

# › SUPPLIER CODE OF CONDUCT

## **Compliance and Integrity**

LIXIL Corporation and all of its subsidiaries (“the Group”) requires all LIXIL Members to comply with all applicable laws and regulations and act ethically at all times and in all matters. In addition, the Group conducts its business operations with an emphasis on Corporate Social Responsibility. The Group has the same expectations of our suppliers. The LIXIL Code of Conduct sets the rules for the LIXIL Members’ business activities. This Supplier Code of Conduct (“Code”) establishes related requirements for all of our suppliers.

\*This Code sets forth the Group’s minimum requirements for our suppliers, and does not supersede or replace stricter provisions or regulations that the suppliers may already be subject to.

The main international standards on human rights and working conditions help form the basis of this Code, such as the United Nation’s Universal Declaration of Human Rights, the conventions of the International Labor Organization (ILO) (especially ILO Convention 29, 87, 98, 100, 105, 111, 138 and 182), Protocol of June 11, 2014 to Convention No. 29, International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights.

## **Who must follow the LIXIL Supplier Code of Conduct?**

All the Group’s suppliers and their officers and employees are required to comply with this Code. The Group’s suppliers (“Suppliers”) include all entities and persons that provide products or services to any LIXIL Entity, pursuant to contractual obligations.

In order to comply with this Code, Suppliers are expected to establish their own compliance program, if one does not already exist. This

includes implementing appropriate policies and procedures, allocating appropriate resources, providing all employees and officers with training, establishing a concern-raising system, and undertaking of improvement actions, such as conducting internal audits and investigations, and taking corrective actions.

Where Suppliers engage third parties (e.g. next-tier suppliers or subcontractors) as part of their business relationships, the Group expects these third parties to also operate in accordance with the fundamental principles set out in this Code.

## **Verification of Compliance with Supplier Code of Conduct**

Suppliers are required to acknowledge that the standards in this Code are being met upon the commencement and renewal of a contractual relationship with LIXIL Entity. Suppliers shall also maintain compliance with this Code throughout the relationship with LIXIL Entity and demonstrate that they comply with this Code upon the Group’s request.

## **Violation of Supplier Code of Conduct**

Any violations of the requirements of this Code may jeopardize the Supplier’s business relationships with the Group, up to and including termination.

Suppliers are obligated to comply with all laws and regulations which apply to them and their business relations with the Group. This applies especially to the following requirements, but is not limited to:

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## HUMAN RIGHTS

Suppliers shall respect the human rights of employees.

### Non-discrimination

Suppliers shall not discriminate against any employees based on grounds including race, color, religion, national or ethnic origin, ancestry, age, disability, gender, pregnancy or maternity, marital status, sexual orientation, gender identity or expression, political or personal belief, or union membership.

### Anti-harassment

Suppliers shall provide a work environment that is free from harassment and bullying of any kind and any other offensive or disrespectful conduct.

- Destruction of the natural basis of life through environmental pollution

Suppliers shall not cause any harmful soil change, water pollution, air pollution, harmful noise emission or excessive water consumption that

- significantly impairs the natural bases or access to food or safe and clean drinking water,
- makes it difficult for a person to access sanitary facilities or destroys them, or
- harms the health of a person.

- Unlawful eviction of land rights

Suppliers shall not unlawfully evict and/or unlawfully take land, forests and waters, the use of which secures the livelihood of a person.

- Human rights violations as a result of hiring or using security force

Suppliers shall not hire or use private or public security forces for the protection of its activities if the use of security forces:

- is in violation of the prohibition of torture and cruel, inhumane or degrading treatment,
- damages life or limb, or
- impairs the right to organize and the freedom of association.

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## LABOR STANDARDS

Suppliers shall comply with the labor laws of the countries and regions where they operate and international labor standards such as established by the International Labor Organization (ILO). In the event that we face discrepancies between internationally recognized standards and the laws of the relevant country or region, Suppliers shall comply with the higher standard.

### Prevention of forced or compulsory labor

Suppliers shall not use forced, bounded (including debt bondage) or indentured labor or prison labor, slavery or trafficking of persons.

### Prevention of child labor and juvenile worker protections

Suppliers shall not employ a child at any stage of manufacturing or in the provision of services. The term "child" refers to any person under the age of 15, under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. Suppliers shall also not employ persons under the age of 18 for work that by its nature or the circumstances in which it is carried out is likely to harm the health, safety, or morals of such persons.

### Working hours and wages

Suppliers shall not require their employees to work beyond the maximum legal working hours, and shall pay them at least legal minimum wage in compliance with local laws.

### Adequate living wage

Suppliers shall adhere to all applicable laws and regulations regarding remuneration to be paid to workers (including minimum wage, overtime pay and any other allowances or deductions from wages that are legally required). Suppliers should also consider the level of pay that is required to cover the purchase of items necessary for daily living (the "living wage") when paying workers.

### Freedom of association

Suppliers shall uphold the freedom of association and the recognition of the right the collective bargaining. All employees have the right to freely form and join

groups for the promotion and protection of their employment interests to the extent permitted by law.

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## HEALTH AND SAFETY

Suppliers shall comply with the applicable legal requirements for occupational health and safety to protect the health and safety of their employees. Suppliers shall follow internationally recognized standards, actively work to identify and correct safety deficiencies, and continuously improve workplace conditions to ensure and protect health and safety.

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## ENVIRONMENT

Suppliers shall comply with local and international environmental protection laws, regulations and principles. Suppliers shall, in order to reduce the environmental strain caused by their business activities, take actions to contribute to the preservation of the global environment. This includes promoting greener process and developing environmentally friendly products.

We expect Suppliers to comply with applicable laws when manufacturing, namely with regard to hazardous substance regulations such as the following:

- Risks associated with mercury under the Minamata Convention,
- Risks associated with persistent organic pollutants under the Stockholm Convention, or
- Risks associated with the transboundary movement of hazardous wastes and their disposal under the Basel Convention.

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## FAIR BUSINESS CONDUCT

Suppliers shall have an unwavering commitment to compliant, fair, ethical and responsible business conduct.

### Anti-corruption

Suppliers are required to comply with anti-bribery and anti-corruption laws and regulations applicable to their activities. In connection with any transaction as the Group's Supplier or any other transaction that otherwise involves the Group, the Suppliers shall not transfer anything of value, directly or indirectly, to any

third party or any third party employee in order to obtain improper benefits and/or advantages. These prohibitions include kickbacks and facilitation payments. In addition, Suppliers shall not offer any LIXIL Members benefits, including gifts and entertainment, that may cause suspicion regarding fairness.

\*A facilitation payment is the provision of money or good to a government official to perform, or speed up the performance of, a duty the official already has to you. For example, paying a customs official to clear goods for import, where he/she is technically required to clear them anyway, would be a facilitation payment.

### Conflicts of interest

Suppliers shall ensure that any personal relationship is not used to influence any LIXIL Members' business judgment. If a Supplier or an employee of a Supplier is a relative or has any other relationship with a LIXIL Member that may pose a potential conflict, the Supplier shall voluntarily and promptly disclose this fact to the Group or ensure that the LIXIL Member does so.

### Fair competition

Suppliers shall comply with all applicable antitrust and competition laws and regulations and never engage in illegal anticompetitive activities. In particular, Suppliers shall not engage in any conduct which might be viewed as restricting competition between the Group and any competitors of the Group.

### International trade controls

Suppliers shall never be owned or controlled by the governments of sanctioned countries/territories and act on behalf of those governments. Suppliers shall also never be entities that are incorporated in or operating from sanctioned countries/territories as well as individuals who are located or ordinarily resident in (or in some cases, nationals of) such countries. Suppliers shall also not be owned or controlled by sanctioned individuals or entities, or do business with sanctioned individuals or entities in respect of transactions that involve or relate to the Group.

### Prohibition of involvement with criminal organizations and individuals

Suppliers shall never engage in any criminal activities and have any relationships with criminal organizations or individuals.

### Accurate accounting and financial records

The Group expects Suppliers to keep true, accurate and complete business records of all matters related to

business with the Group including all expenses and payments, in a form that can be made available to the Group upon request.

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## PROTECTING INFORMATION AND PROPERTY

### Privacy data

Suppliers shall comply with privacy laws and regulations that are in effect in the countries and regions where they operate. In particular, Suppliers shall acquire and use all personal information with prior consent and ensure that personal information is not illegally acquired, used, transferred, disclosed, or leaked.

### Intellectual property

Suppliers shall not use the Group and other's intellectual property unless authorized by the legitimate owner of the intellectual property. Intellectual property includes patents, designs, copyrights, trade secrets, know-how and trademarks.

### The Group's assets

When Suppliers are provided the Group's assets, Suppliers shall use them only for legitimate business purposes. Moreover, Suppliers shall protect confidential information related to the Group and shall not share it with anyone at any time unless authorized to do so by the Group.

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## CONSEQUENCES FOR VIOLATIONS

In the event of violations of this Code, Supplier has an obligation to report such violations to the Group. If Supplier does not comply with the basic principles defined in this Code, the Group may terminate the business relationship with Supplier by providing notice.

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## REPORTING VIOLATIONS

The Group is committed to living its values and behaving in a legally and ethically sound manner. The Group also expects this from its Suppliers. If you know or become aware of any violations of this Code, you can report them to the Leader, Compliance at LIXIL in your region or to our concern raising system "Speak Up!" at <https://lixil.ethicspoint.com> (anonymity available).

