

Platinum Asset Management urges LIXIL shareholders to vote AGAINST AGM Proposal 1 and FOR AGM Proposals 2 and 3

Platinum Asset Management Supports Shareholders' AGM Proposals, NOT the Company's Proposal

7 June 2019

Sydney, Australia: Platinum Asset Management, an ASX-listed global equity fund manager with approximately AU\$26 billion in funds under management and voting control of approximately 4.42% of Lixil Group Corporation (“LIXIL” or “Company”), today announced its support for the shareholders’ slate of proposed directors (Proposals 2 and 3) and its opposition to the Company’s proposed slate of directors (Proposal 1), as set forth in the Company’s 2019 AGM notice.

LIXIL’s highly publicised corporate governance failings have significantly eroded shareholder value. This is clearly evidenced by LIXIL’s share price performance over the last seven months, with the share price falling by 14% immediately after the announcement of Mr Seto’s untimely removal from the CEO position, falling by a further 5% since then.

With shareholder value at the forefront of our attention, Platinum has concerns regarding the governance around the selection and nomination process that has been conducted by the Company’s Nomination Committee in coming up with its proposed slate of directors, as approved by the Company’s Board of Directors (Proposal 1). Our concerns are based on the weak corporate governance track record of the Company’s current Board of Directors to date, its continued failure to reflect major shareholders’ wishes in its approach to nominating a new Board of Directors (despite representations to the contrary) and the fact that this selection process was carried out whilst Mr Ushioda and Mr Yamanashi were both on the Board of Directors and operating in their executive roles as CEO and COO, respectively.

During the Company’s director selection process, Platinum engaged with a representative of the Company’s Nomination Committee and clearly indicated our strong preference that the Company reach an accommodation with Mr Seto and Mr Ina as to the composition of the nominees for a refreshed Board of Directors, for approval of the shareholders at the forthcoming AGM.

Despite an acknowledgement by the Company in the AGM notice that “*it is preferable to select director candidates while also taking into consideration engagement with major institutional shareholders*”; that “*In making a decision on the director candidates, each*

member of the Nomination Committeeconducted serious consideration from the perspective of securing the corporate value and common interest of shareholders”; and that “The Nomination Committee has reached this decision in consideration of the results of independent engagement with institutional shareholders as necessary.”, our position as one of the Company’s largest institutional shareholders has been ignored by the Company. We therefore find these statements by the Company to be misleading.

It is also apparent to us that it would have been difficult if not impossible for the Company to conduct a truly independent director selection process whilst Mr Ushioda and Mr Yamanashi remained on the Board of Directors and in their executive positions as CEO and COO, respectively, and thus in a position to exert influence. Accordingly, we have serious concerns regarding the independence of the Company’s director selection process.

Lastly, we remain unsettled by the Board’s decision to allow Mr Ushioda and Mr Yamanashi to continue in their executive roles with the Company, despite the clear wishes of many shareholders for their removal from positions of responsibility within the Company, and despite the clear opposition from the vast majority of LIXIL’s senior executives as expressed in their letter to the Company’s Nomination Committee dated 26 April 2019.

We have reviewed the shareholders’ proposed directors (Proposals 2 and 3), and find them to be well balanced in terms of the independence, skills and experience the Company requires. Furthermore, the shareholders’ proposed slate of directors has a concrete plan as to how LIXIL should move forward. In our view the shareholders’ proposed slate of directors is the best option for improving shareholder value.

We therefore intend to vote AGAINST the Company’s AGM proposal (Proposal 1) and FOR the shareholders’ AGM proposals (Proposal 2 and Proposal 3) and we strongly encourage other shareholders to do the same.

Platinum’s Managing Director and Chief Investment Officer, Andrew Clifford said, *“We have a responsibility to our investors to ensure not only that sound corporate governance processes are in place in the companies in which we invest, but also that these are effective and have substance. This is fundamental to preserving and improving shareholder value. Unfortunately, we are in doubt as to the independence of LIXIL’s director selection process. While it is not our usual policy to make public statements on corporate governance matters, in this case we feel that we would be failing in our duty to our investors if we did not. We would therefore like to state for the record that we will vote against the Company’s proposal (Proposal 1) and for the shareholders’ proposal (Proposals 2 and 3), and strongly urge other shareholders to do the same.”*

About Platinum:

Platinum Investment Management Limited (Platinum), trading as Platinum Asset Management is an Australian-based investment manager specialising in international equities. Platinum’s independent style of investment management is driven by a thematic stock picking approach. Platinum’s investment strategy is applied with the aim of achieving strong long-term absolute returns for investors. Platinum manages approximately A\$26 billion (as at 30 April 2019) from investors in Australia and New Zealand, as well as overseas. Platinum is a fully owned subsidiary of Platinum Asset Management Limited ABN 13 050 064 287, a company listed on the Australian Securities Exchange. Staff and related parties have relevant interests in approximately 50% of Platinum Asset Management

Limited's issued shares.

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