



TOTO CORPORATE REPORT 2009

TOTO

TOTO

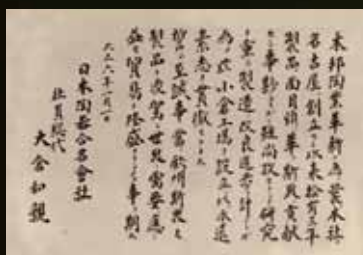


Passing on Our Founding Spirit and Continuing to Promote Innovation

The history of TOTO production stretches back almost 100 years. In 1912, when the concept of public sewage systems was not yet widespread in Japan, Kazuchika Okura of Nippon Toki Gomei Kaisha (currently Noritake Co., Ltd.), upon exposure to advanced lifestyles overseas, established a chinaware laboratory based on a desire to provide sanitary living spaces. Two years later in 1914, the laboratory successfully produced ceramic sanitary ware, a first for Japan. In 1917, Toyo Toki K.K. (currently TOTO Ltd.) was founded to permeate the market with these products.

Since then, we have sought to contribute to the development of society based on a spirit of service that inspires the provision of high-quality products and ensures customer satisfaction. This determination is expressed in TOTO's company mottos formulated in 1962.

□ Founding Spirit and Company Mottos



Founding spirit



Company mottos

Take pride in your work,
and strive to do your best.
“Quality and Uniformity,”
“Service and Trust,”
“Cooperation and Prosperity”

TOTO constantly aspires to produce the best products, with this unflagging commitment to quality receiving critical acclaim and ensuring a high level of trust from people worldwide. In developing the recently launched NEOREST range, technical personnel from various company departments pooled their expertise and knowledge to create products that add new value to customers' lives.

TOTO Group personnel have a strong determination, akin to our founder Kazuchika Okura, to improve people's lives, and believe that spreading the use of sanitary-related products will promote social development. These ideas continue to be the bedrock for corporate growth today.



Chinaware laboratory
at time of company founding



Factory making fittings for
water faucets in the 1950s



Calcination worksite
in the 1950s



Kunio Harimoto, President
TOTO LTD.

Kunio Harimoto

Even as we approach our centenary, TOTO continues striving to be a company indispensable to customers and society.

Appointed company president on April 1, 2009, I am committed to strong management to ensure the TOTO Group remains a company indispensable to customers and communities around the world.

TOTO was established more than 90 years ago based on the strong desire of our founder to improve people's lives and provide a healthy and civilized way of life. These convictions have been passed down over the years as our corporate philosophy and form the fundamental starting point for our company activities. It is our mission to make sure that these sincere ideals are carried over into the next 100 years and beyond.

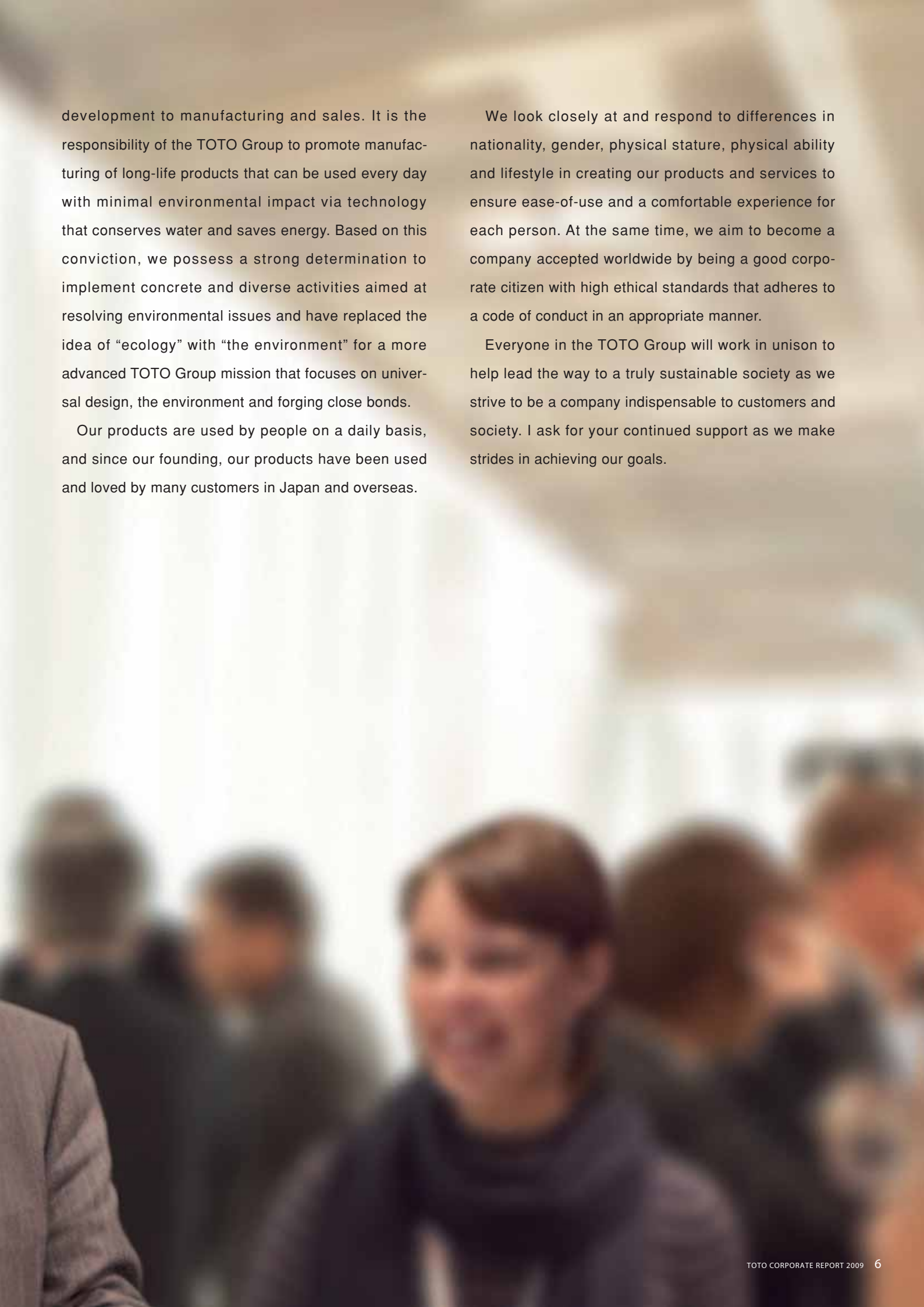
We are currently faced with an extremely severe business climate, characterized by global financial and

economic crises, and serious environmental issues. Referred to as a "once in 100 years" phenomenon, the current business environment thus presents unprecedented challenges.

Nonetheless, I believe it provides TOTO with a major opportunity to return to our origins and permeate common corporate goals among all employees in advance of our 100th anniversary in 2017. To this end, we will review all business activities and re-evaluate areas to strengthen or institute change, as well as the basic tenets of the TOTO Way, in order to be a company indispensable to customers and society. By doing so, we can continue building a foundation for future growth.

TOTO is pursuing the fulfillment of our social responsibility obligations from a global perspective. We are seeking to strengthen management of corporate social responsibility (CSR management) that includes environmental protection, establishment of compliance and corporate ethics, social contribution and risk management. We are also promoting a growth strategy by reinforcing our remodeling and global businesses while working to bolster our corporate structure to provide products and services that exceed customer expectations.

Among our efforts, environmental protection is viewed as a critical management issue. We keep this firmly in mind in our business activities and strive to curb CO₂ emissions in all processes from product



development to manufacturing and sales. It is the responsibility of the TOTO Group to promote manufacturing of long-life products that can be used every day with minimal environmental impact via technology that conserves water and saves energy. Based on this conviction, we possess a strong determination to implement concrete and diverse activities aimed at resolving environmental issues and have replaced the idea of “ecology” with “the environment” for a more advanced TOTO Group mission that focuses on universal design, the environment and forging close bonds.

Our products are used by people on a daily basis, and since our founding, our products have been used and loved by many customers in Japan and overseas.

We look closely at and respond to differences in nationality, gender, physical stature, physical ability and lifestyle in creating our products and services to ensure ease-of-use and a comfortable experience for each person. At the same time, we aim to become a company accepted worldwide by being a good corporate citizen with high ethical standards that adheres to a code of conduct in an appropriate manner.

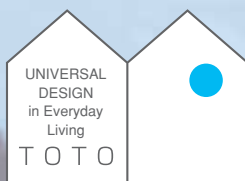
Everyone in the TOTO Group will work in unison to help lead the way to a truly sustainable society as we strive to be a company indispensable to customers and society. I ask for your continued support as we make strides in achieving our goals.

TOTO Group Corporate Philosophy

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

Missions



TOTO's products are used daily by a diverse array of people.

That's why we've been contemplating easy-to-use design for over 30 years, delivering products and creating spaces that are safe, comfortable and fun for all ages and regardless of physical mobility.

The specialized Universal Design Research Center promotes human research and pursues new heights in user-friendliness every day.

This is what TOTO refers to as universal design.

TOTO—Universal Design in Everyday Living



TOTO's products are used daily by a diverse array of people.

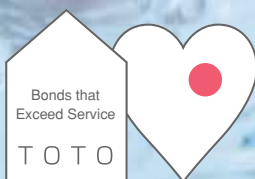
This inevitably has an impact on the environment, both positive and negative.

While ensuring a comfortable living environment, TOTO aims to protect the natural environment as well.

For that reason, development focuses on water-conserving and energy-saving products, as well as environmental technologies, such as photocatalyst technology, that support healthy, green living.

TOTO has set its own targets for reduction of environmental loads in all business activities from manufacturing to logistics and sales.

TOTO—For the Earth and Living in Harmony with the Environment



TOTO's products are used daily by a diverse array of people.

All of them are designed to be used for a long time.

That's why TOTO does more than just sell; we forge life-long bonds.

Apart from superior after-sales service, TOTO proposes new lifestyle value beyond expectations in accordance with each lifecycle.

Making full use of showrooms and a remodeling network has enabled strong relationships with customers.

Thus, it is these personal bonds that can make your future more comfortable.

TOTO—Bonds that Exceed Service

Contents

The TOTO WAY	1
MESSAGE from the PRESIDENT	3
TOTO Group Corporate Philosophy and Missions	7
TOTO NOW	
TOTO Brand Penetrating the Global Market	9
Carving Out a New Future with Long-Standing Technologies	11
Proposing New Lifestyles	13
TOTO at a GLANCE	15
TOTO in ACTION	
Sales Initiatives	18
Initiatives in R&D	21
Initiatives in Production	23
To Be a Company that People Want to Work For	25
Fair and Transparent Management	27
Communication with Stakeholders	29
Serving Society	31
Third-Party Comment on this Report	34

Editorial Policy

The TOTO Group first released our *Social and Environmental Report* in fiscal 2004 and *CSR Report* the following year. From this year, we started issuing the *TOTO CORPORATE REPORT* as a comprehensive communications tool for all stakeholders.

Amid increasing importance of corporate social responsibility (CSR), the *TOTO CORPORATE REPORT* transcends the framework of the annual *CSR Report* to convey a broader view of the Company's business and desired stance based on the idea that CSR is an integral part of all corporate activities. This report communicates the Company's position and direction from its earliest days to the present and aims to further increase corporate value in the future.

TOTO will post the contents of the report as well as more detailed information on our website in a timely manner. TOTO also plans to release *TOTO CORPORATE REPORT 2009 Financial & Environmental Section* in August 2009. The *TOTO CORPORATE REPORT 2009* and *TOTO CORPORATE REPORT 2009 Financial & Environmental Section* will be issued in Japanese and English in order to reach stakeholders in different parts of the globe.

Period of reporting: FY2008 (April 1 2008 to March 31, 2009). This report includes some information before or after this period.
Scope of reporting: TOTO Ltd. and Group companies



TOTO NOW

1



TOTO Brand Penetrating the Global Market

In April 2008, TOTO established TOTO Europe GmbH as our European headquarters based in Germany, and initiated full-fledged operations in the European market, the world's largest. TOTO aims to enhance people's lifestyles worldwide as a truly global company.

TOTO Brand Takes Up the Challenge in the Region Where Sanitary Ware Was Born

TOTO debuted in Europe at the ISH (International Sanitation and Heating) trade show, the world's largest exhibition of its kind, in March 2009 in Frankfurt, Germany. More than 2,300 exhibitors from 58 countries and regions showcased their products under diverse themes as a means to promote their own innovative ideas. Under the concept "Clean Technology" that incorporates a commitment to ease-of-use, environmentally friendly technology and our spirit underpinning these ideas, TOTO offered proposals of fresh, new lifestyles that extend beyond product introductions.

TOTO's exhibition booth personified the spirit of hospitality in the true Japanese sense, beginning with an entrance exemplifying Japanese beauty. The design of the booth offered a glimpse into the future by presenting innovative technologies developed throughout the

Company's history. The large scale of the exhibition as well as the chance to experience TOTO products first-hand made a favorable impression on the majority of people who visited the booth. The depth of TOTO *monozukuri* (spirit of manufacturing) amazed and moved many people in Europe.

The European market is trending towards greater functionality in plumbing products through integration with electronic devices in addition to a traditional focus on





design. Going forward, we will develop and release a series of highly functional products, such as the Washlet, by leveraging our competitive edge in technology to align design with European culture and corresponding to regulations. By offering novel ideas for restroom products as well as the entire bathroom from the unique perspective of a comprehensive plumbing-related manufacturer from Japan, we aim to stimulate new demand in the mature European market.

Towards a Five-Polar Global Structure

Full-fledged entry into the world's largest market of Europe has taken TOTO one step closer to establishing a Five-Polar global structure. Our first foray into inter-



TOTO U.S.A. staff

national markets was in 1977 with the establishment of a joint venture company in Indonesia as a manufacturing base. The regional development of additional overseas bases followed in China, the United States and Asia/Oceania.

In China, TOTO first provided sanitary ware to a state guesthouse that was being reformed in Beijing in 1979. Since then, the brand has made inroads into the market in tandem with promoting our strengths of high quality and functionality. Focusing on the luxury toilet market, primarily high-end hotels and office buildings are being targeted. TOTO products have been installed in various landmark buildings in China such as the Beijing National Stadium (Bird's Nest) that served as the main stadium in the Beijing Olympics and the Shanghai World Financial Center. This has enabled us to establish TOTO as a luxury brand in China.

The TOTO brand has also penetrated the U.S. market,

in which we have garnered critical acclaim for our technical expertise in ensuring superior cleaning performance in toilets. Due to water shortages in numerous cities, the U.S. government enacted the Energy Policy Act in 1992, restricting the amount of water consumed per toilet flush to under 6 liters. As a result, TOTO products swept the top three spots in a comparison of leading toilet manufacturers released by the NAHB Research Center in 2002. Overtaking one of the two major toilet manufacturers in the United States, TOTO currently ranks second in terms of market share.

Key markets in the Asia/Oceania region include the booming India and the Middle East, which is shored up by petrodollars. Meanwhile, Southeast Asia forms the TOTO Group's largest sanitary ware supply base, whereby TOTO Asia Oceania Pte. Ltd. was established in April 2008 in Singapore to oversee strategic planning and promotion for this region.

Aiming to Improve Lifestyles Around the World

Rather than merely viewing countries and regions as manufacturing sites and markets, TOTO has an unbroken tradition of creating well-established production and sales systems rooted in the areas into which we make inroads while seeking to improve people's lifestyles. We endeavor to uphold our corporate motto of "Quality and Uniformity" and contribute to environmental protection, which is a common issue in the world. While duly respecting the customs and values of each country and region, we leverage our know-how accumulated in Japan in manufacturing, sales and the proposal of new lifestyles to expand business globally.

TOTO envisions firmly establishing a plumbing culture that is uniquely Japanese in different countries to bring satisfaction to as many people as possible.



Carving Out a New Future with Long- Standing Technologies

TOTO is pouring efforts into realizing a way of living that fosters environmental preservation for the world and the future by leveraging advanced technologies and developmental expertise amassed over more than 90 years, which is key to creating lifestyle value.

TOTO NOW

2



NEOREST Pursues the Ideal Restroom

NEOREST, the flagship product of the TOTO brand, embodies the reservoir of TOTO technology. CeFiONtect unique antifouling technology created from nanotechnology and the revolutionary Tornado flushing system with a powerful whirlpool effect to wash thoroughly ensure an easy-to-clean toilet resistant to grime. NEOREST also incorporates TOTO's Washlet bidet, which redefines the concept of cleanliness.



We developed the NEOREST HYBRID series, which combines direct flushing from the water pipe with flushing from a built-in tank, enabling installation in low water

TOTO's Unique Capabilities Key to Sanitary Ware Manufacturing Process

Preparation



The preparatory stage involves combining over 20 kinds of natural raw materials to ensure "Quality and Uniformity" in consistently creating stable, high-quality base materials via the right balance of materials with disparate properties.

Casting

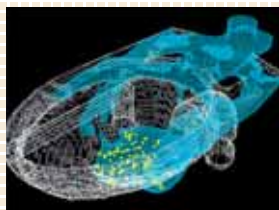


Since sanitary ware is bulky and has a complex shape, the force of gravity can cause differences in shrinkage rates of respective parts. TOTO boasts long-standing expertise in processes for molding and casting.



pressure environments. This makes it ideal for the diversity of Japan's housing. The system conserves water with 5.5 liters for a long flush, which is around one-third of conventional toilets. The NEOREST SERIES/LE developed for the European market combines stylish design with functionality. Through these and other products, TOTO will continue striving to realize the ideal restroom setting.

A Deep Understanding of the Properties of Water and Ceramic Ware



Simulation of fluid analysis for the Tornado flushing system with a powerful whirlpool effect

To ensure the swiftest possible delivery of products befitting each market, we made a database of advanced technologies derived from the experience and theories of technical experts at R&D sites for sanitary ware.

These state-of-the-art technologies, including computerized tomography (CT) scans and fluid analyses, are fully utilized and further honed in the development of new products.

At TOTO manufacturing sites, efforts are made daily to overcome challenges in production methods for ceramic ware that include mixing materials of uniform quality, calculating the shrinkage ratio for each part and adjusting heat distribution when firing products in kilns. Resolving such subtle, minute issues has enabled us to maintain the same level of quality in manufacturing everywhere in the world. Throughout our 90-year history, we have taken

a methodical approach to overcoming each problem. Attention to detail has been a source of global competitiveness and the driving force behind the creation of unrivaled technologies.

Technologies to Protect the Earth's Environment in Everyday Living

TOTO has applied and advanced various "Only One" technologies over the years, particularly ceramics technology, and is seeking to develop and make practical use of next-generation technologies.

One of these is Hydrotect, a photocatalyst technology. The first in the world to discover super hydrophilic photocatalyst technology, we have conducted extensive research for viable application, focusing on enhancing air purification capabilities of breaking down contaminants in the air, such as nitrogen oxide (NOx), and superior anti-fouling properties. This has led to the release of pioneering products such as Hydrotect photocatalyst coating, which keeps not only the external walls of a building clean but also the air, thereby contributing both to more comfortable living and environmental protection.

In the field of fuel cells, which are gaining attention as a next-generation energy source, TOTO is developing Fuel Cell Stack as a core component of solid oxide fuel cells (SOFCs), which are noted for having excellent energy conversion efficiency. We aim to help resolve energy problems through the early application of SOFCs backed by our manufacturing know-how in sanitary ware, which is expected to reduce costs.

Glazing



The diverse color variations and external beauty of sanitary ware depends on whether the complex 3D shape is glazed uniformly. Controlling the robot arm therefore requires a high level of skill.

Calcination



The firing process takes an entire day to complete. Proper management of the temperature in the tunnel kiln is critical, as is expertise in loading items on the cart.

Inspection



In contrast to metals and plastics, quality control is difficult with sanitary ware. Accordingly, knowledgeable, experienced personnel are employed to conduct total inspections. This is the final check to ensure "quality and uniformity."



TOTO NOW

3

Proposing New Lifestyles

TOTO aims to realize lifestyles that exceed customer expectations through remodeling. Valuing close bonds with customers, we work together with each family in shaping their daily lives.



Envisioning Lifestyle Settings After Remodeling

We transcend the traditional notion of renovating and making extensions, referring to “remodeling” as a promise not only to plan but also to realize a new lifestyle that exceeds expectations. TOTO’s traditional Remodeling Declaration, which aimed to turn customer problems into joy, was reformulated in 2003 based on the concept of proposing new lifestyle alternatives that inspire as well as deliver customer satisfaction.

We have started Remodeling Fairs and remodeling consultation sessions at our showrooms throughout Japan, where customers can experience firsthand lifestyle settings following remodeling. Customers can view products ideal for remodeling projects, such as rest-



rooms, modular kitchens, unit bathrooms and bathroom vanity units, as well as get advice on remodeling. Local Remodeling Club Stores help to ensure that events and attractions have a distinctive local flavor so that customers enjoy their time while receiving assistance in realizing more comfortable living spaces.



Close Ties with Customers Support Remodeling Business

Our remodeling business comprises products fashioned from a customer perspective, 105 showrooms across Japan and a nationwide network of over 5,000 businesses affiliated with Remodeling Club Stores.



Showrooms are used to propose new lifestyle alternatives that bring satisfaction, as well as provide customers with a clear image of these alternatives through displays of actual living spaces. Knowledgeable showroom advisors propose more comfortable ways of living befitting the customer's lifestyle. Remodeling Club Store staff in respective regions gather for meetings to discuss ways to bring happiness to customers. These gatherings are now conducted nationwide, helping to further deepen ties with customers as key remodeling consultants.

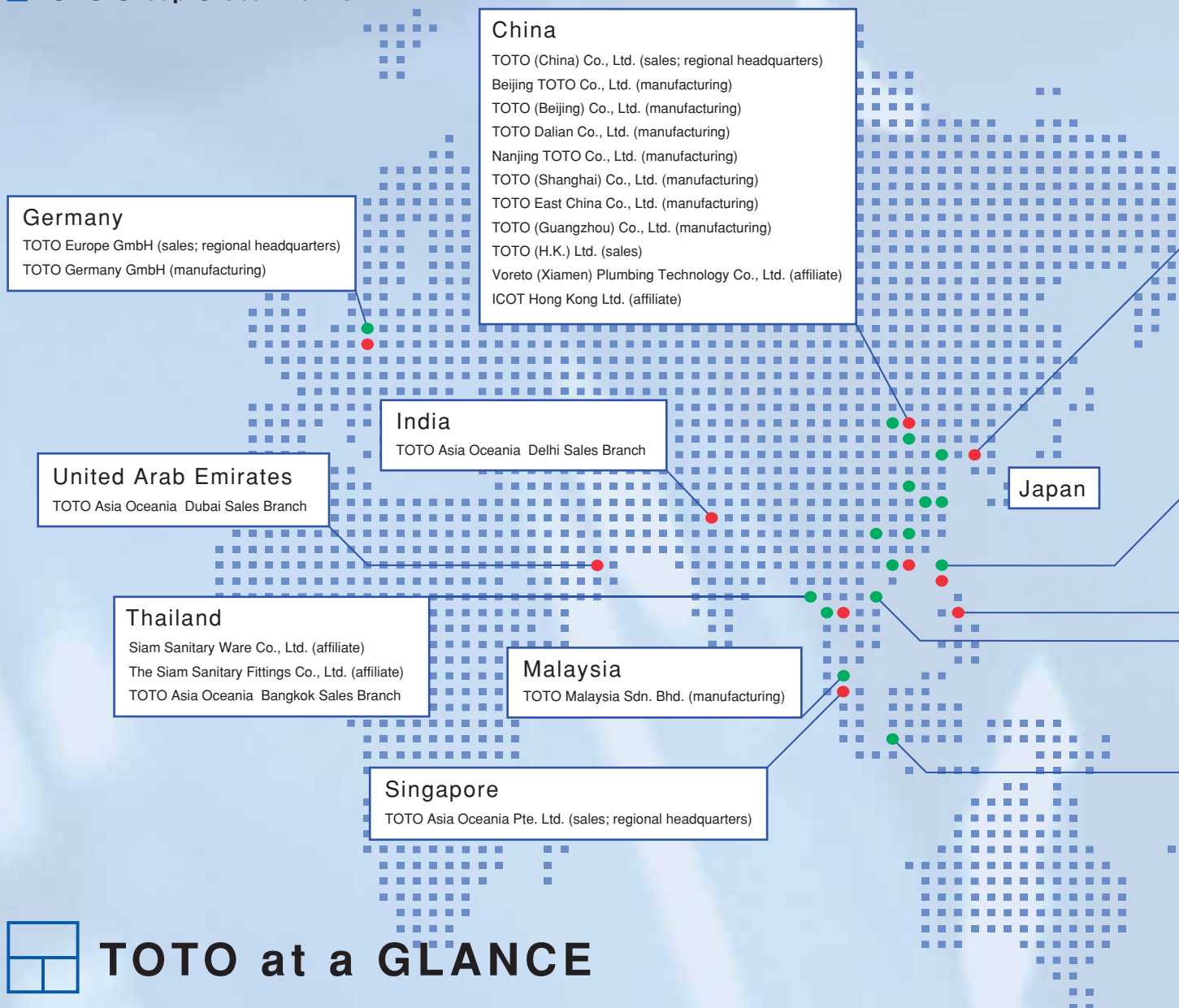
Ensuring Comfortable Lifestyles Better for People and the Earth

The next evolution in remodeling is "green remodeling," which considers the environment in addition to seeking to realize comfortable and safe living spaces. This concept is being promoted together with building and housing materials manufacturers Daiken Corporation and YKK AP Inc.

Green remodeling is based on three key concepts. The first concerns creating a home with a sturdy aseismic structure that is easy to maintain so that it enables safe and secure living for long periods. The second concerns reducing CO₂ emissions through structural design and natural ventilation as a means to complement TOTO's eco-conscious product range. The third concerns ensuring more comfortable, healthier living by considering air quality, including reduction of chemical substance emissions, and cutting ultraviolet rays. The three companies pool their diverse strengths to realize these three objectives on the premise of harmonious coexistence with nature, thereby proposing lifestyle alternatives that are kind to both people and the earth.



TOTO Group Global Network



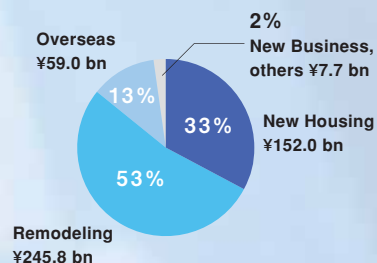
TOTO at a GLANCE

The TOTO Group has established a Five-Polar global structure by adding Europe to our business operations in Japan, the United States, China and Asia/Oceania, in advance of 2017 when we will celebrate our centenary, with the aim of becoming a truly global company.

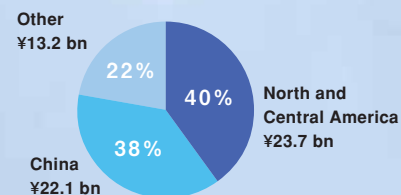
In April 2008, TOTO set up headquarters in Europe and Asia/Oceania and is striving to create business foundations and develop sales networks in these regions.

Water is a precious commodity used by every person in the world. Plumbing-related products are therefore closely connected to lifestyles in respective countries and regions. Through our various products and services, we continue to create fulfilling and comfortable lifestyles for people around the world.

■ Net Sales by Segment (Fiscal 2008)



■ Overseas Net Sales (Fiscal 2008)



Korea

TOTO Korea Ltd. (sales)

U.S.A.

TOTO U.S.A. Holdings, Inc. (holding company)
TOTO U.S.A., Inc. (manufacturing and sales)

Taiwan

Taiwan TOTO Co., Ltd. (manufacturing and sales)

Philippines

TOTO Asia Oceania Manila Sales Branch

Vietnam

TOTO Vietnam Co., Ltd. (manufacturing and sales)

Mexico

TOTO Mexico, S.A. de C.V. (manufacturing)

Indonesia

P.T. Surya TOTO Indonesia (affiliate)

- Manufacturing sites
- Sales sites, sales companies

Company Data (as of March 2009)

Date of establishment May 15, 1917
Capital ¥35,579 million
Headquarters 1-1, Nakashima 2-chome,
Kokurakita-ku,
Kitakyushu, Fukuoka, Japan

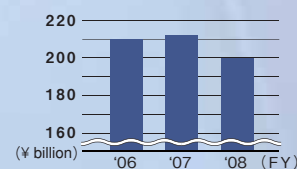
Number of employees 23,935 (consolidated)
7,642 (non-consolidated)
Group companies and affiliates
76 companies (including 58 consolidated subsidiaries)
Japan: 48 companies Overseas: 28 companies

Restroom Products



These products make restroom spaces more comfortable and include the NEOREST Series and the Washlet. TOTO's range also covers KIDS' TOILET SPACE child-friendly plumbing fittings and remodeled public toilet spaces that do not require pipe laying as well as other products that meet remodeling requirements outside the residential sector.

Net Sales

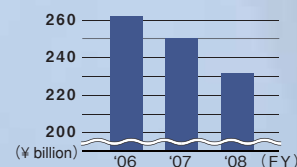


Bathrooms, Kitchens and Wash Products



TOTO markets a variety of products in this category that satisfy diverse customer values, such as CUISIA modular kitchens and SPRINO system bathrooms for people with discerning taste, along with Octave bathroom vanity units with significantly enhanced storage features and usability.

Net Sales

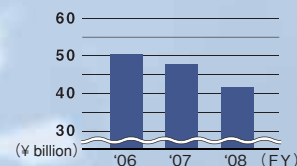


Other Products



TOTO proposes new value through diverse product lines that apply technologies accumulated over many years, including bathroom ventilation, heating and drying systems, Clean Dry hand dryers, tile materials that create a comfortable space for plumbing-related products and new ceramic product lines.

Net Sales





TOTO in ACTION

Group Activity Report

The TOTO Group cherishes our relationships with customers and all other stakeholders, as well as aims to fulfill our social responsibility and contribute to future prosperity through all business activities, particularly sales, R&D and manufacturing.

Sales Initiatives

We are not only connected to customers through our products, but also seek to build close bonds by providing satisfaction beyond expectations via various customer interaction initiatives.

Showrooms for Direct Contact with Customers

TOTO showrooms are used for Remodeling Club Store meetings and to foster exchanges with customers to deepen ties. Fairs and other events held in collaboration

with Remodeling Club Stores aim to make showrooms into community spaces where customers and the general public feel right at home.

Showroom Events in Fiscal 2008

“The Secret of Toilets Seminar” for Parents and Children (summer holidays)

Asahikawa Showroom (July)



Here, children studied various toilet-related topics, including how water flows and what modern toilets look like. TOTO staff acting as “toilet experts” presented a virtual tour of a toilet factory (research into production process). The children received a certificate at the end of the seminar.

Eco Class for Parents and Children (summer holidays)

Atsugi Showroom (August)



This class gave participants the opportunity to learn the importance of conserving water in daily life in an easy-to-understand way that included measuring the amount of water a toilet uses with a milk carton and using mannequins to compare the water-saving advantages of click showers when washing hair.

Toilet Remodel Fair

Okinawa Showroom (September)



This event showcased photos of different toilets from around the world, including ones used long ago in Okinawa and rare models from different countries. Visitors posed for a photo in front of a NEOREST toilet adorned with a picture of a tyrannosaurus, and then were later presented with a calendar featuring the photo. This idea was well received by everyone as a great way to remember the day.

Seminar on Electric Cooking and Counter Maintenance

Okayama Showroom (December)



This showroom held a cooking class to demonstrate the ease of oil-based cooking using induction heating and how to maintain food and kitchen counters. Participants showed immense interest and were able to clarify any uncertainties by asking many questions.

A Word from the Sales Frontline



Luu Duc Anh
Business Marketing Division,
TOTO Vietnam Co., Ltd.

High-Quality Service at Showrooms Makes Everyone Smile

We opened a showroom in Ho Chi Minh City, Vietnam, in June 2008. Ahead of the opening, we educated staff on how to give advice and proper after-sales service to make customers smile. We aim to quickly and comprehensively resolve customer problems and turn their dissatisfaction into joy in a way that they feel glad to receive TOTO after-sales service. A customer’s smiling face is all the motivation we need. By continuing to provide high-quality service, we will strive to create a showroom that makes both customers and staff smile.

Sharing Customer Feedback to Resolve Challenges

We aim to attain a level of satisfaction in our products and services that exceeds customer expectations. TOTO makes full use of customer feedback as the starting point in product development and quality management. The Customer Division promptly sorts opinions and requests from user questionnaires and the Customer Consultation Center and conveys them to the division in charge for posting such information on the intranet as a means to also share information with employees who generally do not deal directly with customers. In fiscal 2008, we held meetings in various locations to hear customer opinions,

which were attended by communicators from the Customer Consultation Center and managers in charge of business divisions related to product development and production. This helped to encourage actively using customer feedback to resolve challenges. Many of the ideas put forward have been reflected in new product development and product improvement.

We constantly seek to improve customer satisfaction by implementing across-the-board initiatives that take into account customers' perspectives, including company-wide meetings and presentations of cases from call centers.



A call center



Intranet page on customer feedback



Presentation of customer satisfaction cases from call centers



Meeting to hear customer opinions



Participants in a company-wide meeting to improve customer satisfaction held in fiscal 2008

A Word from a Remodeling Club Store



Noboru Sato
President
A-Ken Co., Ltd.

Improving Products and Services from a Customer Perspective

Seven years ago we held our first product exhibition on the recommendation of a TOTO sales representative. Since then, we have worked to cultivate demand for remodeling, increasing the number of exhibitions per year to around 10.

Remodeling Club Store meetings provide an excellent opportunity to exchange information and spark mutual improvement. We always strive to provide satisfaction above and beyond expectations through swift response and implementation. Also, we quickly propose product improvements to TOTO when we identify them.

□ Delivering High-Quality After-Sales Service

We consider “TOTO quality” to include not only product assembly but also maintenance in case a problem arises. To realize high-quality after-sales service, we conduct training sessions and improve maintenance techniques. Besides technical aspects, we educate staff on appropriate manners when visiting a customer’s home to make repairs, which is another key component of “TOTO quality.”



Seminar on after-sales service at TOTO Vietnam

□ Providing Information on After-Sales Support

Customers can fix certain sudden plumbing problems themselves by making slight adjustments or replacing parts. TOTO’s Japanese website introduces ways to identify the cause of a problem and how to fix it. There is also a page dedicated to emergency measures and support that outlines initial steps and maintenance procedures.

The site also provides information on and solutions to seasonal problems, as well as useful tips on upkeep and cleaning to avoid problems.

□ Ensuring Swift Information Disclosure

In case of an accident caused by a TOTO product, or indications that one may occur, we gather information quickly from relevant sources, including the customer, and cooperate with outside sales agents to promptly disclose key information and make the necessary response. If a major incident occurs, we swiftly announce the information publicly and recall the product to minimize impact. The cause is then thoroughly investigated to prevent recurrence and make future improvements.

■ Important Announcements Released in Japan



In certain direct-pressure kerosene water heaters (TOTO sales brand name: High Acty Series) manufactured from May 2000 through August 2004, there have been instances of kerosene leaks and malfunctions due to a defective kerosene seal for the pipes. In September and November 2008, TOTO announced this information in newspapers and via our website. We offer inspections and component replacements for these models free of charge.



It has been discovered that for table top dishwasher-dryers manufactured from September 2000 through March 2005, there could be the rare occurrence of smoke-related accidents, possibly even damaging the lower covering of the dishwasher-dryers, caused by heat generation from a electrical power connector mounted on a substrate. In February 2008, TOTO announced this information in newspapers and via our website. To prevent any accidents, we conduct inspections and repairs of the relevant part free of charge.



It has been learned that in one-piece toilets with integrated Washlet manufactured from March 1999 through December 2001, contact failure involving internal contacting components occurs that could possibly cause some plastic tanks to emit smoke or ignite. In April 2007, TOTO announced this information in newspapers and via our website. To prevent any accidents, we conduct inspections and repairs of the relevant part free of charge.

Initiatives in R&D

TOTO strives to develop products that everyone can use comfortably and with reassurance, and that minimize environmental burden through everyday usage.

▣ Conceiving of Designs that Bring Peace-of-Mind

TOTO products are used by many people on a daily basis, which is why our mission is to provide a feeling of absolute trust and reassurance. To achieve this goal, we work to reduce the risk of problems from the design stage. This includes design that focuses on fire and leak prevention and internal structures that minimize the

spread of damage beyond the product itself in case a fire or leak does arise due to an abnormality. At the design stage, in particular, the electronics center meticulously inspects electrical components that have a high potential to cause fire.

▣ Development of Environmentally Friendly Products

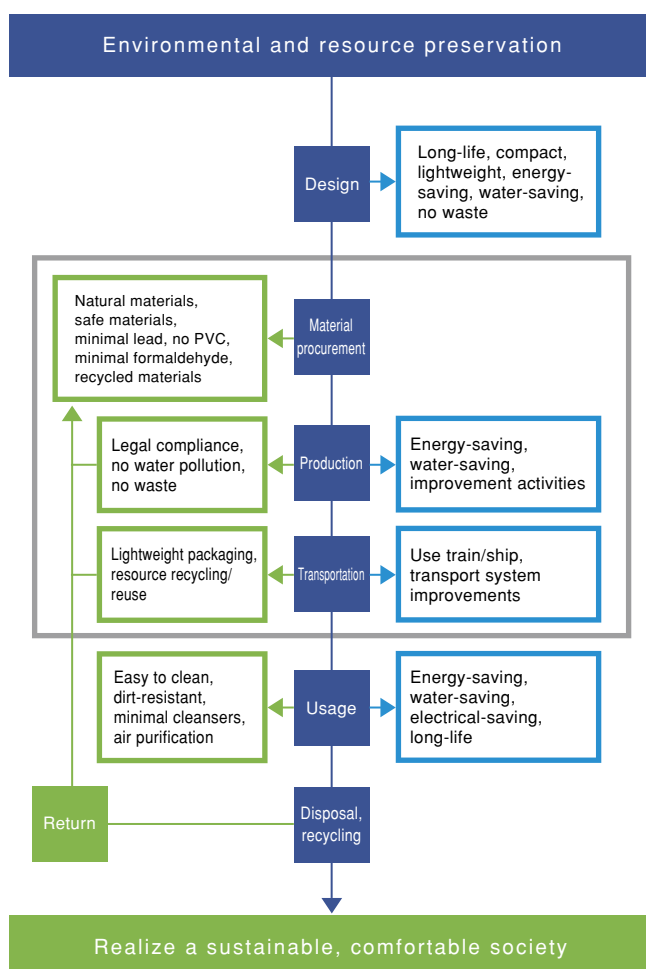
Since plumbing-related products are used every day, their impact on the environment is cumulative in nature. We strive to develop products that protect the environment in daily life without people realizing it. We calculate CO₂ emissions from the product planning and design stages through to production, delivery and usage and evaluate new products based on stringent standards. Products that clear these standards are confirmed as “TOTO eco-products” and information regarding them is provided to customers in catalogs and through other channels.

We obtain the “Eco Leaf” environmental label issued by the Japan Environmental Management Association for Industry (JEMAI) for certain key products, as well as conduct lifecycle assessments* to identify environmental loads at every stage of a product’s life, from production to disposal, and disclose this information to the public.

In addition to providing information on our eco-products, we propose different eco-friendly ways of living through the “TOTO eco channel” on our website, and by holding environment-related exhibitions, as well as eco-seminars at showrooms nationwide.

*A lifecycle assessment quantifies and objectively evaluates the impact of a product on the environment in every stage of its life from the gathering of materials to production, transportation, usage and disposal.

■ Lifecycle Assessment Using Standards Designating TOTO Eco-Products



□ Promoting Universal Design

TOTO products are used by people every day. For that reason, one of the Company's missions is to implement Universal Design (UD) so that products are easy-to-use, comfortable and safe for everyone.

The TOTO Universal Design Research Center observes the behavior of many different people and shares such information and customers' impressions with developers and designers for reflection in new products. Specifically, the Center conducts activities from three perspectives: to create, to nurture and to think. It conducts diverse and multi-faceted activities that include proposing products that reflect investigation into life settings and specialist evaluation, increasing awareness of UD through training on lifestyle engineering and UD itself, researching child-friendliness in public facilities through joint industry-academic research and standardizing fixtures and placement in public toilets.

Global initiatives related to UD flourished at TOTO in fiscal 2008. We provided training to developers at TOTO U.S.A., Inc. along with holding lectures at meetings sponsored by the Singapore government. We have received critical international acclaim for a string of research achievements since the 1960s as well as for our corporate stance, and in September 2008, were invited as the first Japanese company to coordinate a session at the Global Conference on Ageing held by the International Federation on Ageing (IFA)* in Canada concerning the global state of UD in residential settings. We are dedicated to conducting research with a view to the future and communicating UD-related information as a leading company in the field.

*The Global Conference on Ageing is held biennially by the IFA, an international non-governmental organization (NGO) that seeks to resolve lifestyle challenges brought on by ageing.



New proposal "RESTROOM ITEM 01" for public toilets using UD concepts



Practical research at the TOTO Universal Design Research Center



Experiencing what it may be like as an elderly person using TOTO products at TOTO U.S.A.

Aqua Auto Eco Faucet Receives iF Awards

TOTO's Aqua Auto Eco faucet won both the Product Design Award and Universal Design Award at the iF Awards, one of the most prestigious international design awards. The product was recognized for its eco-friendly features, including a sensor that automatically starts and stops water flow, hydropower that makes use of water pressure and a sophisticated design featuring environmental compatibility, excellent usability and an innovative edge.



Aqua Auto Eco faucet (featuring automatic water flow and hydropower)



Masanobu Wano of TOTO LTD's Design Center with award

Initiatives in Production

In all production processes, TOTO is committed to making products that customers can use with reassurance.

□ Enhancing Quality Management in All Processes up to Delivery

The TOTO Group implements various quality assurance programs under an integrated quality management system based on ISO 9001 standards in order to supply products that customers can use with reassurance. Each TOTO Group employee undergoes training to increase awareness and knowledge of safety, including training on pertinent laws and ordinances in Japan and overseas,

beginning with the Consumer Product Safety Law, and on related technical standards.

Besides this, to enhance quality management in all processes company-wide from the product planning stage to delivery, we have set voluntary action guidelines related to product safety and seek to enhance awareness of product safety in every corner of the TOTO Group.

□ Promoting CSR Procurement Together with Suppliers

The TOTO Group is dedicated to CSR procurement (procurement activities from a CSR perspective) in tandem with working together with suppliers of raw materials and components. Besides providing training for purchasing managers internally, we also strive to enlighten suppliers on the importance of CSR and support them in their endeavors through workshops, dialogue and monitoring via company visits. In particular,

TOTO has strengthened initiatives at overseas sites in recent years and stepped up observation and monitoring of overseas suppliers.

Constant efforts are made to raise the level of CSR throughout the TOTO Group supply chain.



Interview session with overseas suppliers

A Word from the Production Frontline



Shinichi Shuto
Manager,
Facilities Engineering Section,
TOTO LTD.

Increase Visibility of Energy Data Aimed at Sustainable Conservation

We completed switching to natural gas as a fuel source at all manufacturing sites in 2007, resulting in a significant reduction of 16,000 tons annually in CO₂ emissions. Environmental problems are global and long-term in nature. We have been implementing various energy-saving activities internally for many years, but each employee has to change his or her way of thinking in order to make an ongoing impact. We make effective use of “eco-information”^{*1} that increases the transparency of energy data as well as a “transparent management system”^{*2} to identify any waste in energy. With the cooperation of every Group member, I hope we can continue our energy conservation activities into the future.

1: An in-house system of databasing monthly energy consumption at domestic group sites

2: An in-house system introduced at core domestic plants that can confirm the status of electricity usage in each manufacturing process in real time

□ Efforts to Reduce Environmental Impact

Detailed data regarding TOTO's environmental protection activities are included in the *CORPORATE REPORT 2009 Financial & Environmental Section*.

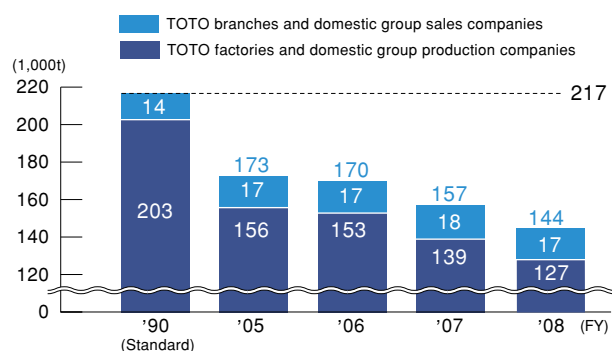
In order to help curb global warming and protect resources, the entire TOTO Group seeks to reduce environmental loads.

Aiming to Further Reduce CO₂ Emissions

Domestic Group companies set a target of a 20% reduction in CO₂ emissions by 2010 (relative to 1990 levels) and worked hard to achieve this by switching fuel in production and undertaking various energy conservation initiatives throughout the Group. These efforts resulted in early achievement of the target in fiscal 2005. TOTO achieved a greater reduction of 33.5% (relative to 1990 levels) in fiscal 2008.

Rather than rest on its laurels, we continue to set even higher targets for CO₂ emission reductions.

■ CO₂ Reductions at Domestic Group Companies



The CO₂ conversion coefficient uses the coefficient from the Law Concerning the Promotion of Measures to Cope with Global Warming. The formula 0.378kg-CO₂/kWh is used for electric power. Estimates are utilized for certain past data.

Pursuing Environmentally Friendly Production

The entire TOTO Group endeavors to reduce emissions, increase recycling, minimize packaging materials and reduce fuel used in transport. Waste generated in the manufacturing process for sanitary ware is recycled as eco-friendly paving materials. We have also been working hard to improve packaging materials and received awards in the Japan Packaging Contest for nine consecutive years, including the suspension-type packaging for the Washlet in the electric equipment packaging category in



Suspension-type packaging for the Washlet

2008. We also promote green logistics through modal shift, joint deliveries and increasing load efficiency.

At present, we are implementing trial re-cycling of the Washlet

in the Kanagawa area. This involves collecting used Washlets and reusing the plastic for the internal parts of products and in stationery to be used within the Group.

Reducing Environmental Loads on an Individual Level

We participate in the "Team Minus 6%" program initiated by the Ministry of the Environment, and accordingly, have realized a reduction in CO₂ emissions of approximately 13% in the three years since fiscal 2006 via a contest to minimize energy consumption in offices. Efforts include installing solar power generation systems, employing solar reflective paint and turning off lights on signs (after 8 pm). In other initiatives to reduce environmental burden, TOTO is focusing on reducing CO₂ emissions when driving company vehicles, using vehicle management systems and practicing more environmentally friendly driving habits throughout the Group.



Solar power generation system installed on the roof of a facility at Kokura No.1 Plant

To Be a Company that People Want to Work For

We have created an employee-friendly environment and nurture human resources so that everybody in the TOTO Group works to maximum potential.

□ Respecting Individuality



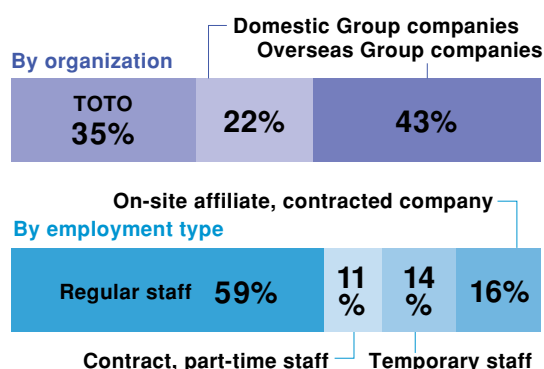
TOTO (Guangzhou) staff

The TOTO Group respects the individuality of our human resources, which differ in age, gender and nationality, among others.

We believe that we can create prosperous and comfortable lifestyles by leveraging the fresh new ideas born from these differences.

In addition to employing diverse human resources and promoting personnel exchange within the Group, we have established a system for rehiring retired employees along with an “employment status step-up” system for temporary and contract workers to effectively use human resources with advanced skills and know-how. In fiscal 2008, 255 temporary and contract employees used the “step-up” system for broadening their sphere of activities at TOTO. We also promote a workplace in which everyone can work with reassurance irrespective of physical condition. The percentage of persons with disabilities working in the TOTO Group was 2.07% as of the end of fiscal 2008.

■ Breakdown of TOTO Group Employees (As of March 31, 2008)



□ *Kirameki* Activities Aim to Provide Products and Services with Value

TOTO implements *Kirameki* activities to maximize the capabilities of female staff with rich life experiences and a deep understanding of customers. A department was set up in April 2005 to promote such activities, and in October, a special meeting was held for females across the organization. Since then, the department has worked to change attitudes, enhance the status of females in the workplace and reform business processes. Their knowledge as females and consumers is incorporated into products and services to provide new value to customers.



“*Kirameki* Activities” at TOTO Minami Kyushu Sales Co., Ltd.

□ Fostering Independent Human Resources

In order to promote self-development, every person in the TOTO Group is given the opportunity to learn based on his or her skills and desires. This includes e-learning befitting specific jobs and distance learning. In fiscal 2009, we will implement a consistent training system across the board to nurture human resources from a long-term perspective. Each department will work to strengthen communication between managers and employees, while setting objectives and providing feedback. The system aims to encourage personal growth.



In-house training to foster future business leaders

□ Striking a Good Work-Life Balance

We believe that striking a balance between work and home life by enabling every employee, not just those with children, to realign work hours, will lead to an increase in productivity and motivation. In fiscal 2008, we encouraged people to take paid holidays and promoted days with no overtime, while also advancing a flexible shift system, including a six-hour working day. In the past few years, approximately 100 people have taken childcare leave annually. In fiscal 2009, we will raise the age of children who can be cared for under the system, allowing eligible employees to reduce their working hours to the sixth year of elementary school. We will continue with this and other efforts to strike a good balance between work and home life.

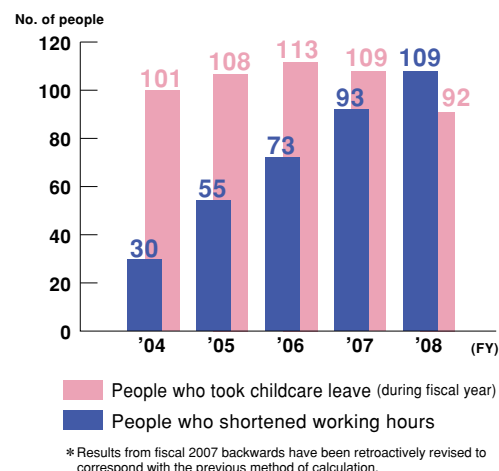
□ Strengthened Support System for Physical and Mental Well-Being

In fiscal 2008, the healthcare centers of headquarters and Tokyo worked in close cooperation to provide consistent and higher quality health management services throughout the Group, giving secondary exams when required and comprehensive health-related advice. We also deepened ties between occupational health physicians, health professionals and mental health practitioners in each business site, as well as sought to enlighten employees on health issues through our Group magazine.



Guidance on preventing lifestyle-related diseases

■ Use of Childcare Leave System and Shortened Working Hour System



□ Activities to Eliminate Accidents

TOTO has been working to increase awareness in terms of work operations and stop unsafe work practices and conditions in order to eliminate work-related accidents since fiscal 2003. To halt unsafe work practices, the main cause of accidents, TOTO educated each Group employee on health and safety in fiscal 2008, including implementation of rules and regulations and training. The Company focused in particular on increasing safety awareness throughout the Group. With fiscal 2008 being the final year of a three-year plan that started in fiscal 2006 involving health and safety checks, TOTO was vigilant in promoting safety measures for hardware, notably doubling up on inspections to make sure that no equipment was unsafe. Efforts revolved around increasing awareness of the need for zero workplace accidents and thorough implementation of safety measures.



Education on safety inspections at a factory



Fair and Transparent Management

Striving to be a company recognized for the value of its existence by stakeholders worldwide, the TOTO Group promotes highly transparent and fair management practices.

Corporate Governance

We aim to continuously increase corporate value by fulfilling our responsibility to all stakeholders. To achieve this, it is imperative to consistently enhance and improve the corporate governance system.

The Board of Directors supervises management decision-making and business execution, and focuses on ensuring fairness, objectivity and transparency. The Board consists of three external directors with no affiliation to the Company, who give advice and suggestions on general management issues based on knowledge gained during their wealth of experience as members of management. The Board of Statutory Auditors, which oversees the duties of the directors, is comprised of four people, including two external statutory auditors, who attend meetings of the Board of Directors and other important meetings and regularly exchange opinions with representative directors to ensure the effectiveness of audits.

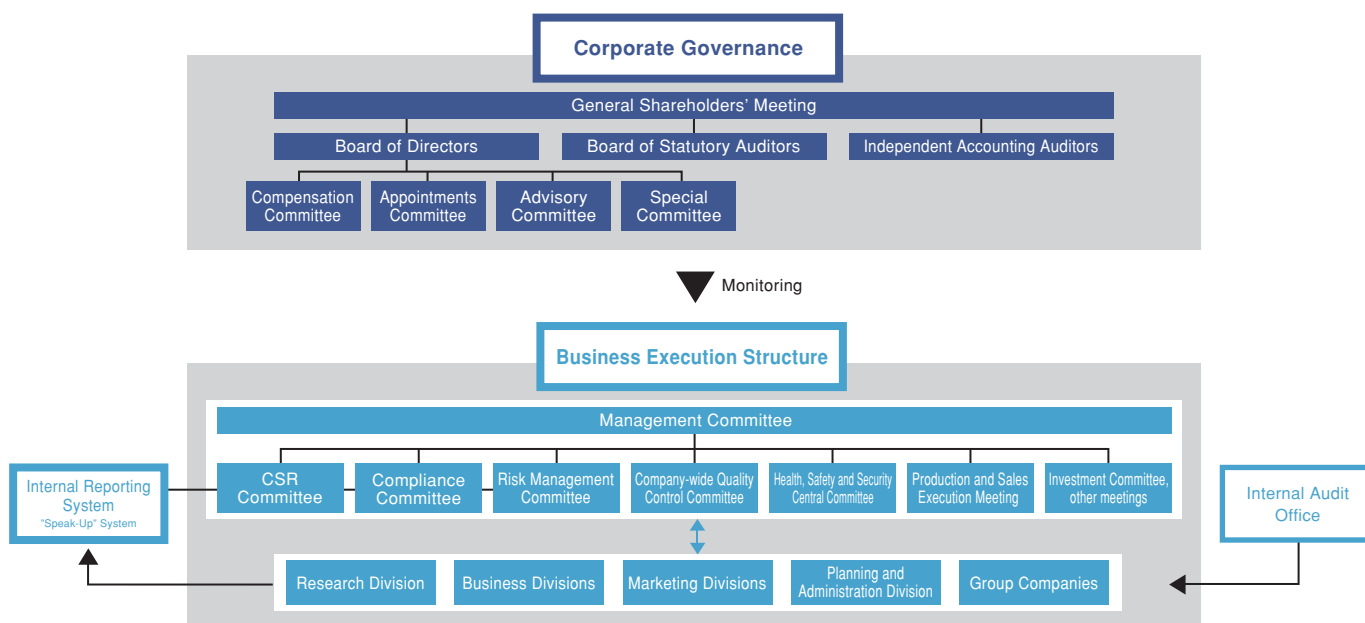
We also have a Compensation Committee, which is

under the Board of Directors and includes external experts, as well as an Advisory Committee that offers advice concerning overall business management and also includes external experts.

We have introduced an executive officer system to increase the speed and efficiency of business execution, accelerate decision-making on management policies and clarify management responsibilities. Various other committees have also been set up, such as the CSR Committee, that are under the Management Committee in order to improve management decisions from the most appropriate company-wide perspective.

The Internal Audit Office reports directly to the President and evaluates and verifies that TOTO Group operations are being performed efficiently and in compliance with the TOTO corporate philosophy, policies and regulations. The audits are fair and objective, and support corrective action and improvements in operations.

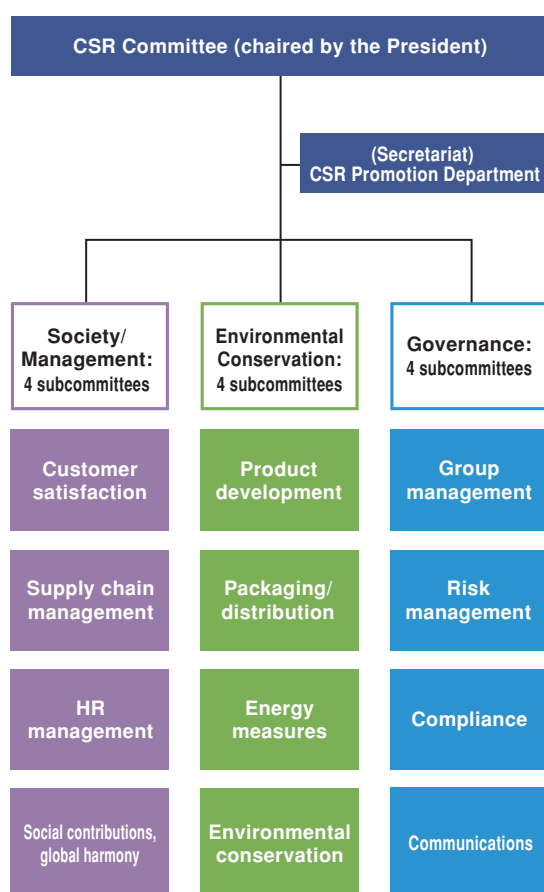
Corporate Governance and Business Execution Structure



□ Promoting CSR Management for the Entire TOTO Group

To promote CSR management throughout the TOTO Group, the CSR Committee, chaired by the Company's President, was set up in fiscal 2004. This committee is organized into 12 specialized subcommittees, which formulate plans in respective CSR areas. Certain activities are undertaken across subcommittees. Under the oversight of the CSR Committee, each Group company in Japan and overseas formulates and promotes its own CSR action plan. The committee convenes biannually to deliberate on the CSR activities of each subcommittee and Group company, advocating CSR management from a comprehensive group-wide standpoint.

■ Organizational Structure of the CSR Committee



□ Ensuring Compliance-Related Initiatives Take Root

We work to increase awareness of the need for compliance by disseminating information via on-site training, e-learning and the Group magazine. Personnel from the legal department visit the different departments and hold seminars regarding basic legal issues aimed at increasing understanding of laws and ordinances pertinent to the Company's operations. Through such initiatives, we aim to make our employees more familiar with legal issues.

Every year TOTO Group employees complete a survey that verifies the degree of permeation of compliance and helps to identify problem areas so that ongoing improvements can be made and compliance-related initiatives will be become further ingrained.

□ Handling and Management of Personal Information

In response to the Personal Information Protection Act enforced in April 2005, we formulated guidelines related to the protection of every individual's information. Employees are familiarized with these guidelines through e-learning.

In fiscal 2008, we reviewed data containing personal information from each business division and Group company, as well as conducted voluntary audits to enhance management of such information and provide an important reminder of the need for vigilance.

□ Risk Management System

We established a Risk Management Committee in fiscal 2005 to effectively manage risk and ensure stable business operations. Specialized risk management departments have been set up to deal with specific key risk factors. These departments implement various risk-mitigating measures across the organization and strive to enhance awareness of crisis management by all people working in the TOTO Group. In addition, in fiscal 2008 we expanded the use of risk simulations, conducted mainly for production divisions since fiscal 2004, to sales divisions. Simulations are run regarding appropriate action to be taken in case of a crisis with a view to promoting preventive measures and building knowledge of urgent measures and steps towards restoration in case of an accident. At the same time, we have formulated a business continuity plan (BCP) to ensure business carries on in case of a crisis.



Communication with Stakeholders

TOTO always looks to strengthen communication with customers, employees, shareholders, business partners and society at large so that the opinions of all stakeholders can be reflected in our business activities.

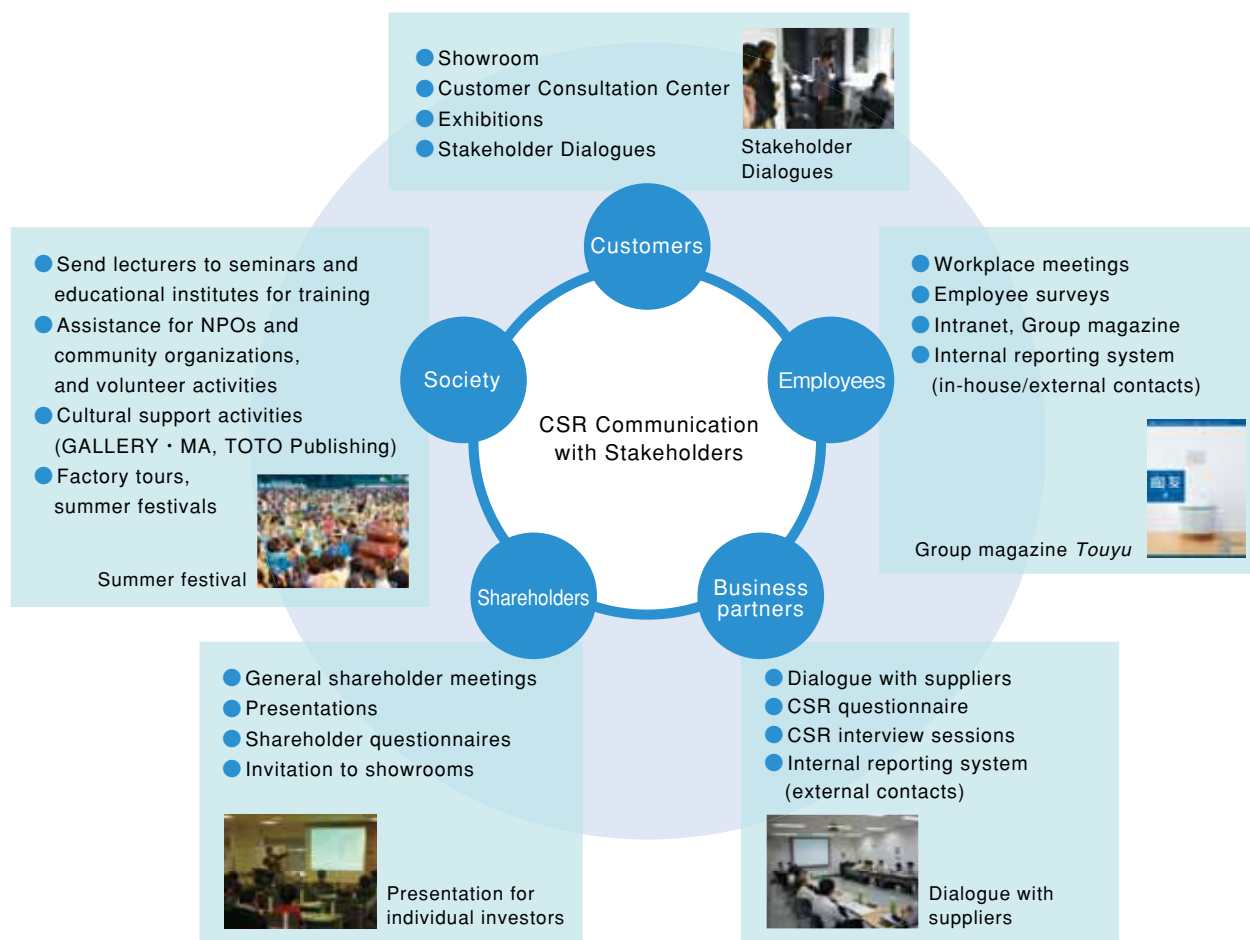
□ Promoting Two-Way Communication

The TOTO Group views communication with all stakeholders, including customers, employees, shareholders, business partners and society, as extremely important and constantly endeavors to strengthen relations.

To deepen interaction with customers, we communicate with customers through various occasions, such as events at our showrooms, factory tours and summer festivals. We always attempt to have open and frank discussions with our business partners through dialogue with suppliers

and CSR forums. The Company also seeks to disclose appropriate information in a timely manner to shareholders, as well as offers invitations to tour factories and showrooms to gain an understanding of TOTO *monozukuri* (spirit of manufacturing).

We will continue aiming to increase stakeholder satisfaction through communication as a means to enhance corporate activities.



□ Initiated Stakeholder Dialogues

Since fiscal 2004, TOTO has been holding Stakeholder Dialogues in various areas as a means to connect with stakeholders.

In fiscal 2008, Stakeholder Dialogues were held from October to November at TOTO showrooms in Fukuoka, Hiroshima, Tokyo and Kanazawa, where numerous opinions were received from customers. Also at TOTO High Living Ltd. in Mobara City, Chiba Prefecture, a dialogue was held with local residents living in the vicinity of the factory. People from the city office, chamber of commerce, elementary school and local companies joined the dialogue following a tour of the factory. This provided a valuable opportunity for the local community to deepen their understanding of TOTO's efforts, as well as identify issues that still need to be addressed.



Stakeholder Dialogue at the TOTO Technical Center

■ Opinions/queries from customers

- How do you determine standards for evaluating CSR and the status of progress in achieving your corporate missions?
- It is difficult to deduce the fundamental stance, vision and mission of TOTO's CSR activities from the report.
- I was impressed with TOTO's desire to improve people's lives as expressed by its corporate philosophy.
- The TOTO Water Environment Fund is a great cause, but little is known about it. Please publicize it more.
- Please reflect opinions of caretakers when developing products based on universal design concepts.

□ IR Activities Conscious of the Need for Direct Communication

TOTO's investor relations (IR) activities are targeted towards institutional and individual shareholders and investors in Japan and overseas, and adhere to our IR policy based on transparency and fairness. These activi-



Meeting with overseas investors

ties provide the opportunity to explain business activities and strategies through direct communication with investors. We also strive to keep our website fresh and up-to-date.

□ Factory Tours at Various Sites

We conduct tours of our production factories to boost understanding of the Group's operations and strengthen interchange with local communities.

Around 100 third-year students from neighboring elementary schools visited TOTO Bath Create Ltd. (Sakura City, Chiba Prefecture) as part of its social science studies and were given a special demonstration of unit bath system assembly. Also, family tours were given at the Kokura No.2 Plant for the third time. The children were particularly impressed with the chance to experience firsthand how various production-related equipment worked.



Family tour at the Kokura No.2 Plant

TOTO recognizes the importance of contributing to society by always considering water and the environment, along with striving to enrich lifestyles through plumbing-related products.

Philosophy Regarding Water and the Environment

The TOTO Water Environment Fund was established in fiscal 2005 to help non-profit organizations (NPOs) and civic groups with their water-conservation efforts. Every year, we take a greater role in supporting these organizations not only by offering financial aid but also by sharing information and encouraging employees to participate in activities. These actions are thus creating new channels of interaction between TOTO and such groups.

In fiscal 2008, the fourth year of the fund, TOTO received applications from 76 organizations seeking assistance. A selection committee made up of TOTO Group employees screened the applications and conducted field

investigations before deciding on 16 organizations, which received ¥12 million in aid. The use of funds included building wells in an arid region of central Myanmar, as well as supporting NPOs in expanding activities in Japan aimed at building awareness of the importance of water resources.

In July 2008, TOTO established a fund based on the China Environmental Protection Foundation (CEPF) in China that will bring the efficient use of water to the forefront as a priority issue for society. Over a five-year period, 5 million yuan will be donated toward this goal. Through such efforts, we will continue to expand TOTO's water-conservation activities around the world.



The Tokai Nature Club teaches elementary school children and their parents about the importance of water and how forests function.



A total of 10 TOTO employees took part in an event in October 2008 at the "Firefly Spring" developed as part of efforts to vitalize the region, in which they learned about nature and living things and planted trees.



The Aqua Ring Committee has been working to revive the tradition of "Hori-hoshi" (agricultural-based practice conducted long ago) for the past six years by digging up muddy land with shovels and covering the neighboring field with the fertile soil.

TOTO Acorn Reforestation Project

To celebrate 90 years in business, we started an Acorn Reforestation Project in fiscal 2006. TOTO Group employees pick up acorns and nurture them at the factory or their homes and return the saplings to the forest. People from local communities help to keep the area clear by cutting the grass.

We will be holding tree-planting events in fiscal 2009 around Japan as well. This activity is firmly being rooted as an event that brings together the local community with TOTO employees.



Tree planting in Nagano

Local Cleanup Activities by Group Companies Worldwide

TOTO personnel picked up rubbish and cut the grass along a main road around the factory at Nanjing TOTO Co., Ltd. in China. As an expression of appreciation to local residents and stakeholders, we will continue with such activities in China.

Employees of the Matsue Branch of TOTO Chugoku Sales Co., Ltd. in Shimane Prefecture, together with 40 elementary school students from the city, collected around 630 liters (14 garbage bags) of rubbish in one hour during a cleanup drive of Koura beach.



Cleanup activity by Nanjing TOTO

□ Contribution to the Culture of Architecture and Design

Through vigorous efforts to publicize and exchange information regarding architecture, design, plumbing and lifestyles, we contribute to local communities and nurture youth, the leaders of tomorrow.

TOTO History Museum



The TOTO History Museum within the Company's headquarters premises displays sanitary ware from the Taisho to Showa eras, products used in the national parliament building, as well as the original Washlet and eating utensils.

People come from all over the world to visit the museum, particularly experts in buildings and fixtures. Since the museum opened, there have been a total of 19,000 visitors (as of March 31, 2009). Sanitary ware and eating utensils belonging to the museum were approved as part of the Heritage of Industrial Modernization stipulated by the Ministry of Economy, Trade and Industry in February 2009 due to their importance to the history of the modernization and development of Kyushu's ceramics industry.

TOTO History Museum
2-2 Kifune-machi, Kokurakita-ku, Kitakyushu City, Fukuoka Prefecture
Business hours: 9 am-5 pm Mon.-Fri. (enter by 4:30 pm)
Closed Sat., Sun., public holidays, New Year and summer holidays
Entrance free

GALLERY・MA



Glenn Murcutt exhibition in 2008
©Nacása & Partners Inc.

Tadao Ando exhibition in 2008
©Nacása & Partners Inc.

Run by TOTO, GALLERY・MA in Minami-Aoyama, Tokyo, specializes in exhibitions on architecture and interior design. Since opening in 1985, the gallery has sought to transmit information of the highest quality, conveying the ideas and philosophies of architects and designers from around the world. Many people visit the gallery, not only architects and students training to be architects, but the general public as well. In this manner, we are proud to contribute to broadening the horizons of architecture and design culture.

GALLERY・MA

TOTO Nogizaka BLDG 3F, 1-24-3 Minami-Aoyama, Minato-ku, Tokyo
<http://www.toto.co.jp/gallerma/>
Business hours: 11 am-6 pm Tue.-Thu., Sat.; 11 am-7 pm Fri.
Closed Sun., Mon., public holidays, exhibition-changeover periods, New Year and summer holidays
Entrance free

TOTO Publishing



Publications in fiscal 2008

Since its foundation in 1989, TOTO Publishing has published over 300 books made from a unique perspective and covering diverse topics such as architecture, design and lifestyle culture. This helps to make people more familiar with the worlds of architecture and design.

A Word Regarding Social Contribution



Yuko Asazuma (center)
Planning Section,
Shinetsu Branch, TOTO LTD.

Exchange with Local Residents Through TOTO Acorn Reforestation Project

In addition to incredibly clean water and air, Takane in Murakami City, Niigata Prefecture, where oak saplings are being planted, provides a spectacular view of the Asahi and Iide mountain ranges. However, it is not easy to access, being a two-and-a-half-hour drive from Niigata City. For that reason, the Shinetsu Branch regularly plans and organizes tree planting and forest maintenance as enjoyable branch-wide events.

Going forward, we aim to deepen exchange with local communities as well as throughout the TOTO Group via such activities.

□ Creating a Restroom Culture

One of our social missions is to enhance the restroom environment in order to make people's lives more comfortable. To this end, we conduct seminars on restrooms and plumbing, as well as other activities to enlighten people on restroom culture.

The importance of the toilet has become further

recognized by society through our efforts. In addition to a research group on hospital restrooms that can optimally provide patients with safety and comfort, TOTO formed another research group to focus on school toilets with the objective of creating restroom spaces that children and local people can use with reassurance.

Research Group on School Toilets

TOTO formed a research group to study school toilets in 1996 aimed at creating a restroom space that children and local people can use with reassurance. The research group conducts on-site investigations, issues a research journal and holds various lectures. In June 2008, the group conducted a questionnaire survey targeting 1,873 municipalities throughout Japan and released the results via its website. The group is well respected by local education boards and will strengthen its activities as part of continued CSR-related efforts.

TOTO Kids (available in Japanese)

<http://www.toto.co.jp/kids/index.htm>

TOTO releases a diverse array of online information for kids, beginning with information on toilet training, under the topic "play, learn, the wonders of the toilet."



Haiku on Toilets

Applicants transformed humorous toilet anecdotes into a haiku poem. The top 20 haikus were printed on toilet paper for a special series. A total of 32,830 poems were received for the fourth such contest in 2008.



□ Contribution to the Community

Through sporting and culturally based activities, TOTO is supporting the sound development of young people and vitalization of local communities.

TOTO Summer Festivals

The TOTO Group can conduct our corporate activities only with the understanding and support of local communities. As an expression of appreciation, 14 of the Group's production sites held summer festivals in fiscal 2008. Outdoor stalls and events have deepened communication with local residents.



TOTO Cup International Junior Go Championship

Aiming to spread the Japanese game of *Go* and promote personal development, TOTO has supported the *Go* contest for youths since 2004. The tournament became international last year. The TOTO Cup was held in Kitakyushu City in July 2008, with categories ranging from 3- to 18-year-olds for the winners from preliminary sessions in China and Taiwan (Beijing, Shanghai and Taipei), throughout Kyushu and in Yamaguchi Prefecture.



Kids' Challenge Sports Meet

On May 5, Children's Day in Japan, TOTO's headquarter grounds and gymnasium were made available for the Kitakyushu Kids' Challenge Sports Meet to promote the healthy development of children's minds and bodies. Around 450 elementary school children and their families took part in the events, which ranged from assessing physical fitness to baseball, basketball and soccer games. Members of the TOTO Athletics Club also gave instruction on track and field.



TOTO Athletics Club

Inaugurated in 1986, the TOTO Athletics Club uses the catchphrase "From Kitakyushu to the world stage." In February 2009, Tomoe Yokoyama won the Ome Marathon 30 km road race and Kazuka Wakatsuki took third place in the Chiba International Cross Country meet. Wakatsuki also represented Japan in the Asia Cross Country Championships and World Cross Country Championships in March. She is aiming to compete in the 12th IAAF World Championships in Athletics in Berlin in summer 2009.



Third-Party Comment on this Report

This year TOTO made significant progress in reviewing excesses and deficiencies of all corporate information, not only CSR-related information, disclosed to the public, and restructuring this information. Summaries of corporate information in the *TOTO CORPORATE REPORT 2009* and *TOTO CORPORATE REPORT 2009 Financial & Environmental Section* are based on the structure of the Company's website, making it extremely clear for readers. There are still numerous areas, however, that need to be examined to ensure the inclusion of the most relevant information. TOTO should continue investigating this in the future in light of evaluations from shareholders and stakeholders.

This report shows that TOTO's CSR activities at basic levels are well established. In particular, it is clear that group-wide CSR activities started last year are more prevalent because of the improved methods of evaluation. TOTO should continue to

maintain and develop a consistent group-wide management stance while taking into consideration the customs of other countries at overseas companies.

Ahead of the Company's centenary, it is more important than ever to incorporate environmental and social factors into TOTO's main business activities. The ultimate purpose of CSR is to realize sustainability from all perspectives in business from product development to overseas business expansion.



Mizue Unno
Managing Director
So-Tech Consulting Inc.

So-Tech Consulting Inc. provides comprehensive consulting services on management in the fields of the environment and CSR. The company uses its unique analytical capabilities to provide practical guidance on CSR-related management based on the fundamental idea that a company's set of values forms the foundation of CSR and raises corporate value.

Sustainable Management Rating Results in Fiscal 2008

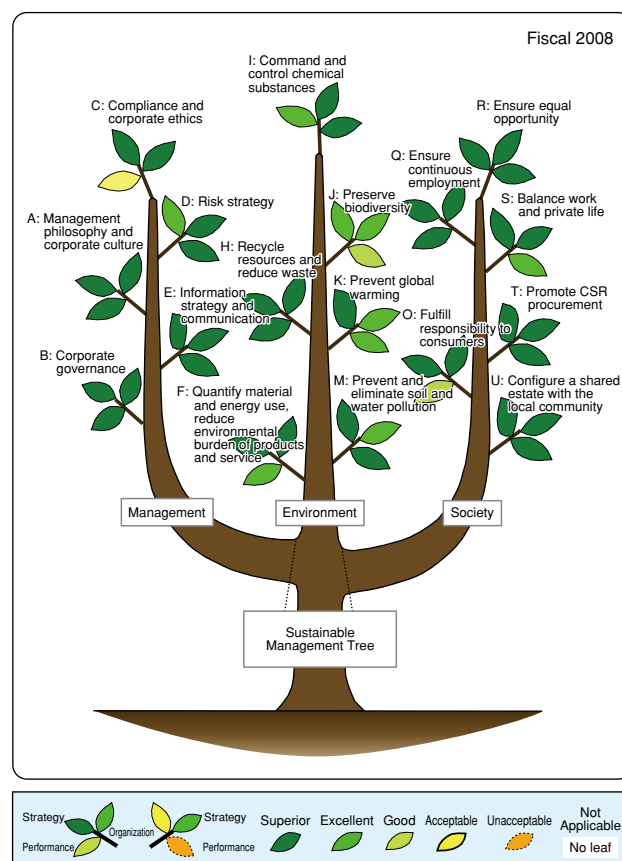
The TOTO Group solicits ratings from the Sustainable Management Rating Institute (SMRI), a non-profit organization, as an objective indicator of the condition of the Company's CSR management.

In fiscal 2008, TOTO sought ratings for Group companies in Japan and overseas.

Overall Evaluation

Standards in evaluating management have been raised for fiscal 2008 in light of the results of previous assessments. In this respect, TOTO has basically achieved the level of sustainable management advocated by SMRI once again in fiscal 2008 with an average rating of 93.3% (94.2% in fiscal 2007) by reviewing the Company's own "sustainable level" in accordance with SMRI's sustainable management ratings and analysis.

SMRI applauds TOTO for continuing to request ratings even for overseas companies. SMRI hopes that TOTO remains dedicated to this stance and maintains the current level of sustainable management by promoting initiatives aimed at resolving challenges outlined by this management evaluation and analysis. (Excerpt from report concerning the overall rating of TOTO's sustainable management by SMRI)



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