

Code of Ethics

Rinnai Group



Rinnai

Publication history

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**Rinnai Corporation
Corporate Ethics Committee**

Foreword

Rinnai was founded with the mission to create comfortable indoor environments that are more pleasant, more relaxed and worry-free, achieved through the safe and efficient use of heat. As the Rinnai Group expands its global footprint in the relentless pursuit of this mission, so too must our people-oriented outlook expand to incorporate increasing demands for social responsibility.

It is management's belief that this responsibility lies with each member of the Rinnai Group, and that it not only demands compliance with the law and associated rules and regulations, but that it also requires a strong commitment to ethics. Only when we incorporate ethics into the performance of our daily activities can we make a positive contribution to the betterment and growth of society and our mission.

To assist with this effort, the Rinnai Corporate Ethics Committee has developed a set of guidelines comprised of Rinnai Motto and Mission, the Rinnai Charter, and the Rinnai Code of Conduct, collectively referred to as the Rinnai Group Code of Ethics.

We, as Rinnai's management, are committed to deepening every employee's understanding of the Rinnai Code of Ethics, and to ensuring that the guidelines are fully implemented. Once all employees understand the true intent of the Code, and are fully aware of their social responsibility as corporate employees, then – and only then – we can aim for the kind of corporate growth that is required in our era.

Chairman of the Board
Susumu Naito

Susumu Naito

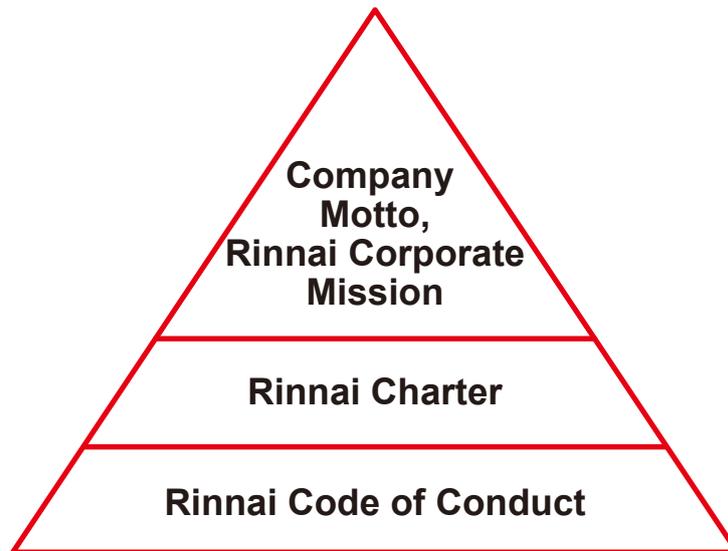
President
Hiroyasu Naito

Hiroyasu Naito

Fundamental Concepts

Quality is our destiny

Schematic Diagram of Company Ideals



The company motto ("Harmony, Spirit, Sincerity") and the Rinnai Group's corporate mission stand at the peak of the pyramid, and the seven commitments that make up the Rinnai Charter are positioned at the core. Furthermore, the base consists of the Rinnai Code of Conduct, specific rules established for all executives and employees to follow in the course of their day-to-day corporate activities.

Company Motto

Harmony: Develop personal character of the highest caliber

S p i r i t : Base your efforts on a consistent philosophy

Sincerity: Know the fundamentals and consider issues with precision and clarity

Rinnai Corporate Mission

Rinnai utilizes heating to provide society with a comfortable way of life.

The Rinnai Charter (Seven Commitments)

- 1** We are committed to keeping our customers first and foremost in our minds with our policy of "Quality is Our Destiny".
- 2** We are committed to pursuing safety, comfort, and convenience and to providing products that are friendly to the global environment.
- 3** We are committed to acquiring and utilizing expertise in heating to improve our customers' quality of life.
- 4** We are committed to strengthening the relationship between Japanese and overseas Rinnai Group members and to working for each other's prosperity.
- 5** We are committed to enhancing the prosperity of the communities that we belong to and to building a reputation as trustworthy and responsible members of society.
- 6** We are committed to operating under the principles of harmony, spirit and sincerity, and to growing our company by ensuring the prosperity of society.
- 7** We are committed to acting in compliance with the law and to adhering to ethics as responsible members of society.

Rinnai Code of Conduct

Preamble

This Rinnai Code of Conduct (“Code”) establishes the specific rules that all directors, executive officers and employees should follow in carrying out the business activities of the Rinnai Group.

Under the leadership of top management, Rinnai Group shall take measures to ensure that all directors, executive officers and employees are thoroughly familiar with this Code.

Rinnai Group will take strict disciplinary action against any executive or employee who violates these guidelines.

1 Basic Policies

1.1. Compliance with Laws

We will comply with all applicable laws and company guidelines and pursue fair and sound business practices in all aspects of business activities.

1.2. Conduct Based on Good Judgment

We will act in accordance with social norms based on a high sense of morals and ethics as members of society with good judgment.

1.3. Promotion of Two-Way Communications

We will promote two-way communications by engaging in dialogue with a wide range of stakeholders including customers, employees, shareholders and investors, business partners, and local communities and will work to solve common social issues.

2 Relationship with Customers

2.1. “Quality is Our Destiny”

Based on “Quality is Our Destiny,” one of our fundamental concepts, we will pursue and seek to achieve “zero defects,” never allowing defective products into circulation.

2.2. Our Mission as a Comprehensive Manufacturer of Heat Energy Devices

We will actively undertake development of new products and technologies, and as a comprehensive manufacturer of heat energy devices that supports “Heat and Lifestyle,” we will improve our customers’ quality of life.

2.3. Ensuring That Customers Are Aware of Safe Methods of Use

We will inform our customers of proper product and service use methods in an easy-to-understand manner so that they can safely use our products and services, and in the case of precautions for use, we will use labeling methods that are visually prominent to caution and warn customers.

2.4. Easy-to-Understand Indication in Advertising

We will provide necessary information in an appropriate and easy-to-understand manner through leaflets, catalogs, and other advertising and labels so that customers can objectively and rationally select products and services.

2.5. Enhancement of After-Sales Service Systems

We will enhance after-sales service systems so that we can appropriately respond to customer inquiries and complaints in good faith and in a timely manner. We will also organize information concerning needs and complaints received from customers so that we can enhance and improve products and services.

2.6. Post-Accident Measures

If a significant accident or problem occurs with regard to a product or service, we will immediately report to top-level management, quickly provide that information to customers, and take timely measures to prevent spread of the damage and reoccurrence of the problem.

3 Environmental Protection

3.1. Measures to Address Environmental Problems

We will take measures to address global environmental problems such as preventing global warming based on an awareness of the impact that our business activities have on biological diversity.

3.2. Reduction of Environmental Impact

We will reduce our resource and energy consumption and curtail hazardous substances in all aspects of the product lifecycle from development to manufacture, sale, and disposal to mitigate environmental impact.

4 Relations with Employees

4.1. Respect for Human Rights

We will not discriminate based on race, color, gender, age, language, religion, nationality, social status, or physical characteristics. We will also respect fundamental human rights and will not engage in sexual harassment or other

conduct that makes use of superior position in the workplace to violate human rights.

4.2. Prohibition of Child Labor and Forced Labor

We will not use any inappropriate labor including child labor that subjects persons under the legal working age to harmful labor or any form of unjust labor contrary to the intent of workers.

4.3. Work-Life Balance

We will strive to maintain a good balance between work and life by normalizing working hours and encouraging diverse working conditions.

4.4. Safe and Healthy Work Environments

We will create work environments that are safe as well as physically and mentally healthy and comfortable.

4.5. Personal Growth

We will continuously tackle the challenges for achieving high personal goals so that we can respond to globalization and other changes in the business environment.

5 Relations with Shareholders and Investors

5.1. Information disclosure

We will disclose management information such as our own growth strategies as well as the status of business activities and other information which is required to be disclosed by laws or regulations to shareholders and investors in a timely and appropriate manner, in order to promote understanding of our business activities.

5.2. Prohibition of Insider Trading

We will not buy or sell shares using material non-public information about the Rinnai Group or its business partners acquired in the course of performing work duties.

6 Fair Operating Practices

6.1. Compliance with Competition Law

To promote and maintain fair and free competition, we will comply with competition and antitrust law. We will not enter into bid-rigging agreements or cartels with competitors in the industry or form other agreements with the objective of hindering competition and will not engage in any acts that might be construed as such conduct.

6.2. Proper Purchasing Activities

- (1) We will ensure fairness and transparency when selecting suppliers based on our basic philosophy “We provide equal opportunities to all domestic and foreign companies and evaluate them fairly to procure excellent parts to meet our requirements.”
- (2) We will not use our dominant position or engage in conduct that improperly causes disadvantage to suppliers and seek to build trusting relationships based on mutual benefit.
- (3) We will encourage suppliers to support our philosophy relating to compliance with laws, respect for human rights, product safety, and environmental protection.

6.3. Non-infringement of Intellectual Property Rights

We will not infringe on the intellectual property rights of others.

6.4. Prohibition of Excessive Gifts and Entertainment

- (1) We will not provide gifts or entertainment to business partners for the purpose of obtaining or retaining business or obtaining any other favorable action.
- (2) In the event gifts from or entertainment by a customer exceeds the bounds of acceptable social standards, we will immediately withdraw from the event or return the gift.

6.5. Prohibition of Bribery of Politicians and Local Governments

- (1) We will not engage in any gift-giving or other unlawful conduct to domestic or foreign public employees and will not engage in any conduct that could be construed as such conduct.
- (2) We will not engage in any conduct such as the provision of benefit to politicians or local governments that could be misinterpreted as improper collusion.

7 Relations with Local Communities

7.1. Contributions to Local Communities

We will respect the diverse needs of local communities and form close ties with and work in collaboration with local communities in order to contribute to the enhancement of lifestyles in those communities.

7.2. Fostering Local Industry

We will not only provide products and services based on a solid understanding of the lifestyles, culture, and practices of each country and region, but will

also work to contribute to the development of local industries based on local production for local sale.

8 Protection of Assets and Information

8.1. Prohibition of Improper Use of Company Assets

We will recognize company assets, whether tangible or intangible, as valuable. In order to use such assets effectively, we will manage them and will not use them for personal or improper purposes.

8.2. Protection of Confidential Information

We will not use company confidential information for personal purposes or divulge or release company confidential information while employed by the company and after separation from the company.

8.3. Protection of Personal Information

We will recognize the importance of protecting of personal information and will properly handle personal information in accordance with Privacy Policies and internal rules which we establish ourselves.

9 Security Trade Controls

We will set up a mechanism to ensure compliance with laws and regulations concerning security trade control in order to maintain international peace and security.

10 Exclusion of Anti-Social Forces

We will not maintain any relationships whatsoever with organized crime groups or other anti-social forces and will not comply with inappropriate demands from such forces.

