

Rinnai



Corporate Social Responsibility

CSR Report 2014

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Supplemental Data:

1. Oguchi Factory	7. Rinnai Precision Co., Ltd.
2. Seto Factory	8. RT Engineering Co., Ltd.
3. Asahi Factory	9. Japan Ceramics Co., Ltd.
4. Yanagisawa Manufacturing Co., Ltd.	10. Noto Tech Co., Ltd.
5. Rinnai Technica Co., Ltd.	11. Techno Parts Co., Ltd.
6. RB Controls Co., Ltd.	

CSR Report 2014

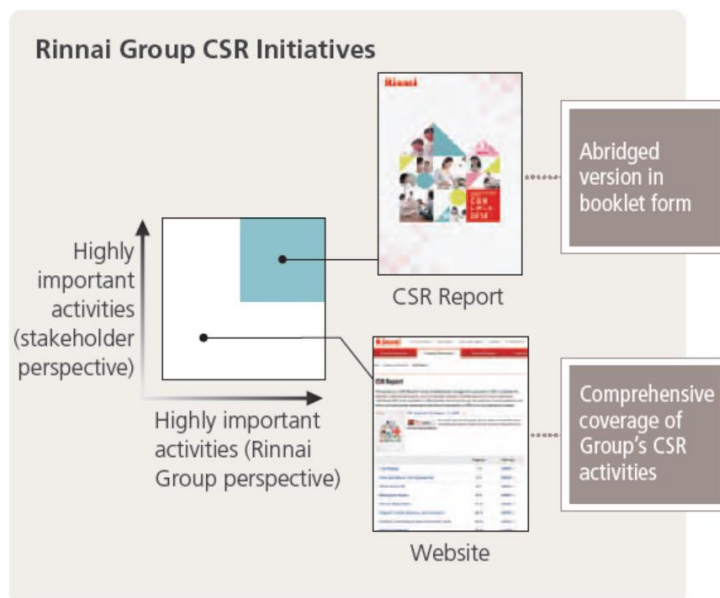
Editorial Policy

Rinnai puts out a CSR Report to convey to stakeholders management’s approach to CSR, to describe the activities undertaken groupwide, and to encourage a deeper understanding of the Group’s operations to as many people as possible.

Rinnai’s Activities

To provide an overview of our CSR activities in an easy-to-understand way, we produce an abridged version of our CSR Report in booklet form. Information not contained in the booklet—such as case studies, specific details, and related data—is posted on the website at the address below.

<http://www.rinnai.co.jp/en/corp/csr/report/index.html>



Scope

Rinnai Group
(Rinnai Corporation and companies under the Rinnai Group umbrella in Japan and overseas)

Reporting Period

This report focuses on events that occurred in fiscal 2014—April 1, 2013, to March 31, 2014—but also touches upon measures implemented and recent activities undertaken prior to fiscal 2014 as well as future business direction, targets and plans.

Referenced Guidelines

- Sustainability Reporting Guidelines (G4), the fourth and most recent generation of guidelines by the Global Reporting Initiative (GRI)
- ISO 26000:2010
- Environmental Reporting Guidelines (fiscal 2012), issued by Japan’s Ministry of the Environment
- Environmental Accounting Guidelines (fiscal 2005), issued by Japan’s Ministry of the Environment

Publication Schedule

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Contact

For information on the Rinnai Group's social and environmental activities, please contact the Corporate Communication Office at Administration Headquarters

2-26, Fukuzumi-cho, Nakagawa-ku, Nagoya, Aichi 454-0802, Japan

Telephone (from outside Japan): +81-52-361-8211

Fax (from outside Japan): +81-52-361-8529

Top Message

Message from the Chairman

Under the motto of “harmony, spirit, and sincerity,” Rinnai’s Corporate Mission is to “utilize heat to provide society with comfortable lifestyles.” This has guided our activities since our foundation in 1920, when we began making and selling petroleum stoves. Today, Rinnai is a comprehensive manufacturer of heat-energy appliances with operations in 16 nations worldwide, as well as Japan. Our Corporate Mission has remained unchanged throughout our history, and will continue into the future.

We have always maintained a strong commitment to quality. With top priority on the tenet that “Quality is our destiny,” we focus on the pursuit of safe, high-quality products. At Rinnai, “quality” is not limited to product manufacturing, but covers all aspects of our operations, including distribution, customer relations, and after-sales service.

Overseas, where customs and cultures differ from Japan, we offer products that are matched to local needs. This reflects our commitment to maintaining the level of quality that our customers demand at home. Accordingly, we endeavor in principle to appoint people from local countries and communities to top positions in our overseas group companies, so that we can better grasp and reflect the sentiment of consumers local to our business there.

Over the past few years, addressing global environmental problems has become an urgent international challenge. As a comprehensive manufacturer of heat-energy appliances, the Rinnai Group is strongly aware of the huge role it must play. In the context of Japan’s low-birthrate, aging society, as well, we recognize that we are expected to propose safer and more comfortable lifestyles. Going forward, we will target ongoing improvements in safety and peace of mind, comfort, and environmental performance in order to benefit society.



Susumu Naito,
Chairman

Message from the President

As a comprehensive manufacturer of heat-energy appliances, we are constantly contemplating what we can do in order to realize a safe, secure, healthy, and environmentally friendly society.

Providing high added value that benefits communities in Japan and other nations/regions worldwide

In the fiscal year ended March 31, 2014, the Rinnai Group posted a 14.0% year-on-year increase in consolidated net sales, to ¥286.9 billion, and a 29.1% jump in operating income, to ¥34.0 billion. These results were due to healthy sales in Japan and solid and improved sales overseas. In Japan, there was a rush in demand in the residential construction and renovation sector ahead of the consumption tax hike. This, together with a weak yen and other factors, had a short-term impact on our performance. Due to expectations that government stimulation measures would have an upward effect on the economy, however, consumption turned upward. Also contributing to our healthy results, we believe, was acknowledgment of our ability to deliver high-value-added products to the world—reflecting our role as a comprehensive manufacturer of heat-energy appliances that conducts its operations based on the themes of “heat and lifestyles.”

Rinnai contributes to society simply by expanding and promoting its lineup of such high-value-added products. In the domestic market for water heaters, for example, we are targeting proliferation of our high-efficiency *Eco Jozu* offerings. At present, water heaters can be broadly classified into three types: models that heat water only, models that heat water and also have a bath-filling function, and water heaters with systems that also heat rooms using hot-water-based floor heating and other systems. (*Eco Jozu* systems account for around 80% of Rinnai’s sales of water heaters with heating systems.) Another key product is our *ECO ONE* hybrid water heater with heating system, which combines a gas water heater with a heat pump. At present, *ECO ONE* boasts the lowest primary energy consumption among water heaters in Japan. This exceptional energy efficiency was recognized when Rinnai received the METI Award, which is the top prize in the Fiscal 2013 Energy Conservation Awards.

Proliferation of these high-efficiency water heaters not only promotes energy savings but also helps suppress emissions of carbon dioxide, which is a source of global warming. The industrial sector has made good progress in reducing carbon dioxide emissions, and to achieve further reductions we must turn our attention to emissions from households. We believe that our *Eco Jozu* and *ECO ONE* offerings will help realize such reductions.

In other new initiatives, Rinnai is promoting its Smart House concept, which envisages the ideal image of future living—with some elements currently under practical application—as well as home energy management systems (HEMS).

We are also promoting high-value-added products overseas. In January 2014, for example, it became mandatory in South Korea for all burners on gas stoves to have temperature sensors attached. Using technologies amassed in Japan, Rinnai launched models that meet the new requirements. In the United States, meanwhile, many people are shifting from tank-based (storage type) water heaters to tankless (instant heating) systems, which are mainstream in Japan. To address consumer inconvenience during the changeover (no access to hot water), Rinnai is promoting a system that combines both tank-based and tankless units and requires minimal installation time. In these and other ways, we are offering high-value-added solutions matched to the specific needs of nations and regions.

Rinnai uses its core business to promote various CSR activities. One initiative going forward is the “barrier free temperature” concept (eliminating temperature differences). We are focusing particular attention on addressing the “heat shock” phenomenon, which occurs when the body is subject to sudden changes in temperature, such as when entering a bath. For this reason, we are working to raise awareness and foster the proliferation of bathroom heater/dryers, which can be very effective in preventing heat shock.



Hiroyasu Naito, President

The current fiscal year, ending March 2015, is the final year of our medium-term business plan, entitled Jump Up 2014 (see page 9 for more details). Throughout the year, we will seek to contribute to people's lives and the global environment as a comprehensive manufacturer of heat-energy appliances. We aim to make a social contribution by implementing the plan and achieving its objectives.

Defective dishwashers and bathroom-installed fan-forced gas water heaters

At Rinnai, where "Quality is our destiny," we place top priority on customer safety. In 2012, a defect was uncovered in some of our dishwasher models, and in 2014 a defect was found in some bathroom-installed fan-forced gas water heaters made by Gastar Co., Ltd. and sold by Rinnai Corporation. These events caused a major inconvenience to customers, for which we sincerely apologize.

At present, our response teams are undertaking inspection, repair, and parts replacement of the defective models. We have already discovered the causes of the problems and are working to prevent recurrences. We will continue devoting our utmost efforts until the last machine is fixed.

Creating comfortable workplaces for women

Rinnai is working hard to enhance its management and working environments. In June 2014, for example, we improved corporate governance by welcoming an outside person into our Board of Directors. We also engage in activities to advance female employees as part of our diversity program. In addition to maternity and childcare leave, we offer shortened workweeks, flexible working hours, and work-at-home arrangements. In these and other ways, Rinnai endeavors to create motivating workplaces tailored to employees' lifestyles.

For older employees, we offer a variety of working arrangements, depending on the needs of the individual. In addition to re-employing those who have reached retirement age but wish to continue working, these include offers of part-time and casual work. We also strive to employ disabled people, but regrettably we are not making much progress in this area. We will work hard to address the situation, which we recognize as an important priority going forward.

With respect to social contribution activities in regional areas, since 2013 Rinnai has been participating in the Nakagawa Canal Restoration and Culture/Art Activity Assistance Project (ARToC10), headed by the Nagoya Urban Institute of the Nagoya Urban Development Public Corporation. This project is aimed at restoring the Nakagawa Canal, which flows near Rinnai's Head Office. We also focus on other activities linked to local communities. These include visitations to elderly care facilities, tours of our factories, and neighborhood cleanup campaigns.

Raising corporate value by addressing national and regional needs

Going forward, Rinnai will continue targeting steady growth as a comprehensive manufacturer of heat-energy appliances in order to raise corporate value and thus meet the expectations of society. In Japan, we look forward to further growth in the field of room heating, where significant potential remains. On the global front, we notice opportunities in many regions. In addition to China, where consumption sentiment is high despite slowing somewhat, these include Southeast Asia, Africa, and Europe. In overseas markets, local lifestyles, customs, and energy-related circumstances are different from those in Japan, and so require a different approach. To enable business operations tailored to national and regional attributes, we endeavor to employ local people to handle management of our overseas subsidiaries. We also use pursue initiatives that take local circumstances into account while deploying skills and knowledge acquired in Japan. Based on the themes of "heat" and "lifestyles," we will continue working hard to realize a safe, secure, healthy, and environmentally friendly society, both in Japan and around the world.

Rinnai Group

Rinnai Group Network

Manufacturing and sales companies
Sales companies Other Business

Rinnai UK Ltd. Rinnai Services (MS) Corporation
Rinnai Italia s.r.l.

CHINA

Shanghai Rinnai Co., Ltd.
Shanghai RB Controls Co., Ltd.
Guangzhou Rinnai Gas and Electric Appliance Co., Ltd.
Hainan Rinnai Minsheng Kitchen Appliances Sales Co., Ltd.
Guangzhou Rishangsheng Gas and Electric Appliances Sales Co.
Shanghai Rinnai Thermo Energy Engineering Co., Ltd.

Rinnai Hong Kong Ltd. Rinnai Taiwan Corporation
Rinnai (Thailand) Co., Ltd. Rinnai Vietnam Co., Ltd.
Rinnai (Malaysia) Sdn. Bhd. Rinnai Holdings (Pacific) Pte Ltd.
P.T. Rinnai Indonesia
Rinnai Australia Pty., Ltd. Rinnai New Zealand Ltd.

JAPAN

Rinnai Corporation
Branches: Tohoku, Kanto, Chubu, Kansai, Kyushu
Domestic sales offices: Hokkaido, Sendai, Niigata, Tokyo, Kita-Kanto, Higashi-Kanto, Minami-Kanto, Nagoya, Shizuoka, Hokuriku, Nagano, Osaka, Keji, Hyogo, Chugoku, Shikoku, Fukuoka
Laboratory: Technology Development Center
Factories and related centers: Oguchi Factory, Seto Factory, Asahi Factory, Akatsuki Factory, Production and Technology Development Center, Integrated Logistics Center, Parts Center

Yanagisawa Manufacturing Co., Ltd.
Rinnai Technica Co., Ltd.
RB Controls Co., Ltd.
Rinnai Precision Co., Ltd.
RT Engineering Co., Ltd.
Japan Ceramics Co., Ltd.
Noto Tech Co., Ltd.
Techno Parts Co., Ltd.
Glanstrahl Co., Ltd.
Rinnai Net Co., Ltd.
RG Co., Ltd.
Rinnai Enterprises
Rinnai Tech Hokuriku Co., Ltd.
Rinnai Kogyo Co., Ltd.

Rinnai Canada Holdings Ltd.
Rinnai America Corporation
Rinnai Brasil Heating Technology Ltd.

Corporate Data (As of March 31, 2014)

Incorporated: September 1, 1920
Established: September 2, 1950
Paid-in capital: ¥6,459,746,974
Head office: 2-26, Fukuzumi-cho, Nakagawa-ku, Nagoya 454-0802, Japan
Number of employees: 9,593 (consolidated), 3,629 (non-consolidated)
Number of Group companies: 40 (domestic 14, overseas 26)

Net Sales by Product (Year ended March 31, 2014)

(Billions of yen)

Water heaters	¥146.8 billion (+15.5%)
Commercial-use equipment	¥7.5 billion (+9.3%)
Home heaters	¥16.7 billion (+6.7%)
Kitchen appliances	¥88.0 billion (+11.7%)
Others	¥27.7 billion (+19.1%)
Total	¥286.9 billion (+14.0%)

Others: ¥27.7 billion (+19.1%)

Net Sales by Region (Year ended March 31, 2014)

(Billions of yen)

China	¥19.0 billion (+48.9%)
Australia	¥15.2 billion (+10.9%)
United States	¥15.4 billion (+36.6%)
South Korea	¥26.7 billion (+26.3%)
Japan	¥194.5 billion (+7.8%)
Others	¥15.7 billion (+29.4%)
Total	¥286.9 billion (+14.0%)

Others: ¥15.7 billion (+29.4%)

> Water Heaters and Heating Systems

With superior energy efficiency, Rinnai's water heaters and heating systems meet the needs of people for more sophisticated, comfortable living, offering such functions as floor heating and bathroom heating.



Water heaters, water heater with heating units, hybrid water heater with heating system, bathroom heater/dryer, mist sauna, floor heating systems, and others

> Kitchen Appliances

Rinnai continues to improve the safety and convenience of its stoves, which now have temperature sensors fitted to all burners. We are also creating new products with exceptional designs to meet the needs of the times.



Tabletop cookers, built-in hobs, dishwashers, rice cookers, built-in ranges, range hoods, and others

> Home Heaters

Seeking to create comfortable living spaces offering total relaxation and peace of mind, Rinnai develops a wide array of home heaters.



Fan heaters, fanned flue heaters, infrared heaters, gas fires, and others

> Commercial-Use Equipment



Commercial-use stoves, ranges, rice cookers, industrial ceramics machines, steam oven, and others

> Others




Clothes dryers, infrared burners and components

Corporate Mission and Vision

Basic Concepts

Quality is our destiny

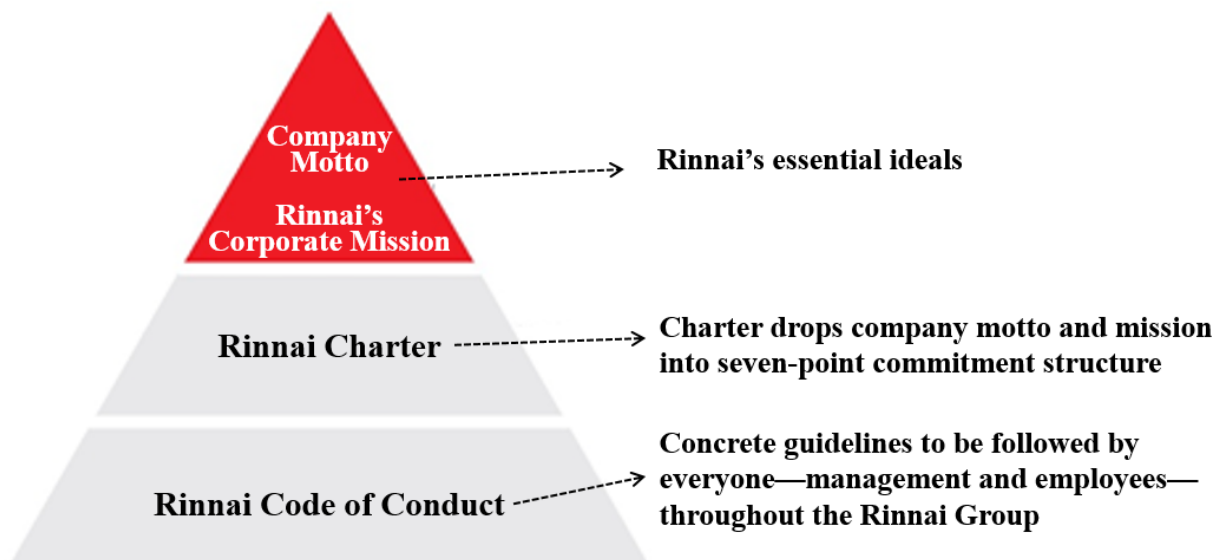
Company Motto

	和	Harmony: Develop personal character of the highest caliber
	氣	Spirit: Base your efforts on a consistent philosophy
	真	Sincerity: Know the fundamentals and consider issues with precision and clarity

Rinnai's Corporate Mission

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

Schematic Diagram of Company Ideals



Rinnai Charter

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 help to preserve 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

1. General provisions	8. Relation with clients
2. Scope of application	9. Relation with politics and administration
3. Legal compliance	10. Safety and health
4. Product and service safety	11. Respect for human rights and personality
5. Environmental conservation	12. Protection of the company property
6. Contribution to local community	13. Measures to antisocial forces
7. Relation with shareholders and investors	

Three Key Themes

Since its establishment, Rinnai has grown and developed through an unshakable focus on three themes. Part and parcel of the Rinnai Spirit, these themes are and always will be integral to our success.

Heat and Lifestyles	Rinnai’s corporate mission hinges on the use of “heating” to provide society with “comfortable lifestyles.” Our strength is in sophisticated heating technologies, and we will utilize this capability to facilitate the creation of pleasant living environments.
Quality	Rinnai’s catchphrase—“Quality is our destiny”—epitomizes a corporate obsession with quality. So it is only natural that we would keep production and other <i>monozukuri</i> (manufacturing) efforts in-house to sustain high-level standards. This enables us to deliver safety and peace of mind to our customers.
Contributing to Local Communities	At Rinnai, we firmly believe that contributing to a better lifestyle culture in local communities is vital to our role as a good corporate citizen. Basic strategies for expanding our presence abroad require that sales and services are executed with local conditions in mind and that manufacturing takes place in the markets where the products will be sold.

The Birth of Rinnai

Rinnai uses reliable technologies to create “heat and lifestyles” while embracing the spirit of its foundation

One November day in 1918, Hidejiro Naito stood mesmerized in front of a shop making *imagawayaki*, a traditional Japanese bun usually filled with adzuki bean paste. He was intrigued by the blue flame that came from the imported oil-burning cooking stove used to cook the *imagawayaki*. Keen to try his hand at making a similar stove, Hidejiro convinced the shop owner to part with the stove. Using it as a model, Hidejiro subsequently developed a petroleum-fuelled stove, heralding the origin of the business we know today.

Two years later, in 1920, Hidejiro left his job at Nagoya Gas (currently Toho Gas Co., Ltd.). Together with Kanekichi Hayashi, a childhood friend who lived in the same dormitory, they established Rinnai & Co., the forerunner of today’s Rinnai Corporation. The company name was coined from characters in the two men’s last names (“Rin” is another way of reading “Hayashi,” and “Nai” comes from “Naito”).

Thus began nearly a century of developing the latest heat-energy appliances. Over the years, Rinnai’s products slowly transformed Japanese lifestyles as the nation continued on its path to modernization. From its origins through to the present day, Rinnai has been guided by its Corporate Mission, which is “to use heat to provide society with comfortable lifestyles.” The ethos of contributing to society—evident in the early catalog for Rinnai’s original, petroleum-fuelled stove—has endured unchanged through to the present day.

Today, Rinnai’s vision hinges on the three themes of “heat and lifestyles,” “quality,” and “contributing to local communities.” As a comprehensive manufacturer of heat-energy appliances, Rinnai contributes to people’s lifestyles around the world and to the global environment. Despite all the changes to society and products that have taken place, Hidejiro’s pioneering spirit remains as unshakeable today as it was then.



Hidejiro Naito,
First President



The original “Rinnai petroleum-fuelled stove”



Kanekichi Hayashi,
Second President

Overview

- We will make reduction of fuel costs, which account for a significant portion of daily living expenses, an urgent priority
- We will realize the ideals of manufacturing from a scientific perspective
- We will develop innovative products that differ from those currently available
- We will use unsurpassed technology to raise manufacturing efficiency while fulfilling our responsibilities—with trust as the underlying principle
- We will contribute to society

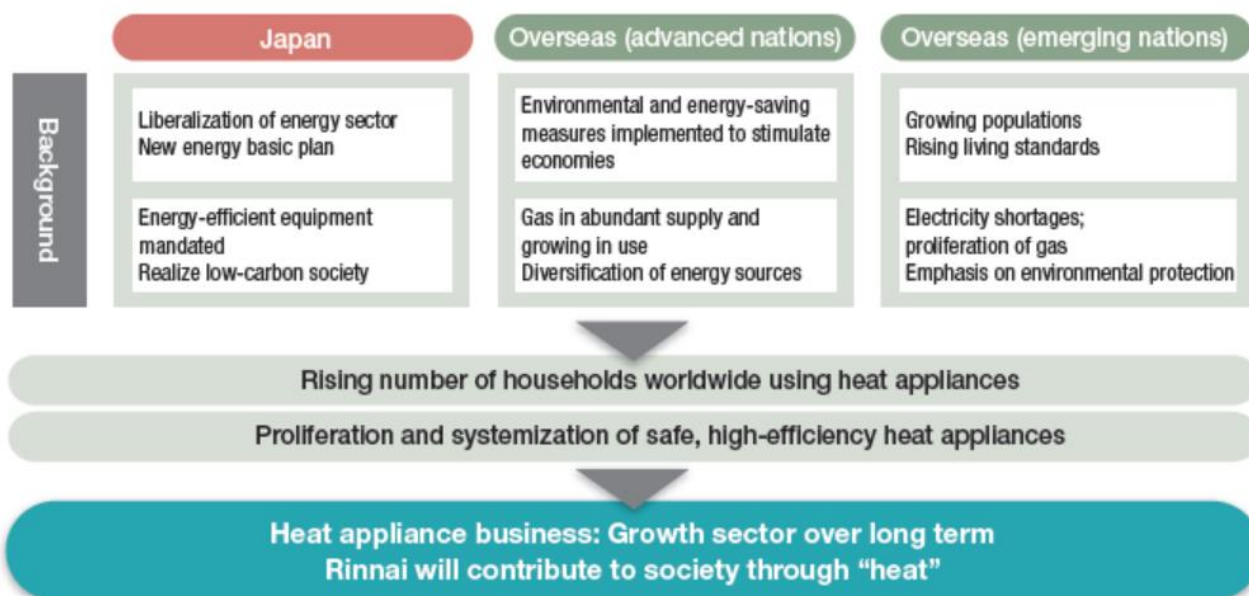


“Rinnai petroleum-fuelled stove” brochure

“Raising living standards begins in the kitchen”

Vision and Medium-Term Business Plan

Operating Environment for Heat Appliance Business



Medium-Term Business Plan "Jump UP 2014" (From April 1, 2012 to March 31, 2015)

"Three Jump Up" Priorities		Fiscal 2015 Targets	
1	Raise product quality in pursuit of zero defects	Net Sales	313.0 billion yen
2	Raise versatility through reforms of development, production, and sales processes	Operating income	36.5 billion yen
3	Raise organizational strength through human resource development and Groupwide interaction	Operating income ratio	11.7%

Our Vision

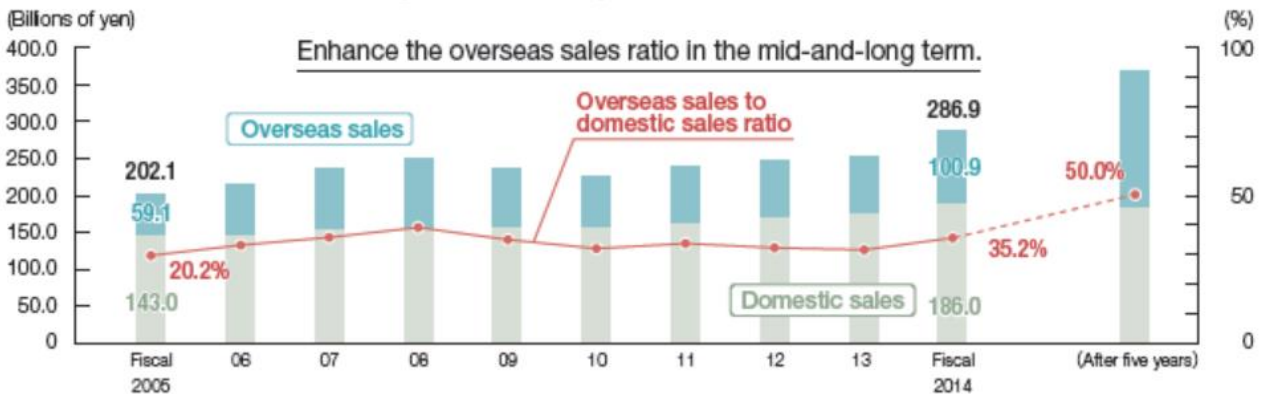
Aims

Contribute to people's lives worldwide and the global environment as a comprehensive heat-energy appliance manufacturer

Product vision:	Comprehensive heating appliance manufacturer that delivers environmentally responsible products
Regional vision:	Global company that improves the lifestyles of people all over the world
Business vision:	Company with a unique business model that attracts people and business partners

Medium- and Long-Term Growth Trajectory

Ratio of domestic and overseas sales (consolidated basis)

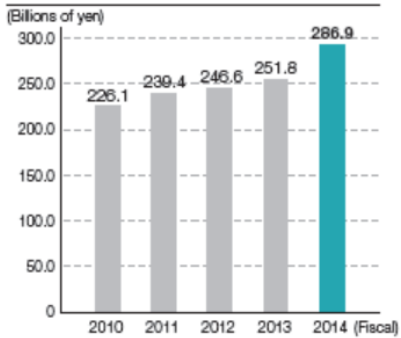


As an energy-related company, expand sales and development of products that contribute to a good environment

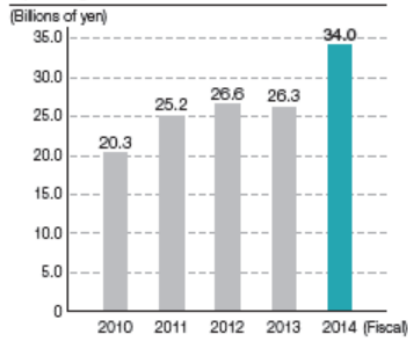
Support comfort and safety of customers through commitment to Zero Defect principle

Consolidated Data

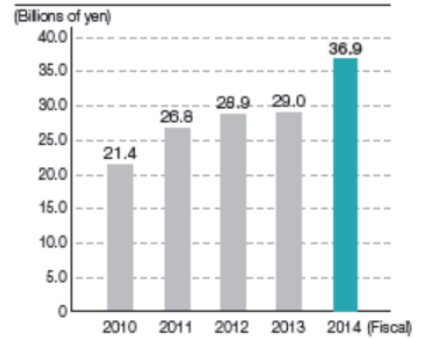
Net Sales



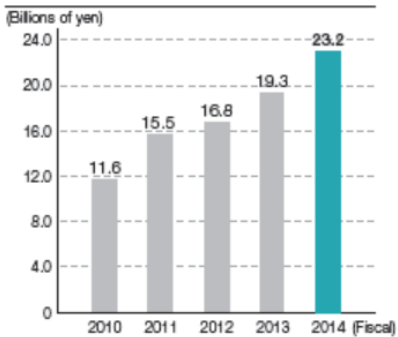
Operating Income



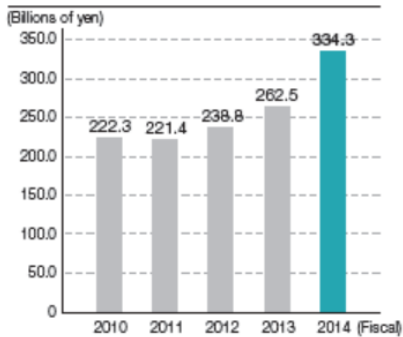
Ordinary Income



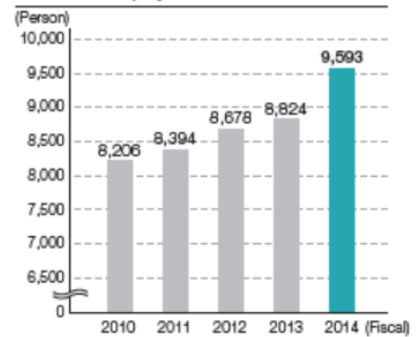
Net Income



Net Assets



Number of Employees







Rinnai Group CSR

Approach to CSR

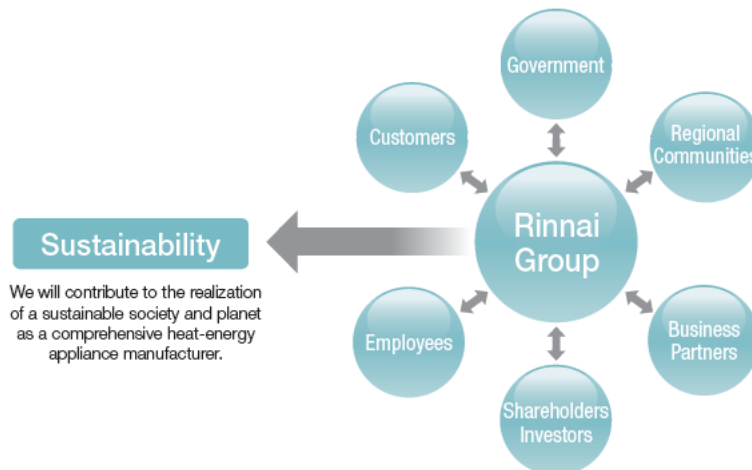
Rinnai’s corporate mission hinges on the use of heat to provide society with comfortable lifestyles. This perspective infuses efforts on a groupwide basis to provide heat-energy appliances with excellent features that stress safety and peace of mind, comfort and the environment, and thereby contributes to better lifestyles for people around the world and a better outlook for the planet.

The Group pursues CSR activities through core operations, emphasizing four issues that complement the three key themes—“heat and lifestyles,” “quality” and “contributing to local communities”—that Rinnai has set out for itself and the Group it leads.

<p>Environment</p> 	<p>Hot water and heating appliances account for much of the energy used in the average home. By developing, manufacturing, and selling appliances with exceptional energy efficiency, Rinnai helps reduce emissions of greenhouse gases from homes.</p>
<p>Heat and Lifestyles</p> 	<p>To fulfill our Corporate Mission, which is “to use heat to provide society with comfortable lifestyles,” we deploy our advanced technologies and know-how to develop products that people can use in a safe, comfortable, and efficient manner. In this way, we help people lead abundant lifestyles.</p>
<p>Quality</p> 	<p>To offer customers safety and peace of mind, we adhere to the basic tenet that “Quality is our destiny.” To this end, we pursue a “zero defects” objective when designing, making, and selling our products, to ensure they remain fault-free until they are no longer used by the customer.</p>
<p>Contributing to Local Communities</p> 	<p>Rinnai’s aim is to deliver products and services that meet climates, lifestyle cultures, and customs that differ from Japan. In principle, we focus on local production and local sales in advancing our overseas business, so that we can help improve the lives of local people around the world.</p>

Returning Added Value to All Stakeholders

Together with stakeholders, we will strive for continuous growth by returning the economic value obtained through Rinnai’s business activities to stakeholders, thus fostering sustained mutual advancement.



Environmental Policy

Rinnai's environmental initiatives are underpinned by the "Basic Philosophy on the Environment," "Environmental Slogan," and "Basic Environmental Activities" ("7 E Strategic Initiatives" set out below. Our efforts extend beyond the development of environmentally responsible products that reduce energy consumption when in use and initiatives aimed at reducing greenhouse gases.

We recognize how our diverse activities—including the development, procurement, production, sale, and disposal of products—are inextricably linked to the global environment. Accordingly, all Group employees engage in environmental initiatives across all business domains.

Basic Philosophy on the Environment

Rinnai's basic philosophy is to embrace environmental protection on a global scale and contribute to society through the pursuit of excellent, people- and planet-friendly technology, and product development, production, sales and service infused with a sense of humanity.

Environmental Slogan

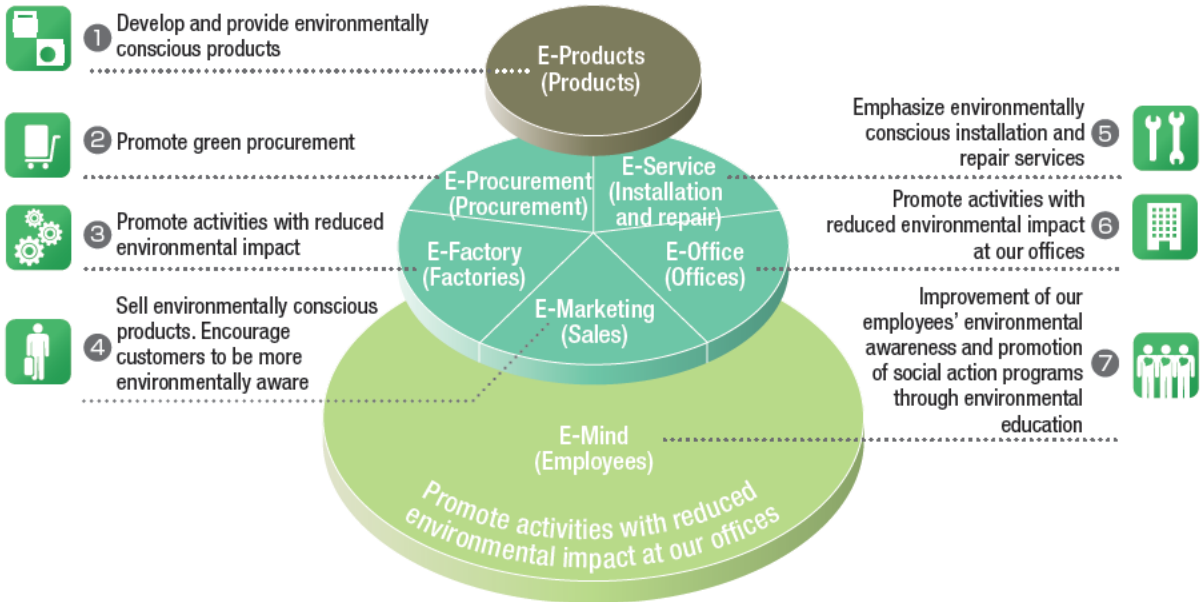
"Our actions are imbued by the wisdom of many and undertaken with due consideration to the sustainability of a people- and earth-friendly environment."

Basic Environmental Policy

- 1. Provide environmentally conscious products that have minimal impact on the environment.**
Through the diligent pursuit of product development stressing reduced consumption of resources and energy and higher recycling rates as well as eco-minded materials procurement (E-Procurement), we will provide environmentally conscious products (E-Products) that have minimal impact on the environment and contribute to a healthier planet.
- 2. Create green factories and offices with the environment in mind.**
We will emphasize activities that save energy, reduce waste and limit or eliminate hazardous chemical substances, and we will work toward the establishment of environmentally sustainable factories and offices—E-Factory and E-Office—that fit in with the natural surroundings.
- 3. Consider how sales and service activities might affect the environment.**
We will reduce the impact that sales (E-Marketing), services (E-Service) and other business activities in general might have on the environment.
- 4. Formulate an environmental management system and continuously improve it.**
We will formulate an environmental management system and continuously enhance its scope through the establishment and management of appropriate environmental objectives and targets.
- 5. Ensure activities are in compliance with regulations and restrictions, including laws, and self-established standards.**
Obviously, we will abide by laws, ordinances, agreements and other regulations and restrictions, but we will also set and adhere to self-established standards corresponding to social demands. We will always strive to enhance our response to meet revised regulations and evolving standards.
- 6. Raise environmental awareness among employees and work with communities to contribute to society.**
We will raise environmental awareness among all employees through environment-themed training, and we will promote activities undertaken jointly with regional communities and other groups to achieve public good. This perspective is called e-mind.
- 7. Disclose information to employees and the communities in which we work.**
We will disclose environment-related information, such as policies and strategies, to keep employees and society at large in the loop about our perspectives and actions on environmental issues.

Basic Environmental Activity

“7E” Strategic Initiatives: Green Activities Involving All Employees in All Business Areas



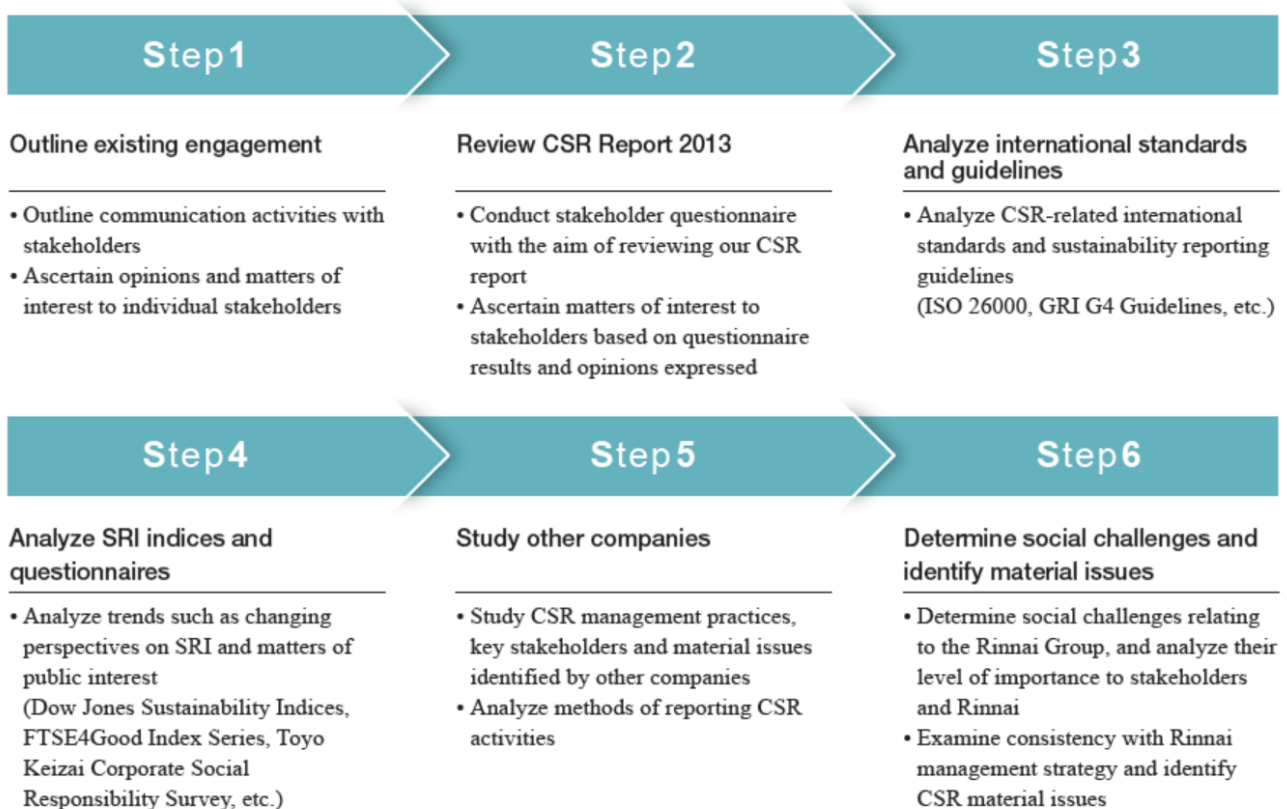
Identifying CSR Material Issues

Process of Identifying CSR Material Issues

We actively take on board the opinions and expectations of various different stakeholders and incorporate them into our CSR activities, in the interests of the continued development of both the Rinnai Group and all of its stakeholders. As well as enhancing our corporate value, we believe that ongoing activities such as these help our stakeholders to grow and contribute to the creation of a more sustainable society.

We make every effort to identify social challenges relating to the Rinnai Group, through day-to-day communication activities with stakeholders coupled with study and analysis of applicable guidelines and SRI indices. We also identify CSR material issues in relation to our management strategies, revolving primarily around corporate planning divisions.

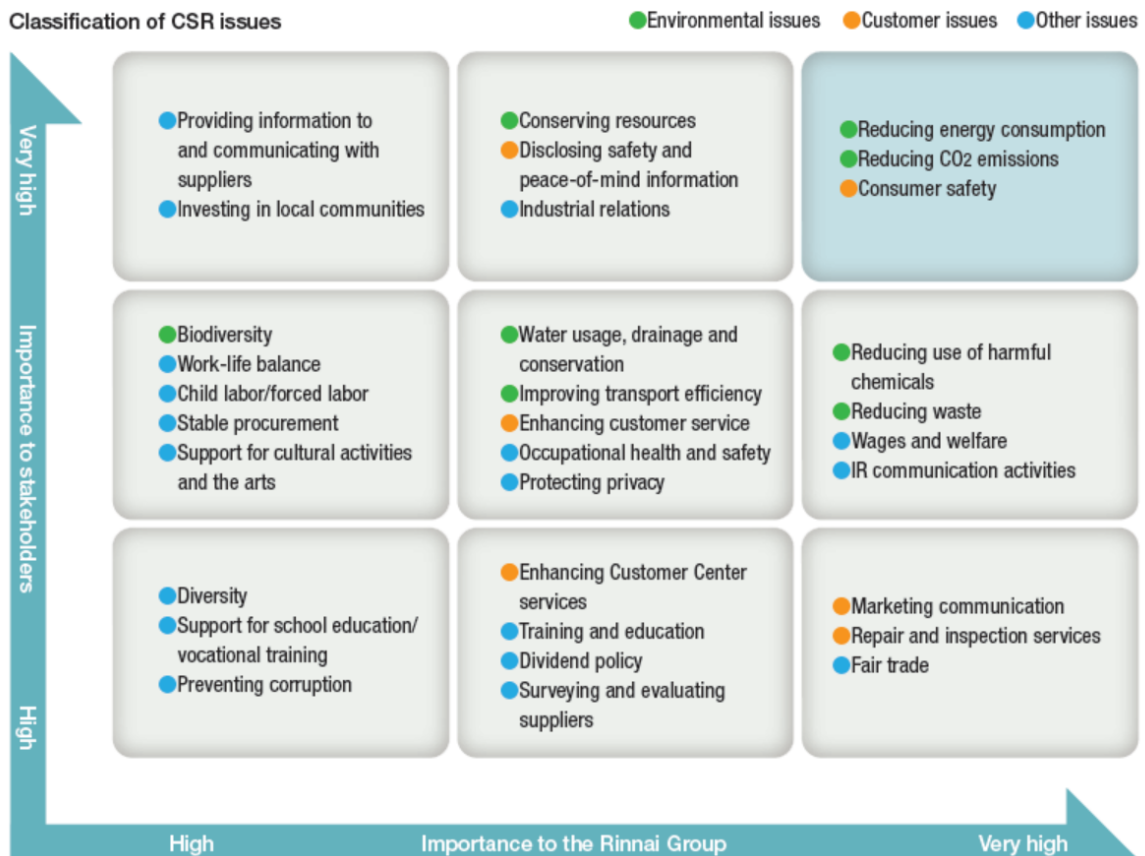
Identification Process



Determining and Identifying CSR Material Issues

We have determined social challenges relating to the Rinnai Group, analyzed their level of importance to stakeholders and the Group, and identified CSR material issues.

As well as being matters of interest to stakeholders, these are high-impact issues that are also positioned as top priorities within the Rinnai Group's management strategy.



* We have identified issues that are thought to be particularly important at the current time.

* We intend to review identified issues as necessary in line with changes in society.

Focus of initiatives

Environmental initiatives

CSR Material Issues

- Reducing energy consumption
- Reducing CO₂ emissions

Roughly half of all energy consumed by Japanese households is used for hot water and heating. Reducing energy consumption and CO₂ emissions in the hot water and heating sector is therefore a top priority.

Target Area and Stakeholders

Target area: Global (Main focus of initiatives: Japan)

Target stakeholders: All

Details of Initiatives

We intend to develop and encourage households to use water heaters and heating units with an emphasis on energy saving and environmental performance, in an effort to reduce energy consumption and reduce household CO₂ emissions.

Initiatives Delivering Safety and Peace of Mind

CSR Material Issues

- Consumer safety

Tackling potential accidents in the home, including kitchen fires and fatal accidents in the bathroom, is becoming a top priority as Japan becomes an aging society.

Target Area and Stakeholders

Target area: Japan

Target stakeholders: Customers

Details of Initiatives

We intend to promote stoves fitted with sensors for improved safety performance, and heaters (bathroom heaters/driers) to warm up bathrooms, and to raise awareness of how to prevent related accidents, in an effort to reduce the number of fires and fatal accidents in the home.

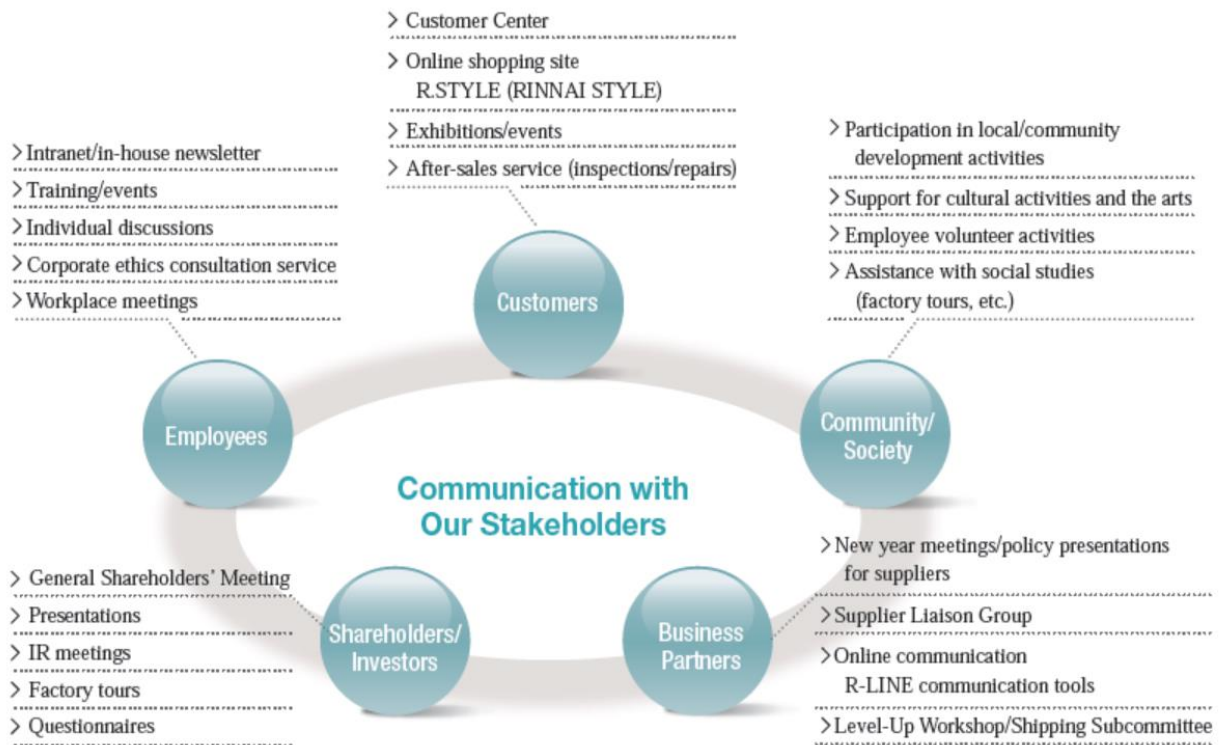
Communication With Our Stakeholders

Two-Way Communication Initiatives

Throughout the Rinnai Group, we place great importance on communication with customers, employees, shareholders, investors, business partners, local communities and the general public.

We take on board comments and requests from our customers through channels such as exhibitions and our online shopping site, and use them to help us improve our products and services. We exchange information with our business partners on subjects such as management policies and products, and also work together to improve management through activities such as our Level-Up Workshop and Shipping Subcommittee. We will continue to engage in communication with all of our shareholders on a daily basis, so that we can evolve our business activities and improve levels of satisfaction even further in the future.

Communication with Our Stakeholders

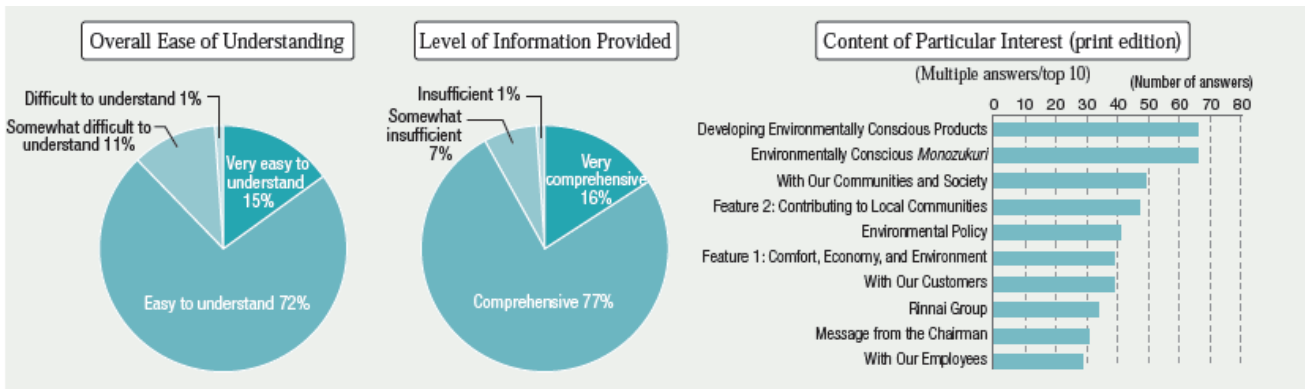


Stakeholder Engagement: Processes and Activities

Key Stakeholders	Methods of Communication	Opinions and issues raised, and our response (selected examples)
Customers	<ul style="list-style-type: none"> · Customer Center (handling inquiries, arranging repairs) · Questionnaires · Customer visits (inspections, repairs) · Exhibitions/events · Online shopping site R.STYLE (RINNAI STYLE) 	<ul style="list-style-type: none"> · We conscientiously address and respond to a wide range of inquiries related to products and parts from our customers, and post frequently asked questions on our website. · Following repairs, we ask customers to complete satisfaction surveys including areas such as “ease of contacting the Customer Center’s toll-free number” and “politeness of telephone operators”. Details of customer responses are then fed back to individual operators, so that they can make improvements in any unsatisfactory areas. · In response to questionnaires after user registration, customers indicated that they would “prefer registration to be handled by store.” In July 2012, we revised our user registration procedure and made improvements such as providing better explanations and enabling customers to request store to perform registration for them.
Employees	<ul style="list-style-type: none"> · Workplace meetings with union representatives · Employee satisfaction surveys · Workplace presentations on revisions to personnel systems · Committees · Intranet/in-house newsletter · Training/events · Individual discussions · Corporate ethics consultation service 	<ul style="list-style-type: none"> · We have set out a number of schemes to create a more pleasant working environment, including our Come-Back scheme, reduced working hours and the option to work from home. We are constantly exploring ways to improve conditions, both tangible and intangible. · We introduced individual discussions after employees told us that they wanted feedback on personnel evaluation results, and actively encourage each of our headquarters to provide feedback. · Having received requests to extend our reemployment period, we revised the relevant system and increased the maximum age for reemployment in selected areas from 65 to 68.
Shareholders/ Investors	<ul style="list-style-type: none"> · General Shareholders’ Meeting · Results briefings · IR meetings · Factory tours for institutional investors · Seminars for individual investors · Questionnaires 	<ul style="list-style-type: none"> · We regularly organize facility and factory tours for institutional investors, to give them a better understanding of our strengths and competitive advantages, and to outline our philosophy on manufacturing and technical capabilities. · We hold results briefings and individual IR meetings to address inquiries regarding our dividend policy, and to explain our underlying thinking.
Business partners	<ul style="list-style-type: none"> · New Year meetings · Policy presentations for suppliers · Level-Up Workshop · R-LINE* · R-TALK* · Supplier Liaison Group 	<ul style="list-style-type: none"> · As well as responding to inquiries regarding current production levels, we also provide production data for individual products and details of future production plans via regular Supplier Liaison Group meetings. · In response to advice and requests from suppliers, regarding initiatives to improve quality or productivity for example, we organize Level-Up Workshops for major suppliers and provide them with guidance on improvements in the workplace. We also assist suppliers with management improvements.
Community/ Society	<ul style="list-style-type: none"> · Participation in local/community development activities · Support for cultural activities and the arts · Employee volunteer activities · Assistance with social studies (factory tours, etc.) 	<ul style="list-style-type: none"> · We often receive requests from local people asking us to assist with events or festivals aimed at breathing new life into the local community. We are always eager to participate in such events as an integral member of the community. · In response to requests to assist with social studies for local residents or school education, we organize events such as seminars on the history of manufacturing at Rinnai and factory tours for elementary school students.

*R-LINE and R-TALK are online communication tools for coordinating information with suppliers.

CSR Report 2013 Questionnaire Results n = 411



Opinions received in response to questionnaires (sample)

Q: What do you expect from the Rinnai Group in terms of energy?

- As well as focusing on product convenience and usability, I want Rinnai to be a company that actively focuses on energy, to make life more comfortable in developing countries as well as in Japan.
- I would like to see Rinnai developing appliances for use in an emergency, in the event of an earthquake, and making more of an effort as a company to address renewable energy in the future.
- Develop technology capable of reducing consumption of limited fossil fuels even further, and focus on development of alternative energy sources.
- Living environments in Japan are far from ideal as they still require people to endure seasonal hardships in some respects. I would like Rinnai to do its bit to make Japan a better place to live, as an environmentally advanced country.

Q. General assessment, opinions, impressions, etc.

- Rinnai understands that it has a responsibility to all of its stakeholders, including its employees. I hope you can harness this passion to continue contributing to society in the future.
- There are question marks regarding why Rinnai engages in certain activities or provides certain types of support. I would like to see more detailed explanations of underlying reasons and background information.
- Before working on energy policies, you should focus on making your own products safer.
- The environment is obviously important, but above all, we want to have safer products that are easy to use.
- I want Rinnai to be economically sound and reliable, and to do what's best for regular people.

Management System

Corporate Governance

Toward Enhanced Transparency

From the perspective of a sharper competitive edge for the Group and sustained improvement in corporate value, Rinnai has made efforts to augment practices and enrich the scope of corporate governance top management priorities. We aim to reinforce the functions of corporate structures, such as the Board of Directors and the Audit & Supervisory Board, and seek a higher level of management transparency, which will be achieved through quick and accurate disclosure of pertinent information to various stakeholder groups and through access to a wide range of information.

Internal Control System

We regard the following four items as the aims of our internal control as we seek to reinforce our management system and fulfill our social responsibilities. Through means such as risk management and internal auditing we revise as necessary the basic policy on establishment of an internal control system that we instituted in May 2006, in our efforts to reinforce this system.

Objective of the Internal Control System

1. Effective and efficient operations
2. Reliable financial reporting
3. Adherence to laws and regulations affecting business activities
4. Safeguarding assets

To respond to the Internal Control Report System under the Financial Instruments and Exchange Act, which was first applied in April 2008, our Group ensures the reliability of our financial reporting by having the Internal Control Office, an independent division, select Group companies and business processes that will have a material impact on our entire financial reporting on a consolidated basis, and evaluate the effectiveness of their organization and application.

Structure for Monitoring Management Performance

Rinnai has four corporate auditors, two of whom are outside auditors.

Corporate auditors attend important meetings, including those of the Board of Directors. They also monitor internal control status—that is, progress on the establishment of internal controls and implementation of associated practices—with a focus on the results achieved by directors and executive bodies, and they check on the status of operations and asset management at the head office and principal branches.

In addition, an external accounting firm undertakes accounting audits and verifies the soundness of accounting-oriented internal controls from a third-party perspective.

Board of Directors

The Board of Directors has decision-making authority for important management issues affecting Rinnai and oversees the execution of duties by directors. The Board has seven members (including one outside director) and as a rule meets once a month. Some directors below the rank of president hold concurrent positions as executive officers and are responsible for conveying the content of Board decisions to the managers of divisions under their respective supervision and for executing operations. In addition, general groupwide meetings as well as parent-only meetings are held every three months so that directors can pinpoint the status of issues affecting operations and share information on pertinent topics. Moreover, to clarify the management responsibilities of each business year and gain trust from shareholders, Rinnai regulates the term of director to be one year.

Director Compensation

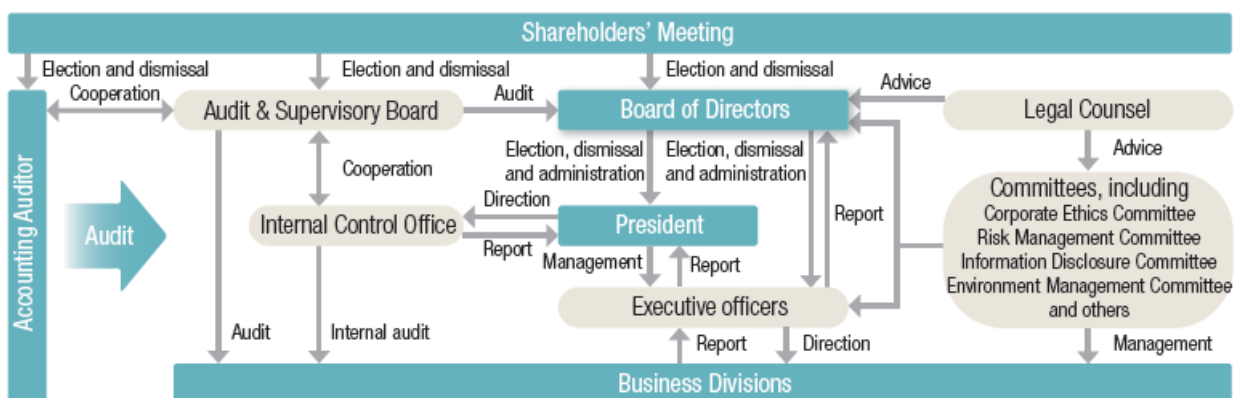
The limits of compensation for Directors and Auditors are determined in accordance with the resolution of the general meeting of shareholders. Moreover, the Rinnai's internal regulations stipulate fundamental matters related to Directors' compensations including the method of determination, revision and reduction. Based on these, the amounts of compensation for Directors are resolved at the Board of Directors and the amounts of compensation for Auditors are determined through the deliberations by Auditors. Directors are paid a fixed amount commensurate with assigned duties. Please note that Rinnai terminated the retirement benefit system for directors, following approval of a proposal put forward at the General Meeting of Shareholders on June 27, 2008.

Information Disclosure

For timely and appropriate disclosure of important information on the Group, we facilitated the internal regulations and established "Disclosure Policy", which is listed on our website, as the guidelines for information disclosure.

Corporate Governance Structure

Corporate Governance Structure



Risk Management

Risk Management Promotion System

As social structures become more complex, the risks faced by companies are becoming more diverse. As the Rinnai Group continues to expand its business globally within this environment, we are committed to risk management in order to ensure stable business activities that sustain the trust of customers and society as a whole. To achieve that, we hold regular meetings of the Risk Management Committee, chaired by the president. The committee assigns a division to oversee each risk with the potential to influence our corporate survival, credibility, business pursuits and assets, and is also tasked with risk-lowering duties, such as formulating preventative measures, resolving issues before they turn into crises, minimizing losses and defining strategies to avert the recurrence of any risks that become a reality. Methods for hedging risk are promoted laterally throughout the Group.

Identified risks (examples)

- Risk of non-compliance or management in violation of applicable legislation, etc.
- Risk of destruction or damage to factories, buildings or production facilities due to a disaster or accident
- Risk of suspension or delays with raw material procurement activities
- Risks relating to the environment
- Risk of bodily injury
- Risks relating to information leaks
- Risk of damage to mission-critical systems
- Risk relating to social media
- Risks relating to infection from new strains of influenza, norovirus, etc.

Information Securities Measures

While society becomes more demanding toward company's security reinforcement issues, our Group as a whole promotes the adequate management of security systems by strengthening the awareness for proper information handling through the establishment of the rules for confidential information management and the personal information management. User authentication technology was adopted company-wide to manage accesses to IT system and an entry/withdrawal management system with ID cards has been introduced to various business locations including Technology Development Center one by one.

In addition, to avoid information leakage, we have been enforcing a strict management of the external use of personal computers, encryption of data stored in media to be used outside of the office, unauthorized access by outsiders and virus and spam countermeasures.

Promotion of Businesses Continuity Plan

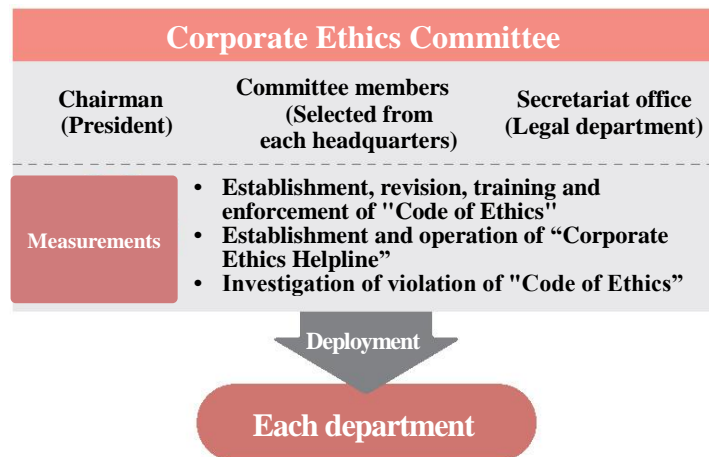
When companies have no sufficient measures for natural disasters such as earthquakes and storms and the prevalence of infectious diseases, the business operations may be suspended for a long time, result in a significant damage and give a serious impact on stakeholders. As a company which produces thermal energy appliance to support people's lifestyles, we believe it is our responsibility to maintain the stable supply of our products even under such circumstances.

We have positioned business continuity management as our of top priorities, in the event of any risks to the production or supply of important products required by our customers, and are constantly working to formulate and review business continuity plans (BCP), particularly for our domestic production divisions. Based on our experiences from the Great East Japan Earthquake on March 11, 2011, we are exploring alternative raw material suppliers and procurement sources, and continue to use multiple procurement sources on a daily basis, so that we are prepared for any large-scale earthquakes in the future, including the Nankai Trough.

Compliance

Compliance Promotion System

To remain a sound corporate group which wins the trust of society, the Corporate Ethics Committee was established in April 2004 headed by our President as its chairman. To promote compliance as part of our corporate culture, individual employees strive to live up to their social responsibilities and create a workplace that encourages people to actively engage in their work.



Rinnai Group "Code of Ethics"

The Rinnai "Code of Ethics" is a small booklet which combines Rinnai's Corporate Philosophy and Code of Conduct, which embodies the detailed behavioral standards that all executives and employees are required to obey. The Compliance Committee member allocated to each workplace provides all employees in the workplace with "Code of Ethics" training each year for its enforcement.

The English-version "Code of Ethics" was issued and distributed to the 18 overseas Group companies, and local language versions were distributed to Group companies in China and South Korea.



"Code of Ethics" booklets of various countries



"Code of Ethics" training sessions at Rinnai (Malaysia) (left) and Rinnai Vietnam (right)

Compliance Promotion Activities

Compliance Education Activities

Within the company, the President himself takes the initiative by sending messages on corporate ethics to employees to improve their awareness of compliance issues.

Moreover, regarding specific laws that individual departments have close relationship with, the Legal Department takes the lead by providing legal education every year. In fiscal 2014, a total of 563 Group employees undertook training to improve their knowledge of the law.

We also provide ethical education for new recruits and for employees in specific job classes every year, with a total of 288 employees attending sessions in fiscal 2014.



Legal education

Fiscal 2014, Actual of number of training attendants

Name of course	Number of attendants
Legal education	563 people
Ethic education by layer	288 people

Information Distribution to All Employees

Every October, we carry out promotional activities as part of our own Corporate Ethics Month. We post a message on corporate ethics from the President himself on the intranet and display compliance-themed posters in all workplaces.

We also post details of revisions to legislation and provide a variety of other information for domestic group employees via our intranet.

<p>Message from the President during Corporate Ethics Month (intranet)</p>	<p>Compliance education poster</p>

Confirmation and Modification of Compliance Activities

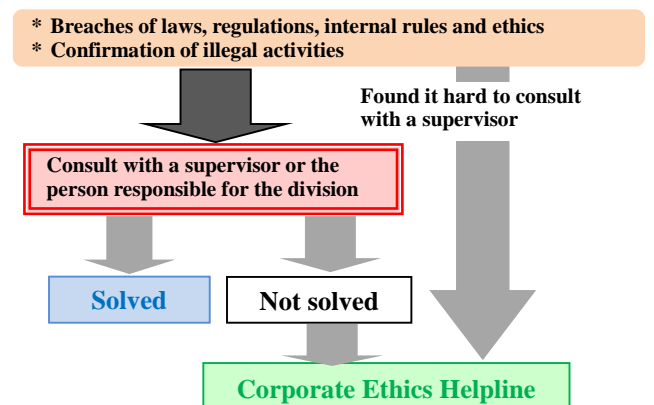
Every year, we conduct employee questionnaires to ascertain how deeply ingrained our Corporate Philosophy has become. In fiscal 2014, breaking down the penetration rate for each component of our corporate philosophy, we found that 99.3% of respondents were familiar with the corporate motto and 99.8% recognized our corporate mission. We will continue to actively promote compliance activities to maintain these high levels.

Facilitation of Internal Reporting System

If, in the course of business activities, an employee at a domestic company under the Group umbrella suspects possible breach of laws or the internal rules or unfair practices, and it is difficult to approach a superior or the person responsible for the division with such suspicions, the employee may report the perceived infraction to the Corporate Ethics Helpline.

In this system, we stipulated that the person who reported the incident will not receive any unfair treatment by the fact that he/she consulted the matter and we also pay a full attention to the protection of privacy of the person who made the report.

In fiscal 2014, the helpline received eight calls for consultation and report. Appropriate measures have been taken, including investigation and confirmation of the facts in these cases of alleged misconduct.



Reward and Disciplinary Committee

To maintain fair working environment, we apply strict measures to an employee who breached the internal rules, Code of Ethics or committed unfair practices based on the working rules under the guidance of the Reward and Disciplinary Committee.

Protecting Personal Information

Rinnai applies internal rules based on the Act on the Protection of Personal Information. In addition, our Privacy Policy was instituted for the handling of personal information and posted on our website. Utilizing these, we strive to ensure appropriate storage, handling and protection of customer data.

Accordingly, we established the position of Chief Privacy Officer at the head office and require the appointment of privacy officers at all workplaces, including the offices of Group companies in Japan, to educate employees who handle personal information, and to establish physical and technical systems to insure the safe management of personal information in each workplace.

The privacy officers also conduct an internal audit once a year to verify the quality of personal information management in each workplace. There were no instances of personal information being leaked in fiscal 2014.

Compliance Violations

There were no serious compliance violations in fiscal 2014.

Major Award Winning History

Rinnai received following awards from April 1, 2013 to September 30, 2014.

Rinnai Corporation		
2013	June	Technology Award 2013 from The Japan Gas Association
		Aichi Invention Award 2013 from Aichi Invention Association
	August	Electrical Machinery Packaging Prize of Japan Packaging Contest 2013
	October	Good Design Award 2013
	December	CNET Japan CMO Award
2014	January	Top Energy Conservation Awards, METI Award, in the fiscal 2013
	June	Aichi Invention Award 2014 from Aichi Invention Association
		Technology Grand Award 2014 from The Japan Gas Association
		Commendation from the Commissioner of the Fire and Disaster Management Agency for Oguchi Factory as a superior facility which handles hazardous materials
August	Large and Heavy Good Packaging Prize of Japan Packaging Contest 2014	

RB Controls Co., Ltd.		
2013	October	2013 Good Design Award

Rinnai Korea Corporation		
2013	September	Commendation from South Korean President: Superior company for the long-term employment
	December	Brand Survey by KMAC: Company which a customer recommends most No. 1 at home-use boiler section
		Award by Korean government: Superior company which contributed to job creation
2014	March	Brand Survey by KMAC: Korea Brand Power Index No.1 at gas range section

P.T. Rinnai Indonesia		
2013	September	Platinum Award in the tabletop cooker category of the 2014 Indonesia Best Brand Awards
2014	September	Platinum Award in the tabletop cooker category of the 2014 Indonesia Best Brand Awards

Rinnai New Zealand Ltd.		
2013	October	Gold prize at Best Effect section, Good Design Award

Environmental Initiatives

Reducing Energy Consumption and Reducing CO₂ Emissions

Targeting increased adoption of high-efficiency water heaters

Global warming and the depletion of resources are important issues that must be tackled on a global scale. Water and room heating account for more than 50% of household energy consumption. As a comprehensive manufacturer of heat-energy appliances, Rinnai develops and promotes highly efficient energy appliances for the home. By promoting reduced household energy consumption and achieving reduced CO₂ emissions through the use of these appliances, our aim is to help solve the problems facing the global environment.

Preventing global warming: An important international challenge

Global warming is purported to cause various phenomena, including abnormal weather patterns, massive floods, and droughts. The increase in greenhouse gas emissions generated as a result of human activities is believed to be the major trigger for such extreme events*.

Increases in greenhouse gas concentrations raise global surface temperatures, which until recently had served to maintain stable temperatures. Today, however, the massive consumption of fossil fuels and other factors have caused an extreme greenhouse effect, resulting in higher global temperatures. These higher temperatures are having a considerable impact on weather, climate, and even eco-systems. With carbon dioxide (CO₂) being one greenhouse gas, reducing the amount of CO₂ emissions is a pressing issue requiring action on an international scale.

Viewed from the perspective of inputs, due to the finite amounts of natural resources and energy forms available on earth, such as petroleum and natural gas, it is critical that we reduce energy consumption without delay. For the record, it is said that petroleum resources will be depleted in 40.6 years and natural gas in 66.7 years.

On the output side, high CO₂ emissions are generated by industries, which use huge amounts of fossil fuels. Japan's industrial sector has already had a significant impact on lowering emissions through various emission reduction measures. As a result, we cannot expect to see dramatic reductions in industrial emissions in the future. Therefore, the focus of attention has switched to the residential sector and its efforts to lower emissions. Although the volume of emissions generated by an individual household is miniscule compared with the industrial sector, the combined effect of a decrease in emissions by a majority of households would be significant.

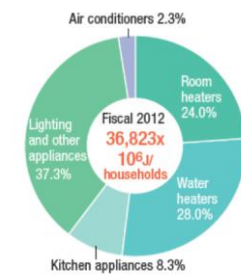
* Source: Fifth Assessment Report by the Intergovernmental Panel on Climate Change (IPCC).

Saving energy and reducing CO₂ emissions in the water and room heating sectors

In Japan, water and room heating account for around half of household energy bills.

Gas appliances provide “heat” to homes for a number of purposes, such as the heating of bath water and rooms. Across a product's entire lifecycle, which includes manufacturing through to use and disposal, the stage that uses the highest amount of energy is when it is used by the consumer, with CO₂ the highest of all greenhouse gases generated. This is why initiatives targeting the reduction of CO₂ emissions generated by heating water and rooms will lead to a decrease in Japan's overall CO₂ emissions

Household Energy Consumption by Use



Source: "2014 Energy White Paper" (Agency for Natural Resources and Energy)

Energy-saving and environmental benefits of gas water heaters

Rinnai is currently switching to its high-efficiency *Eco Jozu* products for gas water heaters and hot-water-type gas floor heating systems. *Eco Jozu* is a high-efficiency gas water heater that has raised the thermal efficiency of water heaters from the existing limit of around 80% to as high as 95% through the use of an exhaust gas heat recovery system. Today, *Eco Jozu* accounts for around 80% of Rinnai's sales of all water heaters with heating systems.

Rinnai has utilized *Eco Jozu*'s energy-saving technology to develop a proprietary hybrid water heater with heating system called ECO ONE. The system combines a high-efficiency *Eco Jozu* gas water heater with an air-sourced heat pump. With ECO ONE, Rinnai has increased the primary energy efficiency dramatically to 125%. "Primary energy" refers to any form of energy in its naturally occurring state, including coal, oil, and natural gas. The primary energy efficiency of a water heater is the volume of hot water produced equivalent to the amount of primary energy input.

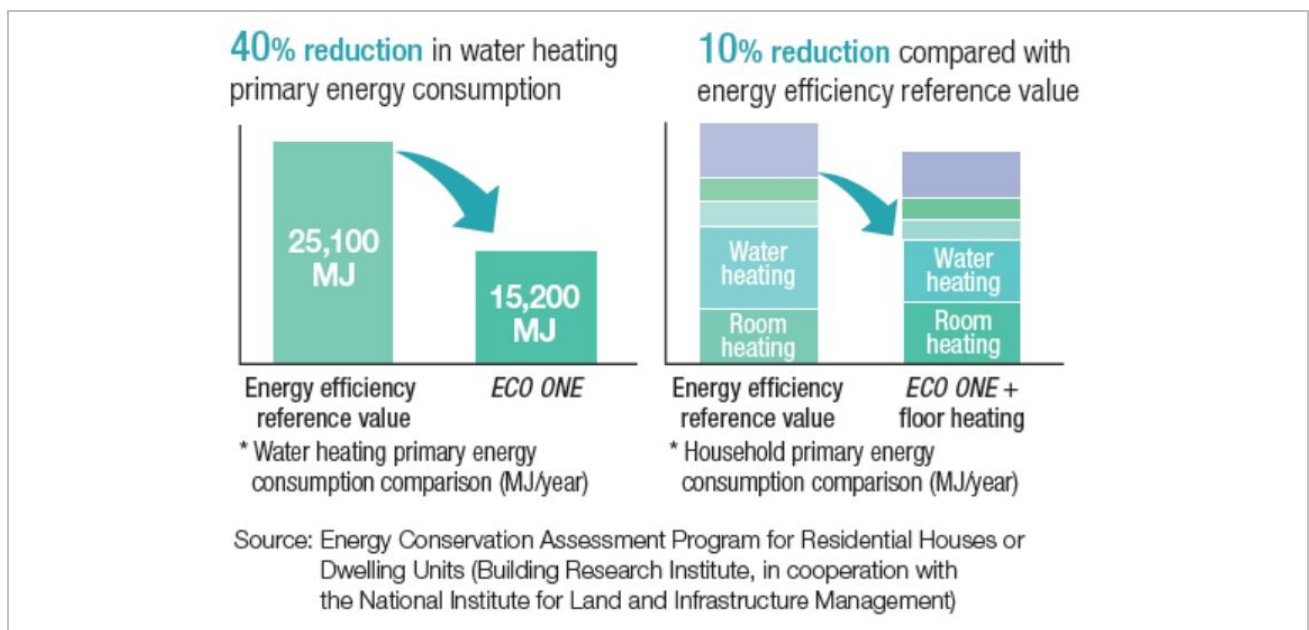
ECO ONE realizes around 40% lower primary energy consumption for water heaters compared with the energy efficiency reference value used in Japan. This huge reduction in primary energy consumption enables primary energy consumption of an entire residential system to be cut by around 10% vis-à-vis the energy efficiency reference value.

The ECO ONE system does not require a large tank because it doesn't need to heat a day's worth of hot water and keep it at a high temperature. Even when there is no more stored hot water, the gas water heater is able to heat water instantaneously.



Eco Jozu, RUF-E2405AW Series

Hybrid water heater with heating system called, *ECO ONE*



The eco-friendly ECO ONE

ECO ONE delivers excellent energy savings, environmental friendliness, convenience, and comfort. But what sort of reduction in the country's total CO₂ emissions could we expect to see if ECO ONE were the only type of hot-water unit used in Japan?

According to Rinnai estimates, there would be an estimated annual reduction of CO₂ emissions of around 31 million tons. This amount is equivalent to 2.6% of Japan's total CO₂ emissions.

ECO ONE's advanced environmental performance is well recognized. It received the METI Award—the top prize in the Fiscal 2013 Energy Conservation Awards hosted by the Energy Conservation Center, Japan.

Residential energy efficiency standards strengthened amid calls for energy-saving equipment

Since 2013, primary energy provisions have been included in residential energy efficiency standards, and compliance with these standards will be compulsory from 2020. As a result, dwellings that consume a large amount of primary energy will no longer be built.

There are three methods of lowering primary energy consumption: (1) using equipment that generates energy, such as solar power, (2) installing stronger insulation, and (3) adopting energy-saving equipment. However, solar power generation and some other methods cannot be applied to all dwellings due to a number of factors, including location and the availability of an installation site. Although improved insulation is potentially effective to a certain extent, it is not the optimal method of saving energy. Ultimately, the main key to energy consideration lies in how we can improve energy-saving equipment. Hot water accounts for a large percentage of primary energy consumption in the home. Therefore, reducing energy used for heating water is central to residential energy conservation.

For example, if conventional water heaters were replaced by *Eco Jozu* systems, around 20% less energy would be used, and this figure increases to around 30% if conventional units were replaced by an ECO CUTE system. Nonetheless, efficiency is a problem when using ECO CUTE because it uses night-time electricity to heat and maintain water at a high temperature. Another disadvantage is the unease consumers feel about the possibility of running out of hot water. ECO ONE, which combines a heat pump with *Eco Jozu*, capitalizes on the strong points of both electricity and gas. Moreover, in addition to delivering energy savings of around 40% to 50% compared with conventional systems, ECO ONE has the added benefit of reducing the amount of energy used for room heating.

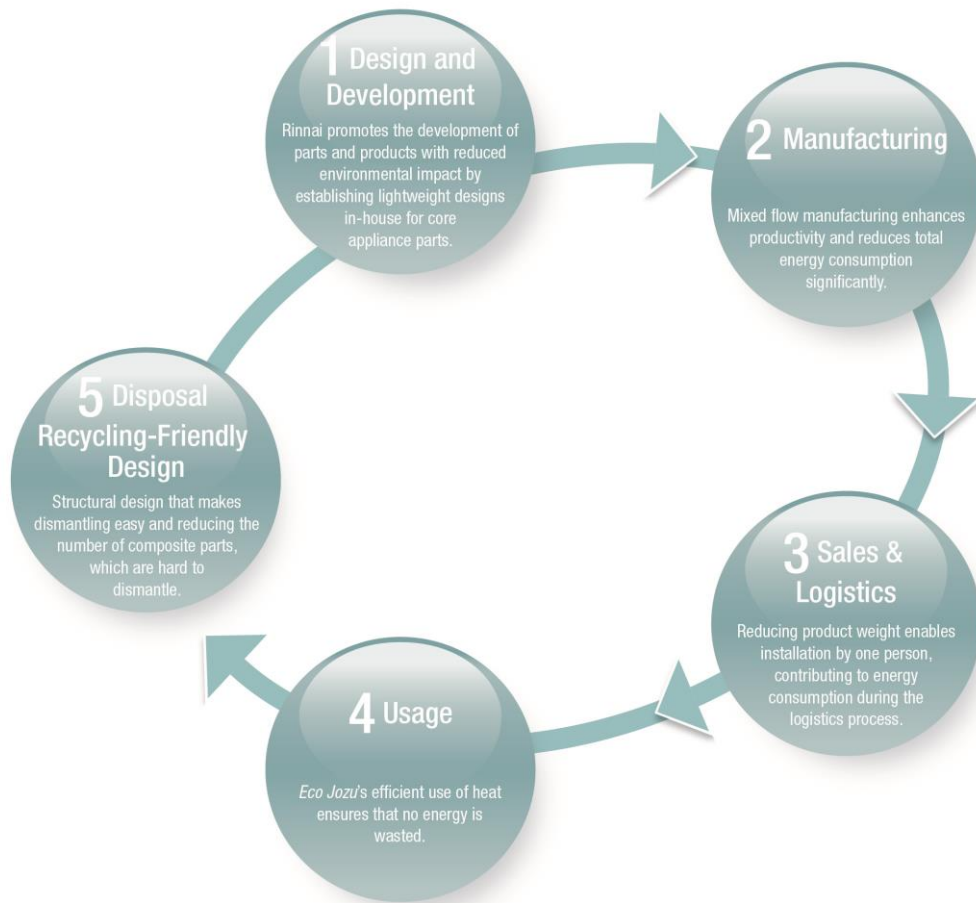


Masayuki Mae, Associate Professor, Department of Architecture, School of Engineering, University of Tokyo

High-efficiency *Eco Jozu* water heaters reflect Rinnai’s environmental commitment

Contributing to the global environmental issues through our products attracting consumers

Guided by its basic philosophy on the environment, the Rinnai Group engages in environmentally friendly activities across all business areas to help create a sustainable society and a sustainable planet. Here, we use the example of our high-efficiency *Eco Jozu* water heaters to introduce some of the special initiatives we deploy to reduce the environmental impact of our core business activities.



Emphasis on simplicity of individual parts leads to creation industry’s lightest water heater*1

Customer support for our *Eco Jozu* offerings, with their excellent environmental performance, is necessary for *Eco Jozu's* proliferation, as is support from salespeople and installation providers. These products represent an amalgamation of core Rinnai technologies related to heat, including combustion, heat exchange, electronic control, and fluid control of gas and water. While maintaining *Eco Jozu's* highest levels of thermal efficiency—95% and 92% for water heating and bath-filling, respectively—Rinnai’s pursued the smallest and lightest parts possible. This reduced the water heater’s weight from 31.0kg to 27.5kg, making it the lightest in the industry.



Development of the new E Series of *Eco Jozu* offerings began with the re-verification of all parts used to date, covering around 1,200 items. We then undertook extensive reengineering of individual parts, down to the smallest screw, while also considering ease of assembly at the time of manufacture. Opinions from multiple departments were reflected in the final design.



Yasutaka Ueda, Team Leader,
Water Heating Appliance Design
Office, Development Headquarters

Development of the combustion element, which forms the heart of a water heater, involved decisions on individual parts centered on the burner. Elimination of a single burner part may reduce overall weight by 13g, but the improvement would spread to other sections, including the combustion chamber and heat exchanger, resulting in better design and overall benefits. When combined, the tiniest of improvements in the environmental performance of each individual part had an enormous effect (conservation of resources) on the product as a whole.



Combustion burner test

Careful consideration was also given to the disposal stage of the product lifecycle. Rinnai adopted a recycling-friendly design, which included using lighter raw materials, a structural design that makes dismantling easy, and reduction in the number of composite parts that are difficult to dismantle.

* *Eco Jozu* RUF-E24 (as of March 2014)



Takuji Koshiro, Team Leader,
Combustion Technology
Development Office, Development
Headquarters

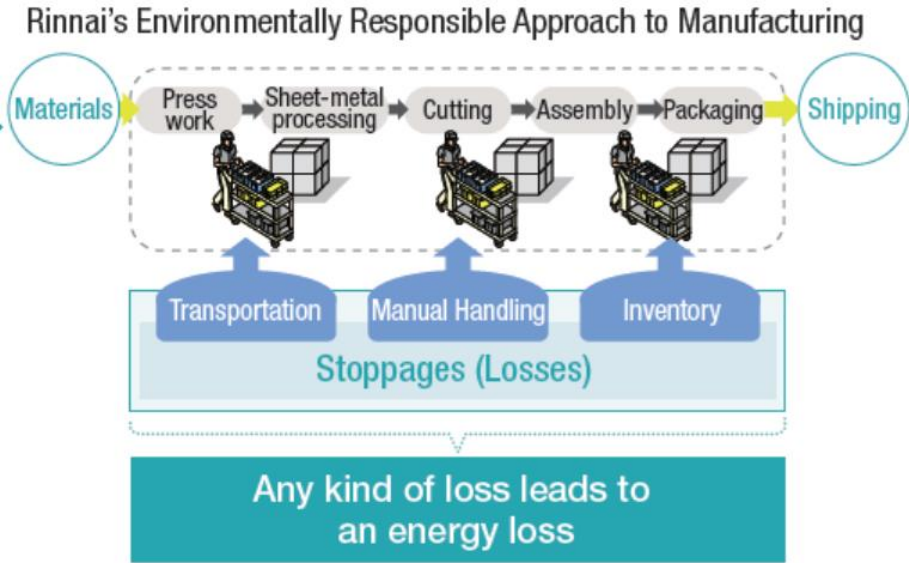
Production design contributes to higher productivity and lower total energy consumption

Rinnai pursues in-house development and production to ensure that new core components are manufactured using optimal processing technologies and maintain the highest levels of quality. We adopt an integrated production (mixed flow) system that encompasses all processes, from press work to assembly and packaging. Based on the concept that any loss leads to energy loss, we make improvements on a daily basis to minimize stoppages (losses) in transportation, manual handling, and inventory.

In production of *Eco Jozu*, changing the fastening method for a secondary heat exchanger (which effectively recovers heat from exhaust heat) from the conventional “welding method” to the “caulking method” has led to enhanced productivity. As a result, there has been a reduction of around 85% in CO₂ emissions generated during manufacturing.





Hidekatsu Naruse,
Production Design Section,
Product Engineering Development
Office, Production Engineering
Division



Example of CO₂ emissions reduction in the manufacturing process

CO₂ emissions reduced by changing the fastening method of the secondary heat exchanger

	Before Improvement	After Improvement
	 <p style="text-align: center;">Welded part</p>	 <p style="text-align: center;">Caulked machining part</p>
Fastening method	Welding	Caulking
Fastening energy	0.029kWh	0.004kWh
CO ₂ emissions	0.0110kg-CO ₂	0.0015kg-CO ₂

*CO₂ Emissions per unit: minus 0.0095kg-CO₂

Lighter products enhance workability (work efficiency) and reduces energy consumption in the logistics process

Reducing the weight of a water heater by 3.5kg compared with conventional models has made it easier to wall-mount the main body and reduce the load on external walls. A lighter product has also contributed to improved loading efficiency during the logistics process, resulting in a 10% reduction in energy consumption.

Marketing mission is to boost sales of environmentally responsible products

As a comprehensive manufacturer of heat-energy appliances, the Rinnai Group's mission is to foster the reduction of CO₂ emissions generated by households using the Group's products.

Our *Eco Jozu* water heaters boast high energy efficiency because they effectively use waste heat, which previously was allowed to dissipate, to heat water. As residential energy efficiency standards are successively introduced, more and more people are calling for energy-saving, eco-friendly initiatives for homes.

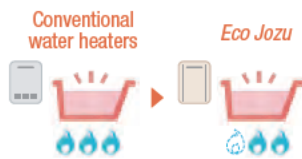
From the product perspective, Rinnai evokes the image of "water heaters" that heat the required amount of water at the required time. From the perspective of the customer who uses water heaters on a daily basis, however, Rinnai is a "faucet" rather than a water heater. To help customers understand the excellence of *Eco Jozu* water heaters, therefore, we devise and promote campaigns to publicize the properties of Rinnai products that are not outwardly evident, such as technological capabilities, durability (long life), and reliability (quality).

At the same time, we also support the manufacture of even better products based on feedback on issues that arise during installation, which only those on site at customers' places can provide.



Koichiro Miura,
Deputy General Manager,
Sales Promotion Office, Marketing &
Sales Headquarters

High-efficiency *Eco Jozu* water heaters: Heats water while consuming minimal energy



Heat efficiency boosted from around 80% to 95%!



RUF-E2405AW Series

Environmental Management System

Rinnai maintains an environmental management system based on ISO 14001. We effectively utilize this management system and constantly strive to promote environment management practices aimed at environmentally conscious *monozukuri* and to raise environmental performance. Our goal is to contribute to the formation of a society capable of sustainable development.

ISO 14001 Certification

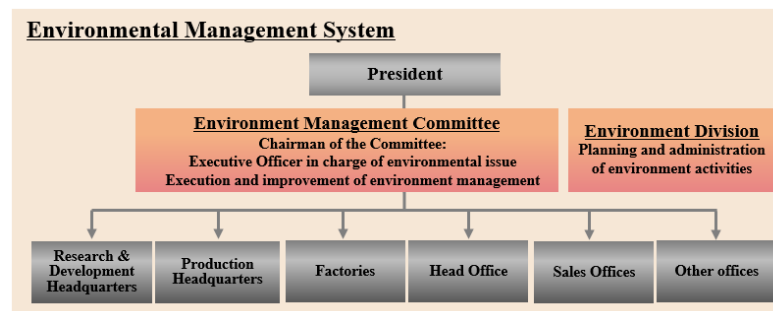
To underpin the systematic and continuous development of environment-oriented activities in line with our stated basic environmental policy, we encourage all members of the Rinnai Group to embrace efforts to acquire and maintain ISO14001 certification. In fiscal 2014, we obtained ISO 14001 certification at one site in Japan (Higashikanto Sales Office in Marketing & Sales Headquarters). To further expand our environmental protection activities, we will continue to incorporate environmental management systems into our domestic sales operations in the future.



Higashikanto Sales Office

Promotional Framework for Environmental Activities

Headed by the President, the Environment Management Committee guides corporate efforts to achieve targets based on environmental policy. This committee is chaired by the executive officer responsible for the environment and has the participation of representatives from all divisions. Its mandate is to promote environment-oriented activities from a big-picture view.



Environment Management Activities

The Environment Management Committee discusses and decides important items including the basic environmental basic policy, the goal and a medium to long-term plan. The committee thoroughly informs individual divisions of decisions made by the committee and promotes concrete activities in line with annual plans. We review our objectives as necessary and diligently strive to meet our targets. To perform specific activities, each division has a liaison group and holds routine meetings to make issues known to everyone in the respective division and continue improvement activities.



Environmental Management Committee (left) and a divisional liaison group

External and Internal Environmental Audits

The ISO 14011 Certification Division undergoes a routine audit, once a year, by an external screening/registration body to verify that the environmental management system is being properly applied. The routine audit in fiscal 2014 did not turn up any major non-conformances.



External audits

As part of internal audits, Auditing team, comprising impartial internal auditors chosen from within the Corporation who have no direct connection to the division under audit, assess conformity to the established environmental management system and review division activities. Auditors visit worksites of divisions tapped for an audit and perform detailed inspections. Direct contact between auditors and divisions facilitates greater understanding of division activities and auditor concerns. Internal audits in fiscal 2014 found no major non-conformances. There were 6 opportunities for improvement and 41 observations. We swiftly addressed these areas to ensure that they would not develop into problems later on.



Internal audits

Environmental Training

Raising each employee's environmental awareness is important for promoting environmental activities. To provide as many employees as possible with opportunities to raise their environmental awareness, we plan and offer training programs for developing and fostering human resources who will actually engage in environmental activities, as well as new employee training and rank-specific training programs.

Education System

Environmental training for environmental examiner	Environmental training for Trainees from Overseas Group Companies
Brushing up education for chief environmental auditor	Biodiversity training
Environmental training for environmental internal auditor	Environmental training for new employees

Internal Auditor Training

Internal auditors play a significant role over and above their efforts to continuously improve the environmental management system. The execution of audit requires highly specialized knowledge and communication skill. To upgrade the skills of internal auditors, we conduct regular training by in-house instructors on such topics as laws and ordinances, internal regulations, internal audit observations and improvement measures, and environment-oriented trends.

Internal audit workshops (in-house instructor)	38 participants
Seminars on ISO 14001 standards (external instructor)	36 participants



Seminar on ISO 14001 standards

Environmental Training for Trainees from Overseas Group Companies

We provide training based on a range of manuals, covering basic subjects such as attitudes towards the environment and approaches to environmentally friendly manufacturing. We also provide training in production methods using environmentally friendly facilities, and on methods of improving operations based on actual examples, in an effort to improve levels of environmental awareness throughout the Rinnai Group.



Trainees attend a lecture on our environmental initiatives



Explanation of wastewater treatment facilities



Trainees receive explanations on our water recycling system

Seminar on Saving Energy and Technology for Maintenance Staff

We organized a seminar on saving energy and steam technology for facility maintenance staff at our factories and other facilities. A total of 12 members of staff took part.



Seminar on saving energy and steam technology

Training in Biodiversity and How It Relates to Rinnai

In addition to our own business activities, we also use large quantities of resources and energy when our products are used and disposed of by our customers. We have always emitted greenhouse gases such as CO₂, too, and other substances that impact on the environment.

We published a series of special features on the theme of biodiversity and how it relates to our own environmental activities in the in-house environmental publication that we distribute regularly to employees. The aim was to raise levels of awareness so that employees appreciate how biodiversity affects them.

Comments in response to a reader questionnaire roughly one year after the publication of this series included “I barely knew what the word meant at first, but those special features gradually helped me to understand biodiversity.” We intend to continue raising awareness like this in the future.



In-house environmental publication called “Understanding Biodiversity”

Enhancing Global Environment Management: Creating an environmental management system with our business partners

Reinforcement of Chemical Management

All over the world, governments are implementing tougher restrictions on chemicals, and manufacturers are increasingly required to monitor their use of chemicals used during production processes and the chemical content in finished products. Chemical substances are known to present certain risks, depending on the correlation between the amount of exposure and the harm they could inflict. It is important to identify such information.

In Europe, especially, manufacturers must adhere to strict regulations, such as the Reduction of Hazardous Substances (RoHS) Directive and Registration, Evaluation, Authorization and Restriction of Chemicals (REACH). As a collection of companies, the Rinnai Group must assume a unified approach in managing information on the chemicals contained in its products. We must properly address laws and regulations at home and abroad and respond accurately to requests from customers on the chemicals found in our products. Chemical substances are a critical key component of quality control. They are unseen yet require monitoring. To ensure that use of chemical substances that could harm the human body or the environment is minimized in the entire life cycle of products, members of the Chemical Management Project promote activities to establish and further strengthen the platform for chemical management.

* RoHS Directive: “DIRECTIVE 2002/95/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 January 2003 on the restriction of the use of certain hazardous substances in electrical and electronic equipment” Since July 1, 2006, the EU market has been restricting the use of lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls (PBB) and Polybrominated diphenyl ethers (PBDE) in electrical and electronic equipment.

* The Registration, Evaluation, Authorization and Restriction of Chemicals (REACH):
It is a new regulation on chemical substances in EU that mandates registration, evaluation, authorization of chemical substances manufactured in or imported to EU.

Rinnai's Procurement Management Standards



E-Procurement Standard [Ver.3] (left) and Policy on Chemical Substance Management [Ver.3]

We establish data management systems in order to gather, register and share data relating to chemicals contained in our products, and make every effort to appropriately submit and provide data. We are also reviewing our practices in accordance with the EU REACH Directive and various other regulations, and continue to provide practical training for members of staff, including regular domestic and overseas workshops, and sharing information throughout the group.



Practical training (Shanghai Rinnai Co., Ltd.)

Support to Establish Environment Management System

To promote environmentally conscious *monozukuri* working with our business partners, we encourage our business partners to obtain certifications for environment management system including ISO14001, Eco Action 21 and KES.

[ISO 14001: 2004] Environmental management system certification acquisition status

	Location	Certified year/month
Rinnai	Research and Development Headquarters	October 1997
	Production Engineering Division	October 1997
	Oguchi Factory	October 1997
	Seto Factory	December 2000
	Environment Division	December 2000
	Asahi Factory	November 2003
	Quality Assurance Headquarters	November 2003
	Head Office	December 2008
	Kansai Branch	May 2010
	Logistic Control Office	May 2010
	Kanto Branch	May 2011
	Chugoku sales office	May 2011
	Rinnai Parts Center*	May 2011
	Kyushu Branch	April 2012
	Hokkaido sales office	April 2012
	Niigata sales office	April 2012
	Tohoku Branch	May 2013
	Shikoku sales office	May 2013
Higashikanto sales office	April 2014	
Domestic Group Company	Rinnai Technica Co., Ltd.	December 2003
	Yanagisawa Manufacturing Co., Ltd.	June 2004
	Rinnai Precision Co., Ltd.	December 2005
	Japan Ceramics Co., Ltd.	January 2006
	RT Engineering Co., Ltd.	March 2006
	RB Controls Co., Ltd.	March 2006
	Noto Tech Co., Ltd.	January 2007
Overseas Group Company	Rinnai Korea Corporation	July 1997
	RB Korea Ltd.	October 2006
	Shanghai Rinnai Co., Ltd.	December 2008
	Rinnai Brasil Heating Technology Ltd.	June 2011
	Rinnai New Zealand Ltd.	July 2013

*Changed the name of Parts Center into Rinnai Parts Center, due to the realignment of domestic production basis and the transfer of Aichi Factory to the site of the Center.

Environment Management System "Eco Action21"

	Location Name	Certified year/month
Domestic Group Company	Techno Parts Co., Ltd.	August 2011

Fiscal 2014 (Year ended March 31, 2014) Environmental Action Plan and Results

This section outlines targets and results for key activities in fiscal 2014 - environmental management and the 7Es (E-Products, E-Procurement, E-Factory, E-Marketing, E-Service, E-Office and E-Mind) - and assesses progress towards the relevant targets.

*Progress rating ○: Achieved △: Not achieved ×: Not implemented

Activity	Fiscal 2014 Targets	Fiscal 2014 Results	Progress
Environmental management system	Obtain ISO 14001 certification at one sales office	Obtained ISO 14001 certification at Higashikanto Sales Office	○

E-Products

Activity	Fiscal 2014 Targets	Fiscal 2014 Results	Progress
Prevent global warming	Develop high-efficiency equipment	Developed high-efficiency equipment •Eco-Jozu water heaters with bath-filling systems	△
	Reduce power consumption in standby mode •FF heaters	•Eco-Jozu water heaters	
Preventing air pollution	Continue to develop low-NOx water heaters	Developed low-NOx water heaters •Eco-Jozu water heaters with heating systems •Eco-Jozu water heaters with bath-filling systems •Eco-Jozu water heaters	○
Saving and recycling resources	Continue to carry out product assessments (all new products)	Carried out product assessments	○
	Promote resource saving through lightweight development	Developed lightweight products •Eco-Jozu water heaters with bath-filling systems	
	Develop water-saving equipment	Developed water-saving equipment •Dishwashers	

E-Procurement

Activity	Fiscal 2014 Targets	Fiscal 2014 Results	Progress
Green procurement	Develop green products	Procured and used materials in accordance with E-Procurement Standards	○
	Implement green procurement management	Laid foundations for chemical management and reinforced cooperation with suppliers	

E-Marketing, E-Service

Activity	Fiscal 2014 Targets	Fiscal 2014 Results	Progress
Increasing sales of high-efficiency products	Reduce CO2 emissions from high-efficiency products by at least 52,000 tons/year	Reduced CO2 emissions from water heaters when in use by customers by 55,000t/year	○
Providing information on environmentally conscious products	Providing information on environmentally conscious products •Showcase and raise awareness of products at exhibitions	Showcased and raised awareness of products at domestic and overseas exhibitions	○
	•Produce and distribute catalogs, flyers and pamphlets	Produce and distribute catalogs, flyers and pamphlets	

E-Mind, Other

Activity	Fiscal 2014 Targets	Fiscal 2014 Results	Progress
Disclosing environmental information	•Publish CSR Report for fiscal 2014 • Disclose environmental information on	• Published CSR Report for fiscal 2014 (October) • Disclosed environmental information on website (October)	○
	• Promote educational activities in line with companywide and site-specific plans for fiscal 2014	Provided training for internal auditors, education on the links between biodiversity and business activities, etc.	

E-Factory

Activity	Fiscal 2014 Targets	Fiscal 2014 Results	Progress
Prevent global warming	CO2 emission factor ^{*1} : Reduce by 4% or more compared to fiscal 2010	Reduced by 12.8% compared to fiscal 2010	○
Reduce waste	•Maintain zero emissions: (Resource recycling rate of 99.5% or higher)	Maintained/improved zero emissions	○
	Waste emission factor ^{*2} : Reduce by 3% or more compared to fiscal 2011	Reduced by at least 18.1% compared to fiscal 2011	
	Water consumption factor ^{*3} : Reduce by 3% or more compared to fiscal 2011	Reduced by at least 17.9% compared to fiscal 2011	
Reduce hazardous chemical substances	Hazardous chemical usage factor ^{*4} : Reduce by 3% or more compared to fiscal 2011	Reduced by at least 25.8% compared to fiscal 2011	○

*1: CO2 emission factor = Total CO2 emissions (tons/year) / net sales (¥100 million)

*2: Waste emission factor = Total waste produced (tons) / net sales (¥100 million)

*3: Water consumption factor = Total water consumed (m3/year) / net sales (¥100 million)

*4: Hazardous chemical usage factor = Total PRTR hazardous chemicals used (tons/year) / net sales (¥100 million)

Hazardous chemicals = Class 1 Designated Substances as specified under the PRTR Act

E-Office

Activity	Fiscal 2014 Targets	Fiscal 2014 Results	Progress
Green purchasing	Maintain a green purchasing rate of 91% or higher for office supplies and equipment	Green purchasing rate: Achieved rate of 92.0% or higher (Monetary basis)	○

Power-saving activities

Activity	Fiscal 2014 Targets	Fiscal 2014 Results	Progress
Summer power-saving targets at domestic facilities (June-Sept)	[Power saving] 1,300,000kWh	[Power saving] At least 1,350,000kWh [Power-saving items] 399 *Power saving equivalent to 16.4% of power consumption for the same period in 2010	○

Fiscal 2015 Environmental Action Plan

We continued to push ahead with 7E activities in fiscal 2015, in an effort to roll out our environmental management system and improve environmental performance across all divisions and group companies.

E-Products

Activity	Basic Action Plan	Fiscal 2015 Targets
Preventing global warming	Continue to develop industry-leading energy saving products, focusing on activities such as developing high-efficiency equipment using condensing technology, rolling out hybrid water heaters with heating systems, and reducing power consumption when equipment is in standby mode or in use	Reduce power consumption in standby mode • <i>Eco-Jozu</i> water heaters
Preventing air pollution	Develop low-NOx products for the domestic and overseas markets	Develop low-NOx <i>Eco-Jozu</i> water heaters
Saving and recycling resources	Develop smaller, lightweight products and components in order to save resources, and continue to develop products with an emphasis on resource recycling	Conduct product assessments (all new products) Develop lightweight products • Tabletop cookers • Fan heaters • <i>Eco-Jozu</i> water heaters with heating systems • <i>Eco-Jozu</i> water heaters

E-Procurement

Activity	Basic Action Plan	Fiscal 2015 Targets
Green procurement	Work with suppliers and group companies to promote procurement of environmentally conscious products (conserving resources, saving energy, recycling, etc.)	Develop green products • Promote use of materials compliant with the E-Procurement Standards Implement green procurement management • Reinforce chemical management Look into measures aimed at ascertaining suppliers' CO2 emissions

E-Marketing, E-Service

Activity	Basic Action Plan	Fiscal 2015 Targets
Increasing sales of high-efficiency products	Increase sales of high-efficiency products Water heaters (Eco-Jozu/hybrid water heaters with heating systems, etc.)	Reduce CO2 emissions from water heaters when in use by customers by 61,000 tons/year
Providing information on environmentally conscious products	Provide information on environmentally conscious products through exhibitions, catalogs, flyers, pamphlets, etc.	Showcase and raise awareness of products at domestic and overseas exhibitions Produce and distribute catalogs, flyers and pamphlets

E-mind

Activity	Basic Action Plan	Fiscal 2015 Targets
Disclosing environmental information	Disclose information on environmental activities and products via CSR Report, website, etc.	Publish CSR Report for fiscal 2015 Disclose environmental information via website
Environmental education and awareness	Actively organize environmental education and awareness activities for employees, and continue to raise levels of environmental awareness	Promote educational activities in line with companywide and site-specific plans

E-Factory

Activity	Basic Action Plan	Fiscal 2015 Targets
Preventing global warming	CO2 emission factor ^{*1} : Reduce by 5% or more compared to fiscal 2010 by fiscal 2015	Reduce by 5% or more compared to fiscal 2010
Saving and recycling resources	Maintain zero emissions: (Resource recycling rate of 99.5% or higher)	Maintain/improve zero emissions
	Waste emission factor ^{*2} : Reduce by 4% or more compared to fiscal 2011 by fiscal 2015	Reduce by 4% or more compared to fiscal 2011
	Water consumption factor ^{*3} : Reduce by 4% or more compared to fiscal 2011 by fiscal 2015	Reduce by 4% or more compared to fiscal 2011
Reducing hazardous chemical substances	Hazardous chemical usage factor ^{*4} : Reduce by 4% or more compared to fiscal 2011 by fiscal 2015	Reduce by 4% or more compared to fiscal 2011

*1: CO2 emission factor = Total CO2 emissions (tons/year) / net sales (¥100 million)

*2: Waste emission factor = Total waste produced (tons/year) / net sales (¥100 million)

*3: Water consumption factor = Total water consumed (m3/year) / net sales (¥100 million)

*4: Hazardous chemical usage factor = Total PRTR hazardous chemicals used (tons/year) / net sales (¥100 million)

Hazardous chemicals = Class 1 Designated Substances as specified under the PRTR Act

E-Office

Activity	Basic Action Plan	Fiscal 2015 Targets
Green purchasing	Achieve a green purchasing rate of at least 91% by fiscal 2015 *Including newly added items	Achieve a green purchasing rate of at least 91%, including newly added items

Developing Environmentally Conscious Products

We promote research of technologies and development of products that help our customers to lead comfortable lifestyles based on the principles of environmentally friendly design, including preventing global warming and recycling resources.

Energy and Resource Saving Initiatives

Water Heaters

Eco One Hybrid Water Heater with Heating Systems

Saving energy

- Achieves 125% primary energy efficiency when heating water, by boiling water within the most efficient temperature range (low temperatures), learning daily usage patterns and supplying the ideal amount of hot water with no waste
- Power-saving option to stop the heat pump from running and switch configuration to gas only at peak times
- Won the fiscal 2014 Minister of Economy, Trade and Industry Award, the highest honor in the Product/Business Model Division at the Energy Conservation Awards

Made in Japan



ECO ONE

Hybrid water heater with heating system

Remote control for added comfort and convenience

- Equipped with features to enable users to effortlessly save energy, including an automatic mode that optimizes hot water depending on usage, and an ECO notification feature to raise levels of eco awareness

*Energy Conservation Awards: Scheme for companies, local authorities, educational institutions and other such organizations, designed to give recognition to outstanding energy saving initiatives, products and business models (Total number of applications: 146)

Using ECO ONE in an Eco-Friendly Manner : Remote control settings



(1) Automatic mode

By studying usage patterns, ECO ONE can supply just the right amount of hot water, with no waste.



(2) Energy check

ECO ONE shows how effective it is while performing, so that you can reduce energy consumption to just the right level.

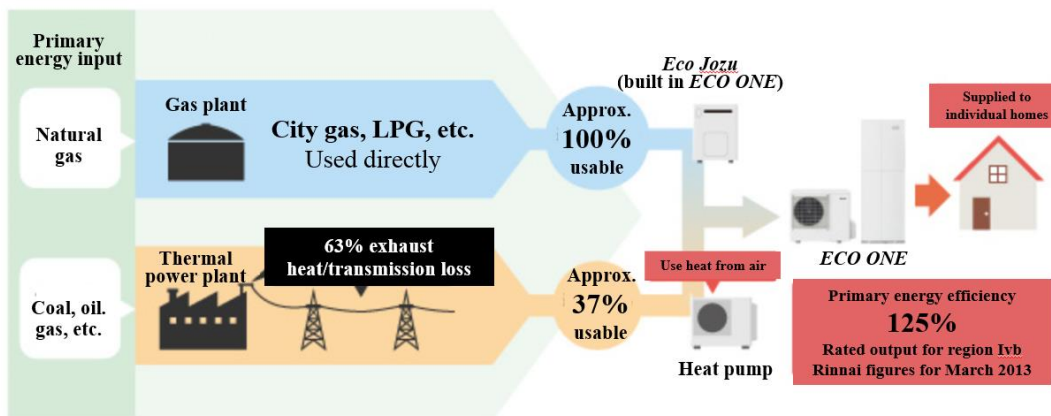


(3) Eco notification

ECO ONE provides energy saving advice depending on your usage.

What is Primary Energy Efficiency?

“Primary energy” refers to any form of energy in its naturally occurring state, including coal, oil and natural gas. We have long since used primary energy by turning it into formats that are easier to use, such as electricity, city gas or propane. In the case of hot-water units, electricity or gas is converted into heat energy to produce hot water. The “primary energy efficiency of a hot-water unit” refers to the volume of hot water produced equivalent to the amount of primary energy input. In terms of saving energy, products are better if they have higher primary energy efficiency.



Water Heaters

Heat source for gas water heaters with heating systems

Saving energy

- Thermal efficiency
 - Water heating: 95%
 - Bath heating: 87%
- Standby power: 1.8W or less

Features

Equipped with three functions:
Hot water + Bath heater + Heating



Made in Japan



RUFH-EP1613AFF2-3H

Gas water heater with bath-filling system

Saving energy

- Thermal efficiency
 - Water heating: 95%
 - Bath heating: 92%
- Standby power: 0.9W or less

Saving resources

- Approximately 3.5kg lighter (reduction of approximately 11% compared to standard Rinnai product)
- Low NOx emissions: 60ppm or less

Features

Equipped with two functions:
Hot water + Bath heater
Dedicated water heater



Made in Japan



RUF-E2405AW Series

Dedicated gas water heater (commercial)

Saving energy

- Thermal efficiency: 95%

Saving resources

- Approximately 6kg lighter (reduction of approximately 9% compared to standard Rinnai product)
- Approximately 2kg less packaging (reduction of approximately 25% compared to standard Rinnai product)

Features

Equipped with one function:

Hot water

Dedicated water heater



Made in Japan



RUXC-E5000MW

Dedicated gas water heater

Saving energy

- Thermal efficiency: 95%
- Standby power: 1.0W or less

Saving resources

- Approximately 2.5kg lighter (reduction of approximately 9% compared to standard Rinnai product)
- Low NOx emissions: 60ppm or less

Features

Equipped with one function:

Hot water

Dedicated water heater



Made in Japan



RUX-E2403W Series

Heaters/Clothes Dryers

Gas fan heaters

Saving energy

- “Considerate Eco-Mode” prevents rooms from becoming too hot by controlling combustion for a set interval after reaching the target temperature
- Reduces gas consumption by up to 16% compared to existing models, over a period of approximately two and a half hours after reaching the target temperature*1

Made in Japan



RC-M2402E

RC-M4002E

RC-M5802E

*1: Based on comparison between the new RC-M2402E and the existing model RC-K2402E

Fan-forced gas heater

Saving energy

- Thermal efficiency: 82.2% ⇒ 82.6%
- Standby power: Reduced 7W ⇒ 0.8W
- “Eco mode” to control combustion in line with a set temperature and prevent the room from becoming too warm

Made in Japan



RHF-561FT

Gas clothes dryer

Comfort/convenience

- Gas-powered hot air has a similar antibacterial effect to drying clothes in the sun
- With no need for outside drying, users can dry clothes inside without worrying about hay fever, the rainy season or air pollution (PM2.5)
- Gas provides powerful hot air, which makes each and every fiber stand up for a softer finish

Speedy Kanta-kun **Made in Japan**



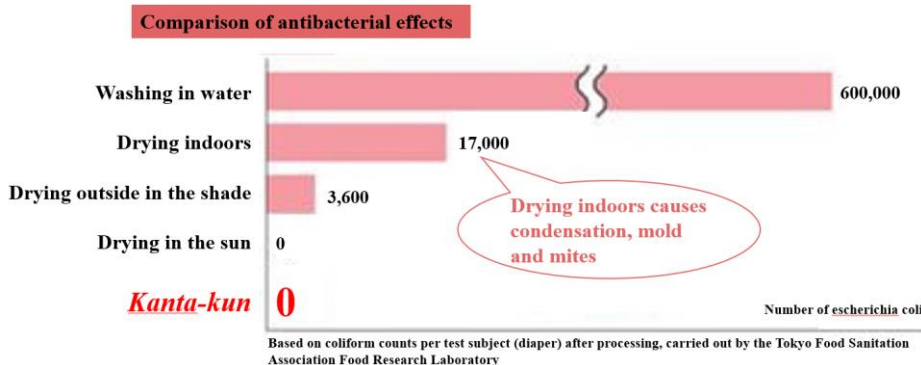
RDT-52S (connected to gas hose), RDT-52SU (connected to tap)

Reduced noise

- Designed to reduce noise to the same level as a library
- *RDT-52S Series maximum operating noise: 48dB
(Reference) 50dB: Quiet office, extractor fan

Saving resources

Filter used to catch fluff and lint from clothes during drying upgraded to a filter that doesn't need replacing



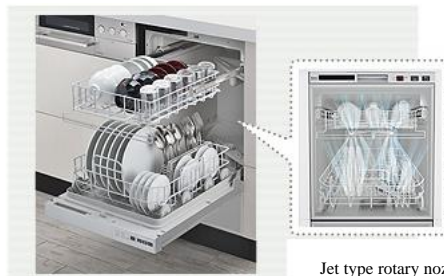
Kitchen

Front-Opening Dishwashers*1

Saving energy

- Equipped with a range of washing modes and two dedicated washing nozzle pumps above and below, to strike a balance between cleaning performance and saving water
- Reduces water consumption by up to 53% in water-saving mode compared to existing models*3
- *2 Developed in conjunction with TOTO Ltd.
- *3 Based on comparison between the new RKW-F402C and standard mode on the existing model

Made in Japan **GOOD DESIGN**



RKW-F402C

Jet type rotary nozzle above and below

Convenience/comfort

- Features dedicated sliding dishwasher racks that can also be used as drying racks in the kitchen sink, and two-tiered upper and lower racks, to enable users to load dishes and cooking utensils without worrying about the order

MY HOB Series of built-in gas hobs for overseas markets

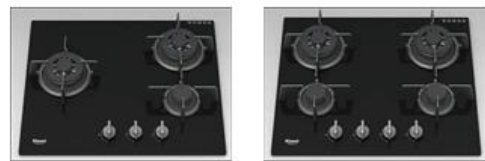
Saving energy

- Burners approximately 1kg lighter thanks to eco design using lighter parts (reduction of approximately 74% compared to standard Rinnai product)
- Unit specifications to enable optimization of different burner numbers and layouts, helping to reduce energy consumption during processing at the manufacturing stages and the amount of steel used (reduction of approximately 24t)

Made in Japan  **GOOD DESIGN**



RB-3311N-GBS **RB-3312S-GBS** **RB-7312N-GBS**
 (30cm, 1-burner model) (30cm, 2-burner model) (77cm, 2-burner model)



RB-6323S-GBST **RB-6314S-GBS**
 (60 cm, 3-burner model) (60 cm, 4-burner model)



RB-9314S-GBS **RB-6315S-GBS**
 (90 cm, 4-burner model) (90 cm, 5-burner model)

Packing

We promote packages which only use corrugated board to reduce the use of styrene foam and waste-related issues. In addition, we are also expanding our use of returnable packaging to reuse packing materials and reduce the amount of packing used.

Gas Built-in Hob Wins Prize in the Electric Equipment Packaging Category at the 2013 Japan Packaging Contest

We have reconfigured the “top tray” to enable packaging to accommodate products with different specifications, in terms of the number and layout of burners (two-burner hobs, three-burner hobs, etc.), and have reduced the amount of cardboard we use in the process. Reducing the number (types) of packaging materials that we use has also enabled us to improve workability.

· Reduction in cardboard 90g/unit Reduction of approximately 1.7% compared to standard Rinnai product)

*3: If switching from standard specifications to dedicated specifications for 3-burner hob



Electric Equipment Packaging Category Award



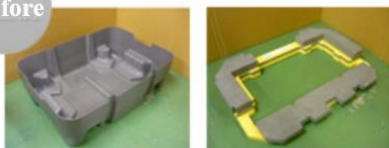
Standardized packaging specifications for gas built-in hobs for fitted kitchens

Returnable packaging

We use returnable packaging for selected water heaters. Integrating external packaging and padding material has reduced the number of parts and reduced the overall mass by approximately 50%.

· Reduction in packaging materials 2.5kg/unit (reduction of approximately 50% compared to standard Rinnai product)

Before



When in use (external packaging and padding materials)



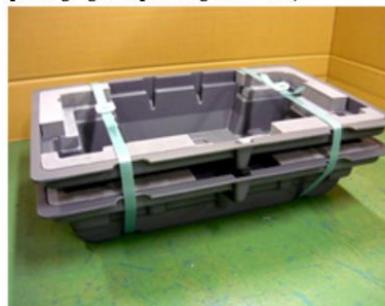
When being returned

After



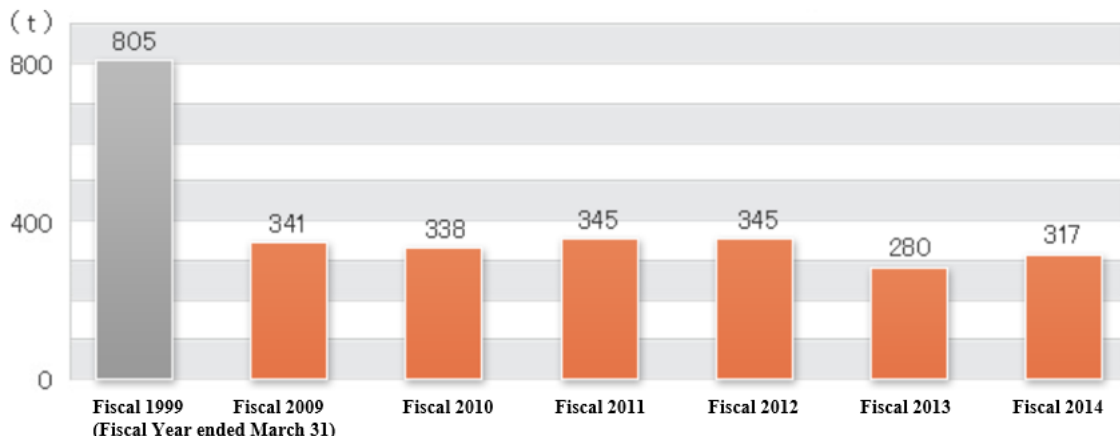
Reduced number of parts and overall mass by approximately **50%**

When in use (integrated external packaging and padding materials)



Compact packaging when being returned, reduced in size by **50%**

Styrene Foam Use Trend (Volume)



Recycling

Product Recycling Initiatives

In an effort to increase our recycling rate, we engage in environmentally conscious design in accordance with our own in-house product assessment regulations, including initiatives such as structural design to make products easier to dismantle.

Examples of environmentally conscious design

- Reducing raw materials
- Selecting materials that are easy to recycle
- Structural design to make products easier to dismantle
- Using fewer composite parts that are hard to dismantle

Recycle Household Electrical Appliances

Japan's Home Appliance Recycling Law went into effect April 2001 with the goals to reduce the amount of waste going to landfills and incinerators and to promote more effective use of resources. Since then, appliances that consumers no longer want to use have been recycled into new products. Rinnai now has two products—a unit-style air-conditioner and a clothes dryer—that can be redirected from the waste pile.

Recycle Containers and Packaging

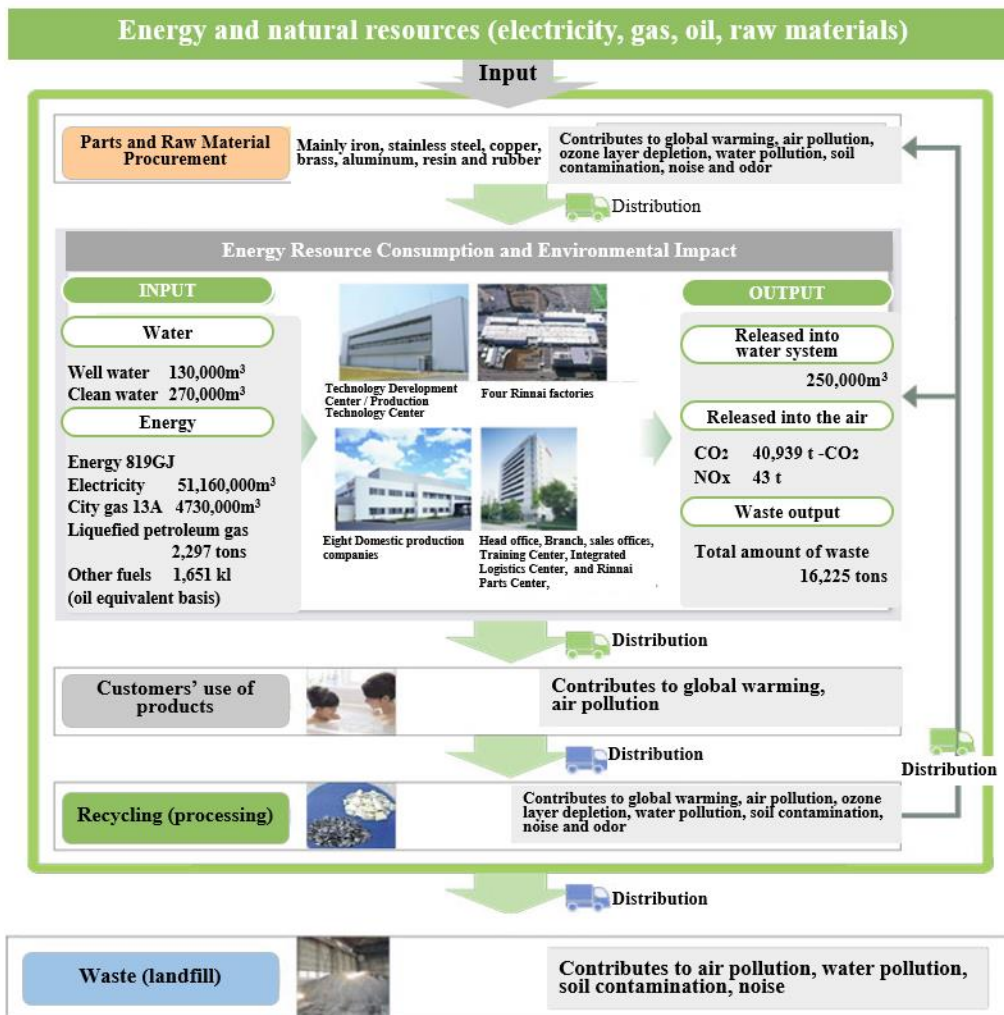
The Containers and Packaging Recycling Law obligates manufacturers and user businesses to recycle product containers and packaging discarded by households in an effort to make more effective use of resources. In accordance with the law, Rinnai has contracted a designated corporation that recycles containers and packaging on the Corporation's behalf.

Environmentally Conscious *Monozukuri*

Since its establishment, Rinnai has been accumulating its outstanding *monozukuri* technology and work methodology. By sharing and passing on this culture over generations, we have been realizing a wide range of technological innovation, to achieve the highest levels of environmental efficiency, and to actively engage in environmentally friendly business activities.

Environmental Footprint in *Monozukuri*

We make every effort to quantify the Rinnai Group's environmental impact, as the first step in our environmental activities. Based on a clear awareness of our overall environmental impact, we are constantly thinking about what we as a group can do for the global environment and working to reduce environmental impact.



- As we have been unable to gather sufficient performance data for some of our overseas facilities to date, we are planning to restructure our global information gathering framework, so that we can utilize information currently at our disposal to reduce environmental impact in the future. Input/output data does not include environmental impact at the logistics/sales, usage, procurement or disposal stages.
- CO₂ conversion factors used to calculate CO₂ emissions are based on Ministry of the Environment guidelines for the calculation of greenhouse gas emissions by business operators (July 2003). Figures for natural gas (13A) and methane however are based on those provided by the relevant supplier.
- Heat conversion factors are calculated based on standard heat values according to energy source, published by the Agency for Natural Resources and Energy (February 2002). Figures for natural gas (13A) and methane however are based on those provided by the relevant supplier. The figure used for electricity is 9.84MJ/KWh.

CO₂ conversion factors (kg CO₂/unit)

Electricity		0.378	kg-CO ₂ /kWh
Gas	13A	2.197	kg-CO ₂ /m ³
	LPG	3.000	kg-CO ₂ /kg
	Butane	3.000	kg-CO ₂ /kg
	Methane	2.020	kg-CO ₂ /m ³
Oil	Heavy oil	2.710	kg-CO ₂ /L
	Kerosene	2.489	kg-CO ₂ /L
	Light oil	2.619	kg-CO ₂ /L
	Gasoline	2.322	kg-CO ₂ /L

Heat conversion factors (MJ/unit)

Electricity		9.84	MJ/kWh
Gas	13A	46.10	MJ/m ²
	LPG	50.20	MJ/kg
	Butane	50.20	MJ/kg
	Methane	40.90	MJ/m ²
Oil	Heavy oil	39.10	MJ/L
	Kerosene	36.70	MJ/L
	Light oil	38.20	MJ/L
	Gasoline	34.60	MJ/L

Pursuing *Monozukuri* Innovation

We are committed to preserving and sharing our outstanding *monozukuri* (manufacturing) capabilities, including the *monozukuri* technologies we have built up since the company was established and our practical methods of working. As well as harnessing a range of innovative technologies to reduce environmental impact, we strive to achieve industry-leading standards of environmental efficiency and promote environmentally conscious initiatives.

【Example】Devising Environmentally Friendly Screws (Seto Factory)

Having taken a closer look at the tens of thousands of tiny screws we use at the factory every day, we worked with suppliers to devise screw specifications to suit heat-energy appliances. We started by examining the properties and qualities of each individual component. Through measures such as revising effective screw length, we managed to improve performance and reduce the weight of each screw. This in turn has helped to reduce time spent inserting screws and improved productivity (by reducing energy consumption). We have also revised our existing packing methods to make products easier to insert and remove. As well as reducing packaging materials, this has made it easier to sort and ship screws.



Inserting screws

- Reduction in raw materials: Approx. 2t per year
- Reduction in power consumption: Approx. 5,300kWh per year
- Reduction in CO₂ emissions: Approx. 2t CO₂ per year
- Reduction in packaging: Approx. 2t per year

Revising packing methods



Before

Packed in small cardboard cartons



After

Switched to reusable containers

Efforts to Prevent Global Warming

Promoting energy saving measures at domestic facilities

As a designated operator under the Revised Act on the Rational Use of Energy (Energy Conservation Act), we have set out energy management policies and targets, and make every effort to improve energy efficiency. Following on from last year, we implemented power-saving activities designed to reduce power consumption during the summer months at all facilities, and have also been promoting activities aimed at stepping up operational management in individual workplaces, in areas such as lighting and air conditioning. As a result, we were able to save a total of 1,350,000 kWh of power during the summer* of fiscal 2014 (399 power-saving items). The amount of power saved was equivalent to 16.4% of power consumption for the same period in 2010.

*Summer: June to September

Energy Saving Initiatives

Upgrades/new installations (investments)	Upgrading to high-efficiency lighting and air conditioning systems, upgrading to high-efficiency vending machines, etc.
Optimization (administration)	Reducing lighting, controlling temperature and limiting usage of air conditioning, introducing a voluntary ban on using elevators, configuring office equipment to turn off or switch to standby mode if left unused for prolonged periods, reducing usage of photocopiers (double-sided printing, using condensed printing settings), reducing usage of drinks machines, etc.
Optimization (manufacturing)	Optimizing set pressure and start/stop times on compressors, improving furnace efficiency in order to reduce operating times, reusing exhaust heat from boilers, etc.
Others	Introducing early-morning overtime scheme and reducing late-night overtime (no need for air conditioning in early morning), issuing peak alerts via power monitoring system, bringing forward and extending “Cool Biz” operations, eliminating air leaks, organizing “waste patrols” led by female employees, using green curtains and bamboo screens to reduce strain on air conditioning, etc.



Upgrading to high-efficiency lamps (Production and Technology Development Center)



Peak power measures: Issuing peak alerts when power consumption exceeds upper limits (Production and Technology Development Center)



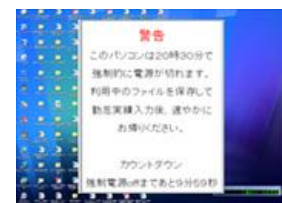
Steam training seminar



“Green curtain” made from cherry tomato plants (Japan Ceramics Co., Ltd.)



Environmental patrols to eliminate air leaks (Yanagisawa Manufacturing Co., Ltd.)



Using automatic computer shutdown functions to save wasted electricity (Hokkaido Sales Office)

【Example 1】

Environmental improvements to enameled metalware firing furnaces (Oguchi Factory)

Enameled metalware firing furnaces heat a number of tube burners to approximately 1,200°C and the transfer the resulting heat to the inside of the furnace. By reducing the thickness of tube burners and increasing transfer efficiency, we have shortened the time taken to reach set temperatures inside our furnaces by transferring heat more efficiently. We have also significantly reduced the amount of fuel required to maintain furnace temperatures.

- Reduction in gas consumption: Approx. 11,400m³ per year
- Reduction in CO₂ emissions: Approx. 25t CO₂ per year



Inside a firing furnace



Maintenance work

Promoting energy saving measures at overseas facilities

【Example 2】 Rinnai Korea Corporation

The company installed heating boilers dedicated to the rinse water at preprocessing washing process. The new boiler system eliminated the heat loss which was generated by the conventional system using the central boilers, and reduced gas consumption.

- Reduction in gas consumption: Approx. 33,000m³ per year
- Reduction in CO₂ emissions: Approx. 65t CO₂ per year



Industrial boiler for the rinse water

【Example 3】 Rinnai Brasil Heating Technology Ltd.

We use large quantities of energy on testing performance when developing water heaters. For the energy saving, it is indispensable to execute measures, which make more effective use of energy at the test without influencing testing performance.

As part of work to extend changing rooms, we installed a hot water recycling system that enables us to effectively reuse heat energy (hot water) from water heater durability tests as a source of heat for showers in the changing rooms. Despite increasing the number of showers, we have significantly reduced overall energy consumption.

- Reduction in power consumption: Approx. 30,000kWh per year
- Reduction in gas consumption: Approx. 3,000m³ per year
- Reduction in CO₂ emissions: Approx. 18t CO₂ per year



Showers in the new changing rooms



Rinnai Brasil Heating Technology Ltd.



Water heater, REU-1602FEH

Improving Logistics

Responding to new requirements associated with the amended energy conservation law, Rinnai has promoted improvements based on a rationalization plan for energy used in logistics activities that was formulated from the perspective of an owner of goods. We properly monitor the status of energy used in procurement and product shipment activities, and work with our logistics partners to reduce the amount of energy consumed reviewing our operations from various viewpoints and ideas such as the loading efficiency.

Major Activities

- Review of product delivery routes
- Effective use of round-trip transportation services
- Expansion of consolidated transport between groups
- Increasing the number of stacks per palette

【Example】

Reducing the number of transportation services through the consolidation of warehouse

The Company consolidated two warehouses of components into the Rinnai Parts Center, which leads to reduce the number of transportation for the parts procurement, and CO₂ emissions.

- Reduction in CO₂ emissions: Approx. 20t CO₂ per year



Rinnai Parts Center

Efforts to Reduce Waste

We make every effort to reduce waste generated as a result of our business activities (including recycling waste into usable resources).

Reduced Waste Output and Zero Emissions

We strive to maintain zero emissions*¹ and reduce waste output.

*¹ Definition of zero emissions: More than 99.5% of waste is recycled (including heat recovery)

Efforts to Curb Generation of Waste [waste reduction activities]

- Don't buy something that will end up as garbage: abolition of the excessive packing in cooperation with clients
- Return reusable items to respective point of purchase: usage of returnable materials for transportation in cooperation with clients
- Reuse: improvement of reuse ratio of residual chemicals
- Don't make waste: improvement of available percentage of materials
- Recycle/ reduce volume: improvement of fractionation method, transaction with superior waste disposers

Improving the quality of recycling

We have reviewed methods of separating waste and other such practices in order to make more effective use of waste resources, by reusing fuel for instance, and are constantly working to improve the quality of recycling, from thermal energy through to materials.

Initiatives at Domestic Facilities

【Example 1】 Nagoya Industries Promotion Corporation Chairman's Award at the Resource Recycling Manufacturing Symposium*2

We were presented with the Nagoya Industries Promotion Corporation Chairman's Award at the 18th IMS Resource Recycling Manufacturing Symposium (2013), organized by the City of Nagoya and the Nagoya Chamber of Commerce and Industry amongst others. The award was in recognition of our efforts to revise packing and production process in order to minimize losses in transit and reduce waste, in conjunction with suppliers.



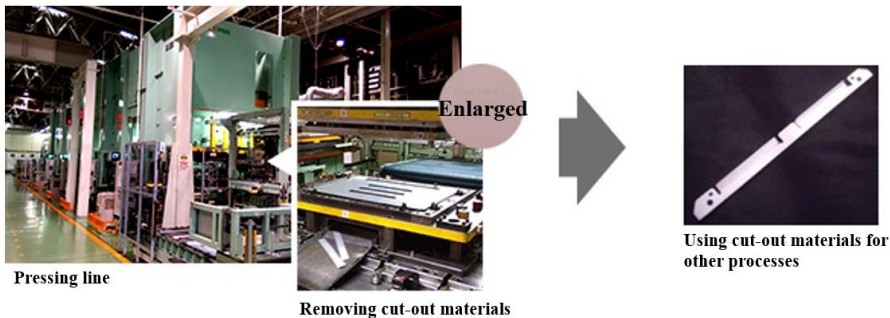
The award ceremony
(Nagoya Municipal Industrial Research Institute)

(*2) IMS Resource Recycling Manufacturing Symposium: Event intended to showcase research aimed at recycling resources, reducing environmental impact and minimizing global warming from the standpoint of manufacturing, recognize outstanding achievements, focusing particularly on companies in the Chubu region

【Example 2】 Effectively Reusing Cut-out Materials (Oguchi Factory)

We effectively reuse leftover materials from pressing (cut-out materials) as part of other processes.

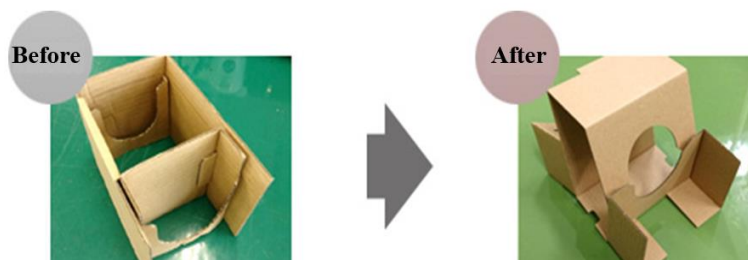
- Reduction in waste: Approx. 3 tons/year



【Example 3】 Efforts to reduce cardboard usage (RB Controls Co., Ltd.)

Simplifying the dividing materials we use to hold products in place has enabled us to dispense with cardboard padding inserted into the top of boxes, thereby reducing the amount of cardboard that we use. This has also helped to raise environmental awareness with regard to packaging design.

- Reduction in cardboard: 160g per unit (reduction of 47% compared to existing products)



Industrial Waste Disposal

We rigorously screen waste disposal contractors before signing contracts, including checking business conditions and making onsite visits. To ensure that waste is being disposed of properly, we send representatives to visit contractors every year, to carry out visual confirmation and exchange information on matters such as types of waste, waste manifest management for disposal methods and conditions, and standards of waste disposal. In fiscal 2014, we confirmed that 55 contractors were conducting waste management in an appropriate manner.



Visiting disposal sites

Polychlorinated Biphenyl Waste Management

Polychlorinated biphenyls (PCB) are used for purposes such as insulating oils and are subject to the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes, which requires companies to reinforce storage and safely dispose of PCB by the end of March 2027. Although we are continuing with measures aimed at disposing of PCB as soon as possible, in the meantime, we are taking steps to prevent leaks in the event of equipment failure during storage, keeping PCB under lock-and-key to prevent loss or damage, and monitoring equipment using nameplates, until disposal of PCB can be completed.

We are also taking measures to ensure that scrap appliances found to contain trace elements of PCB are adequately stored and appropriately disposed of at facilities certified by the Minister for the Environment from fiscal 2011 onwards.

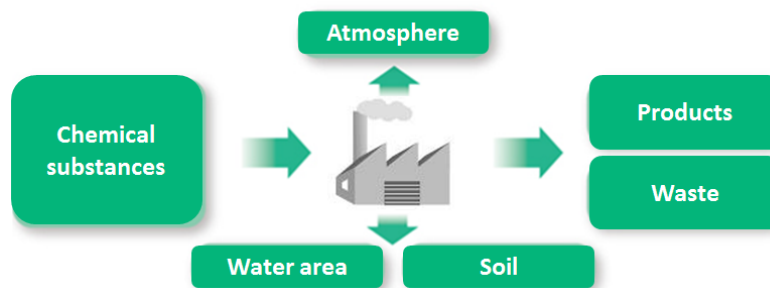
Chemical Substances

Failure to conduct proper management of certain chemical substances could lead to environmental pollution. Accumulation of such substances over a long period may also affect the health of people and the ecosystem. To minimize the impact of such substances on the environment, we take measures for reducing or eliminating use of harmful chemical substances in our production processes, such as reviews of materials containing certain substances and improvement of processing facilities.

Management of usage amount of chemical substances

At each production site, we check and manage the amounts handled, released, and transferred of the 462 Class 1 chemical substances designated under the PRTR law, for which 500 kg or more is handled each year.

Flows of release and transfer of chemical substances (PRTR substances)



【Example】Revising coating components to reduce environmental impact (Asahi Factory)

As part of the process of manufacturing fan heaters, we investigated potential improvements to coatings, which have a significant impact on the environment, from the point of view of quality, coloring, coatability and cost. This enabled us to revise the components that make up our coatings and reduce the amount of hazardous chemical substances that we use.

- Reduction in hazardous chemical substances: Approx. 6t per year



Colors with varying amounts of coating



SRC-362E fan heater

Efforts to Prevent Pollution

Preparing for Emergencies

All offices run annual drills premised on adverse events, such as environmental accidents. To minimize environmental risk, we have also reviewed procedures setting out actions to take in the event of a crisis and have prepared emergency provisions.



Emergency response drill

Environment-Focused Equipment Inspection

To prevent accidents that would impact the environment, we identify equipment with the potential to adversely affect the environment and run concerted environment-focused inspections on these pieces of equipment on an annual basis. We make every effort to preempt and prevent serious accidents that could impact on the environment, through measures such as inspecting individual items of equipment, checking that measuring instruments are functioning correctly, and running emergency simulations.



Equipment inspection

Consideration for Water

Recognizing water as our valuable resource, we strive to reduce the consumption of both clean water and well water. We also manage the water we discharge to ensure that it will not have an impact on the environment.

Initiatives at Domestic Facilities

[Example 1] Saving resources as part of coating processes (Yanagisawa Manufacturing Co., Ltd.)

Thanks to environmental conservation activities as part of factory coating processes, we are now saving a considerable amount of water and have reduced the volume of chemicals used in wastewater treatment.

Changed water supply method for factory pre-coating treatment processes

Installed filtration system to recycle virtually all chemical solutions in-tank

Regular checks for leaks from pumps and other equipment, and in-house repairs

- Reduction in water consumption: Approx. 7,000m³ per year
- Reduction in waste: Approx. 20t per year



Pre-coating treatment (filtration system)

Initiatives at Overseas Facilities

[Example 2] Initiatives at Shanghai Rinnai Co., Ltd.

We have established a water recirculation system for hot water supply testing, using an onsite reservoir that was previously unused. The system is designed so that used water is stored temporarily in the reservoir (storage tank), before being passed through a chiller, filtration and ultraviolet sterilization. The water is then sent back via a recirculation pump, to be reused as test water.

- Reduction in water consumption: Approx. 19,000m³ per year



Making effective use of the reservoir



Chiller (cooling tower)



Filtration system

[Example 3] Initiatives at Rinnai Taiwan Corporation

We have managed to save water by removing and reusing contaminants contained in test water used on assembly lines.

- Reduction in water consumption: Approx. 4,000m³ per year



Contaminant removal system

[Example 4] Initiatives at Rinnai Korea Corporation.

We have established facilities to reuse wastewater and are working to make more effective use of water at Rinnai Korea.

- Reduction in water consumption: Approx. 8,500m³ per year



Wastewater (boiler test water)



Filtration/storage
(tank and transfer pump)

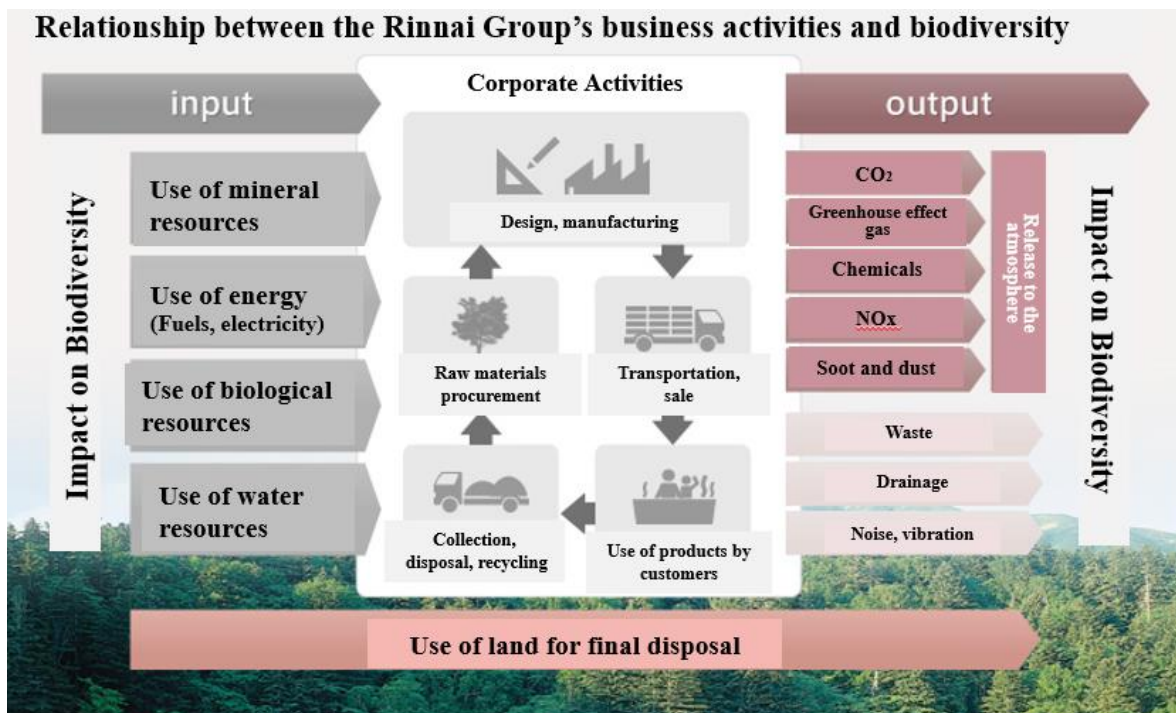


Reusing water
(pre-treatment washing process)

Protecting Biodiversity

As one of the cornerstones of sustainability, protecting biodiversity is one of humanity’s most urgent priorities. The natural environment and ecosystems are susceptible to impact as a result of the location of our facilities, the procurement of resources for our business activities, and the emission of environmentally hazardous substances into the atmosphere, soil and water. As a company, we recognize that our business activities are inextricably linked to biodiversity, and that we need to think about ways to sustainably access the benefits that ecosystems provide.

We organize internal seminars to raise employee awareness of the relationship between our business activities and biodiversity. We also promote activities that help to preserve biodiversity, by reducing environmental impact for instance.



Status of Legal Compliance

Naturally, we comply with laws and regulations, but we seek to do better than the minimum required and have set our own benchmarks as targets to achieve. We also perform checks, mainly daily monitoring, routine evaluations and environmental audits, and strive to reduce the release of hazardous chemicals and other pollutants into the air and local water systems. We reinforce equipment operation and maintenance practices and take preemptive action if facility status looks as though it may exceed the level we deem permissible. If we can meet our own tough standards, we will surely meet the levels required by government.



From the left, measurement of soot and smoke, water quality, and odor measurement

Environmental Rounds of Production Sites

We routinely perform environmental audits of production sites of domestic Group companies through site visits. Audits include confirmation of management status of facilities, waste, hazardous substances, and other aspects, and status of compliance with laws and regulations. We also check activities for reducing environmental burden and provide instructions and support as necessary, in an effort to standardize and improve environmental protection efforts at each production site.



Verifying checklists during a visit

Status of Compliance with Laws and Regulations

There were no violations of pollution control or other environmental legislation in fiscal 2014.

Environmental Accounting

To realize continuous growth while promoting environmental management, we must accurately quantify the cost of environmental protection and the results achieved. We must also ensure that our approaches are effective through appropriate allocation of management resources. We utilize guidelines set by Japan's Ministry of the Environment as the tools in executing these tasks.

Scope of accounting: Rinnai Corporation

Period of accounting: April 1, 2013 to March 31, 2014

Cost of Environmental Protection

(Unit: Ten thousand yen)

Breakdown of Costs for Environmental Protection		Key Activities	Costs
In the scope of operations	Pollution prevention	Mainly efforts to prevent air and water pollution	2,511
	Environmental protection	Mainly efforts to save energy	2,569
	Resource recycling	Recycling as well as treatment and disposal of industrial waste	2,850
Upstream/downstream		Collection/recycling and volume/weight reduction of materials such as product packaging	1,309
Management activities		Mainly monitoring and surveillance of environmental impact	9,236
Research and development		R&D on environmentally conscious products addressing energy- and resource-saving features and reduction and/or elimination of hazardous chemical substances	135,358
Community efforts		Mainly community activities and beautification/greening at places of business and surrounding areas	199
Total			154,032

(Unit: Ten thousand yen)

	Item		Content	Environmental Impact Reduction
Environmental Protection Effect	On-site results		Saving energy reduced greenhouse gases	218 t CO ₂ /year
	Upstream/downstream results	Environmental impact reduction through use of products	Reduction of NO _x with products with low NO _x emissions	113 t/year
			High-efficiency products reduced CO ₂	80,995 t CO ₂ /year

(Unit: Ten thousand yen)

Economic Effects Accompanying Environmental Protection Measures	Item	Economic Effect
	Costs cut through energy-savings and waste reduction	526

About Environmental Protection Costs

- R&D costs are associated with the development of environment-related, leading-edge technologies and products for the heat-energy appliance market as well as products that, based on Rinnai's standards, mark an improvement over existing products.
- Costs covering other applications, which include non-environment-oriented activities, are apportioned according to internal rules.
- The calculations above exclude depreciation and amortization expense.

About Success of Environmental Protection Efforts

- The success of environmental protection efforts through energy-saving efforts and waste reduction is not a change in overall volume but rather the assumed effect achieved through associated activities.
- The success of environmental protection efforts through the use of products with the capacity to reduce environmental impact is not an industry result but rather a year-on-year comparison based on Rinnai's sales of such products. We determined these estimates based on annual volume over normal usage.

Economic Effect

- The economic effects achieved through energy-savings and waste reduction are not increases or decreases in overall costs but rather an effective amount regarded for its economic benefit through the associated activities.
- Deemed effects, such as avoiding risks and enhanced product sales, fall outside the scope of economic effects because the standard for evaluation is too vague.
- External economic effects, derived mainly through products that reduce environmental impact, also fall outside the scope of economic effects because the results are too difficult to pinpoint.

Environment Education and Promotion of Awareness

Activities during Environment Month

We set every June as “Environment Month” to increase awareness of the environment for each employee and implement and enhance various environmental protection and conservation activities at the factories and offices.

Rinnai Group Environment Awards Programs

Seeking to invigorate employees’ environmental activities and promote access to excellent approaches within the Group, we established “Environment Awards Programs,” effective from fiscal 2011. These awards programs recognize activities undertaken by domestic companies under the Rinnai umbrella to protect the environment and conserve resources over a one year period. The fourth award ceremony took place as part of our “Company-wide QC Circle Competition.” 68 activities were entered for awards in fiscal 2014, sorted into categories including manufacturing, management, sales and social contribution. Awards were then given to the best examples.



Award ceremony (left), and panel display showing outstanding achievements

Rinnai Group Environmental Grand Prize Results for Fiscal 2014

Main Awards	Recipient	Aim of Activities
Manufacturing (saving energy)		
Environmental Grand Prize	Seto Factory, Rinnai Corporation	Reducing air leaks from in-house air flow meters
Award for Outstanding Environmental Achievement	Production Engineering Division, Rinnai Corporation	Reducing losses from alterations during the die manufacturing process
Environmental Award	Seto Factory, Rinnai Corporation	Reducing energy consumption by reducing air blowing times
Manufacturing (saving and recycling resources, and reducing hazardous chemical substances)		
Environmental Grand Prize	Seto Factory, Rinnai Corporation	Reducing waste by reviewing packaging production processes
Award for Outstanding Environmental Achievement	Production Engineering Division, Rinnai Corporation	Working on paint-free processes for metallic resins

Environmental Award	RB Controls Co., Ltd.	Developing a water recycling system for testing showers
Product development		
Award for Outstanding Environmental Achievement	RB Controls Co., Ltd.	Developing wall-mounted LED lighting for bathrooms
Award for Outstanding Environmental Achievement	Research & Development Headquarters, Rinnai Corporation	Developing a bathroom heater/dryer with eco drying mode
Management and sales		
Environmental Grand Prize	Marketing & Sales Headquarters, Rinnai Corporation	Developing ECO ONE “meister stores”
Award for Outstanding Environmental Achievement	Administration Headquarters, Rinnai Corporation	Installing LED lighting
Environmental Award	Hokkaido Sales Office, Marketing & Sales Headquarters, Rinnai Corporation	Working to reduce electricity consumption in cold areas
Overseas		
Environmental Grand Prize	Rinnai Brasil Heating Technology Ltd.	Using recycled insulating materials for solar panels
Award for Outstanding Environmental Achievement	Shanghai Rinnai Co., Ltd.	Discontinuing use of steam (energy)
Environmental Award	Rinnai Korea Corporation	Implementing power saving initiatives
Outside activities		
Award for Outstanding Environmental Achievement	Oguchi Factory, Rinnai Corporation	Planting trees on the island of Negros (Philippines)
Award for Outstanding Environmental Achievement	Kansai Branch, Marketing & Sales Headquarters, Rinnai Corporation	Cleanup activities while climbing Mount Fuji

Other Factory Visit

We visit other companies' factories to learn about their advanced environment-conscious measures.



Presentation (left) and group photo with participants

Safe, Eco Friendly Driving Initiatives

We have introduced a system to enable quantification and integrated management of driving performance at all sales facilities, and are working to make all of our employees more aware of safe, eco friendly driving practices. The system is designed so that an email is automatically sent to the relevant manager whenever an employee drives too fast, accelerates rapidly or brakes suddenly. Compared to previously, this reduced CO₂ emissions by approximately 5% year-on-year in fiscal 2014. As well as improving fuel efficiency, the system is helping to reduce traffic accidents and violations on public roads. We intend to roll out similar initiatives companywide in the future.



Company vehicles (Chubu Branch)

Driving Seminars

We brought in an outside instructor to give a “Safe and Eco Friendly Driving Seminar”. Designed to help prevent traffic accidents and reduce global warming, the seminar was aimed primarily at employees in sales and management divisions who use company vehicles. A total of 32 employees attended the seminar, which included guidance and explanations on matters such as basic traffic safety and practical techniques for eco friendly driving.



Safe and Eco-Friendly Drive Seminar (left) and “idling stop” display at Chugoku Sales Office

Encouraging Eco Friendly Commuting

We designate “No Car Days” at our Technology Development Center and encourage employees to commute in an eco friendly manner, in an effort to reduce CO₂ emissions and noise from commuting by car, and to minimize the effects of traffic jams. As well as reducing environmental impact, steps such as commuting by public transport or bicycle instead of by car, or car pooling with colleagues, also help to keep employees healthy by providing moderate exercise.

- Reduction in CO₂ emissions: Approx. 1t CO₂/year

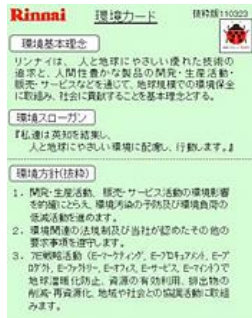


Bicycle parking area at the Technology Development Center

Fully Inclusive Environmental Activities

Issuing Environment Cards

We issue all employees with an “Environment Card” that lists selected environmental policies, to encourage them to act in a more environmentally conscious manner on a day-to-day basis. Employees fill in “My Environment Challenge Declaration” on the reverse side of their card, to raise levels of environmental awareness in the workplace and at home too. Individual facilities also implement a range of innovative schemes to raise awareness of the environment and related costs, including issuing cards that outline environmental costs at a glance.



Environment Card

Employees carry their Environment Card at all times

Cards outlining environmental costs

Issuance of Environment Company News

We periodically issue “Environment Company News” to share internal environmental measures and introduce domestic and international trends on environment activities. This is to promote the communication among employees and encourage them to be more environment-conscious.



“Environment Company News” on the inhouse board

Green purchasing

For the purchase of office supplies and office automation equipment, we encourage employees to give priority to purchasing environment-friendly products that are qualified under the Law Concerning the Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities.

* “Green procurement” and “Green purchasing”: “Green procurement” is to acquire goods directly related to our production activity, and “Green purchasing” means purchase of office-related supplies and facilities.

Chronology of Environmental Activities at Rinnai

1993	March	Drafted Environmental Preservation Action Plan; established Environment Committee
	December	Won prize at 4th Energy Conservation Vanguard 21 for gas-blast type high heat griller RGM-4, 6, 8.
1994	July	Market debut: low-NOx burner built-in water heater (NOx at less than 60ppm)
1996	March	Won top prize at 1st Eco-Design Awards, sponsored by Tokyo Gas, Osaka Gas and Toho Gas for water heater, fan heater and small hot-water heater.
1997	March	Won special prize at 2nd Eco Design Awards for tabletop cooking stove.
	June	Market debut: absorption-type gas air-conditioner (non-CFC)
	October	Oguchi site acquired ISO 14001 certification covering factory, Production Engineering Division and Research & Development Headquarters.
	December	Won prize at 8th Energy Conservation Vanguard 21 for tabletop oven RSBN-096.
1998	April	Won grand prize for gas clothes dryer and special awards for small hot-water heater and for absorption-type gas air-condition at 3rd Eco-Design Awards.
	September	Market debut: fan heater with air-purifier that traps dust and removes odors.
	October	Market debut: <i>Yukko V</i> Series, featuring no styrene packing, low stand-by power consumption and low NOx emissions.
1999	April	Oguchi Factory (approved facility under revised Energy Conservation Law) registered as type 2 designated energy management factory.
	July	Established Environment Division.
	September	Market debut: Ecomax burner and Eco burner-equipped gas cooking stove.
	October	Market debut: condensing water heater boasting 95% heat efficiency and NOx emissions under 30ppm.
2000	February	Won Minister of Economy, Trade and Industry award for condensing water heater at ministry's 10th Energy Conservation Awards.
	May	Drafted Rinnai Environmental Action Principles.
	August	Published inaugural issue of Environmental Report.
2001	January	Won Chunichi Newspaper Prize portion of Chunichi Industrial Technology Awards for condensing water heater.
	June	Won Technology Grand Award from Japan Gas Association for condensing water heater.
2003	June	Won Technology Award from Japan Gas Association for condensing water heater.
	October	Won Electric Equipment Packaging Category Award in Good Packaging division at 2003 Japan Packaging Contest for built-in 75cm-wide glass-top gas cooking stove.
2004	October	Won Logistics Prize at Japan Packaging Contest 2004 for bathroom heater/dryer.
2005	June	Won Technology Grand Award from Japan Gas Association for development of latent heat recovery high-efficiency hot water/heating unit.
	September	Got involved in Team Minus 6%, a national movement to prevent global warming.
2006	October	Won Electric Equipment Packaging Category Award in Good Packaging division at Japan Packaging Contest 2006 for gas fan heater.
2008	September	Gas tankless water heater sold in the United States captured 2008 Super Nova Star Award (Stars of Energy Efficiency) in the United States from the Alliance to Save Energy.
	October	Won Electric Equipment Packaging Category Award in Good Packaging division at Japan Packaging Contest 2008 for gas fan heater.
2009	February	Market debut: Eco-Jozu condensing hot-water/heating unit RVD-E Series.

2010	January	Market debut: Eco-Jozu condensing combi boiler RUF-E Series boasting bathwater heating efficiency rate of 92%.
	February	Won silver at Aichi Environment Awards, sponsored by Aichi Prefecture, for global promotion of high-efficiency combustion appliances and systems, including latent heat recovery water heaters.
	April	Market debut: <i>Eco One</i> hybrid water heater with heating systems.
	December	Market debut: light-weight and compact Eco-Jozu water heater "RUX-E Series" (Water heater exclusive use).
2011	January	Market debut: <i>Eco-Jozu</i> hot-water/heating unit RUFH-E2402 Series.
	April	Market debut: <i>Eco One</i> hybrid water heater with heating systems for colder regions.
	May	Won Technology Grand Award from Japan Gas Association for development of gas hot-water system SOLAMO to use solar heat.
	June	Won Aichi Invention Award, sponsored from Aichi Invention Association, for development of low-NOx burners for household gas water heaters.
2012	April	Market debut: new <i>Eco One</i> hybrid water heater with heating systems which contributes to energy saving at home (achieved 125% primary energy efficiency of a water heater)
	June	Won Technology Award from Japan Gas Association for "kaecco" <i>Eco-Jozu</i> combi boiler designed for existing apartments (put in existing PS). Won Aichi Invention Encouragement Award, sponsored from Aichi Invention Association, for <i>A-Style</i> Gas fan heaters.
	September	Market debut: <i>Eco One</i> hybrid water heater with heating systems for Honshu colder regions. Market debut: <i>Eco One</i> hybrid water heater with heating systems for Hokkaido region.
	October	Won Large and Heavy Good Packaging Prize of Japan Packaging Contest 2012 for <i>Eco One</i> hybrid water heater with heating systems.
2013	June	Won Technology Award from Japan Gas Association for "Jikabi-No-Takumi" new gas rice cooker, and new <i>Delicia</i> built-in stove. Won Aichi Invention Encouragement Award, from Aichi Invention Association, for Dishwasher with baking soda wash mode.
2014	January	Won top energy conservation award, METI Award, in the fiscal 2013 Energy Conservation Awards, for <i>Eco One</i> hybrid water heater with heating systems.
	June	Won Aichi Invention Award, sponsored from Aichi Invention Association, for development of fire power adjustments for gas stoves. Won Technology Grand Award for <i>Jikabi-No-Takumi</i> gas rice cooker, and won Technology Award for Speedy <i>Kanta-Kun</i> gas cloth dryer from Japan Gas Association.

Initiatives Delivering Safety and Peace of Mind

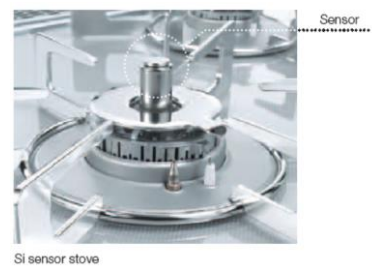
Products that realize safe lifestyles by reducing fires and bathroom accidents in the home

Even in the home, there are times when kitchen fires, bathroom deaths, and other types of accidents occur. As a Group that manufactures and sells residential heat and energy appliances, we pursue product safety as a matter of paramount importance. We strive to reduce fires and deaths through a variety of measures. These include promoting the proliferation of safe tabletop stoves fitted with sensors and bathroom heaters that prevent heat shock, as well as accident prevention education activities.

Tabletop with Si temperature sensors prevent fires

Tabletop gas stoves are the source of most fires that occur in the home, and it is said that in Japan many such fires are caused when using oil to deep fry the Japanese dish tempura. Kitchen fires caused by tempura oil sometimes spread to other rooms. They not only destroy precious assets, but in a worse-case scenario they can lead to fatalities.

To help prevent kitchen fires in Japan, it has been legally mandatory for all burners on gas tabletop stoves made after October 2008 to be fitted with safety sensors. These gas tabletop stoves with sensors are called “Si sensor stoves.”



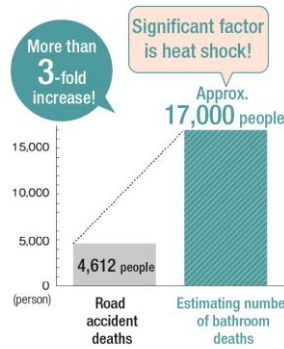
As a manufacturer with a large share of the gas stove market, Rinnai believes it has fulfilled its responsibility by promoting the widespread adoption of such products that offer enhanced safety. Because of the long replacement cycle for gas stoves, many customers are unfamiliar with the safety provided by Si sensor stoves. To encourage customers to consider replacement, we provide information on the safety of Si sensor stoves through various means, including exhibitions, catalogs, and the Rinnai website.

Bathroom heater/dryers create “barrier free temperature” environments

Taking a bath should be a relaxing experience, but in Japan the number of deaths that occur while bathing has been increasing annually. According to statistics, each year around 17,000 people die while taking a bath—more than three times the annual death toll from road accidents. The most common causes of bathroom deaths are strokes and heart attacks brought on by “heat shock.” With the elderly population accounting for a large number of such deaths, the prevention of such bathroom incidents will become a major issue in Japan, a country with an increasingly aging population.

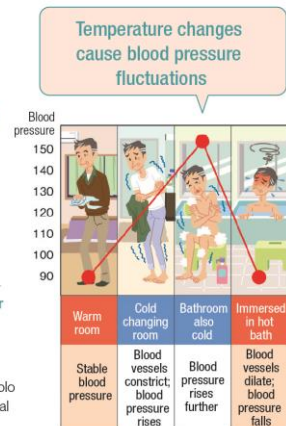
It is said that eliminating sudden changes in temperature prevents “heat shock.” Bathroom heater/dryers that create a barrier-free environment by warming the bathroom in advance are expected to make a significant contribution to preventing bathroom deaths.

Comparison of Road Accident Deaths and Bathroom Deaths (2011)



Source: Tokyo Metropolitan Institute of Gerontology and Statistic Bureau, Ministry of Internal Affairs and Communications

Temperature Changes Cause Blood Pressure Fluctuations



Rapid response time and an evenly heated bathroom provide peace of mind

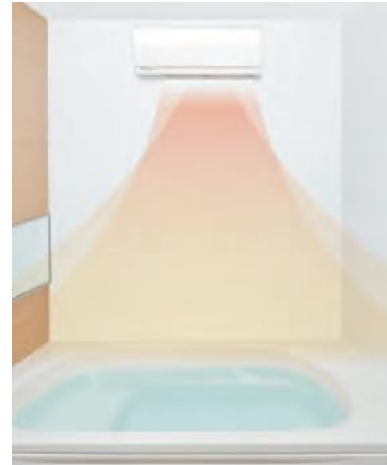
In light of this situation, Rinnai is promoting the proliferation of bathroom heater/dryers.

Our “Bath *Hotto*” bathroom heater/dryer is a gas hot-water-type heater/dryer that features a rapid response time. When the heater/dryer is turned on before taking a bath, it takes 15 minutes for the bathroom temperature to reach 35 degrees. Another notable feature of this product is that it heats the entire body evenly from your head down to your toes.

As the name suggests, the bathroom heater/dryer comes with a function that dries the bathroom after bathing has finished. This has several advantages, including the prevention of mold, enables the bathroom to be used to dry clothes.



Bathroom heater/dryers (ceiling embedded type)



Bathroom heater/dryers (wall-mounted type)

Publicizing the danger of bathroom accidents and promoting the features of the bathroom heater/dryer

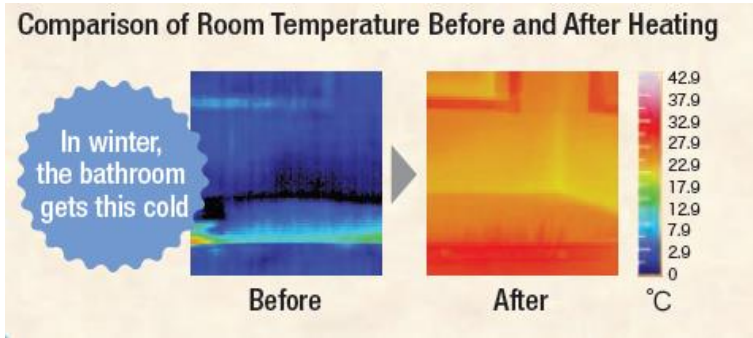
Going forward, Rinnai will work to inform the public of the dangers of bathroom accidents and the features of bathroom heater/dryers. As a manufacturer as well, by publicizing the outstanding features of the bathroom heater/dryer we would like to help reduce the number of people who die in the bathroom, even slightly. More specifically, we plan to use the various kinds of communication tools available to us, such as the Company’s website and CSR Report, to disseminate information. At the same time, we will conduct PR activities at exhibitions and similar events.

We must be mindful of dangers to our health: Heat shock caused by temperature changes

Heat shock occurs in the bathroom in winter time and is caused by the sudden differences in temperature between the bathroom and other rooms. The human body is geared to constantly try and maintain an even body temperature. Therefore, when the air temperature falls the blood vessels contract in an attempt to maintain warmth, which raises blood pressure. If the air temperature is hot, the body sweats in an attempt to cool down. When applied to taking a Japanese bath, once we have stepped into a cold bathroom after leaving a warm room and taking off our clothes, our blood vessels suddenly constrict. Then, we immerse ourselves in hot water and our blood vessels open, which causes our blood pressure to plummet. This difference in temperature places a burden on the heart and blood vessels, which is why it can cause heart attacks. The reason why there are more bathroom accidents of this kind in winter compared with summer is that there is a considerable difference in temperature between the bathroom and the outside air temperature.

People with high blood pressure, hardening of the arteries, or diabetes, or those who have suffered angina, heart attacks, or strokes are more prone to heat shock. However, care is required even if none of these applies to you. People aged 65 or older must take particular care. This is because as we age the mechanism that maintains a constant body temperature has more and more difficulty functioning. Even if you think you have no health problems, you should be aware that heat shock is a phenomenon that can happen to anyone. Also, when bathing in hot water for a long time, a person can lose consciousness if his/her blood pressure drops too much. It is possible to drown if you become unconscious in the bathtub, so care is needed at such time. The most effective way preventing heat shock is to heat up the dressing area and the bathroom. Another way of reducing the burden placed on your body is to shower first and not suddenly immerse your whole body in a hot bathtub. The first step in prevention is to take care to ensure

that you don't feel too hot or too cold.



Dr. Kazuo Mano, Assistant Director,
Red Cross Nagoya Daiichi Hospital

With Our Customers

We provide our customers with products and services that they can use with total confidence, so that they can lead “comfortable lifestyles.”

CS Policy

Based on our corporate philosophy “Quality is our destiny”, we handle our customers’ requests sincerely, promptly and appropriately, and provide satisfying, assuring and reliable services and consultation to them.

Fundamental Policy

1. We—that is, any department of our Company— identify comments and requests from our customers as our top priority.
2. We understand that customers’ complaints are addressed to the entire Company and the whole organization shall be responsible for them until the cases are closed.
3. We take customers’ comments seriously and share them within the Company to utilize as precious information to improve our products and services.
4. We always abide by laws and regulations and we don’t give in to unreasonable demands.
5. We strictly protect the personal information of our customers by observing related laws, regulations and Rinnai’s Personal Information Protection Regulations.

Measures for Quality

Basic Stance on Quality

Since our establishment, at Rinnai, we have always been executing our business operations being passionate about quality for our customers to safely use our products with peace of mind.

Indeed, our policy on quality-infused by the corporate philosophy "Quality is our destiny"-stresses efforts to provide customers with highly safe and satisfactory products. This enduring commitment gives customers complete peace of mind in selecting and using Rinnai products.

Basic Philosophy on Quality	Policy on Quality
"Quality is our destiny"	We provide highly safe products that meet customers' requirements.

Voluntary Action Plan for Product Safety

In June 2007, we formulated a voluntary action plan for product safety along with a promotion strategy that would give substance to activities based on the action plan. We encouraged divisions to embrace the action plan and its associated promotion strategy, confirmed that divisions were on board, and wrapped up the process in February 2008. Currently, the Quality Assurance Headquarters oversees the voluntary action plan for product safety, verifies implementation status as appropriate, and guides efforts to uphold our policy on quality day in and day out.

Product Development in Pursuit of Safety and Peace of Mind

The nature of our business—making and marketing gas appliances—demands *monozukuri* (manufacturing) prioritizing safety. We deliver products developed and manufactured in accordance with industry specifications and safety standards.

Safety is ensured through assessments specific to each stage of the commercialization process, including design reviews that evaluate product performance and reliability. We deal with issues that crop up on a day-to-day basis in partnership with the relevant divisions. In the event of a particularly serious issue, we call a meeting of the Quality Committee in order to discuss response measures with management.

1. Product quality and safety initiatives
2. Product safety promotion system
3. Market quality information gathering/dissemination system
4. Handling product issues and analyzing information
5. Avoiding risks during product usage
6. Internal education
7. Checking implementation of our voluntary action plan for product safety and making ongoing improvements

Monozukuri which assures high quality

In-house development of core technology

To assure our products to achieve high quality and safety, we pay considerable attention to our core technology including "combustion control technology", "heat exchange technology" and "fluid-control technologies used for gas and water" and critical security components are developed and manufactured by our group companies. By achieving high-precision heat control using sensors and electronic units, we are pursuing absolute safety and zero defects.*

*Zero defects: No failure, no defect products and no fault

Integrated production system

Critical security components which affect the quality of products are manufactured with an integrated production system from a raw material processing phase to an assembling phase paying extra-attention to manufacturing technique. Moreover, important production equipment, dies and IT system are all developed within the Group. We have been manufacturing high quality products by arranging the production of both critical security components and manufacturing tools within our group companies.

Information disclosure on “Safety and Peace of Mind”

In the event, however remote, that a Rinnai product malfunctions during use or an accident results from a defective Rinnai product or insufficient service thereof, we promptly report the details to the competent authorities in accordance with prevailing laws and regulations. Even when it is unclear whether or not an accident is attributable to one of our products, we still provide pertinent information on our website to alert customers and appliance installation and repair providers to a potential safety issue.



Customer-facing page on Rinnai website

Invigorating Quality Improvement Activities

Seeking to enhance the problem-solving skills of each and every employee and invigorate the organization, we began promoting small group quality control circles. Involving our group companies, we are actively promoting this QC program. We award to the best circles at the company-wide QC circle conference in September.

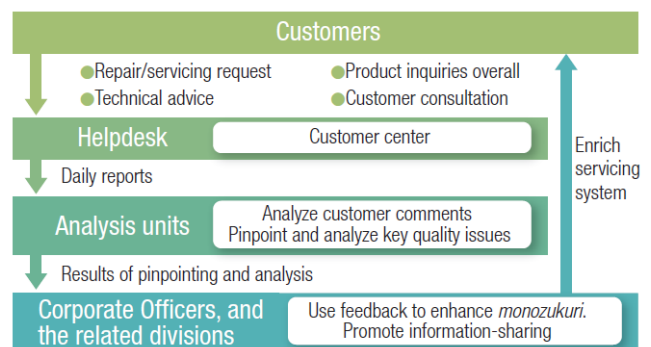


Company-wide QC circle conference

Inquiry Response and Support System

Customer Center

We established the Customer Center in an effort to improve customer satisfaction even further, by accepting a range of inquiries, comments and requests, either directly from customers or via channels such as telephone or our website. The numerous invaluable comments we receive are then fed back to the relevant division, so that they can be used to identify and rectify issues, in areas such as product development, quality control, sales and service standards.



We strive to incorporate customer comments into our products and services on a daily basis

The Customer Center handles requests received from customers via our toll-free number, website and other channels. In fiscal 2014, we received approximately 960,000 calls from customers and around 4,200 comments via our website.

In fiscal 2014, we received the following scores based on customer questionnaires.

- Ease of contacting Customer Center via toll-free number 87.5 points
- Politeness of telephone operator 90.6 points

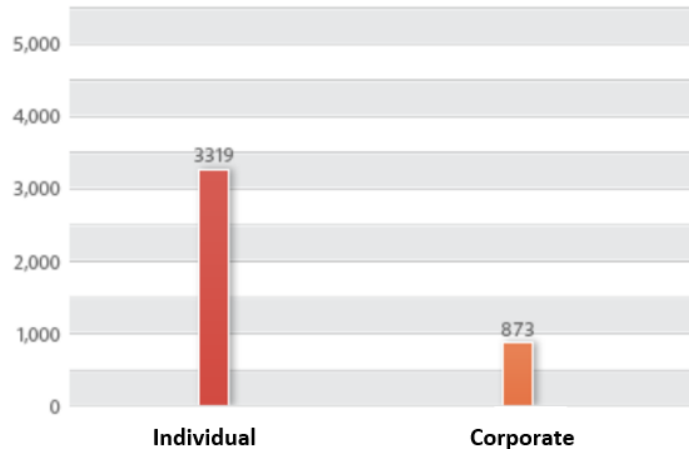
*We have revised the evaluation categories on questionnaire cards since last year.



Customer center

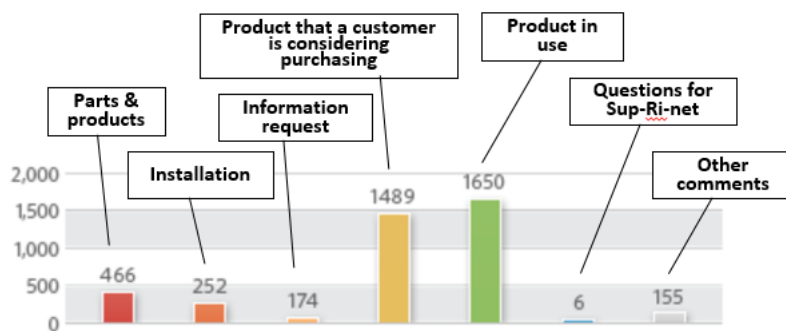
Our Customers' Comments (Customers' comments and inquiries through our website in fiscal 2013)

1. Number of inquiries by customer type



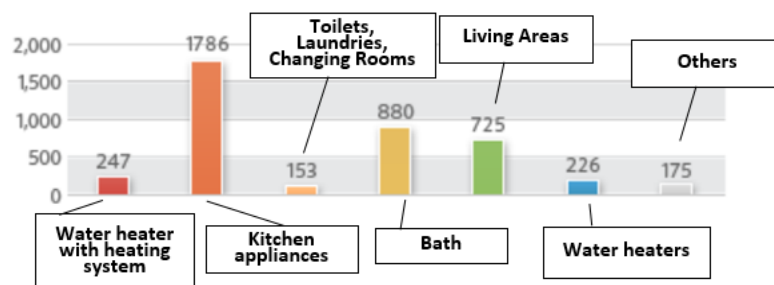
The breakdown of inquiries from customers is 79% from individuals and 21% from companies.

2. Number of inquiries by category



There are the three major topics: (1) Product in use: 39%, (2) Product that a customer is considering purchasing: 36%, (3) Parts & products: 11%

3. Number of inquiries by product



Many inquiries were kitchen appliances-related. : (1) Kitchen appliances: 43%, (2) Water heater and bath-related products: 26%

Strengthening our website capability to respond to our customers

Responding to our customers' request who would like to solve their issues by themselves, "FAQ" is listed on our website.

In fiscal 2014, we increased the volume of information provided via FAQ to 376 items (according to product type).



There has been an increase in the number of customers accessing the FAQ section compared to last year.

In fiscal 2014, 77.7% people gave a favorable evaluation on our FAQ section. We will continue to review and expand content in order to be more useful to our customers in the future.

Evaluation on our inquiry handling

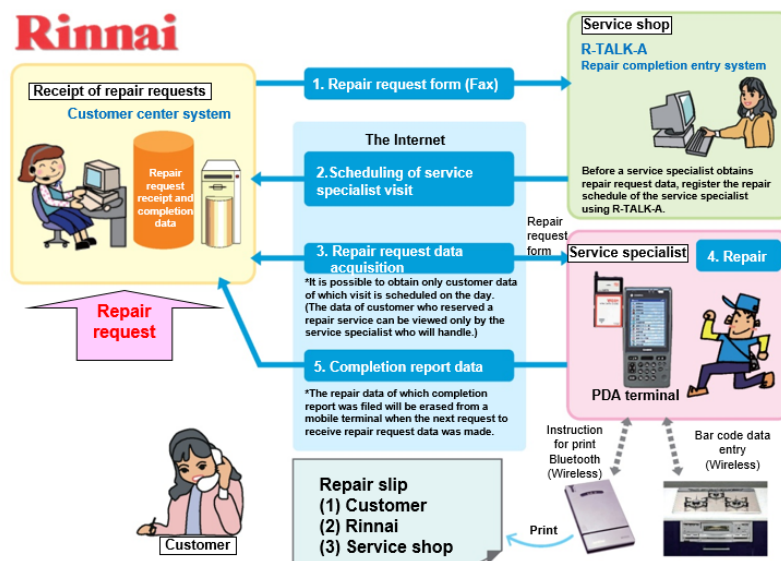


After-Sales Service

We provide our customers with services that they can use with total confidence, so that they can lead "comfortable lifestyles."

Immediate offering of after-sales service

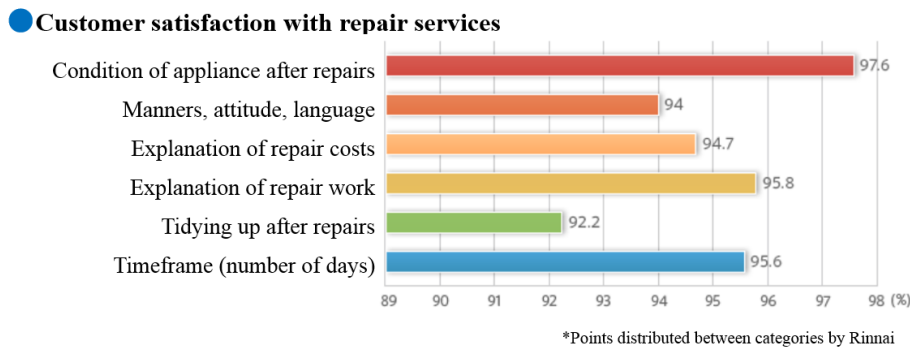
About 700 service specialists provide repair service nationwide every day. We make every effort to complete inspections the same day or by the following day, as part of our after-sales services for a more "comfortable lifestyle." We were one of the first to provide service specialists with mobile PDA terminals, to help improve operational efficiency. This enables specialists to receive service orders and confirm order status onsite, so that they can provide services as quickly as possible.



Evaluating performance based on service specialist questionnaire cards

We ask all customers who have been on the receiving end of repair services to complete a customer questionnaire. Covering topics such as manners during repair visits, questionnaires enable customers to rate us based on their level of satisfaction. We then make effective use of questionnaire results by providing internal feedback on customer comments.

The 17,000 customers who completed questionnaires in fiscal 2014 gave us an average score of over 94.5.



Inspection and Repair Services

For a long-term use without accidents

- Inspections like a yearly medical check-up for appliances -

In April 2009, Consumer Product Safety Act was revised and a safety inspection system for products in long-term use went into effect.

Some accidents linked to the deterioration of our products over long-term use have been reported. To make customers realize that appliances, like most products, have a particular service life and to encourage customers to have their Rinnai products inspected regularly, we send out the necessary information and extend advice through the Product Inspection Center. These efforts are aimed at preventing unforeseen accidents.

We enhance our maintenance inspection system with our qualified service specialists. In addition, we provide our original services extending a warranty period to three years for the customers who purchased our home-use hot-water unit and completed customer registration.

In April 2011, we also introduced a voluntary inspection system (Safety Inspection) for our outdoor hot-water units, in accordance with the law. This system has been gradually expanded; for instance, indoor hot-water and heating units were added to the subjects of legal inspection in July 2011.

Three years on from the introduction of the inspection system, in June 2012 the Ministry of Economy, Trade and Industry revised its guidelines in an effort to reinforce the system. As well as complying with these revised guidelines, we have also updated our website.

In 2014, five years on from the introduction of the inspection system, we began putting in place an extended inspection framework in preparation for full-scale inspections in the near future.

Fundamental stance toward inspection

Through inspections, we will enhance our customer support services.

Five focused points of our fundamental stance

1. Good inspection (Good inspector, good handling, legal knowledge, and inspection report)
2. Look through our customer's eyes (Usage of aged products, and reflection of customers' comments on products)
3. Customer satisfaction (Appropriate and caring information offering)
4. Proposal to assure peace of mind (Proposal to bring peace of mind before a product breaks, not after it has broken)
5. Trust building (Showing our appreciation for our customers' long patronage)

Efforts to coordinate an inspection system

To adequately implement inspection, Product Inspection Center keeps improving its inspection system. In addition to the legally required check points of an inspection system, we also set up voluntary monitoring items to facilitate a reliable inspection system.

[Voluntary system action items and the current status]

Action items	Rinnai's current status
Enhancement of provision of information	We post the detailed information on maintenance and inspection system for our products for a long period of time on our website. The information includes the products that are out of scope of legally mandatory products (specific products that require maintenance).
Enhancement of items to be inspected	In addition to the items of which inspection is legally required (specific products that require maintenance), we set safety inspection products including home-use outdoor gas hot-water units, built-in-stoves and gas fan heaters.
Inspection quality improvement	The inspection results of all items are checked to see if there is any judgment error to assure the technology standards. The inspection completion rate is monitored all the time not to delay the inspection schedule.
Warning after the inspection	When an inspection result concluded the prohibition of the use of a product, we will provide the follow-up of the inspection by calling or writing to the user.

Information about the inspection reminder function posted on the website

In November 2011, we posted information about the inspection reminder function on our website. This function reminds users of legally mandated "specified maintenance products" of the period for their inspections after they are used for 10 years under normal conditions. Users are reminded of the period in ways such as a blinking light or indication on the remote control. This function also encourages users who have not submitted user registrations to submit them and apply for inspections.

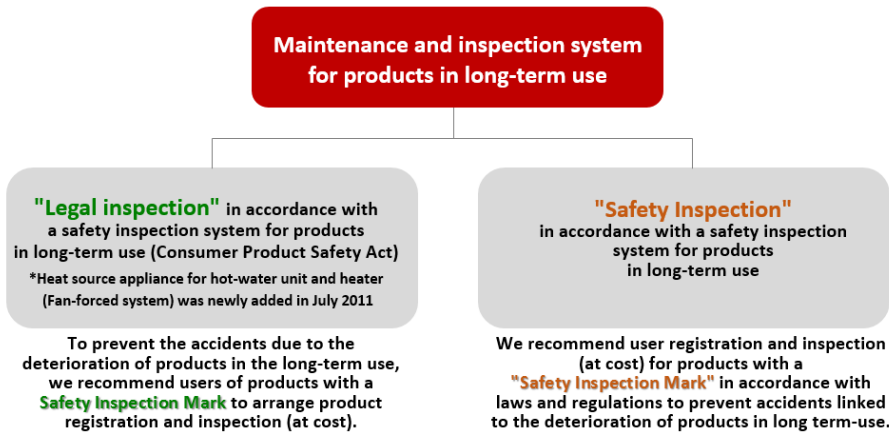
Users who have submitted registration

⇒ The user will be sent an inspection notice in the mail shortly before an inspection is due (inspection notices include details of how to cancel the inspection reminder function).

Users who have not submitted registration

⇒ After ten years of use, the inspection reminder function will notify the user that an inspection is due (if the user has submitted registration upon request, they will be sent details of how to cancel the inspection reminder function by mail).

Overview of our maintenance and inspection system



For the safe use of products, we recommend an inspection in 9 - 11* years after the production.

*For home-use appliances (Professional use: 2.5 to 4.5 years)

Designed standard service life*	Target product	Inspection period	Production	Purchase	0-6 months in advance	Inspection period
10-year product	Home-use gas hot-water units Electric dishwasher and dryer	9-11 years after production				
3-year product	Commercial-use indoor-type gas hot water heaters	2.5-4.5 years after production	When you receive a notice, please apply for an inspection. You can also request an inspection during the time of 1 and 2.			

“Designed standard service life” is a period that a product should be safely used without any problems under the normal circumstances with proper handling and maintenance. This is defined for each appliance. Please note that this is not the same as free warranty period. In addition, products that fall outside the scope of legal inspection (specific maintenance products) use the terminology, “Standard service life as designed”.

Users are encouraged to have their equipment inspected during the two-year inspection period. If we do not receive a reply in response to the initial inspection notice, the user will be sent a repeat inspection notice by mail when there is one year remaining before the end of the inspection period, so that they can continue to use their equipment safely.

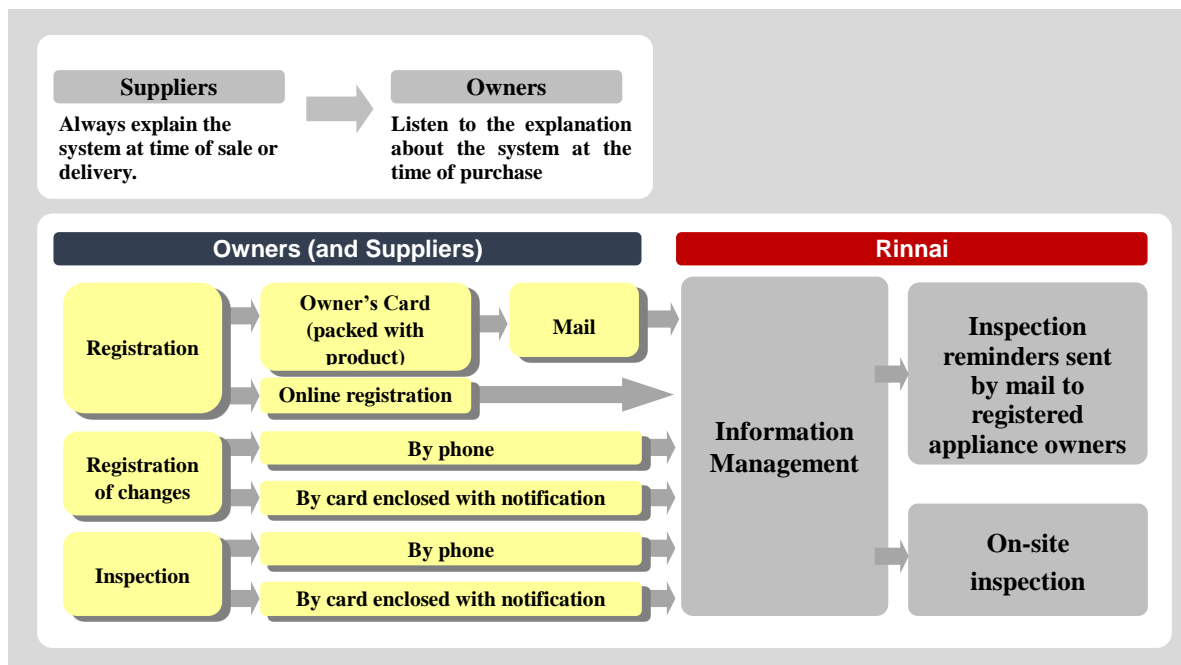
The period for legal inspection of commercial-use equipment produced in April 2009 started in October 2011, so we began sending notices on the inspection to applicable customers. About 70% of customers who responded to the notices applied for the inspection, suggesting their high interest in the inspection system. Accordingly, we will strengthen measures for informing customers of the system, aiming for (1) a higher registration rate and (2) a higher rate of inspection applications.

What is the “safety inspection system for products in long-term use”?

The “safety inspection system for products in long-term use” started in April 2009 is a system to encourage the registration of users and charged inspection for "Specified Maintenance Products" that may cause problems due to the age-related deterioration and may damage and may give serious damage to the life or health of consumers.

Rinnai products corresponding to safety inspection system		
Indoor-type gas instant hot water heaters (for city gas, and LP)	Indoor-type bath water heaters with gas burners (for city gas, and LP)	Dishwashers (built-in)

Flow of Safety Inspection System for Products in Long-term Use



Recommendation of “Safety Inspection”

In consideration of the safety inspection system for products in long-term use, we recommend “Safety Inspection” for products that fall outside the scope of the system.

The scope of the safety inspection		
<ul style="list-style-type: none"> Outdoor-type gas hot water heaters and bath water heaters (Including hot-water and heating units, and heat sources only for heaters) 	<ul style="list-style-type: none"> Gas heaters 	<ul style="list-style-type: none"> Built-in-stoves
Gas hot-water units Gas bath heating systems Gas heat source for hot-water units and heaters Gas heat source only for heaters	Gas fan heaters Gas fan-forced heaters Gas stove Gas dryer	Built-in-gas-stoves Built-in-gas-oven

* Some products are out of scope.

Promoting registration

User registration is the important “first step” to connect customers with Rinnai. Information regarding inspections is contained in our catalogs and on our website. We also actively encourage customers to register with us during repair visits and other situations in which our staff have the opportunity to interact directly with customers.

From registration to inspection

Based on data provided by registered users, we mail inspection notices* to the designated address when the relevant inspection period approaches. We also carry out inspections for products that are already in use, with orders taken via our Product Inspection Center.

*Products subject to inspection notices: Any gas hot-water unit with a user registration card attached

Free inspection of small, open-type water heaters

In 2007, one of our small, open-type water heaters malfunctioned and caused an accident. To prevent a reoccurrence of this kind of accident, we continue to offer free inspections to customers using small, open-type water heaters, including the RUS-5RX, produced between July 1991 and January 1995, and the RUS-51BT, produced between May 1994 and January 1997.

Expanding eligibility for inspections: We carry out inspections for small, open-type water heaters that do not have an “inspected” sticker affixed, even if they were manufactured before April 2009 (including two models that have experienced problems).

Precautions after inspections: In cases where usage of a product is prohibited as a result of an inspection, we follow up on the relevant inspection at a later date, by telephone or in writing.

Notification on our website

We show subject products and contact for inquiries on our website. To see the information, click on the banner on the top page.



Questionnaires

Customer trends in response to inspections

We continue to expand customer support via our inspection services.

We are always reviewing inspection procedures based on information from inspection questionnaires, so that we can improve our services even further.

Forming New Relationships with Customers

Harnessing the Power of the Internet to Improve Customer Support

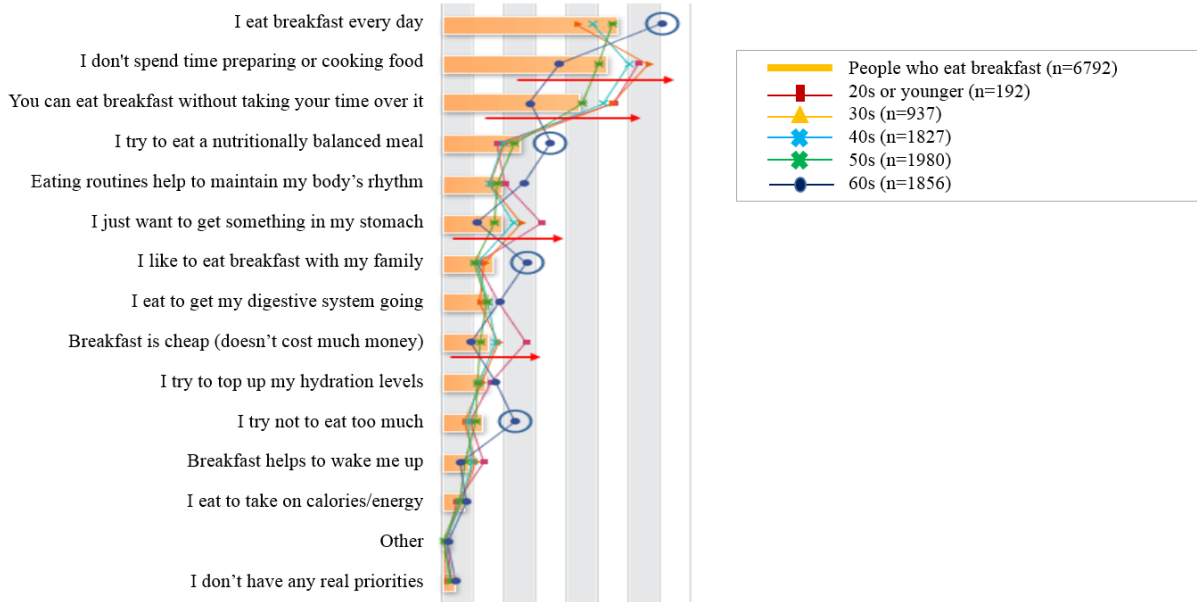
To enable our products to be used for a long time, we sell cleaning products and parts that our customers can replace by themselves via our online shopping site “R.STYLE (RINNAI STYLE).”

In fiscal 2014, the number of registered members surpassed 210,000, opening up even more opportunities to interact with customers using Rinnai products. We communicate with our customers through channels such as conducting online questionnaires (24 times a year), planning products that reflect customers’ needs based on gathered data, and resolving issues. We will continue to increase direct interaction with our customers in the future, in an effort to improve our services.



[According to age group] Breakfast habits: People who eat breakfast

Age group × Top priorities when eating breakfast (Q4)



- ✓ Priorities amongst younger age groups tend to include “I don't spend time preparing or cooking food”, “You can eat breakfast without taking your time over it”, “I just want to get something in my stomach” and “Breakfast is cheap (doesn't cost much money)”.
- ✓ Priorities amongst those in their 60s or older tend to include “I eat breakfast every day”, “I try to eat a nutritionally balanced meal”, “I like to eat breakfast with my family” and “I try not to eat too much”.

Using customers’ comments via the website to improve the company

We receive a great many comments and suggestions regarding our products and services from customers who have used our online shopping site R.STYLE (RINNAI STYLE). As of the end of fiscal 2014, we have received a total of 25,748 comments to date. We quickly share customer comments via an internal site called “Himawari Messenger”. This enables individual divisions to examine shared information and take steps to improve quality or broaden the scope of their services.



Providing useful everyday information via social media

In an effort to provide a new content service, in May 2014 we launched “*Goto-kun’s Daily Recipes*,” a recipe site to help people decide what to cook. The site provides a daily selection of seasonal recipes, along with detailed instructions and lots of photos, to assist people struggling to decide what to cook on any given day.

We also launched an official *R.STYLE* Facebook page in June 2014. The aim is to create more points of contact with new customers, by providing useful everyday information in areas such as cleaning and storage, as well as the aforementioned daily recipes.



Helping people decide what to cook: *Goto-kun’s Daily Recipes*

*This is a dedicated content service for smart phones. If you have a smart phone, you should give it a try!

With Our Employees

We strive to create an atmosphere in which employees can be happy and productive—a corporate climate that motivates each and every employee to do well and enables individuals to demonstrate their full potential. We also seek to maintain workplace environments that keep employees safe and healthy, both physically and mentally.

For our employees to be able to work with a sense of achievement and accomplishment, we provide support through our personnel system as well as various welfare programs to take care of employees' health and cater for their families. Moreover, for each employee to fully demonstrate his/her capability, we try to create a family-like office culture, and improve and maintain our workplace to be safe, secure and healthy. We believe that the source of motivation for employees to grow and fully demonstrate their skills is "the provision of the opportunities to improve" and "the sense of achievement and accomplishment". To increase the satisfaction level of our employees, we are promoting the following four items as our foundation:

- (1) Provision of opportunities for our employees to grow [Rank-specific training programs, specialization courses, On-the-Job Training (OJT) guidance, appropriate staff allocation and rotation]
- (2) Evaluation and reward which is fair and convincing (Performance appraisal, interview system, salary increase and benefit improvement)
- (3) Creation of family-like working environment (Improvement of office building, working environment and facilities, annual events, club activity support, and interdepartmental cooperation)
- (4) Welfare program for employees and their families (Welfare program options, health support, corporate pension and events with the Rinnai Employees' Association)

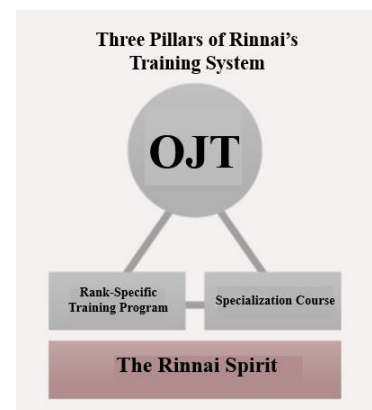
Personnel Training

We defined our fundamental human resources policy as "Nurture and encourage our employees to have a high level of morality and keep challenging their own goals continuously making effort." We guide and train our employees to be able to demonstrate their initiative to drive the Company while giving priority to our Corporate Philosophy embodied in our Company Motto, "Harmony, Spirit and Sincerity", which Rinnai has been pursuing since its establishment in 1920, and our Corporate Mission, "Rinnai utilizes heating to provide society with a comfortable way of life."

We provide our employees with numerous opportunities to grow as an individual such as rank-specific training programs, specialization courses, OJT trainings and a rotation training program, which covers workplaces at home and abroad.

OJT Personnel Training

We position human resources as our most important management resource and we offer personnel training to assist employees to fully demonstrate their capabilities. Our main training is on-the-job training (OJT), wherein a supervisor guides his/her team member through an actual job. In addition, we provide a rank-specific training program, which supports the improvement of each employee as an individual by grouping them according to job responsibility, and a specialization course, which promotes our employees to be highly specialized in their area. These three programs form three pillars of Rinnai's training system. Moreover, we are conducting a level-up training program for Group leaders who have been promoting our business plan since fiscal 2011. We plan and provide high-quality internal training programs.



<Major Rank-specific Training Programs in Fiscal 2014>

Training	Subject	Content	Number of trainees
New employee training program	New employees	Basic training for professionals (manners, awareness as a professional), Fundamental training for Rinnai employees (company overview, the Rinnai Spirit, corporate ethics, personnel system, policy on quality and environment), IT skills and mental health	140 people
New employee follow-up training	Generalists in their 1st year, clerical employees (technical employees) in their 1st year	Training for increasing motivation to work and raising professional awareness (Reconsolidation of what was learned in the new employee training program; employees who joined the company in the same year gather and share information about their current status)	112 people
S4 level qualified employee training	S4 level qualified employees	Reconsolidation of fundamentals (corporate ethics and management policy), Recognition of his/her characteristics (to improve the strength) and the reinforcement of awareness of management (creation of management plans)	112 people
M6 level qualified employee training	M6 level qualified employees	Reconsolidation of corporate ethics and management policy Understanding duties of managerial supervisors (rules of employment, Labor Standards Act, handling of problematic employees), Understanding of management	55 people
M6 level qualified employee follow-up training	M6 level qualified employees	Reaffirming shared goals Reconsolidation of values concerning managers' actions Reviewing the efficiency of the entire workplace	55 people
Performance reviewer training	Managers who need to review/interview their team members	Reconsolidation of personnel system, objectives of performance review and its method, and actual interview sessions (coaching and listening)	42 people



New employee training program



President's speech

Career Development Review and Support

Visualizing skills of individual employees and guiding their growth (capability evaluations and feedback of the results in one-on-one interviews)

For each training program to function effectively, it is essential to match the capability required by the organization and the goals set by the employees.

Therefore, Rinnai prepares a "Skills Map" and a "Capability Evaluation Sheet" to define the skills and capabilities required by each department and to clarify the goals and capabilities the company expects the employees to achieve. Based on these tools, our employees understand their current roles and

responsibilities. Employees also have a one-on-one interview with their supervisor, during which they receive the results of their performance evaluation and are informed of the company's future expectations of them. They then set up their own goals to challenge every year.

Supervisors, to actively perform the responsibility to navigate the growth of their staff, carefully review each staff's progress and contribution (performance evaluation) and adequately inform the staff of the results of the evaluation through one-on-one interviews or performance appraisal feedback meetings.

Support for Self-Directed development

To support each employee to acquire higher specialist knowledge, skills and culture and support their growth as an individual, we actively provide programs including foreign language education, correspondence courses, external open seminars, technical proficiency examinations, license acquisition courses, and communication with people in different companies/industries. We provide rank-specific training programs to create opportunities to be aware of aspects for strengthening one's sense of humanity. To employees who wish to develop themselves, we actively provide programs including foreign language education, correspondence courses, external open seminars, technical proficiency examinations, support for attending national license acquisition courses, and communication with people in different companies/industries.

In addition, for the young employees who have a strong desire to work overseas, we arrange and operate a short-term overseas working and training program that is available for them via application. This is to develop human resources that can globally demonstrate their capabilities working at our overseas locations. Currently, a total of six young engineers are working under this program in the United States, Australia, Brazil, and Thailand. By providing our employees with opportunities to work at our overseas locations in this way, we promote development of human resources that can demonstrate their abilities at a global level.

Development of Global Human Resources

We aim to develop human resources who can demonstrate their abilities beyond national boundaries and improve the capabilities of Rinnai Group employees all over the world. Therefore, the management divisions, product development divisions, and manufacturing divisions are developing their own training courses and OJT programs implemented via employee exchange. We provide opportunities for Japan-based employees in their 20s (at the earliest) to be assigned to overseas Group companies, which improves their ability to adapt to foreign cultures and their international business sense through actual overseas work experience.

(1) Management Department

At the management division of the Head Office, we regularly visit our overseas locations to provide instruction on management and accounting and to develop human resources. We also launch business reform projects when specially requested. Under such projects, specialists from Japan develop local executives through planned visits to overseas location that provide them with instruction on methods for improvement in a way that allows them to achieve results through practical operations.

(2) Product Development, and Production Department

We actively promote human resource exchanges between Japan and overseas locations, with about 20 employees participating each year. Staff members from our overseas Group companies receive OJT in Japan for about one year, learning practical skills and what to improve at their own companies at the development divisions, factories, and management divisions in Japan. Japan-based employees assigned overseas practice product marketing and handling of quality issues, as well as improvement of factories' manufacturing and production systems. Through these activities, they hand down the key themes that constitute our corporate culture and expertise on Japanese-style *monozukuri* and quality assurance to local managerial staff.

Comment from an Employee Stationed Overseas 1

It has been two years now since I was assigned to the role of technical advisor here in Brazil, providing support for development, production technology and manufacturing. Whereas I focused on specialist technologies used to manufacture dies before being assigned to my current position, over here I'm required to handle management duties across a range of different fields, making decisions about overall optimization three years down the line. My local colleagues are very supportive, but I continue to struggle with cultural, practical, technical and historical differences compared to Japan. Outside work, I belong to the company's cycling club and am constantly being helped along by the uniquely friendly people here in Brazil. Amidst the excitement of the Soccer World Cup, Rinnai has proudly established a leading share of the market, as the only manufacturer producing gas water heaters here in Brazil. In the future, I want to share Rinnai's hot water culture and improve people's lifestyles throughout South America. To do that, we need to manufacture products that local people need inexpensively and deliver them within a short space of time. With that in mind, I will continue to coordinate with Japan and work with local members of staff to promote "local production for local consumption", and to help accumulate technology through in-house manufacturing. I consider that my duty as I move into my third year.



Kenji Miyakoshi,
Rinnai Brazil Heating Technology
Ltd.

Comment from an Employee Stationed Overseas 2

It's been roughly one and a half years since I moved from the Production Engineering Division to the Adelaide Factory here at Rinnai Australia. I cover a wide range of duties, including ensuring conditions for quality products, designing processes for new in-house products, and planning and designing cost cutting measures. Working directly on manufacturing at an overseas factory makes for a truly fulfilling job on a daily basis.

There are times when I find what I want to say is incorrectly interpreted or get into arguments due to the language barrier and differing customs, but I am constantly reminded of just how important it is to build relationships based on mutual trust and understanding.

I intend to learn more about Australian culture, customs and products in the future, so that I can build even stronger trust and perform my duties in partnership with local members of staff.



Shinya Otsubo,
Rinnai Australia Pty., Ltd.

Comment from an Employee Stationed Overseas 3

Having previously been on assignment in Singapore, I have now been working in Malaysia for roughly two years. At present, my job mainly involves providing management support in Malaysia in my role as personal assistant to the President, and acting as intermediary between Japan and Malaysia. There are times when it is difficult to reach an understanding due to the language barrier and cultural differences, but I am constantly reminded just how important it is to persevere and keep on trying to get your message through. Despite the fact that I have worked in two neighboring countries, people live their lives and think about things in very different ways, even when separated by such short distances. That keeps things fresh and is one of the most interesting aspects of selling Rinnai products overseas.

I will continue to do my best on a daily basis, in an effort to embody our Corporate Mission "to use heat to provide society with comfortable lifestyles."



Takeshi Uno,
Rinnai (Malaysia) Sdn. Bhd.

Succession of *Monozukuri*, the Spirit of Manufacturing

Training at Production Technology Center

"Production Technology Center" established in March 2010 is a place to pursue leading-edge *monozukuri*, and an emphasis is placed on delving into core technologies. It is also a hub for developing human resources involved in *monozukuri* activities at Group companies at home and abroad.

To pass Rinnai's *monozukuri* to the next generation, over 30 booklets of "Visual manual" were produced as a talent developing support tool. Utilizing this tool, our staff qualified in various technical areas provides detailed training on Rinnai's manufacturing technique accumulated from the past, for employees including trainees from overseas Group companies.



Training



Visual manual

Training at Production Technology Center

We have set up "*monozukuri* legacy stations" at each of our facilities to accumulate and maintain intangible assets, in the form of existing processing technologies, new technologies and "frontline insights" established by experienced employees. As well as giving newly assigned employees the opportunity to learn the basics of *monozukuri* (manufacturing), we use stations as a means of sharing and conveying the essence of *monozukuri* and training employees in areas such as improving efficiency and reinforcing production management.



Employee conduct display
(Oguchi Factory)



Coating training station
(Seto Factory)

New Engineer Training

New employees who are assigned technical jobs at the Technology Center and Production Technology Center, before their actual allocation to each department, receive onsite training at the Research and Development Headquarters and Production Engineering Division as well as practical manufacturing training at factories and production Group companies to learn about the importance of *monozukuri* including product and technology development.



Studying the structure of
dish washer



Studying the structure of
plug of gas appliances



Studying about gas combustion

Work-Life Balance

Support for Work-life Balance

For all Rinnai employees to perform well attaining the sense of accomplishment and fulfillment balancing work and personal life for each lifestyle, we continue to enhance our personnel system to support all employees of any gender and nationality through their lives.

In fiscal 2013, we are planning to extend the period of childcare leave and childcare shortened work hours, which many employees use, to strengthen support for working women. We will also actively develop and apply measures for supporting health management.

< Major Programs and Measures in Fiscal 2014 >

Program and measure	Content	Number of users	
		Fiscal 2014	Fiscal 2013
Childcare leave	An employee who lives with and is the caretaker of a child younger than 12 months of age can take leave until the child turns 1, or alternatively until the child is aged 1 year and two months.	58	42
Childcare shortened work hours	In the event that an employee is the caregiver of a child that hasn't been enrolled in an elementary school, or is the caregiver of a family member that requires nursing, the employee in question will be exempt from working late shifts (10:00PM - 5:00AM) with the exception of cases wherein the employee's absence would preclude or inhibit the continuation of normal business operations	54	57
Child nursing leave	An employee can take up to five days leave per year (10 days per year if nursing two or more children)	2	2
Extended family care leave	In principle, total 93 days of leave may be granted per one family member who falls in to the subject of the care.	1	2
Family-care shortened work hours	Any employee who is responsible for a family member that requires full-time or nursing care may shorten his/her daily working hours, provided that a minimum of 6 hours are worked each day. This provision is possible for 93 days per such family member.	0	0
Family care leave	An employee can take up to five days leave per year (10 days per year if two or more family members require care)	0	0
Work from home program	The longest duration of "Work from home program" shall be one year per application. Utilizing IT equipment, an employee may work partially or entirely at home.	1	1
Come Back program	The program offers an employment opportunity to our former employees who had to leave the Company for unavoidable reasons such as marriage, child-care and family-care, or on his/her discretion.	0	0
Measure to reduce working hours (Flexible working hours)	Depending on work plan, working hours and work start/end time can be negotiated.	Production divisions Management divisions	
Measure to reduce working hours (No overtime day)	Every Wednesday is set as "No overtime day" to encourage employees to leave early.	Applicable to certain departments	

Measures to Enrich Our Employees' Family Lives

The Rinnai Employees' Association is the lead organizer of courses for employees on the themes "Education for the Soul" and "Passion for Life." These courses are intended to prepare people for the different stages that life will take them through, with a focus on ethics, communication skills, life planning and money matters. Of the firm belief that a positive perspective on work is essentially a reflection of a happy home life, we encourage employees to take advantage of opportunities, such as barbecues and sports days, where they can gather as families with families. These events foster a sense of harmony among colleagues.

<Major Programs in Fiscal 2014>

Item	Overview
Nationwide events in Japan	Various events to promote health of our employees and their family members and communication including bowling competition, barbecue picnic, and sports festivals
Training seminars by age group	Training seminars focusing on the "Education for the soul" that supports employees to develop attractive personalities as members of society

Nationwide Events	Number of participants
Chubu Sports Festival (Oguchi Sogo Ground)	1,674
Walking Festival (Higashiyama Zoo)	1,640
Kanto Festival (Odaiba Shiokaze Park)	185
Kansai Festival (Expo '70 Commemorative Park)	192
Nationwide BBQ event, in Hokkaido, Tohoku, Niigata, Hokuriku, Nagano, Shizuoka, Hiroshima, Shikoku, and Kyushu	476



Chubu Sports Festival



Nationwide BBQ event (Hokuriku)

31st Walking Festival

This annual walking event is designed to let employees enjoy time with their families and raise their awareness of health. The venue this time was the Higashiyama Zoo and Botanical Gardens where, under the theme of "endangered wildlife," participants enjoyed environmental quizzes and games while walking the 10,000-step (approx. 4.1 km) course. A total of 1,640 employees and family members participated in the 30th annual event.



Training Seminar by Age	Number of participants
Personality design seminar	72
Life design seminar	110
Self-realization seminar	68
New employee communication seminar	123



Personality design seminar



New employee communication seminar

Industrial Relations and Human Rights

At the Rinnai Group, aiming to provide the work environment and culture that employees can feel as "I am happy to work at Rinnai.", the Rinnai Employees' Association and Personnel Affairs Division regularly convene the Labor-Management Council to confirm and share the information on management policy, actual results, and comments from each workplace as a periodic improvement activity.

Moreover, our basic stance toward human rights, the respect for each other's personality and the prevention of harassment is compiled as "Rinnai Code of Ethics" to educate and enforce all employees in the Group. In addition, we also established the Corporate Ethics Helpline to maintain the sound environment of the workplaces.

Respect for Human Rights and Individuality

Our Group considers respect for human rights and individuality as one of its main pillars for performing its social responsibilities as a company. We therefore strictly prohibit any form of discriminatory treatment based on gender, age, nationality, physical characteristics, or any other attributes of individuals. We also refer to the ideas of the United Nations framework and ISO26000 and reflect them in the Rinnai Group Code of Ethics.

To promote and enforce the contents of the Rinnai Group Code of Ethics among all Group employees, a compliance committee member is allocated to each workplace to regularly conduct education on corporate ethics. At rank-specific training programs, we also educate our employees based on their roles and job responsibilities.

Establishment of Good Labor Relations

The Employees of the Company are "members of the Rinnai Employees' Association" which functions as the organization to represent entire employees.

Based on mutual understanding and trust, the Company and the Association establish healthy and sound labor relations openly exchanging opinions on management issues, labor condition, workplace environment and compensations and discussing improvement plans.

Moreover, the Company makes effort to provide safe working environment without any concern to the employees of our business partners, etc. in addition to our employees. We also actively arrange and offer welfare programs and various events and programs for our employees and their families.

Measure to Prevent Child and Forced Labor

As a measure to prevent child and forced labor, “Rinnai Group Code of Ethics, Rinnai Code of Conduct, Article 11 The respect for human rights and each other’s personality (4)” stipulates as “The Company should not allow any inappropriate labor including harmful and exploitative child labor which lets under-aged children to work, and slavery against the will of employees.” Entire Group abides by and acts on this rule.

Measures to Prevent Harassment

To maintain working environment that our employee find comfortable, we take measures to prevent any infringement of human rights including sexual harassment and power harassment.

To avoid our employee to commit any harassment without any intention and knowledge, we produced a check list of detailed examples of harassment case that is posted on the company-wide intranet for self-assessment.

Each year we also provide newly assigned section chiefs with harassment-prevention education to reinforce this prevention.

Support for More Active Roles for Female Employees

(1) Current status of positions held by female employees

Ideas and comments from women are absolutely crucial to our products, particularly as they use so many of our products on a daily basis. We have female employees playing key roles and demonstrating their individual abilities across a wide range of areas, especially in product planning and design departments, sales planning and promotion departments, fixed customer sales departments and production departments. The percentage of women in generalist positions (core jobs) is also increasing every year, with the number of women in executive positions also rising gradually. As of July 2014, the company had two female managers and 57 female employees in managerial positions (3.3% of all generalist positions).

(2) Enhancement of Support Programs for Working Women

For women to keep working for the Company after getting married, we provide various working styles and support programs.

<Major Programs>

- ✓ Career track conversion system: A system which allows employees to convert from generalists to clerical employees (when they do not wish to relocate for job assignment or if there is a request for shortened working hours), or from clerical employees to generalists (because of superior work performance)
- ✓ Reemployment system (Come Back Program): A program that enables former employees to return to work as a full-time employee
- ✓ Childcare leave and Family care long leave: Programs to support employees to raise children
- ✓ Shortened work hour system: A program to support employees to raise children and care their family members
- ✓ Flexible working hours system: A program to support employees to raise children, care their family members
- ✓ Work from home program: A program to support employees to raise children, care their family members and recover from diseases

Fair and Diversified Employment

View toward Employment

We respect the diversity of individuals and provide employees with various job opportunities and a working environment where they can demonstrate their various capabilities.

Rinnai Group Code of Ethics stipulates that "Any discriminatory act toward an individual based on gender, age, nationality or physical characteristics, etc. is prohibited". Based on this, we maintain fair and equitable hiring practices, in line with prevailing business plans and recruitment needs.

In addition, we actively engage in mid-career hiring to capitalize on the accumulated experience and knowledge of individuals who showed they can make a contribution to our success. We hire about 25 skilled mid-career employees every year.

Reemployment of Retired Employees and Support for Demonstration of their Abilities

Rinnai promotes a reemployment program for employees who retired due to the age limit in order to continuously utilize technology and skills that skilled employees possess and to smoothly pass on the skills and the Rinnai Spirit to following generations. There are currently 166 employees working under this program. We offer one-year contracts until the age of 65, with a choice of three options, enabling employees to work full time, alternate days or reduced hours. We also have a system in place to extend employment to the age of 68 in the case of employees with outstanding specialist skills or abilities, to fit in with a wide range of individual lifestyles.

This reemployment program provides employees with purpose and motivation in life as a leader/mentor and maintains and improves the corporate culture and dynamics within the workplace.

Promotion of recruitment of handicapped employees

Since fiscal 2009, we have promoted recruitment of handicapped employees in a planned manner by cooperating with the public employment security office and schools for the disabled. In the initial year, the employment rate of persons with disabilities at the Company was only 0.79%, so out of a sense of social responsibility (sense of urgency) we took a more active stance toward recruiting handicapped people.

In July 2008, the public employment security office greatly assisted us with recruitment of handicapped people. The office allowed us to hold an exclusive job interview meeting at which we interviewed a total of 28 applicants and employed 15. We later began to recruit new graduates from schools for disabled students and implemented an internship program for second-year students of those schools. The number of newly recruited disabled employees has been increasing each year.

The Customer Center we established in fiscal 2011 has toilets and ramps for wheelchair users, and barrier-free elevators; thereby improving the Company's internal facilities for handicapped employees. The employment rate of persons with disabilities at the Company has consequently been significantly improved to 1.76%. We will continue to promote recruitment activities and improve the workplace environment toward achievement of the legally mandated minimum employment rate of 2.0%.

Occupational Health and Safety

The Group gives priority to the assurance of the health and safety of our employees and stakeholders and abides by the laws related to health and safety. In addition, all the employees in the Group strive to create, maintain and manage a working environment which is safe and sanitary and develop an active organizational culture which encourages our employees to be physically and mentally healthy.

Basic Policy on Safety and Hygiene

An essential requirement in business is the assurance of the health and safety of employees, via the provision of a hazard-free and hygienic work environment. As Rinnai constantly strives to protect the life and health of all employees we give top priority to the sanitary condition and safety of the workplace. This corporate mantra extends to our customers, to whom we strive to provide “safety and peace of mind”.

Fiscal 2014 Basic Policy on Safety and Hygiene

- (1) Comply with all applicable laws and internal regulations
- (2) Undertake safety activities based on a clear understanding of risks
- (3) Maintain two-way communication between managers and workers
- (4) Improve health management and promote occupational health activities

Status of On-the-Job Accidents and Injuries

In fiscal 2014, we made efforts to achieve the goal of zero accidents under the Rinnai Companywide Health and Safety Committee, serving as the administrative organization of Group companies in Japan. We recorded a total of 29 on-the-job accidents (seven fewer than in the previous year). [Divisional breakdown: 19 accidents in production divisions, eight accidents in sales and marketing divisions, two accidents in research and development divisions]

In response, under the improvement plan for fiscal 2015, we will comprehensively review what protective gear to wear at each workplace and for each type of work, establish rules and standards based on the results of the review, and make it a top priority to comply with the rules and standards.

With regard to the on-the-job accidents occurring in the previous year, each Group company will as soon as possible take measures for preventing their recurrence. The entire group will thus make concerted efforts to ensure prevention of accidents toward achieving the goal of zero accidents.

Accident Prevention Measures

To give our No.1 priority to work safety and peace of mind, the Group promotes various accident prevention measures under the guidance of the “Risk Management Committee” headed by the President.

With the rising frequency of large-scale disasters at home and abroad, the Rinnai Group, aiming to build a strong corporate structure to withstand crisis situations, establishes business continue plans for a quick recovery at the time of disaster.

- (1) Activities to prevent fire and explosion: Enforcement of safety inspection of environmental safety equipment (gas feeders and furnaces, etc.) and test and evaluation equipment, and the improvement and renewal of equipment as our top priority
- (2) Reduction of risk of earthquake damage: Preventing objects in factories and office buildings from falling over, dropping, and scattering
- (3) Production site onsite guidance: Horizontal development of the production sites under the guidance of the Safety and Health Committee of Production Group
- (4) Training for clerical work staff and new employees: KYT training for new employees including a monthly information sharing session regarding on-the-job accidents, designed to promote work-safety awareness.
- (5) Implementation of emergency drill: "Earthquake and fire drill" more than once a year

*KYT: *Kiken Yochi* (danger prediction) Training

With the rising frequency of large-scale disasters at home and abroad, the Rinnai Group, aiming to build a strong corporate structure to withstand crisis situations, establishes business continue plans for a quick recovery at the time of disaster.



Emergency drill

Promotion of Traffic Safety

To minimize traffic accidents involving employees, various measures and education programs are provided. We apply to the Japan Safe Driving Center, and obtain a certificate of driving record for each employee who is granted permission to drive a company car or commute by car. This is to accurately gauge the number of employees' traffic accidents and violation of traffic rules to improve self-awareness for compliance. In particular, it is mandatory for employees in sales divisions to report accidents and violation of rules, given that they spend more time driving than other employees. Depending on the details, an employee may be required to take a safe driving course provided by an outside organization. We have also introduced a safe driving "eco drive" promotion system at selected facilities, to monitor data on driving practices on a daily basis. As well as raising awareness of safe driving, this also helps to improve fuel efficiency as part of our environmental measures.



Driver education at a driving school

Care for Health

To promote the creation of a vibrant corporate environment wherein people can work healthily -both physically and mentally, it is a precondition that each employee to be health conscious and promote sound self-management and health enhancement.

To maintain and improve the health of our employees and their families, through collaboration with the Rinnai Health Insurance Society, the Company encourages 100% of employees to undergo a medical checkup and receive consultation from an industrial doctor if the employee requires further examination. Various measures including mental health care workshops, medical checkup support, support for special medical checkups (complete medical checkups and cancer screening) and introduction of subsidized sporting events are also actively implemented.

Support for Health Promotion

Through the alliance with the Rinnai Health Insurance Society, we provide a range of medical support services to our employees and their dependent families which include regular checkups as well as detection examinations for various types of cancer (including prostate, intestinal and breast cancer checks). Thorough physical examinations are also available. For patients with lifestyle diseases, specific health guidance and an individual follow-up are provided to make sure the employee is fully recovered.

For physical fitness, we are also eager to financially support sporting events organized by the employee union and voluntary club activities for employees all over Japan (37 clubs including soccer, baseball, golf, cycling, table tennis, bowling, and distance running) to promote employees' health.

Expanding Health Promotion Activities

We have established a Health Support Office and organize employee health promotion activities overseen by specialist health nurses. We offer health guidance and consultations for individual employees and run health seminars, to provide information on subjects such as preventing lifestyle-related diseases.

We also organize mental health seminars and run a support program to help employees who have been on long-term leave to return to work. We provide rehabilitative work-based support so that employees can return to the workplace as smoothly as possible.

To prevent those working long hours from experiencing health problems, we set out standards that go beyond legally required standards, and also arrange consultations with health nurses and industrial physicians.

In our employee cafeteria meanwhile, we work with nutritionists to provide menu options that are designed to keep our employees healthy.



Mental Health Care

We make every effort to maintain sound workplaces by caring for the mental health of our employees, focusing particularly on preventive measures and early stress detection.

In fiscal 2014, we organized four courses; a stress self-care seminar to help employees diagnose and deal with day-to-day stress, a basic seminar for managers to teach them how to manage and handle members of staff, and an advanced practical seminar for managers. A total of 465 employees attended 19 seminars in total.

We have also introduced an external mental health care service that employees can consult regarding concerns within their local community or at home, as well as individual concerns in the workplace.



Mental health care workshop

Line care	Managerial supervisor			
	Basic program	Applied program	Advanced program	Listener program
Self care	New employees		All employees	
	Basic program	Basic program	Applied program	
External care	Mental health counseling service (telephone/face-to-face)			
Internal care	Industrial doctors, public health nurse, health supervisors, labor managers			

External Acclaim and Recognition

Certified by the City of Nagoya as a “company promoting women’s activities”

Rinnai was certified as a “company promoting women’s activities”, as part of a scheme operated by the City of Nagoya (Aichi prefecture) in fiscal 2014. Certification is granted to companies that are making a concerted effort to ensure that women can play an active role, with commendations presented to companies engaging in particularly outstanding initiatives. We have been certified in recognition of three key initiatives aimed at expanding frameworks, assigning duties and changing attitudes, to support female employees so that they can play a greater role in the workplace.



Registered by Aichi Prefectural Government as a “family friendly company”

In March 2014, Rinnai was registered by Aichi Prefectural Government as a “family friendly company”, based on our commitment to ensuring that employees can strike a balance between their work and private lives. Aichi Prefectural Government has created this registration scheme in order to encourage companies to focus more on work-life balance, and to promote initiatives on a broader scale.



Certified as “general business owner meeting standards”

In May 2014, Rinnai was certified by the Aichi Labour Bureau of the Ministry of Health, Labour and Welfare as a “general business owner meeting standards” in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children, and was awarded the “Kurumin” next generation certification mark. This serves as recognition of our efforts to formulate and implement action plans based on targets such as employing specialist health nurses, securing childcare leave for male employees, and encouraging employees to take annual paid leave.



Human Resource and Personnel Related Data

We disclose human resource and personnel related data including the number of employees and the status of fulltime employees.

Number of full-time employees (consolidated, year-end)

		Fiscal 2012 (At March 31, 2012)	Fiscal 2013 (At March 31, 2013)	Fiscal 2014 (At March 31, 2014)
Rinnai Corporation	Male	2,471	2,517	2,534
	Female	1,114	1,111	1,095
Domestic Group Companies	Male	1,069	1,099	1,108
	Female	578	582	567
Overseas Group Companies	Male	2,326	2,361	2,969
	Female	1,120	1,154	1,320
Total		8,678	8,824	9,593

Number of full-time employees by region (consolidated, year-end)

		Fiscal 2012 (At March 31, 2012)	Fiscal 2013 (At March 31, 2013)	Fiscal 2014 (At March 31, 2014)	Composition
Japan	Male	3,540	3,616	3,642	-
	Female	1,692	1,693	1,662	-
	Sub-total	5,232	5,309	5,304	55.3%
Asia excluding Japan	Male	1,876	1,923	2,511	-
	Female	908	957	1,124	-
	Sub-total	2,784	2,880	3,635	37.9%
North America, and Europe	Male	103	74	92	-
	Female	35	35	41	-
	Sub-total	138	109	133	1.4%
Other (Oceania, South- America)	Male	347	364	366	-
	Female	177	162	155	-
	Sub-total	524	526	521	5.4%
Total		8,678	8,678	9,593	100%

Number of employees (non-consolidated)

		Fiscal 2012 (At March 31, 2012)	Fiscal 2013 (At March 31, 2013)	Fiscal 2014 (At March 31, 2014)
Newly recruited employees	Male	82	102	92
	Female	54	61	49
Mid-career recruitment	Male	11	15	6
	Female	17	13	13
Average working years		13.7	13.7	14.0
Average age (years old)		35.7	35.3	35.8
Separation rate (%)		2.2	2.0	2.3
Paid leave utilization ratio (%)		37.5	36.2	36.6
Employment rate of persons with disabilities (%)		1.65	1.71	1.74
Number of employees who used childcare leave		47	42	58
Number of employees who used shortened work hours		33	57	54
Number of employees who used the work-from-home program		2	1	1
Number of on-the-job accidents		31	36	29

With Our Shareholders and Investors

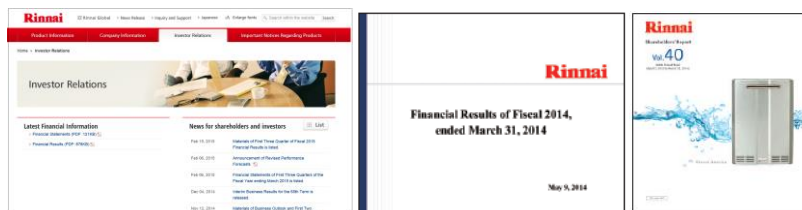
Policy on Information Disclosure

We disclose information in an appropriate, timely, fair and impartial manner, and engage in IR activities with an emphasis on two-way communication, in order to improve mutual understanding and build trusting relationships with shareholders and investors.

In accordance with the Rinnai Group Code of Ethics and our Disclosure Policy, we adhere to the principle of disclosing corporate information in an appropriate, timely and fair manner, including details of the Group's management and business activities.

IR Activities – Communication with Shareholders and Investors

In an effort to provide our shareholders and investors with direct updates on our business activities, and to ensure that information is disclosed quickly and fairly, we provide information via channels such as results briefings for analysts and institutional investors (twice a year), biannual shareholder reports, press releases and presentation materials on our website, and our IR calendar. We also post IR information, including results and shareholder reports, on the English version of our website in the interests of timely disclosure.



“Information for Shareholders and Investors” on our website, presentation materials, and our shareholder report

General Shareholders’ Meetings

We held the general shareholders’ meeting for our 64th term at the Meitetsu New Grand Hotel in Nakamura-ku, Nagoya, on June 27, 2014. To encourage more shareholders to get involved in discussions and attend meetings, we send out notices to convene earlier than the legally required date. We also make every effort to communicate the company’s current situation to shareholders in a straight-forward manner, through business reports featuring movies, images and slides for instance.

Communication with Institutional Investors and Analysts

In addition to biannual presentations outlining our results, we discuss our performance and actively exchange opinions with institutional investors and analysts through activities such as small meetings, visiting individual investors and accepting telephone interviews. We also take part in conferences organized by securities firms, in an effort to expand our IR activities. We organize factory tours every year as an opportunity to provide a better understanding of our commitment to *monozukuri* (manufacturing).



Factory tour

Results Briefings for Individual Investors

We take part in events such as seminars for individual investors in order to give investors a better understanding of our business activities. We use accompanying materials to provide simple explanations of our corporate philosophy, management policies, business strategies and overseas operations, to give investors a wide-ranging insight into our activities.



Seminar for individual investors

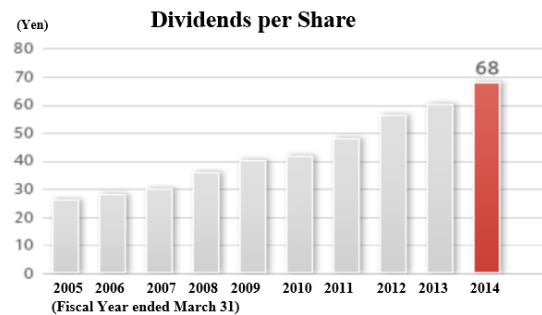
Our Policy on Dividend

One of our top management priorities is to sustain a stable return of profits to shareholders. Several factors play into the calculation of dividends, such as consolidated performance, return on equity and financial status.

Seeking to enhance corporate value, management looks at retained earnings with a view to the long term, effectively applying this source of capital toward R&D, capital spending and investments accompanying the expansion of sales at home and abroad.

The annual dividend for fiscal 2014 was ¥68 per share, up ¥8 per share from fiscal 2011.

This marked the 12nd consecutive year of higher dividends.



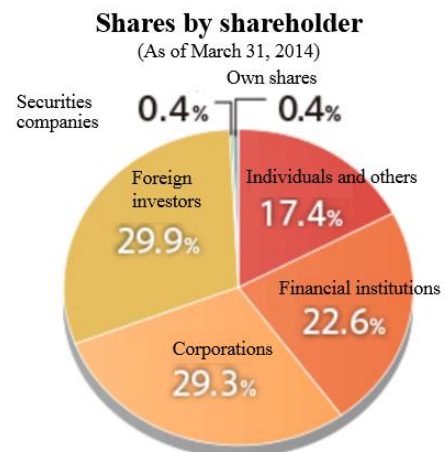
Share Information (As of March 31, 2014)

Number of authorized shares: 200,000,000 shares

Number of outstanding shares: 52,216,463

(Including treasury stock)

Number of shareholders: 4,176



International Assessment of CSR Performance

Rinnai has been selected for inclusion in the FTSE4Good Global Index, a worldwide socially responsible investment (SRI) index, for ten consecutive years since 2004. We were also ranked in the “Bronze Class” by Robeco SAM, as part of its CSR assessment for 2014. Robeco SAM takes around 3,000 companies from all over the world and assesses their level of corporate sustainability from an economic, environmental and social standpoint. The top 15% companies make it into “The Sustainability Yearbook,” with the most outstanding examples ranked according to three classes; Gold, Silver and Bronze. This year, 222 companies were selected in 59 categories, including 19 Japanese companies. Rinnai was ranked in the Bronze Class in the “Household Durables” category. This serves as recognition of our commitment to CSR-oriented corporate activities, particularly our efforts to reduce environmental impact.



With Our Business Partners

Based on a fair-and-square approach to transactions, we undertake activities to strengthen bonds of trust and reinforce the teamwork structure and strive to realize stable, long-term growth for ourselves and our suppliers.

Coexistence and Prosperity with Business Partners

Rinnai Group Purchasing Policy

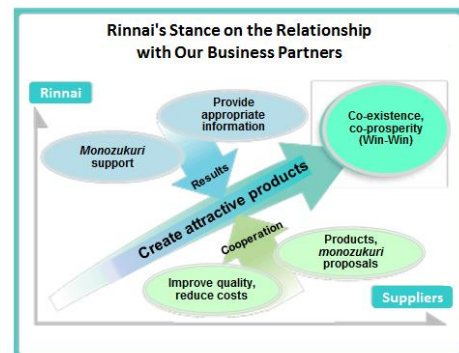
To grow along with our suppliers, we emphasize transactions based on a fair and impartial assessment and selection process and respect for laws and regulations and corporate principles, in accordance with the Rinnai Group Purchasing Policy.

Rinnai Group Basic Policy

“We will give equal opportunity to all companies at home and abroad and undertake fair evaluations to procure excellent parts that meet our requirements.”

Rinnai’s Stance on the Relationship with Our Business Partners

Our suppliers provide us with the raw materials and many of the components that go into the products we make. They are business partners indispensable to the creation of products that attract consumers to the Rinnai name. At Rinnai, we believe that building stable, long-term relationships with our suppliers and growing with them as they grow with us is vital to the creation of better products.



Realization of Fair-and-Square Transactions

In accordance with the Rinnai Code of Conduct in the Rinnai Group Code of Ethics, our supplier acceptance process is applied uniformly, whether the company is an old-time supplier or seeking to become a supplier.

Our evaluations are fair, giving equal opportunity to any and all companies with the right stuff, whether at home or abroad. Essentially, the divisions involved in procurement—that is, divisions responsible for technology, quality and purchasing—consider all factors, including quality, price and delivery as well as the potential supplier’s technological capabilities, safety, and its environment-oriented activities, in reaching an impartial, well-considered decision.

Communication with Our Business Partners

We request our business partners to independently establish a quality assurance system and assure the implementation of the system to help us achieve our policy on quality, “We provide highly safe products that meet customers’ requirements.”

We provide opportunities for suppliers to learn more about our perspective on quality and the basis of *monozukuri* at Rinnai through annual events including a get-together at the beginning of the year and policy information meetings and regular meetings of the Supplier Liaison Group. These meetings are also ideal for gathering information through suggestions from suppliers and promoting dialogues based on submitted questions. Indeed, these meetings promote a stronger commitment to teamwork.

We are similarly committed to using online resources to effectively coordinate information with as many suppliers as possible, using an interactive information-sharing tool called R-LINE.

We are also working to strengthen supply chain management through R-LINE in areas other than quality information and stable procurement, in line with the Reduction of Hazardous Substances (RoHS) Directive and other environmental legislation. This has facilitated the provision of information and enabled us to disclose information to our customers more immediately.

Improvement Activities with Our Business Partners

We organize Level-Up Workshop events with our business partners, to provide guidance on improving capabilities and training next-generation leaders. The aim is for business partners to appreciate the benefits of improvements, through direct guidance with onsite operations for instance, and to improve their level of *monozukuri* (manufacturing). Specialist members of staff also provide individual consultations for next-generation leaders, to enhance essential skills and knowledge.

Our aim in providing onsite and management support in this way is to improve overall standards at each of our business partners.



Level-Up Workshop

Measures for Risk Management and Stable Procurement

We are committed to risk management and stable procurement of parts and materials, so that we can ensure customer satisfaction and reliably supply the safest possible products. With changes in demand and market globalization however, our supply chain is increasingly expanding all over the world, making it virtually impossible to reduce risks on our own. It is therefore essential to take joint measures with our business partners. We are currently implementing joint measures such as dispersing production sites to guard against unforeseen circumstances, gathering information on secondary processors and companies carrying out later processing, maintaining information on dies, leased equipment and other assets, and formulating business continuity plans (BCP), with our business partners.

We are also able to quickly arrange alternative production and equivalent parts in the event of a natural disaster or other such unforeseen circumstances, so that we can minimize any impact on production activities.

Promotion of Acquisition of ISO9001 and ISO14001 Certifications

To ensure provision of high-quality, safe, environmentally friendly products, all our domestic factories acquired ISO9001 certification (for quality management systems) and ISO14001 certification (for environmental management systems).

We also ask our business partners to understand our approach to quality and the environment and to obtain ISO9001 and ISO14001 certifications or establish equivalent management systems, and we help them operate the systems.

Working with Logistics Partners to Improve Logistics

Integrated Logistics Center, Rinnai Parts Center

At our Integrated Logistics Center, we are working to establish a streamlined logistics system linked to both production and sales, in an effort to improve the quality of logistics and services.

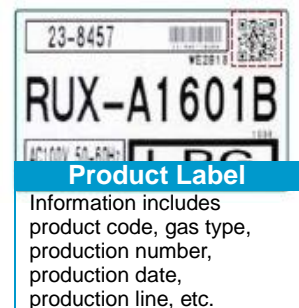
With more orders for system products and growing demand for a wider variety of products with smaller lot sizes, we are having to cope with more diversified requests from our customers, such as shortened lead times before delivery and delivery to locations where products must be actually installed. With that in mind, we have managed to consolidate our logistics bases in Aichi prefecture, where our production is mainly based into two. This has boosted logistic efficiency and helped to reduce the environmental impact.

The Integral Logistics Center has introduced item-by-item control with QR code and an inspection system. QR codes, which identify each product, are affixed to all products and utilized in many processes in the logistic centers such as when products are brought in and out. By reading the data of QR code, we have drastically improved the quality of logistics by preventing errors and improving the traceability of each item. In addition, the combined use of wireless terminals, real-time operation instruction and actual result collection resulted in a significant improvement of the operations.

In August 2013, we commenced operations at the Iwakura Logistics Center, as a central warehouse for smaller items. This has helped to improve the quality of delivery services and increased logistic efficiency for auxiliary and optional items. In May 2014, we relocated the Rinnai Parts Center, which handles everything from procurement of auxiliary and optional items to manufacturing. Our aim is to integrate management from production through to shipping, in an effort to improve logistic efficiency even further.



Integral Logistics Center



Communication with Logistics Partners

Every April, we hold a logistics policy information meeting to help service providers gain deeper insight into the logistics policy, targets and measures of the Company and logistics department. In addition, we arrange quarterly partnership meetings to reduce environmental impact in relation to the transportation and storage of products, and to improve the quality. We also visit partners' working sites regularly to share issues with them and help them make improvements.

Our Logistics Partners' Measures to Improve their Logistics Quality

In May 2010, eight of our logistics partners classed as mixed consignment carriers* established a "Logistics Working Group". The aim is to promote the improvement of logistics quality and safe transportation, through information exchange and improvement activities spearheaded by onsite staff, focusing mainly on common issues relating to quality. In fiscal 2013, the Working Group implemented specific measures such as regular visits to premises where cargo is shipped or received, producing awareness posters, and countermeasures to prevent incorrect deliveries. The Working Group is helping to improve logistics services here at Rinnai as well as performance levels at individual carriers. In fiscal 2015 meanwhile, we established a "Mass Merchandise Working Group" and commenced improvement activities focusing specifically on logistics for mass merchandisers.

*Mixed consignment carrier: Services to transport consignment collected from any number of consigners, or an operator that offers the services.

Measures to Improve the Logistics Quality with Logistics Partners

In fiscal 2012, upon the request of our logistics partners, we made it possible to print addresses and names of delivery destinations in *kanji* (Chinese characters) on invoices (delivery statements), on which it had previously only been possible to print *katakana* characters. We have also improved our shipping labels (tags) by allowing the printing of *kanji*. This has made printed characters more legible and facilitated checking by our logistics partners, resulting in reduction of incorrect deliveries caused by characters being misread. We will continue to improve our logistics by cooperating with our partners for further efficiency in logistics operations.

Measures to reduce shipping amount

The company is designated as a specified shipper under the revised Rationalization in Energy Use Law. Therefore, by cooperating with our logistics partners we strive to reduce CO₂ emissions through such measures as eco-friendly driving and establishment of appropriate transportation routes. In fiscal 2011, we consolidated our logistics bases and eliminated and consolidated warehouses that were scattered around Japan. This enabled us to achieve a reduction of intra-company transportation and more efficient transportation of collected cargo, and to reduce the impact on the environment. Our next environmental measures include the increase of combined shipments grouping products shipped to the same destination and reduction of the transportation routes not heading directly to the final destination.

In addition, we consolidated our logistics bases into two in Aichi, where our four factories are located and streamlined warehouses spread around Japan. This eliminated redundant inventory at logistic centers, the production that is neither urgent nor important, and so called “horizontal transportation”*. Moreover, improved logistics efficiency contributed to cost reduction and minimization of environmental burden. Our next measures include the following two: to increase combined shipments grouping products shipped to the same destination; and to reduce the transportation routes that are not directly heading to the final destination.

Trend of shipping volume and CO₂ emission

Fiscal year ended March 31	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Shipping volume (ton x km)	6,519	6,483	6,333	6,687	6,587	6,836
CO ₂ emission volume (TCO ₂)	10,013	9,901	9,837	10,238	10,440	10,967

*“Horizontal transportation”: transportation that doesn’t include final destination (customer site), such as the route between Rinnai factory and its warehouse

With Our Communities and Society

We actively, voluntarily and continuously engage in a wide range of activities aimed at contributing to society throughout the Rinnai Group. We carry out activities in close cooperation with local communities all over the world.

In Touch with the Community

Trail Running for Charity

Employees from Rinnai UK Ltd. and members of their families took part in a charity 7.5-mile trail running event in the UK, sponsored by Ronald McDonald House Charities, a non-profit organization run by McDonald's. Funds raised as part of the event were donated to Hospital Hospitality House, which helps families with children undergoing advanced medical treatment in locations far away from their loved ones.



House Building Support Activities

Rinnai America Corporation has been providing support for activities carried out by Habitat for Humanity, a non-profit organization that builds houses and assists with repairs, ever since 2006. Following on from last year, the company once again donated tankless (instantaneous) water heaters. Employees also helped build houses as part of onsite volunteer activities.



Support for the Restoration of the Nakagawa Canal

The Nakagawa Canal that runs near our headquarters used to be alive as a transportation route for foreign ships connecting the Port of Nagoya and the center of Nagoya city. With the development of transportation by railroads and automobiles, the utilization of canal transportation diminished greatly. Since the 80th anniversary of the opening of the canal in 2010, "The Nakagawa Canal Art" and a range of other artistic events have taken place every year, with the aim of restoring the Nakagawa Canal as the new core of Nagoya city.

Based around the theme "Nakagawa Canal of the Future", events took place in warehouses along the banks of the canal, incorporating music, dance, paintings, food and various other elements. Events on the canal itself included balloon art and images displayed using projectors.



Images projected above the canal



Violin recital by a local music school



Balloon art on the canal

Nakagawa Canal Restoration & Cultural/Artistic Activity Assistance Project

This is a project based on guidelines issued by the City of Nagoya and the Nagoya Port Authority, as part of plans for the restoration of the Nakagawa Canal. Nagoya Urban Institute (Nagoya Urban Development Public Corporation) is aiming to assist with cultural and artistic activities designed to provide ongoing support for interactive and creative activities in the “Nigiwai Zone (Bustling Zone)” as part of the restoration plan.



Nakagawa Lifelong Learning Center Class at Rinnai Head Office

In November 2013, we hosted a class organized by the Nakagawa Lifelong Learning Center at our Head Office. Based on the theme of pioneering and leading Japanese manufacturing originating from Nakagawa, the class was designed to teach local people about industrial heritage and the current state of industry by learning about the company’s history.

Participants went round the history corner on the 1st floor and our showroom on the 2nd floor, to give them a better understanding of Rinnai by looking back at our history and getting a feel for actual products. The class also included a talk about manufacturing originating from the Nakagawa area, tracing the company’s history from its establishment to the present day.



History corner on the 1st floor



Talk tracing the history of Rinnai from its establishment to the present day



Reprint of a product catalog distributed by Rinnai during the 1920s

Visiting an Elderly Welfare Facility

In November 2013, employees from Rinnai Brasil Heating Technology Ltd. visited Pro+Vida, a welfare facility for the elderly in Mogi das Cruzes. They donated adult diapers, along with food, clothing and other items collected from members of staff, as well as enjoying interacting and talking to elderly residents at the facility.



Volunteer Activities for 18th Environment Day

In June 2013, Rinnai Korea Corporation took part in volunteer activities in front of Bupyeong District Office in Incheon, South Korea. Volunteer activities formed part of the local government’s 18th Environment Day, aimed at showing the public that there are various ways of reusing materials. In front of the district office, companies provided imaginatively made flowers, expressing their own unique ways of reusing unwanted items. Rinnai Korea turned tabletop cookers that were due for disposal into attractive flowerbeds, bringing a touch of color to the front of the district office.



Communicating with Students

Factory Tours for Students

To encourage interaction with the local community, each factory provides cooperation for a factory tour program for local elementary school students. Schools utilize this program as an opportunity for students to learn about society and *monozukuri* through the presentation of facilities in production lines, assembly method and products.



Seto Factory

Factory Tour for Overseas Delegation

The town of Oguchi, in the Niwa area of Aichi prefecture, is home to our Technology Development Center, where we carry out research and development, and also our Oguchi Factory, which serves as our core factory for kitchen appliances. An overseas delegation of students from Oguchi Town visited Rinnai New Zealand Ltd. and went on a factory tour.



Support for Sports and Culture

The Group supports events that foster international exchange in the arts and culture as well as sporting events.

Rinnai Corporation, Actual Results in Fiscal 2014

Major financial contributions and sponsorships

- * Chubu High-tech Center (CHC)
- * Nagoya Urban Development Public Corporation (support for restoration project on the Nakagawa Canal)
- * Japan Academy of Chamber Music
- * *Yakushiji* Temple (support for the preservation of Toto tower as a national treasure)
- * Society for the Preservation of *Tadasu-no-Mori* Forest at *Kamomioya* Shrine World Heritage Site
- * Japan Virtuoso Symphony Orchestra Concert
- * Nagoya Philharmonic Orchestra
- * Nagoya School of Music, The Music Competition of Japan, Award-winning Celebration Concert
- * Campus Venture Grand Prix, Chubu Area
- * Nagoya *Shonen Shojo Hatsumei* Club (Invention and Innovation Youth Club)
- * Nippon *Domannaka* Festival
- * National Abilympics (National Skills Competition) – Aichi
- * Jazz for Kids in Nakagawa
- * *Haruhime Dochu* (Spring Queen Parade) at Nagoya Castle Culture Forum

Rinnai POPS Orchestra Program

“Rinnai POPS Orchestra” operated by Rinnai Korea Corporation, is the only one private orchestra in Korea. It was established in 1986 for the emotional development in the youth, the contribution for the growth of culture in the local community and the improvement of the level of culture of the nation. The orchestra provides charity concerts including a regular concert and concert trip visiting various sites based on requests and invitation. In 2013, the orchestra held 35 concerts.



Our Employee's Voluntary Activities

Participation in Environmental Beautification Activities

Each location of the Rinnai Group promotes local environmental beautification activities such as the cleaning of the company vicinity and commuting routes of the employees. Our activities are deeply rooted in each community.



From the left: activities around RB Controls Co., Ltd., Rinnai Corporation, and Japan Ceramics Co., Ltd.

Oguchi Factory

Location	Kaechi, Oguchi-cho, Niwa-gun, Aichi
Number of employees	904 (as of March 31, 2014)
Business	Manufacture of gas equipment
Land area	48,352 m ²
Total floor space	37,093 m ²
Commenced operations:	1964
Acquisition of ISO14001 certification:	October 1997



Major production items



Gas tabletop cookers



Gas built-in stoves



Built-in ranges



Dishwashers and others

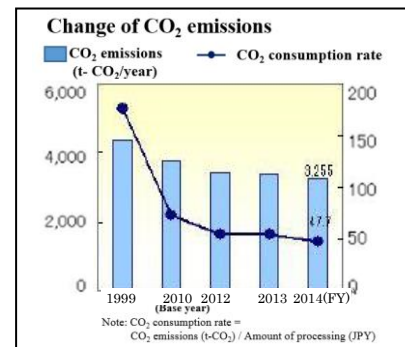
Data on Environmental Load by Site

Energy use

Electricity (10,000 kWh)	City gas (13A) (10,000 m ³)	LP gas (t)	Other fuels (kl (crude oil equivalent))
441.7	67.8	6.4	29.1

Emissions into the air

CO ₂ emissions (t-CO ₂)	NO _x emissions (t)
3,254	2.6



Discharge of waste

Amount of waste generated (t)	Amount of waste into landfill (t)	Amount of intermediate processing of waste (t)	Amount of recycled waste (t)	Recycling percentage (%)
5,090.9	0.0	0.0	5,090.9	100.0

Substances subject to the PRTR law*

(Unit: kg)

Number	Class I designated chemical substance name	Amount of emission/discharge				Amount of transfer	
		a. Emissions into the air	b. Discharge into public waters	c. Discharge into the soil at the relevant office (except d.)	d. Landfill at the relevant office	a. Transfer to sewers	b. Transfer outside the relevant office (except a.)
53	Ethylbenzene	1,200.0	0.0	0.0	0.0	0.0	24.0
80	Xylene	1,300.0	0.0	0.0	0.0	0.1	42.0
296	1,2,4-trimethylbenzene	1,400.0	0.0	0.0	0.0	0.0	0
300	Toluene	910.0	0.0	0.0	0.0	0.0	170.0
309	Nickel compounds	0.0	0.0	0.0	0.0	1.9	69.0
405	Boron compounds	0.0	0.0	0.0	0.0	2.2	280.0

*The Class I Designated Chemical Substance regulated by Pollutant Release and Transfer Register (PRTR) Law.

Air

Equipment	Substance	Regulation value			Actual value
		National	Prefectural	Voluntary	
Baking furnace	Soot and dust	0.25	0.25	0.16	0.001
	NOx	180	180	150	84.5
Boiler	Soot and dust	0.10	0.30	0.08	0.002
	NOx	150	150	96	59.3

- Units of regulation values
Soot and dust: g/m³N
NOx: ppm
- Actual values for NOx and soot/dust indicate the maximum measurements versus the regulation values for the relevant type of equipment.

Water discharge

Substance	Regulation value			Actual value		
	National	Municipal	Voluntary	Maximum	Minimum	Mean
Amount of discharge	-	-	-	468.0	14.0	120.0
pH	5.7 - 8.7	5.7 - 8.7	5.8 - 8.7	7.7	7.1	7.3
BOD	300	300	240	220.0	45.0	111.1
SS	300	300	240	100.0	25.0	66.0
n-Hex mineral oil	5	5	4	< 1	< 1	< 1
n-Hex vegetable oil	30	30	24	13.0	2.0	6.5
Copper	3	3	2.4	0.09	0.03	0.05
Zinc	2	2	1.6	0.60	0.05	0.18
Soluble iron	10	10	8	0.28	0.07	0.16
Soluble manganese	10	10	8	0.05	0.01	0.02
Nitrogen	150	150	120	48.0	20.0	31.6
Phosphorus	20	20	16	6.0	1.7	3.2
Iodine consumption	220	220	176	17.0	3.0	8.3

- The unit of the amount of discharge is m³/day
- The values are expressed in mg/L except for pH
- Water discharge standard: Sewer discharge standard
- * pH: Concentration of hydrogen ions
- * BOD: Biochemical oxygen demand
- * SS: Concentration of aqueous suspended solids
- * N.D.: Equal to or less than the minimum determination limit (undetectable)
- * Values in parentheses are daily mean values.

Environmental Initiatives

Energy saving initiatives

Enameled metalware firing furnaces heat a number of tube burners to approximately 1,200°C and then transfer the resulting heat to the inside of the furnace. By reducing the thickness of tube burners and increasing transfer efficiency, we have shortened the time taken to reach set temperatures inside our furnaces by transferring heat more efficiently. We have also significantly reduced the amount of fuel required to maintain furnace temperatures.



Maintenance work

Reduction in gas consumption: Approx. 11,400 m³/year
Reduction in CO² emissions: Approx. 25tons-CO² /year

Energy/resource saving initiatives

We have reduced water consumption from coating equipment through initiatives such as upgrading to nozzles with superior cleaning performance, continuously reviewing piping and drainage channels for wastewater, and reusing discharged water.

Reduction in water consumption: Approx. 800 m³/year

Seto Factory

Location	Anada-cho, Seto-shi, Aichi
Number of employees	809 (as of March 31, 2014)
Business	Manufacture of gas equipment
Land area	42,649 m ²
Total floor space	27,351 m ²
Commenced operations	1979
Acquisition of ISO14001 certification	December 2000



Major production items

ハイブリッド給湯器 エコワン
ECO ONE



Hybrid water heater with heating system

ECO ONE



Heating source for gas water heater



Gas water heaters

Data on Environmental Load by Site

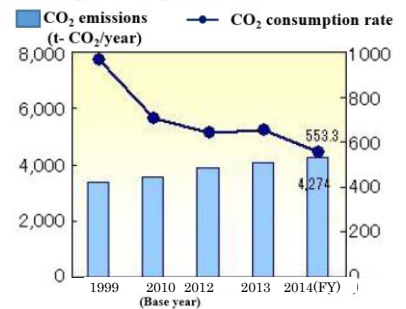
Energy use

Electricity (10,000 kWh)	City gas (13A) (10,000 m ³)	LP gas (t)	Other fuels (kl) (crude oil equivalent)
682.7	70.8	30.2	17.5

Emissions into the air

CO ₂ emissions (t-CO ₂)	NOx emissions (t)
4,274	3.4

Change of CO₂ emissions



Note: CO₂ consumption rate = CO₂ emissions (t-CO₂) / Amount of processing (JPY)

Discharge of waste

Amount of waste generated (t)	Amount of waste into landfill (t)	Amount of intermediate processing of waste (t)	Amount of recycled waste (t)	Recycling percentage (%)
2,406.3	0.0	0.0	2,406.3	100.0

Substances subject to the PRTR law

(Unit: kg)

Number	Class I designated chemical substance name	Amount of emission/discharge				Amount of transfer	
		a. Emissions into the air	b. Discharge into public waters	c. Discharge into the soil at the relevant office (except d.)	d. Landfill at the relevant office	a. Transfer to sewers	b. Transfer outside the relevant office (except a.)
53	Ethylbenzene	1,000.0	0.0	0.0	0.0	0.0	100.0
80	Xylene	1,300.0	1.6	0.0	0.0	0.0	100.0
87	Chromium and chromium (III) compounds	0.0	0.0	0.0	0.0	0.0	0.0
300	Toluene	680.0	0.0	0.0	0.0	0.0	360.0
308	Nickel	0.0	0.0	0.0	0.0	0.0	0.0

*The Class I Designated Chemical Substance regulated by Pollutant Release and Transfer Register (PRTR) Law.

Air

Equipment	Substance	Regulation value* ₁			Actual value* ₂
		National	Prefectural	Voluntary	
Boiler	Soot and dust	0.1	0.3	0.05	0.02
	NOx	150	150	79	24.8

*1 Units of regulation values
Soot and dust: g/m³N
NOx: ppm
*2 Actual values for NOx and soot/dust indicate the maximum measurements versus the regulation values for the relevant type of equipment.

Water discharge

Substance	Regulation value			Actual value		
	National	Prefectural	Voluntary	Maximum	Minimum	Mean
Amount of discharge	-	-	-	68.0	25.0	44.0
pH	5.8 - 8.6	5.8 - 8.6	6.0 - 8.4	7.9	7.1	7.5
BOD	160 (120)	25 (20)	20	3.3	< 0.5	0.9
COD	160 (120)	25 (20)	20	3.7	1.0	2.1
SS	200 (150)	30 (20)	20	2.0	< 1	0.2
n-Hex mineral oil	5	2	1.6	< 0.5	< 0.5	< 0.5
n-Hex vegetable oil	30	10	8	< 0.5	< 0.5	< 0.5
Copper	3	1	0.5	0.03	0.01	0.02
Zinc	2	2	1	0.6	N.D.	0.08
Soluble iron	10	10	2.5	0.1	N.D.	N.D.
Soluble manganese	10	10	2.5	N.D.	N.D.	N.D.
Nitrogen	120 (60)	120 (60)	30	13.0	0.2	4.2
Phosphorus	16 (8)	16 (8)	4	1.1	0.02	0.3

■ The unit of the amount of discharge is m³/day
■ The values are expressed in mg/L except for pH
■ Water discharge standard:
River effluent standard
* pH: Concentration of hydrogen ions
* BOD: Biochemical oxygen demand
* COD: Chemical oxygen demand
* SS: Concentration of aqueous suspended solids
* N.D.: Equal to or less than the minimum determination limit (undetectable)
* Values in parentheses are daily mean values.

Environmental Initiatives

Energy saving initiatives

We have ceased using Cooling Tower 1, which had previously been used to cool the entire area, and installed individual coolers for each line. Even if cooling water changes temperature by just one degree, it still has an effect. By scaling back and installing dedicated equipment however, we have been able to minimize the risk of that happening and eliminate wasted energy.

Reduction in power consumption: Approx. 12,000 kWh/year
Reduction in CO₂ emissions: Approx. 4.6 tons-CO₂/year

Communicating with local communities

We organize factory tours for local elementary school students and explain to them how the water heaters they use at home work.



Students being shown round a production line



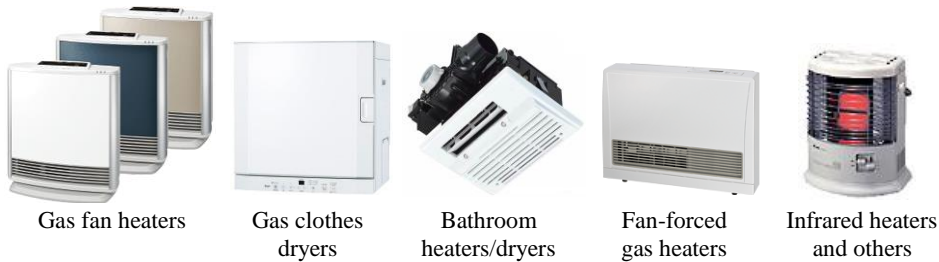
Explaining how water heaters work

Asahi Factory

Location	Nishiyama-cho, Owariasahi-shi, Aichi
Number of employees	270 (as March 31, 2014)
Business	Manufacture of gas equipment
Land area	17,772 m ²
Total floor space	7,619 m ²
Production started	1960
Acquisition of ISO14001 certification	November 2003



Major production items



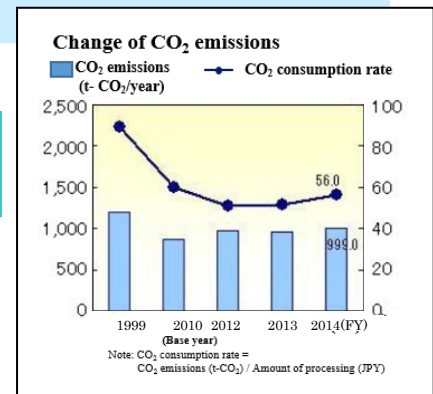
Data on Environmental Load by Site

Energy use

Electricity (10,000 kWh)	City gas (13A) (10,000 m ³)	LP gas (t)	Other fuels (kl) (crude oil equivalent)
149.3	18.9	2.4	4.8

Emissions into the air

CO ₂ emissions (t-CO ₂)	NO _x emissions (t)
999	0.8



Discharge of waste

Amount of waste generated (t)	Amount of waste into landfill (t)	Amount of intermediate processing of waste (t)	Amount of recycled waste (t)	Recycling percentage (%)
558.9	0.0	0.0	558.9	100.0

Substances subject to the PRTR law*

(Unit: kg)

Number	Class I designated chemical substance name	Amount of emission/discharge				Amount of transfer	
		a. Emissions into the air	b. Discharge into public waters	c. Discharge into the soil at the relevant office (except d.)	d. Landfill at the relevant office	a. Transfer to sewers	b. Transfer outside the relevant office (except a.)
53	Ethylbenzene	640.0	0.0	0.0	0.0	6.0	1,200.0
80	Xylene	710.0	0.0	0.0	0.0	6.0	1,200.0
296	1,2,4-trimethylbenzene	150.0	0.0	0.0	0.0	6.0	260.0
300	Toluene	1,900.0	0.0	0.0	0.0	6.0	4,800.0

*The Class I Designated Chemical Substance regulated by Pollutant Release and Transfer Register (PRTR) Law.

Air

Equipment	Substance	Regulation value* ₁			Actual value* ₂
		National	Prefectural	Voluntary	
Drying furnaces	Soot and dust	0.2	–	0.108	0.035
	NOx	230	–	200	21.5

- Units of regulation values
Soot and dust: g/m³N
NOx: ppm
- Actual values for NOx and soot/dust indicate the maximum measurements versus the regulation values for the relevant type of equipment.

Water discharge

Substance	Regulation value			Actual value		
	National	Municipal	Voluntary	Maximum	Minimum	Mean
Amount of discharge	–	–	–	64.0	19.0	35.3
pH	5.7 - 8.7	5.7 - 8.7	5.9 - 8.5	7.3	7.0	7.1
BOD	300	300	210	160.0	67.0	106.3
SS	300	300	210	120.0	12.0	41.2
n-Hex mineral oil	5	5	3.5	2.20	< 0.5	0.8
n-Hex vegetable oil	30	30	21	13.5	2.0	5.2
Copper	3	3	2.1	N.D.	N.D.	N.D.
Zinc	2	2	1.4	0.35	0.15	0.23
Soluble iron	10	10	7	0.60	0.20	0.38
Soluble manganese	10	10	7	N.D.	N.D.	N.D.
Nitrogen	240	240	168	47.0	27.0	38.9
Phosphorus	32	32	22.4	4.0	2.4	3.6
Iodine consumption	220	220	154	91.0	15.0	45.8

- The unit of the amount of discharge is m³/day
- The values are expressed in mg/L except for pH
- Water discharge standard:
Sewer discharge standard
- * pH: Concentration of hydrogen ions
- * BOD: Biochemical oxygen demand
- * SS: Concentration of aqueous suspended solids
- * N.D.: Equal to or less than the minimum determination limit (undetectable)
- * Values in parentheses are daily mean values.

Environmental Initiatives

Waste initiatives

We are working to improve the quality of our recycling activities in order to reduce the amount of waste that we produce. We have introduced a material recycling system whereby we separate and recover polypropylene (PP) contained in waste plastic, and then reuse it as a raw material.



Separating and recovering materials

Communicating with local communities

We organize factory tours for local elementary school students, as part of their social studies. We explain to them how the fan heaters they use on a daily basis actually work, and show them products being assembled on the shop floor.



Explaining how fan heaters work



Students being shown round individual production lines



Our employees regularly take part in cleanup activities along commuting routes, in the area surrounding the factory and in nearby parks.



Cleanup activities in the area surrounding the factory



Cleanup activities in a nearby park

Yanagisawa Manufacturing Co., Ltd.

Location	Yanagi-machi, Kadoma-shi, Osaka
Number of employees	365 (as March 31, 2014)
Business	Manufacture of gas equipment
Land area	20,098 m ²
Total floor space	19,314 m ²
Commenced operations	1936
Acquisition of ISO14001 certification	June 2004



Major production items



Commercial-use kitchen units



Commercial-use high-speed ovens



Gas rice cookers



Floor heating systems (hot-water mat)

Data on Environmental Load by Site

Energy use

Electricity (10,000 kWh)	City gas (13A) (10,000 m ³)	LP gas (t)	Other fuels (kl) (crude oil equivalent)
191.1	34.9	0.1	6.1

Emissions into the air

CO ₂ emissions(t-CO ₂)	NOx emissions(t)
1,507	1.2

Discharge of waste

Amount of waste generated (t)	Amount of waste into landfill (t)	Amount of intermediate processing of waste (t)	Amount of recycled waste (t)	Recycling percentage (%)
596.2	0.0	0.0	596.2	100.0

Air

Equipment	Substance	Regulation value ^{*1}			Actual value ^{*2}
		National	Prefectural	Voluntary	
Boiler	Soot and dust	0.15	0.10	0.10	0.003
	NOx	150	150	150	37
Drying furnaces	Soot and dust	0.15	0.10	0.10	0.002

■ Units of regulation values
Soot and dust: g/m³
NOx: ppm

■ Actual values for NOx and soot/dust indicate the maximum measurements versus the regulation values for the relevant type of equipment.

Water discharge

Substance	Regulation value			Actual value		
	National	Municipal	Voluntary	Maximum	Minimum	Mean
Amount of discharge	-	-	-	125.0	51.5	95.1
pH	5.0 - 9.0	5.0 - 9.0	5.9 - 8.5	8.5	7.0	7.6
BOD	600	600	300	88.0	3.5	36.5
SS	600	600	300	21.2	2.0	11.3
n-Hex mineral oil	5	5	5	3.6	1.0	1.4
n-Hex vegetable oil	30	30	24	22.7	1.2	8.4
Copper	3	3	3	<0.1	<0.1	<0.1
Zinc	2	2	2	0.89	0.02	0.33
Soluble iron	10	10	3	<0.1	<0.1	<0.1
Soluble manganese	10	10	10	<0.1	<0.1	<0.1
Nitrogen	240	240	120	34	14	24
Phosphorus	32	32	30	9.6	0.8	4.7

■ The unit of the amount of discharge is m³/day
■ The values are expressed in mg/L except for pH

■ Water discharge standard:

Sewer discharge standard

* pH: Concentration of hydrogen ions

* BOD: Biochemical oxygen demand

* SS: Concentration of aqueous suspended solids

* N.D.: Equal to or less than the minimum determination limit (undetectable)

* Values in parentheses are daily mean values.

Environmental Initiatives

Environmental Initiatives

We carry out regular environmental patrols to eliminate air leaks.



Resource saving initiatives

We carry out environmental preservation activities as part of coating processes at the factory. As a result, we have managed to save a considerable amount of water and have reduced the volume of chemicals we use for wastewater treatment.

Example initiatives

- Changing water supply methods for factory pre-coating treatment processes
- Installing chemical recirculation and filtration systems in tanks
- Regularly checking for leaks from pumps, carrying out repairs in-house, etc.



Water supply



Pre-coating treatment
(filtration system)



Monitoring water consumption
(water meter)

Reduction in in water consumption: Approx. 7,000m³/year
Reduction in in waste: Approx. 20 tons/year

Communicating with local communities

Our employees regularly take part in cleanup activities along commuting routes and in the area surrounding the factory.



Employee cleanup operations



Cleanup activities along commuting routes



Rinnai Technica Co., Ltd.

Location	Sakagawa, Kakegawa-shi, Shizuoka
Number of employees	533 (as of March 31, 2014)
Business	Manufacture of gas equipment
Land area	41,239 m ²
Total floor space	10,775 m ²
Commenced operations	1910
Acquisition of ISO14001 certification	December 2003



Major production items:



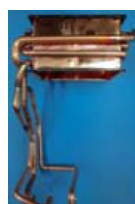
Gas water heaters



Gas instant-heating hot-water heaters



Gas water heaters for overseas market



Heat exchanger and others

Data on Environmental Load by Site

Energy use

Electricity (10,000 kWh)	LP gas (t)	Other fuels (kl) (crude oil equivalent)
269.6	446.1	24.3

Emissions into the air

CO ₂ emissions (t-CO ₂)	NO _x emissions (t)
2,418	2.2

Discharge of waste

Amount of waste generated (t)	Amount of waste into landfill (t)	Amount of intermediate processing of waste (t)	Amount of recycled waste (t)	Recycling percentage (%)
965.0	0.9	0.0	964.2	99.9

Water discharge

Substance	Regulation value			Actual value		
	National	Prefectural	Voluntary	Maximum	Minimum	Mean
Amount of discharge	—	—	—	94.0	6.0	39.9
pH	5.8 - 8.6	—	6.3 - 8.1	7.7	7.1	7.4
BOD	160 (120)	25 (20)	20 (15)	8.4	0.7	4.3
COD	160 (120)	—	20 (15)	7.5	3.4	5.5
SS	200 (150)	50 (40)	30 (20)	3.7	< 2.0	2.4

- The unit of the amount of discharge is m³/day
- The values are expressed in mg/L except for pH
- Water discharge standard: River effluent standard
- * pH: Concentration of hydrogen ions
- * BOD: Biochemical oxygen demand
- * COD: Chemical oxygen demand
- * SS: Concentration of aqueous suspended solids
- * N.D.: Equal to or less than the minimum determination limit (undetectable)
- * Values in parentheses are daily mean values.

Environmental Initiatives

Energy saving initiatives

We have reduced energy consumption by upgrading to energy saving light fittings (fluorescents, LEDs), and reviewing the number of lights we need and their capacity.

Reduction in power consumption:	Approx. 5,800 kWh/year
Reduction in CO ₂ emissions:	Approx. 2 tons-CO ₂ /year



Upgraded fluorescent lights

Following on from Factory 2 the previous year, this year we applied heat shield coating to the roof of Factory 1. This has helped prevent temperatures inside the factory from rising due to the surface temperature of the roof during the summer, and has also helped reduce strain on air conditioning systems (= energy consumption).

Reduction in power consumption:	Approx. 44,000 kWh/year
Reduction in CO ₂ emissions:	Approx. 17 tons-CO ₂ /year



Area of the roof coated (corrugated panels on Factory 1)

Communicating with local communities

We regularly pick up litter in the areas around Kakegawa Station and Kakegawa Castle, as part of the “Small Kindness” movement.

Total participants to date: 40





Group photo of participants



Cleanup activities



RB Controls Co., Ltd.

Location	Head office: Kannondo-machi, Kanazawa-shi, Ishikawa Kanaiwa Factory: Kanaiwa Higashi, Kanazawa-shi, Ishikawa Tsurugi Factory: Oyanagi-machi, Hakusan-shi, Ishikawa	
Number of employees	707 (as of March 31, 2014)	
Business	Manufacture of gas equipment components	
Land area	Head office:3,691 m ² , Kanaiwa:3,292 m ² , Tsurugi: 17,636 m ²	
Total floor space	Head office:2,892 m ² , Kanaiwa:5,809 m ² , Tsurugi: 10,495 m ²	
Commenced operations	1971	
Acquisition of ISO14001 certification	March 2006	

Major production items



Electronic control units



High voltage units



Bathroom waterproof TV



Bathroom LED lights



Kanaiwa Factory

Tsurugi Factory

Data on Environmental Load by Site

Energy use

Electricity (10,000 kWh)	City gas (13A) (10,000 m ³)	LP gas (t)	Other fuels (kl) (crude oil equivalent)
528.3	2.2	278.1	25.0

Emissions into the air

CO ₂ emissions (t-CO ₂)	NO _x emissions (t)
2,943	2.6

Discharge of waste

Amount of waste generated (t)	Amount of waste into landfill (t)	Amount of intermediate processing of waste (t)	Amount of recycled waste (t)	Recycling percentage (%)
371.8	13.5	4.6	353.8	95.1

Substances subject to the PRTR law*

Kanaiwa Factory

(Unit: kg)

Number	Class I designated chemical substance name	Amount of emission/discharge				Amount of transfer	
		a. Emissions into the air	b. Discharge into public waters	c. Discharge into the soil at the relevant office (except d.)	d. Landfill at the relevant office	a. Transfer to sewers	b. Transfer outside the relevant office (except a.)
31	Antimony and its compounds	0.0	0.0	0.0	0.0	0.0	3,000.0
186	Methylene dichloride	0.0	0.0	0.0	0.0	0.0	2,200.0
265	Tetrahydromethylphthalic anhydride	0.0	0.0	0.0	0.0	0.0	20,000.0
448	Methylenebis (4,1-phenylene) diisocyanate	0.0	0.0	0.0	0.0	0.0	3,700.0
460	Tritolyl phosphate	0.0	0.0	0.0	0.0	0.0	1,600.0

*The Class I Designated Chemical Substance regulated by Pollutant Release and Transfer Register (PRTR) Law.

Substances subject to the PRTR law*

Tsurugi Factory

(Unit: kg)

Number	Class I designated chemical substance name	Amount of emission/discharge				Amount of transfer	
		a. Emissions into the air	b. Discharge into public waters	c. Discharge into the soil at the relevant office (except d.)	d. Landfill at the relevant office	a. Transfer to sewers	b. Transfer outside the relevant office (except a.)
186	Methylene dichloride	0.0	0.0	0.0	0.0	0.0	3,000.0
448	Methylenebis (4,1-phenylene) diisocyanate	0.0	0.0	0.0	0.0	0.0	4,100.0
460	Tritolyl phosphate	0.0	0.0	0.0	0.0	0.0	56,000.0

*The Class I Designated Chemical Substance regulated by Pollutant Release and Transfer Register (PRTR) Law.

Environmental Initiatives

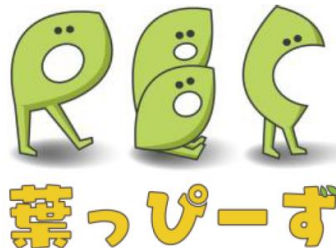
Environmental awareness initiatives

Having created our own unique environmental characters to represent RB Controls Co., Ltd. called the *Happies* (based on the Japanese character for “leaf”), we intend to use them as an accessible symbol of our eco-friendly initiatives as we strive to promote environmental activities. We have also introduced an environmental improvement suggestion scheme in the workplace and have presented awards to the best examples, in an effort to step up our activities even further.

(*) Origin of the *Happies*: Created from a combination of the company name (“RBC”) and the image of a leaf, the *Happies* walk around to symbolize the gradual journey towards a more environmentally friendly future.



Increasing greenery in the workplace



Our own unique characters the *Happies*



Notice board

Energy saving initiatives

We have installed fans on air conditioning units in an effort to reduce differences in temperature throughout each room and provide an even cool breeze. By rolling out this initiative to each of our factories, we have managed to control set temperatures and reduce energy consumption during the summer by approximately 6% compared to the previous year.

Reduction in gas consumption: Approx. 1,200 m³/year
 Reduction in CO₂ emissions: Approx. 3 tons-CO₂/year



Fan installation

Communicating with local communities

22 employees took part in “Clean Beach Ishikawa”, an event organized by FM Ishikawa along the Kanaiwa coast in Kanazawa.



Cleanup activities



Collected litter

Environmentally friendly product development (bathroom LED lighting)

In the wall lighting market, within which we have a 90% share of system bath lighting, we have successfully developed and are working to promote integrated LED products that combine both light source and power supply. The design focuses particularly on waterproofing, in order to overcome issues with LED lighting such as vulnerability to moisture and short-circuiting. In fact the product in question won a Good Design Award in 2013.

Reduction in CO₂ emissions/1 light: Approx. 135 kg-CO₂/10year *

*Reduction based on the assumption that bathroom lighting is used for two hours a day over the course of ten years



Bathroom LED wall lights

Rinnai Precision Co., Ltd.

Location	Head office and Komaki Factory: Shimobata, Oaza Honjo, Komaki-shi, Aichi Kani Factory: Himegaoka, Kani-shi, Gifu
Number of employees	626 (as of the end of March 2014)
Business	Manufacture of gas equipment components
Land area	Head office and Komaki Factory: 20,303 m ² , Kani Factory: 10,341 m ² ,
Total floor space	Head office and Komaki Factory: 20,202 m ² , Kani Factory: 5,944 m ² ,
Commenced operations	1979
Acquisition of ISO14001 certification	December 2005



Head office and
Komaki Factory



Kani Factory

Major production items:



Gas cock parts



Gas valve parts



Gas control units



Solenoid water
valve and others

Data on Environmental Load by Site (Total amounts of Head office, Komaki Factory and Kani Factory)

Energy use

Electricity (10,000 kWh)	City gas (13A) (10,000 m ³)	LP gas (t)	Other fuels (kl) (crude oil equivalent)
1,290.0	130.8	79.5	81.5

Emissions into the air

CO ₂ emissions (t-CO ₂)	NOx emissions (t)
8,176	6.5

Discharge of waste

Amount of waste generated (t)	Amount of waste into landfill (t)	Amount of intermediate processing of waste (t)	Amount of recycled waste (t)	Recycling percentage (%)
1,740.2	2.8	1.0	1,736.4	99.8

Water discharge

Head office, Komaki Factory

Substance	Regulation value			Actual value		
	National	Prefectural	Voluntary	Maximum	Minimum	Mean
Amount of discharge	—	—	—	32.0	5.0	25.0
pH	5.8 - 8.6	—	6.0 - 8.4	8.0	6.8	7.5
BOD	160 (120)	25 (20)	25 (20)	—	—	2.0
COD	160 (120)	25 (20)	25 (20)	17.0	4.0	12.0
SS	200 (150)	—	25 (20)	—	—	1.0

■ The unit of the amount of discharge is m³/day
 ■ The values are expressed in mg/L except for pH

■ Water discharge standard:
 River effluent standard

* pH: Concentration of hydrogen ions

* BOD: Biochemical oxygen demand

* COD: Chemical oxygen demand

* SS: Concentration of aqueous suspended solids

* N.D.: Equal to or less than the minimum determination limit (undetectable)

* Values in parentheses are daily mean values.

Kani Factory

Substance	Regulation value			Actual value		
	National	Written agreement	Voluntary	Maximum	Minimum	Mean
Amount of discharge	—	—	—	356	155	281
pH	5.8 - 8.6	5.8 - 8.6	5.8 - 8.6	7.1	6.4	6.8
BOD	160 (120)	15	15	13.0	1.4	4.2
COD	160 (120)	30	30	—	—	4.3
SS	200 (150)	30	30	2.0	1.0	1.1

- The unit of the amount of discharge is m³/day
- The values are expressed in mg/L, except for pH
- Water discharge standard: River effluent standard
- * pH: Concentration of hydrogen ions
- * BOD: Biochemical oxygen demand
- * COD: Chemical oxygen demand
- * SS: Concentration of aqueous suspended solids
- * N.D.: Equal to or less than the minimum determination limit (undetectable)
- * Values in parentheses are daily mean values.

Environmental Initiatives

Energy saving initiatives

Making improvements to air compressors

-Shutting down air consumption overnight and using timer controls to automatically start up again

Reduction in power consumption: Approx. 45,000 kWh/year
 Reduction in CO₂ emissions: Approx. 17 tons-CO₂/year

-Optimizing operations (reviewing operating sequences at low load)

Reduction in power consumption: Approx. 170,000 kWh/year
 Reduction in CO₂ emissions: Approx. 63 tons-CO₂/year



Compressor

Melting furnaces account for approximately 50% of all energy consumption at the Komaki Factory. By installing pinpoint compact heaters to supply auxiliary heat at uptake points for melted aluminum, we have eliminated the need to excessively heat melted aluminum as a whole, which has helped to reduce energy consumption.

Reduction in gas consumption: Approx. 3,000 m³/year
 Reduction in CO₂ emissions: Approx. 7 tons-CO₂/year

Communicating with local communities

We organized an environmental seminar for the Kani Industrial Park Union, on the subject of “preventive environmental management based on lessons learnt from issues with wastewater treatment.”

-Participating companies: 53



Seminar in progress

RT Engineering Co., Ltd.

Location	Kamiike-cho, Toyota-shi, Aichi
Number of employees	190 (as of March 31, 2014)
Business	Manufacture of gas equipment and components
Land area	12,199 m ²
Total floor space	7,026 m ²
Commenced operations	1950
Acquisition of ISO14001 certification	March 2006



Major production items



Copper pipe/press components



Grill components and others

Data on Environmental Load by Site

Energy use

Electricity (10,000 kWh)	City gas (10,000 m ³)	LP gas (t)	Other fuels (kl) (crude oil equivalent)
198.8	14.4	3.2	17.8

Emissions into the air

CO ₂ emissions (t-CO ₂)	NO _x emissions (t)
1,123	0.9

Discharge of waste

Amount of waste generated (t)	Amount of waste into landfill (t)	Amount of intermediate processing of waste (t)	Amount of recycled waste (t)	Recycling percentage (%)
807.3	3.5	0.0	803.8	99.6

Water discharge

Substance	Regulation value			Actual value		
	National	Municipal	Voluntary	Maximum	Minimum	Mean
Amount of discharge	—	—	—	22.0	20	21.0
pH	5.0 - 9.0	5.7 - 8.7	5.7 - 8.7	7.3	6.3	7.0
BOD	600	300	300	6.6	0.5	2.0
SS	600	300	300	6	< 1	2
n-Hex mineral oil	5	5	5	1.9	< 0.5	0.8
Nitrogen	240	150	150	2.2	1.2	1.7
Phosphorus	32	20	14	4.70	0.02	0.90

- The unit of the amount of discharge is m³/day
- The values are expressed in mg/L, except for pH
- Water discharge standard:
 - Sewer discharge standard
- * pH: Concentration of hydrogen ions
- * BOD: Biochemical oxygen demand
- * SS: Concentration of aqueous suspended solids
- * N.D.: Equal to or less than the minimum determination limit (undetectable)
- * Values in parentheses are daily mean values.

Environmental Initiatives

Energy saving initiatives

We have reduced energy consumption by upgrading from existing mercury lamps to high efficiency lamps (in combination with ultra-high performance reflective sheets and long-life lamps).

Reduction in electricity consumption:	Approx. 2,700 kWh/year
Reduction in CO ₂ emissions:	Approx. 1 ton-CO ₂ /year



Warehouse (High efficiency lamps)

Environmental awareness initiatives

To effectively carry out environmental activities, it is important to raise environmental awareness (improve eco-mindedness) on an individual level. That is why we provide environmentally themed education as part of training for new recruits and at other available opportunities.



Environmental training for new recruits

Communicating with local communities

Our employees carry out regular cleanup activities along commuting routes and in the area surrounding the factory. (Number of participants: 11/year)



Cleanup activities along commuting routes



Cleanup activities in the surrounding area

Japan Ceramics Co., Ltd.

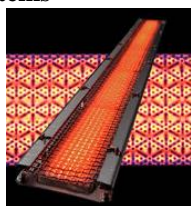
Location	Himegaoka, Kani-shi, Gifu
Number of employees	84 (as of March 31, 2014)
Business	Manufacture of gas equipment components
Land area	8,030 m ²
Total floor space	5,756 m ²
Commenced operations	1981
Acquisition of ISO14001 certification	January 2006



Major production items



Ceramic plates for burners



Industrial burners

Data on Environmental Load by Site

Energy use

Electricity (10,000 kWh)	LP gas (t)	Other fuels (kl) (crude oil equivalent)
125.9	461.7	3.9

Emissions into the air

CO ₂ emissions (t-CO ₂)	NO _x emissions (t)
1,871	1.7

Discharge of waste

Amount of waste generated (t)	Amount of waste into landfill (t)	Amount of intermediate processing of waste (t)	Amount of recycled waste (t)	Recycling percentage (%)
254.5	73.3	0.0	181.2	71.2

Substances subject to the PRTR law*

(Unit: kg)

Number	Class I designated chemical substance name	Amount of emission/discharge				Amount of transfer	
		a. Emissions into the air	b. Discharge into public waters	c. Discharge into the soil at the relevant office (except d.)	d. Landfill at the relevant office	a. Transfer to sewers	b. Transfer outside the relevant office (except a.)
53	Ethylbenzene	2,000.0	0.0	0.0	0.0	0.0	500.0
80	Xylene	2,800.0	0.0	0.0	0.0	0.0	570.0
300	Toluene	12,000.0	1.0	0.0	0.0	0.0	1,700.0
412	Manganese and its compounds	0.0	0.0	0.0	0.0	0.0	1,800.0

*The Class I Designated Chemical Substance regulated by Pollutant Release and Transfer Register (PRTR) Law.

Air

Equipment	Substance	Regulation value ^{s1}			Actual value ^{s2}
		National	Prefectural	Voluntary	
Baking furnace	Soot and dust	0.2	0.125	0.125	0.002
	NO _x	400	90	90	14
	SO _x	0.49	0.25	0.25	0.02

- Units of regulation values
Soot and dust: g/m³N
NO_x: ppm
Sox: m³N/h
- Actual values for NO_x, Sox, and soot/dust indicate the maximum measurements versus the regulation values for the relevant type of equipment.

Water discharge

Substance	Regulation value			Actual value		
	National	Written agreement	Voluntary	Maximum	Minimum	Mean
Amount of discharge	—	—	—	6.9	4.6	5.4
pH	5.8 - 8.6	5.8 - 8.6	5.8 - 8.6	7.9	6.8	7.2
BOD	160 (120)	15 (10)	15	4.5	0.7	2.3
COD	160 (120)	—	30	0.1	0.1	0.1
SS	200 (150)	30 (25)	30	18.0	2.0	9.7

- The unit of the amount of discharge is m³/day
- The values are expressed in mg/L, except for pH
- Water discharge standard:
 - River effluent standard
 - * pH: Concentration of hydrogen ions
 - * BOD: Biochemical oxygen demand
 - * COD: Chemical oxygen demand
 - * SS: Concentration of aqueous suspended solids
 - * N.D.: Equal to or less than the minimum determination limit (undetectable)
- * Values in parentheses are daily mean values.

Environmental Initiatives

Energy saving initiatives

Green curtain initiative

We create “green curtains”^{*1} every year, planting bitter gourds and other climbing plants to create natural curtains that keep the inside of buildings cool. The fruit that is harvested is distributed to employees and their family members to enhance social exchanges. To help these plants grow, we use ceramic balls we developed and other materials to improve the drainage.

[Seedlings] Sweet potatoes

^{*1} Plants suck up water from their roots and release it from their leaves in the form of vapor. This is called transpiration. We feel cooler near plants because this vapor draws in the surrounding heat.



Tending to a green curtain

Communicating with local communities

We participate in local cleanup activities along the Kani River. Our staff members regularly conduct cleanup activities along commuting routes and the area surrounding the factory.

(A total of 51 staff members have participated in these activities.)



Cleanup activities along the Kani River



Cleanup activities along commuting routes



We have also installed planters so that volunteers can grow plants onsite.



Installing planters

Noto Tech Co., Ltd.

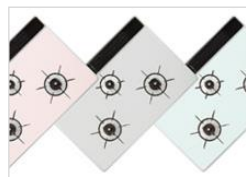
Location	Nakanoto-machi, Kashima-gun, Ishikawa
Number of employees	197 (as of March 31, 2014)
Business	Manufacture of gas equipment components
Land area	23,152 m ²
Total floor space	13,773 m ²
Commenced operations	1990
Acquisition of ISO14001 certification	January 2007



Major production items



Enamel components



Gloss enamel



Resin components



Rice cooker

Data on Environmental Load by Site

Energy use

Electricity (10,000 kWh)	LP gas (t)	Other fuels (kl) (crude oil equivalent)
247.4	922.5	116.8

Emissions into the air

CO ₂ emissions (t-CO ₂)	NO _x emissions (t)
4,005	3.6

Discharge of waste

Amount of waste generated (t)	Amount of waste into landfill (t)	Amount of intermediate processing of waste (t)	Amount of recycled waste (t)	Recycling percentage (%)
2,413.6	414.6	0.0	1,999.0	82.8

Substances subject to the PRTR law*

(Unit: kg)

Number	Class I designated chemical substance name	Amount of emission/discharge				Amount of transfer	
		a. Emissions into the air	b. Discharge into public waters	c. Discharge into the soil at the relevant office (except d.)	d. Landfill at the relevant office	a. Transfer to sewers	b. Transfer outside the relevant office (except a.)
31	Antimony and its compounds	0.0	0.0	0.0	0.0	0.0	0.0
71	Ferric chloride	0.0	0.0	0.0	0.0	0.0	0.0
80	Xylene	5.8	0.0	0.0	0.0	0.0	0.0
265	Tetrahydromethylphthalic anhydride	0.0	0.0	0.0	0.0	0.0	0.0
296	1,2,4-trimethylbenzene	6.7	0.0	0.0	0.0	0.0	0.0
309	Nickel compounds	0.0	8.0	0.0	0.0	0.0	710.0
405	Boron compounds	0.0	460.0	0.0	0.0	0.0	4,000.0
412	Manganese and its compounds	0.0	3.0	0.0	0.0	0.0	270.0

*The Class I Designated Chemical Substance regulated by Pollutant Release and Transfer Register (PRTR) Law.

Air

Equipment	Substance	Regulation value ^{*1}			Actual value ^{*2}
		National	Prefectural	Voluntary	
Baking furnace	Soot and dust	0.25	0.25	0.22	0.004
	NOx	180	180	160	33

- Units of regulation values
Soot and dust: g/m³N
NOx: ppm
- Actual values for NOx and soot/dust indicate the maximum measurements versus the regulation values for the relevant type of equipment.

Water discharge

Substance	Regulation value			Actual value		
	National	Prefectural	Voluntary	Maximum	Minimum	Mean
Amount of discharge	—	—	—	132.0	60.0	100
pH	5.8 - 8.6	5.8 - 8.6	6.0 - 8.2	7.4	6.6	7.1
BOD	160 (120)	80 (60)	40 (30)	32.0	6.0	14.3
COD	160 (120)	—	140 (100)	40.0	12.0	20.5
SS	200 (150)	30 (20)	20	9.0	2.0	4.3

- The unit of the amount of discharge is m³/day
- The values are expressed in mg/L, except for pH
- Water discharge standard:
River effluent standard
- * pH: Concentration of hydrogen ions
- * BOD: Biochemical oxygen demand
- * COD: Chemical oxygen demand
- * SS: Concentration of aqueous suspended solids
- * N.D.: Equal to or less than the minimum determination limit (undetectable)
- * Values in parentheses are daily mean values.

Environmental Initiatives

Energy saving initiatives

We have reduced CO₂ emissions by installing regenerative burners that recover and reuse waste heat energy, as part of upgrades to our enameled metalware firing furnaces.

Reduction in gas consumption: Approx. 65,000 m³/year
Reduction in CO₂ emissions: Approx. 140 tons-CO₂/year



Regenerate burners

Pollution prevention initiatives

Emergency drills

We conduct emergency drills so people know what to do in case of an accident, and are reviewing the manuals that stipulate response procedures. In order to minimize environmental risks, we conduct equipment inspections and take other preventive measures.



Emergency drill

Communicating with local communities

We organize factory tours for local high school students. We also offer 10-day work experience programs in which participants learn the basics of manufacturing as well as about how we continually pursue quality and environmental friendliness.

Participants: 70







Group introduction session



A tour of the manufacturing process for gas stove components

Techno Parts Co., Ltd.

Location	Head office: Fukuzumi-cho, Nakagawa-ku, Nagoya-shi, Aichi		
Ichinomiya Office: Nishiougaido Aza Toukouji, Ichinomiya-shi, Aichi Land area: 2,003㎡, building floor space: 1,455㎡		Ida Office: Ida-cho, Owariasahi-shi, Aichi Land area: 4,127㎡, building floor space: 2,549㎡	
Akatsuki Office: Akatsuki-cho, Seto-shi, Aichi Land area: 33,333㎡, building floor space: 3,029㎡		Komaki Office: Oaza Mitsubuchi, Komaki-shi, Aichi Land area: 2,611㎡, building floor space: 1,776㎡	
Number of employees	430 (as of the end of March 2014)		
Business	Assembly and processing of components of heat-energy appliance		
Acquisition of Eco Action 21	July 2011		
Major production items	Components of gas equipment and home electric appliances		

Data on Environmental Load by Site

Energy use

Electricity (10,000 kWh)	City gas (13A) (10,000 m ³)	LP gas (t)	Other fuels (kl) (crude oil equivalent)
69.5	5.3	0.7	0.0

Emissions into the air

CO ₂ emissions (t-CO ₂)	NOx emissions (t)
380	0.3

Discharge of waste

Amount of waste generated (t)
97.4

Environmental Initiatives

Energy saving initiatives

Green curtain initiatives

As an energy-saving measure in the summer, we grow “green curtains,” which absorb carbon dioxide during plant photosynthesis, shield the strong sunlight from coming into the office, and reduce the load on air conditioners. [Seedling] Bitter gourds



A green curtain



Bitter gourds are harvested and distributed to employees



Installing motion sensors

We have installed motion sensors in lavatories and changing rooms to prevent the lights from staying on when people forget to turn them off.



Motion sensor



Fluorescent light

Making effective use of plastic curtains

We separate areas with plastic curtains, to prevent cool or warm air from escaping.



← Using plastic curtains to reduce energy consumption

Resource saving initiatives

We use rainwater to water our plants and flowers, as well as in our cleanup activities in an effort to use water more effectively.



Rainwater tanks