

TOTO

TOTO
Life Anew



Life Anew

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

Published in August 2023

TOTO GROUP
Integrated Report
2023

Philosophy System for TOTO Group Management

The Spirit of TOTO Unchanging for 100 Years

Words of Our Founder

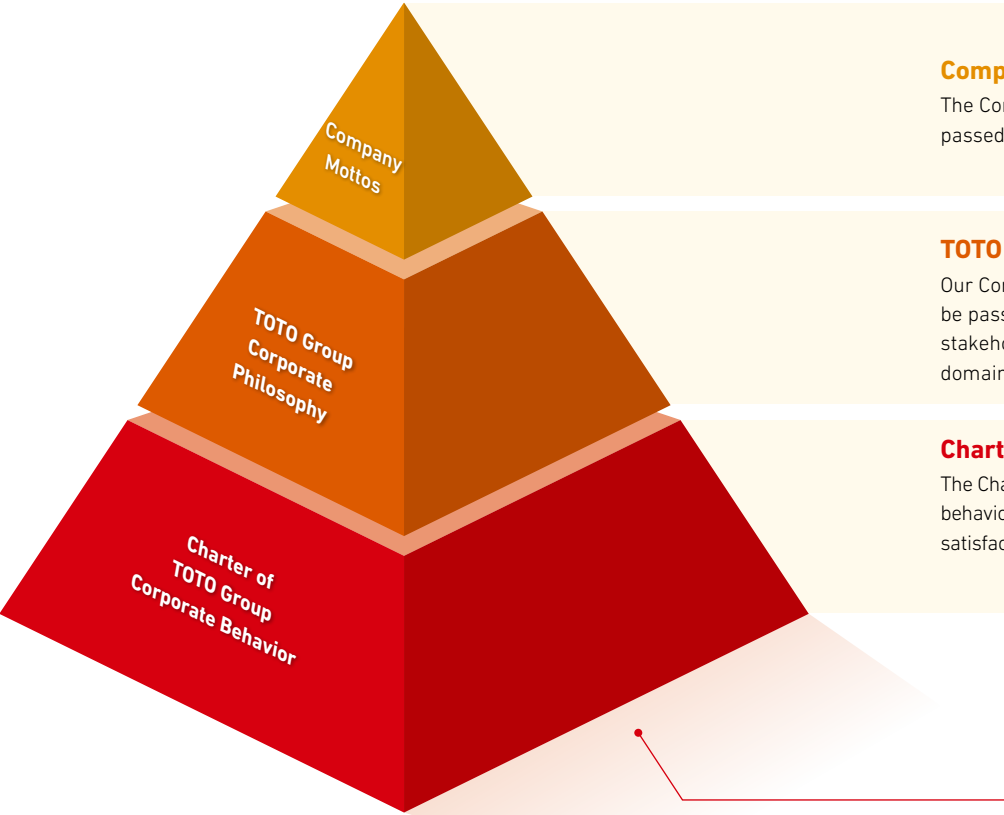
Kindness must always come first.
Bring the concept of service to your work.
Your goal should be to provide good products and satisfy the customer.
Accomplish that, and profit and compensation will follow.
Many in this world chase after the shadow of profit.
But, in the end, they never capture the real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

Company Mottos

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

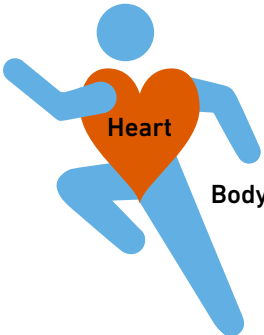
TOTO Group Corporate Philosophy

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

Charter of TOTO Group Corporate Behavior

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

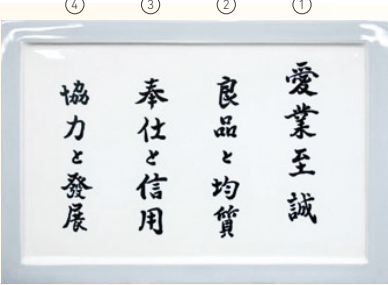
Details are published on the TOTO Group website.
<https://jp.toto.com/en/company/profile/philosophy/group/>



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.

Company Mottos



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

TOTO Group Corporate Philosophy

The TOTO Group strives to be a great company trusted by people all around the world, and contributing to the betterment of society.

To achieve our Corporate Philosophy, TOTO will:

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

Vision

Toward a Dynamic, Vibrant and Excellent TOTO

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

Mission

TOTO
Life Anew

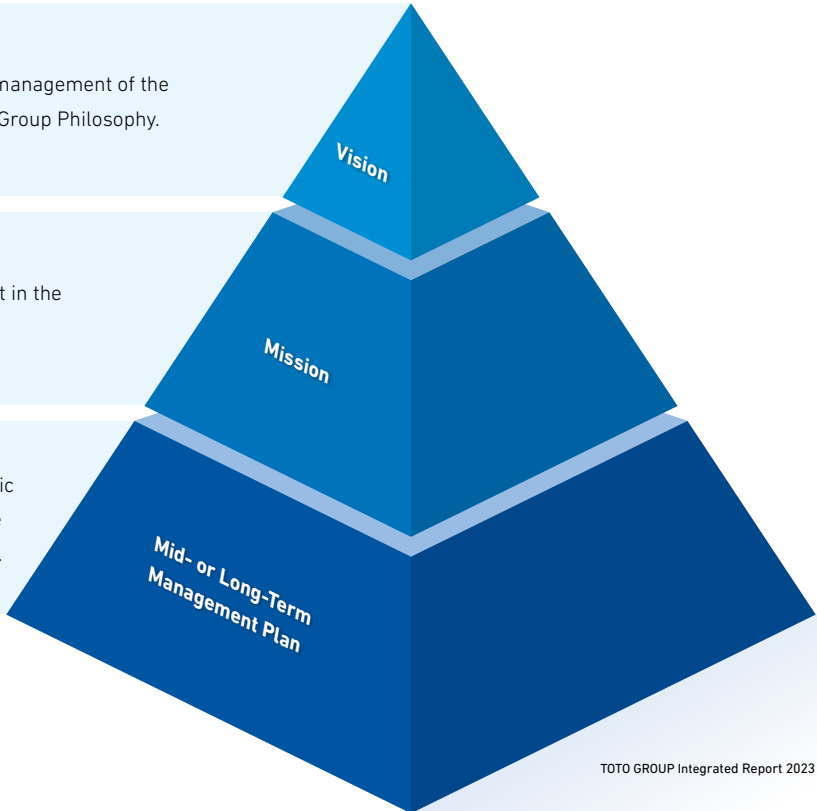


A statement of the most important plan to implement in the mid- or long-term for sustainable growth.

Mid- or Long-Term Management Plan

New Shared Value Creation Strategy TOTO WILL2030

Lays out the ideal state of the TOTO Group and specific goals for implementing the plan. We will promote the New Shared Value Creation Strategy TOTO WILL2030.



About the TOTO Group

(Fiscal 2022)

Business Segments

Global Housing Equipment Business (Japan and Overseas)

Main Products—Japan



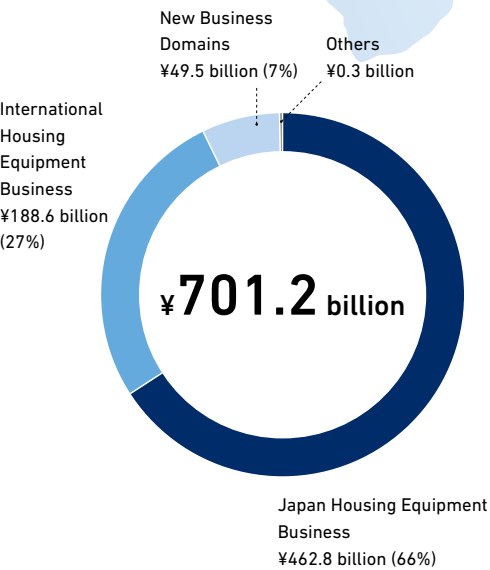
Main Products—Overseas



New Business Domains



Net sales (percentage)



Operating profit ¥49.1 billion

Operating margin 7.0%

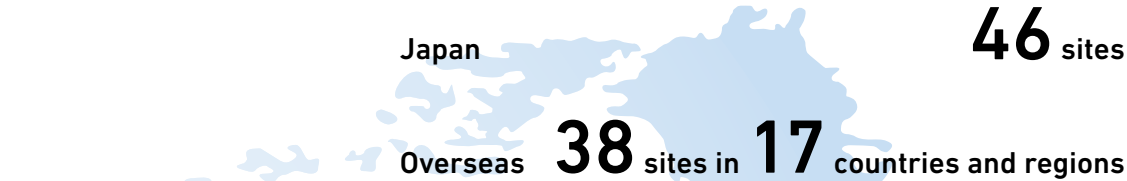
Profit attributable to owners of parent ¥38.9 billion

ROA (Operating profit base) 7.2%

ROE (Net profit base) 9.1%

Number of production sites

(As of March 2023)



Number of showrooms

(As of March 2023)



Number of consolidated employees*¹

(As of March 2023)

36,188

*1 Includes contract employees and temporary employees

Total CO₂ emissions from business sites

267 thousand tons

Percentage of female managers

21.5%

Reduction in CO₂ emissions due to implemented measures

89 thousand tons

Employee satisfaction

(Japan)

74.9 pt

Reduction in CO₂ emissions during product use*³

3.35 million tons

Employee turnover rate due to life events*²

(Japan)

0.0%

Reduction in water consumption during product use*³

0.95 billion m³

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

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



P. 7–

For the Next 100 Years

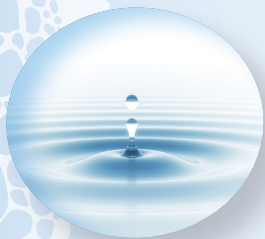
This section describes the present state of the TOTO Group, a company with a history cultivated over the past 100 years, and introduces the future vision of the Group as well as its values as it looks toward the next 100 years.



P. 9–

Message from the President

President Noriaki Kiyota explains the future vision of the TOTO Group and the efforts that will go into making it a reality.



P. 27–

New Shared Value Creation Strategy
TOTO WILL2030

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



P. 71–

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.

Editorial Policy

The TOTO Group Integrated Report 2023 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 business and sustainability policies and strategies. In addition, it communicates TOTO's corporate stance to remain committed to linking its past and present performance with its initiatives designed to further enhance corporate value for the future.

Period of Reporting

Fiscal 2022 (April 1, 2022 to March 31, 2023)

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

Scope of Reporting

TOTO LTD. and Group companies

Statement of Results

Results and plans are based on the new accounting standards for revenue recognition.

Guidelines

- International Integrated Reporting Framework
- 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 at the end of this report and published as a separate document on the TOTO Group website.

Financial and Non-Financial Data
<https://jp.toto.com/en/company/profile/library>

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03 Corporate Governance

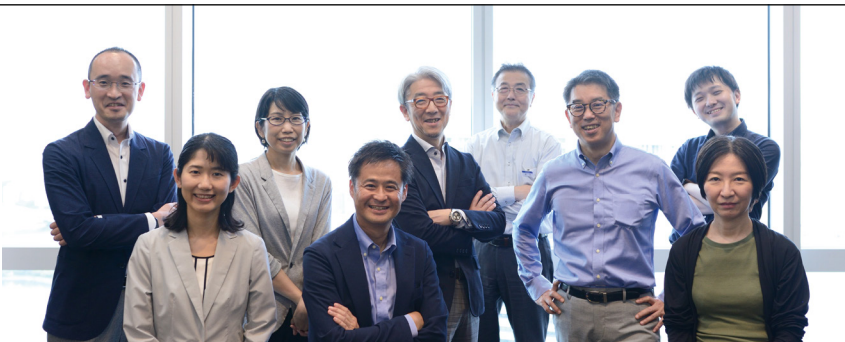
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Integrated Report Editorial Team

The TOTO Group Integrated Report 2023 was created through collaboration between divisions across the entire Company, with a focus on the editorial team in the Management Planning Division.



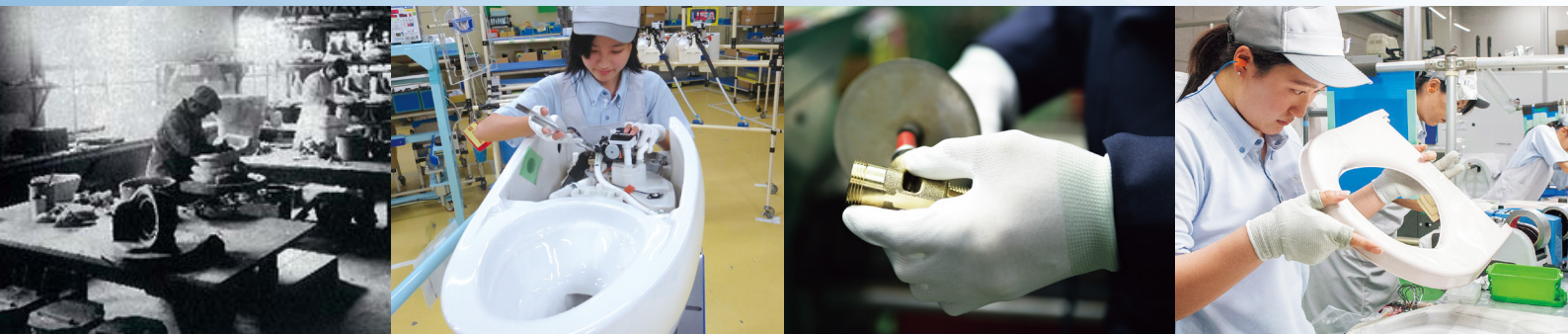
As We Have Been, As We Will Be

“Providing a healthy and civilized way of life”—This was the vision of our founder, and it has been continuously passed on to each of our employees as the TOTO Group Corporate Philosophy.

This vision has lasted over a century and serves as the center of the TOTO Group’s management and the touchstone for our craftsmanship and sales activities.

We will work to ensure this vision gets passed along to future generations by delivering safe and reliable TOTO-brand products and services to customers around the world. In doing so, we will “create an enriched and more comfortable lifestyle and culture built on our plumbing products.”

This is a key facet of the TOTO Group Corporate Philosophy.



Contributing to the SDGs through Promotion of Sustainability Management

The TOTO Group aims to achieve continuous business growth by providing products and services that offer value needed by society. At the same time, through promotion of its sustainability management, the Group will contribute to the realization of the United Nations (UN) Sustainable Development Goals (SDGs).



Noriaki Kiyota
President, Representative Director



For Our Customers and Society

TOTO Aims to Provide Comfortable and Healthy Lifestyles to All
by Contributing to the Realization of a Carbon-Neutral and
Sustainable Society

The Uncompromising Uniqueness of TOTO Began to Blossom around the World in Fiscal 2022

In fiscal 2022, TOTO continued to conduct business activities in a difficult operating environment, dealing with such issues as restrictions due to the ongoing COVID-19 pandemic and divisions in the international community. However, in anticipation of the future, we are still uncompromising about our unique initiatives, which have become more and more successful over the last fiscal year. Undeterred by the pandemic, we launched new products able to meet the emerging needs of customers in all four of the key bathroom and kitchen plumbing domains—toilets, bathroom vanity units, kitchens, and bathrooms—simultaneously in August 2022. We developed creative and original expressions when promoting new product value that aligned with the characteristics of each media. Amid increasing needs for living prosperously and in comfort, I hope to continue such promotion and further evolve TOTO's uniqueness going forward.

Among our new products, THE CRASSO modular kitchen received the internationally acclaimed Red Dot Design Award 2023 and, in a first for Japanese kitchen appliances, was also selected for the Best of the Best Award, which is the top award won by less than 2% of products nominated. I believe that being evaluated in Europe, the home of modular kitchens, is extremely significant. In addition, SMART TOILET NEOREST WX, a new product for the overseas market, won both the Red Dot Design Award 2023 and iF Design Award 2023.

In August 2022, the total shipment volume for WASHLET, which was launched in June 1980, topped 60 million units. While reaching 10 million units took nearly 20 years, the time to sell

each subsequent 10 million units has grown shorter and shorter. The percentage of overseas sales has grown and the overseas shipment volume has increased five times in the past 10 years. WASHLET is a product that has changed Japan's lifestyle culture, and we will popularize a clean and comfortable toilet culture around the world by further evolving the product in the future. In March 2023, TOTO ended International Sanitary and Heating 2023 (hereinafter, ISH 2023), the world's largest international trade fair for baths, toilets, buildings, heating, air-conditioning, and renewable energy, held in Frankfurt, Germany, with great success after exhibiting at Forum, a single venue that has gained significant attention at ISH.

Europe is home to many companies that have existed for more than 200 years, making TOTO a relative newcomer. At ISH 2023, TOTO was the first non-European top brand to exhibit at Forum, the face of the exhibition, which was particularly significant as it placed us on the same level as Europe's top brands, shifting the global position of the TOTO brand.

As a result of strengthening the business structure in new business domains within the Advanced Ceramics Business, TOTO has been able to respond to the sudden increase in demand for semiconductors with advanced ceramics technologies. Our efforts so far are showing results, and we are making steady progress in gaining TOTO fans around the world in the Advanced Ceramics Business. This is naturally growing into a third pillar of growth for the TOTO Group, after the Japan Housing Equipment Business and International Housing Equipment Business.



At the ISH 2023 exhibition space

A Philosophy That Must Remain Unchanged—Kindness Must Always Come First

TOTO's first president, Kazuchika Okura, wrote a letter to his successor, Saburo Momoki. The words contained in that letter have been treasured by the TOTO Group ever since as the Words of Our Founder. These words express the idea that "kindness must always come first" and state that our goal should be to provide good products and satisfy the customer and, by accomplishing that, profit and compensation will follow. The Words of Our Founder have been cherished by each president before me and passed down to the next generation. Every Group employee knows these words. I reflect on my actions as president with the awareness that employees are always watching to see whether they are based on this letter.

Based on the Words of Our Founder, we formulated the Company Mottos in 1962 as a foundation for our corporate activities in the future. To ensure that these words can be shared more easily throughout the TOTO Group and are appropriate for the times, we formulated the TOTO Group Corporate Philosophy and Charter of TOTO Group Corporate Behavior. Additionally, we established the Philosophy System for TOTO Group Management in 2004.

I learned about the Corporate Philosophy by watching senior coworkers, whose actions were always based on it. The Philosophy also spreads among each employee through their experience during daily business activities and the actions of superiors, senior coworkers, and colleagues. This is not merely a concept of knowing and remembering the Philosophy, but rather a corporate culture where taking such actions has become the norm.

Regardless of the circumstances, "kindness must always come first" is a priority that should never change. Every employee is able to understand what is important in a changing environment. The TOTO Group's greatest strength is that each employee, in their own way, acts for the sake of its customers and society in a way that exceeds the boundaries between divisions, countries, and regions, based on "kindness must always come first."

In fiscal 2022, TOTO caused a great deal of inconvenience for its customers due to global disruptions to the supply chain, such as suspension of orders and deviation from delivery for key products. However, despite these circumstances, I believe that we have devoted ourselves to improvement. All of TOTO's divisions acted for the sake of its customers and colleagues throughout the TOTO Group, such as the Sales Division, which has coordinated logistics and the front line and continues to be close with customers; the Procurement and Distribution Division, which has rebuilt the supply chain; the Manufacturing Division, whose employees voluntarily stayed at factories to keep operations running, including at overseas sites; and the Administrative Division, which continued to provide support on the front line. The TOTO Group's purpose is to put the Corporate Philosophy into practice under any circumstances, ensure that kindness always comes first in society, and act with customers in mind. As a result of sharing this with all employees, I believe that we are capable of joining together and ensuring the reputation of the TOTO brand.

TOTO WILL2030, Embodying the Founding Spirit of TOTO

The Common Group Philosophy is something that, as the “heart” of TOTO, we must continue carrying forward into the future, forever. Meanwhile, we must change the way our “body” (business activities) moves regarding various changes in the business environment. The TOTO Group formulated the New Shared Value Creation Strategy TOTO WILL2030 (hereinafter, WILL2030) in April 2021. We will achieve economic growth while helping resolve social and environmental issues by realizing a carbon-neutral and sustainable society by 2050 and by aiming to provide comfortable and healthy lifestyles to all. For this reason, the key material issues (materiality) we must thoroughly address as a group in 2030 to embody our Corporate Philosophy are Cleanliness and Comfort, Environment, and Relationships. We will also contribute to the United Nations (UN) Sustainable Development Goals (SDGs) through these activities. By understanding that social value and economic value are not separate and by addressing social and environmental issues, we will promote sustainability management to achieve economic growth.

The mission of our generation is to pass on the global environment in a sustainable manner. To achieve carbon neutrality, we will expand initiatives for promotion of fuel conversion under Scope 1, further expansion of renewable energy utilization under Scope 2, and further expansion of popularizing TOTO’s unique sustainable products, which are clean, comfortable, and environmentally friendly, under Scope 3. We will promote Groupwide initiatives for each employee to play a part in implementing, understanding, and participating in advancing WILL2030.

Current market conditions are still unclear and unexpected changes in the environment could continue to occur in the future. Amid these circumstances, fiscal 2023 is the final year of WILL2030 STAGE1. It has been a year where we have strongly resolved to address the priority issues and achieve the targets we have adopted in terms of business and task innovation.

We will actively invest and educate from all angles, including manufacturing, sales, development, and human resources, in anticipation of our vision for 2030 and 2050 and taking into account STAGE2 and STAGE3.

Organizational Growth as an Aggregate of Individual Growth



A company is a collection of individuals. The TOTO Group is a collection of approximately 36,000 individuals, demonstrating a great amount of strength. Since enhancing the capabilities of individuals leads to enhancing the capability of a company’s framework, enhancing these individual capabilities is extremely important.

In April 2023, the TOTO Group welcomed 232 new employees. TOTO’s in-house company magazine held a questionnaire to ask all new

employees which phrase they would be the happiest to hear and the answer given by the majority of new employees made an impression—“thank you.”

Everybody wants to receive acknowledgment from those around them. If that recognition comes back in the form of “thank you,” it further increases their motivation. When supervisors and other co-workers say thank you and give recognition during employees’ daily work, it leads to an overwhelming increase in motivation and acts as an incentive for their next actions. This motivation leads to the desire to set the next target and work hard toward it. When the target is achieved, employees feel a sense of satisfaction, leading to the next target. This process is a key point in increasing the speed of growth and I believe that, if employees receive numerous such opportunities, it will lead to growth of the Company.

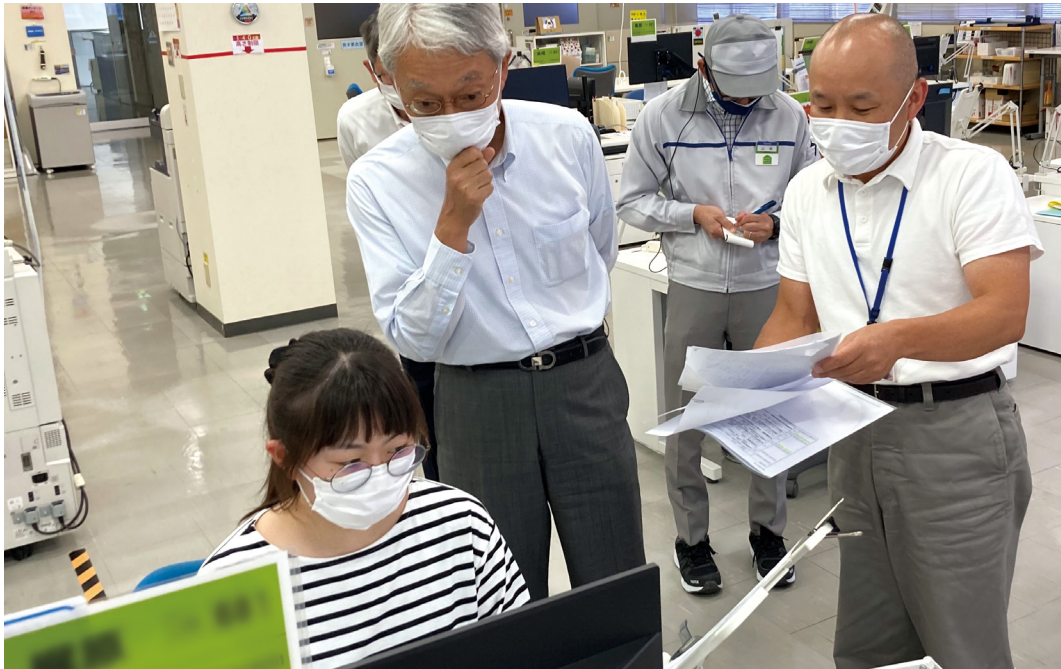
Furthermore, another key to maintaining high motivation is for employees to feel like a job is something personal rather than something done by other people, enabling them to definitely take further action. For example, regarding the three key material issues (materiality) we have adopted as “issues we want to address” personally instead of “issues we must address,” completely changes our actions. If all employees feel that these are issues that they want to address, the amount of motivation and energy each individual has will no doubt increase. If that occurs, the energy of all TOTO Group employees will be extremely high and the speed at which we can help resolve social issues will further increase. I am certain that this will lead to us becoming even more useful to our customers and society.

If each individual employee thinks a little further ahead, taking a step toward society and our customers, I believe that we can create a group that can take action with the customer in mind.

Opportunities for Employees to Take Action

With travel restrictions as a result of the pandemic finally loosened, I have finally been able to move around and the frequency of my visits to the front line and opportunities to directly exchange opinions with employees has increased. I have also continued to hold dialogues with employees online.

Employees feel that there are issues to be resolved at their respective locations, and they are eager to take on these issues and challenges. I hold skull sessions for various issues, but I never refuse proposals that are based on the location or circumstances and are well thought out. I have had a series of talks to encourage employees by motivating and inspiring them. As a result, there have been many cases where employees have been able to move ahead of my requests, and I believe that we are getting closer to becoming a group where it is a matter of course that each employee considers society and our customers and takes concrete action. It is my responsibility to create opportunities for employees to get off the ground.



At SUNAQUA TOTO LTD.

New Value Brought about by Utilization of Digital Technologies

We have adopted the utilization of digital technologies as an essential component in creating new value and made it the cornerstone of all our business activities. Since digital technologies are not something that only TOTO has access to, I understand that it is survival of the fittest as to whether we can properly utilize these technologies. The most important point is how much this leads to new value for TOTO and its customers. We will continue making proposals for resolving social issues by integrating digital technologies with existing technologies, which is a strength of the TOTO Group. We aim to create new life-style value while actively collaborating outside the TOTO Group.

In addition, we aim to enhance the quality and uniformity of manufacturing sites and further promote the shift to smart factories. We are currently developing data scientists. With these human resources at the core, we will utilize AI in all manufacturing sites to enhance efficiency. Naturally, there is a high volume of data in not only manufacturing sites but also sales, service, and administrative sites, so we will develop digital human resources in all divisions.

We will enhance the speed of operations by raising the IT and digital transformation (DX) literacy levels of all employees, not only through training but also in practice.

Together with Our Stakeholders

The TOTO Group's business activities are made possible thanks to the support and cooperation of all our stakeholders. First, our starting point is that we ourselves must be sincere and thankful in our approach. In Relationships, one of the key material issues (materiality) we have adopted under WILL2030, we will sincerely work with each stakeholder and strive to enhance value for each of them.

We will strive to ensure our customers are lifelong TOTO fans by reinforcing activities that not only provide products that bring cleanliness and comfort but also services to them. We will enhance our relationship of trust by ensuring returns, such as dividends, for all our shareholders and by further deepening dialogues while providing non-financial information. We will aim for coexistence and co-prosperity with all our business partners by creating even stronger partnerships and setting and promoting targets, such as initiatives for the environment and human rights. We will further enhance initiatives outside of our business activities to gain the support of local communities for our activities. Above all else, employees are the most important. We aim to create an environment where all employees can safely take on challenges and work in a lively manner and to achieve a high level of organizational and human resource capabilities.

To maximize corporate value, my mission is to reinforce governance with an awareness of not only defensive but also offensive aspects, enhance value for all our stakeholders, and develop a better relationship. Our employees will unite in their efforts to open the way for a bright future for our customers and society.

Noriaki Kiyota

President,
Representative Director

TOTO Group Value Creation Model

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 promoting sustainability management. 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 at large by way of our social contribution activities.

Capital Input

(Results from fiscal 2022)

Financial capital

Optimal management resources

Net assets	¥461.1 billion
Total assets	¥731.6 billion
Equity ratio	62.0%

Intellectual capital

R&D toward TOTO "Only One" technologies

R&D costs	¥21.5 billion
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Manufactured capital

Global expansion of production sites

Japan	20 sites	Overseas	26 sites
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Human capital

Diverse human resources sharing our Corporate Philosophy

Number of consolidated employees	36,188
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Social / relationship capital

Relationships of trust with stakeholders cultivated through our rich history

Natural capital

Resources with care for a sustainable society

Quantity of energy consumption	1,225 GWh
Amount of raw materials used	572.8 thousand tons

- Global Housing Equipment Business
- New Business Domains

Growth Strategy
WILL2030

Sustainability
Management

TOTO Global
Environmental
Vision

Strength
1

Advanced fusion of design and technology



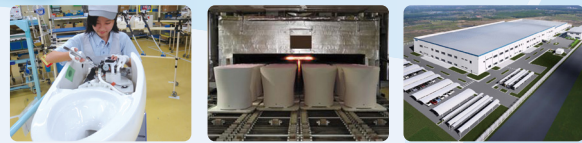
Strength
2

Creating value through independently developed technologies



Strength
3

Advanced production technology and global supply system



Outputs

Strength
4

Providing high-quality products and services



Communication



Showroom proposals



Products (sustainable products) sales channels



Quality in assembly



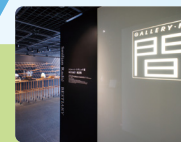
After-sales services



TOTO Water Environment Fund



Volunteer activities



TOTO GALLERY-MA



TOTO Museum

Value Chain

R&D

Procurement to Production

Logistics to Sales

Digital Innovation

Strength
5

Relationships with stakeholders

Corporate Governance

Enhance value creation to strengthen the business foundation and return it to capital

New Value Creation

(Results from fiscal 2022)

Social Value

Environmental Value

KPIs

Percentage of sustainable products 73 %
(Japan: 77%, Overseas: 63%)

Reduction in water consumption during product use 0.95 billion m³

Total CO₂ emissions from business sites 267 thousand tons

Stakeholder satisfaction

Employee satisfaction (Japan) 74.9 pt

Showroom satisfaction (Japan) 75.3 pt

Customer satisfaction in after-sales service 94.0 pt

Value Provided to Stakeholders

Customers

Offer lifestyles that go beyond expectations

Employees

Work lively and utilize individuality

Business partners

Coexist and grow together while contributing to society and the environment

Society

Realize a sustainable society

Economic Value

Net sales ¥701.2 billion

Operating margin 7.0%

International sales ratio (housing equipment business) 27%

Shareholders

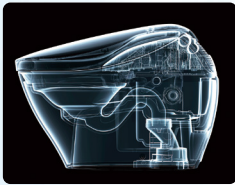
Earn trust and provide returns over the long term
Dividends per share ¥100.0

<Provide comfortable and healthy lifestyles to all>
<Achieve a carbon-neutral and sustainable society>

Strength 1
Advanced Fusion of Design and Technology

TOTO creates products by placing design at the core of its business strategies, along with the manufacturing technologies we have been developing since our foundation. TOTO's ideal designs are beautiful spaces where people can spend time comfortably and experiences that are pleasing to the senses. TOTO has adopted a basic approach to design of "understated presence" to further enhance one appeal of the products we create. Furthermore, continuing to pursue research and development (R&D) to deliver high-quality, functional products to customers around the world through designs that stay in our customers' lives forever has become a

TOTO Group strength. One result of this is that TOTO has received numerous internationally acclaimed awards. Going forward, we will create new value in the lives of our customers by integrating design and technology.



Strength 3
Advanced Production Technology and Global Supply System

The difficulty of sanitary ware manufacturing is controlling the shape and shrinkage when firing the clay-like material. We are engaging in manufacturing that is controlled down to the millimeter from the shaping stage to the firing stage so that we can achieve the quality and uniformity adopted in our Company Mottos. Another key strength is the inheritance and improvement of manufacturing skills that have been passed down over more than 100 years, and we have globally developed initiatives, such as a sanitary ware technical championship where craftspeople compete to show their glazing and shaping skills. We are also promoting the transition to smart factories by introducing new technology, such as AI, into frontline production.

When rolling out our supply system globally, we take pride in becoming a TOTO that has different characteristics in each country and region. We aim to not only provide our customers with products that have been created with advanced technology but also improve the hygiene and comfort in the countries and regions where TOTO does business and contribute to the environment. We want people to feel glad that TOTO exists.



Strength 5
Relationships with Stakeholders

We will continue to generate social value and economic value while building a relationship with various stakeholders that exceeds the boundaries between countries and regions. The TOTO Water Environment Fund provides grants based on stakeholder involvement in environmental contribution and supports environmental activities connected to water, which we place great importance on as a company that provides bathroom and kitchen plumbing products that are deeply rooted in local communities.

Furthermore, we are fostering culture and developing the next generation by sharing plumbing culture and holding exhibitions and lectures about architectural culture at the TOTO Museum and TOTO GALLERY-MA. These activities are implemented by employees who are well-versed in the TOTO Group Corporate Philosophy. We will further refine the strengths of the TOTO Group and increase engagement through direct talks with the president in online meetings.



Strength 2
Creating Value through Independently Developed Technologies

In 1914, the first domestic seated flush toilet was completed in an era when not even the concept of drainage systems was popular in Japan. During the construction rush before the 1964 Tokyo Summer Olympics, TOTO developed Japan's first prefabricated bathroom module (based on Japanese Industrial Standards (JIS) provisions) to reduce strict building times. WASHLET created a new toilet culture in Japan of "washing bottoms." These are just a few examples, but TOTO's strength lies in the fact that we have always been quick to create products that change the lifestyle culture of society with our aspiration to provide good products and satisfy customers, as well as striving to contribute to the betterment of society with the spirit of service in mind. Furthermore, we are advancing initiatives aimed at creating value for customers in the future that TOTO could not accomplish alone by collaborating with other companies, including start-ups. We also contribute to the development of the industry and technology by protecting and disclosing the value we have created with intellectual property rights, leading to a cycle of further value creation.



Strength 4
Providing High-Quality Products and Services

TOTO products are used in the daily lives of our customers over a long period of time. For that reason, we operate 97 directly managed showrooms across Japan and 12 locations overseas to be a close part of our customers' lives and provide them with optimal plans so that they can select products by actually seeing, feeling, and understanding them. Furthermore, many of our products involve construction, and our strength lies in the fact that we have developed a domestic and international sales network, together with all our local agencies and installers, that reassures customers and enables them to purchase our products.

It is also important to provide after-sales services to customers, who have chosen TOTO and use our products for a long time, if there are any damage or defects. In this way, we will contribute to enriching the lives of our customers by not only providing high-quality products but also by providing a range of services that aim to satisfy our customers.



TOTO Group Value Creation History

Since its establishment, the TOTO Group has continuously passed on the vision of its founder with the ambition to create new lifestyles through challenges and innovations. In addition, since the announcement of the Remodeling Declaration in Japan in 1993, the Group has established a business structure that does not rely on new housing demand. At the same time, the Group has been actively expanding its businesses overseas.

Company History

1917

Established Toyo Toki Company, Limited

1962

Formulated Company Mottos

1970s

1970

Changed corporate name to TOTO KIKI LTD.

1977

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

1980s

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

1990s

1993

Remodeling Declaration

1993

Launched SMART TOILET NEOREST EX

1995

Discovered photocatalytic superhydrophilicity (TOTO and the University of Tokyo)

1999

Developed CEFIONTECT technology

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

2006

Established TOTO Universal Design Research Center

2007

Changed corporate name to TOTO LTD.

2009

Announced TOTO V-Plan 2017

2010s

2010

Announced TOTO Environmental Vision 2017

2014

Announced TOTO Global Environmental Vision

2017

Established new company mission

2017

Announced TOTO WILL2022 Mid-Term Management Plan

2018

Determined new materiality

2020s

2021

Announced New Shared Value Creation Strategy TOTO WILL2030

2021

Launched Touchless Faucets globally unified model

2022

Launched NEOREST globally unified model (NX / LS / AS / RS)

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 SMART TOILET NEOREST EX

1995

Discovered photocatalytic superhydrophilicity (TOTO and the University of Tokyo)

1999

Developed CEFIONTECT technology

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

2008

Launched Restroom Item 01 (Universal Design of public toilets)

2009

Launched NEOREST Series / SE in Europe

2010

Launched AIR-IN SHOWER showerhead

2011

Launched WASHLET® apricot with EWATER+ electrolyzed water (containing hypo-chlorous acid)

2012

Launched Drake II 1G water-saving toilet in the United States

2013

Launched Bedside Flushable Toilet

2017

Launched NEOREST NX globally

2017

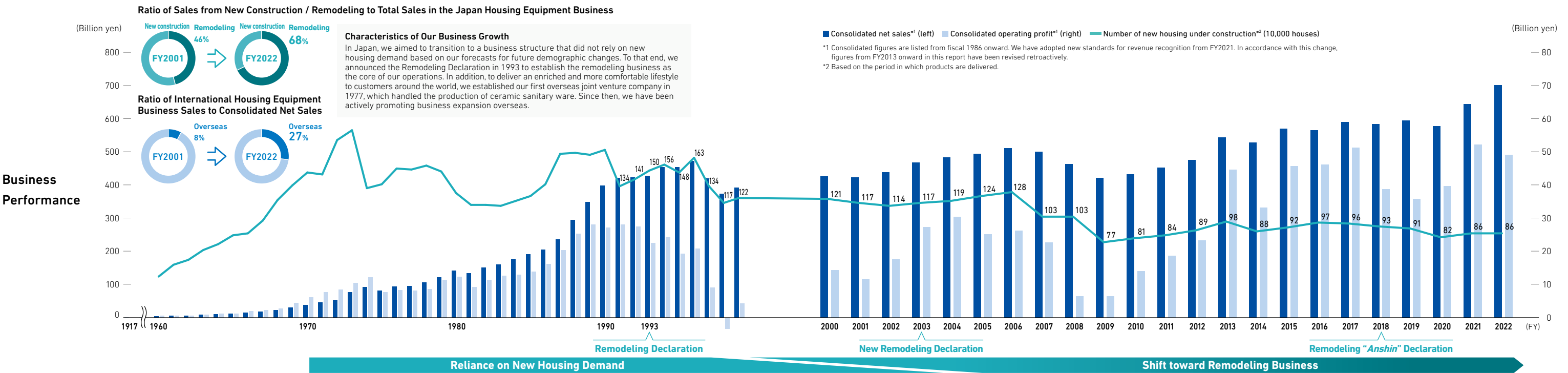
Launched the Faucet 10 Series of water faucets, distinguished by their sophisticated designs, to the global market

2021

Launched Touchless Faucets globally unified model

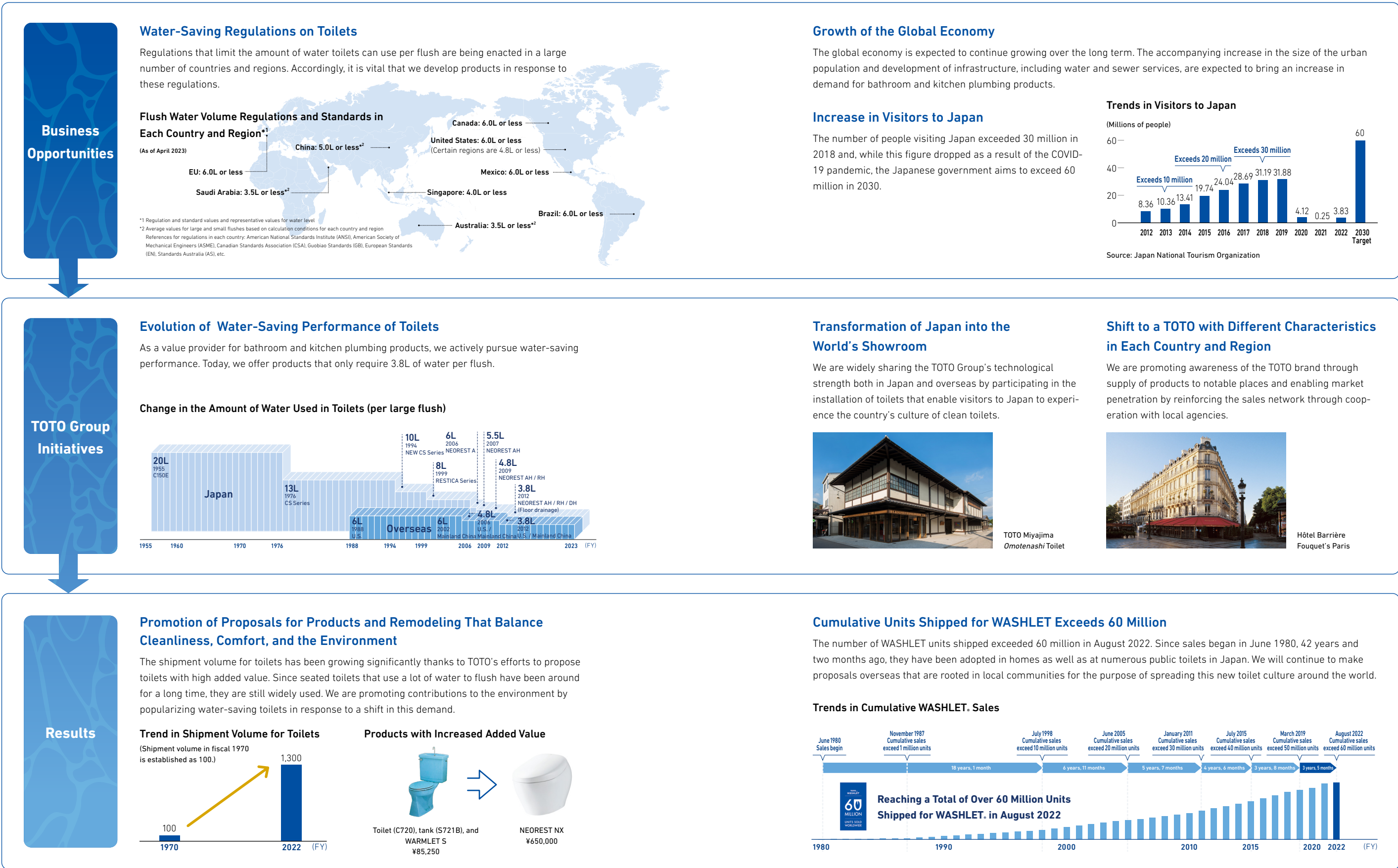
2022

Launched NEOREST globally unified model (NX / LS / AS / RS)



Value Creation Initiatives and Business Growth Scenarios

We are engaging in value creation after confirming the opportunities and risks with the aim of creating an enriched and more comfortable lifestyle and culture built on our plumbing products. Specifically, we are growing the business at the same time as creating value for customers by developing and proposing products that improve water-saving performance in response to the environmental issue of depletion of water resources and by proposing WASHLET as a lifestyle habit, which has become popular in Japan, to the world.



Awareness of Opportunities and Risks

Awareness of Opportunities and Risks

Amid changes in the market environment and social climate surrounding TOTO, we consistently analyze and understand the opportunities and risks for the TOTO Group, striving to connect them to value creation.

Regarding risks in particular, we are working to create preventive measures and minimize damage during disasters by utilizing a risk management system to continue to be a corporate group that is needed by our customers and society.

Based on this awareness, we recognize and are adopting the following response to (1) opportunities and risks related to sustainability and (2) opportunities and risks related to business continuity.

(1) Opportunities and Risks Related to Sustainability

We recognize climate change as an important issue facing society and are working from a long-term perspective to help achieve a carbon-neutral and sustainable society by 2050, based on the New Shared Value Creation Strategy TOTO WILL2030. At the same time, we are actively working to disclose information on these efforts.

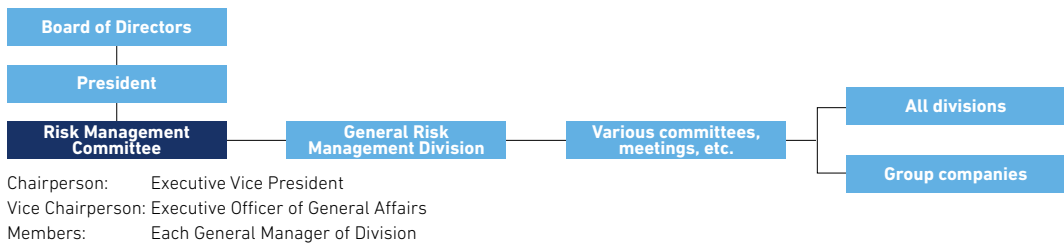
Also, the agenda for our sustainability activities, which includes long-term efforts toward climate change, is deliberated and executed by the Sustainability Committee, chaired by the president. In addition, these activities are supervised by the Board of Directors.

(2) Opportunities and Risks Related to Business Continuity

As a risk management promotion system, the Risk Management Committee is chaired by the executive vice president, who serves under the supervision of the president. The committee comprises the executive officers overseeing major risks and division heads as its members. Every year, major risks that could have a significant impact on stakeholders are identified, and a general manager of the Risk Management Supervising Division is appointed for each risk in order to take preventive measures. Each major risk is mapped out on a matrix evaluating the degree of impact and frequency of occurrence from the viewpoints of damage to the brand, impact on personnel, and financial consequences in accordance with an assumption scenario. These risks are monitored by the Risk Management Committee, and risk mitigation activities are promoted throughout the entire Group.

Additionally, we view events occurring within the market environment and social climate that could support current or future business expansion as opportunities, and we work to capture these opportunities through promotion of the New Shared Value Creation Strategy TOTO WILL2030 as the Mid- or Long-Term Management Plan.

Risk Management Promotion System



Top Management Roles and Responsibilities

- 1 Building and penetration of the risk management system
- 2 Confirming and evaluating the validity of the risk management system
- 3 Providing the needed management resources to achieve the above

Risk Management Committee Roles and Responsibilities

Promotion of Risk Management

- 1 Discussing and determining goals and direction of risk management
- 2 Progress and follow-up on risk management
- 3 Risk detection and evaluation, creating a risk map and prioritizing risk
- 4 Improving risk awareness and knowledge
- 5 Promoting monitoring and audits
- 6 Risk Management Report to the Board of Directors

Major Opportunities and Risks

Factors for Major Opportunities and Risks		Details of Opportunities and Risks for the TOTO Group	The TOTO Group's Response	
Climate change and large-scale earthquakes	Risk	Risk to the continuity of business activities due to large-scale earthquakes, wind and water damage from abnormal weather, and fires	• Implement risk examinations and risk simulations regarding large-scale earthquakes	P.79
	Risk	Reduction in tax following a decrease in greenhouse gas emissions and increase in raw material and energy procurement costs	• Respond to environmental issues by promoting the TOTO Global Environmental Vision	P.45
	Opportunity	Increase in opportunities to contribute to the environment by offering water-saving products in regions with water shortages	• Carry out long-term scenario analysis based on the TCFD and respond to risks and opportunities identified through the analysis accordingly	P.35
Raw material and component procurement	Opportunity	Contribute to achieving a carbon-neutral and sustainable society by 2050 through the New Shared Value Creation Strategy TOTO WILL2030		P.27
	Risk	Inability to procure raw materials and components due to large-scale earthquakes and other natural disasters	• Formulate business continuity plan (BCP) in consideration of the impact of large-scale disasters on the supply chain and bolster response capabilities	P.61
	Risk	Cost increases due to foreign exchange rate fluctuations, etc.	• Implement on-site inspections of major suppliers	P.61, 106
	Risk	Accidents or bankruptcies occurring within the supply chain	• Strengthen global supply structure through Demand Chain Innovation Activities	P.61
Tightening of laws, regulations, and systems	Opportunity	Expanded selection of suppliers due to the Group's global business expansion		
	Risk	Relocation or stoppage of factory operations and additional capital investment due to the tightening of environmental and climate change regulations		
	Risk	Insufficient response to laws and regulations		
	Risk	Damage to intellectual property rights	• Reinforce structure to respond to laws and regulations, including those overseas	P.79
Compliance	Opportunity	Tightening of regulations regarding water- and energy-saving features, growth in demand for highly functional products due to an increase in purchasing support systems, etc.	• Develop and launch industry-leading products through Marketing Innovation Activities	P.59
	Opportunity	Increased purchasing motivation resulting from a heightened consumer awareness toward water and energy conservation		
	Risk	Occurrence of compliance violations, including within the supply chain, and subsequent loss of social trust	• Reinforce operation of management systems centered on the Compliance Committee	P.79
Human resources	Risk	Filing of lawsuits	• Implement compliance-related educational activities, including on human rights, to ensure strict adherence	P.80
	Risk	Risk of financial damage caused by rumors	• Carry out monitoring activities, including within the supply chain	P.106
	Risk	Intensifying competition to recruit human resources		
Occupational safety and health	Opportunity	Expansion of human capital through the recruitment and development of outstanding personnel	• Reform human resource systems through Management Resource Innovation Activities	P.63
	Opportunity	Increased opportunity to provide peace of mind and fulfilling challenges through workstyle reform		
	Risk	Violation of labor laws	• Share issues and draft and promote response measures via the Health, Safety and Security Committee	P.106
Product quality	Risk	Workplace accidents and incidents		
	Risk	Occurrence of product recalls and major complaints	• Improve customer satisfaction through the promotion of "Relationships," an important theme of the TOTO Global Environmental Vision	P.39
Information security and IT innovation	Opportunity	Sophisticated product development and high levels of quality cultivated through rigorous quality management	• Provide TOTO quality, including after-sales services	P.39
	Opportunity	Promote "Anshin" Remodeling		P.49
	Risk	Occurrence of disruptions to information systems due to computer viruses, etc.	• Draft and promote medium- to long-term IT strategies and strengthen information security via the IT Strategy Committee	P.64
Economy	Risk	Leakage of confidential and personal information	• Offer plumbing solutions that utilize IoT technologies through Marketing Innovation Activities	P.59
	Opportunity	Social changes due to DX		
	Opportunity	Introduction of AI and the Internet of Things (IoT) in housing equipment		
Society	Risk	Foreign exchange and interest rate fluctuations	• Promote the New Shared Value Creation Strategy TOTO WILL2030	P.27
	Risk	Intensifying competition from rival companies and rapid declines in product prices	• Roll our globally strategic products and fortify our financial structure	P.59, 69
	Risk	Contraction in the market for new housing due to changing demographics in Japan	• Promote business strategies under the New Shared Value Creation Strategy TOTO WILL2030 as well as cross-organizational innovation activities	P.27
	Risk	Geopolitical risks within our global businesses	• Improve risk prevention and response capabilities based on the structure of the Risk Management Committee as well as ensure the continuation of production and supply through an adaptive approach to risk response	P.79
Society	Risk	Risks to business continuity following the spread of infectious diseases		
	Opportunity	Expansion in the remodeling market due to changing demographics and lifestyles in Japan		
	Opportunity	Increased demand for plumbing products following global economic progress and population increases		

New Shared Value Creation Strategy

TOTO WILL2030

The TOTO Group formulated the New Shared Value Creation Strategy TOTO WILL2030 (hereinafter, WILL2030) in April 2021 with a focus on achieving a carbon-neutral and sustainable society by 2050, and aims to realize a sustainable society and achieve clean, comfortable, and healthy lifestyles by 2030.

With the important material issues of Cleanliness and Comfort, Environment, and Relationships, we are promoting sustainability management, aiming to create an enriched and comfortable future society that has no impact on the global environment and to achieve economic growth.

As a result of these efforts, we will contribute to the SDGs through WILL2030.

Economic Value ↑

	KPIs	FY2020	FY2030
Economic Value	Net sales	¥577.8 billion	Over ¥900.0 billion
	Operating margin	6.9%	Over 10%
	Ratio of international housing equipment business sales	25%	Over 50%



New Shared Value Creation Strategy TOTO WILL2030



	KPIs	FY2020	FY2030
Social Value / Environmental Value	Percentage of sustainable products	69% (Japan) 74% (Overseas) 56%	78% (Japan) 85% (Overseas) 70%
	Reduction in water consumption during product use*1 (Alleviating water stress)	0.9 billion m ³	1.7 billion m ³
	Total CO ₂ emissions from business sites	307 thousand tons	250 thousand tons
	Stakeholder satisfaction	Employee satisfaction (Japan) 74 pt Showroom satisfaction (Japan) 73 pt Customer satisfaction in after-sales service*2 92 pt	Employee satisfaction (Japan) 80 pt Showroom satisfaction (Japan) 80 pt Customer satisfaction in after-sales service 95 pt

*1 Reduction effect when compared with the case where products of 2005 continue to be used.
*2 Scope: Japan, Americas, Europe, Mainland China, Taiwan Region, India, Thailand, Vietnam

→ Social Value / Environmental Value →

The TOTO Group's Materiality

The will of our predecessors has been handed down over generations through the TOTO Group Corporate Philosophy, and will continue to guide the vision our united Group pursues in the future. Materiality reflects the key issues we must address to achieve this.

In the New Shared Value Creation Strategy TOTO WILL2030, we position materiality as an important issue that needs to be addressed in realizing our Corporate Philosophy and engage in sustainability management.

The TOTO Group's Corporate Philosophy and Materiality

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.

Materiality

Cleanliness and Comfort

Environment

Relationships

TOTO's Materiality Issues toward Achieving the Corporate Philosophy

Cleanliness and Comfort

3 GOOD HEALTH AND WELL-BEING

5 GENDER EQUALITY

6 CLEAN WATER AND SANITATION

11 SUSTAINABLE CITIES AND COMMUNITIES

By realizing cleanliness and comfort through our business activities, we will contribute to the SDGs.

Realize cleanliness and comfort throughout the world

To create, is to think about people. TOTO's Universal Design

Cleanliness through touchless technologies

Having fun keeping healthy (wellness)

Satisfying customers beyond expectations (remodeling)

Environment

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

15 LIFE ON LAND

By protecting the environment through our business activities, we will contribute to the SDGs.

Protect our limited water resources and connect with the future

Carbon neutrality initiatives

Mitigating environmental risks

Aim for sustainable development together with local communities

Sustainable procurement that also considers biodiversity

Relationships

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

17 PARTNERSHIPS FOR THE GOALS

By building relationships through our business activities, we will contribute to the SDGs.

Consideration of human rights

Advancing the careers of diverse human resources (employment and retention)

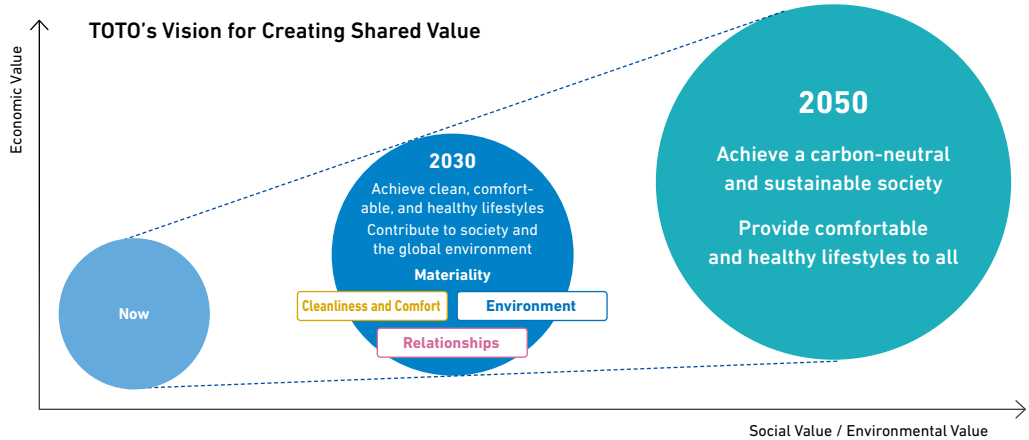
Engagement with shareholders and investors

Build deep, long-lasting relationships with customers

Offer cultural support and contribute to society for the next generation

About Materiality Identification

While identifying the TOTO Group's material issues (materiality), we are referencing the UN Global Compact, the SDGs, and other international standards in order to carry out an analysis of themes that lead to creation of social, environmental, and economic values.



Process for Identifying Materiality		
Step 1	Identify issues	We identified issues based on the UN Global Compact, the SDGs, ISO, and other international guidelines, as well as on evaluations of the sustainability activities we have promoted thus far.
Step 2	Analyze issues	We analyzed issues that should be resolved through our business from a medium- to long-term perspective.
Step 3	Hold discussions by management	We reported and held discussions in the Sustainability Committee, Management Committee, and the Board of Directors.
Step 4	Develop plans	We are developing and promoting an action plan based on our materiality.

Cleanliness and Comfort

The TOTO Group continuously offers products that relate to people's lifestyles, centering on bathroom and kitchen plumbing products. To realize the desire of the Group's founder to enrich people's lifestyles through our businesses, we have been focusing on enhancing cleanliness and comfort within our product development while thinking about the customer first. Going forward, we will deliver clean and healthy lifestyles to people around the world, so that anybody, from a child to the elderly, can have fun, keep healthy, and use our products even if life stages change.

Under one of our material issues, Cleanliness and Comfort, we will contribute to issues, including Goal 3 of the SDGs—Good health and well-being.

By realizing cleanliness and comfort through our business activities, we will contribute to the SDGs.



1 Realize Cleanliness and Comfort throughout the World

To create clean and comfortable toilet spaces for our customers, we have developed clean technologies, such as EWATER+, CEFIONTECT, RIMLESS TORNADO FLUSH, and non-contact technology like TOUCHLESS. Based on TOTO CLEANOVATION, derived from the words "CLEAN" and "INNOVATION," we will communicate our three values for the continuation of clean innovation to customers around the world.



The continuation of clean innovation



WASHLET®

The clean lifestyle culture of "washing bottoms"



CLEAN SYNERGY

"Cleanliness and security" achieved with unique technologies and designs



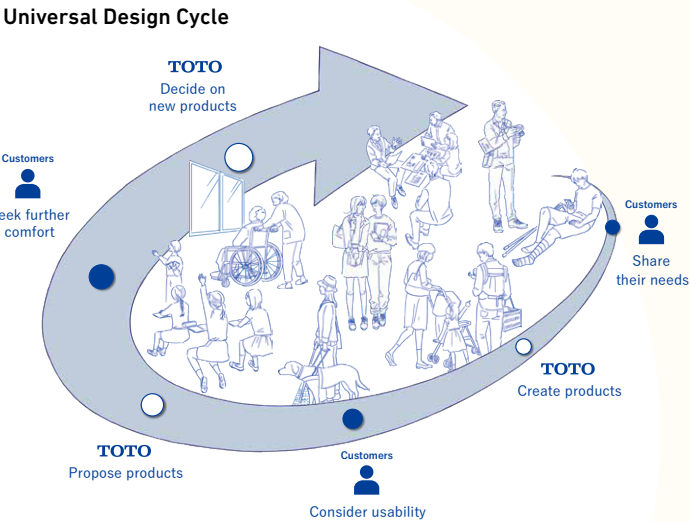
TOUCHLESS

Peace of mind derived from "not touching"

2 TOTO's Universal Design—To Create, Is To Think About People

Inheriting the Words of Our Founder, beginning with "kindness must always come first," we believe that to create is to think about people. Accordingly, we propose and develop products by considering the livelihood of each and every one of our customers, including their age, physical condition, and lifestyle, in pursuit of craftsmanship that blends seamlessly into everyday life.

To that end, we have continued to evolve TOTO's Universal Design by closely observing the lifestyles of various people and turning a sympathetic ear to their concerns. In the 1960s, we began efforts that take into consideration people with disabilities. In addition to developing and selling products that make use of universal design, we issue reports that survey the questions and concerns that people in wheelchairs, people with infants, sexual minorities, and other groups have when using toilets outside of their homes. Furthermore, we make proposals for toilet spaces that take into account various circumstances, and these proposals have been adopted in numerous locations. By leveraging the insight we have in this regard, we actively suggest recommendations for laws and regulations, thereby helping establish and popularize Japanese Industrial Standards (JIS) and International Organization for Standardization (ISO) standards pertaining to the design and layout of toilet operation equipment installed in public bathrooms.



TOTO's Exhibition at ISH 2023, the World's Largest International Trade Fair

In March 2023, TOTO exhibited at International Sanitary and Heating 2023 (hereinafter, ISH 2023), the world's largest international trade fair for baths, toilets, buildings, heating, air-conditioning, and renewable energy, held in Frankfurt, Germany. This is the eighth time TOTO has exhibited at ISH, which has been held every other year since 2009, and is the source of information on design trends, including bathroom and kitchen plumbing products.

TOTO exhibited at Forum, a single venue that has gained significant attention at ISH, for the first time, with more than 50,000 attendees. This exceeded more than double the number of visitors, a record, attending the last ISH held in person in 2019.

Numerous visitors from all around the world were able to view proposals for new and prosperous lifestyles in plumbing products that only TOTO can deliver.

Among these products, streams of visitors came to view the exhibition of the smart toilet NEOREST WX, which won both the Red Dot Design Award 2023 and iF Design Award 2023.

Going forward, we will continue to provide products that pursue cleanliness and comfort while also being environmentally friendly and contribute to realizing a prosperous, comfortable society.



ISH 2023, the world's largest international trade fair

Environment

The TOTO Group is committed to contributing to the environment through plumbing products by continuing to implement such initiatives as water-saving and energy-saving measures. In addition to introducing energy conservation to manufacturing processes at business sites and using renewable energy, we are committed to being eco-friendly throughout the product life cycle, including during product use, by creating products with high environmental performance. We have also defined sustainable products as those that bring cleanliness and comfort and contribute to the environment. By popularizing these products around the world, we will contribute to realizing an enriched, comfortable, and environmentally friendly society. In tandem with these initiatives, the TOTO Water Environment Fund continues to support civilian groups that are working to alleviate domestic water shortages and improve environmental hygiene in order to resolve the issues of and sustainably develop local communities.

Under one of our material issues, Environment, we will contribute to issues, including those targeted by Goal 6 of the SDGs—Clean water and sanitation.

By protecting the environment through our business activities, we will contribute to the SDGs.

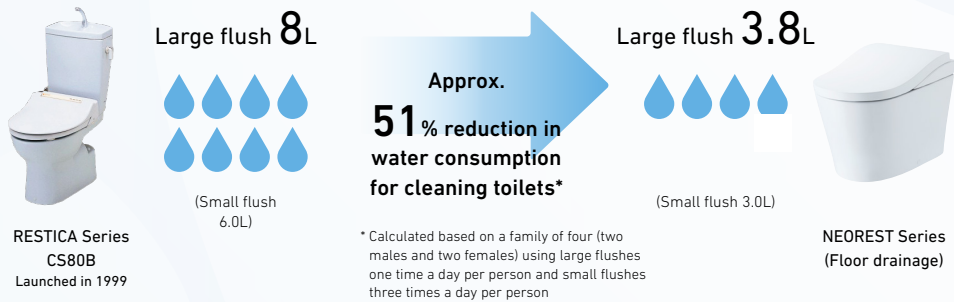


1 Protect Our Limited Water Resources and Connect with the Future

The surface of the earth is mostly covered in water, but in actuality only 0.01% of that is fresh water, such as rivers and lakes, that can actually be used for the livelihood of people.* As a supplier of bathroom and kitchen plumbing products, we believe we have the duty to respond to the issue of depletion of water resources, as it significantly affects the daily lives of everyone. Accordingly, we continue to promote the reduction of water consumption during product use by developing water-efficient and comfortable products and distributing them on a global scale.

* Source: Current State of Water Resources in Japan (2022), Ministry of Land, Infrastructure, Transport and Tourism

Water-Saving Performance of Toilets

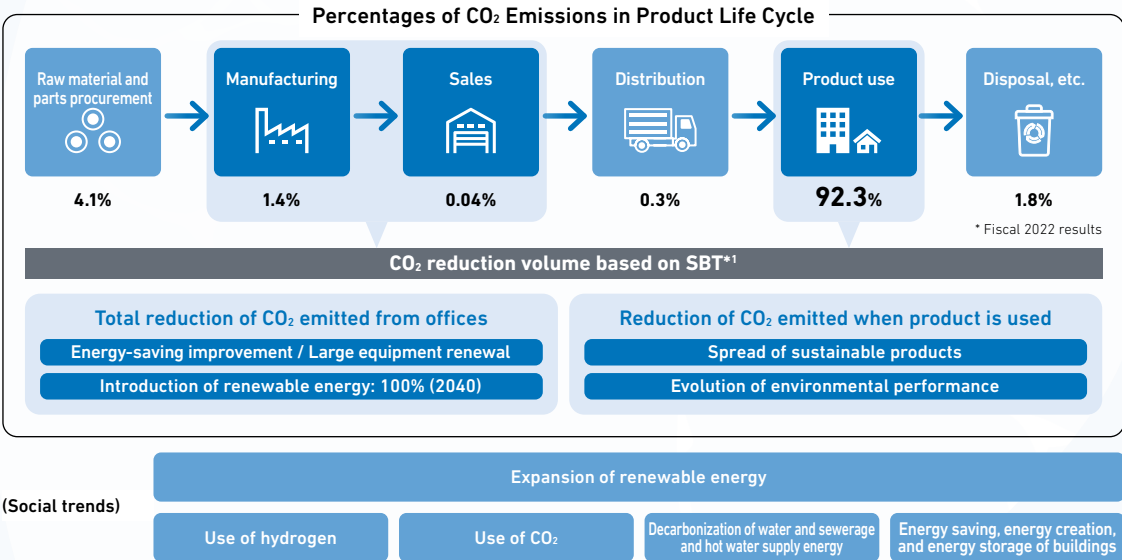


We have been working to reduce the amount of water needed to flush toilets and to expel and transport waste while ensuring toilets remain pleasant to use. As such, we are now able to provide customers with a toilet that uses only 3.8L of water per large flush. In addition, we are striving to improve the water-conservation performance of our showers and other water faucets.

2 Carbon Neutrality Initiatives

We recognize the impact of climate change as a business risk and work to reduce greenhouse gas emissions based on scientific grounds. On average, our products are used over a period of 10 to 20 years. If analyzed from the perspective of the product life cycle, this means the period of product use accounts for over 90% of our overall CO₂ emissions. By actively working to reduce emissions at the use stage of the product life cycle, we aim to realize both comfortable and eco-friendly everyday lifestyles.

In regard to the volume of CO₂ emissions from our business activities, we are promoting reduction plans that take into account our long-term business growth. Under these plans, we are actively introducing renewable energy sources.



*1 Science Based Targets. Greenhouse gas reduction target for the companies that meet the level of the Paris Agreement.

3 Aim for Sustainable Development Together with Local Communities—Initiatives for the TOTO Water Environment Fund

To develop sustainable local communities and a society that uses water effectively into the future, not only are the business activities of corporations important but the role of civic activities is also essential. Accordingly, the TOTO Group established the TOTO Water Environment Fund in 2005 and continues aiding groups that are engaging in water-related environmental activities. Through this fund, we are supporting the activities of citizens and organizations that work to secure water sources and water quality, create ecosystems, and plant trees. At the same time, our employees participate voluntarily in such activities. Additionally, overseas, we are subsidizing initiatives to create an environment that encourages hygienic lifestyles, such as installing water supply systems and toilets to respond to issues in local communities and educating children about hygiene.



Biological survey of wetlands in Hokkaido (NPO The Society of Defend KARAKANEITOTOMBO)



Toilet construction workshop in Vietnam (Foundation for International Development / Relief)



Installation of water pipes in Mozambique (Bridge for Lives in Mozambique)



Environmental Initiatives for Realizing a Sustainable Society

Regarding initiatives for realizing a sustainable society, the TOTO Group discloses information based on recommendations by the Task Force on Climate-related Financial Disclosures (TCFD).

GOVERNANCE

We recognize that the impact of climate change is a serious business risk. The agenda for our sustainability activities, which includes efforts toward climate change, is deliberated and executed by the Sustainability Committee, which is chaired by the president and meets twice a year. In addition, these activities are supervised by the Board of Directors.

STRATEGY

We formulated the New Shared Value Creation Strategy TOTO WILL2030 with a focus on achieving a carbon-neutral and sustainable society by 2050. The aim is to create an enriched and comfortable future society that has no impact on the global environment and to achieve economic growth. We engage in sustainability management through our key material issues (materiality) of Cleanliness and Comfort, Environment, and Relationships. Additionally, we have been expanding the popularization of our sustainable products—bathroom and kitchen plumbing products unique to TOTO—that balance cleanliness, comfort, and the environment.

Analysis of Business Risks and Opportunities Caused by Climate Change

We specify the long-term business risks and opportunities caused by climate change based on the classifications as defined by the TCFD (transition risks, physical risks, and opportunities) and carry out scenario analysis.

<Summary of Scenario Analysis>

Analysis referred to projections by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) and calculated the impact of business risks and opportunities. This was based on the scenarios for global average temperature increases of less than 2°C or 4°C since before the industrial revolution and makes assumptions about social conditions in 2030. The results of this analysis confirmed that, under either scenario, there is a risk of increased costs and the impact of natural disasters but also an increase in opportunities to contribute to the environment through water-saving products.

<Assumptions about Social Conditions in 2030>

● Social conditions under the 2°C scenario

Environmental policies and regulations are widely reinforced, resulting in steep rises in carbon prices due to the introduction of carbon tax, which accelerates the introduction of renewable energy.

Scale and frequency of natural disasters remain largely unchanged as a result of controlling impact of temperature increases.

● Social conditions under the 4°C scenario

Environmental regulations to reduce greenhouse gases experience no significant reinforcement. Impacts from natural disasters increase and demand for water expands.

<Degree of Financial Impact and Response>

We analyzed the risks and opportunities that social conditions in 2030 present to TOTO and considered our response to these.

Business Risks and Opportunities for TOTO			Degree of Financial Impact*		Response
			4°C Scenario	2°C Scenario	
Risks	Transition risks	Steep rise in carbon prices	Small	Medium	• Energy-saving improvement / Large equipment renewal • Expansion of renewable energy introduction
		Increase in production costs and procurement costs for raw materials and electricity	Small	Medium	• Promotion of platform and modular design • Transition to smart factories
	Physical risks	Suspension of factory operations and increase in insurance costs due to the impact of natural disasters	Medium	Small	• Creation of business continuity plan (BCP) system • Strengthening of response to natural disaster risks
Opportunities		Increase in demand for water provides opportunities to contribute by offering water-saving products • Increase in demand for water and energy-saving products due to purchase support systems and regulations • Increase in consumer awareness toward water and energy conservation	Large	Large	• Spread of sustainable products • Evolution of environmental performance

* Small: Less than ¥2 billion, Medium: Between ¥2 billion and ¥5 billion, Large: More than ¥5 billion

<Introduction of Internal Carbon Pricing>

Due to the introduction of internal carbon pricing (ICP), we are promoting capital investment that contributes to reducing CO₂ emissions while analyzing the degree of financial impact brought about by climate change.

- ICP: ¥15,000 per t-CO₂*
- Scope of system: Change in CO₂ emissions and large-scale capital investment
- Adopted method: Cost conversion of change in CO₂ emissions by applying ICP

* Set based on future outlook by the IEA

RISK MANAGEMENT

We are engaged in risk management and have formulated the TOTO Group Risk Management Policy. Under the supervision of the president, the Risk Management Committee assesses business-related risks, including climate change, that may have a significant impact on our business and society. The committee identifies and manages serious risks, reporting them to the Board of Directors.

Furthermore, environment-related risks are managed at each business division and business site based on the environmental management system.

INDICATORS AND GOALS

We formulated indicators and goals based on Science Based Targets (SBT) as milestones for 2050 with the aim of realizing a carbon-neutral and sustainable society by 2050.

<2030 Targets>

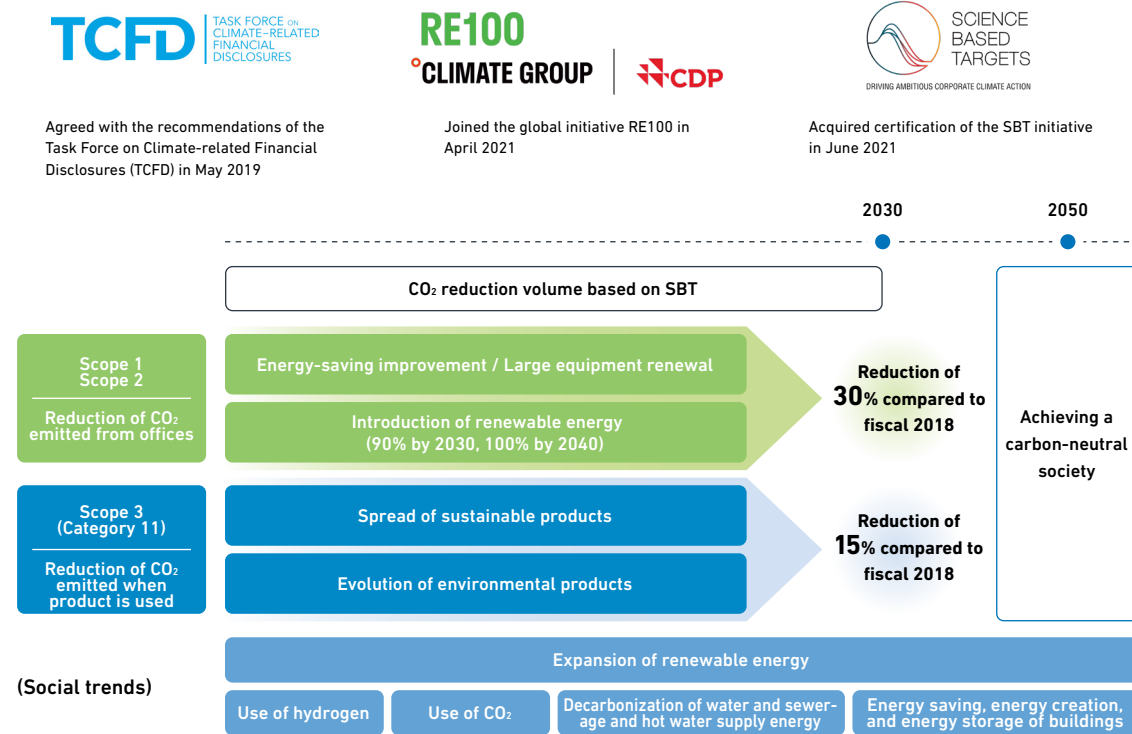
Reduction in total CO ₂ emissions from business sites (Scope 1 and Scope 2)	Reduction of 30% compared to fiscal 2018
CO ₂ emitted when product is used (Scope 3 Category 11)	Reduction of 15% compared to fiscal 2018

Additionally, we are currently considering setting targets for the 1.5°C scenario.

Status of Efforts Toward Indicators and Goals

Under the New Shared Value Creation Strategy TOTO WILL2030, we set a vision of realizing a carbon-neutral and sustainable society by 2050.

As a milestone for achieving this vision, we have set targets for 2030 and have acquired and are promoting certification for SBT initiatives and targets for reducing greenhouse gas emissions based on scientific grounds.



In Scope 1 emissions, sanitary ware manufacturing makes up a high percentage of fossil fuel-based CO₂ emissions. Accordingly, we are promoting the reduction of emissions, such as by advancing large equipment renewal for efficient kilns at the same time as improving energy-saving capabilities.

In reducing Scope 2 emissions, we aim to expand the introduction of electricity generated through renewable energy.

Going forward, we will promote initiatives for achieving a carbon-neutral society in line with social trends toward the utilization of hydrogen and CO₂.

In Scope 3, we have been expanding the popularization of our sustainable products that balance cleanliness, comfort, and the environment and further advancing their environmental products.

At the same time, we believe that social trends related to housing and construction, such as expansion of renewable energy; decarbonization of water and sewerage and hot water supply energy; and energy saving, energy creation, and energy storage of buildings, are advancing and, in combination with TOTO initiatives, will lead to achieving a carbon-neutral society in 2050.

TOPICS Participation of Ministry of Economy, Trade and Industry GX League

The GX League is a forum for companies that aims to realize sustainable growth in the current and future society by taking on the challenge of green transformation (GX) in anticipation of achieving carbon neutrality in 2050 and social reforms. The forum is also for cooperation between a group of companies that are making similar efforts, and includes government agencies, universities, and academic institutions.



<Targets for and Progress in Reducing Total CO₂ Emissions from Business Sites (Scope 1 and Scope 2)>

We established 2030 targets for reducing the total CO₂ emissions from business sites and have acquired certification for SBT initiatives.

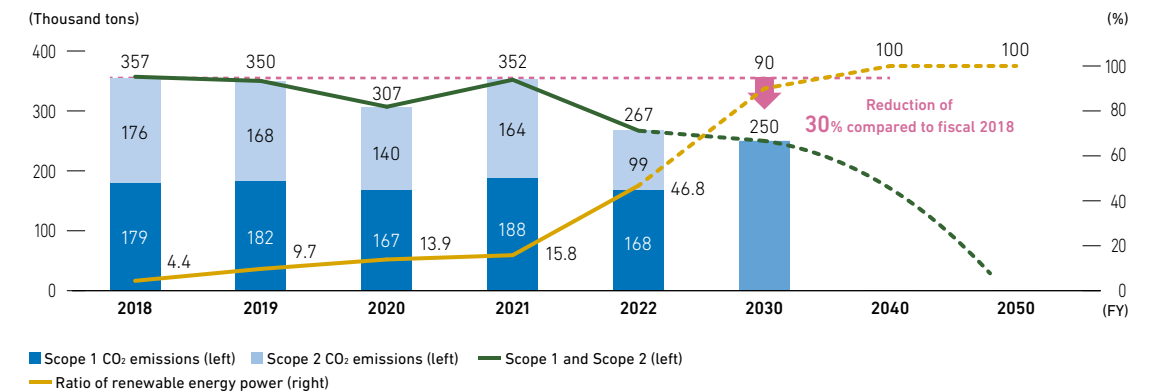
In Scope 1, we have reduced CO₂ emissions by approximately 40% in fiscal 2022 through renewal of kilns to cutting-edge models at the Kokura No. 1 Plant (sanitary ware manufacturing).

In Scope 2, the renewable energy introduction rate grew from 15.8% in fiscal 2021 to 46.8 in fiscal 2022 through expansion of electricity generated through renewable energy across all domestic and overseas Group companies.

Regarding the expansion of electricity generated through renewable energy, we are a member of RE100 and are promoting the plan for achieving 100% by 2040. However, we are also considering the possibility of bringing forward these targets.

As a result of these activities, we emitted 267,000 tons of CO₂ in fiscal 2022. Accordingly, in terms of our target of reducing emissions by 30% in 2030 (compared to fiscal 2018) based on SBT initiatives, in fiscal 2022 we achieved an approximately 25% reduction compared to fiscal 2018.

Reduction in Total CO₂ Emissions from Business Sites: Targets and Progress

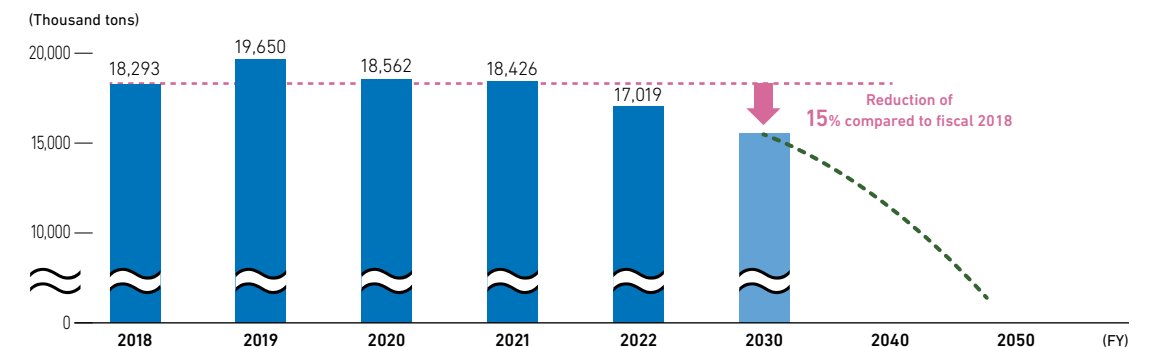


<Targets for and Progress in Reducing CO₂ Emitted When Product Is Used (Scope 3 Category 11)>

The TOTO Group has formulated 2030 targets for reducing CO₂ emitted when a product is used and has acquired certification for SBT initiatives.

In fiscal 2022, we emitted 17,019,000 tons of CO₂ through expansion of percentage of sustainable products, improvement of social infrastructure, and other measures. Accordingly, in terms of our target of reducing emissions by 15% in 2030 (compared to fiscal 2018) based on SBT initiatives, in fiscal 2022 we achieved an approximately 7% reduction compared to fiscal 2018.

CO₂ Emitted When Product Is Used: Targets and Progress



Relationships

Through its business activities, the TOTO Group strives to be a company that contributes to the betterment of society and is trusted by people around the world. Guided by this aim, we continue to treasure the relationships we have with people. We place importance on communication with all stakeholders, including customers, employees, shareholders, business partners, and society at large, and endeavor to develop stronger relationships of mutual trust with them. TOTO also places importance on building relationships of trust with stakeholders and in facilitating cooperation with the aim of improving societies for generations to come.

Under one of our material issues, Relationships, we will contribute to resolving various issues, including those identified by Goal 17 of the SDGs—Partnerships for the goals.

By building relationships through our business activities, we will contribute to the SDGs.



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 after-sales services that focus on being fast, reliable, and courteous. In these ways, we will continue to develop strong, long-lasting relationships of trust with our customers.

Initiatives for Showrooms

To enable our customers to experience our products firsthand, we have established 97 directly managed showrooms across Japan and 12 locations overseas. Our Japanese locations include 13 showrooms that are operated in collaboration with DAIKEN and YKK AP, where we exhibit and propose living spaces featuring products from the three companies for our customers to immerse themselves in. Additionally, we have made proposals that align with the needs of the era, such as online showroom experiences where customers can check out products on their computers, and online showroom consultations where customers can take part in consultations from their homes.



Initiatives for After-Sales Services

"TOTO quality" refers to the quality of the products themselves in combination with their assembly and maintenance if a problem were to arise. To help improve the quality of these services, we send a post-card questionnaire to or call customers who have applied for after-sales services in order to gather information on customer satisfaction.

Going forward, we will strive to increase the level of satisfaction in after-sales services, including overseas, to keep gaining TOTO fans around the world.



2 Advancing the Careers of Diverse Human Resources

We aim to be a company where a variety of personnel can gather, work with peace of mind, prosper, and take on challenges, and we conduct activities to promote diversity and implement workstyle reforms in order to create a workplace where all employees can play an active role.

Promotion of Diversity

The TOTO Group respects the individuality of its diverse human resources in terms of age, nationality, disability, gender identity (sexual orientation, gender identity, and gender expression), and aims to create a rich and comfortable lifestyle culture through new ideas born from this respect. In order to meet the diversifying needs of our customers and provide new value, we will develop an environment where diverse human resources, including women, people with disabilities, seniors, people of different nationalities, and LGBTQ people, respect each other and where everyone can continue working vigorously and with peace of mind.

In addition, in order to achieve sustainable overseas business growth, we will develop local executive candidates for overseas group companies and provide them with TOTO-like leadership to expand our overseas business and create TOTO fans around the world.



TOTO received a Gold Award in Pride Index 2022, a performance index for initiatives performed by sexual minorities, such as the LGBTQ community, in the workplace.

Realizing Diverse Workstyles

We are promoting diverse workstyles that encourage flexible use of time and place and the creation of a workplace that allows employees to take on challenges.

We aim to enhance various workstyle choices, including telework, to enable all employees to continue their careers while maintaining a balance between work and life events.

Furthermore, we will realize new customer value and reform business processes by developing DX human resources through the enhancement of training opportunities, from the endowment of IT knowledge and skills to the application thereof.

3 Offer Cultural Support and Contribute to Society for the Next Generation

Supporting the Development of Architectural Culture

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



©Nacása & Partners Inc.
TOTO GALLERY-MA Special Exhibition How is Life?—
Designing for our Earth

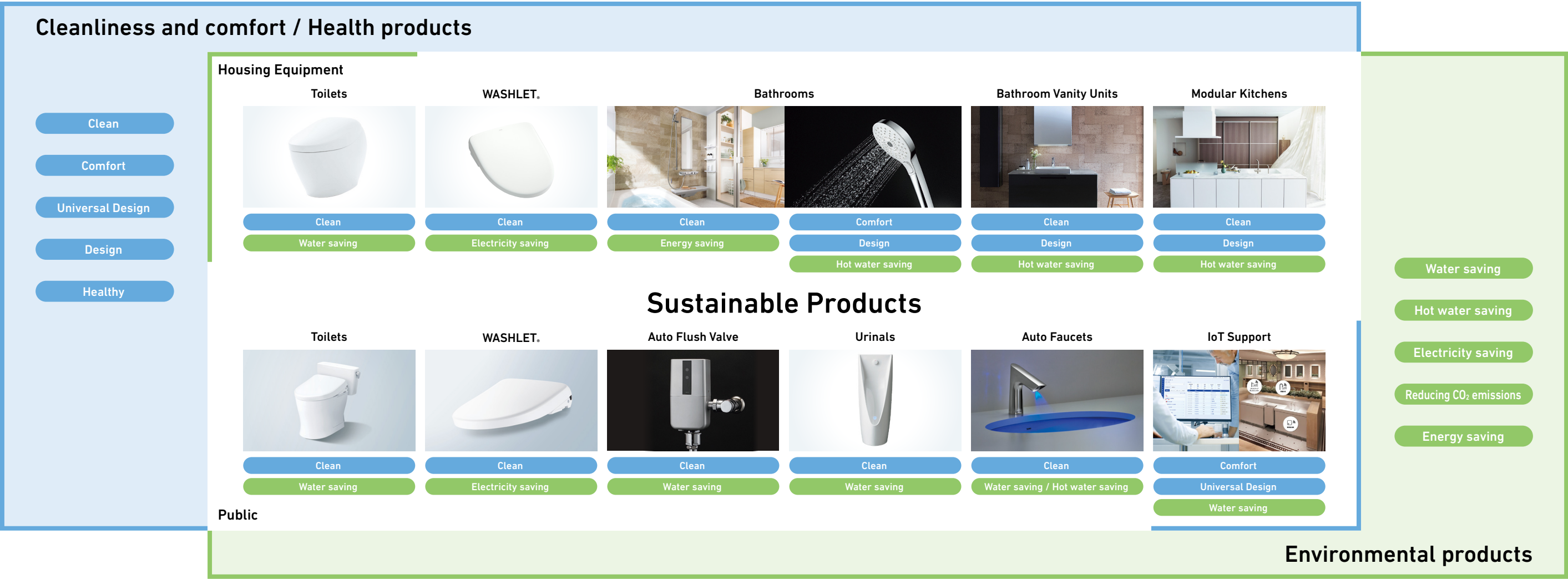
Promotion of Social Contribution and Community Coexistence Activities

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. As a good corporate citizen, we will carry out activities that contribute to the revitalization, maintenance, and development of local communities. We also actively support employee participation in volunteer activities across a broad range of fields, such as tree-planting and city cleanup activities, activities to provide aid to disaster-affected regions, and support for sports.

Sustainable Products That Balance Cleanliness, Comfort, and the Environment

Over the last 100 years, TOTO has provided products that bring cleanliness and comfort, as well as eco-friendly products. Under WILL2030, we defined products that realize both of these requirements as sustainable products. By popularizing sustainable products around the world, we will contribute to realizing an enriched and comfortable society that is environmentally friendly.

KPI		FY2022 (Results)	FY2023 (Targets)	FY2030 (Targets)
Percentage of sustainable products	Overall	73%	75%	78%
	Japan housing equipment business	77%	80%	85%
	International housing equipment business	63%	64%	70%



Mid-Term Management Issues

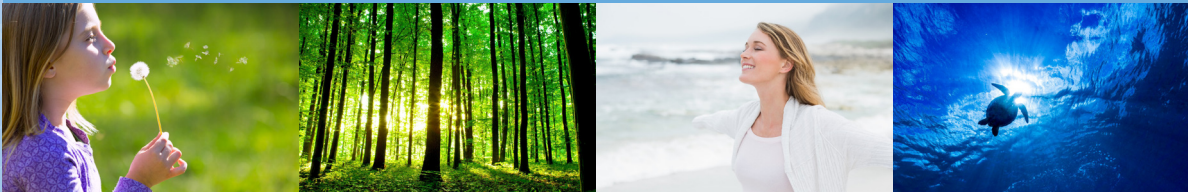
WILL2030 STAGE1

In the first three years (fiscal 2021 to fiscal 2023) of the New Shared Value Creation Strategy TOTO WILL2030, we will keep a constant eye on market growth potential while formulating specific aims and respond to changes in the environment as Mid-Term Management Issues WILL2030 STAGE1 (hereinafter, WILL2030 STAGE1).

Vision

Under WILL2030 STAGE1, we will rapidly roll out sustainable products that facilitate cleanliness, comfort, and health while being eco-friendly in order to contribute to a sustainable society and clean, comfortable, and healthy lifestyles. In terms of services, we will evolve to place importance on connections among people around the world and remain a trusted company. Furthermore, we will reanalyze the market, create a structure for each country and region of operation, create unique TOTO value using digital technologies, and realize business process innovation. With Cleanliness and Comfort, Environment, and Relationships as material issues, we will promote our two business segments of Global Housing Equipment Business and New Business Domains while reinforcing corporate governance as a foundation for our business activities. In addition to the three cross-organizational innovation activities of Marketing Innovation Activities, Demand Chain Innovation Activities, and Management Resource Innovation Activities, TOTO has set "digital innovation" as a key strategy to stay ahead of the changing times and keep gaining TOTO fans.

Contribute to a Sustainable Society and Clean, Comfortable, and Healthy Lifestyles



Products

Product lineup unique to TOTO that is considerate of "cleanliness, comfort, and health," "environment," and "design"

Services

Place importance on connections among people around the world and remain a trusted company

Marketing

Visualize the market in each country
Adapt our systems at all stages, from production to marketing, in each country

Supply Chain

Create a system that reliably delivers products to customers even in times of emergency

Digital Innovation

Create unique TOTO value and innovate business processes using digital technologies

Continue conducting corporate activities to provide greater contributions to society and the environment

Review of Fiscal 2022 and Plans for Fiscal 2023

Fiscal 2022, the second year of WILL2030 STAGE1, was a year with many unimaginable changes, such as divisions in the international community and advancement of inflation, in addition to the continued impact of the COVID-19 pandemic from fiscal 2021. Despite this, we saw growth in net sales across all segments in the Japan housing equipment business, international housing equipment business, and new business domains with record-high net sales of ¥701.2 billion (a ¥55.9 billion increase year on year). Meanwhile, amid an unstable global economic environment and social circumstances, the rising price of raw materials, and the attendant impact on the procurement of components and materials, operating profit decreased to ¥49.1 billion (down ¥31.0 billion year on year). In fiscal 2023, the market environment remains unclear, but restrictions put in place during the pandemic have finally been lifted and the business environment surrounding the TOTO Group has gradually begun to improve. As WILL2030 STAGE1 draws to a close, we are projecting net sales of ¥738.0 billion (a ¥36.8 billion increase year on year) and operating profit of ¥53.0 billion (a ¥3.9 billion increase year on year) by thoroughly implementing solutions for priority issues in each business.

TOTO Consolidated Performance

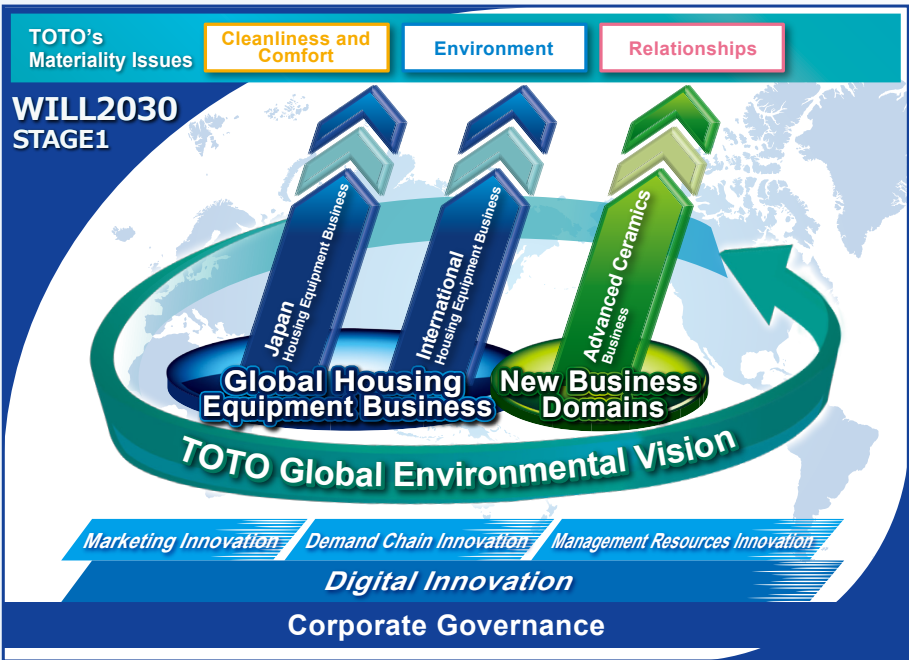
(Billion yen)

	Results					Targets
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Net sales	584.7	595.7	577.8	645.3	701.2	738.0
Operating profit	38.8	35.8	39.7	52.2	49.1	53.0
Operating margin	6.6%	6.0%	6.9%	8.1%	7.0%	7.2%
Percentage of sustainable products	—	—	69%	70%	73%	75%
(Japan)	—	—	74%	75%	77%	80%
(International)	—	—	56%	59%	63%	64%
ROA (Operating profit base)	6.8%	6.2%	6.5%	8.1%	7.2%	7.2%
ROE (Net profit base)	9.6%	7.1%	7.7%	10.4%	9.1%	8.4%

Notes: 1. We adopted new accounting standards for revenue recognition from fiscal 2021. The figures shown above have thus been revised retroactively in accordance with these new standards.
2. Since fiscal 2020, we have published the percentage of sustainable products that make up our product composition.

WILL2030 STAGE1 Promotion System

The Japan housing equipment business and the international housing equipment business will grow as the global housing equipment business by utilizing the strengths built up in each region in other regions as the same housing equipment business. At the same time, we will be creating synergy. Furthermore, the Advanced Ceramics Business, which utilizes the plumbing technology and knowledge handled by the housing equipment business in various forms, will contribute to the growth of the TOTO Group as the third pillar of growth.



TOTO Global Environmental Vision

The TOTO Group works to integrate the TOTO Global Environmental Vision with its business activities, and aims to achieve the New Shared Value Creation Strategy TOTO WILL2030. This vision focuses on the three themes of Cleanliness and Comfort, Environment, and Relationships. For each theme, we have established KPIs, a vision, and main initiatives to enhance social value and economic value by implementing the PDCA cycle. Additionally, we will contribute to the SDGs by applying the TOTO Global Environmental Vision.

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.



TOTO Global Environmental Goals

Goals	Main Initiatives	Indicators	FY2030 (Targets)	Cat.	FY2022 (Results)	FY2023 (Targets)	SDGs
Cleanliness, comfort and the environment	Rolling out clean, comfortable and eco-friendly products	Percentage of sustainable products	78% (Japan) 85% (Overseas) 70%	◆	73% (Japan) 77% (Overseas) 63%	75% (Japan) 80% (Overseas) 64%	
Cleanliness and Comfort	Realize cleanliness and comfort throughout the world Pursue ease of use for everyone	Percentage of TORNADO FLUSH units shipped (overseas)			62%	64%	
		Number of WASHLET units shipped (overseas)			0.86 million units	1.00 million units	
		EWATER+ WASHLET rollout percentage (overseas)			59%	57%	
Environment	Alleviating water stress through the widespread adoption of water-saving products	Reduction in water consumption during product use*1	1.7 billion m ³	◆	0.95 billion m ³	1.00 billion m ³	
		Total CO ₂ emissions from business sites	250 thousand tons	◆	267 thousand tons	259 thousand tons	
	Achieving carbon neutrality	Reduction in CO ₂ emissions due to implemented measures			89 thousand tons	102 thousand tons	
		Reduction in CO ₂ emissions during product use*1			3.35 million tons	3.45 million tons	
	Social contribution activities entrenched in local communities	Number of projects that help solve local issues (cumulative number from FY2018)			135 cases	150 cases	
Relationships	Improved customer satisfaction	Customer satisfaction in after-sales service*2	95 pt	◆	94.0 pt	94.2 pt	
		Showroom satisfaction (Japan)	80 pt	◆	75.3 pt	75.8 pt	
	Promotion of employee volunteer activities	Percentage of employees taking part in volunteer activities (total number of participants / number of consolidated employees = participation rate)			91.8%	100% or more	
		Employee satisfaction (Japan)	80 pt	◆	74.9 pt	75.4 pt	
	Realizing employee-friendly working environments	Percentage of female managers (Japan)			18.7%	20% or more	
		Employee turnover rate due to life events (Japan)*3			0.0%	0.0%	

*1 Reduction effect when compared with the case where products of 2005 continue to be used.
*2 Scope: Japan, Americas, Europe, Mainland China, Taiwan Region, India, Thailand, Vietnam
*3 Job turnover rate for employees raising children or providing nursing care but still wish to work.

◆ WILL2030 long-term goals

Global Housing Equipment Business

Japan Housing Equipment Business

We have been creating demand for remodeling for almost 30 years, with the aim of transitioning to a business structure that does not rely on new housing demand.

In addition, in the public building market, we will further reinforce the TOTO Group's strengths of touchless and labor-saving technologies.



Toshiya Kuga

Director,
Managing Executive Officer

Vision for Society and Key Strategies

In the Japan housing equipment business, we will help realize a sustainable society through clean, comfortable, and healthy lifestyles and eco-friendly products. Accordingly, we will provide even more appealing remodeling in both the housing and public domains through the integration of digital and real technologies. In the housing remodeling domain, we support the realization of the ideal lives imagined by customers through remodeling. Since 2018, we have been implementing the "Anshin" Remodeling Strategy to support customers doing remodeling and give them "peace of mind (*Anshin* in Japanese)". From this year, we will advance that strategy to expand proposals that utilize digital technology and communication of information. Throughout all the processes of remodeling, we accelerate initiatives that respond to customers' worries and issues. In the public remodeling domain, we will accelerate proposals for new value that meets the needs of customers through utilization of touchless products and digital technology and share Japan's toilet culture, which has evolved to become even more clean and comfortable, with the world. We will also innovate the sales structure that forms the foundation of this by utilizing digital technology to evolve the roles and functions of sales, showrooms, and business centers. Through these strategies, we will deliver products that are comfortable and eco-friendly and services that exceed customer expectations.

Review of Fiscal 2022 and Plans for Fiscal 2023

Fiscal 2022 saw net sales increase ¥21.9 billion year on year, to ¥462.8 billion, and operating profit decrease ¥3.4 billion, to ¥19.5 billion. Regarding the conditions of the housing market, demand for housing remodeling was sound despite the number of new houses under construction falling slightly year on year. Meanwhile, demand has fallen year on year in the public building market due to construction delays occurring as a result of delayed supply of other products. Net sales exceeded the previous fiscal year in remodeling and new construction. TOTO's performance saw a decrease in profits because there was a significant impact from the steep rise in the cost of raw materials, while there was a continued harsh environment in the first half, where there were delays to the supply of some products, sales of products with high added value were strong, with a focus on the sale of new products in August.

In fiscal 2023, net sales are expected to increase ¥32.2 billion year on year, to ¥495.0 billion, while operating profit is projected to decrease ¥5.5 billion, to ¥25.0 billion. This is due to the estimated effects of new product launches and to revisions of the manufacturer's suggested retail price, despite the continued rising cost of raw materials.

Japan Housing Equipment Business

(Billion yen)

		Results					Targets
		FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
	Net sales	431.8	442.8	419.8	440.9	462.8	495.0
	Operating profit	24.7	26	22.8	22.9	19.5	25.0
	Operating margin	5.7%	5.9%	5.4%	5.2%	4.2%	5.1%
	Percentage of sustainable products	—	—	74%	70%	77%	80%
Remodeling	Net sales	289.6	296.4	288.6	297.6	316.0	346.2
	Operating profit	22.1	23.1	21.2	20.3	18.5	23.8
New Construction	Net sales	142.3	146.5	131.2	143.3	146.8	148.8
	Operating profit	2.6	2.9	1.6	2.5	1.0	1.2

Notes:

1. We adopted new accounting standards for revenue recognition from fiscal 2021. The figures shown above have thus been revised retroactively in accordance with these new standards.
2. Since fiscal 2020, we have published the percentage of sustainable products that make up our product composition.

Focus

About the Japan Remodeling Business

TOTO Group's Remodeling Strategies


In Japan, housing remodeling is carried out in line with lifestyle changes while living in the same house. Remodeling is commonly done in different parts of the house at different times, rather than remodeling the whole house at once. The remodeling is characterized by taking the time and care to create a space that is personally comfortable, based on the assumption that they will continue to live there in the future.

Compared to new construction, remodeling requires contractors to have multiple abilities in areas such as construction expertise, planning, and customer communication, as on-site conditions differ from property to property. TOTO has created Japan's remodeling market over approximately 30 years together with contractors who have the technological capabilities required by remodeling, are closely related to local communities, and continue to maintain a lasting connection with customers.

We have also promptly engaged in building a network with contractors, launched the TOTO Remodeling Club system, and expanded showrooms across Japan as locations for making remodeling proposals. Furthermore, we have created a sales system and enhanced our remodeling products.

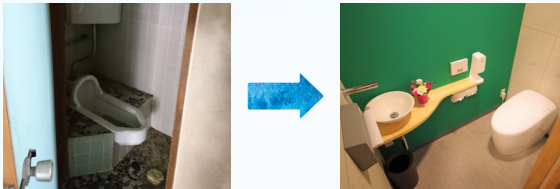
<Differences between New Construction and Remodeling>

New construction



Many restrictions, including budget and time, and difficulties in focusing on plumbing equipment

Remodeling



Focus on specific spaces and budget and time are relatively available

<Components of Remodeling>

1. Products that realize ideal lives



- Water-saving toilets that use a small amount of water
- WASHLET that integrates water and electricity
- Pursuit of ease of use and visual appeal
- Ease of assembly and construction during remodeling work

2. Provision of information that brings us close to customers



- Launch of suburban showrooms across Japan (97 locations)
- Advisors expand the dreams of our customers and receive high praise
- Expansion of remodeling information on the TOTO website (including reference pricing and example of remodeling projects)

3. Reliable shops that shape customers' dreams: TOTO Remodeling Club



- Contractors that are closely related to local communities
- Network of approximately 5,000 businesses
- Comprehensive remodeling support from proposals for plans to construction and after-sales service

4. Comprehensive proposals for comfortable living spaces: TDY Alliance



- Lifestyle proposals, exhibitions, and collaborative showroom displays that utilize the strengths of TOTO, DAIKEN, and YKK AP

Robust Business Structure That Is Not Influenced by the Number of New Homes Being Built

The TOTO Group launched its remodeling business at a time when remodeling was still predominant. Spurred by our Remodeling Declaration in 1993, 30 years ago, we have reinforced points of contact with customers, namely showrooms and TOTO Remodeling Club shops, and created a business structure that is not influenced by the number of new homes being built.



Key Strategy—Advancement of “Anshin” Remodeling Strategy

Since 2018, TOTO has been promoting its “Anshin” Remodeling Strategy to boost demand and realize the sustainable growth of remodeling.

To continue to grow 10 to 20 years into the future, not just improving performance in the short term, it is important to ensure that TOTO becomes a top of mind company for plumbing remodeling. Accordingly, we must refine our products and services, as we have until now, and continuously revitalize the market.

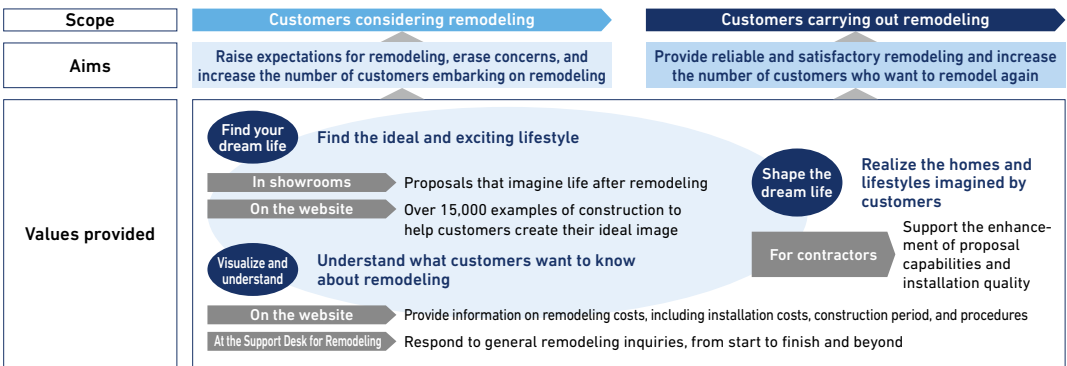
Customers experience remodeling only a few times throughout their lives. As such, there are many things they do not know about remodeling, they have vague worries such as where to order remodeling in the first place as well as how much money and time is necessary, and many people are simply not ready for remodeling.

Therefore, we have published various information related to remodeling on our website, such as reference pricing for remodeling, including installation costs, and examples of remodeling projects, in addition to the information about products that TOTO has previously disclosed. Furthermore, we have established the Support Desk for Remodeling, a hotline that operates 365 days a year to resolve the remodeling worries and issues of customers and accepts general inquiries on remodeling, regardless of whether it is for TOTO products. In user surveys, we received high praise, with 90% of people giving replies that included “led to feeling reassured” and “proceeded to the next step of remodeling.” We also launched our new Remote Consultation service. This was created in response to customers who say they cannot explain issues, such as the current state of their home or desire to reform, by phone or email and enables them to have a consultation while showing their home through the camera on their smartphone.

Additionally, we have expanded opportunities for customers to select products and consult on remodeling plans with showroom advisors casually online. Going forward, we will enhance the value of our products and services and provide support to customers from before remodeling starts until after it has finished in cooperation with contractors. We will create a brand of choosing TOTO for plumbing remodeling and further drive revitalization in the remodeling market.



Framework for “Anshin” Remodeling Strategies



Key Strategy—Acceleration of Public Remodeling

Commercial facilities and public facilities, such as airports and stations, are used by a diverse group of people, from small children to the elderly, people with disabilities, and people who are visiting Japan from overseas. Additionally, Japan suffers many natural disasters and schools play a significant role as evacuation centers in local communities. The toilets installed in these schools are required to be easy to use for all members of the community, not just students.

Recent years have seen the spread of COVID-19 and toilets have become a place where even more hygiene is required, such as touchless technology. In this area, TOTO has contributed to the realization of cutting-edge public toilets through products and proposals for spaces. Furthermore, as a new initiative for public toilets, we have begun provision of TOTO’s Public Restroom Support System to address the needs of both management and users, such as wanting to effectively maintain and manage toilets or avoid waiting in a line for toilets that utilizes IoT technology in addition to proposals for products and spaces.

We will offer new value that meets customer needs for various applications, including those in offices, hospitals, and schools, and will accelerate the use of products that provide functionality, design, and appeal, such as touchless products, and digital technologies to realize the cleanliness and comfort of Japan’s toilet culture, communicating it to the world.

Topics

A Word from Customers

Through the provision of highly attractive products and services, the TOTO Group strives to offer lifestyles that go above and beyond customer expectations. We are advancing various initiatives aimed at improving customer satisfaction from before remodeling to after its completion to ensure customers are happy they remodeled and want to remodel again.

Statements from customers utilizing our Support Desk for Remodeling



I was thinking about replacing our kitchen, but I didn’t know what kind of remodel I could do in our house, and didn’t know any contractors, so I was uncertain about how best to proceed. While **looking at photographs of houses together** with the Support Desk for Remodeling, the staff **explained the kitchens that could be installed in our house and the necessary construction**. Additionally, I received **support in selecting a contractor** and was able to choose one that was kind and had strong proposal capabilities. **I am completely satisfied with our beautiful, new kitchen that was realized thanks to the help of the support desk**. Next, I want to remodel our toilet or washroom.

I decided to remodel our bathroom after the birth of my grandchild. It is a room we use all the time, so I was worried about being particular with my choices and it was challenging because there were so many factors to consider, including flooring and colors. However, together with the Support Desk for Remodeling, **we looked at photographs of other customers’ remodeling examples and were encouraged to consider not only the bathtub but also the walls and floors as a total package, which helped us to decide on specifications. We were able to proceed with remodeling after receiving careful explanations and words that were mindful of our feelings**. Now, I am able to enjoy taking a bath together with my grandchild!

Statements from customers who realized the ideal life through remodeling

Example of remodeling by Tochigi Reform Co., Ltd.
“Inheriting the past—living comfortably in a 127-year-old warehouse”
(Received Grand Prize at the national TDY REMODEL SMILE CONTEST 2022)



Proposals by TOTO Remodeling Club shops

We were **able to make proposals in line with the new life stages of our customer** while utilizing the good points of the original house. We utilized the Japanese-style exterior of the warehouse and integrated it with a modern interior. To enable the customer to further enjoy the bright and open feel of the living, dining, and kitchen area, we designed a floor plan that included a view of the garden. We designed a round window where the customer could see their beloved garden the moment they enter the front door. To keep the original feel of the warehouse, we made a hobby space on the first floor and an atrium-style work space on the second floor.

A Word from a Customer

We were happy with the floor plan and the design of the space. Our eldest son was born as we started construction and the house transformed into a family home after the remodel. Once we started living in the house, we were completely satisfied with the living, dining, and kitchen area that was spacious, bright, and open. While we often use the living room as a guest room, being able to use a room divider is extremely useful. The round window in the entryway enables us to enjoy the outdoors from inside. The contractors utilized both the existing interior and exterior of the warehouse, transforming the house into a wonderful space. **Additionally, thanks to the illustrative design and model proposals provided by the contractors, it was easy to visualize the finished product and construction proceeded smoothly**. I was in admiration of the detail and skill of the Japanese craftsmanship.



Global Housing Equipment Business

International Housing Equipment Business

By promoting business in Mainland China, Asia and Oceania, the Americas, and Europe, we will drive the growth of the TOTO Group. At the same time, we aim to respect the various cultures and lifestyle customs of each country and region of operation and become a necessary part of life therein.



Shinya Tamura
Director,
Managing Executive Officer

Vision for Society and Key Strategies

In the international housing equipment businesses, we are creating a system for developing, manufacturing, and selling products optimal for each region and reinforcing a comprehensive business foundation through three stages of marketing strategies—brand awareness, market penetration, and the establishment of high-end brands. In Mainland China, for example, by responding to market changes and actively making proposals, we are aiming to become the most trusted brand that our customers need and want. Our operations in the rest of Asia and Oceania will help drive growth in the overall Global Housing Equipment Business, which in turn acts as an engine for the growth of the TOTO Group. In the high-end markets of each country and region, meanwhile, we aim to become a beloved brand. In the Americas, we will accelerate the growth of the business and provide customers with lifestyles centered on products that are unique to TOTO, represented by WASHLET. In Europe, we will revolutionize the bathroom culture through Japan's clean and comfortable bathroom culture.

We will keep gaining TOTO fans around the world through long-term customer support, which encompasses the provision of TOTO quality and after-sales services.

Review of Fiscal 2022 and Plans for Fiscal 2023

Fiscal 2022 saw net sales increase ¥14.7 billion year on year, to ¥188.6 billion, and operating profit fall ¥10.0 billion, to ¥12.9 billion. As a whole, sales of WASHLET expanded in the Americas in the first half and there was a growth in net sales due to a robust performance in Asia, but there was still a significant impact from the steep rise in the cost of raw materials and logistics.

In fiscal 2023, net sales are expected to increase ¥18.7 billion year on year, to ¥207.3 billion, and operating profit is projected to increase ¥5.8 billion, to ¥18.7 billion. This was due to a gradual market recovery in mainland China, sales of WASHLET in the Americas, and steady sales of sanitary ware and WASHLET in Asia, despite a slump in the market in mainland China and the Americas and the accompanying fall in production.

International Housing Equipment Business

	Results					Targets
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Net sales	130.5	135.9	137.7	174.0	188.6	207.3
Operating profit	16.7	18.4	17.7	22.9	12.9	18.7
Operating margin	13%	10%	13%	13%	7%	9%
Sales volume of WASHLET (million units)	—	—	0.77	0.92	0.86	1.00
Percentage of sustainable products	—	—	56%	59%	63%	64%

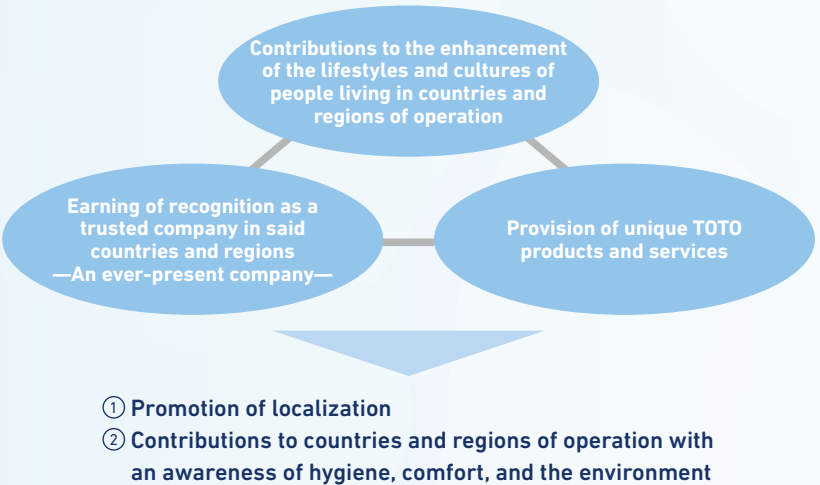
Notes:
1. We adopted new accounting standards for revenue recognition from fiscal 2021. The figures shown above have thus been revised retroactively in accordance with these new standards.
2. Since fiscal 2020, we have published the percentage of sustainable products that make up our product composition.

Focus

About International Businesses

Basic Approach to and Strengths of International Business Strategies

International businesses aim to become a TOTO with different characteristics in each country and region. We place importance on three approaches in our efforts to become a company that is rooted in local communities, develop together with them, and is essential for the people who live in the country or region in which TOTO conducts business.



Vietnam No. 4 Plant (sanitary ware manufacturing)
Our global production system contributes to the creation of local recruitment based on the concept of local production for local consumption.





SMART TOILET for the Chinese market
We develop products with designs and functions that align with the country or region, while keeping the core technology intact.

Marketing Stages at Each International Production Site

In the international market, we provide products and services with a quality that has been built up over many years in Japan and align them to countries and regions through three marketing stages.

First, we commence marketing innovation activities to enable people to know the TOTO brand. The brand awareness stage aims to promote the supply of TOTO products to top-class facilities. Next, we increase the contact points for customers to touch and purchase TOTO products (market penetration) through cooperation with local agencies to expand sales networks. Finally, we communicate the value of TOTO products through various customer contact points, such as the construction of directly managed showrooms and establish high-end brands.

First Stage Brand awareness	Approach to top-class facilities		Create opportunities for exposure to TOTO brand products through supply of products to notable places, including hotels and airports	Australia
				The Philippines
				The Middle East
Second Stage Market penetration	Reinforcement of sales network (cooperation with local agencies)		Establishment of local agencies and showrooms	Europe
				India
				Thailand
				Malaysia
				Singapore
				South Korea
Third Stage Establishment of high-end brands	Strengthening of customer contact points (led by TOTO)		Implementation of product seminars and presentations through directly managed showrooms	Mainland China
				Taiwan Region
				The United States
				Indonesia
				Vietnam

Global Housing Equipment Business

International Housing Equipment Business

Mainland China Business



Advertisement at Shanghai Station

Vision for Society and Key Strategies

In Mainland China, the market has transitioned from a growth phase to a mature phase and the value required by customers has diversified accordingly. Under TOTO WILL2030 STAGE1, we will implement key strategies with a theme of further enhancing the value of the TOTO brand. As a brand strategy, we will exceed diverse needs and provide exceptional quality and services.

As a sales strategy, we are establishing a firm position for WASHLET, which is entering a phase of widespread adoption, and enhancing the ability of distributor showrooms to make proposals. Furthermore, we are promoting the provision of TOTO Group's unique and careful installation and repair services. We are also strengthening advertisement of WASHLET as part of offering brand value to customers.

To support these initiatives, we are working to enhance our business foundations by improving marketing capabilities, building an optimum supply chain, and improving production efficiency.

Additionally, we have been developing sites that supply products to customers in a timely manner by operating advanced, eco-friendly plants—the TOTO (FUJIAN) Plant No. 2 (sanitary ware manufacturing) and the New NANJING TOTO Plant (bathtub manufacturing).

Review of Fiscal 2022 and Plans for Fiscal 2023

Fiscal 2022 saw the impact of a slump in the real estate market and the ongoing pandemic. Accordingly, net sales decreased ¥7.3 billion year on year, to ¥85.1 billion, and operating profit fell ¥7.6 billion, to ¥8.1 billion.

In fiscal 2023, net sales are expected to increase ¥10.8 billion year on year, to ¥95.9 billion, and operating profit is projected to grow ¥2.8 billion, to ¥10.9 billion. This was due to a gradual market recovery, enhancement of efforts to communicate product value in showrooms, and expanded sales of WASHLET, despite the impact of rising raw material costs and falling production due to reorganization of inventory.

Mainland China Business

	Results					Targets
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Net sales	63.5	67	69.5	92.4	85.1	95.9
Operating profit	11.6	9.5	11.6	15.8	8.1	10.9
Operating margin	18%	14%	17%	17%	10%	11%
Number of WASHLET units sold (index)	—	—	100	125	99	—
Percentage of sustainable products	—	—	49%	53%	56%	—

Notes:
1. We adopted new accounting standards for revenue recognition from fiscal 2021. The figures shown above have thus been revised retroactively in accordance with these new standards.
2. Since fiscal 2020, we have published the percentage of sustainable products that make up our product composition.
3. Since fiscal 2020, we have published the number of WASHLET units sold with an index of 100.

Global Housing Equipment Business

International Housing Equipment Business

Asia and Oceania Business



Adoption of WASHLET in all rooms at high-end hotel, Le Méridien Taichung (Taiwan Region)

Vision for Society and Key Strategies

In the Asia and Oceania housing equipment business, we will strive to become the most beloved and trusted brand that continues to create clean and comfortable living spaces, by reinforcing sales networks that are aligned with the diverse cultures and lifestyles of each country and region in which we operate, expanding sales of WASHLET by actively rolling out promotions, launching global products, and taking steps to establish a structure for after-sales services.

In the Taiwan Region, TOTO aims to become the most trusted provider of plumbing-related solutions. We will promote the expansion of sales for value-added products unique to TOTO by creating a business model based on remodeling as a forerunner in the industry.

In Vietnam, we aim to be the most trusted brand loved by the Vietnamese people. By further reinforcing our sales networks, we will also continue to expand sales of uniquely TOTO value-added products.

Furthermore, we will promote the balance between enhancing productivity and being environmentally conscious, such as at the Vietnam No. 4 Plant (sanitary ware manufacturing), which began full operations in July 2022, and at the eco-friendly Vietnam New Plant (faucet manufacturing), which is scheduled to come into operation in fiscal 2024. We will continue to reinforce our production structure as a supply base that anticipates future growth in global demand.

Review of Fiscal 2022 and Plans for Fiscal 2023

In fiscal 2022, net sales increased ¥12.3 billion year on year, to ¥44.8 billion, and operating profit grew ¥1.8 billion, to ¥7.1 billion. Sales and profit rose as a result of continued strong sales in the Taiwan Region and a recovery in domestic demand due to COVID-19 coming under control in Vietnam.

In fiscal 2023, net sales are expected to increase ¥4.1 billion year on year, to ¥48.9 billion, while operating profit is projected to decrease ¥0.9 billion, to ¥6.2 billion. These forecasts reflect the impact of falling production at each production site and rising raw material costs, despite incorporating continued strong sales in the Taiwan Region and Vietnam due to expanded sales for WASHLET and sanitary ware.

Asia and Oceania Business

	Results					Targets
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Net sales	31.8	32.6	28.2	32.5	44.8	48.9
Operating profit	5.1	4.6	4.6	5.3	7.1	6.2
Operating margin	16%	14%	16%	16%	16%	13%
Percentage of sustainable products	—	—	50%	55%	58%	—

Notes:
1. We adopted new accounting standards for revenue recognition from fiscal 2021. The figures shown above have thus been revised retroactively in accordance with these new standards.
2. Since fiscal 2020, we have published the percentage of sustainable products that make up our product composition.

Sales Growth Plans for Main Regions under WILL2030 STAGE1 (index)

Taiwan Region	Vietnam	Thailand	India
FY2020 100	FY2020 100	FY2020 100	FY2020 100
FY2023 133	FY2023 140	FY2023 144	FY2023 292

Notes: Figures are given as an index with fiscal 2020 as 100.

Global Housing Equipment Business

International Housing Equipment Business

Americas Business



Expansion of sales network to be promoted at all customer points of contact
(Left) Expansion of product displays at showrooms
(Right) Sales at Costco

Vision for Society and Key Strategies

In the Americas housing equipment business, there have been significant changes to the environment surrounding the spray seat market, such as the sudden increase in demand for WASHLET. Additionally, sales of touchless products, which place importance on hygiene, have been strong in the wake of the impact of the COVID-19 pandemic, and we are moving into the next phase of growth by strengthening communication of the value of WASHLET, centered on the sanitary features in the medium- to high-end market. In this way, we are differentiating ourselves from our competitors.

As a sales strategy, we will continue to strengthen customer contact by sales channel and reorganize our sales networks, including showrooms, stores, and e-commerce sites. We aim to create a showroom where customers can see, touch, and understand our products through an abundance of displays and the continued enhancement of our support systems. At our stores, we will swiftly launch products unique to TOTO and create an environment that is selected by plumbers. On our e-commerce sites, we will create a structure in which it is easy to find new products and enhance the appeal of their superior quality.

In terms of production, we aim to establish a stable supply system that is capable of supplying products to customers in a timely manner. We are improving our sanitary ware production management system and promoting initiatives to shorten logistics lead times and improve yields in order to create a stable and efficient supply system.

Review of Fiscal 2022 and Plans for Fiscal 2023

In fiscal 2022, despite sales continuing to remain strong for WASHLET in the first half, there was a significant impact from a slump in the market and rising logistics costs in the second half onward. As a result, net sales increased ¥9.1 billion year on year, to ¥53.5 billion, and operating profit fell ¥4.0 billion, to a loss of ¥1.1 billion.

In fiscal 2023, we are creating customer contact points based on WASHLET and stimulating demand in line with expansion of awareness for spray seats to ensure even more customers use WASHLET. Net sales are expected to increase ¥4.0 billion year on year, to ¥57.5 billion, and operating profit is projected to rise ¥4.1 billion, to ¥3.0 billion, as a result of improvements in logistics costs.

Americas Business

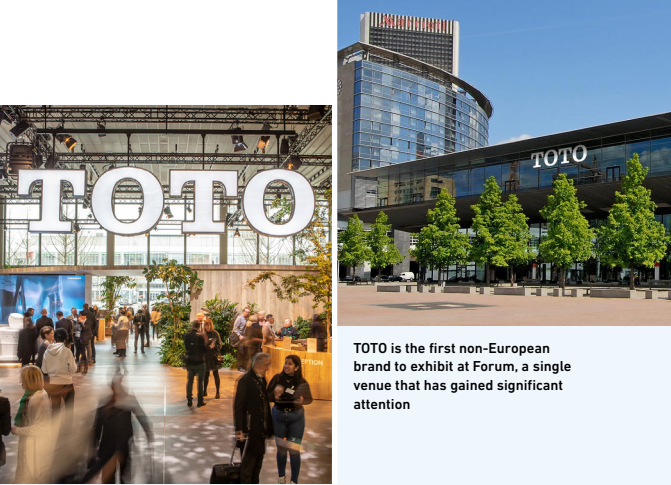
	Results					Targets
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Net sales	31.3	32.5	36.0	44.3	53.5	57.5
Operating profit (loss)	1.2	0.5	2.5	2.9	-1.1	3.0
Operating margin	4%	2%	7%	7%	7%	5%
Number of WASHLET units sold (index)	-	-	100	107	113	-
Percentage of sustainable products	-	-	70%	71%	75%	-

Notes:
1. We adopted new accounting standards for revenue recognition from fiscal 2021. The figures shown above have thus been revised retroactively in accordance with these new standards.
2. Since fiscal 2020, we have published the percentage of sustainable products that make up our product composition.
3. Since fiscal 2020, we have published the number of WASHLET units sold with an index of 100.

Global Housing Equipment Business

International Housing Equipment Business

Europe Business



TOTO exhibits at ISH 2023—The world's largest international trade fair
(Left) View of entrance
(Right) Outside view of Forum

TOTO is the first non-European brand to exhibit at Forum, a single venue that has gained significant attention

Vision for Society and Key Strategies

In the Europe business, we are working to establish the clean and comfortable bathroom culture of Japan, with a focus on WASHLET, and expand this to the rest of the world. We will continue to launch products with advanced designs that align with the preferences of our European customers and enhance the value proposition to customers through our showroom displays and other such efforts.

As a sales strategy in Germany, we will enhance our proposal capabilities by supporting plumbers in holding events. In addition, we will enhance the quality of and expand the number of members in our high-class network of plumbers by appealing to them with contents and new products disseminated at the International Sanitary and Heating trade fair.* In the United Kingdom and France, we will strengthen dissemination capabilities by continuing to obtain top-class facilities and enhance the contents and opportunities that meet the needs of our customers, leading to future demand.

As a service strategy, in Germany we will continue to stabilize the basic quality of after-sales services (quickly, reliably, kindly) for which we completed development of a system in fiscal 2020, and will gain trust through our superior after-sales services by expanding this to the United Kingdom and France.

* The world's largest international trade fair for baths, toilets, buildings, heating, air-conditioning, and renewable energy.

Review of Fiscal 2022 and Plans for Fiscal 2023

In fiscal 2022, net sales increased ¥0.5 billion year on year, to ¥5.3 billion, and operating loss grew ¥0.2 billion, to ¥1.3 billion, due to the expansion of sales networks and utilization of top-class facilities.

In fiscal 2023, net sales are expected to decrease ¥0.3 billion year on year, to ¥5.0 billion, and operating loss is projected to increase ¥0.1 billion, to ¥1.4 billion. This was due to the impact of decreasing plumbing-related construction resulting from subsidy policies for popularizing heat pumps in Germany stemming from the continuing energy crisis in Europe. We will continue to expand sales of WASHLET through training that involves brand communication and distribution networks.

Europe Business

	Results					Targets
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Net sales	3.8	3.8	4	4.8	5.3	5.0
Operating profit (loss)	-1.2	-1.2	-1.0	-1.1	-1.3	-1.4
Operating margin	-	-	-	-	-	-
Number of WASHLET units sold (index)	-	-	100	120	127	-
Percentage of sustainable products	-	-	83%	83%	83%	-

Notes:
1. We adopted new accounting standards for revenue recognition from fiscal 2021. The figures shown above have thus been revised retroactively in accordance with these new standards.
2. Since fiscal 2020, we have published the percentage of sustainable products that make up our product composition.
3. Since fiscal 2020, we have published the number of WASHLET units sold with an index of 100.



Training for plumbers



Example of TOTO product adoption: Courthouse Hotel, London Soho
A high-end hotel in the center of London WASHLET was adopted in a number of rooms.

New Business Domains

Advanced Ceramics Business

TOTO is rolling out its high-quality, high-precision advanced ceramics, including electrostatic chucks, ceramic film by aerosol deposition process (AD Film), and ceramic components, for semiconductor and flat-panel display (FPD) manufacturing. By further leveraging these unique technologies, we will create value together with our customers and suppliers.



Ryosuke Hayashi
Director,
Senior Managing Executive Officer

Vision for Society and Key Strategies

Social reform is accelerating around the world in various forms through digital transformation (DX), including the metaverse and autonomous driving. At the same time, global communication and accumulated data are increasing exponentially and demand specifications for semiconductors and the semiconductor manufacturing process continue to become more precise. In response to the ever-accelerating evolution of semiconductors, TOTO will concentrate the advanced technologies it has accumulated over the years on supporting the future of semiconductors and the global shift to an information society.

Four Strategies

Propose Value by Providing One-of-a-Kind Ceramic Products

Through our unique raw materials, design and assessment technology, manufacturing process, and knowledge, we will develop next-generation products that are unrivaled and provide value to the market, which will lead to the expansion of our business.

Speedy Product Development Synchronized with Customer Development Plans

By connecting digitally with our customers, we can release new products (new-generation products) to the market in a timely manner. We will incorporate quality and reliability into the manufacturing process and successfully launch vertical mass production that maintains quality.

Strengthen Operating Base by Developing Ceramics Smart Factory

We will create a business structure than can withstand intense shifts in demand through the automation of processes, manufacturing process reviews, and big data analysis and promote stable quality management through a reduction in the variation of products.

Creation of a Global Supply Chain Encompassing Everything from Suppliers to Customers

Amid significant changes in the supply chains of all semiconductor manufacturers owing to the rise in demand for semiconductors, we are working together with customers and suppliers to establish a stable structure for the supply of products by reviewing and rebuilding the supply chain.

Review of Fiscal 2022 and Plans for Fiscal 2023

In fiscal 2022, net sales increased ¥19.4 billion year on year, to ¥49.5 billion, and operating profit rose ¥10.1 billion, to ¥19.4 billion, due to increasing demand in the semiconductor market and the maintenance of a high level of productivity.

In fiscal 2023, net sales are expected to decrease ¥14.0 billion year on year, to ¥35.5 billion, while operating profit is projected to fall ¥7.4 billion, to ¥12.0 billion, due to the impact of deceleration in the semiconductor market, despite a continued high level of productivity.

Advanced Ceramics Business

	Results					Targets
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Net sales	22.2	16.7	20.1	30.1	49.5	35.5
Operating profit	1	0	1.8	9.3	19.4	12.0
Operating margin	5%	0%	9%	31%	39%	34%

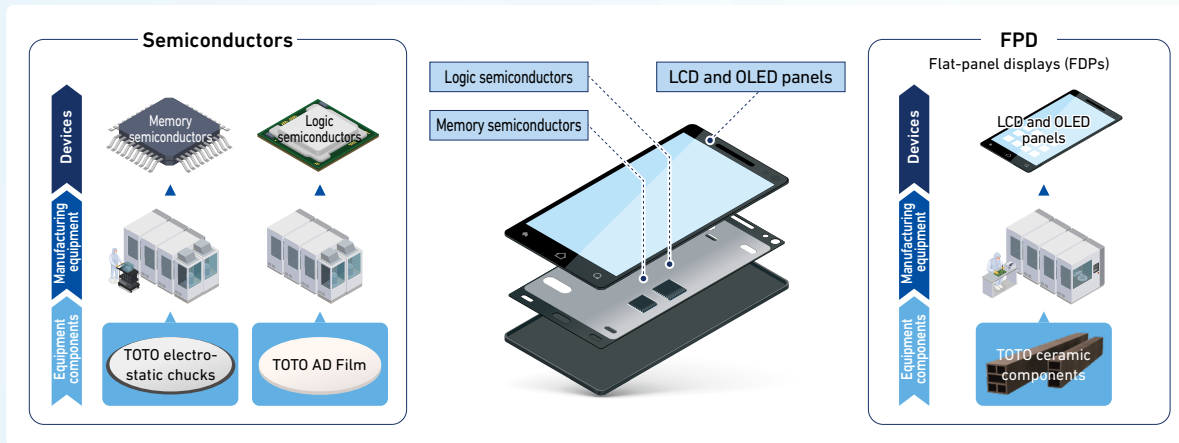
Note: We adopted new accounting standards for revenue recognition from fiscal 2021. The figures shown above have thus been revised retroactively in accordance with these new standards.

Focus

About the Advanced Ceramics Business

Fields in Which TOTO Technologies Are Used

TOTO's advanced ceramics technologies play a vital role in the manufacturing processes for digital equipment that is used every day, such as smartphones, computers, and household electrical appliances.



Strengths of TOTO's Advanced Ceramics Technologies

TOTO has been earnestly participating in studies and the research of fine ceramics since 1976. The Advanced Ceramics Business utilizes the various forms of technology and knowledge that TOTO has built up over approximately 100 years in the plumbing domain with a focus on sanitary ware.

<Electrostatic Chucks>

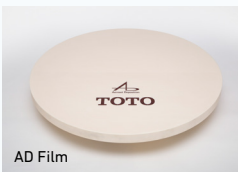
TOTO's electrostatic chucks are used in semiconductor production equipment in extremely harsh environments. TOTO's strength is the ability to provide customers with high-quality, high-precision electrostatic chucks by promoting the shift to smart factories for ceramics, such as through the thorough automation of the semiconductor manufacturing process and automatic collection and management of data on quality from all manufacturing processes, from the mixing of raw materials to final shipment of products.



Electrostatic chucks

<AD Film>

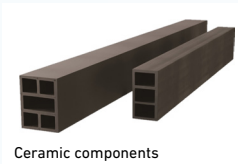
Ceramic film formed via the aerosol deposition (AD) process, developed by TOTO as a global pioneer, is a technology for forming precise ceramic film at room temperature by turning fine ceramic particles into an aerosol and crashing them into a substrate at near-sonic speeds. The semiconductor manufacturing process inhibits corrosion caused by plasma and prevents the occurrence of minute particles at the nano level. This technology overturns the common sense of ceramics need to be sintered and is expected to satisfy various market needs.



AD Film

<Ceramic Components>

Ceramic components are used in manufacturing equipment such as LED and OLED panels. Metals were previously used, but, following the size increase of screens, ceramics are now used, as they are more rigid, lighter, and have more wear resistance than metals. TOTO ceramic components are large-scale, precision components and can be made in one piece—something that other companies have been unable to achieve—by combining the firing technique of sanitary ware and the precision manufacturing technologies of faucets.



Ceramic components

Production Structure That Achieves High Profitability

We will continue creating a structure to increase production of electrostatic chucks in anticipation of the medium- to long-term semiconductor market. Under the production structure, we will realize cutting-edge smart factories within the TOTO Group, including automation of processes, manufacturing process reviews, and analysis of big data, and continue making further advancements. (productivity per number of electrostatic chuck personnel increased 1.5 times; compared to smart factory introduction)



Cross-Organizational Innovation Activities

Marketing Innovation Activities

We will pursue the products that global customers truly want and deliver new lifestyle value unique to TOTO through research and development, product design, and promotional activities.



Satoshi Shirakawa
Representative Director,
Executive Vice President

Our Aims for the New Shared Value Creation Strategy TOTO WILL2030

Our aim for marketing innovation activities in 2030 is to pursue the products that global customers truly want and deliver new value unique to TOTO. The aim is to keep gaining TOTO fans around the world to ensure that customers are impressed by TOTO's products and services and that they think of TOTO the next time they want to make a purchase. In order to achieve this, we must ensure that all aspects of our product strategies, ranging from research and development to product design and promotional activities, evolve.

Regarding changes, such as the significant impact of COVID-19 on our lifestyles and hygiene awareness and the ever-accelerating digitalization, we are constantly considering what forms of new lifestyle value we should provide to customers. At the same time, we will promote the key issues of engaging in value messaging and product planning, visualize the further evolution of the global market, and create new lifestyle value that will support the next 10 years.

An important task is to thoroughly popularize sustainable products, which achieve a balance of cleanliness, comfort, and consideration for the environment, as set out under WILL2030, through rapid production enabled by research, development, design, and promotional activities.

Engaging in Value Messaging and Product Planning

In fiscal 2022, amid an increase in global awareness of hygiene and changes to people's lifestyles, we reinforced four promotional activities. In addition to *mono* (tangible factors), focused on conventional technology, we appeal to customers with *koto* (intangible factors), such as proposing TOTO products that realize lifestyle value; *imi* (meaning), which enables customers to continue choosing not only TOTO products but TOTO as a company; and *toki* (time), the process of choosing these.

We developed new products in the four bathroom and kitchen plumbing domains in Japan and promoted the expansion of customer contact points and lifestyle value proposed by TOTO under cross-media strategies that utilize all media. Additionally, we have developed the SMART TOILET NEOREST, shower faucets, and other products that have achieved a high level of design and technology fusion as global products. As a result, we have won numerous international design awards for consecutive years.

Starting in March 2023 with ISH, the world's largest exhibition of household appliances that is held once every two years in Frankfurt, Germany, TOTO has been reinforcing the promotion of products in all four bathroom and kitchen plumbing domains, including the new model of SMART TOILET NEOREST, NEOREST WX, and a global faucet that incorporates design trends.

By communicating not only about products but also TOTO's vision for the future of bathroom and kitchen plumbing at all customer contact points, we will keep gaining TOTO fans around the world.

Visualizing the Global Market

Regional marketing that aligns with the differing values of each country and region is vital for product development. We will strive to resolve the needs of customers in each region by continuing to reinforce such marketing through surveys investigating customer lifestyles and design trend surveys.

Furthermore, we have begun to see the popularity of WASHLET, which has been positioned as a globally strategic product, gradually spreading around the world. Companies developing various bathroom and kitchen plumbing products in other countries and regions are also entering into the spray seat market, revitalizing the market. As the market for accepted products expands, a wide range of designs and functions will be required.

The TOTO Group will not only develop products to continue being a leading company in the spray seat domain but will also further reinforce market analysis.

With an eye toward future changes, we will further reinforce production and sales activities as a whole to achieve our ideal state by quickly responding to current and future changes.

Creating New Lifestyle Value

To date, TOTO has led other companies by reinforcing its unique technology and designs and integrating them to a high degree. Now, we are further utilizing digital technology to provide new value. The world has experienced rapid changes as a result of the pandemic and various conflicts. Accordingly, the value required by customer lifestyles is also constantly changing. TOTO flexibly responds to such changes. Based on the idea that TOTO employees also use TOTO products, we continue to believe in the value we offer to enrich the lives of people around the world, and will accelerate the visualization of the designs we should aim for while seeding research aimed at lifestyle proposals that utilize DX. At the same time, we will support an enriched future for all people around the world by contributing to reducing our impact on the environment throughout the entire product cycle.

TOPICS

TOTO Wins Internationally Renowned Design Awards for Modular Kitchen THE CRASSO and SMART TOILET NEOREST WX

TOTO received the internationally acclaimed Red Dot Design Award*1 2023 for the modular kitchen THE CRASSO*2 and SMART TOILET NEOREST WX, marking the 11th year in a row that the Company has won this award.

Among these products, THE CRASSO was the first Japanese kitchen appliance to be selected for the Best of the Best Award.

Additionally, NEOREST WX was awarded both the Red Dot Design Award 2023 and the iF Design Award*3 2023, the latter of which has been won by TOTO for the 10th year in a row.

*1 A design award that dates back to 1955. Organized by Design-Zentrum NordrheinWestfalen e.V., based in Essen, Germany, the award is given to products that design experts have positively evaluated based on strict criteria, including innovation, functionality, and quality.
*2 Award scope: Countertop, square slide sink, faucet, touchless EWATER+ generator
*3 A design competition started in 1953, sponsored by iF International Forum Design GmbH based in Hanover, Germany, it gives awards to products that have had their design rigorously judged by design professionals from the perspectives of beauty, functionality, and innovation.



Modular kitchen
THE CRASSO



reddot winner 2023
best of the best



Smart toilet
NEOREST WX



reddot winner 2023



Cross-Organizational Innovation Activities

Demand Chain Innovation Activities (Supply Chain Innovation)

By creating a sustainable global supply chain that can quickly and flexibly respond to fluctuations in demand, market changes, and various risks, we reliably deliver products to customers.



Takayuki Shimizu
Director,
Managing Executive Officer

Our Aims for the New Shared Value Creation Strategy TOTO WILL2030

Under Supply Chain Innovation, TOTO has set “continue to achieve a stable supply globally through a high-speed supply chain” as an aim for 2030. To date, we have steadily improved results by addressing three issues—delivering products to customers on the designated delivery date (minimize deviation from delivery date), minimizing inventory on hand, and minimizing supply chain costs. Delays to the supply of some products and other issues caused disruption for customers, such as electronic component shortages resulting from the COVID-19 pandemic and the following sudden economic recovery. However, we normalized delivery dates at the end of 2022 by steadily rebuilding our supply system. While continuing to establish a system for our business continuity plan (BCP), we will engage in strengthening our business foundation.

Key Strategies

Spurred by the pandemic, we have been reinforcing our supply system under the assumption that we cannot stably acquire components and raw materials due to issues that include disruptions to the supply chain. Meanwhile, from 2023, we have been engaging in optimization of excess inventory assets in all areas as a priority issue.

In Japan, we are streamlining the inventory turnover for products and components due to a drastic reorganization of stock numbers (integration of numbers, discontinuation, and made-to-order parts), at the same time as long-term stable procurement of key components and raw materials, securing of BCP-compliant inventory, advancement of multiple procurement routes, and establishment of a stable supply system.

Since Mainland China has grown to become the second biggest sales market after Japan and we plan to further expand the scale of this growth in the future, we aim to achieve production in a timely manner and appropriate inventory management by accurately understanding the delivery dates required by customers and local agencies. At the same time, we are creating a mechanism for delivering products to customers by designated delivery dates and aim to begin operation in fiscal 2024.

Additionally, the Americas is a market with a large volume of imports from TOTO Group sites, mainly in Asia, and it has faced the highest level of impact from unprecedented disruption to the logistics network over the past few years. Based on this experience, we will continue promoting the creation of multiple routes for marine transportation and improvement of loading efficiency. Furthermore, we are creating a system for reliably delivering products to customers by reinforcing the supply chain infrastructure, such as digitalization of orders received within the Group and visualization of import cargo. We are also engaging in enhancing production capabilities because of increases in demand, advancing the reduction of procurement lead times, and optimizing inventory.

As sustainability initiatives implemented across the entire supply chain, we will accelerate cooperation with suppliers to reduce CO₂ emissions and conduct human rights audits to protect human rights in the supply chain for the purpose of realizing a sustainable procurement structure.

TOPICS

Sustainable Procurement That Considers Biodiversity

The TOTO Group has placed global environmental conservation as one of its most important issues. We established Sustainable Raw Material Procurement Standards in 2010 and regard the procurement of earth and stone raw materials and recycled wood materials, from which our staple products are made, as a critical issue to consider.

For earth and stone raw materials, we conduct a questionnaire survey or an interview at all mines at least once every three years and all surveyed mines have met TOTO's standards.

For recycled wood materials, the usage rate of legal and recycled materials for products is used as an indicator and we verify the actual values.

Achievement Rate of Compliance
Item Standards of Mines

Fiscal 2022 result **100%**

Usage Rate of Legal and
Recycled Wood Materials Used
in Products

Fiscal 2022 result **100%**

Cross-Organizational Innovation Activities

Demand Chain Innovation Activities (Manufacturing Innovation)

We will innovate manufacturing that utilizes digital technology to create sustainable products that are unique to TOTO.



Yojiro Taketomi
Director,
Managing Executive Officer

Our Aims for the New Shared Value Creation Strategy TOTO WILL2030

Under the 2030 vision for manufacturing innovation activities, we will integrate innovation activities with digital technology in the three areas of development innovation, production innovation, and manufacturing innovation; enhance development productivity and added value productivity; and create and deliver sustainable products that are unique to TOTO to customers around the world.

Key Strategies

We will continue to implement the following three initiatives to enhance development productivity.

The first initiative is to create sustainable products for customers around the world by strengthening activities for creating new seeds linked to marketing innovation, selecting elemental technologies, and verifying their application. From fiscal 2023 onward, we plan to rapidly expand the creation of products.

The second initiative is to significantly shorten development lead times by utilizing 3D data in the development stage to create virtual prototypes through advancement and acceleration of computer-aided engineering (CAE) analysis technology and implement automation initiatives to reduce the number of prototypes through digital verification of designs. In fiscal 2022, we were awarded the HPCI Excellent Achievement Award for research related to application of precise fluid analysis simulations to bathroom and kitchen plumbing products by utilizing the Fugaku supercomputer. Going forward, we will continue connecting product design with environmental awareness and realizing cleanliness and comfort.

The third initiative is platform and modular design. Adopting these enables TOTO to create an infrastructure for efficiently developing new products and rapidly introducing them to the market. To aid in the shift to smart factories to enhance added value productivity, we have been engaging in automation, including component storage and distribution and assembly of products. In fiscal 2023, we aim to engage in further digitalizing front-line production in real time, enhance the initial yield rate for new sanitary ware products, and further reduce the lead time for electrostatic chucks. Furthermore, we will promote the enhancement of productivity and quality by introducing AI to automatic verification technology and big data analysis. We will create the infrastructure for visualizing, analyzing, and optimizing the production front line through remote operation that promotes the digitalization of frontline information, keeping in mind that safety is the top priority on-site.

In our sustainability activities for manufacturing innovation, we aim to reduce CO₂ emissions from business sites by 30% by fiscal 2030 (compared to fiscal 2018) by promoting the introduction of renewable energy, such as the introduction of highly efficient equipment, fuel conversion, and installation of solar panels to realize a carbon-neutral and sustainable society, thereby contributing to the realization of an enriched and comfortable society that is environmentally friendly.

TOPICS

Smart Factories Integrated with DX in New Business Domains (Advanced Ceramics Business) to Be Applied in the Housing Equipment Business

At TOTO, our cutting-edge smart factories integrated with DX are electrostatic chuck plants in the Advanced Ceramics Business. To meet the suddenly increasing demand in the semiconductor market, we were able to shorten lead times and enhance productivity by constantly monitoring factor- and results-based data through real-time data sensing in frontline production, analyzing big data, and providing feedback to sites, in addition to automating processes. Going forward, we also aim to further optimize processes by connecting system data. In this way, we will apply and develop smart factories integrated with DX in the housing equipment business.



Cross-Organizational Innovation Activities

Management Resource Innovation Activities

We will create an employee-friendly work environment that respects the individuality of each employee.



Tomoyuki Taguchi
Director,
Managing Executive Officer

Our Aims for the New Shared Value Creation Strategy TOTO WILL2030

Our 2030 aim for management resource innovation activities is to create a company that attracts a diverse group of human resources and offers a vibrant, challenging working environment where employees can work with peace of mind as well as a company where employees can take pride in their work.

The concept of being a company where employees can take pride in their work was added based on our desire to not simply become a “good” company but rather evolve ourselves into a company that employees can take pride in. Since fiscal 2020, we have been promoting activities that engage in this concept. All the people working at the TOTO Group mutually recognize each other’s diversity and are able to work with peace of mind and satisfaction. Based on this premise, the core of our approach to our management resource innovation activities is to create an environment where employees can take on various challenges and, as a result of their actions, are proud to work for the TOTO Group.

We have set employee satisfaction as a KPI of the progress of initiatives and results of WILL2030. Every year, we have all TOTO Group employees do an awareness survey and then analyze and quantify the results, reflecting them in new initiatives. Naturally, high or low scores are not the only way to measure peace of mind or satisfaction but are important for determining whether the Company is heading in the right direction.

Going forward, we will understand the thoughts of all TOTO Group employees and promote the evolution of diversity, realization of diverse workstyles, and the development of a robust business foundation, which supports the Group’s growth.

Realizing Diverse Workstyles

We will strive to promote and realize diverse workstyles unique to TOTO and the creation of a workplace conducive to the taking on of challenges by employees. In fiscal 2022, we instituted working with peace of mind until the mandatory retirement age, 65 years old, and conducted a review of the compensation of management roles to assess career advancement of employees of all generations in a timely manner at all TOTO Group companies in Japan. For fiscal 2023, we have already taken the next step forward by introducing a system for taking on challenges that do not require years of experience. We are also creating systems to support independent career development, such as the reeducation of all Group employees.

Furthermore, we will promote new workstyles that incorporate real communication in the office while utilizing the telework system developed amid the COVID-19 pandemic.

We will continue to develop an IT environment that is essential for supporting such initiatives.

At the same time as advancing the development of an IT environment, we aim to continuously innovate people, the Company, and our business model by enhancing opportunities for training that cover the essential IT knowledge and skills, from basics to application, and by promoting DX human resource development that correctly utilizes ever-expanding digital technologies.

Promoting Diversity

We have adopted the target of creating an environment that enables our diverse human resources, which have been advanced by diversity, to work in a lively manner.

To achieve our target of further expansion of international businesses under WILL2030, it is vital that all Group employees at each production site take an active role. As a result, we are systematically promoting human resource development for overseas Group employees. The first stage was the commencement of our first joint research project with overseas Group companies in fiscal 2022. From fiscal 2023, we will continue to promote the implementation of wide-ranging training programs from TOTO’s business foundation to management strategies, such as our Corporate Philosophy, management strategies, and governance.

Additionally, to realize an environment that is easy to work in for all employees of the TOTO Group, which have to have been continuously working on since our foundation, we are reinforcing various support systems. We are also continuing to foster a corporate culture that enables all employees wanting to take childcare leave to do so with peace of mind. Furthermore, to ensure that employees with disabilities can play an active role in the workplace, we are engaging in Groupwide efforts to create a suitable match during recruitment and promote the correct knowledge and understanding of disabilities Groupwide. TOTO aims to create a company and society where all employees with diverse values, such as female employees, employees with disabilities, and employees who are members of the LGBTQ community (people who are sexual minorities), can work together and promote mutual understanding.

Development of a Robust Business Foundation

We will reinforce the business foundation in anticipation of operating environment changes and changes to the Company to continue supporting the growth of the TOTO Group.

In terms of human resources, we will consistently maintain a normal state of compliance with labor laws and regulations at all TOTO Group companies. By supporting the mental and physical health of all TOTO employees, we will strive to further improve the working environment that is safe, secure, and comfortable. We aim to reinforce an IT environment that supports diverse workstyles.

In terms of finance and taxation, we support its financial base by having a perspective of investment capital efficiency and the optimization of both our balance sheet and management resources by reinforcing tax governance.

To maximize the corporate value of the TOTO Group, we are committed to the effective utilization and optimization of our human, IT, finance, and taxation resources, not only via an iron-clad defense but also through an offensive stance.

TOPICS

Creation of an Environment for Global Education That Goes Beyond Countries and Regions

To understand the needs of the TOTO Group’s diversifying customers and provide them with new value, we are advancing the creation of a work culture where diverse human resources, including employees with disabilities, different sexualities, and different nationalities, mutually respect each other and learn together, that accepts diverse values, and that enables employees to fully demonstrate their individual capabilities.

WASHLET, which continues to grow in popularity around the world, exceeded a shipment volume of 60 million units in August 2022.

Amid these circumstances, we hold the TOTO World Service Masters competition to further improve the quality of our after-sales service around the world, including Japan. We held qualifiers in eight counties and regions in fiscal 2023 and gathered the finalists in Japan, who competed on their skills in maintenance of WASHLET and customer service.

To continue enabling customers around the world to use WASHLET safely and with peace of mind, we will create opportunities to compete with and learn from representatives from around the world and enhance our after-sales service in the future.



Competitors from eight countries and regions who won their qualifiers

Under WILL2030, we have adopted the utilization and fusion of digital technologies as an essential component in creating new corporate value and made it the cornerstone of all our business activities.

Digitalization of Products and Services

Since the foundation of the TOTO Group, we have continued to refine our technology (hardware). When integrating this with digital technology, we can connect it to providing new value to society and customers that could not be achieved with hardware alone.

Provision of New Products and Services That Integrate Existing Technologies with Digital Technology

Changes to the social environment have generated new requirements, such as people wanting to use a free toilet without having to wait in line and facility managers wanting to effectively manage and maintain clean and comfortable toilets.

Provision of TOTO's Public Restroom Support System as a solution for these requirements helps to achieve the comfortable use of toilets and effective maintenance and management support, such as enabling users to easily confirm the degree of congestion, receive real-time alerts on damage, and change settings on multiple appliances at the same time.



TOTO's Public Restroom Support System

Creation of Value through Collaboration with Start-Ups and Other Businesses

Amid rapid social changes, we are advancing initiatives to create future customer value that cannot be accomplished by TOTO alone through methods including cultivation of a shared customer base and participation in demonstration tests in shared working spaces by means of collaboration with start-up companies.

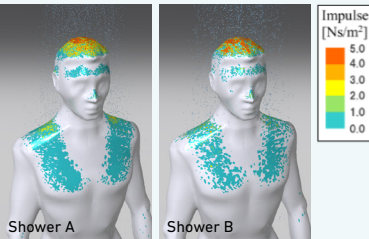


Digitalization of Manufacturing Processes

TOTO products are prone to numerous variations due to the characteristics of raw materials and manufacturing processes. However, we have safeguarded product quality and uniformity based on the technological capabilities and experience of TOTO employees. By carrying out fluid analyses through various technological simulations in these processes as well as analyses combining AI with data stored on-site, we can further ensure the quality and uniformity of our products.

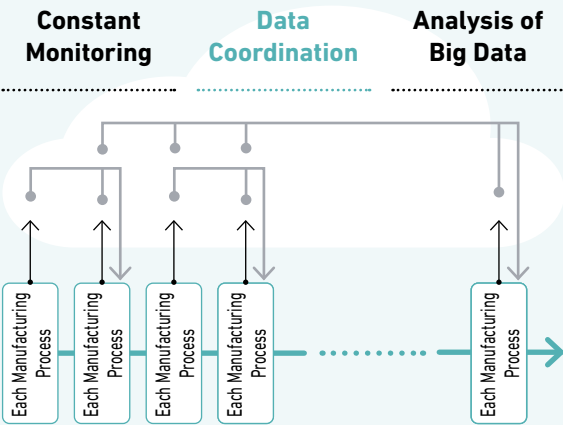
Creation of Highly Efficient Products through Precise Fluid Analysis Technology

TOTO has independently developed fluid analysis software, which has been comprehensively utilized in the development of sanitary ware products since the middle of the 2010s, for the purpose of leveraging it in development of bathroom and kitchen plumbing products. Currently, by optimizing our software through the Fugaku supercomputer, we are utilizing it in simulations of water discharge from faucets, such as showers, and drainage of bathroom floors that require significantly more calculations than sanitary ware.



Transition to Smart Factories through Analysis of Big Data

The lead time for electrostatic chucks in the Advanced Ceramics Business is long, and to date a long period of time has been required to observe manufacturing requirements, in which faults can easily occur. However, creating measures for regularly monitoring and quickly correcting manufacturing requirements by shifting to unification of manufacturing data has enabled TOTO to maintain a high level of quality. These measures support the growth of the Advanced Ceramics Business by enabling TOTO to stably provide products even amid high demand.



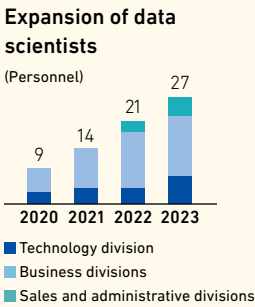
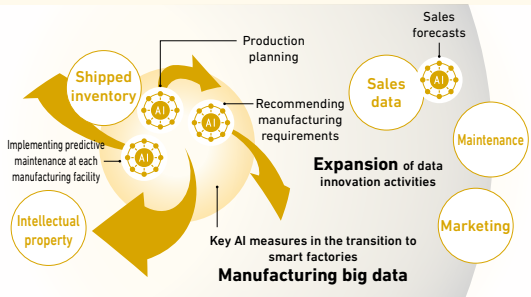
Digitalization of Human Resource Development

Systematic Development of DX Human Resources

From 2020, we launched initiatives to develop data scientists who can make full use of AI and analyze big data by enabling employees from any department to participate in a temporary transfer to a division that promotes Groupwide data innovation activities.

When data scientists return to their respective divisions, they carry out various data innovations, such as implementing predictive maintenance at each manufacturing facility, recommending manufacturing requirements during production, and making sales forecasts. This leads to increased efficiency and the creation of new value.

Additionally, we are enhancing IT and DX literacy for all employees and improving the speed of their operations through both training and implementation.



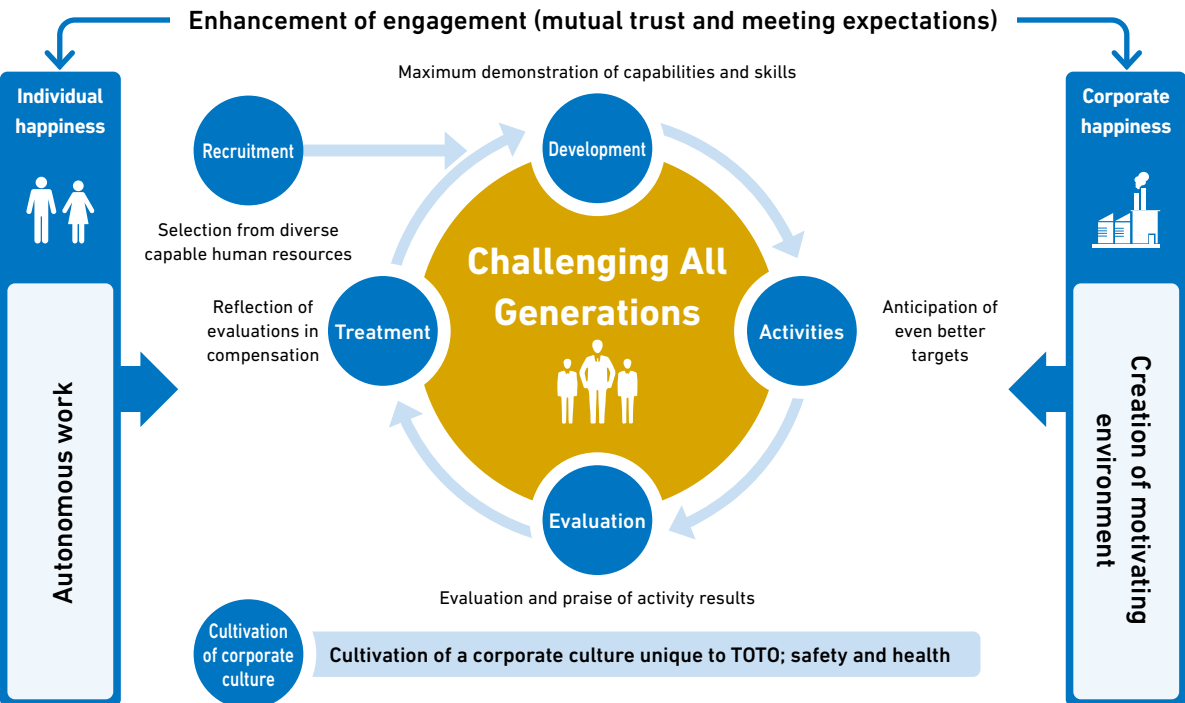
Human Resource Strategy

We refer to all the people working at the TOTO Group as human assets rather than human resources because we believe they are the source of value creation and valuable assets for creating the next generation. We aim to realize our Corporate Philosophy by creating an environment where all generations can take on challenges by thoroughly utilizing a human resource cycle for individual autonomy and growth.



Human Resource Cycle for Challenging All Generations and Individual Autonomy and Growth

We will create an environment where all generations can take on challenges by thoroughly utilizing a human resource cycle.



Priority Measures, Indicators, Results, and Targets for Challenging All Generations

Advancing the Careers of Diverse Human Resources

We respect the individuality inherent in a diverse workforce, including age, nationality, whether or not they have a disability, and sexuality (orientation, gender identity, and gender expression). Through the fresh, new ideas born from this diversity, we aim to create prosperous and comfortable lifestyles.

Measures	Indicators	FY2022 (Results)	FY2023 (Targets)
Promotion of Diversity We aim to create an environment where all employees can demonstrate their individuality and can plan an active role in taking on challenges from when they enter TOTO to when they retire, based on the concept of creating an employee-friendly work environment that respects the individuality of each employee, part of our Corporate Philosophy. To understand the needs of our diversifying customers and provide new value, we will develop an environment where women can plan an active role, with a diverse workforce, including people with disabilities, people of different ages, people with different nationalities, and members of the LGBTQ community, that mutually respects each other and where all employees can safely work in a lively manner.	Percentage of female managers (TOTO in Japan ^{*1})	18.7%	Over 20%
	Ratio of employees with disabilities (TOTO in Japan ^{*1})	2.58%	Over 2.5%
Development of Senior Managers at Overseas Group Companies We place importance on global collaboration across countries and regions and the strength of local employees to achieve sustainable growth of overseas businesses. Accordingly, we have held Overseas Group Companies training in Japan since fiscal 2022. We aim to expand overseas businesses and create TOTO fans around the world by developing candidates for senior management with high levels of management decision-making capabilities and governance and business management literacy based on our Corporate Philosophy and who demonstrate TOTO-style leadership.	Number of participants in Overseas Group companies training for senior management	18	13

Realization of Diverse Workstyles

We are promoting the creation of workplaces that encourage employees to take on challenges through various workstyles that allow flexible use of time and place.

Measures	Indicators	FY2022 (Results)	FY2023 (Targets)
Support for Balance between Work and Life Events To enable all employees to continue their careers while maintaining a balance between work and life events, we will increase the choices for various workstyles. These include a system that limits employee workplace location, employment that enables employees to temporarily choose their place of work due to reasons including marriage, childbirth, childcare, and nursing care, and a telework system that meets operating characteristics, such as maintaining a balance between work and childcare and nursing care responsibilities or personal healthcare.	Percentage of male employees taking childcare leave (TOTO)	66.7%	Over 70%
Development of DX Human Resources To develop DX human resources who are able to realize new customer value and reform business processes, we will enhance training opportunities, from the endowment of IT knowledge and skills to the application thereof, and create an environment that enables learning at any time and in any place, so that all TOTO Group employees can understand the importance of DX and apply it to their work.	Percentage of employees participating in DX training (TOTO in Japan ^{*1})	87.6%	100%

Creation of an Environment Where Employees Can Work in a Healthy and Safe Manner

We are promoting health management^{*2} with the aim of creating good people before creating good products and sustainably developing the Company and society.

Measures	Indicators	FY2022 (Results)	FY2023 (Targets)
Implementation of Health Management We aim to realize an environment that maximizes the performance of employees and their families by adopting four initiatives—health management, mental health measures, infection control measures, and health improvement.	Percentage of employees taking secondary medical examinations ^{*3} (TOTO in Japan ^{*1})	100%	100%

Measures	Indicators	FY2022 (Results)	FY2023 (Targets)
TOTO Group Employee Awareness Survey The overall score of a yearly awareness survey of all TOTO Group employees is utilized as an indicator in the progress and results of initiatives, and is quantitatively analyzed and linked to new measures.	Awareness survey peace of mind and satisfaction survey (TOTO in Japan ^{*1})	73.3 pt	74.3 pt
	Awareness survey overall score (TOTO in Japan ^{*1})	74.9 pt	75.4 pt

^{*1} Scope: TOTO Group companies in Japan

^{*2} “Health management” is a registered trademark of the NPO KenkoKeiei

^{*3} Percentage of employees undergoing full medical examinations after regular health check-ups

Challenging All Generations

Financial Strategy

Financial Policy

The TOTO Group is allocating funds to actively carry out growth investment aimed at sustainable growth while promoting well-balanced financial strategies that give consideration to shareholder returns as a basic policy.

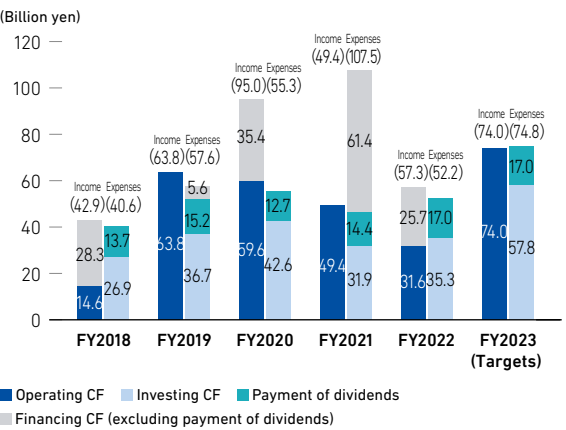
Regarding raising funds, in order to maintain financial soundness, the Group's policy is to use cash on hand to fund necessary capital investment and other capital requirements.

In addition, we will realize the effective utilization of internal funds by actively promoting our cash management system.

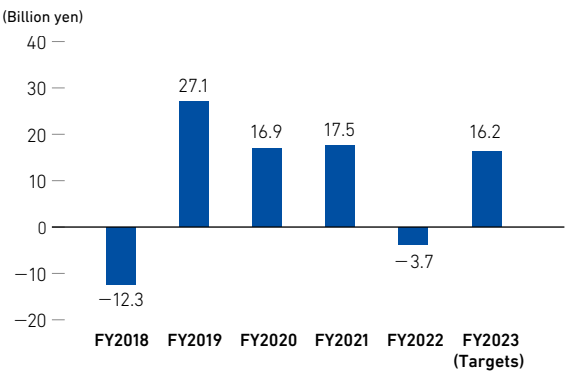
Regarding capital efficiency, we utilize return on invested capital (ROIC), in addition to the disclosure of ROA and ROE, to monitor and discuss investment capital efficiency for each business.

We will promote investment strategies, financial soundness, and financial strategies that give consideration to shareholder returns, and aim for ROA of 7.2% and ROE of 8.4% in fiscal 2023.

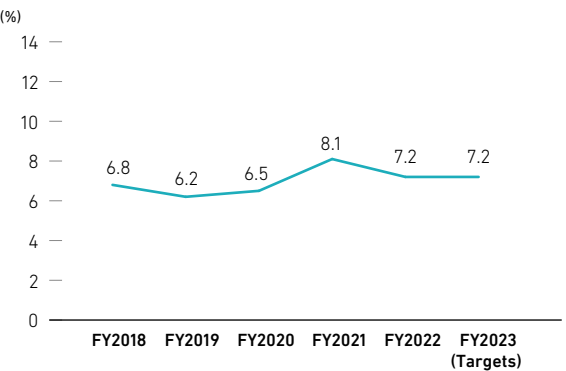
Cash Flows (CF)



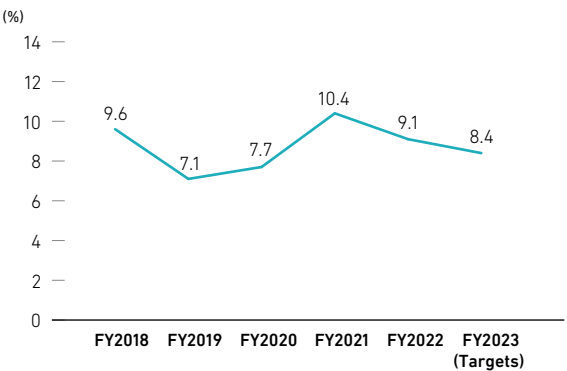
Free Cash Flow



ROA (Operating Profit Base)



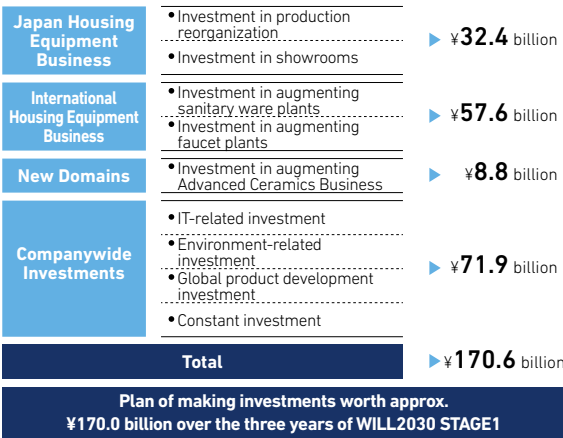
ROE (Net Profit Base)



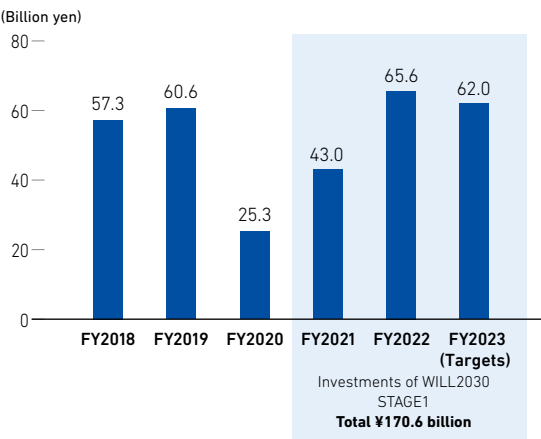
1 About Investment Plan

TOTO plans to make investments totaling ¥170.0 billion over the three years of WILL2030 STAGE1. As a major capital investment in the International Housing Equipment Business, we are planning to increase investments in projects, including a sanitary ware plant and a faucet plant, as an aim for creating an optimal supply structure.

The TOTO Group is engaging in creating value for stakeholders through investment decisions that are made with an awareness of investment capital efficiency when making investments and verification of the efficiency of each business to ensure that they earn profit effectively.



Capital Investment

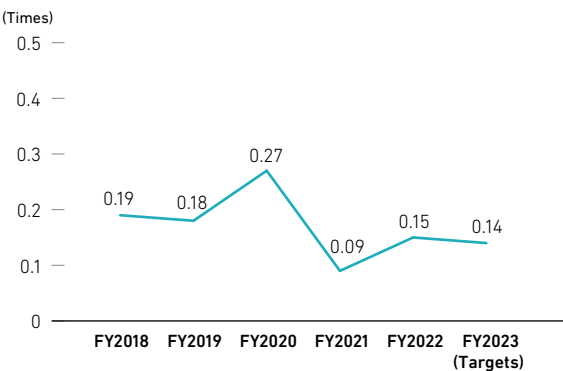


2 About Raising Funds

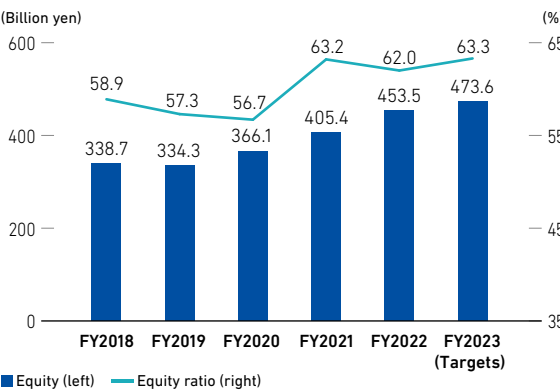
We carry out fundraising when it is necessary for a business through the most appropriate method based on various conditions, including the monetary amount.

When raising funds through debt, such as borrowed funds, we focus on the debt-to-equity (D/E) ratio and take into account the overall capital structure while being aware of financial soundness.

D/E Ratio



Equity / Equity Ratio

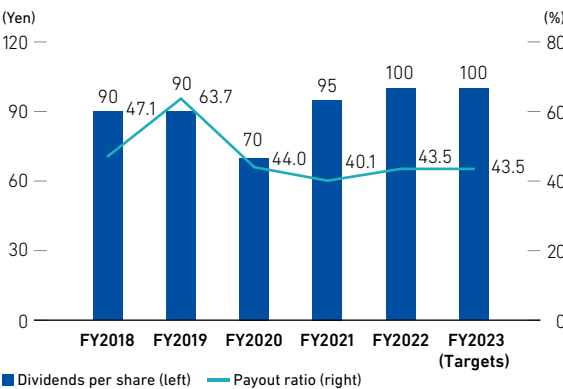


Shareholder Return Policy

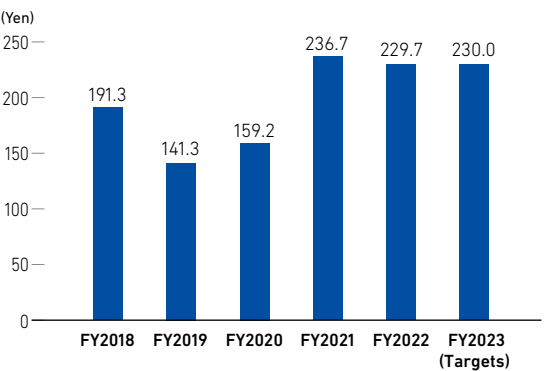
We make it a rule to proactively invest in the future to secure funds for building a firm corporate structure and expanding our business while assuring a stable return of profit to shareholders.

Each fiscal year, we aim for a dividend ratio of 40% of our consolidated net profit for the term. In addition, we will consider 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.

Dividends per Share / Payout Ratio



Earnings per Share (EPS)

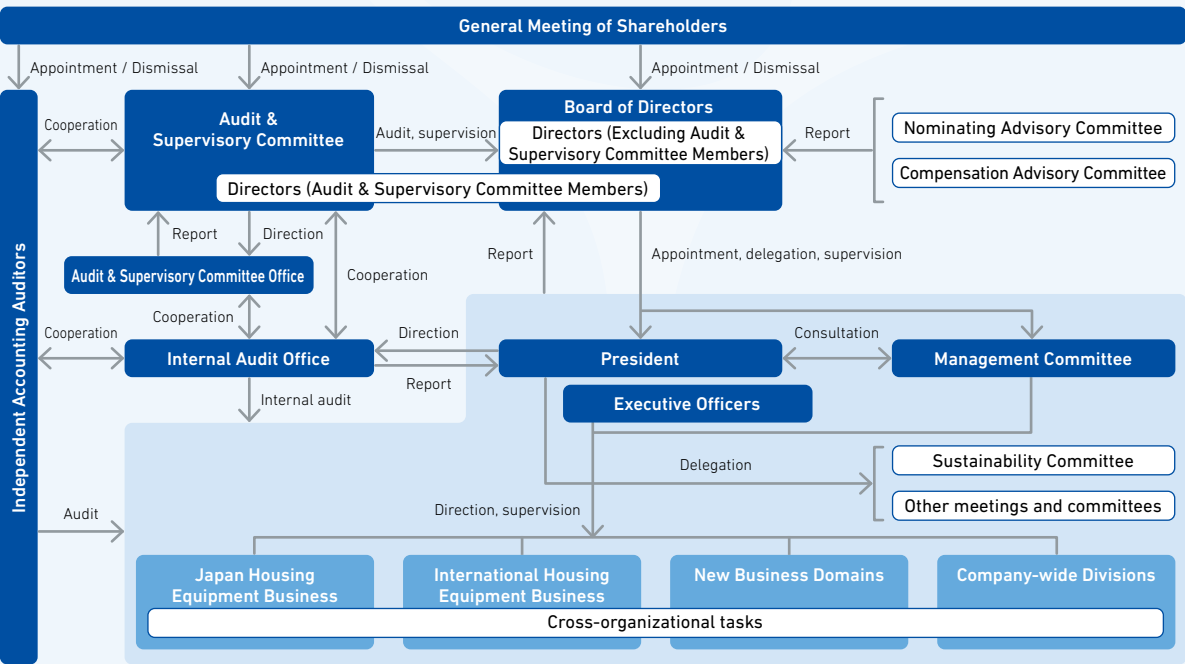


Basic Views on Corporate Governance

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.

1. The TOTO Group has developed a philosophy system for TOTO Group management. This includes a common Group philosophy, representing the inherited values of TOTO that will be carried forward into the future. This represents the “heart” of our philosophy. Also, our philosophy system includes visions for business activities representing the direction of our action to be reviewed in accordance with the demands of the times. This is positioned as the “body in action.” All of our business activities are based on this philosophy system. (For details on the TOTO Group’s philosophy system, please see pages 1-2.)
2. To ensure operational decisions and business execution in compliance with relevant laws and regulations and TOTO’s Articles of Incorporation, TOTO has a Board of Directors and an Audit & Supervisory Committee, and retains independent accounting auditors. The Board of Directors, emphasizing fairness, objectivity, and transparency, has appointed five Outside Directors who are independent of the TOTO Group. The Outside Directors give various advice and make proposals on our overall management. The Audit & Supervisory Committee audits the business execution of Directors and consists of four members, including three outside members. We have built a system to ensure their effective audits through their attendance of major meetings, including Management Committee, and the exchange of opinions with Directors who are not Audit & Supervisory Committee Members on a regular basis.
3. To complement audits by Audit & Supervisory Committee and independent accounting auditors and to build a stronger internal control system, we have established the Internal Audit Office in-house, which is independent of operational divisions. With the establishment of the Internal Audit Office, we have strengthened our internal audits under the direction of the President. Audit & Supervisory Committee, independent accounting auditors and members of the Internal Audit Office carry out audits as a three-party audit team. In addition, we strive to enhance the quality and effectiveness of audits through close collaboration among the three parties, which involves reviewing audit results by Audit & Supervisory Committee Members and exchanging information at meetings, among other activities.

Corporate Governance System



Directors and the Board of Directors

The Board of Directors, which consists of all Directors, meets once a month in principle, makes decisions from the most appropriate company-wide, group-wide, and stakeholder perspectives and conducts mutual supervision of the duties of Directors. Directors other than the Audit & Supervisory Committee members, the Chairman of the Board or Outside Directors concurrently hold positions as Executive Officers in order to perform their own business duties as well (Directors and Executive Officers). TOTO invites Outside Directors, well versed in the management of leading companies respected for their management practices to which the TOTO Group aspires or specializing in such matters as corporate finance and legal issues, to receive advice and suggestions on general management issues based on their in-depth knowledge and expertise as experienced managers.

Audit & Supervisory Committee Members and the Audit & Supervisory Committee

The Audit & Supervisory Committee, which consists of all Directors who are Audit & Supervisory Committee Members, meets once a month in principle, oversees the execution of the duties of the Directors who are not Audit & Supervisory Committee members from the perspectives of legality and appropriateness. The Audit & Supervisory Committee Members attend meetings of the Management Committee and other major meetings to state their opinions as required and conduct operating audits in line with the relevant auditing policies while utilizing means via the internet and other means. In addition, the Audit & Supervisory Committee Members regularly exchange opinions with Directors who are not the Audit & Supervisory Committee members and streamline the system to ensure the effectiveness of audits. TOTO calls upon Outside Members of the Audit & Supervisory Committee having deep insight and extensive experience in corporate management or specializing in such matters as corporate finance and legal issues to evaluate decisions made by the Board of Directors and monitor Directors’ execution of their duties from an objective and fair perspective.

Nominating Advisory Committee

The Nominating Advisory Committee, which meets once a year or more in principle, has been established to help ensure the objectivity and transparency of TOTO’s management through activities such as deliberation on and confirmation of the appointment of TOTO’s Board of Directors. The Committee shall make reports to the Board of Directors on proposals to the General Meeting of Shareholders related to the appointment and dismissal of Directors, including Outside Directors and Representative Director... Half or more of Committee members shall be outside members, and the chairperson and members have been appointed by the Board of Directors. The Committee members consist of five Independent Directors/Audit & Supervisory Board Members as outside members and Representative Director Chairman of the Board and President Representative Director of TOTO as inside members, and the chairperson shall be the President and Representative Director of TOTO. Members with special interests are unable to participate in the resolution. All members attended the first fiscal 2022 committee meeting. Agenda issues include director personnel changes in fiscal 2023 and succession plans. The committee held discussions about succession plans to create and share lists of candidates for representative directors and directors in anticipation of the future.

Compensation Advisory Committee

The Compensation Advisory Committee, which meets once a year or more in principle, has been set up to confirm that the process to determine base compensation, bonuses, and restricted stock compensation for Directors, and their 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, in order to contribute to the ensuring of the appropriateness and objectivity of Directors’ compensation through its activities. The majority of Committee members shall be outside members and the chairperson and members have been appointed by the Board of Directors. The Committee members consist of six outside members including five Independent Directors/Audit & Supervisory Board Members and one Director without the right of representation as an inside member, and the chairperson shall be elected from among the outside members. All members attended the second fiscal 2022 committee meeting. Regarding sustainability indicators introduced from fiscal 2022 to standards for paying performance-based compensation, the committee actively discussed additional indicators and how to reflect them. These were revised in fiscal 2023.

Internal Audits

The Internal Audit Office, which is independent of the operational divisions, examines under the direction of the President whether TOTO and the Group companies are performing their operations appropriately and efficiently in compliance with laws and regulations, the Articles of Incorporation, the corporate philosophy and internal regulations.

Executive Officer

To implement decisions made by the Board of Directors effectively and efficiently, TOTO has introduced an Executive Officer system.

Management Committee

TOTO makes important decisions regarding its operations through deliberations at meetings of the Management Committee, which comprises Directors who are also Executive Officers. The meetings of the Committee are, in principle, held twice a month.

Composition of Skill Matrix, the Board of Directors, etc.

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. TOTO invites Outside Directors well versed in the management of leading companies respected for their management practices to which the TOTO Group aspires or specializing in such matters as corporate finance and legal issues. TOTO also ensures the balance of knowledge, experience, abilities, and diversity on the Board of Directors by appointing those who understand our corporate philosophy and who are familiar with our business as Inside Directors. As of June 28, 2023, we have 15 Directors with voting rights at Meetings of the Board of Directors, of whom ten are Inside Directors with careers in the TOTO Group and five 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 Committee consists of one standing members with careers in the TOTO Group and three outside members with a high level of independence, and conducts audits from the perspectives of legality and appropriateness.

Name	Position	Gender	Expertise and History									Board of Directors	Audit & Supervisory Committee	Nominating Advisory Committee	Compensation Advisory Committee
			Corporate Management	International Business	Sustainability	Sales and Marketing	Manufacturing, Technology, and R&D	Finance and Accounting	Legal and Risk Management	Human Resources and Human Resource Development	IT and Digital				
Madoka Kitamura	Representative Director, Chairman of the Board	Male	●	●	●		●	●	●			■		□	
Noriaki Kiyota	Representative Director, President	Male	●	●	●		●	●	●	●		□		■	
Satoshi Shirakawa	Representative Director, Executive Vice President	Male	●		●	●		●	●			□			
Ryosuke Hayashi	Director, Senior Managing Executive Officer	Male	●	●			●				●	□			
Tomoyuki Taguchi	Director, Managing Executive Officer	Male	●	●				●	●	●	●	□			□
Shinya Tamura	Director, Managing Executive Officer	Male	●	●		●	●					□			
Toshiya Kuga	Director, Managing Executive Officer	Male	●			●						□			
Takayuki Shimizu	Director, Managing Executive Officer	Male	●				●				●	□			
Yojiro Taketomi	Director, Managing Executive Officer	Male	●	●			●				●	□			
Junji Tsuda	Outside Director	Male	●	●	●	●	●		●	●		□		□	□
Shigenori Yamauchi	Outside Director	Male	●	●	●		●		●			□		□	□
Shigeki Inoue	Director, Audit & Supervisory Committee Member	Male	●			●	●			●		□	■		
Shuichi Sarasawa	Outside Director, Audit & Supervisory Committee Member	Male	●	●	●		●		●			□	□	□	□
Yasushi Marumori	Outside Director, Audit & Supervisory Committee Member	Male	●	●	●	●		●	●			□	□	□	□
Yukari Ienaga	Outside Director, Audit & Supervisory Committee Member	Female	●		●				●			□	□	□	□

■ Chairperson (Nomination Advisory Committee chairperson is not an Outside Director) □ Member
Note: The above chart does not cover the full range of expertise and history of each director.

Approach to Necessary Skills for the Board of Directors

It is vital to secure the necessary skills across the entire Board by referring to the direction of medium- to long-term management and business strategies for the Board of Directors to effectively fulfill their roles and responsibilities. We believe that these skills change along with the business environment. Based on this approach, we selected nine skills necessary for promoting the TOTO Group Mid-Term Management Issues WILL2030 STAGE1.



Summary of Analysis and Evaluation Concerning the Effectiveness of the Board of Directors

The roles of the TOTO's Board of Directors include decision-making in favor of stakeholders, mutual supervision of the execution of the duties of the Directors, the formulation of an execution and supervision system for more equal and fair management, as well as the determination of basic management policy, such as the common philosophy of the TOTO Group, mid-/long-term management plan, and the annual policy that becomes a foothold. With these roles, at meetings of the Board of Directors, the Board annually confirms the status of corporate governance and analyzes and evaluates its effectiveness and appropriateness, as well as the effectiveness and appropriateness of the Company's corporate governance system. To ensure that candid opinions are gathered from all board members and objective analyses are made in the analysis and evaluation process, a questionnaire survey has been regularly conducted and its collection and analysis of the result are outsourced to an external organization. In the evaluation of effectiveness of the Board of Directors in fiscal 2022, we conducted an anonymous survey, which was outsourced to an external organization, of all directors from November to December 2022 on the effectiveness of the composition, operation, and nomination and remuneration system of the Board of Directors, as well as support systems for outside directors. At the meeting of the Board in March 2023, all participants, including outside directors, evaluated Board activities based on the roles defined within the company, as well as the effectiveness of the Board of Directors from the perspective of the operational status of the internal control system, the agendas of the Board of Directors to define the general direction, including corporate strategy, and related items of the Board of Directors based on the corporate governance code along with the questionnaire results. The results of these analyses and evaluations concerning the effectiveness of the Board of Directors as a whole are as follows:

- (1) 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.
- (2) 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.
- (3) All items of the corporate governance codes are properly satisfied, including the gender diversity of the board composition, as well as the appointment of at least the one-third proportion of the director candidates as outside directors.
- (4) The questionnaire results and its analysis results are recognized as follows.

① The issues found from the previous questionnaire in fiscal 2019 were all improved in the assessment at this time; the PDCA cycle of the initiatives of the Board of Directors now works in a steady manner and beneficial words and opinions elicited by ensuring knowledge acquisition opportunities on our business for outside directors now result in high-standard discussions.

② The initiative to hire more female and foreign human resources for board membership remains an issue, and we will make further enhancement.

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 implement activities to allow for active discussions and continue conducting questionnaire surveys on a regular basis for the purpose of ensuring that candid opinions are gathered from all board members and improving the issues found from the questionnaire results to ensure the effectiveness of the Board of Directors and further increase its functions.

Directors’ Compensation

Basic Policy for Directors’ Compensation

The TOTO Basic Policy for Directors’ Compensation is as follows.

- (1) The compensation system shall motivate Directors to manage the Company in such a way as to share the common interests with the shareholders, answer to their expectations from a medium- to long-term perspective, realize the corporate philosophy of the TOTO Group, and continuously increase corporate value.
- (2) The compensation system shall be appealing, and attract excellent and diverse human resources to lead the TOTO Group in the future.
- (3) The Compensation Advisory Committee and the Board of Directors shall confirm that its decision process and allocation balance of Directors’ compensation are reasonable.

Introduction of the sustainability index

TOTO, which engages in sustainability management, has set the percentage of sustainable products in the New Shared Value Creation Strategy TOTO WILL2030 as the sustainability index for the Bonus Based on Multi-Year Performance since fiscal 2022. We decided to set the six items* of the social value and environmental value upheld in the WILL2030 long-term goals as the sustainability index for the Bonus Based on Multi-Year Performance since fiscal 2023 to realize a rich and comfortable society in the future while giving more consideration to the global environment.

* Scope: Percentage of sustainable products, Reduction in water consumption during product use, Total CO₂ emissions from business sites, Employee satisfaction (Japan), Showroom satisfaction (Japan), Customer satisfaction in after-sales service

Compensation Determination Processes

Compensation determination processes for Directors

(Excluding Directors who are Audit & Supervisory Committee Members)

TOTO resolved a policy determining the compensation for Directors at the board meeting held on June 24, 2022. As for the resolutions, we consulted with the Compensation Advisory Committee on the contents and received a report in advance. We confirmed that the compensation for Directors (Excluding Directors who are Audit & Supervisory Committee Members) and their determination processes are in accordance with the Basic Policy on Directors’ Compensation after reviewing the compensations for individual Directors (Excluding Directors who are Audit & Supervisory Committee Members) in this fiscal year from diversified perspectives at the Compensation Advisory Committee meeting.

The Board of Directors respects the report from the Compensation Advisory Committee and believes that the compensation is in line with the basic policy. The Board of Directors has delegated its authority to determine the following for Directors (Excluding Directors who are Audit & Supervisory Committee Members)’ compensation to the President, Representative Director Noriaki Kiyota.

- Monthly basic compensations for each position
- Bonus (in aggregated amount) allocation reference points for each position
- Whether or not to make individual bonus reduction assessment, and the details if it is made
- Allocation criteria for each position for stock compensation

The reason for the delegation is that we decided the chief execution officer, Representative Director, is suitable to appropriately evaluate the performance of the Directors, who direct and supervise the operations of their departments in a comprehensive manner while considering corporate-wide performance. As for the execution of delegated authority, determination by the President, Representative Director Noriaki Kiyota on Directors’ compensation must be discussed with the Compensation Advisory Committee, which then must ensure and report that the decision process and allocation balance are reasonable and objective and are in line with the Articles of incorporation, resolutions of General Meetings of Shareholders, and the Basic Policy for Directors’ Compensation.

The Compensation Advisory Committee and Board of Directors confirmed the following information:

- Payment is to be made in accordance with the contents and to the extent approved at the General Meeting of Shareholders.
- The decision process and allocation balance of Directors’ compensation are reasonable and objective.
- Directors’ compensation is in line with the Articles of Incorporation, resolutions at the General Meetings of Shareholders, and the Basic Policy for Directors’ Compensation.

Compensation determination processes for Directors who are Audit & Supervisory Committee Members

As for Compensation for Directors who are Audit & Supervisory Committee Members, only base compensation shall be paid. The base compensation for individual Directors who are Audit & Supervisory Committee Members is determined depending on his / her duties and responsibilities upon consultation with Directors who are Audit & Supervisory Committee Members.

Compensation composition and recipients

Compensation composition and recipients

Compensations composition	Fixed/Variable		Fixed compensation	Variable compensation		
	Incentive type		—	Short-term	Mid-term	Long-term
	Compensation type		Basic compensation	Bonus based on single-year performance	Bonus based on multi-year performance	Restricted stock compensation*
Compensation recipients	Directors (excluding directors who are Audit & Supervisory Committee members)	Internal Directors	●	●	●	●
		Outside Directors	●	—	—	—
	Directors who are Audit & Supervisory Committee members		●	—	—	—

* Restricted stock compensation is designed on the assumption that eligible directors hold the stocks in a long-run until their resignation and to be indirectly based on performance via stock prices.

Resolutions of General Meetings of Shareholders on Compensation for Directors

		Base compensation (Fixed compensation)	Bonus (Performance-based compensation)	Restricted stock compensation
Directors (Excluding Directors who are Audit & Supervisory Committee Members)	Internal Directors	Up to 500 million yen per annum (including an amount of 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 300 million yen per annum and up to 100,000 stocks
	Outside Directors		—	—
Directors who are Audit & Supervisory Committee Members		Up to 150 million yen per annum	—	—

Notes: Resolution at the 156th Ordinary General Meeting of Shareholders held on June 24, 2022. (Number of directors: 15, including 4 directors who were Audit and Supervisory Committee members)

Totals and breakdown of compensation for Directors and Audit & Supervisory Board members

	Number of personnel	Basic compensation (Million yen)	Bonus (Million yen)	Restricted stock compensation (Million yen)	Total (Million yen)
Directors (excluding Directors who are Audit & Supervisory Committee Members)	12	335	367	120	824
Outside members of Directors excluding Directors who are Audit & Supervisory Committee Members	3	28	—	—	28
Directors who are Audit & Supervisory Committee Members	4	58	—	—	58
Outside members of the Audit & Supervisory Committee among the Audit & Supervisory Committee Members	3	32	—	—	32
Directors who are Audit & Supervisory Board Members	4	24	—	—	24
Outside members of the Audit & Supervisory Board among the Audit & Supervisory Board Members	2	6	—	—	6

Notes:
1. The compensation mentioned above includes compensation and other payments to Directors before transitioning to a Company with an Audit & Supervisory Committee.
2. Compensation and other payments made to Directors who are Audit & Supervisory Committee Members relates to the period after transitioning to a Company with an Audit & Supervisory Committee. Compensation and other payments made to Audit & Supervisory Committee Members relates to the period before transitioning to a Company with an Audit & Supervisory Committee.
3. Results related to performance indicators: consolidated operating income of ¥49,121,000,000 (bonus based on multi-year performance paid out)

Conditions for Payment of Compensation

● Basic compensation

Basic compensation for Directors are fixed compensation and paid to Directors after monthly compensation being set based on titles and duties.

● Bonus

The purpose of bonuses for The Eligible Directors is to increase their motivation and morale towards performance improvement and share values with stakeholders. The total amount of bonuses is calculated and divided into Bonus Based on Single-Year Performance and Bonus Based on Multi-Year Performance based on consolidated operating income.

The reason why consolidated operating income is selected as a performance indicator is that the income is directly related to businesses, and we determined that incentives would be appropriately distributed based on performance improvement.

Bonuses are paid to the Eligible Directors after prorating the calculated total amount according to the defined bonus (in aggregated amount) allocation reference points and completing individual bonus reduction assessment.

Payment shall be made once a year, and the details are as follows.

- **Bonus Based on Single-Year Performance:** The amount of payment shall be up to 0.6% of the consolidated operating income for the previous fiscal year.
- **Bonus Based on Multi-Year Performance:** As listed in the table below

Conditions for payment	When the following two criteria are both satisfied		
	Criteria 1	The average consolidated operating income over the past three consecutive fiscal years with the immediately preceding fiscal year as the final year shall exceed the average consolidated operating income over the past three consecutive fiscal years with the fiscal year immediately before the immediately preceding fiscal year as the final year.	
	Criteria 2	ROE for the immediately preceding fiscal year shall be 5.0% or higher.	
The amount of bonus	Multiply the following payment factor* related to the sustainability index by 0.15% of the immediately preceding fiscal year's consolidated operating income. <small>* The payment factor related to the sustainability index is the total value (the upper limit of the payment factor is 1.1, the lower limit is not defined) of the target achievement rate of each index in the table below multiplied by the weight.</small>		
	Sustainability Index	Targets in FY2023	Weight
	Percentage of sustainable products	75%	30%
	Reduction in water consumption during product use	10.0 billion cubic meters	20%
	Total CO ₂ emissions from business sites	259 thousand tons	20%
	Employee satisfaction (Japan)	75.4 pt	10%
	Showroom satisfaction (Japan)	75.8 pt	10%
	Customer satisfaction in after-sales service	94.2 pt	10%

● Restricted stock compensation

The purpose of restricted stock compensation granted to the Eligible Directors is to encourage them to consistently improve corporate value and further share values with stakeholders, and this compensation is designed to motivate the Eligible Directors to achieve management targets from not only a single-year but also a medium-to long-term viewpoint.

The Eligible Directors shall pay in all the monetary compensation claim as property contributed in kind based on resolutions of the Board of Directors and receive the issuance or disposal of the common stock of the Company.

In the case of the resulting issuance or disposal of the common stock of the Company, a contract regarding the grant of the restricted stock has been concluded between the Company and the respective Eligible Directors.

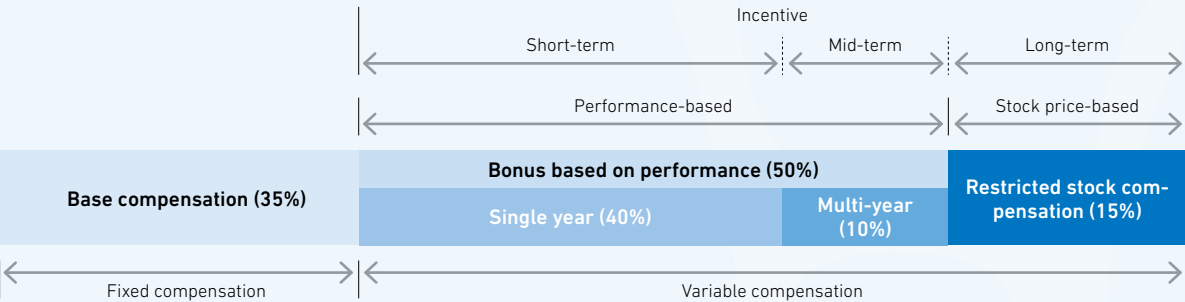
Overview of the Contract regarding the Grant of Restricted Stock

① Transfer Restriction Period	For 30 years from the allotment date
② Type of stocks to be issued or disposed of the Company	Common stock
③ Grantees	Eligible Directors
④ Allotment method for stocks to be issued or disposed	By the method to allot restricted stocks
⑤ The number of the shares to be allocated	The number of shares according to the s allocation criteria for each position in place
⑥ Determination of the amount to be paid in per share	Determined by the Board of Directors based on the closing price of shares of the common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution adopted by the Board of Directors (or, if there is no closing price on such business day, the closing price on the trading day immediately prior thereto)
⑦ Adjustment of the total number of common stock due to a stock split or a reverse stock split	In the event that the Company conducted a stock split of the common stock of the Company (including gratis allocation of the Company's common stocks) or a reverse stock split, or any reasons for adjusting the total number of the common stock of the Company to be issued or disposed of as restricted stock occurred, the total number shall be adjusted to the extent reasonable.
⑧ Conditions for cancellation of the transfer restrictions	Under the condition that an Eligible Director has been a Director during the transfer restriction period, the transfer restriction shall be lifted at the following points in time. • When the transfer restriction period expires • Immediately after the Eligible Director retires from the position of a Director (Only in the case of completion of the term of office or death or if there is another justifiable reason.)
⑨ Free acquisition by the Company	Any restricted stocks falling under any of the following shall be rightfully acquired free of charge by the Company. • Stocks whose transfer restrictions are not lifted at the time of expiration of the transfer restriction period or cancellation of the transfer restrictions as specified in the above item ⑧. • All or part of the restricted stock allotted to a director in the case that the person has committed misconduct, such as a violation of laws and internal regulations, or the person has been deemed to have engaged in such misconduct by the Board of Directors

Determination policy for compensation proportion

Among the compensations for Eligible Directors, because of the nature of bonuses being distributed based on the consolidated operating income as a performance indicator, the proportion of compensation largely vary depending on the figure. Therefore, the proportion is calculated based on the consolidated operating income that is first disclosed in the earnings briefing and included in the consolidated earnings forecast (full-year) in the fiscal year.

From the above, the determination policy for the proportion of compensations for the Eligible Directors in fiscal 2023 is as follows.



Note: Based on the above percentages
• Consolidated operating income is 53 billion yen (figure disclosed in the earnings briefing on April 28, 2023)
• Bonus Based on Multi-Year Performance is granted
• The payment factor related to the sustainability index, which is applied to the calculation of the Bonus Based on Multi-Year Performance, is 1.0

Sustainability Promotion Structure

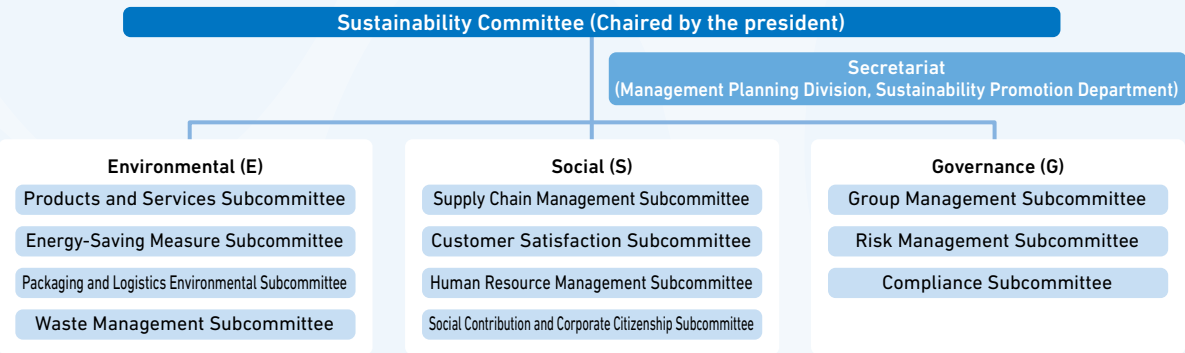
The TOTO Group considers sustainability management to be management that uses sustainability initiatives for the purpose of bringing the TOTO Group Corporate Philosophy to life. Our Corporate Philosophy, based on the thoughts of the founder to be passed down through the generations, communicates to all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

Sustainability Committee

We began our corporate social responsibility (CSR) activities in 2004 with the establishment of the CSR Committee and a full-time CSR department. From fiscal 2023, we have been promoting sustainability management in the form of the Sustainability Committee.

This committee holds meetings twice a year and is chaired by the president, engaging in sustainability management by supervising and commanding a bird's-eye view of the three fields—environmental, social, and governance (ESG).

The committee holds discussions on sustainability issues and key material issues (materiality) including climate change and human rights, and formulates plans for sustainability activities. Each subcommittee of the Sustainability Committee formulates sustainability promotion plans under which cross-divisional activities are developed in relevant divisions and at Group companies in Japan and overseas.



Risk Management

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.

Compliance

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 create a firm structure for promoting compliance, we established the Compliance Committee, chaired by the executive vice president, under the supervision of the president. We have also clearly stipulated the roles and authority of the Legal Control Division, which conducts activities accordingly. 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, we are promoting compliance activities that are highly effective and transparent.

Participation in the UN Global Compact

In order to announce to the international community the Company's intent to further strengthen its sustainability activities, 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 UN Global Compact and put them into practice through all its business activities.



Respecting Human Rights

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

Basic Approach

Under the Charter of TOTO Group Corporate Behavior, which defines the basic stance of everyone involved in Group activities, we have adopted the policy of respecting the human rights of every person in all countries and regions in our business activities and contribute to their development. The policy specifies officially announcing the policy of executing its responsibility to respect human rights in our business activities, respecting international norms of human rights, and not being involved in any forced labor nor child labor as a member of the international society.

Furthermore, as stipulated in the TOTO Group Purchasing Policy, the TOTO Group fulfills its corporate responsibility in human rights and will provide valuable products and services to customers together with all its suppliers through fair purchasing practices.

Promotion System and Main Initiatives

The agenda for our sustainability activities, which includes human rights, is deliberated and executed by the Sustainability Committee, chaired by the president. In addition, these activities are supervised by the Board of Directors. As well, to develop business activities that respect human rights, we reference policies including the United Nations Guiding Principles on Business and Human Rights and the Worldwide Governance Indicators (WGI), strive to understand the human rights risks in the countries and regions the TOTO Group operates in, and are engaged in human rights due diligence, which includes the evaluation, prevention, and correction of human rights risks.

As one of these initiatives, we participate in the Human Rights Due Diligence Workshop, a stakeholder engagement program sponsored by Caux Round Table Japan. This enables us to deepen our understanding of the circumstances in which human rights issues occur, the connection between business activities and human rights, important human rights issues, and the importance of business activities that are conscious of human rights. Multiple stakeholders, including companies, NGOs / NPOs, and various experts, participate in this workshop and identify human rights issues by sector.

We evaluate potential risks, such as human rights and labor, through questionnaire surveys and audits of suppliers. We strive continuously to enhance the level of engagement in sustainable procurement through prevention and improvement. In fiscal 2021, we reviewed the Supplier Code of Conduct and reinforced our code of conduct on human rights and labor.

We implement the TOTO Group Employee Awareness Survey once a year to verify potential human rights risks, including harassment, forced labor, and discrimination.



Discussion on human rights issues by sector
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Establishment of Whistleblowing and Consultation Hotline

As a grievance mechanism, the TOTO Group has established hotlines to receive reports from suppliers and employees in Japan and overseas on compliance and human rights issues, such as discrimination or harassment. Anonymous reports are accepted, and the name of the person making the report is kept strictly confidential. We adequately confirm the facts about the issues reported and determine and implement preventative measures.

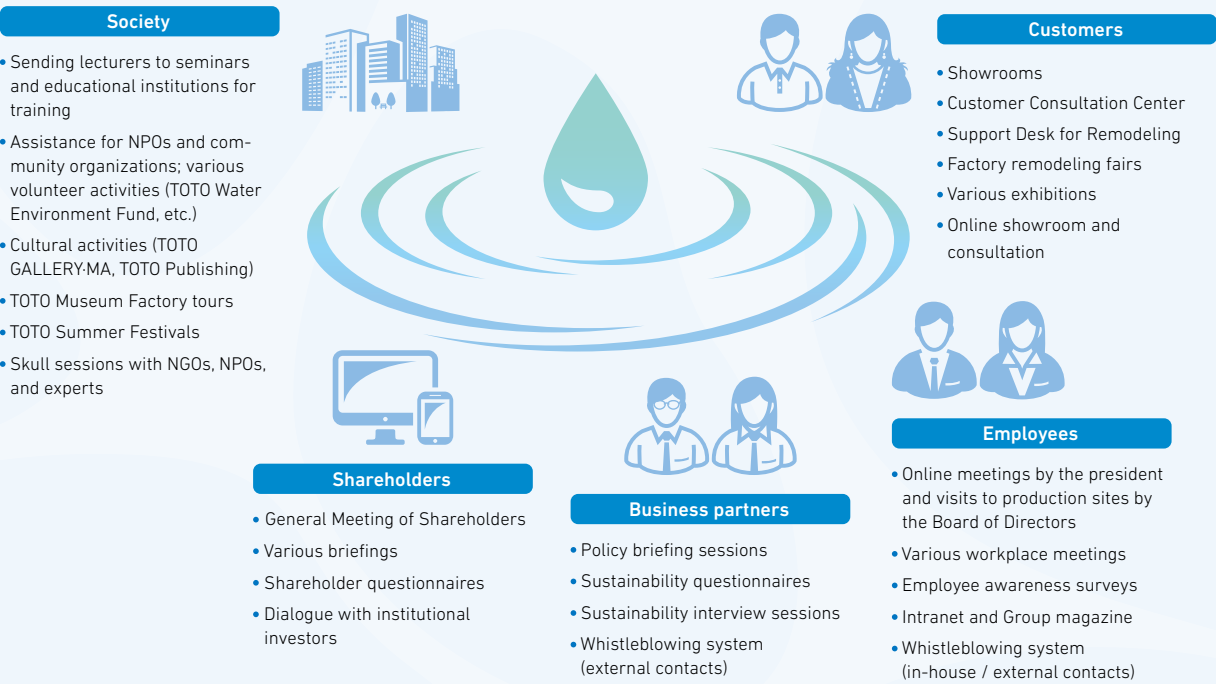
Stakeholder Engagement

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

Sustainability Communication with Stakeholders

We place importance on communication with all stakeholders, including customers, employees, shareholders, business partners, and society at large, and endeavor to develop stronger relationships of mutual trust 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 sustainability 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.



Evaluation by External Parties

We received high evaluations from environmental, social, and governance perspectives from global ESG evaluation institutions.



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Dialogue with Shareholders and Other Investors

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

Working to Ensure Transparency and Fairness in Our IR Activities

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

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

Relationships with Institutional Investors

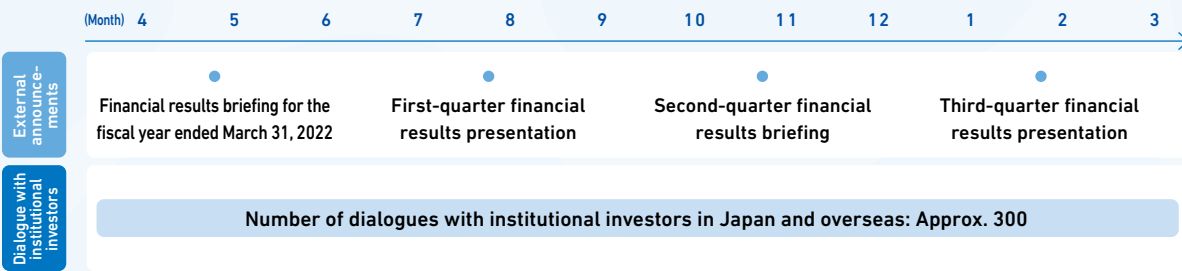
For domestic investors, we announce financial results twice a year, hold meetings to explain our strategies, and conduct showroom and plant tours.

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.

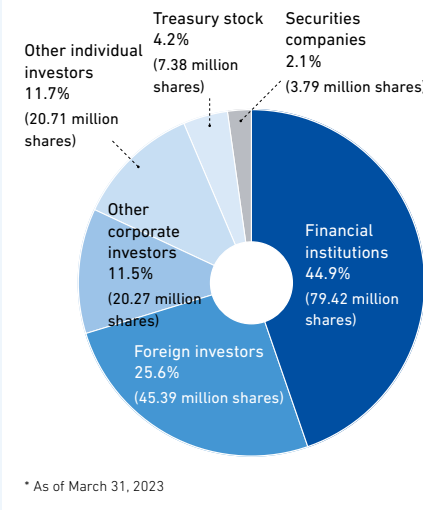


Meeting with overseas investors

IR Activities in Fiscal 2023



Distribution of Shares by Ownership



Shareholder Return Policy

We consider the return of profit to shareholders an important part of our management policy. We therefore make it a rule to proactively invest in the future 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 international 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 consolidated net profit for the term. In addition, we will consider 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.

Messages from Outside Directors



Junji Tsuda
Outside Director

Increased Presence of the Advanced Ceramics Business in Fiscal 2022

WILL2030 is part of our long-term strategy to steadily establish the value of the TOTO brand around the world. The need to thoroughly protect and further enhance the brand has been fully instilled not only among the employees in Japan but also around the world. I believe that the fundamental sections of this are progressing well.

Fiscal 2022 was a year of extremely harsh circumstances due to worsening market conditions in the International Housing Equipment Business. However, TOTO can be extremely proud of growth in the Advanced Ceramics Business that was able to offset this, since we have seen the results of continued capital investment.

Venturing into New Domains While Steadily Promoting Long-Term Strategies

TOTO is conducting business in the overseas medium- to high-end market, where demand is almost guaranteed to continue growing in the future. While this is generally positive, if we remain in this state, we may neglect turning our eyes to new opportunities. I believe that it is vital we also pay attention to new markets and innovative products on top of thoroughly advancing the enhancement of brand power as the core of our long-term strategy. As this long-term strategy approach spreads throughout the Company, it now feels like a good time to take on venturing into new domains.

For example, while we have expanded businesses that cover the entire plumbing industry in Japan, our overseas businesses seem to only focus on WASHLET and toilets. I think that it is finally time to start thinking about widening this framework a little. Accordingly, as I have pointed out in the past, we must advance offensive governance a little more, such as promoting management by local employees overseas with an even greater sense of speed.

How to Respond to the Threat of Other Companies

How we respond to the threat of other companies is also vital. Naturally, it is important to compete against other companies that are in the same medium- to high-end market as TOTO. However, companies currently conducting business in popular markets are gaining strength and may expand into the medium- to high-end market in the near future. How to counter this is particularly important in Mainland China. We must take measures while constantly looking five to 10 years into the future. These measures must outperform the measures put in place by other companies.

Under these circumstances, sustainable products are a vital weapon in this battle. Creating products that bring cleanliness and comfort while greatly reducing the volume of water used has been cultivated as TOTO's basic approach and it is important that we thoroughly communicate our value. However, I think other companies are also heading in the same direction, so TOTO must always be at the front of the pack.

Goal of Strengthening Governance Is to Enhance Long-Term Corporate Value

TOTO carries out corporate management in consideration of many stakeholders. However, TOTO is a company that places particular importance on its employees and they respond well to this. Our biggest strength is instilling each employee with the TOTO Group Corporate Philosophy, including the Words of Our Founder, enabling the Group to take action as one in the appropriate way at the appropriate time.

In TOTO's case, because our products are indispensable in people's lives and have close ties to their lifestyles, we are consistently able to work in an environment that is extremely close to customers' smiling faces and their troubles. As a company, this is exceedingly fortunate. Accordingly, our first thoughts being about making customers happy and what kind of issues they face is deeply rooted in our corporate culture. I believe that this leads to gaining TOTO fans around the world.

Finally, the goal of strengthening governance is to enhance long-term corporate value. I hope that TOTO continues providing high value to all stakeholders, including employees, and becomes indispensable to society. To achieve this, I will utilize all of the experience and knowledge I have accumulated to date to facilitate discussions that promote offensive governance.



Shigenori Yamauchi
Outside Director

Review of Fiscal 2022

The fiscal 2022 performance in Mainland China and the Americas showed a rise in sales and fall in profits due to the impact of issues including acceleration of market conditions and rising logistics costs. Although there is an impression that TOTO managed to hold its own in fiscal 2022, the forecast for fiscal 2023 remains uncertain and I believe this is a show of strength in a time of difficulty.

In terms of governance, I have been making recommendations on the three topics of the revitalization of the Board of Directors, creation of a system for selecting and developing successors of representative directors, and clarification of methods for making investment decisions. I feel that these have gradually improved.

I continue to believe that form and operation are particularly vital for governance. It is important to see whether we have a successful form and successful operation. As such, I believe that TOTO's governance is extremely successful in terms of form and operation, excluding the abovementioned three topics.

Realization of WILL2030 and Beyond

I believe that TOTO has been highly successful with its approach and way of proceeding with WILL2030.

However, there were also a few issues. The first issue is that, while the percentage of sustainable products was adopted as a KPI, TOTO should also consider a KPI that communicates the impact on society in an easier to understand manner. Recently, numerous companies have begun to introduce the new concept of the amount of contribution to CO₂ reduction. Among the targets laid out in the TOTO Global Environmental Vision, we have adopted a target of reducing water consumption during product use in addition to reducing CO₂ emissions. TOTO is a top brand in Japan, so I think it should actively come up with such indicators.

The second issue is achieving carbon neutrality in 2050. While it is clear what TOTO should achieve by 2030, we need to have more discussions about how exactly to approach 2050.

To Build an Appropriate Supply System on a Global Scale

Although it is difficult to predict what may happen in the future, it is vital to strengthen a structure capable of responding to various changes and risks.

The Mainland China business, has a significant presence in TOTO's businesses. We should be actively promoting the expansion of the large Chinese market as an opportunity, as it is important to think carefully from a long-term perspective about creating a suitable supply structure around the world, including the supply chain. TOTO is promoting local production for local consumption. However, assuming that unforeseen supply disruptions to components and other products may occur in the future, we must verify and discuss local production for local consumption from even more angles, including costs aspects, and strengthen the supply structure. I believe that this has been partially improved, but we should continue to verify.

My Hope of Turning TOTO into an Even More Successful Company

I sincerely hope to turn TOTO into an even more successful company. A successful company is one that provides value to all of its stakeholders. My role as an outside director is to identify governance inadequacies and insufficiencies from a customer perspective to turn TOTO into an even more successful company. I am constantly keeping in mind that we are looking out for the interests of all stakeholders, not just shareholders. I sometimes make some harsh comments, but I believe it is important to continue doing so, even if there is opposition.

TOTO has always been a successful company and has a culture where it accepts and responds to harsh criticisms from Outside Directors. To become an even more successful company, we should continue having active discussions.

Furthermore, TOTO is a company that consistently achieves sustainable growth from a medium- to long-term perspective instead of requiring sudden growth and short-term profit. I look forward to continuing to increase TOTO fans around the world, my favorite phrase, and steadily growing in the future.



Yukari Ienaga

Outside Director

Reflecting on My First Year as an Outside Director

Starting in 2020, as with countless others, I have experienced extremely harsh circumstances due to the impact of the COVID-19 pandemic, but 2022 has been a year when I was finally able to see the end of the tunnel. In the three years since 2020, TOTO has faced numerous new unprecedented experiences, including disruption to supply chains. TOTO has thoroughly responded to each challenge, and I believe they have conducted highly successful management.

While this was my first year as an Outside Director, I had the opportunity to receive materials and preliminary explanations for meetings of the Board of Directors a few days in advance, which made the topics to be discussed very easy to follow and meant I did not have to confirm various points on the day of the meeting. Additionally, periodic opportunities for visiting places including domestic and overseas business sites and plants have aided me in acquiring the basic knowledge necessary for fulfilling my role as an Outside Director. During these frontline visits, I felt that they had a highly open corporate culture where employees could use the casual -san honorific, even with their supervisors.

What Is Required of Me

I think that my characteristics as an Outside Director of TOTO are (1) someone from outside the Company, (2) my main career as a lawyer, and (3) a woman. I hope to leverage these various characteristics. (1) In terms of being someone from outside the Company, I must speak for various stakeholders from an independent perspective and monitor management from these perspectives. I must also prevent stakeholder conflicts of interest and monitor and carefully give my opinion. (2) In terms of my main career as a lawyer, I must view management from a legal perspective and carefully confirm that there are no legal issues among the topics that are reported. (3) In terms of being a woman, it does not need saying but my role is to give opinions that lead to promoting the advancement of women.

Placing Importance on People Is the Source of Competitive Advantage and Leads to Risk Avoidance

TOTO is a manufacturing company. We will accelerate the enhancement of efficiency by utilizing IT in the manufacturing process, but this does not mean that the power of people will become less important. They are a vital management resource. Placing importance on people leads to competitive advantage for a company and risk avoidance.

I believe that scandals occurring within an organization are a governance issue. It is difficult to prevent personal attributes from causing scandals. Accordingly, we must take care of people. Scandals, such as falsification of quality-related information, are never-ending and occur at any company, particularly manufacturing companies. To prevent scandals, governance that takes care of people on a daily basis and builds relationships of mutual trust is vital. People also create new opportunities and growth. I believe that we must place importance on people because one of their attributes is the ability to lead forward-looking companies. Going forward, I hope to further refine TOTO's efforts to date.

TOTO Strengths of Consistently Taking a Sincere Stance toward Customers and Society

TOTO's strength is that the Company highly values people and its employees are truly sincere in response. The Company also places importance on the concept that kindness must always come first. TOTO's attitude toward its products and customers is kind and sincere, ensuring people understand how far the Company will go, and I believe that strength distinguishes TOTO from other companies.

While the Company must grow sustainably, to do so it must not make decisions based solely on monetary calculations. TOTO's products have a long life span and to ensure that they are also chosen the next time by customers, we must always remain sincere to customers and society. This is something we have practiced since TOTO's founding and it is very important to continue to do so in the future. I believe that institutional investors place importance on what the factors for TOTO's sustainable growth in the future are and this is precisely the reason for its growth. I hope this remains unchanged.

TOPICS

Outside Director Initiatives to Maintain the Effectiveness of the Board of Directors and Enhance the Functionality

TOTO invites Outside Directors well versed in the management of leading companies respected for their management practices to which the TOTO Group aspires or specializing in such matters as corporate finance and legal issues. To maintain the effectiveness of the Board of Directors and enhance its functionality by enabling decision-making from a more advanced stakeholder-optimized perspective and mutual supervision of business execution by Directors, TOTO provides opportunities for Outside Directors to acquire knowledge of TOTO's various businesses and have discussions.

Frontline Visits by Outside Directors

TOTO systematically implements visits by Outside Directors to the frontline, such as sites and exhibitions in Japan and overseas, as an opportunity to encourage understanding of TOTO's businesses since they lead to high-level discussions at meetings of the Board of Directors.



At a design headquarters site



At the TOTO Museum



At the ISH 2023 exhibition in Frankfurt, Germany

Preliminary Explanations for Resolutions and Items Reported by the Board of Directors

TOTO has created an opportunity for Outside Directors to receive preliminary explanations about all resolutions and reported items to enable Directors to make quick and effective decisions.



Preliminary explanations

Casual Management Conferences

TOTO holds casual management conferences several times a year as a forum for discussing various management-related topics for the TOTO Group and for receiving multifaceted and objective advice from Outside Directors.



Casual management conferences

Members of the Board of Directors



From the back and the left

Director,
Managing Executive Officer

Yojiro Taketomi

In charge of Faucets & Appliances, Production Technology Business Group and Engineering Works, and in charge of WILL2030 Demand Chain Innovation (Manufacturing)

Director,
Managing Executive Officer

Toshiya Kuga

In charge of Sales Promotion Group and Logistics, and in charge of WILL2030 Japan Housing Equipment Business

Director,
Managing Executive Officer

Tomoyuki Taguchi

In charge of Human Resource, Finance and Accounting, Information System Planning, General Affairs, (Chigasaki / Shiga & Shiga No. 2 / Kokura No. 1) Plants, and Tokyo General Affairs, and in charge of WILL2030 Management Resource Innovation

Representative Director,
Executive Vice President

Satoshi Shirakawa

In charge of Customer Service, Cultural Promotion, Design, and Legal Affairs, and in charge of WILL2030 Marketing Innovation

Director, Senior Managing
Executive Officer

Ryosuke Hayashi

In charge of Restroom Business Group, Green Building Materials, and Advanced Ceramics, and in charge of WILL2030 New Business Domains

Director,
Managing Executive Officer

Shinya Tamura

In charge of WILL2030 International Housing Equipment Business

Director,
Managing Executive Officer

Takayuki Shimizu

In charge of Bathroom, Kitchen & Lavatory Vanity, and Supply Chain Promotion, and in charge of WILL2030 Demand Chain Innovation (Supply Chain)

Director, Audit & Supervisory
Committee Member

Shigeki Inoue

From the front and the left

Outside Director,
Audit & Supervisory
Committee Member

Outside

Yasushi Marumori

Significant concurrent position:
• Outside Director (Audit & Supervisory Committee Member) of The Hyakujushi Bank, Ltd.

Outside Director

Outside

Shigenori Yamauchi

Significant concurrent position:
• Honorary advisory to UACJ Corporation

President,
Representative Director

Noriaki Kiyota

In charge of Digital Innovation, Global Business Promotion, Management Planning, Internal Audit Office, and Secretary's Office

Representative Director,
Chairman of the Board

Madoka Kitamura

Outside Director

Outside

Junji Tsuda

Significant concurrent positions:
• Special consultant for YASKAWA Electric Corporation
• Outside Director of Kyushu Electric Power Co., Inc.
• Outside Director of NSK Ltd.

Outside Director,
Audit & Supervisory
Committee Member

Outside

Shuichi Sarasawa

Outside Director,
Audit & Supervisory
Committee Member

Outside

Yukari Ienaga

Significant concurrent positions:
• Partner at Tokunaga, Matsuzaki, & Saito Law Office
• Outside Director (Audit & Supervisory Committee Member) of MrMax Holdings Ltd.

Corporate Information / Notable Awards

Corporate Profile (As of March 31, 2023)			
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	Mitsubishi UFJ Trust and Banking Corporation
Number of Employees	36,188	Administrator	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
* Includes contract employees and temporary employees			

Group Companies and Main Affiliates (As of April 1, 2023)	
Domestic Group Companies	Overseas Group Companies
TOTO SANITECHNO LTD.	Asia
TOTO WASHLET TECHNO LTD.	TOTO (CHINA) CO., LTD.
TOTO Bath Create LTD.	TOTO (BEIJING) CO., LTD.
TOTO High Living LTD.	NANJING TOTO CO., LTD.
TOTO AQUATECHNO LTD.	TOTO DALIAN CO., LTD.
SUNAQUA TOTO LTD.	TOTO (SHANGHAI) CO., LTD.
TOTO PLATECHNO LTD.	TOTO EASTCHINA CO., LTD.
TOTO Maintenance LTD.	TOTO (FUJIAN) CO., LTD.
TOTO AQUAENG LTD.	TOTO (GUANGZHOU) CO., LTD.
TOTO MTEC LTD.	TOTO (LIAONING) CO., LTD.
TOTO Kansai Sales LTD.	TOTO (H.K.) LTD.
TOTO Hokkaido Sales LTD.	VORETO (XIAMEN) PLUMBING TECHNOLOGY CO., LTD. (Affiliate Company)
TOTO Tohoku Sales LTD.	TAIWAN TOTO CO., LTD.
TOTO Chubu Sales LTD.	TOTO Asia Oceania Pte. Ltd.
TOTO Chugoku Sales LTD.	TOTO VIETNAM CO., LTD.
TOTO Shikoku Sales LTD.	TOTO (THAILAND) CO., LTD.
TOTO Kyushu Sales LTD.	TOTO INDIA INDUSTRIES PVT. LTD.
CERA TRADING LTD.	TOTO MALAYSIA SDN. BHD.
TOTO Remodel Service LTD.	TOTO KOREA LTD.
TOTO Finance LTD.	PT. SURYA TOTO INDONESIA Tbk. (Affiliate Company)
TOTO INFOM LTD.	Americas
TOTO BUSINETZ LTD.	TOTO AMERICAS HOLDINGS, INC.
TOTO LOGICOM LTD.	TOTO U.S.A., Inc.
TOTO Fine Ceramics LTD.	TOTO MEXICO, S.A. DE C.V.
TOTO MATERIA LTD.	Europe
TOTO OKITSUMO Coatings LTD.	TOTO Europe GmbH

Notable Awards	
Category	Award Description
Design	Received Red Dot Design Award 2022 for NEOREST LS, NEOREST RS, Stick Remote Control, and Matte Black Surface Finish (Faucets)* NEOREST LS Matte Black Surface Finish (Faucets)   
Design	Received iF Product Design Award 2022 for NEOREST LS, NEOREST AS, Z Selection Thermostat Shower Column with Shelf,* and Z Selection Overhead Shower (round and square models)*    
Design	Received Red Dot Design Award 2023 for THE CRASSO** and NEOREST WX*    
Design	Received iF Design Award 2023 for NEOREST WX*  
Environment	Received GREEN GOOD DESIGN AWARDS 2023 for NEOREST NX, NEOREST LS, NEOREST AS, NEOREST RS, WASHLET G5*, and Hand Dryer (suction type)    
Technology	Received Japan Ceramics Award FY2021 for "Development and Implementation of Water Saving Sanitary Ware That Utilizes Antifouling Design Technology" 
Technology	Received World Star Award 2023 for "Corrugated cardboard cushioning material with a freely adjustable angle," cardboard cushioning materials for porcelain wash basins, in the Global Packaging Awards 
* Scope: Overseas ** Scope: Counter, sloped square sink, spray faucet LF, and touchless EWATER+ generator	



Independent Assurance

The TOTO Group provides financial and non-financial data in a Financial and Non-Financial Data report, separate from the TOTO Group Integrated Report 2023. To ensure the reliability of information contained in this report, TOTO has received independent assurance for environmental and social data indicated within ☒ TOTO GROUP Integrated Report 2023 Financial and Non-Financial Data report on its website.

**Financial and Non-Financial Data**
<https://jp.toto.com/en/company/profile/library>

FINANCIAL DATA

10-Year Summary of Selected Financial Data

(Unit: Million yen)

	FY2013*3 (March 31, 2014)	FY2014*3 (March 31, 2015)	FY2015*3 (March 31, 2016)	FY2016*3 (March 31, 2017)	FY2017*3 (March 31, 2018)
Net sales*4	544,309	528,771	570,716	566,009	590,959
Cost of sales	336,574	328,046	354,187	348,407	368,148
Cost of sales ratio*4	61.8%	62.0%	62.1%	61.6%	62.3%
Selling, general and administrative (SG&A) expenses	163,122	167,377	170,829	171,451	171,550
SG&A ratio*4	30.0%	31.7%	29.9%	30.3%	29.0%
Operating profit*4	44,611	33,346	45,699	46,150	51,260
Operating margin*4	8.2%	6.3%	8.0%	8.2%	8.7%
Profit attributable to owners of parent*4	43,097	22,486	36,360	32,960	36,798
Profit attributable to owners of parent ratio*	7.9%	4.3%	6.4%	5.8%	6.2%
Capital investment	34,575	40,264	40,674	26,776	38,180
Depreciation and amortization	14,922	17,227	18,397	18,994	21,357
Research and development (R&D) costs	17,428	18,466	19,098	19,388	20,594
R&D cost ratio*4	3.2%	3.5%	3.3%	3.4%	3.5%
Total assets	476,387	516,995	536,265	553,996	564,319
Current assets	258,800	266,637	279,383	282,076	277,845
Non-current assets	217,586	250,357	256,882	271,920	286,473
Total liabilities	219,790	236,412	250,743	247,942	222,099
Net assets	256,596	280,582	285,522	306,053	342,219
Operating cash flow	48,015	34,713	58,695	62,604	45,489
Investing cash flow	(4,033)	(30,040)	(29,952)	(35,257)	(36,374)
Financing cash flow	(23,328)	(11,393)	(15,053)	(18,905)	(11,244)
Free cash flow*1	43,982	4,673	28,742	27,347	9,115
Dividends per share*2 (Yen)	23.00	26.00	—	68.00	72.00
ROE (Net profit base)*4	19.0%	8.7%	13.3%	11.5%	11.7%
ROA (Operating profit base)*4	10.1%	6.7%	8.7%	8.5%	9.2%
EPS*2,4 (Yen)	127.2	66.9	215.8	194.9	217.5
BPS*2 (Yen)	737.7	802.8	1,631.9	1,756.0	1,968.6
Total asset turnover*4 (Times)	1.23	1.06	1.08	1.04	1.06
Equity ratio	52.0%	52.3%	51.5%	53.6%	59.1%
Number of shares outstanding (excluding treasury stock/period average)*2	338,911,922	336,233,556	168,480,574	169,146,109	169,187,042

*1 Free cash flow = Operating cash flow + Investing cash flow

*2 We have changed the number of shares constituting one unit to 100 shares from 1,000 shares and also consolidated its shares (consolidated 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 the 2nd quarter-end dividends and 34.00 yen (after share consolidation) for the fiscal year-end dividends.

(Unit: Million yen)

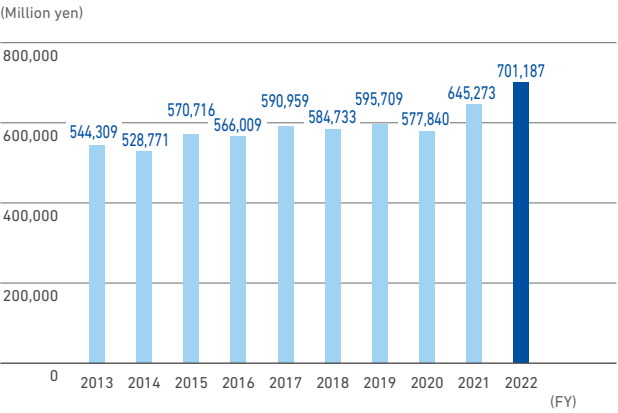
	FY2018* (March 31, 2019)	FY2019* (March 31, 2020)	FY2020* (March 31, 2021)	FY2021* (March 31, 2022)	FY2022* (March 31, 2023)
Net sales* ⁴	584,733	595,709	577,840	645,273	701,187
Cost of sales	371,565	383,562	367,242	408,382	458,217
Cost of sales ratio* ⁴	63.5%	64.4%	63.6%	63.3%	65.3%
Selling, general and administrative (SG&A) expenses	174,354	176,331	170,940	184,710	193,848
SG&A ratio* ⁴	29.8%	29.6%	29.6%	28.6%	27.6%
Operating profit* ⁴	38,814	35,816	39,656	52,180	49,121
Operating margin* ⁴	6.6%	6.0%	6.9%	8.1%	7.0%
Profit attributable to owners of parent* ⁴	32,380	23,921	26,978	40,131	38,943
Profit attributable to owners of parent ratio*	5.5%	4.0%	4.7%	6.2%	5.6%
Capital investment	57,329	60,556	25,301	43,014	65,664
Depreciation and amortization	23,347	25,343	25,231	26,939	31,412
Research and development (R&D) costs	21,528	21,467	22,395	24,024	21,539
R&D cost ratio* ⁴	3.7%	3.6%	3.9%	3.7%	3.1%
Total assets	574,960	582,482	646,011	641,025	731,638
Current assets	287,630	289,535	326,383	307,623	359,288
Non-current assets	287,329	292,946	319,628	333,401	372,349
Total liabilities	228,301	241,653	272,838	227,652	270,546
Net assets	346,658	340,829	373,173	413,372	461,092
Operating cash flow	14,593	63,843	59,551	49,356	31,579
Investing cash flow	(26,928)	(36,705)	(42,622)	(31,893)	(35,269)
Financing cash flow	14,562	(20,878)	22,702	(75,772)	8,779
Free cash flow* ¹	(12,335)	27,138	16,929	17,463	(3,689)
Dividends per share* ² (Yen)	90.00	90.00	70.00	95.00	100.00
ROE (Net profit base)* ⁴	9.6%	7.1%	7.7%	10.4%	9.1%
ROA (Operating profit base)* ⁴	6.8%	6.2%	6.5%	8.1%	7.2%
EPS* ^{2,4} (Yen)	191.3	141.3	159.2	236.7	229.7
BPS* ² (Yen)	2,000.4	1,971.6	2,160.7	2,391.4	2,674.3
Total asset turnover* ⁴ (Times)	1.03	1.03	0.94	1.00	1.02
Equity ratio	58.9%	57.3%	56.7%	63.2%	62.0%
Number of shares outstanding (excluding treasury stock/period average)* ²	169,300,355	169,349,269	169,418,598	169,514,672	169,569,793

*3 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 FY2013 onward in this report have been revised retroactively.

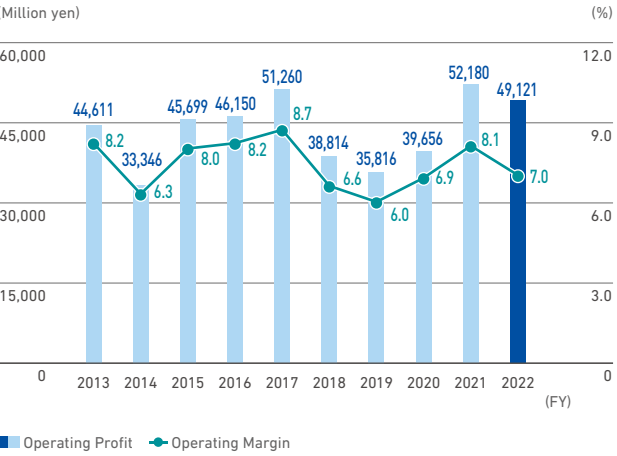
*4 We have adopted new accounting standards for revenue recognition from FY2021. In accordance with this change, figures from FY2013 onward in this report have been revised retroactively.

Financial Highlights

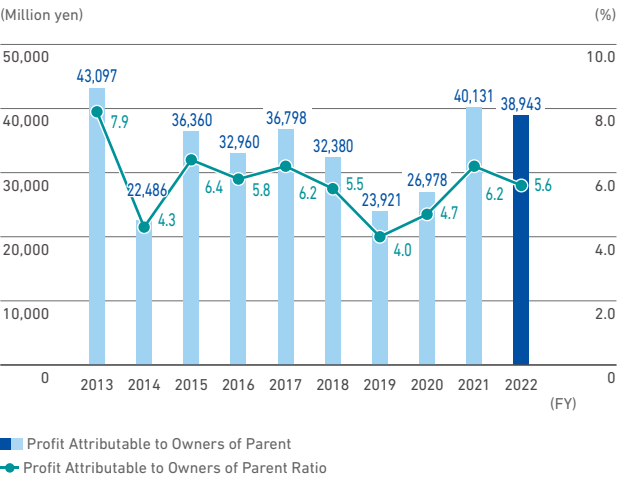
Net Sales



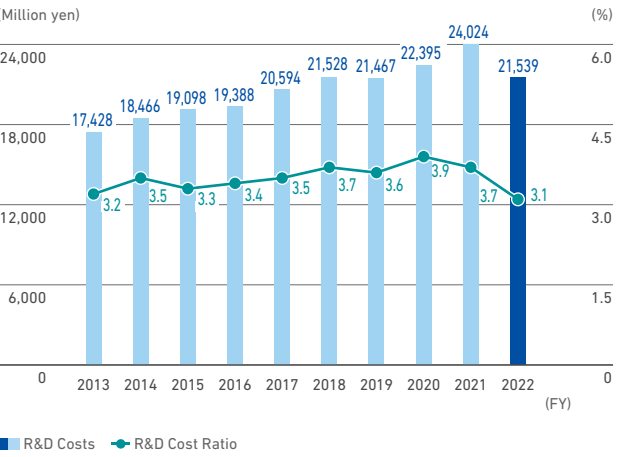
Operating Profit / Operating Margin



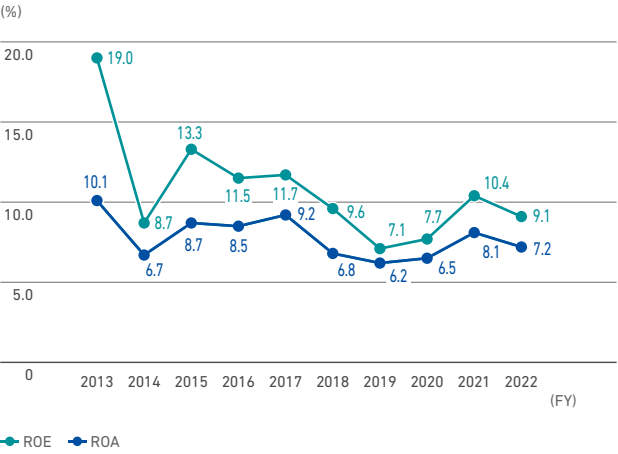
Profit Attributable to Owners of Parent / Profit Attributable to Owners of Parent Ratio



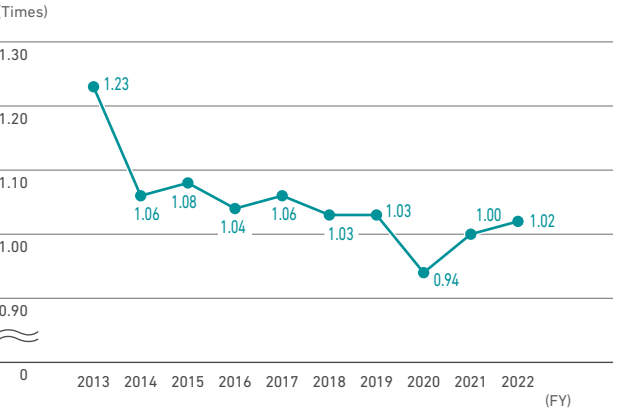
R&D Costs / R&D Cost Ratio



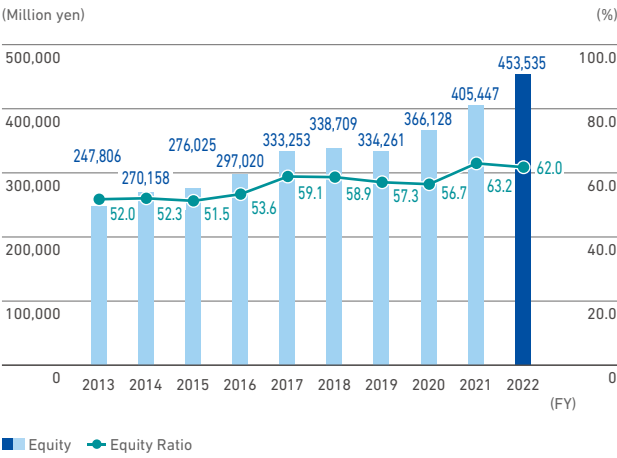
ROE (Net Profit Base) / ROA (Operating Profit Base)



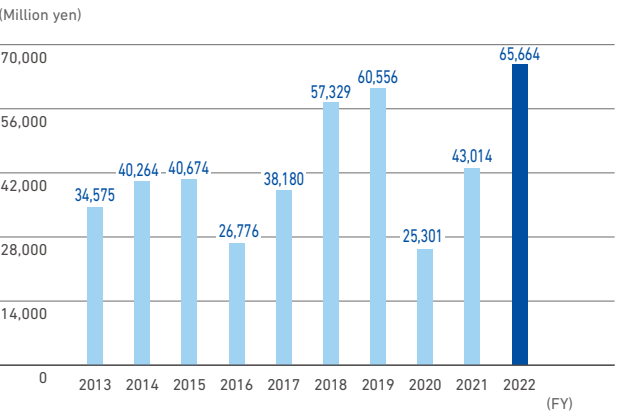
Total Asset Turnover



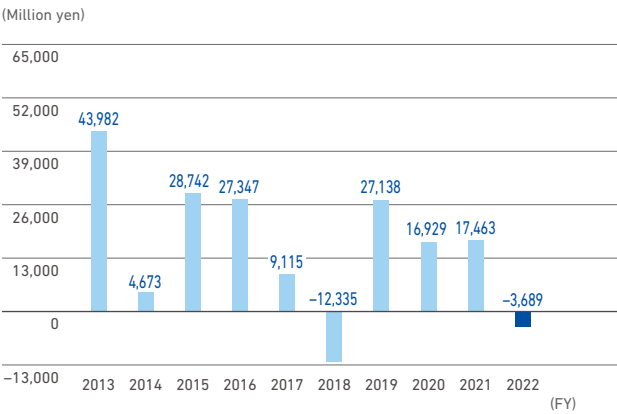
Equity / Equity Ratio



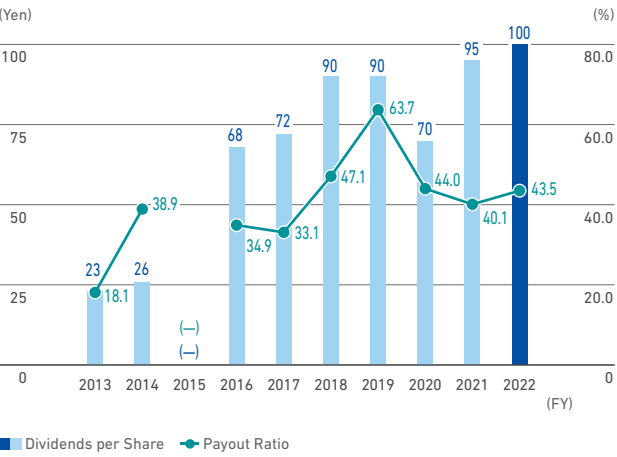
Capital Investment



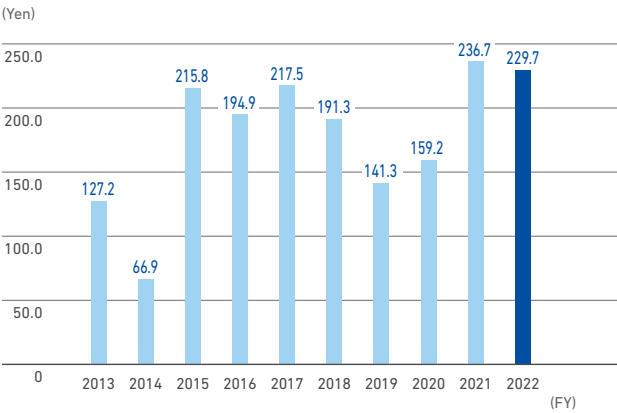
Free Cash Flow



Dividends per Share*1 / Payout Ratio*1



EPS



Total Shareholder Returns (including TSR dividend)*2

(%)

	Past year	Past three years		Past five years		Past ten years	
		Cumulative	Annual interest rate	Cumulative	Annual interest rate	Cumulative	Annual interest rate
TOTO	91.5	130.3	109.2	86.7	97.2	309.4	112.0
TOPIX	105.8	153.4	115.3	131.8	105.7	242.1	109.2

*1 We have changed the number of shares constituting one unit to 100 shares from 1,000 shares and also consolidated its shares (consolidated 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 the 2nd quarter-end dividends and 34.00 yen (after share consolidation) for the fiscal year-end dividends.

*2 This calculation is based on return on investment that takes into account the dividend and stock price as of March 31, 2022.

NON-FINANCIAL DATA

Report Policy

Boundary	TOTO LTD. and all 48 of its 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	FY2022 (Japan: April 1, 2022 to March 31, 2023 / Overseas: January 1, 2022 to December 31, 2022)
Per unit of sales	As noted on page 93, net sales figures have been retroactively revised due to the adoption of new accounting standards for revenue recognition. However, as the impact on figures per unit of sales of each environmental performance is insignificant, the figures per unit of sales have not been retroactively revised.

TOTO Global Environmental Targets

Goals		Main Initiatives	Indicators	Cat.	FY2021 (Results)	FY2022 (Results)	FY2023 (Targets)
Cleanliness, comfort and the environment		Rolling out clean, comfortable and eco-friendly products	Percentage of sustainable products	◆	70% (Japan) 75% (Overseas) 59%	73% (Japan) 77% (Overseas) 63%	75% (Japan) 80% (Overseas) 64%
Cleanliness and Comfort	• Realize cleanliness and comfort throughout the world • Pursue ease of use for everyone	Global expansion of clean and comfortable toilets	Percentage of TORNADO FLUSH units shipped (overseas)		53%	62%	64%
			Number of WASHLET units shipped (overseas)		0.92 million units	0.86 million units	1.00 million units
			EWATER+ WASHLET rollout percentage (overseas)		50%	59%	57%
Environment	• Protect our limited water resources and connect with the future • Undertake initiatives to fight global warming and coexist with the earth • Aim for sustainable development together with local communities	Alleviating water stress through the widespread adoption of water-saving products	Reduction in water consumption during product use*1	◆	1.0 billion m³	0.95 billion m³	1.0 billion m³
		Achieving carbon neutrality	Total CO ₂ emissions from business sites	◆	352 thousand tons	267 thousand tons	259 thousand tons
			Reduction in CO ₂ emissions due to implemented measures		10 thousand tons	89 thousand tons	102 thousand tons
			Reduction in CO ₂ emissions during product use*1		3.35 million tons	3.35 million tons	3.45 million tons
		Social contribution activities entrenched in local communities	Number of projects that help solve local issues (cumulative number from FY2018)		116 cases	135 cases	150 cases
Relationships	• Build deep, long-lasting relationships with customers • Offer cultural support and contribute to society for the next generation • Create and share joy in work together	Improved customer satisfaction	Customer satisfaction in after-sales service*2	◆	93.1 pt	94.0 pt	94.2 pt
			Showroom satisfaction (Japan)	◆	74.7 pt	75.3 pt	75.8 pt
		Promotion of employee volunteer activities	Percentage of employees taking part in volunteer activities (total number of participants / number of consolidated employees = participation rate)		84%	91.8%	100% or more
		Realizing employee-friendly working environments	Employee satisfaction (Japan)	◆	75.2pt	74.9 pt	75.4 pt
			Percentage of female managers (Japan)		15.5%	18.7%	20% or more
			Employee turnover rate due to life events (Japan)*3		1.4%	0.0%	0.0%

*1 Reduction effect when compared with the case where products from 2005 continue to be used. ◆ : WILL2030 long-term goals
*2 Scope: Japan, Americas, Europe, Mainland China, Taiwan Region, India, Thailand, Vietnam
*3 Job turnover rate for employees raising children or providing nursing care but still wish to work.

11th Global Environmental Action Plan

Goals	Scope	Base Year	FY2021 (Results)	FY2022 (Results)	FY2023 (Targets)
Reduction in water consumption during product use*	Japan/Overseas	—	1.0 billion m³	0.95 billion m³	1.0 billion m³
Reduction in CO ₂ emissions during product use*	Japan/Overseas	—	3.35 million tons	3.35 million tons	3.45 million tons
Total CO ₂ emissions from business sites	Japan/Overseas	—	352 thousand tons	267 thousand tons	259 thousand tons
Reduction in CO ₂ emissions due to implemented measures	Japan/Overseas	FY2020	10 thousand tons	89 thousand tons	102 thousand tons
Renewable energy introduction rate	Japan/Overseas	—	15.8%	46.8%	50% or more
Total amount of water withdrawals	Japan/Overseas	—	2.67 million m³	2.41 million m³	2.38 million m³
Rate of improvement for total amount of water withdrawals	Japan/Overseas	FY2018	16.8%	32.2%	35%
Reduction of fuel used for transportation per unit	Japan	FY2013	9.5%	9.5%	10%
Reduction rate of the use of packaging materials	Japan	FY2013	9.6%	10.2%	10.25%
Reduction rate of waste at the production sites (reduction of production output intensity)	Japan	FY2017	12.5%	18.3%	14.9%
Recycling rate at the production sites	Japan	—	99.9%	99.6%	99% or more
	Overseas	—	99.3%	99.9%	99% or more
Usage rate of legal and recycled materials for wood-based materials used in products	Japan	—	100%	100%	100%
	Overseas	—	100%	100%	100%
	Total	—	100%	100%	100%
Violations of related environmental laws	Japan	—	0 cases	0 cases	0 cases
	Overseas	—	0 cases	0 cases	0 cases
	Total	—	0 cases	0 cases	0 cases

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

Environmental Performance Data

GHG Emissions

Indicators		Unit	FY2018 (fiscal year ended March 31, 2019)	FY2019 (fiscal year ended March 31, 2020)	FY2020 (fiscal year ended March 31, 2021)	FY2021 (fiscal year ended March 31, 2022)	FY2022 (fiscal year ended March 31, 2023)
Scope 1 + 2 + 3		thousand tons CO ₂	19,573	20,957	19,839	19,990	18,433
Scope 1 + 2		thousand tons CO ₂	357	350	307	352	267
Scope 1		thousand tons CO ₂	179	182	167	188	168
	(per unit of sales)	tons CO ₂ /million yen	0.30	0.30	0.29	0.29	0.24
Direct GHG emissions from non-energy processes		thousand tons CO ₂	4.8	4.7	4.2	5.1	4.5
Scope 2		thousand tons CO ₂	176	168	140	164	99
	(per unit of sales)	tons CO ₂ /million yen	0.30	0.28	0.24	0.25	0.14
Scope 3		thousand tons CO ₂	19,216	20,608	19,532	19,638	18,166
	(per unit of sales)	tons CO ₂ /million yen	32.8	34.5	33.8	30.4	25.9
Category 1		thousand tons CO ₂	—	—	—	750	751
Category 2		thousand tons CO ₂	—	—	—	168	175
Category 3		thousand tons CO ₂	—	—	—	45	47
Category 4*		thousand tons CO ₂	—	—	—	130	62
Category 5		thousand tons CO ₂	—	—	—	17	9
Category 6		thousand tons CO ₂	—	—	—	5	5
Category 7		thousand tons CO ₂	—	—	—	15	15
Category 8		thousand tons CO ₂	—	—	—	—	—
Category 9		thousand tons CO ₂	—	—	—	52	52
Category 10		thousand tons CO ₂	—	—	—	—	—
Category 11		thousand tons CO ₂	18,293	19,650	18,562	18,426	17,019
Category 12		thousand tons CO ₂	—	—	—	30	31
Category 13		thousand tons CO ₂	—	—	—	—	—
Category 14		thousand tons CO ₂	—	—	—	—	—
Category 15		thousand tons CO ₂	—	—	—	—	—

* From FY2022, overseas emissions are calculated by replacing the Japanese ton-kilometer method.

Environmental Performance Data

Energy Consumption

Indicators	Unit	FY2018 (fiscal year ended March 31, 2019)	FY2019 (fiscal year ended March 31, 2020)	FY2020 (fiscal year ended March 31, 2021)	FY2021 (fiscal year ended March 31, 2022)	FY2022 (fiscal year ended March 31, 2023)
Quantity of energy consumption	MWh	1,274,732	1,282,770	1,198,805	1,350,455	1,224,689
(per unit of sales)	MWh/million yen	2.18	2.15	2.07	2.09	1.75
Quantity of non-renewable energy consumption	MWh	1,259,844	1,249,313	1,151,624	1,291,489	1,058,595
(per unit of sales)	MWh/million yen	2.15	2.10	1.99	2.00	1.51
Quantity of fuel consumption	MWh	930,511	928,797	851,679	963,366	859,726
(per unit of sales)	MWh/million yen	1.59	1.56	1.47	1.49	1.23
Quantity of electric power consumption	MWh	320,632	312,166	291,868	315,155	189,117
(per unit of sales)	MWh/million yen	0.55	0.52	0.50	0.49	0.27
Quantity of other types of energy consumption	MWh	8,701	8,351	8,077	12,969	9,752
(per unit of sales)	KWh/million yen	14.85	14.00	13.98	20.10	13.91
Quantity of renewable energy consumption	MWh	14,888	33,457	47,181	58,966	166,094
(per unit of sales)	KWh/million yen	25.40	56.09	81.22	91.38	236.88
Ratio of renewable energy power	%	4.4	9.7	13.9	15.8	46.8
Energy cost	million yen	8,928	8,852	7,774	10,093	12,897

Preserving Water Resources

Indicators	Unit	FY2018 (fiscal year ended March 31, 2019)	FY2019 (fiscal year ended March 31, 2020)	FY2020 (fiscal year ended March 31, 2021)	FY2021 (fiscal year ended March 31, 2022)	FY2022 (fiscal year ended March 31, 2023)
Total amount of water withdrawals	thousand m³	2,968	2,899	2,631	2,675	2,407
(per unit of sales)	m³/million yen	5.06	4.86	4.53	4.15	3.43
Surface water	thousand m³	—	—	—	—	—
Groundwater	thousand m³	474	438	387	463	426
Sea water	thousand m³	—	—	—	—	—
Water from production	thousand m³	—	—	—	—	—
Water from third parties	thousand m³	2,494	2,461	2,244	2,212	1,981
Total amount of water discharges	thousand m³	1,714	1,592	1,904	1,860	1,642
(per unit of sales)	m³/million yen	2.93	2.67	3.29	2.88	2.34
Surface water	thousand m³	12	12	10	9	11
Groundwater	thousand m³	—	—	—	—	—
Sea water	thousand m³	—	—	—	—	—
Water from third parties	thousand m³	1,702	1,580	1,894	1,851	1,631
Amount of water consumption	thousand m³	1,254	1,307	727	815	765
Amount of recycled water	thousand m³	1,773	2,028	1,844	2,163	2,008
Water recycling rate	%	37.4	41.2	41.2	44.7	45.5

Environmental Performance Data

Waste

Indicators	Unit	FY2018 (fiscal year ended March 31, 2019)	FY2019 (fiscal year ended March 31, 2020)	FY2020 (fiscal year ended March 31, 2021)	FY2021 (fiscal year ended March 31, 2022)	FY2022 (fiscal year ended March 31, 2023)
Waste generated	thousand tons	130.8	134.3	128.1	142.5	116.4
(per unit of sales)	kg/million yen	223.3	225.1	220.5	220.8	165.9
Total amount of waste processed	thousand tons	22.0	28.3	24.8	22.3	10.1
(per unit of sales)	kg/million yen	37.5	47.4	42.7	34.6	14.4
Recycling amount (not including thermal recycling)	thousand tons	108.8	106.0	103.3	120.2	106.2
(per unit of sales)	kg/million yen	185.7	177.7	177.8	186.3	151.5
Recycling rate	%	98.6	96.2	99.5	99.5	99.8
(Japan)	%	99.9	99.9	99.7	99.9	99.6
(Overseas)	%	98.1	94.7	99.5	99.3	99.9
Hazardous waste generated	thousand tons	0.3	0.2	0.1	0.2	0.13
(per unit of sales)	kg/million yen	0.51	0.34	0.17	0.31	0.19

Note: From fiscal 2022, we changed the calculation method for “Total amount of waste processed” and “Recycling amount.”

Atmospheric Emissions

Indicators	Unit	FY2018 (fiscal year ended March 31, 2019)	FY2019 (fiscal year ended March 31, 2020)	FY2020 (fiscal year ended March 31, 2021)	FY2021 (fiscal year ended March 31, 2022)	FY2022 (fiscal year ended March 31, 2023)
Amount of chemical substance emissions (PRTR Law applicable)	t	32.5	26.6	22.0	26.8	27.6
(per unit of sales)	kg/million yen	0.05	0.04	0.04	0.04	0.04
SOx emissions	t	91.7	101.3	65.4	81.7	86.9
(per unit of sales)	kg/million yen	0.16	0.17	0.11	0.13	0.12
NOx emissions	t	254.6	187.2	163.6	150.4	143.1
(per unit of sales)	kg/million yen	0.44	0.32	0.28	0.23	0.20
Dust emissions	t	98.4	58.8	48.7	43.6	41.5
(per unit of sales)	kg/million yen	0.17	0.10	0.08	0.07	0.06
VOC emissions	t	29.4	26.5	21.9	26.7	27.5
(per unit of sales)	kg/million yen	0.05	0.04	0.04	0.04	0.04

Environmental Performance Data

Raw Materials Used

Indicator	Unit	FY2018 (fiscal year ended March 31, 2019)	FY2019 (fiscal year ended March 31, 2020)	FY2020 (fiscal year ended March 31, 2021)	FY2021 (fiscal year ended March 31, 2022)	FY2022 (fiscal year ended March 31, 2023)
Amount of raw materials used	thousand tons	685.0	589.0	564.0	649.0	572.8

Percentage of Legally-Obtained and Recycled Wood Materials

Indicators	Unit	FY2018 (fiscal year ended March 31, 2019)	FY2019 (fiscal year ended March 31, 2020)	FY2020 (fiscal year ended March 31, 2021)	FY2021 (fiscal year ended March 31, 2022)	FY2022 (fiscal year ended March 31, 2023)
Legally-obtained wood materials	%	5	7	6	15	13
Recycled wood materials	%	95	93	94	85	87
Others	%	0	0	0	0	0
Total	%	100	100	100	100	100

Environment Management System

Indicator	Unit	FY2018 (fiscal year ended March 31, 2019)	FY2019 (fiscal year ended March 31, 2020)	FY2020 (fiscal year ended March 31, 2021)	FY2021 (fiscal year ended March 31, 2022)	FY2022 (fiscal year ended March 31, 2023)
Percentage of ISO 14001 certification acquisition	%	71.4	75.4	75.9	73.9	79.8

Violations of Related Environmental Laws

Indicators	Unit	FY2018 (fiscal year ended March 31, 2019)	FY2019 (fiscal year ended March 31, 2020)	FY2020 (fiscal year ended March 31, 2021)	FY2021 (fiscal year ended March 31, 2022)	FY2022 (fiscal year ended March 31, 2023)
Number of related environmental law violations	cases	0	0	0	0	0
Japan	cases	0	0	0	0	0
Overseas	cases	0	0	0	0	0

Note: Serious offense with a fine of USD10,000 or more.

Social Performance Data

Customers

Indicators	Unit	FY2018 (fiscal year ended March 31, 2019)	FY2019 (fiscal year ended March 31, 2020)	FY2020 (fiscal year ended March 31, 2021)	FY2021 (fiscal year ended March 31, 2022)	FY2022 (fiscal year ended March 31, 2023)
Customer satisfaction in after-sales service	points	92.2	92.1	92.2	93.1	94.0
Customer satisfaction surveys (Japan)						
Showroom satisfaction	points	71.0	72.0	73.4	74.7	75.3
Ratio of customers impressed with bath module assembly	%	64.1	67.9	69.6	70.7	72.4
Evaluations on customer response quality	points	70.3	68.8	76.3	78.8	77.5

Quality Management System

Indicator	Unit	FY2018 (fiscal year ended March 31, 2019)	FY2019 (fiscal year ended March 31, 2020)	FY2020 (fiscal year ended March 31, 2021)	FY2021 (fiscal year ended March 31, 2022)	FY2022 (fiscal year ended March 31, 2023)
Percentage of ISO 9001 certification acquisition	%	71.8	76.3	76.4	74.5	80.5

Status of Employment

Indicators	Unit	FY2018 (fiscal year ended March 31, 2019)	FY2019 (fiscal year ended March 31, 2020)	FY2020 (fiscal year ended March 31, 2021)	FY2021 (fiscal year ended March 31, 2022)	FY2022 (fiscal year ended March 31, 2023)
Group total number of employees	no. of personnel	35,498	35,329	35,613	36,853	36,188
Male	no. of personnel	23,756	23,445	23,636	24,404	23,746
Female	no. of personnel	11,742	11,884	11,977	12,449	12,442
Percentage of female employees	%	33.1	33.6	33.6	33.8	34.4
Full-time employees	no. of personnel	29,995	30,254	30,839	31,777	31,488
Contract employees	no. of personnel	3,448	3,237	2,927	2,779	2,705
Temporary employees	no. of personnel	2,055	1,838	1,847	2,297	2,035
Number of employees (Japan)	no. of personnel	18,402	18,206	18,124	18,355	18,087
Male	no. of personnel	11,078	10,886	10,869	11,056	10,936
Female	no. of personnel	7,324	7,320	7,255	7,299	7,151
Percentage of female employees	%	39.8	40.2	40.0	39.8	39.5
Full-time employees	no. of personnel	13,454	13,672	13,843	13,903	13,968
Contract employees	no. of personnel	3,111	2,923	2,621	2,395	2,280
Temporary employees	no. of personnel	1,837	1,611	1,660	2,057	1,839
Percentage of employees under 30 years old	%	—	15.6	15.5	14.8	14.1
Male	%	—	9.2	9.3	9.0	8.7
Female	%	—	6.4	6.2	5.7	5.4
Percentage of employees between 30 and 49 years old	%	—	54.5	52.4	50.2	47.7
Male	%	—	29.9	28.5	27.0	25.6
Female	%	—	24.6	23.9	23.2	22.1
Percentage of employees 50 years old and over	%	—	29.9	32.2	35.0	38.2
Male	%	—	21.9	23.1	24.7	26.6
Female	%	—	8.0	9.1	10.3	11.6

Social Performance Data

Indicators	Unit	FY2018 (fiscal year ended March 31, 2019)	FY2019 (fiscal year ended March 31, 2020)	FY2020 (fiscal year ended March 31, 2021)	FY2021 (fiscal year ended March 31, 2022)	FY2022 (fiscal year ended March 31, 2023)
Number of graduate recruits (Japan)	no. of personnel	317	252	214	232	232
Male	no. of personnel	232	181	154	165	168
Female	no. of personnel	85	71	60	67	64
Percentage of female employees	%	26.8	28.2	28.0	28.9	27.6
Recruitment of experienced personnel						
Ratio of total recruitment for experienced regular workers	%	—	65	71	65	59
Ratio of recruitment for external experienced regular workers	%	—	15	20	7	16
Average number of years of continuous service	years	14.1	14.5	14.9	15.3	15.8
Male	years	16.2	16.5	16.9	17.2	17.7
Female	years	11.0	11.4	11.9	12.4	12.9
Number of employees (overseas)	no. of personnel	17,096	17,123	17,489	18,498	18,101
Male	no. of personnel	12,678	12,559	12,767	13,348	12,810
Female	no. of personnel	4,418	4,564	4,722	5,150	5,291
Percentage of female employees	%	25.8	26.7	27.0	27.8	29.2
Full-time employees	no. of personnel	16,541	16,582	16,996	17,874	17,480
Contract employees	no. of personnel	337	314	306	384	425
Temporary employees	no. of personnel	218	227	187	240	196
Composition of employees by region						
Japan	%	52	52	50.9	49.8	50.0
China	%	20	18	17.7	18.2	18.3
Asia and Oceania	%	24	26	27.2	28.0	27.5
Americas	%	4	4	3.8	3.7	3.9
Europe	%	0.4	0.4	0.4	0.3	0.4
Number of foreign employees in the TOTO GROUP (Japan)	no. of personnel	45	45	45	46	48

Social Performance Data

Diversity

Indicators	Unit	FY2018 (fiscal year ended March 31, 2019)	FY2019 (fiscal year ended March 31, 2020)	FY2020 (fiscal year ended March 31, 2021)	FY2021 (fiscal year ended March 31, 2022)	FY2022 (fiscal year ended March 31, 2023)
Number of managers	no. of personnel	3,623	3,702	3,792	3,872	3,523
Male	no. of personnel	3,102	3,124	3,146	3,152	2,767
Female	no. of personnel	521	578	646	720	756
Percentage of female managers	%	14.4	15.6	17.0	18.6	21.5
Number of managers (Japan)	no. of personnel	2,813	2,844	2,889	2,888	2,560
Male	no. of personnel	2,507	2,494	2,483	2,439	2,082
Female	no. of personnel	306	350	406	449	478
Percentage of female managers	%	10.9	12.3	14.1	15.5	18.7
General Manager level and above	no. of personnel	822	782	771	749	767
Male	no. of personnel	797	755	739	717	729
Female	no. of personnel	25	27	32	32	38
Percentage of female employees	%	3.0	3.5	4.2	4.3	5.0
Section Chief level and above	no. of personnel	1,981	2,062	2,118	2,139	1,793
Male	no. of personnel	1,710	1,739	1,744	1,722	1,353
Female	no. of personnel	281	323	374	417	440
Percentage of female employees	%	14.2	15.7	17.7	19.5	24.5
Number of new management appointments	no. of personnel	171	221	264	253	212
Male	no. of personnel	116	167	194	178	140
Female	no. of personnel	55	54	70	75	72
Percentage of female employees	%	32.2	24.4	26.5	29.6	34.0
Number of managers (Overseas)	no. of personnel	810	858	903	984	963
Male	no. of personnel	595	630	663	713	685
Female	no. of personnel	215	228	240	271	278
Percentage of female managers	%	26.5	26.6	26.6	27.5	28.9
Employees with disabilities						
Japan	no. of personnel	318	314	316	307	314
Ratio of employees with disabilities (Japan)	%	2.61	2.58	2.63	2.53	2.58
Ratio of employees with disabilities (Overseas)	%	0.82	0.75	0.75	0.76	0.74

Gender Wage Gap in Japan (Average Female Wage/Average Male Wage)

Indicators	Unit	FY2018 (fiscal year ended March 31, 2019)	FY2019 (fiscal year ended March 31, 2020)	FY2020 (fiscal year ended March 31, 2021)	FY2021 (fiscal year ended March 31, 2022)	FY2022 (fiscal year ended March 31, 2023)
All employees	%	—	—	—	—	60.5
Regular workers	%	—	—	—	—	62.6
Part-time and fixed-term contract workers	%	—	—	—	—	79.2

Social Performance Data

Work–Life Balance

Indicators	Unit	FY2018 (fiscal year ended March 31, 2019)	FY2019 (fiscal year ended March 31, 2020)	FY2020 (fiscal year ended March 31, 2021)	FY2021 (fiscal year ended March 31, 2022)	FY2022 (fiscal year ended March 31, 2023)
Total employee turnover rate (Japan)	%	3.0	2.8	2.3	2.5	2.7
Voluntary employee turnover rate	%	2.3	2.3	1.8	2.1	2.5
Employee turnover rate due to life events	%	3.4	2.9	2.1	1.4	0.0
Work hours (Japan)						
Total scheduled working hours per year	hours per person	1,907.2	1,906.5	1,902.7	1,901.2	1,901.1
Average hours actually worked per year	hours per person	1,969.8	1,936.6	1,910.4	1,924.6	1,909.4
Average hours of overtime per month	hours per person	15.1	14.2	11.7	13.4	12.6
Number of employees with long working hours	no. of personnel	291	96	30	23	49
Number of paid holidays taken (Japan)	days	15.0	17.9	17.8	18.2	18.8
Percentage of paid holidays taken	%	80.8	89.8	89.1	91.2	94.3
Number of people using reduced work hour and leave systems (TOTO)						
Employees taking childcare leave	no. of personnel	132	137	160	200	237
Male	no. of personnel	4	10	24	66	96
Female	no. of personnel	128	127	136	134	141
Percentage of childcare leave taken by male employees	%	2.3	6.3	13.9	37.7	66.7
Percentage of childcare leave taken by female employees	%	100	100	100	100	100
Percentage of employees returning to work after childcare leave	%	95.7	96.1	96.2	97.4	96.3
Reduced work hours for childcare	no. of personnel	354	328	315	318	310
Male	no. of personnel	4	4	7	6	4
Female	no. of personnel	350	324	308	312	306
Employees taking nursing care leave	no. of personnel	4	7	3	12	2
Male	no. of personnel	2	1	0	1	0
Female	no. of personnel	2	6	3	11	2
Reduced work hours for nursing care	no. of personnel	9	10	11	9	5
Male	no. of personnel	1	2	3	2	0
Female	no. of personnel	8	8	8	7	5
Telework	no. of personnel	135	209	277	3,554	4,771

Human Resource Development

Indicators	Unit	FY2018 (fiscal year ended March 31, 2019)	FY2019 (fiscal year ended March 31, 2020)	FY2020 (fiscal year ended March 31, 2021)	FY2021 (fiscal year ended March 31, 2022)	FY2022 (fiscal year ended March 31, 2023)
Average training time per employee	hours	9.3	10.0	9.9	10.1	10.3
Average training cost per employee	thousands of yen	33.1	33.1	29.6	30.0	31.5
Number of participants in management development training	no. of personnel	91	83	61	62	90
Number of participants in leadership development training	no. of personnel	157	253	230	230	244
Number of supervisors carrying out evaluations through multi-faceted observations	no. of personnel	61	61	68	79	74
Number of participants in training for promoted employees	no. of personnel	1,256	1,188	1,130	1,144	1,137
Percentage of participants in digital transformation (DX) training	%	—	—	—	—	87.6

Social Performance Data

Occupational Safety and Health

Indicators	Unit	FY2018 (fiscal year ended March 31, 2019)	FY2019 (fiscal year ended March 31, 2020)	FY2020 (fiscal year ended March 31, 2021)	FY2021 (fiscal year ended March 31, 2022)	FY2022 (fiscal year ended March 31, 2023)
Lost time injury frequency rate						
TOTO Group employees*1	no unit	0.19	0.19	0.16	0.28	0.21
TOTO Group contractors (in-plant cooperative firm)*1	no unit	0.15	0.15	0.00	0.47	0.78
Occupational illness frequency rate						
TOTO Group employees	no unit	0.00	0.03	0.00	0.00	0.00
Number of work-related fatalities						
TOTO Group employees	no. of personnel	0	0	0	0	0
TOTO Group contractors (in-plant cooperative firm)	no. of personnel	0	0	0	0	0
Health and safety education	no. of personnel	—	563	460	670	494
Percentage of employees undergoing full medical examinations after regular health check-ups (legally required examinations)	%	100	100	100	100	100
Participation rate for health-related training						
Participation rate for mental health self-care training	%	—	—	—	—	100
Participation rate for mental health line care training	%	—	—	100	100	100
Implementation rate for specific healthcare guidance (lifestyle improvement program)	%	68.1	90.3	95.0	97.3	96.2*2

*1 Accidents that occurred during FY2021 were reviewed for certification during the fiscal year and were certified as lost time injuries in FY2022. Accordingly, we have added these cases to the FY2021 occupational injury count and revised the frequency rate of lost time injuries.
*2 Figures for the implementation rate of specific healthcare guidance are as of May 2023 for FY2022 since implementation occurs between August of each year and September of the following year.

Labor Unions

Indicator	Unit	FY2018 (fiscal year ended March 31, 2019)	FY2019 (fiscal year ended March 31, 2020)	FY2020 (fiscal year ended March 31, 2021)	FY2021 (fiscal year ended March 31, 2022)	FY2022 (fiscal year ended March 31, 2023)
Percentage of employees in labor unions and other organizations	%	—	—	87.4	87.8	87.7

Employee Satisfaction (Japan)

Indicators	Unit	FY2018 (fiscal year ended March 31, 2019)	FY2019 (fiscal year ended March 31, 2020)	FY2020 (fiscal year ended March 31, 2021)	FY2021 (fiscal year ended March 31, 2022)	FY2022 (fiscal year ended March 31, 2023)
TOTO Group Awareness Survey—overall score	points	72.3	73.0	74.4	75.2	74.9
TOTO Group Awareness Survey—peace of mind and satisfaction indicators	points	—	—	—	74.1	73.3

Supply Chain Management

Indicators	Unit	FY2018 (fiscal year ended March 31, 2019)	FY2019 (fiscal year ended March 31, 2020)	FY2020 (fiscal year ended March 31, 2021)	FY2021 (fiscal year ended March 31, 2022)	FY2022 (fiscal year ended March 31, 2023)
Sustainable procurement activities						
Total number of suppliers	no. of suppliers	1,855	1,479	1,517	1,397	1,378
Number of key suppliers	no. of suppliers	629	639	620	573	620
Number of suppliers surveyed	no. of suppliers	422	335	722	498	531
Achievement rate for compliance with the TOTO standards	%	100	100	100	100	100

Social Contribution

Indicators	Unit	FY2018 (fiscal year ended March 31, 2019)	FY2019 (fiscal year ended March 31, 2020)	FY2020 (fiscal year ended March 31, 2021)	FY2021 (fiscal year ended March 31, 2022)	FY2022 (fiscal year ended March 31, 2023)
Amount spent on social contribution	billion yen	1.39	1.30	1.27	1.27	1.24
Percentage of employees taking part in volunteer activities	%	100% or more	100% or more	67	84	91.8

Social Performance Data

TOTO Water Environment Fund

Indicators	Unit	13th (2018–2020)	14th (2019–2021)	15th (2020–2022)	16th (2021–2023)	17th (2022–2024)
Organizations	no. of organizations	10	10	10	12	11
Grant assistance	million yen	17.5	24.7	26.6	27.5	24.8

Involvement in Public Policy

Indicator	Unit	FY2018 (fiscal year ended March 31, 2019)	FY2019 (fiscal year ended March 31, 2020)	FY2020 (fiscal year ended March 31, 2021)	FY2021 (fiscal year ended March 31, 2022)	FY2022 (fiscal year ended March 31, 2023)
Donations to political organizations	thousands of yen	5,000	3,900	3,400	2,500	2,700

Compliance

Indicators	Unit	FY2018 (fiscal year ended March 31, 2019)	FY2019 (fiscal year ended March 31, 2020)	FY2020 (fiscal year ended March 31, 2021)	FY2021 (fiscal year ended March 31, 2022)	FY2022 (fiscal year ended March 31, 2023)
Number of legal violations	cases	0	0	0	0	0
Violations of Anti-Monopoly Act	cases	0	0	0	0	0
Violations of Anti-Corruption Law	cases	0	0	0	0	0
Legal violations related to import and export management	cases	0	0	0	0	0
Number of whistleblowing cases	cases	48	34	47	47	62
Japan	cases	42	29	44	44	56
Overseas	cases	6	5	3	3	6
Compliance with TOTO Group Awareness Survey						
Degree of instillation in the workplace	points	79.8	80.4	81.8	82.8	83.8
Degree of individual awareness	points	88.3	88.5	90.0	90.8	91.3

Respecting Human Rights

Indicators	Unit	FY2018 (fiscal year ended March 31, 2019)	FY2019 (fiscal year ended March 31, 2020)	FY2020 (fiscal year ended March 31, 2021)	FY2021 (fiscal year ended March 31, 2022)	FY2022 (fiscal year ended March 31, 2023)
Participation rate for human rights training	%	100	100	100	100	100
Number of cases of litigation and administrative guidance						
Discrimination cases	cases	0	0	0	0	0
Severe child labor	cases	0	0	0	0	0
Severe forced labor	cases	0	0	0	0	0

Directors and Audit & Supervisory Committee Members

Indicators	Unit	FY2018 (fiscal year ended March 31, 2019)	FY2019 (fiscal year ended March 31, 2020)	FY2020 (fiscal year ended March 31, 2021)	FY2021 (fiscal year ended March 31, 2022)	FY2022 (fiscal year ended March 31, 2023)
Directors and Audit & Supervisory Committee members*	no. of personnel	17	17	16	16	15
Number of female employees	no. of personnel	0	0	0	0	1

* Up to FY2021, this displayed directors and Audit & Supervisory Board members.

Calculation Method of Environmental Performance Data

Indicators	Unit	Definitions, Calculation Standards, and Calculation Methods	Scope of Data Collection
Scope 1	thousand tons CO ₂	CO ₂ emissions from the use of fuel + CO ₂ equivalent emissions of 6.5 gases of non-energy origin. [CO ₂ emission coefficients] “Guidelines for Calculation of Greenhouse Gas Emissions (Version 4.8)” published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan. [Laws and Regulations Referenced] The Greenhouse Gas Protocol and Act on Promotion of Global Warming Countermeasures	TOTO GROUP
Scope 2	thousand tons CO ₂	CO ₂ emissions from purchased electricity and heat, and steam. [CO ₂ emission coefficients from electricity] CO ₂ emission coefficients from electricity purchased based on TOTO Group contracts. [CO ₂ emission coefficients from steam] “Guidelines for Calculation of Greenhouse Gas Emissions” published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan. [Laws and Regulations Referenced] The Greenhouse Gas Protocol and Act on Promotion of Global Warming Countermeasures	TOTO GROUP
Scope 3 Category 1 (Purchased Goods and Services)	thousand tons CO ₂	Calculated by multiplying the weight of raw materials input into the business activity by the emissions intensity of each type of raw material.	TOTO GROUP
Scope 3 Category 2 (Capital Goods)	thousand tons CO ₂	The amount of capital investment acquired in the relevant fiscal year is multiplied by the emissions intensity.	TOTO GROUP
Scope 3 Category 3 (Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2)	thousand tons CO ₂	Calculated by multiplying fuel/energy consumption by emission intensity for each fuel/energy type.	TOTO GROUP
Scope 3 Category 4 (Upstream Transportation and Distribution)	thousand tons CO ₂	Calculated by multiplying the weight and distance of products and parts transported in the project area by the emission intensity.	TOTO GROUP
Scope 3 Category 5 (Waste Generated in Operations)	thousand tons CO ₂	Calculated by multiplying the amount of waste generated, excluding valuable materials, by the emissions intensity for each waste type and method.	TOTO GROUP
Scope 3 Category 6 (Business Travel)	thousand tons CO ₂	Calculated by multiplying the number of employees by the emissions intensity per employee.	TOTO GROUP
Scope 3 Category 7 (Employee Commuting)	thousand tons CO ₂	Calculated by multiplying the number of employees by the emissions intensity per employee.	TOTO GROUP
Scope 3 Category 8 (Upstream Leased Assets)	thousand tons CO ₂	Not applicable	—
Scope 3 Category 9 (Downstream Transportation and Distribution)	thousand tons CO ₂	Assuming transportation fuel from outside contractors to customers, etc., and multiplying by emission intensity.	TOTO GROUP (Japan)
Scope 3 Category 10 (Processing of Sold Products)	thousand tons CO ₂	Not applicable	—
Scope 3 Category 11 (Use of Sold Products)	thousand tons CO ₂	Lifetime*1 CO ₂ emissions*2 per unit from major products*3 × Sales quantity. *1 Duration of use by product classification (defined by TOTO). *2 CO ₂ emissions from consumption of water and energy based on specifications and usage models (based on reports from the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan, 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 ₂ emission coefficients from electricity (Japan)] The FY2020 CO ₂ Emissions Report (reported values) from the Electric Power Council for a Low Carbon Society (ELCS). [CO ₂ emission coefficients from electricity (overseas)] IEA (International Energy Agency), “CO ₂ Emissions from Fuel Combustion 2020.” [CO ₂ emission coefficients from water (Japan)] Japan Sanitary Equipment Industry Association, “CO ₂ Conversion Coefficients from Water.” [CO ₂ emission coefficients from water (overseas)] CO ₂ emission coefficients from water in sales areas (figures published in reports and other materials by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan. Some of the figures are based on their neighboring or similar countries). Reflects changes to electricity coefficients in each area for [CO ₂ emission coefficients from electricity (overseas)]. [CO ₂ emission coefficients from gas] “Guidelines for Calculation of Greenhouse Gas Emissions” published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan.”	TOTO GROUP

Calculation Method of Environmental Performance Data

Indicators	Unit	Definitions, Calculation Standards, and Calculation Methods	Scope of Data Collection
Scope 3 Category 12 (End-of-Life Treatment of Sold Products)	thousand tons CO ₂	Calculated by multiplying the weight of products to be disposed of in the relevant fiscal year by the emissions intensity of each type of waste. The weight of products to be disposed of is estimated based on the material composition of major products and the number of units sold.	TOTO GROUP (Japan)
Scope 3 Category 13 (Downstream Leased Assets)	thousand tons CO ₂	Not applicable	—
Scope 3 Category 14 (Franchises)	thousand tons CO ₂	Not applicable	—
Scope 3 Category 15 (Investments)	thousand tons CO ₂	Not applicable	—
Quantity of energy consumption	MWh	Total quantity of energy consumption of electricity, fuel and heat consumption at offices and factories. [Heating value per unit] “Guidelines for Calculation of Greenhouse Gas Emissions” published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan. [Laws and Regulations Referenced] Act on Rationalizing Energy Use	TOTO GROUP
Quantity of non-renewable energy*1 consumption	MWh	The total energy consumption of fossil fuels (city gas, natural gas, light oil, etc.) and electricity, steam (and cold/heat) etc. not derived from renewable energy sources out of the total energy consumption. [Laws and Regulations Referenced] Act on Rationalizing Energy Use *1 Energy excluding renewable energy sources as defined in the Act on Special Measures Concerning the Promotion of the Use of Renewable Electric Energy.	TOTO GROUP
Quantity of fuel consumption (purchased and consumed non-renewable fuel)	MWh	Total quantity of energy consumption of fossil fuels (city gas, natural gas, light oil, etc.) out of the total energy consumption.	TOTO GROUP
Quantity of electric power consumption (purchased non-renewable energy)	MWh	Total quantity of energy consumption of electricity that is not derived from renewable energy sources out of the total energy consumption.	TOTO GROUP
Quantity of other types of energy consumption (purchased non-renewable cold/heat and other energy)	MWh	Total quantity of energy consumption, steam (and cold/heat) etc. not derived from renewable energy sources, out of total energy consumption.	TOTO GROUP
Quantity of renewable energy consumption	MWh	Total quantity of renewable energy consumed that was generated at business sites and renewable energy that was purchased from outside the TOTO Group. [Laws and Regulations Referenced] Act on Rationalizing Energy Use	TOTO GROUP
Ratio of renewable energy power	%	Ratio of electricity consumed that is derived from renewable energy sources to total electricity consumed.	TOTO GROUP
Energy cost	MWh	Total amount of energy purchased that was used at business sites.	TOTO GROUP
Total amount of water withdrawals	thousands of cubic meters	Total quantity of water intake (municipal water, groundwater and industrial water) into offices and factories. Municipal water and industrial water: aggregation of usage amount via invoices from the Waterworks Bureau. Groundwater: aggregation of measurements by meters managed based on Measurement Act. [Laws and Regulations Referenced] Environmental Reporting Guidelines (Ministry of the Environment)	TOTO GROUP
Total amount of water discharges	thousands of cubic meters	Total quantity of groundwater intake into offices and factories.	TOTO GROUP
Amount of water consumption	thousands of cubic meters	Amount total wastewater deducted from total water withdrawals.	TOTO GROUP
Amount of recycled water	thousands of cubic meters	Total quantity of reused water in offices and factories.	TOTO GROUP
Waste generated	thousand tons	Total quantity of waste generated in offices and factories (including valuable resources; not including general waste). [Laws and Regulations Referenced] Waste Management and Public Cleansing Act	TOTO GROUP
Total amount of waste processed	thousand tons	Total amount of final disposal of waste without recycling. [Laws and Regulations Referenced] Waste Management and Public Cleansing Act	TOTO GROUP

Calculation Method of Environmental Performance Data

Indicators	Unit	Definitions, Calculation Standards, and Calculation Methods	Scope of Data Collection
Recycling amount (not including thermal recycling)	thousand tons	Total quantity of recycled waste within the overall waste. [Laws and Regulations Referenced] Waste defined by Waste Management and Public Cleansing Act	TOTO GROUP
Recycling rate	%	(Quantity of waste recycled / Quantity of waste generated) × 100. Does not include quantity of 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 the areas where business sites are established.	TOTO GROUP
Hazardous waste generated	thousand tons	Total quantity of specially controlled industrial waste generated. [Laws and Regulations Referenced] Waste Management and Public Cleansing Act	TOTO GROUP (Japan)
Amount of chemical substance emissions (PRTR Law applicable)	tons	Amount of chemical substance emission based on the PRTR Law at business sites in Japan.	TOTO GROUP (Japan)
SOx emissions	tons	Total amount of each emission from facilities in each country subject to regulations regarding soot and smoke emissions, such as Japan, China, the United States, and Vietnam. This was calculated by multiplying the amount of exhaust gas (actual measured value) by the concentration in exhaust gas (actual measured value).	TOTO GROUP
NOx emissions	tons		
Dust emissions	tons		
VOC emissions	tons	Total air emissions related to the use of volatile organic compounds (VOCs) at business sites in Japan.	TOTO GROUP (Japan)
Amount of raw materials used	thousand tons	Total amount of raw materials used in business activities. Calculated based on weight composition in major products.	TOTO GROUP
Percentage of legally-obtained and recycled wood materials	%	Percentage of legal and recycled materials in wood materials and wood products (volume) procured in each fiscal year.	TOTO GROUP
Percentage of ISO 14001 certification acquisition	%	Percentage of employees at ISO 14001 certificated locations among all employees.	TOTO GROUP
Number of related environmental law violations	cases	Number of cases where fines/penalties of USD10,000 or more were paid.	TOTO GROUP

Note: 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/en/company/csr/environment/clean/risk_attempt/

Calculation Method of Social Performance Data

Indicators	Unit	Definitions, Calculation Standards, and Calculation Methods	Scope of Data Collection
Customer satisfaction in after-sales service	points	Proportion of customers rating services as “satisfactory” or better. Scope (Japan, Americas, Europe, Mainland China, Taiwan Region, India, Thailand, and Vietnam) In 2018, this survey was only implemented Japan, the Americas, Mainland China, and the Taiwan Region. In 2020, the survey did not include India (not implemented due to the lockdown).	TOTO GROUP
Showroom satisfaction	points	Measure of overall satisfaction with recommendations received.	TOTO GROUP (Japan)
Ratio of customers impressed with bath module assembly	%	Percentage of customers rating service representative behavior and workmanship as “excellent.”	TOTO GROUP (Japan)
Evaluations on customer response quality	points	Results of scores given by in-house evaluation specialists regarding the response quality of call center services, with 100 being a perfect score. Evaluation method was changed from FY2020. (FY2018 and FY2019 are listed as reference values because they are evaluation points under the previous evaluation method.)	TOTO GROUP (Japan)
Percentage of ISO 9001 certification acquisition	%	Percentage of employees at ISO 9001 certificated locations among all employees.	TOTO GROUP
Group total number of employees	no. of personnel	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. Japanese companies calculate data based on March 31, and overseas companies calculate data based on data as of December 31 every fiscal year. At overseas companies, this includes local workers and employees seconded overseas.	Full-time/contract/ temporary employees of the TOTO GROUP
Number of employees (Japan)	%	Figures (proportion) for each age group have been calculated from 2019 as the proportion of employees at the end of each fiscal year.	Full-time/contract employees of the TOTO GROUP (Japan)
Number of graduate recruits	no. of personnel	Number of graduate recruits as of April 1 of the following year (of each fiscal year).	Full-time employees of the TOTO GROUP (Japan)
Ratio of recruitment for experienced workers	%	Ratio of total recruitment for experienced regular workers: Records both regular workers that enter the Company as experienced personnel with work experience as a condition for employment and employees who switched from being non regular workers to regular workers. Ratio of recruitment for external experienced regular workers: Only records regular workers that enter the Company as experienced personnel with work experience as a condition for employment. Experienced personnel refers to people hired other than graduate recruits. This had been calculated since 2019.	Full-time employees of TOTO LTD.
Average number of years of continuous service	years	Average numbers of continuous service, from the day of entering the Company to the end of the fiscal year.	Full-time/contract employees of the TOTO GROUP (Japan)
Composition of employees by region	%	Proportion of employees by employment area.	Full-time/contract/ temporary employees of the TOTO GROUP
Number of foreign nationals	no. of personnel	Number of employees who are foreign nationals.	Full-time/contract employees of the TOTO GROUP (Japan)
Number of managers	no. of personnel	The number of managers and positions calculated as managerial posts indicate the level of section chief and above, among full-time and contract employees.	Full-time/contract employees of the TOTO GROUP
	Japan no. of personnel	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.	
	Overseas no. of personnel	Aggregated based on working location. At overseas companies, this includes local workers and employees seconded overseas.	

Calculation Method of Social Performance Data

Indicators	Unit	Definitions, Calculation Standards, and Calculation Methods	Scope of Data Collection
Percentage of female managers	%	Percentage of women among all managers in the TOTO Group. Positions calculated as managerial posts indicate the level of section chief and above, among full time/contract employees.	Full-time/contract employees of the TOTO GROUP
	Japan %	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.	
	Overseas %	Aggregated based on working location. At overseas companies, this includes local workers and employees seconded overseas.	
Number of new management appointments	no. of personnel	Number of appointees for the level of section chief and above for April 1 of the following year (of each fiscal year). From 2019, this includes employees seconded overseas.	Full-time/contract employees of the TOTO GROUP (Japan)
Ratio of employees with disabilities	%	• Japan: calculated based on the calculation standard for the mandatory proportion of jobs for people with disabilities established. As of April 1 of the following year (of each fiscal year). • Overseas: calculated for employees with disabilities.	Full-time/contract employees of the TOTO GROUP
Wage ratio by gender	%	The percentage figure for the difference between wage by gender is acquired by subtracting the average female wage from the average male wage for regular employees, non-regular employees (part-time and fixed contract), and all other employees and multiplying by 100. [Laws and Regulations Referenced] Act on the Promotion of Women’s Active Engagement in Professional Life	Full-time/contract employees of TOTO LTD.
Total employee turnover rate	%	Calculated for all reasons for resignation.	Full-time employees of the TOTO GROUP (Japan)
Voluntary employee turnover rate	%	Voluntary employee turnover rate for full-time employees.	Full-time employees of the TOTO GROUP (Japan)
Employee turnover rate due to life events	%	Employee turnover rate due to life events. Calculated for employees who wanted to continue working but have resigned for personal reasons including marriage, childbirth, childcare, and nursing care.	Full-time employees of the TOTO GROUP (Japan)
Total scheduled hours worked per year	hours per person	Average annual scheduled working hours per person.	Full-time/contract employees of the TOTO GROUP (Japan)
Average hours actually worked per year	hours per person	Total average hours actually worked per year hours per person.	Full-time/contract employees of the TOTO GROUP (Japan)
Average hours of overtime per month	hours per person	Monthly average overtime per person.	Full-time/contract employees of the TOTO GROUP (Japan)
Number of employees with long working hours	no. of personnel	Number of employees whose total overtime working hours and holiday working hours exceed 80 hours in a single month or 70 hours for two consecutive months.	Full-time/contract employees of the TOTO GROUP (Japan)
Percentage of paid holidays taken	%	Percentage of paid holidays actually taken among paid holidays newly granted to employees every year (excluding carry-over ones and includes accumulated leave and hourly leave). Excludes employees seconded overseas. From 2021, this excludes employees seconded to companies outside the TOTO Group.	Full-time/contract employees of the TOTO GROUP (Japan)
Number of people using reduced work hour and leave systems	no. of personnel	Number of people using reduced work hour and leave systems. Calculated for reduced work hours for childcare and reduced work hours for nursing care as of April 1 of the following year (for each fiscal year).	Full-time/contract employees of TOTO LTD.
Number of people using childcare leave taken	no. of personnel	Number of employees at the end of the fiscal year who have begun childcare leave for that fiscal year.	Full-time/contract employees of TOTO LTD.
Percentage of childcare leave taken by male employees	%	Number of employees taking childcare leave, etc. ÷ Number of employees whose spouses have given birth × 100. [Laws and Regulations Referenced] Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members Note: In 2022, this was calculated to include employees taking leave for the purpose of childcare Mama/Papa leave in the numerator.	Full-time/contract employees of TOTO LTD.

Calculation Method of Social Performance Data

Indicators	Unit	Definitions, Calculation Standards, and Calculation Methods	Scope of Data Collection
Percentage of childcare leave taken by female employees	%	Number of employees taking childcare leave, etc. ÷ Number of employees whose spouses have given birth × 100. [Laws and Regulations Referenced] Act on Advancement of Measures to Support Raising Next-Generation Children	Full-time/contract employees of TOTO LTD.
Percentage of employees returning to work after childcare leave	%	Proportion of employees returning to work each fiscal year within those who planned to return after childcare leave. In the case of multiple childcare leave taken for the same child in the same fiscal year, this is still counted as one person. This includes employees seconded overseas.	Full-time/contract employees of TOTO LTD.
Average training time per employee	hours	Average training time per employee.	TOTO GROUP
Average training cost per employee	thousands of yen	Average training cost per employee.	TOTO GROUP
Number of participants in management development training	no. of personnel	Number of participants in <i>Kei-ei Juku</i> , a selective leadership development program. [Supplement] Initiative for leadership development: systematically implement training for leadership candidates by holding leadership development training at <i>Kei-ei Juku</i> and overseas Group Companies.	TOTO GROUP (Japan)
Number of participants in leadership development training	no. of personnel	Number of participants in training for newly appointed section chiefs.	TOTO GROUP (Japan)
Number of supervisors carrying out evaluations through multi-faceted observations	no. of personnel	Number of people carrying out multi-faceted observations of training for newly appointed section chiefs. [Supplement] Initiative for supervisor evaluations through multi-faceted observations: implement multi-faceted observations aimed at improving management capabilities for participants in training for newly appointed section chiefs.	TOTO GROUP (Japan)
Number of participants in training for promoted employees	no. of personnel	Number of participants in training for promoted employees at time of promotion.	TOTO GROUP (Japan)
Percentage of participants in digital transformation (DX) training	%	Participation rate in digital transformation (DX) training.	TOTO GROUP (Japan)
Lost time injury frequency rate (employees)	no unit	Number of lost time injuries per 1 million hours worked. [Laws and Regulations Referenced] Industrial Safety and Health Act	Two equity-method affiliated companies (Voreto (Xiamen) Plumbing Technology Co., Ltd. and PT. SURYA TOTO INDONESIA Tbk.) that are subject to the TOTO GROUP's management for safety and health
Lost time injury frequency rate (contractors)	no unit		Data covers contractors at TOTO GROUP in-plant cooperative firm (excluding contractors from cafeteria management, cleaning, and security)
Occupational illness frequency rate	no unit	Number of incidences of illness in the course of employment per 1 million hours worked. (It was calculated based on the number of employees applicable to work-related accidents.) Covers illnesses determined by Article 35 of the Ordinance for Enforcement of the Labor Standards Act. * Exception: Heat stroke, burns, back pain, and other sudden illnesses are included in work-related injuries, not occupational illnesses.	The manufacturing and research & development sectors of the TOTO GROUP
Number of work-related fatalities (employees)	no. of personnel		The manufacturing and research & development sectors of the TOTO GROUP
Number of work-related fatalities (contractors)	no. of personnel	Number deaths caused by work-related accidents.	Data covers contractors at TOTO GROUP in-plant cooperative firm (excluding contractors from cafeteria management, cleaning, and security)

Calculation Method of Social Performance Data

Indicators	Unit	Definitions, Calculation Standards, and Calculation Methods	Scope of Data Collection
Health and safety education	no. of personnel	Number of participants in training related to occupational safety and health.	TOTO GROUP (Japan)
Percentage of employees undergoing full medical examinations after regular health check-ups	%	Percentage of employees eligible for full medical examinations based on the results of regular health check-ups (legally required examinations). [Supplement] Our action plans for health improvement can be found on our homepage (https://jp.toto.com/en/company/csr/stakeholder/employees/health/).	TOTO GROUP (Japan)
Participation rate for mental health-related training	%	• Mental health self-care training participation rate: percentage of employees who participate in self-care training. This has been calculated since 2022. • Mental health line care training participation rate: percentage of managers who participate in mental health training. This has been calculated since 2020. [Supplement] Our action plans for maintaining mental health can be found on our homepage (https://jp.toto.com/en/company/csr/stakeholder/employees/health/).	TOTO GROUP (Japan)
Implementation rate for specific healthcare guidance (lifestyle improvement program)	%	Specialist staff (such as public health nurses and nutritionists) provide support (specific healthcare guidance) to employees over 40 years in changing their lifestyle habits based on the results of regular health check-ups. Implementation rate for specific healthcare guidance.	TOTO GROUP (Japan)
Percentage of employees in labor unions and other organizations	%	From 2021, this has been calculated by the number of union members as a percentage of total employees (excluding management). Percentage of countries and regions where labor unions and other organizations have been organized. [Supplement] Policies regarding the freedom to associate and organize and the right to collective bargaining: the TOTO Group participates in the United Nations Global Compact and respects the right of employees to associate and to collectively bargain as a method of realizing negotiations between labor and management on issues including the working environment.	TOTO GROUP
Employee satisfaction	points	• TOTO Group Awareness Survey—overall score: calculated as the overall score from the average value of comparable items for three years. • TOTO Group Awareness Survey—peace of mind and satisfaction indicators: from 2021 this is calculated based on the average value of items from the questions in the TOTO Group Awareness Survey related to peace of mind and satisfaction. [Supplement] The framework for applying the TOTO Group Awareness Survey (improvement cycles) can be found on our homepage (https://jp.toto.com/en/company/csr/stakeholder/employees/).	Full-time/contract/temporary employees of the TOTO GROUP (Japan)
Total number of suppliers	no. suppliers	Total number of suppliers of production materials.	—
Number of key suppliers	no. suppliers	Number of suppliers selected based on the following definitions. • Suppliers of key components and raw materials • Irreplaceable suppliers • Suppliers necessary for achieving management plans • Suppliers with large purchase amounts	—
Number of suppliers surveyed	no. suppliers	Number of suppliers who implement a sustainability questionnaire each fiscal year.	—
Achievement rate for 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	billion yen	Includes cash donations, donated products and services, and management and administrative fees for independent programs, etc.	TOTO GROUP
Percentage of employees taking part in volunteer activities	%	Ratio of the number of employees who participated in volunteer activities to the total number of employees on a consolidated basis.	TOTO GROUP
Organizations	no. of organizations	Number of organizations selected based on Company standards.	—

Calculation Method of Social Performance Data

Indicators	Unit	Definitions, Calculation Standards, and Calculation Methods	Scope of Data Collection
Grant assistance	million yen	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). In FY2017, as the commemorative event of the 100th anniversary, the amount was increased.	—
Donations to political organizations	thousands of yen	Donations, etc. to political funding organizations and political fund management organizations.	TOTO GROUP (Japan)
Number of legal violations	cases	Number of violations of the Antimonopoly Law, anticorruption laws and export and import related laws and regulations in the previous fiscal year.	TOTO GROUP
Number of whistleblowing cases	cases	Number of reports to the internal and external reporting office.	TOTO GROUP
Compliance with TOTO Group awareness survey	points	Scores for questions in the awareness survey related to “Degree of instillation in the workplace” and “Degree of individual awareness” of compliance.	Full-time/contract/temporary employees of the TOTO GROUP (Japan)
Participation rate for human rights training	%	Participation rate for human rights training.	TOTO GROUP (Japan)
Discrimination cases	cases	Number of cases of litigation and administrative guidance related to discrimination. [Supplement] Our action plans for nondiscrimination can be found on our homepage (Charter of TOTO Group Corporate Behavior (https://jp.toto.com/en/company/profile/philosophy/group/)).	TOTO GROUP (Japan)
Severe child labor and forced labor	cases	• Number of cases of litigation and administrative guidance related to child labor. • Number of cases of litigation and administrative guidance related to forced labor. [Supplement] Our action plans for human rights, including child labor and forced labor, can be found on our homepage (Charter of TOTO Group Corporate Behavior (https://jp.toto.com/en/company/profile/philosophy/group/)).	TOTO GROUP (Japan)
Number of Directors and Audit & Supervisory Committee members	no. of personnel	Number of Directors and Audit & Supervisory Committee members (including outside directors and Audit & Supervisory Committee members).	TOTO LTD.
Number of women who are directors and Audit & Supervisory Committee members	no. of personnel	Number of women who are directors and Audit & Supervisory Committee members (including outside directors and Audit & Supervisory Committee members).	TOTO LTD.