

LIXIL Updates Environmental Strategy to Enhance Positive Impact on the Planet and Society

Cairo, Egypt, 5 April 2023: LIXIL Corporation (LIXIL, TSE Code: 5938), maker of pioneering water and housing products, today announced its updated Environmental Strategy. The strategy outlines how LIXIL will tackle key environmental issues – climate change mitigation and adaptation, water sustainability, and contributing to the realization of a circular economy.

In each of these three focus areas, the updated strategy sets out new mid-term targets across LIXIL’s operations, value chain and beyond, to expand the positive impact the company is having on environmental and social issues of the world. The company’s approach extends beyond the mitigation of risks and adaptation, but throughout its value chain; leveraging its expertise to change the way people live, today and tomorrow.

Mid-Term Targets	OUR OPERATIONS	OUR VALUE CHAIN	EXPANDING OUR IMPACT
Climate Change Mitigation and Adaptation	Scope 1+2 CO ₂ emissions -50.4%^{*1}	Scope 3 CO ₂ emissions -30%^{*1}	Ratio of energy- and water- saving faucets and toilets sold 100%^(Japan) Ratio of high-performance windows sold for new detached houses 100%^{*2}
Water Sustainability	Water use efficiency +20%^{*1} Reduce water use at water-scarce sites	Total water savings from water-saving products 2 billion m³ per year^{*3}	Provide safer and better tasting water
Circular Economy	Improved waste recycling rates 90%^{*2}	Promote use of recycled and renewable materials 100% Reduce single-use plastics in packaging Enhance resource efficient products and solutions Build take-back systems for 'product to product' use	Reduce difficult-to-recycle waste plastics

*1 Benchmark: Fiscal year ended 2019 *2 By the fiscal year ending March 2026 *3 By the fiscal year ending March 2025 *(All targets are for the fiscal year ending March 2031, unless otherwise noted)

Kinya Seto, President and CEO of LIXIL said: “As a purpose-driven organization, LIXIL is embedding ESG activities and commitments into our core business strategy, to ensure that we are having a positive impact and to strengthen our business over the long-term. Our updated environmental strategy is central to this approach, ensuring that we are aligned across our business to important environmental commitments, but also because it will allow us to capture new opportunities and manage risks.”

Demonstrating the company’s strengthened commitment to accelerate efforts for sustainable business practices from operations and in collaboration with business partners, LIXIL recently marked its third consecutive year on the Supplier Engagement Leaderboard and Water Security A List by the CDP, one of the founding partners of the SBTi.

Climate Change Mitigation and Adaptation

Buildings accounts for around 28% of energy related CO₂ emissions of which housing accounts for 17%. Energy efficiency and high-performance housing is an urgent issue to be tackled¹.

LIXIL has renewed its certification from the Science Based Targets initiative (SBTi) in line with its targets to cap global temperature increase at 1.5°C compared to pre-industrial temperatures. Aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, LIXIL has set approved targets in June 2022 for absolute GHG emissions

reductions – from previously 30% to 50.4% for Scope 1&2 and 15% to 30% for Scope 3 by the fiscal year ending March 2031 from the fiscal year ended March 2019 base year^{2, 3}.

In Japan, heating, cooling, and hot water account for about 60% of the energy consumed by the average home⁴.

Improving the efficiency of housing insulation can greatly reduce CO2 emissions, but yet 90% of existing homes in Japan failing to meet current national energy-efficiency standards and conserving energy through home insulation is a key Japanese government policy⁵. In addition to Scope 1-3 targets, by FYE2026 **LIXIL's window product line-up ratio will become 100% high-performance for newly constructed homes** and will continue to enhance technologies for improved energy efficiency, replacing existing windows and housing products in response to the growing renovation market.

Additionally, by the FYE 2031, faucets and toilets will also be 100% energy- and water-saving in Japan.

LIXIL is introducing functional yet efficient solutions for end-users to reduce consumption of energy in both new and existing homes, driving impact for LIXIL and the environment - contributing to mitigation by enhancing the line-up of high-performance windows, doors and construction methods, and by energy saving water technologies such as faucets and toilets; while offering solutions such as shades, shutters, and storm doors designed to alleviate the effects of rising temperatures and heavy rainfall for adaptation.

Water Sustainability

By 2050, an estimated 40% of the world's population, will suffer from severe water deprivation⁶. As the world's leading water technology provider, LIXIL has set new targets that are focused on the social and environmental sustainability of water for future generations that are supported by its efforts to reduce, reuse, filter and improve accessibility to safer or better tasting water.

LIXIL will improve water use efficiency by 20% in its operations by FYE2031 and will reduce water usage at water-scarce business sites in accordance with TNFD. Optimizing water usage and using water responsibly at production sites, LIXIL will ramp up its efforts to recycle water and reduce its water footprint in its operations needed for manufacturing.

Through water efficient products and solutions, LIXIL can enable consumers to use water more efficiently and responsibly, reducing daily consumption. **LIXIL's water saving toilet and faucet products, and smart water controllers targets to reduce a total of 2billion cubic meters of water per year by FYE2025, globally.**

Better homes also need clean and safe water - for showering, washing hands, or drinking. LIXIL is helping to enable safer water for consumers and communities to tackle contamination by providing product solutions and promoting behavior change. With a proven track-record of providing innovative solutions and partnerships for impact, **LIXIL is also committed to advocating for more effective and responsible water policies: working with partners and developing culturally and geographically relevant solutions, joining the conversation on water issues such as scarcity, efficiency, safety and reuse.**

The approach targets to expand its impact by access to safer water and water services, and improving quality for better tasting water through its filtration technology.

Circular Economy

With the world's growing population, global consumption is expected to double by 2050⁷. Today, construction-related sectors consume nearly half of the world's extracted resources. Resource efficiency and innovation of circular solutions are imperative for sustainable growth, and LIXIL has set targets that contribute to the world and industry.

Updated targets include **recycling 90% of waste from operations by FYE2026 globally**, improving efficiency. Across the value chain, **LIXIL has set enterprise-level targets to reduce single-use plastics used for packaging, increase resource efficient products and solutions, building take-back systems for product to product use**; supported by repairing,

resale or leasing services to ensure products can be used longer. By rethinking conventional processes, LIXIL aims to minimize the amount of waste produced, promote reuse or recycling.

Efficient use for a variety of raw materials have also been sought throughout the years, driving innovation. LIXIL's GROHE brand has steadily increased products with Cradle to Cradle certification over the years and released EPDs (Environment Product Declarations) for 18 product groups that cover 777 products. In Japan, the EcoLeaf label certified PremiAL extruded profiles made from 70% recycled aluminum launched in December 2022. Leading the industry with recycling efforts that span over two decades, PremiAL is spearheading the company's **new target of using 100% recycled aluminum in its products by FYE2031**.

LIXIL's circular material, revia promotes the reuse of plastic waste that has almost doubled over the last twenty years. Largely comprised of single-use plastics, plastic waste represents an urgent and growing environmental issue around the world. This innovation aims to create an ecosystem that spans procurement to production, sales, installation and collection, establishing a sustainable business model, and **targets to contribute to the reduction of plastic waste**, that will also result in less CO₂ emissions and plastic pollution that are harmful to land, water and society.

Uchu Mukai, Chief Technology Officer and Chair of the Environmental Strategy Committee said "With the updated Environment Strategy we want to reduce our CO₂ targets by evaluating our total emissions, including Scope 1, 2, and 3, protect water - one of the most precious resources - and focus on circular solutions that can have a positive impact on our planet; aiming at waste reduction from our facilities, resource efficiency, circularity throughout our products along the value chain. With the addition of Biodiversity as an interconnecting material issue, we believe that this strategy is an important step forward in addressing challenges and to have a positive impact on our business and the environment."

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¹ Source: 2022 Global Status Report for Buildings and Construction

(<https://globalabc.org/our-work/tracking-progress-global-status-report>)

² Validation for the Near-term GHG emission reduction targets.

³ The target of Scope 3 is based on well-below 2 degrees level of SBTi

⁴ Source: Agency for Natural Resources and Energy, Energy White Paper 2022

(https://www.enecho.meti.go.jp/about/whitepaper/2022/pdf/whitepaper2022_all.pdf)

⁵ Source: Documents from the Panel on Infrastructure Development, Ministry of Land, Infrastructure, Transport and Tourism (2019).

⁶ Source: OECD Environmental Outlook to 2050: The Consequences of Inaction - Key Facts and Figures (<https://www.oecd.org/env/indicators-modelling-outlooks/oecdenvironmentaloutlookto2050theconsequencesofinaction-keyfactsandfigures.htm>)

⁷ Source: United Nations Environment Programme, With resource use expected to double by 2050, better natural resource use essential for a pollution-free planet (<https://www.unep.org/news-and-stories/press-release/resource-use-expected-double-2050-better-natural-resource-use>)

About LIXIL

LIXIL makes pioneering water and housing products that solve everyday, real-life challenges, making better homes a reality for everyone, everywhere. Drawing on our Japanese heritage, we create world-leading technology and innovate to make high quality products that transform homes. But the LIXIL difference is how we do this; through meaningful design, an entrepreneurial spirit, a dedication to improving accessibility for all, and responsible business growth. Our approach comes to life through industry leading brands, including INAX, GROHE, American Standard, and TOSTEM. Approximately 60,000 colleagues operating in more than 150 countries are proud to make products that touch the lives of more than a billion people every day.

PRESS CONTACT

Gita Ghaemmaghami, Leader Communications and CR MENA, LIXIL EMENA

Gita.ghaemmagham@grohe.com

Mobile: +971554376534

For media enquiries in Egypt, please contact:

Menna Anis

Email: menna.anis@ogilvy.com

Tel: +20 1225555005

Nada Daoud

Email: nada.daoud@ogilvy.com

Tel: +20 0109678749