

**TOTO**



**Life Anew**

**TOTO GROUP**

**Integrated Report 2019**

Financial and Non-Financial Data

# Ten-Year Summary of Selected Financial Data

(Unit: Million yen)

	FY2009 (March 31, 2010)	FY2010 (March 31, 2011)	FY2011 (March 31, 2012)	FY2012 (March 31, 2013)	FY2013 (March 31, 2014)
Net sales	421,929	433,557	452,686	476,275	553,448
Cost of sales	275,639	273,259	286,803	303,231	341,780
Cost of sales ratio	65.3%	63.0%	63.4%	63.7%	61.8%
Selling, general and administrative (SG&A) expenses	139,699	146,284	147,102	149,667	164,485
SG&A ratio	33.1%	33.7%	32.5%	31.4%	29.7%
Operating profit	6,589	14,014	18,779	23,376	47,181
Operating margin	1.6%	3.2%	4.1%	4.9%	8.5%
Profit attributable to owners of parent and net loss	878	5,115	9,270	16,956	44,122
Profit attributable to owners of parent and net loss ratio	0.2%	1.2%	2.0%	3.6%	8.0%
Capital investment	11,607	26,214	32,253	19,934	34,575
Depreciation and amortization	20,575	19,746	18,348	19,508	14,922
Research and development (R&D) costs	13,113	15,606	16,643	15,983	17,428
R&D cost ratio	3.1%	3.6%	3.7%	3.4%	3.1%
Total assets	378,266	379,215	377,072	408,454	476,387
Current assets	180,149	184,203	181,554	205,485	258,800
Non-current assets	198,116	195,011	195,518	202,969	217,586
Total liabilities	189,717	199,050	191,491	195,043	219,790
Net assets	188,549	180,164	185,580	213,410	256,596
Operating cash flow	33,627	28,117	19,678	44,498	48,015
Investment cash flow	-14,828	-22,758	-22,446	-22,971	-4,033
Financial cash flow	-12,223	-7,260	-12,164	-2,178	-23,328
Free cash flow* <sup>1</sup>	18,799	5,359	-2,768	21,527	43,982
Dividend per share* <sup>2</sup>	10.00 yen	10.00 yen	10.00 yen	14.00 yen	23.00 yen
ROE (Net profit base)	0.5%	2.8%	5.2%	8.8%	19.4%
ROA (Operating profit base)	1.7%	3.7%	5.0%	6.0%	10.7%
EPS* <sup>2</sup>	2.5 yen	14.9 yen	27.1 yen	49.5 yen	130.2 yen
BPS* <sup>2</sup>	530.4 yen	513.5 yen	525.6 yen	602.2 yen	737.7 yen
Total asset turnover	1.10	1.14	1.20	1.21	1.25
Equity ratio	48.6%	46.2%	47.7%	50.6%	52.0%
Number of shares outstanding (excluding treasury stock/period average)* <sup>2</sup>	346,391,504	344,259,297	342,013,603	342,892,129	338,911,922

\*<sup>1</sup> Free cash flow = Operating cash flow + Investment cash flow\*<sup>2</sup> We have changed the number of shares constituting one unit to 100 shares from 1,000 shares and also consolidated its shares (consolidate two shares to one share) on October 1, 2015. The amount for the total annual dividends per share in FY2015 is omitted and shown as a dash (-) as the 2nd quarter-end dividends per share and the fiscal year-end dividends per share cannot be simply added. In addition, the amount for the dividends per share are 15.00 yen (before share consolidation) for 2nd quarter-end dividends and 34.00 yen (after share consolidation) for fiscal year-end dividends.

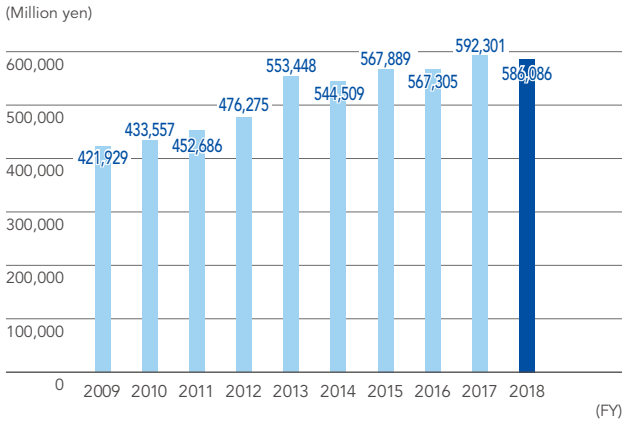
(Unit: Million yen)

	FY2014 (March 31, 2015)	FY2015 (March 31, 2016)	FY2016 <sup>*3</sup> (March 31, 2017)	FY2017 <sup>*3</sup> (March 31, 2018)	FY2018 <sup>*3</sup> (March 31, 2019)
Net sales	544,509	567,889	567,305	592,301	<b>586,086</b>
Cost of sales	337,285	351,599	348,407	368,148	<b>371,565</b>
Cost of sales ratio	61.9%	61.9%	61.4%	62.2%	<b>63.4%</b>
Selling, general and administrative (SG&A) expenses	169,796	170,152	171,451	171,550	<b>174,354</b>
SG&A ratio	31.2%	30.0%	30.2%	29.0%	<b>29.7%</b>
Operating profit	37,426	46,137	47,446	52,602	<b>40,167</b>
Operating margin	6.9%	8.1%	8.4%	8.9%	<b>6.9%</b>
Profit attributable to owners of parent and net loss	24,813	35,723	32,960	36,798	<b>32,380</b>
Profit attributable to owners of parent and net loss ratio	4.6%	6.3%	5.8%	6.2%	<b>5.5%</b>
Capital investment	40,264	40,674	26,776	38,180	<b>57,329</b>
Depreciation and amortization	17,227	18,397	18,994	21,357	<b>23,347</b>
Research and development (R&D) costs	18,466	19,098	19,388	20,594	<b>21,158</b>
R&D cost ratio	3.4%	3.4%	3.4%	3.5%	<b>3.6%</b>
Total assets	516,995	536,265	553,996	564,319	<b>574,960</b>
Current assets	266,637	279,383	282,076	277,845	<b>287,630</b>
Non-current assets	250,357	256,882	271,920	286,473	<b>287,329</b>
Total liabilities	236,412	250,743	247,942	222,099	<b>228,301</b>
Net assets	280,582	285,522	306,053	342,219	<b>346,658</b>
Operating cash flow	34,713	58,695	62,604	45,489	<b>14,593</b>
Investment cash flow	-30,040	-29,952	-35,257	-36,374	<b>-26,928</b>
Financial cash flow	-11,393	-15,053	-18,905	-11,244	<b>14,562</b>
Free cash flow <sup>*1</sup>	4,673	28,742	27,347	9,115	<b>-12,335</b>
Dividend per share <sup>*2</sup>	26.00 yen	— yen	68.00 yen	72.00 yen	<b>90.00 yen</b>
ROE (Net profit base)	10.0%	13.1%	11.5%	11.7%	<b>9.6%</b>
ROA (Operating profit base)	7.5%	8.8%	8.7%	9.4%	<b>7.1%</b>
EPS <sup>*2</sup>	73.8 yen	212.0 yen	194.9 yen	217.5 yen	<b>191.3 yen</b>
BPS <sup>*2</sup>	802.8 yen	1,631.9 yen	1,756.0 yen	1,968.6 yen	<b>2,000.4 yen</b>
Total asset turnover	1.09	1.08	1.04	1.05	<b>1.02</b>
Equity ratio	52.3%	51.5%	53.6%	59.1%	<b>58.9%</b>
Number of shares outstanding (excluding treasury stock/period average) <sup>*2</sup>	336,233,556	168,480,574	169,146,109	169,187,042	<b>169,300,355</b>

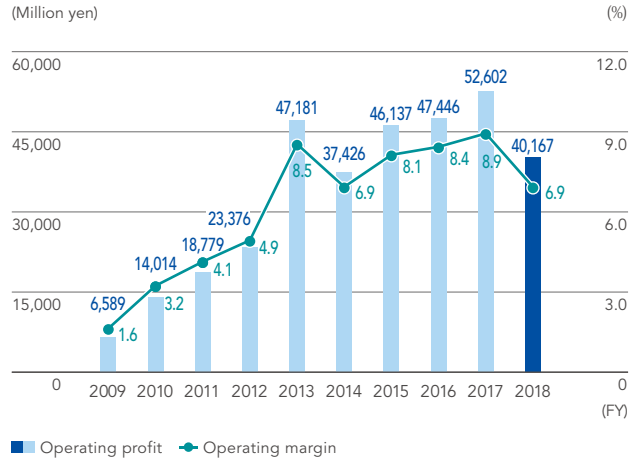
<sup>\*1</sup> Starting from FY2017, the currency conversion method for overseas Group companies' profit and loss was changed from the method using rates on the last day of each term to the method using average rates during each term. In accordance with this change, the figures for FY2016 in this material have been revised retroactively.

# Financial Highlights

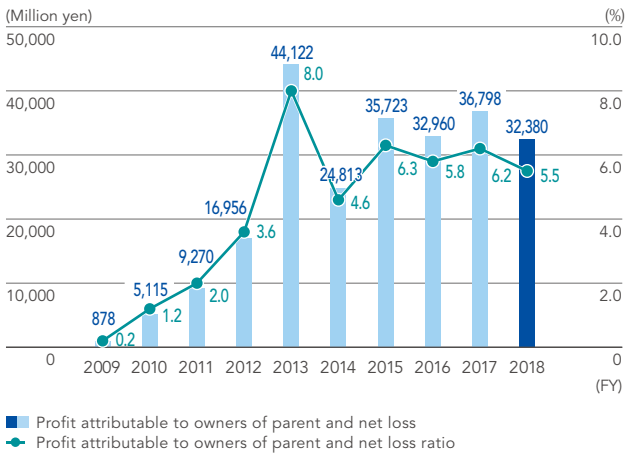
## Net Sales



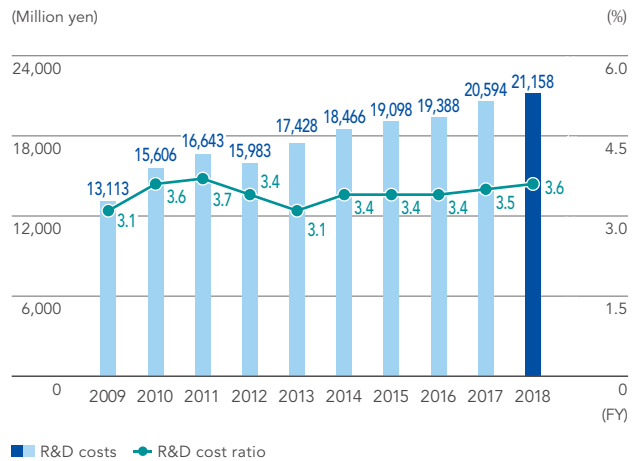
## Operating Profit / Operating Margin



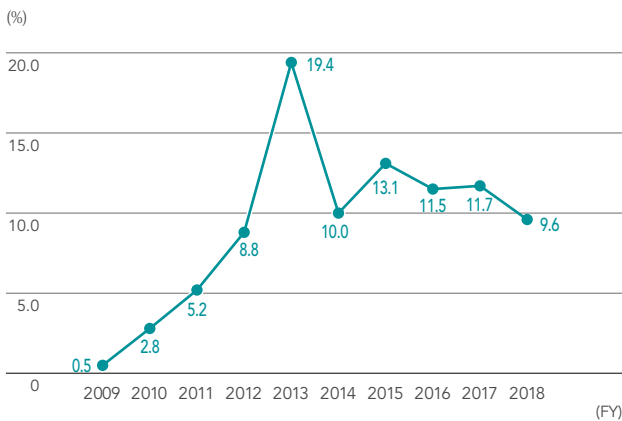
## Profit Attributable to Owners of Parent and Net Loss / Profit Attributable to Owners of Parent and Net Loss Ratio



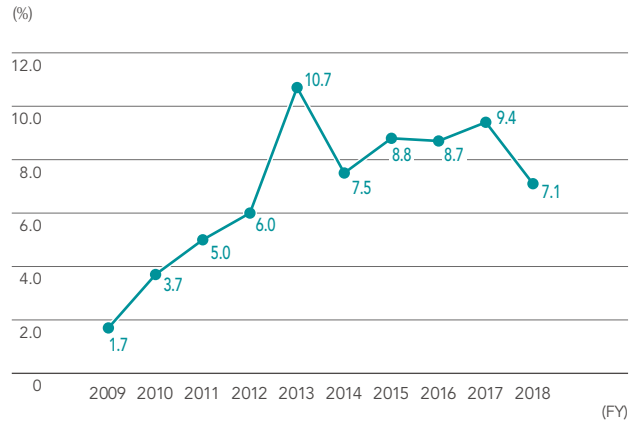
## R&D Costs / R&D Cost Ratio



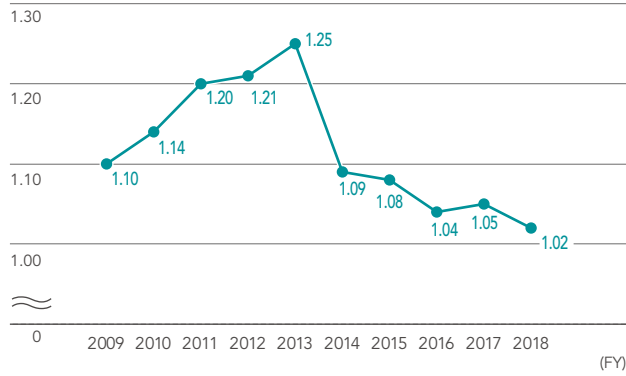
## ROE (Net profit base)



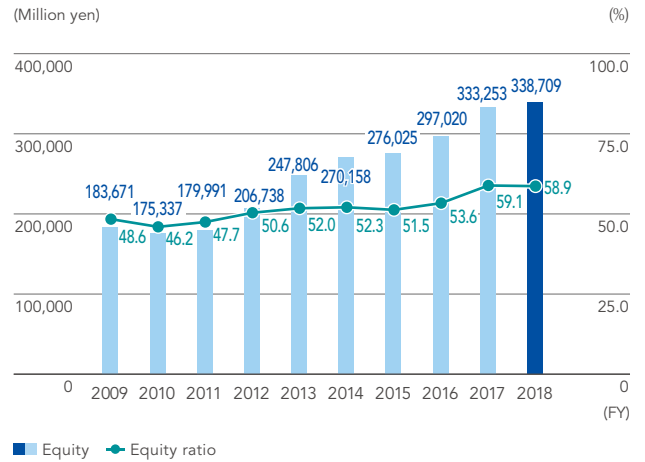
## ROA (Operating profit base)



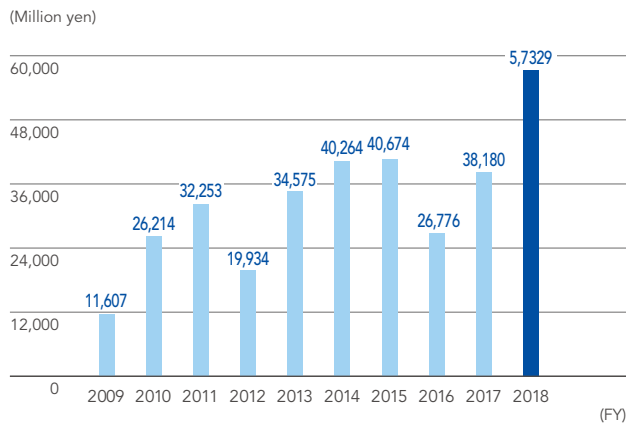
### Total Asset Turnover



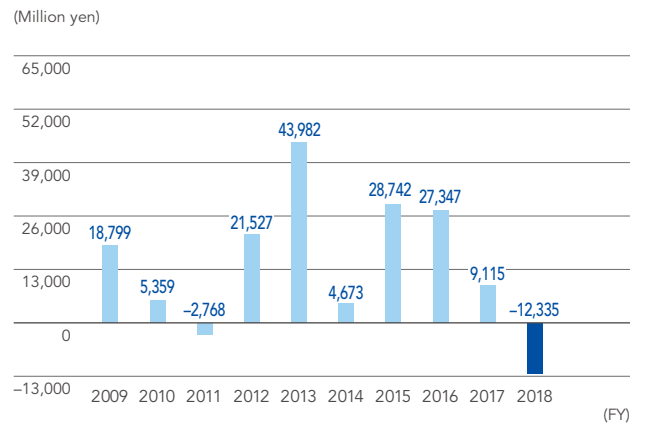
### Equity / Equity Ratio



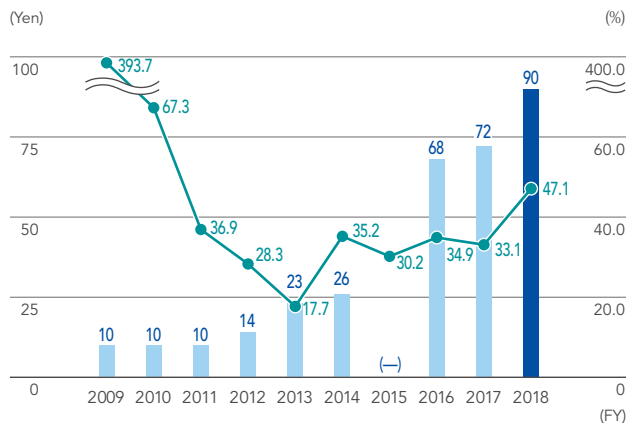
### Capital Investment



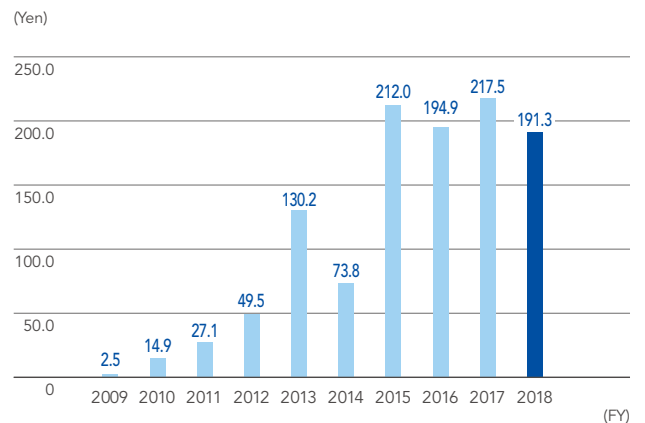
### Free Cash Flow



### Dividend per Share\* / Payout Ratio\*



### EPS



■ Dividend per share ● Payout ratio

\* We have changed the number of shares constituting one unit to 100 shares from 1,000 shares and also consolidated its shares (consolidate two shares to one share) on October 1, 2015. The amount for the total annual dividends per share in FY2015 is omitted and shown as a dash (-) as the 2nd quarter-end dividends per share and the fiscal year-end dividends per share cannot be simply added. In addition, the amount for the dividends per share are 15.00 yen (before share consolidation) for 2nd quarter-end dividends and 34.00 yen (after share consolidation) for fiscal year-end dividends.

# TOTO Global Environmental Vision and the 10th Global Environmental Action Plan

The TOTO Group placed material issues as “the theme that has an impact on value creation of both the company and society,” based on our Mission, which is the declaration of intent to implement in the mid or long-term the primary items for sustained growth.

In October 2017, in time with reviewing the mission in line with the changing times and social trends, we defined “Cleanliness and Comfort,” “Environment,” and “Relationships” as Material issues. In the TOTO Global Environmental Vision, we have determined them as three themes that we engage in in global-wise, to promote these themes. In addition, the 10th Global Environmental Action Plan was established in line with TOTO Global Environmental Vision, to resolve environmental issues.

## Global Environmental Goals

	Aims	Major Initiatives	Indicators	FY2018 (Result)	FY2022 (Target)
Cleanliness and Comfort	<ul style="list-style-type: none"> <li>Realize cleanliness and comfort throughout the world</li> <li>Pursue ease of use for everyone</li> </ul>	Global expansion of clean and comfortable toilets	CEFIONTECT shipment ratio (overseas)	71%	79%
			TORNADO FLUSH shipment ratio (overseas)	36%	53%
			WASHLET shipment volume (overseas)	0.58 million units	2 million units
Environment	<ul style="list-style-type: none"> <li>Protect our limited water resources and connect with the future</li> <li>Undertake initiatives to fight global warming and coexist with the earth</li> <li>Aim for sustainable development together with local communities</li> </ul>	Widespread adoption of water-saving products	Reduction of water consumption during product use* <sup>1</sup>	860 million m <sup>3</sup>	1,100 million m <sup>3</sup>
		CO <sub>2</sub> emission reductions	Total CO <sub>2</sub> emissions from business sites	351 thousand tons	450 thousand tons
			Total CO <sub>2</sub> emission reductions due to measures implemented	9 thousand tons	22 thousand tons
			Total CO <sub>2</sub> emission reductions during product use* <sup>1</sup>	3.23 million tons	3.7 million tons
Social contribution activities entrenched in local communities	Number of projects contributing to solve regional issues	38 cases	100 cases <small>(total number since FY2018)</small>		
Relationships	<ul style="list-style-type: none"> <li>Build deep, long-lasting relationships with customers</li> <li>Offer cultural support and contribute to society for the next generation</li> <li>Create and share joy in work together</li> </ul>	Improved customer satisfaction	Customer satisfaction from after-sales services (Japan)	91.5%	90%
			Ratio of repairs completed within two days of reception (overseas)	75.7%	80%
		Promotion of employee volunteer activities	Volunteer activity participation rate (total number of participants / number of consolidated employees = participation rate)	100% or more	100% or more
			Become a company that is pleasant to work at	Annual paid leave usage rate (Japan)	80.8%
		Ratio of female managers (Japan)		10.5%	20%
		Employee turnover rate due to life events (Japan)* <sup>2</sup>		3.4%	0%

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

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

## 10th Global Environmental Action Plan

Evaluation Index (KPI)	Scope	Standard Year	FY2018 (Result)	FY2022 (Target)
Reduction of water consumption during product use*	Japan/overseas	—	860 million m <sup>3</sup>	1,100 million m <sup>3</sup>
Total CO <sub>2</sub> emission reductions during product use*	Japan/overseas	—	3.23 million tons	3.7 million tons
Total CO <sub>2</sub> emissions from business sites	Japan/overseas	—	351 thousand tons	450 thousand tons
Total CO <sub>2</sub> emission reductions due to measures implemented	Japan/overseas	FY2017	9 thousand tons	22 thousand tons
Reduction of fuel used for transportation per unit	Japan	FY2013	6.2%	9.0%
Reduction rate of the use of packaging materials	Japan	FY2013	7.3%	8.5%
Reduction rate of waste at the production sites (reduction of production output intensity)	Japan	FY2017	8.4%	2.5%
Recycling rate at the production sites	Japan	—	99.9%	99% or more
	overseas	—	98.1%	98% or more
Usage rate of legal and recycled materials for wood-based materials used in products	Japan/overseas	—	100%	100%
Violations of related environmental laws	Japan/overseas	—	1 case	0 cases

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

## Report Policy

### Boundary

TOTO LTD. and 48 of consolidated subsidiary companies in Japan and overseas. However, with respect to data for which the boundary of calculation is different, notes are described individually.

### Period covered by this report

Fiscal year 2018 (Japan: April 1, 2018 to March 31, 2019 / Overseas: January 1, 2018 to December 31, 2018)

### Independent Assurance

The Environmental Data and Social Data indicated with  for the fiscal year 2018 have been assured by KPMG AZSA Sustainability Co., Ltd. However "per unit of sales" of each data is not covered.

# Environmental Data

## GHG Emissions

(Fiscal year)

Indicators	Unit	2014	2015	2016	2017	2018
Scope 1 + 2 + 3	thousand tons CO <sub>2</sub>	—	—	20,038	21,213	<b>19,573</b>
Scope 1 + 2*	thousand tons CO <sub>2</sub>	327	325	334	363	<b>356</b>
Scope 1*	thousand tons CO <sub>2</sub>	171	168	173	181	<b>179</b>
(per unit of sales)	tons CO <sub>2</sub> /million yen	0.31	0.30	0.30	0.30	<b>0.30</b>
Scope 2*	thousand tons CO <sub>2</sub>	156	157	161	182	<b>176</b>
(per unit of sales)	tons CO <sub>2</sub> /million yen	0.29	0.28	0.28	0.30	<b>0.30</b>
Scope 3 total	thousand tons CO <sub>2</sub>	—	—	19,704	20,850	<b>19,216</b>
Category 11	thousand tons CO <sub>2</sub>	—	18,148	18,789	19,925	<b>18,293</b>
Other categories	thousand tons CO <sub>2</sub>	—	—	915	925	<b>923</b>

\* In FY2018, changes were made to the heating value per unit and CO<sub>2</sub> emission coefficient for fuel as well as the heating value per unit (primary energy conversion) and CO<sub>2</sub> emission coefficient for electricity in accordance with the revisions to global environmental goals (please refer to calculation methods for details). The results for FY2017 have been retroactively revised using the calculation method for FY2018 to enable comparison between the two periods.

## Energy Consumption

(Fiscal year)

Indicators	Unit	2014	2015	2016	2017	2018
Quantity of energy consumption*	PJ	6.0	6.0	6.2	6.5	<b>6.6</b>
(per unit of sales)	GJ/million yen	11.0	10.5	10.8	11.0	<b>11.26</b>
Quantity of non-renewable energy consumption	MWh	1,168,197	1,164,077	1,197,390	1,261,489	<b>1,259,844</b>
Quantity of fuel consumption	MWh	856,320	852,845	883,164	930,311	<b>930,511</b>
(per unit of sales)	MWh/million yen	1.57	1.50	1.56	1.57	<b>1.59</b>
Quantity of electric power consumption	MWh	300,670	301,598	304,169	322,186	<b>320,632</b>
(per unit of sales)	MWh/million yen	0.55	0.53	0.54	0.54	<b>0.55</b>
Quantity of other types of energy consumption	MWh	11,207	9,634	10,057	8,992	<b>8,701</b>
(per unit of sales)	KWh/million yen	20.58	16.96	17.73	15.18	<b>14.85</b>
Quantity of renewable energy consumption	MWh	198	215	185	182	<b>14,888</b>
(per unit of sales)	KWh/million yen	0.36	0.37	0.32	0.30	<b>25.40</b>
Energy cost	million yen	9,692	8,916	7,610	8,449	<b>8,928</b>

\* In FY2018, changes were made to the heating value per unit and CO<sub>2</sub> emission coefficient for fuel as well as the heating value per unit (primary energy conversion) and CO<sub>2</sub> emission coefficient for electricity in accordance with the revisions to global environmental goals (please refer to calculation methods for details). The results for FY2017 have been retroactively revised using the calculation method for FY2018 to enable comparison between the two periods.

## Environmental Data

### Water Consumption and Wastewater

(Fiscal year)

Indicators	Unit	2014	2015	2016	2017	2018
Water consumption	thousand m <sup>3</sup>	2,800	2,851	2,866	2,855	<b>2,968</b> <input checked="" type="checkbox"/>
(per unit of sales)	m <sup>3</sup> /million yen	5.14	5.02	5.05	4.82	<b>5.06</b>
Groundwater consumption	thousand m <sup>3</sup>	451	432	435	476	<b>474</b>
Wastewater	thousand m <sup>3</sup>	1,809	1,801	1,832	1,796	<b>1,714</b>
(per unit of sales)	m <sup>3</sup> /million yen	3.32	3.17	3.22	3.03	<b>2.92</b>
Reused water	thousand m <sup>3</sup>	1,893	1,711	1,728	1,711	<b>1,773</b>

### Waste

(Fiscal year)

Indicators	Unit	2014	2015	2016	2017	2018
Waste generated	thousand tons	103.7	106.7	101.7	99.4	<b>107.7</b>
(per unit of sales)	kg/million yen	190.4	187.9	177.2	167.8	<b>183.7</b>
Hazardous waste generated	thousand tons	—	—	0.3	0.3	<b>0.3</b> <input checked="" type="checkbox"/>
(per unit of sales)	kg/billion yen	—	—	0.55	0.47	<b>0.51</b>
Final disposal*	thousand tons	17.2	8.7	2.5	0.8	<b>1.4</b> <input checked="" type="checkbox"/>
(per unit of sales)	kg/million yen	31.6	15.3	4.4	1.4	<b>2.3</b>
Recycling amount	thousand tons	86.5	98.0	99.1	98.6	<b>106.2</b>
(per unit of sales)	kg/million yen	158.9	172.6	174.7	166.5	<b>181.2</b>
Recycling rate	%	83.4	91.8	97.5	99.2	<b>98.6</b>
(Japan)	%	99.9	100.0	100.0	100.0	<b>99.9</b>
(Overseas)	%	75.8	88.1	96.3	98.9	<b>98.1</b>

\* The quantity of final disposal does not include the quantity of final disposal waste for which disposal by sanitary landfill is required by laws and regulations in areas where TOTO factories are located. It also does not include the quantity of final disposal of waste that cannot be recycled due to lack of disposal technology and equipment by waste treatment vendors in areas where business sites are established. When including these types of waste, the quantity of final disposal for fiscal 2018 comes to 24.2 thousand tons.

### Atmospheric Emissions

(Fiscal year)

Indicators	Unit	2014	2015	2016	2017	2018
Chemical substance emission	tons	28.0	40.0	32.6	30.7	<b>32.5</b>
(per unit of sales)	kg/million yen	0.05	0.07	0.06	0.05	<b>0.05</b>
SOx emission*	tons	131.5	134.4	83.6	90.7	<b>115.0</b> <input checked="" type="checkbox"/>
(per unit of sales)	kg/million yen	0.24	0.24	0.14	0.15	<b>0.19</b>
NOx emission*	tons	382.6	272.9	262.6	231.3	<b>265.9</b> <input checked="" type="checkbox"/>
(per unit of sales)	kg/million yen	0.70	0.48	0.46	0.39	<b>0.45</b>
Dust emission*	tons	152.3	133.4	49.9	60.4	<b>99.3</b> <input checked="" type="checkbox"/>
(per unit of sales)	kg/million yen	0.28	0.22	0.08	0.10	<b>0.16</b>
VOC emissions	tons	24.4	33.7	30.4	28.4	<b>29.4</b>
(per unit of sales)	kg/million yen	0.04	0.05	0.05	0.04	<b>0.05</b>

\* The amounts of SOx, NOx and Dust emission for FY2016 and FY2017 have been retroactively revised for the improvement of accuracy.

### ISO14001 Certification Acquisition

(Fiscal year)

Indicators	Unit	2014	2015	2016	2017	2018
Percentage of ISO 14001 certification acquisition	%	66.0	69.8	72.6	73.2	<b>71.4</b>



# Social Data

## Customer

(Fiscal year)

Indicators	Unit	2014	2015	2016	2017	2018
Customer satisfaction surveys (Japan)						
After-sales service satisfaction rate	%	89.5	90.5	89.6	90.7	<b>91.5</b>
Total satisfaction index of the showrooms	%	61.9	64.8	68.1	69.9	<b>71.0</b>
Ratio of customers impressed with bath module assembly	%	44.1	47.6	51.2	57.5	<b>64.1</b>
Evaluations on customer response quality	points	—	—	65.6	69.0	<b>70.3</b>
Ratio of repairs completed within two days of reception (overseas)	%	—	—	—	—	<b>75.7</b>

## ISO9001 Certification Acquisition

(Fiscal year)

Indicators	Unit	2014	2015	2016	2017	2018
Percentage of ISO 9001 certification acquisition	%	—	68.5	75.0	74.9	<b>71.8</b>

## Status of Employment

(Fiscal year)

Indicators	Unit	2014	2015	2016	2017	2018
Group total number of employees*1	(no. of personnel)	—	31,288	32,455	34,208	<b>35,524</b> <input checked="" type="checkbox"/>
Full-time employees	(no. of personnel)	—	24,173	26,543	28,669	<b>30,021</b>
Contract employees	(no. of personnel)	—	5,528	4,308	3,483	<b>3,448</b>
Temporary employees	(no. of personnel)	—	1,587	1,604	2,056	<b>2,055</b>
Number of graduate recruits (Japan)	(no. of personnel)	279	294	305	305	<b>317</b>
Average number of years of continuous service*2	years	(Male) 19.0 (Female) 13.6	(Male) 20.5 (Female) 14.0	(Male) 19.5 (Female) 11.8	(Male) 19.9 (Female) 12.1	(Male) <b>16.2</b> (Female) <b>11.0</b>
Turnover rate of employees for personal reasons*3	%	0.8	0.8	0.8	2.0	<b>2.3</b>
Employee turnover rate due to life events (Japan)*4	%	—	—	8.0	6.1	<b>3.4</b>

\*1 A revision was made to the results from fiscal 2017 for the improvement of accuracy

\*2 Covers full-time employees/contract employees of TOTO LTD. up until fiscal 2017. From fiscal 2018, covers full-time employees/contract employees of the TOTO Group (Japan).

\*3 Covers full-time employees of TOTO LTD. up until fiscal 2015. From fiscal 2016, covers full-time employees of the TOTO Group (Japan).

\*4 Job turnover rate for employees raising children or providing nursing care but still wish to work

## Diversity

(Fiscal year)

Indicators	Unit	2014	2015	2016	2017	2018
Ratio of female managers*	%	5.6	9.8	10.5	13.8	<b>14.7</b> <input checked="" type="checkbox"/>
(Japan)	%	—	6.5	7.6	9.2	<b>10.5</b> <input checked="" type="checkbox"/>
(Overseas)	%	—	32.1	27.9	28.1	<b>27.6</b> <input checked="" type="checkbox"/>
Ratio of employees with disabilities (Japan)	%	2.54	2.52	2.57	2.60	<b>2.61</b>

\* Actual results of TOTO LTD. for FY2014. Actual results of TOTO Group as a whole for FY2015 and afterward. A revision was made to the results FY 2017 for the improvement of accuracy.

## Social Data

### Work-Life Balance

(Fiscal year)

Indicators	Unit	2014	2015	2016	2017	2018
Work hours*1						
Average hours actually worked per year	hours per person	1,992.0	1,964.4	1,994.2	1,991.1	<b>1,969.8</b>
Average hours of overtime per month	hours per person	20.3	19.6	16.4	16.0	<b>15.1</b>
Percentage of paid holidays taken*2	%	74.0	76.1	78.8	74.6	<b>80.8</b> <input checked="" type="checkbox"/>
Number of people using reduced work hour and leave systems (Data for full-time/contract employees of TOTO LTD.)						
Childcare leave	(no. of personnel)	166	202	165	150	<b>130</b>
Reduced work hours for childcare	(no. of personnel)	263	308	219	272	<b>298</b>
Nursing care leave	(no. of personnel)	3	3	7	3	<b>4</b>
Reduced work hours for nursing care	(no. of personnel)	4	1	2	4	<b>9</b>

\*1 Covers full-time employees of TOTO LTD. up until fiscal 2015. From fiscal 2016, covers full-time/contract employees of the TOTO Group (Japan).

\*2 Actual results for full-time/contract employees of TOTO LTD. for the period from FY2014 to FY2016. Actual results for full-time/contract employees of the entire TOTO Group (Japan) for FY2017 and thereafter. In FY2018, to realize a percentage of paid holidays taken that better reflects actual conditions, the Company carried out such measures as changing the scope of calculation for full-time employees (employees seconded to positions overseas have been excluded). The percentage of paid holidays taken in FY2018 calculated based on the conventional scope of calculation for full-time employees is 81.7%.

### Human Resource Development

(Fiscal year)

Indicators	Unit	2014	2015	2016	2017	2018
Average training time per employee (Data for full-time employees of TOTO Group)	hours per person	—	—	—	11.4	<b>9.3</b>

### Occupational Safety and Health

(Fiscal year)

Indicators	Unit	2014	2015	2016	2017	2018
Lost time injury frequency rate						
TOTO Group employees		0.31	0.21	0.23	0.29	<b>0.19</b> <input checked="" type="checkbox"/>
TOTO Group contractors (in-plant cooperative firm)		0.14	0.14	0.13	0.00	<b>0.15</b> <input checked="" type="checkbox"/>
Occupational illness frequency rate						
TOTO Group employees		0.00	0.00	0.00	0.00	<b>0.00</b> <input checked="" type="checkbox"/>

### Suppliers

(Fiscal year)

Indicators	Unit	2014	2015	2016	2017	2018
Achievement rate of compliance with the TOTO standards*	%	100	100	100	99	<b>100</b>

\* Covers domestic suppliers up until FY2016. From FY2017, covers both domestic and overseas suppliers.

### Social Contribution

(Fiscal year)

Indicators	Unit	2014	2015	2016	2017	2018
Amount spent on social contribution	billion yen	1.16	1.31	1.42	1.38	<b>1.39</b>
Volunteer activity participation ratio	%	—	—	100% or more	100% or more	<b>100% or more</b>

### TOTO Water Environment Fund

Indicators	Unit	9th (2014)	10th (2015)	11th (2016)	12th (2017–2019)	13th (2018–2020)
Organizations		25	22	24	35	<b>10</b>
Grant assistance	million yen	13.0	14.3	15.5	95.3	<b>17.5</b>

# Calculation Method of Environmental Performance Data

Indicators	Calculation Method
Scope 1	CO <sub>2</sub> emissions from the use of fuel + Non-CO <sub>2</sub> and Non-energy CO <sub>2</sub> sources <b>By Fiscal 2016</b> [CO <sub>2</sub> emission coefficients] "Guidelines for Calculation of Greenhouse Gas Emissions (Version 2.4)" published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan <b>From Fiscal 2017</b> [CO <sub>2</sub> emission coefficients] "Guidelines for Calculation of Greenhouse Gas Emissions (Version 4.3.1)" published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan
	CO <sub>2</sub> emissions from purchased electricity and heat <b>By fiscal 2016</b> [CO <sub>2</sub> emission coefficients from electricity (Japan)] "Guidelines for Calculating Corporate Greenhouse Gases Emissions (draft Version 1.6)" published by the Ministry of the Environment of Japan [CO <sub>2</sub> emission coefficients from electricity (overseas)] GHG Protocol, Calculation Tools, "Indirect CO <sub>2</sub> Emission from Purchased Electricity. (Version 3.0)" <b>From Fiscal 2017</b> [CO <sub>2</sub> emission coefficients from steam] "Guidelines for Calculation of Greenhouse Gas Emissions (Version 2.4)" published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan <b>From Fiscal 2017</b> [CO <sub>2</sub> emission coefficients from electricity] CO <sub>2</sub> emission coefficients from electricity purchased based on TOTO Group contracts [CO <sub>2</sub> emission coefficients from steam] "Guidelines for Calculation of Greenhouse Gas Emissions (Version 4.3.1)" published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan
Scope 2	Lifetime* <sup>1</sup> CO <sub>2</sub> emissions* <sup>2</sup> per unit from major products* <sup>3</sup> × Sales quantity *1: Duration of use by product classification (defined by TOTO) *2: CO <sub>2</sub> emissions from consumption of water and energy based on specifications and usage models (based on the information published by industry associations and research articles, etc.) by sales areas *3: Toilets, WASHLET, faucets, urinals (only in Japan), and bathtubs (only in Japan) [CO <sub>2</sub> emission coefficients from electricity (Japan)] Average for 5 years (from FY2009 to FY2013) of CO <sub>2</sub> emissions coefficients (adjust basis) indicated in "Environment Action Plan by the Japanese Electric Utility Industry" by the Federation of Electric Power Companies of Japan [CO <sub>2</sub> emission coefficients from electricity (overseas)] IEA (International Energy Agency), "CO <sub>2</sub> Emissions from Fuel Combustion 2017" [CO <sub>2</sub> emission coefficients from water (Japan)] Japan Sanitary Equipment Industry Association "CO <sub>2</sub> Conversion Coefficients from Water" [CO <sub>2</sub> emission coefficients from water (overseas)] The figures are based on the factors of CO <sub>2</sub> emissions from plumbing equipment in China and other Asian countries, which are described in reports from the Ministry of the Environment, the Ministry of Economy, Trade and Industry, and other research reports. They are set from 0.39kg-CO <sub>2</sub> /m <sup>3</sup> to 1.11kg-CO <sub>2</sub> /m <sup>3</sup> by sales areas. Some of the figures are based on their neighboring or similar countries. [CO <sub>2</sub> emission coefficients from Gas] "Guidelines for Calculation of Greenhouse Gas Emissions (Version 4.3.1)" published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan
Scope 3 Category 11 (Use of Sold Products)	Total from categories 1, 2, 3, 4, 5, 6, 7, 9, 12, and 14, excluding either the Company's business activities or the totals from categories 8, 10, and 13 Calculated based on the "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Version 2.3)" published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan

## Calculation Method of Environmental Performance Data

Quantity of energy consumption	<p>Total quantity of energy consumption of electricity, fuel and heat consumption at offices and factories</p> <p><b>By Fiscal 2016</b></p> <p>[Heating Value per unit] "Guidelines for Calculation of Greenhouse Gas Emissions (Version 2.4)" published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan</p> <p><b>From Fiscal 2017</b></p> <p>[Heating Value per unit] "Guidelines for Calculation of Greenhouse Gas Emissions (Version 4.3.1)" published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan</p>
Quantity of non-renewable fuel consumption	Total quantity of non-renewable fuel (city gas, natural gas, diesel gas, etc.) consumed within the quantity of energy consumption
Quantity of non-renewable electric power consumption	Total quantity of non-renewable electric power consumed within the quantity of energy consumption
Quantity of other types of non-renewable energy consumption	Total quantity of non-renewable steam and other types of energy within the quantity of energy consumption
Quantity of renewable energy consumption	<p>Total quantity of renewable energy consumed that was generated at business sites and renewable energy that was purchased from outside TOTO Group</p> <p>Until fiscal 2017, quantity of renewable energy consumption included only renewable energy which was generated at business sites.</p>
Energy cost	Total amount of energy purchased that was used at business sites
Quantity of water consumption	Total quantity of water intake (municipal water, groundwater, and industrial water) into offices and factories
Quantity of groundwater consumption	Total quantity of groundwater intake into offices and factories
Quantity of wastewater	Total quantity of wastewater from business sites to sewage and public waters
Quantity of reused water	Total quantity of reused water in offices and factories
Quantity of waste generated	Total quantity of waste generated in offices and factories. Does not include the quantity of final disposal waste for which disposal by sanitary landfill is required by laws and regulations in areas where TOTO factories are located. Also does not include waste that cannot be recycled due to lack of disposal technology and equipment by waste treatment vendors in areas where business sites are established.
Quantity of hazardous waste generated	Total quantity of specially controlled industrial waste generated at business sites in Japan
Quantity of final disposal	Total quantity of final disposal without recycling in offices and factories. Does not include the quantity of final disposal waste for which disposal by sanitary landfill is required by laws and regulations in areas where TOTO factories are located. Also does not include waste that cannot be recycled due to lack of disposal technology and equipment by waste treatment vendors in areas where business sites are established.
Recycling amount	Total quantity of recycled waste within the overall waste generated at business sites
Recycling rate	Quantity of waste recycled/Quantity of waste generated × 100
Chemical substance emissions	Amount of chemical substance emission based on the PRTR Law at business sites in Japan
SOx emissions	Total amount of each emission from facilities in each country subject to regulations regarding soot and smoke emissions*
NOx emissions	* It was calculated by multiplying the amount of exhaust gas (actual measured value) by the concentration in exhaust gas (actual measured value)
Dust emissions	
VOC emissions	Total air emissions related to the use of volatile organic compounds (VOCs) at business sites in Japan
Percentage of ISO 14001 certification acquisition	Percentage of employees at ISO 14001 certificated locations among all employees

\* Information on "Substances Subject to the Total Effluent Control System" and "Substances Subject to the PRTR Law" by business site in Japan can be viewed on our website.  
<https://jp.toto.com/company/csr/environment/clean/risk.htm> (in Japanese only)

# Calculation Method of Social Performance Data

Indicators	Calculation Method
After-sales service satisfaction rate	Proportion of customers rating services of the TOTO Group (Japan) as "satisfactory" or better
Total satisfaction index of the showrooms	Measure of overall satisfaction with recommendations received from the TOTO Group (Japan)
Ratio of customers impressed with bath module assembly	Proportion of customers rating service representative behavior and workmanship of the TOTO Group (Japan) as "excellent"
Evaluations on customer response quality	Results of scores given by in-house evaluation specialists regarding the response quality of call center services of the TOTO Group (Japan), with 100 being a perfect score
Ratio of repairs completed within two days of reception (overseas)	Ratio of requests for repairs from overseas customers in major countries where TOTO products are sold that were completed within two days among all requests from overseas customers in major countries
Percentage of ISO 9001 certification acquisition	Percentage of employees at ISO 9001 certificated locations among all employees
Total number of employees	Number of full-time/contract/temporary employees in companies of which the parent company is a TOTO Group company. Includes employees seconded to positions outside the Group; does not include employees seconded from outside the Group
Number of graduate recruits	Data for full-time employees of the TOTO Group (Japan)
Average length of service	Data for full-time/contract employees of the TOTO Group (Japan) Data for full-time/contract employees of TOTO LTD. for the period from FY2014 to FY2017
Turnover rate of employees for personal reasons	Data for full-time employees of the TOTO Group (Japan) Data for full-time employees of TOTO LTD. for the period from FY2014 to FY2015
Employee turnover rate due to life events	Data for full-time employees of the TOTO Group (Japan) Rate of employees who left their position due to giving birth, raising children, getting married, and providing nursing care, among total number of employees who left for personal reasons
Ratio of female managers	Percentage of women in management positions Ratio of female managers on a parent company basis up until fiscal 2014. Ratio of female managers on a Group basis from fiscal 2015 Positions calculated as managerial posts indicate the level of section chief and above, among full-time employees Calculated based on data as of April 1 of the following year (of each fiscal year) for Japan and the end of December for overseas companies
Ratio of employees with disabilities	Data for the TOTO Group (Japan) Calculated based on the calculation standard for the mandatory proportion of jobs for people with disabilities established in Japan
Average hours actually worked per year	Data for full-time/contract employees of the TOTO Group (Japan) Data for full-time employees of TOTO LTD. for the period from FY2014 to FY2015
Average hours of overtime per month	Data for full-time/contract employees of the TOTO Group (Japan) Data for full-time employees of TOTO LTD. for the period from FY2014 to FY2015
Percentage of paid holidays taken	Percentage of paid holidays actually taken by employees among paid holidays newly granted to them every year (excluding carry-over ones) Actual results of full-time/contract employees of the TOTO Group (Japan) Actual results of full-time/contract employees of TOTO LTD. for the period from FY2014 to FY2016 From FY 2017, actual results of full-time/contract employees of the TOTO Group (Japan)
Number of people using reduced work hour and leave systems	Data for full-time/contract employees of TOTO LTD.
Average training time per employee	Data for full-time employees of the TOTO Group

## Calculation Method of Social Performance Data

Lost time injury frequency rate	<p>Number of injuries per million working hours</p> <p>The data covers manufacturing and research &amp; development sectors</p> <p>Two equity-method affiliated companies (Voreto (Xiamen) Plumbing Technology Co., Ltd. and P.T. Surya TOTO Indonesia) that are subject to TOTO Group's management for safety and health, are included</p> <p>"TOTO Group contractors" cover contractors for TOTO LTD. and its domestic subsidiary companies for FY2015 and before, and the TOTO Group's overall contractors from FY2016. Until FY2015, contractors included those for operating company cafeteria(s), cleaning, and security at the TOTO Group's factories. Considering the Japanese way of thinking about the Industrial Safety and Health Act, contractors in the areas of company cafeteria, cleaning, and security have been excluded from FY2016.</p>
Occupational illness frequency rate	<p>Number of incidences of illness in the course of employment per 1 million working hours (It was calculated based on the number of employees applicable to work-related accidents)</p> <p>Covers illnesses determined by Article 35 of the Ordinance for Enforcement of the Labor Standards Act</p> <p>The data covers manufacturing and research &amp; development sectors</p> <p>It covered employees in Japan until FY2016 and has covered the whole TOTO Group (in Japan and other countries) since FY2017</p>
Achievement rate of compliance with the TOTO standards	Rate of suppliers who have cleared standards for compliance items determined by the TOTO Group among all suppliers surveyed each year (includes completion of corrective actions).
Amount spent on social contribution	Includes cash donations, donated products and services, and management and administrative fees for independent programs, etc.
Volunteer activity participation ratio	Ratio of the number of employees who participated in volunteer activities to the total number of employees on a consolidated basis
Organizations	Number of organizations selected based on Company standards
Grant assistance	<p>Determined based on matching contribution from TOTO, which is the same amount as the contribution based on relations between each stakeholder (customer, shareholder, and employee).</p> <p>In FY2017, as the commemorative event of the 100th anniversary, the amount was increased.</p>

# Independent Assurance Report



## Independent Assurance Report

To the President, Representative Director of TOTO LTD.

We were engaged by TOTO LTD. (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators marked with "☑" (the "Indicators") for the period from April 1, 2018 to March 31, 2019 (with the exception of the Indicator "Ratio of female managers (Japan)" which is as of April 1, 2019) included in its TOTO GROUP Integrated Report 2019 Financial and Non-Financial Data (the "Data") for the fiscal year ended March 31, 2019.

### The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Data.

### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Data, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Data and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting two of the Company's factories selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

### Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Data are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Data.

### Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

*KPMG AZSA Sustainability Co., Ltd.*

KPMG AZSA Sustainability Co., Ltd.

Osaka, Japan

June 24, 2019

**TOTO**

Life Anew