

TOTO

TOTO

Life Anew



Life Anew



TOTO GROUP
Integrated Report
2024

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

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

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Inherited Spirit



1903

TOTO's first president, Kazuchika Okura, traveled to Europe to research hard white porcelain. There, he came into contact with Western-style sanitary plumbing culture, and became convinced sanitary ware would eventually become a necessity in Japan.

1912

Kazuchika and his father, Magobei Okura, invested their own funds to establish a porcelain manufacturing laboratory inside the Nippon Toki Gomei kaisha (now NORITAKE CO., LIMITED) plant.



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Providing a healthy and civilized way of life



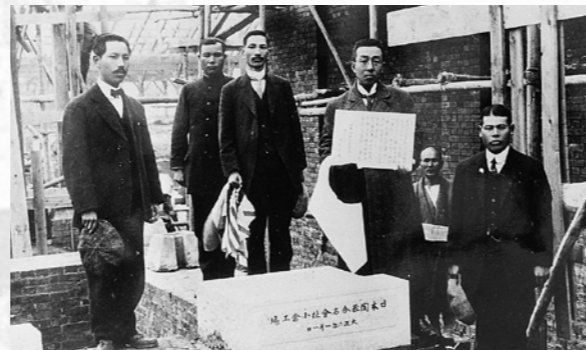
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1914

After much struggle and approximately 17,280 mixing and test firing attempts, Kazuchika finally succeeded in creating the first domestically produced ceramic seated flush toilet, and subsequently launched sales on a trial basis.

1917

Established Toyo Toki Company, Limited
Kazuchika became the first president, and in his cornerstone speech, expressed his desire to supply quality products that meet global standards.



Kindness Must Always Come First

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 titled "Words of Our Founder" from the first president, Kazuchika Okura, to his successor, Saburo Momoki, has been passed down to successive presidents. The philosophy system for TOTO Group management, including the Company Mottos and Corporate Philosophy, is based on the idea that "Kindness must always come first. Your goal should be to provide good products and satisfy the customer. Accomplish that, and profit and compensation will flow." This philosophy system has been instilled in all employees, and acting in accordance with this philosophy has become the corporate culture of the TOTO Group.



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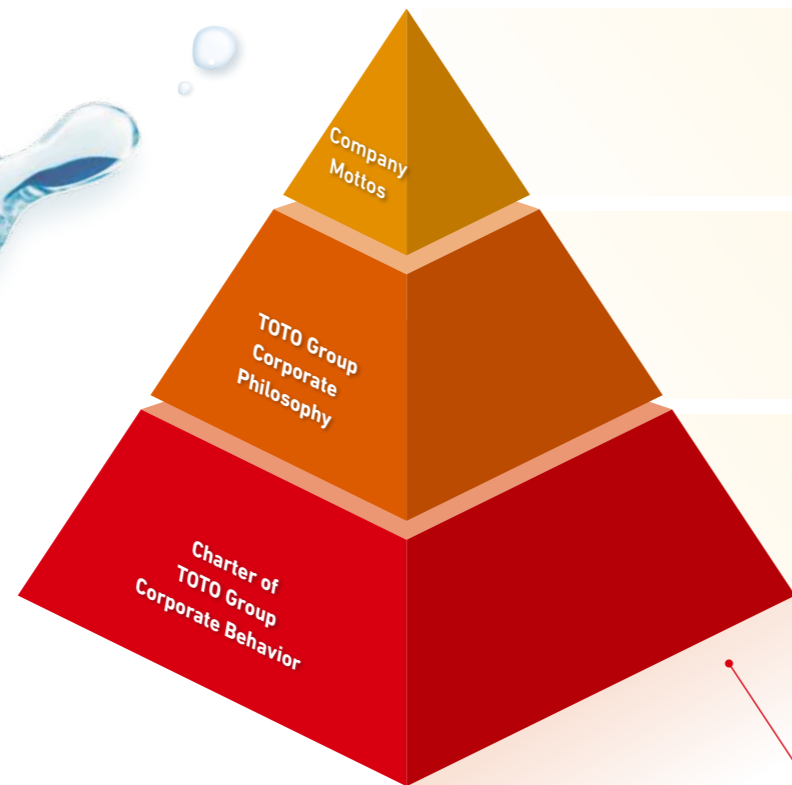
1917, first president Kazuchika Okura

Kazuchika Okura was captivated by the profound appeal of ceramics and embarked on a relentless pursuit of his ideals. His efforts laid the foundation for the modern Japanese ceramics industry, including becoming the first president of Nippon Toki Gomei kaisha (now NORITAKE CO., LIMITED), which he founded with his father, Magobei Okura, as well as founding TOTO LTD., and NGK Insulators, Ltd., and encouraging the founding of Niterra Co., Ltd.

Philosophy System for TOTO Group Management

The Spirit of TOTO Unchanging for 100 Years

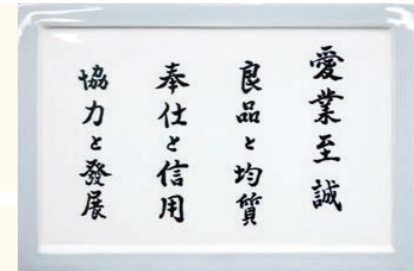
Philosophy System for TOTO Group Management



Company Mottos

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

Company Mottos



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

TOTO Group Corporate Philosophy

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

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/>

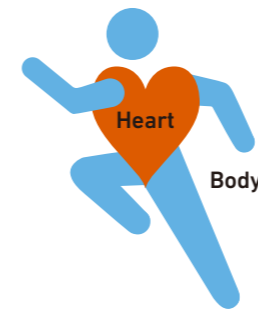
TOTO Group Corporate Philosophy
 The TOTO Group strives to be a great company trusted by people all around the world, and contributing to the betterment of society.

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.

Common Group Philosophy

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



Vision 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.

Vision

Toward a Dynamic, Vibrant and Excellent TOTO

Based on the Company Mottos, TOTO Group Corporate Philosophy, and Charter of TOTO Group Corporate Behavior, this statement refers to the future image that TOTO Group senior management seeks to achieve given the environment surrounding the Company at the time.

Mission

TOTO
 Life Anew

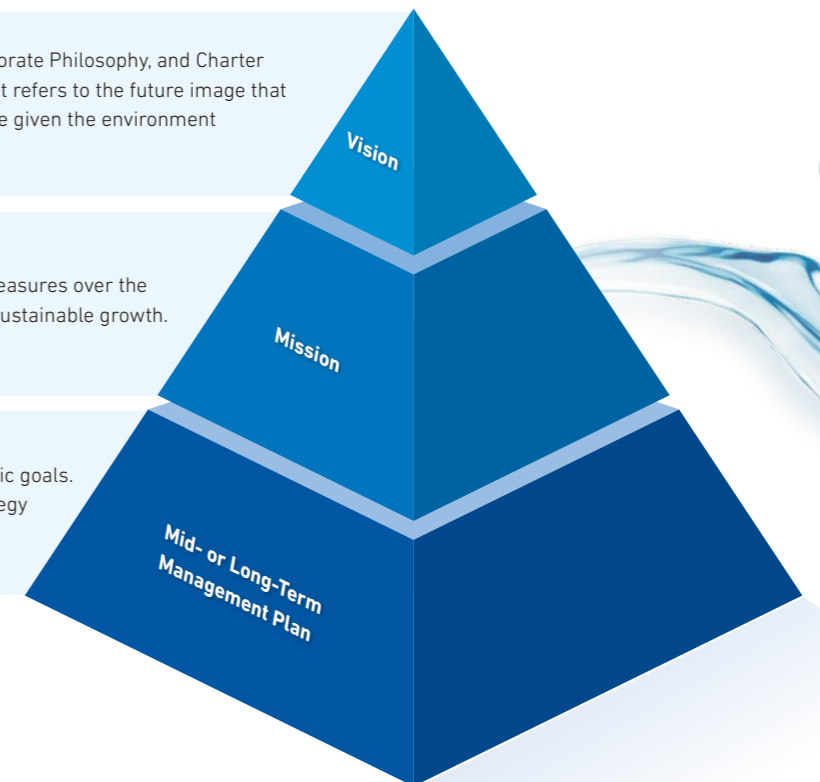


This statement expresses the most important measures over the medium to long term for achieving TOTO Group sustainable growth.

Mid- or Long-Term Management Plan

Shared Value Creation Strategy TOTO WILL2030

Refers to the TOTO Group's ideal state and specific goals. We will promote the Shared Value Creation Strategy TOTO WILL2030.



About the TOTO Group

(Fiscal 2023)

Business Segments

Global Housing Equipment Business (Japan and Overseas)

Main Products—Japan



Toilets Modular bathrooms Modular kitchens Bathroom vanity units

Main Products—Overseas



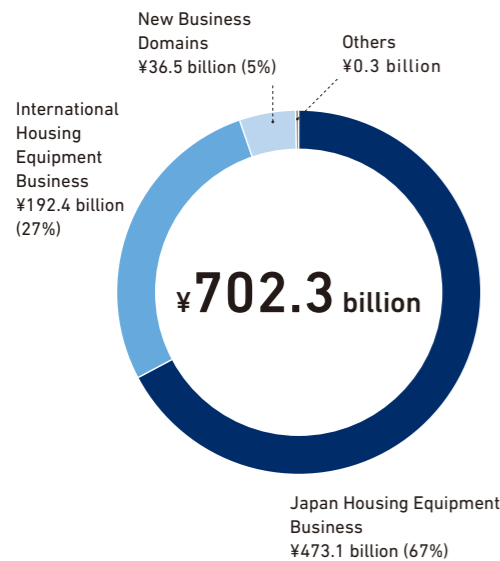
WASHLET® (Spray seat) Toilets Wash basins Faucets Bathtubs

New Business Domains



Electrostatic chucks AD components Structural components

Net sales (percentage)



Operating profit **¥42.8 billion**

Operating margin **6.1%**

Profit attributable to owners of parent **¥37.2 billion**

ROA (Operating profit base) **5.6%**

ROE (Net profit base) **7.8%**

Number of production sites

(As of March 2024)

Japan **46** sites
Overseas **38** sites in **17** countries and regions

Number of showrooms

(As of July 2024)

Japan **96**
Overseas **11**

(Directly managed showrooms and technical centers)

Number of consolidated employees*1

(As of March 2024)

35,027

*1 Includes contract employees and temporary employees.

Percentage of sustainable products

75%

Avoided emissions of water during product use*2

1.0 billion m³

*2 Reduction effect when compared with the case where products from 2005 continue to be used.
*3 In case the same calculation conditions are used as in WILL2030 STAGE 2 (approximate value).

CO₂ emissions from business sites

(Scope 1 and 2)

254 thousand tons

Customer satisfaction in after-sales service*4

94.2 pt

*4 Scope: Japan, Americas, Europe, Mainland China, Taiwan Region, India, Thailand, Vietnam

Showroom satisfaction

(Japan)

76.5 pt

Employee satisfaction

(Japan)

75.9 pt



Inherited Spirit and Philosophy System

This section conveys the aspirations of our predecessors cherished by the TOTO Group for more than 100 years, and the Corporate Philosophy based on those aspirations that we will pass down to future generations.

P. 1-4



Message from the President

President and Representative Director Noriaki Kiyota explains TOTO Group efforts to become a company that is trusted and needed throughout the world, reviews issues in need of improvement and achievements through fiscal 2024, and discusses growth strategies to further enhance corporate value.

P. 9-16



Shared Value Creation Strategy WILL2030 STAGE 2

This section explains the strategies that will drive overall TOTO Group growth led by the Americas Housing Equipment Business, the Advanced Ceramics Business, and other growth segments.

P. 47-70



Financial Strategy

This section explains initiatives aimed at increasing profitability and efficiency centered on ROIC to ensure management is conscious of capital costs and stock price.

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Editorial Policy

The TOTO Group Integrated Report 2024 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 2023
(April 1, 2023 to March 31, 2024)

* 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>

Integrated Report Editorial Team

The TOTO Group Integrated Report 2024 was created through collaboration between divisions across the entire Company, with a focus on the editorial team in the Management Planning Division.



We aim to create new value for the future so that we remain a corporate group that is needed by society.

In this message, I explain in detail how we will draw on the solid accomplishments we have made through our continued efforts and what strategies we will implement to overcome issues so that we can make great progress toward achieving our vision for the TOTO Group.

We will strive to co-create new value for the future together with our stakeholders so that we remain a corporate group that is needed by society.

Using the TOTO Group Corporate Philosophy and Our Long-Term Goals as Guideposts in These Times of Great Uncertainty

We continue to find ourselves in a time in which it is difficult to forecast the future due to natural disasters and the rapidly changing business environment. Even if we were to adopt detailed business targets for the near and medium term, we are currently in an unpredictable era in which our plans could quickly be derailed by unforeseen occurrences. In light of these circumstances, the TOTO Group formulated long-term goals in April 2021. These long-term goals are incorporated in the Shared Value Creation Strategy TOTO WILL2030, which aims to achieve clean, comfortable, and healthy lifestyles and contribute to society and the global environment. Under TOTO WILL2030, we have adopted the three material issues (materiality) of Cleanliness and Comfort; Wellness, Environment, and Relationships. While utilizing the TOTO Group Corporate Philosophy as a guidepost, our roughly 35,000 Group employees across the globe are working to address these materiality. Every one of our employees pursues their day-to-day work with the firm belief that we will fully achieve our long-term goals for both 2030 and 2050, and this attitude serves as a major strength for the TOTO Group. The TOTO Group Corporate Philosophy is not simply an idea. Rather, it represents the unwavering spirit that has been passed down since our foundation and serves as the impetus for all our actions. As such, I believe that our Corporate Philosophy is what will lead us to achieving our long-term goals.

The longer we engage in our business activities as a member of society, the more contributions we can make to the United Nations (UN) Sustainable Development Goals (SDGs), and in turn, the greater our significance becomes to society as a corporate group. To that extent, our aim is to implement sustainability management, under which we strive to achieve economic growth while reducing our burden on the global environment and realizing an enriched and comfortable society. Through sustainability management, we will earnestly pursue both high-value-added products and services that lead to the resolution of social and environmental issues. We will also pursue the profits that come from providing such products and services, without compromise. In 2024, we obtained certification from the Science Based Targets initiative (SBTi), an international group, in recognition of our 2030 greenhouse gas reduction target aimed at limiting the average increase in global temperatures due to climate change to 1.5°C of preindustrial levels. The acquisition of this certification reiterates our commitment to fully achieving strict environmental targets.



Noriaki Kiyota

President, Representative Director

Reflecting on the Accomplishments and Remaining Issues upon the Conclusion of STAGE 1

Under TOTO WILL2030, we have divided the path toward achieving the long-term goals for 2030 into three stages. We evaluate the progress we are making with TOTO WILL2030 not on a single-year basis but rather based on the ongoing accomplishments we make in each stage. In this way, each stage serves as a milestone on which we can reflect. Looking back on STAGE 1, which ran from fiscal 2021 to fiscal 2023, we made solid progress on our indicators for social and environmental value. However, we fell short in terms of our indicators for profitability and efficiency, such as operating margin, return on assets (ROA), and return on equity (ROE). Although there were external factors that led to this outcome, including worsening market conditions, we must reflect on our inability to sufficiently create innovative solutions and our lack of speed for overcoming various difficulties. Going forward, we will further build on the results we accomplished in STAGE 1 and rethink our approach to areas where we did not fully meet our goals. By doing so, we aim to achieve success with all our targets in STAGE 2.

Turning Growth Segments into Drivers for the TOTO Group's Growth

One major accomplishment we made during STAGE 1 was aligning the mindset and actions of all members of the Group, from the management team to employees. By considering the long-term goals and thinking in reverse about what needs to be done to accomplish them, each employee is now taking action with a greater sense of speed. Members of the executive team, starting with myself, have been visiting local offices to meet with employees, from those on the front lines to those at the managerial level, to discuss issues that are taking place. I have also been working with other Group employees to offer opportunities for dialogue on an ongoing basis. I am confident that these types of efforts have played a significant role in helping to align the mindset and actions of Group employees. Since my appointment as president, I personally have held dialogues with a total of nearly 2,000 Group employees. I came to realize just how extensively and deeply the long-term goals and Corporate Philosophy are



Online dialogue with Group employees

shared across the globe when we were faced with several crises for which existing rules were of no use. During the three-year period of STAGE 1, we encountered many unexpected crises, including large-scale natural disasters, a global pandemic, and supply chain disruptions. However, it was in these moments where I gained an understanding of how well our Group employees respond quickly and work together toward a solution and how an independent sense of unity is growing stronger among them.

In terms of business performance, we started to see genuine signs of the widespread adoption of the spray seat WASHLET in the Americas, which has long been an aspiration for the Americas Housing Equipment Business. TOTO has been importing WASHLET to the Americas since the 1980s. At that time, WASHLET gained very little recognition in the local markets. The value offered by WASHLET was not thoroughly understood, and consumers often confused it for a medical device. Throughout the years, we continued to make concerted efforts to create as many opportunities as possible to experience WASHLET and increase its level of recognition, including installing the product in the homes of employees of local agencies so that they could explain to others its functions and value. Around the middle of the 2010s, social media became more widespread, and people who had visited Japan began sharing the experiences they had on their trip. In addition, more ways to purchase WASHLET emerged, including through e-commerce websites and major retail chain stores. These factors helped drive demand for WASHLET. Furthermore, the toilet paper shortages that started in 2020 due to the COVID-19 pandemic led to a surge in demand for WASHLET.

Americas Housing Equipment Business P54-56



Visit to office of TOTO U.S.A., INC.

In light of this, we are now presented with an opportunity for WASHLET to be just as big of a success, if not bigger, than it has been in the Japanese market. Now that spray seats are on the verge of widespread adoption in the Americas, it is prime time for us to accelerate their promotion without hesitation. TOTO has spent many years refining the functions, design, and quality of WASHLET, and the cumulative total shipments of the product now exceed 60 million units. Moving forward, we will expand the market for WASHLET by drawing on the confidence and insight we have as a company that has provided the largest number of spray seats in the world. To realize greater growth in STAGE 2, we will review our allocation of capital and once again execute profit-oriented investments as we work to rapidly establish the Americas Housing Equipment Business as the main pillar for growth in the International Housing Equipment Business.

In addition, we believe that the Advanced Ceramics Business, which offers high-quality, high-precision ceramic products in the field of semiconductor manufacturing equipment, is poised to make a giant leap toward growth, in the same manner as the Americas Housing Equipment Business. As a new business domain of the TOTO Group, we have persistently taken on challenges and pursued various transformations in the Advanced Ceramics Business. As a result, we started to see signs of genuine

Advanced Ceramics Business P61-63

growth in the business in STAGE 1 between fiscal 2021 and fiscal 2022. Before this time, however, we were unable to capitalize on market growth in this business, and this is something we must sincerely reflect on. The Advanced Ceramics Business differs greatly from the Housing Equipment Business, as it requires far greater level of speed. Our in-house structure, including for manufacturing, was unable to keep pace with the speed required. To address this situation, we started to pursue dramatic reforms in conjunction with the start of operations of the new building at the Nakatsu Plant in 2020, including the swift promotion of the transition to smart factories. As a result, our response speed increased, and we were able to establish a highly profitable foundation enabling the business to achieve an operating margin of over 30%. Although market conditions were sluggish in fiscal 2023 due to the so-called silicon cycle of the semiconductor industry, there is no doubt that the market will expand again as we head toward 2030. To build a development and manufacturing environment that can respond to the speed and sophistication of the semiconductor industry, and to capitalize on future business opportunities, we will proactively implement investment and rigorously promote essential preparations with a focus on the future.

Also, we expect to see significant market growth in the Asia and Oceania Housing Equipment Business, with strong economic growth expected in each country and region. In these ways, the growth segments of the Americas Housing Equipment Business, the Advanced Ceramics Business, and the Asia and Oceania Housing Equipment Business will serve as an engine that will drive the growth of the entire TOTO Group as we head toward 2030.

Promoting Core Segments That Underpin the TOTO Group

The Mainland China Housing Equipment Business, which to date had been a driver of our overseas growth, was significantly impacted by the stagnant conditions in the real estate market in the region, resulting in a performance that fell far short of our targets. The Mainland China Housing Equipment Business has achieved growth for over 30 years and has helped foster the TOTO brand as a premium brand in Mainland China, which has proved to be a tremendous asset. Throughout our history of growth, there have always been a large number of houses to complement our ample stock of TOTO products.



Moving forward, as the house market turns from a growth market into a mature one, we will draw on the more than 30 years of experience we have in Japan's remodeling market, shifting our focus to cultivating remodeling demand and strengthening our remodeling business. By doing so, we will establish the Mainland China Housing Equipment Business as a core segment supporting the TOTO Group alongside the Japan Housing Equipment Business.

Pursuing Profit Growth and Quality Profits

The biggest point we must reflect on for STAGE 1 is the fact that both our profitability and capital efficiency worsened. With regard to profitability, we are pursuing improvements by building on the results we achieved in growth segments, as I mentioned earlier. Meanwhile, for efficiency, we will strive to enhance investment capital efficiency in such ways as reinforcing investment management under a hurdle rate that exceeds capital costs and accelerating the optimization of inventories, which have temporarily increased following the COVID-19 pandemic. With a greater awareness of capital efficiency than ever before, we will allocate personnel, resources, and funds to growth segments with the aim of achieving well-balanced business operations. In addition to increasing operating profit, we will focus on reallocating resources toward investment in pursuit of profit growth and quality profits. By making Groupwide efforts to enhance profitability and capital efficiency to the greatest extent possible, I am confident that we will be able to fully accomplish all our goals.

Financial Strategy
P73-75

Remaining a Corporation That Plays a Valuable Role in Creating a Brighter Future

One great aspect about the TOTO Group is that it has continued to grow for over 100 years, even while tackling adverse circumstances, passing down the baton that is the TOTO Group Corporate Philosophy from generation to generation. The TOTO Group Corporate Philosophy and the words, "Kindness must always come first," which were written in a letter from the first TOTO president to the second, have been passed on and cherished from president to president throughout the Group's history. And as the Group's 17th president, I will pass on these words to the next generation. Recently, I was asked by a new employee with previous work experience why the TOTO Group Corporate Philosophy was so thoroughly entrenched in the mindset of Group employees from Japan and overseas. This employee stated that they were surprised when they met an employee from the Americas working in after-sales services who frequently talked about the Corporate Philosophy. This employee from the Americas came to Japan for training, during which he visited a customer's home together with a senior employee from TOTO Maintenance Ltd. and observed the toilet repair process from start to finish. This employee mentioned how he was deeply moved to see the customer fully satisfied with the repair work. The TOTO Group Corporate Philosophy is not something that we just recite and then it is finished. Rather, it is something that is shared across the globe as part of TOTO's unique presence, being passed on throughout the Group through the actions taken by our employees for the sake of the customer.

In 2023, many positive things happened for the TOTO Group, including become the first Japanese company to hold an exhibit at Forum, a single venue offered during International Sanitary and Heating (ISH) 2023. Held in Frankfurt, Germany, ISH is the world's largest international trade fair for baths, toilets, buildings, indoor cooling, heating, air-conditioning, and renewable energy. Among the achievements we made during the year, I was extremely pleased with the fact that we ranked first in a notable survey

for the question, "Do you believe that this company, product, or service will make society better in the future?" In addition to offering products and services that facilitate comfortable and sanitary living environments and contributing to the resolution of social issues, we are being recognized as a corporation that plays a valuable role in creating a brighter future. Through business activities and social contribution activities aimed at enriching society, we will become a corporate group that closely caters to the needs of each country and region. By doing so, we will strive to remain a company that is needed in countries and regions around the world.

Cultivating Employees That Will Take Action for Customers without Hesitation

To remain a company that plays a valuable role in creating a brighter future, we must remain one step ahead in terms of adhering to the Words of Our Founder, "satisfy the customer." Keeping these words in mind, we added "Wellness" to the materiality "Cleanliness and Comfort," starting from STAGE 2. Toilets and baths are appliances from which various health data can be gathered through their use. When it comes to maintaining health, people often view this as a strenuous process that requires great effort. However, to deliver cleaner, more comfortable, and healthier daily lives to our customers, we will further advance research and development of products that can be used comfortably by customers while also making them aware of minor changes in their physical condition. Balancing cleanliness and comfort with wellness is precisely the kind of area in which a company such as the TOTO Group can create new value, and this is why we added "Wellness" as part of our materiality.

Also, we will promote digital transformation (DX) so that we can deliver value not yet realized by our customers in as swift a manner as possible. To do so, we will pursue three transformations: product transformation, where we will expand the variety of value we offer customers; manufacturing transformation, which will involve the transition to smart factories; and people transformation, in which we will deepen dialogue and contact points between people. Through these three transformations, we will further enhance the speed and efficiency of our value creation.



Furthermore, starting from fiscal 2024, we will commence an in-house project to support the commercialization of business proposals that will run alongside frameworks we already have in place enabling employees to voice questions and concerns to the executive team in writing. With this project, we will solicit ideas from employees that can serve as the seeds of new businesses. I want all Group employees to challenge themselves to act in a manner that is based on flexible ways of thinking. In the background of the many successes in this world lie countless failures. This shows that the experience of failure helps lay the groundwork for success. The kind of person who can help build an unprecedented and bright future is someone who can pursue challenges without fear of failure or criticism. By bringing together the individual capabilities of our roughly 35,000 Group employees and having them interact with each other to understand their respective diverse personalities and share experiences, we will strengthen the organizational capabilities of the TOTO Group to the greatest extent possible.

Fostering Trust That Builds Confidence in TOTO

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 in our approach and maintain an attitude of gratitude. As indicated by the materiality of Relationships, we will engage earnestly with our stakeholders and work to improve value for each and every one of them. This in turn will build stakeholder confidence in TOTO.

For customers, not only will we provide products that offer cleanliness, comfort, and wellness, we will also strengthen activities to build close relationships with them in terms of our services. By doing so, we aim to create lifelong fans of the TOTO brand. For shareholders and other investors, we will first and foremost realize business results and returns that meet their expectations. At the same time, we will seek to build trust-based relationships with them by deepening their understanding of our growth story through various dialogues, including those focused on non-financial information. With regard to our business partners, we will bolster our partnerships and work together to formulate targets for matters such as initiatives toward the environment and human rights. In this way, we will seek to achieve coexistence and co-prosperity with all our business partners. Furthermore, it is absolutely essential that we gain the understanding of local community members in areas where we pursue our business activities. To that end, we will expand community-focused efforts in each region in order to build even better relationships.

Of course, it is none other than our Group employees who build these kinds of good relationships with all our stakeholders. For that reason, we will seek to create environments in which employees help each other and work with a high level of satisfaction, pride, and fulfillment. Doing so will lead to the creation of products and services that are uniquely TOTO and set in motion a virtuous cycle among employees. Our people represent the lifeblood of the TOTO Group. Cherishing them means that we also cherish all our stakeholders.

In turn, this helps us remain a company that is trusted and builds confidence with stakeholders in all countries and regions around the world. Going forward, all Group employees will unite in their efforts to open the way for a bright future for our customers and for 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 2023)

Financial capital
Optimal management resources

- Net assets ¥510.6 billion
- Total assets ¥790.3 billion
- Equity ratio 63.6%

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

- R&D costs ¥23.1 billion

Manufactured capital
Global expansion of production sites

- Japan: 20 sites Overseas: 26 sites

Human capital
Diverse human resources sharing our Corporate Philosophy

- Number of consolidated employees* 35,027

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 1,061 GWh
- Amount of raw materials used 505.1 thousand tons

Shared Value Creation Strategy

TOTO WILL2030

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

Strength 5
Relationships with stakeholders

Strength 4
Providing high-quality products and services

Communication

Showroom proposals

Products (sustainable products) sales channels

Quality in assembly

After-sales services

Cleanliness and Comfort; Wellness

Environment

Relationships

New Value Creation
(Results from fiscal 2023)

Social Value

Environmental Value

KPIs

- Percentage of sustainable products **75%**
- Avoided emissions of water during product use*2 **1.0 billion m³** **3
- CO₂ emissions from business sites (Scope 1 and Scope 2) **254 thousand tons**
- Stakeholder satisfaction

 - Customer satisfaction in after-sales service**4 **94.2 pt**
 - Showroom satisfaction (Japan) **76.5 pt**
 - Employee satisfaction (Japan) **75.9 pt**

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
Achieve a sustainable society

Economic Value

- Net sales ¥702.3 billion
- Operating margin **6.1%**
- Overseas sales ratio (Housing Equipment Business) **29%**

Shareholders
Earn trust and provide returns over the long term

- Dividends per share **¥100.0**

2050
Achieve a sustainable society and carbon neutrality
Provide wellness and comfortable lifestyles to all

*1 Includes contract employees and temporary employees.
*2 Reduction effect when compared with the case where products from 2005 continue to be used.
*3 In case the same calculation conditions are used as in WILL2030 STAGE 2 (approximate value).
*4 Scope: Japan, Americas, Europe, Mainland China, Taiwan Region, India, Thailand, Vietnam

The TOTO Group has been building its competitive advantage and brand for more than 100 years.

We will further refine the strengths we have developed thus far and grow our business over the medium to long term, focusing on the International Housing Equipment Business, the Advanced Ceramics Business, and other growth segments. This will lead to the creation of economic value, as well as social and environmental value.

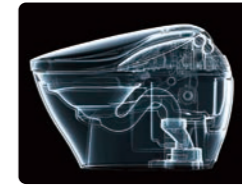
Promoting business in global markets based on the principles of quality and uniformity
Achieving numerous innovations, building competitive advantages and brands

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 2

Creating Value through Independently Developed Technologies

In 1914, the first domestically produced ceramic 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.



Water-saving toilets (old ceramics)

Electrostatic chucks (fine ceramics)

WASHLET®

Showroom proposals

After-sales services

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 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 96 directly managed showrooms across Japan and 11 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.

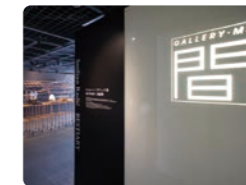
It is also important to provide after-sales services to customers, who have chosen TOTO and use our products for a long time, if there are any damage or defects. In this way, we will contribute to enriching the lives of our customers by not only providing high-quality products but also by providing a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



Strength 5

Relationships with Stakeholders

We will continue to generate social 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.



Leveraging our strengths to grow business

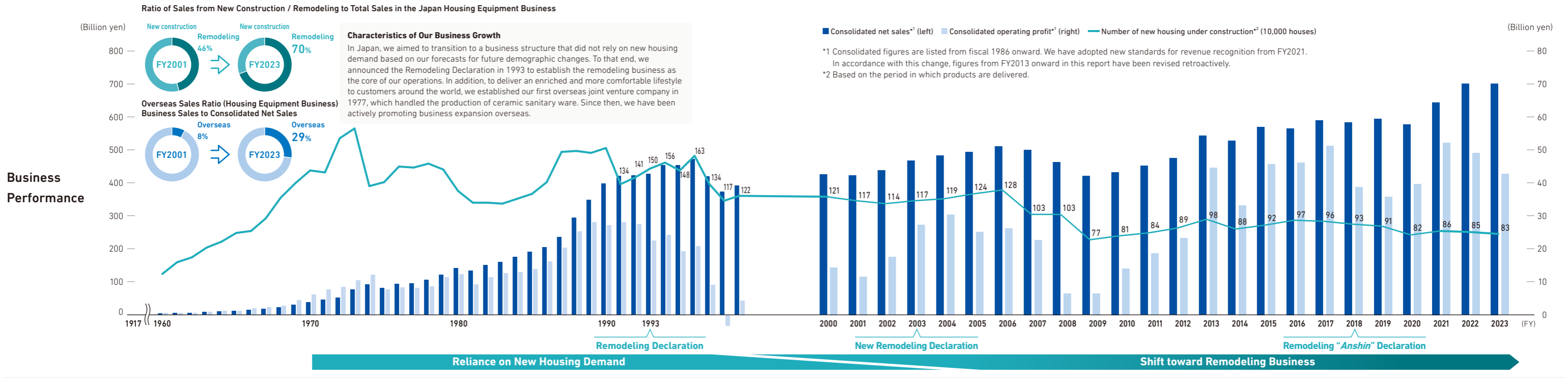
Contributing also to the resolution of social and environmental issues

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. The Advanced Ceramics Business, which began mass production of electrostatic chucks in 1988, has grown to become the Company's third largest mainstay business.

	1970s	1980s	1990s	2000s	2010s	2020s	
Company History	1917 Established Toyo Toki Company, Limited 1962 Formulated Company Mottos 1970 Changed corporate name to TOTO KIKI LTD. 1977 Established TOTO's first overseas joint venture company for ceramic sanitary ware production, in Indonesia	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 Remodeling Declaration 1993 Launched SMART TOILET NEOREST EX 1995 Discovered photocatalytic superhydrophilicity (TOTO and the University of Tokyo) 1999 Developed CEFIONTECT technology	2002 Entered into operational agreement between TOTO, DAIKEN, and YKK AP 2003 New Remodeling Declaration 2004 Established the Philosophy System for TOTO Group Management 2006 Established TOTO Universal Design Research Center 2007 Changed corporate name to TOTO LTD. 2009 Announced TOTO V-Plan 2017	2010 Announced TOTO Environmental Vision 2017 2014 Announced TOTO Global Environmental Vision 2017 Established new company mission 2017 Announced TOTO WILL2022 Mid-Term Management Plan Determined new materiality 2018 Remodeling "Anshin" Declaration	2021 Announced Shared Value Creation Strategy TOTO WILL2030 2024 Announced TOTO WILL2030 STAGE 2	
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 Furopia system bathroom with quick-drying KARARI floor 2002 Launched NEOREST EX Series with built-in TORNADO FLUSH	2004 Launched Furopia 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 hypochlorous acid) 2012 Launched Drake II 1G water-saving toilet in the United States 2013 Launched Bedside Flushable Toilet	2017 Launched NEOREST NX globally 2021 Launched Touchless Faucets globally unified model 2022 Launched NEOREST globally unified model (NX / LS / AS / RS)



Business Promotion Resources

Cultural Support and Other Activities	1985 Opened GALLERY-MA, now TOTO GALLERY-MA 1989 Founded TOTO Publishing	2015 Opened TOTO Museum 2019 Established experience TOTO at Narita International Airport
Diversity	1993 Established SUNAQUA TOTO LTD. to provide a comfortable work environment for people with disabilities	2018 Obtained Platinum Kurumin accreditation from the Ministry of Health, Labour and Welfare as a company that supports child-rearing
Sustainability Activities	2004 Established the CSR Committee (now the Sustainability Committee)	2011 Participated in the UN Global Compact 2019 Announced endorsement of the Task Force on Climate-related Financial Disclosures (TCFD) 2021 Joined RE100 Acquired SBT certification 2023 Selected as a CDP A List company 2024 Received SBT 1.5°C target certification
Social Contribution	2005 Established the TOTO Water Environment Fund 2006 Embarked on the TOTO Acorn Reforestation Project 2008 Established the TOTO Water Environment Fund in China	

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 sustainable society and carbon neutrality by 2050, based on the Shared Value Creation Strategy TOTO WILL2030. At the same time, we are actively working to disclose information on these efforts.

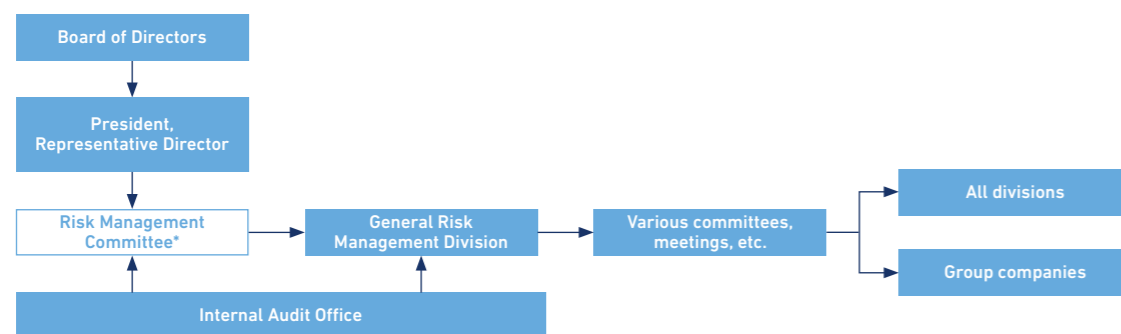
Also, the agenda for our sustainability activities, which includes long-term efforts toward climate change, is deliberated and executed by the Sustainability Committee, chaired by the President and Representative Director. In addition, these activities are supervised by the Board of Directors.

(2) Opportunities and Risks Related to Business Continuity

As a risk management promotion structure, the Risk Management Committee is chaired by the Executive Vice President, Representative Director. The committee comprises division heads who oversee major risks. Every year, major risks that could have a significant impact on stakeholders are identified, and a general manager of the General Risk Management 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 work to capture these opportunities through promotion of the Shared Value Creation Strategy TOTO WILL2030.

Risk Management Promotion Structure



* Chairperson: Executive Vice President, Representative Director
Members: General Manager of each division

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 system
- 2 Progress and follow-up on risk management
- 3 Risk detection and evaluation, creating a risk map and prioritizing risk, and external disclosure approval
- 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	<ul style="list-style-type: none"> • Implement risk examinations and risk simulations regarding large-scale earthquakes 	P.85
	Risk	Reduction in tax following a decrease in greenhouse gas emissions and increase in raw material and energy procurement costs	<ul style="list-style-type: none"> • Respond to issues by promoting environmental activities 	P.31
	Opportunity	Increase in opportunities to contribute to the environment by offering water-saving products in regions with water shortages	<ul style="list-style-type: none"> • Carry out long-term scenario analysis based on the TCFD and respond to risks and opportunities identified through the analysis accordingly • Contribute to achieving a sustainable society and carbon neutrality by 2050 through the Shared Value Creation Strategy TOTO WILL2030 	P.39 P.27
Raw material and component procurement	Risk	Inability to procure raw materials and components due to large-scale earthquakes and other natural disasters	<ul style="list-style-type: none"> • Formulate business continuity plan (BCP) in consideration of the impact of large-scale disasters on the supply chain and bolster response capabilities 	P.67
	Risk	Cost increases due to foreign exchange rate fluctuations, etc.	<ul style="list-style-type: none"> • Implement on-site inspections of major suppliers 	P.67, 112
	Risk	Accidents or bankruptcies occurring within the supply chain	<ul style="list-style-type: none"> • Strengthen global supply structure through Demand Chain Innovation Activities 	P.67
	Opportunity	Expanded selection of suppliers due to the Group's global business expansion		
Tightening of laws, regulations, and systems	Risk	Relocation or stoppage of factory operations and additional capital investment due to the tightening of environmental and climate change regulations	<ul style="list-style-type: none"> • Promote the environmental management system 	P.107
	Risk	Insufficient response to laws and regulations	<ul style="list-style-type: none"> • Reinforce structure to respond to laws and regulations, including those overseas 	P.85
	Risk	Damage to intellectual property rights	<ul style="list-style-type: none"> • Prevent infringement of third-party intellectual property rights through anti-counterfeiting and other measures, and research and analysis when formulating business strategies 	P.76
	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.	<ul style="list-style-type: none"> • Develop and launch industry-leading products through Marketing Innovation Activities 	P.65
	Opportunity	Increased purchasing motivation resulting from a heightened consumer awareness toward water and energy conservation		
Compliance	Risk	Occurrence of compliance violations, including within the supply chain, and subsequent loss of social trust	<ul style="list-style-type: none"> • Reinforce operation of management systems centered on the Compliance Committee 	P.85
	Risk	Filing of lawsuits	<ul style="list-style-type: none"> • Implement compliance-related educational activities, including on human rights, to ensure strict adherence 	P.86
	Risk	Risk of financial damage caused by rumors	<ul style="list-style-type: none"> • Carry out monitoring activities, including within the supply chain 	P.112
Human resources	Risk	Intensifying competition to recruit human resources	<ul style="list-style-type: none"> • Proactively develop direct recruiting, referral hiring, and other measures 	P.64, 71
	Opportunity	Expansion of human capital through the recruitment and development of outstanding personnel	<ul style="list-style-type: none"> • Reform human resource systems through Management Resource Innovation Activities 	
	Opportunity	Increased opportunity to provide peace of mind and fulfilling challenges through workstyle reform		
Occupational safety and health	Risk	Violation of labor laws	<ul style="list-style-type: none"> • Share issues and draft and promote response measures via the Health, Safety and Security Committee 	P.112
	Risk	Workplace accidents and incidents		
Product quality	Risk	Occurrence of product recalls and major complaints	<ul style="list-style-type: none"> • Improve customer satisfaction through the promotion of "Relationships" materiality 	P.43
	Opportunity	Sophisticated product development and high levels of quality cultivated through rigorous quality management	<ul style="list-style-type: none"> • Provide TOTO quality, including after-sales services • Promote "Anshin" Remodeling 	P.43 P.51
Information security and IT innovation	Risk	Occurrence of disruptions to information systems due to computer viruses, etc.	<ul style="list-style-type: none"> • Draft and promote medium- to long-term IT strategies and strengthen information security via the IT Strategy Committee 	P.64
	Risk	Leakage of confidential and personal information		
	Opportunity	Social changes due to DX	<ul style="list-style-type: none"> • Offer plumbing solutions that utilize IoT technologies through Marketing Innovation Activities 	P.65
Economy	Opportunity	Introduction of AI and the Internet of Things (IoT) in housing equipment		
	Risk	Foreign exchange and interest rate fluctuations	<ul style="list-style-type: none"> • Execute financial strategies 	P.73
	Risk	Intensifying competition from rival companies and rapid declines in product prices	<ul style="list-style-type: none"> • Promote the Shared Value Creation Strategy TOTO WILL2030 	P.27
Society	Risk	Rapid technological innovations	<ul style="list-style-type: none"> • Roll out globally strategic products and fortify our financial structure 	P.65, 73
	Risk	Contraction in the market for new housing due to changing demographics in Japan	<ul style="list-style-type: none"> • Strengthen business structure to avoid fluctuations in demand trends, including the development of high-value-added products and proposals utilizing digital and AI technologies 	P.49, 65
	Risk	Geopolitical risks within our global businesses		
	Risk	Risks to business continuity following the spread of infectious diseases	<ul style="list-style-type: none"> • 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.85
	Opportunity	Expansion in the remodeling market due to changing demographics and lifestyles in Japan	<ul style="list-style-type: none"> • Promote business strategies under the Shared Value Creation Strategy TOTO WILL2030 as well as cross-organizational innovation activities 	P.48
	Opportunity	Increased demand for plumbing products following global economic progress and population increases		

The TOTO Group will continue to be a presence that contributes to society and the global environment. To this end, in the Housing Equipment Business, we are promoting the creation of economic value and contributing to the environment by popularizing high-value-added products that combine cleanliness, comfort, and wellness with the environment. Furthermore, our Advanced Ceramics Business supports the foundations of industry and technological innovations around the world by meeting the needs of the highly competitive and rapidly changing semiconductor market.

Housing Equipment Business Scenario

Business Opportunities

Water-Saving Regulations on Toilets

Regulations that limit the amount of water toilets can use per flush are being enacted in a large number of countries and regions. Accordingly, it is vital that we develop products in response to these regulations.

Flush Water Volume Regulations and Standards in Each Country and Region*1

(As of April 2024)

*1 Regulation and standard values and representative values for water level
*2 Average values for large and small flushes based on calculation conditions for each country and region.

TOTO Group Initiatives

Evolution of Water-Saving Performance of Toilets

As a value provider for bathroom and kitchen plumbing products, we actively pursue water-saving performance. Today, we offer products that only require 3.8L of water per flush.

Change in the Amount of Water Used in Toilets (per large flush)

Transformation of Japan into the World's Showroom

We are widely sharing the TOTO Group's technological strengths both in Japan and overseas by participating in the installation of toilets that enable visitors to Japan to experience the country's culture of clean toilets.

TOTO Miyajima Omotenashi Toilet

Results

Promotion of Proposals for Products and Remodeling That Balance Cleanliness, Comfort, Wellness, and the Environment

In responding to global demand for water-saving toilets, as of 2022 we have become the world's third largest manufacturer of sanitary ware, and shipments of water-saving toilets are growing rapidly. Since seated toilets that use a lot of water to flush have been around for a long time, they are still widely used. We are promoting contributions to the environment by popularizing water-saving toilets with added value in response to a shift in this demand.

Global Sanitary Ware Manufacturer Ranking

Rank	Company Name	Region
1st	Company A	Europe
2nd	Company B	Americas
3rd	TOTO	Japan
4th	Company C	Europe

Source: CERAMIC WORLD REVIEW (Italian publication, as of 2022)

Products with Increased Added Value

Cumulative Units Shipped for WASHLET Exceeds 60 Million

Since sales began in June 1980, they have been adopted in homes as well as at numerous public toilets in Japan. We will continue to make proposals overseas that are rooted in local communities for the purpose of spreading this new toilet culture around the world.

Trends in Cumulative WASHLET® Sales

Growing a Third Business Pillar

Even in the fiercely competitive and rapidly changing semiconductor market, TOTO has established a highly profitable business structure that is growing into a third pillar of our business. Our Advanced Ceramics Business technologies play important roles in the production processes of the digital devices we use every day, and supports the foundation of industry and technological innovations around the world.

Advanced Ceramics Business Trends

Advanced Ceramics Business Scenario

Semiconductor Market Expansion

The semiconductor market is expected to resume growth as we approach 2030. Accordingly, the durability (plasma resistance) required of electrostatic chucks, which are components inside semiconductor manufacturing equipment, is also increasing.

WFE (semiconductor front-end manufacturing equipment) market prediction

* Source: Technights Inc. (as of January 31, 2024)

Leveraging More than 100 Years of Technological Strengths

Utilizing technologies and know-how cultivated in the sanitary ware field for more than 100 years, TOTO is able to leverage the strengths of its electrostatic chucks, which offer high-quality, high-precision performance able to withstand harsh environments.

Sanitary ware manufacturing process

Electrostatic chuck manufacturing process

Utilizing technology and know-how

Growing a Third Business Pillar

Even in the fiercely competitive and rapidly changing semiconductor market, TOTO has established a highly profitable business structure that is growing into a third pillar of our business. Our Advanced Ceramics Business technologies play important roles in the production processes of the digital devices we use every day, and supports the foundation of industry and technological innovations around the world.

Advanced Ceramics Business Trends

Shared Value Creation Strategy

TOTO WILL2030

The TOTO Group formulated the Shared Value Creation Strategy TOTO WILL2030 (hereinafter, WILL2030) in April 2021 with a focus on achieving a sustainable society and carbon neutrality by 2050, and aims to achieve cleanliness, comfort, and wellness and contribute to society and the global environment by 2030.

With the important material issues of Cleanliness and Comfort; Wellness, 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.

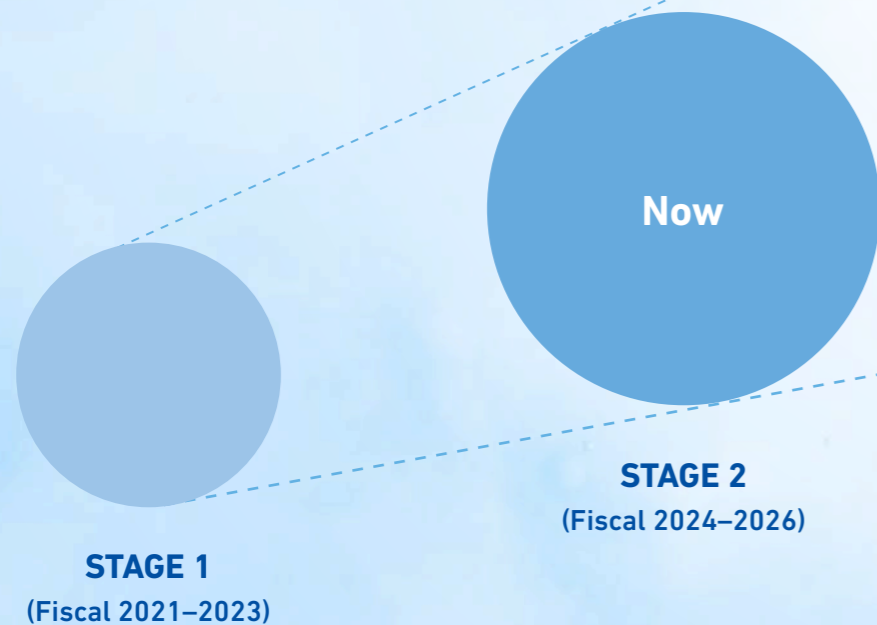
As a result of these efforts, we will contribute to the SDGs through WILL2030.

Sustainability Management

Economic Value ↑

	KPIs	FY2020	FY2030
Economic Value	Sales volume	¥577.8 billion	Over ¥1 trillion
	Operating margin	6.9%	Over 12%
	Investment capital efficiency (ROIC*)	7.4%	Over 12%
	Overseas sales ratio (Housing Equipment Business)	25%	Over 40%

* Operating profit after tax ÷ (Operating capital + Fixed assets)



Shared Value Creation Strategy TOTO WILL2030

	KPIs	FY2020	FY2030
Social and Environmental Value	Percentage of sustainable products	69%	83%
	Avoided emissions of water during product use*1	1.0 billion m ³ *2	1.3 billion m ³
	CO ₂ emissions from business sites (Scope 1 and 2)	307 thousand tons	185 thousand tons
	Stakeholder satisfaction	Customer satisfaction in after-sales service*3 92 pt Showroom satisfaction (Japan) 73 pt Employee satisfaction (Japan) 74 pt	Customer satisfaction in after-sales service 95 pt Showroom satisfaction (Japan) 80 pt Employee satisfaction (Japan) 80 pt



*1 Reduction effect when compared with the case where products from 2005 continue to be used.
*2 In case the same calculation conditions are used as in WILL2030 STAGE 2 (approximate value).
*3 Scope: Japan, Americas, Europe, Mainland China, Taiwan Region, India, Thailand, Vietnam

Social and Environmental Value →

TOTO Group 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 WILL2030, we position materiality as an important issue that needs to be addressed in realizing our Corporate Philosophy and engage in sustainability management.

Starting in 2024, we have added "Wellness" to the "Cleanliness and Comfort" materiality, creating value unique to TOTO.

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.

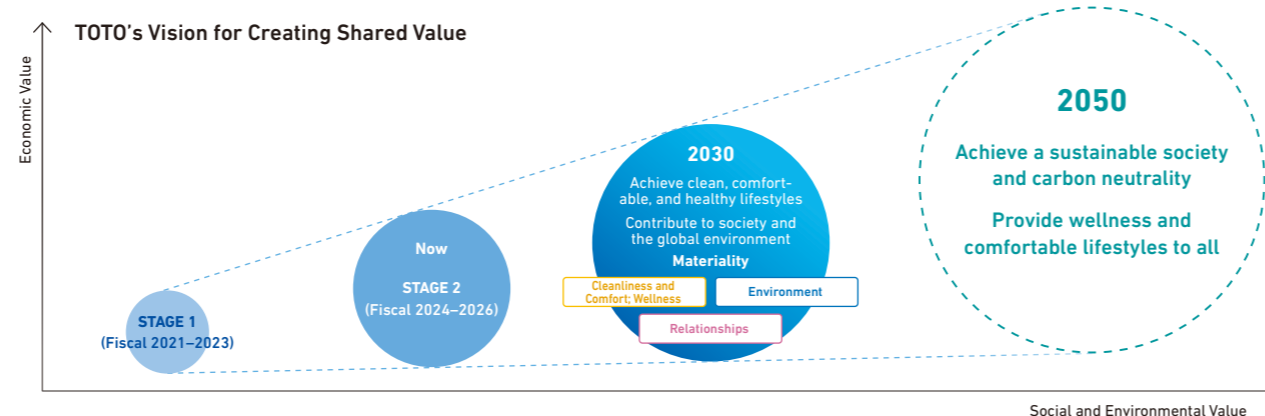


TOTO's Materiality Issues toward Achieving the Corporate Philosophy

Cleanliness and Comfort; Wellness	Environment	Relationships
<p>Cleanliness and Comfort; Wellness</p> <p>By realizing cleanliness, comfort, and wellness through our business activities, we will contribute to the SDGs.</p> <p>Realize cleanliness, comfort, and wellness throughout the world</p> <p>To create, is to think about people TOTO's Universal Design</p> <p>Having fun keeping healthy (wellness)</p> <p>Cleanliness through touchless technologies</p> <p>Satisfying customers beyond expectations (remodeling)</p>	<p>Environment</p> <p>By protecting the environment through our business activities, we will contribute to the SDGs.</p> <p>Protect our limited water resources and connect with the future</p> <p>Carbon neutrality initiatives</p> <p>Aim for sustainable development together with local communities</p> <p>Mitigating environmental risks</p> <p>Sustainable procurement that also considers biodiversity</p>	<p>Relationships</p> <p>By building relationships through our business activities, we will contribute to the SDGs.</p> <p>Consideration of human rights</p> <p>Advancing the careers of diverse human resources (employment and retention)</p> <p>Build deep, long-lasting relationships with customers</p> <p>Engagement with shareholders and investors</p> <p>Offer cultural support and contribute to society for the next generation</p>

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 the creation of economic value, as well as social and environmental value.



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.

WILL2030 Social and Environmental Value Indicators

The TOTO Group is advancing WILL2030 while engaging in sustainability management. Based on the WILL2030 Social and Environmental Value Indicators for the materiality issues of "Cleanliness and Comfort, Wellness," "Environment," and "Relationships," we have designated goals, major initiatives, and KPIs for moving through the PDCA cycle and increasing social and environmental value.

Goals	Main Initiatives	Indicators	Target for FY2030	Cat.	Results for FY2023	Targets for FY2026	SDGs
Cleanliness and comfort; wellness and the environment	Rolling out clean, comfortable, and eco-friendly products	Percentage of sustainable products	83%	◆	75%	80%	
Cleanliness and Comfort; Wellness	<ul style="list-style-type: none"> Realize cleanliness and comfort throughout the world Pursue ease of use for everyone Global expansion of clean and comfortable toilets	Percentage of toilets with built-in TORNADO FLUSH shipped			78%	79%	
		Number of WASHLET units shipped			3.07 million units	3.50 million units	
		EWATER+ WASHLET installation percentage (overseas)			53%	58%	
Environment	<ul style="list-style-type: none"> Protect our limited water resources and connect with the future Alleviating water stress through the widespread adoption of water-saving products	Avoided emissions of water during product use*1	1.30 billion m ³	◆	1.00 billion m ³ *2	1.14 billion m ³	
		CO ₂ emissions from business sites (Scope 1 and 2)	185 thousand tons	◆	254 thousand tons	229 thousand tons	
	<ul style="list-style-type: none"> Undertake initiatives to fight global warming and coexist with the earth Achieving carbon neutrality	CO ₂ emissions per unit of sales			0.362 tons / million yen	0.269 tons / million yen	
		Avoided emissions during product use*1			2.98 million tons*2	3.60 million tons	
Relationships	<ul style="list-style-type: none"> Build deep, long-lasting relationships with customers Improved customer satisfaction	Customer satisfaction in after-sales service*3	95 pt	◆	94.2 pt	94.8 pt	
		Showroom satisfaction (Japan)	80 pt	◆	76.5 pt	78.2 pt	
	<ul style="list-style-type: none"> Offer cultural support and contribute to society for the next generation Promotion of social contribution activities rooted in local communities	Percentage of employees taking part in volunteer activities, donations offered, etc.			108.1%*4	100% or more	
		Employee satisfaction (Japan)	80 pt	◆	75.9 pt	77.4 pt	
	<ul style="list-style-type: none"> Create and share joy in work together Realizing employee-friendly working environments	Percentage of female managers (Japan)			20.4%	21.5%	
		Percentage of childcare leave taken by male employees (Japan)			64.7%	85.0%	

Updated according to actual results finalized at the end of June 2024

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

*2 In case the same calculation conditions are used as in WILL2030 STAGE 2 (approximate value).

*3 Scope: Japan, Americas, Europe, Mainland China, Taiwan Region, India, Thailand, Vietnam

*4 References: Volunteer only

◆: WILL2030 long-term goals

Cleanliness and Comfort; Wellness



The TOTO Group has continued to offer products that relate to people's lifestyles, centering on bathroom and kitchen plumbing products. To realize the desire of the Group's founder to provide healthy and culturally rich lifestyles, we have been focusing on enhancing cleanliness, comfort, and wellness 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 our material issue of Cleanliness and Comfort, Wellness, we will contribute to resolving various issues, including those identified by Goal 3 of the SDGs—Good health and well-being.

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

1 Realize Cleanliness, Comfort, and Wellness 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.

In fiscal 2024, TOTO added "Wellness" to "Cleanliness and Comfort" as a materiality. The Company is putting more effort into developing products able to detect minute changes in health as people comfortably use TOTO products every day, in a bid to deliver a cleaner, more comfortable, and healthier daily life for customers.

The continuation of clean innovation

WASHLET®
The clean lifestyle culture of "washing bottoms"

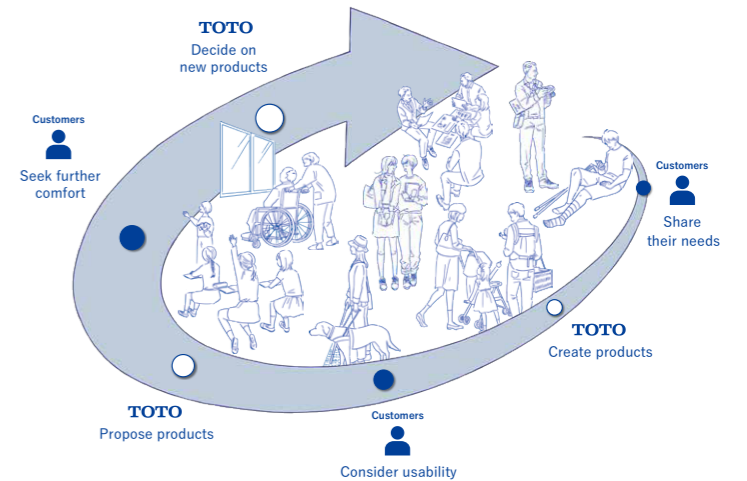
CLEAN SYNERGY
"Cleanliness and security" achieved with unique technologies and designs

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 JIS and International Organization for Standardization (ISO) standards pertaining to the design and layout of toilet operation equipment installed in public bathrooms.



TOPICS

Participation in Exhibitions Across the Globe That Promote Cleanliness, Comfort, and Wellness

In fiscal 2023, TOTO participated in various exhibitions around the world to promote the idea of cleanliness, comfort, and wellness. In September 2023, TOTO had an exhibit at the 50th International Home Care and Rehabilitation Exhibition (H.C.R.2023) in Japan. With the concept, "To Create, Is To Think About People," we emphasized the importance of updating plumbing environments and welfare equipment to support the comfortable lifestyles of all individuals involved in caregiving, particularly in an era where people are living to 100 years of age.

In February 2024, TOTO made its debut at Femtech Fes!, an event dedicated to showcasing, experiencing, and exchanging ideas on femtech products. Through this exhibition, we highlighted the benefits of bidet functions from a fem-zone care perspective. In addition to the exhibition, TOTO installed the latest WASHLET models in restroom booths at the event, allowing attendees to experience the bidet functionality firsthand. Through its bathroom products, TOTO addresses the unique health issues of women, contributing further to enhancing women's quality of life.

Furthermore, in February 2024 TOTO participated in KBIS 2024, the largest international trade show for kitchen and bath equipment in North America. This marked TOTO's 32nd appearance at the event. Under the exhibition slogan TOTO CLEANOVATION, the Company showcased products that blend sophisticated design with advanced technology. Notably, TOTO introduced its top wall-mounted toilet model, the NEOREST WX, for the first time in the United States. In the sustainability corner, TOTO proposed a new lifestyle that contributes to carbon neutrality through the use of its products.



H.C.R. 2023

Femtech Fes!

KBIS 2024

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, comfort, and wellness and contribute to the environment. By popularizing these products around the world, we will contribute to realizing an enriched, comfortable, and environmentally friendly society.

Under our material issue of "Environment," we will contribute to resolving various issues, including those identified by Goal 6 of the SDGs—Clean water and sanitation.

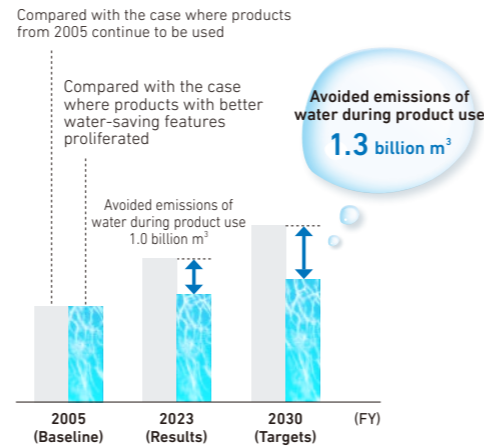
By protecting the environment through our business activities, we will contribute to the SDGs.

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.*1 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.

Avoided Emissions of Water During Product Use

TOTO manages its targets as "Avoided emissions of water during product use," defined as the reduction effect over the product life cycle compared with the case where products from 2005 continue to be used. In fiscal 2023, our actual avoided emissions of water during product use amounted to one billion cubic meters. By promoting the global use of products with high water-saving performance while ensuring user comfort, TOTO aims to contribute to further avoided emissions of water during product use. It is said that the amount of water used for living by individuals across different countries and regions ranges from approximately 20 to 500 liters each day.*2 Assuming that average daily water use per person is 262 liters, the same as in Japan,*1 our target for avoided emissions of water during product use in the amount of 1.3 billion cubic meters by fiscal 2030 equates to the annual water usage of approximately 13 million people.



Water-Saving Performance of Toilets

RESTICA Series CS80B
Launched in 1999

Large flush **8L**
(Small flush 6.0L)

Approx. 51% reduction in water consumption for cleaning toilets*

Large flush **3.8L**
(Small flush 3.0L)

NEOREST Series
(Floor drainage)

* Calculated based on a family of four (two males and two females) using large flushes one time a day per person and small flushes three times a day per person

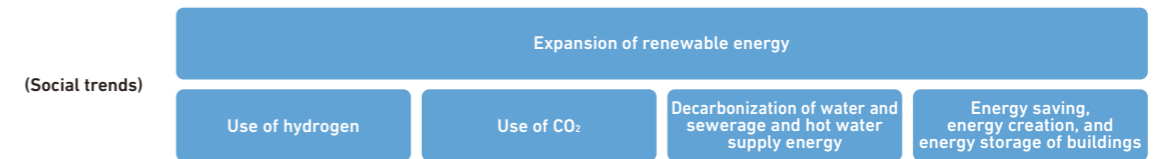
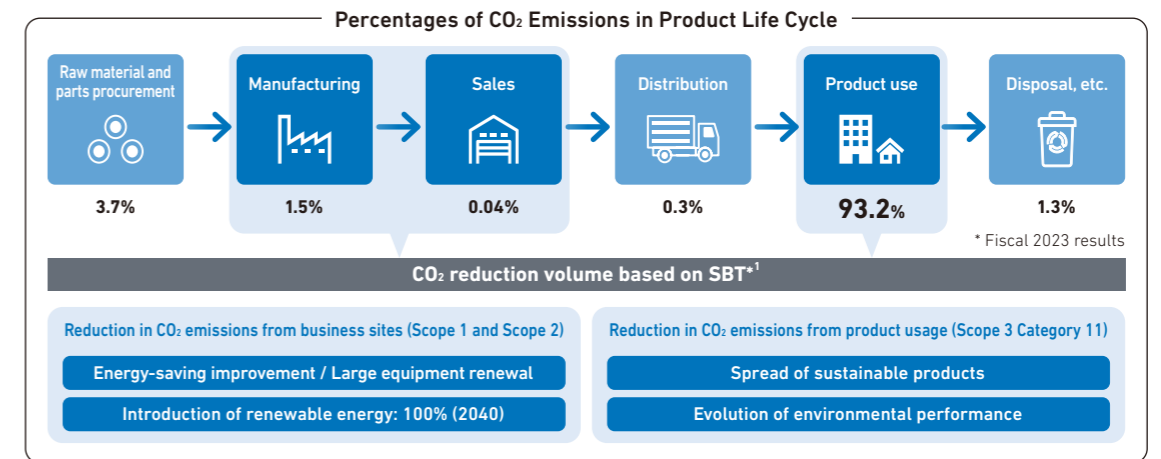
We have been working to reduce the amount of water needed to flush toilets and to expel and transport waste while ensuring toilets remain pleasant to use. As such, we are now able to provide customers with a toilet that uses only 3.8L of water per large flush. In addition, we are striving to improve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

*1 Source: Current State of Water Resources in Japan (2023), Ministry of Land, Infrastructure, Transport and Tourism
*2 Source: Food and Agriculture Organization of the United Nations' AQUASTAT 2020

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.

TOTO has endorsed international initiatives aimed at achieving a sustainable society and carbon neutrality. TOTO obtained certification from the Science Based Targets initiative (SBTi) in June 2021 for its target to limit global warming to well below 2°C (WB2°C). Furthermore, in March 2024 TOTO updated its greenhouse gas emission reduction targets for 2030 and received certification for the 1.5°C level, which aims to limit the increase in the average global temperature to less than 1.5°C compared to preindustrial levels.



Agreed with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in May 2019

Joined the global initiative RE100 in April 2021

Obtained certification for the 1.5°C level in the SBTi in March 2024

Efforts in the Life-Cycle Assessment of Products

Within the TOTO Group, we evaluate the environmental impact during the product planning and design process by referencing guidelines related to life-cycle assessment, and we strive to improve the energy-saving and water-saving performance of our products. In light of increasing expectations for the highly transparent disclosure of environmental data aimed at achieving carbon neutrality in recent years, we have been objectively assessing environmental impact across the entire value chain for major products. Moving forward, we plan to expand the scope of products subject to these assessments in a broader range of regions.

Environment

3 Initiatives That Consider Biodiversity

The TOTO Group recognizes that its operations are inherently dependent on and impact various aspects of biodiversity. We view the loss of biodiversity and the collapse of ecosystems as significant business risks and opportunities. In response, we have endorsed the principles of the Taskforce on Nature-related Financial Disclosures (TNFD) and joined the TNFD Forum to support its activities. Additionally, we support the Keidanren Declaration for Biodiversity and Guidelines (Revised), which aim to preserve biodiversity, and participate in the Keidanren Initiative for Biodiversity Declaration.



Efforts to Reduce Water Usage

Appropriate management of water, a part of natural capital, is essential for realizing sustainable business activities. The TOTO Group conducts water-related risk assessments to understand the potential impacts and issues that its business activities may cause through water usage. Given that our production processes require substantial amounts of water, we closely monitor water stress conditions in each region where our production sites are located, facilitating the implementation of more effective actions.

TOTO's Production Bases



As an example of an initiative at each base, at our sanitary ceramic production facilities, production wastewater is processed at on-site wastewater treatment plants. A portion of the treated water is then reused in the production process and as flushing water in toilets.

Similarly, our faucet production facilities have introduced water recycling systems that recycle wastewater from the plating process, for the proactive reuse of processed water.



Automated backwashing disc filter equipment at TOTO (Thailand) Co., Ltd.

Sustainable Procurement

We established Sustainable Raw Material Procurement Standards 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.



4 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.



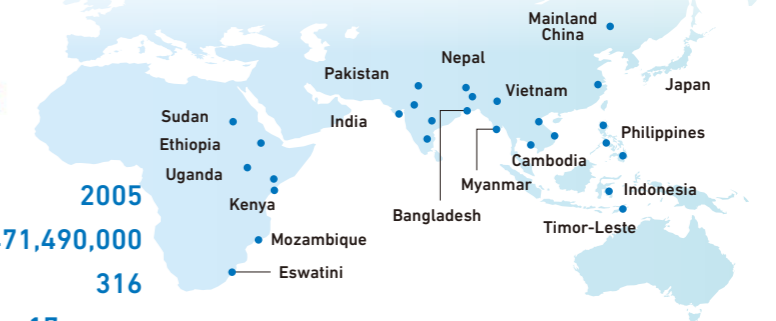
Results to Date

Establishment 2005

Total grant amount ¥471,490,000

Total number of organizations 316

Areas of activity Japan, overseas 17 countries



Supporting Ongoing, Community-Based Activities

In many countries and regions around the world, people are losing their lives due to water scarcity and poor sanitation. These areas face numerous challenges, including environmental conservation, poverty, education, and gender equality. Addressing these challenges requires more than just the one-time provision of water-related equipment or capital. It is essential to establish sustainable systems for the maintenance and management of water-related equipment. With this in mind, we must convey the importance of sanitary living environments along with ongoing assistance for local communities. The TOTO Water Environment Fund aims to support groups engaged in these activities, with an eye on fostering sustainable development.

Working Together to Solve Issues as a Member of the Community

The TOTO Water Environment Fund also encourages Group employees to volunteer in the activities of the organizations receiving its grants. Even after the grant period ends, the exchange of information and participation in volunteer activities continue, fostering ongoing relationships with the grant recipients and the local communities, expanding the scope of these activities each year.



Construction of school toilets in Ethiopia (HOPE International Development Agency Japan)



Session to promote sanitary habits at schools in India (WaterAid Japan)



TOTO Group employees participate in cleaning the shoreline in Oita Prefecture (Oita Environment Conservation Forum)



Disclosure of Information Based on TCFD Recommendations

Regarding initiatives for achieving a sustainable society and carbon neutrality, 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 Representative Director and meets twice a year. In addition, these activities are supervised by the Board of Directors.

STRATEGY

We formulated WILL2030 with a focus on achieving a sustainable society and carbon neutrality 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; Wellness," "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, wellness, 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 1.5°C or 4°C of preindustrial levels and makes assumptions about social conditions in 2030 with an eye on carbon neutrality in 2050. 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 through environmental products.

* 4°C Scenario: [IEA WEO] STEPS [IPCC AR5] RCP8.5
1.5°C Scenario: [IEA WEO] APS, SDS, NZE [IPCC AR5] RCP2.6

<Assumptions about Social Conditions in 2030>

● Social conditions under the 1.5°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 and expands the construction of environmentally friendly buildings, such as zero-energy buildings.

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>

With 2050 carbon neutrality in mind, we analyzed the risks and opportunities that social conditions in 2030 present to TOTO and considered our medium- and long-term responses to these.

Business Risks and Opportunities for TOTO			Degree of Financial Impact*		Medium- and Long-Term Responses
			4°C	1.5°C	
Risks	Transition risks	Steep rise in carbon prices	Small	Medium	<ul style="list-style-type: none"> Energy-saving improvement / Large equipment renewal Expansion of renewable energy introduction
		Increase in production costs and procurement costs for raw materials and electricity	Small	Large	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Creation of BCP system Strengthening of response to natural disaster risks
Opportunities		Increase in demand for sustainable products as environmentally friendly building construction expands	Large	Large	<ul style="list-style-type: none"> Spread of sustainable products Evolution of environmental product 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.

- Internal carbon price: ¥20,000/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 the SBT as milestones for 2050 with the aim of achieving a sustainable society and carbon neutrality by 2050.

<2030 Targets>

Reduction in CO ₂ emissions from business sites (Scope 1 and 2)	Reduction of 47.5% compared with fiscal 2021
CO ₂ emitted when product is used (Scope 3 Category 11*)	Reduction of 25% compared with fiscal 2021

* The Company's SBT targets cover products that directly consume energy.

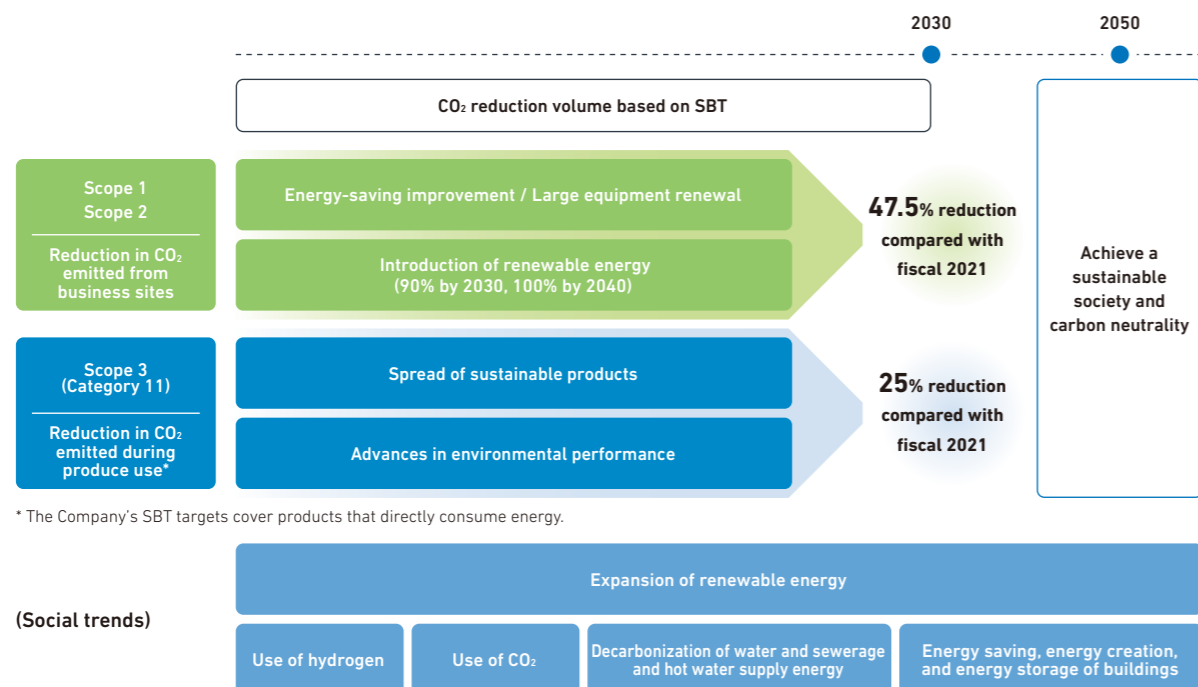
Acquired certification for the 1.5°C level in the SBT in March 2024.



Environment Status of Efforts toward Indicators and Goals

Under the Shared Value Creation Strategy TOTO WILL2030, we set a vision of achieving a sustainable society and carbon neutrality by 2050.

As a milestone for achieving this vision, we have set targets for 2030 and have acquired and are promoting SBTi certification 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 carbon neutrality in line with social trends toward the utilization of hydrogen and CO₂.

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

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 carbon neutrality in 2050.

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

We established 2030 targets for reducing CO₂ emissions from business sites and have acquired SBTi certification.

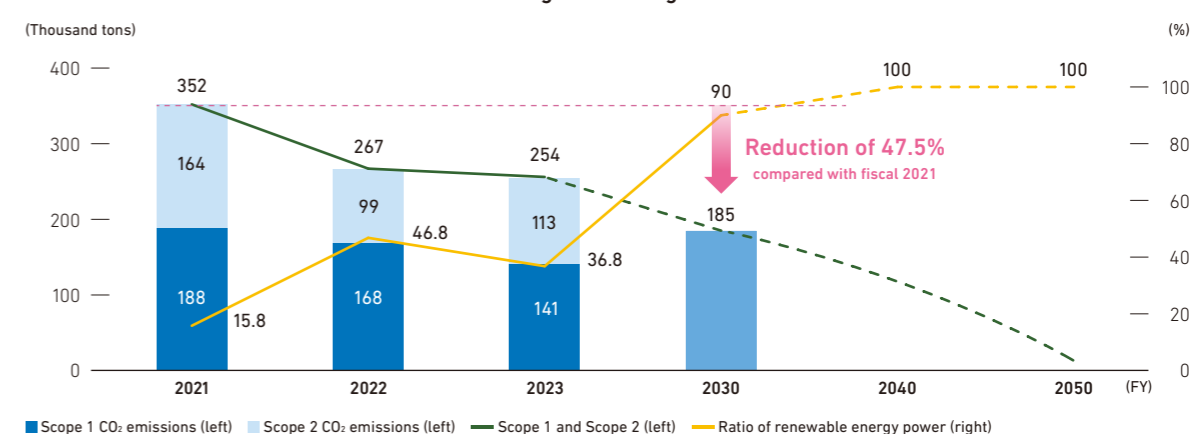
In Scope 1, we have reduced CO₂ emissions by approximately 25% in fiscal 2023 compared with fiscal 2021, the reference year for the SBT, by promoting energy-conserving, high-efficiency manufacturing at production bases around the world.

In Scope 2, the TOTO Group has introduced renewable energy in Japan and overseas in order to continue to reduce Scope 1 and Scope 2 CO₂ emissions. The renewable energy ratio for electricity was 36.8% in fiscal 2023.

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 254,000 tons of CO₂ in fiscal 2023. Accordingly, in terms of our target of reducing emissions by 47.5% in 2030 (compared with fiscal 2021) based on the SBTi, in fiscal 2023 we achieved an approximately 28% reduction compared with fiscal 2021.

Reduction in CO₂ Emissions from Business Sites: Targets and Progress

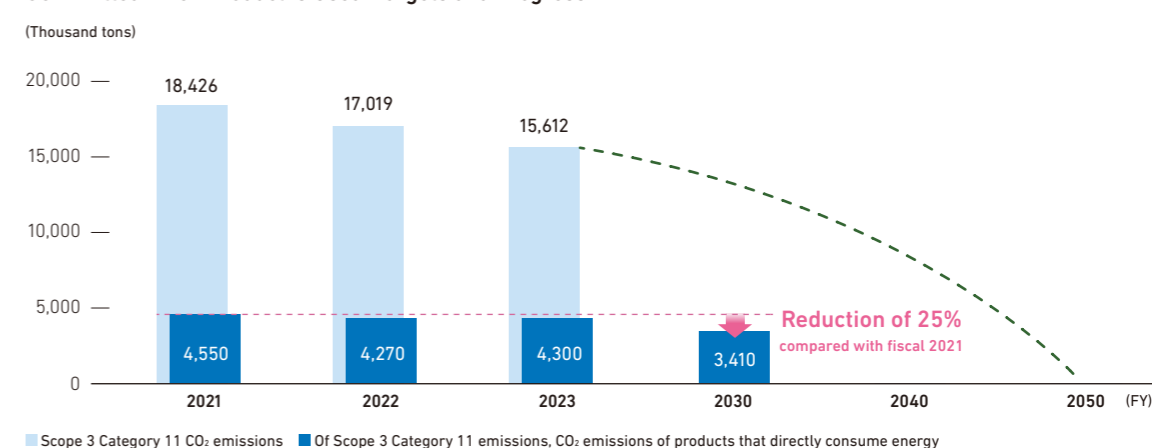


<Targets for and Progress in Reducing CO₂ Emitted When Product Is Used (Scope 3 Category 11)>

In fiscal 2023, we emitted 15,612,000 tons of CO₂ during product usage (Scope 3 Category 11), reflecting expansion in the percentage of sustainable products, improvement of social infrastructure, and other measures.

For products that directly consume energy in Scope 3 Category 11 emissions, TOTO has received SBTi certification for its 2030 targets. In fiscal 2023, TOTO made progress toward its 2030 target of reducing these emissions by 25% compared with the fiscal 2021 level, reducing emissions by approximately 5% compared with fiscal 2021.

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 our material issue of “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

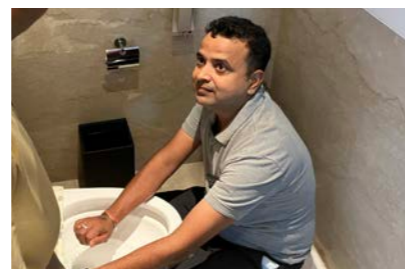
To enable our customers to experience our products firsthand, we have established 96 directly managed showrooms across Japan and 11 locations overseas. Our Japanese locations include 13 showrooms that are operated in collaboration with DAIKEN CORPORATION and YKK AP Inc., where we exhibit and propose living spaces featuring products from the three companies for our customers to immerse themselves in. Additionally, we have taken initiatives that align with the needs of the era, such as online showroom experiences where customers can take 360° tours of showrooms 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 postcard 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.

Evolution of Diversity

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 flexibly respond to changes in the global environment, meet the diversifying needs of our customers, and provide new value, we will foster a workplace culture where diverse human resources, including women, people with disabilities, seniors, people of different nationalities, and LGBTQ people, respect and learn from each other, are accepting of diverse value systems, and can leverage their abilities to their utmost.

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 2023, 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.

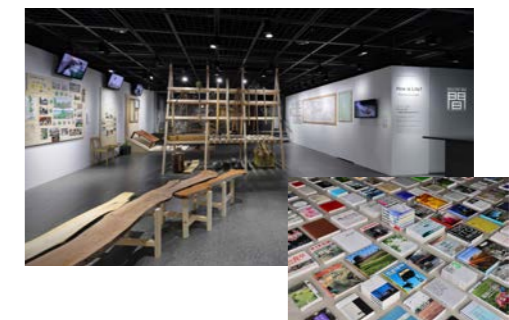
Implementing DX That Leads to Results

By accelerating the training of DX talent, and moving through the cycle of learning, taking on challenges, and producing results, we aim to maximize value creation and work efficiency. We have set targets for fiscal 2024 that are based on the number of division DX implementation ideas.

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.



Promotion of Social Contributions in Local Communities

The TOTO Group uses its management resources effectively in conducting social contribution and community coexistence activities aimed at the resolution of national, local, and global social issues, while respecting the living conditions, cultures, and history of each region. As a corporate citizen, we will proactively participate in regions and society while contributing to their development. We proactively support activities that contribute to society, such as through employee volunteering and donations, across a broad range of fields, including tree-planting, community cleanup activities, activities to provide aid to disaster-affected regions, and support for sports.

Sustainable Products That Balance Cleanliness, Comfort, Wellness, and the Environment

Over the last 100 years, TOTO has provided products that bring cleanliness, comfort, and wellness, 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	FY2023 (Result)	FY2026 (Target)	FY2030 (Target)
Percentage of sustainable products	75%	80%	83%

“Cleanliness, comfort, and wellness” products

Clean

Comfort

UD

Design

Wellness

Sustainable Products

Housing Equipment

Toilets

WASHLET®

Bathrooms

Bathroom vanity units

Modular kitchens

Clean

Clean

Clean

Comfort

Clean

Clean

Water saving

Electricity saving

Comfort

Design

Design

Design

Energy saving

Hot water saving

Hot water saving

Hot water saving

Hot water saving

Public

Toilets

WASHLET®

Toilet sound masker

Urinals

Auto faucets

IoT support

Clean

Clean

Comfort

Clean

Clean

Comfort

Water saving

Electricity saving

Water saving

Water saving

Water saving / Hot water saving

UD

Water saving

Hot water saving

Electricity saving

Reducing CO₂ emissions

Energy saving

Environmental products

Examples of Standards for Selecting Sustainable Products

Toilets (for homes)

Cleanliness, Comfort, and Wellness

- **CEFIONTECT**
Maintains cleanliness, comfort, and wellness since dirt does not stick to the smooth ceramic surface and is easily cleaned away.
- **TORNADO FLUSH**
Maintains cleanliness, comfort, and wellness since it uses a small amount of water due to flowing in the same manner as a whirlpool.
- **EWATER+**
Maintains cleanliness, comfort, and wellness by breaking down microscopic bacteria and dirt through automatic disinfection of the toilet seat and nozzle.

NEOREST LS



Environment

- **Water saving: Less than 4.8L per large flush**
(For NEOREST LS, floor drainage is 3.8L and wall drainage is 4.8L)

Bathrooms

Cleanliness, Comfort, and Wellness

- **Raku-Raku Hokkarari flooring**
Maintains cleanliness, comfort, and wellness by being easy to clean and quick-drying due to special floor treatment and a regularly engraved pattern.
- **Floor wiper cleaning with EWATER+**
Maintains cleanliness, comfort, and wellness of the entire floor with the touch of a button.

Environment

- **Energy saving: MAHOBIN heat-retaining bathtubs**
Maintains warmth of water by surrounding the bathtub with heat-insulating materials and an insulating lid.

SYNLA G-type



Wash basin faucets

Cleanliness, Comfort, and Wellness

- **Switching between hot and cold water and ease of operation enables comfortable operation through a single lever.**

Environment

- **Hot water saving: Eco Single**
Enables the reduction of hot water use compared to previous models since the barrier between hot and cold water can be felt with a click.

Faucets (single lever)



Mid-Term Management Issues WILL2030 STAGE 2

The Shared Value Creation Strategy TOTO WILL2030 is a long-term growth strategy that commenced in fiscal 2021. Under the frameworks of this strategy, in fiscal 2024 TOTO is pursuing Mid-Term Management Issues WILL2030 STAGE 2. To achieve our vision for 2030, we are striving to address our three material issues in an effort improve our economic value, our social and environmental value.



Review of WILL2030 STAGE 1 and Forecasts for STAGE 2

Under Mid-Term Management Issues WILL2030 STAGE 1, which started in fiscal 2021, we achieved nearly all our non-financial targets pertaining to social and environmental value. However, aside from sales, we were unable to reach our financial targets pertaining to economic value due not only to the impact of the spread of COVID-19 but also the various changes that occurred in a challenging operating environment, including divisions among international society and rapid inflation. As a result, issues still remain in terms of profitability and efficiency.

In the Mainland China Housing Equipment Business, which has been a driver for overseas growth, there appears to be a prolonged downturn in the real estate market in that country. In addition, despite efforts to reduce inventories, which temporarily increased due to the impact of the pandemic, efficiency in the business worsened due to the impact of market stagnation. In response to this, we will change our approach in the Mainland China Housing Equipment Business during STAGE 2 in an effort to enhance the business.

Meanwhile, spray seats are on the verge of widespread adoption in the Americas, and this trend has helped drive our performance in the region even amid sluggish conditions in terms of the buying and selling of existing housing. In the Advanced Ceramics Business, which is a new business domain, we recorded a robust performance, thereby establishing a foundation for high profits. In light of the results achieved during STAGE 1, we will further accelerate initiatives in this business.

Results of Major KPIs and Future Plans for the TOTO Group (Consolidated Basis)

(Billion yen)

	Base Year	STAGE 1				STAGE 2	WILL2030	STAGE 1	
	Results	Results				Plans*1	Plans*1	Initial Plans*2	Evaluation of Results*3
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2026	FY2030	FY2023	
Net sales	577.8	645.3	701.2	702.3	750.0	850.0	Over ¥1 trillion	690.0	○
Operating profit	39.7	52.2	49.1	42.8	48.0	-	-	60.0	△
Operating margin	6.9%	8.1%	7.0%	6.1%	6.4%	Over 10%	Over 12%	8.7%	×
ROA (Operating profit base)	6.5%	8.1%	7.2%	5.6%	6.0%	Over 10%	Over 12%	9.0%	×
RDE (Net profit base)	7.7%	10.4%	9.1%	7.8%	7.3%	Over 10%	Over 12%	10.2%	△
ROIC*4	7.4%	8.9%	7.4%	5.9%	6.6%	Over 10%	Over 12%	-	-
Overseas sales ratio (Housing Equipment Business)	25%	28%	29%	29%	31%	35%	Over 40%	30%	△
Percentage of sustainable products	69%	70%	73%	75%	78%	80%	83%	73%	○

*1 Announced April 2024

*2 Announced April 2021

*3 <Evaluation Criteria> Achieved initial plan: ○ Not achieved initial plan, Exceeded FY2020 results: △ Not achieved initial plan, Not exceeded FY2020 results: ×

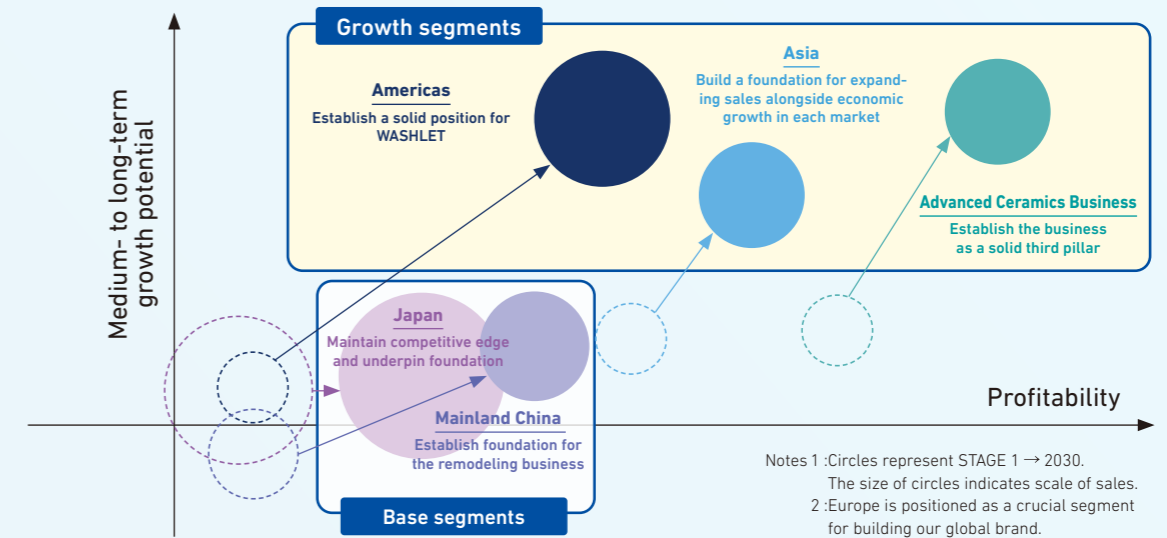
*4 Operating profit after tax + (Operating capital + Fixed assets)

Striving for Growth Focused on 2030

Taking into account the changes in the operating environment, we have reassessed our growth segments while considering the future growth potential of the market.

In addition to the Americas Housing Equipment Business and the Advanced Ceramics Business, where we have achieved solid results, we have positioned the Asia and Oceania Housing Equipment Business as a growth segment in anticipation of further economic expansion in the region. Moving forward, these three growth segments will drive Groupwide growth. Meanwhile, the Japan Housing Equipment Business and the Mainland China Housing Equipment Business will serve as businesses that underpin the Group's operations.

Striving for Growth Focused on 2030



WILL2030 STAGE 2—Establishing a Structure for Sustainability Management

For the Japan Housing Equipment Business and the International Housing Equipment Business, we will extend the strengths cultivated in each respective region to other regions in an effort to grow these businesses as one Global Housing Equipment Business while generating positive synergies. Additionally, we will strive to ensure that the Advanced Ceramics Business, where we utilize the sanitary ware technologies and know-how cultivated in the Housing Equipment Business in various ways, can further contribute to the growth of the TOTO Group as a third business pillar. We will also seek to strengthen our sustainability management so that we may address our three material issues, while incorporating our three cross-organizational innovation activities of Marketing Innovation, Demand Chain Innovation, and Management Resource Innovation, into our business activities.

Overview of Promotion Structure for Sustainability Management (WILL2030 STAGE 2 Promotion System)



Global Housing Equipment Business

Japan Housing Equipment Business

Since its establishment, the Japan Housing Equipment Business has pioneered Japan's bathroom culture as a market leader. Moving forward, we will continue to provide high-quality products and services that closely cater to new lifestyles and customer needs, thereby underpinning the overall growth of the TOTO Group.



Takehiko Kitazaki

Director, Managing Executive Officer

Base segments

Review of TOTO WILL2030 STAGE 1 (Results and Issues)

Over the three-year period of STAGE 1, we saw changes in customer needs resulting from the impact of the COVID-19 pandemic. These changes led to a greater demand for sanitary and comfortable bathrooms both at home and in public spaces. To swiftly respond to these new customer needs, we expanded the sale of high-value-added products, including products equipped with touchless features. At the same time, we flexibly implemented multiple price revisions to respond to soaring raw material prices and other external procurement costs. Furthermore, in 2022 we launched new products simultaneously in all four major categories of bathroom products. All of these products were well received by customers, achieving year-on-year sales growth in the double digits. As a result, we realized a robust sales performance over the three-year period of STAGE 1, including reaching record-high net sales in fiscal 2023. In addition, our percentage of sustainable products rose five percentage points over the same period. In terms of production, reflecting on the delays to the supply of some products that occurred due to supply chain disruptions, we rebuilt our supply structure through such means as securing inventories and examining substitute products based on anticipated risks for each material and component. Moreover, we successfully advanced the "Anshin" Remodeling Strategy, a strategy for spurring demand for remodeling which commenced in 2018, under which we carefully addressed various concerns and uncertainties that customers had regarding remodeling via various contact points, thereby helping them take their first step toward remodeling with "anshin" (peace of mind). On our corporate website, we further expanded the kind of information customers need to know when examining remodeling. We also commenced the operation of the remodeling support desk, a telephone and online hotline handling general inquiries related to remodeling, thereby allowing customers to consult with us from their homes. Nearly 90% of all customers who used this hotline were highly satisfied with its service. In public domains, we proposed value from the perspectives of both users and facility managers, melding new products with digital technologies. Through efforts to spur demand for remodeling in the existing housing market by holding seminars and making individual value proposals, we achieved significant net sales growth by having our products adopted in offices, hospitals, schools, and other locations. Also, to enhance the efficiency of our sales activities in terms of both quality and quantity, we established sales support tools and management systems for various types of sales activities. Despite taking measures to improve profitability, the impact of raw material, labor, and other costs increases remained significant, and, as a result, growth in our operating margin was stagnant. As such, an ongoing issue for us is to transition to a highly profitable structure through the expanded sales of high-value-added products and the enhanced efficiency of sales activities that draw on sales-related systems and other strengths established during STAGE 1.

Strength

The TOTO Group has led the way with creating Japan's bathroom culture. One of our major strengths has been the sophisticated R&D and manufacturing structures we possess, which allow us to consistently deliver innovative, high-quality products that respond to new lifestyles and changing customer needs. Furthermore, in the 1990s, when new housing demand was still dominant, we led the industry in promoting a transition to a remodeling strategy. Together with parties such as general contractors and sales agencies, we built a robust foundation for the remodeling business. Another one of our strengths has been the provision of comprehensive, high-quality services that cover everything from the period before customers purchase a product to the period after customers have used a product for a long period of time. Thanks to these services, we have maintained a high market share for not just mainstay products such as sanitary ware and WASHLET but also for other bathroom products. By doing so, we have been driving Japan's bathroom culture. Adopting the slogan of "make Japan the world's showroom," in public domains we possess the strength of being able to supply TOTO products to a large number of buildings through proposals that exceed customer expectations and our robust sales network.

Results of Major KPIs and Future Plans

	(Billion yen)				
	Base Year	STAGE 1		STAGE 2	
	Results FY2020	FY2021	Results FY2022	FY2023	Targets FY2024
Net sales	419.8	440.9	462.8	473.1	492.0
Operating profit	22.8	22.9	19.5	22.3	20.0
Operating margin	5.4%	5.2%	4.2%	4.7%	4.1%

Fiscal 2023 → Fiscal 2026

+3% CAGR* in sales (plan)

* Compound annual growth rate

Initiatives for STAGE 2

Awareness of the Market Environment

In the field of housing remodeling, which accounts for the highest percentage of sales in the Japan Housing Equipment Business, we expect that demand will remain solid due to the continued increase in the number of residential properties over 20 years old and the number of households in optimal age for pursuing remodeling. By offering support that makes it easier for customers to consider remodeling, we will continue to promote activities aimed at spurring demand. In public domains, there is an abundance of properties over 20 years old, and we believe that investment in such properties will continue due to lively demand from inbound tourism. Meanwhile, we expect that demand for new construction in both the housing and public domains will remain sluggish due to the impact of the decline in population and number of new construction projects. We also expect that raw material, labor, and other external procurements costs will continue to surge, and will therefore continue to examine flexible price revisions in the event that we cannot offset these cost increases through cost reduction efforts alone.

Main Initiatives

1. Expand sales of high-value-added sustainable products

In both the housing and public domains, we will expand our lineup of highly profitable, high-value-added products that realize cleanliness, comfort, and wellness and feature outstanding environmental performance. Drawing on the sales-related systems we established in STAGE 1, during STAGE 2 we will promote more efficient and effective sales activities. Specifically, we will increase the number of business partners who adopt high-value-added sustainable products by integrating customer information. We will also expand the adoption of such products among business partners with which we have an existing transaction history.

2. Strengthen proposal capabilities at customer contact points

In the housing domain, we will continue to advance the "Anshin" Remodeling Strategy in an effort to strengthen our proposal capabilities at customer contact points. First, at our showrooms, which serve as direct contact points with customers, we will increase the number of opportunities to consult with customers through the introduction of online customer service while enhancing the quality of our customer service by implementing AI-based training. Additionally, we will continue to spur demand via our corporate website by making it easier for customers to consider remodeling. For example, instead of having customers search our website for the remodeling information they need themselves, we will strive to provide information on our end to individual customers. We will also step up the provision of information to general contractors and sales agencies. By doing so, we will help general contractors make remodeling proposals to customers with greater speed and efficiency. In these ways, we will enhance the quality and quantity of our remodeling proposals to customers, thereby strengthening our proposal capabilities.



For public domains, we will collaborate with maintenance divisions to actively approach large-scale properties that are at the optimal age for remodeling, offering proposals that meet the needs of each property by leveraging our wealth of knowledge related to public properties. We will also pursue value proposals to small and medium-sized properties and roll out new services for public toilets that make use of DX.

3. Bolstering sales and manufacturing productivity

To promote more efficient sales activities, we will leverage digital technologies to pursue sales and increase the operational efficiency of our showroom advisors. In addition, to respond to issues facing the logistics and transportation industries, we will establish a logistics structure that can efficiently handle product shipment and products that require assembly, even amid a declining workforce in these industries. For manufacturing, we will expand smart factories in the Housing Equipment Business, drawing on the insight we accumulated in the Advanced Ceramics Business, thereby establishing a highly efficient structure for production.

TOPICS

Initiatives to Improve Customer Satisfaction—Promoting Online Showrooms

In July 2022, we set up online showrooms through which we have been working to enhance convenience for customers by making it easy to seek consultation from anywhere in Japan and improve the quality of our proposals by utilizing online capabilities to make proposals that exceed customer expectations.



While we initially started offering online consultations due to the COVID-19 pandemic, we believe there is a continued need for this service, especially in cases where customers live far away and cannot easily visit our showrooms or where they are unable to make a reservation on their desired date. Furthermore, there is a certain level of demand for quick consultations that can be conducted during short periods of time, such as during lunch breaks at work. To respond to this, we have increased the number of time slots for quick consultations. In these ways, we are making improvements to the operating structure of our online showrooms by constantly analyzing customer needs. Additionally, we are pursuing various means to convey the value of products on display in our showrooms, even if they cannot be directly viewed online, including the utilization of video. As a result of these efforts, we exceeded our target in the first year since the establishment of online showrooms for both number of consultations and level of customer satisfaction.

Moving forward, we will continue our aim to offer showrooms that communicate to customers the attractiveness of TOTO products while also striving to enhance the productivity of our sales activities.

About the Japan Remodeling Business

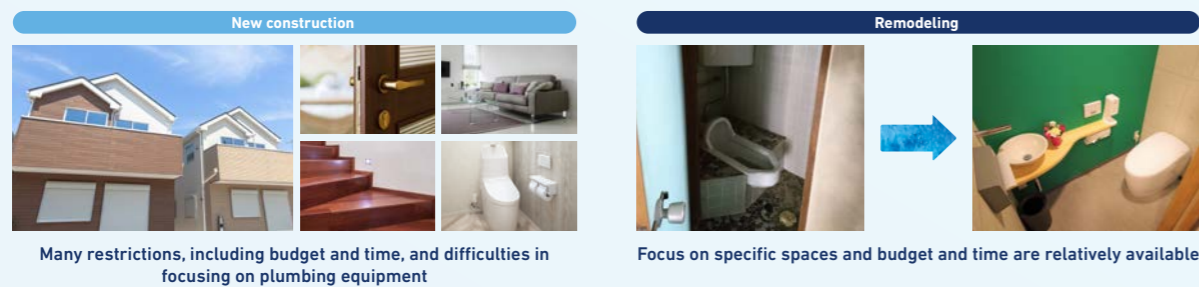
TOTO Group's Remodeling Strategies

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>



<Components of Remodeling>



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, roughly 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.



Global Housing Equipment Business

International Housing Equipment Business

By promoting business in the Americas, Asia and Oceania, Mainland China, 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.



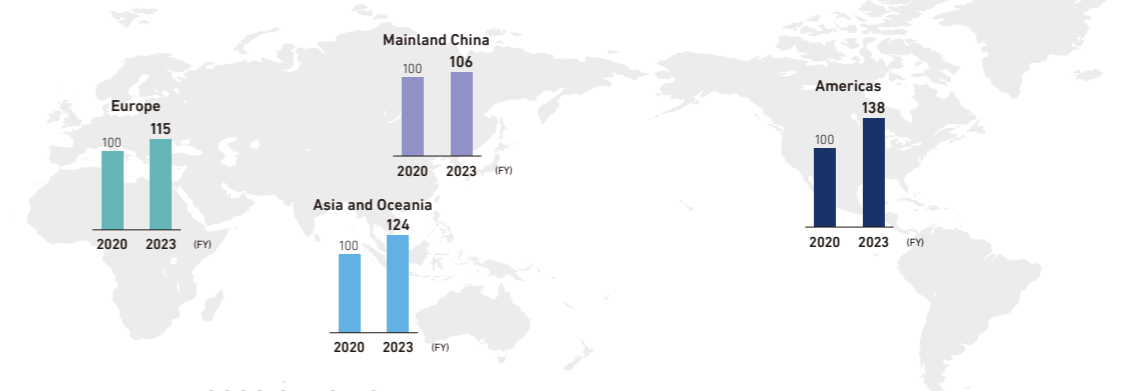
Shinya Tamura

Director,
Senior Managing Executive Officer

Review of WILL2030 STAGE 1 (Results and Issues)

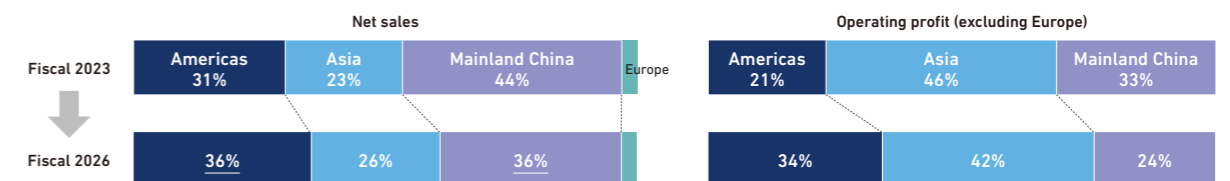
In the International Housing Equipment Business, we sought to rebuild our supply structure during the three-year period of STAGE 1, in the same manner as the Japan Housing Equipment Business, due to the tremendous impact of the COVID-19 pandemic and soaring external procurement costs and in response to the temporary disruptions to the supply chain. Amid such efforts, we were able to significantly grow sales of the strategic product WASHLET in the Americas, Asia and Oceania, Mainland China, and Europe, compared with sales levels before the commencement of STAGE 1. In fact, sales of WASHLET in the International Housing Equipment Business now account for roughly 30% of total Groupwide WASHLET sales, and this has helped grow the level of recognition and interest in the product in markets other than Japan. By steadily advancing our businesses in each country and region, we will enhance the overseas sales ratio of the Housing Equipment Business during STAGE 2, with the aim of achieving a 40% ratio by 2030.

Growth Index of WASHLET Sales in Overseas Countries and Regions (using fiscal 2020 as the baseline of 100)



Initiatives for WILL2030 STAGE 2

To date, we have positioned the Mainland China Housing Equipment Business as the growth driver for the International Housing Equipment Business. However, there appears to be prolonged stagnation in real estate demand, particularly for new housing, in that country. From STAGE 2 onward, we will position the Americas Housing Equipment Business, where we are seeing the widespread adoption of WASHLET, and the Asia and Oceania Housing Equipment Business, where economic growth is forecast in each country and region, as new growth drivers. As a result of doing so, by fiscal 2026 we expect to grow sales in the Americas Housing Equipment Business to the same level that they are in the Mainland China Housing Equipment Business.



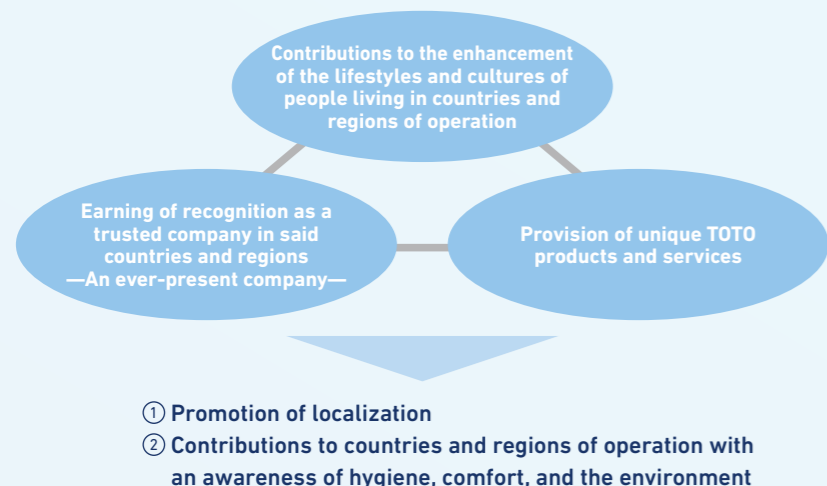
Results of Major KPIs and Future Plans

	Base Year	STAGE 1				STAGE 2
		Results	Results	Results	Targets	
	FY2020	FY2021	FY2022	FY2023	FY2024	
Net sales	137.7	174.0	188.6	192.4	215.8	
Operating profit	17.7	22.9	12.9	11.9	16.5	
Operating margin	12.9%	13.2%	6.8%	6.2%	7.6%	

About the International Housing Equipment Business

Basic Approach and Strengths

The International Housing Equipment Business aims to make TOTO a company that caters to 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 Mainland 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 establishment of directly managed showrooms and cultivate high-end brands.

Marketing Stage	Approach	Key Activities	Target Regions
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 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 The Philippines
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 Americas Indonesia Vietnam

Global Housing Equipment Business

International Housing Equipment Business

Americas Housing Equipment Business

Growth segments

Review of TOTO WILL2030 STAGE 1 (Results and Issues)

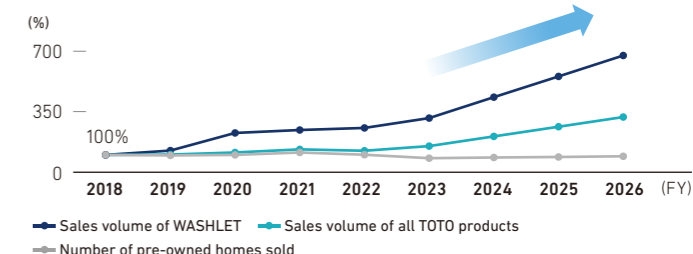
During the three-year period of STAGE 1, sales of pre-owned housing remained sluggish, as interest rates continued to increase from the first half of 2022. Most of the sales in the Americas Housing Equipment Business stems from demand for remodeling when residents move into a pre-owned home, and therefore our performance was impacted by sluggish sales of such homes. However, since our entrance into the Americas market, we have steadily built up sales channels, not only through construction material stores (Kitchen & Bath Shop) that sell products with installation services but also through establishing a sales structure for WASHLET via e-commerce sites and retail chain stores. As a result of these efforts, we have significantly grown local sales of WASHLET and built an operating structure that is not easily impacted by housing market conditions. The level of recognition of spray seats has risen among consumers in the United States with the increase of overseas visitors to Japan starting from the mid-2010s, including those who experience WASHLET toilets for the first time, and the toilet paper shortages that occurred in 2020, and this has provided a positive boost to WASHLET sales. The upward swing in the number of WASHLET units sold in recent years is similar to when the product first started to become popular in Japan. For that reason, we believe we are entering into a period in which we will see the widespread adoption of WASHLET in the United States. Meanwhile, the surge in marine transportation costs due to importing all WASHLET units and roughly half of all sanitary ware sold in the Americas from Asia, along with increased personnel expenses due to inflation, has contributed to a decline in operating profit in the Americas Housing Equipment Business. As part of our response to these overall cost increases, we have implemented appropriate price revisions. With regard to the increase in logistics costs and container shortages, in particular, we are employing such strategies as utilizing a production base in Mexico for the supply of sanitary ware, reducing the number of months inventories are held, making use of multiple freight forwarders, and improving loading efficiency. In these ways, we have improved our operating structure to reduce the impact of cost fluctuations even when there are disruptions to marine transportation. With that said, as we strive to further increase net sales, we still face issues in terms of optimizing inventory levels and establishing a stable supply structure.

Strength

The Americas Housing Equipment Business started in the West Coast of the United States, where there are strict regulations on water conservation, with sales of durable water-saving toilets with high functionality cultivated in Japan. At that time, the TOTO brand was relatively unknown, but due to the high quality of our products, the brand gradually gained recognition. Now, TOTO toilets are well-known for their exceptional quality, distinguishing them from the products of other companies, and this recognition has become a major strength. At our construction material stores, we commenced transactions with large-scale distributors in 2019 and have since steadily grown our market share. Moreover, the market for spray seats has been expanding. Amid this expansion, we boast the strength of being able to differentiate ourselves from competitors through our high levels of quality, drawing on the insight and resources we have cultivated from handling the development, production, and sales of WASHLET entirely in-house since the 1980s in Japan. On large-scale e-commerce sites, we have maintained a high share of spray seat sales volume. We have also increased the number of retail chain stores that carry WASHLET. Furthermore, as we conduct development and production in-house, in the rare event a product breaks down, we are able to offer maintenance services, thereby providing support to customers even after product purchase. This is another strength that has underpinned TOTO's growth.

Growth in Sales Volume of WASHLET

We create demand among customers for switching to spray seats in the homes in which they reside. This has helped us build an operating structure that is not easily impacted by housing market conditions.



Results of Major KPIs and Future Plans

	Base Year	STAGE 1				STAGE 2
		Results		Results		Targets
		FY2020	FY2021	FY2022	FY2023	FY2024
Net sales	36.0	44.3	53.5	58.9	73.0	
Operating profit (loss)	2.5	2.9	(1.1)	2.8	5.8	
Operating margin	6.9%	6.5%	-	4.8%	7.9%	

Fiscal 2023 → Fiscal 2026

+19% CAGR in sales (plan)

Initiatives for STAGE 2

Awareness of the Market Environment

The number of pre-owned homes sold fell below that of the previous fiscal year due to the persistence of high interest rates. However, we anticipate a recovery in the market for pre-owned homes as interest rates lower over the medium to long term. Additionally, the level of spray seat recognition has grown to roughly 70%, and we expect that the level will continue to rise moving forward as we enter into a period for the widespread adoption of spray seats. In 2025, standards for electrical work in housing are expected to change across the United States, facilitating the installation of outlets that accommodate the installation of spray seats. We believe that this will have a positive impact on our performance.

Main Initiatives

We will build a sales and production structure to further expand the sales of the strategic product WASHLET. While continuing and strengthening the initiatives we implemented during STAGE 1, we will complete the establishment of customer contact points in each sales channel during the period of STAGE 2. By doing so, we will seek to double the sales volume of WASHLET in all channels compared with that of fiscal 2023.

Construction material stores (Kitchen & Bath Shop)

Targeting 63 metropolitan areas with populations of over 300,000, we will implement the New Showroom Program initiative at our construction material stores. This initiative seeks to establish showrooms of local agencies, increase the number of visitors to these showrooms, and boost the rate of contracts and consultations. Specifically, we will set up exhibitions of strategic products, establish areas that communicate the value of TOTO products, and offer training to sales staff. At the same time, we will engage in marketing activities to bring customers into showrooms in an effort to spur demand in surrounding areas.



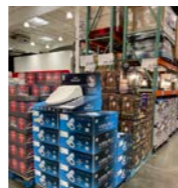
E-commerce

As the market for spray seats continues to expand, we will maintain a high market share and grow net sales through new products and strategies for communicating value. While there are many competitors in the e-commerce channel, we will remain a step ahead of other companies through our comprehensive strengths that include not only our inherently high-quality products but also our robust structure for providing after-sales services.



Retail chain stores

We aim to grow net sales at retail chain stores by expanding the number of stores that handle TOTO products and increasing the lineup of TOTO products offered at the stores. Retail chain stores are also an important channel that can help boost the awareness of WASHLET, as they are often located along the daily routes of customers.



Building foundation for business activities

We are working to build a stable supply structure in anticipation of a rise in demand. As we import sanitary ware and WASHLET from Asia, we are striving to reduce the risks of holding inventories while also increasing sales opportunities. To that end, we are working to reduce procurement lead times and organize item numbers, primarily for products with low shipment volume. In addition, by revamping our production management system, we will be able to provide customers with more accurate delivery dates and better forecast demand. In doing so, we will be able to optimize inventory levels and strengthen collaboration with business partners over the medium to long term. From the perspective of production, we will work to bolster production capacity of sanitary ware within the United States to meet growing demand. We will thus build a structure that enables the highly efficient and stable production of high-value-added products including smart toilets. Looking ahead, we will continue to examine the optimal supply structure for WASHLET, which are currently being imported from Asia.

INTERVIEW

Seizing the Opportunity to Expand Sales of WASHLET

Hidemichi Ishikawa, CEO and President of TOTO U.S.A., Inc.

WASHLET garnered significant attention during the COVID-19 pandemic, and is now on a substantial growth trend. We see this as a significant opportunity to expand sales and therefore are aggressively investing in improvements to our showroom exhibits. In addition, we are stepping up activities focused on WASHLET at each customer contact point. These include implementing sales promotions that make use of the high evaluations customers have given our quality and after-sales services, the expansion of the number of stores that carry TOTO products at retail chain stores, and the increase in the lineup of products that are available at each store. I feel that these activities have helped steadily expand our customer base and raise customer expectations of TOTO and our products. To meet these expectations, we will continue to push ahead with efforts to establish contact points and launch new products as we seek to establish an unshakable foundation in the United States as a pioneer of spray seats.



FOCUS

History of the Americas Housing Equipment Business

The Course for Establishing the TOTO Brand

While TOTO's sanitary ware and WASHLET are currently seeing steady sales in the Americas, the journey to get to this point was certainly not an easy one.

Efforts to raise brand recognition began with water-saving toilets at the start of the Americas Housing Equipment Business and continued through the 2000s.

1989	Established TOTO Kiki U.S.A. INC. (sales company) and began sales of sanitary ware and WASHLET
1994	Enactment of the Energy Policy Act to respond to rapidly increasing population and water shortages. The Act imposed mandates stipulating that toilets use no more than six liters per flush.
1997	TOTO gained recognition by launching a high-performance, stylish water-saving toilet with a one-piece design that integrated the toilet bowl and tank, which remains popular in the United States to this day. Note: Around this time, we diligently promoted sales activities aimed at boosting awareness of TOTO products. These included setting up exhibitions at each Kitchen & Bath Shop and sending out recreational vehicles (RVs) loaded with mainstay TOTO products to showcase to customers throughout the United States.
2002	TOTO water-saving toilets earned the top three positions for outstanding performance in a survey conducted by the National Association of Home Builders. Note: TOTO toilets become more popular in public facilities as well, earning a favorable reputation among hotel engineers for the fact that they do not clog or break no matter how many times you flush them.

WASHLET faced challenging conditions due to the fact that there was not a culture of spray seats in the Americas and thus electrical work was required to establish an outlet next to the toilet.

Without a strong environment for the proactive sales promotions of toilets, it was imperative that we had more people experience WASHLET firsthand. To that end, we supplied WASHLET to hotels and restaurants and installed the product in the toilets of sales staff working at showrooms of local agencies so that they could properly recommend it to customers themselves. Through such efforts, we gradually established and increased the recognition of the TOTO brand, and a greater number of distributors began to carry TOTO products. Eventually, we were able to expand our marketing area from the West Coast, where we were selling water-saving toilets, to other regions. As sales of TOTO toilets continued to grow, we placed an advertisement for WASHLET at Times Square in 2008. In the mid-2010s, the number of overseas visitors to Japan increased, and more people had the opportunity to experience WASHLET at prominent Japanese landmarks. During this time, the use of social media became widespread, and when tourists began to upload pictures of WASHLET and share their opinions on the product on social media, this helped further boost the level of recognition for spray seats. At the same time, e-commerce became increasingly more popular as a means for customers to purchase products. We began to collaborate with sales agencies that boasted major strengths in e-commerce and conducted training for contractors regarding the installation of TOTO products, eventually commencing sales on major e-commerce sites. In 2019, we began the sale of WASHLET at retail chain stores. At our construction material stores, we commenced transactions with local large-scale distributors. In these ways, customers became able to purchase WASHLET through a variety of contact points.



RV that traveled across the United States to showcase mainstay products



Exhibition inside an RV

Promotion of After-Sales Services That Supported WASHLET Sales

As sales of WASHLET units continued to increase, we faced the issue of establishing an after-sales service structure in the Americas, similar to the one in place in Japan, so that customers could use our products for a long period of time after purchase. At the time, many spray seats were produced by OEMs, which meant they could not be repaired if they broke down and instead had to be replaced. Under these circumstances, TOTO was able to significantly differentiate itself by offering repair services for its products, drawing on the insight gained from developing, manufacturing, and selling WASHLET entirely in-house. Up until around the mid-2010s, we handled repair work by either sending the defective product to our factories, repairing it at these factories and returning it to customers, or by visiting customer homes to perform repair work using a limited number of personnel. However, with the aim of providing industry-leading after-sales services, we expanded the service area for home repairs nine-fold between 2018 and 2023, including areas covered by online sales. In addition, to improve the technical capabilities of repair staff, we trained and deployed highly skilled technicians and provided remote support from veteran technicians. Furthermore, in 2023 we held the first-ever TOTO World Service Masters competition, at which representative technicians from each country and region gathered to compete against each other, thereby honing their repair skills. In these ways, we have worked to build an after-sales service structure in the Americas alongside Groupwide efforts to enhance the quality of our after-sales services.

Moving forward, we will continue to offer high-quality products and services in the Americas through an operating structure that provides support for customers from before they purchase a product to after they have used the product for a long period of time.



Team representatives at the first TOTO World Service Masters competition

Global Housing Equipment Business

International Housing Equipment Business

Asia and Oceania Housing Equipment Business

Growth segments

Review of TOTO WILL2030 STAGE 1 (Results and Issues)

In the first half of STAGE 1, performance in the Asia and Oceania Housing Equipment Business was impacted by the COVID-19 pandemic. In fiscal 2023, we were impacted by the economic downturn in Taiwan, an area that accounts for a high percentage of sales, and sluggish conditions in the real estate market in Vietnam, brought about by soaring interest rates. However, our overall performance during STAGE 1 was favorable due to growth in the economies of each country and region. In the mature market of Taiwan, we sought to communicate the value of our products at our showrooms and build new sales channels, including e-commerce. As a result, we achieved robust sales of WASHLET. However, as an ongoing issue, we recognize the need to capture demand from not only new housing but also remodeling. In Vietnam, we opened a new showroom in Hanoi in March 2021, helping us to establish a local sales network. In addition, we successfully expanded the sales of toilets through the launch of new products and other efforts. Looking ahead, we need to focus on strengthening our sales network centered on prominent stores in the region. In India and Thailand, we achieved a steady sales performance as we continued efforts to raise brand awareness in the high-end segment. With that said, we are still in the phase of building sales networks in these countries, and we must address the issue of expanding our marketing area and increasing the number of local agencies with which we collaborate.

In terms of production, Vietnam and Thailand serve as bases for our global production. In Vietnam, we commenced operations of a fourth factory in July 2022, and construction of a water faucet plant is currently underway with a view toward commencing operations in 2024. In Thailand, the WASHLET factory which commenced production in 2020 continues to operate in a highly efficient manner.

Strength

TOTO is recognized as a desirable brand in the countries and regions of Asia and Oceania due to the new value we offer through our high-quality water-saving toilets and WASHLET. In addition to our high-quality products, we boast the strength of providing comprehensive support that includes after-sales services. Also, in the European market, our products have been recognized for their functionality and design and are adopted at many well-known establishments, including hotels. This strong reputation in Europe has helped increase installations of TOTO products at buildings in Asia. Asia serves as our global manufacturing base, and in the region we boast the same type of advanced production structure as we do at our mother factories in Japan.



Showroom of local agency in Taiwan



Sofitel Legend Metropole Hanoi, a first-class hotel in Vietnam that features WASHLET in every room

Results of Major KPIs and Future Plans

(Billion yen)

	Base Year		STAGE 1		STAGE 2
	Results		Results		Targets
	FY2020	FY2021	FY2022	FY2023	FY2024
Net sales	28.2	32.5	44.8	45.0	51.0
Operating profit	4.6	5.3	7.1	6.1	7.4
Operating margin	16.3%	16.3%	15.8%	13.6%	14.5%

Fiscal 2023 → Fiscal 2026

+16% CAGR in sales (plan)

Initiatives for WILL2030 STAGE 2 (Awareness of the Market Environment and Main Initiatives)

We have positioned Vietnam, India, and Thailand as three key growth markets and Taiwan as the region that underpin our operations in Asia and Oceania. In these regions, we will advance efforts to build a solid business foundation that enables us to grow alongside the economic growth in each market.

• Vietnam

With its younger population, we believe Vietnam is a market that can expect to see strong economic growth moving forward. While interest rates rose in fiscal 2023, we expect that conditions in the real estate market will eventually recover. During STAGE 1, we were able to build a sales network that covers the entire country. Drawing on this network, we will further increase the number of local agencies that display TOTO products and do business with us in an effort to improve customer contact points from both a quantitative and qualitative perspective. We will also work to expand the number of target properties, including properties that provide a key advantage in raising brand awareness, and developers, in an effort to increase the rate of orders received. Moreover, Vietnam plays an important role as a global production base, and we will continue to manufacture sanitary ware and water faucets geared toward markets in Asia, Mainland China, and the Americas. By growing sales in other regions, we expect to expand production in Vietnam and increase profits accordingly.

• India

India has the world's largest population, and we forecast economic growth in the country over the medium to long term. The upper middle class, a target customer base for TOTO, is also expected to increase in India, and this will help grow the economy while boosting demand for bathroom products. We will seek to establish TOTO as a desired brand in the country so that we can continue to be chosen by customers in the high-end market. In addition, we will work to expand the number of local agency showrooms targeting the 28 highest-populated metropolitan areas in which 70% of the upper class reside. We will also conduct educational activities for our sales staff. In these ways, we will improve customer contact points from both a quantitative and qualitative perspective.

• Thailand

In the high-end market in Thailand, which is a target customer base for the TOTO Group, the number of condominiums and housing, primarily in metropolitan areas, is increasing and demand for bathroom products is expected to rise as a result. We engage in transactions with large-scale distributors in the country, and this helped us maintain a high market share in these channels during STAGE 1. In the same manner as other countries and regions, we will advance initiatives to increase the number of stores in which our products are sold and ensure that our high-value-added products are displayed at these stores. Furthermore, Thailand serves as a production base for WASHLET units sold in the Americas and other Asian countries and regions. As our performance grows in other regions, we expect to expand production in Thailand and increase profits accordingly.

• Taiwan

Up until the mid-2010s, the market in Taiwan centered on new construction. Now, however, we view Taiwan as a mature market where we can expect demand for remodeling. As a market that underpins the Asia and Oceania Housing Equipment Business, we will implement educational activities and enhance the content of displays at the showrooms of local agencies. We will also promote activities to thoroughly communicate the value of WASHLET, including the cleanliness value and bacterial reduction features it offers. By doing so, we will seek to capture demand from remodeling.

• Middle East

During STAGE 1, we expanded local recruitment activities in Dubai (United Arab Emirates).

In STAGE 2, we will bolster collaboration with targeted developers in an effort to acquire orders from large-scale properties in Saudi Arabia and other regions.

TOPICS

Efforts to Expand Showrooms of Local Agencies in India

In India, we are working to expand our local agency showrooms in terms of both quality and quantity. Since 2017, we have been working to establish TOTO-exclusive showrooms at local agencies and have increased the number of these showrooms. However, we faced issues in terms of the quality of customer service and content of exhibitions at these showrooms. In particular, there were discrepancies among sales staff in terms of the level of understanding of TOTO products and ability to provide explanations, and there were many local agencies that struggled with cultivating sales staff. To address such issues, we formulated a systematized training curriculum for sales staff at local agency showrooms and implemented incremental training activities in accordance with individual skill levels. For example, since these showrooms do not offer the products of other companies, we implemented training to enhance staff knowledge regarding the materials used by other companies and how they differ from ours so that staff can better understand the differences between our products and those of our competitors. Through such initiatives, many staff members have told us that, thanks to the enhanced skills they received from such training, after negotiations many customers have stated that they became a fan of not only TOTO products but also of the showroom staff themselves. Moving forward, we will continue to increase not only the number of showrooms but also the number of local agencies that jointly promote the appeal of TOTO products.



TOTO-exclusive showroom in India

Global Housing Equipment Business

International Housing Equipment Business

Mainland China Housing Equipment Business

Base segments

Review of WILL2030 STAGE 1 (Results and Issues)

Over the three-year period of STAGE 1, challenging conditions continued in the real estate market of China. Although we achieved record-high net sales and WASHLET unit sales in fiscal 2021, our performance was adversely impacted by the sluggish real estate market in fiscal 2022 and fiscal 2023. As a result, net sales in these years fell significantly below the fiscal 2021 level, leading to reduced production and consequently, stagnating profit margins. Under these circumstances, we have been advancing efforts to bolster our business foundation for the medium to long term and have stepped up efforts to communicate the value of our products and the showrooms of local agencies, which are an important customer contact point. Also, as an effort to deliver products to customers and local agencies at their desired times, we have set up a system that enables more accurate shipping date responses. To steadily grow net sales and improve profitability in the Chinese market, which is entering into the phase of maturity, we recognize that we must transition to a business structure for capturing demand from not only new construction but also remodeling.

Strength

In the 1990s, we established manufacturing companies and sales offices in Mainland China. Since then, we have worked to install TOTO products in prominent properties such as first-class hotels and office buildings. In the 2000s, China saw a rise in housing demand, and through our efforts to expand sales of TOTO products in response to such demand, we were able to acquire a large share of the high-end market. From that time on, TOTO products continued to be recognized for their high level of quality, including securing top ranks in toilet cleaning performance tests conducted by the China Consumers Association. We also made concerted efforts to build a network of local agencies in Mainland China, thereby enabling us to increase the number of local agencies exclusively selling TOTO products and the number of showrooms displaying our products. These efforts have raised the level of recognition of the TOTO brand, which has served as a major strength.

Initiatives for WILL2030 STAGE 2

Awareness of the Market Environment

The prolonged stagnation in new construction demand in Mainland China will continue to significantly impact the TOTO Group's performance. Meanwhile, in tier 1 cities and new tier 1 cities, which we primarily target, we estimate that there is a substantial number of residential properties totaling over 100 million units. Additionally, there is a large number of TOTO toilet units that have been sold in the market, and we believe that this provides us with a great opportunity to capture remodeling demand.

Main Initiatives

In addition to capturing new housing demand, we will build a foundation for the remodeling business with a view toward medium- to long-term growth, thereby working to improve profitability. To that extent, we will leverage the insight and know-how gained from our experience establishing remodeling as a business pillar in Japan, in a manner that caters to the culture in Mainland China. As a first step, through customer contact points such as showrooms and our corporate website, we will foster the mindset of replacing products not because they are broken but rather to enjoy a more comfortable lifestyle. Specifically, we will provide before and after examples of remodeled spaces to communicate the merits of remodeling. We will also enhance our ability to offer proposals for remodeling at our customer contact points. In addition, we will step up collaboration with interior design studios, which handle all aspects of the remodeling process from bathroom product proposal and preparation to construction work, as these companies play an important role in creating remodeling demand. We will also expand our lineup of remodeling products. Furthermore, through such efforts as the stable operation of the shipping date response system built in STAGE 1, we will enhance the operational efficiency of the Company and of local agencies, optimize inventories, and reduce costs.



Exhibit communicating the value of remodeling at Kitchen & Bath China 2024, held in May 2024

Results of Major KPIs and Future Plans

	(Billion yen)				
	Base Year	STAGE 1		STAGE 2	
	Results	Results		Targets	
	FY2020	FY2021	FY2022	FY2023	FY2024
Net sales	69.5	92.4	85.1	84.1	87.2
Operating profit	11.6	15.8	8.1	4.4	4.4
Operating margin	16.7%	17.1%	9.5%	5.2%	5.0%

Fiscal 2023 → Fiscal 2026

+5% CAGR in sales (plan)

Global Housing Equipment Business

International Housing Equipment Business

Europe Housing Equipment Business

Review of WILL2030 STAGE 1 (Results and Issues)

During STAGE 1, in Germany, we worked to promote the TOTO brand to local plumbers, who play a key role in selecting bathroom product manufacturers, and build local networks with them. In the United Kingdom and France, we delivered WASHLET units to first-class hotels and other prominent properties, thereby steadily enhancing brand awareness. However, Germany commenced an incentive program for people to replace old oil-fired heating systems with new energy-efficient models, and this led to a severe shortage in plumbers who handle such replacement work. As a result, our sales growth in Germany was stagnant. One particularly significant accomplishment we achieved during STAGE 1 was becoming the first non-European manufacturer to exhibit at a prime venue at International Sanitary and Heating 2023 (ISH) 2023, the world's largest international trade fair for baths, toilets, buildings, indoor cooling, heating, air-conditioning, and renewable energy. Despite steadily increasing brand awareness, we still face issues in terms of growing sales and restoring profitability.



TOTO exhibits at ISH 2023—The world's largest international trade fair

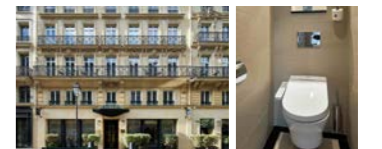
Strength

One strength we possess in Europe is the fact that the power of the TOTO brand has been recognized by prominent plumbers and interior design studios in the region. As a result of efforts to build our brand, we have expanded the number of units delivered to prominent properties and bolstered our sales network in the European market. Additionally, our firm establishment of the TOTO brand in Europe has helped increase orders received from hotels with a global presence and for on-site projects in other regions. We believe that going forward, this brand presence in Europe will provide a positive boost for our businesses in India and the Middle East, where we intend to further grow sales moving forward. Also, competition between bathroom product manufacturers is intensifying in the European market, and the region is well-known for being a trendsetter in terms of design. We are leveraging the insight that we have gained from competing with European brands in products we roll out on a global scale. This insight has also helped us earn prestigious international design awards and increase design quality across the TOTO Group.

Initiatives for STAGE 2

Awareness of the Market Environment

After certain revisions, Germany's incentive program to transition to new energy-efficient models remains ongoing in 2024, and as such so does the shortage in plumbers. As a result, we believe the outlook for the market in Germany remains unclear for 2025 and onward. In the United Kingdom and France, we will continue to pursue demand for remodeling at prominent properties.



First-class hotel Maison Albar Le Pont-Neuf, which features WASHLET in all rooms (France)

Main Initiatives

We firstly aim to grow net sales in each country with focus on returning to the black over the medium to long term. In Germany, we will continue to build a network of plumbers who choose our products based on a thorough understanding of the value they offer. We will also continue to implement training for plumbers on communicating value and provide them with support for expanding sales of TOTO products. By doing so, we will expand WASHLET sales in the medium- to high-end market. In the United Kingdom and France, we will build relationships with and strengthen proposals to key interior designers and hotel operators, thereby expanding the number of orders received from local high-class hotels and the number of hotel rooms in which WASHLET is installed. We will also pursue greater sales in the high-end housing market. Additionally, we will focus efforts on providing after-sales services, seeking to establish a system with which other companies cannot compete by enhancing the speed at which we complete home repairs. In this way, we will gain the trust of our customers.

Results of Major KPIs and Future Plans

	(Billion yen)				
	Base Year	STAGE 1		STAGE 2	
	Results	Results		Targets	
	FY2020	FY2021	FY2022	FY2023	FY2024
Net sales	4.0	4.8	5.3	4.5	4.6
Operating profit (loss)	(1.0)	(1.1)	(1.3)	(1.3)	(1.1)
Operating margin	—	—	—	—	—

New Business Domains

Advanced Ceramics Business

The Advanced Ceramics Business is rolling out high-quality, high-precision advanced ceramics, including electrostatic chucks and ceramic film formed by the aerosol deposition process (AD components), for semiconductor equipment manufacturing. Through unique technologies that leverage synergies with the Housing Equipment Business, we will create value together with our customers and suppliers.



Ryosuke Hayashi

Director, Senior Managing Executive Officer

Growth segments

Review of TOTO WILL2030 STAGE 1 (Results and Issues)

Over the three-year period of STAGE 1, we pursued a major transition of our business structure and were able to capitalize on growth in the semiconductor market. The market during fiscal 2021 and fiscal 2022 was favorable due to the period of high growth in the silicon cycle (an economic cycle unique to the semiconductor market). Conditions became less favorable in fiscal 2023, when the cycle entered into a more challenging phase. The TOTO Group's performance was also impacted by the silicon cycle, achieving record-high net sales and operating profit in fiscal 2022, but seeing sales and profits decrease year on year in fiscal 2023. In 2020, we began operating a new state-of-the-art smart factory in Nakatsu City, Oita Prefecture. Since establishing a highly efficient production structure through this factory, we have maintained high yields. Additionally, we transferred our R&D Division to the Chigasaki Plant in Kanagawa Prefecture, enabling us to concentrate resources in and conduct R&D and mass production in a more balanced manner. By doing so, we have been responding to increases in semiconductor demand while also dedicating ourselves to R&D on next-generation profits, thereby establishing a robust business foundation. Backed by this foundation, we have maintained a high operating margin of 30%, even in fiscal 2023 during a challenging phase of the silicon cycle. As the semiconductor market will continue to grow over the medium to long term, collaboration with business partners and continuous technological development will be key issues in responding to the ongoing evolution of semiconductors.

Strengths of Our Business Structure

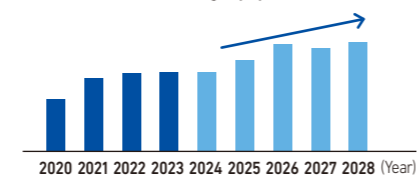
Both our key products of electrostatic chucks and AD components have received praise for their high level of durability and quality, and such products have helped sharpen our competitive edge. Accordingly, our electrostatic chucks and AD components are used in cutting-edge manufacturing equipment for etching processes. Specifications for semiconductors and manufacturing equipment continue to increase in sophistication, and we therefore need to keep pace in terms of our components. As the added value of our components rise while doing so, their unit price will increase as well. Also, for electrostatic chucks, in addition to new demand, there is also demand for replacement to help existing semiconductors continue to operate. Moreover, we possess a structure for swift and flexible development and the ability to accurately analyze causes of defects, which we have cultivated in the Housing Equipment Business. Drawing on these strengths, we have built strong trust-based relationships with our business partners. We have also maintained a high level of productivity through the promotion of smart factories, helping us realize a highly profitable business structure.

Initiatives for WILL2030 STAGE 2

Awareness of the Market Environment

Social reform is accelerating around the world in various forms through 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. The TOTO Group's electrostatic chucks and AD components are an essential component of semiconductor manufacturing equipment, which is used to manufacture cutting-edge products. For this reason, growth in the semiconductor market moving forward will provide a tailwind for our business. Specifically, TOTO's electrostatic chucks are used in the manufacture of NAND flash memory. As demand for generative AI rises, the number of data centers required to store the necessary data for this technology will increase. Consequently, this trend will drive up the demand for NAND flash memory, which are used in these data centers, as well as TOTO's electrostatic chucks. While there will continue to be ups and downs in the silicon cycle, from a long-term perspective, we firmly believe that the semiconductor market will continue to trend upward.

Wafer Fab Equipment (Forecast for Semiconductor Front-End Manufacturing Equipment)



* Source: Techn Insights Inc. (as of January 31, 2024)

Main Initiatives

1. Development and Sales of Unique Products That Meet Customer Needs

We will strengthen our technological development to keep pace with the evolution of semiconductors following the expansion of the semiconductor market. Through our unique raw materials, design and assessment technology, manufacturing process, and knowledge, we will develop next-generation products that are unrivaled. While sharing information with our customers that manufacture semiconductor manufacturing equipment, we will promote the timely development of new products (next-generation products) in alignment with the development plans of our customers. We will also incorporate quality and reliability into the manufacturing process and successfully launch the vertical mass production of next-generation products while maintaining quality. Drawing on our various strengths, we will continue to enhance the value we provide to customers while proposing other uses for our components.

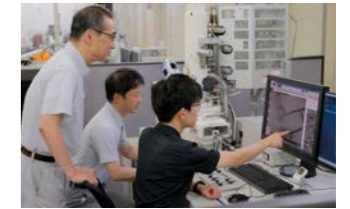
2. Establishment of a Highly Efficient Production and Product Supply Structure Resilient to Fluctuations in Demand

Leveraging the database in quality assurance and production management that we cultivated during STAGE 1, we will realize on-demand production that aligns with customer demand. To that end, we will pursue stable quality management by reducing the rate of defects through the automation of processes, the reform of work flows, and the utilization of big data analysis. In addition, by forming linkages between all types of data within the entire value chain, we will build a production structure resilient to fierce fluctuations in demand. Through our smart factories, we will advance efforts to improve productivity in a high-value-added manner, optimize inventory levels, and maintain high yields. We will also adopt smart factories in not only the manufacturing process of electrostatic chucks but also for AD components and structural components.

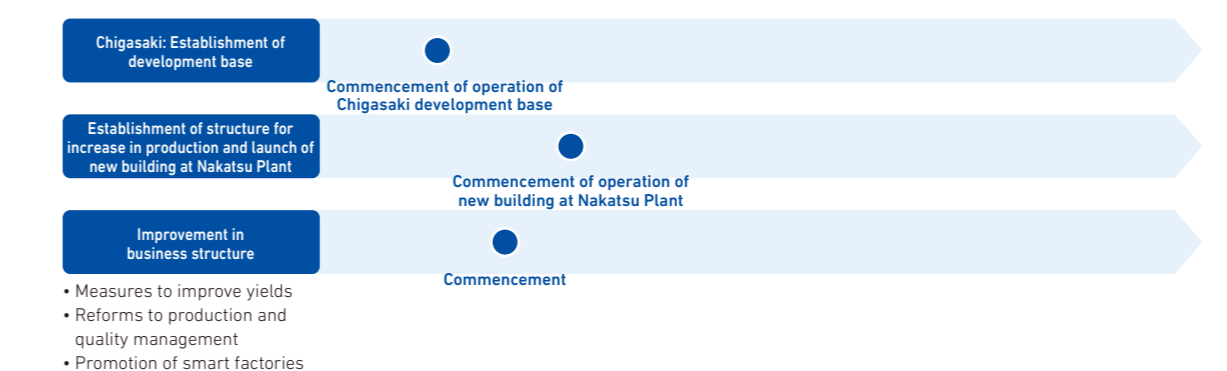
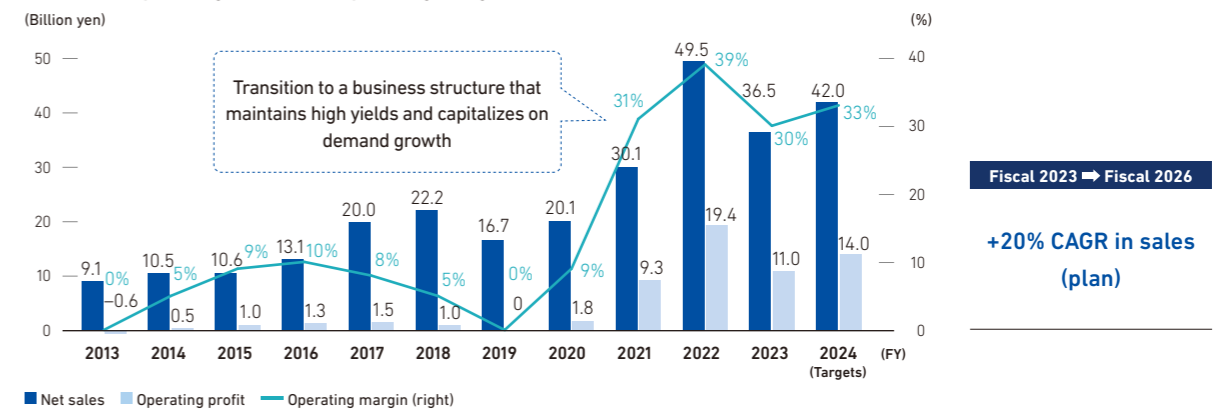
Moreover, amid significant changes in the supply chains of all semiconductor manufacturers owing to the rise in demand for semiconductors, we are working together with customers and suppliers to establish a stable structure for the supply of products by reviewing and rebuilding the supply chain.

Synergies with the Housing Equipment Business: Analysis of Defects

The Chigasaki Plant in Kanagawa Prefecture, where the headquarters for our Advanced Ceramics Business is located, is home to the Advanced Ceramics Business Development Division and the Comprehensive Research Institute, which conducts R&D for the Housing Equipment Business. The Comprehensive Research Institute works to resolve quality-related issues that occur in the manufacturing process, including for ceramic products. Through the use of advanced analysis technologies, the research institute helps promptly identify and analyze defects that occur on the manufacturing line. In these ways, the manufacturing capabilities cultivated in the Housing Equipment Business provide support for the Advanced Ceramics Business.



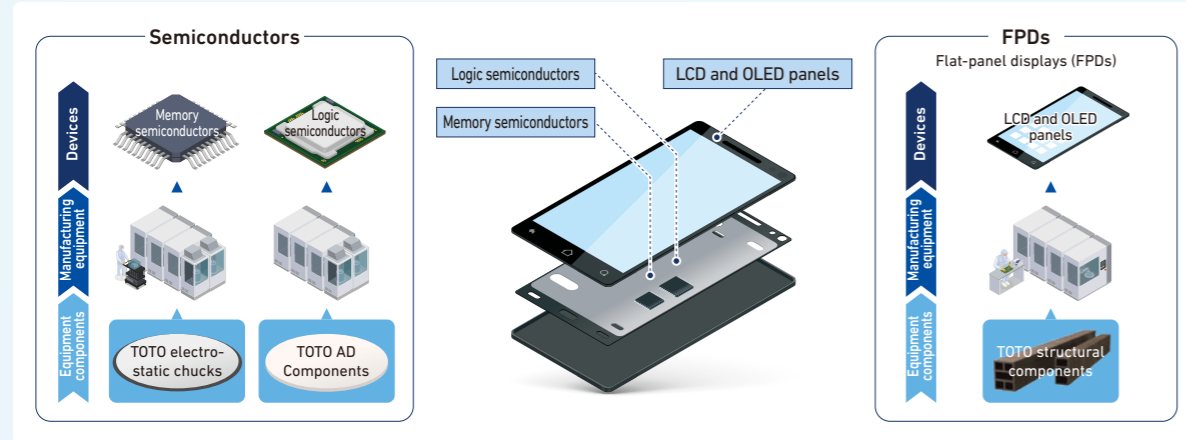
Net Sales, Operating Profit, and Operating Margin in the Advanced Ceramics Business



About the Advanced Ceramics Business

Fields in Which TOTO's Fine Ceramics Technologies Are Used

TOTO's fine 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 Fine 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 manufacturing equipment for etching processes, which are carried out 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.



<AD Components>

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, which causes decline in yields and disrupts manufacturing, and prevents the occurrence of minute particles at the nano level, thereby enabling the stable performance of manufacturing equipment. This technology overturns the common sense of ceramics need to be sintered and is expected to satisfy various market needs.



<Structural Components>

Structural 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. Structural 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.



Production Structure That Achieves High Profitability

We will continue creating a structure to increase production of electrostatic chucks in anticipation of medium- to long-term expansion in the semiconductor market. With the aim of reducing lead times and enhancing the consistency of the manufacturing process, under the production structure, we will realize cutting-edge smart factories within the TOTO Group, including automation of processes, the reform of work flows, and analysis of big data, and continue making further advancements. Through the introduction of smart factories, productivity per number of electrostatic chuck personnel has increased 1.5 times.



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 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 work environment where employees can continue to work over the long term with peace of mind.

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 complete an awareness survey and then analyze and quantify the results, reflecting them in new initiatives.

Promoting Diversity

During STAGE 1, we engaged in a broad range of initiatives to realize diverse workstyles unique to TOTO. These included strengthening well-balanced employee evaluation and treatment frameworks for employees of all ages; providing support for independent career development, including the relearning of skills; introducing flexible workstyles that combine remote working and face-to-face communication in officers; and promoting the development of managerial personnel at overseas Group companies following the globalization of our business. In STAGE 2, we will continue to advance these initiatives and work to build frameworks for identifying the type of work that best matches what individual employees find to be fulfilling. By doing so, we will ensure that employees of all ages can continue to work at TOTO with a sense of pride. Furthermore, we will aim to enhance specific systems for addressing issues faced by individuals based on nationality, gender, life events, and other personal circumstances.

Implementing DX

During STAGE 1, we enhanced training opportunities covering everything from the endowment of IT knowledge and skills to the application thereof. In this way, we worked to develop DX human resources who are able to utilize digital technologies in a proper manner. In STAGE 2, we will continue to promote and strengthen these types of initiatives. Through these efforts, we will foster a corporate culture for tackling greater challenges by expanding initiatives that started from individual learning opportunities into Companywide endeavors. By accelerating the cycle of learning, taking on challenges, and achieving results, we aim to transform our employees, organization, and business model on a continuous basis.

Development of a Robust Business Foundation

To respond to changes in the external operating environment and changes to the Company, we will reinforce our business foundation so that it continues to support the growth of the TOTO Group. During STAGE 1, we proceeded with various efforts to prevent the occurrence of accidents in the workplace and to support the mental and physical health of employees in order to realize safe and healthy work environments. In STAGE 2, we will seek to establish an environment in which each division can better pursue workplace health and safety initiatives on an independent basis.

In terms of finance, we have rolled out the concept of "ROIC" on a Groupwide basis to organize the relationships between the KPIs of each individual business. Guided by this notion, we will establish a PDCA cycle for maximizing capital efficiency, thereby improving profitability.

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.

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 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.

With the dramatic changes occurring in the global situation and with the changes brought about by the acceleration of digitalization, we are constantly considering what forms of new lifestyle value we should provide to customers. At the same time, we are promoting the key issues of creating new lifestyle value that will support the next 10 years, engaging in value messaging and product planning, and visualizing the further evolution of the global market.

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

Engaging in Value Messaging and Product Planning Creating New Experience-Based Value

To date, TOTO has continued to evolve by reinforcing its unique technology and designs and integrating them to a high degree.

With the dramatic changes that are occurring around the world, the value customers desire in their daily lives is also changing. During STAGE 1, we worked to flexibly respond to these kinds of changes in an effort to propose new lifestyle value that can support an enriched future for people around the world.

For STAGE 2, in addition to continuing such activities, we will strive to establish product lineups that can realize new lifestyle value. Going beyond efforts to evolve the internal technologies of the TOTO Group, we will seek to incorporate into our products and services external technologies that can create new lifestyle value, based on a more global perspective.

To remain an industry leader in the global market, we will deliver excitement and inspiration to customers around the world by continuing to pursue the ideal state of the TOTO Group with a focus on the future.

New Products Launched in Fiscal 2024

SYNLA modular bathroom for houses/remodeled bathroom for condominiums



THE CRASSO modular kitchen



* Award scope for Red Dot Design Award 2023: Countertop, square slide sink, faucet, touchless EWATER+ generator

Engaging in Value Messaging and Product Planning

In STAGE 1, people's way of thinking regarding sanitation underwent a tremendous transformation. Amid this trend, we released new products in all four major categories of bathroom products. Also, in addition to promoting the appeal of our conventional technologies and functions, we conveyed the significance of TOTO products in terms of the experiences and moments they create, thereby supporting customers in the product selection process. Moreover, in March 2023 we held an exhibit at Forum, a prime venue offered during the International Sanitary and Heating (ISH), the world's largest international fair for housing equipment held once every two years in Frankfurt, Germany. Through this exhibit, we worked to enhance TOTO's brand value on a global scale by proposing enriched lifestyles that can only be realized through the plumbing products of TOTO.

Drawing on the accomplishments we made with these activities, during STAGE 2 we will further advance initiatives focused on our strengths in cleanliness, comfort, and wellness. At the same time, we will bolster the environmental performance of our products and services as a leader in the bathroom and kitchen industry, taking into account rising social needs and ethical consumption. In addition to enhancing the environmental performance of our products themselves, we will commence new efforts aimed at expanding the use of recycled materials and conserving the environment throughout the entire product life cycle.

Visualizing the Direction to Pursue and Issues to Address in the Global Market

Customer needs vary by each country and region. During STAGE 1, we thoroughly analyzed the cultural lifestyles and value systems behind differing customer needs in an effort to clarify the direction of our product strategies and relevant issues to address.

We also carried out a similar analysis of WASHLET, which the Group positions as a globally strategic product. Various other companies are producing spray seats, and this has led to the development of products with unique characteristics.

Over the course of STAGE 2, we will be faced with even greater competition as we continue to pursue the global expansion of our business. To remain a leading company in not only water-saving toilets but also spray seats, we will further strengthen our analysis efforts and reflect the results in our product development. While continuing to pursue ongoing initiatives, we will accelerate the speed of local marketing research and other activities particularly in countries and regions that we position as growth segments during STAGE 2.

TOPICS

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

In March 2023, TOTO exhibited at International Sanitary and Heating (ISH) 2023, the world's largest international trade fair for baths, toilets, buildings, indoor cooling, heating, air-conditioning, and renewable energy, held once every two years in Frankfurt, Germany. For the first time at the ISH, our exhibit was held at Forum, a single venue located near the entrance of the event where many visitors gather. With a record turnout of more than 50,000 people at the event, we were able to showcase to many visitors the proposals for new and prosperous lifestyles in plumbing products that only TOTO can deliver.

Visitors to our exhibit offered such positive feedback as, "Bathroom and kitchen plumbing products are considered good not only because of their design and function but also because of the after-sales services that accompany them. It is clear that TOTO has all of the pieces in place." and "I was impressed by how the exhibit not only showcased TOTO's product value and technological capabilities but also the Company's corporate philosophy." In this way, the exhibit showed us that the message we wish to communicate to our customers worldwide is steadily reaching them in an effective manner.



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.



Yojiro Taketomi
Director,
Managing Executive Officer

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.



Ryosuke Hayashi
Director, Senior Managing
Executive Officer

Our Aims for the Shared Value Creation Strategy TOTO WILL2030

Under Supply Chain Innovation, TOTO has set “continue to achieve a stable supply globally through a resilient supply chain” as an aim for 2030. To date, we have steadily addressed 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.

Moving forward, we will further enhance our ability to forecast geopolitical and other risks, enhance the stability of our supply, and work to reduce supply chain risks to the greatest extent possible. At the same time, we will work to optimize inventories by reducing inventory levels through shorter lead times. In these ways, we will further strengthen our operational foundation.

Key Strategies

STAGE 1 was a three-year period where many uncontrollable events occurred within the frameworks of our traditional supply chain. These included the COVID-19 pandemic and the shortage of electronic components that occurred in the wake of the rapid economic recovery from the pandemic. These also included disruptions to the supply of certain products due to this shortage. Amid these challenges, we gave priority to strengthening our BCP response capabilities and ensuring a stable supply of products. For STAGE 2, we will continue to strengthen and enhance our resilience across the entire supply chain, including procurement, production, and logistics, while maintaining our ability to offer a stable supply.

By region, the scale of our business in Japan is the largest out of any region, and therefore it is a market where we offer the most products and components. In Japan, we will move forward with optimizing our product variation from fiscal 2024 onward as we work to reduce inventories and accelerate a shift to sustainable products, a strength of the TOTO Group. By doing so, we will contribute to the realization of a sustainable society.

In Mainland China, we have been making efforts to streamline excess inventories by strengthening collaboration between production, sales, and logistics divisions. With regard to future outlook, we believe the Chinese market will shift from rapid expansion to a more gradual growth trend. In light of this, we will seek to establish a mechanism for delivering products to customers on the designated delivery date, which we already have in place in Japan, so that we can realize production in a timely manner and appropriate inventory management.

The Americas is a market with a large volume of imports from TOTO Group production sites, mainly in Asia, and it therefore faces the highest level of impact disruption to the logistics network. To minimize such impact, we have been working to create multiple routes for marine transportation and improve loading efficiency. We have also been taking steps to digitalize orders received within the Group and visualize import cargo. From fiscal 2024 onward, we will continue to strengthen these efforts while reviewing our production and procurement plans from a global perspective and working to reduce lead times for each product. We will also seek to reinforce a structure for steadily delivering products to customers centered on the increasingly popular WASHLET.

As sustainability initiatives are implemented across the entire supply chain, we will continue to collaborate with suppliers to reduce CO₂ emissions and enhance human rights dialogues and audits to protect human rights in the supply chain. In these ways, we will realize a sustainable procurement structure.

Our Aims for the 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 made greater progress than anticipated with the cost reduction efforts we pursued under our manufacturing innovation activities during STAGE 1. We also achieved great success with our development innovation and production innovation activities. This included rolling out various products that draw on the technological capabilities of the Group, promoting the automation of production processes, and reducing development lead time through the use of digital technologies from the early stages of development.

In STAGE 2, we will step up these efforts to an even greater degree. In our development innovation activities, we will accelerate the development of various technologies with a focus on value-added products. In addition to evolving the technologies we possess, we will promote development activities that include the application and utilization of existing technologies of external organizations. Furthermore, we will enhance development efficiency by expanding the scope of our platform and modular design. In this way, we will reduce our environmental burden and further promote the utilization of digital technologies, thereby increasing the efficiency of the overall development process.

For our production and manufacturing innovation activities, we will strengthen digital collaboration efforts in addition to the automation of production processes. To that end, we will apply the big data analysis and data coordination frameworks cultivated in the Advanced Ceramics Business to other products, conduct visualization analysis of our frontline operations, and make use of simulations. Through such efforts, we will accelerate the promotion of smart factories in our manufacturing activities.

With the growing demand for environmental considerations around the world, we have commenced efforts to build a manufacturing structure aimed at achieving carbon neutrality. As part of these efforts, we are working to acquire Environmental Product Declarations (EPD), a tool for the disclosure of environmental information. At the same time, we are utilizing renewable energy and advancing measures to improve environmental performance, including the use of waste materials. In these ways, we will contribute to the realization of a sustainable society.

TOPICS

Commencement of Operations of Faucet Plant at TOTO Vietnam

To cater to growing demand for faucets around the world, we established a new faucet plant at TOTO Vietnam Co., Ltd. with the aim of strengthening our structure for the stable supply of high-quality faucets. Operations of the plant commenced in March 2024.

The new, state-of-the-art plant will aim to further enhance productivity by improving the quality of products through the utilization of big data, automating production processes, and ensuring smooth transitions from one process to the next. The new plant will also aim to reduce CO₂ emissions and achieve carbon neutrality by curtailing electricity use through the utilization of solar power and enhanced efficiency of air-conditioning systems. Moreover, through the use of the advanced wastewater treatment facilities, the plant will help reduce environmental burden by recycling water used in the coating process.



Digital Innovation

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 the cultivation of a shared customer base in collaboration with start-ups and demonstration tests with other businesses.

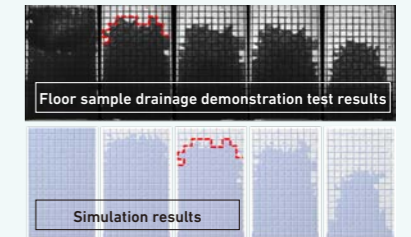


Digitalization of Manufacturing Processes

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.



Bathroom floor drainage simulation

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.

TOTO Advanced Ceramics Business Smart Factories From Traditional Craftsmanship to Modern Manufacturing

Process automation Manufacturing not dependent on human labor	AI utilization Automated visual inspection using AI	Data utilization Utilization of data from an integrated manufacturing database
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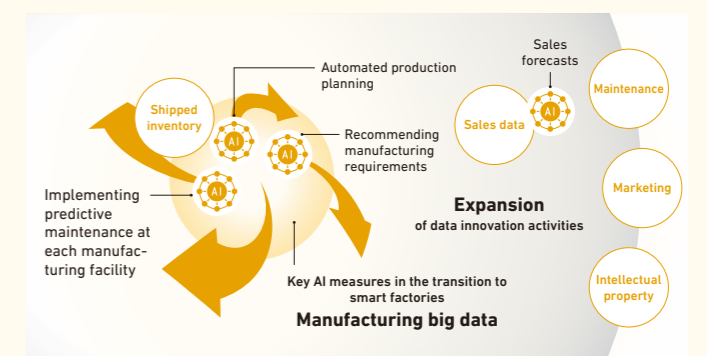
Digitalization of Human Resource Development

Systematic Development of DX Human Resources

Through training and practice, we are improving IT and DX literacy among all Group employees, and by visualizing and sharing practical examples and results, we encourage further learning and the taking on of challenges, creating a continuous cycle of innovation.

Furthermore, since 2020 we have made efforts 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.



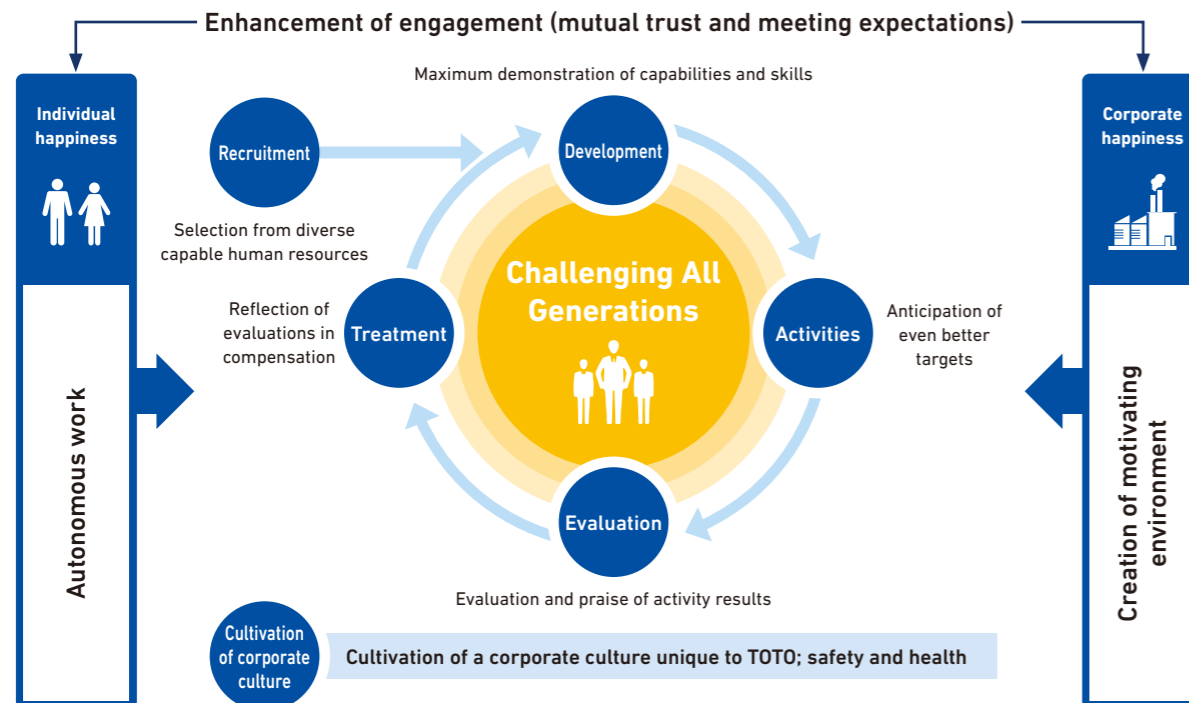
Human Resource Strategy

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

Evolution of Diversity 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	FY2023 (Results)	FY2024 (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 flexibly respond to social changes across the globe, understand the needs of our diversifying customers, and provide new value, we will develop a workplace environment where women can play an active role, with a diverse workforce, including people with disabilities, seniors, people from different nationalities, and members of the LGBTQ community, that mutually respects and learns from each other, and accepts diverse values, where all employees can maximize their capabilities.	Percentage of female managers (TOTO in Japan*)	20.4%	20.5%
	Ratio of employees with disabilities (TOTO in Japan*)	2.65%	Over 2.50%
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, since fiscal 2022, we have held overseas Group company joint training in Japan. We aim to expand overseas businesses and create TOTO fans around the world by developing candidates for overseas Group company 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 company senior manager development training (concluded)	18	30

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	FY2023 (Results)	FY2024 (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 childcare leave taken by male employee (TOTO*)	64.7%	Over 64.7% (higher than 2023)

Implementing DX Leading to Results

By accelerating the development of DX human resources and implementing a “learning → challenges → achievements” cycle, we aim to maximize value creation and business efficiency.

Measures	Indicators	FY2023 (Results)	FY2024 (Targets)
Accelerating DX Human Resource Development To ensure all Group employees view DX as a personal responsibility, we will provide learning opportunities that include workplace discussions on how to implement DX and training videos. For DX promoters in each division, we will visualize existing skills through assessments, and combine online learning (Udemy) for further growth, business efficiency tools such as RPA, generative AI, and no-code workflow development tools, and provide more comprehensive training.	Divisional DX practice themes (TOTO in Japan*)	90 themes	150 themes
Realizing a “Learning–Challenges–Achievements” Cycle to Maximize Results To ensure that individual learning related to DX and operational improvements familiar to the entire organization lead to the taking on of even greater challenges, the creation of new value, and operational efficiency, we will visualize and share examples and results with the aim of encouraging learning and practice among individuals, as well as DX across all divisions, to achieve continuous innovation of the TOTO Group’s business model.			

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

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

Measures	Indicators	FY2023 (Results)	FY2024 (Targets)
Enhancing Work–Life Balance We aim to achieve well-being for each employee by containing long working hours, promoting a 100% utilization rate for paid leave plans employees set themselves, and enhancing employee work–life balance.	Comfortable workplace creation index (TOTO in Japan*)	78.5 pt	79.5 pt

Measures	Indicators	FY2023 (Results)	FY2024 (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*)	74.6 pt	75.1 pt
	Awareness survey overall score (TOTO in Japan*)	75.9 pt	76.4 pt

Financial Strategy



We Are Targeting Further Enhancement of Corporate Value by Increasing Profitability and Efficiency Centered on ROIC*

Tomoyuki Taguchi

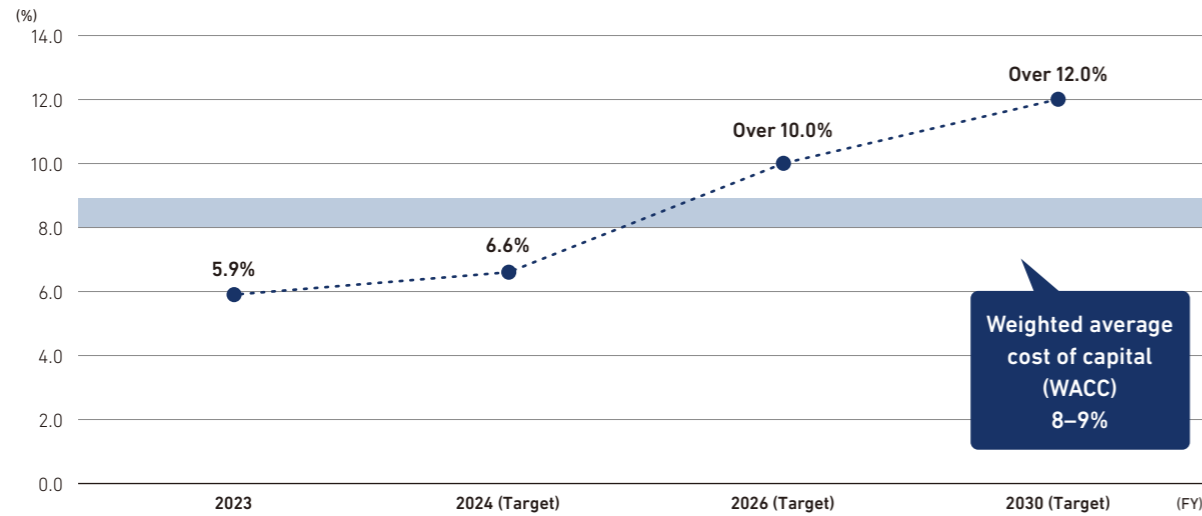
Director, Managing Executive Officer (In charge of Finance and Accounting Division)

* Operating profit after tax ÷ (Operating capital + Fixed assets)

Managing with an Awareness of Capital Costs

The TOTO Group's basic policy is to proactively allocate cash to strategic investments aimed at sustainable business growth, while promoting a balanced financial strategy that takes into account financial soundness and shareholder returns. In WILL2030 STAGE 2, we will promote initiatives with an even greater awareness of capital costs and invested capital efficiency. In STAGE 2, we will focus on both profit growth and quality, while making efforts to improve profitability and efficiency. We recognize that the weighted average cost of capital (WACC) for the entire TOTO Group is 8–9%, but at present, ROIC is below that level. As such, we aim to achieve ROIC that is over 10%, which exceeds capital costs, in fiscal 2026, the final year of STAGE 2.

WILL2030 ROIC Plan



--- ROIC
Note: Operating profit after tax ÷ (Operating capital + Fixed assets)

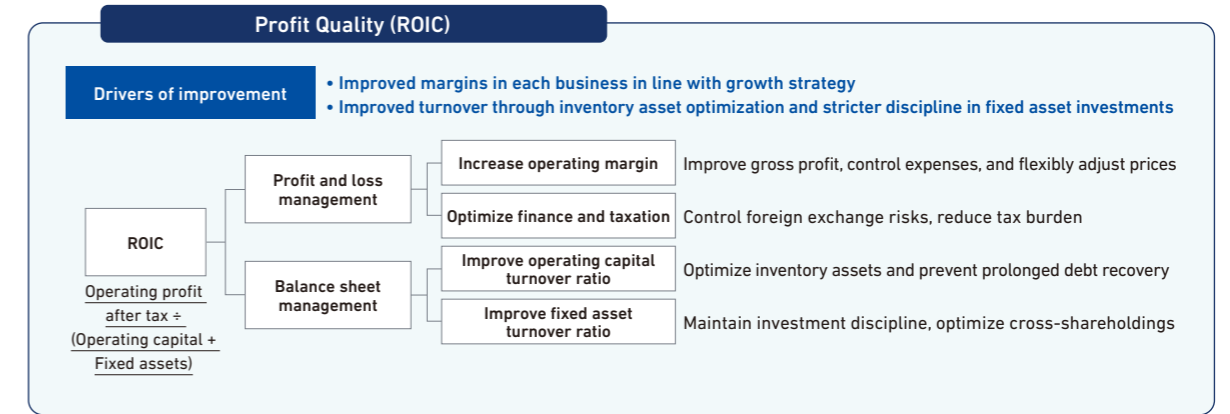
Improving Profitability and Efficiency with ROIC

The TOTO Group has long used ROA and ROE as financial indicators, and has been conducting business with an awareness of invested capital efficiency in each business. In STAGE 2, ROIC will be set as an important KPI, broken down into an ROIC tree, and applied to the internal execution system and all workplaces. We will attempt to enhance corporate value by strengthening discipline when making investment decisions, improving the profitability of each business through daily profit improvement activities, optimizing inventories and fixed assets, and improving investment capital turnover through the disposal of cross-shareholdings.

In STAGE 2, the TOTO Group's three growth segments, comprising the Americas Housing Equipment Business, the Asia and Oceania Housing Equipment Business, and the Advanced Ceramics Business, will serve as the drivers of overall TOTO Group growth. The key issue facing these growth segments is improving profitability in line with higher sales. At the same

time, the Japan Housing Equipment Business and the Mainland China Housing Equipment Business, which is already entering a mature phase, are positioned as base segments that support the entire Group by generating stable cash flows. The challenge for both these segments is to improve profitability and efficiency.

Improving Profit Quality (Profitability and Efficiency) Note: ROIC improvement tree



Capital Allocation

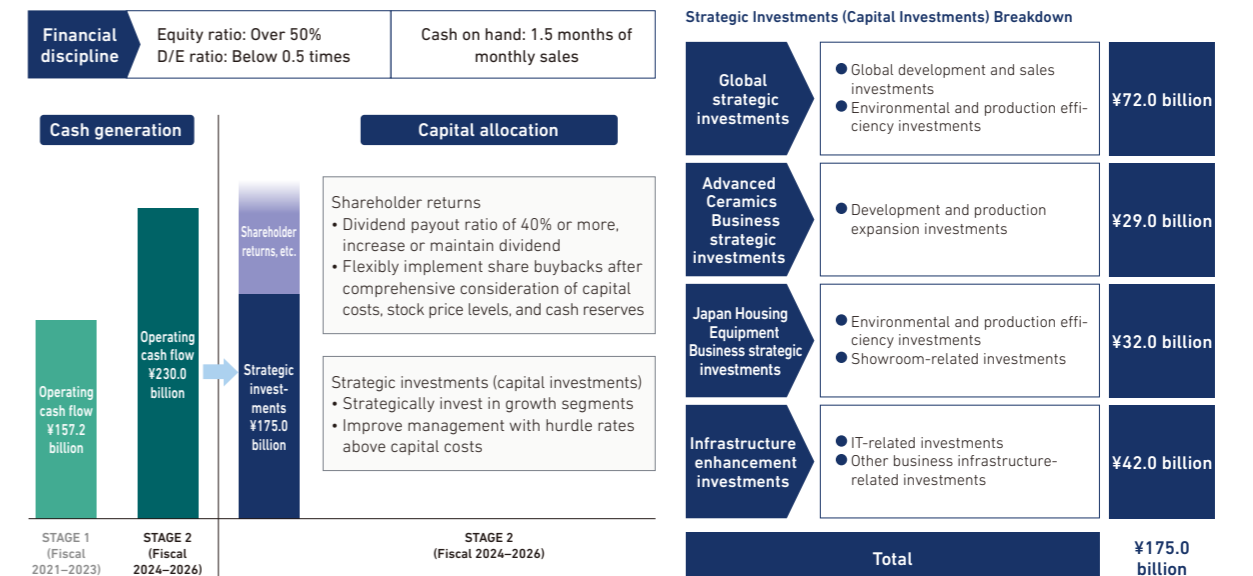
There have been no major changes to capital allocations. The TOTO Group will proactively allocate cash to strategic investments targeting sustainable business growth.

Furthermore, during the three-year period between fiscal 2024 and fiscal 2026 corresponding to STAGE 2, we will allocate ¥175.0 billion to strategic investments (capital investments).

Global strategic investments amounting to ¥72.0 billion will be allocated mainly to the development of new WASHLET products aimed at expanding sales chiefly in the Americas market, efficiency enhancements at each regional production site, and environmental responses. In addition, ¥29.0 billion will be allocated to Advanced Ceramics Business strategic investments for the development of next-generation electrostatic chucks and to increase production capacity in anticipation of future business growth; ¥32.0 billion will be allocated to the Japan Housing Equipment Business, comprising mainly maintenance investments involving factory efficiencies and showrooms, with the aim of increasing profitability; and ¥42.0 billion will be allocated to Companywide investments, primarily IT-related investments aimed at improving productivity.

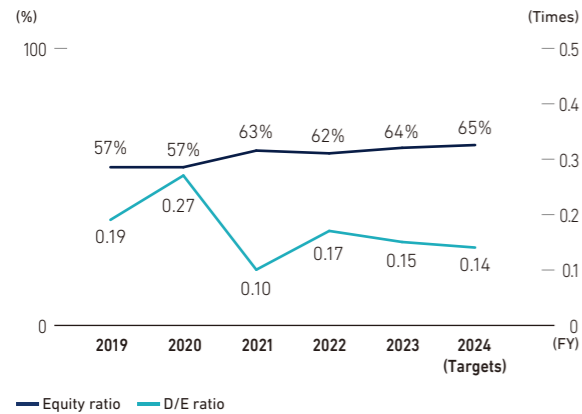
With regard to strategic investments, TOTO is employing stricter investment decision-making discipline than ever before, and will strive to generate investment returns that exceed capital costs.

Capital allocation (rules)

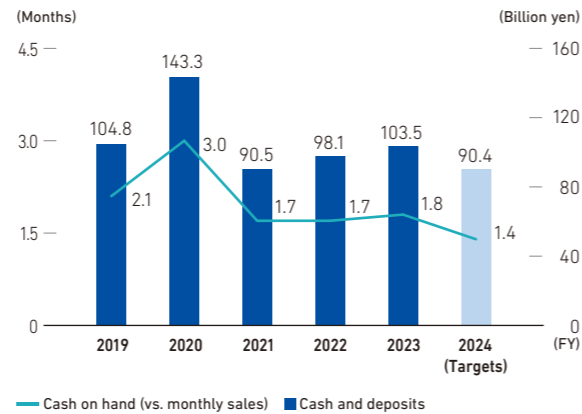


The TOTO Group policy is to proactively conduct strategic investments aimed at business growth, but at the same time, we also want to emphasize financial soundness. Based on this approach, we define financial discipline as an equity ratio over 50%, a debt-to-equity (D/E) ratio below 0.5 times, and cash on hand of 1.5 months of monthly sales. As the payback period for fixed asset investment in the Global Housing Equipment Business is more than 10 years, our policy is to cover this with equity capital for the purpose of business stability.

Equity Ratio / D/E Ratio



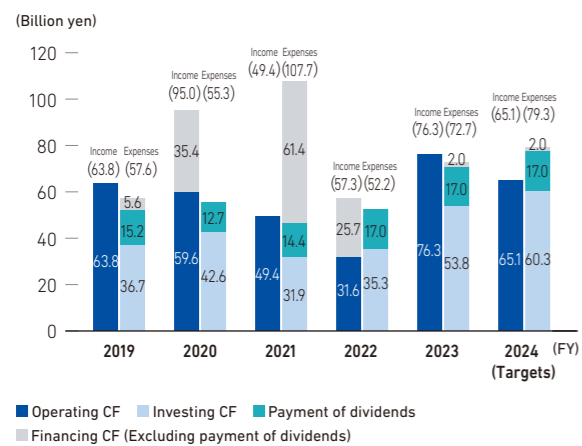
Cash on Hand (vs. Monthly Sales) / Cash and Deposits



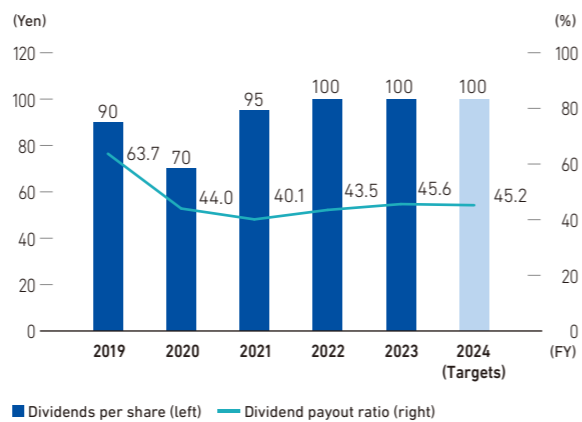
In STAGE 2, we will further enhance shareholder returns under a policy of maintaining or increasing dividends with a dividend payout ratio over 40%. We will flexibly implement share buybacks after taking into account capital costs, the stock price levels, and cash reserves.

To achieve the targeted ROIC as we approach 2030, we will address issues in each business from the perspectives of profitability and efficiency with the aim of further enhancing corporate value.

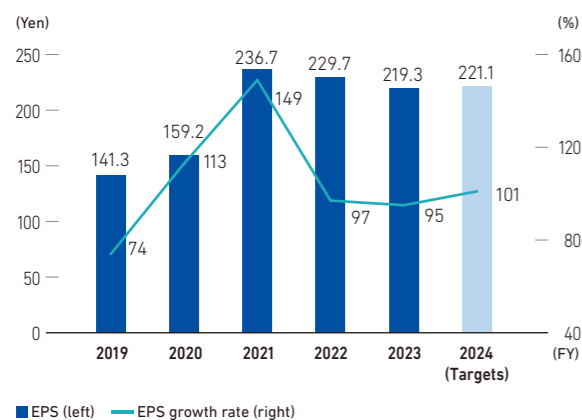
Cash Flows (CF)



Dividends per Share / Dividend Payout Ratio



Earnings per Share (EPS) / EPS Growth Rate

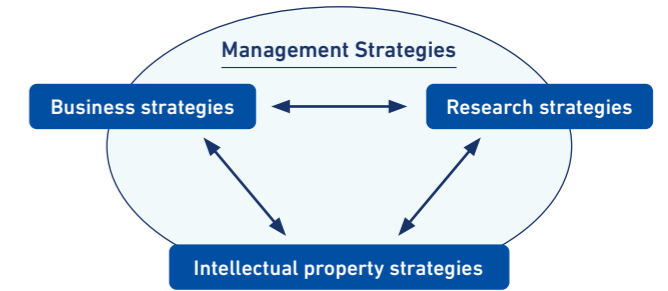


Total Shareholder Returns (TSR)

	Past Year	Past Three Years		Past Five Years		Past 10 Years	
		Cumulative	Annual interest rate	Cumulative	Annual interest rate	Cumulative	Annual interest rate
TOTO	98.9%	67.2%	87.6%	100.7%	100.1%	177.3%	105.9%
TOPIX	141.3%	152.5%	115.1%	196.2%	114.4%	288.6%	111.2%

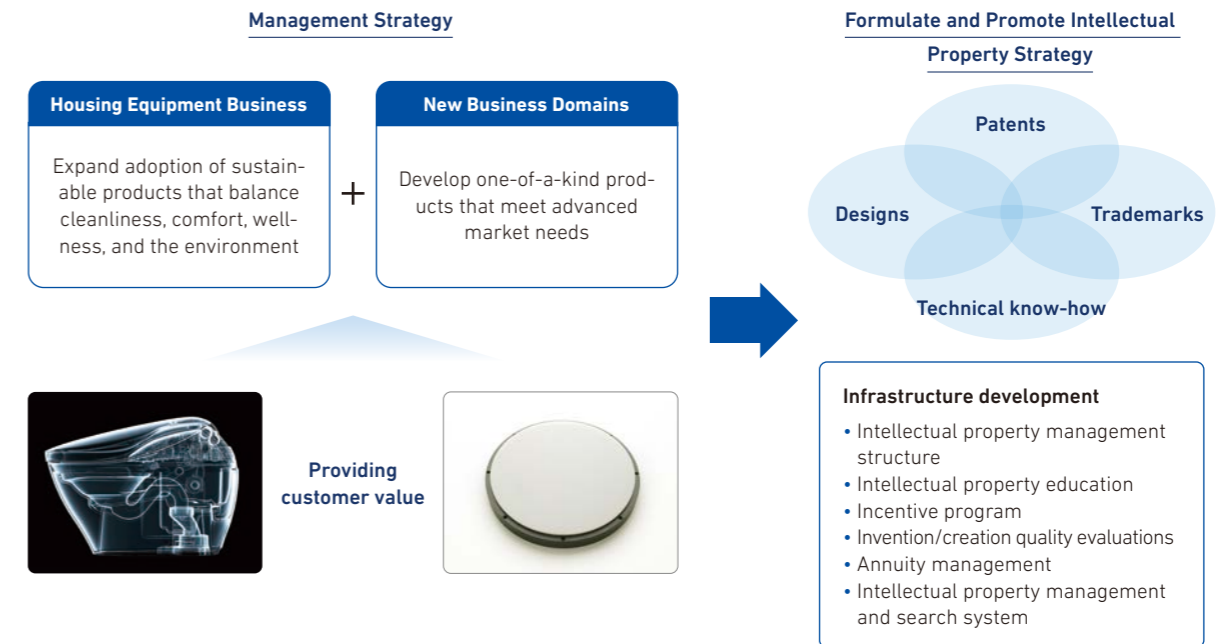
Note: Calculations are based on the investment rate of return, taking into account dividends and stock price as of March 31, 2024.

The TOTO Group appropriately protects, manages, and utilizes intellectual property (patents, designs, trademarks, technical know-how, etc.) to enhance the value of the TOTO brand and provide products unique to TOTO that deliver value to customers. We formulate and promote intellectual property strategies linked to the business and research strategies of each division and research center.



Formulating and Promoting an Intellectual Property Strategy for Realizing Our Ideal Positioning in 2030

We are investing in intellectual property and promoting initiatives aimed at creating customer value to support growth in rapidly expanding new business areas by promoting the global proliferation of sustainable products that balance cleanliness, comfort, wellness, and the environment. We protect the value we create by applying for and obtaining intellectual property rights (patents, designs, trademarks), and by making these rights public, we also contribute to the development of industry and technology throughout society. At the same time, we consider TOTO manufacturing technologies and other technical know-how as important intellectual property that must be kept confidential, and manage it accordingly to prevent the leakage of technical information and ensure our competitive advantage.



TOPICS

Awarded the Invention Prize at the 2023 National Commendation for Invention Hosted by the Japan Institute of Invention and Innovation

The TOTO invention for which we were recognized, "Invention of an easily cleanable bathroom mirror to prevent water stains" (Patent No. 6028878), is a bathroom mirror that uses a carbon film to prevent limescale build up. Normally, water stains become integrated with the mirror and are difficult to remove, but by covering the mirror surface with a carbon film just 10 nanometers* thick, we realize a function that makes it easy to remove water stains through simple maintenance. This invention is included with standard equipment as an easily cleanable mirror in the TOTO SYNLA and SAZANA modular bathrooms.

Note: 1 nanometer = One-billionth of a meter

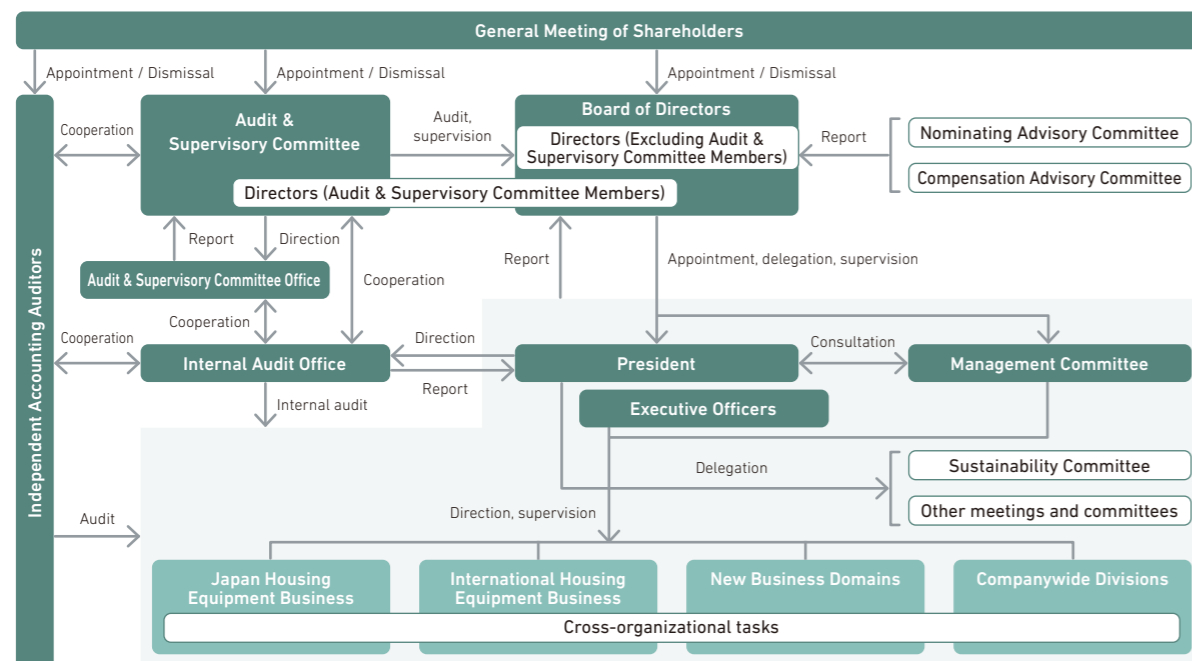
Corporate Governance

Basic Views on Corporate Governance

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

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 philosophy system for TOTO Group management, please see pages 3–4.)
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 at major meetings, including the 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 the 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. The Audit & Supervisory Committee members, 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



Board of Directors

The Board of Directors, which consists of all Directors, meets once a month in principle, makes decisions from the most appropriate Companywide, Groupwide, and stakeholder perspectives, and conducts mutual supervision of the duties of Directors. The Outside Directors who participate on the Board offer advice and suggestions on general management issues based on their in-depth knowledge and expertise as experienced managers.

Support System for Outside Directors

Distribution of materials and beforehand explanations	In principle, materials used in Board meetings are distributed to the Outside Directors three days in advance to ensure sufficient time for them to be reviewed. The Management Planning Division, which is the secretariat to the Board of Directors, offers beforehand explanations to the Outside Directors regarding agenda items.
Sharing of information on the status of business execution	The details of matters discussed at meetings of the Management Committee, which comprises Directors who are also Executive Officers, are reported to the Outside Directors at Board meetings. The Outside Directors are invited to attend the Sales and Production Steering Meeting, in which Executive Officers and heads of all divisions participate, as observers.
Tours of offices	The Company provides opportunities for the Outside Directors to visit offices both in Japan and overseas so that they may deepen their understanding of TOTO’s businesses.

Audit & Supervisory Committee

The Audit & Supervisory Committee, which consists of all Directors who are Audit & Supervisory Committee members, meets once a month in principle, and 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 the internet and other means. In addition, the Audit & Supervisory Committee members regularly exchange opinions with Directors who are not Audit & Supervisory Committee members and streamline the system to ensure the effectiveness of audits.

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 Directors. 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 Committee 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 2023 Committee meeting. Agenda issues included Director personnel changes in fiscal 2024 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 ensure 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 members including five Independent Directors/Audit & Supervisory Committee 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 2023 Committee meeting. At this meeting, the committee actively discussed such matters as partial revisions to the Basic Policy for Directors’ Compensation and the establishment of compensation levels in accordance with work-related responsibilities. These changes were made in fiscal 2024.

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.

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.

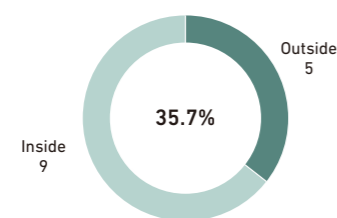
Skill Matrix and Composition of the Board of Directors

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 its Corporate Philosophy and who are familiar with our business as Internal Directors.

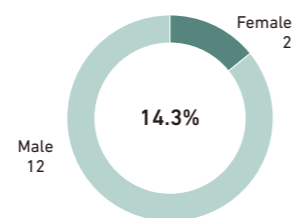
Position Name	Gender Male Female	Nominating Advisory Committee	Compensation Advisory Committee	Attendance at Board of Directors' Meetings in Fiscal 2023	Expertise and Background									
					Corporate Management	International Business	Sustainability	Sales and Marketing	Manufacturing, Technology, and 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	■		12/12 times (100%)	●	●	●		●	●	●			
Noriaki Kiyota Representative Director, President	Male	■	Chairperson	12/12 times (100%)	●	●	●		●	●	●	●		
Satoshi Shirakawa Representative Director, Executive Vice President	Male			12/12 times (100%)	●		●	●		●	●			
Ryosuke Hayashi Director, Senior Managing Executive Officer	Male			12/12 times (100%)	●	●			●					●
Shinya Tamura Director, Senior Managing Executive Officer	Male			12/12 times (100%)	●	●		●	●					
Tomoyuki Taguchi Director, Managing Executive Officer	Male		■	12/12 times (100%)	●	●				●	●	●	●	
Yojiro Taketomi Director, Managing Executive Officer	Male			12/12 times (100%)	●	●			●					●
Takehiko Kitazaki Director, Managing Executive Officer	Male			—				●				●		
Junji Tsuda Outside Director	Male Independent	■	■	12/12 times (100%)	●	●	●	●	●		●	●		
Shigenori Yamauchi Outside Director	Male Independent	■	■	12/12 times (100%)	●	●	●		●		●			
Masayuki Yoshioka Director, Audit & Supervisory Committee Member, Audit & Supervisory Committee Chairperson	Male			—	●	●	●			●	●			
Yasushi Marumori Outside Director, Audit & Supervisory Committee Member	Male Independent	■	■	12/12 times (100%)	●	●	●	●		●	●			
Yukari Ienaga Outside Director, Audit & Supervisory Committee Member	Female Independent	■	■	12/12 times (100%)	●		●				●			
Chiho Naganuma Outside Director, Audit & Supervisory Committee Member	Female Independent	■	■	—			●	●		●				

Notes: 1. The Compensation Advisory Committee chairperson is an outside member who is not a Director.
 2. The above chart does not cover the full range of expertise and background of each Director.
 3. Independent indicates Independent Outside Directors.

Ratio of Outside Directors



Ratio of Female Directors



Approach to Necessary Expertise and Experience for the Board of Directors

It is vital to secure the necessary expertise and experience 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 the required expertise and experience change along with the business environment. Based on this approach, we have defined the fields in which expertise and experience are required in order to promote the Shared Value Creation Strategy TOTO WILL2030, which lays out the Group's medium- to long-term management direction. These are 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; and IT and Digital.

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

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.

Analysis and Evaluation Process

To ensure that candid opinions are gathered from all Board members and objective analyses and evaluations are made, a questionnaire survey has been regularly conducted and its collection and analysis of the results are outsourced to an external organization. The Company evaluates 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.

Main survey items	Composition of the Board of Directors Management Effectiveness of nomination and compensation systems Effectiveness of the Audit & Supervisory Committee Support and collaboration structure for the Outside Directors Relationship with shareholders and other stakeholders Self-evaluation
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Summary of Evaluation Results

The results of the evaluations concerning the effectiveness of the Board of Directors as a whole in fiscal 2023 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) To address issues recognized based on the questionnaire results, efforts are being made to expand and enhance the pool of talent for the next generation, including leadership development training, with the aim of systematically cultivating women and non-Japanese employees for roles as Directors in the future.

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

Initiatives Moving Forward

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.

Major Initiatives to Strengthen the Functions of the Board of Directors to Date

Fiscal 2017	Reinforced the sharing of information with the Outside Directors • Shared the details of meetings of the Management Committee • Had Outside Directors attend production and sales steering meetings as observers
Fiscal 2018	Introduced restricted stock compensation into the remuneration for Internal Directors
Fiscal 2021	Expanded restricted stock compensation system
Fiscal 2022	Strengthened gender diversity of the Board of Directors

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 value with the shareholders and all other stakeholders, 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 Indicators for Social and Environmental Value under WILL2030

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

* Six items for social and environmental value

Percentage of sustainable products	Avoided emissions of water during product use	CO ₂ emissions from business sites
Customer satisfaction in after-sales services	Showroom satisfaction (Japan)	Employee satisfaction (Japan)

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 Representative Director, President.

- 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 Companywide performance. As for the execution of delegated authority, determination by the Representative Director, President 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, the resolutions of the General Meeting 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, the resolutions of the General Meeting 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 their duties and responsibilities upon consultation with Directors who are Audit & Supervisory Committee members.

Compensation Composition and Recipients

Compensation Composition and Recipients

Compensation 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 for the 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 per annum (including an amount of up to ¥50 million in total for Outside Directors)	Up to 0.8% of the previous fiscal year's consolidated operating profit	Up to ¥300 million per annum and up to 100,000 stocks
	Outside Directors		—	—
Directors who are Audit & Supervisory Committee members		Up to ¥150 million per annum	—	—

Note: 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 in Fiscal 2023

	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)	11	333	319	111	764
Outside members of the Board of Directors (excluding Directors who are Audit & Supervisory Committee members)	2	26	—	—	26
Directors who are Audit & Supervisory Committee members	4	77	—	—	77
Outside members of the Audit & Supervisory Committee among the Audit & Supervisory Committee members	3	43	—	—	43

Note: Results related to performance indicators: Consolidated operating profit of ¥42,766,000,000 (bonus based on multi-year performance paid out)

Conditions for Payment of Compensation

● Basic Compensation

Basic compensation for Directors is a 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 toward performance improvement and share value 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 the amount of consolidated operating profit.

The reason why consolidated operating profit is selected as a performance indicator is that the profit 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 profit 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 profit over the past three consecutive fiscal years with the immediately preceding fiscal year as the final year shall exceed the average consolidated operating profit 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 profit.	
	* 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 indicator, based on the results of targets set for each fiscal year, in the table below multiplied by the weight.	
	Indicators for Social and Environmental Value under WILL2030	Weight
	Percentage of sustainable products	30%
	Avoided emissions of water during product use	20%
	CO ₂ emissions from business sites	20%
	Customer satisfaction in after-sales service	10%
Showroom satisfaction (Japan)	10%	
Employee satisfaction (Japan)	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 value 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.

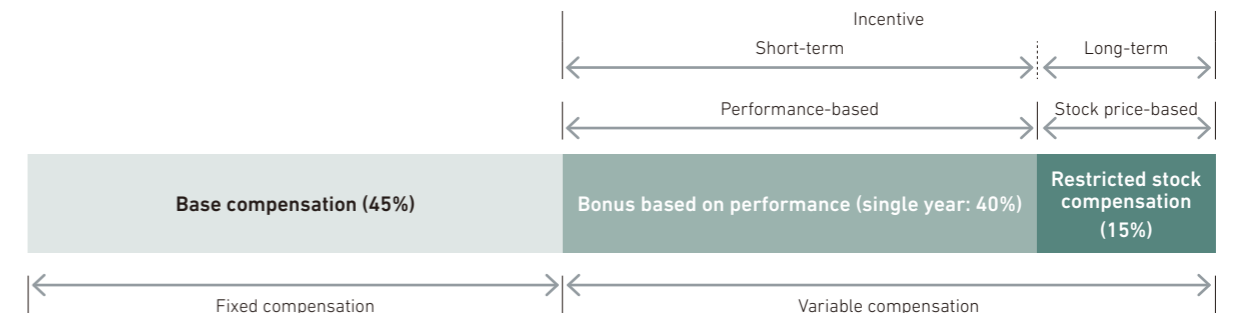
Overview of the Contract Regarding the Grant of Restricted Stock

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 shares to be allocated	The number of shares according to the 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 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. <ul style="list-style-type: none"> • 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. <ul style="list-style-type: none"> • 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 profit as a performance indicator, the proportion of compensation largely vary depending on the figure. Therefore, the proportion is calculated based on the consolidated operating profit 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 2024 is as follows.



Note: Based on the above percentages
 • Consolidated operating profit is ¥48 billion (figure disclosed in the earnings briefing on April 26, 2024).
 • The Bonus Based on Multi-Year Performance, which serves as a medium-term incentive, is not expected to be paid.

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. In fiscal 2024, we established the Human Rights Subcommittee, which promotes efforts toward respecting human rights.



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 United Nations Guiding Principles on Business and Human Rights, the TOTO Group supports and respects international regulations pertaining to human rights, including the International Bill of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the Children's Rights and Business Principles.

The Idea Concerning the TOTO Group Human Rights Policy

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. Based on the Charter of TOTO Group Corporate Behavior, we established the TOTO Group Human Rights Policy in fiscal 2023 as a policy for fulfilling our responsibility to respect human rights as a corporation.

The TOTO Group Human Rights Policy applies to all employees working for the TOTO Group. In addition, we expect that our suppliers and all other parties involved with the Group's businesses, products, and services understand and endorse the content of the TOTO Group Human Rights Policy. At the same time, we encourage their ongoing adherence to the policy.

Points of the TOTO Group Human Rights Policy

1. Responsibility for respecting human rights and legal compliance
2. Assessment and review of the risks related to human rights (Human rights due diligence)
3. Correction and remedy
4. Dialogues with stakeholders
5. Human rights education
6. Continuous initiatives for respecting human rights

The Idea Concerning the TOTO Group Human Rights Policy can be viewed on our corporate website: https://jp.toto.com/assets/files/huan%20rights_policy_en.pdf

Main Initiatives

The TOTO Group has established a human rights due diligence framework in order to fulfill its responsibility to respect human rights and implements such due diligence on a continuous basis. 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 participated in the Human Rights Due Diligence Workshop, a stakeholder engagement program sponsored by Caux Round Table Japan. This enabled 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, participated 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.

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 ©2023 Caux Round Table Japan

Establishment of Whistleblowing and Consultation Hotline

As a grievance mechanism, the TOTO Group has established hotlines to receive reports from suppliers, employees, and other parties 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.

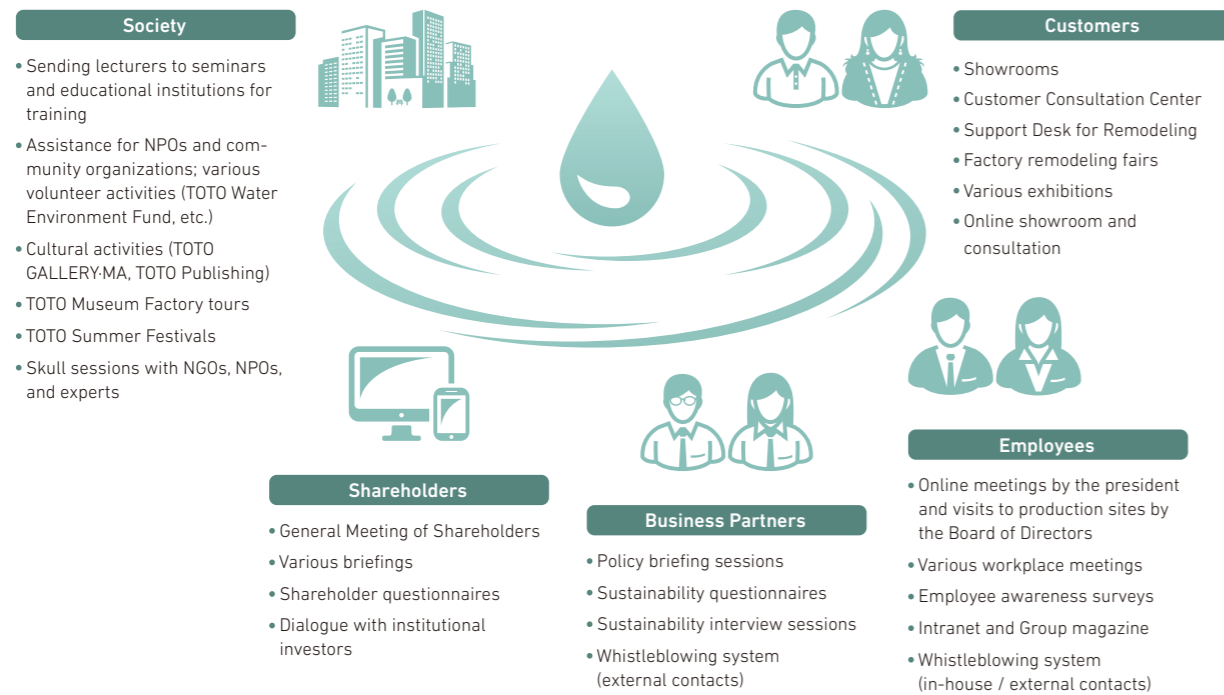
Stakeholder Engagement

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 (as of August 2024).



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*2 **Disclaimer regarding the use of logos from Morningstar, Inc. can be viewed on our corporate website:** https://jp.toto.com/assets/files/Morningstar_Disclaimer.pdf

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

From the managerial ranks to the IR Division, we actively participate in dialogues with institutional investors and relay important information we receive from these dialogues to all members of management and other relevant divisions.

In addition to these dialogues, we conduct tours of plants and other facilities, offer briefings on business strategies, and hold meetings regarding sustainability, among other measures, in order to deepen the understanding of TOTO's businesses and strategies and raise expectations of the Group in the future.



Individual meetings in our overseas IR activities

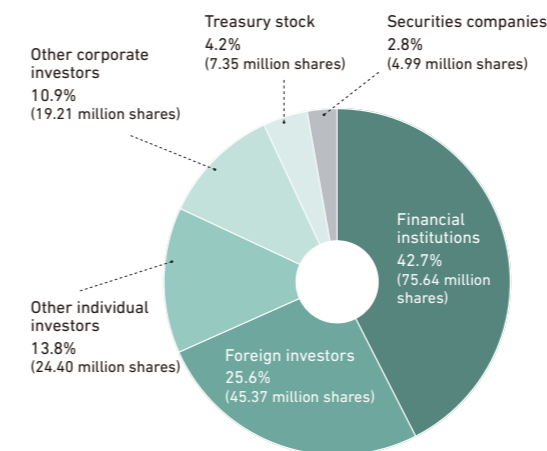


Tour of sanitary ware plant

Main engagement activities carried out throughout the year

Details	Activity
Financial results, Mid- or Long-Term Management Plan, etc.	<ul style="list-style-type: none"> • Results briefings • Briefings on the progress made under WILL2030
Specific businesses and themes	<ul style="list-style-type: none"> • Sustainability meetings • Plant tours (sanitary ware, WASHLET, advanced ceramics, etc.) • Showrooms
Other meetings on matters of individual interest	<ul style="list-style-type: none"> • Individual meetings (in-person and online) • Overseas IR activities • Conferences, etc.

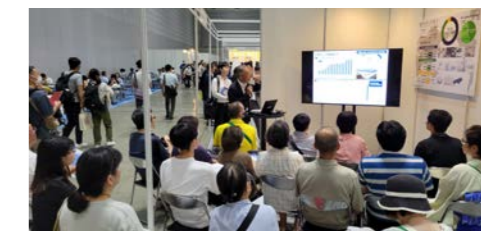
Distribution of Shares by Ownership



* As of March 31, 2024

Dialogues with Individual Investors

To deepen the level of interest in TOTO among individual investors, we are enhancing both physical and digital contact points with them. We provide explanations on our business activities and social contribution activities to individual investors through briefings and other events.



Event for individual investors

Messages from Outside Directors



Junji Tsuda
Outside Director

Flexibly Responding to Various Issues over the Past Three Years

WILL2030 lays out long-term targets based on the spirit of TOTO's founding. TOTO WILL2030 signals to employees an easy-to-understand message that the TOTO Group aims to achieve medium- to long-term growth while cherishing the corporate culture that it has instilled internally. Rather than placing emphasis on figures in the near term, TOTO WILL2030 focuses on maintaining the approach of putting the customer first and cherishing the TOTO brand.

Although profits worsened during STAGE 1, I recognized that the Company was able to flexibly respond to various issues amid a rapidly changing operating environment. For example, the Company achieved major successes with its efforts in each business field. These included responding swiftly to disruptions in the supply chain stemming from the

COVID-19 pandemic, maintaining a highly profitable operating structure in the Advanced Ceramics Business even amid dwindling demand, creating new value through the utilization of a DX, and expanding sales of WASHLET in the Americas. While nothing could be done about the worsening market conditions during STAGE 1, I was happy to see the Company push forward with proper preparations for STAGE 2.

Focusing on Management Conscious of Capital Costs and Stock Price

TOTO's announcement of its ROIC-focused management is a major theme of STAGE 2. I have offered advice on this concept in the past, but I believe that—while TOTO has an excellent financial structure—it needs to build a framework for business expansion through the more efficient use of capital. In this sense, TOTO implementing ROIC-focused management and signaling to stakeholders its management approach that focuses on capital costs and stock price was an extremely significant move. As an outside director, it is my job to monitor KPIs that have incorporated this strategy into specific initiatives.

Promoting Management That Clarifies "Business" as the X-Axis and "Task Innovation" as the Y-Axis

In managing a company, it is important to consider both operations and functions. TOTO's management that clarifies "business" as the X-axis and "task innovation" as the y-axis functions effectively, enabling the Company to swiftly identify and respond to issues. As a result, TOTO's governance is functioning at a high level from the standpoint of corporate management. In addition, the outside directors participate as observers in monthly Companywide performance briefings, at which heads of the operational divisions gather. At these briefings, reports are made regarding the performance of each business and the progress of innovation efforts. Board of Directors' meetings are then held after these briefings, thereby enabling discussion based on a thorough understanding of the current aims of the Company and the progress being made with current initiatives.

Meanwhile, given the fact that management is being carried out based on robust governance, it will be a good idea for the Company to further promote the delegation of authority to the executive side. Through this delegation, the Board of Directors can hold deeper strategic discussions. For example, while the outside directors are given beforehand explanations regarding WILL2030, it would greatly benefit the Company to get the outside directors deeply involved in discussions from the initial stages.

Striving to "Keep Gaining TOTO Fans around the World" across a Longer Time Frame

TOTO's business is part of the large-scale equipment industry, and its Companywide actions may appear to move at a slightly slower pace than a company in, say, the home appliance industry. In keeping with the spirit of its foundation, TOTO promotes its business activities based on the approach of "keep gaining TOTO fans around the world" across a longer time frame. This is an approach that the Company will continue to adopt 20 to 30 years, and even further, in the future.

On the other hand, strategies will naturally have to be adapted when changes in individual markets take place. The Company's strategy in the Mainland China Housing Equipment Business is one such strategy, and I commend TOTO for clearly signaling its plans to reorganize the business during STAGE 2. As we enter a period where the market is shifting from a growth market to a mature one, I will carefully observe from a long-term perspective how TOTO will approach customers in response to the various changes occurring and take steps to steadily expand its sales and service networks.



Shigenori Yamauchi
Outside Director

Completing STAGE 1 of WILL2030

With regard to TOTO WILL2030, the Company established a vision for itself for 2030 and divided the period leading up to 2030 into three three-year stages. Additionally, the Company aims to connect its vision for 2030 with its goal for 2050 of achieving a sustainable society and carbon neutrality and providing healthy and comfortable lifestyles to all. I think that this is an excellent approach to and way of promoting WILL2030. Meanwhile, there needs to be more discussion on the specific methods TOTO will adopt to realize carbon neutrality by 2050 and the kinds of relevant initiatives the Company will take from 2030, to ensure that all employees are well-informed.

There are various elements to consider in the evaluation of STAGE 1, so it is difficult to make a general statement one way or the other.

However, one particular point to mention is that TOTO was unable to

achieve the financial targets among its important KPIs. On the other hand, for non-financial indicators, the Company did accomplish almost all of its targets.

Among TOTO's non-financial indicators, I am particularly interested in "Avoided emissions of water during product use." I offered advice on this matter in the past, but—in addition to the "percentage of sustainable products"—incorporating non-financial indicators such as this into the KPIs related to compensation for directors was a crucial action to take in order to realize WILL2030.

Promoting Objective Discussions on Various Issues

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 has established a culture in which it promotes governance in a multifaceted manner in terms of form and operation.

With regard to governance-related issues, there has been great improvements with revitalizing the Board of Directors and clarifying methods for making investment decisions, judging by the details of reports made and status of discussion at Board meetings. Great progress was made with revitalizing the Board, in particular, and for clarifying methods for making investment decisions, there has been a transition to management that focuses on capital costs. Meanwhile, although there has been greater discussion on creating a system for selecting and developing successors of representative directors, I would still like to see the Company implement such a system in a more concrete manner.

In recent years, I have also made recommendations regarding TOTO's business portfolio. In the Americas Housing Equipment Business, which has been in a leading position within growth segments, WASHLET has become a key contributor to performance, and good progress is being made with promoting the product in the region. Under a macroeconomic environment with poor conditions in the housing market, WASHLET has been driving growth, and as such I would like to see TOTO properly accelerate WASHLET-related initiatives under STAGE 2. Turning to Mainland China, although the economy is on a downward trend, the region still remains a massive market. In this region, TOTO will focus on cultivating demand for remodeling as the new housing market matures while advancing strategies that leverage the experience it has gained in the Japanese market. Additionally, TOTO needs to continue to consider the establishment of a globally optimized supply structure, including the supply chain, from a longer-term perspective.

Also, as an issue to address moving forward, I would like to see TOTO continue to deepen its discussions on ways to effectively utilize capital, including with regard to strategic stockholdings.

Becoming a Company That Provides Value to All of Its Stakeholders

TOTO is extremely proactive in its efforts to establish environments enabling us to fulfill our role as outside directors. For example, TOTO provides us with many opportunities to receive information based on *San Gen Shugi* (Three Realities Principle; i.e., visit the site, make direct observations, and determine the facts). These include detailed explanations on agenda items before Board of Directors' meetings and visits to frontline locations such as production sites, both in Japan and overseas. These also include opinion exchange meetings with the representative director that are held separately from Board meetings at which we hold in-depth discussions. In these ways, TOTO makes it very easy for the outside directors to voice their opinion. TOTO has also fostered a culture of actively listening to our opinions and incorporating them in their business activities, which means we are able to voice our opinions without hesitation. Within this environment, my role is to draw attention to areas where the Company's governance is lacking to ensure that TOTO remains a successful company that offers value to all of its stakeholders.

Entering the Next Stage with a View to 2030

In fiscal 2024, TOTO commenced WILL2030 STAGE 2. Rather than pursuing rapid growth and near-term profits, TOTO is a company that consistently realizes sustainable growth from a medium- to long-term perspective. I think communicating this approach is extremely important in having the stakeholders understand TOTO's appeal. It is my hope that the Company continues to "keep gaining TOTO fans around the world," a phrase of which I am quite fond, thereby steadily achieving growth.



Yukari Ienaga

Outside Director

Thoroughly Addressing a Wide Range of Issues during STAGE 1

STAGE 1 came to its conclusion in fiscal 2023. Although TOTO had success with the majority of its non-financial indicators, it was unable to achieve its financial targets. However, over the three-year period of STAGE 1, TOTO was faced with many unprecedented challenges, including supply chain disruptions, but was able to thoroughly address each one while maintaining extremely solid business management. I therefore do not necessarily view the challenges that occurred in a negative light. Under STAGE 2, TOTO will deal with different circumstances, so it is my hope that it can continue to tackle issues one by one, making steady progress toward realizing WILL2030.

Advancing Governance as a Global Company

Different companies adopt different styles of governance. TOTO is a global company and therefore needs to implement management with a sharp focus on overseas operations. Given the immense size of its organization, TOTO faces the danger of having barriers created between divisions and regions that conceal important issues, making them difficult for the management team to assess. For this reason, it is extremely important that the Company has in place robust governance systems. Moreover, each division and business of the Group must function as one supervisory and management system while maintaining a shared awareness with other divisions and businesses. If each division and business become too rigid as such a system, however, it can slow down the pace of management decision-making. As such, the Company must consider how to strike a proper balance in this regard. Considering this perspective, TOTO's governance systems are functioning extremely well. With that said, as time passes and personnel change, the Company must constantly monitor these systems to ensure that they are not something that are just established then abandoned but rather are functioning continuously on a Groupwide basis.

Furthermore, there is seemingly no end to the occurrence of corporate scandals. To prevent scandals from occurring within the organization due to the actions of individuals, it is crucial to establish governance systems that value employees and help build trust-based relationships with them on a daily basis. For many years, TOTO has had in place a hotline that employees can use to voice concerns over Companywide issues such as labor problems, disputes between employees, and corporate scandals. I had suggested that TOTO should also create a framework that allows employees to seek consultation regarding individual work-related matters. In fiscal 2024, TOTO did exactly that by establishing an external hotline where employees can gain expert advice on and solutions to individual issues, including advice on legal matters from attorneys provided by the TOTO Group. By making it easier for a broad range of employees to voice opinions and concerns, TOTO has set up an environment where all employees can work with peace of mind. Creating such an environment that protects the mental health of employees ultimately leads to corporate value enhancement.

Further Promoting the Advancement of Women

One of my major roles is to voice my opinion regarding the advancement of women. TOTO is fully aware of the pressing need to cultivate female employees and is working to develop female leaders within its succession plans. With that said, these efforts focus primarily on the younger generation, and I feel that the current number of women in leadership and managerial roles is still low. Considering the issue from the medium- to long-term perspective of five to 10 years into the future, I do not think that TOTO faces a major problem. However, given the fact that the current percentage of female leaders and managers is low, the Company must be swift in establishing a framework to assess the extent to which the opinions of women are reflected into business management.

Expectations of TOTO Moving Forward

In evaluating corporate value, business performance is obviously an important element. However, it is also crucial to consider non-financial indicators that underpin business performance. TOTO advances its business activities placing importance on both financial and non-financial indicators. In STAGE 2, I would like to see TOTO continue to move its business forward in a way that meets stakeholder expectations.

Furthermore, STAGE 2 will serve as a major turning point in the Mainland China Housing Equipment Business, where the Company is transitioning its focus from the new housing market to the remodeling market. Although this will be on a trial-and-error basis, this is a transition that responds to changes in the market, and I therefore would like to see the Company make concerted efforts to ensure its success. The Company still has tremendous potential to further its global expansion, including by accelerating the growth of the Advanced Ceramics Business and expanding sales of WASHLET in the Americas. I therefore have high expectations of TOTO as it pursues these endeavors moving forward.

TOPICS

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

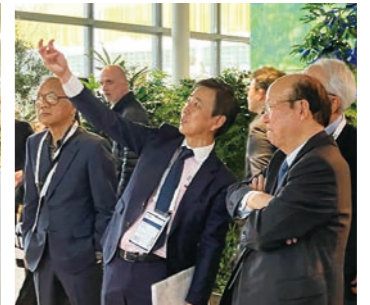
TOTO systematically implements visits by Outside Directors to the front line, such as sites and exhibitions in Japan and overseas, as an opportunity to encourage understanding of TOTO's businesses since they lead to high-level discussions at meetings of the Board of Directors.



At a design headquarters site



At TOTO Vietnam Co., Ltd.



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 explanation

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 conference

Board of Directors

Directors (excluding Directors who are Audit & Supervisory Committee members)



Representative Director,
Chairman of the Board
Madoka Kitamura
Born May 24, 1957



Representative Director,
President
Noriaki Kiyota
Born October 8, 1961
In charge of Digital Innovation,
Management Planning, Internal
Audit Office, and Secretary's Office



Outside Director Outside
Junji Tsuda
Born March 15, 1951
Significant concurrent position:
• Special consultant for YASKAWA
Electric Corporation
• Outside Director of NSK Ltd.



Outside Director Outside
Shigenori Yamauchi
Born February 24, 1949
Significant concurrent position:
• Honorary advisory to UACJ
Corporation



Representative Director,
Executive Vice President
Satoshi Shirakawa
Born August 12, 1962
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
Born September 4, 1963
Chief Technology Officer
In charge of Restroom Business
Group, Green Building Materials,
Advanced Ceramics, and Production
Technology Business Group, and in
charge of WILL2030 New Business
Domains and WILL2030 Demand
Chain (Manufacturing) Innovation



Director, Senior Managing
Executive Officer
Shinya Tamura
Born March 13, 1967
In charge of Global Business
Promotion, International Housing
Equipment Business and WILL2030
International Housing Equipment
Business



Director, Managing Executive
Officer
Tomoyuki Taguchi
Born September 24, 1965
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



Director,
Managing Executive Officer
Yojiro Taketomi
Born September 8, 1965
In charge of Bathroom, Kitchen &
Lavatory Vanity, Faucets &
Appliances, Supply Chain, and
Engineering Works, and in charge of
WILL2030 Demand Chain Innovation
(Supply Chain)



Director,
Managing Executive Officer
Takehiko Kitazaki
Born June 15, 1965
In charge of Sales Promotion Group
and WILL2030 Japan Housing
Equipment Business



Director, Full-Time Audit &
Supervisory Committee Member
Masayuki Yoshioka
Born August 24, 1965



Outside Director Outside
Audit & Supervisory
Committee Member
Yasushi Marumori
Born September 19, 1957
Significant concurrent position:
• Outside Director (Audit &
Supervisory Committee Member)
of The Hyakujushi Bank, Ltd.
• Vice Chairman of the Mitsubishi
Economic Research Institute



Outside Director Outside
Audit & Supervisory
Committee Member
Yukari Ienaga
Born October 26, 1974
Significant concurrent positions:
• Partner at Tokunaga, Matsuzaki &
Saito Law Office
• Outside Director (Audit &
Supervisory Committee Member)
of Mr Max Holdings Ltd.



Outside Director Outside
Audit & Supervisory
Committee Member
Chiho Naganuma
Born May 2, 1977
Significant concurrent position:
• Partner of Bitengyoushi. Co., Ltd.

Directors who are Audit & Supervisory Committee members

Corporate Information / Notable Awards

Corporate Profile (As of March 31, 2024)

Company Name	TOTO LTD.	Fiscal Year-End	March 31
Headquarters	1-1, Nakashima 2-chome, Kokurakita-ku, Kitakyushu, Fukuoka, 802-8601, Japan	Exchange Listings	Tokyo, Nagoya, Fukuoka
Establishment	May 15, 1917	Securities Code	5332
Capital	¥35,579 million	Shareholder Registry Administrator	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
Number of Employees	35,027		

* Includes contract employees and temporary employees.

Group Companies and Main Affiliates (As of March 31, 2024)










Domestic Group Companies

- TOTO Sanitechno Ltd.
- TOTO Washlet Techno Ltd.
- TOTO Bath Create Ltd.
- TOTO High Living Ltd.
- TOTO Aquatechno Ltd.
- Sunaqua TOTO Ltd.
- TOTO Platechno Ltd.
- TOTO Maintenance Ltd.
- TOTO Aquaeng Ltd.
- TOTO Mtec Ltd.
- TOTO Kansai Sales Ltd.
- TOTO Hokkaido Sales Ltd.
- TOTO Tohoku Sales Ltd.
- TOTO Chubu Sales Ltd.
- TOTO Chugoku Sales Ltd.
- TOTO Shikoku Sales Ltd.
- TOTO Kyushu Sales Ltd.
- Cera Trading Ltd.
- TOTO Remodel Service Ltd.
- TOTO Finance Ltd.
- TOTO Infom Ltd.
- TOTO Businetz Ltd.
- TOTO Logicom Ltd.
- TOTO Fine Ceramics Ltd.
- TOTO Materia Ltd.
- TOTO Okitsumo Coatings Ltd.

Overseas Group Companies

- Asia**
- TOTO (China) Co., Ltd.
 - TOTO (Beijing) Co., Ltd.
 - Nanjing TOTO Co., Ltd.
 - TOTO Dalian Co., Ltd.
 - TOTO (Shanghai) Co., Ltd.
 - TOTO East China Co., Ltd.
 - TOTO (Fujian) Co., Ltd.
 - TOTO (Guangzhou) Co., Ltd.
 - TOTO (Liaoning) Co., Ltd.
 - TOTO (H.K.) LTD.
 - Voreto (Xiamen) Plumbing Technology Co., Ltd. (Affiliate Company)
 - Taiwan TOTO Co., Ltd.
 - TOTO Asia Oceania Pte. Ltd.
 - TOTO Vietnam Co., Ltd.
 - TOTO (Thailand) Co., Ltd.
 - TOTO India Industries Pvt. Ltd.
 - TOTO Malaysia Sdn. Bhd.
 - TOTO Korea Ltd.
 - PT. Surya TOTO Indonesia Tbk. (Affiliate Company)
- Americas**
- TOTO Americas Holdings, Inc.
 - TOTO U.S.A., Inc.
 - TOTO Mexico, S.A. de C.V.
- Europe**
- TOTO Europe GmbH

Notable Awards

Category	Award Description	Image	Award Logo
Design	Received Red Dot Design Award 2024 for Restroom Dresser Premium Series		
Design	Received iF Design Award 2024 for Hand Dryer "Clean Dry" (suction-type, high-speed hand dryer)		
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 AWARD 2023 for NEOREST NX, NEOREST LS, NEOREST AS, NEOREST RS, WASHLET G5**, and Hand Dryer "Clean Dry" (suction-type, high-speed hand dryer)		
Technology	Received at the Invention Prize the 2023 National Commendation for Invention for the "Invention of an easily cleanable bathroom mirror to prevent water stains," hosted by the Japan Institute of Invention and Innovation		
Technology	Received WorldStar Award for Cardboard packaging material for NEOREST WX WASHLET integrated toilet bowl, "Packaging with Raku-Raku Installation Assist," and artificial marble counter packaging with shock-absorbing function at the WorldStar Awards 2024, hosted by the World Packaging Organisation		


* Scope: Counter, sloped square sink, spray faucet LF, and touchless EWATER+ generator

** Scope: Overseas

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 2024. 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 2024 Financial and Non-Financial Data report on its website.

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

10-Year Summary of Selected Financial Data

(Unit: Million yen)

	FY2014*3 (March 31, 2015)	FY2015*3 (March 31, 2016)	FY2016*3 (March 31, 2017)	FY2017*3 (March 31, 2018)	FY2018*3 (March 31, 2019)
Net sales*4	528,771	570,716	566,009	590,959	584,733
Cost of sales	328,046	354,187	348,407	368,148	371,565
Cost of sales ratio*4	62.0%	62.1%	61.6%	62.3%	63.5%
Selling, general and administrative (SG&A) expenses	167,377	170,829	171,451	171,550	174,354
SG&A ratio*4	31.7%	29.9%	30.3%	29.0%	29.8%
Operating profit*4	33,346	45,699	46,150	51,260	38,814
Operating margin*4	6.3%	8.0%	8.2%	8.7%	6.6%
Profit attributable to owners of parent*4	22,486	36,360	32,960	36,798	32,380
Profit attributable to owners of parent ratio*4	4.3%	6.4%	5.8%	6.2%	5.5%
Capital investment	30,406	31,240	34,950	40,341	35,881
Depreciation and amortization	17,227	18,397	18,994	21,357	23,347
Research and development (R&D) costs	18,466	19,098	19,388	20,594	21,528
R&D cost ratio*4	3.5%	3.3%	3.4%	3.5%	3.7%
Total assets	516,995	536,265	553,996	564,319	574,960
Current assets	266,637	279,383	282,076	277,845	287,630
Non-current assets	250,357	256,882	271,920	286,473	287,329
Total liabilities	236,412	250,743	247,942	222,099	228,301
Net assets	280,582	285,522	306,053	342,219	346,658
Operating cash flow	34,713	58,695	62,604	45,489	14,593
Investing cash flow	(30,040)	(29,952)	(35,257)	(36,374)	(26,928)
Financing cash flow	(11,393)	(15,053)	(18,905)	(11,244)	14,562
Free cash flow*1	4,673	28,742	27,347	9,115	(12,335)
Dividends per share*2 (Yen)	26.00	—	68.00	72.00	90.00
ROA (Operating profit base)*4	6.7%	8.7%	8.5%	9.2%	6.8%
ROE (Net profit base)*4	8.7%	13.3%	11.5%	11.7%	9.6%
ROIC*5	7.5%	10.4%	10.2%	10.5%	7.8%
Invested capital*6	311,150	315,052	330,634	347,690	376,906
Equity ratio	52.3%	51.5%	53.6%	59.1%	58.9%
Debt-to-equity (D/E) ratio (Times)	0.17	0.15	0.11	0.11	0.19
Cash on hand (to monthly sales ratio)*7 (Month)	2.0	2.1	2.3	2.1	2.0
EPS*2,4 (Yen)	66.9	215.8	194.9	217.5	191.3
BPS*2 (Yen)	802.8	1,631.9	1,756.0	1,968.6	2,000.4
Total asset turnover*4 (Times)	1.06	1.08	1.04	1.06	1.03
Number of shares outstanding*2 (excluding treasury stock/period average)	336,233,556	168,480,574	169,146,109	169,187,042	169,300,355

*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.

*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 FY2014 onward in this report have been revised retroactively.

(Unit: Million yen)

	FY2019*3 (March 31, 2020)	FY2020*3 (March 31, 2021)	FY2021*3 (March 31, 2022)	FY2022*3 (March 31, 2023)	FY2023*3 (March 31, 2024)
Net sales*4	595,709	577,840	645,273	701,187	702,284
Cost of sales	383,562	367,242	408,382	458,217	463,284
Cost of sales ratio*4	64.4%	63.6%	63.3%	65.3%	66.0%
Selling, general and administrative (SG&A) expenses	176,331	170,940	184,710	193,848	196,233
SG&A ratio*4	29.6%	29.6%	28.6%	27.6%	27.9%
Operating profit*4	35,816	39,656	52,180	49,121	42,766
Operating margin*4	6.0%	6.9%	8.1%	7.0%	6.1%
Profit attributable to owners of parent*4	23,921	26,978	40,131	38,943	37,196
Profit attributable to owners of parent ratio*4	4.0%	4.7%	6.2%	5.6%	5.3%
Capital investment	35,598	43,731	35,101	36,331	58,146
Depreciation and amortization	25,343	25,231	26,939	31,412	34,136
Research and development (R&D) costs	21,467	22,395	24,024	21,539	23,117
R&D cost ratio*4	3.6%	3.9%	3.7%	3.1%	3.3%
Total assets	582,482	646,011	641,025	731,638	790,255
Current assets	289,535	326,383	307,623	359,288	354,030
Non-current assets	292,946	319,628	333,401	372,349	436,224
Total liabilities	241,653	272,838	227,652	270,546	279,699
Net assets	340,829	373,173	413,372	461,092	510,556
Operating cash flow	63,843	59,551	49,356	31,579	76,311
Investing cash flow	(36,705)	(42,622)	(31,893)	(35,269)	(53,790)
Financing cash flow	(20,878)	22,702	(75,772)	8,779	(18,954)
Free cash flow*1	27,138	16,929	17,463	(3,689)	22,521
Dividends per share*2 (Yen)	90.00	70.00	95.00	100.00	100.00
ROA (Operating profit base)*4	6.2%	6.5%	8.1%	7.2%	5.6%
ROE (Net profit base)*4	7.1%	7.7%	10.4%	9.1%	7.8%
ROIC*5	6.7%	7.4%	8.9%	7.4%	5.9%
Invested capital*6	367,778	393,583	427,591	483,556	530,326
Equity ratio	57.3%	56.7%	63.2%	62.0%	63.6%
Debt-to-equity (D/E) ratio (Times)	0.19	0.27	0.10	0.17	0.15
Cash on hand (to monthly sales ratio)*7 (Month)	2.1	3.0	1.7	1.7	1.8
EPS*2,4 (Yen)	141.3	159.2	236.7	229.7	219.3
BPS*2 (Yen)	1,971.6	2,160.7	2,391.4	2,674.3	2,962.2
Total asset turnover*4 (Times)	1.03	0.94	1.00	1.02	0.92
Number of shares outstanding*2 (excluding treasury stock/period average)	169,349,269	169,418,598	169,514,672	169,569,793	169,613,552

*4 We have adopted new accounting standards for revenue recognition from FY2021. In accordance with this change, the figures from FY2014 onward in this report have been revised retroactively.

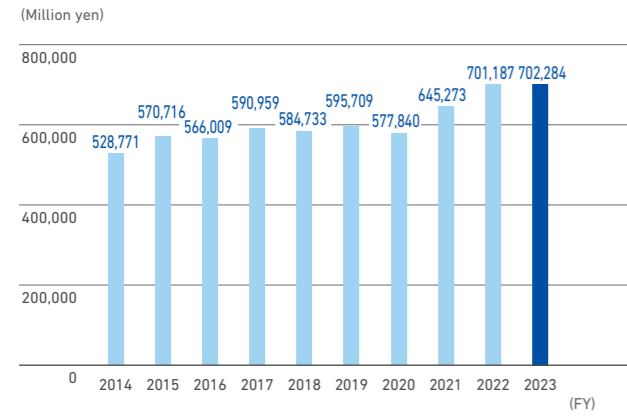
*5 Operating profit after tax ÷ (Operating capital + Fixed assets)

*6 Operating capital + Fixed assets

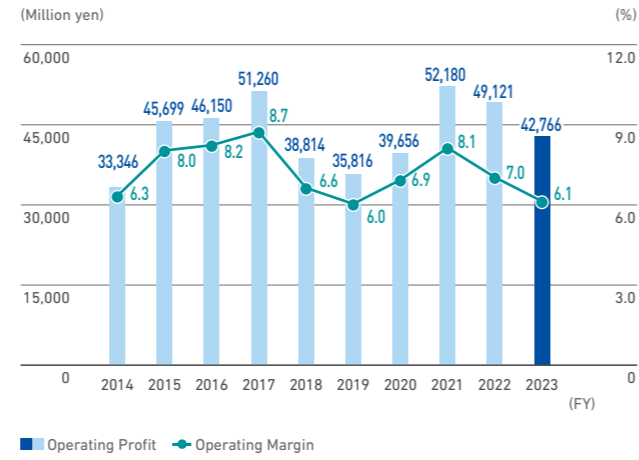
*7 (Cash and deposits + Short-term securities) ÷ Monthly sales

Financial Highlights

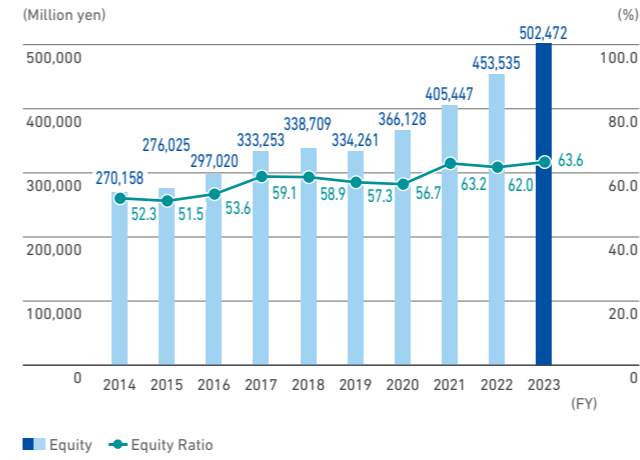
Net Sales



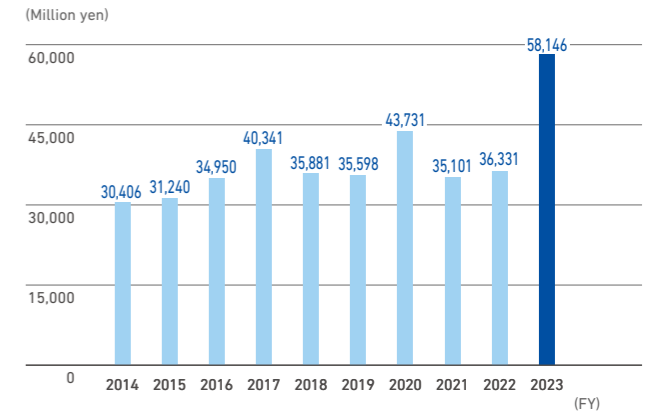
Operating Profit / Operating Margin



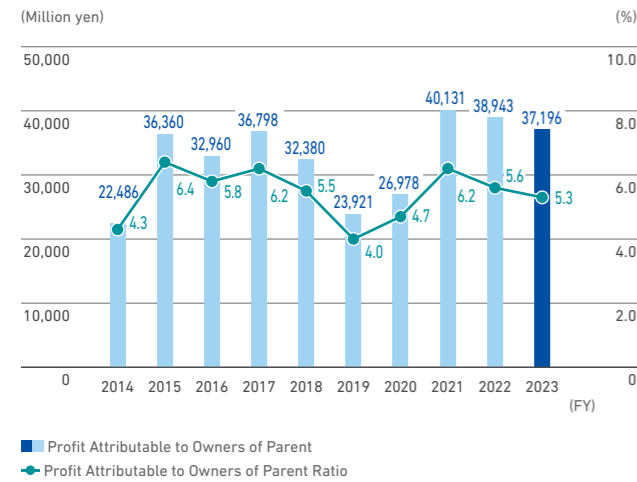
Equity / Equity Ratio



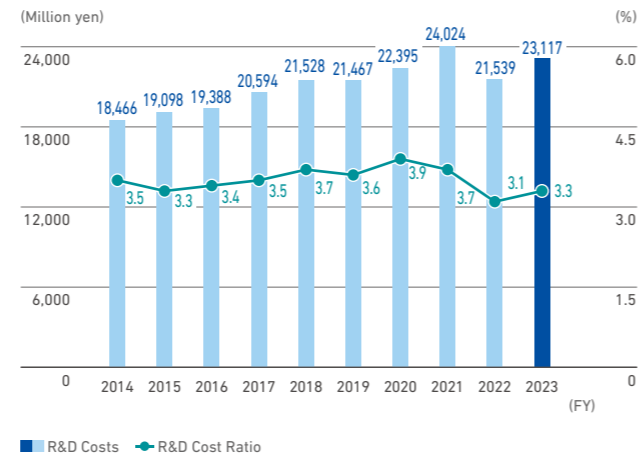
Capital Investment



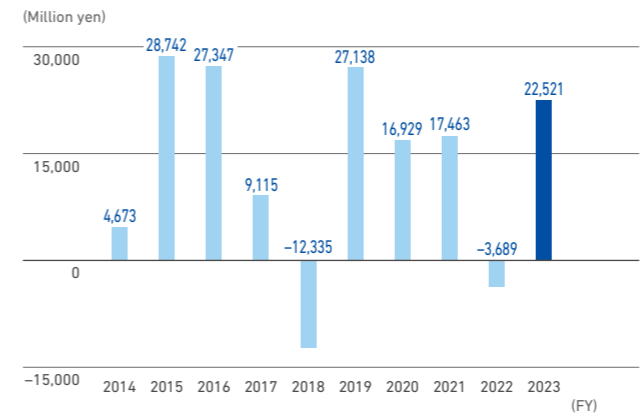
Profit Attributable to Owners of Parent / Profit Attributable to Owners of Parent Ratio



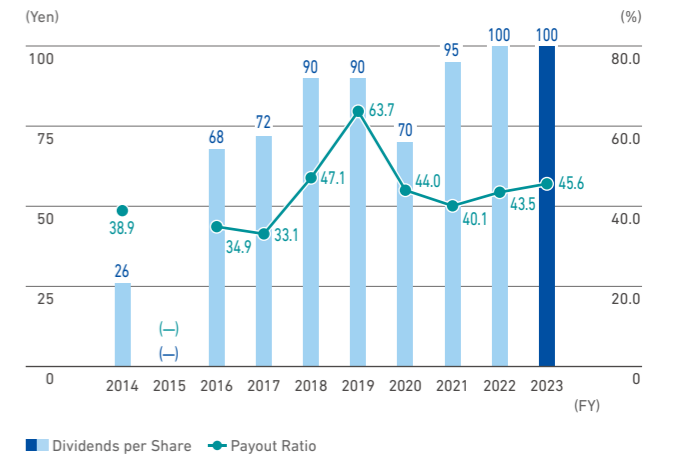
R&D Costs / R&D Cost Ratio



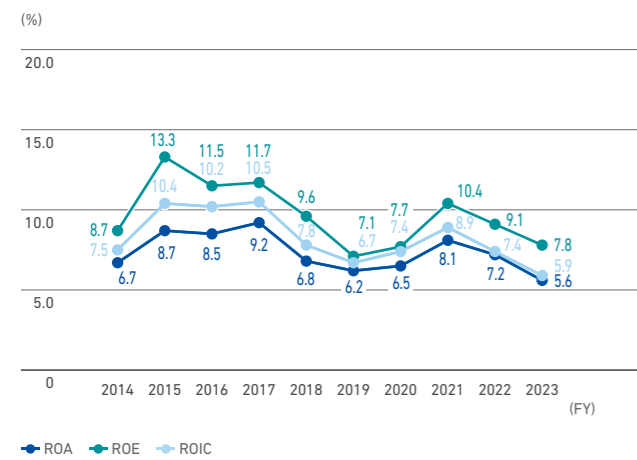
Free Cash Flow



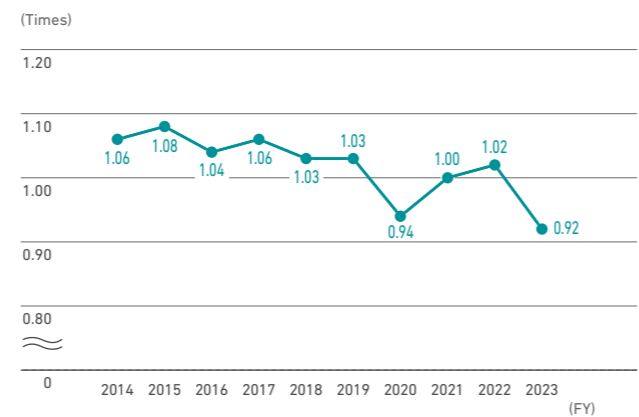
Dividends per Share*1 / Payout Ratio*1



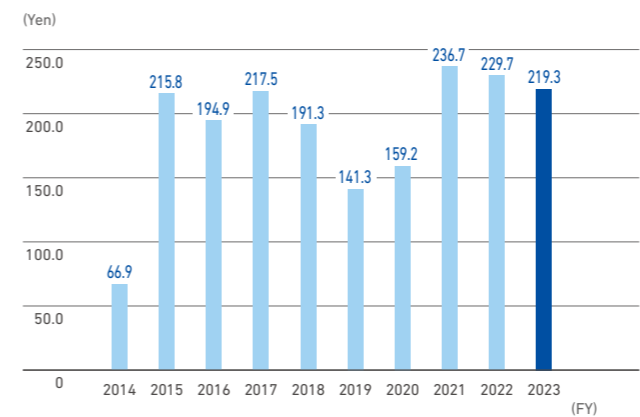
ROA (Operating Profit Base) / ROE (Net Profit Base) / ROIC (Operating Profit after Tax ÷ [Operating Capital + Fixed Assets])



Total Asset Turnover



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	98.9%	67.2%	87.6%	100.7%	100.1%	177.3%	105.9%
TOPIX	141.3%	152.5%	115.1%	196.2%	114.4%	288.6%	111.2%

*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, 2024.

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	FY2023 (Japan: April 1, 2023 to March 31, 2024 / Overseas: January 1, 2023 to December 31, 2023)
Per unit of sales	As noted on page 98, net sales figures from FY2014 to FY2020 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.

WILL2030 Social and Environmental Value Indicators

The TOTO Group aims to provide comfortable and healthy lifestyles for all by helping to realize a sustainable society and achieving carbon neutrality by 2050. Through these efforts, we will contribute to the United Nations (UN) Sustainable Development Goals (SDGs).

Goals	Main Initiatives	Indicators	Cat.	Results for FY2023	Targets for FY2026	SDGs
Cleanliness and comfort; wellness and the environment	Rolling out clean, comfortable, and eco-friendly products	Percentage of sustainable products	◆	75%	80%	
	<ul style="list-style-type: none"> Realize cleanliness and comfort throughout the world Pursue ease of use for everyone 	Global expansion of clean and comfortable toilets	Percentage of toilets with built-in TORNADO FLUSH shipped	78%	79%	
		Number of WASHLET units shipped	3.07 million units	3.50 million units		
Environment	<ul style="list-style-type: none"> Protect our limited water resources and connect with the future Undertake initiatives to fight global warming and coexist with the earth 	Alleviating water stress through the widespread adoption of water-saving products	Avoided Emissions of water during product use ^{*1}	◆ 1.00 billion m ³ * ²	1.14 billion m ³	
		Achieving carbon neutrality	CO ₂ emissions from business sites (Scope 1 and 2)	◆ 254 thousand tons	229 thousand tons	
	CO ₂ emissions per unit of sales		0.362 tons / million yen	0.269 tons / million yen		
	Avoided Emissions during product use ^{*1}		2.98 million tons* ²	3.60 million tons		
Relationships	<ul style="list-style-type: none"> Build deep, long-lasting relationships with customers 	Improved customer satisfaction	Customer satisfaction in after-sales service ^{*3}	◆ 94.2 pt	94.8 pt	
		<ul style="list-style-type: none"> Offer cultural support and contribute to society for the next generation Create and share joy in work together 	Promotion of social contribution activities rooted in local communities	Showroom satisfaction (Japan)	◆ 76.5 pt	
	Realizing employee-friendly working environments		Percentage of employees taking part in volunteer activities, donations offered, etc.	108.1%* ⁴	100% or more	
			Employee satisfaction (Japan)	◆ 75.9 pt	77.4 pt	
	Percentage of female managers (Japan)	20.4%	21.5%			
Percentage of childcare leave taken by male employees (Japan)	64.7%	85.0%				

Updated according to actual results finalized at the end of June 2024 ◆ WILL2030 long-term goals

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

*2 In case the same calculation conditions are used as in WILL 2030 STAGE 2 (approximate value)

*3 Scope: Japan, Americas, Europe, Mainland China, Taiwan Region, India, Thailand, Vietnam

*4 References: Volunteer only

Results for FY2021–FY2023 (TOTO Global Environmental Goals)

Goals	Main Initiatives	Indicators	Cat.	FY2021	FY2022	FY2023	
Cleanliness, comfort and the environment	Rolling out clean, comfortable and eco-friendly products	Percentage of sustainable products	◆	70%	73%	75%	
				(Japan) 75%	(Japan) 77%	(Japan) 79%	
				(Overseas) 59%	(Overseas) 63%	(Overseas) 66%	
Cleanliness and Comfort	Global expansion of clean and comfortable toilets	Percentage of TORNADO FLUSH units shipped (overseas)	◆	53%	62%	70%	
		Number of WASHLET units shipped (overseas)		0.92 million units	0.86 million units	0.939 million units	
		EWATER+ WASHLET rollout percentage (overseas)		50%	59%	55%	
Environment	<ul style="list-style-type: none"> Protect our limited water resources and connect with the future Undertake initiatives to fight global warming and coexist with the earth 	Alleviating water stress through the widespread adoption of water-saving products	◆	1.0 billion m ³	0.95 billion m ³	0.91 billion m ³	
		Achieving carbon neutrality		Total CO ₂ emissions from business sites	352 thousand tons	267 thousand tons	254 thousand tons
	Reduction in CO ₂ emissions due to implemented measures			10 thousand tons	89 thousand tons	108 thousand tons	
	Reduction in CO ₂ emissions during product use ^{*1}			3.35 million tons	3.35 million tons	3.16 million tons	
Relationships	<ul style="list-style-type: none"> Build deep, long-lasting relationships with customers 	Improved customer satisfaction	◆	93.1 pt	94.0 pt	94.2 pt	
		<ul style="list-style-type: none"> Offer cultural support and contribute to society for the next generation Create and share joy in work together 		Showroom satisfaction (Japan)	74.7 pt	75.3 pt	76.5 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%	108.1%
				Employee satisfaction (Japan)	◆ 75.2 pt	74.9 pt	75.9 pt
	Realizing employee-friendly working environments	Percentage of female managers (Japan)		15.5%	18.7%	20.4%	
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.

*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

12th Global Environmental Action Plan (Targets)

The Global Environmental Action Plan is an action plan established in response to the environmental issues identified under WILL2030.

Goals	Scope	Base Year	Results for FY2023	Targets for FY2026
Avoided Emissions of water during product use*1	Japan/Overseas	—	1.00 billion m ³ *2	1.14 billion m ³
Avoided Emissions during product use*1	Japan/Overseas	—	2.98 million tons*2	3.60 million tons
CO ₂ emissions from business sites (Scope 1 and 2)	Japan/Overseas	—	254 thousand tons	229 thousand tons
CO ₂ emissions per unit of sales	Japan/Overseas	—	0.362 tons / million yen	0.269 tons / million yen
Renewable energy introduction rate	Japan/Overseas	—	36.8%	60%
Total amount of water withdrawals	Japan/Overseas	—	2.02 million m ³	2.38 million m ³
Rate of improvement for total amount of water withdrawals	Japan/Overseas	—	43%*3	15%
Reduction of fuel used for transportation per unit	Japan	Compared to FY2021	21.4%*4	15.3% or more
Reduction rate of the use of packaging materials	Japan	Compared to FY2021	10.7%*4	2.6% or more
Reduction rate of waste at the production sites (reduction of production output intensity)	Japan	Based on FY2023	21.9%*5	1.5%
Recycling rate at the production sites	Japan	—	99.6%	99% or more
	Overseas	—	99.9%	99% or more
Usage rate of legal and recycled materials for wood-based materials used in products	Japan	—	100%	100%
	Overseas	—	100%	100%
	Total	—	100%	100%
Violations of related environmental laws	Japan	—	0 cases	0 cases
	Overseas	—	0 cases	0 cases
	Total	—	0 cases	0 cases

*1 Reduction effect when compared with the case where products from 2005 continue to be used.
 *2 In case the same calculation conditions are used as in WILL 2030 STAGE 2 (approximate value)
 *3 Compared with base year FY2018 per unit (FY2023 results)
 *4 Reduction rate when using FY2013 as the base year.
 *5 Reduction rate when using FY2017 as the base year.

11th Global Environmental Action Plan (Results)

Goals	Scope	Base Year	FY2021	FY2022	FY2023
Reduction in water consumption during product use*	Japan/Overseas	—	1.0 billion m ³	0.95 billion m ³	0.91 billion m ³
Reduction in CO ₂ emissions during product use*	Japan/Overseas	—	3.35 million tons	3.35 million tons	3.16 million tons
Total CO ₂ emissions from business sites	Japan/Overseas	—	352 thousand tons	267 thousand tons	254 thousand tons
Reduction in CO ₂ emissions due to implemented measures	Japan/Overseas	FY2020	10 thousand tons	89 thousand tons	108 thousand tons
Renewable energy introduction rate	Japan/Overseas	—	15.8%	46.8%	36.8%
Total amount of water withdrawals	Japan/Overseas	—	2.67 million m ³	2.41 million m ³	2.02 million m ³
Rate of improvement for total amount of water withdrawals	Japan/Overseas	FY2018	16.8%	32.2%	43.0%
Reduction of fuel used for transportation per unit	Japan	FY2013	9.5%	9.5%	21.4%
Reduction rate of the use of packaging materials	Japan	FY2013	9.6%	10.2%	10.7%
Reduction rate of waste at the production sites (reduction of production output intensity)	Japan	FY2017	12.5%	18.3%	21.9%
Recycling rate at the production sites	Japan	—	99.9%	99.6%	99.6%
	Overseas	—	99.3%	99.9%	99.9%
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	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)	FY2023 (fiscal year ended March 31, 2024)
Scope 1 + 2 + 3	thousand tons CO ₂	20,957	19,839	19,990	18,433	16,760
Scope 1 + 2	thousand tons CO ₂	350	307	352	267	254
Scope 1	thousand tons CO ₂	182	167	188	168	141
(per unit of sales)	t-CO ₂ /million yen	0.30	0.29	0.29	0.24	0.20
Direct GHG emissions from non-energy processes	thousand tons CO ₂	4.7	4.2	5.1	4.5	4.0
Scope 2	thousand tons CO ₂	168	140	164	99	113
(per unit of sales)	t-CO ₂ /million yen	0.28	0.24	0.25	0.14	0.16
Scope 3	thousand tons CO ₂	20,608	19,532	19,638	18,166	16,506
(per unit of sales)	t-CO ₂ /million yen	34.5	33.8	30.4	25.9	23.5
Category 1	thousand tons CO ₂	—	—	750	751	619*
Category 2	thousand tons CO ₂	—	—	168	175	78*
Category 3	thousand tons CO ₂	—	—	45	47	41
Category 4	thousand tons CO ₂	—	—	130	62	51
Category 5	thousand tons CO ₂	—	—	17	9	9
Category 6	thousand tons CO ₂	—	—	5	5	5
Category 7	thousand tons CO ₂	—	—	15	15	15
Category 8	thousand tons CO ₂	—	—	—	—	—
Category 9	thousand tons CO ₂	—	—	52	52	47
Category 10	thousand tons CO ₂	—	—	—	—	—
Category 11	thousand tons CO ₂	19,650	18,562	18,426	17,019	15,612
Category 12	thousand tons CO ₂	—	—	30	31	29
Category 13	thousand tons CO ₂	—	—	—	—	—
Category 14	thousand tons CO ₂	—	—	—	—	—
Category 15	thousand tons CO ₂	—	—	—	—	—

* Calculation accuracy was improved through such means as revising calculation methods and scope.

Environmental Performance Data

Energy Consumption

Indicators	Unit	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)	FY2023 (fiscal year ended March 31, 2024)
Quantity of energy consumption	MWh	1,282,770	1,198,805	1,350,455	1,224,689	1,061,083
(per unit of sales)	MWh/million yen	2.15	2.07	2.09	1.75	1.51
Quantity of non-renewable energy consumption	MWh	1,249,313	1,151,624	1,291,489	1,058,595	940,222
(per unit of sales)	MWh/million yen	2.10	1.99	2.00	1.51	1.34
Quantity of fuel consumption	MWh	928,797	851,679	963,366	859,726	724,761
(per unit of sales)	MWh/million yen	1.56	1.47	1.49	1.23	1.03
Quantity of electric power consumption	MWh	312,166	291,868	315,155	189,117	208,011
(per unit of sales)	MWh/million yen	0.52	0.50	0.49	0.27	0.30
Quantity of other types of energy consumption	MWh	8,351	8,077	12,969	9,752	7,451
(per unit of sales)	KWh/million yen	14.00	13.98	20.10	13.91	10.61
Quantity of renewable energy consumption	MWh	33,457	47,181	58,966	166,094	120,861
(per unit of sales)	KWh/million yen	56.09	81.22	91.38	236.88	172.10
Rate of renewable energy use	%	2.6	3.9	4.4	13.6	11.4
Ratio of renewable energy power	%	9.7	13.9	15.8	46.8	36.8
Energy cost	million yen	8,852	7,774	10,093	12,897	11,557

Preserving Water Resources

Indicators	Unit	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)	FY2023 (fiscal year ended March 31, 2024)
Total amount of water withdrawals	thousand m ³	2,899	2,631	2,675	2,407	2,017
(per unit of sales)	m ³ /million yen	4.86	4.53	4.15	3.43	2.87
Surface water	thousand m ³	—	—	—	—	—
Groundwater	thousand m ³	438	387	463	426	419
Sea water	thousand m ³	—	—	—	—	—
Water from production	thousand m ³	—	—	—	—	—
Water from third parties	thousand m ³	2,461	2,244	2,212	1,981	1,598
Total amount of water discharges	thousand m ³	1,592	1,904	1,860	1,642	1,222
(per unit of sales)	m ³ /million yen	2.67	3.29	2.88	2.34	1.74
Surface water	thousand m ³	12	10	9	11	7
Groundwater	thousand m ³	—	—	—	—	—
Sea water	thousand m ³	—	—	—	—	—
Water from third parties	thousand m ³	1,580	1,894	1,851	1,631	1,215
Amount of water consumption	thousand m ³	1,307	727	815	765	795
Amount of recycled water	thousand m ³	2,028	1,844	2,163	2,008	1,737
Water recycling rate	%	41.2	41.2	44.7	45.5	46.3

Waste

Indicators	Unit	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)	FY2023 (fiscal year ended March 31, 2024)
Waste generated	thousand tons	134.3	128.1	142.5	116.8	94.1
(per unit of sales)	kg/million yen	225.1	220.5	220.8	166.6	134.0
Total amount of waste processed	thousand tons	28.3	24.8	22.3	14.8	14.3
(per unit of sales)	kg/million yen	47.4	42.7	34.6	21.1	20.4
Breakdown: (Amount of landfill waste)	thousand tons	—	—	—	7.8	7.9
(Waste incineration volume with energy recovery)	thousand tons	—	—	—	6.1	5.8
(Waste incineration volume without energy recovery)	thousand tons	—	—	—	0.9	0.5
Recycling amount (not including thermal recycling)	thousand tons	106.0	103.3	120.2	102.0	79.8
(per unit of sales)	kg/million yen	177.7	177.8	186.3	145.5	113.6
Recycling rate (including thermal recycling)	%	96.2	99.5	99.5	99.8	99.8
(Japan)	%	99.9	99.7	99.9	99.6	99.6
(Overseas)	%	94.7	99.5	99.3	99.9	99.9
Hazardous waste generated	thousand tons	—	—	—	0.78	0.95
(Japan)	thousand tons	0.2	0.1	0.2	0.13	0.09
(Overseas)	thousand tons	—	—	—	0.64	0.86
(per unit of sales)	kg/million yen	0.34	0.17	0.31	1.1	1.4
Hazardous waste processed	thousand tons	—	—	—	0.68	0.91
(per unit of sales)	kg/million yen	—	—	—	0.97	1.30
Breakdown: (Amount of landfill waste)	thousand tons	—	—	—	0.59	0.81
(Waste incineration volume with energy recovery)	thousand tons	—	—	—	0.02	0.04
(Waste incineration volume without energy recovery)	thousand tons	—	—	—	0.07	0.05
Recycling amount (not including thermal recycling)	thousand tons	—	—	—	0.10	0.04
(per unit of sales)	kg/million yen	—	—	—	0.14	0.06

* The calculation method was revised in FY2023. In conjunction with this revision, the results for FY2022 were recalculated.

Atmospheric Emissions

Indicators	Unit	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)	FY2023 (fiscal year ended March 31, 2024)
Amount of chemical substance emissions (PRTR Law applicable)	tons	26.6	22.0	26.8	27.6	22.3
(per unit of sales)	kg/million yen	0.04	0.04	0.04	0.04	0.03
SOx emissions*	tons	101.3	65.4	81.7	86.1	83.6
(per unit of sales)	kg/million yen	0.17	0.11	0.13	0.12	0.12
NOx emissions*	tons	171.4	150.5	135.2	128.3	110.8
(per unit of sales)	kg/million yen	0.29	0.26	0.21	0.18	0.16
Dust emissions	tons	58.8	48.7	43.6	41.5	29.4
(per unit of sales)	kg/million yen	0.10	0.08	0.07	0.06	0.04
VOC emissions	tons	26.5	21.9	26.7	27.5	22.2
(per unit of sales)	kg/million yen	0.04	0.04	0.04	0.04	0.03

* In FY2023, we discovered that certain overseas subsidiaries were not subject to local SOx and NOx emissions regulations and therefore were excluded from the emission calculations. In accordance with this change, the figures for past fiscal years have been revised retroactively.

Environmental Performance Data

Raw Materials Used

Indicator	Unit	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)	FY2023 (fiscal year ended March 31, 2024)
Amount of raw materials used	thousand tons	589.0	564.0	649.0	572.8	505.1

Percentage of Legally-Obtained and Recycled Wood Materials

Indicators	Unit	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)	FY2023 (fiscal year ended March 31, 2024)
Legally-obtained wood materials	%	7	6	15	13	15
Recycled wood materials	%	93	94	85	87	85
Others	%	0	0	0	0	0
Total	%	100	100	100	100	100

Environment Management System

Indicator	Unit	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)	FY2023 (fiscal year ended March 31, 2024)
Percentage of ISO 14001 certification acquisition	%	75.4	75.9	73.9	76.6	77.3

Violations of Related Environmental Laws

Indicators	Unit	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)	FY2023 (fiscal year ended March 31, 2024)
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	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)	FY2023 (fiscal year ended March 31, 2024)
Customer satisfaction in after-sales service	points	92.1	92.2	93.1	94.0	94.2
Customer satisfaction surveys (Japan)						
Showroom satisfaction	points	72.0	73.4	74.7	75.3	76.5
Ratio of customers impressed with bath module assembly	%	67.9	69.6	70.7	70.5	72.4
Evaluations on customer response quality	points	68.8	76.3	78.8	77.5	79.7

Quality Management System

Indicator	Unit	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)	FY2023 (fiscal year ended March 31, 2024)
Percentage of ISO 9001 certification acquisition	%	76.3	76.4	74.5	77.4	77.6

Social Performance Data

Status of Employment

Indicators	Unit	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)	FY2023 (fiscal year ended March 31, 2024)
Group total number of employees	no. of personnel	35,329	35,613	36,853	36,188	35,027
Male	no. of personnel	23,445	23,636	24,404	23,746	22,744
Female	no. of personnel	11,884	11,977	12,449	12,442	12,283
Percentage of female employees	%	33.6	33.6	33.8	34.4	35.1
Full-time employees	no. of personnel	30,254	30,839	31,777	31,448	30,853
Contract employees	no. of personnel	3,237	2,927	2,779	2,705	2,530
Temporary employees	no. of personnel	1,838	1,847	2,297	2,035	1,644
Number of employees (Japan)	no. of personnel	18,206	18,124	18,355	18,087	17,726
Male	no. of personnel	10,886	10,869	11,056	10,936	10,677
Female	no. of personnel	7,320	7,255	7,299	7,151	7,049
Percentage of female employees	%	40.2	40.0	39.8	39.5	39.8
Full-time employees	no. of personnel	13,672	13,843	13,903	13,968	14,021
Contract employees	no. of personnel	2,923	2,621	2,395	2,280	2,182
Temporary employees	no. of personnel	1,611	1,660	2,057	1,839	1,523
Percentage of employees under 30 years old	%	15.6	15.5	14.8	14.1	13.8
Male	%	9.2	9.3	9.0	8.7	8.5
Female	%	6.4	6.2	5.7	5.4	5.3
Percentage of employees between 30 and 49 years old	%	54.5	52.4	50.2	47.7	45.1
Male	%	29.9	28.5	27.0	25.6	24.1
Female	%	24.6	23.9	23.2	22.1	20.9
Percentage of employees 50 years old and over	%	29.9	32.2	35.0	38.2	41.1
Male	%	21.9	23.1	24.7	26.6	28.2
Female	%	8.0	9.1	10.3	11.6	12.9
Number of graduate recruits (Japan)	no. of personnel	246	212	232	232	240
Male	no. of personnel	178	153	165	168	168
Female	no. of personnel	68	59	67	64	72
Percentage of female employees	%	27.6	27.8	28.9	27.6	30.0
Retention status of graduate recruits (non-consolidated)						
Job turnover rate within three years	%	—	—	—	10.2	15.4
Recruitment of experienced personnel (non-consolidated)						
Ratio of total recruitment for experienced regular workers	%	65	71	65	59	55
Ratio of recruitment for external experienced regular workers	%	15	20	7	16	27
Average age (non-consolidated)	ages	44 years and one month old	44 years and two months old	44 years and six months old	44 years and 11 months old	45 years and four months old
Average number of years of continuous service (Japan)	years	14.5	14.9	15.3	15.8	16.3
Male	years	16.5	16.9	17.2	17.7	18.2
Female	years	11.4	11.9	12.4	12.9	13.4

Social Performance Data

Indicators	Unit	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)	FY2023 (fiscal year ended March 31, 2024)
Number of employees (Overseas)	no. of personnel	17,123	17,489	18,498	18,101	17,301
Male	no. of personnel	12,559	12,767	13,348	12,810	12,067
Female	no. of personnel	4,564	4,722	5,150	5,291	5,234
Percentage of female employees	%	26.7	27.0	27.8	29.2	30.3
Full-time employees	no. of personnel	16,582	16,996	17,874	17,480	16,832
Contract employees	no. of personnel	314	306	384	425	348
Temporary employees	no. of personnel	227	187	240	196	121
Composition of employees by region						
Japan	%	52.0	50.9	49.8	50.0	50.6
China	%	18	17.7	18.2	18.3	18.5
Asia and Oceania	%	26	27.2	28.0	27.5	26.7
Americas	%	4.0	3.8	3.7	3.9	4.0
Europe	%	0.4	0.4	0.3	0.4	0.3
Number of foreign employees in the TOTO GROUP (Japan)	no. of personnel	45	45	46	48	48

Diversity

Indicators	Unit	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)	FY2023 (fiscal year ended March 31, 2024)
Ratio of employees by nationality*						
Japan	%	—	—	—	—	51.1
China	%	—	—	—	—	19.9
Vietnam	%	—	—	—	—	12.7
Thailand	%	—	—	—	—	7.8
India	%	—	—	—	—	4.3
Number of managers	no. of personnel	3,702	3,792	3,872	3,523	3,691
Male	no. of personnel	3,124	3,146	3,152	2,767	2,854
Female	no. of personnel	578	646	720	756	837
Percentage of female managers	%	15.6	17.0	18.6	21.5	22.7
General Manager level and above	no. of personnel	782	771	749	767	1,200
Male	no. of personnel	755	739	717	729	1,068
Female	no. of personnel	27	32	32	38	132
Percentage of female employees	%	3.5	4.2	4.3	5.0	11.0
Section Chief level and above	no. of personnel	2,062	2,118	2,139	1,793	2,491
Male	no. of personnel	1,739	1,744	1,722	1,353	1,786
Female	no. of personnel	323	374	417	440	705
Percentage of female employees	%	15.7	17.7	19.5	24.5	28.3

* Excludes employees of Group companies in the Americas and Europe. Ratio of employees Top 5 countries.

Indicators	Unit	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)	FY2023 (fiscal year ended March 31, 2024)
Number of managers (Japan)	no. of personnel	2,844	2,889	2,888	2,560	2,636
Male	no. of personnel	2,494	2,483	2,439	2,082	2,097
Female	no. of personnel	350	406	449	478	539
Percentage of female managers	%	12.3	14.1	15.5	18.7	20.4
Number of new management appointments	no. of personnel	221	264	253	212	231
Male	no. of personnel	167	194	178	140	149
Female	no. of personnel	54	70	75	72	82
Percentage of female employees	%	24.4	26.5	29.6	34.0	35.5
Number of managers (Overseas)	no. of personnel	858	903	984	963	1,055
Male	no. of personnel	630	663	713	685	757
Female	no. of personnel	228	240	271	278	298
Percentage of female managers	%	26.6	26.6	27.5	28.9	28.2
Employees with disabilities						
Japan	no. of personnel	314	316	307	314	321
Ratio of employees with disabilities (Japan)	%	2.58	2.63	2.53	2.58	2.65
Ratio of employees with disabilities (Overseas)	%	0.75	0.75	0.76	0.74	0.78

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

Indicators	Unit	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)	FY2023 (fiscal year ended March 31, 2024)
All employees	%	—	—	—	60.5	60.6
Regular workers	%	—	—	—	62.6	62.6
Part-time and fixed-term contract workers	%	—	—	—	79.2	75.7

Work-Life Balance (Japan)

Indicators	Unit	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)	FY2023 (fiscal year ended March 31, 2024)
Total employee turnover rate	%	2.8	2.3	2.5	2.7	2.7
Voluntary employee turnover rate	%	2.3	1.8	2.1	2.5	2.2
Employee turnover rate due to life events	%	2.9	2.1	1.4	0.0	0.0
Working hours						
Average scheduled working hours per year	hours per person	1,911.8	1,903.7	1,901.8	1,901.0	1,907.9
Average hours actually worked per year	hours per person	1,972.9	1,930.7	1,937.8	1,916.0	1,913.8
Average hours of overtime and holiday work per month	hours per person	19.3	16.3	18.5	18.1	16.4
Number of employees with long working hours	no. of personnel	96	30	23	49	31
Number of paid holidays taken	days	17.9	17.8	18.2	18.8	18.4
Percentage of paid holidays taken	%	89.8	89.1	91.2	94.3	95.6

Social Performance Data

Indicators	Unit	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)	FY2023 (fiscal year ended March 31, 2024)
Number of people using reduced working hour and leave systems (TOTO, non-consolidated)						
Employees taking childcare leave	no. of personnel	137	160	200	237	247
Male	no. of personnel	10	24	66	96	120
Female	no. of personnel	127	136	134	141	127
Percentage of childcare leave taken by male employees	%	6.3	13.9	37.7	66.7	73.2
Target for childcare leave taken by male employees	%	—	—	—	—	70 or more
Average number of days of childcare leave taken by male employees	days	—	—	—	—	29.3
Percentage of childcare leave taken by female employees	%	100	100	100	100	100
Percentage of employees returning to working after childcare leave	%	96.1	96.2	97.4	96.3	97.8
Reduced working hours for childcare	no. of personnel	328	315	318	310	305
Male	no. of personnel	4	7	6	4	10
Female	no. of personnel	324	308	312	306	295
Employees taking nursing care leave	no. of personnel	7	3	13	17	10
Male	no. of personnel	1	0	1	1	4
Female	no. of personnel	6	3	12	16	6
Reduced working hours for nursing care	no. of personnel	10	11	9	5	9
Male	no. of personnel	2	3	2	0	1
Female	no. of personnel	8	8	7	5	8
Telework	no. of personnel	209	277	3,554	4,771	5,238

Human Resource Development

Indicators	Unit	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)	FY2023 (fiscal year ended March 31, 2024)
Fellow (highest position of R&D specialist) (non-consolidated)	no. of personnel	1	2	2	2	3
Average training time per employee	hours	10.0	9.9	10.1	10.3	10.4
Average training cost per employee	thousands yen	33.1	29.6	30.0	31.5	32.7
Number of participants in management development training	no. of personnel	—	—	—	108	111
Japan	no. of personnel	83	61	62	90	93
Overseas	no. of personnel	—	—	—	18	18
Number of participants in leadership development training (Japan)	no. of personnel	253	230	230	244	246
Number of supervisors carrying out evaluations through multi-faceted observations (Overseas)	no. of personnel	61	68	79	74	90
Number of participants in training for promoted employees (Japan)	no. of personnel	1,188	1,130	1,144	1,137	1,051

Occupational Safety and Health

Indicators	Unit	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)	FY2023 (fiscal year ended March 31, 2024)
Lost time injury frequency rate						
TOTO Group employees	no unit	0.19	0.16	0.28	0.21	0.19
TOTO Group contractors (in-plant cooperative firm)*1	no unit	0.15	0.00	0.47	0.93	0.00
Occupational illness frequency rate						
TOTO Group employees	no unit	0.03	0.00	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	513
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	100
Participation rate for mental health line care training	%	—	100	100	100	100
Implementation rate for specific healthcare guidance (lifestyle improvement program)*2	%	90.3	95.0	97.3	96.6	97.5

*1 The frequency rate of lost time injuries in FY2022 was revised.

*2 Figures for the implementation rate of specific healthcare guidance are as of April 2024 for FY2023 since implementation occurs between August of each year and September of the following year.

Labor Unions

Indicator	Unit	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)	FY2023 (fiscal year ended March 31, 2024)
Percentage of employees in labor unions and other organizations	%	—	87.4	87.8	87.7	87.3

Employee Satisfaction (Japan)

Indicators	Unit	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)	FY2023 (fiscal year ended March 31, 2024)
TOTO Group Awareness Survey—overall score	points	73.0	74.4	75.2	74.9	75.9
TOTO Group Awareness Survey—peace of mind and satisfaction indicators	points	—	—	74.1	73.3	74.6

Supply Chain Management

Indicators	Unit	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)	FY2023 (fiscal year ended March 31, 2024)
Sustainable procurement activities						
Total number of suppliers	no. of suppliers	1,479	1,517	1,397	1,378	1,360
Number of key suppliers	no. of suppliers	639	620	573	620	601
Number of suppliers surveyed	no. of suppliers	335	722	498	531	518
Achievement rate for compliance with the TOTO standards	%	100	100	100	100	100

Social Performance Data

Social Contribution

Indicators	Unit	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)	FY2023 (fiscal year ended March 31, 2024)
Amount spent on social contribution	billion yen	1.30	1.27	1.27	1.24	1.25
Percentage of employees taking part in volunteer activities	%	100% or more	67.0	84.0	91.8	108.1

TOTO Water Environment Fund

Indicators	Unit	14th (2019-2021)	15th (2020-2022)	16th (2021-2023)	17th (2022-2024)	18th (2023-2025)
Organizations	no. of organizations	10	10	12	11	13
Grant assistance	million yen	24.7	26.6	27.5	24.8	27.3

Involvement in Public Policy

Indicator	Unit	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)	FY2023 (fiscal year ended March 31, 2024)
Donations to political organizations	thousands yen	3,900	3,400	2,500	2,700	2,800

Compliance

Indicators	Unit	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)	FY2023 (fiscal year ended March 31, 2024)
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	34	47	47	62	75
Japan	cases	29	44	44	56	63
Overseas	cases	5	3	3	6	12
Compliance with TOTO Group Awareness Survey						
Degree of instillation in the workplace	points	80.4	81.8	82.8	83.8	84.2
Degree of individual awareness	points	88.5	90.0	90.8	91.3	91.3

Respecting Human Rights

Indicators	Unit	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)	FY2023 (fiscal year ended March 31, 2024)
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	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)	FY2023 (fiscal year ended March 31, 2024)
Directors and Audit & Supervisory Committee members*	no. of personnel	17	16	16	15	14
Number of female employees	no. of personnel	0	0	0	1	2

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

Calculation Method of WILL2030 Social and Environmental Value Indicators

Indicators	Unit	Definitions, Calculation Standards, and Calculation Methods	Scope of Data Collection
Avoided Emissions of water during product use	m ³	Target products are toilets, water faucets, urinals, and bathtubs * Toilets, water faucets, urinals (only in Japan), and bathtubs (only in Japan) for Stage 1 [Additional information] Other conditions can be viewed on our website: (https://jp.toto.com/assets/files/avoided_emissions_en_2406_document.pdf)	TOTO GROUP
Avoided Emissions during product use	million tons	Target products are toilets, WASHLET, water faucets, urinals, bathtubs, bathroom dryers, electric water heaters, and hand dryers * Toilets, WASHLET, faucets, urinals (only in Japan), and bathtubs (only in Japan) for Stage 1 [CO ₂ emission coefficients from electricity (Japan)] FY2022 CO ₂ Emissions Report (reported values) from the Electric Power Council for a Low Carbon Society (ELCS) * Stage 1 uses average actual value of CO ₂ emissions coefficients (adjusted basis) indicated in "Environmental Action Plan by the Japanese Electric Utility Industry" by the Federation of Electric Power Companies of Japan. [CO ₂ emission coefficients from electricity (overseas)] "CO ₂ Emissions from Fuel Combustion 2023" by the International Energy Agency (IEA) * Stage 1 uses "CO ₂ Emissions from Fuel Combustion 2017" by the IEA. [CO ₂ emission coefficients from water (Japan)] Japan Sanitary Equipment Industry Association, "CO ₂ Conversion Coefficients from Water" (disclosed values for 2023) * Stage 1 uses Japan Sanitary Equipment Industry Association, "CO ₂ Conversion Coefficients from Water" (disclosed values for 2020). [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)] * Changes to electricity coefficient not reflected in Stage 1 [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. [Additional information] Other conditions can be viewed on our website: (https://jp.toto.com/assets/files/avoided_emissions_en_2406_document.pdf)	TOTO GROUP

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, 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

Calculation Method of Environmental Performance Data

Indicators	Unit	Definitions, Calculation Standards, and Calculation Methods	Scope of Data Collection
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	<p>Lifetime*1 CO₂ emissions*2 per unit from major products*3 × Sales quantity.</p> <p>*1 Duration of use by product classification (defined by TOTO)</p> <p>*2 CO₂ 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</p> <p>*3 Toilets, WASHLET, faucets, urinals (only in Japan) and bathtubs (only in Japan)</p> <p>[CO₂ emission coefficients from electricity (Japan)] The FY2022 CO₂ Emissions Report (reported values) from the Electric Power Council for a Low Carbon Society (ELCS)</p> <p>[CO₂ emission coefficients from electricity (overseas)] IEA (International Energy Agency), "CO₂ Emissions from Fuel Combustion 2023"</p> <p>[CO₂ emission coefficients from water (Japan)] Japan Sanitary Equipment Industry Association, "CO₂ Conversion Coefficients from Water"</p> <p>[CO₂ emission coefficients from water (overseas)] CO₂ 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)</p> <p>Reflects changes to electricity coefficients in each area for [CO₂ emission coefficients from electricity (overseas)]</p> <p>[CO₂ 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</p>	TOTO GROUP
Scope 3 Category 12 (End-of-Life Treatment of Sold Products)	thousand tons CO ₂	<p>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.</p> <p>The weight of products to be disposed of is estimated based on the material composition of major products and the number of units sold.</p>	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	<p>Total quantity of energy consumption of electricity, fuel and heat consumption at offices and factories.</p> <p>[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</p> <p>[Laws and Regulations Referenced] Act on Rationalization of Energy Use and Shift to Non-fossil Energy</p>	TOTO GROUP
Quantity of non-renewable energy*1 consumption	MWh	<p>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.</p> <p>[Laws and Regulations Referenced] Act on Rationalization of Energy Use and Shift to Non-fossil Energy</p> <p>*1 Energy excluding renewable energy sources as defined in the Act on Special Measures Concerning the Promotion of the Use of Renewable Electric Energy.</p>	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 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 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

Indicators	Unit	Definitions, Calculation Standards, and Calculation Methods	Scope of Data Collection
Quantity of renewable energy consumption	MWh	<p>Total quantity of renewable energy consumed that was generated at business sites and renewable energy that was purchased from outside the TOTO GROUP.</p> <p>[Laws and Regulations Referenced] Act on Rationalization of Energy Use and Shift to Non-fossil Energy</p>	TOTO GROUP
Rate of renewable energy use	%	Quantity of renewable electric power consumed within the quantity of total energy consumption.	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	million yen	Total amount of energy purchased that was used at business sites.	TOTO GROUP
Total amount of water withdrawals	thousands of cubic meters	<p>Total quantity of water intake (municipal water, groundwater and industrial water) into offices and factories.</p> <p>Municipal water and industrial water: aggregation of usage amount via invoices from the Waterworks Bureau.</p> <p>Groundwater: aggregation of measurements by meters managed based on Measurement Act.</p> <p>[Laws and Regulations Referenced] Environmental Reporting Guidelines (Ministry of the Environment)</p>	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
Water recycling rate	%	Percentage of recycled water to the combined total of water intake and recycled water amount.	TOTO GROUP
Waste generated	thousand tons	Total quantity of waste generated in offices and factories (including valuable resources; not including general waste).	TOTO GROUP
Total amount of waste processed	thousand tons	Total quantity of waste not recycled.	TOTO GROUP
Amount of landfill waste	thousand tons	Total quantity of landfill waste processed without recycling or incineration among total waste generated.	TOTO GROUP
Waste incineration volume with energy recovery (thermal recycling)	thousand tons	Waste incineration volume and quantity of waste used as fuel at waste processing facilities with energy recovery among total waste generated.	TOTO GROUP
Waste incineration volume without energy recovery	thousand tons	Simple waste incineration volume among total waste generated.	TOTO GROUP
Recycling amount (not including thermal recycling)	thousand tons	Total quantity of recycled waste within the overall waste.	TOTO GROUP
Recycling rate (including thermal recycling)	%	<p>(Quantity of waste recycled / Quantity of waste generated) × 100.</p> <p>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.</p>	TOTO GROUP
Hazardous waste generated	thousand tons	Total quantity of hazardous waste generated designated as such based on the waste-related laws and regulations in each country and region.	TOTO GROUP
Hazardous waste processed	thousand tons	The total amount of hazardous waste generated that was not recycled.	TOTO GROUP
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.	TOTO GROUP
NOx emissions	tons	This was calculated by multiplying the amount of exhaust gas (actual measured value) by the concentration in exhaust gas (actual measured value).	TOTO GROUP
Dust emissions	tons	Total air emissions related to the use of volatile organic compounds (VOCs) at business sites in Japan.	TOTO GROUP (Japan)
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 2020, the survey did not include India (not implemented due to the lockdown).	TOTO GROUP
Showroom satisfaction	points	Measure of overall customer satisfaction with recommendations received, attitude during customer service, etc.	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. (FY2019 is listed as reference values because that is 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 from Japan.	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 (Japan)	no. of personnel	Number of graduate recruits as of April 1 of the following year (of each fiscal year).	Full-time/contract employees of the TOTO GROUP (Japan)
Job turnover rate within three years	%	Number of employees who left within three years among total graduate hires who joined on April 1 three fiscal years ago ÷ Total graduate hires who joined on April 1 three fiscal years ago × 100 (%)	Full-time employees of TOTO LTD.
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 age	ages	Average age of employees.	Full-time/contract 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 employees of the TOTO GROUP
Number of foreign nationals	no. of personnel	Number of employees who are foreign nationals, excluding those who are seconded overseas from Japan.	Full-time/contract employees of the TOTO GROUP (Japan)
Ratio of employees by nationality	%	Percentage of employees by nationality. Excludes employees of Group companies in the Americas and Europe. Ratio of employees Top 5 countries.	Full-time/contract employees of the TOTO Group

Indicators	Unit	Definitions, Calculation Standards, and Calculation Methods	Scope of Data Collection
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	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.	
Percentage of female managers	%	The number of managers and 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 from Japan.	
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
Gender Wage Gap in Japan	%	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 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)
Average annual scheduled working hours	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	Average hours actually worked per year per person.	Full-time/contract employees of the TOTO GROUP (Japan)
Average hours of overtime and holiday work per month	hours per person	Monthly average hours of overtime and holiday work 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 including accumulated leave and hourly leave) Excludes employees seconded overseas from Japan. 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 working hour and leave systems	no. of personnel	Number of people using reduced working hour and leave systems. Calculated for reduced working hours for childcare and reduced working hours for nursing care as of April 1 of the following year (of each fiscal year).	Full-time/contract employees of TOTO LTD.
Employees taking childcare leave	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.

Calculation Method of Social Performance Data

Indicators	Unit	Definitions, Calculation Standards, and Calculation Methods	Scope of Data Collection
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: From 2022, this is calculated to include employees taking leave for the purpose of childcare Mama/Papa leave in the numerator.	Full-time/contract employees of TOTO LTD.
Target for childcare leave taken by male employees	%	Targeted value for childcare leave taken by male employees Childcare leave includes holidays taken for the purpose of childcare.	Full-time/contract employees of TOTO LTD.
Targeted number of days of childcare leave taken by male employees	days	Number of childcare leave days taken until child reaches the age of two for children born three fiscal years ago ÷ Number of people taking childcare leave Childcare leave includes holidays taken for the purpose of childcare.	Full-time/contract employees of TOTO LTD.
Percentage of childcare leave taken by female employees	%	Number of employees taking childcare leave, etc. + Number of employees who 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 from Japan.	Full-time/contract employees of TOTO LTD.
Employees taking nursing care leave	no. of personnel	Number of employees taking nursing care leave (counted separately when such leave is taken for different nursing care recipients) Calculated based on the year leave started	Full-time/contract employees of TOTO LTD.
Number of fellows	no. of personnel	Number of fellows (highest position of R&D specialist) as of April 1 of the following year (of each fiscal year)	TOTO LTD.
Average training time per employee	hours per person	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	[Japan] 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 overseas talent development training at <i>Kei-ei Juku</i> and overseas Group companies. [Overseas] Number of locally hired employees at Group companies completing management training.	TOTO GROUP
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)

Indicators	Unit	Definitions, Calculation Standards, and Calculation Methods	Scope of Data Collection
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	The manufacturing and research & development sectors of the TOTO GROUP, and two equity method affiliate 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 (Calculated based on the number of employees applicable to work-related accidents.) Covers occupational diseases as defined by the Ministry of Health, Labour and Welfare * 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, and two equity-method affiliate 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
Number of work-related fatalities (employees)	no. of personnel	Number of deaths caused by work-related accidents.	The manufacturing and research & development sectors of the TOTO GROUP, and two equity-method affiliate 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
Number of work-related fatalities (contractors)	no. of personnel		Data covers contractors at TOTO GROUP in-plant cooperative firm (excluding contractors from cafeteria management, cleaning, and security)
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 website: (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 website: (https://jp.toto.com/en/company/csr/stakeholder/employees/health/).	TOTO GROUP (Japan)

Calculation Method of Social Performance Data

Indicators	Unit	Definitions, Calculation Standards, and Calculation Methods	Scope of Data Collection
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	<ul style="list-style-type: none"> 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. 	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. of suppliers	Number of suppliers selected based on the following definitions. <ul style="list-style-type: none"> 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.	—
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)

Indicators	Unit	Definitions, Calculation Standards, and Calculation Methods	Scope of Data Collection
Discrimination cases	cases	Number of cases of litigation and administrative guidance related to discrimination. [Supplement] Our policy, including nondiscrimination can be found on our website: (The Idea Concerning the TOTO Group Human Rights Policy https://jp.toto.com/assets/files/huan%20rights_policy_en.pdf).	TOTO GROUP (Japan)
Severe child labor and forced labor	cases	<ul style="list-style-type: none"> 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 policy, including child labor and forced labor, can be found on our website: (The Idea Concerning the TOTO Group Human Rights Policy https://jp.toto.com/assets/files/huan%20rights_policy_en.pdf).	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.