



Rinnai Report 2020 (Integrated Report)

Rinnai



Corporate Message

Aiming for the Realization of Healthy and Comfortable Lifestyles and Sustainable Societies

Since its founding in 1920, the Rinnai Group has contributed to comfortable lifestyles for people around the world through the provision of gas stoves, water heaters and heating systems.

At present, the Rinnai Group has bases in 18 countries and regions, and deploys products in over 80 countries throughout the world. Rinnai offers optimal solutions suitable for lifestyle cultures, climate conditions and energy requirements in each country of the world to contribute to the realization of healthy and comfortable lifestyles and sustainable societies for people throughout the world.

Fundamental Concept

Quality is our destiny

Company Motto

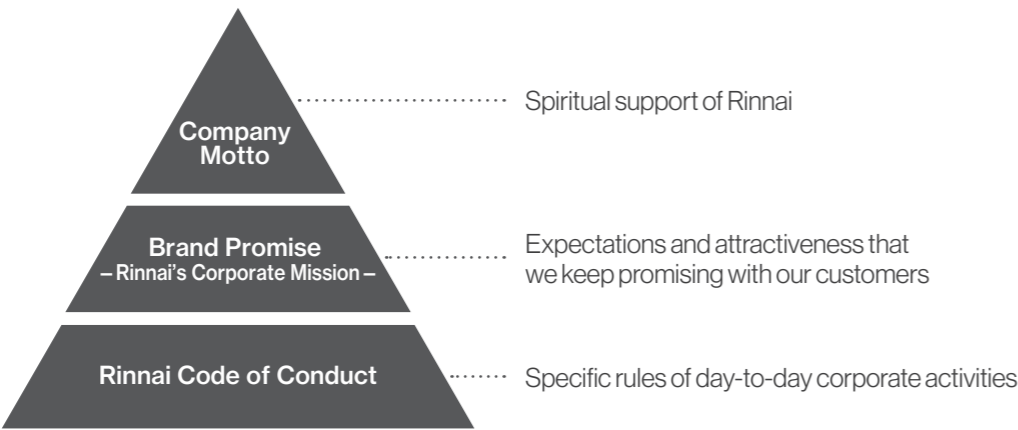


- 和 Harmony:
Develop personal character of the highest caliber
- 氣 Spirit:
Base your efforts on a consistent philosophy
- 真 Sincerity:
Know the fundamentals and consider issues with precision and clarity

Brand Promise – Rinnai’s Corporate Mission –

Creating a healthier way of living

Schematic Diagram of Company Ideals



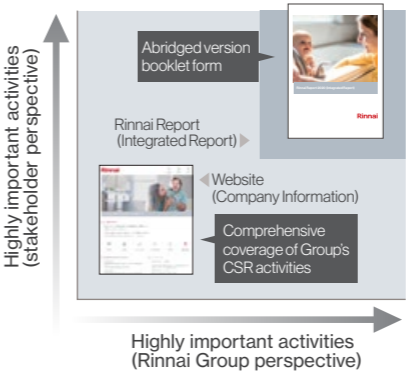
Rinnai Report 2020 (Integrated Report)

Editorial Policy

Rinnai produced this Rinnai Report 2020 (Integrated Report) to convey to stakeholders management’s approach to the realization of a sustainable society, 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

We produce an abridged version of our Rinnai Report (Integrated Report) in booklet form. Other examples of Company initiatives, detailed information, and related data—are posted in the Company Information section of our website.



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 2020—April 1, 2019, to March 31, 2020—but also touches upon measures implemented and recent activities undertaken since fiscal 2020 as well as future business direction, targets, and plans.

Referenced Guidelines

GRI Standards, ISO 26000,
Environmental Reporting Guidelines, issued by Japan’s Ministry of the Environment
Environmental Accounting Guidelines, issued by Japan’s Ministry of the Environment
IIRC, The International Integrated Reporting Framework

Publication Schedule

September 2020 (Japanese version)
Previous: September 2019, Next: August 2021 (planned)

Important Points Regarding Future Outlook

This report includes descriptions of earnings forecasts and outlooks for Rinnai and Group companies.
These descriptions are based on currently available information and forecasts as determined by Rinnai. Actual results may differ from forecasts depending on various external factors going forward.

Contents

- 01 Corporate Message
- 03 Corporate Mission and Vision
Editorial Policy / Contents
- 05 Message from the President
- 11 Rinnai Group Profile
- 13 History Viewed from Changes in
Medium-Term Business Plans
- 15 Value Creation Process
- 17 Message from the General Manager of
Corporate Planning Headquarters
- 21 Rinnai Group CSR
- 23 Identifying CSR Material Issues
- Special Issue 01 [Environment]**
 - 25 Approaches to Preventing Global Warming
through Energy-saving Water Heaters
 - 27 Disclosure of Environment-related Financial Data
Expressing Support for Task Force
 - 29 Global Development of Water Heaters in the
Rinnai Group
 - 31 Environmental Impact within Rinnai’s Value Chain
 - 33 Environmental Initiatives
- Special Issue 02 [Quality]**
 - 51 Taking Pride in *Monozukuri* (craftsmanship)
- Special Issue 03 [Safety and Peace of Mind for Consumers]**
 - 53 With the World’s Highest Standard for
Environmental Performance, ECO ONE Takes
the Best of Gas and Electricity to Help
during Disasters
 - 55 Safe and Secure Initiatives
- Special Issue 04 [Health]**
 - 65 Health Effect and Efficacy of Bathing with
the Microbubble Bath Unit
 - 67 Governance
Management Structure, Leadership,
Compliance, Risk Management,
Rinnai Response to the Spread of COVID-19,
Information Security
 - 79 Communication with Employees
Selected as a “2020 Health & Productivity Stock”,
Enhancement of Health Promotion Activities,
Personnel Training, Work-Life Balance,
Industrial Relations and Human Rights,
Fair and Diversified Employment,
Occupational Health and Safety
 - 93 Communication with Stakeholders
Shareholders and Investors, Customers, Business Partners,
Local Regions and Communities,
CSR Activities Underway Across the World,
Stakeholder Engagement
- 103 Data Collection



Upholding “Quality is Our Destiny” for a Century
With pride in our hearts, we will boldly take on
the challenge of transforming into
a “new Rinnai” for the next 100 years

President **Hiroyasu Naito**

On Reaching the 100th Anniversary of Our Founding

Thank you for reading the Rinnai Report 2020, the Rinnai Group's first integrated report. We have published an Environmental Report since 2000, and in 2012 we began publishing a CSR Report. Now, in response to increasing interest from stakeholders regarding our corporate sustainability and value creation, we have compiled this report focused on our efforts to create economic and social value over the medium- to long-term. Upon reading this report, we welcome and appreciate any and all frank opinions and feedback.

The Rinnai Group began in 1920 with the founding of Rinnai & Co., by Hidejiro Naito and Kanekichi Hayashi, who manufactured and sold pressurized oil stoves. With a deep sense of appreciation for their efforts, we commemorated our 100th anniversary in September 2020.

As a heating equipment manufacturer that contributes to enriching people's lives, Rinnai provides various products, including water heaters, kitchen appliances and air conditioners, under the keywords of “safety and peace of mind,” “comfort” and “environmentally friendly.” At present, we have bases in 18 countries and regions, including Japan, and provide

products in more than 80 countries around the world. We would like to express our sincere gratitude for the efforts of our predecessors and the ongoing support of our stakeholders, as we have continued to grow into a global Company with an overseas sales ratio of approximately 50%.

Under these circumstances, in fiscal 2020, which is the interim year of our “G-shift 2020” medium-term business plan, clothes dryers and built-in hobs (stovetops) with automatic cooking functions, which contribute to shortening the time required for housework, performed extremely well. Additionally, thorough cost reduction efforts in which we have been engaged for quite some time have steadily yielded results.

At the same time, although overseas sales were flat due to trade friction between the United States and China among other factors, water heater sales were robust, especially in the United States and China, with operating income increasing to near record-high levels. As a result, net sales in fiscal 2020 amounted to ¥340,460 million (down 2.2% year on year), with operating income of ¥34,422 million (up 11.5%).



Pressurized oil stove

Message from the President continued

Customers are unsatisfied with their current lifestyles. Thus, we must be more aware of social value.

During our long, 100 years of history, Rinnai has altered its product mix moment by moment. However, my sense is that recent changes in the social structure are occurring more rapidly and on a wider scale than ever before. Driving the aforementioned solid sales of the *Kanta-kun* gas clothes dryer and the *DELICIA* built-in hob (stovetop) is the increased value provided by making housework easier and quicker in our modern society, where the number of dual-income households has grown substantially. In addition, I think there is a significant advertising effect when purchasers of our products share their satisfaction and excitement on social media, perhaps indicating that the influence of so-called “word of mouth” publicity has become quite substantial due to the changing times. In fact, we proactively placed advertisements on television, in newspapers and in other media expressing the idea that *Kanta-kun* is a good product, but not yet well known. The result was more substantial than anticipated, reminding me once again of the importance of advertising.

In April 2019, we updated the basic design expressing the Rinnai brand worldview. And, as a

promise to our customers and society, we formulated the brand promise “Creating a healthier way of living” and are working to cultivate a brand image that conveys the creation of healthy and comfortable lifestyles. In addition to our traditional “heat and lifestyles,” “health and lifestyles” will be our new theme as we pursue the development of proprietary products with the establishment of the “New Business Strategy Office,” part of our Research & Development Headquarters. We will revisit the products we have developed up to now in an effort to create a fresh appeal.

In April 2020, we launched sales of the “micro-bubble bath unit.” This adds an element of “beauty” to “health and lifestyles,” generating a tremendous response, especially among women. Actually, I thought we already offered every function possible in terms of water heaters, but the addition of “microbubbles” in this way provides a fresh appeal. I fully realize that, as I suspected, customers are not satisfied with their current lifestyles. For this reason, I want to consider new businesses and products with a greater awareness of social value.

Delivering Fine Quality Products that Customers Want Because Rinnai Makes Them

“Quality is Our Destiny” is the foundational concept that permeates all Rinnai production bases throughout the world. When it comes to water heaters, which are part of everyday life in Japan, our products have earned a strong reputation overseas for “reliability and good temperature control performance.” In fact, last year in China, Rinnai products ranked number one in gas water heater sales revenue on “Singles Day.” In terms of units sold, we ranked fifth, which clearly demonstrates that our products have strong support even when they are priced higher than other products.

The word “quality” of course implies functionality, durability and safety, but recently, we have also been especially particular about design. The aforementioned “microbubble bath unit” has been meticulously developed with a focus on quality and “enriching peoples’

lives.” If *Kanta-kun* had reused the same design as in the past, it would probably not have sold as well as it has. Clearly, the appearance of the product is very important, and we want to deliver more fine quality products that customers choose because Rinnai makes them.



Gas clothes dryer *Kanta-kun* offers an updated design that is both simple and refined

Taking on New Challenges at Overseas Bases, Sharing the Results with the Entire Group

Overseas, we completed the construction of a new plant in response to the expansion of the tankless water heater market in the United States. In addition to enhancing local production capabilities, we opened a new innovation center in July to work on local product development. At the same time, in China, we will focus on marketing and enhancing our ability to respond to rapidly changing markets. We have much work to do, including differentiating our products from those of competitors by emphasizing water heater performance, increasing branding efforts and expanding online sales.

We are also promoting personnel exchanges among major overseas bases, mainly involving engineers. We will maintain our basic policy of promoting local production and sales as we take on various new

challenges in each country, sharing the results with the entire Rinnai Group. We have a strong sense of urgency in terms of competition with other companies, thus we will reaffirm the strengths Rinnai has built up to now and enhance our competitiveness through further differentiation.



The “Try Rinnai Tour” installed a tankless water heater in a large van that embarked on a promotional tour across North America



DELICIA built-in hob (stovetop) offers the increased convenience of automatic cooking using a linked app



Microbubble bathing provides a high-quality bathing experience with gentle bubbles

Supporting Employees Taking on Challenges to Continue Growing for the Next 100 Years

For some time now, I have told employees in sales, development, manufacturing and other divisions that are involved indirectly that I want them to hone their skills to compete not only with competitors, but also with other industries. My sense is that employees have taken this message to heart and are working diligently toward this end.

In addition to that, I have told the young employees who will be responsible for Rinnai 10 to 20 years from now that I want them to make an effort to acquire the skills necessary for their jobs as well as take on various challenges to improve themselves on a personal level.

As part of our 100th anniversary project, we held the “Rinnai of Tomorrow Proposal Awards” inviting all

employees to submit papers on Rinnai’s future. We received many outstanding proposals from each division, which I want to realize if feasible. And, in order for our Company to continue to grow for the next 100 years, we will create an atmosphere in which more employees are able to take on various challenges.

In March, the Rinnai Corporation was selected for the fourth consecutive year for inclusion in the Health and Productivity Index 2020, (sponsored by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange). While maintaining our dedication to an “at home corporate culture” and “thorough compliance,” we will promote diverse work styles and aim for further enhancements to productivity.



President Naito commemorates Rinnai's 100th anniversary (January 2020)



Contributing to the Realization of a Sustainable Society, becoming a Company Always Needed by Society

Recently in Japan, there is a heavy emphasis on keywords such as SDGs and ESG. The term “stakeholder capitalism” is heard frequently as an approach to corporate management that, rather than simply pursuing profit for the company, contributes to the happiness of employees, shareholders, customers, business partners, local communities and a wide range of other stakeholders. The Rinnai Group will also engage in an all-out effort to realize a sustainable and “better” society.

In Europe, as the zero-carbon movement is becoming more active, climate problems are said to have reached a “now or never” situation. Environmentally friendly Rinnai products, such as the ECO ONE hybrid water heater and heating system, which offers the world’s highest level of heat efficiency, will become one of our major strengths going forward. In recognition of our contributions to the environment through our products, as well as our internal commendation system and other efforts to develop environmentally conscious employees, for the second year in a row, Rinnai received the Award of Excellence at the 2019 Environmental Human Resources Development Corporate Awards. Up to now, our main focus has been on the development and sales of gas appliances, and we will further promote reductions in CO₂ emissions through our products, including hybrid water heaters that also efficiently incorporate electricity, while flexibly responding to energy diversification.

Furthermore, in addition to the environment, Rinnai positions “consumer safety and quality improvements” as critical issues. Our Company has been in business for 100 years because we have consistently upheld our founding concept “Quality is Our Destiny.” Going forward, it is of the utmost importance that we continue to build trust and elevate our reputation for “creating products that can be used with peace of mind.” We must maintain the effort and sincere support we have provided up to now so that the business partners who handle our products will continue to rely on Rinnai to respond properly in the unlikely event that trouble occurs.

Rinnai is able to celebrate the 100th anniversary of our founding in large part due to the long-term support of our shareholders. To show our appreciation, in fiscal 2020 we plan to add a commemorative dividend of ¥10 per share, bringing the full-year dividend to ¥110 per share.

We will continue to contribute to the realization of a sustainable society through the provision of products that are safe, offer excellent quality and bring convenience and comfort to everyone’s life. I sincerely appreciate your continued support of the Rinnai Group as we strive to meet your expectations.



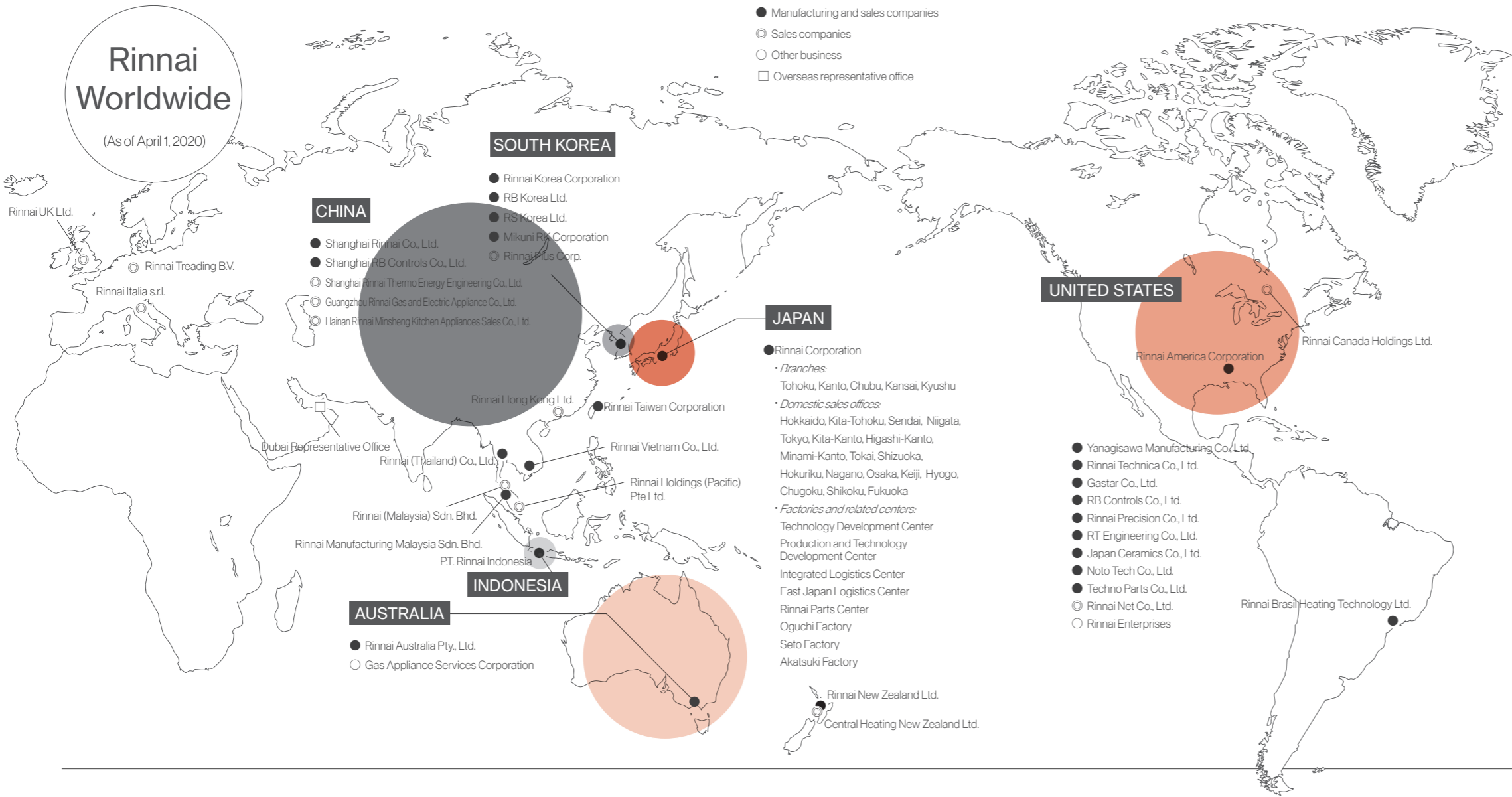
2019 Environmental Human Resources Development Corporate Awards

ハイブリッド給湯・暖房システム
ECO ONE

ECO ONE hybrid water heater and heating system, offering the world’s highest level of heat efficiency

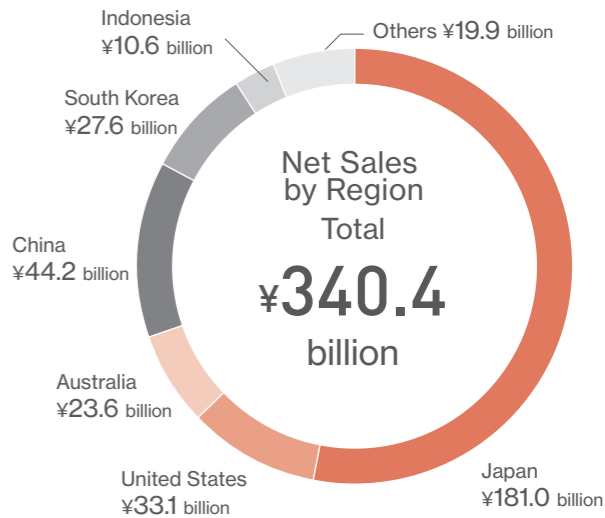


Rinnai Group Profile



Corporate Data (As of March 31, 2020)

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
Telephone	(From outside Japan): +81-52-361-8211
Number of employees	10,451 (consolidated), 3,758 (non-consolidated)
Number of Group companies	48 (domestic 14, overseas 34)



Water Heaters and Heating Systems

Water heaters, water heater with bath-filling systems, water heater with heating systems, hybrid water heater with heating systems, bathroom heater/dryer, floor heating systems, and others



Kitchen Appliances

Tabletop cookers, built-in hobs (stovetops), ovens, dishwashers, range hoods, rice cookers, and others



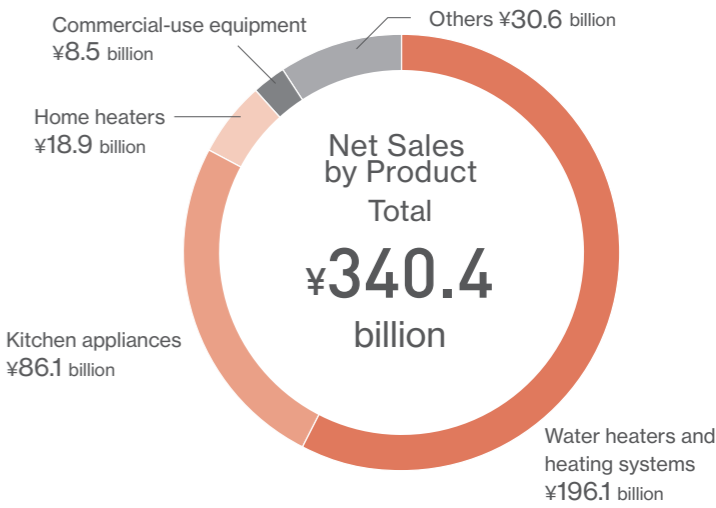
Home Heaters

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



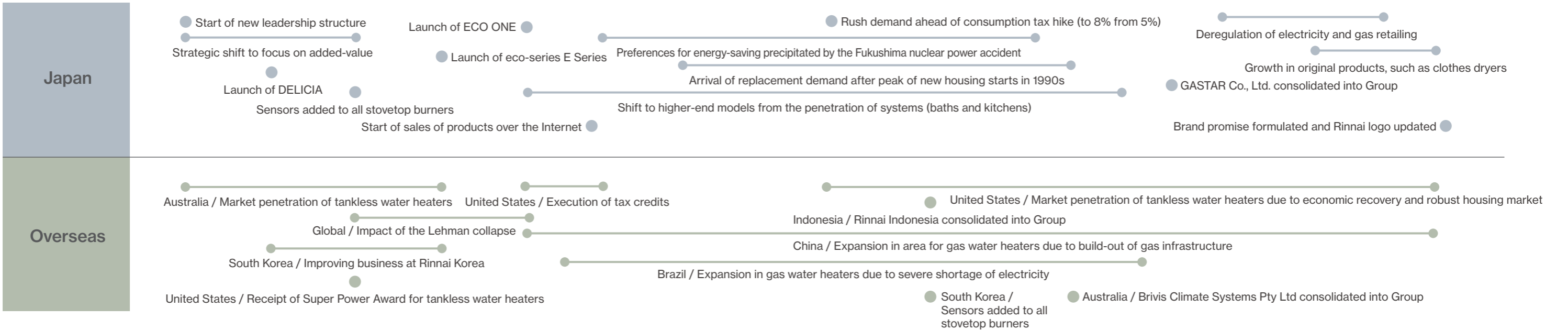
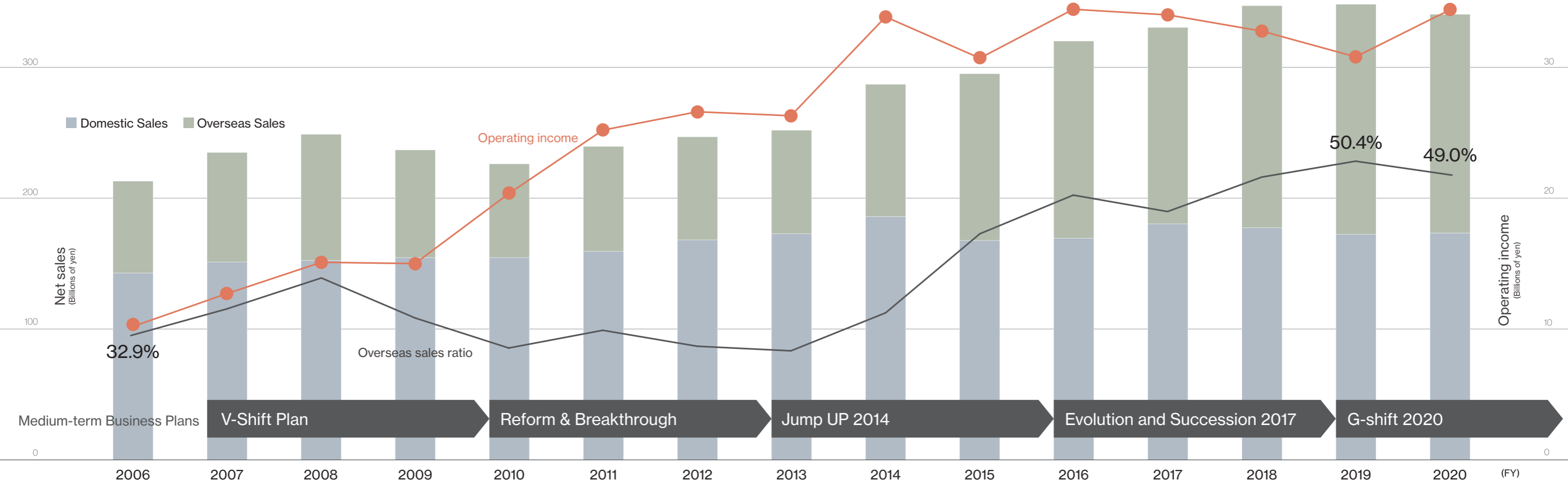
Commercial-Use Equipment, Others

Industrial ceramics machines, commercial-use ranges, commercial-use cookers, gas clothes dryers, components, and others



History Viewed from Changes in Medium-Term Business Plans

Rinnai has contributed to the advancement of “heat and lifestyles” through a variety of technological innovation in the fields of water heating, heating and air conditioning, and commercial equipment.
Rinnai will continue to create thermal energy equipment that addresses the needs of the times while accurately grasping diversifying life scenes.



Value Creation Process

The Rinnai Group attempts to conduct corporate management with a focus on ESG indicators to ascertain the environmental impact of various social issues and business activities as well as the opinions and expectations of related stakeholders. We strive to realize sustainable corporate growth and contribute to international initiatives such as the SDGs through the implementation of a value creation process driven by strategic management focused on ESG indicators.

Rinnai Group Value Creation Process

External Environment / Social Issues

Climate change / global warming	Rinnai handles water heaters and heating units that utilize a large proportion of residential energy.
Product usage risks	Company-related product usage risks include fires caused by gas stoves and "heat shock" occurring in the bathroom.
Work style changes cause decrease in quality of lifestyle	Demand for products that reduce time required for household chores due to decrease in quality of lifestyle as a result of a rise in dual income households, declining birthrates and an aging population

Invested Capital (Fiscal 2020)

Human capital	Employees ^{*1} :	10,451 people
	Employed (Rinnai non-consolidated) ^{*1} :	84 people
	Training and development expenses: (Rinnai non-consolidated) ^{*1}	¥165 million
Intellectual capital	Overseas trainees (Rinnai non-consolidated):	10 people
	Development headquarters staff: (Rinnai non-consolidated) ^{*1}	480 people
	R&D expenses (Rinnai non-consolidated):	¥7,292 million
	ISO 9001 certification acquisition: (number of companies) ^{*1}	17 companies
Financial capital	ISO 14001 certification acquisition: (number of companies) ^{*1}	15 companies
	ROE	7.0%
	ROA	4.9%
Manufactured capital	Equity ratio	70.1%
	Rinnai Group production bases: (number of companies) ^{*1}	25 companies
	Production group staff (Rinnai non-consolidated) ^{*1} :	1,979 people
Natural capital	Capital expenditure (Rinnai non-consolidated):	¥5,330 million
	Input energy:	1,106,557 GJ
	Water used: Ground water:	191,996 m³
Social and relationship capital	Public water:	615,777 m³
	Rinnai brand, external evaluations, stakeholder engagement, Rinnai Group Code of Ethics	

^{*1} As of March 31, 2020

Risks

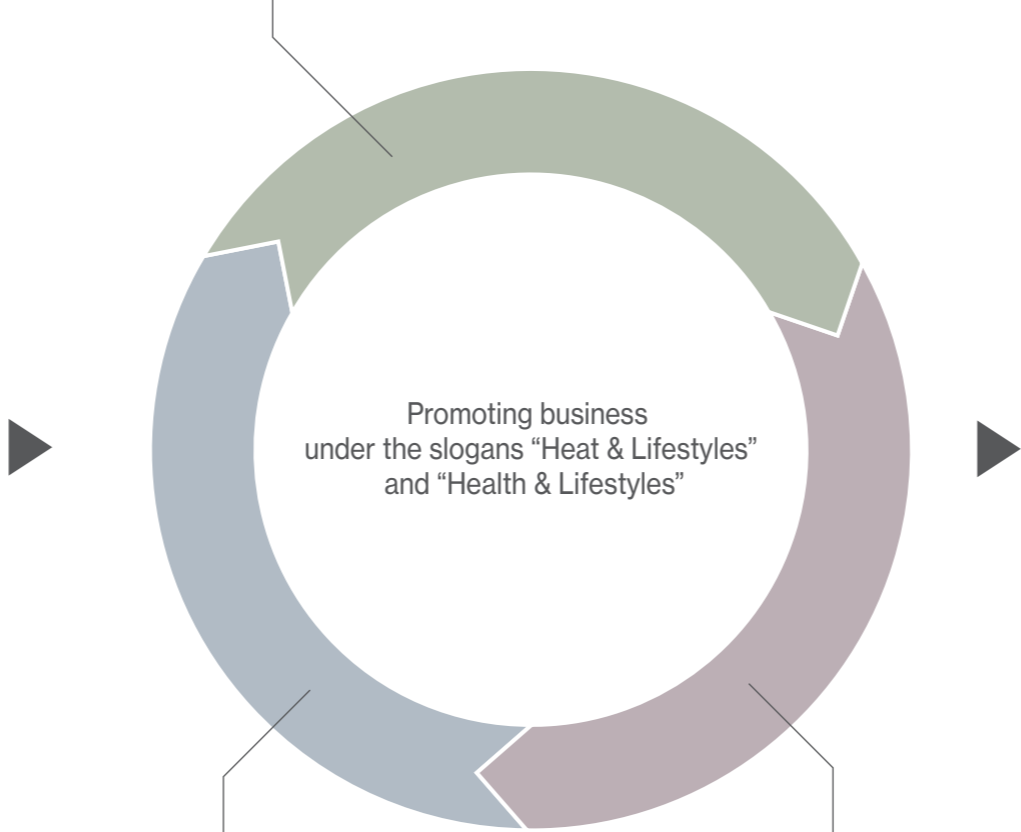
[Domestic] Expansion of thermal energy systems centered on electric power
[Domestic] Price reduction of gas appliances due to customer requests
[Domestic] Declining birthrates, an aging population, and a decreasing in the number of households
Decreasing working hours and intensifying competition for securing human resources

Opportunities

Growing demand for energy-saving products by strengthening environmental policies
Increasing needs for safety and accident prevention as social issues
[Overseas] Expansion of natural gas use
[Overseas] Improving living standards
Progress in evaluation of corporate ESG initiatives

Business Activities

Creation of products and services that are safe, secure, and environmentally friendly
(local production / in-house production)



Development of technologies useful for people’s lives
(Combustion / heat utilization, electronic control, fluid control, new technologies)

Contribute to raising standards of living globally
Social issue recognition

Value Provided

Environmental contribution

Providing lifestyles that reduce consumption of everyday lifestyle energy usage and impact on the environment

Safety and peace of mind

Supporting lifestyles that enable the prevention and avoidance of various potential risks in the home

Quality of life

Proposing lifestyles that reduce the burden and time required to perform household chores

Fiscal 2020 Achievements

Main products and services

Gas stoves, range hoods, water heaters, hot water floor heaters, gas clothes dryers, dish washers

Consolidated net sales

¥340,460 million

Operating income

¥34,422 million

Operating income ratio

10.1%

Net income attributable to owners of the parent company

¥21,561 million

Net assets (equity ratio)

¥340,959 million (70.1%)

Dividend per share

(annual) ¥98

Amount contributed to reducing CO₂ emissions

2.61 million tons

Announcements of product recalls due to defects: 0 case

Valuing the worldview that Rinnai is aiming for and pushing forward with the Rinnai way which represents our passion as a manufacturer

Masao Kosugi
Director and Senior Managing Executive Officer,
General Manager of Corporate Planning
Headquarters



View of the market environment: Risks and opportunities (considering the impact of COVID-19)

We are carefully considering the impact of the novel coronavirus (COVID-19) pandemic on our business. However, Rinnai is a maker of daily necessities, so with the pandemic causing people to spend more time at home and be more concerned about cleanliness, we view the current situation as a major opportunity. In our U.S. business, where the impact of COVID-19 has been mild, tankless water heaters have driven earnings recently. In China, the stoppage of operation from mid-February had somewhat of an impact but business is now back to normal. Rinnai's thermal control technologies lead that of its global peers, and in particular the accuracy of the temperature control in our water heaters thanks to our electronic control technology has been highly regarded. Looking at the longer-term, although there is a risk that the shift away from fossil fuels may accelerate, we believe our thermal exchange technologies can be applied as energy becomes more diversified going forward, so this trend can be viewed as a growth opportunity.

In Japan, we launched the microbubble bath unit to respond to demand from health-conscious consumers and will continue to focus on product development while prioritizing marketing from the consumers' viewpoint.

Sensing progress in achievement of the medium-term business plan

From its first plan in 2006 to the current G-shift 2020 plan, we have implemented five medium-term business plans. The past four medium-term business plans focused on creating a strong profit structure, but since President Naito's appointment, we have aimed to create a stable financial foundation by actively introducing value-added products to the market.

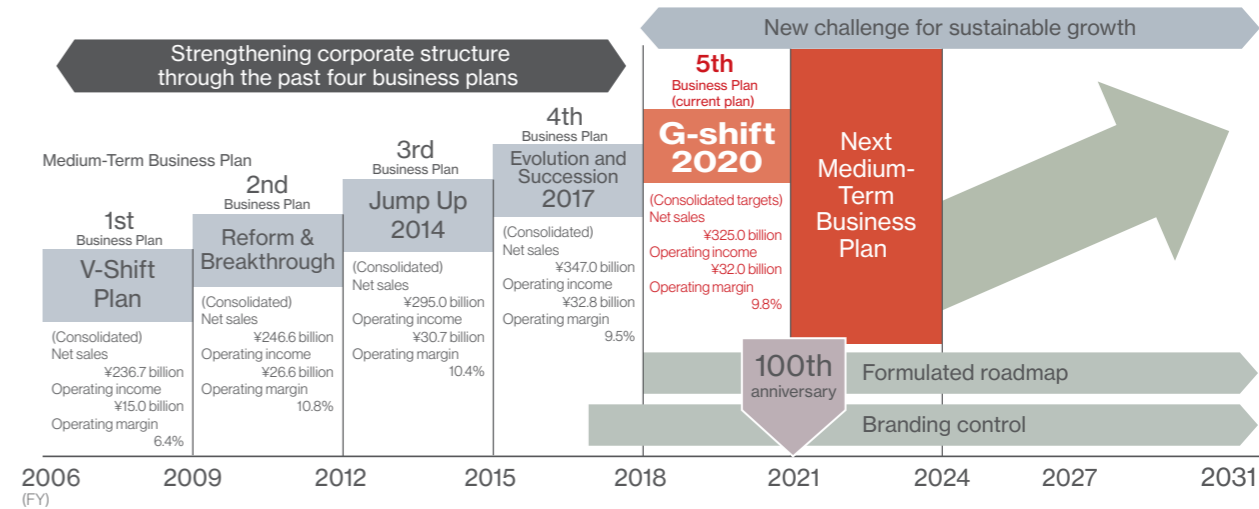
I position our performance in fiscal 2020 as a challenge to strengthen our foundations. Moving forward, we are building an innovation center in the United States to lead local product development and will invest the necessary funds in China to expand sales of gas stoves and commercial products as well as water heaters. In addition, a recent focus has been an aggressive push to strengthen our branding. We are promoting product appeal and boosting awareness of the Rinnai brand among consumers and trading partners from a global perspective. Such activities are clearly focused on global standardization, and I sense progress in the achievement of medium-term business plan as an overseas strategies to secure our position as a truly global company.

From here we will prioritize strengthening our touchpoints with consumers in Japan and overseas both real and online and collaborate with external partners who are adept in this area.

Fiscal 2020 Performance of Overseas Subsidiaries

	Net sales	YoY	Operating income	Sales ratio	Ordinary income	Sales ratio	Net income	Sales ratio
(Millions of yen)								
Rinnai America	33,133	109%	2,032	6.1%	2,025	6.1%	1,436	4.3%
Rinnai Australia	23,760	95%	593	2.5%	393	1.7%	262	1.1%
Shanghai Rinnai	43,628	92%	5,593	12.8%	5,868	13.5%	5,228	12.0%
Rinnai Korea	27,535	84%	(1,382)	—	(1,248)	—	(987)	—
Rinnai Indonesia	11,263	88%	1,600	14.2%	1,906	16.9%	1,504	13.4%

Positioning of Medium-Term Business Plan "G-shift 2020"

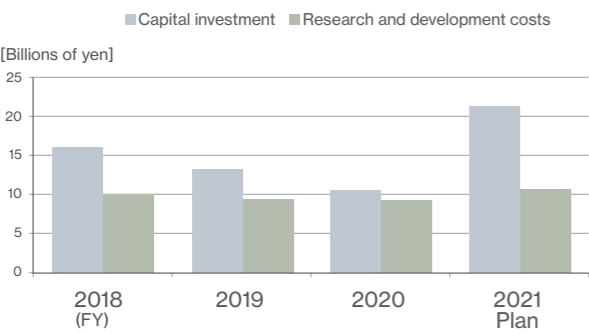


Thinking with regard to capital policies and capital investment plans

Rinnai's investment strategy has been to sustain a relatively high level of capital investment. In particular we have invested in expanding factories in the domestic business that manufacture products with growth potential, such as gas clothes dryers and ECO ONE series. Our investment has thus focused on the rationality of production.

We are also investing intensively in expanding and adding equipment at overseas factories in markets where growth is projected, which also contributes to local development.

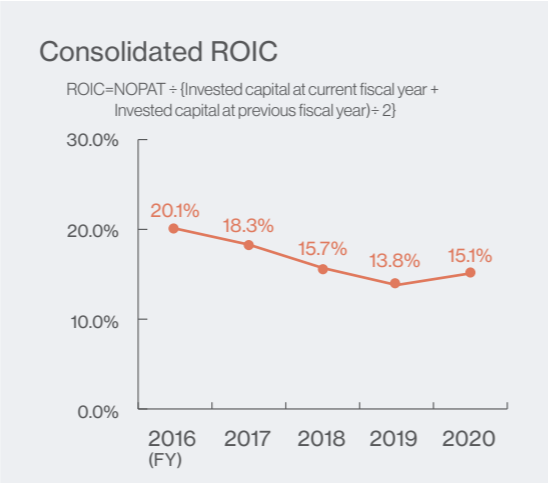
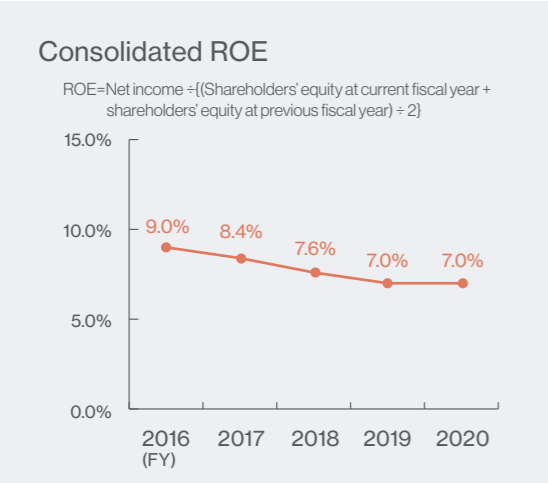
In addition, we will invest aggressively in consumer-oriented marketing measures and promotion activities to directly associate high value-added products with the Rinnai brand both in Japan and abroad.



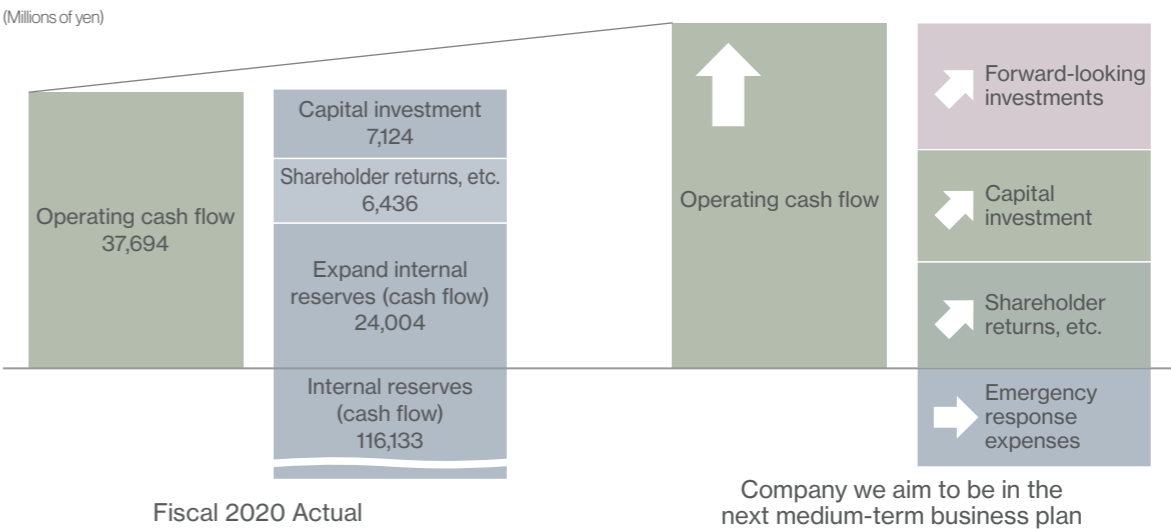
Capital investment	FY2020 Actual		FY2021 Plan	
	Amount of investment	Depreciation and amortization	Amount of investment	Depreciation and amortization
Rinnai Corporation	5,330	5,659	6,467	5,606
Domestic consolidated and affiliated companies	1,965	2,073	3,271	1,999
Overseas consolidated companies	3,284	4,402	11,750	4,372
Total	10,580	12,134	21,489	11,977
Of the above total, the amount related to molds	2,831	3,260	4,141	3,134

Research and development costs	FY2020 Actual		FY2021 Plan	
	Amount of investment	Depreciation and amortization	Amount of investment	Depreciation and amortization
Rinnai Corporation	7,292		8,000	
Domestic consolidated and affiliated companies	2,015		2,845	
Total	9,308		10,845	

Furthermore, to enhance awareness of the thinking behind capital policy, we have established a working group for capital policy for internal deliberations using ROIC, ROE, and other financial metrics that are more precise and transparent from a finance perspective. To increase awareness of asset turnover, we are using ROIC as an indicator not only at the companywide level, but also to evaluate each business unit.



Until now, Rinnai has operated debt-free and has kept relatively stable reserves on the funding front in order to be agile. However, to prepare for the current COVID-19 situation, natural disasters, and other unpredictable circumstances, we are reviewing our policies while remaining cognizant of the need to build a strong financial foundation and to ensure our BCP measures function as intended. We have previously been strongly committed to consecutive dividend increases and stable dividends but going forward we will rethink our capital policy as "management on offense" that considers an optimal balance of return to shareholders, return to employees, and investment in the future.



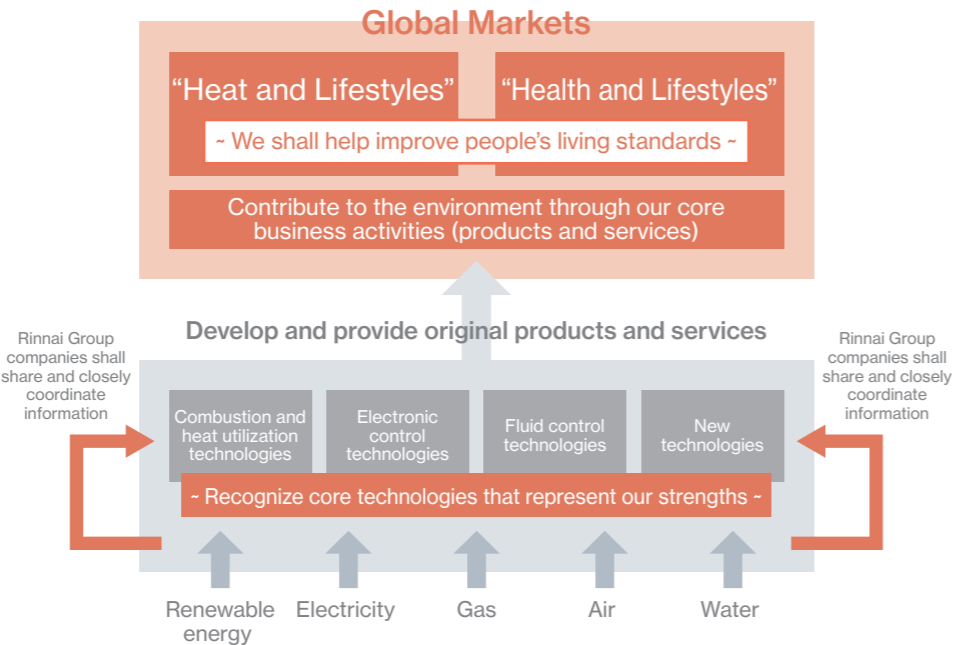
The Rinnai way is to be keenly aware of social contributions through its core business

With society's interest in ESG and SDGs on the rise, I believe Rinnai's employees are very fortunate in that Rinnai's products can help reduce CO₂ from the usage stage (Scope 3) and therefore they can take pride in the fact their work in Rinnai's core business is contributing to the environment.

In the past, Rinnai was very particular about things (products), but going forward as we provide experiences (value), we will gain consumers' empathy while we create that value. At the same time, we will value the worldview that Rinnai is aiming for and push forward with the Rinnai way which represents our passion as a manufacturer.

Management Policy

We will help improve the living standards of people around the world with the keywords of “heat and living” and “health and living.” In addition to providing existing products and services, we will create unique offerings by incorporating new technologies into our own core technologies and advancing their applications. In addition, we will shift and optimally allocate managerial resources to a new organizational structure, which will lead to sustained growth over the next 10 and 20 years.



Approach to CSR

With the creation of healthy and comfortable lifestyles as its corporate mission, Rinnai promotes CSR activities through business focused on ESG throughout the entire Group.

Heat and Lifestyles

We deploy our advanced heat-related 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.

Contributing to Local Communities

In principle, we focus on local production and local sales in advancing our overseas business. Our aim is to help improve the lives of local people around the world by delivering products and services that meet the climates, lifestyle cultures, and customs of various nations and regions.



Approach to CSR

The Group pursues CSR activities based on the three commitments it has emphasized since its foundation — “heat and lifestyles,” “quality,” and “contributing to local communities” — complemented by “the environment,” for a total of four key themes.

Quality

We adhere to the fundamental concept 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.

The Environment

We reduce greenhouse gas emissions by developing, manufacturing, and selling residential appliances, which are kitchen appliances, water heaters and heating appliances, with exceptional energy efficiency.

Quality Policy

Based on our fundamental concept, “Quality is our destiny,” under our Quality Policy, our Group employees strive to improve design quality, manufacturing quality, and sales quality with a customer-oriented approach.

Quality Policy

To provide products with satisfaction and a high level of safety to customers

Customer Orientation

To offer products with safety and peace of mind; To disseminate safe usage; An enriched service body

Environmental Policy

For our environmental initiatives, we promote all-hands environmental activities with full participation based on an environmental action plan (“7E Strategic Initiatives”) aiming for its accomplishment in 2020, under the following basic environmental philosophy.

Basic Philosophy on the Environment

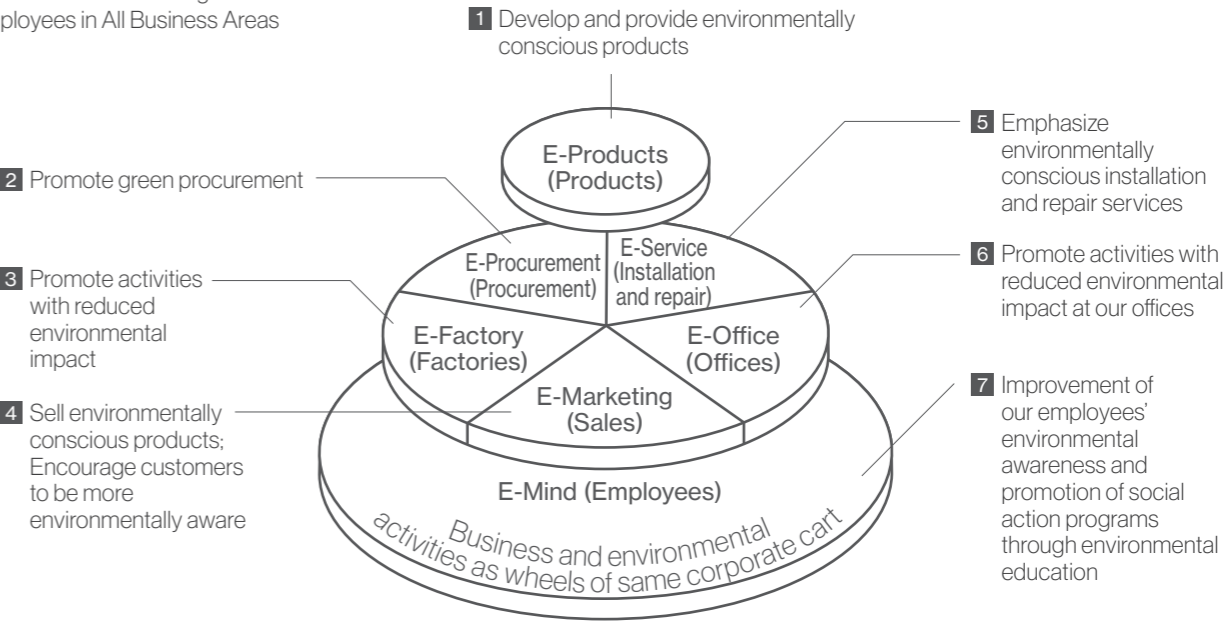
Rinnai’s basic philosophy is to embrace environmental protection on a global scale and contribute to society through the pursuit of excellent, people- and planet-friendly technology, and product development, production, sales, and service infused with a sense of humanity.

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.

7E Strategic Initiatives

Green Activities Involving All Employees in All Business Areas



Identifying CSR Material Issues

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 ESG indices. We also identify CSR material issues through the Rinnai Group value creation process in relation to our management strategies, revolving primarily around our Corporate Planning Division.

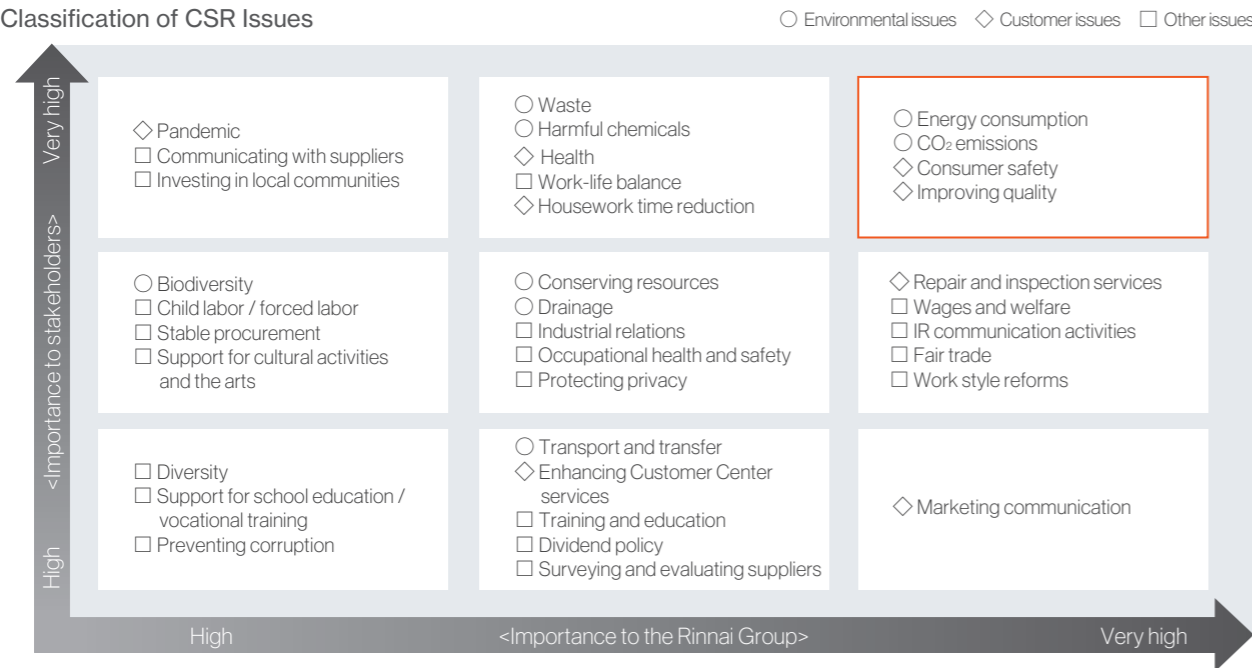
Identification Process



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 a change from the previous year, we have increased the importance level of the item "Work-life balance" to stakeholders and the Rinnai Group by one level each.

Classification of CSR Issues



CSR Material Issue Targets and Results

Material Issues

Energy consumption
CO₂ emissions

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

Main Target Indicators

Amount contributed to reducing CO₂ emissions by using the product

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

2020 target
3.32 million tons

2030 target
6.04 million tons

2019 results: 2.61 million tons



Material Issues

Consumer safety
Improving quality

We are working toward achieving zero defects by eliminating defects at every stage of the product lifecycle—from development, production, and sale through to obsolescence—and pursue a range of activities to publicize information and raise awareness of preventing accidents in the home.

Main Target Indicators

Number of defects that have led to product recall announcements

Target area: Global
Target stakeholders: Customers

0 case

2019 results: 0 cases



Toward the achievement of a sustainable society

The Rinnai Group is participating in the Sustainable Development Goals (SDGs) set at the United Nations Summit in September 2015 and its actively working to contribute to them. As Rinnai provides society products that are closely related to the global environment and people's lives, it recognizes the importance of SDGs and will further develop its business with a focus on them.

The Sustainable Development Goals (SDGs)



SDGs items related to value provided in Rinnai's value creation process

Environmental contribution	Providing lifestyles that reduced energy consumption and impact on the global environment in daily life	
Safety and security	Supporting living by preventing and avoiding risks inherent in households	
Quality of life	Proposing lifestyles in which the burden of housekeeping and time spent on household chores are reduced.	

Approaches to Preventing Global Warming through Energy-saving Water Heaters

Linkage with SDGs



Reduction in CO₂ during product usage

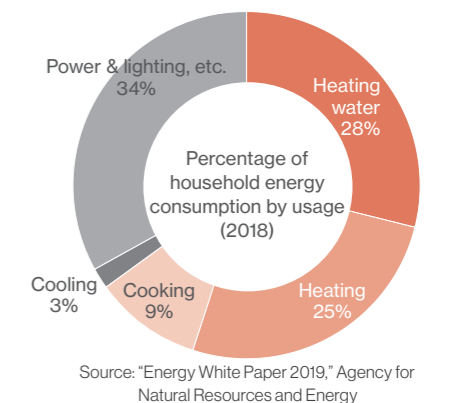
2020 Goals
3.32
million tons

2030 Goals
6.04
million tons

Aiming to contribute to a 6.04 million ton reduction in CO₂ by 2030

Looking at the breakdown of energy consumption by Japanese households, water heating and heating account of over 50%, and water heating alone accounts for the largest percentage at 28%. In addition, CO₂ emissions of water heaters throughout their lifecycles are highest at their usage stage. As a result, to contribute to preventing global warming through its business activities, Rinnai believes it is important to boost energy efficiency and develop and promote the adoption of environmentally conscious products that help accomplish this through improving the combustion efficiency of its hot water heaters and the like. Rinnai is working toward the prevention of global warming by setting "energy consumption and CO₂ emissions" as CSR material issues and the "amount contributed to reducing CO₂ emissions by using the product" as a target indicator*.

* Note 1: Reduction in CO₂ emissions (estimated) resulting from improvements to performance in Rinnai's water heaters compared with products sold in 2005. (sales in Japan and the United States).



CSR materiality targets

Reduction in CO₂ during product usage

2020 Goals **3.32** million tons

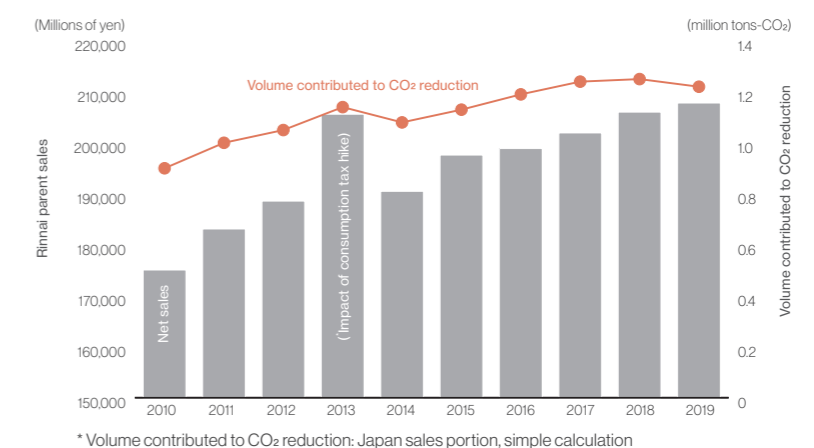
2030 Goals **6.04** million tons

Fiscal 2020 (actual) **2.61** million tons

CO₂ reduction volumes are linked to the Rinnai Group's corporate growth

Since our business is closely related to energy consumption, the amount of our contribution to CO₂ reduction is correlated with improvement in our sales and profits. In fact, as our company grows, we contribute more to CO₂ reduction.

Rinnai earnings (parent sales) and contribution to CO₂ reduction



Disclosure of Environment-related Financial Data

Expressing Support for Task Force

With the aim of creating a virtuous circle of the environment and the economy which assumes a sustainable company, Rinnai has expressed its support for the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD), a taskforce established by the Financial Stability Board (FSB). We are promoting the disclosure of the financial impact on the Company caused by climate change and our approaches to resolve these issues.

1 Governance

Rinnai's Corporate Planning Headquarters and the Environment Division are taking the lead in compiling ESG-related issues and allocating them to the relevant departments to undertake improvement initiatives. In addition, the Environment Management Committee is the secretariat for ISO14001 operation and promotes initiatives related to risks and opportunities associated with climate change and reports such activities to the leadership team.



2 Strategy

In the flow to specify key CSR issues (materiality) in Rinnai's value creation process, we identify risks and opportunities associated with climate change. We also work to enhance the accuracy of our estimates of the impact of climate change on Rinnai by performing scenario analyses in accordance with the Representative Concentration Pathway (RCP) scenarios of the Intergovernmental Panel on Climate Change (IPCC) and calculating the financial impact. The impact of climate change is also checked against our management strategy and reflect in our medium-term business plans.

Rinnai's risks and opportunities associated with climate change

Risks

1. Restrictions on water heaters due to depletion of water resources (Financial impact: Large)
2. Raw material procurement risk associate with climate change (Financial impact: Large)
3. Restrictions on gas water heaters due to restrictions on fossil fuel (Financial impact: Large)

Opportunities

1. Diffusion of energy-saving hot water heaters resulting from tighter environmental restrictions (CO₂)
2. Diffusion of gas boilers resulting from tighter environmental restrictions (PM2.5)

3 Risk Management

Rinnai's risk management is led by its Risk Management Committee. The committee periodically updates Rinnai's risk profile including risks associated with climate change and manages risks by classifying them by frequency of occurrence and level of impact.

4 Metrics and Targets

In its approach to climate change risks, Rinnai has prioritized "improving energy efficiency and developing popularizing environmentally conscious products that achieve this". Rinnai is working to manage climate change risk by setting "energy consumption and CO₂ emissions" as CSR material issues and the "amount contributed to reducing CO₂ emissions by using the product" as a target indicator.

TCFD recommended disclosures and content of Rinnai's disclosure

Recommended disclosures	Content of Rinnai's disclosure
Governance	Environmental management https://www.rinnai.co.jp/csr/manage_system/
Strategy	Value creation process https://www.rinnai.co.jp/csr/value/
Risk management	Risk management https://www.rinnai.co.jp/csr/risk_manage_system/
Metrics and targets	Value creation process https://www.rinnai.co.jp/csr/value/ Approaches to preventing global warming through energy-saving water heaters https://www.rinnai.co.jp/csr/reduction/

Global Development of Water Heaters in the Rinnai Group

The Rinnai Group manufactures and sells water heaters broadly not only in Japan but overseas which makes its business closely linked to energy consumption and CO₂ emissions. Viewed from a different perspective, this means the development and widespread use of highly efficient water heaters may significantly reduce the burden on the environment.

Initiatives at Rinnai America Corporation

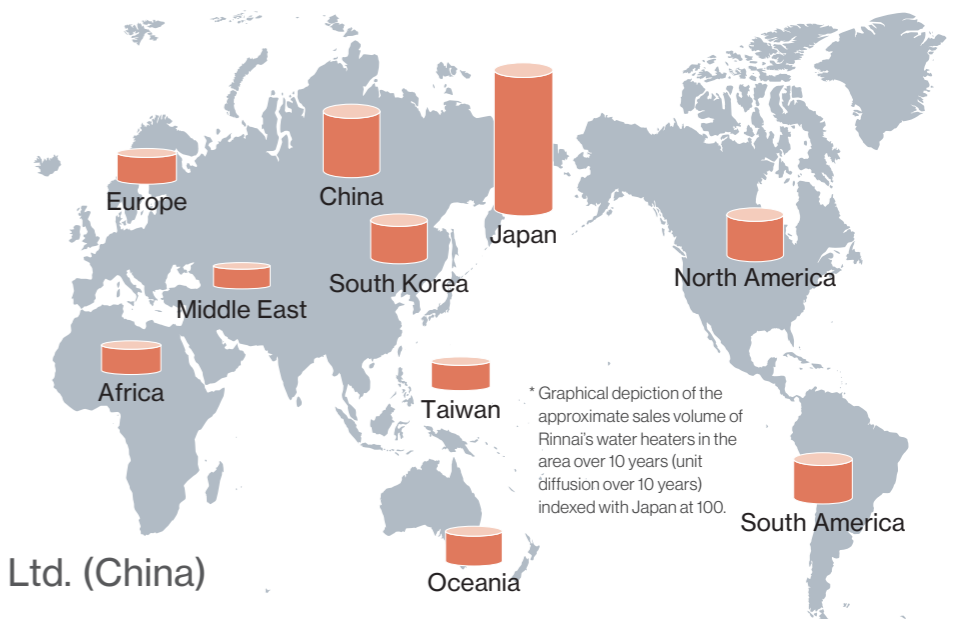


The water heater market in North America is dominated by storage tank-type units that are not very energy efficient. Rinnai has been promoting the conversion to tankless water heaters that are highly energy efficient. Efforts to boost awareness over many years are bearing fruit and sales volumes for tankless water heaters have been rising recently. Rinnai America will help ease the impact on the global environment through the wide diffusion of highly efficient tankless water heaters.

Rinnai America is focused on aggressive product PR using mass media and on expanding its sales and installation network to encourage widespread use of tankless water heaters. Rinnai has outfitted vans as mobile mini-showrooms which provided the opportunity to install and outfit tankless water heaters in a tour covering over 700 locations in the United States and Canada. Rinnai's water heaters were very well received in North America where storage tank-type units are the mainstream, as participants were able to experience firsthand the performance of tankless water heaters that offer the convenience of and endless supply of hot water.

Rinnai previously sold compact gas boilers used in heating applications on an OEM basis (procured product manufactured by another company) but subsequently built a manufacturing structure at its domestic plants and began selling the I-Series of high-efficiency boilers as a strategic model in July 2019. The boiler heats water while also being used to heat rooms and offers detailed temperature control, features which are being promoted to further expand demand.

In 2018, Rinnai America expanded its headquarters, which is now equipped with facilities to provide training on installation to the employees of sales distributors and certified service agents. We also expanded testing equipment tailored to the local usage environment as we endeavor to build out and strengthen our network in North America.



Initiatives at Shanghai Rinnai Co., Ltd. (China)



The gas infrastructure in inland China is not developed and compact electric units hold a certain share of the water heater market. However, as living standards rise, there is growing demand for high-capacity and highly efficient gas water heaters, which has supported a gradual expansion in sales of Shanghai Rinnai's main business.

Shanghai Rinnai has traditionally sold its products in Tier 1 and Tier 2 cities along coastal regions, such as Shanghai and Beijing. However, recently the installation of gas pipelines have expanded gas usage in Tier 3 and Tier 4 cities in the inland areas, and Shanghai Rinnai has been working to expand its gas water heater sales in those markets as well.

Gas water heaters overcome the shortfall of electric models, namely the supply of hot water cutting off (using hot water continuously causes the stored hot water to be depleted) and are notably more convenient. Yet they also have the disadvantage of emitting cold water stored in equipment and pipes when the water heaters are first used. Gas water heaters that instantly dispense hot water overcome this and are enjoying brisk diffusion. In 2019 Shanghai Rinnai launched a new model that instantly produces hot water and has been working to expand its market share.

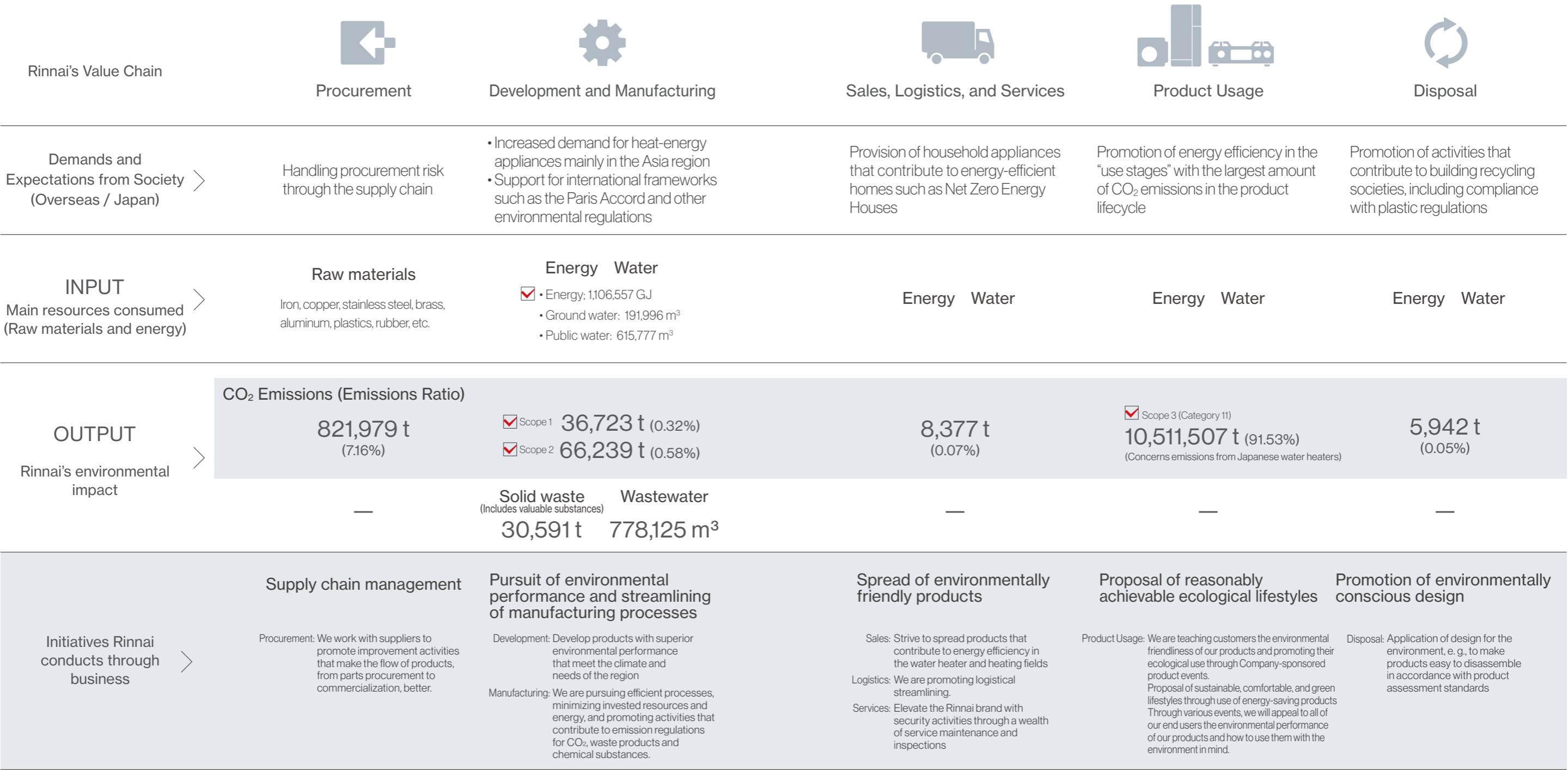
In China, Internet sales of gas equipment have been rising in tandem with the general trend in consumption toward online sales. Rinnai Shanghai's Internet sales ratio also rose by about 3 percentage points compared with 2018. We will work to enhance awareness of Rinnai by selling hot water heaters that are only available through the Internet and by promoting Rinnai's strengths in quality and performance.



Environmental Impact within Rinnai’s Value Chain

Rinnai promotes environmental impact reduction initiatives through the value chain ^(see Note 1) in consideration of societal demands and impact on the environment.

Note 1: A series of business activities and value creation processes that companies conduct to provide customers value in the form of products and services.



Rinnai's estimates based on the "Basic Guidelines for Calculating Green House Emissions Through the Supply Chain"
[Target scope] Rinnai Corporation and consolidated subsidiaries (development / manufacturing), Rinnai Corporation (procurement / sales / logistics / services / product usage / disposal)
[Target period] Domestic: Fiscal 2020 (April 2019–End of March 2020)
Overseas: January 2019–End of December 2019
[CO₂ emissions (units)]: tCO₂e, (%) represents the emissions ratio within each process.

☒ The value chain is the chain of business activities and processes undertaken by a company to generate and deliver value (products and services) to the customer. Indicators marked with a check have received a third-party guarantee from Lloyd's Register Quality Assurance Ltd. (LRQA).

Environmental Management

Basic Philosophy on the Environment

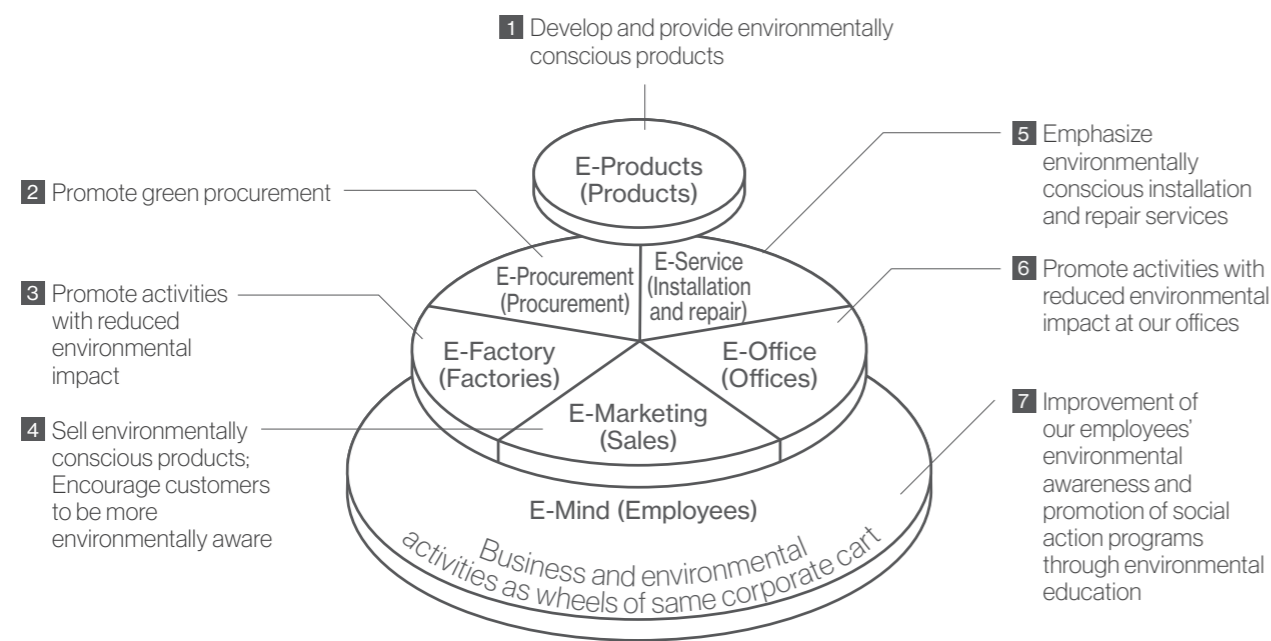
Rinnai's basic philosophy is to embrace environmental protection on a global scale and contribute to society through the pursuit of excellent, people- and planet-friendly technology, and product development, production, sales, and service infused with a sense of humanity.

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.

Environmental Action Plan (7E Strategic Initiatives)

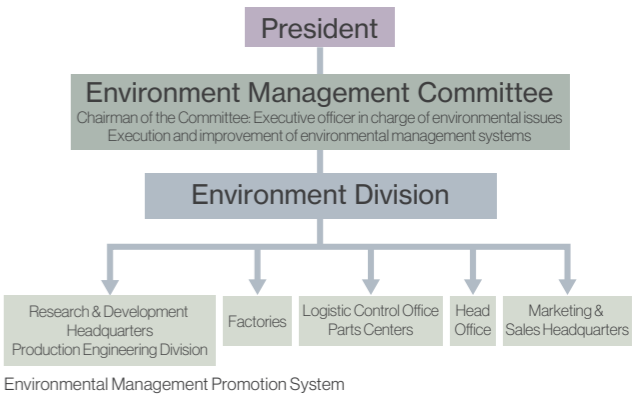
Our goal is for employees with a high awareness of the environment to make environmentally friendly products at factories that operate in harmony with the environment and provide these products with confidence to our customers. We will pursue our carefully tailored 7E Strategic Initiatives as a *monozukuri* company in all processes (development, procurement, manufacturing, sales, usage, and disposal) in product's life cycle. The 7Es are E-Procurement of raw materials and parts; E-Factory, where *monozukuri* happens; E-Products that are made, E-Service of products customers use; E-Office, where administrative work is conducted; and E-Mind who are the foundation of our activities.



Promotional Framework for Environmental Activities

Headed by the President, the Environment Management Committee guides corporate efforts to achieve targets of the 7E Strategic Initiatives environmental action plan. 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.

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 quarterly. 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.



ISO 14001 Certification

To conduct environmental conservation activities in an organized and ongoing basis in line with Rinnai's Basic Philosophy on the Environment and Environmental Policy, Rinnai promotes environmental management and works to boost its environmental performance through the acquisition of ISO 14001 and other certifications related to environmental management systems.

In fiscal 2020, the Minami-Kanto Branch, a domestic sales base, and Rinnai Viet Nam Co., Ltd., an overseas Group company, joined the list of sites that have been certified.

[Link destination Data Book Environmental Data Page 117 Status of Acquisition of Certifications](#)

External and Internal Environmental Audits

Rinnai undergoes a routine annual audit by an external screening/registration body to verify that its environmental management system is being properly applied. Regarding internal audits, the audit team is composed of auditors selected from throughout the Company with a neutral perspective in that they are not directly affiliated with any of the departments to be audited. They audit other departments for compliance with the environmental management system and with any revisions to environmental regulations as well as for the content of their activities.

We have confirmed that external and internal audits are conducted through a PDCA cycle each year.

Environmental Training

To promote environmental activities, it is important for all employees to have an environmental mindset. Rinnai implements practical training for persons in charge and general training at each level of the organization.

Training for Internal Auditors

Our internal auditors play a key role in the ongoing enhancement of our environmental management systems. Implementing audits demands a high level of expert knowledge and communication skills. To raise the skill level of its internal auditors, Rinnai holds regular training sessions led by in-house trainers on laws and regulations, internal policies, and issues identified and corrective actions from internal audits.

General Training

Aiming to promote environmental contributions in its core businesses, Rinnai's general training incorporates various programs to raise environmental consciousness that are targeted at new joiners and according to employees' roles and ranks.



A scene from environmental training

Compliance with Legal Regulations

While compliance with legal regulations is a given, we set more stringent voluntary standards and conduct daily supervision and periodic measurement as well as implement environmental audits to control emissions to the atmosphere and water systems. Rinnai is strengthening the maintenance and administration of its facilities. When the potential for a voluntary standard being exceeded is detected, we implement preventative measures for that equipment and manage it thoroughly. When values are detected that exceed regulatory standards, we identify the root cause and implement improvements in response to the issue.

In fiscal 2020, there were no legal violations related to the environment, such as laws related to pollution control.

Environmentally Conscious Design (Product Assessment)

Rinnai implements product development with a focus on the environment from the planning and design phases based on its product assessment guidelines. We are developing equipment with a lesser impact on the environment than preceding models by reducing the amount of raw materials required and considering recycling in designs, such as structural designs that facilitate disassembly.

With regard to the use of plastics in our products, we have set a goal to make new products lighter and with a smaller footprint than previous models as outlined in these guidelines. At the same time, we endeavor to consider how the product will be taken apart, such as minimizing the use of dissimilar materials in adhesive parts, which are difficult to disassemble. In our packaging design, we use packaging made from easy-to-recycle cardboard, and are also expanding our use of returnable packaging to promote the reuse of packaging materials and are reducing the weight and volume of packing by making more effective use of packaging components.

Environmentally Conscious Design Policies

- Conservation of resources
- Reduce environmental impact at the manufacturing stage
- Reduce environmental impact at the usage stage
- Potential for recycling
- Safety
- Ease of collection and transport

Supply Chain Management

With the social environment changing toward the achievement of a sustainable society, environmental activities that extend beyond the scope of our Group and into our supply chain are important for sustaining our business moving forward. Through Rinnai's Green Procurement Standards Guide, to which we request all of our suppliers comply, we convey our thinking regarding green procurement policies and also work to improve environmental management through our daily interactions with them.

In fiscal 2020, we surveyed the status of environmental impact data and environmental activities at 350 business partners through a questionnaire.

Prevention of Global Warming

Major changes in climate patterns due to global warming and other factors are threatening the building of sustainable societies. Rinnai is undertaking initiatives to minimize its energy consumption toward the achievement of the targets it has set for 2030.

Contributing to Energy-Saving through the Diffusion of Environmentally Friendly Products

Rinnai has set a long-term target of contributing to 27% reduction in CO₂ by 2030 to conserve energy at “the usage stage” where CO₂ emissions are largest in the product lifecycle and thus and contribute to the environment through its products.

Rinnai Receives “Honorable Mention” at EcoPro Awards

At the 2nd EcoPro Awards organized by the Japan Environmental Management Association for Industry, the Rinnai Group received an “Honorable Mention” for its development of “hot water and heating systems that address the energy and environmental conditions in each country and region”. Rinnai was recognized for its efforts to spread boiler heaters that are equipped with measures to combat air pollution (PM 2.5 measures) in the Chinese market, its nationwide activities to provide installation training to promote the adoption of highly efficient hot water heaters in the United States, and for the development in Japan of the ECO ONE water heater and heating system that minimizes the consumption of primary energy^{*1} since it does not rely on either electricity or gas alone as a single source of electricity.



EcoPro Awards Ceremony

^{*1}Primary energy: Energy acquired is from its natural state, such as coal, petroleum, and natural gas. Primary energy consumption can be used to compare equipment using electricity, gas, and oil, etc. under the same conditions and has recently been used as a standard for comparing energy-saving housing.

Press release (link: <https://www.rinnai.co.jp/releases/2019/0926/images/releases20190926.pdf>) (in Japanese only)

Certification as “Low-NOx and Low-CO₂ Small-scale Combustion Equipment” by the Tokyo Metropolitan Government

Rinnai’s water heaters have been certified by the Tokyo Metropolitan Government as “low-NOx and low-CO₂ small-scale combustion equipment” by the Tokyo Metropolitan Government. “Low-NOx and low-CO₂ small-scale combustion equipment” have been certified for meeting standards for both NOx emission concentration and energy efficiency, and the certification was established to encourage the diffusion of such equipment.

Bureau of Environment, Tokyo Metropolitan Government (Link: https://www.kankyo.metro.tokyo.lg.jp/air/air_pollution/torikumi/nox_co2/nox_co2.html) (in Japanese only)

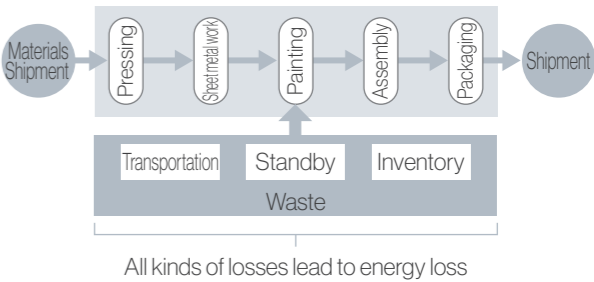
Initiatives to Reduce Energy Consumption at Worksites

Rinnai targets a 4% reduction in the base unit of energy use^{*2} by fiscal 2021 versus the benchmark year. The reduction in fiscal 2020 was 9.7%, so we were able to achieve the target before the final year of the target. We were able to achieve this target through energy-saving activities undertaken each summer at all worksites and as well as stepped-up initiatives to save energy in manufacturing facilities, lighting, and air conditioning, while also working toward strict loss reductions in each manufacturing process.

^{*2}Per-unit energy consumption: Per-unit standard of energy consumption as defined by Rinnai

Efficiency-raising Activities through Fully Integrated Manufacturing (Rectification)

Rinnai has established energy management policies and targets as a business operator specified under the Act on the Rational Use of Energy and is practicing rational energy use. Promoting rectification in our craftsmanship is leading to higher productivity and lower total energy consumption. Based on its fully integrated manufacturing system, the Company is boosting energy efficiency from pressing through to the assembly and packaging stages with the mindset that “all losses lead to energy loss”.



Primary Energy-conservation Initiatives

Manufacturing	<ul style="list-style-type: none">• Eliminating wasted energy in assembly tasks that use make-shift mechanisms• Improving usage efficiency in painting and drying processes• Optimizing compressor operation• Integrating manufacturing facilities, other
Office	<ul style="list-style-type: none">• Upgrading to LED lighting and removing unnecessary lighting• Managing air conditioner temperature and use• Reducing air conditioner loads by applying heat-insulating paint• Implementing “Cool Biz” casual dress policies• Green curtains, other

Prevention of Global Warming

Use of Renewable Energy

The Rinnai Group encourages the use of renewable energy, including solar and wind power, at its locations both in Japan and overseas.

The total amount of electric power generated from renewable sources in fiscal 2020 was 430,000 kWh.



Solar power generation equipment (Tohoku Branch)

Improvements to Logistics

As a consigner specified under the Act on the Rational Use of Energy, Rinnai is working to improve its logistics based on a rationalization plan it has formulated for energy use. The Group's products are made at its factories and sold throughout Japan, while some are exported to other countries in Asia, Europe, North America, and beyond. The key to Rinnai's logistics network, the Integrated Logistics Center, is working to appropriately manage energy conditions related to distribution and reduce energy consumption by improving logistical efficiency.



Rinnai's Integrated Logistics Center

Primary Initiatives Being Pursued

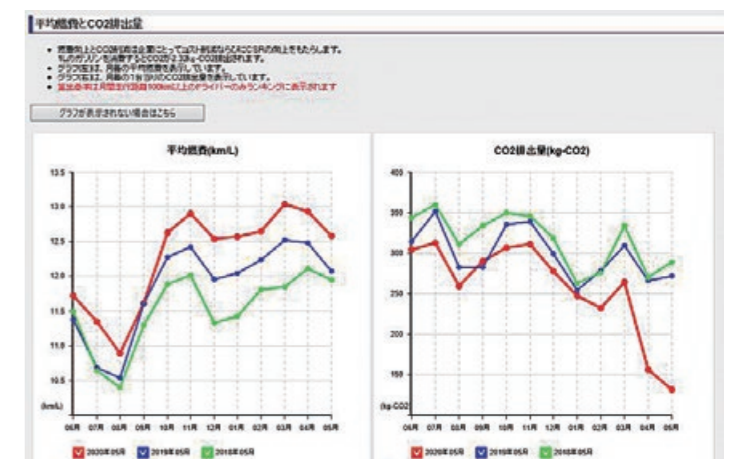
- Expanding consolidated shipping within the Group
- Reviewing and adjusting product delivery routes
- Effectively using round-trip shipments
- Using modal shifts*
- Increasing stacking per pallet
- Encouraging eco-driving

* Modal shift: A shift in transportation method from trucks to large-capacity modalities, such as railway or ocean shipping

Eco-Friendly Driving Initiatives

We have introduced a system for quantifying and centrally managing fleet operations at our sales offices nationwide to encourage safe and eco-friendly driving. The system is designed to automatically email managers if a driver drives too fast, accelerates rapidly, or brakes suddenly. It has improved average fuel economy by approximately 5% compared with before it was introduced and has resulted in a decrease in traffic accidents and violations on public roads.

In addition, we hold regular training on eco-driving for employees and have posted anti-idling reminders in Rinnai's parking lots at worksites nationwide to encourage employees and business partners to cooperate in eco-driving.



Screen of vehicle monitoring system (average fuel economy and CO₂ emissions)

Encouraging Eco-Friendly Commuting

The Technology Development Center encourages employees to voluntarily commute in an eco-friendly manner by designating certain days as "no car days." On these days, employees come to work by public transport or bicycle in order to reduce CO₂ emissions and the noise pollution caused by traffic congestion near the center.

This initiative not only lessens the impact on the environment, it also contributes to employee health by encouraging moderate exercise.



Bike racks at the Technology Development Center

Resource Recycling

From the perspective of intergenerational equity toward the creation of a sustainable society, there is a requirement to consume resources only to the extent that the resource needs of future generations may be met. Rinnai is continually working to develop equipment that conserves resources while aiming for zero emissions^{*1} (zero waste disposed of in landfills) and reducing the amount of waste it produces. Furthermore, it recognizes water is a precious resource and is involved in initiatives to reduce water used sourced from both water works and groundwater.

^{*1}Rinnai's definition of zero emissions: Recycling rate at manufacturing bases of 99.5% or higher (less than 0.5% going to landfills)

Initiatives to Reduce Waste

Rinnai targets a 4% reduction in the base unit of waste production^{*2} by 2020 versus the benchmark year. The reduction in fiscal 2020 was 1.6% versus the single-year target of a 3% reduction. We were unable to reach our single-year target due to an increase in scrap volume associated with increases in construction of welfare buildings and production for new products. However, as we work toward the last year of the initiative in fiscal 2021, we are operating under the key assumption that raw materials deployed in our manufacturing processes will be used without waste. At the same time, we will strengthen our efforts to turn any waste that does arise despite this once again into useable resources.

^{*2}Base unit of waste production: Unit standard of waste production as defined by Rinnai

Primary Waste-reduction Initiatives

Manufacturing	<ul style="list-style-type: none">• Introducing lightweight designs (reduce the amount of materials used)• Increasing yields by raising the effective utilization rate for pressed components (measures aimed at the root cause)• Effectively using leftover materials• Reducing defect rates• Raising the recovery rate of residual chemical agents• Making transport materials returnable• Eliminating excessive packaging, other
Office	<ul style="list-style-type: none">• Promoting a shift to paperless work processes• Curtailing the use of disposable and consumable materials• Raising awareness by letting employees see how many copies they make and how much they cost
Both	<ul style="list-style-type: none">• Improving the accuracy of material separation• Consigning industrial waste processing to a reputable vendor, other



Eco House (Oguchi Factory)

Industrial Waste Processing

When reaching agreements with waste processing subcontractors, Rinnai conducts strict inspections involving elements such as their financial condition and on-site confirmations. In addition, we visit our processing subcontractors each year to verify that they are conducting appropriate waste disposal. Once there, we confirm how manifests that contain information regarding different varieties of waste, their disposal methods, and processing statuses are being administered. We also conduct on-site confirmations regarding waste processing and exchange relevant information with the subcontractor.

In fiscal 2020, the Company visited 44 locations to verify that proper waste management was being conducted.

Management of Polychlorinated biphenyl (PCB) Waste

The Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes requires that companies such as Rinnai upgrade their storage of PCB, a substance used in transformer oil, and dispose of it by the end of March 2027. We are promoting measures aimed at expedient disposal. Until PCB disposal is complete, the Company will implement leakage prevention measures in preparation for possible equipment failures during storage. We also diligently lock up facilities to prevent loss and conduct proper labeling.

Semi-Closed Processing in Enamel Processing Lines

To enhance resource recycling in factories, it is important to “build a framework for not producing waste in factories or processing or reusing it all within the factory”. Noto Tech Co., Ltd., a Rinnai Group company, has succeeded in the in-house processing of waste liquid that was previously outsourced by reviewing the process flow in its enameling lines. Furthermore, at the wastewater treatment facility, the liquid is reformed such that it can be used as “coagulating chemicals”, leading to a large reduction in environmental impact and costs.

Major Initiatives

- In-house processing and chemicalization of liquid wastes emitted from enamel lines
- Filtration and reuse of glaze wastewater (treated effluent)
- Deployment of filtration equipment in front-end process lines

Impact

- Industrial waste emission volume -147 tons (-61%)
- Water usage -4,260m² (-91%)



Wastewater treatment facility (Noto Tech Co., Ltd.)

Recycling Initiatives

At least 80%-90% of the materials used to make gas appliances consist of recyclable materials such as iron and copper. Gas appliances that have reached the end of their useful lives are collected and disposed of through two channels: by local authorities in the case of appliances that require no installation work, and by contractors in the case of appliances that do require such work. The Environmental and Recycling Action Committee formed by the Japan Industrial Association of Gas and Kerosene Appliances, of which we are a member, regularly surveys the state of disposal of end-of-life gas and oil appliances.

The committee's surveys include confirmations and exchanges of information on questionnaire formats and confirms recycling verification tests at recycling plants as well as the status of disposal. It thus confirms that end-of-life gas and oil appliances are being disposed of appropriately and that a high level of recycling rates is being maintained. Such survey results are beneficial to the design and enhancement of our products.



Observing a processing plant

Recycling Home Electrical Appliances

Japan's Home Appliance Recycling Law went into effect in 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, old appliances thrown out by consumers have been recycled into new products. Rinnai now has two products—a unit-style air conditioner and a clothes dryer—that fall under the category of recycled products.

Report on Recycling Specified Household Appliances (link: <https://www.rinnai.co.jp/csr/result/index.html>) (in Japanese only)

Recycling Containers and Packaging

Under the Containers and Packaging Recycling Law, which seeks to make more effective use of resources, manufacturers and businesses that use the products are required to recycle product containers and packaging discarded by households. In accordance with the law, Rinnai has outsourced the recycling of containers and packaging to designated businesses that undertake associated services on the Company's behalf.

Concern for Water

Rinnai recognizes water as a critical resource and its working to reduce its usage of both public water and groundwater in its business activities. In addition, it endeavors on a daily basis to save water and use circulating water while undertaking thorough drainage water management to ensure the water it uses does not harm the environment.

Primary Initiatives to Reduce Water Usage

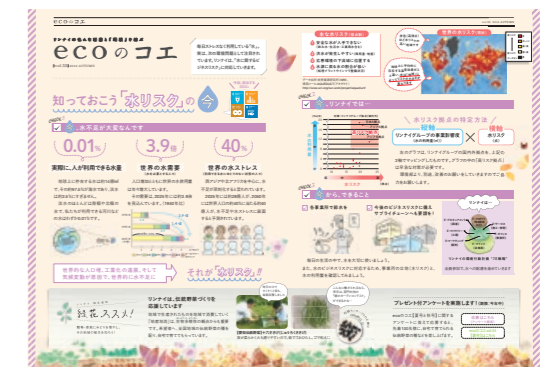
- Using water-saving functions at facilities that use water
- Creating and using frameworks to increase the volume of circulating water
- Improving awareness of water-saving (banning leaving faucets running, etc.)
- Utilizing rain water, etc.

Assessing and Understanding Water Risk

As the world's population increases and urbanization and industrialization continue to progress, there is concern that humanity may face water shortages. To respond to business risks associated with water, Rinnai is identifying business locations with high water risk both domestically and internationally using a water risk assessment tool known as Aqueduct³ and sharing the results of analyses performed with the tool. Rinnai, while focusing on the risk conditions in each region, views reducing water usage as an opportunity to cut manufacturing costs and is working to mitigate water risk while also reducing manufacturing costs. In addition, Rinnai is working to protect water resources in its supply chain in recognition of the impact water shortages can have on materials supplied by its business partners.

We have therefore set criteria related to water resources in the Green Procurement Standards Guide, which outlines the environmental activities that we ask our business partners to participate in.

³Aqueduct: A water risk atlas and information tool provided free of charge by the World Resources Institute (WRI)



Distributing information on "water risk" as a theme in the in-house environmental newsletter

Managing Drainage Water Quality

To ensure that the water we dispose of at drainage treatment facilities does not impact aquatic ecosystems, such as those in rivers, we conduct drainage water management with voluntary standards that are more stringent than those required by law.

When there is a potential for voluntary standards to be exceeded, we identify the root cause with the person conducting the measurement and implement preventative measures on the facilities in an effort to perform thorough management.



Responding to water quality inspections

Pollution Prevention

Some chemical substances can have a negative impact on ecosystems and human health if they are not managed appropriately and accumulate as environmental pollution over long periods of time. Aiming to minimize the use of chemical substances that may affect people and global environments (atmosphere, water areas, and soil), Rinnai conducts management in accordance with both customer demand and each individual country’s regulations throughout the lifecycles of its products.

Promoting Management of Products Containing Potentially Harmful Chemical Substances

Companies are being required to appropriately understand and manage the overall supply chain for the chemicals used in their materials and products. The Rinnai Group endeavors to appropriately manage information concerning products containing potentially harmful chemicals along with its suppliers. The Company conducts this management based on its Green Procurement Standards Guide (E-Procurement Standards Guide) and its Chemical Substance Management Guidelines, which address regulatory concerns regarding green procurement and chemical substances contained in procured materials, respectively.

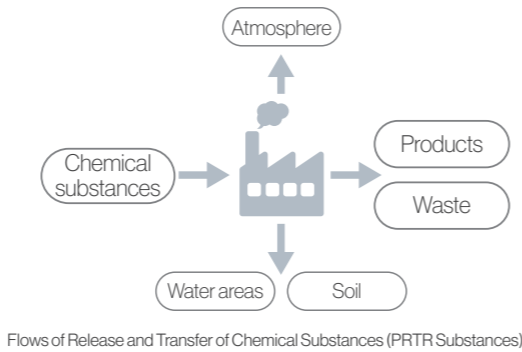


A scene from the response committee on the Restriction of Specified Hazardous Substances directive (photo taken on December 11, 2019)

Initiatives to Reduce the Environmental Impact at Factories

To minimize the impact on the environment, Rinnai is reducing and eliminating the use of hazardous chemical substances through such initiatives as reviewing the chemical compounds used in the relevant manufacturing processes and improving processing equipment. At each manufacturing 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.

* An abbreviation for Pollutant Release and Transfer Register. The law stipulates that business operators compile and submit documentation on the amount of specified chemical substances known to be potentially harmful that has been released into the environment (into the atmosphere, water areas, or soil) or moved o site as waste. There are similar regulations in other countries. In Japan, the law was established in 1999 and revised in 2009.



Main Initiatives to Reduce Harmful Chemical Compounds

Manufacturing-related	<ul style="list-style-type: none">• Introduction of environmentally friendly painting equipment in line with construction of a new factory• Optimization of piping routes for color change valves and paint guns• Review of processing oils, other
-----------------------	--

Preparing for Emergencies

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



Scenes from emergency response training (Left: Minami-Kanto Branch, Right: Yanagisawa Manufacturing Co., Ltd.)

Inspection of Environmentally Critical Facilities

We prioritize inspection of facilities that have a risk of impacting the environment and conduct inspections on such environmentally critical facilities on a regular basis. We work to prevent serious accidents that could have an impact on the environment by inspecting individual facilities, verifying measuring equipment is working as expected, and conducting simulations of emergency situations.

Protecting Biodiversity

Protecting the biodiversity that underpins social sustainability has become an urgent priority for humankind. Recognizing that business activities and biodiversity are interwoven, we support the Declaration on Biodiversity by Japan Business Federation (Keidanren) and are working to protect the environment.

Approach to Protection of Biodiversity

We have incorporated "consideration for biodiversity" into our ISO 14001 environmental policy and are pursuing action in accordance with the following principles.

Rinnai Principles on Biodiversity

1. Recognition of the issues	Rinnai regards protection of biodiversity as a priority for corporate survival and incorporates it into its environmental policy.
2. Cultivation of awareness	Rinnai is committed to deepening understanding and cultivating awareness of biodiversity by creating opportunities for contact with nature, including through preservation and greenification activities undertaken around Company premises.
3. Pursuit of business activities contributing to biodiversity	Rinnai recognizes that business activities and biodiversity are interwoven, and aims to develop conditions that allow biodiversity to be preserved through greater action to reduce environmental impacts.
4. Disclosure of information	Rinnai will publish details, both internally and externally, of its policy on and initiatives to protect biodiversity, and aims to develop cooperation with local communities.

“Let’s Grow Heirloom Vegetables Together” Receives Award at the Biodiversity Action Awards

Rinnai received an Award at the Biodiversity Action Awards 2019 organized by the Japan Committee for the United Nations Decade on Biodiversity (UNDB-J) in recognition of its program in which employees and their families are cultivating heirloom vegetables^{*1}.

^{*1}Heirloom vegetables: Vegetables long popular in a particular locality, such as those grown in Kyoto and the Kaga region (Kanazawa)



Award logo



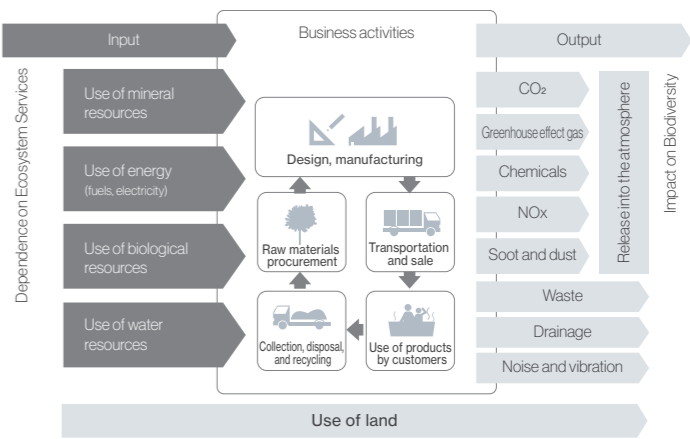
Employees and their families cultivating heirloom vegetables (photograph provided by an employee)



A scene from a cooking class using heirloom vegetables harvested on Company grounds and DELICIA (Rinnai's gas stove)

Business Activities and Biodiversity

Rinnai promotes activities that contribute to the protection of biodiversity through its daily efforts to reduce environmental impact (e.g., CO₂, waste, atmosphere, water) in its business activities at each worksite.



Relationship between the Rinnai Group's Business Activities and Biodiversity

Extermination of *Coreopsis Lanceolata*, a Specified Invasive Species

During Environment Month in June, Rinnai works together with local government bodies, volunteers, and employees of neighboring companies to collect and dispose of the specified invasive species *Coreopsis lanceolata*.

Specified invasive species are living organisms that the Japanese government has determined to pose a risk of harm to ecosystems when they are introduced from other regions. Their cultivation, preservation, import, transport, and breeding are prohibited. In fiscal 2020, a total of 69 volunteers properly disposed of approximately 360kg of *Coreopsis lanceolata*. Rinnai intends to expand this activity moving forward.



Invasive species *Coreopsis lanceolata*

Initiatives to Register Nijyu-maru Project^{*2}

Rinnai supports the objectives of the “Aichi Biodiversity Targets” and encourages registration in the Nijyu-maru Project. Up to now, five projects have been registered and these initiatives are under way globally.

^{*2}Nijyu-maru Project: A framework in which citizens' organizations, companies, local authorities, and others state and register their declaration to do what they can to contribute to the Aichi Biodiversity Targets (Nijyu-maru declaration) (Organizer: International Union for Conservation of Nature (IUCN))



Environmental Communication

We use regular communication and exchange events as a means of building awareness of the Rinnai Group's environmental activities in order to deepen our ties with and be a trusted member of our local communities. Furthermore, Rinnai sets June as Environment Month and holds various environment-related events to further enhance the environmental consciousness of its employees

Exhibit at EcoPro Environmental Exhibition

The Company has taken part in the EcoPro exhibition since 2013, the environmental exhibition hosted by Nikkei Inc. and the Japan Environmental Management Association for Industry. This exhibition features many elementary and middle-school students on field trips in addition to businesspeople and the general public.

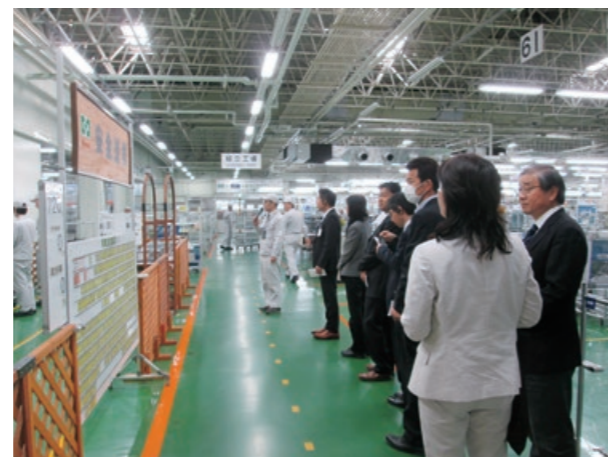
At EcoPro 2019, nearly 2,000 elementary and middle-school students visited the Rinnai booth and were able to deepen understanding on our environmental and energy-saving products through the way energy is used in the home.



Rinnai's booth at the EcoPro exhibition

Factory Tours

Rinnai is conducting factory tours to inform the public about its various endeavors, including its environmental activities. We are providing tour participants with the opportunity to understand more about our environmental initiatives, quality control, safety policies, and manufacturing by allowing them to view our facilities and by conducting Q&A sessions afterward.



A scene from a factory tour

Exchange Events (Visits) to Learn from Corporate Environmental Pioneers

Once per year, to coincide with Environment Month in June, we organize an exchange event (visit) with a corporate environmental pioneer in order to learn about other companies' environmental technologies and facilities, and to create opportunities for personnel involved in environmental matters to share ideas and information.



A scene from a visit to a corporate environmental pioneer

Rinnai Group Environmental Awards Programs

The Rinnai Group Environmental Awards are held annually to recognize outstanding environmental activities and stimulate more action on the environment throughout the Group. These awards recognize major contributions to the environment and society and are open to all our operations in Japan and around the world. The 10th awards ceremony was held at the Rinnai Group New-Year Convention, at which Rinnai's CEO presented the awards.

In fiscal 2020, there were a record 128 entries submitted, from which one Grand Prize and 11 category-specific awards covering manufacturing, office, sales, and social contributions were selected.



Rinnai's CEO presenting the Rinnai Group Environmental Awards

Cleanup and Greenification Activities around Company Sites

Group employees periodically engage in cleanup and greenification activities around the Group's factories and along their commuting routes to help look after the natural environment around its operations.

Taking Pride in *Monozukuri* (craftsmanship)

Rinnai Group products for sale in Japan and a portion those for export markets are manufactured primarily at its Oguchi Factory in Oguchi-cho, Aichi Prefecture, and its Seto and Akatsuki factories, both in Seto City. Among the products Rinnai provides, heating equipment requires particularly careful quality control and therefore burner units and other key parts are manufactured within the Group.

Furthermore, our product development and design departments are located primarily in our Technology Development Center (Oguchi-cho), where products are not only designed but tested with a robust array of testing facilities. Daily innovations occur on the production side as well at our Production and Technology Development Center (Komaki City). This organization researches how to reduce the costs and improve the quality of items such as dyes, production equipment, and parts.



Seven points of pride

1. In-house design and insourcing

Key components are designed and manufactured in house. In addition, the dyes, facilities, and software required for insourcing are also made by Rinnai, depending on the status of production. Doing things independently ensures that technology and skills are accumulated and passed on and leads to the birth of even better products.

2. Modular design

We are promoting modular design by concentrating elements and functions and standardizing them along set units. Simplifying assembly improves the quality of assembly and processing, while standardizing supports cost reductions.

3. Painstaking inspection systems

Every product we make is inspected by automated equipment and by certified inspectors who have passed rigorous internal standards. In addition, each process includes error-prevention equipment that prevents the flow of defective products down lines.

4. Local production

We are proactively promoting local production and local sales. This reflects our ongoing efforts to provide products that address local needs; create employment opportunities; mitigate risks by enabling sustained production during pandemics, natural disasters, and other crises; while also contributing to society and improving Rinnai's sustainability and growth potential.

5. Fully integrated production

Handling all steps from processing to assembly, packaging, and shipment at our own factories enables us to realize high-quality product manufacturing in all processes. In addition, Rinnai is capable of multi-item, mixed-line production and can respond to market needs with agility by flexibility producing only the required amounts when they are needed.

6. Automation that can handle a variety of products

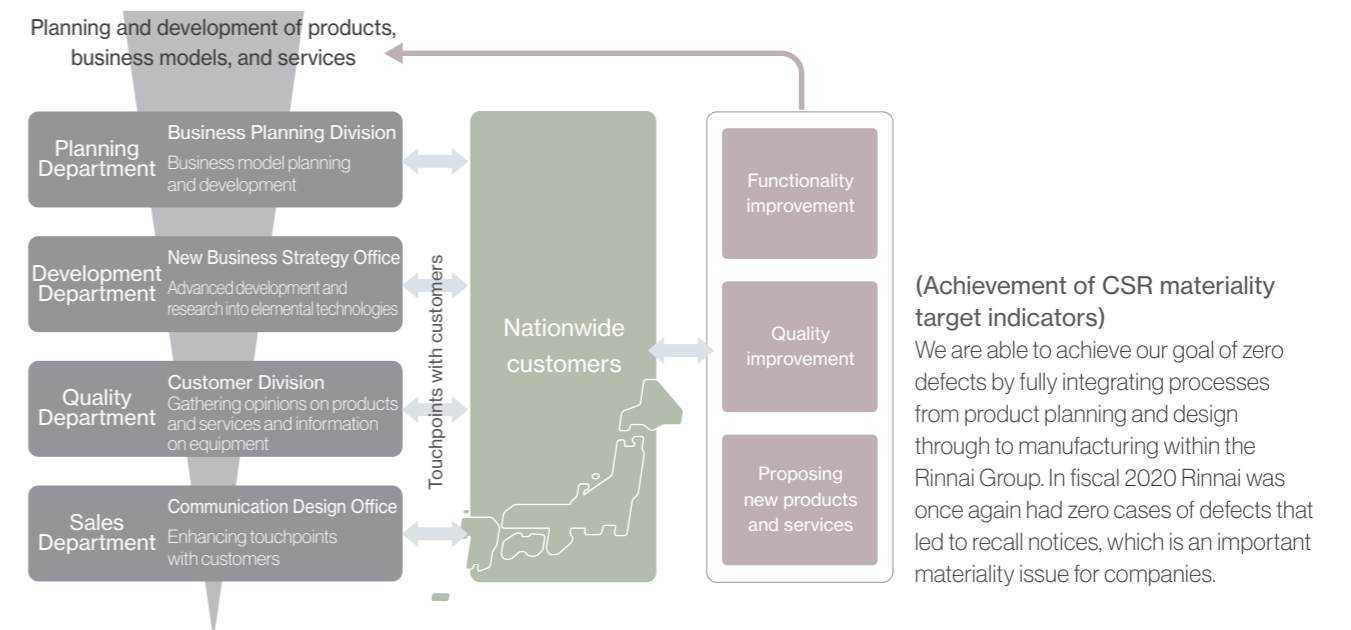
Rinnai handles a wide variety of products, for example, with gas equipment there are various types of gases used, heat settings for stoves, and variations in exhaust for hot water heaters. Since these are made in mixed-line production facilities, we have highly advanced automation technologies to handle this production.

7. Skill management (talent development)

In our view, quality is created by superior technology and skill but above all at a well-equipped and organized work environment. With a focus on 3S (Sorted, Straight, and Sanitary) and 5 Sets (set position, set form, set quantity, set product, and set time), each employee strives to create a safe and high-quality workplace.

We are providing high-quality products by keeping faithful our pride in *monozukuri*. When customers use our high-quality products, we are supporting peace of mind and safety in their lives.

Enhancing *monozukuri* and quality by strengthening touchpoints with customers



With the World's Highest Standard for Environmental Performance, ECO ONE Takes the Best of Gas and Electricity to Help during Disasters

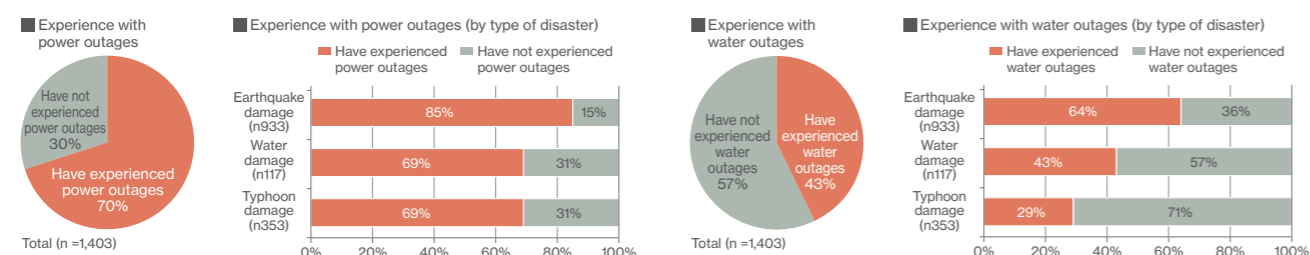


The year 2019 was marked by many natural disasters. This gave consumers the opportunity to think more deeply about risk management for disasters and heightened momentum to prepare for them on a daily basis.

January 3:	Earthquake in Kumamoto region of Kumamoto Prefecture	August 4:	Earthquake of the coast of Fukushima Prefecture
February 21:	Earthquake in middle east Iburi region in Hokkaido Prefecture	Around August 26-28:	Torrential rains in Kyushu
May 10:	Earthquake in Hyuganada, Miyazaki Prefecture	Around September 5-9:	Typhoon Faxai
May 25:	Earthquake in southern Chiba Prefecture	Around October 11-12:	Typhoon Hagibis
June 18:	Earthquake of the coast of Yamagata Prefecture		

70% of people have experienced power outages and 40% have experienced water outages when lifelines are stopped during disasters

According to a survey, 70% of respondents have experienced power outages during disasters. By type of disaster, 85% were due to earthquake damage, 69% to water damage, and 69% to typhoon damage. In addition, 43% of respondents have experienced water outages during disasters. By type of disaster, 64% were due to earthquake damage, 43% to water damage, and 29% to typhoon damage. It is apparent from this data that situations where lifeline services are interrupted occur frequently.



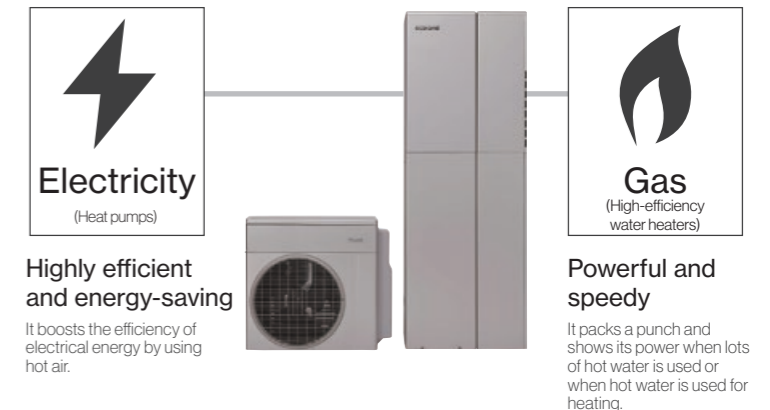
Source: EnviroLife Research Institute, Inc., 2019

Linkage with SDGs



A hot water heater that is resilient to disasters, ECO ONE is a hybrid hot water and heating system that protects and supports people's lives.

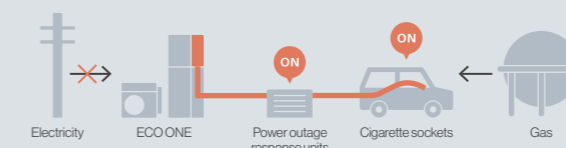
Disasters strike unexpectedly. Consumers can prepare for emergencies by installing hot water heaters that can work with both gas and electricity, and thus diversify risk so lifestyles can be sustained even when lifelines are limited.



What ECO ONE can do during a disaster

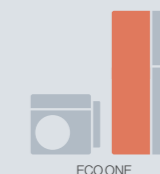
⚠ When the power is cut off

If there is power generation from cars or solar panels, gas can be used to heat water



⚠ When the water is cut off

Hot water in the tank can be used as domestic water



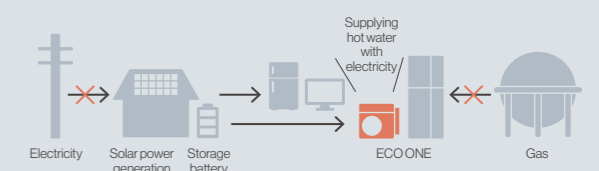
⚠ When the gas is cut off

Hot water can be supplied with electricity alone



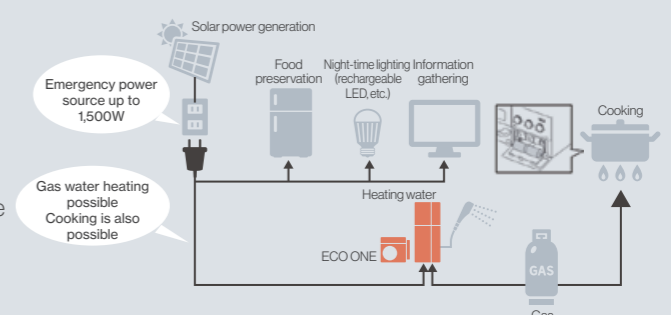
⚠ When both electricity and gas are stopped

If there is a storage battery, water can be heated with electricity



⚠ Image of hybrid lifestyle during power outages

During a disaster, by using solar power generation and ECO ONE, electricity can be used to preserve foods and for nighttime lighting while gas is used for heating water and cooking.



Rinnai supports customers' safety and endeavors to help them live comfortable lives with peace of mind by providing products like ECO ONE and the functionality built into its various products.

Smooth Provision of Information through the Internet

Rinnai provides various types of information through its corporate website and product information websites. We also support display optimization for browsing on smartphones and other mobile devices in an effort to smoothly provide information in consideration of customer internet utilization circumstances.

Microcomputer Meter Reset Process Introduction

In the event of an earthquake having a seismic intensity of five or greater, the microcomputer meter automatically switches off gas lines. After an earthquake has occurred, the steps necessary to reset the microcomputer meter are quickly published on the Rinnai corporate website to easily enable the reset of the microcomputer meter when it is safe to do so.



Microcomputer meter reset process introduced on the Rinnai corporate website

Posted Reminders for Safe and Correct Product Usage

Using products for a long period of time can result in fire or injury caused by the deterioration or wearing of parts. Furthermore, incorrect usage can result in malfunctions or injuries. To ensure customers use our products in a safe manner, Rinnai provides warnings and displays in user manuals and on the products themselves that are useful for avoiding accidents caused by misuse or carelessness. We also publish detailed examples on our corporate website, in an effort to provide information that is easily understandable and draws attention in order to prevent product-related accidents.

Product-Related Accident Information Disclosure

In the event that a serious product accident occurs with a Rinnai product, we will promptly report the incident to the relevant authorities in accordance with the law. We will also proactively disclose all details directly to customers on our corporate website to notify and alert customers as quickly as possible in accordance with the severity and scale of damage.

After-Sales Services

To realize a “comfortable way of life” for all our customers, Rinnai is engaged in the provision of services that enable our products to be used with peace of mind.

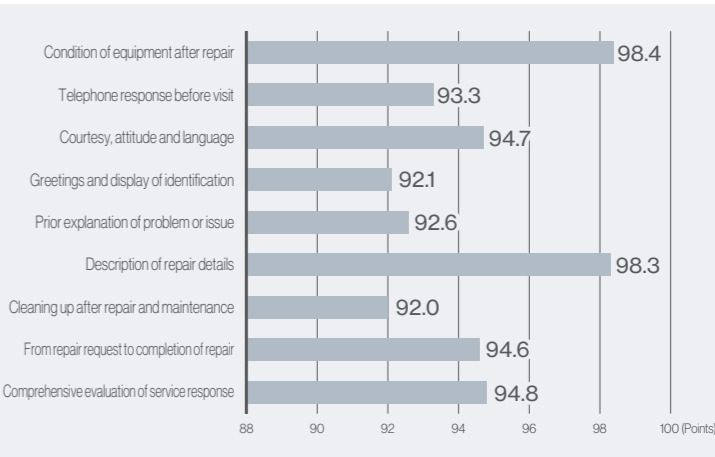
Prompt After-Sales Services

Approximately 580 servicemen across Japan repair Rinnai equipment. Confirming the status of service request from customers on portable terminal devices, servicemen make an effort to complete inspections on the same day or by the next day to provide prompt after-sales services supporting a “comfortable way of life.”

Serviceman Questionnaire Assessment by Postcard

Customer feedback questionnaires are provided to customers requesting repair services. This questionnaire assesses repair visit response times and other factors determining the degree of customer satisfaction with Rinnai repair services. Customer assessment results are provided as feedback and the results of questionnaires are utilized effectively throughout the Company. In fiscal 2020, 23,000 customers completed questionnaires, which rated our after-sales services an average of 94.6 points.

Degree of customer satisfaction with repair services



Storage and Provision of Service Parts

As a general rule, we supply gas appliance components for five to 10 years after the end of production, and in some cases for more than 10 years. The establishment of a system able to quickly deliver parts when needed is indispensable for after-sales service enabling customers to safely and comfortably use gas appliances over the long term. The Rinnai Parts Center, where parts are stored and shipped, maintains a large inventory of parts that uses a system to pick, pack and ship items. It is critical that we not make any mistakes regarding part type or quantity and that we deliver items by the due date. We promote efforts to enhance quality that include the documentation of work in a standardized document format and work guidance based on a brochure comprising our basic rules concerning quality.

Inquiries Response and Support System

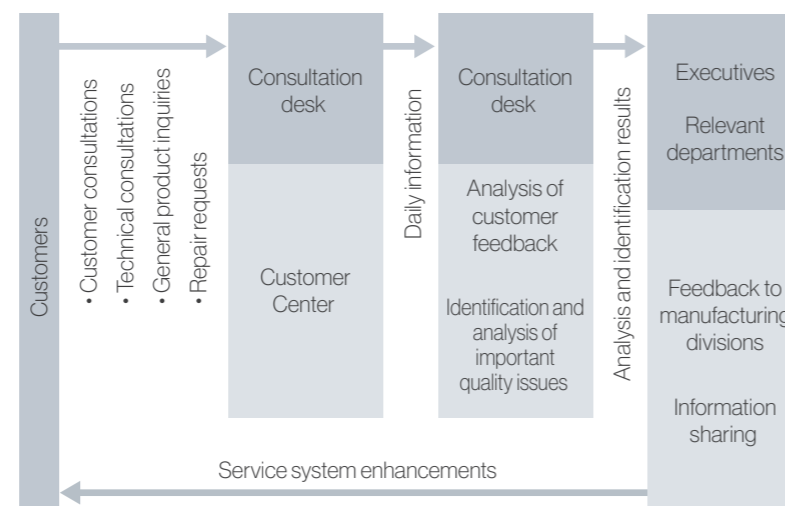
In line with our basic philosophy “quality is our destiny,” Rinnai satisfies customers by “responding to requests and consultations in a sincere, prompt and accurate manner” under the policy of “providing customers with satisfaction, safety and reliability.”

Basic Policies

1. We recognize customer opinions and requests to be the highest priority issues in all Rinnai departments.
2. We understand that customer complaints impact the entire Company, thus we take ultimate responsibility for the entire organization.
3. We take customer feedback seriously, share it internally and use it as a valuable source of information to provide better products and services.
4. We will always comply with laws and regulations and remain resolutely opposed to unreasonable requests.
5. Customer personal information is strictly protected in accordance with relevant laws and regulations and our personal information protection regulations.

Customer Center

We created the Customer Center with the aim of increasing customer satisfaction (CS). We receive various inquiries, opinions and requests directly from customers over the telephone or through our corporate website. Much of this valuable information from customers is provided as feedback to all departments as it useful for identifying and reviewing issues related to product development, quality control, and sales and service improvements.



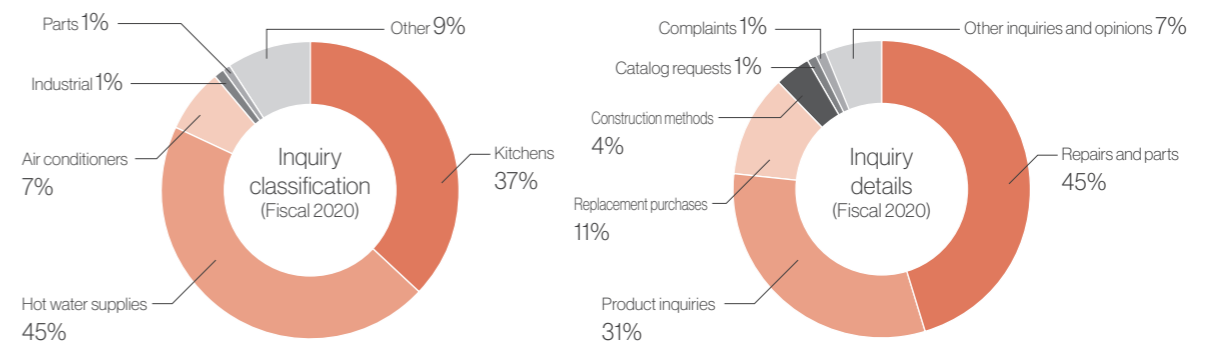
The Customer Center handles inquiries from customers via toll-free telephone numbers and emails. In fiscal 2020, approximately 890,000 toll-free calls and 10,000 email inquiries were received.

According to comments and assessments from customers in the fiscal 2020 customer questionnaire, 80% of customers complimented Rinnai on the politeness and promptness of our response to their inquiries. Comments that were critical of our response are provided as feedback and used to improve our services.



Rinnai Customer Center

Customers' Inquiries



Frequently Asked Questions (FAQ)

In response to customers who want to solve problems on their own, we created a FAQ page on our corporate website. In April 2019, we updated this content, making it easier to search.



FAQ (in Japanese only)

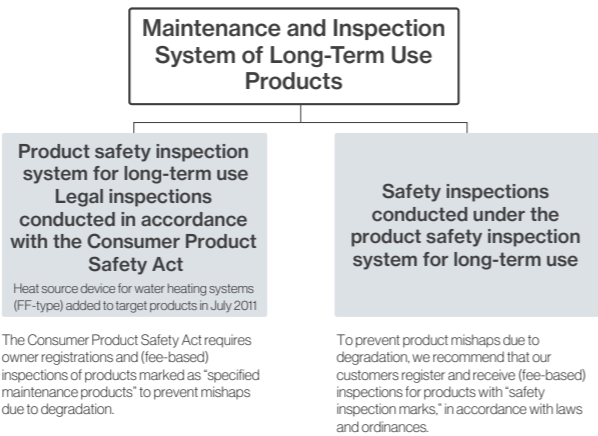
Initiatives for Inspections



In April 2009, Rinnai put its product safety inspection system for long-term use into effect to comply with revisions to the Consumer Product Safety Act. We offer notifications regarding legal compliance inspections for customers who registered their products in accordance with this system once they reach their 10th year of use. This system aims to encourage customers to have their products appropriately inspected and maintained before they deteriorate and failure rates rise. To maintain products through maintenance and replacement, we provide safety inspection guidance regarding our outdoor water heaters in accordance with laws and ordinances. Additionally, we recommend that customers who regularly use target products receive inspections and make sure they understand that these products have standard lifespans.

The Rinnai Group aims to enhance its maintenance check system, which employs qualified personnel to conduct appropriate inspections. At the same time, we offer unique services, such as extending product warranties for customers who registered their household hot-water equipment with us for an additional three years.

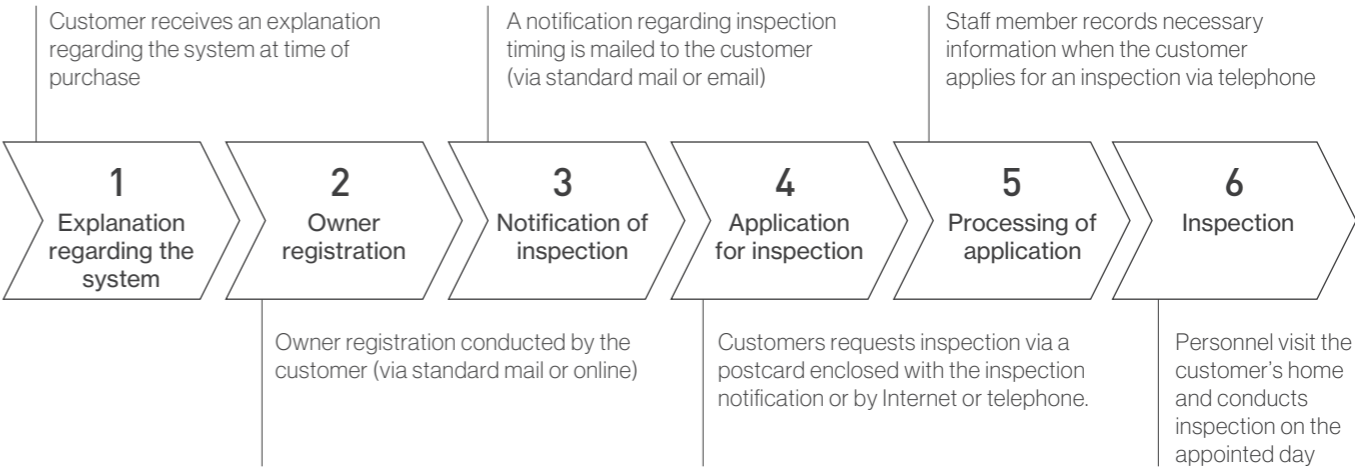
In addition, we work to increase customers' understanding of our inspection program and prevent accidents by providing information through our website and consultations via our maintenance and inspection call centers.



Rinnai Products Affected by the Product Safety Inspection System for Long-Term Use



Course of Events Leading up to Inspections under the Product Safety Inspection System for Long-Term Use



Through central management of owner registration status to the inspection of each customer, Rinnai strives to improve customer satisfaction so that we can respond smoothly to any inquiries.

We protect personal information appropriately based on laws, regulations and strict management, never provide it to third parties, and do not anonymously process information. We will continue to improve our system and management structure to further heighten trust from customers.

About Inspections

Inspection work is carried out based on established inspection procedures. The accuracy of the inspection is managed by checking the total number of work slips submitted to the customer and double checking to automatically check whether the input data is correct when it is entered into the dedicated system. In addition to explaining the details of inspections to customers, we also explain available options that customers should take into consideration in accordance with the inspection results. In the unlikely event that a product is deemed unsafe to use, details regarding follow-up inspections are mailed at a later date in an effort to prevent accidents. We strive to improve the quality of inspections through efforts including instructing inspectors based on statistically managed data.

Customer Feedback Regarding Inspections

Among inquiries from customers, many are of the opinion that inspections are obligatory, or free of charge, or unnecessary because the gas company already conducted an inspection. For these reasons, Rinnai strives to raise awareness when conducting inspections to ensure customers receive inspections with peace of mind.

There are also situations where customers who have scheduled inspections request cancellations, thus we promote a deeper desire for inspections among customers who intend to prevent accidents caused by deterioration over time and use their products for as long as it is possible to do so.

Future Initiatives

Traditionally, manufacturers have been mainly engaged in activities such as the development, manufacturing, sales, and repair of products. However, since the establishment of the inspection system, manufacturers have also become involved in inspections and other customer safety activities.

In order to prevent product-related accidents due to deterioration over time, it is necessary to understand the inspection system and further strengthen inspection-related efforts. Nearing the time when full-scale inspections are required, the number of inspections substantially increases. Utilizing the results of inspections to understand how equipment deteriorates over many years of usage, Rinnai will make an effort to strengthen its customer safeguard systems and reflect this understanding in future inspection notifications.

Five Basic Inspection Work Focus Areas and Rinnai's Response

Five Focus Areas			Rinnai's Response
1	Quality inspection	Quality inspector, quality support, legal compliance, inspector report	<ul style="list-style-type: none">• From appointment to completion of inspection, all work conducted according to the inspection manual to promote higher CS• Check progress of inspection to ensure appropriateness, confirm all inspection work to prevent inspection errors• Train qualified inspection personnel through skills management, regular training and technical support for inspection engineers• Engage in customer safety activities such as alerting customers after inspections whose equipment is prohibited from usage
2	Customer focus	Reflecting actual usage and customer feedback into products	<ul style="list-style-type: none">• Customer feedback is collected at the time of inspection and is incorporated into the inspection system and products
3	Customer satisfaction	Appropriate and polite provision of information, etc.	<ul style="list-style-type: none">• Website content expanded and manual updated to provide appropriate information to customer inquiries received by telephone• When making an appointment for inspections, we not only provide explanations based on legal compliance and appropriate treatment standards, we also conduct a preliminary survey, and if there is a possibility that the equipment is no longer usable, to reduce the inconvenience to customers before the inspection, we offer the customer the option of inspection, repair or replacement• When registering a new product, we send confirmation of registration and ask that customers confirm the information they submitted, establishing a means of providing appropriate information such as a survey in the event notification was not received. With regard to products that will require specific maintenance with the enactment of new laws, we also send notifications to customers and request that they register their products
4	Safety guidance	Provide safety guidance before product failure, not after	<ul style="list-style-type: none">• We provide guidance so that products are inspected before they fail or after the inspection date has passed to prevent degradation. If there is no response from the customer, inspection notifications are mailed again one year later (targeting products requiring specific maintenance)
5	Establish trust	Based on appreciation for many years of product usage	<ul style="list-style-type: none">• For customers thinking about purchasing a Rinnai product, we provide detailed information regarding our maintenance system in our catalogs and on our corporate website. A registration completion notification is mailed to customers when they register their product, and in the unlikely event of repairs, the warranty that began at registration is extended (applicable to home gas appliances). When nearing the inspection date notifications are sent, with follow up notifications sent one year later (targeting products requiring specific maintenance) as well as a notice regarding legally mandatory maintenance one year after maintenance is conducted (targeting products requiring specific maintenance). These activities are useful for ensuring customer safety and security when using our products starting as soon as they make a purchase

Efforts to Coordinate an Inspection System

To adequately implement inspection, our 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.
Enhancement of items to be inspected	In addition to the items of which inspection is legally required (specified products that require maintenance), we set safety inspection products, including home-use outdoor gas hot-water units, built-in-stoves, gas fan heaters, gas clothes dryers, and gas fanned flue 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 concludes the prohibition of the use of a product, we will provide the follow-up of the inspection by calling or writing to the user.

Inspection System Maintenance Items Required by Law and Rinnai's Response

*Law" refers to the "Consumer Products Safety Act" and "Ministerial Ordinance" refers to "Ministerial Ordinance on Ministry of Economy, Trade and Industry-Related Specific Maintenance Products." Information is as of March 31, 2020.

Applicable Law	System Maintenance Items	Details	Rinnai's Response
Law: Article 32-19 and 18-1 Ministerial Ordinance: Article 13-1	Establish inspection offices	Arrange offices appropriately to ensure efficient implementation of inspections. Secure engineers for each office.	Inspection offices: 81 locations across Japan
			Certified inspectors: 628 people
Law: Article 32-19 and 18-1 Ministerial Ordinance: Article 13-2–4	Public display and notification of established inspection costs	Establish costs that do not significantly exceed the appropriate cost when the inspection is conducted efficiently, publish standards for determining inspection costs, and give prior notice of costs before the inspection, including the breakdown of the inspection costs and notification of the standards for cost determination.	Standards for determining inspection costs, inspection costs and contact information is published on the Rinnai corporate website
			Notification: Sent when request for inspection is received.
Law: Article 32-19 and 18-2 Ministerial Ordinance: Article 13-5–6	Preparation and management of guidance necessary for inspection	Prepare guidance based on inspection standards and store with a third-party organization.	12 types of guidance have been created (gas appliances: 10; electrical appliances: 2)
			Guidance is managed as follows: Gas appliances: Japan Gas Appliances Inspection Association (JIA) Electrical appliances: Japan Electrical Safety & Environment Technology Laboratories (JET)
Law: Article 32-19 and 18-3 Ministerial Ordinance: Article 13-7–8	Ownership of maintenance parts and provision of information	Establish and maintain a maintenance period. Prior to inspection, notify customer with regard to the maintenance status.	Maintenance period: Conducted from 9–11 years after production.
			Notification: Sent when request for inspection is received. Information regarding maintenance parts are also published on the Rinnai corporate website.
Law: Article 32-19 and 18-4 Ministerial Ordinance: Article 13-9	Providing information about items during the inspection period	Make this information available to read on the internet	Information regarding maintenance schedules for products is provided on the Rinnai corporate website (searchable by model number). This information is also listed in the product catalogues.
Law: Article 32-19 and 18-5 Ministerial Ordinance: Article 13-10	Implement technical training	Regularly hold technical seminars, conduct courses for contractors and take measures to ensure technical standards.	Technical training: Inspection certification training provided to employees.
			Ensuring technical standards: In addition to evaluating skills at technical seminars, we conduct qualification renewal management and skill enhancement training.
Law: Article 32-19 and 18-5 Ministerial Ordinance: Article 13-11	Record inspection results	Record inspection results and store them as a guide for three years.	Inspection results are recorded on written inspection result statements.
			Results are stored for seven years
Law: Article 32-19 and 18-5 Ministerial Ordinance: Article 13-12	Convey inspection	Inform the customer who requested the inspection of the results in an appropriate manner.	Communications: Written inspection result statements are provided to customers. This report indicates options available based on the results of the inspection. Moreover, customers are informed if frequent inspections are required, and in the event the use of a product becomes prohibited, the inspection will be followed up by a phone call or in writing.

Health Effect and Efficacy of Bathing with the Microbubble Bath Unit

Linkage with SDGs



In April 2019, Rinnai formulated its brand promise, "Creating a healthier way of living" and renewed its brand logo. The new logo is symbolic of the new Rinnai and is intended to invoke a brand image of creating healthy and comfortable lifestyles. We have added a new theme of "health and lifestyles" to the past theme of "heat and lifestyles". In addition, as one message in promoting the theme of "health", in April 2020 we launched sales of the microbubble bath unit.

What are microbubbles?

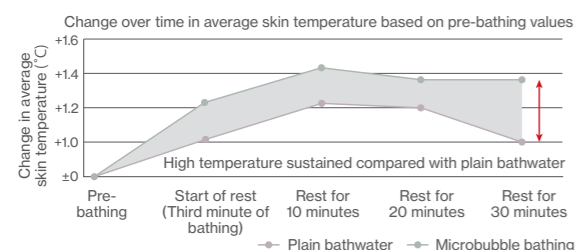
Microbubbles are ultrafine bubbles measuring 1-100µm in diameter. They have low buoyance and spread out and gently rise like a milky cloud. As time passes, they float to the surface and become even finer bubbles as they contract in water.

Microbubble bath unit

By affixing a microbubble bath unit between the bathtub and the water heater with dedicated circulator fittings (a device to spray hot water into the bathtub), microbubbles are generated and produce a variety of health benefits for the bather. We have successfully gathered a variety of verification data on the benefits of bathing with a microbubble bath unit from research by Toho Gas Co., Ltd. and Nihon Fukushi University as well as joint verification studies conducted by Rinnai and Professor Shinya Hayasaka of Tokyo City University, a leading medical researcher in the field of bathing.



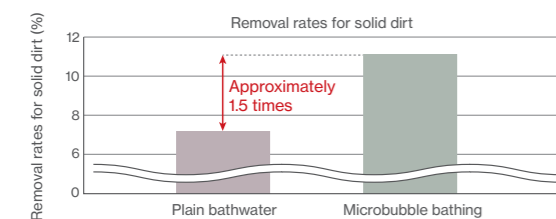
Effect and efficacy of microbubbles (1): Hot bath effect



Since the bubbles envelop themselves around the bather's body, the transmission of heat from the bath water to the body becomes gentler causing body temperature to rise gradually. As the body releases heat gradually after leaving the bathtub, there is a sustained sense of warmth.

Experiment parameters
Research by Toho Gas Co., Ltd. and Nihon Fukushi University
Subjects: Seven healthy women in their 30s
Bathroom environment: Room temperature 29 °C, humidity 97%
Bathing method: Whole-body bathing for 10 minutes with bathwater at 40 °C

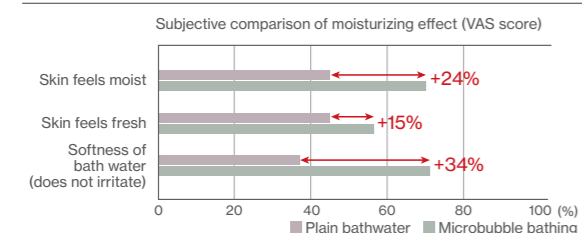
Effect and efficacy of microbubbles (2): Cleansing effect



Fine bubbles affix to and remove dirt on the skin. The bubbles also stick to dirty sebum clogged in pores and remove it to keep the skin clean. In verification testing, microbubble bathing was shown to be more effective than ordinary bathing in removing dirt.

Experiment parameters
Fiscal 2019 data from Rinnai. Stimulated dirt (a 10% blend of beef fat and carbon black) was rubbed on the subjects' midsections and color-difference meter measures were taken before and after bathing. The dirt removal ratio was calculated using brightness levels before and after bathing.
Subjects: Six healthy adult men
Bathing method: Whole-body bathing for 10 minutes with bathwater at 38 °C / *Significance probability of less than 5% indicated a statistically significant difference.

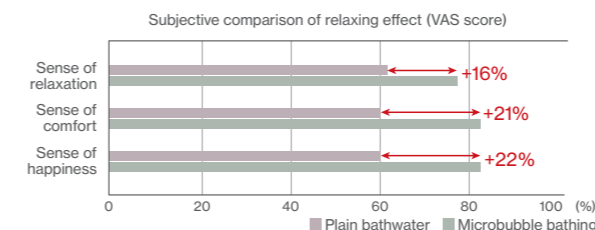
Effect and efficacy of microbubbles (3): Moisturization



People experiencing microbubble bathing offered a lot of positive feedback including that the bathwater felt softer, the skin became moist, the skin did not feel as tight, and moisturizing cream was no longer needed.

Experiment parameters
Measurement: Analysis using the VAS (visual analogue scale) method
Paper: *Mental and Physical Subjective Evaluation of Microbubble Bathing*, 2020. (Shinya Hayasaka: Japan Health Development Journal 2020)
Subjects: 11 adult women

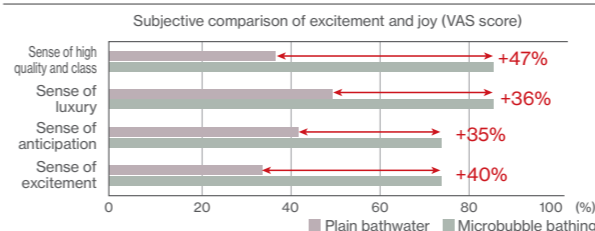
Effect and efficacy of microbubbles (4): Relaxation effect



Even ordinary bathing has been reported to lower mental stress due to the hot bath effect. Microbubble bathing was found to offer a greater sense of relaxation, sense of comfort, and sense of happiness than ordinary bathing. It is also hoped to lead to better sleep as well.

Experiment parameters
Measurement: Analysis using the VAS (visual analogue scale) method
Paper: *Mental and Physical Subjective Evaluation of Microbubble Bathing*, 2020. (Shinya Hayasaka: Japan Health Development Journal 2020)
Subjects: 11 adult women

Effect and efficacy of microbubbles (5): Sense of excitement and joy



We received many comments that bathing in the cloudy hot water felt like bathing in a hot spring. Association with the milky waters of a hot spring is believed to lead to the psychological perception of high-quality, luxury, anticipation, and excitement.

Experiment parameters
Measurement: Analysis using the VAS (visual analogue scale) method
Paper: *Mental and Physical Subjective Evaluation of Microbubble Bathing*, 2020. (Shinya Hayasaka: Japan Health Development Journal 2020)
Subjects: 11 adult women

We will continue to plan and develop products and services on the theme of "health and lifestyles" and take on the challenge of creating healthy and comfortable ways to living.

VOICE



Shinya Hayasaka MD, PhD
Tokyo City University, Japan

Effects of bathing with microbubble baths

Soaking in hot water has a major impact on physical and psychological health, and there is even research that found "people who take a bath everyday tend to be happier".^{*1}

When microbubbles are added to the heating effect of bathing, heat transfer is further promoted to the body, which prevents feeling chilly after leaving the bath. The bubbles also have the cleansing effect of lifting dirt from the skin's surface. Microbubble bathing is therefore expected to produce even better effects than ordinary bathing in terms of recovery from fatigue, sleep promotion, deodorization, and other benefits. In addition, microbubbles have been found to have a positive subjective impact on the mind and body^{*2} and also produce a softer feel in the water as well as improved moisture in the skin and a better sense of relaxation. I believe this is due in large part to the visual impact of the white bathwater created by the microbubbles. I think the ability to experience microbubble baths in your own home will create high-quality and healthy lifestyle.

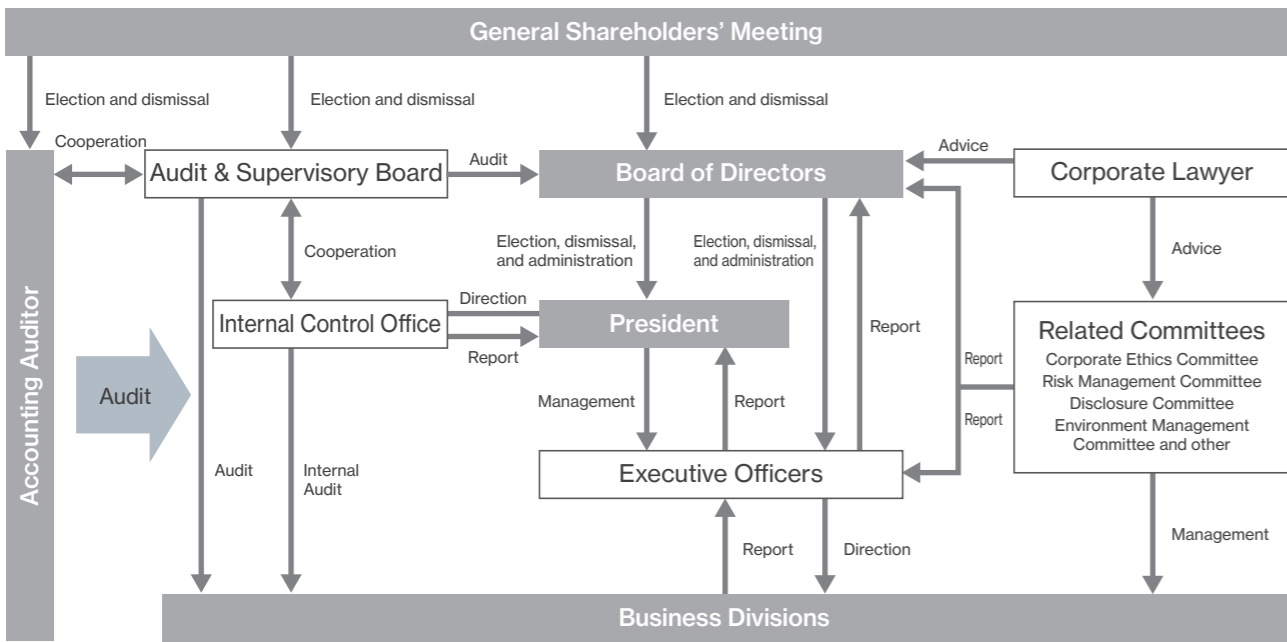
^{*1} A survey of 6,000 residents of Shizuoka Prefecture by Professor Shinya Hayasaka's research team
^{*2} Paper: *Mental and Physical Subjective Evaluation of Microbubble Bathing*, 2020. (Shinya Hayasaka: Japan Health Development Journal 2020)
Subjects: 11 adult women

Management Structure

Basic Principles

- 01
- Rinnai views reinforcement and enhancement of corporate governance as important management priorities from the perspectives of strengthening competitiveness and continually improving corporate value of the Group.
- 02
- Rinnai takes care to preserve equality of shareholders by ensuring that their rights are essentially protected and that those rights can be exercised smoothly.
- 03
- Rinnai views appropriate cooperation with all stakeholders as essential to improving corporate value and, through its business activities, strives for its own growth together with social and economic prosperity.
- 04
- Rinnai emphasizes highly transparent management through the swift and appropriate disclosure of wide-ranging information while stepping up efforts to ensure that disclosure of Company information is based on legal regulations.
- 05
- Rinnai's Board of Directors recognizes its fiduciary responsibilities to shareholders and strives to continually improve corporate value through transparent, fair, swift, and resolute decision-making.
- 06
- Rinnai encourages mutual communication through dialogue with shareholders and other stakeholders in order to build relationships of trust with those stakeholders.

Corporate Governance Structure



Audit System for Monitoring and Supervising Management

Rinnai recognizes the reinforcement and enhancement of its corporate governance to be important management priorities from the perspectives of strengthening competitiveness and continually improving corporate value of the Group. We aim to conduct highly transparent management by providing swift and precise disclosure of wide-ranging information to all of our diverse stakeholders while endeavoring to enhance the functionality of internal bodies, such as our Board of Directors and Audit & Supervisory Board.

The Audit & Supervisory Board is comprised of four members, two of whom are outside auditors. Audit & Supervisory Board members attend Board of Directors' meetings and other important meetings to monitor director and executive organization execution of duties, the development and operation of the internal control system, and the status of operations and property management at the head office and major offices. In addition to these duties, external account auditors audit the Company's accounts and verifies from a third-party perspective the legality of the internal control system as it relates to financial accounts.

Board of Directors

Rinnai's Board of Directors is comprised of seven members, two of whom are outside directors, and meets once a month in principle. The Board makes decisions regarding major management issues and also oversees business execution by Board members. Some directors below the President serve concurrently as executive officers, whose role is to convey decisions by the Board to executives in the relevant divisions responsible for business execution. The Board confirms business operations and discusses issues at general business meetings and at other business meetings held on a quarterly basis. Moreover, the term of Directors is fixed at one year in order to clarify management responsibilities and increase opportunities to enhance shareholder confidence in the Board.

Director Compensation

Compensation limits for Directors and Auditors are determined in accordance with the resolution of the general meeting of shareholders. Rinnai internal regulations also stipulate fundamental matters related to Directors' compensations, including determination procedures, revisions, and reductions. Based on these, the amount of compensation for Directors is resolved by the Board of Directors and the amount of compensation for Auditors is determined through deliberations by Auditors. Directors are paid a fixed amount commensurate with assigned duties.

Compensation amounts for Directors and Auditors (Fiscal 2020)

Category	Persons	Total amount of compensation paid
Directors (of which are outside directors)	7 (2)	¥286 million (14)
Auditors (of which are outside auditors)	5 (2)	¥45 million (10)
Total	12	¥331 million

Director salaries do not include employee salaries for directors who also serve as employees. As of March 31, 2019, there were seven directors (including two outside directors) and four auditors (including two outside auditors). There is a variance from the number of auditors shown above which is due to the inclusion of one auditor who resigned as of the end of the 69th Ordinary General Meeting of Shareholders convened on June 26, 2019.

Governance

Leadership (As of June 26, 2020)

Board of Directors

Kenji Hayashi Representative Director, Chairman of the Board

Career Summary and Current Position in the Corporation:
Apr. 1972 Joined Rinnai Corporation
Sep. 1978 Director
Feb. 1980 Director, and General Manager of Corporate Planning Office
Jun. 1983 Managing Director, and General Manager of Production Technology Division
Jul. 1992 Managing Director, and General Manager of Related Business Division
Jun. 2005 Director, Managing Executive Officer, and General Manager of Related Business Division
Jun. 2006 Representative Director, Vice Chairman of the Corporation
Apr. 2017 Representative Director, Chairman of the Board (current)

Hiroyasu Naito Representative Director and President and Executive President

Career Summary and Current Position in the Corporation:
Apr. 1983 Joined Rinnai Corporation
Jun. 1991 Director, Deputy General Manager of Technology Research Headquarters, and concurrently General Manager of New Technology Development Division
Jul. 1998 Director, General Manager of Technology Research Headquarters
Jul. 2001 Director, General Manager of Corporate Planning Division and concurrently, General Manager of Administration Division
Jun. 2003 Managing Director, General Manager of Corporate Planning Division and concurrently General Manager of Administration Division
Jun. 2005 Director, Managing Executive Officer, General Manager of Corporate Planning Division and concurrently General Manager of Administration Division
Nov. 2005 Representative Director, President and Executive Officer of the Corporation (current)

Masao Kosugi Director and Senior Managing Executive Officer, General Manager of Corporate Planning Headquarters

Career Summary and Current Position in the Corporation:
Apr. 1979 Joined Rinnai Corporation
Jun. 1999 General Manager of Information System Division
Jun. 2005 Executive Officer, General Manager of Information System Division and Distribution Control Division
Nov. 2005 Executive Officer, Deputy General Manager of Administration Headquarters and concurrently, General Manager of Corporate Planning Division, Information System Division, and Distribution Control Division
Apr. 2007 Executive Officer, General Manager of Administration Headquarters and concurrently General Manager of Corporate Planning Division
Jun. 2007 Director, Executive Officer, General Manager of Administration Headquarters, and concurrently, General Manager of Corporate Planning Division
Apr. 2010 Director, Managing Executive Officer, General Manager of Administration Headquarters, and concurrently General Manager of Corporate Planning Division and Information System Division
Apr. 2016 Director, Senior Managing Executive Officer, General Manager of Corporate Planning Headquarters, and concurrently, General Manager of Corporate Planning Division, Information System Division, In charge of Administration Headquarters
Jul. 2016 Director, Senior Managing Executive Officer, General Manager of Corporate Planning Headquarters, and concurrently, General Manager of Corporate Planning Division, In charge of Administration Headquarters
Apr. 2018 Director, Senior Managing Executive Officer, General Manager of Corporate Planning Headquarters (current)

Tsunenori Narita Representative Director and Executive Vice President, President's assistant

Career Summary and Current Position in the Corporation:
Apr. 1967 Joined Rinnai Corporation
Jun. 1988 Director, General Manager of Technology Research Headquarters and concurrently General Manager of Quality Guarantee Division
Jun. 2001 Managing Director, General Manager of Production Headquarters
Jun. 2005 Director, Managing Executive Officer, and General Manager of Production Headquarters
Nov. 2005 Director, Managing Executive Officer, in charge of domestic business, and concurrently General Manager of Marketing & Sales Headquarters
Apr. 2006 Director, Senior Executive Officer, in charge of domestic business, and concurrently General Manager of Marketing & Sales Headquarters
Apr. 2009 Director, Executive Vice President; responsible for Research & Development Headquarters, Production Headquarters, Overseas Business Headquarters and Customer Division, and General Manager of Marketing & Sales Headquarters
Apr. 2010 Representative Director, Executive Vice President; responsible for Research & Development Headquarters, Production Headquarters, Overseas Business Headquarters and Customer Division, and General Manager of Marketing & Sales Headquarters
Oct. 2010 Representative Director, Executive Vice President; responsible for Research & Development Headquarters, Production Headquarters, Overseas Business Headquarters, and General Manager of Marketing & Sales Headquarters
Apr. 2016 Representative Director, Executive Vice President, President's Assistant, in charge of Production Headquarters and Overseas Business Headquarters
Apr. 2018 Representative Director, Executive Vice President, President's Assistant (current)

Yuji Kondo Director and Senior Managing Executive Officer, General Manager of Overseas Business Headquarters, and in charge of Business Planning Division

Career Summary and Current Position in the Corporation:
Apr. 1979 Joined Rinnai Corporation
Jul. 2001 Deputy General Manager of Research & Development Headquarters, and concurrently General Manager of Electronic Research & Development Division
Nov. 2005 Executive Officer, General Manager of Research & Development Headquarters and concurrently, General Manager of Technology Development Division
Jul. 2007 Executive Officer, General Manager in charge of Research & Development Headquarters
Apr. 2008 Executive Officer, General Manager of Research & Development Headquarters and concurrently, General Manager of Technology Administration Division
Jun. 2009 Director, Executive Officer, General Manager of Research & Development Headquarters and concurrently General Manager of Technology Administration Division
Apr. 2010 Director, Managing Executive Officer, General Manager of Research & Development Headquarters and concurrently General Manager of Technology Administration Division
May 2011 Director, Managing Executive Officer, General Manager of Research & Development Headquarters and concurrently General Manager of Electronics Development Division
Apr. 2013 Director, Managing Executive Officer, General Manager of Research & Development Headquarters
Apr. 2016 Director, Senior Managing Executive Officer, General Manager of Marketing & Sales Headquarters, in charge of Research & Development Headquarters
Apr. 2018 Director, Senior Managing Executive Officer, General Manager of Overseas Business Headquarters, and concurrently, General Manager of Group 3 Sales & Marketing Division, and in charge of Business Planning Division
Apr. 2019 Director, Senior Managing Executive Officer, General Manager of Overseas Business Headquarters, and concurrently General Manager of Group 1 and 3 Sales & Marketing Divisions, and in charge of Business Planning Division
Apr. 2020 Director, Senior Managing Executive Officer, General Manager of Overseas Business Headquarters, and in charge of Business Planning Division (current)

Nobuyuki Matsui Outside director, Independent officer

Career Summary and Current Position in the Corporation:
Apr. 1985 Professor at Department of Electrical Engineering in Nagoya Institute of Technology
Jan. 2004 President at Nagoya Institute of Technology
Apr. 2010 Auditor at Aichi University of Education, Adviser of Aichi Prefectural Government Office (Industrial Labor Section)
Apr. 2012 Professor at Chubu University
Jun. 2014 Outside director, Rinnai Corporation (current)

Current Representation in Other Companies:
Outside director at Aichi Tokei Denki Co., Ltd.

Takashi Kamio Outside director, Independent officer

Career Summary and Current Position in the Corporation:
Apr. 1965 Joined Toyota Motor Co., Ltd.
Jun. 1996 Director at Toyota Motor Corporation
Jun. 1999 Managing Director at Toyota Motor Corporation
Jun. 2001 Senior Managing Director at Toyota Motor Corporation
Jun. 2005 Senior Advisor at Toyota Motor Corporation
President at Towa Real Estate Co., Ltd.
Jun. 2006 Director at Nakanihon Kogyo Co., Ltd.
May 2010 Advisor at Toyota Motor Corporation
Jun. 2010 Senior Advisor at Towa Real Estate Co., Ltd.
Jun. 2011 Audit & Supervisory Board Member at Central Nippon Expressway Company Limited
Jun. 2016 Outside director, Rinnai Corporation (current)

Current Representation in Other Companies:
Chairman of Sasaei, specified nonprofit corporation

Audit & Supervisory Board Members

Haruhiko Ishikawa Standing Audit & Supervisory Board Member

Career Summary and Current Position in the Corporation:
Apr. 1980 Joined Rinnai Corporation
Nov. 2005 General Manager of Administration Division, Administration Headquarters
Apr. 2014 Executive Officer, General Manager of Administration Division, Administration Headquarter
Jun. 2016 Audit & Supervisory Board member (current)

Katsuhiko Shinji Standing Audit & Supervisory Board Member

Career Summary and Current Position in the Corporation:
Apr. 1981 Joined Rinnai Corporation
Dec. 2000 President of Shanghai Rinnai Co. Ltd.
Jun. 2004 Director of Rinnai Corporation; President of Shanghai Rinnai Co. Ltd.
Jun. 2005 Executive Officer of Rinnai Corporation; President of Shanghai Rinnai Co. Ltd.
Apr. 2009 Executive Officer, Deputy General Manager of Overseas Business Headquarters in Charge of Asia, Rinnai Corporation; President of Shanghai Rinnai Co. Ltd.
Apr. 2011 Executive Officer of Rinnai Corporation; President of Shanghai Rinnai Co. Ltd.
Apr. 2019 Assistant to General Manager of Overseas Business Headquarters, Rinnai Corporation
Jun. 2019 Audit & Supervisory Board member (current)

Masaaki Matsuoka Outside Independent Audit & Supervisory Board Member

Career Summary and Current Position in the Corporation:
Sep. 1976 Registration of a certified public accountant
Jul. 1988 Partner at Deloitte Tohmatsu LLC (Now, Deloitte Touche Tohmatsu LLC)
Jun. 2014 Retired from Deloitte Touche Tohmatsu LLC
Jul. 2014 Established Masaaki Matsuoka CPA office (current)
Jun. 2016 Audit & Supervisory Board Member (current)

Current Representation in other companies
Audit & Supervisory Board Member at Kanemi Co., Ltd.
Outside Audit & Supervisory Board Member at Mitachi Co., Ltd.

Executive Officers (excluding concurrent directors)

Kinji Mori Managing Executive Officer
General Manager of Quality Assurance Headquarters, and General Manager of Environment Division

Chuji Nakashima Executive Officer
General Manager of Research & Development Headquarters, and General Manager of Technology Administration Division

Kazuhiko Matsumoto Executive Officer
General Manager of Seto Factory, Production Headquarters

Kenichi Ebata Executive Officer
General Manager of General Affairs Division

Hiroyuki Hoyano Executive Officer
General Manager of Kanto Branch, Marketing & Sales Headquarters, and General Manager of Living Room Sales Office

Ippei Watanabe Outside Independent Audit & Supervisory Board Member

Career Summary and Current Position in the Corporation:
Apr. 1978 Registration of attorneys
Joined Saji & Ohta Law firm
Jun. 1991 Established Ohta & Watanabe Law firm (currently, TRUTH & TRUST Law Office) (current)
Jun. 2016 Audit & Supervisory Board Member (current)

Current Representation in other companies
Outside director at Howa Machinery, Ltd. (Audit and supervisory committee member)

Hideyuki Shiraki Managing Executive Officer
General Manager of Marketing & Sales Headquarters

Hirohisa Ooi Executive Officer
General Manager of Production Headquarters

Masanori Shimizu Executive Officer
General Manager of Technology Development Division, Research & Development Headquarters

Katsunori Tanioka Executive Officer
General Manager of Chubu Branch, Marketing & Sales Headquarters

Fuminobu Ishikawa Executive Officer
President of GASTAR Co., Ltd.

Terumasa Kaneko Executive Officer
General Manager of Customer Service Supervisory Division, Marketing & Sales Headquarters

Kazuto Inoue Executive Officer
General Manager of Production Engineering Division

Takuya Ogawa Executive Officer
Deputy General Manager of Corporate Planning Headquarters

Kenji Endo Executive Officer
President of RB Controls Co., Ltd. and President of Noto Tech Co., Ltd.

Governance

Compliance

Rinnai thoroughly instills compliance in all its executives and employees to ensure it is a sound corporate group that is trusted by society. We are enhancing our corporate culture of compliance and creating an environment in which all executives and employees can fulfill their social responsibilities and approach their work in a forward-looking manner.

Rinnai Group Code of Ethics

The Rinnai Group has compiled behavioral standards that all executives and employees must obey in the “Code of Ethics,” a small booklet that includes the “Rinnai Code of Conduct” as a guideline for specific daily activities.

In addition, an English-language version of the “Code of Ethics” is issued to Group companies, and in countries where the official language is not English, the manual is translated into the local language of that country.

Each year, Rinnai conducts Code of Conduct awareness activities for all employees.

Furthermore, in Japan we have created the “Rinnai Code of Conduct Guidebook” as a tool to deepen understanding of the content in the “Rinnai Code of Conduct” and we also implement tests using e-learning to confirm the level of understanding.



Rinnai Group Code of Ethics
(Japanese and English versions)



Scenes where the Rinnai Group Code of Ethics is being entrenched (Left: Brazil, Right: Malaysia)

Compliance Education Activities

Rinnai’s Legal Division conducts legal education every year with regard to laws closely related to operations conducted by business divisions. Rinnai also conducts compliance education every year during employee training for new recruits and by rank, with 251 employees attending in fiscal 2020.

In addition, we share a variety of information with domestic Group employees via our in-house intranet, where we post data such as information regarding legal reforms, legal commentary concerning our operations, and examples of violations that occurred at other companies.



New recruit training

Confirmation and Modification of Compliance Activities

Every year, we conduct employee questionnaires to ascertain how deeply ingrained elements of our Corporate Philosophy have become. In fiscal 2020, these showed that 99.7% of respondents were familiar with the Company Motto, 97.5% of respondents recognized Rinnai Brand Promise, and 94.8% understood our Corporate Mission.

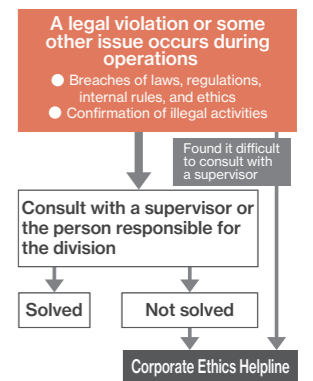
We will continue to actively promote compliance activities to maintain these high levels.

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.

Established in November 2005, the Helpline accepts inquiries from within and outside the Company. In this system, we stipulated that the person who reported the incident will not receive any unfair treatment by the fact that he or she consulted the matter, and we also pay full attention to the protection of privacy of the person who made the report.

In fiscal 2020, the helpline received six reports and requests for advice. Appropriate measures have been taken, including investigation and confirmation of the facts in these cases of alleged misconduct.



Disciplinary Actions

In order to maintain an appropriate work environment, disciplinary action is imposed on those who violate work rules and internal regulations.

In particular, in cases of severe disciplinary action, the Disciplinary Committee will meet to take strict measures. Furthermore, for the purpose of preventing recurrence, violations and results of disciplinary actions are disclosed every year in the Company newsletter, except for information that identifies individuals.

Compliance Violations

In fiscal 2020, there were no serious compliance violations.

Protecting Personal Information

Rinnai has established internal rules based on the Act on the Protection of Personal Information. We also established a Privacy Policy as a guideline for handling personal information that is published on our website (<https://www.rinnai.co.jp/en/policy/privacy/>). Through these efforts, we strive to properly manage, use and protect personal information.

Specifically, a Personal Information Protection Manager is appointed at the Head Office to maintain and teach internal rules. Personal Information Protection Committee members are assigned in each workplace and domestic Group company to provide guidance on methods and procedures to the person in charge of handling personal information.

In addition, the Personal Information Protection Committee member conducts internal audits once each year under the direction of the Personal Information Protection Manager regarding the management status of personal information in each workplace.

In fiscal 2020, there were no personal information leakage incidents.

Executive Structure

We have introduced an executive officer system in order to create a flexible management structure capable of responding swiftly to changes in the business environment. Some directors, from the President down, serve concurrently as executive officers, and their role is to convey the details of decisions made by the Board of Directors to the managers of the divisions responsible so that they can be implemented. Quarterly Companywide management meetings and individual management meetings are also held to confirm how business is progressing and to share information on the challenges faced.

Basic Principles of the Internal Control System

Seeking to reinforce our management system and fulfill our social responsibilities, we established an internal control system with the following aims:

- (1) To enhance the stability and efficiency of business operations;
- (2) To ensure the reliability of financial reports;
- (3) To comply with laws and regulations affecting business operations and internal regulations;
- (4) To maintain assets

Information Disclosure

In addition to the formulation of internal rules for the timely and appropriate disclosure of important information concerning the Group, Rinnai created a disclosure policy that is published on our corporate website as a guideline for information disclosure.

Risk Management

Risk Management Policy

As society becomes increasingly complex, companies face a variety of risks. Against this backdrop, the Rinnai Group is promoting its business on a global scale and is implementing risk management to ensure it remains trusted by its customers and society and conducts business activities in a stable fashion.

Promotion of Business Continuity

When companies do not have sufficient measures for natural disasters such as earthquakes and storms and the prevalence and spread of infectious diseases, business operations may be suspended for a long time, resulting in significant losses and having a serious impact on stakeholders. As a company which produces thermal energy appliances to support people's lifestyles, we believe it is our responsibility to maintain the stable supply of our products. We position cases where there is a risk of interruption in the manufacture or supply of products vital to customers as important issues for business continuity management and are formulating and reviewing business continuing plans (BCPs).

Promotion Structure

Rinnai's Risk Management Committee is comprised mainly of executive officers and divisional heads with the President serving as Chairman. The Committee meets regularly to identify key risks having the potential to impact the Company as an ongoing concern, its credibility, business activities, and assets. The Committee also determines which business divisions have a primary responsibility for each type of risk. It also develops mechanisms to prevent risks from materializing, rapidly resolves crises, minimizes any damage that may occur as a result, and prevents recurrences. The Committee works with all divisions and Group companies to mitigate risks and enhance risk response capabilities.



Rinnai's Response to the Spread of COVID-19

Structure

In response to the spread of COVID-19, Rinnai established a Countermeasures Headquarters centered on the existing risk management system with the President of the Countermeasures Headquarters and the General Affairs Manager in charge of crisis management. Based on conditions in each country, this system enables Rinnai to promptly disseminate information on response procedures as action guidelines for employees.

To prevent the spread of infections, we continue to expand work from home and staggered working hour systems while making daily improvements to new work styles, including a new meeting structure using an online video conferencing system and the creation of a working structure that avoids crowds.

Supply and Manufacturing

Regarding component supplies and production, although there were some problems such as production plant operation suspensions and difficulty in supplying parts from Asian countries due to lockdowns in the initial stage of COVID-19, the Rinnai Group has long engaged in local production as a basic policy, thus there have been no major delays during the pandemic up to now. We maintain a thorough risk management system on a daily basis and have prepared measures such as the establishment of multiple supply routes and production plants for emergency situations.

Regarding production, although plants operated or stopped in response to the declaration of conditions in each country, the governments of each country strongly regard water heaters and heaters as products necessary for daily life, thus in many cases plants could continue to operate.

Management

Our announcement of the year-end financial results for fiscal 2020 on May 2020 was conducted during a state of emergency, so the financial results briefing session was held using an online conferencing system. Although this was the first time Rinnai had conducted a full-scale dialogue with reporters and other external stakeholders, the briefing session was able to be conducted without delay. In addition, we used streaming video to conduct our usual briefing sessions for investors, and these also went smoothly.

With regard to our full-year performance announcement, as it was difficult to predict the spread of COVID-19, we temporarily postponed the plan for fiscal 2021. However, in our first quarter financial results announcement on August 2020, we announced revisions to the planned targets for fiscal 2021.



Financial results briefing session held using an online conferencing system

Demand

When the state of emergency was announced in each country, consumers voluntarily curtailed purchases and sales temporarily trended downward, but as restrictions eased, the demand for water heaters, which are a daily necessity, as well as cookware and heaters rose due to increased time spent in the house due to "stay home" guidance.

In Japan specifically, the easy housework strategy already being implemented led to strong sales of time-saving products such as the DELICIA built-in gas hob (stovetop), dishwashers and gas clothes dryer *Kanta-Kun*. We are also proactively making proposals, including the launch of the microbubble bath unit, which enables customers to enjoy microbubbles in their bath so that they can spend fulfilling time at home.



App that links to DELICIA +R RECIPE



Dishwasher



Gas clothes dryer *Kanta-Kun*

Social Contributions

Rinnai supports and participates in the Declaration of Support for COVID-19 Countermeasures Related to Intellectual Property in support of COVID-19 countermeasures.

This declaration pertains to acts with the sole purpose of ending COVID-19 and states that Rinnai will not assert intellectual property rights (patents, utility models, designs or copyrights) nor seek compensation with regard to any activities whose purpose is stopping the spread of COVID-19.



COVID-19と戦う知財宣言

Information Security

Information Security Policy

We have created the Rinnai Group Information Security Policy, which establishes policies regarding the development of internal rules, promotion systems, the implementation of information security measures, enlightenment, education, training and continuous improvements, and we are unifying the direction of information security measures throughout the Group.

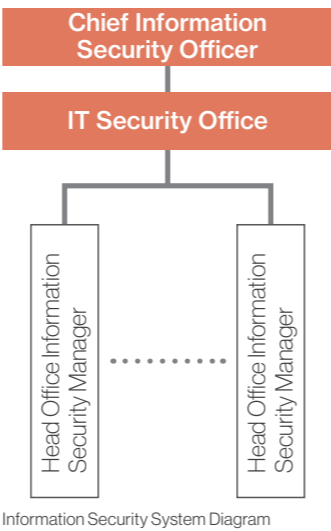
Amid necessary preparations for cyberattacks, we are working daily to further strengthen information security measures throughout the entire Group in accordance with these policies.

Information Security System Maintenance

In order to implement Companywide information security measures, Rinnai has appointed a Chief Information Security Officer (CISO) who oversees information security measures, and we have also established the IT Security Office to promote information security measures among a variety of other initiatives.

In addition, we have appointed Information Security Managers at each business site. The IT Security Office and the Information Security Managers work closely together to create a system that enables smooth progress toward information security countermeasures.

Further, we regularly hold Information Security Measures meetings consisting of employees involved in information security measures, including the Chief Information Security Officer, and we strive to enhance the level of information security measures by conducting discussions and information sharing as well as conducting education and training on information security measures.



Implementation of Information Security Measures

A variety of measures are implemented to prevent information leaks. These include protection against hacking from outside sources, anti-virus measures, encryption of data before information assets are removed from company premises, control of devices such as USB memory sticks, and measures against spam. Access is rigorously controlled at all plants and offices, and entry and access to sensitive areas is also controlled.

Information Security Education and Training Activities

The Rinnai Group conducts information security education every year to ensure that all employees are fully aware of the importance of information security measures and properly handle information assets used in business activities.

In fiscal 2020, we focused on information security-related themes that are prevalent throughout the world, such as business email scams, phishing and social media precautions. The seminar was conducted by the IT Security Office and held at each business site with a large number of employees in attendance. Going forward, we will also utilize e-learning to further expand the number of seminar participants and enhance seminar content. In addition, we regularly conduct cyberattack email training in an effort to hone employee experience so that we can respond promptly when problems related to information security occur.



Information security education implemented at sales offices

Information Security Countermeasures Status Verification

The Rinnai Group conducts inspections of and exchanges opinions on the status of information security measures at domestic and overseas Group companies. We conduct verifications from multiple perspectives and conduct diagnoses of information security countermeasure levels at each Group company.

We also set goals for information security measures, and in consideration of these goals and the level diagnoses results, we are promoting an enhanced level of information security countermeasures throughout the entire Rinnai Group.

Communication with Employees

Selected as a “2020 Health & Productivity Stock”



Rinnai was selected as a “2020 Health & Productivity Stock” under a program sponsored by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE). “Health & Productivity Stock” selections have been made since 2015 from among outstanding companies listed on the TSE that are engaging in a health and productivity management program. In addition, Rinnai was also selected as an “Outstanding Health and Productivity Management Organization (large enterprise category) 2020 (White 500)” (sponsored by METI). Not limited to listed companies, this certification also recognizes organizations that implement excellent health and productivity management practices.

Rinnai’s Initiatives

Rinnai’s policies for promoting and maintaining employee health are stipulated in the Rinnai Group Code of Ethics and the business plan for the Human Resources Division. The Human Resources Division has established dedicated departments (a health and welfare team and a health support office) as part of Rinnai’s three-pronged approach to supporting employee health involving the health insurance union, the employee union, and the Company.

Mental Health Measures

We conduct mental health seminars according to occupational level, including self-care employees for all employees and line care seminars for managers and supervisors. In addition, we aim to have over 95% of employees undergo stress checks.

Measures to Prevent Lifestyle-related Diseases

We provide guidance to prevent the onset and progression of diabetes and hypertension to those who are insured but not currently receiving treatment. We also hold such events as sports festivals and walking festivals.

Measures Against Metabolic Syndrome

We aim for a 5 percentage-point year on year increase in those who are no longer diagnosed with metabolic syndrome and are implementing specific health guidance for employees aged 35 and older.



* Under the Health & Productivity Stock Selection program, METI and the TSE have jointly been selecting companies that strategically carry out efforts regarding their employees’ health from a management perspective as “Health & Productivity Stocks”. The program selects outstanding listed companies engaging in a health and productivity management program and introduces them as attractive companies for investors who prioritize the improvement of corporate value from a long-term perspective. Through this effort, the aim is to raise social recognition of enterprises engaging in health and productivity management and to thereby encourage enterprises to further engage in health and productivity management.

Communication with Employees

Enhancement of Health Promotion Activities

In 2013, Rinnai established the Health Support Office where full-time public health nurses provide individual health guidance and consultations as well as information related to personal health, such as countermeasures for preventing lifestyle-related diseases, and conduct health promotion seminars to support mental and physical health.

In fiscal 2020, frequent interviews with targeted employees led to the prevention leave taken due to mental health issues and the strengthening of support systems enabling the smooth return of employees to the workplace.

In addition, aiming for a work environment that does not cause mental disorders, we have expanded the scope of mental health seminars and hold seminars related to work-style reform regulations and compliance-related issues.

Furthermore, we have strengthened support for mentally ill people as well as people with physical illnesses such as cancer and other incurable diseases. As a result, the number of people with physical illness returning to work has quadrupled from the previous year.

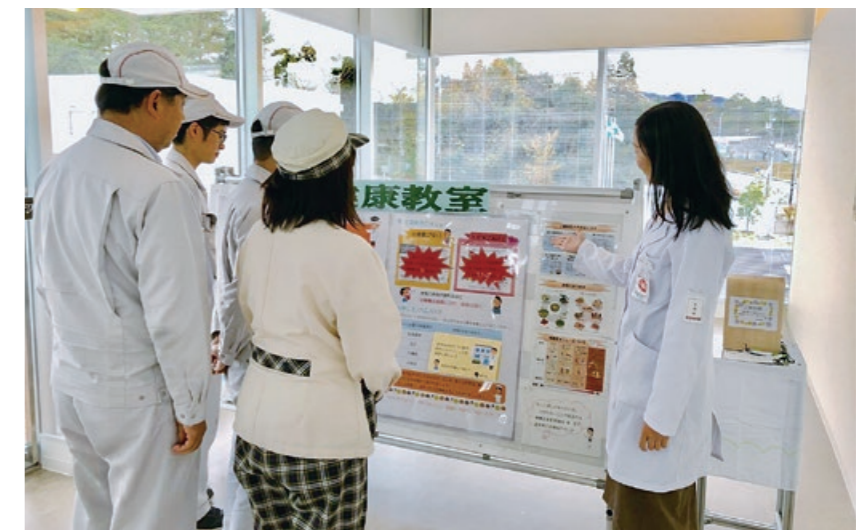
In addition to the aforementioned efforts, in order to encourage employee health promotion activities, we have established a Health Management Promotion System and in the Rinnai Code of Conduct ethics statement, we declare our intention to “create work environments that are safe as well as physically and mentally healthy and comfortable.”

Based on these principles, we are engaged in three-fold activities in collaboration with employee unions and health insurance unions. As a concrete example, we co-sponsor events such as diabetes seminars and sports festivals.

In addition, we collaborate with a dietitian in our employee cafeteria to provide smart meals certified by the Healthy Diet and Eating Environments Consortium through the provision of health-conscious menus. We also conduct health campaigns to check blood vessel age, bone density, blood iron levels and skin age with the aim of raising health awareness.

Additionally, we hold walking seminars to promote health and raise awareness regarding weight loss and physical fitness.

Rinnai received Sports Yell Company certification in recognition of efforts such as conducting radio calisthenics at the start of the work day, holding various sports events such as the aforementioned Sports Festivals, supporting various sports club activities and supporting the use of sports facilities.



Health consultation by a full-time public health nurse



Communication with Employees

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. We provide our employees with numerous opportunities to grow as an individual, such as rank-specific training programs, specialization courses, OJT training, 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 offer personnel training to assist employees to fully demonstrate their capabilities.

Our main training is OJT, wherein a supervisor guides his or 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.

Major Rank-specific Training Programs

Training	Subject	Content
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
New employee follow-up training	Generalists (Clerical and sales employees) in their 1st year, Generalists (technical employees) in their 2nd 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)
S4 level-qualified employee training	S4 level-qualified employees	Reconsolidation of fundamentals (corporate ethics and management policy), Recognition of his or her characteristics (to improve the strength) and the reinforcement of awareness of management (creation of management plans)
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
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
Reviewer training follow-up training	Employees whose duties require them to interview subordinates and review their performance	Review of personnel systems • Understanding of objectives and methods of performance reviews • Improvement of interview skills through interview practice

Career Development Review and Support

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.

In addition, for 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.

Succession of *Monozukuri*, the Spirit of Manufacturing

Training at the Production Technology Center

The Production Technology Center established in March 2010 is a place to pursue leading-edge *monozukuri*, with and an emphasis 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 who are 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.

Worksite Training

“Manufacturing succession centers” are established at each worksite to preserve and pass on tangible assets including accumulated process technologies and new technologies that perpetuate the “worksite intuition” of experienced employees.

These are used as places to teach new employees manufacturing basics as well as a place to share and pass on information and educate personnel with respect to manufacturing “efficiency improvements and management strengthening.”



Development of Global Human Resources

In order to develop human resources who can play an active role across national borders and improve the capabilities of employees around the world, the Group has developed a business practices program that assigns mutual training programs to management divisions, product development divisions, and manufacturing divisions.

With regard to human resources in Japan, we give the opportunities for secondment to overseas group companies from their 20s. The program is based on gaining actual experience through an overseas posting and aims to develop participants' adaptability to different cultures and international business sense.

VOICE



Rinnai Indonesia
Mulyadi

Coming to Japan from Indonesia for Training

I joined Rinnai Indonesia in 1994 and have been involved in machining dyes for parts with machining devices, assembly, and design. I am currently working on dye design, so I am able to apply my experience on the front lines in parts machining and assembly. This experience has motivated me to machine, assemble, and confirm the parts I have designed in the downtime I have between design jobs.

My first experience with training at Rinnai was in 2007 when I was doing dye part machining. I spent a year experiencing precision parts machining and assembly. At the time, I did not understand Japanese and must have been a bother to the Rinnai staff looking after me.

My second Rinnai training was in 2019. I learned design for an important component to be used in a new tabletop stove being planned for Rinnai Indonesia. It was a dye for automated press equipment (line spacer) that was already in operation at Rinnai Indonesia, and I learned a lot by overcoming many design criteria that I had not experienced before.

I would like to work to build high-quality and cost-competitive dyes by adopting Rinnai's standardized dye design, parts machining, and assembly in Rinnai Indonesia.



Rinnai America
Akinori Ando
(Third from left)

Secondment to Overseas Group Company

I was in charge of Latin American sales for one and a half years in the Overseas Business Headquarters. Since June 2019, I have been posted in the United States to be closer to our customers and to work with them without a major time difference. I conduct sales in countries other than Brazil, which is covered by Rinnai Brazil. My sales coverage is a market encompassing 32 Latin American countries with a population of 400 million, including Chile, Mexico, Argentina, Peru, Bolivia, and Colombia. Our direct business partners are the distributors who will import and sell our products. I try my best to expand sales by getting as many people as possible to understand the appeal of Rinnai's products and to introduce products that fit each market. In addition, I am actively looking to create new business partners in countries where we do not have distributors yet.

I basically travel alone on business trips. Admittedly, there are some challenges as some countries are different from Japan in areas like public, but I find my work truly rewarding as I can spread Rinnai's products and brand while interacting with the customs and cultures of various countries. It's always an effort to communicate in Spanish or English. Yet language is only a tool; what is important is how you plan your business and the value-added that your services provide. I am working daily to quickly build Rinnai into the number one brand in Latin America.

VOICE



Rinnai Australia Pty., Ltd.
Kokichi Sato (Left)

Temporary Transfer from Research & Development Headquarters to Overseas Group Company

After engaging in the development of heat source equipment and heaters for hot water heating systems in the Research & Development Headquarters for 22 years, I have been stationed at Rinnai Australia since April 2019.

When adjusting the specifications of a water heaters designed in Japan, I experienced the importance of having direct discussions with local staff through repeated installation verifications using a 3D CAD model. In addition, I was able to learn the characteristics of the market from the settings and sites of water heaters and air conditioners utilizing locally designed heat pump technology.

Recently, there has been a movement to link large-scale forest fires to environmental problems, and I feel that environmentally friendly equipment is becoming more important.

Rinnai plays a leading role in the Gas Appliances Manufacturers Association of Australia, and through our participation in forums on the utilization of renewable energy, we provide trends from gas supply companies to the construction industry to Japan, as well as strive to share information from our research with local certification bodies and universities.

In addition, while interacting with the Consulate General of Japan in Melbourne, I recognized the importance of the role of local employment and received advice on the utilization of human resources in Japan and Australia.

From now on, I would like to deepen cooperation between the development departments of overseas corporations and strive to lead to product development that can contribute to society globally.



Rinnai Viet Nam Co., Ltd.
Atsushi Inoue (Middle)

Experienced in a Variety of Operations, Stationed Overseas as a Factory General Manager

I engaged in mold manufacturing work for eight years in the Production Engineering Division, production management work for five years at the Seto Factory, and manufacturing planning work for eight years at the Production Headquarters. Since 2019, I have been stationed at Rinnai Viet Nam as a factory general manager. In this role, I engage in a wide range of tasks, from dealing with problems that occur every day, preparing for the mass production of new products and improving the quality and productivity of the factory.

While I make use of what I have learned in Japan and the relationships I have built, in countries with different cultures and customs, it often does not work in the same way as in Japan, and in particular, the vague expressions peculiar to Japanese people do not work overseas. Every day I learn something and feel great purpose as I engage in my work.

Viet Nam is a young country with an average age of 30 years old, a country where you can feel the economic growth. Rinnai Viet Nam is a 20-year-old company and is also in the process of growth, and I would like to contribute to the further development of Rinnai.

Communication with Employees

Work-Life Balance

Support for Work-Life Balance

For all Rinnai employees to perform well, attaining a 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 throughout their lives.

Program and Measure	Content
Childcare leave	Employees living with and raising a child or children less than one year of age may take a leave of absence from work until the child or children reach one year or one year and six months of age. (The leave of absence may be extended until the child or children reaches two years of age, dependent upon the conditions of the application for leave.)
Childcare shortened work hours	Employees who live with and raise children until March 31 of the third year of elementary school can request to have their prescribed working hours changed within a range of not less than six hours a day.
Sick or injured childcare leave program	Employees may take a maximum of 10 days (20 days for employees with two or more applicable children) of leave per year in half-day units to care for sick or injured children.
Extended family care leave	Employees may take a maximum of 10 days (20 days for employees with two or more applicable family members) of leave per year in half-day units to care for a family member in need of long-term care.
Family care shortened work hours	Any employee who is responsible for a family member that requires full-time or nursing care may shorten his or her daily working hours, provided that a minimum of 6 hours are worked each day. This provision is possible for more than once during three years from the starts of use of this program per such family member.
Family care leave	An employee can take up to 10 days leave per year (20 days per year if two or more family members require care).
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.
Come Back program	This program offers an employment opportunity to our former employees who had to leave the Company for unavoidable reasons such as marriage, childcare and family care, or on his or her discretion.
Measure to reduce working hours (Flexible working hours)	Depending on work plan, working hours and work start/end time can be negotiated.
Measure to reduce working hours (No overtime day)	Every Wednesday is set as "No overtime day" to encourage employees to leave early.

Formulation and Implementation of the General Employers Action Plan

Rinnai formulated the General Employers Action Plan (Fifth Period: Fiscal 2020– Fiscal 2022) based on the Act on Advancement of Measures to Support Raising Next-Generation Children.

Fifth Period General Employers Action Plan

1. Plan period

April 1, 2019 to March 31, 2022

2. Details

Objective 1:
To improve workplace environment and change awareness for realization of balance between childcare and work

- <Measures>
- Expand more flexible work styles
(Extended period of shortened working hours system, etc.)
 - Improve management awareness
(Develop training programs and consistently conduct interviews before maternity leave, during childcare leave and after returning to work)

Objective 2:
To promote initiatives expanding work-life balance

- <Measures>
- Promote work load reduction activities
(establish satellite offices, review internal rules, etc.)
 - Provide business management support for managers
(further improvement of attendance system)
 - Promote the acquisition of paid leave

Working to Enrich the Lives of Our Employees' Families



Rinnai aims to create workplace environments and climates that allow its employees to feel glad to be working for the Company. We collect opinions regarding the Company from each workplace and hold regular joint labor management conferences along with employee unions. The goal of these conferences is to make improvements to the Rinnai Group. We move forward with improvements by sharing issues unique to each business location and conducting system revisions. The Company has conducted activities aimed at promoting the use of paid leave, established a new regional allowance system, and held nursing care seminars. Rinnai also provides financial support for health enhancement events held by employee unions, such as sport or bowling competitions and walking festivals. Finally, we collaborate with employee unions to provide workplace tours to employees' families at our development locations and factories. Through these tours, we educate employees' families about what we and their employee family members do.

Major Programs in Rinnai Employees' Association

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 "Education for the soul" that support employees to develop attractive personalities as members of society

Communication with Employees
Industrial Relations and Human Rights

Establishment of Good Labor Relations

Employees of the Company are members of the Rinnai Employees' Association, which functions as the organization to represent the entirety of the Company's 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 conditions, workplace environments, and compensation and discussing improvement plans.

Moreover, the Company makes effort to provide a 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.

Respect for Human Rights and Individuality

The Rinnai 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 ISO 26000 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.

Measure to Prevent Child and Forced Labor

As a measure to prevent child and forced labor, the Rinnai Group "Code of Ethics, Rinnai Code of Conduct, Article 11 The respect for human rights and each other's personality (4)" stipulates that "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." The entire Group abides by and acts on this rule.

Measures to Prevent Harassment

To maintain a working environment that our employees find comfortable, we take measures to prevent any infringement of human rights, including sexual harassment and power harassment. With regard to sexual harassment and power harassment, we produced a checklist of detailed examples of harassment that is posted on the Companywide intranet for self-assessment.

Furthermore, we also provide newly assigned department managers with harassment education to reinforce its prevention.

We also revised our in-house rule to prevent any harassment related to pregnancy, childbirth, child care leave or family care leave. We clearly determined the detailed act of prohibiting harassment and disciplinary action based on the rules of employment if an employee violates any of these.

Communication with Employees

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. The 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 approximately 10 skilled mid-career employees every year.

Increase of Female Employment and Support for Their Active Role

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. At Hot.Lab, our interactive facility, female employees called Life Creators demonstrate and promote our products to customers. Life Creators across the country gather every year to exchange their opinions. They share their opinions on product functions, designs, and methods of demonstration to contribute to the development of new products and the improvement of product promotion.

In addition, the fixed customer sales department proactively engaged in sales promotions from a female perspective targeting customers such as retail stores and house makers.

VOICE

Aiming for an Environment Where Employees Can Work Comfortably

In my department, we use information technology to support the creation of flexible working styles and comfortable environments in the workplace. Among these, I am developing and introducing systems focusing on business improvement in departments in the Head Office.

Until recently, I was working from home due to the spread of COVID-19. By utilizing groupware and e-mail, I was able to strike a better balance between housework and childcare at home, as well as realize work improvements that can only be achieved by working from home, which makes every day fulfilling.

Seizing upon this opportunity, we will work hard every day to create an environment where everyone can work comfortably even after the pandemic is over.



Information System Division
Eriko Fukaya

Formulation and Implementation of the General Employers Action Plan

Rinnai formulated the General Employers Action Plan (Third Period: Fiscal 2021– Fiscal 2022) based on the Act on Promotion of Women's Participation and Advancement in the Workplace.

Third Period General Employers Action Plan

To improve the employment environment so that women can play an active role, Rinnai has formulated the following action plan.

1. Plan period
April 1, 2020 to March 31, 2022

2. Company issues
(1) Although the proportion of female graduates hired has increased, there is a difference in the number of years employed between men and women. Systems and environments must be developed so that employees stay employed longer.
(2) The percentage of women in managerial positions is low. It is necessary to increase the number of women in positions one level below section chief and increase the number of women promoted to managerial positions.

3. Goals, initiative details and implementation timeframes.

Goal 1: Reduce the difference in average years of service between men and women from 5.7 years to 4.8 years.
Initiative details: Reduce the number of retirees due to childcare, family care or other factors through system revisions.
New: Support for employees working shortened hours.
New: Expansion of telecommuting system.

Goal 2: Increase the percentage of women in general positions (non-managerial positions) from 5.7% to 6.5%.
Initiative details: Reduce the number of retirees due to workplace culture, childcare and family care.
Ongoing: Support for returning to work after maternity leave (usage and revision of interview check sheet used before and after returning).
Ongoing: Promotion of female employee roundtable discussions at each business site (understanding requests for work details and environment and network formation support).
New: Appeal to female general employees using in-house newsletters and other means of communication.

Goal 3: Increase the percentage of women at the section chief level from 4.5% to 6.0%.
Initiative details: Change awareness of women's advancement through education by training and other methods.
Ongoing: Conducting training for female employees (unions).
Ongoing: Implementing a program fostering an understanding diversity within managerial training.
New: Implemented a program to motivate chiefs to seek promotion to section chiefs.

Disclosure of Information about Promotion of Women's Participation and Advancement

- (1) Percentage of women at the section chief level 4.5%
- (2) Difference in average years of service between men and women 5.7 years

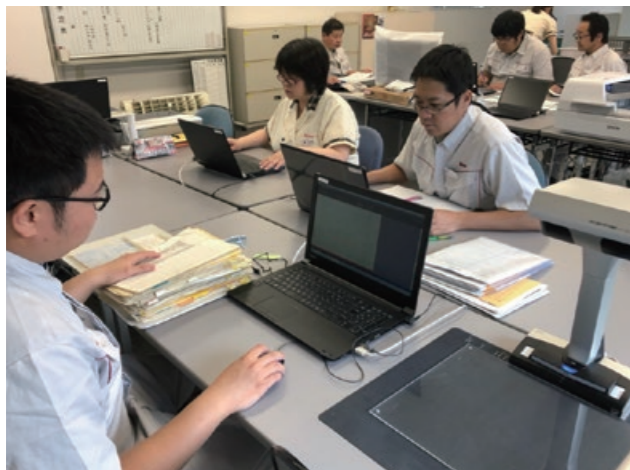
Reemployment of Retired Employees and Support for Demonstration of Their Abilities

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 many 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.

Promoting the Employment of People with Disabilities

Rinnai is collaborating with the Public Employment Security Office and schools for handicapped children to systematically promote the employment of people with disabilities. The Company independently holds job fairs for people with disabilities and continuously conducts campus recruiting at schools for handicapped children. Employment focused on people with disabilities concentrated in specific locations was started in April 2018 and has been successful.

These employees are able to engage in a wide range of operations, from advanced computer processing work to simple tasks and from cleaning work to weeding activities. Employees are provided with an individualized business program that best suits their type and level of disability with the aim of creating a workplace that is rewarding, bright, and enjoyable.



Computer operations



Weeding activities

Communication with Employees
Occupational Health and Safety

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 conditions and safety of the workplace. This corporate mantra extends to our customers, to whom we strive to provide "safety and peace of mind."

Fiscal 2021 Basic Policy on Safety and Hygiene

- 1. Create safe and reliable work environment
- 2. Maintain and improve work environment
- 3. Work style reforms and compliance with Article 36 Agreement
- 4. Promote measures to support for health improvement
- 5. Promote crisis management
- 6. Personnel training through safety education and workshops
- 7. Promote traffic safety activities

Promoting Safety and Health Activities

Rinnai has established the Rinnai Companywide Safety and Health Committee as a governing body for domestic Group companies and is working with safety, health, and disaster prevention officers at each business location to promote occupational safety and health activities.

These activities include informing employees about examples of work-related injuries and corresponding recurrence prevention measures, establishing safety and health committees that include members from both labor and management levels, creating safety and health patrols, and implementing the Company's five fundamentals of safety and health (regulation, arrangement, cleaning, sanitation, and training). Through these activities, we are working to create workplace environments that are secure, safe, and comfortable.

Promotion of Traffic Safety

We carry out various educational activities with the aim of raising employee awareness of traffic safety and contributing to the local community. As a "Zero Day" activity, employees themselves stand on the streets and call out to passers-by. We hold lectures by police officers in collaboration with local police stations, and for new employees, we rent out a driving school and hold practical training and risk prediction courses.

Through the periodic acquisition of driving record certificates, we ascertain the status of employee safe driving behaviors and provide individual guidance as the situation demands.

We have launched the systematic installation of drive recorders on all Company-owned vehicles in addition to introducing a safe driving eco-drive promotion system (telematics) to promote employee traffic safety and eco-friendliness from practical as well as theoretical perspectives.

Communication with Shareholders and Investors

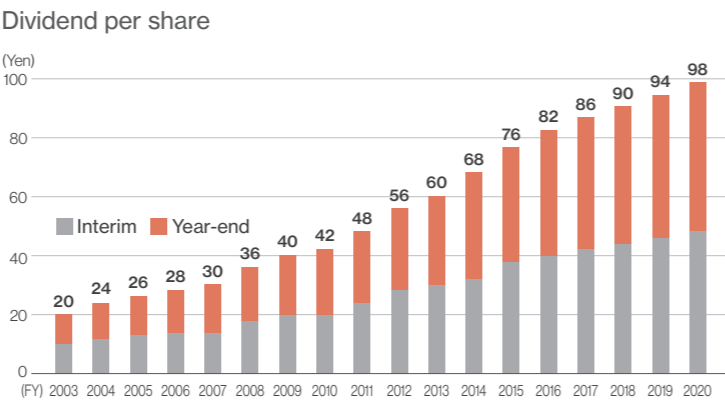
Aiming for Longer-Term Business Growth and Stable Shareholder Returns



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 earn the trust of 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 for results briefings on our website, and our IR calendar. Through various opportunities to meet with them, shareholders and investors are able to understand our business growth strategies from a longer-term perspective and to hold expectations for stable shareholder returns.

Dividend Increases for 18 Consecutive Fiscal Years

One of our top management priorities is to sustain a stable return of profits to shareholders. When deciding on dividends we consider consolidated performance, return on equity, financial status, but we have increased our annual dividend for 18 consecutive fiscal years since fiscal 2003. Furthermore, we plan to pay a commemorative dividend of ¥10 (¥5 in the first half and ¥5 at year-end) in honor of the 100th anniversary of Rinnai's founding in September 2020 in addition to the ordinary dividends for the fiscal year.



IR Activities for Institutional Investors and Analysts

Rinnai proactively explains business results and exchanges opinions with institutional investors and analysts through financial results briefings (held biannually), small meetings, individual visits and telephone interviews. We also participate in conferences sponsored by securities companies to expand our IR activities. Further, we hold factory tours every year as an opportunity to deepen understanding of manufacturing activities. In addition, opinions received from analysts are shared twice a year at Board of Director meetings as valuable information used in our management decisions.



Financial results briefing for institutional investors and analysts

Fiscal 2020 Activities

- IR interviews conducted a total of 170 times
 - Individual meetings: 89 times
 - Small meetings: 12 times
 - Telephone interviews: 69 times
- Factory tours: 4 times (in Japan: 2 times; overseas consolidated subsidiaries: 2 times)
- Fiscal 2020 interim results briefing: 57 attendees
- Fiscal 2020 year-end results briefing (livestream): 51 viewers

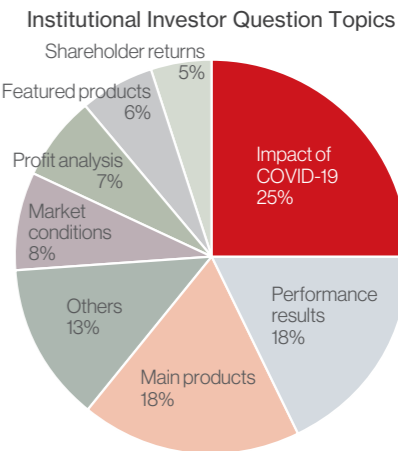


Factory tour

Investor Opinions at Fiscal 2020 Year-End

Many inquiries from institutional investors and analysts regarding the full-year results for fiscal 2020 were related to COVID-19, with a great deal of interest in the impact on our sales and supply chain.

In addition to main products such as gas water heaters and gas stoves, through the introduction of our proprietary products such as gas clothes dryers, we facilitate a deeper understanding of Rinnai's future growth strategy.



Communication with Customers

Improving Products and Services Based on Customer Surveys



ILO

イロー

Launched in April 2019, ILO is a series of built-in hobs (stove tops) sold exclusively over the Internet with customized color combinations featuring 10 top plate colors, three front panel colors, and two stove top colors.

During the planning for this product, Rinnai surveyed current stove top users regarding their preferences for colors. When asked about why color preferences were selected, many respondents noted, "I want to be able to select the colors I like" and "I want the color to match the atmosphere of my kitchen." From such customer feedback, we created a stove top that is not "a stove top selected from an abundance of choices", but rather, "a stove top that offers combinations to realize the ideal kitchen space" and implemented product planning and sales from that viewpoint. We also conducted a survey of customers who purchased after ILO was launched.

From interactions with customers in the sales process and responses to the survey of customers who purchased the model, we were able to gather specific information on queries about ILO's functions and on questions customers had before purchasing, such as regarding removal of the old stove top. The questions we received from customers are posted on our sales site, and we will continue showing ingenuity in valuing our ties with customers after sales so they can make purchases with peace of mind.

Taking Advantage of the Internet to Enhance Customer Support

We supply care products and user replaceable parts via our R.STYLE online shopping site to help our customers get the most out of their purchases for as long as possible. The site started in October 2006 as an online shopping site for genuine parts for Rinnai products. The range of offerings is being constantly expanded in response to direct customer feedback and now includes cleaning and kitchen supplies that are highly compatible with our products and original products available only through R.STYLE.

In March 2020, the number of registered members exceeded 770,000, providing even more opportunities for contact with users of our products. To keep in touch with members' needs, we conduct online questionnaires (annually more than 15 times) and use the data obtained to design products that meet these needs and resolve issues that they raise. We will continue to expand direct contact with customers in our quest to deliver better service.



R.STYLE online shopping site (in Japanese only)

Developing More Intimate Communication through the Living Information Column

The Rinnai Group established R.STYLE column ("Rinnai-style column" site). This site provides pertinent living information with the goal of achieving ongoing communication with customers who use Rinnai products.

The site provides wide-ranging content closely related to our daily lives, containing diverse information related to cleaning, tidying up and storage, cooking, and laundry and ironing. It also contains columns that aim to eliminate concerns regarding housework, and to share specialized expertise and information regarding new discoveries. We try to make articles as plain and simple as possible so that readers can easily try out the recommendations of experts.

The Group will continue to endeavor to operate a column site that offers rewarding and satisfying articles which will always bring its readers back for more.



R.STYLE column (in Japanese only)

Communication with Business Partners

Quality Improvement Activities Undertaken Together with Business Partners

Rinnai's fundamental concept is "Quality is our destiny" and its business partners also understand the importance of quality as we work together to improve it in everything we do. We cannot manufacture high-quality products without parts of good quality.

Rinnai is not only enhancing the inspection of the parts its purchases, but also focusing on enhancing the *monozukuri* and quality improvement of its business partners.

In fiscal 2020 six business partners participated in intensive quality improvement activities. Each company selected a theme related to an issue they faced and worked to improve it according to an annual plan. We were able to deepen mutual understanding and enhance each other's capabilities through periodic site visits and meetings to report on quality improvement.

In addition, we are enhancing quality management to respond rising market demands for quality. In fiscal 2020, we completely updated our quality assurance manual for business partners.

Going forward, Rinnai will continue working to build an environment under which we can grow together with our business partners under a spirit of co-existence and co-prosperity.



Scene from meeting to report on quality improvement



Reporting on examples of improvement through site visits

Rinnai Group Purchasing Policy

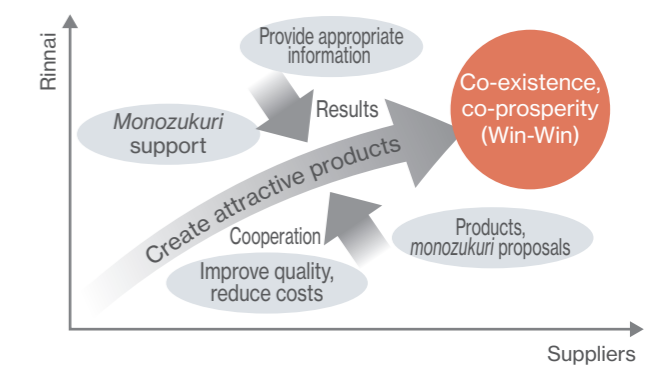
To grow along with our suppliers, we emphasize transactions based on a fair and impartial assessment and selection process and respect for laws and regulations and corporate principles, in accordance with the Rinnai Group Purchasing Policy.

Rinnai Group Purchasing 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 Its 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 a long-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

Through New Year's meetings, business partner policy briefings and market background briefings, Rinnai facilitates an understanding of our quality concept and *monozukuri* basics as well as provides other information including Rinnai manufacturing trends. Furthermore, through the interactive information exchange tool "R-LINE" that uses the Internet environment, we promote smooth and timely information sharing with a greater number of business partners as we strengthen our preparedness for risks in our business activities in the event of a disaster.



Market background briefing

VOICE



Tadashi Mishina
President & Representative Director
TECHNOMISUGI Co., Ltd.

Enhancing Trust Through Better Purchasing

I participated in Rinnai's quality improvement activities aimed at improving quality. I selected "how to eliminate human errors from preconceptions" as our theme. We approached this from employee training and built a check structure at equipment changeovers and other transition points. As a result, we had zero quality issues with parts to be delivered. As a supplier, I believe delivery good products will lead to building trust. From here on, I would like to further raise our awareness of *monozukuri* and have this lead to the tireless pursuit of better quality.

Communication with Local Communities and Society

Activities to Disseminate and Support the Parasport Boccia*



A scene from a boccia match



Competing against KEI in the finals of the main draw



Group photo with Office de Boccia participants

The Rinnai team participated in the inter-company boccia tournament “Office de Boccia in Nagoya: Winter 2020 Battle” held on February 7, 2020. This tournament is sponsored by the All Japan Business Committee for the Tokyo 2020 Olympic and Paralympic Games and is held in numerous venues with the aim of allowing participants to experience the depth and fun of boccia and to spread the appeal of parasports. Eighty-two companies and organizations entered the “Office de Boccia in Nagoya: Winter 2020 Battle” and only the 32 teams that made it through qualifying rounds competed in the main draw.

Rinnai’s team successfully made it through the qualifiers to reach the main draw. It lost its first match in the main draw but won three in a row after earning a repechage position to reach the finals. The Rinnai team faced off against the two-time champion KEI team, but was unable to overcome them and finished a strong second. Through boccia, we were able to deepen our understanding of disabilities and parasports. And given Rinnai’s ambition to create healthy and comfortable lifestyles for all people regardless of disability, we intend to participate in future tournaments.

* Boccia: Boccia is a sport created in Europe designed for people with severe cerebral palsy or similar severe limb dysfunction and is an official Paralympic sport. Players compete by throwing, rolling, or striking other balls with six red and blue balls toward a target white ball called the jack to see who can place the most balls closest to it.

VOICE



Keita Kato
President & Representative Director
KEI Co., Ltd.

Seeking to Create Excitement for Parasports Together Through Boccia

I believe the “Office de Boccia in Nagoya: Winter 2020 Battle” held this February created a lot of excitement and was enjoyable for all participants beyond the bounds of parasports. Our team’s goal was to win the tournament for a third consecutive year. We met Rinnai in the finals, and I was anticipating a close match, so we aimed to stick to the fundamentals. As expected, Rinnai’s team showed good control and strategy which had us on edge. Yet we were a little better on the strategy side and therefore able to win our third consecutive championship.

As the representative of KEI Co, Ltd. and as a Paralympian, it is my sincere wish to work with companies to create excitement for boccia and other parasports even after the Tokyo Paralympics.

Support for Nakagawa Canal Restoration and Cultural/Artistic Assistance Project

We are donating ¥10 million every year for 10 years (¥100 million in total) to the Nakagawa Canal Restoration and Cultural/Artistic Assistance Project (known as “Nakagawa Canal ARToC10”) set up in fiscal 2013 to restore the canal and surrounding area. The aim of the program is to revive the district and make it a cultural and artistic hot spot by turning the canal into a venue for modern contemporary art.



Past art works displayed at the venue

From July 2–26, 2019, “Nakagawa Canal x Art-Colored Urban Development” was held at the Nagoya Urban Institute. This exhibition featured a retrospective of representative works over the past six years since the launch of the Nakagawa Canal Restoration Project (ARToC10), which is supported by Rinnai.

Large works that could not fit inside the venue, as well as dance, music and film pieces that could not be exhibited were shown using panels, videos and photographs. There was a sense of significance with regard to the 22 works created over the past 6 years, the breadth of which is demonstrated by the variety of the works created for this project.

Rinnai Corporation, Actual Results in Fiscal 2020

- | | |
|---|--|
| • Support for restoration project on the Nakagawa Canal | • Youngsters’ Science Festival 2019 |
| • Nagoya Philharmonic Orchestra | • Chinese Spring Festival in Nagoya |
| • Nagoya School of Music, The Music Competition of Japan, Award-winning Celebration Concert | • Misonoza Kinshu Nagoya Kaomise Kabuki |
| • Campus Venture Grand Prix, Chubu Area | • Sponsorship of the Connecting Traditional Japanese Culture Project |
| • Nagoya Shonen Shojo Hatsume Club (Invention and Innovation Youth Club) | • Gion Kobu Kabukai |
| | • <i>Choju-no-Kai</i> (Classical Japanese dance) |

CSR Activities Underway Across the World

United States

Rinnai America donated 1,251 sanitary items to the Bloom Closet organization. Bloom Closet is a foster child support organization that sells sanitary items and clothing at low prices for foster children. Rinnai America is also engaged in a variety of other charitable activities.



Donation of sanitary items to a foster child support organization



Thailand

Each year, Rinnai Thailand employees hold an environmental protection event. In August 2019, 50 employees planted 150 mangrove trees in Samut Sakhram province.

Planting mangrove trees

Brazil

In May 2020, Rinnai Brazil donated hot water heaters for a temporary hospital (Campo Grande University Hospital) established to treat COVID-19 patients in Campo Grande City. Working in cooperation with Copagaz, a major supplier of LPG, Rinnai Brazil installed a gas hot water supply system in the temporary hospital.



Donation of hot water heater to a temporary hospital



Donation of gas clothes dryers to a social welfare facility

South Korea

Together with the 2020 social welfare corporation “Warm Accompaniment”, Rinnai Korea donated gas clothes dryers at 44 locations where families live with disabled persons who are preparing to live independently. Housing in which disabled persons can live independently are constantly short of space since various household items must be placed as needed for life in a wheelchair. Gas dryers are highly appreciated for drying clothes quickly and eliminating the need to hang clothes to dry.

Taiwan

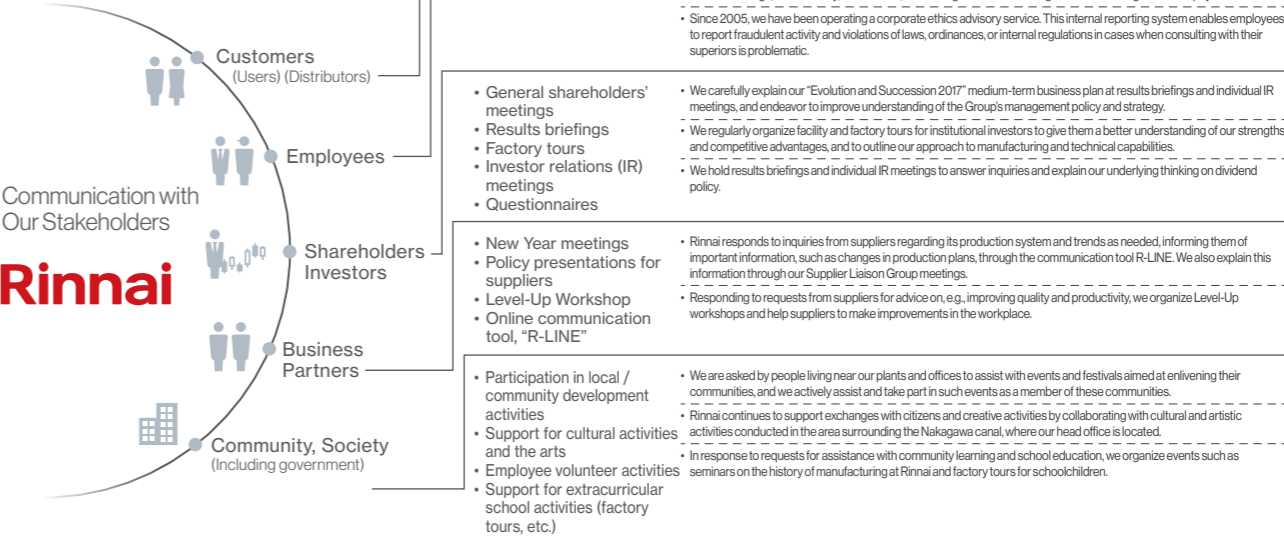
Rinnai Taiwan’s health promotion activities in 2019 included a contest to lose weight and reduce fat called “Together, Health, Beauty, Summer” aimed at reducing the health metrics of body mass index (BMI) and total cholesterol of its employees. Health checks showed a major improvement in these metrics, and in January 2020, Rinnai Taiwan was awarded the “Health Start Mark Certification for Healthy Workplaces” by the Health Promotion Administration of the Ministry of Health and Welfare of Taiwan.



Award related to health presented by the Ministry of Health and Welfare of Taiwan

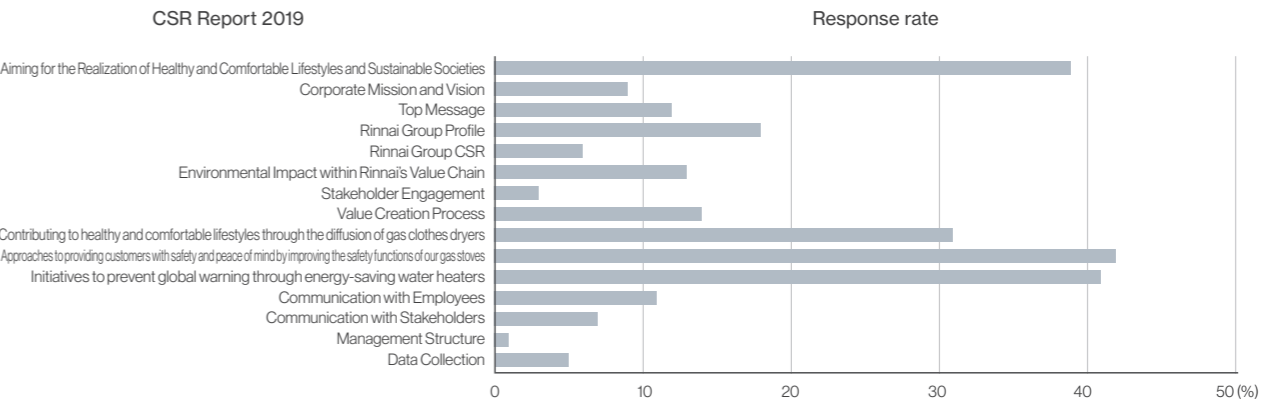
Stakeholder Engagement

Rinnai places great importance on daily communication with customers, employees, shareholders, investors, business partners, local communities, and the general public in an effort to further evolve our business activities and improve levels of satisfaction. Comments and requests from customers through channels such as exhibitions and our online shopping site are used to help improve our products and services. We exchange information with our business partners on subjects such as management policies and products and work together to mutually improve quality through our Level-Up activities.



Results of Questionnaire Regarding “CSR Report 2019” n=275

We sent a questionnaire to readers of our 2019 CSR Report and asked them to vote on topics they found interesting. We intend to incorporate the results of this questionnaire in our next edition.



Data Collection

Eleven-Year Financial Summary

		FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Net sales	(Millions of yen)	226,117	239,436	246,636	251,832	286,981	295,022	319,935	330,256	347,071	348,022	340,460
Operating income	(Millions of yen)	20,392	25,238	26,634	26,351	34,018	30,787	34,593	34,056	32,849	30,879	34,422
Operating income margin	(%)	9.0%	10.5%	10.8%	10.5%	11.9%	10.4%	10.8%	10.3%	9.5%	8.9%	10.1%
Ordinary income	(Millions of yen)	21,481	26,824	28,907	29,064	36,910	32,938	35,807	35,280	34,286	33,318	35,679
Net income attributable to owners of the parent company	(Millions of yen)	11,642	15,510	16,807	19,371	23,254	20,647	22,710	22,322	21,194	20,480	21,561
Total net assets	(Millions of yen)	142,502	141,110	154,737	178,007	232,635	261,414	271,709	290,638	307,965	320,696	340,959
Total assets	(Millions of yen)	222,324	221,495	238,853	262,590	334,382	355,140	368,084	402,107	422,422	430,885	450,486
Net assets per share	(Yen)	2,684.46	2,798.07	3,070.14	3,516.11	4,245.48	4,742.42	4,924.24	5,245.62	5,589.17	5,819.80	6,140.52
Net income per share	(Yen)	219.83	311.52	342.60	394.86	454.74	397.03	436.71	429.27	410.41	398.45	419.49
Equity ratio	(%)	62.5%	62.0%	63.1%	65.7%	66.0%	69.4%	69.6%	67.8%	68.0%	69.4%	70.1%
Return on equity	(%)	8.5%	11.2%	11.7%	12.0%	11.8%	8.8%	9.0%	8.4%	7.6%	7.0%	7.0%
Cash flows from operating activities	(Millions of yen)	29,687	27,536	23,074	22,872	36,453	25,671	36,066	39,554	29,914	29,479	37,694
Cash flows from investing activities	(Millions of yen)	(15,865)	(10,634)	(16,222)	(12,607)	(32,908)	(23,649)	(17,770)	(17,732)	(12,190)	(7,288)	(7,124)
Cash flows from financing activities	(Millions of yen)	(12,203)	(16,958)	(3,937)	(5,002)	13,183	(8,659)	(6,554)	(5,217)	(11,725)	(6,150)	(6,436)
Cash and cash equivalents at end of year	(Millions of yen)	46,570	46,145	48,648	55,030	74,279	69,340	79,600	95,297	101,697	116,133	140,138
Capital expenditures	(Millions of yen)	9,380	7,590	9,378	8,222	12,439	13,774	16,938	20,664	16,105	13,481	10,580
Research and development expenses	(Millions of yen)	6,764	6,934	7,665	8,060	8,380	8,895	9,113	9,340	9,918	9,503	9,308
Dividends	(Yen)	42	48	56	60	68	76	82	86	90	94	98
Payout ratio	(%)	19.1%	15.4%	16.3%	15.2%	15.0%	19.1%	18.8%	20.0%	21.9%	23.6%	23.4%
Number of outstanding shares	(Shares)	54,216,463	54,216,463	54,216,463	54,216,463	52,216,463	52,216,463	52,216,463	52,216,463	51,616,463	51,616,463	51,616,463
Closing price at the end of the period	(Yen)	4,910	5,520	5,960	6,770	9,070	8,910	9,940	9,230	10,100	7,830	7,650
Market capitalization	(Millions of yen)	266,203	299,275	323,130	367,045	473,603	465,249	519,032	481,958	521,326	404,157	394,866

* We apply the Partial Revisions to Accounting Standards for Tax Effect Accounting (Corporate Accounting Standards No. 28, February 16, 2018) as of fiscal 2019. As such, figures for fiscal 2015–fiscal 2018 have been adjusted to retroactively apply said accounting standards.

Data Collection

Financial Data

(Millions of yen)			FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Results of profit and loss	Consolidated	Net sales	226,117	239,436	246,636	251,832	286,981	295,022	319,935	330,256	347,071	348,022	340,460
		Operating income	20,392	25,238	26,634	26,351	34,018	30,787	34,593	34,056	32,849	30,879	34,422
		Ordinary income	21,481	26,824	28,907	29,064	36,910	32,938	35,807	35,280	34,286	33,318	35,679
		Net income	11,642	15,510	16,807	19,371	23,254	20,647	22,710	22,322	21,194	20,480	21,561
	Rinnai Corporation	Net sales	169,277	175,045	183,091	188,559	205,598	190,475	197,592	198,870	201,936	206,015	207,805
		Operating income	13,455	16,131	18,045	18,066	24,278	18,675	20,191	18,814	15,378	14,602	17,359
		Ordinary income	15,515	17,647	22,573	19,911	27,138	22,073	21,946	21,512	18,466	19,026	20,295
		Net income	8,654	10,467	13,869	12,804	18,176	15,339	15,602	16,215	13,850	14,175	15,058
	Domestic consolidated and affiliated companies	Net sales	85,884	91,097	97,082	96,824	105,111	99,967	99,599	124,806	125,536	122,181	101,938
		Operating income	1,835	1,821	2,071	2,403	2,775	2,086	2,552	3,626	2,749	2,748	3,248
		Ordinary income	2,030	2,029	2,270	2,571	2,881	2,199	2,735	3,837	2,924	3,014	3,476
		Net income	1,127	545	1,238	1,573	1,889	1,426	1,902	2,029	2,069	2,087	2,475
	Overseas consolidated companies	Net sales	71,023	79,872	76,806	77,083	99,152	126,880	149,987	149,917	169,125	175,756	171,409
		Operating income	4,832	6,884	6,179	5,963	7,255	9,921	11,636	12,453	14,765	13,640	12,242
		Ordinary income	4,647	7,085	7,077	6,584	8,260	11,026	12,542	13,060	15,555	14,932	13,182
		Net income	3,307	5,338	5,345	6,224	6,006	8,497	9,236	9,411	11,673	11,510	10,604
	Total	Net sales	326,185	346,015	356,979	362,467	409,862	417,323	447,178	473,595	496,597	503,953	481,153
		Operating income	20,122	24,837	26,297	26,432	34,308	30,682	34,380	34,894	32,893	30,991	32,850
		Ordinary income	22,193	26,762	31,921	29,067	38,280	35,299	37,224	38,409	36,946	36,973	36,954
		Net income	13,088	16,351	20,452	20,603	26,071	25,262	26,741	27,655	27,593	27,773	28,138
Sales by product	Consolidated	Water heaters	105,906	114,534	121,028	127,125	146,883	153,697	169,623	188,202	202,387	202,630	196,122
		Kitchen appliances	78,669	79,600	78,792	78,782	88,031	90,838	93,340	88,456	88,364	88,322	86,193
		Conditioning appliances	14,635	15,754	16,681	15,666	16,716	14,972	19,463	17,952	19,084	19,642	18,901
		Commercial-use appliances	6,268	6,739	6,846	6,912	7,552	9,227	10,041	9,122	9,499	8,452	8,556
		Others	20,636	22,806	23,286	23,346	27,797	26,287	27,466	26,521	27,735	28,974	30,685
	Rinnai Corporation	Water heaters	78,086	81,614	88,005	92,608	103,942	99,636	105,999	109,258	112,561	116,810	115,908
		Kitchen appliances	65,523	66,910	66,348	66,629	71,953	62,236	62,849	61,359	59,509	58,852	59,934
		Conditioning appliances	10,873	11,067	12,296	12,029	12,069	10,725	9,965	9,945	9,535	9,139	8,658
		Commercial-use appliances	2,756	2,630	2,638	2,748	2,692	2,673	2,675	2,629	2,308	2,226	2,225
		Others	12,037	12,822	13,803	14,543	14,941	15,203	16,103	16,677	18,021	18,986	21,079
	Domestic consolidated and affiliated companies	Water heaters	19,164	21,395	24,412	25,513	27,199	26,714	28,259	51,822	52,280	49,210	33,583
		Kitchen appliances	26,511	27,332	26,048	24,955	28,435	24,006	22,260	21,139	19,128	18,934	15,611
		Conditioning appliances	1,213	1,149	1,308	1,147	1,051	786	628	669	678	714	704
		Commercial-use appliances	1,718	1,614	1,605	1,618	1,474	1,620	1,590	1,609	1,501	1,337	1,363
		Others	37,275	39,605	43,707	43,588	46,949	46,838	46,859	49,564	51,946	51,985	50,676
	Overseas consolidated companies	Water heaters	38,585	43,626	44,058	45,218	57,906	70,902	84,335	88,082	104,149	110,131	107,979
		Kitchen appliances	12,129	11,781	11,661	11,465	15,828	29,246	31,346	28,368	29,809	30,746	29,736
		Conditioning appliances	6,118	7,889	7,244	6,227	7,631	7,309	12,828	12,212	13,116	13,791	13,294
		Commercial-use appliances	5,357	5,665	4,570	4,624	5,311	7,114	8,010	7,206	7,689	6,708	6,943
		Others	8,832	10,909	9,271	9,548	12,474	12,307	13,465	14,047	14,360	14,379	13,454
	Total	Water heaters	135,837	146,636	156,476	163,340	189,048	197,253	218,594	249,163	268,992	276,151	257,471
		Kitchen appliances	104,165	106,024	104,058	103,050	116,217	115,489	116,457	110,868	108,448	108,533	105,282
		Conditioning appliances	18,205	20,106	20,849	19,404	20,753	18,822	23,422	23,827	23,329	23,645	22,657
		Commercial-use appliances	9,832	9,910	8,813	8,991	9,477	11,408	12,276	11,445	11,498	10,272	10,532
		Others	58,145	63,337	66,782	67,679	74,364	74,349	76,427	80,290	84,328	85,351	85,210
Results of profit and loss by overseas consolidated subsidiaries (Before elimination of consolidation)	Rinnai America	Net sales	12,799	13,041	11,584	11,333	15,487	17,754	22,602	23,504	27,738	30,390	33,133
		Operating income	553	796	242	315	845	1,020	1,817	1,661	2,207	1,491	2,032
		Ordinary income	535	803	243	317	849	1,036	1,841	1,644	2,219	1,481	2,025
		Net income	290	519	174	200	536	667	1,145	1,037	1,254	1,100	1,436
	Rinnai Australia	Net sales	12,618	15,367	14,996	13,752	15,272	15,360	23,137	21,515	23,585	25,033	23,760
		Operating income	1,595	2,719	3,137	2,186	2,337	1,456	1,366	1,461	1,803	1,720	593
		Ordinary income	1,836	3,011	3,877	2,611	2,776	1,634	1,522	1,447	1,847	2,065	393
		Net income	1,277	2,095	2,704	1,818	1,939	1,130	1,049	998	1,208	1,459	262
	Shanghai Rinnai	Net sales	12,207	12,953	12,907	14,207	20,652	27,202	33,958	37,448	45,969	47,511	43,628
		Operating income	1,500	1,258	556	1,175	1,650	2,174	2,727	3,136	5,133	5,088	5,593
		Ordinary income	1,537	1,350	650	1,300	1,817	2,472	3,016	3,268	5,223	5,319	5,868
		Net income	1,255	1,124	549	1,082	1,461	1,972	2,378	2,519	4,283	4,378	5,228
	Rinnai Korea	Net sales	20,318	21,107	20,574	19,720	25,054	31,215	33,594	32,254	34,905	32,803	27,535
		Operating income	516	733	717	725	407	1,371	1,356	1,233	727	102	(1,382)
		Ordinary income	150	442	598	638	519	1,236	1,551	1,306	802	269	(1,248)
		Net income	53	545	643	1,818	301	1,184	1,144	1,043	499	242	(987)
	Rinnai Indonesia*	Net sales	-	-	-	-	-	11,733	11,640	11,327	12,041	12,840	11,263
		Operating income	-	-	-	-	-	1,366	1,486	2,052	1,952	1,828	1,600
		Ordinary income	-	-	-	-	-	1,879	1,707	2,295	2,209	2,076	1,906
		Net income	-	-	-	-	-	1,456	1,334	1,776	1,720	1,620	1,504

* Rinnai Indonesia has been included into Rinnai's consolidated financial statements from the fiscal year ended March 2015 (it has been included in the consolidated balance sheets as of the fiscal year ended March 2014).

Human Resource- and Personnel-Related Data

The Rinnai Group

Number of Full-time Employees (Consolidated, Year-end)

		Fiscal 2018	Fiscal 2019	Fiscal 2020
Rinnai Corporation	Male	2,540	2,594	2,631
	Female	1,125	1,108	1,127
Domestic Group companies	Male	1,463	1,362	1,282
	Female	680	682	650
Overseas Group companies	Male	3,355	3,404	3,295
	Female	1,408	1,463	1,466
Total		10,571	10,613	10,451

Number of Full-time Employees by Region (Consolidated, Year-end)

		Fiscal 2018	Fiscal 2019	Fiscal 2020	Composition
Japan	Male	4,003	3,956	3,913	—
	Female	1,805	1,790	1,777	—
	Subtotal	5,808	5,746	5,690	54.4%
Asia, excluding Japan	Male	2,626	2,612	2,498	—
	Female	1,133	1,138	1,137	—
	Subtotal	3,759	3,750	3,635	34.8%
North America	Male	167	191	215	—
	Female	57	90	101	—
	Subtotal	224	281	316	3.0%
Other (Oceania, South America, and Europe)	Male	562	601	582	—
	Female	218	235	228	—
	Subtotal	780	836	810	7.8%
Total		10,571	10,613	10,451	100%

Fiscal 2020 Female ratio
31%
31%
32%
28%
31%

Rinnai Corporation
Employee Ages

		Fiscal 2018	Fiscal 2019	Fiscal 2020
Under 30	Male	656	625	583
	Female	481	432	399
	Subtotal	1,137	1,057	982
30–39	Male	697	695	714
	Female	347	357	392
	Subtotal	1,044	1,052	1,106
40–49	Male	654	681	689
	Female	217	231	237
	Subtotal	871	912	926
50–59	Male	523	577	631
	Female	79	87	97
	Subtotal	602	664	728
60 or older	Male	10	16	14
	Female	1	1	2
	Subtotal	11	17	16
Number of non-Japanese employees	Subtotal	4	2	3

Number of Employees (Non-consolidated)

		Fiscal 2018	Fiscal 2019	Fiscal 2020			Newly recruited employees in April 2017	Employees retention in April 2020
Newly recruited employees	Male	80	81	62	Newly recruited employee retention (People)	Male	80	71
	Female	59	50	22		Female	59	51
	Subtotal	139	131	84		Subtotal	139	122
Mid-career recruitment	Male	4	3	2				
	Female	10	6	6				
	Subtotal	14	9	8				
Temporary staff	Subtotal	379	283	376				
Average working years	Male	16.8	16.6	17.3				
	Female	12.1	12.7	13.3				
	Subtotal	15.4	15.5	16.1				
Average age (Years old)	Male	38.8	39.3	39.7				
	Female	33.3	34	34.5				
	Subtotal	37.1	37.7	38.2				

Managerial Position Appointment Status (People) * End-FY2020 Compiled from the Rinnai parent	Executive Position	Female	Male	Non-Japanese	Ratio of Women (%)
	Supervisory Position	3	663	0	0.45
	Of which are general managers or higher	0	36	0	0
	Director	0	24	0	0
	Of which are executive directors	0	13	0	0

*General Managers, Factory General Managers, Branch General Managers, Deputy Branch General Managers, Managers

		Fiscal 2018	Fiscal 2019	Fiscal 2020
Voluntary termination rate (%)		2.5	2.7	2.3
Paid leave * Rinnai parent Based on the status of leave taken by permanent employees	Number of days added with paid leave	20	20	20
	Number of days taken with paid leave	9.7	10.5	12.1
	Utilization ratio (%)	53.3	57.1	58
Employment of persons with disabilities	Number of persons with disabilities	60	66	74
	Employment rate (%)	1.90	2.05	2.23
Number of OJT accidents *Includes domestic consolidated subsidiaries	Number of the accident	25	26	37
	Number of the disasters(%) (LTIFR)	1.99	2.01	2.82
Number of employees on mental health leave		17	13	21
Number of employees who used childcare leave		90	82	57
Number of employees who took childcare leaves of absence	Male	1	0	0
	Female	106	117	123
	Subtotal	107	117	123
Proportion of employees who return to work after taking parental leave (%)	Male	100	100	—
	Female	100	100	100
	Subtotal	100	100	100
Number of employees who used shortened work hours	Male	0	0	0
	Female	96	109	131
	Subtotal	96	109	131
Number of employees who used family care leave	Male	0	1	1
	Female	36	53	48
	Subtotal	36	54	49
Number of employees who used nursing leave	Male	2	1	1
	Female	2	3	4
	Subtotal	4	4	5
Number of employees who took nursing leaves of absence	Male	0	0	1
	Female	1	2	4
	Subtotal	1	2	5
Number of employees who used our reemployment (Come Back) system	Male	0	0	1
	Female	0	0	2
	Subtotal	0	0	3
Number of employees who used the work from home program	Male	0	1	59*
	Female	3	2	14*
	Subtotal	3	3	73

Number of employees utilizing work from home programs unrelated to COVID-19 countermeasures: 1
Number of employees utilizing work from home programs related to COVID-19 countermeasures: 54
Number of employees utilizing work from home programs unrelated to COVID-19 countermeasures: 4
Number of employees utilizing work from home programs related to COVID-19 countermeasures: 10

Working Hours and Average Wages

		Fiscal 2018	Fiscal 2019	Fiscal 2020
Annual total actual working hours per employee (Hours)*1		2,123	2,097	2,008
Annual non-scheduled working hours per employee (Hours)*1		229	217	199
Average overtime per month (Hours)*1		19.4	18.7	16.6
Average wage (Yen)*1		6,163,282	6,201,012	6,309,876
Average wages at 30 years old (Yen)	Highest wage at 30	303,750	309,750	311,750
	Lowest wage at 30	253,950	242,850	256,850
	Average wage at 30	283,761	277,744	289,647

Others (Social Contribution and Compliance)

		Fiscal 2018	Fiscal 2019	Fiscal 2020
Number of whistleblower incidents *Includes domestic consolidated subsidiaries		9	5	6
Criminal charges for compliance related accidents and incidents (Number of cases)*2		0	0	0
Total expenditure on social contribution activities (Millions of yen)		15	14	14
Political contributions and lobbying activities expenditures (Millions of yen)		1	1	1

* 1. Excluding managers

* 2. In fiscal 2019, subsidiary Noto Tech Co., Ltd., exceeded the standards for wastewater and submitted an improvement report to the local government. The results of water quality analysis after countermeasures were implemented confirm that the standards have been maintained without any problems.

Data Collection Environmental Data

Basic Environmental Activities (“7E” Strategic Initiatives)

Rinnai has set the long-term goal of “achieving 6.40 million tons of CO₂ reduction by 2030” and promotes environmental activities with the participation of all employees in all business areas based on the “7E Strategy” environmental action plan to be achieved by 2020.

Below is a report regarding targets, results, and estimated results for each of the Basic Environmental Activities’ seven Es (E-marketing, E-services, E-products, E-procurement, E-minds, E-factories, and E-offices).

Basic Environmental Activities and Targets for Fiscal 2019–2021

Field	Basic Environmental Activities (“7E Strategy”) (2018–2020)
Environment marketing (Sales) Environmental services (Construction and repair)	Expanding Sales of Environmentally Friendly Products (Japan & Overseas) Contributing to CO ₂ reduction ¹ of 3.32 million tons by fiscal 2021.
Environmental products (Product development)	Energy Consumption and CO ₂ Emissions Levels Continuously develop high-efficiency equipment for Zero-Energy Homes (ZEH) and products that use less power during both standby and use
	Conserve and Recycle Resources Continuously evaluate each product’s environmental impact from its design stage through its lifecycle and develop smaller and lighter products
Environmental procurement	Promote Supply Chain Management Conduct environmental conservation activities in cooperation with business partners, and continuously conduct green procurement management in compliance with regulations in each country
Environmental minds (Regional communities and employees)	Communication of ESG-related Information Continuing with initiatives that contribute to enhancing our environmental brand
	Contributing to Local Communities Continuing with initiatives that contribute to conserving biodiversity
	Conducting Environmental Training and Awareness Activities Continuing with initiatives that foster environmental awareness and the enhance ability to take action in employees through training
Environmental factories Environmental offices	Reduce basic unit of energy consumption ² by more than 4% compared to fiscal 2017 by fiscal 2021
	Reduce rate of waste discharge ² by more than 4% compared to fiscal 2017 by fiscal 2021 Maintain and advance zero-emissions initiatives
	Reduce rate of water use ² by more than 4% compared to fiscal 2017 by fiscal 2021
	Reduce rate of harmful chemicals ² handled by more than 4% compared to fiscal 2017 by fiscal 2021

Scope: Rinnai Corporation
Reporting Period: April 1, 2019 to March 31, 2020

Fiscal 2020 Results

Field	Fiscal 2020 Targets	Fiscal 2020 Results
Environmental marketing (Sales) Environmental services (Construction and repair)	2.72 million metric tons of avoided CO ₂ emissions	2.61 million metric tons of avoided CO ₂ emissions
Environmental products (Product development)	Reducing Energy Usage and CO ₂ Emissions • Developing highly efficient gas water heaters • Reducing standby power usage Resource Conservation and Recycling • Implementing product assessments • Developing resource-saving equipment	• Developing highly efficient gas water heaters and kitchen equipment • Implementing designs to reduce the weight of water heaters and gas stoves • Receiving an Honorable Mention at the EcoPro Awards in recognition of Rinnai’s ECO ONE hybrid water heater and heating system in Japan, highly efficient hot water heaters in the U.S., and gas boilers in China
Environmental procurement	Promote supply chain management • Strengthening ties with business partners • Implementing management in line with the regulations of each country	• Understanding the status of environmental activities through a questionnaire (Respondents: 350 companies) • Implemented operation based on Rinnai’s Green Procurement Standards Guide (materials procurement and usage, including new components) • Enhanced the management level of chemical substances by strengthening connectivity with business partners
Environmental minds (Regional communities and employees)	Communication of ESG-related Information • Communicating by creating opportunities to interact with various stakeholders	• Exhibiting at EcoPro and other environmental exhibitions • Implementing showroom and factory tours nationwide • Disclosing ESG information for the Rinnai Group
	Contributing to Local Communities • Holding events to enhance awareness and the ability to take action with regard to biodiversity • Implementing activities to contribute in collaboration with local authorities, organizations, and schools, etc.	• Implementing efforts to exterminate specified invasive species at multiple worksites • Holding events to get closer to greenery by cultivating heirloom vegetables
	Implementing Environmental Training and Awareness Activities • Implementing environmental training and awareness activities for employees	• Holding multiple environmental awareness events during Environment Month • Received the “Excellence Award” in the Environmental Persons Development Awards in recognition for Rinnai’s initiatives to foster environmentally conscious personnel.
Environmental factories Environmental offices	Reduce rate of energy consumption ² by more than 3% compared to fiscal 2017	Reduced by 9.7% compared to fiscal 2017
	Reduce rate of waste discharge ² by more than 3% compared to fiscal 2017 Maintain and advance zero-emissions initiatives	Reduced by 1.6% compared to fiscal 2017 Realized recycling rate of 99.9% or higher
	Reduce rate of water consumption ² by more than 3% compared to fiscal 2017	Increased by 10.9% compared to fiscal 2017
	Reduce rate of harmful chemicals ² handled by more than 3% compared to fiscal 2017	Increased by 5.5% compared to fiscal 2017

Notes: 1. CO₂ reduction contribution = Reduction in CO₂ emissions compared to products sold in 2005 resulting from improved performance of Rinnai water heaters (estimated)
Concerns emissions produced through markets in Japan and the United States.
2. Basic unit: Burden per unit standard determined by Rinnai.

Impact on the Environment of the Rinnai Group

Rinnai is working to achieve full comprehension of all environmental impact related to its business activities. In particular, we have identified three important issues involving environmental impact: Energy consumption, CO₂ emissions (Scope 1 and 2) and use of sold products (Scope 3, Category 11), which produces overwhelmingly high emissions. With regard to these three issues, we are implementing third-party inspections and are working to ensure the accuracy and reliability of information disclosure.

Scope of Accounting

Rinnai Corporation and consolidated subsidiaries

Company Name

- Rinnai Corporation
 - Yanagisawa Manufacturing Co., Ltd.
 - Rinnai Technica Co., Ltd.
 - Gastar 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.
 - Rinnai Net Co., Ltd.
 - RG Co., Ltd.
 - Rinnai Enterprises
 - Rinnai Holdings (Pacific) Pte Ltd.
 - Rinnai Hong Kong Ltd.
 - Guangzhou Rinnai Gas and Electric Appliance Co., Ltd.
- Rinnai Italia S.r.l.
 - Rinnai Canada Holdings Ltd.
 - Shanghai Rinnai Thermo Energy Engineering Co., Ltd.
 - Rinnai America Corporation
 - Rinnai Australia Pty., Ltd.
 - Shanghai Rinnai Co., Ltd.
 - Rinnai Korea Corporation
 - P.T. Rinnai Indonesia
 - Rinnai New Zealand Ltd.
 - Rinnai Taiwan Corporation
 - Rinnai (Thailand) Co., Ltd.
 - Rinnai Brasil Heating Technology Ltd.
 - Rinnai Viet Nam Co., Ltd.
 - RB Korea Ltd.
 - Gas Appliance Services Corporation

Reporting Period

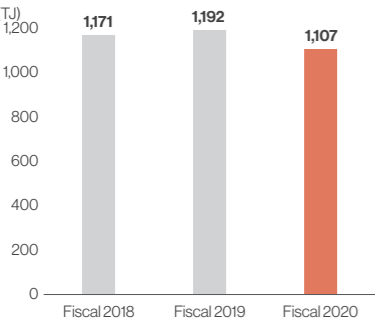
Domestic: From April 1, 2019 to March 31, 2020
Overseas: From January 1, 2019 to December 31, 2019

Third-Party Assurance

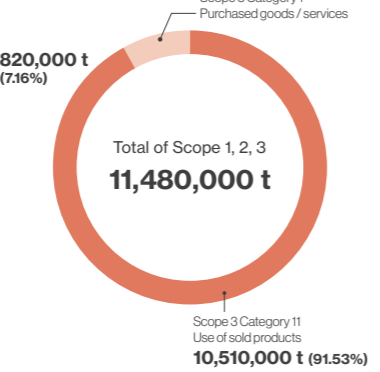
☒ This icon indicates that a measure has been third-party assured by Lloyd's Register Quality Assurance (LRQA).

Global Warming Prevention

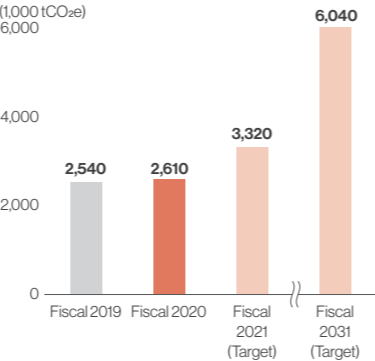
Total energy used



Total amount ratio of the entire value chain (CO₂ emissions) *1



Eco-friendly products (contribute to reduction of CO₂ emissions)



Energy Consumption

Scope		Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020	Assurance
Electricity		MWh	118,733.3	123,664.3	117,642.1	<input checked="" type="checkbox"/>
Town gas	for the use of equipment in each facility	kNm³	11,096.6	11,220.3	10,391.1	<input checked="" type="checkbox"/>
	for vehicle use	kNm³	2.0	1.4	1.2	<input checked="" type="checkbox"/>
Methane		km³	34.0	35.0	38.7	<input checked="" type="checkbox"/>
LPG	for the use of equipment in each facility	t	3,171.0	2,843.1	2,538.0	<input checked="" type="checkbox"/>
	for vehicle use	t	3.4	1.0	1.4	<input checked="" type="checkbox"/>
Butane		t	68.5	16.5	13.8	<input checked="" type="checkbox"/>
Acetylene		t	–	7.7	7.7	<input checked="" type="checkbox"/>
Ethylene		t	–	0.03	0.07	<input checked="" type="checkbox"/>
Heavy oil		kl	0.20	0.18	0.18	<input checked="" type="checkbox"/>
Heating oil		kl	20.7	21.3	18.5	<input checked="" type="checkbox"/>
Light oil	for the use of equipment in each facility	kl	18.1	136.1	107.2	<input checked="" type="checkbox"/>
	for vehicle use	kl	391.7	431.3	419.6	<input checked="" type="checkbox"/>
Gasoline	for the use of equipment in each facility	kl	6.4	5.5	5.1	<input checked="" type="checkbox"/>
	for vehicle use	kl	1,933.6	2,098.7	1,819.3	<input checked="" type="checkbox"/>
Gasoline		GJ	1,171,151	1,192,078	1,106,557	<input checked="" type="checkbox"/>

CO₂ Emissions

Scope			Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020	Percentage	Assurance
Scope 1 ¹			tCO ₂ e	40,313	40,254	36,723	0.32%	<input checked="" type="checkbox"/>
Scope 2 ²				67,977	73,181	66,239	0.58%	<input checked="" type="checkbox"/>
Scope 3 ³	1	Purchased goods and services		816,828	866,847	821,979	7.16%	–
	2	Capital goods		52,724	25,928	21,078	0.18%	–
	3	Fuel- and energy-related activities		2,955	3,263	4,379	0.04%	–
	4	Upstream transportation and distribution		10,803	8,838	8,377	0.07%	–
	5	Waste generated in operations		733	565	5,668	0.05%	–
	6	Business travel		524	530	535	0.00%	–
	7	Employee commuting		1,557	1,592	1,598	0.01%	–
8	Upstream leased assets	Included in Scope 1		Included in Scope 1	Included in Scope 1	–	–	
9	Downstream transportation and distribution	–		–	–	–	–	
10	Processing of sold products	Not applicable		Not applicable	Not applicable	–	–	
11	Use of sold products	11,204,402		10,825,493	10,511,507	91.53%	<input checked="" type="checkbox"/>	
12	End-of-life treatment of sold products	6,580		5,414	5,942	0.05%	–	
13	Downstream leased assets	Not applicable		Not applicable	Not applicable	–	–	
14	Franchises	Not applicable		Not applicable	Not applicable	–	–	
15	Investments	Not applicable		Not applicable	Not applicable	–	–	
Total of Scope 1, 2, and 3				12,205,396	11,851,905	11,484,025	100.00%	

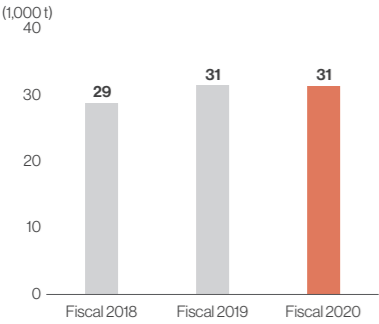
*1 Scope 1: The volume of greenhouse gases that are leaked directly into the Earth's atmosphere from sources related to Rinnai's business activities
*2 Scope 2: The volume of emissions that occur during electricity and heat generation phases when using electricity and heat supplied by third parties
*3 Scope 3: The volume of emissions that occur during business activities conducted throughout Rinnai's supply chain (excluding those in Scope 1 and 2)

Shipping Volume and CO₂ Emissions

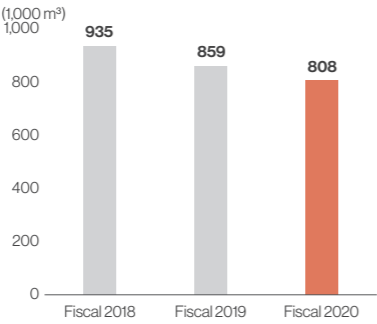
Scope	Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020
Shipping volume	Millions tons/km	69.52	58.15	58.37
CO ₂ emissions	tCO ₂ e	10,803	8,838	8,377

Resource Recycling, Pollution Prevention, and Protecting Biodiversity

Solid waste
(includes valuable substances)

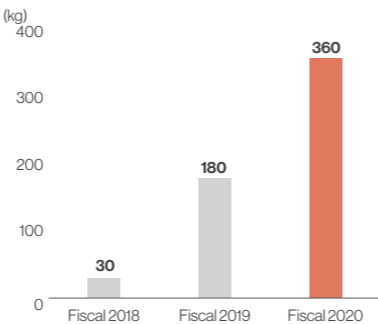


Water used



Biodiversity

(Weight of exterminating specified invasive species)



	Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020
Waste Generated (Including valuables)	Thousand tons	29	31	31
Recycled Waste	Thousand tons	27	31	29
Waste into landfill	Thousand tons	1.6	1.2	1.8
Water Withdrawal	Thousand m³	935	859	808
Discharge of Water	Thousand m³	881	846	778
Hazardous Chemicals` Use	t	50	36	33
Weight of exterminating specified invasive species	kg	30	180	360
Number of people participated in the extermination of specified invasive species	Persons	15	63	89

* Class I designated chemical substance stipulated by the Pollutant Release and Transfer Register (PRTR) Law, Scope: Rinnai Corporation

Environmental Accounting

Breakdown of Costs for Environmental Protection		Key Activities	Costs (Millions of yen)		
			Fiscal 2018	Fiscal 2019	Fiscal 2020
In the scope of operations	Pollution prevention	Mainly efforts to prevent air and water pollution	38	44	27
	Environmental protection	Mainly efforts to save energy	36	15	31
	Resource recycling	Recycling as well as treatment and disposal of industrial waste	104	102	117
Upstream/downstream		Collection/recycling and volume/weight reduction of materials such as product packaging	8	11	12
Management activities		Mainly monitoring and surveillance of environmental impact	153	150	109
Research and development		Research and development on environmentally conscious products	1,117	1,149	733
Community efforts		Environmental communication with local regions and beautification/greening at places of business and surrounding areas	2	2	2

Environmental protection effect	Key Activities	Unit	Environmental Impact Reduction		
			Fiscal 2018	Fiscal 2019	Fiscal 2020
	CO ₂ emissions reductions	Thousand tCO ₂ e	0.8	2.0	6.0
	Waste curtailment	Thousand tons	3.3	0.4	0.3
	Water saving	Thousand m³	11.0	6.7	17.0

Economic Effect Accompanying Environmental Protection Measures	Key Activities	Economic Effect (Millions of yen)		
		Fiscal 2018	Fiscal 2019	Fiscal 2020
	Reduced expenses through energy conservation, waste curtailment, and water saving	400	270	295

• The calculations above exclude depreciation and amortization expense.
• 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 of each site.
• 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.

Chronology of Environmental Activities at Rinnai

1993	March December	Drafted Environmental Preservation Action Plan; established Environment Committee Won prize at 4th Energy Conservation Vanguard 21 for gas-blast type high-heat grillers RGM-4, 6, 8
1994	July	Market debut: Low-NOx burner built-in water heater (NOx at less than 60 ppm)
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 June October December	Won special prize at 2nd Eco-Design Awards for tabletop cooking stove Market debut: Absorption-type gas air conditioner (non-CFC) Acquired ISO 14001 certification at Oguchi Factory Won prize at 8th Energy Conservation Vanguard 21 for tabletop oven RSBN-096
1998	April October	Won top prize for gas clothes dryer and special awards for small hot-water heater and for absorption-type gas air conditioner at 3rd Eco-Design Awards Market debut: <i>Yukko V</i> Series, featuring no styrene packing, low stand by power consumption and low NOx emissions
1999	June July September October	Environment Month event: Talk given at Rinnai by a corporate environmental pioneer Established Environment Division Market debut: Ecomax burner and Eco burner-equipped gas cooking stove Market debut: Condensing water heater boasting 95% heat efficiency and NOx emissions under 30 ppm
2000	February May June August	Won Minister of Economy, Trade and Industry Award for condensing water heater at Ministry's 10th Energy Conservation Awards Drafted Rinnai Environmental Action Principles Environment Month event: Talk given at Rinnai by a corporate environmental pioneer Published inaugural issue of Environmental Report
2001	June	Environment Month event: Talk given at Rinnai by a corporate environmental pioneer
2002	June	Environment Month event: Talk given at Rinnai by a corporate environmental pioneer
2003	June October	Environment Month event: Talk given at Rinnai by a corporate environmental pioneer Won Electric Equipment Packaging Category Award in the Good Packaging division at Japan Packaging Contest 2003 for built-in 75 cm-wide glass-top gas cooking stove
2004	June October December	Environment Month event: Talk given at Rinnai by a corporate environmental pioneer Won Logistics Prize at Japan Packaging Contest 2004 for bathroom heater/dryer Created the Green Procurement Standards Guide (first edition)
2005	June September	Environment Month event: Organized an exchange event (visit) with a corporate environmental pioneer Participated in Team Minus 6%, a national movement to prevent global warming
2006	June October	Environment Month event: Organized an exchange event (visit) with a corporate environmental pioneer Won Electric Equipment Packaging Category Award in the Good Packaging division at Japan Packaging Contest 2006
2007	June	Environment Month event: Organized an exchange event (visit) with a corporate environmental pioneer
2008	June September October	Environment Month event: Organized an exchange event (visit) with a corporate environmental pioneer 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 Won Electric Equipment Packaging Category Award in the Good Packaging division at Japan Packaging Contest 2008 for gas fan heater
2009	February June	Market debut: <i>Eco-Jozu</i> hot-water/heating unit RVD-E Series Environment Month event: Organized an exchange event (visit) with a corporate environmental pioneer
2010	January February June September	Market debut: <i>Eco-Jozu</i> water heater with bath-filling systems RUF-E Series Participated in Challenge 25 campaign, a national movement to prevent global warming Won Silver Award at Aichi Environmental Award 2010 sponsored by Aichi Prefecture for global promotion of high-efficiency combustion appliances and systems, including latent heat recovery water heaters Environment Month event: Organized an exchange event (visit) with a corporate environmental pioneer Held the first Rinnai Group Environmental Awards ceremony
2011	April May June September December	Market debut: <i>Eco One</i> hybrid water heater with heating systems for colder regions Won Technology Grand Award from Japan Gas Association for development of gas hot-water system <i>SOLAMO</i> to use solar heat Environment Month event: Organized an exchange event (visit) with a corporate environmental pioneer Held the second Rinnai Group Environmental Awards ceremony Won the Resource Recycling Manufacturing Research Group Chairman's Award at the IMS 16th Resource Recycling Manufacturing Symposium for energy-saving measures concerning enamel combustion furnaces
2012	June September October December	Environment Month event: Organized an exchange event (visit) with a corporate environmental pioneer Held the third Rinnai Group Environmental Awards ceremony Won Large and Heavy Good Packaging Prize at Japan Packaging Contest 2012 for <i>Eco One</i> hybrid water heater with heating systems Won the Resource Recycling Manufacturing Research Group Chairman's Award at the IMS 17th Resource Recycling Manufacturing Symposium for our development of a home-use hybrid water heater with heating systems
2013	June September December	Environment Month event: Organized an exchange event (visit) with a corporate environmental pioneer Held the fourth Rinnai Group Environmental Awards ceremony Won the Chairman Award of Nagoya Industries Promotion Corporation at the IMS 18th Resource Recycling Manufacturing Symposium for improvement of logistic efficiency and reduction of waste disposal by reviewing of packing production process

2014	January June August September December	Won top energy conservation award at METI Award in the fiscal 2013 Energy Conservation Awards for <i>Eco One</i> hybrid water heater with heating systems Environment Month event: Organized an exchange event (visit) with a corporate environmental pioneer Won Large and Heavy Good Packaging Prize at Japan Packaging Contest 2014 for returnable package Held the fifth Rinnai Group Environmental Awards ceremony Won 2014 Energy Saving and New Energy Grand Prize in Kitaguni (northern area in Japan) for <i>Eco One</i> hybrid water heater with heating systems for the Hokkaido region Won the Chunichi Shimbun Award at the IMS 19th Resource Recycling Manufacturing Symposium for our development of an eco-friendly water heater with bath-filling systems
2015	April June September	Market debut: <i>Eco One</i> third-generation hybrid water heater with heating systems Environment Month event: Organized an exchange event (visit) with a corporate environmental pioneer Held the sixth Rinnai Group Environmental Awards ceremony
2016	May June July August September December	Acquired a certificate of a low-carbon building as Japan's first residential complex in which all units have <i>ECO ONE</i> and floor heating Environment Month events: Issued new environmental cards to all Rinnai employees Organized an exchange event (visit) with a corporate environmental pioneer Participated in <i>COOL CHOICE</i> campaign, a new national movement to global climatic changes and reducing greenhouse effect gas Won Good Packaging Prize at Japan Packaging Contest 2014 for a bottom tray with parts box for important attachments Held the seventh Rinnai Group Environmental Awards ceremony Won Nagoya Municipal Industrial Research Institute Director's Award (for improvements targeting paper use along the supply chain) at 21st Resource Recycling <i>Monozukuri</i> Symposium IMS
2017	January March June November	Presented a talk on Rinnai's environmental activities at the 20th Dialogue and Exchange Event hosted by EPOC Won the Energy Center Director's Award at the Energy Conservation Awards for third-generation <i>ECO ONE</i> hybrid water and space heating system Conducted inspections regarding conversion to ISO 14001:2015 standards Environment Month events: Organized action to eradicate a specified invasive species (<i>Coreopsis lanceolata</i>) Organized an exchange event (visit) with a corporate environmental pioneer 3,922 Rinnai employees participated in the My Action Declaration's five actions to protect biodiversity backed by the Japan Committee for the United Nations Decade on Biodiversity (UNDB-J) Rinnai Kansai branch office received Eco-Drive Excellent activity certificate in the general division of the 2017 Eco-drive Activity Concours, sponsored by the Foundation for Promoting Personal Mobility and Eco-Drive Ecological Transportation
2018	January February April June September December	Held the eighth Rinnai Group Environmental Awards during our New Year's celebration Won first prize in the Aichi Environmental Awards for our development of the <i>ECO ONE</i> , which is an extremely energy-efficient water heater and heating system that cleverly and optimally uses diverse energy Published fourth edition of our Green Procurement Standards Guide Environment Month events: Removed <i>Coreopsis lanceolata</i> coreopsis plants, an invasive species, and held an Environmentally Progressive Company Inspection Council (exchange meeting) Exterminated the specified invasive species <i>Coreopsis lanceolata</i> Held internal study groups on ESG and the SDGs (invited outside lecturers) Participated in the EcoPro 2018 exhibition
2019	January February May June September November December	9th Rinnai Group Environmental Award Ceremony held during the New Year's ceremony Received the "Minister of the Environment Award," the top award at the COOL CHOICE LEADERS AWARD 2018 sponsored by the Ministry of the Environment (development of <i>ECO ONE</i>) Received the "Excellence Award" at the 22nd Environmental Communication Awards sponsored by the Ministry of the Environment (CSR Report 2018) Received the "Excellence Award" from the Ministry of the Environment (Medium-term management plan G-shift 2020 "Development of human resources to promote environmental management and contribution") Ranked 26th overall at the 22nd Environmental Management Ranking hosted by The Nikkei, which evaluates the environmental management level of Japanese companies Monthly environmental events •Held environmentally advanced company exchange meetings (inspection meetings) •Exterminated the specified invasive species <i>Coreopsis lanceolata</i> Received "Honorable Mention" at the 2nd EcoPro Awards sponsored by the Industrial Environment Management Association of Japan (for the development of "optimal hot water supply and heating systems" according to energy and environmental conditions in each country and region) Received an Award at the Biodiversity Action Awards 2019 (Let's grow heirloom vegetables together) organized by the Japan Committee for the United Nations Decade on Biodiversity (UNDB-J) Participated in the EcoPro 2019 exhibition
2020	January May June July	10th Rinnai Group Environmental Award Ceremony held during the New-Year Convention Received the "Excellence Award" in the Ministry of the Environment's 2019 Environmental Persons Development Awards Environment Month events: Exterminated the specified invasive species <i>Coreopsis lanceolata</i> Selected as "Good Practice" at the Aichi-Nagoya Biodiversity Best Practice

Certification Acquisition Status

Environmental Management System International Standard [ISO 14001:2015]

Location		Certified Year/Month
Rinnai	Research & Development Headquarters	October 1997
	Production Engineering Division	October 1997
	Oguchi Factory	October 1997
	Seto Factory	December 2000
	Environment Division	December 2000
	Quality Assurance Headquarters	November 2003
	Head Office	December 2008
	Chube Branch	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
	Kitakanto Sales Office	April 2016
	Customer Division	May 2017
	Akatsuki Factory	March 2018
	Oguchi Higashi Factory	June 2018
	Minami-Kanto Branch	June 2019
Domestic Group companies	Gastar Co., Ltd.	October 2001
	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 companies	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
	Rinnai Viet Nam Co., Ltd.	June 2019

Environmental Management System “Eco Action21”

Location		Certified Year/Month
Domestic Group companies	Techno Parts Co., Ltd.	August 2011

Data by Site (Fiscal 2020 Results)

Site name	Location	☑ CO ₂ emissions		☑ Energy use (GJ)	Amount of waste generated (including valuables) (Thousands of tons) ¹⁾	Amount of waste into landfill (Thousands of tons)	Amount of recycled waste (Thousands of tons)
		Scope 1 (tCO ₂ e)	Scope 2 (tCO ₂ e)				
Oguchi Factory	Oguchi-cho, Niwa-gun, Aichi	1,873	2,220	54,698	4.9	4.9	0.0
Seto Factory	Seto-shi, Aichi	1,596	3,714	63,000	2.3	2.3	0.0
Akatsuki Factory	Seto-shi, Aichi	721	1,546	26,537	1.2	1.1	0.046
Technology Development Center	Oguchi-cho, Niwa-gun, Aichi	2,347	2,685	67,835	0.1	0.1	0.0
Head Office and Sales Offices ²⁾	—	3,643	2,233	76,293	0.7	0.6	0.009
Yanagisawa Manufacturing Co., Ltd.	Kadoma-shi, Osaka	634	665	18,288	0.4	0.4	0.0
Rinnai Technica Co., Ltd.	Kakegawa-shi, Shizuoka	1,388	1,369	34,271	1.2	1.2	0.006
Gastar Co., Ltd.	Yamato-shi, Kanagawa	1,473	1,370	40,617	0.5	0.5	0.001
RB Controls Co., Ltd.	Kanazawa-shi, Ishikawa	1,007	3,142	38,043	0.4	0.4	0.021
Rinnai Precision Co., Ltd.	Komaki-shi, Aichi	3,581	6,866	124,712	2.3	2.2	0.006
RT Engineering Co., Ltd.	Toyoda-shi, Aichi	310	1,260	16,050	0.2	0.2	0.002
Japan Ceramics Co., Ltd.	Kani-shi, Gifu	1,427	1,011	32,114	0.2	0.2	0.021
Noto Tech Co., Ltd.	Nakanoto-cho, Kajima-gun, Ishikawa	1,501	1,290	34,866	1.8	1.5	0.259
Techno Parts Co., Ltd.	Aichi	230	375	7,528	0.047	0.045	0.001
Rinnai Holdings (Pacific) Pte Ltd.	Singapore	32	22	671	—	—	—
Rinnai Hong Kong Ltd.	Hong Kong	0	3	14	—	—	—
Guangzhou Rinnai Gas and Electric Appliance Co., Ltd.	China	49	39	898	—	—	—
Rinnai Italia S.r.l.	Italy	62	18	1,117	—	—	—
Rinnai America Corporation ³⁾	United States of America	639	1,416	23,355	—	—	—
Rinnai Australia Pty., Ltd. ⁴⁾	Australia	2,287	6,529	61,949	—	—	—
Shanghai Rinnai Co., Ltd. ⁵⁾	China	2,403	9,751	91,042	—	—	—
Rinnai Korea Corporation	South Korea	2,327	4,874	87,165	—	—	—
P.T. Rinnai Indonesia	Indonesia	4,203	9,332	120,760	—	—	—
Rinnai New Zealand Ltd.	New Zealand	265	94	6,270	—	—	—
Rinnai Taiwan Corporation	Taiwan	732	1,145	20,779	—	—	—
Rinnai (Thailand) Co., Ltd.	Thailand	1,155	2,017	33,639	—	—	—
Rinnai Brasil Heating Technology Ltd.	Brazil	133	58	5,341	—	—	—
Rinnai Viet Nam Co., Ltd.	Viet Nam	635	701	13,440	—	—	—
RB Korea Ltd.	South Korea	69	495	5,263	—	—	—

1. In some cases, there is a mismatch between the breakdowns and totals for the amount of waste generated, the amount of waste into landfill and the amount of recycled waste (Unit: Thousands of tons).
2. Includes the Head Office, nationwide sales offices, logistics centers and the Rinnai Parts Center.
3. Includes Rinnai Canada Holdings Ltd.
4. Includes Gas Appliance Services Corporation.
5. Includes Shanghai Rinnai Thermo Energy Engineering Co., Ltd.

Water Discharge (Fiscal 2020 Results)

Site	Water discharge standard (Water discharge to)	Substance*1	Regulation value	Voluntary	Actual value (Maximum)
Oguchi Factory	Sewer	pH	5.7-8.7	5.8-8.7	7.8
		BOD	300	240	110
		COD	—	—	—
		SS	300	240	63
Seto Factory	River (Yatoko River)	pH	5.8-8.6	6.0-8.4	7.5
		BOD	25 (20)	20	7.2
		COD	25 (20)	20	5.7
		SS	30 (20)	20	4
Akatsuki Factory	River (Kazunari River)	pH	5.8-8.6	5.8-8.6	7.7
		BOD	20	16	4
		COD	20	16	9.6
		SS	20	16	2
Yanagisawa Manufacturing Co., Ltd.	Sewer	pH	5.0-9.0	5.9-8.5	8.8*2
		BOD	600	300	16
		COD	—	—	—
		SS	600	300	56
Rinnai Technica Co., Ltd.	River (Ota River)	pH	5.8-8.6	6.3-8.1	7.7
		BOD	25 (20)	20 (15)	15
		COD	160 (120)	20 (15)	18
		SS	50 (40)	30 (20)	7
Gastar Co., Ltd., Head Office and Factories	Sewer	pH	5.0-9.0	5.2-8.8	8
		BOD	600	480	25
		COD	—	—	—
		SS	—	—	—
Gastar Co., Ltd., Research Building	River (Sakai River)	pH	5.8-8.6	6.0-8.4	8.1
		BOD	15	12	5
		COD	25	20	5
		SS	40	32	5
Rinnai Precision Co., Ltd., Head Office and Komaki Factory	Sewer	pH	5.8-8.6	6.0-8.4	7.3
		BOD	300	300	250
		COD	—	—	—
		SS	300	300	5
Rinnai Precision Co., Ltd., Kani Factory	River (Kani River)	pH	5.8-8.6	5.8-8.6	6.6
		BOD	15	15	4
		COD	—	—	—
		SS	30	30	2
RT Engineering Co., Ltd.	Sewer	pH	5.7-8.7	5.7-8.0	7.7
		BOD	300	150	5.3
		COD	—	—	—
		SS	300	150	9
Japan Ceramics Co., Ltd.	River (Kani River)	pH	5.8-8.6	5.8-8.6	7.3
		BOD	15	15	8.6
		COD	160 (120)	30	6.1
		SS	30 (25)	30	8
Noto Tech Co., Ltd.	River (Nagaso River)	pH	5.8-8.2	6.0-8.2	7.5
		BOD	40 (30)	36 (27)	18
		COD	160 (120)	140 (100)	25
		SS	40 (30)	36 (27)	3

*1. pH: Concentration of hydrogen ions, BOD: Biochemical oxygen demand (mg/l), COD: Chemical oxygen demand (mg/l), SS: Concentration of aqueous suspended solids (mg/l),
() Daily average
*2. As a result of water quality inspections of wastewater, values exceeding the voluntary standard value was detected in BOD at Rinnai Technica Co., Ltd.
While identifying the source together with the measuring company, the maintenance cycle of the septic tank was revised with the intention of replacing the equipment renewal and improvements such as processing control optimization were implemented because the processing capacity of the septic tank was assumed to be insufficient. Water quality results after these measures show no problems in terms of maintaining the voluntary standards.

PRTR*3 (Fiscal 2020 Results)

Site	Number	Class I designated chemical substance name	Handling amount	Amount of emission/discharge				Amount of transfer	
				Air	Public waters	Soil	Landfill	Sewers	Outside the relevant office
Oguchi Factory	53	Ethylbenzene	1,700	1,100	0	0	0	0	460
	80	Xylene	4,200	2,700	0	0	0	0	1,200
	300	Toluene	2,200	1,400	0	0	0	0	610
	309	Nickel compounds	1,200	0	0	0	0	0	120
	405	Boron compounds	3,200	0	0	0	0	0	350
Seto Factory	53	Ethylbenzene	1,500	1,100	0	0	0	0	370
	80	Xylene	2,000	1,700	0	0	0	0	370
	87	Chromium and chromium (III) compounds	20,000	0	0	0	0	0	0
	300	Toluene	1,100	21	0	0	0	0	1,100
	308	Nickel	36,000	0	0	0	0	0	0
Akatsuki Factory	53	Ethylbenzene	1,800	1,600	0	0	0	0	200
	80	Xylene	4,200	4,000	0	0	0	0	200
	296	1,2,4-trimethylbenzene	1,100	1,000	0	0	0	0	20
	300	Toluene	2,200	590	0	0	0	0	1,600
RB Controls Co., Ltd.; Kanaiwa Factory	31	Antimony and its compounds	2,100	0	0	0	0	0	210
	265	Tetrahydromethylphthalic anhydride	12,000	0	0	0	0	0	0
	448	Methylenebis (4,1-phenylene) diisocyanate	1,300	0	0	0	0	0	0
	460	Tritolyl phosphate	2,400	0	0	0	0	0	270
RB Controls Co., Ltd.; Tsurugi Factory	448	Methylenebis (4,1-phenylene) diisocyanate	36,000	0	0	0	0	0	0
	460	Tritolyl phosphate	49,000	0	0	0	0	0	5,400
RT Engineering Co., Ltd.	308	Nickel	1,000	1,000	0	0	0	0	0
Japan Ceramics Co., Ltd.	53	Ethylbenzene	1,400	1,200	0	0	0	0	0.1
	80	Xylene	2,000	1,700	0	0	0	0	1.3
	300	Toluene	8,400	8,400	0	0	0	0	0.2
	412	Tritolyl phosphate	1,200	0	0	0	0	0	570
Noto Tech Co., Ltd.	31	Antimony and its compounds	10,000	0	0	0	0	0	0
	309	Nickel compounds	910	0	3	0	0	0	250
	405	Boron compounds	6,900	0	120	0	0	0	820

*3 Class I designated chemical substance stipulated by the Pollutant Release and Transfer Register (PRTR) Law (Unit: kg), Two significant digits

Emissions into the Air (Fiscal 2020 Results)

Site	Facility	Substance ^{*1}	Regulation value	Voluntary	Actual value (Maximum)
Oguchi Factory	Combustion furnace	Soot and dust	0.25	0.16	0.001
		NOx emissions	180	150	62
	Boiler	Soot and dust	0.1	0.08	0.002
		NOx emissions	150	96	56
Seto Factory	Boiler	Soot and dust	0.1	0.05	0.002
		NOx emissions	150	79	23
Akatsuki Factory	Combustion furnace	Soot and dust	0.2	0.15	0.003
		NOx emissions	230	200	2
Yanagisawa Manufacturing Co., Ltd.	Boiler	Soot and dust	0.1	0.1	0.002
		NOx emissions	150	150	24
	Combustion furnace	Soot and dust	0.1	0.1	0.002
Gaster Co., Ltd.	Boiler	Soot and dust	0.1	0.08	0.0012
		NOx emissions	150	120	27
Japan Ceramics Co., Ltd.	Combustion furnace	Soot and dust	0.125	0.125	0.004
		NOx emissions	90	90	16
		SOx	0.25	0.25	0.01

^{*1} Soot and dust: g/m³N, NOx: ppm, SOx: m³N/h

Conditions for Calculations

Scope 1
CO₂ conversion factors
Emission factor: MOE/METI, GHG Emission Calculation and Reporting Manual (Ver. 4.6)
Heating value: • City gas: 45 MJ/Nm³
• Methane gas: 39.7 MJ/m³

Gas	Town gas	2.24	tCO ₂ e/1,000 Nm³
	Methane	2.02	tCO ₂ e/1,000 Nm³
	LPG	3.00	tCO ₂ e/t
	Butane	3.00	tCO ₂ e/t
Oil	Heavy oil	2.71	tCO ₂ e/kl
	Kerosene	2.49	tCO ₂ e/kl
	Light oil	2.58	tCO ₂ e/kl
	Gasoline	2.32	tCO ₂ e/kl

Scope 2
CO₂ conversion factors
Domestic emission factors: "Emission Factors by Electricity Utility (for FY2020 Reporting)" in MOE/METI, GHG Emission Calculation and Reporting Manual (Ver. 4.6)
Overseas emission factors: Latest figures published for electricity utilities, etc., in the countries concerned

Electricity	Australia	0.6700 ~ 1.2000	tCO ₂ e/MWh
	New Zealand	0.1940	tCO ₂ e/MWh
	United States	0.3538 ~ 0.4820	tCO ₂ e/MWh
	Hong Kong	0.8100	tCO ₂ e/MWh
	Taiwan	0.5448	tCO ₂ e/MWh
	South Korea	0.4240	tCO ₂ e/MWh
	Indonesia	0.8770	tCO ₂ e/MWh
	Thailand	0.5050	tCO ₂ e/MWh
	China (Shanghai)	0.8046 ~ 0.8367	tCO ₂ e/MWh
	Brazil	0.0750	tCO ₂ e/MWh
	Singapore	0.41880	tCO ₂ e/MWh
	Viet Nam	0.9130	tCO ₂ e/MWh
	Italy	0.4455	tCO ₂ e/MWh

Scope 3
• Calculated in accordance with MOE/METI, Basic Guidelines on Calculation of Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.3)
• Conditions for all categories
• Emission factors: MOE, Emission Factor Database (Ver. 3.0)
Sustainable Management Promotion Organization's LCI database IDEAv2 (for calculating GHG emissions in the supply chain)
• Conditions for category 11 (Use of sold products)
Products covered: Water heaters sold by Rinnai
Period: 10 years
Conditions: Conditions defined by Rinnai
Emission factors:
• Electricity: 0.570 kgCO₂e/kWh
Federation of Electric Power Companies of Japan, Environmental Action Plans in the Electricity Industry, September 2015 (reference materials: collected data on performance in fiscal 2014)
• City gas: 2.21 kgCO₂e/m³
Tokyo Gas Co., Ltd., City Gas CO₂ Emission Factors (13A, 45 MJ/m³, ordinary households and other customers receiving low-pressure supply)



LR Independent Assurance Statement
Relating to Rinnai Corporation's Environmental Data for the fiscal year 2019

This Assurance Statement has been prepared for Rinnai Corporation in accordance with our contract.

Terms of Engagement

Lloyd's Register Quality Assurance (LR) was commissioned by Rinnai Corporation ("the Company") to provide independent assurance on its environmental data ("the report") for the fiscal year 2019¹ against the assurance criteria below to a limited level of assurance and at the materiality of the professional judgement of the verifier using ISAE 3000 (Revised) and ISO 14064 - 3 for greenhouse gas ("GHG") data.

Our assurance engagement covered the Company and its consolidated subsidiaries' operations and activities in Japan and overseas and specifically the following requirements:

- Verifying conformance with the Company's reporting methodologies for the selected indicators;
- Evaluating the accuracy and reliability of data for only the selected indicators listed below:
 - Scope 1 GHG emissions (tonnes CO₂e)^{2,3}
 - Scope 2 GHG emissions [Market-based] (tonnes CO₂e)
 - Scope 3 GHG emissions (Category 11) (tonnes CO₂e)⁴
 - Energy consumption (GJ)⁵

Our assurance engagement excluded the data and information of the Company's suppliers, contractors and any third-parties mentioned in the report.

LR's responsibility is only to the Company. LR disclaims any liability or responsibility to others as explained in the end footnote. The Company's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the report has been approved by, and remains the responsibility of the Company.

LR's Opinion

Based on LR's approach nothing has come to our attention that would cause us to believe that the Company has not, in all material respects:

- Met the requirements of the Company's reporting methodologies
- Disclosed accurate and reliable environmental data as summarized in Table 1 and Table 2 below

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the verifier.

Note: The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

LR's Approach

LR's assurance engagements are carried out in accordance with ISAE 3000 (Revised) and ISO 14064-3 for GHG data. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

¹ The reporting period is based on the fiscal year of domestic and overseas subsidiary companies: (1) domestic subsidiary companies: FY2019 (01/04/2019 - 31/03/2020), and (2) overseas subsidiary companies: CY2019 (01/01/2019 - 31/12/2019)

² GHG quantification is subject to inherent uncertainty.

³ The scope 1 GHG emissions cover only energy-oriented CO₂.

⁴ Scope 3 emissions data cover activities associated with the usage of water heaters domestically sold by Rinnai Corporation.

⁵ The scope includes the breakdown of energy consumption.



- Auditing the Company's data management systems to confirm that there were no significant errors, omissions or misstatements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification.
- Interviewing with those key people responsible for compiling the data and drafting the report.
- Sampling datasets and traced activity data back to aggregated levels;
- Verifying the historical environmental data and records for the fiscal year 2019; and
- By implementing the Company's "No Visitor" Policy due to the global infection spread of COVID-19, conducting the remote verification to Seto Factory and Akatsuki Factory for confirming the effectiveness of its data management systems via emails and Microsoft Teams.

Observations

The Company has year-on-year demonstrated improvement in its data management system. However, the Company should further demonstrate the completeness of its future environmental indicators. This is particular to expand the reporting boundaries of Scope 3 GHG emissions to all 15 categories as the verification scope in consideration of the interests of stakeholders.

LR's Standards, Competence and Independence

LR implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases - Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021-1 *Conformity assessment - Requirements for bodies providing audit and certification of management systems - Part 1: Requirements* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LR ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This is the only work undertaken by LR for the Company and as such does not compromise our independence or impartiality.

Signed

Dated: 22 July 2020

Jun Yasumoto
LR Lead Verifier
On behalf of Lloyd's Register Quality Assurance Limited
10th Floor, Queen's Tower A, 2-3-1 Minatomirai, Nishi-ku, Yokohama, JAPAN

LR reference: YKA4005612



Table 1. Summary of Rinnai Corporation's GHG Emissions Inventory in FY 2019

Scope	Tonnes CO ₂ e
Energy direct GHG emissions (Scope 1)	36,723
Energy indirect GHG emissions (Scope 2, Market-based)	66,239
Other indirect GHG emissions (Scope 3, Category 11)	10,511,507

Table 2. Summary of Rinnai Corporation's Energy Consumption Data in FY2019

Electricity		117,642.1 MWh	423,511.4 GJ
Town gas	for the use of equipment in each facility	10,391.1 kNm ³	467,713.4 GJ
	for vehicle use	1.2 kNm ³	52.7 GJ
Methane		38.7 km ³	1,535.8 GJ
LPG	for the use of equipment in each facility	2,538.0 t	128,929.6 GJ
	for vehicle use	1.4 t	70.3 GJ
Butane		13.8 t	682.3 GJ
Acetylene		7.7 t	386.6 GJ
Ethylene		0.07 t	3.6 GJ
Heavy oil		0.18 kl	7.0 GJ
Kerosene		18.5 kl	680.4 GJ
Light oil	for the use of equipment in each facility	107.2 kl	4,041.0 GJ
	for vehicle use	419.6 kl	15,818.9 GJ
Gasoline	for the use of equipment in each facility	5.1 kl	175.9 GJ
	for vehicle use	1,819.3 kl	62,947.8 GJ

Lloyd's Register Group Limited, its affiliates and subsidiaries, including Lloyd's Register Quality Assurance Limited (LRQA), and their respective officers, employees or agents are, individually and collectively, referred to in this clause as 'Lloyd's Register'. Lloyd's Register assumes no responsibility and shall not be liable to any person for any loss, damage or expense caused by reliance on the information or advice in this document or howsoever provided, unless that person has signed a contract with the relevant Lloyd's Register entity for the provision of this information or advice and in that case any responsibility or liability is exclusively on the terms and conditions set out in that contract. The English version of this Assurance Statement is the only valid version. Lloyd's Register Group Limited assumes no responsibility for versions translated into other languages.

This Assurance Statement is only valid when published with the Report to which it refers. It may only be reproduced in its entirety.

Copyright © Lloyd's Register Quality Assurance Limited, 2020. A member of the Lloyd's Register Group.

External Acclaim and Recognition

International Recognition for CSR Efforts

Rinnai was selected for inclusion in the FTSE4Good Index Series and the FTSE Blossom Japan Index, the leading environmental, social and governance (ESG) investment indices.



Rinnai was selected for inclusion in the “Somo Sustainability Index” launched by SOMPO Asset Management Co., Ltd.

“Honorable Mention” at the 2nd EcoPro Awards

Rinnai received “Honorable Mention” at the 2nd EcoPro Awards sponsored by the Industrial Environment Management Association of Japan (for the development of “optimal hot water supply and heating systems” according to energy and environmental conditions in each country and region).



Rinnai's booth at the EcoPro exhibition

Received “Excellence Award” at the Environment-Friendly Human Resource Company Awards 2019

For the second time in two consecutive years, Rinnai received the “Excellence Award” (large enterprise category) at the Environment-Friendly Human Resource Company Awards 2019 (sponsored by the Ministry of the Environment and the Environmental Consortium for Leadership Development [EcoLeaD]).



Internal commendation system (Ceremony at Rinnai Group Environmental Awards)

Received Japan Child Care Grand Advocate Grand Prize 2020

The *Kanta-Kun* gas clothes dryer was selected for the Japan Child Care Grand Advocate Grand Prize 2020 (jointly named with the Osaka Gas Co., Ltd.) by the Japan Child Care Support Association.



Gas clothes dryer Kanta-Kun

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.

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 play a greater role in the workplace.



Registered by Aichi Prefectural Government as a “Family Friendly Company”

In March 2014, Rinnai was registered by the Aichi prefectural government as a “family friendly company,” based on its commitment to ensuring that employees strike a balance between their work and private lives.



Certified as a “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.



Certified as a “Parent-Friendly Company”

In fiscal 2016, we were recognized as a parent-friendly company under Nagoya’s parent-friendly company accreditation scheme. The purpose of such schemes is to certify or recognize companies that are working to create parent-friendly environments.



Rinnai Corporation

<https://www.rinnai.co.jp/en/>