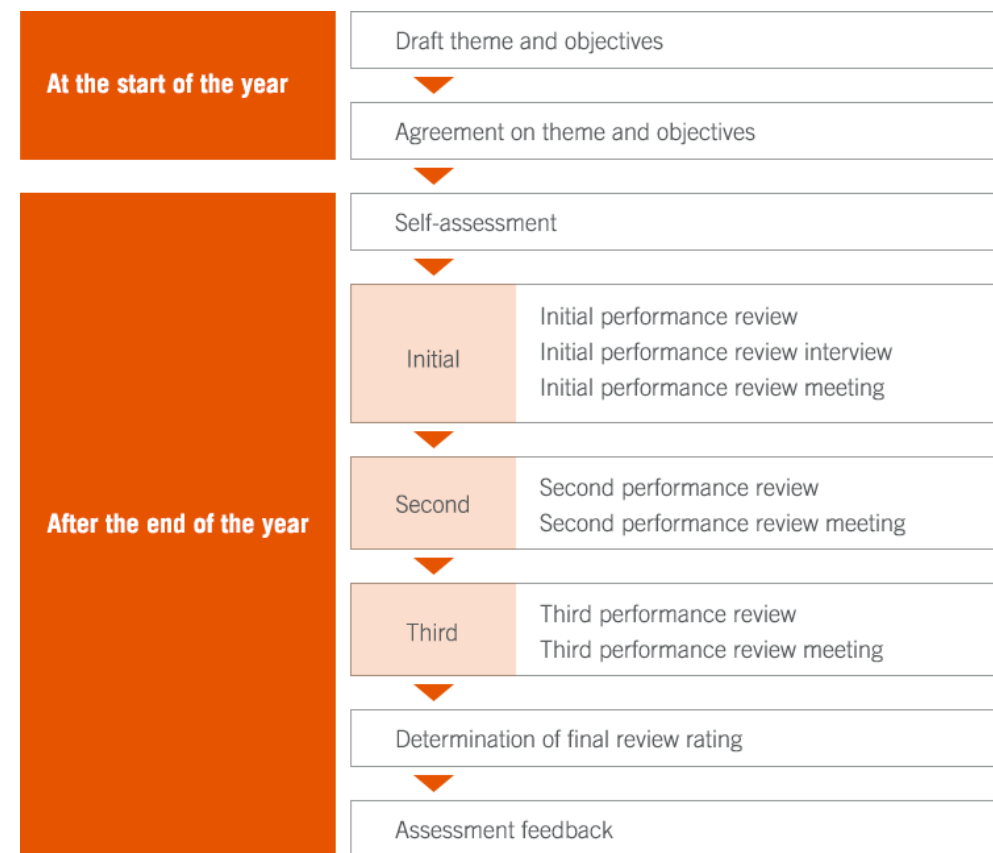
Overall training :	Training hours 15.7 hours	Training costs 66,718 Yen
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\*Directly hired employees in Japan only

## Evaluation Framework

LIXIL Corporation evaluates all employees based on merit. Employees are required to assess their own achievements against objectives set at the beginning of the year, to which managers provide feedback in appraisal meeting based on the result assessed in the performance evaluation process. We nurture development by reviewing annual performance and sharing expectations for the year ahead.

### Performance Evaluation Flow



FY2015 data indicated with a ★ has received the independent practitioner's assurance.

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## Diversity & Equal Opportunity

The LIXIL Group is committed to respecting diversity and recruiting and developing high caliber talent across the Group. We believe that harnessing the intelligence and perspectives of our diverse workforce is critical to driving growth and innovation. We will also continue to expand local hiring and develop leaders at each of our business locations.

Action plan	KPI	Target for FY2016	Target for FY2017
Promote the active participation of women in the workplace.	<ul style="list-style-type: none"> <li>Percentage of women among regularly recruited new hires (LIXIL Corporation, Japan only) (%)</li> <li>Percentage of women participating in leadership development programs (LIXIL Corporation, Japan only) (%)</li> </ul>	<ul style="list-style-type: none"> <li>Over 30% of hires</li> <li>Over 20% (As of March 2016)</li> </ul>	<ul style="list-style-type: none"> <li>Over 30% of hires</li> <li>Over 20% (As of March 2016)</li> </ul>
Create a staffing plan that encourages employment and development of people in local communities.	<ul style="list-style-type: none"> <li>Fulfillment of recruitment plans to increase the number of local factory employees (LIXIL manufacturing subsidiaries)</li> </ul>	<ul style="list-style-type: none"> <li>Achieve 100% of the recruitment plan</li> </ul>	<ul style="list-style-type: none"> <li>Achieve 100% of the recruitment plan</li> </ul>

### Our Approach to Diversity

United under the LIXIL Diversity Declaration, the LIXIL Group embraces diversity of gender, age, race, nationality, values, background, etc., and turns the energy and creativity generated by open discussions into sources of strength. We aim to provide all employees with a fair and equitable environment, in which they challenge to meet stretch goals and are fairly evaluated with the results.

## Empowering Women in the Workplace

The LIXIL Group believes the active participation of female employees is vital to promoting diversity. LIXIL Corporation has set up the Diversity Promotion Office to further advance careers for women. As a member of "Male Leaders General Meeting (to promote the active role of women)", an initiative backed by the Cabinet Office, we declared a WeDo Action\* plan in August 2014, and are facilitating more appointment of female directors / officers and managers. In 2015, the LIXIL Group was selected jointly by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE) as a Nadeshiko Brand\*\* in 2014 and 2015, and in their Diversity Management Selection 100 in 2015.

\* WeDo: Women Empowerment in a Diversified Organization

\*\* An initiative jointly launched by METI and TSE to select and publicize companies that promote the empowerment of female employees

LIXIL Corporation promotes flexible working to ensure employees demonstrate their full potential at every stage of their lives, and offers childcare and nursing care systems to help employees achieve a good work-life balance. We also encourage employees who left the company for child / family care reasons to rejoin the workforce. As of March 2016, we had 167 female managers (7.0% of all managers), representing growth of approximately 7.6 times in absolute number and 7.8 times in manager ratio from 22 female managers (0.9%) in March 2012. Of these 167 female managers, 17 (3.2%) are senior managers or higher, and 150 (8.0%) are managers or equivalent.

Furthermore, while we had 1 female senior executive (1.0%) across the Group in March 2012, the number has risen to 9 (7.6%) as of March 2016, representing 2 directors, 2 senior managing executive officers and 5 managing executive officers. We are committed to continuing to expand opportunities for female employees.

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

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

\*Data excludes Senior Life Company of LIXIL Corporation

### WeDo Action Targets and Results (March 2016)

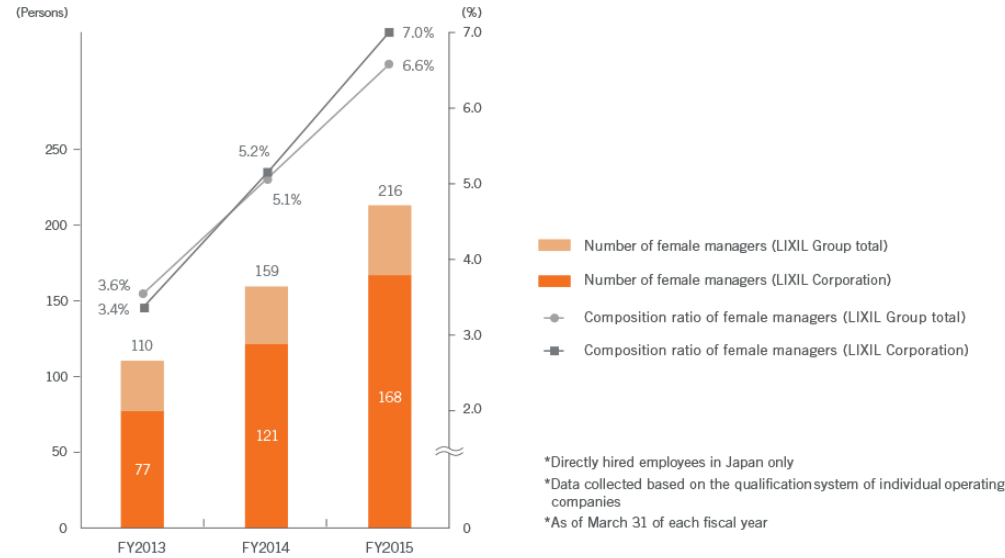
<b>Percentage of female managers</b>	Ensure at least 30% of newly appointed managers to be female	FY2015: 30.1%
<b>Graduate recruitment</b>	Ensure at least 30% of new graduates hired to be female	April 2016 joiners: 37.4%
<b>Personnel training</b>	Ensure at least 20% of leadership training participants to be women	FY2015: 22.5%

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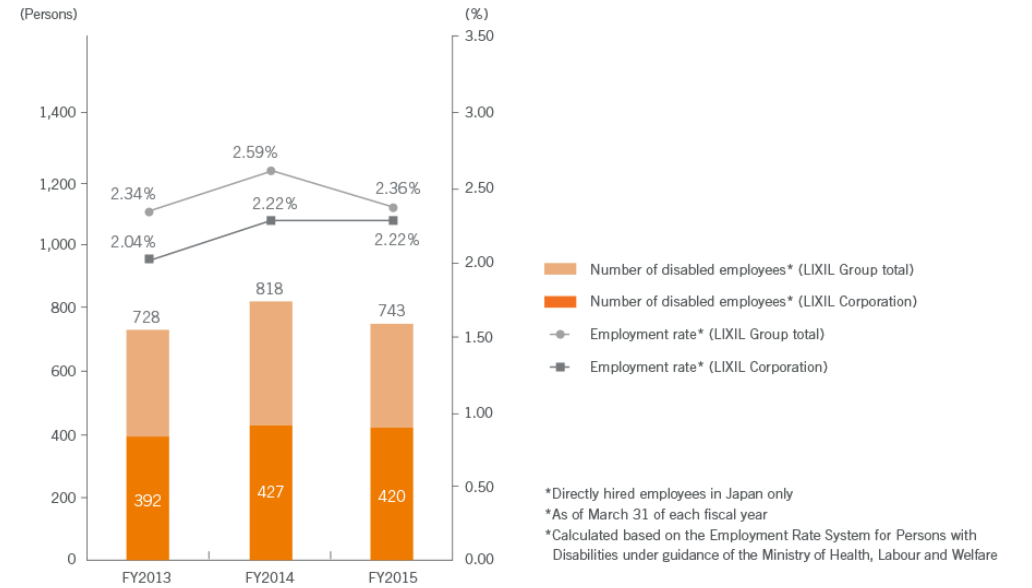
## Number and Composition Ratio of Female Managers ★



## Employing Persons with Disabilities

The LIXIL Group adapts working environments to ensure employees with disabilities can work to their full potential in broad areas from R&D or production to office work. Across the Group, the number and percentage of employees with disabilities are 743 and 2.36%, respectively (420 and 2.22% for LIXIL Corporation). LIXIL Corporation is especially active in the employment of persons with mental disabilities and has received certification from the Ministry of Health, Labour and Welfare as a leading company in the employment of persons with mental disabilities and other disabilities in May 2016.

## Number and Percentage of Disabled Employees ★



## Creating Local Employment Opportunities

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

FY2015 data indicated with a ★ has received the independent practitioner's assurance.

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### Related principles:

- [LIXIL Diversity Declaration >](#)

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### Scope of Data Collection

The LIXIL Group employee-related data covers: LIXIL Group Corporation, its 5 operating companies\*<sup>1</sup>, LIXIL Corporation's 38 major subsidiaries (15 companies in Japan\*<sup>2</sup> and 23 groups/companies outside Japan\*<sup>3</sup>), LIXIL Living Solution Corporation's 4 major subsidiaries\*<sup>4</sup>. LIXIL Group Finance Corporation's 1 major subsidiaries\*<sup>5</sup> and The number of groups and companies covered is 48 in total. While the majority of LIXIL Group Corporation's major subsidiaries as of March 31, 2016 are covered, please note that the scope of employee related data differs from the scope of subsidiaries for the consolidated financial report.

\*LIXIL Group Corporation and its consolidated subsidiaries and second-tier subsidiaries (sub-subsidiaries) are covered.

#### Operating companies of LIXIL Group Corporation\*<sup>1</sup>

LIXIL Corporation, LIXIL VIVA CORPORATION, JIO Corporation, LIXIL Group Finance Corporation and LIXIL Living Solution Corporation

#### Major subsidiaries of LIXIL Corporation

- **Consolidated subsidiaries in Japan\*<sup>2</sup>:**

LIXIL Total Service Corporation, Kawashima Selkon Textiles Co., Ltd., LIXIL Total Hanbai Corporation, LIXIL SUZUKI SHUTTER CORPORATION, HIVIC CO., LTD., G TERIOR Corporation, Asahi Tostem Exterior Building Materials Co., Ltd., LIXIL Toyo Sash Shoji Co., Ltd., LIXIL RENEWAL Corporation, TM.S Corporation, Ltd., Kuwata Co., Ltd., Dinaone Corporation, Oita Tostem Co., Ltd., Nishi Kyushu Tostem Co., Ltd., and LIXIL ENERGY CO., Ltd.

- **Consolidated subsidiaries outside Japan\*<sup>3</sup>:**

Grohe Group, Permasteelisa Group, TOSTEM THAI Co., Ltd., LIXIL Manufacturing (Dalian) Corporation, LIXIL Vietnam Corporation, LIXIL GLOBAL MANUFACTURING VIETNAM Co., Ltd., LIXIL (Thailand) Public Co., Ltd., PT AMERICAN STANDARD INDONESIA, AMERICAN STANDARD VIETNAM Co.Ltd., LIXIL-Haier

Housing Products (Qingdao) Co., Ltd., LIXIL Sanitary Fitting Manufacturing (Suzhou) Corporation, LIXIL Building Materials Manufacturing (Suzhou) Corporation, LIXIL Korea Inc, Star Alubuild Private Limited, LIXIL SUZUKI Shutter Manufacturing Corporation, PT LIXIL ALUMINIUM INDONESIA, LG-TOSTEM BM Co., Ltd, Taiwan INAX Corporation, LIXIL Philippines Ltd., Co, LIXIL International Pte.,Ltd, LIXIL India Private Limited, ASD Americas Holding Corp., A-S CHINA PLUMBING PRODUCTS Ltd.

#### Subsidiaries of LIXIL Living Solution Corporation\*<sup>4</sup>

- **Consolidated subsidiaries in Japan:**

LIXIL REALTY, Corp., JAPAN HOME SHIELD CORPORATION, LIXIL Housing Research Institute, Ltd., CLASSIS Corporation

#### Subsidiaries of LIXIL Group Finance Corporation\*<sup>5</sup>

- **Consolidated subsidiaries in Japan:**

LIXIL Home Finance Corporation

### Data Collection Method and Period

The number of employees is calculated on an original registration basis for each company, mainly as of March 31, 2016.

### Employee Composition

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



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## Number of Employees by Type of Employment ★

				Number	Ratio (%)	
Japan	Directly employed	Permanent staff* <sup>1</sup>	Male	18,220	24.7%	
			Female	5,708	7.8%	
			Total	23,928	32.5%	
		Non-permanent staff* <sup>2</sup>	Male	2,604	3.5%	
			Female	7,478	10.2%	
			Total	10,082	13.7%	
				Male total	20,824	28.3%
				Female total	13,186	17.9%
				Directly employed total	34,010	46.2%
			Indirectly employed* <sup>3</sup>	2,512	3.4%	
Japan total				36,522	49.6%	
Outside Japan	Directly employed total		37,086	50.4%		
Grand total				73,608	100.0%	

\*1 Permanent employees: employees under a labor contract without a fixed period of employment  
\*2 Non-permanent employees: employees under a labor contract with a fixed period of employment  
\*3 Indirectly employed: Temporary sub-contracted staff

## Number of Employees by Country ★

Country	Number	Country	Number
Japan	34,064	Indonesia	581
Thailand	8,922	Hong Kong	522
China	6,245	India	462
Mexico	4,012	Netherlands	397
Vietnam	3,931	Singapore	254
Germany	3,534	Other European Region	768
USA	2,798	Other Middle Eastern & African Region	583
South Africa	1,951	Other Asian Region	354
Italy	883	Other American Region	208
Portugal	627	Total	71,096

\* Directly employed  
\* Data collected according to location of employment or base region  
\* Other Asian Region cover Australia.  
\* Other European Region cover Russia.

## Number of New Hires ★

	FY2013		FY2014		FY2015	
		LIXIL Corp.		LIXIL Corp.		LIXIL Corp.
Permanent staff (new graduates)	950 (376)	443 (241)	818 (495)	418 (326)	898 (517)	472 (323)
Non-permanent staff	2,758	643	2,182	386	561	360
Total	3,708	1,086	3,000	804	1,459	832

\*Directly hired employees in Japan only

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## Turnover Rate ★

	FY2013		FY2014		FY2015	
		LIXIL Corp.		LIXIL Corp.		LIXIL Corp.
<b>Permanent staff</b>	778	385	814	427	624	290
<b>Turnover rate*1</b>	3.32%	2.29%	3.41%	2.52%	2.60%	1.71%
<b>Non-permanent staff</b>	2,372	729	2,473	542	1,818	330
<b>Total</b>	3,150	1,114	3,287	969	2,442	620

\*Directly hired employees in Japan only

\*Turnover rate calculation method

The turnover rate uses the number of employees as of April 1 of the fiscal year as a basis for comparison with the number of retirees through March 31 of the same fiscal year.

FY2015 data indicated with a ★ has received the independent practitioner's assurance.

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# Environment

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

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## Environmental Management

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

Action plan	KPI	Target for FY2016	Target for FY2017
Build a common Group EHS management system.	· Group-wide coverage of EHS management system (%)	· Set up a Group EHS Committee · Formulate Group-wide operational rules (EHS manual, EHS emergency response guidelines, EHS governance inspection guidelines) · Start collecting and disclosing Group-wide EHS performance data	· Extend the implementation of EHS management system to 95% across the Group

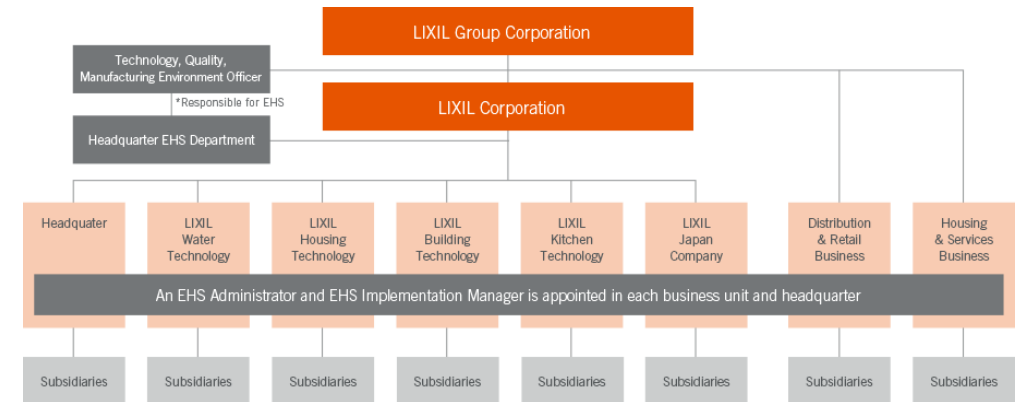
### Our Approach

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

To date, the LIXIL Group has worked proactively to implement an effective environmental management system mainly in Japan to reduce environmental footprints across the entire supply chain from raw materials procurement through to product disposal. Going forward, we plan to extend this effort across the Group to further reduce our environmental impact. In April 2016, we established the EHS Performance Data Reporting Guidelines to strengthen our monitoring processes and management of our targets, and shared them among all Group companies.

## Promoting EHS

In April 2016, the LIXIL Group launched the Group EHS Committee, chaired by the Technology, Quality and Manufacturing Environment Officer, covering all businesses, including our four technology businesses, LIXIL Japan Company, Distribution & Retail Business, Housing & Services Business, and the headquarters. Going forward, we plan to develop and broaden the scope of the Group EHS management system by driving our environmental strategy and building effective management and reporting lines, collaborating with LIXIL Group Executive Officers, the LIXIL Group Board, and the Corporate Responsibility Committee.



### External and Internal Audits

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

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### Major ISO14001-certified operations

- LIXIL Housing Technology (Japan-based production and logistics facilities)
- LIXIL Water Technology SC Japan (Japan-based production facilities)
- LIXIL Kitchen Technology Japan SC (Japan-based production facilities)
- Kawashima Selkon Textiles Co., Ltd.
- Asahi Tostem Exterior Building Materials Co., Ltd.
- LIXIL Housing Research Institute, Ltd.
- TOSTEM THAI Co., Ltd.
- LIXIL Vietnam Corporation
- LIXIL Manufacturing (Dalian) Corporation
- LIXIL Vietnam Corporation
- LIXIL Sanitary fitting Manufacturing (Suzhou) Corporation
- LIXIL BUILDING MATERIALS MANUFACTURING (SUZHOU) CORPORATION
- American Standard Asia Pacific

**Related principles:**

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

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## Greenhouse Gas Reduction

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

Action plan	KPI	Target for FY2016	Target for FY2017
<ul style="list-style-type: none"> <li>Pursue more environment-conscious product design and sales expansion strategies, taking into account the entire lifecycle of both products and services.</li> <li>Improve CO<sub>2</sub> emissions/units</li> </ul>	Group-wide: 1. Benefits from CO <sub>2</sub> emissions reduction achieved from the products and services 2. Levels of CO <sub>2</sub> emissions across all operational processes	1. Create a guideline for calculating the decrease in CO <sub>2</sub> emissions, to help us achieve our mid-term target for FY2016-20 (1.4 times more efficient than in FY2015), and monitor the FY2015 result 2. Target -1.6% compared to FY2015, to achieve our mid-term CO <sub>2</sub> emissions target for FY2016-20 (-8% v. FY2015)	1. In line with the CO <sub>2</sub> emissions target for FY2016-20 (1.4 times more efficient than in FY2015), achieve our goal for FY2017 (1.14 times more efficient than in FY2015) 2. Target -3.2% compared to FY2015, to achieve our mid-term CO <sub>2</sub> emissions target for FY2016-20 (-8% v. FY2015)

\*1 and 2 include water conservation data on indirect CO<sub>2</sub> emissions and the decrease in CO<sub>2</sub> emissions when using water.

## Improving Energy Efficiency of Products and Services

### LIXIL's high-performance LEGARIS sash windows

LEGARIS five-layer glass sash windows are designed to provide thermal insulation that is almost as efficient as walls. The window's structure of encapsulating high-performance gas between special thin sheets of glass keeps the window clear while achieving a record-breaking insulation efficiency of 0.55 W/m<sup>2</sup>K, and weighing the same as a regular triple-layer glass window. We will actively develop products using this superior-performance window technology derived from consistent technical innovation, and aim to make high-performance



High-performance LEGARIS window

windows account for 70% or more of our total share of windows by 2020.

### GROHE SilkMove® ES

The GROHE SilkMove® ES single-lever mixer not only offers GROHE's renowned smooth handling, but is environmentally friendly as well. While most single-lever mixers release mixed hot and cold at mid-lever position, the cold-water start design of Single-lever mixers with GROHE SilkMove® ES technology allows cold water flow in mid-lever position and hot water by moving the lever up to 90 degrees left of the mid position, thereby saving energy through reduced unconscious use of hot water.



Cold water flows in mid-lever position, hot water when turned to the left.

### Permasteelisa mfree-SCCF

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

## Promoting Energy Creation and Saving

### Establishing a solar power system

LIXIL Corporation is promoting the creation and use of renewable energy by turning idle land and factory roofs into mega solar power plants at five of its sites in Japan. The LIXIL Chita Solar Power facility, which began operating in April 2016, is expected to generate approximately 6,000MWh annually, enough to power 1,200 households.



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### Energy savings at manufacturing sites

GROHE improved its energy efficiency by 3% year-on-year through 2014 by modernizing factory equipment, streamlining manufacturing processes, appointing energy officers and introducing cogeneration systems. In 2015, GROHE's Hemer factory in central Germany managed to supply 13% of its energy requirements through its cogeneration system and reduce CO<sub>2</sub> emissions by 10%. GROHE will promote further energy savings and seek ISO 50001 certification on Energy Management Systems.

### Climate Change 2016 Information Request

 From 2011, LIXIL has been participating in the CDP questionnaire and actively disclosing our non-financial information to investors. For the latest report, please see the link. >

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## Sustainable Use Of Resources

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

Action plan	KPI	Target for FY2016	Target for FY2017
<ul style="list-style-type: none"> <li>Pursue more environment-conscious product design and sales expansion strategies, taking into account the entire lifecycle of both products and services.</li> <li>Improve efficient use of water resources.</li> <li>Improve waste recycling ratio.</li> </ul>	Group-wide: 1. Benefits from CO <sub>2</sub> emissions reduction achieved from the products and services 2. Levels of CO <sub>2</sub> emissions across all operational processes	1. Create a guideline for calculating the decrease in CO <sub>2</sub> emissions, to help us achieve our mid-term target for FY2016-20 (1.4 times more efficient than in FY2015), and monitor the FY2015 result 2. Target -1.6% compared to FY2015, to achieve our mid-term CO <sub>2</sub> emissions target for FY2016-20 (-8% v. FY2015)	1. In line with the CO <sub>2</sub> emissions target for FY2016-20 (1.4 times more efficient than in FY2015), achieve our goal for FY2017 (1.14 times more efficient than in FY2015) 2. Target -3.2% compared to FY2015, to achieve our mid-term CO <sub>2</sub> emissions target for FY2016-20 (-8% v. FY2015)

\*1 and 2 include water conservation data on indirect CO<sub>2</sub> emissions and the decrease in CO<sub>2</sub> emissions when using water.

## Enhancing the Water-saving Features in Products and Services

### LIXIL single-unit SATIS G-type toilet

SATIS G-type water-saving toilet, released in April 2016, uses only 4 litres of water per flush to clean the toilet bowl completely. The newly developed AQUA CERAMIC technology also prevents the bowl from being stained by waste, hard water, scuffing and scratching and build-up of bacteria. The technology makes the toilet easy to maintain its shine with basic regular care,



considerably reducing the amount of water and cleanser needed for cleaning.

### Water-saving faucet technology

GROHE developed the EcoJoy® technology to help reduce water and energy consumption in all its products including shower-heads, toilets, water faucets, etc. The EcoJoy® technology reduces the amount of water used by up to 50% without compromising the user experience by employing, for example, integrated flow limiters, EcoButtons, spray dimmers or dual flush technology.

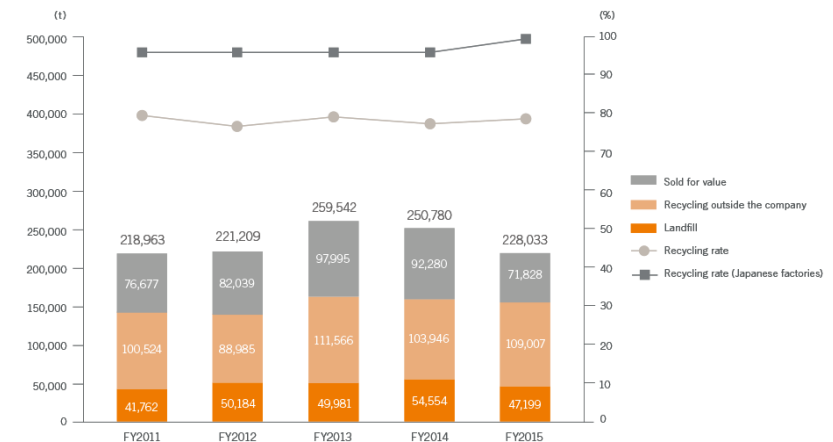


[Water-saving faucet technology >](#)

## Recycling Resources in Operational Activities

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

### Waste Materials and Recycling Rates ★



\*The scope of the data from fiscal 2012 onward has been expanded annually.  
\*Data excludes JIO Corporation.



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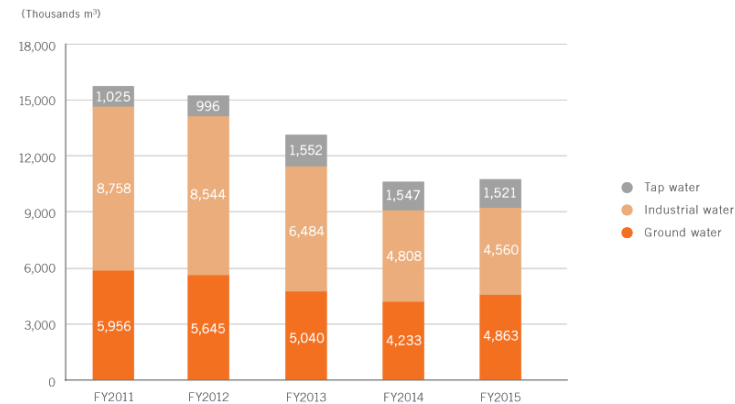
## Using recycled material in product manufacture

At GROHE's faucet producing Hemer plant in central Germany, about 80% of 5,000 metric tons of brass used annually is now collected from internally and externally collected recycled material, making use of the plant's in-house alloy smelting blast furnace.

## Protecting and Conserving Water in Business Activities

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

### Water Usages ★



\*Data excludes LIXIL Total Service Corporation, JIO Corporation, and the tenants in the building that we cannot assess the water intake data.  
\*There were significant reductions in FY2013 and FY2014 due to the closure of a major water-using plant in FY2013.  
\*The scope of the data from fiscal 2012 onward has been expanded annually.

### Water 2016 Information Request

LIXIL has been participating in the CDP questionnaire and actively disclosing our non-financial information to investors. For the latest report, please see the link. >

## List of Major River Basin

	Region	Major Water System
Japan	Hokkaido	Ishikari River
	Tohoku	Mogami River
		Abukuma River
	Kanto	Tone River
		Tsurumi River
		Ara River
	Chubu	Kiso River / Yahagi River
		Oyabe River / Sho River
	Kinki	Yodo River / Yamato River
		Kumozu River
Chugoku	Yoshii River	
Kyushu	Chikugo River	

	Region	Major Water System
Overseas	Northern China	Biliuhe River
		Hai River
	Central China	Yangtze River
		Lake Tai
		Huai River
	Southern China	Pearl River
	Vietnam	Red River
		Han River
		Mekong River
	Thailand	Chao Phraya River

\*Major water systems in our overall water usage framework

## Preventing Pollution Through Strict Control of Chemical Substances

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

FY2015 data indicated with a ★ has received the independent practitioner's assurance.  
[Scope and details >](#)

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### Scope of Data Collection

In principle, environmental footprint data covers all operating companies and their consolidated subsidiaries as of March 31 2016, with the exclusion of some consolidated subsidiaries considering their business size and content. With regard to non-consolidated subsidiaries, only one logistics company (LIXIL Logistics Corporation) has been included in the scope of reporting. (Subsidiaries operating in buildings owned and managed by an operating company of the LIXIL Group are treated as being part of the LIXIL Group.) Please note that the scope of environmental footprint data differs from the scope of subsidiaries for the consolidated financial report. Where scope of data is different to those stated above, details are specified in the footnotes.

#### Operating companies of the LIXIL Group

LIXIL Corporation, LIXIL VIVA CORPORATION, LIXIL Living Solution Corporation, JIO Corporation, LIXIL Group Finance Corporation

#### Major subsidiaries of LIXIL Corporation

• **Consolidated subsidiaries in Japan**

Kawashima Selkon Textiles Co., Ltd., HIVIC CO., LTD., LIXIL Total Hanbai Corporation, Asahi Tostem Exterior Building Materials Co., Ltd., G TERIOR Corporation, LIXIL SUZUKI SHUTTER CORPORATION, LIXIL Toyo Sash Shoji Co., Ltd., Dinaone Corporation, TM.S Corporation, Kuwata Corporation, Oita Tostem Corporation, Nishi Kyushu Tostem Corporation, LIXIL Total Service Corporation, LIXIL ENERGY Co., Ltd., LIXIL RENEWAL Corporation, LIXIL INFORMATION SYSTEMS CORPORATION

• **Non-consolidated subsidiaries in Japan**

LIXIL Logistics Corporation

• **Consolidated subsidiaries outside Japan**

TOSTEM THAI Co., Ltd., LIXIL Manufacturing (Dalian) Corporation, LIXIL GLOBAL MANUFACTURING VIETNAM Co., Ltd., LIXIL AS Sanitary Manufacturing (Shanghai) Co., Ltd., LIXIL AS Sanitary Manufacturing (Tianjin) Co., Ltd., Jiangmen LIXIL AS Sanitary Fitting Manufacturing Co., Ltd, HUA MEI SANITARY WARE Co., Ltd., LIXIL Vietnam Corporation, LIXIL-Haier Housing Products (Qingdao) Co., Ltd., LIXIL BUILDING MATERIALS MANUFACTURING (SUZHOU) CORPORATION, LIXIL Sanitary Fitting Manufacturing (Suzhou) Corporation, LIXIL Korea Inc, LIXIL (Thailand) Public Co. Ltd., AMERICAN STANDARD VIETNAM Co.Ltd., PT AMERICAN STANDARD INDONESIA

Note: Data for Permasteelisa Group, ASD Americas Holding Corp., and GROHE Group S.à r.l. are not included.

#### Major subsidiaries of LIXIL Living Solution Corporation

• **Consolidated subsidiaries in Japan:**

LIXIL Housing Research Institute, Ltd., LIXIL REALTY, Corp., CLASSIS Corporation

### Procurement and Logistics Data

#### Procurement:

The scope of data calculation includes all manufacturing sites under the environmental management systems of the LIXIL Group. All raw materials, parts, and packaging materials used for products are included in the calculations, and manufacturing equipments and office supplies are excluded from the calculations. (The data covers the supply division for each technology business in Japan, 3 consolidated subsidiaries in Japan and 14 consolidated subsidiaries outside Japan.)

#### Logistics:

The scope of data calculation covers only the 16 sites of LIXIL Logistics Corporation which are designated as Specified Consigner by the Act on the Rational Use of Energy.

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**Procurement**

Material usage		FY 2014		FY 2015	
Raw materials	Aluminum raw materials	164,461	t	155,441	t
	Other metals	80,417	t	78,730	t
	Plastics raw materials	37,090	t	47,597	t
	Wood raw materials	235,817	t	232,716	t
	Ceramics raw materials	379,384	t	359,949	t
	Others	168	t	129	t
Parts/ materials	Metal parts	104,018	t	99,671	t
	Plastic parts	134,744	t	97,645	t
	Wood parts	86,540	t	95,444	t
	Ceramic parts	249,026	t	225,235	t
	Packaging materials	17,298	t	12,443	t
	Others	37,086	t	129,172	t
<b>Total</b>		<b>147,108</b>	<b>t</b>	<b>1,534,170</b>	<b>t</b>
<b>Energy consumption</b>		<b>38,092</b>	<b>thousand GJ</b>	<b>39,175</b>	<b>thousand GJ</b>

Volume reduced	-1,084 thousand GJ	Year on year	2.8% increase
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\* The weight of parts / materials is calculated based on purchase costs.  
 \* Data covers the manufacturing sites of LIXIL Corporation and its overseas subsidiaries, Kawashima Selkon Textiles Co., Ltd., and HIVIC CO., LTD.  
 \* We have corrected some of the number of FY2014.

**Manufacture/sales**

Energy usage	FY 2014		FY 2015	
	Electricity	925,966	thousand kWh	931,870
City gas	93,388	thousand m <sup>3</sup>	77,459	thousand m <sup>3</sup>
LNG	14,931	t	13,257	t
LPG	13,364	t	13,135	t
Kerosene	3,232	kL	2,814	kL
Fuel oil	6,548	kL	7,175	kL
Diesel	2,925	kL	3,114	kL
Gasoline	8,773	kL	9,317	kL
Steam	142,673	GJ	144,076	GJ
Photovoltaic power generation *	24	thousand kWh	24	thousand kWh
<b>Energy consumption</b>	<b>15,649</b>	<b>thousand GJ</b>	<b>14,925</b>	<b>thousand GJ</b>

\* Data only covers facilities within the premises of our factories (in-house use only).

Volume reduced	725 thousand GJ	Year on year	4.6 % decrease
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Water intake	FY 2014		FY 2015	
Potable water	1,547	thousand m <sup>3</sup>	1,521	thousand m <sup>3</sup>
Industrial water	4,808	thousand m <sup>3</sup>	4,560	thousand m <sup>3</sup>
Ground water	4,233	thousand m <sup>3</sup>	4,863	thousand m <sup>3</sup>
<b>Total</b>	<b>10,588</b>	<b>thousand m<sup>3</sup></b>	<b>10,944</b>	<b>thousand m<sup>3</sup></b>
Energy consumption	<b>16.1</b>	<b>thousand GJ</b>	<b>15.6</b>	<b>thousand GJ</b>

Volume reduced	0.6 thousand GJ	Year on year	3.4 % decrease
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\* Data excludes LIXIL Total Service Corporation, JIO Corporation, and the tenants in the building that we cannot assess the water intake data.

### Logistics

Energy usage	FY 2014		FY 2015	
Fuel (Crude oil equivalent)	46,886	kL	44,909	kL
Energy consumption	1,817	thousand GJ	1,741	thousand GJ

Volume reduced	76 thousand GJ	Year on year	4.2 % decrease
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\* Data covers the services , which LIXIL Corporation was identified as the consigner.

## Material Balance (OUTPUT) ★

### Procurement (Scope 3)

CO <sub>2</sub> emissions		FY 2014		FY 2015	
Raw materials	Aluminum raw materials	951	thousand t-CO <sub>2</sub>	962	thousand t-CO <sub>2</sub>
	Other metals	153	thousand t-CO <sub>2</sub>	153	thousand t-CO <sub>2</sub>
	Plastics raw materials	84	thousand t-CO <sub>2</sub>	150	thousand t-CO <sub>2</sub>
	Wood raw materials	194	thousand t-CO <sub>2</sub>	190	thousand t-CO <sub>2</sub>
	Ceramics raw materials	76	thousand t-CO <sub>2</sub>	81	thousand t-CO <sub>2</sub>
	Others	1.7	thousand t-CO <sub>2</sub>	1.4	thousand t-CO <sub>2</sub>
Parts/ materials	Metal parts	495	thousand t-CO <sub>2</sub>	501	thousand t-CO <sub>2</sub>
	Plastic parts	303	thousand t-CO <sub>2</sub>	304	thousand t-CO <sub>2</sub>
	Wood parts	72	thousand t-CO <sub>2</sub>	79	thousand t-CO <sub>2</sub>
	Ceramic parts	48	thousand t-CO <sub>2</sub>	47	thousand t-CO <sub>2</sub>
	Packaging materials	37	thousand t-CO <sub>2</sub>	37	thousand t-CO <sub>2</sub>
	Others	243	thousand t-CO <sub>2</sub>	227	thousand t-CO <sub>2</sub>
	<b>Total</b>	<b>2,656</b>	<b>thousand t-CO<sub>2</sub></b>	<b>2,732</b>	<b>thousand t-CO<sub>2</sub></b>

Volume reduced	-76 thousand t-CO <sub>2</sub>	Year on year	2.9 % increase
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\*1. Data covers the manufacturing sites of LIXIL Corporation and its overseas subsidiaries, Kawashima Selkon Textiles Co.,Ltd., and HIVIC CO., LTD.

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**Manufacture/sales (Scope 1 and 2)**

CO <sub>2</sub> emissions	FY 2014		FY 2015	
Electricity	420	thousand t-CO <sub>2</sub>	430	thousand t-CO <sub>2</sub>
City gas	197	thousand t-CO <sub>2</sub>	163	thousand t-CO <sub>2</sub>
LNG	40	thousand t-CO <sub>2</sub>	36	thousand t-CO <sub>2</sub>
LPG	40	thousand t-CO <sub>2</sub>	39	thousand t-CO <sub>2</sub>
Kerosene	8	thousand t-CO <sub>2</sub>	7	thousand t-CO <sub>2</sub>
Fuel oil	18	thousand t-CO <sub>2</sub>	19	thousand t-CO <sub>2</sub>
Diesel	8	thousand t-CO <sub>2</sub>	8	thousand t-CO <sub>2</sub>
Gasoline	20	thousand t-CO <sub>2</sub>	22	thousand t-CO <sub>2</sub>
Steam	9	thousand t-CO <sub>2</sub>	9	thousand t-CO <sub>2</sub>
<b>Total</b>	<b>16.1</b>	<b>thousand t-CO<sub>2</sub></b>	<b>15.6</b>	<b>thousand t-CO<sub>2</sub></b>

Volume reduced	26 thousand t-CO <sub>2</sub>	Year on year	3.5 % decrease
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Waste products emissions	FY 2014		FY 2015	
Recycled	103,946	t	109,007	t
Land filled	54,553	t	47,199	t
<b>Total</b>	<b>158,499</b>	<b>t</b>	<b>156,206</b>	<b>t</b>

Volume reduced	2,293 t	Year on year	1.4 % decrease
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\* 1. Data excludes JIO Corporation.

Wastewater volume	FY 2015		FY 2015	
Wastewater	9,729	thousand m <sup>3</sup>	10,110	thousand m <sup>3</sup>

Volume reduced	-381 thousand m <sup>3</sup>	Year on year	3.9% increase
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\* Data excludes LIXIL Total Service Corporation, JIO Corporation, and the tenants in the building that we cannot assess the wastewater data.

**Logistics (Scope 3)**

CO <sub>2</sub> emissions	FY 2015		FY 2015	
Fuel (Crude oil equivalent)	125	thousand t-CO <sub>2</sub>	119	thousand t-CO <sub>2</sub>

\* Data covers the services, which LIXIL Corporation was identified as the consigner.

[Total Energy Consumption Calculation Method]

- Energy consumption (procurement)<sup>\*1</sup> = (Amount of purchased raw materials) × (Energy conversion coefficient<sup>\*2</sup>) + (Cost of purchasing parts/materials) × (Energy conversion coefficient<sup>\*3</sup>)
- Energy consumption (manufacture/sales)<sup>\*4</sup> = (Electricity/Fuel consumption, water intake) × (Energy conversion coefficient<sup>\*5</sup>)
- Energy consumption (disposal) = (Land filled/incinerated quantity when products are disposed) × (Energy conversion coefficient<sup>\*2</sup>)
- Energy consumption (transport) = (Transported weight) × (Transportation distance) × (Energy conversion coefficient<sup>\*6</sup>)

\*1: Energy consumption in procuring raw materials includes energy consumed in mining, sorting, blending, refining and other raw material processing including transport to Japan. Energy consumption in manufacturing parts/materials includes energy consumed in mining, refining and other raw material processing including transport to Japan and assembly/processing in Japan.

\*2: Conversion coefficient calculated from Japan Environmental Management Association for Industry (JEMAI) Carbon Footprint Database Ver.1

\*3: Architectural Institute of Japan (AIJ) LCA Database (2005 Input-Output Table)

\*4: Manufacture/sales energy consumption includes energy calculated by multiplying quantity of waste products processed during manufacture/sales by energy conversion coefficient<sup>\*2</sup>

\*5: Electricity, fuel: heat value per unit per energy source as specified in the Act of Rational Use of Energy, 2010

Water: conversion coefficient calculated from Japan Environmental Management Association for Industry (JEMAI) Carbon Footprint Database Version 1

\*6: Conversion coefficient calculated from unit fuel consumption and unit calorific value using improved tons × distance method as specified in the Act of Rational Use of Energy (Measures Pertaining to Consigners)

[CO<sub>2</sub> Conversion Coefficients Used to Convert CO<sub>2</sub> Emissions]

- Purchased electricity: Japan 0.378, China 0.764, Korea 0.489, Thailand 0.567, Vietnam 0.427, and Indonesia 0.653(kg-CO<sub>2</sub>/kWh)
- Natural gas: 2.108 (kg-CO<sub>2</sub>/m<sup>3</sup>), LPG: 3.002 (kg-CO<sub>2</sub>/kg), Kerosene: 2.492 (kg-CO<sub>2</sub>/L), Fuel oil: 2.71 (kg-CO<sub>2</sub>/L), Diesel: 2.624 (kg-CO<sub>2</sub>/L), Gasoline: 2.322 (kg-CO<sub>2</sub>/L), Purchased steam: 0.06 (kg-CO<sub>2</sub>/MJ)
- Sources: Guidelines for Calculating Greenhouse Gas Emissions for Businesses (Ministry of the Environment), 2005, GHG emissions from purchased electricity. Version 4.4 (World Resources Institute), 2012

FY2015 data indicated with a ★ has recieved the independent practitioner's assurance.

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# Society

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

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## Human Rights

We aim to sustainability operate as a responsible corporate citizen that respects human rights across the entire value chain.

Action plan	KPI	Target for FY2016	Target for FY2017
Create a LIXIL Group Human Rights Principles and promote awareness amongst all LIXIL Group employees.	· Implementation of Human Rights Principles learning across the Group (%)	· Ensure full implementation across the Group	· Ensure full implementation across the Group
Create a framework for due diligence of human rights.	(To be determined in FY2017)	-	· Create an execution plan with our compliance department for human rights due diligence in all Group companies, suppliers and other business partners

### LIXIL's framework for respecting human rights

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

We will promote awareness of the LIXIL Group Human Rights Principles to all employees. Moreover, as a global company, we will be following through on reinforcing due diligence on human rights and on transparent reporting.

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

**Related principles:**

 [LIXIL Group Human Rights Principles >](#)

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## Stakeholder Engagement

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

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

## Our Approach

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

Stakeholders	Type of Engagement
Customers	We incorporate customer opinions as well as providing timely and appropriate disclosure on our products and services. We offer customer support via telephone, email, and at 95 showrooms globally. <a href="#">More</a>
Suppliers	We build and maintain strong relationships with our suppliers by facilitating two-way communication. In response to recent Responsible Procurement Surveys, we share our procurement policies, recognize current circumstances and follow through on promised improvements. We also hold regular meetings with suppliers to share information on regulatory trends and new corporate purchasing strategies. <a href="#">More</a>
Local communities	The LIXIL Group operates 93 factories worldwide. As a responsible corporate citizen, on top of respecting local culture and customs and create responsible products and jobs, we also contribute to the development of the surrounding community in which we operate. We hold community dialogues at factories and sales offices in Japan to encourage communication with local residents. <a href="#">More</a>
Shareholders and investors	We hold approximately 800 discussions every year with investors around the world to help promote sustainable growth and enhance corporate value. We disclose timely and transparent information in English and Japanese via our Annual Report (Integrated Report from FY2015), our Investor Relations web pages and the Tokyo Stock Exchange website. <a href="#">More</a>
Employees	The LIXIL Group boasts approximately 80,000 employees. We strive to create an inspiring working environment that encourages diversity and incorporates employee opinion expressed via systematic global employee satisfaction surveys or discussions between the union and the company. <a href="#">More</a>
NPOs, NGOs, government and universities	We partner with NPOs/NGOs, governments and universities in the research and development related to global sanitation, and support environmental education for next-generation leaders.



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## Examples of LIXIL Stakeholder Engagement

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

	FY2014	FY2015
<b>Charitable donations</b>	170,880,765	130,596,544
<b>Community investments</b>	613,395,842	856,842,636
<b>Commercial initiatives</b>	629,900,000	600,000,000

Scope: LIXIL Group (non-consolidated) and LIXIL Corporation (non-consolidates), and some of the subsidiaries of LIXIL Corporation (Grohe and American Standard)  
\* Monetary and other contributions have been collected and categorized in accordance to the London Benchmarking Group Guidance Manual (June 2015).

### Youth Empowerment

#### Plumbing skills for a more secure future

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

The German-modelled, dual-track training program, has been underway in Mumbai-Kurla in India since 2009, and has been expanded to New Delhi, as well as Manila-Tondo in the Philippines. To date, GROHE has helped over 800 young people gain practical and classroom-based education on



GROHE Dual Tech students at the training facility in Mumbai

plumbing, as well as computer and English-language skills. Students are sent on placements with local firms, resulting in a nearly 100% placement rate upon graduation. GROHE benefits from a great pool of these skilled plumbers to install its premium products at the highest professional standard. Spurred on by its overwhelming success, GROHE is looking to extend the training program to Egypt.

### Natural Disaster Aid and Recovery Support

#### Disaster recovery Initiatives in Japan

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

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



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

#### Providing safe sanitation for communities in need

The innovative SATO ("Safe Toilet") is a life-saving, low-cost solution that provides safe and hygienic sanitation. In addition to its growing business operations reaching more people in Asia and Africa, we also have been working with NGOs to support communities with urgent needs. [\(More information on SATO business\)](#)

Poor sanitary conditions on the poverty-stricken Caribbean island of Haiti were exacerbated by the 2010 earthquake, with open latrines increasing the risk of the spread of disease by airborne insects. American Standard engineers worked with Plumbers without Borders (PWB) to teach students at Haiti Tec plumbing skills and how to improve hygiene. With the help of NGOs like PWB and Food for the Poor, American Standard donated 7,900 SATO products to



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

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towns and villages in Haiti, as well as other parts of the Caribbean and Central America.

SATO products were also delivered to survivors of the 2015 devastating earthquakes in Nepal with the help of WaterAid. We are committed to helping ensure a safe and sanitary environment in disaster relief efforts.

### Local Community Engagement

#### Holding community dialogues in factories, sales and retail bases

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

In fiscal 2015, LIXIL Corporation held community dialogues at 19 new locations in Japan, attracting over 300 participants. Over the past three years, we have held roughly 90 community dialogues in total. We cultivate meaningful relations with local residents and authorities by implementing initiatives based on the conversations during community dialogues, and ensure consistent communication and follow up after the initial dialogue.

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



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

### Partnerships

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

### Environmental, Cultural and Social Programs

<b>Forest preservation</b>	Encouraging our employees and their families to participate in voluntary activities to protect forest and mountain environments in cooperation with government, NPOs and forestry cooperatives. <a href="#">More</a> (Japanese only)
<b>Water and environment related education activities</b>	Offering educational classes at primary schools on the global water and sanitation challenge. <a href="#">More</a> (Japanese only)
<b>Cultural activities</b>	Promoting cultural activities in areas related to our history, such as ceramic and textile museums, gallery management and publishing. <a href="#">More</a>

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

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# Customers & Supply Chain

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

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## Responsible Supply Chain Management

The LIXIL Group seeks to guarantee a stable supply of products through an overall management system that identifies supply chain risks and implements countermeasures when necessary, while fulfilling stakeholder accountability.

Action plan	KPI	Target for FY2016	Target for FY2017
Extend our Japanese CR procurement process across the Group.	<ul style="list-style-type: none"> <li>Supplier monitoring coverage ratio (based on purchased amount) (%), and percentage of suppliers which satisfy CR management standards (%)</li> </ul>	<ul style="list-style-type: none"> <li>Promote Group-wide awareness of the LIXIL Group's procurement strategy</li> <li>Implement existing CR procurement process across the Group</li> </ul>	<ul style="list-style-type: none"> <li>Achieve supplier monitoring coverage ratio (based on purchased amount) to 80% in Japan and 60% outside Japan; ensure that 100% of suppliers satisfy CR management standards</li> </ul>

## Procurement Policy

The LIXIL Group has established a Procurement Policy to develop healthy business partnerships with counterparts worldwide. This policy forms the basis of our overall supply chain management.

### Procurement Policy

#### Fair and Impartial Trade Practices

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

#### Adherence to Social Norms

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

### Respect for Human Rights and Consideration for Working Environment

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

### Care for the Environment

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

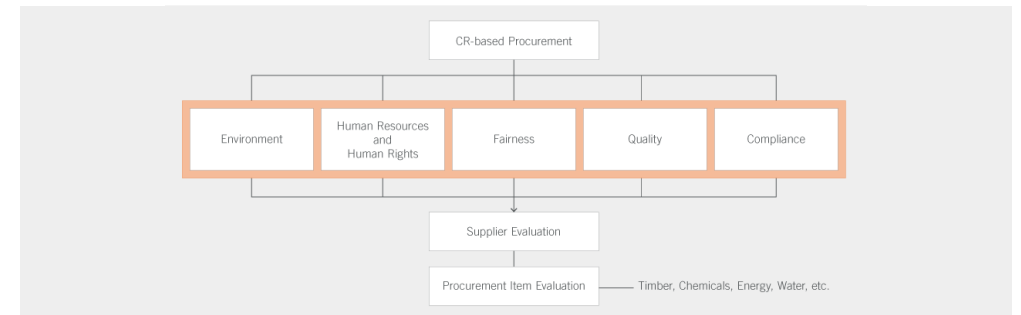
### Promotion of Mutual Prosperity with Our Suppliers

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

## Promoting Responsible Procurement

The LIXIL Group promotes responsible procurement based on supplier assessment criteria when selecting new business partners. These criteria include quality, cost and delivery (QCD), technological prowess, and capacity to deliver stable supplies, as well as sustainable use of resources and proper control of chemical substances. The supplier assessment criteria are applied when selecting new partners and during regular subsequent checks. We have also included additional criteria such as human rights and labor safety, to ensure responsible procurement globally. We are looking to strengthen supply chain management of our network of overseas business partners, which has expanded following mergers and acquisitions.

## Approach to Responsible Procurement



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## Management of Chemical Substances

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

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

 [English version \(updated on November 17, 2016\) >](#)

## Supply Chain Management

We have been improving our supply chain management framework through our procurement groups ever since the five-company merger in April 2011. Aiming for a sustainable supply chain, we share our Procurement Policy with suppliers, and conduct responsible procurement surveys to grasp the actual status, and follow up with specific improvements to be implemented based on the results.

To ensure responsible procurement, we have been strengthening supplier monitoring, adding CR operations, human rights, labor, health and safety and social contribution to our supplier assessment criteria in FY 2013, bringing the total number of questions to 66 (46 for Japan where low-risk items have been removed).

In FY2014 and FY2015, we provided our Procurement Policy and guidelines to 80% of our suppliers in Japan and 60% outside Japan, both in terms of overall procurement transaction amount, and achieved 85% conformity in procurement survey responses. We subsequently engaged in follow up visits to over 100 suppliers, which had performed poorly in the survey, and are also ensuring that new affiliated Group companies fully embrace our Procurement Policy. Procurement survey results are taken into account when selecting suppliers.

### Responsible Procurement Survey (FY2015)

	Overseas	Japan
1. CR Operations	10 questions	6 questions
2. Fair Business	8 questions	8 questions
3. Human Rights	7 questions	6 questions
4. Labor	13 questions	9 questions
5. Health & Safety	9 questions	7 questions

	Overseas	Japan
6. Environmental Conservation of the Planet	14 questions	8 questions
7. Regional Contribution	5 questions	2 questions
Total	66 questions	46 questions

### Survey sheets

 [To suppliers overseas \(English\) >](#)

 [To suppliers in Japan \(English\) >](#)

## Building a Supply Chain with Decent Working Conditions and Resource Allocation

Important Topic : Build a supply chain taking into consideration labor conditions and resource allocation

Tasks	KPI	FY2014 Results		FY2015 Targets		FY2015 Results		FY2016 Targets	
		Japan	Overseas	Japan	Overseas	Japan	Overseas	Japan	Overseas
Share Procurement Policy and Guidelines	Percentage of transaction amount	72%	82%	80%	60%	82%	81%	80%	60%
	Percentage of companies	15%	43%	15%	40%	27%	42%	15%	40%
Conduct surveys and follow-up activities	Conformity rate of surveyed items	93%	91%	85%	85%	94%	85%	90%	90%

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

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

Japan: Procurement by operating sites in Japan

Overseas: Procurement by operating sites overseas

\*FY2014 data have been revised

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## Product Safety & Quality

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

Action plan	KPI	Target for FY2016	Target for FY2017
Make continuous improvements to the product quality management system.	· Serious product accidents across the Group (number)	· Zero cases of serious product accidents across the Group · Extend product safety strategy by setting specific KPIs for each technology business	Maintain the number of serious product accidents across the Group at zero
Increase awareness of how to safely use our products.	· Rate of disclosed instruction manuals for the main products on the website across the Group (%)	· Disclose instruction manuals online, for all main products in Japan	· Disclose instruction manuals online, for all main products across the Group

### Our Approach

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

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

### LIXIL Corporation Quality Policy

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

### LIXIL Product Safety Principles

#### Innovation

- Build a global top level system in the field of product safety
- Work to develop innovative safety technology in the pursuit of total safety

#### Sustainability

- Collect state-of-the-art product safety information, and always strive to improve product safety activities
- Build a network of business partners and customers in order to secure safety across the entire product life-cycle

#### Integrity

- Work honestly and sincerely on product safety activities in order to obtain the trust of each and every customer
- Promptly disclose clear product safety information, with customers' safety and peace of mind as our top priority

### Management Structure

Our Quality & Six Sigma Division, which reports directly to the CEO, develops effective group-wide product quality management systems and resolves quality issues across the Group, under the leadership of the Chief Technology Officer (CTO). In addition, quality assurance and issues management of each

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product and service are managed under the guidance of the respective Chief Quality Officers (CQO) at each of LIXIL's four technology businesses and LIXIL Japan Company, our distribution arm in Japan.



\*Each business includes subsidiaries of LIXIL Corporation.

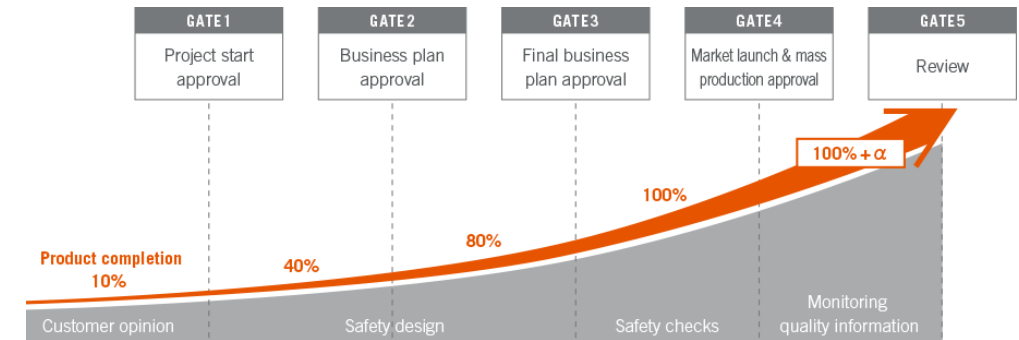
## Enhancing Quality Across Entire Product Lifecycle

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

Design & development	We incorporate customer opinion in the development stage and use LIXIL stage-gate system to verify product quality attainment as well as LIXIL's safety standards, covering legal and industry standards.
Materials & parts procurement	For procurement of materials and parts, we require our suppliers to fulfil a certain set of criteria. We cooperate with the suppliers to resolve and improve on any issues.
Commercialization, production, sales	We only commercialize products that have gone through and passed vigorous stress tests and quality checks for durability, weather resistance, etc. Products that require specific safety and quality labelling are clearly marked in our catalogues and other sales materials as meeting those criteria.
Preparing for product defects & issues	We have a system to incorporate customer opinions and experiences with regard to product-related accidents and defects, and thoroughly investigate the root cause for future improvements.

## LIXIL Stage gate system

LIXIL Corporation incorporates check-point "gates" at five stages of product development. Specific evaluation criteria are assigned to each stage, and our internal gate keepers assess products at each stage gate to ensure a superior end product. Regular reviews of the evaluation criteria for each gate also contribute to our quest for ultimate quality.



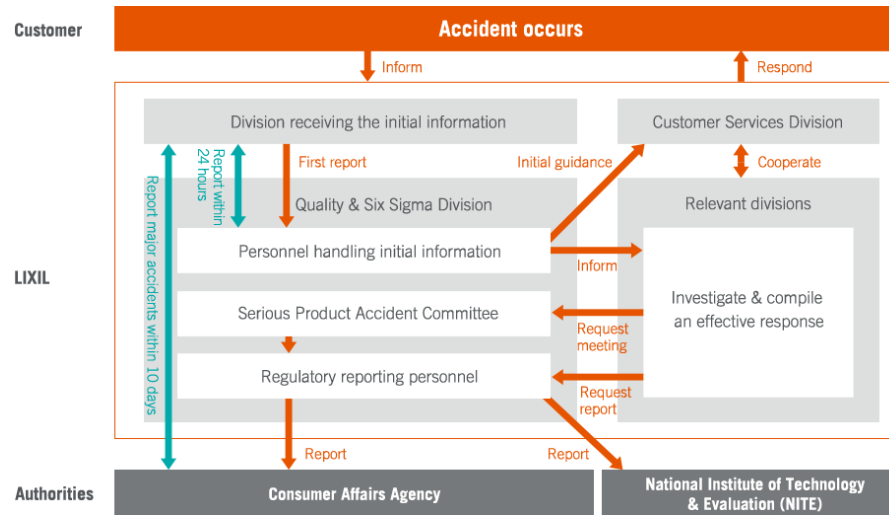
## Responding to Serious Product-related Accidents

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

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### Number of serious product-related accidents in FY2015

2 incidents, which includes one incident with a small kitchen stove recalled in 2007.

### Nurturing a Culture for Enhanced Quality Management

LIXIL Corporation holds "LIXIL Quality Month" campaigns to enhance awareness of product quality, expand quality management systems, and encourage improvements. At the fourth LIXIL Quality Month in 2015, selected staff from 161 divisions worldwide came together to compete on best practices for improvements.



### Information Disclosure and Communication

The LIXIL Group publishes product-specific instructions on the website to ensure safe product use. LIXIL Corporation holds dialogues with product safety experts every year to promote product safety activities that serve social needs.

[The LIXIL Group publishes product-specific instructions \(Japanese only\) >](#)

### External Recognition

In FY2014, LIXIL Corporation won the Excellence Award in the large manufacturer and importer category for the Best Contributors to Product Safety Awards program run by Japan's Ministry of Economy, Trade and Industry (METI). METI commended the company for its innovative 10-year guarantee services and its efforts to nurture a strong product-safety culture.



FY2014 Best Contributors to Product Safety



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## Customer Satisfaction

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

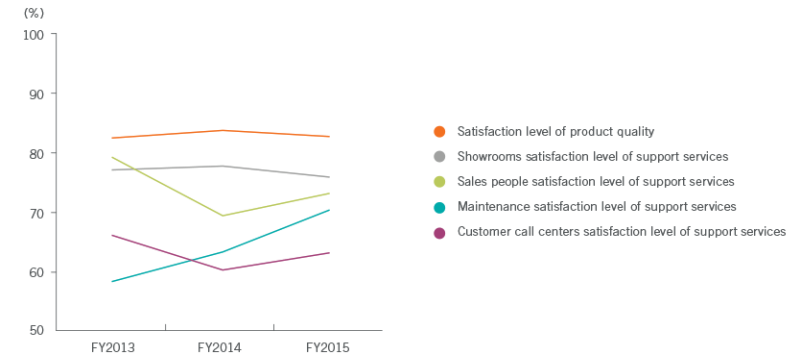
Action plan	KPI	Target for FY2016	Target for FY2017
Monitor customer satisfaction levels and reevaluate collected data to help improve satisfaction levels.	· Customer satisfaction towards all Group products and services (%)	· Establish a mechanism for measuring and disclosing customer satisfaction, and implement it across the Group	· Continue initiative to improve customer satisfaction across the Group

### Our Approach

To ensure that our customers enjoy great experiences in all aspects of their living spaces, the LIXIL Group is focused on developing products and services that satisfy both the end customer and construction-related professional users, and communicating with them effectively.

LIXIL Corporation engages in customer satisfaction surveys. We are committed to continuing the surveys and plan to establish systems for measuring and disclosing customer satisfaction and implement it across the Group.

## Professional User Satisfaction of Products and Support Services

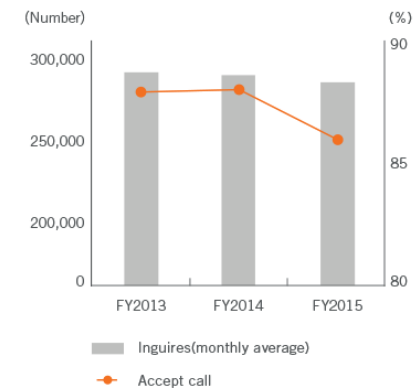


### Enhancing Customer Satisfaction

LIXIL Corporation's customer service and repair centers receive approximately 290,000 inquiries each month. We are working to enhance customer satisfaction by using our customer opinion database to visualize problems from a customer perspective and improve products and services with a PDCA approach.

Our customer service center conducts customer satisfaction surveys twice a year. We listen carefully to customer opinion to help improve our communications and ultimately enhance customer satisfaction.

### Customer Inquiries



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# Reporting

Details of how we report on  
our Corporate Responsibility activities and milestones.

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## Scope Of Reporting

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

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

## Reporting Period

Updated CR related information for FY2015 (April 1, 2015 to March 31, 2016) has been published on August 8, 2016. We plan to update the report for the next fiscal year in August 2017.

## Coverage

CR activities of LIXIL Group Corporation, as well as LIXIL Corporation and other consolidated subsidiaries are covered in the report.

The scope is provided in footnotes for matters that have narrower coverage.

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

 [Employee-related Information \(scope, method and period\) \(36 KB\) >](#)

 [Environmental performance information \(scope, method and period\) \(35 KB\) >](#)

## Independent Practitioner's Assurance Report

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

 [Independent Practitioner's Assurance Report \(185 KB\) >](#)

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## CR Library

Please access the PDF files below for past reports:

### FY 2014

 [CSR Management 2015 English version \(published September 2015\) \(5.4MB\) >](#)

### FY 2013

 [CSR Management 2014 English version \(published August 2014\) \(6.8MB\) >](#)

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## Global Reporting Initiative(GRI) Index

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

### GENERAL STANDARD DISCLOSURES

Item	Indicator	Related Page
<b>STRATEGY AND ANALYSIS</b>		
G4-1	a. Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	• <a href="#">Message &gt; Message from the CEO</a>
G4-2	a. Provide a description of key impacts, risks, and opportunities.	• <a href="#">Annural Report 2016/ Main risks and risk management measures related to business strategies (P58-59)</a> • <a href="#">Annural Report 2016/ Business risks (P72-73)</a>
<b>ORGANIZATIONAL PROFILE</b>		
G4-3	a. Report the name of the organization.	• <a href="#">Corporate Information</a>
G4-4	a. Report the primary brands, products, and services.	• <a href="#">About Us &gt; LIXIL at a Glance</a>
G4-5	a. Report the location of the organization's headquarters.	• <a href="#">Corporate Information</a>
G4-6	a. Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	• <a href="#">Worldwide Presence</a>
G4-7	a. Report the nature of ownership and legal form.	• <a href="#">Corporate Information</a>
G4-8	a. Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	• <a href="#">About Us &gt; LIXIL at a Glance</a>
G4-9	a. Report the scale of the organization, including: • Total number of employees • Total number of operations • Net sales (for private sector organizations) or net revenues (for public sector organizations) • Total capitalization broken down in terms of debt and equity (for private sector organizations) • Quantity of products or services provided	• <a href="#">Corporate Information</a>
G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	• <a href="#">Performance</a>

G4-11	a. Report the percentage of total employees covered by collective bargaining agreements.	• <a href="#">A Fair &amp; Rewarding Workplace &gt; Labor-Management Relationship</a>
G4-12	a. Describe the organization's supply chain.	—
G4-13	a. Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: • Changes in the location of, or changes in, operations, including facility openings, closings, and expansions • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) • Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination	—
G4-14	a. Report whether and how the precautionary approach or principle is addressed by the organization.	• <a href="#">Environmental Management</a> • <a href="#">Responsible Supply Chain Management &gt; Management of Chemical Substances</a> • <a href="#">Sustainable Use Of Resources &gt; Preventing Pollution Through Strict Control of Chemical Substances</a>
G4-15	a. List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	• <a href="#">Message &gt; Commitment to the UN Global Compact</a>
G4-16	a. List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: • Holds a position on the governance body • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic This refers primarily to memberships maintained at the organizational level.	—
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>		
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report. The organization can report on this Standard Disclosure by referencing the information in publicly available consolidated financial statements or equivalent documents.	• <a href="#">有価証券報告書/事業の内容 (P8-14) (Available in Japanese)</a> • <a href="#">Annual Report 2016 / The LIXIL Group in a snapshot (P4-5)</a> • <a href="#">Annual Report 2016 / Principal Group companies (P74-75)</a>
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	• <a href="#">Material Issues &gt; Material Issues Selection Process</a>
G4-19	a. List all the material Aspects identified in the process for defining report content.	• <a href="#">Material Issues &gt; List of LIXIL Group's Material Issues</a>
G4-20	a. For each material Aspect, report the Aspect Boundary within the organization, as follows: • Report whether the Aspect is material within the organization • If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: –The list of entities or groups of entities included in G4-17 for which the Aspect is not material or –The list of entities or groups of entities included in G4-17 for which the Aspects is material • Report any specific limitation regarding the Aspect Boundary within the organization	• <a href="#">Scope Of Reporting &gt; Coverage</a>
G4-21	a. For each material Aspect, report the Aspect Boundary outside the organization, as follows: • Report whether the Aspect is material outside of the organization • If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified • Report any specific limitation regarding the Aspect Boundary outside the organization	—

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G4-22	a. Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	—
G4-23	a. Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	—
<b>STAKEHOLDER ENGAGEMENT</b>		
G4-24	a. Provide a list of stakeholder groups engaged by the organization.	・ステークホルダーエンゲージメント>ステークホルダーについて (Available in Japanese)
G4-25	a. Report the basis for identification and selection of stakeholders with whom to engage.	—
G4-26	a. Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	・これまでのステークホルダーダイアログについて (Available in Japanese)
G4-27	a. Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	・これまでのステークホルダーダイアログについて (Available in Japanese)
<b>REPORT PROFILE</b>		
G4-28	a. Reporting period (such as fiscal or calendar year) for information provided.	・Scope Of Reporting > Reporting Period
G4-29	a. Date of most recent previous report (if any).	・Scope Of Reporting > Reporting Period
G4-30	a. Reporting cycle (such as annual, biennial).	・Scope Of Reporting > Reporting Period
G4-31	a. Provide the contact point for questions regarding the report or its contents.	・Contact Us
G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.	—
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	・Scope Of Reporting > Independent Practitioner's Assurance Report
<b>GOVERNANCE</b>		
G4-34	a. Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	・Governance Structure ・Governance Framework
G4-35	a. Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	・Governance Structure
G4-36	a. Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	・Governance Structure ・Climate Change 2016 Information Request
G4-37	a. Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	—

G4-38	a. Report the composition of the highest governance body and its committees by: ・ Executive or non-executive ・ Independence ・ Tenure on the governance body ・ Number of each individual's other significant positions and commitments, and the nature of the commitments ・ Gender ・ Membership of under-represented social groups ・ Competences relating to economic, environmental and social impacts ・ Stakeholder representation	・ Governance Framework
G4-39	a. Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	・ Commitment to Corporate Governance ・ LIXIL Group Board & Executive Officers
G4-40	a. Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: ・ Whether and how diversity is considered ・ Whether and how independence is considered ・ Whether and how expertise and experience relating to economic, environmental and social topics are considered ・ Whether and how stakeholders (including shareholders) are involved	・ Governance Framework
G4-41	a. Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: ・ Cross-board membership ・ Cross-shareholding with suppliers and other stakeholders ・ Existence of controlling shareholder ・ Related party disclosures	・ 有価証券報告書/役員状況 (P.53-58) (Available in Japanese)
G4-42	a. Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	・ Governance Framework
G4-43	a. Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	—
G4-44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	—
G4-45	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	・ Governance Framework
G4-46	a. Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	・ Governance Framework ・ Risk Management
G4-47	a. Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	—
G4-48	a. Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	—
G4-49	a. Report the process for communicating critical concerns to the highest governance body.	—
G4-50	a. Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	—

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G4-51	a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: • Fixed pay and variable pay: –Performance-based pay –Equity-based pay –Bonuses –Deferred or vested shares • Sign-on bonuses or recruitment incentive payments • Termination payments • Clawbacks • Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	• Corporate Officer Compensation • 有価証券報告書/役員報酬等 (P69-71) (Available in Japanese)
G4-52	a. Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	• Corporate Officer Compensation
G4-53	a. Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	–
G4-54	a. Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	–
G4-55	a. Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	–
<b>ETHICS AND INTEGRITY</b>		
G4-56	a. Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	• Our Values • Compliance • Code of Contact
G4-57	a. Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	• Compliance > Internal Concern-raising System
G4-58	a. Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	• Compliance > Internal Concern-raising System • Compliance > Receiving Compliance Information from Business Partners

## SPECIFIC STANDARD DISCLOSURES

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

## CATEGORY: ECONOMIC

Item	Indicator	Related Page
<b>Aspect: Economic Performance</b>		
G4-EC1	Direct economic value generated and distributed	• About Us > LIXIL at a Glance • LIXIL グループの概略 (Available in Japanese)
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	• Climate Change 2016 Information Request
G4-EC3	Coverage of the organization's defined benefit plan obligations	• 有価証券報告書/確定給付制度 (P124-127) (Available in Japanese)
G4-EC4	Financial assistance received from government	Not applicable
<b>Aspect: Market Presence</b>		
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	–
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	–
<b>Aspect: Indirect Economic Impacts</b>		
G4-EC7	Development and impact of infrastructure investments and services supported	• Global Sanitation & Hygiene
G4-EC8	Significant indirect economic impacts, including the extent of impacts	• Global Sanitation & Hygiene • About Us > LIXIL at a Glance
<b>Aspect: Procurement Practices</b>		
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	–

## CATEGORY: ENVIRONMENTAL

Item	Indicator	Related Page
<b>Aspect: Materials</b>		
G4-EN1	Materials used by weight or volume	• Performance > Material Balance (INPUT)
G4-EN2	Percentage of materials used that are recycled input materials	–
<b>Aspect: Energy</b>		
DMA		• Environmental Management
G4-EN3	Energy consumption within the organization	• Performance > Material Balance (INPUT)
G4-EN4	Energy consumption outside of the organization	• Climate Change 2016 Information Request
G4-EN5	Energy intensity	• Climate Change 2016 Information Request
G4-EN6	Reduction of energy consumption	• Performance > Material Balance (INPUT)
G4-EN7	Reductions in energy requirements of products and services	–
<b>Aspect: Water</b>		
G4-EN8	Total water withdrawal by source	• Sustainable Use Of Resources > List of Major River Basin
G4-EN9	Water sources significantly affected by withdrawal of water	–
G4-EN10	Percentage and total volume of water recycled and reused	–

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Aspect: Biodiversity		
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	—
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	—
G4-EN13	Habitats protected or restored	—
G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	—
Aspect: Emissions		
DMA		<ul style="list-style-type: none"> <li>Greenhouse Gas Reduction</li> <li>Environmental Management</li> </ul>
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	<ul style="list-style-type: none"> <li>Performance &gt; Material Balance (OUTPUT)</li> <li>Climate Change 2016 Information Request</li> </ul>
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	<ul style="list-style-type: none"> <li>Performance &gt; Material Balance (OUTPUT)</li> <li>Climate Change 2016 Information Request</li> </ul>
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	<ul style="list-style-type: none"> <li>Performance &gt; Material Balance (OUTPUT)</li> <li>Climate Change 2016 Information Request</li> </ul>
G4-EN18	Greenhouse gas (GHG) emissions intensity	Climate Change 2016 Information Request
G4-EN19	Reduction of greenhouse gas (GHG) emissions	Climate Change 2016 Information Request
G4-EN20	Emissions of ozone-depleting substances (ODS)	—
G4-EN21	NOx, SOx, and other significant air emission	—
Aspect: Effluents and Waste		
G4-EN22	Total water discharge by quality and destination	—
G4-EN23	Total weight of waste by type and disposal method	Performance > Material Balance (OUTPUT)
G4-EN24	Total number and volume of significant spills	Not applicable
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention <sup>2</sup> Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Not applicable
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	—
Aspect: Products and Services		
DMA		環境配慮設計・工口商品 (Available in Japanese)
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	—
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	—
Aspect: Compliance		
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Not applicable
Aspect: Transport		
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	Performance > Material Balance (OUTPUT)

Aspect: Overall		
G4-EN31	Total environmental protection expenditures and investments by type	—
Aspect: Supplier Environmental Assessment		
DMA		Responsible Supply Chain Management
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Responsible Supply Chain Management > Building a Supply Chain with Decent Working Conditions and Resource Allocation
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Responsible Supply Chain Management > Supply Chain Management
Aspect: Environmental Grievance Mechanisms		
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	—

**CATEGORY: SOCIAL**

**SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK**

Item	Indicator	Related Page
Aspect: Employment		
DMA		A Fair & Rewarding Workplace
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	—
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	—
G4-LA3	Return to work and retention rates after parental leave, by gender	A Fair & Rewarding Workplace
Aspect: Labor/Management Relations		
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	—
Aspect: Occupational Health and Safety		
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	A Fair & Rewarding Workplace
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Work Safety & Well-being
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	Work Safety & Well-being
G4-LA8	Health and safety topics covered in formal agreements with trade unions	A Fair & Rewarding Workplace > Labor-Management Relationship
Aspect: Training and Education		
DMA		Talent Development
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Talent Development > Annual training hours and costs per employee
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Talent Development > Our Approach to Talent Development
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Talent Development > Evaluation Framework



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Aspect: Diversity and Equal Opportunity		
DMA		• Diversity & Equal Opportunity
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	• Diversity & Equal Opportunity
Aspect: Equal Remuneration for Women and Men		
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	—
Aspect: Supplier Assessment for Labor Practices		
DMA		• Responsible Supply Chain Management
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	• Responsible Supply Chain Management > Building a Supply Chain with Decent Working Conditions and Resource Allocation
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	• Responsible Supply Chain Management > Supply Chain Management
Aspect: Labor Practices Grievance Mechanisms		
DMA		—
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	—

**SUB-CATEGORY: HUMAN RIGHTS**

Item	Indicator	Related Page
Aspect: Investment		
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	—
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	—
Aspect: Non-discrimination		
G4-HR3	Total number of incidents of discrimination and corrective actions taken	—
Aspect: Freedom of Association and Collective Bargaining		
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	—
Aspect: Child Labor		
DMA		—
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	—
Aspect: Forced or Compulsory Labor		
DMA		—
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of all forms of forced or compulsory labor	—
Aspect: Security Practices		
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	—

Aspect: Indigenous Rights		
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	—
Aspect: Assessment		
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	—
Aspect: Supplier Human Rights Assessment		
DMA		• Responsible Supply Chain Management
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	• Responsible Supply Chain Management > Building a Supply Chain with Decent Working Conditions and Resource Allocation
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	• Responsible Supply Chain Management > Supply Chain Management
Aspect: Human Rights Grievance Mechanisms		
DMA		—
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	—

**SUB-CATEGORY: SOCIETY**

Item	Indicator	Related Page
Aspect: Local Communities		
DMA		—
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	—
G4-SO2	Operations with significant actual and potential negative impacts on local communities	—
側面：腐敗防止		
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	—
G4-SO4	Communication and training on anti-corruption policies and procedures	• Compliance > Compliance Training
G4-SO5	Confirmed incidents of corruption and actions taken	—
Aspect: Public Policy		
G4-SO6	Total value of political contributions by country and recipient/beneficiary	—
Aspect: Anti-competitive Behavior		
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Not applicable
Aspect: Compliance		
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Not applicable
Aspect: Supplier Assessment for Impacts on Society		
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	• Responsible Supply Chain Management > Building a Supply Chain with Decent Working Conditions and Resource Allocation
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	• Responsible Supply Chain Management > Supply Chain Management

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Aspect: Grievance Mechanisms for Impacts on Society		
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	—

**SUB-CATEGORY: PRODUCT RESPONSIBILITY**

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



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