Governance ···Enhance LIXIL's governance to maximize our corporate values.

Material Issues	Target	Action plan	KPI	Target for FY2016	Target for FY2017
Corporate governance	Establish global-standard governance.	Prepare and disclose Corporate Governance Guidelines.	Number of times we review the Corporate Governance Guidelines (at least once a year)	·Implement Corporate Governance Guidelines and commitments. ·Appoint independent outside directors as chairs of the Nomination, Compensation and Audit Committees.	·Employ global best practice.
		Establish a Group governance system.	Coverage of improved governance rules and procedures (%)		·Set clear rules and procedures for business boards and other committee groups. ·Ensure 100% coverage of improved governance rules and procedures.
Compliance	Develop comprehensive and effective compliance structure across the Group.	Build a new group compliance system and clarify the rules.	Establishment of compliance committees, or an equivalent structure at each technology business and hold committee meeting (number)	·Establish compliance committees, or an equivalent structure for each technology business. ·Review the compliance guideline and compliance committees to make them more applicable to the Group as a whole. ·Require regular reporting by heads of each compliance committees. ·Establish appropriate Compliance function operating mechanism. ·Strengthen compliance at the headquarter and each technology business, including the recruitment of compliance officers.	·Complete implementation of a compliance review mechanism. ·Build a Group-wide compliance system that operates effectively. ·Convene at least two compliance committee (or an equivalent structure) meeting per year at each technology business
		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.	Group-wide: 1. Basic training and commitment to Group Code of Conduct (%) 2. Implementation of training by regions and corporate positions (%)	·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.	·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.
		Create one central contact for concern-raisers to report and increase the awareness across the Group.	Group-wide: ·Awareness of the concern-raising system (%) ·Reported concerns (number)	·Inspect high-risk regions to observe the current concern-raising system. ·Actively publicize the existing concern-raising system. ·Create a template Concern-raising guideline for use by Group subsidiaries and affiliated companies. ·Build a monitoring mechanism to track concerns that are reported or under investigation. ·Boost the number of reported concerns outside of Japan by 10% compared to FY2015.	·Introduce an effective and uniform Group-wide concern-raising system. ·Achieve 100% awareness of concern-raising system. ·Disclose the number of reported concerns and the summary of the incident.

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Risk management	Establish and operate a Group-wide enterprise risk management system.	Establish a crisis management system to minimize the damage when crises occur.	Coverage of the crisis management system across Group companies (%)	・Develop basic policy and guideline for crisis management. ・Establish a structure to escalate crisis incidents between the headquarter and individual technology businesses, by clarifying roles and departmental responsibilities.	・Facilitate swift and cooperative response to a crisis, by establishing effective communication system between Group companies and the headquarter. ・Achieve 100% adoption of the crisis management system by Group companies.
		Establish a risk finance system to prevent financial losses and minimize the damage when crises occur.	Coverage of an insurance management systems across Group companies (%)	・Launch a comprehensive Japan program to develop global liability insurance policy.	・Implement an insurance management system across all Group companies, targeting 100% coverage of non-life insurance regarding liability risks.
		Establish a risk management system to prevent crises.	Coverage of the risk management system across Group companies (%)	・Clarify risk definitions to ensure common understanding throughout the Group.	・Establish a set of systems, processes and rules to identify, analyze, evaluate and respond to significant risks (Boundary: all Group companies.)
Information security	Ensure strict management of information that has been collected, created or employed during our business activities across the Group.	Establish and implement the Group Information Security Policy.	Coverage of Group Information Security Policy (%)	・Complete analysis of current information security practices at each Group companies.	・Create a Group Information Security Policy. ・Ensure implementation of this policy across all Group companies.
		Create rules based on the Group Information Security Policy and integrate into all group operation.	Group-wide: ・Implementation of information security education (%) ・Information security violation incidences (unauthorized access, loss of data, leakage, etc.) (number)	・Taking into account the observed current practice, establish a management structure for promoting information security across the Group.	・Improve Group employees' awareness of information security, and establish in-depth voluntary inspections and investigation. ・Ensure 100% of employees in Japan have received information security education. ・Reduce number of information security violations (unauthorized access, loss of data, leakage, etc.) to zero.

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Intellectual property (IP)strategy	Maximize the value of the Group's intellectual property by operating a streamlined global IP governance system.	1. Introduce Group IP Management Guidelines. 2. Create an internal mechanism for effective information sharing of Group IP. 3. Extend the global reach and functionality of the IP Committee (IPC).	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 1) Proactive pursuit of patents and design applications (number) 2) Patents and design registrations that could be violated by major competitors (number) 3) Cost savings based on benefits from risk reduction initiatives ($)	・Implement Group IP Management Guidelines across the Group. ・Create and operate a Group IP data system. ・Convene IPC meetings to decide how to drive forward the Group-wide IP management. ・Trial a Business IP Committee (BIPC) at LWT and determine and implement an IP strategy and action plan.	・Streamline functions for assessing Group-wide IP. ・Build a system to monitor IP creation, maintenance and application at individual technology businesses, as well as external IP disputes and IP contractual relationships. ・Use monitoring results to plan how individual technology businesses should utilize the IP, and create a system to manage their progress.
		Launch pilot projects for IP ecosystem activities.	Evaluation of new pilot project activities: 1) Projects of IP ecosystem activities (number and/or a ratio to all internal projects) 2) Filed IP Applications (number) 3) The times LIXIL provided its own IP to business partners (number)	Create IP Strategy Guidelines designed to transform the LIXIL Group into a solutions provider by offering its IP to business partners. Verify guidelines against actual examples to measure effective IP management.	1. Begin using the IP Strategy Guidelines derived from actual projects. 2. Evaluate actual projects against the IP Strategy Guidelines. ・Projects of IP ecosystem activities (80% of all internal projects)