



**PERMASTEELISA
GROUP**

UNITED NATIONS GLOBAL COMPACT


COMMUNICATION ON PROGRESS

2016

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Vittorio Veneto, 01.07.2017

Being a good corporate citizen is an ambition enthusiastically embraced at all levels within our company. As a member of the Global Compact, we believe that our business policies incorporate the ten principles. Our board fully supports our actions in working towards sustainability goals – in particular those contained in the UN Global Compact – and endorses the future priorities and specific targets we set out in our report.

Through our support of the United Nations Global Compact, we also aim to move the agenda forward on performance related to human rights, labour rights, the environment and the fight against bribery and corruption. In our annual report, we have summarised the progress we have made against each of these principles and we will continue to follow them up in future reports.

In this our eighth annual Communication on Progress we provide an index to our performance with cross-references to the related GC principles in 2016.



Riccardo Mollo
CEO Permasteelisa S.p.A.

Contact: Luca Gavardi
Email: l.gavardi@permasteelisagroup.com

“

I've found with Permasteelisa that this is always the case for every project: if their heart is not in it, they don't take it; but if they do take a job, you have their heart and their attention, and that's priceless

Gregg Jones | Principal Pelli Clarke Pelli Architects – Architect

The Shard is the most beautiful addition to the London skyline. Its beauty is in part due to the ever-changing play of light across the facades of the building

Richard Rogers – Architect

”

“

It was very creative working with Permasteelisa; it's not just another company, it's a company with a high degree of culture, and that's not by accident that they come from Italy because Italy has also this depth of tradition and ability and craftsmanship that it has exported to the world

Daniel Libeskind – Architect



Permasteelisa is strong in all areas: they bring quality to all aspects of our job

”

*Terry Bell, | Gehry Partners
Architects awarded with the Pritzker Architecture Prize*

“

I think I've made [...] at least 40 major projects with Permasteelisa and in that sense, it's been a very creative relationship; it goes back very very long time, and I predict it will go far into the future

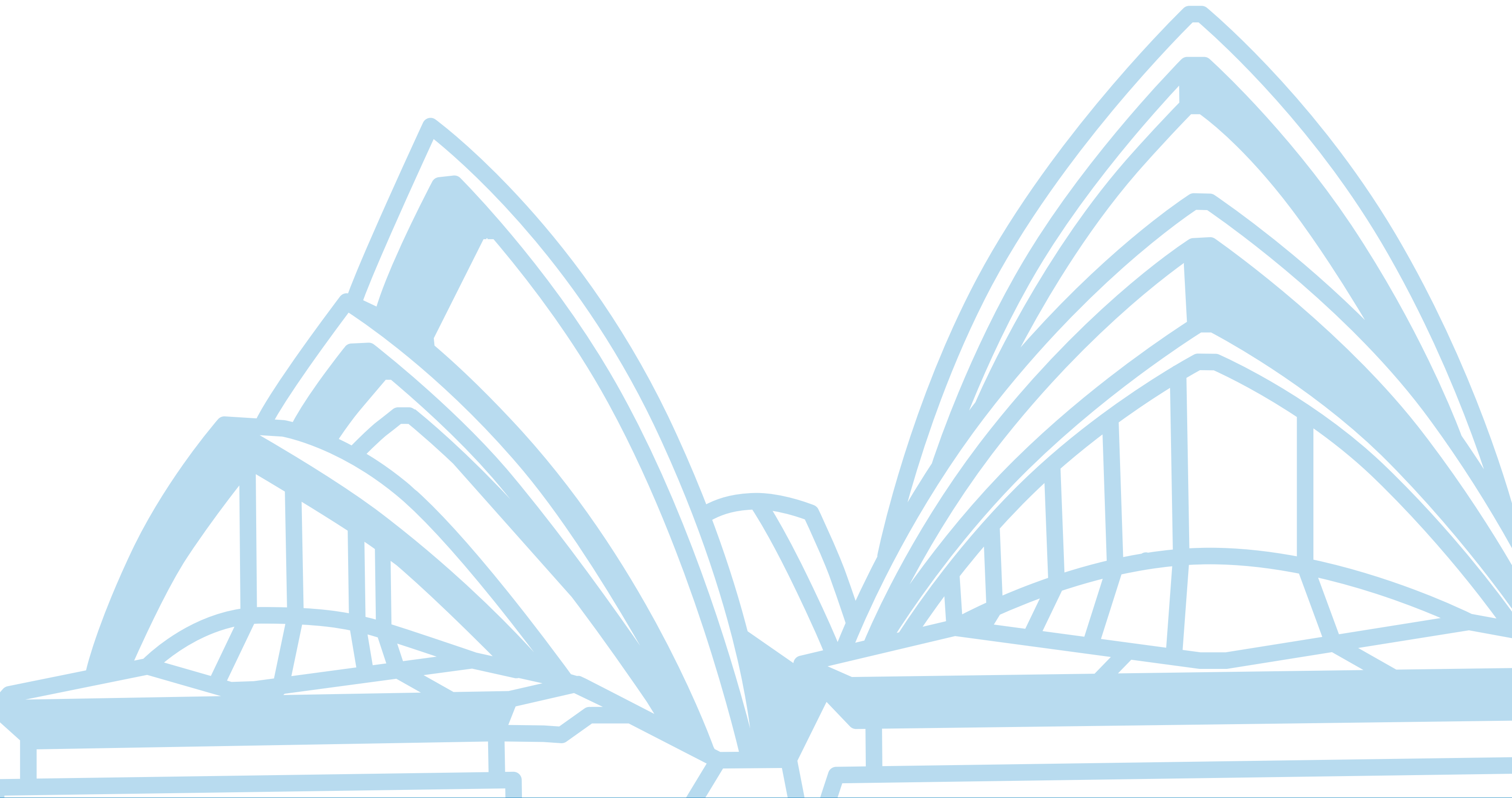
Lord Norman Foster – Architect



They've become the go-to people when you have a difficult job. We can be thinking whatever we want, but if you can't build it, what's the point?

”

Richard Cook – Architect



OUR GROUP

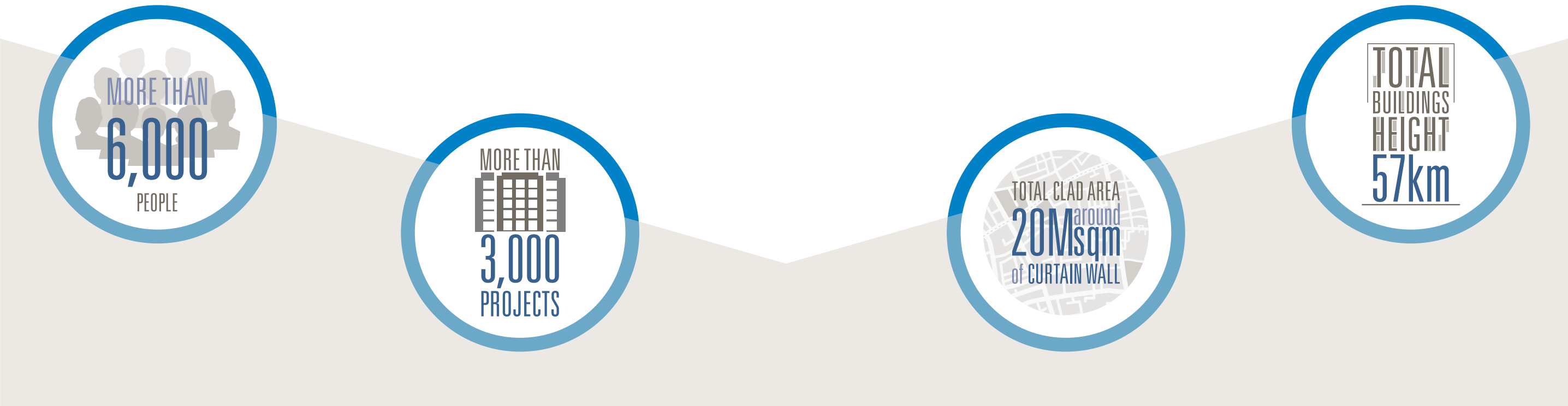
THE PERMASTEELISA GROUP

Permasteelisa Group is a worldwide leading Contractor in **engineering, project management, manufacturing and installation of architectural envelopes and interior systems**. The Group brings its Know-How and expertise to all projects, in particular when dealing with **Special Features Buildings**, beginning with the design development phases all the way to the successful completion, achieving the customer's expectations.

Permasteelisa's history goes back to 1973 in Italy, Vittorio Veneto. During '80s and '90s the Group started an international expansion in the Australian, European, Asian and US markets.
Since 2015 Permasteelisa Group has been at the core of the Business Unit **Building Technology** of LIXIL Corporation.
Today, Permasteelisa is a global integrated Group Present in four continents, with a network of around 50 companies in 30 countries and 10 production plants, the Group generates a total turnover of around 1.5 billion euro a year. The Group employs around 6,000 people worldwide in its Engineering & Design centres and in the 10 manufacturing plants equipped with the most modern and advanced technologies.

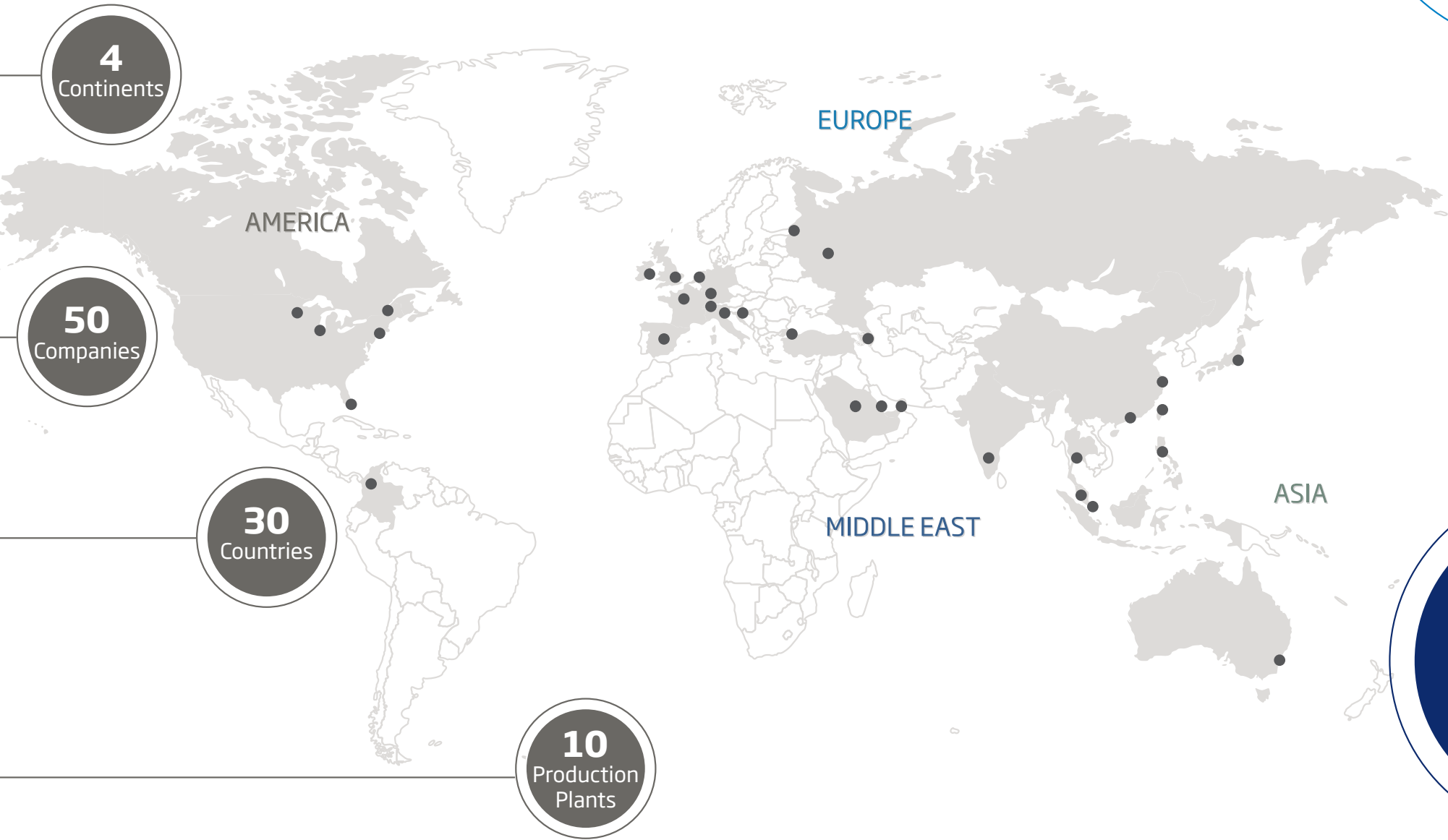
The mission of the Permasteelisa Group is to design and build innovative and avant-garde architectural works **alongside the world's greatest in contemporary architecture**, by using **advanced technologies** and **eco-sustainable solutions**. The **quality** of our architectural envelopes and interiors is guaranteed by our **rigorous quality control system**. Besides, it's constantly improved through **R&D in new design** and **construction technologies** and through the use of **innovative materials**. The use of **environmentally friendly materials** and **eco-sustainable processes**, and our commitment in energy saving, protect the environment and make the buildings themselves more comfortable and efficient.

Among Permasteelisa Group's projects are some world-renowned contemporary architectural works, such as the Sydney Opera House (the first building to make extensive use of the curtain walls), the Eight Spruce Street (a.k.a. Beekman Tower) in NYC, The Shard and 20 Fenchurch Street in London, the revolutionary Guggenheim Museum in Bilbao, the extraordinary Walt Disney Concert Hall in Los Angeles and the Museum of Modern Art in New York.

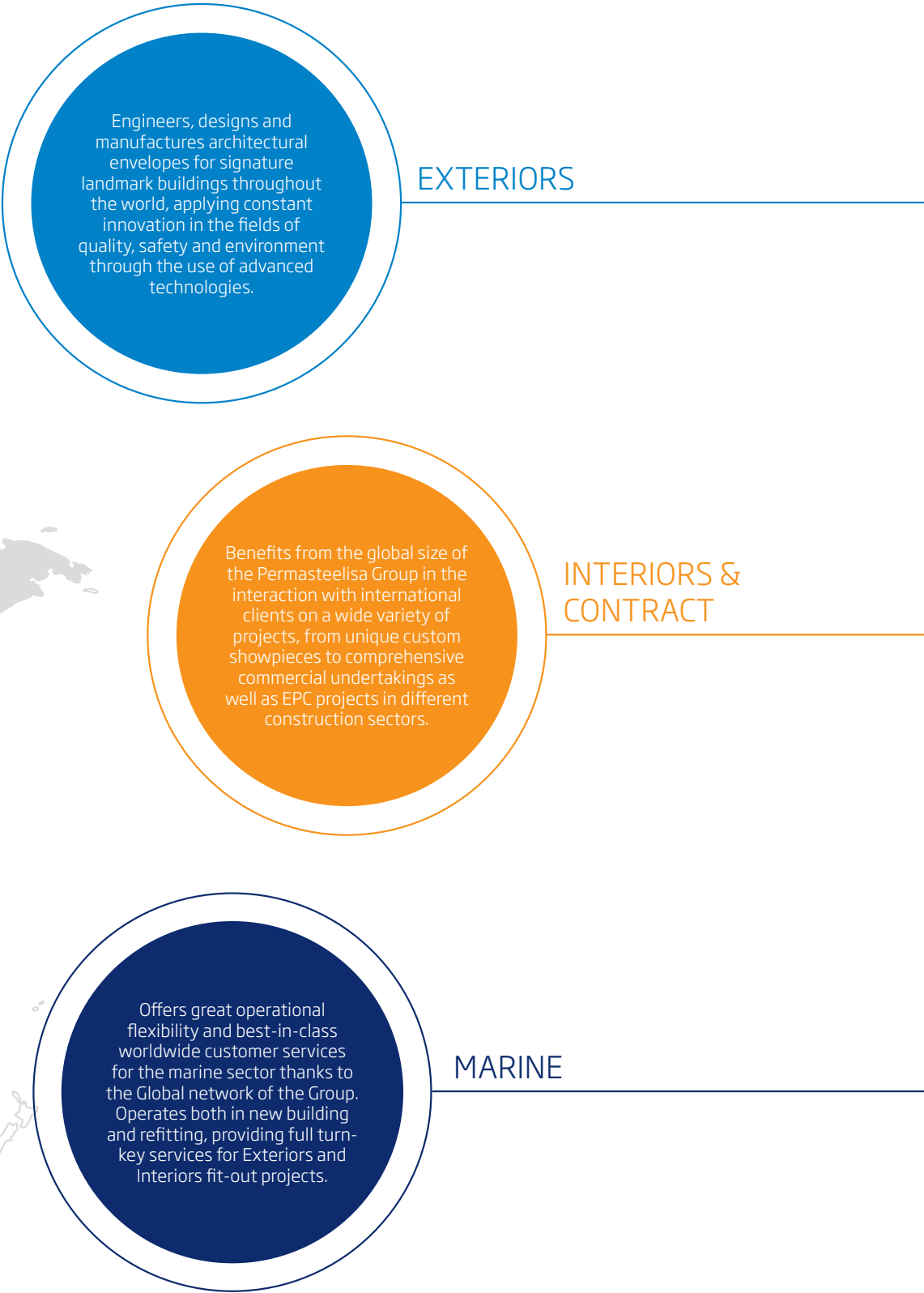


A TRANSNATIONAL GLOBAL ENTERPRISE

The Permasteelisa Group is the only curtain wall company to be really global. Our philosophy is to operate as a Transnational Global Enterprise, capable of moving resources and organizations **quickly** and **flexibly** wherever the market developments may require, and using an **adequate mix of local, regional and overseas resources, tools and knowledge** to best fit the needs of any job developed within and by the Group.



BUSINESS UNITS



CORPORATE SOCIAL RESPONSIBILITY

Social Accountability

The Group aims to abide by the **SA8000 (Social Accountability 8000)** and, as a consequence, guarantees workers’ basic rights in compliance with the current laws of the countries where the Group operates, as well as with agreements with third parties and based on International Labour Organization requirements. Such requirements are extended to corporate activities, clients, suppliers and sub-contractors.

Code of Conduct

The Permasteelisa Group considers compliance with the laws and the regulations in force in any country where it may operate of utmost importance. **Honesty, reliability, impartiality, loyalty, integrity** and **good faith** are the key factors of its success. The Group acknowledges the importance of its socio-ethical responsibility in business and it is committed to safeguarding the interests of its stakeholders and other third parties with whom it interacts.



Permasteelisa Quality Commitment.

- From tender to installation of a Custom Architectural solution: Customer satisfaction is at the heart of everything we do. Delivery of the highest value to our business partners is our Quality Commitment. We strive to continuously improve in order to provide the best service and product in the marketplace.
- Permasteelisa processes: design, engineering, production and installation of prefabricated architectural envelopes (curtain walls, roofs, steel structures) are **ISO 9001 registered**.

Health & Safety.

We are committed to preventing on-the-job injuries. Our **Zero-Injury** Commitment reflects our belief that everyone should be able to go home safe to their families after a day's work. For this reason, Permasteelisa has adopted the highest safety standards, and is registered to the **International Occupational Health and Safety Management System OHSAS 18001**.



Environment.

We understand the value of proactive environmental management. Respect for our Environment is our responsibility, but it also makes good business sense. Waste reduction saves time and money, not only in terms of disposal, but production in the first place.

To organize our approach to Environmental management, Permasteelisa is registered to the **International Environmental Management System ISO 14001**.

OUR VALUES

Permasteelisa Group embraces and believes in a new set of corporate values.



Work with Respect

As a global company, we strive for open and honest communication with everyone, internally and externally. We value diversity and respect people from different backgrounds and treat everyone equally with meritocracy. We always act with unquestioned integrity.



Deliver on Commitment

We “act like owners” to create value for everyone that touches our business. We set ambitious targets which we are committed to achieving. We are accountable for decisions, actions and results.



Embrace Quality

We are committed to having our customer enjoy a positive experience in every aspect when interacting with us. We are committed to the highest quality products and solutions. We take a Kaizen approach to continuously improving our knowledge, products and processes.



Inspire Passion

We dare to dream big and seek to transform ourselves, our industry and customers experience. We push ourselves to stretch beyond our commitments to exceed expectations. We pursue excellence in everything we do and reward a “Can-do” attitude.



Pursue Growth

We are striving for growth and innovation. We consistently invest in the growth of our leaders and their teams. We are willing to embrace change and risk with speed in a thoughtful, informed and appropriate way.



HUMAN RIGHTS

1.2.



Ph.: ©Jobst Bau

1 BUSINESS SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS

COMMITMENT

Permasteelisa Group recognizes the role of business community in supporting and respecting human rights, that is not to infringe human rights in the context of their own activities and their business relationships.

At this purpose Permasteelisa S.p.A. Board of Directors approved on September 2016 the new Code of Conduct for the Group. The purpose of the new Code, drafted in joint participation with all LIXIL Group companies, is to trace a common line in order to operate according to shared principles of **integrity, ethics** in business activities, **respect** in the workplace, **proper use** of corporate assets and contribution to society (**social responsibility**).

The Code of Conduct guides anyone involved with the Group in the appropriate way to do business worldwide. The Group Code is a common set of rules for the LIXIL Group members' business activities, to be strictly followed by all of the group members, with the goal of achieving strict compliance and internalization of ethically sound attitudes and behaviors.

The Code is intended to be used by anyone involved with the Group by virtue of any form of employment or collaboration relationship; therefore, it is the responsibility of all employees, managers and collaborators of the Group to comply with the principles and policies of the above-mentioned document in running the business and managing relationships, by promoting its disclosure and actual implementation. Permasteelisa Group business partners, including suppliers, service providers and distributors are also required to share the rules described in the Code.

The core principles of the Code, inspiring the management of its business, are cited in the following:

"Diversity and inclusion" - Code of Conduct par. 3.1

The Group values diversity and equal opportunity in the workforce. The Group provides equal employment opportunity for all applicants and employees. In the Group employment processes, the decisions are made without considering race, colour, religion, national or ethnic origin, ancestry, age, disability, gender, pregnancy, marital status, sexual orientation, gender identity or expression, political or personal belief, union membership or any other characteristics protected by local laws and regulations. These principles extend to all employment decisions including recruiting, training, evaluation, promotion and rewards.

The Group also makes reasonable accommodations for employees and applicants with disabilities, and complies with all local laws protecting disabled employees.

The Group respects the diverse religions and traditions of the employees around the world and strives to make reasonable accommodations, to the extent permitted by local laws, for religious practices.

"Human rights" - Code of Conduct par. 3.2

The Group supports and respects the protection of internationally proclaimed human rights and will ensure that are not complicit in human rights abuses.

The Group recognizes the importance of maintaining and promoting fundamental human rights everywhere it works and does business, including in its supply chain.

The Group is committed to upholding the freedom of association and the effective recognition of the right to 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. The Group also complies with laws and regulations concerning privacy, immigration, working time, wages and hours, as well as, laws prohibiting forced, compulsory and child labour, trafficking in persons and employment discrimination.

"Anti-harassment" - Code of Conduct par. 3.3

The Group seeks to provide a work environment that is free from discrimination, harassment and bullying of any kind and any other offensive or disrespectful conduct. Harassment could be in the form of unwelcome verbal, visual, physical or other conduct that creates an intimidating, offensive or hostile work environment.

The Group does not tolerate sexual harassment of any kind against any employee, such as unwanted touching, sexual or lewd language and sexual coercion. Everywhere the Group operates, is expected to treat one another with respect and dignity and to speak up if the employees have been a victim of or have witnessed discrimination, harassment or bullying. The Group does not allow retaliation against anyone for raising a complaint in good-faith of discrimination, harassment or bullying.

“Health and safety at workplace” – Code of conduct par. 3.4

The Group is committed to providing a healthy and safe workplace for employees, customers, visitors, contractors, vendors and others on our property.

The Group complies with the health and safety laws and regulations, standards, guidelines and related requirements that apply to our business.

The Group does not tolerate violence of any kind, whether explicit or implicit, physical or mental, including threatening behaviour, physical intimidation, coercion and acts of physical violence.

The Group does not work under the influence of alcohol or any substances that may impair the own ability to work safely and does not process, sell, use, transfer or distribute illegal drugs or controlled substances.

“Suppliers” - Code of Conduct par. 1.3

(...omissis...) As part of the supply chain, the suppliers the Group chooses must, among other things, comply with anti-corruption and antitrust laws, obey laws that require them to treat workers fairly, provide a safe and healthy work environment and protect environmental quality. The quality of the Group products and commitments to the environment and human rights are at stake.

The Group Entities have procedures to review suppliers’ qualifications and to use objective selection criteria.

“Privacy” - Code of Conduct par. 4.4

The Group protects the personal information of its stakeholders.

The Group holds and processes a variety of personal data of customers, business partners, employees and other individuals. Each LIXIL Group Entity fully complies with privacy laws that are in effect in the countries where operate, as well as the LIXIL Group’s data privacy policy and all other relevant guidelines and procedures.

The Group ensures that personal data held and processed are:

- Fairly and lawfully obtained;
- Processed only for limited or stated purposes;
- Adequate, relevant and not excessive;
- Accurate and, where necessary, up to date;
- Not kept for longer than is necessary;
- Processed in accordance with applicable laws;
- Held securely pursuant to organizational, personal, physical, and technical requirements.

Moreover, Permasteelisa Group Companies are committed to improve the health and safety of the workers in compliance with the sector regulations of each Countries. At this scope a Group Quality Assurance and Sustainability Director has been nominated.

In the Permasteelisa Group web site www.permasteelisagroup.com/sustainability/health-and-safety is clearly defined the **Health & Safety Policy**, and the statement is here below reported:

“As per Zero Tolerance - Safety Policy Statement

We are committed to preventing accidents and injuries. No injury is acceptable to us. Injuries are not an inevitable part of doing business. We firmly believe that incidents and injuries are unnecessary and can be avoided.

From estimating, design and engineering, project management, manufacturing, to site/field installation, safety cannot be an afterthought. We aim to set and maintain standards of health, safety and environmental performance across the Group which will ensure the health and safety of our employees at work and the health and safety of others who may be affected by our operational activities.

To enable us to do this we have set the following objectives:

Committed and active Leadership - *We will provide visible leadership, leading by example and considering the health, safety and environmental implications of all our strategic decisions.*

Compliance - *We will, as a minimum, comply with all relevant health, safety and environmental legislation and industry standards wherever the Group has a presence.*

Improvement - *We will ensure continual improvement.*

Consistency - *We will establish and maintain transparent and effective safety management systems and minimum operational standards for the good management of health, safety throughout the Group and engage all our employees.*

Accountability, responsibility and competence - *We will define and communicate everyone`s health and safety responsibilities and required competencies clearly.*

Monitoring - *We will monitor our health, safety performance and review our system for managing performance regularly.*

Risk assessing and controlling - *We will ensure that risks to the health, safety of our employees and others who may be affected are properly assessed and controlled, including our contractors and suppliers.*

Education and training - *We will consult our employees and ensure that competent advice and suitable training and resources are made available to assist them in performing their duties to promote health and safety.”*

In order to comply with this statement a document called **“Group Health and Safety management standard”** was issued.

ACTIONS & OUTCOMES

In the following the details of some actions taken by **Permasteelisa Group** in the subsequent matter:

1. **Health & Safety at work**
2. **Privacy**
3. **Code of Conduct**
4. **Conventions & Benefits**
5. **Training projects**

Please note that this list is a sample of activities improved in 2016 and it is not exhaustive.

1. **Health & Safety at work**

Permasteelisa’s corporate management considers that occupational health and safety is an aspect of strategic importance within the correct operating and planning of the resources employed and respect of a human being in all its meaning.

The objective is to set and maintain standards of health, safety and environmental performance across the Group which will ensure the health and safety of the employees at work and the health and safety of others who may be affected by the operational activities. The project has three fundamental reasons:

- 1) The People come first.** The employees safety and that of the subcontractors is our greatest responsibility.
- 2) It's the law.** Permasteelisa Group has a duty to diligently comply in good faith with the local laws and regulations governing safety. These are the minimum which must be adhered to. The aim is to comply by setting a high standard of employees and projects.
- 3) It makes good business sense.** Losses directly affect the ability to be competitive. Permasteelisa Group must always have a plan for success in safety.

For that purpose, the management has activated an occupational health and safety management system as an integral part of its business, promoting strong awareness of safety at every level of the corporate hierarchy in a continuous perspective of prevention and improvement. Permasteelisa is committed to improving the health and safety of the workers in compliance with the sector regulations.



Here below some example of activities performed in the Health and Safety area.

1.1 Certification

Permasteelisa encourages the achievement of certification by the subsidiaries. Currently eleven Group companies implemented a health and safety management system according to the international standard BS OHSAS 18001:2007:

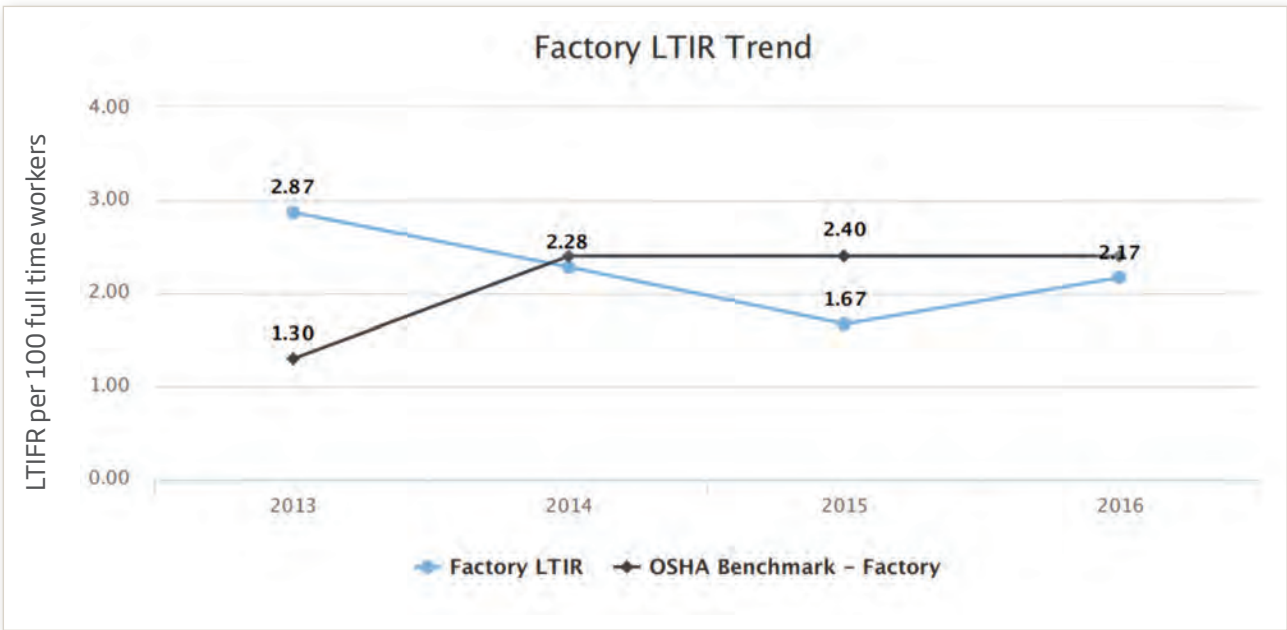
- Permasteelisa S.p.A.
- Permasteelisa (UK) Limited
- Permasteelisa North America Corp.
- Scheldebouw B.V.
- Global Architectural Co. Ltd.
- Permasteelisa Pacific Holdings Ltd.
- Permasteelisa PTY Ltd.
- Josef Gartner Curtain Wall (Suzhou) Co. Ltd.
- Josef Gartner Curtain Wall (Shanghai) Co. Ltd.
- Dongguang Permasteelisa Curtain Wall Co. Ltd.
- Permasteelisa Hong Kong Ltd.

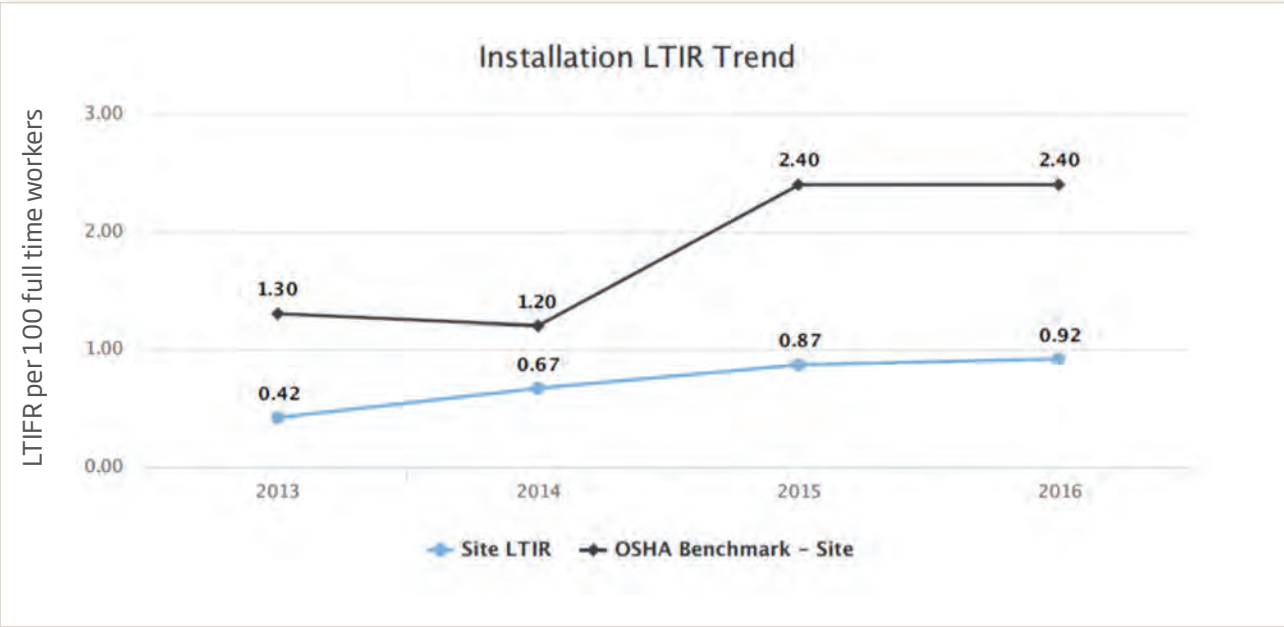
1.2 Injuries monitoring

In order to understand the major injuries causes and to set in place all the possible measures to prevent them, Permasteelisa monitors the injuries occurred to the Permasteelisa Group personnel during the working hours with an internal system of reporting. The trend is positive compared to benchmark. Here below, it's illustrated a report for the Loss Time Injury Frequency Rates at Group level. The data used for reporting includes the combination of Permasteelisa and Subcontractor hours and injuries. At this time, subcontractor injury and hours worked data is not separated from Permasteelisa. The formula for the Injury Rate Calculation is the following:

$$\left(\frac{\text{Number of Lost Time Injuries (LTI)}}{\text{Total Hours Worked}} \right) \times 200,000 = \text{Lost Time Injury Frequency Rate (LTIFR)}$$

A Lost Time Injury Frequency Rate (LTIFR) of 2,17 means that 2,17 of the population suffered a work injury with doctor prescribed time off work.





1.3 Training

Permasteelisa promotes the training activities to spread the safety culture inside the Group and to share the safety management system set in place by the Companies. The training activities are developed in all the Group subsidiaries, and the activities are a never-ending activity, locally monitored for new employees and for the training that has to be performed again. For further details, seen point no 5 training projects.

2. Privacy

During 2016 the Permasteelisa Group operated in compliance with the privacy local laws and the Group Code of Conduct in par. 4.4. Considering the approval of GDPR on May 24th 2016 (applicable from 25th May 2018), Permasteelisa planned to start with specific Privacy project to be compliant to the rules.

3. Code of Conduct

During 2016 a new Code of Conduct has been issued, and the new version was delivered to all Group companies with the request to deliver the new booklet and to train the personnel on the variance respect the previous version. The Head Quarters periodically monitors the status of the acceptance of the Code of Conduct by the personnel.

4. Conventions & Benefits

Permasteelisa supports the quality of life with initiative for the personnel, assigning company by company benefits to over all the personnel. The initiatives are left to the local use and interest as per different culture and dimension of the company. Referring to the places for lunch, Permasteelisa makes available canteens or little kitchens in the premises for lunch time, or coffee break. In some countries as Russia, Thailand or Qatar, Permasteelisa provides shuttle service and in some other like Japan, Holland, China, a reimbursement is provided to the personnel. Permasteelisa promotes medical - health initiatives in favour of employees.

Here below some examples are reported:

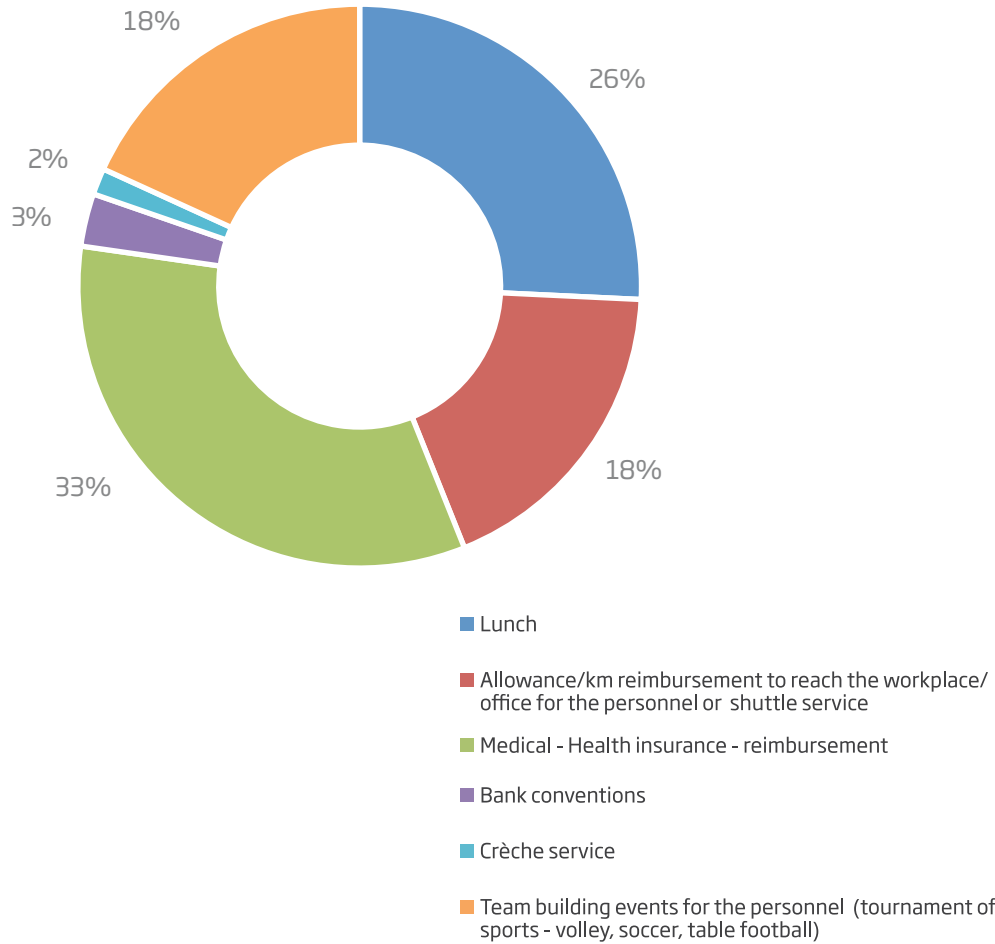
- in Italy a screening project - oncological prevention and cardiovascular diseases are offered for all employees and a convention with a local Medical Center for discounts;
- in USA are provided Medical, Dental, Vision, Contribution to Health Savings Account (HSA), in Canada Medical and dental insurance for whole family, Long term disability, Critical illness, Life insurance;
- in Honk Kong annual health insurance;
- in China accident insurance and high-end medical insurance;
- in Croatia an annual preventive doctor's check is provided;
- in Singapore a medical reimbursement and Group Health & Surgical, Major Medical, Term Life, Critical Illness, Specialist Outpatient;
- in Taiwan annual health insurance;
- in Philippines Medical health insurance is provided to all confirmed employees and their immediate dependents including dental expense.

In Italy an agreement with a bank is stipulated to provide favourable terms on mortgage, current accounts, etc. and also provide, if requested, a personal credit card, that can be used both for business missions and for personal expenses. The company stipulated also other convention in favour of the personnel (car insurance and gym).

In Italy the 50% of the total amount of enrolment (per year) for some employees' children at the nursery and some employees' children at preschool is paid by the company.

Permasteelisa promotes team building events for the personnel as tournament of sport, volleyball, soccer, ski race, table football or Christmas/New year parties.

Here below is shown the percentage by type of benefits granted to the personnel at Group level.



5. Training projects

Permasteelisa encourages the training activities at the scope of growing of personal skills. The training are focused on the matter that follows.

Linguistic Training: a worldwide Company focused on the global market as Permasteelisa, needs to invest in the language skills of its employees, especially by offering courses in English and French. The language training is in fact a constant activity, as a tool to support employees who are daily involved in conversations or written reports with foreign colleagues/suppliers/clients and where it is therefore essential to have a good mastery and autonomy. Language courses want to provide good oral expression skills, as well as an apprehensible ability of writing and comprehension, in order to manage business relationships and professional activities with internal/ external stakeholders.

Safety Training: Permasteelisa gave main attention to Health, Prevention and Safety at Work, organizing specific training courses in relation to role (white or blue collars) and the local regulation requirements. In addition to the mandatory safety education, required by the law, a training project was carried out to communicate and disseminate updates related to the new quality, environment and safety standards and also to increase the awareness of the importance that each function/department has for environmental protection and product quality enhancement.

Technical Training: during 2016 it has strengthened considerably the project of development of the technical skills required to operate effectively and to ensure the achievement of business objectives. The excellence of the quality product should be the basis of Permasteelisa's efforts and this can be reached only through a continuous and proactive technical update.

Operational Training: the quality of the product is also the result of a proper training to the factory personnel, regarding the structural silicone process, cutting etc.

IT Training - extremely important and crucial for business operations is both the generic use of the computer and the several programs used on a daily basis in addition to the more specific and technical development. IT training has been characterized by a continuous growth, especially with regard to programs as SAP, Inventor, BIM and PMF. For our design department, specifically, ensuring the quality and excellence of technical solutions is the heart of the day-by-day activities; this can only be achieved through a continuous focus on new IT technical tools.

Finance Training: the personnel involved in finance/administration/fiscal matter is trained in a regular basis to improve its skills. Compared to standard trainings, in 2016 Permasteelisa focused on the practical use and interpretation of data linked to the Earned Value, with practical exercises.

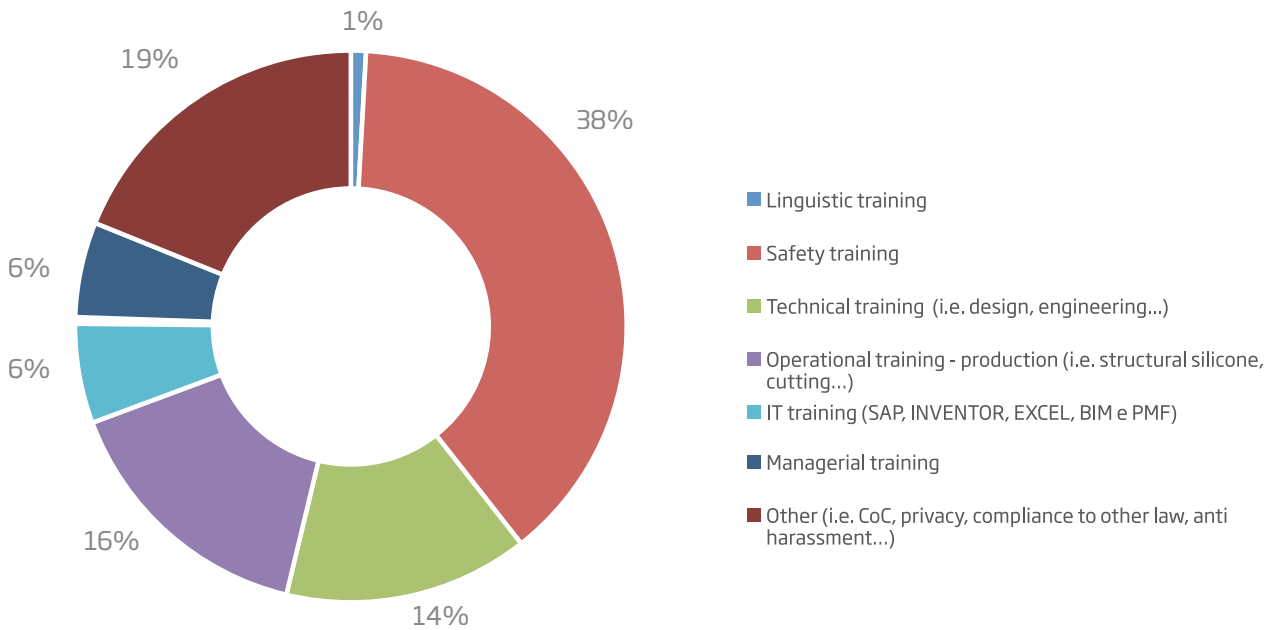
Managerial Training: managerial training has played a key role within the company. The increase in soft skills and the management of change are the main needs for role models and responsibilities. In fact, the courses addressed by Permasteelisa to its employees, focused on topics such as "Change Management", "People Management", "Time Management".

Specifically in Italy, during 2016 Permasteelisa supported its Top management with individual coaching paths; at the same time the Company built a "managerial development program" for a group of young employees with the ability/attitude to cover in the short term a role of "coordinator". The Managerial training focused also around the "performance appraisal process", which was revised in order to improve the process of goals sharing and to improve the awareness of its importance as a crucial leverage for the development of our Organization and People.

Other - Specific Training: being specific means knowing; knowing means being able to be one step ahead of those who are not updated and specialized. This is why the investment on specialist training courses has been substantial and oriented to the improvement of the already excellent areas and standards. In the following tables are summarized the results, at Group level of the employees trained and the hours of training issued.

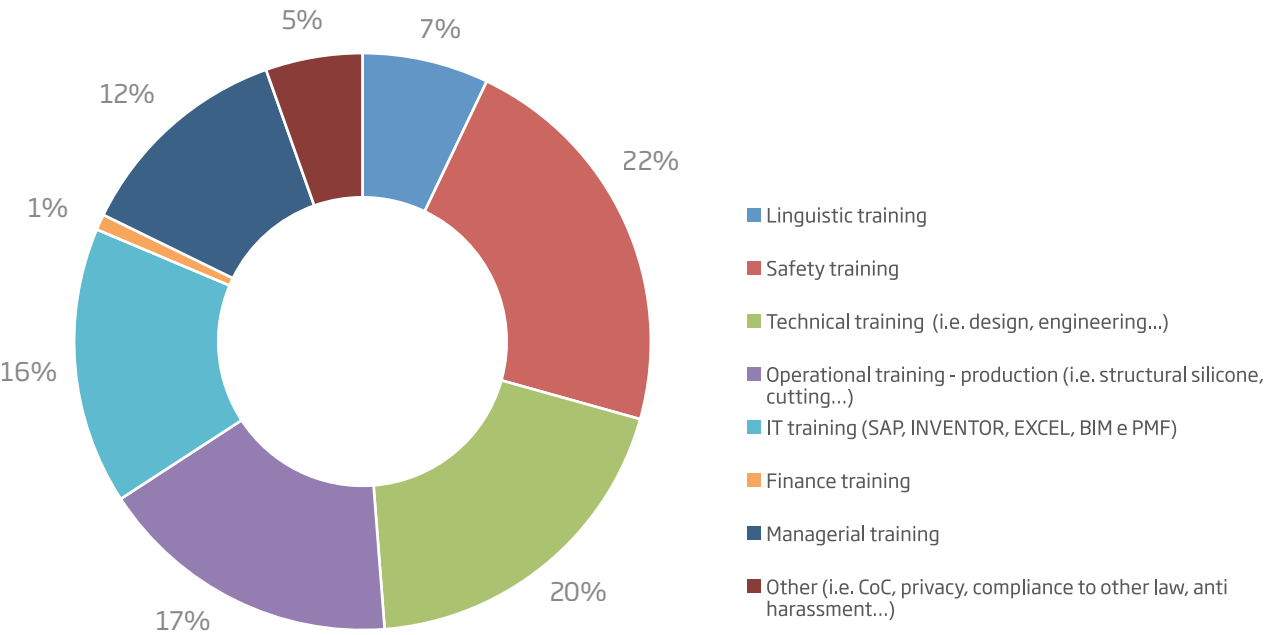
Trained employees

Here below are reported the percentage of employees trained by type of training performed in 2016.



Hours of training

Here below are reported the percentage of hours of training by type of training performed in 2016.



COMMITMENT

Permasteelisa Group rejects any behaviour that could lead to complicity in the commission of crimes of human rights abuses. The principles by which Permasteelisa is inspired are set out in the aforementioned Code of Conduct.

ACTIONS & OUTCOMES

The Group is committed to provide a work environment free from discrimination, harassment and bullying and ensuring all staff are treated, and treat others, with dignity and respect. All the Group Members shall recognize other LIXIL Members as equal business partners and maintain healthy discipline and cooperation in the workplace. During 2016 the "Anti-discrimination and harassment policy" has been issued at Group level. The aim of this policy is to clearly set out the Group's standards to ensure compliance with "Respect in Our Workplace" set out in the Group Code of Conduct and covers discrimination, harassment and bullying which may occur at work and at work-related activities, for example on business trips or at work-related events or social functions. This policy covers discrimination, harassment and/or bullying by the Group Members and also by third parties such as customers, suppliers, consultants and agency workers or visitors to our premises.

Any form of discrimination, harassment and bullying is strictly prohibited and such behavior will not be tolerated.

Everyone who collaborates with Permasteelisa has also to respect the ethical principles in which the Group believes.

Permasteelisa Group has promoted the dissemination of the Code of Conduct to all the employees, as well as customers and suppliers, asking them to sign it, and thereby approve. The Code of Conduct has been distributed to all Group companies in order for it to be noted and accepted by everyone who collaborates with Permasteelisa. The Code of Conduct has been made available to everyone via publication on its website, www.permasteelisagroup.com, which can be easily downloaded. The pdf file of Code of Conduct is downloadable from the Group intranet, available to all Permasteelisa Group employees.

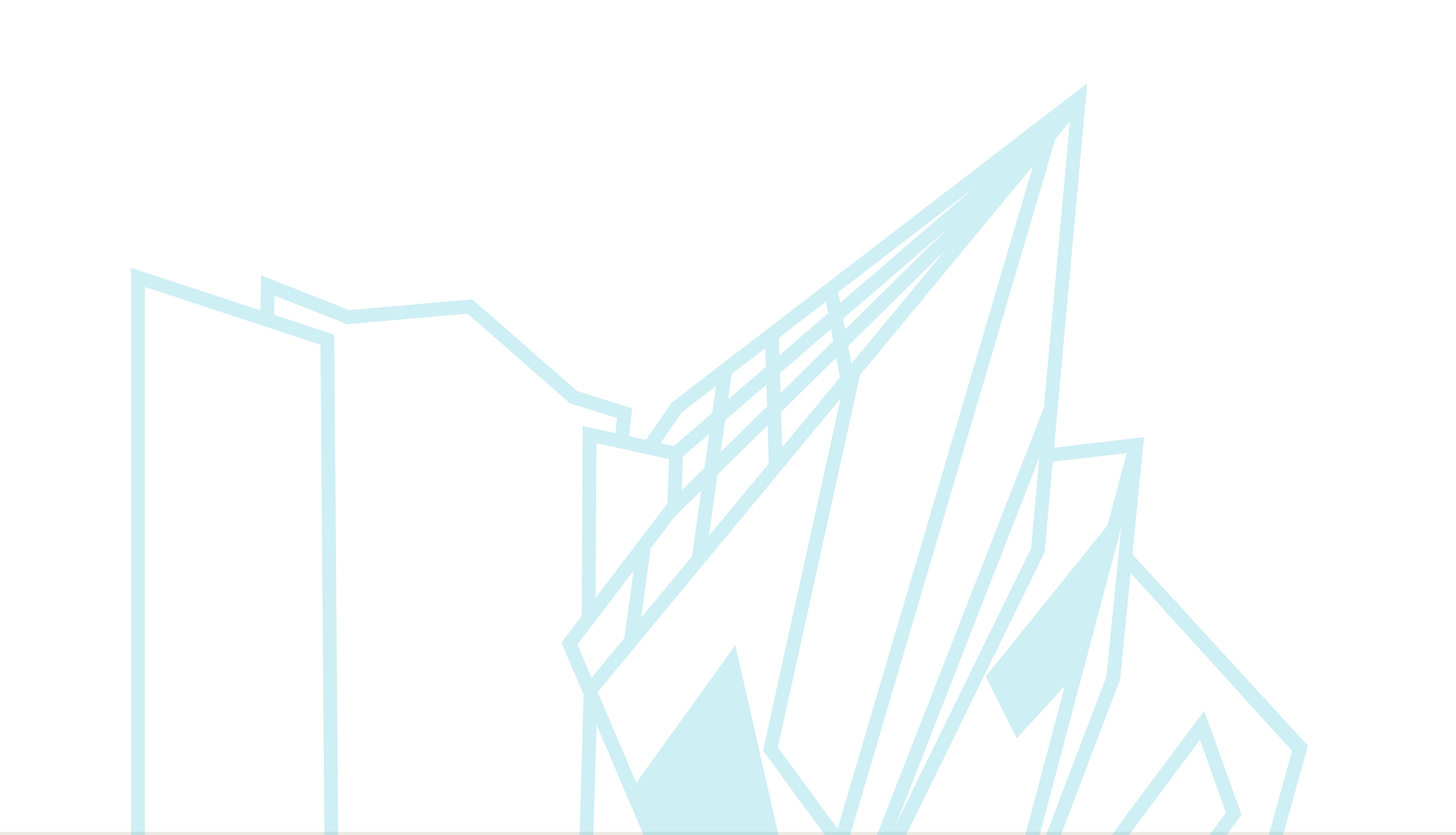
A translation into multiple languages of the Code of Conduct was also provided, so that its message could become even more widespread.

Training courses were organized in Italy and in Group companies in order to share with and raise awareness amongst employees of the importance of the Code as a basis of conduct on which the Group intends to build its business.

There are several channels through which each employee can ask a question, seek advice or report a concern regarding a suspected breach of the Group Code, relevant policies or the laws and regulations:

- Permasteelisa S.p.A. e-mail address, organismodivigilanza@permasteelisagroup.com, for the reporting of any violations of the Code of Conduct, and therefore also for reporting hypothetical and potential human rights abuses. Reports are received by Permasteelisa S.p.A.'s Organismo di Vigilanza, which has the responsibility to inform the Board of Directors and the Board of Auditors in case Code of Conduct violations. All reports are handled in compliance with privacy regulations, safeguarding the rights of anonymity of the person reporting;
- Group Compliance Hotline available to all employees globally (compliancehotline@lixil.com).

2 BUSINESS SHOULD MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES



LABOUR

3. 4. 5. 6.

COMMITMENT

Permasteelisa Group recognizes the right to collective bargaining, which supports the freedom of association of workers.

"Human rights" - Code of Conduct par. 3.2

(...omissis....) LIXIL Group is committed to upholding the freedom of association and the effective recognition of the right to 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 (..omissis...)

ACTIONS & OUTCOMES

Where admitted by the local law, the Permasteelisa Group Companies recognizes the right to collective bargaining and allows the periodical meetings and all employment contracts are covered by the local collective bargaining.

3

BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING



COMMITMENT

Permasteelisa Group, as stated in the Code of Conduct under the principle of **"human rights"**, complies with laws and regulations concerning privacy, immigration, working time, wages and hours, as well as laws prohibiting forced, compulsory and child labour, trafficking in persons and employment discrimination.

ACTIONS & OUTCOMES

Permasteelisa Group disapproves of the use of any form of coercion against staff, as well as the use of concealed labour. At this scope Permasteelisa set in place policies and internal rules to impede it.

Each Group company is obliged not to use forced labour, and to respect the working hours required by national legislation in the countries in which its individual subsidiaries operate.

Permasteelisa recognizes the right to overtime pay where required by law. The Companies also are required to ask to subcontractors (ex. Installation companies), before starting any kind of activities or business, evidences of tax, salaries, insurance and social security positions for their employees.

4

BUSINESSES SHOULD UPHOLD THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR



Ph.: ©Mike Grandmaison Photography

5 BUSINESSES SHOULD UPHOLD THE EFFECTIVE ABOLITION OF CHILD LABOUR

COMMITMENT

In compliance with the laws of the country in which it operates and with international law, Permasteelisa Group respects and promotes the abolition of child labour.

In the principle 3.2 of its Code of Conduct, Permasteelisa Group is the guarantor for the protection of basic workers' rights with respect to child labour.

ACTIONS & OUTCOMES

In adopting the Code of Conduct, Permasteelisa Group companies undertake to respect the principle of abolition of child labour for children of non-working age.

Permasteelisa Group does not hire children of non-working age.



Ph: ©Ilye Ivanov

6 BUSINESS SHOULD UPHOLD THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION

COMMITMENT

Permasteelisa Group is also working to ensure equal opportunity hiring, and to act with impartiality towards its employees. This principle finds its inception in its Code of Conduct paragraph 3.1.

“Diversity and inclusion” - Code of Conduct par. 3.1

The Group treats everyone equally and fairly and makes employment decision based on merit and the group's Value.

The Group values diversity and equal opportunity in the workforce, provides equal employment opportunity for all applicants and employees. In the employment processes, the decisions are made without considering race, colour, religion, national or ethnic origin, ancestry, age, disability, gender, pregnancy, marital status, sexual orientation, gender identity or expression, political or personal belief, union membership or any other characteristics protected by local laws and regulations.

These principles extend to all employment decisions including recruiting, training, evaluation, promotion and rewards.

Moreover also makes reasonable accommodations for employees and applicants with disabilities, and complies with all local laws protecting disabled employees.

The Group respects the diverse religions and traditions of the employees around the world. The Group strives to make reasonable accommodations, to the extent permitted by local laws, for religious practices.

ACTIONS & OUTCOMES

Permasteelisa Group Companies formalized internal hiring and personnel management procedures/policies to mitigate the risk of discrimination based on age, race and ethnic origin, nationality, the political opinions, religious beliefs, gender or health status of its employment candidates.

Group companies select candidates focusing on the skills of the individual in relation to the job sought.



ENVIRONMENT

7.8.9.



Ph.: ©Enrico Cano

7 BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES

COMMITMENT

The Group recognizes the environment as a primary asset that must be safeguarded, and undertakes to comply with current regulations regarding environmental protection and conservation, promoting a running of its business centered on the proper use of resources, as set by paragraph 5.1 in the Code of Conduct.

“Environment” - Code of Conduct par. 5.1

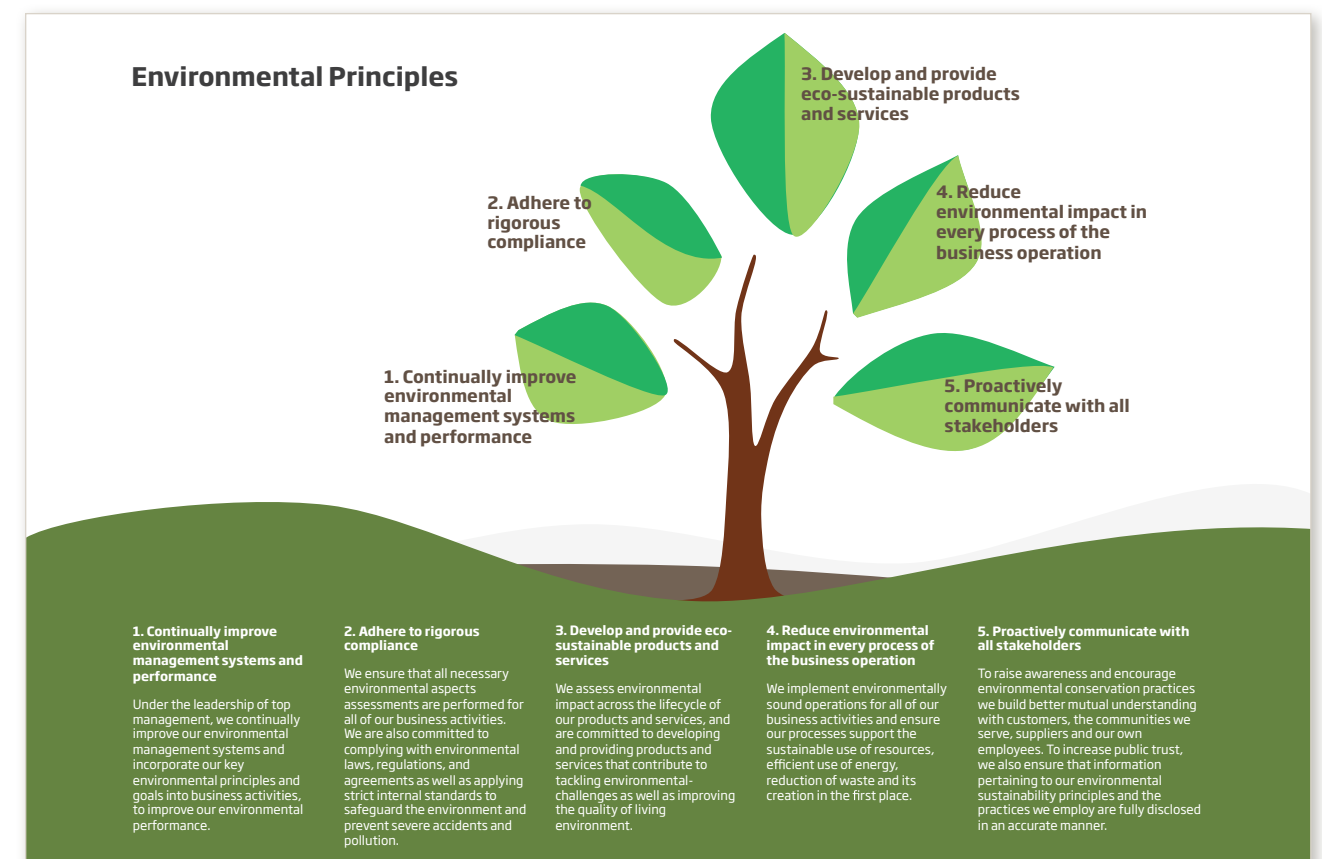
The Group acknowledges the value of preserving the global environment - the Earth is an irreplaceable asset that we must leave in good condition for future generations. The Group is committed to local and international environmental protection laws, regulations and principles. When evaluating LIXIL Group's business operations, including the supply chain, the Group considers environmental impact and the duty of environmental stewardship as an important criterion.

The Group installs, maintains and monitors environmental controls to ensure the emissions meet legal limits. The Group will also assess the environmental risks of any new activity, including product design, entering a new market, building a factory and purchasing another business as well as divestment. In acquiring and disposing of real estate, the Group will conduct all required environmental surveys.

The Group strives to preserve the global environment. Accordingly, the Group works to reduce the environmental strain caused by the business activities, promotes greener processes (e.g., using environmentally friendly materials, saving water & raw materials, energy conservation, reducing GHG emissions), develops environmentally friendly products and takes other actions to contribute to the preservation of the global environment.

The Group takes a precautionary approach to environmental challenges, undertakes initiatives to promote greater responsibility and encourages the development and diffusion of environmentally friendly technologies.

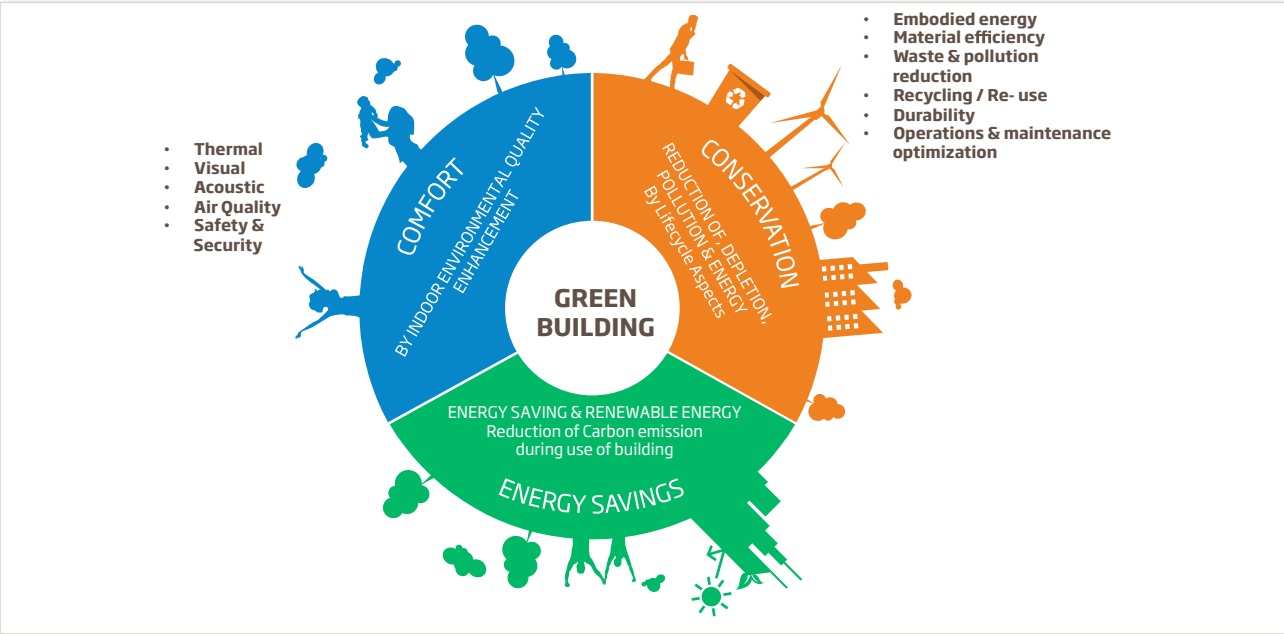
The Group will seek to have its suppliers similarly comply with these principles and requirements.



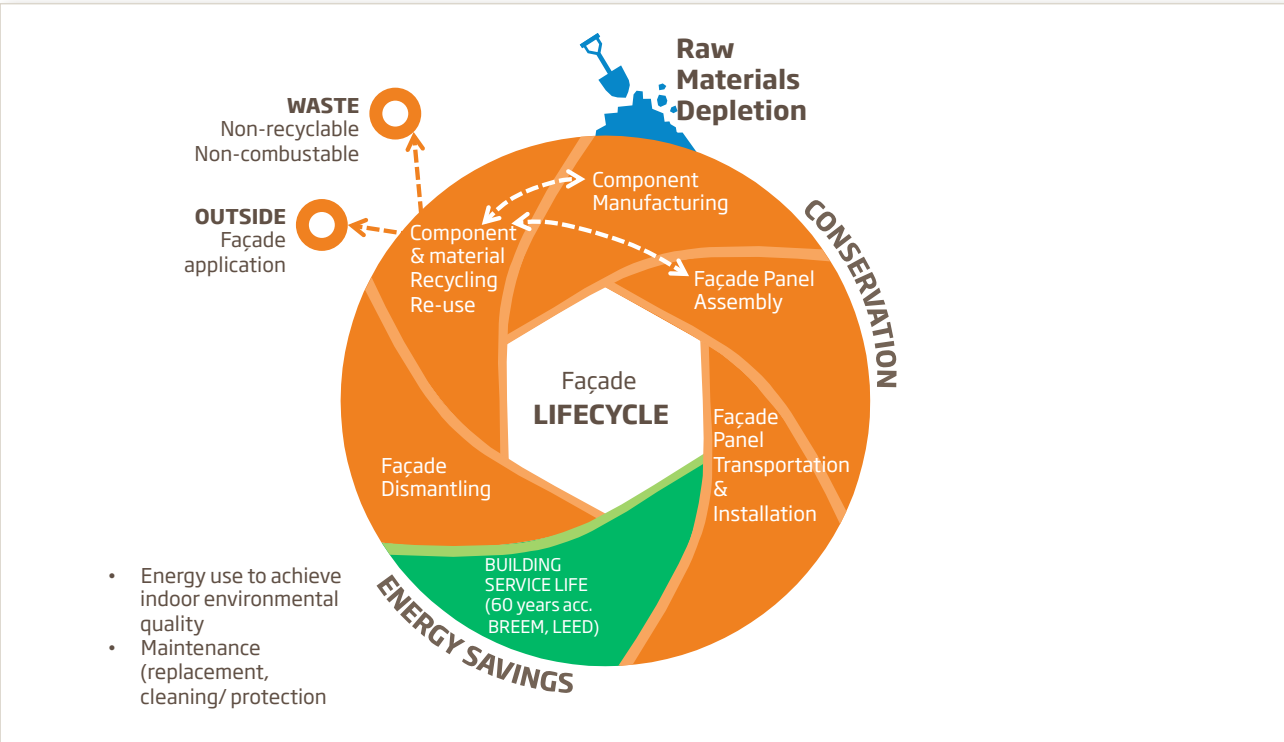
ACTIONS & OUTCOMES

The absolute respect for the Environment drives the sights on the future. Permasteelisa Group is committed to reduce consumption of energy and material, especially as regards sources of energy, and to support the sustainable use of resources.

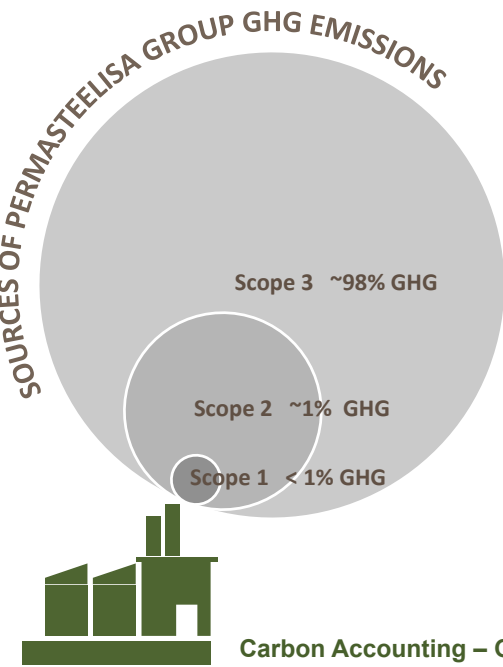
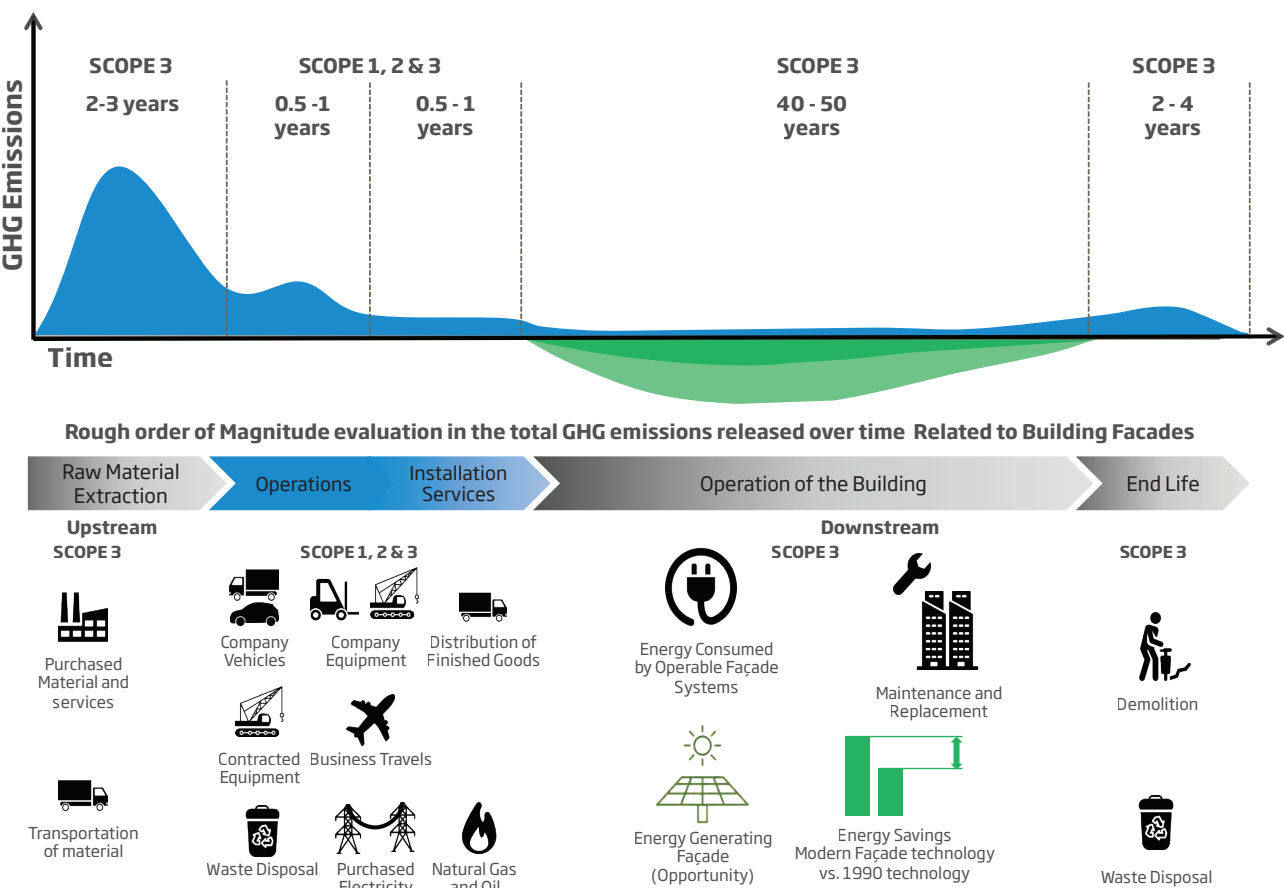
Here below are reported the opportunities that Green Building Façade Contribution offer.



Permasteelisa identified the Façade Lifecycle - Hypothesized GHG emission, putting target to reduce the environmental impact (scope 1, 2 and 3).

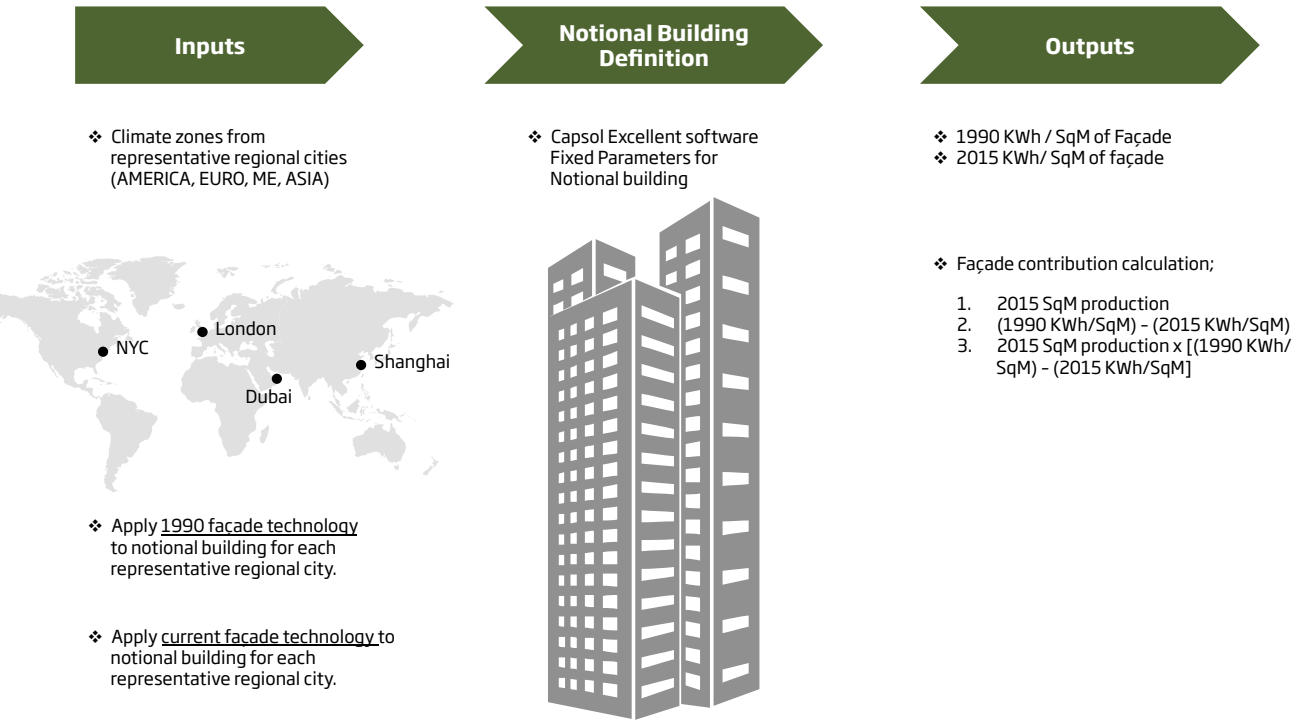


Façade lifecycle - Hypothesized CO² emission



- Scope 1:**
- All direct GHG emissions. Ex. Fuel combustion from owned vehicles and equipment.
- Scope 2:**
- Indirect GHG emissions from consumption of purchased electricity, heat or steam.
- Scope 3:**
- Other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, waste disposal, etc.

Façade contribution calculation



Permasteelisa collect the total emission data of the group premises and monitor the achievement of the scope 1,2 and 3

Permasteelisa encourages the achievement of certification by the subsidiaries. Currently twelve Group companies implemented a health and environment management system according to the international standard ISO 14001:2004.

In the following the details of some initiatives taken by Permasteelisa Group:

- Permasteelisa S.p.A.
- Permasteelisa North America Corp.
- Josef Gartner GmbH
- Scheldebouw B.V.
- Permasteelisa España S.A.U.
- Global Architectural Co. Ltd.
- Permasteelisa Pacific Holdings Ltd.
- Permasteelisa PTY Ltd.
- Josef Gartner Curtain Wall (Suzhou) Co. Ltd.
- Josef Gartner Curtain Wall (Shanghai) Co. Ltd.
- Dongguang Permasteelisa Curtain Wall Co. Ltd.
- Permasteelisa Hong Kong Ltd.

Josef Gartner GmbH achieved also the ISO 50001:2011 regarding Energy management systems.





8 BUSINESS SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY

COMMITMENT

Permasteelisa Group supports initiatives for the promotion of greater energy savings.

ACTIONS & OUTCOMES

The Permasteelisa Group subsidiaries take in place activities to promote a greater environmental responsibility, like for example the improving environmental and recycle rules.

The Quality is a Course of Action to be Pursued Group wide that is driven by leadership, supported by the organization, and with operational discipline to our business processes, leading to an integrated organization that is generating excellence in all aspects of our customer experience and delivering value to our shareholders.

In order to promote protection of the environment at the forefront, Permasteelisa has installed in several premises photovoltaic/solar energy systems. The purpose of this is to use and transform energy from the sun (a source of non-polluting and inexhaustible energy) as "clean" energy to use for different purposes at its production site.

At the purpose of energy saving, Permasteelisa adopted in several premises an energy management including washrooms presence sensors and ambient light sensors in the offices in order to regulate the output of electric lighting according to the level of sunlight detectable within offices, with the dual purpose of limiting energy consumption and simultaneously improve the working conditions of employees by ensuring that the workplace is always properly illuminated.

Permasteelisa continues to put its efforts to reduce the carbon footprint, minimize the waste streams, recycle materials, and improve the energy efficiency, all while ensuring the health, safety, and wellbeing of the employees, clients and community.



9 BUSINESS SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES

COMMITMENT

Permasteelisa recognizes the importance of research and development regarding the environment. For this reason Permasteelisa Group has funded projects to encourage energy saving.

ACTIONS & OUTCOMES

As reported in Permasteelisa Group web site:

Sustainability of buildings extends beyond environmental challenges but also structural and safety issues. For a building to be sustainable it must not only be energy efficient and have minimal environmental impact but provide both safety and security for building occupants.

In this respect, research is being carried out in the fields of:

- blast enhancement
- impact protection
- seismic performance
- fire resistance
- ballistic projectile resistance.

Research has focused on providing technology that can be extended and applied to various project standards and specifications, not simply one-off ad-hoc products. This technology includes patented system design not only tested & certified through actual field trials but also enabling benchmarking and validation of unique proprietary developed advanced software tools.

Research is also carried out to develop structural systems that optimize the use of façade materials and systems. Material life cycle research enables ease of replacement of individual components as they near the end of the design life without the need to replace the overall façade. Structural optimization techniques and software reduce unnecessary material wastage.

Permasteelisa has led the industry in the development of free and fluid form structures with the successful completion of numerous prestigious projects. The unique form and complexity of such structures has led to the development of proprietary surface rationalization and optimization software as well as research into the unique properties and limitations of cold formed materials such as glazing, metals and composites.

Further research is being carried out investigating the use and application of alternative industry technologies through the use of polymers and composites and the use of adhesives and bonding technologies.

The Group has focused on environmental sustainability themes and in its architectural projects implements new energy saving strategies. **Intelligent façades**, custom made for the largest world projects: **façades filtering light, abating acoustic pollution and saving heat from the sun** for winter heating or summer ventilation. Buildings capable of generating power through **photovoltaic** cells and resisting the strongest **seismic events or explosions**.

Research and development within the Permasteelisa Group has primarily focused on *sustainable design* of buildings and the development of façade components and systems to achieve this.

Main focus areas of sustainable building design include:

- **Protection**

One of the main goals of any sustainable building is to provide not only protection against the elements but also safety and security to its occupants. With this in mind, structural and safety research is being undertaken in the areas of blast enhancement against the threat of explosive attack, fire protection and seismic design.

Despite the severe structural demands that such loadings have on façades, the outcomes of this research have led to the development of systems and technologies that allow architects the possibility to maintain design flexibility and aesthetics, maximise transparency whilst maintaining enhanced levels of protection for occupants.

- *Energy Saving & Comfort*

The increasing architectural trend of maximising glazed surfaces area presents a technological challenge with regards to energy consumption and building sustainability. To address this challenge, **building physics research and development** has focused on areas such as the development of **accurate software tools** capable of assessing building energy usage, the development of **climatically responsive advanced façade systems**, **façade integration of renewable energy systems** as well as studies into the **improvement of internal thermal** and **acoustic comfort conditions**.

- *Efficient Design & Materials*

Efficient design goals are focused on **developing new systems using advanced composites and polymer materials** with both **low embodied energy and a high degree of thermal efficiency and recycle ability**. These systems are **lightweight**, have **high thermal efficiency** and provide a new **architectural aesthetic**. Research into the application of innovative materials is carried out in accordance with the highest quality and occupant comfort standards.

Permasteelisa is active in the development of new, eco-friendly technologies.

Sustainable design

Furthermore, the Permasteelisa Group continued to promote the development of sustainable design of buildings, intelligent façades for the largest projects in the world that, in addition to meeting the demands of increasingly futuristic architects, are able to filter light, reduce sound pollution, and recuperate solar heat to provide air conditioning in summer and heating in winter, etc.

The areas of interest in the sustainable design of buildings primarily involve:

- **protection and safety** within the buildings, including against explosives, fires and earthquakes;
- **energy savings and comfort;**
- **design and new materials**, composites or polymers with low embodied energy, high thermal efficiency and the ability to be recycled.

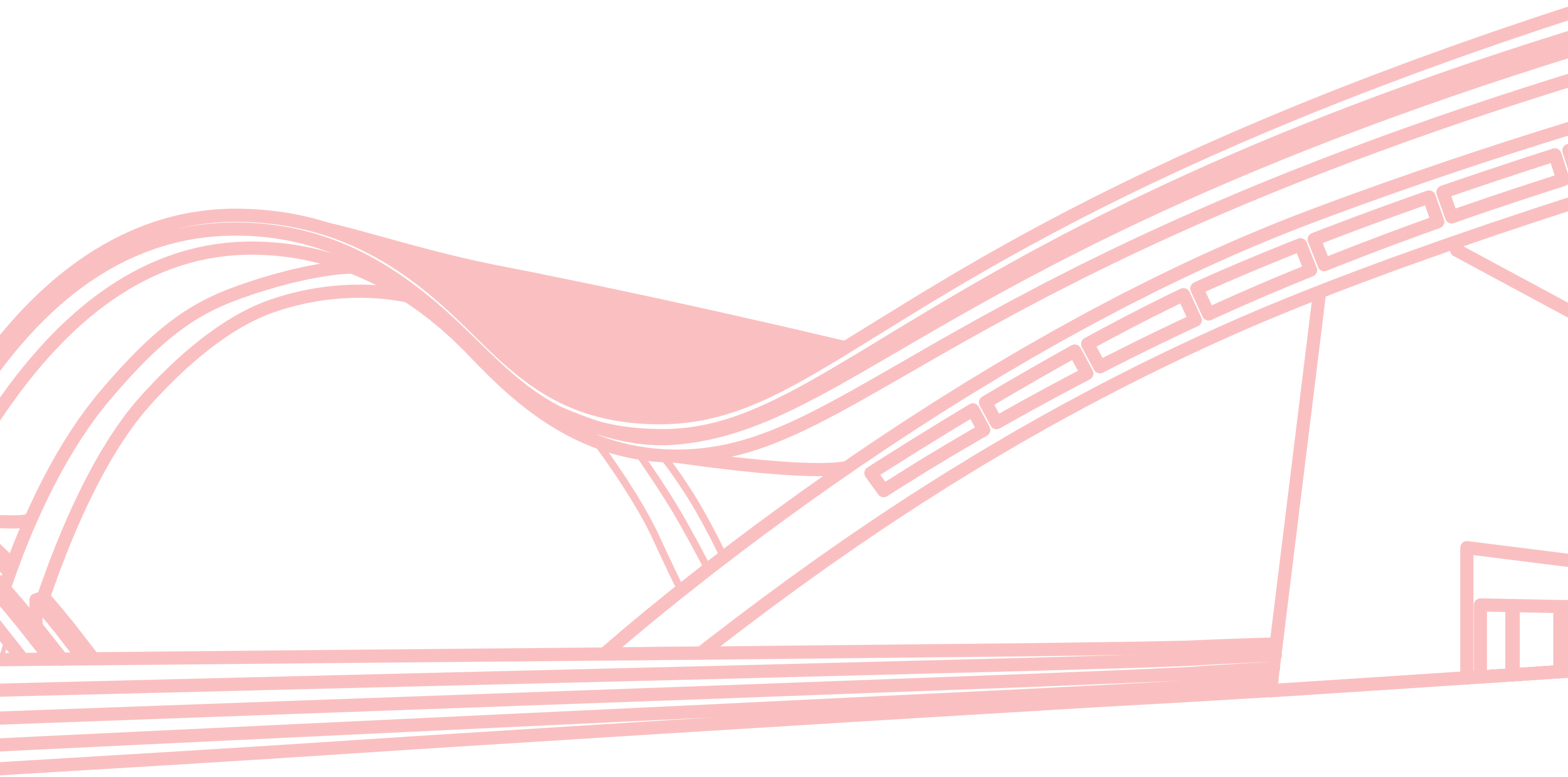
Permasteelisa Group at Safeguarding Australia 2016

May 2016 - Permasteelisa Group participated at **Safeguarding Australia 2016**, the 13th national security annual summit held on 11st and 12^{sd} May 2016 in Canberra.

Safeguarding Australia 2016 brings leading industry experts from state and federal governments, the corporate sector and Australian and international universities to explore evolving national security threats and opportunities for improving Australia’s resilience to violent extremism. Permasteelisa Group was a main sponsor of the Blast and other extreme events - Design and Modelling Forum, a special occasion to provide participants with a valuable overview of case studies, modelling tools and research projects in this area covering terrorist attacks, accidental explosions, mining explosions, floods, earthquakes, bushfires, risk and safety management etc. In today’s world, knowledge of modern protective structures is vital for both building engineers and protective security specialists.

Permasteelisa contribute to the forum was a presentation about “Protective façade design to mitigate the effect of blast”, focused on Permasteelisa’s design philosophy and approach to blast enhancement of façade systems. As opposed to consequential strengthening of façade components, Permasteelisa seeks to merge the concepts of maintaining the integrity of the building envelope, controlling hazard and minimizing the load transfer to the main structure, preserving at the same time the major façade requirements in terms of architectural freedom, comfort and energy performance.

The blast enhancement research and development projects within Permasteelisa delivered the design concepts for several types of façades, whereby every component of the façade systems contributes towards the dissipation of blast wave energy, culminating in the development of the dissipative bracket.



ANTI-CORRUPTION

10.

COMMITMENT

The Group establishes, in the Code of Conduct, the principles of proper and transparent relationships with government officials and the stakeholders, of conflicts of interest, prohibition of involvement with criminal organizations and individuals, the anti-money laundering and fair competition.

The core principles of the Code of Conduct are described as follow:

"Anti-corruption" - Code of Conduct par. 2.1

Group prohibits giving of money or improper benefits, including excessive services, gifts and entertainment, to government officials and ensures transparent relationships with them. The Group also does not give or receives money or other benefits, including excessive gifts and entertainment, to or from private business partners in order to secure an improper benefit.

The Group is committed to working in a corruption-free business environment, does not give or promises money of any value, nor excessive services, gifts and entertainment, to governments or government officials (a term which includes employees of state-owned enterprises, political candidates and their employees, and all other public officials). The Group does not provide such benefits to the employees of customers or business partners that could be construed as intending to improperly influence their decisions. These prohibitions include what are known as "facilitation payments."

Problematic benefits include, among others: hiring someone who is a current or former government official or his/her family member to obtain even an indirect benefit from the government official without the prior approval in accordance with company's procedure; paying unofficial "fees" or "tips" to licensing authorities or customs officials; or using a third party, such as a travel agency, to arrange a personal trip for an customer's executive at the company's expense in exchange for arranging for his company to purchase the products.

The Group may offer and accept unsolicited gifts and entertainment that are business courtesies, designed to build relationships and goodwill, if they are not intended to secure a particular business or personal benefit, are appropriate to the circumstances and are moderate in terms of value, frequency and quantity. The Group does not solicit gifts or entertainment of any value, nor may provide gifts or entertainment in response to solicitations.

The Group must document and keep records of gifts and entertainment in accordance with the Code, policy and procedures.

The Group may not use a third party as an intermediary to confer any benefits that would be prohibited if it were to offer them directly. The Group will seek to ensure our third parties are aware of and compliant with Group anti-corruption standards, including conducting risk-based anti-corruption diligence before engaging third parties.

"Conflicts of Interest" - Code of Conduct par. 2.2

The Group avoids conflicts of interest and the appearance of conflicts, and disclose any potential conflicts to the company.

We act in LIXIL Group's best interests and avoid any action or appearance that puts our personal needs ahead of LIXIL Group's interests.

We should not put ourselves in situations where our business decisions can be influenced or appear to be influenced by personal or family interests or friendships.

It is obligation to voluntarily and proactively disclose any actual or potential conflict promptly to the company. In most cases, conflicts can be resolved by an open and honest discussion. Certain material conflicts may require the acknowledgement of confidentiality obligations, reassignment or recusal from certain business decisions.

"Prohibition of involvement with criminal organizations and individuals" - Code of Conduct par. 2.3

The Group will not be voluntarily involved with criminal organizations or individuals, such as corporate extortionists and members of organized crime, including as customers, business partners, or otherwise. The Group will not give in to threats by such parties and will promptly report any such threats to the company.

10

BUSINESS SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY

Ph.: ©Marco Cristofari/Corbis

“Anti-money laundering” - Code of Conduct par. 2.4

The Group ensures to hold procedures to prevent money laundering and comply with anti-money laundering reporting requirements.

The Group is committed to the international fight against money laundering. Money laundering is the criminal practice of filtering the proceeds of crime, or *dirty money* through a series of transactions so that he funds are *cleaned* in order to disguise their illegal origin. LIXIL Group Entities conducts business in accordance with all local legal requirements, including compliance with any currency reporting requirements.

“Fair competition” - Code of Conduct par. 2.5

The Group supports free and fair competition and does not use illegal or questionable measures to gain an advantage over a competitor.

The Group operates in accordance with all applicable antitrust and competition laws and regulations wherever does business.

The Group does not collaborate or create the appearance of collaboration by discussing with, or disclosing to, competitor’s sensitive information such as prices or price components, discounts, costs, profits, margins, trading terms, marketing, distribution plans, market or customer allocations or new product launches. The Group ensures that its intermediaries do not communicate such information to or receive it from competitors.

The Group uses only legitimate means of gathering competitive information, whether directly or through third parties, does not use illegal means or misrepresentation, or induce customers, business partners or (current or former) employees of competitors to provide confidential information.

The Group does not mandate or agree on a customer’s resale prices or incentivize customers to follow recommendations through any form of coercion or punishment. The Group does not impose conditions of sale that can exclude competitive products or limit a customer’s scope of resale. Consult the business’s legal department/ Compliance before to discuss exclusive sales or services agreements, termination of sales, refusals to sell, tying the sale of one product to the purchase of another or territorial or customer restrictions on the resale of products. The Group does not abuse dominant market positions.

“International trade controls” - Code of Conduct par. 2.6

The Group complies with trade regulations including local and international export control and economic sanctions laws when it imports/exports goods, services or technologies or conducts business in countries subject to international economic and trade sanctions.

The Group is evolving as a global company and may transfer goods, services and technologies across national borders. In doing so, the Group complies with all applicable laws and regulations governing the import and export of the products, including those related to customs, embargoes (in particular Japan, US, UN and EU sanctions regulations) and anti-boycott requirements.

The Group closely follows procedures for import and export, especially to countries subject to international economic and trade sanctions, and complies with laws and regulations that prohibit or restrict doing business with certain entities or individuals.

“Political and Religious activities” - Code of Conduct par. 2.7

The Group does not use its funds or resources for personal, political or religious activities.

The Group encourages its employees to participate in its communities, which may include political and/or religious activities. It cannot be use, however, the name of LIXIL Group or LIXIL Group Entity or the own position at the company to promote particular political or religious causes.

Any payments on LIXIL Group Entity’s behalf to political candidates or parties are strictly regulated and must be pre-approved in accordance with the company’s procedures.

The Group does not support or associate with political or religious activity that incites extremism or challenges our commitment to cultural diversity and equal opportunity.
(...omissis...)

ACTIONS & OUTCOMES

The principles above listed and enshrined in the Code of Conduct constitute a commitment by the Company to refrain from illegal conduct. The Companies of the Group follow the Code of Conduct principles. They adopted internal policies and procedures against bribery and extortion.

The Code of Conduct has to be spread to the clients and suppliers. In fact, all employees and those who collaborate with the Group, without distinction or exception, are required to observe and to apply the Code within their activities and responsibilities in full respect of the Group’s policies.

Moreover, Permasteelisa S.p.A. approved the Organizational Management and Control Models pursuant to Legislative Decree 231/01 in order to promote business activity in accordance with national laws and legislation.

The application of those Model is overseen by the “Organismo di Vigilanza” through audit tests. In the framework of Law 231/01 (which established administrative liability of the bodies), Permasteelisa managers and staff are trained to be the main guarantors of corruption forms absence, and in their ability to prevent these forms.

Permasteelisa has established the principle of segregation of duties. Payments are all recorded in its computer system and must be authorized by someone other than the people who managed the billing process, and provided with specific proxies.

In 2016 the following procedures have been issued at Group level:

- Anti-Corruption Policy: the Group believes in doing business with unquestioned integrity. In furtherance of the Group Code of Conduct, we are committed to a transparent and corruption-free business environment, upholding high standards of ethical behavior in all of our dealings and compliance with the laws in our operations worldwide.
- Conflict of interest Policy: the Group expects and requires its employees and officers to act in the Group’s best interests and avoid any action or appearance that puts any personal needs ahead of LIXIL Group’s interests. The employees must not use their position, either directly or indirectly, to obtain favors or benefits for themselves, a member of their family, or any other person. As such, any situation in which an individual has conflicting roles or obligations should be avoided.
- Fair Competition Policy: Compliance with all applicable competition and antitrust laws and regulations worldwide is an integral part of our corporate culture at the Group. The Group Code of Conduct strictly prohibits illegal anti-competitive activities and behavior.
- International trade controls policy: the Group is a global organization, conducting business in and with many countries around the world. Our success and global reputation depends on our conducting business in conformance with applicable laws and regulations and the highest ethical and legal standards. To that end, the Group is required to comply with all financial and economic sanctions as well as export control laws and regulations applicable to our business. This includes the financial and economic sanctions and export control laws and regulations of Japan, the European Union (EU) and individual EU Member States, the United Kingdom (UK), the United States (US), and any other jurisdictions in which the Group entities are registered, licensed, or operate (collectively, “Sanctions and Export Controls”).



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