

TOTO



Life Anew

TOTO GROUP

**Integrated Report
2019**

Philosophy System for TOTO Group Management

The Spirit of TOTO Unchanging for

Words of Our Founder

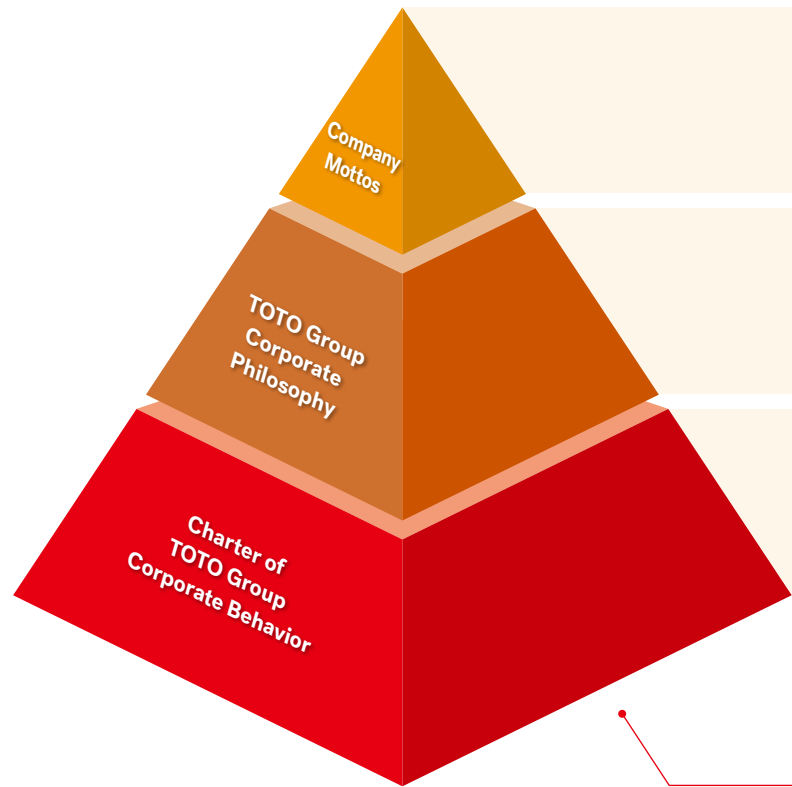
Kindness must always come first.
 Bring the concept of service to your work.
 Your goal should be to provide good products and satisfy the customer.
 Accomplish that, and profit and compensation will follow.
 Many in this world chase after the shadow of profit.
 But, in the end, they never capture the real thing.

A letter written by TOTO's first president, Kazuchika Okura, to his successor, Saburo Momoki, contains words that have been treasured as the Words of Our Founder.

In 1962, we formulated the Company Mottos based on our corporate activities in the future while respecting the tradition of TOTO's founding.

These ideas, which have been passed down since our founding, have been incorporated into the Philosophy System for TOTO Group Management so that they are appropriate for the times and can be shared within the TOTO Group.

Philosophy System for TOTO Group Management



Common Group Philosophy

The Common Group Philosophy represents the inherited values of TOTO that are shared among employees and will be carried forward into the future.

Vision

Toward a Dynamic, Vibrant and Excellent TOTO

Mission

TOTO

Life Anew



Mid- or Long-Term Management Plan

TOTO WILL2022 Mid-Term Management Plan

100 Years

Company Mottos

The Company Mottos represent the thoughts of the founder to be passed down through the generations.

TOTO Group Corporate Philosophy

Our Corporate Philosophy, based on the thoughts of the founder to be passed down through the generations, communicates to all of our stakeholders the purpose for which our company exists, our business domains, and the type of company we aim to be.

Charter of TOTO Group Corporate Behavior

The Charter of TOTO Group Corporate Behavior stipulates the basic stance of behavior of all people working for the TOTO Group to realize all stakeholders' satisfaction.



► Details are published on our website

<https://jp.toto.com/en/company/profile/philosophy/group>

Company Mottos

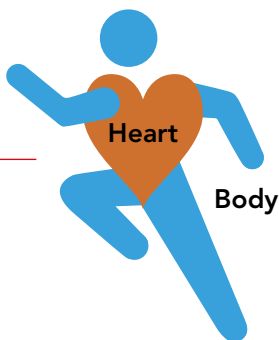


- ① Take pride in your work, and strive to do your best
- ② Quality and Uniformity
- ③ Service and Trust
- ④ Cooperation and Prosperity

TOTO Group Corporate Philosophy

The TOTO Group strives to be a great company trusted by people all around the world, and contributing to the betterment of society. To achieve our Corporate Philosophy, TOTO will:

- Create an enriched and more comfortable lifestyle and culture built on our plumbing products.
- Pursue customer satisfaction by exceeding expectations with our products and services.
- Provide high-quality products and services through ongoing research and development.
- Protect the global environment by conserving finite natural resources and energy.
- Create an employee friendly work environment that respects the individuality of each employee.



Body

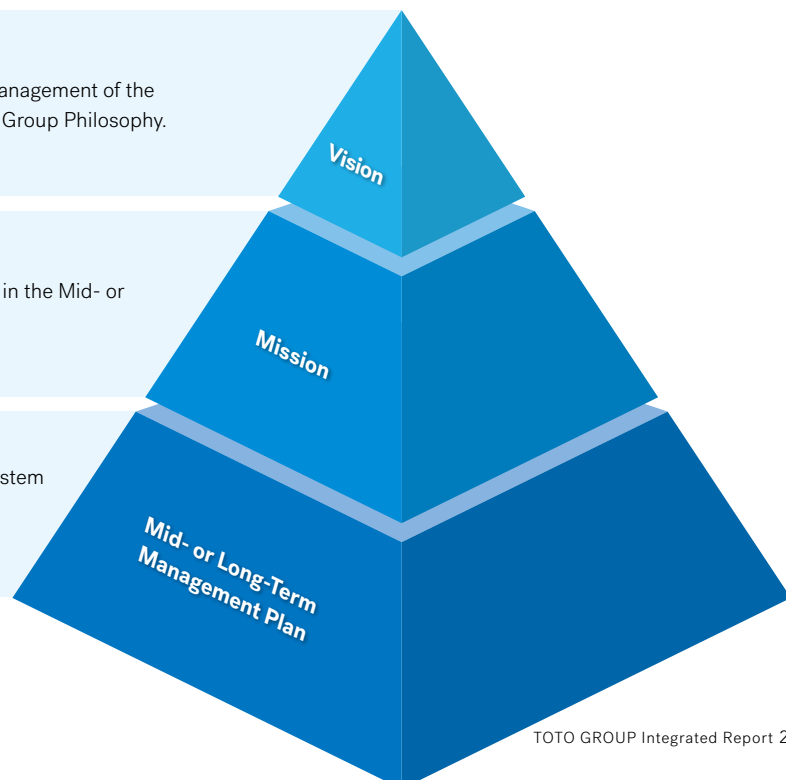
Vision for Business Activities

Our vision and mission are positioned as the course of our business activities that change in accordance with the demands of the times.

A statement that refers to the future image that the management of the TOTO Group seeks to achieve based on the Common Group Philosophy.

A statement of the most important plan to implement in the Mid- or Long-term for sustainable growth.

Lays out the ideal state of the TOTO Group and the system for implementing the plan. We will promote TOTO WILL2022 through the year 2022.



For the Next 100 Years

This section describes the present state of the TOTO Group, a company with a history cultivated over the past 100 years, and introduces the future vision of the Group as well as its values as it looks toward the next 100 years.

P. 5 —



Message from the President

President, Representative Director Madoka Kitamura explains the future vision of the TOTO Group and the efforts that will go into making it a reality.

P. 13 —



Special Feature

This section describes the five strengths of the TOTO Group that contribute to value creation.

P. 17 —



TOTO WILL2022 Mid-Term Management Plan

This section explains the details, aims, and major efforts related to our mid-term management plan.

P. 21 —

TOTO Global Environmental Vision

This section details the TOTO Global Environmental Vision, and describes how our specific corporate activities work toward realizing this greater vision.

P. 35 —

Corporate Governance

This section illustrates the TOTO Group's system of governance, which forms the basis for the sustainable enhancement of our corporate value, and features messages from Outside Directors.

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Editorial Policy

The TOTO GROUP Integrated Report 2019 has been published as an integrated communication tool for all our stakeholders. This report introduces information such as the origins of the TOTO Group and business activity topics in addition to financial/ESG (Environmental, Social, and Governance) data. In addition, it communicates TOTO's corporate stance to be committed to linking its past and present performance as well as our initiatives designed to further enhance corporate value for the future.

Period of reporting

FY2018 (April 1, 2018 to March 31, 2019)

* This report includes some information pertaining to before or after the period.

Scope of reporting

TOTO LTD. and Group companies

Guidelines

- International Integrated Reporting Framework, International Integrated Reporting Council (IIRC)
- Guidance for Collaborative Value Creation, Ministry of Economy, Trade and Industry
- Sustainability Reporting Standards, Global Reporting Initiative (GRI)



▶ Reference guidelines are available on the TOTO Group website.

<https://jp.toto.com/en/company/csr/gri>

Financial and Non-Financial Data

Financial and non-financial data can be found on our website.



▶ Financial and Non-Financial Data

<https://jp.toto.com/en/company/profile/library>

TOTO Group History

Company History

1917
Established Toyo Toki Company, Limited

1962
Formulated Company Mottos

1970
Changed corporate name to TOTO KIKI LTD.

1977
Established TOTO's first overseas joint venture company for ceramic sanitary ware production, in Indonesia

1993
Remodeling Declaration

Products and Technology

1914
Successfully developed Japan's first seated flush toilet

1946
Began faucet production

1963
Developed Japan's first prefabricated bathroom module (based on JIS provisions)

1968
Launched bathroom vanity units

1976
Launched CS Series water-saving, noise-reducing toilet

1980
Launched WASHLET™

1981
Launched modular kitchen design

1985
Launched the Shampoo Dresser (bathroom vanity suited for washing hair)

1988
Started mass production of electrostatic chucks in the ceramics business

1993
Launched NEOREST EX integrated toilet

1995
Discovered photocatalytic superhydrophilicity (TOTO and the University of Tokyo)

1999
Developed CEFIONTECT technology

Business Promotion Resources



1985
Opened GALLERY · MA

1989
Founded TOTO Publishing



1993
Established SUNAQUA TOTO LTD. to provide a comfortable work environment for people with disabilities

Timeline in Providing Cleanliness and Comfortable Living Spaces

1970s

1980s

1990s

Value Creation History

1914
Successfully developed Japan's first seated flush toilet

In an age when public sewage systems were not yet common in the country, TOTO's first president, Kazuchika Okura, set his sights on spreading healthy sanitary toilets across Japan. With this goal in mind, he successfully developed Japan's first seated flush toilet.



First in Japan

1963
Developed Japan's first prefabricated bathroom module (based on JIS provisions)

In anticipation of the 1964 Tokyo Olympic Games, the Hotel New Otani, Japan's first high-rise hotel, required the installation of a large number of bathrooms within a short amount of time. In order to meet this demand, TOTO developed the first prefabricated bathroom module in Japan.



First in Japan

1980
Launched WASHLET™

WASHLET was born out of an age where the standard type of toilet had shifted from the Japanese-style to the seated type. This new style of toilet led to a new lifestyle of "washing" instead of "wiping" and became a part of Japanese daily life.



WASHLET is a trademark or registered trademark of TOTO LTD.

Since its founding, the TOTO Group has been imbued with the spirit of providing a healthy and civilized way of life. No matter the era, we will continue to pursue challenges and innovations in the name of creating new lifestyles.

- 2002**
Entered into operational agreement between TOTO, DAIKEN, and YKK AP
- 2003**
New Remodeling Declaration
- 2004**
Established the Philosophy System for TOTO Group Management
- 2006**
Established TOTO Universal Design Research Center
- 2007**
Changed corporate name to TOTO LTD.
- 2009**
Announced TOTO V-Plan 2017
- 2010**
Announced TOTO Environmental Vision 2017
- 2014**
Announced TOTO Global Environmental Vision
- 2017**
Established new company mission
Announced TOTO WILL2022 Mid-Term Management Plan
Updated TOTO Global Environmental Vision
- 2018**
Remodeling "Anshin" Declaration

- 2001**
Launched Fupia system bathroom with quick-drying KARARI floor
- 2002**
Launched NEOREST EX Series with built-in TORNADO FLUSH
- 2004**
Launched Fupia insulated thermal pot MAHOBIN bathtub Series
- 2008**
Launched Restroom Item 01 (Universal Design of public toilets)
- 2009**
Launched NEOREST Series/SE in Europe
- 2010**
Launched AIR-IN SHOWER showerhead
- 2011**
Launched WASHLET apricot with EWATER+ antibacterial electrolyzed water
- 2012**
Launched Drake II 1G water-saving toilet in the US
- 2013**
Launched Bedside Flushable Toilet
- 2017**
Launched NEOREST NX globally
- Launched the Faucet 10 series of water faucets, distinguished by their sophisticated designs, to the global market

- 2015**
Established GALLERY TOTO at Narita International Airport
Opened TOTO Museum
- 2019**
Established experience TOTO at Narita International Airport

- 2005**
Established the *Kirameki* Promotion Office to further women's careers
- 2018**
Obtained Platinum Kurumin accreditation from the Ministry of Health, Labour and Welfare as a company that supports child-rearing

CSR Activities

- 2004**
Established the CSR Committee
- 2011**
Participated in the UN Global Compact

Social Contribution

- 2005**
Established the TOTO Water Environment Fund
- 2006**
Embarked on the TOTO Acorn Reforestation Project
- 2008**
Established the TOTO Water Environment Fund in China

2000s

2010s

2002
Launched NEOREST EX Series with built-in TORNADO FLUSH

NEOREST, a series of next-generation toilets of the highest standard, made "simple and clean" a reality thanks to its built-in TORNADO FLUSH system with RIMLESS design. The whirlpool-like flow of water allows for both the efficient use of water and effective cleaning of germs and dirt.



2008
Launched Restroom Item 01 (Universal Design series of public toilets)

TOTO launched the Restroom Item 01 with the aim of creating a harmonized space that delivers ease of use for an even greater number of people. With its unity of toilet components and sophisticated design, this new approach led to great strides in revolutionizing the public toilet.



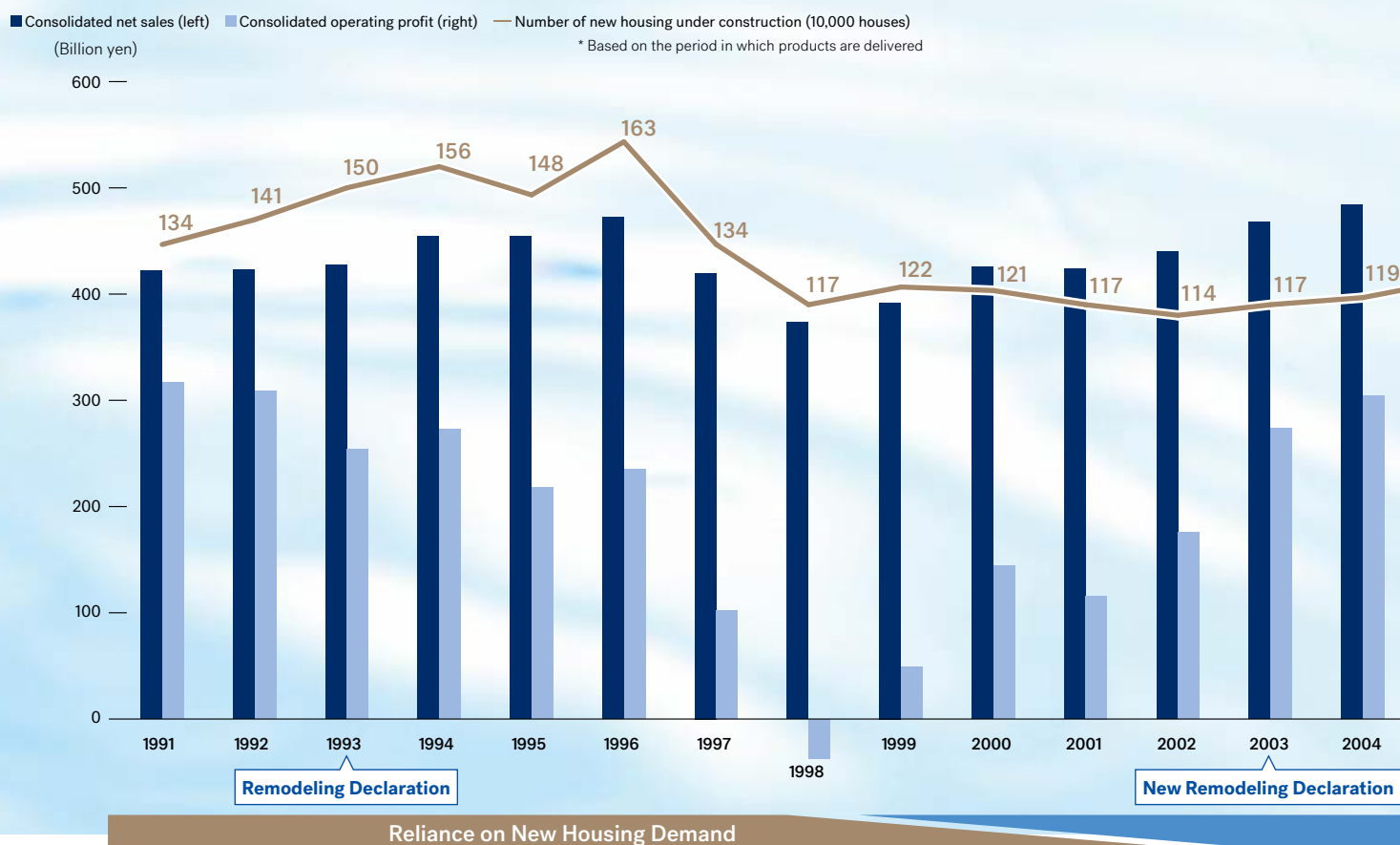
2017
Launched NEOREST NX globally

TOTO launched NEOREST NX as a globally unified model, highly recognized worldwide for having the functionality of WASHLET and wrapped in an elegant and ergonomic design.



TOTO Group Business Performance

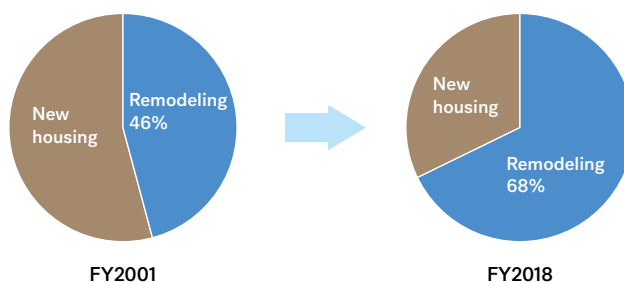
Net sales, operating profit, and number of new housing under construction



Japan Housing Equipment Business

When the bubble economy collapsed in 1993, we announced the Remodeling Declaration in order to establish the remodeling business as a business pillar with the aim of transitioning to a management structure that does not rely on new housing demand. In the nearly 30 years since, we have been actively promoting the remodeling business. As a result, the remodeling business now accounts for roughly 70% of all sales in the Japan Housing Equipment Business, proving that we have indeed established a business structure that is not dependent on new housing demand. Since April 2018, we have been moving forward with the *Anshin* Remodeling Strategy in order to further strengthen the remodeling business.

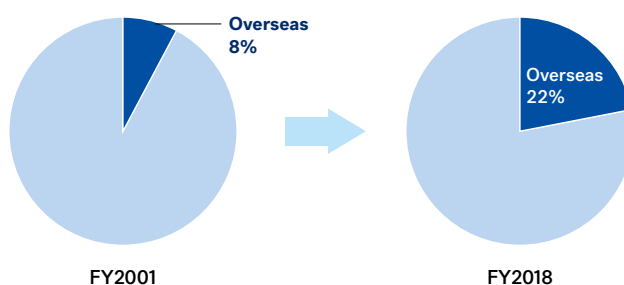
Ratio of Sales from New Construction/Remodeling to Total Sales in the Japan Housing Equipment Business



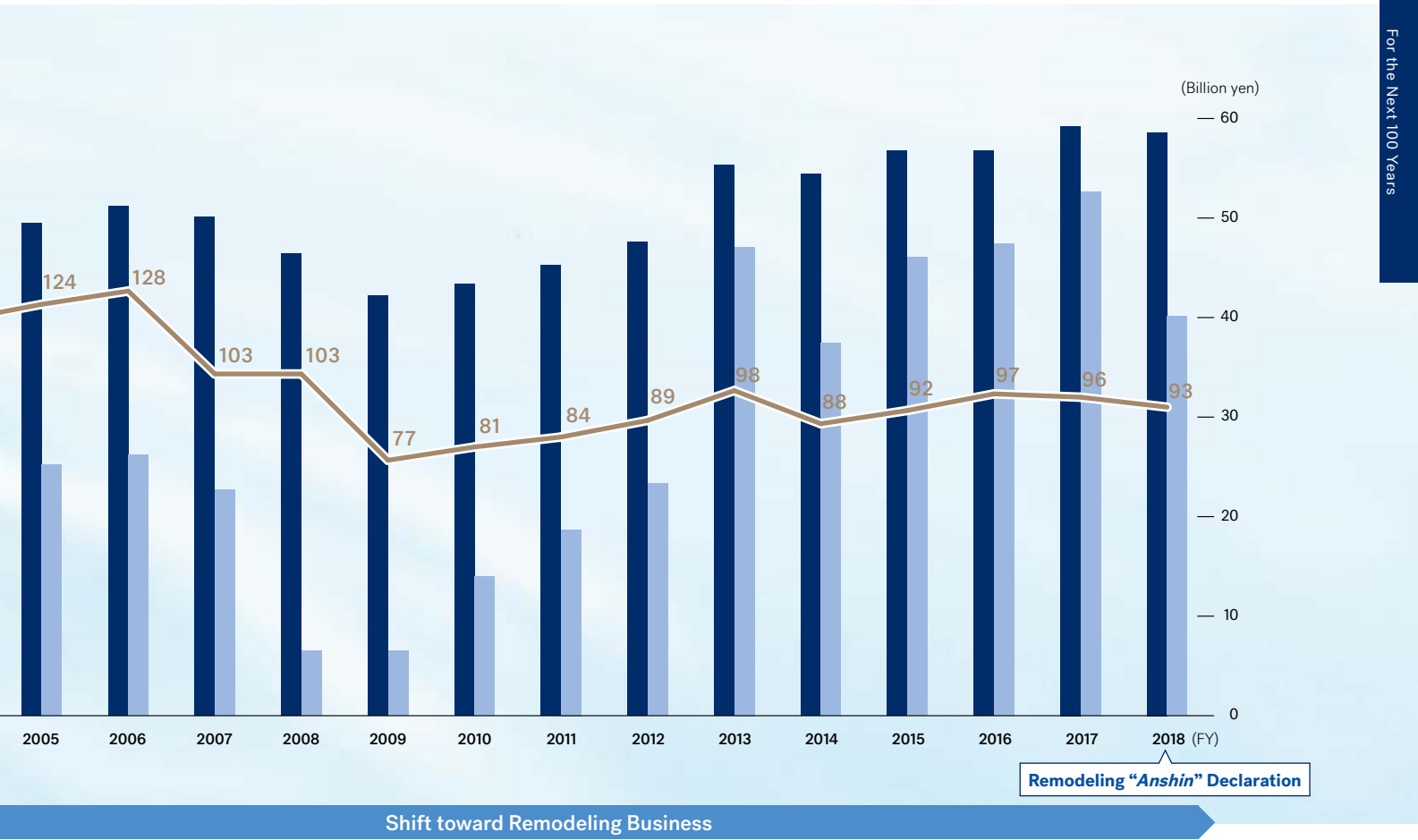
China & Asia Housing Equipment Business / Americas & Europe Housing Equipment Business

In 1977, with the desire to deliver enriched and comfortable lifestyles to customers all over the world centered on bathroom and kitchen plumbing products, we established our first overseas joint venture company for ceramic sanitary ware production in Indonesia. Since then, we have been actively promoting overseas business expansion. Now, sales from the China & Asia Housing Equipment Business and the Americas & Europe Housing Equipment Business account for 22% of our consolidated net sales.

Ratio of Overseas Sales to Consolidated Net Sales



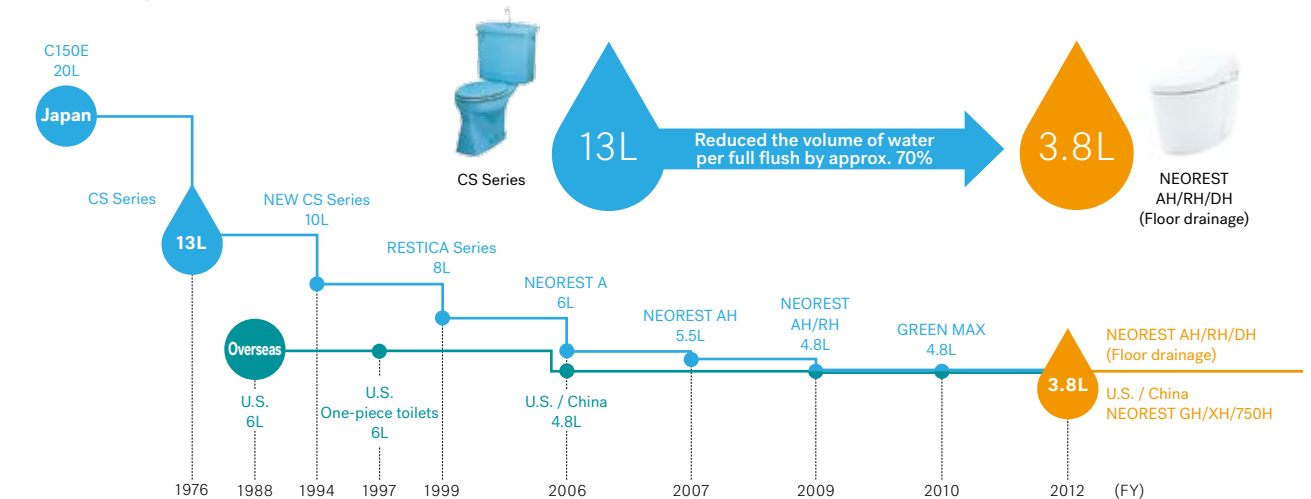
To position the remodeling business in Japan as a business pillar, the TOTO Group announced the Remodeling Declaration in 1993. Since then, the Group has established a business structure that does not rely on new housing demand. In addition, the Group has actively expanded overseas guided by the desire to deliver enriched and comfortable lifestyles to customers around the world.



Developing Products That Create Shared Value with Our Stakeholders

To continue to be a company that contributes to the global environment, we are developing products with high levels of water-saving functionality on a global basis and working to reduce the amount of water consumed by our products when they are used. Particularly in terms of toilet bowls, since the launch of the water-saving CS Series toilet in 1976, we have been working to reduce the amount of water needed to flush toilets and to remove bacteria, germs, and dirt, while ensuring toilets remain pleasant to use. We also strictly adhere to the toilet water volume regulations in each country and region of operation. Today, we are continuing to fine-tune our water-saving technology in such ways as launching products that only require 3.8 L of water per flush.

Water-Saving Performance of Toilets



* Water consumed per full flush

TOTO Group in Present Day

Keep Gaining TOTO Fans around the World



Net Sales _____

¥**586.0** billion

Operating Profit _____

¥**40.1** billion

Operating Margin _____

6.9%

TOTO is utilizing its strengths to expand its business across the globe.
 Moving forward, TOTO will continue to create innovative and appealing products and services,
 and in doing so will keep gaining fans around the world.



TOTO's Global Network

18 countries and regions

32 sites

(Excluding Japan)

Number of Showrooms

Japan: **100**

Overseas: **14**

(Directly managed showrooms)

Number of Employees

33,431

Ratio of Female Managers

14.7%

(Total for Japan and overseas)

Reduction of Water Consumption during Product Use

860 million m³

(Reduction effect when compared with the case where products of 2005 continue to be used)

Profit Attributable to Owners of Parent

¥32.3 billion

ROA (Return on Assets)

7.1%

(Based on operating profit)

ROE (Return on Equity)

9.6%

(Based on net profit)

* Actual results for FY2018 and as of March 31, 2019 for the entire TOTO Group

TOTO Group Value Creation Model

Capital Input

Financial capital

Optimal management resources

Intellectual capital

R&D toward TOTO "Only One" technologies

Manufactured capital

Global expansion of production sites

Human capital

Diverse human resources sharing our corporate philosophy

Social/relationship capital

Relationships of trust with stakeholders cultivated through our rich history

Natural capital

Resources with care for a sustainable society



Strength

1

Advanced fusion of design and functionality



Value Chain

R&D

Procurement-Production

Strength

2

Creating new value through unique technologies



EWATER+



RIMLESS TORNADO FLUSH



CEFIONTECT

Strength

3

Advanced production technology and global supply system



Corporate Governance

Directing created value

The TOTO Group conducts corporate activities with the aim of continuing to provide greater contributions to society and the environment. To achieve this goal, we are taking steps toward integrating our management and CSR activities. We are also working to create value for our stakeholders while leveraging our strengths and, as we continue to create value through our value chain, we will spread this value throughout society as a whole by way of our social contribution activities.

Strength

4

Providing high-quality products and services



Providing diverse information



Showroom proposals



Products



Quality in assembly



After-sales services

Logistics-Sales



HYDROTECT



gy



Employees

Work lively and utilize individuality

► Details on page 44



Business partners

Coexist and grow together while contributing to society and the environment

► Details on page 45



Customers

Offer lifestyles that go beyond expectations

► Details on page 43

Life Anew



Society

Realize a sustainable society

► Details on page 46



Shareholders

Earn trust and provide returns over the long term

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Created value

Strength

5

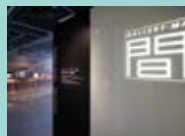
Relationships with stakeholders



TOTO Water Environment Fund



Volunteer activities



TOTO GALLERY•MA



TOTO Museum

ance ► Details on page 51

value toward capital

Message from the President

TOTO

Keep Gaining
TOTO Fans
around the World

President, Representative Director
Madoka Kitamura



Leveraging the Vision of Our Founder as a Touchstone

TOTO's first president, Kazuchika Okura, wrote a letter to his successor, Saburo Momoki. The words contained in that letter have been treasured by the TOTO Group as the Words of Our Founder. Beginning with "Kindness must always come first," the Words of Our Founder state that our goal should be to provide good products and satisfy the customer and, by accomplishing that, profit and compensation will follow. Accordingly, the Words of Our Founder represent a vision that I as president must place at the center of the Group's management. In addition, this vision acts as a touchstone that has been passed on for over a century, making it an extremely valuable asset to the TOTO Group.

Amid the changing times, we must never lose sight of our vision to constantly pursue new technologies and even better craftsmanship and strive for levels of satisfaction that exceed the expectations of our customers. As many of our products are used by customers over long periods of time, we place importance on providing after-sales services that cater closely to their needs in the event there is an issue with our products.

The entire process from manufacturing to after-sales and follow-up services contributes to building the TOTO brand, and all Group employees understand that this process must be rigorously upheld. I believe that my mission as president is to ensure that this understanding is passed on to future generations so that we can create enriched and comfortable lifestyles centered on bathroom and kitchen plumbing products.

Drawing on the Strengths of the TOTO Group

The TOTO Group began manufacturing seated flush toilets at a time when the concept of public sewage systems was not yet widespread. Since then, the TOTO Group has opened the door to new lifestyles by creating a variety of bathroom and kitchen plumbing products such as WASHLET, which is now commonly used by numerous households across Japan.

Through the challenges and innovations it has pursued over its 100-year history, the TOTO Group has cultivated the strengths of "advanced fusion of design and functionality," "creating new value through unique technologies," "advanced production technology and global supply system," and "providing high-quality products and services."

The Group has created various unique technologies such as EWATER+, TORNADO FLUSH, and CEFIONTECT. However, a product's value is not necessarily realized through

outstanding technologies alone. Product design is another important element of product value as a good design brings joy to people and helps brighten their lives. By pursuing challenges and innovations in order to fuse design and functionality, we have improved our production technologies and realized mass production on a global scale. In this way, the important elements of product value are mutually connected to each other and have become Group strengths.

We have also benefited greatly from the fact that we ourselves are actually consumers. This allows us to consider things from the standpoint of our customers, making it easier to ascertain what they find inconvenient. This reality also underscores the importance of "Kindness must always come first." I believe the word for kindness in Japanese, *shinsetsu* (親切), explains our employees very well. The *shin* (親) in *shinsetsu* conveys a sense of familiarity, and the *setsu* (切) conveys a sense of closeness and empathy. I therefore believe that the word *shinsetsu* lays out ideas based on which we should move forward. Having the ability to relate closely to our customers and understand their feelings has allowed us to realize the strength of "providing high-quality products and services." To that end, our pursuit of challenges and innovations for further enhancing these Group strengths is endless.

Aiming to Be a Company That Enriches People's Lives

Society is undergoing dramatic changes, and these changes have extended into the business environment in which the Group operates. In particular, technological innovation such as AI and the Internet of Things (IoT) has been advancing rapidly, and it has now become crucial to utilize such tools in various business operations, including product development and frontline production, in an effort to enhance efficiency. Meanwhile, we are placing importance on becoming a company that enriches people's lives. In terms of products and services, we will naturally pursue efficiency through the use of technologies such as AI and IoT. However, we do not want to emphasize efficiency at the expense of providing products that do not have a human nature. There is a sense of awareness and certain emotions that only people have, such as the bond between parent and child and husband and wife as well as relaxation and comfort. We therefore want our toilets to provide a clean and comfortable space, our kitchens to be a space where people can enjoy cooking and communication, and our baths to be a space where people can relax and refresh.

Message from the President



In this way, we value people's emotions, and we therefore wish to be a company that creates products and services that have a human nature. And, in a greater sense, we wish to be a company that enriches people's lives.

Our desire to provide people with enriched lifestyles is the same regardless of age, gender, nationality, or region. Even with the aging population, people will continue to desire enriched lifestyles. We believe that our products can provide that sense of enrichment.

Promoting the TOTO WILL2022 Mid-Term Management Plan with a New Sense of Determination

In fiscal 2018, we commenced the TOTO WILL2022 Mid-Term Management Plan, which embodies our strong "WILL" as "We Innovate Leading Lifestyles." Accordingly, the TOTO Group must continue to be an organization that provides customers with levels of satisfaction that go above and beyond their expectations. We will therefore strengthen our will on a Groupwide basis as we aim to become such an organization by leveraging our long-cultivated strengths and overcoming the various changes we face in the business environment.

Our performance during the first year of the mid-term management plan was sluggish, with net sales and operating profit both declining year on year, to ¥586.0 billion and ¥40.1 billion, respectively. In addition, ROA and ROE, which we have adopted as important management indicators, stood at 7.1% and 9.6%, respectively.

The main reasons for these results include our delayed response to changes and issues concerning the supply of ceramic sanitary in the Chinese market as well as the soaring

prices of raw materials. These results were also due to our proactive investment toward the start of operations at new plants, the strengthening of sales, and the improvement of wages and employee treatment. While we got off to a rough start in the first year of the plan, we have been able to gain a thorough understanding of our areas of improvement. We therefore position fiscal 2019 as a year in which we will restart efforts to earnestly address the issues we face.

Gaining TOTO Fans around the World

In the Japan Housing Equipment Business, we are promoting the *Anshin* (peace of mind) Remodeling Strategy as the next stage of the remodeling business. Our Remodeling "*Anshin*" Declaration, announced in April 2018, is a declaration of intent to add *Anshin* to remodeling as we make Companywide efforts to revitalize the renovation market. The starting point of *Anshin* Remodeling is establishing an environment in which we offer peace of mind to customers by addressing their concerns over remodeling, be it due to cost or lack of knowledge regarding the construction process. Rather than chasing profit and share increases over the short term, we aim to qualitatively improve and invigorate the renovation market under the *Anshin* Remodeling Strategy by taking the time to build and accumulate trust with our customers. This strategy involves straightforward activities, and we believe it is the perfect strategy for the TOTO Group to execute, as it has helped drive the renovation market for over the past 30 years. I always remind the members of the Support Desk for Remodeling, a consultation desk related to remodeling, that the role they play is not on behalf of TOTO but rather on behalf of the customer. The desk has received various queries from customers, and many of these customers have stated that the desk members helped resolve their concerns and offered them peace of mind. I therefore believe that the activities of the Support Desk for Remodeling have become a true embodiment of the TOTO spirit, and we will further advance these activities in fiscal 2019.

In the overall Global Housing Equipment Business, we are stepping up our WASHLET Global Strategy. According to a global market survey conducted in March 2018, WASHLET toilet seats were the number one brand by sales volume in six countries and regions (Japan, China, South Korea, Taiwan, the U.S., and Germany), which comprised 87% of the global market for toilets with spray seats. Also, cumulative WASHLET shipments exceeded 50 million units globally as of March 2019. By effectively promoting these strengths, we have firmly established the TOTO WASHLET brand.

For the China Housing Equipment Business, we have launched a new project that focuses on visualizing customer needs and are strengthening a purchase channel-specific strategy, which involves products, prices, logistics, and sales promotions, in order to become the brand of choice among customers. While gaining an accurate and earnest understanding of market conditions, we will strive to provide customers with value that differentiates us from the competition.

Also, in March 2019, we held an exhibition at International Sanitary and Heating 2019 (ISH 2019), held in Frankfurt, Germany. At ISH 2019, we promoted the TOTO CLEANOVATION message, which comes from the combination of the words “clean” and “innovation.” This message emphasizes the synergistic effects of the cleaning functions realized through TOTO’s toilets and WASHLET. Thanks to this message, our exhibition garnered a high level of praise. The TOTO CLEANOVATION message also conveys our desire to enrich lives through cleanliness as well as to realize cleanliness through technologies and innovations. Going forward, we will actively communicate our stance of being a company that continues to pursue technological innovation, thereby enhancing the level of recognition of the TOTO brand.

In Japan, we are moving forward with renovating and installing toilets at hotels and public facilities in line with the government’s policy of reaching a target of 60 million overseas visitors by 2030. With the aspiration of turning Japan into a showroom for the rest of the world, we are accelerating the installation of WASHLET so that a large number of overseas visitors can gain a firsthand experience of this technology for the first time. Through this experience and enjoyment of the comfort offered by WASHLET, we will communicate Japanese toilet culture to the rest of the world.

Further Integrating CSR into Management

The expectations and demands of stakeholders around the world continue to change, and the UN Sustainable Development Goals (SDGs) are emblematic of that change. We have provided a wide array of products and services in pursuit of enriched, comfortable lifestyles. These efforts, which we have promoted earnestly on a continuous basis, relate closely with the SDGs. In light of this, we reevaluated our mission in October 2017 with the aim of highlighting the most important matters to tackle in the medium to long term in order to realize sustainable growth. Based on this mission, we have been promoting the TOTO Global Environmental Vision, which establishes “Cleanliness and

Comfort,” “the Environment,” and “Relationships” as our three material issues. We position this vision as the driving engine of the TOTO WILL2022 Mid-Term Management Plan. Going forward, we will strive to further integrate CSR into our management and contribute to the SDGs.

Moving toward a Dynamic, Vibrant, and Excellent TOTO

The majority of TOTO’s products are used by customers for 10 to 20 years. Ensuring that our products are chosen again in 10 to 20 years’ time is what will guide the next 100 and 200 years of the Company. It is for this reason that we believe our main role as a manufacturer is to cherish our customers and the excellent products that bring joy to their lives. In addition, customer satisfaction helps enhance employee motivation. To pass these ideas on to the next generation, it is important that we develop our employees. To that extent, the Group’s approach to workstyle reform is to focus on establishing an environment in which all employees can work in a lively manner. Also, our business activities are supported not only by our customers and employees but also by our various other stakeholders, including our shareholders, business partners, and local community members. We must therefore strive for collaboration and co-creation with these stakeholders. To be a dynamic and proud company, we must work to strictly discipline ourselves, and strengthening our governance is an essential element for maintaining our soundness as a company. With the aim of enhancing both internal and external communication, we have our outside directors and outside Audit & Supervisory Board members visit our locations in Japan and overseas, thereby making our entire business operations as open as possible. While these outside officers offer us their frank opinions at the Board of Directors’ meetings and other venues, the whole point of governance is to receive strict guidance and establish an environment where such guidance can be offered.

We would like to express our gratitude for the continued support of all of our stakeholders, and we ask that you look forward in anticipation to the future of the TOTO Group going forward.

President, Representative Director



The Globally Unified

NEOREST NX

A Compilation of TOTO Group Strengths

In 2017, TOTO launched the NEOREST NX as a globally unified model. NEOREST NX is one of our most prestigious toilets and is brimming with the strengths that the Group has cultivated over its 100-year history. Drawing on the feel of ceramic, the graceful curves of NEOREST NX offer the highest levels of comfort. At the same time, NEOREST NX creates new value through the use of TOTO's unique clean technologies.

SPECIAL FEATURE

Awards Received for NEOREST NX

- **iF DESIGN AWARD** (February 2018)
- **Red Dot Design Award** (April 2018)
- **Gold Selection Award,
JIDA Design Museum Selection** (January 2019)



Strength

1

Advanced Fusion of Design and Functionality

In our product development, we have pursued exquisite designs while also working to provide high levels of quality and functionality.

Our aim with NEOREST NX was not simply to have it be a part of a space, but rather to offer a toilet of the future that realizes attractiveness through its pure existence. We conducted countless rounds of examination regarding the design of the functional compartment, which houses our latest technologies. We also made painstaking efforts to eliminate unnecessary surface elements and spaces, which can cause noise. Furthermore, we adopted a curvy design that accentuates the beauty of ceramic sanitary ware. In this way, we believe we have realized a truly integrated toilet. By making the lid appear as if it is a part of the ceramic sanitary ware, we were able to realize a beautiful appearance for when the toilet is both open and closed, thereby achieving the ultimate design without compromising beauty or functionality. Accordingly, NEOREST NX is our premier toilet—now used across the world—that was created through the analysis data, sophisticated technological capabilities, and abundance of know-how we have accumulated over the past 100 years.

Yuji Yoshioka
Design Department

Strength 1

Strength

2

Creating New Value through Unique Technologies

Within the beautiful design of NEOREST NX are various built-in functions that maintain the cleanliness of the product and ensure that it can always be used comfortably. The EWATER+ technology of NEOREST NX keeps water clean after every use by automatically removing bacteria, which can cause darkening of the toilet bowl, thereby controlling dirt buildup and odor. In addition, NEOREST NX is equipped with CEFIONTECT, a unique technology that starts with baking a layer of specialized glass onto the NEOREST NX's ceramic surface and smoothing out surface unevenness to a level of one-millionth of a millimeter. By doing so, CEFIONTECT helps control and simplifies the removal of dirt buildup. Additionally, NEOREST NX features RIMLESS design, which further prevents stains through elimination of the toilet bowl rim, as well as the TORNADO FLUSH system, which creates a whirlpool-like flow of water that enables both the efficient use of water and the effective cleaning of germs and dirt. In these ways, not only is NEOREST NX strong against stains and easy to clean, but it also offers new value by reaching new heights of cleanliness by effectively cleaning itself.

Strength 2

Sachiko Niwano

WASHLET Development Department





Strength
3

Advanced Production Technology and Global Supply System

TOTO's manufacturing of ceramic sanitary ware exudes originality in all aspects, from the clay used as well as its design and shape, features, and manufacturing process. One challenging aspect in manufacturing ceramic sanitary ware is controlling the shape when baking clay-like materials onto the ceramic surface. We control the deformities that occur between the molding stage and the firing stage to the degree of one millimeter. This allows us to achieve "Quality and Uniformity." This original production technology standardizes the handcrafting techniques we have inherited for over the past 100 years while fully utilizing IT technologies. Additionally, NEOREST NX is the fruit of our latest production technologies as it integrates ceramic and resin materials, for which manufacturing techniques differ completely, and realizes an extremely natural, curvy form that completely conceals its functional compartment. This approach to manufacturing has been standardized, with TOTO SANITECHNO LTD. (Kokura Factory) acting as the mother factory. Based on this approach, we manufacture products with the same specifications and inspection standards at all of our factories around the world. In addition, we hold ceramic skills competitions where our personnel demonstrate their handcrafting techniques, which are indispensable to the manufacturing process. These competitions help enhance the technological prowess and motivation of our employees. The TOTO Group's production technologies serve as a vital element for realizing "Quality and Uniformity" on a global scale.

TOTO SANITECHNO LTD.
(Kokura Factory)

Strength 3

Strength
4

Providing High-Quality Products and Services

TOTO products are used in the everyday lives of our customers for long periods of time. For that reason, we operate 100 showrooms across Japan and 14 overseas so that customers can actually observe and gain a firsthand experience with our products and feel assured in selecting them. Through these showrooms, we are able to cater closely to the needs of our customers and offer them optimal choices. Also, we hold global exhibitions in Germany, the United States, and China. These exhibitions allow us to introduce new lifestyles to an even greater number of people and showcase spaces where people can get a sense of what their home would be like with our products. They also allow us to communicate our unique functions and designs in an easy-to-understand manner.

Furthermore, as our products are used by customers over the course of years, we place importance on offering after-sales services in the event of any product issue.

By providing customers with high-quality products and services, the TOTO Group will continue to contribute to enriched lifestyles across the globe.

Strength 4



International Sanitary and Heating 2019
(Germany)



TOTO showroom
(Vietnam)

Strength

5

Strength 5

Relationships with Stakeholders

The TOTO Group's business activities are supported by a wide variety of stakeholders. This means that we must pursue collaboration and co-creation with these stakeholders. To create even better products and services over the medium to long term, we must always value the relationships we have with our customers, employees, shareholders, suppliers, and local community members and promote initiatives that give consideration to society and the global environment. The ideas of "Quality and Uniformity," "Service and Trust," and "Cooperation and Prosperity," which are incorporated into the Company Motto of "Take pride in your work and strive to do your best," embody our approach to these relationships, and we have continued to put these ideas into practice through the various business activities we have pursued since our founding. The relationships with our stakeholders we have cultivated through our business activities over the years have become a significant strength for the continuation of our business operations going forward.



TOTO Water Environment Fund



TOTO Museum

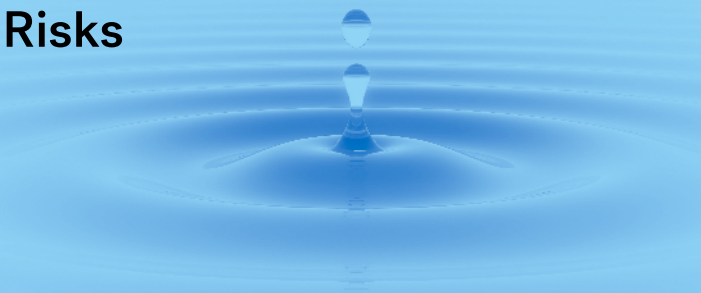


TOTO GALLERY·MA



Volunteer activities

Awareness of Opportunities and Risks



External Environment



Economy

- Gradual growth in the global economy
- Expansion in Asian markets
 - Increasing middle class
 - Growing population in urban areas



Society

- Increasing global population
- Aging population in advanced countries
- Declining population in Japan
 - Progression of the rapidly aging population
 - Decline in the working-age population



Environment

- Progression of measures to address climate change
- Rising demand for resources and energy
- Growing number of regions facing water shortage



Technology

- Expanded use of AI, IoT, and robots
- Progression of open innovation

Opportunities and Risks

Japan	Purchasing behavior of age group suitable for remodeling <ul style="list-style-type: none"> • Interest in quality of living and lifestyles • Uneasiness regarding remodeling
	Changes in demographics <ul style="list-style-type: none"> • Extension of healthy life expectancies • Revitalization of the market for existing houses • Shortage of construction workers
	Tourism Nation and inbound tourists <ul style="list-style-type: none"> • Increased construction of lodging facilities • Establishment of public toilets
Overseas	Establishment of urban infrastructure <ul style="list-style-type: none"> • Widespread use of housing facilities such as flush toilets following the establishment of sewage systems • Need for water-saving products
	Changes in purchasing behavior and markets <ul style="list-style-type: none"> • Preference for high-value-added products • Diversification of purchasing behavior
	Government policies and regulations <ul style="list-style-type: none"> • Impact of economic and housing policies • Tightening of environmental regulations
Information Technology	<ul style="list-style-type: none"> • Arrival of the 5G era • Advancement of semiconductors and optical communication devices • Introduction of AI and IoT in housing facilities
Workforce	<ul style="list-style-type: none"> • Progression of workstyle reforms • Human resources development and competition in securing personnel

We maintain an awareness of opportunities and risks related to the external environment, including in terms of the economy, society, the environment, and technology, from a medium- to long-term perspective. Based on this awareness, we are simultaneously promoting the TOTO WILL2022 Mid-Term Management Plan and the TOTO Global Environmental Vision.

TOTO's Initiatives

TOTO WILL2022 Mid-Term Management Plan

Japan Housing Equipment Business

Housing

- Promoting the *Anshin* Remodeling Strategy to provide additional levels of *Anshin*, the Japanese word for peace of mind, to remodeling
- Offering attractive products that meet customer needs and strengthening proposal-making capabilities

Public Facilities

- Communicating Japanese toilet culture created by TOTO —Turning Japan into a showroom for the rest of the world

China & Asia Housing Equipment Business / Americas & Europe Housing Equipment Business

Increasing the number of TOTO fans around the world with the aim of becoming a trustworthy brand in each country and region —Executing strategies that cater to the marketing stages of each country and region

- Promoting the sale of water-saving toilets
- Boosting recognition and expanding sales of WASHLET
- Supplying products to landmark properties
- Establishing and subsequently reinforcing sales networks

New Business Domains

- Evolving our unique technologies to provide distinctive value to customers (Advanced Ceramics Business)
- Contributing to the global environment and continuing to provide products that offer value and help improve lifestyles (Green Building Materials Business)

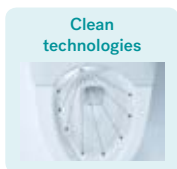
Cross-organizational Innovation Activities

- Continuously providing world-leading, beautiful products that deliver comfort and communicating the evolution of design and functionality to the world through unified marketing promotions (Marketing Innovation)
- Expanding the supply chain on a global scale and taking on new challenges in manufacturing (Demand Chain Innovation)
- Creating a company that attracts a diverse group of human resources and offers a vibrant, challenging working environment where employees can work with peace of mind (Management Resource Innovation)

TOTO Global Environmental Vision

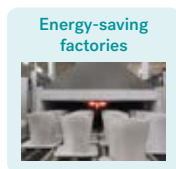
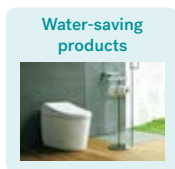
Cleanliness and Comfort

- Realize cleanliness and comfort throughout the world
- Pursue ease of use for everyone



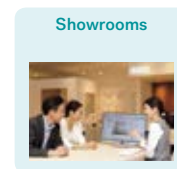
Environment

- Protect our limited water resources and connect with the future
- Undertake initiatives to fight global warming and coexist with the earth
- Aim for sustainable development together with local communities



Relationships

- Build deep, long-lasting relationships with customers
- Offer cultural support and contribute to society for the next generation
- Create and share joy in work together



TOTO WILL2022

Mid-Term
Management
Plan

TOTO WILL2022 Mid-Term Management Plan

In 2017, the TOTO Group celebrated its 100th anniversary. Looking at the next 100 years, the Group aims to increase the number of TOTO fans around the world. To this end, the Group commenced its five-year TOTO WILL2022 Mid-Term Management Plan in April 2018.

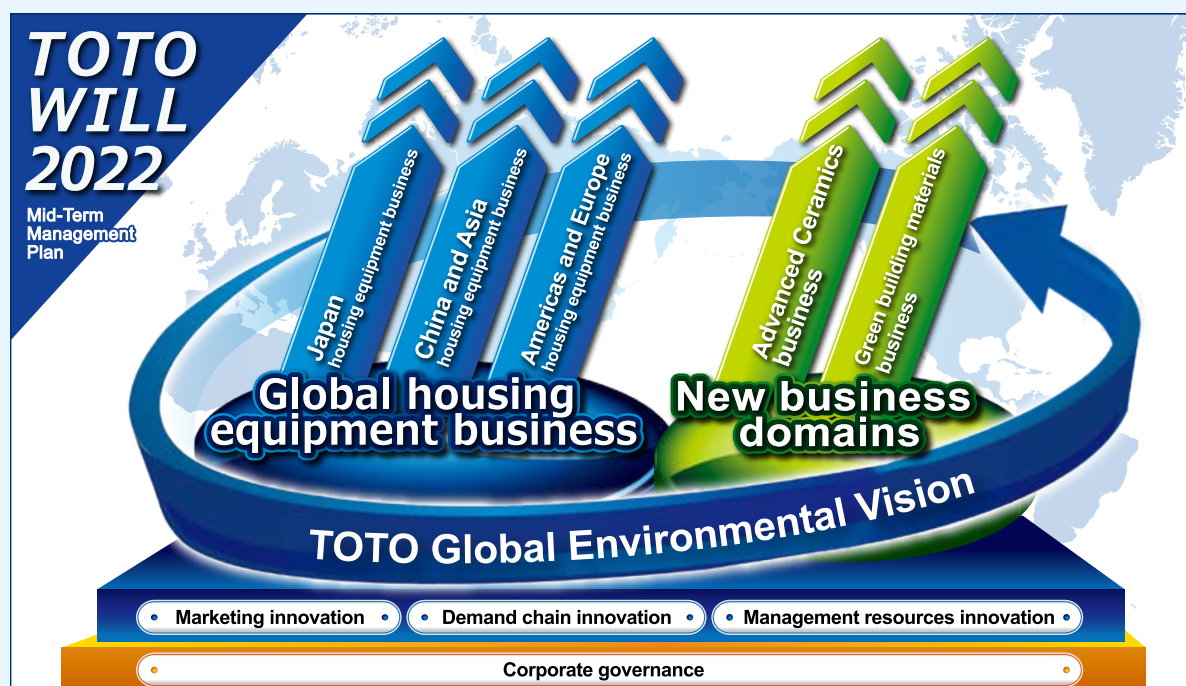
Under TOTO WILL2022, with corporate governance acting as our foundation, we will continue efforts to strengthen our global business promotion structure through our two business segments of Global Housing Equipment Business and New Business Domains, as well as our three cross-organizational innovation activities of Marketing Innovation, Demand Chain Innovation, and Management Resource Innovation.

Furthermore, we will actively carry out investments aimed at achieving sustainable growth while promoting well-balanced financial strategies that give consideration to shareholder returns. As performance indicators, we have set targets of achieving net sales of ¥720.0 billion, operating profit of ¥80.0 billion, ROA of 12.0% (based on operating profit), and ROE of 13.0% (based on net profit) by fiscal 2022, and will move forward with plans to accomplish these targets.

Performance Indicators and Promotion Structure

Fiscal 2022 Plan

Net sales:	Operating profit:	ROA (based on operating profit):	ROE (based on net profit):
¥720.0 billion	¥80.0 billion	12.0 %	13.0 %



Looking toward the next 100 years, we are promoting our five-year TOTO WILL2022 Mid-Term Management Plan in order to achieve our “will” of continuing to gain TOTO fans around the world. We aim to increase our corporate value through our two business segments of Global Housing Equipment Business and New Business Domains, as well as our three cross-organizational innovation activities, which are pursued on a Companywide, cross-departmental basis from the perspective of optimization.

Review of Fiscal 2018 and Forecasts for Fiscal 2019

In fiscal 2018, the first year of TOTO WILL2022, we recorded net sales of ¥586.0 billion, down ¥6.3 billion year on year, and operating profit of ¥40.1 billion, a decrease of ¥12.5 billion. In addition, ordinary profit came to ¥43.1 billion, declining ¥11.2 billion, and profit attributable to owners of parent was ¥32.3 billion, down ¥4.4 billion. Also, the Company adopts ROA and ROE as important management indicators. In the fiscal year under review, ROA came to 7.1%, a decline of 2.3 percentage points, and ROE stood at 9.6%, down 2.1 percentage points.

In the Global Housing Equipment Business, frequent natural disasters in Japan led to a depressed consumer mindset for housing. In China, market conditions worsened due in part to a decline in the number of high-class properties, which resulted from the tightening of real estate sales regulations centered on 1st tier cities. This, coupled with the delay in launching our new products, led to declines in both sales and profit. Furthermore, profit decreased in New Business Domains, despite increased sales in the Advanced Ceramics Business.

As for key initiatives to pursue in fiscal 2019, we will strengthen the *Anshin* Remodeling Strategy in Japan and further promote the WASHLET Global Strategy overseas. We will also expand sales and step up our marketing activities around the world in such ways as continuing to release products globally. By implementing these initiatives, for fiscal 2019 we forecast net sales of ¥618.0 billion, an increase of ¥32.0 billion year on year; operating profit of ¥45.0 billion, a gain of ¥4.9 billion; ordinary profit of ¥46.0 billion, up ¥2.9 billion; and profit attributable to owners of parent of ¥33.0 billion, a rise of ¥0.7 billion.

Fiscal 2018 Results and Fiscal 2019 Plan

(Billion yen)

	Fiscal 2017	Fiscal 2018	Fiscal 2019 plan
Net Sales	592.3	586.0	618.0
Operating Profit (Operating Margin)	52.6 (8.9%)	40.1 (6.9%)	45.0 (7.3%)
Ordinary Profit	54.3	43.1	46.0
Profit Attributable to Owners of Parent	36.7	32.3	33.0
ROA (Based on operating profit)	9.4%	7.1%	7.7%
ROE (Based on net profit)	11.7%	9.6%	9.6%

Global Housing Equipment Business

Japan Housing Equipment Business

We will further promote our remodeling strategy that does not rely on new housing demand. In addition, in the public market, we will work to communicate Japanese toilet culture, which the TOTO Group has helped create, with the aspiration of turning Japan into a showroom for the rest of the world.



TOTO Group Strategy

In Japan, for nearly 30 years, the TOTO Group has been creating demand for remodeling with the aim of transitioning to a management model that does not rely on new housing demand. Currently, the remodeling business accounts for 70% of total sales in the Japan Housing Equipment Business, and we have succeeded in establishing our intended management model.

As each remodeling project entails different on-site conditions and customer needs, the remodeling business requires multiple abilities in areas such as construction expertise, planning, and customer communication. To this end, we have cultivated the product appeal and abilities required for performing remodeling work and have rolled out showrooms across Japan. At the same time, we have made swift efforts to establish a network with home improvement stores that have deep ties to local communities. In 2002, we formed the TDY alliance together with DAIKEN and YKK AP, both top-class manufacturers of key housing materials, in order to further accelerate the growth of our remodeling business. To make proposals for comfortable bathroom and kitchen spaces made possible through the high-quality products of each alliance member, all three companies in the TDY alliance made cooperative efforts to open TDY Collaboration Showrooms, organize Remodeling Fairs, and undertake other activities with the aim of realizing sustainable growth.

Review of Fiscal 2018 and Forecasts for Fiscal 2019

Fiscal 2018 saw declines in both net sales and operating profit as net sales decreased ¥0.5 billion from the previous year, to ¥425.1 billion, and operating profit fell ¥4.2 billion, to ¥24.4 billion. The primary causes of these declines were the depressed consumer mindset for housing and delays in supply to public facilities resulting from the frequent natural disasters in Japan. In light of these results, we will promote the following key measures in fiscal 2019.

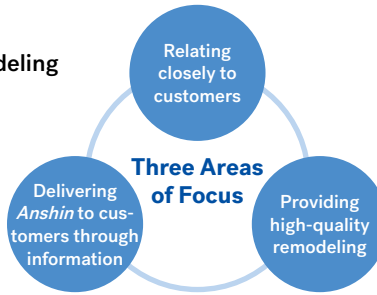
Housing Market

In the housing market, new home construction is expected to decline with the continuing transition toward a stock-based society. The remodeling business is therefore becoming more important than ever. In light of such market changes, we will continue to build on our *Anshin* Remodeling Strategy in the remodeling business in an effort to revitalize the market. Under the *Anshin* Remodeling Strategy, we will work to spur remodeling demand by turning customers' concerns over remodeling projects into *Anshin*, the Japanese word for peace of mind. By earnestly addressing their needs and concerns, we will pursue efforts to enrich the lifestyles of our customers through superior remodeling in collaboration with our business partners. Rather than chasing short-term increases in sales or market share, we will aim for the revitalization and qualitative improvement of the renovation market by building up genuine trust with our customers over the next five to ten years.

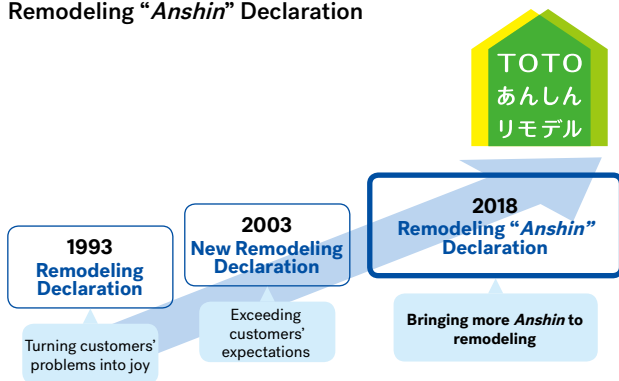
In fiscal 2019, we will continue to enhance our business activities by focusing on our three goals of relating closely to customers, delivering *Anshin* through information, and providing high-quality remodeling.

In the new housing market, we will look to capture demand by strengthening our appealing products and proposal capabilities that meet the needs of customers.

Overview of Anshin Remodeling



Remodeling “Anshin” Declaration



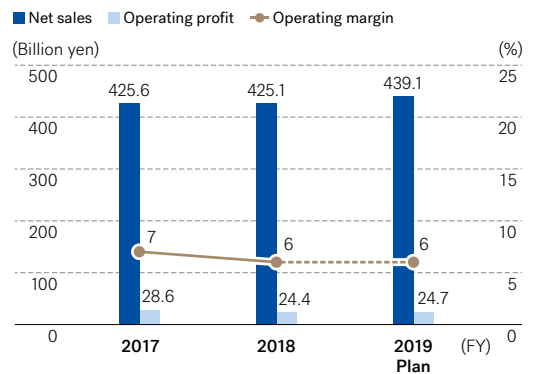
TOTO’s Anshin Remodeling

Remodeling Library Visualize and understand examples and appropriate prices for remodeling Examples of actual cases include price information	Remodeling Pro Shop Visualize and understand shops recommended by TOTO TOTO remodeling club shops
Showroom Visualize and understand life after remodeling Attractive showrooms	Support Desk for Remodeling Visualize and understand our response to customers' questions and concerns Consultation desk for remodeling



In the public market, as part of the WASHLET Global Strategy, we will strengthen our proposals for clean toilets to the rising number of overseas visitors to Japan. In doing so, we will increase our opportunities for promoting the attractiveness of WASHLET and other products, thereby bolstering activities to encourage the purchase of our products in not only Japan but also overseas.

Japan



Launching “experience TOTO,” the Ultimate in Toilet Hospitality Utilizing IoT

In April 2019, we launched “experience TOTO”—the ultimate in toilet hospitality utilizing IoT—at Terminal 1 of Narita International Airport. By having visitors from overseas indulge in “experience TOTO” immediately after arriving in Japan, we aim to introduce the beauty of Japanese toilet culture to the rest of the world.

“experience TOTO” features large LCD panel design images outside the toilet to attract visitors as well as a dedicated remote-control tablet*¹ inside the toilet that offers instructions and visual guidance in five different languages. Through these features, visitors will be able to get a first-hand experience of WASHLET. Additionally, “experience TOTO” comes equipped with a voice guidance function, which provides instructions in four languages, to enable visitors from overseas, who have little or no experience using such highly functional toilets, to use them without any constraints.

We have also provided greater convenience through the use of IoT by displaying congestion status in real time on the LCD panels*¹ outside the toilet. Additionally, we have made public toilets more efficient in terms of management by enabling the monitoring of their use and by displaying information effective for their maintenance.*²



“experience TOTO”
Welcoming visitors to state-of-the-art Japanese toilets through four captivating LCD panel design images

*¹ Designed in collaboration with Nippon Telegraph and Telephone East Corporation and Vacan, Inc.
*² Designed in collaboration with KDDI Corporation

Global Housing Equipment Business

China & Asia Housing Equipment Business

In China, by responding to market changes and actively making proposals, we are aiming to become the most trusted brand that our customers continue to need and want. Our operations in the rest of Asia will help drive growth in the overall Global Housing Equipment Business, which in turns acts as an engine for the growth of the TOTO Group. In the high-end markets of each country and region, we aim to become the most trusted and beloved brand.



TOTO Group Strategy

In China, spray seats* are becoming more common with the rising average income of Chinese citizens. Meanwhile, greater emphasis is being placed on appropriate marketing strategies that address the changing market conditions such as intensifying competition and diversifying customer needs. In the China Housing Equipment Business, we are working to ascertain changes in the market environment and consumer purchasing behavior as we leverage the strengths of TOTO as a high-class brand to promote our business activities.

In various other countries and regions in Asia, including Taiwan, Vietnam, India, and Thailand, the TOTO brand continues to gain recognition as a result of rising income levels and the proliferation of sewage systems. While further reinforcing our sales foundation in each country and region, we are building production plants to establish them as a global supply base that can respond to increased demand in the future.

* "Spray seat" is a generic name for an ordinary toilet seat equipped with a water-washing function.

Review of Fiscal 2018 and Forecasts for Fiscal 2019

Fiscal 2018 saw declines in both net sales and operating profit as net sales decreased ¥8.4 billion from the previous year, to ¥63.5 billion, and operating profit fell ¥5.8 billion, to ¥12.3 billion. Net sales dropped particularly in urban areas due to the impact of measures to control real estate prices. The lower operating profit was a result of the decline in net sales and the inability to offset the impact of increases in raw material and labor costs through cost-reduction efforts. Based on these results, we will implement the following key measures in fiscal 2019.

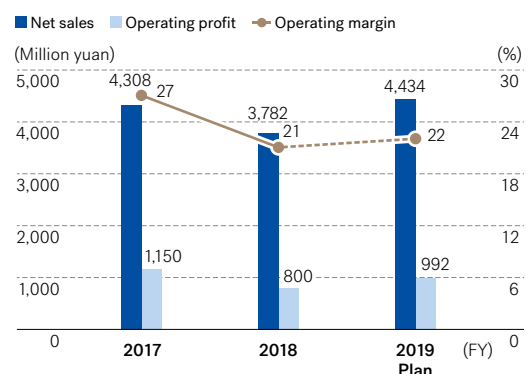
In the China Housing Equipment Business, we will strive to keep gaining TOTO fans in China by implementing a strategy and PDCA cycle that focuses thoroughly on the customer, enabling us to become their preferred choice.

In the retail building materials market, we will make proactive efforts to introduce new products and bolster our sales proposals for WASHLET/toilet sets that leverage our strengths as a comprehensive manufacturer of bathroom and kitchen plumbing products.

In large-scale buildings, we will move ahead with the differentiation of our products in terms of both quality and functionality as well as supplies to high-class housing properties. We will also enhance the adoption of our products at five-star hotels and large-scale office buildings in public markets with the intention of achieving greater sales throughout the entire China business.



China





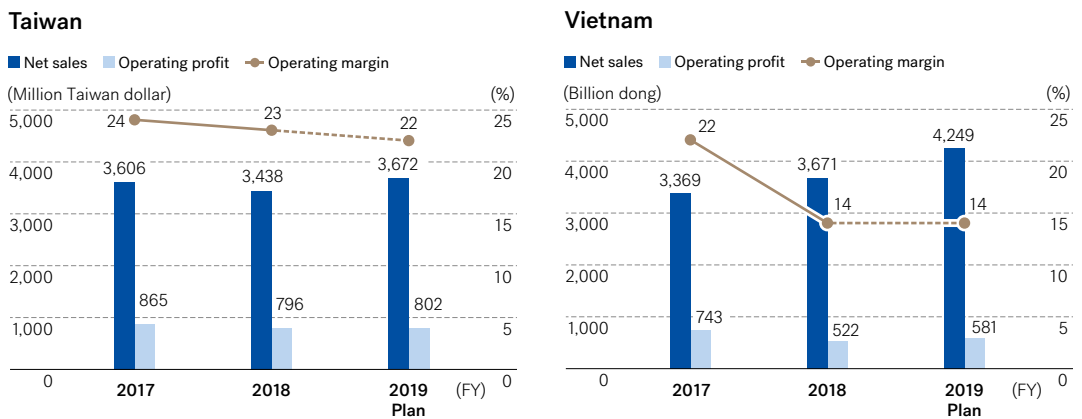
Fiscal 2018 saw net sales increase ¥0.2 billion year on year, to ¥31.8 billion, and operating profit decrease ¥1.3 billion, to ¥5.4 billion. In Taiwan, both net sales and operating profit fell as a result of a drop in new housing demand and a reduction in the number of properties to which TOTO products are supplied. In Vietnam, net sales rose while operating profit fell due to such factors as higher depreciation and amortization resulting from the operation of new plants and the stagnant housing market. In light of these results, we will implement the following key measures in fiscal 2019.

In the Asia Housing Equipment Business, in order to fulfill our role as TOTO's growth engine, we will look to establish a market presence for products unique to TOTO centered on WASHLET and toilet bowls and solidify our position in the high-end brand.

In Taiwan, we will actively roll out promotions to heighten recognition of WASHLET in order to establish a sales structure that does not rely on new housing demand.

In Vietnam, we will seek to improve sales of WASHLET in the retail market.

Throughout the entire Asian market, we will continue to examine the construction of new plants to cater to the anticipated growth in global demand going forward.



Exhibiting at Kitchen & Bath China 2019

In May 2019, TOTO held an exhibit at Kitchen & Bath China 2019, Asia's most influential trade show for kitchen and bathrooms, in Shanghai, China. Based on our corporate message of Life Anew, we communicated to the world our desire to "generate value unlike ever before and go above and beyond everyone's expectations."



Constructing a New WASHLET™ Production Plant in Thailand

TOTO (THAILAND) CO., LTD. is constructing a new WASHLET production plant (tentative name: TOTO Thailand No. 3 Plant) in a newly acquired location.

Construction of this new plant began in May 2018 and the facility will be used for the mass production of WASHLET. It is scheduled to fully begin operating from April 2020. This WASHLET production plant is the fifth of its kind to be established globally and the third to be constructed overseas.



Global Housing Equipment Business

Americas & Europe Housing Equipment Business

The bathroom culture of Europe has a significant impact on the rest of the world, and we will therefore further promote the Americas & Europe Housing Equipment Business. In addition, we aim to become a company that can bring about change to the bathroom culture in the Americas and Europe, thereby increasing the number of TOTO fans around the world.



TOTO Group Strategy

In the Americas and Europe, our unique technologies have received high praise from customers. These technologies include water-saving toilets equipped with TORNADO technology, which uses only one gallon (3.8 liters) per flush, as well as CEFIONTECT, RIMLESS, and TORNADO FLUSH, which support this Tornado technology. In the Americas & Europe Housing Equipment Business, we are enhancing our brand value and working to achieve differentiation through efforts to communicate the superior quality and value of our products. Also, for WASHLET, we are enhancing our showroom exhibits and website content and stepping up efforts to establish new sales routes through e-commerce.

Review of Fiscal 2018 and Forecasts for Fiscal 2019

In the Americas, fiscal 2018 saw net sales increase ¥0.6 billion from the previous year, to ¥31.3 billion, and operating profit decrease ¥0.9 billion, to ¥1.6 billion. The higher net sales was mainly as a result of growth in sales of WASHLET, while the lower operating profit was partly due to a rise in selling, general and administrative expenses and higher costs associated with the deteriorating productivity of ceramic sanitary ware. In light of these results, we have decided to move ahead with the following key measures for fiscal 2019.

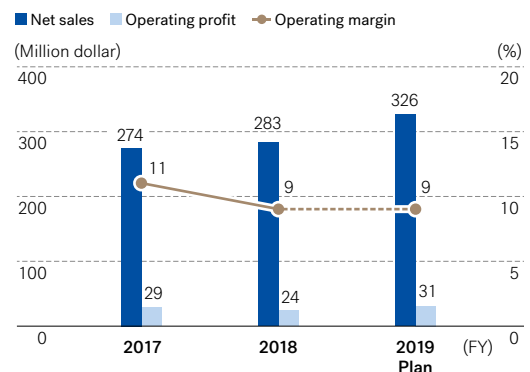
For the Americas Housing Equipment Business, we will look to achieve greater recognition of the TOTO brand and WASHLET by expanding our contact points with customers. Further, we will expand our supply of WASHLET particularly to high-end hotels and condominiums in major cities with the aim of maximizing its ripple effects on the presence of the TOTO brand.

From a manufacturing point of view, we will focus on stabilizing the supply of ceramic sanitary ware by enhancing its productivity. Also, with our sights set on building customer satisfaction for purchases, we will strengthen our after-sales service network through timely responses and outstanding quality, thereby earning the trust and support of our customers.

Moreover, through proposals that incorporate IoT, we will help resolve the issues of public toilets.

The Americas

The Americas



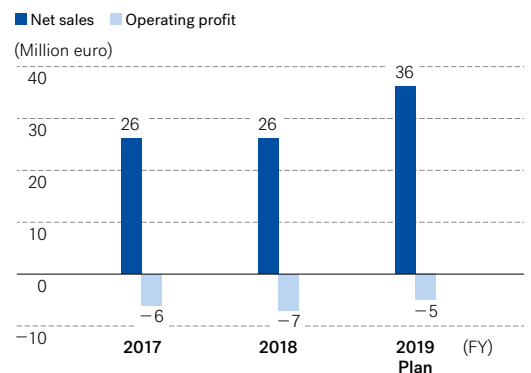


In Europe, fiscal 2018 saw net sales of ¥3.7 billion, an increase of ¥0.2 billion year on year, and operating loss of ¥1.1 billion, a decrease of ¥0.1 billion. Given these results, we will take the following key measures for fiscal 2019.

In Germany, we will strengthen our partnership with plumbers, who propose our products to customers, and draw on our showrooms to heighten awareness of the cleanliness and comfort of WASHLET in order to solidify the presence of the TOTO brand in the country. While our efforts to strengthen partnerships in fiscal 2018 were centered on the southern region of Germany, we will expand on this in fiscal 2019 by focusing on the entire country.

In the United Kingdom and France, we will continue to promote the adoption of our products at high-end hotels and other high-class facilities toward our goal of establishing TOTO as a high-class brand. We will also strengthen our distribution of information on previous adoption examples and customer opinions to provide more opportunities to experience our products in pursuit of our next adoption.

Europe



Showcasing Our Products at CES 2019

In January 2019, TOTO participated as an exhibitor at CES 2019, the world's largest international electronics trade show, held in Las Vegas, U.S.A.

Based on our corporate message of Life Anew NEXT, our exhibit focused on the theme of "bringing more enrichment and enjoyment to the everyday lives of our customers through IoT." Included in our presentation was a film on TOTO's next-generation bathroom and kitchen spaces as well as an introduction on examples of our state-of-the-art public toilets.

Additionally, we proposed bathroom and kitchen spaces that provide comfort and enrichment to the everyday lives of our customers. Our lineup included TOTO's premier product series "NEOREST COLLECTIONS," the FLOTATION TUB, a bathtub for our overseas market that offers the ultimate relaxation experience, and other products combining both functionality and design, as well as exhibits combining toilets, bathroom vanity units, and bathtubs.



Exhibiting at International Sanitary and Heating 2019

In March 2019, TOTO took part as an exhibitor at the International Sanitary and Heating 2019, the world's leading international trade show for bathrooms, buildings, energy, air-conditioning technology, and renewable energy, held in Frankfurt, Germany.

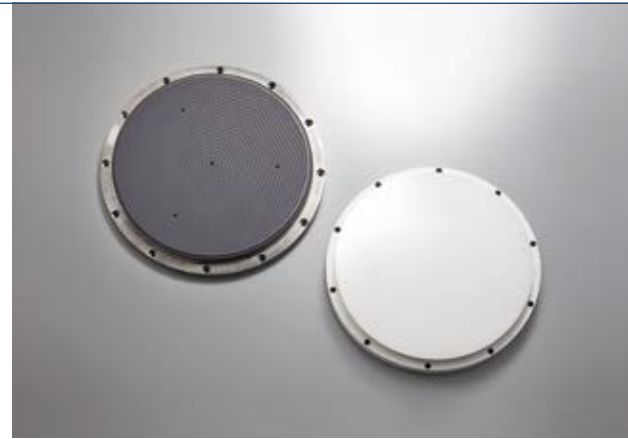
Based on our corporate message of Life Anew, our exhibits focused on the themes of TOTO CLEANOVATION, TOTO RELAXOLOGY, TOTO DESIGN, and Life Anew NEXT. In terms of restroom space, we garnered the attention of the attendees by demonstrating and showing visuals to clearly present the four synergistic effects for cleanliness generated through the combination of TOTO toilets and WASHLET technology. We also received rave reviews for the design features of our new global lavatory faucet series. Through such efforts, we were able to leave a lasting impression on the European market, where TOTO continues to advance its technological innovations.



New Business Domains

Advanced Ceramics Business

TOTO will roll out its high-quality, high-precision advanced ceramics, including air bearings, electrostatic chucks, bonding capillaries, and receptacles, for the semiconductor, FPD manufacturing, and optical communication industries. By further leveraging these unique technologies, we will create value together with our customers and suppliers.



Electrostatic chucks

TOTO Group Strategy

With the arrival of the Internet of Things (IoT) society, the demand for leading-edge devices such as semiconductors and high-speed optical communication and display devices has been rising. Amid these circumstances in the Advanced Ceramics Business, demand is expected to rise for electrostatic chucks used in manufacturing semiconductor memory devices, which are increasingly employing a three-dimensional design. Going forward, we will continue to bolster our production facilities and strengthen our development structure through Demand Chain Innovation, Cross-organizational Innovation Activities. At the same time, we will aim to establish a robust business foundation by employing a customer-oriented business approach and improving profitability.

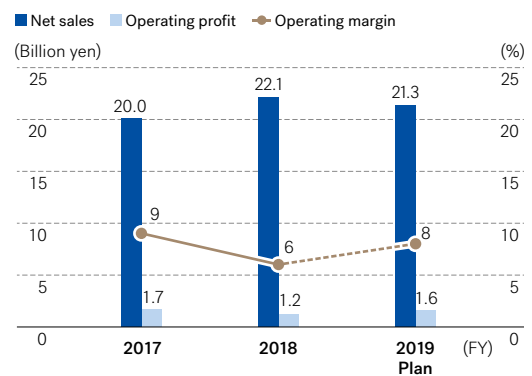
Review of Fiscal 2018 and Forecasts for Fiscal 2019

Fiscal 2018 saw net sales increase ¥2.1 billion year on year, to ¥22.1 billion, and operating profit decrease ¥0.5 billion, to ¥1.2 billion.

While the focus of the Advanced Ceramics Business till now has been on increasing its production and strengthening its development structure to meet the overwhelming demand for semiconductors, the goal for fiscal 2019 will be to improve profitability through automation and labor saving and the shift to next-generation smart factories.

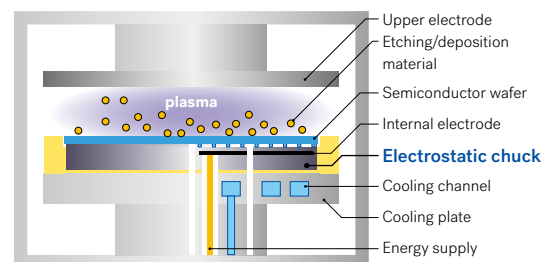
Moreover, with the aim of continuing to create unique technologies and products, we will proactively invest in research and development to reinforce our material-handling technology, technology for combining with other materials, and production technology that facilitates mass production.

Advanced Ceramics Business



Electrostatic Chucks

An electrostatic chuck is a component inside semiconductor equipment that is used to hold the semiconductor wafer. In the IoT society, the demand for semiconductors is growing, which in turn has led to annual increases in the need for installing semiconductor manufacturing equipment. Moreover, there has been a need for semiconductors with higher precision. Our electrostatic chucks, which are incorporated within semiconductor equipment, have received high praise from our customers in light of the fact that they are highly durable and produce very little impurities within the equipment itself.



Structure of semiconductor manufacturing equipment

Establishing a New Production Facility for Advanced Ceramics

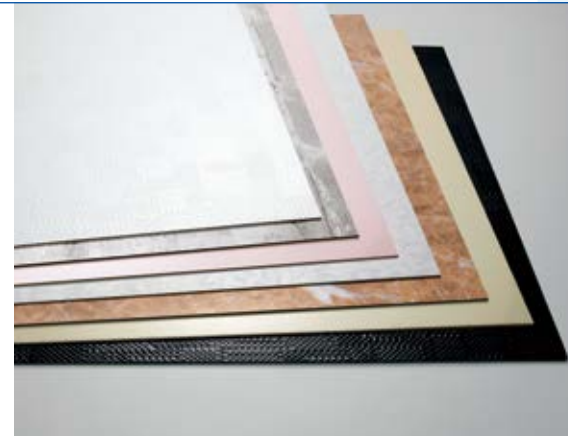
With our sights set on capturing the globally expanding demand for semiconductor manufacturing equipment, we will establish a new advanced ceramics production facility at the Nakatsu Plant of TOTO Fine Ceramics LTD. Construction of this new plant commenced in January 2019 and its operations are set to begin in October 2020. By utilizing the new factory for the mass production of electrostatic chucks, assembling our cutting-edge advanced ceramics processing technology and know-how we have accumulated to date, and leveraging our IT technology, we will strive toward our goal of transitioning to next-generation smart factories and improving productivity as a result.



Rendering of new production facility at TOTO Fine Ceramics

Green Building Materials Business

TOTO will offer building materials utilizing its HYDROTECT environmental cleaning technology. TOTO will also enter into license agreements with companies worldwide handling exterior building materials, including tile, paint, metal panels, glass, and architectural stone.



Ceramic tiles that utilize HYDROTECT—Hydrocera Wall

TOTO Group Strategy

HYDROTECT, a green building material technology that makes use of a photocatalyst, has already been adopted by a significant number of partner companies. Looking to the future, we will redouble our efforts to promote HYDROTECT technology globally by engaging in more partnerships with various companies.

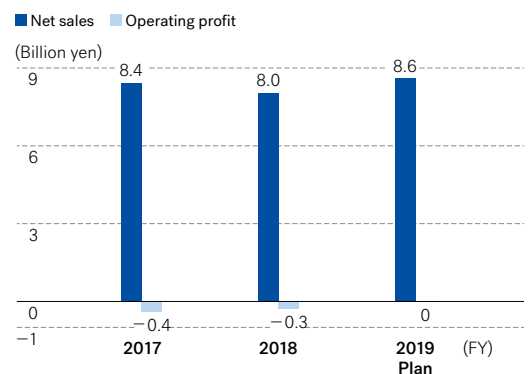
Review of Fiscal 2018 and Forecasts for Fiscal 2019

Fiscal 2018 saw net sales of ¥8.0 billion, a decrease of ¥0.4 billion from the previous year, and operating loss of ¥0.3 billion, an increase of ¥0.1 billion.

In the Green Building Materials Business, we aim to contribute to the global environment by continuing to provide products that help create more comfortable lifestyles and cultures. To that end, we will enhance the efficiency of its operations by bolstering the selection and concentration of products in all segments, including HYDROTECT, ceramic tiles, high-performance mirrors, and tiles for homebuilders.

We will continue to focus on providing and proposing value for products that leverage the strengths of our unique HYDROTECT technology.

Green Building Materials Business





Nozomu Morimura

Representative Director,
Executive Vice President

Marketing Innovation

By visualizing the global market, we will propose the products needed by customers around the world and communicate them through impactful marketing promotions.

The TOTO Group has a history of utilizing its high level of technological capabilities to enhance the functionality of its products. Fiscal 2018, the first year of TOTO WILL2022, was a year in which we saw our efforts lead to improvement in not only our functionality, but also in our design. In March 2019, we held an exhibition at International Sanitary and Heating 2019 (ISH2019)—the world’s largest trade fair focused on the responsible management of water—which took place in Frankfurt, Germany. At the event, we received high praise for our efforts to steadily evolve the design of not only our toilets but also our faucet parts to the

extent that we are now able to compete with the leading manufacturers in Europe. The results of our manufacturing efforts, which aim for the advanced fusion of design and functionality, have been recognized in other ways as well, including the reception of international awards such as the Red Dot Design Award and the iF Design Award. On the other hand, fiscal 2018 was also a year in which various issues came to light, including issues related to our marketing promotions, which communicate our product value to customers, and the provision of products and services that utilize AI, IoT, and other technologies.

In fiscal 2019, we will continue to focus on sales of high-value-added products that offer both functionality and design in Japan. To that end, we will further enhance the SYNLA bathroom module and the THE CRASSO modular kitchen design, among other products.

Globally, we will roll out “clean marketing promotions”—centered on EWATER+—that resonate with customers based on the message of TOTO CLEANOVATION, which is a combination of the words “clean” and “innovation.” We will also commence new proposals for using IoT technologies to ascertain the congestion status of public toilets and optimize our response to toilet maintenance.

Our mission is to provide customers with unique, unrivaled products that offer both functionality and design. Guided by this mission, we will create marketing promotions that communicate the story behind the creation of our products, from the design concept to product development based on human engineering and the evolution of clean technologies.

In fiscal 2019, by refining and strengthening our marketing activities to an extent greater than ever before, we will offer impactful products and marketing promotions to customers around the world. In these ways, we will contribute to creating enriched and comfortable lifestyles.

Demand Chain Innovation

To deliver TOTO products to people around the world, we will reorganize our structure for distributing products and information on a global basis and enhance activities aimed at doing so.

For Demand Chain Innovation, we are rethinking our conventional approach of local production for local consumption in order to swiftly provide support for our product lineup transformation, which we are promoting in response to changes in the global market and tightening environmental regulations. In addition, we are reorganizing our global supply chain and promoting manufacturing-related efforts around the world.

In terms of supply chain innovation, various issues came to light in fiscal 2018, including the fact that we have yet to gain a sufficient understanding of

trends in overseas markets. Reflecting upon such issues, in fiscal 2019 we will strive to enhance visualization of the entire supply chain process through consistent production, sales, distribution, purchasing, and information



Ryosuke Hayashi

Director,
Managing Executive Officer

communication activities. We will take steps to ascertain changes in the market and in the structure of manufacturing, production, and sales, as well as work to stabilize our supply structure.

As for manufacturing innovation, by incorporating IoT into our seed technologies, we will advance the creation of unprecedented technologies centered on the concepts of cleanliness, eco-friendliness, and universal design. To roll out these technologies worldwide from an early stage, we will realize smart factories that leverage AI and IoT. Adopting dynamic improvement in productivity as our goal, we will pursue these efforts comprehensively in Japan in fiscal 2019 and aim to expand them globally in the future.

In our cost-reduction efforts, we aim to reduce costs by a total of over ¥8.0 billion each year on a global basis. To that end, we will steadily promote the streamlining and mechanization of not only our production materials but also our products, in addition to enhancing inventory management.

To deliver products with unique TOTO functions that society has yet to experience across the world, we will make Groupwide efforts toward establishing a global supply chain structure and strengthening our manufacturing capabilities.



Noriaki Kiyota

Representative Director,
Executive Vice President

Management Resource Innovation

We will create a company that attracts a diverse group of human resources and offers a vibrant, challenging working environment where employees can work with peace of mind.

We believe our employees are the most important resource in becoming a trustworthy organization that is deeply rooted in the cultures of each country and region and in improving the lifestyles of customers around the world. Starting in fiscal 2018, we have been promoting a three-pronged approach that focuses on human resources, information, and finance and accounting with a view to realizing workstyle reforms.

In terms of human resources, we introduced a “work-from-home system” in fiscal 2018 in order to offer peace of mind to our diverse group of personnel

and encourage them to take on challenges. Currently, approximately 140 employees are making use of this system. Life events such as child-rearing and nursing care are something that everyone experiences, and the insight our employees gain from these experiences becomes valuable know-how for the TOTO Group, which deals with products that are used in everyday life. This know-how can be leveraged to improve our products and services and evolve our business as a whole. By establishing a “work-from-home system” based on the circumstances of each division and employees utilizing the system, as well as feedback from the supervisors of these employees, we believe we can reduce the turnover rate of employees due to life events and further improve the quality of our products and services. Also, to raise the percentage of paid holidays taken and realize an environment where diverse human resources can play an active role, in fiscal 2019 we will take note of the various operational procedures that each division has conducted and work to streamline important procedures and eliminate unnecessary ones. By doing so, we will seek to adjust the allotment of personnel and enhance our overall efficiency.

Also, in terms of information, which plays the role of connecting our diverse group of human resources, we will move forward with efforts that utilize IT tools. To that end, we will establish frameworks to enable global collaboration in such ways as sharing operational procedures and enabling remote group work in real time. In these ways, we will encourage collaboration between employees as well as organizations within the Group.

For finance and accounting, we are strengthening our financial foundation to support the growth of the Group. In fiscal 2019, we will continue to focus our efforts on “establishing a cash management system for overseas Group finances” and “promoting business activities with an awareness of ROIC.”

While our efforts related to human resources are something that will be promoted over the long term, we will aim to realize a workplace environment where all employees of the TOTO Group around the world can work in a lively manner and with a sense of pride.

TOTO Global Environmental Vision

CSR
Activities

Mission



Materiality



In light of the changing times and social trends, the TOTO Group revised its mission in October 2017, which declares its intent to implement in the medium to long term the primary items for the sustainable growth of the TOTO Group. Based on this new mission, we identified Cleanliness and Comfort, Environment, and Relationships, themes that impact both our business and society, as material issues.

Global Environmental Goals

	Aims	Major Initiatives
Cleanliness and Comfort	<ul style="list-style-type: none"> Realize cleanliness and comfort throughout the world Pursue ease of use for everyone 	Global expansion of clean and comfortable toilets
Environment	<ul style="list-style-type: none"> Protect our limited water resources and connect with the future Undertake initiatives to fight global warming and coexist with the earth Aim for sustainable development together with local communities 	Widespread adoption of water-saving products CO ₂ emission reductions Social contribution activities entrenched in local communities
Relationships	<ul style="list-style-type: none"> Build deep, long-lasting relationships with customers Offer cultural support and contribute to society for the next generation Create and share joy in work together 	Improved customer satisfaction Promotion of employee volunteer activities Become a company that is pleasant to work at

Coinciding with the implementation of our mid-term management plan, TOTO WILL2022, the TOTO Global Environmental Vision was revised and put into effect in April 2018. This vision acts as a driving force for TOTO WILL2022. By strengthening the promotion of this vision, we are aiming to further integrate our management and CSR activities and increase our corporate value.

TOTO Global Environmental Vision



The TOTO Group is promoting its TOTO Global Environmental Vision, for which the number of themes expanded from one, Environment, which was already established, to three, Cleanliness and Comfort, Environment, and Relationships, in order to include social themes closely related to our business. Each theme has a set of key initiatives and specific indicators and targets determined based on our aims. We are working toward achieving these targets by fiscal 2022.

Through activities centered on the three global themes specified in this vision, we will also contribute to the achievement of the Sustainable Development Goals (SDGs) set by the United Nations in 2015.



Indicators	Fiscal 2018 Results	Fiscal 2022 Targets	SDGs
CEFIONTECT shipment ratio (overseas)	71%	79%	3 GOOD HEALTH AND WELL-BEING, 5 GENDER EQUALITY
TORNADO FLUSH shipment ratio (overseas)	36%	53%	6 CLEAN WATER AND SANITATION, 11 SUSTAINABLE CITIES AND COMMUNITIES
WASHLET shipment volume (overseas)	0.58 million units	2 million units	6 CLEAN WATER AND SANITATION, 7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION, 15 LIFE ON LAND
Reduction of water consumption during product use*1	860 million m ³	1,100 million m ³	6 CLEAN WATER AND SANITATION, 7 AFFORDABLE AND CLEAN ENERGY
Total CO ₂ emissions from business sites	351 thousand tons	450 thousand tons	13 CLIMATE ACTION, 15 LIFE ON LAND
Total CO ₂ emission reductions due to measures implemented	9 thousand tons	22 thousand tons	13 CLIMATE ACTION, 15 LIFE ON LAND
Total CO ₂ emission reductions during product use*1	3.23 million tons	3.7 million tons	13 CLIMATE ACTION, 15 LIFE ON LAND
Number of projects contributing to solve regional issues	38 cases	100 cases (total number since FY2018)	13 CLIMATE ACTION, 15 LIFE ON LAND
Customer satisfaction from after-sales services (Japan)	91.5%	90%	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH
Ratio of repairs completed within two days of reception (overseas)	75.7%	80%	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH
Volunteer activity participation rate (total number of participants / number of consolidated employees = participation rate)	100% or more	100% or more	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH
Annual paid leave usage rate (Japan)	80.8%	100%	12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 17 PARTNERSHIPS FOR THE GOALS
Ratio of female managers (Japan)	10.5%	20%	5 GENDER EQUALITY, 17 PARTNERSHIPS FOR THE GOALS
Employee turnover rate due to life events (Japan)*2	3.4%	0%	5 GENDER EQUALITY, 17 PARTNERSHIPS FOR THE GOALS

*1 Reduction effect when compared with the case where products of 2005 continue to be used

*2 Job turnover rate for employees raising children or providing nursing care but still wish to work

Cleanliness and Comfort

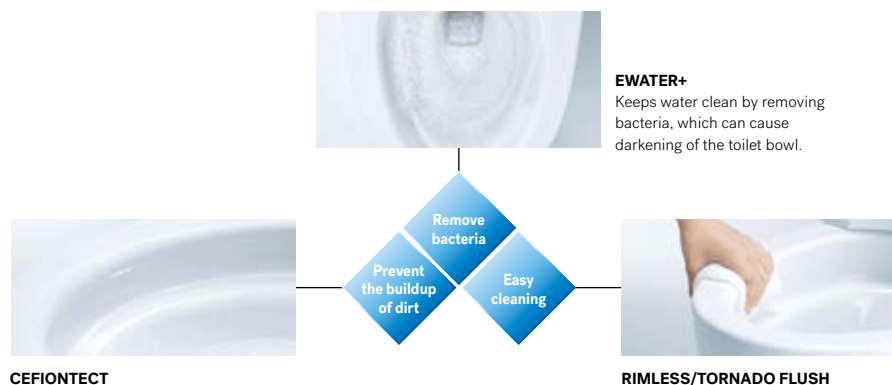
1

Realize Cleanliness and Comfort throughout the World

By providing “clean toilets” through a combination of our technologies that remove bacteria, prevent the buildup of dirt, and support easy cleaning, and “comfort toilets” exemplified by our WASHLET, we will realize cleanliness and comfort throughout the world.

Technologies That Maintain Cleanliness and Comfort

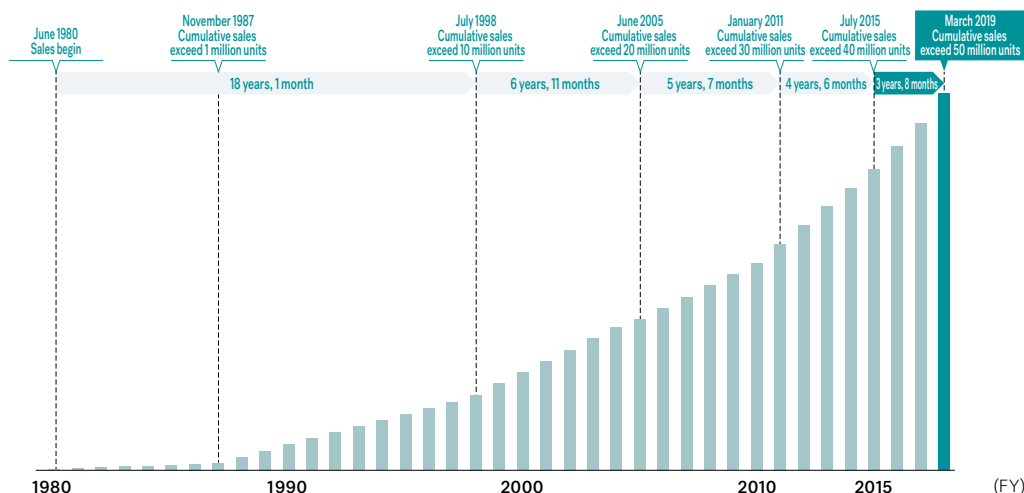
The TOTO Group has refined its manufacturing technology over the last one hundred years. To create clean and comfortable toilet spaces for our customers, we have developed a range of clean technologies unique to TOTO, such as EWATER+, CEFIONTECT, RIMLESS, and TORNADO FLUSH. Based on TOTO CLEANOVATION, derived from the words “CLEAN” and “INNOVATION,” in fiscal 2019 we will continue to innovate technologies toward achieving “cleanliness and comfort to everyday lives” around the world.



WASHLET™-Gaining Popularity throughout the World

Launched in 1980, WASHLET has created a new lifestyle and culture for Japanese toilets. After launching in Japan, WASHLET products were introduced to the U.S. market in 1986. From then, we began moving forward with the installation of these products in luxury hotels in countries and regions throughout the world, thereby expanding our sales in China, Asia and Oceania, and Europe. As a result, cumulative WASHLET shipments exceeded 50 million units globally as of March 2019. Going forward, we will continue to evolve our WASHLET technology according to the needs of each country and region in order to realize cleanliness and comfort throughout the world.

Trends in Cumulative WASHLET™ Sales





2

Pursue Ease of Use for Everyone

We propose and develop products by considering the livelihood of each and every one of our customers, including their age, physical condition, family structure, and lifestyle, in pursuit of the development and proposal of new products that blend seamlessly into everyday life.

TOTO's Universal Design

The key principle of universal design at TOTO is to make products as easy and comfortable to use as possible for as many people as possible. We firmly believe that the starting point for universal design is to define what "easy to use" and "comfort" means. To that end, we have set out TOTO's Five Principles of Universal Design, which employees always keep in mind to help them develop better products and improve product ideas.

TOTO's Five Principles of Universal Design

- ① Easy posture and movement
- ② Simple, easy-to-understand operation
- ③ Coordination to address differences and changes in users
- ④ Comfort
- ⑤ Safety



Universal design (UD) activities are promoted throughout the Company, centering on the TOTO UD Research Center, established in 2006.

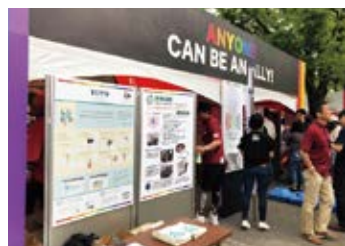


Inspection at TOTO UD Research Center

Proposing Public Toilets That Regard Sexual Minorities

The TOTO Group has been utilizing its universal design concept as the platform to creating toilet spaces that are easily accessible for as many people as possible, including wheelchair users, ostomates, parents with babies or young children, and the elderly. Making use of the expertise and verification methods we have amassed over the years, we are now incorporating the perspectives of the LGBT* community in our efforts toward improving accessibility. We have been holding a series of seminars on the introduction of plans for public toilets that regard the LGBT community since 2016. Further, in 2018, we conducted a survey targeting the LGBT community on the use of toilets, and announced its results through an analysis focused on transgender people, who tend to encounter a variety of issues when using toilets.

* LGBT: Lesbian, Gay, Bisexual, and Transgender; a term used to represent sexual minorities



Participated in Tokyo Rainbow Pride 2019, an event celebrating diversity for gender and living



"Providing Public Toilets for All" (published in June 2018)

A pamphlet on enhancing the use of public toilets for everyone including those of the LGBT community

Environment

1

Protect Our Limited Water Resources and Connect with the Future

The depletion of water resources has a remarkable impact on the lives of people and, as a supplier of bathroom and kitchen plumbing products, TOTO has a duty to help resolve this issue. With this duty in mind, the TOTO Group will continue to evolve its water-saving technology and contribute to the conservation of water resources by spreading this technology to the rest of the world.

Reduction of Water Consumption through Water-saving Products

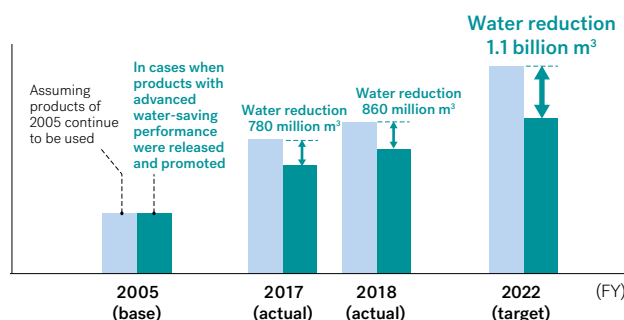
The surface of the earth is mostly covered in water, but only 0.01% of that water can be consumed by humans.*

In addition, as a result of such factors as the global population increase in recent years, economic development, and climate change, by 2050 the amount of water that can be consumed annually by each individual is estimated to be reduced to three-quarters of the amount in 2010.*

The TOTO Group continues to promote the reduction of water consumption during product use and is working toward the conservation of water resources by developing its water-efficient and comfortable products and spreading them on a global scale.

* Source: *Current State of Water Resources in Japan (2018)*, Ministry of Land, Infrastructure, Transport and Tourism

Water Consumption during Product Use



Water consumption during product use refers to the overall volume of water consumed by products during the period of use within the particular fiscal year that said products were shipped.
Water reduction refers to the effect when compared with the case where products of 2005 continue to be used.

2

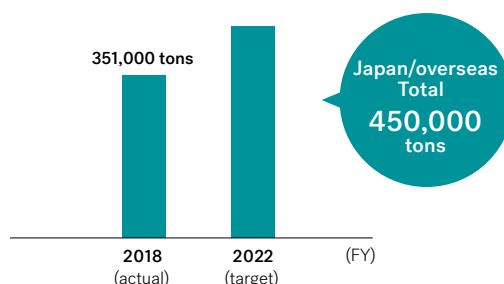
Undertake Initiatives to Fight Global Warming and Coexist with the Earth

The TOTO Group recognizes the possible impact of climate change on its business and society as one of its business risks. Based on the TOTO Global Environmental Vision, we are making efforts from a long-term perspective toward realizing decarbonization by promoting reductions in CO₂ emissions generated from our processes involving manufacturing and product use.

Curbing Total CO₂ Emissions from Business Sites

We are contributing to the prevention of global warming by curbing the CO₂ emissions generated from our business sites, which are increasing in line with the growth of our business. To that end, we are moving ahead with the implementation of various energy-saving measures. These measures include minimizing energy consumption in our business activities through use of the latest energy-saving devices and high-efficiency equipment and the sharing of know-how on energy conservation activities, as well as proactively expanding the use of renewable energy throughout the Group in line with the increasing demand for such energy in each country and region.

Total CO₂ Emissions from Business Sites





Reduction of CO₂ Emissions during Product Use

CO₂ emissions from toilets, as well as bathroom and kitchen plumbing comprise 23% of all CO₂ emissions produced by Japanese households.*

This is due to the energy used by pumps to deliver water to water purification plants and households as well as energy used in sewage treatment plants. In addition, the energy used to generate hot water also emits CO₂. The TOTO Group continues to promote the reduction of CO₂ emissions during product use through the global expansion of products that make effective use of water and hot water.

* Source: Calculated based on the GHG Emissions Data of Japan (2011), Greenhouse Gas Inventory Office of Japan

3

Aim for Sustainable Development Together with Local Communities

Carrying on our founder's conviction of "providing a healthy and civilized way of life," the TOTO Group will help revitalize and sustain local communities as well as carry out activities that contribute to their development as part of its role as a good corporate citizen.

TOTO Water Environment Fund

The TOTO Group aims to be a company that contributes to the development of an affluent and comfortable society through its focus on plumbing products. To develop a sustainable society that uses its water effectively into the future, not only are the business activities of corporations important, but the role of civic activities is also essential. Accordingly, we established the TOTO Water Environment Fund in 2005 in support of the environmental activities of citizens in various regions of Japan. Since 2008, TOTO has been supporting NPOs and NGOs with environmental conservation activities overseas and the creation of sanitary and comfortable living environments. As of 2018, these efforts have expanded to 40 prefectures in Japan and 14 countries and regions worldwide.

Announcing Support for TCFD

In May 2019, the TOTO Group announced its support for the Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB).

The TOTO Group views climate change as a material issue facing society. Accordingly, guided by the TOTO Global Environmental Vision, we will undertake initiatives from a long-term perspective toward the year 2050 for the realization of a decarbonized society on a global scale and proactively disclose information on climate change.



▶ Please refer to the following section for details on our initiatives related to climate change.

<https://jp.toto.com/en/company/csr/environment/warming/tcfid.htm>



Relationships

1

Build Deep, Long-lasting Relationships with Customers

We make proposals at showrooms to ensure that customers can purchase our products with peace of mind. We also make various efforts through our call centers to respond to any questions or concerns our customers may have when using our products. In addition, we provide an after-sales service that focuses on being fast, reliable, and courteous. In these ways, we will continue to develop strong, long-lasting relationships of trust with our customers.

Initiatives for Showrooms

To enable our customers to feel and experience our products first-hand and thereby provide them with peace of mind when remodeling, we have established 100 showrooms in Japan and 14 directly managed showrooms overseas. Our Japanese locations include 12 showrooms that are operated in collaboration with DAIKEN and YKK AP, where we exhibit and propose living spaces featuring products of the three companies for our customers to immerse themselves in.



Initiatives for After-sales Services

“TOTO quality” refers not just to the quality of the products themselves but also to their assembly and maintenance if a problem were to arise. To enhance quality in this regard, we strive, for example, to improve maintenance skills and educate employees on proper etiquette when interacting with customers. We also aim to reduce the amount of time between the receipt of a service request and the completion of necessary repairs by setting goals in our major countries and regions of operation and enhancing our after-sales services.

In Japan, as a way to improve the quality of this service, we send a postcard questionnaire to customers in order to gather information on their satisfaction with the service.



2

Offer Cultural Support and Contribute to Society for the Next Generation

The TOTO Group contributes to the revitalization and development of local communities through the support of activities in architecture, art, and sports, in addition to encouraging its employees to participate in volunteer activities. In doing so, the TOTO Group strives to become a company that contributes to the development of a better society through its business activities.

TOTO GALLERY·MA

TOTO GALLERY·MA was established in 1985 with the goal of supporting the development of the architecture that is deeply tied to our business. As a gallery specializing in architecture and design, we have since facilitated a multifaceted exposure to the varying works, ideas, and worldviews of architects and designers from both Japan and abroad through exhibitions and lectures. These kinds of activities help create a



sense of appreciation among people from different generations as well as countries and regions, and help us to keep gaining TOTO fans around the world.



Tsuyoshi Tane | Archaeology of the Future—Search & Research (2018)
© Nacása & Partners Inc.

Promotion of Employee Volunteer Activities

The promotion of employee volunteer activities stands as one of our Global Environmental Goals. We actively support employee participation in volunteer activities across a broad range of fields, starting with social contribution activities such as tree-planting and city cleanups, as well as activities to provide aid to disaster-affected regions and assist with sports.

Total Number of Volunteers in Fiscal 2018

48,300 volunteers



Create and Share Joy in Work Together

We conduct activities to promote diversity and implement workstyle reforms in order to be a company where a variety of personnel can gather, prosper, and be inspired to take on new challenges. In addition, the TOTO Group will continue to work with its suppliers to undertake activities that address CSR issues in areas such as human rights and labor, safety and health, and environmental consciousness.

Promotion of Diversity

The TOTO Group respects the individualities inherent in a diverse workforce, including age, gender, and nationality. It is our belief that diversity gives rise to fresh, new ideas that lead to the creation of prosperous and comfortable lifestyles.

In particular, one of the flagship goals we are strongly pursuing is increasing the percentage of women in managerial positions in Japan. To this end, we are supporting the continued success of women in the workplace through various efforts for our female employees such as step-up training and training for management position candidates.



Promotion of Work-Life Balance

We promote efforts to improve work-life balance because we believe that harmonizing the work and home life of employees will result in greater productivity and a greater sense of accomplishment from work. In addition to encouraging employees to take paid leave, we have also put in place various systems that facilitate the adoption of diverse workstyles and help employees balance work and child/nursing care responsibilities.

Further, the TOTO Group introduced its “work-from-home system” in April 2018 in order to establish an environment that allows its employees in Japan to keep working while balancing their childcare and nursing care responsibilities. Through this “work-from-home system,” employees will be able to work from home for a few hours per day or even the entire day while managing their childcare and nursing care duties.



Platinum Kurumin certification mark



Offering Satisfaction That Goes Above and Beyond Customer Expectations

Through the provision of highly attractive products and services, the TOTO Group strives to offer lifestyles that go above and beyond customer expectations. To that end, we believe that the true quality of TOTO is evident during the process from making proposals at our showrooms to providing after-sales services, and we are promoting a broad range of efforts to improve customer satisfaction throughout this process.

A Word from a Customer

Offer lifestyles that go beyond expectations

We are so happy we can enjoy meals and relax as a family

Husband and Wife

Before the remodeling, our house was so dark that you basically had to have the lights on all day to do much of anything. Now, the natural light during the day is more than enough to light our entire home. The brightness and use of natural materials make our living room, dining room, and kitchen extremely comfortable to be in, and we are so happy we can enjoy meals and relax together as an entire family, including our parents, in such a home. Also, we are now able to use our bathroom and kitchen spaces in a clean and comfortable manner, and cleaning the house has become so much easier.

Parents

We are very happy we can live together with our son's family with just the right sense of space between us. There is a secondary living room with a mini kitchen right next to the entrance of the home, which makes living in the neighborhood more fun as we can easily have visitors. I also really enjoy the wonderful entry-way as it almost feels like a veranda.



S.K. residence, Nagano Prefecture
Remodeling conducted by SUNPRO-REFORM, SUNPRO LTD.
Received Grand Prize and the national TDY REMODEL SMILE CONTEST 2018

Details of the Remodeling Project (Conducted by SUNPRO DESIGN WORKS)

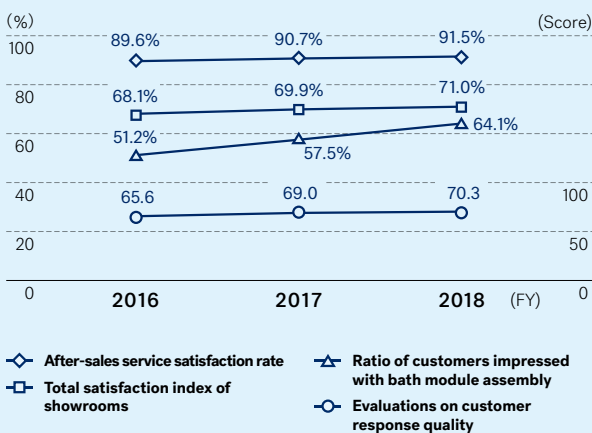
This remodeling project involved turning a store/residence with a narrow doorway and long interior dimensions into two-family residence. By establishing a long hallway and windows on the north side of the residence, we ensured ample lighting and an appropriate line of flow. In the living room, dining room, and kitchen area, which is on the second floor, we installed TOTO's open-type kitchen in order to encourage conversation between family members.

TOTO Initiatives

Implementing Customer Satisfaction Surveys

To find out just how much we are satisfying customers through our daily service activities, we implement customer satisfaction surveys that evaluate customer satisfaction using four indices.

Results of Customer Satisfaction Surveys



Sharing Examples of Activities Emphasizing the Customer's Perspective

With the aim of sharing examples of activities for improving customer satisfaction, we hold the TOTO Group Customer Satisfaction Convention every year. At this convention, we select and present outstanding examples of the activities conducted by each division.

In fiscal 2018, 27 teams, which included participants from China, Taiwan, and Vietnam, gave presentations. By sharing examples of the outstanding initiatives being carried out at our locations in each country and region, we are promoting activities to improve customer satisfaction on a Groupwide level.



Presentation by TOTO VIETNAM at the TOTO Group Customer Satisfaction Convention



Together with Our Employees

To realize the sustainable growth of the TOTO Group, we are promoting various efforts with the aim of creating a workplace that utilizes the individuality of all employees and allows them to work in a lively manner. To realize this aim, we are pursuing human resources management that embraces diversity and work-life balance. At the same time, we are also working to develop human resources in order to pass on our technologies, which represent our strengths as a corporation, to the next generation.

Work lively and utilize individuality

TOTO Initiatives

Fostering a Corporate Culture of Self-Study and Continuous Growth

In addition to level-specific training, we have established and are implementing such programs as “open training,” in which employees can select their field of study; “*musha* (warrior) training,” where employees acquire insight from other industries and leverage that insight to achieve growth; the “management school,” which works to cultivate the leaders of the next generation; and the “in-house foreign language school,” which helps employees enhance their work performance from a global perspective. Going forward, we will continue to encourage a shared perspective among employees of all generations to learn and develop together in order to foster a corporate culture of self-study and continuous growth.



In-House Foreign Language School

A Corporate Culture That Encourages Growth

I am making use of the “in-house foreign language school” to maintain and improve my foreign language ability. I used to go to a foreign language school outside of work to study English, but I often found it difficult to schedule classes because I had to make reservations ahead of time and ensure a balance with my work schedule. With the In-House Foreign Language School, teachers come directly to the office, which makes it easy for me to attend classes as they are held in the conference room after work. Also, these classes allow me to interact with personnel from other divisions who I often do not have a chance to communicate with in my daily work.



Ai Iwasaki
Public Relations Department

A Word from an Employee

Realizing Workstyles That Make Flexible Use of Time and Location

To prevent employees from leaving their position due to life events such as child-rearing and nursing care, we are promoting policies to support work-life balance, such as the “shortened work hour system” and the “leave-of-absence/holiday system.” Additionally, we have introduced the “work-from-home system” as an initiative to support the balance between work and child-rearing or nursing care by allowing our employees’ time to be used more efficiently. As part of our efforts to reform workstyles, we have established a dedicated website on the in-house intranet where we introduce systems related to workstyle reform as well as role models for other employees.

Number of Employees Using the “Work-From-Home System”

Fiscal 2018 result:
TOTO Group (Japan)

135

Balancing Work Life and Nursing Care

I am making use of the “work-from-home system” so that I can work while supporting and providing nursing care to my mother, whose cognitive abilities have been weakening. When I told my family that I was considering the use of the “work-from-home system,” they were extremely pleased and expressed their appreciation to TOTO for having such a wonderful system. When I work from home, my family members occasionally forget that I am on the clock and come to talk with me, but there really aren’t any major hindrances to my work. This system allows me to use the early morning hours for work and provides me with peace of mind as I am constantly able to be near my mother.



Yuko Eto
Cultural Promotion Department

Hosting the Ceramic Sanitary Ware Technical Skills Competition

We hold the Ceramic Sanitary Ware Technical Skills Competition every year with the aim of sharing and passing on our know-how on the spirit of craftsmanship cultivated in Japan, in addition to further improving our technological capabilities.

In fiscal 2018, preliminary competitions were held at 15 locations in nine countries and regions around the world, including Japan. There were 30 representatives from these locations who competed in the glazing division, and 32 representatives who competed in the molding division. As for the results, representatives from BEIJING TOTO CO., LTD. won the competition in the glazing division while representatives from TOTO SANITECHNO LTD.’s Kokura Factory were the winners in the molding division.

While steadily passing on our technologies in each country and region, we will strive to realize “Quality and Uniformity” across the globe.



Molding division of the Ceramic Sanitary Ware Technical Skills Competition



Together with Our Suppliers

The TOTO Group considers its suppliers to be its partner in contributing to society and the global environment and realizing co-creation and growth. Together with its suppliers, the Group is providing valuable products and services to its customers through fair purchasing practices while giving ample consideration to the environment and social issues such as human rights.

Coexist and grow together while contributing to society and the environment

TOTO Initiatives

Biodiversity-conscious Procurement Activities

We have established specific standards for our raw materials, such as earth and stone materials, and are conducting questionnaires and interviews with all supplier mines. Through these questionnaires and interviews, we verify whether or not suppliers are working to restore forests and other natural surroundings after mining has been completed. We also confirm the status of supplier efforts to ensure that rivers, lakes, and marshes do not become polluted with mining drainage or pulverized waste. As a result of such efforts, we were able to confirm that all of our supplier mines are fully complying with the Standards for Sustainable Procurement of Raw Materials. Going forward, we will continue to conduct biodiversity-conscious procurement while working to bolster our efforts across the entire supply chain.

Achievement Rate of Compliance Item Standards of Mines

Fiscal 2018 result:

100%

CSR Procurement Activities

We work with our suppliers to undertake activities that address CSR concerns in areas such as human rights and labor, safety and health, and the environment. In addition to holding policy briefings for our suppliers, we carry out survey research and conduct interviews and investigations through on-site visits. In fiscal 2018, we held a total of 12 policy briefings, in which 635 of our suppliers in Japan participated. Overseas, we conduct CSR procurement activities that cater to the circumstances of each country and region, giving the utmost respect for local laws and customs as we strive to deepen mutual understanding and achieve mutually beneficial relationships.

Achievement Rate of Compliance with the TOTO Standards

Fiscal 2018 result:

100%



Policy briefing for suppliers

Contributing to Excellent Manufacturing in High-Quality Environments

A Word from a Supplier

We supply TOTO with over 30 different kinds of raw materials for ceramic sanitary ware, including pottery stones. High-quality materials are crucial to the efficient production of high-function-



Employees of ETO INDUSTRY CO., LTD.

ing, high-quality products. We have adopted "promoting proposal-making capabilities," "providing peace of mind," and "maintaining the highest levels of satisfaction" as our corporate policies, and each of our employees thoroughly adheres to these policies. For example, we implement rigorous control measures to prevent foreign materials from mixing with our raw materials. We also hold a certain amount of domestic inventory for raw materials that come from overseas. In these ways, we offer peace of mind to TOTO.

The level of quality that TOTO expects for its CSR procurement are extremely strict. I believe that the steady provision of high-quality raw materials will help TOTO realize stable operations and yield improvements at its factories, which in turn will help them utilize their resources more effectively.

Toshio Maeda
Executive Director
ETO INDUSTRY CO., LTD.

Realizing Growth through Transactions and Supporting World-Leading Levels of Quality

We supply TOTO with copper alloy, a raw material for faucets. In addition, we collect and recycle the copper alloy chips that are created during TOTO's manufacturing process. By doing so, we collaborate with TOTO in conserving the global environment.



Kyohei Mano
(on right)
Sales Division and
Osaka Branch Manager
SAN-ETSU METALS
Co., Ltd.

For its faucets, TOTO strives for world-leading levels of functionality, quality, and design. To that end, we have established rigorous standards for both

TOTO and other companies. TOTO also pursues high levels of effectiveness in terms of BCP. As a result of our efforts to provide TOTO with such high levels of effectiveness, our BCP functioned flawlessly during the Great East Japan Earthquake, allowing us to make deliveries without delay. This in turn earned us high praise.

Going forward, we would like to build a relationship through which we can grow together based on our mutual efforts toward CSR procurement.



For Society

The corporate activities of the TOTO Group are only made possible through the sound and sustainable development of society. To that end, the Group uses its management resources effectively in conducting social contribution and community coexistence activities aimed at the resolution of local and global social issues. Through the establishment of “preserving the water environment,” “creating a sanitary and comfortable living environment,” and “developing the next generation” as core issues, we are promoting a broad range of activities.

TOTO Initiatives

Realize a sustainable society

A Word from a Stakeholder

Preserving the Water Environment

As a company that offers bathroom and kitchen plumbing products, TOTO strives to preserve water environments such as rivers and oceans.

We established the TOTO Water Environment Fund in 2005. Through this fund, we are supporting the activities of citizens and organizations that work to protect water environments. At the same time, our employees participate voluntarily in such activities. Also, we established the TOTO Water Environment Fund in China in 2008. With this fund, we have contributed CNY10 million thus far and have been conducting educational activities on water conservation and establishing water supply facilities.

TOTO Water Environment Fund

14th grant assistance: **¥24.7 million**

Cumulative amount of assistance: **¥337.8 million**

Providing Support Based on Local Needs

To resolve local issues through our activities in support of developing countries, it is important that we adopt a participation-based approach where we consider aspects from the perspective of local community members and propose solutions that these members are able to realize. Based on the experience we have gained thus far, we have often seen the most dramatic results when we offer support in a way that balances the establishment of infrastructure with the development of human resources.



Aya Yamagata
Leader
Private Sector & Individual Partnership Marketing & Communication Dept. Plan International Japan

Among government and other subsidy programs, there are programs that can be utilized for infrastructure establishment but not for covering labor and personnel costs, making it difficult for us to make use of such programs. This is why we are extremely grateful for the TOTO Water Environment Fund, which can be used for both establishing infrastructure and developing human resources.

Supporting the Development of Architectural Culture

Through the activities of TOTO GALLERY·MA and TOTO Publishing, we have been supporting the development of architectural culture, with which our businesses have a deep connection. By holding exhibitions and lectures featuring architects who are active on a global scale, we are introducing the latest developments in the architecture industry to students and others who will oversee the future. Furthermore, we publish books that offer more detailed information on the ideas and works of architects. Our architecture-oriented activities have been highly praised by members of the architectural community around the world.



TOTO GALLERY·MA,
Tsuyoshi Tane | Archaeology of the Future—Search & Research (2018)
© Nacása & Partners Inc.



TOTO Publishing
© Yukikazu Ito

Contributing to the Culture of Japanese Architecture

In fall 2018, I held a solo exhibit for the first time at TOTO GALLERY · MA. When we held the first meeting regarding the exhibition, I was asked to present something that offered a sense of the future for the exhibition itself, and for my collection of works, I was asked to create something that would last for a long time. These requests, although simple, were quite difficult. However, TOTO staff



Tsuyoshi Tane
Architect
(Atelier Tsuyoshi Tane Architects)
Photo: Yoshiaki Tsutsui

members helped me search for answers to these requests. In order for the exhibition to be a success, the staff at the gallery offered me words of encouragement and provided me with comprehensive support. They also helped me compile my collection of works up until the very last minute, remaining committed to quality throughout the entire process from ensuring paper quality to checking the final colored proof.

Results are everything in the work of professionals. The love and passion that TOTO staff members have for their work in order to achieve results is an unmeasurable strength for contributing to the culture of Japanese architecture. I was truly moved by the strong will of TOTO staff members, and I am extremely grateful for the opportunity to experience these emotions with them.



Dialogue with Shareholders and Other Investors

TOTO conducts investor relations (IR) activities that reflect the high priority we place on communication with our shareholders and other investors in Japan and overseas. Through the timely and appropriate disclosure of information pertaining to our corporate philosophy, management policies, business strategies, and financial and non-financial data, we aim to establish long-term, trust-based relationships with our shareholders and other investors by deepening their understanding of the Company and engaging in repeated dialogues with them.

Working to Ensure Transparency and Fairness in Our IR Activities

Based on our IR Policy, we make timely disclosures through a dedicated webpage, hold individual meetings and financial results briefings, and conduct other activities to ensure transparency and fairness in our communication with individual and institutional investors.



▶ IR Policy

<https://jp.toto.com/en/company/ir/disclosure>

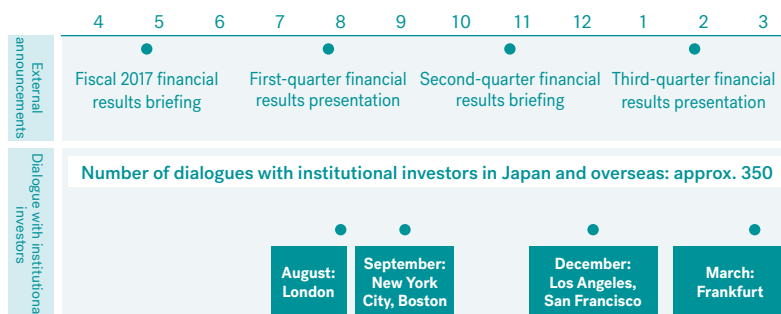
Relations with Institutional Investors

For domestic investors, we announce financial results twice a year, hold meetings to explain our strategies, and conduct showroom and plant tours. In addition, our top management engages in overseas activities aimed at institutional investors outside of Japan. Recently, investor interest in TOTO has been increasing year after year in tandem with the heightened awareness of our products overseas.



Financial results briefing

IR Activities in Fiscal 2018



Meeting with overseas investors

Dividend Policy

We consider the return of profit to shareholders as an important part of our management policy. We therefore make it a rule to retain sufficient earnings to secure funds for building a firm corporate structure and expanding our business while assuring a stable return of profit to shareholders.

We will place priority on utilizing our acquired profit and cash to conduct growth investments in order to establish a long-lasting and solid management foundation. These investments include improving product appeal, streamlining and strengthening production and sales systems, and developing new and overseas businesses. Any funds remaining after conducting such investments will be returned appropriately to our shareholders.

Each fiscal year, we aim for a dividend ratio of 40% of our net consolidated profit for the term. In addition, we will determine the acquisition of treasury stock from a comprehensive standpoint, based on the need for flexibility in capital policies and the impact on our financial position.

Dividend Ratio

In conjunction with the formulation of the TOTO WILL2022 Mid-Term Management Plan, we have raised our target dividend ratio to 40% from fiscal 2018.

40%

Stakeholder Engagement

TOTO considers the concept of stakeholder engagement to be vital in building relationships of trust with stakeholders and in facilitating cooperation. By doing so, TOTO aims to improve societies for generations to come.

CSR Communication with Stakeholders

We place importance on communication with all stakeholders, including customers, employees, shareholders, business partners, and society at large, and endeavor to develop closer relationships with them.

We deepen interaction with our customers through various settings, such as events at our showrooms and factories, and we engage in direct dialogue with our business partners through policy briefing sessions and CSR questionnaires. In addition, for our shareholders, we disclose appropriate information in a timely manner and promote understanding of the spirit of TOTO manufacturing through such means as factory tours. Going forward, we will continue to make concerted efforts toward stakeholder engagement through two-way communication.



Participating in a Stakeholder Engagement Program

We participate in the Human Rights Due Diligence Workshop, a stakeholder engagement program sponsored by Caux Round Table Japan.

This workshop aims for the corporate application of the UN Guiding Principles on Business and Human Rights. Under this aim, the workshop has identified human rights issues by sector based on the input of multiple stakeholders, including companies, NGOs/NPOs, and various experts.

In fiscal 2018, we worked to revise these human rights issues by sector together with the companies who also participated in the workshop. By doing so, we deepened our understanding of the importance of valuing human rights in our business activities.

Furthermore, we shared the content of this workshop internally, and established and implemented the TOTO Group Supplier Code of Conduct in order to ensure the protection of human rights within our supply chain. This code of conduct states the expectations we have of our suppliers in terms of human rights, labor, the environment, and the prevention of corruption.



Discussion about "Human Rights Issues by Sector"
©2018CRT-Japan

CSR Management

The TOTO Group considers CSR management to be management by the use of CSR initiatives for the purpose of bringing the TOTO Group Corporate Philosophy to life. Our Corporate Philosophy, based on the thoughts of the founder to be passed down through the generations, communicates to all of our stakeholders the purpose for which our company exists, our business domains, and the type of company we aim to be.

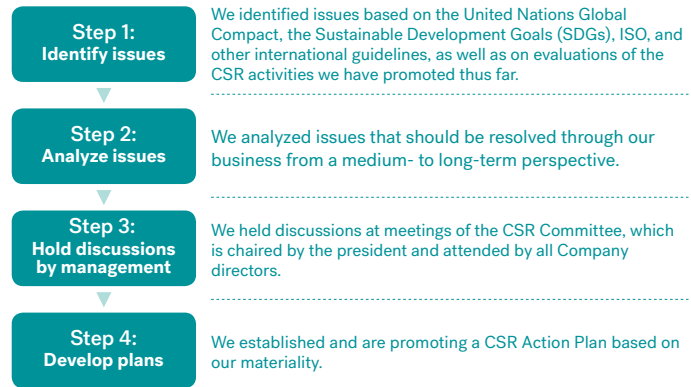
CSR Philosophy

The TOTO Group views CSR as “a commitment toward creating sustainable value and realizing a better society by building a mechanism for developing synergy between businesses and society.” Guided by this belief, the Group is moving ahead with initiatives to realize the TOTO Group Corporate Philosophy.

Based on this belief, we have identified material issues as themes that impact both businesses and society according to our mission, which declares our intent to implement in the medium to long term the primary items for the sustained growth of the TOTO Group.

In October 2017, in line with the revision to our mission attuned to the changing of the times and society, we established “Cleanliness and Comfort,” “Environment,” and “Relationships” as material issues, and they have been determined as three global themes under the TOTO Global Environmental Vision.

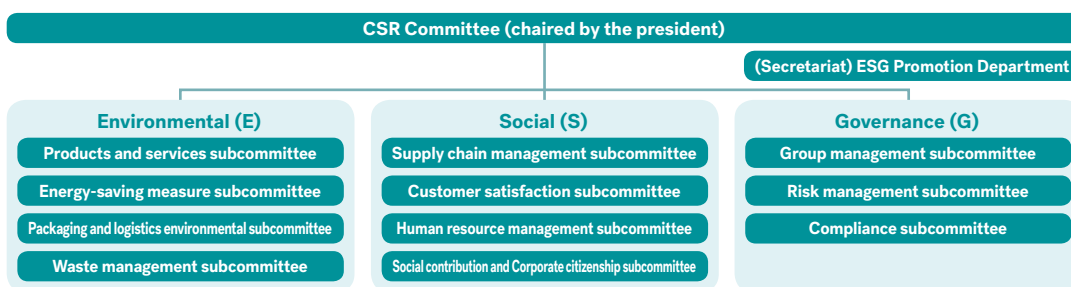
Process for Identifying Materiality



CSR Promotion System

We started our CSR activities in 2004 with the establishment of the CSR Committee and a full-time CSR department. The CSR Committee holds meetings once a year and is chaired by the Company’s president. The committee works to strategically integrate our business and CSR activities by taking a comprehensive approach to ESG (environmental, social, and governance) fields. The committee holds discussions on the formulation of plans for CSR activities based on identifying materiality, as well as on climate change and other issues related to CSR. Each subcommittee of the CSR Committee formulates CSR promotion plans, which are then implemented in relevant divisions and at domestic and overseas Group companies. In these ways, we are promoting CSR activities on a cross-organizational basis.

Promotion System of the CSR Committee



Promoting Widespread Understanding of ESG

At the TOTO Group, we undertake concerted Groupwide efforts in CSR and governance and spread awareness of our corporate philosophy and mission to each and every employee. In Japan, we conduct level-specific training programs targeting new hires and newly appointed managers. In fiscal 2018, we provided all employees with e-learning opportunities in order to promote understanding of our new mission, material issues, and the TOTO Global Environmental Vision throughout the Group. Overseas, we prepared educational materials in English and Chinese and held training programs tailored to each country and region as part of our efforts to raise awareness of ESG throughout the entire TOTO Group.



Guideline training for newly appointed managers of Group companies

Risk Management

Basic Approach and Promotion System

The TOTO Group makes relentless efforts to eliminate all factors that could hinder the implementation of management policies in order to maintain the confidence of society and fulfill its corporate social responsibilities. In cases of unexpected problems, maximum efforts will be made to minimize various effects on stakeholders and restore the confidence of related parties by developing appropriate preventive measures.

Under the guidance of the president, we have established the Risk Management Committee, which is chaired by the executive vice president. In accordance with the TOTO Group Rules for Risk Management, the committee assesses any risks that may have a significant impact on our business and society, and identifies major risks that the Company must work to address. The identified risks are addressed through collaboration between the risk management divisions designated for each field and all Company divisions and Group companies by striving to prevent such risks and enhancing the Group's risk management response.

Risk Simulations

To improve our prevention and response capabilities to major risks, we have been continuously carrying out practical risk simulations at all locations in Japan and overseas. The risks simulated include natural disasters and product-related accidents. In addition, as part of our efforts to establish a robust risk management structure, we conduct level-specific risk management training targeted at employees newly appointed to positions, from department head to the managerial ranks. We are also moving forward with a broad range of other efforts, including unified simulation training that uses a safety confirmation system in anticipation of earthquakes and other large-scale disasters.



Risk simulation training

Compliance

Basic Approach and Promotion Structure

The TOTO Group adheres to laws, regulations, and social norms within its corporate activities and strives to foster an organizational culture that promotes fair and transparent action. In 2013, we established the TOTO Group Business Conduct Guidelines with the aim of implementing and raising awareness of the Common Group Philosophy, particularly the Charter of TOTO Group Corporate Behavior. With the aim of building ethical standards and enhancing awareness of compliance, we are rolling out the guidelines throughout the Group, including our overseas businesses. In addition, to create a solid compliance structure, the Group has promoted actions to clarify the roles and authority of the Compliance Committee and the Legal Control Division. The Compliance Committee meets four times a year and works to incorporate processes into the Company's structure to verify the progress of compliance education, monitoring, and other compliance-related activities. In these ways, the Group is promoting compliance activities that are highly effective and transparent.

Compliance Activity Cycle



Developing Employees by Setting High Ethical Standards

In accordance with the 2017 revisions to Keidanren's Charter of Corporate Behavior and social trends, in June 2018 we updated our Charter of TOTO Group Corporate Behavior. The contents of the charter were revised to incorporate the Company's aim of continuing to integrate its management and CSR. To that end, each and every employee of the TOTO Group will contribute to the resolution of human rights and other social issues on a global scale while adhering to high ethical standards and take a proactive approach in helping to realize a sustainable society.

At the same time, we have also revised the TOTO Group Business Conduct Guidelines, which we rolled out in Japan and overseas, and promoted its awareness to all employees in order to develop their understanding of proper conduct according to the charter.



TOTO Group Business Conduct Guidelines

Corporate Governance

Basic Stance on Corporate Governance

The TOTO Group strives to be a great company, trusted by people all around the world, contributing to the betterment of society. In addition to being a corporate entity engaged in the pursuit of profit through fair competition, the Group conducts its business in such a way as to continue to benefit society broadly. In order to realize this target, we believe it is important to build a system for pursuing and supervising fair and equitable management, and clearly define a philosophy that serves as the basis of such a system.

► Please see pages 1-2 for the management philosophy system for TOTO Group management.

Composition of the Board of Directors and Audit & Supervisory Board in Fiscal 2019

We believe that in order to supervise business operations and to make important decisions, TOTO's Board of Directors must be composed of members with diverse perspectives, experience, and highly professional skills. Meanwhile, for the purpose of performing the double-check function of supervision by the Board of Directors and of audits by Audit & Supervisory Board Members, Outside Directors need to include not only auditors required by law, but also Directors with voting rights at Meetings of the Board of Directors; and both Audit & Supervisory Board Members and Directors must have considerable independence.

As of June 26, 2019, we have 13 Directors with voting rights at Meetings of the Board of Directors, of whom 10 are Inside Directors with careers in the TOTO Group and three are highly independent Outside Directors. These members use their respective skills in discussions to make legal and business management decisions and supervise business operations. The Audit & Supervisory Board consists of two standing members with careers in the TOTO Group and two outside members with a high level of independence, and conducts audits from the perspectives of legality and appropriateness.

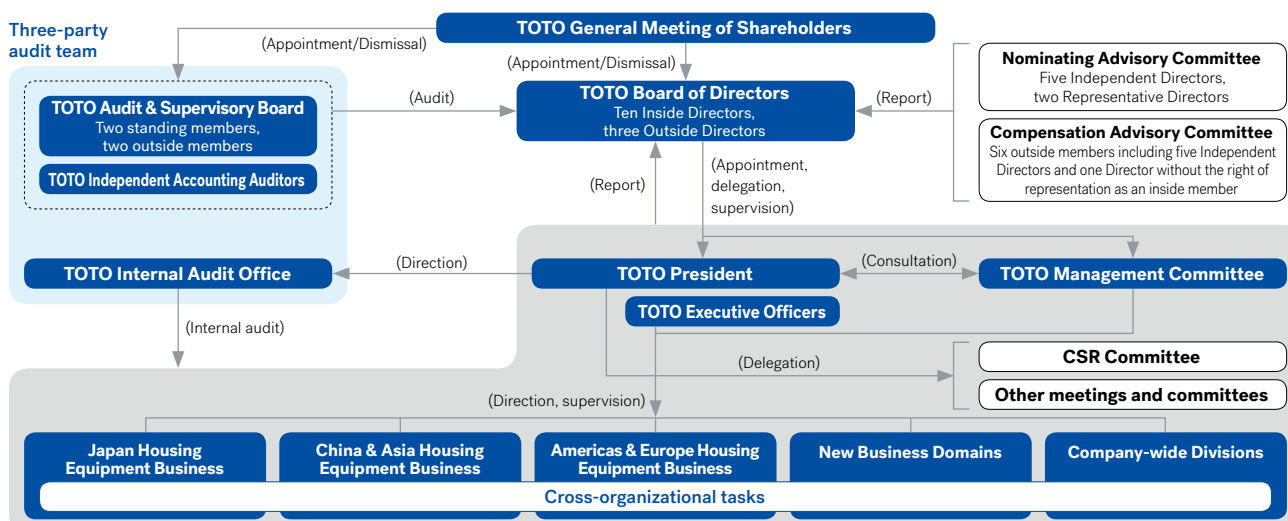
Reasons for Adoption of Current Corporate Governance System

The TOTO Group considers that an essential aspect of corporate management is ensuring the satisfaction of stakeholders and constantly expanding corporate value by improving objectivity and transparency in management and by clarifying management responsibilities. To achieve this, for matters requiring management decisions, TOTO recognizes the importance of systematizing "who makes decisions about what and where" as well as "what checks are implemented" in a fair and honest manner. TOTO has adopted the Audit & Supervisory Board system and is building a structure of decision-making, supervision, and more efficient and effective business execution, with the aim of continuously increasing corporate value.

1. Clarifying the allocation of management responsibility (introduction of the Executive Officer system and the like)
2. Enhancing management transparency and soundness (establishment of the Nominating Advisory Committee and the Compensation Advisory Committee)
3. Reinforcing supervisory and auditing functions (nomination of highly independent Outside Directors and Outside Members of the Audit & Supervisory Board)
4. Strengthening decision-making functions (establishment of the Management Committee and the like)

In order to strengthen these functions, TOTO has adopted the framework of a company with an Audit & Supervisory Board system as its base while integrating the superior functions of a company with a Nomination Committee, etc.

Corporate Governance System





▶ Please see our corporate website for more details.

<https://jp.toto.com/en/company/profile/governance>



Compensation for Directors and Audit & Supervisory Board Members

The maximum amount of compensation for Directors and Audit & Supervisory Board Members is determined respectively for Directors, Outside Directors, and Audit & Supervisory Board Members by resolutions of General Meetings of Shareholders.

Compensation for Directors of TOTO comprises fixed compensation in the form of base compensation, and performance-linked compensation. The performance-based payment consists of a bonus and the share-based payment. The upper limit to the bonus is 0.8% of the consolidated sales revenue of the previous fiscal year. The payment is synchronized with business performance. In the 152nd annual shareholders' meeting on June 26, 2018, we decided to adopt share-based payments because it would motivate board members to continuously improve corporate value. In addition, we decided to incorporate share-based payments with restricted transfer rights, in addition to the stock options with share-based payments, to further promote the sense of value-sharing with shareholders. As seen in these decisions, we are designing the payment systems to motivate the board of directors to engage in business administrations from the mid-to-long-term perspectives rather than individual years.

In addition, the Compensation Advisory Committee was set up to help ensure that the compensation for Directors is reasonable and objective. The Board of Directors determines the compensation after confirming with the Compensation Advisory Committee that the compensation system and allocation balance are in line with the Articles of Incorporation, the resolutions of the General Meeting of Shareholders, and the Basic Policy for Directors' Compensation. Note that Outside Directors, who are independent from the business operations, are entitled to only fixed compensation. The base compensation for individual Audit & Supervisory Board Members is determined depending on his/her duties and responsibilities upon consultation with Audit & Supervisory Board Members. In order to preserve the functionality of their role as supervisors of management, Audit & Supervisory Board Members are entitled to only fixed compensation.

Total amount of compensation by type for Directors and Audit & Supervisory Board Members

	Number of officers (person)	Base compensation (million yen)	Bonus (million yen)	Stock-compensation type stock options (million yen)	Share-based payments with restricted transfer rights (million yen)	Total (million yen)
Directors	15	401	223	16	48	690
(Outside Directors included above)	(4)	(34)	—	—	—	(34)
Audit & Supervisory Board Members	5	68	—	—	—	68
(Outside members of Audit & Supervisory Board included above)	(2)	(22)	—	—	—	(22)
Total	20	470	223	16	48	759

* Stock options with share-based payments have not been additionally issued this business year because of the start of share-based payments with restricted transfer rights. Thus, the amounts appropriated as costs this business year are stated among the amounts issued in past years.

* The total amount of compensation approved at the shareholders' meeting is as follows. (Decision in the 145th Regular Shareholders' Meeting on June 29, 2011, and decision in the 152th Regular Shareholders' Meeting on June 26, 2018)

	Fixed compensation	Performance-linked compensation	
	Base compensation	Bonus	Share-based payments with restricted transfer rights
Director	Up to 500 million yen per annum (including an amount up to 50 million yen in total for Outside Directors)	Up to 0.8% of the previous fiscal year's consolidated operating income	Up to 200 million yen And within 100,000 shares
Audit & Supervisory Board Member	Up to 150 million yen per annum	—	—

Amounts of compensation, etc. of Directors whose total amount of compensation, etc. exceeds 100 million yen, by type of payment

Directors of 100 million yen or more are as the following in Fiscal 2018.

	Base compensation (million yen)	Bonus (million yen)	Stock-compensation type stock options (million yen)	Share-based payments with restricted transfer rights (million yen)	Total (million yen)
Representative Director Kunio Harimoto	63	39	2	7	113
Representative Director Madoka Kitamura	63	39	2	7	113

* Stock options with share-based payments have not been additionally issued this business year because of the start of share-based payments with restricted transfer rights. Thus, the amounts appropriated as costs this business year are stated among the amounts issued in past years.

Outside Directors and Outside Members of the Audit & Supervisory Board

Since all Outside Directors and Outside Members of the Audit & Supervisory Board are invited to join their respective boards as members who can make decisions materially independent of the management of TOTO and all other specific stakeholders, we designate all Outside Directors and Outside Members of the Audit & Supervisory Board as Independent Directors/Audit & Supervisory Board Members. We nominate candidates for Outside Directors and Outside Members of the Audit & Supervisory Board who fully satisfy the Nominating Advisory Committee's Requirements for Independent Directors/Audit & Supervisory Board Members*, the satisfaction of which is set forth by TOTO as a mandatory requirement.

* Please refer to "Requirements for Independent Directors/Audit & Supervisory Board Members" in the Corporate Governance section of our website.

Corporate Governance

Evaluation of Effectiveness of the Board of Directors

In February 2019, a questionnaire survey was provided for all Outside Directors and outside members of Audit & Supervisory Board Member to evaluate the status of improvements in information sharing, which had been identified as an issue as a result of the questionnaire survey conducted in fiscal 2016.

In March 2019, the entire members, including Outside Directors and outside members of the Audit & Supervisory Board, attended the meeting of the Board of Directors to evaluate the effectiveness of its activities from the perspective of related items of the Board of Directors in the context of its roles within the company based on the corporate governance code, including the operational status of the internal control system, corporate strategy, and other agendas of the Board of Directors to define general direction. In addition, information sharing was identified as an issue to be tackled from the result of a questionnaire in fiscal 2016 answered by all directors and Audit & Supervisory Board Members and the progress of the improvement was checked.

The results of these analyses and evaluations concerning the effectiveness of the Board of Directors as a whole are as follows:

- In accordance with the Basic Policy for Development of Internal Control System, the system ensures that the execution of Directors' duties complies with the laws and regulations and the articles of incorporation, and all other items are operated positively.
- Matters to be resolved at Meetings of the Board of Directors are submitted in accordance with the relevant rules, and the system is so operated that the status of the execution of significant deals, such as matters to be resolved at Management Committee meetings, is reported to the Board of Directors.
- The members engage in detailed inspections of all items of the corporate governance codes, especially the related items of the Board of Directors, to correspond properly.
- It is recognized that all members are engaged in active discussions at meetings of the Board of Directors and that the enhancement of our governance system is being conducted incorporating the opinions from outside officers.
- For the information sharing, which was identified as an issue from the questionnaire result, measures have been taken for the improvement of the conditions:
 - Improvements in reporting to Outside Directors the content of discussions and deliberations at the Management Committee meetings
 - Promotion of information sharing by the participation of outside directors in the Executive Officers' meeting as observers
 - Sharing of information on executive management candidates, including the performance of their job duties, through on-site visits to the Company's business locations both in Japan and overseas

From the above, we have confirmed that the operation of the Board of Directors is functioning properly and its effectiveness is ensured. Going forward, we will continue to monitor conditions to ensure the effectiveness of the Board of Directors and further enhance its functions.

Messages from Outside Directors

In fiscal 2018, the first year of TOTO WILL2022, the Company saw difficult business results. One of the major reasons for such results was TOTO's delayed response in the Chinese market, which underwent fierce changes. In terms of new product development, production, and marketing activities, TOTO was unable to successfully leverage the insight it has cultivated in Japan within the Chinese market. In fiscal 2019, it is imperative that TOTO tackles these issues head on through such means as promoting new projects in the China business, which has newly commenced operations.

Being honest and sincere with society is the foundation of corporate activities. In that sense, governance that places too much importance on establishing organizations for the sake of formality cannot function effectively. Instead, sincerity and honesty with stakeholders need to form the basis of a company's governance. This means that to strengthen governance, a company needs to foster a corporate culture that values sincerity and honesty and ensure that such a culture is adopted companywide. Strengthening governance means consistently prioritizing customer satisfaction and valuing and developing employees, who are responsible

for realizing customer satisfaction. If a company can successfully accomplish these tasks, then it will be able to realize a simple, virtuous cycle in which it generates profit and returns it to shareholders, which in turn will no doubt strengthen its governance. TOTO's corporate culture allows employees to experience many different kinds of work and emphasizes their personal development. I believe this is one of the most wonderful aspects of the Company.

Also, TOTO is simultaneously promoting TOTO WILL2022 and the TOTO Global Environmental Vision. CSR activities are something that should directly, not indirectly, impact a corporation's business performance and share price. In that sense, it is clear that TOTO's water-saving functions, which benefit the environment, provide the Company with an excellent competitive edge. TOTO subscribes to the idea that CSR is directly linked to business performance, and I hope that, going forward, TOTO becomes a company that continues to earn the trust of society based on its motto of "Take pride in your work and strive to do your best."

Kazuhiko Masuda

Outside Director

In fiscal 2018, a variety of business issues came to light for the Company in China. These issues resulted from the accumulation of various factors, including an intensifying competitive environment, market stagnation, and production-related issues. Accordingly, the Company needs to revise its business strategies and operational processes with a multifaceted focus on these issues.

TOTO's corporate governance system is well designed and operated and is steadily improving. The Board of Directors' meetings are conducted appropriately within an environment that encourages the active involvement of the Outside Directors.

Until around 2000, IBM—where I serve as a director—operated its business centered on local management teams, but with the development of the IT industry, management based on business segments became increasingly important. In light of this, IBM transitioned to a management approach that was carried out by a matrix of businesses and local teams. While implementing such management is extremely difficult due to the fact that languages and cultures differ by region, a similar kind of mechanism is needed for TOTO's management. With my experience, I believe I can help TOTO set up such a mechanism. Furthermore, in terms of diversity in management, TOTO needs to promote the active role of women in each division and develop personnel who can become role models to future employees.

For a Japanese company to realize sustainable growth, globalization, digitization, and environmental management (sustainability) have become more important than ever before. As globalization continues to progress, considering a Japanese perspective separately from an overseas one is no longer viable. It is therefore necessary to adopt a management approach and develop human resources who can properly respond to these circumstances. In terms of digitization, digital transformations are occurring across the world, with new technologies bringing forth dramatic changes to business as we know it. In light of this, the creation of new products and services that leverage AI and IoT has become indispensable. Regarding environmental management, as symbolized by the SDGs, the role of corporations in ensuring the sustainability of society has increased in significance, and contributing to the resolution of social issues now has a significant impact on improving the corporate value of corporations.

TOTO is already promoting a broad range of efforts to address social issues, but it needs to do so to a greater extent than ever before going forward. I feel that TOTO needs to continue to promote efforts aimed at enhancing corporate value based on the perspectives of globalization, digitization, and environmental management, and actively communicate the progress of these efforts

Masatsugu Shimono
Outside Director

A company that does not evolve will eventually cease to exist. Furthermore, as corporations are a public institution of society, a company cannot sustain itself if it does not play a role in leading social change.

TOTO has an extremely high level of brand power in Japan, and this brand power is starting to extend overseas. In addition, visitors to Japan who have used TOTO's toilets have helped ensure that the value TOTO offers is communicated overseas. However, to leverage this trend in an effort to expand overseas, TOTO needs to further consider and evolve the measures it needs to take.

TOTO's in-house culture will set the stage for its efforts to advance overseas. To that end, TOTO needs to consider its vision for the next 10 and 20 years and what approach it should adopt in order to realize this vision. TOTO also needs to consider how it should change its standards for employee conduct. These are all extremely important themes that need to be thoroughly considered throughout the organization. When it comes to overseas expansion, fusing TOTO's culture with that of each region to create a new culture is no easy task.

Meanwhile, only when this task is accomplished can value systems and conduct standards be established for

overseas Group employees. To that end, the Company must constantly confirm that its way of thinking will be accepted in each region in which it wishes to expand.

Also, I believe that TOTO has a high level of awareness toward ESG initiatives. In particular, TOTO is thoroughly promoting environmental efforts at all of its locations, as such efforts are closely related to the Company's businesses. TOTO is also engaging in various social initiatives, which have helped establish strong relationships with stakeholders. Furthermore, TOTO is gradually strengthening its corporate governance. Within these efforts, I believe my role is to promote active governance. To help the Company realize sustainable growth, I will focus my attention on examining how TOTO should allocate its personnel, resources, and finances and where it should take risks with a view toward growth.

TOTO has a culture of actively incorporating the opinions of Outside Directors. Going forward, I hope to engage in lively discussions with the aim of realizing TOTO's sustainable growth.

Junji Tsuda
Outside Director

Board of Directors

Directors



Representative Director,
Chairman of the Board
Kunio Harimoto

Date of Birth: March 19, 1951



President,
Representative Director
Madoka Kitamura

Date of Birth: May 24, 1957

In charge of Global Business Promotion,
Management Planning, Design, and
Secretary's Office



Representative Director,
Executive Vice President
Noriaki Kiyota

Date of Birth: October 8, 1961

In charge of Business Divisions & Research &
Technology, Human Resources, Purchasing,
and Engineering Works
Also in charge of TOTO WILL2022
Management Resource Innovation



Representative Director,
Executive Vice President
Nozomu Morimura

Date of Birth: July 10, 1957

In charge of Sales Groups, Customer
Service, and Cultural Promotion
Also in charge of TOTO WILL2022
Marketing Innovation



Director,
Senior Managing Executive Officer
Soichi Abe

Date of Birth: August 22, 1961

In charge of China Business Innovation,
China & Asia Housing Equipment Business
and Internal Audit Office
Also in charge of TOTO WILL2022
China & Asia Housing Equipment Business



Director,
Managing Executive Officer
Ryosuke Hayashi

Date of Birth: September 4, 1963

In charge of New Business Domains Group,
Bathroom, Kitchen & Lavatory Vanity
Business, and Faucets & Appliances Division
Also in charge of TOTO WILL2022 New
Business Domains and TOTO WILL2022
Demand Chain Innovation



Director,
Managing Executive Officer
Taiichi Aso

Date of Birth: March 5, 1960

In charge of Restroom Business Group and
Production Technology Business Group



Director,
Managing Executive Officer
Satoshi Shirakawa

Date of Birth: August 12, 1962

In charge of Sales Promotion Group and
Logistics
Also in charge of TOTO WILL2022
Japan Housing Equipment Business



Director,
Managing Executive Officer
Tomoyuki Taguchi

Date of Birth: September 24, 1965

In charge of Finance and Accounting,
Legal Affairs, Information System
Planning, and General Affairs



Director,
Managing Executive Officer
Shinya Tamura

Date of Birth: March 13, 1967

In charge of Americas & Europe Housing
Equipment Business,
General Manager, Americas Housing
Equipment Business Division
Also in charge of TOTO WILL2022
Americas & Europe Housing Equipment
Business

Outside Directors



Outside Director

Kazuhiko Masuda

Date of Birth: April 24, 1942

Mr. Kazuhiko Masuda has been involved in the management of Sumitomo Light Metal Industries, Ltd. (currently, UACJ Corporation) for many years. He provides valuable opinions at Meetings of the Board of Directors based on the expertise he has developed in his career as a professional corporate manager and displays outstanding supervision skills by reflecting his views unfettered by the conventional way of doing things in the Company's management.

TOTO believes that he has experience and knowledge of general management and corporate governance as well as of the production technology of manufacturers, and therefore the Company selected and appointed him as Outside Director.



Outside Director

Masatsugu Shimono

Date of Birth: December 11, 1953

Mr. Masatsugu Shimono has been involved in the management of IBM Japan, Ltd. for many years. He provides valuable opinions at Meetings of the Board of Directors based on his expertise he has developed in his career as a professional corporate manager and displays outstanding supervision skills by reflecting his views unfettered by the conventional way of doing things in the Company's management.

TOTO believes that he has experience and knowledge of general management and corporate governance as well as of the management of a global company, and therefore the Company selected and appointed him as Outside Director.



Outside Director

Junji Tsuda

Date of Birth: March 15, 1951

Mr. Junji Tsuda has been involved in the management of Yasukawa Electric Corporation for many years. He provides valuable opinions at Meetings of the Board of Directors based on his expertise he has developed in his career as a professional corporate manager and displays outstanding supervision skills by reflecting his views unfettered by the conventional way of doing things in the Company's management.

TOTO believes that he has experience and knowledge of general management and corporate governance as well as of the management of a global company, and therefore the Company selected and appointed him as Outside Director.

Audit & Supervisory Board Members



Audit & Supervisory Board Member,
Standing

Yuichi Narukiyo

Date of Birth: March 18, 1962



Audit & Supervisory Board Member,
Standing

Hirotohi Naka

Date of Birth: January 14, 1957

Outside Members of the Audit & Supervisory Board



Audit & Supervisory Board Member,
Outside

Shuichi Sarasawa

Date of Birth: October 12, 1948

Mr. Shuichi Sarasawa has been involved in the management of Central Glass Co., Ltd. for many years. He has experience and knowledge of the general management of a global corporation and of corporate governance developed during his career, as well as of a broad range of businesses from chemicals to semiconductors.

Based on the above, TOTO believes he is highly capable of auditing the business execution of general management, and therefore TOTO selected and appointed him as Outside Audit & Supervisory Board at the 153rd Ordinary general meeting of shareholders.



Audit & Supervisory Board Member,
Outside

Yasushi Marumori

Date of Birth: September 19, 1957

Mr. Yasushi Marumori was involved in the management of financial institutions for many years. He has experience and knowledge of finance and corporate governance developed during his career, as well as abundant experience and knowledge as an Audit & Supervisory Board Member of listed companies.

Based on the above, TOTO believes that, based on his considerable knowledge of financing and accounting, he is highly capable of auditing the business execution of general management, and therefore TOTO selected and appointed him as Outside Audit & Supervisory Board at the 153rd Ordinary general meeting of shareholders.

Corporate Information

Participation in the UN Global Compact










TOTO announced its participation in the “Global Compact,” which is put forward by the United Nations, and registered as a participating company on November 8, 2011. In order to announce to the international community the company’s intent to further strengthen its CSR (Corporate Social Responsibility) management, which TOTO has long been promoting, behave as a responsible corporate citizen on a global scale, and constructively carry out its social responsibilities, TOTO will uphold the 10 principles on “Human Rights, Labor, Environment, and Anti-Corruption” that are cited by the “Global Compact” and put them into practice through all its business activities.



Evaluations of Our CSR Management Practices by External Parties



Notable Awards from 2018 Onward

Category	Award Description	
Technology	Received the “Award for Chairman of Board of ARIB” at the 29th Radio Achievement Award for the commercialization of micro-wave sensor for toilet seats	
Packaging	Received the WorldStar Award for “uncrushed” cushioning partition using the springiness of cardboard at the WorldStar Competition 2019 held by the World Packaging Organisation	 “Uncrushed” cushioning partition using the springiness of cardboard
Design	Received the iF Product Design Award 2018 and Red Dot Design Award 2018 for the NEOREST NX WASHLET integrated toilet Received the Gold Selection at the JIDA Design Museum Selection vol.20	 NEOREST NX   reddot award 2018 winner
Design	Received the iF Product Design Award 2019 for the NEOREST AH/RH WASHLET integrated toilet, wall-hung RP toilet + WASHLET RX, and GM Series single lever faucet with washbasin	 NEOREST AH/RH 
Design	Received the Red Dot Design Award 2019 for the GM series, ZA series, GE series, and GC series single lever faucets with washbasin	 ZA series single lever faucet with washbasin 

Corporate Profile (As of March 31, 2019)

Company Name	TOTO LTD.	Fiscal Year End	March 31
Headquarters	1-1, Nakashima 2-chome, Kokurakita-ku, Kitakyushu, Fukuoka, Japan	Exchange Listings	Tokyo, Nagoya, Fukuoka
Establishment	May 15, 1917	Securities Code	5332
Capital	¥35,579 million	Shareholder Registry Administrator	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
Number of Employees	Consolidated: 33,431 Non-consolidated: 8,034		

Group Companies and Main Affiliates (As of April 1, 2019)

Domestic Group Companies

TOTO SANITECHNO LTD.
TOTO WASHLET TECHNO LTD.
TOTO Bath Create LTD.
TOTO High Living LTD.
TOTO AQUATECHNO LTD.
SUNAQUA TOTO LTD.
TOTO PLATECHNO LTD.
TOTO Maintenance LTD.
TOTO AQUAENG LTD.
TOTO MTEC LTD.
TOTO Kansai Sales LTD.
TOTO Hokkaido Sales LTD.
TOTO Tohoku Sales LTD.
TOTO Chubu Sales LTD.
TOTO Chugoku Sales LTD.
TOTO Shikoku Sales LTD.
TOTO Kyushu Sales LTD.
CERA TRADING LTD.
TOTO Remodel Service LTD.
TOTO Finance LTD.
TOTO INFOM LTD.
TOTO BUSINETZ LTD.
TOTO LOGICOM LTD.
TOTO Fine Ceramics LTD.
TOTO MATERIA LTD.
TOTO OKITSUMO Coatings LTD.

Overseas Group Companies

- **The Americas**
 - TOTO AMERICAS HOLDINGS, INC.
 - TOTO U.S.A., Inc.
 - TOTO MEXICO, S.A. DE C.V.
- **Europe**
 - TOTO Europe GmbH
 - TOTO Germany GmbH
- **Asia**
 - TOTO (CHINA) CO., LTD.
 - BEIJING TOTO CO., LTD.
 - TOTO (BEIJING) CO., LTD.
 - NANJING TOTO CO., LTD.
 - TOTO DALIAN CO., LTD.
 - TOTO (SHANGHAI) CO., LTD.
 - TOTO EASTCHINA CO., LTD.
 - TOTO (FUJIAN) CO., LTD.
 - TOTO (GUANGZHOU) CO., LTD.
 - TOTO (H.K.) LTD.
 - VORETO (XIAMEN) PLUMBING TECHNOLOGY CO., LTD.
(Affiliate Company)
 - TAIWAN TOTO CO., LTD.
 - TOTO ASIA OCEANIA PTE. LTD.
 - TOTO VIETNAM CO., LTD.
 - TOTO (THAILAND) CO., LTD.
 - TOTO India Industries Private Limited
 - TOTO MALAYSIA SDN. BHD.
 - TOTO KOREA LTD.
 - P.T.SURYA TOTO INDONESIA (Affiliate Company)

Independent Assurance

To ensure the reliability of information contained in this report, TOTO has received independent assurance for environmental and social data indicated with in the TOTO GROUP Integrated Report 2019 Financial and Non-Financial Data on its website.



▶ **TOTO GROUP Integrated Report 2019 Financial and Non-Financial Data**

<https://jp.toto.com/en/company/profile/library>



TOTO

Life Anew

TOTO LTD.

1-1, Nakashima 2-chome, Kokurakita-ku, Kitakyushu,
Fukuoka, Japan

URL: <https://www.toto.com>