

TOTO Group
Supplier Code of Conduct

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Purchasing Division, TOTO Ltd.

TOTO

Table of Contents

I. Introduction	3
II. TOTO Group Purchasing Policy	4
III. Supplier Code of Conduct	6
1. Human Rights and Labor	6
2. Safety and Health.....	7
3. Environment	8
4. Equitability and Ethic	10
5. Quality and Safety	11
6. Business Continuity Plan (BCP)	11
7. Information Security.....	11
8. Social Contribution	12
9. Management System.....	12
IV. References	14

I. Introduction

"We, the TOTO Group, contribute to society's development by creating a rich and comfortable living culture with a focus on plumbing and by continuing to pursue customer satisfaction that exceeds expectations."

Under the Group's Corporate Philosophy, the TOTO Group conducts corporate activities with the aim of continuing to provide greater contributions to society and the environment. To achieve this goal, we are taking steps toward integrating our management and corporate social responsibility (CSR) activities. We are also working to create value for our stakeholders while leveraging our strengths and, as we continue to create value through our value chain, we spread this value throughout society as a whole by way of our social contribution activities.

TOTO announced its participation in the "Global Compact," which is put forward by the United Nations, and registered as a participant company on November 8, 2011. In order to announce to the international community, the company's intent to further strengthen its CSR management, which TOTO has long been promoting, behave as a responsible corporate citizen on a global scale and constructively carry out its social responsibilities, TOTO will uphold the 10 principles on "Human Rights, Labor, Environment and Anti- Corruption" that are cited by the "Global Compact" and put them into practice through all its business activities.

The TOTO Group acknowledges the complexity of our global supply chain and risks we face together. We understand that ethical, social and environmental conduct only works when both (or all) parties in a supply chain work together to uphold, support and maintain high standards to meet applicable legal and regulatory requirement.

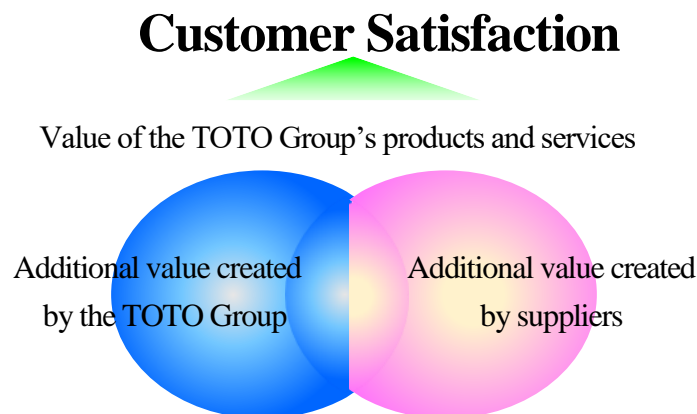
Therefore, the TOTO Group has created this Supplier Code of Conduct to clarify the requirements our suppliers must comply with when doing business with the TOTO Group. We expect from all suppliers that they comply with this Supplier Code of Conduct and enforce towards their suppliers.

II. TOTO Group Purchasing Policy

[Purpose]

The TOTO Group fulfills its corporate responsibility in all aspects of business management, the environment and society, and carries out balanced activities with the aim of achieving sustainable development of businesses, society and the Earth.

Through fair and equitable purchasing and in cooperation with suppliers, the TOTO Group continues to offer valuable products and services for customers.



[Text]

1. Partnership in mind

- The TOTO Group builds win-win relationships with its suppliers and strives to establish trusting relationships based on the principle of coexistence and mutual prosperity.
- The TOTO Group continually ensures quality, safety and other requirements in the components of TOTO products sold on the market in cooperation with its suppliers.

2. Fair and equitable transactions

- The TOTO Group opens its doors equally to all companies regardless of the existence of current transactions.
- The TOTO Group responds sincerely and carries out fair and just transactions

in line with the specified policies and procedures.

- The TOTO Group will make no information and technologies provided to it through business available to external parties without the consent of the party that provided such information.
3. Priority given to business with superior suppliers
- To make the products we offer customers more appealing, the TOTO Group selects its suppliers by assessing whether they fulfill their social responsibility, in addition to assessing their product quality, cost, technical capabilities and responsiveness to delivery needs, in order to conduct comprehensive evaluation and promote businesses with competitive and reliable suppliers.
4. Compliance with laws, regulations, and ethics
- To prevent loss of value in the products and services offered to its customers through business dealings that fail to meet legal and ethical requirements related to purchasing, the TOTO Group prohibits the acceptance of entertainment, gifts and other personal benefits offered by its suppliers.
 - To promote coexistence and mutual prosperity with its suppliers, the TOTO Group never requests unfair discounts or services by exploiting its position as a purchaser.
 - The TOTO Group not only provides products that customers will be happy to use, but, in view of corporate social responsibility, it carries out activities as a good corporate citizen that complies with laws and regulations, social norms and other requirements in each country or region together with its suppliers.
5. Consideration for the environment
- The TOTO Group believes in the importance of controlling the materials and components of its products at the initial stage of their production process, and strives to reduce the environmental loads in cooperation with its suppliers.
 - The TOTO Group strengthens its management system and implements activities based on the awareness that consideration at the stage of purchasing raw materials in the TOTO Group's business activities is important in order to promote preservation of biodiversity and sustainable utilization of resources.

III. Supplier Code of Conduct

1. Human Rights and Labor

(1) Freely Chosen Employment

Suppliers shall not use forced, bonded (including debt bondage) or indentured labor, involuntary prison labor, slavery or trafficking of persons. Employees are free to leave their employment after reasonable notice. Employees are not required to lodge deposits of money or identity documents.

(2) Humane Treatment

Suppliers shall not tolerate harsh and inhumane treatment including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers; nor should the threat of any such treatment be tolerated. Disciplinary policies and procedures in support of these requirements must be clearly defined and communicated to workers.

(3) Child labor

Suppliers shall not use all forms of child labor. The term “child” refers to any person under the age of 15, or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest.

Workers under the age of 18 shall not perform work that is likely to jeopardize their health or safety, including night shifts and overtime.

(4) Non-Discrimination

Suppliers shall not engage in or support discrimination in hiring, promotions, wages, rewards or access to training based on race, national or territorial or social origin, age, gender identity, religion, ethnicity, physical/ mental disability, political affiliation.

(5) Wages and Benefits

Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. In compliance with local laws, workers shall be compensated for overtime at pay rates greater than regular hourly rates. Deductions from wages as a disciplinary measure shall not be permitted. For each pay period, workers shall be provided with a timely and understandable wage statement that includes sufficient information to verify accurate compensation for work performed. All use of temporary, dispatch and outsourced labor will be within the limits of the local law.

(6) Working hours

Working hours are not to exceed the maximum set by local law. Further, a workweek should not be more than 60 hours per week, including overtime, except in emergency or unusual situations. Workers must be allowed at least one day off every seven days.

(7) Freedom of Association

Suppliers shall be committed to an open and constructive dialog with the representatives of employees and workers. In accordance with local laws, suppliers shall respect the rights of their employees to associate freely, join labor unions, seek representation, join works councils and engage in collective bargaining.

Suppliers shall not disadvantage employees who act as workers' representatives.

2. Safety and Health

(1) Occupational Safety

Worker exposure to potential safety hazards must be controlled. If hazards cannot be controlled adequately, workers must be provided with appropriate, well-maintained, personal protective equipment and educational materials about risks to them associated with these hazards.

(2) Industrial Hygiene

Worker exposure to chemical, biological and physical agents must be identified, evaluated, and controlled. If hazards cannot be adequately controlled, workers must be provided with and trained to use appropriate personal protective equipment.

(3) Occupational Injury and Illness

Suppliers shall have procedures and systems to manage, track and report;

- occupational injuries and illnesses
- exposure of workers to chemical, biological and physical agents.

Such procedures and systems shall implement all applicable laws and regulations, and include provisions;

- encourage worker reporting
- classify and record injury and illness cases
- investigate cases and implement corrective actions.

(4) Emergency Preparedness

Suppliers shall identify and provide safety information about risks in the workplace. Additionally, suppliers shall train employees to adequately respond to incidents.

Suppliers shall identify potential emergencies in the workplace and develop plans and procedures in response in order to minimize any impact.

(5) Physically Demanding Work

Worker exposure to the hazards of physically demanding tasks, including manual material handling and heavy or repetitive lifting, prolonged standing and highly repetitive or forceful assembly tasks must be identified, evaluated and controlled.

(6) Machine Safeguarding

Production and other machinery must be evaluated for safety hazards. Physical guards, interlocks and barriers must be provided and properly maintained where machinery presents an injury hazard to workers.

(7) Sanitation, Food, and Housing

Workers must be provided with ready access to clean toilet facilities, potable water and sanitary food preparation, storage, and eating facilities.

Worker dormitories provided by the supplier or a labor agent must be clean and safe, and provided with appropriate emergency egress, hot water for bathing and showering, adequate lighting and ventilation, and reasonable personal space along with reasonable entry and exit privileges.

(8) Health and Safety Communication

Suppliers shall provide workers with appropriate workplace health and safety information and training in the language of the worker or in a language the worker can understand for all identified workplace hazards that workers are exposed to.

Health and safety related information shall be clearly posted in the facility or placed in a location identifiable and accessible by workers.

(9) Health management of employees

Based on local laws and regulations, suppliers shall provide employees with health checkups.

3. Environment

(1) Environmental management system

The TOTO Group will favor suppliers having certified their environmental management system (ISO 14001 or equivalent) for the purpose of assessing, controlling and anticipating the risks linked to its activities and raising awareness among employees and the supplier.

(2) Environmental Permits and Reporting

Suppliers shall obtain, maintain and keep current all required environmental permits and licenses and comply with the operational and reporting requirements of such permits and licenses.

(3) Pollution Prevention and Resource Reduction

Emissions and discharges of pollutants and generation of waste must be minimized or eliminated at the source or by practices such as adding pollution control equipment; modifying production, maintenance and facility processes; or by other means. The use of natural resources, including water, fossil fuels, minerals and virgin forest products, must be conserved or by practices such as modifying production, maintenance and facility processes, materials substitution, re-use, conservation, recycling or other means.

(4) Hazardous Substances

Suppliers shall identify, label and manage chemicals and other materials posing a hazard to humans or the environment to ensure their safe handling, movement, storage, use, recycling or reuse and disposal.

(5) Solid waste

Suppliers shall separate hazardous waste from non-hazardous waste, store such waste under the appropriate conditions, and ensure that such waste is treated in compliance with the local regulations in force.

(6) Air Emissions

Air emissions of volatile organic compounds, aerosols, corrosives, particulates, ozone depleting chemicals and combustion byproducts generated from operations must be monitored, controlled and treated as required prior to discharge. Air emissions must be avoided or minimized.

(7) Materials Restrictions

Suppliers shall adhere to all applicable laws, regulations and customer requirements regarding prohibition or restriction of specific substances in products and manufacturing, including labeling for recycling and disposal.

(8) Water management

Suppliers shall implement a water management program that documents, characterizes, and monitors water sources, use and discharge; seeks opportunities to conserve water; and

controls channels of contamination. All wastewater must be characterized, monitored, controlled, and treated as required prior to discharge or disposal.

(9) Energy consumption and greenhouse gas emissions

Suppliers shall track and document energy consumption and greenhouse gas emissions. Suppliers shall look for cost-effective methods to improve energy efficiency and minimize their energy consumption and greenhouse gas emissions.

4. Equitability and Ethic

(1) Business integrity

Suppliers shall prohibit all forms of bribery, corruption, extortion, and embezzlement.

(2) Anti-Corruption and Bribery

Suppliers shall refrain from offering or soliciting, directly or indirectly, benefits of any kind or cash payments for the purpose of making a profit or gaining an undue advantage.

(3) Disclosure of Information

Information regarding suppliers' labor, health and safety, environmental practices, business activities, structure, financial situation and performance must be disclosed in accordance with applicable regulations and prevailing industry practices. Falsification of records or misrepresentation of conditions or practices in the supply chain are unacceptable.

(4) Intellectual Property

Suppliers shall respect and protect the intellectual property rights of the TOTO Group by forbidding the copy, use or disclosure of the intellectual property rights without prior authorization. Suppliers shall do the transfer of technology and know-how in a manner that protects intellectual property rights.

(5) Fair Business, Advertising and Competition

Suppliers shall uphold standards of fair business, advertising and competition.

(6) Protection of Identity and Non-Retaliation

Suppliers shall ensure the confidentiality, anonymity and protection of whistle-blowers, unless prohibited by law. Suppliers shall maintain and communicate a process for their personnel to raise any concerns regarding Suppliers' business and operations without fear of retaliation.

(7) Responsible Sourcing of Minerals

Suppliers shall not procure raw materials, parts, or products including tantalum, tin, tungsten, or gold illegally produced from conflict areas or high-risk areas.

Suppliers are expected to provide supporting data on their supply chain for those materials to TOTO Group promptly when asked for an investigation.

5. Quality and Safety

(1) Securing product safety

When designing products at their responsibility, suppliers shall comply with the relevant laws of the country, follow the relevant standards, and pay attention to safe design to ensure the safety of products.

Additionally, ensuring product safety includes the management of traceability (history of materials, parts, processes, etc.) and prompt responses to solving problems.

(2) Quality management system

The TOTO Group recommends that suppliers implement and maintain the quality management system (QMS) suitable to the products and services provided to customers. Representing quality management system: ISO 9000 series

6. Business Continuity Plan (BCP)

Suppliers shall develop a business continuity plan and process to recover production process or services in the event of a natural disaster or other event that disrupts the production processes, services, or the ability of suppliers to meet their delivery commitments to the TOTO Group.

7. Information Security

(1) Information technology security

Suppliers shall equip all computers and computer systems with the necessary security firewalls.

(2) Privacy

Suppliers shall commit to protecting the reasonable privacy expectations of personal information of everyone they do business with, including suppliers, customers, consumers and employees. Suppliers shall comply with privacy and information security laws and

regulatory requirements when personal information is collected, stored, processed, transmitted, and shared.

(3) Confidential Information

Suppliers shall not disclose without permission confidential information to a third party who does not need such information for business.

8. Social Contribution

(1) Community involvement

The TOTO Group recommends that suppliers engage with its local communities for the benefit of society and to seek opportunities to have a positive impact in all its localities.

9. Management System

Suppliers are expected to implement management systems to promote continuous improvement with respect to the expectations set forth in this Supplier Code of Conduct.

This includes the following:

(1) Company Commitment

A corporate social and environmental responsibility policy statements affirming suppliers' commitment to compliance and continual improvement, endorsed by executive management and posted in the facility in the local language.

(2) Management Accountability and Responsibility

Suppliers clearly identify senior executive and company representatives responsible for ensuring implementation of the management systems and associated programs. Senior management reviews the status of the management system on a regular basis.

(3) Legal and Customer Requirement

A process to identify, monitor and understand applicable laws, regulations and customer requirements, including the requirements of this Supplier Code of Conduct.

(4) Risk Assessment and Risk Management

A process to identify the legal compliance, environmental, health and safety and labor

practice and ethics risks associated with Suppliers' operations. Determination of the relative significance for each risk and implementation of appropriate procedural and physical controls to control the identified risks and ensure regulatory compliance.

(5) Improvement Objectives

Written performance objectives, targets and implementation plans to improve suppliers' social and environmental performance, including a periodic assessment of suppliers' performance in achieving those objectives.

(6) Training

Programs for training managers and workers to implement Suppliers' policies, procedures and improvement objectives and to meet applicable legal and regulatory requirements.

(7) Communication

A process for communicating clear and accurate information about suppliers' policies, practices, expectations and performance to workers, suppliers and customers.

(8) Worker Feedback, Participation and Grievance

Ongoing processes, including an effective grievance mechanism, to assess employees' understanding of and obtain feedback on or violations against practices and conditions covered by this Supplier Code of Conduct and to foster continuous improvement.

(9) Audits and Assessments

Periodic self-evaluations to ensure conformity to legal and regulatory requirements, the content of this Supplier Code of conduct and customer contractual requirements related to social and environmental responsibility.

(10) Corrective Action Process

A process for timely correction of deficiencies identified by internal or external assessments, inspections, investigations and reviews.

(11) Documentation and Records

Creation and maintenance of documents and records to ensure regulatory compliance and conformity to company requirements along with appropriate confidentiality to protect privacy.

(12) Supplier Responsibility

A process to communicate the principles set forth in this Supplier Code of Conduct to their supply chain and to monitor supplier compliance to the requirements.

IV. References

The below were used as a reference in formulating this Supplier Code of Conduct.

- **Universal Declaration of Human Rights:** <http://www.un.org/en/universal-declaration-human-rights/index.html>
- **ILO international labor standards:** <https://www.ilo.org/global/standards/lang-en/index.htm>
- **UN Global Compact:** <https://www.unglobalcompact.org/what-is-gc/mission/principles>
- **Global Compact Network Japan:** <http://www.ungcjin.org/index.html>
- **RBA Code of Conduct:** <http://www.responsiblebusiness.org/code-of-conduct/>
- **Responsible Minerals Initiative:** <http://www.responsiblemineralsinitiative.org/>
- **JEITA Supply Chain CSR Promotion Guidebook:** https://home.jeita.or.jp/ecb/csr/sc-csr_guide200608j.pdf
- **SA8000, 2014 (Social Accountability):** <http://sa-intl.org/index.cfm?fuseaction=Page.ViewPage&pageId=1689>