

New Shared Value Creation Strategy TOTO WILL 2030 is Established, Accelerating the Unification of Management and CSR

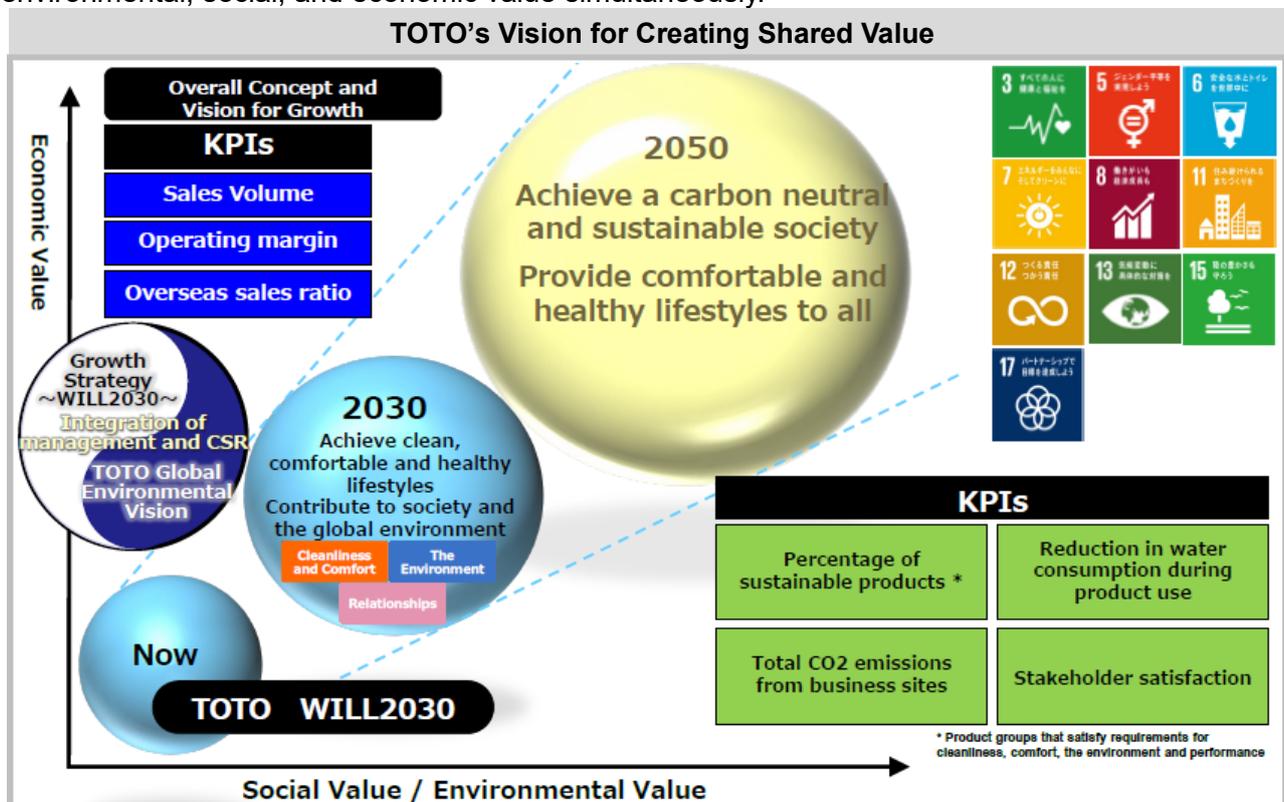
—Aiming for a Sustainable Society and Clean, Comfortable, and Healthy Lifestyles by 2030—

TOTO LTD. (headquarters: Kitakyushu, Fukuoka; President: Noriaki Kiyota) has **established the New Shared Value Creation Strategy TOTO WILL 2030, aiming to realize a sustainable society and clean, comfortable, and healthy lifestyles by 2030.**

To achieve this strategy, TOTO has established concrete goals as mid-term management issues (WILL2030 STAGE 1) for the first three years (FY2021 - FY2023) and will respond to environmental changes.

The TOTO Group has continued to create an enriched and more comfortable lifestyle and culture built on plumbing products while also responding to changes over the course of about a century, based on the founder's concept of providing a healthy and civilized way of life. The Group has newly established lifestyles, society, and the environment to achieve from a long-term perspective, and has established an implementation strategy to do so. **The Group is working to unify management and CSR, with cleanliness and comfort, the environment, and relationships as key issues to be addressed (materiality).** The Group has also **focused on the realization of a carbon-neutral sustainable society by 2050, aiming to realize economic growth by realizing an enriched and more comfortable future society that doesn't impact the global environment by 2030 and by realizing fun, healthy, and safe lifestyles.**

The TOTO Group aims to continue to be a presence that widely contributes towards society and the global environment, and will also contribute towards the UN's Sustainable Development Goals (SDGs) through the New Shared Value Creation Strategy TOTO WILL 2030, which will realize environmental, social, and economic value simultaneously.



New Shared Value Creation Strategy TOTO WILL 2030

<https://jp.toto.com/company/ir/individual/vision/index.htm>

Ideas Incorporated into the New Shared Value Creation Strategy TOTO WILL 2030

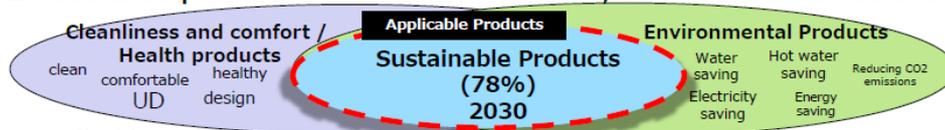
TOTO WILL 2030 is an abbreviation for “We Innovate Leading Lifestyles”, and incorporates the idea of gaining TOTO fans around the world with the strong will to achieve a sustainable society and realize clean, comfortable, and healthy lifestyles in a time of new ways of living and changing values.

The responsibility and role corporations must take on is gradually increasing under a rapidly changing and uncertain economic environment, including natural disasters and global pandemics that have occurred in recent years. The TOTO Group has defined the lifestyle, society and environment the Group wants to achieve from a long-term perspective with a backcast approach, rather than a conventional and elaborate plan. The Group will achieve economic growth through working to solve social problems through its business activities, based on the founder's will to provide a healthy and civilized way of life.

TOTO's unique Sustainable Products realize cleanliness and comfort and protect the environment

In the New Shared Value Creation Strategy, TOTO WILL 2030, which we have newly formulated, we have positioned TOTO's Sustainable Products as unique TOTO products that realize cleanliness and comfort and protect the environment. By expanding these products globally, we will contribute to the realization of an affluent and comfortable society that is conscious of the global environment.

■ Products unique to TOTO that balance cleanliness, comfort and the environment



■ Applicable Products

Housing Equipment			Public		
 Toilets Clean (edgeless shape, TORNADO FLUSH, CEFIONTECT) Water saving (4.8L and lower)	 Bathrooms Clean (EWATER+) / Comfort / Design Energy saving (MAHOBIN heat retaining bathtubs) / hot water saving	 WASHLET Clean Water saving (6L and lower) Electricity saving	 Auto Flush Value Clean (contactless) Water saving	 Urinals Clean (touchless) Water saving, EWATER+, contactless	 IoT Support Comfort, UD Water saving
 WASHLET Clean (EWATER+) Electricity saving	 Bathroom Vanity Units Clean (EWATER+) / Design Hot water saving (Eco-Single)	 Modular Kitchens	 Auto Faucets Clean (touchless) Water saving, EWATER+, contactless		

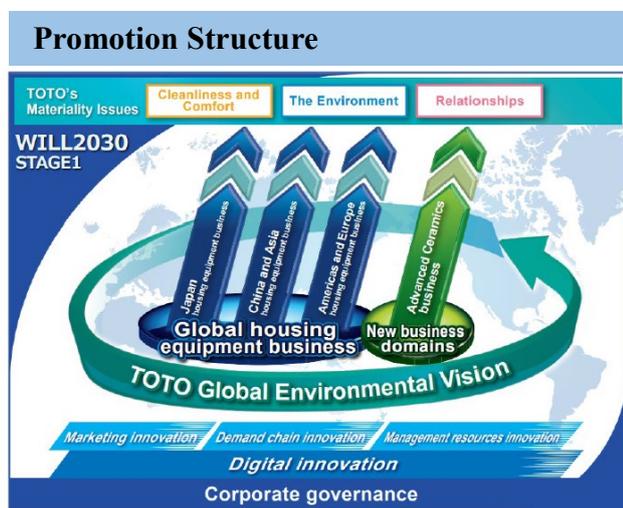
	KPIs	2020	2030
Social Value / Environmental Value	Percentage of sustainable products	69% (Japan) 74% (Overseas) 56%	78% (Japan) 85% (Overseas) 70%
	Reduction in water consumption during product use (Alleviating water stress)	0.9 billion m ³	1.7 billion m ³
	Total CO2 emissions from business sites	357,000 tons	250,000 tons
	Stakeholder satisfaction	Employee satisfaction 74% Showroom satisfaction 73% After sales service satisfaction 92%	80% 80% 95%
Economic Value	Sales volume *	JPY 577.8 billion	At least JPY 900 billion
	Operating margin	6.9%	At least 10%
	Overseas Sales Ratio (Housing Equipment Business)	25%	At least 50%

*After adjustments for new standards for revenue recognition

FY2021 to 2023 Mid-Term Management Issues (WILL2030 STAGE 1)

Business activities and the TOTO Global Environmental Vision will be further integrated as mid-term management issues (WILL2030 STAGE 1) for the first three years (FY2021 to FY2023) in realizing the New Shared Value Creation Strategy. The Group will constantly observe the growth potential of the market, apply this to the implementation plan, define concrete goals, and respond to environmental changes. To contribute to a sustainable society and clean, comfortable, and healthy lifestyles, the Group will use the mid-term management issues (WILL2030 STAGE 1) to evolve into an organization that can continue to be trusted by putting product lines unique to TOTO that facilitate cleanliness, comfort, and health while being eco-friendly into the market and by placing importance on connections between people around the world. The Group will visualize the market, create country-specific systems, utilize digital technology, and implement value creation and improvements in business processes that cannot be achieved by the Group alone.

The Group will increase the number of TOTO fans around the world by continuing to be a presence that widely contributes to society and the global environment while also rapidly changing the world through new systems.



Management Indicators

	FY2020	FY2023
Net Sales	JPY 577.8 billion	JPY 690.0 billion
Operating profit	JPY 39.7 billion	JPY 60.0 billion
Operating margin	6.9%	8.7%
Sustainable products ratio	69% (Japan) 74% (Overseas) 56%	73% (Japan) 80% (Overseas) 61%
ROA	6.5%	9.0%
ROE	7.7%	10.2%

※Operating Profit b

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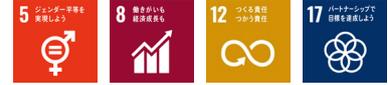
Cleanliness and comfort



The environment



Relationships



The New Shared Value Creation Strategy, TOTO WILL 2030, will simultaneously realize environmental, social and economic value. In it, we have established the materiality issues of cleanliness and comfort, the environment and relationships, that we will work on to integrate management and CSR and contribute to the achievement of the United Nations' Sustainable Development Goals (SDGs).

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