

TOTO



Life Anew

TOTO GROUP
Integrated Report

2018

The Spirit of TOTO Unchanging for

Words of Our Founder

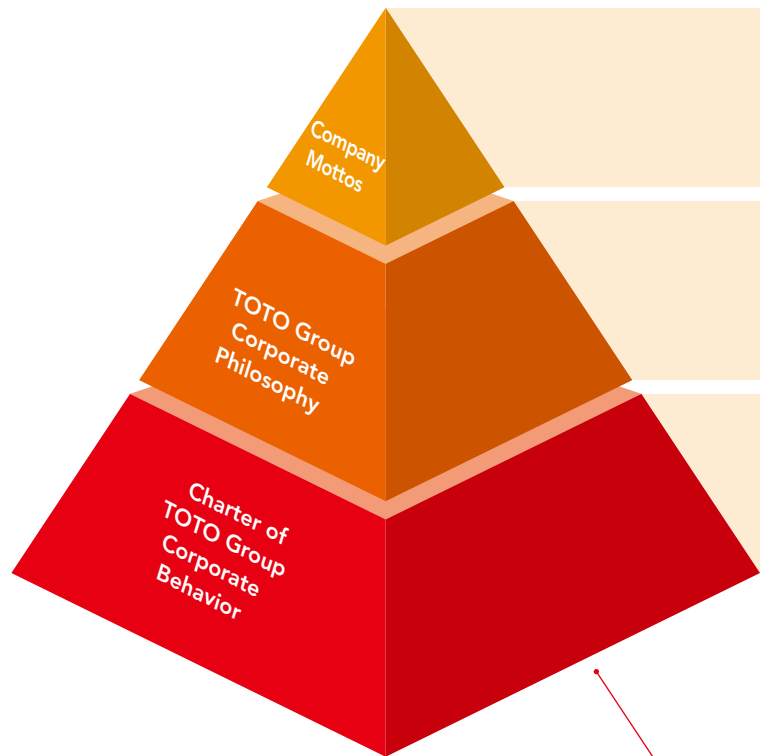
Kindness must always come first.
 Bring the concept of service to your work.
 Your goal should be to provide good products and satisfy the customer.
 Accomplish that, and profit and compensation will follow.
 Many in this world chase after the shadow of profit.
 But, in the end, they never capture the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

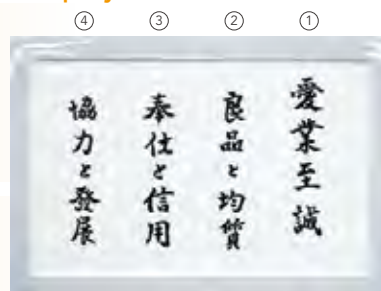
TOTO WILL2022 Mid-Term Management Plan

100 Years

Company Mottos

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

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

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.

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:

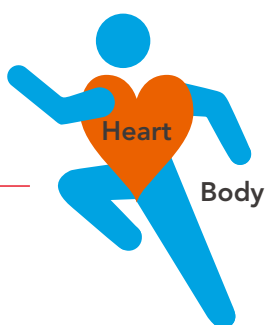
- Create an enriched and more comfortable lifestyle and culture built on our plumbing products.
- Pursue customer satisfaction by exceeding expectations with our products and services.
- Provide high-quality products and services through ongoing research and development.
- Protect the global environment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

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 stakeholder's satisfaction.

[Details are published on our website](#)

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



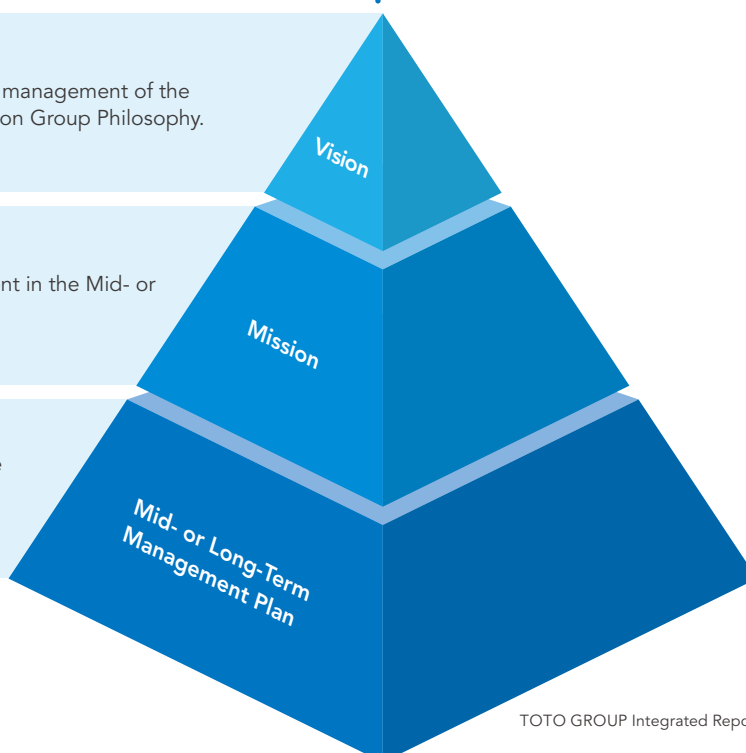
Vision for Business Activities

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.

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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.

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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.

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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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TOTO WILL2022 Mid-Term Management Plan

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

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Editorial Policy

The TOTO GROUP Integrated Report 2018 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

FY2017 (April 1, 2017 to March 31, 2018)

* 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.

https://jp.toto.com/en/company/profile/library/pdf/report2018_financial_en.pdf



TOTO Group History

Timeline in Providing Cleanliness and Comfortable Living Spaces

» 1970s

» 1980s

» 1990s

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 super-hydrophilicity (TOTO and the University of Tokyo)
1999
Developed CEFIONTECT technology

Business Promotion Resources

Cultural Support and Other Activities

1985
Opened GALLERY · MA

1989
Founded TOTO Publishing

Diversity

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

» 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.

The TOTO Group celebrated its 100th anniversary in 2017. Since our founding, we have been imbued with the spirit of providing a healthy and civilized way of life. No matter the era, we will continue to challenge and innovate in the name of creating new lifestyles.

» 2000s

2002
Entered into operational agreement between TOTO, DAIKEN, and YKK AP

2003
New Remodeling Declaration

2004
Established the Philosophy System for TOTO Group Management

2001
Launched Europia system bathroom with quick-drying KARARI floor

2002
Launched NEOREST EX Series with built-in TORNADO FLUSH

2004
Launched Europia insulated thermal pot MAHOBIN bathtub Series

2006
Established TOTO Universal Design Research Center

2007
Changed corporate name to TOTO LTD.

2009
Announced TOTO V-Plan 2017

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

2009
Launched NEOREST Series/SE in Europe

» 2010s

2010
Announced TOTO Environmental Vision 2017

2014
Announced TOTO Global Environmental Vision

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
Established new company mission
Announced TOTO WILL2022 Mid-Term Management Plan
Updated TOTO Global Environmental Vision

2018
Anshin Remodeling Declaration

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

2005
Established the Kirameki Promotion Office to further women's careers



2004
Established the CSR Committee

2011
Participation in the UN Global Compact



2005
Established the TOTO Water Environment Fund

2006
Embarked on the TOTO Acorn Reforestation Project

2008
Established the TOTO Water Environment Fund in China

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.

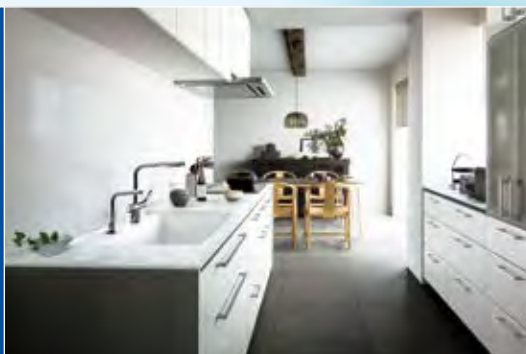


TOTO Group in Present Day

Keep Gaining TOTO Fans around the World

Net Sales

¥592.3 billion



Operating Profit/ Operating Margin

¥52.6 billion
8.9%



ROA (Return on Assets) (Based on operating profit)

9.4%

ROE (Return on Equity) (Based on net profit)

11.7%



Profit Attributable to Owners of Parent

¥36.7 billion



TOTO's Global Network

18 countries and
regions
32 sites

* Excluding Japan

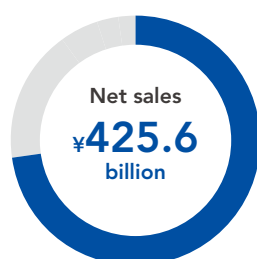
» Sales Breakdown

In FY2016, we integrated the previous Domestic Housing Equipment Business with the Overseas Housing Equipment Business and established the current Global Housing Equipment Business, which consists of three geographic areas: Japan, China & Asia, and Americas & Europe. The Global Housing Equipment Business continues to expand alongside our other core business, New Business Domains, which comprises the Advanced Ceramics Business and the Green Building Materials Business.

Global Housing Equipment Business

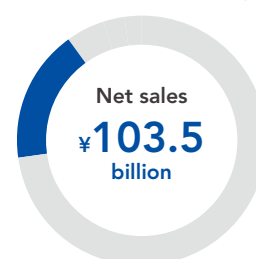
Japan Housing Equipment Business

We promote our business centered on a remodeling strategy that spreads new lifestyles and does not rely on new housing demand.

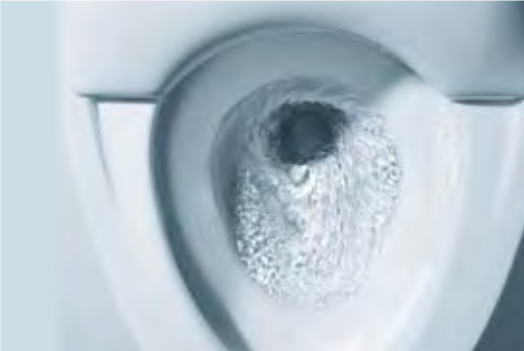


China & Asia Housing Equipment Business

We aim to establish a trustworthy brand that combines high functionality, high quality, and high customer satisfaction, and are working to expand our business by adapting to the markets and environment of each country and region.



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.



Reduction of Water Consumption during Product Use
 (Reduction effect when compared with the case where products of 2005 continue to be used)

780 million m³



Ratio of Female Managers

13.4%

* Total for Japan and overseas



Number of Employees

32,428



Number of Showrooms

Japan: **100**
 Overseas: **14**

* Directly managed showrooms

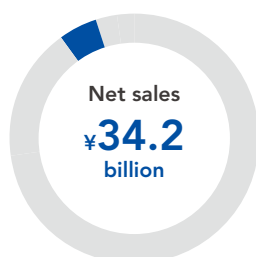


* Actual results for FY2017 and as of March 31, 2018 for the entire TOTO Group



Americas & Europe Housing Equipment Business

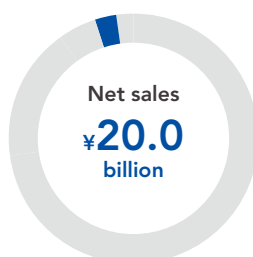
We are promoting marketing strategies tailored to the market of each country and region, and strengthening our investment toward greater brand awareness.



New Business Domains

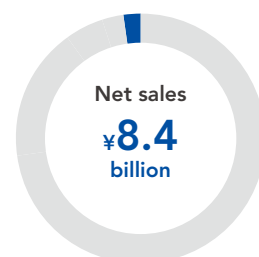
Advanced Ceramics Business

We develop high-precision advanced ceramics for the semiconductor, FPD manufacturing, and optical communication industries.



Green Building Materials Business

We continue to deliver building materials that incorporate our HYDROTECT environmental cleaning technology.



TOTO Group Strategy

Realizing Our Vision

Mid-Term
Management Plan

TOTO WILL 2022

The Meaning of WILL

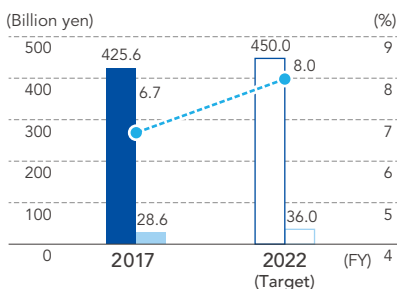
We Innovate Leading Lifestyles

» Projected Sales by Business Segment

Global Housing Equipment Business

Japan Housing Equipment Business

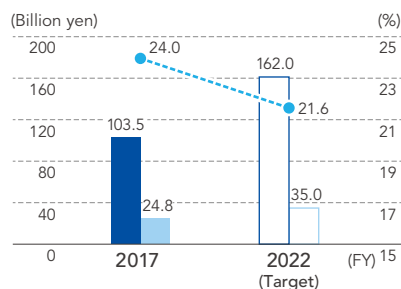
■ Net sales ■ Operating profit
● Operating margin



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China & Asia Housing Equipment Business

■ Net sales ■ Operating profit
● Operating margin



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As we look to our next 100 years, we have translated our will toward increasing TOTO fans worldwide and realizing our ideal vision for the future by creating the TOTO WILL2022 Mid-Term Management Plan, spanning the five-year period through fiscal 2022. Through both our core businesses, the Global Housing Equipment Business and New Business Domains, and our three cross-organizational innovation activities, which incorporate an optimal Companywide perspective, we aim to increase corporate value going forward.

Management Indicators

	FY2017	»	FY2022
Net Sales	¥592.3 billion		¥720.0 billion
Operating Profit	¥52.6 billion		¥80.0 billion
ROA (Based on operating profit)	9.4%		12.0%
ROE (Based on net profit)	11.7%		13.0%

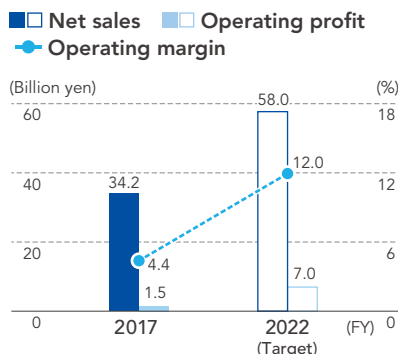
Three Cross-organizational Innovation Activities

Marketing Innovation

Demand Chain Innovation

Management Resource Innovation

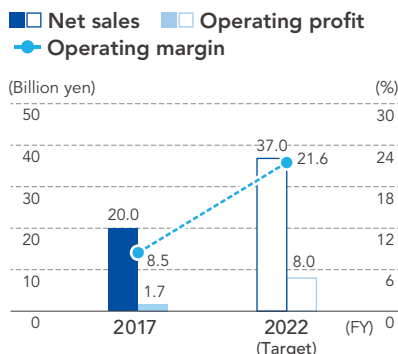
Americas & Europe Housing Equipment Business



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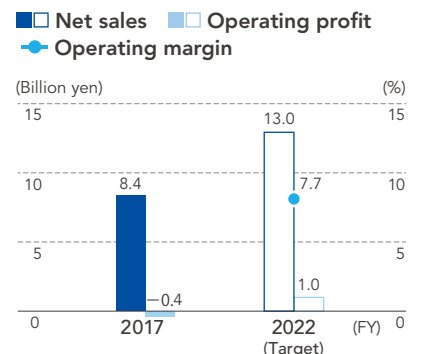
New Business Domains

Advanced Ceramics Business



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Green Building Materials Business



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TOTO Group Strategy

Realizing Our Vision

CSR Activities

TOTO Global Environmental Vision

Mission

Materiality



Cleanliness and Comfort

Environment

Relationships

In light of the changing times and social trends, the TOTO Group formulated and announced the Global Environmental Vision in October 2017, highlighting the most important matters to tackle in the medium term in order to realize sustainable growth. Based on this new vision, we took our ongoing efforts and expanded them to tackle Cleanliness and Comfort, Environment, and Relationships.

» Evaluations of Our CSR Management Practices by External Parties (As of June 2018)



Selected for the Dow Jones Sustainability Asia Pacific Index

TOTO was selected for the Dow Jones Sustainability Asia Pacific Index for the ninth consecutive year. The DJSI is a global socially responsible investment indicator developed by S&P Dow Jones in collaboration with RobecoSAM, and evaluates business sustainability from the three perspectives of economy, environment, and society.



Selected for the FTSE4Good Index Series for the Second Consecutive Year

TOTO was selected for the FTSE4Good Index Series for the second year in a row. The FTSE4Good Index Series consists of companies that fulfill the ESG (environmental, social, governance) criteria set by FTSE Russell.



Selected for the Ethibel PIONEER & EXCELLENCE

TOTO was selected for the Investment Register by Ethibel, a non-profit organization that evaluates socially responsible investing. TOTO has continuously been selected since 2013.

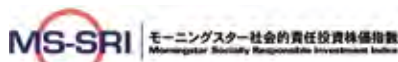


TOTO Global Environmental Vision



The TOTO Group initiated its TOTO Global Environmental Vision, for which the number of themes have expanded from one, Environment, which was already established theme, to three, Cleanliness and Comfort, Environment, and Relationships, in order to include social themes closely related to our business. Acting as an engine that drives the TOTO WILL2022 Mid-Term Management Plan, the TOTO Global Environmental Vision will work to further integrate our management and CSR activities.

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



Selected for the Morningstar Socially Responsible Investment Index

TOTO was selected for the Morningstar Socially Responsible Investment Index, the first socially responsible index in Japan. Morningstar selects listed companies in Japan that excel in social responsibility and converts their stock prices into the index. TOTO has been selected every year since 2006.



Selected for the Health & Productivity Stock Selection for the Fourth Consecutive Year

Jointly organized by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, the Health & Productivity Stock Selection program selects companies that focus on and strategically carry out efforts in regard to employee health from a management perspective. TOTO has received this distinction for four consecutive years.



Selected as a Nadeshiko Brand for the Fourth Consecutive Year

TOTO was selected as a Nadeshiko Brand for the fourth year in a row in recognition of its proactive efforts to promote women's success in the workplace, which include establishing a work environment in which women can continue to pursue their careers. The Nadeshiko Brand initiative is jointly organized by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.

TOTO Group Value Creation Model

Continuing to Provide Greater Contributions to Society and the Environment

Capital Input

Optimal management resources
(Financial capital)

R&D toward TOTO "Only One" technologies
(Intellectual capital)

Global expansion of production sites
(Manufactured capital)

Diverse human resources sharing our corporate philosophy
(Human capital)

Relationships of trust with stakeholders cultivated through our rich history
(Social/relationship capital)

Resources with care for a sustainable society
(Natural capital)

Three Cross-organizational Innovation Activities

- "Marketing Innovation"
- "Demand Chain Innovation"
- "Management Resource Innovation"

Global Housing Equipment Business

New Business Domains

Mid-Term Management Plan
TOTO WILL2022

[Details on page 17](#)

TOTO Global Environmental Vision

[Details on page 29](#)

The three material issues derived from our mission:

- "Cleanliness and Comfort"
- "Environment"
- "Relationships"

Strength
1

Advanced fusion of design and functionality



Value Chain



Strength
2

Creating new value through "Only One" technologies



EWATER+

RIMLESS TORNADO FLUSH

CEFIONTECT

Strength
3

Advanced production supply system



Corporate Governance [Details on page 45](#)

For the Next 100 Years

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

Business partners

Details on page 39

Employees

Details on page 38

Customers

Details on page 37

Life Anew

Society

Details on page 40

Shareholders

Details on page 41

t Production

Logistics-Sales

ologies



HYDROTECT

duction technology and global



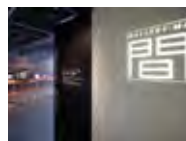
Strength 5 Relationships with stakeholders



TOTOWater Environment Fund



Volunteer activities



TOTOGALLERY-MA



TOTOMuseum



Coexisting with business partners

Message from the President

Keep Gaining TOTO Fans around the World

Madoka Kitamura

President, Representative Director



With the Vision of Our Founder as a Touchstone

The TOTO Group, which marked its 100th anniversary in 2017, conducts corporate activities with the aim of continuing to provide greater contributions to society and the environment. To this day, each and every employee has been imbued with our founder's will of providing a healthy and civilized way of life. His thoughts, which have been passed down through the generations since our founding, comprise the heart of our manufacturing and sales activities as well as the core of our corporate management. Providing customers around the world with the security and reliability of the TOTO brand, my mission, as president of the TOTO Group, is to continue to pass down our founder's will into the future and "create an enriched and more comfortable lifestyle and culture built on our plumbing products," as stated in the TOTO Group Corporate Philosophy.

The Strengths of the TOTO Group, Cultivated over 100 Years of History

The TOTO Group was 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 products such as WASHLET and other bathroom and kitchen plumbing products.

This is part of a 100-year history full of challenges and innovations, in which the TOTO Group has cultivated a set of strengths—high-level fusion of design and functionality, creation of new value through TOTO proprietary technologies, and advanced production technology and global supply system. However, there are more challenges and innovations yet to come.

Realizing Our Vision

The expectations and demands of stakeholders around the world continue to change, and the UN Sustainable Development Goals (SDGs) are emblematic of that change. In light of these changes, the TOTO Group reevaluated its mission in order to highlight the most important matters to tackle in the medium term and work toward sustainable growth.

Based on this new mission, we expanded from one already-established theme, Environment, to three, Cleanliness and Comfort, Environment, and Relationships, in order to include social themes closely related to our business. The TOTO Global Environmental Vision, which is a part of our CSR activities, promotes these themes and works to further integrate our CSR with corporate management.

In addition, the TOTO WILL2022 Mid-Term Management Plan acts as the driving engine of the TOTO Global Environmental Vision and embodies our strong "WILL" as "We Innovate Leading Lifestyles." It is crucial that the TOTO Group continues to be a business that always surpasses customer expectations. In that spirit, we will work to unify our ambitions Companywide as we strive to achieve our aims by utilizing the strengths we have cultivated over time and fully overcoming all changes.

Revitalizing the Japanese Remodeling Market

The Japan Housing Equipment Business is moving ahead with its *Anshin* Remodeling Strategy, the next stage in the remodeling business. Our *Anshin* Remodeling Declaration, established in April 2018, is a declaration of intent to add *Anshin* to remodeling as we make Companywide efforts to revitalize the renovation market. Under this strategy, we will provide peace of mind to customers with concerns over remodeling, be it due to cost or lack of knowledge regarding the construction process, and help them take the first step forward. We are not looking to capture immediate profits and market share. Instead, this action is aimed at building a relationship of trust over the long term and invigorating and heightening the level of the renovation market. It is an endeavor in earnest, but for a company like TOTO, which has been driving the renovation market as a top manufacturer for over 25 years, we believe this strategy can achieve its goal.

Providing Japanese Toilet Culture to the Rest of the World

We continue to promote our WASHLET Global Strategy within the Global Housing Equipment Business. According to a global market survey, WASHLET toilet seats were the number one brand by sales volume in six countries and regions (Japan, China, Korea, Taiwan, the U.S., and Germany), which comprised 87% of the global market for toilets with a warm-water washing feature in 2016. Based on this data, we will communicate with confidence the fact that WASHLET is the most selected item of its kind.

In addition, we are moving forward with renovating and installing toilets at hotels and public facilities in line with the government policy of reaching a target of 60 million overseas visitors by 2030. We are working to expand the installation of clean toilets and WASHLET toilet seats, and in doing so provide Japanese toilet culture to the rest of the world.

For the Next 100 Years

With a strong will to keep gaining TOTO fans around the world, the TOTO Group has taken a bold step forward toward the next 100 years. TOTO will continue to promote innovation and realize further growth without wavering from its inherited corporate philosophy.

Our business activities cannot exist without the cooperation and co-creation of all of our stakeholders. For the TOTO Group, the primary actors are the individual employees who take it upon themselves to think of how they can best contribute to the benefit of customers and society. With that in mind, we will increase corporate value by continuing to place great emphasis on our human resource development and taking on the challenge of creating prosperous and comfortable lifestyles that provide customer satisfaction.

President, Representative Director



TOTO WILL2022

Mid-Term Management Plan

Looking toward the next 100 years, the TOTO Group has formulated its five-year TOTO WILL2022 Mid-Term Management Plan in order to realize its aims with a “will” to keep gaining TOTO fans around the world. Through its two business segments of Global Housing Equipment Business and New Business Domains, as well as its three cross-organizational innovation activities, which are pursued on a Companywide, cross-departmental basis from the perspective of optimization, the Group aims to increase its corporate value.

Looking Back on TOTO V-Plan 2017

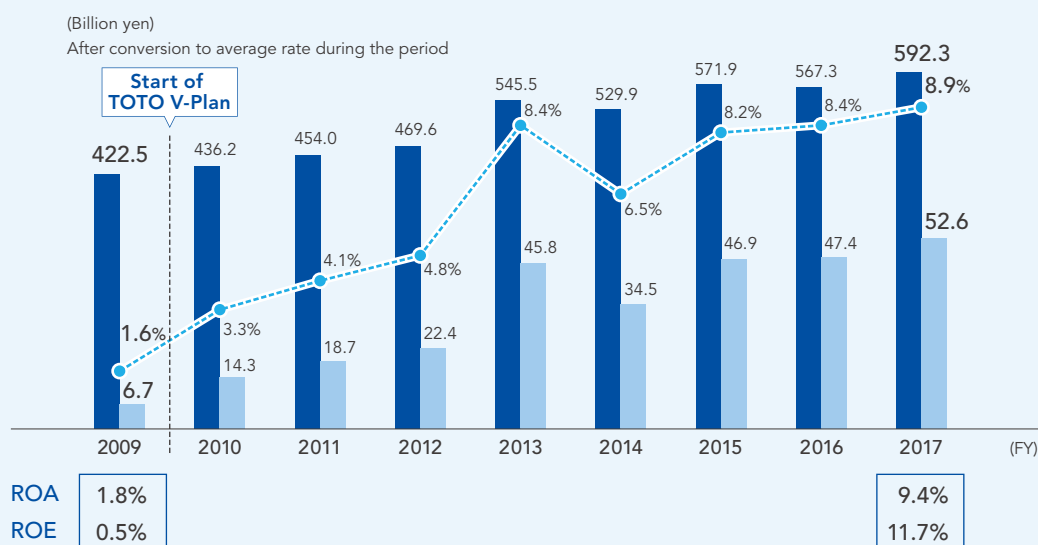
We have moved forward with our business activities in accordance with the TOTO V-Plan 2017 Long-Term Management Plan, which commenced in fiscal 2010, and the four-year TOTO Group Mid-Term Management Plan, which began in fiscal 2014.

As a result, we have increased sales in the remodeling market in Japan as well as in overseas markets. We have also achieved such successes as reducing costs through our innovation activities, which has allowed us to realize significant growth in both net sales and operating profit since the start of the TOTO V-Plan 2017.

In addition to expanding profits and strengthening our business foundation, we have taken steps to enhance asset efficiency, thereby achieving increases in ROA and ROE.

Trends in Business Performance

■ Net sales ■ Operating profit ◆ Operating margin



TOTO WILL2022 Mid-Term Management Plan

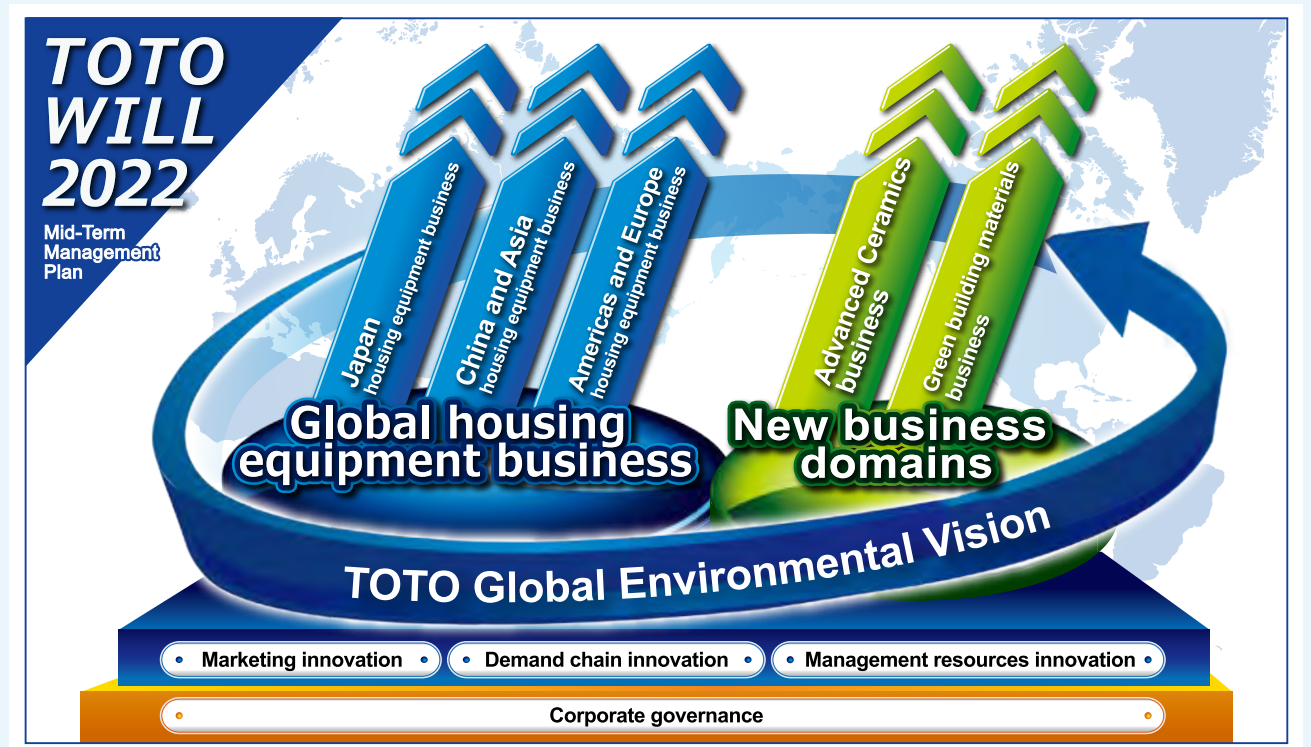
In 2017, the TOTO Group celebrated its 100th anniversary. Looking at the next 100 years, the Group aims to increase the number of TOTO fans around the world. To this end, the Group commenced its five-year TOTO WILL2022 Mid-Term Management Plan in April 2018.

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



Aiming to Further Integrate CSR into Management

Together with the formulation of the TOTO WILL2022 Mid-Term Management Plan, we also revised the TOTO Global Environmental Vision, which acts as the engine for promoting the plan.



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, we will work to communicate Japanese toilet culture, which we have helped create through our public business, with the aspiration of turning Japan into a showroom for the rest of the world.



Market Environment and Business Opportunities

For over 25 years, the TOTO Group has been committed to 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, demonstrating our success in establishing our intended management model.

As each remodeling project entails different on-sight 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 that are steadily realizing growth.

Aims

In the housing market, new home construction is expected to decline with the continuing transition toward a stock-based society. The remodeling business will therefore become more important than ever. In light of such market changes, we will promote the *Anshin* Remodeling Strategy in the remodeling business in an effort to revitalize the market. Also, we aim to expand sales for new housing by strengthening proposals that meet customer needs.

Moreover, in the public market, as part of WASHLET Global Strategy, we will strengthen our proposals for clean toilets in a manner that appeals to the rising number of overseas visitors to Japan. In doing so, we will increase the number of 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. Through the promotion of this strategy, we will establish and maintain a robust business foundation.

Projected Medium-Term Sales and Operating Profit in the Japan Housing Equipment Business

	Fiscal 2017	Fiscal 2022
Net sales	¥425.6 billion	¥450.0 billion
Remodeling	¥290.1 billion	¥320.0 billion
New housing	¥135.4 billion	¥130.0 billion
Operating profit	¥28.6 billion	¥36.0 billion
Remodeling	¥24.7 billion	¥32.0 billion
New housing	¥3.9 billion	¥4.0 billion



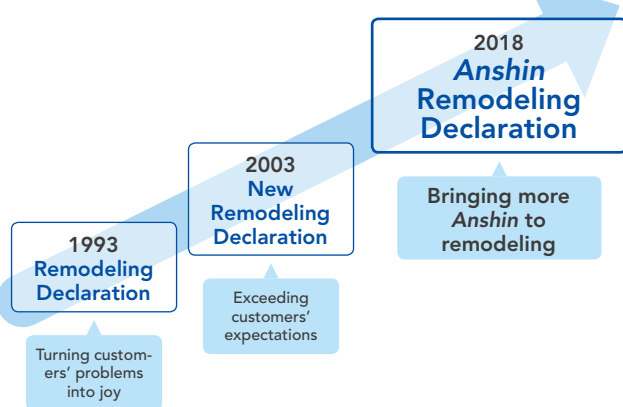
Main Initiatives

Anshin Remodeling Strategy

We will promote the *Anshin* Remodeling Strategy in accordance with the *Anshin* Remodeling Declaration, which was announced in April 2018.

Under the *Anshin* Remodeling Strategy, we are working 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 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.

Anshin Remodeling Declaration



TOTO's Anshin Remodeling

<p>Remodeling Library Visualize and understand examples and appropriate prices for remodeling</p> <p>Examples of actual cases include price information</p> <p>FY2022 Number of actual cases: 10,000</p>	<p>Showroom Visualize and understand life after remodeling</p> <p>Proposal capabilities Aiming to be the leading bathroom and kitchen plumbing products manufacturer</p>
<p>Remodeling Pro Shop Visualize and understand shops recommended by TOTO TOTO remodeling club shops</p> <p>FY2022 5,000 shops that offer complete <i>Anshin</i></p>	<p>Support Desk for Remodeling Visualize and understand our response to customers' questions and concerns Consultation desk for remodeling</p> <p>Available 365 days a year</p>

REALIZING OUR AIM

TDY Remodel Collection 2018

In cooperation with DAIKEN and YKK AP, we hosted the TDY Remodel Collection Fair in May 2018. This event allowed visitors to get an in-depth look at daily living spaces and experience the excitement and sense of openness that remodeling projects can offer.



As purchasing behavior transitions from buying "things" to buying "experiences," remodeling demand is beginning to stem not from the perspective of things, such as the need to renovate products that have aged, but rather from the perspective of experiences, such as a desire to enjoy conversations with family members even within a busy lifestyle. Against this backdrop, we made various remodeling proposals that address social changes, such as generational changes and changes in lifestyles, family structure, hobbies, and needs, under the theme of "Ten People, Ten Homes—Living the Way You Want."

Turning Japan into a Showroom for the Rest of the World

The Japanese government has set a target of having 60 million overseas visitors to Japan by 2030. In light of this target, hotels and other public facilities have been proceeding with the installation and renovation of toilets. We have been responding to this trend by strengthening our proposal capabilities for toilets that cater to overseas visitors. By working to install and increase the number of clean toilets and WASHLET toilet seats, we will communicate Japanese toilet culture to the rest of the world.



GALLERY TOTO
© Daici Ano

In addition to GALLERY TOTO at Narita International Airport, a facility that allows people to experience the beauty and comfort of restroom spaces created by TOTO, we started new efforts in fiscal 2018 as part of our WASHLET Global Strategy, including the promotion of the TOTO brand on advertisements at the airport's entrances and exits.

TOPICS

Global Housing Equipment Business



China & Asia Housing Equipment Business

In China, by responding to market changes and actively making proposals, we aim 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 in this region, we aim to become the most trusted and beloved brand.



Market Environment and Business Opportunities

In China, toilets with a warm-water washing feature are becoming more common with the rising average income of Chinese citizens. 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 centered on urban areas, starting with Tier I cities.

In addition, in various other countries and regions in Asia, including Taiwan, Vietnam, India, and Thailand, we continue to realize high levels of growth as we move forward with efforts to enhance the presence of the TOTO brand. While further reinforcing our sales foundation in each country, we are building production plants to establish the region as a global supply base that can respond to increased demand in the future.

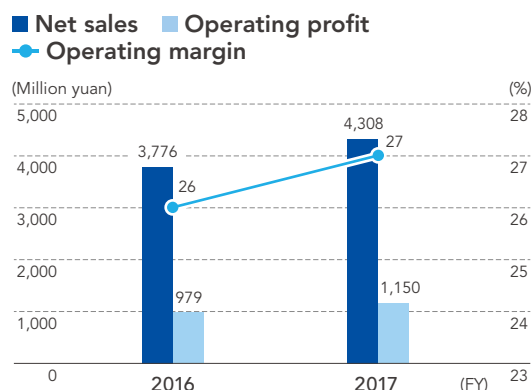
China

Aims and Main Initiatives

In the China Housing Equipment Business, we will ramp up our business activities under the aim of establishing comprehensive bathroom product brands that cannot be rivaled by other companies as well as making TOTO the most trusted brand. In the retail building materials market, we are enhancing our sales proposals for toilet/WASHLET sets that leverage our strengths as a comprehensive manufacturer of bathroom and kitchen plumbing products. At the same time, we are actively holding showrooms in various regions throughout China. In the e-commerce market, we are working to enhance WASHLET sales by carrying out promotions that are linked closely to WASHLET Global Strategy, which we are pursuing in the Japanese market.

Furthermore, to expand sales of NEOREST for five-star hotels and high-end condominiums, we are setting up a structure that allows us to thoroughly communicate the value of our products through such efforts as revamping our technical centers and increasing the proposal-making abilities of our sales representatives.

Additionally, we are strengthening our after-sales service network with our sights set on increasing WASHLET sales. Utilizing the success we have had with after-sales services in Japan, we will work to establish a framework that enables us to receive high ratings from our customers.

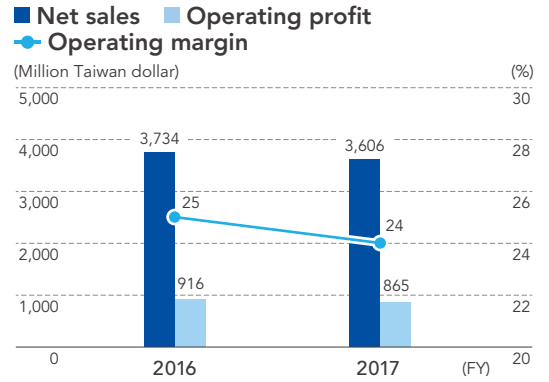


Asia

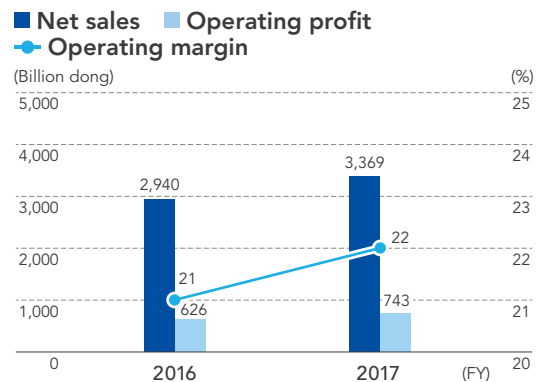
Aims and Main Initiatives



In Taiwan, we aim to boost sales through aggressive activities to create remodeling demand. In terms of generating demand for and enhancing sales of WASHLET, we are working to replace conventional toilets with WASHLET-equipped toilets as well as install WASHLET in pre-owned homes before the arrival of new owners. Through these initiatives, we will help make comfortable living spaces more commonplace in Taiwan.



In Vietnam, we will firmly establish our position as the most trusted brand as we set our sights on the next step for growth in the region. To this end, we will leverage our showrooms in Ho Chi Minh City to strengthen our sales capabilities and make concerted efforts to increase WASHLET sales and enhance the strengths of our services. At the same time, we will establish a high-end sales network that covers all major Vietnamese cities.



REALIZING OUR AIM

Holding Exhibits at KBC 2018 Kitchen & Bath China

We held exhibits at KBC 2018 Kitchen & Bath China, which took place in Shanghai in June 2018. The event is one of the largest international trade shows in Asia for bathroom and kitchen plumbing equipment. Based on our corporate message of Life Anew, these exhibits showcased unique TOTO technologies such as EWATER+, thereby introducing the new concept of WASHLET+ in a manner that left a lasting impression with participants.



Additionally, we proposed bathroom and kitchen spaces that contribute to comfort and luxury in the everyday lives of customers through exhibits combining toilets, bathroom vanity units, and bathtubs geared toward the Chinese market.

* WASHLET+ is a new concept geared toward overseas markets that intricately combines WASHLET and toilets.

Expanding Our Production Capacity in Thailand and Vietnam

In light of the rising demand for ceramic sanitary ware and WASHLET in overseas markets, we are enhancing our production structure in Asia and Oceania to build on our existing structure geared toward local production for local consumption, with the aim of positioning the region as a global supply base.



In Thailand, we began construction of a production plant in May 2018 that will serve as our fifth WASHLET production base globally, as well as our third WASHLET production base overseas. In Vietnam, we commenced operations of our third production base in the region in March 2018, which primarily manufactures toilets and washbasins. For the construction of these new facilities, we worked to enhance our productivity through introduction of cutting-edge equipment. At the same time, we are realizing environment-friendly "green factories" in accordance with the TOTO Global Environmental Vision.

TOPICS

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, thereby increasing the number of TOTO fans around the world.



Market Environment and Business Opportunities

In the Americas and Europe, our proprietary technologies have received high praise from our customers. These technologies include water-saving toilets equipped with Tornado technology, which uses only one gallon (3.8 liters) per flush, as well as the 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.

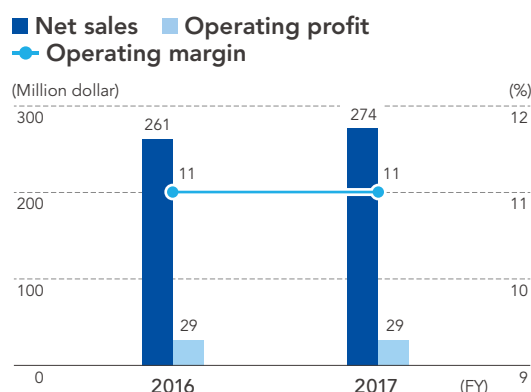
The Americas

Aims and Main Initiatives

In the Americas, we will offer unrivaled value in terms of both products and services to establish TOTO as a premium brand. By doing so, we will bring about change to bathroom culture in the region.

Our main focus will be to enhance our capabilities in communicating the TOTO brand. To this end, we are working to supply NEOREST, a product that exemplifies the TOTO brand, to prominent buildings in New York, Florida, Las Vegas, and other locations, and strategies to expand NEOREST to surrounding buildings are beginning to show results.

We are also expanding the supply of NEOREST to large-scale commercial facilities where large crowds gather, including airports, sports stadiums, and hotels, to allow an even greater number of people to experience the TOTO proprietary technologies that our toilets offer. In this way, we are enhancing the presence of the TOTO brand. While giving priority to holding exhibits on the east and west coast of the U.S., we will strive to expand our distribution network throughout the country. Furthermore, we are working to enhance the quality and speed of our after-sales services to create TOTO fans that will continue to select our brand. We are also taking steps to establish a structure that can respond to customer needs in the e-commerce market, which is undergoing rapid growth.



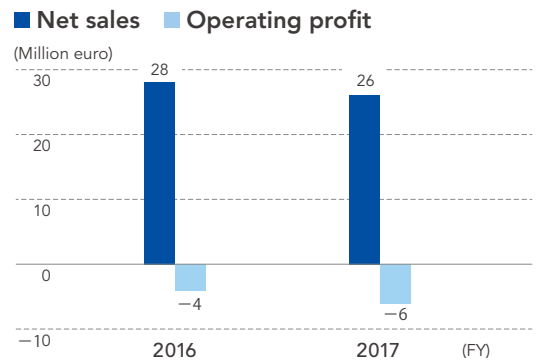
Europe

Aims and Main Initiatives

In Europe, we are moving forward with the supply of TOTO products to prominent buildings and the establishment of sales channels.

In the United Kingdom and France, we will supply WASHLET and NEOREST as differentiated products to high-end hotels and various facilities where large numbers of tourists gather, thereby boosting TOTO brand recognition.

Furthermore, in Germany we are proceeding with the establishment of a business foundation for expanding new product sales as well as a supply structure for after-sales services. We are also making efforts to strengthen our relationships with sales agencies and construction stores. From fiscal 2018, we will pursue the full-scale introduction of new products that fuse high functionality with outstanding design, in addition to actively participating in exhibitions and holding seminars, showrooms and other events. Through these means, we will thoroughly demonstrate the value TOTO offers to its customers and construction stores.



REALIZING OUR AIM

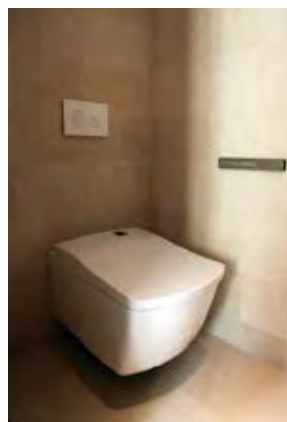
TOPICS

Adoption of TOTO Products at Prominent Buildings

In addition to building a structure to locally develop, produce, and sell the most suitable products that respect the local culture and lifestyles of China, other parts of Asia, the Americas, and Europe, we will strengthen our overall business foundation by using a three-stage marketing strategy of brand awareness enhancement, market penetration, and establishment of luxury brands.

As a measure of brand awareness enhancement, which is the first stage of our three-stage marketing strategy, we are actively promoting activities toward the adoption of TOTO products at prominent five-star hotels and international airports.

WASHLET, in particular, is a product that needs to be actually experienced to understand its true value. Therefore, the use of WASHLET at prominent public facilities is an important first step in increasing its adoption. The number of WASHLET products being adopted is increasing each year. In Paris, France, WASHLET has received formal recognition by the Minister of Tourism. In fact, TOTO products have been adopted at all of Paris's palace hotels (10 locations), which is a title given to hotels that have been chosen and designated as luxury hotels.



Park Hyatt Paris-Vendôme Hotel (France; designated as a palace hotel in 2011)

New Business Domains

Advanced Ceramics Business

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



Electrostatic chucks

Market Environment and Business Opportunities

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, sales have increased in the Advanced Ceramics Business driven by 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, a Companywide innovation activity. At the same time, we will aim to establish a robust business foundation by employing a customer-oriented business approach and improving profitability.

Aims and Main Initiatives

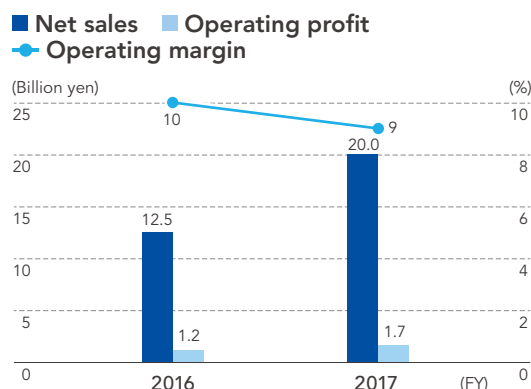
In the Advanced Ceramics Business, we are responding to the arrival of the IoT society as we continue to innovate our proprietary technologies through the development of ceramic components, which are necessary for creating leading-edge devices.

In addition, through strategic analysis of market trends and ongoing value creation proposals that anticipate needs, we will deliver the distinctive value of TOTO's ceramic products in collaboration with our customers.

Particularly, in the semiconductor field, we aim to co-create high-performance semiconductor manufacturing technologies together with our customers and suppliers. At the same time, we also aim to put in place a production structure that can respond to demand. For ceramic film created through the aerosol deposition method (AD film),* we are pursuing industry-academic collaboration to develop new materials that help miniaturize semiconductors as well as to carry out research on production technologies for improving the efficiency of film formation.

Also, to step up efforts to strengthen our proprietary technologies and new product development, we will actively pursue R&D investment with our sights set on the future.

* The aerosol deposition (AD) method is an innovative coating technology that uses the impact solidification phenomenon of ultra-fine particles at room temperature, which was discovered independently by the National Institute of Advanced Industrial Science and Technology. By dispersing ceramic particles in gas to form aerosol and accelerating and ejecting that aerosol into a base material using a nozzle, the AD method forms extremely thin, highly dense ceramic film on the material's surface.

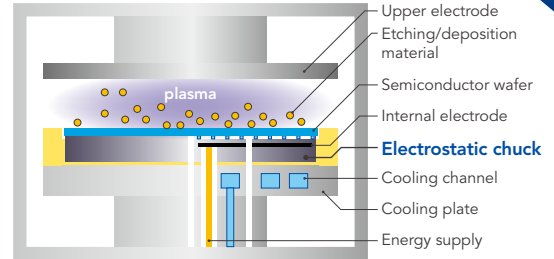


REALIZING OUR AIM

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.

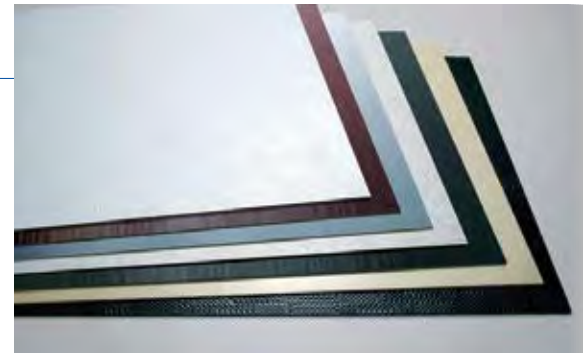
Structure of semiconductor manufacturing equipment



TOPICS

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

Market Environment and Business Opportunities

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.

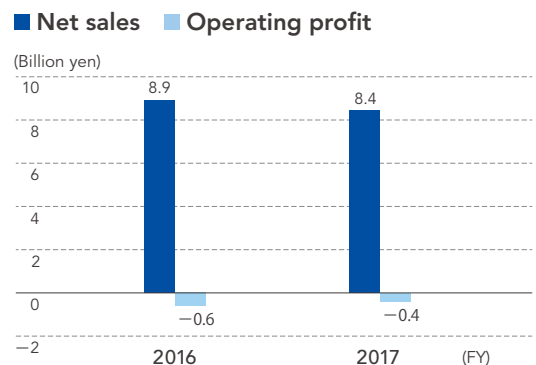
Aims and Main Initiatives

In the Green Building Materials Business, we aim to contribute to the global environment as we continue to provide products that help create a more comfortable lifestyle and culture. To this end, we are strategically strengthening and expanding the HYDROTECT, ceramic tile, and high-performance mirror businesses.

Leveraging the know-how and technologies we have amassed over the years, we will work to acquire new customers and expand the scope of use for HYDROTECT. We will also aim to become the No. 1 comprehensive manufacturer of ceramic tiles by creating special purposes for their use and stimulating needs for improving corporate value in fields other than building materials.

Furthermore, we will foster a market for high-performance mirrors by developing new products that offer

both fog-prevention and lighting functions, among other features. We will also aim to ensure that our high-performance mirrors secure a strong presence in that market. In addition to our ceramic tile and high-performance mirror products, we will enhance our processing capabilities and integrated technologies to boost our percentage of high-value-added products. Going forward, by contributing to the creation of next-generation spaces through a strategy that centers on these three products, we will transition to a robust business structure that generates high levels of profit.



Cross-organizational Innovation Activities

Marketing Innovation

TOTO will successively launch world-leading, beautiful products that provide comfort around the world. At the same time, TOTO will communicate the evolution of design and functionality to the world through unified promotional campaigns.



Aims and Main Initiatives

For marketing innovation, we will evolve our design and functionality in a highly sophisticated manner and make efforts to roll out beautiful products brimming with the uniqueness of TOTO in markets around the world. To evolve our design, we will change our approach to the design process by focusing on the pursuit of beauty when envisioning the living spaces we propose to our customers. By doing so, we will aim to create designs that continue to be selected by our customers.

Also, in terms of technological evolution, we will leverage design technologies while strengthening our activities aimed at delivering new life experiences to our customers.

In regard to overseas promotional campaigns, we will work to increase the unitization of the “Life Anew” concept. Also, for integrated global promotions, we will communicate our products, technologies, and customer value across the globe.

REALIZING OUR AIM

NEOREST NX Integrated Toilet and GS Series and GA Series Single-lever Lavatory Faucets Receive Red Dot Design Award 2018

NEOREST NX integrated toilet and the GS Series and GA Series single-lever lavatory faucets received the Red Dot Design Award 2018. This marked the second award for NEOREST NX after winning the iF Design Award 2018 in March 2018. The Red Dot Design Award is an international product design award presented by the Design Zentrum Nordrhein Westfalen in Germany. The Red Dot Design Award is an extremely prestigious award that ranks among the world’s top three design awards alongside the iF Design Award (Germany) and the IDEA Award (the United States). This marked the sixth consecutive year that TOTO has received the Red Dot Design Award, further reflecting the high external ratings of TOTO’s craftsmanship, which aims to fuse high functionality with outstanding design in a sophisticated manner.



TOPICS

Demand Chain Innovation

TOTO will evolve its supply chain on a global basis to optimize and accelerate the flow of goods and information. In this way, TOTO will deliver attractive new products to its customers.



Aims and Main Initiatives

For demand chain innovation, we will promote cost reductions by strengthening the structure of our supply chain across the world (supply chain innovation) and taking on new challenges in our manufacturing processes (manufacturing innovation).

In terms of supply chain innovation, we will work to enhance visualization, establish various frameworks, and minimize inventories through activities to unify production, sales, distribution, purchasing, and information; thorough reductions in information, production, and distribution lead times; and changes to our product structure. At the same time, we will take steps to optimize our global distribution network.

As for manufacturing innovation, we will make efforts to establish a structure that simultaneously enables both domestic and global product development. We will also strive to achieve ultimate waste elimination and quality improvement through smart factories that utilize IoT and AI. With these efforts, we will realize average annual cost reductions of ¥40.0 billion by 2022.

Management Resource Innovation

TOTO strives to become a company that attracts diverse human resources and allows them to work with peace of mind and take on challenges in a lively manner.



Aims and Main Initiatives

For management resource innovation, we are promoting a three-pronged approach that focuses on human resources, information, and finance and accounting. In regard to human resources in Japan, by 2022, we aim to increase the percentage of female managers to 20%, boost the rate of paid holidays taken to 100%, and bring the ratio of employees leaving due to life events down to 0%. To this end, we will continue to pursue workstyle reforms. We will also provide support so that a diverse group of human resources can work with peace of mind, regardless of age, time, location, or job title, and actively take on challenges. By doing so, we will create a workplace environment that leverages diversity as a strength.

In terms of information, we will connect people and organizations through accessible IT such as portal sites and systems, thereby establishing a structure that enables global collaboration.

For finance and accounting, we will contribute to a management PDCA cycle from the perspective of investment efficiency and work to optimize our management resources. In these ways, we will strive to realize sustainable growth.

Furthermore, as a foundation for realizing our growth strategies, we will continue to foster a corporate and organizational culture unique to TOTO through cultural activity support and social contributions.

TOTO Global Environmental Vision

Coinciding with the implementation of our new 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 aim to further integrate our management and CSR activities and increase our corporate value.

In light of the changing times and social trends, we have unveiled the new TOTO Global Environmental Vision

In 2010, the TOTO Group initiated its environmental vision, TOTO Green Challenge, in order to address the ever-growing issue of protecting the environment. This vision hinged on products and services, manufacturing, and social contribution and human resources development, and was a new step toward validating the link between our corporate activities and the environment.

As a natural next step, in 2014 we formulated the TOTO Global Environmental Vision to evolve our environmental contributions to a more global scale while working to resolve the specific environmental concerns of each country and region. Working to tackle common global issues, TOTO established and promoted a set of Global Environmental Goals toward which we will work to conserve water by 2017.

In October 2017, in light of the changing times and social trends, we updated the TOTO Global Environmental Vision, combining the themes of the past with social themes closely related to our business. We began rolling out these efforts in fiscal 2018.

Global Environmental Goals

	Aims	Major Initiatives
Cleanliness and Comfort Details on P.31	<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 Details on P.33	<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 Details on P.35	<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

In the updated TOTO Global Environmental Vision, our global efforts are organized into three themes: Cleanliness and Comfort, Environment, and Relationships. Each theme has a set of targets and specific initiatives determined based on our aims. We are working toward achieving these targets by fiscal 2022. (see table below)













Through promoting the new TOTO Global Environmental Vision, the TOTO Group will contribute to achieving the United Nations' Sustainable Development Goals (SDGs).

Water, Earth & a better Tomorrow

At TOTO, we're committed to improving life and the environment for a thriving future. Our production processes and products save water and energy, while reducing impact on the environment. We provide cleanliness and comfort while building relationships that enrich life.

Water, Earth & a better Tomorrow
All our group companies are dedicated to building a healthier and more sustainable tomorrow.



Indicators	Fiscal 2022 Target	SDGs
CEFIONTECT shipment ratio (overseas)	79%	 
TORNADO FLUSH shipment ratio (overseas)	53%	 
WASHLET shipment volume (overseas)	2 million units	
Reduction of water consumption during product use*	1,100 million m ³	 
Total CO ₂ emissions from business sites	450 thousand tons	
Total CO ₂ emission reductions due to measures implemented	22 thousand tons	
Total CO ₂ emission reductions during product use*	3.7 million tons	 
Number of projects contributing to solve regional issues	100 cases (total number since FY2018)	
Customer satisfaction from after-sales services (Japan)	90%	
Ratio of repairs completed within two days of reception (overseas)	80%	 
Volunteer activity participation rate (total number of participants / number of consolidated employees = participation rate)	100% or more	
Annual paid leave usage rate (Japan)	100%	
Ratio of female managers (Japan)	20%	 
Employee turnover rate due to life events (Japan)	0%	

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

Cleanliness and Comfort

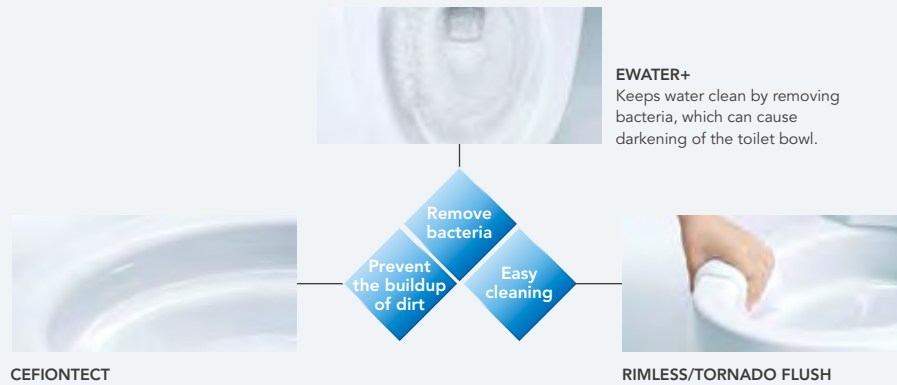
1

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

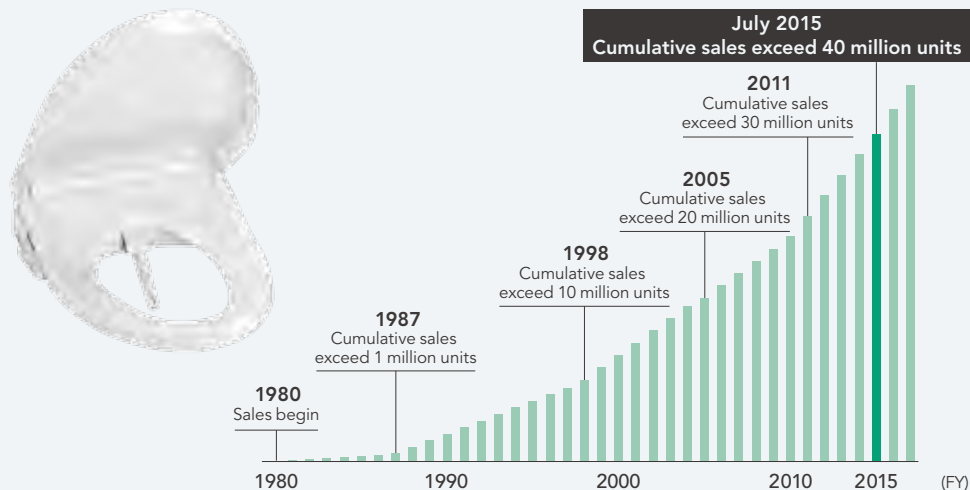
TOTO has refined its manufacturing technology over the last one hundred years. To create clean and comfortable toilet spaces for our customers, we have developed a range of clean technologies unique to TOTO, such as EWATER+, CEFIONTECT, RIMLESS, and TORNADO FLUSH. Together, these technologies remove bacteria, prevent the buildup of dirt, and easy cleaning, resulting in toilets that are not only resistant to dirt and easy to clean, but also achieve new heights in cleanliness by effectively cleaning themselves.



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 throughout the world, thereby expanding our sales in China, Asia and Oceania, and Europe. As a result, cumulative WASHLET shipments exceeded 40 million units globally as of July 2015. Today, sales of WASHLET products continue to grow on a global basis.

Trends in Cumulative WASHLET™ Sales



SDGs



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

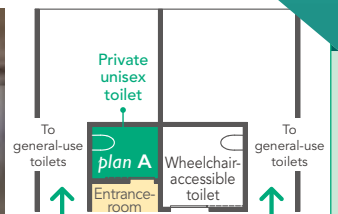
Proposing Public Toilets That Regard Sexual Minorities

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. From 2016, we have commenced a series of seminars that introduce plans for public toilets, considering the LGBT community which are based on results of interviews. In 2017, we began proposing unisex toilets that can be used by anyone, regardless of gender, as part of our efforts to support the LGBT community.

- ① Sign for a unisex toilet
- ② Layout plan for a private unisex toilet. The wheelchair-accessible toilet and private unisex toilet are located between the entrances of the men's and women's toilets.



① Provisional sign



② Provisional plan

TOPICS



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

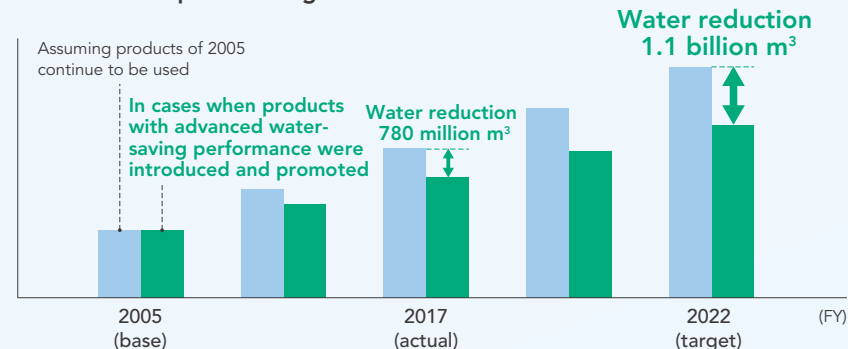
The surface of the earth is mostly covered in water, but only 0.01% of that water can be consumed by humans.*1

In addition, we are using a growing amount of water every year. Total water consumption and consumption of water for daily use are forecasted to increase by 140% and 180%, respectively, in 2025 (compared with figures in 1995).*2

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.

*1: Source: *Water Resources in Japan (2014)*, Water Resources Department, Ministry of Land, Infrastructure, Transport and Tourism
 *2: Source: *Water Resources in Japan (2010)*, Water Resources Department, 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

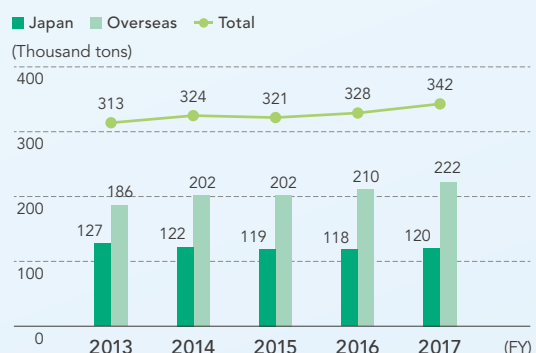
We are making efforts from a long-term perspective toward realizing decarbonization by reducing energy use in our manufacturing processes and promoting reductions in CO₂ emissions from the use of our products.

Reduction of CO₂ Emissions from Business Sites

We are reducing CO₂ emissions by implementing various initiatives at all our business sites, including the introduction of the latest energy-saving equipment and high-efficiency machinery, sharing of know-how relating to energy-saving activities, and the introduction of renewable energy by purchasing and generating.

Moving forward, we are working to implement a variety of new measures to help us reach our newly established goals for reducing CO₂ emissions, and in doing so we will contribute to the prevention of global warming.

Total CO₂ Emissions from Business Sites



SDGs



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.*³

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.

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



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, 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 2017, these efforts have expanded to 40 prefectures in Japan and 13 countries worldwide.

Strengthening Activities of TOTO Water Environment Fund in China

To coincide with its expansion into the area and to contribute to the local community, TOTO (China) Co., Ltd, in agreement with the China Environmental Protection Foundation, established the TOTO Water Environment Fund in China in 2008. Over the ten-year period, the fund has raised 10 million yuan in donations put toward water-resource economization and conservation endeavors such as water-saving education for children and support for the construction of water-supply facilities. We have received messages from students attending a school that receives water from one of these facilities telling us that the water was dirty before but is now very clean. From the beginning, we have been a business that revolves around the use of water and as such, we will actively promote activities that help protect the environment and develop local communities.



Support for construction of a water-supply facility

TOPICS



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 provide satisfaction to our customers for their purchases, we have established 100 showrooms in Japan and 14 directly managed showrooms overseas where they can see, feel, and experience our products first-hand. Our Japanese locations include 12 showrooms that are jointly operated by DAIKEN and YKK AP, where we exhibit and propose living spaces 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, educate employees on proper etiquette when interacting with customers, and reduce the amount of time between the receipt of a service request and the completion of necessary repairs.

In addition, 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 participation in volunteer activities by its employees. 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 and countries, and help us to keep gaining TOTO fans around the world.



en: art of nexus (2017)
© Nacása & Partners Inc.

SDGs



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 2017

52,300 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.

Promoting 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 such as step-up training for women and training for female management position candidates.



Promoting 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. These efforts have been held in high regard, and we have obtained Platinum Kurumin certification from the Ministry of Health, Labour and Welfare of Japan as a company that supports child rearing.



Platinum Kurumin certification mark



For Customer Satisfaction

Please see our corporate website for more details.
<https://jp.toto.com/en/company/csr/cs>



We are pursuing "to provide good products and satisfy customers," the Words of Our Founder, as we move forward with Companywide activities to boost overall customer satisfaction levels. We will also make concerted efforts to improve quality based on the idea of "TOTO quality," which refers to not only the quality of our products themselves but also our proposals at showrooms and after-sales services.

Sharing Examples of Activities Emphasizing the Customer's Perspective

The TOTO Group Customer Satisfaction Convention is held every year with the aim of sharing examples of efforts to improve customer satisfaction. This convention presents examples of customer satisfaction initiatives that have been selected from separate conventions held for the manufacturing, indirect, and service divisions.

In fiscal 2017, approximately 400 attendees, including representatives from overseas companies, came together to hear numerous presentations on approaches to delight customers. The event was filmed in order to share these customer satisfaction presentations at TOTO Group companies and offices around the world and to promote customer satisfaction activities on a global basis.

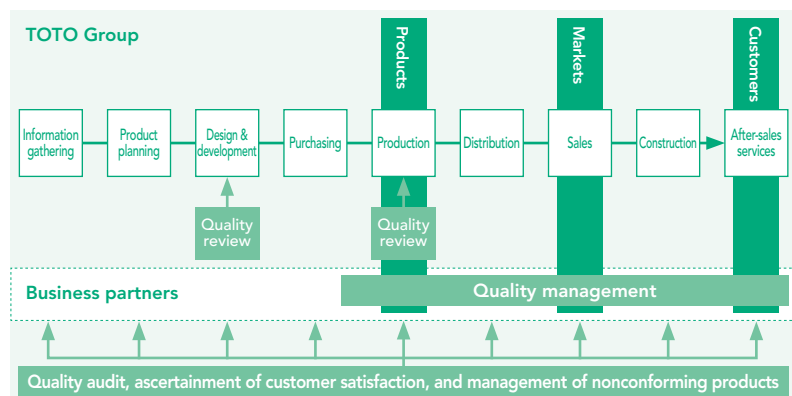


Fiscal 2017 TOTO Group Customer Satisfaction Convention

Promoting Quality Assurance Activities across the Entire Value Chain

To ensure product quality customers can enjoy with safety and confidence, and to provide products and services with which they will be satisfied, the TOTO Group has installed an ISO 9001-based management system. Through this system, the Group works with suppliers to continuously improve its quality assurance system. With particular emphasis on ensuring product safety and disclosing information to customers, we have formulated the Basic Policy for Voluntary Action Plans on Product Safety.

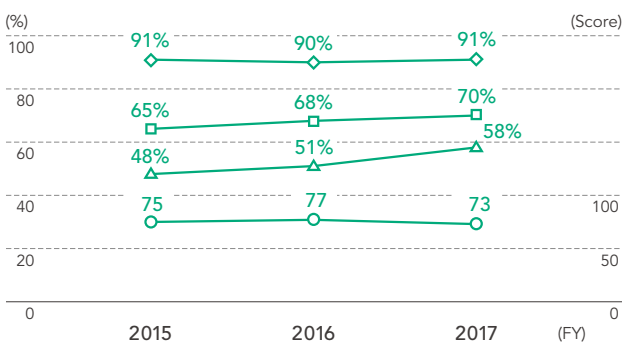
Quality Management System



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. In addition, we share feedback such as customer survey results and the opinions and requests received through the Customer Consultation Center internally, which is then used in new product development and efforts to improve existing products.

Results of Customer Satisfaction Surveys



Survey Index

- ◇ After-sales service satisfaction rate**
Proportion of customers rating services as "satisfactory" or better
- Total satisfaction index of showrooms**
Index that expresses overall satisfaction with content of proposals
- ▲ Ratio of customers impressed with bath module assembly**
Proportion of customers rating service representative behavior and workmanship as "excellent"
- Call response satisfaction rate**
Satisfaction ratings of external providers of call center services

Together with Our Employees

Please see our corporate website for more details.
<https://jp.toto.com/en/company/csr/employees>

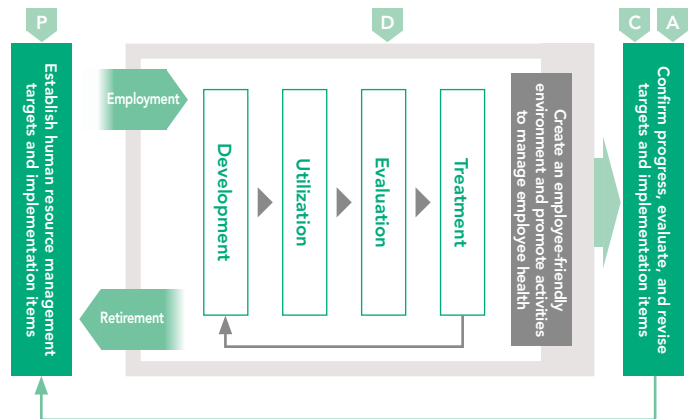


The TOTO Group is promoting an array of activities to create an animated working environment in which the individuality of every person working for the Group is respected. In addition to human resource management that celebrates diversity and values work-life balance, the Group will promote the cultivation of human resources that will inherit its technological strengths in the next generation.

Human Resource Management Cycle

We implement human resources management from the perspective of Groupwide optimization. In addition, by placing this management cycle into motion, we monitor and promote a wide range of initiatives, including the recruitment and cultivation of human resources, the establishment of an employee-friendly business environment, and the promotion of activities to manage employee health.

Human Resource Management Cycle



Implementing Employee Awareness Survey

To gain a comprehensive understanding regarding the fostering of a challenge-oriented corporate culture, the enhancement of compliance awareness, and the widespread understanding of the corporate philosophy, we implement the TOTO Group Employee Awareness Survey every year and use the results of the survey to make various improvements. In addition, from 2016 we have been conducting these surveys with the management teams of overseas Group companies as well.

In addition, from 2016 we have been conducting these surveys with the management teams of overseas Group companies as well.

Human Resource Development

Passing Down and Evolving Our Proprietary Technologies with the Specialist System

To pass down and evolve our proprietary technologies, an important Group strength, we have established the Specialist System, which evaluates our researchers and technicians. Those designated as specialists through this program help pursue the further evolution of our research and technologies while also focusing efforts on cultivating human resources for the next generation. The Company currently has 100 specialists, which include those who have become a "Fellow," the highest rank of the program.

Hosting the Ceramic Sanitary Ware Technical Skills Competition

We hold the Ceramic Sanitary Ware Technical Skills Competition with the aim of sharing and passing on the spirit of craftsmanship and our production technology know-how cultivated in Japan, in addition to further improving our technological capabilities. The competition was held for the fifth time in June 2017 with 28 select participants from seven different countries and regions. Employees from TOTO VIETNAM stood out by capturing both first and second place, making for a memorable competition that helped to steadily advance the spread of technologies across the globe.



Fifth annual Ceramic Sanitary Ware Technical Skills Competition

Promoting Occupational Safety and Health

Preventing Workplace Accidents

We are working to increase safety awareness and eliminate unsafe work practices and conditions.

Supporting Physical and Mental Health

We are working to improve employee health based on a three-pronged approach involving health management, mental health care initiatives, and health improvement.

TOTO Group employees
Lost time injury frequency rate

Fiscal 2017 result: **0.29**

TOTO Group employees
Occupational illness frequency rate

Fiscal 2017 result: **0.00**

Together with Our Suppliers

Please see our corporate website for more details.
<https://jp.toto.com/en/company/csr/customers>



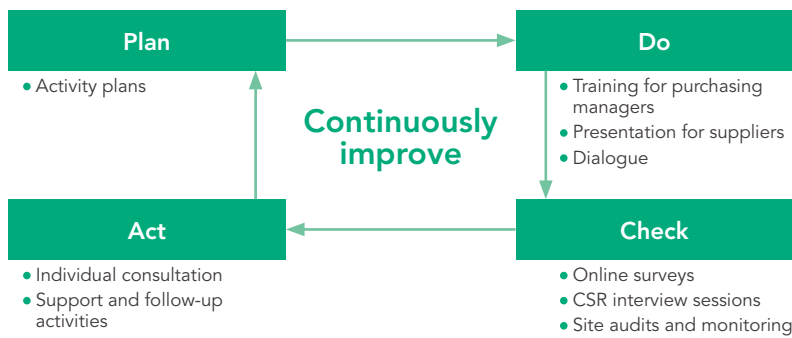
By fulfilling its management, environmental, and social responsibilities, the TOTO Group aims to contribute to the sustainable development of corporations, society, and the environment. Together with its suppliers, the Group is providing valuable products and services to its customers through fair purchasing practices while giving ample consideration to the environment and social issues such as human rights.

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 2017, we held 11 policy briefings in all for a total of 609 of our suppliers in Japan. 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. Furthermore, we strive to understand the conditions at our overseas suppliers in terms of human rights and labor, safety and health, and the environment.

PDCA Cycle for Supply Chain Management*



* Target: suppliers of raw materials and components in Japan and overseas

TOTO Group Purchasing Policy

1. Partnership in mind
2. Fair and equitable transactions
3. Priority given to business with superior suppliers
4. Compliance with laws, regulations, and ethics
5. Consideration for the environment

Achievement rate of standards of compliance items by suppliers

Fiscal 2017
result:

Japan: 100%
Overseas: 99%

Biodiversity-conscious Procurement

In 2010, we established the Standards for Sustainable Procurement of Raw Materials. These standards define important items for consideration when procuring earth and stone materials and wood materials, which are the raw materials used in our mainstay products.

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.

As for wood materials, we have established the usage rate of legal and recycled materials for wood-based materials in products as an important index. In fiscal 2017, we achieved 100%. 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 2017
result:

100%

Usage rate of legal and recycled materials for wood-based materials in products

Fiscal 2017
result:

100%

For Society

Please see our corporate website for more details.
<https://jp.toto.com/en/company/csr/social>



The TOTO 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 three core issues, we are promoting a broad range of activities aimed at realizing sustainable development together with local communities.

Preserving the Water Environment

As a company that offers bathroom and kitchen plumbing products, TOTO continuously strives to increase the use of water-saving products on a global basis while also working to protect rivers, oceans, and other water environments.

Through the TOTO Water Environment Fund, established in 2005, we provide support to various organizations engaged in such activities as protecting water sources, water quality, and biodiversity. In addition, we encourage our employees to participate as volunteers in these activities as well as in activities organized by local community members.

Creating a Sanitary and Comfortable Living Environment

In accordance with our founder’s conviction of “improving the lifestyle and culture of the people” and “providing a healthy and civilized way of life,” we are promoting the development and widespread use of sanitary devices and universal design products through our business activities.

In addition, with the TOTO Water Environment Fund as the primary medium, we are undertaking activities such as installing wells for supplying safe drinking water to help create sanitary and comfortable living environments for people in various parts of the world.

Developing the Next Generation and Supporting Cultural Activities ...

TOTO GALLERY · MA

Since its opening in 1985, the TOTO GALLERY · MA has been a venue for presenting the ideas and works of architects and designers. TOTO GALLERY · MA has been expanding its activities around the globe, hosting exhibits and lectures for architecture students and professionals in Japan and overseas. In 2017, TOTO GALLERY · MA held an exhibit and lecture at Japan House São Paulo in Brazil as a special project designated by the Ministry of Foreign Affairs of Japan.

TOTO Publishing

Established in 1989, TOTO Publishing issues books with unique architectural design and lifestyle perspectives. It also publishes books in collaboration with TOTO GALLERY · MA.

In addition, TOTO Publishing has been expanding its activities on a global scale in such ways as establishing the TOTO Information Center, where visitors can freely browse design and architecture books issued by TOTO, in the cities of Hanoi and Ho Chi Minh in Vietnam.

TOTO Museum

The TOTO Museum presents the history of TOTO’s efforts to create comfortable lifestyles and provides an introduction to the manufacturing ideals we have carried forward to today. Beginning with TOTO’s establishment in Kokura, Kitakyushu, the TOTO Museum aims to be an attractive landmark that communicates the development of TOTO into a global brand.

TOTO Water Environment Fund 12th grant assistance*

35 organizations

¥95.3 million

* The amount was increased for the 12th grant assistance in celebration of TOTO’s 100th anniversary.

1st to 12th grant assistance total

239 organizations

Approx. ¥300 million



Activities of the NPO Asia Child Support, an organization backed by the TOTO Water Environment Fund, to draw water in Myanmar



Lecture by Sousuke Fujimoto at Japan House São Paulo (Photo provided by Rogerio Cassimiro and the secretariat of Japan House São Paulo)



TOTO Information Center in Hanoi



TOTO Museum

Dialogue with Shareholders and Other Investors

Please see our corporate website for more details.
<https://jp.toto.com/en/company/csr/stockholders>



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>

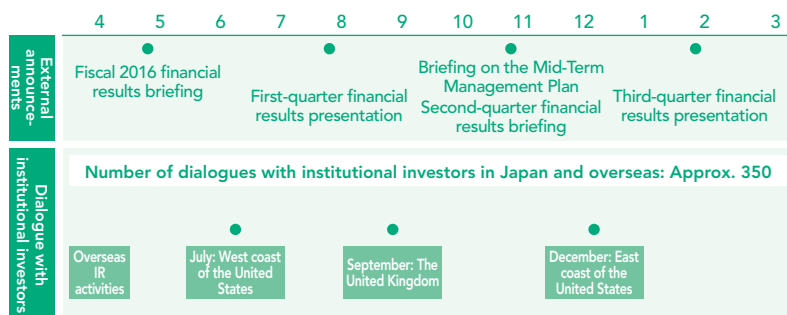
Relations with Institutional Investors

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 2017



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

Please see our corporate website for more details.
<https://jp.toto.com/en/company/csr/stakeholder>



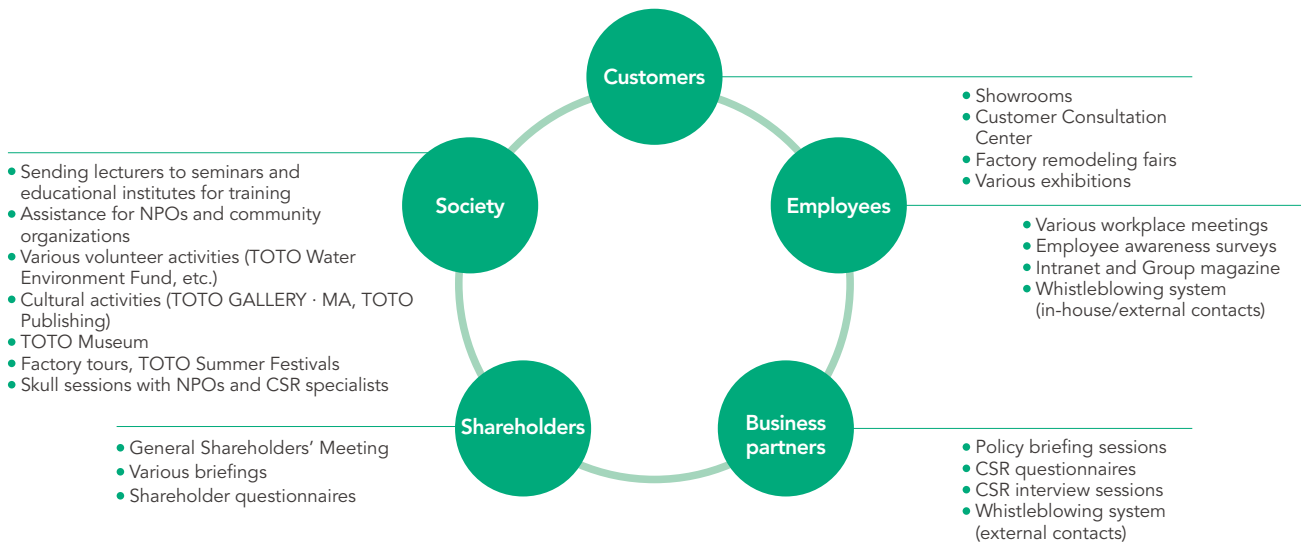
TOTO considers the concept of stakeholder engagement to be vital in building relationships of trust with stakeholders and in facilitating cooperation. By doing so, TOTO aims to improve societies for generations to come.

Promoting Two-way Communication with Various 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.

CSR Communication with Stakeholders



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.

Since its inception in 2012, the workshop has aimed 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 industrial sector based on the input of multiple stakeholders, including companies, NGOs/NPOs, and various experts.

In fiscal 2017, we worked to revise these industry-specific issues together with companies involved in the chemical and building materials industries, 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, after making efforts to share the contents of this stakeholder engagement program internally, we declared our support for the Universal Declaration of Human Rights and the ILO (International Labour Organization) Declaration on Fundamental Principles and Rights at Work, which represent international human rights standards.



Discussion about "Human Rights Issues by Sector"
 ©CRT 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

Identifying Our Materiality

We have determined material issues based on our Mission, which is described in the words of the TOTO Group Philosophy highlighting the most important matters to be addressed over the medium to long term.

In light of the changing times and social trends, we revised our Mission in October 2017. To work in unison with this new mission, we established three social issues closely related to our business as material issues. These issues are Cleanliness and Comfort, the Environment, and Relationships. Through these means, we are working to further integrate CSR within our management.

Process for Identifying Materiality

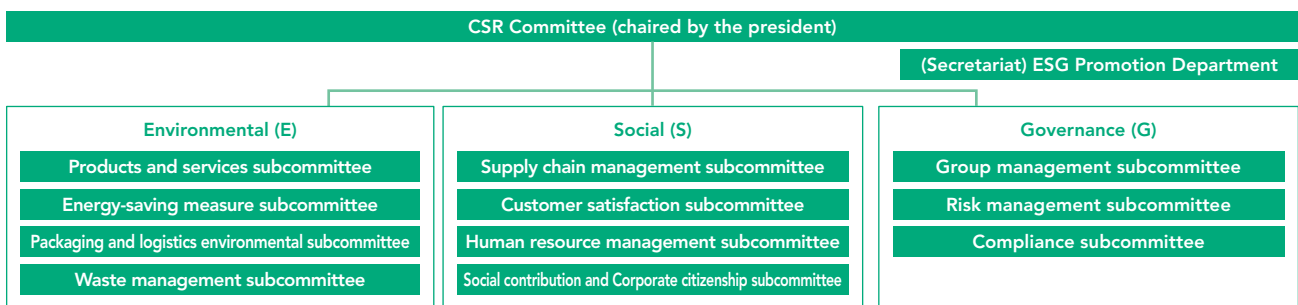


CSR Promotion System

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.

In addition, 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 CSR

In Japan, we implement level-specific CSR training programs targeting new hires and newly appointed managers. In addition, we provide employees with e-learning opportunities. At the same time, we work to raise awareness of general CSR themes, specific Group CSR initiatives, social trends, and the direction of future initiatives.

For our overseas employees, we prepare educational materials in English and Chinese and carry out training programs tailored to each country. In this manner, we are promoting widespread understanding and awareness of CSR across the entire Group.



Guideline training for newly appointed managers of Group companies

Please see our corporate website for more details.
<https://jp.toto.com/en/company/csr/management>



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.

We have established the Risk Management Committee, which is chaired by the executive vice president and comprises executive officers and division heads who oversee major risks. In accordance with the TOTO Group Rules for Risk Management, the Risk Management Supervising Division General Manager, who is appointed to address risk management by field, collaborates with all Company divisions and Group companies through meetings and discussions with various committees to prevent risks and enhance the Group's risk management response capabilities.

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.



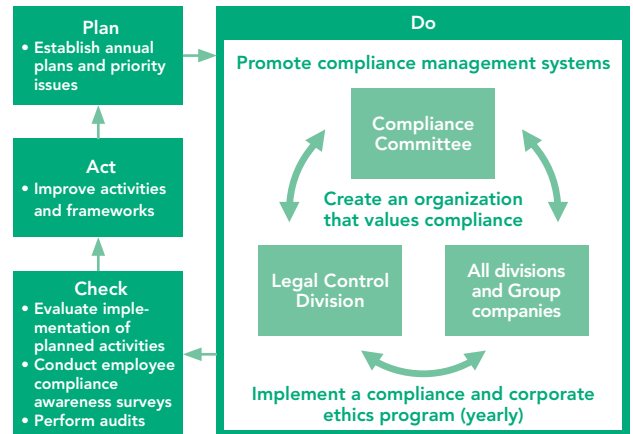
Risk simulation training

Compliance

Basic Approach and Promotion Structure

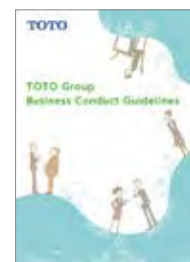
The TOTO Group adheres to laws, regulations, and social norms within its corporate activities and strives to foster an organizational culture that promotes fair and transparent action. To reflect the ideals of the United Nations Global Compact, to which the Group became a signatory in 2011, the Group added anti-corruption, anti-bribery, and anti-cartel language to the TOTO Group Compliance Policy in 2013. 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



Implementing Compliance Training

To thoroughly ground each employee in compliance, we implement educational and e-learning programs targeting new employees and newly appointed managers. We offer training pertaining to various business-related rules and regulations, including anti-trust laws and subcontract laws. At the same time, the Legal Control Division visits each department to hold on-site seminars. Also, from fiscal 2014 we have been working to thoroughly raise awareness of insider training via e-learning programs that target all Group employees.



TOTO Group Business Conduct Guidelines

Corporate Governance

Basic Views 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 2018

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 27, 2018, 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

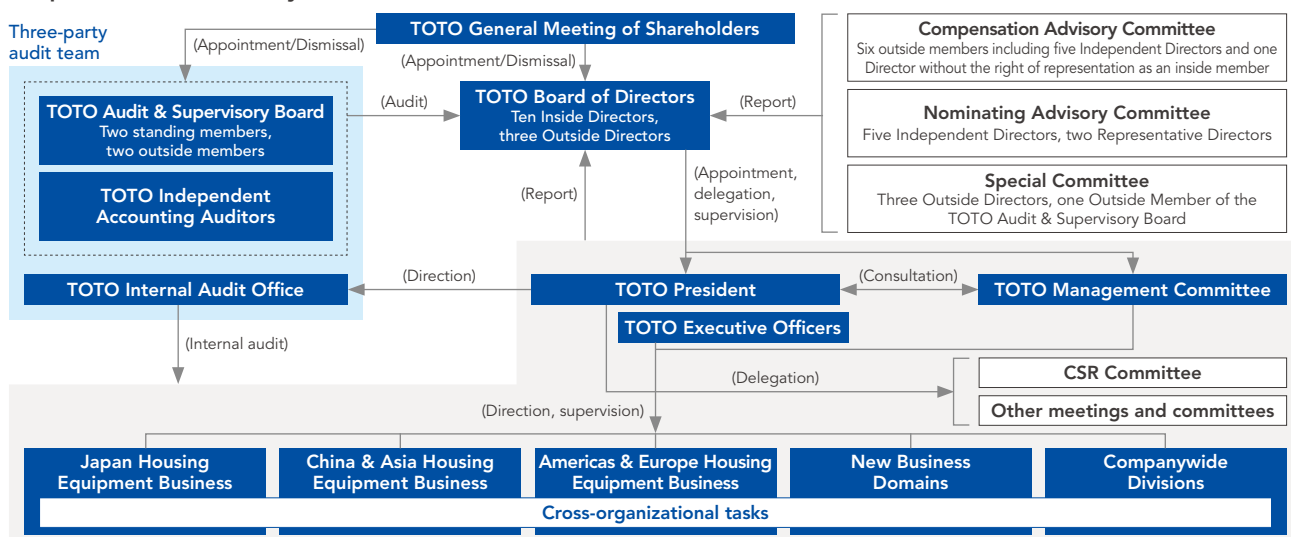
The TOTO Group considers that an essential aspect of corporate management is ensuring the satisfaction of stakeholders and constantly expanding corporate value by improving objectivity and transparency in management and by clarifying management responsibilities. To achieve this, for matters requiring 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 Compensation Advisory Committee and the Nominating 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 the General Meeting of Shareholders.

Compensation for Directors of TOTO comprises fixed compensation in the form of base compensation, and performance-linked compensation, which varies with the business performance and stock price of the Company. Performance-linked compensation comprises bonuses, which are tied to business performance and limited to 0.8% of consolidated operating income, and stock compensation-type stock options, which are aimed at having Directors share the common interests of our shareholders and incentivizing contributions toward continuously increasing the corporate value of the Company. Stock compensation-type stock options were replaced with restricted stock compensation in accordance with the decision made at the 152nd Ordinary General Meeting of Shareholders held on June 26, 2018. The policy for determining compensation is designed to motivate Directors to not only consider the current business year, but also to take a medium- to long-term perspective in their management of the Company.

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.

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.

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)	Total (million yen)
Directors	14	390	420	70	881
(including Outside Directors)	(3)	(28)	—	—	(28)
Audit & Supervisory Board Members	5	50	—	—	50
(including Outside Members)	(2)	(19)	—	—	(19)
Total	19	441	420	70	932

* The total amount of compensation approved at the General Meeting of Shareholders is shown below. (Approved at the 152nd Ordinary General Meeting of Shareholders held on June 26, 2018.)

	Fixed compensation	Performance-linked compensation	
	Base compensation	Bonus	Restricted stock compensation
Directors	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 per annum
Audit & Supervisory Board Members	Up to 150 million yen per annum	—	—

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

Directors with compensation of 100 million yen or more in fiscal 2017.

	Base compensation (million yen)	Bonus (million yen)	Stock compensation-type stock options (million yen)	Total (million yen)
Representative Director Kunio Harimoto	63	78	10	153
Representative Director Madoka Kitamura	63	78	10	153
Representative Director Noriaki Kiyota	40	52	8	101
Representative Director Nozomu Morimura	40	52	8	101

Corporate Governance

Evaluation of Effectiveness of the Board of Directors

In March 2018, 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:

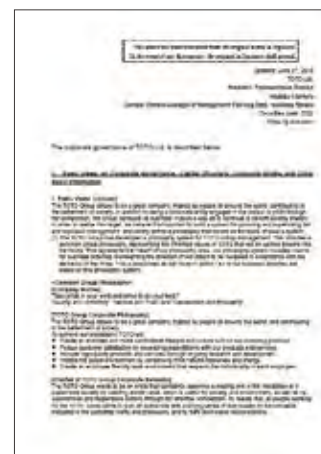
- In accordance with the Basic Policy for Development of Internal Control System, the system ensures that the execution of Directors' duties complies with the laws and regulations and the Articles of Incorporation, and all other items are operated positively.
- Matters to be resolved at Meetings of the 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 Code, 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:
 - Acceleration of discussion on the mid-/long-term management plan including investment plans
 - Promotion of information sharing by the participation of outside directors in the Executive Officers' meeting as observers

From the above, we have confirmed that the operation of the Board of Directors is functioning properly and its effectiveness is ensured.

We will continue to monitor conditions to further improve the effectiveness of the Board of Directors and further enhance its functions.

Promoting Stronger Corporate Governance

2004	Establishment of the Nominating Advisory Committee Establishment of the CSR Committee Establishment of the philosophy system for TOTO Group management
2005	Establishment of the Compensation Advisory Committee Establishment of the Risk Management Committee
2006	Appointment of an Outside Director Establishment of the Internal Audit Office Establishment of the Special Committee
2007	Introduction of the stock options system
2010	Establishment of the Requirements for Independent Directors/Audit & Supervisory Board Members and appointment of Independent Directors/Audit & Supervisory Board Members
2011	Reduction of the maximum number of Directors stipulated in Articles of Incorporation (from 20 to 14) Participation in the United Nations Global Compact
2012	Enhancement of the Executive Officer system (creation of a new post of Senior Executive Officer)
2013	Establishment of TOTO Group Business Conduct Guidelines
2014	Establishment of rule that half or more of the Nominating Advisory Committee members shall be outside members
2016	Increase in the number of Outside Directors (from 2 to 3)
2018	Replacement of stock compensation-type stock options with restricted stock compensation



For more details regarding the enforcement of the Corporate Governance Code, please see our latest Corporate Governance Report.

 [Corporate Governance Report](https://jp.toto.com/en/company/profile/governance/pdf/co_gov.pdf)
https://jp.toto.com/en/company/profile/governance/pdf/co_gov.pdf



Messages from Outside Directors

I have many years of experience working in manufacturing facilities at UACJ Corporation (formerly Sumitomo Light Metal Industries, Ltd.). The concept that I believe is most important in corporate management is "overall optimization." I believe overall optimization is closely connected with the market-oriented approach, a very important way of thinking wherein different departments build relationships of trust and the entire company comes together to serve customers and society. TOTO operates according to the concept of overall optimization, and I think the Company's management philosophy is similar to my own.

Corporate governance is more than just a formula. If employees do not put their heart and full effort into corporate governance, it becomes a meaningless gesture. The most important thing is to come together as a company and think about its honesty toward customers and society and whether we are facing issues head-on and being open. It is important to have this kind of mindset permeate TOTO's corporate culture, and I think TOTO has been successful in achieving this.

I think the strength of TOTO's Board of Directors is its willingness to listen to outside opinions and quickly make improvements. When I assumed the position of Outside Director, I made several suggestions from the point of view of an outsider. TOTO quickly took my suggestions into consideration and, in roughly half a year, there was improvement in nearly all of the areas I brought up. Moreover, the Board of Directors meetings are conducted in an environment that encourages free and open discussions.

In corporate management, the aim is not to strengthen corporate governance. It is to achieve continual growth of the company. In order to achieve this, it is important for companies to be trusted and recognized by customers and society. Consequently, corporate governance will be strengthened and continual growth will be achieved for companies that have the trust of society. I hope to contribute to the best of my ability in order for TOTO to become such a company.

Outside Director

Kazuhiko Masuda

Since becoming a Director at IBM Japan, Ltd. in 2001, I have served in the position of Director during a period of time when Japanese corporate governance made considerable advancements.

Until around 2000, IBM operated its business centered on local management teams, but with the development of the IT industry, management based on business segments became increasingly important, eventually resulting in management carried out by a matrix of businesses and local teams. I think my experience overseeing a major change in governance mechanisms will be of great assistance in the management of TOTO.

TOTO's corporate governance system is well-designed and operated and is steadily improving. Outside Directors not only attend Meetings of the Board of Directors, but they also visit facilities in Japan and overseas and are sometimes invited to attend meetings as observers. In addition, important discussions related to the execution of duties are also shared with outside directors. All of these activities deepen Outside Directors' understanding of TOTO.

This contributes to a culture wherein Outside Directors are comfortable speaking at the Board of Directors meetings and suggestions by Outside Directors are actively taken up by the Company. As a company that provides products emphasizing the needs of female customers to around the world, I expect TOTO to take steps to diversify its governance with the addition of women and foreigners among management.

In recent years, new technologies have radically changed businesses in what has been called a "digital transformation" affecting the entire world. At TOTO, in addition to growing new businesses on a global scale like our Advanced Ceramics Business, amid the shift in trend from providing and owning products to providing experience, I believe it is necessary to develop businesses based on completely new ideas. As an Outside Director, I hope to contribute to the further growth of TOTO by bringing an outside point of view to the table.

Outside Director

Masatsugu Shimono

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 & 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

Kazuo Sako

Date of Birth: August 25, 1959

In charge of Americas & Europe
Housing Equipment Business
Also in charge of TOTO WILL2022
Americas & Europe Housing Equipment
Business



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

Outside Directors



Outside Director

Kazuhiko Masuda

Date of Birth: April 24, 1942

Kazuhiko Masuda has been involved in the management of Sumitomo Light Metal Industries, Ltd. (currently, UACJ Corporation) for many years. In meetings of TOTO's Board of Directors, he contributes valuable opinions based on his expertise in management, and his perspectives, having been developed outside the framework of the Company, contribute to the Company's management and oversight function.

Mr. Masuda possesses experience and knowledge in not only general management and corporate governance, but also in the making of products by manufacturing companies. Mr. Masuda has been reappointed as an outside member of the Board of Directors for the reasons discussed above.



Outside Director

Masatsugu Shimono

Date of Birth: December 11, 1953

Masatsugu Shimono has been involved in the management of IBM Japan, Ltd. for many years. In meetings of TOTO's Board of Directors, he contributes valuable opinions based on his expertise in management, and his perspectives, having been developed outside the framework of the Company, contribute to the Company's management and oversight function.

Mr. Shimono possesses experience and knowledge in not only general management and corporate governance, but also in the management of a global enterprise. Mr. Shimono has been reappointed as an outside member of the Board of Directors for the reasons discussed above.



Outside Director

Junji Tsuda

Date of Birth: March 15, 1951

Junji Tsuda has been involved in the management of Yaskawa Electric Corporation for many years. He has experience and knowledge in the general management of a global corporation and in corporate governance, developed through his career at Yaskawa, as well as in human resources development and community-based management.

In meetings of TOTO's Board of Directors, the Company expects Mr. Tsuda to contribute valuable opinions based on his expertise in the management of a global corporation, and his perspectives, having been developed outside the framework of the Company, to contribute to the Company's management and oversight function. Mr. Tsuda has been appointed as an outside member of the Board of Directors for the reasons discussed above.

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

Masamichi Takemoto

Date of Birth: December 16, 1944

Masamichi Takemoto has been involved in the management of Nitto Denko Corporation for many years. Applying his management expertise, he performs his duties adequately as an outside member of TOTO's Audit & Supervisory Board. He also contributes valuable opinions in meetings of the Audit & Supervisory Board and Board of Directors. His perspectives, having been developed outside the framework of the Company, contribute to the Company's oversight function.

Mr. Takemoto possesses experience and knowledge in not only general management and corporate governance, but also in the management of overseas business operations. In recognition of these strengths, Mr. Takemoto was reappointed as an outside member of the Audit & Supervisory Board at the 149th Ordinary General Meeting of Shareholders.



Audit & Supervisory Board Member, Outside

Akira Katayanagi

Date of Birth: February 4, 1946

Akira Katayanagi has been involved in the management of financial institutions for many years. Applying his financial and management expertise, he performs his duties adequately as an outside member of TOTO's Audit & Supervisory Board. He also contributes valuable opinions in meetings of the Audit & Supervisory Board and Board of Directors. His perspectives, having been developed outside the framework of the Company, contribute to the Company's oversight function.









Mr. Katayanagi possesses experience and knowledge in not only general management and corporate governance, but also in matters of finance. In recognition of these strengths, Mr. Katayanagi was reappointed as an outside member of the Audit & Supervisory Board at the 151st Ordinary General Meeting of Shareholders.

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.



Notable Awards from 2017 Onward

Category	Award Description	
Products	Awarded “architectural facility technology heritage” status in 2017 for an automatic faucet with built-in photoelectric sensor in the TOTO Museum.	 <p>Automatic faucet with built-in photoelectric sensor</p>
Packaging	Received the WorldStar Award for triangle partition structure for product inclination at the WorldStar Competition 2018 held by the World Packaging Organisation.	 <p>Triangle partition structure for product inclination</p>
Design	Received the iF Product Design Award 2018 for NEOREST NX, ZL Series single-lever lavatory faucet, and Washbasin (vessel-type).	  <p>NEOREST NX</p>
Design	Received the Red Dot Design Award 2018 for the NEOREST NX, and GS and GA Series of single-lever lavatory faucets.	  <p>Single-lever lavatory faucet (GS Series)</p>
Environment	Received the GREEN GOOD DESIGN AWARD in 2018 for WASHLET equipped with EWATER+.	  <p>WASHLET equipped with EWATER+</p>

(For evaluations of TOTO’s CSR management by external parties, please refer to pages 11 and 12.)

Independent Practitioner’s Assurance

To ensure the reliability of information contained in this report, TOTO has received independent practitioner’s assurance for environmental and social data indicated with in the TOTO GROUP Integrated Report 2018 Financial and Non-Financial Data on the website.

 [TOTO GROUP Integrated Report 2018 Financial and Non-Financial Data](https://jp.toto.com/en/company/profile/library/pdf/report2018_financial_en.pdf)

https://jp.toto.com/en/company/profile/library/pdf/report2018_financial_en.pdf



Corporate Data

Corporate Profile (As of March 31, 2018)

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	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan
Number of Employees	Consolidated: 32,428 Non-consolidated: 7,960		Mitsubishi UFJ Trust and Banking Corporation

Group Companies and Affiliates (As of April 1, 2018)

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

● AMERICAS

TOTO AMERICAS HOLDINGS, INC.
TOTO U.S.A., Inc.
TOTO MEXICO, S.A. DE C.V.
TOTO Do Brasil Distribuição e Comércio, Ltda

● 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 PVT.LTD.
TOTO MALAYSIA SDN.BHD.
TOTO KOREA LTD.
P.T.SURYA TOTO INDONESIA Tbk.(Affiliate Company)



TOTO

Life Anew



TOTO LTD.

1-1, Nakashima 2-chome, Kokurakita-ku, Kitakyushu,
Fukuoka, 802-8601, Japan

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

