


TOTO



TOTO CORPORATE VIEW 2015

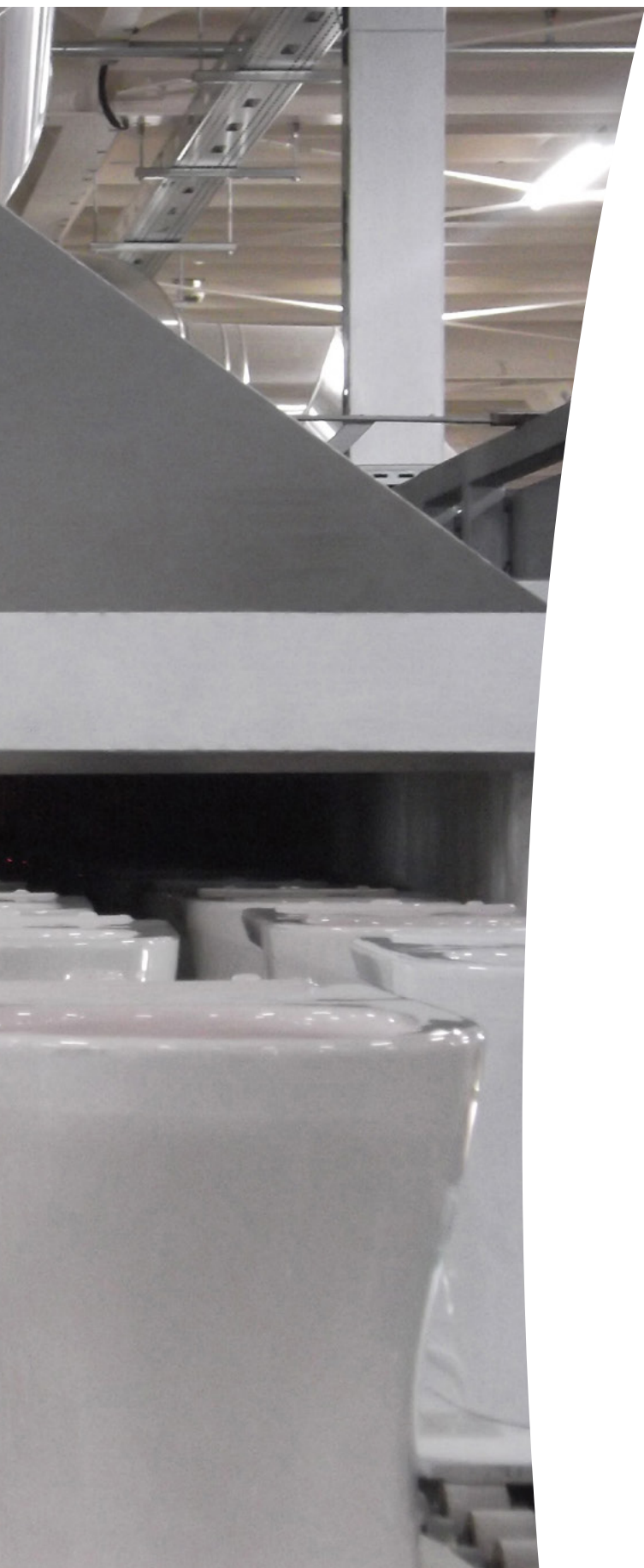


Corporate Message

Providing the World a New Every Day.

TOTO Group aims to continue being a company
that is indispensable to our customers and to society.
In doing so, as a company that creates and provides lifestyle value
that look to “tomorrow” and; leading in to the future,
we offer an “every day” that exceeds expectations like never before.

Providing the World a New Every Day.



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[Period of reporting]

Years stated in this *TOTO Corporate View 2015* 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 2015* is current as of October 30, 2015. The report also contains forward-looking statements including information about business plans, earnings forecasts and strategies that are current as of October 30, 2015. 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.

Corporate Philosophy

[Detailed webpage](#)
 Philosophy System

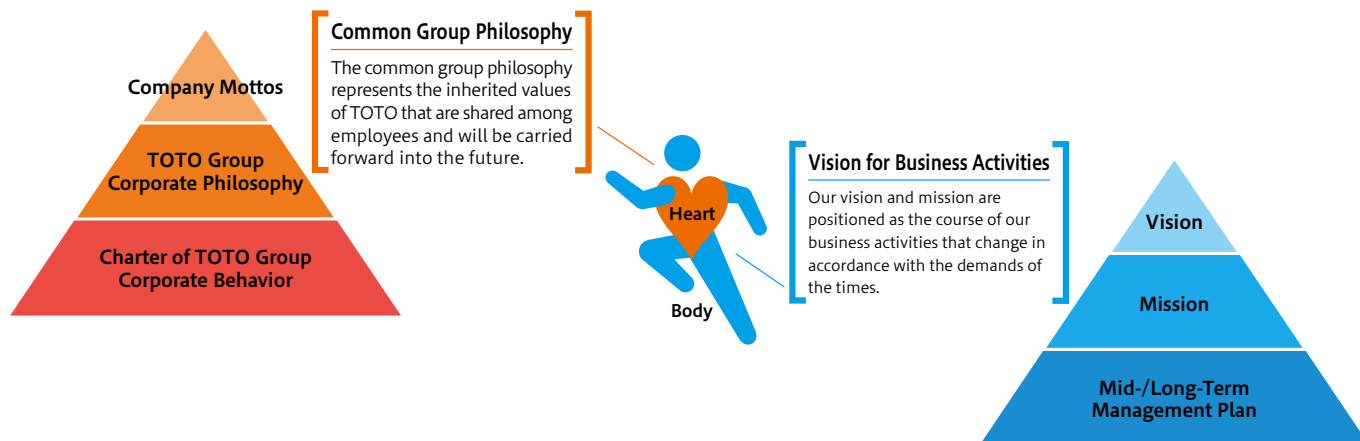
Words of the Predecessor

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.

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."

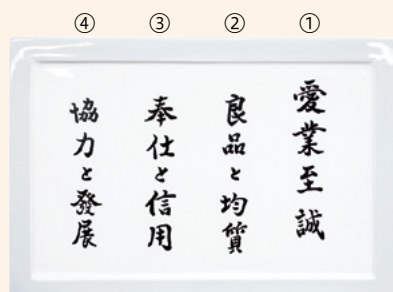
These established ideas from our founding are formulated into philosophy system for TOTO group management so they are appropriate for this time and can be shared by the TOTO Group.

The characteristic of TOTO Group's philosophy system is that it consists from the Heart, which are inherited values (Common Group Philosophy) and Body, which set the course of our actions according to the time (Vision for Business Activities).



Common Group Philosophy

Company Mottos



Established in 1962

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

These are the words that transmit the ideas of the founders to the following generations, and these universal ideas run below the TOTO Group's activities.

TOTO Group Corporate Philosophy

As the basis of what the company mottos strive to transmit, it denotes the purpose of the company's existence, our business fields and the desired image for all of our stakeholders.

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.

Charter of TOTO Group Corporate Behavior

The TOTO Group wants to contribute to socio-economic development and be a broadly helpful entity for society by creating added value through fair competition and encouraging job creation in the countries and regions in which its businesses are promoted. To realize that, all people working for the TOTO Group strive to play an active role with a strong sense of duty based on the concepts indicated in the corporate motto and philosophy, and to fulfill their social responsibilities.

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

1. The TOTO Group shall pursue customer satisfaction and provide products and services that are environmentally friendly, safe and easy to use.
2. The TOTO Group shall develop sensible business activities in transparent, fair ways, and sustain sound normal relationships with political organizations and governmental administrations.
3. The TOTO Group shall proactively disclose appropriate corporate information as necessary to facilitate communications with society and, at the same time, thoroughly protect and control various types of information.
4. The TOTO Group shall strive to provide comfortable lifestyles by ensuring safe and pleasant working environments while respecting the diversity and individuality of all its employees.
5. The TOTO Group shall build awareness of global environment issues as common issues of all humankind and aggressively tackle these issues from a global point of view as essential for the existence and activities of the company.
6. As a good corporate citizen, the TOTO Group shall constructively contribute to communities and society overall.
7. The TOTO Group shall resolutely oppose antisocial powers and sever relationships with them.
8. The TOTO Group shall abide by the laws and regulations of individual countries and regions, respect international norms including those related to human rights, show further consideration to the cultures, customs and interests of stakeholders, and contribute to the socio-economic development of relevant countries and regions in managing the company.
9. TOTO's top management shall, as their role, thoroughly enforce corporate ethics not only within the TOTO Group but also across supply chains and with business partners.
10. TOTO's top management shall strive to resolve all issues that conflict with this charter as they arise.

■ Visions for Business Activities

Information about the Mid-/Long-Term Management Plan (TOTO V-Plan 2017) on P11.

Vision

Toward a Dynamic,
Vibrant and Excellent TOTO

Mission

“Providing the World a New Every Day” Through The Three Missions.



TOTO Museum Opened in August 2015

The facility introduces the founding spirit and thoughts towards manufacturing of TOTO along with the history and innovation in creating new lifestyles. It also introduces achievements of Ichizaemon Morimura, founder of Morimura Group, Kazuchika Okura, founder of TOTO, and Magoemon Ezoe, fifth president of TOTO, and strong will towards manufacturing that continue in TOTO.



TOTO Museum exterior (Kitakyushu, Fukuoka)

100 Years of TOTO

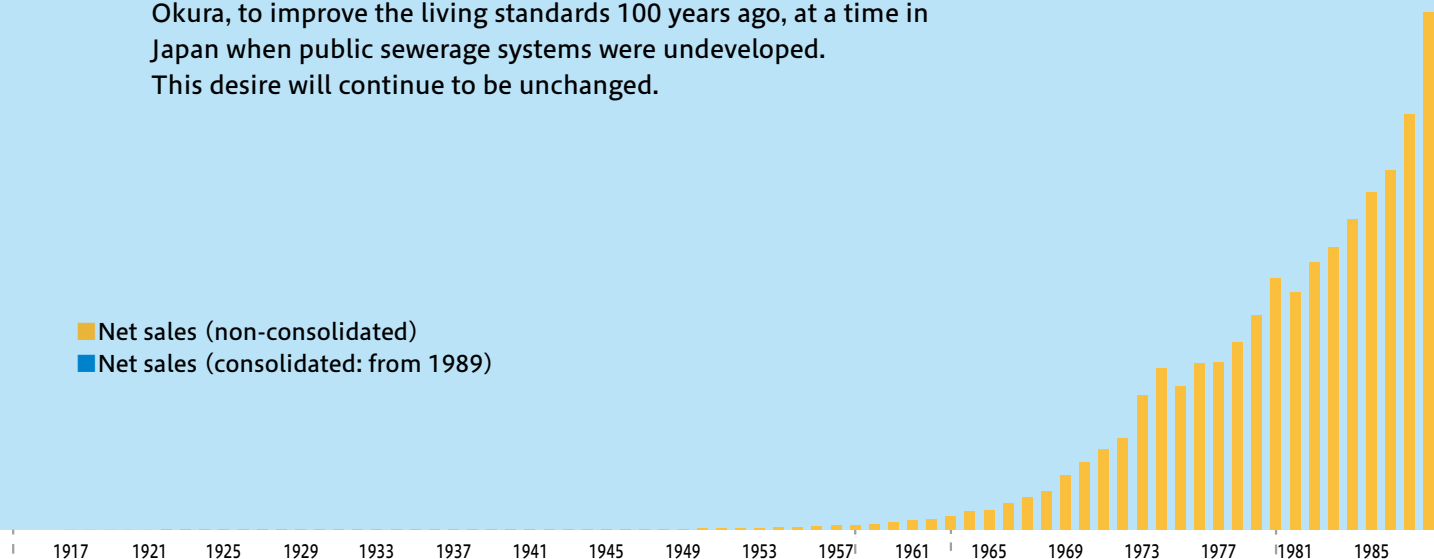
Starting with the manufacture of Japan's first seated flush toilet, TOTO is continuing on the road to innovation.

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.

This desire will continue to be unchanged.

■ Net sales (non-consolidated)
■ Net sales (consolidated: from 1989)

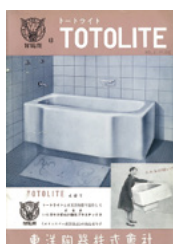


1914



Japan's first ceramic seated flush toilet

1958



Launched Japan's first FRP bathtub

1963

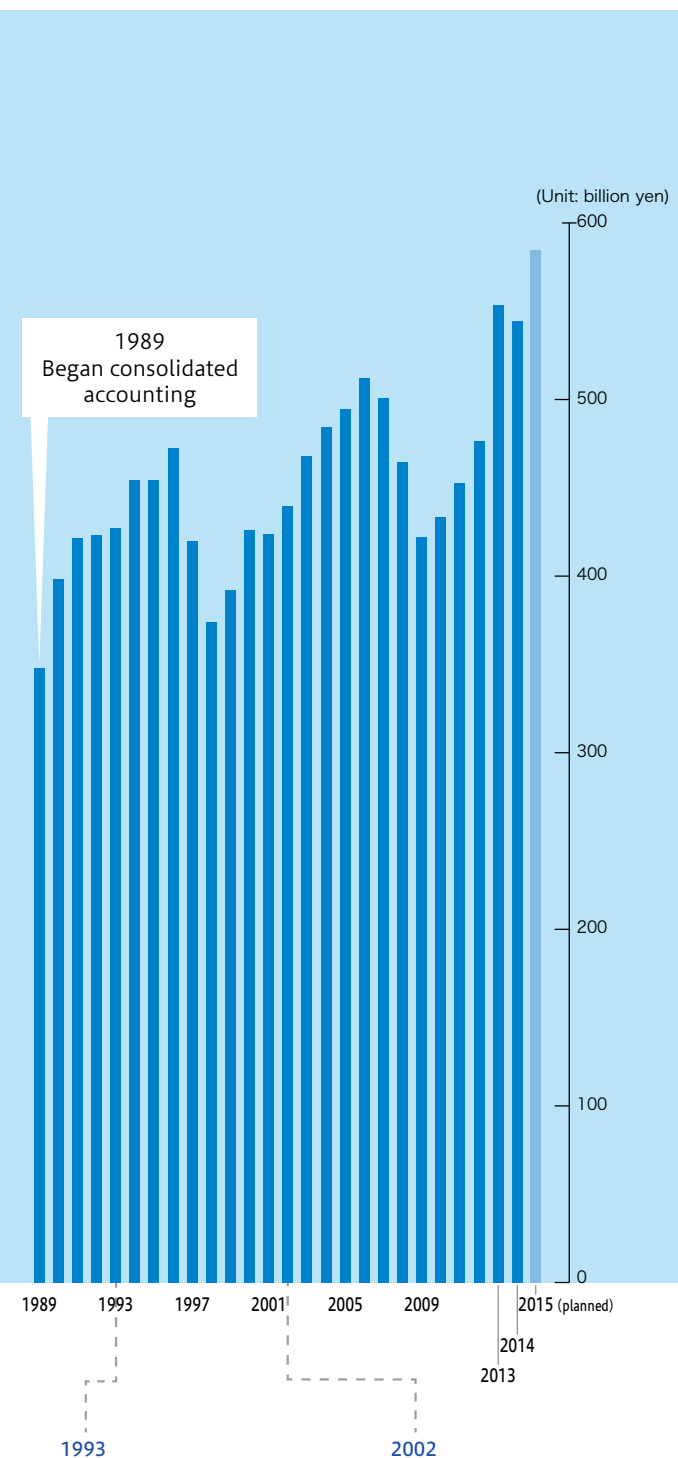


Developed construction method for prefabricated bathroom module

1980



Launched "Washlet"



Launched "NEOREST" toilets featuring Washlet



Tornado flushing

TOTO's Latest Technologies

TOTO inherits the spirit of our founder and continues to offer products needed by the world to this day.

Toilets

Antibacterial electrolyzed water



Antibacterial electrolyzed water is water with antibacterial properties made by electrolyzing the chloride ion in tap water. It is safe and secure water as it returns to regular water after use.

CeFiONtect

Conventional toilet bowl CeFiONtect toilet bowl



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.

Fittings

Aqua Auto (Automatic self-sustaining powered faucet)



Stores the electricity generated using the flow of water to operate Aqua Auto. Flow of water is control by a sensor that detects hand.

Air-in-Shower



Technology to aerate the water enabled larger water droplets providing users with an enjoyable shower experience.

Bathrooms

Hokkarari floors



Hokkarari floors' unique structure makes them soft like tatami mats so as to make them slip resistant and quick to dry.

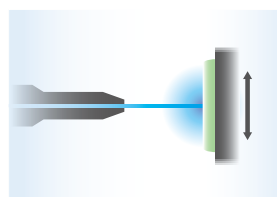
Insulated thermal pot "Mahobin" bathtub



Keeps the drop in temperature to less than 2.5°C even after four hours with its insulation structure.

New Business Domains

AD film



The Aerosol deposition (AD) technique enables precision yttria coating of metal, glass, ceramic materials.

HYDROTECT



TOTO's environmental cleansing technology and technological brand that cleans earth and living through light and water using photocatalyst technology.

MESSAGE from the PRESIDENT

[Detailed webpage](#) MESSAGE from the PRESIDENT

Continue to be Indispensable Company to Society

TOTO Group aims to continue being a company indispensable to the society. To achieve this, we formulated the TOTO V-Plan 2017: a long-term management plan in fiscal 2009. The strategic frameworks are three core businesses and three cross-organizational innovation activities. The TOTO Global Environmental Vision will be the driving force behind these business activities and promoted in the entire Group.

Madoka Kitamura
President, Representative Director

■ Fiscal 2014 Results and Fiscal 2015 Plan

The Japanese economy continued its modest recovery trend despite the effects of negative factors such as the rebound drop in demand following the surge in demand ahead of the consumption tax rate increase.

In this business environment, the fiscal 2014 performance results came to: ¥544.5 billion in consolidated net sales (-1.6% year on year), ¥37.4 billion in consolidated operating income (-20.7% year on year), and ¥39.6 billion in consolidated ordinary income (-21.3% year on year) producing lower revenues and profits. However, in the first fiscal year of the newly formulated medium-term management plan geared towards fiscal 2017, the plan progressed accordingly and, in comparison to fiscal 2012, sales and revenues increased.

In the Domestic housing equipment business, the effects of the recoil in rush demand and subsequent tail-off in the new housing starts and remodeling continued for longer than anticipated, which resulted in a decline in revenues and profits. On the other hand, transitions in the Overseas housing equipment business and New business domains were favorable. In particular, as a result of steady progress in strategic growth, sales in the Overseas housing equipment business increased. Due to productivity

improvements and the effects of fluctuating exchange rates, operating income grew significantly with increased revenues in all expanded overseas regions. In addition, in the New business domains, product sales in the Advanced Ceramics Business, which utilizes our company's "Only One" technologies, grew significantly to produce increased revenues and profits.

In the first half of fiscal 2015, consolidated net sales was ¥272.2 billion, nearly as planned, and consolidated operating income was ¥20 billion, greatly exceeding the plan, both achieving the highest recorded. Taking in these results, the forecast for revenues and profits was revised to ¥581.2 billion in consolidated net sales (+7% year on year) and ¥42.8 billion in consolidated operating income (+22% year on year). The Domestic housing equipment business will respond to the demand for remodeling and new-builds and again continue to track growth. The Overseas housing equipment business will increase revenues and profits and aim to achieve record net sales and operating income. In the New business domains, it aims for a surplus in operating income. All three businesses aim to achieve record sales and achieve record revenues and profits.

■ Actual Results since the Formulation of TOTO V-Plan 2017,
Projected Results for Fiscal 2015, and Targets for Fiscal 2017*

(Unit: Billion yen, rounded down)

	FY2009 actual	FY2010 actual	FY2011 actual	FY2012 actual	FY2013 actual	FY2014 actual	Fiscal 2015 First-half Results	FY2015 planned	FY2017 target
Consolidated net sales	421.9	433.5	452.6	476.2	553.4	544.5	272.2	581.2	¥ 650.0
Consolidated operating income	6.5	14.0	18.7	23.3	47.1	37.4	20.0	45.5	¥ 61.0
Operating margin	1.6%	3.2%	4.1%	4.9%	8.5%	6.9%	7.3%	7.8%	¥ 9.4%
ROA (on a basis of operating income)	1.7%	3.7%	5.0%	6.0%	10.7%	7.5%	—	8.7%	At least 10%
ROE (on a basis of net income)	0.5%	2.8%	5.2%	8.8%	19.4%	10.0%	—	12.1%	At least 10%

*TOTO Group focuses on the operating income margin, ROA (on a basis of operating income) and ROE (on a basis of net income) as management indicators to monitor improvements in the growth and profitability of our business and to ensure the efficient management of our assets.

*ROA = Operating income / Total assets, ROE = Net income / Equity

*Fiscal 2015 Plan: Revision announced in October 30

■ Medium-term Management Plan and Fiscal 2015 Initiatives

Based on the TOTO V-Plan 2017, two years in fiscal 2010 to 2011 was building the foundations and medium-term management plan for fiscal 2012 to 2014 was formulated. In fiscal 2013, targets for fiscal 2014 were achieved ahead of time and new medium-term management plan for fiscal 2014 to 2017 was formulated. Fiscal 2015 is the second year in our medium-term management plan and it is an important year for realizing our TOTO V-Plan 2017. Although originally planned during a difficult business environment, the decline in revenues and profits reverted once again to growth from fiscal 2014, in what was a restart year for securely achieving our set numerical targets.

Of these three businesses, the Overseas housing equipment business fulfilled a particularly important role as a “growth engine” in advancing cooperation beyond domestic and overseas boundaries. By exhibiting at major overseas exhibitions, activities in conventional countries to which TOTO’s products and technology appeal continued to strengthen. In the meantime, while Japan is aiming to receive some 20 million overseas tourists by 2020, we are promoting overseas demand stimulation activities with Japan as the launch pad. Overseas visitors coming to Japan

in ever-increasing numbers should lead to an increase in demand once they return home to their own countries after experiencing the comfort by coming into contact with Japan’s toilet culture. To this end, we are strengthening our proposal activities geared towards public facilities within Japan.

To coordinate these activities, it is necessary to renovate our business structure from the viewpoint of customer satisfaction (CS) in all areas of our business from marketing, R&D, purchasing, manufacturing to logistics and sales. As one example of restructuring, from fiscal 2015, of the four innovative activities, we have integrated the Supply chain innovation and Manufacturing innovation into the Demand chain innovation centered on the viewpoint of our customers. In addition, we have set up a global revolution promotion office for the purpose of further strengthening our securely growing overseas markets, and installed a Global Strategy Office for developing markets that are expected to grow in the future. Focusing on these two new departments, we will be strengthening the long-term expansion of these overseas markets.

Shareholder Return

Return of profit to shareholders is an important part of our management policy. We make it a rule to retain enough earnings to secure funds for building a firm corporate structure and expanding our business while assuring a stable return of profit to shareholders.

Retained earnings will be spent to improve product strength, streamline and strengthen production and sales systems, and develop new and overseas businesses to establish long lasting and solid management basis. Our goal of dividend ratio is 30% of net consolidated income for the term, and we will always try to return an amount

that corresponds to the performance. It will be given out in two payments a year, at mid-year and year end.

The acquisition of treasury stock is determined from a comprehensive standpoint, based on the need for a flexible capital policy and the impact on the financial position.

The dividend payout in fiscal 2014 is ¥26 per share (¥13 yen at medium-term, ¥13 at year end). In fiscal 2015, we have consolidated shares and changed share unit number to make the investment unit to appropriate standard for the shareholders to sustainably hold shares and taking mid-to long-term changes in the stock price in consideration.

Governance

The TOTO Group believes that it is important to build a system for pursuing and supervising fair and equitable management, and clearly define a philosophy that serves as the basis of such a system to continue improving corporate value.

We strive to be a great company, trusted by people all around the world, and contributing to the betterment of society and this thought is at the core of all our business activities.

While it is important to base our actions on unchanging philosophy, it is also important to improve the system

to meet the trends of the time. In fiscal 2014, to further enhance the transparency and soundness, we have reduced the number of in-house director by one and revised the structure of the Nominating Advisory Committee to consist from half or more of the members are outside members. Outside directors and outside auditors are making inquiries and providing insights and even more discussions are made at Board of Director meetings, etc.

Corporate Governance Code can in effect from June 2015 but TOTO will continue to enhance and improve its governances.

Promoting Stronger Corporate Governance

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
2014	Reduction of the number of directors appointed in Shareholder's Meeting (13 to 12) The half or more of the Nominating Advisory Committee members shall be outside members

■ Source of Corporate Value and Social Contribution

Ever since its foundation, TOTO has found solutions to a variety of social issues through its business activities. The development and wider use of flush toilets played an important role, changing lifestyles and solving a social issue at that time, sanitation. Now, in the 21st century, the TOTO Group has placed the common global challenge of environmental problems distinctly as an issue to be resolved through business.

The TOTO V-Plan 2017 lays out our goal of becoming a truly global company. Our aim of becoming a “truly global company” extends beyond high sales levels or percentage of overseas business. It is about the acceptance and recognition by customers of the country or region as being indispensable to the area, by delivering products tailored to local culture and customs and providing a new lifestyle.

In realizing this, it is important for us to have initiatives to deal with the global challenge of environmental problems, and in particular, those relating to water resources.

TOTO products are an integral part of everyday life, being used by customers throughout the world in their daily lives. This is why the cumulative conservation of

water and energy during the use of these products has such an enormous impact on the global environment. By having customers worldwide use environmentally-friendly products, their everyday lives can generate contributions to the global environment such as water conservation, energy conservation and reduced CO₂ emissions. This means that the TOTO Group's actual business activities are linked to environmental contributions.

The TOTO V-Plan 2017 includes TOTO Global Environmental Vision which sets environmental contribution targets for 2017 in the aim to support a comfortable living environment for customers through TOTO products while also continuing to realize lifestyles enabling a lower burden on the environment.

Themes of “Conserving Water” and “Preventing Global Warming” are two themes that we can contribute in through our business. As the issue of water resource becomes severe, TOTO will offer products that consider the environment to customers around the world as a company that have been closely tied to water since the founding to contribute in realizing a truly sustainable society.

■ To Our Stakeholders

The TOTO Group regards all of our stakeholders, including our customers, employees, shareholders, business partners and society.

TOTO products are used by customers for 20 or 30 years. To enhance customer satisfaction towards our business, looking ahead to the future, it is imperative that we continue to provide products that have social value at appropriate prices. Also to achieve this, there needs to be an environment in which employees serving the business can always make the best possible use of their strengths. The TOTO Group respects the individuality of its human resources, which differ in such respects as age, gender and nationality, and we seek to develop self-motivated human resources who can think and act on their own. TOTO will contribute to society through our business, which makes practical use of fresh ideas that are borne from our will to challenge to create rich and comfortable lifestyles.

From the very start, the CSR philosophy was present in the origin of TOTO's business. It is clearly recorded in

a letter entitled “Words of the Predecessor” which was written by TOTO's first president to his successor. These wonderful words have since been handed down to all TOTO Group employees in the form of TOTO's Company Mottos. Each and every employee at TOTO has taken this conviction for their own, and with a desire to help society and contribute to the global environment, they are maintaining this commitment to achieving our goals.

Although TOTO V-Plan 2017 is our goal for the company's centenary, I see it only as a transit point on our way to the future beyond. By maintaining and accelerating this momentum, we will raise our corporate value even further. As the company to create and provide lifestyle value, we offer an “every day,” looking to “tomorrow” and moving toward the future.

Providing the World a New Every Day.

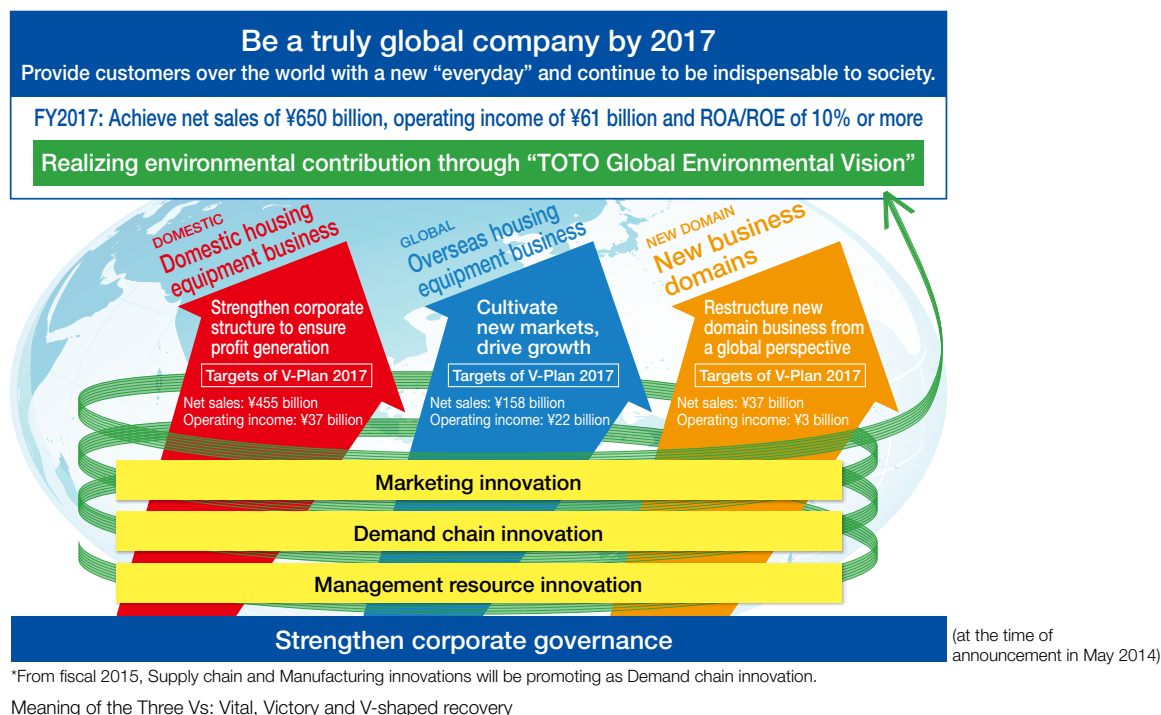
Everyone in the TOTO Group will work in unison to achieve the goals we have set forth.

Long-Term Management Plan

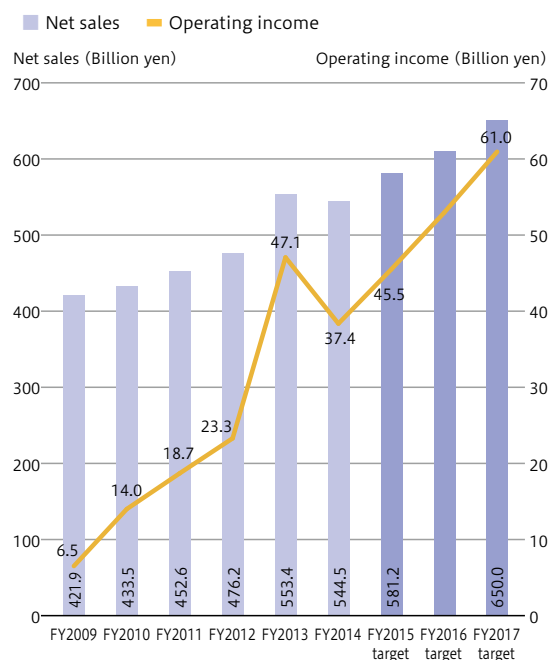
[Detailed webpage](#)

Long-term Management Plan (V-Plan 2017)
·Medium-term Management Plan

TOTO V-Plan 2017



Target Figures for TOTO V-Plan 2017



[The Three Core Businesses]

Domestic housing equipment business

As Japan 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. TOTO is promoting the construction of a highly-profitable corporate constitution by also pushing ahead with cost structure reforms for sustainable growth.

Overseas housing equipment business

As a driver of growth, the foundations of the Overseas housing equipment business will be strengthened to withstand changing markets and environments in countries we operate. This business will develop new markets and lead to growth for the TOTO Group.

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, which uses photocatalytic technology to provide environmental cleaning through the power of light.

[The Three Cross-organizational Innovation Activities]

Marketing innovation

The Marketing innovation, which carries the product strategy from the viewpoint of company-wide optimization, will comprehensively advance our development and production activities for creating attractive products' designs and functions globally that will put a smile on our customers faces. Additionally, in response to regional markets' specialties and characteristics, we are strengthening our product planning and development while leveraging our core technologies created in Japan as global common-base technologies.

Demand chain innovation

From 2015, TOTO will be promoting Manufacturing that exceeds preconceived ideas and also advancing our Supply chain innovation to generate strong cost competitiveness to expand our three new innovation activities: Production system innovation, Logistics innovation, and Purchasing innovation as part of the Demand chain innovation.

Management resource innovation

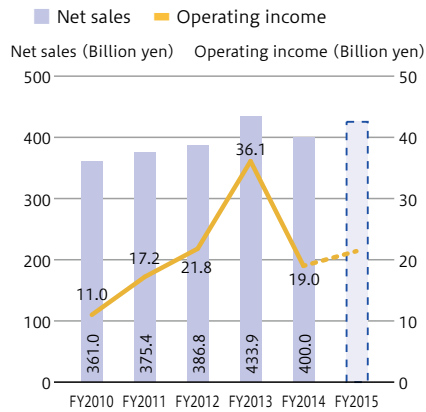
TOTO's Management resource innovation positions human resources with unmatched diverse attributes within the most important management resources. By aiming to continue self-learning, securing distinctive human resources and actualizing a challenge-oriented corporate culture, we are promoting diversity while strengthening our HR development. In addition, we are evaluating and organizing our assets in parallel with aggressive investments to achieve financial growth in order to slim down and enhance our financial standing through efficient utilization of our assets.

*Remodeling: A promise to go beyond ordinary alterations and extensions, proposing and realizing a new lifestyle for customers which goes beyond their expectations

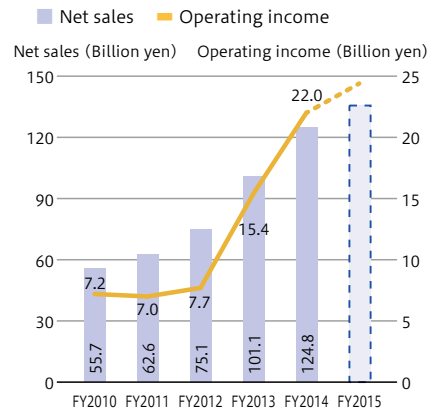
Business Overview

Net Sales by Business Segment

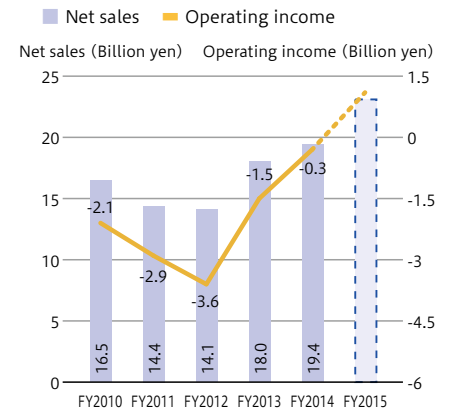
Domestic housing equipment business



Overseas housing equipment business



New business domains



Distribution of Net Sales by Business Segment (FY 2014)



Core Products by Business Segment

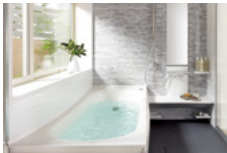
Domestic housing equipment business



Sanitary ware



Washlets



Prefabricated bathrooms



Modular kitchens



Bathroom vanity units



Fittings

Overseas housing equipment business



Sanitary ware



Fittings



Sinks

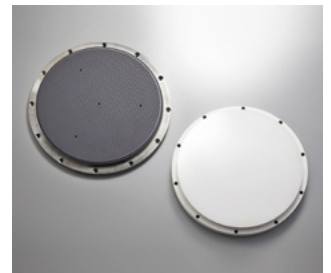


Washlets

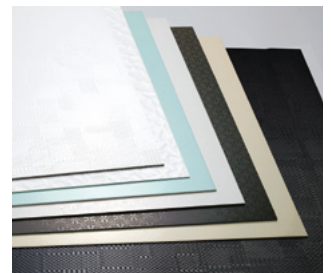


Bathtubs

New business domains



Advanced ceramic products



Green building materials

Domestic Housing Equipment Business

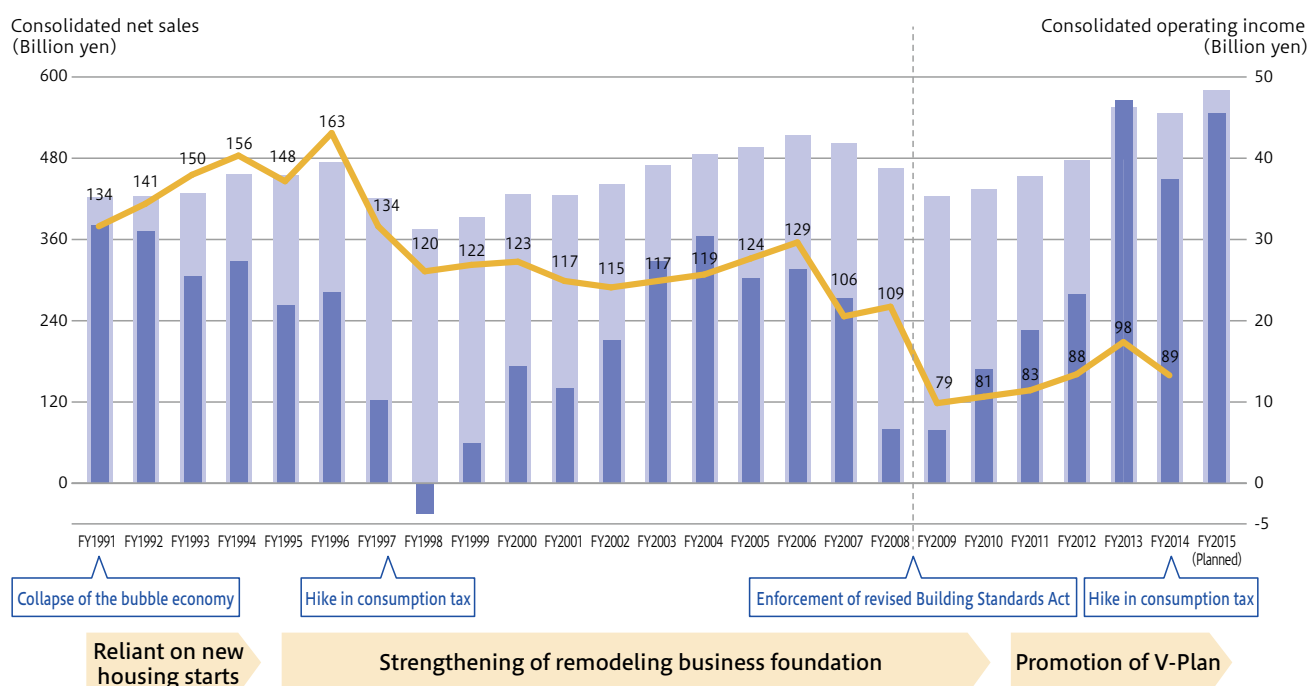
TOTO has been aiming to transform its management model that does not rely on new housing needs since the burst of the bubble economy in 1993, promoting the business over 20 years since the announcing of the “Remodeling Declaration” within and outside the organization.

Currently, remodeling business takes up about 70% of the sales in domestic business and management model that does not rely on new housing needs has been established.

Business Performance

Domestic Housing Starts versus TOTO's Business Performance

■ Consolidated net sales ■ Consolidated operating income ■ New housing starts (10,000 houses)



Domestic Business Strategy

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 expect about 3% growth

per year in remodeling needs despite the situation. We aim to maintain and increase the competitive lead that has been built over 20 years focusing on needs that can be expected to grow.

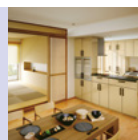
Growing needs

Increase in suitable remodeling age



With the aging of housings, we will propose living space that can be livable for long period with comfort and future security to generations that will face changes in their life style.

Increase in circulation of used housing



A stock-based housing market where housing is used in circulation is proposed as desired housing market by the Ministry of Land, Infrastructure, Transport and Tourism, increasing the trend of using housing market. We will strengthen initiatives for remodeling needs based on the circulation of used housing.

Public model for public facilities



Number of foreign nationals coming to Japan is on the rise every year. Consideration to elderly is also important in Japan as it has become an aging society. We will strengthen proposal for public toilets that are easy to use for everyone.

Remodeling

[Detailed webpage](#)

 Remodeling [in Japanese only]

■ Remodeling Business

As remodeling has different on-site conditions and customer needs for each housing unlike new housings, it requires multiple abilities such as construction techniques, planning, communicating with customers.

TOTO has the necessary abilities required in remodeling and also has been cooperating with contractors to build the remodeling market in Japan for over 20 years.

We have built a network with our contractors ahead of others to establish “Remodel Club” system to provide “Showroom” as a place to propose remodeling throughout Japan.

Difference in remodeling and new housing: Housing

New housing



Many limits in budget and time. Difficult to concentrate on plumbing facilities.

Remodeling



Can focus on specific space. Budget and time can be allocated.

■ TDY Alliance

In 2002, TOTO began the TDY alliance with DAIKEN and YKK AP, leading manufacturer of materials required, to accelerate the growth of remodeling business.

We each contribute with our own high-quality products and

sales network and open TDY Collaboration Showrooms co-operated by the three companies, organize Green Remodel Fairs that customers can enjoy, etc., making steady growth.



TDY Collaboration Showroom



Restroom

[Detailed webpage](#)

Restroom [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.

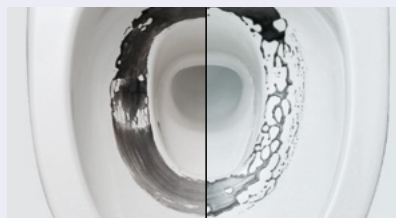


CeFiONtect

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.



Conventional toilet bowl CeFiONtect toilet bowl



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.



eWater+™



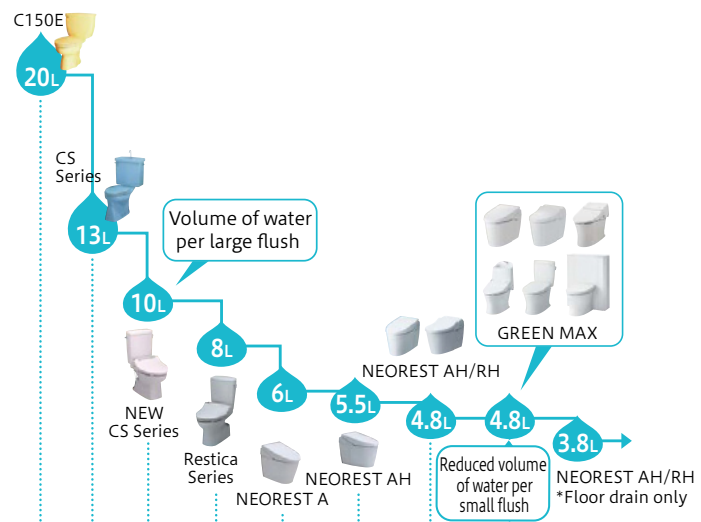
■ The Evolution and Spread of Water-saving Technology

[Detailed webpage](#)

Toilet Water-saving Initiatives

TOTO has been promoting the reduction of amount of water used to flush and transport feculence while comfortably using toilets since the release of water saving toilet CS Series in 1976 against the backdrop of changes in natural environment such as water shortage and droughts and social trends. We are currently expanding water conserving toilets through spreading the 4.8L flush toilets. In 2012, we have released 3.8L flush products, continuing to further advance the water conservation technology.

The evolving water-saving performance of toilets in Japan



*Volume of water per large flush for the latest models

Bathroom

[Detailed webpage](#)

 Bathroom [in Japanese only]

■ Core Products and Technology

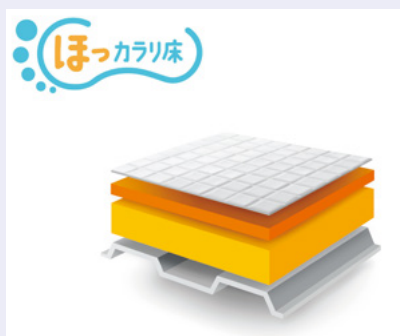
Fifty years have passed since TOTO developed and supplied the industry's first prefabricated bathrooms* in 1964. Since then, we have continued to lead the industry in developing various technologies and functions in pursuit of comfort for our customers. Our aim is to provide customers with products of

*Prefabricated bathroom: A prefabricated bathroom which bathtub and all other parts and components are manufactured and fabricated in the factory, allowing constructing the bathroom just by assembling the parts and components on-site.

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.



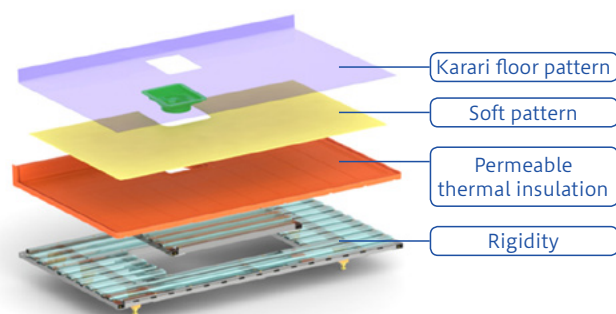
Insulated thermal pot "Mahobin" bathtub

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.

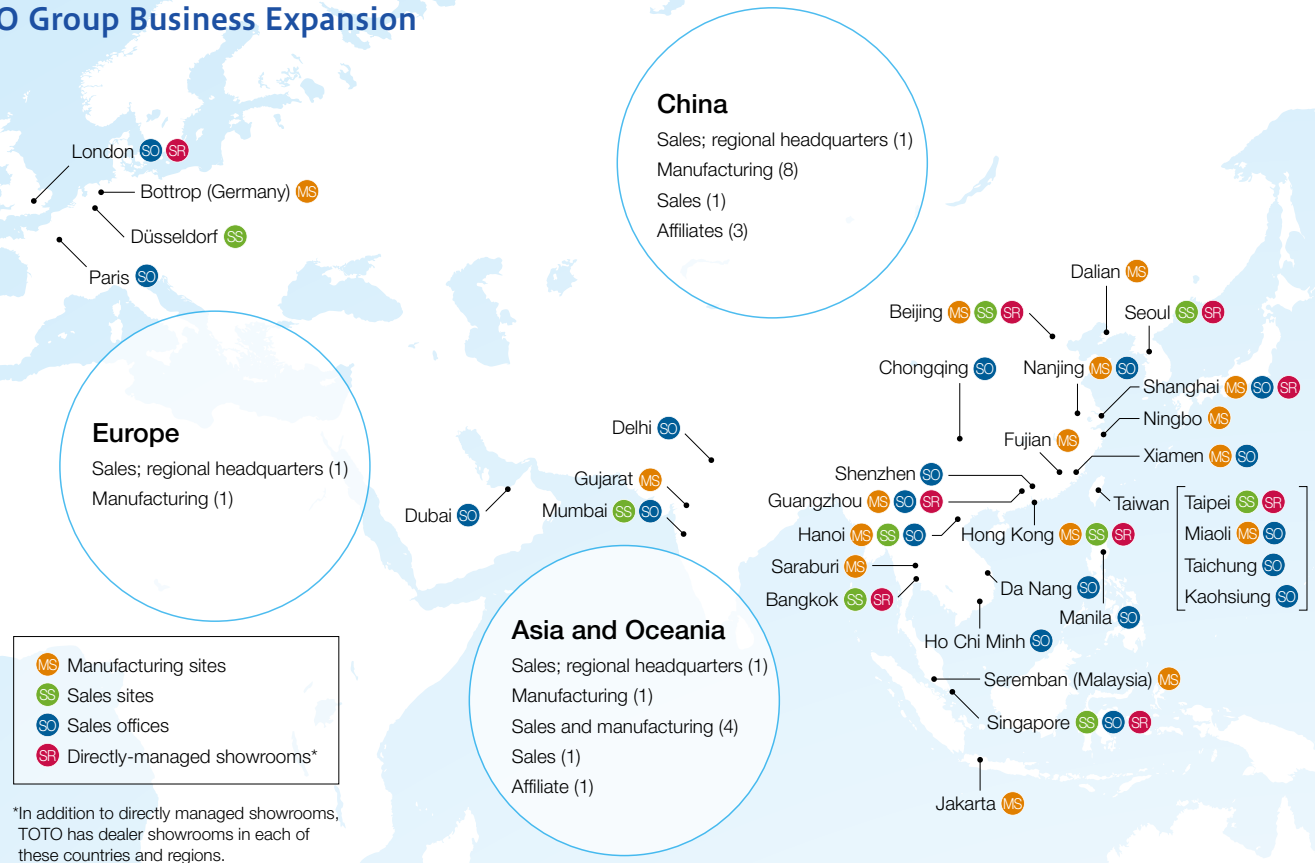


Cradle Bathtub




Overseas Housing Equipment Business

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.

TOTO Group Business Expansion



Marketing Strategy for the Overseas Housing Equipment Business

1st stage Brand awareness	2nd stage Market penetration	3rd stage Establishment of a luxury brand
Approach involving prominent facilities	Strengthening of sales network	Strengthening of points of contact
Delivery of products to prominent hotels, airports and other properties, creating opportunities for product and brand exposure.	Development of dealer network, dealer showrooms. (Dealer-led branding)	Product seminars and presentations, etc. via flagship showrooms. (TOTO-led branding)
		

Japan

Manufacturing (9)
Sales (13)
Service, other (7)
Showrooms (103)

Americas

Holding company (1)
Sales and manufacturing (2)
Sales (1)

Chicago SO SR

Boston SO SR

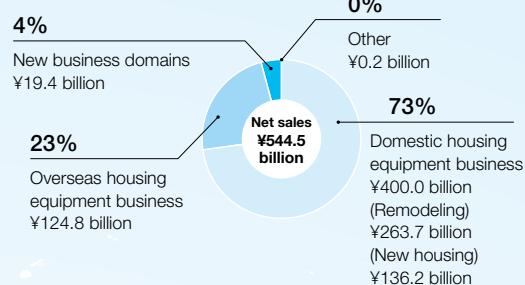
New York SO SR

Los Angeles SO SR

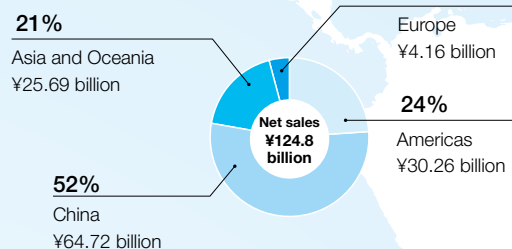
Morrow MS SS

Cienega de Flores (Mexico) MS SS

Distribution of Net Sales of the TOTO Group (Fiscal 2014)

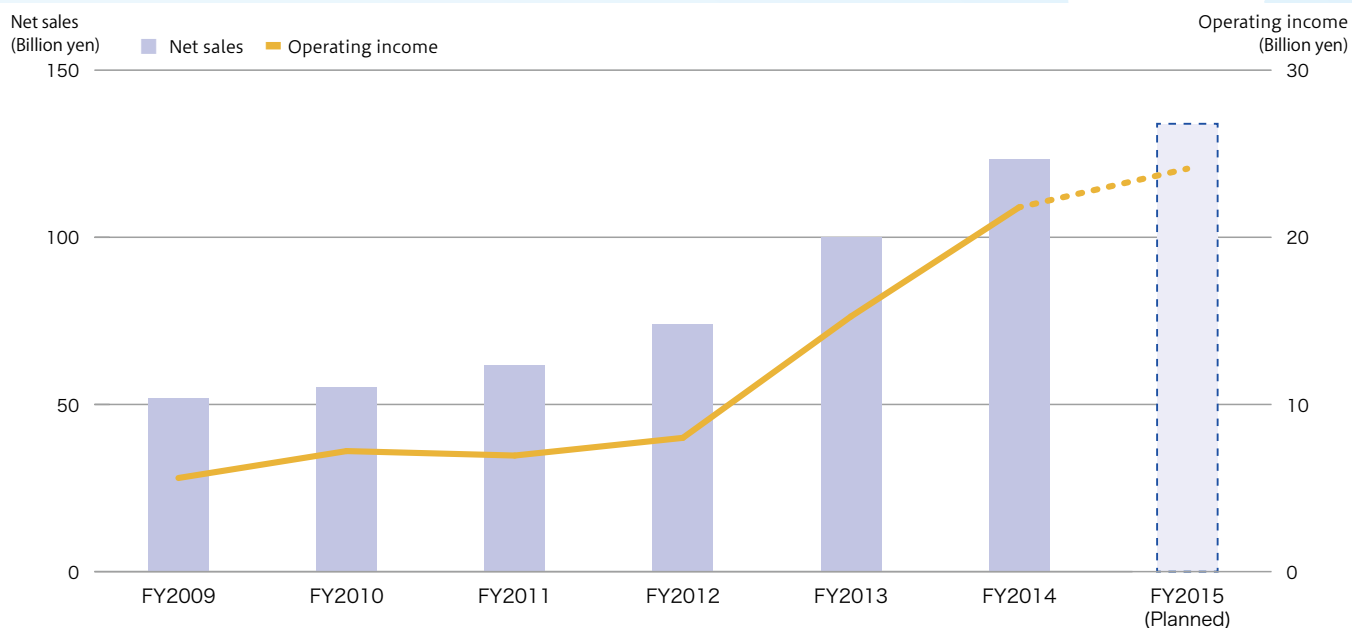


Overseas Sales Breakdown (Fiscal 2014)



Sao Paulo SS

Business Performance



China [Detailed webpage](#) TOTO (China)

History of Business Expansion

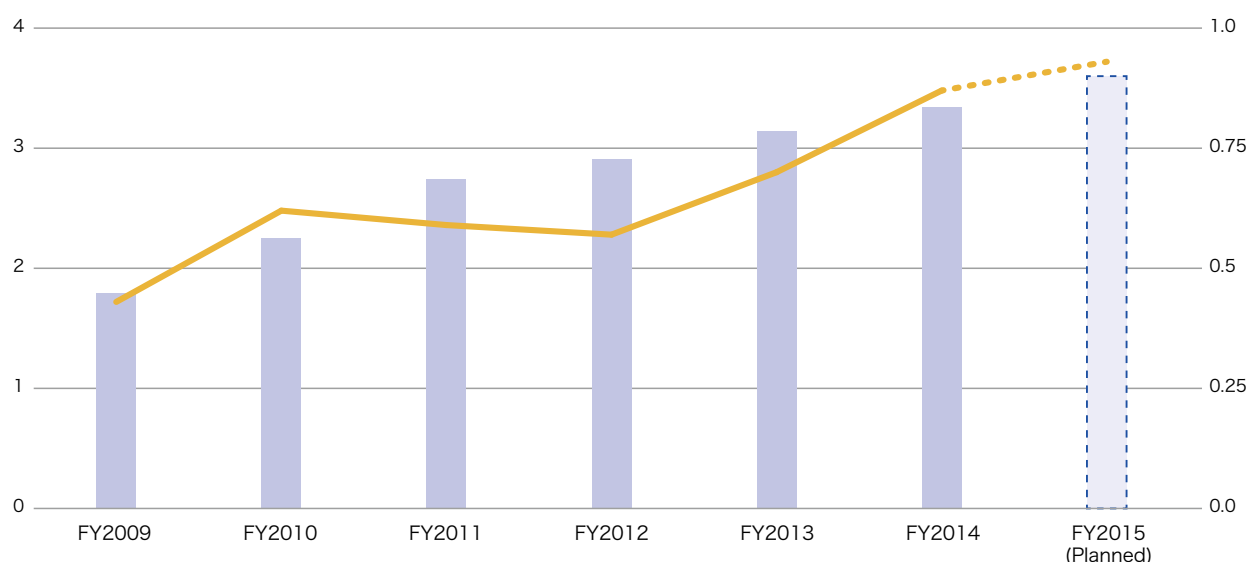
1979	Delivered first products	Supplied products to the Diaoyutai State Guesthouse in Beijing
1994	Constructed first plant	Established manufacturing company, BEIJING TOTO Since then, TOTO has established manufacturing companies in various districts
1995	Established area supervising company	Established 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 Performance

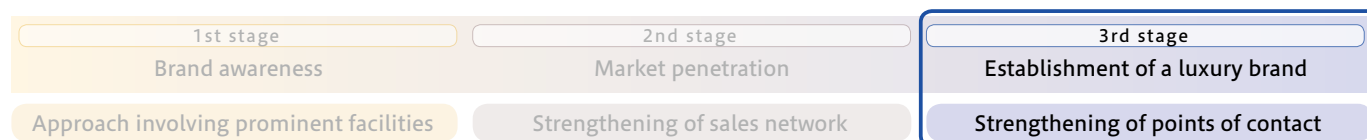
Net sales Operating income

Net sales
(Unit: billion RMB)

Operating income
(Unit: billion RMB)



Current Position of Marketing Strategy



Shanghai Technical Center



Guangzhou Technical Center



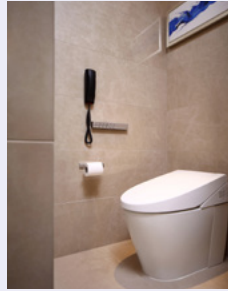
Beijing Showroom



Hong Kong Showroom

Project Reference

Kempinski Hotel, Yixing



Characteristic Products in the Region

“NEOREST GE” toilet featuring Washlet equipped with “Actilight,” a new photocatalytic technology that prevent the growth of bacteria by decomposing dirt that can be seen on the surface of toilet bowls after flushing, offers luxurious feel to the washroom with its elegantly sloped cover and sharp design. The product received iF Product Design Award. Fittings for water faucets with high design values are also

popular. CI CONTEMPORARY faucets feature simple designs emphasizing straight lines. They fit in well in the bathroom and create a calm atmosphere.

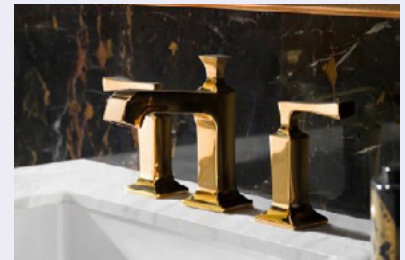
CII CLASSIC faucets feature modern functional beauty, elegant lines and gold colors. They would add flare to both traditional and modern bathrooms.



NEOREST GE



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

Fujian Plant

Fujian Plant, the eighth plant in China started operation in July 2014.



Fujian Plant

Americas [Detailed webpage](#) TOTO USA

History of Business Expansion

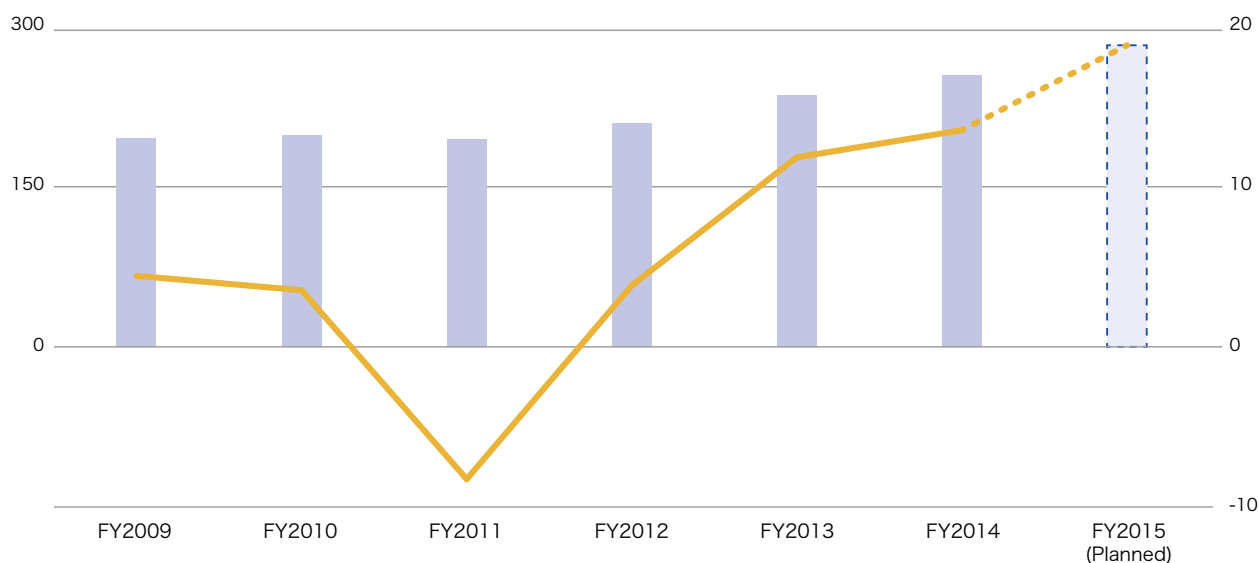
1989	Established sales site, and begins business activities on the West Coast	Established sales site, TOTO KIKI U.S.A.
1991	Constructed plant in the United States	Established manufacturing company, TOTO Industries
1992	Increased attention focused on water conservation due to enactment of the Energy Policy Act	
1996	Established area supervising company	Established TOTO U.S.A., Inc. (current TOTO U.S.A. Holdings, Inc.)
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 Performance

Net sales Operating income

Net sales
(Unit: million dollar)

Operating income
(Unit: million dollar)



Current Position of Marketing Strategy

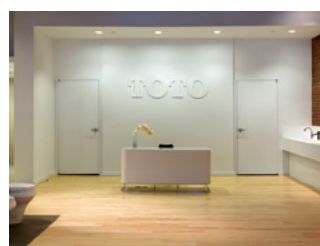
1st stage Brand awareness	2nd stage Market penetration	3rd stage Establishment of a luxury brand
Approach involving prominent facilities	Strengthening of sales network	Strengthening of points of contact



Los Angeles Gallery



Chicago Gallery



Boston Gallery



New York Gallery

Project Reference

Grand Hyatt Kauai Resort and Spa, Hawaii



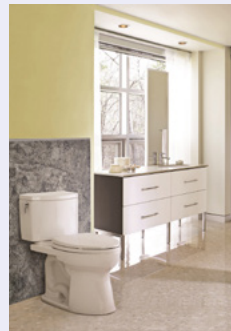
Characteristic Products in the Region

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](#)


History of Business Expansion

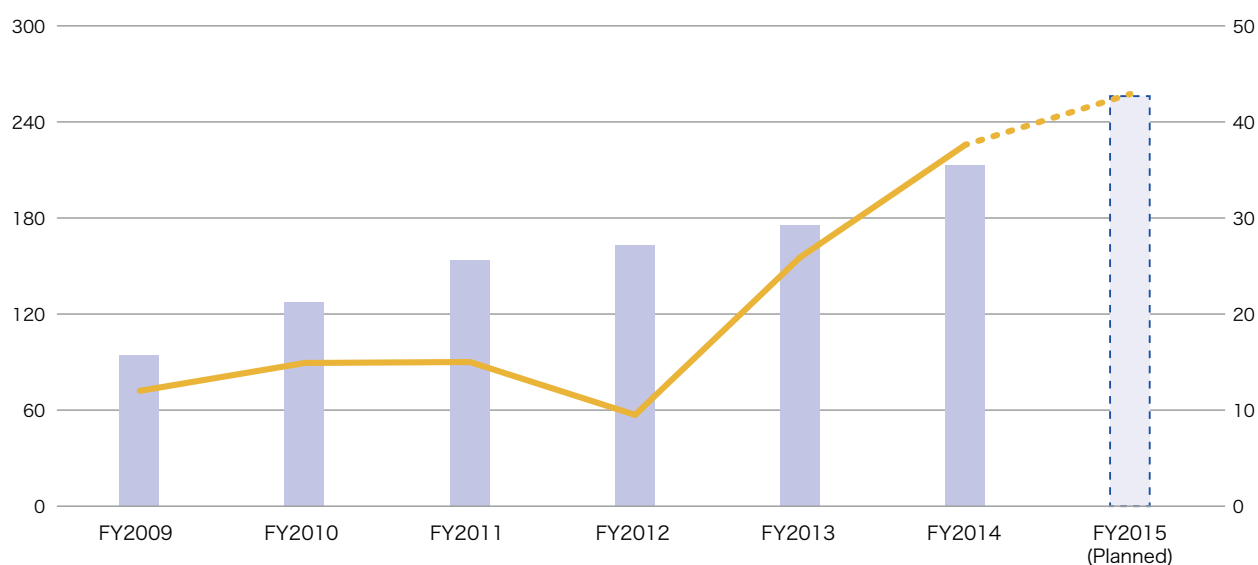
1977	Established TOTO's first manufacturing site overseas	Established TOTO's first overseas manufacturing company (joint venture company) in Indonesia
1987		Established TAIWAN TOTO
1995		Established TOTO MALAYSIA
2001		Established TOTO KOREA
2002		Established TOTO VIETNAM
2007	Strengthened brand through 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 Performance

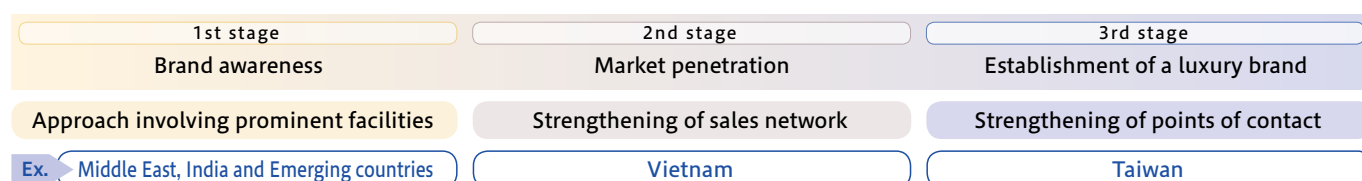
■ Net sales ■ Operating income

Net sales
(Unit: million dollar)

Operating income
(Unit: million dollar)

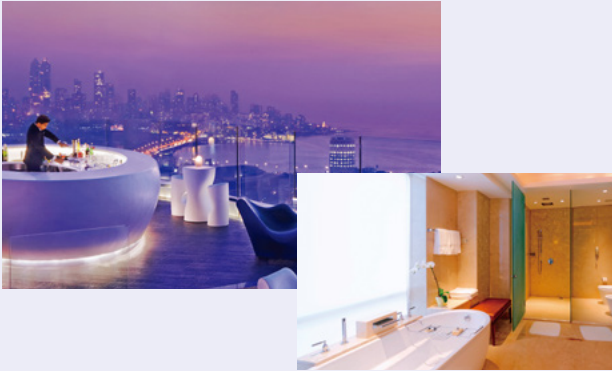


Current Position of Marketing Strategy



Project Reference

Four Seasons Hotel, Mumbai



Eastern Mangroves Hotel & Spa by Anantara, Abu Dhabi



Characteristic Products in the Region

TOTO ECO Washers, toilet seats with a washing feature, are hugely popular in Southeast Asian countries where it is warm all year round. They do not require any electrical work and their simple design allow them to blend in with any type of bathroom space.



ECO Washer



Space with 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 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, starting full operation 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	Opened showroom to develop brand	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

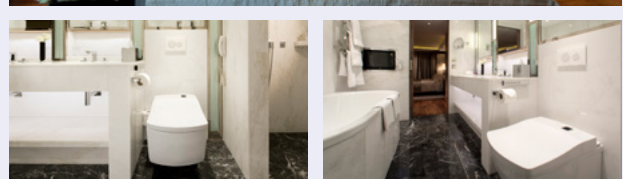
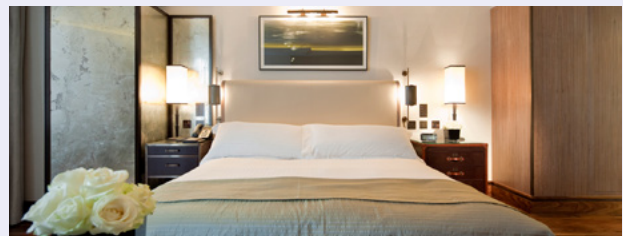
TOPICS

Project Reference

Colette Boutique, Paris



The Connaught, London



Characteristic Products in the Region

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 Flush. 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

The European market is a starting point for trends in plumbing equipment that spread throughout the world. We have participated in "ISH2015 (International Sanitary and Heating 2015)", one of the world's largest international specialized exhibition on bath, toilet, building, cooling and heating, air conditioner, and renewable energy, held once in two years in Germany to showcase TOTO's technologies and new products.



New Business Domains

[Detailed webpage](#)

Research and Development

Overview

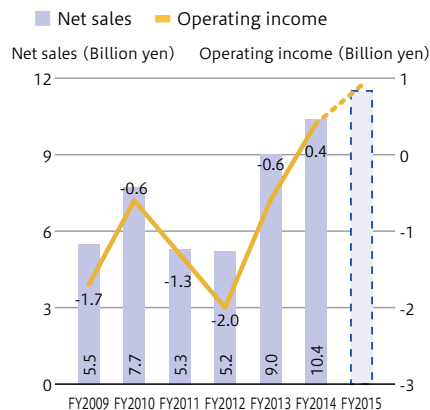
We are pushing ahead with growth for the next generation, leveraging TOTO's "Only One" technologies which have been cultivated in the manufacture of sanitary ware.

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.

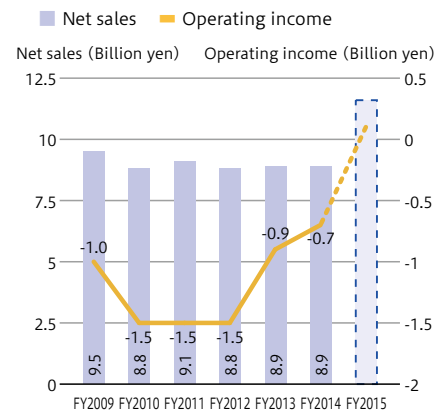
In the Green Building Materials Business, we will expand TOTO's HYDROTECT environmental cleaning technology into building materials and paints, and increase our contribution to the environment while furthering the dissemination of HYDROTECT in Japan and overseas.

Net Sales and Operating Income

Ceramics



Green building materials



Description of Businesses

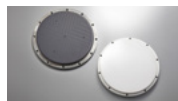
Advanced Ceramics Business

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



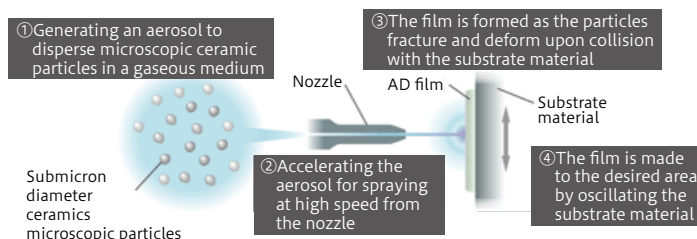
Electrostatic chucks



Yttia coated semiconductor manufacturing device part using AD technique

TOTO's Unique Technologies

What is AD technique?



AD process uses an aerosol by mixing submicron level ceramic powders and carrier gas at room temperature that will be accelerated through the nozzle and crashed onto the substrate at a sonic velocity of 150 to 400 m/s. The crash deposits highly dense ceramic film with excellent adhesion thanks to the compound dense nano crystallites and the anchor layer against the substrate. This technology overturns the common sense of ceramics need to be sintered and is expected to satisfy various market needs.

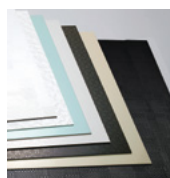
Green Building Materials Business

Areas of development

- Exterior building materials, large ceramic slabs, licensing business

Strengths

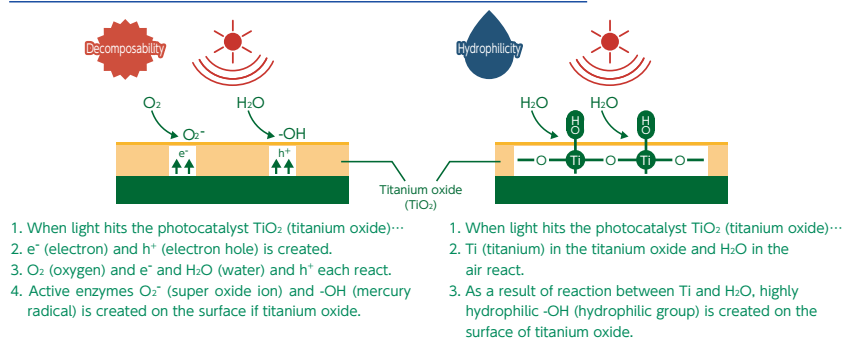
- Technology that uses photocatalysts harnessing the power of light and water to create a clean environment for the Earth and for our lives
- Coating buildings or building materials with a layer of HYDROTECT shows organics decomposability and super hydrophilic properties, which are beneficial for the global environment, such as air purification



HydroCera



What is organics decomposability and super hydrophilic?



When light hits the HYDROTECT's photocatalytic (titanium oxide) layer, it reduces dirt and dust from sticking and decomposes oil dirt from exhaust gas and smoke from automobiles and factories and then washed away by rain. It keeps buildings clean and reduces maintenance load and use of washing agents or water, contributing to environmental preservation.

Corporate Governance

[Detailed webpage](#)

 Corporate Governance

Basic Stance on Corporate Governance

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

1. The TOTO Group has developed a philosophy system for TOTO Group management. This includes a common Group philosophy, representing the inherited values of TOTO that will be carried forward into the future. This represents the “heart” of our philosophy. Also, our philosophy system includes visions for business activities representing the direction of our action to be reviewed in accordance with the demands of the times. This is positioned as the “body in action.” All of our business activities are based on this philosophy system.
2. To ensure operational decisions and business execution in compliance with relevant laws and regulations and TOTO’s Articles of Incorporation, TOTO has a Board of Directors and an Audit & Supervisory Board, and retains independent accounting auditors.
The Board of Directors, emphasizing fairness, objectivity, and

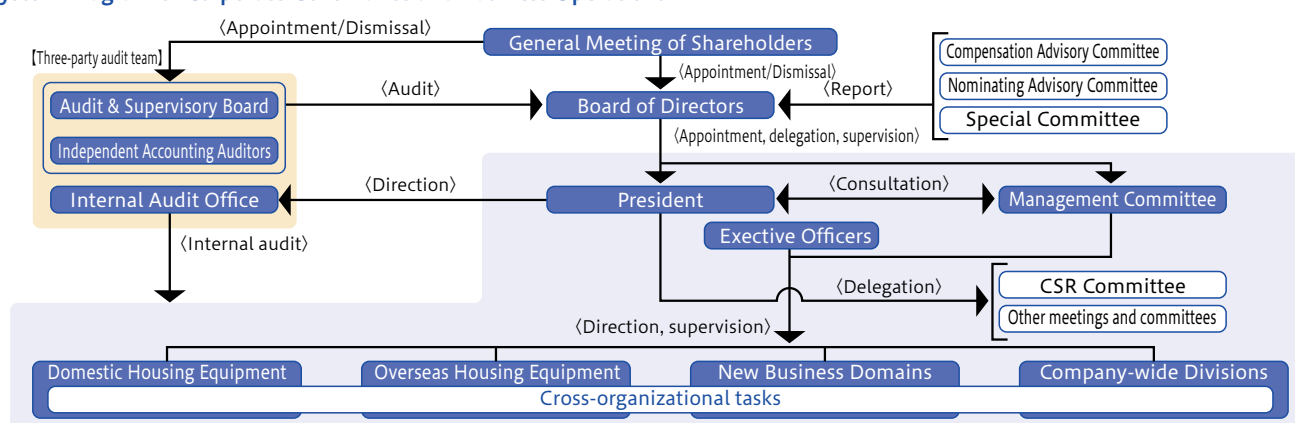
transparency, has appointed two Outside Directors who are independent of the TOTO Group. The Outside Directors give various advices and make proposals on our overall management. The Audit & Supervisory Board audits the business execution of directors consists of four members, including two outside members. We have build a system to ensure their effective audits through their attendance of major meetings, including meetings of the Board of Directors, and the exchange of opinions with Directors on a regular basis.

3. To complement audits by the Audit & Supervisory Board Members and independent accounting auditors and to build a stronger internal control system, we have established Internal Audit Office in-house, which is independent of operational divisions. With the establishment of Internal Audit Office, we have strengthened our internal audits under the direction of the President.

Audit & Supervisory Board Members, independent accounting auditors and members of Internal Audit Office carry out audits as a three-party audit team. In addition, we strive to enhance the quality and effectiveness of audits through close collaboration among three parties, which involves reviewing audit results by Audit & Supervisory Board Members and exchanging information at meetings, among other activities.

Corporate Governance and Business Operations

System Diagram of Corporate Governance and Business Operations



Directors and the Board of Directors

The Board of Directors, which consists of all Directors, makes decisions from the most appropriate company-wide, group-wide and stakeholder perspectives and conducts mutual supervision of the duties of Directors.

Directors other than the Chairman of the Board or Outside Directors concurrently hold positions as Executive Officers in order to perform their own business duties as well (Directors and Executive Officers).

TOTO invites Outside Directors, well versed in the management of leading companies respected for their management practices to which the TOTO Group aspires, to receive advice and suggestions on general management issues

based on their in-depth knowledge as experienced managers.

The term of office of Directors is one year, which is designed to clearly define their responsibilities.

Audit & Supervisory Board Members and the Audit & Supervisory Board
The Audit & Supervisory Board, which consists of all Audit & Supervisory Board Members, oversees the Directors’ execution of duties from the perspectives of legality and appropriateness.

The Audit & Supervisory Board Members attend Meetings of the Board of Directors and other major meetings to state their opinions as required and visit each business site to conduct operating audits in line with the relevant auditing policies.

In addition, the Audit & Supervisory Board Members regularly exchange opinions with Directors and streamline the system

to ensure the effectiveness of audits. TOTO calls upon Outside Members of the Audit & Supervisory Board specializing in such matters as corporate finance and legal issues, or having deep insight and extensive experience in corporate management, to evaluate decisions made by the Board of Directors and monitor Directors' execution of their duties from an objective and fair perspective.

Compensation Advisory Committee

The Compensation Advisory Committee has been set up to confirm that the process to determine base compensation, annual bonuses, and the stock compensation-type stock options for Directors, and their allocation balance are in line with the Articles of Incorporation, the resolutions of the General Meeting of Shareholders, and the Basic Policy for Directors' Compensation, in order to contribute to the ensuring of the appropriateness and objectivity of Directors' compensation through its activities.

The majority of Committee members shall be outside members and the chairperson and members have been appointed by the Board of Directors.

The Committee members consist of five outside members including four Independent Directors/Audit & Supervisory Board Members and one Director without the right of representation as an inside member, and the chairperson shall be elected from among the outside members.

Nominating Advisory Committee

The Nominating Advisory Committee has been established to help ensure the objectivity and transparency of TOTO's management through activities such as deliberation on and confirmation of the appointment of TOTO's Board of Directors and Audit & Supervisory Board Members. The Committee shall make reports to the Board of Directors on proposals to the General Meeting of Shareholders related to the appointment and dismissal of Directors and Audit & Supervisory Board Members, including Outside Directors and Outside Members of the Audit & Supervisory Board.

Half or more of Committee members shall be outside members, and the chairperson and members have been appointed by the Board of Directors. The Committee members consist of four Independent Directors/Audit & Supervisory Board Members as outside members and Representative Directors as inside members, and the chairperson shall be the President and Representative Director of TOTO.

Special Committee

The Special Committee has been established with the introduction of the Policy for Dealing with Large-Scale Acquisitions of TOTO Ltd. Shares (Takeover Defense Measures; the "Plan"). The purpose of the Special Committee is to make recommendations for the implementation or non-implementation of countermeasures under the Plan in response to the Board of Directors' inquiries. In order to ensure the fairness and neutrality of the Board of Directors' decisions, the Committee consists of the Outside Directors of TOTO and the Outside Members of the Audit & Supervisory Board of TOTO, and may include external experts (such as lawyers, certified public accountants and academic experts).

Internal Audits

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

Executive Officers

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

Management Committee

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

■ Composition of the Board of Directors and Audit & Supervisory Board in Fiscal 2015

We believe that in order to supervise business operations and to make important decisions, TOTO's Board of Directors must be composed of members with diverse perspectives, experience and highly professional skills. Meanwhile, for the purpose of performing the double-check function of supervision by the Board of Directors and of audits by Audit & Supervisory Board Members, Outside Directors need to include not only auditors required by law, but also Directors with voting rights at Meetings of the Board of Directors; and both Audit & Supervisory Board Members and Directors must have considerable independence.

As of the end of June 2015, we have 12 Directors with voting

rights at Meetings of the Board of Directors, of whom 10 are Inside Directors with careers in the TOTO Group and two are highly independent Outside Directors.

These members use their respective skills in discussions to make legal and business management decisions and supervise business operations.

The Audit & Supervisory Board consists of two standing members with careers in the TOTO Group and two outside members with a high level of independence, and conducts audits from the perspectives of legality and appropriateness.

Composition of the Board of Directors

Title	Name	Outside	Compensation Advisory Committee	Nominating Advisory Committee	Special Committee
Representative Director	Kunio Harimoto	—	—	×	—
Representative Director	Madoka Kitamura	—	—	×	—
Representative Director	Tatsuhiko Saruwatari	—	—	×	—
Representative Director	Kiyoshi Furube	—	—	×	—
Director	Shunji Yamada	—	×	—	—
Director	Noriaki Kiyota	—	—	—	—
Director	Nozomu Morimura	—	—	—	—
Director	Soichi Abe	—	—	—	—
Director	Yuichi Narukiyo	—	—	—	—
Director	Ryosuke Hayashi	—	—	—	—
Director	Hiroki Ogawa	×	×	×	×
Director	Kazuhiko Masuda	×	×	×	×

Composition of the Audit & Supervisory Board

Title	Name	Outside	Compensation Advisory Committee	Nominating Advisory Committee	Special Committee
Audit & Supervisory Board Member, Standing	Satoshi Miyazaki	—	—	—	—
Audit & Supervisory Board Member, Standing	Motohiro Oniki	—	—	—	—
Audit & Supervisory Board Member	Masamichi Takemoto	×	×	×	×
Audit & Supervisory Board Member	Akira Katayanagi	×	×	×	—

(Note) Compensation Advisory Committee members include an external expert who is appointed as an outside member.

Reasons for Adoption of Current Corporate Governance System

The TOTO Group considers that an essential aspect of corporate management is ensuring the satisfaction of stakeholders and constantly expanding corporate value by improving objectivity and transparency in management and by clarifying management responsibilities. To achieve this, for matters requiring management decisions, TOTO recognizes the importance of systematizing “who makes decisions about what and where” as well as “what checks are implemented” in a fair and honest manner.

TOTO has adopted the Audit & Supervisory Board system and is building a structure of decision-making, supervision, and more efficient and effective business execution, with the aim of continuously increasing corporate value.

■ Clarifying the allocation of management responsibility

(introduction of the Executive Officer system and the like)

■ Enhancing management transparency and soundness (establishment of the Compensation Advisory Committee and the Nominating Advisory Committee)

■ Reinforcing supervisory and auditing functions (nomination of highly independent Outside Directors and Outside Members of the Audit & Supervisory Board)

■ Strengthening decision-making functions (establishment of the Management Committee and the like)

In order to strengthen these functions, TOTO has adopted the framework of a company with an Audit & Supervisory Board system as its base while integrating the superior functions of a company with Nomination Committee, etc.

■ Compensation for Directors and Audit & Supervisory Board Members

(1) Policy for determining compensation, etc. for Directors and Audit & Supervisory Board Members

The maximum amount of compensation for Directors and Audit & Supervisory Board Members is determined respectively for Directors, Outside Directors, and Audit & Supervisory Board Members by resolutions of General Meetings of Shareholders.

Compensation for Directors

Compensation for Directors of TOTO comprises fixed compensation in the form of base compensation, and performance-linked compensation, which varies with the business performance and stock price of the company. Performance-linked compensation comprises bonuses (short-term performance-linked compensation), which are tied to business performance and limited to 0.8% of consolidated operating income, and stock-compensation type stock options (medium- to long-term performance-linked compensation), which are aimed at having Directors share the common interests of our shareholders and incentivizing contributions towards increasing the corporate value and stock price of the company, and is designed to motivate Directors to not only consider the current business year, but also take a medium to long term perspective in their management of the company. In addition, the Compensation Advisory Committee was set up to help ensure that the compensation for Directors is reasonable and objective. The Board

of Directors decides the compensation after confirming through the Compensation Advisory Committee that the compensation system and allocation balance are in line with the Articles of incorporation, the resolutions of the General Meeting of Shareholders, and the Basic Policy for Directors' Compensation.

Note that Outside Directors, who are independent from the business operations, are entitled to only fixed compensation.

Schematic of Compensation for Directors (Excluding Outside Directors)

Fixed compensation	Performance-linked compensation	
	Linked to short-term performance	Linked to medium- to long-term performance
Base compensation	Bonus	Stock-compensation type stock options

The base compensation for individual Audit & Supervisory Board Members

The base compensation for individual Audit & Supervisory Board Members is determined depending on his/her duties and responsibilities upon consultation with Audit & Supervisory Board Members.

(2) Total amount of compensation by type for Directors and Audit & Supervisory Board Members

	Number of officers (person)	Base compensation (million yen)	Bonus (million yen)	Stock-compensation type stock options (million yen)	Total (million yen)
Directors	16	407	224	73	705
〈Outside Directors included above〉	〈3〉	〈18〉	—	—	〈18〉
Audit & Supervisory Board Members	5	54	—	—	54
〈Outside members of Audit & Supervisory Board included above〉	〈2〉	〈18〉	—	—	〈18〉
Total	21	462	224	73	760

(Note) The total amount of compensation approved at the General Meeting of Shareholders is shown below. (Approved at the 145th Ordinary General Meeting of Shareholders held on June 29, 2011)

	Fixed compensation	Performance-linked compensation	
	Base compensation	Linked to short-term performance	Linked to medium- to long-term performance
Director	Up to 500 million yen per annum (*1) (including an amount up to 30 million yen in total for Outside Directors)	Up to 0.8% of the previous fiscal year's consolidated operating income	Up to 200 million yen or 200 units per annum
Audit & Supervisory Board Member	Up to 150 million yen per annum	(*2)	

(*1) The employee salaries of director-employees are not included. (*2) Bonuses and stock-compensation type stock options are not paid out to Audit & Supervisory Board Members.

(3) Amounts of compensation, etc. of Directors whose total amount of compensation, etc. exceeds 100 million yen, by type of payment

Directors of 100 million yen or more are as the following in Fiscal 2014.

	Base compensation (million yen)	Bonus (million yen)	Stock-compensation type stock options (million yen)	Total (million yen)
Representative Director Kunio Harimoto	62	40	11	114
Representative Director Madoka Kitamura	61	40	9	110

■ Outside Directors and Outside Members of the Audit & Supervisory Board

Since all Outside Directors and Outside Members of the Audit & Supervisory Board are invited to join their respective boards as members who can make decisions materially independent of the management of TOTO and all other specific stakeholders, we designate all Outside Directors and Outside Members of the Audit & Supervisory Board as Independent Directors/Audit & Supervisory Board Members.

We nominate candidates for Outside Directors and Outside Members of the Audit & Supervisory Board who fully satisfy the Nominating Advisory Committee's Requirements for Independent Directors/Audit & Supervisory Board Members [see (Note) below], the satisfaction of which is set forth by TOTO as a mandatory requirement.

(Note) Requirements for Independent Directors/Audit & Supervisory Board Members

- a person who has experience in business management above a certain level, or a professional or an external expert in business management (a company owner with significant past achievements, a specialist in the investment banking business, a lawyer, a certified public accountant, a researcher who mainly studies the Companies Act or other acts, or any similar person);
- a person who is not or has not been a Director (except for an Outside Director; the same is applied hereinafter), an Audit & Supervisory Board Member (except for an Audit & Supervisory Board Member, Outside; the same is applied hereinafter), an accounting advisor, an Executive Officer, a manager or any other employee (collectively, the "Director") of the Company, its Subsidiary or Affiliate Companies (collectively, the "Company Group");
- a person who is not a relative within the third degree of relationship of a current or former Director of the Company Group (except for a person who is not a principal of the Company);
- a person who, during the most recent five years, has not served as a Director in a financial institution that is a major loan provider for the Company Group;
- a person who, during the most recent five years, has not served as a Director in a business associate that has business with the Company Group of 2% or more of the consolidated sales of either such business associate or the Company Group in any fiscal year during the recent five fiscal years;
- a person who is not a lawyer, a certified public accountant, or a consulting or other professional service provider (if such service provider is a corporation, association or other entity, a person who belongs to such entity and a person who belonged to such entity during the most recent five years) who received from the Company Group a compensation totaling 10 million yen or more in any fiscal year during the most recent five fiscal years; or
- a person who is not a Director of a company which is the Company's major shareholder or whose major shareholder is the Company, or who is not a Director of a parent company, subsidiary or affiliate of such company.

Current Independent Directors/Audit & Supervisory Board Members

[Outside Director]

Name and Concurrent Positions	Reason for appointment as Independent Director	Attendance of the Meetings of the Board of Directors
Hiroki Ogawa Advisor of Saibugas Co., Ltd.	Hiroki Ogawa has been involved in the management of Saibugas Co., Ltd. for many years and has expertise in the housing industry. In consideration of the fact that he provides valuable advice at Meetings of the Board of Directors based on the expertise he has accrued during his career as a management expert, we believe that he is capable of overseeing and guiding management from an objective and independent perspective. His career including his history leads us to believe that he has the following experience, knowledge, or expertise: ■ Experience and knowledge regarding business management in general ■ Experience and knowledge regarding corporate governance ■ Experience and knowledge regarding business management rooted in local communities He has held office as Outside Director for two years as of the close of the 149th ordinary general meeting of shareholders.	Attended 12 of the 12 meetings
Kazuhiko Masuda Advisor of UACJ Corporation Outside Director of Sekisui Jushi Corporation Outside Director of CK San-Etsu Co., Ltd. Outside Director of San-Etsu Metals Co., Ltd.	Kazuhiko Masuda has been involved in the management of Sumitomo Light Metal Industries, Ltd. (currently, UACJ Corporation) for many years. In consideration of the fact that he provides valuable advice at Meetings of the Board of Directors based on the expertise he has accrued during his career as a management expert, we believe that he is capable of overseeing and guiding management from an objective and independent perspective. His career including his history leads us to believe that he has the following experience, knowledge, or expertise: ■ Experience and knowledge regarding business management in general ■ Experience and knowledge regarding corporate governance ■ Experience and knowledge regarding manufacturing at manufacturers He has held office as Outside Director for one year as of the close of the 149th ordinary general meeting of shareholders.	Attended 9 of the 10 meetings (Note) Since Mr. Kazuhiko Masuda was appointed at the 148th Ordinary General Meeting of Shareholders on June 27, 2014, the number of the Meetings of the Board of Directors he should have attended is different from that of the other Outside Director.

[Audit & Supervisory Board Member, Outside]

Name and Concurrent Positions	Reason for appointment as Independent Audit & Supervisory Board Member	Attendance of the Meetings of the Board of Directors	Attendance of the Meetings of the Audit & Supervisory Board
Masamichi Takemoto Advisor of Nitto Denko Corporation	Masamichi Takemoto has been involved in the management of Nitto Denko Corporation for many years. In consideration of the fact that he performs his duties appropriately as an Outside Member of Audit & Supervisory Board and provides valuable opinions at Meetings of the Audit & Supervisory Board and Meetings of the Board of Directors based on the expertise he has developed in his career as a professional corporate manager, we believe that he is capable of conducting supervision from an objective and independent perspective. His career including his history leads us to believe that he has the following experience, knowledge, or expertise: ■ Experience and knowledge regarding business management in general ■ Experience and knowledge regarding corporate governance ■ Experience and knowledge regarding overseas business management He has held office as Outside Member of Audit & Supervisory Board for four years as of the close of the 149th ordinary general meeting of shareholders.	Attended 12 of the 12 meetings	Attended 17 of the 17 meetings
Akira Katayanagi Special Advisor of Mitsubishi UFJ NICOS Co., Ltd. Audit & Supervisory Board Member of Wacoal Holdings Corp.	Akira Katayanagi has been involved in the management of financial institutions (Bank of Tokyo-Mitsubishi UFJ, Ltd. and Mitsubishi UFJ NICOS Co., Ltd., etc.) for many years. In consideration of the fact that he performs his duties appropriately as an Outside Member of Audit & Supervisory Board and provides valuable opinions at Meetings of the Audit & Supervisory Board and Meetings of the Board of Directors based on the expertise he has developed in his career as a banking and professional corporate manager, we believe that he is capable of conducting supervision from an objective and independent perspective. His career including his history leads us to believe that he has the following experience, knowledge, or expertise: ■ Experience and knowledge regarding business management in general ■ Experience and knowledge regarding corporate governance ■ Experience and knowledge regarding finance He has held office as Outside Member of Audit & Supervisory Board for two years as of the close of the 149th ordinary general meeting of shareholders.	Attended 8 of the 12 meetings	Attended 13 of the 17 meetings

(Note) When nominating Independent Directors/Audit & Supervisory Board Members, after confirming that the Judging Criteria Regarding Independence stipulated by the stock exchange is not contradicted and that the Requirements for Independent Directors/Audit & Supervisory Board Members stipulated by TOTO are met, the Independent Directors/Audit & Supervisory Board Members are decided upon at the Meeting of the Board of Directors.

■ Status of Principles to be Disclosed as Required in the Corporate Governance Code

TOTO has implemented all the principles in the Corporate Governance Code which require an explanation of reasons for not implementing, and TOTO will seek further improvement with regard to this issue.

	Items that require disclosure	Content of disclosure (overview)
1	Principle 1.4 Policy with Regard to Strategic Stockholdings and Criteria for Exercising Voting Rights with Regard to Strategic Stockholdings	Comprehensively taking into account the maintenance and strengthening of business alliances and various business transactions, as well as relationships involving business activities, TOTO strategically holds listed stocks in which the strengthening of relationships would contribute to an increase in corporate value. TOTO annually verifies the necessity and rationality of these stockholdings at Meetings of the Board of Directors to judge whether or not to continue holding such stocks. TOTO exercises voting rights with regard to strategic stockholdings after carefully examining the details of the proposals and judging whether to contribute to an increase in the corporate value of investees for the medium to long terms on the assumption of contributing to the interests of TOTO. Additionally, TOTO converses with the investees on details of the proposals, if necessary.
2	Principle 1.7 Framework for Confirmation of Transactions with Related Parties	TOTO has established rules where competitive transactions and transactions involving a conflict-of-interest with Directors or companies that Directors substantially control shall be subject to an approval of the Board of Directors. TOTO also investigates and specifies related parties that carry the possibility of having an impact on TOTO's financial position and operating results based on the "Accounting Standard for Related Party Disclosures" and the "Guidance on Accounting Standard for Related Party Disclosures," confirms the existence of transactions with said related parties and the importance of said transactions, and, if there are transactions to be disclosed, carries out such disclosure accordingly.
3	Principle 3.1 Information Disclosure (i) Company objectives (such as corporate philosophy), corporate strategies and management plans (ii) Basic Views and Basic Policy on Corporate Governance (iii) Policies and Procedures in Determining the Compensation of Senior Management and Directors by the Board of Directors (iv) Policies and Procedures for Appointing Senior Management and Nominating Candidates for Directors and Audit & Supervisory Board Members by the Board of Directors (v) Explanations for Each Individual Appointment and Nomination with Respect to the Appointments of Senior Management and the Nominations of Candidates for Directors and Audit & Supervisory Board Members by the Board of Directors	(i) to (iv) are described earlier in this report. (v) Reasons for the nomination of candidates for Outside Directors and Outside Members of the Audit & Supervisory Board are stated earlier in this report. Also, for each candidate for Director and Audit & Supervisory Board Member, excluding Outside Director and Outside Member of the Audit & Supervisory Board, career information is disclosed in the Reference Documents for the "Convocation Notice of the Ordinary General Meeting of Shareholders." Going forward, TOTO seeks to further elaborate on such details.
4	Supplementary Principle 4.1.1 Summary of Scope of Matters Delegated by the Board of Directors to the Management	TOTO has stipulated matters to be determined by resolution of the Board of Directors in the Rules for Board of Directors. The matters mainly include those concerning the general meeting of shareholders, personnel and organizations, account settlement, stocks, corporate bonds and new share subscription rights, and corporate assets and management of the TOTO Group, as well as matters stipulated in laws and regulations, including the Companies Act and the Articles of Incorporation, among other significant matters. Among business operations not subject to a decision by the Board of Directors, certain significant matters are determined upon establishing the Rules for System for Formal Approval and discussions by the Management Committee (held twice a month in principle), consisting of Directors and Executive Officers. The Executive Officer system was introduced in 2000 to effectively execute the matters determined by the Board of Directors.
5	Principle 4.8 Appointment of Independent Directors	TOTO has appointed two Outside Directors with a high level of independence. This makes it possible for the Board of Directors to engage in an open and objective discussion, sharing viewpoints from an independent and neutral perspective. TOTO has appointed Outside Directors with expert knowledge in management-related issues and a truly global perspective, specializing in corporate governance, CSR, and risk management. The Outside Directors provide our management with valuable insight and advice from an objective viewpoint. This process is facilitated by the receipt of reports on activities of the Internal Audit Office, independent accounting auditors and the internal control division, mainly by the Board of Directors, in its efforts to improve the oversight function for assessing management activities and to establish a more transparent management monitoring system.
6	Principle 4.9 Independence Standards Aimed at Securing Effective Independence of Persons Who Will Become Independent Directors	TOTO's Independent Directors are appointed in accordance with the requirements for Outside Directors, as set forth in the Companies Act, and the independence standards set forth by the financial instruments exchanges, in addition to "Requirements for Independent Directors/Audit & Supervisory Board Members," as set forth by TOTO, which periodically assesses their status upon appointment. The "Requirements for Independent Directors/Audit & Supervisory Board Members" are stated earlier in this report.
7	Supplementary Principle 4.11.1 View on the Appropriate Balance between Knowledge, Experience and Skills of the Board of Directors as a Whole, and Terms of Diversity and Size	Stated earlier in "Composition of the Board of Directors and Audit & Supervisory Board in Fiscal 2015" in this report.
8	Supplementary Principle 4.11.2 Concurrent Posts Assumed by Directors and Audit & Supervisory Board Members	Concurrent posts assumed by Outside Directors and Outside Members of the Audit & Supervisory Board are stated earlier in this report. In addition, concurrent posts assumed by Directors and Audit & Supervisory Board Members, excluding Outside Directors and Outside Members of the Audit & Supervisory Board, are disclosed in the Reference Documents for the "Convocation Notice of the Ordinary General Meeting of Shareholders."
9	Supplementary Principle 4.11.3 Summary of Analysis and Evaluation Concerning the Effectiveness of the Board of Directors	At Meetings of the Board of Directors, the Board of Directors engages in self-analysis and self-evaluation concerning its effectiveness and appropriateness as well as the effectiveness and appropriateness of the corporate governance system through deliberation and reports on TOTO's corporate governance. The Board of Directors appropriately makes decisions based on open and active discussions and performs an effective role in improving corporate value over the medium to long terms. Going forward, the Board will strive to further increase its effectiveness. - In principle, the Board of Directors holds a meeting once a month to discuss and approve significant deals in a timely matter. - Significant deals and related issues are discussed and prioritized at Management Committee meetings, prior to discussion at Meetings of the Board of Directors. Materials are distributed in advance and explanations concerning such matters are provided. This allows enough time for the Board of Directors to engage in active discussion at Meetings of the Board of Directors. The Board of Directors also strives to improve its function through proposals from the Directors themselves. - Mid-/long-term management plans and annual management plans are discussed and approved by Meetings of the Board of Directors, and the status of achievement of these plans is checked at monthly Meetings of the Board of Directors. - At Meetings of the Board of Directors at the end of the fiscal year, management policies and plans are discussed and approved for the next fiscal year according to the approved mid-/long-term management plans. Subsequently, policies on execution and significant matters in the mid-/long-term plans are shared among all Directors, and the general direction of such issues is appropriately linked to recent activities. - From a range of perspectives, management issues are discussed among Directors with diverse experience in sales, technology, production and administrative management, and also with Outside Directors who have extensive experience in and knowledge of business management. - Under the strategic framework of the long-term management plan TOTO V-Plan 2017, Directors in charge of the three core businesses of "domestic housing equipment," "overseas housing equipment," and "new business domains," as well as three cross-organizational innovation activities, which are aimed to optimize the operations of the entire company, are appointed based on their expertise and skills to increase the effectiveness of the management plans. - The Board of Directors appropriately discusses issues to be approved to make more strategic discussions. - The Board of Directors maintains reports on the status and results of proposals, and oversees the execution of duties.
10	Supplementary Principle 4.14.2 Training Policy for Directors and Audit & Supervisory Board Members	TOTO provides opportunities for training necessary for Directors and Audit & Supervisory Board Members to fulfill their respective roles and duties. We bear the expenses of the training at the request of Directors and Audit & Supervisory Board Members. To satisfy the expectations of shareholders and investors, Directors and Audit & Supervisory Board Members strive to collect information by accepting reports on IR activities and various SRI (social responsible investment) research results at Meetings of the Board of Directors in order to further understanding of the company. In addition to the aforementioned, Directors and Audit & Supervisory Board Members hold internal training sessions for new Directors and Audit & Supervisory Board Members (education on various laws and regulations, including the Companies Act) to further understand their required roles and duties, and participate in external seminars at the time of new appointments. Upon appointment, Directors and Audit & Supervisory Board Members strive to obtain the necessary skills and knowledge, mainly through attending seminars, as necessary. To further understand the conditions facing the TOTO Group, Outside Directors accept invitations to visit domestic and overseas business sites to learn about such business conditions. Outside Members of the Audit & Supervisory Board attend important meetings concerning the operations of the TOTO Group and visit and audit domestic and overseas business sites.
11	Principle 5.1 Policies Concerning the Measures and Organizational Structures Aimed at Promoting Constructive Dialogue with Shareholders	TOTO designates the President as an Executive Officer in charge of engaging in dialogue with shareholders, based on the view that the Company should hold constructive discussions with shareholders and investors. The President, Executive Vice President, and Executive Officer in charge of IR mainly deal with this matter. Evaluations and requests from shareholders and investors are shared across the Company and are used as a source of information to ensure improvements in management. TOTO discloses the purpose of its communications and policy on responses to investors in the TOTO Group Communication Policy. For domestic and overseas shareholders and investors, IR Policy is also established to ensure transparency and fairness. Additionally, please see "Shareholder and Investor Engagement" later in this report.

■ Directors and Audit & Supervisory Board Members

Directors

Kunio Harimoto

Representative Director,
Chairman of the Board

Born March 19, 1951



Madoka Kitamura

Representative Director,
President

Born May 24, 1957

In charge of New Domain Business Group, Management Planning Division, Global Strategy Office, Secretary's Office, and V-Plan new business domains



Tatsuhiko Saruwatari

Representative Director,
Executive Vice President

Born March 1, 1953

In charge of Business Division and Internal Audit Office



Kiyoshi Furube

Representative Director,
Executive Vice President

Born November 3, 1954

In charge of Sales Groups, Cultural Promotion Department, and V-Plan domestic housing business



Shunji Yamada

Director,
Senior Managing Executive Officer

Born July 1, 1956

In charge of Business Promotion Group, Customer Service Division, and Information System Planning Division



Noriaki Kiyota

Director,
Senior Managing Executive Officer

Born October 8, 1961

In charge of System Product Group and Faucets & Appliances Division



Nozomu Morimura

Director,
Managing Executive Officer

Born July 10, 1957

In charge of Marketing Group, Sales Promotion Group, and V-Plan marketing innovation



Soichi Abe

Director,
Managing Executive Officer

Born August 22, 1961

In charge of International Business Division and V-Plan overseas housing equipment business



Yuichi Narukiyo

Director,
Managing Executive Officer

Born March 18, 1962

In charge of Corporate Administrative Group, Legal Affairs Division, and V Plan management resource innovation



Ryosuke Hayashi

Director,
Managing Executive Officer

Born September 4, 1963

In charge of Restroom Business Group and Production Technology Business Group, General Manager of Restroom Business Group, and in charge of V-Plan demand chain innovation



Hiroki Ogawa

Outside Director

Born September 21, 1941



Kazuhiko Masuda

Outside Director

Born April 24, 1942



Audit & Supervisory Board Members

Satoshi Miyazaki

Audit & Supervisory
Board Member, Standing

Born November 10, 1955



Motohiro Oniki

Audit & Supervisory
Board Member, Standing

Born January 1, 1958



Masamichi Takemoto

Audit & Supervisory
Board Member, Outside

Born December 16, 1944



Akira Katayanagi

Audit & Supervisory
Board Member, Outside

Born February 4, 1946



Shareholder and Investor Engagement

[Detailed webpage](#)
 Together with Shareholders

IR Activity Transparently and Fairly Communicates the Most Recent Information

TOTO undertakes to engage in communication with institutional investors and shareholders as well as with individual shareholders and investors in Japan and other countries on the basis of IR policy in order to treat them with

transparency and fairness. In addition to disclosing information in a timely manner through its dedicated website, TOTO also holds separate meetings as well as briefings to explain its financial results.

Explanatory Meetings for Private Investors

We host explanatory meetings for private investors because we want them to be more interested in our business. We offer various opportunities to provide information for the private investors.

Visiting Foreign Institutional Investors

With economy becoming more global every day, our top management does IR activities every year for foreign investors to have them understand our corporate strategies enough before they buy our shares. We visit the investors in Europe,

United States, and Asian countries. As they see the presence of our products growing in each country, their interest in TOTO is also growing.

What We Do for Domestic Institutional Investors

For domestic investors, we hold meetings to explain our strategies and invite them to our plants from time to time, not to mention announcing financial results twice a year and entertaining media daily.



Explanatory Meetings for Private Investors



Meeting with overseas investors



During plant tour

IR Activity Communicating the Most Recent Information

"Investor Relations" on our website introduces latest IR information including Message from the President, Long-Term Management Plan (V-Plan 2017) • Medium-term Management Plan, Corporate Governance, Business Risk and Topics.

http://www.toto.co.jp/company/ir_en/index.htm



IR Policy

1. Fundamental policy

The TOTO Group discloses information related to the settlement of accounts according to the rules determined by the Tokyo Stock Exchange (TSE), the Financial Instruments and Exchange Act, and other laws and ordinances. Even when not obligated to do so, we proactively disclose information for which disclosure is regarded as useful to all investors and shareholders.

2. Disclosure methods


- Brief Notes on the Settlement of Accounts and information disclosed according to the timely disclosure rules is made publicly available on the TSE Timely Disclosure Network (TDnet). Afterwards, it shall be published on the TOTO website. Information for which the timely disclosure rules do not apply shall be promptly disclosed via mediums including the TOTO website.
- In order to prevent the leakage of information related to the settlement of accounts and ensure fairness, the period from the day after the end of the fiscal period for each quarter until the announcement of the settlement of accounts is regarded as a "quiet period" in which no comments shall be made on the settlement of accounts and no questions shall be answered. However, the disclosure of information shall be carried out during this quiet period in the case that major changes are expected to occur regarding projections of business results.

3. Cautionary statement concerning forward-looking statements

Forward-looking statements released by TOTO on future business results are based on available data at the time of announcement. Actual business results may differ from projections due to various factors.

CSR Philosophy and System of Promotion

[Detailed webpage](#)

 CSR Philosophy and System of Promotion

■ CSR Philosophy

TOTO Group considers CSR management to be management by the use of CSR initiatives for the purpose of bringing TOTO Group Corporate Philosophy to life. The TOTO Corporate

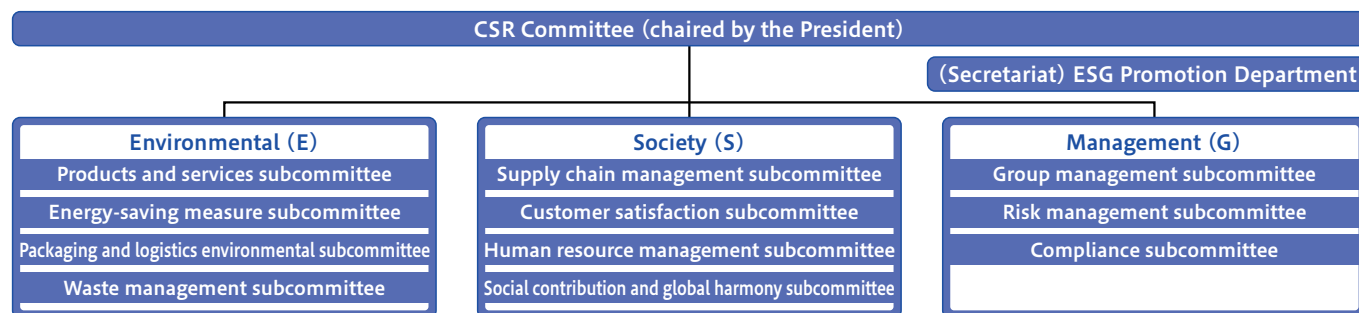
Philosophy outlines the purpose of the company's existence, our business fields and the desired image for all of our stakeholders as the basis of what the company motto strive to communicate.

■ CSR Promotion System

In fiscal 2004, the TOTO Group launched a Corporate Social Responsibility (CSR) Committee chaired by the President, and since then, the Committee has been promoting CSR management. The CSR Committee, which holds meetings once a year, is comprised of three fields: Environment, Social and Governance. Subcommittees that make up each field establish company-wide plans for their areas of responsibility, and engage in activities that cross over different departments and


are expanded to related departments and Group companies. For the purpose of accelerating these efforts, a new executive officer in charge of overseeing CSR promotion at TOTO's domestic and overseas companies has been established since fiscal 2014. Cooperation between each subcommittee and the supervising division is being bolstered with the aim of speeding up CSR management through the delegation of authority.

Promotional System of CSR Committee



■ Identifying Materiality (material issues)

[Detailed webpage](#)

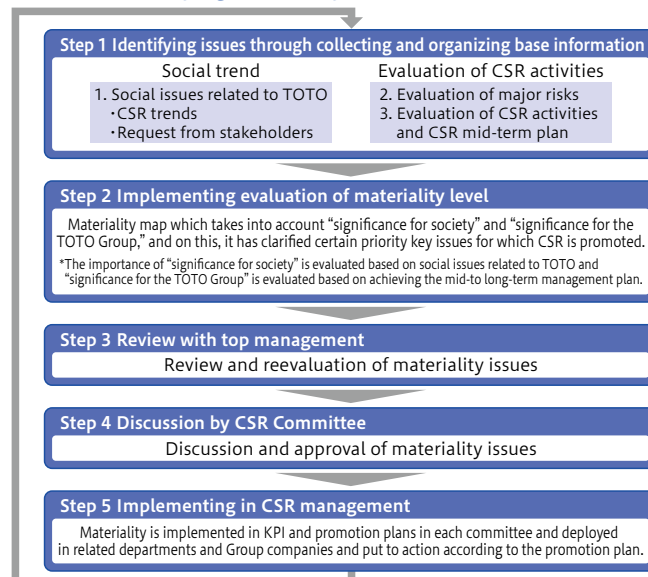
 Materiality (material issues)

For the purpose of tackling global social issues strategically, the TOTO Group has prepared a Materiality Map which takes into account "significance for society" and "significance for the TOTO Group," and on this, it has clarified certain priority key issues for which CSR is promoted.

Materiality Map (FY2014)



Process of Identifying Materiality



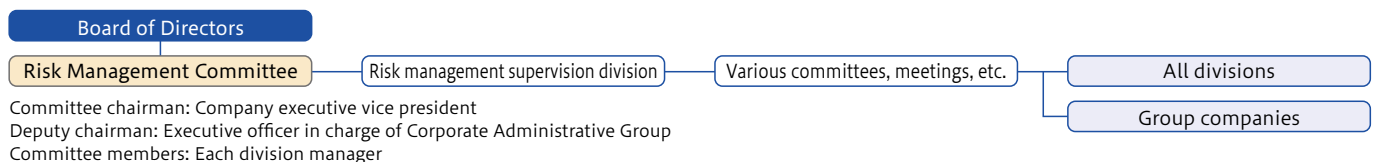
Risk Management [Detailed webpage](#) Risk Management

■ Risk Management Promotion Framework

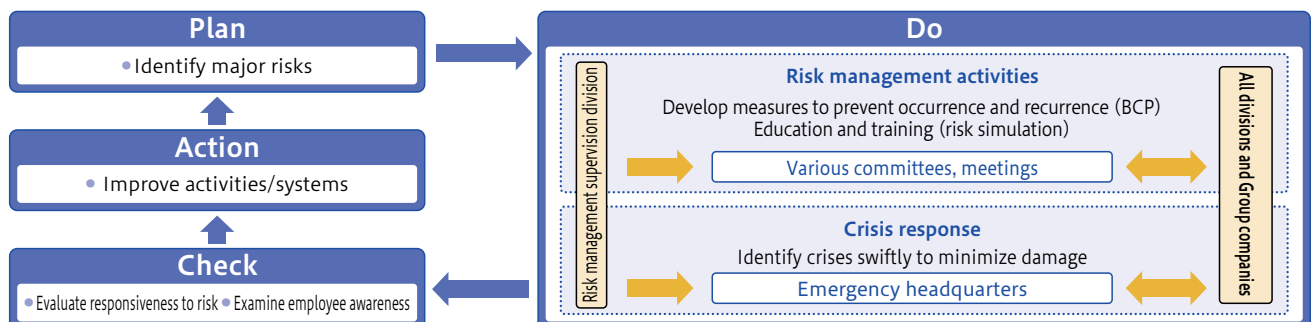
The TOTO Group strives without limit to eliminate all causes of hindrances to the implementation of management policies in order to maintain the confidence of society through the fulfillment of its corporate social responsibilities. In cases of unexpected problems, maximum efforts will be made to minimize 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



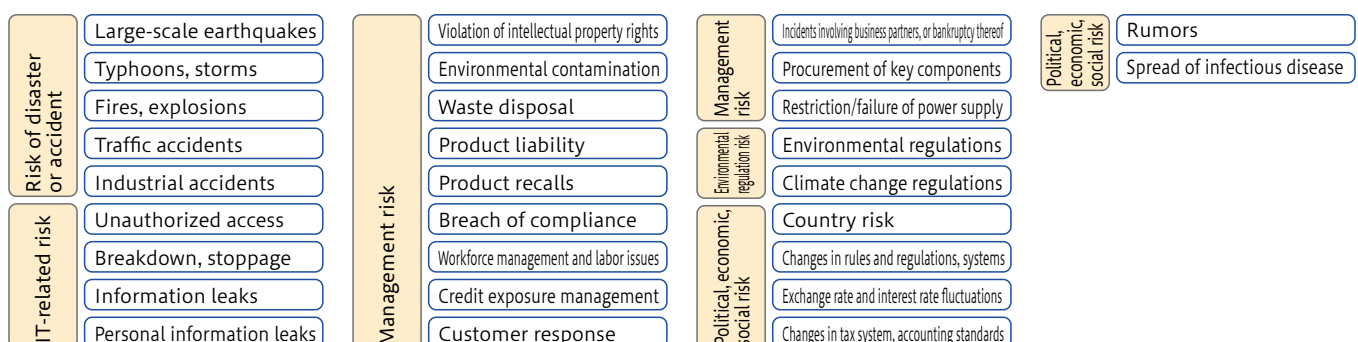
■ Major Risks in Fiscal 2015

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



TOTO Global Environmental Vision

[Detailed webpage](#)

The TOTO Group established the TOTO Global Environmental Vision in 2014 for the purpose of taking its environmental contribution activities an evolutionary step further while facing up to the environmental problems of each country and region. Based on six themes of global environmental activities, the entire TOTO Group is committed to making contributions to the global environment through our business activities.

With a view to realizing the TOTO Global Environmental Vision, the TOTO Group established Global Environment Goals to be pursued on a common global basis until the end of fiscal 2017. As a company that is largely involved with water, we are committed to setting clear targets for each of the six themes centered around conserving water.



Global Environment Goals

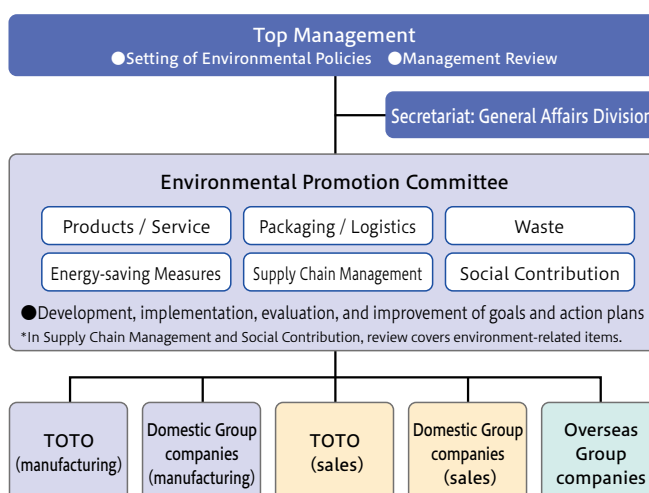
FY2017 TOTO Group Global Environment Goals

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 rate 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) Usage rate of 100% legal and recycled materials for wood-based materials used 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

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.



Performance against the Global Environmental Action Plan

[Detailed webpage](#)
 Global Environmental Action Plan (Medium-term plan)

■ Environmental Action Plan and results

In conjunction with to the implementation 2014's "TOTO Global Environmental Vision", the 9th Global Environmental Action Plan has also been implemented.

We will accelerate our efforts as one TOTO Group to resolve global social issues such as water shortages and global warming.

9th Global Environmental Action Plan FY 2014 Results

	Evaluation index (KPI)	Scope	Standard year and value	FY2017 target	FY2014 target	FY2104 actual	Evaluation
Respect the value of water	Contribution of improvement in water efficiency of products Contribution to waster-saving (Amount of contribution from performance improvement from 1990)	Japan/ overseas	—	1.30 billion m ³	1.08 billion m ³	1.10 billion m ³	○
	Shipment ratio of water-saving toilets (Water per flush of 4.8L or less)	Japan	—	70%	58%	72%	○
		Overseas		80%	53%	54%	○
Prevent global warming	Contribution to global reduction in CO ₂ emissions from improvement in water and energy efficiency of products (Amount of contribution from performance improvement from 1990)	Japan/ overseas	—	5,630 thousand t	4,970 thousand t	4,750 thousand t	×
	CO ₂ emission from offices	Japan/ overseas	FY2013 emission 313 thousand t	352 thousand t or less	337 thousand t or less	324 thousand t	○
	Amount of CO ₂ reduction from initiatives in offices	Japan/ overseas	FY2013 reduction 0t	29 thousand t	6.6 thousand t	7.1 thousand t	○
	Reduction of fuel used for transportation per unit	Japan	FY2009 0%	9%	5.2%	8.3%	○
	Rate of progress in reduction plan of transportation fuel per unit	Overseas	—	100%	100%	100%	○
Respect the value of resources	Recycling rate in production sites	Japan	FY2013 99% or more	99% or more	99% or more	99.9%	○
	Recycling rate in production sites *Recycling target with provisions	Overseas	FY2013 70%	90% or more	75%	74.4%	×
Do not pollute the earth	Violations of related environmental regulations	Japan	—	—	0	0	○
Biodiversity	Percentage of "legal + recycled materials" used *Legal materials include material from certified forests	Japan	—	100%	90%	90%	○
Social contribution	Number of Green Volunteers participants	Japan/ overseas	—	55,000	42,000	42,500	○

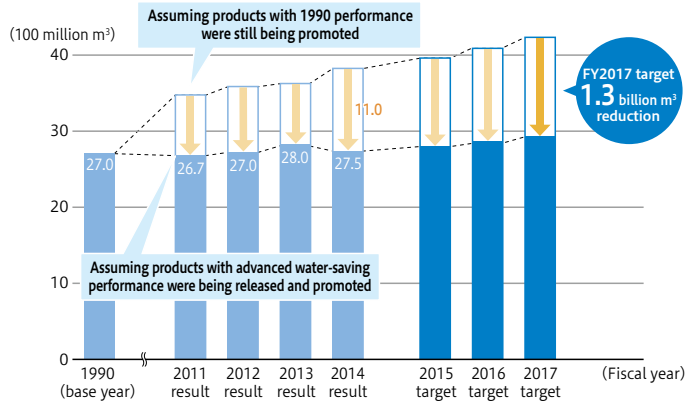
Evaluation:

○....Achieved March 2014 targets

×....Not attained March 2014 targets

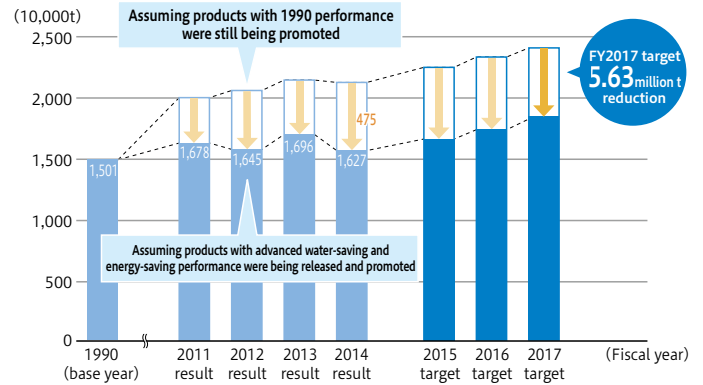
Changes in Major Indexes

Contribution to global water-saving from improvement of water efficiency of products (compared to FY1990)



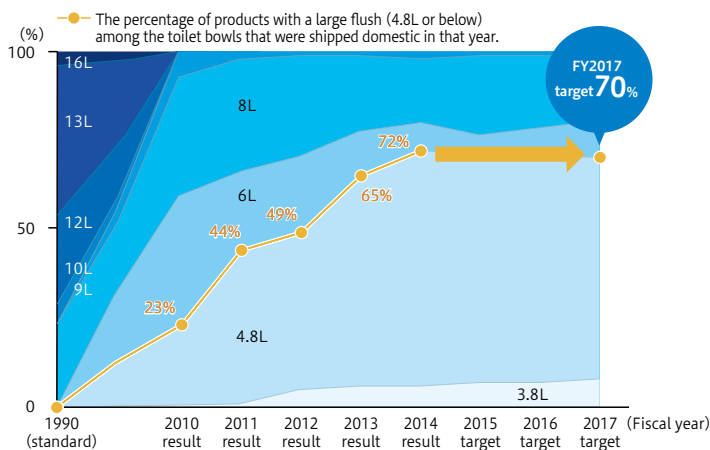
*Total water consumption during product use is calculated using the water consumption during the period of product use for all products shipped during a particular year. (Excluding water consumption of some products which their use is unknown)

Contribution to global reduction in CO₂ emissions from improvement in water and energy efficiency of products (compared to FY1990)

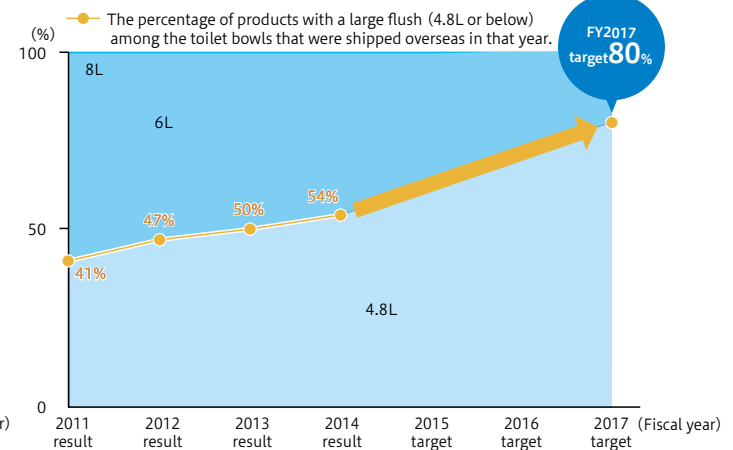


*Total CO₂ emissions during product use is calculated using the amount of energy (electricity and gas) and water used during the period of product use for all products shipped during a particular year. (Excluding CO₂ emission of some products which their use is unknown)

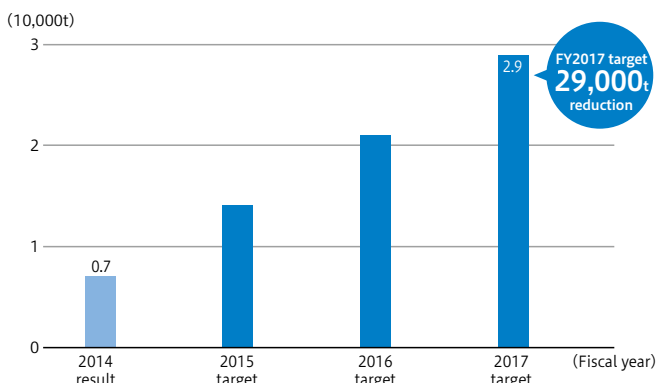
Shipment rate by quantity of water per flush (Japan)



Shipment rate by quantity of water per flush (Overseas)

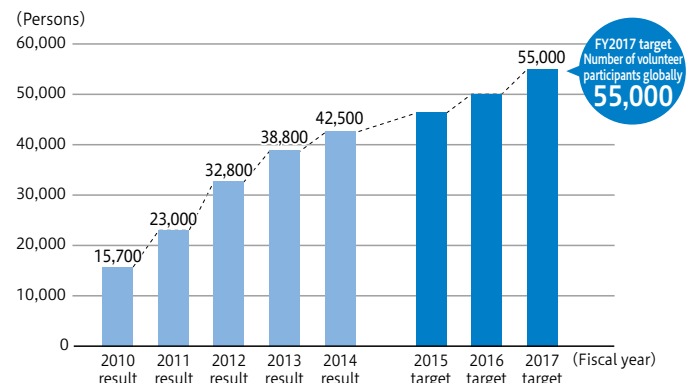


Contribution to global reduction in CO₂ emission from business sites (compared to FY2013)



*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)

Enhancing Value of Human Resources

[Detailed webpage](#)
 All Employees Together

In a spirit of respect for human life and dignity, the TOTO Group continuously cultivates its employees, prizing qualities such as enthusiasm, fertile imagination and autonomy, and contributes to the enhancement of employee satisfaction, as well as to the creation of customer lifestyles.

Promoting Diversity

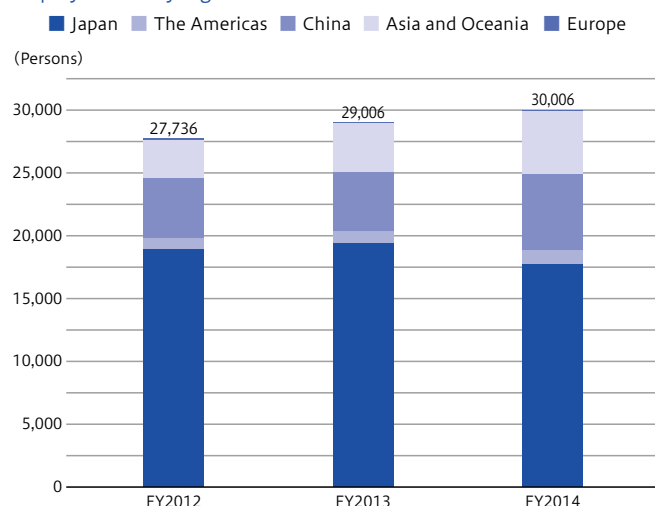
The TOTO Group respects the individuality of each member of our diverse workforce, which differs in such respects as age, gender and nationality. We believe that we can create prosperous and comfortable lifestyles by leveraging the fresh new ideas born from these differences. Led by the Diversity Promotion Section within our Human Resource Division, we are currently promoting a wide

range of activities, including the career advancement of women and the hiring of persons with disabilities and the Group has also set up an “employment status step-up” system for temporary and contract workers. We also introduce various role models on in-house diversity website and offer information on diversity working methods and promote understanding in the group.

Employee Composition

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

Employee ratio by region



*TOTO Group (regular, contract, temporary employees)

Age and Length of Service

	March 2013		March 2014		March 2015	
	Male	Female	Male	Female	Male	Female
Average age	44.3	39.0	43.8	39.7	43.9	40.2
Average length of service (years)	18.7	12.7	19.3	13.3	19.0	13.6

*Data for regular/contract employees of TOTO LTD.

Number of New Graduate Recruits

	FY2013		FY2014		FY2015	
	Male	Female	Male	Female	Male	Female
TOTO LTD.	89	33	93	31	99	25
Domestic Group companies	58	25	95	28	110	45
Total	147	58	188	59	209	70

*Data for TOTO Group (Japan)

Employee Turnover Rate

	March 2013	March 2014	March 2015
Employee Turnover Rate	1.2%	1.1%	0.8%

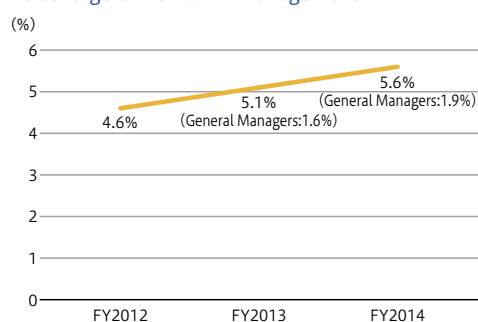
*Data for regular employees of TOTO LTD.

Career Support for Female Employees

Having set a target of increasing the percentage of female managers at TOTO to 10% by fiscal 2017, the centenary of our foundation, we have promoted a number of initiatives. Particularly in the hierarchy-based training sessions targeted at female employees, we concurrently run the training for their supervisors, and we are also putting a great deal of effort into enhancing the management skills of supervisors aimed at promoting the career advancement of women.

Through these initiatives, the Company has gained a good reputation for activities that have a female perspective in all aspects of TOTO operations, for building up the workplace environment, and for creating new value for customers through product development. TOTO was included in the first list of the “Top 100 Companies Encouraging Diversity in Management,” compiled by the Ministry of Economy, Trade and Industry. In addition, we are also selected as a Nadeshiko Brand in March 2015.

Percentage of women in management



*Data for regular employees of TOTO LTD.



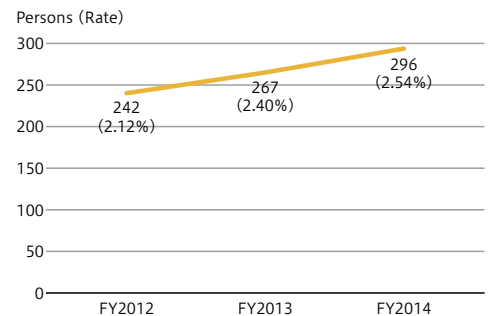
Training for female management position candidates



Promoting Employment of Persons with Disabilities

The TOTO Group aims to achieve normalization in its workplaces, and to this end, we continue to recruit individuals with disabilities. In fiscal 2014, we achieved a disabled person employment rate of 2.5% prior to the target year of fiscal 2017. From here onwards, we will be focusing on promoting the further occupational expansion of Group-wide disabled persons, such as promoting the recruitment of intellectually and mentally disabled people.

Number of persons with disabilities employed



*Data for TOTO Group (Japan)

*Number in brackets is employment rate of persons with disabilities

Globalization of Human Resource

TOTO has set a target at overseas Group companies of increasing the ratio of management positions (Division Managers) occupied by locally hired personnel to 50% by fiscal 2017 in order to make the companies part of local people's lives. For this purpose, we invite overseas executive candidates to exchange views regarding the management layer, management philosophy and management policy from a viewpoint of globalization to share our awareness.

In addition, we implement human resources exchange programs, not only for our executives, but also for our general employees, and an enhanced Award System, which help to create a corporate culture working with a sense of unity.



Overseas executive candidate training

Work-Life Balance

At the TOTO Group, we are committed to promoting a work-life balance and working time optimization under the notion that having our workforce to review their working hours to harmonize their work and home lives, which will lead to enhanced productivity and a sense of reward from work.

In recognition of these efforts to improve work-life balance, TOTO received the 6th Annual Grand Prize for Work-Life Balance, sponsored by the Japan Productivity Center, and has also obtained the Japanese Ministry of Health, Labour and Welfare's "Kurumin" certification in recognition of its activities in support of child rearing.



Work Hours

	March 2013	March 2014	March 2015
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	1,915.49 hours per person	1,989.11 hours per person	1,992.0 hours per person
Average overtime hours per month	13.8 hours per person	20.1 hours per person	20.3 hours per person
Number of paid holidays taken per year	13.5 days per person	13.5 days per person	14.2 days per person

*Data for regular employees of TOTO LTD.

Percentage of Paid Holidays Taken

	FY2012	FY2013	FY2014
Percentage of paid holidays taken	73.5%	74.2%	74.0%

*Data for regular/contract employees of TOTO LTD.

Number of People Using Reduced Work Hour and Leave Systems

	March 2013		March 2014		March 2015	
	Male	Female	Male	Female	Male	Female
Childcare leave	2	170	6	186	1	165
Reduced work hours for childcare	1	245	0	262	0	256
Nursing care leave	1	2	0	4	1	2
Reduced work hours for nursing care	0	3	0	4	0	4
Volunteer leave	30	5	24	8	30	11

*Data for regular/contract employees of TOTO LTD.

Safety and Health

TOTO has been working to increase awareness of safety and stop unsafe work practices and conditions in order to eliminate work-related accidents.

Work-related Accident Frequency/Severity Rate in Japan

			2012	2013	2014
Frequency rate	Closure	All industries	1.59	1.58	1.66
		All manufacturing sectors	1.00	0.94	1.06
		TOTO Group	0.12	0.21	0.13
Severity rate		All industries	0.10	0.10	0.09
		All manufacturing sectors	0.10	0.10	0.09
		TOTO Group	0.004	0.008	0.002

*Annual (January to December) data

Work-related Accident Frequency Rate for Overseas Business Group

	2012	2013	2014
Frequency rate	0.15	0.12	0.41

*Annual (January to December) data

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

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

Ten-Year Summary of Selected Financial Data

(Unit: Million yen)

	FY2005 (March 31, 2006)	FY2006 (March 31, 2007)	FY2007 (March 31, 2008)	FY2008 (March 31, 2009)	FY2009 (March 31, 2010)
Net sales	494,784	512,200	501,060	464,505	421,929
Cost of sales	321,213	337,734	330,782	311,765	275,639
Cost of sales ratio	64.9%	65.9%	66.0%	67.1%	65.3%
Selling, general and administrative (SG&A) expenses	148,406	148,277	147,555	146,174	139,699
SG&A ratio	30.0%	28.9%	29.4%	31.5%	33.1%
Operating income	25,164	26,187	22,722	6,566	6,589
Operating margin	5.1%	5.1%	4.5%	1.4%	1.6%
Net income /loss	12,996	13,544	13,239	(26,261)	878
Net income margin/net loss margin	2.6%	2.6%	2.6%	(5.7%)	0.2%
Capital investment	22,397	22,260	24,191	16,297	11,607
Depreciation and amortization	20,970	22,039	22,389	22,425	20,575
Research and development (R&D) costs	11,722	11,752	12,001	13,087	13,113
R&D cost ratio	2.4%	2.3%	2.4%	2.8%	3.1%
Total assets	474,823	466,736	451,744	388,645	378,266
Current assets	214,130	217,780	210,126	187,689	180,149
Non-current assets	260,693	248,955	241,618	200,955	198,116
Total liabilities	241,271	233,494	220,213	203,751	189,717
Net assets* ¹	233,550	233,242	231,530	184,893	188,549
Operating CF	26,872	28,575	32,884	23,403	33,627
Investment CF	(7,260)	(25,310)	(22,121)	(18,629)	(14,828)
Financial CF	(16,501)	(10,834)	(7,246)	(2,215)	(12,223)
Free cash flow* ²	19,612	3,265	10,763	4,774	18,799
Dividend per share	12.00yen	13.00yen	14.00yen	10.00yen	10.00yen
ROE* ³	5.9%	5.8%	5.8%	(12.9%)	0.5%
ROA* ⁴	5.4%	5.6%	4.9%	1.6%	1.7%
EPS	37.1yen	39.1yen	38.2yen	(75.8yen)	2.5yen
BPS	638.4yen	659.7yen	652.8yen	520.4yen	530.4yen
Total asset turnover	1.06	1.09	1.09	1.11	1.10
Equity ratio	46.6%	49.0%	50.1%	46.4%	48.6%
Number of shares outstanding (excluding treasury stock/period average)	346,796,611	346,638,825	346,542,137	346,437,170	346,391,504

*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

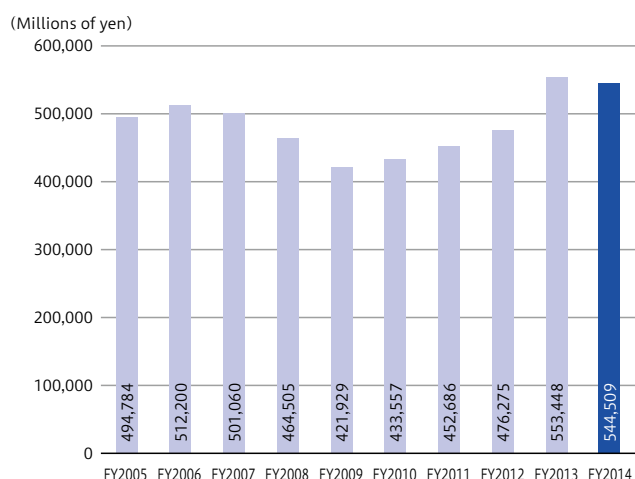
(Unit: Million yen)

	FY2010 (March 31, 2011)	FY2011 (March 31, 2012)	FY2012 (March 31, 2013)	FY2013 (March 31, 2014)	FY2014 (March 31, 2015)
Net sales	433,557	452,686	476,275	553,448	544,509
Cost of sales	273,259	286,803	303,231	341,780	337,285
Cost of sales ratio	63.0%	63.4%	63.7%	61.8%	61.9%
Selling, general and administrative (SG&A) expenses	146,284	147,102	149,667	164,485	169,796
SG&A ratio	33.7%	32.5%	31.4%	29.7%	31.2%
Operating income	14,014	18,779	23,376	47,181	37,426
Operating margin	3.2%	4.1%	4.9%	8.5%	6.9%
Net income /loss	5,115	9,270	16,956	44,122	24,813
Net income margin/net loss margin	1.2%	2.0%	3.6%	8.0%	4.6%
Capital investment	26,214	32,253	19,934	34,575	40,264
Depreciation and amortization	19,746	18,348	19,508	14,922	17,227
Research and development (R&D) costs	15,606	16,643	15,983	17,428	18,466
R&D cost ratio	3.6%	3.7%	3.4%	3.1%	3.4%
Total assets	379,215	377,072	408,454	476,387	516,995
Current assets	184,203	181,554	205,485	258,800	266,637
Non-current assets	195,011	195,518	202,969	217,586	250,357
Total liabilities	199,050	191,491	195,043	219,790	236,412
Net assets* ¹	180,164	185,580	213,410	256,596	280,582
Operating CF	28,117	19,678	44,498	48,015	34,713
Investment CF	(22,758)	(22,446)	(22,971)	(4,033)	(30,040)
Financial CF	(7,260)	(12,164)	(2,178)	(23,328)	(11,393)
Free cash flow* ²	5,359	(2,768)	21,527	43,982	4,673
Dividend per share	10.00yen	10.00yen	14.00yen	23.00yen	26.00yen
ROE* ³	2.8%	5.2%	8.8%	19.4%	10.0%
ROA* ⁴	3.7%	5.0%	6.0%	10.7%	7.5%
EPS	14.9yen	27.1yen	49.5yen	130.2yen	73.8yen
BPS	513.5yen	525.6yen	602.2yen	737.7yen	802.8yen
Total asset turnover	1.14	1.20	1.21	1.25	1.09
Equity ratio	46.2%	47.7%	50.6%	52.0%	52.3%
Number of shares outstanding (excluding treasury stock/period average)	344,259,297	342,013,603	342,892,129	338,911,922	336,233,556

Financial Highlights

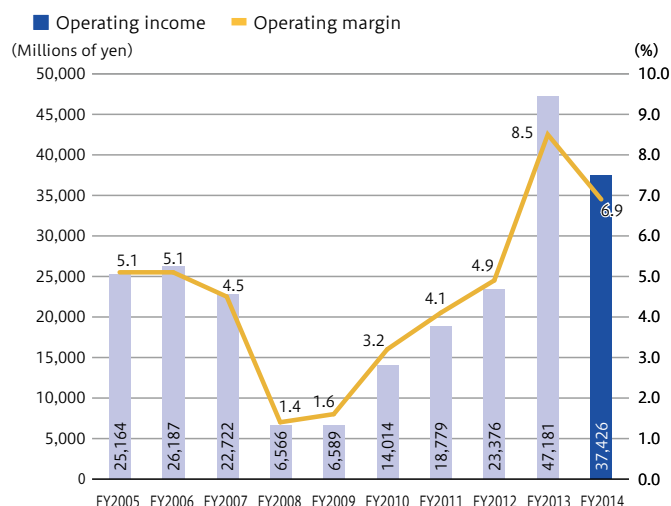
Net Sales

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.



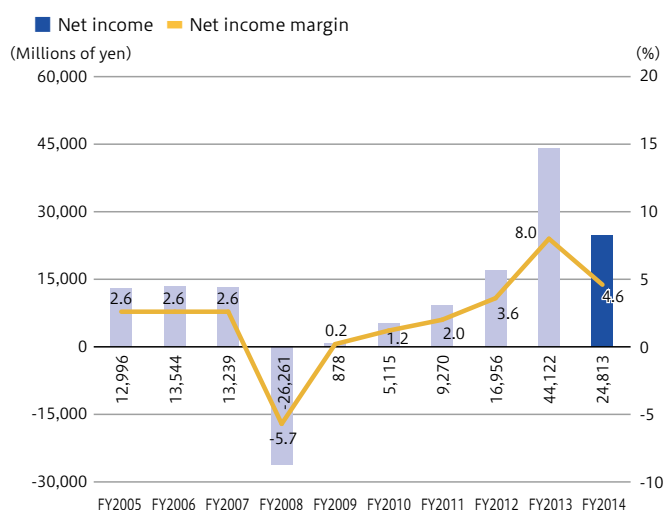
Operating Income / Operating Margin

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.



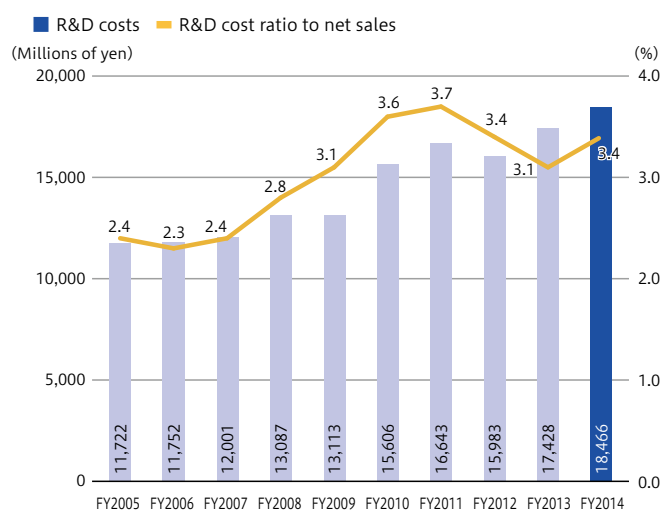
Net Income / Net Income Margin

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.



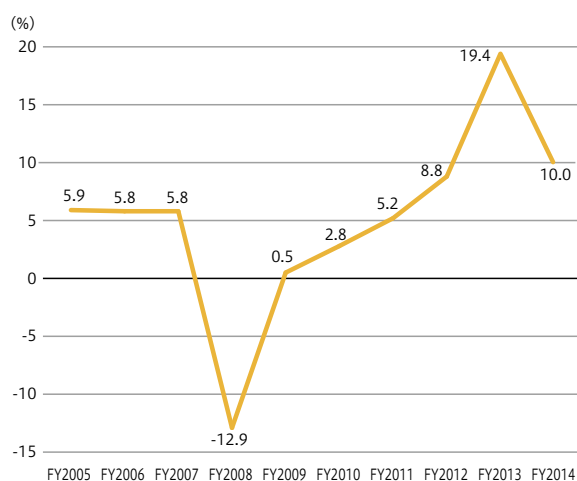
R&D Costs / R&D Cost Ratio to Net Sales

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)

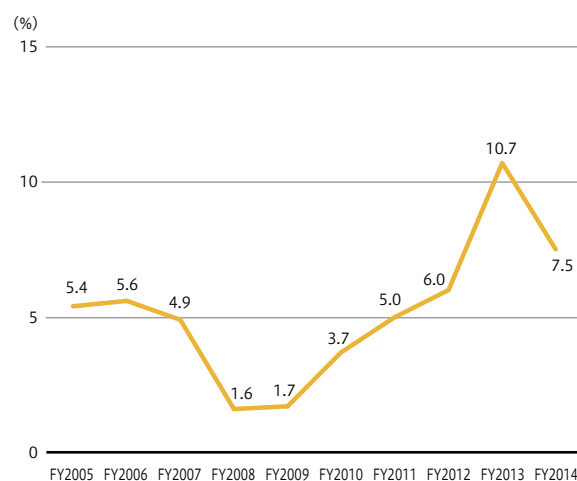
Return on equity (ROE) has been growing steadily since net income returned to profit. In fiscal 2013, ROE increased considerably due to extraordinary income from the sale of assets and securities and to the acquisition and retirement of treasury stock.



*ROE: Return on equity calculated using net income

Return on Assets (ROA)

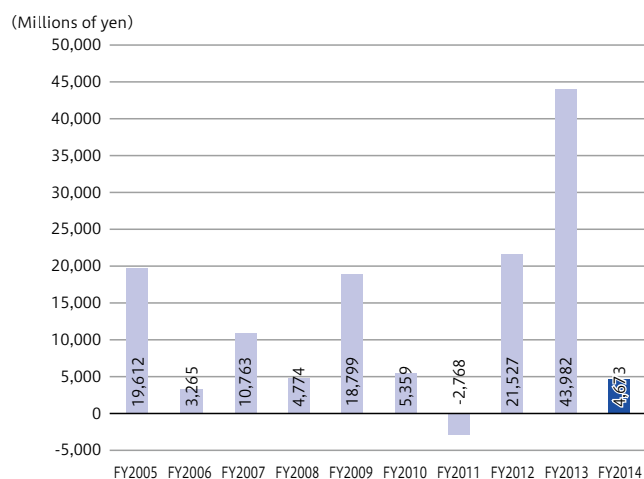
Having set a final target for return on assets (ROA) of 10% under TOTO V-Plan 2017, we have been promoting an improvement in business results together with better asset efficiency. As a result, ROA has been increasing steadily, and in fiscal 2013, surpassed 10%.



*ROA: Return on assets calculated using operating income

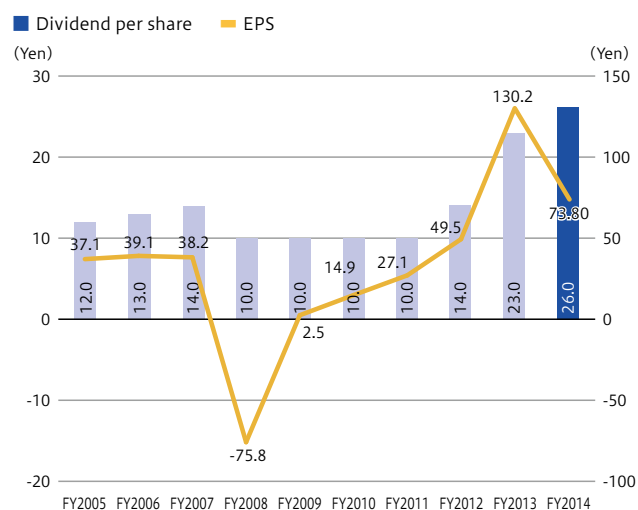
Free Cash Flow

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 September 30, 2015)

[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 23,297

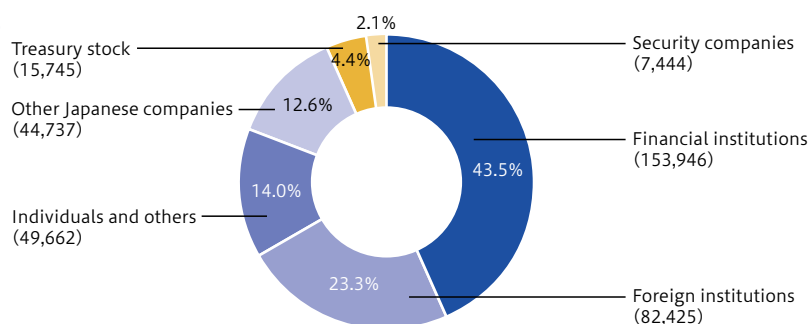
Transfer Agent Mitsubishi UFJ Trust and Banking Corporation

Major Shareholders

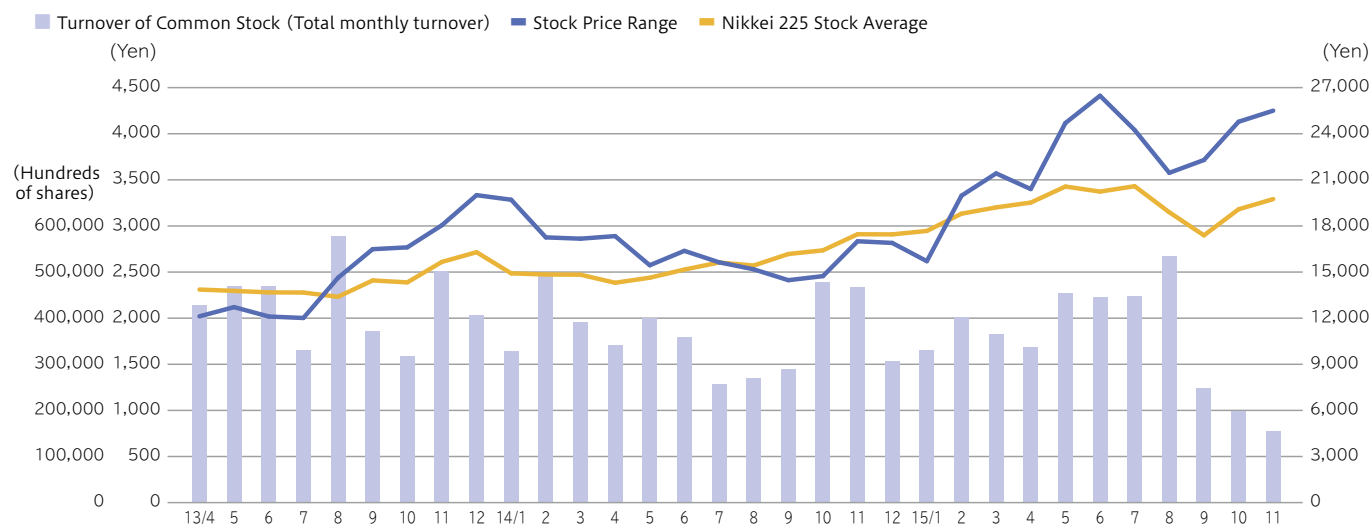
	Number of Shares Owned (thousands)	Percentage
The Master Trust Bank of Japan, Ltd. (Trust Account)	27,779	7.85%
Meiji Yasuda Life Insurance Company	20,716	5.85%
Japan Trustee Services Bank, Ltd. (Trust Account)	19,763	5.58%
TOTO Ltd.	15,745	4.45%
Nippon Life Insurance Company	10,787	3.05%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	6,175	1.74%
BBH BOSTON FOR FIDELITY CONTRAFUND:ADVISOR NEW INSIGHTS FUND	6,114	1.73%
The Nomura Trust and Banking Co.,Ltd. (Investment Trust Account)	6,060	1.71%
Sekisui House, Ltd.	5,343	1.51%
THE BANK OF NEW YORK MELLON SA/NV 10	5,211	1.47%

Composition of Shareholders

(thousand shares)



Changes in Stock Price and Trading Volume



*We have change the number of shares constituting one unit to 100 shares from 1,000 shares and also consolidated its shares (consolidate two shares to one share) on October 1, 2015. The above Changes in Stock Price and Trading Volume are calculated as if the share consolidation was made at the start of fiscal 2013.

Dividend Policy and Dividends

■ Dividend Policy

Return of profit to shareholders is an important part of our management policy. We make it a rule to retain enough earnings to secure funds for building a firm corporate structure and expanding our business while assuring a stable return of profit to shareholders.

Retained earnings will be spent to improve product strength,

streamline and strengthen production and sales systems, and develop new and overseas businesses to establish long lasting and solid management basis.

The acquisition of treasury stock is determined from a comprehensive standpoint, based on the need for a flexible capital policy and the impact on the financial position.

■ Dividend record dates

Interim dividend September 30
Year-end dividend March 31

■ Dividend per share

(Unit: Yen)

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015 (forecast)
Interim	5	5	5	5	6	10	13	15
Year-end	5	5	5	5	8	13	13	30
Total	10	10	10	10	14	23	26	—

*TOTO conducted a share consolidation in which every two common shares was consolidated in to one share with October 1, 2015, as the effective date.

As a result, forecast for fiscal 2015 year-end dividends per share is estimated as 30 yen, twice the amount of year-end dividends per share based on the ratio of consolidation.

The amount for the total annual dividends per share for the year is omitted and shown as a dash (-) as the 2nd quarter-end dividends per share and the fiscal year-end dividends per share cannot be simply added.

■ Share consolidation and change in share unit (from October 1, 2015)

We have change the number of shares constituting one unit to 100 shares from 1,000 shares and also consolidated its shares (consolidate two shares to one share) on October 1, 2015.

Total number of shares issued and total number of shares authorized after share consolidation

	Before share consolidation	After share consolidation
Total number of shares issued	353,962,595	176,981,297 shares
Total number of shares authorized	1,400,000,000	700,000,000 shares

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.

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]
- Received 6th Prime Minister's Prize, Monozukuri Nippon Grand Award for "development of 'low-dust emitting material for manufacturing equipment' as the basis for the next-generation semiconductor equipment." [FY2015]



First-generation Washlet G



ものづくり日本大賞
内閣総理大臣賞

[Product design]

- Received iF Product Design Award Toilets featuring Washlet Neorest AC, Washlet SG and Standalone WC and Washlet for overseas markets. [FY2014]
- Received Red Dot Design Award Neorest RH toilets featuring Washlet for domestic market and Neorest Washbasin and CI Series Bathroom Furniture lavatories for overseas markets. [FY2014]



reddot award 2015
winner

Recognition and Ratings for Business Activities

[CSR activities]

- Designated with a Bronze Class CSR rating by RobecoSAM [FY2014]



[SRI evaluation]

- Included in the Dow Jones Sustainability World Index, DJSI World [Fifth consecutive year since FY2011]
- Selected as a PIONEER in the Ethibel Investment Register [FY2015]



[Environmental management]

- Selected in the Carbon Disclosure Leadership Index of the CDP Japan 500 Climate Change Report. [Fourth consecutive year since FY2012] and Climate Performance Leadership Index [FY2015].



[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]



[Markets]

- Selected as the fiscal 2015 "Nadeshiko Brand" of Ministry of Economy, Trade and Industry. [FY2014]
- Selected as the Health & Productivity Stock Selection hosted by the Ministry of Economy, Trade and Industry and Tokyo Stock Exchange. [FY2014]



Corporate Data

Headquarters

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

Establishment

May 15, 1917

Capital

¥35,579 million

Number of Employees

Consolidated: 26,842

Non-consolidated: 6,783

Fiscal Year-End

March 31

Stock Listings

Tokyo, Nagoya, Fukuoka stock exchanges

Securities Code

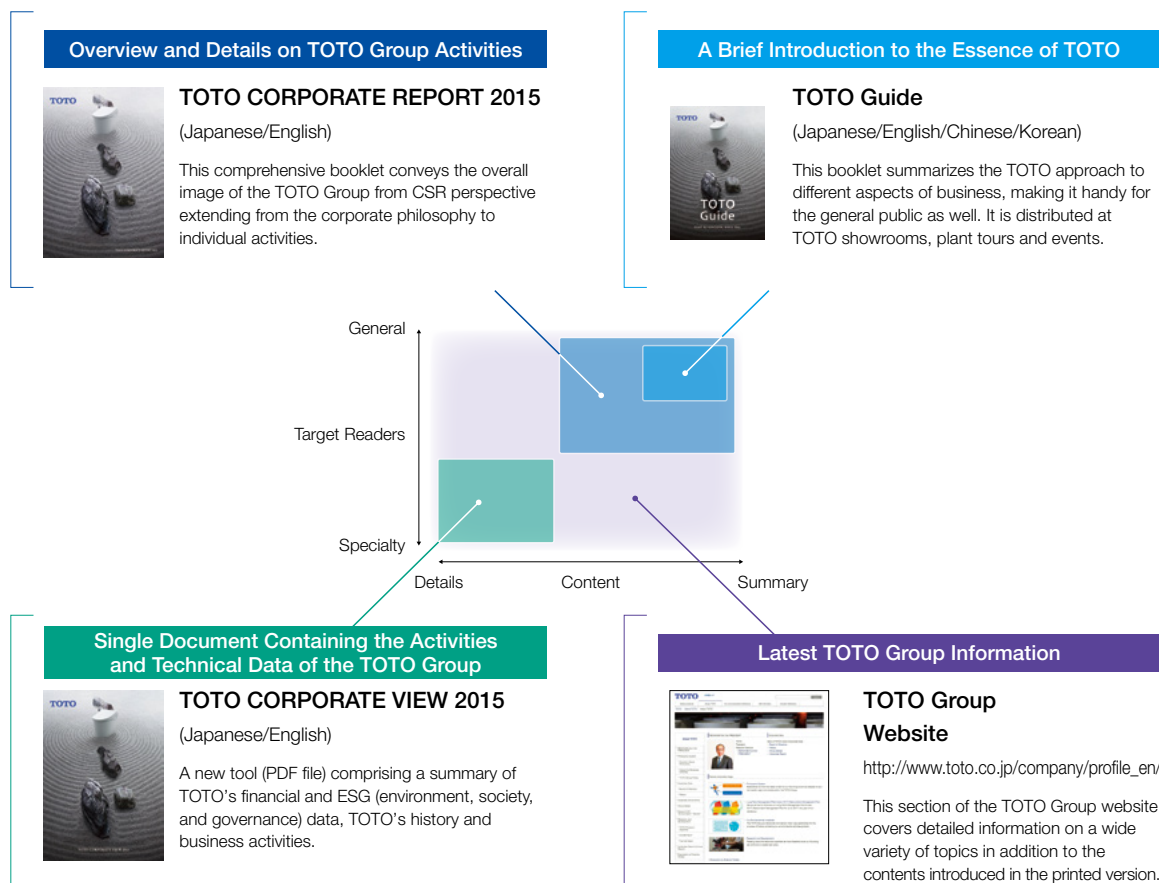
5332

Transfer Agent

Mitsubishi UFJ Trust and Banking

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Overview of TOTO Group Communication Tools



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