

# LR Independent Assurance Statement

## Relating to Rinnai Corporation's Environmental Data for the fiscal year 2020

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

### Terms of Engagement

Lloyd's Register Quality Assurance (LR) was commissioned by Rinnai Corporation ("the Company") to provide independent assurance on its environmental data ("the report") for the fiscal year 2020<sup>1</sup> against the assurance criteria below to a limited level of assurance and at the materiality of the professional judgement of the verifier using ISAE 3000 (Revised) and ISO 14064 - 3 for greenhouse gas ("GHG") data.

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

- Verifying conformance with the Company's reporting methodologies for the selected indicators:
- Evaluating the accuracy and reliability of data for only the selected indicators listed below:
  - Scope 1 GHG emissions (tonnes CO<sub>2</sub>e)<sup>2 3</sup>
  - Scope 2 GHG emissions [Market-based] (tonnes CO<sub>2</sub>e)
  - Scope 3 GHG emissions (Category 11) (tonnes CO<sub>2</sub>e)<sup>4</sup>
  - Energy consumption (GJ)<sup>5</sup>

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

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

### LR's Opinion

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

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

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

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

### LR's Approach

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

<sup>1</sup> The reporting period is based on the fiscal year of domestic and overseas subsidiary companies: (1) domestic subsidiary companies: FY2020 (01/04/2020 – 31/03/2021), and (2) overseas subsidiary companies: CY2020 (01/01/2020 – 31/12/2020)

<sup>2</sup> GHG quantification is subject to inherent uncertainty.

<sup>3</sup> The scope 1 GHG emissions cover only energy-oriented CO<sub>2</sub>.

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

<sup>5</sup> The scope includes the breakdown of energy consumption.

- Auditing the Company's data management systems to confirm that there were no significant errors, omissions or misstatements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification.
- Interviewing with those key people responsible for compiling the data and drafting the report.
- Sampling datasets and traced activity data back to aggregated levels;
- Verifying the historical environmental data and records for the fiscal year 2020; and
- By implementing the Company's "No Visitor" Policy due to the global infection spread of COVID-19, conducting the remote verification to Rinnai Technica Co.,Ltd. and Rinnai Corporation Head Office for confirming the effectiveness of its data management systems via emails and Microsoft Teams.

### Observations

The Company has year-on-year demonstrated improvement in its data management system. However, the Company should further demonstrate the completeness of its future environmental indicators. In particular, based on the interests of stakeholders, it is expected that the verification of Scope 3 emissions, which is currently being disclosed, will be expanded. In addition, considering that the company has a product group that uses fluorocarbons as a refrigerant, consider to understand in scope3 (1) the amount of fluorocarbon leaks in scope 1, and (2) the amount of fluorocarbon-derived CO2 emitted when using and disposing of the products.

### LR's Standards, Competence and Independence

LR implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021-1 *Conformity assessment – Requirements for bodies providing audit and certification of management systems – Part1: Requirements* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

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

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

Signed

Dated: 24 July 2021



Jun Yasumoto  
LR Lead Verifier

On behalf of Lloyd's Register Quality Assurance Limited  
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LR reference: YKA4005612

**Table 1. Summary of Rinnai Corporation's GHG Emissions Inventory in FY 2020**

Scope	Tonnes CO <sub>2</sub> e
Energy direct GHG emissions (Scope 1)	35,161
Energy indirect GHG emissions (Scope 2, Market-based)	68,606
Other indirect GHG emissions (Scope 3, Category 11)	10,497,104

**Table 2. Summary of Rinnai Corporation's Energy Consumption Data in FY2020**

Electricity		122,561.4 MWh	441,221.0 GJ
Town gas	<i>for the use of equipment in each facility</i>	10,461.1 kNm <sup>3</sup>	470,861.2 GJ
	<i>for vehicle use</i>	0.5 kNm <sup>3</sup>	22.3 GJ
Methane		46.1 km <sup>3</sup>	1,831.3 GJ
LPG	<i>for the use of equipment in each facility</i>	2,338.6 t	118,803.1 GJ
	<i>for vehicle use</i>	1.9 t	97.6 GJ
Butane		15.2 t	750.5 GJ
Acetylene		7.5 t	375.4 GJ
Ethylene		0.04 t	1.9 GJ
Heavy oil		0.18 kl	7.0 GJ
Kerosene		15.6 kl	574.2 GJ
Light oil	<i>for the use of equipment in each facility</i>	88.1 kl	3,321.6 GJ
	<i>for vehicle use</i>	359.3 kl	13,545.3 GJ
Gasoline	<i>for the use of equipment in each facility</i>	4.7 kl	162.9 GJ
	<i>for vehicle use</i>	1,420.2 kl	49,137.9 GJ

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