



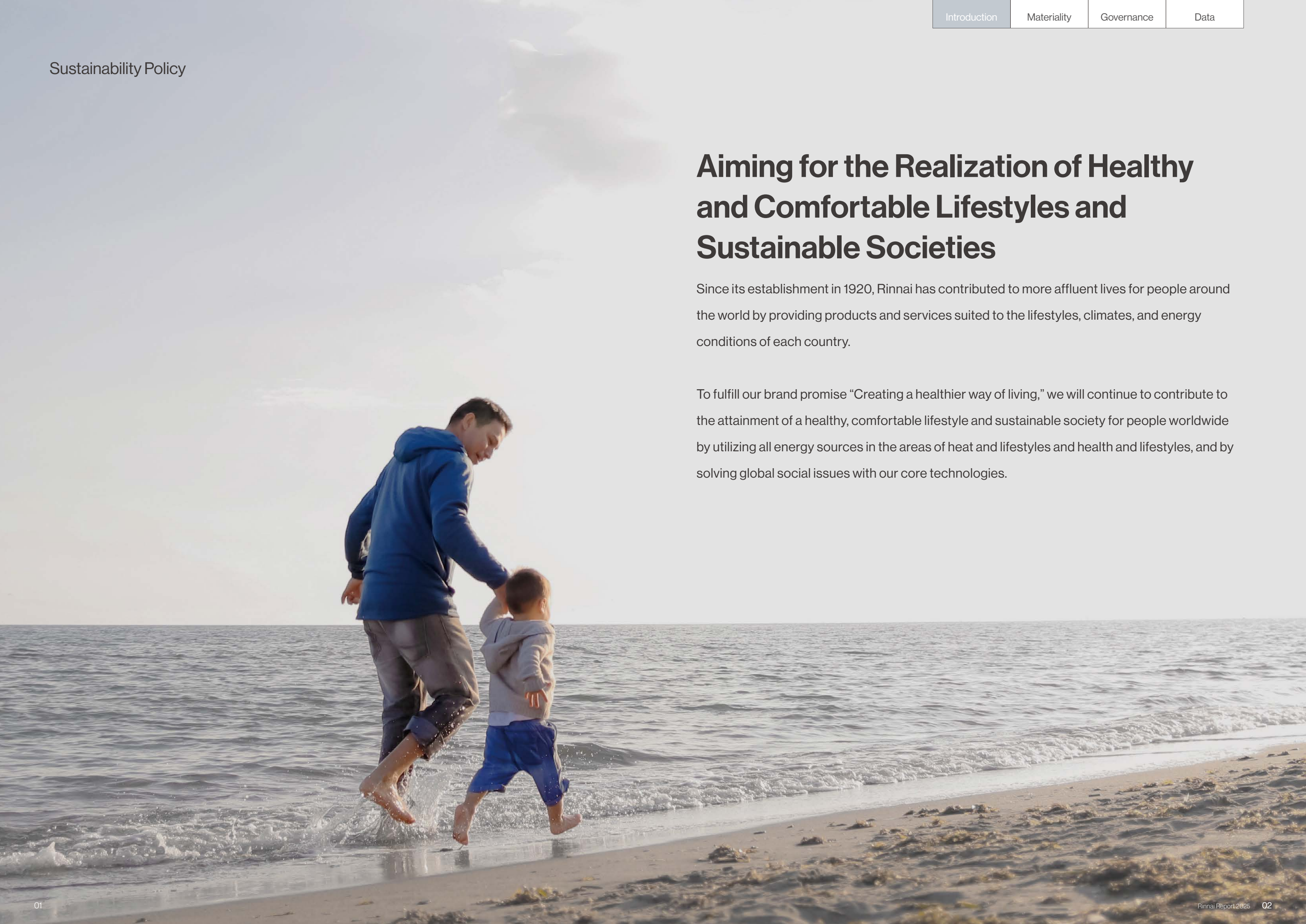
## Rinnai Report 2025 (Integrated Report)

**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.





Fundamental Concept

Quality is our destiny

Company Motto

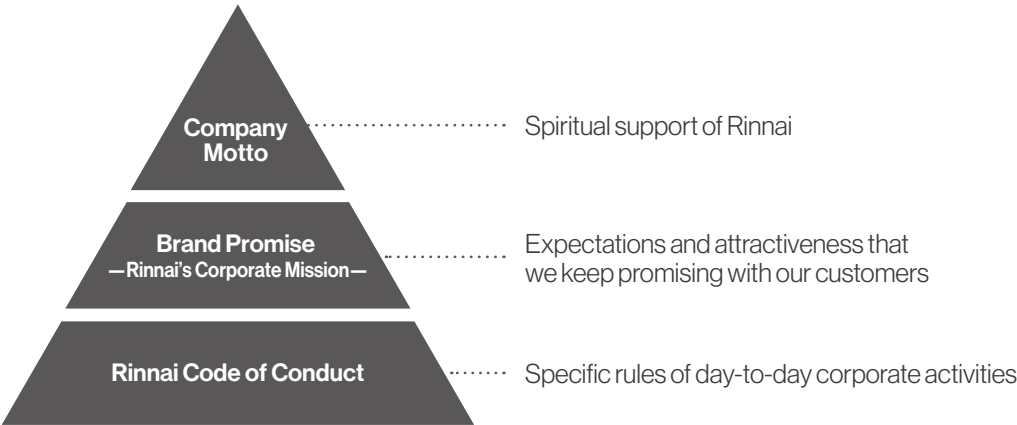


- 和 Harmony: Develop personal character of the highest caliber
- 氣 Spirit: Base your efforts on a consistent philosophy
- 真 Sincerity: Know the fundamentals and consider issues with precision and clarity

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/>

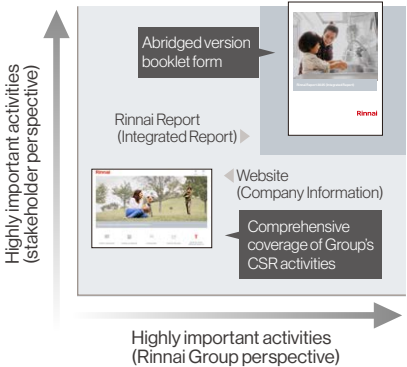
Rinnai Report 2025 (Integrated Report)

Editorial Policy

Rinnai produced the Rinnai Report 2024 (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 2025—April 1, 2024, to March 31, 2025—but also touches upon measures implemented and recent activities undertaken since fiscal 2024 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 2025 (Japanese version)  
Previous: August 2024, Next: August 2026 (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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Our History

Thinking Unchanged from the Company's Foundation



A catalogue of pressurized kerosene gas stoves, a product of the Rinnai founding

A product catalog issued at the time of the Company's founding in 1920 contains the same philosophy of social contribution it lives by today.

- Wording listed in catalog
- Aspirations unchanged even today
- Saving on fuel costs is an urgent priority
  - Achieving the ideal of scientific manufacturing
  - Outstanding technology that differs from conventional products and structures
  - We value responsibility and trust as our foundation
  - Contributing to society by improving manufacturing efficiency
- ⇒
- Energy conservation and contribution to the global environment
  - Establishing ideal technology
  - Technological advancement through breakthroughs
  - Building a brand known for safety and peace of mind
  - Social contribution through productivity

Two facts that make us feel our Purpose

(1) Promoting the diffusion of products that contribute to the global environment

Currently, the volume of CO<sub>2</sub> emitted by Rinnai products used in the market accounts for about 1.5% of Japan's total emissions. While the heat energy appliances we provide are necessary for people to live affluent lives, we also recognize our responsibility as a company to reduce CO<sub>2</sub> emissions and feel that we must develop and promote energy-saving products that reduce CO<sub>2</sub>.

(2) Providing a stable supply of products necessary for daily life

The global spread of COVID-19 triggered a shortage of materials and parts. This has led to difficulties in supplying our products to the market. We were made keenly aware of the deficiencies of our production system and have reflected on the great inconvenience caused to our customers who use our equipment. At the same time, this situation has also been an opportunity for us to realize once again that the products we deliver are necessary for daily life.

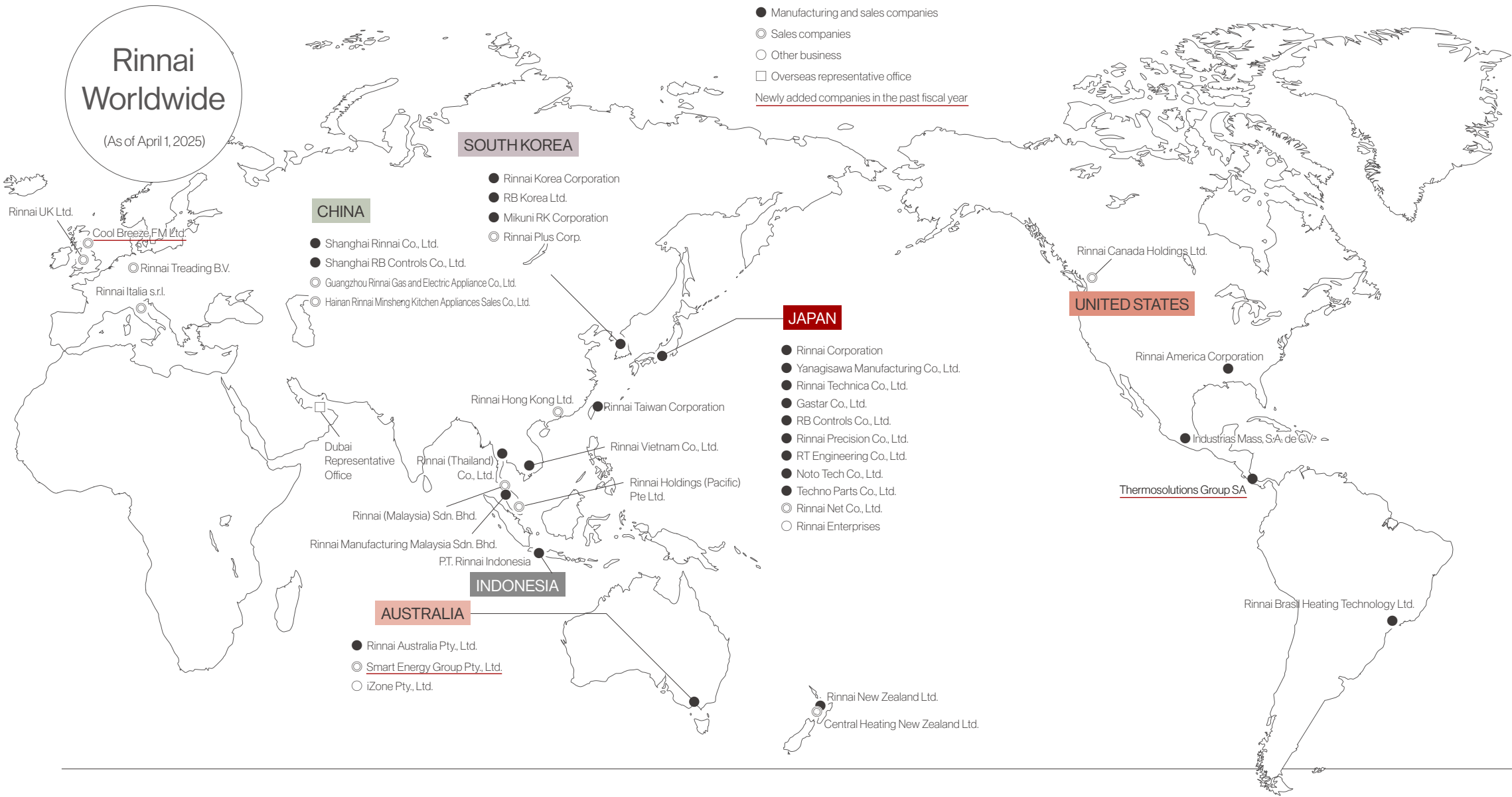
What we continue to do unchanged both in the past and present (evolution in the products offered)

We have been providing the world with products that are highly energy efficient, make life easier, and help people to lead more affluent lives. We have always worked on the development of advanced heat energy appliances, which has gradually become more widespread in Japan and around the world as modernization progresses. Our mission, which has been passed down from the time of our founding to the present day, is "Rinnai utilizes heat to provide society with a comfortable way of life." We believe contributing to society is the value a company delivers and will continue striving to do so.

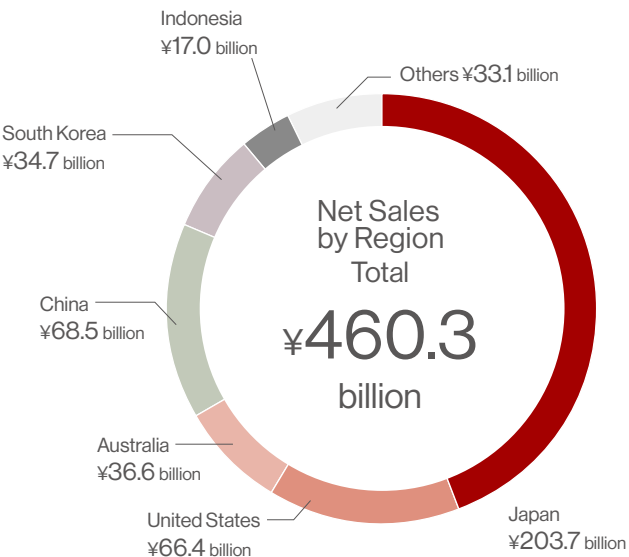




# Rinnai Group Profile



Corporate Data (As of March 31, 2025)	
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	10,908 (consolidated), 3,512 (non-consolidated)
Number of Group companies	51 (domestic 12, overseas 39)



## 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)

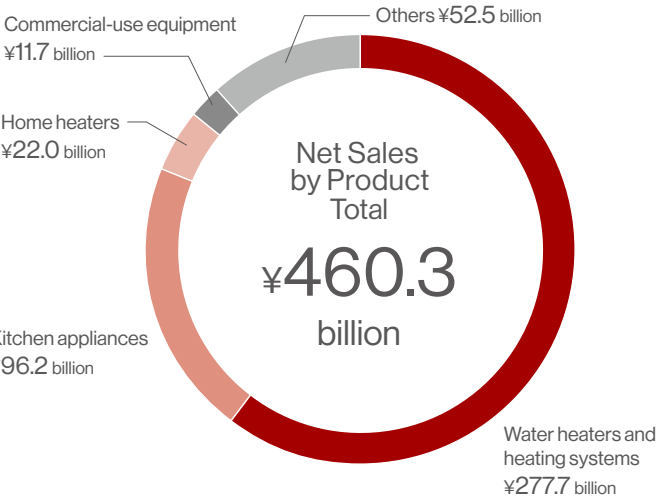
## Commercial-Use Equipment, Others

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



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

Gas clothes dryer (JAPAN)





Message from the President

**As we approach the final year of our medium-term business plan New ERA 2025, we will continue to grow while focusing on developing technologies and products that contribute to society through surprise and excitement**

President **Hiroyasu Naito**

Let me begin this message by noting that it has recently come to light that bathroom heater/dryers may, on extremely rare occasions, catch fire due malfunctions related to the gradual deterioration of certain components. We sincerely apologize for any inconvenience or concern caused to our customers and stakeholders. We request that users of the affected products discontinue their use, and we have implemented an inspection and repair program at no charge. Going forward, we will focus on product designs where deterioration does not compromise safety during use, and we will once again take to heart the value of quality that has underpinned Rinnai throughout its history.

**Amid challenging business conditions, we achieved record-breaking earnings driven by the growth of original products**

In fiscal 2025, the fiscal year ended March 31, 2025, the global economy continued to face uncertainty as deteriorating business confidence persisted due to rising prices and monetary tightening. This was compounded by such factors as U.S. policy trends, particularly regarding trade, and the prolonged slowdown in the Chinese economy. The Japanese economy also faced challenges including burgeoning raw material and energy costs, inflation, and currency fluctuations, again creating no room for complacency. Undeterred by such challenging conditions, the Rinnai Group achieved record-high sales and profits in fiscal 2025. We attribute this to the elimination of the impact of high inventory levels carried over from the previous fiscal year and the growth in sales of distinctive, high-value-added products in the domestic market. Net sales were ¥460,319 million (up 7.0% year on year), operating income was ¥46,005 million (up 16.9%), ordinary income was ¥50,323 million (up 9.2%), and net income attributable to owners of the parent company was ¥29,691 million (up 11.3%). In overseas segments, in the two priority strategic markets, the United States moved from an operating loss in fiscal 2024 to a profit, while China remained profitable despite a slowing market thanks to strong brand power, production adjustments, and cost-cutting efforts. In regard to concerns over tariffs imposed by the Trump administration, we anticipate that while prices may fluctuate for water heaters sourced from Japan and sold in the United States, the overall impact of tariffs will not be significant.

**Progress in the Fourth Year of the Medium-term Business Plan**

The medium-term business plan New ERA 2025 sets management targets of ¥450 billion in net sales and ¥50 billion in operating income. For fiscal 2025, the fourth year of the plan, we are budgeting for the sales target to be achieved one year ahead of schedule, and for fiscal 2026, the final year, our plan is to achieve net sales of ¥470 billion. Regarding operating income, supply and demand imbalances caused by the COVID-19 pandemic led to unstable trends during the plan period, but we expect to achieve the target in the final fiscal year.



## Message from the President continued

### Advancement in Addressing Social Challenges – Fostering Original Technologies and Products from a Long-Term Perspective

Rinnai aims to achieve a 100% increase in sales (compared to fiscal 2021) for products helping to “improve quality of life” and a 70% increase (compared to fiscal 2021) for products contributing to “help resolve global environmental problems” in the final year of the medium-term business plan. These products represent one of the strategic stories in the plan: “Advancement in Addressing Social Challenges.” In fiscal 2025, sales were driven by highly unique products backed by strong consumer demand, such as the *ECO ONE* hybrid water heater with heating systems, *Kanta-kun* gas clothes dryers, and ultra-fine bubble water heaters that feature “Air Bubble Technology.” As a consequence, sales of products helping to “improve quality of life” increased by 92%, while those contributing to “help resolve global environmental problems” rose by 68.2%, progressing steadily toward our targets. Such high-value-added products are steadily growing as pillars of our profits. I am confident that if we had focused solely on near-term sales and profits, we would not have achieved these results or earned our customers’ loyalty. *ECO ONE* and *Kanta-kun* did not enjoy particularly strong sales when they were launched. Instead, they became widely sought-after products as the social environment

changed and consumers began to reflect on their own lifestyles and the way society ought to be and thus grew increasingly interested in them. In my opinion addressing social challenges requires a long-term perspective in development and sales. It is essential to patiently nurture products with the spirit of *Un-Don-Kon*\*, often cited as a teaching of Omi merchants. We also have high hopes for the SAFULL+ gas stove for seniors, launched in February 2024. Based on SAFULL and its universal design, this product was developed with special consideration for the elderly and persons with dementia. It received a Special Award at the “Orange Innovation Award 2024,” organized by the secretariat of the Dementia Innovation Alliance Working Group. The development process, which incorporated feedback from individuals with dementia and their supporters and was carried out with their active participation, has been highly praised. The product also received coverage in the media, and I sense a heightened interest in the challenges facing the lives of the senior generation.

\**Un-Don-Kon* (Luck, Stubbornness, and Perseverance): This phrase is often cited as a teaching of merchants in Omi (today’s Shiga Prefecture) because it aligns with their business philosophy and values. Luck refers to good fortune and the ability to ride the tides of the times. Stubbornness means being resilient to failure or criticism and maintaining a tenacious mindset. Perseverance signifies endurance, the power to keep going, and the ability to accumulate effort.

We established an organization called the Innovation Center in April 2025 to serve as a driving force behind advancing research and development that contributes to addressing social challenges. At this facility, we will deepen our established technologies and products to meet diversifying market needs, while further enhancing research and development of technologies essential for achieving carbon neutrality — such as heat pump and hydrogen technologies — and pushing them toward commercialization. We are currently conducting demonstration experiments on demand response (DR) with ENERES Co., Ltd. using *ECO ONE*. DR is a mechanism that temporarily adjusts consumers’ electricity usage to respond to fluctuations in unstable renewable energy supply or to suppress peak electricity demand. Rinnai aims to apply DR as a balancing mechanism to facilitate switching to gas when electricity supply and demand become tight during *ECO ONE* usage. Connecting individual water heaters with DR functionality via communication networks provides a countermeasure against blackouts. We have high expectations for the Innovation Center to research and realize the potential of water heaters to create new value and contribute to society. In the area of hydrogen technology development, the prototype hydrogen grill jointly developed with Toyota Motor Corporation has become the first in Japan to obtain certification based on

the Inspection Regulations for Commercial Hydrogen Gas Kitchen Appliances (Japan Gas Appliances Inspection Association). As such, the technology for safely combusting pure hydrogen has been established, and efforts to address closely watched hydrogen energy, are steadily progressing.

Furthermore, while the medium-term business plan sets targets for CO<sub>2</sub> reduction contributions, sales of water heaters in China, planned as a major contributor to the targets, have declined, significantly slowing progress. As a result, we expect that the target will not be achieved by the final fiscal year.



Demonstration unit of the hydrogen grill jointly developed with Toyota

### Expansion of Business Scale – Measures Based on Market Trends and Government Policies, and Strengthened Group Collaboration

Looking at our strategic expansion into overseas markets, first in the U.S. market, while the housing market continues to slump, demand for switching from hot water storage tanks (tank-type water heaters) to high-efficiency instantaneous water heaters (tankless water heaters) remains strong. We will continue endeavoring to capture this demand. Additionally, we will roll out our heat pump water heaters, offering products that can replace gas appliances, thereby establishing a framework capable of responding to environmental measures and policy trends. In China, due to weakened consumer

sentiment, we will focus on reducing equipment costs while prioritizing sales through both online and bricks-and-mortar stores. Additionally, in Australia, where the gas appliance market is shrinking due to the government’s electrification policies, Rinnai acquired Smart Energy Group Pty., Ltd., a home energy product sales company specializing in photovoltaic and battery storage systems. This marks the Rinnai Group’s first venture into the photovoltaic business domain and is a first step toward establishing a new pillar of business apart from gas appliances.



ECO ONE X5 contributing to carbon neutrality



The SAFULL+ gas stove for seniors has won a Special Award at the Orange Innovation Awards 2024



## Message from the President continued

Regarding our overseas strategy, we are implementing a framework to strengthen cross-functional collaboration within the Rinnai Group to complement the fundamental approach of production and sales led by local subsidiaries. We have long held international conferences where top executives, managers, and seconded staff at local subsidiaries gather to report on progress and share information across countries. In recent years, we have also begun holding these conferences for development and manufacturing departments so that each group

### Revolution of Corporate Structure

#### – Make Focused Investments in Intangible Assets –

In the medium-term business plan, we are moving forward with focused investments in intangible assets to transform our corporate structure. Regarding human capital, we recognize that strategic investment is essential to realize the strategic story of the medium-term business plan and continue to do so. We are implementing awareness reform through e-learning to expand training for assistant manager-level employees and promote diversity as part of rank-specific education. Additionally, we are strengthening the development of core personnel as training that connects to the next medium-term business plan. Motivating and inspiring our employees is pivotal, and we intend to advance these initiatives even further. Furthermore, we are advancing business transformation through digital transformation (DX) utilizing data and digital technology, and we believe further evolution of these initiatives is possible going forward. Therefore, last fiscal year we established a new internal award program, the “DX Grand Prize,” to recognize exemplary implementation cases. By sharing these cases, we aim to encourage more effective business process transformation activities and create a virtuous cycle.

#### – Capital Policy –

In our medium-term business plan, we have placed improving capital efficiency and maximizing shareholder value at the core of our strategy, and we have been advancing our capital policy with ROIC, ROE, and total



A home energy product sales company in Australia joined the Group

company enhances its own value by exchanging information, sharing and adopting initiatives and technologies.

return ratio as key metrics. Improving ROIC continues to face challenging conditions, including a temporary decline due to increased inventory levels of products and parts to address supply-demand imbalances caused by the pandemic. Therefore, achieving the target of 19% is expected to be difficult. That said, we will continue to pursue improvements through profit growth and capital control by revising our production systems and further strengthening our supply chain resilience.

To bolster our earning power, we are implementing proactive growth investments under this medium-term business plan, planning investments of up to ¥205 billion (¥80 billion in necessary investments under the base scenario plus ¥125 billion in growth investments and strategic expenses) — significantly exceeding the intensity of our investments over the past five years. In the years up to fiscal 2025, we invested in projects including the second phase of the Shanghai Rinnai facility, the brand showroom Rinnai Aoyama, and the expansion of the Production Technology Center, bringing the cumulative investment amount to ¥162 billion. Regarding shareholder returns, we are implementing both dividends and flexible share buybacks. The total return ratio for this medium-term business plan period is expected to reach 77.3% (total amount of returns: ¥106 billion), significantly exceeding the 40% target (total amount of returns: ¥60 billion) set for this MTBP. For fiscal 2026, we plan to pay an annual dividend of ¥100 per share, an increase of ¥20 from the previous year, and to repurchase ¥10 billion worth of our own

shares. Furthermore, in the next medium-term business plan (FY2027–FY2031), we aim to achieve an ROE exceeding 10%. We will continue to focus our efforts on further strengthening our earning power and enhancing capital efficiency.

#### – Governance –

The Rinnai Group views strengthening and enhancing governance as a key management priority and changed the composition of its Board of Directors from fiscal 2024 to fiscal 2025. Currently, the Board of Directors consists of nine directors, four of whom are independent outside directors (including two women). Our Board of Directors comprises members equipped with the skills necessary for the sustained enhancement of corporate value and

the achievement of our medium-term business plan. We engage in candid discussions not only to comprehensively deliberate on growth investments such as research and development, human resources, and capital investment, but also to pursue management conscious of the cost of capital. Additionally, the ESG Committee, chaired by me as President, identifies issues based on information gathered from investor meetings and third-party evaluations, advances discussions on these matters, and reports the content to the Board of Directors. Recent agenda items at the ESG Committee include measures to strengthen governance, promoting women’s advancement, expanding the scope of Scope 3 greenhouse gas emissions, and communication with suppliers.

### The Rinnai Brand, Built by Accumulating Moments of Surprise and Excitement

I have always believed that products need to inspire “surprise and excitement.” Long ago, I was selling stoves at a trade show and displayed a glass-top built-in hob costing ¥300,000 alongside a stove priced under ¥20,000. At the time, I never imagined it would sell, but many people came specifically to see the beautiful built-in hob and ended up buying it. Witnessing firsthand how people find value not only in functionality but also in beauty, leading them to purchase premium models, I became aware that products must also possess elements that move the heart (excite) through visual appeal. This was equally true for products sold overseas. I learned that while offering surprise and excitement to customers with functionality is essential, appealing to their visual senses through aesthetics is equally indispensable. From this experience, I have always aspired to grow Rinnai products into a preferred brand that delivers both function and aesthetics and imparts both surprise and excitement. With the nature of energy changing today, the Company will not have a future with

gas appliances alone. Furthermore, providing products that meet society’s needs is the value of the Rinnai Group. In this transitional phase, we are focusing our efforts on product development that can respond to societal trends, striving to deliver products offering new levels of “surprise and excitement” at the right time in the future.

I would like to thank all our stakeholders for their continued guidance and support.



Rinnai Aoyama, a brand experience facility expected to serve as a touchpoint with new users



## 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 2025)

Human capital	Employees <sup>*1</sup> :	10,908 people
	Employed (Rinnai non-consolidated) <sup>*1</sup> :	129 people
	Training and development expenses: (Rinnai non-consolidated)	¥194 million
Intellectual capital	Research & Development Headquarters staff: (Rinnai non-consolidated) <sup>*1</sup>	503 people
	Production Engineering Headquarters staff: (Rinnai non-consolidated) <sup>*1</sup>	186 people
	R&D expenses (Rinnai non-consolidated):	¥9,360 million
	ISO 9001 certification acquisition: (number of companies) <sup>*1</sup>	19 companies
	ISO 14001 certification acquisition: (number of companies) <sup>*1</sup>	15 companies
Financial capital	ROE	7.5%
	ROIC	11.1%
	Equity ratio	66.9%
Manufactured capital	Rinnai Group production bases: (number of companies) <sup>*1</sup>	23 companies
	Production group staff (Rinnai non-consolidated) <sup>*1</sup> :	1,528 people
	Capital expenditure (Rinnai non-consolidated):	¥7,397 million
Natural capital	Input energy:	1,063,094 GJ
	Water used: Ground water:	147,237 m³
	Public water:	711,215 m³
Social and relationship capital	Rinnai brand, external evaluations, stakeholder engagement, Rinnai Group Code of Ethics	

<sup>\*1</sup> As of March 31, 2025

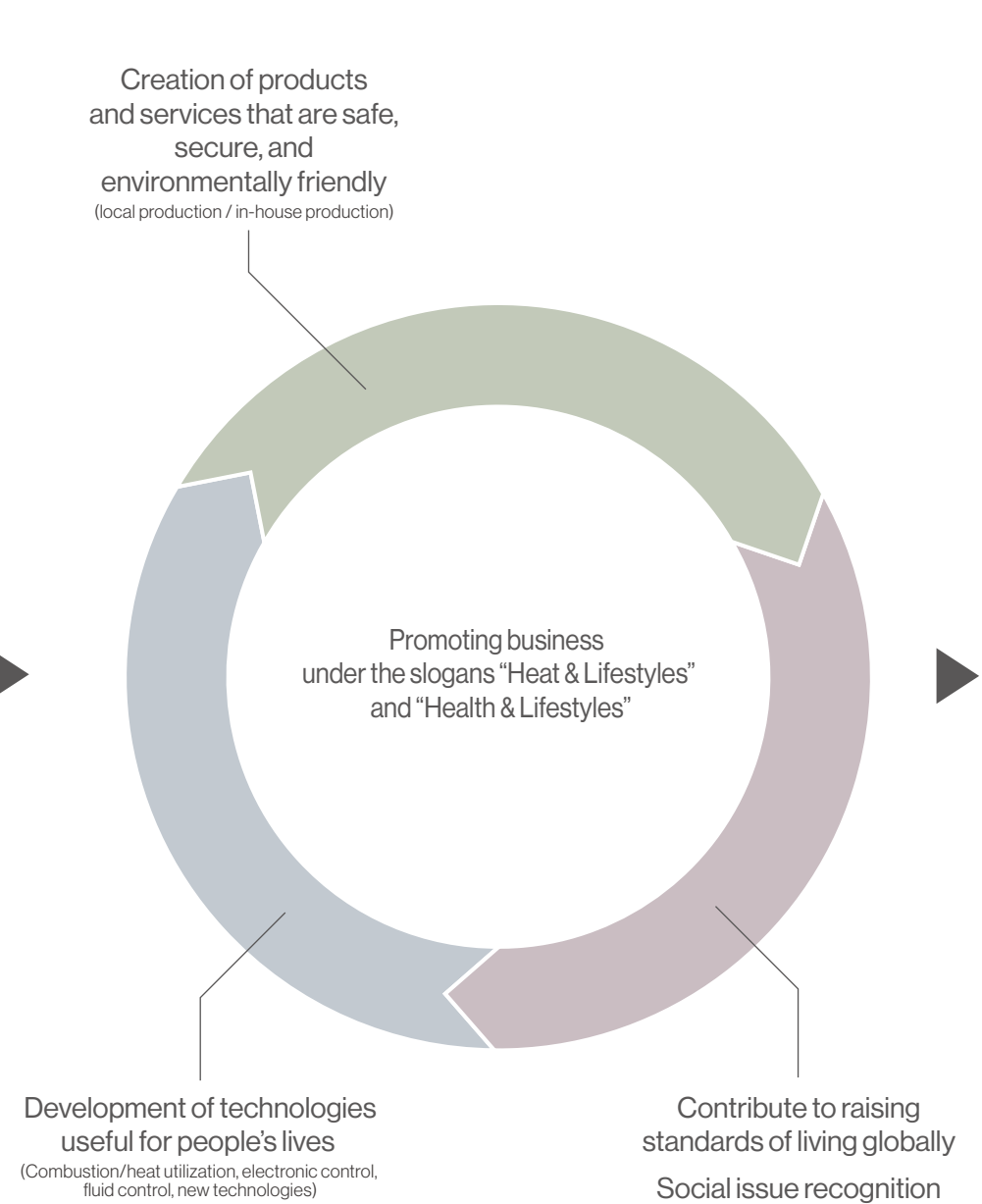
#### Risks

[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



#### Value Provided

<p><b>Environmental contribution</b></p> <p>Providing lifestyles that reduce consumption of everyday lifestyle energy usage and impact on the environment</p>	<p><b>Safety and peace of mind</b></p> <p>Supporting lifestyles that enable the prevention and avoidance of various potential risks in the home</p>	<p><b>Quality of life</b></p> <p>Proposing lifestyles that reduce the burden and time required to perform household chores</p>
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#### Fiscal 2025 Achievements

Consolidated net sales	¥460,319 million
Operating income	¥46,005 million
Operating income ratio	10.0%
Net income attributable to owners of the parent company	¥29,691 million
Net assets (equity ratio)	¥461,718 million (66.9%)
Dividend per share (annual)	¥80
Products contributing to improved quality of life	Sales    Approx. ¥150,000 million
Products that benefit the global environment	Sales    Approx. ¥200,000 million
Amount contributed to reducing CO <sub>2</sub> emissions <small>(* Consolidated basis)</small>	5.30 million tons
Announcements of product recalls due to defects:	0 case

\* The recall announcement that occurred in April 2025 will be included in the 2026 Integrated Report.

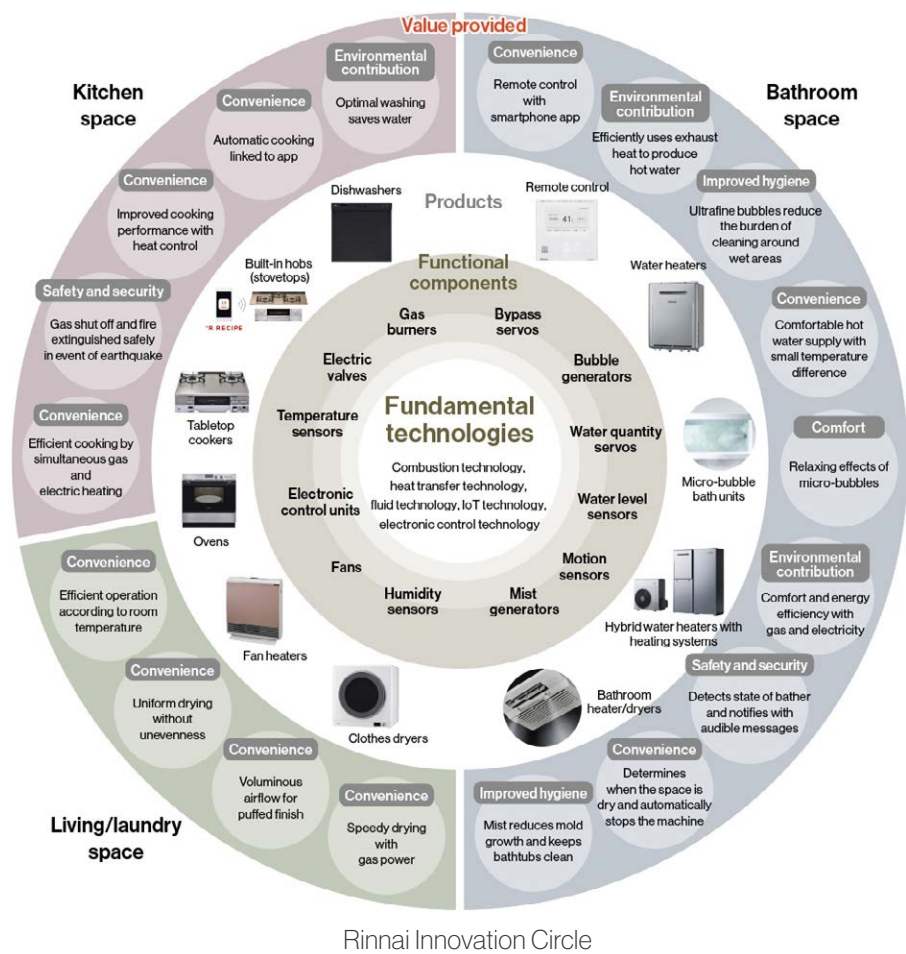
## Core Competence (Intellectual Capital) Supporting Rinnai Growth

### 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.

### R&D Scope

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.



### Production Engineering Policy

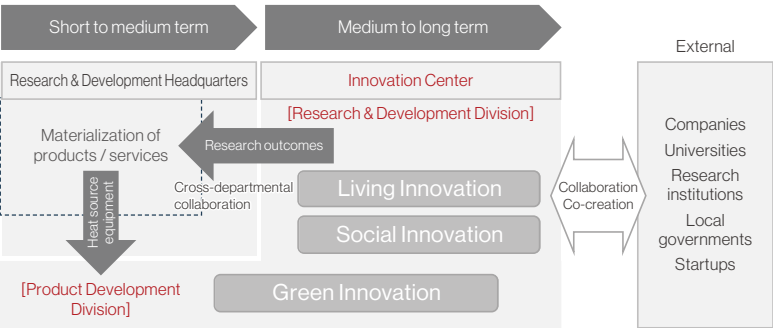
The Rinnai Production Engineering Division pursues “healthy and comfortable lifestyles for people” and “a stable profit structure” through the development of manufacturing technologies. For many years, we have engaged in the research and development of technologies, methods, and mechanisms implemented 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.

### Strengthening Rinnai’s Technological Capabilities

Rinnai continues to enhance its technological capabilities through repeated updates to its equipment, facilities, and organizational structure. In April 2025, we launched a new Innovation Center organization to strengthen new technology development. This follows expansion the Production Technology Center to develop advanced manufacturing technologies in fiscal 2025.

#### New Innovation Center Organization Established

To advance R&D toward achieving carbon neutrality and fostering collaboration and co-creation, we have established a new headquarters-level organization, the Innovation Center, with the Product Development Division and the Research & Development Division positioned under it.



### VOICE

The Innovation Center’s structure consists of two main organizations: the Product Development Division and the Research & Development Division. The Product Development Division pursues technologies for environmentally conscious products aimed at achieving carbon neutrality. Meanwhile, the Research & Development Division aims to move beyond its previous go-it-alone stance and promote collaboration and co-creation with external experts. We will create a new growth stage for Rinnai through innovation-driven expansion of our business domains.



Managing Executive Officer  
Chief of Innovation Center  
Yoshihiko Takasu

### Expansion of the Production Technology Center



The Production Technology Center is a facility dedicated to mastering cost reductions and new technology development related to production led by the Production Engineering Headquarters. The center was recently expanded to tackle new challenges. Addressing the social challenge of achieving carbon neutrality and developing automation and digital technologies to compensate for a shrinking workforce in Japan will be a crucial role underpinning Rinnai’s manufacturing capabilities.

### VOICE

The Production Engineering Headquarters’ role is to contribute to the Company’s management through two key pillars: cost reduction and production systems. When launching new products, we work in tandem with development and product design while collaborating with manufacturing to transform production methods and build a profitable manufacturing system. With this expansion, the center is a one-stop shop for everything from prototyping to molds, equipment, and system development. This will enhance precision in each process and accelerate cost reduction.



Director and Senior Managing Executive Officer  
Chief of Production Engineering Headquarters  
Kazuto Inoue



Progress Report on Medium-term Business Plan New ERA 2025

# New ERA 2025

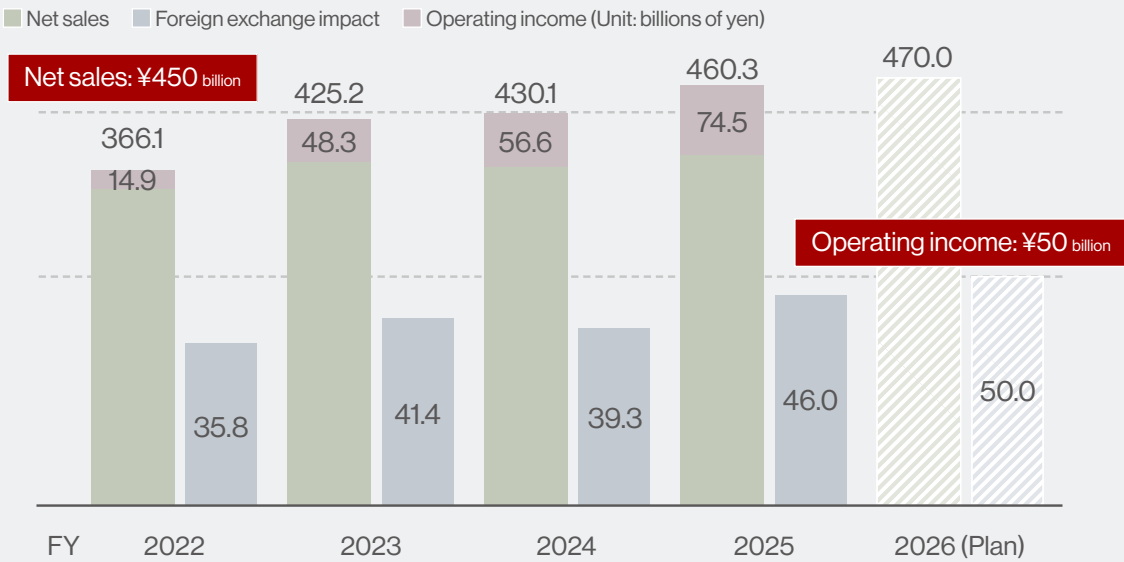
New Expansion,  
Revolution and Advancement

Medium-Term Business Plan Three Strategic Stories

Under the medium-term business plan New ERA 2025 that began in fiscal 2022, we have formulated three strategic stories centered on “Advancement in addressing social challenges,” “Expansion of business scale,” and “Revolution of corporate structure.” Four years have now passed in the five-year plan.

Progress in Net Sales and Operating Income

The sales target for the final year of the medium-term business plan, fiscal 2026, was set at ¥450 billion, but this was achieved one year ahead of schedule. The final-year target for operating income is ¥50 billion. Although profits remain unstable due to the impact of the pandemic disrupting supply and demand balance, we expect to achieve this target in the final year of the plan.



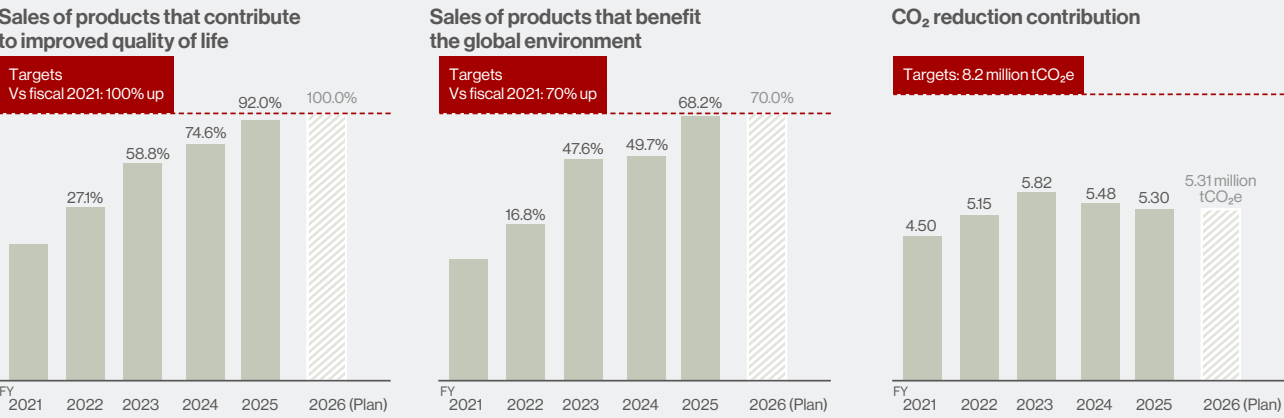
Business Environment Outlook and Rinnai's Direction

The three key markets of Japan, the United States, and China will drive the Rinnai Group's performance as it addresses their respective market trends.

	Japan	United States	China
Business environment	<div>■ Gradual declines in population and number of households ⇒ Market (volume) expected to contract</div> <div>■ Carbon neutrality efforts under way and surging energy prices ⇒ Energy efficiency awareness expected to increase</div>	<div>■ Gradual increases in population and number of households</div> <div>■ Moving toward carbon neutrality, but energy policies vary by state</div> <div>■ Energy efficiency awareness expected to grow</div> <div>■ Trade policy remains uncertain</div>	<div>■ Market stagnation expected to continue</div> <div>■ Consumer income levels projected to rise ⇒ Customer base for our products expected to expand</div>
Our Initiatives	<div>■ Growing demand for improved living standards ⇒ Further increase sales of key products</div> <div>■ Enhance manufacturing capabilities and expand globally</div> <div>■ Expand into electric products through technology integration</div>	<div>■ Maximize advantages of local production (supported by Japan) to further enhance manufacturing capabilities (including increase local procurement ratio)</div> <div>■ Increase number of electrical products to expand sales</div>	<div>■ Utilize new factory to improve productivity and reduce costs</div> <div>■ Leverage e-commerce channel to expand sales territory</div> <div>■ Leverage equipped with automatic temperature control (technology cultivated in Japan) to tap market</div>

Progress of Medium-Term Business Plan (Advancement in Addressing Social Challenges)

Sales of products that contribute to “improving quality of life” and “help resolve global environmental problems,” as outlined in our medium-term business plan targets, are progressing steadily. The CO<sub>2</sub> reduction contribution slowed substantially due to a decline in water heater sales in China, which accounts for a large portion of the contribution rate, and we now project not achieving the fiscal 2026 target.



Status of Key Products Addressing Social Challenges

Hybrid water heaters

These are high-efficiency water heaters that leverage the advantages of both electricity and gas. Gas provides backup fuel for heat pump water heaters where there is concern over running out of hot water, thus enhancing convenience. Utilizing multiple energy sources reduces the risk of hot water supply interruption during infrastructure outages caused by disasters or other emergencies. We are expanding our lineup to offer installation methods suited to each household's needs.

Unit sales compared with first year of medium-term business plan: **188.4% up**



Ultra-fine bubble water heater

This is a water heater incorporating a device that generates microscopic bubbles. Using these tiny bubbles, known as ultra-fine bubbles, in kitchens and bathrooms reduces dirt adhesion and improves cleanability around wet areas. Verified results also show the bubbles' benefits on cleansing skin and beautifying hair, boosting the value of water heaters that generate these bubbles.

Unit sales compared with first year of medium-term business plan: **439.0% up**



Kanta-kun gas clothes dryer

Kanta-kun units dry clothes in about one-third the time of comparable electric models. Its powerful gas-heated air leaves laundry soft and fluffy results and excels at eliminating Moraxella bacteria, a common cause of damp and musty odors. The deluxe model offers enhanced design appeal while the addition of an under-eave installation models continues to broaden its adoption range.

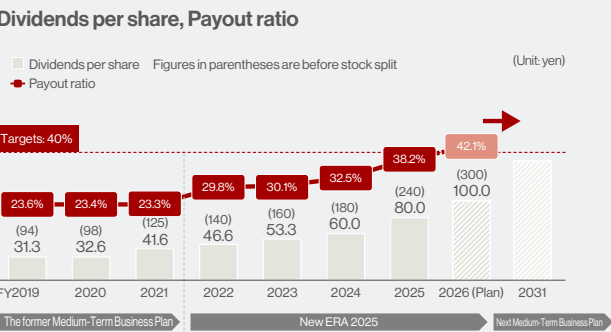
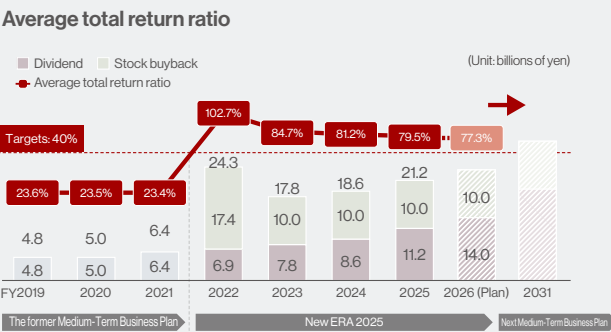
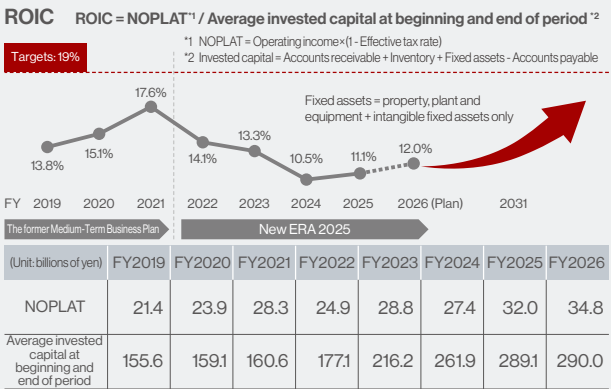
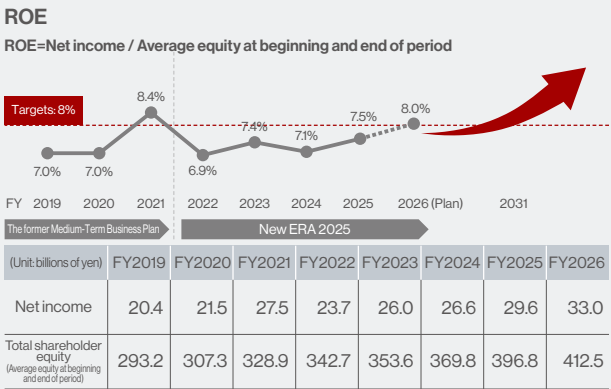
Unit sales compared with first year of medium-term business plan: **12.8% up**



Financial Strategy

Capital Efficiency in the Medium-Term Business Plan

Capital efficiency has tracked below target levels, primarily due to factors such as increased inventory resulting from supply-demand instability during the pandemic. We will aim to raise capital efficiency through both profit growth driven by promoting sales of high-value-added products and effective capital control.



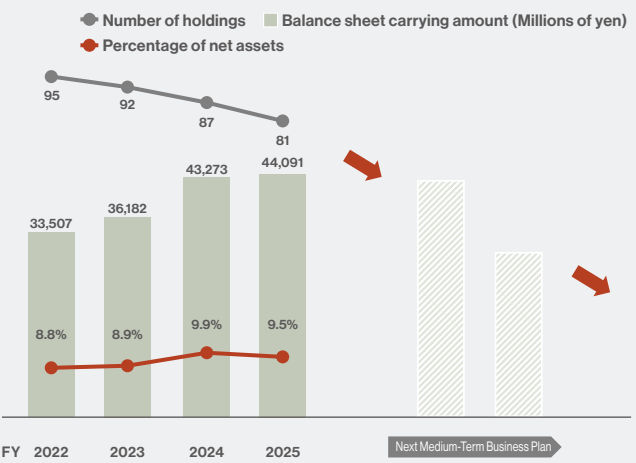
Status of Strategic Shareholdings

We will accelerate the reduction of strategic shareholdings to secure cash on hand. We will also strategically execute investments in growth businesses and stock buybacks while responding flexibly to funding requirements.

Promoting reduction of strategic shareholdings

	FY2022	FY2023	FY2024	FY2025
Number of holdings	95	92	87	81
Balance sheet carrying amount (Millions of yen)	33,507	36,182	43,273	44,091
Percentage of net assets	8.8%	8.9%	9.9%	9.5%
Number of stocks where shares held were reduced	6	3	6	9
Sale proceeds (Millions of yen)	132	52	94	1,873

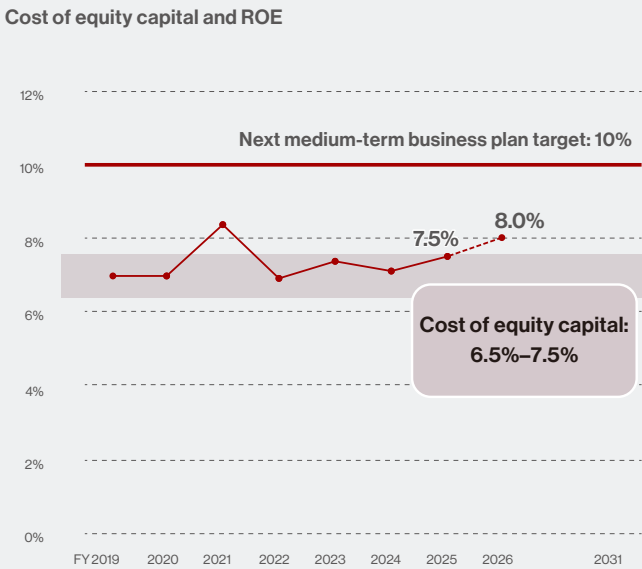
■ Although we pursued reductions, the balance sheet carrying amount increased due to rising stock prices  
■ Focusing on capital efficiency, a phased reduction plan will be formulated during the next medium-term business plan period



Direction of Capital Policy

(1) Approach to Improving Capital Efficiency

We currently estimate our cost of equity capital to be between 6.5% and 7.5%. During the current medium-term business plan period, ROE has trended between 6.9% and 7.5%. For fiscal 2026, we view an ROE of 8.0% as a non-negotiable target. Given the uptrend in the cost of equity capital, an ROE of 8.0% is by no means a satisfactory level. We believe it is necessary to achieve an ROE exceeding the cost of equity and aim to achieve an ROE above 10% during the next medium-term business plan period.

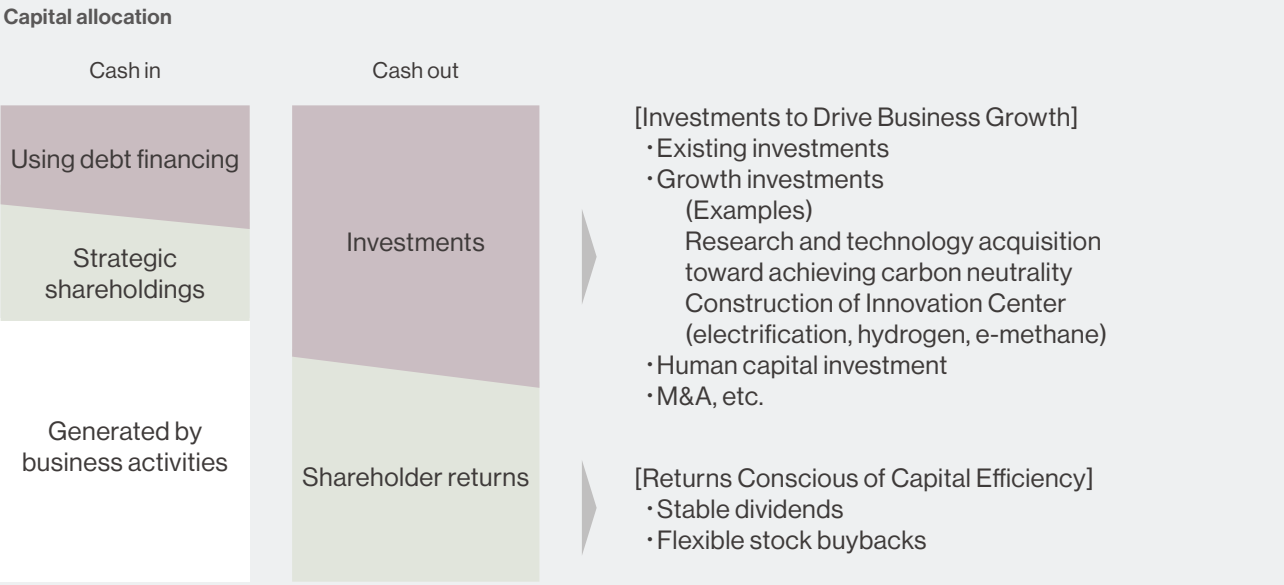


(2) Investment and Shareholder Returns

Going forward, the market anticipates an energy transformation toward achieving carbon neutrality. Rinnai believes investment is essential to ensure its future competitiveness. Specifically, this involves acquiring research and technology related to new energy sources (renewable energy, hydrogen, e-methane, etc.), with renewable energy (electricity) being considered the most promising trend. Rinnai will execute large-scale investments (including potentially M&A). Yet as these are new ventures, the horizon to recoup such investments is expected to be relatively lengthy. Therefore, we recognize the need to balance this with our shareholder return policy to enhance capital efficiency.

(3) Capital Allocation

As outlined above, we will generate cash by focusing on growth investments and M&A for innovation-driven transformation, stable dividends and flexible stock buybacks, as well as existing investments. In addition to profits from business growth, we will prepare funds through investment cash flows such as the sale of strategic stockholdings. For any shortfall, we will also consider using debt financing while maintaining control over our assets.



















## Rinnai’s Approach to the SDGs Linked to its Management Strategy

Under the Rinnai Medium-Term Business Plan New ERA 2025, we aim to contribute to the resolution of social issues by reducing CO<sub>2</sub> emitted during product use by 8.2 million tons and increasing the sales ratio of products that contribute to improved quality of life by 100% in fiscal 2026 (compared to fiscal 2021) and that benefit the global environment by 70% in fiscal 2026 (compared to fiscal 2021). Rinnai will make an effort to achieve the SDGs through products that contribute to improved quality of life and that benefit 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

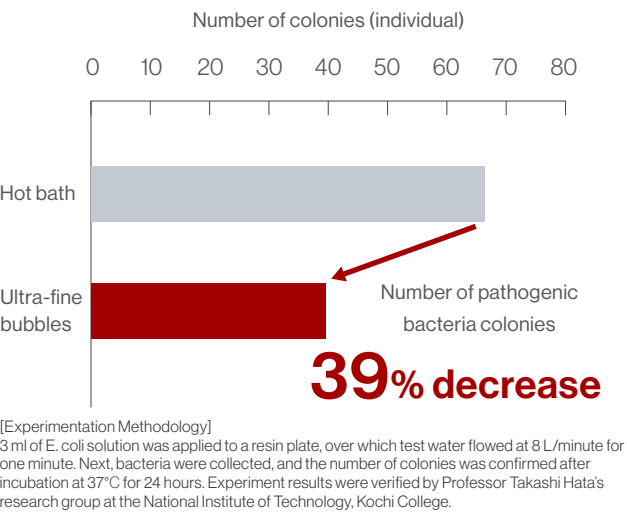
Product	Theme	Contribution	Goal
Hybrid water heaters	Energy-efficiency	Higher energy-efficient water heaters contribute to the global environment	 
	Resilience	Gas-electric hybrids contribute to the securing of lifelines during emergencies	
Fine bubble products	Health promotion and relaxing bathing	Products that embody a "healthier way of living"	
	Cleansing effect	The bubble cleansing effect reduces the amount of water used for cleaning.	
Gas clothes dryers	Reduces time required for housework	Powerful gas drying shortens time spent doing laundry, contributes to reducing housework burdens	
Dishwashers	Reduced water usage	Conserves water when washing dishes, contributes to the conservation of water resources	
	Reduces time required for housework	Automated dishwashing contributes to reducing housework burdens	
Stoves with automatic cooking functions	Reduces time required for housework	Automated cooking contributes to reducing housework burdens	
Bathroom heaters/dryers	Prevents heat shock	Bathroom heating eliminates temperature differences when bathing, contributes to the prevention of heat shock	
Gas tankless water heaters	Energy-efficiency	Enhancing the energy efficiency of water heaters contributes to the global environment	 
Gas boilers	Air pollution countermeasures	Switching fuel from coal to gas in water heaters with heating systems contributes to the control of air pollution	 

## Representative Examples of SDG Initiatives

### Scouring Effect of Bubbles Reduces Water Consumption When Cleaning [Fine Bubble Products]



Ultra-fine bubbles make it easier to wash away bacteria that causes grime, reducing stains on bathroom floors, kitchen sinks, and other surfaces. Water heaters are equipped with an apparatus that generates ultra-fine bubbles, which travel through household water pipes, and prevent grime from building up in plumbing fixtures. This decreases the frequency of routine cleaning and washing in wet rooms, thereby reducing water consumption.



Ultra-fine bubbles in household water

### Contributing to the Reduction of Housework Burdens through Automated Cooking [Stoves with Automatic Cooking Functions]



Stoves with automatic cooking functions cook meals automatically once prepped ingredients are placed inside and a menu is selected. These stoves reduce the effort required for cooking, and with an extensive collection of recipes, they even cut down the time spent agonizing over menus. Even challenging recipes can be made into delicious meals by practically anyone without the need to spend too much time in the kitchen, providing more time to enjoy pleasant moments with family during meals and gatherings.



Stove with automatic cooking function



**+R RECIPE**  
プラスアルレシピ

A dedicated app is also available, enabling users to search for recipes on their smartphones and start cooking right away. Recipes are updated weekly and feature a wide variety of menu options.





## Rinnai Australia

The Australian market has been dominated by tank-type water heaters, but as a country with advanced environmental policies, there has been a shift towards more efficient gas water heaters. To further improve energy efficiency, Australia is now moving into an era of diversification, including the adoption of heat pumps and renewable energy sources. We are promoting diversified management, including the incorporation of a solar power generation business, the first such venture for the Group.

### Mainstay products



Tankless water heaters



Heat pump water heaters



Air conditioning



Established: 1971  
Fiscal 2025 net sales: **¥36.7 billion**  
Operating income: **¥1.2 billion**

## Rinnai Korea (South Korea)

South Korea has a long-established culture of floor heating known as "ondol," with boilers (hot water heaters) comprising the majority of the market. The adoption of heating equipment has been progressing steadily for some time, with replacement demand for boilers and stoves remaining stable. With technological advancements in environmental and safety features, the market has matured to the point where fire prevention safety devices for high-efficiency boilers and stoves are now mandatory.

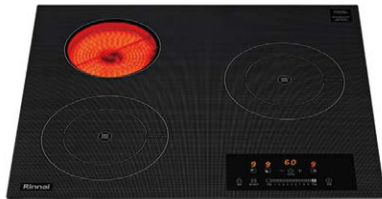
### Mainstay products



High-efficiency gas boilers



Gas stoves



Electric stoves



Established: 1974  
Fiscal 2025 net sales: **¥31.9 billion**  
Operating income: **¥0.9 billion**

## Rinnai Indonesia

In Indonesia, the government's promotion of energy policies has accelerated the adoption of LPG, while simultaneously boosting demand for gas stoves, leading to consistently strong sales of high-quality Rinnai Indonesia products. Within Indonesia's stove market, comprising several million units sold annually, we maintain a market share over 70%, and continue to expand sales through ongoing replacement demand.

### Mainstay products



Tabletop cookers

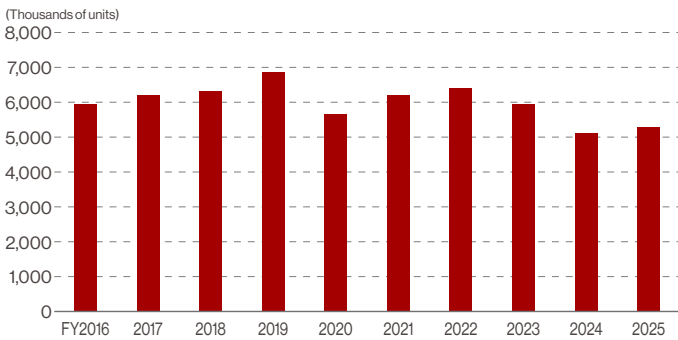


Built-in hobs (stovetops)



Established: 1988  
Fiscal 2025 net sales: **¥17.7 billion**  
Operating income: **¥3.8 billion**

### Tabletop cooker sales

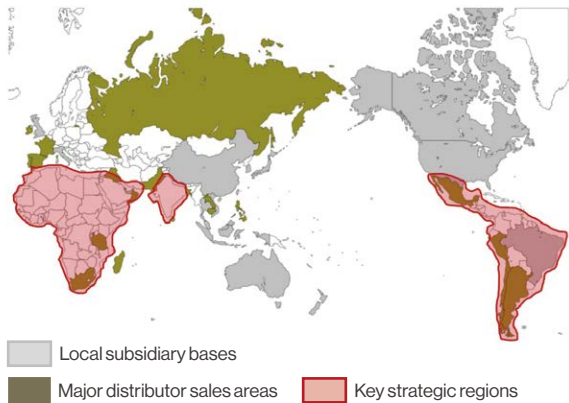


## Expanding Business Scale

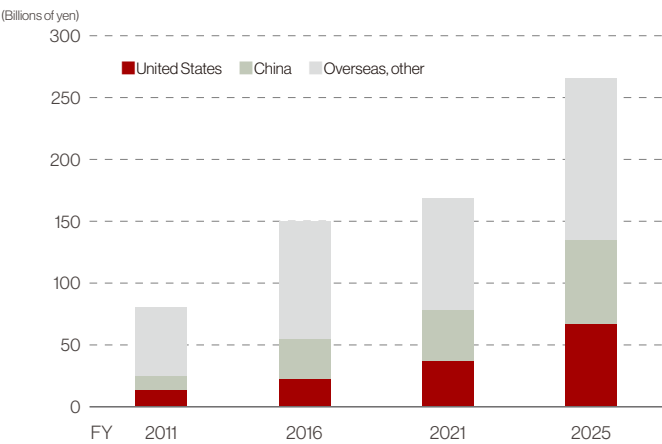
In addition to growing our business in the major areas where we have traditionally operated, we are expanding into new areas. Specifically, during the medium-term business plan (fiscal 2022–fiscal 2026), we strengthened our presence in Latin America, acquiring companies such as Industrias Mas (Mexico) and Thermosolutions Group (Costa Rica) to expand our business scale.

Additionally, during the same period, Rinnai Australia acquired Smart Energy Group, a home energy product sales company. For the Rinnai Group, solar power generation represents a new business domain, embodying our commitment to expanding our business scale.

### Key strategic regions targeted under the medium-term business plan



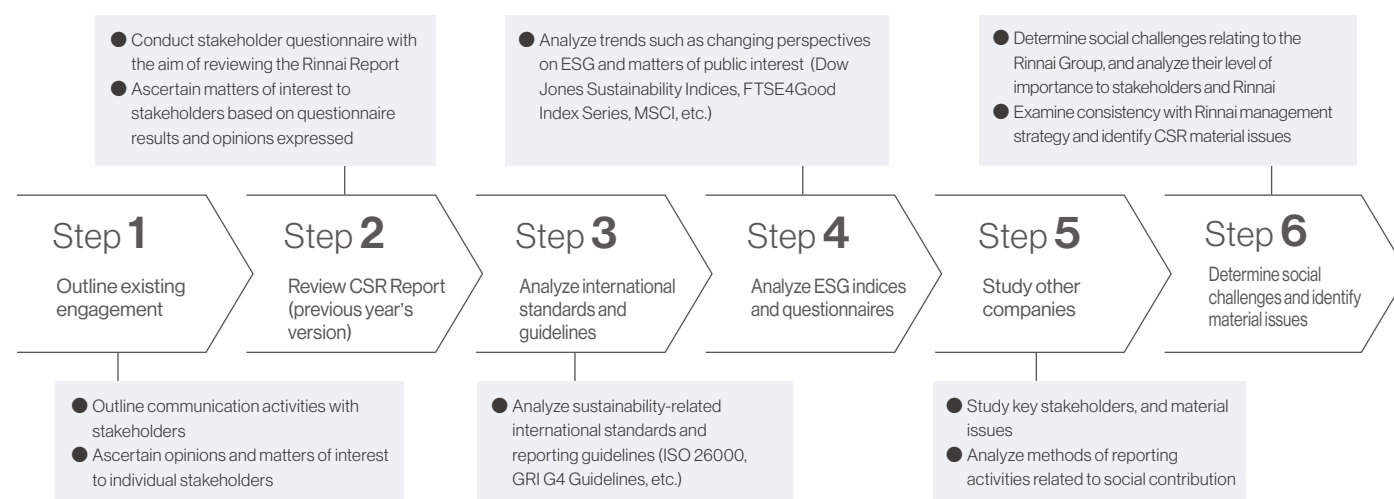
### Sales in key countries (Us and China) and other areas


















## 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

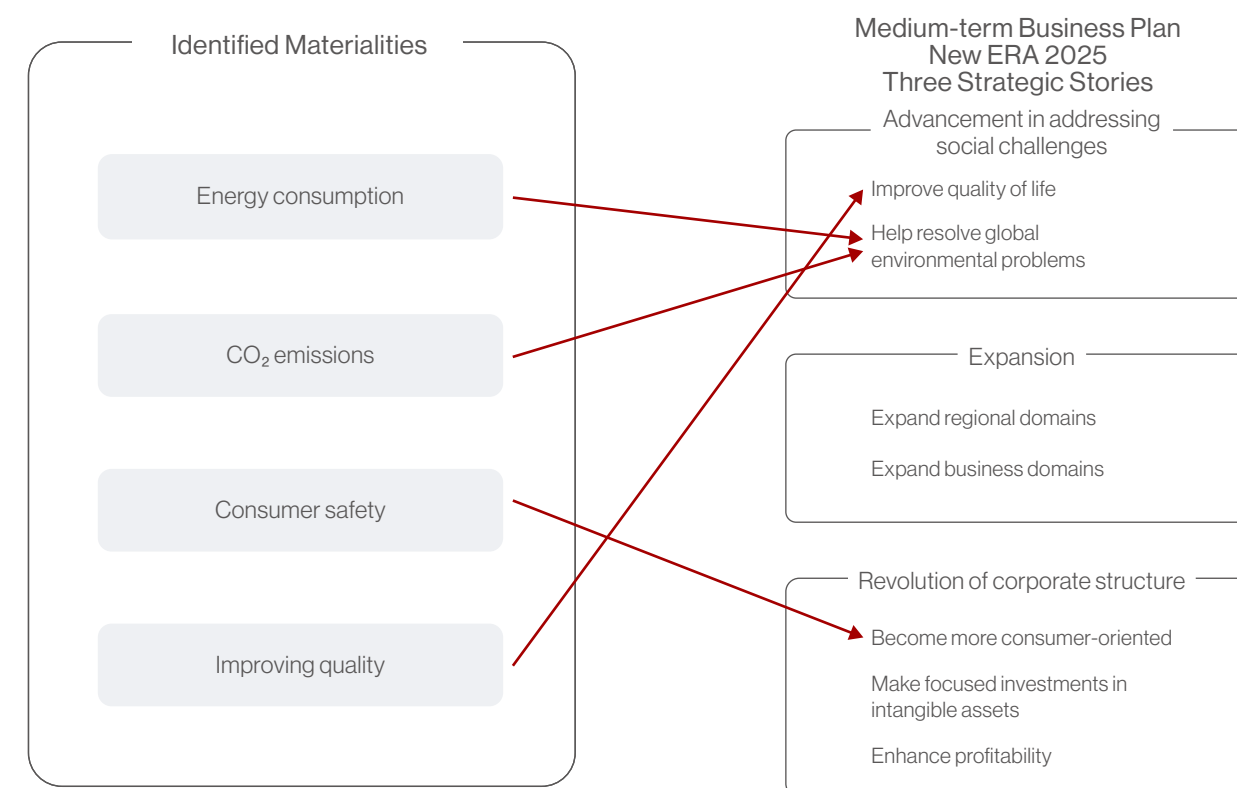


## Materiality Summary

Material Issues	Main Activities and Initiatives	Key Performance Indicators (KPIs) and Issues	Themes covered	Reference page	Related goals
Energy consumption/CO <sub>2</sub> emissions	Achieving carbon neutrality in business activities and product development	Amount of CO <sub>2</sub> reduction contribution Fiscal 2026: 8.2 million tons	Environment	31–52	  
Consumer safety/Improving quality	Improving quality of products and workflow from the safety of customer use through to production	Number of defects leading to a recall announcement: 0	Safe and reliable	53–62	 
Health/Housework time reduction	Supporting the health of customers and improving the quality of their lives	Sales of products that contribute to improved quality of life: 200% of fiscal 2021 sales	Improving the quality of life	63–64	 
Work-life balance/Work style reforms	Supporting employee job satisfaction and ease of work Improving employee performance	Employee engagement Positive responses: Up 15 points in fiscal 2026 (compared to fiscal 2021)	Human capital	65–80	 
DX	Utilizing network tools to connect devices and support streamlining of work in all areas of business activities	DX professionals: 10, DX technicians: 50 (fiscal 2026)	DX	81–82	  
Stable procurement	Continuous and stable supply of products as lifestyle essentials to the market	Increase in on-time delivery rate	Suppliers	83–86	 
IR communication activities	Building favorable relationships with shareholders and investors Providing useful information to stakeholders	Increase in the number of IR interviews handled	Shareholders and investors	87–88	

## Relationship Between Identified Materialities and Medium-term Business Plan

The identified materialities are closely related to the three strategic stories of the current medium-term business plan, New ERA 2025.





# Materiality [Environment] | Materiality Special Feature (1)-1

Rinnai's hybrid water heater, *ECO ONE*, is a product that plays an important role in business activities that contribute to the global environment. In this section, we discuss business strategy with NIPPON GAS CO., LTD., which is making significant efforts to promote the adoption of hybrid water heaters.

## VOICE

To prepare for the major changes that lie ahead, NIPPON GAS restructured its organization in January 2024, and in addition to existing gas, electricity, and other retail operations, spun off Energy Sola, which is engaged in the Platform business. To resolve labor shortages, rising costs, and other issues facing the industry, it is vital we promote the consolidation of standardized systems and infrastructure across the entire industry. By establishing our digitally optimized operations as standard infrastructure provided as a platform in various formats, we aim to enhance industry-wide efficiency, while invigorating the industry through friendly competition.

We have participated in an alliance with the TEPCO Group since 2016, and commenced electricity retail sales in 2018. Given the current trend focused on achieving carbon neutrality, the consumption of gas, a fossil fuel, will gradually decline going forward. To ensure customers are using the optimal energy source, we provide energy through various methods, while also proposing hybrid water heaters that are optimal for reducing utility costs.

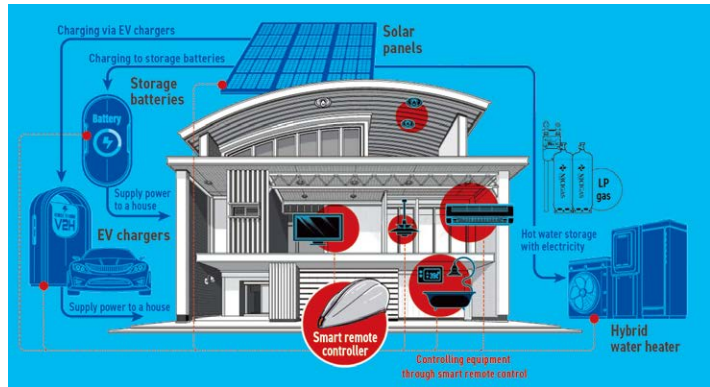


**NIPPON GAS CO., LTD.**  
Representative Director, Senior Managing Executive Officer  
Sales Headquarters General Manager  
**Tomonori Tsuchiya**

NIPPON GAS has electricity contracts with over 380,000 customers. We are promoting the sales of solar power generation and storage battery equipment to this customer base.

We are currently developing our own smart remote control that can regulate electricity and gas usage. Hybrid water heaters normally use electricity to boil water, but when demand is high, they switch to gas to cut peak electricity demand, and when there is surplus electricity generated by solar power, they use it to heat hot water and store it in a tank. The hybrid water heater acts as an "energy dam" that stores energy in the form of hot water equivalent to the amount of electricity accumulated in the storage battery. Combining hybrid water heaters with smart remote controls will accelerate the transition to smart homes.

As a gas and electricity retailer, we feel that hybrid water heaters are a very effective system. As a retailer, we can reduce our procurement costs and pass on a portion of those savings to our customers. By using hybrid water heaters, customers can reduce running costs, contribute to the global environment, and help balance energy supply and demand, creating a virtuous cycle.



Smart home model proposed by NIPPON GAS



Expanding sales of *ECO ONE* hybrid water heaters

Customers who have installed hybrid water heaters frequently report lower utility costs. Those who purchased these units maintain their gas and electricity contracts, resulting in high levels of satisfaction. In fiscal 2025, we sold 5,300 hybrid water heaters, and we are targeting sales of 8,000 units in fiscal 2026.

Hybrid water heaters offer economic efficiency and environmental performance, as well as resilience that maintains lifelines during disasters. As customers come to understand these features, our relationship with them deepens, creating stronger bonds, long-term contracts, and further business opportunities beyond gas, including electricity, solar power, and storage batteries, leading to enduring customer loyalty.

As household energy consumption gradually shifts from gas to electricity, we will adapt to changes in local communities by significantly transforming our business model as a comprehensive energy company. We will propose efficient resource utilization to our customers, while advancing toward the next era leveraging the various delivery methods required to achieve this aim.



Platform business additional restructuring

The sale of hybrid water heaters has enabled us to further expand our business, as solar power generation and hybrid water heaters are highly compatible, leading to new proposals. We provide the optimal combinations to customers with an interest in the environment, and also clearly explain how utility costs will be lowered to ensure thorough understanding. From the perspective of corporate development, we have been able to diversify delivery methods with gas, electricity, and renewable energy.

## Launch of Hybrid Water Heater Demand Response Readiness Field Testing

The Japanese government has made the decision to increase the proportion of renewable energy in its New Basic Energy Plan to 40–50%. However, renewable energy supplies do not always align with demand, potentially leading to power shortages and even the risk of large-scale power outages. There is an increasing focus on demand response (DR) as a power adjustment procurement method to compensate for renewable energy output instability.

As the number of households adopting residential storage batteries, heat pump water heaters, and electric vehicles is expected to increase going forward, the Ministry of Economy, Trade and Industry is leading efforts aimed at the remote operation of DR and DR readiness.

Rinnai plans to sell 300,000 hybrid water heaters annually by 2030 to achieve carbon neutrality by 2050. We have commenced field testing of the DR functionality of Rinnai’s *ECO ONE* hybrid water heater, which can use electricity and gas separately, in collaboration with energy intermediary ENERES Co., Ltd.



ECO ONE hybrid water heater

### VOICE

#### Comments from DR-ready field testing partner ENERES

At ENERES, in addition to our retail electricity business and business supporting the promotion of decarbonization using corporate energy, we are engaged in an aggregation business that bundles dispersed energy sources to regulate the balance between electricity supply and demand. One of these is demand response (DR), which adjusts electricity usage, and is the focus of our collaboration with Rinnai.

Our company has conducted virtual power plant (VPP) verification projects, in which dispersed energy sources are replaced with a single virtual power source, for nearly eight years, including aggregation verification with the Ministry of Economy, Trade and Industry since fiscal 2017, as we have long been focused on the use of heat pump water heaters as residential energy sources. Hybrid water heaters combine gas and heat pump water heater functions, eliminating the worry of hot water running out, making them a critical resource that maintains the convenience of their intended purpose while balancing electricity usage, and I think hybrid water heaters have a significant influence within the energy industry.

As we are not a hardware products manufacturer, we intend to continue collaborating with manufacturers such as Rinnai that possess the capability to develop equipment. From the perspective of the global environment, we hope to work together to consider and promote efforts that contribute to decarbonization.



ENERES Co., Ltd.  
General Manager, Business Planning Division and Director,  
Mirai Research Institute

Teruo Kobayashi



Operations room

## Acquiring Certification for Hydrogen Cooking Appliances with the Aim of Realizing a Hydrogen Society

Rinnai is promoting the development of appliances that envision the realization of a hydrogen society as one means of achieving carbon neutrality. In the cooking appliances field, we launched joint developments related to hydrogen cooking in collaboration with the Toyota Motor Corporation in 2022. Through this collaboration, we established a technology for safely combusting hydrogen, acquiring certification for the hydrogen griller in December 2024, and commercial hydrogen stoves in May 2025.

Certification was acquired from the Japan Gas Appliances Inspection Association (JIA), which also conducts inspections of gas appliances, confirming the safety of hydrogen combustion equipment. This certification, which corresponds to Items 1 and 2 of the Commercial Hydrogen Gas Kitchen Appliance Inspection Regulations, represent a significant step toward realizing a sustainable society. Going forward, we will continue promoting technological developments aimed at realizing carbon neutrality through the development of hydrogen appliances.



Commercial hydrogen stove certified in May 2025

### VOICE

#### Comments from the Japan Gas Appliances Inspection Association, a gas and hydrogen combustion appliances certification institution

The Japan Gas Appliances Inspection Association (JIA) was established as a third-party institution to conduct inspections of gas appliances. We are involved in establishing inspection regulations that define inspection standards and methods, and we conduct inspections and certification of gas appliances at inspection facilities based on these regulations.

In recent years, as efforts to achieve carbon neutrality have accelerated, and following Rinnai’s 2022 press release on hydrogen water heaters, we felt it was imperative to establish safety standards for hydrogen combustion appliances. Before hydrogen combustion appliances can be put into practical use, safety standards are required, just as with gas equipment currently on the market, thus there is an urgent need to establish standards ensuring consumers can utilize hydrogen combustion appliances safely.

We believe that by establishing safety standards for commercial hydrogen gas kitchen appliances, including hydrogen grillers and hydrogen stoves, we have taken a step forward in contributing to the safe and secure utilization of hydrogen energy. We will continue to promoting efforts to achieve carbon neutrality going forward.

My hope is that Rinnai will continue developing even more hydrogen combustion appliances and other products, thereby discovering new possibilities for the carbon-neutral society of the future in a wide range of fields.



Japan Gas Appliances Inspection Association  
Nagoya Testing Station

Takahiro Sekiyama (left)

Certification Technology Department

Yota Horioka (right)



# 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 environmental issues such as 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 environmental issue risks by setting "energy consumption and CO<sub>2</sub> emissions" as material issues and the "amount contributed to reducing CO<sub>2</sub> 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.

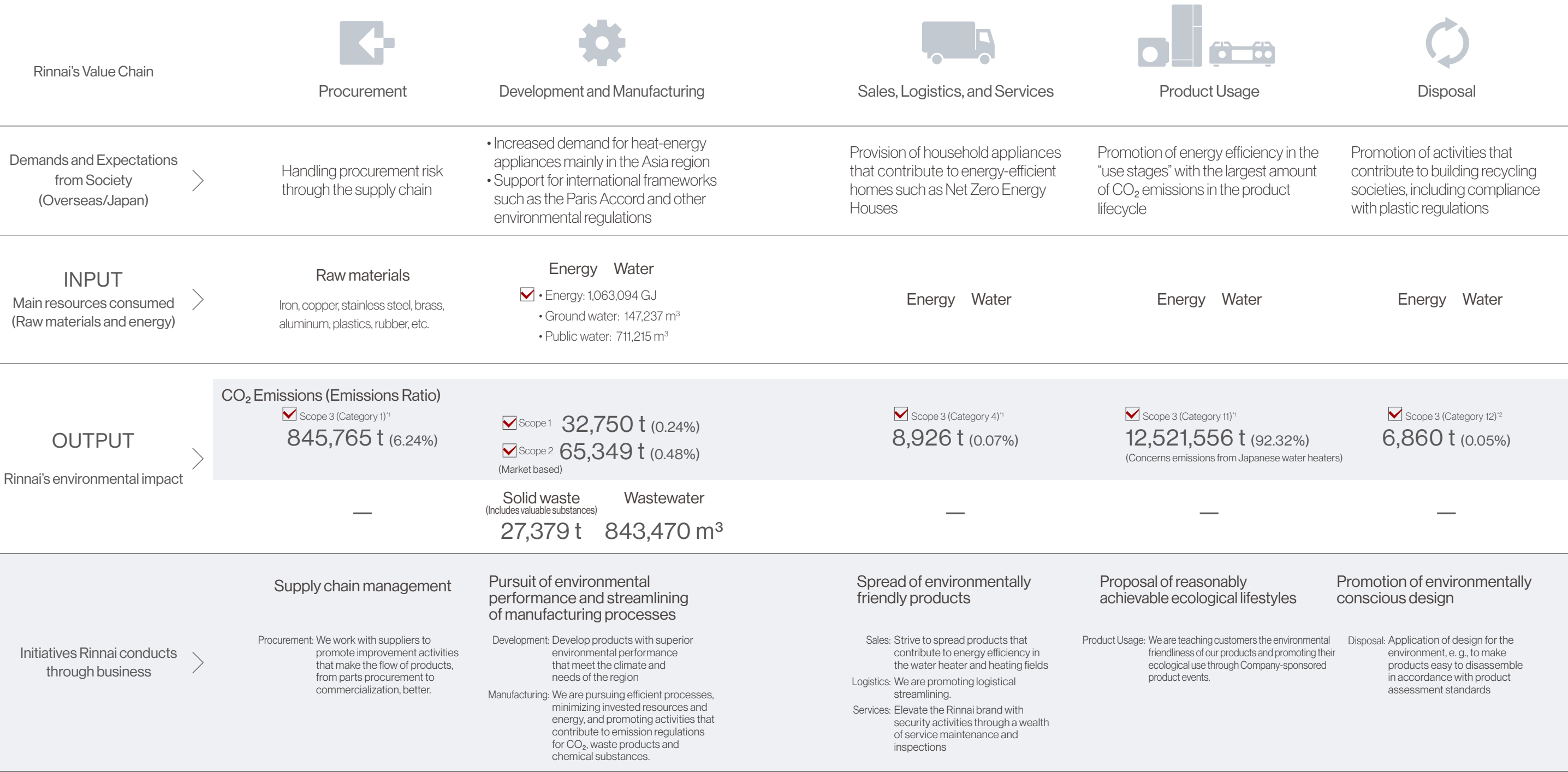
		Impact on Rinnai		Rinnai's response or impact on Rinnai.	Profit Impact (Amount/Duration)	Degree of urgency
		1.5°C scenario* (What Rinnai will do to keep the increase in temperature below 1.5°C)	4°C scenario* (Impact on Rinnai if the temperature rises by 4°C)			
Transition risks	Raw material procurement 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 <sub>2</sub> )	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.	¥8.4 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.	¥8.4 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.

Environmental Impact within Rinnai’s Value Chain

Rinnai promotes environmental impact reduction initiatives through the value chain <sup>(see Note 1)</sup> 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 2025 (April 1, 2024–March 31, 2025) \*2. Fiscal 2024 (April 1, 2023–March 31, 2024) Overseas: January 1, 2024–December 31, 2024 [CO<sub>2</sub> emissions (units)]: tCO<sub>2</sub>e, (%) represents the emissions ratio within each process.

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



## Materiality [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.

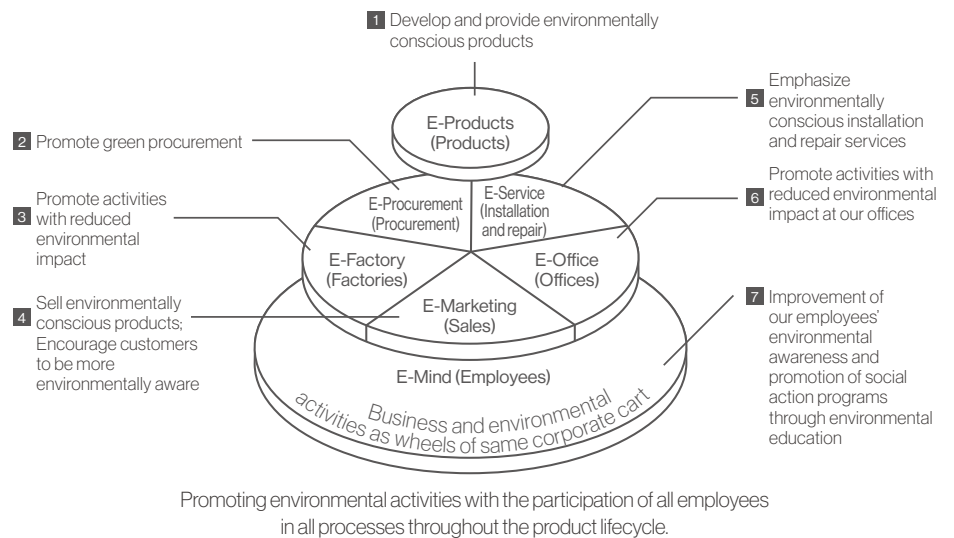
### Environmental Slogan

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.

- a) 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.
- b) We will abide by environment-related laws and regulations in addition to our own self-established standards.
- c) 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.
- d) 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.
- e) 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.

### 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: Data Book Environmental Data page 123 Certification Acquisition Status](#)

### 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.

### 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 2025, there were no violations of environment-related laws and regulations, including those related to pollution prevention.

[Link: Data Book Environmental Data page 124 Data by Site \(Fiscal 2025 Results\)](#)

## Materiality [Environment]

### Environmentally Conscious Design (Product Assessment)

Rinnai implements measures to ensure environmental consideration throughout the product cycle 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 (recyclable design specification efforts).

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 reduced greenhouse gas emissions, leading to fewer burdens on the 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-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.

### 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 14th awards ceremony was held at the Rinnai Group New Year Convention, at which Rinnai's CEO presented the awards.

In fiscal 2025, there were a record 286 entries submitted, from which one Grand Prize and nine category-specific awards covering manufacturing, offices, logistics and social contributions were selected.





## Materiality [Environment]

### Prevention of Global Warning

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.

#### Toward the Achievement of 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 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.

[Link: Rinnai Group's Path to Becoming Carbon-Neutral \(RIM 2025\)](https://www.rinnai.co.jp/en/technology/carbon_neutral/)
[https://www.rinnai.co.jp/en/technology/carbon\\_neutral/](https://www.rinnai.co.jp/en/technology/carbon_neutral/)

#### Taking on the Challenge of Zero CO<sub>2</sub> Emissions During Product Use

As the world moves to curb rising temperatures, Rinnai is making efforts to anticipate future risks and opportunities stemming from climate change, while taking on the challenge of achieving net zero CO<sub>2</sub> emissions during product use by 2050. Looking at the life cycle of Rinnai products, the largest amount of CO<sub>2</sub> is emitted during use. Therefore, in addition to advancing existing energy-saving products such as the *ECO ONE* hybrid water heater with heating system, there are demands for a response to energy infrastructure needs, including the shift to renewable energy, and the creation of products and systems that emit zero CO<sub>2</sub>.

With an eye toward a fully decarbonized society, we will steadily advance these efforts by pooling our technological capabilities in line with current trends, such as developing and researching combustion equipment compatible with hydrogen infrastructure for residential environments, as well as systems aimed at achieving net-zero CO<sub>2</sub> emissions, and conducting demand response-ready demonstration experiments for hybrid water heaters.



Pure hydrogen gas kitchen equipment certification mark



Certified hydrogen grill

[Link: \[Materiality Special Feature \(1\)-1\] Promoting the adoption of the hybrid water heater \*ECO ONE\*](#)  
[\[Materiality Special Feature \(1\)-2\] Launch of Hybrid Water Heater Demand Response Readiness Field Testing](#)  
[\[Materiality Special Feature \(1\)-3\] Acquiring Certification for Hydrogen Cooking Appliances with the Aim of Realizing a Hydrogen Society](#)

#### The Challenge of Zero CO<sub>2</sub> Emissions from Factories and Offices

Rinnai aims to achieve zero CO<sub>2</sub> 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 CO<sub>2</sub> emissions through daily manufacturing improvements, Rinnai aims to achieve zero CO<sub>2</sub> emissions in 2050 through the proactive transition to green electricity among other efforts.



Promoting ZEB certification initiatives across offices nationwide (Shikoku Branch)

##### Main indicators

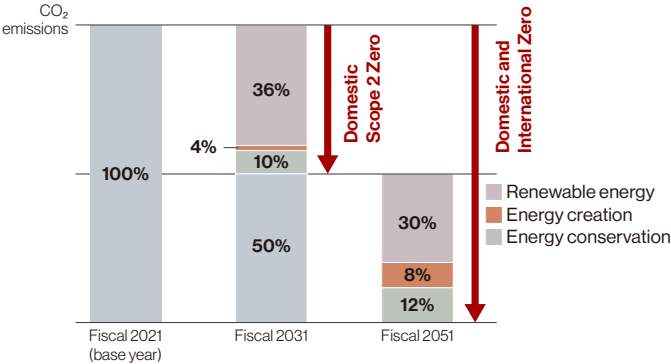
- Domestic bases will be converted to green electricity by 2030
- Overseas bases will be converted to green electricity by 2050

##### Examples of potential approaches for achieving these goals

- Energy conservation: Promote zero energy through *karakuri*<sup>\*</sup> improvements; thoroughly eliminate waste by minimizing processes and lines of flow
- Renewable energy: Promote renewable energy through the electrification of equipment, etc.
- Energy creation: Install solar panels, etc.

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

Future Scope 1 and 2 Reduction Scenarios (planned)



#### Also Taking on the Challenge to Achieve Zero CO<sub>2</sub> Emissions Outside of Product Use under Scope 3

In addition to CO<sub>2</sub> emissions from product use, we believe there is room to reduce CO<sub>2</sub> 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 CO<sub>2</sub> reduction activities in each process and take on the challenge of achieving zero CO<sub>2</sub> 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 <sub>2</sub> reduction efforts that expand the scope of improvements to include logistics and suppliers, etc.
Disposal	Promote comprehensive recovery schemes within construction and operations, etc.

## Materiality [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 minimize environmental impacts and promote the sustainable use of resources through initiatives related to waste and water.

#### Waste Generation Control and Zero Emissions

We continuously work to reduce the generation of waste and achieve zero emissions (zero landfill waste), and we maintain a recycling rate of 99.5% or higher. 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.

\* 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"> <li>Increasing yields by raising the effective utilization rate for pressed components (measures aimed at the root cause)</li> <li>Effectively using leftover materials</li> <li>Reducing defect rates</li> <li>Raising the recovery rate of residual chemical agents</li> <li>Making transport materials returnable</li> <li>Eliminating excessive packaging, other</li> <li>Lightweight design (reduced material usage)</li> <li>Using recycled materials, etc.</li> </ul>	Office	<ul style="list-style-type: none"> <li>Promoting a shift to paperless work processes through digital transformation (DX)</li> <li>Curtailing the use of disposable and consumable materials</li> <li>Raising awareness by letting employees see how many copies they make and how much they cost</li> </ul>
		Both	<ul style="list-style-type: none"> <li>Improving the accuracy of material separation</li> <li>Consigning industrial waste processing to a reputable vendor, etc.</li> </ul>

#### Example Fundamental revisions to press processing methods contribute to improved yields

At the Oguchi Factory, the mold structure for stove parts was revised and the processing method was changed, with parts punched out of steel plates in a single process, which improves dimensional precision and has led to improved yields. These revisions also contribute to shortening processes overall (energy conservation).

Annual effects | Waste generation **250 t reduction** (-40%)  
 | CO<sub>2</sub> emissions **20 t reduction** (-60%)



Stove parts (pan support)

#### 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 to confirming operational details such as business registration certificates and manifests for managing different varieties of waste, their disposal methods, and processing statuses, we also visit processing subcontractors every year to conduct on-site inspections and exchange opinions on the status of proper waste processing and the implementation of employee training.

#### 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.

#### 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.

#### Example Employee-driven initiative creates system that converts organic waste into compost

At Rinnai Brasil Heating Technology, we have built a system to effectively compost food waste discarded from cafeterias and other places, and are working to raise awareness of resource recycling. To create safe and hygienic compost, we have been promoting efforts based on the advice of experts, and have been able to reduce the amount of organic waste previously disposed of by approximately four tons per year. The organic fertilizer created is distributed to employees and other related parties as a commemorative gift at celebratory events, a gift that everyone is delighted to receive.



Composting is archived through fermentation, crushing, and drying



Organic fertilizer is distributed to employees and related parties



## Materiality [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.



Disposal site visit

### 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.

[Link: Report on Recycling Specified Household Appliances \(https://www.rinnai.co.jp/csr/result/index.html\)](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.)

#### Example Contributing to reduced environmental impacts through streamlined inspection methods

Within the dishwasher manufacturing process, we have established technologies for inspecting temperature and airtightness, which involve significant external disturbances and high degrees of difficulty, and in addition to maintaining quality margins, we have been able to substantially reduce inspection times previously guaranteed in the washing process, leading to reduced environmental impacts.

**Annual effects** | Water usage: **540 m³ reduction**  
CO<sub>2</sub> emissions: **20 t reduction**



Dishwasher

### 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)

## Materiality [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.

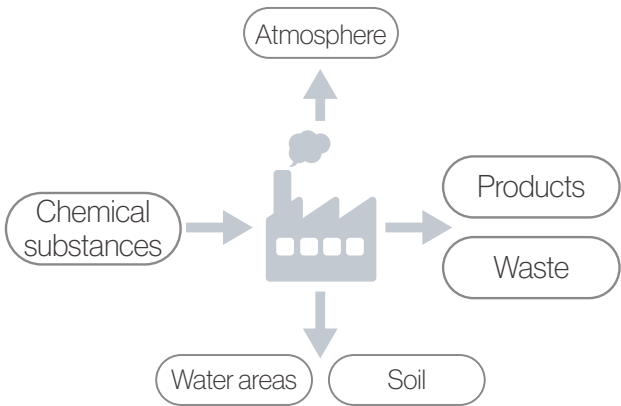
Chemical Substance Management Guidelines are revised as needed to reflect rapidly changing international trends in sales destinations, including the Persistent Organic Pollutants (POPs) Convention and other international treaties, and the Toxic Substances Control Act (TOSCA) in the US, and managed under a system that facilitates timely and appropriate sharing with relevant parties.



Chemical Substance Management Guidelines cover

#### 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)

#### Example Manufacturing that contributes to the environment

At Group manufacturing bases, we strive to reduce environmental burdens through improvement activities conducted in each process.

RB Controls, a manufacturer of electronic circuit boards, has reduced its use of desiccants (organic chemical substances) used in range hood control circuit boards and implemented automated coating and other process improvements, leading to a reduction in environmental impacts.



Control circuit board



Range hood (OGR series)

#### 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 (RT Engineering 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.



## Materiality [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

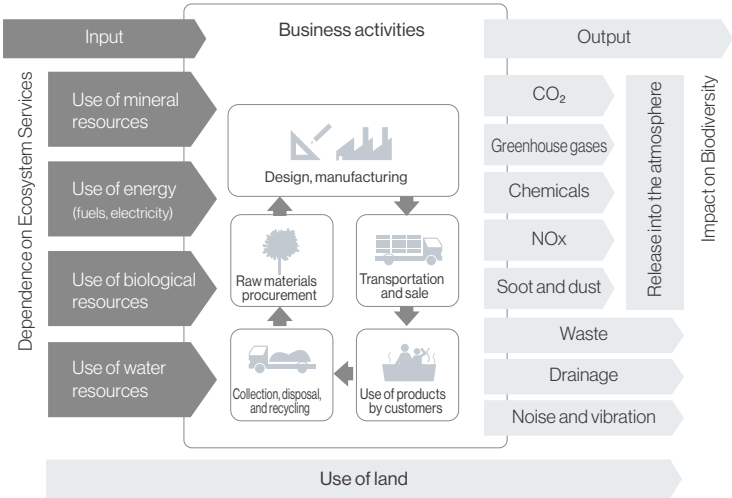
We have incorporated "consideration for biodiversity" into our ISO 14001 environmental policy and are pursuing action in a more organized manner.

##### 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. Ascertaining and Reducing Impacts	Rinnai will assess, ascertain, analyze and set targets with respect to the impact of its business activities on biodiversity, and strive to continually reduce that impact.
4. Approach	Rinnai will prioritize measures with high impact and efficacy from the perspectives of biodiversity and business.
5. 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.

#### Relationship between Business Activities and Biodiversity

Rinnai ascertains factors that have an impact or are dependent on nature through its overall business activities, including raw materials procurement, while continuously categorizing and examining potential future risks and countermeasures.



Furthermore, to raise awareness of biodiversity conservation in each department, we are communicating the relationship between our business activities and biodiversity, while promoting activities in each workplace related to CO<sub>2</sub>, waste, air, and water that contribute to biodiversity.

Influencing factors	Example of relationship with Rinnai	Main activity themes	Main initiatives
Global warming prevention	Emissions of greenhouse gases such as CO <sub>2</sub>	Global warming prevention	Design of energy-saving Energy conservation in factories, logistics, and offices
Overconsumption	Resource consumption	Resource circulation Resource saving Local contribution	Reduction of input resources Recycling Circulating use Invasive species extermination
Invasive species	Transfer due to transportation of parts and products		
Use of land	Land modification associated with mining underground resources and construction, etc.		
Pollution	Release of chemical substances due to lack of thorough management	Pollution prevention	Reduce the inclusion of chemical substances in products and the use of the substances in manufacturing Pollution prevention

#### Extermination of Specified Invasive Species

Since fiscal 2018, during Environment Month in June, we continue to work alongside local municipalities, volunteers, and nearby companies to eradicate the invasive species *Coreopsis lanceolata*. In fiscal 2025, 736 kg of tickseed was eradicated.

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.

These efforts continue to receive "Master Certification" under the Aichi Biodiversity Company Certification Program sponsored by Aichi Prefecture.



We conducted a basic training course and eradication activities for the invasive species *Coreopsis lanceolata* with high school students from Konan City, Aichi Prefecture

## Affiliated Companies Supporting the Rinnai Group

The Rinnai Group creates products with the support of numerous manufacturing subsidiaries that possess various technological capabilities. These companies are based in and around Aichi Prefecture, where Rinnai's main factories are located, and its surrounding areas, facilitating constant collaboration in the development and manufacturing of products and parts.

Manufacturing Subsidiary Location Map



Rinnai manufactures gas appliances and other combustion equipment, a business that requires meticulous attention to safety. The Rinnai Group believes in manufacturing critical components within the Group, and many of these important parts and units are made by Rinnai manufacturing subsidiaries. This is essentially an in-house production policy, and by ensuring safety, and developing and establishing the technologies ourselves, we are able to achieve even greater advances in quality, cost, and delivery (QCD).

Critical Products and Components Made by Manufacturing Subsidiaries



Components that control gas and water



Commercial-use equipment



Electronic control units



Pipes for gas and water flowing within appliances



Commercial-use equipment



Dedicated cooking containers

## Manufacturing Subsidiary Receives Quality Award

Manufacturing subsidiary Rinnai RB Controls Co., Ltd., received the Special Award (Committee Award) in the Business Category at the Product Safety Awards (PS Awards 2024), held by the Ministry of Economy, Trade and Industry (METI). The PS Awards are a program in which METI awards businesses that are proactively working toward product safety, carefully screened from among a wide range of applicants. Rather than product safety, PS Award evaluations focus on the product safety-related activities in which each company is engaged. The Special Award was received in recognition of our implementation of multiple countermeasures aimed at ensuring product safety based on component characteristics, the consolidation of past problems into a "list of don'ts" to prevent recurrence, and training programs aimed at instilling and disseminating knowledge about product safety. The following three points were cited as specific reasons for the selection.



- (1) Implementation of multiple countermeasures aimed at ensuring product safety based on component characteristics

To achieve the high quality and safety required for electronic control components in gas combustion equipment, we implemented multiple measures, including failure mode and effects analysis (FMEA) to maintain safety in the event of electronic component failure, and the inclusion in standard design documents of mechanisms ensuring safety through software in the event of microcontroller malfunctions.
- (2) Consolidation of past problems into a "list of don'ts" to prevent recurrence

We compiled past problem details, causes, and countermeasures into a technical problem reflection checklist (list of don'ts), which is referenced during the product development and design stages to safeguard against the recurrence of similar errors or oversights, and ensure comprehensive recurrence countermeasures.
- (3) Training programs aimed at instilling and disseminating knowledge about product safety

We devise rank-specific training programs related to product safety importance and legalities, as well as training programs for designers taken during the first two years after being assigned to a position with the aim of imparting necessary design knowledge and standardizing technologies.

### President's comment on receiving this award

We are a Rinnai manufacturing subsidiary headquartered in Kanazawa, Ishikawa Prefecture, where the two factories we operate are located. Our business involves the manufacture and sale of electronic control units, many of which are installed in customer consumer products. The electronic control units installed in customer products are akin to the human brain in terms of functionality and performance, making them a critical component, which we recognize as even more important due to their deep relevance to product safety.

Rinnai RB Controls was founded in 1971 with the production of electronic ignition systems. By ensuring the reliable ignition of fuel in gas appliances, we established a long history of cultivating a product safety culture, one that places great importance on quality and reliability as aspects of product safety. Several decades later, these systems evolved from electronic ignition devices to electronic control units, achieving multifunctionality and high performance through advances in combustion control, temperature regulation, automated operation control, and remote communication control. Throughout this process, we established systems, methodologies, and rules for product safety starting from the development and design stages. At the same time, we are working to raise employee awareness regarding the importance of product safety through training programs.

We are deeply honored that our efforts have been recognized at the PS Awards. Going forward, we will remain committed to continuously striving for quality improvements enabling us to deliver even greater safety and peace of mind to customers.



RB Controls Co., Ltd.  
President  
Koji Yokoyama



## Materiality [Safety and Peace of Mind]

### 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

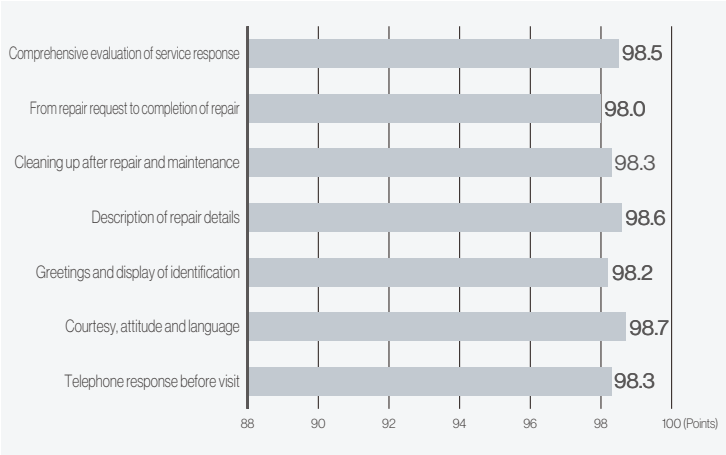
Approximately 600 servicemen across Japan repair Rinnai equipment. Confirming the status of service requests from customers on portable terminal devices, servicemen make an effort to complete inspections on the same day or by the next day to provide prompt after-sales services supporting a “comfortable 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 2025, 123,000 customers completed questionnaires, which rated our after-sales services an average of 98.9 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.

## Materiality [Safety and Peace of Mind]

### Inquiries Response and Support System

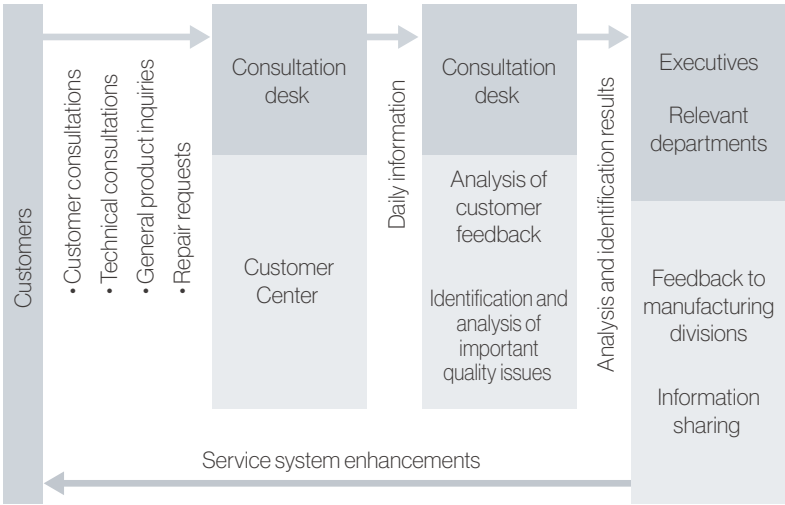
In line with our basic philosophy “quality is our destiny,” Rinnai satisfies customers by “responding to requests and consultations in a sincere, prompt and accurate manner” under the policy of “providing customers with satisfaction, safety and reliability.”

#### 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.



#### Customer Harassment

Rinnai has reviewed the company’s stance on customer harassment and posted the results. We also hold internal workshops to deepen knowledge and understanding among relevant personnel.

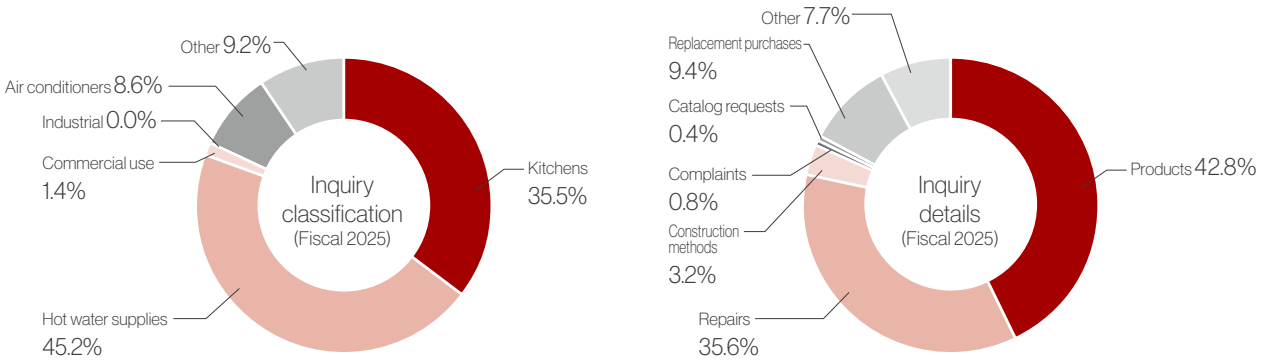
More information: <https://www.rinnai.co.jp/contact/repair/> (in Japanese only)

The Customer Center handles inquiries from customers via toll-free telephone numbers and emails. In fiscal 2025, approximately 700,000 toll-free calls and 23,000 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 68.5% of respondents said resolved their issue.



FAQ (in Japanese only)



## Materiality [Safety and Peace of Mind]

### Inspection Efforts

In discovering that bathroom heater/dryers manufactured 10 or more years ago may, on rare occasions, catch fire due to age-related deterioration of certain components, Rinnai implemented an inspection and repair program free of charge. Affected products contain a fan motor used to circulate warm air in bathrooms, and over time, the lead wire inside these motors can corrode, resulting in short circuits that may cause product damage from fire. We have asked customers using these products to immediately stop using them for anything other than ventilation, and provide customers with information on affected products, how to identify them, and dedicated contact points for related inquiries.

Rinnai takes this situation very seriously, and sincerely apologizes for any inconvenience caused to our customers. We will also make every effort to prevent similar incidents from occurring in the future. We appreciate everyone's understanding and cooperation.

For details regarding affected products, identification methods, and contact information, please see below.  
<https://www.rinnai.co.jp/safety/safety/2025/0415/> (in Japanese only)

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.

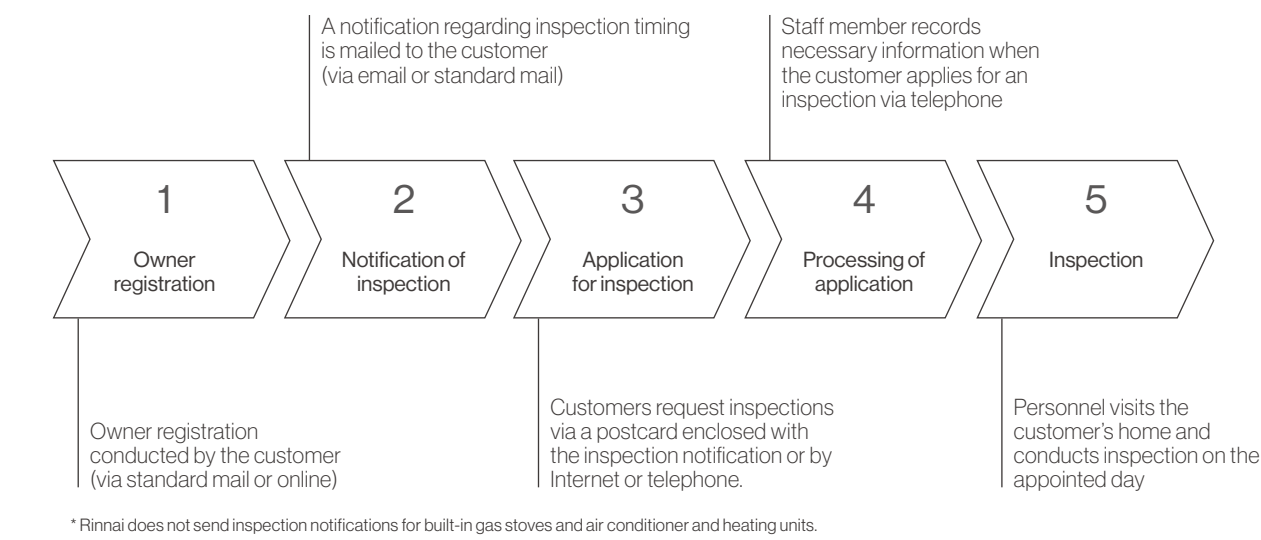
The Consumer Product Safety Act was revised in August 2021. Prior to this revision, owners of products designated as specified maintenance products were required to undergo statutory, fee-based product inspections. The 2021 revisions exempt some products from this requirement. For details, please see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

<https://www.rinnai.co.jp/safety/system/law/> (in Japanese only)

#### Products Requiring Safety Inspections



#### Inspection Process



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.

## Materiality [Safety and Peace of Mind]

### 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"> <li>From appointment to completion of inspection, all work conducted according to the inspection manual to promote higher CS</li> <li>Check progress of inspection to ensure appropriateness, confirm all inspection work to prevent inspection errors</li> <li>Train qualified inspection personnel through skills management, regular training and technical support for inspection engineers</li> <li>Engage in customer safety activities such as alerting customers after inspections which equipment is prohibited from usage</li> </ul>
2	Customer focus	Reflecting deteriorated product use and customer feedback into products	<ul style="list-style-type: none"> <li>Customer feedback is collected at the time of inspection and is incorporated into the inspection system and products</li> </ul>
3	Customer satisfaction	Appropriate and polite provision of information, etc.	<ul style="list-style-type: none"> <li>Website content expanded and manual updated to provide appropriate information to customer inquiries received by telephone</li> <li>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.</li> <li>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.</li> </ul>
4	Safety guidance	Provide safety guidance before product failure, not after	<ul style="list-style-type: none"> <li>We provide guidance so that products are inspected before they fail or after the inspection date has passed to prevent degradation.</li> </ul>
5	Establish trust	Based on appreciation for many years of product usage	<ul style="list-style-type: none"> <li>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.</li> </ul>



Opening of Rinnai Aoyama, a Facility Embodying an Improved Quality of Life

Rinnai opened the Rinnai Aoyama showroom in Minami Aoyama (Minato-ku, Tokyo). Rinnai Aoyama features Rinnai products for the kitchen and bathroom in our first showroom facility for consumers. This space embodies products that contribute to Rinnai's efforts to realize an improved quality of life, and being located in Aoyama, it will serve as a communication hub as well as a base for creating new value.

Prior to its opening, an open house was held for the media, during which Rinnai president Naito shared his thoughts on Rinnai Aoyama, which are provided here as an introduction of this new facility.

What we value most is delivering surprise and excitement to our customers. We are committed to developing products that are both functional, and make customers feel satisfied the moment they use them. To this end, we are thoroughly committed to the pursuit of high quality. We place importance on value that can be appreciated with the five senses, including designs cherished over time, products that are pleasant to operate, and meticulous attention to detail.



President Naito addresses the media



Open house event

This showroom displays a variety of carefully selected products, including *G:LINE* and *DELICIA* cooking appliances, the *Kanta-kun* gas clothes dryer, which has garnered a strong reputation among a great many customers, the Micro Bubble Bath unit that never fails to impress me, and the *ECO ONE* hybrid water heater with heating system.

There is a deep significance in our selecting Aoyama as the location for this showroom. Aoyama is a creative hub where culture and information related to clothing, food, and shelter intersect, giving rise to new value. It is also a place where diverse perspectives and talent from within and outside Japan converge.

I hope the interactions and dialogues that will take place here lead to new discoveries and inspiration with regard to the future of heat and lifestyles. At the same time, we want to use this facility as a base from which we will share Japan's rich food culture and values related to housing with the wider world.

Rinnai Aoyama represents a new challenge in our history, which spans more than a century. Our hope is that Rinnai Aoyama will go beyond merely being a space for displaying products to become a collaborative space where we explore the future possibilities of heat and lifestyles together with customers, experts from various fields, and creators.

From this new facility in Aoyama, Rinnai will disseminate the value of Japan's rich food and housing culture to the wider world, and continue creating new value through dialogue with all our stakeholders. We will continue taking on new challenges, going beyond the framework of a heating equipment manufacturer to become a true partner closely connected to daily lifestyles.



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Rinnai Aoyama

<https://aoyama.rinnai.jp/en>

Forest Hills East Building 1F/4F,  
4-18-11 Minami-Aoyama, Minato-ku,  
Tokyo 107-0062, Japan  
1F: Free admission/4F: Reservation required  
Open: Tuesday–Saturday, 10:00–17:00  
Closed: Sundays, Mondays, national holidays, Golden Week, summer  
holidays, and New Year's

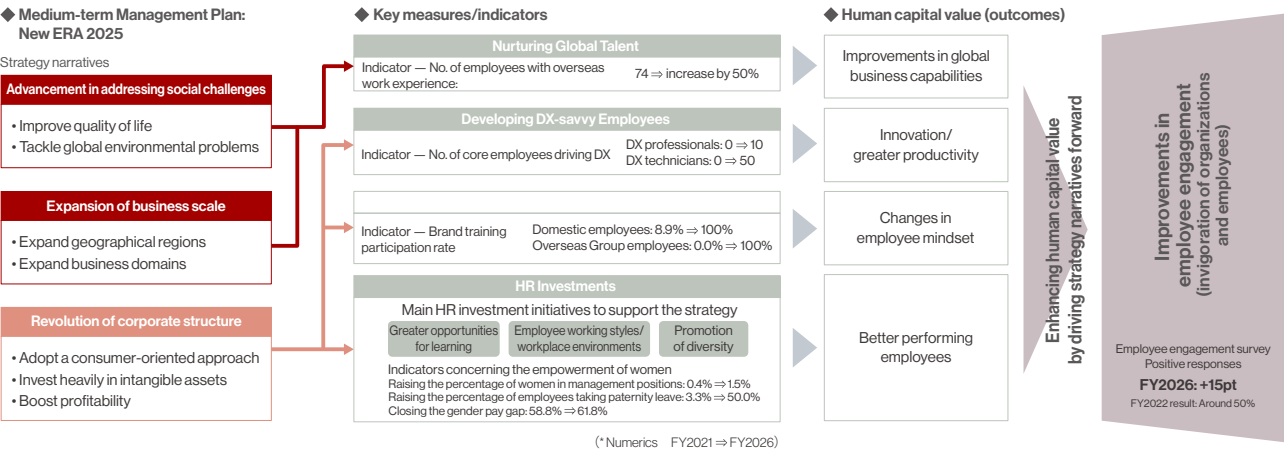


## Materiality [Human Capital]

### 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.

At Rinnai, we clarify positions needed by country and department, develop programs for overseas talent development, and establish an overseas talent pool. We will continue to enhance our support for employee training, increase our competitiveness in the global marketplace, and focus more than ever on advancing our overseas business to ensure sustainable growth and competitiveness.

[Major initiatives and achievements] Employees with overseas secondment experience Fiscal 2023: 109 => Fiscal 2024: 120 => Fiscal 2025: 124

##### 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. In 2024, we introduced an internal awards program to highlight outstanding Rinnai Group DX initiatives, foster a corporate culture of friendly competition, and encourage more effective DX activities.

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 have launched specialized training programs for both. We are also making efforts to educate employees on IT literacy and have begun providing basic training in line with our definition of the IT skills required of all employees using computers in their work. Going forward, the Company as a whole will work towards improving the skills needed to create new business and streamline management.

[Major initiatives and achievements] Core human resource certifications DX professionals: 4 people (achievement rate: 40%), DX technicians: 41 people (achievement rate: 82%)

##### Brand Penetration

Rinnai promotes and develops consistent domestic and overseas brand strategies. In fiscal 2025, we launched an official Rinnai Corporation brand social media account. We expect this will provide opportunities for the proactive dissemination of our vision of healthier and more comfortable lifestyles worldview, and a deeper understanding of the Rinnai brand among a greater number of stakeholders. Since the initial formulation of our new brand, an element essential for the successful establishment of the Rinnai brand is that each and every employee understands and embodies through their work our brand promise, “Creating a healthier way of living.” To this end, we continue to implement brand awareness training focused on employees, and going forward, we will work to firmly establish Rinnai as everyone’s brand of choice.

[Major initiatives and achievements] Employee understanding of brand (affirmative response) Fiscal 2023: 60% => Fiscal 2024: 56% => Fiscal 2025: 61%

#### 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 HR investments with the intention of enhancing employee performance, which is essential to the execution of our management strategies. We believe that for a company to grow, it is vital that employees feel empathy for its policies and strategies, take pride in their work, and approach their responsibilities in a self-directed manner. Since fiscal 2022, Rinnai has been conducting an employee engagement survey for all employees to clarify the current issues in each organization and implement invigoration measures. In the third engagement survey conducted in January 2025, overall engagement improved seven points (from 47 points in the second survey, to 54 points in the third survey) driven by invigorated communications, particularly at manufacturing sites. At the same time, in other workplaces, significant improvements have yet to be achieved. We believe these environments still struggle to overcome anxiety about the Company and their own careers, as well as a mindset focused solely on maintaining the status quo. Accordingly, we will continue making human resource investments to support a strategy focused on greater opportunities for learning, promoting diversity, and employee working styles and workplace environments to both drive corporate growth and improve employee engagement.

##### Greater opportunities for learning

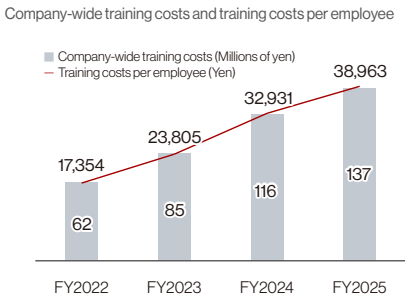
We recognize that investment in employee education is particularly critical within our human capital strategy and provide therefore proactive educational opportunities to support the improvement and growth of our employees’ capabilities. Rinnai’s training and education expenses have been steadily increasing over the past few years, as shown in the figure on the right. We are also expanding self-improvement programs to encourage study that contributes to employees’ future careers. Approximately 69% of applicants have transitioned from traditional distance learning programs to newly expanded subscription-based e-learning and English conversation courses, enabling employees to take the initiative in their own learning.

Additionally, fiscal 2025 marks the third year since the launch of a core talent development project in 2021 to identify and develop leaders who will take on executive roles in the future. Similarly, we implemented pre-management education as a measure to improve management skills at an early stage, with the aim fostering talent development from multiple perspectives. Going forward, we will continue investing in education and training in an effort to develop the capabilities of our employees and organization.

[Major initiatives and achievements]

Core talent pool: 63 people (+15 people YoY)

Pre-management training participants: 108 people (+53 people YoY)



##### Promotion of diversity

Rinnai is introducing various initiatives to spark new ideas by utilizing human resources with diverse values and experiences. In particular, we recognize that there is still room for improvement in terms of utilizing the capabilities of female employees. In fiscal 2025, to further cultivate our corporate culture, we implemented Company-wide training for all employees, which included video messages from top management, and programs to inculcate a deeper understanding of unconscious bias. In terms of the working environment, we are also encouraging male employees to take childcare leave while expanding the use of paid time off and reviewing family allowances. At present, as we are only halfway to our objectives, to address the challenges associated with promoting women’s participation in the workplace, we will continue to proactively promote the participation of all employees and a transformation in their awareness to enhance the innovation capabilities and competitiveness of the entire organization.

[Major initiatives and achievements]

Number/ratio of women hired for general positions Fiscal 2023: 9 women/13%, => Fiscal 2024: 11 women/11% => Fiscal 2025: 25 women/27%

Number/ratio of women who transferred position Fiscal 2023: 4 women/13%, => Fiscal 2024: 10 women/34% => Fiscal 2025: 10 women/43%

Number/ratio of female managers Fiscal 2023: 4 women/0.6%, => Fiscal 2024: 7 women/1.0% => Fiscal 2025: 9 women/1.2%

Number/ratio of male employees taking childcare leave Fiscal 2023: 18 men/22%, => Fiscal 2024: 33 men/36% => Fiscal 2025: 50 men/64%

##### Employee working styles/workplace environments

We aim to improve employee engagement and productivity through initiatives such as health support and revisions to the personnel system. Rinnai is proactively developing health support programs as part of the employee benefits services available to all employees. We also support employee health and stress management by providing regular health checkups, stress checks, and healthy food options in our newly renovated staff cafeteria. Regarding the personnel system, we felt it was necessary to revise programs to be better suited to employees’ working styles and the changing times. To this end, we introduced a paid time off program, reviewed family allowances, and revised working styles for reemployed people. We will continue listening to the opinions of our employees, striving to improve their work-life balance and ensuring they are able to work in a more fulfilling environment.

[Major initiatives and achievements]

Employee benefits service users 2,986 people (+888 people YoY)



## Materiality [Human Capital]

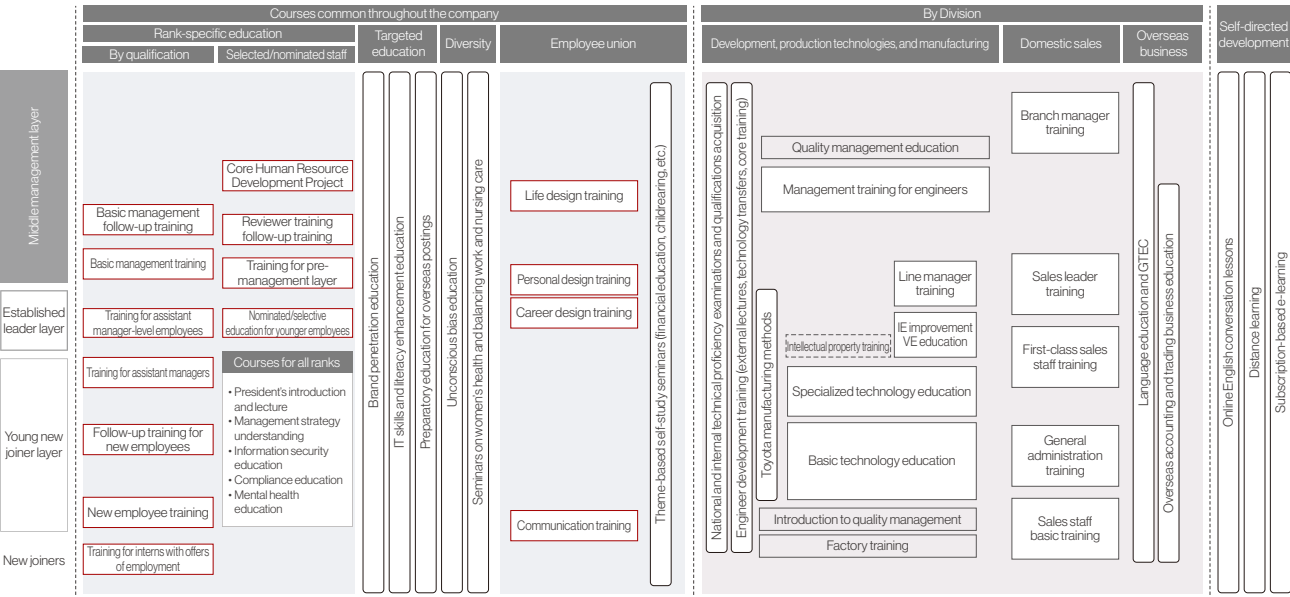
### Personnel Training

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 four 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 education" to hone practical skills in each department; "self-development curriculum" to provide opportunities for each employee to improve their careers and skills; and on-the-job training (OJT) to transfer and develop know-how through practical experience.

#### Education System Overview



A scene from new joinder training

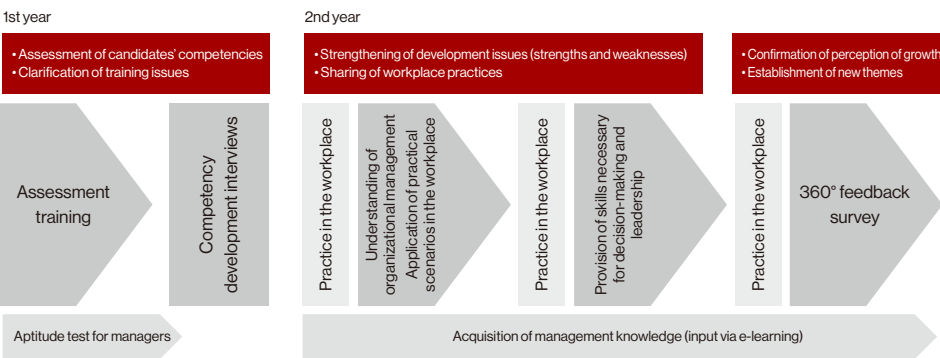
Rank-specific training is conducted for all employees, including those at Group companies, at the time of entering the Company and following promotions and other career milestones. In addition to providing training at each rank on Rinnai's philosophy, management strategy, and compliance with work duties 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. At present, we are implementing the third phase of the training program, which started in fiscal 2026 and will last for a total of two years. This program focuses on assessing participants, providing appropriate skills development, and enhancing on-site problem-solving capabilities, with the aim of cultivating individuals who will grow into human resources worthy of leading the next generation of Rinnai.

Going forward, we will continuously implement this project to increase Rinnai's overall organizational capabilities.



Core talent development activity

#### Self-directed Development Curriculum Enhancements

Rinnai is implementing measures to improve the basic business skills and expertise of its employees, creating an environment that encourages proactive learning focused on future careers. Specifically, in the areas of IT literacy, language, and business skills, we review our programs every year to offer attractive programs as well as provide financial assistance to promote self-directed employee development.

We will continue to enhance our self-directed development curriculum to contribute to improved employee motivation and skills, and the formation of an organizational culture and realization of sustainable growth.

#### 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."

## Materiality [Human Capital]

### Development of Global Human Resources

To develop human resources able to play active roles across international borders and improve the capabilities of Rinnai employees throughout the world, management divisions, product development divisions, and manufacturing divisions have developed their own training courses and cross-functional rotation business practices program. Regarding human resources in Japan, we provide employees in their 20s with opportunities for assignments at overseas Group companies, and through a curriculum based on gaining actual experience through overseas assignments, we aim to develop participants' adaptability to different cultures and international business acumen.

#### VOICE



Rinnai Taiwan Corporation  
Daiki Matsunami

#### Leveraging local employee capabilities with the aim of instilling pride through quality

I joined Rinnai in 2010, and for 13 years, I was involved in production and quality-related operations in the Oguchi Factory processing group. Since October 2023, I have been assigned to Rinnai Taiwan.

Rinnai Taiwan is engaged in a wide range of quality-related activities, including manufacturing process and quality system improvements, market quality analysis, and the analysis and improvement of products for which we have received complaints from the market. As this is my first overseas posting, I am aware of the difficulties posed by language and cultural barriers, but working together with local team members to solve problems has given me a great sense of accomplishment.

Going forward, to further enhance the value of the Rinnai brand, we intend to strengthen cooperation among Rinnai employees in Japan and local employees in Taiwan, and implement improvement measures incorporating diverse perspectives. We will take on new challenges with a proactive attitude, working together with local employees to instill pride through quality.



#### VOICE



Guangzhou Rinnai Gas and Electric Appliance Co., Ltd.  
Hidehiro Kawamura

#### Experiencing challenges and rewards through efforts to increase sales and achieve targets amid a sluggish economy

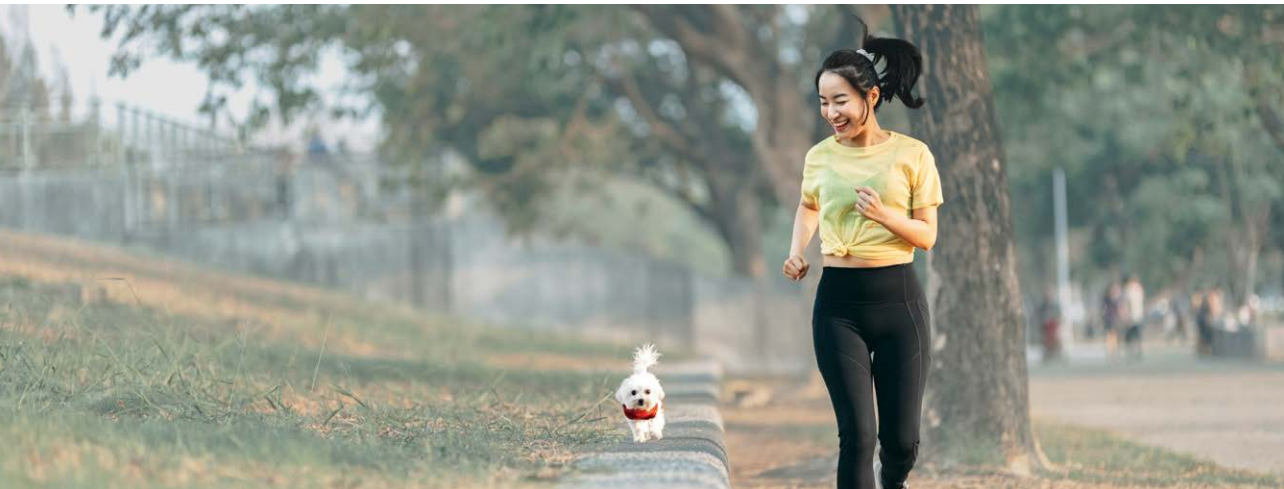
After joining the Company, I spent approximately three years in the Overseas Business Headquarters handling sales and management support for overseas subsidiaries. Since May 2023, I have been on assignment at Guangzhou Rinnai.

At Guangzhou Rinnai, I am tasked with a wide range of responsibilities, including local subsidiary management, coordination between headquarters and local offices, new product development support, and managing the supply and demand of imported goods. Although I was appointed to this post after strict pandemic management countermeasures had ended, I find myself in a challenging environment as the real estate market that has supported China's economic growth is slumping and the economy is slowing down. Together with the president of Guangzhou Rinnai, I am engaged in the challenging yet rewarding task of increasing sales and achieving targets amid a sluggish economy.

Guangzhou, one of China's first-tier cities, is completely different from Beijing and Shanghai, where I had lived before, from its climate and natural features, to its people and culture. While I was confident that life in China would pose no problems, I was overwhelmed with confusion when I first arrived. However, I am now living a fulfilling life with my family amongst a different culture.







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 provide more detailed care through occupational health physicians and public health nurses to prevent the taking of leave, as well as conduct rank-based mental health training. We are also working to create environments in which employees can work with peace of mind even if they become ill, by continuing to provide support for 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 2025 (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**  
 Recognizing metabolic syndrome, a precursor to lifestyle diseases, as a risk factor, we hold sports and walking festivals to encourage exercise.  
  
 Promoting specific health guidance based on hierarchical health check data and measures to combat metabolic syndrome among young people  
  
 Providing guidance to insured persons with untreated diabetes or high blood pressure to prevent these conditions from worsening



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. Attendance management 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.



Practical training at a driving school

## Materiality [Human Capital]

### 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.
Annual paid leave by the hour	Up to two days (16 hours) of paid leave can be taken in hourly units at any time during the day, including at the start, in the middle, or at the end of the working day.

#### Formulation and Implementation of the General Employers Action Plan

Rinnai formulated the General Employers Action Plan (Seventh Period: Fiscal 2025– Fiscal 2026) based on the Act on Advancement of Measures to Support Raising Next-Generation Children.

##### Seventh Period General Employers Action Plan

##### 1. Plan period

April 1, 2024 to March 31, 2026

##### 2. Details

Goal 1: Promote the taking of childcare leave by male employees

<Measures>

- Publish interviews with male employees who have taken childcare leave in company newsletters, etc.
- Continue to publicize childcare leave based on the law and internal company systems.
- Improve productivity through the promotion of DX and revision of business processes, etc., to create a system that makes it easier to utilize childcare leave.

Goal 2: Introduce a system of annual paid leave that can be taken in hourly units, so that employees can leave work early or return home to engage in childcare, etc.

<Measures>

- Conduct a survey of employees and consider introduction of the system.
- Ensure employees are aware of the system through internal newsletters, etc.

Goal 3: Revise the system so that differences in treatment due to holidays or other factors can be made up over the medium to long term

<Measures>

- Discuss internally and consider proposals.
- Inform and educate both evaluators and employees.



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 also 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. Furthermore, in fiscal 2025, we conducted harassment prevention training led by our corporate lawyer for divisional heads and site managers to enhance awareness. 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.

## Materiality [Human Capital]

### Promotion of Diversity

#### Diversity According to Rinnai

Since its founding, Rinnai has been committed to local sales and local production, providing products and services suited to the living environment and climate of each country, while also actively recruiting local human resources, thereby incorporating diverse cultures and values and contributing to the lives of people around the world. Going forward, we will maintain efforts to create workplaces where all employees can maximize their individual capabilities, regardless of gender, age, nationality, disability, work history, lifestyle, or career, and we aim to enhance corporate value by generating new ideas that leverage human resources with diverse values and experiences.

#### Status of Diversity, Equity, and Inclusion (DE&I) Promotion

We are promoting diversity, equity and inclusion (DE&I) so that a diverse range of people can work energetically and create new value that resolves various social issues. We will promote diversity by encouraging women to play active roles, hiring people with disabilities, and reemploying people who have left the company, while working to build a foundation that will enable all employees to expand their potential and advance DE&I measures.

#### Supporting the Promotion and Active Participation of Women

Rinnai considers it particularly important to maintain an environment in which women can play an active roles amid the overall promotion of diversity. We believe that in order to increase the ratio of female managers, which is one indicator of women's participation, it is particularly important to focus on recruitment and training.

We will continue to focus on the proactive recruitment of female career-track employees, and at the same time, we are planning a training program that will run for multiple years to cultivate our corporate culture. The current ratio of female managers is approximately 1.2%, and we will continue to focus on recruitment and training in order to achieve our goals quickly.



#### VOICE

##### Automating complex international trade operations to streamline workflow

I majored in English literature at university, and wanting to work in a job related to overseas markets, I gained experience in trade operations at an automobile manufacturer. After that, I joined Rinnai, which was focused on global business, and I am now in charge of an even broader range of trading operations. The number of business partners has increased and the work has become more complex, but I have mastered automation programs and am now able to simultaneously handle multiple parallel tasks. Currently, I am leader of the trade team, and I am mainly working on standardizing trade operations. I would also like to participate in DX activities within the Headquarters and promote the streamlining of trade operations.



Overseas Business Headquarters  
Mayumi Kondo

#### Formulation and Implementation of the General Employers Action Plan

Rinnai formulated the General Employers Action Plan (Fifth Period: Fiscal 2025– Fiscal 2026) 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, 2024 to March 31, 2026

2. Company issues

(1) The gap between the average length of service for men and women is narrowing, and the number of women working long hours is increasing, but the proportion of women in general and managerial positions remains low.

(2) Although the company has been able to continue hiring female new graduates for general positions, there is a bias in the departments to which they are assigned.

(3) Male participation in childcare is essential to prevent women from having to stop their career development due to childcare responsibilities, but the rate of male employees taking childcare leave is low due to a lack of understanding from superiors and the wider workplace.

3. Goals, initiative details and implementation timeframes

Goal 1: Increase the percentage of women in management positions from 1.0% to 1.5%

<Initiative Details>

• Conduct interviews with top management and disseminate the details to all employees.

• Conduct training for superiors.

Goal 2: Increase the percentage of female new graduates hired for general worker positions from 11.4% to 20.0%

<Initiative Details>

• Hold recruitment events for women only.

• Expand the divisions to which female general employees are assigned.

• Review recruitment selection criteria and provide training for interviewers.

Goal 3: Increase the rate of male employees taking childcare leave from 36.3% to 50.0%

<Initiative Details>

• Continue to promote awareness of statutory childcare leave and internal systems.

• Provide education for superiors.

• Improve productivity by promoting digital transformation, reviewing business processes, and the creation of a system that makes it easier to take childcare leave.

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## Materiality [Human Capital]

### 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, and meet employment ratios stipulated by law.

Furthermore, organizations and offices that specialize in employing people with disabilities in order to expand job opportunities for them 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 sales posting flyer printing and mailing.



Inserting flyers into envelopes



Jig and tool assembly work

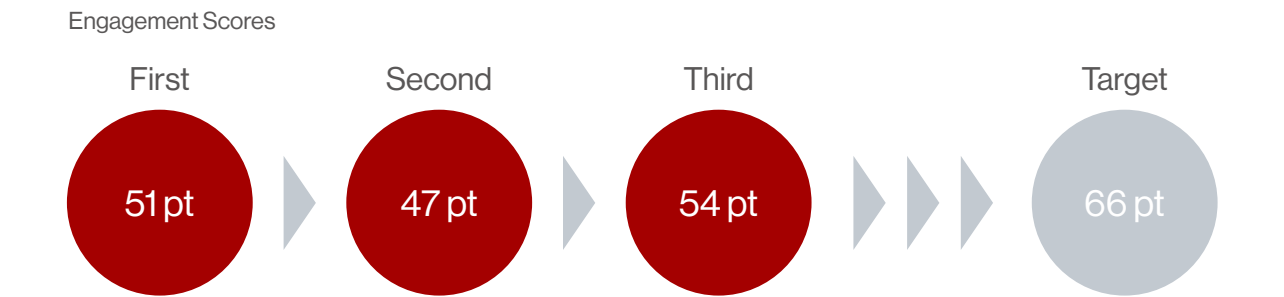
## Rinnai Labor Productivity

### Employee Engagement

We have been conducting employee engagement surveys since fiscal 2022 with the aim of increasing employee motivation to contribute to the Company and improving the performance of the entire organization. In the third and most recent engagement survey, efforts to invigorate communication centered on manufacturing sites led to a seven-point increase in the overall engagement score.

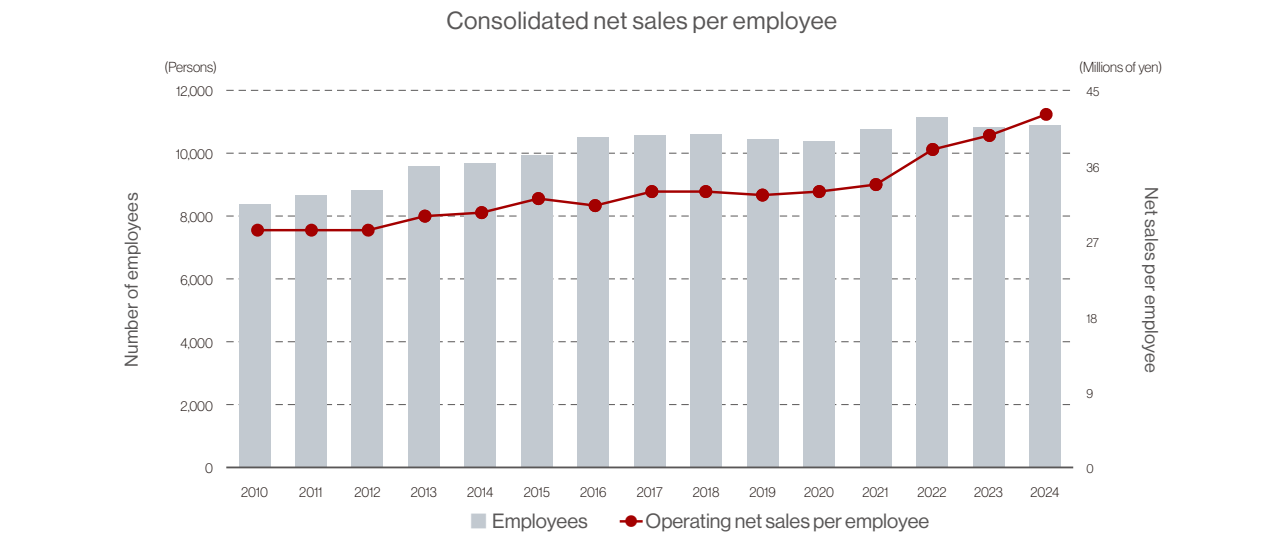
At the same time, survey results indicate challenges that include “failure to deliver changes that meet employee expectations,” and “anxiety about the future of the Company and oneself,” and we believe addressing these issues is an urgent priority. We will promote various measures, including revisions to the personnel system, to achieve the targeted engagement score of 66 points.

Method for Measuring Employee Engagement  
We measure the percentage of employees who responded positively to five questions: “Sense of belonging to the Company,” “intention to continue working,” “willingness to recommend the workplace to others,” “sense of accomplishment in work,” and “contributions exceeding expectations.”  
(Affirmative answers: Strongly agree; Agree)



### Net Sales per Employee

As Rinnai business expands, we continue to increase the number of employees, while proactively promoting improvements in 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. In addition, we are continuously and steadily increasing employee salaries to reward contributions while also increasing the so-called “labor productivity” of each employee.



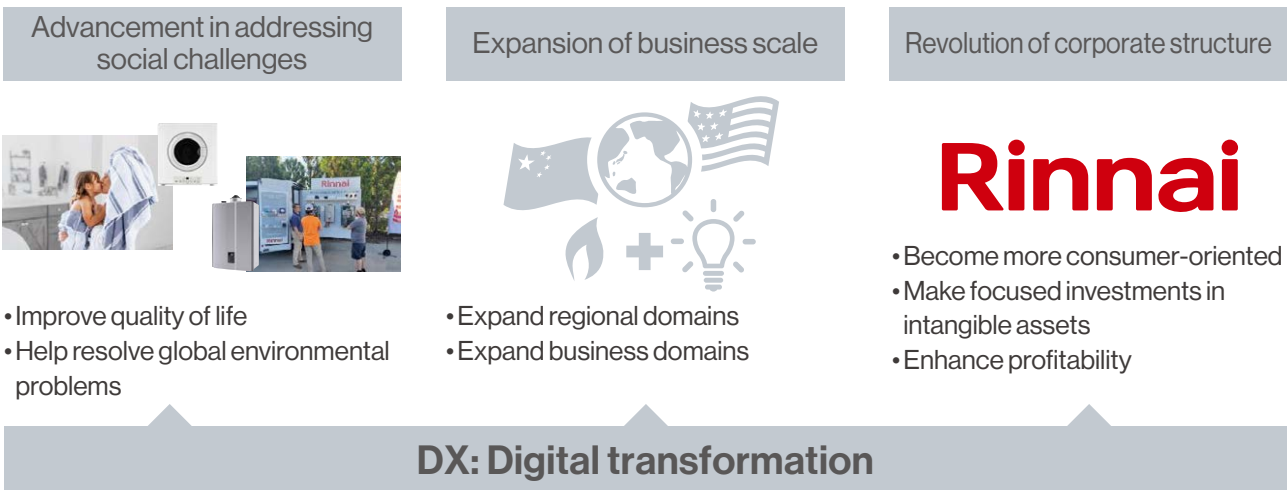


# Materiality [DX]

## Rinnai DX Initiatives

Under the medium-term business plan New ERA 2025, we formulated three strategic stories centered on “Advancement in addressing social challenges,” “Expansion of business scale,” and “Revolution of corporate structure.” We recognize that advances in data utilization and the evolution of digital technologies will have a major impact on lifestyles and society, as well as the competitive environment in business areas such as product and sales planning. Through the promotion of digital transformation (DX), we will ensure the successful execution of our strategies, including the achievement of numerical targets. We aim to contribute to the resolution of social issues by strengthening touchpoints with customers and business partners, and the timely provision of products and services that contribute to an improved quality of life. We will also thoroughly review business processes in business and administrative divisions through the use of data and digital technologies, leading to the transformation of our corporate structure and business scale expansion.

### Medium-Term Business Plan New ERA 2025 Three key strategies



### Examples of Initiatives 1

Rinnai facilitates an environment in which consumers can utilize products comfortably and conveniently in everyday life through the Rinnai App, which enables users to operate water heaters, bathroom heater/dryers, floor heating systems, panel heaters, and other appliances, as well as the +R RECIPE cooking assistance app, which works in conjunction with gas tabletop stoves, all of which is controlled using a smartphone.

In terms of products, we leverage usage status, frequency, time of day, and other insights derived from sensor data and product usage to formulate hypotheses regarding customer needs. This enables us to improve functionality and lines of flow, driving product planning and new service development.

We will propose ways of using Rinnai products that match customer lifestyles and solve their problems, leading to an improved quality of life and business domain expansion.

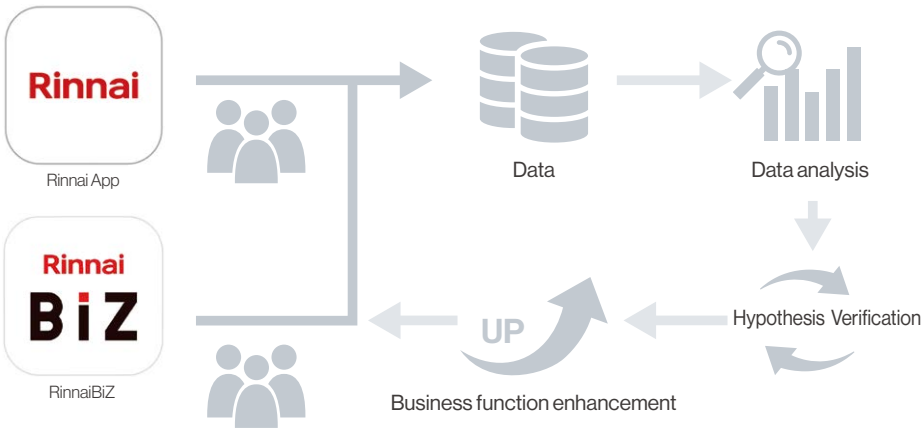


### Examples of Initiatives 2

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 terms of promotion structure, DX promotion personnel are assigned to each business and administrative division, and we are building a Company-wide framework to unite the entire Company through cross-functional projects.

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 the fiscal year under review, we provided opportunities to improve data utilization and digital technology skills, while cultivating core personnel who will promote DX, and strengthening the promotion system. We will maintain efforts to enhance the quality and quantity of DX promotion core personnel. We also introduced the DX Grand Prize system to recognize departments, divisions, and employees who actively promote DX activities and achieve outstanding results. By sharing best practices throughout the Company, we aim to expand these efforts to encompass the entire Rinnai Group, instill a corporate culture of friendly competition, and establish a virtuous cycle that encourages more effective DX activities. In terms of business restructuring to promote DX, we are working to revamp long-standing legacy systems to enable flexible business operations and advanced data utilization. As part of these efforts, we are also creating a data analytics platform to enable company-wide data utilization with the aim of optimizing business processes, enhancing decision-making, and creating new value through interdepartmental data linkage. Furthermore, we believe that generative AI, which has been rapidly evolving in recent years, is an important technology for improving productivity. Accordingly, we provide a secure environment for the use of generative AI within the Company and are developing functions that leverage generative AI using internal data, thereby expanding internal usage.

In March 2024, Rinnai obtained certification as a DX-certified business operator under the national Digital Transformation (DX) Certification initiative established by the Ministry of Economy, Trade and Industry. We will continue utilizing digital technologies to embody our brand promise, “Creating a healthier way of living.”



DX Grand Prize ceremony

## Materiality [Suppliers]

### Quality Improvement Activities Conducted in Collaboration with Suppliers

Guided by its fundamental concept of “Quality is our destiny,” Rinnai works together with its partner companies to advance improvements while ensuring they share its commitment of the importance of quality.

Improving the quality of Rinnai’s products is dependent on improvement in the quality level of the parts supplied by its business partners. The Company is not only strengthening its inspection functions for the parts it accepts but also actively focuses on supporting our partner companies’ quality improvement initiatives.

In fiscal 2025, we implemented targeted quality improvement activities for suppliers that manufacture critical safety-related components. We visited not only their domestic offices but also overseas locations, which had been difficult to arrange during the COVID-19 pandemic several years ago. There, we directly discussed quality philosophies and countermeasures for issues identified during on-site inspections with local personnel, enabling us to establish a follow-up structure.

We believe it is of the utmost importance to foster a shared understanding and values regarding quality throughout the entire supply chain and to strengthen a culture that prioritizes quality above all else. Moving forward, we will continue striving to create an environment where we can grow together with our suppliers in the spirit of mutual co-existence and prosperity.



Scene from on-site monitoring



Strengthening relationships with business partners

## VOICE



ASAHI KEIKI CO., LTD.  
President and Representative Director  
Shingo Taga

### All for customers’ safety and peace of mind

Our company manufactures safety components that protect our customers’ lives. We embrace the quality philosophy of “Quality is our life” and endeavor daily to ensure exacting quality control.

We are actively implementing 5S (Sort, Straigten, Shine, Standardize, and Sustain) activities, the foundation of all improvements. From the perspective of pursuing quality, Rinnai’s people pointed out new areas for improvement for us regarding foreign object avoidance and detection and mistake-proofing measures, which we have since implemented. As a result, we take pride in having established a zero-defect system that sets us apart from our competitors. We will continue to strive for zero defects and sustained quality improvement by thoroughly implementing 5S and strengthening our on-site capabilities.

### Procurement Policy

Rinnai acts on its basic philosophy, “We provide equal opportunities to all Japanese and foreign companies and evaluate them fairly to procure excellent parts to meet our requirements”.

In our purchasing activities, we will comply with domestic and international laws and regulations and social norms, strive to build mutually beneficial relationships with our suppliers, and actively promote CSR and sustainability initiatives throughout our supply chain with the cooperation of our suppliers.



### Basic Philosophy

- 1. We provide equal opportunities to all Japanese and foreign companies and evaluate them fairly for our procurement activities.**
- 2. We shall abide by rules and regulations as well as public morals, and strive to establish a relationship to coexist and pursue mutual prosperity with our business partners.**
- 3. Through our procurement activities, we perform social responsibilities for the environment.**
- 4. We will pursue the products with the best quality and the most appropriate cost.**

### Procurement Activity Policy

For procurement activities, Rinnai acts on the following specific ideas.

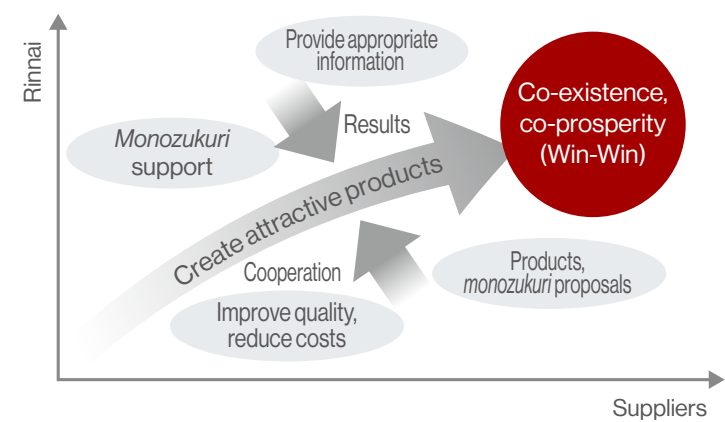
- 1. Procurement at the most appropriate cost through fair procurement activities**
  - Procurement activities should give priority to fairness, and pursue the most appropriate cost based on the market competition principle.
- 2. Pursuit of the best quality**
  - Based on our basic policy for quality management, “Quality is our destiny (our livelihood depends on the quality of our products)”, we shall secure the supply of parts that satisfy our quality requirements to provide our customers with products that they can use without any concern.
- 3. Establishment of a trusting relationship to coexist and pursue mutual prosperity**
  - We shall abide by rules and regulations as well as public morals, and strive to establish a relationship to coexist and pursue mutual prosperity with our business partners.
- 4. Assurance of appropriate delivery period and stable supply**
  - For stable supply of our products to our customers, we try our best to secure parts with adequate delivery schedules.
- 5. Global environment conservation**
  - Based on our slogan for the environment, “We act by consolidating our wisdom to pay attention to the creation of the environment which is friendly to people and the earth.”, we will strengthen our environment conservation activities through the alliance with our business partners. At the same time, we promote environment-friendly procurement activities by facilitating programs such as the procurement of parts with fewer burdens on the environment.
- 6. Responsible Mineral Procurement**
  - We will work to practice responsible mineral procurement, recognizing human rights abuses, labor issues, and environmental destruction in the mining and trade of minerals as important social issues.
- 7. Pursuit of creative technologies**
  - To provide fresh satisfaction, we actively employ parts created with creative and epoch-making technologies.



## Materiality [Suppliers]

### 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 relation-ships 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 a large hall at Winc Aichi (Nakamura-ku, Nagoya) to explain important policies related to Company management and purchasing activities, which was attended by our main supplier companies.

The presentation began with a greeting from President Naito, with divisional heads providing 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. Additionally, in explaining Company policies, we reiterate our commitment to compliance and respect for human rights, emphasizing our adherence to laws and regulations.



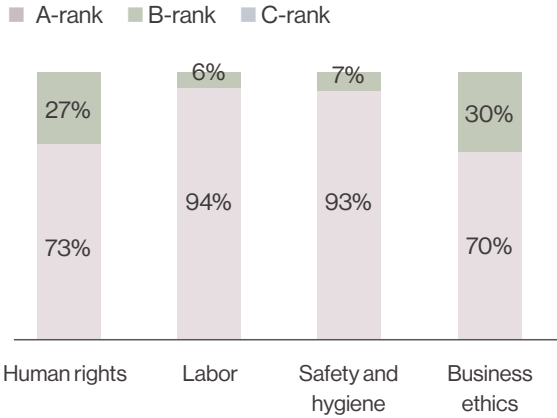
Greeting from President Naito

### Implementation of CSR Questionnaire

In accordance with the Rinnai Human Rights Policy, which is based on the United Nations Guiding Principles on Business and Human Rights, Rinnai identifies and assesses the negative human rights impacts of its business activities and conducts ongoing human rights due diligence to prevent or mitigate such risks. In fiscal 2025, we requested suppliers respond to a CSR questionnaire, and received replies from 176 suppliers, including information from secondary suppliers and others.

Overall, the results were favorable, despite some minor issues with human rights and business ethics. We are conducting interviews with these business partners to understand their issues and efforts to address them in an effort to prevent recurrence. Moreover, we have no C-rank business partners.

Risk Ranking	Score	Explanation
A-rank	80 points or higher	Excellent
B-rank	40–79 points	Minor issues exist, but voluntary improvements are possible
C-rank	39 points or lower	Improvements are required in some areas, necessitating prompt countermeasures and monitoring



### Responsible Mineral Procurement

To fulfill our social responsibility in procurement activities, Rinnai ensures that payments for minerals (tin, tantalum, tungsten, and gold) used in products are not diverted to finance militant forces involved in civil wars and conflicts that cause serious human rights abuses in conflict and high-risk areas by conducting responsible mineral procurement throughout the entire supply chain.

Promoting responsible mineral sourcing requires due diligence that is undertaken throughout the supply chain. We will ask relevant suppliers to provide information on smelters and refiners through the supply chain and aim to procure from issue-free suppliers.

Rinnai uses industry standard survey forms such as the Conflict Minerals Reporting Template (CMRT) published by the Responsible Minerals Initiative (RMI) as survey tools since responsible mineral surveys require the cooperation of all our business partners, down to smelters and refiners.

### Survey of Conflict Minerals

Rinnai conducts surveys regarding conflict minerals for its suppliers. In fiscal 2025, survey forms were collected from 176 suppliers who were requested to participate. Approximately 66% use CFS\* equipment. We conduct risk analysis and evaluation, and if risks are detected, we request procurement from smelters and refiners without issues.

	FY2025				
	Total	Tin	Tantalum	Tungsten	Gold
Number of designated smelters <sup>1</sup>	356	88	36	53	179
Number of CFS <sup>2</sup> certified smelters	234	71	34	35	94
CFS <sup>2</sup> occupancy rate	66%	81%	94%	66%	53%
Survey response rate	100%	–	–	–	–

\*1 Smelters and refiners in Rinnai's supply chain are recognized under RMI<sup>3</sup>.

\*2 Conflict-free smelter. Smelters and refiners that have been audited and certified as conflict-free.

\*3 Responsible Minerals Initiative (RMI). This is an organization promoting the responsible sourcing of minerals in collaboration with companies throughout the world.

## Materiality [Shareholders and Investors]

### Dialogue on Corporate Initiatives for Longer-Term Business Growth

#### FY2025 Status of Dialogue with Shareholders and Investors

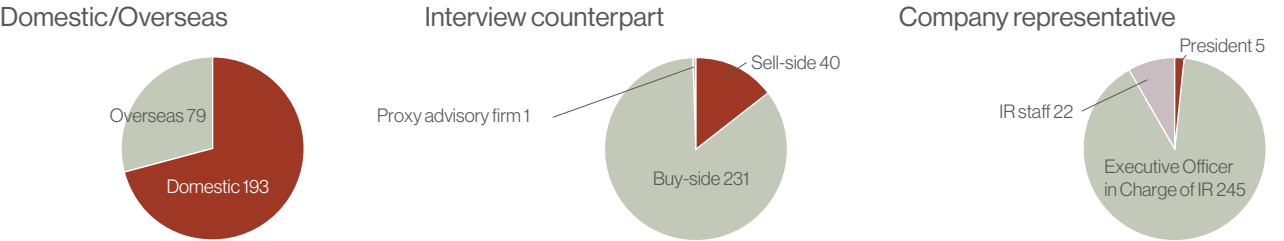


Announcement of Rinnai's year-end financial results

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. We held results briefings for analysts and institutional investors four times a year (increased from twice a year), followed by detailed IR meetings with each company. We then provide feedback on the discussions to the Board of Directors for further deliberation. We also provide information through the publication of biannual shareholder reports and issuance of presentation materials for results briefings and the like on our website.

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.

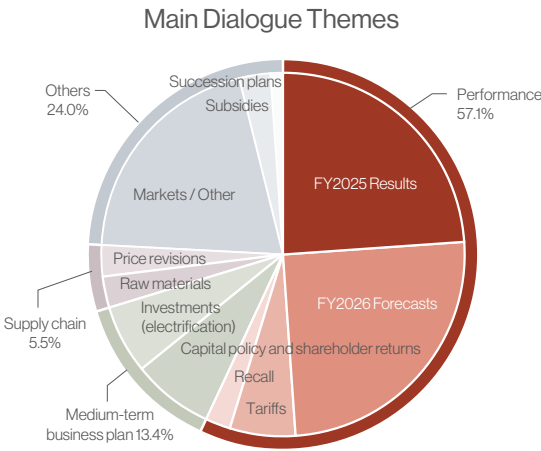
The summary of dialogues with shareholders and investors is as follows (272 times).



#### Fiscal 2025 Key Dialogue Themes and Areas of Interest

In addition to customary questions regarding business performance and plans, in fiscal 2025 institutional investors and analysts also touched on topical issues related to U.S. tariffs and the Company's recall as well as raw material prices and price revisions and other matters highly likely to impact earnings.

There were wide-ranging discussions on capital policy and growth strategy, with many exchanges regarding the use of funds, including share buybacks, dividend increases, and investments. As a result, there seemed to be a lot of attention on how ROE and ROIC will fluctuate in the future.



#### Enhancing Communication with Shareholders and Investors



In April 2025, we held a tour for institutional investors featuring visits to the Oguchi, the Akatsuki, and the Seto factories, which are the main production facilities for our flagship products. On a regular basis, institutional investors show interest in what kind of factories and equipment Rinnai possesses, the working environment for employees, and what the Company's technological capabilities and production capacity are like. Through this tour of our three main factories, we are confident that the participants gained insight into Rinnai's manufacturing processes and the appeal of the Company. We believe that by sparking their interest, it may lead them to consider investing or increasing their investments in Rinnai in the future.



In May 2024, Rinnai participated in the 15th anniversary event of the Commons Festa. The Commons Festa serves as a forum for interaction between companies included in the "Commons 30" equity fund managed by institutional investor Commons Asset Management, Inc., individual investors, and their families.

Participating in such events where we are able to interact with many investors provides an excellent opportunity to showcase Rinnai's appeal. We intend to continue valuing these communication forums moving forward.



## Materiality [Communicating with Local Communities]

### Aiming to Become a Company that Supports the Realization of a Community-based Inclusive Society

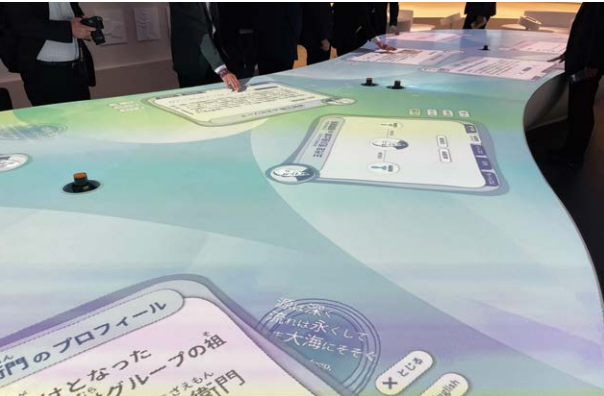
In November 2024, the Aichi Startup Center opened within STATION-Ai, a startup support facility located in Tsurumai, Nagoya. STATION-Ai is Japan's largest open innovation hub, providing support services aimed at launching and nurturing startups. Over 700 domestic and international startups, support organizations, universities, and other entities participate in STATION-Ai in an effort to create new businesses.

On the second floor of this facility is a section called Aichi Startup Hall that showcases the achievements of our founders and the entrepreneurs who have launched innovative businesses connected to Aichi Prefecture. Sixty entrepreneurs have been selected, including Rinnai founders Hidejiro Naito and Kanekichi Hayashi.

We aim to become a hub that creates new value by integrating existing industries with new ventures in the Aichi–Tokai region to create a cluster of industries driving Japan's economy, thereby supporting the realization of a community-based inclusive society.



Aichi Startup Hall, located inside STATION-Ai



Touch panel providing details on Rinnai founders

### Global Social Contribution Activities

#### ■ Italy (Rinnai Italia s.r.l.)

Rinnai Italia partnered with a local university and invited surrounding companies to attend a presentation of case studies on the theme of logistics, which is an important element in overseas business activities. We believe industry-academia collaborations are essential for developing capable, forward-thinking human resources, and want to contribute to the development of future professionals by sharing our experiences.



Case study presentation

#### ■ South Korea (Rinnai Korea Corporation)

Rinnai Korea donated relief supplies to evacuation centers during the forest fire that occurred in North Gyeongsang Province in March 2024. This province is located in southeastern South Korea, where approximately 2,000 people were evacuated due to the forest fire. Rinnai Korea donated IH cooktops, microwave ovens, and other appliances to support people living in temporary evacuation shelters.



Contributing relief supplies during the forest fire

#### ■ Thailand (Rinnai (Thailand) Co., Ltd.)

Rinnai Thailand provided gas stoves and other items to areas affected by Typhoon Yagi, which struck in September 2024. Typhoon Yagi became the largest storm to hit Thailand in 60 years, causing extensive damage across the country, and we provided support for three months following the disaster.



Support for typhoon victims

#### ■ Taiwan (Rinnai Taiwan Corporation)

Since 2021, we have collaborated with blood donation centers and organized numerous blood donation activities, and have established a stable team of volunteer blood donors. Through ongoing employee participation, a cumulative total of 100,000 cc of precious blood has been donated. Every drop of blood is a pledge to life, and we wish to be of service to those in need.

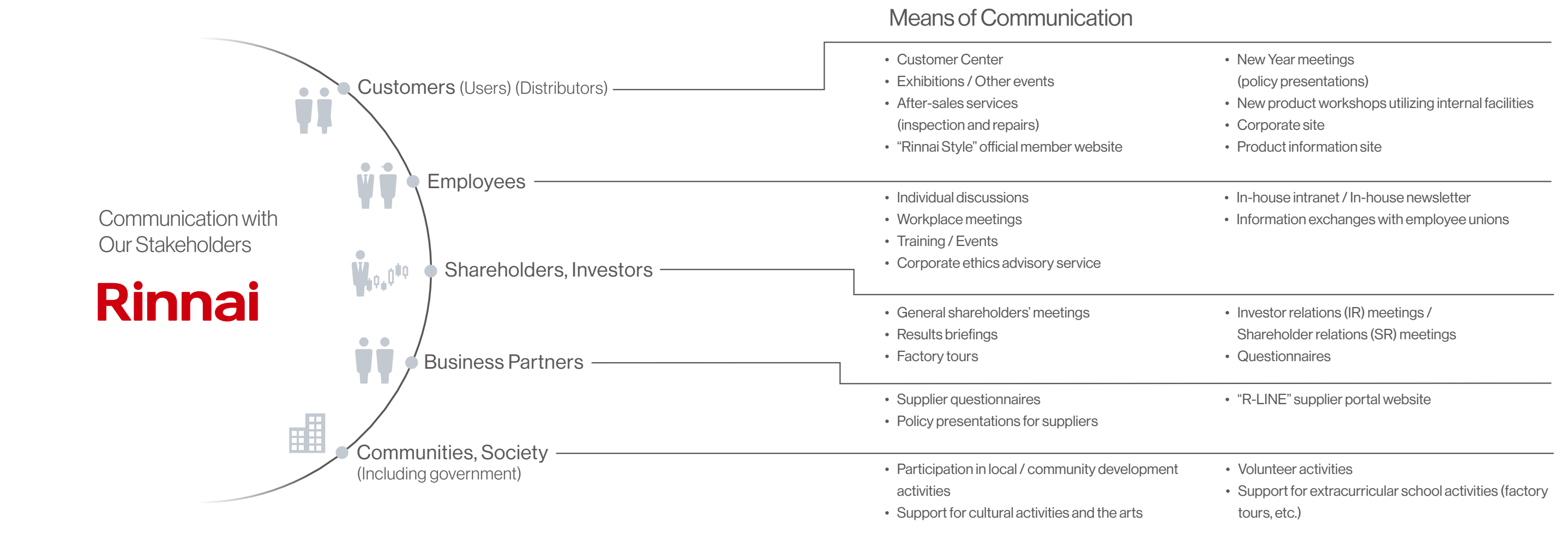


Blood donation activity

Rinnai Corporation, Actual Results in Fiscal 2025	
<ul style="list-style-type: none"> <li>Nagoya Philharmonic Orchestra</li> <li>Campus Venture Grand Prix, Chubu Area</li> <li>Nagoya Shonen Shojo Hatsumeï Club (Invention and Innovation Youth Club)</li> <li>Keidanren Committee on Nature Conservation</li> </ul>	<ul style="list-style-type: none"> <li>Chinese Spring Festival in Nagoya</li> <li>Aichi International Women's Film Festival sponsorship</li> <li>Monozukuri Nihon Conference</li> <li>Donations to Mutual Aid Charity</li> <li>RoboCup Junior sponsorship</li> </ul>
Social Contribution Amounts in Fiscal 2025	
<ul style="list-style-type: none"> <li>Social contribution activities funding: ¥24,435,000</li> <li>Political donations: ¥540,000</li> </ul>	

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 2024

Rinnai entered the Nikkei Integrated Report Award 2024 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 top message effectively conveys the president's intentions and passion.

• The sections on “Material Issues” and the “Value Creation Process” are concisely and clearly presented.

• The report provides sufficient information—both financial and non-financial—for investors to make informed decisions.

• Human capital, which underpins the company's operations, is described in detail.

Main Issues

• The report should clarify how the company intends to maintain and advance its technological capabilities, and how it plans to achieve its goals.

• Focusing on a single region is insufficient; comparable information across different regions is needed.

• Commentary on capital policy and approaches to improving future profitability would be beneficial.

• It is important to explain how the Board of Directors reviews and evaluates proposals.

Results of Questionnaire Regarding Rinnai Report 2024 (Integrated Report) n=296

We sent a questionnaire to readers of our Rinnai Report 2024 and asked them to vote on topics they found interesting. We intend to incorporate the results of this questionnaire in our next edition.

Section	Response rate (%)
Sustainability Policy	39
Corporate Mission and Vision	19
Our History	35
Rinnai Group Profile	18
Message from the President	22
Value Creation Process	16
Core Competence (Intellectual Capital) Supporting Rinnai Growth	19
Medium-term Business Plans	12
SDGs	21
Identifying Material Issues	16
Special Feature 1: Environment	24
Special Feature 2: Safety and Peace of Mind	28
Special Feature 3: Improved Quality of Life	26
Rinnai's Human Capital	17

91

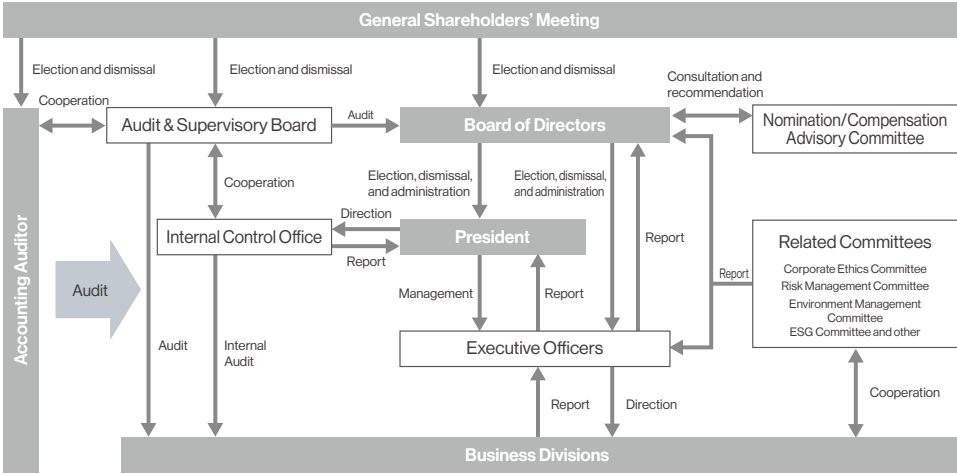
Rinnai Report 2025 92



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.

Audit & Supervisory Board members attend Board of Directors' meetings and other important meetings to monitor director and executive organization execution of duties and development and operation of the internal control system. 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 nine members, four 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. In addition to resolutions on matters such as M&A deals, the Board of Directors also discusses measures aimed at realizing management that is conscious of capital costs and stock price, evaluates the effectiveness of the Board of Directors, and reports on feedback from dialogues with investors.

Evaluating Board of Directors Effectiveness

Rinnai evaluates the effectiveness of the Board of Directors through questionnaires targeting directors and Audit and Supervisory Committee members. In the fiscal 2025 effectiveness evaluation, benchmarks were met or exceeded in all categories, confirming the effectiveness of the Board of Directors. The questionnaires also include an open-ended comment section to gather specific comments, opinions, and suggestions for the Board of Directors, and on the basis of this feedback, we implement initiatives that include numerous discussions focused on issues raised in the submitted opinions. In maintaining these efforts, improvements have been observed, including an increase in comments and questions during Board of Directors' meetings from outside executives that draw on their expertise, and more lively discussions reflecting perspectives from within and outside Rinnai.

Nomination Advisory Committee and Compensation Advisory Committee

Rinnai established a Nomination Advisory Committee and a Compensation Advisory Committee comprising a majority of outside independent directors and chaired by outside 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 2025)

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)	461 (38)	290 (38)	142 (—)	28 (—)	10 (5)
Audit & Supervisory Board members (including outside members)	50 (15)	50 (15)	— (—)	— (—)	5 (2)
Total (including outside members)	511 (53)	340 (53)	142 (—)	28 (—)	15 (7)

Director Compensation System

Structure of compensation

Compensation for directors consists of a basic component (fixed compensation) and a performance-linked component in a ratio of approximately 60:40 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.

Composition of Compensation



Annual Remuneration General Summary

- Consisting of a financial evaluation portion (80%) and a nonfinancial evaluation portion (20%)
- The financial evaluation portion varies between 0 and 200% of the standard amount, depending on the degree to which operating income and ROE targets have been achieved.
- The non-financial evaluation portion varies between 0 and 200% of the standard amount, depending on the degree of improvement in employee engagement (+ qualitative evaluations).

Restricted Stock Compensation General Summary

- Fixed + qualitative evaluation (considers total shareholder return)

Stock ownership guidelines

Effective the 75th fiscal year (ended March 31, 2025), the Corporation will establish the following guidelines for the number of shares of its stock to be held by directors during their terms of office, with the aim of steadily increasing corporate value and further promoting common interests between directors and shareholders.

- President and representative directors: Shares equivalent to 1.5 times the amount of base compensation by the end of three years after assuming office
- Other directors (excluding outside directors): Shares equivalent to one time the amount of base compensation by the end of three years after assuming office

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 a non-financial evaluation portion of annual bonuses and additional delivery of restricted stock based on corporate value evaluation, is determined by deliberation of the Compensation Advisory Committee to which the Board of Directors has resolved to delegate authority.

Members

- Takashi Kamio, Outside Director (Chairman of the Committee)
- Kumi Sato, Outside Director
- Tadashi Ogura, Outside Director
- Hiroyasu Naito, President and Representative Director

## Governance

## Leadership

(As of July 1, 2025)

### Board of Directors

<b>Kenji Hayashi</b>	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

<b>Hiroyasu Naito</b>	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.	

<b>Tsunenori Narita</b>	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)

<b>Hideyuki Shiraki</b>	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)
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)

<b>Takashi Kamio</b>	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.)
May 2010	Director at Nakanishin Kogyo Co., Ltd.
Jun. 2010	Advisor at Toyota Motor Corporation
Jun. 2011	Senior Advisor at Towa Real Estate Co., Ltd. (currently, Toyota Fudosan Co., Ltd.)
Jun. 2016	Audit & Supervisory Board Member at Central Nippon Expressway Company Limited
Jun. 2024	Outside Director, Rinnai Corporation (current)
Jun. 2024	Outside director, Chairman of the Nomination Advisory Committee and the Compensation Advisory Committee of Rinnai Corporation
Mar. 2025	Chief outside director, Chairman of the Nomination Advisory Committee and the Compensation Advisory Committee of Rinnai Corporation (current)
Current Representation in Other Companies: Chairman of Sasaeai, specified nonprofit corporation	

<b>Yoko Dochi</b>	Outside Director, Independent Officer
Career Summary and Current Position and Responsibility in the Corporation:	
Apr. 1987	Joined The Bank of Tokyo, Ltd. (currently, MUFG Bank, Ltd.)
Sept. 1996	Joined World Bank Group (WBG)
May 2001	Joined 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.
Mar. 2018	In charge of Investors Relations and Accounting Division, and Stock Group at Toyota Motor Corporation
Nov. 2018	Joined SoftBank Group Corp. Managing Director, 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)
Mar. 2024	Outside Audit & Supervisory Board Member at Kirin Holdings Company, Limited (current)
Current Representation in Other Companies: Outside Director of NIPPO LTD. Trustee of Daiwa Anglo-Japanese Foundation Outside Audit & Supervisory Board Member at Kirin Holdings Company, Limited	

<b>Kazuto Inoue</b>	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)

<b>Tadashi Ogura</b>	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. 2021	Outside Director at Meiko Trans Co., Ltd. (current)
Jun. 2023	Outside Director, Rinnai Corporation (current)
Current Representation in Other Companies: Representative Director & Chairman at NORITAKE CO., LIMITED	

<b>Kumi Sato</b>	Outside Director, Independent Officer
Career Summary and Current Position and Responsibility in the Corporation:	
1989	Editor-in-chief and publisher of an English-language magazine "AVENUES"
2005	Producer, Friendship Film Festival of the 2005 World Exposition, Aichi, Japan
Apr. 2012	Professor, Faculty of Global and Media Studies, Kinjo Gakuin University
Apr. 2014	Event Director, Aichi International Women's Film Festival (Aichi Gender Equality Foundation)
Apr. 2021	Professor, Faculty of Technology, International Professional University of Technology in Nagoya (current)
Jun. 2024	Outside Director, Rinnai Corporation (current)
Current Representation in Other Companies: Professor, Faculty of Technology, International Professional University of Technology in Nagoya	

### Audit & Supervisory Board Members

<b>Masanori Shimizu</b>	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)
<b>Atsuo Kashima</b>	Standing Audit & Supervisory Board Member
Career Summary and Current Position in the Corporation:	
Apr. 1986	Joined Rinnai Corporation
Apr. 2018	General Manager of Accounting Division
Apr. 2021	Executive Officer, General Manager of Accounting Division
Apr. 2024	Assistant to Chief of Corporate Management Headquarters
Jun. 2024	Standing Audit & Supervisory Board Member (current)

<b>Masaaki Matsuoka</b>	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)
Aug. 2020	Outside director of MITACHI CO., LTD. (current)
May 2023	Outside director of Kanemi Co., Ltd.
Current Representation in other companies President of Masaaki Matsuoka CPA office Outside Audit & Supervisory Board Member at Mitachi Co., Ltd.	
<b>Ippei Watanabe</b>	Outside Independent Audit & Supervisory Board Member
Career Summary and Current Position in the Corporation:	
Apr. 1978	Registration of attorney
	Joined Saji & Ohta Law firm
Jun. 1991	Established Ohta & Watanabe Law firm (currently, TRUTH & TRUST Law Office) (current)
Jun. 2016	Audit & Supervisory Board Member (current)
Jan. 2020	Established TRUTH & TRUST LPC; President (current)
Current Representation in other companies President of TRUTH & TRUST Law Office	

### Executive Officers (excluding concurrent directors)

Managing Executive Office	Chuji Nakashima	Chief of Quality Assurance Headquarters
Managing Executive Office	Hirohisa Ooi	Chief of Production Headquarters and Chief of Corporate Planning Headquarters
Managing Executive Office	Takuya Ogawa	Chief of Administration Headquarters and General Manager of Personnel Affairs Division
Managing Executive Office	Yoshihiko Takasu	Chief of Innovation Center and General Manager of Research & Development Division
Managing Executive Office	Hayao Nishizawa	Chief of Overseas Business Headquarters and General Manager of Second Sales Division
Managing Executive Office	Kenji Endo	Chief of Research & Development Headquarters
Executive Officer	Katsunori Tanioka	Deputy Chief of Marketing & Sales Headquarters
Executive Officer	Hiroyuki Hoyano	Branch Office Manager of Kanto Branch Office, Marketing & Sales Headquarters
Executive Officer	Yasunobu Takemoto	Deputy Chief of Research & Development Headquarters and General Manager of Engineering Development Division



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/ Risk management	Sustainability	IT/Digital Transformation (DX)
Kenji Hayashi	●	●	—	—	●	●	●	—	—
Hiroyasu Naito	●	●	●	—	●	—	—	●	—
Tsunenori Narita	●	—	●	●	—	●	—	—	—
Hideyuki Shiraki	—	—	—	●	—	●	—	—	●
Kazuto Inoue	—	●	●	—	—	—	—	—	●
Takashi Kamio	●	●	—	●	—	—	●	—	—
Tadashi Ogura	●	—	●	—	—	●	●	—	—
Yoko Dochi	—	●	—	—	●	—	●	●	—
Kumi Sato	—	●	—	—	—	●	—	●	●

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

Reasons behind Selecting Eight-Point Skills Matrix

Skill items	Reasons for selecting items (Requirements for achieving the medium-term business plan "New ERA 2025")
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 (E)>	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 solid knowledge and experience in human resource strategy and development to reform its human resource system to support employees' challenges and self-realization, propose new workstyles and improve brand power, and solidify the foundation for sustainable growth.
Governance (G)/Legal matters/Risk management	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.
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.

Communication with Outside Executives

To strengthen the supervisory function of the Board of Directors and promote the substantive contribution of outside executives (outside directors and outside Audit & Supervisory Board members) to management, we actively provide opportunities for them deepen their understanding of the business. In December 2024, we held a product experience session for outside executives at Hot.Lab, our showroom for clients. This session provided outside executives with an opportunity to enhance their product knowledge and business understanding by seeing, touching, and experiencing key products from our sales division firsthand, while engaging in dialogue with the responsible executive officers.



In particular, during the cooking demonstration of our top-of-the-line, built-in gas hob (stovetop) *DELICIA*, the outside directors gave high marks to the light weight of the dedicated cookware and the wide range of functions enabled through app integration. They also experienced firsthand the practicality of the "Easy Clean" technology, which prevents stains from sticking on the stovetop surface, as well as the outstanding finish of clothing dried with the *Kanta-kun* gas clothes dryer. These experiences reaffirmed their appreciation of the high added value of Rinnai's products and its technological capabilities.



In addition to such product experience sessions, we regularly organize tours of production facilities and key business sites for our outside executives, along with opportunities to exchange views with on-site personnel. This enables outside executives to gain a profound understanding of the heart of our business activities and gain critical information for making appropriate management decisions. At the same time, they serve as opportunities for communication among outside executives themselves.

## 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.

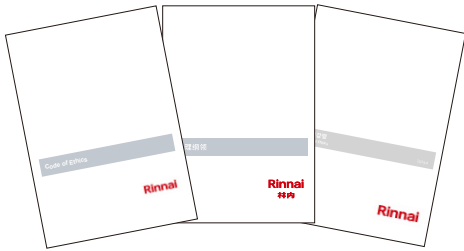
In addition, an English-language version of the “Code of Ethics” is issued to Group companies, and in countries where the official language is not English, the manual is translated into the local language of that country.

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 (Industrias Mass)



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



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



Rinnai New Zealand written pledges

### Compliance Education Activities

Rinnai conducts compliance education during employee training for new recruits and by rank, with 252 employees attending in fiscal 2025. 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.

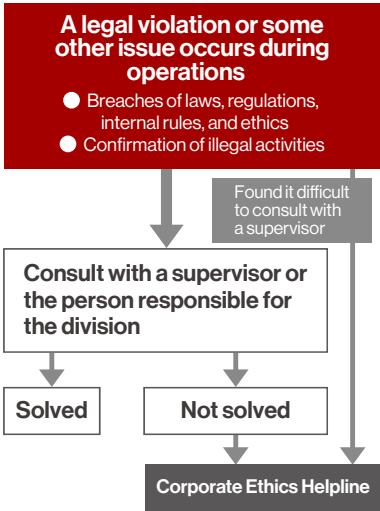
### Confirmation and Modification of Compliance Activities

Every year, we conduct employee questionnaires to ascertain how deeply ingrained elements of our Corporate Philosophy have become. In fiscal 2025, these showed that 100% of respondents were familiar with the Company Motto, 99.2% of respondents recognized Rinnai Brand Promise, and 97.3% 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 2025, the helpline received nine reports and requests for advice. Appropriate measures have been taken, including investigation and confirmation of the facts in these cases of alleged misconduct





Governance

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 2025, 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.

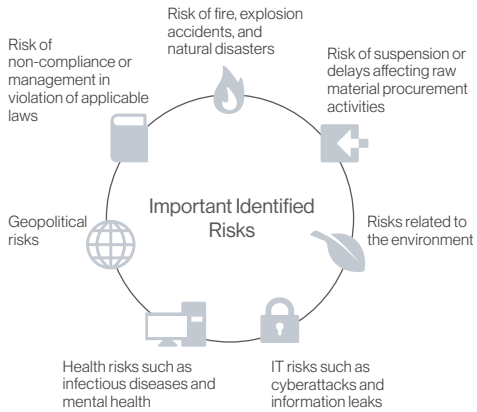
Material Risks (Excerpted)		
Management Risk	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Product accident defects</li> <li>• Environment</li> <li>• Labor-related</li> </ul>	<ul style="list-style-type: none"> <li>• Intellectual property</li> <li>• Supply chain</li> <li>• Market environment,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

### 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

As a company that operates internationally, we are working to improve information security measures throughout the entire Rinnai Group worldwide, including domestic Group companies as well as overseas consolidated subsidiaries.

### Information Security Policy

In accordance with the Rinnai Group Information Security Policy, we established 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

Rinnai has a system in place that facilitates the execution of information security measures throughout the entire company.

We have appointed Information Security Managers at each business site who work closely with the IT Security Office to ensure the smooth implementation of information security measures.

Further, we regularly hold Information Security Measures meetings consisting of employees involved in information security. We strive to enhance information security by conducting discussions and sharing information on information security measures.

### Implementation of Information Security Measures

In response to intensifying cyberattacks, we implement basic countermeasures aimed at preventing computer virus infections and unauthorized access, and enhancing attack email filtering, while also implementing information security countermeasures based on the latest zero-trust approaches.

Our efforts to detect cyberattacks include collaborating with third-party security specialists to establish an information security monitoring system. In addition, we focus on our response and recovery measures in case of an attack.

We also have a third party conduct assessments to evaluate the level of our information security measures. To prevent damage from cyberattacks, we will ascertain conditions from an objective perspective and promptly address any issues that arise as we work daily to improve our response and recovery measures in the event of an attack.



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 information assets used in business activities. Face-to-face information security education incorporates representative topics as themes.

We also provide e-learning to all employees who use personal computers. We regularly post videos of educational content to make it easier for employees to learn.

Information Security Training

The Rinnai Group regularly conducts cyberattack email training. Furthermore, we hold response drills simulating cyberattacks for personnel in charge of information security within the IT Security Office.

We are committed to hone employee experience so that we can respond promptly when problems related to information security occur.



Information security education

ISMS Certification (ISO 27001)

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 ISMS in each organization, and promoting continuous improvements to information security countermeasures.

Data Collection

Eleven-Year Financial Summary

		FY2015 <sup>*1</sup>	FY2016 <sup>*1</sup>	FY2017 <sup>*1</sup>	FY2018 <sup>*1</sup>		FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Net sales	(Millions of yen)	295,022	319,935	330,256	347,071		348,022	340,460	344,364	366,185	425,229	430,186	460,319
Operating income	(Millions of yen)	30,787	34,593	34,056	32,849		30,879	34,422	40,690	35,864	41,418	39,362	46,005
Operating income margin	(%)	10.4	10.8	10.3	9.5		8.9	10.1	11.8	9.8	9.7	9.2	10.0
Ordinary income	(Millions of yen)	32,938	35,807	35,280	34,286		33,318	35,679	42,400	39,060	44,565	46,071	50,323
Net income attributable to owners of the parent company	(Millions of yen)	20,647	22,710	22,322	21,194		20,480	21,561	27,581	23,748	26,096	26,667	29,691
Total net assets	(Millions of yen)	261,414	271,709	290,638	307,965		320,696	340,959	371,318	378,856	407,199	437,438	461,718
Total assets	(Millions of yen)	355,140	368,084	402,107	422,422		430,885	450,486	497,291	512,867	547,114	577,088	606,586
Net assets per share	(Yen)	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	2,707.86	2,885.72
Net income per share	(Yen)	132.34	145.57	143.09	136.80		132.82	139.83	178.87	156.80	176.92	184.75	209.66
Equity ratio	(%)	69.4	69.6	67.8	68.0		69.4	70.1	68.8	66.9	66.6	67.2	66.9
Return on equity	(%)	8.8	9.0	8.4	7.6		7.0	7.0	8.4	6.9	7.4	7.1	7.5
Cash flows from operating activities	(Millions of yen)	25,671	36,066	39,554	29,914		29,479	37,694	49,491	28,696	19,387	43,347	57,502
Cash flows from investing activities	(Millions of yen)	(23,649)	(17,770)	(17,732)	(12,190)		(7,288)	(7,124)	(15,820)	(25,486)	(30,087)	(19,968)	(22,685)
Cash flows from financing activities	(Millions of yen)	(8,659)	(6,554)	(5,217)	(11,725)		(6,150)	(6,436)	(7,269)	(27,109)	(21,313)	(23,664)	(26,503)
Cash and cash equivalents at end of year	(Millions of yen)	69,340	79,600	95,297	101,697		116,133	140,138	166,524	147,972	120,213	123,829	136,300
Capital expenditures	(Millions of yen)	13,774	16,938	20,664	16,105		13,481	10,580	13,301	22,682	26,521	41,114	16,300
Research and development expenses	(Millions of yen)	8,895	9,113	9,340	9,918		9,503	9,308	11,802	12,762	13,458	14,302	14,939
Dividends	(Yen)	25.3	27.3	28.6	30.0		31.3	32.6	41.6	46.6	53.3	60.0	80.0
Payout ratio	(%)	19.1	18.8	20.0	21.9		23.6	23.4	23.3	29.8	30.1	32.5	38.2
Number of outstanding shares	(Shares)	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	146,677,171	143,888,571
Closing price at the end of the period	(Yen)	2,970	3,313	3,077	3,367		2,610	2,550	4,130	3,057	3,235	3,484	3,456
Market capitalization	(Millions of yen)	465,249	519,032	481,958	521,326		404,157	394,866	639,528	458,693	485,454	511,023	497,279

<sup>\*1</sup> We 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.

<sup>\*2</sup> On April 1, 2023, we conducted a three-for-one stock split of our common stock. Performance prior to the stock split is shown based on the post-split conversion.



Data Collection

Eleven-Year Financial Summary (By segment)

(Millions of yen)			Year ended March 31, 2015 (FY2015)	Year ended March 31, 2016 (FY2016)	Year ended March 31, 2017 (FY2017)	Year ended March 31, 2018 (FY2018)	Year ended March 31, 2019 (FY2019)	Year ended March 31, 2020 (FY2020)	Year ended March 31, 2021 (FY2021)	Year ended March 31, 2022 (FY2022)	Year ended March 31, 2023 (FY2023)	Year ended March 31, 2024 (FY2024)	Year ended March 31, 2025 (FY2025)
Profit and loss by segment	Japan	Net sales	176,087	178,781	189,036	186,779	180,821	181,072	183,136	171,533	196,838	192,354	203,731
		Operating income	21,006	23,007	22,305	18,228	17,390	20,703	24,544	17,439	23,597	17,965	22,309
	United States	Net sales	17,754	22,602	23,504	27,738	30,390	33,133	36,971	44,752	55,750	57,875	66,457
		Operating income	1,020	1,817	1,661	2,207	1,491	1,939	2,177	2,108	313	(1,197)	2,130
	Australia	Net sales	15,310	23,092	21,468	23,479	24,921	23,652	24,311	25,764	27,655	30,338	36,605
		Operating income	1,345	1,148	1,249	1,580	1,509	392	911	1,620	1,180	1,245	1,119
	China	Net sales	25,353	31,966	35,962	44,294	46,009	44,226	41,160	52,778	66,150	71,886	68,596
		Operating income	2,108	2,659	3,069	5,045	4,989	6,410	6,667	6,752	10,569	12,146	10,095
	South Korea	Net sales	31,928	33,888	32,455	34,739	32,953	27,695	28,358	32,124	32,094	31,874	34,719
		Operating income	1,457	1,499	920	811	112	(17)	141	1,041	705	16	930
	Indonesia <sup>*1</sup>	Net sales	11,165	11,038	10,737	11,486	12,136	10,699	11,248	13,587	16,203	14,913	17,010
		Operating income	1,300	1,320	1,901	1,799	1,686	1,600	2,423	2,826	2,400	2,745	3,842
	Others	Net sales	17,421	18,567	17,090	18,553	20,789	19,979	19,177	25,644	30,537	30,943	33,198
		Operating income	2,455	2,799	2,712	2,878	3,344	2,976	2,881	4,280	4,875	4,361	5,022
	Total	Net sales	295,022	319,935	330,256	347,071	348,022	340,460	344,364	366,185	425,229	430,186	460,319
		Operating income	30,787	34,593	34,056	32,849	30,879	34,422	40,690	35,864	41,418	39,362	46,005
Sales by product in each segment <sup>*2</sup>	Japan	Water heaters	—	—	—	—	94,640	92,192	91,343	81,836	103,511	98,467	108,228
		Kitchen appliances	—	—	—	—	59,279	60,502	61,192	55,861	57,117	58,011	57,970
		Conditioning appliances	—	—	—	—	6,378	6,028	5,805	6,189	6,673	6,431	5,693
		Commercial-use equipment	—	—	—	—	2,079	1,956	1,794	2,053	2,107	2,286	2,288
		Others	—	—	—	—	18,442	20,393	23,001	25,591	27,428	27,156	29,549
	United States	Water heaters	—	—	—	—	27,800	30,118	33,825	40,761	50,554	51,166	57,655
		Kitchen appliances	—	—	—	—	—	—	—	—	—	—	—
		Conditioning appliances	—	—	—	—	2,121	2,193	2,247	2,521	2,776	3,213	3,263
		Commercial-use equipment	—	—	—	—	143	83	147	56	259	354	392
		Others	—	—	—	—	325	737	750	1,412	2,159	3,140	5,145
	Australia	Water heaters	—	—	—	—	11,643	10,898	11,386	12,631	13,557	15,679	17,195
		Kitchen appliances	—	—	—	—	—	—	—	—	—	—	—
		Conditioning appliances	—	—	—	—	10,043	9,704	10,007	10,250	10,327	10,400	11,331
		Commercial-use equipment	—	—	—	—	424	643	676	899	1,522	1,973	2,081
		Others	—	—	—	—	2,810	2,405	2,239	1,983	2,248	2,285	5,997
	China	Water heaters	—	—	—	—	39,813	37,326	34,576	45,965	59,441	66,467	62,585
		Kitchen appliances	—	—	—	—	4,890	5,362	4,708	4,702	4,951	3,792	3,242
		Conditioning appliances	—	—	—	—	—	—	—	—	—	—	—
		Commercial-use equipment	—	—	—	—	—	121	79	167	83	—	—
		Others	—	—	—	—	1,305	1,416	1,796	1,942	1,674	1,626	2,767
	South Korea	Water heaters	—	—	—	—	17,260	14,250	14,090	16,418	15,885	15,438	14,171
		Kitchen appliances	—	—	—	—	7,833	6,052	6,953	6,690	7,234	7,175	10,541
		Conditioning appliances	—	—	—	—	187	163	94	—	—	—	—
		Commercial-use equipment	—	—	—	—	4,255	4,054	3,819	4,028	4,498	4,651	4,801
		Others	—	—	—	—	3,416	3,175	3,400	4,987	4,476	4,608	5,203
	Indonesia	Water heaters	—	—	—	—	—	—	—	—	106	151	203
		Kitchen appliances	—	—	—	—	10,819	9,198	10,148	11,758	13,761	12,669	14,443
		Conditioning appliances	—	—	—	—	—	—	—	—	—	—	—
		Commercial-use equipment	—	—	—	—	1,145	1,331	894	1,442	1,822	1,513	1,741
		Others	—	—	—	—	171	169	204	386	512	579	622
	Others	Water heaters	—	—	—	—	11,472	11,335	10,533	13,412	15,601	16,468	17,690
		Kitchen appliances	—	—	—	—	5,498	5,077	5,437	6,518	8,715	8,846	10,068
		Conditioning appliances	—	—	—	—	911	812	857	2,147	2,163	1,700	1,722
		Commercial-use equipment	—	—	—	—	404	365	313	360	376	433	431
		Others	—	—	—	—	2,502	2,387	2,034	3,205	3,679	3,495	3,286
	Total	Water heaters	—	—	—	—	202,630	196,122	195,755	211,026	258,658	263,839	277,731
		Kitchen appliances	—	—	—	—	88,322	86,193	88,441	85,531	91,780	90,495	96,266
		Conditioning appliances	—	—	—	—	19,642	18,901	19,013	21,109	21,941	21,746	22,010
		Commercial-use equipment	—	—	—	—	8,452	8,556	7,726	9,007	10,669	11,212	11,738
		Others	—	—	—	—	28,974	30,685	33,428	39,509	42,179	42,891	52,572

<sup>\*1</sup> Rinnai Indonesia became a consolidated subsidiary in fiscal 2016  
<sup>\*2</sup> Reference data is not publicly available, so there is no data for fiscal 2019 or earlier.

Data Collection

Human Resource- and Personnel-related Data

The Rinnai Group

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

		Fiscal 2023	Fiscal 2024	Fiscal 2025
Rinnai Corporation	Male	2,542	2,506	2,510
	Female	1,045	1,026	1,002
Domestic Group companies	Male	1,268	1,249	1,216
	Female	689	659	666
Overseas Group companies	Male	3,736	3,608	3,702
	Female	1,870	1,789	1,812
Total		11,150	10,837	10,908

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

		Fiscal 2023	Fiscal 2024	Fiscal 2025	Composition
Japan	Male	3,810	3,755	3,726	—
	Female	1,734	1,685	1,668	—
	Subtotal	5,544	5,440	5,394	49.45%
Asia, excluding Japan	Male	2,520	2493	2,453	—
	Female	1,280	1279	1,268	—
	Subtotal	3,800	3772	3,721	34.11%
North America	Male	540	443	542	—
	Female	350	258	266	—
	Subtotal	890	701	808	7.41%
Other (Oceania, South America, and Europe)	Male	676	672	707	—
	Female	240	252	278	—
	Subtotal	916	924	985	9.03%
Total		11,150	10,837	10,908	100%

Fiscal 2025 Female ratio
30.9%
34.1%
32.9%
28.2%
31.9%

Rinnai Corporation

Employee Ages

		Fiscal 2023	Fiscal 2024	Fiscal 2025
Under 30	Male	445	443	480
	Female	232	202	185
	Subtotal	677	645	665
30–39	Male	715	674	669
	Female	433	427	401
	Subtotal	1,148	1,101	1,070
40–49	Male	573	557	556
	Female	248	254	266
	Subtotal	821	811	822
50–59	Male	759	771	734
	Female	123	136	146
	Subtotal	882	907	880
60 or older	Male	50	61	71
	Female	9	7	4
	Subtotal	59	68	75
Number of non-Japanese employees	Subtotal	4	3	2

Number of Employees (Non-consolidated)

		Fiscal 2023	Fiscal 2024	Fiscal 2025	Newly recruited employee retention	Employees enrolled as of April 2025 who joined in fiscal 2023 (employees enrolled after three years)	Employees retained in April 2025
Newly recruited employees	Male	89	76	105		77	104
	Female	14	18	24		11	23
	Subtotal	103	94	129		88	127
Mid-career recruitment	Male	5	9	10			
	Female	6	3	1			
Mid-career recruitment rate (%)	Subtotal	11	12	11			
Temporary staff	Subtotal	10	11	10			
Average working years	Male	181	168	184			
	Female	19.1	19.5	19.4			
	Subtotal	16.2	16.9	17.8			
Average age (Years old)	Male	18.3	18.8	18.9			
	Female	41.4	41.7	41.6			
	Subtotal	37.3	37.9	38.4			
		40.2	40.6	40.7			

Managerial Position Appointment Status (People) * End-FY2024 Compiled from the Rinnai Corporation	Executive Position	Female	Male	Non-Japanese	Ratio of Women (%)
	Supervisory position	9	728	0	1.24
	Of which are general managers or higher	0	45	0	0.00
	Director	1	19	0	5.26
	Of which are executive directors	0	8	0	0.00

		Fiscal 2023	Fiscal 2024	Fiscal 2025
Voluntary termination rate (%)		2.8	2.5	2.2
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	11.6	13.9	13.6
	Utilization ratio (%)	61	73	72
Employment of persons with disabilities	Number of persons with disabilities	79	93	91
	Employment rate (%)	2.19	2.62	2.58
Number of OJT accidents * Includes domestic consolidated subsidiaries	Number of accidents	25	23	24
	Number of disasters(%) (LTIFR)	0.74	0.38	0.39
Number of employees on mental health leave		21	30	27
Periodic health checkup participation ratio		100	100	100
Secondary health checkup participation ratio		91.7	95.8	100
Smoking ratio		19.4	19.0	19.6
Participation ratio in measures <sup>1</sup> for high-risk individuals <sup>2</sup> (%)		100	100	100
Stress check test taker ratio (%)		95.8	98.6	99.2
Number of employees who used childcare leave		64	56	37
Number of employees who took childcare leave of absence	Male	18	33	50
	Female	91	76	63
	Subtotal	109	109	113
Proportion of employees who took maternity leave (%)	Male	21.7	35.8	64.1
	Female	106.4	109.5	87.9
Proportion of employees who return to work after taking parental leave (%)	Male	100	100	96
	Female	98	100	100
	Subtotal	99	100	99
Number of employees who used shortened work hours	Male	2	1	0
	Female	215	174	170
	Subtotal	217	175	170
Number of employees who used family care leave	Male	4	7	7
	Female	59	94	101
	Subtotal	63	101	108
Number of employees who used nursing leave	Male	4	5	7
	Female	9	33	41
	Subtotal	13	38	48
Number of employees who took nursing leave of absence	Male	1	0	0
	Female	0	0	1
	Subtotal	1	0	1
Number of employees who used our reemployment (Come Back) system	Male	0	1	0
	Female	1	0	0
	Subtotal	1	1	0
Number of employees who used the work from home program	Male	806	495	434
	Female	233	148	133
	Subtotal	1,039	643	567

<sup>\*1</sup> Employees who have two or more of the “Recommended Value for Medical Examination” items and have at least one untreated item.

<sup>\*2</sup> Measures to prevent aggravation of health insurance

		Fiscal 2023	Fiscal 2024	Fiscal 2025
Annual total actual working hours per employee		2046.1	2018.6	2001.4
Annual non-scheduled working hours per employee		244.6	193.7	203.8
Average overtime per month (Hours)		20.4	15.8	16.6
Average annual salary		6,671,135	6,784,474	7,142,237
Average wages at 30 years old (Yen) * Excluding overtime pay	Highest wage at 30	311,150	313,550	341,450
	Lowest wage at 30	264,050	274,450	277,090
	Average wage at 30	289,965	297,357	313,540
Gender Wage Gap	All workers	60.4%	60.9%	61.9%
	Full-time workers	60.4%	61.1%	62.0%
	Part-time and fixed-term workers	65.5%	65.3%	64.6%

Others (Social Contribution and Compliance)		Fiscal 2023	Fiscal 2024	Fiscal 2025
Number of whistleblower incidents * Includes domestic consolidated subsidiaries		16	8	9
Criminal charges for compliance related accidents and incidents (Number of cases)		0	0	0
Total expenditure on social contribution activities (Millions of yen)		24	12	22
Political contributions and lobbying activities expenditures (Millions of yen)		1.2	0.7	0.5



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	FY2025 Results
Environment marketing (Sales) Environmental services (Construction and repair)	Ongoing sales of environmentally friendly products (Japan/ overseas)	• 5.30 million tons of CO <sub>2</sub> reduction contribution when using products
Environmental products (Product development)	Promoting decarbonization and low-carbon  We will continue to develop and research combustion equipment that is compatible with hydrogen infrastructure and systems for net zero CO <sub>2</sub> emissions.  Continuously develop high-efficiency equipment for Zero-Energy Homes (ZEH) and products that use less power during both standby and use  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	• Developed technology for 100% hydrogen combustion in residential water heaters • Received first JIA certification in Japan for the hydrogen griller • Developed highly efficient gas appliances • Implemented product assessments and lightweight designs
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	• 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
Environmental minds (Regional communities and employees)	Communication of ESG-related Information Rinnai engages in dialogues with stakeholders and disseminates information to deepen understanding, while continuously making efforts that contribute to environmental brand improvement  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  Conducting Environmental Training and Awareness Activities Continuing with initiatives that foster environmental awareness and the enhanced ability to take action in employees through training	• Participating in various external evaluations  • Once again recognized as a Master Certified Aichi Biodiversity Company under the Aichi Biodiversity Company Certification Program • <i>Coreopsis lanceolata</i> eradication 736 kg/year <sup>3</sup>  • 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

Field	Basic Environmental Activities	FY2025 Results
Environmental factories Environmental offices	Reduction of per-unit energy consumption by more than 6% compared to fiscal 2020 by fiscal 2026	Increased by 4.4% compared to fiscal 2020
	Shift to energy use with lower CO <sub>2</sub> emissions	Consideration of adopting electricity with low CO <sub>2</sub> emission factor (Introduction of renewable energy, others)
	Reduction of waste discharge by more than 6% compared to fiscal 2020 by fiscal 2026	Reduced by 2.8% 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	Major paperless improvements 19 examples
	Reduction of water use by more than 6% compared to fiscal 2020 by fiscal 2026	Increased by 9.1% compared to fiscal 2020

• Target scope: Rinnai Corporation and its consolidated subsidiaries  
• Reporting Period: April 1, 2024 to March 31, 2025  
• CO<sub>2</sub> reduction contribution = Reduction in CO<sub>2</sub> 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.  
• Basic unit: Burden per unit standard determined by Rinnai; Scope: Rinnai Corporation



Data Collection

CO<sub>2</sub> Emissions

(Unit: tCO<sub>2</sub>e)

Scope			Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Year of Reporting Results		
							Fiscal 2025	Percentage	Assurance
Scope 1 <sup>1</sup>	CO <sub>2</sub>		35,161	35,941	36,437	34,320	32,303	0.24%	<input checked="" type="checkbox"/>
	CH <sub>4</sub>		—	—	73	70	65		<input checked="" type="checkbox"/>
	N <sub>2</sub> O		—	—	18	15	14		<input checked="" type="checkbox"/>
	HFC		—	—	251	471	368		<input checked="" type="checkbox"/>
Scope 2 <sup>2</sup>	Market-based		68,606	67,987	69,243	63,502	65,349	0.48%	<input checked="" type="checkbox"/>
	Location-based		(70,604)	(68,563)	(68,163)	(64,457)	(71,894)	—	<input checked="" type="checkbox"/>
Scope 3 <sup>3</sup>	1	Purchased goods and services	848,727	883,457	1,072,825	889,861	845,765	6.24%	<input checked="" type="checkbox"/>
	2	Capital goods	23,661	39,589	85,666	132,800	52,593	0.39%	<input checked="" type="checkbox"/>
	3	Fuel- and energy-related activities	4,386	4,475	17,973	16,763	17,099	0.13%	<input checked="" type="checkbox"/>
	4	Upstream transportation and distribution	9,384	8,953	9,703	8,685	8,926	0.07%	<input checked="" type="checkbox"/>
	5	Waste generated in operations	1,036	1,028	5,247	4,960	5,003	0.04%	<input checked="" type="checkbox"/>
	6	Business travel	531	515	1,655	1,585	1,619	0.01%	<input checked="" type="checkbox"/>
	7	Employee commuting	1,586	1,544	5,527	5,286	5,393	0.04%	<input checked="" type="checkbox"/>
	8	Upstream leased assets	Included in Scope 1, 2	Included in Scope 1, 2	Included in Scope 1, 2	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	10,497,104	8,846,480	14,597,287	12,075,588	12,521,556	92.32%	<input checked="" type="checkbox"/>
	12	End-of-life treatment of sold products	5,937	6,109	7,125	7,755	6,860	0.05%	<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			11,496,120	9,896,078	15,909,028	13,241,664	13,562,913	100.00%	<input checked="" type="checkbox"/>

• 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)  
• Scope 2: Emissions from the use of electricity purchased by the Rinnai Group  
• 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 CO<sub>2</sub> Emissions

Scope	Unit	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025
Shipping volume	Millions tons/km	6,524	6,152	6,682	6,083	6,366
CO <sub>2</sub> emissions	tCO <sub>2</sub> e	9,384	8,953	9,703	8,685	8,926

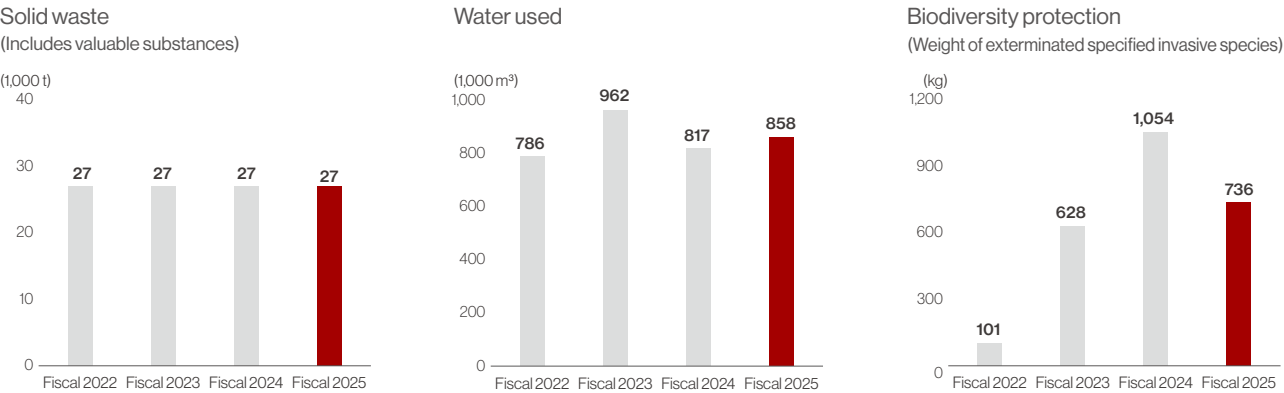
Conditions for Calculations

		CO <sub>2</sub> conversion factors	Scope of calculations
Scope 1		Emission factors: MOE/METI, GHG Emission Calculation and Reporting Manual (Ver. 6.0)	Rinnai Group
Scope 2		Market-base emission factor Domestic emission factors: "Emission Factors by Electricity Utility (for FY2025 Reporting)" in MOE/METI, GHG Emission Calculation and Reporting Manual (Ver. 6.0) 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 FY2025 Reporting)" Overseas emission factors: IGES List of Grid Emission Factors Ver11.6_20250226, 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. 2.7) Emission factors: MOE, Emission Factor Database (Ver. 3.5), Sustainable Management Promotion Organization's LCI database IDEAv2.3 (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	Calculated according to usage scenarios (by product type) specified by Rinnai Products covered: Water heaters, kitchen appliances and home heaters sold by Rinnai Period: 10 years Emission factors: • Electricity: 0.570 kgCO <sub>2</sub> 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 <sub>2</sub> e/m <sup>3</sup> • Tokyo Gas Co., Ltd., City Gas CO <sub>2</sub> Emission Factors (13A, 45 MJ/m <sup>3</sup> , ordinary households and other customers receiving low-pressure supply as of 2017)	Rinnai Corporation
	Category 12	Calculated by multiplying the number of units sold by emission intensity type (products subject to the Home Appliance Recycling Law) 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) 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 <sub>2</sub> reduction contribution)		Calculated in accordance with the Guidelines for Quantifying GHG Emission Reductions (March 2018, Ministry of Economy, Trade and Industry) Target: During product usage Method: Flow-based (Years of usage = 10 years, Diffusion = Units sold in evaluation year) Baseline products: FY2006 popular products Products to be evaluated: Products including those with improved thermal conversion efficiency as alternatives to baseline products	Rinnai Group



Data Collection

Resource Recycling, Pollution Prevention, and Protecting Biodiversity



	Unit	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025
Waste generated (Including valuables)	Thousand tons	30	27	27	27	27
Recycled waste	Thousand tons	28	25	26	25	26
Waste into landfill	Thousand tons	1.2	1.7	1.4	1.3	1.2
Water withdrawal (Public water)	Thousand m³	595	551	742	634	711
Water withdrawal (Ground water)	Thousand m³	163	235	220	182	147
Discharge of water	Thousand m³	742	754	948	798	843
Hazardous chemicals use	t	224	238	246	176	254
Weight of exterminated specified invasive species	kg	230	101	628	1,054	736
Number of people who participated in the extermination of specified invasive species	Persons	42	31	103	145	118

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

• Extermination of specified invasive species: 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 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025
In the scope of operations	Pollution prevention	Mainly efforts to prevent air and water pollution	37	50	36	43	36
	Environmental protection	Mainly efforts to save energy	11	28	28	39	163
	Resource recycling	Recycling as well as treatment and disposal of industrial waste	103	95	106	84	87
Upstream/downstream		Collection/recycling and volume/weight reduction of materials such as product packaging	13	11	12	11	13
Management activities		Mainly monitoring and surveillance of environmental impact	119	100	97	99	93
Research and development		Research and development on environmentally conscious products	1,243	1,239	1,457	1,720	1,733
Community efforts		Environmental communication with local regions and beautification/greening at places of business and surrounding areas	3	2	3	3	4

Environmental Protection Effect	Key Activities	Unit	Environmental Impact Reduction				
			Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025
	CO <sub>2</sub> emissions reductions	Thousand tCO <sub>2</sub> e	3.5	10.8	5.2	6.5	2.2
	Waste curtailment	Thousand tons	0.5	0.1	0.1	0.9	0.8
	Water saving	Thousand m³	31.8	21.9	5.2	2.3	7.7

• 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 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025
	Reduced expenses through energy conservation, waste curtailment, and water saving	538	359	179	557	539

• 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 grillers RGM-4, 6, 8
1994	July	Market debut: Low-NOx burner built-in water heater (NOx at less than 60 ppm)
1996	March	Won top prize at 1st Eco-Design Awards, sponsored by Tokyo Gas, Osaka Gas and Toho Gas for water heater, fan heater and small hot-water heater
1997	March  June October December	Won special prize at 2nd Eco-Design Awards for tabletop cooking stove Market debut: Absorption-type gas air conditioner (non-CFC) Acquired ISO 14001 certification at Oguchi Factory Won prize at 8th Energy Conservation Vanguard 21 for tabletop oven RSBN-096
1998	April Awards  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	June	Environment Month event: Organized an exchange event (visit) with a corporate environmental pioneer
2010	January  February  June September	Market debut: <i>Eco-Jazu</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	June  December	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	June September December	Environment Month event: Organized an exchange event (visit) with a corporate environmental pioneer Held the sixth Rinnai Group Environmental Awards ceremony Participated in the EcoPro 2015 exhibition
2016	May  June  July	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
2016	August September December	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  June   November December	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 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 Participated in the EcoPro 2017 exhibition
2018	January February  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> ) 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 2021Hokkaido Government Energy Saving / New Energy Promotion Grand Prize Announced commitment to carbon neutrality (RIM 2050)
2022	January  March  April May June  October November	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
2023	January February  April June	Held the 13th Rinnai Group Environmental Award Ceremony during the New-Year Convention Rinnai wins the 2022 Energy Conservation Award (the Prize of Director-General of the Agency for Natural Resources and Energy) for <i>ECO ONE</i> hybrid water heater with heating systems 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>
2024	January June December	The 14th Rinnai Group Environmental Awards were presented at the New Year's ceremony Environment Month event: Engaged in efforts to eradicate the specified invasive species <i>Coreopsis lanceolata</i> Received first JIA certification in Japan for the hydrogen grillers Held the 15th Rinnai Group Environmental Awards ceremony
2025	May June	Received JIA certification for commercial hydrogen stoves Environment Month event: Conducted eradication activities targeting 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 Supervisory 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
	Rinnai Taiwan Corporation	October 2024

Environmental Management System “Eco Action21”

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

Data by Site (Fiscal 2025 Results)

Site name	Location	☑ CO <sub>2</sub> emissions		☑ Energy use (GJ)	Amount of waste generated (including valuables) (Thousands of Tons)	Amount of waste into landfill (Thousands of Tons)	Amount of recycled waste (Thousands of Tons)
		Scope 1 (tCO <sub>2</sub> e)	Scope 2 (tCO <sub>2</sub> e)				
Oguchi Factory	Oguchi-cho, Niwa-gun, Aichi	2,047	2,220	57,678	4,811	4,802	9
Seto Factory	Seto-shi, Aichi	1,473	3,804	59,110	1,818	1,818	0
Akatsuki Factory	Seto-shi, Aichi	857	1,480	29,235	1,768	1,768	0
Technology Development Center	Oguchi-cho, Niwa-gun, Aichi	2,016	2,762	62,667	118	118	0
Head Office and Sales Offices	—	3,429	2,113	74,705	606	557	14
Yanagisawa Manufacturing Co., Ltd.	Kadoma-shi, Osaka	668	767	19,926	410	410	0
Rinnai Technica Co., Ltd.	Kakegawa-shi, Shizuoka	1,111	1,280	29,166	830	825	6
Gastar Co., Ltd.	Yamato-shi, Kanagawa	1,044	951	29,455	488	485	2
RB Controls Co., Ltd.	Kanazawa-shi, Ishikawa	970	2,369	33,488	380	367	13
Rinnai Precision Co., Ltd.	Komaki-shi, Aichi	4,273	6,762	137,527	2,048	2,047	0
RT Engineering Co., Ltd.	Toyoda-shi, Aichi	205	1,117	13,449	173	168	5
Noto Tech Co., Ltd.	Nakanoto-cho, Kajima-gun, Ishikawa	1,403	1,036	31,797	636	531	105
Techno Parts Co., Ltd.	Aichi	173	207	5,083	53	49	3
Rinnai Holdings (Pacific) Pte Ltd.	Singapore	49	20	888	—	—	—
Rinnai Italia S.r.l.	Italy	55	18	975	0	0	0
Rinnai Hong Kong Ltd.	Hong Kong	0	2	9	—	—	—
Guangzhou Rinnai Gas and Electric Appliance Co., Ltd.	China	33	45	852	—	—	—
Central Heating New Zealand Ltd.	New Zealand	112	10	1,986	53	6	47
Rinnai America Corporation	United States of America	1,659	2,798	54,162	1,284	1,284	0
Rinnai Australia Pty., Ltd.	Australia	1,235	5,342	47,644	2,084	1,699	385
Shanghai Rinnai Co., Ltd.	China	1,914	11,040	104,739	1,198	1,198	0
Rinnai Korea Corporation	South Korea	1,939	5,197	76,611	1,387	1,285	7
P.T. Rinnai Indonesia	Indonesia	3,119	10,041	104,090	5,292	4,812	480
Rinnai New Zealand Ltd.	New Zealand	166	50	4,626	280	255	24
Rinnai Taiwan Corporation	Taiwan	740	1,090	21,105	220	185	35
Rinnai (Thailand) Co., Ltd.	Thailand	1,187	1,334	34,528	624	595	29
Rinnai Brasil Heating Technology Ltd.	Brazil	92	47	4,761	304	283	21
Rinnai Viet Nam Co., Ltd.	Viet Nam	560	507	12,050	349	349	0
Industrias Mass, S.A. de C.V.	Mexico	125	57	2,324	123	123	0
RB Korea Ltd.	South Korea	96	883	8,459	42	24	0

• Energy use is the sum of non-renewable energy and renewable energy.  
• 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).  
• Includes the Head Office, nationwide sales offices, logistics centers and the Rinnai Parts Center.  
• Includes Rinnai Canada Holdings Ltd.  
• Includes Rinnai Manufacturing Malaysia Sdn. Bhd.



Data Collection

Water Discharge (Fiscal 2025 Results)

Site	Water discharge standard (Water discharged)	Substance	Regulation value	Voluntary	Actual value (Maximum)
Oguchi Factory	Sewer	pH	5.7-8.7	5.8-8.7	6.8-7.6
		BOD	300	240	58
		COD	—	—	—
		SS	300	240	37
Seto Factory	River (Yatoko River)	pH	5.8-8.6	6.0-8.4	6.9-7.9
		BOD	25(20)	20	3
		COD	25(20)	20	4.2
		SS	30(20)	20	5
Akatsuki Factory	River (Kazunari River)	pH	5.8-8.6	5.9-8.5	7.1-7.5
		BOD	20	19	7
		COD	20	19	9.9
		SS	20	19	18
Yanagisawa Manufacturing Co., Ltd.	Sewer	pH	5.0-9.0	5.9-8.5	7.2-8.1
		BOD	600	100	3.8
		COD	—	—	—
		SS	600	100	4
Rinnai Technica Co., Ltd.	River (Ota River)	pH	5.8-8.6	6.3-8.1	6.9-7.7
		BOD	25(20)	18	11
		COD	160(120)	18	9.2
		SS	50(40)	30(20)	5
Gastar Co., Ltd., Yamato Head Office and Factories	Sewer	pH	5.0-9.0	5.2-8.8	7.2-7.5
		BOD	600	480	10.0
		COD	—	—	—
		SS	—	—	—
Gastar Co., Ltd., Research Building	River (Sakai River)	pH	5.8-8.6	6.0-8.4	7.6-8.0
		BOD	15	12	less than 5
		COD	25	20	less than 5
		SS	40	32	6
Rinnai Precision Co., Ltd., Head Office and Komaki Factory	Sewer	pH	5.8-8.6	6.0-8.4	6.9-7.5
		BOD	600	300	0.7
		COD	—	—	—
		SS	300	300	less than 1
Rinnai Precision Co., Ltd., Kani Factory The Second Building	River (Kani River)	pH	5.8-8.6	5.8-8.6	6.4-7.3
		BOD	15	15	8.5
		COD	—	—	—
		SS	30	30	6
Rinnai Precision Co., Ltd., Kani Factory The Third Building	River (Kani River)	pH	5.8-8.6	5.8-8.6	6.4-7.0
		BOD	15	15	15
		COD	—	—	—
		SS	30	30	26
RT Engineering Co., Ltd.	Sewer	pH	5.7-8.7	5.7-8.2	6.8-7.3
		BOD	300	150	29
		COD	—	—	—
		SS	300	150	4
Noto Tech Co., Ltd.	River (Nagaso River)	pH	5.8-8.2	6.0-8.2	6.8-7.2
		BOD	40(30)	36(27)	22
		COD	160(120)	140(100)	26
		SS	40(30)	36(27)	5

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 Data by Site (Fiscal 2025 Results)

Site	Number	Class I designated chemical substance name <sup>2</sup>	Amount of emission/discharge				Amount of transfer	
			Air	Public waters	Soil	Landfill	Sewers	Outside the relevant office
Oguchi Factory	53	Ethylbenzene	1,800	0	0	0	0	770
	80	Xylene	1,900	0	0	0	0	800
	300	Toluene	4,600	0	0	0	0	2,000
	309	Nickel compounds	0	0	0	0	0	65
Seto Factory	405	Boron compounds	0	0	0	0	0	320
	80	Xylene	960	0	0	0	0	170
	87	Chromium and chromium (III) compounds	0	0	0	0	0	0
	308	Nickel	0	0	0	0	0	0
Akatsuki Factory	594	Ethylene glycol monobutyl ether	2,200	0	0	0	0	17
	31	Antimony and its compounds	0	0	0	0	0	77
	53	Ethylbenzene	2,500	0	0	0	0	110
	80	Xylene	3,100	0	0	0	0	130
	300	Toluene	480	0	0	0	0	710
	627	Diethylene glycol monobutyl ether	1,000	0	0	0	0	34
	691	Trimethylbenzene	1,700	0	0	0	0	40
Gaster Co., Ltd. Yamato Head Office Factory	53	Ethylbenzene	530	0	0	0	0	1,100
	80	Xylene	390	0	0	0	0	750
RB Controls Co., Ltd.; Kanaiwa Factory	31	Antimony and its compounds	0	0	0	0	0	290
	265	Tetrahydromethylphthalic anhydride	0	0	0	0	0	0
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	3,600
Rinnai Precision Co., Ltd. Komaki Factory	87	Chromium and chromium (III) compounds	0	0	0	0	0	0
	308	Nickel	0	0	0	0	0	0
	412	Manganese and its compounds	0	0	0	0	0	0
	453	Molybdenum and its compounds	0	0	0	0	0	0
	697	Lead and its compounds	0	0	0	0	0	0
	453	Molybdenum and its compounds	0	0	0	0	0	0
Rinnai Precision Co., Ltd. Kani Factory	697	Lead and its compounds	0	0	0	0	0	0
	453	Molybdenum and its compounds	0	0	0	0	0	0
Noto Tech Co., Ltd.	31	Antimony and its compounds	0	0	0	0	0	440
	405	Boron compounds	0	64	0	0	0	1,800

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 2025 Results)

Site	Facility	Substance	Regulation value	Voluntary	Actual value (Maximum)
Oguchi Factory	Combustion furnace	Soot and dust	0.25	0.16	0.001
		NOx emissions	180	150	59
	Boiler	Soot and dust	0.1	0.08	0.002
		NOx emissions	150	96	69
Akatsuki Factory	Combustion furnace	Soot and dust	0.2	0.16	0.007
		NOx emissions	230	180	2
Yanagisawa Manufacturing Co., Ltd.	Boiler	Soot and dust	0.1	0.05	0.002
		NOx emissions	150	100	18
	Combustion furnace	Soot and dust	0.2	0.05	0.002

Soot and dust: g/Nm³, NOx: ppm

## 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.



Selected as a constituent of the S&P/JPX Carbon Efficient Index, which determines the weight of constituents by focusing on the disclosure status of environmental information and the level of carbon efficiency (carbon emissions per unit of revenue).



### Capital Evaluation and Certification

Rinnai was selected as an Outstanding Health Management Company (Large Enterprise Category), sponsored by the Ministry of Economy, Trade and Industry, Nippon Kenko Kaigi, and the Tokyo Stock Exchange. This program selects companies that consider employee health management from a management perspective and strategically implement "health management."



The Company obtained "DX Certification: in recognition of our preparedness to utilize digital technologies to drive business transformation.



### 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/>