

## Summary of Disclosed Information in FYE2020

This information is a summary of FYE2020 as of July 2020 and it will be included in “LIXIL Group Corporate Responsibility Report 2020” disclosed from September to October 2020.

### 1. Society

#### (1) Human Rights

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

#### Our Approach & System

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

#### Human Rights Principles

LIXIL Group business activities are built on a fundamental respect for human rights. The LIXIL Group Human Rights Principles, established in March 2016, align with international standards, including the International Bill of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the United Nations (UN) Guiding Principles on Business and Human Rights, and 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.



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

#### Other Principles

LIXIL Group 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](#)

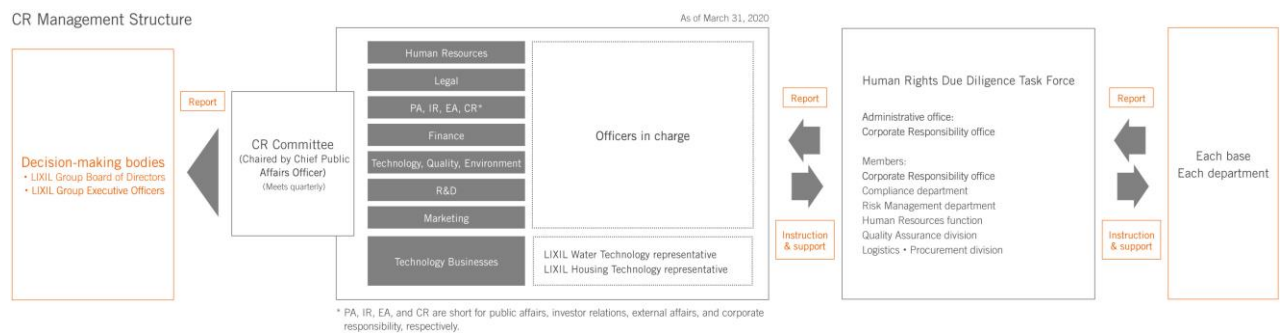
[\[WEB\] Personal Data Protection Principles](#)

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

## Our System

LIXIL Group established the Human Rights Due Diligence Task Force in FYE 2018, comprising members from a broad range of departments including Corporate Responsibility, Human Resources, and Compliance, with the aim of strengthening and ensuring strict adherence to human rights due diligence processes\* as a company that operates globally. Going forward, we will extend the scope of these processes to the entire Group and provide transparent reports on our performance. LIXIL Group has signed the UN Global Compact, and is a member of the Human Rights Due Diligence and the Human Rights Education Working Groups 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.



## Human Rights Risk Management Process



\*For an enlarged Structure and Process, please refer to “Additional information” on P.10.

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

LIXIL Group examined the impact of its operations on human rights by discussing the issues with human rights NGO BSR\* and other consultants, and considering the LIXIL Group Code of Conduct and global trends in the field of human rights. Consequently, our Human Rights Due Diligence Task Force determined the following seven key issues that should be focused on to help reduce potential human rights risks. These seven issues were submitted to and approved by the CR Committee, Board of Directors, and Executive Officers. The key issues will be reviewed based on the results of our human rights risk assessment to be conducted every three years.

\* The human rights NGO BSR: A global non-profit organization that specializes in the development of sustainable business strategies and solutions.

**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.

**Analysis & Evaluation: 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. Currently, we have not identified any items requiring an urgent response, but we are working on improvements to help reduce potential future risks.

<b>Method</b> (responsible department)	<b>Detail</b>	<b>Relevant key issues</b>
<b>Human rights risk assessment</b> (Human Rights Due Diligence Task Force)	We conduct human rights risk assessment every three years. In FYE 2021, we are surveying our staff at senior manager level or higher who work in departments that are closely linked to the key human rights issues and who can provide global support. The assessment is based on a test run which was conducted in head office departments in FYE 2018 and covers the seven key human rights issues. We will analyze the results of the assessment to fully grasp potential future risks and take action to reduce them.	1) to 7)
<b>Occupational safety audit</b>	We conduct an annual occupational safety audit of Japanese bases through checklists, questionnaires, and onsite visits to	2), 4), 5)

(Quality Assurance division)	confirm compliance status primarily with laws and regulations relating to the key human rights issues. We audited 55 Japan bases in FYE 2020. 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.	
<b>Employee opinion surveys</b> (Human Resources function)	We regularly conduct employee opinion surveys of all global employees. Each department seeks to make improvements based on the survey results. We also reflect the survey results in our global strategies and measures for promoting diversity, inclusion, and other factors. <a href="#">[CR 2019] Employee Opinion Surveys (P36)</a>	1), 4), 5), 6)
<b>Community dialogue</b> (Corporate Responsibility office)	Our Japan-based factories and sales and retail bases seek to understand human rights and other risks by conducting community dialogues with various local stakeholders. We have held more than 130 such dialogues over the past eight years. <a href="#">[CR 2019] Local Community Engagement: Community Dialogue in Factories and Sales and Retail Bases (P80)</a>	1), 2), 7)
<b>Responsible procurement surveys</b> (Logistics · Procurement division)	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, labour, occupational health and safety, conservation of the global environment, and contribution to the community. <a href="#">[CR 2019] Conducting and Following UP on Responsible Procurement Surveys (P61)</a>	1) to 7)

Other relevant activities: Group enterprise risk management (ERM)

### **Corrective Action: Measures to Reduce Human Rights Risks**

Going forward, we will continue developing initiatives to help fully understand and reduce human rights risks through our FYE 2021 human rights risk assessment. Furthermore, we are engaging in various activities to promote the upholding of human rights and the addressing of human rights risks.

### **Training**

- Compliance education and training 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 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 16 languages. In Japan, we also have a direct reporting process for voicing concerns to managers and compliance officers as well as an option to report concerns via a third-party law firm.

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

•Receiving Reports from materials suppliers, subcontractors, and other business partners  
In Japan, we have established a contact point via an external law firm. We receive reports from overseas countries via the LIXIL Compliance Hotline – Speak Up!.

**[WEB]** [Receiving reports from materials suppliers, subcontractors, and other business partners](#)

## **Promoting Respect for Human Rights in the Workplace**

•Create workplaces that uphold diversity

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

**[CR 2019]** [Three Strategic Pillars: Diversity & Inclusion \(P23\)](#)

**[CR 2019]** [Diversity & Equal Opportunity \(P30\)](#)

•Occupational safety

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

**[CR 2019]** [Occupational Health and Safety \(P41\)](#)

**[PDF]** [LIXIL's Response to COVID-19 \(399KB\)](#)

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

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

•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 Systems for developing countries to refugee camps

## **Future Plans**

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

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

FYE 2021:

We are conducting a human rights risk assessment of staff at the senior manager level or higher who work in departments that are closely linked to the key human rights issues and who can provide global support (July 2020).

FYE 2022:

Based on the results of our FYE 2021 human rights risk assessment and after examining the survey items, we will conduct a human rights risk assessment of all employees.

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

After conducting both surveys, 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**

We will inform employees and other stakeholders about the key human rights issues and related topics that LIXIL will address.

## (2) Stakeholder Engagement

### 1) Total political contribution : JPY 0.25 million

**Total fees relating to industrial associations and others\*** : JPY 64.5 million

\* By acquiring ownership of ASD Americas Holding Corp. (American Standard) and GROHE Group S.p.A. (Grohe) and other measures, American Standard, Grohe, and Permasteelisa S.p.A. are subject to data collection respectively from FYE2015, FYE2017, and FYE2019.

### 2) List of the largest contributed industrial associations

- Japan Sash Manufacturers Association (JSMA)
- Plumbers Manufacturing Institute
- Japan Business Federation

## (3) Community

### Social contribution expenditures

- Charitable donations : JPY 70.7 million
- Community investments : JPY 1,161 million
- Commercial initiatives : JPY 520 million

## 2. Customers & Supply Chain

### (1) Responsible Supply Chain Management

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

The mission of the Procurement Department is to realize high-level QDC in purchased items and continuous and stable supply in order to contribute to reinforcement of the competitiveness of LIXIL and expand its business performance. The following five mid-term policies are set as priorities.

- 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)

These five priorities are in alignment with the ESG strategy that is intended to realize continuous stability of the supply chain. Specific activities include implementation of the annual CSR questionnaire, visits and communication based on findings from the questionnaire, and establishment of a CSR code of conduct for suppliers based on ESG elements.

### (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 : 73.5%**

### 3. Performance

(1) Human Resource Performance

#### 1) Diversity & equal opportunity

- Female share of total workforce : 35.5%
- Females in all management positions (percentage of total management workforce): 13.9%

#### 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, the percentage of all employees who answered "strongly agree" or "agree" from the question "I am proud to be part of LIXIL" is as follows. (In 2015-2016, 2 out of 5 scale was considered as positive score, but 2 out of 6 scale was considered as positive score since 2017 due to the scale change.)

Year	All	Female	Male
2015,2016*	83%	81%	83%
2017,2018	55%	51%	57%
2019	51%	48%	53%

\* The difference between the figures for 2015, 2016 and beyond 2017 is due to changes in measurement methods and definitions. Therefore, it does not represent a decline in engagement.  
<Former definition before 2016> 5 choices: 5. Strongly agree, 4. Agree, 3. Not sure, 2 Disagree, 1. Strongly disagree; 5 and 4 are defined as positive responses.  
<New definition used since 2017> 6 choices: 6. Strongly agree, 5. Agree, 4. Slightly agree, 3. Slightly disagree, 2. Disagree, 1. Strongly disagree; 6 and 5 are defined as positive responses.

### 3) Occupational health & safety

#### Total number of fatalities

- 0 employee and 0 contractor

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

- Employees: 0.44 (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 0.25 (Number of lost-time injuries / Total hours worked in accounting period x 1'000'000)
- Data coverage: 100%

#### Occupational Illness Frequency Rate (OIFR) - Employees

- Employees 0 (Number of events in the accounting period / Total hours worked in accounting period x 1'000'000)
- Data coverage: 100%

\* Please refer to P.96~97 of "LIXIL Group Corporate Responsibility Report 2019" about the scope of data

collection regarding human resource performance. The scope of data collection of FYE2020 will be included in "LIXIL Group Corporate Responsibility Report 2020" disclosed from September to October 2020.

## (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) : 544,632 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 : 528,533 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) : 6.105 million m<sup>3</sup>
- Withdrawal: Fresh surface water (lakes, rivers, etc.) : 4.657 million m<sup>3</sup>
- Withdrawal: Fresh groundwater : 5.394 million m<sup>3</sup>
- Discharge: Water returned to the source of extraction at similar or higher quality as raw water extracted : 2.191 million m<sup>3</sup>
- Total net fresh water consumption : 13.965 million m<sup>3</sup>
- Data coverage: 99.0%

### 3) Sustainable use of resources

#### Environmental Performance (EP) - Waste

- Total waste generated : 397,666t
- Total waste used/recycled/sold : 301,328t
- Total waste disposed : 96,337t
- 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) : 2,966,795 MWh
- Electricity (non-renewable) : 1,053,240 MWh
- Steam /heating /cooling : 42,421 MWh
- Total renewable energy (purchased or generated) : 89,137 MWh
- Total nonrenewable energy (sold) : 0 MWh
- Total non-renewable energy consumption : 4,062,456 MWh



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

- Direct NOx emissions : 548t
- Data coverage: 99.0%

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

- Direct Sox emissions : 115t
- Data coverage: 99.0%

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

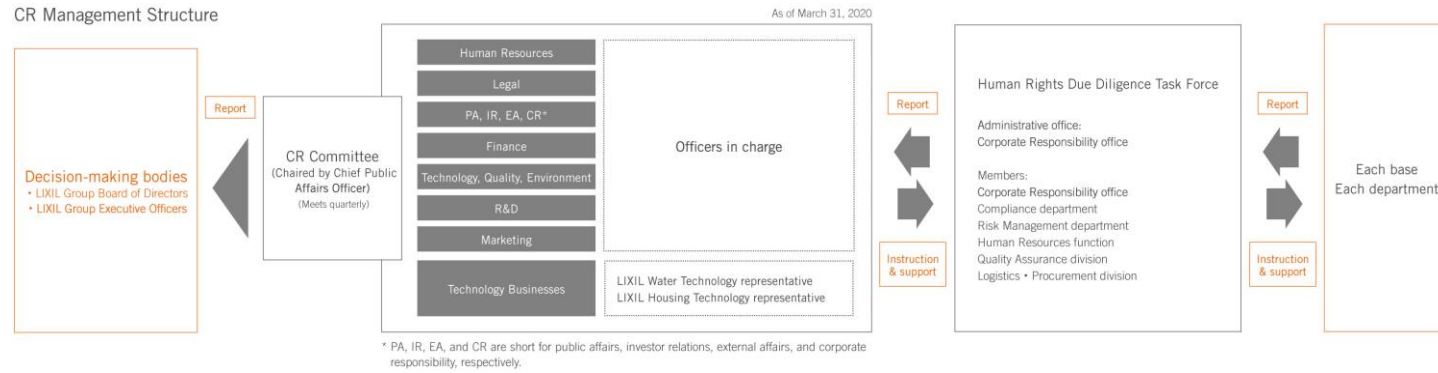
- Direct dust emissions : 311t
- Data coverage: 99.0%

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

- Hazardous Waste Generated : 13,033t
- Data coverage: 99.0%

\* Please refer to P.103~104 of "LIXIL Group Corporate Responsibility Report 2019" about the scope of data collection regarding environmental performance. The scope of data collection of FYE2020 will be included in "LIXIL Group Corporate Responsibility Report 2020" disclosed from September to October 2020.

**[Additional information]**



**Human Rights Risk Management Process**

