



Rinnai Report 2023 (Integrated Report)

Rinnai

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

Since its establishment in 1920, Rinnai has contributed to more affluent lives for people around the world by providing products and services suited to the lifestyles, climates, and energy conditions of each country.

To fulfill our brand promise “Creating a healthier way of living,” we will continue to contribute to the attainment of a healthy, comfortable lifestyle and sustainable society for people worldwide by utilizing all energy sources in the areas of heat and lifestyles and health and lifestyles, and by solving global social issues with our core technologies.

Corporate Mission and Vision

Fundamental Concept

Quality is our destiny

Company Motto

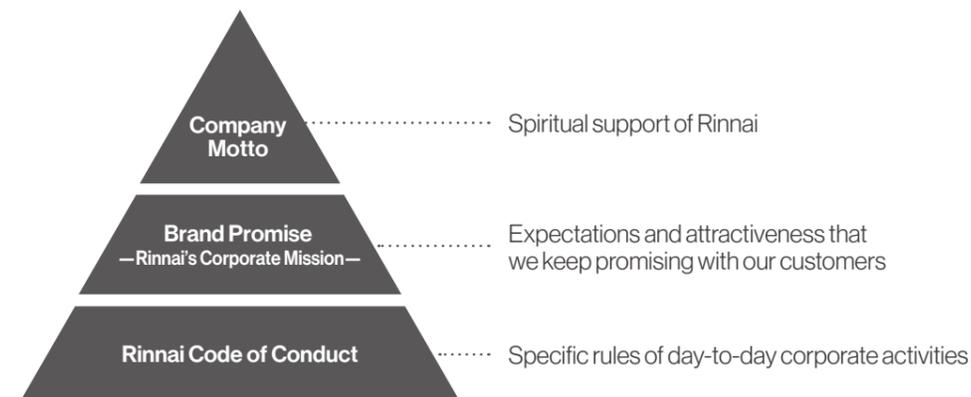


- 和** Harmony:
Develop personal character of the highest caliber
- 氣** Spirit:
Base your efforts on a consistent philosophy
- 真** Sincerity:
Know the fundamentals and consider issues with precision and clarity

Brand Promise — Rinnai's Corporate Mission —

Creating a healthier way of living

Schematic Diagram of Company Ideals



Rinnai Human Rights Policy

In accordance with the United Nations Guiding Principles on Business and Human Rights, Rinnai Corporation established the Rinnai Human Rights Policy and hereby declares that it will respect human rights in all its business activities. For details, please refer to the following.
<https://www.rinnai.co.jp/en/corp/human-rights/>

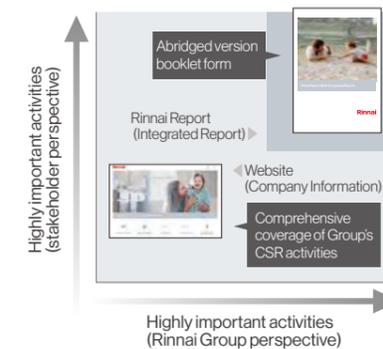
Rinnai Report 2023 (Integrated Report)

Editorial Policy

Rinnai produced the Rinnai Report 2023 (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 2023—April 1, 2022, to March 31, 2023—but also touches upon measures implemented and recent activities undertaken since fiscal 2022 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

August 2023 (Japanese version)
Previous: August 2022, Next: August 2024 (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.

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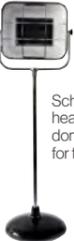
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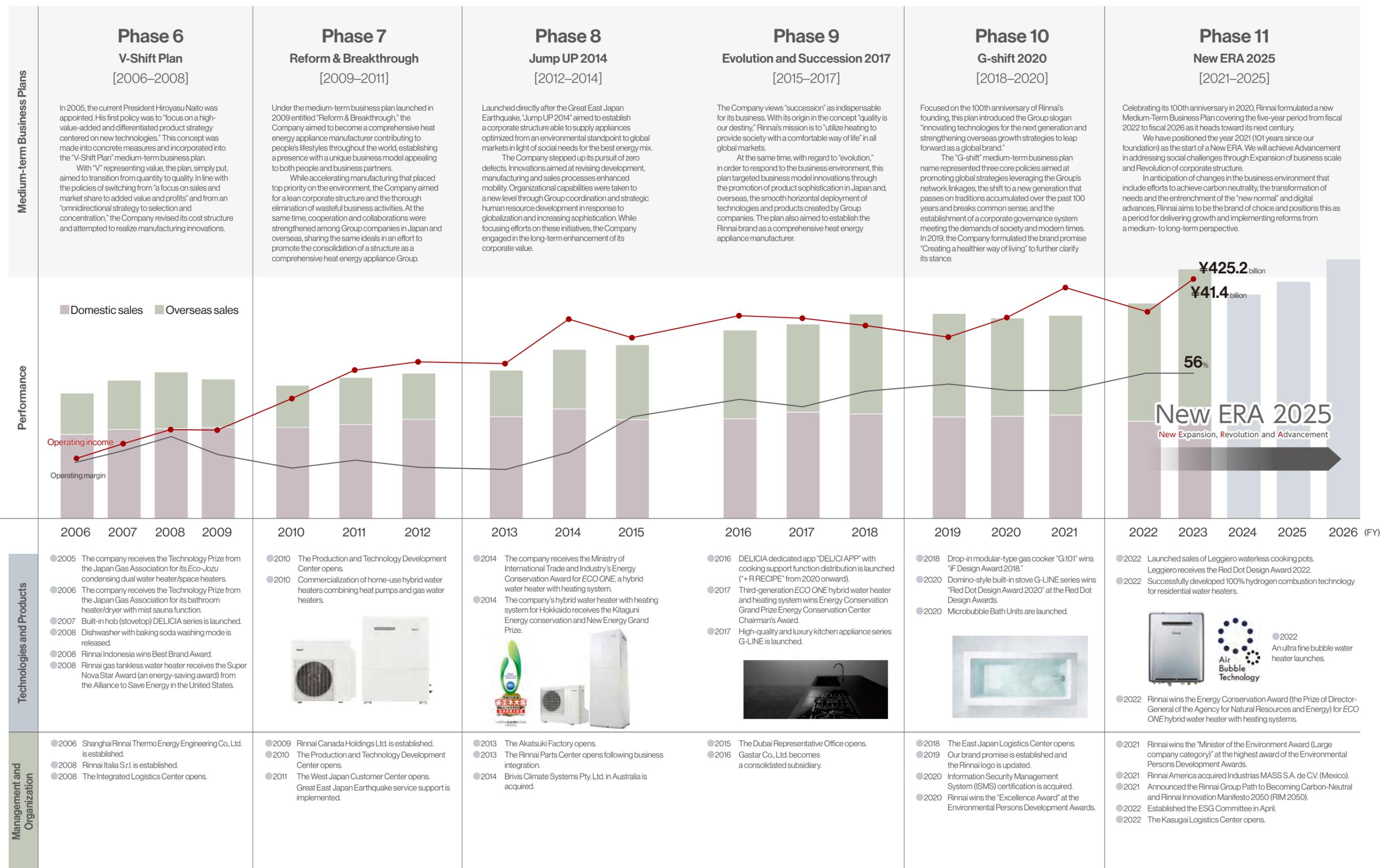
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100 Years of History (Part 1) 1920–2004

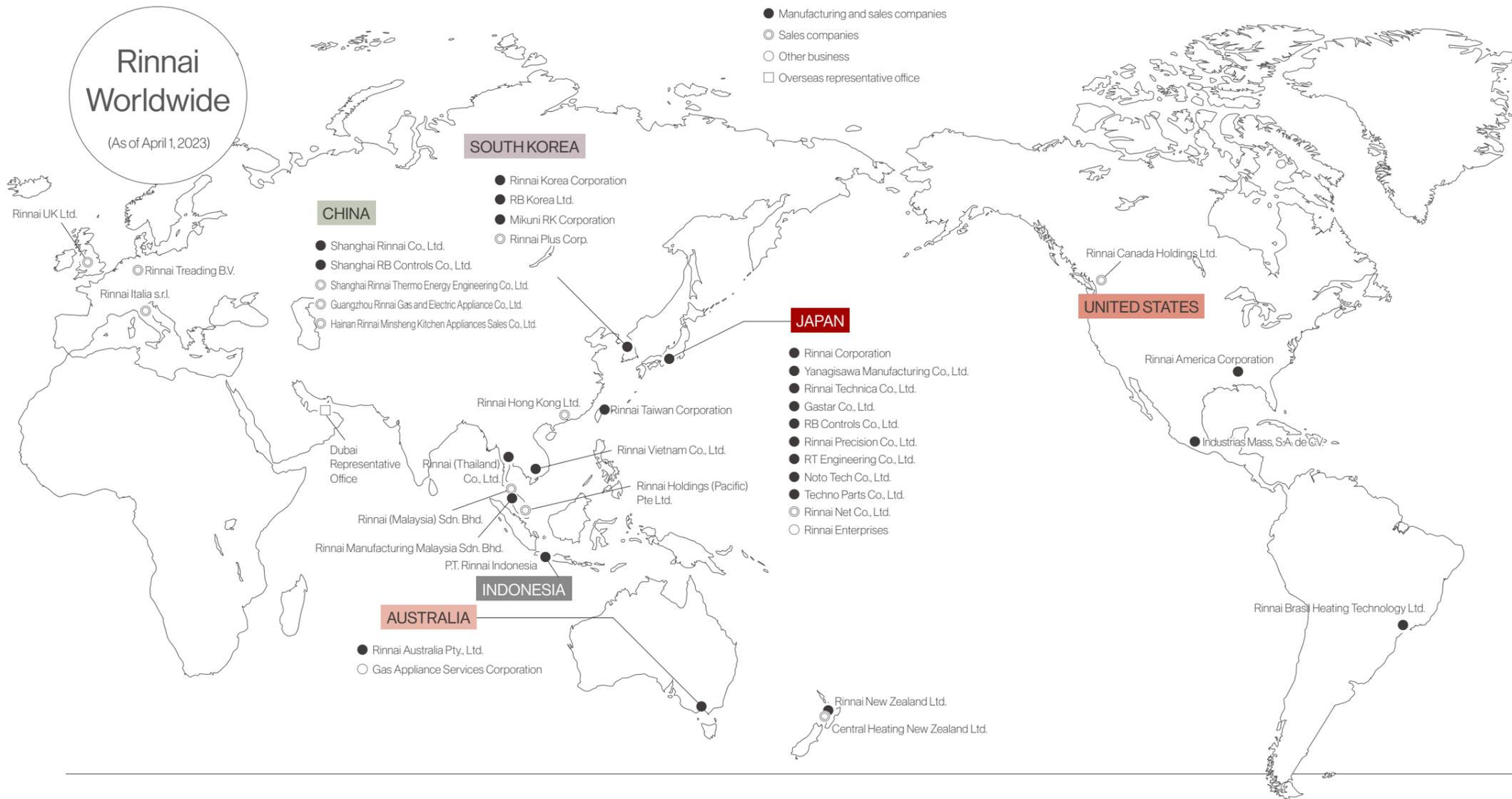
Historical Overview	<p>Phase 1 Founding and Postwar Reconstruction [1920–1949]</p> <p>Childhood friends Hidejiro Naito and Kanekichi Hayashi were inspired by the blue flame of an oil stove outside a shop selling <i>Imagawa-yaki</i> (sweet stuffed pancakes) and decided to start a business. Taking a character from each of their surnames, they named it Rinnai & Co., launching the development and commercialization of oil and gas stoves and oil heaters.</p> <p>After the start of the Sino-Japanese war, the market for oil and gas stoves was suspended due to oil consumption regulations that prioritized military use, thus the Company survived by manufacturing parts for aircraft and other equipment. After the war ended, they relaunched their business with the manufacture of industrial and agricultural equipment, and in 1949, they resumed production of gas and oil stoves as originally intended.</p>	<p>Phase 2 Establishing a Corporate Foundation [1950–1965]</p> <p>In 1950, the Company was relaunched as a corporation with the establishment of Rinnai Seisakusho. During the 1950s, sales offices were opened in Tokyo, Osaka, Fukuoka and other urban areas, creating a nationwide sales network.</p> <p>A major turning point came when they encountered Dr. Schwank, developer of the gas infrared ceramic burner. The first major hit product was a gas infrared stove using burners manufactured by Schwank GmbH based on a technology tie-up between the two companies. In the early 1960s, the Inba Factory (later the Asahi Factory) and Oguchi Factory were constructed in response to the strong demand for these stoves.</p>	<p>Phase 3 Promoting Business Activities Overseas [1966–1978]</p> <p>The Company, which commemorated its 50th anniversary in 1970, changed its name to its current form, Rinnai Corporation, the following year. A Technology Center was also constructed and a development division was launched to undertake product development, establishing a development-oriented company structure.</p> <p>Overseas development began with the establishment of Rinnai International in Ohio, USA (1967), expanding to Taiwan, Australia, Malaysia, South Korea, New Zealand, Brazil, the United Kingdom and a variety of other locations, where local offices and subsidiaries were established in an effort to improve the culture of everyday life in those areas.</p>	<p>Phase 4 Becoming a Listed Company [1979–1987]</p> <p>In 1979, the Company was listed on the Second Section of the Nagoya Stock Exchange, and in 1983, it was listed on the First Section of both the Tokyo Stock Exchange and the Nagoya Stock Exchange. Around the same time, the Company made progress in terms of quality cost delivery (QCD), aiming to develop molds and other critical components that up to that time had been outsourced. In developing new technologies and products, the Company brought new products to market meeting user needs, including the <i>Yukko</i> compact gas water heater (1982) and the push-button gas tabletop cooker (1984). Focusing efforts on enhancing its customer service system, in 1986 the Company launched telephone support available 24 hours a day, 365 days a year.</p>	<p>Phase 5 Advancing as a Global Corporation [1988–2004]</p> <p>In fiscal 1989, for the first time the Company achieved its long-sought after sales target of ¥100 billion, and in commemoration of its 70th anniversary a year later, plans were made to construct a new Head Office building that was completed in 1994.</p> <p>In terms of products, the Company promoted added value through safety functions that included gas water heaters equipped with carbon monoxide sensors and hobs (stovetops) equipped with a tempura oil fire prevention function. In response to the rapid development of China and ASEAN countries, the Company established joint manufacturing bases and acquired quality and environmental management certifications, including ISO 9001 and 14001 series in promotion of initiatives undertaken as a global corporation.</p>
Performance	<p>■ Net sales</p> <p>1951 ¥21 million</p> <p>1967 ¥5.6 billion</p> <p>1980 ¥48.3 billion</p> <p>1989 ¥98.4 billion</p> <p>2005 ¥202.0 billion</p>				
Technologies and Products	<p>1921</p> <ul style="list-style-type: none"> 1920 The Rinnai-type kerosene gas stove registered as a utility model is launched. 1923 Gas tabletop stove, gas ranges, gas oven, gas water heater and other product deliveries to gas companies across Japan as overseas exports begin. 1937 Sales of oil and gas stoves across north China market from base in Tianjin City are launched.  <p>Rinnai-type kerosene gas stove</p>	<p>1951–</p> <ul style="list-style-type: none"> 1957 The company forms a technology tie-up with German company Schwank GmbH to manufacture and sell gas infrared burners and to develop heaters and cooking appliances that use them.  <p>Schwank gas infrared heater produced domestically in Japan for the first time</p>	<p>1967–</p> <ul style="list-style-type: none"> 1967 Technology Development Center opens. 1971 Development and sales of high-speed gas convection range, <i>Convex</i>. 1972 The company receives the Ota Award from the Japan Gas Association for its high-speed gas convection range, <i>Convex</i>.  <p>High-speed gas convection range, <i>Convex</i></p>	<p>1980–</p> <ul style="list-style-type: none"> 1980 Full-scale production of built-in equipment begins. 1983 A gas instantaneous water heater, <i>UT</i>, equipped with a safety mechanism to prevent incomplete combustion launches. 1985 The company receives the Ota Award from the Japan Gas Association for development of a water boiler equipped with a safety mechanism to prevent incomplete combustion. 1986 The company receives the Excellent Technology Prize from the Japan Gas Association as well as the first Chunichi Industrial Technology Award for the development of an ultracompact water heater, <i>Yukko</i>.  <p>Gas instantaneous water heater, <i>UT</i></p>	<p>1989–</p> <ul style="list-style-type: none"> 1990 The Tsukuba Research Center (now Tsukuba Training Center) opens. 1998 Gas fan heater and air purifier are combined together. 1999 A highly efficient condensing gas water heater is launched. 2000 The company receives the Ministry of International Trade and Industry's Energy Conservation Award for its highly efficient condensing gas water heater. 2003 The company receives the Energy Conservation Grand Prize (Chairman's Prize) from the Energy Conservation Center for its glass-top stoves with inner flame burners.  <p>Highly efficient condensing gas water heater</p>
Management and Organization	<ul style="list-style-type: none"> 1920 The company is incorporated as Rinnai & Co. by founders Hidejiro Naito and Kanekichi Hayashi. 1938 Manufacturing of aircraft parts takes place with the factory coming under military supervision. 1940 The company changes its name to Rinnai Aircraft Parts Manufacturing. 1947 Production of gas and kerosene appliances resumes at the rebuilt Head Office factory. 	<ul style="list-style-type: none"> 1950 The company is reorganized as a joint stock company and renamed Rinnai Seisakusho. 1954 The Tokyo Sales Office (now the Kanto Branch) opens. 1956 The Osaka Sales Office (now the Kansai Branch) opens. 1957 The Aichi Factory (now the Chubu Branch) opens. 1960 The Inba Factory (later the Asahi Factory) opens. 1961 The Fukuoka Sales Office (now the Kyushu Branch) opens. 1963 The Sendai Satellite Office (now the Tohoku Branch) opens. 1963 The Sapporo Satellite Office (now the Hokkaido Sales Office) opens. 	<ul style="list-style-type: none"> 1968 The Niigata Satellite Office (now the Niigata Sales Office) opens. 1969 The Nagoya Sales Office (now the Chubu Branch) opens. 1970 Rinnai Taiwan Corporation is established. 1970 Business partnership with Yanagisawa Manufacturing Co., Ltd. 1970 Investment in Yamauchi Yoko (now RT Engineering Co., Ltd.) 1971 The name changes to Rinnai Corporation. 1971 RB Controls Co., Ltd. is established. 1971 Rinnai Australia Pty. Ltd. is established. 1973 Rinnai (Malaysia) Sdn. Bhd. is established. 	<ul style="list-style-type: none"> 1979 The company is listed on the Second Section of the Nagoya Stock Exchange. 1979 Rinnai Precision Co., Ltd. is established. 1979 The Seto Factory opens. 1981 Japan Ceramics Co., Ltd. is established. 1981 Business partnership with Isomura Kiki (now Rinnai Technica Co., Ltd.) 1983 The Hiroshima Sales Office (now the Chugoku Branch) opens. 1983 The company is listed on the First Section of the Tokyo Stock Exchange and the Nagoya Stock Exchange. 	<ul style="list-style-type: none"> 1988 P.T. Indonesia is established. 1988 The Hong Kong Representative Office opens. 1990 Rinnai (Thailand) Co., Ltd. is established. 1990 Noto Tech Co., Ltd. is established. 1991 Rinnai Singapore Pte. Ltd. is established. 1993 Shanghai Rinnai Co., Ltd. is established. 1994 The new Headquarters building is completed. 1995 The company receives ISO9001 certification for all domestic factories. 1996 Rinnai Holdings (Pacific) Pte. Ltd. is established in Singapore. 1997 Technology Division acquires ISO14001 certification (sequentially acquired thereafter). 2004 Guangzhou Rinnai Co., Ltd. is established.

100 Years of History (Part 2) 2005–2025

Promoting Medium-term Business Plans Under a New Structure

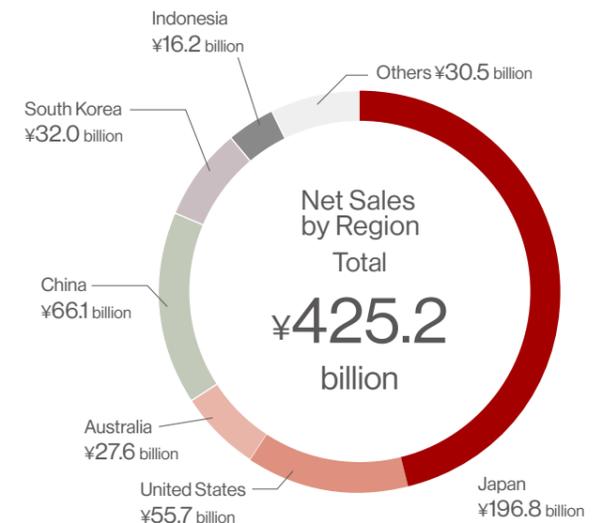


Rinnai Group Profile



Corporate Data (As of March 31, 2023)

Incorporated	September 1, 1920
Established	September 2, 1950
Paid-in capital	¥6,484,416,754
Head office	2-26, Fukuzumi-cho, Nakagawa-ku, Nagoya 454-0802, Japan
Telephone	(From outside Japan): +81-52-361-8211
Number of employees	11,150 (consolidated), 3,587 (non-consolidated)
Number of Group companies	46 (domestic 12, 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



Eco Jozu, gas water heater with bath-filling system (JAPAN)
High-efficiency gas tankless water heater (UNITED STATES)

Kitchen Appliances

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



DELICIA built-in gas hob (stovetop) (JAPAN)

Dishwasher (JAPAN)

Home Heaters

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



Gas fan heater A-style (JAPAN)

Fanned flue heater (UNITED STATES)

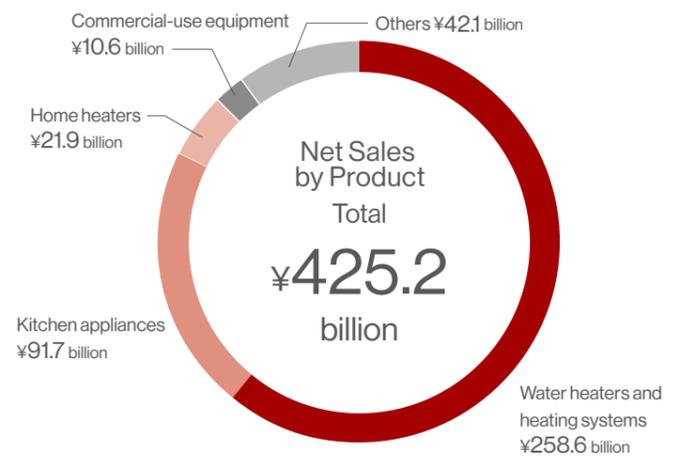
Commercial-Use Equipment, Others

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



Gas clothes dryer (JAPAN)

Duct-type air-conditioning and heating system (AUSTRALIA)



Message from the President



We will pursue product quality and attractiveness to achieve sustainable growth as a company with a strong brand

President **Hiroyasu Naito**

Another Record High for Earnings, but Profit Margin Improvement is an Issue

In fiscal 2023, the fiscal year ended March 31, 2023, the Rinnai Group saw sales of hot water heaters and other products grow in Japan and overseas as the global economy continued to normalize from the COVID-19 pandemic. At the same time, the rise in raw materials and other costs surpassed our expectations and had a significant impact on our earnings. In fiscal 2023, net sales were ¥425,229 million (up 16.1% year on year), operating income was ¥41,418 million (up 15.5%), ordinary income was ¥44,565 million (up 14.1%), and net income attributable to owners of the parent company was ¥26,096 million (up 9.9%).

Although net sales, operating income, and ordinary income reached new record highs, profit margins fell below the upwardly revised plan figures due to high costs, and our initiatives to improve in profit margins treaded water. Supply chain disruptions, which had been an issue, have been resolved, and the Group is making progress in establishing a more resilient production system.

Since we will be manufacturing both components and products with more inventory than ever before, we will need to formulate a strategy going forward that accounts for higher procurement costs related to materials and parts, as well as the rising costs of personnel and raw materials.

Message from the President

Progress in the Second Year of New ERA 2025

Advancement in addressing social challenges —Adapt to the energy transition and step into the future

Rinnai has formulated the Rinnai Innovation Manifesto 2050 (commonly known as RIM 2050), a policy to achieve carbon neutrality by 2050. And in its New ERA 2025 medium-term business plan, Rinnai is working to enhance its lineup of environmentally friendly products to contribute to resolving social issues. Recently, demand has been growing for *ECO ONE*, a gas-electric hybrid water heater with heating systems that we have offered for many years. Sales in fiscal 2023 were up 28.2% versus the previous year, marking a record high. This product combines *Eco-Jozu*, a highly energy-efficient gas water heater, with a highly energy-efficient electric-powered heat pump water heater and achieves a substantial reduction in environmental impact. *ECO ONE* is eligible for subsidies from the Japanese government as part of a project to save energy consumed in the supply of hot water, and this will also encourage its widespread use.

I am confident *ECO ONE* installations will expand overseas as well. In Europe, electric hot water and heating systems are currently being used, but it is difficult to maintain sufficient warmth with these in cold climates. As such, there is a trend to re-evaluate the use of high-efficiency gas. Even in Europe, where environmental restrictions are advancing, I believe people there will continue to live not in an all-electric world but a hybrid one that also uses gas. Although it is difficult to anticipate the speed of the diffusion of this technology both in Japan and overseas, we will continue our initiatives to ensure we are ready to respond adequately when the time comes. We currently do not make our own heat pump hot water heaters for *ECO ONE*, so we need to invest in the research, development, and manufacturing of heat pump units. This will be a major investment, but we will certainly proceed with it.

Another effective way to reduce environmental impact is to switch from conventional water heaters to the highly efficient *Eco-Jozu* water heater. We intend to increase awareness of the availability of subsidies by publicizing the fact that single function hot-water units, which account for less than 10% of all hot-water unit replacements, are eligible for government support for energy-saving home renovations. Meanwhile, in overseas markets, the switchover from storage tank-type water heaters, the most widespread type in the United States, to tankless water heaters (instantaneous water heaters) and beyond that to *Eco-Jozu* will lead to a significant reduction in CO₂ emissions. We are targeting the new housing start market for this transition in the United States.

Rinnai established a dedicated business unit in April 2023 to further strengthen its ability to develop environmentally friendly products. Until now, Rinnai has specialized in the manufacture and sale of gas appliances, but from now on it will need to develop and manufacture products that are not focused exclusively on gas. Rinnai's basic stance is to challenge all its employees to come up with various ideas and create



ECO ONE X5 contributes to achieving carbon neutrality



Announced the successful development of hydrogen combustion technology (May 2022)



Concept model of hydrogen water heater

new products, and I look forward to hearing our employees' free and open-minded inspirations.

We are also making steady progress in accumulating hydrogen energy technologies and are preparing a structure that will allow us to introduce technologies and equipment as soon as the infrastructure is in place. We have launched proof of concept tests in Japan at Kitakyushu Hydrogen Town and overseas in Australia for

100% hydrogen combustion water heaters. We have also begun joint development with Toyota Motor Corporation for hydrogen-powered cooking equipment and are aiming to introduce this technology at Toyota Woven City.

Rinnai will continue its research and development based on the possible paths for energy at this turning point, so that we can expand our business regardless of what technology ends up dominating.

Expanding the Scale of Business: Growing by Developing Business in Tandem with Trends in Each Country

Rinnai is also focusing on expanding the scale of its business overseas. As the world moves toward carbon neutrality, some countries are shifting to electric heat pump water heaters, but it is also a fact that others are focusing on the diffusion of gas water heaters. We will develop our business based on our contribution to the attainment of carbon neutrality, taking into account the environmental measures that each country is required to take depending on its circumstances and situation.

Overseas, we have positioned the United States and China as priority markets. In the United States, demand for instantaneous water heaters has grown to the extent that we have a backlog of orders. That said, we expect demand to slow down over the near term as conditions in the housing market began to deteriorate in the second half of 2022. It is also true that some states are stepping up environmental measures, such as banning the installation of gas lines in new buildings. Despite these challenges, we believe the US market, which is much larger than the Japanese market, holds great promise and we will aggressively pursue market share there.

Our e-commerce business has been very strong in China. Fortunately, we have not been significantly affected by the intermittent lockdowns caused by the COVID-19 pandemic, and we were able to outperform in gas water heater sales in fiscal 2023. We attribute this ability to surpass our competitor, the market leader in China, to our partnership with a Chinese company with a strong e-commerce presence. We will continue to work together to achieve a better balance of profits as well as sales.



Trade show in the United States (June 2023)

Message from the President



Phase 2 of Shanghai Factory Construction

Revolution of Corporate Structure: Toward a Company and Products with Brand Strength

Rinnai has a long-standing commitment to high-quality manufacturing as a company that supports people's daily lives. In addition to this, we are now focusing on improving our brand strength to transform into a company that provides high value-added products that are more attractive to consumers. In our medium-term business plan, we have set a goal of a revolution in our corporate structure to "become more consumer-oriented."

The acquisition of land and buildings in Minami-Aoyama, Minato Ward in Tokyo in April 2023 is one facet of this goal.

For some time, there have been high expectations for Rinnai to develop super-luxury kitchen products for upper-end consumers. Most system kitchens offered in Japan that combine attractive interior design aesthetics and quality are made by overseas manufacturers. As such, many customers have expressed concerns about breakdowns and maintenance, which has led to a demand for Japanese products. To address such needs, Rinnai has launched high-end models under its G:LINE series and is looking to expand its product lineup and develop even higher quality models. Minami-Aoyama is an ideal location for capturing the latest information on market trends for luxury lines and is also a favorable location for the sales perspective of the business. I am certain that our employees will develop the ability to think about and judge what higher value-added products look like in this kind of setting.

We also envision the opening of a showroom, not simply to display products, but to provide a realistic experience of the lifestyle they embody and to allow

visitors to experience the appeal of the products firsthand.

We are also working on digital transformation (DX) to create new value through innovative customer connections that have never been witnessed before. We are currently exploring the optimal ways to analyze and utilize data for Rinnai by learning from companies that excel in the application of customer data.

Over the past few years, Rinnai has continued to grow despite the dramatic social and economic changes it has experienced in both Japan and abroad. Investment in our employees, who are responsible for our business activities and are the source of the Company's vitality, is exceptionally important. In April 2023, the Company implemented a transfer of restricted stock incentives to its Employee Stock Ownership Plan. We began conducting an employee engagement survey in fiscal 2022, and one of the Company-wide issues highlighted was the lack of a framework to encourage employee growth. We expect that the restricted stock incentives will be closely linked to Rinnai's performance and growth potential, allowing employees to sense their own contributions and providing an opportunity to boost their motivation.

In terms of addressing issues raised in the employee engagement survey, we aim to improve the percentage of positive responses by 15 percentage points by fiscal 2026 versus the results of the first survey implemented in fiscal 2022 by sharing the issues identified across the Company and by each organization and implementing improvement measures.

Rinnai will Contribute to Society by Thinking Through its Own Aspirations

Rinnai's fundamental concept is to enhance corporate value through profit growth, and we will actively invest in the basic scenario of the medium-term business plan and growth areas with optimal allocation. The research, development, and manufacture of heat pump units that I discussed earlier is part of this thinking. Assuming these growth investments are implemented as planned, our cash holdings in fiscal 2026 are expected to be lower than the projected amount of ¥180 billion, owing to an increase in shareholder returns. ROIC is estimated to be below the projected value of 19.0% (fiscal 2026) due to the search for an appropriate level of inventory to make growth resilient and the execution of growth investments.

I would like to mention that Rinnai has added ROE as a new management indicator. We aim to achieve 8% in fiscal 2026 and will make further improvements during the next medium-term business plan duration. We will improve ROE by building a business foundation for sustainable profit growth and increasing Rinnai's dividend payout ratio to around 40% in fiscal 2026 from the current level of around 30%.

From fiscal 2024, Rinnai has added two Outside Directors, including one woman. We will strive to improve our corporate value through the more transparent operation of the Board of Directors and diverse discussions including women. Furthermore, one of the new Outside Directors is an expert in investor relations and will be able to strengthen Rinnai's dialogue with the capital markets. I believe this will enable us to identify issues and make improvements in a better way.

The ESG Committee has already extracted key issues from the opinions of shareholders and investors and is working on them. In addition to this work, it is also important is to think exhaustively about what we should do from the perspective of Rinnai's place in society and the Company's sustainable growth, and to tackle on these issues on our own. Based on this basic stance, we will promote dialogue with our stakeholders, provide high value-added products, and contribute to a society that is facing many challenges.

We look forward to your continued guidance and support.



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 lifestyles	Demand for products that reduce time required for household chores due to decrease in quality of lifestyles as a result of a rise in dual income households, declining birthrates and an aging population

Invested Capital (Fiscal 2023)

Human capital	Employees ^{*1} :	11,150 people
	Employed (Rinnai non-consolidated) ^{*1} :	103 people
	Training and development expenses: (Rinnai non-consolidated)	¥127 million
	Overseas trainees (Rinnai non-consolidated):	0 people
Intellectual capital	Research & Development Headquarters staff: (Rinnai non-consolidated) ^{*1}	501 people
	Production Engineering Headquarters staff: (Rinnai non-consolidated) ^{*1}	173 people
	R&D expenses (Rinnai non-consolidated):	¥8,104 million
	ISO 9001 certification acquisition: (number of companies) ^{*1}	17 companies
	ISO 14001 certification acquisition: (number of companies) ^{*1}	15 companies
Financial capital	ROE	7.4%
	ROIC	13.3%
	Equity ratio	66.6%
Manufactured capital	Rinnai Group production bases: (number of companies) ^{*1}	23 companies
	Production group staff (Rinnai non-consolidated) ^{*1} :	1,559 people
	Capital expenditure (Rinnai non-consolidated):	¥14,934 million
Natural capital	Input energy:	1,155,651 GJ
	Water used: Ground water:	220,458 m ³
	Public water:	742,154 m ³
Social and relationship capital	Rinnai brand, external evaluations, stakeholder engagement, Rinnai Group Code of Ethics	

*1 As of March 31, 2023

Risks

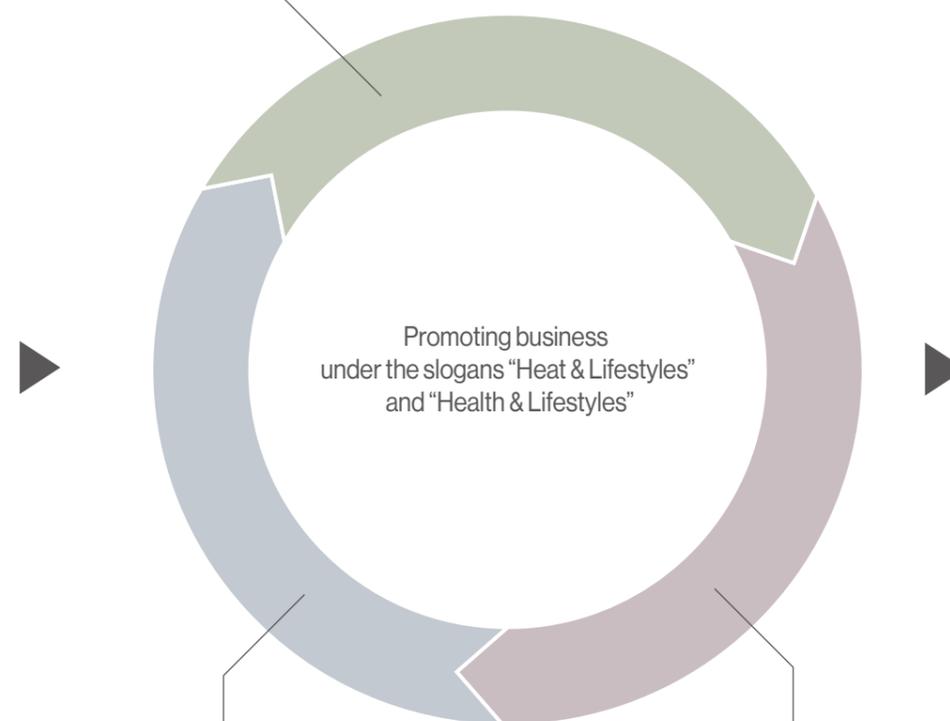
[Domestic] Expansion of thermal energy systems centered on electric power
 [Domestic] Price reduction of gas appliances due to customer requests
 [Domestic] Declining birthrates, an aging population, and a decreasing number of households
 Decreasing working hours and intensifying competition for securing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

Opportunities

Growing demand for energy-saving products by strengthening environmental policies
 Increasing needs for safety and accident prevention as social issues
 [Overseas] Expand use of natural gas and hydrogen
 [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 2023 Achievements

Consolidated net sales	¥425,229 million
Operating income	¥41,418 million
Operating income ratio	9.7%
Net income attributable to owners of the parent company	¥26,096 million
Net assets (equity ratio)	¥407,199 million (66.6%)
Dividend per share (annual)	¥160
Products contributing to improved quality of life	Sales Approx. ¥124,000 million
Products that benefit the global environment	Sales Approx. ¥176,000 million
Amount contributed to reducing CO ₂ emissions [*]	5.82 million tons
Announcements of product recalls due to defects:	0 case

* Consolidated basis

Intellectual Capital Supporting Rinnai Growth

R&D Policy

The Rinnai Development Division is engaged in the research and development of products, services, and technologies centered on housing equipment closely linked to people's lives, with the aim of providing people to lead richer, more enjoyable lives while also ensuring a sustainable global environment.

Specifically, to make bathroom, living room, and kitchen spaces more comfortable, we will develop products based on the combustion, heat transfer, fluid control, IoT, and electronic control technologies cultivated up to now, while further incorporating sensing, network, AI, and other advanced technologies to create new value.

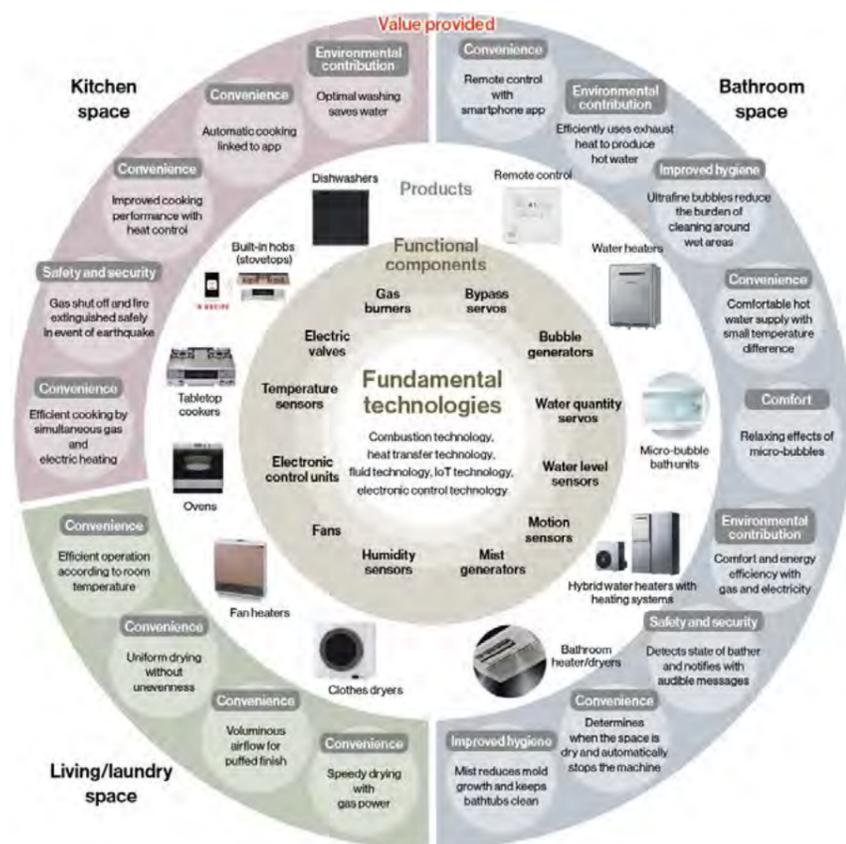
To achieve carbon neutrality, which has become a social issue, in addition to the development of *ECO ONE* hybrid water heater systems and other environmentally friendly equipment providing high energy efficiency, we will promote the research and development of hydrogen combustion and electrification-compatible equipment.

For the ever-growing overseas market, we will promote the development of products and technologies that support local lifestyles in line with the policies of each country by developing global human resources and strengthening cooperation with overseas subsidiaries.

R&D Scope

With foundational technologies comprising combustion, heat transfer, fluid control, IoT, and electronic control technologies, Rinnai develops gas burners, electric valves, and other functional components and products that realize water heaters facilitating highly efficient hot water supplies and kitchen appliances with automatic cooking functions in an effort to create value that leads to improving customer quality of life and environmental contributions.

Having defined the scope of Development Division activities as the "Rinnai Innovation Circle" leading from foundational technologies to value provision, our mission is to further expand the framework (RIM) of this scope through innovation.



Rinnai Innovation Circle

Intellectual Capital Key Data

	FY2019	FY2020	FY2021	FY2022	FY2023
Number of patent applications	217	203	223	190	200
Number of registered patents	101	170	178	229	179
Number of patents held	2,328	2,300	2,358	2,406	2,350
R&D expenses (Millions of yen)	9,503	9,308	11,802	12,762	13,458

Production Engineering Policy

The Rinnai Production Engineering Division pursues "healthy and comfortable lifestyles for people" and "a stable profit structure" through the development of manufacturing technologies.

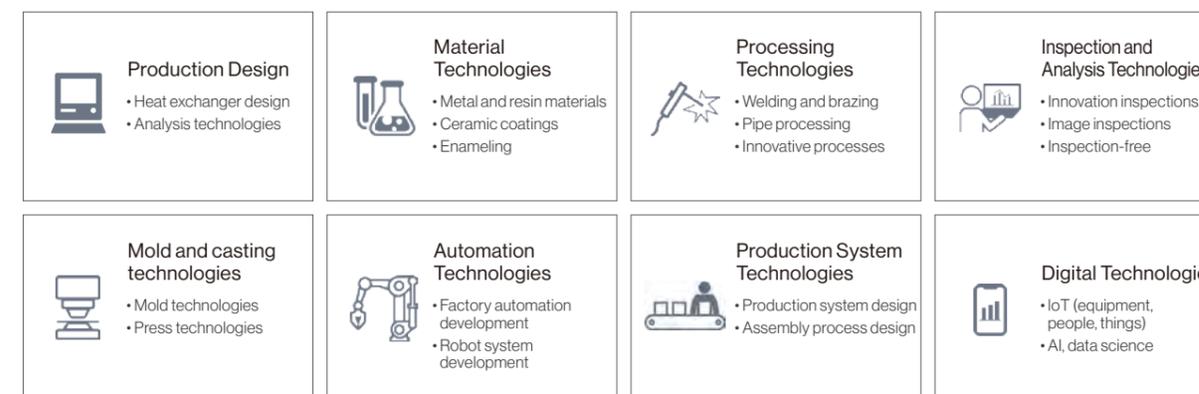
For many years, we have engaged in the research and development of technologies, methods, and mechanisms implemented at our manufacturing sites that facilitate the delivery of Rinnai Group products and services to customers in a timely manner at reasonable prices. To responsibly ensure Rinnai's fundamental concept of "quality is our destiny," we are enhancing core technologies while conducting the in-house production of molds, equipment, and information systems, as well as pursuing collaborative creations with business partners.

In recent years, amid the accelerating transition toward digitalization, globalization, and a decarbonized society, we are expanding our challenge domain to larger themes. Rinnai must transform processing methods for single parts into the assembly and development of products themselves, while transitioning from stand-alone facilities to large-scale automation systems encompassing factories, including those located overseas, as well as global supply chains. To this end, we are strengthening technological fields such as IoT, AI, robotics, and simulations, while engaging in daily efforts to create systems and develop human resources with the aim of dynamically reforming cross-functional business processes and mechanisms.

To maintain our promise of "creating a healthier way of living" for customers throughout the world, Rinnai will continue developing technologies to deliver quality products that support healthier, more comfortable, and higher quality lifestyles in a timely and reasonable manner, while growing as a professional Group that continuously takes on challenges with high aspirations.

Core Production Technologies

The Production Engineering Division strives to improve quality based on Rinnai's fundamental concept of "quality is our destiny." Defining production design, material technologies, processing technologies, inspection and analysis technologies, molding and casting technologies, automation technologies, production system technologies and digital technologies as our "core production technologies," we are working to improve and implement these core technologies at all manufacturing sites.



For details regarding Rinnai technologies, please visit the "Technologies" section of our corporate website.
<https://www.rinnai.co.jp/en/technology/>

Medium-term Business Plans

New ERA 2025 New Expansion, Revolution and Advancement

Three Key Strategies

We have formulated three key strategies: Help resolve social issues, expand business scale, and revolutionize corporate structure.

Advancement in addressing social challenges

Expansion of business scale

Revolution of corporate structure



Rinnai

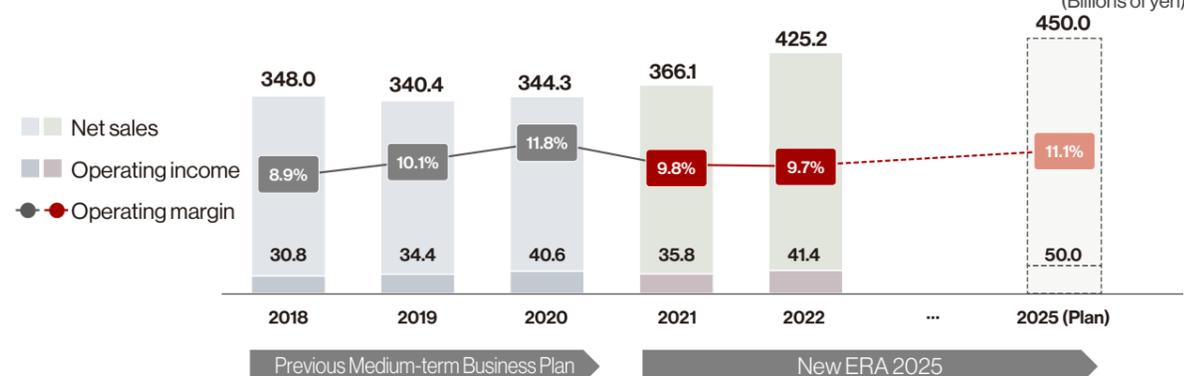
- Improve quality of life
- Help resolve global environmental problems

- Expand regional domains
- Expand business domains

- Become more consumer-oriented
- Make focused investments in intangible assets
- Enhance profitability

Group Net Sales and Operating Income After the Second Year of the Medium-term Business Plan

Net sales and operating income both reached all-time highs and are on track to achieve medium-term business plan targets. (Billions of yen)



Expanded Lineup of Products That Contribute to Improved Quality of Life and Benefit the Global Environment

Expanded lineup of *ECO ONE* products aimed at realizing carbon neutrality, launched sales of a new deluxe model in the popular *Kanta-kun* product line.



ECO ONE X5 hybrid water heater with heating system for high-density housing (sales launch planned for September 2023)



Ultrafine bubble water heater (sales launched in October 2022)



Deluxe model *Kanta-kun* gas clothes dryer (sales launched in July 2023)



Built-in dishwasher/dryer 405LP/GP series (sales launched in December 2022)



Built-in instant-heating gas water heater with heating system heat source device (sales launched in December 2022)



Compact bathroom heater/dryer (sales launched in October 2022)

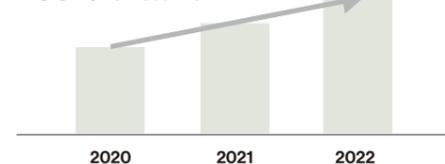
Three Strategic Stories: Advancement in Addressing Social Issues

Target in the final year of the medium-term business plan: +50% increase (vs. fiscal 2021) in sales of products that contribute to improved quality of life and benefit the global environment

Maintain target of +50% increase in sales of products that contribute to improved quality of life and benefit the global environment.

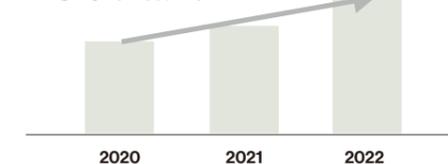
Sales of products that contribute to improved quality of life

+59% vs. fiscal 2021



Sales of products that benefit the global environment

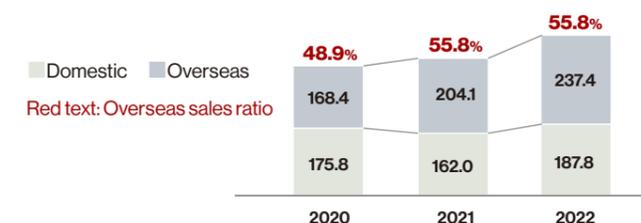
+48% vs. fiscal 2021



Three Strategic Stories: Expansion of Business Scale—Regional Domains—

Maintain overseas sales ratio at 50% by capturing growing demand overseas and increasing sales in Japan.

Consolidated Domestic/Overseas Sales (Billions of yen)



In the final year of the Medium-term Business Plan, the consolidated net sales target of ¥450 billion breaks down to domestic sales of ¥200 billion and overseas sales of ¥250 billion.

Three Strategic Stories: Expansion of Business Scale—Business Domains—

Hydrogen equipment-related business

Promote initiatives aimed at hydrogen development as part of Rinnai's RIM 2050 commitment to carbon neutrality.

1. Hydrogen water heaters (Australia)



Field testing conducted at the "Hydrogen House" in Australia

- Developing water heater technology based on 100% hydrogen combustion (world's first technology for residential water heaters)
- Supporting field tests using actual equipment in Australia, where hydrogen is being proactively promoted

2. Hydrogen cooking appliances



Hydrogen cooking equipment currently under joint development

- Jointly developing hydrogen combustion-fueled cooking equipment (in conjunction with the Toyota Motor Corporation)
- Through field tests at Woven City and other facilities, we are scientifically verifying the safety and efficiency of hydrogen cooking and its effects on the taste and flavor of food

3. Field testing at Kitakyushu Hydrogen Town



Various field testing (from Kitakyushu City website)

Rinnai hydrogen water heater (concept model)

- Commenced field-testing of Japan's first 100% hydrogen-fueled water heater at Kitakyushu Hydrogen Town (Iwatani Corporation, Kitakyushu City and elsewhere)
- Commenced field tests in environments similar to actual use (fields with proven track records of hydrogen utilization through pipelines since 2009)

Three Strategic Stories: Revolution of Corporate Structure

Increase capital productivity through efficient investment of management capital in line with improved business performance.

ROE

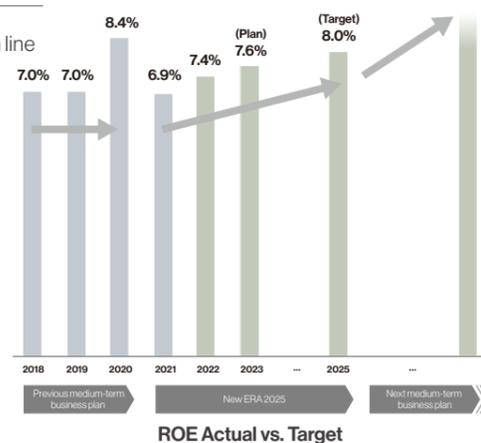
ROE has been included as a new performance indicator based on the importance of improving capital policy transparency and capital efficiency

Fiscal 2026 ROE: Targeting 8.0% and further improvements during the next medium-term plan period

ROIC

Current plan target: 19.0% ⇒ 13.3% (fiscal 2023)

Profit growth will continue, but ROIC is currently below the plan target due to appropriate inventory level revisions and the execution of growth investments.



Focused Investments for the Future

Investing in increased production capacity in the United States, China, and other countries in line with expansion of overseas business.

Expanding investments to meet demand.

Necessary investments



United States: Griffin Factory (commenced operations in April 2022)



China: Fengxian Factory Phase 2 (scheduled to commence operations in August 2023)



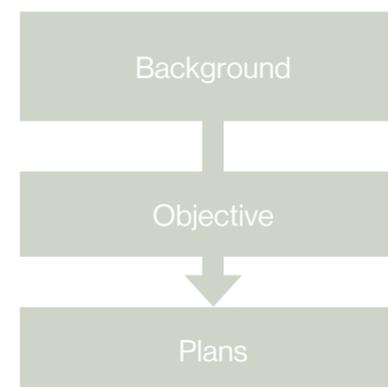
Japan: Kasugai Logistics Center (commenced operations in October 2022)

Growth investments

Embodiment • Create consumer contact points to become more consumer-oriented

- Future investment themes
- Strengthen R&D, production technologies, and manufacturing capabilities (Innovation Center, etc.)
 - Make focused investments in intangible assets (information, brand, human resources, know-how)
 - Consider methods (M&A, etc.) needed to promote expansion of business scale and business domains

Acquiring Land and Property in Tokyo's Minami-Aoyama District to Become More Consumer Oriented



To enhance sustainable corporate value, Rinnai believes it important to empathize with the essential needs that lead to improved quality of life, and to expand and deepen awareness of the Rinnai brand. To this end, we must establish lines of communication with consumers in both the real world and in digital life, and facilitate life and brand experiences that resonate with consumers.

Rinnai will build a brand experience showroom and value creation laboratory to pursue what consumers consider "intrinsically good," experiment with value creation, and co-create with consumers and companies in other fields.

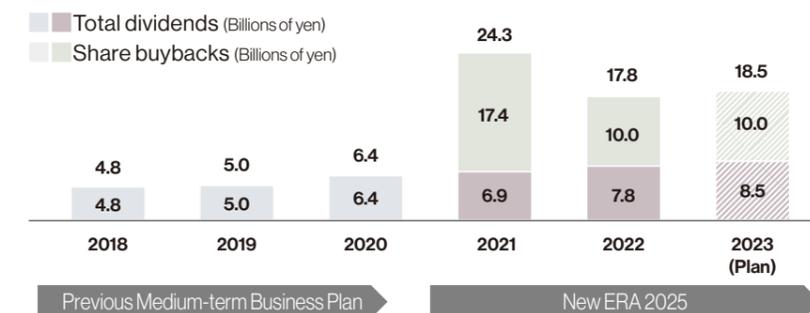
Formulate details during fiscal 2024 based on the assumption of a pre-open test run in fiscal 2025.

Total Shareholder Return

Rinnai will expand shareholder returns while placing a priority on investments in future growth and strategic spending.

Shareholder return policy under the current Medium-term Management Plan:

Total return ratio of 40% (2021–2025 average) ⇒ 84.7% (cumulative fiscal 2022–fiscal 2023)

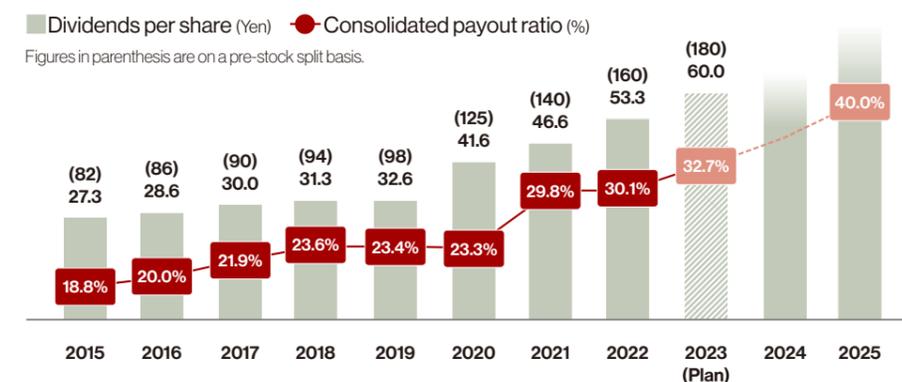


Dividends per Share and Payout Ratio

Continuing to consecutively increase dividends while steadily raising the dividend payout ratio to reach 30%.

As an additional policy under the current Medium-term Management Plan,

incrementally increase the payout ratio ⇒ Fiscal 2026: 40% level



Note: On April 1, 2023, Rinnai conducted a 3-for-1 split of common stock.

Message from the General Manager of Marketing & Sales

Aiming to Further Stimulate Demand by Clearly Communicating to Customers the Value of Rinnai Products that Meet Society's Needs

Hideyuki Shiraki

Director, Senior Managing Executive Officer



Fiscal 2023 Supported by Growing Demand

In fiscal 2023, the Rinnai Group achieved record-high sales and profits, driven by growth in the sales of water heaters and other products, which I attribute to two factors. First, the entire Company has made efforts to strengthen our production system and clear the order backlog that accumulated during fiscal 2022. As distributors currently have more inventory in their warehouses than ever before, we will implement various measures in fiscal 2024 to stimulate sales demand through proactive marketing. The second factor driving strong earnings was growing demand for environmentally friendly products. The Group medium-term business plan aims to help resolve global environmental problems and improve quality of life as advances in addressing social challenges. I believe we have launched high value-added products that meet the needs of society and consumers and are used in numerous households. However, in response to soaring raw material prices and rising logistics and energy costs, we had to revise prices for the second time between May and July 2023, after initially revising prices in April 2022.

Launch of Strategic Products under the Medium-term Business Plan

In terms of environmentally friendly products, Rinnai makes *ECO ONE* hybrid water heaters, which have attracted remarkable consumer interest in recent years, and I think we should see sales expand in the next few years. *ECO ONE* combines the gas-powered *Eco-Jozu* with an air-source heat pump, and because it requires a certain amount of space for installation, it has so far been used mainly in detached housing. In September 2023, we will launch the X5 model, which can be installed on apartment building balconies and in pipe shafts, in an effort to expand the range of applications. As this product will be installed in limited residential spaces, we will work closely with home builders, condominium developers, gas companies, and other related businesses to further promote the spread of *ECO ONE*.



ECO ONE X5 can be installed on apartment building balconies and in pipe shafts



Kanta-kun gas clothes dryers help reduce time required for household chores



Bathroom heaters/dryers equipped with Mold Guard Mist



Stoves equipped with automatic cooking functions linked to a smartphone app

Rinnai products have been supported by regular replacement demand, but as there are limits to continued growth in mature markets, we are focused on providing products that add value and improve quality of life. Our launch of the industry's first water heater that generates ultra-fine bubbles, bathroom heaters/dryers with Mold Guard Mist that prevent 99.9% of black mold growth, and stoves equipped with automatic cooking functions linked to a smartphone app all play a role in reducing the burden of household chores and supporting healthy lifestyles. At the same time, in addition to purchases to replace old equipment, *Kanta-kun* gas clothes dryers are being installed at newly constructed properties, with the number of condominiums installing them as standard equipment growing throughout Japan. I think this reflects the rising awareness among consumers of the convenience and energy efficiency of gas clothes dryers, as well as condominium developer efforts to design washing and dressing rooms as spaces for household chores. In recognition of *Kanta-kun* as a product that can and will grow even further, we will focus efforts on sales going forward.

Domestic Sales Strategy and Human Resource Development

As energy conservation and environmental friendliness in housing are expected to accelerate in order to achieve carbon neutrality by 2050, there will be an increasing number of opportunities to quantify how we can contribute to environmental measures and conduct sales activities in cooperation with related businesses. Accordingly, it will become essential to transform the style and quality of sales activities, and Rinnai will use digital technologies to facilitate these changes. Paperwork associated with sales activities will be input into this system to streamline and simplify the recording of results, while also being used to quickly analyze sales efforts, eliminate the personalization of information, and provide customers with better proposals. We will also encourage the digitalization of product orders to enhance convenience and enable customers to place orders from a smartphone. As information visualized through these efforts can also be used in meetings between supervisors and subordinates and on-the-job training, Rinnai intends to use it as a tool for developing human resources within sales activities.

Nowadays, products offer added value in addition to conventional functionality, increasing the complexity of knowledge and skills required for sales representatives. Rinnai conducts regular training and study groups that facilitate the presentation of product value to business operators, and going forward, we also plan to introduce a Meister system for each product to cultivate professionals adept in increasingly complex products.

Although Rinnai develops B2B business, we also focus efforts on brand strategies to better convey the value of our products to consumers. We will use land and buildings acquired in the Minami Aoyama district of Tokyo to create an interactive showroom that can also be used by consumers. For example, this space will be used to exhibit products sold overseas and environmentally friendly products, providing visitors with an opportunity to experience how comfortable life can be with products that make effective use of limited energy supplies. Rather than having to put up with cold and heat while pursuing energy-saving and environmentally friendly lifestyles, we want consumers to feel that Rinnai technological and product capabilities also enable them to enjoy comfort in daily life.

Message from the President of an Overseas Subsidiary

Aiming for “Total Home Comfort” with a Lineup of Products that Contribute to Comfort and the Global Environment

Lucas van Raay
CEO Rinnai Australia



Commercial-use air conditioner



Heat pump water heater



Fireplace

2022 Management Review

Despite product supply issues, Rinnai Australia saw sales growth in its commercial-use business, especially the air conditioners business. Commercial-use air conditioner products are manufactured by Rinnai Engineering Malaysia and sold under the “APAC” brand developed by Specialized Engineering, acquired in 2017, whose high quality and brand power have contributed to sales and profits. At the same time, gas appliance sales are declining amid the ongoing trend toward electrification. Soaring raw material prices and increased distribution costs have also placed downward pressure on profits.

Strategy Story and Priority Measures Going Forward

While gas tankless water heaters currently account for about 30% of the water heater market, we do not expect significant growth in the future due to the ongoing trend toward electrification. In terms of an approach to the energy mix, the Australian government is promoting the use of heat pump equipment for primary energy as well as household appliances. The main sources of profit for Rinnai Australia at present are gas water heaters and heating units, but I think heat pump-related products such as room air conditioners, duct-type air conditioners, heat pump water heaters, and commercial-use air conditioners will become sources of profit in the future.

At the same time, although hydrogen is slowly being adopted for commercial use in power generation and other areas, conditions surrounding its residential use remain unclear. The transition from natural gas to hydrogen is quite complicated in terms of social infrastructure and technology, while the transition from natural gas to electrification is very simple, hence this is the direction the Australian government seems to be promoting. However, as we must also be prepared for movement toward hydrogen combustion equipment, we are currently testing hydrogen combustion water heaters developed in Japan.

Further, I think gas equipment will remain a viable market going forward as these have been the preferred products for both installers and users for many years. While gas heaters will likely be replaced by heat pump equipment, there will still be demand for tankless water heaters as they offer unique features that heat pumps do not, such as never having to worry about running out of hot water.

In line with RIM 2050, the Rinnai Group's Commitment to Carbon Neutrality, we will move forward with a focus on three directions: Heat pumps and other electric equipment, hydrogen combustion equipment, and conventional gas equipment.

Corporate Structural Transformations: Brand Power Enhancement and Human Resource Development

Heat pump equipment is highly subsidized by the Australian government, and even companies that never had brands can enter the market and purchase heat pump equipment at low prices. To compete with such competition, I believe it is important to leverage Rinnai's strong brand power. We want to convey the message that Rinnai is not only a gas equipment company but also a company engaged in renewable energy, but I do not think we can send this message with our current product portfolio. In addition to enhancing our lineup of products that contribute to the global environment, we want to create a means of communications as a solid environmental company.

High-performing and strongly motivated employees are provided with a variety of developmental support, including special training courses for engineers and assistance with obtaining certifications. In my case, the Company supported me in acquiring an MBA degree. As employees are one of our assets, the Company encourages increased motivation and enhanced skill sets.

The Ideal Targeted by Rinnai Australia

The Australian home heating and cooling sector is moving toward electrification, a trend I assume will continue. “Control technologies” will become a crucial aspect of this trend, as temperature controls for individual rooms will become as important as home automation using monitors.

I want “Total Home Comfort” to become equally as important as the Rinnai Group brand promise “Creating a healthier way of living.” We aim to achieve “Total Home Comfort” based on the idea that all Rinnai products, including home water heaters, heater units, and air conditioners, which emphasize comfort throughout the home and are recognized as a premium brand, can be used to facilitate a comfortable living environment.



Rinnai Australia head office



Rinnai Australia warehouse

Identifying Material Issues

We make every effort to identify social challenges affecting 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.

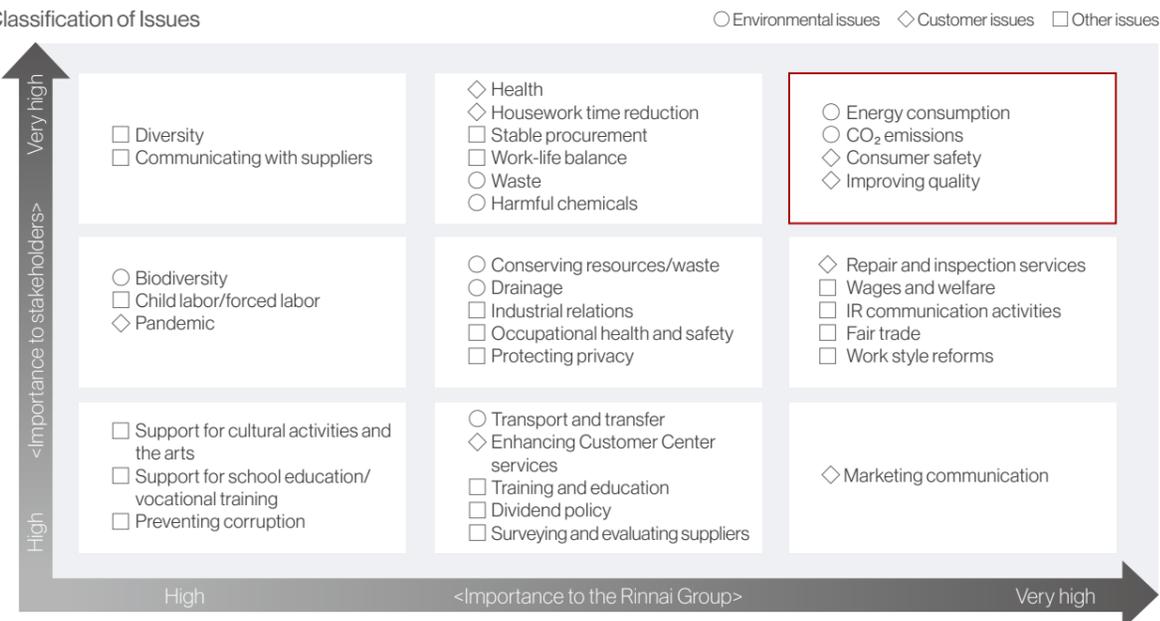
Identification Process



Determining and Identifying 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 Issues



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 household CO₂ emissions.

Main Target Indicators

- ▶ Amount contributed to reducing CO₂ emissions by using the product
- Target area: Global
- Target stakeholders: All

2023 target

6.00 million tons

2025 target

7.00 million tons

2022 results: 5.82 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

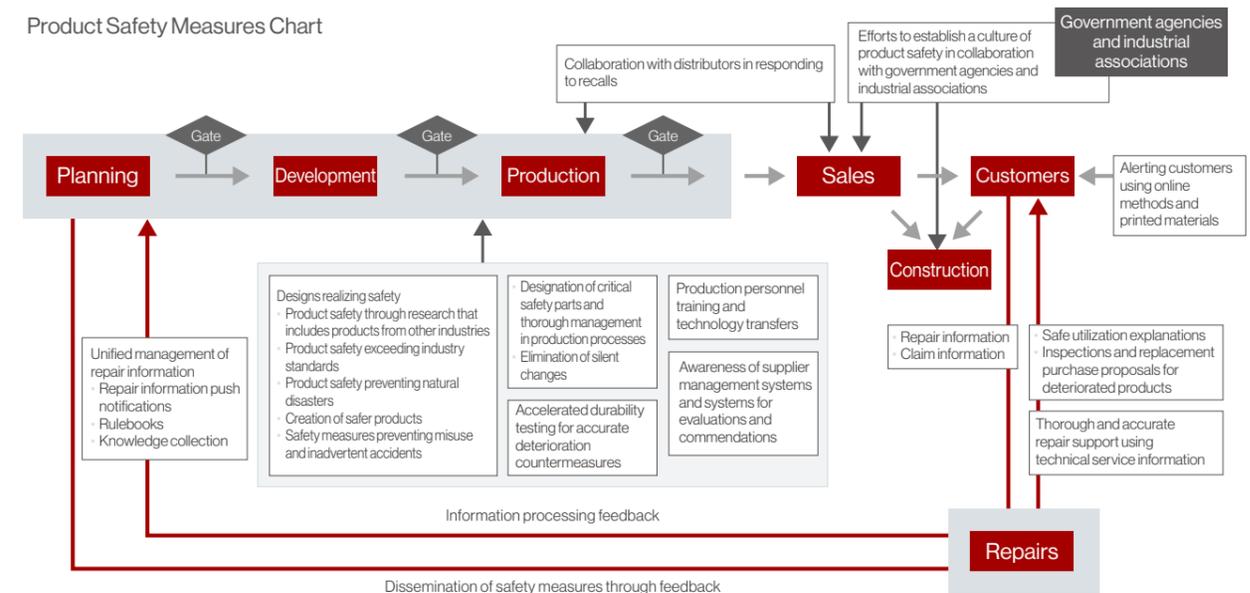
0 cases

2022 results: 0 cases

Creating a System to Support Rinnai Quality

Daily efforts to realize the goals of consumer safety and improving quality, identified as Rinnai material issues, are based on the Product Safety Measures Chart.

Product Safety Measures Chart



Environment | Materiality Special Feature (1)

Promoting Carbon Neutrality by Expanding Sales of the *ECO ONE* Hybrid Water Heater and Heating System Offering the Highest Level of Environmental Performance



PLUG-IN MODE (L plug-in model) compatible with household outlets aimed at expanding the *ECO ONE* series

The Rinnai carbon neutrality declaration RIM 2050 sets forth an *ECO ONE* hybrid water heater and heating system sales target of 300,000 units per year in calendar 2030. *ECO ONE* is a hybrid water heater combining both electricity and gas offering the highest thermal efficiency in the industry, making it an outstanding example of energy-saving equipment among housing equipment.

Rinnai launched sales of the *ECO ONE* in fiscal 2010, and while its reputation has grown in line with repeated functional and performance improvements that have caused sales to gradually increase, there has been no major breakthrough to date, and sales have been limited to around 10,000 units per year.

Despite being one of the industry's most energy-efficient products, installation workability is one factor preventing sales expansion. Rinnai is making efforts to broaden its target by expanding the *ECO ONE* product lineup, including the *ECO ONE* X5 launched in 2022 offering the same functions in a smaller unit, the X5 series used in high-density housing planned for launch during fiscal 2024, and plug-in models being prepared for use in existing buildings.

At the same time, with regard to the external environment, the environment surrounding climate change issues is changing, with the first Japanese government subsidy program for the hybrid water heater category launched in 2023, and new systems related to the mandatory installation of solar power generation equipment in Tokyo and other areas set to commence in April 2025. Further, businesses that have introduced energy-saving equipment offer fuel cell battery energy farms as products suitable for carbon neutrality, while city gas companies have added *ECO ONE* to their product lineups, conveying a sense of acceleration in all efforts aimed at realizing carbon neutrality. We asked Hironao Sato of Tokyo Gas Living Advance, which conducts Tokyo Gas Group home equipment-related business, about the reasons behind the Tokyo Gas Group's proactive introduction of *ECO ONE*, mainly in newly constructed housing.



ECO ONE installed at Proud Season Inagi Minamiyama (Nomura Real Estate Development Co., Ltd.) in Inagi, Tokyo

VOICE

Conversation with Tokyo Gas, Focused on the Introduction of *ECO ONE*

The Tokyo Gas Group has a long-established culture of proposing gas-powered hot-water floor heating as a comfortable heating solution. Customer feedback indicates that while hot-water floor heating systems are highly satisfactory with regard to comfort, the use of floor heating is less efficient than heat-pump air conditioners from the perspective of energy consumption, putting these systems at a relative disadvantage in terms of environmental impact. Given these conditions, hybrid water heater and heating equipment can reduce energy consumption even when gas-powered hot-water floor heating is used, achieving both carbon neutrality and comfort in daily life.

Additionally, as the benefits of selling electricity generated using solar power are decreasing, we believe that hybrid water heater and heating systems, which can store energy in the form of hot water without incurring storage battery costs, are one of the best ways to use energy for household consumption. For this reason, we recommend *ECO ONE* as a water heater and heating system compatible with solar power generation systems.



Managing Director, General Manager of Distribution Department
TOKYO GAS LIVING ADVANCE CO., LTD.

Hironao Sato



ECO ONE is highly compatible with solar power generation

In this era of energy deregulation, the Tokyo Gas Group is no longer focused on "gas" or "electricity" with respect to energy sources and equipment sales. We are now in a position to simply lead customers in the right direction and make proposals based on themes such as comfort and contribution to the global environment. Further, regarding the achievement of carbon neutrality as a social issue, we are at a major turning point with respect to changes in customer values and the direction of government policies on climate change issues. We believe companies that provide energy equipment for household use view *ECO ONE* as a more optimal solution.

Even today, with disasters on the rise and difficulties in fully securing infrastructure, we feel that hybrid systems able to use both gas and electricity provide great peace of mind in everyday life and are truly superior in terms of resilience.

The Tokyo Gas Group plans to expand its sales target for hybrid water heater and heating systems in the newly built detached housing market to 10,000 units by fiscal 2026. At present, although most products are installed in newly built detached housing, as *ECO ONE* continues to improve its space-saving and functional capabilities, we expect to add this product to our lineup for the volume zone, comprising existing detached houses and newly built high-density housing, while pursuing carbon neutrality and customer comfort as energy that is closer to people, supports society, and leads to future developments.



ECO ONE provides energy savings and comfort

Environment | Materiality Special Feature (2)



Launching Field Test of Japan's First 100% Hydrogen-burning Water Heaters at Kitakyushu Hydrogen Town

In May 2022, Rinnai announced that it had succeeded in the technological development of 100% hydrogen-burning residential water heaters. We then began preparing for overseas field tests in Australia and, in April 2023, announced the launch of 100% hydrogen-burning water heater field testing in conjunction with Iwatani Corporation at Kitakyushu Hydrogen Town in Japan.

Kitakyushu Hydrogen Town was constructed in 2011 as part of the Ministry of Economy, Trade and Industry's "Demonstration Program for Establishing a Hydrogen Utilization Society System," the world's first (as of 2011) attempt to supply byproduct hydrogen from factories to urban areas via pipelines to utilize hydrogen as energy for ordinary residences as well as commercial and public facilities. Subsequently, infrastructure construction and environmental improvements have commenced, and hydrogen utilization field tests have been conducted, with the hydrogen water heaters installed becoming the first 100% hydrogen-burning residential water heaters in Japan.

The 100% hydrogen-burning water heaters will be installed in rental housing built within Kitakyushu Hydrogen Town, with three of the seven buildings for sale equipped with hydrogen water heaters. These rental housing units are occupied by members of the general public, and we will examine the conditions under which they use hot water in their daily lives, while ensuring sufficient safety precautions. In addition to general residences, these water heaters will be installed in a privately owned café to conduct field tests of commercial use cases that differ from everyday life.



Kitakyushu Hydrogen Town street view



Buried hydrogen pipeline



Installed 100% hydrogen-burning water heaters

We spoke with Noriaki Seki, Chairman of NPO SATOYAMA, who has been involved with Kitakyushu Hydrogen Town since its inception in 2011, and also owns a house there equipped with a 100% hydrogen-burning water heater.

VOICE



Chairman of NPO SATOYAMA
Noriaki Seki

Thinking about New Urban Development through Hydrogen Energy

NPO SATOYAMA began engaging in activities based on an awareness of "satoyama as a model for a sustainable society," becoming an NPO in 2002, and remaining active up to now based on the concept of coexistence and co-prosperity between nature and people. Living in cities, even with opportunities to come in contact with nature, it is not a daily experience. Having developed this idea further, we are now engaged in efforts aimed at "converting cities into satoyama."

Kitakyushu Hydrogen Town is located on the site of a former factory, one that is still there today. We believe that the utilization of energy generated from byproduct hydrogen produced by this factory will enable the achievement of a sustainable society and facilitate coexistence between the town and people.

I feel that Rinnai hydrogen-burning water heaters are an important part of this project in terms of "making hot water," which is essential in our daily lives, and I assume field tests will go well and that hydrogen energy will be used naturally in our daily lives.

The term "carbon neutral" has become commonplace, and I believe we have now reached a point where the world supports this goal. Hydrogen is said to be the ultimate clean energy, and if we can create a system whereby this energy functions properly and circulates efficiently from production to usage, we can expect to create new communities where nature, the city, and people are able to coexist and prosper together.

Field Testing Hydrogen Equipment Overseas

100% hydrogen-burning water heater field testing has commenced overseas in Australia. In conjunction with the Australian Gas Infrastructure Group (AGIG), we have installed a 100% hydrogen-burning water heater at the "Hydrogen House" located in the state of Victoria, and are currently verifying the equipment. Hydrogen-burning equipment for residential use will be installed in the "Hydrogen House" to test the operational status of the equipment in actual daily usage with the aim of realizing the utilization of hydrogen in everyday life. Two 100% hydrogen-burning water heaters will be installed and tested in various hot water usage scenarios involving the kitchen, sinks, and bathroom showers, with the aim of commercialization by 2030.



Australia's "Hydrogen House"

Having formulated the RIM 2050 carbon neutrality declaration, Rinnai is exploring potential advances and developing technologies necessary to comply with various environmental and energy policies being advanced in countries throughout the world. Hydrogen technology development is one of these options, constituting a theme that must be developed in order to address climate change and achieve carbon neutrality. Recognizing the extreme importance of Rinnai's positioning amid advances in hydrogen development, we will maintain these efforts going forward.

Environment

Responses to the Task Force on Climate-related Financial Disclosures



With the aim of creating a virtuous circle of the environment and the economy which assumes a sustainable company, Rinnai 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.

■ Governance

Rinnai reports on environmental issues to management through the Risk Management Committee, ESG Committee, and Environmental Management Committee. The ESG Committee has an ESG Working Group to handle day-to-day improvement activities. In addition, Rinnai is promoting initiatives related to risks and opportunities associated with climate change and reporting to management through the operation of ISO 14001 with the Environmental Management Committee as the secretariat.



■ 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 according to frequency of occurrence and level of impact.

■ Metrics and Targets

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

■ Strategy

As a company that handles heating equipment, we understand that climate change is an important issue, and we assume that climate change will have an impact on Rinnai's business. We are also considering what actions are necessary to address the changes ahead and what the financial impact could potentially be.

		Impact on Rinnai		Rinnai's response or impact on Rinnai.	Profit Impact (Amount/Duration)	Degree of urgency
		1.5°C scenario* (What Rinnai will do to keep the increase in temperature below 1.5°C)	4°C scenario* (Impact on Rinnai if the temperature rises by 4°C)			
Transition risks	Raw material procurement risks associated with climate change	Risk of procurement cost increases in line with raw material costs that are passed on through carbon pricing (carbon taxes and emissions trading) to suppliers of materials that emit large amounts of greenhouse gases.	—	Convert to recyclable materials	¥(15.4) billion/year	Low
				Reduce procurement costs through independent efforts	¥(1.4) billion/year	Low
	Water heater regulations as a result of water resource depletion	Risk that the sale of water heaters potentially using large amounts of water resources will be restricted as a result of global water shortage problems.	—	Develop water heaters able to restrict the amount of water used.	¥(0.7) billion/5 years	Low
	Gas water heater regulations in line with fossil fuel regulations	Risk of impending necessity of measures for replacing conventional products amid movements toward requiring different methods than in the past for consumers to realize the intended use of water heaters using fossil fuels due to the transition from the conventional concept of a "low-carbon society" focused on energy and resource conservation to the long-term concept goal of a "decarbonized society."	—	Ascertain changing conditions related to energy while developing and establishing technologies focused on essential products.	¥(15.0) billion/year	Medium
Physical risks	Physical risks from natural disasters	—	Risk of supply chain distribution disruptions due to the impact of natural disasters (floods, torrential rains, water shortages and other events).	Enhance response capabilities with business continuity planning (BCP), including decentralized materials procurement sources and production bases.	¥(0.4) billion/year	Medium
	Risk of increased operating costs	—	Risk that air conditioning and cooling equipment operating costs will increase due to a rise in average temperatures.	Promote the introduction of residential power generation through sustainable energy and other measures.	¥(8.6) billion/5 years	Low
Opportunities	Adoption of energy-saving water heaters in line with tightening of environmental regulations (CO ₂)	Current "low-carbon society" initiatives require higher efficiency energy-saving water heaters. Additionally, the advance of technologies such as decarbonized gas for realizing a "decarbonized society" will require more efficient energy-saving water heaters than in the past.	—	Promote the expansion of product lineups and sales of more efficient energy-saving water heaters.	¥6.0 billion/year	Medium
	Adoption of gas boilers in line with tightening of environmental regulations (PM 2.5)	In areas where coal boilers are used, gas boilers that do not generate PM 2.5 will be required.	—	Target areas where environmental regulations have not yet tightened, expanding the adoption of products corresponding to usage environments in those areas.	¥6.0 billion/year	Medium

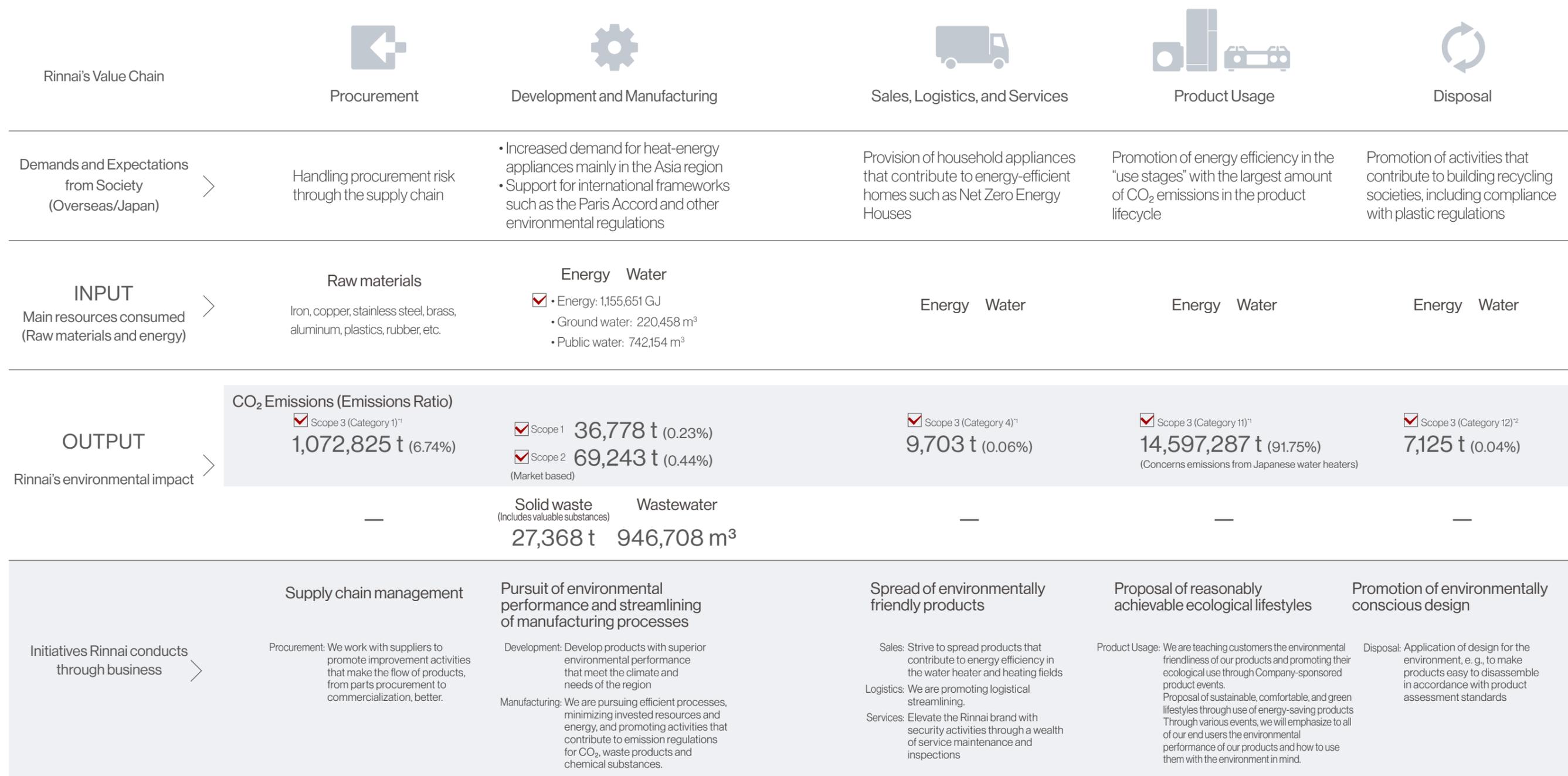
* 1.5°C and 4°C scenarios
Scenarios used in the Fifth Assessment Report (released in 2014) of the Intergovernmental Panel on Climate Change (IPCC), which estimates the impacts of approximate 1.5°C and 4°C temperature increases due to global warming.

Environment

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 (*1. Rinnai Corporation *2. Rinnai Corporation and domestic consolidated subsidiaries) [Target period] Domestic: Fiscal 2023 (April 2022–End of March 2023) *2. Fiscal 2022 (April 2021–End of March 2022) Overseas: January 2022–End of December 2022 [CO₂ emissions (units)]: t/CO₂e, (%) represents the emissions ratio within each process.

The indicators marked have received third-party assurance by LRQA Limited.

Environment

Environmental Management

Rinnai promotes green activities involving every employee in all business areas.

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 technologies, and product development, production, sales, and services infused with a sense of humanity.

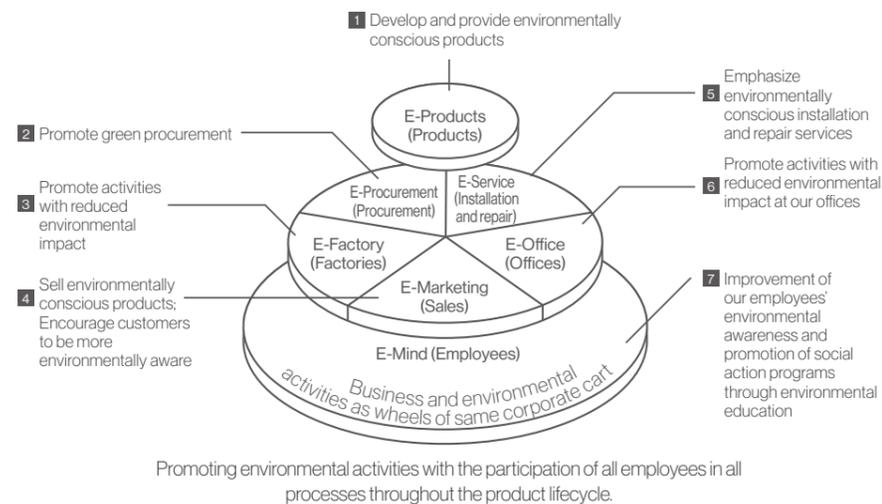
Environmental Slogan

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

Environmental Policy

As a manufacturing company, Rinnai promotes environmental activities with the participation of all employees in all processes (development, procurement, production, sales, logistics, usage, and disposal) throughout the product lifecycle based on our Basic Philosophy on the Environment and Environmental Slogan.

- We will promote activities to protect the environment by accurately identifying the effects that heating appliances, including hot-water units, kitchen appliances and room heating appliances, as well as associated product development and production activities and sales and service activities have on the environment and by establishing environmental objectives and targets as well as programs that consider biodiversity, prevent environmental pollution, mitigate the effects of climate change and adapt to climate change, and reduce environmental impact.
- We will abide by environment-related laws and regulations in addition to our own self-established standards.
- We will conduct eco-minded materials procurement (E-Procurement) and manufacture environmentally conscious products (E-Products) at environmentally sustainable factories and offices—E-Factory and E-Office—underpinned by a high level of environmental awareness among employees (E-Mind), and through product sales and service activities that minimize impact on the environment (E-Marketing and E-Service), we will implement initiatives to prevent global warming—that is, save energy—and also effectively utilize resources, reduce waste and boost recycling, while working with communities and contributing to society.
- We will set up a review committee at the management level and implement internal environmental audits, and we will maintain a self-monitored environmental management system and strive for constant improvement.
- We will make this environmental policy known to employees and all people who work within our organization and disclose content to all stakeholders, that is, any interested parties.



Promotional Framework for Environmental Activities

Headed by the President, the Environment Management Committee guides corporate efforts. 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" perspective.

The Environment Management Committee discusses and decides important items, including basic environmental policies, targets and medium- to long-term plans. 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 on 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.

[Link destination Data Book Environmental Data page 123 Status of Acquisition of Certifications](#)

External and Internal Environmental Audits

Rinnai undergoes a routine annual audit by an external screening and 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 an annual PDCA cycle.



External environmental audits

Environment

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 targeting newly hired employees according to employees' roles and ranks.

In recognition of these efforts, Rinnai received the Minister of the Environment Award (Large Enterprise Category), the top award at the Environmental Persons Development Awards sponsored by the Japanese Ministry of the Environment and the Environmental Consortium for Leadership Development. This is the third straight year we have received recognition, after winning the "Excellence Award" in the previous two years. We will continue to provide regular environmental education, opportunities to experience nature, and workplace motivation through the President's Award for employee-initiated ideas and daily improvements, among other efforts recognized as making significant contributions to the environment and management.

Link destination Environmental Data page 55 Status of Environmental Communication

Compliance with Legal Regulations

While compliance with legal regulations is a given, Rinnai sets more stringent voluntary standards and engages in daily supervision, conducts periodic measurements and implements thorough environmental audits. We are working on the creation of a rapid response mechanism to prevent recurrence in the unlikely event that a violation or complaint were to occur.

In fiscal 2023, there were no violations of environment-related laws and regulations, including those related to pollution prevention.

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 lower 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
- Reduce environmental impacts in the final disposal stage (consider recycling in designs, etc.)

Supply Chain Management

Amid rapid changes in the social environment aimed at realizing a sustainable society, to continue doing business into the future, Rinnai must contribute to the environment both as a Group and through the supply chain. In addition to communicating Rinnai's green procurement policies to our suppliers, through daily exchanges we promote improvements that contribute to environmental management and lead to reduced greenhouse gas emissions.

In recognition of these efforts, in fiscal 2023 Rinnai received a rating of "A-" in the Supplier Engagement Rating conducted by CDP, an international non-profit organization that addresses climate change and other environmental issues.

Environment

Prevention of Global Warming

Major changes in climate patterns due to global warming and other factors are threatening the building of sustainable societies.

Rinnai will formulate long-term targets focused on 2050 and work toward minimizing energy consumption.

Formulated and Announced Commitment to Carbon Neutrality by 2050

To realize carbon neutrality in household heat utilization, we must undertake measures based on national policies, a theme closely connected to operators of energy infrastructure-related businesses.

In November 2021, we formulated and announced our commitment to carbon neutrality called Rinnai Innovation Manifesto 2050 (RIM 2050) as a corporate policy, setting 2050 as the target year.

The Challenge of Zero CO₂ Emissions from Product Usage

Amid global movements to curb rising temperatures, Rinnai views these efforts in terms of risks and opportunities as it takes on the challenge of realizing zero CO₂ emissions from product usage by 2050. Looking at the lifecycle of our products from procurement to disposal, CO₂ emissions during use account for more than 95% of our total emissions. This makes it necessary to not only evolve our existing energy-saving products, such as high-efficiency water heaters with latent heat recovery and the *ECO ONE* hybrid water heater and heating system, but also to ultimately create products and systems that emit no CO₂ at all. In anticipation of a full-scale decarbonized society in the future, we will continue to develop and research combustion equipment that is compatible with hydrogen infrastructure and systems for net zero CO₂ emissions.



Testing of Rinnai's 100% hydrogen combustion water heater at Kitakyushu Hydrogen Town

Link: Materiality Special Feature (1) page 31 | Materiality Special Feature (2) page 33

Furthermore, toward the closest annual target of 2025, we will continue to work on a global scale to achieve the "CO₂ reduction contribution of 7 million tons," as stated in the New ERA 2025 medium-term management plan.

Awards for Environmentally Conscious Products

ECO ONE X5 hybrid water heater with heating systems

December 2022	The Prize of Director-General of the Agency for Natural Resources and Energy	2022 Energy Conservation Center Grand Prize (Organizer: The Energy Conservation Center, Japan)
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Hybrid heating/cooling and water heater systems for cold regions

June 2022	Heat Pump & Thermal Storage Technology Center of Japan (HPTCJ) Promotion Award	Demand-Side Management Award for 2022 (Organizer: Heat Pump & Thermal Storage Technology Center of Japan (HPTCJ))
March 2022	Excellence Award	2021 Energy Saving and New Energy Grand Prize in Kitaguni (Organizer: METI Hokkaido Bureau of Economy, Trade and Industry)
January 2022	Energy Conservation Center Chairman's Award	2021 Energy Conservation Center Grand Prize (Organizer: The Energy Conservation Center, Japan)

Hybrid heating/cooling and water heater systems

October 2021	Energy Saving Division Grand Prize	2021 Hokkaido Government Energy Saving / New Energy Promotion Grand Prize (Organizer: Hokkaido Government)
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The Challenge of Zero CO₂ Emissions from Factories and Offices

Rinnai aims to achieve zero CO₂ emissions from factories that manufacture products and offices, including the Head Office and sales offices. Among greenhouse gas emissions, we will target Scope 1 and Scope 2 emissions, and in addition to reducing CO₂ emissions through daily manufacturing improvements, Rinnai aims to achieve zero CO₂ emissions in 2050 through the proactive transition to green electricity among other efforts.

Main indicators

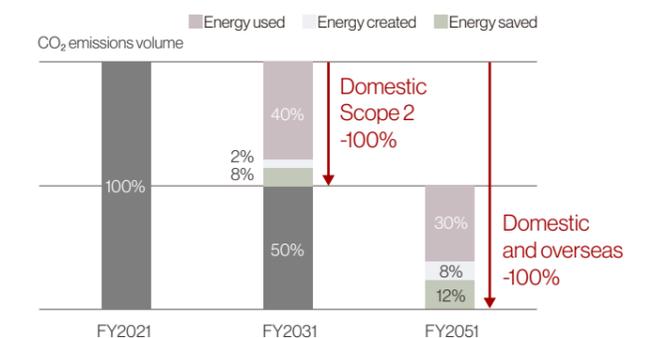
- Domestic bases will be converted to green electricity by 2030
- Overseas bases will be converted to green electricity by 2050

Examples of potential approaches for achieving these goals

- Promote zero energy through karakuri* improvements
- Thoroughly eliminate waste by minimizing processes and lines of flow
- Promote renewable energy through the electrification of equipment, etc.

* A simple mechanism that uses gravity rather than a motor or other electrical power source that is useful when transporting parts.

Future CO₂ reduction scenario



Also Taking on the Challenge to Achieve Zero CO₂ Emissions Outside of Product Use under Scope 3

In addition to CO₂ emissions from product use, we believe there is room to reduce CO₂ emissions from the procurement of materials and parts, logistics, human movement, and disposal, with the aim of mitigating the risks associated with climate change. We will promote optimal energy-saving and CO₂ reduction activities in each process and take on the challenge of achieving zero CO₂ emissions under Scope 3. Specific plans for 2030 and beyond will be developed and discussed within the RIM 2050 Council with a view toward achieving a decarbonized society in 2050.

Examples of potential approaches for achieving these goals

Procurement	Enhance and promote environmentally friendly initiatives with an insistence on procuring materials and parts alongside business partners, etc.
Logistics	Strengthen CO ₂ reduction efforts that expand the scope of improvements to include logistics and suppliers, etc.
Disposal	Promote comprehensive recovery schemes within construction and operations, etc.

Environment

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 working to reduce the amount of waste generated (including valuables) in its business activities and develop resource-saving products as well as reducing the amount of clean water and groundwater used.

Waste Generation Control and Zero Emissions

We are targeting a 6% reduction in the base unit of waste production by 2025 compared to the benchmark year. In fiscal 2023, we achieved a 3.4% reduction compared to our single-year target of 3%. In an effort to achieve zero emissions (zero landfill waste)*, we maintain a recycling rate of 99.5% or higher. As we approach the final year of the medium-term business plan in fiscal 2026, we maintain efforts to recycle as much of the unnecessary materials as possible based on the assumption that raw materials used in the manufacturing process will be used efficiently.

1. Rinnai manufacturing site zero emissions definition: Recycling rate of 99.5% or higher (less than 0.5% landfill waste)

Primary Initiatives

Manufacturing	<ul style="list-style-type: none"> 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 Lightweight design (reduced material usage) Using recycled materials, etc.
Office	<ul style="list-style-type: none"> Promoting a shift to paperless work processes through digital transformation (DX) 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, etc.



Patrol at Rinnai's factory eco house

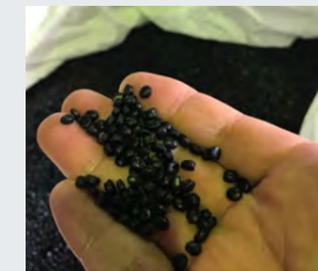
Initiatives in ocean plastic problem

Case Study: Parts Development Using Recycled Plastic

In light of the ocean plastic problem, the Rinnai Group strives to reduce the amount of plastic it uses by incorporating recycled plastic material made by collecting and reprocessing discarded plastic waste in the molding of electrical component cases and other parts.



Crushing waste plastic materials



Re-pelletizing waste plastic materials



Reuse in electrical component cases (R.B. Controls, Co., Ltd.)

Initiatives to Improve Packaging

Rinnai uses packaging made from easy-to-recycle cardboard, while also expanding the use of returnable packaging to promote the reuse of packaging materials in an effort to reduce the weight and volume of packing by making more effective use of packaging components.

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.

Management of Polychlorinated biphenyl (PCB) Wastes

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 secure facilities to prevent loss and conduct proper labeling.

Environment

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. Thus far, the committee has conducted examinations in various formats, including questionnaires, verification testing at recycling plants and processing condition confirmation. Through these efforts, the committee has confirmed that used gas and petroleum equipment has been properly disposed of and that the recycling rate has been maintained at a high level.

Recycling Home Electrical Appliances

Japan's Home Appliance Recycling Law went into effect in 2001 with the goals of reducing 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 (<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 is working to reduce its usage of both public water and groundwater in its business activities. In addition, we endeavor on a daily basis to save water and use circulating water while undertaking thorough drainage water management to ensure the water used does not harm the environment.

Primary Initiatives to Reduce Water Usage

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

Case Study: Creating a Rainwater Reuse System

Water is a precious resource in Mexico, where groundwater is the main supply source. Through its water treatment business, Industrias MASS SA de CV, a Rinnai Group company based in Mexico, has built a system that reuses rainwater compliant with quality standards for showers and hand washing. This system supplies nearly 90% of the company's annual water consumption, including during the dry season when rainwater is in short supply.

Annual impact: Water saved: **-900 m³**

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 Aqeduct* 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 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.

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

Environment

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

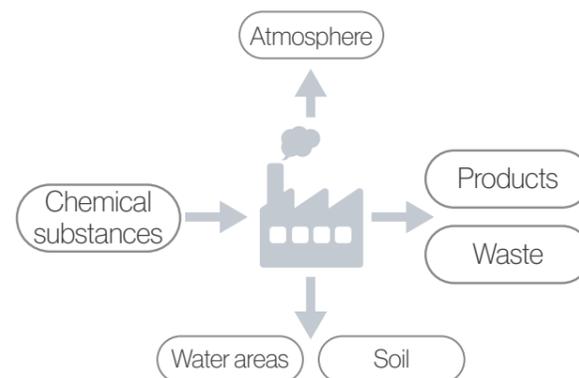
Companies are being required to appropriately understand and manage the overall supply chain for the chemicals used in their materials and products. The Rinnai Group endeavors to appropriately manage information concerning products containing potentially harmful chemicals along with its suppliers. The 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.



Rinnai Green Procurement Standards Guide (E-Procurement Standards Guide)

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 PRTR1 Law, of which 500 kg or more is handled each year.



Flows of Release and Transfer of Chemical Substances (PRTR Substances)

Improvements on Painting Lines

As part of our environmentally conscious manufacturing, we are striving to reduce environmental impacts through improvement activities on painting lines at Group manufacturing sites.

Manufacturing-related

- 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.



Emergency response training (Rinnai Technica Co., Ltd.)

Inspection of Critical Facilities

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

Environment

Protecting Biodiversity

Protecting the biodiversity that underpins social sustainability has become an urgent priority for humankind.

We will explore initiatives aimed at achieving a global nature positive and contribute to biodiversity by recognizing the relationship (influencing factors) between Rinnai business activities and biodiversity.

Approach to Protection of Biodiversity

We have incorporated "consideration for biodiversity" into our ISO 14001 environmental policy and are pursuing action on an organization-wide basis 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 greening 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.

Rinnai Receives "Master Certification" under the Aichi Biodiversity Company Certification Program

In recognition of its efforts to conserve biodiversity, Rinnai received "Master Certification" under the Aichi Biodiversity Company Certification Program sponsored by Aichi Prefecture. We will continue to contribute to biodiversity conservation, both through activities covered by this certification, as well as a variety of other efforts in the future.



The Certification Ceremony (Aichi Prefectural Office)

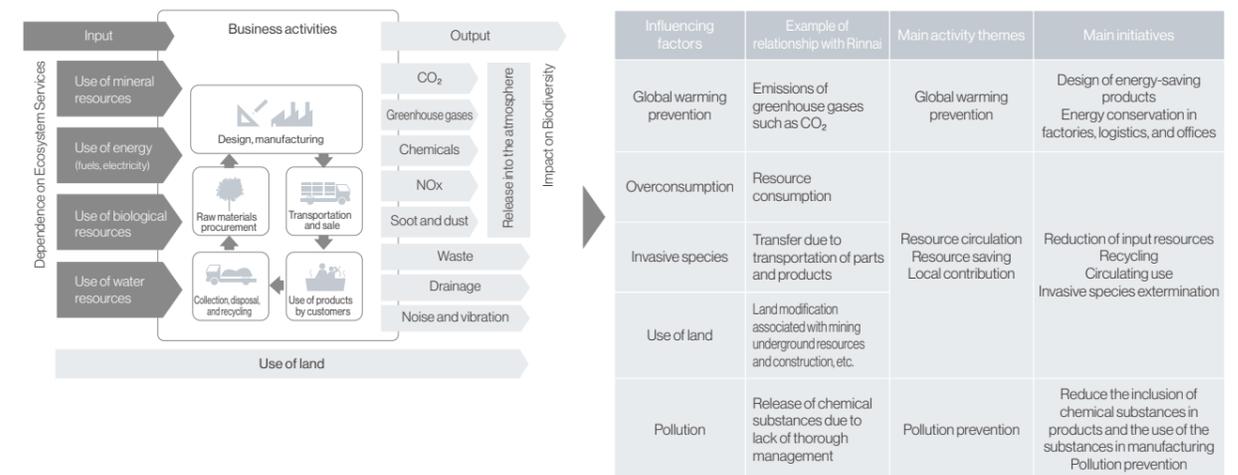
Main Rinnai initiatives evaluated

- Contributions to local communities through efforts to exterminate specified invasive species
- Environmental education through the cultivation of heirloom vegetables and other crops.

Involvement of Biodiversity in the Supply Chain

Rinnai ascertains factors that have an impact or are dependent on nature through its business activities, while categorizing and examining potential risks and countermeasures in each business process. Focused on the relationship between Rinnai and nature, we promote activities related to CO₂, waste, air, and water that contribute to biodiversity through initiatives aimed at reducing environmental impacts.

Relationship between the Rinnai Group's Business Activities and Biodiversity



Extermination of Specified Invasive Species

At COP15 held in November 2022, the decision was made to target a 50% reduction in the introduction and entrenchment of invasive species by 2030. Since fiscal 2018, we have been working with local governments, volunteers, and neighboring businesses during Environment Month in June to eliminate at least one ton of specified invasive species (*Coreopsis lanceolata*) every year. In fiscal 2023, a total of 103 people exterminated 628 kg of invasive species while being mindful of safety by limiting the work area and number of participants in consideration of the spread of COVID-19.

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. As *Coreopsis lanceolata* is a very fertile perennial plant, it is possible that seeds are carried into the factory by logistics trucks or employee commuter vehicles as they enter and exit. If left unchecked, this invasive species could spread to other areas and grow over a wide region, and as a Company operating in this area, Rinnai believes we have a responsibility to prevent a biodiversity crisis.

To maintain these efforts, we conduct fixed-point observations of growth conditions before and after extermination through periodic monitoring surveys, and have revised countermeasures to focus activities in a short period of time to avoid extermination during seed-bearing seasons. We plan to continue these activities until extermination is complete to preserve biodiversity in this area.



Extermination of the invasive species *Coreopsis lanceolata*

Environment

Protecting Biodiversity

Nijyu-maru Project* Registration Efforts

The Rinnai Group endorses the *Nijyu-maru* Project organized by the Japan Committee for the International Union for Conservation of Nature (IUCN-J) and promotes global biodiversity conservation activities. "*Nijyu-maru* Project Registration" pertains to initiatives in line with the 20 goals outlined in the "Aichi Targets," which are global objectives adopted at the 2010 Tenth Meeting of the Conference of the Parties to the Convention on Biological Diversity held in Nagoya, Aichi Prefecture. Thus far, five projects have been registered.

* *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)



にじゅうまるプロジェクト



Environment

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.

Presentation on Rinnai's Carbon Neutral Efforts at the 2023 WLPGA Innovation Summit

Rinnai gave a presentation on Company efforts to achieve carbon neutrality at the 2023 World LPG Association Innovation Summit (sponsored by the World LPG Association, co-sponsored by the Japan LP Gas Association). We introduced our 2050 Environmental Vision to nearly 100 participants from around the world, using case studies and focusing on environmental initiatives during product use, constituting the highest CO₂ emissions in the product lifecycle.



Rinnai presentation

Communication with Local Communities

Rinnai invites local students and other groups to tour its factories and participate in internships to learn about its environmental activities and various other business activities. Explanations during tours and subsequent Q&A sessions are an opportunity for visitors to gain an understanding of Rinnai's environmental, quality, safety, and manufacturing activities.



Hosting local high school students

Cleanup and Greening Activities around Company Sites

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

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 environmental conservation and regional communication and are open to all bases in Japan and throughout the world. The 13th awards ceremony was held at the Rinnai Group New Year Convention, at which Rinnai's CEO presented the awards.

In fiscal 2023, there were a record 153 entries submitted, from which one Grand Prize and 11 category-specific awards covering manufacturing, offices, logistics and social contributions were selected.



In-house award and submission awareness poster

In-house Environmental Newsletter *Eco no Coe*

Rinnai regularly distributes the in-house environmental newsletter *Eco no Coe* to ensure employees around the world stay up to date with Group environmental activities and environmental trends elsewhere in Japan and other countries. This newsletter has been published since 1999 as a means of enhancing environmental knowledge and awareness, encouraging communication among employees.

In fiscal 2023, Rinnai introduced the trends of the Conference of the Parties on Biological Diversity (COP15) and our initiatives toward carbon neutrality.



Eco no Coe

Fostering a Deeper Understanding of Local Production for Local Consumption

As part of our environmental awareness program, since fiscal 2017 we have been growing heirloom* and other local vegetables that have been popular since the Edo period. To date, local vegetable seeds have been distributed to more than 1,000 employees and their families, providing them with opportunities to experience local food culture and nature and become familiar with greenery through growing, harvesting, and eating the vegetables themselves.

* Heirloom vegetables: Vegetables that have long been popular in a region, such as Kyoto and Kaga vegetables

Case Study: Providing Menus Using Local Ingredients in Company Cafeteria

RB Controls, a subsidiary headquartered in Ishikawa Prefecture, offers a limited lunch menu using heirloom vegetables such as Kaga vegetables and other local ingredients in its employee cafeteria. This is an opportunity for employees to learn about local production for local consumption and environmental issues (biodiversity conservation). RB Controls also recommends that its partner cafeteria operators and neighboring businesses convey the importance of local production for local consumption.



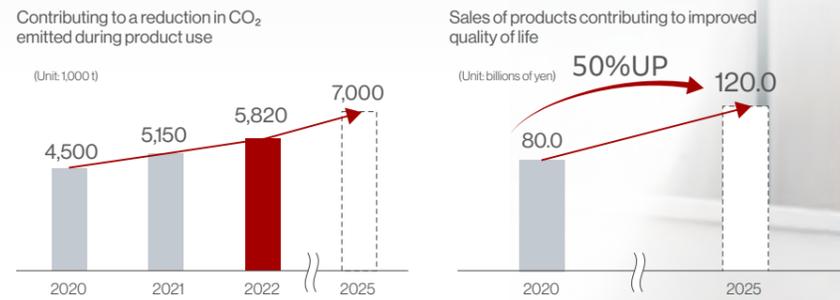
Kaga vegetable tempura and kakiage Kaga thick cucumber stew with ginger Fried Noto fukuragi with vegetable sauce Noto pork grilled with ginger

Environment

Links between Corporate Strategy and the Realization of a Sustainable Society (SDGs)

Medium-term Business Plan 2021–2025 New ERA 2025 Targets

Under the Rinnai medium-term business plan New ERA 2025, which runs from fiscal 2022 to fiscal 2026, we aim to contribute to the resolution of social issues by reducing CO₂ emitted during product use by seven million tons and increasing the sales ratio of products that contribute to improved quality of life and the global environment by 50% in 2025 (compared to 2020). Rinnai will make an effort to achieve the SDGs through products that contribute to improved quality of life and the global environment.



As the products Rinnai provides are directly linked to the SDGs, we believe that the ongoing spread and expansion of our products will lead to the resolution of social issues. As an example, replacing water heaters with highly energy-efficient water heaters reduces burdens on the global environment, creating a world in which gas clothes dryers, dishwashers and stoves with an automatic cooking function are widely used, equalizing the role of housework and advancing the movement toward gender equality.



Products Provided by Rinnai and their Connection to the SDGs

Product	Theme	Contribution	Goal
Hybrid water heaters	Energy-efficiency	Higher energy-efficient water heaters contribute to the global environment	7 (Renewable Energy) 13 (Climate Action)
	Resilience	Gas-electric hybrids contribute to the securing of lifelines during emergencies	11 (Sustainable Cities and Communities)
Micro Bubble Bath units	Health promotion	The hot bath effect from bathing in ultrafine air bubbles contributes to healthy lifestyles	3 (Good Health and Well-being)
Gas clothes dryers	Reduces time required for housework	Powerful gas drying shortens time spent doing laundry, contributes to reducing housework burdens	5 (Economic Growth, Employment and Equity)
	Reduced water usage	Conserves water when washing dishes, contributes to the conservation of water resources	6 (Clean Water and Sanitation)
Dishwashers	Reduces time required for housework	Automated dishwashing contributes to reducing housework burdens	5 (Economic Growth, Employment and Equity)
	Reduces time required for housework	Automated cooking contributes to reducing housework burdens	5 (Economic Growth, Employment and Equity)
Bathroom heaters/dryers	Prevents heat shock	Bathroom heating eliminates temperature differences when bathing, contributes to the prevention of heat shock	3 (Good Health and Well-being)
Gas tankless water heaters	Energy-efficiency	Enhancing the energy efficiency of water heaters contributes to the global environment	7 (Renewable Energy) 13 (Climate Action)
Gas boilers	Air pollution countermeasures	Switching fuel from coal to gas in water heaters with heating systems contributes to the control of air pollution	3 (Good Health and Well-being) 11 (Sustainable Cities and Communities)

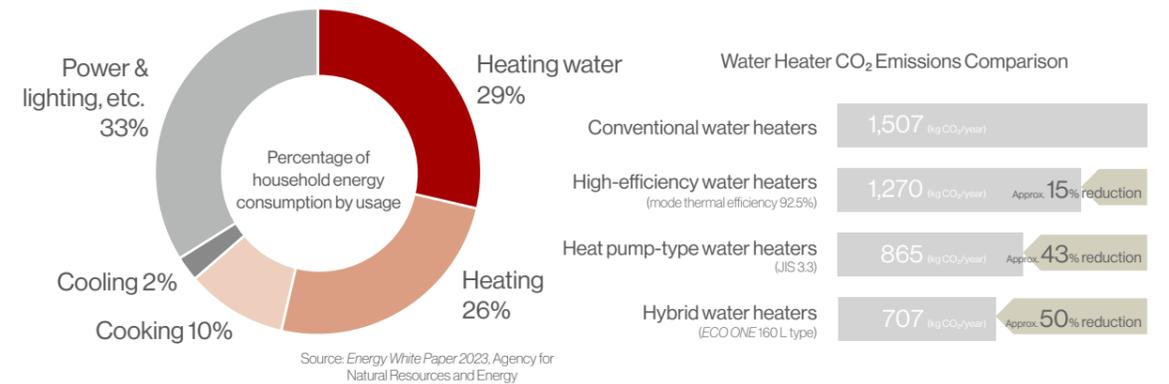
Contributing to the Global Environment by Enhancing the Energy Efficiency of Water Heaters



In Japanese households, the combination of hot water and heating account for about 60% of energy consumption. Further, when looking at the water heater product lifecycle, the largest amount of CO₂ is emitted during the usage stage.

In water heaters with heating systems that provide both hot water and heat, Rinnai's hybrid water heaters ingeniously combine gas and electricity to provide hot water and heat. As a result, CO₂ emissions are reduced to half that of conventional water heaters, contributing to the conservation of the global environment.

By expanding the use of environment-friendly products, Rinnai aims to achieve a seven-million-ton reduction in CO₂ by 2025.



Contributing to the Securing of Lifelines During Emergencies with Gas-electric Hybrid Water Heaters



As awareness of disasters increases year by year, seismic performance ratings and earthquake-resistant architecture and construction methods are attracting greater attention than ever before. However, regardless of the degree to which a home is earthquake-resistant, if electricity, gas, water and other lifelines are cut, life will be very inconvenient until services are restored. As preparation for emergencies, the use of hybrid water heaters providing both gas and electricity disperse risks and facilitate the use of hot water, even when lifelines are limited.

Electricity
(Heat pumps)

Highly efficient and energy-saving
It boosts the efficiency of electrical energy by using hot air.

Gas
(High-efficiency water heaters)

Powerful and speedy
It packs a punch and shows its power when lots of hot water is used or when hot water is used for heating.

Hybrid water heaters

Social

Contributing to Healthy Lifestyles through the Hot Bath Effect from Bathing in Ultrafine Air Bubbles



The Micro Bubble Bath unit sprays ultrafine air bubbles (microbubbles) into the bathtub. Microbubbles permeate skin and pores to provide various benefits such as cleansing that removes dirt from the skin, the hot bath effect and relaxation. Rinnai will enhance the merits of bathing and contribute to human health and spiritually rich lifestyles.

What are microbubbles?

Microbubbles are ultrafine bubbles measuring 1-100 microns in diameter. They have low buoyancy 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.



Spraying microbubbles

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.



Microbubble bath unit

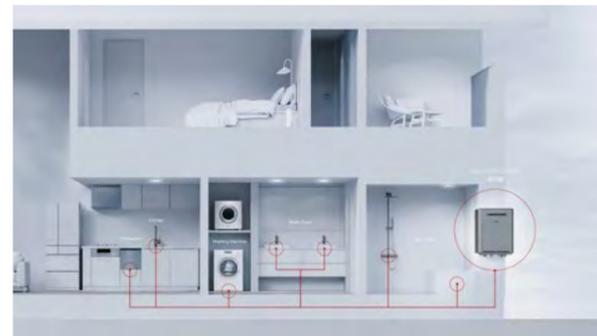
Creating New Value with Fine Bubble Generation Technology



Rinnai developed the industry's first residential-use water heater that provides hot water containing fine bubbles. We have named the technology for generating fine bubbles in water heaters "Air Bubble Technology" and are working to further expand its applications. We use Air Bubble Technology in our micro-bubble bath units and ultrafine bubble water heaters.

Rinnai's ultrafine bubble water heaters create fine bubbles less than 1 micron in diameter and can deliver hot water containing ultrafine bubbles to various places where hot water pipes are connected, such as bathrooms, washrooms, kitchens, and dishwashers.

Simply using hot water containing ultrafine bubbles prevents stains and limescale from accumulating in bathrooms, kitchens, washrooms, and other wet areas, thus reducing the burden of cleaning.



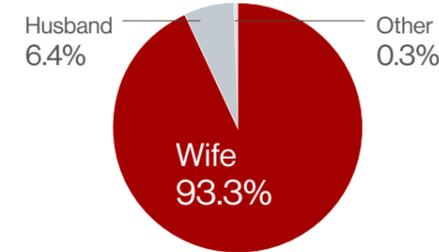
Contributing to Reductions in Housework Burdens with Powerful Gas Drying That Shortens Time Spent Doing Laundry



Gas clothes dryers use gas-heated air to dry clothing straightaway. This shortens the time spent doing laundry and makes bath towels soft and fluffy. It also provides the same level of sterilization as line drying in the sun. Powerful gas drying shortens the time required to perform daily housework, facilitating more relaxed lifestyles. Rinnai aims to achieve gender equality both in terms of housework burdens and lifestyle freedom.

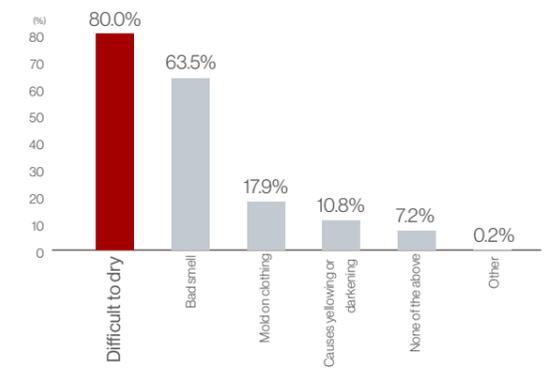
Rinnai Conducts Surveys and Analyses on Various Social Issues, Disseminating Information through the *Netsu to Kurashi Tsushin* (Heat & Life Newsletter).

In a questionnaire asking, "Who does the daily laundry in your house?" 93% of households responded "wife."



Awareness Survey on Laundry, *Netsu to Kurashi Tsushin*, May 2019; N = 534

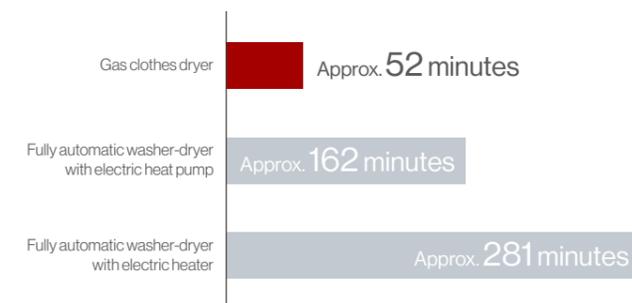
In a questionnaire asking, "What are your concerns regarding doing laundry during the rainy season?" 80% of households responded "difficult to dry."



Awareness Survey on Laundry, *Netsu to Kurashi Tsushin*, May 2021; N = 1,000

Powerful gas clothes dryers can dry an ample five kilograms of laundry in approximately 52 minutes. Drying laundry in about one-third the time required with electric dryers significantly reduces time spent on housework.

Drying time comparison (laundry = 5 kg)



Gas clothes dryer

Social

Contributing to Reduced Housework Burdens with Automated Dishwashers/ Contributing to the Conservation of Water Resources by Conserving Water when Washing Dishes



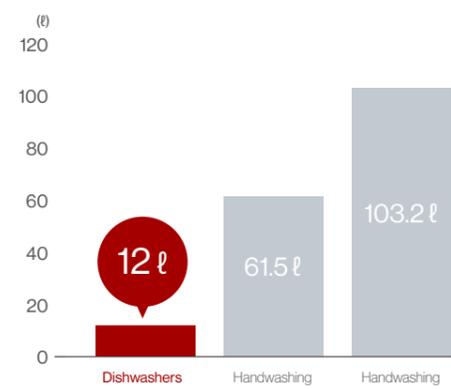
Dishwashers reduce the time needed to clean up after meals. By shortening the time required to perform daily housework, Rinnai aims to achieve gender equality both in terms of housework burdens and lifestyle freedoms.

Furthermore, using a Rinnai dishwasher to wash dishes uses approximately 80–90% less water compared with handwashing, helping to conserve water resources.



Dishwasher

Water Used When Handwashing vs. Dishwashers



Contributing to Reduced Housework Burden with Automated Cooking



Stoves with automated cooking functions automatically prepare food when pre-prepped ingredients are added and a menu selection is made. In addition to reducing the time and effort required to cook, a full range of recipes reduces time spent worrying about menus. Even difficult recipes can be prepared deliciously in a short time by anyone, enabling users to enjoy meals and family gatherings.



Recipe app



Stove with automated cooking function

Contributing to the Prevention of Heat Shock with Bathroom Heating That Eliminates Temperature Differences when Bathing

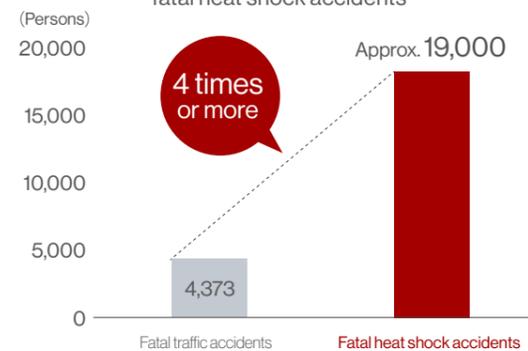


The number of deaths from heat shock accidents while bathing is increasing year by year. Heat shock is a life-threatening phenomenon in which sudden temperature changes, such as occur when bathing during winter, place a heavy load on the heart and brain. The use of bathroom heaters/dryers eliminates these temperature differences when bathing, supporting a comfortable and safe lifestyle.



Bathroom heaters/dryers

Comparison of fatal traffic accidents and fatal heat shock accidents



Source: Health, Labour and Welfare Science Research Grants Research on Ascertaining Actual Conditions Regarding Bathing-related Accidents and Preventive Measures Fiscal 2013 Integrated/Apportioned Research Report, Metropolitan Police Department "Traffic Accident Fatalities in Fiscal 2013"

Waterless Cooking Pots Also Compatible with Automated Cooking and Recipe App



Waterless cooking pots



In recent years, high-performance cooking pots compatible with anhydrous cooking and automated cooking have been garnering attention amid increasing demands for easier and faster cooking methods. In response, we developed proprietary waterless cooking pots compatible with Rinnai stoves equipped with an automatic cooking function. These pots are made from aluminum, making them lightweight and easy to use, with durability comparable to conventional cast iron pots.

We design cooking utensils and engage in product development and manufacturing, enabling anyone to easily prepare delicious food every day.



Social | Materiality Special Feature (3)

Microbubble Baths Help Hydrate the Skin and Promote Better Sleep

Microbubbles Keep the Skin Moist for Longer

The results of a study have indicated that immersing oneself in the water of our microbubble bath units leads to an increase in skin moisture content compared to bathing in regular water. Taking a bath in microbubbles not only makes it easier to remove grime from the skin, but it has also been demonstrated to have a moisturizing effect essential for maintaining skin health.



Fine bubbles generated in the bathtub

We use Air Bubble Technology to create fine bubbles

Rinnai's water heaters that generate fine bubbles

* Fine bubbles are microscopic in size and classified as either ultrafine bubbles or microbubbles. They are effective at removing bodily dirt and grime from water pipes and the like.



VOICE

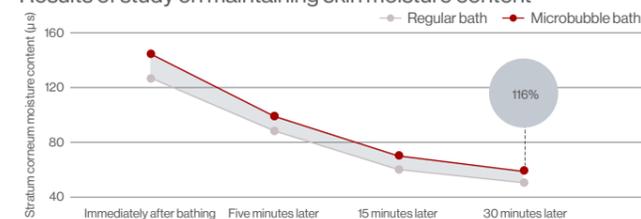


Human Life Sciences, Tokyo City University
Professor Shinya Hayasaka

Microbubble bathing can cleanse the body of dirt, but when dirt is removed, the natural oils in the skin, called sebum, are also reduced. It is commonly thought that a decrease in sebum tends to limit the skin's ability to remain hydrated, but research has shown that despite a reduction in sebum, microbubble baths are capable of maintaining the skin's stratum corneum moisture content.

To begin with, the moisturizing effect of bathing itself is supported by multiple studies that suggest various mechanisms are at play. The mechanism thought to be the most significant is the warming of the body and improved blood circulation that bathing promotes. With improved circulation, more moisture content is transported to the skin via the bloodstream, which suggests that moisture can be distributed to all areas of the skin.

Results of study on maintaining skin moisture content



Experimental conditions Measurement: Stratum corneum moisture content of the forearm before and after a microbubble bath and a regular bath
Research paper by Shinya Hayasaka, Yuko Iwama, and Masao Nonoyama: "Effects of microbubble bathing on stratum corneum moisture content"; Japanese Journal of Health and Research; 2022; Vol. 43, p.39-43 (test subjects: 15 adult females)

Some parents have expressed concern about not being able to take care of their own skin after taking a bath because their attention soon turns to looking after their children. Ultimately, they worry and stress about having dry skin. Research indicates that the skin's moisture content 30 minutes after a microbubble bath is higher than the moisture content 15 minutes after a regular bath. This allows for a more relaxed skincare routine.

Also, microbubble baths are recommended for children because of their sensitive skin. Choosing the right soap for a child is actually quite challenging because some products do not agree with the child's skin. Using as little soap as possible when bathing is also advisable in some cases, so in this regard, a microbubble bath is reassuring because it only uses air and water.

Microbubble Baths also Support Better-Quality Sleep

The results of a study also indicated that when compared to a regular bath, a microbubble bath leads to a shorter duration between the post-bath state of excitement and the state of calmness.

VOICE



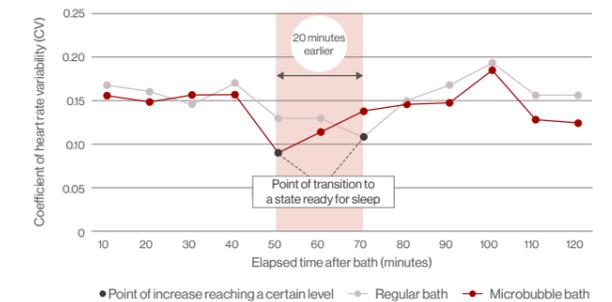
Faculty of Science and Technology, Keio University
Ph.D Yasue Mitsukura

Usually after taking a bath, one's body is in a state of excitement or tension, and will not be ready for sleep for another 70 minutes or so. After a microbubble bath, however, this period of tension can be reduced to around 50 minutes. For busy people, the considerable advantage of saving 20 minutes before falling asleep can help ensure as much sleep time as possible.

To be able to fully recover from exhaustion and refresh the mind through sleep, entering a state of deep sleep soon after the onset of sleep is ideal. Taking a bath can help one's body fall into a deeper sleep more quickly.

Considering the findings of this study, we surmise that microbubble baths might further shorten the time it takes for the body to enter such a state of deep sleep.

Comparing time series variation in coefficient of heart rate variability (CV)*



Experimental conditions Experimental conditions: FY2020 Rinnai Corporation test data
A simulated dirt mixture of tallow and 10% carbon black was applied to the abdominal area and brightness was measured using a spectrophotometer before and after bathing. The removal rate was calculated from the brightness values before and after bathing. Test subjects: six healthy adult males. Bathing method: full-body immersion for 10 minutes at 38°C. *Statistically significant difference at a significance probability of less than 5%.
* The coefficient of heart rate variability (CV) is considered an indicator of parasympathetic nervous system functions and is used for the simplified assessment of autonomic nervous system functions.

With good sleep, even a short duration can be enough to feel refreshed. Microbubble baths can help people benefit from quality sleep whilst also saving time.

The everyday, casual use of hot water can deliver a myriad of functions that underpin our comfortable lifestyles and overall health. At Rinnai, our proprietary technology related to microbubbles and ultrafine bubbles is called Air Bubble Technology—an area in which we will continue to pursue technological developments.

For more information about our Air Bubble Technology, please visit the following websites: Microbubble bath units: <https://rinnai.jp/lp/microbubble/>
Ultrafine bubble water heaters: <https://rinnai.jp/ultrafinebubble/>

Social

Safe and Secure Initiatives

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

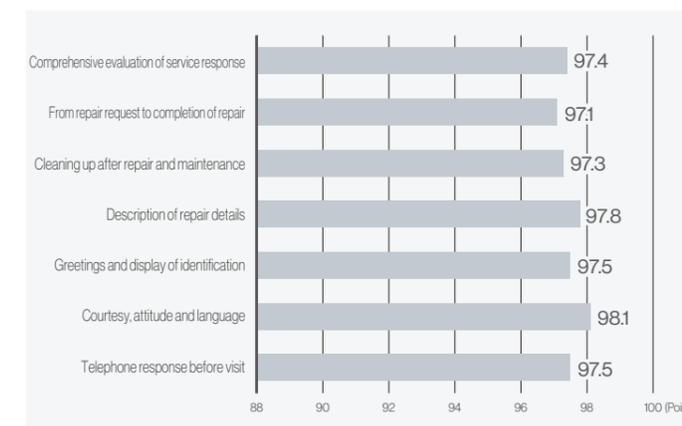
Approximately 600 servicemen across Japan repair Rinnai equipment. Confirming the status of service requests from customers on portable terminal devices, servicemen make an effort to complete inspections on the same day or by the next day to provide prompt after-sales services supporting a “comfortable way of life.”

Service Technician Assessment Questionnaire

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 2023, 94,000 customers completed questionnaires, which rated our after-sales services an average of 97.9 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.

Social

Inquiries Response and Support System

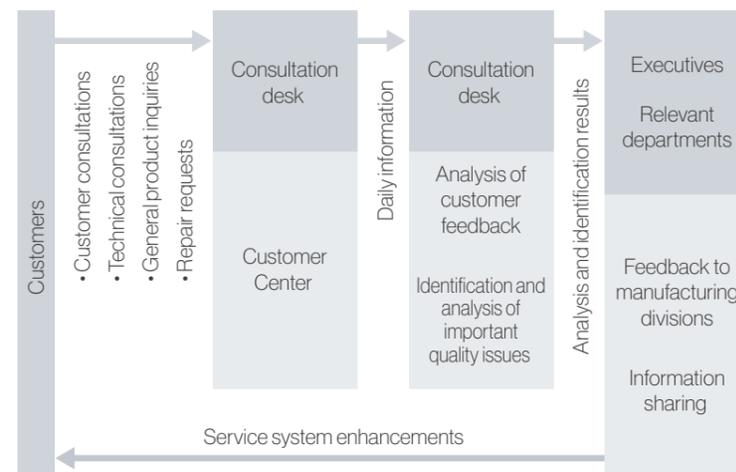
In line with our basic philosophy "quality is our destiny," Rinnai satisfies customers by "responding to requests and consultations in a sincere, prompt and accurate manner" under the policy of "providing customers with satisfaction, safety and reliability."

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.

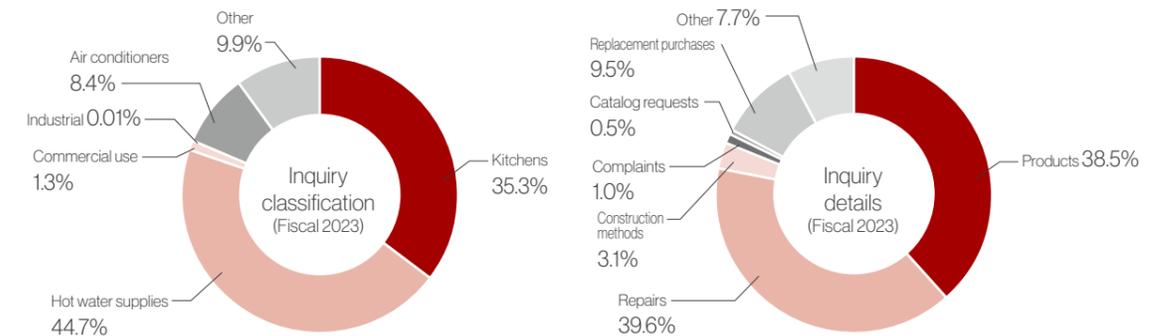


The Customer Center handles inquiries from customers via toll-free telephone numbers and emails. In fiscal 2023, approximately 790,000 toll-free calls and 20,000 email inquiries were received.



Rinnai Customer Center

Customers' Inquiries



Frequently Asked Questions (FAQ)

In response to customer desires to solve problems on their own, Rinnai created a "Frequently Asked Questions" page on its corporate website, with many customers taking advantage of how-to videos that 78.2% of respondents said resolved their issue.



FAQ (Japanese language only)

Social

Inspection Efforts



The long-term use of products can pose safety hazards due to deterioration that occurs over time. Rinnai conducts safety inspections in an effort to prevent accidents caused by deterioration over time. These inspections are conducted in line with standards based on inspection guidelines formulated by the industrial association to which Rinnai belongs, in accordance with the Consumer Product Safety Act's Product Safety Inspection System for Long-Term Use. With the understanding that products also have a standard usage period, we recommend that customers using Rinnai products have them inspected.

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.

The Consumer Product Safety Act was revised in August 2021. Prior to this revision, owners of products designated as specified maintenance products were required to undergo statutory, fee-based product inspections. The 2021 revisions exempt some products from this requirement. For details, please see "Regulatory Revisions Related to Legal Compliance Inspections" on the Rinnai website (Japanese language only).

<https://www.rinnai.co.jp/safety/system/law/>

Products Requiring Safety Inspections



Indoor bath heaters with gas burners

Outdoor gas water heaters

Dishwashers

Gas fan heaters

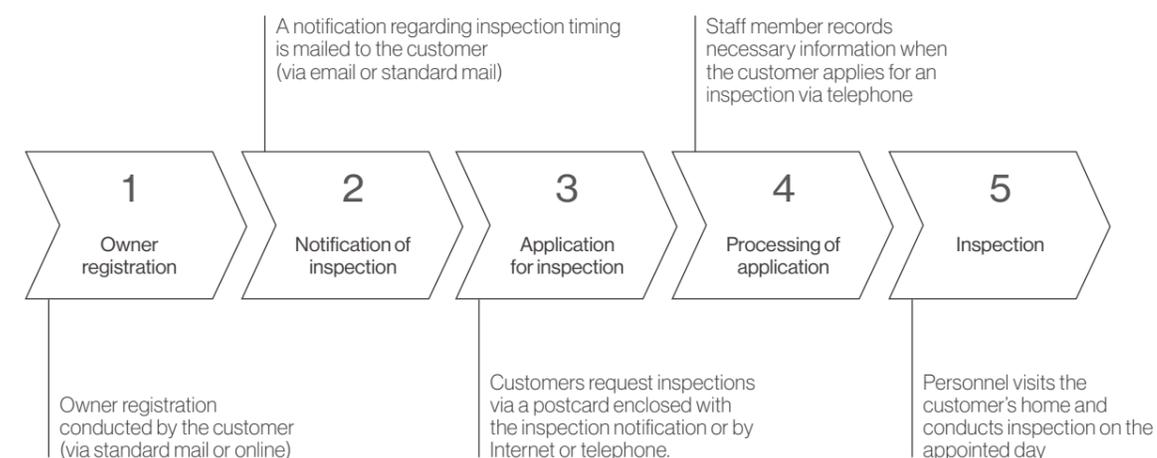
Fanned flue heaters

Gas clothes dryer

Built-in gas stoves

Built-in ovens

Inspection Process



* Rinnai does not send inspection notifications for built-in gas stoves and air conditioner and heating units.

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.

Social

About Inspections

Rinnai recommends safety inspections (fee-based) to prevent product accidents caused by age-related deterioration. If inspections are not conducted, we recommend equipment be replaced.

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. Inspections are conducted by certified Rinnai technicians. We strive to improve the quality of inspections through efforts that include 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 engaged in activities such as the development, manufacturing, sales, and repair of products, and are now involved in inspections through the safety inspection system, among 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. 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

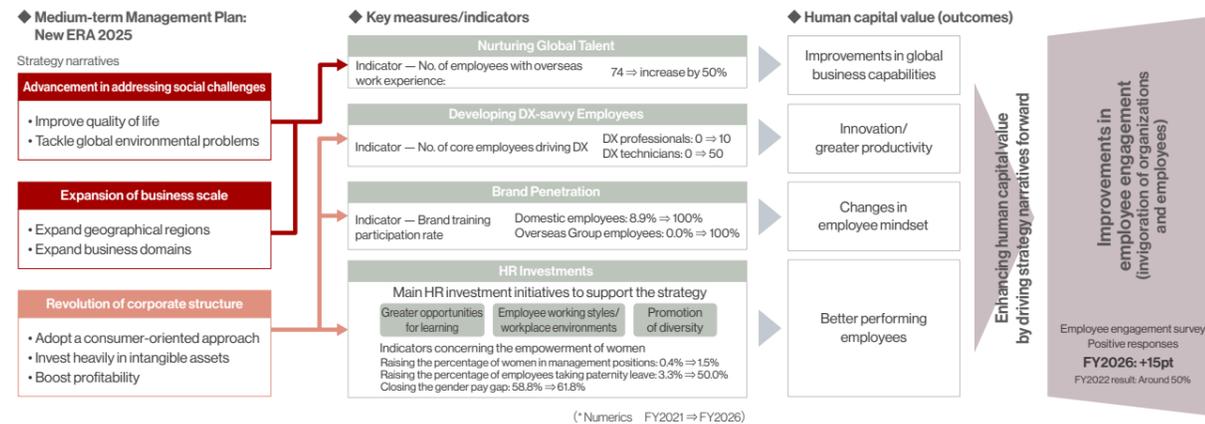
Five Focus Areas			Rinnai's Response
1	Quality inspection	Quality inspector, quality support, legal compliance, inspector report	<ul style="list-style-type: none"> From appointment to completion of inspection, all work conducted according to the inspection manual to promote higher CS Check progress of 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 which equipment is prohibited from usage
2	Customer focus	Reflecting deteriorated product use 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 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 products, customers are notified that registration is complete and asked to confirm registration details, establishing a framework for the provision of appropriate information.
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.
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 sent 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. These activities are useful for ensuring customer safety and security when using our products starting as soon as they make a purchase.

Social

Rinnai's Human Capital Strategy

In our Medium-term Management Plan, New ERA 2025, we formulated a set of strategy narratives around how we intend to contribute to "Advancement in addressing social challenges", "Expansion of business scale", and "Revolution of corporate structure." The aim of the plan is to achieve sustainable and sound long-term growth. In order to put these strategy narratives into practice as the first step towards growth for the next generation, it is absolutely essential that we mobilize the strengths of our employees—the driving force of growth—and constantly embrace challenges. We intend to actively invest in human capital tied to our management strategy, and not only will we aim to achieve corporate growth by furthering our strategy narratives, but we will facilitate employee growth and higher levels of engagement by driving this process forward.

• Outline of Human Capital Strategy (metrics and targets)



• Key Measures (HR development policy, workplace environment development policy)

Nurturing Global Talent

Considering that overseas sales account for more than 50% of our total revenue, growth in international markets is a major driver accelerating the expansion of our business scale. To expand our presence overseas more aggressively than ever before, guaranteeing the quality and quantity of global talent will be a key element in our human resources strategy. In addition to the specialist fields of mainly product technology, manufacturing technology, and financial skills required for our hitherto endeavors in the global market, we will seek to nurture internationally minded employees backed by real-life experiences abroad.

Developing DX-savvy Employees

In a society characterized by changing buying behaviors and distribution structures, it is crucial that we fundamentally reassess our conventional business and operating processes and transform our corporate structure, primarily by shifting to a consumer-oriented approach, in order to ensure future competitiveness in our mainstay business. To that end, we are currently driving a digital transformation (DX), and we have already undertaken a number of initiatives, such as establishing a framework to promote DX, training human resources, developing tech infrastructure, and building a data management platform. Particularly in terms of human resources, we have defined two types of core employees that will lead the Company's digital transformation—DX professionals and DX technicians—and we have launched some specialized training programs to aid their development. Other than these core individuals, we are also promoting basic digital training for employees that use IT devices with the goal of raising their level of IT literacy. The Company as a whole will work towards generating innovation and improving work productivity.

Brand Penetration

Since 2016 we have deployed a unified brand strategy both domestically and internationally. At the core of our branding activities is the instillation of our brand message among employees. That is why since launching the new brand, we have run training sessions for mainly employees in Japan, based on the thinking that having every employee understand, and embody in their day-to-day tasks, the brand promise of "creating a healthier way of living," is vital to the establishment of the Rinnai brand. Going forward, with the aim of realizing a brand that is even more differentiated and preferred than ever before, we will expand this training program to overseas Group company employees and set about changing the mindset of employees.

HR investments to support the strategy (greater opportunities for learning, promotion of diversity, employee working styles/workplace environments)

Alongside our global, DX, and branding initiatives, we are also undertaking medium- to long-term investments in human resources with the aim of enhancing employee performance, which is essential to the execution of our management strategy.

• Greater Opportunities for Learning

In terms of employee education initiatives, we have long focused on improving the skills of employees under a framework comprising mainly rank-based and departmental training, as well as self-improvement programs. However, an analysis of the results of the first-ever engagement survey conducted in October 2021 revealed two Company-wide issues: (1) a significant difference in engagement scores between managerial and non-managerial employees; and (2) a shortage of mechanisms that encourage employee growth.

To remedy these issues and improve the capabilities of individual employees, as well as organizational strength, we are currently implementing various support measures. For example, initiatives that facilitate a change in mentality (such as an improvement in management skills) among managerial staff who play a pivotal role in linking management and frontline operations, initiatives that improve the basic business skills and expertise of employees, and the development of an environment that encourages proactive learning in view of future career planning.

Also, in addition to the above, the environment in which corporations currently operate is characterized by a wide range of issues, such as carbon neutrality, digitalization, and Japan's aging population. To ensure the sustained growth of the Company into the future, it is vital that we identify and nurture leaders who can shoulder the responsibilities of management from a holistic perspective. In this regard, in FY2022 we launched a core talent development project, for which we have already completed the selection process and training program for the first cohort of participants. Up ahead, we will continue to work on nurturing outstanding leaders.

• Promotion of Diversity

As Japan's working population continues to shrink, we are advancing initiatives around the utilization of female employees, senior personnel, people with disabilities, and mid-career hires in order to secure enough labor and spark new ideas by harnessing a workforce possessing different values and experiences.

Particularly regarding female employees, even though they make up roughly 30% of our workforce, most of them work in support roles (general positions) and we acknowledge that there is still more to be done when it comes to leveraging their capabilities. We are actively hiring personnel for career-track positions and enabling employees to transition from a general position to a more specialized role. In addition, we are appointing female employees to key postings through the selection and planned development of candidates for managerial positions.

Alongside efforts to create a comfortable workplace environment in which female employees can keep working, mainly with the use of a shortened working hours system and childcare leave, we are aiming to boost productivity by raising the understanding of childcare among male employees and reassessing work styles. We are also taking steps to increase the percentage of male employees taking paternity leave.

• Employee Working Styles/Workplace Environments

With the arrival of Japan's so-called "age of centenarians" and in the midst of considerable changes in societal values, including the way people view their own career, we are encouraging our employees to embrace new ways of working, including telecommuting, and we are taking steps to develop workplace environments that are supportive of the physical and mental well-being of employees in order to ensure that they are highly motivated and can continue to unleash their full potential. With the aim of raising employee awareness of health matters on a daily basis, we are undertaking a raft of initiatives that support the day-to-day performance of employees. This includes more healthy food options in the cafeteria, the rollout of health programs linked to the employee benefits scheme, and the promotion of various harassment training and health & safety activities to ensure the psychological and physical safety of employees.

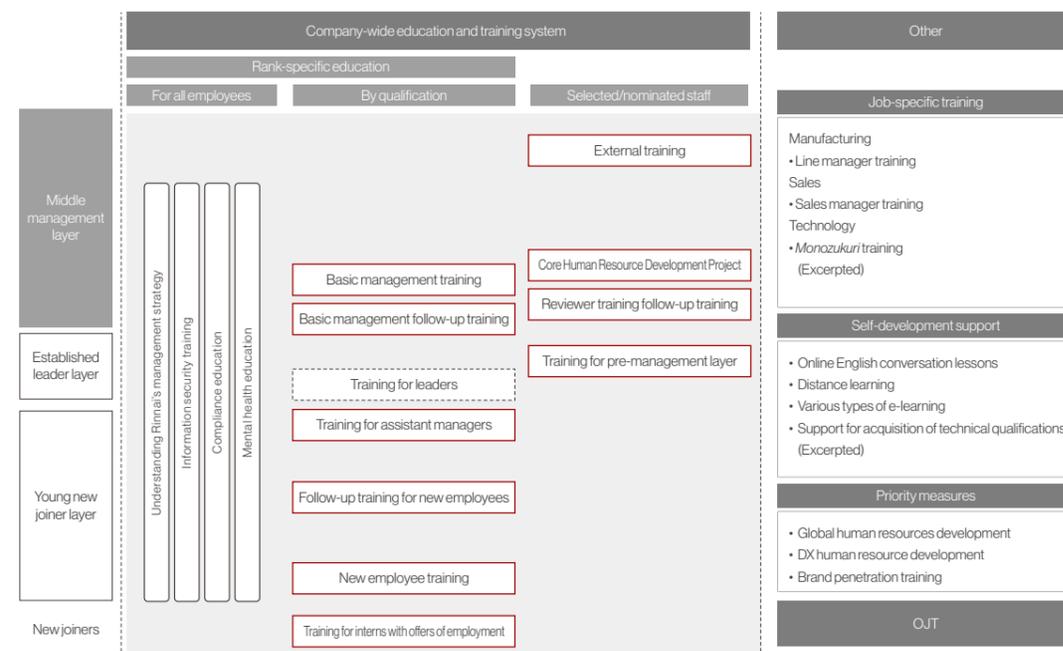
Social

Personnel Training

Rinnai's company motto and foundation, "Harmony Spirit Sincerity," embodies the meaning "to care for the people we work with, to work together, to have strong individual responsibility and sincerity, and to take on all challenges with diligence and a scientific perspective." To live up to this motto, we will provide and expand personnel training opportunities to cultivate human resources aligned with these aspirations.

Overview of Human Resource Development

Rinnai's training system consists of three main elements with a focus on raising the capabilities of all employees and encouraging their growth: "rank-specific training" to promote awareness of the roles of each rank and fundamental business skills; "job-specific training" to hone practical skills in each department; and on-the-job training (OJT) to transfer and develop know-how through practical experience. Among these, we consider rank-specific training for each job level to be a vital program that can raise the skill level of all employees and pass on Rinnai's corporate culture.



A scene from new joiner training

Rank-specific training is conducted for all employees, including those at Group companies, at the time of entering the Company and following promotions and other career milestones. In addition to providing training at each rank on Rinnai's philosophy, management strategy, and compliance with work duties that employees must understand and practice, we also emphasize understanding the expectations and roles of each rank and practicing them in work situations to acquire the appropriate mindset and skills.

Management Talent Development and Nominated/Selective Education

The role of the management layer is particularly critical for Rinnai's overall growth and for responding to a rapidly changing society. In addition to further strengthening the existing training by rank aimed at enhancing managerial skills, Rinnai is implementing targeted training for leader-level employees and retraining for manager-level employees. Furthermore, we are working to improve our organizational capabilities through the Core Human Resources Development Project, a selective training program that cultivates the people who will be responsible for leading Rinnai in the future.

The project was launched in fiscal 2022, when the first cohort of learners began training. The two-year program was completed in fiscal 2023, and the second cohort will begin their training in fiscal 2024. The program is designed to help participants grow as human resources well suited for leading Rinnai's next generation by visualizing their strengths and weaknesses, providing them with specific skills tailored to each, and tracking their individual perceptions of growth through problem solving on the front lines and structuring the program according to their individual characteristics.

By implementing this training over the medium to long term, we will discover human resources that can become the next and future generations of executive management, thereby improving Rinnai's overall organizational strength.



Job-specific Education

Each department offers training appropriate to the job and level of the participant. These include training for leader-level personnel, training to support the acquisition of skills, and training for employees who work with global counterparts.

Additionally, "manufacturing succession centers" are established at each worksite to preserve and pass on intangible 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."



Social

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 provide opportunities for assignments to overseas group companies to employees in their 20s. The program is based on gaining actual experience through overseas assignments and aims to develop participants' adaptability to different cultures and international business sense.

VOICE



Rinnai Indonesia
Moritoshi Ito

Working as Head of Manufacturing in a Large Country Expecting Population Growth

After joining Rinnai, I worked on equipment manufacturing and design for about 14 years at the Production Engineering Division followed by a seven-year stint in manufacturing technology at the Seto Factory. After this, I was seconded to Rinnai Indonesia in December 2020. It was an anxious time for me as not only was I living and working abroad for the first time, we were also in the throes of the COVID-19 pandemic.

At Rinnai Indonesia, I am responsible for managing two factories employing about 2,000 employees as the head of manufacturing. When I arrived I saw that, although bright and cheerful, the mild and reserved nature of the Indonesian people hampered them from making improvements in a self-directed manner. We have worked to build a collaborative atmosphere of sharing opinions and thinking together rather than managers giving instructions top-down. I am gratified with the daily growth of our employees here, who have gradually become more proactive.

Indonesia is a country with high population growth potential as it is home to over 270 million people with an average age in the 20s. We are striving for further growth in Indonesia, an important base for the Rinnai brand in Southeast Asia.

Owing in part to my coming here alone, in my personal life, I am now able to cook, something I had not done before. I consider health management in a foreign country to be one of the most important skills for those posted overseas. I have been cooking for myself every day and bringing my own lunch to work and thankfully have not missed a day due to illness in the past two and a half years.



VOICE



Rinnai Hong Kong
Masaki Sakaguchi

Aiming to Learn Local-Specific Negotiation Skills and Achieve Win-Win Sales

I joined Rinnai in 2016, and for the past five and a half years, I have been involved in various businesses in Europe, Australia, and Southeast Asia as part of the Overseas Business Headquarters. I have been stationed in Rinnai Hong Kong since January 2022.

While performing general corporate duties for Rinnai Hong Kong, I also conduct sales activities to gas companies in Hong Kong and Macau. Soon after my arrival, I experienced firsthand the restrictions caused by the pandemic, but I was able to get closer to my customers by making it a topic of conversation.

While stationed in Hong Kong, I am trying to get a personal sense how Hong Kong people feel and think and to act like a Hong Kong local as best I can.

The unique work practices and negotiation techniques here and of its companies can be challenging, but I will continue to work on them so that I can conduct sales activities that are win-win for both parties.



Social



Oguchi Factory Welfare Building

Health Management Initiatives

Rinnai believes healthy employees are important to enable the continued support of healthy customer lifestyles. Rinnai has clearly stated policies on the maintenance and promotion of employee health set forth in the Group Code of Ethics and the Personnel Affairs Division management plan. The Personnel Affairs Division established dedicated departments as part of Rinnai's three-pronged approach to supporting employee health, incorporating the health insurance union, employee union and the Company.

We have provided more detailed care through occupational health physicians and public health nurses to prevent the taking of medical leave, while at the same time, supported a smooth return to the workplace for employees who had taken leave. We are also striving to create an environment where employees can work with peace of mind when they are ill, by providing training on mental health at the occupational level and support in balancing work and undergoing medical treatment. Individual employees also receive health support through health events and individual coaching to help them develop sound lifestyle habits.



Augmenting the above initiatives, we provide an insurance business through our health insurance association as well as engaging in activities through employee unions, insurance agency services through Group subsidiary Rinnai Enterprises, and support from full-time public health nurses at the Health Support Office of the Personnel Affairs Division. In recognition of these initiatives, Rinnai was selected as an Outstanding Health Management Company 2023 (Large Enterprise Category), sponsored by the Ministry of Economy, Trade and Industry, in recognition of our efforts to promote health as a company practicing excellent health management.

Rinnai Health Management Initiatives

- **Mental Health Measures**
We conduct mental health seminars according to occupational level and encourage stress checks targeting a 95% or better participation rate.
- **Lifestyle Disease Prevention Measures**
We provide guidance on the prevention of serious illnesses to insured persons with diabetes and hypertension who are not in treatment. We also organize events such as sport and walking festivals.
- **Metabolic Syndrome Prevention Measures**
We provide specific health guidance aimed at reducing the number of employees with metabolic syndrome by five percentage points annually.



Occupational Health and Safety

Basic Policy on Safety and Hygiene

Rinnai formulated the Basic Policy on Safety and Hygiene to create workplaces where all Rinnai employees can work with peace of mind, as well as to maintain and promote health, with the aim of reducing workplace accidents.

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.

Within safety and health activities conducted at each business site, to prevent disasters, activities include the horizontal deployment of examples informing employees about work-related injuries and corresponding recurrence prevention measures, establishing safety and health committees that include members from both labor and management, conducting 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. Furthermore, through the periodic acquisition of driving record certificates, we ascertain the status of employee safe driving behaviors and provide individual guidance as situations demand. Rinnai company vehicles are equipped with drive recorders, corner sensors and other safety equipment, including safe driving eco-drive promotion systems (telematics), in an effort to promote employee traffic safety and eco-friendliness from practical as well as theoretical perspectives.

Social

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	In principle, up to three periods of leave may be taken per eligible family member, for a total of 93 days.
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 more than once during the three years from the start of use of this program per each 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 at his or her discretion.
Measure to reduce working hours (Flexible working hours)	Depending on work plans, the 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 on time.

Formulation and Implementation of the General Employers Action Plan

Rinnai formulated the General Employers Action Plan (Sixth Period: Fiscal 2023–Fiscal 2024) based on the Act on Advancement of Measures to Support Raising Next-Generation Children.

Sixth Period General Employers Action Plan

1. Plan period

April 1, 2022 to March 31, 2024

2. Details

Objective:

To improve workplace environments and change awareness for realization of balance between childcare and work

<Measures>

- Conduct roundtable discussions facilitating the exchange of information during training sessions for female employees.
- Improve the rate of male employees taking childcare leave by publishing interviews with male employees who have taken childcare leave and spreading awareness of amendments to paternity leave conditions under the Child and Family Care Act.
- Create a system covering the duties of employees taking leave through employee training aimed at instilling expertise across multiple work areas.

Social

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 the health of our employees and their family members and communication, including bowling competitions, barbecue picnics, and sports festivals
Training seminars by age group	Training seminars focusing on "education for the soul" that support employees in developing attractive personalities as members of society

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 exchange opinions on management issues, labor conditions, workplace environments, and compensation and discuss improvement plans.

Moreover, the Company makes efforts to provide working environments where the employees of our business partners, etc., in addition to our employees can work safely and with peace of mind. 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

In accordance with the United Nations Guiding Principles on Business and Human Rights, Rinnai established and published the Rinnai Human Rights Policy (<https://www.rinnai.co.jp/en/corp/human-rights/>) in 2022. The Rinnai Human Rights Policy states that Rinnai respects human rights as set forth in international human rights standards; will not discriminate on the basis of gender, age, language, nationality, physical characteristics; will not tolerate child labor and forced labor; and will not engage in human rights violations. The Rinnai Group will continuously conduct human rights due diligence to identify and assess the negative human rights impacts of its business activities and prevent or mitigate such risks.

Efforts to Prevent Child Labor and Forced Labor

The Rinnai Human Rights Policy and the "Rinnai Code of Conduct: 4.2 Prohibition of Child Labor and Forced Labor" stipulates that "We will not use any inappropriate labor including child labor that subjects persons under the legal working age to harmful labor or any form of unjust labor contrary to the intent of workers." To prevent child labor, Rinnai thoroughly verifies the age of employees when they join the Company.

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 as well as harassment related to pregnancy, childbirth, childcare leave and nursing care leave (maternity/paternity harassment).

As a specific initiative, we produced a checklist of detailed examples of harassment that is posted on the Companywide intranet for self-assessment.

In addition, in fiscal 2023, we conducted harassment training for managers at our factories and manufacturing subsidiaries. As another measure, in rank-specific training for promoted employees, we also provide harassment education to reinforce prevention. Additionally, we established employment regulations and in-house rules prohibiting disadvantageous treatment and clarified disciplinary actions based on employment regulations in the event an employee violates these rules.

Social

Promotion of Diversity

View toward Employment

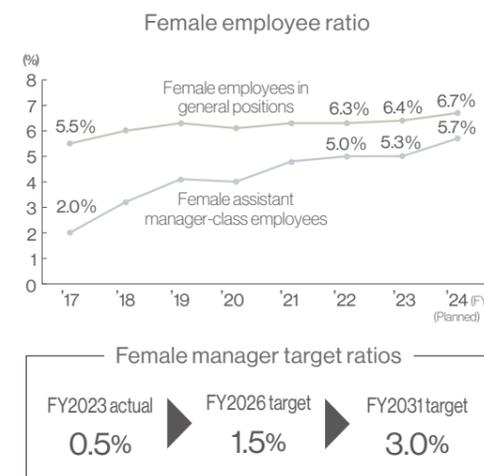
We are committed to providing work environments where employees can demonstrate their various capabilities regardless of age, gender, nationality, disability, or background. In addition, the Rinnai Group Code of Ethics stipulates the code of conduct to be followed by all officers and employees, and states that we respect the individual, and we work to entrench this among our employees.

We hope to advance our businesses by respecting the individuality of each employee at each workplace by harnessing the new values and ideas that come from the interconnection of individual personalities.

Supporting the Promotion and Active Participation of Women

As many Rinnai products are used in everyday life, we believe it necessary that not only men but also women occupy posts facilitating both perspectives in planning and proposals. To increase the ratio of female managers, which is one indicator of women's active participation, Rinnai must recruit and train women for career-track positions. To this end, we are beginning to see the results of efforts promoting the proactive hiring of female general employees, the development of assistant manager-class female employees, and the creation of comfortable working environments.

Although the current ratio of women in managerial positions is 0.5%, Rinnai will conduct initiatives and confirm the results of efforts focused on the recruitment and training of female general employees, raising this ratio to 1.5% by fiscal 2026 and 3.0% by fiscal 2031.



VOICE

Press Section, Oguchi Factory Thoughts As Rinnai's First Female Press Operator

I am in charge of operation and maintenance as an operator of presses that form metal sheets into molds. My work requires physical strength, such as handling materials weighing more than 100 kg in total, but I have been able to overcome this challenge with the cooperation of my colleagues, such as having a dolly made for me to carry the materials and having the veteran workers help me when they saw how I was doing. In addition, I am always aware of the importance of adhering to quality rules so that we do not produce defective products, regardless of how rare that occurrence may be. In the future, I would like to obtain qualifications so that I can increase the number of machines I can operate and gain knowledge and experience so that I can say with pride, "When it comes to this, I'm the best."



Press Department, Processing Group,
Oguchi Factory

Akiho Hamasaki

Formulation and Implementation of the General Employers Action Plan

Rinnai formulated the General Employers Action Plan (Fourth Period: Fiscal 2023– Fiscal 2024) based on the Act on Promotion of Women's Participation and Advancement in the Workplace.

Fourth 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, 2022 to March 31, 2024

2. Company issues

- Although Rinnai continues to hire female career-track employees among new graduates, there are differences in the length of employment between male and female employees, hence it is necessary to develop systems and environments enabling employees to work for longer periods of time.
- 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 4.6 years to 4.0 years.

Initiative details: Reduce the number of retirees due to childcare, family care or other factors.

- Support for employees working shortened hours.
- Expansion of telecommuting system.

Goal 2: Increase the percentage of women in general positions (non-managerial positions) from 6.3% to 6.7%.

Initiative details: Reduce the number of retirees due to workplace culture, childcare and family care.

- Support for returning to work after maternity leave (usage and revision of interview check sheet used before and after returning).
- Promotion of female employee roundtable discussions at each business site (understanding requests for work details and environment and network formation support).
- 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 5.0% to 5.7%.

Initiative details: Change awareness of women's advancement by training and other methods.

- Conducting training for female employees (unions).
- Implementing a program fostering an understanding of diversity within managerial training.
- Implemented a program to motivate chiefs to seek promotion to section chiefs.

Social

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 techniques 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 leaders/mentors and maintains and improves the corporate culture and dynamics within the workplace.

Promotion of Employment of People with Diverse Abilities

While achieving the legally mandated employment ratio for people with diverse abilities is a given, we are working to create a workplace where people with disabilities can work as productive members of the Company, making use of their individual characteristics and strengths. In hiring, we cooperate with various support organizations, including schools for handicapped children, employment support organizations, and the Public Employment Security Office to promote recruiting activities that emphasize matching applicants with the Company, such as hiring them after they have gained an understanding of our operations and workplace environments.

Furthermore with the aim of expanding employment opportunities for people with diverse abilities, in fiscal 2019 an organization and office were established that are dedicated to hiring people with disabilities to perform various support tasks within the Company. We are promoting work initiatives and the creation of workplaces where people with diverse abilities can feel a sense of job satisfaction and personal growth. Toward this end, we are creating opportunities to proactively perform tasks required by each organization, such as cleaning in and around offices, supporting production at manufacturing sites, supporting the promotion of digitization in each organization (e.g. PC entry and PDF file conversion work), and the translation of foreign languages.



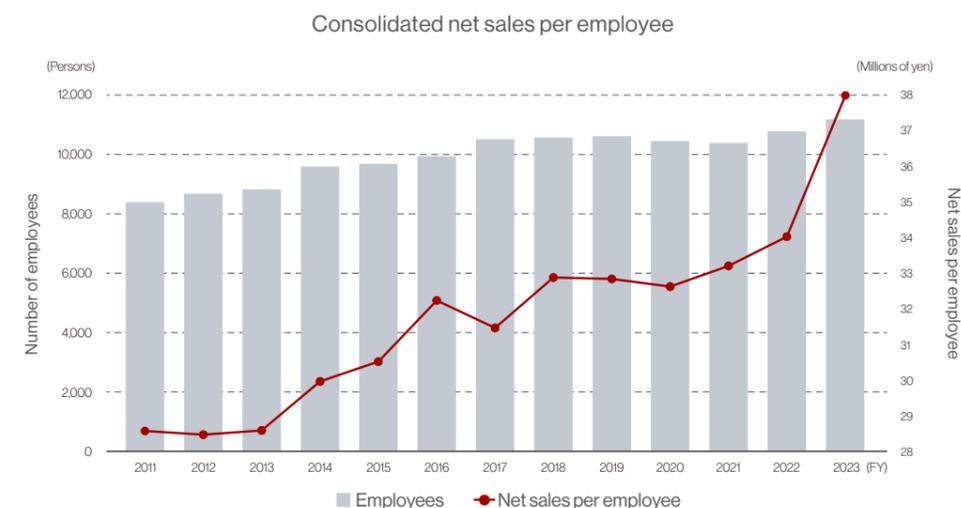
Business support work



Greening work

Net Sales per Employee

As Rinnai business expands, we continue to increase the number of employees, while proactively promoting improvements in labor productivity and human resource skills, resulting in a steady increase in net sales per employee. We will expand business globally while continuing to emphasize human capital and promote corporate prosperity in line with personal growth.



Increasing Employee Engagement

Rinnai began conducting an engagement survey in fiscal 2022 to visualize and continuously improve employee engagement. The latest survey, targeting approximately 4,000 employees, had a response rate of 95%. From the survey results, we identified large discrepancies in engagement between managers and non-managers, and a lack of mechanisms encouraging employee growth, as Company-wide issues.

To resolve issues identified in this survey, we share issues with management and the heads of each organization, and have also launched the “Companywide Invigoration Project” across all departments within the Company to promote measures addressing Companywide and organization-specific issues.

Rinnai defines employee engagement as “feeling empathy for Company policies and strategies, taking pride and initiative in one’s work.” To improve engagement, we recognize that it is essential to both realize our short-, medium-, and long-term strategy stories, as well as to foster employee growth and a sense of unity within the organization through the execution process. Based on these prerequisites, we are promoting various measures targeting a 15-point increase in engagement scores by fiscal 2026.

Positive response rates in the employee engagement survey

Targeting a **15-point increase** by fiscal 2026

Social

Communication with Shareholders and Investors

Aiming for Longer-Term Business Growth and Stable Shareholder Returns



In August 2023, Rinnai invited investors and their families to Rinnai Hot.Lab Yokohama for a hands-on product experience event held jointly with institutional investor Commons Asset Management, Inc. Rinnai Hot.Lab is a training facility for clients that provides hands-on experience with products that include DELICIA stoves with automatic cooking functions, and *Kanta-kun*, which dries clothes quickly using the power of gas. This event was attended by many investors in the Commons Asset Management "Kodomo Trust" and their children, who were able to experience the fluffiness of dried towels from *Kanta-kun* gas clothes dryers and try meals prepared by using DELICIA, which contributed to deepening their understanding of our products and Company initiatives by seeing and actually touching them.

Kodomo (Children's) Trust is an account for underage children provided by Commons Asset Management that facilitates asset growth in tandem with the growth of children. Kodomo Trust seminars provide children with opportunities to experience initiatives promoted by the companies in which they are invested and learn that investing is a way to support the efforts of these companies. The Kodomo Trust seminar was a great opportunity for communication among investors and children, as well as with companies.



As Rinnai handles products related to "clothing, food, and housing," we provided children with an opportunity to experience how these products are related to their daily lives. We provided a dietary education program to provide children with an opportunity to learn about "eating," which is very important to them, and to experience what happens before and after the process of eating "food," as well as what kinds of "ingredients" become "cuisine" when processed using "cooking utensils."



Announcement of Rinnai's year-end financial results

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.

Fiscal 2023 Activities

IR interviews conducted a total of 251 times
 One-on-one interviews: (Tokyo: 45; Nagoya: 16)
 Telephone interviews: 36 times
 Online coverage: 154 times

Fiscal 2023 interim results briefing (livestream):
 105 attendees
 Fiscal 2023 year-end results briefing (livestream):
 78 viewers

Institutional Investor Opinions at Fiscal 2023 Year-End

In addition to customary questions regarding business performance, future outlook, and the status of product sales, at the fiscal 2023 financial results announcement, institutional investors and analysts had a wide range of questions and comments pertaining to domestic and international demand fluctuations related to the pandemic, capital expenditures, capital policies, and other recent events and announcements.

This was a period of wide-ranging discussions on capital policy and growth strategy, with many exchanges regarding the use of funds, including share buybacks, dividend increases, and proactive investments. Rinnai will deepen communications with shareholders and investors as we move forward with the dynamic movement of funds.

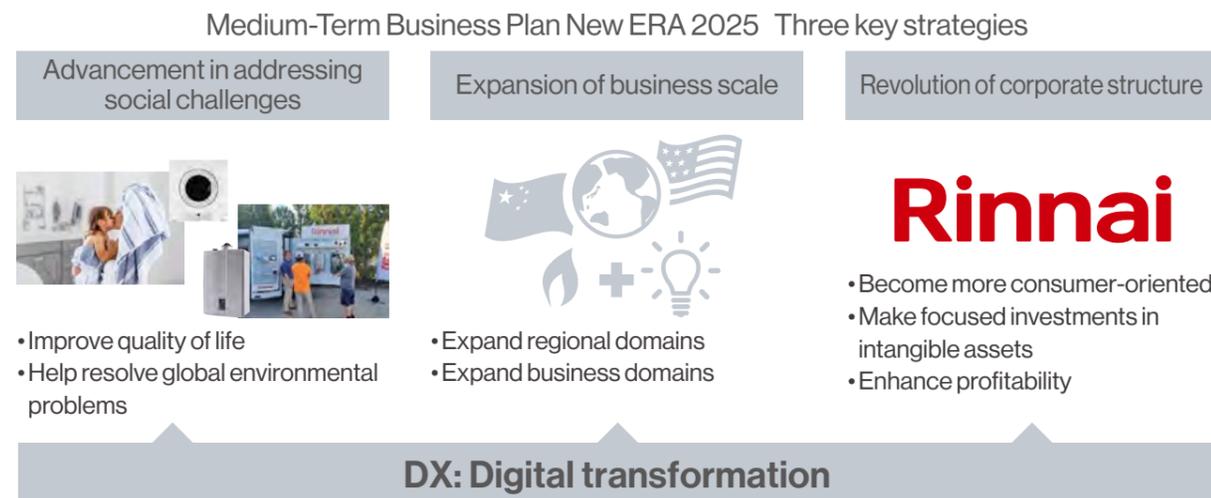


Social

Communication with Customers

Rinnai DX Initiatives

We have formulated three key strategies under the Medium-Term Management Plan New ERA 2025: Advancement in addressing social challenges, Expansion of business scale, and Revolution of corporate structure. By utilizing digital transformation (DX), we will ensure the realization of our strategies, including the achievement of numerical targets. We aim to contribute to solving social issues by strengthening our touchpoints with customers and business partners and providing products and services that contribute to improving the quality of life in a timely manner. Furthermore, we will thoroughly review business processes in business and administrative divisions through the use of digital technology, leading to the transformation of the corporate structure and expansion of business scale.



Examples of Initiatives 1

The Rinnai App, which allows users to control bath-filling systems, bathroom heater/dryers, floor heating systems, and panel heaters from their smartphones, can collect product usage and sensor information. By analyzing and utilizing this information, Rinnai will propose ways of using the ecosystems that match the lifestyles of our customers and solve their problems, thereby contributing to the improvement of their quality of life. We will also expand our business domains by offering attractive new services.

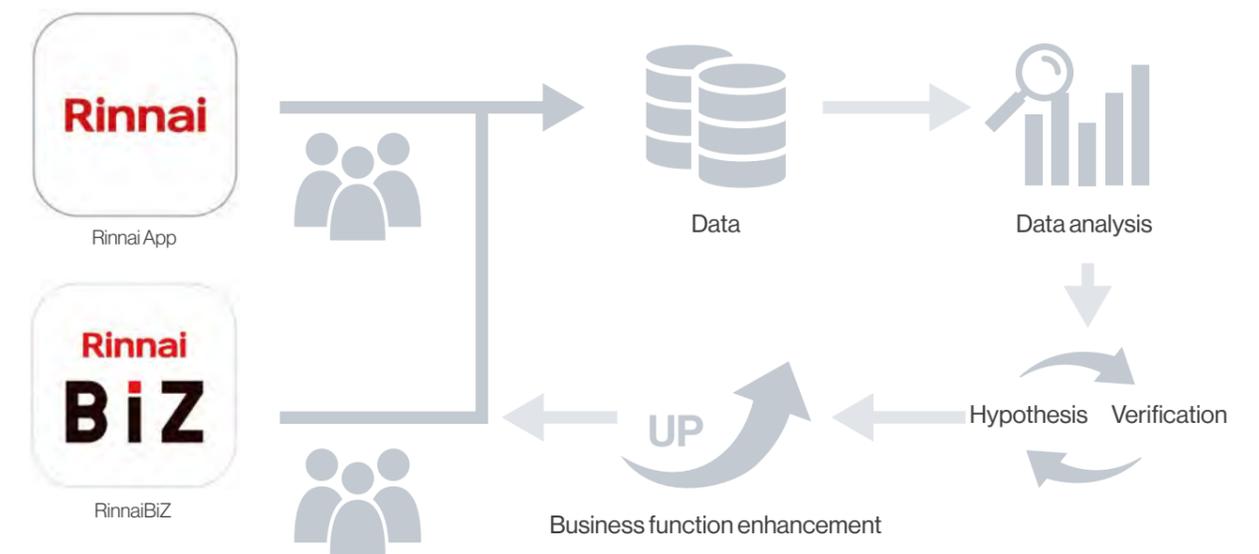


Examples of Initiatives 2

We have released "RinnaiBiZ," a new information communication platform connecting business partners with Rinnai. The site provides the latest product information, replacement and inventory searches, catalog browsing, building information, and other business support services, as well as a variety of content to enhance sales. We will build an optimal cycle of information dissemination, proposals, and business support to enhance profitability by analyzing the information accumulated through daily sales activities and the usage status of RinnaiBiZ.



Rinnai's DX collects various types of information obtained through business activities and repeatedly makes hypotheses and verifies them based on findings from data analysis to improve business functionality. The Company aims to build a virtuous cycle in which the provision of attractive services leads to an increase in the number of users, and in turn an increase in the amount of information that can be obtained further accelerates the upgrading of functionality.



To aggressively promote DX, we are working on the establishment of a framework, human resource development and technology environment, and data management infrastructure. In the promotion structure, members to promote DX are assigned to each of the business and administrative divisions. We have also established a cross-functional project to unite the entire Company.

For human resource development, we have defined "DX business personnel" to lead business transformation and DX technology personnel to create strategies through the use of digital technology as "DX promotion core personnel" and are working to cultivate them. At the same time, we are striving to improve skills Company-wide to ensure that we have the competencies to respond to business models that utilize digital technology. In establishing the technological environment, we are promoting a swift environment build-out and optimizing operations through the use of cloud technology and have begun reviewing the entire system to ensure that it can flexibly respond to new business processes. Our data management infrastructure is working to build an environmental infrastructure that can accumulate and analyze a variety of information necessary for the creation of new value.

Social

Communication with Business Partners

Working with the Supply Chain to Build a Stable Procurement System

In 2022, the ongoing COVID-19 pandemic and the outbreak of the Russia-Ukraine conflict continued to make stable parts procurement very challenging.

Going forward, geopolitical risks and natural disaster risks are expected to remain ever-present and create an urgent need to build a stable parts procurement system.

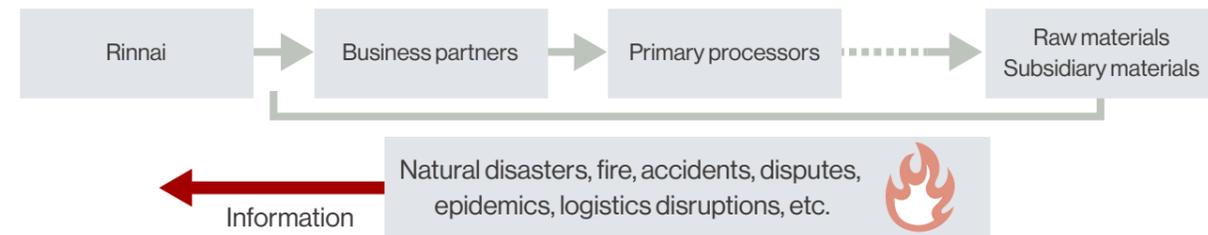
In this context, Rinnai works closely with its business partners to exchange information, examine supply chain risks and grasp the marketability, availability and future viability of parts. To mitigate risks, Rinnai is engaged in the diversification of materials, processes and logistical networks. It also promotes inventory optimization to prepare for various risk scenarios.

To ensure a more stable supply of our products, which are essential to daily life, our supply chain will work together to build a robust product supply system that can respond to the risks it is exposed to.

Flow of Initiatives



Diagram of Information Linkage



VOICE



Tateyama Kagaku Sensor Technology Co., Ltd.
Representative Director & President

Iwao Hayashi

Initiatives to Ensure Stable Supply

Rinnai's overseas production bases have temporarily shut down their plants due to the pandemic and geopolitical factors, and on the logistics side, ports and airports have also been shut down on occasion.

Based on this experience, we first established multiple production bases and built a production system by designing, developing, and building new automated machines in Japan as well as at separate bases outside of Japan. Furthermore, the company is diversifying its suppliers of parts and materials.

We will continue to promote BCP initiatives in close cooperation with our customers, considering stable supply to be our top priority so that our customers can place orders with peace of mind.

Rinnai Group Purchasing Policy

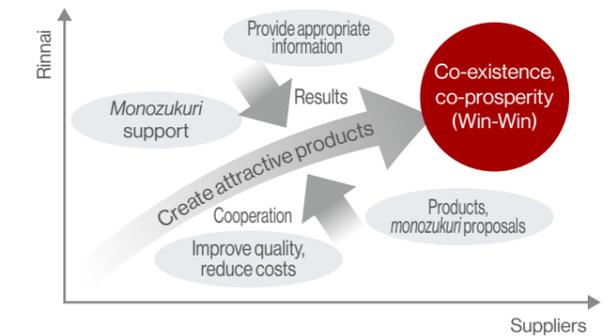
To grow along with our suppliers, we emphasize transactions based on a fair and impartial assessment and selection process and respect for laws and regulations and corporate principles, in accordance with the Rinnai Group Purchasing Policy.

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

Rinnai's Stance on Relationships 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 Business Partners

We held a policy presentation for suppliers in the Main Hall of Winc Aichi (Nakamura-ku, Nagoya) to explain important policies related to Company management and purchasing activities, which was attended by 228 representatives from 132 supplier companies. This was the first presentation in four years, as the event has been cancelled after the 2019 presentation due to the pandemic.

The presentation provided an overview of Rinnai policies on management, production, purchasing, and quality, with the aim of facilitating business partner understanding as well as soliciting their cooperation in ensuring stable production activities.



Management policy presentation



Inside venue

Social

CSR Questionnaire

In accordance with the Rinnai Human Rights Policy, which is based on the United Nations Guiding Principles on Business and Human Rights, we identify and assess the adverse human rights impacts of our business activities and conduct ongoing human rights due diligence to prevent or mitigate these risks. In fiscal 2023, we requested that suppliers participate in a CSR questionnaire and collected responses from 246 suppliers (including 173 primary suppliers).

When issues are identified in CSR questionnaires, we encourage suppliers to correct them. We also conduct audits, including on-site inspections and hearings, as necessary.

Responsible Procurement of Minerals

To fulfill our social responsibility within procurement activities, we will procure minerals responsibly throughout our supply chain to ensure that minerals (tin, tantalum, tungsten, and gold) used in Rinnai products do not become a source of funding for armed groups involved in civil wars and conflicts that cause serious human rights abuses in regional conflicts or high-risk areas.

Promoting the responsible procurement of minerals requires due diligence efforts throughout the supply chain. We request that relevant suppliers provide information on smelters and refiners throughout the supply chain with the aim of procuring minerals from responsible smelters and refiners.

As responsible mineral surveys require the cooperation of all suppliers, from smelters and refiners on down, we use survey tools that include industry-standard survey forms such as the Conflict Minerals Reporting Template (CMRT) published by the Responsible Minerals Initiative (RMI).

Conflict Minerals Survey

Rinnai conducts conflict mineral surveys of all its suppliers. In fiscal 2023, we collected survey responses from 173 companies that were requested to participate. Based on the results of surveys collected, we conduct risk analyses and evaluations, and if risks are identified, we request that suppliers procure minerals from responsible smelters and refiners.

Global Social Contribution Activities

■ Brazil (Rinnai Brazil)



Donating food to local communities

Rinnai Brazil, with the cooperation of its employees, was able to collect a large number of relief supplies during the 2022 Charity Campaign. The relief supplies collected were delivered to 35 institutions and communities (1,800 Kg of food, 1,800 infant and adult diapers, 700 cleaning supplies, 600 Easter eggs, 115 blankets, and 100 toys).

In the city of Mogi das Cruzes, where the Rinnai Brazil plant is located, a variety of other social contribution activities were conducted, such as donating food and daily necessities to rehabilitation facilities and community exchange centers, participating in community cleanup activities, and providing gas appliances to those in need.

■ United States (Rinnai America)

Rinnai America hosted an event for Bloom, a foster care organization in Georgia, raising approximately \$270,000. Rinnai America also provides regular support to Bloom, including donations of clothing and household goods.

In conjunction with International Women's Day on March 8, Rinnai America hosted a variety of events, including sports competitions, dinners, and speaking events aimed at deepening exchanges. As part of these activities, Rinnai America donated soap, air fresheners, and other daily necessities to women's support facilities.

Rinnai America also continues to engage in volunteer activities, including assistance with tornado relief efforts in Georgia and donations to walking events aimed at eradicating Alzheimer's disease.



Tornado Relief Efforts

■ South Korea (Rinnai Korea)



Supporting areas damaged by typhoon Hinnamnor

In September 2022, Rinnai Korea provided assistance to areas damaged by typhoon Hinnamnor, which caused extensive destruction. In addition to conducting free inspections and repairs of malfunctioning gas appliances at shopping malls, residences, and cafeterias in Pohang, a city hit particularly hard by the typhoon, Rinnai Korea donated and assisted with the installation of gas stoves at no charge.

In March 2022, Rinnai Korea provided free gas appliance inspection services in the Uljin and Samcheok areas of North Gyeongsang Province, which were severely damaged by forest fires. They also replaced gas stoves and conducted safety inspections in Jeju Province, where vulnerabilities were observed in the safety of gas appliance use, among other efforts to support disaster preparedness and improve safety.

Further, as an industry-wide effort to counteract climate change, major boiler manufacturers have joined together to donate environmentally friendly boilers to social welfare and other facilities.

Social

Communication with Local Communities and Society

Contributing to Social Education through Community Exchanges

Teaching Students About SDGs Initiatives

In June 2023, 21 students from the Nagoya Junior High School Attached to Aichi University of Education visited Rinnai Headquarters on an "SDGs company visit."

Rinnai's approach to the SDGs involves contributing to society by promoting the global use of as many environmentally friendly products that improve quality of life as possible. Students were introduced to Rinnai's mainstay environmentally friendly products that improve quality of life and learned how these products contribute to society and facilitate the achievement of the SDGs.

Through this SDGs company visit, we were able to communicate to younger generations that Rinnai is a company that takes the SDGs seriously and is working toward their achievement, while contributing to Goal 4: Quality Education. We will continue valuing connections with society to further improve the Rinnai brand image.



Introducing Rinnai initiatives to students



Demonstrating the Micro Bubble Bath Unit

VOICE



Aichi University of Education
Nagoya Junior High School
Social Studies Section

Kazumasa Kodama

Explanations of Company SDGs Initiatives Provide Rewarding Educational Opportunities

As part of our educational curriculum for junior high school students, we visit companies engaged in SDGs initiatives to learn about their efforts and hear directly from the people who are working toward their achievement, with the aim of creating an image of what a company that contributes to the SDGs does (= SDGs education) and what it is like to work there (= potential careers).

During their visit to Rinnai, students learned about the Company's origins and history, and in addition to its mainstay heating equipment business, they were told about the ways in which Rinnai contributes to society through its SDGs initiatives. The students were also given demonstrations of products on display, which they observed with keen interest. We feel the visit was rewarding for the students, as they were able to convey what they learned in the debriefing session that followed.

Contributing to Regional Artistic and Cultural Development



Nakagawa Canal Restoration and Cultural/Artistic Assistance Project (ARToC10)

Rinnai has donated ¥10 million every year, providing a total of ¥100 million in subsidies for the management of the ARToC10 project launched in fiscal 2013.

The Moonlight Mobile Theater production "Silence" was selected as a subsidy recipient in fiscal 2023 and performed outdoors between October 20–23 in the parking lot of a former Rinnai parts center. Rinnai will contribute to regional revitalization through resident exchanges and creative activities using the Nakagawa Canal as a stage.



ARToC10 subsidy recipient Moonlight Mobile Theater performs "Silence"

Rinnai Corporation, Actual Results in Fiscal 2023

- Support for restoration project on the Nakagawa Canal
- Nagoya Philharmonic Orchestra
- Campus Venture Grand Prix, Chubu Area
- Nagoya Shonen Shojo Hatsumeji Club (Invention and Innovation Youth Club)
- Keidanren Committee on Nature Conservation
- Chinese Spring Festival in Nagoya
- Green Fund
- Monozukuri Nihon Conference
- *Choju-no-Kai* (Classical Japanese dance)
- Sponsorship of RoboCupJunior Japan 2023
- Donations to Expo 2025 Osaka, Kansai, Japan

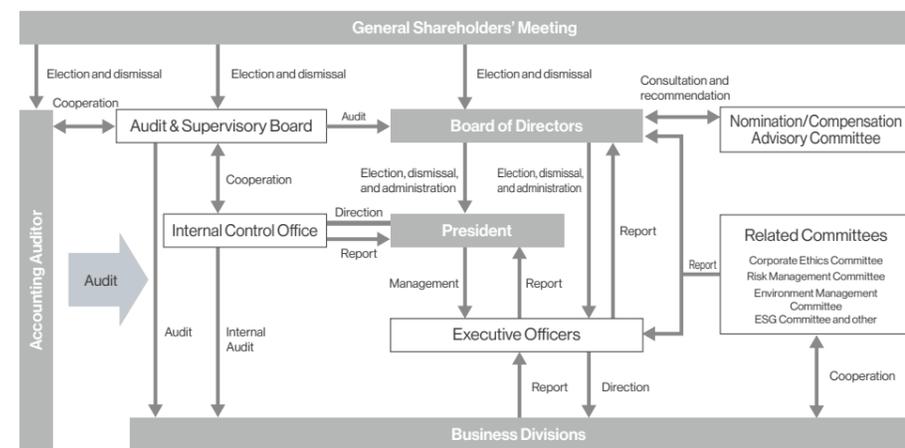
Social Contribution Amounts in Fiscal 2023

- Social contribution activities funding: ¥24,943,000
- Political donations: ¥1,210,000

Governance

Management Structure

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 verify 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 five 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.

Nomination Advisory Board and Compensation Advisory Board

Rinnai established a Nomination Advisory Board and a Compensation Advisory Board comprising a majority of outside independent directors as advisory bodies to the Board of Directors to ensure a higher degree of objectivity and transparency in the process of determining nominations and compensation for senior management and directors. Nominations and compensation of directors and executive officers are discussed by the respective advisory committee, with a final decision made by the Board of Directors.

Remuneration for Directors and Audit & Supervisory Board Members (Fiscal 2023)

Category	Total Remuneration (Millions of yen)	Total Remuneration by Item (Millions of yen)			Recipients (persons)
		Basic component	Annual bonus	Restricted stock	
Directors (including outside directors)	286 (16)	199 (16)	79 (—)	7 (—)	5 (2)
Audit & Supervisory Board members (including outside members)	44 (12)	44 (12)	— (—)	— (—)	5 (2)
Total (including outside members)	330 (28)	243 (28)	79 (—)	7 (—)	10 (4)

Director Compensation System

A summary of the details of the Company's policy for determining the content of compensation, etc. for individual directors is presented in 1. through 4. below. The "Basic principles on determining compensation for directors" stipulate that the Company shall continuously verify the appropriateness of 2. the structure of compensation system and 3. the level of compensation, which will be reviewed in fiscal 2024.

1. Basic principles on determining compensation for directors

- I. Promoting solid corporate value creation over the medium to long term
- II. Securing objectivity and transparency to underline our accountability to a broad range of stakeholders, including shareholders

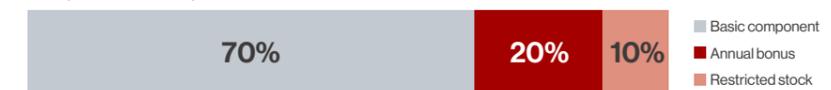
2. Structure of compensation

Compensation for directors consists of a basic component (fixed compensation) and a performance-linked component in a ratio of approximately 70:30 for the purpose of providing a sound motivation for increased corporate value and target achievement. Performance-linked compensation consists of an annual bonus, designed to promote steady attainment of performance targets every fiscal year, and a restricted stock compensation, designed to seek steady improvement of corporate value through sharing interests with shareholders by holding the Company's shares for the medium to long term.

Compensation for outside directors is limited to a basic component (fixed compensation) only, in order to promote proper conduct of their duties to supervise and give advice to management from a position independent of executive management.

The composition of compensation and summary of each component are as follows:

Composition of Compensation



3. Level of compensation

The level of compensation for directors (excluding outside directors) is set so that directors are strongly motivated to realize increased corporate value and attain goals through the concerted efforts of the entire Company. It is determined on the basis of position and duties and by using objective data on executive compensation gathered through a survey conducted by an outside expert agency (Willis Towers Watson's Executive Compensation Data) and using those of selected comparable companies as a benchmark.

4. Process of determining compensation

Policies on determining compensation for directors are deliberated objectively at a meeting of the Compensation Advisory Committee, composed of a majority outside directors, and ratified by resolution of the Board of Directors based on the Committee's recommendations. The amount of each director's compensation, including an assessment of an individual performance-evaluation component, is determined by deliberation of the Compensation Advisory Committee to which the Board of Directors has resolved to delegate authority, ensuring more objectivity and transparency in the process of determining compensation.

Deliberations of the Compensation Advisory Committee are conducted from an objective viewpoint and by referring to expertise about compensation systems. Accordingly, information is obtained from an outside expert agency (Willis Towers Watson in fiscal 2023) when necessary. The following are the members of the Compensation Advisory Committee who deliberated policies for fiscal 2023 and their activities during the fiscal year.

Members

- Nobuyuki Matsui, Outside Director (Chairman of the Committee)
- Tadashi Ogura, Outside Director
- Takashi Kamio, Outside Director
- Hiroyasu Naito, Inside Director

Activities

- May 18, 2022: Decision of annual bonus for fiscal 2022, and deliberation on compensation policies for fiscal 2023
- June 29, 2022: Deliberation on selection of Compensation Advisory Committee Chairman and individual amounts of compensation for officers (directors) for fiscal 2023

Governance

Leadership (As of June 29, 2023)

Board of Directors

Kenji Hayashi

Representative Director, Chairman of the Board

Career Summary and Current Position in the Corporation:

Apr. 1972 Joined Rinnai Corporation
 Sept. 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)

Current Representation in Other Companies: Outside Director at Nagoya Railroad Co., Ltd.

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)

Hideyuki Shiraki

Director, Senior Managing Executive Officer

Career Summary and Current Position and Responsibility in the Corporation:

Apr. 1989 Joined Rinnai Corporation
 Apr. 2017 Executive Officer, General Manager of Kanto Branch Office, Marketing & Sales Headquarters
 Apr. 2019 Executive Officer, Deputy General of Marketing & Sales Headquarters, concurrently, General Manager of Kanto Branch Office
 Jun. 2020 Managing Executive Officer, General Manager of Marketing & Sales Headquarters
 Apr. 2023 Senior Managing Executive Officer, General Manager of Marketing
 Jun. 2023 Director, Senior Managing Executive Officer, General Manager of Marketing (current)

Kazuto Inoue

Director, Senior Managing Executive Officer

Career Summary and Current Position and Responsibility in the Corporation:

Apr. 1985 Joined Rinnai Corporation
 Apr. 2008 Vice President of Rinnai Korea Corporation
 Jun. 2012 President of Rinnai Precision Co., Ltd.
 Apr. 2016 Executive Officer of the Corporation, General Manager of Production Control Division, Production Headquarters
 Apr. 2017 Executive Officer, Deputy General Manager of Production Headquarters
 Apr. 2018 Executive Officer, General Manager of Production Engineering Headquarters
 Apr. 2021 Managing Executive Officer, General Manager of Production Engineering Headquarters
 Apr. 2023 Senior Managing Executive Officer, General Manager of Production Engineering Headquarters
 Jun. 2023 Director, Senior Managing Executive Officer, General Manager of Production Engineering Headquarters (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, Advisor of Aichi Prefectural Government Office (Industrial Labor Section)
 Apr. 2012 Professor at Chubu University
 Jun. 2014 Outside Director, Rinnai Corporation (current)
 Apr. 2021 President at International Professional University of Technology in Nagoya (current)

Current Representation in Other Companies: Outside director at Aichi Tokei Denki Co., Ltd., President at International Professional University of Technology in Nagoya

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
 Jun. 2006 President at Towa Real Estate Co., Ltd. (currently, Toyota Fudosan Co., Ltd.)
 Jun. 2010 Director at Nakanihon Kogyo Co., Ltd.
 May 2010 Advisor at Toyota Motor Corporation
 Jun. 2010 Senior Advisor at Towa Real Estate Co., Ltd. (currently, Toyota Fudosan 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

Tadashi Ogura

Outside Director, Independent Officer

Career Summary and Current Position and Responsibility in the Corporation:

Apr. 1975 Joined Nippon Toki Co., Ltd. (currently, NORITAKE CO., LIMITED)
 Jun. 2005 Director at NORITAKE CO., LIMITED
 Apr. 2008 Director, & Managing Executive Officer at NORITAKE CO., LIMITED
 Jun. 2010 Director, & Senior Managing Executive Officer at NORITAKE CO., LIMITED
 Jun. 2011 Director & Vice President, Executive Officer at NORITAKE CO., LIMITED
 Apr. 2012 Representative Director & Vice President, Executive Officer at NORITAKE CO., LIMITED
 Jun. 2013 Representative Director & President, Executive Officer at NORITAKE CO., LIMITED
 Jun. 2018 Representative Director & Chairman at NORITAKE CO., LIMITED (current)
 Jun. 2023 Outside Director, Rinnai Corporation (current)

Current Representation in Other Companies:
 Representative Director & Chairman at NORITAKE CO., LIMITED

Yoko Dochi

Outside Director, Independent Officer

Career Summary and Current Position and Responsibility in the Corporation:

Apr. 1975 Joined The Bank of Tokyo, Ltd. (currently, MUFG Bank, Ltd.)
 Apr. 1993 Deputy General Manager of Finance Development Division at The Bank of Tokyo
 Sept. 1996 Joined World Bank Group (WBG)
 Sept. 1998 Investment Officer of International Finance Corporation under WBG
 May 2001 Joined Toyota Motor Europe S.A./N.V.
 Jan. 2013 General Manager of Investor Relations at Toyota Motor Europe S.A./N.V.
 Jan. 2015 General Manager of Global Treasury and Investor Relations at Toyota Motor Europe S.A./N.V.
 Jun. 2018 In charge of Investors Relations and Accounting Division, and Stock Group at Toyota Motor Corporation
 Nov. 2018 Joined SoftBank Group Corp. In charge of Finance, General Manager of Investor Relations
 Feb. 2020 Joined SoftBank Group International Managing Partner, Head of Investor Relations
 Jun. 2020 Outside Director of NIPPO LTD. (current)
 Jun. 2023 Outside Director, Rinnai Corporation (current)

Current Representation in Other Companies:
 Outside Director of NIPPO LTD. Trustee of Daiwa Anglo-Japanese Foundation

Audit & Supervisory Board Members

Kinji Mori

Standing Audit & Supervisory Board Member

Career Summary and Current Position in the Corporation:

Apr. 1981 Joined Rinnai Corporation
 Apr. 2010 Executive Officer, General Manager of Product Development Division, Research & Development Headquarters
 Apr. 2011 Executive Officer, Deputy General Manager of Research & Development Headquarters, General Manager of Product Development Division
 Apr. 2016 Managing Executive Officer, General Manager of Research & Development Headquarters
 Apr. 2018 Managing Executive Officer, General Manager of Research & Development Headquarters, General Manager of Technology Administration Division
 Apr. 2019 Managing Executive Officer, General Manager of Quality Assurance Headquarters, General Manager of Environment Division
 Jun. 2022 Standing Audit & Supervisory Board Member (current)

Masanori Shimizu

Standing Audit & Supervisory Board Member

Career Summary and Current Position in the Corporation:

Apr. 1984 Joined Rinnai Corporation
 Apr. 2016 Executive Officer, General Manager of Technology Development Division, Research & Development Headquarters
 Apr. 2021 Executive Officer, Deputy General Manager of Quality Assurance Headquarters, concurrently General Manager of Quality Assurance Division
 Apr. 2022 Senior Executive Officer, General Manager of Quality Assurance Headquarters
 Jun. 2023 Standing Audit & Supervisory Board Member (current)

Masaaki Matsuoka

Outside Independent Audit & Supervisory Board Member

Career Summary and Current Position in the Corporation:

Sept. 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.

Ippei Watanabe

Outside Independent Audit & Supervisory Board Member

Career Summary and Current Position in the Corporation:

Apr. 1978 Registration of attorney
 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)

Executive Officers (excluding concurrent directors)

Managing Executive Officer	Chuji Nakashima	General Manager of Quality Assurance Headquarters
Managing Executive Officer	Hirohisa Ooi	General Manager of Production Headquarters
Managing Executive Officer	Takuya Ogawa	General Manager of Corporate Planning Headquarters
Managing Executive Officer	Yoshihiko Takasu	General Manager of Research & Development Headquarters, and General Manager of Technology Administration Division
Senior Executive Officer	Kenichi Ebata	General Manager of President's Office, and General Manager of General Affairs Division
Senior Executive Officer	Hayao Nishizawa	General Manager of Overseas Business Headquarters
Executive Officer	Katsunori Tanioka	General Manager of Chubu Branch, Marketing & Sales Headquarters
Executive Officer	Hiroyuki Hoyano	General Manager of Kanto Branch, Marketing & Sales Headquarters
Executive Officer	Atsuo Kashima	General Manager of Accounting Division
Executive Officer	Daisuke Naito	Deputy General Manager of Overseas Business Headquarters
Executive Officer	Kenji Endo	President of RB Controls Co., Ltd. and President of Noto Tech Co., Ltd.

Governance

Skills Matrix of Directors

	Corporate management	Global management	Technology <Development/Production/Environment (E)>	Business Plans/Marketing	Finance/Accounting/Capital Policy	Human Resources Strategy (S)	Governance (G)/Legal Matters	ESG/Sustainability	IT/Digital Transformation (DX)
Kenji Hayashi	●	●	—	—	●	●	●	—	—
Hiroyasu Naito	●	●	●	—	●	—	—	●	—
Tsunenori Narita	●	—	●	●	—	●	—	—	—
Hideyuki Shiraki	—	—	—	●	—	●	—	—	●
Kazuto Inoue	—	●	●	—	—	—	—	—	●
Nobuyuki Matsui	—	—	●	—	—	●	●	—	●
Takashi Kamio	●	●	—	●	—	—	●	—	—
Tadashi Ogura	●	—	●	—	—	●	●	—	—
Yoko Dochi	—	●	—	—	●	—	—	●	—

* This table does not show all of the skills possessed by each Director.

Reasons behind Selecting Eight-Point Skills Matrix

Corporate management	It is vital for Rinnai, which seeks to address global social challenges through core technologies under the business themes of "heat and lifestyles" and "health and lifestyles," to have directors who possess a wealth of knowledge in consumer services as well as management experience at manufacturing companies, research facilities and other organizations.
Global management	Rinnai must have directors who possess overseas business management experience and a deep understanding of and involvement at the local level, that is, the local lifestyle and culture and the environment, to support business expansion in global markets, particularly Japan, the United States and China, and to support sustainable growth.
Technology <Development/Production/Environment>	Basic research into the use of all sorts of energy sources and component development as well as measures to maintain a highly reliable production system are essential to an expanded lineup of products that contribute to "heat and lifestyles" and "health and lifestyles," and Rinnai must therefore have directors with demonstrated knowledge and experience in development, production and the environment.
Business Plans/Marketing	Rinnai must have directors with demonstrated knowledge and experience in business planning and marketing to gather information on the real needs of consumers and develop product planning and sales planning matched to these needs, and to reinforce business activities related to direct sales.
Finance/Accounting/Capital Policy	Rinnai must have directors with demonstrated knowledge and experience in financial, accounting and capital policy disciplines for optimum allocation to strategic investments, return to shareholders and risk-responsive capital from the current added-value and profit-emphasis management perspective as well as a medium-term perspective.
Human Resources Strategy (S)	Rinnai must have directors with demonstrated knowledge and experience in human resources development, workplace creation, health management and diversity-oriented hiring to realize personnel system reform that encourages employees to challenge themselves and strive for personal fulfillment, and to present new workstyles and improve brand power.
Governance (G)/Legal Matters	Rinnai must have directors with demonstrated knowledge and experience in corporate governance, risk management and legal matters to maintain the appropriate global governance structure and keep business activities going in a fair and equitable workplace environment.
ESG/Sustainability	Directors with solid knowledge and experience in the field of ESG and sustainability are needed to solve social issues as well as to incorporate them into business activities as earnings opportunities toward the realization of a sustainable society.
IT/Digital Transformation (DX)	Rinnai must have directors with demonstrated knowledge and experience in IT and DX, not only to promote digital transformation throughout the Corporation but also to establish an information infrastructure to thwart cyberattacks and to utilize leading-edge information technologies.

Messages from Newly Appointed Outside Directors



Tadashi Ogura
Outside Director

I served as President and Chairman of NORITAKE CO., LIMITED, which was founded as a maker of Western-style tableware, but now industrial products such as grinding and polishing tools account for 95% of its sales. I first joined that company's R&D Division followed by stints in the Engineering Division and Human Resources Division and then by six years as general manager at two plants. During my tenure as President, I invited Toyota Production System (TPS) trainers from Toyota Motor Corporation and promoted *monozukuri* activities throughout the company for more than 10 years. Furthermore, as Chairman of the Chubu Productivity Center until May 2023, I had been involved in activities that contribute to the improvement of productivity necessary for the sustainable growth of companies. Through these experiences, I became keenly aware that improving productivity depends on people and how critical it is to support their growth, create workplaces where they can express their abilities, and foster their engagement there.

Since its founding in the Chubu region, the heart of *monozukuri* in Japan, Rinnai has developed its heat energy appliance business by cultivating heat-related technologies underpinned by the fundamental concept of "Quality is our destiny." As it aims to continue going out in the world and take on challenges, in my opinion Rinnai must create synergies through the formation of diverse human capital and partnerships with universities and other external institutions to generate innovation on a sustained basis. I will do my utmost to contribute my knowledge and experience to the advancement of the Company.



Yoko Dochi
Outside Director

For more than 20 years, I have been at the front lines of numerous dialogues with investors and shareholders in Japan and overseas as the general manager and head of investor relations for Toyota Motor Corporation and SoftBank Group Corp.

I aim to apply the skills and experience cultivated in building relationships of trust through dialogue on business strategy, finance, technology, ESG (environmental, social, and governance), and other issues at various stages of growth and in various management environments. In this way, I aim to be a Director with a high level of sensitivity so that I can always understand investor and shareholder expectations, interests, and concerns regarding Rinnai and reflect them in discussions at our board meetings.

Rinnai has been a *monozukuri* company for more than 100 years and has just started running toward its next century. Going forward, against the backdrop of the global demand for carbon neutrality, it will become increasingly vital for its core business, which is led by gas appliances, to respond to the diversification of energy sources and decarbonization. As Rinnai seeks to achieve sustainable growth and enhance its corporate value toward the next 100 years of its history, I would like to contribute to the decision-making process related to future-oriented growth strategies and capital policies that are inextricably linked to these strategies, from the perspectives of different industries, a global view, and from the viewpoint of its stakeholders.

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 Group employees including those outside of Japan.

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.



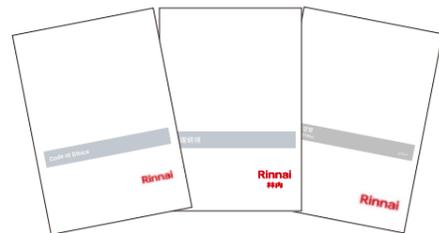
Code of Ethics summary awareness meeting (Rinnai (Thailand))



Code of Ethics summary awareness meeting (Guangzhou Rinnai Gas and Electric Appliance)



Rinnai (New Zealand) written pledges



Rinnai Group Code of Ethics (English, Chinese and Korean versions)

Compliance Education Activities

Rinnai conducts compliance education during employee training for new recruits and by rank, with 254 employees attending in fiscal 2023. We also provided education for all employees with regard to compliance in their private lives, including the use of social media services. Further, we posted information on legal revisions, explanations of laws related to business operations, and examples of violations by other companies on the Company intranet to provide a variety of information to Group company employees in Japan.

Confirmation and Modification of Compliance Activities

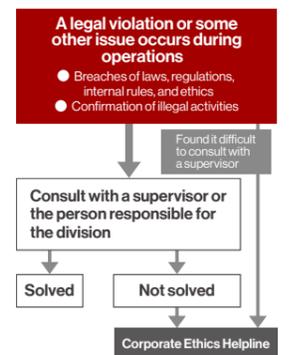
Every year, we conduct employee questionnaires to ascertain how deeply ingrained elements of our Corporate Philosophy have become. In fiscal 2023, these showed that 99.8% of respondents were familiar with the Company Motto, 98.7% of respondents recognized Rinnai Brand Promise, and 96.8% understood our Corporate Mission.

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

Facilitation of Internal Reporting System

In the event it is confirmed that a domestic Group employee or a former employee in their first year of retirement has violated laws, regulations, internal rules, or engaged in misconduct, or is likely to engage in these actions, and it is difficult to report to or consult with a supervisor or divisional head, employees can utilize the Corporate Ethics Helpline internal reporting system. 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 reported the matter, and we also pay full attention to the protection of privacy of the person who made the report.

In fiscal 2023, the helpline received 16 reports and requests for advice. Appropriate measures have been taken, including investigation and confirmation of the facts in these cases of alleged misconduct



Governance

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 2023, 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, a 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 2023, 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

Internal control reports (See: <https://www.rinnai.co.jp/ir/internal/>) (in Japanese only)

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.

Disclosure policy (See: <https://www.rinnai.co.jp/en/ir/disclosure/>)

Governance

Risk Management

Risk Management Policy

As society becomes increasingly complex, companies face a variety of risks. As a manufacturer of thermal energy equipment that supports people's daily lives, we believe it is our social responsibility to continue to provide products in a stable manner. We are committed to risk management to live up to the trust of our customers and society and to conduct stable business activities.

Promotion Structure

Rinnai's Risk Management Committee is comprised mainly of executive officers and divisional heads with the President serving as Chairman. The Risk Management Committee identifies risks that may affect life, Rinnai's reputation, business activities, and assets, and prepares a List of Material Risks, which evaluates the importance of each item in terms of magnitude of impact and potential frequency of occurrence. The Committee also determines which business divisions have a primary responsibility for each type of risk. These divisions discuss and work on developing mechanisms to prevent risks from materializing, rapidly resolve crises, minimize any damage that may occur as a result, and prevent recurrences. The Committee works with all divisions and Group companies to mitigate risks and enhance risk response capabilities.

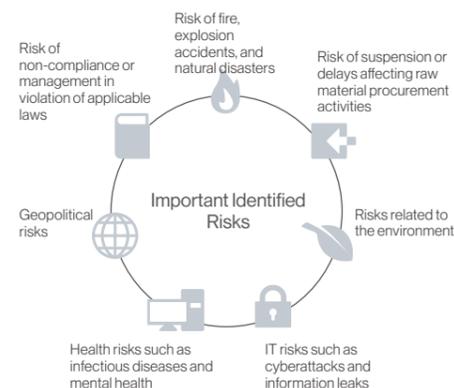
Material Risks (Excerpted)		
Management Risk	<ul style="list-style-type: none"> • Compliance • Product accident defects • Labor-related • Environment 	<ul style="list-style-type: none"> • Intellectual property • Supply chain • Market environment, etc.
Financial Risk	<ul style="list-style-type: none"> • Foreign exchange rates 	<ul style="list-style-type: none"> • Taxation, etc.
Accident and Disaster Risk	<ul style="list-style-type: none"> • Production shutdowns, etc. 	
IT Risk	<ul style="list-style-type: none"> • Cyberattacks 	<ul style="list-style-type: none"> • Information leakage, etc.
Health Risk	<ul style="list-style-type: none"> • Infectious diseases 	<ul style="list-style-type: none"> • Mental health, etc.
Country Risk	<ul style="list-style-type: none"> • Geopolitical risk, etc. 	

Promotion of Business Continuity

In the event of a major risk such as a natural disaster, fire, or infectious disease materializing, we envision that business operations may be suspended for a long time, resulting in significant losses and having a serious impact on stakeholders. 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 continuity planning (BCP).

Response to Natural Disasters

Rinnai's business sites are concentrated in the Chubu region. To prepare for a Nankai Trough Mega Earthquake that is said to occur within the next 30 years, we are promoting Companywide seismic and disaster prevention measures and reviewing our BCP. In addition, all employees participate in annual drills using the safety confirmation system.



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.

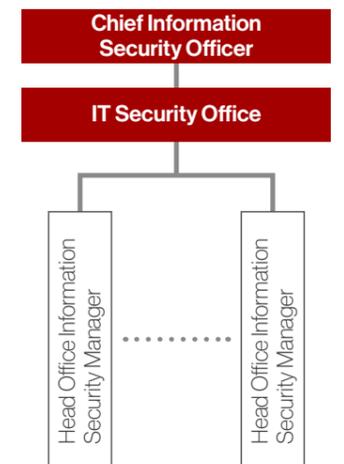
Amid necessary preparations for cyberattacks, we are working daily to further strengthen information security measures throughout the entire Group in accordance with these policies.

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.



Information Security System Diagram

Implementation of Information Security Measures

To combat intensifying cyberattacks, Rinnai has implemented countermeasures targeting computer viruses and unauthorized access and has also strengthened attack e-mail filters. We are also working to detect cyberattacks by collaborating with third-party security specialists and establishing an information security monitoring system. To prevent damage from cyberattacks, we are also working daily to improve our response and recovery measures in the event of an attack. Furthermore, measures to prevent information leaks include the encryption of data before information assets are removed from company premises, control of devices such as USB memory sticks, management of access to each worksite, and led controlled access to sensitive areas.

Also, when a new system for internal use is deployed, system requirements are set forth in internal standards. Requirements are reviewed periodically and efforts made to maintain and improve the security level of the internal systems.

Governance

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 the information assets used in business activities.

In fiscal 2023, we conducted education on the themes of "cyberattack mails." Education is provided to all employees who use personal computers via e-learning. We regularly release videos of our training content to facilitate employee understanding and learning.

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.



Fiscal 2024 new employee group training

Information Security Countermeasures Status Verification

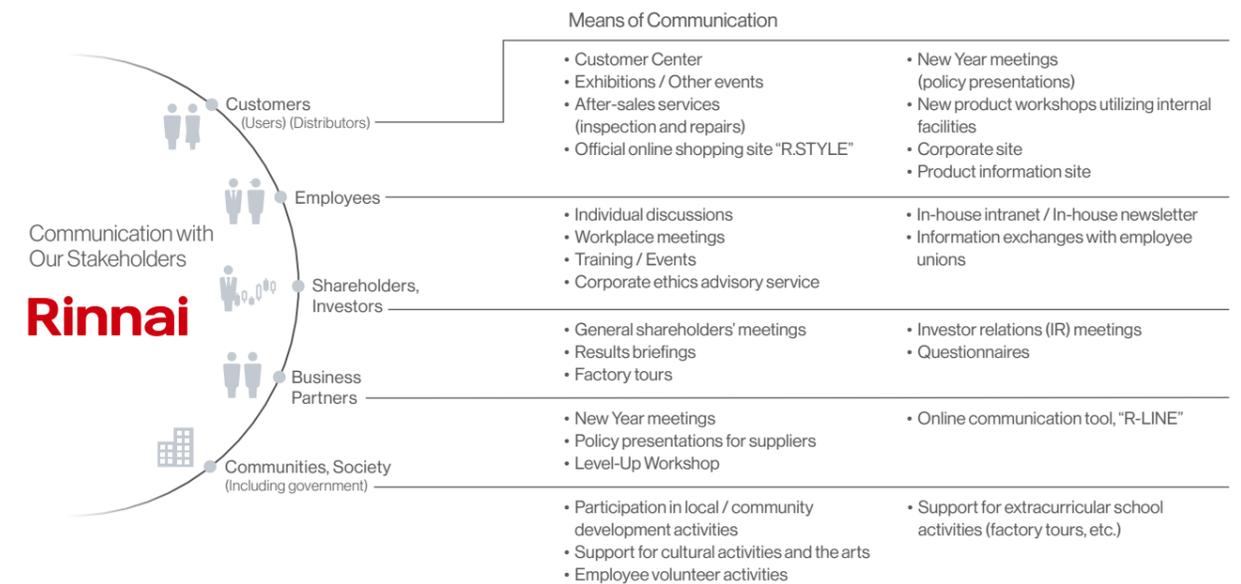
The Rinnai Group conducts IT assessments to inspect the status of information security measures at overseas Group companies and to strengthen governance. We set goals for information security measures to enhance the capabilities of the entire Rinnai Group.

Additionally, in order to objectively evaluate information security initiatives, Rinnai's Product Inspection Center acquired ISMS certification (ISO 27001). To facilitate even more appropriate handling of important information from customers, we created an information security management system and promote ongoing improvements to information security countermeasures.

Currently, we are gradually rolling out information security management systems in each organization, and promoting continuous improvements to information security countermeasures.

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.



Feedback from the Nikkei Integrated Report Award 2022

Rinnai entered the Nikkei Integrated Report Award 2022 sponsored by Nikkei, Inc., receiving a wealth of evaluative feedback from judges that we will consider reflecting in subsequent issues of the Rinnai Report.

Main Points of Evaluation

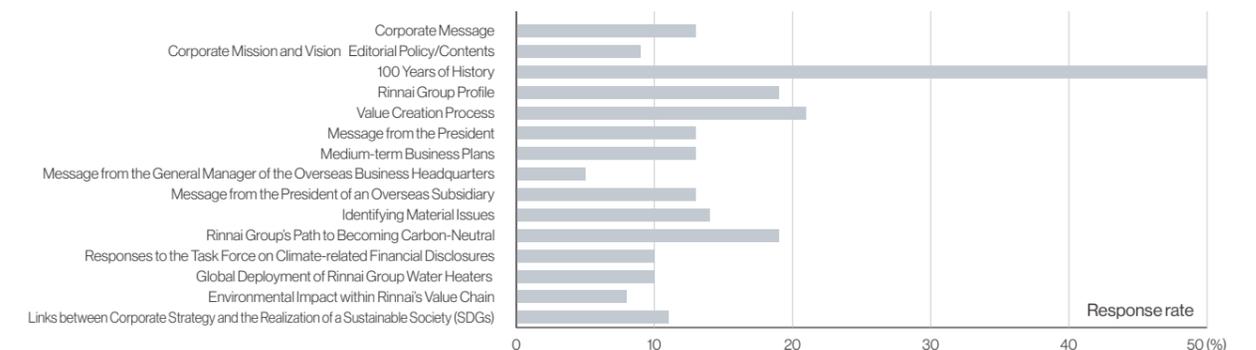
- The Message from the President effectively discusses management strategies and human capital in a well-balanced manner.
- The materiality discussion is detailed and complete.
- Rinnai provides extensive environmental disclosure, carefully explaining the SDGs concept and the financial impacts of the TCFD recommendations.

Main Issues

- There are no overviews or explanations of business environments for each segment (region).
- There is not enough discussion of financial policies, including financial strategies and investment details, by the director in charge of finance.
- The report does not cover the effectiveness of the Board of Directors, descriptions of various committees, or topics discussed during Board meetings.

Results of Questionnaire Regarding Rinnai Report 2022 (Integrated report) n=227

We sent a questionnaire to readers of our Rinnai Report 2022 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

		FY2013	FY2014	FY2015 ¹	FY2016 ¹		FY2017 ¹	FY2018 ¹	FY2019	FY2020	FY2021	FY2022	FY2023
Net sales	(Millions of yen)	251,832	286,981	295,022	319,935		330,256	347,071	348,022	340,460	344,364	366,185	425,229
Operating income	(Millions of yen)	26,351	34,018	30,787	34,593		34,056	32,849	30,879	34,422	40,690	35,864	41,418
Operating income margin	(%)	10.5	11.9	10.4	10.8		10.3	9.5	8.9	10.1	11.8	9.8	9.7
Ordinary income	(Millions of yen)	29,064	36,910	32,938	35,807		35,280	34,286	33,318	35,679	42,400	39,060	44,565
Net income attributable to owners of the parent company	(Millions of yen)	19,371	23,254	20,647	22,710		22,322	21,194	20,480	21,561	27,581	23,748	26,096
Total net assets	(Millions of yen)	178,007	232,635	261,414	271,709		290,638	307,965	320,696	340,959	371,318	378,856	407,199
Total assets	(Millions of yen)	262,590	334,382	355,140	368,084		402,107	422,422	430,885	450,486	497,291	512,867	547,114
Net assets per share	(Yen)	3,516.11	4,245.48	4,742.42	4,924.24		5,245.62	5,589.17	5,819.80	6,140.52	6,660.40	6,889.76	7,462.80
Net income per share	(Yen)	394.86	454.74	397.03	436.71		429.27	410.41	398.45	419.49	536.62	470.39	530.76
Equity ratio	(%)	65.7	66.0	69.4	69.6		67.8	68.0	69.4	70.1	68.8	66.9	66.6
Return on equity	(%)	12.0	11.8	8.8	9.0		8.4	7.6	7.0	7.0	8.4	6.9	7.4
Cash flows from operating activities	(Millions of yen)	22,872	36,453	25,671	36,066		39,554	29,914	29,479	37,694	49,491	28,696	19,387
Cash flows from investing activities	(Millions of yen)	(12,607)	(32,908)	(23,649)	(17,770)		(17,732)	(12,190)	(7,288)	(7,124)	(15,820)	(25,486)	(30,087)
Cash flows from financing activities	(Millions of yen)	(5,002)	13,183	(8,659)	(6,554)		(5,217)	(11,725)	(6,150)	(6,436)	(7,269)	(27,109)	(21,313)
Cash and cash equivalents at end of year	(Millions of yen)	55,030	74,279	69,340	79,600		95,297	101,697	116,133	140,138	166,524	147,972	120,213
Capital expenditures	(Millions of yen)	8,222	12,439	13,774	16,938		20,664	16,105	13,481	10,580	13,301	22,682	26,521
Research and development expenses	(Millions of yen)	8,060	8,380	8,895	9,113		9,340	9,918	9,503	9,308	11,802	12,762	13,458
Dividends	(Yen)	60	68	76	82		86	90	94	98	125	140	160 ²
Payout ratio	(%)	15.2	15.0	19.1	18.8		20.0	21.9	23.6	23.4	23.3	29.8	30.1
Number of outstanding shares	(Shares)	54,216,463	52,216,463	52,216,463	52,216,463		52,216,463	51,616,463	51,616,463	51,616,463	51,616,463	50,021,057	50,021,057 ²
Closing price at the end of the period	(Yen)	6,770	9,070	8,910	9,940		9,230	10,100	7,830	7,650	12,390	9,170	9,705 ²
Market capitalization	(Millions of yen)	367,045	473,603	465,249	519,032		481,958	521,326	404,157	394,866	639,528	458,693	485,454
Three stock splits ²													
Dividends	(Yen)	20.0	22.6	25.3	27.3		28.6	30.0	31.3	32.6	41.6	46.6	53.3
Number of outstanding shares	(Shares)	162,649,389	156,649,389	156,649,389	156,649,389		156,649,389	154,849,389	154,849,389	154,849,389	154,849,389	150,063,171	150,063,171
Closing price at the end of the period	(Yen)	2,257	3,023	2,970	3,313		3,077	3,367	2,610	2,550	4,130	3,057	3,235
Net assets per share	(Yen)	1,172.04	1,415.16	1,580.81	1,641.41		1,748.54	1,863.06	1,939.93	2,046.84	2,220.13	2,296.59	2,487.60
Net income per share	(Yen)	131.62	151.58	132.34	145.57		143.09	136.80	132.82	139.83	178.87	156.80	176.92

¹We have applied the Partial Revisions to Accounting Standards for Tax Effect Accounting (Corporate Accounting Standards No. 28, February 16, 2018) since fiscal 2019.

As such, figures for fiscal 2015–fiscal 2018 have been adjusted to retroactively apply said accounting standards.

²On April 1, 2023, we conducted a three-for-one stock split of our common stock.

Data Collection

Financial Data

		(Millions of yen)	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Results of profit and loss	Consolidated	Net sales	286,981	295,022	319,935	330,256	347,071	348,022	340,460	344,364	366,185	425,229
		Operating income	34,018	30,787	34,593	34,056	32,849	30,879	34,422	40,690	35,864	41,418
		Ordinary income	36,910	32,938	35,807	35,280	34,286	33,318	35,679	42,400	39,060	44,565
		Net income	23,254	20,647	22,710	22,322	21,194	20,480	21,561	27,581	23,748	26,096
	Rinnai Corporation	Net sales	205,598	190,475	197,592	198,870	201,936	206,015	207,805	212,388	204,929	242,442
		Operating income	24,278	18,675	20,191	18,814	15,378	14,602	17,359	20,612	14,275	19,871
		Ordinary income	27,138	22,073	21,946	21,512	18,466	19,026	20,295	23,515	19,975	24,796
		Net income	18,176	15,339	15,602	16,215	13,850	14,175	15,058	18,208	15,435	18,530
	Domestic consolidated and affiliated companies	Net sales	105,111	99,967	99,599	124,806	125,536	122,181	101,938	104,234	98,019	113,350
		Operating income	2,775	2,086	2,552	3,626	2,749	2,748	3,248	3,859	2,988	3,405
		Ordinary income	2,881	2,199	2,735	3,837	2,924	3,014	3,476	4,090	3,391	3,860
		Net income	1,889	1,426	1,902	2,029	2,069	2,087	2,475	2,948	2,416	2,720
	Overseas consolidated companies	Net sales	99,152	126,880	149,987	149,917	169,125	175,756	171,409	170,830	207,746	241,425
		Operating income	7,255	9,921	11,636	12,453	14,765	13,640	12,242	14,959	19,142	20,313
		Ordinary income	8,260	11,026	12,542	13,060	15,555	14,932	13,182	16,264	20,885	22,348
		Net income	6,006	8,497	9,236	9,411	11,673	11,510	10,604	13,369	16,552	18,082
Total	Net sales	409,862	417,323	447,178	473,595	496,597	503,953	481,153	487,453	510,695	597,218	
	Operating income	34,308	30,682	34,894	34,894	32,893	30,991	36,850	39,431	36,405	43,590	
	Ordinary income	38,280	35,299	37,224	38,409	36,946	36,973	36,954	43,869	44,252	51,004	
	Net income	26,071	25,262	26,741	27,655	27,593	27,773	28,138	34,525	34,404	39,333	
Sales by product	Consolidated	Water heaters	146,883	153,697	169,623	188,202	202,387	202,630	196,122	195,755	211,026	258,658
		Kitchen appliances	88,031	90,838	93,340	88,456	88,364	88,322	86,193	88,441	85,531	91,780
		Conditioning appliances	16,716	14,972	19,463	17,952	19,084	19,642	19,084	18,901	19,013	21,109
		Commercial-use appliances	7,552	9,227	10,041	9,122	9,499	8,452	8,556	7,726	9,007	10,669
		Others	27,797	26,287	27,466	26,521	27,735	28,974	30,685	33,428	39,509	42,179
	Rinnai Corporation	Water heaters	103,942	99,636	105,999	109,258	112,561	116,810	115,908	118,052	113,587	143,405
		Kitchen appliances	71,953	62,236	62,849	61,359	59,509	58,852	59,934	60,598	55,744	56,945
		Conditioning appliances	12,069	10,725	9,965	8,945	9,535	9,139	8,658	8,369	8,102	9,625
		Commercial-use appliances	2,692	2,673	2,675	2,629	2,308	2,226	2,225	1,997	2,291	2,470
		Others	14,941	15,203	16,103	16,677	18,021	18,986	21,079	23,369	25,202	29,995
	Domestic consolidated and affiliated companies	Water heaters	27,199	26,714	28,259	51,822	52,280	49,210	33,583	34,343	32,282	42,046
		Kitchen appliances	28,435	24,006	22,260	21,139	19,128	18,934	15,611	15,873	13,601	13,735
		Conditioning appliances	1,051	786	628	669	678	714	704	846	852	878
		Commercial-use appliances	1,474	1,620	1,590	1,609	1,501	1,337	1,363	3,903	1,453	1,515
		Others	46,949	46,838	46,859	49,564	51,946	51,985	50,676	49,267	49,829	55,174
	Overseas consolidated companies	Water heaters	57,906	70,902	84,335	88,082	104,149	110,131	107,979	107,315	134,938	160,612
		Kitchen appliances	15,828	29,246	31,346	28,368	29,809	30,746	29,736	30,382	32,680	37,484
		Conditioning appliances	7,631	7,309	12,828	12,212	13,116	13,791	13,294	13,593	15,540	15,921
		Commercial-use appliances	5,311	7,114	8,010	7,206	7,689	6,708	6,943	6,134	7,196	8,886
		Others	12,474	12,307	13,465	14,047	14,360	14,379	13,454	13,403	17,390	18,520
Total	Water heaters	189,048	197,253	218,594	249,163	268,992	276,151	257,471	259,712	280,808	346,064	
	Kitchen appliances	116,217	115,489	116,457	110,868	108,448	108,533	105,282	106,854	102,026	108,166	
	Conditioning appliances	20,753	18,822	23,422	21,827	23,329	23,645	22,657	22,810	24,495	26,425	
	Commercial-use appliances	9,477	11,408	12,276	11,445	11,498	10,272	10,532	12,035	10,942	12,872	
	Others	74,364	74,349	76,427	80,290	84,328	85,351	85,210	86,040	92,422	103,690	
Results of profit and loss by overseas consolidated subsidiaries (Before elimination of consolidation)	Rinnai America	Net sales	15,487	17,754	22,602	23,504	27,738	30,390	33,133	36,971	44,752	55,750
		Operating income	845	1,020	1,817	1,661	2,207	1,491	2,032	2,187	2,012	306
		Ordinary income	849	1,036	1,841	1,644	2,219	1,481	2,025	2,187	2,003	210
		Net income	536	667	1,145	1,037	1,254	1,100	1,436	1,742	1,475	160
	Rinnai Australia	Net sales	15,272	15,360	23,137	21,515	23,585	25,033	23,760	24,404	25,895	27,771
		Operating income	2,337	1,456	1,366	1,461	1,803	1,720	593	928	1,615	1,167
		Ordinary income	2,776	1,634	1,522	1,447	1,847	2,065	393	839	1,928	1,208
		Net income	1,939	1,130	1,049	998	1,208	1,459	262	639	1,286	854
	Shanghai Rinnai	Net sales	20,652	27,202	33,958	37,448	45,969	47,511	43,628	39,192	52,131	64,249
		Operating income	1,650	2,174	2,727	3,136	5,133	5,088	5,593	5,512	7,117	9,591
		Ordinary income	1,817	2,472	3,016	3,268	5,223	5,319	5,868	6,186	8,278	11,377
		Net income	1,461	1,972	2,378	2,519	4,283	4,378	5,228	5,492	7,306	9,980
	Rinnai Korea	Net sales	25,054	31,215	33,594	32,254	34,905	32,803	27,535	27,506	30,298	30,840
		Operating income	407	1,371	1,356	1,233	727	102	(1,382)	58	906	672
		Ordinary income	519	1,236	1,551	1,306	802	269	(1,248)	165	1,036	818
		Net income	301	1,184	1,144	1,043	499	242	(987)	126	812	503
Rinnai Indonesia*	Net sales	-	11,733	11,640	11,327	12,041	12,840	11,263	11,766	14,297	16,997	
	Operating income	-	1,366	1,486	2,052	1,952	1,828	1,600	2,423	2,826	2,400	
	Ordinary income	-	1,879	1,707	2,295	2,209	2,076	1,906	2,785	3,116	2,632	
	Net income	-	1,456	1,334	1,776	1,720	1,620	1,504	2,248	2,487	2,104	

Note: Before conversion to a wholly owned subsidiary, thus no data is available prior to the fiscal year ended March 31, 2014.

Data Collection

Human Resource- and Personnel-related Data

The Rinnai Group

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

		Fiscal 2021	Fiscal 2022	Fiscal 2023
Rinnai Corporation	Male	2,619	2,533	2,542
	Female	1,103	1,072	1,045
Domestic Group companies	Male	1,290	1,273	1,268
	Female	696	688	689
Overseas Group companies	Male	3,245	3,553	3,736
	Female	1,433	1,658	1,870
Total		10,386	10,777	11,150

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

		Fiscal 2021	Fiscal 2022	Fiscal 2023	Composition
Japan	Male	3,909	3,806	3,810	—
	Female	1,799	1,760	1,734	—
	Subtotal	5,708	5,566	5,544	49.72%
Asia, excluding Japan	Male	2,451	2,501	2,520	—
	Female	1,094	1,242	1,280	—
	Subtotal	3,545	3,743	3,800	34.08%
North America	Male	217	408	540	—
	Female	109	173	350	—
	Subtotal	326	581	890	7.98%
Other (Oceania, South America, and Europe)	Male	577	644	676	—
	Female	230	243	240	—
	Subtotal	807	887	916	8.22%
Total		10,386	10,777	11,150	100%

Fiscal 2023 Female ratio
31.3%
33.7%
39.3%
26.2%
32.3%

Rinnai Corporation Employee Ages

		Fiscal 2021	Fiscal 2022	Fiscal 2023
Under 30	Male	534	447	445
	Female	329	271	232
	Subtotal	863	718	677
30–39	Male	756	733	715
	Female	434	451	433
	Subtotal	1,190	1,184	1,148
40–49	Male	641	606	573
	Female	232	233	248
	Subtotal	873	839	821
50–59	Male	676	730	759
	Female	107	116	123
	Subtotal	783	846	882
60 or older	Male	12	17	50
	Female	1	1	9
	Subtotal	13	18	59
Number of non-Japanese employees	Subtotal	4	5	4

Number of Employees (Non-consolidated)

		Fiscal 2021	Fiscal 2022	Fiscal 2023				
Newly recruited employees	Male	66	71	89	Newly recruited employee retention	Male	66	58
	Female	35	13	14		Female	35	29
	Subtotal	101	84	103		Subtotal	101	87
	Mid-career recruitment	Male	0	7		5		
Mid-career recruitment rate (%)	Female	1	1	6				
	Subtotal	1	8	11				
Temporary staff	Subtotal	194	178	181				
Average working years	Male	17.9	18.7	19.1				
	Female	14.2	15.3	16.2				
	Subtotal	16.8	17.7	18.3				
Average age (Years old)	Male	40.1	41.0	41.4				
	Female	35.3	36.3	37.3				
	Subtotal	38.7	39.6	40.2				

	Executive Position	Female	Male	Non-Japanese	Ratio of Women (%)
Managerial Position Appointment Status (People) * End-FY2023 Compiled from the Rinnai Corporation	Supervisory position	4	709	0	0.56
	Of which are general managers or higher	0	43	0	0
	Director	0	23	0	0
	Of which are executive directors	0	14	0	0

		Fiscal 2021	Fiscal 2022	Fiscal 2023
Voluntary termination rate (%)		1.8	1.2	2.8
Paid leave * Rinnai parent, Based on the status of leave taken by permanent employees	Maximum number of days added with paid leave	20	20	20
	Average number of days taken with paid leave	12.2	14.0	11.6
	Utilization ratio (%)	63	70	61
Employment of persons with disabilities	Number of persons with disabilities	79	82	79
	Employment rate (%)	2.22	2.33	2.19
Number of OJT accidents * Includes domestic consolidated subsidiaries	Number of accidents	28	26	25
	Number of disasters (LTIFR)	0.56	0.00	0.74
Number of employees on mental health leave		20	31	21
Periodic health checkup participation ratio		100	100	100
Secondary health checkup participation ratio		72.3	88.6	91.7
Smoking ratio		21.8	19.9	19.4
Participation ratio in measures ¹ for high-risk individuals ² (%)		100	100	100
Stress check test taker ratio (%)		95.4	94.4	95.8
Number of employees who used childcare leave		62	63	64
Number of employees who took childcare leave of absence	Male	4	7	18
	Female	95	123	91
	Subtotal	99	130	109
Proportion of employees who took maternity leave (%)	Male	3.3	6.5	21.7
	Female	103.3	85.7	106.4
Proportion of employees who return to work after taking parental leave (%)	Male	100	100	100
	Female	98	97	98
	Subtotal	99	99	99
Number of employees who used shortened work hours	Male	0	4	2
	Female	161	199	215
	Subtotal	161	203	217
Number of employees who used family care leave	Male	1	2	4
	Female	27	38	59
	Subtotal	28	40	63
Number of employees who used nursing leave	Male	2	3	4
	Female	3	2	9
	Subtotal	5	5	13
Number of employees who took nursing leave of absence	Male	0	0	1
	Female	5	1	0
	Subtotal	5	1	1
Number of employees who used our reemployment (Come Back) system	Male	0	0	0
	Female	0	0	1
	Subtotal	0	0	1
Number of employees who used the work from home program	Male	835	512	806
	Female	247	210	233
	Subtotal	1,082	722	1,039

¹ Employees who have two or more of the "Recommended Value for Medical Examination" items and have at least one untreated item.

² Measures to prevent aggravation of health insurance

		Fiscal 2021	Fiscal 2022	Fiscal 2023
Working Hours	Annual total actual working hours per employee	1,952	2,054	2,065
	Annual non-scheduled working hours per employee	176.7	211.3	246.7
	Average overtime per month (Hours)	14.7	17.6	19.9
	Average annual salary	6,440,168	6,532,997	6,671,135
Average wages at 30 years old (Yen) * Excluding overtime pay	Highest wage at 30	319,550	303,150	311,150
	Lowest wage at 30	269,450	265,450	264,050
	Average wage at 30	296,680	284,965	287,612
Gender Wage Gap	All workers	—	—	60.4%
	Full-time workers	—	—	60.4%
	Part-time and fixed-term workers	—	—	65.5%

Others (Social Contribution and Compliance)

	Fiscal 2021	Fiscal 2022	Fiscal 2023
Number of whistleblower incidents * Includes domestic consolidated subsidiaries	2	10	16
Criminal charges for compliance related accidents and incidents (Number of cases)	0	0	0
Total expenditure on social contribution activities (Millions of yen)	13	27	24
Political contributions and lobbying activities expenditures (Millions of yen)	0.7	0.7	1.2

Data Collection

Environmental Data

With the aim of promoting environmental efforts by all employees in all business domains, Rinnai promotes environmental activities (7E strategic initiatives) in all business processes (development, procurement, production, sales, use and disposal). We report targets and achievements for each 7E activity (E-marketing, E-services, E-products, E-procurement, E-mind, E-factories and E-offices).

Basic Environmental Activities and Targets for Fiscal 2022–2026

Field	Basic Environmental Activities	Fiscal 2023 Results
Environment marketing (Sales) Environmental services (Construction and repair)	Expanding Sales of Environmentally Friendly Products (Japan & Overseas) CO ₂ reduction contribution by fiscal 2026: 7 million tons	<ul style="list-style-type: none"> • 5.82 million tons of CO₂ reduction contribution¹ when using products
Environmental products (Product development)	<p>Continuously develop high-efficiency equipment for Zero-Energy Homes (ZEH) and products that use less power during both standby and use We will continue to develop and research combustion equipment that is compatible with hydrogen infrastructure and systems for net zero CO₂ emissions.</p> <p>Promotion of resource conservation and resource recycling Continuously evaluate each product's environmental impact from its design stage through its lifecycle and develop smaller and lighter products</p>	<ul style="list-style-type: none"> • The <i>ECO ONE X5</i> hybrid water heater with heating system received the Agency for Natural Resources and Energy Commissioner's Award at the Fiscal 2023 Agency for Natural Resources and Energy Awards • Developed highly efficient gas water heaters and kitchen equipment • Developed technology for 100% hydrogen combustion in residential water heaters • Launched joint developments related to hydrogen cooking • Implemented designs to reduce weight of water heaters and gas stoves
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	<ul style="list-style-type: none"> • Conducting the management of Rinnai Green Procurement Standards Guide (Material procurement and use, including new parts) • Increasing cooperation with business partners and improving the management level of chemical substance • Received an A- rating on the CDP Supplier Engagement Rating (SER) evaluation

Field	Basic Environmental Activities	Fiscal 2023 Results
Environmental minds (Regional communities and employees)	Communication of ESG-related Information Rinnai continuously engages in dialogues with stakeholders to deepen understanding, as well as efforts that contribute to environmental brand improvement.	<ul style="list-style-type: none"> • Rated AAA in the Nikkei's GX500 decarbonization management ranking • Participating in various external evaluations
	Contributing to Local Communities Rinnai continuously engages in activities that ensure the preservation of biodiversity, as well as efforts that contribute to local governments and schools. Extermination of specified invasive species in corresponding areas 1 ton/year	<ul style="list-style-type: none"> • Recognized as a Master Certified Aichi Biodiversity Company under the Aichi Biodiversity Company Certification Program • <i>Coreopsis lanceolata</i> eradication 628 kg/year³
	Conducting Environmental Training and Awareness Activities Continuing with initiatives that foster environmental awareness and the enhanced ability to take action in employees through training	<ul style="list-style-type: none"> • Multiple environmental awareness events and information dissemination implemented for employees • Held event to learn about local production for local consumption through heirloom vegetables and other local food products
Environmental factories Environmental offices	Promotion of low-carbon and decarbonization at worksites (Scope 1 and 2 reductions) Reduction of per-unit energy consumption ² by more than 6% compared to fiscal 2020 by fiscal 2026	<p>Decreased by 2.8% compared to fiscal 2020</p> <p>Consideration of adopting electricity with low CO₂ emission factor (Introduction of renewable energy, others)</p>
	Shift to energy use with lower CO ₂ emissions	
	Reduction of waste discharge ² by more than 6% compared to fiscal 2020 by fiscal 2026	Reduced by 3.4% compared to fiscal 2020
	Maintain and advance zero-emissions initiatives Realized recycling rate of 99.5% or higher	Realized recycling rate of 99.8%
Promoting paperless offices Annual improvements Over 10 examples	Paperless improvements 15 examples	
Reduction of water use ² by more than 6% compared to fiscal 2020 by fiscal 2026	Increased by 0.9% compared to fiscal 2020	

Target scope: Rinnai Corporation

Reporting Period: April 1, 2022 to March 31, 2023

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 overseas.
2. Basic unit: Burden per unit standard determined by Rinnai.
3. To prevent the spread of COVID-19, the area and number of participants were limited, and processes were conducted with strict attention to safety.

Data Collection

Impact on the Environment of the Rinnai Group

Rinnai is working to achieve full comprehension of all environmental impacts related to its business activities. As a manufacturer of thermal energy equipment, we have identified energy consumption and CO₂ emissions (Scope 1, 2 and 3) to be important issues. Accordingly, we are implementing third-party inspections and working to ensure the accuracy and reliability of information disclosure, which is used to reduce environmental impacts.

Scope of Accounting

Rinnai Corporation and consolidated subsidiaries

Company Name

- | | |
|--|--|
| <ul style="list-style-type: none"> • 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. • Noto Tech Co., Ltd. • Techno Parts Co., Ltd. • Rinnai Net 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. | <ul style="list-style-type: none"> • Shanghai Rinnai Thermo Energy Engineering Co., Ltd. • Central Heating New Zealand 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. • Rinnai Manufacturing Malaysia Sdn. Bhd. • Industrias Mass, S.A. de C.V. • RB Korea Ltd. • Gas Appliance Services Corporation |
|--|--|

Reporting Period

Domestic: From April 1, 2022 to March 31, 2023

Overseas: From January 1, 2022 to December 31, 2022

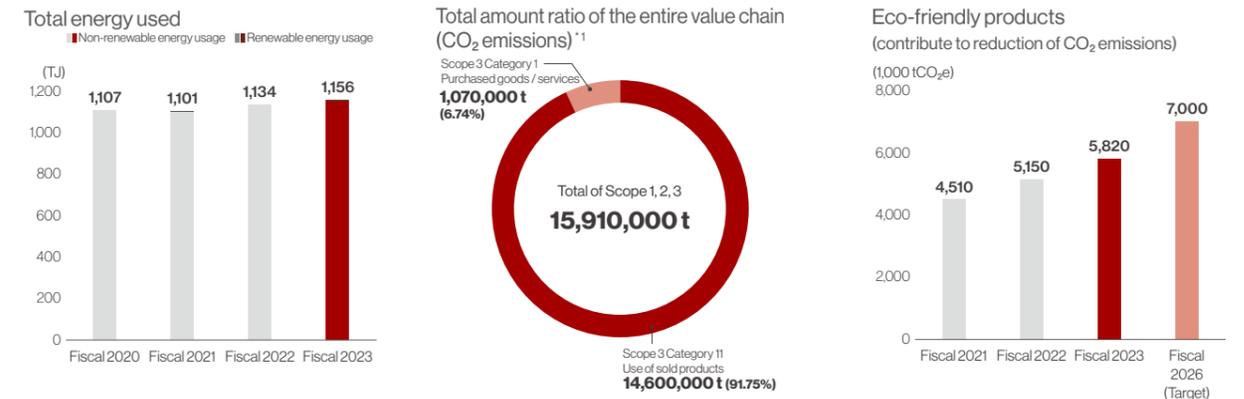
Third-Party Assurance

This icon indicates that a measure has third-party assurance from Lloyd's Register Quality Assurance (LRQA).



LRQA Independent Assurance Statement
<https://www.rinnai.co.jp/en/corp/csr/pdf/ias.pdf>

Global Warming Prevention



Non-renewable Energy Consumption

(Unit: GJ)

Scope	Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Assurance	
Electricity	MWh	445,038.0	423,511.4	441,221.0	459,595.5	469,845.8	<input checked="" type="checkbox"/>	
Town gas	For the use of equipment in each facility	kNm ³	504,914.0	467,713.4	470,861.2	481,526.9	475,582.7	<input checked="" type="checkbox"/>
	For vehicle use	kNm ³	64.3	52.7	22.3	4.6	0.0	<input checked="" type="checkbox"/>
Methane	km ³	1,388.2	1,535.8	1,831.3	1,651.2	1,211.0	<input checked="" type="checkbox"/>	
LPG	For the use of equipment in each facility	t	144,427.5	128,929.6	118,803.1	119,548.8	121,035.1	<input checked="" type="checkbox"/>
	For vehicle use	t	55.7	70.3	97.6	66.1	46.4	<input checked="" type="checkbox"/>
Butane	t	814.3	682.3	750.5	483.3	285.6	<input checked="" type="checkbox"/>	
Acetylene	t	386.8	386.6	375.4	488.2	364.4	<input checked="" type="checkbox"/>	
Ethylene	t	1.60	3.60	1.90	2.10	2.10	<input checked="" type="checkbox"/>	
Heavy oil	kl	7.00	7.00	7.00	7.00	7.00	<input checked="" type="checkbox"/>	
Heating oil	kl	782.1	680.4	574.2	737.4	563.0	<input checked="" type="checkbox"/>	
Light oil	For the use of equipment in each facility	kl	5,130.5	4,041.0	3,321.6	3,414.0	3,416.6	<input checked="" type="checkbox"/>
	For vehicle use	kl	16,262.1	15,818.9	13,545.3	12,069.8	12,616.6	<input checked="" type="checkbox"/>
Gasoline	For the use of equipment in each facility	kl	192.2	175.9	162.9	185.9	208.0	<input checked="" type="checkbox"/>
	For vehicle use	kl	72,614.1	62,947.8	49,137.9	53,710.8	64,460.5	<input checked="" type="checkbox"/>
Total	GJ	1,192,078	1,106,557	1,100,713	1,133,492	1,149,645	<input checked="" type="checkbox"/>	

Renewable Energy Consumption

(Unit: GJ)

Scope	Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Assurance
Total of renewable energy	MWh	257.3	292.8	349.8	530.2	6,005.8	<input checked="" type="checkbox"/>

Data Collection

CO₂ Emissions

(Unit: tCO₂e)

Scope	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Year of Reporting Results			
					Fiscal 2023	Percentage	Assurance	
Scope 1 ¹	CO ₂	40,254	36,723	35,161	35,941	36,437	0.23%	<input checked="" type="checkbox"/>
	CH ₄	—	—	—	—	73		<input checked="" type="checkbox"/>
	N ₂ O	—	—	—	—	18		<input checked="" type="checkbox"/>
	HFC	—	—	—	—	251		<input checked="" type="checkbox"/>
Scope 2 ²	Market-based	73,181	66,239	68,606	67,987	69,243	0.44%	<input checked="" type="checkbox"/>
	Location-based	(76,522)	(69,641)	(70,604)	(68,563)	(68,163)	—	<input checked="" type="checkbox"/>
Scope 3 ³	1 Purchased goods and services	866,847	821,979	848,727	883,457	1,072,825	6.74%	<input checked="" type="checkbox"/>
	2 Capital goods	25,928	21,078	23,661	39,589	85,666	0.54%	<input checked="" type="checkbox"/>
	3 Fuel- and energy-related activities	3,263	4,379	4,386	4,475	17,973	0.11%	<input checked="" type="checkbox"/>
	4 Upstream transportation and distribution	8,838	8,377	9,384	8,953	9,703	0.06%	<input checked="" type="checkbox"/>
	5 Waste generated in operations	565	5,668	1,036	1,028	5,247	0.03%	<input checked="" type="checkbox"/>
	6 Business travel	530	535	531	515	1,655	0.01%	<input checked="" type="checkbox"/>
	7 Employee commuting	1,592	1,598	1,586	1,544	5,527	0.03%	<input checked="" type="checkbox"/>
	8 Upstream leased assets	Included in Scope 1, 2	Included in Scope 1, 2	—	<input checked="" type="checkbox"/>			
	9 Downstream transportation and distribution	—	—	—	—	—	—	—
	10 Processing of sold products	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	—	—
	11 Use of sold products	10,825,493	10,511,507	10,497,104	8,846,480	14,597,287	91.75%	<input checked="" type="checkbox"/>
	12 End-of-life treatment of sold products	5,414	5,942	5,937	6,109	7,125	0.04%	<input checked="" type="checkbox"/>
	13 Downstream leased assets	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	—	—
	14 Franchises	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	—	—
	15 Investments	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	—	—
Total of Scope 1, 2, and 3		11,851,905	11,484,025	11,496,120	9,896,078	15,909,028	100%	<input checked="" type="checkbox"/>

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 (no PFC, SF6, or NF3 emissions)

² Scope 2: Emissions from the use of electricity purchased by the Rinnai Group

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)

Categories 2, 3, 5, 6, 7, 8, and 11 of Scope 3 were calculated by expanding the scope from fiscal 2023.

Shipping Volume and CO₂ Emissions

Scope	Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
Shipping volume	Millions tons/km	5,815	5,837	6,524	6,152	6,682
CO ₂ emissions	tCO ₂ e	8,838	8,377	9,384	8,953	9,703

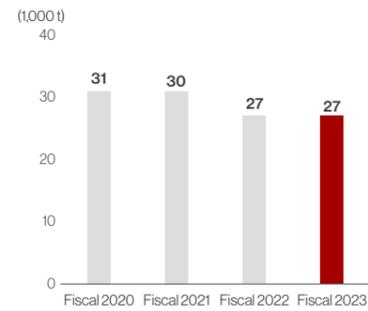
Conditions for Calculations

		CO ₂ conversion factors	Scope of calculations
Scope 1		Emission factors: MOE/METI, GHG Emission Calculation and Reporting Manual (Ver. 4.9)	Rinnai Group
Scope 2		Market-base emission factor Domestic emission factors: "Emission Factors by Electricity Utility (for FY2023 Reporting)" in MOE/METI, GHG Emission Calculation and Reporting Manual (Ver. 4.9) Overseas emission factors: Latest figures published for electricity utilities, etc., in the countries concerned Location-base emission factor Domestic emission factors: "Alternative Emission Factors by Electricity Utility (for FY2023 Reporting)" Overseas emission factors: IGES List of Grid Emission Factors Ver111_20230318, etc.	Rinnai Group
Scope 3	Shared	Calculated in accordance with MOE/METI, Basic Guidelines on Calculation of Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.5) Emission factors: MOE, Emission Factor Database (Ver. 3.3), Sustainable Management Promotion Organization's LCI database IDEAv2 (for calculating GHG emissions in the supply chain)	—
	Category 1	Calculated by multiplying the purchase price of each type of parts, goods, and services by the emissions factor	Rinnai Corporation
	Category 2	Calculated by multiplying the purchase price of tangible fixed assets by Rinnai's business code emissions factor	Rinnai Group
	Category 3	Calculated by multiplying the amount of energy used according to energy type by the energy generation stage emissions factor	Rinnai Group
	Category 4	Calculated using the revised ton-kilometer calculation method for the scope of calculation for specified shipper notifications under the Energy Conservation Act and the Act on Promotion of Global Warming Countermeasures	Rinnai Corporation
	Category 5	Calculated by multiplying emissions by waste type and treatment method, by the emissions factor, including during transportation	Rinnai Group
	Category 6	Calculated by multiplying the number of employees by the emissions factor per employee	Rinnai Group
	Category 7	Calculated by multiplying the number of employees in each work category and city by the number of working days, then multiplying by the emissions factor per employee	Rinnai Group
	Category 8	All energy associated with the operation of upstream leased assets is included in Scope 1 and 2	Rinnai Group
	Category 11	Products covered: Water heaters, kitchen appliances and home heaters sold by Rinnai Period: 10 years Conditions: Conditions defined by Rinnai Emission factors: • Electricity: 0.570 kgCO ₂ e/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 kgCO ₂ e/m ³ • Tokyo Gas Co., Ltd., City Gas CO ₂ Emission Factors (13A, 45 MJ/m ³ , ordinary households and other customers receiving low-pressure supply)	Rinnai Corporation
	Category 12	Applicable to the Home Appliance Recycling Law Calculated by multiplying the number of units sold by product type, by the emissions factor by type Other than above Calculated by multiplying the mass of each component per product by the number of units sold, then multiplying by the emissions factor by type and disposal method (including during transportation) Product containers and packaging Calculated by multiplying the amount of container and packaging materials used according to type, by the emissions factor for each type and disposal method (including during transportation)	Rinnai Corporation and its domestic consolidated subsidiaries
	Environmentally Conscious Products (CO ₂ reduction contribution)		In accordance with the Guidelines for Quantifying GHG Emission Reductions (March 2018, Ministry of Economy, Trade and Industry) Calculation target During product usage Calculation method Flow-based (Years of usage = 10 years, Diffusion = Units sold in evaluation year) Baseline (comparison) FY2006 popular products Evaluation Products with improved heat conversion efficiency as substitutes for comparative products, etc.

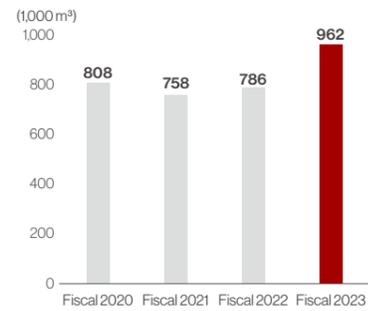
Data Collection

Resource Recycling, Pollution Prevention, and Protecting Biodiversity

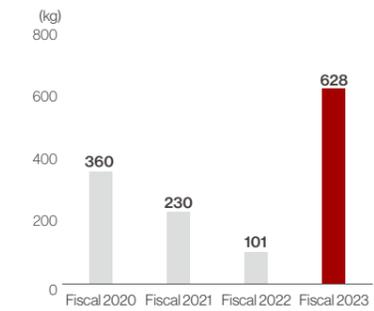
Solid waste
(Includes valuable substances)



Water used



Biodiversity protection
(Weight of exterminated specified invasive species)



	Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
Waste generated (Including valuables)	Thousand tons	31	31	30	27	27
Recycled waste	Thousand tons	31	29	28	25	26
Waste into landfill	Thousand tons	1.2	1.8	1.2	1.7	1.4
Water usage	Thousand m³	859	808	758	786	962
Discharge of water	Thousand m³	846	778	742	754	948
Hazardous chemicals ¹ use	t	237	217	224	238	246
Weight of exterminated specified invasive species ²	kg	180	360	230	101	628
Number of people who participated in the extermination of specified invasive species ²	Persons	63	89	42	31	103

¹ Class I designated chemical substance stipulated by the Pollutant Release and Transfer Register (PRTR) Law
Scope: Rinnai Corporation and its domestic consolidated subsidiaries

² In fiscal 2021 and fiscal 2023, the area and number of participants were limited due to the COVID-19 pandemic and were handled while paying due attention to safety.

Environmental Accounting

Breakdown of Costs for Environmental Protection	Key Activities	Costs (Millions of yen)				
		Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
In the scope of operations	Pollution prevention	44	27	37	50	36
	Environmental protection	15	31	11	28	28
	Resource recycling	102	117	103	95	106
Upstream/downstream	Collection/recycling and volume/weight reduction of materials such as product packaging	11	12	13	11	12
Management activities	Mainly monitoring and surveillance of environmental impact	150	109	119	100	97
Research and development	Research and development on environmentally conscious products	1,149	733	1,243	1,239	1,457
Community efforts	Environmental communication with local regions and beautification/greening at places of business and surrounding areas	2	2	3	2	3

Environmental Protection Effect	Key Activities	Unit	Environmental Impact Reduction				
			Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
Environmental Protection Effect	CO ₂ emissions reductions	Thousand tCO ₂ e	2.0	6.0	3.5	10.8	5.2
	Waste curtailment	Thousand tons	0.4	0.3	0.5	0.1	0.1
	Water saving	Thousand m³	6.7	17.0	31.8	21.9	5.2

• Environmental protection effects 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.

Economic Effect Accompanying Environmental Protection Measures	Key Activities	Economic Effect (Millions of yen)				
		Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
Economic Effect Accompanying Environmental Protection Measures	Reduced expenses through energy conservation, waste curtailment, and water saving	270	295	538	359	179

• The calculations above exclude depreciation and amortization expenses.
• 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.
• Assumed effects, such as avoiding risks and enhanced product sales, fall outside the scope of economic effects because the standards for evaluation are too vague.

Data Collection

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 griller 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 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	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 (development of latent heat recovery type 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 June December	Market debut: <i>Eco One</i> hybrid water heater with heating systems for colder regions 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
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
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
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 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, which is an extremely energy-efficient water heater and heating system that cleverly and optimally uses diverse energy (development of <i>ECO ONE</i>) 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 October	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 Received the Japan Packaging Contest "Packaging Category Award (Industrial Packaging Category Award)" for exported water heater packaging improvements
2021	January March June July October November	Held the 11th Rinnai Group Environmental Awards during the Company's New Year's celebration Received the "Silver Prize" at the Sustainability Website Awards 2021 organized by the CSR Communications Association Received the "Minister of the Environment Award (Large Enterprise Category)" at the 2020 Environmental Human Resources Development Corporate Awards organized by the Ministry of the Environment Environment Month event: Engaged in efforts to eradicate the specified invasive species <i>Coreopsis lanceolata</i> Conducted a lecture on Rinnai's environmental efforts at the "Environment and Manufacturing Conference" organized by the Nagoya Industries Promotion Corporation Received the Energy Saving Division Grand Prize in the 2021 Hokkaido Government Energy Saving / New Energy Promotion Grand Prize Announced commitment to carbon neutrality (RIM 2050)
2022	January March April May June October November December	Held the 12th Rinnai Group Environmental Awards during the Company's New Year's celebration Received the Energy Conservation Center Chairman's Award in the 2021 Energy Conservation Center Grand Prize (Hybrid heating/cooling and water heater systems for cold regions) Received the Excellence Award in the 2021 Energy Saving and New Energy Grand Prize in Kitaguni organized by METI Hokkaido Bureau of Economy, Trade and Industry Established ESG Committee Succeeded in developing the world's first 100% hydrogen combustion technology for home-use water heaters Received the Heat Pump & Thermal Storage Technology Center of Japan (HPTCJ) Promotion Award in the Demand-Side Management Award for 2022 organized by HPTCJ Environment Month event: Engaged in efforts to eradicate the specified invasive species <i>Coreopsis lanceolata</i> Launched joint developments related to hydrogen cooking with Toyota Motor Corporation Recognized as a Master Certified Aichi Biodiversity Company under the Aichi Biodiversity Company Certification Program Received the Agency for Natural Resources and Energy Commissioner's Award at the Fiscal 2023 Agency for Natural Resources and Energy Awards (<i>ECO ONE</i> X5 hybrid water heater with heating system)
2023	January April June	Held the 13th Rinnai Group Environmental Award Ceremony during the New-Year Convention Launched testing of Japan's first 100% hydrogen combustion water heater at Kitakyushu Hydrogen Town Environment Month event: Engaged in efforts to eradicate the specified invasive species <i>Coreopsis lanceolata</i>

Data Collection

Certification Acquisition Status

Environmental Management System International Standard [ISO 14001:2015]

Location		Month/Year Certified
Rinnai	Research & Development Headquarters	October 1997
	Production Engineering Headquarters	October 1997
	Oguchi Factory	October 1997
	Seto Factory	December 2000
	Environment Division	December 2000
	Quality Assurance Headquarters	November 2003
	Head Office	December 2008
	Chubu Branch Office	December 2008
	Kansai Branch Office	May 2010
	Logistic Control Office	May 2010
	Kanto Branch Office	May 2011
	Chugoku Branch	May 2011
	Kyushu Branch	April 2012
	Hokkaido Branch	April 2012
	Niigata Sales Office	April 2012
	Tohoku Branch Office	May 2013
	Shikoku Branch	May 2013
	Higashi-Kanto Branch	April 2014
	Kita-Kanto Branch	April 2016
	Customer Service 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
	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 1999
	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 2022 Results)

Site name	Location	CO ₂ emissions		Energy use (GJ) ¹⁾	Amount of waste generated (including valuables) (Thousands of Tons) ²⁾	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	1,949	1,969	56,125	4,735	4,726	9
Seto Factory	Seto-shi, Aichi	1,729	4,530	73,769	2,378	2,378	0
Akatsuki Factory	Seto-shi, Aichi	867	1,399	29,644	1,336	1,336	0
Technology Development Center	Oguchi-cho, Niwa-gun, Aichi	1,908	2,419	58,784	119	119	0
Head Office and Sales Offices ³⁾	—	3,483	2,317	77,130	669	614	23
Yanagisawa Manufacturing Co., Ltd.	Kadoma-shi, Osaka	760	708	20,169	417	417	0
Rinnai Technica Co., Ltd.	Kakegawa-shi, Shizuoka	1,412	1,296	35,608	1,019	1,014	6
Gastar Co., Ltd.	Yamato-shi, Kanagawa	1,321	1,447	38,577	582	581	1
RB Controls Co., Ltd.	Kanazawa-shi, Ishikawa	944	2,641	37,493	428	408	19
Rinnai Precision Co., Ltd.	Komaki-shi, Aichi	4,929	7,031	159,080	2,393	2,382	4
RT Engineering Co., Ltd.	Toyoda-shi, Aichi	264	1,140	15,813	226	223	3
Noto Tech Co., Ltd.	Nakanoto-cho, Kajima-gun, Ishikawa	1,267	1,064	29,979	1,452	1,332	119
Techno Parts Co., Ltd.	Aichi	233	220	6,640	64	62	2
Rinnai Holdings (Pacific) Pte Ltd.	Singapore	45	24	880	—	—	—
Rinnai Hong Kong Ltd.	Hong Kong	0	2	12	—	—	—
Guangzhou Rinnai Gas and Electric Appliance Co., Ltd.	China	40	101	1,050	—	—	—
Rinnai Italia S.r.l.	Italy	58	13	1,100	1	1	0
Central Heating New Zealand Ltd.	New Zealand	112	16	1,927	96	87	9
Rinnai America Corporation ⁴⁾	United States of America	1,880	2,851	56,454	451	451	0
Rinnai Australia Pty., Ltd. ⁵⁾	Australia	1,736	6,939	56,474	739	302	436
Shanghai Rinnai Co., Ltd. ⁶⁾	China	2,255	11,203	95,526	1,004	1,004	0
Rinnai Korea Corporation	South Korea	2,227	5,343	84,285	1,265	1,252	12
P.T. Rinnai Indonesia	Indonesia	4,411	10,547	133,762	5,914	5,408	506
Rinnai New Zealand Ltd.	New Zealand	246	95	6,175	209	182	27
Rinnai Taiwan Corporation	Taiwan	650	1,097	19,425	312	192	120
Rinnai (Thailand) Co., Ltd.	Thailand	1,129	1,607	33,497	635	605	30
Rinnai Brasil Heating Technology Ltd.	Brazil	116	39	5,563	344	313	31
Rinnai Viet Nam Co., Ltd.	Viet Nam	650	579	13,804	408	408	0
Industrias Mass, S.A. de C.V.	Mexico	85	52	1,738	129	129	0
RB Korea Ltd.	South Korea	70	554	5,170	44	32	0

1. Total energy use is the sum of non-renewable energy and renewable energy.

2. 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).

3. Includes the Head Office, nationwide sales offices, logistics centers and the Rinnai Parts Center.

4. Includes Rinnai Canada Holdings Ltd.

5. Includes Gas Appliance Services Corporation.

6. Includes Shanghai Rinnai Thermo Energy Engineering Co., Ltd.

Data Collection

Water Discharge (Fiscal 2023 Results)

Site	Water discharge standard (Water discharged)	Substance ¹	Regulation value	Voluntary	Actual value (Maximum)
Oguchi Factory	Sewer	pH	5.7-8.7	5.8-8.7	6.6-7.5
		BOD	300	240	67
		COD	—	—	—
		SS	300	240	67
Seto Factory	River (Yatoko River)	pH	5.8-8.6	6.0-8.4	7.0-7.8
		BOD	25 (20)	20	3.7
		COD	25 (20)	20	5.9
		SS	30 (20)	20	2.0
Akatsuki Factory	River (Kazunari River)	pH	5.8-8.6	5.9-8.5	6.7-7.5
		BOD	20	19	10
		COD	20	19	10
		SS	20	19	1
Yanagisawa Manufacturing Co., Ltd.	Sewer	pH	5.0-9.0	5.9-8.5	6.9-7.9
		BOD	600	100	3.8
		COD	—	—	—
		SS	600	100	34
Rinnai Technica Co., Ltd.	River (Ota River)	pH	5.8-8.6	6.3-8.1	7.1-7.6
		BOD	25 (20)	18	16
		COD	160 (120)	18	16
		SS	50 (40)	30 (20)	7.5
Gaster Co., Ltd., Yamato Head Office and Factories	Sewer	pH	5.0-9.0	5.2-8.8	7.1-8.0
		BOD	600	480	less than 5
		COD	—	—	—
		SS	—	—	—
Gaster Co., Ltd., Research Building	River (Sakai River)	pH	5.8-8.6	6.0-8.4	7.5-7.8
		BOD	15	12	less than 5
		COD	25	20	less than 5
		SS	40	32	less than 5
Rinnai Precision Co., Ltd., Head Office and Komaki Factory	Sewer	pH	5.8-8.6	6.0-8.4	7.2-7.6
		BOD	600	300	290
		COD	—	—	—
		SS	300	300	10
Rinnai Precision Co., Ltd., Kani Factory The Second Building	River (Kani River)	pH	5.8-8.6	5.8-8.6	7.0-7.6
		BOD	15	15	14
		COD	—	—	—
		SS	30	30	9
Rinnai Precision Co., Ltd., Kani Factory The Third Building	River (Kani River)	pH	5.8-8.6	5.8-8.6	6.0-6.6
		BOD	15	15	3.6
		COD	—	—	—
		SS	30	30	2
RT Engineering Co., Ltd.	Sewer	pH	5.7-8.7	5.7-8.2	6.9-7.2
		BOD	300	150	45
		COD	—	—	—
		SS	300	150	4
Noto Tech Co., Ltd.	River (Nagaso River)	pH	5.8-8.2	6.0-8.2	7.0-7.3
		BOD	40 (30)	36 (27)	17
		COD	160 (120)	140 (100)	25
		SS	40 (30)	36 (27)	8

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

PRTR (Fiscal 2023 Results)

Site	Number	Class I designated chemical substance name ²	Amount of emission/discharge				Amount of transfer	
			Air	Public waters	Soil	Landfill	Sewers	Outside the relevant office
Oguchi Factory	53	Ethylbenzene	940	0	0	0	0	410
	80	Xylene	1,200	0	0	0	0	520
	300	Toluene	2,300	0	0	0	0	980
	309	Nickel compounds	0	0	0	0	0	130
	405	Boron compounds	0	0	0	0	0	380
Seto Factory	53	Ethylbenzene	1,100	0	0	0	0	310
	80	Xylene	1,600	0	0	0	0	310
	87	Chromium and chromium (III) compounds	0	0	0	0	0	0
	308	Nickel	0	0	0	0	0	0
Akatsuki Factory	53	Ethylbenzene	2,300	0	0	0	0	250
	80	Xylene	5,300	0	0	0	0	260
	296	1,2,4-trimethylbenzene	1,100	0	0	0	0	200
	300	Toluene	570	0	0	0	0	600
Gaster Co., Ltd. Yamato Head Office Factory	53	Ethylbenzene	380	0	0	0	0	980
RB Controls Co., Ltd.; Kanaiwa Factory	31	Antimony and its compounds	0	0	0	0	0	250
	265	Tetrahydromethylphthalic anhydride	0	0	0	0	0	0
	448	Methylenebis (4,1-phenylene) diisocyanate	0	0	0	0	0	0
	460	Tritolyl phosphate	0	0	0	0	0	300
RB Controls Co., Ltd.; Tsurugi Factory	448	Methylenebis (4,1-phenylene) diisocyanate	0	0	0	0	0	0
	460	Tritolyl phosphate	0	0	0	0	0	6,000
Rinnai Precision Co., Ltd. Kani Factory	300	Toluene	3,500	0	0	0	0	0
Noto Tech Co., Ltd.	31	Antimony and its compounds	0	0	0	0	0	340
	405	Boron compounds	0	58	0	0	0	1,600

² Class I designated chemical substances stipulated by the Pollutant Release and Transfer Register (PRTR) Law (Unit: kg), rounded off to two significant digits

Emissions into the Air (Fiscal 2023 Results)

Site	Facility	Substance ³	Regulation value	Voluntary	Actual value (Maximum)
Oguchi Factory	Combustion furnace	Soot and dust	0.25	0.16	0.001
		NOx emissions	180	150	73
	Boiler	Soot and dust	0.1	0.08	0.002
		NOx emissions	150	96	62
Seto Factory	Boiler	Soot and dust	0.1	0.05	0.001
		NOx emissions	150	79	15
Akatsuki Factory	Combustion furnace	Soot and dust	0.2	0.16	0.003
		NOx emissions	230	180	3
Yanagisawa Manufacturing Co., Ltd.	Boiler	Soot and dust	0.1	0.05	0.002
		NOx emissions	150	100	20
	Combustion furnace	Soot and dust	0.2	0.05	0.002
		NOx emissions	150	120	26

³ Soot and dust: g/m³N, NOx: ppm, SOx: m³N/h

Data Collection

External Acclaim and Recognition

International Recognition for ESG 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 FTSE Blossom Japan Sector Relative Index formulated by FTSE Russell, a leading environmental, social and governance (ESG) rating organization. In addition to the ESG assessment, Rinnai was evaluated for its environmental impact and management approaches to climate change risks and opportunities.



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



Rinnai was selected as a constituent of the iSTOXX MUTB Japan Platinum Career 150 Index.

Jointly developed by Mitsubishi UFJ Trust and Banking Corporation and STOXX, an index provider affiliated with the Deutsche Börse Group, this index incorporates evaluation items used for Platinum Career companies in Toyo Keizai Inc. CSR survey data to recognize 150 Japanese companies that actively contribute to employee career development evaluated from three perspectives: long-term view, active learning, and social contribution.



Evaluation of Climate Change

The Carbon Disclosure Project (CDP), an international non-profit organization, globally evaluates corporate efforts regarding climate change.

- CDP Climate Change

CDP Climate Change evaluates the corporate response to climate change. Rinnai has received a B rating.

- CDP Supplier Engagement Rating (SER)

The CDP SER evaluates performance in governance, targets, Scope 3 emissions, and value chain engagement within the CDP Climate Change Questionnaire. Rinnai has received an A- rating.



Participation in International Initiatives

The United Nations Global Compact (UNGC) is a voluntary initiative in which member companies and organizations participate in the creation of a global framework to achieve sustainable growth by acting as good members of society through responsible and creative leadership.

Having announced its participation in the UNGC in 2023, Rinnai will support the UNGC 10 principles related to the protection of human rights, the elimination of unfair labor practices, environmental responsibility, and the prevention of corruption, thereby contributing to the creation of a sustainable society.



Rinnai Corporation

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