

Initiatives on Human Rights

Policy and Management System

Human Rights Policy

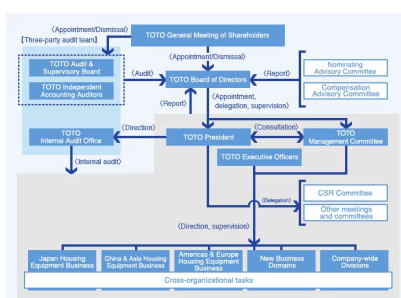
In accordance with the "[Charter of TOTO Group Corporate Behavior](#)", the TOTO Group supports the Universal Declaration of Human Rights, which sets international standards for human rights, and the ILO (International Labour Organization) Declaration on Fundamental Principles and Rights at Work.

This policy is applicable to all the people working for the TOTO Group. In addition, we will promote it to our entire supply chain, including clients and subcontractors.

The "[Charter of TOTO Group Corporate Behavior](#)", which defines the basic stance of all the people working in group activities, upholds respect for human rights and international standards. The Charter also states that TOTO's supply chain companies will also fully respect international standards in a similar manner. The international standards stated in the charter include the Universal Declaration of Human Rights and the ILO (International Labour Organization) Declaration on Fundamental Principles and Rights at Work.

Furthermore, as stipulated in the "[TOTO Group Procurement Policy](#)", the TOTO Group fulfills its corporate responsibility in including human rights and carries out balanced activities with the aim of achieving the sustainable development of businesses, society, and the earth. Through fair, equitable purchasing from suppliers, the TOTO Group continues to offer valuable products and services to customers.

Promotion system



The TOTO Group is establishing corporate governance system for executing and supervising fair and equitable management.

The CSR Committee is held with the president as the chairperson to discuss and administer CSR issues, including human rights. The board of directors then supervises the activities.

The CSR Committee comprises three fields: Environment, Social, and Governance. The subcommittees that make up each field establish promotion programs of their own and engage in activities that cross over to different departments and are expanded to related departments and Group companies in Japan and overseas

for the implementation of the Company mottoes and the TOTO Group Corporate Philosophy, as well as for the practice of the "[Charter of the TOTO Group Corporate Behavior](#)".

In Japan, the TOTO Group has established a Committee for Promoting Training on Human Rights Issues in order to train and educate employees with the goal of pleasant, discrimination-free workplaces, families and society for many years.

Human rights awareness activities

The TOTO Group has established the "[TOTO Group Business Conduct Guidelines](#)" so that employees can regularly check examples of behavior in line with the "TOTO Group Business Conduct Guidelines".

The TOTO Group Business Conduct Guidelines, which outline the conduct expected of TOTO employees and include the TOTO Group Corporate Philosophy, top commitment, and various guidelines for conduct, were drawn up in FY2013 (translated into 13 languages) and distributed to all Group Companies so as to ensure awareness among TOTO Group employees in every country and region.

The guidelines include a compliance guide on "Respect for Human Rights" and "Prohibition of Harassment" as one of the important compliance items in promoting corporate activities.

Furthermore, in Japan, the TOTO Group holds training sessions on human rights for all employees every year, which had approximately 17,000 attendants in FY 2021.

Prohibition of Harassment

The TOTO Group strives to eradicate any harassment, including sexual harassment, abuse of authority, and harassment related to pregnancy, childbirth, and child raising.

The compliance guidelines for the Prohibition of Harassment are included in the TOTO Group Business Conduct Guidelines to foster ethical behavior by employees and improve compliance awareness.

The TOTO Group also has a consultation service in place to ensure the appropriate response depending on the issue and situation. We strive to eradicate any harassment that adversely affects our workplace environment.

Human Rights Due Diligence

Process to identify and mitigate risks

The TOTO Group participates in the "[United Nations Global Compact](#)," and refers to the United Nations Guiding Principles on Business and Human Rights and a variety of other international standards.

Upon promoting human-rights due diligence, we consult the Worldwide Governance Indicators surveyed and published by the World Bank to recognize risks in individual countries in an effort to be aware of human-rights risks in each region surrounding the TOTO Group. In addition, the identification of potential human-rights risks of TOTO Groups has been conducting in reference to the results of a dialogue with external experts and [Human Rights Due Diligence Workshop \(Stakeholder Engagement Programme\)](#) which is based on [Human Rights Issues by Sector \(Version 10\)](#) ※1 hosted by the Caux Round Table.

Currently, based on these efforts, we assess, reduce, and mitigate potential human-rights risks among the employees of the TOTO Group and its supply chain.

※1 Human Rights Issues by Sector (Version 10) were formulated at the consortium by reference to the Human Rights Guidance Tool formulated by the UNEP FI (Finance Initiative). In this program, the possibility was recognized of specific concerns within our company and its supply chain with regard to human-rights issues in the chemical and building-materials industries

[Potential human-rights risks among TOTO Group's employees]

The TOTO Group annually implements an [Employee Awareness Survey](#) of its employees in order to comprehensively know about the penetration of its corporate philosophy and organizational culture related to compliance. This Survey has identified such potential human-rights risks as harassment, forced labor, and discrimination. In addition, the results of the Employee Awareness Survey are analyzed, and training for prevention is provided for managers and non-management employees. In addition, employee awareness survey results are shared at corporate meetings and on the intranet and we endeavor to improve employee awareness across the entire workplace by providing feedback to each department.

[Potential human-rights risks among supply chain]

The TOTO Group implements CSR procurement. Upon promoting CSR procurement, we have compiled the [Supplier Code of Conduct](#) as the basic way of thinking in addressing the realization of a sustainable society with suppliers. And by giving policy briefing sessions for suppliers and conducting questionnaire surveys and on-site audits, we assess, mitigate, and reduce potential risks, aiming at continuously enhancing the level of these activities.

For our overseas business sites in particular, with the aim of deeper mutual understanding and mutual growth with suppliers, we promote CSR procurement that are in line with the conditions of each country while complying with its relevant local laws, regulations and practices. In recent years, overseas suppliers have accounted for nearly 25% of our procurement expenses.

Initiatives to identify and mitigate risks in the supply chain

| | Share the Policy | Self-assessment | Audits | Corrective action |
|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| Content of initiatives | <ul style="list-style-type: none"> Policy Briefing Session for Suppliers Confirm supplier compliance with the standards prior to initiating a transaction. | <ul style="list-style-type: none"> Questionnaire survey | <ul style="list-style-type: none"> Site monitoring | <ul style="list-style-type: none"> Follow-up activities by improvement plans |
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| | <p>【Share the TOTO Group Policy】</p> <ul style="list-style-type: none"> • Supplier Code of Conduct • TOTO Group Purchasing Policy • Production information • Importance of CSR <p>【Commendation of the Suppliers】</p> <ul style="list-style-type: none"> • Presented letter of appreciation | <p>【Questionnaire items for suppliers】</p> <ol style="list-style-type: none"> 1. Human rights/labor 2. Safety/health 3. Environment 4. Fairness / Ethics 5. Quality / Safety 6. Response to business continuity plan (BCP) 7. Information security 8. Social contributions 9. Management system | <p>【Monitoring】</p> <ul style="list-style-type: none"> • Visiting suppliers • Visit the production area of raw ingredients. <p>CSR interview sessions</p> | <p>【Follow-up activities】</p> <ul style="list-style-type: none"> • Understand the state of efforts • Confirm the results after improvements |
| FY 2021 results | <p>【Policy briefings】</p> <p>490 companies attended</p> <p>【Commendation of the Suppliers】</p> <p>Commendation of 26 companies</p> | <p>【Questionnaire results】</p> <p>Extract suppliers that need confirmation for details.</p> | <p>【Monitoring】</p> <p>Visited mainly overseas suppliers.</p> | <p>【Follow-up activities】</p> <p>Follow-up of suppliers who need confirmation for details.</p> |

Grievance Mechanism

The TOTO Group has multiple channels to receive inquiries, questions, requests or comments regarding TOTO from the stakeholders (consumers, clients, and employees).

Whistleblower system covering human-rights issues

The TOTO Group has established a hotline to receive reports on compliance and human rights issues including discrimination and harassment. Anonymous reports are accepted, and the name of the person making the

report is kept strictly confidential. We adequately confirm the facts about the issues reported, and if we recognize a problem, we will implement measures as a remedy and take personnel measures including disciplinary action in accordance with internal rules. The numbers of whistle-blowing and consultations in FY 2021 were 44 in Japan and 3 abroad and the whistleblowing system has been effectively functioning.

【TOTO Group (Japan)】

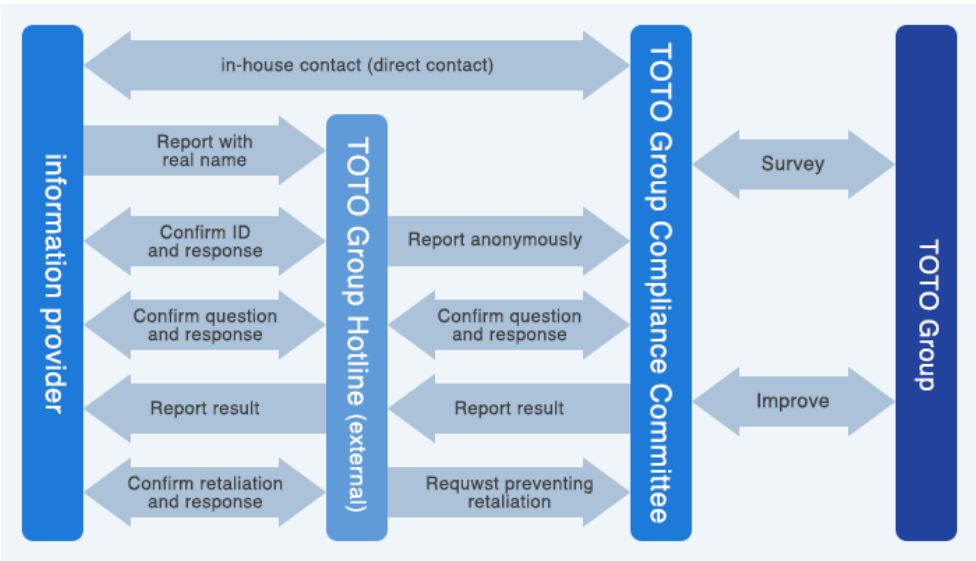
TOTO has a system of internal and external hotlines.

The system can be used by TOTO Group employees in Japan as well as trading partners of the group's companies.

【TOTO Group (Overseas)】

We have established an external reporting desk targeting the employees for example in China and the United States.

Currently, we are discussing and promoting the introduction to other regions.



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