



## Summary of Disclosed Information in FYE2021

This information is a summary of FYE2021 as of July 2021 and it will be included in “LIXIL Corporate Responsibility Report 2021” disclosed from the end of July to August 2021.

### 1. Society

#### (1) Human Rights

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

#### **Our Approach & Principles**

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

#### **Human Rights Principles**

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

LIXIL will periodically review and evolve its Human Rights Principles to continue to become a better protector of human rights. In June 2021, we reviewed the principles we had formulated in FYE2016 according to the process displayed below and subsequently submitted revised principles that were approved by the Board of Executive Officers. Particularly, we specified in more detail our governance structure led by the executive officer overseeing legal and compliance matters, LIXIL’s key human rights issues determined in FYE2021, and our human rights due diligence process as well as our concern-raising system and overall commitment to reducing human rights risks based on those frameworks.

## Human Rights Principles Revision Process

### Human Rights Principles Revision Process

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



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



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

### <LIXIL Human Rights Principles>

#### Scope of application

#### Commitment to respect for human rights

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

#### Key Human Rights Issues

#### Due diligence

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

#### Governance

#### Review of Principles

[PDF] [LIXIL Human Rights Principles \(99KB\)](#)

#### Other Principles

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

[PDF] [Code of Conduct](#)

[PDF] [Charter of Corporate Behavior](#)

[PDF] [Occupational Health and Safety Principles](#)

[\[WEB\] Personal Data Protection Principles](#)

[\[PDF\] Procurement Principles](#)

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

[\[PDF\] Supplier Code of Conduct](#)

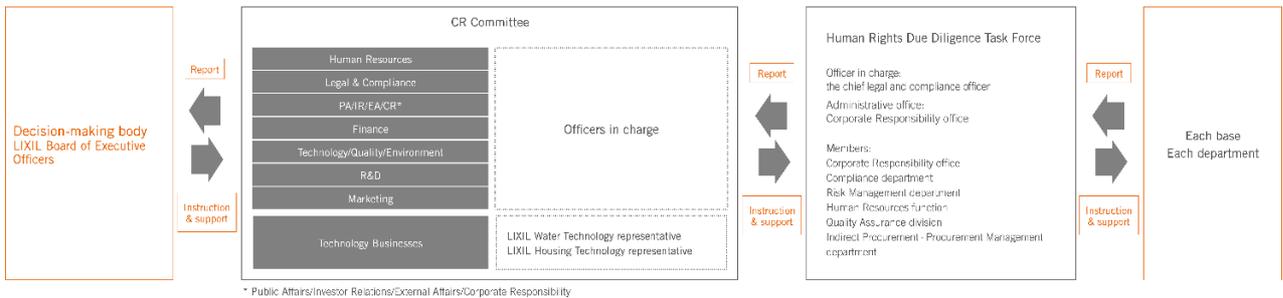
## Our System

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

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

CR Management Structure

As of June, 2021

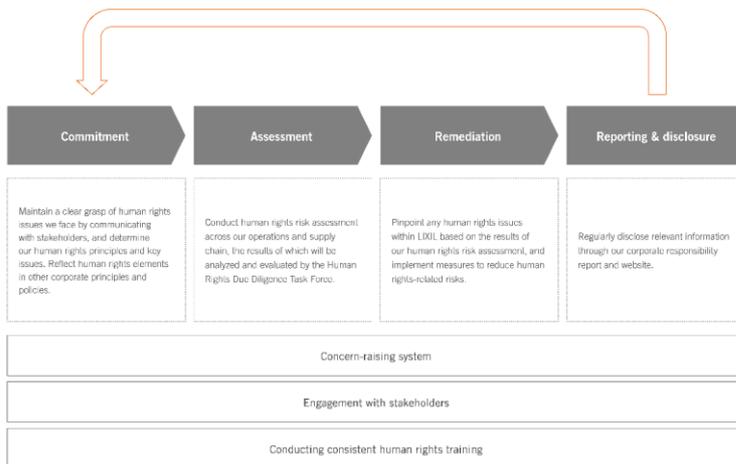


\* Public Affairs/Investor Relations/External Affairs/Corporate Responsibility

## Our Human Rights Due Diligence Process

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

Human Rights Risk Management Process



\* For an enlarged Structure and Process, please refer to "Additional information" on P.19~20.

## **Commitment: Human Rights Principles and Key Human Rights Issues**

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

### **Progress So Far**

- FYE2016: Formulated Human Rights Principles

- FYE2017:

- Our CR Committee (comprising executive officers in charge of different head office functions and representatives of each of our technology businesses) mapped human rights risks with reference to international human rights and labor standards guidelines.\*1

- We invited the human rights NGO Business for Social Responsibility (BSR)\*2 to give a lecture on business and human rights. We then identified human rights risks across LIXIL product lifecycles.

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

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

- FYE2018:

Our Human Rights Due Diligence Task Force prepared a 76-item survey sheet and conducted a test run of a human rights risk assessment across our head office functions.

- FYE2019–FYE2020:

We investigated and scrutinized the impact of our business on human rights based on the above results, LIXIL's Code of Conduct, and global human rights trends.

- FYE2021:

Our Human Rights Due Diligence Task Force identified seven key issues (shown on the right) as focus areas for reducing potential human rights risks. These seven issues were reported to and approved by the CR Committee, Board of Directors, and Board of Executive Officers.

- June 2021: Revised Human Rights Principles

### **LIXIL's Key Human Rights Issues**

#### **(1) Provide equal opportunity and prohibit discrimination**

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

#### **(2) Prohibit forced and child labor**

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

#### **(3) Respect freedom of association and collective bargaining**

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

**(4) Ensure decent wages and working hours**

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

**(5) Ensure occupational health and safety**

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

**(6) Prohibit harassment**

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

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

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

**Assessment: Specifying Human Rights Risks**

We are introducing several methods, centered primarily around the investigations by our Human Rights Due Diligence Task Force, to enable us to fully understand and address potential human rights risks. We did not identify any items requiring an urgent response in FYE2020, but we are working on improvements to help reduce potential future risks.

<b>Assessment method for identifying human rights risks (relevant department)</b>	<b>Assessment overview</b>	<b>LIXIL key human rights issues</b>	<b>Assessment's major target stakeholders</b>
Human rights risk assessments (Human Rights Due Diligence Task Force)	<ul style="list-style-type: none"> <li>- Mapped risks with reference to international human rights and labor standards guidelines,* and conducted a test run of a human rights risk assessment at head office functions (FYE2018).</li> <li>- Conducted a survey on the seven key human rights issues targeting 100% of staff at leader level or higher in departments that are closely linked to the key human rights issues (FYE2021).</li> <li>- Building on the above survey results, we will conduct a human rights risk assessment for all employees (scheduled for FYE2022).</li> </ul> <p>We are taking measures to reduce any potential human rights risks highlighted by the survey.</p> <p>* Including International Bill of Human Rights,</p>	(1)~(7)	Employees

	ILO Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights.		
Occupational safety audit (Quality Assurance division)	We conduct an annual occupational safety audit of Japanese bases through checklists, questionnaires, and onsite visits to confirm compliance status primarily with laws and regulations relating to the key human rights issues. We audited 67 Japan bases in FYE2021. We are working on any necessary responses based on the audit results, and holding information-sharing meetings between LIXIL Housing Technology (LHT) Japan and LIXIL Water Technology (LWT) Japan.	(1), (4), (5)	Employees, foreign-national technical apprentices in Japan
LIXIL VOICE employee opinion surveys and D&I awareness surveys (Human Resources function)	We conduct the LIXIL VOICE employee opinion survey of all global employees on a quarterly basis. We use the survey results to identify issues early on, formulate prompt improvement measures in each function, and reflect the findings into our global strategies and initiatives. In FYE2021, we also conducted our first D&I awareness survey, the results of which are being reflected into our D&I Strategy and initiatives. We will continue to conduct such surveys on a regular basis. <b>[CR2020]</b> <a href="#">Employee Opinions Surveys (P40)</a>	(1), (4), (5), (6)	Employees, women
Community dialogue (Corporate Responsibility office)	We have held more than 130 community dialogues with local stakeholders over the past nine years at Japan-based factories and sales and retail locations. Community briefings are one way we continue to promote dialogue to better understand human rights and other risks. <b>[CR2020]</b> <a href="#">Local Community Engagement: Key Stakeholders (P84)</a>	(1), (2), (7)	Local communities, customers, business partners
Responsible procurement surveys (Indirect Procurement • Procurement Management department)	We confirm the status of human rights-related initiatives by asking our suppliers to complete a questionnaire. The surveys not only consider human rights issues, but also cover areas of CSR management, fair business, labor, occupational health and safety, conservation of the global environment, and contribution to the community. <b>[CR2020]</b> <a href="#">Conducting and Following</a>	(1)~(7)	Business partners including suppliers

	<a href="#">Up on Responsible Procurement Surveys (P67)</a>		
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Other relevant activity: Group enterprise risk management (ERM)

### Remediation: Measures to Reduce Human Rights Risks

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

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

	risk reduction plans. - We will take measures to reduce human rights risks at the identified locations.
<b>Results reporting</b>	We reported the assessment results to the CR Committee and obtained approval of our plans for conducting the next human rights risk assessment.

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

\*2 When respondents selected "Disagree" or "Strongly disagree" from the available options.

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

## Education

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

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

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

## Concern-Raising System

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

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

**[WEB]** [Concern-raising System](#)

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

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

**[WEB]** [Receiving Compliance Information from Business Partners](#)

## Promoting Respect for Human Rights in the Workplace

- Create workplaces that uphold diversity

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

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

[CR2020] [Three Strategic Pillars: Diversity & Inclusion \(P27\)](#)

[CR2020] [Diversity & Equal Opportunity \(P34\)](#)

- Occupational safety

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

[CR2020] [Occupational Health & Safety \(P45\)](#)

[CR2020] [Combatting COVID-19, Forging the New Normal \(P8\)](#)

### **Advocacy and Community Support for Upholding Human Rights**

- Support UNICEF's Children's Rights in Sport Principles

- Became the first Japanese company to announce support for the American Chamber of Commerce in Japan's proposal to recognize the right of sexual minority couples to marry

- Donate SATO Toilet Solutions for developing countries to refugee camps

### **Future Plans:**

#### **Human Rights Risk Assessment and Initiatives to Reduce Risk**

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

FYE2022:

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

- Conduct a human rights risk assessment for all employees.

#### **Re-Examining Key Human Rights Issues**

FYE2023:

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

#### **Internal and External Information Sharing and Dialogue**

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

## (2) Stakeholder Engagement

### **Contributions and Other Expenditures**

LIXIL's CR strategy stands on a foundational commitment to ethical business practices. We believe that engaging in vigorous and transparent dialogue with government authorities is necessary to shape a sustainable society.

As part of this process, we are involved in several industrial and business associations whose missions include engaging with public authorities on behalf of their respective industries, including housing



equipment, housing materials, plumbing, and metals. We also comply with Japan's Public Offices Election Act, Political Funds Control Act, and other politics-related laws and regulations. As such, we prohibit contributions to individual politicians as stipulated by law as well as any contributions to specific political organizations or political parties that exceed the totals permitted by law.

LIXIL approved contributions and other expenditures as detailed below. In FYE2021, approximately 98% of total global contributions were to industry associations, with that percentage rising to 100% for contributions outside Japan. We make contributions to industry associations to ensure that we have the latest information on laws and international agreements that are relevant to our business. In FYE2021, those associations included the Japan Sanitary Equipment Industry Association (an industry group that promotes the sanitary equipment industry, raises awareness, and conducts investigative research), the Japan Sash Manufacturers Association (an industry group that promotes businesses involved in building exteriors and sashes and other building apertures, raises awareness, and conducts investigative research), and the Japan Business Federation (an economic organization comprising leading Japanese companies and major industry associations).

Other expenditures in Japan are spent on participating in seminars and events hosted by politicians and other relevant organizations rather than on contributions to specific political parties or politicians.

<b>Recipients of contributions or expenditure</b>	<b>FYE2018</b>	<b>FYE2019</b>	<b>FYE2020</b>	<b>FYE2021</b>
<b>Lobbying, stakeholder representation, and similar activities</b>	9,393,180 <sup>*1</sup>	0	0	0
<b>District, regional, and national political activities/candidates</b>	1,035,540	731,000	250,432	539,096
<b>Business associations, tax-deductible organizations (think tanks, etc.)</b>	88,161,012	86,171,596	64,487,187	47,156,838
<b>Other (expenditures relating to local and national referenda)</b>	0	0	0	0
<b>Total (Yen)</b>	<b>98,607,535</b>	<b>86,902,596</b>	<b>64,737,619</b>	<b>47,695,934</b>

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

\*1 The significant increase in the total for FYE2018 is due to our business in the US being engaged in consultations and

services in regards to NAFTA and water regulation in California (as indicated in the lobbying fees in FYE2018).

### (3) Community

#### **Social contribution expenditures**

- **Charitable donations** : JPY 54.2 million
- **Community investments** : JPY 910.6 million
- **Commercial initiatives** : JPY 520.0 million

## **2. Customers & Supply Chain**

### (1) Responsible Supply Chain Management

#### **Supply chain management mid-term policy and ESG strategy**

LIXIL's Procurement Department has formulated a medium-term management plan to achieve "the promotion of long-term partnering to realize continuous and stable supply." The five priority elements that make up the medium-term management plan are as listed below. 1. Nurturing and utilizing of human resources (nurturing expert human resources, human resource allocation that puts the right human resources in the right place), 2. Establishment of information management system (promotion of system development, etc.), 3. Sophistication of involved fields, 4. Promotion of long-term partnering (selection and focus, response to globalism), 5. Reinforcement of capabilities (strengthening QDC capabilities). Through promoting responses to these five items, we can contribute to the achievement of the mission "to realize high-level QCD in procured items and continuous and stable supply in order to contribute to the reinforcement of the competitiveness of LIXIL and expand its business performance."

The following five categories are priorities in the supply chain management strategy.

- 1) Promotion of long-term partnering
- 2) Sophistication of involved fields
- 3) Establishment of information management systems
- 4) Nurturing and utilizing human resources
- 5) Reinforcement of capabilities (of suppliers)

### (2) Customer Satisfaction

**Result of customer satisfaction survey covering such five categories as 1) product quality, 2) showrooms, 3) call centers, 4) after-sales maintenance, and 5) sales representatives: 67.7%**

## **3. Risk management\***

We have identified issues that are important for both LIXIL and society and to be addressed in order to achieve sustainable growth and increase corporate value over the medium to long term as material issues. Material issues include both risk and opportunity, some of which will have even greater impact in the future. This section introduces risks that are new, emerging or growing significance and have an impact on medium- to long-term strategies and business models, such as business strategies, CR strategies, material issues, and Environmental Vision 2050, and their impacts and mitigation measures.

\* As for the information of "3. Risk management", it will not be included in "LIXIL Corporate Responsibility Report 2021" but we are considering disclosure of risk management information on our website.

## (1) Water risk

### Description

About 80% of LIXIL's total sales come from sanitaryware, faucet fittings and aluminum sash produced by us. A large amount of fresh water is used in production to maintain product quality and to prevent defects especially for sanitaryware slurry and plating of faucet fittings and aluminum sashes. Thus, it is essential to secure high-quality fresh water for regular operation. However, some important production sites are located in areas with severe water scarcity, such as Mexico and Yangtze river basin in China. From a long-term perspective of more than five years, regulations are expected to be stricter in various parts of the world in the future not just in the aforementioned areas but in areas where water scarcity is not serious at present, considering the current global water shortage situation. LIXIL recognizes these as risks from water scarcity ("water risk") and as an important emerging risk which is expected to significantly impact on our core business if they materialize.

### Examples of the impact of water risk on LIXIL

	Sales ratio*	Main process requiring water	Plant location	Overview
LWT	57%	Sanitary ware: Slurry (raw material)	Mexico	Water shortage is serious, water consumption is limited, and wastewater regulations are strengthened.
		Fittings: Plating treatment	China	Water quality is important and wastewater regulations are strengthened.
LHT	34%	Aluminum Sash: Plating treatment	Thailand	The government implemented measures against drought High flood risk

\* FYE2021

### Impact

LIXIL strives to quantitatively assess the future financial impact of the aforementioned water risk.

At sites with high water risks\*, we estimate the impact by regulations on water drainage and intake onto drivers such as expansion of facilities, increases in operating costs, suspension of operations, and increases in water and sewage charges such as follows.

■Mexico: Annual loss of about 8 billion yen if operations are suspended, assuming new or tightened emission water quality/quantity regulation.

■China's Yangtze River: Annual loss of about 3 billion yen if operations are suspended, assuming the degree of difficulty in obtaining a license will increase.

■Arab: Raw material purchase cost is expected to increase by about 4.6 billion yen, assuming the price increase of aluminum ingots due to regional water shortages.

\* Evaluation is subject to change and is performed partly with reference to Water Risk Filter

(<https://waterriskfilter.panda.org/>).

## Measures

Based on the results of this impact analysis, LIXIL has made every effort to reduce water consumption at each of its production sites. LIXIL is also actively investing in a water recycling system (reclaimed water) to maintain water quality and in facilities to improve water efficiency. To date, LIXIL has invested approximately 200 million yen.

In addition, to reduce water risk, measures are taken from three perspectives: water scarcity, water quality, and regulation. Specifically, (1) conducting water risk surveys at all production sites and promoting more efficient water use at high-priority plants; (2) introducing a water circulation system that uses reverse osmosis membranes (Suzhou plant); and (3) continuously engaging with regulatory authorities and water quality management organizations and monitoring trends through hearings with relevant stakeholders (Hanoi plant) in preparation for the emergence of medium- to long-term risks.

Reduction of water consumption	FYE2021	FYE2016	Rate of Reduction (vs FYE 2016)
Amount of intake water	13,300 km <sup>3</sup>	17,800 km <sup>3</sup>	25.2%
Amount of wastewater	12,300 km <sup>3</sup>	16,700 km <sup>3</sup>	26.3%

Water scarcity affects not only manufacturing but also the end users who use the product. In regions facing water shortages and water stress, where water cannot be used stably, we develop and sell products such as water conservation and water purification through technological innovation, thereby promoting water conservation and sustainable water use throughout the product life cycle and addressing water risks.

[WEB] [Conserving Water: The New Normal](#)

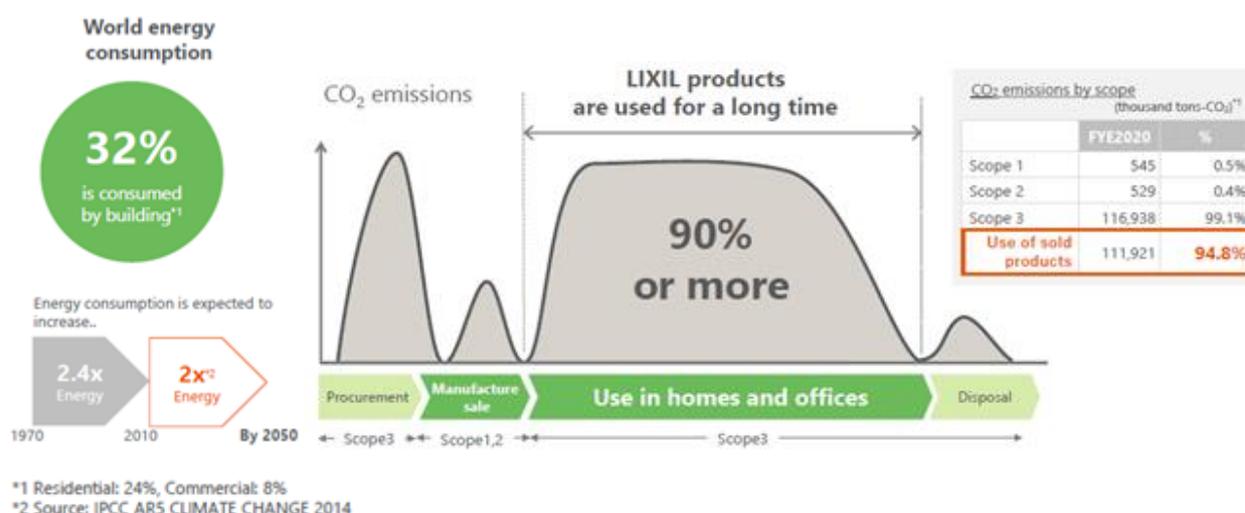
[WEB] [Sustainable Water Use](#)

## (2) Risks related to climate change ("Climate change risk")

### Description

With an estimated 32% of global energy consumption (24% for homes and 8% for commerce) coming from buildings, global concerns on energy emissions, as one of the drivers of climate change, are rising. LIXIL Housing Technology (LHT) business, which sells building components, accounts for about 30% of LIXIL's total sales. The core business of LHT is Sash Door Division's sales of windows and window sashes, which are products related to openings through which energy escapes from buildings. More than 90% of the CO<sub>2</sub> emissions in the lifecycle of our company products (from procurement of raw materials to disposal) are generated by the energy consumed when they are used by end users. Considering the time span of more

than three to five years, it is assumed that there will be introduction and strengthening of regulations to more strictly control energy emissions from buildings, soaring raw material prices, and increasing consumer demand for improved product performance. These are considered as risks brought about by climate change (“climate change risk”), and LIXIL recognizes them as one of the important emerging risks that affect the sustainability of its business.



## Impact

LIXIL has been conducting scenario analysis using the TCFD framework in order to understand the future financial impact of aforementioned climate change risk. In 2020, LIXIL conducted an analysis on the Sash Door Business which is expected to be the most affected by the climate change risk among LHT businesses. For example, assuming a 2 °C scenario, higher prices of raw materials such as aluminum and a full-scale introduction of a carbon tax are assumed as policy measures to reduce energy consumption. Assuming that the carbon tax is introduced and the procurement price of aluminum rises, the operation cost would increase by 2.3 billion yen and the procurement cost would increase by 12.6 billion yen.

## Measures

In the scenario analysis, we assess the financial impact through evaluation of risks and opportunities, analyze trends in laws and regulations in each country, carbon taxes, emissions trading markets, future forecasts of energy costs, and estimate the financial impact of capital investment and environmental measures. Based on the results of the impact assessment through scenario analysis, LIXIL is planning and implementing various measures (mitigation measures) to reduce climate change risk over the medium to long term and is making efforts to utilize them in decision-making for environmental management.

Specifically, our KPI aims to reduce CO<sub>2</sub> emissions to virtually 0 through business processes, products, and services by 2050. Other KPIs include raising the ratio of existing products which contribute significantly to carbonization (such as high-performance windows) to 100% of sales, the ratio of renewable energy to 100% at business sites, and the use of ZEH (Zero Energy House) for more than half of new housing starts in relation to our ZEH related products and services. In addition, to prepare for the increasingly sophisticated consumer needs and stricter regulations, drastic measures are being taken from the development stage, such as incorporating climate change risk assessments by in-house specialists with environmental expertise into the stage-gate processes of product development.

## 4. Performance

(1) Human Resource Performance

### 1) Diversity & equal opportunity

- **Share of women in total workforce:** 31.03%
- **Share of women in junior management positions:** 17.72%
- **Share of women in top management positions:** 19.83%
- **Share of women in STEM-related positions:** 24.67%

- **People with Disability:** 2.78%

- **Age range**

- under 30 years old: 16.53%
- 30~50 years old: 59.71%
- over 50 years old: 23.76%

### 2) Rewarding workplace

- **Percentage of our total number employees represented by an independent trade union or covered by collective bargaining agreements:** 100%

- **Employee engagement and gender breakdown**

In the employee engagement survey conducted once every 2 years (FYE2018~2020) and every quarter (FYE2021), the percentage of all employees who answered "strongly agree" or "agree" from the question "I am proud to be part of LIXIL" (FYE2018~2020) / "I am proud to work for this company" (FYE2021) is as follows.

(In FYE2018~2020, 2 out of 6 scale was considered as positive score, but 2 out of 5 scale was considered as positive score since FYE2021 due to the scale change.)

	All	Female	Male
<b>FYE2018,2019</b>	55%	51%	57%
<b>FYE2020</b>	51%	48%	53%
<b>FYE2021 (Jan.)*</b>	79%	77%	79%

\* The difference between the figures for FYE2020 and FYE2021 is due to changes in measurement methods and definition.  
 <Former definition in FYE2018-2020> 6 choices 6. Strongly agree, 5. Agree, 4. Slightly agree, 3. Slightly disagree, 2. Disagree, 1. Strongly disagree; 6 and 5 are defined as favorable responses.  
 <New definition used in FYE2021> 5 choices 5. Strongly agree, 4. Agree, 3. Neither agree nor disagree, 2 Disagree, 1. Strongly disagree; 5 and 4 are defined as favorable responses.

### 3) Training & development

- **Average hours per FTE of training and development:** 12.32 hours
- **Average amount spent per FTE on training and development:** 21,700 JPY

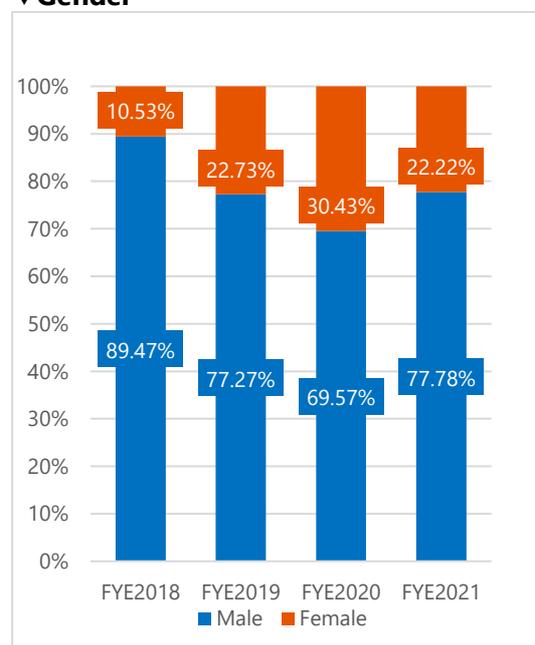
### 4) Hiring

- **Percentage of open positions filled by internal candidates (internal hires)**

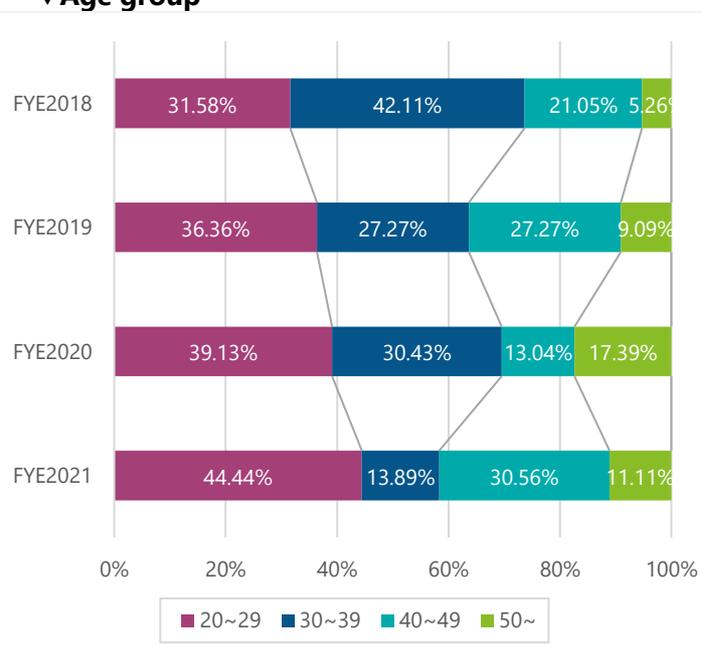
FYE2018	FYE2019	FYE2020	FYE2021
95.0%	81.5%	59.0%	73.5%

\* Data limited to LIXIL Corp.

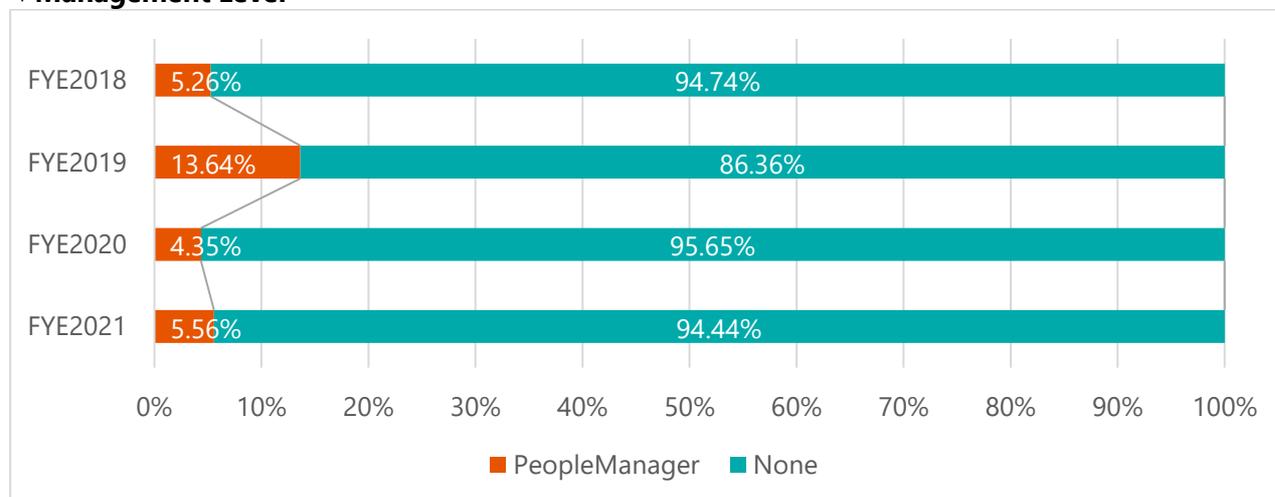
#### ▼Gender



#### ▼Age group



## ▼Management Level



## 5) Occupational health & safety

### Total number of fatalities

- 0 employee and 0 contractor

### Lost-Time Injury Frequency Rate (LTIFR) - Employees

- Employees: 0.41 (Number of lost-time injuries / Total hours worked in accounting period x 1'000'000)
- Data coverage: 100%

### Lost-Time Injury Frequency Rate (LTIFR) - Contractors

- Contractors 0.37 (Number of lost-time injuries / Total hours worked in accounting period x 1'000'000)
- Data coverage: 100%

\* Please refer to P.4~5 of "LIXIL Corporate Responsibility Report 2020 Supplementary Publication: Databook" about the scope of data collection regarding human resource performance. The scope of data collection of FYE2021 will be included in "LIXIL Corporate Responsibility Report 2021" disclosed from the end of July to August 2021.

## (2) Environmental Performance

### 1) Climate change mitigation and adaptation

#### Environmental Performance (EP) - Direct Greenhouse Gas Emissions (Scope 1)

- Total direct greenhouse gas emissions (SCOPE 1) : 465,613 t – CO<sub>2</sub>
- Data coverage: 99.0%

#### Environmental Performance (EP) - Indirect Greenhouse Gas Emissions (Scope 2)

- Total indirect greenhouse gas emissions from energy purchased and consumed : 455,694 t – CO<sub>2</sub>
- Data coverage: 99.0%

### 2) Sustainable water use

#### Environmental Performance (EP) - Water Consumption

- Withdrawal: Total municipal water supplies (or from otherwater utilities) : 5.150 million m<sup>3</sup>
- Withdrawal: Fresh surface water (lakes, rivers, etc.) : 3.640 million m<sup>3</sup>

- Withdrawal: Fresh groundwater : 4.494 million m<sup>3</sup>
- Discharge: Water returned to the source of extraction at similar or higher quality as raw water extracted : 7.426 million m<sup>3</sup>
- Total net fresh water consumption : 5.858 million m<sup>3</sup>
- Data coverage: 99.0%

### **3) Sustainable use of resources**

#### **Environmental Performance (EP) - Waste**

- Total waste generated : 358,445 t
- Total waste used/recycled/sold : 274,199 t
- Total waste disposed : 84,246 t
- Data coverage: 99.0%

### **4) Other environmental performance**

#### **Environmental Violations**

- Number of violations of legal obligations/regulations: 0
- Amount of fines/penalties related to the above: 0
- Environmental liability accrued at year end: 0

#### **Environmental Performance (EP) - Energy Consumption**

- Fossil fuels (non-renewable) : 2,498,370 MWh
- Electricity (non-renewable) : 950,292 MWh
- Steam /heating /cooling : 37,790 MWh
- Total renewable energy (purchased or generated) : 141,650 MWh
- Total nonrenewable energy (sold) : 0 MWh
- Total non-renewable energy consumption : 3,486,452 MWh

#### **Environmental Performance (EP) - NOx Emissions**

- Direct NOx emissions : 468 t
- Data coverage: 99.0%

#### **Environmental Performance (EP) - SOx Emissions**

- Direct Sox emissions : 66 t
- Data coverage: 99.0%

#### **Environmental Performance (EP) - Dust Emissions**

- Direct dust emissions : 572 t
- Data coverage: 99.0%

#### **Environmental Performance (EP) - Hazardous Waste**

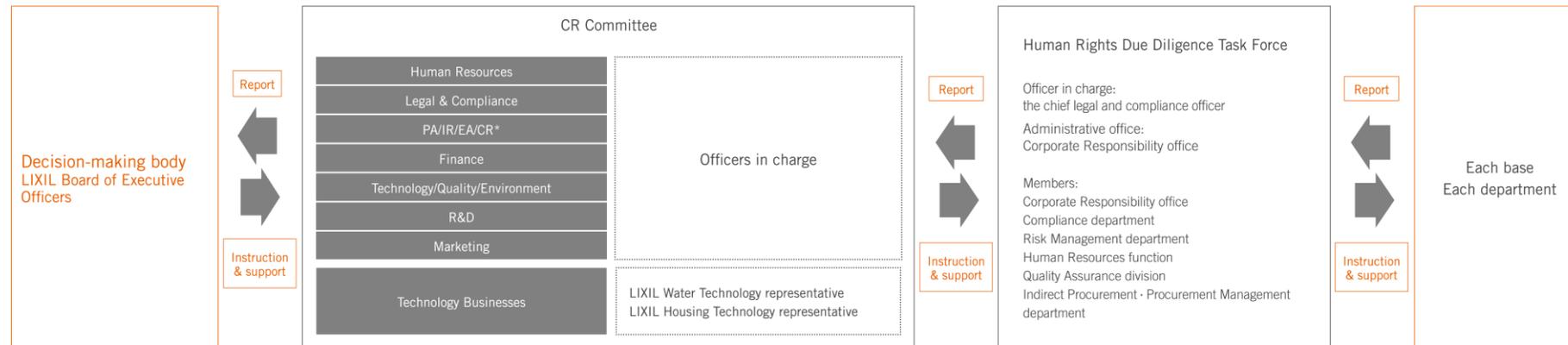
- Hazardous Waste Generated : 11,829 t
- Data coverage: 99.0%

\* Please refer to P.10~11 of "LIXIL Corporate Responsibility Report 2020 Supplementary Publication: Databook" about the scope of data collection regarding environmental performance. The scope of data collection of FYE2021 will be included in "LIXIL Corporate Responsibility Report 2021" disclosed from the end of July to August 2021.

## [Additional information]

### CR Management Structure

As of June, 2021



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

## Human Rights Risk Management Process

