

[This is an English translation of the original text written in Japanese]



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LIXIL Corporation
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Additional Explanation of Proposal to Change Our Articles of Incorporation at the Upcoming Annual
Shareholders' Meeting

We have made a proposal to the 79th Annual Shareholders Meeting to be held on June 22, 2021 that would allow us the option to hold Virtual-Only Shareholders Meetings which can be attended by Shareholders online, with no physical venues established to host the meetings or any component thereof.

We offer this additional explanation to promote full understanding of our rationale for the proposal.

We believe that this proposal will contribute to the establishment of a transparent governance system and is in line with your expectations as Shareholders. We trust that you will take this opportunity to inform yourselves of the background and other details of the proposal, and decide to approve the proposal.

Details

1. Proposal details

The proposal is contingent on the enactment and enforcement of the Act to Partially Amend, etc. the Act on Strengthening Industrial Competitiveness, etc. ("the Act"), which is currently under review by the National Diet of Japan, the Minister of Economy, Trade and Industry and the Minister of Justice approving our eligibility to change our Articles of Incorporation to include provisions for Virtual-Only Shareholders Meetings based on the Act.

We presently have two options for holding Shareholder Meetings. The first is In-Person Shareholder Meetings, which we hold at a physical venue, and the second is Hybrid Shareholder Meetings, wherein we offer an online component to In-Person Shareholder Meetings to enable Shareholders to attend and participate either in person or online. Our proposed change to the Articles of Incorporation would

give us a third option: Virtual-Only Shareholder Meetings.

We do not intend to use the Virtual-Only format for all Shareholder Meetings. Rather, we will prioritize your rights and safety as Shareholders, carefully consider relevant matters—including your and our circumstances in terms of pandemic countermeasures and other needs of society at large, and views and opinions communicated to us by you—and task the Board of Directors with deciding which format to use for each individual Shareholders Meeting.

2. Background

We have implemented many reforms to increase the transparency and objectivity of, and otherwise improve our corporate governance system. As part of our efforts to enhance our corporate value through these reforms, and to act on our belief that Shareholders Meetings present valuable opportunities for dialogue between you and us, we began holding Hybrid Shareholders Meetings last year. This meeting format enables Shareholders in Japan and the rest of the world to attend Shareholders Meetings online when the physical venues are prohibitively distant. We believe these more accessible meetings have helped increase the transparency of our management.

Once enacted, the Act would permit us to hold Virtual-Only Shareholders Meetings for up to two years without changing our Articles of Incorporation (with permission from the Minister of Economy, Trade and Industry and the Minister of Justice), or to change our Articles of Incorporation to hold Virtual-Only Shareholders' Meetings at any time henceforth. Given the circumstances, we deem the latter approach to be appropriate, and submitted our proposal accordingly.

One of our aims is to continue to hold accessible Shareholders Meetings even as the uncertainty surrounding the current pandemic persists, and in preparation for currently unfathomable natural disasters, new pandemics, and other threats in the post-pandemic world we will eventually inhabit. Toward that end, we believe our proposal provides mutual benefits to you and us.

3. Process for determining the format for each Shareholders Meeting

Since the Shareholders Meeting held in June 2019, our Board of Directors and committees have executed various reforms, working steadily and in earnest to establish a more consistently transparent and fair governance system.

If you approve our proposal, the Board of Directors will decide on the format of each Shareholders Meeting. Our review of circumstances before each Shareholders Meeting will not focus on the obvious cost benefits to holding the meetings without establishing physical venues; rather, we will prioritize your rights and safety as Shareholders, carefully considering relevant matters—including our and your circumstances in terms of pandemic countermeasures and other needs of society at large, and views and opinions communicated to us by you, we well as paying attention to situations where various opinions may be articulated from our shareholders—and task the Board of Directors with deciding which format to use for each meeting.

4. Practical matters of Virtual-Only Shareholder Meetings

We recognize the importance of establishing a proper system for running Virtual-Only Shareholder Meetings. Accordingly, we will set out a methodology that preserves your rights as shareholders, and examine matters and make preparations on all relevant fronts. Specifically, we will establish an IT

system, a team of the shareholder register administrators, and other infrastructure components ; take steps to treat all voting rights exercised by shareholders equally, to prevent connection problems; build a support system for Shareholders who are not accustomed to using the internet; and handle inquiries, proposals, motions and other communication from you fairly and equitably based on clear standpoint and by excluding international operations by us. In executing these measures, we will comply with guidelines of the Ministry of Economy, Trade and Industry and will decide through the careful discussion of the Board of Directors.

Recall that we introduced the Hybrid (participation-type) format for the Shareholder Meeting on June 30, 2020. For that meeting, we examined the infrastructure and other operational aspects to preserve your rights as Shareholders, allow as many of you as possible to engage in constructive dialogue and discussion with us, and ensure our Directors' accountability to you. We intend to continue evolving with the upcoming Shareholders Meeting on June 22, deploying the Hybrid (remote attendance-type) format and working to make the meeting even more accessible to allow online attendees to exercise their right to vote and further enhance constructive dialogue and discussion.

If approved, our proposal will give us the option to hold Virtual-Only Shareholder Meetings. We believe the increased flexibility will contribute substantially to our ability to guarantee your rights as Shareholders under any and all circumstances in the future, the Board of Directors' accountability to you, our pursuit of the more accessible Shareholders Meetings we all desire, and efforts to establish a consistently transparent governance system.

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