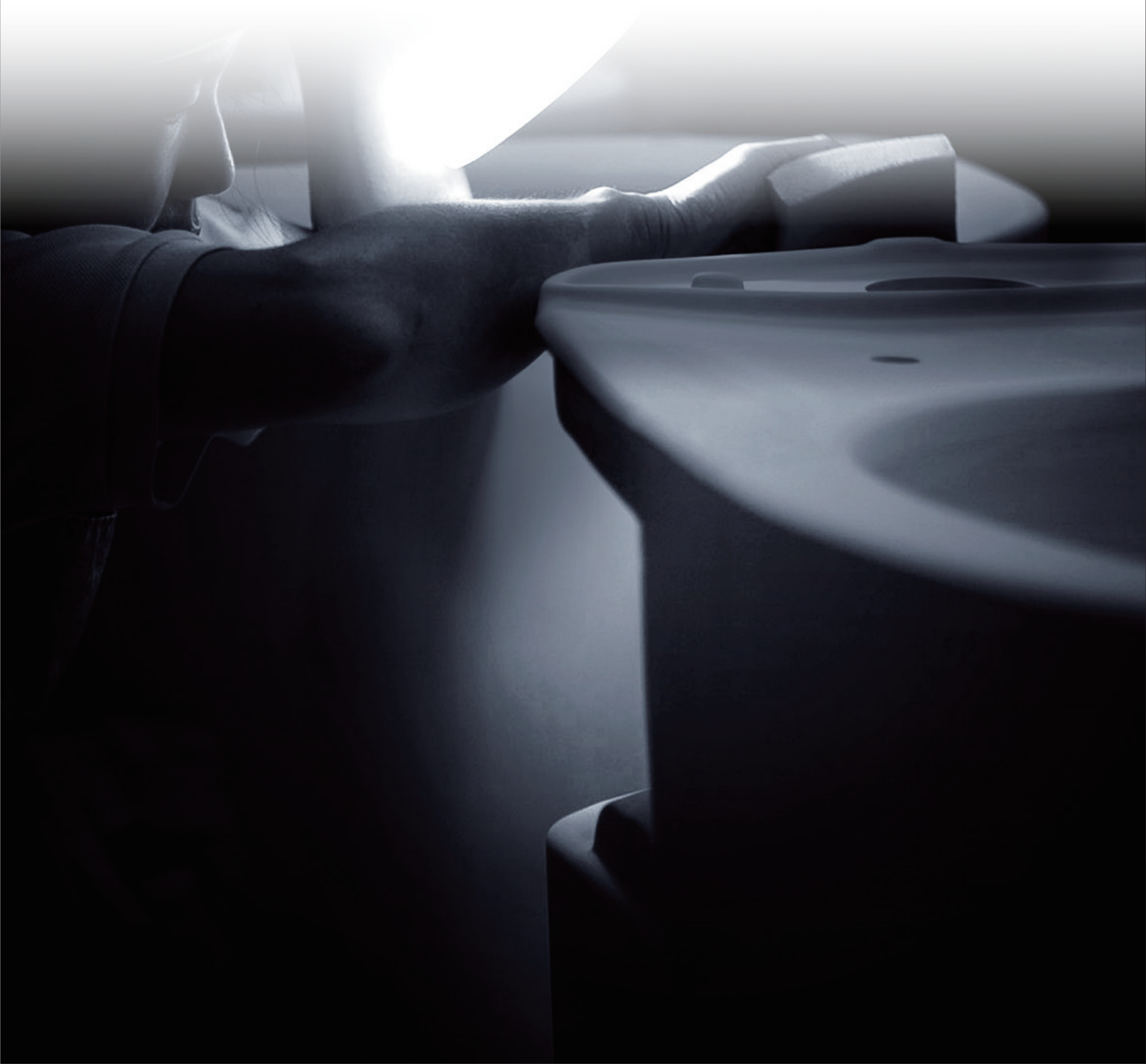


TOTO

TOTO CORPORATE VIEW 2014



TOTO CORPORATE VIEW 2014

Contents

Corporate Section

Corporate Data

Corporate Philosophy	2
TOTO's Meaning of Existence	3
Trajectories of Innovation	4
Long-Term Management Plan	5
Business Overview	6

Governance Data

Corporate Governance	7
Risk Management	8

Financial & Environmental Section

Financial Data

Ten-Year Summary of Selected Financial Data	9
Financial Highlights	11
Stock Information	13

External Evaluation Data

External Evaluation & Rating Information	14
--	----

Environmental Data

Global Environment Goals	15
Environmental Management	16
Performance against the Global Environmental Action Plan ...	17

Social Data

Human Resources/Safety Related Data	20
---	----

Business Strategy Section

The Three Core Businesses

Overview of Domestic Housing Equipment Business	21
Overview of Overseas Housing Equipment Business	22
Overview of New Business Domains	23

Domestic Housing Equipment

Remodeling	24
Restroom	25
Bathroom	26

Overseas Housing Equipment

China	27
Americas	29
Asia and Oceania	31
Europe	33

Links to Relevant Information / Editor's Postscript	34
---	----

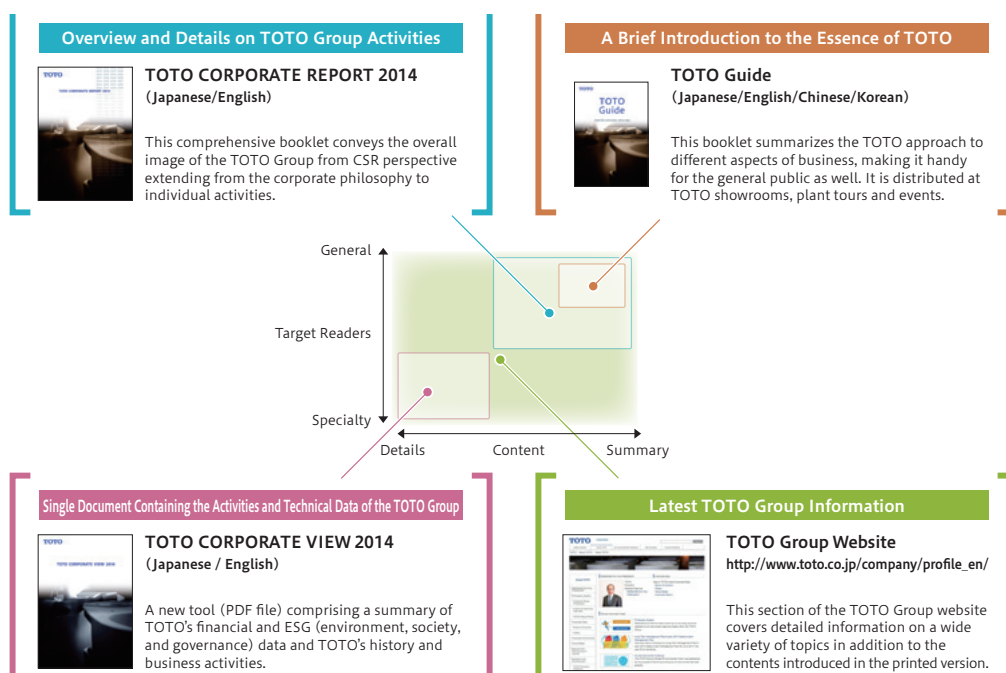
[Period of reporting]

Years stated in this *TOTO Corporate View 2014* indicate either a fiscal year ending March 31 or a point in time as of March 31.

[Note about information contained in the report]

Information contained in this *TOTO Corporate View 2014* is current as of June 30, 2014. The report also contains forward-looking statements including information about business plans, earnings forecasts and strategies that are current as of June 30, 2014. Such statements are based on forecasts available at the time of writing. Readers should be aware that actual business results will be affected by various factors in the business environment, including future economic conditions, movements in demand and trends in market competition.

Overview of TOTO Group Communication Tools



Corporate Philosophy

[Detailed webpage](#)


Philosophy System

Words of the Predecessor

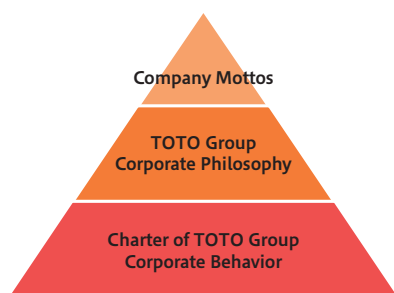
A letter written by the TOTO's first president, Kazuchika Okura, to his successor, Saburo Momoki, contains words that have been treasured as the "Words of the Predecessor."

Kindness must always come first.

Bring the concept of service to your work.

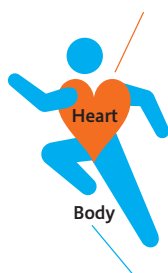
Your goal should be to provide good products and satisfy the customer. Accomplish that, and profit and compensation will follow.

Many in this world chase after the shadow of profit, but to the end never capture the real thing.



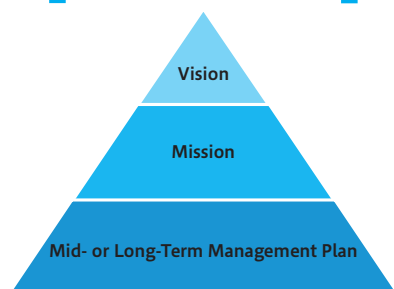
Common Group Philosophy

The common group philosophy represents the inherited values of TOTO that are shared among employees and will be carried forward into the future.

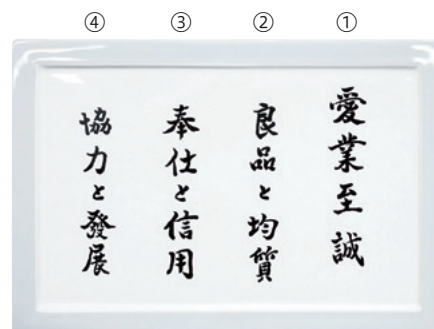


Vision for Business Activities

Our vision and mission are positioned as the course of our business activities that change in accordance with the demands of the times.



Company Mottos



Established in 1962

The Company Mottos reflect our determination to contribute to the improvement of our customers' cultured lifestyles with a strong service-oriented mindset, and to unite ourselves to support the social development.

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

TOTO Group Corporate Philosophy

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

To achieve our philosophy, TOTO will:

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

TOTO's Meaning of Existence

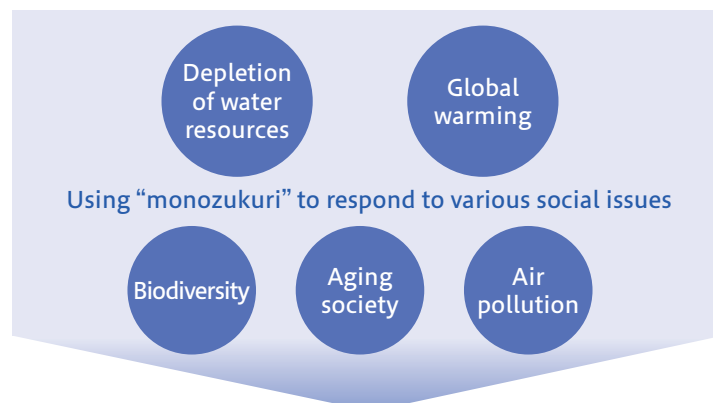
[Detailed webpage](#)  History

TOTO products, which are mainly plumbing-related, are used by our customers every day. Therefore, we have continued striving to manufacture products that can be used comfortably by our customers. This desire stems from the conviction of our founder, Kazuchika Okura, to improve the living standards 100 years ago, at a time in Japan when public sewerage systems were undeveloped.

Furthermore, because our products are used by everyone every day, any reduction in their water usage will also help to resolve the issue of depleting water resources. The TOTO Group will continue to contribute to the betterment of society by using “monozukuri (spirit of manufacturing)” to respond to various social issues.



Because TOTO products are used by everyone over a long period of time, TOTO can help reduce the amount of water consumed and CO₂ emitted during product use.



Contributing to the betterment of society

Trajectories of Innovation

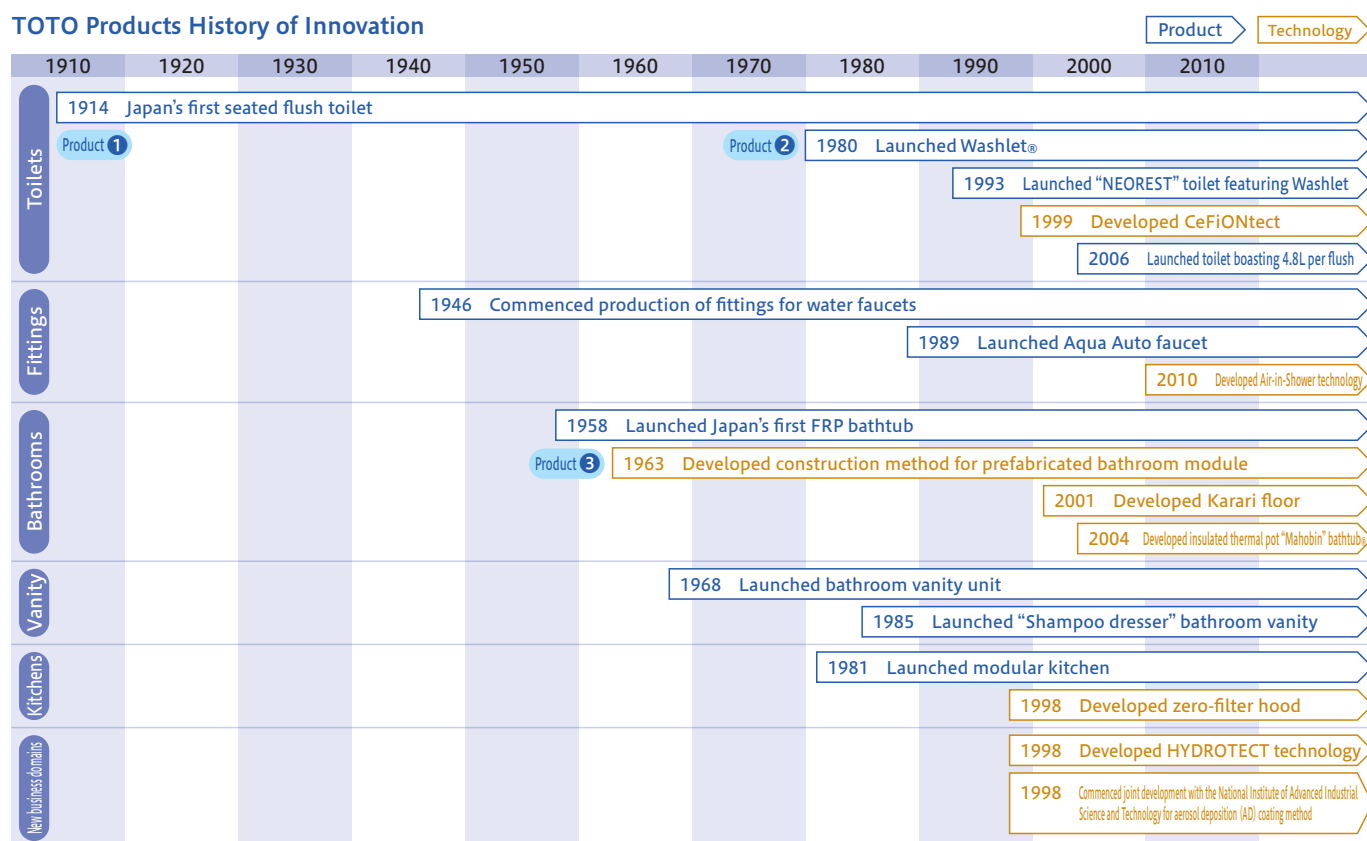
[Detailed webpage](#)

[History](#)

[Technologies Utilized in Products](#)
[in Japanese only]

Since its foundation and until the present, the TOTO Group has created “new value” with its “monozukuri” before anyone else in Japan or the world in the aim of exceeding customers’ expectations. Starting with the manufacture and mass production of Japan’s first sanitary ware, TOTO is continuing on the road to innovation from the four plumbing areas (toilet, bathroom, kitchen and washroom), to new business domains.

TOTO Products History of Innovation



① Seated flush toilet

Japan’s first ceramic seated flush toilet was produced in a Ceramic Sanitary Ware Laboratory in Nippon Toki Gomei Kaisha, the predecessor of TOTO, which was established in 1912. This toilet bowl was completed after two years of research and development. It is the starting point for manufacturing at TOTO Group.



First-generation ceramic seated flush toilet

② Washlet

TOTO’s Washlet® was first launched in June 1980. Unaccustomed to bidet functionality, the Washlet changed the Japanese lifestyle, and now more than 70% of households have a type of toilet seat featuring warm water shower. Washlets are becoming increasingly popular globally, including in facilities such as offices, hotels and hospitals.



First-generation Washlet G

③ Prefabricated bathrooms

The genesis of prefabricated bathroom modules began with their installation at the Hotel New Otani, which was constructed in the lead up to the Tokyo Olympics in 1964. The industry’s first* method for constructing bathroom units based on prefabrication building techniques achieved short turnaround times. Today, prefabricated bathrooms are also widely used in conventional homes.

[Detailed webpage](#)

[50th Anniversary of Prefabricated Bathroom Module](#)
[in Japanese only]



An early prefabricated bathroom
*JIS Standard

Long-Term Management Plan

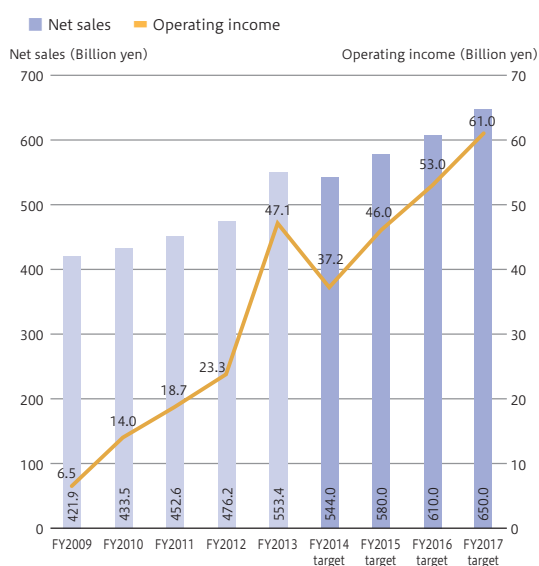
[Detailed webpage](#) Long-term Management Plan (V-Plan 2017)
·Medium-term Management Plan

■ TOTO V-Plan 2017



ROA: Return on assets calculated using operating income *Operating income includes “Other” items -1 billion yen outside of the three core businesses.
ROE: Return on equity calculated using net income

Target Figures for TOTO V-Plan 2017



[The Three Core Businesses]

Domestic housing equipment business

As the number of new housing starts drops, and society shifts toward a stock-based society, TOTO will further accelerate its remodeling strategy, one of our strengths.

We will also progress with cost structure reforms, with the goal of building a corporate structure that generates profits.

Overseas housing equipment business

TOTO views the overseas housing equipment business as a driver of growth. We will maintain and establish our position as a top regional manufacturer in the four regions of the Americas, China, Asia/Oceania and Europe, as well as in emerging nations.

New business domains

This business is expanding globally, with TOTO “Only One” technologies for ceramic products built on our experience with ceramic sanitary ware, and with HYDROTECT, technology that uses photocatalytic to provide environmental cleaning through the power of light.

[The Four cross-organizational Innovation Activities]

Marketing innovation

TOTO aims to create a global product strategy worthy of the TOTO name, by undertaking product planning from an optimal company-wide perspective and by continuing to develop products that appeal to the customer.

Supply chain innovation

By treating the process from procurement of raw materials, to production, to logistics, through to final delivery of a product to the customer, as a single flow, TOTO will establish a high-speed supply chain and increase cost competitiveness, with the goal of achieving a more robust management structure.

Manufacturing innovation

With the optimal company-wide production technology development structure in place, TOTO aims to bring new concepts to manufacturing that defeat existing stereotypes.

Management resource innovation

By streamlining administrative operations and deploying stronger human resources in strategic functions, TOTO aims to achieve a robust and tenacious management structure that can achieve its growth strategies while remaining immune to sales fluctuations.

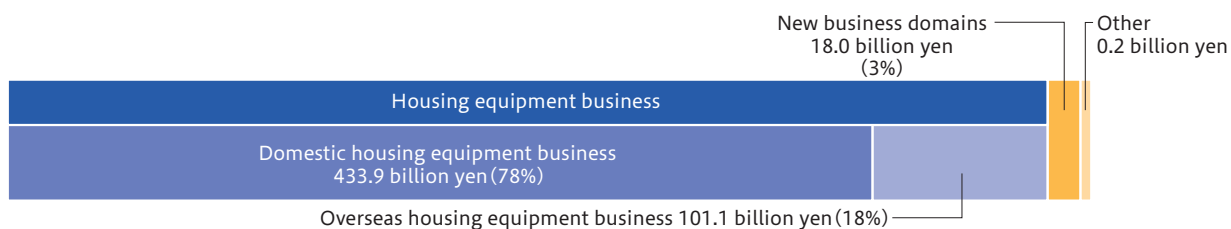
Business Overview

■ Net Sales by Business Segment

(Unit: Billion yen)

		FY2009 (March 31, 2010)	FY2010 (March 31, 2011)	FY2011 (March 31, 2012)	FY2012 (March 31, 2013)	FY2013 (March 31, 2014)
Domestic housing equipment business	Net sales	354.1	361.0	375.4	386.8	433.9
	Operating income	4.7	11.0	17.2	21.6	36.1
Overseas housing equipment business	Net sales	52.4	55.7	62.6	75.1	101.1
	Operating income	5.6	7.2	7.0	8.1	15.7
New business domains	Net sales	15.0	16.5	14.4	14.1	18.0
	Operating income	(2.7)	(2.1)	(2.9)	(3.5)	(1.5)
Total	Net sales	421.9	433.5	452.6	476.2	553.4
	Operating income	6.5	14.0	18.7	23.3	47.1

■ Distribution of Net Sales by Business Segment (FY 2013)



■ Core Products by Business Segment

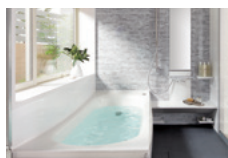
Domestic housing equipment business



Sanitary ware



Washlets



System bathrooms



Modular kitchens



Bathroom vanity units

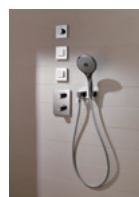


Fittings

Overseas housing equipment business



Sanitary ware



Fittings



Sinks

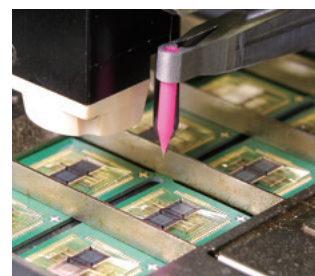


Washlets

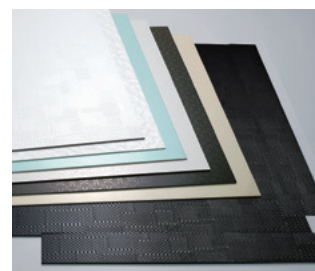


Bathtubs

New business domains



Advanced ceramic products



Green building materials

Corporate Governance

[Detailed webpage](#)

Corporate Governance

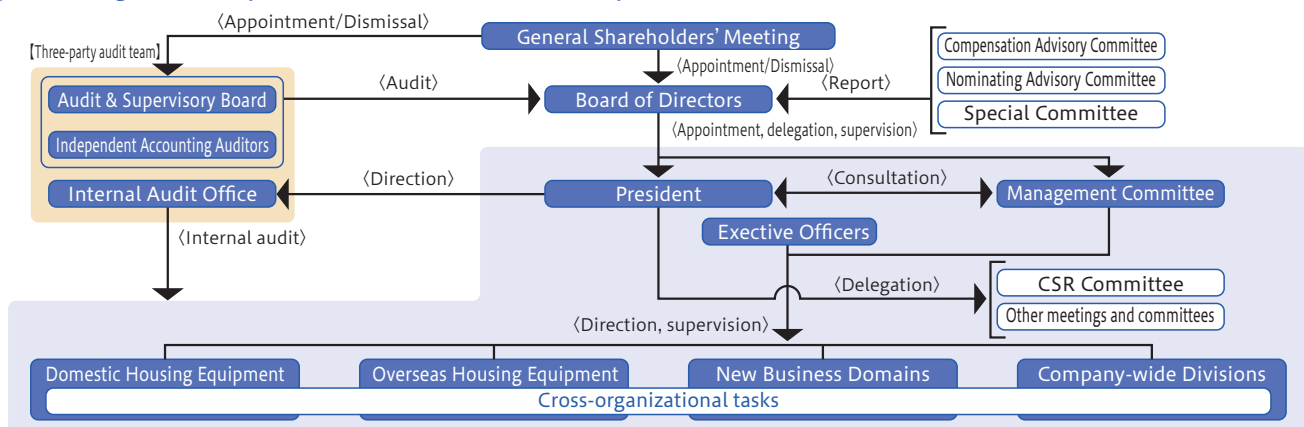
Corporate Governance Promotion System

The TOTO Group considers that an essential aspect of corporate management is ensuring the satisfaction of stakeholders and ongoing expansion of corporate value by improving objectivity and transparency in management and clarifying management responsibility. To realize this, for matters requiring management decisions, TOTO recognizes the importance of systematizing “who

makes the decision, on what and where” as well as “what checks are implemented” in a fair and honest manner.

TOTO has adopted the Audit & Supervising Board system and been promoting more efficient and effective decision-making, supervision, and business execution, with the aim of continuously increasing corporate value.

Systems Diagram for Corporate Governance and Business Operations



Compensation for Directors and Audit & Supervisory Board Members

The compensation for directors and Audit & Supervisory Board members is shown below:

	Number of officers	Base compensation	Bonuses	Stock-compensation type stock options	Total
Directors	person 16	million yen 423	million yen 380	million yen 83	million yen 887
(Outside Directors included above)	(2)	(12)	—	—	(12)
Audit & Supervisory Board members	5	43	—	—	43
(Outside members of Audit & Supervisory Board included above)	(3)	(14)	—	—	(14)
Total	21	466	380	83	930

Directors whose total compensation in fiscal 2013 was 100 million yen or more are shown below:

	Base compensation	Bonus	Stock-compensation type stock options	Total
Teruo Kise, Representative Director	million yen 64	million yen 62	million yen 11	million yen 138
Kunio Harimoto, Representative Director	62	62	11	136

Promoting Stronger Corporate Governance

In order to strengthen corporate governance, TOTO has made the following changes to its system.

2004	Establishment of the Nominating Advisory Committee / Establishment of the CSR Committee / Establishment of the philosophy system for TOTO Group management
2005	Establishment of the Compensation Advisory Committee / Establishment of the Risk Management Committee
2006	Appointment of the outside director / Establishment of the Internal Audit Office / Establishment of the Special Committee
2007	Introduction of the stock options system
2010	Establishment of the independent director requirements and appointment of independent directors
2011	Reduction of the maximum number of directors stipulated in Articles of Incorporation (from 20 to 14) / Participation in the United Nations Global Compact
2012	Enhancement of the executive officer system (Creation of a new post of senior executive officer)
2013	Establishment of TOTO Group Business Conduct Guidelines

TOPICS

Succession to a New President

From April 2014, president changed and the shift is being made to the new management system.

This change was determined through deliberations by the Nominating Advisory Committee, reports to the Board of Directors and resolution by the Board of Directors.

In order to ensure objectivity and transparency of deliberations regarding the appointment of members to the Board of Directors and Audit & Supervisory Board, half or more of Committee members shall be outside members.



(Left) Kunio Harimoto, Representative Director and Chairman of the Board
(Right) Madoka Kitamura, President and Representative Director

Risk Management

[Detailed webpage](#)

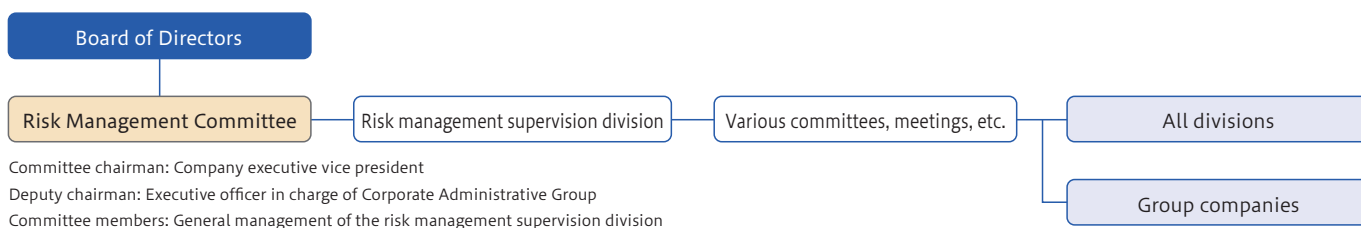
 Risk Management

Risk Management Promotion Framework

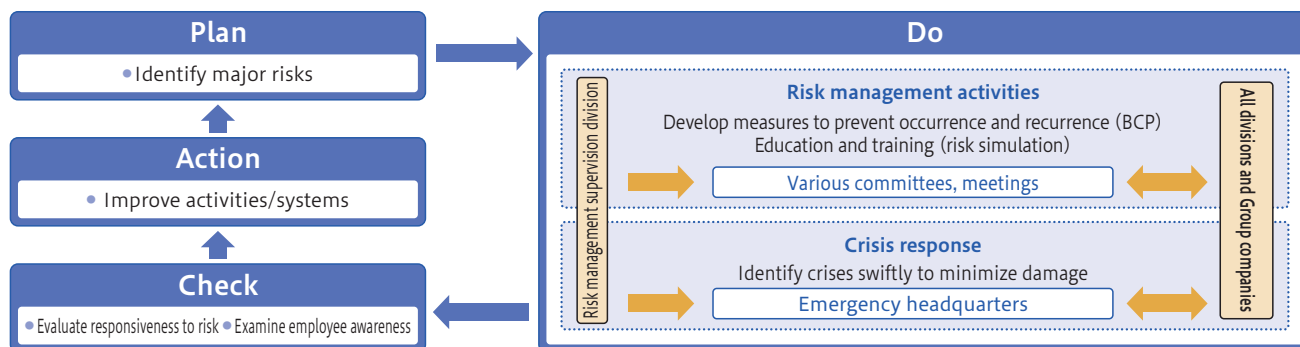
The TOTO Group strives without limit to eliminate all causes of hindrances to the implementation of management policies in order to maintain the confidence of society through the fulfillment of its corporate social responsibilities. In cases of unexpected problems, maximum efforts will be made to minimize various effects on stakeholders and to restore confidence of related parties by developing appropriate recurrence prevention measures.

Our Risk Management Committee, chaired by the vice president, has as its members the executive officers overseeing major risks and division managers as members. In accordance with risk management rules, the Risk Management Supervising Division General Manager appointed to oversee risk management works with all divisions and Group companies through various committees and meetings to prevent risks and enhance the Group's risk management response capabilities.

Risk Management Promotion System



Risk Management Action Cycle



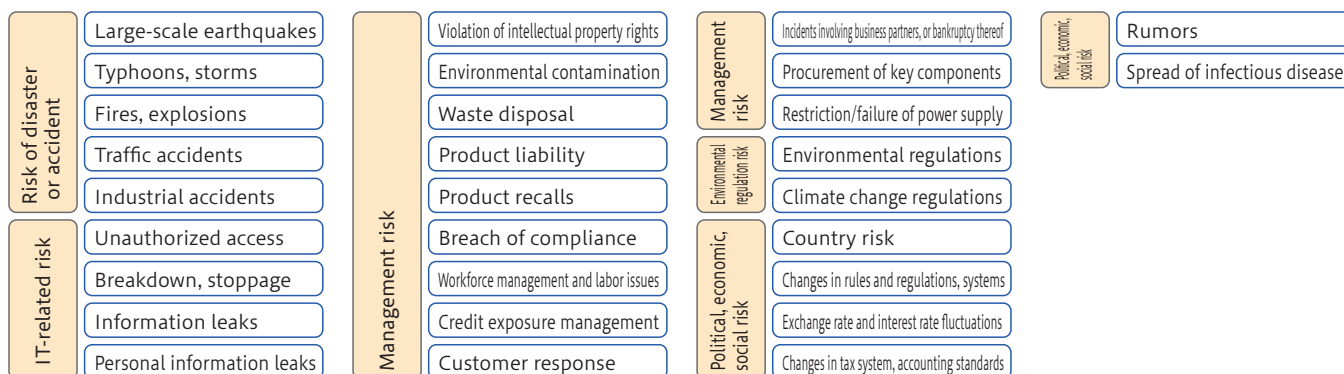
Major Risks in Fiscal 2014

Every year, major risks that could have a significant impact on stakeholders are identified and a general manager of the risk management supervision division is appointed for each risk in order to take preventive measures.

Each major risk is mapped out on a matrix evaluating degree of impact and frequency of occurrence from the viewpoints

of damage to the brand, impact on personnel and financial consequences. Risks scoring high in risk points are flagged as priority risks and monitored by the Risk Management Committee, and risk mitigation activities are promoted throughout the entire Group.

Principle Major Risks



Ten-Year Summary of Selected Financial Data

[Detailed webpage](#) IR Library

(Unit: Million yen)

	FY2004 (March 31, 2005)	FY2005 (March 31, 2006)	FY2006 (March 31, 2007)	FY2007 (March 31, 2008)	FY2008 (March 31, 2009)
Net sales	484,191	494,784	512,200	501,060	464,505
Cost of sales	308,066	321,213	337,734	330,782	311,765
Cost of sales ratio	63.6%	64.9%	65.9%	66.0%	67.1%
Selling, general and administrative (SG&A) expenses	145,705	148,406	148,277	147,555	146,174
SG&A ratio	30.1%	30.0%	28.9%	29.4%	31.5%
Operating income	30,419	25,164	26,187	22,722	6,566
Operating margin	6.3%	5.1%	5.1%	4.5%	1.4%
Net income /loss	13,058	12,996	13,544	13,239	(26,261)
Net income margin/net loss margin	2.7%	2.6%	2.6%	2.6%	(5.7%)
Capital investment	20,059	22,397	22,260	24,191	16,297
Depreciation and amortization	18,725	20,970	22,039	22,389	22,425
Research and development (R&D) costs	11,786	11,722	11,752	12,001	13,087
R&D cost ratio	2.4%	2.4%	2.3%	2.4%	2.8%
Total assets	460,949	474,823	466,736	451,744	388,645
Current assets	218,597	214,130	217,780	210,126	187,689
Non-current assets	242,351	260,693	248,955	241,618	200,955
Total liabilities	250,684	241,271	233,494	220,213	203,751
Net assets* ¹	199,372	233,550	233,242	231,530	184,893
Operating CF	40,440	26,872	28,575	32,884	23,403
Investment CF	(42,337)	(7,260)	(25,310)	(22,121)	(18,629)
Financial CF	(13,412)	(16,501)	(10,834)	(7,246)	(2,215)
Free cash flow* ²	(1,897)	19,612	3,265	10,763	4,774
Dividend per share	11.50yen	12.00yen	13.00yen	14.00yen	10.00yen
ROE* ³	6.4%	5.9%	5.8%	5.8%	(12.9%)
ROA* ⁴	6.6%	5.4%	5.6%	4.9%	1.6%
EPS	37.3yen	37.1yen	39.1yen	38.2yen	(75.8yen)
BPS	574.4yen	638.4yen	659.7yen	652.8yen	520.4yen
Total asset turnover	1.05	1.06	1.09	1.09	1.11
Equity ratio	43.2%	46.6%	49.0%	50.1%	46.4%
Number of shares outstanding (excluding treasury stock/period average)	346,825,258	346,796,611	346,638,825	346,542,137	346,437,170

*1. Effective the fiscal year ended March 31, 2007, the Company has adopted a new accounting standard for the presentation of net assets in the balance sheet and the related implementation guidance.

*2. Free cash flow = Operating cash flow + Investment cash flow

*3. ROE: Return on equity calculated using net income

*4. ROA: Return on assets calculated using operating income

(Unit: Million yen)

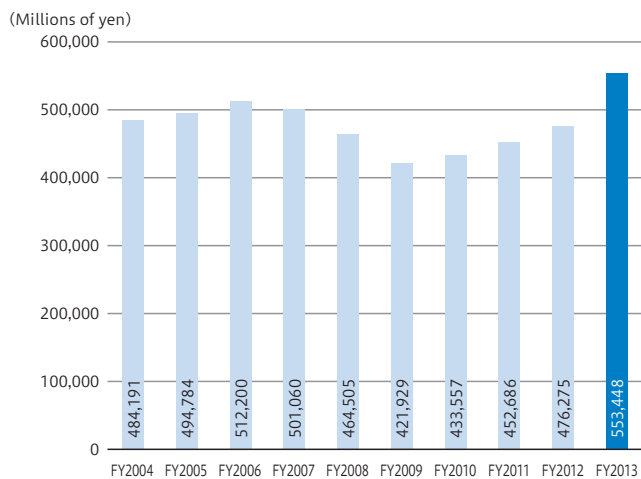
	FY2009 (March 31, 2010)	FY2010 (March 31, 2011)	FY2011 (March 31, 2012)	FY2012 (March 31, 2013)	FY2013 (March 31, 2014)
Net sales	421,929	433,557	452,686	476,275	553,448
Cost of sales	275,639	273,259	286,803	303,231	341,780
Cost of sales ratio	65.3%	63.0%	63.4%	63.7%	61.8%
Selling, general and administrative (SG&A) expenses	139,699	146,284	147,102	149,667	164,485
SG&A ratio	33.1%	33.7%	32.5%	31.4%	29.7%
Operating income	6,589	14,014	18,779	23,376	47,181
Operating margin	1.6%	3.2%	4.1%	4.9%	8.5%
Net income /loss	878	5,115	9,270	16,956	44,122
Net income margin/net loss margin	0.2%	1.2%	2.0%	3.6%	8.0%
Capital investment	11,607	26,214	32,253	19,934	34,575
Depreciation and amortization	20,575	19,746	18,348	19,508	14,922
Research and development (R&D) costs	13,113	15,606	16,643	15,983	17,472
R&D cost ratio	3.1%	3.6%	3.7%	3.4%	3.2%
Total assets	378,266	379,215	377,072	408,454	476,387
Current assets	180,149	184,203	181,554	205,485	258,800
Non-current assets	198,116	195,011	195,518	202,969	217,586
Total liabilities	189,717	199,050	191,491	195,043	219,790
Net assets*1	188,549	180,164	185,580	213,410	256,596
Operating CF	33,627	28,117	19,678	44,498	48,015
Investment CF	(14,828)	(22,758)	(22,446)	(22,971)	(4,033)
Financial CF	(12,223)	(7,260)	(12,164)	(2,178)	(23,328)
Free cash flow*2	18,799	5,359	(2,768)	21,527	43,982
Dividend per share	10.00yen	10.00yen	10.00yen	14.00yen	23.00yen
ROE*3	0.5%	2.8%	5.2%	8.8%	19.4%
ROA*4	1.7%	3.7%	5.0%	6.0%	10.7%
EPS	2.5yen	14.9yen	27.1yen	49.5yen	130.2yen
BPS	530.4yen	513.5yen	525.6yen	602.2yen	737.7yen
Total asset turnover	1.10	1.14	1.20	1.21	1.25
Equity ratio	48.6%	46.2%	47.7%	50.6%	52.0%
Number of shares outstanding (excluding treasury stock/period average)	346,391,504	344,259,297	342,013,603	342,892,129	338,911,922

Financial Highlights

[Detailed webpage](#)
[IR Library](#)

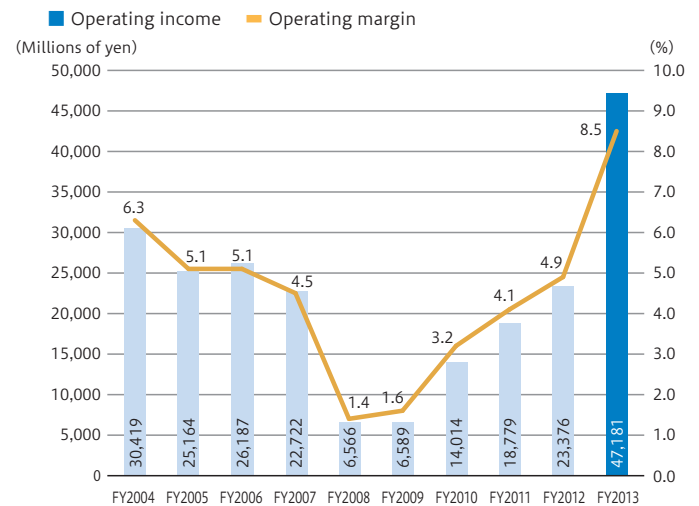
Net Sales

Since formulating the TOTO V-Plan 2017, net sales have steadily grown, primarily buoyed by the remodeling strategy in our domestic housing equipment business and the luxury brand strategy in our overseas housing equipment business.



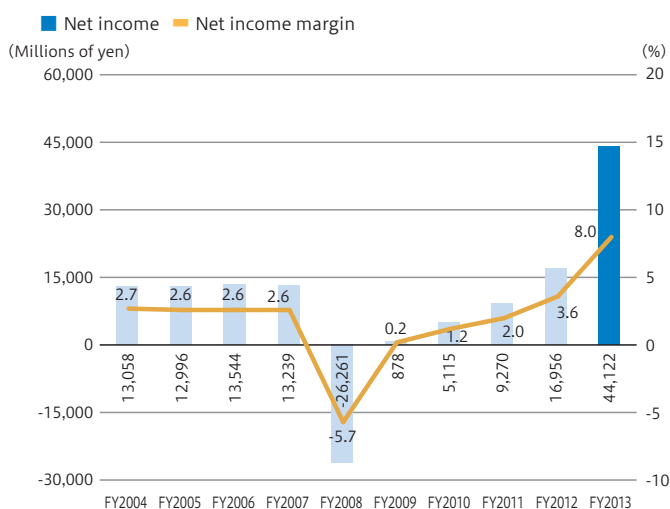
Operating Income / Operating Margin

Both operating income and operating margin have increased significantly on the back of growth in net sales and the effects of company-wide innovation activities under TOTO V-Plan 2017.



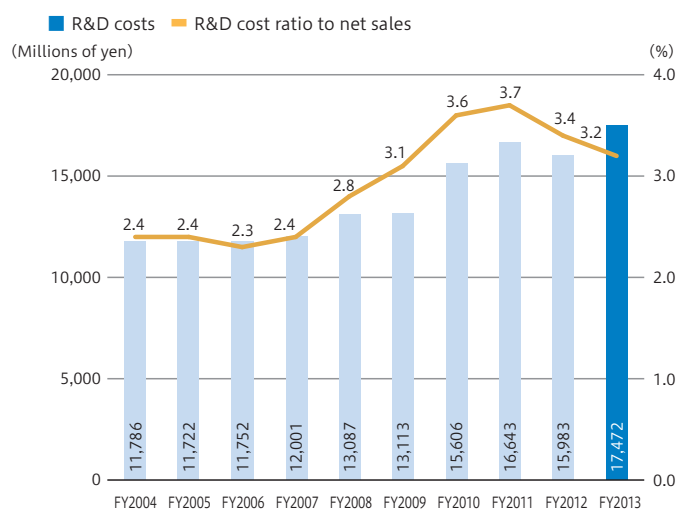
Net Income / Net Income Margin

TOTO experienced a deficit dip in fiscal 2008 (recording a net loss of 26.261 billion yen), but returned to profit the following year. Since then, both net income and net income margin have grown steadily.



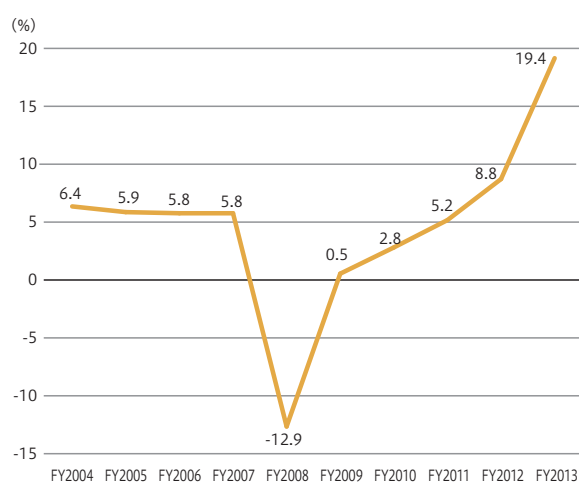
R&D Costs / R&D Cost Ratio to Net Sales

We are proactively investing in research and development to achieve sustained growth. The rate of R&D costs to net sales is being maintained at above 2.0%.



Return on Equity (ROE)

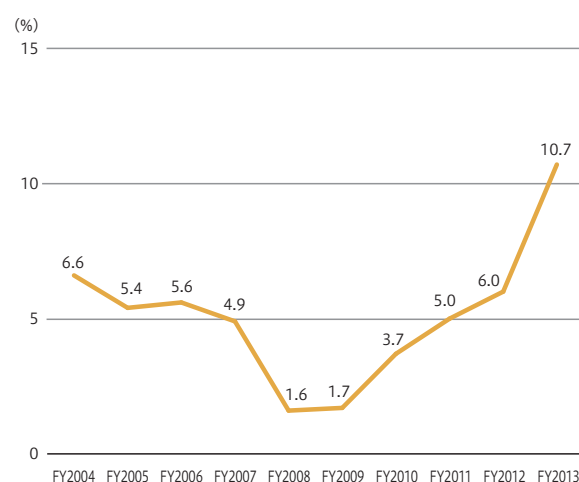
Return on equity (ROE) has been growing steadily since net income returned to profit. In fiscal 2013, ROE increased considerably due to extraordinary income from the sale of assets and securities and to the acquisition and retirement of treasury stock.



*ROE: Return on equity calculated using net income

Return on Assets (ROA)

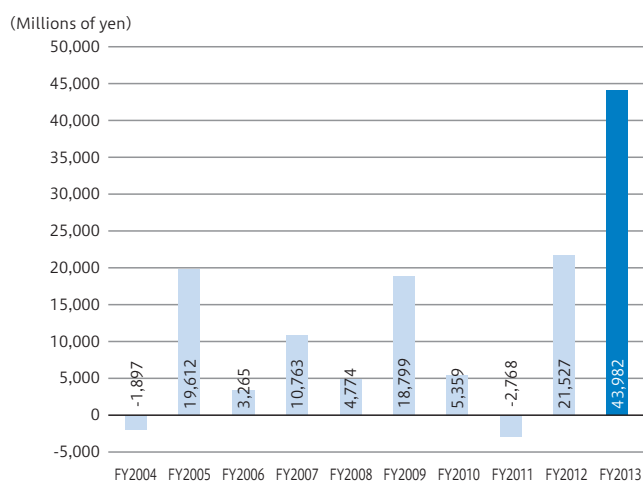
Having set a final target for return on assets (ROA) of 10% under TOTO V-Plan 2017, we have been promoting an improvement in business results together with better asset efficiency. As a result, ROA has been increasing steadily, and in fiscal 2013, surpassed 10%.



*ROA: Return on assets calculated using operating income

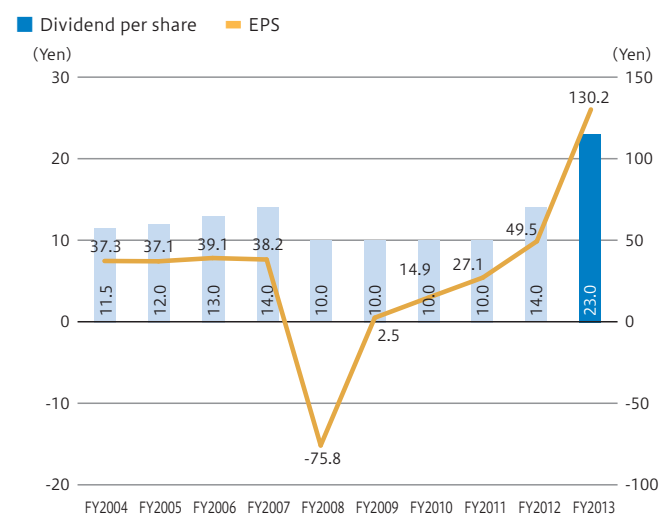
Free Cash Flow

As a result of TOTO's innovation activities and other efforts under TOTO V-Plan 2017, a virtuous cycle has transpired of generated cash flows being allocated to investment for sustained growth.



Dividend per Share / EPS (Net Income per Share)

TOTO aims to maintain stable dividend payments with a target payout ratio of 30%. Even in fiscal 2008 when EPS was negative, we continued to pay a dividend, albeit the deficit. More recently, there has been a steady underlying tone of increased dividends.



Stock Information (as of March 31, 2014)

[Detailed webpage](#)

Stock Information

Stock Exchange Listings

Tokyo, Nagoya and Fukuoka

Securities code

5332

Number of Shares

 Authorized: 1,400,000,000
 Issued: 353,962,595

Number of Shareholders

23,267

Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation

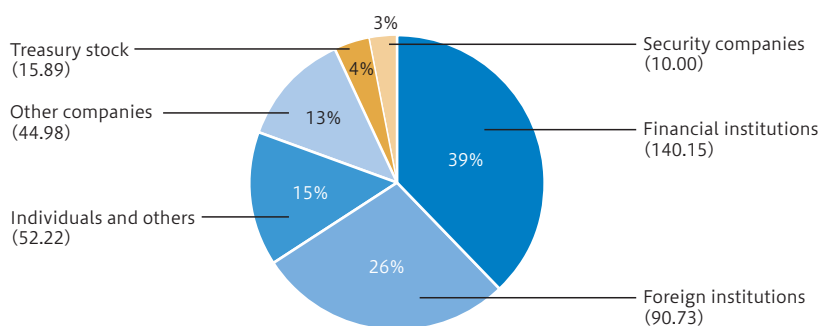
Major Shareholders

	Shares held (thousands)	Percentage of shares held
Meiji Yasuda Life Insurance Company	20,716	6.1 %
The Master Trust Bank of Japan, Ltd. (Trust Account)	19,217	5.7 %
Japan Trustee Services Bank, Ltd. (Trust Account)	16,392	4.8 %
Nippon Life Insurance Company	12,135	3.6 %
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	6,175	1.8 %
NCT Trust and Banking Corporation (Trust Account)	5,561	1.6 %
TOTO employee stock ownership	5,353	1.6 %
Sekisui House, Ltd.	5,343	1.6 %
Tokio Marine & Nichido Fire Insurance Co., Ltd.	5,292	1.6 %
NGK SPARK PLUG Co., Ltd.	5,095	1.5 %

(Note) Treasury stock (15,891,872 shares) has been excluded when calculating the percentages of shares held.

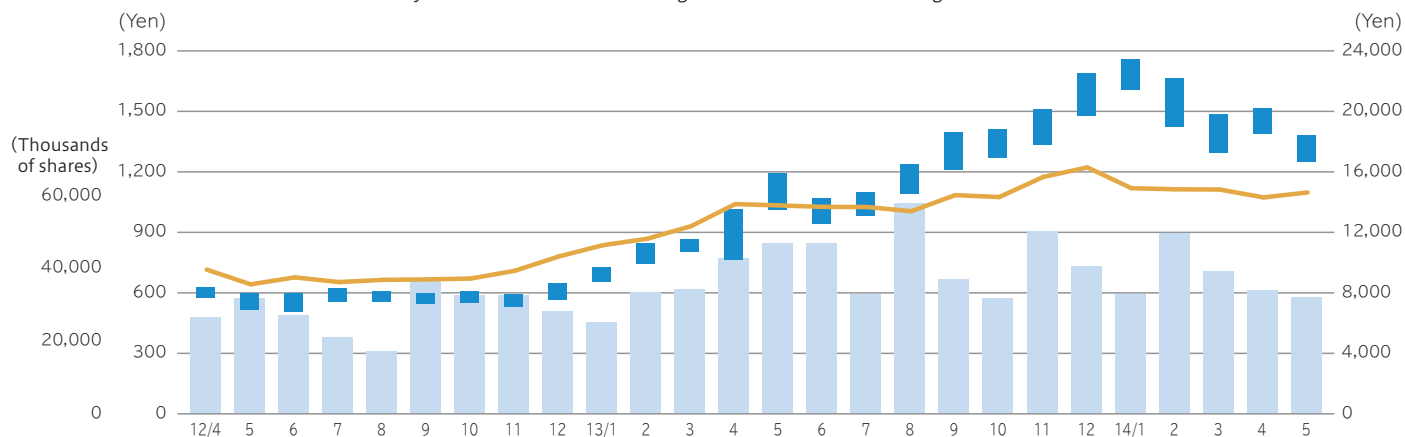
Composition of Shareholders

(million shares)




Changes in Stock Price and Trading Volume

■ Turnover of Common Stock (Total monthly turnover) ■ Stock Price Range ■ Nikkei 225 Stock Average



External Evaluation & Rating Information

[Detailed webpage](#)
 Evaluation by external parties

Following is a description of the main awards, recognition and ratings received from external organizations for the TOTO Group's product technology (manufacturing) and business activities over the three-year period from fiscal 2011 until fiscal 2013.

Recognition for Product Technology

[Technology and the environment]

- New West building of the Shiga Plant received top award, Minister of Economy, Trade and Industry Prize, in the energy-saving activities category of the FY2013 Energy Conservation Grand Prize [FY2013]



- Air-in-Shower received Steering Committee Chairperson's Award in the eco-products category at the 9th Eco Products Awards, and the Chairman Prize of ECCJ in the product and business model category at the FY2012 Energy Conservation Grand Prize [FY2012]



- Washlet G, the first-generation Washlet, was certified as Mechanical Engineering Heritage from the Japan Society of Mechanical Engineers [FY2012]

First-generation Washlet G



[Product design]

- Neorest (GH/XHII/750H) toilets, CI CONTEMPORARY Faucets, and C Series Lavatory/Bath equipment for overseas markets received iF product design Award [FY2013]



- Overhead Shower, Hand Showers, CI CONTEMPORARY Faucets, and CII CLASSIC Faucets intended for overseas markets received Reddot Design Awards [FY2013]



Washlet D Shape, a toilet seat with a warm-water washing feature intended for overseas markets [FY2012]

Recognition and Ratings for Business Activities

[CSR activities]

- Designated with a Gold Class CSR rating by RobecoSAM [FY2013]



[SRI evaluation]

- Included in the Dow Jones Sustainability World Index, DJSI World [Third consecutive year since FY2011]



- Selected as a PIONEER in the Ethibel Investment Register [FY2013]



[Environmental management]

- Selected in the Carbon Disclosure Leadership Index of the CDP Japan 500 Climate Change Report. [Second consecutive year since FY2012]



[Logistics]

- Efforts for logistics innovation received Logistics Grand Prize from the Japan Institute of Logistics Systems [FY2012]



[Employment of people with disabilities]

- SUNAQUA TOTO Co., Ltd. received the 2013 Award from the Minister of Health, Labour and Welfare as a business displaying excellence in the employment of disabled persons [FY2013]



Global Environment Goals

[Detailed webpage](#)
 TOTO Global Environmental Vision

 TOTO Global Environment Goals

TOTO Global Environmental Vision



Global Environment Goals

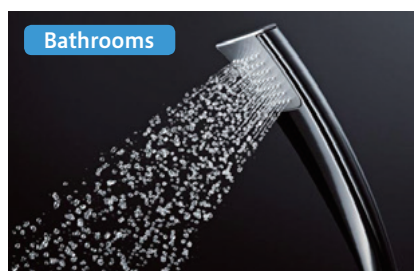
FY2017 TOTO Group Global Environment Goals

Conserving Water	<ul style="list-style-type: none"> ● Reduce the amount of water consumed during product use by 1.3 billion m³ (due to improved performance compared to 1990) ● Shipment ratio of water-saving toilets (4.8L or less per flush) Japan: 70%, Overseas: 80% 	Preventing Global Warming	<ul style="list-style-type: none"> ● Reduce CO₂ emissions during product use by 5.63 million t (due to improved performance compared to 1990) ● Total CO₂ emissions from business sites: 352,000t Using policies, reduce CO₂ emissions by 29,000t (compared to FY2013)
Conserving Natural Resources	<ul style="list-style-type: none"> ● Promote zero emissions Recycling rate in manufacturing plants Japan 99%, Overseas 90% 	Keeping the Earth Clean	<ul style="list-style-type: none"> ● Control the release of hazardous chemical substances (Japan) Violation of environmental laws 0
Conservation of Biodiversity	<ul style="list-style-type: none"> ● Using raw materials with consideration to biodiversity (Japan) Using 100% legal and renewable materials in products 	Contribution to Local Communities	<ul style="list-style-type: none"> ● Resolve social and regional issues that originate in the environment, in collaboration with stakeholders in each country/region Number of Green Volunteer participants globally 55,000

Examples of environmental technology of the TOTO Group used to achieve its global environment goals (Reducing water use and CO₂)



Tornado Flushing technology (water-saving toilet)



Air-In technology (Air-In Shower)



Eco cap technology (Aqua Auto Faucet)

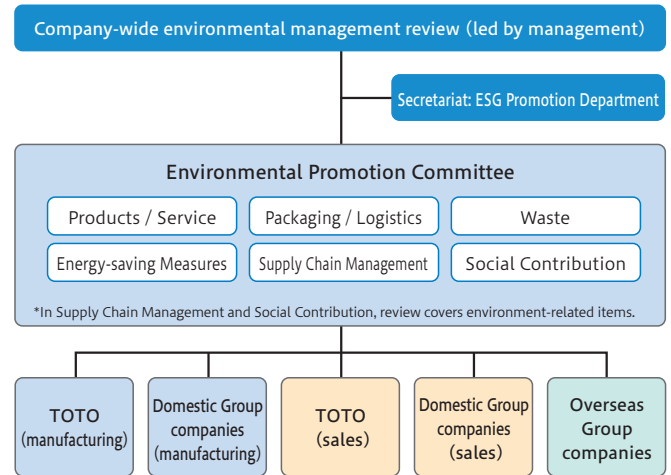
Environmental Management

[Detailed webpage](#)  Environmental Management System

Environmental Management System

The TOTO Group has adopted the following management system for advancing environmental conservation activities. Company-wide environmental management reviews led by management are conducted twice a year within the Management Committee. Here, discussion is held on TOTO's progress toward achieving company-wide environmental goals, as well as on important matters relating to the continual improvement of the management system. As for technical matters, technical subcommittees have been established to lead the entire TOTO Group, including domestic and overseas Group companies, with respect to objectives and measures.

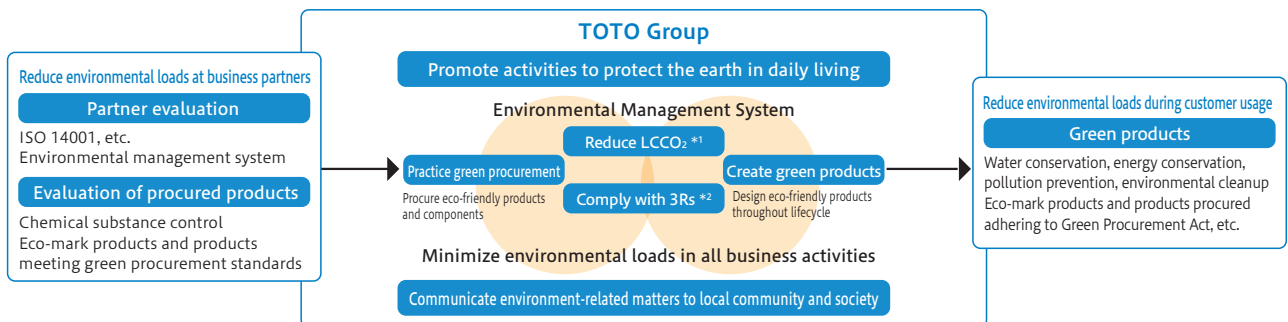
The TOTO Group has gained unified ISO 14001 certification, with a focus on our manufacturing divisions (including domestic manufacturing Group companies) and plant management divisions. Continual improvements are made to our environmental management system in order for the PDCA cycle to function effectively across the entire TOTO Group.



Environmental Conservation Activities

[Detailed webpage](#)  Global Environmental Policy

The TOTO Group promotes activities to reduce environmental impact in all business processes.



*1 LCCO₂ (lifecycle CO₂): Amount of CO₂ emitted throughout entire lifecycle

*2 3Rs: Reduce, Reuse, Recycle

Development of Eco-friendly Products

TOTO Group products are things that people are certain to use every day.

The TOTO Group therefore upholds a comfortable environment for people's everyday lives while at the same time actively working to develop and promote the widespread adoption of green products that protect the global environment without people even realizing it.

We develop environmentally friendly products based on independent product and environmental assessment criteria, which includes calculating CO₂ emissions using lifecycle assessments* from the product planning and design stages.

Product and Environmental Assessment

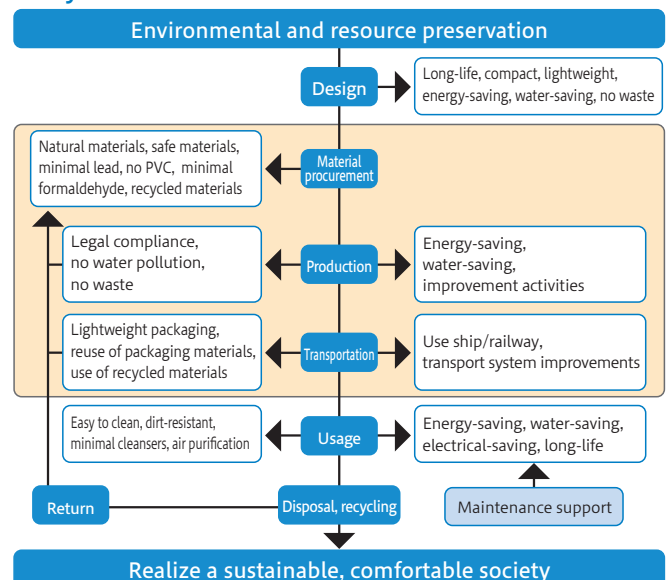
LCCO ₂ (Lifecycle CO ₂)		Energy-saving
Water-saving	Pollution prevention	Environmental purification
3Rs Reduce Reuse Recycle · Weight saving · Resource recycling · Decomposability · Material indication		

*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

[Detailed webpage](#)  Development of Environmentally-friendly Products


 TOTO Green Story

Lifecycle Assessment for TOTO Green Products



Performance against the Global Environmental Action Plan

[Detailed webpage](#)

 Global Environmental Action Plan
(Medium-term plan)

Environmental Action Plan

In 1991, the Global Environmental Conservation Committee was set up and its first action plan was determined and released. From then on, plans related to the environment have been formulated and implemented approximately every three years in line with mid-term management plans. The 8th Global Environmental Action Plan results of activities until fiscal 2013 achieved all targets except for one item. In accordance with the TOTO Global Environmental Vision that was newly set up to expand these activities globally, the 9th Global Environmental Action Plan has been drawn up from fiscal 2014 and activities have begun.

9th Environmental Action Plan, and former (8th) Environmental Action Plan and results

			9th Global Environmental Action Plan Dash (-) indicates target not set in 9th Plan		8th Global Environmental Action Plan Dash (-) indicates new target set in 9th Plan		
	Evaluation index (KPI)	Category	Baseline	FY2017 target	FY2013 target	FY2013 actual result	Evaluation
Respect the value of water	[New] Global reduction in amount of water consumed when using products (contribution from improvement in product performance since 1990)	Global	FY1990 0m ³	1.3 billion m ³	—	—	—
	[New] Global ownership of water-saving toilets (4.8L or less)	Japan	FY1990 0%	70%	—	—	—
		Overseas	FY1990 0%	80%	—	—	—
Prevent global warming	[New] Global reduction in CO ₂ when using products (contribution from improvement in product performance since 1990)	Global	FY1990 0t	5,630,000t	—	—	—
	Rate of reduction in CO ₂ when using core products (domestic housing)	Japan	—	—	Reduce by 44% (versus FY1991 levels)	Reduce by 48% (versus FY1991 levels)	○
	[New] CO ₂ emissions in global manufacturing	Global	FY2013 313,000t	352,000t	—	—	—
	[New] Reduction in CO ₂ emissions in global manufacturing	Global	FY2013 0t	29,000t	—	—	—
	Rate of reduction in CO ₂ emissions in manufacturing	Japan	—	—	Reduce by 41% (versus FY1991 levels)	Reduce by 41.5% (versus FY1991 levels)	○
	Rate of reduction in CO ₂ emissions in manufacturing	Overseas	—	—	Reduce by 2% (versus FY2014 levels)	Reduce by 7.6% (versus FY2014 levels)	○
	Reduction of fuel used for transportation by TOTO Group	Japan	FY2009 0%	Reduce by 9%	Reduce by 4.4% (versus FY2010 levels)	Reduce by 6.6% (versus FY2010 levels)	○
	Rate of progress in reduction plan of transportation fuel	Overseas	Progress	100%	66%	66%	○
Respect the value of resources	Reduction rate of waste per basic unit of production at production sites	Japan	FY2013 0%	Reduce by more than 3%	Reduce by 2% (versus FY2012 levels)	Reduce by 22% (versus FY2012 levels)	○
	[New] Recycling rate in production sites	Japan	FY2013 Over 99%	99%	—	—	—
	Rate of progress in recycling plan	Japan	—*1	—*1	66%	66%	—
	[New] Recycling rate in production sites	Overseas	FY2013 70%	90%	—	—	—
Do not pollute the earth	Control of chemical substance emissions at business sites ⇒Number of related environmental law violations	Japan	—*2	—*2	Number of cases of violations of environmental laws: 0	Number of cases of violations of environmental laws: 0	○
	Control of chemical substance emissions in products ⇒Number of related environmental law violations	Japan	—*2	—*2	Number of cases of violations of environmental laws: 0	Number of cases of violations of environmental laws: 0	○
Biodiversity	[New] Percentage of "legal + recycled materials" used *Legal materials include material from certified forests	Japan	FY2013 90%	100%	—	—	—
	Rate of progress in green procurement plan	Japan	—*3	—*3	66%	66%	○
Social contribution	[New] Number of Green Volunteers participants globally	Global	FY2013 38,800	55,000	35,000 (domestic)	38,800 (domestic)	○
	Number of trees planted (Cumulative)	Japan	—	—	22,500	18,300	×

*1 Target will be set as recycling rate of production sites in future *2 It won't be set as a target but we will continue to achieve zero cases of violations of environmental laws

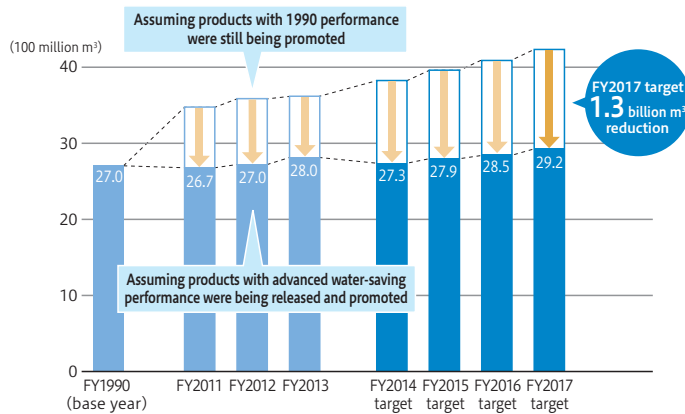
*3 Target will be set as percentage of "legal + recycled materials" used in future

Evaluation:

○...Achieved FY2013 targets

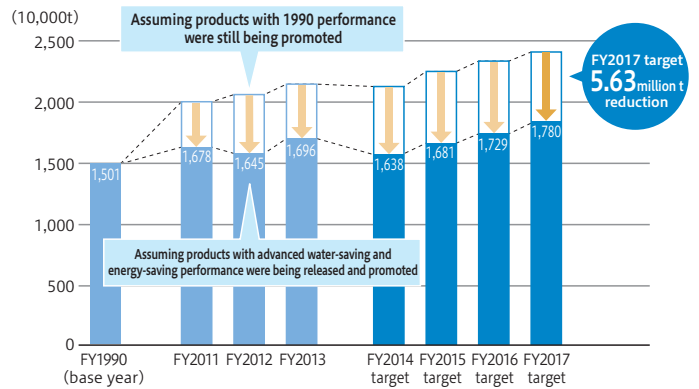
×...Not Achieved FY2013 targets

Contribution to global water-saving from improvement of water efficiency of products



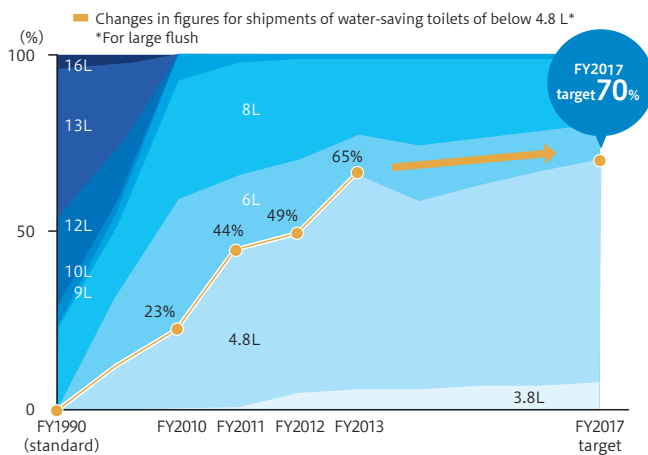
*Total water consumption during product use is calculated using the water consumption during the period of product use for all products shipped during a particular year. (Excluding water consumption of some products which their use is unknown)

Contribution to global reduction in CO₂ emissions from improvement in water and energy efficiency of products

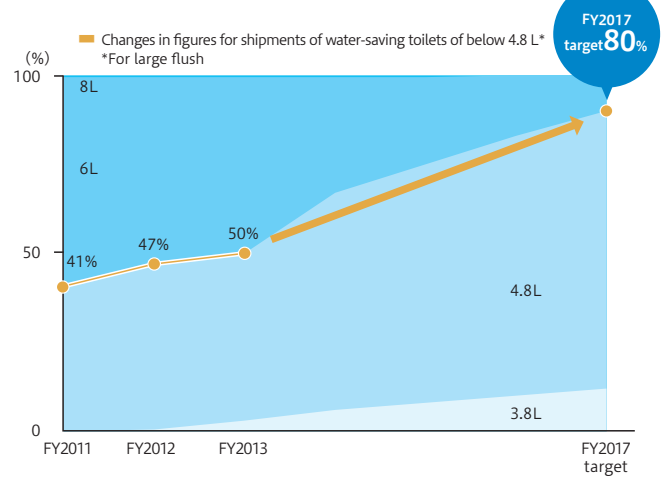


*Total CO₂ emissions during product use is calculated using the amount of energy (electricity and gas) and water used during the period of product use for all products shipped during a particular year. (Excluding CO₂ emission of some products which their use is unknown)

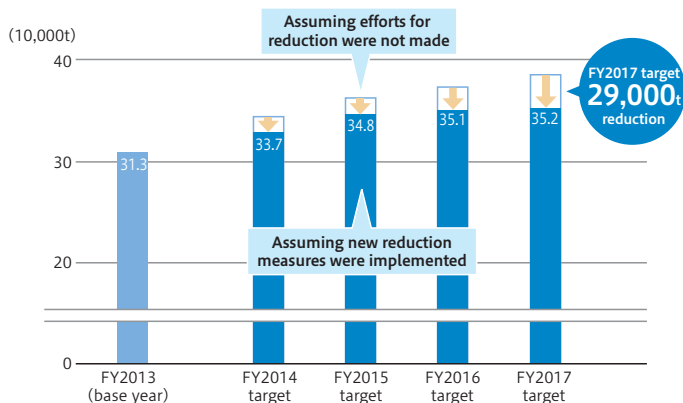
Shipment rate of toilets by quantity of water per flush (Japan)



Shipment rate of toilets by quantity of water per flush (Overseas)

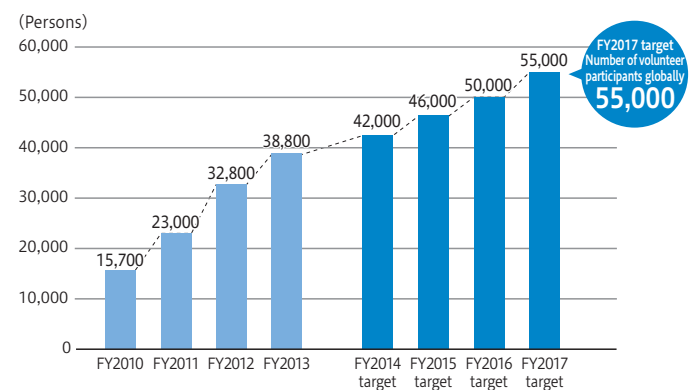


Contribution to global reduction in CO₂ emission from business sites



*The CO₂ emission equivalent for Japan is the coefficient in the Act of Promotion of Global Warming Countermeasures (however, electricity is 0.378 Kg-CO₂/kWh), and for overseas, it is the coefficient in the GHG Protocol 2005. Some of the past data is based on estimated figures.

Number of Green Volunteer participants globally

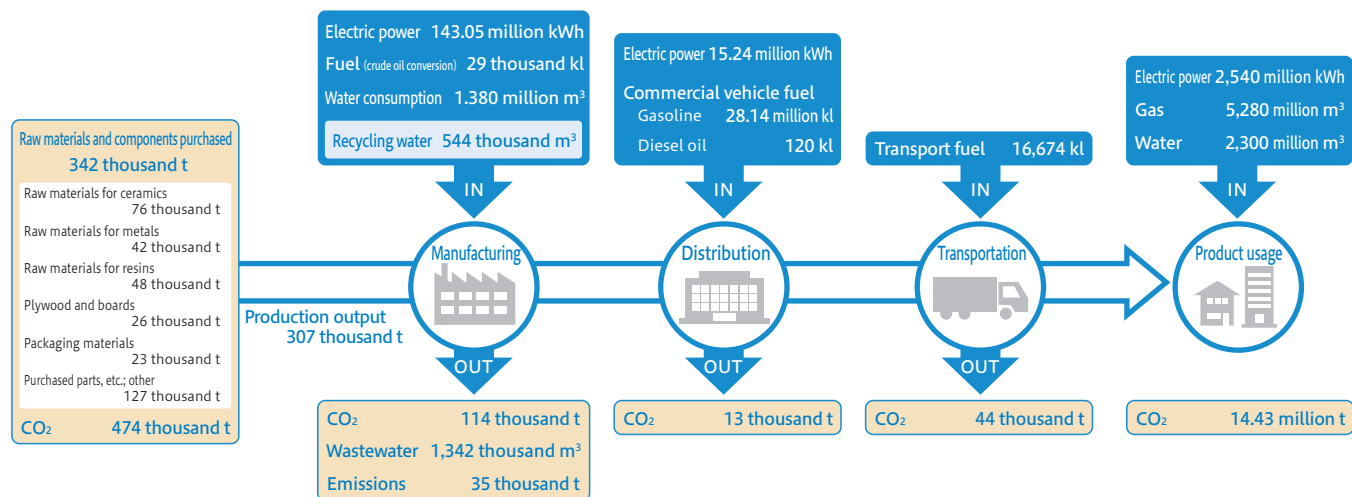


*Number of participating employees and stakeholders (single year cumulative)

Overview of Environmental Loads

(Scope of Reporting for FY2013: TOTO and Domestic Group Companies)

[Detailed webpage](#) Manufacturing Related Initiatives



Total amount of CO₂ emitted in activities from production to distribution (including CO₂ emissions from raw materials) 645 thousand t

Note:

- This report covers TOTO and TOTO Group companies in Japan.
- TOTO used a CO₂ conversion factor for calculating electric power of 0.378kg CO₂/kWh in accordance with the Law Concerning the Promotion of Measures to Cope with Global Warming.
- Transport fuel management includes all domestic Group production companies, including Group companies that are not specified shippers.
- The INPUTs and OUTPUTs during the usage phase are the total amounts of energy (electricity, gas) and water consumed during product use for all products shipped in fiscal 2013, plus the amount of CO₂ emissions attributable to this.

Environmental Accounting

(Scope of Reporting for FY2013: TOTO and Domestic Group Companies)

[Detailed webpage](#) Environmental Accounting

TOTO practices environmental accounting that utilizes a corporate operating manual created based on the Japanese Ministry of the Environment guidelines.

■ Investment for the applicable period: ¥34.58 billion ■ Total R&D costs: ¥17.42 billion

(¥ million)

Environmental conservation costs				Economic benefits	Environmental conservation benefits
Category	Major initiatives	Investment	Cost		
① Costs by business area					
Pollution prevention costs	Prevention of air, water and soil contamination, etc.	48.7	341.0	0.6	—
Environmental conservation costs	Prevention of global warming, energy conservation, etc.	280.4	45.9	0.0	Energy Reduction (CO ₂ conversion) 3,486t
Resource recycling costs	Efficient use of resources, reduction of waste, recycling, etc.	0.0	552.2	141.4	Quantity of recycling water 54,400m ³
② Upstream and downstream costs	Green procurement	0.0	0.3	7.2	10,000 uniforms were made from recycled fiber that came from 24,000 discarded plastic bottles.
	Product transport, etc.	5.2	172.0	132.5	—
③ Management costs	Environmental management system, environmental education, afforestation, etc.	1.7	271.7	0.0	—
④ R&D costs	R&D of environmentally friendly products, etc.	14.8	110.7	0.0	—
⑤ Social activity costs	Nature conservation, afforestation, donation to organizations, etc.	0.0	39.0	0.0	—
⑥ Environmental damage costs	Reserve for environmental damage, etc.	0.0	1.1	0.0	—
Total		350.8	1,533.9	281.7	

● Concerning calculation of environmental conservation costs and effects

- Results are recorded monthly in conjunction with the monthly accounting system.
- Economic benefits with minimal basis for calculation, including assumed profits, have been excluded.
- Depreciation expenses are included in investment amounts and have therefore been omitted from environmental conservation costs to avoid duplication.
- Development costs within R&D expenditures for TOTO green products were excluded from the scope of reporting in order to avoid overestimation.

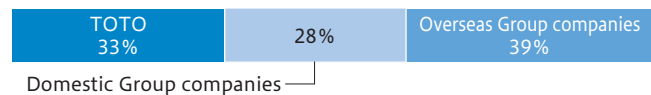
Human Resources/Safety Related Data

[Detailed webpage](#)
 All Employees Together

Employee Composition

At the TOTO Group, all persons working for the TOTO Group are referred to as "employees."

By Organization (as of March 2014)

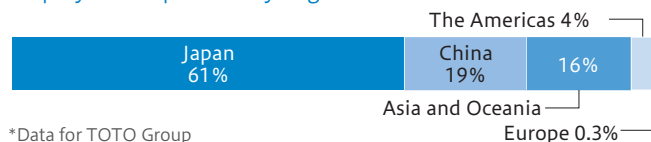


By Employment Type (as of March 2014)



*Data for TOTO Group (Japan)

Employee Composition by Region (as of March 2014)



*Data for TOTO Group

Age and Length of Service

	March 2012		March 2013		March 2014	
	Male	Female	Male	Female	Male	Female
Average age	44.0	38.6	44.3	39.0	43.8	39.7
Average length of service (years)	18.5	12.3	18.7	12.7	19.3	13.3

*Data for regular/contract employees of TOTO LTD.

Number of New Graduate Recruits

	FY2012		FY2013		FY2014	
	Male	Female	Male	Female	Male	Female
TOTO LTD.	98	32	89	33	93	31
Domestic Group companies	48	27	58	25	95	28
Total	146	59	147	58	188	59

*Data for TOTO Group (Japan)

Employee Turnover Rate

	March 2012	March 2013	March 2014
Employee Turnover Rate	1.2%	1.2%	1.1%

*Data for regular employees of TOTO LTD.

TOPICS

Evaluation of Human Resources Activities

The TOTO Group promotes diversity, human resource development, work-life balance and mental and physical health so that all employees can exhibit their full potential.

As a result, in 2012, TOTO received the 6th Annual Grand Prize for Work-Life Balance, sponsored by the Japan Productivity Center and, in 2013, TOTO was selected as one of the first "Diversity Management Selection 100" sponsored by the Japanese Ministry of Economy, Trade and Industry. TOTO has also obtained the Japanese Ministry of Health, Labour and Welfare's "Kurumin" certification in recognition of its activities in support of child rearing.



Promoting a Good Work-Life Balance

Percentage of Paid Holidays Taken

	FY2011	FY2012	FY2013
Percentage of paid holidays taken	75.5%	73.5%	74.2%

*Data for regular/contract employees of TOTO LTD.

Work Hours

	March 2012	March 2013	March 2014
Standard working hours per year	1,894.86 hours per person	1,894.86 hours per person	1,894.86 hours per person
Hours actually worked per year	1,915.47 hours per person	1,915.49 hours per person	1,989.11 hours per person
Average overtime hours per month	13.5 hours per person	13.8 hours per person	20.1 hours per person
Number of paid holidays taken per year	13.6 days per person	13.5 days per person	13.5 days per person

*Data for regular employees of TOTO LTD.

Number of People Using Reduced Work Hour and Leave Systems

	March 2012		March 2013		March 2014	
	Male	Female	Male	Female	Male	Female
Childcare leave	1	167	2	170	6	186
Reduced work hours for childcare	2	200	1	245	0	262
Nursing care leave	1	1	1	2	0	4
Reduced work hours for nursing care	1	4	0	3	0	4
Volunteer leave	52	8	30	5	24	8

*Data for regular/contract employees of TOTO LTD.

Promoting Diversity in the Workplace

	March 2012	March 2013	March 2014
Number of persons with disabilities / rate of said persons employed*1	227 1.90%	242 2.12%	267 2.40%
Percentage of female managers*2	3.9%	4.6%	5.1%

*1 Data for TOTO Group (Japan)

*2 Data for regular employees of TOTO LTD.

Promoting Safety and Health

Work-related Accident Frequency/Severity Rate in Japan

		FY2011	FY2012	FY2013
Frequency rate	All industries	1.62	1.59	1.58
	All manufacturing sectors	1.05	1.00	0.94
	TOTO Group	0.16	0.12	0.21
Severity rate	All industries	0.11	0.10	0.10
	All manufacturing sectors	0.08	0.10	0.10
	TOTO Group	0.003	0.004	0.008

Work-related Accident Frequency Rate for Overseas Business Group

	FY2011	FY2012	FY2013
Frequency rate	0.31	0.15	0.12

*Frequency rate: number of persons affected by accidents per 1 million working hours

*Severity rate: number of lost days per 1,000 working hours

Overview of Domestic Housing Equipment Business

Overview

As Japan's population ages and its birthrate declines, and as it continues to transition to a stock-based society with a declining number of new housing starts, we will further accelerate our remodeling strategy, which is one of TOTO's strengths. In addition to further evolving our Green Remodel Evaluations, which have been very well received as a tool differentiating TOTO from its competitors, we will continue to strengthen our

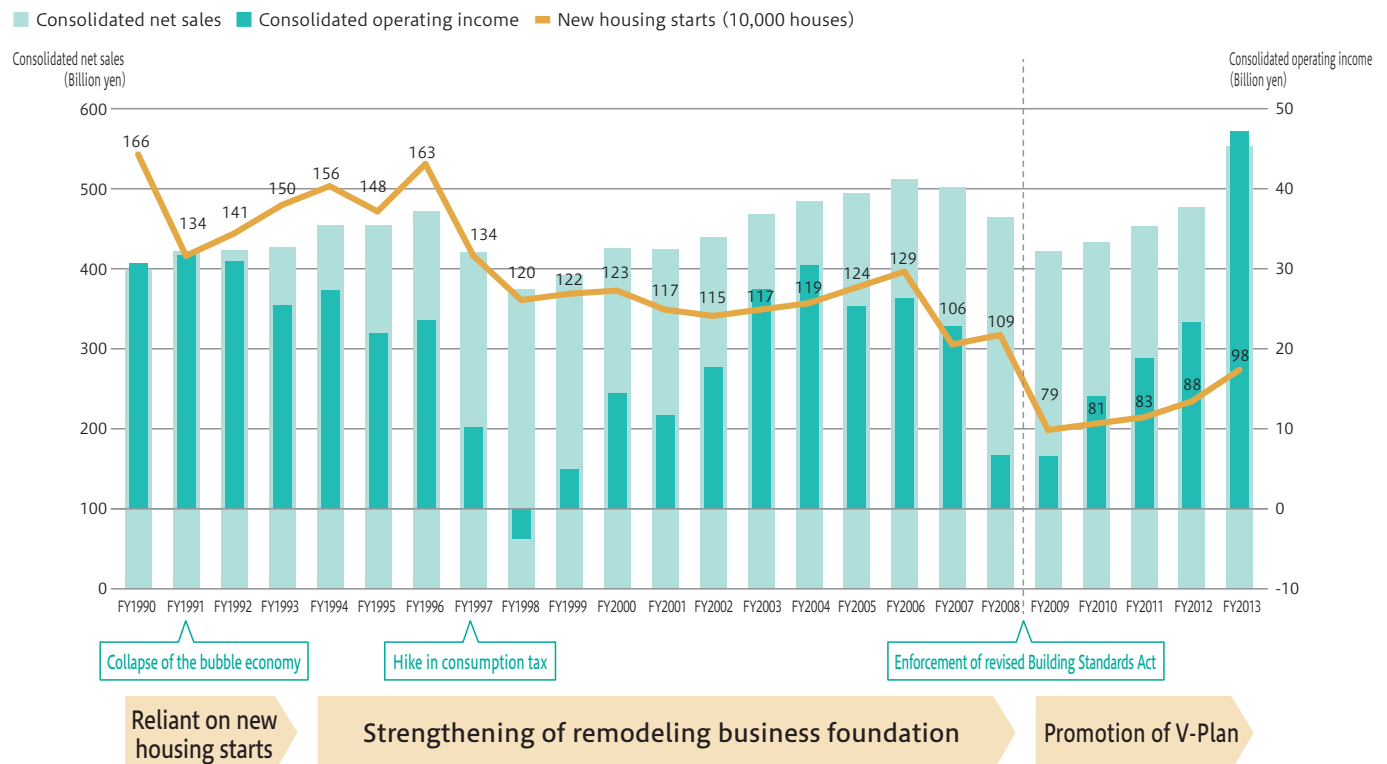
remodeling businesses specific for each customer group, such as remodeling proposals targeted at "active senior" citizens with a view to a super-aging society, remodeling previously owned homes for the purpose of putting them on the market, and remodeling targeted at public facilities. By doing so, we will achieve sustained growth and build a highly profitable corporate structure.

Net Sales and Operating Income

(Unit: Billion yen)

		FY2009 (March 31, 2010)	FY2010 (March 31, 2011)	FY2011 (March 31, 2012)	FY2012 (March 31, 2013)	FY2013 (March 31, 2014)	FY2017 Target
Remodeling	Net sales	236.2	248.0	248.4	258.1	293.0	323.0
	Operating income	6.7	11.5	14.2	18.2	29.8	33.7
New houses	Net sales	117.9	113.0	126.9	128.6	140.9	132.0
	Operating income	(2.0)	(0.5)	2.9	3.4	6.2	3.3
Total domestic housing equipment	Net sales	354.1	361.0	375.4	386.8	433.9	455.0
	Operating income	4.7	11.0	17.2	21.6	36.1	37.0

Domestic Housing Starts versus TOTO's Business Performance



Overview of Overseas Housing Equipment Business

Overview

The overseas housing equipment business will drive growth for the TOTO Group, leading to the growth of business in the Americas, China, Asia/Oceania and Europe, as well as cultivating new markets. In addition to building a structure to locally develop, produce and sell the most suitable products for each

region and which respects the local culture and lifestyles, we will strengthen our overall business foundation using a three-step marketing strategy of brand awareness, market penetration and establishment of a luxury brand.

Net Sales and Operating Income

(Local currency basis) (Unit: Billion yen)

		FY2009 (March 31, 2010)	FY2010 (March 31, 2011)	FY2011 (March 31, 2012)	FY2012 (March 31, 2013)	FY2013 (March 31, 2014)	FY2017 Target
Americas (million dollars)	Net sales	192.9	194.9	191.9	206.6	232.4	40
	Operating income	4.4	3.5	(8.3)	3.8	11.8	2.5
China (billion yuan)	Net sales	1.79	2.25	2.74	2.91	3.14	71
	Operating income	0.43	0.62	0.59	0.57	0.72	14
Asia and Oceania (million dollars)	Net sales	94.3	127.6	153.8	163.2	175.4	36
	Operating income	12	14.9	15	9.5	27	5
Europe (million euros)	Net sales	13.7	16	19.4	23.2	26.1	11
	Operating income	(12.4)	(17)	(7.8)	(7.9)	(5.6)	—
Exchange rates	1 dollar	92.1yen	81.5yen	77.7yen	86.6yen	105.4yen	
	1 yuan	13.5yen	12.3yen	12.3yen	13.9yen	17.4yen	
	1 euro	132.0yen	107.9yen	100.7yen	114.7yen	145.1yen	

Marketing Strategy for the Overseas Housing Equipment Business



Overview of New Business Domains

[Detailed webpage](#)

Research and Development

Overview

We are pushing ahead with growth for the next generation, leveraging TOTO's "Only One" technologies which have been cultivated in the manufacture of sanitary ware.

In our Advanced Ceramics Business, we will further enhance our worth as a supplier of key components to customers who have expectations for greater product quality and performance.

In the Green Building Materials Business, we will expand TOTO's HYDROTECT environmental cleaning technology into building materials and paints, and increase our contribution to the environment while furthering the dissemination of HYDROTECT in Japan and overseas. We also aim for the rapid commercialization of our Fuel Cell Business.

Net Sales and Operating Income

(Unit: Billion yen)

		FY2009 (March 31, 2010)	FY2010 (March 31, 2011)	FY2011 (March 31, 2012)	FY2012 (March 31, 2013)	FY2013 (March 31, 2014)	FY2017 Target
Ceramics	Net sales	5.5	7.7	5.3	5.2	9.0	13.0
	Operating income	(1.7)	(0.6)	(1.3)	(2.0)	(0.6)	1.3
Green building materials	Net sales	9.5	8.8	9.1	8.8	8.9	15.5
	Operating income	(1.0)	(1.5)	(1.5)	(1.5)	(0.9)	1.7
Total of new business domains	Net sales	15.0	16.5	14.4	14.1	18.0	37.0
	Operating income	(2.7)	(2.1)	(2.9)	(3.5)	(1.5)	3.0

Description of Businesses

Advanced Ceramics Business



Receptacles



Electrostatic chucks

Areas of development

- Electrostatic chucks (structural elements used in equipment for manufacturing plasma displays and semiconductors)
- Receptacles supporting the optical communication infrastructure

Markets / strengths

- Accommodates the shift to higher definition images and increases in data telecommunications resulting from the popularization of smartphones and tablet PCs

Green Building Materials Business



HYDROTECT



HydroCera

Areas of development

- Exterior building materials, large ceramic slabs, licensing business
- #### Strengths
- Technology that uses photocatalysts harnessing the power of light and water to create a clean environment for the Earth and for our lives
 - Coating buildings or building materials with a layer of HYDROTECT is beneficial for the global environment, such as air purification

Fuel Cell Business



Fuel cell power generation module

Areas of development

- SOFC power generation module

Markets / strengths

- Environmentally, fuel cells show promise as a next-generation energy technology
- TOTO has established a method for manufacturing cells applying the technologies used in the manufacture of ceramic sanitary ware, and fitted it with a ceramic cell stack (solid-oxide fuel cell (SOFC)) with excellent power generation efficiency

Remodeling

[Detailed webpage](#)
 Remodeling [in Japanese only]

Overview


In 1993 following the collapse of the bubble economy, TOTO issued its Remodeling Declaration. This was an announcement within and outside the organization that TOTO would address the business issue of transitioning to a management structure that is not dependent on new construction demand, by engaging in the remodeling business, providing customers with new lifestyle value. The core components of the remodeling strategy are TOTO showrooms and Remodel Club branches.

Showrooms are places for demonstrating the value of TOTO products to customers. In addition, they also function to stimulate actual demand for remodeling (turning customers' dreams into reality). Furthermore, as the customer plays a leading role in remodeling, it is essential that the process be

community-based, and so we have established 104 showrooms throughout Japan.

The remodeling strategy cannot be realized by TOTO alone. There needs to be a strong partnership with community-based contractors who are able to maintain close communication with customers and fulfill their wishes. Therefore, in 1994, the year following the Remodeling Declaration, TOTO became the first in the industry to launch the Remodel Club, a network of firms that provide local customers with comprehensive support, from providing remodeling proposals, through to construction and after-sales service. Marking its 20th anniversary this year, the Remodel Club has grown into a network of more than 5,000 branches.

Nationwide Spread of Showrooms and Number of Showrooms

[Detailed webpage](#)
 Showrooms [in Japanese only]

Chugoku District 7 showrooms

Tottori, Yonago, Okayama, Kurashiki, Hiroshima, Fukuyama, Yamaguchi

Shikoku District 5 showrooms

Tokushima, Takamatsu, Matsuyama, Niihama, Kochi

Shinetsu District 5 showrooms

Niigata, Nagaoka, Nagano, Matsumoto, Sakudaira

Tokai District 11 showrooms

Gifu, Shizuoka, Numazu, Hamamatsu, Nagoya, Okazaki, Toyohashi, Kasugai, Handa, Tsu, Yokkaichi

Hokuriku District 4 showrooms

Toyama, Takaoka, Kanazawa, Fukui

Hokkaido District 6 showrooms

Sapporo, Asahikawa, Tomakomai, Hakodate, Obihiro, Kushiro

Tohoku District 10 showrooms

Aomori, Morioka, Sendai, Ishinomaki Satellite, Akita, Yamagata, Shonai, Koriyama, Fukushima, Iwaki Satellite

104 showrooms nationwide

Kyushu District 14 showrooms

Fukuoka, Kitakyushu, Kurume, Fukuoka South, Fukuoka East, Saga, Nagasaki, Sasebo, Kumamoto, Oita, Miyazaki, Miyakonojo, Kagoshima, Okinawa

Kansai District 13 showrooms

Kusatsu, Hikone, Kyoto, Osaka, Sakai, Minoh, Hirakata, Kobe, Himeji, Seishin, Nara, Kashihara, Wakayama

Kanto District

Tokyo and Yamanashi 9 showrooms

Tokyo Center (Shinjuku), Tachikawa, Adachi, Ota, Mitaka, Edogawa, Nerima, Hachioji, Kofu

Kanagawa 5 showrooms

Yokohama Landmark, Atsugi, Sagami, Fujisawa, Kohoku Yokohama

Chiba and Ibaraki 8 showrooms

Kashiwa, Chiba, Kisarazu, Funabashi, Matsudo, Narita, Mito, Tsukuba

Saitama, Tochigi and Gunma 7 showrooms

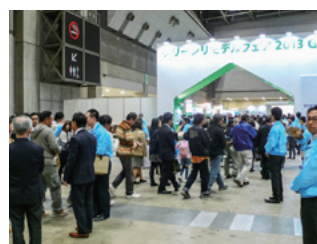
Omiya, Kumagaya, Kawagoe, Koshigaya, Utsunomiya, Oyama, Takasaki

Promotion of Green Remodeling Through TDY Alliance

[Detailed webpage](#)
 Remodel Club branches [in Japanese only]

In 2002, TOTO began the TDY alliance with DAIKEN and YKK AP. We each contributed with our own wide range of products, services and expertise in which we excel as specialist manufacturers, and together, we have opened TDY Collaboration Showrooms, conducted Green Remodel Evaluations, and organized Green Remodel Fairs.

The various measures offered through the three-way alliance are in fact used by Remodel Club branches in the form of proposals to local customers for new lifestyle value. These Remodel Club branches are therefore valuable partners to the TDY alliance for achieving reliable and trustworthy remodeling for customers.



TDY Green Remodel Fair



Showroom

Restroom

[Detailed webpage](#)
[List of Toilet Functions and Features](#) [in Japanese only]

Key Technologies

Over the 100 years since 1914, we have engaged in continued research and successfully manufactured sanitary ware from our founder's desire to help people lead healthy, enlightened lives. Since then, as a result of continuously creating customer value by pursuing greater comfort, greater dirt resistance and greater

water efficiency, Restroom business have consistently supported TOTO's business base. We will continue to engage in various R&D into the future so as to keep providing customers with new values.

Twin Tornado Cleansing technology

The swirling tornado stream uses a small amount of water effectively to efficiently clean even tough stains. It thoroughly cleans the entire inside of the toilet bowl.



CeFiONtect

The surfaces of toilet bowls are smoothed by special glazing to remove any unevenness, making them resistant to stains and achieving ideal self-cleaning ability. These effects are long-lasting.



Antibacterial electrolyzed water

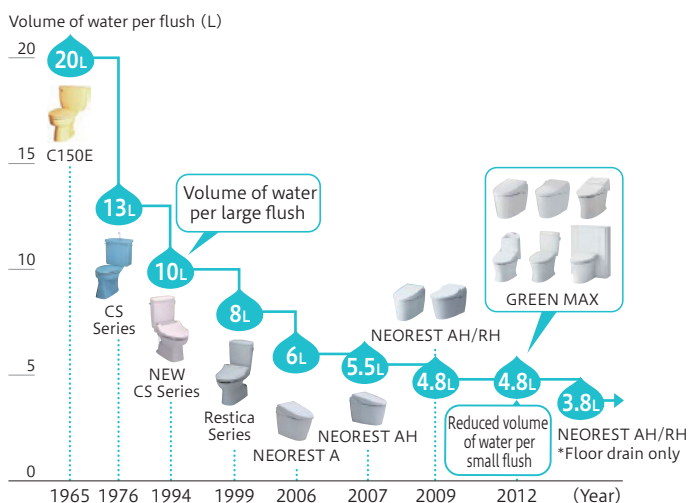
Each time a toilet is flushed and whenever it is not used for eight hours, the surface of the toilet bowl is automatically sprayed with a mist of "antibacterial electrolyzed water" which keeps the toilet bowl clean for longer.



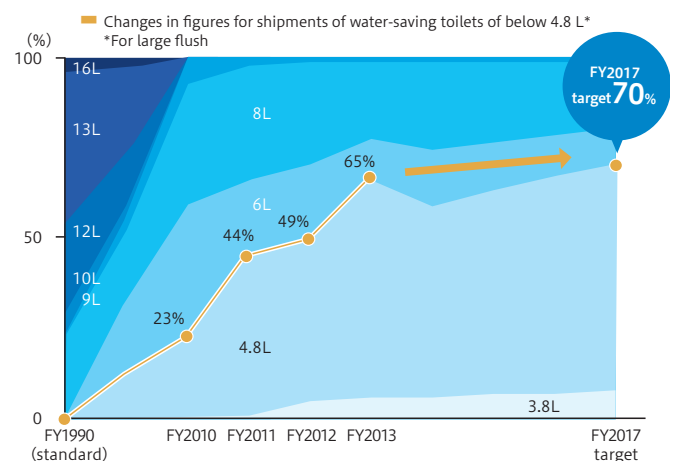
The Evolution and Spread of Water-saving Technology

[Detailed webpage](#)
[Toilet Water-saving Initiatives](#)

The evolving water-saving performance of toilets in Japan



Changes in figures for shipments of domestic water-saving toilets



Bathroom

[Detailed webpage](#)

 Bathroom Points of Recommendation [in Japanese only]

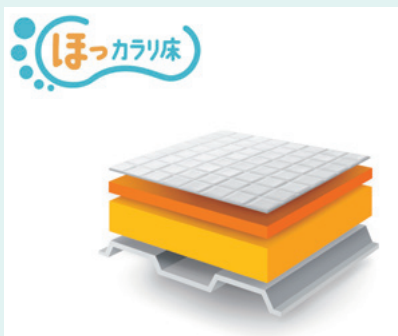
Core Products and Technology

Fifty years have passed since TOTO developed and supplied the industry's first prefabricated bathrooms in 1964. Since then, we have continued to lead the industry in developing various technologies and functions in pursuit of comfort for our customers. Our aim is to provide customers with products of

choice time and again, by being the number one company in four areas: affordable price, beautiful design, and quality and function which will long satisfy customers as they continue to use the products for decades to come.

Hokkarari floors

Double layered thermal insulation shuts out chills coming up through the floor to keep it warm. Hokkarari floors are soft like tatami mats so as to make them slip-resistant and dry completely by the next morning after bathing.



Air-in-Shower

Air-in-Shower technology uses approximately 35% less water than TOTO's conventional showers. Aerating the water makes larger water droplets providing users with an enjoyable shower experience.



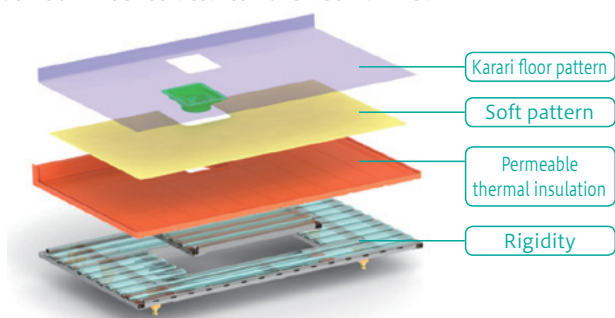
Insulated thermal pot "Mahobin" bathtub

By wrapping bathtubs with an insulating material, the drop in water temperature can be kept to less than 2.5°C even after four hours. A bath drawn in the evening will still be nice and warm later at night.



Platforming Floor Structures

Since the SAZANA bathroom line, which was released in 2012, TOTO has promoted platforming (standardization/unification) to drastically change the conventional floor structure of its prefabricated bathrooms. By adopting a "functionally divided layered structure," we have reduced the burden of development, and by standardizing components, we have boosted production efficiency and succeeded in achieving uniform quality. We have also applied this to new TOTO products, such as the "SYNLA" bathroom range released in 2013. Currently, about 80% of bathroom floor structures have been unified.



Functionally divided layered structure

Design Based on Human Engineering

The Cradle Bathtub is designed to provide bathers with cradle-like comfort. It has been designed based on human engineering. For instance, the headrest is raised to pleasantly support the neck and shoulders, and the side profile dips lower to make getting into the bathtub easier, while the rim of the bathtub is shaped to support the user's arms.

[Detailed webpage](#)

 Cradle Bathtub [in Japanese only]



Cradle Bathtub

China

[Detailed webpage](#)  TOTO (China)

History of Business Expansion

1979	Delivered first products	Supplied products to the Diaoyutai State Guesthouse in Beijing
1994	Constructed first plant	Established manufacturing company, BEIJING TOTO Since then, TOTO has established manufacturing companies in various districts
1995	Established area supervising company	Established TOTO (CHINA) Since then, TOTO has expanded showrooms and sales network
2014	Began operations at eighth plant	Began operations at manufacturing company, TOTO (FUJIAN)

Business Sites

- ① TOTO (CHINA) CO., LTD. [Regional headquarter and Sales company](#)
- ② BEIJING TOTO CO., LTD. [Manufacturing site for sanitary ware](#)
- ③ TOTO (BEIJING) CO., LTD. [Manufacturing site for sanitary ware](#)
- ④ TOTO DALIAN CO., LTD. [Manufacturing site for fittings](#)
- ⑤ NANJING TOTO CO., LTD. [Manufacturing site for enameled cast-iron bathtubs](#)
- ⑥ TOTO (SHANGHAI) CO., LTD. [Manufacturing site for sanitary equipment-related products](#)
- ⑦ TOTO EASTCHINA CO., LTD. [Manufacturing site for sanitary ware](#)
- ⑧ TOTO (FUJIAN) CO., LTD. [Manufacturing site for sanitary ware](#)
- ⑨ TOTO (GUANGZHOU) CO., LTD. [Manufacturing site for sanitary equipment-related products](#)
- ⑩ TOTO (H.K.) LTD. [Sales company](#)



Current Position of Marketing Strategy

1st stage	2nd stage	3rd stage
Brand awareness	Market penetration	Establishment of a luxury brand
Approach involving prominent facilities	Strengthening of sales network	Strengthening of points of contact



Shanghai Technical Center



Guangzhou Technical Center



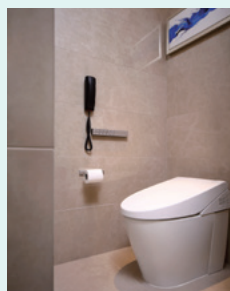
Beijing Showroom



Hong Kong Showroom

Project Reference

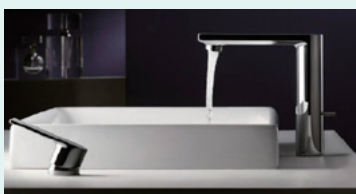
Kempinski Hotel, Yixing



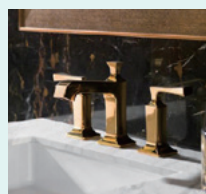
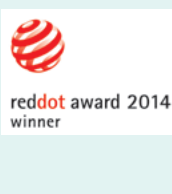
Trend Products

Our fittings are very popular due to their beautiful design. CI CONTEMPORARY faucets feature simple designs emphasizing straight lines. They fit in well in the bathroom and create a calm atmosphere. These faucets received both the Reddot Design Award and the iF Design Award.

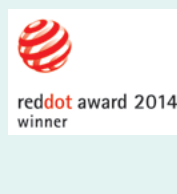
CII CLASSIC faucets feature modern functional beauty, elegant lines and gold colors. They would add flare to both traditional and modern bathrooms. These faucets won the Reddot Design Award.



CI CONTEMPORARY Faucet Series



CII CLASSIC Faucet Series



Shanghai Development Center

The Shanghai Development Center was opened in April 2013 for the purpose of manufacturing tailored to local needs and accelerating product development.



Shanghai Development Center

Water Environment Fund

TOTO is helping to resolve various regional issues. For instance, the Water Environment Fund facilitates activities for raising awareness about water conservation as well as environmental improvements for ensuring the supply of safe drinking water.



Support for the construction of facilities for drawing water for domestic use in rural areas (Shanxi Province)



Support for educational activities on water conservation, directed at primary and junior high schools

Americas

[Detailed webpage](#)



History of Business Expansion

1989	Established sales site, and begins business activities on the West Coast	Established sales site, TOTO KIKI U.S.A.
1991	Constructed plant in the United States	Established manufacturing company, TOTO Industries
1992	Increased attention focused on water conservation due to enactment of the Energy Policy Act	
2006	Strengthened the system of local consumption of locally produced goods	Established manufacturing company, TOTO MEXICO
2011	Began business activities in the fast-growing market of Central and South America	Established sales company, TOTO Do Brasil Distribuição e Comércio

Business Sites

① United States

TOTO U.S.A., INC. [Sales and Manufacturing site](#)

② Mexico

TOTO MEXICO, S.A. DE C.V. [Sales and Manufacturing site](#)

③ Brazil

TOTO Do Brasil Distribuição e Comércio, Ltda. [Sales company](#)



TOTO MEXICO



Current Position of Marketing Strategy

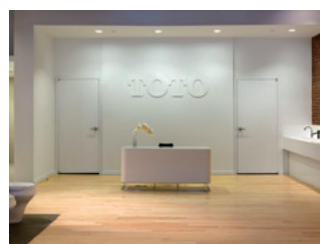
1st stage	2nd stage	3rd stage
Brand awareness	Market penetration	Establishment of a luxury brand
Approach involving prominent facilities	Strengthening of sales network	Strengthening of points of contact



Los Angeles Gallery



Chicago Gallery



Boston Gallery



New York Gallery

Project Reference

Grand Hyatt Kauai Resort and Spa, Hawaii



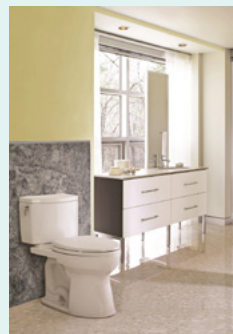
Trend Products

In the United States, where water consumption is becoming increasingly regulated, toilets that use only 3.8L (1 gallon) per flush such as the DrakeII 1G, which was released for sale in 2012, have been favorably received.

Popularity has not only been about functionality, Washlets and fittings that have a classic design attuned to bathrooms are also popular.



Vivian



DrakeII 1G



Washlet S300

Enhancement of Water-saving Toilets

TOTO has always led the industry when it comes to water-saving toilets because of their cleaning performance (flushes properly) and transportation performance (delivers properly).

In 2012, TOTO released the industry's first 1-gallon gravity flush toilet, and in 2013, we released the Neorest550H and Neorest700H integrated toilets featuring a 1-gallon large flush and 0.8-gallon small flush.



Neorest700H

Complying with Environmental Standards

Apart from some nonresidential products, almost all of TOTO's core products meet the WaterSense standards of the United States Environmental Protection Agency (EPA). TOTO is the first major manufacturer of plumbing equipment to become a member of the U.S. Green Building Council (USGBC), which aims for sustainable construction, and has promoted compliance with the Leadership in Energy & Environmental Design (LEED) certification system for environmentally-friendly construction.



Asia and Oceania

[Detailed webpage](#)
 TOTO Asia and Oceania

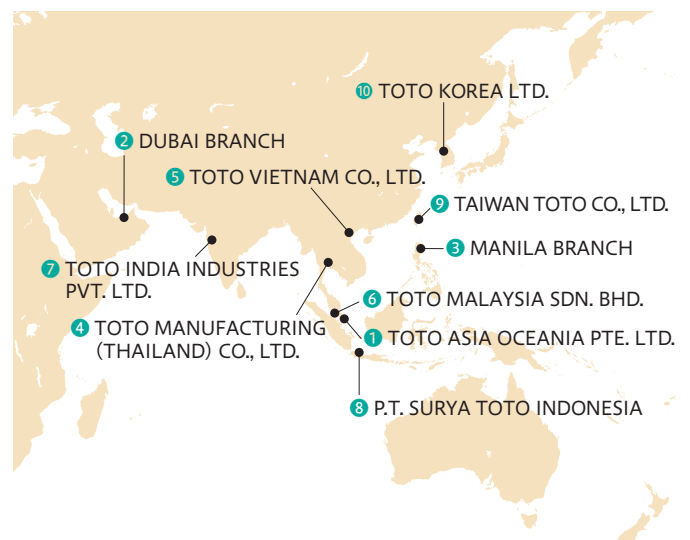
History of Business Expansion

1977	Established TOTO's first manufacturing site overseas	Established TOTO's first overseas manufacturing company (joint venture company) in Indonesia
1987		Established TAIWAN TOTO
1995		Established TOTO MALAYSIA
2001		Established TOTO KOREA
2002		Established TOTO VIETNAM
2007	Strengthened brand through expansion of showrooms	
2008	Established area supervising company to oversee strategic planning and business promotion	Established TOTO ASIA OCEANIA
2009		Established TOTO MANUFACTURING (THAILAND)
2011		Established TOTO INDIA
2014		India plant operations began

Business Sites

- ① Singapore
TOTO ASIA OCEANIA PTE. LTD. [Sales and area supervising company](#)
- ② United Arab Emirates
DUBAI BRANCH [TOTO ASIA OCEANIA PTE.LTD. Sales office](#)
- ③ Philippines
MANILA BRANCH [TOTO ASIA OCEANIA PTE.LTD. Sales office](#)
- ④ Thailand
TOTO MANUFACTURING (THAILAND) CO., LTD.
[Sales and Manufacturing site for sanitary ware](#)
- ⑤ Vietnam
TOTO VIETNAM CO., LTD. [Sales and Manufacturing site for sanitary ware](#)
- ⑥ Malaysia
TOTO MALAYSIA SDN. BHD. [Manufacturing site for toilet seat products](#)
- ⑦ India
TOTO INDIA INDUSTRIES PVT. LTD. [Sales and Manufacturing site for sanitary ware](#)
- ⑧ Indonesia
P.T. SURYA TOTO INDONESIA [Manufacturing site for sanitary ware and fittings,etc](#)

- ⑨ Taiwan
TAIWAN TOTO CO., LTD. [Sales and Manufacturing site for sanitary ware](#)
- ⑩ Korea
TOTO KOREA LTD. [Sales company](#)

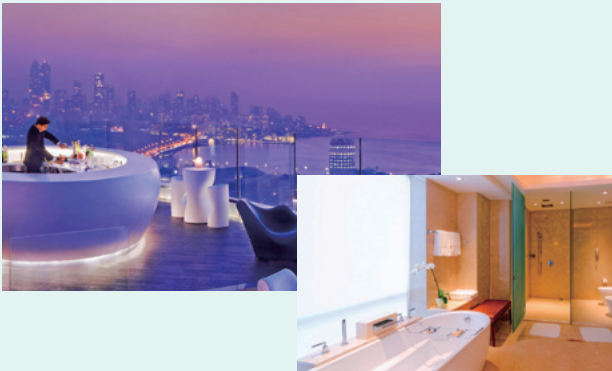


Current Position of Marketing Strategy

1st stage	2nd stage	3rd stage
Brand awareness	Market penetration	Establishment of a luxury brand
Approach involving prominent facilities	Strengthening of sales network	Strengthening of points of contact
Ex. Middle East and Emerging countries	Vietnam	Taiwan

Project Reference

Four Seasons Hotel, Mumbai



Eastern Mangroves Hotel & Spa by Anantara, Abu Dhabi



Trend Products

TOTO ECO Washers are toilet seats with a washing feature. They do not require any electrical work. They are hugely popular in Southeast Asian countries where it is warm all year round.



ECO Washer



Singapore Technical Center

In May 2013, TOTO opened the TOTO Asia Oceania Technical Center in Singapore. This center is a place for promoting TOTO technology to dealers for promoting TOTO technology to dealers to educate them about TOTO products. It is also used for presentations to be chosen for use in prominent facilities.



Singapore Technical Center

Sanitary Ware Plant in India

Having established a local subsidiary in 2011, TOTO has been building a sales network in India. In order to accommodate increased demand in the future, we constructed a sanitary ware plant in Gujarat State, aiming for full-scale operations in 2014.



Sanitary ware plant in Gujarat State

Europe

Detailed webpage



History of Business Expansion

2008	Entered the European market, the world's largest market for plumbing equipment	Established an area supervising company in Germany, TOTO EUROPE Established a manufacturing company, TOTO GERMANY
2009	Enhanced brand awareness by exhibiting for the first time at a global trade fair	Exhibited for the first time at the International Sanitary and Heating (ISH) trade fair
2010	Developed brand by opening showroom	Opened sales office and showroom in London Opened sales office in Paris

Current Position of Marketing Strategy

1st stage	2nd stage	3rd stage
Brand awareness	Market penetration	Establishment of a luxury brand
Approach involving prominent facilities	Strengthening of sales network	Strengthening of points of contact

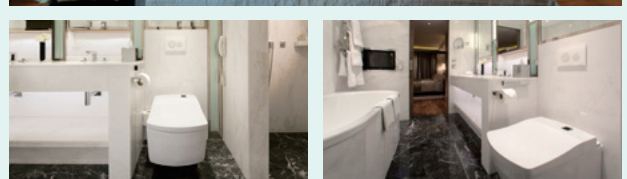
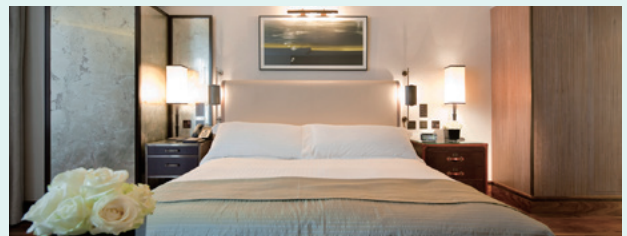
TOPICS

Project Reference

Colette Boutique, Paris



The Connaught, London



Trend Products

The European market is a starting point for trends in plumbing equipment that spread throughout the world. In this market, that places heavy emphasis on design, TOTO is differentiating itself from other companies with its design and functionality, with technology such as Tornado Cleansing. The SG Series is a new series that combines function with a uniformity of spatial design. It boasts a full complement of products, including toilets, sinks, cabinets and showers.



SG Series

Business Strategy

On March, 2013 in Germany, TOTO announced a technology alliance with Villeroy & Boch AG, a manufacturer of sanitary ware and tableware products. A toilet seat featuring a warm water shower equipped with TOTO's advanced Washlet technology was unveiled. By fusing TOTO's technological capabilities together with Villeroy & Boch's strength in refined design, we will aim for global deployment of clean and comfortable lifestyle.



Press conference announcing the technology alliance with Villeroy & Boch

Links to Relevant Information

Environmental Communication Site

<http://www.toto.co.jp/greenchallenge/technology/story/en/>



Remodel.jp [in Japanese only]

<http://re-model.jp/>



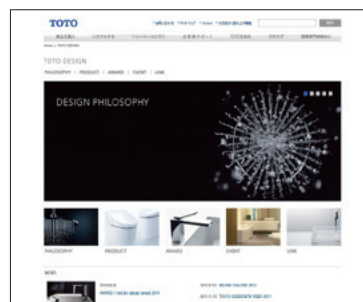
Universal Design [in Japanese only]

<http://www.toto.co.jp/ud/>



Design Philosophy [in Japanese only]

<http://www.toto.co.jp/design/>



TOTO History Museum [in Japanese only]

<http://www.toto.co.jp/social/museum/>



Process of Creating Sanitary Ceramics [in Japanese only]

<http://www.toto.co.jp/company/profile/technology/process/>



Editor's Postscript

The TOTO Group promotes business activities based on the *TOTO V-Plan 2017*, our long-term management plan outlining our vision for the Group in our centenary in 2017. *TOTO Corporate View* focuses on the TOTO Group's important milestones with an aim of inspiring trust and exceeding satisfaction of consumers more than ever before, with a view

to our centenary and the future beyond. Read in conjunction with our *Corporate Report* and the TOTO Group website, our hope is that readers will gain a more in-depth understanding of TOTO based on a longer-term perspective.



The cover depicts the manufacture of TOTO's ceramic sanitary ware. TOTO developed Japan's first seated flush toilet (left photo) in 1914, even before the company was founded. Marking its 100th anniversary this year, this ceramic sanitary ware is the origin of manufacturing at TOTO.

TOTO's first president established the company (named Toyo Toki at the time) based on a desire to spread a healthy and civilized way of life throughout Japan and, in indeed, the world. This sentiment has been passed down unbroken among TOTO Group employees ever since.

**Public & Investors Relations Dept.
TOTO LTD.**

1-1, Nakashima 2-chome, Kokurakita-ku,
Kitakyushu, Fukuoka, Japan
<http://www.toto.co.jp/en/>

Published in July 2014