This notice has been translated from the original notice in Japanese.
In the event of any discrepancy, the original in Japanese shall prevail.

Updated: June 28, 2021
TOTO Ltd.
President, Representative Director
Noriaki Kiyota
Contact: General Manager of Management Planning Dept. Yoshihisa Tanaka
Securities code: 5332
https://jp.toto.com/

The corporate governance of TOTO Ltd. is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

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.

<Common Group Philosophy>
[Company Mottos]
“Take pride in your work and strive to do your best.”
“Quality and Uniformity” “Service and Trust” and “Cooperation and Prosperity”

[TOTO Group Corporate Philosophy]
The TOTO Group strives to be a great company, trusted by people all around the world, and contributing to the betterment of society.
To achieve our philosophy, TOTO will:

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

[Charter of TOTO Group Corporate Behavior]
The TOTO Group wants to be an entity that constantly assumes a leading role in the realization of a sustainable society by creating added value, which is useful for society, and employment, as well as by autonomous and responsible actions through fair and free competition. 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.

- The TOTO Group shall pursue customer satisfaction and provide products and services that are environmentally friendly, safe and easy to use through innovation to realize sustainable economic growth and solve social issues.
- The TOTO Group shall develop sensible business activities in transparent, fair ways, and responsible procurement, and sustain sound normal relationships with political organizations and governmental administrations.
- The TOTO Group shall facilitate communications with society; disclose corporate information proactively, effectively, and fairly; and have constructive dialogs with a variety of stakeholders to improve corporate value.
- The TOTO Group shall respect the human rights of every person in all countries and regions in its business activities and contribute to their development.
- The TOTO Group shall improve customer satisfaction through appropriate information provision on products and services and honest communication.
- The TOTO Group shall improve the ability of all people working for TOTO and realize a workstyle where diversity and individuality are respected in a pleasant working environment where importance is placed on health and safety.
- 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.
- As a good corporate citizen, the TOTO Group shall constructively participate in and contribute to the development of communities and society overall.
- The TOTO Group shall be prepared for actions of antisocial powers, terrorist attacks, and cyberattacks, as well as natural disasters, and thoroughly implement organizational crisis management.
- TOTO's top management shall build effective governance and, as their role, rigidly put corporate ethics into practice not only within the TOTO Group but also across supply chains, including business partners. When a situation that conflicts with this charter and may lose the trust of society arises, TOTO's top management shall exercise leadership to resolve it.

(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 three Outside Directors who are independent of the TOTO Group. The Outside Directors give various advice and make proposals on our overall management.
The Audit & Supervisory Board audits the business execution of Directors and consists of four members, including two outside members. We have built 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 Audit & Supervisory Board Members and independent accounting auditors and to build a stronger internal control system, we have established the Internal Audit Office in-house, which is independent of operational divisions. With the establishment of the 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 the 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 the three parties, which involves reviewing audit results by Audit & Supervisory Board Members and exchanging information at meetings, among other activities.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

<Principle 4.11: Prerequisites to ensure the effectiveness of Board of Directors and Audit & Supervisory Board>

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. The current board members include several employees with experience working overseas to respond to the globalization of the business. Although all the members currently are male, we would like to appoint a diverse range of members that include female members in the future.

[Disclosure Based on the Principles of the Corporate Governance Code] [Updated]

<Principle 1.4: 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. At Meetings of the Board of Directors, TOTO quantitatively evaluates the transaction volume and safety of such stocks and qualitatively evaluates whether they contribute to an enhancement of the corporate value, judges whether or not to continue holding them, and makes decisions to sell shares that no longer need to be held, annually on an each brand basis.
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.

<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.

<Principle 2.6: Function as the asset owner of the corporate pension >

In order to ensure pension payments to beneficiaries in the future, TOTO has set up a special department in the Accounting & Finance Division to manage the corporate pension funds ,complememted our expertise and knowledge while receiving advice from an outside pension consulting company. We have also set up the Pension Management Committee, which consists of employees from the Human Resource Division and Accounting & Finance Division with the appropriate skills and Labor Union chairman, who represents the beneficiaries, to discuss matters concerning the management and administration of pension funds, as well as their operations, including the basis policy of terms and operations. Matters we consider important shall be discussed in management meetings to acquire approval.

<Principle 3.1: Information Disclosure>

(i) Company objectives (such as corporate philosophy), corporate strategies, and management plans
TOTO's Corporate Philosophy and mid- to long-term management plans are disclosed on TOTO's website and in its presentation materials and integrated reports.

-Summary of TOTO's Common Group Philosophy
TOTO's Common Group Philosophy is shown in section (1) under "1. Basic Views" of "Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information" in this report.

- Summary of Mid- to Long-Term Management Plans
The TOTO Group aims to provide everyone with comfortable, healthy lives, contributing to the realization of a carbon neutral and sustainable society by 2050. Aiming to contribute to society and the global environment and realize a clean and comfortable, healthy life, the TOTO Group formulated TOTO WILL 2030, a new shared value creation strategy for 10 years starting from FY 2021. Setting the first three years (between FY 2021 and FY 2023) to achieve the midterm management plans as the midterm management issues period (WILL 2030 STAGE 1), the TOTO Group will set out specific goals and respond to environmental changes. Through WILL 2030 STAGE 1, TOTO will further

integrate business activities and the TOTO Global Environmental Vision to improve corporate values further. The strategic framework is based on Corporate Governance, the basis of corporate activities, and Digital Innovation to stay ahead of changes of the times with a focus on the two core domains of the global housing equipment business and new business and the three cross-organizational innovation activities with a view toward company-wide optimization.

(Group's Philosophy System)
https://jp.toto.com/company/profile/philosophy/index.htm
(Mid-Term Management Plans)
https://jp.toto.com/company/ir/individual/vision/index.htm

(ii) Basic Views and Basic Policy on Corporate Governance
The Basic Views and Basic Policy on Corporate Governance of TOTO are stated in "1. Basic Views" of "Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information" in this report.

(iii) Policies and Procedures for Determining the Compensation of Senior Management and Directors by the Board of Directors
Basic views on TOTO's compensation framework are stated in "[Directors' Compensation]" under "1. Organizational Composition and Operation" of the "Business Management Organization and Other Corporate Governance Systems Regarding Decision Making, Execution of Business, and Oversight in Management" in this report and in the business report of the "Convocation Notice of the Ordinary General Meeting of Shareholders."

(iv) Policies and Procedures for Appointing Senior Management and Nominating Candidates for Directors and Audit & Supervisory Board Members by the Board of Directors
Basic views on the appointment of candidates for Directors and Audit & Supervisory Board Members of TOTO are stated in "[Directors]" under "1. Organizational Composition and Operation" and "2. Matters Relating to Functions of Business Execution, Auditing, Oversight, Nomination, and Compensation Decisions (Overview of Current Corporate Governance System)" of "Business Management Organization and Other Corporate Governance Systems Regarding Decision Making, Execution of Business, and Oversight in Management" in this report and in the business report of the "Convocation Notice of the Ordinary General Meeting of Shareholders."

(v) Explanations for Each Individual Appointment and Nomination with Respect to the Appointments of Senior Management and the Nominations of Candidates Directors and Audit & Supervisory Board Members by the Board of Directors
Reasons for the nomination of Outside Directors and Outside Members of the Audit & Supervisory Board are stated in "[Directors]" and "[Audit & Supervisory Board Members]" under "1. Organizational Composition and Operation" of "Business Management Organization and Other Corporate Governance Systems Regarding Decision Making, Execution of Business, and Oversight in Management" in this report.
Also, reasons for the nomination of Inside Directors and Standing Members of the Audit & Supervisory Board are as described below:

[Directors]
Madoka Kitamura:
Mr. Madoka Kitamura has served as President, Representative Director and Chairman of the Board of the Company and has abundant experience and achievements as a manager.
The Company believes that he is highly capable of enhancing the entire group's corporate governance and supervising the execution of Company business, and therefore selected and appointed him as Director.

Noriaki Kiyota:

Mr. Noriaki Kiyota has served as Representative Director and Executive Vice President and President, Representative Director of the Company and has abundant experience and achievements as a manager.
The Company believes that he is highly capable of realizing management strategies of the Mid-Term Management Issues (WILL 2030 STAGE1) in the New Shared Value Creation Strategy TOTO WILL2030, and therefore selected and appointed him as Director.

Satoshi Shirakawa:
Having been responsible for Management Planning Division and the Sales Promotion Group, Mr. Satoshi Shirakawa has served as Representative Director and Executive Vice President since 2020. He has abundant experience and achievements as a manager.
The Company believes that he is highly capable of promoting Marketing Innovation and realizing management strategies for the Mid-Term Management Issues (WILL2030 STAGE1) in the New Shared Value Creation Strategy TOTO WILL2030, therefore selected and appointed him as Director.

Ryosuke Hayashi:
Having been responsible for restroom product development and the Company's Washlet business, Mr. Ryosuke Hayashi has served as Director and Senior Managing Executive Officer since 2020. He has abundant experience and achievements as a manager.
The Company believes that he is highly capable of promoting New business domains and realizing management strategies for the Mid-Term Management Issues (WILL2030 STAGE1) in the New Shared Value Creation Strategy TOTO WILL2030, supervising the Business Division, and therefore selected and appointed him as Director.

Tomoyuki Taguchi:
Having been responsible for accounting and finance, Mr. Tomoyuki Taguchi has served as Director and Managing Executive Officer since 2018. He has abundant experience and achievements as a manager.
The Company believes that he is highly capable of promoting Management Resource Innovation and realizing management strategies for the Mid-Term Management Issues (WILL2030 STAGE1) in the New Shared Value Creation Strategy TOTO WILL2030, supervising the Administrative Division, and therefore selected and appointed him as Director.

Shinya Tamura
Having been assigned overseas and been responsible for the Global Business Promotion Division and the Company’s business in the Americas, Mr. Shinya Tamura has served as Director and Managing Executive Officer since 2019. He has abundant experience and achievements as a manager.
The Company believes that he is highly capable of promoting of the China & Asia Housing Equipment Business and Americas & Europe Housing Equipment Business and realizing the management strategy for the Mid-Term Management Issues (WILL2030 STAGE1) in the New Shared Value Creation Strategy TOTO WILL2030, supervising the China & Asia business divisions and Americas & Europe business divisions, and therefore selected and appointed him as Director.

Toshiya Kuga
Having been responsible for sales offices in Japan and the Sales Management Division, Mr. Toshiya Kuga has served as Director, Managing Executive Officer since 2020. He has abundant experience and achievements as a manager.
The Company believes that he is highly capable of promoting the Japan Housing Equipment Business and realizing the management strategy for the Mid-Term Management Issues (WILL2030 STAGE1) in the New Shared Value Creation Strategy TOTO WILL2030, supervising Sales Division of Japan, and therefore selected and appointed him as Director.

Takayuki Shimizu
Having been responsible for the Bathroom Division and Kitchen & Lavatory Vanity Division, Mr. Takayuki Shimizu has served as Director, Managing Executive Officer since 2020. He has abundant

experience and achievements as a manager. The Company believes that he is highly capable of promoting Demand Chain Innovation and realizing management strategies for the Mid-Term Management Issues (WILL2030 STAGE1) in the New Shared Value Creation Strategy TOTO WILL2030, and supervising the Business Division, and therefore selected and appointed him as Director.

Yojiro Taketomi
Having been assigned overseas and been responsible for Faucets & Appliances Business, Mr. Yojiro Taketomi has served as Executive Officer since 2017. He has been a driving force behind formulating and deploying the strategies in Faucets & Appliances Business. Based on the above, the Company believes that he is highly capable of supervising the Faucets & Appliances Business and Production Technology Business Division, and therefore selected and appointed him as Director.

[Audit & Supervisory Board Members, Standing]
Yuichi Narukiyo:
Mr. Yuichi Narukiyo has served as Director and Managing Executive Officer since 2014 and been in charge of Legal Affairs,Human Resource,Accounting & Finance,Information System Planning,General Affairs,Logistics,Purchasing and Engineering Works.He has abundant knowledge and experience in the businesses and corporate governance of TOTO.
Based on the above,TOTO Believes that,based on his considerable knowledge of financing and accounting as well as legal affairs,he is highly capable of auditing the business execution of general management,and therefore selected and appointed him as Audit & Supervisory Board Member.at the 152th Ordinary general meeting of shareholders.

Shigeki Inoue
Mr. Shigeki Inoue has served as General Manager of the Yokohama Division, General Manager of the Kitchen & Lavatory Vanity Division, and General Manager of the Human Resource Division. He has abundant experience and achievements in sales and business activities and internal control. Based on the above, TOTO believes that he is highly capable of auditing the business execution of the Sales and Business Divisions, and therefore selected and appointed him as an Audit & Supervisory Board Member at the 154th Ordinary General Meeting of Shareholders.

<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.

<Principle 4.8: Appointment of Independent Directors>
TOTO has appointed three 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.

<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 in "[Independent Directors/Audit & Supervisory Board Members]" under "1. Organizational Composition and Operation" of "Business Management Organization and Other Corporate Governance Systems Regarding Decision Making, Execution of Business, and Oversight in Management" in this report.

<Supplementary Principle 4.11.1: View on the Appropriate Balance between Knowledge, Experience and Skills of the Board of Directors as a Whole, and in Terms of Diversity and Size>

TOTO believes 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, professional experience and relevant 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.

The details are also stated in "2. Matters Relating to Functions of Business Execution, Auditing, Oversight, Nomination and Compensation Decisions (Overview of Current Corporate Governance System)" of "Business Management Organization and Other Corporate Governance Systems Regarding Decision Making, Execution of Business, and Oversight in Management" in this report.

<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 in "[Directors]" and "[Audit & Supervisory Board Members]" under "1.Organizational Composition and Operation" of "Business Management Organization and Other Corporate Governance Systems Regarding Decision Making, Execution of Business, and Oversight in Management" 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."

When a Director or an Audit & Supervisory Board Member concurrently serves as a director of any other listed company, the number of concurrently held positions is limited to the extent rationally possible for him allocating enough time and effort to engage in the business of TOTO to properly fulfill his roles and responsibilities.

<Supplementary Principle 4.11.3: Summary of Analysis and Evaluation Concerning the Effectiveness of the Board of Directors>

The roles of the TOTO's Board of Directors include decision-making in favor of stakeholders, mutual supervision of the execution of the duties of the Directors, the formulation of an execution and supervision system for more equal and fair management, as well as the determination of basic management policy, such as the common philosophy of the TOTO Group, mid-/long-term management plan, and the annual policy that becomes a foothold. With these roles, at meetings of the Board of Directors, the Board annually confirms the status of corporate governance and analyzes and evaluates its effectiveness and appropriateness, as well as the effectiveness and appropriateness of the Company's corporate governance system.

To ensure that candid opinions are gathered from all Directors and Audit & Supervisory Board Members and objective analyses are made in the analysis and evaluation process, a questionnaire survey has been regularly conducted and its collection and analysis of the result are outsourced to an external organization.
In March 2021, all members, including Outside Directors and outside members of the Audit & Supervisory Board, who attended the meeting of the Board of Directors evaluated its activities, issues recognized through the questionnaire results conducted in the FY 2019 effectiveness evaluation for all Directors and Audit & Supervisory Board Members, and the progress of efforts to solve them in the context of its roles within the company. They also evaluated the effectiveness of the Board of Directors from the perspective of the operational status of the internal control system, the agendas of the Board of Directors to define the general direction including corporate strategy, and related items of the Board of Directors based on the corporate governance code.

The results of these analyses and evaluations concerning the effectiveness of the Board of Directors as a whole are as follows:
(1) In accordance with the Basic Policy for Development of Internal Control System, the system ensures that the execution of Directors' duties complies with the laws and regulations and the articles of incorporation, and all other items are operated positively.
(2) Matters to be resolved at Meetings of the Board of Directors are submitted in accordance with the relevant rules, and the system is so operated that the status of the execution of significant deals, such as matters to be resolved at Management Committee meetings, is reported to the Board of Directors.
(3) The members engage in detailed inspections of all items of the corporate governance codes, especially the related items of the Board of Directors, to correspond properly.
(4) As for the diversity of the Board of Directors, the members are currently undertaking improvement efforts on the issues recognized through the questionnaire results and making efforts while checking competitors' status and evaluation from proxy advisory firms.

From the above, we have confirmed that the operation of the Board of Directors is functioning properly and its effectiveness is ensured. We will continue to implement the following activities to allow for active discussions and continue improving the issues found from the questionnaire results to ensure the effectiveness of the Board of Directors and further increase its functions:

<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 and twice a month opportunity to discuss issues among all of the Directors and Executive Officers.
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.

<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 “2. IR Activities” of “Implementation of Measures for Shareholders and Other Stakeholders” in this report.

2. Capital Structure

Percentage of Foreign Shareholders	20% to less than 30%

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	22,936,700	13.54
Custody Bank of Japan, Ltd. (Trust Account)	11,421,400	6.74
Meiji Yasuda Life Insurance Company	10,358,416	6.11
Nippon Life Insurance Company	5,393,691	3.18
Custody Bank of Japan, Ltd. (Trust Account 7)	3,428,000	2.02
BBH FOR FIDELITY CONTRAFUND	3,290,376	1.94
MUFG Bank, Ltd.	3,087,699	1.82
The Bank of New York Mellon (International) Ltd 131800	2,784,400	1.64
Custody Bank of Japan, Ltd. (Trust Account 9)	2,741,500	1.62
Sekisui House, Ltd.	2,671,500	1.58

Controlling Shareholder (Except for Parent Company)	—
Parent Company	None

Supplementary Explanation [Updated]

- Status of major shareholders is stated based on the register of shareholders as of March 31, 2021
- A large shareholding report or a change report of a large shareholding report of the Company’s share is disclosed to the public as below. However, the Company has not yet confirmed the actual number of shares it holds as of March 31, 2021; therefore, it is not included in the information for shareholders.

1. Shareholder: Nomura Asset Management Co., Ltd. and its joint shareholders
   Submission date: July 20, 2020
   Reporting obligation became effective on: July 15, 2020
   Number of shares owned: 10,206,100
2. Shareholder: Sumitomo Mitsui Trust Asset Management Co., Ltd. and its joint shareholders
   Submission date: April 21, 2021

Reporting obligation became effective on: April 15, 2021
Number of shares owned: 10,569,500

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange and Nagoya Stock Exchange, First Section, and Fukuoka Stock Exchange
Fiscal Year-End	March
Type of Business	Glass and ceramic products
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (Consolidated) as of the End of the Previous Fiscal Year	100 billion yen to less than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 to less than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances Which May Have a Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems Regarding Decision Making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Structure of Organization	Company with Audit & Supervisory Board

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	14
Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	Chairman (unless the Chairman holds the concurrent post of President)
Number of Directors	12
Appointment of Outside Directors	Appointed
Number of Outside Directors	3
Number of Independent Directors	3

Outside Director's Relationship with TOTO (1)

Name	Attribute	Relationship with TOTO*										
		a	b	c	d	e	f	g	h	i	j	k
Masatsugu Shimono	From other company								△			
Junji Tsuda	From other company								○			
Shigenori Yamauchi	From other company								△			

* Categories for "Relationship with TOTO":
"○" When the Director currently falls or has recently fallen under the category
"△" When the Director fell under the category in the past
"●" When a close relative of the Director currently falls or has recently fallen under the category
"▲" When a close relative of the Director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive Director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the Company or an executive thereof

f. Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the Company other than compensation as a Director/an Audit & Supervisory Board Member
g. Major shareholder of the Company (or an executive of said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)
i. Executive of a company, between which and the Company Outside Directors/Audit & Supervisory Board Members are mutually appointed (the Director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the Director himself/herself only)
k. Others

Outside Director's Relationship with TOTO (2) [Updated]

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Masatsugu Shimono	x	Honorary Advisor of IBM Japan, Ltd. Outside Director of BRONCO BILLY Co,Ltd.	Mr. Masatsugu Shimono has been involved in the management of IBM Japan, Ltd. for many years. He provides valuable opinions at Meetings of the Board of Directors based on his expertise he has developed in his career as a professional corporate manager. The Company expects that he will provide valuable opinions at Meetings of the Board of Directors based on his experience and knowledge of general management and corporate governance as well as of the management of a global company and of IT, and he will display outstanding supervision skills by reflecting his views, which are unfettered by the conventional way of doing things, in the Company's management, and therefore selected and appointed him as Outside Director. Regarding the appointment of Mr. Shimono as an independent director, we have confirmed that there was no conflict of interest according to independence standards set forth by securities exchanges, and that the requirements for the eligibility of independent directors set by TOTO were met. Therefore, Mr. Shimono was appointed to the position of independent director based on a resolution by the Board of Directors.

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Junji Tsuda	x	Representative Director, Chairman of the Board of Yasukawa Electric Corporation Outside Director of Kyushu Electric Power Company, Incorporated	Mr. Junji Tsuda has been involved in the management of YASKAWA Electric Corporation for many years. He provides valuable opinions at Meetings of the Board of Directors based on his expertise he has developed in his career as a professional corporate manager. The Company expects that he will provide valuable opinions at Meetings of the Board of Directors based on his experience and knowledge of general management and corporate governance as well as of the management of a global company and of human resource strategies, and he will display outstanding supervision skills by reflecting his views, which are unfettered by the conventional way of doing things, in the Company's management, and therefore selected and appointed him as Outside Director Regarding the appointment of Mr. Tsuda as an independent director, we have confirmed that there was no conflict of interest according to independence standards set forth by securities exchanges, and that the requirements for the eligibility of independent directors set by TOTO were met. Therefore, Mr. Tsuda was appointed to the position of independent director based on a resolution by the Board of Directors.
Shigenori Yamauchi	x	Honorary Advisor of UACJ Corporation	Mr. Shigenori Yamauchi has been involved in the management of UACJ Corporation for many years. He provides valuable opinions at Meetings of the Board of Directors based on the expertise he has developed in his career as a professional corporate manager. The Company expects that he will provide valuable opinions at Meetings of the Board of Directors based on his experience and knowledge of general management, corporate governance, and management of a global company, and as a professional of craftsmanship, and he will display outstanding supervision skills by reflecting his views, which are unfettered by the conventional way of doing things, in the Company's management, and therefore selected and appointed him as Outside Director. Regarding the appointment of Mr. Yamauchi as an independent director, we have confirmed that there was no conflict of interest according to independence standards set forth by securities exchanges, and that the requirements for the eligibility of independent directors set by TOTO were met. Therefore, Mr. Yamauchi was appointed to the position of independent director based on a resolution by the Board of Directors.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Compensation Committee	Established

Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Compensation Committee
Committee's Name	Nominating Advisory Committee	Compensation Advisory Committee
All Committee Members	7	7
Full-time Members	0	0
Inside Directors	2	1
Outside Directors	3	3
Outside Experts	0	1
Other	2	2
Chairperson	Inside Director	Outside Expert

Supplementary Explanation

[Nominating Advisory Committee]

The Nominating Advisory Committee ,which meets once a year or more in principle, has been established to help ensure the objectivity and transparency of TOTO's management through activities such as deliberating on and confirming the appointment of TOTO's Directors and Audit & Supervisory Board Members. The Committee shall report to the Board of Directors on proposals submitted to the General Meeting of Shareholders related to the appointment and dismissal of the candidates of Directors and Audit & Supervisory Board Members, including Outside Directors and Outside Members of the Audit & Supervisory Board and Representative Director.
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 five Independent Directors/Audit & Supervisory Board Members as outside members and Representative Director, Chairman of the Board and President, Representative Director of TOTO as internal members, and the chairperson shall be the President and Representative Director of TOTO. Members with special interests are unable to participate in the resolution. In addition, "Other" in the above list is two Outside Members of the Audit & Supervisory Board.
The committee meeting was held once in FY 2020, where all committee members were present.

[Compensation Advisory Committee]

The Compensation Advisory Committee ,which meets once a year or more in principle, has been set up to ensure that the process to determine base compensation, bonuses, and stock compensation 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 compensation for Directors through the Committee's 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 six outside members including five Independent Directors/Audit & Supervisory Board Members and one Director as an internal member without the right of representation, and the chairperson shall be elected from among the outside members. In addition, "Other" in the above list is two Outside Members of the Audit & Supervisory Board.
The committee meeting was held three times in FY 2020, where all committee members were present.

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Members	4

Cooperation among Audit & Supervisory Board Members, Independent Accounting Auditors, and Internal Audit Division

Independent accounting auditors submit an annual accounting audit plan and report quarterly review results on the implementation of the audit plan and the results of the accounting audit at the end of the fiscal year to the Audit & Supervisory Board.
In addition, Audit & Supervisory Board Members collaborate closely with independent accounting auditors through the exchange of opinions at periodic meetings and by attending accounting audits conducted by independent accounting auditors as required.
The Audit & Supervisory Board and the Internal Audit Office collaborate closely by holding information meetings on a monthly basis to gain a clear mutual understanding of the auditing situation, and to exchange opinions.

Appointment of Outside Members of Audit & Supervisory Board	Appointed
Number of Outside Members of Audit & Supervisory Board	2
Number of Independent Members of Audit & Supervisory Board	2

Outside Audit & Supervisory Board Member's Relationship with TOTO (1)

Name	Attribute	Relationship with TOTO (*)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Shuichi Sarasawa	From other company										△			
Yasushi Marumori	From other company										△			

* Categories for "Relationship with TOTO":
"○" When the Director currently falls or has recently fallen under the category
"△" When the Director fell under the category in the past

“●” When a close relative of the Director currently falls or has recently fallen under the category
“▲” When a close relative of the Director fell under the category in the past

a. Executive of the Company or its subsidiary
b. Non-executive Director or accounting advisor of the Company or its subsidiaries
c. Non-executive Director or executive of a parent company of the Company
d. Audit & Supervisory Board Member of a parent company of the Company
e. Executive of a fellow subsidiary company of the Company
f. A party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof
h. Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the Company other than compensation as an Audit & Supervisory Board Member
i. Major shareholder of the Company (or an executive of said major shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Member himself/herself only)
k. Executive of a company, between which and the Company Outside Directors/Audit & Supervisory Board Members are mutually appointed (the Audit & Supervisory Board Member himself/herself only)
l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)
m. Others

Outside Audit & Supervisory Board Member's Relationship with TOTO (2)

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Shuichi Sarasawa	x	Former Representative Director, Chairman of the Board of Central Glass Co,Ltd	Mr. Shuichi Sarasawa has been involved in the management of Central Glass Co., Ltd. for many years. He has experience and knowledge of the general management of a global corporation and of corporate governance developed during his career, as well as of a broad range of businesses from chemicals to semiconductors. Based on the above, TOTO believes he is highly capable of auditing the business execution of general management, and therefore TOTO selected and appointed him as Outside Audit & Supervisory Board at the 153th Ordinary general meeting of shareholders. Regarding the appointment of Mr. Sarasawa as an Independent Audit & Supervisory Board Member, we have confirmed that there was no conflict of interest according to independence standards set forth by securities exchanges, and that the requirements for the eligibility of Independent Audit & Supervisory Board Members set by TOTO were met. Therefore, Mr. Sarasawa was appointed to the position of Independent Audit & Supervisory Board Member based on a resolution by the Board of Directors.

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Yasushi Marumori	x	Former Representative Director, Executive Vice President of Mitsubishi UFJ Research and Consulting Co., Ltd. Former Audit & Supervisory Board Member, Standing of AGC Inc.	Mr. Yasushi Marumori was involved in the management of financial institutions for many years. He has experience and knowledge of finance and corporate governance developed during his career, as well as abundant experience and knowledge as an Audit & Supervisory Board Member of listed companies. Based on the above, TOTO believes that, based on his considerable knowledge of financing and accounting, he is highly capable of auditing the business execution of general management, and therefore TOTO selected and appointed him as Outside Audit & Supervisory Board at the 153th Ordinary general meeting of shareholders. Regarding the appointment of Mr. Marumori as an Independent Audit & Supervisory Board Member, we have confirmed that there was no conflict of interest according to independence standards set forth by securities exchanges, and that the requirements for the eligibility of Independent Audit & Supervisory Board Members set by TOTO were met. Therefore, Mr. Marumori was appointed to the position of Independent Audit & Supervisory Board Member based on a resolution by the Board of Directors.

[Independent Directors/Audit & Supervisory Board Members]

Number of Independent Directors/Audit & Supervisory Board Members	5

Matters Relating to Independent Directors/Audit & Supervisory Board Members

<Our corporate stance on Independent Directors/Audit & Supervisory Board Members of TOTO>
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 the spouse or 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.

[Incentives]

Incentive Policies for Directors	Performance-linked Compensation and Other

Supplementary Explanation [Updated]

TOTO pays bonuses tied to the performance of up to 0.8% of consolidated operating income of the previous fiscal year to its Directors (excluding Outside Directors and hereinafter called "the Eligible Directors"). In addition, up to 100,000 restricted stock units (RSUs) of up to 300 million yen are granted annually as an incentive for the Eligible Directors to continuously improve the Company's corporate value and for the purpose of further enhancing the sharing of value with shareholders. (Adoption of up to 100,000 RSUs of up to 300 million yen was resolved at the 152nd ordinary general meeting of shareholders on June 26, 2018, and the 155nd ordinary general meeting of shareholders on June 25, 2021.)

Recipients of Stock Options	—

Supplementary Explanation

[Directors' Compensation]

Disclosure of Individual Directors' Compensation	Selected Directors

Supplementary Explanation

We disclose the total amount of base compensation, annual bonuses, and restricted stock compensation for all Directors and Audit & Supervisory Board Members, as well as the sum thereof.
Compensation, etc., for Directors and Audit & Supervisory Board Members whose total amount exceeds 100 million yen is individually disclosed in our business reports and securities reports.

Policy on Determining Compensation Amounts and Calculation Methods [Updated]	Established

Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

- Policy for determining compensation, etc., for Directors and Audit & Supervisory Board Members
A. Policy for determining compensation for individual Directors (Basic Policy for Directors' Compensation)

Compensation for Directors of TOTO comprises the base compensation, bonus, and restricted stock compensation, and the Compensation Advisory Committee and the Board of Directors confirm the following:

・Payment is to be made in accordance with the contents and to the extent approved at the General Meeting of Shareholders,

・The decision process and allocation balance of Directors' compensation are reasonable and objective.

・Directors' compensation are in line with the Articles of incorporation, resolutions of General Meetings of Shareholders, and the Basic Policy for Directors' Compensation.

The Basic Policy for the TOTO's Directors' Compensation is as follows.

<The Basic Policy for Directors' Compensation>
(1) The compensation system shall motivate Directors to manage the Company in such a way as to share the common interests with the shareholders, answer to their expectations from a medium- to long-term perspective, realize the corporate philosophy of the TOTO Group, and continuously increase corporate value.
(2) The compensation system shall be appealing, and attract excellent and diverse human resources to lead the TOTO Group in the future.
(3) The Compensation Advisory Committee and the Board of Directors shall confirm that its decision process and allocation balance of Directors' compensation are reasonable.

Based on this Basic Policy on Directors' Compensation and the proposals of the Compensation Advisory Committee, the 145th Ordinary General Meeting of Shareholders held on June 29, 2011, and the 152nd Ordinary General Meeting of Shareholders held on June 26, 2018, and the 155nd Ordinary General Meeting of Shareholders held on June 25, 2021, approved the upper limit of compensation for Directors as follows:

<Resolutions of General Meetings of Shareholders on Compensation for Directors>

	Base compensation (Fixed compensation)	Bonus (Performance-based compensation)	Restricted stock compensation
Directors	Up to 500 million yen per annum *1 (including an amount of up to 50 million yen in total for Outside Directors*2)	Up to 0.8% of the previous fiscal year's consolidated operating income *1	Up to 300 million yen per annum and up to 100,000 stocks *3

(Notes) *1 Resolutions in the 145th Ordinary General Meeting of Shareholders on June 29, 2011 (The number of Directors participated in the resolutions: 14)

*2 Resolutions in the 152nd Ordinary General Meeting of Shareholders on June 26, 2018 (The number of Directors participated in the resolutions: 13)

*3 Resolutions in the 155nd Ordinary General Meeting of Shareholders on June 25, 2021 (The number of Directors participated in the resolutions: 12)

<Compensation determination processes>

TOTO resolved a policy determining the compensation for Directors at the board meeting held on February 26, 2021. As for the resolutions, we consulted with the Compensation Advisory Committee on the contents and received a report in advance.

We confirmed that the compensation for Directors and their determination processes are in accordance with the Basic Policy on Directors' Compensation after reviewing the compensations for individual Directors in this fiscal year from diversified perspectives at the Compensation Advisory Committee meeting. The Board of Directors respects the report from the Compensation Advisory Committee and believes that the compensation is in line with the basic policy.

The Board of Directors has delegated its authority to determine the following for Directors' compensation to the President, Representative Director Noriaki Kiyota.

- Monthly basic compensations for each position
- Bonus (in aggregated amount) allocation reference points for each position
- Whether or not to make individual bonus reduction assessment, and the details if it is made
- Allocation criteria for each position for stock compensation

The reason for the delegation is that we decided the chief execution officer, Representative Director, is suitable to appropriately evaluate the performance of the Directors, who direct and supervise the operations of their departments in a comprehensive manner while considering corporate-wide performance. As for the execution of delegated authority, determination by the President, Representative Director Noriaki Kiyota on Directors' compensation must be discussed with the Compensation Advisory Committee, which then must ensure and report that the decision process and allocation balance are reasonable and objective and are in line with the Articles of incorporation, resolutions of General Meetings of Shareholders, and the Basic Policy for Directors' Compensation.

< Conditions for payment of compensation>

(Basic compensation)

Basic compensation for Directors are fixed compensation and paid to Directors after monthly compensation being set based on titles and duties.

(Bonus)

The purpose of bonuses for Directors (excluding Outside Directors and hereinafter called "the Eligible Directors") is to increase their motivation and morale towards performance improvement and share values with stakeholders. The total amount of bonuses is calculated and divided into Bonus Based on Single-Year Performance and Bonus Based on Multi-Year Performance based on consolidated operating income. The reason why consolidated operating income is selected as a performance indicator is that the income is directly related to businesses, and we determined that incentives would be appropriately distributed based on performance improvement. Bonuses are paid to the Eligible Directors after prorating the calculated total amount according to the defined bonus (in aggregated amount) allocation reference points and completing individual bonus reduction assessment. Payment shall be made once a year, and the details are as follows.

- Bonus Based on Single-Year Performance: The amount of payment shall be up to 0.6% of the consolidated operating income for the previous fiscal year.
- Bonus Based on Multi-Year Performance:
  The maximum amount of bonuses up to 0.15% of the immediately preceding fiscal year's consolidated operating income shall be paid if the following two criteria are achieved.

- The average consolidated operating income over the past three consecutive fiscal years with the immediately preceding fiscal year as the final year shall exceed the average consolidated operating income over the past three consecutive fiscal years with the fiscal year immediately before the immediately preceding fiscal year as the final year.
- ROE for the immediately preceding fiscal year shall be 5.0% or higher.

In the event that the net profit for the previous fiscal year in the consolidated business attributable to the parent company's shareholders turns into a deficit, no annual bonus shall be paid.

(Restricted stock compensation)

The purpose of restricted stock compensation granted to the Eligible Directors is to encourage them to consistently improve corporate value and further share values with stakeholders, and this compensation is designed to motivate the Eligible Directors to achieve management targets from not only a single-year but also a medium-to long-term viewpoint. The Eligible Directors shall pay in all the monetary compensation claim as property contributed in kind based on resolutions of the Board of Directors and receive the issuance or disposal of the common stock of the Company. TOTO has allocation criteria for each position in place. The amount to be paid in per share shall be determined by the Board of Directors based on the closing price of shares of the common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors (or, if there is no closing price on such business day, the closing price on the trading day immediately prior thereto), and within the scope that will not be particularly favorable to the Eligible Directors who subscribe to the common stock of the Company. In the case of the resulting issuance or disposal of the common stock of the Company, a contract regarding the grant of the restricted stock has been concluded between the Company and the respective Eligible Directors. In the event that the Company conducted a stock split of the common stock of the Company (including gratis allocation of the Company's common stocks) or a reverse stock split, or any reasons for adjusting the total number of the common stock of the Company to be issued or disposed of as restricted stock occurred, the total number shall be adjusted to the extent reasonable.

・Overview of the Contract regarding the Grant of Restricted Stock

1. Transfer Restriction Period	For 30 years from the allotment date
2. Type of stocks to be issued or disposed of	Common stock
3. Grantees	Eligible Directors
4. Allotment method for stocks to be issued or disposed of	By the method to allot restricted stocks
5. Conditions for cancellation of the transfer restrictions	Under the condition that an Eligible Director has been a Director or Audit & Supervisory Board Member during the transfer restriction period, the transfer restriction shall be lifted at the following points in time. - When the transfer restriction period expires - Immediately after the Eligible Director retires from the position of a Director and Audit & Supervisory Board Member (Only in the case of completion of the term of office or death or if there is another justifiable reason.)
6. Free acquisition by the Company	Any restricted stocks falling under any of the following shall be rightfully acquired free of charge by the Company. - Stocks whose transfer restrictions are not lifted at the time of expiration of the transfer restriction period or cancellation of the transfer restrictions as specified in the above item 5. - All or part of the restricted stock allotted to a director in the case that the person has committed misconduct, such as a violation of

	laws and internal regulations, or the person has been deemed to have engaged in such misconduct by the Board of Directors

<Determination policy for compensation proportion>

Among the compensations for Eligible Directors, because of the nature of bonuses being distributed based on the consolidated operating income as a performance indicator, the proportion of compensation largely vary depending on the figure. Therefore, the proportion is calculated based on the consolidated operating income that is first disclosed in the earnings briefing and included in the consolidated earnings forecast (full-year) in the fiscal year. From the above, the determination policy for the proportion of compensations for the Eligible Directors in FY 2021 is as follows.

Base compensation (Fixed compensation)	Bonus (Performance-based compensation)	Restricted stock compensation
40%	40% *1 *2	20%

(Note) *1 Consolidated operating income: 44 billion yen (Figure disclosed in the earnings briefing on April 28, 2021)

*2 Bonus Based on Multi-Year Performance is estimated to be granted

As for Outside Directors, who are independent in position from the execution of business, only base compensation shall be paid.

B. Policy for determining compensation for individual Audit & Supervisory Board Members

As for Compensation for Audit & Supervisory Board Members, only base compensation shall be paid. The 145th Ordinary General Meeting of Shareholders held on June 29, 2011, approved that the limit of compensation for Audit & Supervisory Board Members shall not exceed 150 million yen per annum. 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.

<Resolutions of General Meetings of Shareholders on Compensation for Audit & Supervisory Board Members>

	Base compensation (Fixed compensation)	Bonus (Performance-based compensation)	Restricted stock compensation
Audit & Supervisory Board Members	Up to 150 million yen per annum	—	—

(Notes) Resolutions in the 145th Ordinary General Meeting of Shareholders on June 29, 2011 (The number of Audit & Supervisory Board Members participated in the resolutions: 4)

[Supporting System for Outside Directors and/or Audit & Supervisory Board Members]

(Outside Directors)
- The Secretary's Office and the Management Planning Department provide support for Outside Directors.
- The Management Planning Department, the secretariat of the Board of Directors, distributes the notification of upcoming Meetings of the Board of Directors and materials in advance and explains matters to be discussed at the meetings to Outside Directors so that they can participate in the discussions on the basis of the actual status. The Management Planning Department is also responsible for the planning and promotion of site inspections at the domestic and overseas business sites.

(Outside Members of the Audit & Supervisory Board)
- The Audit & Supervisory Board Office provides support for Outside Members of the Audit & Supervisory Board.
- For proposals by the Board of Directors, the Management Planning Department, the secretariat of the Board of Directors, distributes the notification of upcoming Meetings of the Board of Directors and materials in advance and explains matters to be discussed at the meetings to Outside Members of the

Audit & Supervisory Board so that they can participate in the discussions on the basis of the actual status. The Audit & Supervisory Board Office also arranges meetings of the Audit & Supervisory Board and coordinates attendance at major meetings of the Audit & Supervisory Board as well as meetings with Directors and independent accounting auditors.

[Status of persons retired from Representative Director and President,etc]

Names,etc.,of advisors(“sodanyaku,”“komon”etc.)who have formerly served as Representative Director and President,etc.

Name	Title/Position	Duties	Working Arrangement/ Conditions(Full-time/Part-time, Compensation etc.)	Date of Retirement from President,etc.)	Term
Teruo Kise	Senior Adviser	Outside executive of an economic organization or public interest group (not involved in the Company’s business)	Part-time Paid	2014/3/31	Undetermined
Kunio Harimoto	Senior Adviser	Outside executive of an economic organization or public interest group (not involved in the Company’s business)	Part-time Paid	2020/3/31	Determined

Total number,of advisors(“sodanyaku,”“komon”etc.)who have formerly served as Representative Director and President,etc	2

Other Matters

TOTO appoints a former president or a chairman as advisor (fixed-term employment) according to the decision at the Board meeting. The primary role of an advisor is involvement in business-related activities, including industry groups and business circles, as well as participation in activities for the public interest, including social activities and various councils, the purpose of which is to provide indirect support for current management and not to be involved in corporate management. TOTO appoints the former

advisor as a special advisor according to the decision at the Board meeting. The role is similar to the one of an advisor but the area of activities is limited.

2. Matters Relating to Functions of Business Execution, Auditing, Oversight, Nomination, and Compensation Decisions (Overview of Current Corporate Governance System) [Updated]

The TOTO Group considers that an essential aspect of corporate management is ensuring the satisfaction of stakeholders and ongoing expansion of corporate value by improving objectivity and transparency in management and clarifying management responsibility.

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.

(1) The corporate governance system at TOTO is as follows:

[Directors and the Board of Directors]

The Board of Directors, which consists of all Directors, meets once a month in principle, 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, meets once a month in principle, 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 conduct operating audits in line with the relevant auditing policies while utilizing means via the internet and other means.

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.

[Nominating Advisory Committee]

The Nominating Advisory Committee ,which meets once a year or more in principle, 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 and Representative Director...

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 five Independent Directors/Audit & Supervisory Board Members as outside members and Representative Director Chairman of the Board and President Representative Director of TOTO as inside members, and the

chairperson shall be the President and Representative Director of TOTO. Members with special interests are unable to participate in the resolution. I

[Compensation Advisory Committee]

The Compensation Advisory Committee ,which meets once a year or more in principle, has been set up to confirm that the process to determine base compensation, bonuses, and restricted stock compensation 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 six outside members including five 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.

[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 Officer]

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.

(2) Composition of the Board of Directors and the Audit & Supervisory Board in Fiscal 2021

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 June 28, 2021, we have 12 Directors with voting rights at Meetings of the Board of Directors, of whom 9 are Inside Directors with careers in the TOTO Group and three 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	Nominating Advisory Committee	Compensation Advisory Committee	Board of Directors Attendance for fiscal 2020
Representative Director	Madoka Kitamura	—	x	—	12/12
Representative Director	Noriaki Kiyota	—	x	—	12/12
Representative Director	Satoshi Shirakawa	—	—	—	12/12
Director	Ryosuke Hayashi	—	—	—	12/12
Director	Tomoyuki Taguchi	—	—	x	12/12
Director	Shinya Tamura	—	—	—	12/12
Director	Toshiya Kuga	—	—	—	10/10
Director	Takayuki Shimizu	—	—	—	10/10
Director	Yojiro Taketomi	—	—	—	—
Director	Masatsugu Shimono	x	x	x	12/12
Director	Junji Tsuda	x	x	x	12/12
Director	Shigenori Yamauchi	x	x	x	10/10

[Composition of the Audit & Supervisory Board]

Title	Name	Outside	Nominating Advisory Committee	Compensation Advisory Committee	Board of Directors Attendance for fiscal 2020
Audit & Supervisory Board Member, Standing	Yuichi Narukiyo	—	—	—	12/12
Audit & Supervisory Board Member, Standing	Shigeki Inoue	—	—	—	10/10
Audit & Supervisory Board Member	Shuichi Sarasawa	x	x	x	12/12
Audit & Supervisory Board Member	Yasushi Marumori	x	x	x	12/12

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

3. 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 Nominating Advisory Committee and the Compensation 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.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Revitalize the General Meeting of Shareholders and to Ensure the Smooth Exercise of Voting Rights [Updated]

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	2021 performance: Convocation notices were distributed 22 days ahead of the General Meeting of Shareholders. In addition, the notices were published on the web 29 days ahead of the General Meeting of Shareholders.
Scheduling Annual General Meeting of Shareholders to Avoid the Peak Period	TOTO determines the date of the General Meeting of Shareholders so that a large number of shareholders can participate, as well as in consideration of the accounts settlement schedule reflecting the duration needed for compiling financial results information and for performing audits by independent accounting auditors and Audit & Supervisory Board Members.
Allowing the Electronic Exercise of Voting Rights	Electronic voting is possible.
Participation in Electronic Voting Platform	The electronic voting platform operated by ICJ, Inc. for institutional investors is used.
Providing Convocation Notice in English	As a reference material for foreign stockholders, we prepare an English-language version of the convocation notice of the General Meeting of Shareholders and post it on TOTO's English-language website, trust bank websites listing General Meeting of Shareholders' agenda, and other sites.
Other	- Business reports are presented in visual materials using visual equipment at the General Meeting of Shareholders. - Documents relating to the General Meeting of Shareholders, including notices thereof, and business report videos are posted on the IR page of TOTO's website.

2. IR Activities

	Supplementary Explanations	Explanation of Representative
Preparation and Publication of Disclosure Policy	TOTO discloses its communication purpose and the policy for responses to investors in the "TOTO Group Communication Policy." The "TOTO Group communication Policy" is as described below: <Purpose> In order to remain a company needed by society, the TOTO Group strives to increase the satisfaction of its stakeholders through communication; to promote prompt and appropriate collection, disclosure, and use of information; and to work in cooperation with the stakeholders. <Text> - The TOTO Group establishes a system of prompt and appropriate collection of all information concerning the Group to actively gather such information.	

	Supplementary Explanations	Explanation of Representative
	- The TOTO Group strives to disclose information that affects both its stakeholders and the Group's corporate value in a fair, timely, and clear manner, irrespective of whether the information pertains to the Group's benefit or disadvantage. - The TOTO Group establishes a system of incorporating information obtained through its communication efforts into its corporate activities, and strives to make effective use of such information. - The TOTO Group complies with applicable laws and regulations when collecting, disclosing, and using information and pays particular attention to the protection of personal and customer information. - The TOTO Group maintains communication based on its IR policy for ensuring transparency and fairness of information disclosed to its investors. - The TOTO Group strives to abide by its policy by inspecting and readjusting such activities when necessary. TOTO also establishes the “IR Policy” for domestic and overseas shareholders and investors to ensure transparency and fairness. The “IR Policy” is as described below: <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. <Disclosure methods> Brief Notes on the Settlement of Accounts and information disclosed according to the timely disclosure rules are made publicly available on the TSE Timely Disclosure Network (TDnet). Afterwards, they shall be published on the TOTO website. Information for which the timely disclosure rules do not apply shall be promptly disclosed via 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	

	Supplementary Explanations	Explanation of Representative
	projections of business results. <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.	
Regular Investor Briefings for Individual Investors	For individual investors, Q&As at results videos of results briefings for the fiscal year and the second quarter of the fiscal year are available on TOTO's website.	—
Regular Investor Briefings for Analysts and Institutional Investors	TOTO holds briefings at the time of publishing financial results for the fiscal year and the second quarter of the fiscal year. At the results briefing, the management, specifically the President, delivers a report on business results and directly answers questions from the briefing's participants. Additionally, visits to factories and strategy briefings, which are primarily held by the person responsible for business execution, are conducted for the benefit of analysts and institutional investors to give them a better understanding of the Company's businesses.	X
Regular Investor Briefings for Overseas Investors	The management of TOTO, specifically the President, holds meetings for each overseas investor in Europe and the United States. TOTO also attends conferences for overseas institutional investors sponsored by securities companies to hold briefings and meetings, undertaken by the management.	X
Posting of IR Materials on Website	URL (in Japanese): (https://jp.toto.com/company/ir/) URL (in English): (https://jp.toto.com/en/company/ir/) In addition to settlement information, timely disclosure materials other than settlement information (securities reports, results briefing materials, and notices of the General Meeting of Shareholders) and other reports, we distribute videos of briefings to investors who are unable to attend the briefings, and also post the question and answer session held on the same day. In order to disclose such content as brief notes on the settlement of accounts and results briefing materials in a timely and fair manner, we post the English version at the same time as the Japanese version is disclosed.	
Establishment of Department and/or Appointment of Manager in Charge of IR	The President has been appointed the supervisory officer in charge of IR according to a decision by the Board of Directors. The Management Planning Department has been established under the Management Planning Division, which reports directly to the President. The person in this department is in charge of IR.	
Other	Mainly aimed at individual investors, we post articles entitled "TOTO Topics" on our website and also provide detailed information on our business operations in notifications of the General Meeting of Shareholders for further understanding of our business.	

	Supplementary Explanations	Explanation of Representative
	URL: (https://jp.toto.com/company/ir/reference/report/)	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Charter of TOTO Group Corporate Behavior* prescribes a definition of stakeholders and sets forth measures to ensure due respect for stakeholders. URL: (https://jp.toto.com/company/profile/philosophy/group/index.htm) The TOTO Group Business Conduct Guidelines were established as concrete guidelines to put the Charter of the TOTO Group Corporate Behavior into practice, and TOTO aims at satisfying all stakeholders through the power of all employees. URL： (https://jp.toto.com/company/profile/governance/pdf/business_guideline.pdf)
Implementation of Environmental Activities, CSR Activities, etc.	TOTO Group considers CSR management to be management by the use of CSR initiatives for the purpose of bringing the TOTO Group Corporate Philosophy to life. The CSR Committee holds meetings chaired by the President and has been promoting CSR management. The committee, comprised of three fields: Environment, Social and Governance engages in strategic integration of TOTO's business activities and CSR activities. URL: (https://jp.toto.com/company/csr/environment/index.htm） We are promoting the TOTO Global Environmental Vision as a specific plan for CSR activities. This vision adopts the three themes of Cleanliness and Comfort, Environment, and Relationships toward which we promote efforts on a global scale. To that end, we are delivering Cleanliness and Comfort to the world, engaging in manufacturing that is friendly to the Environment, as well as promoting business activities that value the Relationships we have with people. We aim to integrate various business activities and the TOTO Global Environmental Vision and achieve our New Shared Value Creation Strategy TOTO WILL 2030. Through these initiatives, we will realize environmental, social and economic values at the same time and contribute to the UN's Sustainable Development Goals (SDGs). URL: (https://jp.toto.com/company/csr/environment/index.htm） In 2019, TOTO expressed its opinion in support of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB). URL: (https://jp.toto.com/company/csr/environment/warming/tcfd.htm#tcfd) In 2021, aiming to achieve carbon-neutral society by 2050, TOTO set milestones, including acquisition of Science Based Target (SBT) certification, a recognition system for CO_2 emission reduction targets based on scientific evidence, and becoming of a member of RE100, an international initiative that aims to shift the electricity that companies use to 100% renewable energy. TOTO also promotes increasing the procurement of renewable energy in addition to the traditional CO_2 reduction initiatives.

	Supplementary Explanations
	The details of environmental conservation and CSR activities are posted on the company website. URL：(https://jp.toto.com/company/csr)
Development of Policies on Information Provision to Stakeholders	The TOTO Group Communication Policy stipulates a policy on providing information. URL: (https://jp.toto.com/company/profile/philosophy/policy/index.htm)
Other	<Policy and Initiatives for Encouraging Active Participation and Empowerment of Female Employees> We have established systems in which female employees can continue to pursue careers through life events (such as a system that allows a female employee to take a leave of absence to accompany her spouse on his overseas assignment and a fixed workplace location system), and we have also implemented initiatives to educate and encourage male employees to actively participate in child-rearing and household duties among other things. In addition, we have been promoting a work from home system for employees engaged in childcare and nursing care to help them balance work and caregiving responsibilities. To support the empowerment and skill-up of female employees, we also have implemented a variety of training programs by hierarchical levels, such as Step-up Training for Female Employees, Training for Female Management Candidates and Management Training. As of April 2021, the ratio of female management in our Japanese domestic organizations was 14.0%.

IV. Matters Related to Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

The following provides the content of the system for ensuring appropriate work practices (Internal Control System) and the outline of the operational status for fiscal 2020 under the system:

(1) System for ensuring that the execution of duties by Directors complies with laws and regulations and with the Articles of Incorporation

- TOTO has established, and complies with, the TOTO Group Corporate Philosophy, Charter of TOTO Group Corporate Behavior, and TOTO Group Rules for Compliance Promotion Management.
- TOTO has established Rules for the Directors and Board of Directors and Rules for System for Formal Approval, and makes decisions and executes operations that conform to laws and regulations of the countries in which TOTO Group companies are located and the Articles of Incorporation.
- TOTO has appointed Outside Directors to strengthen operational oversight by its Board of Directors and to ensure transparency of its decision-making.
- TOTO has prepared and is updating the Directors' Compliance Guidelines to inform all of its Directors of laws and regulations requiring their particular attention as Directors.
- TOTO has established the TOTO Group Rules for Public Communications, in order to disclose not only information required by laws and regulations of the countries in which its businesses are located, but also information affecting stakeholders, in a fair, timely and comprehensible manner.

[Outline of the operational status]

The Philosophy system for TOTO Group management has been formulated as a foothold for all business activities. Directors comply with the laws and regulations and articles of incorporation in accordance with the TOTO Group Rules for Compliance Promotion Management.

At Meetings of the Board of Directors, TOTO has appointed three Outside Directors who are independent of the company to ensure fairness, objectivity and transparency to receive various advices and suggestions for the company's general management.

In order to remain as a corporation needed by society, we strive to improve the satisfaction of stakeholders through communication and to ensure proper and fast information collection, display, and utilization by working with stakeholders.

(2) System for storing and managing information relating to the Directors' execution of duties

TOTO appropriately and reliably stores and manages the minutes of Meetings of the Board of Directors and the Management Committee, as well as Request for Formal Approval, as information associated with the Directors' execution of duties under Rules for the Board of Directors, Management Committee and Rules for the System for Formal Approval in writing or as electromagnetic records so that they can be easily retrieved. The information is available for inspection for up to a period of 10 years.

[Outline of the operational status]

TOTO stores and manages the minutes of Meetings of the Board of Directors and Management Committee, and Requests for Formal Approval in the state available for inspection for up to a period of 10 years in writing or as electromagnetic records under the rules and regulations.

(3) Rules for the management of the risk of loss and other systems

- TOTO has established the TOTO Group Rules for Risk Management to prevent crises from occurring, to quickly resolve crises that have occurred and to minimize damage thereof, as well as to prevent them from recurring.
- TOTO has set up the Risk Management Committee, headed by its Representative Director, to identify and manage risks relating to the execution of the businesses and operations of the TOTO Group. TOTO has also established a division to manage and control specific risks and has been running risk simulations to develop and maintain its risk management system.

[Outline of the operational status]
At the Risk Management Committee held four times annually, critical risks that may impact greatly on stakeholders are extracted. The General Manager of Risk Management was appointed to each risk. The critical risks extracted were evaluated by a matrix method for their impact level and occurrence frequency from the perspectives of defamation, personal influence, and monetary impact according to the envisaged scenarios. The Risk Management Committee conducted monitoring with top risk items as the most important risks to promote risk reduction activities as a whole.

(4) System for ensuring the efficient execution of duties by Directors

- By holding regular monthly Meetings of the Board of Directors and extraordinary Meetings of the Board of Directors as necessary, TOTO has engaged in full deliberation with regard to making decisions on important business execution.
- Issues of a certain level of importance in business execution that do not need to be approved by the Board of Directors have been approved through deliberation by the Management Committee (held twice a month, in principle), consisting of executive Directors.
- TOTO has introduced the Executive Officer system to achieve faster decision-making in operations and to clarify management responsibility.
- TOTO has established Rules for Policy Management and ensures that business policies are adopted in all divisions in order to achieve its business goals.
- TOTO has set forth Office Organization Rules, Rules for Description of Duties and Rules for Meetings and Committees to define authority and responsibilities in office organization, operational structure, meetings and committees, and to streamline operations and improve efficiency.

[Outline of the operational status]
The Board of Directors held a meeting once a month to discuss and approve significant deals in a timely manner. 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 decisions made at the Board of Directors about business policies and business goals are developed based on the Rules for Policy Management to confirm that the decisions are executed rationally and efficiently through the Executive Officer system. The achievement status is also reported to all directors on a monthly basis.

(5) System for ensuring that employees' execution of duties complies with laws and regulations and the Articles of Incorporation

- TOTO has established the TOTO Group Corporate Philosophy, Charter of TOTO Group Corporate Behavior, and TOTO Group Rules for Compliance Promotion Management and ensures that all people working for the TOTO Group perform their duties based on laws and regulations of the countries in which its businesses are located and the Articles of Incorporation.
- TOTO has established the Compliance Committee, headed by its Representative Director and Internal Audit Office, which is independent of operational divisions, and endeavors to develop and maintain the compliance system for the entire TOTO Group under the direction of the President.
- TOTO has been taking steps to raise the compliance awareness of all people working for the TOTO Group through the distribution of compliance manuals, training at each office and e-learning, among other means.
- TOTO has established and operates the Whistle-Blowing System through its internal compliance division and an external third-party organization, which allows all employees of the TOTO Group and people associated with its business relationships to report violations of laws and regulations or acts of violations of other compliance guidelines of the countries in which they are located, without receiving disadvantageous treatment.

[Outline of the operational status]
The Compliance Committee, which is held four times annually, incorporates the confirmation and approval process of annual plans and implementation results for compliance education and monitoring on a global basis. This allows more effective and highly transparent activities of promoting compliance.

TOTO created the TOTO Group Business Conduct Guidelines (translated into 14 languages), which summarizes the Corporate Philosophy, Top Commitment and Behavior Policy to facilitate the promotion of behaviors required for TOTO's Group employees working in each country and region and distributed to overseas group companies. In addition, in order to penetrate compliance to each employee, we offered training and e-learning to newly-appointed general managers and managers, group company presidents, and new employees. In addition, TOTO Group has a whistle-blowing contact center for compliance issues operated by the third party in Japan. The names of reporters and other personal information are strictly protected. The similar whistle-blowing system is in operation overseas.

(6) System for ensuring appropriate work practices in the TOTO Group, consisting of TOTO and its subsidiary companies

- The above "(3) Rules for the management of the risk of loss and other systems" and "(5) System for ensuring that employees' execution of duties complies with laws and regulations and the Articles of Incorporation" also apply to TOTO Group companies.
- To ensure the reliability of financial reports, TOTO has developed and operates and evaluates its internal control of financial reporting, thereby improving business operations.
- To ensure appropriate work practices in the TOTO Group, TOTO has established "Rules for the Operation of Group companies, affiliates, etc.," which require Group companies to request TOTO's Formal Approval for decisions or the prior approval of TOTO, or to submit prior reports to TOTO when making decisions about important management issues for Group companies.
- To ensure effective business execution within the TOTO Group, TOTO has appointed the division with the closest relationship to the business of a Group company as its controlling division, and instructs the general manager of the division to monitor the status of business activities of such company and to provide necessary guidance and assistance.
- TOTO dispatches Directors or Audit & Supervisory Board Members to Group companies, aiming to bolster the governance of Group companies and to monitor their management.

[Outline of the operational status]
Based on the TOTO Group Rules for the Operation of Group companies, Affiliates, etc., TOTO is developing the internal rules for each group company and requires Group companies to request TOTO's Formal Approval for decisions or the prior approval of TOTO when making decisions about important management issues for Group companies. Also, to ensure proper and effective business execution within the TOTO Group, TOTO has appointed the division as its controlling division to dispatch directors and audit & supervisory board members and to provide necessary guidance and assistance.
Internal Audit Office conducts internal audit of the group companies and receives audit reports from the audit & supervisory board members of each group company to confirm the effectiveness of internal control.

(7) Matters relating to employees to assist the work of Audit & Supervisory Board Members and relating to independence of such employees from Directors, and relating to ensuring the effectiveness of instructions by Audit & Supervisory Board Members to such employees

- TOTO has established the Audit & Supervisory Board Office, to assist the work of the Audit & Supervisory Board Members, independent of its executive organization, which reports directly to the Audit & Supervisory Board Members. Full-time assistants to the Audit & Supervisory Board Members, including management-level members, are assigned to the Audit & Supervisory Board Office.
- Transfer, evaluation and other matters concerning the audit assistants are determined with the consent of the Audit & Supervisory Board Members.

[Outline of the operational status]
TOTO has appointed four full-time assistants to the Audit & Supervisory Board Members at the Audit & Supervisory Board Office, to assist the work of the Audit & Supervisory Board Members, which reports directly to the Audit & Supervisory Board Members. In addition, transfer, evaluation and other matters

concerning the audit assistants were determined with the consent of the Audit & Supervisory Board Members.

(8) System for Directors and employees to report to Audit & Supervisory Board Members and other systems associated with reporting to Audit & Supervisory Board Members

- Directors and divisions in charge regularly report the following matters to the Audit & Supervisory Board Members:
  a. Business conditions, results and forecasts of the TOTO Group
  b. Occurrence of significant crises
  c. Operational status of the Whistle-Blowing System and matters reported.
- The following systems have been established so that the Audit & Supervisory Board Members are able to obtain information necessary for audits in a timely manner:
  a. Inspection of important documents relating to business execution, including any request for Formal Approval of TOTO and Group companies
  b. Participation in important meetings, including Management Committee and the Sales and Production Steering Meetings
  c. Feedback from Directors and Audit & Supervisory Board Members, among others, with regard to the business status of Group companies
  d. Collecting information necessary for performing duties appropriately.

[Outline of the operational status]
The Audit & Supervisory Board Members were requested to participate in important meetings and committees, such as Meetings of the Board of Directors, to inspect important documents relating to business execution, including any request for Formal Approval. Directors and divisions in charge regularly report the following matters to the Audit & Supervisory Board Members as needed. Through this, business conditions, results, and forecasts of the TOTO Group, as well as the occurrence of significant crises were reported to Audit & Supervisory Board Members.

(9) Matters relating to policies for procedures for prepayment or reimbursement of expenses incurred when Audit & Supervisory Board Members execute their duties and for other procedures involving expenses or obligations incurred upon execution of such duties
TOTO pays or reimburses expenses, as necessary, for the execution of duties by the Audit & Supervisory Board Members upon request.

[Outline of the operational status]
Procedures for prepayment or reimbursement of necessary expenses or obligations incurred upon execution of duties by Audit & Supervisory Board Members were properly executed by the Audit & Supervisory Board Members upon request.

(10) Other systems for ensuring effective auditing by Audit & Supervisory Board Members
The following opportunities facilitate communication between the Audit & Supervisory Board Members and Directors, each division and each Group company for the appropriate execution of their duties.

a. Providing an audit policy, an audit plan and audit results to the Board of Directors of TOTO
b. Exchanging opinions with Directors of TOTO
c. Exchanging information with divisions that the Audit & Supervisory Board Members consider necessary for carrying out appropriate audits, inter alia, the Internal Audit Office, the Management Planning Department and the Accounting & Finance Division

[Outline of the operational status]
The Board of Directors received reports of audit policies, audit plans, and audit results from Audit & Supervisory Board Members at Meetings of the Board of Directors. The Board of Directors and Audit & Supervisory Board Members regularly exchange opinions.
The Internal Audit Office, the Accounting & Finance Division, etc., regularly hold liaison meetings with the Audit & Supervisory Board Members to exchange information.

2. Basic Views on Eliminating Antisocial Forces

The Charter of TOTO Group Corporate Behavior stipulates that the TOTO Group will deal decisively with antisocial forces.
In addition, in dealing with antisocial forces, the TOTO Group stipulates the following items in TOTO Group Rules for Risk Management:

- Supervising department: General Affairs Division
- Collaboration with relevant police stations and prompt consultation with corporate lawyers
- Gathering information from consultation centers regarding criminal interference in civil affairs
- Keeping employees informed on how to deal with antisocial forces in accordance with a corporate defense manual

V. Other

1. Adoption of Anti-takeover Measures

Adoption of Anti-takeover Measures	Not Adopted

Supplementary Explanation

<Basic policy regarding persons who control decisions on TOTO's financial and business policies (overview)>
TOTO believes that persons who control decisions on its financial and business policies should fully understand the business characteristics of the TOTO Group and the sources of TOTO's corporate value, and be able to ensure and enhance its corporate value and the common interests of shareholders from a medium- to long-term perspective.
Since its founding in 1917, TOTO has consistently pursued the implementation of its philosophy to "contribute to the betterment of society" through its business operations. Among the efforts for creating and offering an enriched and more comfortable lifestyle and culture built on its plumbing products, TOTO has carried out comprehensive business activities to create and provide corporate value through long-term investment in necessary facilities and personnel as well as continuous R&D and market development efforts. Such comprehensive activities include the development of power and water-saving technology that promotes "care for the environment" as well as raw materials that allow realization of "cleanliness and comfort" and "universal design," and before- and after-sales service programs that provide "safety and security" in the Japanese markets.
Currently, TOTO is fulfilling its responsibilities for the supply of bathroom and kitchen fixtures as a result of establishing itself in the Japanese market for such products. We are also endeavoring to further increase our value through the development of global markets, mainly Americas and Asia, by making full use of the business model that TOTO has established in the Japanese market. TOTO's continuous and extensive contribution to the betterment of society for nearly 100 years since its founding has secured the current corporate value and interests of shareholders.
We as a public company are obviously obligated to allow our shares to be traded freely, and we believe that it should be left to the best judgment of our shareholders to finally determine whether to accept an offer to purchase a large quantity of the Company's shares by a certain person or certain group of persons. Nevertheless, if we judge that such a bulk purchase of the Company's shares may result in significantly undermining our corporate values and thus the common interests of shareholders, we believe it is necessary to take the necessary and appropriate action to ensure the protection of the Company's long-term shareholder value.

2. Other Matters Concerning Corporate Governance System

[Overview of the Timely Disclosure System]

[Basic stance on timely disclosure]
The TOTO Group states in the "TOTO Group Communication Policy" that it strives to increase the satisfaction of its stakeholders through communication in order to remain a company needed by society, to promote prompt and appropriate collection, disclosure and use of information, and to work in cooperation with its stakeholders.
The "TOTO Group Communication Policy" and the "IR Policy" are stated in "2. IR Activities" of "Implementation of Measures for Shareholders and Other Stakeholders" in this report.

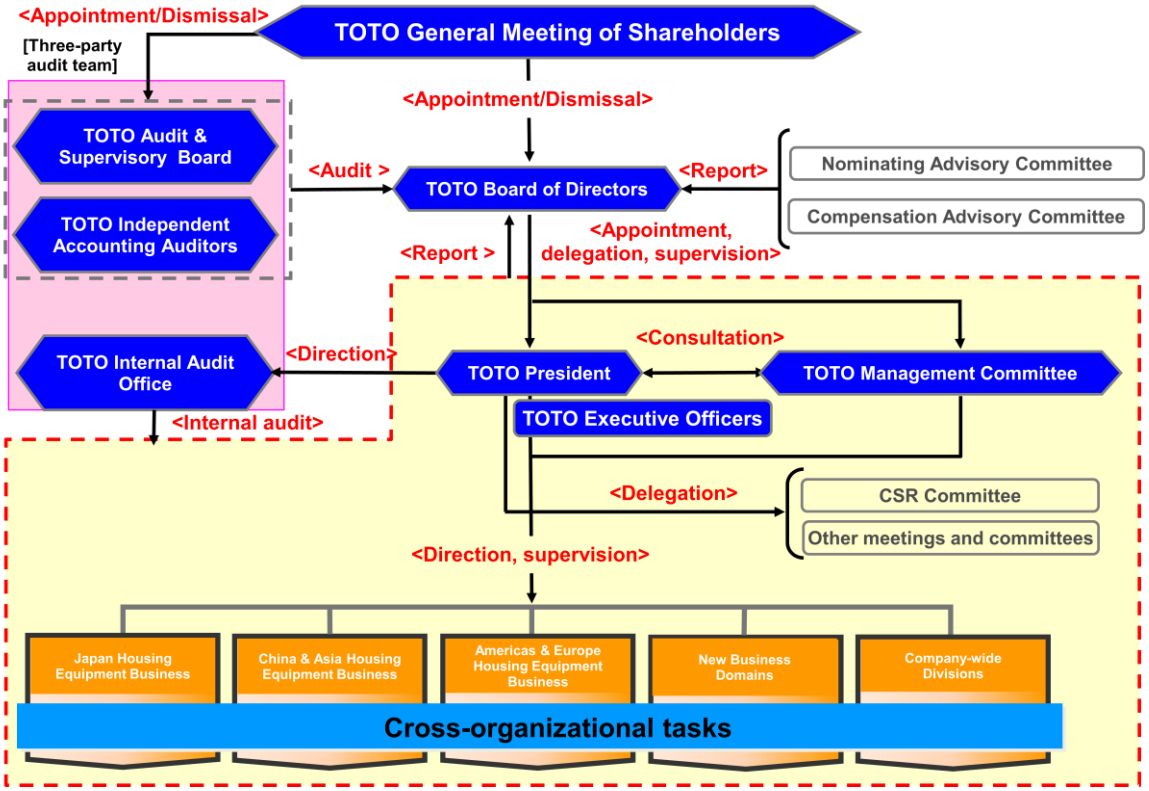
[Internal system for ensuring timely disclosure]
The TOTO Group's internal system for ensuring timely disclosure is as described below:

(1) Disclosure of information on decisions made and settlement information

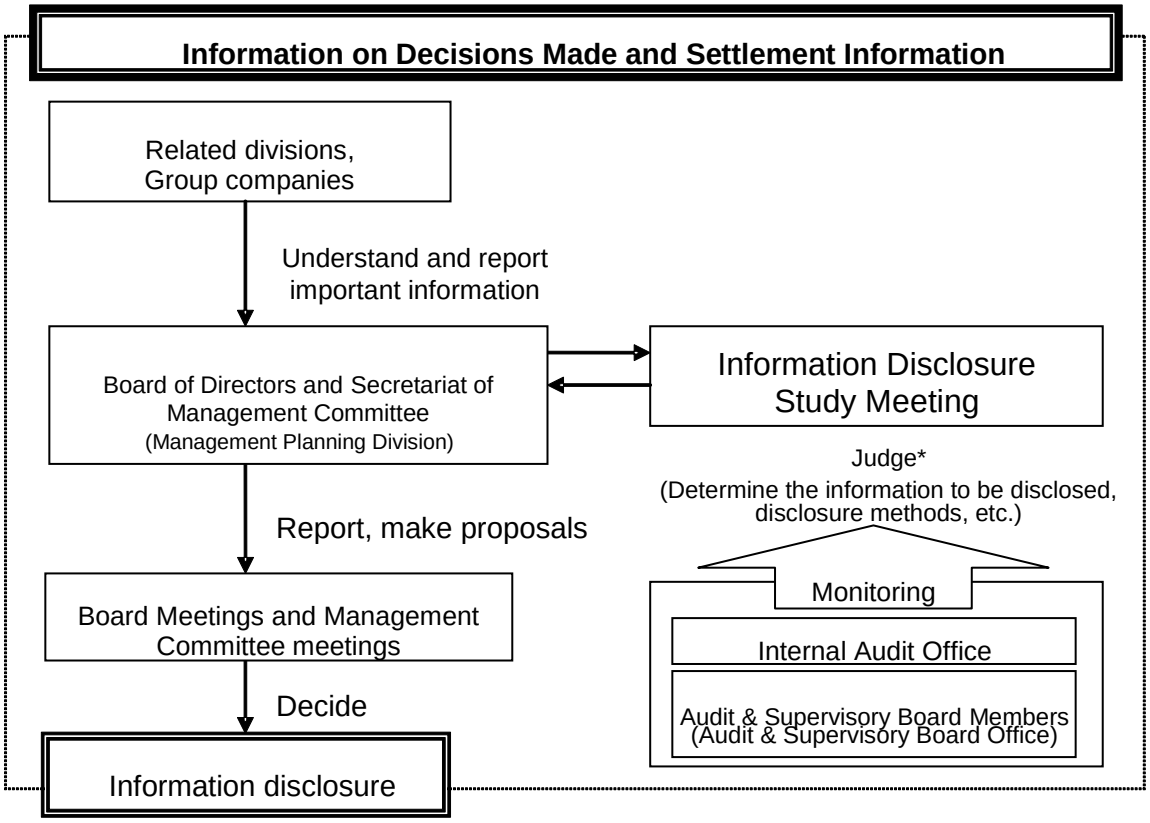
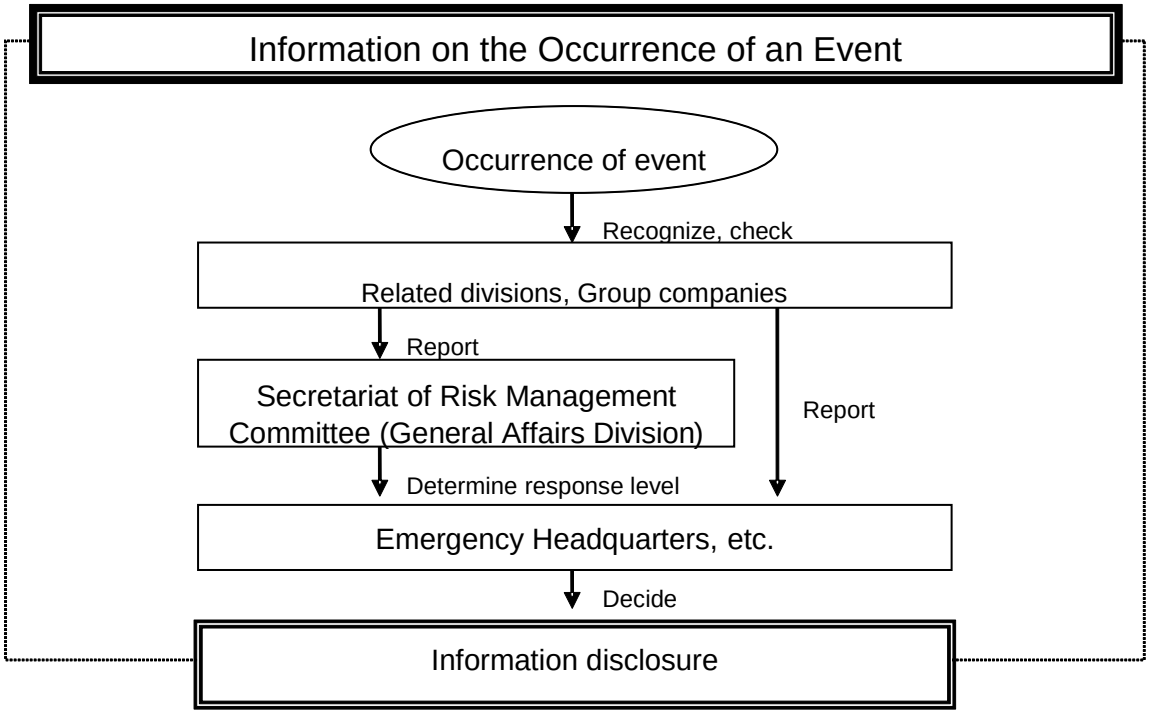
(i) Related divisions of the TOTO Group identify and understand important information.
(ii) Related divisions report to the Board of Directors and the Management Planning Department, the secretariat of the Management Committee.
(iii) Determine the necessity for disclosing information at the Information Disclosure Study Meeting, periodically held (once a month, in principle) by the Management Planning Department, and details and method of information disclosure.
(iv) The Internal Audit Office and Audit & Supervisory Board Members (the Audit & Supervisory Board Office) monitor the Information Disclosure Study Meeting.
(v) The Management Planning Department reports and makes a proposal on the necessity for information disclosure to the Board of Directors and the Management Committee.
(vi) Determine the necessity for information disclosure at meetings of the Board of Directors and the Management Committee
(vii) The division in charge of information disclosure discloses the information.

(2) Disclosure of information on the events occurred
(i) Related divisions of the TOTO Group identify and understand the events occurred.
(ii)The related divisions report on the events to the General Affairs Division, the secretariat of the Risk Management Committee.
(iii) The General Affairs Division determines the response level.
(iv) Emergency headquarters, etc., determines the necessity for information disclosure upon communication with the secretariat of the Risk Management Committee and related divisions.
(v) The division in charge of information disclosure discloses the information.

[Reference: System Diagram of Corporate Governance and Business Operations]



[Overview of the Timely Disclosure System]



* The Management Planning Division, General Affairs Division, Accounting & Finance Division, and Legal Affairs Division shall confirm and review the content. They shall consult with each division in charge of the relevant important information or with external experts as needed.