



Nippon Gases Europe

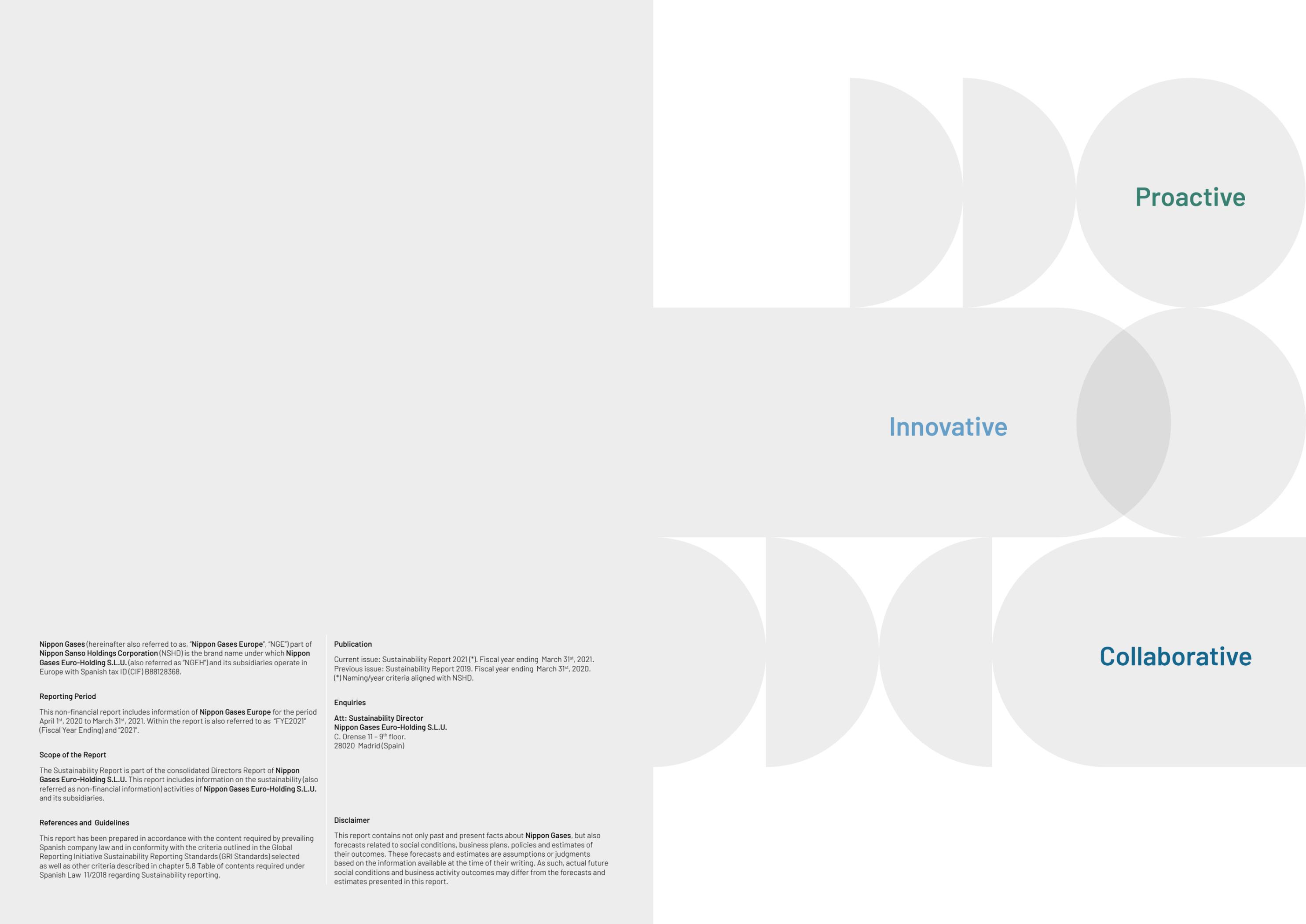
# Making life better through gas technology

## Sustainability Report 2021



Sustainability Report 2021





Proactive

Innovative

Collaborative

**Nippon Gases** (hereinafter also referred to as, "**Nippon Gases Europe**", "NGE") part of **Nippon Sanso Holdings Corporation** (NSHD) is the brand name under which **Nippon Gases Euro-Holding S.L.U.** (also referred as "NGEH") and its subsidiaries operate in Europe with Spanish tax ID (CIF) B88128368.

#### Reporting Period

This non-financial report includes information of **Nippon Gases Europe** for the period April 1<sup>st</sup>, 2020 to March 31<sup>st</sup>, 2021. Within the report is also referred to as "FYE2021" (Fiscal Year Ending) and "2021".

#### Scope of the Report

The Sustainability Report is part of the consolidated Directors Report of **Nippon Gases Euro-Holding S.L.U.** This report includes information on the sustainability (also referred as non-financial information) activities of **Nippon Gases Euro-Holding S.L.U.** and its subsidiaries.

#### References and Guidelines

This report has been prepared in accordance with the content required by prevailing Spanish company law and in conformity with the criteria outlined in the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) selected as well as other criteria described in chapter 5.8 Table of contents required under Spanish Law 11/2018 regarding Sustainability reporting.

#### Publication

Current issue: Sustainability Report 2021 (\*). Fiscal year ending March 31<sup>st</sup>, 2021. Previous issue: Sustainability Report 2019. Fiscal year ending March 31<sup>st</sup>, 2020. (\*) Naming/year criteria aligned with NSHD.

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#### Disclaimer

This report contains not only past and present facts about **Nippon Gases**, but also forecasts related to social conditions, business plans, policies and estimates of their outcomes. These forecasts and estimates are assumptions or judgments based on the information available at the time of their writing. As such, actual future social conditions and business activity outcomes may differ from the forecasts and estimates presented in this report.

# About us

## Making life better through gas technology

**Nippon Gases**, part of **Nippon Sanso Holdings Corporation**, is your strategic partner for industrial and medical gases. We offer our own technological solutions to a wide range of markets such as aquaculture, automotive, chemicals, food and beverage, glass, healthcare and homecare, metal production and metallurgy, petrochemicals, pharma, steel, water and wastewater treatment, welding and cutting, electronics and more. Our technological offerings span from the most efficient supply options to tailored applications technology solutions for every customer or partner.

We are constantly improving safety - the number one priority in our company- in our operations and at customer sites, continuously analysing the risk factors and behaviours and ensuring the strict observance of safety principles by all our employees. Compliance excellence is achieved through continuous training and every employee living our Code of Conduct.

**Nippon Gases'** commitment to our customers, employees and associates, and to the communities in which we operate, reflects our dedication to the environment and to sustainability.

## Our Philosophy

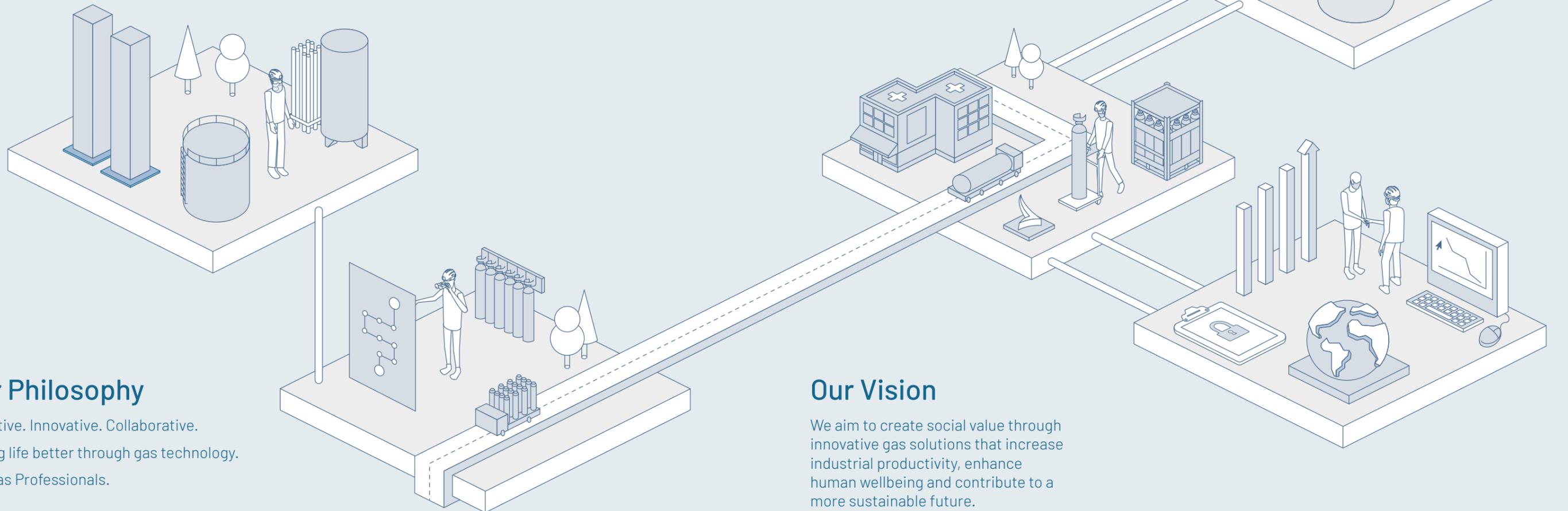
Proactive. Innovative. Collaborative.  
Making life better through gas technology.  
The Gas Professionals.

# Nippon Gases

Together, we are  
The Gas Professionals  
and we all have the  
same goal  
**Making life better  
through gas technology.**

## Our Vision

We aim to create social value through innovative gas solutions that increase industrial productivity, enhance human wellbeing and contribute to a more sustainable future.



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## Proactive

Being much more than just a gas supplier means putting our customers at the centre of everything we do, **proactively** seeking the best technological offerings that range from the most efficient supply options to tailored applications technology solutions.

And that can only be achieved by constantly and **proactively** improving safety - our company's number one priority - in our operations and at customer sites.

What's more, **Nippon Gases** as a company, and each of our employees, managers and directors, as individuals, **proactively** strive to be ethical in all our activities, achieving compliance excellence through continuous training and every employee living our Code of Conduct.

## Innovative

At **Nippon Gases** we believe that **innovative**, responsible and sustainable business plays an important role in building a healthy, thriving society. We leverage our knowledge of science and business acumen to provide lasting solutions in the industrial gases industry.

For us, a harmonious relationship between people, society and the planet is the way we want to work today and every day. Therefore, we encourage collaborative innovation

to make life better through our technological solutions and gases. Digitalisation and R&D allow us to improve our services and our customer experience as well as boosting the transition to a carbon neutral industry.

**Nippon Gases'** commitment to our customers, suppliers, employees and associates, and to the communities in which we operate, reflects our dedication to the environment and to sustainability.

## Collaborative

Our highly qualified and experienced workforce is the cornerstone of **Nippon Gases'** success. We are a great company because we have a great team, thanks to a diverse and inclusive talent management that leads us to achieve people excellence - the lever that enables a **collaborative** spirit with all our stakeholders.

We engage and **collaborate** with our customers, suppliers, employees, shareholders and communities in order to

understand how we can benefit each other and grow by moving forward together, enabling industries to advance thanks to our technological solutions and giving back to the community in the best possible way by fulfilling our social responsibility through our corporate activities.



Every year I have the honour and the pleasure to open our Sustainability Report to summarise and render account of the most important events.

I will start here by thanking all my colleagues of **Nippon Gases** everywhere in Europe, for their disciplined hard work during an unprecedentedly complicated year. It has been the dedication to duty of our 3,000 employees that made it possible, that we were able to keep our plants, systems and infrastructures running all the time to be able to serve all the needs of all our customers—including and especially the hospitals during the worst peaks of the pandemic.

I also want to thank the management teams of **Nippon Gases** for providing excellent leadership during these adverse times.

### The Covid-19 pandemic

2020 has been marked by the Covid-19 pandemic that continues to afflict the whole world today. **Nippon Gases** expresses its sorrow for both the lost lives and the suffering that the pandemic has caused in Europe, and across the world. **Nippon Gases** and, in general, the industrial gas companies have contributed and continue to do so very significantly, to alleviate the suffering associated with the pandemic. The leitmotiv of our industry is and has always been the “uninterrupted” supply of high-quality products and the meaning of “uninterrupted, 24/7” supply has been more significant—and more essential than ever this past year, especially during the worst peaks of the pandemic.

#### At **Nippon Gases**,

- We have maintained our operational discipline throughout the year. This is shown by our safety performance last year.

- We created new hygiene and organisational procedures for the safe operations of our plants and we have kept all our plants running.
- We have supplied every need of every customer, especially hospitals and patients even in the worst peak days of the pandemic.
- We sent home everybody that could work from home. This is more than 1/3 of our employee population. We did this overnight, and our systems proved robust, and it worked.
- We have stayed in contact with our customers, suppliers and partners through remote conferencing technologies and have learned very fast that it works.
- We have been transforming our company making it more advanced and efficient.

In summary, we have managed our lives and our company through the pandemic storm protecting our employees and their families, our customers and suppliers, as well as other stakeholders.

The industrial gas companies and the industrial gas associations worked hard with the different authorities and governmental bodies across Europe to make sure that vital gases and services were always available, wherever they were needed. Major industrial gas associations, like EIGA and the CGA, published specific documents to support the industry in the supply of oxygen in emergency situations.

More than one year later, after this all started, it is not yet over, but with the vaccination roll-out progressing, the world is ready for a time of increased economic and social growth.

### Sustainability goals

In 2020 we started the 2020 -2030 decade. This is a decisive decade because, according to the 2030/2050 climate objectives of the European Union, we all, in Europe, will have reached a 55% reduction of CO<sub>2</sub> (carbon dioxide) emissions compared to the basis of 1990 by the end of the decade. At **Nippon Gases**, we consider that industrial gases are part of the solution to get there. We have been part of the solution for many years already. We know the properties of CO<sub>2</sub> and H<sub>2</sub> (hydrogen) and know how to deal with them in a safe and efficient way, thus allowing us to bring this knowledge to the CO<sub>2</sub> emitters, as well as to all those using H<sub>2</sub> in the future to reduce their carbon footprint. **At Nippon Gases, we have been implementing technologies, at many different industries, with the objective of reducing combustion emissions for many years already.** We have also been providing technologies for water and wastewater treatment as well as many other industrial gases applications, that reduce energy consumption and/or reduce the need for increased capacities and consequently, reduce carbon footprints for the end users. So, **Nippon Gases** has been helping and -now will increasingly continue to help- our hundreds of thousands of customers to reduce their carbon footprint and, consequently, we are helping society as a whole.

That is what we have been doing and what we do for and with our customers, but we are also working

internally, inside **Nippon Gases**. We are intensive electrical energy consumers, and we use road transport as one of the major ways to reach our customers. As such, we need to contribute to a decarbonised society from an internal point of view too. At **Nippon Gases, we have increased the usage of renewable electrical energy up to 19% this past year**, expecting to reach 35% this year.

If we consider low carbon energy usage, in **Nippon Gases**, we achieved last year 51% and this year we will reach 65% of the total electrical energy consumed.

We are continuously investing in new technologies and in the modernisation of our facilities to reduce specific energy consumption. In the last 10 years alone we have reduced the specific electrical energy consumption by 8% at **Nippon Gases**. So, as large electrical energy consumers, we contribute to a more sustainable world, by sourcing “greener” energy and by investing in technology to lower the MWh/ton of product we produce. As far as road transport is concerned, we also have two approaches: we reduce the impact of our trucks by moving to greener fuels, and also by investing in sophisticated technologies to reduce the mileage needed to reach our customers.

We are targeting to reduce our transport greenhouse gases (GHG) intensity more than 5% from 2021 to 2024. And we are also working on both the reduction of the water usage and on waste minimisation across all our sites.

**Nippon Gases** has set its Sustainable Development Goals to contribute to a better and more sustainable future. These goals are classified in four priority areas:

- **Company governance and compliance**, which includes a strong culture of business integrity and ethics.
- **Global environment**, including a strong drive to reduce emissions of any sort and to reduce waste.
- **Society**, including community engagement activities and contributing to the sustainability of our customers.
- And **People**, targeting to be the safest company as well as a highly diverse and inclusive company.

### Our company

**Nippon Gases** is only two and a half years old as **Nippon Gases**, and yet our company started its operations in Europe in 1953 and is today integrated in a global group, **The Nippon Sanso Holdings Corporation**, the origin of which dates back to 1910.

**The Vision of our Global Group** describes very accurately what our company is and what our company stands for: **We aim to create social value through innovative gas solutions that increase industrial productivity, enhance human wellbeing and contribute to a more sustainable future.**

The Group Philosophy:

**Proactive, Innovative,  
Collaborative.**

**Making life better through  
gas technology.**

**The Gas Professionals.**

**Nippon Gases'** priorities are: Safety, Compliance, the Environment, People Excellence, Customer Focus and Financial Results, in this order. **Nippon Gases** is ultimately a highly experienced team of talented people contributing to the sustainable growth of industry in Europe, because industry is one of the key pillars of any healthy modern society providing qualified jobs, continuous training and development opportunities for its workforce. Industry is the major contributor to innovation and R&D and constitutes the basis of the export potential of every country.

This year, **Nippon Gases** asked the whole employee population to participate in an Employee Engagement Survey. Participation was voluntary, of course, but recommended because the survey was an important tool our employees had to let management know where the company stands, as assessed by the employees, from many different angles. The results of the survey were very encouraging, especially given the fact that it was done between May and June, within the first phase of the pandemic raging through Europe: 81% of the employees participated, giving scores above 80 (from 100 as maximum) for Safety (95), Corporate Social Responsibility (88), Diversity (88), Sustainable Engagement (86), Empowerment (85), Global Satisfaction (82), Quality (82) and Compliance (81). The Management, Collaboration, Communications and Covid-19 measures all scored above 75. This feedback from our employees shows the way to continue to build a high-performance company.

Our company is present in 13 European countries, employs around 3.000 people, of which 27% are women, a remarkably good percentage, if I compare ourselves to the industries and environment we work with. We are a diverse and inclusive company and expect to pass the the milestone of a 30% female workforce within the next five years.

The strategy of **Nippon Gases** for the foreseeable future is based on the following pillars:

- Grow and improve our business where we are
- Look for opportunities to invest and expand to places where today we are not
- Look for opportunities to invest and expand in adjacent markets to those markets in which we are today.

Financially, in a tough macroeconomic environment with GDP and IP dropping in the countries where **Nippon Gases** operates an average of 8% each, our company performance has shown the resilience of its business model. Our sales dropped 6% and our EBITDA 7% compared to the year prior. This drop came entirely from the severe lockdowns at the start of the pandemic. In the second half of the year, our company was able to deliver improved results compared to the year before, with a 1.3% increase in sales and 3.5% increase in EBITDA.

### The Green Deal

However, the biggest challenge and opportunity we, as a company, are facing, and this is especially exciting in Europe, is all that has to do with the Green Deal and the 2030/2050 agenda of the European Union.

The Green Deal will mean that extra-ordinary amounts of funds are being made available in a relatively short period of time. The Green Deal is ultimately going to change many industries forever. As I have mentioned above, **Nippon Gases** is perfectly positioned to provide solutions for the challenges ahead, so that we see the Green Deal as a major opportunity compared to its potential threats. And the Green Deal starts in Europe so that, after many years, in which industrial investment in Europe was comparatively low compared to other regions of the world, especially compared with Asia or the Middle East, now we will

see a reverse trend. The pandemic has also shown, that having too much essential production away from Europe also has its downsides.

### Nippon Sanso Holdings Corporation

Finally, our parent company, **Nippon Sanso Holdings Corporation**, until very recently called the **Taiyo Nippon Sanso Corporation**. NSHD is present in 29 countries in Japan, South East Asia, North America, Europe and Australia. **Nippon Sanso Holdings** employs around 20,000 people and had revenues in the last reported year of around US\$7 Billion. Today, a little over two years after our company became part of the NSHD group, the integration of the European businesses has been a complete success and a new brand has made a strong entrance into the scene.

### Wrap up

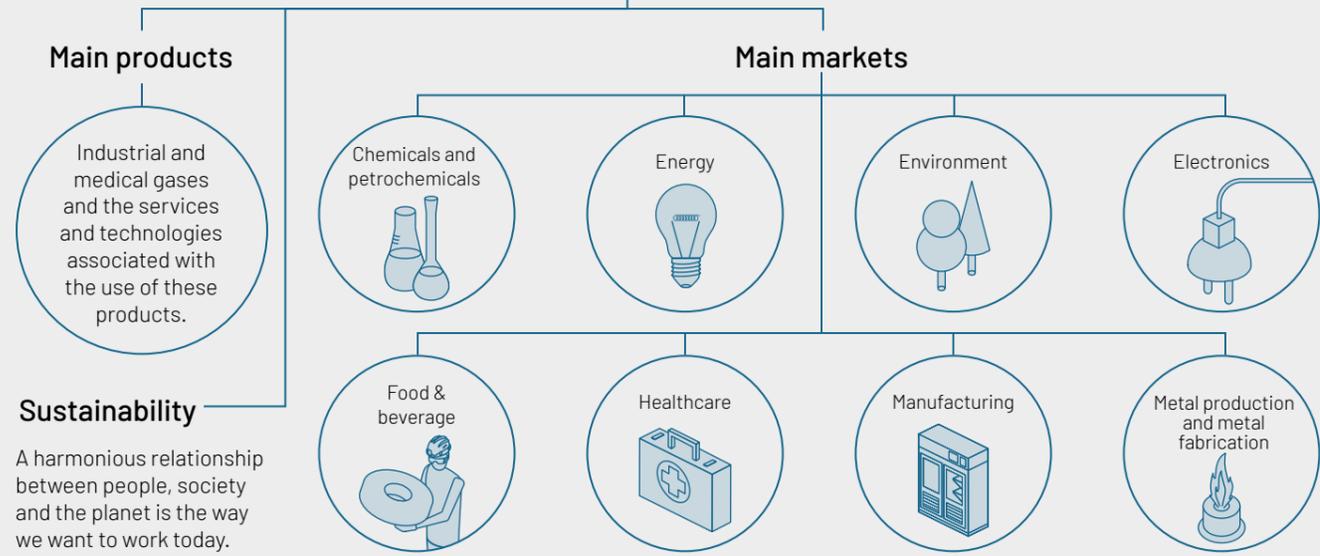
A final thought: I believe, as a team, **Nippon Gases** has ended the year wiser, increasingly adaptive and innovative, proactive and collaborative and, consequently, better prepared for the future. During this exceptional year, we had the chance to improve many non-used or "parked" skills. It has been an excellent learning experience for all of us; we had to work hard, innovate, collaborate and "to mine" the best of our skills. **An excellent personal development year for everybody.**

# About us

## Nippon Gases Europe Group

We are one of the leading industrial and medical gases companies in Europe, part of **Nippon Sanso Holdings Corporation**.

Who we are



**Sustainability**  
A harmonious relationship between people, society and the planet is the way we want to work today.

Group structure



Market position



## 1.2 Nippon Gases Europe Group

**Nippon Gases** a highly experienced team contributing to the sustainable growth of industry in Europe. Industry is a key pillar of a healthy modern society providing qualified jobs, continuous training and development of its workforce, innovation, support to R&D, besides being at the root of the export potential of every country.

**Nippon Gases**, one of the leading industrial and medical gases companies in Europe, is part of **Nippon Sanso Holdings Corporation**, which has over 100 years of experience and also boasts a major presence in Japan, Southeast Asia, Australia, the US and Canada:

The high quality of our products, services and applications technologies is the basis of our success in the industries where we operate. Detailed needs analyses for each of our customers is the key to offering them the products, services and technologies that will optimise their processes most efficiently.

**Nippon Gases'** commitment to our customers, employees and associates, and to the communities in which we operate, reflects our dedication to the environment and to sustainability. For us, a harmonious relationship between people, society and the planet is the way we want to work today and every day.

**Operations in 29 countries with more than 19,000 employees around the world.**

**Our presence in Europe positions us as a leading company with over 3,000 employees in Europe of which 27% are women and operating today in 13 countries (Belgium, Denmark, France, Germany, the Netherlands, Ireland, Italy, Norway, Poland, Portugal, Spain, Sweden and the UK).**

**Serving more than 150,000 customers. Achieving revenues close to €1,300 million in the in the FYE2021.**

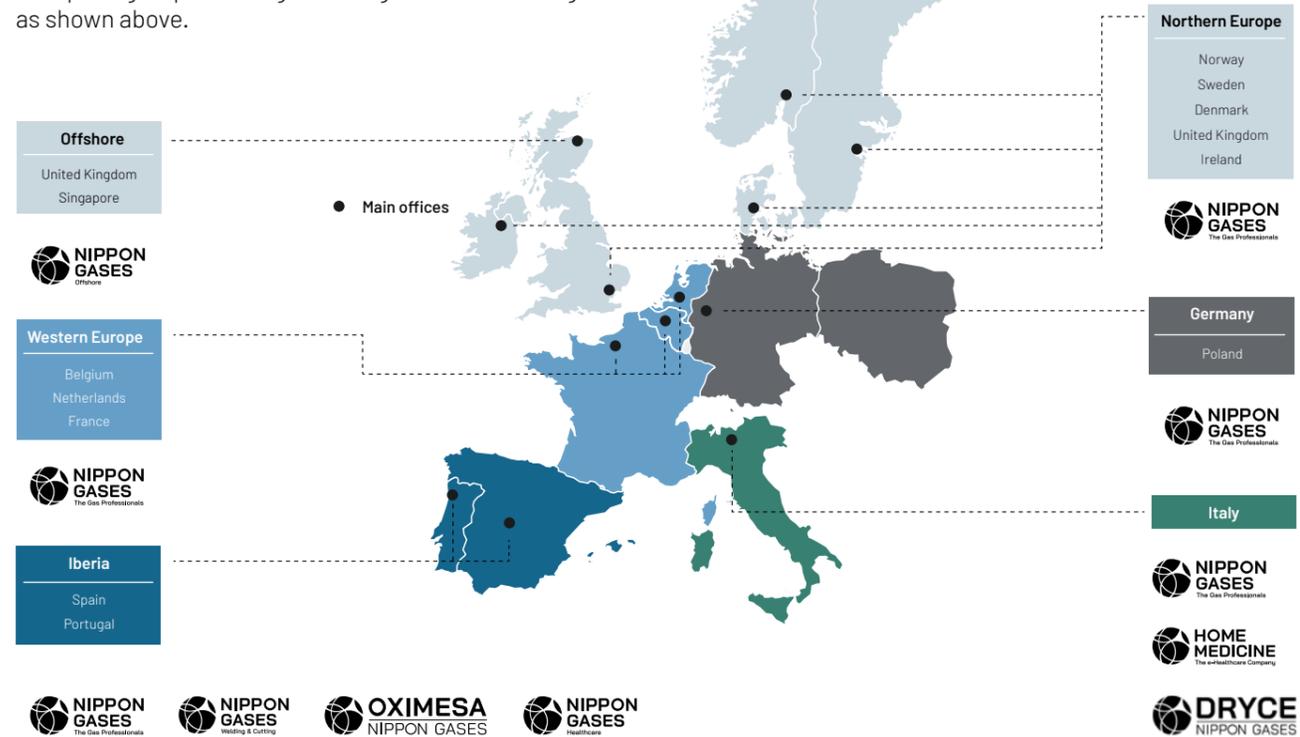
Together, we are **The Gas Professionals** and we all have the same goal **Making life better through gas technology.**

	14	Pipelines
	5	Specialty gases laboratories
	28	Air separation units (ASUs)
	6	Hydrogen plants
	39	Small onsite
	14	CO <sub>2</sub> plants
	600	Trucks
	2.7 M	Cylinders
	38	Filling stations
	11	Dry ice plants
	9	CO <sub>2</sub> terminals
	3	CO <sub>2</sub> ships

(\*) operation units as March 31<sup>st</sup>, 2021.

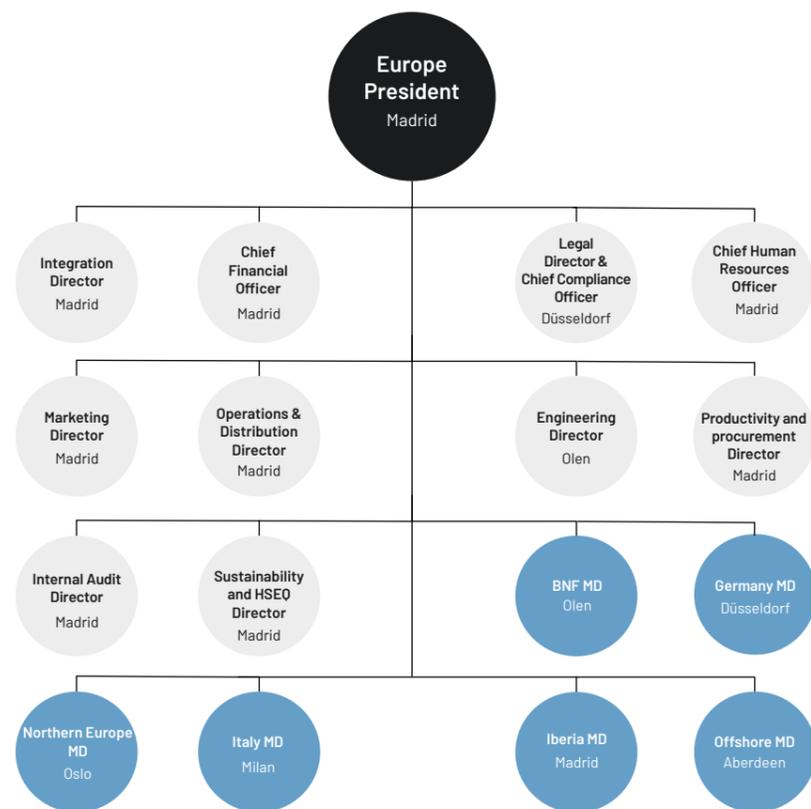
## 1.2.1 Group structure

This is the group structure of **Nippon Gases**. Even though we operate in 14 countries (13 European countries and we have a presence in Singapore through Offshore), the European group is managed through six business regions, as shown above.



## 1.2.2 Management team

The **Nippon Gases** Management Team is composed by the Euro-Holding Directors and the regional Managing Directors (MD).



## 1.2.3 Market position

**Nippon Gases** is the fourth-largest industrial gas company in Europe with an overall market share close to 9%. Considering only the countries in which we are present, market share is around 16%.

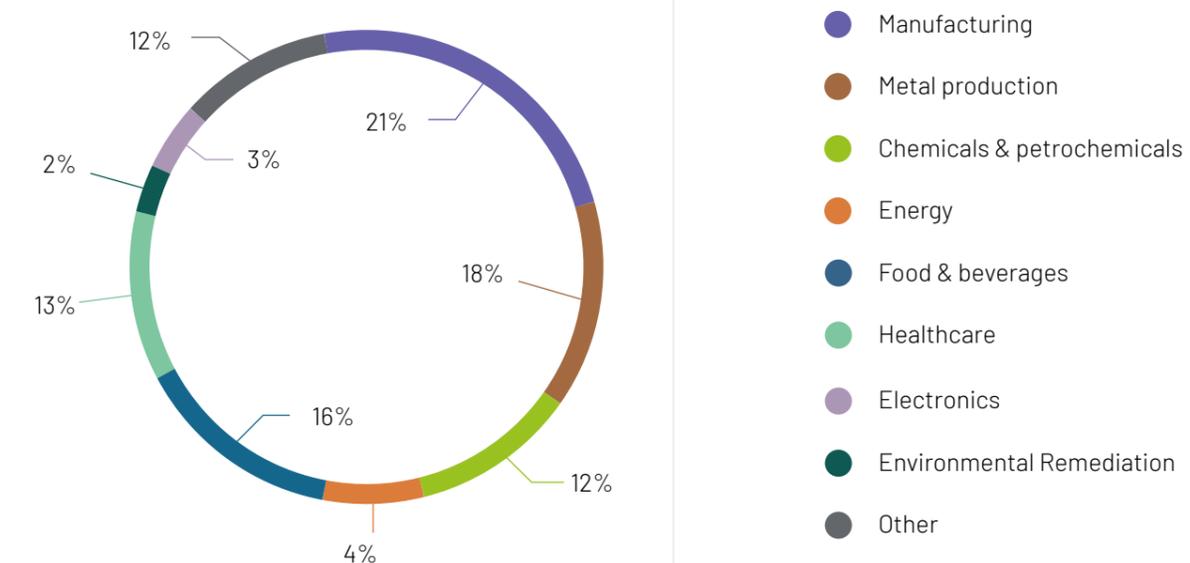
We are recognised as leaders in:

- Safety.
- Uninterrupted supply.
- Expertise in the industries we serve.
- Customer responsiveness.

We help our customers to:

- Achieve safety and environmental sustainability standards.
- Increase productivity.
- Decrease energy consumption.
- Produce higher quality products.

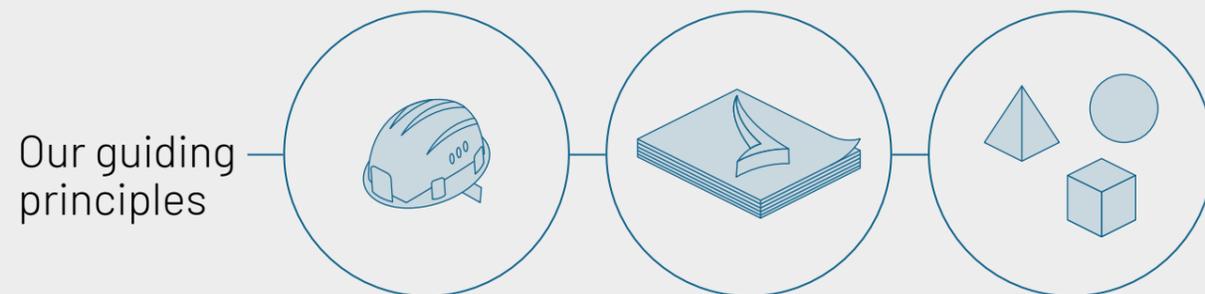
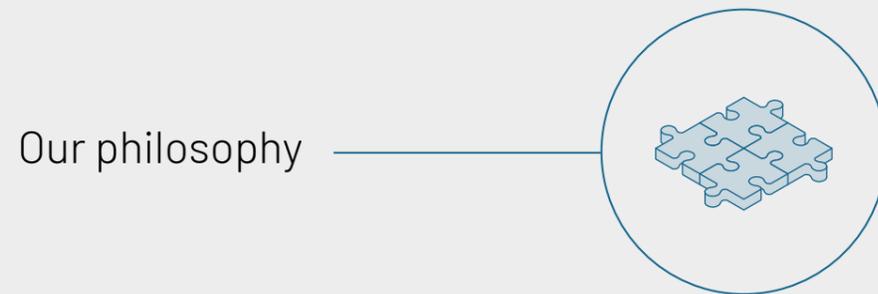
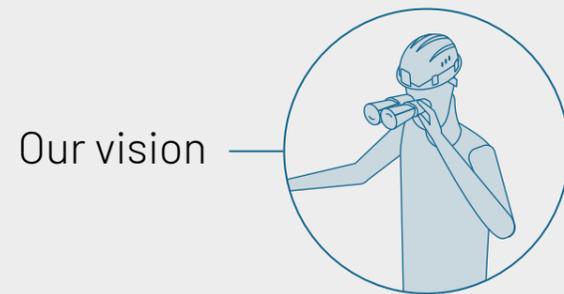
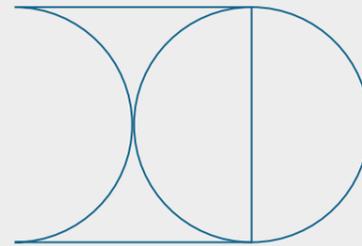
**Nippon Gases** enjoys an open portfolio in terms of markets served, with more than 34% of its sales in resilient, counter-cyclical markets like food & beverage, health and homecare, electronics or environment:



# About us

## Our vision, philosophy and guiding principles

Our vision, philosophy and guiding principles are central values that guide all of our operations



## 1.3 Our vision, philosophy and guiding principles

Since 1910, the **Nippon Sanso Holdings Corporation**, to which **Nippon Gases** belongs, has been adapting its operations to the needs of customers.

Our capacity to respond **proactively** to the needs of the market and to **innovate collaboratively** are central values that guide all of our operations to **make life better through gas technologies**, building positive relationships between people and societies, as well as with our planet.

### Our vision

We aim to **create social value through innovative gas solutions** that increase industrial productivity, enhance human wellbeing and contribute to a more sustainable future.

### Our philosophy

**Proactive. Innovative. Collaborative.**  
**Making life better through gas technology.**  
**The Gas Professionals.**

### Our guiding principles

The main priorities of our company are safety, compliance, environmental sustainability, employee excellence, customer focus and financial results.

All **Nippon Gases** employees adhere strictly to our principles in safety, compliance and diversity & inclusion, as stated below, because they are part of our company DNA and are reinforced during the quarterly European Employee teleconferences by the President of **Nippon Gases**, thus setting the tone from the top of our company.

### Safety

- All accidents can be prevented
- Safety is the responsibility of line management.
- Every employee is responsible for his/her own safety.
- Every employee must stop a job if it cannot be done safely.
- Efforts in safety yield results in safety.
- Safety is a condition of employment.

### Compliance

- All compliance breaches can be prevented.
- Compliance is the responsibility of line management.
- Every employee is responsible for his/her own ethical behaviour.
- Every employee must stop a job if it cannot be done ethically.
- Efforts in compliance yield results in compliance.
- Ethical behaviour is a condition of employment.

### Diversity

- Diversity & inclusion are essential to our work and workplace.
- Inclusion is a line-management accountability.
- You are responsible for being a model for inclusive behaviour.
- Every employee must stop non-inclusive actions or conduct.
- Efforts in diversity & inclusion will increase engagement and improve business results.
- Inclusiveness is a condition of your employment.



# About us

## Corporate Social Responsibility

Corporate social responsibility (CSR) is about being community minded, being responsible, and taking positive actions.

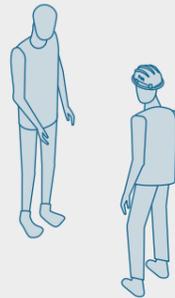
## Corporate framework

Nippon Gases is the European subsidiary of the Nippon Sanso Holdings Corporation (NSHD).



## Our commitments and achievements

We are committed to SDG 18 short- and medium-term targets that cover the materiality matrix main priorities.



## Top importance initiatives

- Efficient use of **resources and energy**.
- **Climate change**.
- **Product and service reliability**.
- Human resource **development and training**.
- Occupational **health and safety**.
- **Diversity and inclusion**.

## Sustainable Development Goals

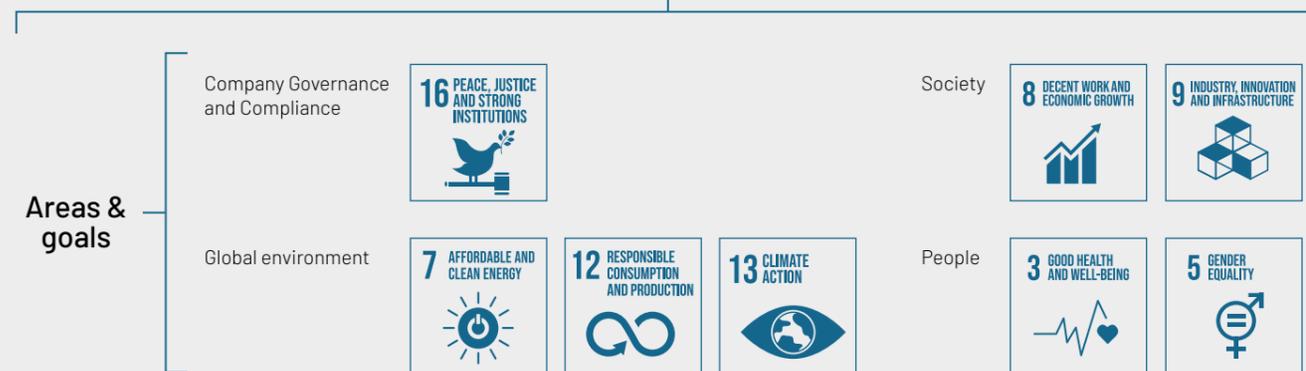
The United Nations' Sustainable Development Goals are the blueprint to achieve a better and more sustainable future for all.



8 SDG goals as drivers for our sustainability strategy in 4 main areas.

## New SDG Nippon Gases Goal

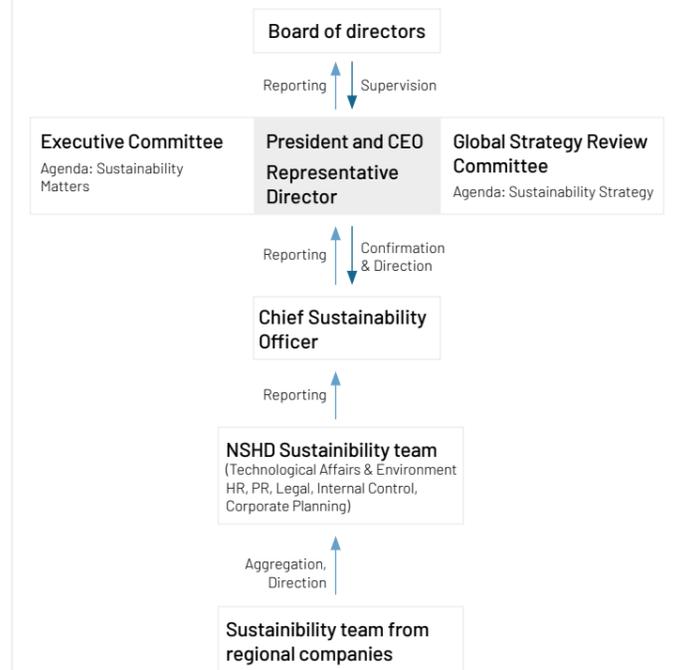
Reduce its GHG emissions in the period FYE2019-FYE2029 by **35% absolute value vs FYE2019 base year emissions**.



# 1.4 Corporate social responsibility

Corporate social responsibility (CSR) is about being community minded, being responsible, and taking positive actions. This includes being responsible towards employees, customers, communities, the environment and partners. By adopting socially and environmentally responsible behaviour, businesses can make a significant contribution to boosting employment and wealth creation, fostering social justice and protecting the environment.

Important matters on sustainability are discussed in NSHD Executive Committee as necessary.



## 1.4.1 Corporate framework

Nippon Gases is the European subsidiary of the Nippon Sanso Holdings Corporation (NSHD).

As has been established by NSHD Board of Directors, the NSHD Management Committee deliberates on and approves important management matters pertaining to the execution of duties by the President (CEO).

NSHD holds a meeting of the Global Strategy Review Committee, chaired by the President and CEO, once a year.

The committee decides on the policy for key initiatives in technological risk management (including safety and quality, environmental, and intellectual property risks), based on the President's Basic Policy on Technological Risk Management.

## The Presidential Policy Directive on Technology Risk Management.

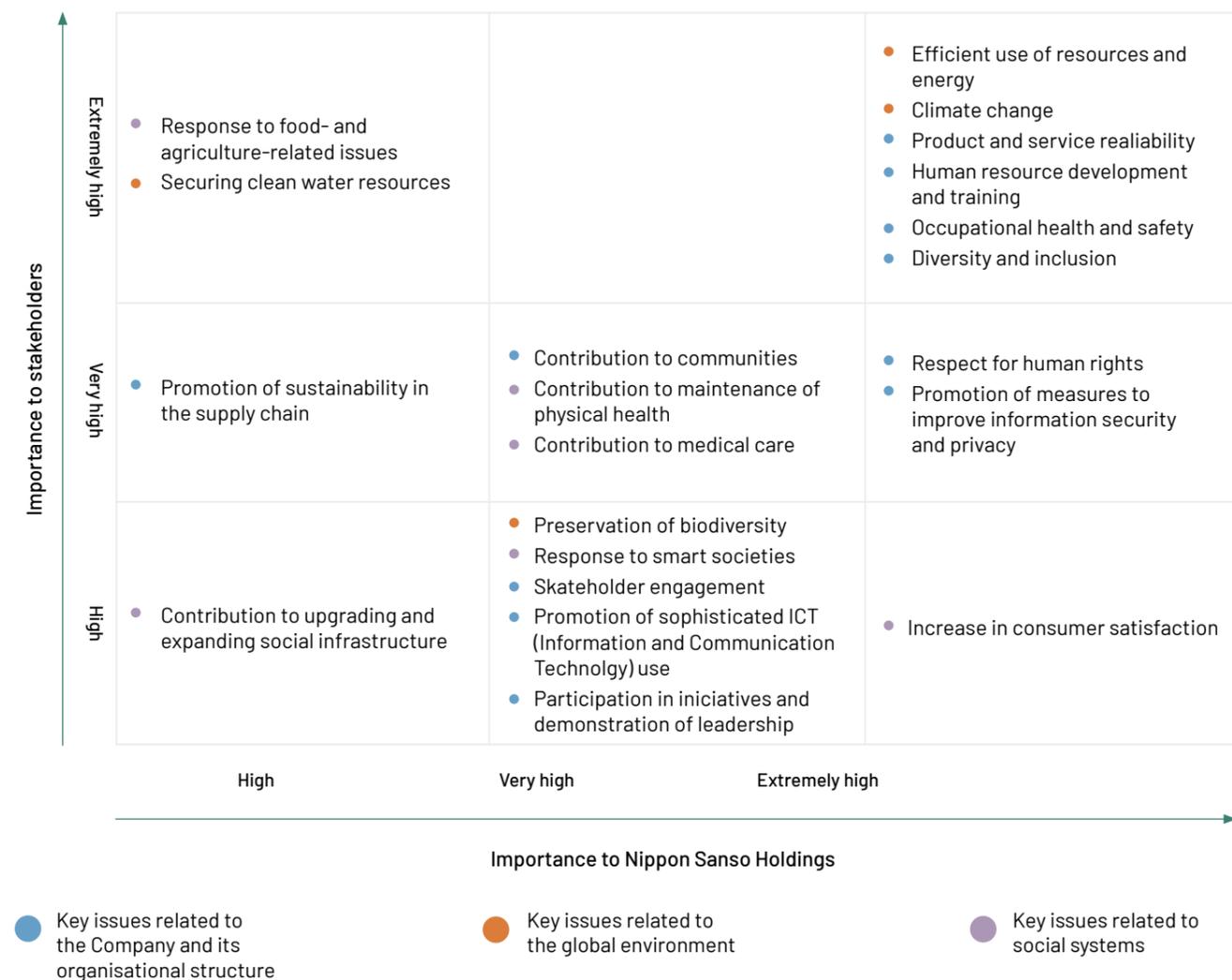
The President and CEO of Nippon Sanso Holdings requests all the group members to comply thoroughly with the applicable laws, regulations, and rules as "The Gas Professionals," and herewith has established the policies on the risk management of public safety and security, quality, product safety, environmental sustainability, and intellectual property, that are essential to running our business.

All group members are expected to thoroughly comprehend these policies and put them into practice, minimise the risk of loss by planning, doing and continuously improving the corporate risk management system and business continuity plan (BCP) to cope with disasters, for example large-scale earthquakes, and make sincere efforts to raise customers' satisfaction over our business activities, obtain and maintain social credibility by achieving public safety and security, and contribute to the environmental sustainability of the earth, and pursue a sound prosperity of our business and an enhancement of our corporate values.

## Nippon Sanso Holdings Sanso Corporation



## Matrix of Key Initiatives



### Nippon Sanso Holdings Corporation Materiality matrix

Based on the materiality matrix set out by NSHD's parent company, Mitsubishi Chemical Holdings Corporation as a reference, NSHD have formulated the group's version, deciding on the importance of management issues which affects NSHD and its stakeholders.

### 1.4.2 Nippon Gases initiatives

After the closing of the Sustainability Report SR2019, **Nippon Gases** initiated a benchmarking of the market to identify additional initiatives to better cover the stakeholders demands. Combining the benchmark survey with the NSHD materiality matrix, **Nippon Gases has selected 10 initiatives for promotion during FYE2021 activities:**

- Improving internal framework to better manage the ESG aspects relevant to the company.
- Adherence to external commitments by signing standards relevant to stakeholders to achieve a sustainable development.
- GHG emissions certifications and product carbon footprint calculations.
- Align TCFD recommendations.
- Disclosure of environmental impact through CDP.
- Promote usage of renewable energy.
- Measures to optimise water consumption.
- Measures to promote diversity and fight against discrimination.
- Measures to promote health and wellbeing.
- External communications of social initiatives carried out by the organisation.

Some of the above initiatives are a result of the coordination with the NSHD such as Improving Internal framework, TCFD (Task Force on Climate related Financial Disclosure) recommendations and CDP (Carbon Disclosure Project) disclosures, as they take the lead for all the holding, while others were more focus in **Nippon Gases**.

**Nippon Gases** subsidiaries are participating in external rating agencies such as Ecovadis and the Responsible Care programme in partnership with the countries chemical associations. During FYE2021, **Nippon Gases** has launched its participation as a European organisation in the above named organisations, which will provide a unified approach for group stakeholders.

All initiatives were incorporated in the Sustainability activities throughout the year, and followed by the Sustainability Committee. Once NSHD formulates the next medium-term plan, **Nippon Gases** will align its strategy accordingly.

**Nippon Gases'** Sustainability Committee defines and follows the development of sustainability activities in its quarterly reviews and discloses and communicates the ESG initiatives during the **Nippon Gases** Business review meetings.

### 1.4.3 Sustainable Development Goals

The United Nations' Sustainable Development Goals (SDGs) are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate change, environmental degradation, peace and justice.

Combining the United Nations Sustainable Development Goals with NSHD materiality matrix (see previous page), **Nippon Gases has selected eight SDG goals as drivers for its sustainability strategy in four main areas:**

- Company governance and compliance
- Global environment
- Society
- People

Together with these eight SDG goals, **Nippon Gases has committed to SDG 18 short and medium-term targets** which are set by the Sustainability Committee and covers the materiality matrix main priorities. The Sustainability Committee reviews the progress concerning the sustainability targets at its quarterly meetings.



# 1.4.4 Our commitments and achievements

## Our commitments

SDG Goals	Target	SDG Goals	Target
<b>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</b>	Maintain corporate governance guidelines and perform a strong culture of compliance and ethics. 100% commitment to the Code of Conduct by required employees. Sustainable review of all potential integrity cases.	<b>8 DECENT WORK AND ECONOMIC GROWTH</b>	Increase the # of internships to 3% of total population with main focus on Operations & Engineering and gender equality.  Increase in the period FYE2021-FYE2023 our community engagement initiatives 5% YOY (#projects, #participants, # spend).
<b>7 AFFORDABLE AND CLEAN ENERGY</b>	Reduce the GHG emissions in the period FYE2019-FYE2029 by 35% absolute value vs FYE2019 base year emissions. 5% bulk transportation GHG intensity reduction (cumulative FYE2021-FYE2024). Promote Cost Reduction projects, generating Sustainable Development savings equivalent to 40.000 Tons CO2eq (cumulative FYE2021-FYE2024).	<b>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</b>	By implementation of our environmental gas applications solutions, contribute to GHG emissions reduction in our customers.  Increase the participation and resources devoted to technology development clusters and promote working closely with suppliers focused on clean technologies and circular economy.
<b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b>	Integrate all production sites into the Zero Waste program. 100% water management system for main facilities during period FYE2021-FYE2024.	<b>3 GOOD HEALTH AND WELL-BEING</b>	Maintain our current RI-rate leadership compared to the average of Cat1 member companies of EIGA.  < 1 preventable product vehicle accidents (PVA) per one million km.
<b>13 CLIMATE ACTION</b>	Include environmental assessments in 75% of the European assessments.	<b>5 GENDER EQUALITY</b>	Increase the female population to 30% by FYE2026. Increase the female specialist and managerial population to 28% by FYE2026. Initiate a European female mentoring project, resulting in a 70% promotion rate to managerial positions by FYE2024.
<p>→ In SR2021 Nippon Gases has additionally committed to a long-term sustainability target. To reduce its GHG emissions in the period FYE2019-FYE2029 by 35% absolute value vs FYE2019 base year emissions.</p>			

## Our achievements

Company governance and compliance	Goals	Achievements
<b>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</b>	<ul style="list-style-type: none"> <li>Maintain corporate governance guidelines and perform a strong culture of compliance and ethics.</li> <li>100% commitment to the Code of Conduct by required employees.</li> <li>Sustainable review of all potential integrity cases.</li> </ul>	<ul style="list-style-type: none"> <li><b>On-track.</b> All guidelines were respected. The strong culture of compliance and ethics was supported by -on average- more than four trainings per employees and 157 other activities to promote the compliance programme/culture.</li> <li><b>On-track.</b> Done by a yearly re-certification process.</li> <li><b>On-track.</b> Done in accordance with the investigation rules.</li> </ul>
Global environment	Goals	Achievements
<b>7 AFFORDABLE AND CLEAN ENERGY</b>	<ul style="list-style-type: none"> <li>5% bulk transportation GHG intensity reduction (cumulative FYE2021-FYE2024).</li> <li>Promote Cost Reduction projects, generating Sustainable Development savings equivalent to 40.000 Tons CO2eq (cumulative FYE2020-FYE2024).</li> </ul>	<ul style="list-style-type: none"> <li><b>On-track.</b> Currently piloting in Italy a solution in order to better manage our inventories and maximise the route to final customers with the clear objective to reduce km/Ton delivered and returned residuals in the trailers. <b>targeting results above the above predefined goal</b> when the programme is fully implemented. A perfect match between digitalisation and Sustainable Development impact.</li> <li><b>On-track.</b> Currently we are at 47% of the goal with additional projects already underway to continue to support this effort. The team is proactively looking for more opportunities to reduce the CO2 eq Tons with most of the efforts focused on operations and distribution improvements.</li> </ul>

## Responsible consumption and production

<b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b>	<ul style="list-style-type: none"> <li>Integrate all production sites into the Zero Waste programme.</li> <li>100% water management system for main facilities during the period FYE2021-FYE2024.</li> </ul>	<ul style="list-style-type: none"> <li><b>On-track.</b> All productions sites participate in the Zero Waste programme.</li> <li><b>On-track.</b> All the main facilities have been included in the water management programme. Their operation has been categorised based on the WRI (Wold Resource Institute) for its location Water</li> <li>Stress, for its water cycles optimisation and finally by its water withdrawal volume. This approach has put the focus in few facilities with very High Water Stress location, and their water withdrawal <b>water withdrawal has been reduced by 11%</b> this year.</li> </ul>
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## Climate action

<b>13 CLIMATE ACTION</b>	<ul style="list-style-type: none"> <li>Include environmental assessments in 75% of the European assessments.</li> </ul>	<ul style="list-style-type: none"> <li><b>On-track.</b> The Covid-19 pandemic strongly influenced the European assessment programme. The amount of assessment had to be reduced, but we were able to perform environmental assessments in 89% of the facility assessments.</li> </ul>
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## Decent work and economic growth

<b>8 DECENT WORK AND ECONOMIC GROWTH</b>	<ul style="list-style-type: none"> <li>Increase the # of internships to 3% of total population with the main focus on Operations &amp; Engineering and gender equality.</li> <li>Increase in the period FYE2021-FYE2023 our community engagement initiatives 5% YOY (#projects, # participants, # spend).</li> </ul>	<ul style="list-style-type: none"> <li><b>On-track.</b> NGE strongly believes in employing internships to acquire talented people for the organisation. FYE2021 was a difficult year for employing interns due to the high level of remote working and the schools and universities who cancelling internship programmes, during the pandemic.</li> <li><b>On-track.</b> Despite the Covid-19 pandemic, we were still able to organise a lot of community engagement initiatives, always taking the safety measures against Covid-19 in consideration. Our employees are eager to start up many programmes in the coming year.</li> </ul>
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## Industry innovation and infrastructure

<b>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</b>	<ul style="list-style-type: none"> <li>By implementation of our environmental gas applications solutions, contribute to GHG emissions reduction in our customers.</li> <li>Increase the participation and resources devoted to technology development clusters and suppliers focused on clean technologies and the circular economy.</li> </ul>	<ul style="list-style-type: none"> <li><b>On-track.</b> We have been proactively involved in more than 60 active projects in sectors as steel, metals and glass production, oil refineries valorisation of flue gases, biogas and biomethane or renewable and biofuels.</li> <li><b>On-track.</b> Our clear position towards a carbon neutrality transition is reflected in our active participation in joint proposals with diferent partners including H2 production by electrolysis, CO2 recovery, flu gas purification, and more.</li> </ul>
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## People

<b>3 GOOD HEALTH AND WELL-BEING</b>	<ul style="list-style-type: none"> <li>Maintain our current RI-rate leadership compared to the average of Cat1 member companies of EIGA.</li> <li>&lt; 1 preventable product vehicle accidents (PVA) per one million km.</li> </ul>	<ul style="list-style-type: none"> <li><b>On-track.</b> The Recordable Injury rate for EIGA Category-1 members companies (the seven major industrial gas companies in Europe) during calendar year 2021 was 2.9 incidents per 1 million working hours. The Nippon Gas RI rate rate was 1.48 incidents per million working hours. This represents 50% vs the EIGA RI rate, an excellent performance.</li> <li><b>On-track.</b> The preventable accident rate of product vehicle was 0.14 accidents / million km driven for FYE2021. An excellent performance.</li> </ul>
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## Gender equality

<b>5 GENDER EQUALITY</b>	<ul style="list-style-type: none"> <li>Increase the female population to 30% by FYE2026.</li> <li>Increase the female specialist and managerial population to 28% by FYE2026.</li> <li>Initiate a European female mentoring project, resulting in a 70% promotion rate to managerial positions by FYE2024.</li> </ul>	<ul style="list-style-type: none"> <li><b>On-track:</b> Status FYE2021: 27.7%. We already increased our female participation by 0.6% last year.</li> <li><b>On-track:</b> Status FYE2021: 27.1%. We already increased our female specialist and managers by 1.3% last year. Good D&amp;I practices and a convinced management team are driving diversity strongly forward.</li> <li><b>On-track:</b> 15 highly engaged females started this challenging project with a lot of enthusiasm. Besides the sponsoring activities, they will go as well through a ambitious development plan to be ready for various promotions.</li> </ul>
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“If I had to highlight one ESG initiative for this year, it would be our commitment to reducing greenhouse gas emissions in the period FYE2019-FYE2029, by 35% vs FYE2019 absolute emissions.”

“...we will continue to expand our external agency rating towards sustainability, which provides our stakeholders with an open view of Nippon Gases’ sustainability initiatives. We see sustainability as a cornerstone of our business strategy”

**It has been a challenging year, but a very successful one too. Can you share with us from your perspective as Sustainability Director, some key highlights from the last fiscal year?**

This year has been exceptional by all means. Our fiscal year period from 1st April 2020 till 31st March 2021 has mirrored the pandemic’s most difficult scenes in Europe which, as of today, we hope and seems to be readdressing. The measures we took in our operating facilities allow us to maintain successfully the health of our employees and the continuous operation and supplies of our gases, with special focus on the health care centres and hospitals.

In terms of the sustainability activities, this year has also been exceptional. We are committed with 18 targets within the UN Sustainable Development Goals (SDG’s), covering all functional areas of the company, from governance and compliance, to the environment, our community and our employees. Most of these targets have a medium-term commitment, and I’m pleased to say that all of them are on

track. The community engagement programme was reduced due to limitations enforced by the pandemic, but we remain prepared for when the lockdowns are eased once again.

**You said we’re on track with the SDG targets at Nippon Gases – tell us more about some of the initiatives...**

Our Sustainability Committee, with the main representatives of the company in Europe, has been tracking quarterly the progress of the SDG’s initiatives, and has done a benchmarking of our markets and stakeholders requirements. Ten new initiatives were identified and launched within this year, with the aim to enhance our sustainable performance. To name a few:

- We reinforced our corporate governance with the consolidation of the holding’s main ESG (Environmental, Social and Governance) policies.
- We strived to better disclose company activities towards external commitments, such as Responsible Care and third

party agencies like Ecovadis, CDP (Carbon Disclosure Project) and TCFD (Task Force on Climate Financial Disclosure).

- Regarding our employees, we reinforced our initiatives towards diversity and the fight against discrimination – and launched a very appealing communications portal online to help present our social activities.

**If you had to highlight one ESG initiative this year, what would it be?**

Good question! If I had to highlight one ESG initiative for this year, it would be our commitment to reducing GHG (greenhouse gas) emissions in the period FYE2019-FYE2029, by 35% vs FYE2019 absolute emissions. This has been a consolidated agreement after consulting all European businesses. It will position our company ahead of the European Green Deal and EU 2030/2050 agenda towards a carbon neutral economy.

**And how can this be achieved?**

The reduction of GHG emissions in the following years is based on a

combination of five initiatives: the technology upgrade of our facilities; the productivity initiatives in our processes and equipment; energy supplier management and their strategy investing in renewable energies; our programme to purchase Green Power Certificate to ensure we consume renewable energy; and our mid-term strategy of PPAs (Power Purchase Agreements) with our energy partners. All of these initiatives will bring us to the 35% GHG emissions absolute reduction by FYE2029 (vs FYE2019).

**What else is Nippon Gases doing to manage its emissions?**

Disclosing another step towards better management of our emissions, we have incorporated into our sustainability report the Scope-3 emission calculations which account for all indirect emissions of the value chain of our products – upstream with their manufacture, and downstream until the end of their lifecycle. Although this is not a current requirement of environmental regulations, this combination of Scope 1+ Scope 2

+ Scope 3 emissions provides full visibility of the opportunities to reduce emissions of our value chain with our suppliers (upstream) and our customers (downstream).

Reinforcing this better stewardship of our emissions, we have requested certification of our emissions by an independent third party verifier, which provides a solid review of all emission sources, such as energy, transport, waste, and ODS emissions. I also want to highlight the water management programme in our main water consuming activities. Its operation has been categorised based on the World Resource Institute (WRI) for its location, Water Stress categorisation, afterwards for its water cycle optimisation and finally, by its water withdrawal volume. This approach has helped us to reduce the water withdrawal on very high water stress locations by as much as 11% this year.

**Looking ahead, what are your aims and what might we be reflecting on next year?**

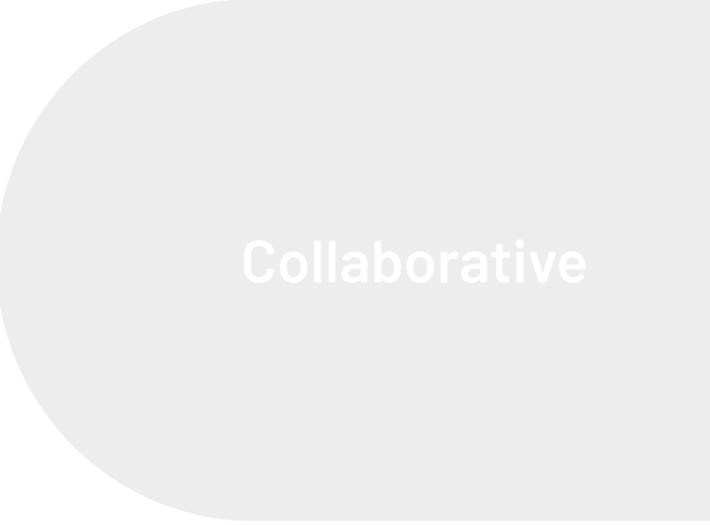
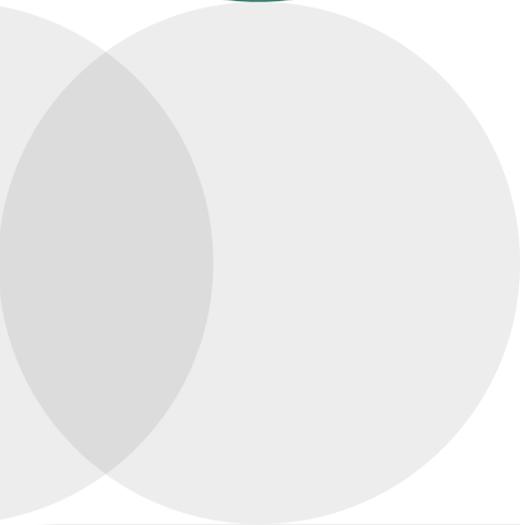
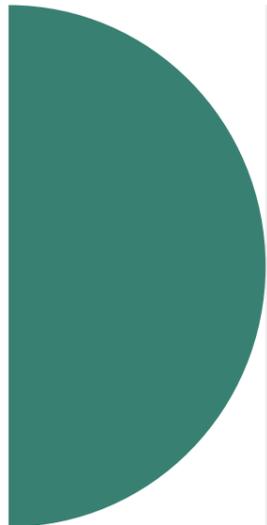
Regarding our focus for FYE022,

clearly our supply chain orientation towards the Environmental Social and Governance values will be a step for us as a company.

Together with our commitment on GHG emissions reduction, we will actively work towards renewable energy long-term contracts, also known as PPAs.

Water management will continue to be one of our pillar programmes, building on the success described earlier, and we will expand our waste management programme too; although our industry has limited impact in terms of waste generation, we will nonetheless focus on minimising the plastic waste in our processes.

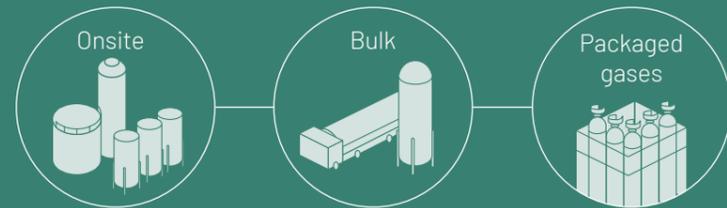
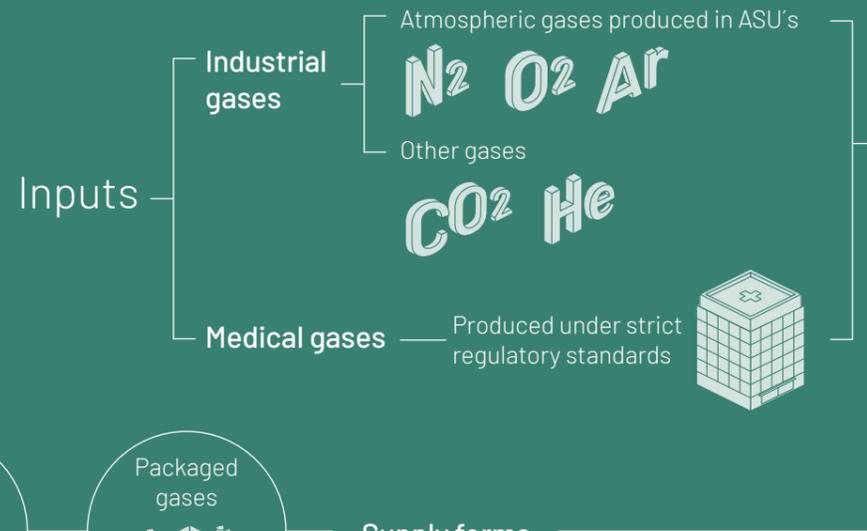
Finally, we will continue to expand our external agency rating towards sustainability, which provides our stakeholders with an open view of Nippon Gases’ sustainability initiatives. We see sustainability as a cornerstone of our business strategy and our stakeholders are the main focus of our Environmental Social and Governance (ESG) initiatives.



# Proactive

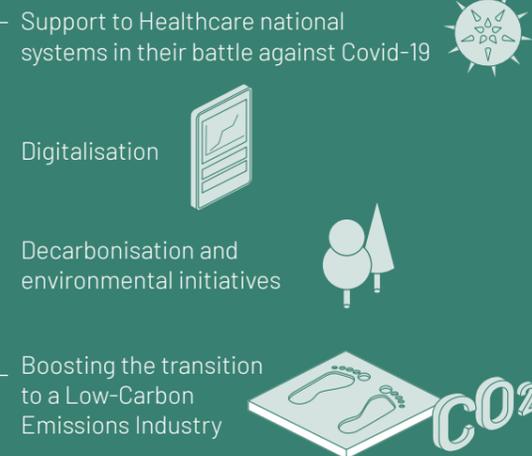
## Business model

Our core competency is to provide safe and reliable supplies of industrial gases and, this year more than ever, our agility to respond to new challenges and difficult circumstances.



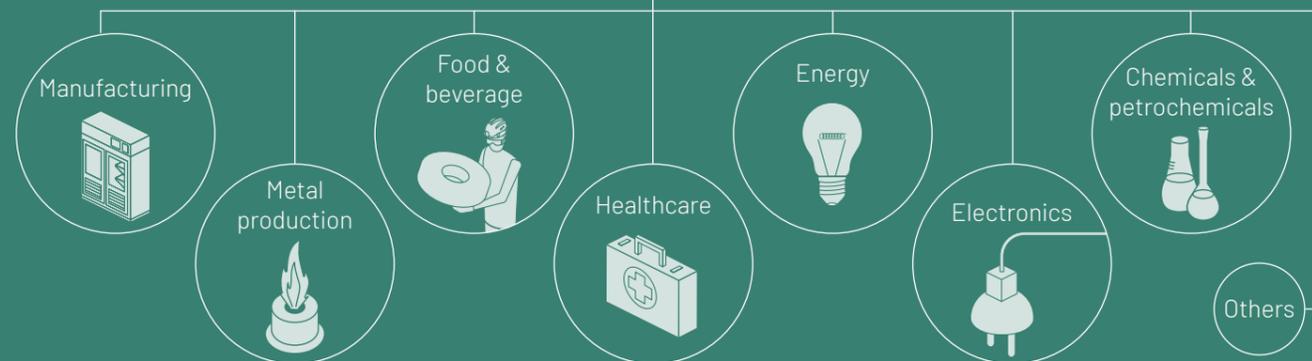
## Activities

In FYE2021 we have adapted our activity to the exceptional conditions, focusing our efforts in guaranteeing that our customers received a reliable and safe supply of quality products.



## Outputs

High quality products and services are the key of our work.



## 2.1 Business model

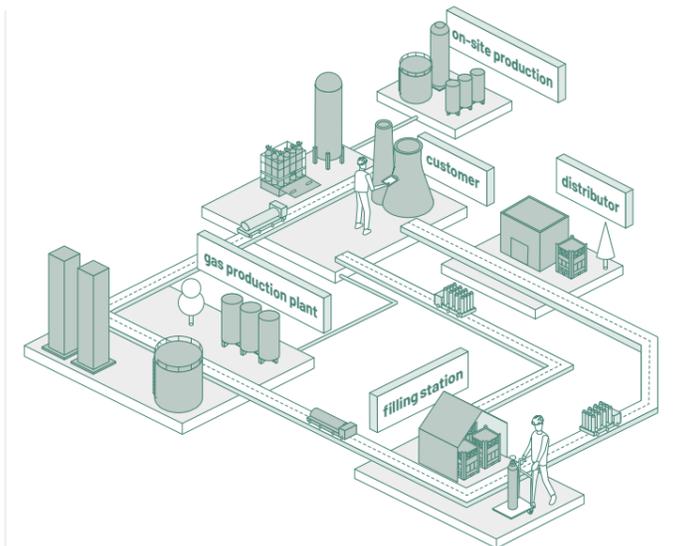
Our core competency - our ability to provide safe and reliable supplies of industrial gases - reflects technological development, production, supply and sales capabilities accumulated over the years since our creation. These capabilities are important assets that will continue to underpin sustainable growth in the years ahead.

But it is more than that; at **Nippon Gases**, our customers' needs drive our efforts, and our agility to respond to new challenges and difficult circumstances has been demonstrated throughout the pandemic. We adapted our production and logistics to the critical requirements of oxygen and other medical gases for both public and private healthcare centres. We continue to devote huge materials and human resources to help in the fight against Covid-19, while we also implement procedures to guarantee the health of our workers and avoid the contamination of our assets to prevent transmission of the virus.

We are proud to be proactive because we care for our employees, for our families, for our communities, and only with the strong commitment to that philosophy we will help society as a whole to have a better life, through gas technology.

The diagram sets out the **Nippon Gases** business and value creation model, including types of assets used in our supply chain.

	Onsite/At customer/By pipeline	Bulk/Liquid	Package/Cylinders
<b>Type of gases</b>	O <sub>2</sub> , H <sub>2</sub> , N <sub>2</sub> and CO	O <sub>2</sub> , N <sub>2</sub> , Ar, CO <sub>2</sub> , He & H <sub>2</sub>	All industrial gases Non-cryogenic
<b>End-markets</b>	Chemicals Metal production Energy Glass Petrochemicals Refineries	Manufacturing Metal production Chemicals & petrochemicals Energy Electronics Food & Beverages Healthcare	Manufacturing Metal production Chemicals & petrochemicals Energy Food & Beverages Healthcare Electronics
<b>Volumes</b>	Large (>50 tpd)	Medium (1-50 tpd)	Low (<1 tpd)
<b>Delivery distance</b>	Up to 250 kms for pipeline networks Low delivery distance for stand-alone/individual customer supply	Medium, c. 300 km	Low <100 km



**Chemicals:** We work to develop new ways of improving processes, meeting environmental objectives and reducing production costs.

**Combustion:** Our range of products, services and equipment are focused on optimising fuel consumption and reducing CO<sub>2</sub>, CO or NO<sub>x</sub> emissions in steel mills and foundries.

**Electronics:** We supply electronic material gases used in the manufacturing process of liquid-crystal and semiconductor, contributing to the development and dissemination of high-tech industry.

**Food & beverages:** Food safety and quality are the pillars of solutions capable of keeping food fresh without the need for chemical additives.

**Healthcare:** Our medical gases and respiratory therapy services contribute to the health of our society.

**Hospitality:** From supplies for dispensing carbonated beverages to molecular cooking.

**Specialty gases:** From research and development to reaching full production in the pharmaceutical, laboratory and biotechnology sector.

**Universities:** We help hundreds of universities to take the lines of research further thanks to our pure gases and mixtures.

**Wastewater:** We improve the quality of water through our solutions: Getting drinking water, reducing the pollution in wastewater or improving the water quality once it returns to its natural environment.

**Welding & cutting:** Collaborate to reduce manufacturing cost, increase productivity and improve quality, maximising its economic performance and minimising its environmental impact.

### 2.1.1 Inputs

Industrial gases primarily include atmospheric gases (air gases), produced via air separation, and other gases which are produced or obtained from various industries and technologies. **Our integrated business model incorporates various supply modes, including onsite (at customer premises and via pipelines), bulk (liquid deliveries) and packaged gases (via high pressure cylinders).**

Our medical gases are produced under strict regulatory standards, fulfilling highest quality and guaranteeing complete traceability. **Our highly specialised respiratory homecare team has been providing its services throughout the pandemic, helping elderly, vulnerable patients to remain safe within their homes.** Protocols have been

adapted according to these new and unexpected scenarios, to guarantee access to such therapies without risk.

During the worst moments of the pandemic, we supplied both our Industrial customers and supported healthcare authorities all at the same time, proactively adopting a working policy to promote home working for all employees that could perform their work from home.

We recognise our employees are core stakeholders. We are committed to the wellbeing of our employees, having implemented several initiatives to improve the work environment and the levels of both wellness and commitment for everyone who is a part of the **Nippon Gases** team.

## 2.1.2 Activities

The philosophy that permeates **Nippon Gases** seeks to provide solutions that actively contribute to the common objective of making our planet a cleaner and more sustainable world.

**Nippon Gases'** sustainable approach helps our customers reduce waste, reuse materials, and increase productivity. Thanks to our services and equipment, they obtain process improvements that allow the transition to a carbon-neutral economy, without penalising production costs.

**During FYE2021, Nippon Gases adapted its activities to the exceptional conditions, and our efforts have been focused on guaranteeing that our customers receive a reliable and safe supply of quality products.**

In order to fight against the pandemic's negative effects on our health, on our economy and in the way that we live our lives, in addition on our regular activities we have been particularly focused on three main initiatives:

### 1. Support to national healthcare systems in their battle against Covid-19

We increased our production at the same time that we built, in hospitals and healthcare centres, all the infrastructure necessary to guarantee the high demand for medical oxygen was met.

New therapies were applied to patients, such as high-flow oxygen ventilation, respiratory physiotherapy or the use of NO mixtures to mitigate the high severity effects of the infection, implemented in collaboration with hospitals, universities and scientific and medical associations.

We have worked with different manufacturers of medical devices for the urgent development of mechanical ventilation equipment adapted to Covid-19 patients, as is the case of the ACUTE 19 equipment for example, where OXIMESA together with the CEU University and the University and Polytechnic Hospital La Fe in Valencia, designed an open-source respirator which can be produced anywhere in the world.

**Nippon Gases** also contributed to the success of the vaccination campaign by providing dry ice and other cooling technologies to guarantee that Covid-19 vaccines arrived at the right temperature conditions to preserve their effectiveness.

**Nippon Gases** Healthcare, our medical division, contributes to the health of the population by producing medical-grade gases and mixtures following European pharmacopeia. Medical oxygen, N<sub>2</sub>O, breathing mixtures and helium are some examples of the most intensively used products.

Our Plug&Breathe® medical oxygen cylinder is a user-friendly solution for patients and healthcare professionals alike.

With life expectancy increasing, homecare services are essential to guarantee the quality of life for our elderly population.

## Our homecare companies in Italy, Portugal and Spain provide respiratory homecare services to 260,000 patients



### 2. Digitalisation

Due to the consequences derived from the pandemic, our digitalisation strategy accelerated.

Home working has been guaranteed within our organisation through the corresponding IT Infrastructure. At the same time, interactions with our customers, suppliers and other stakeholders have been successfully maintained using different applications. Virtual meetings, smart glasses, augmented reality (AR), and social selling are all part of our day-to-day work and will continue beyond the pandemic.

**Digitalisation plays a very significant role in sustainable development, as digital transformation of multiple sectors- especially energy, water and transport, among others- are determining factors in the management of climate change.**

At **Nippon Gases**, we are committed to innovation to improve our services in every industry in which we operate. Our wastewater treatment plant simulation technology allows us to better understand our customers' systems and provide them with a customer service that is tailored to their real needs.

In fact, our commitment to digitalisation and innovation goes further than that. The digital solutions of **Nippon Gases** - such as our traceability system or MiruGas® - have contributed significantly to facilitating our customers' access and control of the parameters of their gas installations, as well as offering data on all of the products they consume.

In the middle of the pandemic, we launched SansoScan® - software that allows our customers, in aluminum production and other sectors to increase productivity, improve energy efficiency, and reduce emissions and maintenance through a flame image analysis system.

Not only do we develop such digital technologies for different markets to help our clients achieve their sustainability goals, but we also enable the electronics industry to advance thanks to a stable supply of high purity nitrogen and specialty electronics materials (EM's) and gases, as well as total solutions.

We support our customers in this transformation through the installation of special piping for high-purity specifications (essential in the electronics industry), as well as related equipment including exhaust gas abatement systems and cylinder cabinets, among other high-tech elements.

### 3. Decarbonisation and environmental initiatives

It is clear that the Covid-19 pandemic changed our way of life, but at the same time has made us more sensible to current environmental conditions and the importance that sustainable activities will have on our health, our economy and our day-to-day lives.

Europe has now taken a clear step ahead of other regions of the world in the fight against GHG's and the negative consequences to our lives.



**Nippon Gases** is fully aligned with this European strategy and is focused on providing different solutions to our customers, to support their initiatives to reduce their CO<sub>2</sub> footprint.

### Boosting the transition to a low-carbon emissions industry

For years, the oxyfuel combustion solutions of **Nippon Gases**, have helped intensive energy consumers to reduce fossil fuel consumption in their production processes. However, the need to further reduce GHG emissions requires specific solutions for each industry. The use of Hot Oxygen Burner (HOB) technology and ScopeJet® Burners allows the use of fossil-free fuels, therefore having a direct impact in the reduction of CO<sub>2</sub> emissions in the production of aluminum cement or metals and many other products.

In the steel industry the use of low-carbon fuels combined with specially designed oxygen burners and the use

of recovered CO<sub>2</sub> as a chemical feedstock will lead to significant CO<sub>2</sub> emission reductions in classical blast furnaces.

In other industries such as glass production, our thermochemical regeneration process provides a creative and environmentally efficient solution, reducing CO<sub>2</sub> emissions by up to 40% compared to classic regenerative air furnaces, and 60% compared to classic air recovery furnaces.

**Nippon Gases has the experience and services needed to control and improve the processes in wastewater treatment. Our Mizu® solutions combine the use of pure oxygen with equipment that improves oxygen dissolution.**

Regardless of the type of industry, any aerobic biological treatment can be improved with the injection of oxygen - from increasing the capacity of the wastewater treatment plants, to being able to treat more load (volume and/ or chemical oxygen demand), eliminating odours, removing ammonia, and enabling seasonal intensive industries to fulfil environmental requirements.

In water treatment applications, our Mizu® O<sub>3</sub> technology guarantees the quality of drinkable water, replacing chemical-based solutions. This solution eliminates viruses and bacteria, allowing the reuse of treated water and contributing to the circular economy.

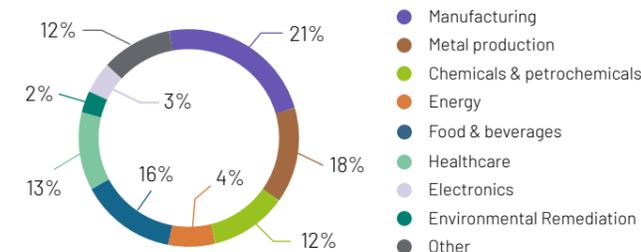
Furthermore, the use of CO<sub>2</sub> in this industry provides an efficient, safe and environmental solution, replacing dangerous acids and contributing to the objective of optimising natural resources.



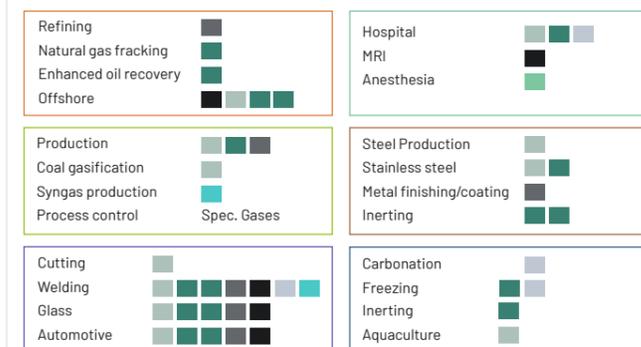
## 2.1.3 Outputs

The high quality of our products and services is the key to our work.

Our portfolio of customers covers the full range from those who need a few cylinders, to big production plants such as steel mills, oil refineries and chemical or petrochemical companies with onsite production for their gas needs.



GASES	Atmospheric	O <sub>2</sub>	N <sub>2</sub>	Ar	
	Process	H <sub>2</sub>	He	CO <sub>2</sub>	CO
	Rare	Xe	Kr	Ne	
	Spec. Gases	N <sub>2</sub> O	SiH <sub>4</sub>	High purity	Blends





**This report is all about reflecting on the year past, and that was certainly a year like no other – tell us from your perspective, how you and your team had to respond to the 2020 that ultimately unfolded?**

Last year has been extremely challenging for the team, and for me. We had to adapt our way of doing things to best meet the amazing and difficult new reality that we faced. Having been very much focused in physical meetings and developing gas-based applications in our customers' processes for so long as a core pillar of our industry, we had to reset both our activities and our mindset to a day-to-day job based in virtual meetings and visits. Perhaps even more important, we had to understand the limitations of regular activities in some sectors (for example in air catering, the automotive industry, fairs and exhibitions).

Digitalisation helped us a lot, and it was thanks to the strong IT department of **Nippon Gases** and a collaborative attitude from customers and partners that we have been able to keep the pace up and further develop business solutions for ongoing projects. In addition, in 2020 the European Union (EU) made its key position statement related to the green energy transition – and

we needed to speed up in order to work in a difficult environment with a proactive, sustainable approach. I would like to recognise here that the results of the past year have been excellent and possibly, due to the time saved in travelling, we have been able to work even more strategically.

**And how did you rise to the challenge of maintaining close contact with both your team, and also your customers, in the face of this pandemic?**

Excellent question! The first priority was to keep the team engaged, so a mix of virtual meetings with a follow-up of business opportunities quickly became the perfect combination to have the team fully operational.

Once we achieved that, maintaining relations with our customers was relatively easy. As we did so, some of our customers actually spent part of their time in the early stages of the pandemic and lockdowns paying attention to projects and problems that in regular conditions, probably no-one would have the time to do. In other words, we and our customers have been using these new ways of working to analyse things more, and devoting time to finding potential solutions. Again, digitalisation was really crucial to enable us to meet customers and exchange information.

**“We are a lean company, with the agility and flexibility required to adapt ourselves to new scenarios – this is key to our success. But we must acknowledge that all of that it is not possible unless there is an extremely professional and motivated team. I’m proud to be part of this team, because during very difficult times we have been able to deliver the best of the organisation”**

**“We said before that we see decarbonisation as a journey – during this adventure we need to adapt ourselves to a continuously evolving scenario. Undoubtedly, opportunities will be there”**

Additionally, some of our CO<sub>2</sub> (carbon dioxide) big emitters (customers) have been demanding solutions to prepare themselves for the green transition, while in other cases some are tackling real problems now due to changes in environmental legislation in some countries. EU funding for the green deal has been a great incentive for some companies to study and prepare projects that are potentially eligible – and we have been actively collaborating with some of these partners.

**The pandemic could easily be a significant distraction for any business striving to adapt...how were you able to follow, focus on and identify the needs of that EU roadmap transition statement?**

In addition to my previous thoughts, let me explain something about the **Nippon Gases** management team: we are fully convinced and engaged with the EU's roadmap to the transition to a 'greener' industry and this is essential for us, because this approach works both internally and externally.

Internally, it is our commitment to be a sustainable company in our day-to-day activities and this forms part of both our priorities and our strategy; externally, **Nippon Gases** is a company with a clear approach to providing gas-

based solutions for our customers. The natural way is to identify needs, in this case environmental, and work together with our customers to find and develop the best solutions on a case-by-case basis.

We are a lean company, with the agility and flexibility required to adapt ourselves to new scenarios – this is key to our success. But we must acknowledge that all of that is not possible unless there is an extremely professional and motivated team. I am proud to be part of this team, because during difficult times we have been able to deliver the best of the organisation.

**This is of course our sustainability report, and we are now on the topic of clean energies and sustainability, so tell us, what's the pathway for Nippon Gases to a decarbonisation mindset?**

This is another excellent question and again, partially answered in previous question. The first thing is to have company management fully aligned with this objective, and this is the case at **Nippon Gases**. The next step is to spread that vision and strategy and, third, you need to be an open-minded company, which we are. We are not trying to impose a 'black or white' view of decarbonisation. For us, this is a journey from our current status to a future green society – and we need to adapt our solutions from different industries, resources, and technologies to realise the multiple solutions that are possible in this journey.

As a corporation, NSHD has recognised that today, Europe is the region of the world where the green strategy is so much more advanced (at present) and fully supports the strategy of **Nippon Gases** in this regard. In fact, we are leading some corporate initiatives in decarbonisation or, if you allow me the expression...in the trip to Carbon Neutrality. This is certainly a challenge, but at the same time it simplifies a lot of our activities.

**How important is the Green Deal to Nippon gases for FYE2022? And how do you communicate and engage**

**that importance internally to all stakeholders?**

Our strategy for the green deal will be part of the corporate strategic plan that will be presented to our shareholders during Q3 FYE2022. Of course, at **Nippon Gases** the green deal is a key priority, and all stakeholders are fully informed and engaged in that. We have created a taskforce to put all the efforts in decarbonisation initiatives together. To provide gas-based decarbonisation solutions, you need to be fully focused on that and establish the best alliances with key external stakeholders – we are ready for the challenge!

**We have discussed the internal mindset and importance, now tell us about the significance externally and how Nippon Gases can play a key role in decarbonisation? What opportunities does this create for Nippon Gases?**

There are huge opportunities for us, but especially so for our customers and society in general. Through the years, industry has been focused on most efficient production, but now there are other factors in the equation; companies that were once reluctant to change their way of doing things are now much more open and forced to find solutions. In some cases, existing technologies can be adapted to new needs, while in other cases it is a combination of existing and new technologies that is the name of the game.

We said before that we see decarbonisation as a journey – during this adventure we need to adapt ourselves to a continuously evolving scenario. Undoubtedly, opportunities will be there.

**There are clearly so many strands of the decarbonisation movement that the industrial gases industry and Nippon Gases itself will be crucial to – how important is it to make the right decisions and find the right technology partners?**

It is not just important, it is critical. No-one can possibly have all the

solutions required by the market, and on top of this reality, we see that the decisions taken by various industries will naturally change actual scenario, and this is something we need to accept and adapt to.

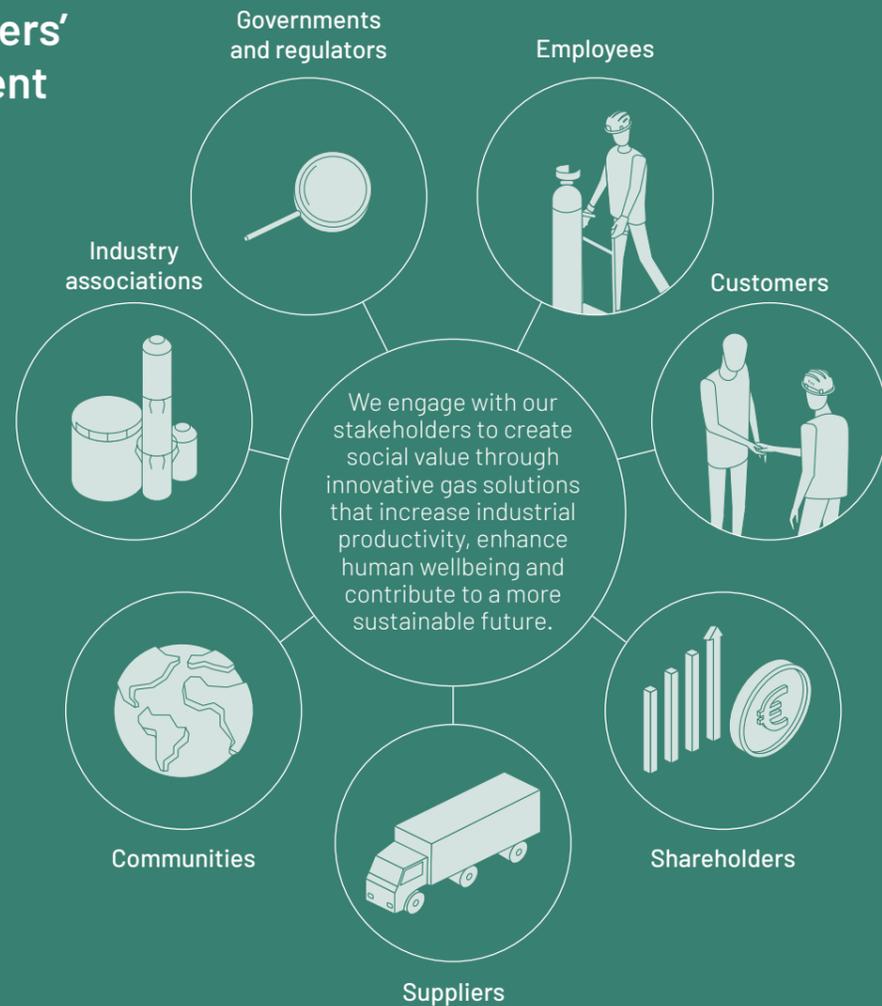
There are multiple decarbonisation opportunities in the market; some of them are not mature enough or even unrealistic. We need to make the right decisions about which projects to be involved in, where we can provide value. In terms of technology partners, we need to work with companies that have a similar approach and can fit with our strategy. Again, it is not only about technology, but also about vision, strategy, and commitment – and value for all.

**Finally, let's look ahead to FYE2022. What does the year have in prospect and how do you see decarbonisation projects evolving?**

Projects are evolving at different speeds depending on the technological challenge that has to be overcome, the cost of overcoming the challenge, the subsidies that could be available and several other considerations. The good thing is that there are many projects being worked on, so, again, the name of the game is the right choice of projects, technologies and partners.



## Stakeholders' engagement



Although **Nippon Gases** has multiple stakeholders, the most significant stakeholder groups are employees, customers, shareholders, suppliers, communities, industry associations, and governments and regulators. The relationship with all stakeholders is based on the overarching need to ensure the sustainability of our business in all its different aspects, including the impact of our operations on the community and the environment.

**Nippon Gases'** vision is to create social value through innovative gas solutions that increase industrial productivity, enhance human wellbeing and contribute to a more sustainable future.

In FYE2021, internal stakeholder engagement activities focused – amongst other things – on our European

employee survey. Dialogue with external stakeholders centered on a number of key important issues including sustainability across our supply chain, our activities for climate protection and Green Deal activities. Our involvement in industry associations and local governments in assisting with medical oxygen and equipment supply amidst the Covid-19 pandemic, also provided us with valuable impetus for corporate responsible management.

We have stayed in contact with our customers, suppliers and shareholders through remote conferencing technologies and sent home all employees that could work from home. We engaged continuously with our employees and communities in order to understand how we can protect our employees and their families, our customers and suppliers, as well as other stakeholders throughout the pandemic.

## 2.2 Stakeholders' engagement

We continuously identify and evaluate sustainability issues working together with internal and external stakeholders.

In Germany for example, Prospitalia, a leading purchasing service provider in the healthcare sector that helps hospitals, hospital pharmacies and care facilities to become more economically efficient, performs an annual

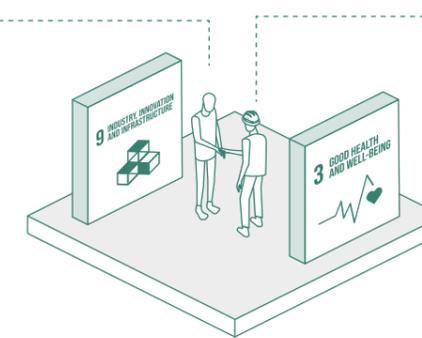
supplier evaluation of the performance of suppliers on the basis of defined criteria by the associated urgent care clinics. This year, **Nippon Gases** Deutschland was named number one supplier of the year.

Our Sustainability Committee discusses our strategy with stakeholders who are experts in different fields.

### Customers

- At **Nippon Gases** we approach our customers for innovative thinking and solutions to their most pressing operational challenges. Finding a value solution may become a partnership opportunity.
- The key sustainability concerns of our customers vary by business, but typically focus on how our products and technologies can help them improve resources and energy efficiency, and reduce their environmental impact through the reduction of GHG emissions.
- We focus on continuing to operate as a safe, reliable and quality product supplier to our customers.
- We monitor the safety and quality incidents our customers' experience when using our products, and work to improve conditions in such cases.
- Communication is continuous through the sales and application teams and the customer service personnel.

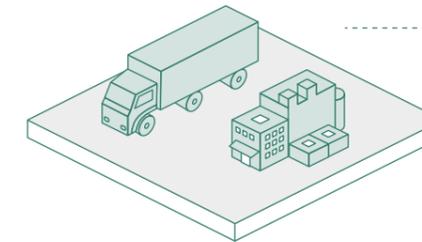
The implementation of our environmental gas applications solutions contribute to the GHG emission reduction of our customers, keeping their costs competitive and complying with EU policies.



### Employees

- **Nippon Gases** is committed to a safe work environment where our employees can grow and thrive.
- We promote communications with our employees for a continuous personal development and sustainability initiatives.
- **Nippon Gases** promotes benefits that reward performance and provide opportunities for a healthy work-life balance, and engages employees in wellbeing activities.

Maintain our current RI-rate leadership compared to the average of Cat1 member companies of EIGA.



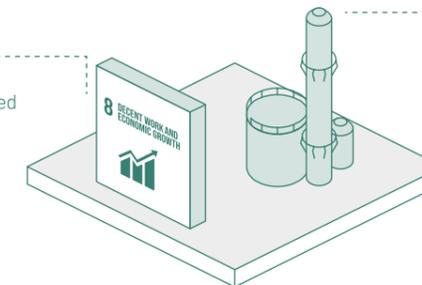
### Suppliers

- **Nippon Gases** engages with suppliers proactively in order to promote increased environmental responsibility and the use of cleaner technologies.
- Supplier periodic qualification reviews offer an opportunity to evaluate supplier performance as per **Nippon Gases** standards.

### Communities

- **Nippon Gases** is a good neighbour committed to community engagement initiatives.

Increase in the coming three years community engagement initiatives 5% YOY (#projects, # participants, # spend).

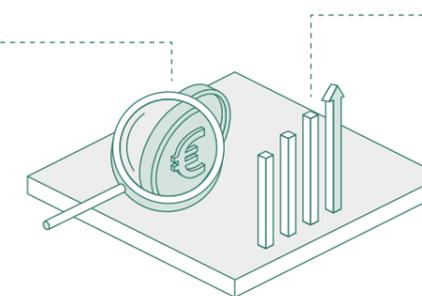


### Industry associations

- Participation in industrial association ensures promotion of and alignment with market sustainability initiatives and best practices.
- **Nippon Gases** actively participates in European and national industry associations.

### Governments and regulators

- All **Nippon Gases'** activities are ethical, transparent and in compliance with all legal requirements.
- **Nippon Gases** participates in the preparation and update of regulations through the membership in industry associations, which help to maintain open dialogue with local, regional and national authorities.



### Shareholders

- The way to serve our customers with excellence, develop and reward our employees, and support our communities, is to have a profitable company with satisfied shareholders.
- NSHD represents and channels the shareholders' interest. Through quarterly reviews we have a two-way channel to align interests.
- We regularly report to NSHD through quarterly NGEH Board meetings where a thorough review of the main business areas is undertaken.

## Strategy

Industrial gases are and will continue to be an essential contributor in Europe's journey toward a more sustainable and lower carbon society.

### Main strategies



### Tax strategies



## 2.3 Strategy

**"Nippon Gases has set its Sustainable Development Goals to contribute to a better and more sustainable future. These goals are classified in four priority areas:**

- **Company governance and compliance**, which includes a strong culture of compliance and ethics.
- **Global environment**, including a strong drive to reduce emissions of any sort and to reduce waste.
- **Society**, including community engagement activities and contributing to the sustainability of our customers.
- And **people**, targeting to be the safest company as well as a highly diverse and inclusive company."

Quote from Eduardo Gil Elejoste, president of **Nippon Gases Europe** at the Gasworld European Industrial Gas Summit 2021, on April 27<sup>th</sup>, 2021.

The Nippon Sanso Holdings Group aims to realise a sustainable society and global environment through the industrial gases business. The Nippon Sanso Holdings Group considers air to be a precious natural resource, and the global environment to be irreplaceable. NSHD naturally consider it our mission to maintain the global environment in a sustainable condition for the future. In addition to the global environment, the group will also address various social issues by proposing solution strategies through products and services that utilise its technological capabilities.

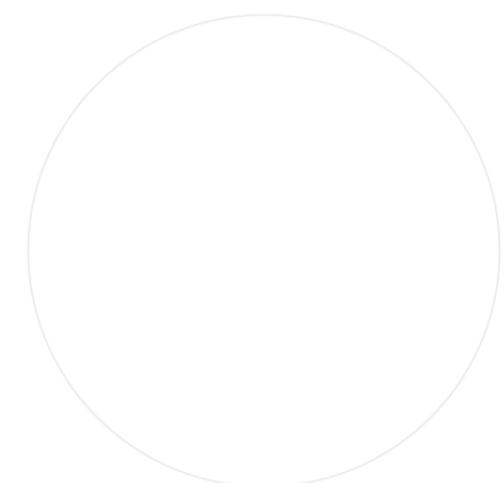
In this way, sustainability underpins our business strategy and is fundamental to our long-term growth. **Nippon Gases** is committed to minimising its environmental impact and improving its social impact, whilst executing on group

strategy, and delivering best practices in both programmes and processes. **Nippon Gases** also aspires to drive improvements in the sustainability performance of the global Industrial gases industry.

Industrial gases, therefore, are and will continue to be an essential contributor in Europe's journey toward a more sustainable and lower carbon society. We will contribute to the realisation of a sustainable society and global environment.

By effectively making use of the properties of industrial gases, we develop and offer gas solutions which contribute to increased production efficiency and decreased energy consumptions and waste. Due to this nature of the industrial gases businesses and our growth in the healthcare business across Europe, **Nippon Gases** is contributing to improving the environment and helping society. Each **Nippon Gases** subsidiary contributes to major environmental and societal challenges, such as the climate and air quality.

Our growth will be balanced between investment projects, applications and technology opportunities, as well as new opportunities to do things that we are not doing today. For example, investing in new technologies that improve our customer integration and optimise our operational processes, and our commitment to reach certain Sustainable Development Goals (SDGs) introduced by the UN to eradicate poverty, protect the planet and guarantee prosperities for all by 2030.



**“The strategy of Nippon Gases for the foreseeable future is based on the following pillars:**

- Grow and improve our business where we are.
- Look for opportunities to invest and expand to places where today we are not.
- Look for opportunities to invest and expand in adjacent markets to the markets in which we are today.”

Quote from Eduardo Gil Elejoste, president of **Nippon Gases Europe** at the Gasworld European Industrial Gas Summit 2021, on April 27<sup>th</sup>, 2021.

**Nippon Gases’** M&A efforts will continue to focus on identifying acquisition opportunities for high-quality distribution businesses in key European markets.

**Nippon Gases’ main strategies**

**Enforce Governance**

- Be best in class in Safety
- Be the High-Quality IG company
- Best in class Compliance & Risk management

**People Excellence**

- Leadership excellence
- Optimize talent and motivation of the employees
- Optimize diversity and inclusion

**Optimise Base Business**

- Protect and defend the current business, with special attention to resilient markets
- Continue to invest in applications technology
- Evaluate and take action on market mix and portfolio of offerings

**Business Growth**

- Seize Green Deal opportunities in Decarbonization and Hydrogen

- Partner with our customers to help them achieve their sustainability objectives.
- Expand geographical footprint
- Consider M&A opportunities

**Operational Excellence**

- Take full advantage of digital transformation and automatization
- Achieve internal sustainability leadership.

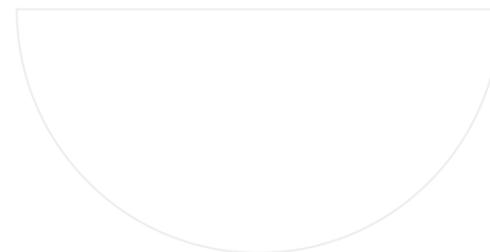
**Tax strategy**

**Nippon Gases Europe** approach to tax matters is completely aligned with the Group ethics and compliance philosophy. Its guiding principles can be summarised as follows:

- Strict compliance with local applicable laws and regulations.
- Advisors’ guidance where complexity or uncertainty exists.
- Business customers and suppliers’ alignment to ensure accuracy in transactional taxes.
- Solid cooperation with local tax authorities.

Since the nature of **Nippon Gases Europe** business is fundamentally local, we generate our income and pay our taxes in the 13 countries in Europe where we operate. And in the limited cross-border transactions in our business, **Nippon Gases’** approach is always to comply with OECD transfer pricing guiding principles.

Our tax contribution in each country is substantial and similar in scope with a total figure in Europe in the Euro 200 million region, which mainly includes Corporate and Value Added Tax but also other taxes (mainly Energy & Municipal). It is a significant contribution across the continent.





“Nippon Gases will be a catalyzer within the group to generate innovation. More networking creates more communication, which creates more innovative ideas for synergy generation”

“The aim of integration programme is to be ‘proactive’ and ‘collaborative’ across the group, in order to seek the further ‘innovation’ that is the essence of more synergy creation.

We have created additional financial profits, and soft benefits across the group of companies, which is motivating employees across the group to think globally as NSHD group members and act locally”



**Core to the continued sustainability of the Nippon Gases business in recent years has been integration of all activities. Tell us about the integration programme and the synergy created...**

The aim is to be ‘proactive’ and ‘collaborative’ across the group, in order to seek the further ‘innovation’ that is the essence of more synergy creation.

The integration programme has continued since day one, when TNSC (now Nippon Sanso Holdings - NSHD) completed the acquisition of Praxair’s European businesses on 3rd December 2018.

The post-merger integration (PMI), which involves separation from the old organisation and the integration of business infrastructure into the NSHD organisation, was successfully completed and a new **Nippon Gases** (NG) brand was established in Europe within the first year after acquisition.

Upon the successful completion of PMI, the programme shifted from PMI to TTI, which stands for Total TNSC Integration, in the last FYE2021. The target of TTI in the last FYE2021 was to create four key benefits for the sustainability of the business:

- First, to increase financial synergies through enlarging group sourcing, mainly in semiconductor specialty gases, and create a group procurement framework that included Europe in products such as healthcare devices, among others.
- Second, to provide solutions for the creation of a green society via group gas applications technologies and engineering capabilities.
- Third, to increase NSHD group operational excellence via the sharing of both productivity know-how and operational know-how within group companies, mainly in the South East Asia and Oceania regions.

- Fourthly, to increase quality and safety, reducing business risk via compliance and harmonisation with NSHD group policy and standards.

**Can you reflect on any particular successes that have been achieved already?**

Absolutely. We have successfully established an active network between Europe and other regions, especially Japan, Asian and Oceanian countries, as well as the US. As a result of this network, we have created additional financial profit, including:

- In the electronics business, through group sourcing of various semiconductor specialty gases from North America and Asian countries.
- In green projects through gas applications such as oxyfuel burners and additive manufacturing (AM), among others.
- In various group companies via

the introduction of of a stronger productivity programme.

This network has also created soft benefits across the group of companies, which is motivating employees across the group to think globally as NSHD group members and act locally.

Communication has become very active in all business units across the group, particularly in electronics, gas applications, engineering, operations, safety/quality/environmental, healthcare, marketing and administration. As a result, we have secured new accounts, increased quality performance at our cylinder filling plant in Belgium and more safety standards of **Nippon Gases** have been aligned within NSHD than originally planned. **I would like to mention the great synergy around Sustainability initiatives. This last year close cooperation between Nippon Gases and NSHD on Sustainability has**

**launched group aligned goals that will fulfil our stakeholders expectations.**

**Have you had to overcome challenges created by the pandemic, along the way?**

Although, the Covid-19 pandemic has prevented all of us from having physical meetings, on the other hand web-based meetings and communications became commonplace and has actually facilitated networking both more widely and more frequently within small groups. Rather than hinder, this has helped our integration activities from a networking viewpoint.

**What are you looking forward to in the next fiscal year? How can integration continue to be maximised?**

The target of this fiscal year is of course to create more financial synergy than the last year. However, the most important target is to raise awareness even further among group employee to the importance

of networking in order to create new collaborative innovation. That, after all, is the essence for creating additional synergy – and sustainability. Communication is an intangible asset without any cash out. It is important for the NSHD group as a whole to make the best use of **Nippon Gases**, which has approximately 3,000 employees as a relatively new member of NSHD. In other words, it is important for the NSHD group to make the best use of the additional ‘goodwill’ of the consequences of the acquisition. **Nippon Gases** will be a catalyser within the group to generate innovation. More networking creates more communication, which creates more innovative ideas for synergy generation.

All this is, obviously, easier said than done, but I am excited because I feel that the NSHD group is just at the start of benefitting from all the opportunities that our new global structure will bring.

# Proactive

## Corporate governance

Our governance is lean and clear: we pursue our Management Philosophy and our Principles.



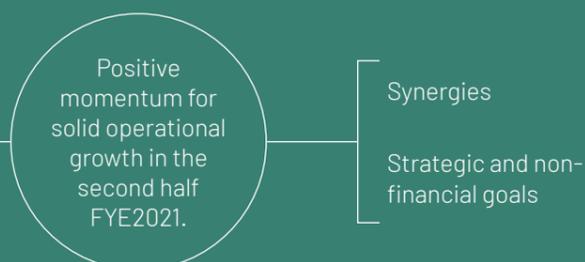
## Highest governance body

The Nippon Gases Euro-Holding S.L.U. Board of Directors is responsible for making decisions

## Committees



## Governance performance



## 2.4 Corporate governance

The Board provides oversight and direction for sustainability programmes, and the **Nippon Gases** Management Committees provide the key forum for reviewing and challenging these initiatives and setting their strategic direction. Sustainability initiatives across all operating companies and support functions are coordinated at group level. **Nippon Gases'** sustainability strategy sets out the ambition and the wider context of these initiatives. This strategy covers group policies and objectives, governance structure, risk management, strategy and targets on material issues, sustainability performance indicators, and communications and stakeholder engagement plans. Each individual operating company within the group has a distinct sustainability initiatives that are aligned with the group strategy. **Group wide policies relevant to sustainability include the Code of Conduct, and specific policies on Corporate Social Responsibility, environmental, anti-corruption and bribery, and Human Rights among others.** All of these have been approved by the Board of Directors.

A Sustainability Committee, comprised of representatives from the functional leaders of the company, was established in the prior year and meets quarterly to provide oversight of our environmental and social initiatives and reporting.

**Nippon Gases** aligns sustainability reporting with current and emerging disclosure standards to ensure the group discloses relevant and meaningful data on sustainability performance. This includes compliance with obligations under EU Directive 2014/95/EU on non-financial reporting and its transposition in Spain. The NSHD group voluntarily aligns reporting with the Task Force on Climate-related Financial Disclosures (TCFD) guidance, the Sustainability Accounting Standards Board (SASB), and the Global Reporting Initiative (GRI). This report has been prepared in reference to GRI standards. Criteria for choosing specific GRI standards are based on compliance with Spanish Law 11/2018 and material issues. In cases where alignment was not possible, other standards aligned to our industry guidance or internal frameworks were used.

In line with this philosophy, we have outlined several management policies, which guides our corporate activities and our efforts to ensure sustainable growth and increase corporate value.

**We pride ourselves on our ability to proactively act on customer feedback and to collaborate with a wide range of industries through our innovative gas technologies and solutions to make life better. This is the foundation upon which our vision as The Gas Professionals is built: we aim to create social value through innovative gas solutions that increase industrial productivity, enhance human wellbeing and contribute to a more sustainable future.**

From the perspective of fulfilling our responsibility as a corporate citizen, we have also formulated the **Nippon Gases** Code of Conduct to guide the conduct of all group officers and employees in terms of compliance with laws and regulations and corporate ethics, in line with which we continue to promote conscious actions designed to respond to the expectations of customers and society at large.

### Relationship with parent company

On December 3<sup>rd</sup>, 2018, **Nippon Gases** was acquired by the now parent company Nippon Sanso Holdings as a result of the merger between Praxair, Inc. and The Linde Group. Nippon Sanso Holdings fully supports and cooperates with **Nippon Gases** in accordance with its Group Management Regulations. On a day-to-day basis, **Nippon Gases** functions independently with autonomous management, financial, sales and other corporate functions. Three NSHD executives have been appointed to the Board of Directors of **Nippon Gases** Euro-Holding S.L.U., thus assuring the sole shareholder's direct supervision of the company's management.

### Background to adoption of the current structure for management execution

We provide air gases (oxygen, nitrogen and argon) and other industrial gases to customers in various industries around the world and carry out a wide range of activities in diverse business areas. For this reason, business judgments, decision-making and oversight must be based on expert knowledge derived from the experience of working closely with the industry from multiple perspectives.

Our current management structure centres on the Board of Directors, which is responsible for making decisions related to business execution above a certain threshold, including those regarding M&As and investments.

### 2.4.1 Governance structure

**Our corporate philosophy is "Proactive. Innovative. Collaborative. Making life better through gas technology. The Gas Professionals."**

Therefore, corporate governance is driven by:

1. A formal legal structure: to fulfil legal requirements.
2. Internal approval process driven by the value and financial impact.
3. Reporting processes: driven by business lines and corporate functions.
4. A strong leadership: supported by our corporate values.

The decision-making process is delegated to the management of the company and is, to a large extent, centralised by having appointed responsible key management functions at the European level. Instead of a formal escalation of material business matters through the various shareholder levels, the group has established a more business-focused Corporate Governance system in which certain key management members have approval levels as per the 'Authorisation to Approve' (ATA).

### Approval process

The objective of the ATA Process is to achieve seamless business operation while ensuring that business decisions of a certain magnitude are appropriately escalated. The ATA Process applies to the European business as a whole. This means that the key management members with authority to approve usually oversee certain areas of business or operations on a European level. Local teams have implemented the ATA Process accordingly.

The ATA Process does not follow corporate entities or bodies, but rather business functions / lines. If necessary, the approver consults the corporate function (legal or tax, for example) with internal experts. The ATA Process does not deal with the question of who signs for which entity with legally binding effect. This is managed and executed in accordance with local legal requirements.

## 2.4.2 Highest governance body

### The Nippon Gases Euro-Holding S.L.U. Board

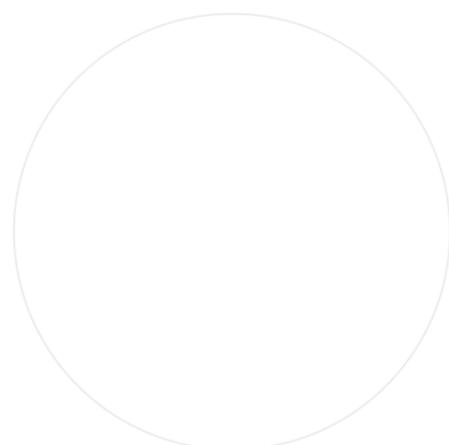
The **Nippon Gases Euro-Holding S.L.U.** Board of Directors is responsible for making decisions regarding management policies and key matters related to business execution, which include formulating key management indicators and medium to long-term strategies, as well as supervising the execution of business activities.

The Board has oversight of key aspects of the governance structure in areas including director independence, appropriate board committees, board effectiveness, outreach to the parent company and alignment with parent company goals and long-term strategy, and adherence to a comprehensive sustainability programme.

Board members are appointed by the sole shareholder, the parent company.

The board of directors implements the company policies with a focus on our commitment to diversity and inclusion, safety, health, the environment, human rights, corporate citizenship, and the prevention of bribery and corruption.

It is the view of Nippon Gases that non-financial issues are a component of the company's values, culture and performance expectations. Nippon Gases has established non-financial goals in the areas of safety, compliance, sustainability, human resources, productivity, strategy and integration.



**Yujiro Ichihara**  
Member of the Board



- 1974 Joined the Nippon Sanso Corporation
- 2005 Executive officer, deputy general manager of Business Planning Division and General Affairs Division, Taiyo Nippon Sanso Corporation
- 2008 Senior executive officer and general manager of General Affairs Division
- 2010 Managing director and general manager of General Affairs Division
- 2012 Senior managing director and general manager of Corporate Administration Division
- 2013 Executive vice president, director, and general manager of Corporate Administration Division
- 2014 Executive vice president and director, with responsibility for Corporate Administration Division and Corporate Planning & Global Operations Division
- 2014 Representative Director, President CEO
- 2020 **Representative Director, President CEO, Nippon Sanso Holdings Corporation**

**Eduardo Gil Elejoste**  
Member of the Board



- 1981 Joined Argon S.A.
- 1992 Director Marketing responsible for Spain and Portugal, Argon S.A.
- 1996 Director Business Development responsible for Europe, Praxair España S.L.
- 2000 Director Marketing responsible for Europe, Praxair Euroholding S.L.
- 2004 CEO, Germany, Praxair Euroholding S.L.
- 2006 CEO, Germany and Benelux, Praxair Euroholding S.L.
- 2008 CEO, Praxair España S.L.; CEO, Praxair Portugal S.A.
- 2016 President, Praxair Euroholding S.L.
- 2018 **Chairman and President, TNSC Euro-holding S.L.U. (now Nippon Gases Euro-Holding S.L.U.)**
- 2019 Director TNSC, Chairman and President Nippon Gases Euro-Holding S.L.U.
- 2020 **Director NSHD, Chairman and President Nippon Gases Euro-Holding S.L.U.**

**Alan D Draper**  
Member of the Board



- 1993 Certified Public Accountant, Lumsden & McCormick, LLP
- 1996 Internal Auditor, Praxair, Inc.
- 1999 Financial Analyst and Subsidiary Controller, Praxair, Inc.
- 2000 Senior Financial Analyst, Praxair, Inc.
- 2001 Finance Manager, Praxair, Inc.
- 2002 North Region Controller, Praxair, Inc.
- 2004 Director Volume and Revenue Analysis, Praxair, Inc.
- 2005 Director of Accounting & Operations Controller, Praxair, Inc.
- 2009 Finance Director, Praxair Surface Technologies, Inc.
- 2014 Vice President Finance & Operations Excellence, Praxair Surface Technologies, Inc.
- 2017 Vice President Finance, Praxair Euroholding S.L.
- 2018 Chief Financial Officer, **Nippon Gases Euro-Holding S.L.U.**
- 2020 **Executive Officer & Chief Financial Officer, NSHD**

**Todd Kuroiwa**  
Member of the Board



- 1984 Joined Nippon Sanso Corp.
- 1999 Director of Technology, Messer Nippon Sanso GmbH & Co.KG
- 2005 VP, Linde Nippon Sanso GmbH & Co.KG
- 2008 General Manager, Taiyo Nippon Sanso Corp. Electronics Marketing
- 2015 SVP, Matheson Tri-Gas Inc. Electronics
- 2017 VP, Taiyo Nippon Sanso (China) Investment Co., Ltd. for Total Electronics
- 2019 **Director Integration, Nippon Gases Euro-Holding S.L.U.**

**Tsutomu Moroishi**  
Member of the Board



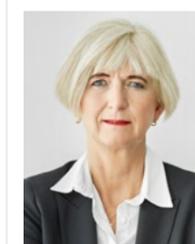
- 1984 Joined Nippon Sanso Corp.
- 1991 The Thermos Company USA
- 2003 General Manager, Corporate communications, Taiyo Nippon Sanso Corporation
- 2014 Deputy General Manager, Corporate Planning & Global Operations
- 2018 Corporate Officer, Executive General Manager, Global Operations
- 2020 **Executive Officer, Group Corporate Planning, Nippon Sanso Holdings Corporation**

**Justin Corcho Maters**  
Member of the Board



- 2001 Certified Accountant, Arthur Andersen, Rotterdam, Netherlands
- 2002 Senior Auditor, Deloitte & Touche BV Rotterdam, Netherlands
- 2005 Manager Global IFRS and Offering Services, Deloitte SL Madrid Spain
- 2011 Senior Manager Financial Accounting Valuation and Securitization group, Deloitte LLP New York, USA
- 2014 Director Internal Audit, South/Central America and Europe, White Martins Gases Industriais Ltda (Praxair, Inc.) Rio de Janeiro, Brasil
- 2017 Director Merger, Integration & Divestiture, Praxair Inc. Danbury, USA
- 2018 Financial Controller, M&A and Special Projects Director, **Nippon Gases Euro-Holding S.L.U.** Madrid, Spain
- 2020 **Vice President and Chief Financial Officer, Nippon Gases Euro-Holding S.L.U.** Madrid, Spain

**Dr. Annette Kaffsack**  
Member of the Board



- 2005 Director Legal and Compliance for the German and BeNeLux Industrial Gas (incl. Electronics) Business and the German Coating Business. The same responsibility since 2007 for the Joint Venture with Yara in Scandinavia and for UK since 2013.
- 2009 Director Legal, Administration and Quality; additional responsibility for Quality for the German Industrial Gas Business.
- 2013 **Director Legal Europe and Chief Compliance Officer Europe**
- 2018 **Member of the Board of Directors Nippon Gases Euro-Holding S.L.U. and Company Secretary Nippon Gases Euro-Holding S.L.U.**
- 2018 **General Manager Nippon Gases Deutschland Holding GmbH**

## 2.4.3 Committees

### The European Business Team (EBT)

As established by the Nippon Gases Euro- Holding S.L.U. Board of Directors, the European Business Team (EBT) meets, under the leadership of the European President, at least four times per year - once after every quarter, and often a fifth time for budgeting purposes and when there is a strategic plan or for any other important specific purpose. The EBT (mainly Regional Managing Directors and functional European Directors) reviews safety, legal and compliance matters, sustainability initiatives and SDG's status, business results, business forecasts, investment proposals, risks and opportunities, HR matters and other issues requiring attention at any given time.

### Compliance Review Board (CRB)

The Compliance Review Board (CRB), under the leadership of the Chief Compliance Officer (CCO), meets every quarter and as required. All managing directors report on their local CRB meetings and the CCO on all other compliance-related issues, including incidents/potential cases, precautions taken and training processes. The members of the European CRB are the President of **Nippon Gases**, the Managing Directors of the local businesses and the European Directors for Finance, HR, Legal and Operations. The CRB identifies and assesses risks unique to **Nippon Gases**, verifies measures aimed at reducing these risks, and reports on risks that have manifested as issues. The committee also periodically verifies the appropriateness of risk- management systems through risk-reduction activities.

### Sustainability Committee

The Sustainability Committee, led by the Sustainability Director and formed by the **Nippon Gases** representatives of the functional leaders, meets quarterly. The Sustainability Committee is responsible for:

- Reviewing and making recommendations on strategy and commitments regarding **Nippon Gases'** sustainable development.
- Coordinating with the NSHD CSO Chief Sustainability Officer and Sustainability team when establishing sustainable strategy, indicators and defining ESG goals and targets.
- Monitoring the performance of **Nippon Gases'** Sustainability KPIs related to SDGs, as well as compliance, safety, quality, supply chain, human resources, environmental, energy and community.
- Promoting and coordinating the publication of the annual **Nippon Gases** Europe Sustainability Report.

### Capex Committee

The Capex Committee, formed by the European President, the CFO, the Operations Director, the Integration Director, the Engineering Director and other European directors as needed, meets monthly to review the approval of investment projects presented by the regional businesses.

### Safety and Environmental Committees

The European Safety and Environmental Committees, under the leadership of the HSE Director, meet every quarter. Members of these Committees are all Safety and Environmental Heads of the different European regions, and the HSEQ/Sustainability Director. NSHD representatives are also participating in the Safety Committee.

The Committees are responsible for the development and implementation of the European Safety and Environmental Plans. In addition, incidents are discussed, and corrective measures are agreed and initiated.

The Safety and Environmental Committees are also responsible for the further development of the HSE standards.



## 2.4.4 Governance performance

### FYE2021 performance

We have been enjoying favourable economic conditions, with good GDP and IP growth in most countries in recent years, and our company has been performing strongly. Currently, the European society, its industry and its general economy is being impacted by the Covid-19 pandemic that started early last year, with very negative consequences impacting our business in the FYE2021.

Sustainability underpins our business strategy and is fundamental to our long-term growth. **Nippon Gases** is committed to minimising its environmental impact and improving its social impact, whilst executing on group strategy, and delivering best practices in both programmes and processes.

Our company, which is positioned in very diverse and resilient markets (33% of sales), is a lean and efficient organisation, and our cost controls and financial discipline enable us to react quickly to changing economic conditions.

We invested substantially in innovation and future growth. And we did this despite the difficulties we experienced in many of our regions due to Covid-19.

Even in the face of the Covid-19 pandemic, where our first half year was greatly impacted by the government lockdowns and logistical restrictions, as restrictions normalised during the year, **Nippon Gases** experienced positive momentum for solid operational growth in the second half 2021.

**Nippon Gases**, thanks to its resilience, was able to react quickly, with an intense focus on our people, safety, costs and liquidity.

Furthermore, we have continued working with our parent company to extract synergy benefits, which is a continued process that is monitored and adjusted frequently.

We have been working on the following synergies:

- Electronic gases** (work with NSHD Engineering and a number of opportunities are being analysed).
- Engineering** (work has started with NSHD Engineering and a number of opportunities are being analysed).
- Applications technology** (work is underway in food and beverages, combustion, additive manufacturing, water and wastewater and other areas).
- Productivity programme** being extended within group companies.

Besides our company financial performance, in the setting of annual performance-based variable compensation targets and goals, the NGEH Board determined that selected strategic and non-financial factors will be considered critical to measuring our business success.

Based on management assessment of the degree of achievement in each goal and considering their relative importance to **Nippon Gases'** long-term success, in April 2021 the NGEH Board determined that **Nippon Gases'** performance with respect to non-financial goals was favourable and awarded a positive adjustment to the variable compensation award determined by the financial goals.

### Examples of strategic and non-financial goals

#### Control and compliance:

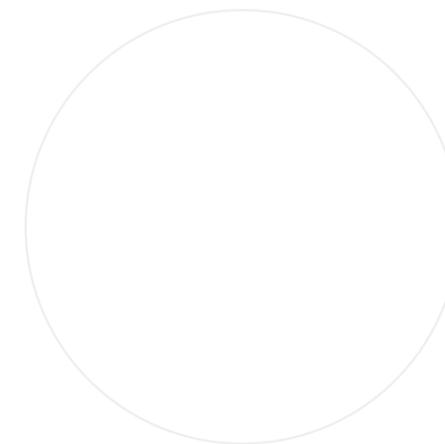
- Double-down on compliance culture by, for example, reviewing and establishing a European Code of Conduct.

#### Integration, people, development and retention:

- Develop and retain talent to have a pipeline of future leaders.

#### Safety and environment:

- **Nippon Gases'** Recordable Injury (RI) rate of 1.48 incidents/million working hours, is 50% of the Category-1 EIGA members RI rate, the seven major industrial gas companies in Europe.





“We continue to develop initiatives to improve our cost-base, with a focus on reducing fixed costs and making the remaining cost structure more flexible and variable with capacity”

“The resiliency of Nippon Gases’ employees and our business, in combination with the innovative and learning spirit that our employees have to approach and solve challenging situations in a way that improves the efficiency, profitability and reduce our environmental impact, has been inspiring to me to experience – especially during this pandemic year”



**Sustainability took on a multitude of meanings throughout FYE2021 – can you tell us a little about the fiscal resilience of Nippon Gases throughout the pandemic?**

Our FYE2021 has been an exceptional and challenging year for **Nippon Gases**, with the unparalleled set of circumstances brought about by the Covid-19 pandemic. **Nippon Gases**, thanks to its resilience, was able to react quickly, with an intense focus on working capital management and cost control.

The resiliency of **Nippon Gases’** employees and our business, in combination with the innovative and learning spirit that our employees have to approach and solve challenging situations in a way that improves the efficiency, profitability and reduce our environmental impact, has been inspiring to me to experience – especially during this pandemic year.

The fiscal year started with lockdowns in the Southern European countries, and as the pandemic spread across Europe, **Nippon Gases** had to severely cut back its operations in the first and second quarter and adjust our cost structure accordingly. The summer saw some easing of restrictions, with

evidence of rebound in demand from our customers, but the impact of the virus increased again as winter approached – resulting in further restrictions on the freedom of movement and travel being imposed, which severely affected certain industries.

**What are your thoughts on the resulting financial performance?**

Our sales are well-balanced, with 34% in resilient markets like healthcare, electronics, and food and beverages. The other 66% is in cyclical end markets such as metals, manufacturing, and chemicals. Clearly, the resilient end-user markets provided both stability and earnings growth throughout the year, growth rates which are more aligned with demographic and consumer trends and, of course, incremental applications technology.

Despite Covid-19, our sales of €1.3 billion were only 6% below last year. Year-over-year, gas volume trends have started to ramp up at the end of the year, but still below prior year volumes. This is driven by the contribution of our customer’s backlogs, as most of our customers had pent-up demand in Q4, and the

metal sector is now getting back to pre-Covid-19 levels of production, for example.

In healthcare, which is about 13% of our sales, we continue to increase investments to serve patients in both hospitals and homes. We have expanded our medical grade oxygen capacity, increased medicinal gas supply due to Covid-19, and increased carbon dioxide (CO<sub>2</sub>) supply for dry ice production for both the storage and transportation of various vaccines.

**And how is this reflected in the final numbers?**

We were slightly ahead of the budget we created when the pandemic hit, rightfully called the “Covid Budget”, but, as mentioned before, we were still 6% below prior year in sales and 7% below in EBITDA.

Multiple initiatives have been delivered during the year, which can be summarized in four main areas: Fixed costs; operating costs; working capital; and capital expenditure. Many initiatives were implemented to reduce fixed costs such as travel, consulting and temporary workers, for example, and labor saving initiatives were introduced.

**Nippon Gases** took, and continues to take, decisive actions to preserve liquidity. Our focus during the year has been on working capital management and specifically liquidity, to ensure we are well positioned for the recovery, when it comes.

Therefore we utilised our strong commercial terms and conditions to protect us from volume disruptions. We capitalised on more resilient growth opportunities in healthcare, electronics and food and beverages. We quickly adjusted cost structures in line with local market conditions. We adapted to a remote working model, and we managed to deliver a strong financial performance for the full year considering the difficulties faced.

**You described ‘decisive’ short-term actions – could these also have positive long-term effects on sustainability?**

Well, capital expenditure during the year was cut in order to offset decreases in operating cashflow, for example. In an era of careful investing, we especially looked for those sustainable productivity initiatives that could be done with little capital and payback periods of two to three years. These projects tend to bring

a direct impact to the bottom line, but also reduce our environmental footprint and provide gains in competitive advantage. We see a strong link between sustainability performance and financial performance.

Especially during a pandemic year, which we just went through, these type of projects can push those savings we need to maintain our margins in a low-growth environment. But this is just one example.

We have also been looking towards the future by continuing to invest in remote video-conferencing equipment and software to reduce travel; we plan to continue to build energy efficient equipment and improve efficiency of our existing equipment; and we continue to invest in digital innovation.

**Finally, can you give us an inkling as to your future outlook?**

Looking ahead, we are still amidst a global pandemic, the European economy is still contracting and even though the vaccination pace remains steady, the roll-out seems still to be delayed – therefore the timing and shape of any recovery is uncertain

and hence, **Nippon Gases** remains focused on preserving liquidity and transforming its businesses for the future. We continue to develop initiatives to improve our cost-base, with a focus on reducing fixed costs and making the remaining cost structure more flexible and variable with capacity.

We must balance the increased transparency around non-financial metrics with our ability to identify and measure those metrics and be prepared both internally and externally to show how the company is accounting for and measuring sustainability risks. This is something we will be working on over the coming year, as our stakeholders and shareholders are interested in this type of information and I also believe there is a direct link between sustainability metrics and business performance.

We will, therefore, focus on maintaining and strengthening our financial health on a European consolidated basis and conduct a range of initiatives in productivity, efficiency, and strengthening cost management that will contribute to increasing shareholder value.

# Proactive

## Risk management

Management is responsible for the effective operation of the internal controls and execution of the agreed risk mitigation plans.

### Internal framework

Enterprise Risk Management (ERM) policy

#### Three-point risk analysis

- Quality of our products and services 
- Environmental risks 
- Health and safety risks 

## Risk management model

European Business Team



## Risk identification

### Key risks

- Covid-19 pandemic and negative macro-economic outlook
- Loss of key large customers
- Intangible asset impairment
- Political instability
- Cyber-security



### Actions

- Safety measures to protect our employees and our clients against Covid-19
- Intensify strategic cooperation in innovation
- Focus on working capital management
- Cyber-security awareness activities



## 2.5 Risk management

The Board of Directors has overall responsibility for ensuring that **Nippon Gases** has an appropriate risk management framework, including the determination of the nature and extent of risk it is willing to take to achieve its strategic objectives.

The Board has oversight of the group's operations to ensure that internal controls are in place and operate effectively. Management is responsible for the effective operation of the internal controls and execution of the agreed risk mitigation plans. However, all personnel at **Nippon Gases** should feel responsible for, and be empowered to take ownership of, risk management within their function and for their level of responsibility.



The corporate governance structure results in the "Authorisation To Approve" (ATA) Process, which is also leading in risk management:

- The decision-making process is delegated to the management of NGEH and is, to a large extent, centralised by having appointed responsible key management functions at the European level.

### 2.5.1 Roles and responsibilities

**Nippon Gases** has established a business-focused Corporate Governance system in which certain key management members are included in the ATA process.

#### NGEH Board of Directors

The role of the NGEH Board is to represent the shareholder and to promote and protect the interests of the company. The Board is specifically responsible for establishing the delegated limits of authority to the geographical and functional executive teams and attending to matters reserved for board decision-making. These limits are set out in the ATA Process.

The Board has ultimate responsibility for ensuring that:

- a. The group risk appetite and tolerance is clearly articulated.

- b. There are appropriate policies in place to manage risk and maintain internal controls and that this policy allows businesses managers to operate appropriately within those boundaries.
- c. A regular programme of audits is undertaken to test the adequacy of and compliance with prescribed policies.
- d. Proper remedial action is undertaken to address areas of weakness.

On an annual basis, the NGEH Board of Directors reports the outcome of its risk assessment analysis to the executive board of NSHD.

#### Delegation of authority

Through the ATA Process, the regional general managers and functional executive teams within **Nippon Gases** are given the authority to act within their authorised limits. They are responsible:

- For the implementation and coordination of risk management
- For the management of all risk factors within the strategic, operational and financial framework to mitigate and to reduce risks.
- To provide timely and accurate information about the risks that the company faces, as well as steps taken to ensure their effectiveness.
- For the coordination of information flow and documentation relating to the risk management.

#### Employees and contractors

Every **Nippon Gases** staff member is responsible for effective management of risk, including the identification of potential risks. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. Risk management processes should be integrated with other planning processes and management activities.

Managers are accountable for strategic risk management within areas under their control, including the promotion and training of the risk management process to staff.

It is the responsibility of all **Nippon Gases** employees and contractors to:

- Report any breaches of policies, laws or regulations to their supervisor.
- Report to their supervisor any perceived risks that may not be covered by existing risk management practices and policies.

## 2.5.2 Internal framework

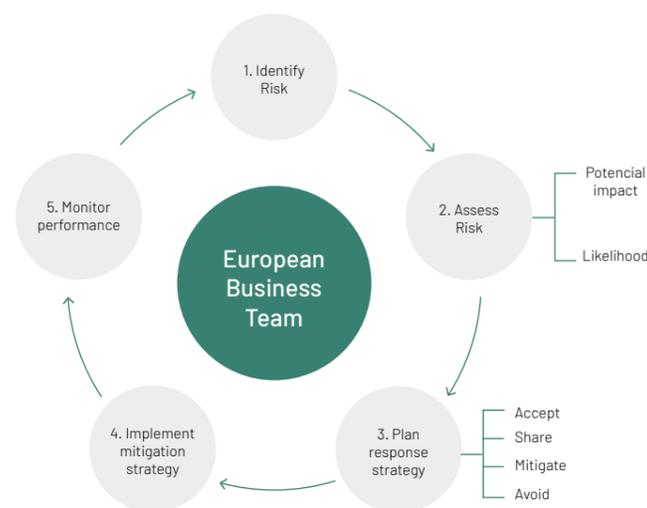
The Group has an Enterprise Risk Management (ERM) policy which has been approved by the Board. This policy sets the framework for a comprehensive risk management process and methodology, ensuring a robust identification and assessment of the risks facing the group, including emerging risks. Enterprise risks are assessed and plotted on an enterprise risk map (with individual risk maps produced for each operating company and relevant function). This system ensures that the appropriate business practices are reinforcing internal control by clarifying decision-making authority and business processes, among other issues. We have also established Compliance and Safety Risk Assessment, and Management Committees with the aim of reinforcing compliance and ensuring the effectiveness of our internal control system.

At **Nippon Gases**, we have completed a three- point risk analysis which covers:

- Risks to the quality of our products and services.
- Environmental risks.
- Health and safety risks to our employees and to our processes (this review was conducted within the framework of the Seveso regulation and the national HSE regulations).

## 2.5.3 Risk management model

The **Nippon Gases** risk management model can be summarised as follows:



In order to identify risks and assess their likelihood and potential impact, **Nippon Gases** performs an annual business risk assessment aimed at taking a comprehensive look at the risks faced as a company. These surveys are prepared by the managing directors of the different regions and the functional leaders, and result in a risk map for **Nippon Gases**, highlighting priority issues. Both internal operational

risks as well as risks in the **Nippon Gases** value chain are evaluated. This is a bottom-up survey of potential risks, and it specifically addresses a range of human rights risks such as employee safety, welfare and working conditions. Employee safety and welfare is always represented among **Nippon Gases'** top risks and substantial management resources are allocated to this area. The results of these surveys are presented to the European Business Team, and potential risks related to corruption are an explicit focus. Afterwards, on a European level, a summary is made of the key risks, which are subsequently reported to the parent company.

Key controls and mitigations are documented including appropriate response plans. Where risk treatments require time to implement, short-term mitigations are assessed and the timeline to risk mitigation and consequent risk acceptance discussed and agreed. Every principal risk has clear Management Committee oversight. As part of the risk management framework, potential emerging risks and longer-term threats are considered to identify new trends, competitor actions, regulations, governments' interventions, or business disruptors that could impact the group's business strategy and plans. These emerging risks are monitored within the overall risk framework as 'on watch' until they are re-assessed to be no longer a potential threat to the business or where an assessment of the risk impact over the next two to three years can be made, and appropriate mitigations can be put in place.

Following the impact of the pandemic, consideration of other high-impact, low likelihood risks have been discussed. **Nippon Gases** considers risks to the Strategic Business Plan over the short-term up to two years, medium-term from three to five years and in the longer term beyond five years. Risk outcomes are quantified as the potential cash impact to the business plan over two years, as well as potential brand reputation, regulatory scrutiny and share price considerations. The risk management framework is embedded across the group. Risk maps are discussed, and risk potential impacts assessed for each operating company and group functions that support the business.

The **Nippon Gases** Board of Directors discusses risk and considers the risk environment as part of wider Board discussions at the July Board Meeting, including a review of the assessment of **Nippon Gases'** performance against its risk appetite, scenarios for assessment of viability and the outputs from the viability modelling.

All risks are assessed for likelihood and impact against the group's business plan and strategy.

**Goals of the risk assessment are:**

- Align risk appetite/tolerance and strategy.
- Link growth, risk and return.
- Enhance risk response decisions.
- Minimise operational surprises and losses.
- Identify and manage cross-enterprise risks.

- Provide integrated responses to multiple risks.
- Include all possible strategic and operational risks.
- Continue to build risk ownership culture and organisational capabilities around identification and evaluation of risks.
- Establish a regular cadence of risk management activities and updates.

The steps of planning and implementing a response strategy are determined by the individual regional and/or functional leaders in conjunction with the European management team. The monitoring performance is generally a local/functional responsibility, whereby the key topics are also actively monitored at the European level.

## 2.5.4 Risk identification

**Key risks identified in 2021 are the following:**

- **Covid-19 pandemic and the negative macro-economic outlook**, which could severely impact the financial results and liquidity.
- **Loss of key large customers:** Bankruptcy or loss of a big client can have a material impact on both short and long-term profitability and liquidity in a particular region.
- **Goodwill or intangible asset impairment:** If country risk premium and other factors outside our control deteriorate, the WACC (Weighted Average Cost of Capital) increases and causes a potential material impairment.
- **Political instability and increase of government debt:** uncertain political responses in the form of increased taxes or other measures can jeopardise regional competitive positions and macro-economic growth.
- **Cyber-security:** **Nippon Gases** Europe may be materially impacted financially, operationally or reputationally by the effects of a successful cyber-attack.

These key risks co-exist next to any risks related to safety, compliance and diversity, which are all part of our guiding principles that are inherently engrained in our company-DNA.

Other important recurring themes in our risk assessment are related to the retention of people (our main asset), the strong dependency we have on electrical power supply and other risks in our daily operations and related supply chain. The constant monitoring and mitigation of different risks is at the core of our daily activities and aimed at the uninterrupted delivery of our gas products where needed.

Given **Nippon Gases'** expertise and experience in key areas such as waste, water, energy and fuel reduction, and the development and use of low-carbon technologies, we believe that besides being a possible threat, this strategic risk mainly contains a lot of opportunities for our business.

In the long-term, Nippon Gases has identified the uncertainties related to the transition into a carbon-neutral society as an important strategic risk. The direction of this trend is clear, but the way in which this will manifest itself over the coming years still contains a lot of uncertainties and moving targets.

**Actions taken in 2021**

- Safety measures to protect our employees and our clients against Covid-19
- Intensify strategic cooperation in innovation
- Focus on working capital management
- Cyber-security awareness activities

### Safety measures to protect our employees and our clients against Covid-19

In order to enable us to support the community to fight the Covid-19 pandemic, additional health and safety measures were taken. This ensured that our employees and clients were protected as much as possible, while enabling us to continue the uninterrupted delivery of our gas products where needed.

### Intensify strategic cooperation in innovation

The intensification of the cooperation with different NSHD group entities has enabled us to further strengthen our abilities to provide innovative solutions to our clients, in order to support them with different solutions in the transition towards a more sustainable and carbon-neutral society.

### Additional focus on working capital management

Additional measures were taken to keep the focus on tightly managing our working capital in order to ensure we were continuously able to fulfill our payment obligations towards employees, suppliers and financiers.

### Cyber-security awareness activities

Since a very large part of our employees was working from home, additional activities were undertaken to heighten the awareness of the continuously increasing cyber-security threats. Additionally, the **Nippon Gases** Information Security policy has been published which defines the framework of the cyber-security activities.

## Ethics and compliance

**Nippon Gases** as a company and each employee, manager and director as individuals strive to be ethical in all business endeavors.



## Fair competition, anti-corruption and bribery



## Prevention of money laundering



## Respect for Human Rights



## Extraordinary compliance initiatives



## 2.6 Ethics and compliance

### 2.6.1 Internal framework

**Nippon Gases'** Compliance Culture is supported by a comprehensive compliance programme. In addition to the classic approach of complying with laws, regulations and internal guidelines, there are also integrity-building measures that are intended to strengthen the personal responsibility of individual employees and thus promote a system of values within the company.

**Nippon Gases'** Compliance Programme is framed by the Code of Conduct. This code summarises our core compliance values and principles. The code states our commitments as a director, manager or employee of **Nippon Gases** to compliance. It also describes our compliance culture towards our business partners and stakeholders and our understanding of what it means to be a good neighbour in the community.

The code explains what the reporting channels are for any potential compliance violation. The code is available in different European languages, in print and online versions. All directors and managers and most employees of **Nippon Gases**, are asked to confirm that they have read and understood the Code of Conduct each year. Since 2020, this process includes a number of questions about our Code of Conduct, which must be answered accordingly.

Reporting lines for any allegations are:

- The manager / the management.
- Human Resources departments.
- Legal departments.
- Local Compliance Champion and/or the Chief Compliance Officer Europe.
- E-mail.
- Hotline.

The **hotline** is managed by an external service provider, available in local languages and the caller chooses whether to remain anonymous or provide their name.

Investigation rules are:

- Cases have to be kept as confidential as possible.
- Reaction within 48 hours (working days).
- Cases should be closed within 30 days.
- Reporting and tracking system.
- Investigation should be performed by the Compliance Team supported by other employees/departments, including external consultants on a case-by-case basis.

**Nippon Gases'** Compliance Programme and the Code of Conduct is supplemented by policies on specific conduct. The most important policies are on:

- Reporting and investigating possible compliance violations.
- Competition law including correct conduct towards competitors.
- Gifts, entertainment and sponsoring.
- Trade compliance.
- E-mail writing and management.
- Document management including retention of documents.

The Compliance Training Programme oversees training for new employees, bi-annual general compliance training for the majority of employees, a yearly re-certification process of the Code of Conduct and occasional other needs.

Reviewing of all compliance matters is carried out by local management teams and the European Management Team on a quarterly basis and/or on occasion. Compliance metric measures are:

- Training and communication.
- Punishment.
- Compliance programme operation.
- Integrity/compliance issues.

**Nippon Gases** has established a Compliance Organisation, headed by the Chief Compliance Officer Europe.

### 2.6.2 Fair competition, anti-corruption and bribery

Supporting fair competition is a major focus of **Nippon Gases'** compliance precaution actions. For this purpose, **Nippon Gases** has developed detailed guidelines, conducts regular training and broadcasts messages to remind employees of the importance of correct competitive behaviour. The guidelines mainly deal with who is allowed to communicate

with competitors, on which topics, and how contacts with competitors have to be reported and reviewed.

Further still, to avoid any corruption and/or bribery cases, **Nippon Gases** has clear rules and protocols on making or accepting gifts, entertainment and sponsoring, setting clearly defined values.

The total numbers of governance body members and employees that have received compliance training are:

**12,216 participants**

**105 different training sessions**

The total number and nature of confirmed incidents of corruption and/or anti-trust matters is: **none**.

Public legal cases regarding corruption and/or anti-trust matters: **none**.

### 2.6.3 Prevention of money laundering

Due to the nature of our business and the relationship with business partners, the risk of money laundering activities is very low.

To maintain sensitivity regarding this matter, the finance department sends out regular alerts.



### 2.6.4 Respect for Human Rights

**Nippon Gases** has published a Human Rights policy and a statement in accordance with the UK's 2015 Modern Slavery Act.

We support the spirit and meaning of the Universal Declaration of Human Rights, the United Nations Global Compact and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, and promote respect for human rights in the workplace and the creation of adequate working environments.

We seek to do business with partners – customers, suppliers and contractors – who share the same commitment to human rights as we have.

We consider respect for human rights to be fundamental: non-compliance, depending upon the circumstances, may result in serious disciplinary action up to and including termination of employment.

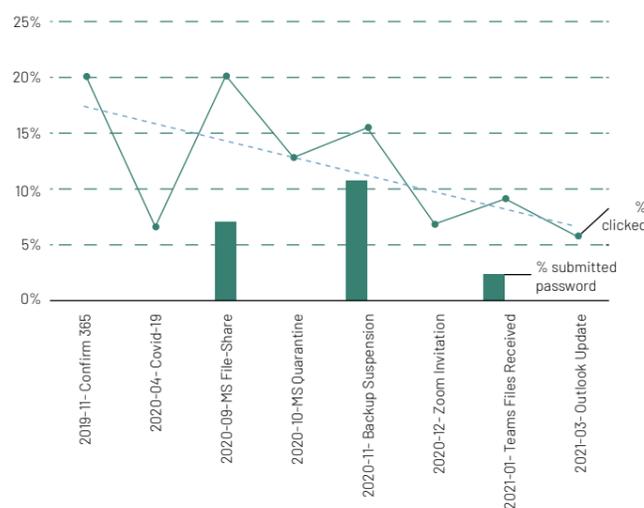
Human rights violations complaints: **none**.

### 2.6.5 Extraordinary compliance initiatives

In November/December 2020, **Nippon Gases** performed a newly developed general compliance training scheme, undertaken online and interactively, with the following content.

- Introduction to our Compliance Programme
- Competition law, including how to manage contacts to competitors
- Conflict of interest (additional training for UK about UK Bribery Act)
- Data Protection
- E-Mail management and retention programme

In addition to regular compliance training, which includes this bi-annual general compliance training, Nippon Gases regularly sends compliance messages to its employees as a general precautionary measure or as a means to raise awareness. Furthermore, in FYE2021 Nippon Gases had a very strong focus on avoiding giving away data and financial information through phishing. We undertook an awareness training on e-mail phishing with 2,029 participants, supported by eight e-mail phishing test with a continued progress. Employees who failed the test received a detailed explanation how they could have identified the e-mail as a phishing e-mail.



## Dr. Annette Kaffsack

Legal Director & Chief Compliance Officer  
Nippon Gases Euro-Holding S.L.U.



“...these risks have not materialised at Nippon Gases, and we have not had any compliance cases attributable to the pandemic. The warnings of our business partners, however, that they were victims of cyber-attacks have increased, and this is something we take very seriously as well.”

#### Tell us about the past fiscal year from a compliance perspective...

The basis of compliance at **Nippon Gases** is a solid compliance culture that not only lives the classic approach of complying with laws, regulations and internal guidelines, but also provides for integrity-building measures designed to strengthen the individual employee's sense of responsibility and thus, promote a system of values within the company. In addition, there is a sustainable and active training programme that addresses all areas of the company.

The employee survey in the last fiscal year showed that almost all employees are familiar with our compliance programme, including the Code of Conduct and the guidelines relevant to them – and that is a very good result!

As in previous years, we fortunately only had compliance cases of minor importance in the last fiscal year, which were quickly investigated and resolved without major consequences. However, this success cannot be taken for granted; it is due to the continuous commitment of the management team and – even more importantly – of each individual employee.

#### What trends are you observing in the field of compliance?

Trends are characterised on the one hand by new legal regulations, and on the other by dubious behaviour. The violation of money laundering has been tightened by law in some countries. However, due to our business model, we're happy to say this is not a major issue for **Nippon Gases**.

Very important to note, however, is that all cyber-crime surveys show a dramatic increase – not only in hacker attacks on operating systems but even more significantly, the obtaining of data and financial benefits through phishing. In this respect, we have adapted our training programme accordingly and conduct e-mail phishing tests on an almost monthly basis to continuously increase awareness.

#### Has the pandemic increased compliance risks?

In principle, the answer to this question is certainly yes, since working in a home office, for example, places even greater demands on the personal responsibility of each employee. In addition, work tools, especially all IT-supported ones, are certainly – as already mentioned – more exposed to attacks.

Fortunately, these risks have not materialised at **Nippon Gases**, and we have not had any compliance cases attributable to the pandemic. The warnings of our business partners, however, that they were victims of cyber-attacks – mostly through phishing – have increased, and this is something we take very seriously as well.

#### What plans do you have for compliance in the current fiscal year?

In the current fiscal year, we will continue to strengthen our understanding of compliance through training programmes and other general activities. In addition, we are planning a Compliance Commitment Week, focusing on data protection and the prevention of cybercrime.



## Customer relationships

We have different communication channels to get continuous feedback from our customers.

### Internal framework

Provide a stable supply of quality products and services according to the needs of our customers



## 2.7 Customer relationships

### 2.7.1 Internal framework

#### Policies

**Nippon Gases'** management maintains its commitment to the safety, quality and environmental management systems already implemented, defining policies that are communicated to all personnel and ensuring that they are understood and applied.

**Nippon Sanso Holdings Group** issued policies which are periodically reviewed and adapted at each **Nippon Gases** company in Europe.

**Nippon Gases'** vision is to create social value through innovative gas solutions that increase industrial productivity, enhance human wellbeing and contribute to a more sustainable future.

At **Nippon Gases**, we are committed to being recognised by our customers as the high-quality industrial gas company where each employee takes ownership for the quality of his/her work and is compelled to pursue excellence.

**Nippon Gases** main purpose is to provide a stable supply of quality products and services according to the needs of our customers, ensuring the specified quality requirements, optimising production costs and meeting agreed timelines.

At **Nippon Gases**, we have quality principles which govern the way we do business. The Quality Principles of Business conduct refer to the following main areas:

- Management focus on customers and stakeholders
- Excellence of people and operations
- Continuous improvement
- Commitment of employees
- Compliance with standards
- Communication

#### Manuals and standards

**Nippon Gases'** Management System is supported by the information documented in manuals in which we can find: the development of activities (procedures) and the documents that demonstrate the results achieved (records).

#### Different levels of documentation:

**Standards:** documents that describe the technical requirements that **Nippon Gases** Group companies must comply with. Those are issued either at a worldwide or European level and managed by dedicated corporate and European staff teams.

#### Manuals for the management systems or for Operating activities include:

- Procedures: documents on the different **Nippon Gases** companies' detailed processes and implementations.
- Specifications: documents on standardised properties.
- Forms: documents that provide common document frameworks such as draft templates for permits and certificates.
- Guidelines: documents that detail working instructions.
- References: documents that provide vital references for compliance with standards and/or procedures.

The manuals and standards indicate the organisation and processes by which the company is governed as it advances in terms of safety, quality, environment, food safety and energy-efficiency management systems.

## 2.7.2 Customer relationships

**Nippon Gases’** management systems have drawn up different communication channels in order to get continuous feedback from customers and find out what their requirements or complaints are, as well as to establish an efficient administrative flow for the correct functioning of the business.

### Ways to communicate with customers include:

- Web pages.
- Customer service telephone and general contact emails.
- Customer visits.
- Fairs and seminars.
- Telemarketing and market prospecting.
- Call centres.
- Customer feedback systems (complaints, surveys, information from the commercial organisation).
- Social media communication systems

### Customer complaints management

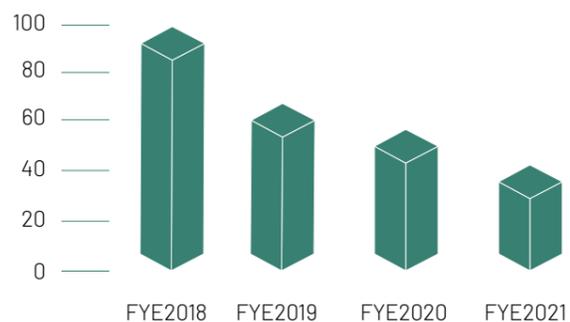
At **Nippon Gases**, we have a complaint management system in place through which any **Nippon Gases** employee who receives a comment, complaint or claim from a customer by any means of communication (mail, phone) registers it in a European information system -indicating what occurred, when, where and who the actors were, as well as the identification of the product, site, business area and application.

A staff member will be designated to oversee the complaint until the issue is dealt with, and will analyse, classify and evaluate the incident, determining the root cause and finally deeming what actions should be taken to avoid repetition and the staff responsible for the implementation thereof. This person is also responsible for the monitoring and following-up of corrective actions.

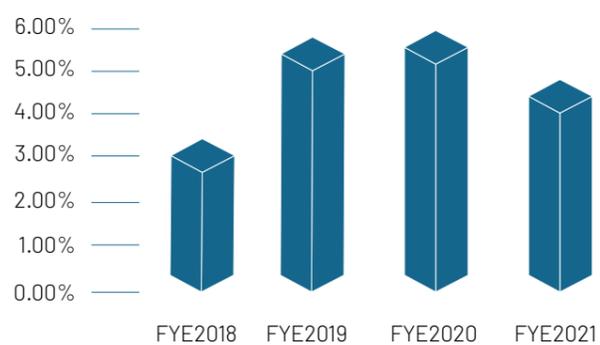
Every month, Quality Management draws up a report on incidents registered, including customer complaints, which is shared with the quality and operational staff of all the companies in Europe in order to share such problems and experiences and consider how to avoid their occurrence at each site.

Additionally, Quality Management monitors periodically how the complaints were managed, the trend of the different type of the reported complaints, its seriousness and recurrence in order to consider taking additional actions.

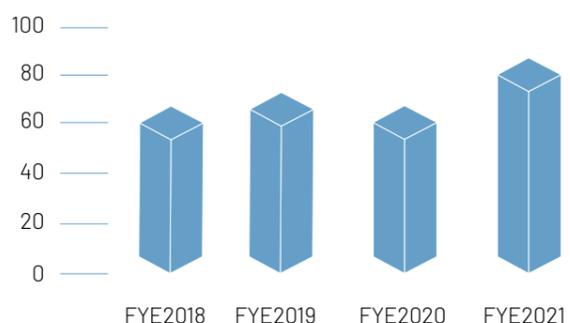
Average days of resolution of closed complaints



% Product out of spec/total complaints



% Complaint reports investigated and closed out within 90 days of the incident



### Customer satisfaction feedback

**Nippon Gases** has, in each country, a system through which to receive periodical feedback from customers by means of customer satisfaction surveys. The surveys are managed in a coordinated way by communications, quality and/or commercial departments at the different companies, using questionnaires for a target group of customers depending on the information needs regarding customer perception and market trends.

The results of the surveys are internally evaluated and communicated to the interested departments in charge of the necessary actions to correct or improve relevant products and services, according to customer perception.

### Health and safety always comes first

The safety of customers when using our products is essential for **Nippon Gases**, and the **Nippon Gases HSE** manual includes a chapter that sets out all necessary requirements regarding product safety, covering the following areas:

- New product risk assessments
- Product design safety management
- Product hazard communications

All our products are labeled according to EU 1272/2008 Classification, Labelling and Packaging, which brought the Globally Harmonised System (GHS) into force in Europe. Safety Data Sheets are provided for all our products.

As a result of our risk assessment, sales to a customer or sale of a product for a specific application may be approved or denied accordingly.



## Supply Chain

At Nippon Gases, we view our supplier base as an extension of our business, we are committed to working with suppliers who share our commitment to operating responsibly.

Responsible procurement is a key aspect of our business values and is how we ensure the longevity of our ability to operate.

Sustainable Supply Chain Management means engaging with suppliers proactively in order to promote increased Corporate Social Responsibility (CSR) and use of clean technologies; we are committed to operating responsibly and in line with our values.

Our supplier base provides Nippon Gases with different categories of equipment and services that enable the production and distribution of our products. Our extensive and interconnected supply chain is critical to the success of our business and includes manufacturing companies, carriers, distributors, and service providers.



## 2.8 Supply chain

### 2.8.1 Supply chain procedures

The most substantial impact on the environment comes when suppliers work on extending their commitment to responsible business practices by integrating fair working conditions and good environmental practices throughout the supply chain in order to promote increased corporate social responsibility.

Our evaluation of new vendors is generally attained by market reference checks and in some cases reinforced by these methods:

1. **Historical:** former suppliers with quality historical rate.
2. **References:** from other NSHD areas.
3. **Audit:** direct inspection.
4. **Samples/Proof of Concept/Pilot:** directly tested by the impacted business.

Historically, there has been very few re-evaluations due to the very low numbers of non-conformities we have experienced.

### 2.8.2 Responsible supply chain

We set high standards for how we operate, and we expect our supplier partners to do the same. We choose to work with suppliers who provide a safe workplace and comply with all local regulations, share our commitment to the responsible use and protection of the natural environment through conservation and sustainable practices, protect and advance human rights, and collaborate with us to achieve mutual great results. The framework for supply chain activities are defined in the Nippon Gases procurement policy.

Each region has specific selection criteria aligned to their own requirements.

Our commitment to environmental stewardship not only improves our own environmental impact, but our vision also encourages us to focus on our key stakeholders who strive to shape an environment where we both encourage and support long-term responsible solutions in the market – incorporating additional benefits to our business partnership such as:

- Innovation in supply chain
- Reduced risk of legal non-compliance
- Attracting more environmentally aware customers
- Improved productivity and efficiencies
- Inclusion of ESG criteria in procurement procedures
- Improved quality
- Improved environmental management
- More sustainable products

Nippon Gases continues developing the ESG criteria for the evaluation of the suppliers.

#### Supplier non-conformity management ongoing process

A non-conformance means that something did not happen as required. It could be in a product, service or process, when the result does not meet the specifications or requirements in some way.

Requirements might be defined by our customers, a regulatory body, or as part of our internal procedures, Nippon Gases has a process under which any employee, who receives a comment, complaint, or claim related to quality, environmental concerns or safety, reports it and ensure it is registered in a European database.

This system captures what is happening, when products and services are received or in operation in our sites or at customer sites.

Reported Non-Conformities	FYE2018	FYE2019	FYE2020	FYE2021
Internal	62	51	41	40
External	34	10	7	26
Safety	4	0	0	0
Total	100	61	48	66

The non-conformities are classified as internal, if they occur inside the fence before the product leaves the factory or as the product/service is received; external means they were detected at the customer's site or safety-related non-conformities.

The number of non-conformities continues to be very low overall in Europe; we are focusing on eliminating safety-related incidents and striving to reduce the external events in our journey to improve our process.

### 2.8.3 Supply chain innovation

Nippon Gases continues to focus on providing economical and innovative solutions in four key areas – waste, water, energy and fuel reduction – and promoting the development and use of low-carbon technologies as much as available.

We are constantly looking for a more efficient process, reducing our plant energy costs (KWh) and working with partners who may be able to decrease air separation plant costs, and investing in designing highly efficient components and equipment such as compressors, turbines, and intercoolers, for example.

We are also looking at distribution software suppliers who might be able to assist in the reduction of fuel consumption on an ongoing basis by using state-of-the-art demand forecasting and routing algorithms.

Selecting our energy providers to find the best balance on renewable energy sourcing and help us to comply with the European Green Deal 2030 and 2050 carbon neutrality commitments.

We are performing supplier audits to review their performance, yet we work to expand their scope. Currently there is no information in the Non-financial Information Statement regarding the results of the audits. In the foreseeable future, we will implement a new supplier portal where our main suppliers will enter their most relevant information to better understand the status of different indicators that will enable us to closely follow-up and monitor their performance in all key supply chain functional areas including those related to ESG.



Proactive

Innovative

Collaborative

## Environment

Our focus is to ensure sustainability in our day-to-day work.

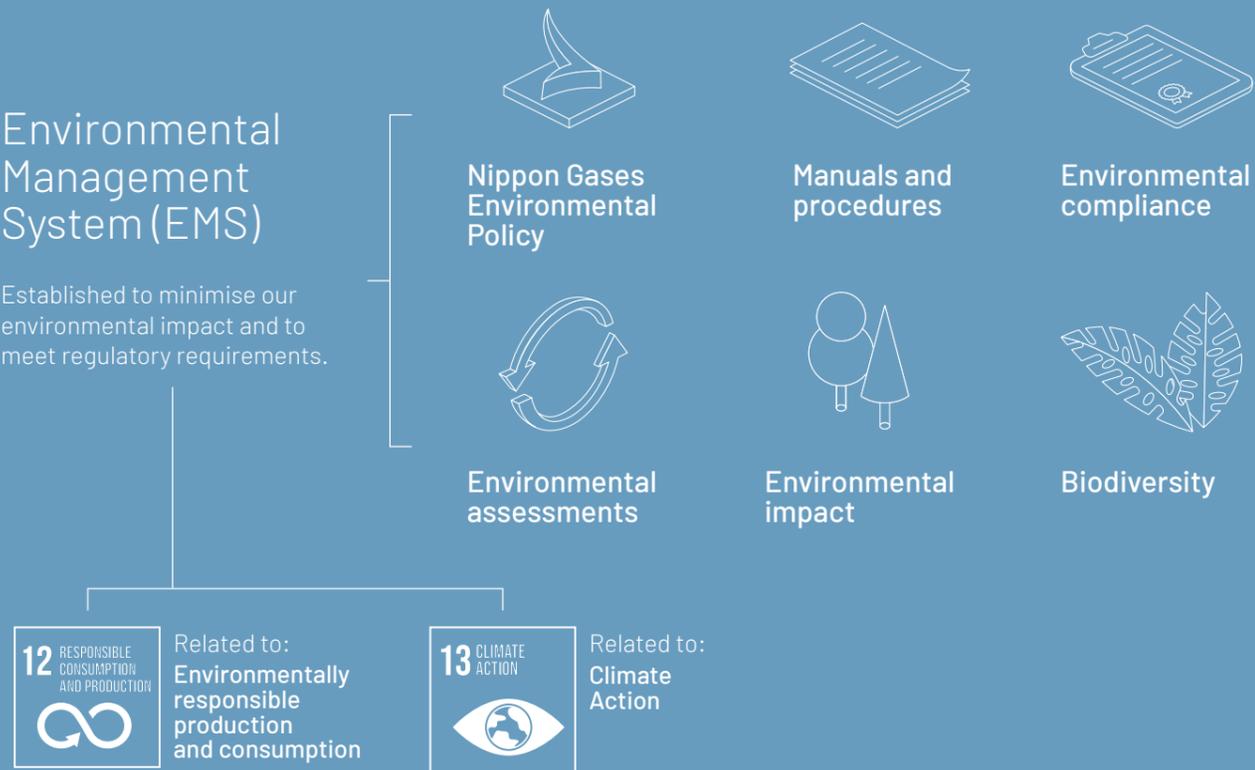
### Internal framework

Our work is driven by our commitment to sustainability. We develop diverse solutions to increase eco-efficiency.



### Environmental Management System (EMS)

Established to minimise our environmental impact and to meet regulatory requirements.



## 3.1 Environment

For us, a harmonious relationship between people, society and the planet is the way we want to work, today and every day.

### 3.1.1 Internal framework

In its European Safety, Health and Environmental Standards library, **Nippon Gases** devotes a full section related to its policies in this vital area, including its environmental management responsibilities, the environmental management system, environmental key performance indicators (KPIs) and basic environmental training. This is the framework for **Nippon Gases'** environmental activities.

Our work is driven by our commitment to sustainable development, as well as taking on board emerging environmental regulations and higher standards of eco-efficiency.

That's why we are committed to turning ideas we have today into diverse solutions tomorrow which optimise and refine processes, save valuable resources, and protect the environment for the future. For us, a harmonious relationship between people, society and the planet is the way we want to work, today and every day.

All employees must therefore commit to meeting environmental requirements, prevent pollution, reduce waste, and conserve energy and other key resources in all phases of our processes and services.

**Nippon Gases'** focus is on taking consistent precautions – to ensure safety and sustainability in our day-to-day work, in the operation of production facilities, and in the distribution and storage of our products.

All our environmental and energy-conscious efforts increase eco-efficiency and are a basic requirement for every job and workplace.

To achieve this, the Environmental Guiding Principles of **Nippon Gases** demand that management on every level lead **Nippon Gases** along an ethical pathway that increasingly benefits society, the economy and the environment, while adhering to the following principles:

- To lead our companies in an ethical way that increasingly benefits society, the economy, and the environment.
- To design and develop products that can be manufactured, transported, used, and disposed of or recycled safely.

- To work with customers, hauliers, suppliers, distributors and contractors to foster the safe and secure use, transport and disposal of chemicals, and to provide hazard and risk information that can be accessed and applied in their operations and products.
- To design and operate our facilities in a safe, reliable and environmentally sound manner.
- To promote pollution prevention, minimisation of waste, and conservation of energy and other critical resources at every stage of the lifecycle of our products.
- To cooperate with governments at all levels and organisations in the development of effective and efficient safety, health, environmental and security laws, regulations and standards.
- To support education and research on the health, safety, environmental impacts and security of our products and processes.
- To make continual progress toward our goal of no accidents, injuries or harm to human health and the environment from our products and operations, and to openly report our health, safety, environmental and security performance.



### A world of risks and opportunities

At **Nippon Gases**, we drive forward actions to reduce the impact on the global environment and prevent pollution in compliance with local regulations.

Due to the nature of our production, we do not see major environmental risks. Legal requirements and internal standards to mitigate environmental risks are followed.

In general, the ever more stringent environmental legislation may, under certain circumstances, lead to additional requirements in the production and marketing of some products.

Our main opportunities are the reduction of energy consumption, water and waste, as well as improvements in transport optimisation. **Nippon Gases** participates in many initiatives promoting low-carbon activity.

## 3.1.2 Environmental management

**Nippon Gases** has established an Environmental Management System (EMS) to continually improve its environmental performance and to meet regulatory requirements while minimising its environmental impact.

This comprises:

 <b>Nippon Gases</b> Environmental Policy.	 Risk assessment processes for both processes and products.	 Performance review on a national and European level (European business team).
 European HSE management system, applicable to all operations and aligned with ISO 14001.	 Fulfillment of regulatory requirements.	 Internal reporting and review on a monthly base.
 Employee training based on job functions.	 EHS assessments conducted by our EHS assessment team.	 External reporting on environmental performance through our Sustainability Report.

### Manuals and procedures

**Nippon Gases'** EMS is based on the Principles of Sustainability, as well as ISO 14001. If conditions make certification appropriate, full implementation of **Nippon Gases'** EMS should logically ensure that a site achieves ISO 14001 certification.

The **Nippon Gases** Management System is supported by the information documented in manuals containing the development of its activities (procedures) and the documents that demonstrate the results achieved (records).

While **Nippon Gases** has no internal requirement to obtain ISO 14001 certification, businesses within **Nippon Gases** are certifying individual facilities to ISO 14001 as business requirements dictate, building upon the Nippon Gases EMS.

**In total, 54 operational sites (55% of total) have the ISO 14001 certification today.**

# of sites with ISO 14001 certification	
Area	# of sites
Air separation unit (ASU)	15
Filling station	29
CO <sub>2</sub> liquefier	4
Dry ice plants	6

### Environmental compliance

In every region there is a HSE organisation in which a dedicated environmental expert deals with all specific environmental issues. In addition, country environmental leaders, the Europe HSE and Sustainability Director meet once per quarter at the European Environmental leaders meeting, allowing for further development of the Environmental Management System at **Nippon Gases** to be coordinated at the highest level.

Environmental compliance is monitored on a country level, with the local HSE organisation performing HSE assessments reviewing compliance with permits.

### Nippon Gases did not receive any Environmental Violations fines in 2021.

**Nippon Gases'** employees are actively involved in the different working groups and councils at the European Industrial Gases Association (EIGA), which oversee the

following up of environmental regulations. In the countries where a national gas association exists, Nippon Gases is also actively involved.

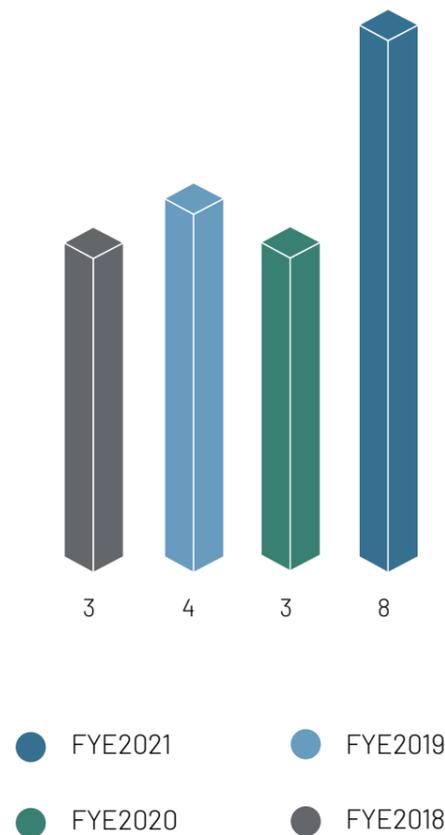
In FYE2021, no significant fines or non-monetary sanctions for non-compliance with environmental laws and/or regulations were received.

In addition, the European HSE assessment team checks the compliance of the assessed facilities according to internal standards. No serious breaches were detected.

Last year our European HSE assessment organisation conducted eight environmental assessments for compliance with internal standards. The senior management teams from the respective countries and the European Business Team received the assessment results, which showed no significant environmental issues. Even so, there is a plan in place to increase the number of environmental assessments at the European level, as we wish to remain ever more vigilant.



## Environmental assessments



Environmental assessments are performed on facilities which might have a major impact on the environment, not for sites such as small warehouses or logistics centres.

In addition to these European assessments, local HSE organisations perform additional environmental audits, on top of the regular site visits from the external ISO 14001 certification body.

It should be noted, that within the framework of ISO 14001 certification, both compliance with the legal requirements and the Environmental Management System as a whole are regularly checked and certified.

### What is Nippon Gases' environmental impact?

There are several areas where the company's activities currently can impact the environment.

The process of air separation and of filling cylinders are both environmentally friendly processes; the main raw material is ambient air, and **Scope 1** emissions are minor.

Waste generation is minimal and the water in the ASU is only used for cooling purposes, with no external contaminants introduced into the water stream and it is recirculated.

The main emissions are related to the use of electrical energy in our plants and fuel for the distribution of our products with trucks (for energy analysis see Energy management, chapter 3.2).

The focus of **Nippon Gases** is to continue improving its existing facilities, while any new installation will always be engineered with the best available technique (BAT) to minimise emissions.

### Biodiversity

For all major capital projects we evaluate its environmental impact to preserve the ecological health of the place or region.

### Environmental-related SDG targets (period FYE2021-FYE2024):

#### Sustainable productivity

- Continue the existing Zero-Waste Programme and integrate all production sites into it.
- 100% water management system for main consuming facilities FYE2021-FYE2024.

Related to:



**Environmentally responsible production and consumption**

- Include environmental assessments in 75% of the European assessments of facilities.

Related to:



**Climate Action**

## Rainer Wysotzki

Health, Safety & Environment Director  
Nippon Gases Euro-Holding S.L.U.



**"...we are continuously investigating further measures to improve our waste balance. This is one of the tasks of the Environmental Committee, which was set up in 2019, and in which the environmental managers of all regions meet and consult on a quarterly basis"**

### Welcome Rainer. Safety is the number one priority for Nippon Gases and the industrial gases industry itself, so let's start there – how would you describe the safety culture in Nippon Gases?

**Nippon Gases** has a very strong safety culture. As you say, safety is our top priority and part of our corporate DNA. For many years, we have been working to strengthen and significantly increase the safety awareness of our employees. Our success in doing this is reflected in the many awards we have received for our safety performance.

### Would you agree when we say, clear principles, clearly defined goals and intensive training support the workforce to behave appropriately, even in critical situations?

Absolutely. Nippon Gases' six Safety Principles provide our employees with clear direction on how to behave safely in their workplace. I would like to highlight the fourth principle in particular, which states, "Every employee must stop a job if it cannot be done safely." This assigns each employee with the responsibility and authority to decide for his or her own workplace whether the tasks at hand can be carried out safely. If this is not possible according to the individual

judgment, the person concerned must stop the work in question. There is simply no room for discussion here.

The **Nippon Gases** safety principles are supplemented by comprehensive standards and procedures, as well as Risk Assessments and Job Safety Analysis. In addition, the safety department is available to support each department.

### It's our Sustainability Report, so let's turn to the environment for a moment. What measures does Nippon Gases take to avoid waste and hence, conserve its resources?

**Nippon Gases** has always focused on keeping the environmental impact of our companies as low as possible. Take an example in the area of packaging waste; demonstrating our understanding and commitment to the circular economy, all of our gas cylinders are provided in reusable packaging.

Over the decades, these cylinders are regularly taken back and refilled. As these are steel or aluminium cylinders, they are also fed into the appropriate recycling process at the end of their lifecycle.

### What a great example! Is there more evidence of the circular economy on the horizon?

Well, we are continuously investigating further measures to improve our waste balance. This is one of the tasks of the Environmental Committee, which was set up in 2019, and in which the environmental managers of all regions meet and consult on a quarterly basis.

### That's great to know. Okay, let's come back to our number one priority to conclude here – health and safety. What will be the focus areas for HSE in FYE2022?

There are a number of programmes that will be launched in the coming months. A particular focus will be on the full implementation of an electronic programme for the delivery and management of safety trainings.

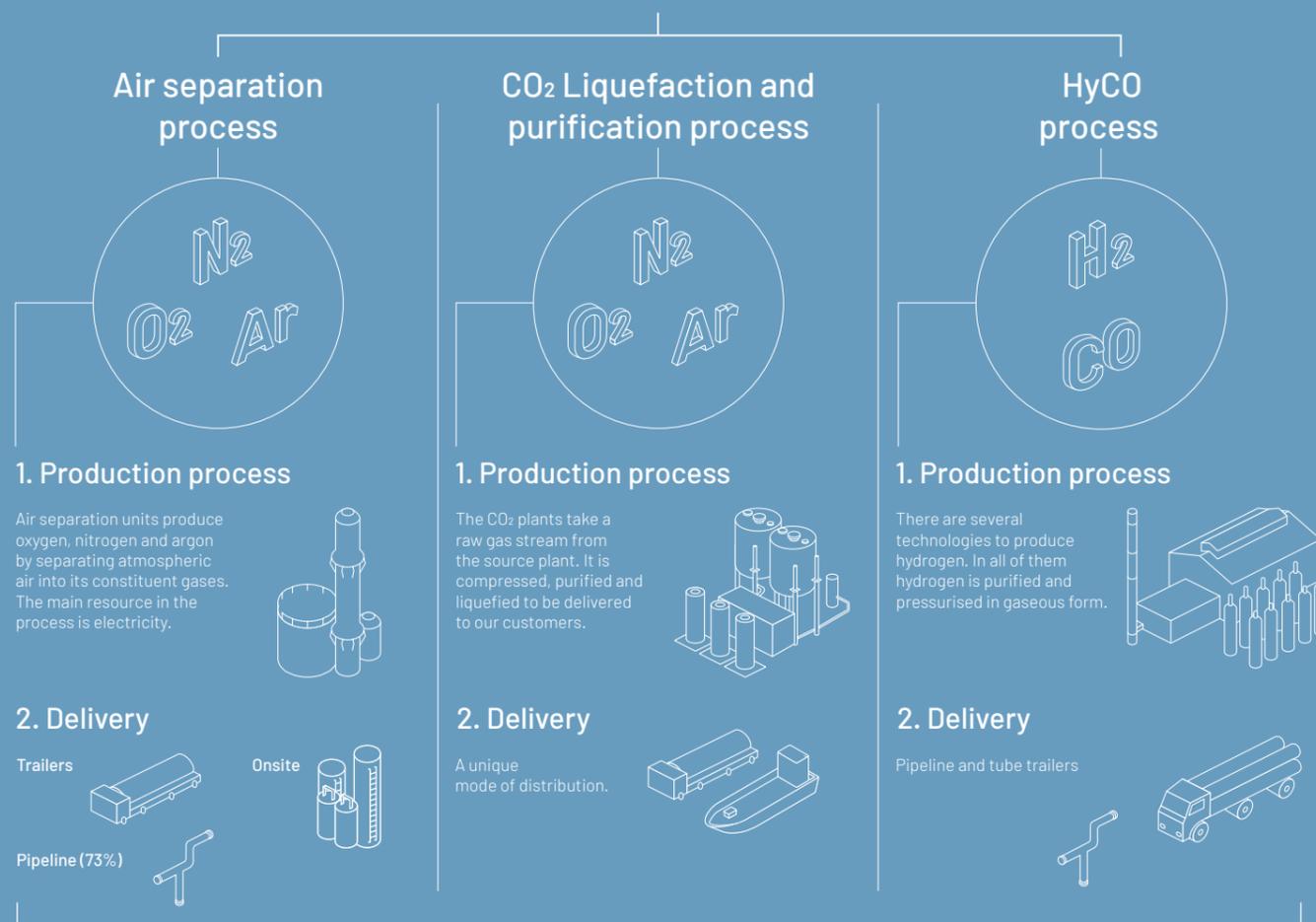
We are also already working on a new safety campaign, titled 'Creating the right work environment'. Core themes of this campaign are mental health, distraction avoidance and ergonomics – all of which are topics that are so important and also apply to home office working. This is a sign of our continued future-proofing in the area of HSE.



## Energy management

Energy is not only a key resource in the manufacturing of our products but also the central theme of our environmentally sustainable efforts.

### Our main processes



### Initiatives to optimise energy management in our activities

#### Transport liquid products optimisation

A proper analysis of customer consumption and a proper planning of the delivery routing of the trucks.

#### Productivity: Cost-reduction projects

We have established a Cost-Reduction Group to promote optimisation in bulk production.

#### Energy Management Team

19% energy is renewable. 65% energy is low-carbon.

Related to: **7 AFFORDABLE AND CLEAN ENERGY**

Clean, affordable energy.

## 3.2 Energy management

Our efforts to contribute to the prevention of global warming are through the optimisation of energy consumption at gas production facilities, the reduction in transport of our products, and by selecting the proper energy provider which promotes renewable energy sources and, therefore, sets us on the path to a carbon neutral industry.

At **Nippon Gases** Europe, energy is one key resource in the manufacturing of our products and hence, is also at the centre of our initiatives to optimise its utilisation as we bid to combat climate change by helping to mitigate global warming. This is the central theme of our environmentally sustainable efforts.

In this section we will describe the main processes through which we produce our products, how they are delivered to the end customer, and our various initiatives to optimise energy management in these activities:

- **Energy consumption overview**
- **Air separation process** to produce the air gases
- **CO<sub>2</sub> liquefaction and purification process**
- **CO<sub>2</sub> shipping.** A unique **Nippon Gases** transportation mode.
- **Productivity - Cost reduction projects.** Describing how **Nippon Gases** maintains its facilities at their optimum operation mode.
- **Liquid products transport optimisation.** Transport is the second-largest source of GHG emissions.
- **Energy Management Team.** Defining the strategy behind the electrical supply for our sites.
- **HyCO units.** Production of H<sub>2</sub> (hydrogen) and CO (carbon monoxide)

### Energy consumption overview

For the production of **Nippon Gases'** core products, the so called air gases (oxygen, nitrogen and argon), the production of hydrogen and CO and the liquefaction and purification of the CO<sub>2</sub>, the main resource is electricity.

**CO<sub>2</sub> emissions attributable to the use of electricity used for this purpose account for 86% of total Nippon Gases CO<sub>2</sub> emissions.**

Total electric energy consumed by **Nippon Gases** in all Europe entities in FYE2021: 2.681 GWh.

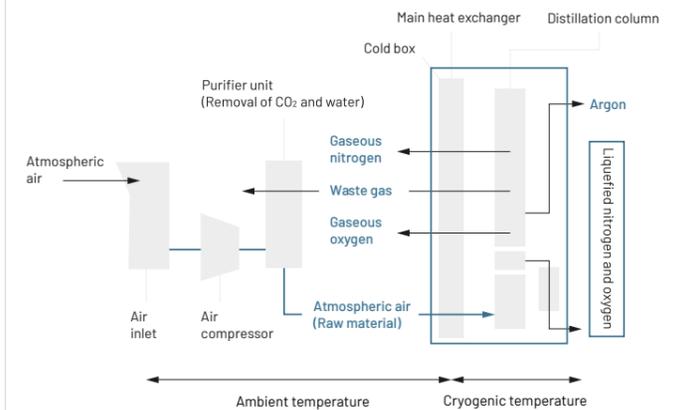
Energy	Electric GWh			
	FYE2018	FYE2019	FYE2020	FYE2021
Europe	2,908	2,977	2,849	2,681

Energy	Thermal Energy Terajoules*			
	FYE2018	FYE2019	FYE2020	FYE2021
Europe	958	902	957	770

(\*) Thermal energy: Natural Gas+ Steam

### Air separation process

Air separation units produce oxygen, nitrogen and argon by separating atmospheric air into its constituent gases. Air is first compressed, and then cooled almost to the point where the gas liquefies, after which it is ready for the distillation column. Here it is separated into its major components using a thermal distillation process which obtains the basic components: nitrogen, oxygen and argon.



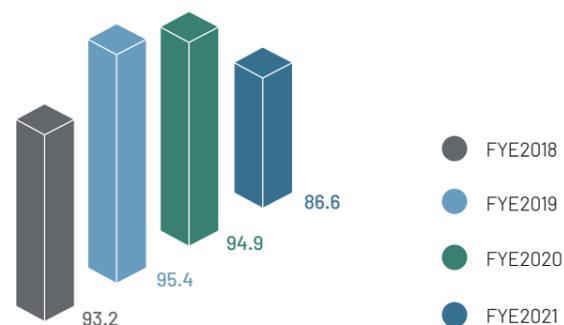
The products of the ASU are mostly in their gas phase. These products could be compressed and distributed by a pipeline system to our network of customers, which provides the lowest energy supply cost. **73% of our ASU molecules are supplied by pipeline to our end customers, therefore avoiding the liquefaction and transport processes.**

Alternatively, these gas products can be liquefied by means of a liquefier system, with a pure nitrogen primary circuit that transfers the required cold to the air gases, which are then stored at cryogenic temperatures in their liquid state.

These cryogenic liquid products are transported by our insulated trailers to our end customers. This second process has the additional energy usage of fuels used in the transportation.

**Nippon Gases** has built, in FYE2021, a new air separation unit in Malm, north of Norway. The location of the facility allows for the boosting of the aquaculture industry in the region and the support of the food processing and offshore industries. By being closer to the end-user, transportation and its resulting emissions are minimised by more than one million km per year.

### Million km driven for all products



One alternative to optimise the supply to our end customers is investing a dedicated onsite unit which would match the capacity and quality required by the customer's process.

Most of these units run unmanned, remotely controlled by a Remote Operation Centre (ROC). In this case, the energy otherwise devoted to transport is saved.

For smaller applications or when the quality of the product requires a very unique specification, the product can be delivered to the customer in cylinders containing compressed gas.

All of the above processes are subject to optimisation and, therefore, we are taking steps to reduce the energy consumed at our production facilities, by continuously analysing the efficiency of the processes and promoting energy-saving measures, and striving to increase the efficiency of product transport.

### Efficiency kWh/Eq O2 Tonne vs FYE2019

FYE2018: 99% FYE2019: 100%  
 FYE2020: 103% FYE2021: 100%

In FYE2021, the consumption of energy per produced unit by our air separation facilities matched our base line year of FYE2019, and has improved 3% vs last year. This improvement is due to a better efficiency of the production units.

**Nippon Gases** is further focusing its Cost Reduction Programme to reduce the consumption of natural resources, such as fuels, water and energy, in particular at air separation facilities, by replacing ASU components with new high-efficiency upgrades and optimising facility process control to better reflect market demands.

### HyCO units. Production of H<sub>2</sub> (hydrogen) and CO (carbon monoxide).

There are several technologies to produce hydrogen, and the current market demand is to focus on those with a lower carbon footprint impact.

The most prevalent process today is via the SMR (Steam Methane Reformer), which produces H<sub>2</sub> and CO. The main raw material is natural gas, and electricity and water are at a much smaller demand. Natural gas, composed mainly of methane (CH<sub>4</sub>), together with steam reacts inside a furnace with catalyst-filled tubes. A synthesis gas (syngas) composed mainly of hydrogen and carbon monoxide is produced. A second reaction step produces the syngas, composed mainly of hydrogen and carbon dioxide.

Hydrogen production through electrolysis is based on the dissociation of water molecules (H<sub>2</sub>O) using electricity, to extract hydrogen and oxygen molecules. When the electricity used for the electrolysis is from a renewable origin, the H<sub>2</sub> produced is considered carbon-free.

Another mode of H<sub>2</sub> production is by purifying a by-product from other industries, such as chlorine production. In this case, the energy resources are minor and so its carbon footprint.

In all the above modes, the hydrogen is purified and pressurised in gaseous form and delivered to end customers mostly by pipeline, and also transported via tube trailers to smaller consumption customers.

### CO<sub>2</sub> liquefaction and purification process:

The atmospheric gases - oxygen, nitrogen and argon - are present in the air we breathe. The source is unlimited and is available wherever we need to capture and use it. In comparison, the sources of the so called 'process gases' such as carbon dioxide (CO<sub>2</sub>), are limited, meaning the business and supply chain model for carbon dioxide is different to that of the air gases.

The main source for the CO<sub>2</sub> that we process, and sell is a by-product of another industry. In Europe the largest source is agricultural fertiliser production, followed by bioethanol production and Steam Methane Reformer process.

CO<sub>2</sub> plants take a raw gas stream from the source plant, which is then compressed, purified and liquefied before it can be delivered to our customers.

As a practical consequence, the required CO<sub>2</sub> purification and liquefaction facilities are located close to the raw gas source and the distribution network plays an important role in delivering to customers.

In FYE2021, the consumption of energy per produced unit by our CO<sub>2</sub> facilities was 5% higher than FYE2019, and has improved 1% vs last year. This improvement is due to a better efficiency of the production units.

The actual molecules of CO<sub>2</sub> that are marketed do not constitute any additional 'carbon footprint value', and in our report are considered in the **Scope 3** boundary. Under the terms of the European Union Emissions Trading Scheme (EU ETS), carbon dioxide is always counted as part of the emissions from the source plant - for example, the fertiliser or bioethanol production plant.

CO <sub>2</sub> Liquefaction NGE	FYE2018	FYE2019	FYE2020	FYE2021
MWh/Tonne CO <sub>2</sub> delivered vs FYE2019	106%	100%	106%	105%

Ships NGE	FYE2018	FYE2019	FYE2020	FYE2021
MGO Shipping k litres:	3,403	3,226	3,273	3,253
CO <sub>2</sub> e emissions/Tonne CO <sub>2</sub> transported vs FYE2019	96%	100%	107%	96%

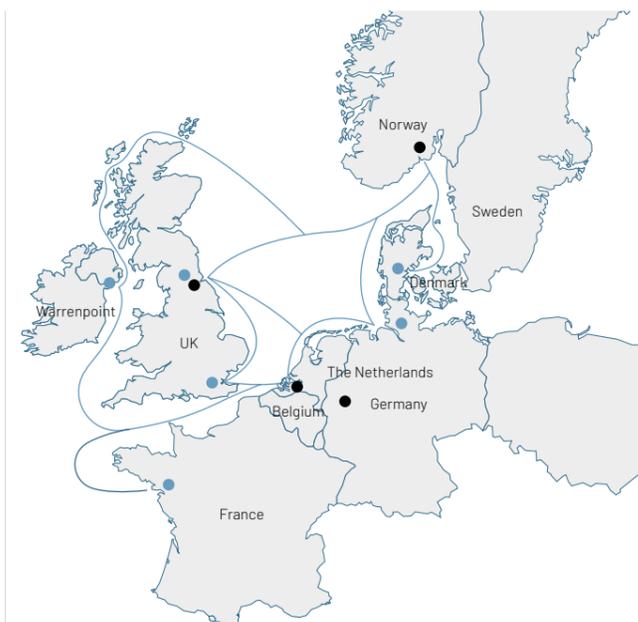
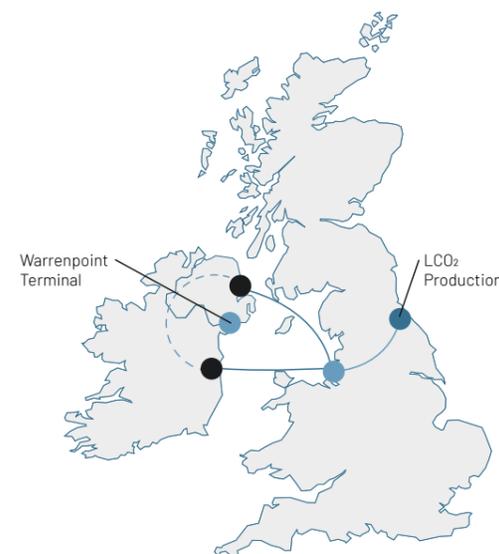
### CO<sub>2</sub> shipping

As the CO<sub>2</sub> source plants are remote in relation to some markets, it is necessary to transport relatively large quantities of liquid CO<sub>2</sub> to those markets to balance the production capacity with market demand. **Nippon Gases** owns and operates a fleet of three CO<sub>2</sub> tanker ships. Each ship can deliver a cargo of between 1,200 and 1,800 tonnes of liquid CO<sub>2</sub> per trip. These ships are powered by 'diesel engines' fuelled with Marine Gas Oil (MGO). Each year, these ships transport in the range of 300,000 tonnes of liquid CO<sub>2</sub> from our production plants to our network of terminals around Europe.

This unique mode of distribution ensures a more reliable supply of CO<sub>2</sub> to our customers.

During FYE2021, a new terminal has been constructed in the north of Ireland. Its strategic location allows for a much more efficient supply mode to Ireland by ship supply, instead of crossing many miles of the UK with a chain of liquid CO<sub>2</sub> trailers.

This alternative supply mode has saved 500 tonnes CO<sub>2</sub>e/yr of emissions in transport.



● CO<sub>2</sub> liquefaction plants  
 ● CO<sub>2</sub> terminals  
 — Routes



### Transport of liquid products optimisation

When it comes to the transport of our air gases molecules produced at our main air separation facilities, **73% is distributed by pipeline, while the remaining 27% is distributed in liquid mode to end customers.**

**The transport of these liquid products, plus the additional liquid CO<sub>2</sub>, is performed daily by trucks which drive more than 52 million km/year.**

These deliveries are performed based on customer orders, and also by using forecasts of customer requirements based on telemetry installed at customer tanks. A proper analysis of customer consumption forecasts provides an optimisation opportunity, to maximise the delivered volumes and minimise mileage.

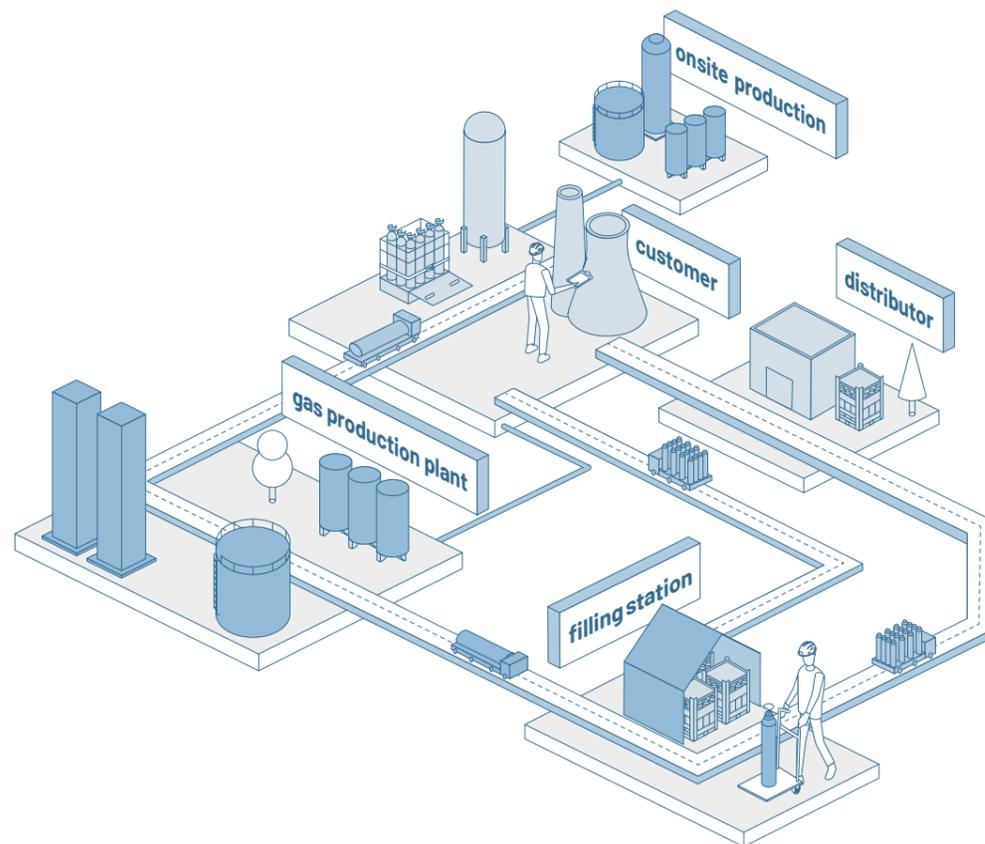
A second area of optimisation is driven by the proper planning of the delivery routing of our trucks, which again minimises the km driven in supplying end customers.



Further still, a new optimisation system has been launched that will lead to combined savings in all liquid transportation costs of 5.5%, compared to current transportation costs (average FYE2018-FYE2020).

The implementation of this system is being performed during the period from FYE2021-FYE2024.

Together with bulk transportation, we also reach the end customer by servicing molecules in **high pressure cylinders, which also requires our transport fleet to drive an additional 24 million km (FYE2021)**. The homecare business, in which our personnel visit patients' homes to carry out **health care activities, also led to 10 million km (FYE2021)** being driven.



Million Km driven for all products	FYE2018	FYE2019	FYE2020	FYE2021
Europe	92,5	95,4	95,5	86.6
Bulk	56%	56%	59%	60%
PAG	25%	27%	26%	28%
Homecare	19%	17%	15%	12%
Km/Ton Liq	98%	100%	102%	101%
Km/Cyl	100%	100%	100%	103%

The higher Km/Cyl in packaged gas transportation was largely attributed to the Covid-19 crises in 2020, which increased emergency cylinder (oxygen) supply.

### Productivity: Cost reduction projects

We have established a Cost-Reduction Group as a subsection of our productivity programme across the European business.

The Cost-Reduction Group promotes optimisation in bulk production by identifying processes subject to improvement, defining the solution, and facilitating the execution of projects which result in a more efficient use of our natural resources.

### In FYE2021 we developed around 250 cost reduction projects that accounted for 19,100 tonnes CO<sub>2</sub>eq.

As an example of such productivity projects, in FYE2021 **Nippon Gases** built a dry ice facility in the Benelux region with a state-of-the-art recovery system which minimises the CO<sub>2</sub> emissions when producing dry ice. This novel recovery system allows for a reduction of 16,500 tonnes of CO<sub>2</sub> per year to be emitted to the atmosphere. The system just started end March 2021 and the CO<sub>2</sub> emissions reductions will mostly be allocated FYE2022.

### Energy management team:

Energy management is performed at a country level, due to specific national regulations and existing market environments, with the aim of adapting energy supply contracts to our customers' consumption profiles, while optimising the efficiency of our manufacturing processes.



**Nippon Gases** is interested in market schemes involving the use of renewable energy as part of the processes undertaken for industrial customers.

Energy providers allow the option to purchase a Guarantee of Origin (GO) certificate, allowing those production facilities to manufacture gases by using renewable energy. **Nippon Gases has started a programme to cover an increasing percentage of its consumption with Guarantee of Origin certificates, allowing the end-user (customer) to benefit from a 'green' origin product.**

The total electric energy consumed by ASUs in FYE2021-2,484 GWh - is the result of the energy supplier mix portfolio with an improved renewable energy share due to the acquisition of GO's. The current share of Renewable -Low-carbon energy is:

**19% renewable energy**  
**65% low-carbon energy**

The low-carbon energy share covers renewable, nuclear and natural gas energy. Natural gas, basically methane, has a lower impact in GHG compared to other fossil fuels.

### Key points

**Nippon Gases** maintains a proactive approach to renewable electricity procurement through direct contracts with producers, to allow us a medium to long-term energy supply - increasing our renewable energy share.

Energy risk management is also evaluated on a country-by-country basis. In most energy portfolios we have a mix

of short-term procurement (day-ahead) and medium/long contracts (forwards), which allows to benefit from market opportunities and hedge market pricing volatility. This strategy allows us to remain competitive and provide price stability for our products.

As we have always placed emphasis on energy usage optimisation, all **Nippon Gases** country operations have joined an energy management programme. In some countries, including Spain and Scandinavian sites, the individual air separation plants are certified under the Energy Management System ISO 50001. In other countries - such as Germany - the entire organisation is ISO 50001 certified, or affiliated to a country energy programme as in Benelux EBO (Energie Beleidsovereenkomst), which is an agreement with government to make the necessary efforts to continuously reduce the energy consumption at our ASUs. Italy's approach to efficiency comprises a quadrennial Energy Assessment to ensure our plants continue running in an optimal mode.

Additionally, our production facilities participate in load shedding schemes to allow energy providers to better balance generation with market demand. This option is not available in all European countries.

### Environmental related SDG targets (period FYE2021-FYE2024):

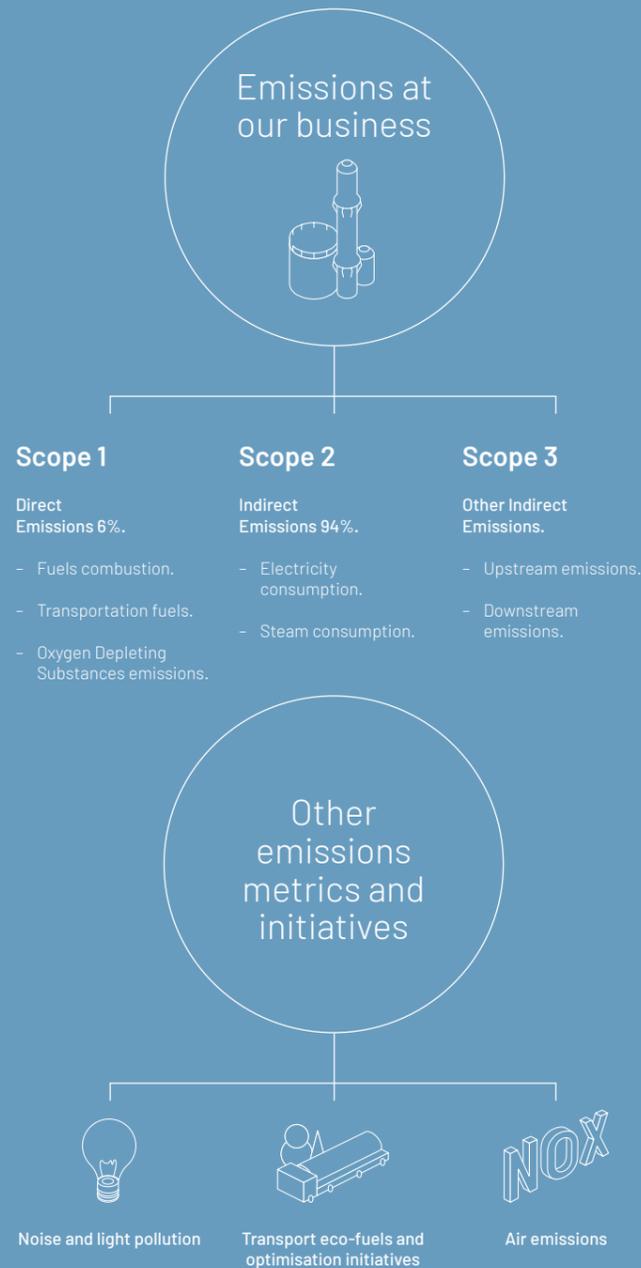
Promote the execution of cost reduction projects to increase the efficiency of its production facilities.

SDG	Goal	Target
	Clean, affordable energy.	Promote cost reduction projects, generating equivalent sustainable development savings.
		Energy equivalent savings in productivity projects of: <b>40,000 tonne CO<sub>2</sub>eq in period (cumulative FYE2021-FYE2024).</b>
	Reducing the carbon footprint of liquid products transport.	<b>5% in period (cumulative FYE2021-FYE2024). Base line average FYE2018-FYE2020 emissions.</b>
	Reduce the GHG emissions Scope1+ Scope 2.	<b>In the period FYE2019-FYE2029 by 35% absolute value vs FYE2019 base year emissions.</b>



## GHG emissions

We are committed to the reduction of emissions generated in our activities. We categorised these according to their source.



For the categorisation of greenhouse gas (GHG) emissions we are following the so-called **Scope 1** and **Scope 2** categories according to the UNE-EN ISO 14064-1:2012 standard, and the **Scope 3** according to the GHG Protocol Corporate Value Chain Accounting and Reporting Standard.

**Scope 1** relates to the direct emissions generated by the facilities and equipment mostly by burning fuels such as natural gas, diesel for our transportation.

**Scope 1** also includes the GHG emissions of the following gases included in Kyoto protocol: Carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrogen oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF<sub>6</sub>) and nitrogen trifluoride (NF<sub>3</sub>).

**Scope 2** emissions are the indirect emissions that occur as a result of the consumption of third-party energy such as electric energy and steam.

And **Scope 3** includes all other indirect emissions not included in **Scope 1** and **Scope 2**.

The calculations of **Scope 1**, **Scope 2** and **Scope 3** emissions are certified by a third-party verifier as per the ISO 14064-1:2012 standard and GHG Protocol Corporate Value Chain Accounting and Reporting Standard.

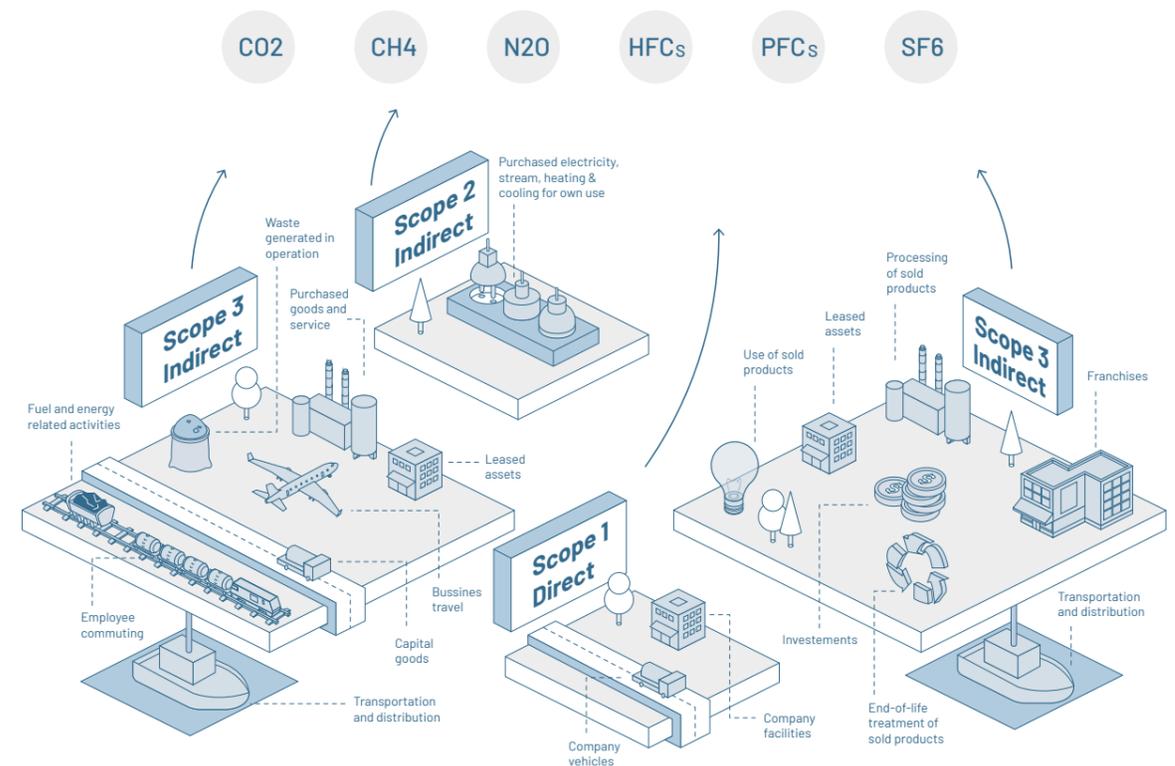
**Nippon Gases** has selected the Equity Share consolidated approach across the emission calculations.

As a consequence of incorporating this year the **Scope 3** emissions calculations as per the indicated standards, some of the **Scope 1** emissions have now been categorised under **Scope 3**.

Additionally, in the calculation of electrical energy emissions (**Scope 2**) as a consequence of incorporating the Guarantee of Origin (GO) certificates, the energy suppliers' emissions factors have been utilised and a re-calculation of the previous year has been performed.

	CO <sub>2</sub> e Emissions in Tonnes			
	FYE2018	FYE2019	FYE2020	FYE2021
<b>Europe Emissions-CO<sub>2</sub>e Tonnes (scope 1+2)</b>	1,491,826	1,501,509	1,445,582	1,152,523
<b>Scope 1</b>	58,432	75,989	83,438	75,112
<b>Scope 2</b>	1,433,394	1,425,520	1,364,144	1,077,411
<b>Scope 3</b>				1,422,207

## 3.3 GHG emissions



As per the above **Scope 1**, **Scope 2** historical emissions have been re-calculated to be consistent with the evaluation methodologies.

The GHG Protocol Corporate Value Chain (**Scope 3**) Accounting and Reporting Standard (also referred to as the **Scope 3** Standard) provides the guidance to assess the report of GHG emissions inventory that includes indirect emissions resulting from value chain activities.

The **Scope 3** inventory, splits the overall emissions profile of their upstream and downstream activities and identifies the largest categories related to energy, materials and emissions.

The use of this **Scope 3** calculation is intended to enable comparisons of a company's GHG emissions over time.

Reporting emissions across the value chain, will allow us to better focus on:

- Identifying risks and opportunities associated with value chain emissions.
- Identifying GHG reduction opportunities, setting reduction targets, and tracking performance.
- Engaging value chain partners in GHG management.

**Nippon Gases** has adopted an additional sustainability initiative in line with the European Green Deal defined in the 2030 / 2050 agenda with in the UN SDG 7 related to Clean and Affordable Energy.

**FYE2019-FYE2029 GHG emissions (\*) absolute reduction by 35% (\*) Scope 1 + Scope 2**

Scope 3 Calculations FYE2021	Thousand Tonnes CO <sub>2</sub> e	1,422.21
<b>Upstream Scope3 emissions</b>		
Category 1	Purchased goods and services	117.63
Category 2	Capital goods	64.13
Category 3	Fuel and energy-related activities	53.76
Category 4	Upstream transportation and distribution	NA
Category 5	Waste generated in operations	51.19
Category 6	Business travel	NA
Category 7	Employee commuting	NA
Category 8	Upstream leased assets	NA
<b>Upstream Scope3 emissions</b>		
Category 9	Downstream transportation and distribution	54.94
Category 10	Processing of sold products	NA
Category 11	Use of sold products	1,053.64
Category 12	End-of-life treatment of sold products	NA
Category 13	Downstream leased assets	26.92
Category 14	Franchises	NA
Category 15	Investments	NA

## Facility-related emissions

Emissions sources at our plants comprise the following:

- Natural gas burning emissions
- Transport emissions
- Ozone-Depleting Substances (ODS) emissions
- NOx emissions
- Electricity consumption
- Steam consumption
- Other indirect emissions included in **Scope 3**.
- Noise and light pollution.

## Natural gas burning emissions

The main contributor for direct emissions in our facilities are the emissions resulting from burning natural gas in our HYCO and ASU facilities as a heat source.

## Emissions related to transport

Transport trucks are mostly equipped with diesel engines, and the amount of diesel fuel used and measures taken to reduce this are described in this chapter. Around 87 million km were driven in product transportation in the last year, involving hundreds of different trucks and vans for the transport of our liquid products in insulated trailers, our high pressure cylinders and our home care services attending patients at their homes.

On top of the mileage optimisation programme **described in chapter 3.2.**, we have expanded three programmes (in dedicated countries) to reduce transport related air pollution.

- To promote hauliers to use trucks from the best-available emission class.
- To substitute trucks with diesel engines with others that use LNG/CNG engines to reduce NOx and SOx emissions.
- To switch the transportation of gases from road to railway, especially in countries where the CO2 emission factor is very low due to a high proportion of renewable energy in their generation mix.

It should also be noted that the ship transportation of our CO2 product across the North Sea is included in these emission calculations.

## Natural gas as a fuel for transport units

The bulk and packaged gas transport fleet has historically been 100% equipped with diesel engines. In several cities in Europe the threshold for atmospheric aerosol particles (EU regulation 80/779 'Air quality limit values and guide values for sulfur dioxide and suspended particulates') is permanently exceeded.

One way to reduce aerosol particles is the use of alternative fuel.

In FYE2020 **Nippon Gases** Deutschland put 12 natural gas fuelled vehicles into service in Germany.

This programme was replicated in Italy in FYE2021, with three vehicles and in Germany with an additional four vehicles.

## Ozone-Depleting Substances (ODS) and Global Warming Potential (GWP) compounds

In addition to the relevant European legal requirements, **Nippon Gases** has internal standards relating to the use of these products. At **Nippon Gases** these are used as refrigerants in our cooling systems. In addition **Nippon Gases** fills some of these products (purchased from third parties) into gas cylinders. The fugitive emissions of this filling process will also be monitored.

We monitor and review the consumption of ODS on an annual base. KPIs were defined and a new reporting system has been set up for reporting from FYE2020.

The CO2 - equivalent from the use of refrigerants is shown in the following table.

T CO2 - eq (tonnes) from refrigerants in our cooling systems FYE2021	2,632
----------------------------------------------------------------------	-------

The CO2 - equivalent from the fugitive emissions from the filling process are:

T CO2 - eq (tonnes) from transfilling filling ODS FYE2021	23,434
-----------------------------------------------------------	--------

There are no figures available for the previous years due to the change of the reporting scope.

## NOx emissions

Natural gas is used at **Nippon Gases** mainly as a process gas in HYCO plants and as a means of regeneration energy in our ASUs.

The resulting NOx emissions are calculated based on an average EPA emission factor of natural gas.

NOx emissions in metric tonnes	31
--------------------------------	----

## Noise and light pollution

**Nippon Gases** considers that its light pollution does not have a material impact on outdoor areas.

Operation permits are based on national and local regulations, which cover the impact of our facilities in terms of noise pollution.

Compliance with regulations is provided to the relevant authorities upon request.

## José María Martínez-Gallo

Operations Director Europe  
Nippon Gases Euro-Holding S.L.U.



“It has taken many years to get the Continuous Improvement culture, which means that we had always been eager to get any new tool or methodology that is available and proved to be effective in the market for any business unit of our organisation...”

### What differs our teams in productivity from the rest of industry?

Through many years we had acquired the Continuous Improvement culture, which means that we had always been eager to get any new tool or methodology that is available and proved to be effective in the market. We normally plan a proof of concept (PoC) to have a better understanding of the impact that the methodology could have on us. We had initiated this journey back in 2000 by starting with Six Sigma (Statistics data oriented) deployment, followed by Lean (Process oriented) deployment in 2007 and recently, during this current fiscal year, Design Thinking using Design Sprints - which helps to speed up and test (prototyping) the results by involving the customer in the new product or process to be implemented. On top of this, we had developed online training videos in Lean for all employees; the training material is located in our intranet. Further still, we had revisited Lean implementation at our packaged gas plants and developed two Six Sigma training programmes.

### How is the good performance of 'productivity' evaluated?

Good performance is evaluated by different KPI's. Perhaps the main KPI is % savings vs. total cost stack - we monitor those by country/region, methodology, and by business. We also

measure Sustainable Development (SD) impact in order to monitor our improvements and ultimately get to our SD goals in terms of reducing energy, the distance (km) travelled to deliver product, and the water consumption at our plants.

Another important metric is replication: the faster we do, the better across the different European businesses. We had implemented this during Quarterly Replication Calls (Cylinder business / Bulk business / IT/Customer Service) throughout 2020. Other metrics we measure include project lead time, the number of projects by project lead, and much more...

### Do you have any projects to optimise the supply chain through digitalisation? Tell us more about this exciting area...

Here there are some areas related to the supply chain, for example, where we want to get into specifics, as well as some major benefits from an environmental context when tested and implemented. We need to have a deeper look at the cost-to-serve model for the cylinder distribution, which is in part the same process we had followed to select the current solution for vendor management inventory and routing currently being piloted in bulk products in Italy, prior to expanding it to the rest

of our European businesses. We are currently also analysing an end-to-end platform related to Supply & Operations Planning, a monthly integrated business management process that empowers leadership to focus on key supply chain drivers - including sales, marketing, demand management, production, inventory management, and new product introduction. We are currently evaluating different alternatives and the right targeted businesses.

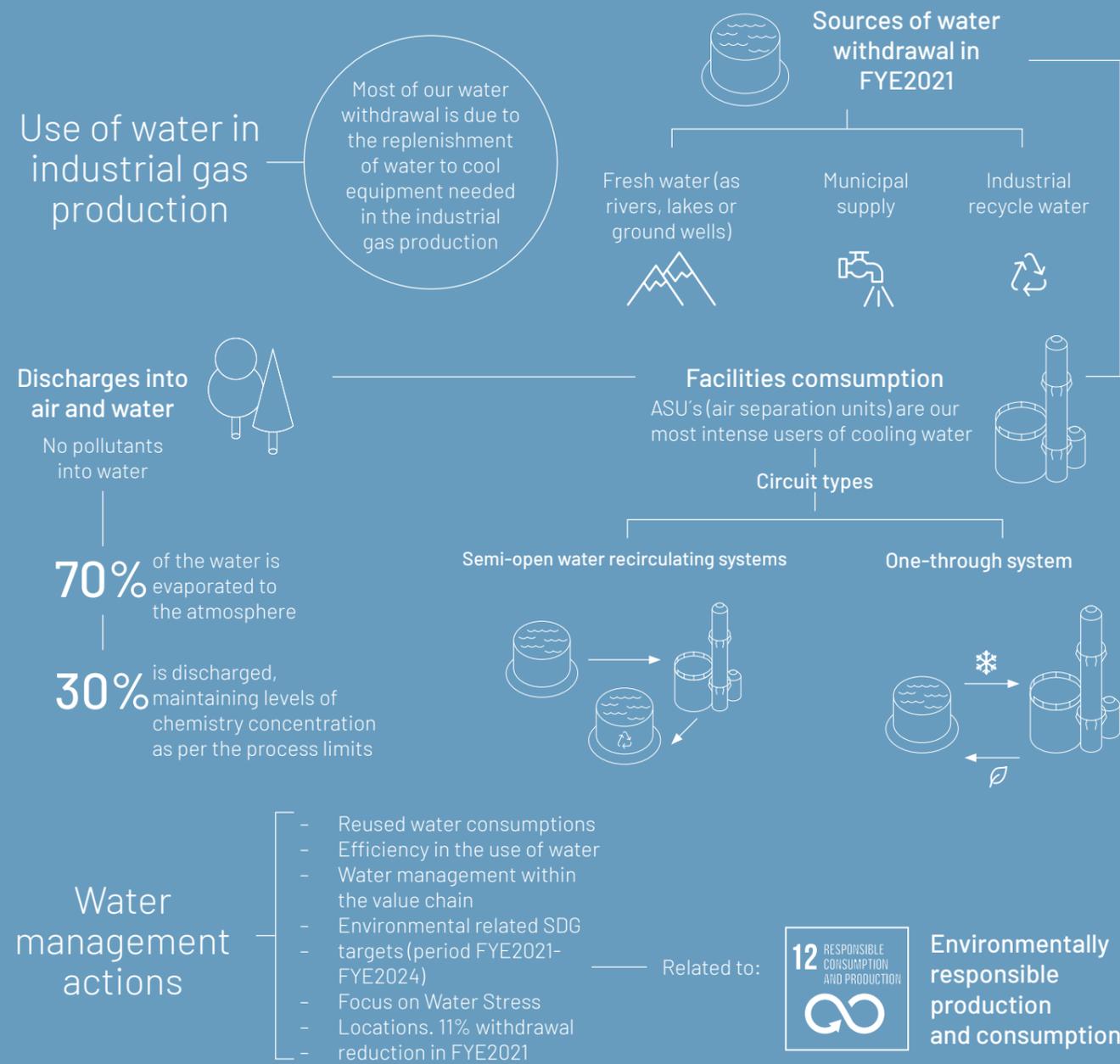
### What challenges do you see ahead?

In addition to sustaining the rest of the pillars in terms of philosophy, people, processes and tools, our main goal will be to work more generally on project execution where we have quite a big backlog on projects. For this, we should revisit the whole situation and develop a very structured process by not only assigning the right resources, but also being guided by clear deliverables and milestones for every project. Project management training should be also conducted. We should focus primarily on those projects where capital investment will be needed, those projects which tend to take longer to achieve materialised savings and are often related to SD improvements since their primary goal is to reduce energy or diesel.



## Water management

At **Nippon Gases** we have established a programme to manage water-related risks and eliminate any detrimental impact on water ecosystems and resources



## 3.4 Water management

The production of industrial gases requires water to cool equipment such as gas compressors. Replenishing the water for this purpose constitutes the bulk of our water consumption.

Currently, 100% of **Nippon Gases** main consumer sites are covered by a water management programmes which allows for tracking of the water system parameters. Re-calculation has been performed of historical data (2020) to assess the new facilities.

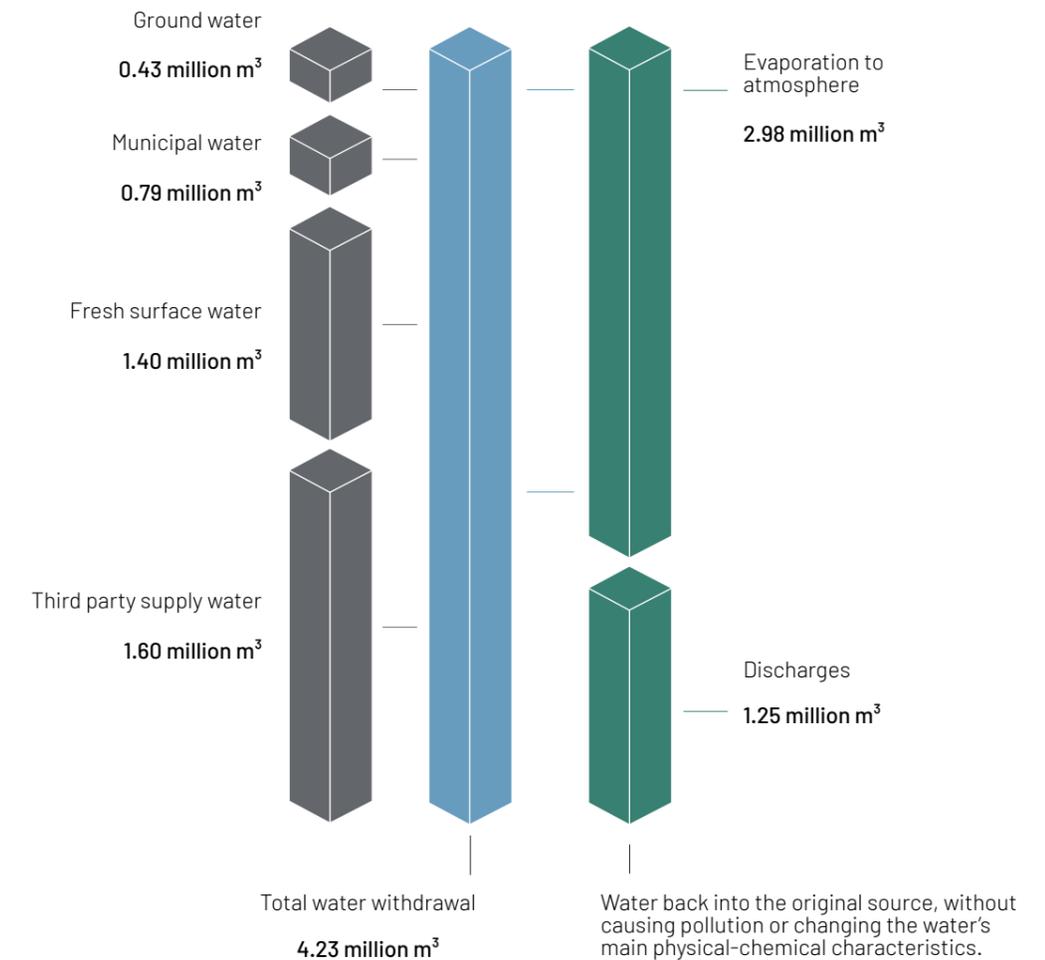
The most intense users of cooling water are the ASUs. In these units, there are several types of cooling systems, and circa 82% have semi- open water recirculating systems

- which require water withdrawal to replenish losses from evaporation and discharges to the sewer required to maintain the maximum salt concentration in the system to perform the cooling.

The discharge of these semi-open water circuits is piped back into a controlled sewer that, at a later stage, will perform treatment to allow for the water to be recycled.

A small percentage (18%) of the ASUs have a once-through system where the water is pumped into our facility, cools the process, and returns back to the source without alteration to the chemistry of the water.

### Water usage within the group's processes



In FYE2021 Nippon Gases Europe's water withdrawal was 4.23 million m<sup>3</sup> from various sources. 33% came from freshwater sources such as rivers, lakes, 10% came from ground wells, 19% from municipal supply and the remaining 38% from third party supply, mainly industrial recycle water.

Water withdrawal Mio <sup>3</sup>	FYE2020	FYE2021
Once - through	21.07	23.78
Semi - open	4.63	4.23

Water consumption semi-open circuit	FYE2020	FYE2021
ASU	86%	87%
HYCO	2%	1%
CO <sub>2</sub>	12%	12%

Around 87% of the Nippon Gases water consumption goes to the air separation units which separate the components of atmospheric air (oxygen, nitrogen, argon).

Water withdrawal semi-open circuit	FYE2020	FYE2021
Municipal water	17%	19%
Third-party water	39%	38%
Surface water	35%	33%
Ground water	9%	10%
Total withdrawal Mio M <sup>3</sup>	4,63	4.23
Evaporation	3.23	2.98
Discharges	1.08	1.25

### Discharges into air and water

Discharges into air and water in the industrial gases business are limited, by nature.

Air separation plants do not use any combustion processes and consume almost exclusively electrical energy; no process pollutants are incorporated into the water circuits.

### Reused water consumption

Most of the water entering the cooling circuit of our production facilities enters a semi-open circuit, where it is recirculated and cooled to provide refrigeration for the equipment. The water (70%) is evaporated to the atmosphere and the remainder (30%) is discharged, maintaining levels of chemistry concentration as per the process limits.

The discharge from these semi-open water circuits is mostly piped back into a controlled sewer that will, at a later stage, perform treatment to allow the water to be recycled.

### Efficiency in the use of water

The common parameter of efficiency of a semi-open cooling water circuit is the number of concentration cycles the withdrawal (incoming) water is internally recycled.

The Nippon Gases data in FYE2021 is:

- Total withdrawal water: 4,23 Mio m<sup>3</sup> (100%)
- Total discharges: 1,25 Mio m<sup>3</sup> (30%)
- Number of concentration cycles: 4,23/1,25 = 3.4 cycles

The water circuit quality parameters (concentration cycles) are balanced with the make-up (withdrawal) quality and the blowdown (discharge) rate. The more blow down rate, the less concentration cycles and the more water withdrawal.

### Water management within the value chain

Water is a limited environmental resource, critical to the health and sustainability of our planet. Nippon Gases facilities cannot operate without adequate water supplies, and this reality drives us to be good stewards.

Nippon Gases optimises water consumption by close follow-up of the cooling water circuit parameters and adjusting water treatment accordingly, in order to minimise the discarding of water to the sewer – therefore optimising water usage.

A higher concentration cycle indicates a more optimal usage of the water.

Another area of action is the reusing of water that is not valid for human use. The most common alternative is industrial recycled water, where those contaminant levels render it unsuitable for drinking but mean it can be used for industrial cooling services.

The main purpose is to minimise the usage of such a valuable resource as municipal water.

Water KPI's include the following:

	FYE2020	FYE2021
Cycles	3.3	3.4
Water withdrawal m <sup>3</sup> /Mwh	1.96	1.91

In FYE2021 the water intensity has improved till 1.91 m<sup>3</sup>/MWh, 2.5% better than FYE2020.

### Focus on water stress locations

Nippon Gases has incorporated into its water management programmes, the efficiency analysis of the Very High Stress water locations as defined by the World resource Institute (WRI) and its Aqueduct Atlas to identify those locations as per their water stress parameter, which indicates the ratio of total water withdrawals to available renewable surface and groundwater supplies.

Nippon Gases has placed focus on its facilities under Very High Stress Water locations.

As a result, the water withdrawal in the total Very High Stress locations has been reduced by 95.000 m<sup>3</sup> (-11%) and their concentration cycle improved till 2.24 (+14%)



Very High Stress Locations Consumption	FYE2020	FYE2021	Delta Year
Withdrawal	853,532	758,320	89%
Discharge	435,427	338,841	78%
Cycles	1.96	2.24	14%

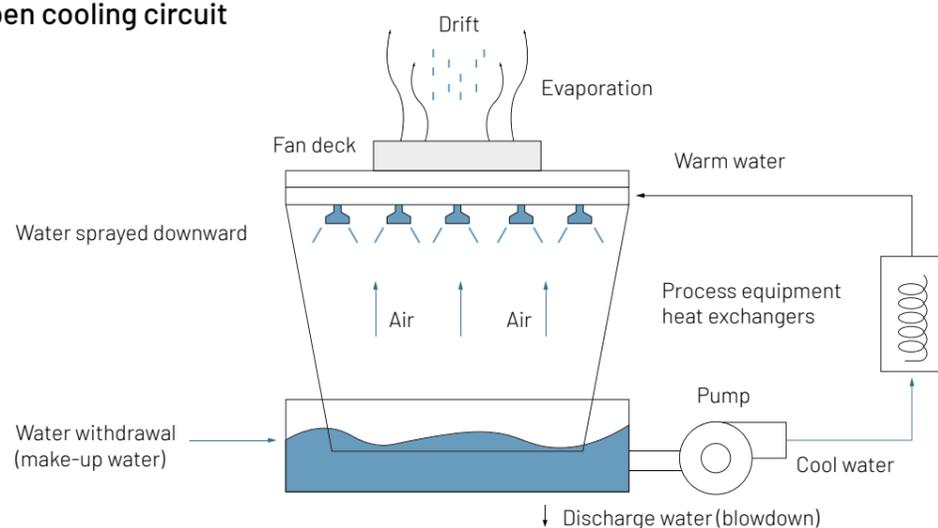
### Environmental-related SDG targets (period FYE2021-FYE2024)

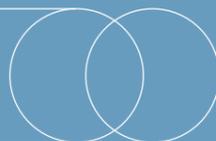
100% water management system for main consumer facilities



Environmentally responsible production and consumption

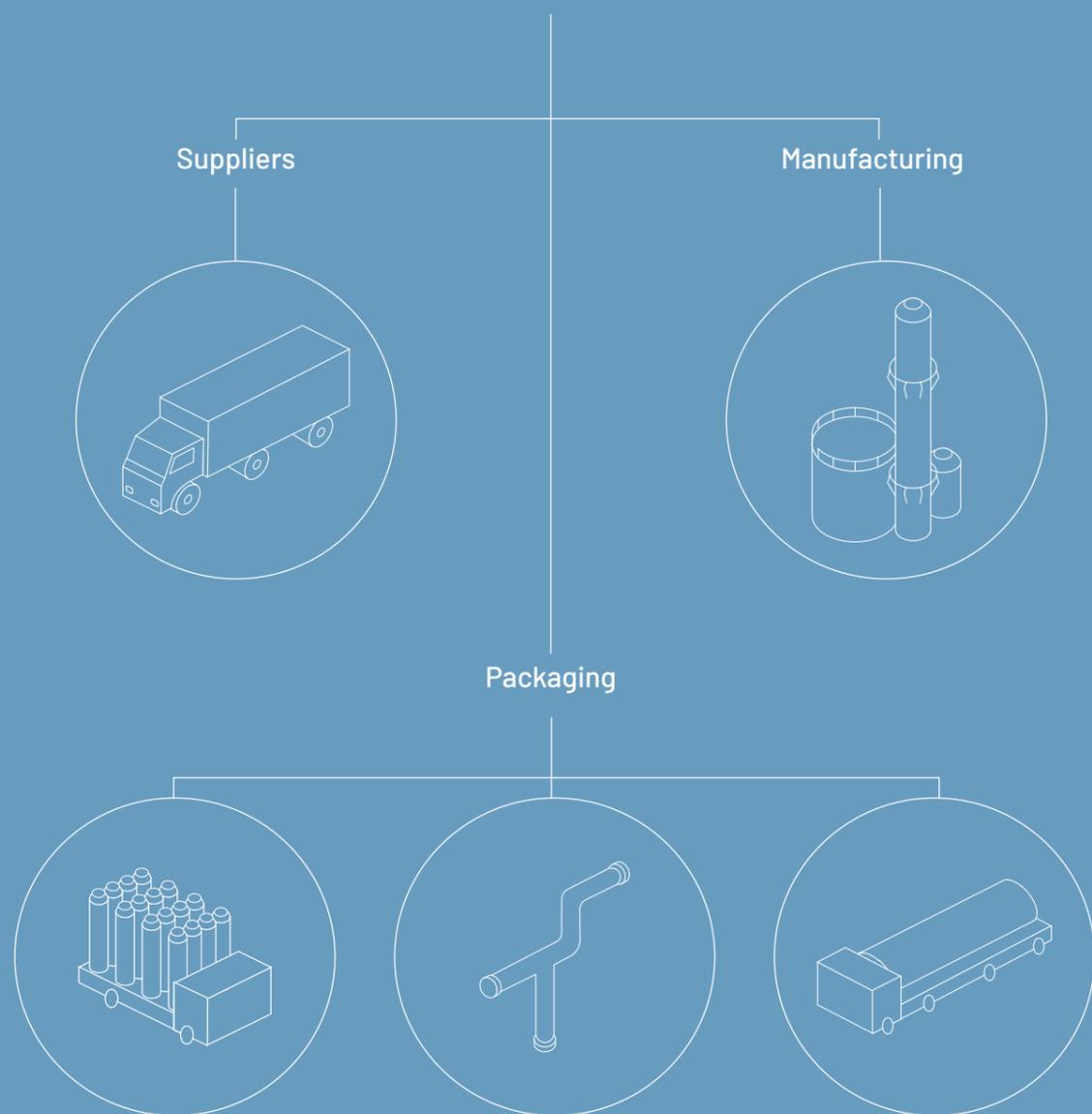
### Typical semi-open cooling circuit





## Raw material usage

Nippon Gases makes a major contribution to avoiding waste. We divide our waste stream in three partial streams.



## 3.5 Raw material usage

Most of the raw materials Nippon Gases used to produce nitrogen, oxygen, argon and carbon dioxide were renewables, notably air and water.

Nippon Gases divides the waste stream into three partial streams:

1. Waste that is generated by our suppliers during the production of our main input materials.
2. Waste that is generated in the manufacture of our products at our plants.
3. Packaging waste from the delivery of our products to our customers.

1. The main supplied materials used at our production facilities are electricity, ambient air or process gases like CO<sub>2</sub>.

The environmental aspect of the use of electrical energy is described in chapter 3.3.

The supply of raw gas CO<sub>2</sub> at our facility, does not generate additional waste at our suppliers.

2. The waste generated at our plants is mainly non-hazardous waste like metal, paper, wood and domestic waste.

Waste FYE2021 (in tonnes)	
Waste total	2,390
Waste on landfill	99
% on Landfill	4,1%

Hazardous waste is comprised by some process materials, such as oils and residues from the scrubber in SPG (specialty gases plant) filling plants.

A very small percentage of the hazardous waste generated by Nippon Gases ends up in landfill (3.5%).

Hazardous waste FYE2021 (in tonnes)	
Waste total	461
Waste on landfill	16
% on landfill	3,4%

3. Nippon Gases produces very little packaged waste. The main delivery modes of our products are:

- A. Delivery by pipeline.
- B. Delivery as bulk liquid.
- C. Delivery as packaged gas in cylinders.

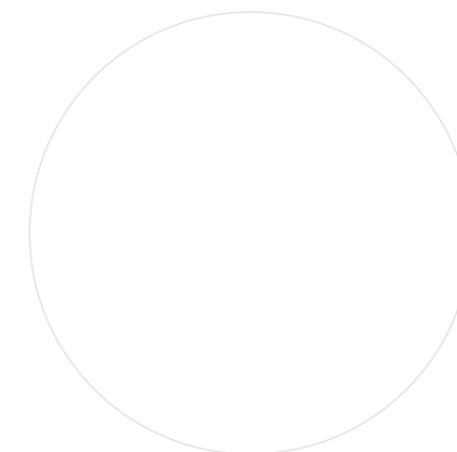
Both pipeline deliveries and deliveries of liquid products to tanks installed by customers do not generate any waste.

Nippon Gases use gas cylinders made from steel or aluminium for the distribution of packaged gases. Nippon Gases operates a 'closed-loop' business model for reusable and refillable gas cylinders. Every refillable gas cylinder is designed and intended to contain gas throughout its lifetime, and to be repeatedly refilled. When the cylinder is empty, it is brought back from the customer to Nippon Gases for refilling and continued use in a closed-loop system.

The refillable gas cylinder is an industrial package that is kept in continued use and has an economic life span of more than 25 years. Each time cylinders are returned for refilling there are standard procedures to check if they are suitable for continued use. On average, each cylinder is filled at Nippon Gases several times a year.

The cylinder only enters the waste stream if it fails its periodic inspection. The gas cylinder is fully recyclable at the end of its lifetime.

With this sustainable business model concept, Nippon Gases makes a major contribution to avoiding waste.



## Climate change

We are strongly engaged with sustainability and the application of the KAITEKI philosophy, which means “the sustainable wellbeing of people, society and our planet Earth”



## 3.6 Climate change

### GHG emissions

**Nippon Gases is strongly engaged with sustainability and the application of the KAITEKI philosophy approach advocated by MCHC to our day-to-day activities.**

KAITEKI means, “the sustainable wellbeing of people, society and our planet Earth.” Founded on this philosophy, **Nippon Gases** considers that global warming (a consequence of increased GHG) is having a strong impact, not only in terms of the environmental impact but also through direct consequences on the health and economy of our community.

For years we have been implementing initiatives focused on the three main areas that have a direct impact on GHG emissions: energy consumption at our production plants, emissions from the transportation fleet, and GHG emissions related to the commercialisation of our products and solutions. Of course, the first step was to identify the GHG footprint at each step of our business cycle and put in place a methodology that can measure the different GHG impacts.

As an intensive energy user at our production plants, efficiency has a direct impact on GHGs. Our efforts are based on productivity programmes that contribute to reducing waste, improving plant performance, optimising energy consumption and minimising product losses during the different production steps and unscheduled

plant shutdowns. We have a robust programme promoting productivity initiatives. Furthermore, this programme is part of our business plan and has a bolted-on quarterly review and follow-up procedure.

A good example of how our technology improvements, together with the circular economy concept, contribute to GHG reduction is the drop of 78,840 tonnes/year of CO<sub>2</sub> emitted and CH<sub>4</sub> reduction at our CO production plant in Dormagen. This plant has changed its production parameters by shifting the process balance at the input by reducing CH<sub>4</sub> in favour of adding recovered CO<sub>2</sub> from a flue gas and increasing the energy input for the reaction by redirecting the H<sub>2</sub> to heat the process.

As previously described, product transportation is a big contributor to GHG emissions. To mitigate this, we have put in place specific programmes that help to optimise transportation by adapting our transport to customer patterns and avoiding unnecessary km driven, reducing fuel consumption per unit of delivered product.

### Helping customers to reduce GHG emissions through our solutions and technology.

**Nippon Gases’** commitment to GHG emissions reduction does not stop at the gate of our plants.

The development of technology related to gas applications for our customers is helping the industry to be more efficient and environmentally-friendly.



The transportation and delivery of fresh and frozen products, wastewater treatment, combustion processes in steel mills, aluminium, glass, cement, syngas production in chemical and petrochemical processes, calibration mixtures that control emissions levels, new lines of refrigerant gases – these are all areas where our efforts are bringing direct benefits both to industry and the environment.

In combustion, our technology provides our customers with a more efficient solution, reducing fossil fuel consumption and enabling the use of alternative fossil-free fuels. In this way, carbon emissions are reduced, helping our customers to meet their environmental requirements while keeping their production costs competitive. Through the development of specially designed burners, biogenic fuels or low-carbon hydrogen can be mixed with fossil fuels, thereby reducing CO<sub>2</sub> emissions.

In the case of green hydrogen, our burners provide a flexible alternative that guarantees optimum combustion conditions according to the available renewable power fluctuations.

In FYE2021 our expertise and technology in combustion contributed to reducing **more than 273,000 tonnes/year of GHG emissions.**

Through our highly specialised wastewater treatment team, we contribute to reduce more than 18,000 tons of CO<sub>2</sub> emissions by replacing mineral acid by CO<sub>2</sub> in several applications in treatment of wastewater or process water.

With our highly efficient oxygen dissolving technology, we reduce more than **67,000 MWh/year (the equivalent to 23,000 tonnes of CO<sub>2</sub>)** compared with traditional oxygenation methods, like aerators, in biological water treatment plan. Additionally, by increasing treatment



efficiency we reduce problems like bad odours or seasonal peaks of highly contaminated water that in the case of traditional plants, will require an increase of treatment infrastructure with the negative impact in 'ground contamination' and under-utilisation of treatment plant capacity.

Thanks to our solutions, more than 126 million M<sup>3</sup> of wastewater have been treated and either released to water source or recycled, always fulfilling environmental standards.

New line of refrigerants and their contribution to GHG reduction.

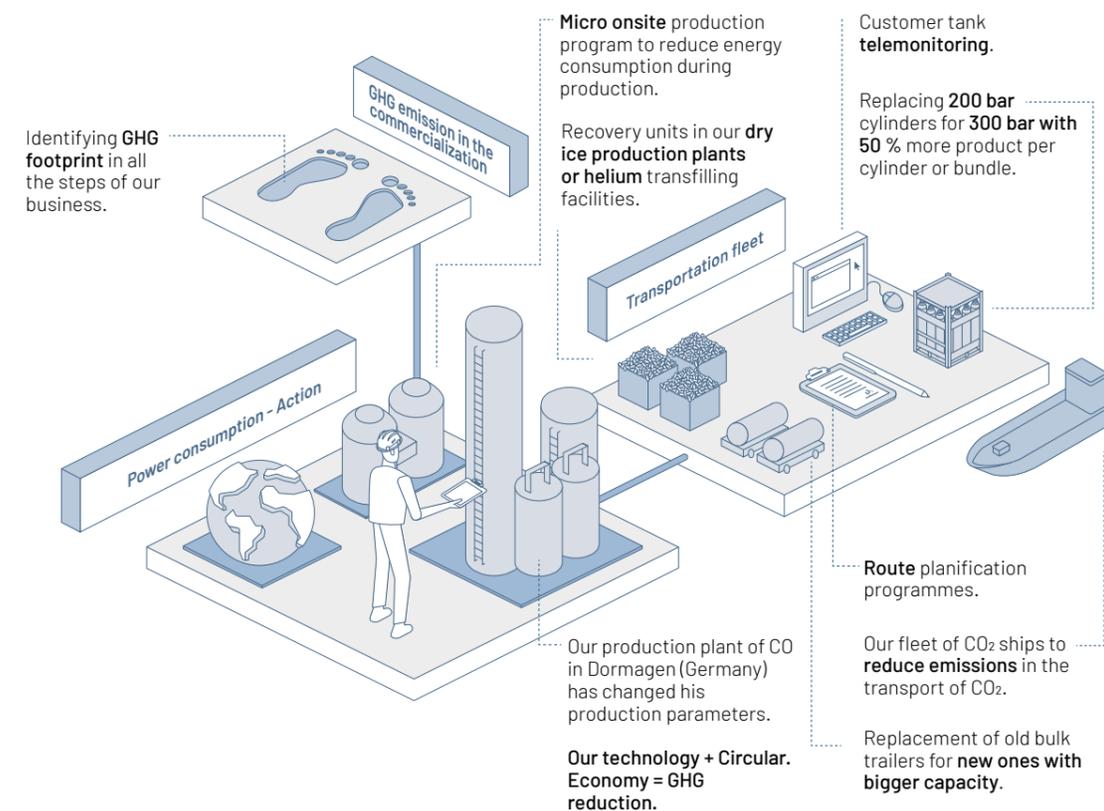
- The introduction by **Nippon Gases** of new Low GWP refrigerants reduced the environmental impact of greenhouse effect gases
- The most important contribution came from the alternative refrigerants for low-temperature application, as R448A, R449A, R452A, that are the substitute of the High GWP gas R404A and R507.
- Despite the slow down in the replacement of High GWP by Low GWP refrigerants due to the pandemic, **Nippon Gases** contributed during FYE2021 to a **reduction of more than 1.5 million of equivalent CO<sub>2</sub> tonnes.**

**Green hydrogen for cleaner mobility in the cities.**

The replacement of fossil fuels by green or low carbon hydrogen is a perfect solution for public transport in cities.

In the city of Hürth, in Germany, a fleet of 12 municipal buses equipped with fuel cells, are using our hydrogen – contributing to cleaner air in the city by reducing CO<sub>2</sub>, NOX and other emissions that are produced by traditional diesel engines.

**Our compromise**



State-of-the-art oxygen technology: increase efficiency of existing plants and reduce power cost.  
CO<sub>2</sub> technology: replaces use of dangerous acids and chemicals, allows GHG reduction when recovered CO<sub>2</sub> is used and the reuse of treated water.



Our hydrogen, produced by electrolysis, is used since 2010 in Hürth (Germany) for a public fleet of buses to replace the complete bus fleet for H<sub>2</sub> fuel cells buses and implement a fossil-free fuel public transportation in the city.



Our oxygen burners technology and combustion: more efficient method solution, reducing the fossil fuel consumption and allowing to use alternative fossil-free fuels.



CO<sub>2</sub> based cooling solution to use electric delivery trucks: GHG and acoustic pollution decrease.



Proactive

Innovative

Collaborative

## Human capital

Grow our people to grow our business



Our employees are diverse and talented



Types of terminations

Voluntary  
Involuntary  
Retirement



We strive for gender equality in pay



At Nippon Gases, equality of opportunities and non-discrimination are essential



For us, every employee has a talent valuable to the company

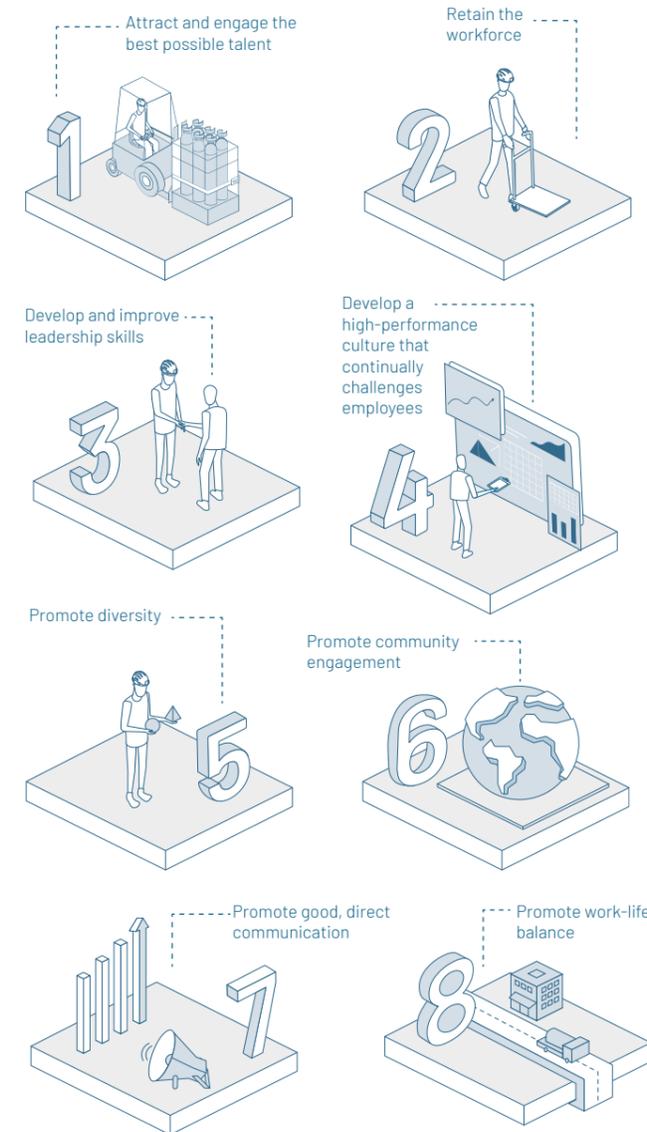
## 4.1 Human capital

Growing our business by growing our people remained the basis of our Human Resources Strategy at Nippon Gases in FYE2021. Several initiatives were started up to further support the development of our employees and the success of our company.

Despite the Covid-19 pandemic, we were able to improve ourselves in 7 out of 8 above items of our Human Resources Strategy. For obvious reasons, promotion and improvement of community engagement initiatives were not possible last year.

### 4.1.1 Internal framework

Our Human Resources Strategy at Nippon Gases remained unchanged vs last year:



Digitalisation, implementation and improvement of the human resources processes in FYE2021 contributed significantly to the growth of the company.

#### 1. Attract and engage the best possible talent

The process of fully digitalising the recruitment process began, together with getting all onboarding materials available in PeopleHub. Process analysis and first testing have already been completed.

#### 2. Retain the workforce

New salary survey data was analysed and implemented in our compensation programmes. Retention tools were reviewed and updated. Special attention was given to mental health benefits and remote working within our organisation.

#### 3. Develop and improve leadership skills

Despite the pandemic, we kept on developing our Growing our leadership programme. Since June/July, we have been working on getting this leadership programme ready to be delivered in a digitalised way. The remaining modules were completed and are in the process of being rolled out across our European organisation. The European Pipeline talent and the countries' Talent to Watch leadership programmes were also started. Last but not least, leadership webinars with our own in-house resources were launched. Growing participation rates and good Q&A sessions are ensuring these are a big success to date.

The Cornerstone Essentials training data base remained a big support for HR in this journey. Safety and compliance training remains as important as ever.

#### 4. Develop a high-performance culture

Our PDP (Personal Development Plan) process is and remains the main contributor in developing our high-performance culture. Several adaptations to the programme were made to make it even more effective for employees. Our succession planning and hypo identification process was digitalised and updated to the highest standards.

#### 5. Promote diversity

'Female talent for a stronger Industry' was the slogan we worked around in the diversity area over last year. Good progress was made in Diversity and Inclusion. As a company we exceeded 27% of female employees in our organisation, our female sponsoring project got underway, and we saw a strong growth of the female workforce in the operations and sales areas of the business.

## 6. Promote community engagement

For obvious reasons, Community Engagement Projects were not organised during the last year. Nevertheless, commitment was confirmed to several projects to support these initiatives as soon as they can happen, in a Covid-19 save way. Our **Nippon Gases volunteers** are eager to start again with these activities.

Financial sponsorship to projects and organisations and/or providing supporting equipment remained in place at **Nippon Gases**. Several projects in the area of educational support, health and social outreach were financially supported.

## 7. Direct communication style

Big steps forward were made in our communication strategy. ‘Communicate, communicate, communicate’ remains the key message. In this Covid-19-year, communication to employees was more important than ever. We had over 1,100 people working from home, and the contact between colleagues was brought to a minimum; a good information flow into the organisation was critical to our success. We also started working on putting a new intranet in place, while other communication channels were reviewed and improved.

## 8. Work-life balance

As a protection measure of Covid-19, working from home became, where possible, the standard in our organisation for a great many people. Due to this becoming a positive experience in the long-term, arguably improving the work-life balance for many, we have implemented remote working guidelines throughout the organisation to successfully maintain this progress.

## 4.1.2 Headcount

The employees of **Nippon Gases** are a diverse and talented group of people, aiming to accomplish the same mission and values. This population is diverse in different ways: from countries they work in, to their age, tenure and gender. Due to GDPR, no data is kept other than diversity KPI's (like ethnicity background and sexual orientation) but in the interests of knowing our working population well, other diversity indicators would also be positive.

The headcount in **Nippon Gases** increased last year by 2%, to 3,007. This increase is mainly due to contract changes for temporary workers and contractors to standard employment contracts due to legal and cost reasons.

**Nippon Gases** complies in all regions with the relevant legislation on the employment of disabled individuals. We employ 49 disabled individuals, representing 1.6% of the total population.

**Nippon Gases** maintains its social responsibility by hiring trainees and internships in all regions based on the local

legislations. **Nippon Gases** truly believes that by offering these young people a trainee or internship position, we are able to attract excellent young talent for the future. During FYE2021 we employed 48 trainees, of whom 6 were hired permanently. The drop in trainees versus last year was entirely attributable to the effects of the Covid-19 crisis.

## 4.1.3 Employee turnover

The way to calculate turnover was kept stable in order to have a good year-over-year comparison. This rate is based on all terminations (voluntary, involuntary and retirement) during the 12 previous months divided by the headcount figure of the last month.

Employee turnover did increase during the last 12 months, in comparison with last fiscal year. Analysis of the turnover data shows that the extra terminations were mainly due to the incorporation of the temporary and external labour force into the fixed population, where these employees are clearly seeking other types of employment. Nevertheless, the pandemic also provided interesting and unique external opportunities for certain pockets of employees.

## 4.1.4 Compensation

The company uses the services of a globally recognised survey company to establish a salary reference point per level and per country. This allows the company to compare actual base salaries and bonuses to these reference points. In this way, we ensure that the salaries of our employees are in line with the market, keeping in mind that these are just reference points and an individual employees' salary will be determined by a large number of factors; which the level and the linked reference salary is just one element in these factors.

The individual performance of the employee is another factor which can determine their base salary, and any individual bonuses, in order to reach a healthy 'pay for performance' situation. In addition to performance-related pay, base salaries can also increase based on statutory increases or promotions. This all depends on the local environment of the employee.

Moreover, benefits packages differ based on different factors such as regional social security coverage, collective labour agreements, tenure and level/grade. Overall, however, **Nippon Gases** offers mainly pension and medical plans (focused on both physical and mental health). In order to determine the eligibility for a benefits package, the company will never use indicators such as gender, part time/full-time status or age.

During the last fiscal year, **Nippon Gases** kept a strong cost control on hiring and salary costs due to the impact of Covid-19. Despite this close follow-up, all our legal obligations were fulfilled.

**Nippon Gases** strives for gender equality in pay but realises that reaching this equality will take some time. Continued efforts in diversity will yield results over time, as they have done in the last years.

For now, we do realise that we are in a situation of pay inequality based on raw data. This raw data does not reflect the history of the company (where more male employees were hired in positions eligible to grow further, going back 20-30 years) and the geographical orientation of our company. This geographical orientation of can also be attributed to the increase in the gender pay gap for the rest of **Nippon Gases**. Due to a higher number of female employees recruited in the south of Europe versus the north of Europe, the overall raw date shows that the gender pay gap increased. However, when analysing the data from a more regional point of view, improvements were realised in almost all countries.

### Raw FYE2021 data on gender pay gap at Nippon Gases:

<b>Nippon Gases España S.L.U.</b>	-4.78%
<b>Oximesa S.L.U.</b>	-1.92%
<b>Rest of Nippon Gases</b>	-13.21%

## 4.1.5 Equality of opportunity

### How do we ensure the equality of opportunities in our company?

We take seriously the equality of opportunities. Two policies guide us in this sense:

- Our Human Rights Policy guarantees equal opportunities in recruitment, job assignment, promotion, employability and occupational development. No relevant complaints were raised during the last 12 months within **Nippon Gases**.
- Every employee goes through a yearly performance assessment based on objective criteria, as well as having calibration sessions. This ensures that no discrimination due to non-objective criteria takes place.

### But we aim to go further...

Having policies and monitoring that they are followed by all employees is essential in every company. But we aim to go further and increase our diversity figures, especially in what refers to women and younger populations. For this reason, we have in place programmes that go beyond a policy alone.



We have in place programmes that change the culture of our company and boost diversity beyond the natural evolution of the company. These include:

- **Sponsoring programme for female employees.** Several bodies of research indicate that women have less networking opportunities among leaders and also less visibility options. For this reason, in FYE2021 we launched a sponsoring programme for 15 female employees that will take until March 2022. Sponsors of this programme are the President of Nippon Gases himself and his direct reports. Participants in the programme count with their sponsoring support and also are part of training, development and networking opportunities.
- **Internship programme.** We have long experience with internship programmes in which, from time-to-time, interns are given the opportunity to join the company. Having young talent in our company is not only key to staying diverse and better understanding society and our customers, but also to bringing in new ideas and ways of thinking. Our internship programmes aim to train students and allow them to develop themselves in our company, gaining valuable knowledge for their careers. We particularly focus on interns from the technical areas of the company.
- **Bias training.** In FYE2021 we completed the design of a leadership training programme that will run through the coming years. In FYE2022, 200 managers will complete a session, titled 'Optimising Diverse Talent II', as part of the **Growing Our Leadership** training path. In this session, they will be trained in identifying biases that especially happen in the performance process and how to address these to achieve bias-free performance.
- **Monitoring our processes.** We ensure that our processes follow our equal opportunities policy. We monitor that performance assessment, promotion, bonus distribution, meritocracy increases, recruitment candidates reflect an appropriate percentage, taking into account the make-up of our staff distribution. In FYE2021, 35% of employees promoted were women. Due to our continuous focus on diversity, over 27.7% of our employees (all categories) today are women, and 27.1% work in specialist and managerial positions.

### Non-discrimination

Both our Human Resources Policy and Code of Conduct state clearly that no discrimination for whatever reason is accepted within the organisation. Nor is harassment of any kind. Different channels for the reporting of discrimination or harassment are in place, and each reported case is investigated in detail by trained professionals from within the organisation.

During FY2021, no case of discrimination was reported via **Nippon Gases'** reporting channels.

**Nippon Gases** has adapted all necessary workplaces for disabled employees, in conjunction with the authorities.

## 4.1.6 Talent

### Acquisition

In FYE2021 we have been working in the implementation of a digital recruitment module that will allow us to increase efficiency and objectivity in our recruitment processes. Our candidates will experience from the beginning the sense of our company, connecting and engaging with us from the first application step. This will be a great step in our HR digitalisation strategy.

### Development

In FYE2021 we launched the succession module in our employee management system **PeopleHub**. The process to identify talent and successors was fully digitalised, completed in one single site by all European locations and connecting with information from employees already available in the system.

This implementation project went beyond a new digital tool in our company. In FYE2021 we redefined what talent means for us, and how we support all employees to reach their highest potential. For us, every employee has a talent that is very valuable to the company. We understand that at certain professional moments employees develop themselves with the support of their managers and taking advantage



of the several resources we have in the company to grow professionally. **And there are also moments in the careers of employees when having a bigger support can take them to the next level- Growing Our People to Grow Our Business.** For this reason, we perform a talent assessment exercise: to identify which stage employees are at and who requires further support from the HR department and the rest of the organisation. This helps us to reach our business goals, be prepared for future succession, and improve our leadership.

This assessment completed in FYE2021 is followed by a European programme called Pipeline Talent together with local Talent to Watch programmes. These programmes are based on three pillars: visibility, development and networking. They will run for 20 months, as we understand that these kinds of programmes require a medium-term vision to provide the best results. We will continue to identify and develop all talents in the company on a regular basis.

### Training

**Grow Our People to Grow Our Business** is our philosophy. To foster this growth 2,150 employees participate in the Personal Development Plan which consists of:

- **Performance** – Business and competency goals to provide direction and alignment. It creates a clear focus on priorities and a personal contribution to the company results.
- **Development plan** – We understand development as part of our day-to-day job and encourage employees to develop themselves through new challenges, not necessarily merely through in-class training. Every eligible employee creates an annual development plan to improve their skills in three ways:



70%  
Of actions will involve on-the-job development: new responsibilities, projects and assignments



20%  
Of actions will involve development through relationships such as a mentorship, shadowing or learning from a colleague



10%  
Of actions will be through classroom and online training

With our learning system called **PeopleHub** (based on the Cornerstone platform) we offer employees the possibility to access different kind of trainings:

- **Technical training.** Every department can upload trainings created by themselves in different formats to share their knowledge and to complete all the certifications required to complete their jobs. In FYE2021 we started adding this training in our system and the Operations area of our business in particular is increasingly using this tool.
- **Mandatory courses.** Through our platform, employees conveniently complete the required compliance training to perform their job, adding valuable tests to make sure concepts are perfectly understood and acquired. Other mandatory courses included in the online platform are the Credit Card Policy and How to Act against Phishing.
- **Leadership skills.** Over 2,700 courses are available to employees in different languages, covering a diverse range of skills: marketing, leadership, management, productivity, personal development and technology.
- **Webinars.** The pandemic has certainly changed the way we work, interact and learn. We are increasingly using more webinars to connect with employees. Employees can access PeopleHub to see the upcoming webinars and what topics are covered, and they just need to click to register for them.

In FYE2021 face-to-face training has been replaced by online training. A format that was used in specific situations became the standard, as we did not want to stop training and developing our employees. At the moment we realised the situation would take longer than expected, and as we did not want to take any risks by organising face-to-face training, we redesigned the newly created path for managers – **Growing Our Leadership II** – to an online format. In total, 27 online sessions took place with great success. We will undoubtedly revert back to face-to-face training at the appropriate time, but are convinced of the great opportunities and advantages that a combination of both formats offers.

This leadership training path is just an example, as many other trainings took place in an online format. Several sales teams across the business took the opportunity to recycle their technical and leadership skills/knowledge.

For the coming years, we will continue to leverage our **PeopleHub** platform, in order to further digitalisation of learning in **Nippon Gases**. The next focal project lies in including the learning matrices for Operations and Safety into the system. This will facilitate audit and reporting needs via automated updates and follow-up of performed training, training due, time and cost spend, and launch refreshment training when this is due. The increased use of the system shows already in the numbers of training hours completed in **PeopleHub** versus the prior year.

**€881,840**  
on external training courses



“Diversity and inclusion (D&I) is embedded in Nippon Gases Europe, we are convinced that we need to improve diversity to attract diverse talent and, therefore, to be even more successful in the future...”

“In FYE2022 we will focus ourselves on the mental health of our employees, from an organisational and benefits point of view. We started looking at this already last year, in our action plans coming from the European employee engagement survey”



**When we reflect on last year (2020), the pandemic created an opportunity for us all to take a collective pause and re-evaluate so many aspects of life, work and society. In your role, do you think that created an opportunity to think even more about our aims in diversity?**

I would say no, not directly – the focus was mainly on keeping the business rolling and getting ourselves as organised as possible towards the new context that we were suddenly living and working in.

Nevertheless, we kept up our focus on diversity, our strategy remained in place as before, and we might say there are long-term benefits for diversity as a result of this. The most important change coming from last year was the broad implementation of remote working; this created both in the immediate term and for sure in the future, opportunities in improving diversity. No-one will deny, for example, that this improves the work-life balance for all and certainly for young parents.

**What are the key aims at Nippon Gases in terms of diversity and inclusion, and that human sense of sustainability in a business?**

Diversity and inclusion (D&I) is embedded in Nippon Gases Europe, we are convinced that we need to improve diversity to attract diverse talent and, therefore, to be even more successful in the future. More than the half of the working population are female – yet around 27% of employees at Nippon Gases Europe are female, meaning that there is still a lot of female talent on the market that we must reach to further strengthen our teams.

**And what are the next steps for you and Nippon Gases in that regard?**

We will have in the following years a substantial number of employees retiring from our company, and the biggest proportion of these are male employees. This creates a huge opportunity to improve the diversity figures in our organisation. On the other hand, we see that there is a scarcity of both female and young talent in our industry. We need to react

to this now, to ensure we have the right talent ready for Nippon Gases. Our International Womens Day action plan was fully focused on “supporting women in the early stages of their industrial career and help them grow professionally”.

That is why we fully support the trainee programmes in place in several countries, and that is why we are working heavily on developing our own talents.

**Did Covid-19 accelerate any of these human resource trends?**

I’m not sure if there is a possibility to go faster, if you want to do things right! But, for sure, it did not stop our efforts. We could certainly point to the matter of work-life balance guidelines as an area where we have seen an acceleration, as we discussed earlier.

**And with all of that in mind, how will the work environment of tomorrow look, post-Covid?**

I think we have to mention here four key points that are all intrinsically

linked: digitalisation, leadership styles, commitment beyond the organisation, and the post-Covid-19 office environments. Let’s start with the post-Covid-offices; offices will never look again as they once did before. Some of the measures implemented last year will remain permanently in place. Laws and guidelines will undoubtedly force us to change our offices, and our mindsets may have changed already.

Linked to this is digitalisation, which will lead us to be more collaborative, to be closer to the customers and to attain that better work-life balance we discussed. Then, we have our leadership styles, which will also need to be adapted. Trust becomes even more important, while the performance follow-up also becomes even more critical.

Finally, there is the element of commitment beyond the organisation; sustainable development impact will become a critical goal for everybody.

**The industrial gases industry often talks about its aspirations in digitisation and embracing Industry 4.0, but how can Nippon Gases leverage digitisation internally with HR processes?**

A lot of HR processes were digitalised last year in our HR ERP, called PeopleHub. We worked last year, for example, on automating the following modules: performance, compensation, recruitment, succession planning and learning. Much less paperwork and time spent, in addition to using European-wide processes, brought a big benefit to the quality of these processes.

**If we switch gears here and move from the digital focus and automation, and think about the human and the individual mind – how important is mental health awareness and understanding to a successful business?**

It is extremely important. The good mental health of our employees does notably decrease absenteeism rates and replacement/recruitment costs,

while it also increases productivity and employee engagement. In this sense, our employees stated in the Employee Engagement Survey 2020 that we are performing at a very high level.

In FYE2022 we will focus ourselves on the mental health of our employees, from an organisational and benefits point of view. We started looking at this already last year, in our action plans coming from the European employee engagement survey.

**How is Nippon Gases working to maximise the mental health of its team(s) and the benefits a positive mental health culture can bring?**

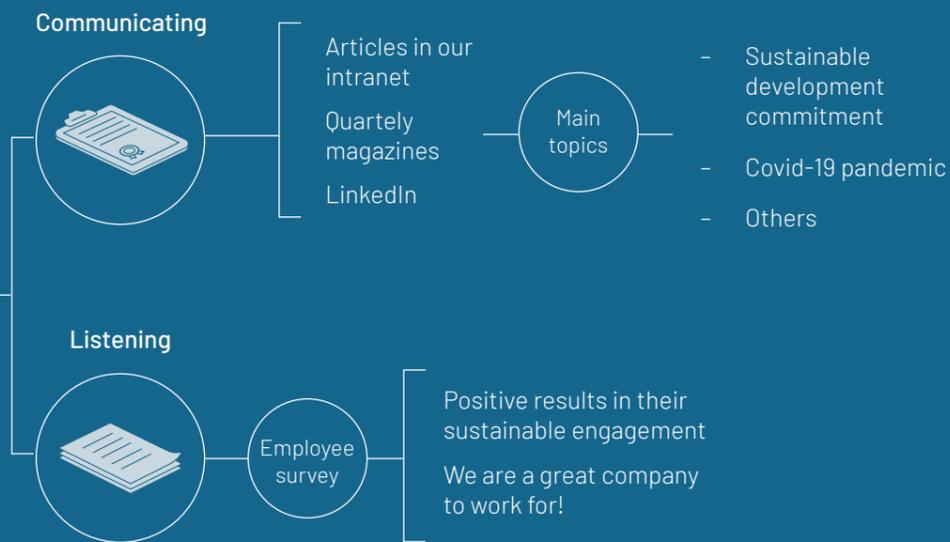
We have already a good number of initiatives underway, but we need to also work on increasing awareness. Internal communication will certainly have a key role to play here.

# Collaborative

## Communication

During FY2021 we kept communication alive to keep being close.

### Communicating and listening to everybody



### Closer to our customers

- Maintaining a **proactive** attitude towards their problems
- Innovate** and develop solutions to meet their needs
- Preventing our **collaboration** from being affected



### Works councils, health and safety committees



## 4.2 Communication

During the pandemic, maintaining communication with employees has been of incredible importance. We were distant from each other, even if having to work in the same location, so **keeping communication alive was the only way keep us close together**. We have dedicated many articles in our intranet and quarterly magazines to the employees who were in the front line of the Covid-19 pandemic, whether it was in the filling stations, air separation units, at hospital facilities, or from home. We heard so many different experiences from our employees, keeping us close to each other. These were different real stories with the same unique goal: contributing to the resolution of this pandemic. Our employees were and are very proud to read that their work has had a continuous and valuable impact for so many people, with our medical solutions and the distribution of the coronavirus vaccine. We also had an impact in the day to day of people who saw their habits changed, as we have supported with our solutions the increased amount of food bought in the supermarkets or the also increased food home deliveries.

Our support to this crisis resolution has taken a lot of attention in our internal communications, but the business continued moving forward, and rather quickly we must say! In FYE2021, we have put our sustainable development commitment at the very centre of what we do. Though we have spent years developing innovative technologies that promote a more sustainable world, the latest regulations towards decarbonisation have seen us increase our commitment further still. We have dedicated much effort to enabling our stakeholders to be aware of what we do for a sustainable world.

There have been, of course, many other relevant topics shared with employees using our communication channels. To stay even closer to them, especially in this digital era, we have completed the design of a new intranet that will be implemented in FYE2022. This intranet will allow us to share more personalised information, listen better to employees, support them in having a better understanding of our company, and provide answers to their most frequent questions.

### The new intranet will undoubtedly improve our communication with employees.

#### Communicating and listening to everybody

FYE2021 has been the year of increasing our communication, but also a great year to listen to employees. In May 2020 we launched an employee survey in which 81% of all our employees participated. **86% rated as positive their sustainable engagement**, which takes us to the level of high performing companies. These are amazing results for an amazing job done by each employee in the company, through teamwork.

These great results don't make us rest on our laurels. Each HR department immediately analysed our strengths and the concerns of our employees, to always keep improving. Local and European action plans were agreed with the managing directors, involving other directors as necessary. We are a great company to work for, and we want it to continue this way. Only by continuing to improve, developing ourselves and innovating can we keep on being a high-performing company.

We have also been very dedicated this year to enabling our potential future colleagues in the outside world know more about us. We know our brand is still new to the market, but we are a centenary company with many positive benefits for talented professionals. With our engaging activity, through posts about **#NGPeople** or an interesting video about the company, we have over duplicated our followers on **LinkedIn** with very positive response rates. LinkedIn has this year been one of the few ways to tell talented professionals about our company in more detail and we have for sure made the use of it.



## Closer to our customers

The pandemic has undoubtedly affected not only the way we relate to each other, but also to the customer, influencing the sales cycle, the support provided, and the channels used to stay connected, listening to them and not losing the connection with their needs. Maintaining a **proactive** attitude towards their problems, continuing to **innovate** and develop solutions to meet their needs, and preventing our **collaboration** from being affected, have been the pillars of our communication with them.

To achieve this goal, throughout FYE2021, a talented multidisciplinary team has been involved in the creation, development and **launch of 13 new corporate websites, in 10 different languages**, completely redesigned from scratch from a totally customer-centric point of view. The new corporate websites provide - among other benefits - new features such as a new download centre enabling single access to documentation about safety, quality, policies, or marketing materials and reports; access to our digital services, customer portals or ecommerce; an easy tool to locate the nearest distribution point; a European press centre; and an events calendar. Since its launch in October 2020, this deployment has led to a 30% increase in brand awareness and visibility according to SEO indices, reaching over 205,000 visits in FYE2021.

But the improvement of our digital channels does not end there: **Nippon Gases** has, over the last year, relaunched and strengthened its social media channels - reaching today 23 accounts spread across the five main accounts, both at corporate and regional level, combining both coordinated corporate actions (more than 35 in 2021) with local actions aimed at the target geographic audience.

The deployment of digital communication channels with our external audience is also accompanied by new tools for our



sales force, such as **LinkedIn Sales Navigator**, which not only allows them to continue with their work of prospecting and business growth during the worst moments of the pandemic, but also allows them to have direct contact with customers in a much closer way.

## Works councils, health and safety committees

**Nippon Gases** complies with all national legislation organising industrial relations in the countries where we are present. Works councils, health and safety committees, and employee representatives are in place, always according to local regulations. They kept on meeting with local management, based on existing agreements, on a regular basis but in most cases through virtual meetings. Topics discussed in works councils and health and safety meetings are defined by law and collective agreements. The main items discussed at works council meetings are the financial status of the company, manpower changes, and other employee-related questions. At health and safety meetings, topics like potential safety hazards, safety incidents and improvement proposals at local facility level are discussed.

In FYE2021, the European Works Council was not able to meet in person, but this didn't stop the work of the organisation. Regular virtual meetings were held to keep up-to-date on the situation of the company. Further still, the annual meeting was held in a virtual way and spread over several days in order to have a productive meeting.

In FYE2021 a the new works council in the Netherlands was also elected and installed.

More than 95% of our employees are covered by a collective agreement, whether it be on a local, industry or national basis.

## César Callejo

Chief Information Officer  
Nippon Gases Euro-Holding S.L.U.



**"...the IT programme for the upcoming years includes additional investments in both cyber-security solutions and technologies, together with a continuous focus on security awareness, all of which will establish a strong cyber-security culture in the company"**

**This report is all about reflecting on the year past, and that was certainly a year like no other - tell us from your perspective, how you and your team had to respond to the FYE2021 that ultimately unfolded?**

Last year was a challenging year for the Information Technology (IT) department. Together with the IT plan which was originally focused on stabilising the new technologies we introduced in FYE2020 as a result of the separation from Praxair, and starting several initiatives around Digital Transformation, we had to face the unexpected situation caused by the pandemic and the need to support our employees in this transition. And all of this had to be achieved in such a short period of time.

Now, as we reflect on this, I'm glad to see that we achieved our objective and contributed to supporting the company in this transition.

**And how did you rise to the challenge of supporting both your team(s) and even the customer against the backdrop of this remote working environment?**

I would say the key to this was a prompt reaction. At the very beginning of the pandemic, we established a core crisis team to design and deploy a plan to support the mobilisation of employees to home working - including the preparation and delivery of more than 400 devices (laptops and mobile phones), increasing internet bandwidth, and adjusting our infrastructure capabilities, to ensure a smooth transition and business continuity.

**We've all had to pivot in some way during this period and embrace these new working environments as we've just discussed, but what are the dangers of such scenarios, thinking of cyber-security challenges here? Have you had to consider security awareness and business/technology resolve along the way?**

Remote working scenarios mean more people and more technologies are connected, which of course increases the risks from both a technology and human perspective. Together with this, the pandemic also created the perfect scenario for bad actors. Most of the worldwide statistics show a concerning increase in the number of

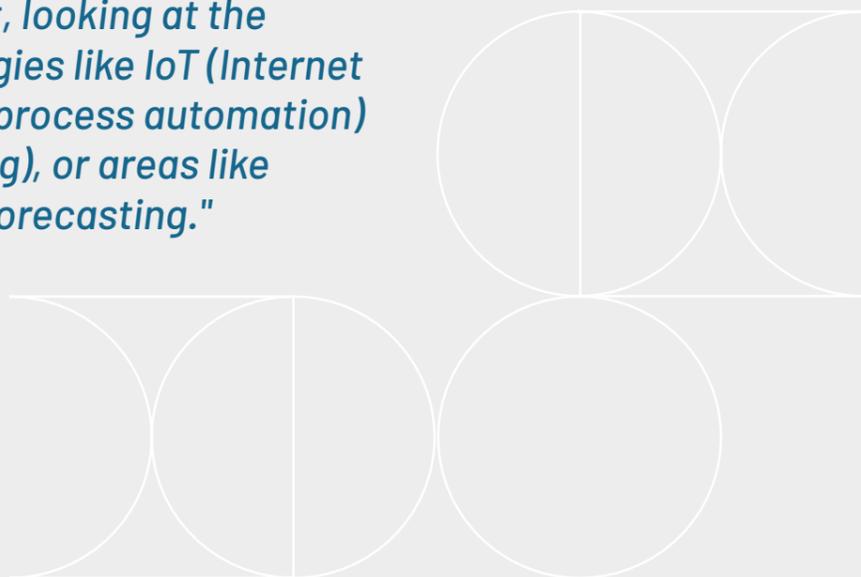
cyber-attacks in the past year, and it is difficult not to find stories in the news on a weekly basis of how companies have been hit by this.

In our case, Information Security has been a key pillar in the IT strategy, even before the pandemic, which helped us to be better positioned for this transition, compared with other companies obliged to introduce new solutions and services very quickly.

In terms of security awareness, already back in FYE2020 and as part of the cyber-security roadmap, we launched a security awareness programme focused on Phishing. The main goal of this was to create the appropriate awareness on cyber-security risks at all levels of the company, including training, phishing tests and penetration tests.

**Is this something you see continuing in FYE2022? Will you continue to expand cyber-security capabilities?**  
Yes, without a doubt. Information Security will remain a key and critical component in the IT strategy, as cyber-security risks will tend to

*"Operation technology is arguably one of the areas with the biggest potential in productivity enablement, looking at the possibilities of technologies like IoT (Internet of Things), RPA (robotic process automation) and ML (machine learning), or areas like predictive analysis and forecasting."*



increase as a result of greater digitalisation. In that sense, the IT programme for the upcoming years includes additional investments in both cyber-security solutions and technologies, together with a continuous focus on security awareness, all of which will establish a strong cyber-security culture in the company.

**The industrial gases industry often talks about its aspirations in digitisation and embracing Industry 4.0, but what does digitisation mean for you internally, as CIO? Do you have key internal initiatives with digital and technologies?**

There are tens of different definitions around Digital Transformation, but I like to use this one, as it summarises very well the concept: "The transformation of business and organisational activities, processes, competencies and models, leveraging the opportunities of digital technologies."

Back in FYE2020 we launched a Digital Transformation initiative, to coordinate efforts in terms of digitalisation. We grouped the activities under the

umbrella of the so-called Digital Areas: Customer Engagement, Operational Agility and Employee Empowerment. In each of these areas, during the last year several projects have been executed and new technologies have been introduced (corporate web, CRM, MS Teams), while some projects are currently in the deployment phase (dynamic pricing, routing optimisation of trucks on sustainability) and other technologies are under evaluation and will be introduced in the future. Digital Transformation is a journey, so there's no end date.

**How excited are you for FYE2022 and what will the key areas of focus be for you in terms of new technologies and processes?**

Very much excited! Sponsorship of the IT programme allowed us to establish the successful basis from a technology, organisational and governance perspective over the past two years. Looking ahead, there are several strategic areas to focus on.

Excluding Information Security, which I already mentioned earlier, business

automation will be a focus area (both from a process and technology perspective) in terms of modernising applications and processes, and leveraging technologies.

Data analytics and management, where the effort in the past has been to rationalise the existing architecture, will be another focus area where there's still a big horizon in terms of data models, data adoption and consumption.

Operation technology is arguably one of the areas with the biggest potential in productivity enablement, looking at the possibilities of technologies like IoT (Internet of Things), RPA (robotic process automation) and ML (machine learning), or areas like predictive analysis and forecasting.

Some initiatives are already in execution using these technologies and others are under evaluation with the European Operations team.

Finally, we will continue to focus on improving our collaboration and user experience capabilities.

# Collaborative



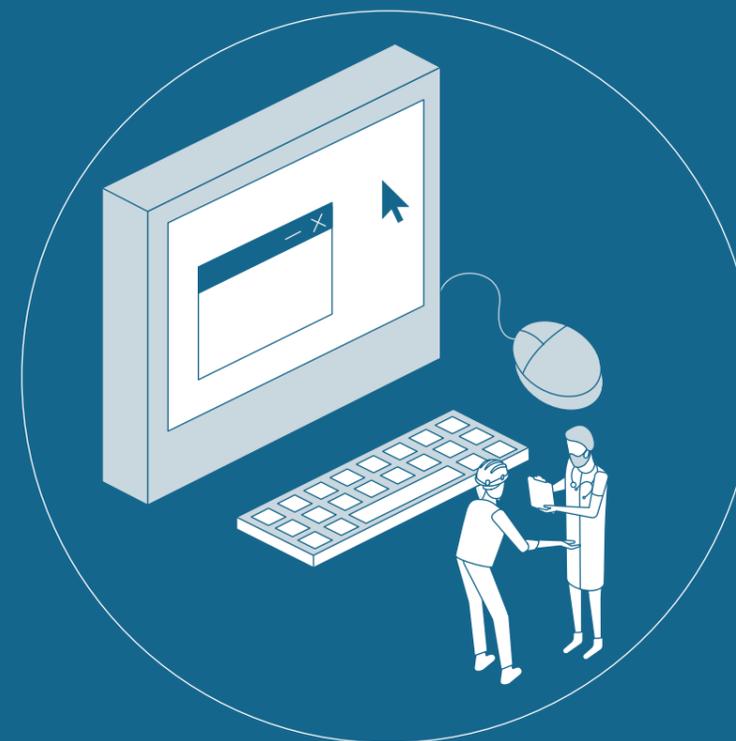
## 4.3 Work-life balance

As in most companies, a lot of our employees were also asked for the first time in their career to work from home as one of the most effective measures to fight the Covid-19 pandemic. Well-functioning IT systems, good working processes and motivated employees made this a big success in our company. As home office working is seen as one of the strongest measures to balance work and life commitments, at **Nippon Gases** we implemented our remote working guidelines in our organisation. No time loss due to commuting, higher productivity,

and increased motivation – among other benefits – is clearly creating benefits for both the employee and the employer.

Needless to say, in all regions, we remained compliant with the local legislation related to work-life balance (for example, working hours, part-time employment and paternity leave).

In addition, more and more activities around mental and physical health were implemented in the organisation. For the coming year, these two important areas will become a priority.

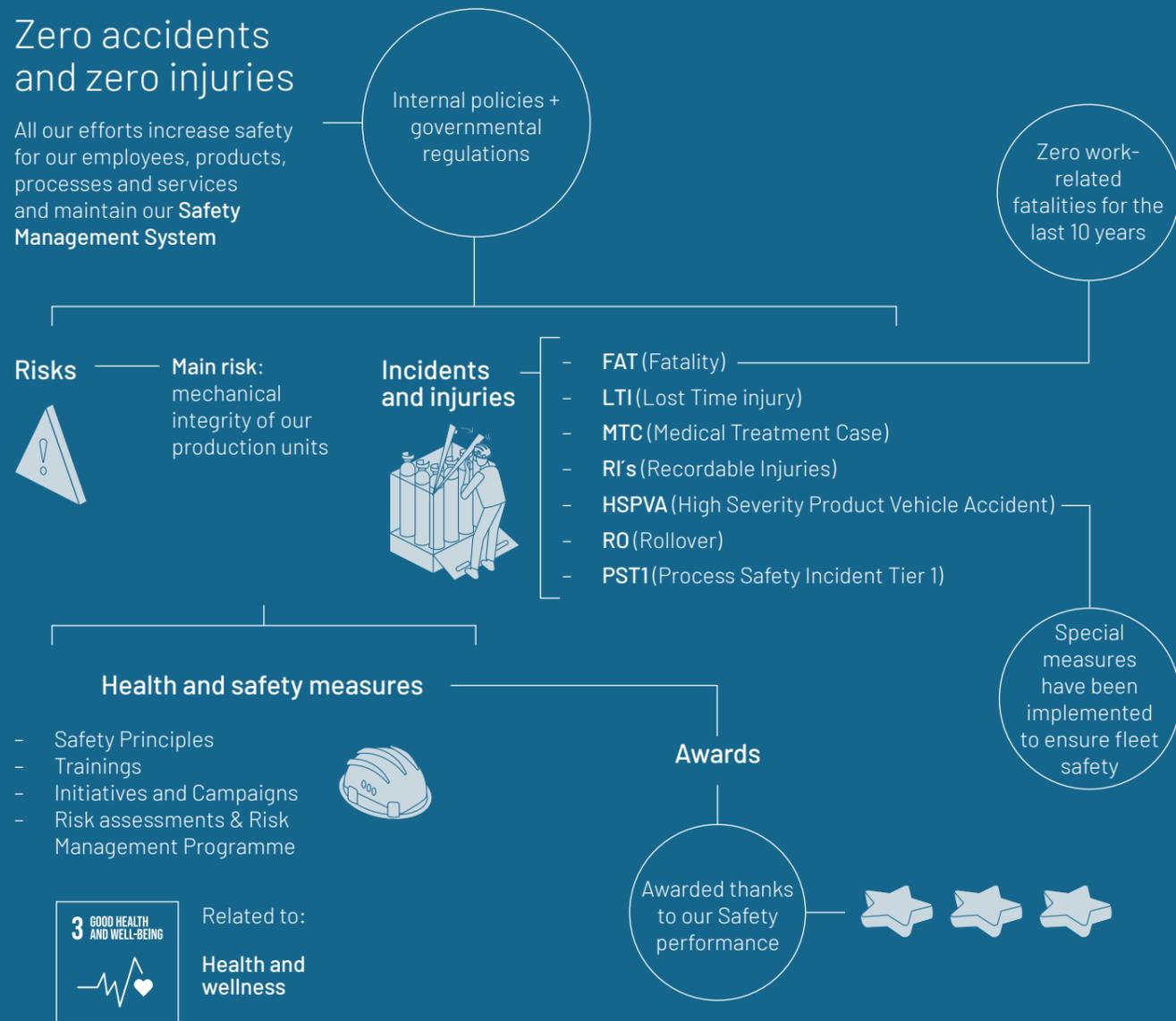


## H&S management

Safety and health of our employees and contractors, the quality of our products and services and the protection of our environment are our higher priorities.

### Zero accidents and zero injuries

All our efforts increase safety for our employees, products, processes and services and maintain our **Safety Management System**



## 4.4 H&S management

The protection of our employees and the environment are of particular importance to **Nippon Gases**.

We comply with all relevant regulations, and strive to maintain and improve our performance year-on-year in the areas of: occupational safety, process safety, environmental protection, quality, food safety and medical product safety. We plan to achieve significant improvements through effective management practices and economically justifiable applications of technology.

All technical, commercial and organisational processes are designed and monitored in such a way that regulations and contractual agreements can be fulfilled.

**Together, we are "The Gas Professionals" and we all have the same goal - "Improving the future through gases."**

The quality of our products and services, safety and health of our employees and contractors and protection of the environment and the continual quest to improve our energy-related services have always been, and will remain, our highest priority. This aspiration is an essential part of our culture, and is reflected in our vision, mission, guiding principles and core values.

The **Nippon Gases** philosophy demonstrates our commitment to being a leader in safety performance in the area of industrial gases.

Our goals are zero accidents and zero injuries for our employees and contractors, maintaining the safe operation of our plants, providing safe products to our customers, and being a good neighbour within the local community.

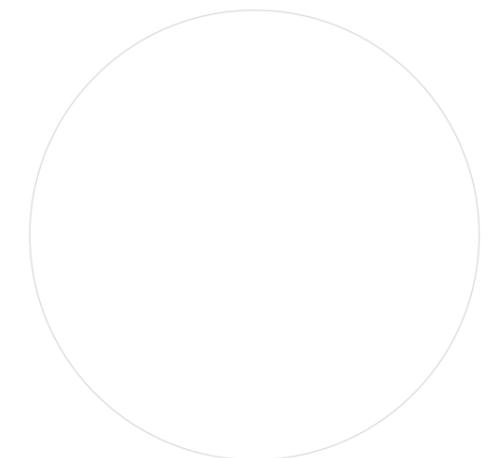
For this reason, we devote a high priority to raising awareness and developing a better understanding within our organisation in the following ways:

- Designing and developing products that can be safely manufactured, transported, used and disposed of or recycled without posing unacceptable risks to people or the environment.
- Maintaining a safety management system in accordance with the Seveso III Directive on Major Accidents to prevent major accidents and minimise their effects on people and the environment.
- The safe operation of our production facilities.

- A continuous improvement of our safety management and corresponding reporting with regard to our goal of the absolute prevention of accidents, injuries, personal and environmental damage through our processes, products and services.
- The safe transport of our products to end customers in compliance with all relevant regulations
- Inclusion of all contractors, including hauliers, in the comprehensive **Nippon Gases** H&S management system.

All employees and contractors are therefore obliged to work and act safely in a result-oriented manner to ensure absolute customer satisfaction and to comply with the following principles:

1. All accidents can be prevented.
2. Safety is the responsibility of line management.
3. Every employee is responsible for his/her own safety.
4. Every employee must stop a job if it cannot be done safely.
5. Efforts in safety yield results in safety.
6. Safety is a condition of employment.



All our efforts increase safety for our employees, products, processes and services. They are a basic requirement for every job and every workplace.

The Safety Management System is described in the European HSE Management Manual, which applies to 100% of our European locations. This system integrates internal policies and governmental regulations. In general, our internal policies are stricter than governmental regulations.

The main elements of the Health and Safety Management system are:

- **Nippon Gases** Product Safety and Quality Policy
- **Nippon Gases** Occupational Safety and Health/ Industrial Safety and Disaster Prevention Policy
- HSE standard manual
- Employee training based on the job functions
- Risk assessment processes for process safety, worker safety, product and transportation safety



- EHS assessments conducted by our EHS assessment team
- Internal reporting and review on a monthly basis
- External reporting on safety performance through our Sustainability Report and report to various stakeholders (EIGA, for example)

Our commitment to safety is integral, so we apply this premise in all our products - development, design and distribution - as well as human and environmental control.

One of the risk identified in our business is the mechanical integrity of our production units. To control this risk, **Nippon Gases** has implemented a comprehensive risk management programme containing elements such as risk management studies and mechanical integrity programmes.

We enjoy close collaboration with our internal and external supply chain partners, plus active measurement of external risk factors, safety performance and compliance metrics, as well as periodic review. All the above ensure that we remain fully informed and empowered to supply our products and services in line with both our customers' and our own expectations.

We have an extensive range of health and safety measures, starting with our safety principles. From this basis, we conduct safety assessments and structured safety training whilst promoting safety at every level. For example, every meeting starts with a safety topic, and each year we undertake a Safety Excellence Journey.

**Nippon Gases** has taken a series of measures to prevent work-related injuries and fatalities. The strong commitment to safety across the **Nippon Gases** organisation throughout Europe is manifested in the six safety principles.

A more specific example is the extensive internal HSE regulations, compliance with which is regularly checked via HSE assessments.

If potential for improvement is found, either special measures and safety campaigns are launched, or the internal HSE standards are revised.

Our internal European HSE assessment programme was strongly influenced by the Covid-19 pandemic. This proven and well-established assessment system, in which the assessment teams were composed of experts from the different countries, could not be continued due to the Covid-19 restrictions.

Instead, using various new technologies, the assessments were carried out either remotely or as a combined assessment (remote assessors with support of local experts).

In total the assessment organisation audited nine plants over the past year to check compliance with internal standards. The senior management of the respective countries and the European Business Team received the results of these assessments, which did not throw up any significant safety issues.

## HSE assessments



Extensive safety training, job safety analysis, risk assessments or Europe-wide minimum requirements for PPE are further measures that help prevent accidents. We have launched and implemented several safety-related initiatives and campaigns, such as these three examples:

- **Safety in filling plants** - An initiative to focus on one of the main risks identified: the filling of gas cylinders and the manual handling of gas cylinders and dry ice blocks.
- **Slip, trip and fall** - Slip, trip and fall was one of the main areas of injuries during recent years. A special training programme was therefore launched to raise awareness and address this topic.

Any recordable accident or illness that results in one or more day(s) away from work as a result of a work-related accident or exposure is recorded as Lost Time Injury (LTI). Any work-related injury which requires a medical treatment is recorded as medical treatment case (MTC), Both are KPI's within HSE.

In addition, our policy states that all incidents and near-misses must be reported and investigated. They are reviewed at a European level on a monthly basis.

Serious incidents include:

- **FAT** (Fatality)
- **LTI** (Lost Time injury)
- **MTC** (Medical Treatment Case)
- **FPE** (Fatality Potential Event)
- **HSPVA** (High Severity Product Vehicle Accident)
- **RO** (Rollover)
- **PST1** (Process Safety Incident Tier 1)

These are discussed monthly at the the business review meeting and are also reviewed in detail at a meeting with the European President.

In addition, Health and Safety and Environmental KPI's and metrics linked to the annual Personnel Development Plan (PDP) and salary review are set at all functional levels.

Work-injury related absenteeism is managed by both line management and human resources, reported to senior management on a monthly basis and broken into trends to show areas of opportunity. Every case is investigated in detail according to internal standards.

## Fatalities

A Fatality (FAT) is defined as a death that occurs while a person is at work or performing work related tasks.

FYE2019			FYE2020			FYE2021		
Woman	Man	Total	Woman	Man	Total	Woman	Man	Total
0	0	0	0	0	0	0	0	0

**There were zero work-related fatalities for the last 10 years, neither for employees nor for contractors (including drivers).**

## Lost time injuries

A Lost Time Injury (LTI) is defined as any recordable accident or illness that results in one or more day(s) away from work as a result of a work-related accident or exposure.

FYE2019			FYE2020			FYE2021		
Woman	Man	Total	Woman	Man	Total	Woman	Man	Total
0	2	2	0	5	5	0	4	4

The number of LTIs remain on tableau. Two incidents are slip-trip-fall incidents, while two others occurred during the manual handling of parts.

## LTI frequency rate

The frequency rate is not calculated by Gender at **Nippon Gases** previous FYE2020.

FYE2019			FYE2020			FYE2021		
Woman	Man	Total	Woman	Man	Total	Woman	Man	Total
NA	NA	0.71	NA	NA	1.03	0	0,98	0.72

## LTI severity rate

The LTI severity rate is defined as the number of lost workdays per 1,000,000 working hours.

LTI severity rate FYE2020		
Woman	Man	Total
0	42.75	31.07
LTI severity rate FYE2021		
Woman	Man	Total
0	31.09	22.72

The severity rate of the incidents is reduced by almost 50%.

## Number of MTC's by gender

A Medical Treatment Case (MTC) is defined as any work-related injury which requiring more than first aid and does not result in an LTI.

## Number of Recordable Injuries (RI's) by gender

The Recordable Injury (RI) is defined as the summary of FAT+ LTI+MTC.

FYE2019			FYE2020			FYE2021		
Woman	Man	Total	Woman	Man	Total	Woman	Man	Total
0	3	3	0	8	8	0	8	8

This is confirmation of the excellent safety management system and performance of **Nippon Gases**, which is proud to have received the award 15 times in the last 18 years.

## Absenteeism rate due to illness

FYE2020 <sup>7</sup>			FYE2021		
Female	Male	Total	Female	Male	Total
3.75%	3.75%	3.75%	2,55%	3.28%	3.08%

Absenteeism rate calculation: # of hours of illness / # of employees \* annual working time by employee.  
Hours of illness: only contains the hours absent due to illness, excluding maternity leave, labour accidents and professional diseases.

In FYE2021 the absenteeism rate reduced against the previous year to 181.328 working hours due to illness. Local businesses continue to carry out a close follow-up based on national legislation, to keep this figure as low as possible, with respect for the employees at all times.

No occupational diseases reported in FYE2021.

## Fleet safety

Although the transportation of our liquid products throughout Europe is handled by contracted hauliers, fleet safety is an important issue for **Nippon Gases**. This is shown on the one hand by the fact that a separate chapter in the HSE management is dedicated to this topic, and also by special measures that have been implemented. In addition, every High Severity Product Vehicle Accident (HSPVA) is investigated and reviewed by **Nippon Gases** and the haulier concerned.

**Nippon Gases** considers HSPVA, every vehicle accident that causes:

- A fatality to any party.
- Injury requiring treatment from a medical professional at a location away from the scene of the accident.
- Damage to any vehicle involved in the accident that renders that vehicle un-drivable or causes it to be towed from the scene as a result of mechanical damage.
- Product release from a cargo tank containing dangerous goods, or cylinders to be strewn over the accident site.
- A rollover.

An extensive training programme, to which the carriers are contractually obliged, is implemented. All bulk product vehicles are also equipped with a Safety OnBoard-Computer (OBC). This OBC monitors the driver's behaviour. The results are sent directly to the haulier, who then evaluates and initiates any appropriate measures. The number of serious traffic accidents involving product transport vehicles has been massively reduced through continuous work in this programme.

## Number of High Severity Vehicle Accidents

Looking are the preventable HSPVA, the number of accidents continues to be at low values.

Two incidents occurred when our vehicle was stacked in a traffic jam and was hit from behind, which were classified as non preventable.

FYE2019	FYE2020	FYE2021
7	1	2

## Number of Contractor-LTI

Contractor safety is as important as employee safety for **Nippon Gases**.

In FYE2021, contractor-LTIs, which are mainly related to drivers, has increased over the past year, mainly related to slip-trip and fall incidents.

FYE2019	FYE2020	FYE2021
12	5	10

## EIGA Safety Awards

At its Annual General Meeting in May 2020 the European Industrial Gas Association (EIGA) presented several Safety Awards to **Nippon Gases** for outstanding safety performance.

## Location awards

In total, 11 locations received an award for a period (at least five years) without any LTIs. **Nippon Gases Deutschland (Germany) was awarded with the 'Gold five star safety award' for 40 consecutive years without without an LTI at its air separation unit in Biebesheim.**

**Nippon Gases Espana (Spain) was awarded with the 'Gold four star safety award' for 35 consecutive years without an LTI at its filling station in Cordoba.**

## Safety Innovation award

Every year the EIGA Safety Innovation award is given. The theme for the 2020 Innovation award was 'Maintenance'. **The Safety Innovation Award 2020 was given to Nippon Gases Italia application 'We Smart Cyl (Cylinder Testing Optimisation Process)'.**

SDG targets for the period FYE2021 to FYE2024 are:

- Maintain our current RI-rate leadership compared to the average of Cat1 member companies of EIGA.
- < 1 product vehicle accidents per one million km.



Health and wellness



## Community commitment

We strive to make life better for the communities in which we live and work



## 4.5 Community commitment

At Nippon Gases we are committed to supporting a wide range of community initiatives. We offer our employees the opportunity to get involved and make a difference.

FYE2021 was a very difficult year for community engagement activities due to all kind of protection measures against the Covid-19 pandemic. Nevertheless, where possible we kept supporting all kind of initiatives as much as possible. The spend attributed to all kinds of projects increased by more than 70% vs last year (employee and employer contributions together).

We saw a drop in the number of participants but completely due to the protection measures that were in place against the pandemic. A lot of the projects that were supported by **Nippon Gases** and its employees were related to health, education and social outreach, but last year specifically also to supporting hospitals and related organisations in the fight against Covid-19.

With the pandemic hopefully under control, our employees are eager to resume the physical projects again, just as they were doing with a lot of enthusiasm in the previous years.

FYE2021 data:

**56 projects.**

**+400 participants.**

**€148,778 donated (employers and employee contributions)**

A list of Community Engagement (CE) projects is attached to this document.

### Grorud IL - Football Club (Norway)

Grorud Football Club is located at Grorud, the district in Oslo, Norway with the lowest average income and the largest proportion of immigrants.

Over 50% of children and young adults in this district do not participate in organised activities nor are physically active.

Under the vision 'Together for an inclusive Grorud where dreams come true' they have started a Community Engagement programme titled 'Role Models', where they aim to create better conditions for growing up by offering free activities to children and young individuals living in Grorud.

As our production plant in Oslo is located in Grorud, it was natural for us to support Grorud Football Club's Community Engagement programme.

Their values and vision are very much in line with ours.



### First Nippon Gases and Oximesa Virtual Race (Spain)

Promoting sports and healthy habits were the main objectives of the first Virtual Race held between the 21<sup>st</sup> to 29<sup>th</sup> November 2020.

This was a race where children and adults have been able to share miles of health and fun for a good cause, as the entire funds raised went to National Association of Pulmonary Hypertension (ANHP).

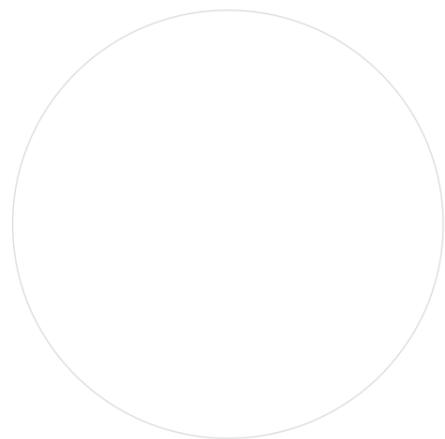
Specifically, €4,471 will be invested into pulmonary hypertension research, allowing for improved patient quality of life, as well as the search for a definitive disease treatment.

The **Nippon Gases** Iberia team managed the combination between Corporate Social Responsibility and their commitment as a family-friendly company, in a spirit of solidarity and creativity, holding mass events against the backdrop of restrictions due to the Covid-19 pandemic.

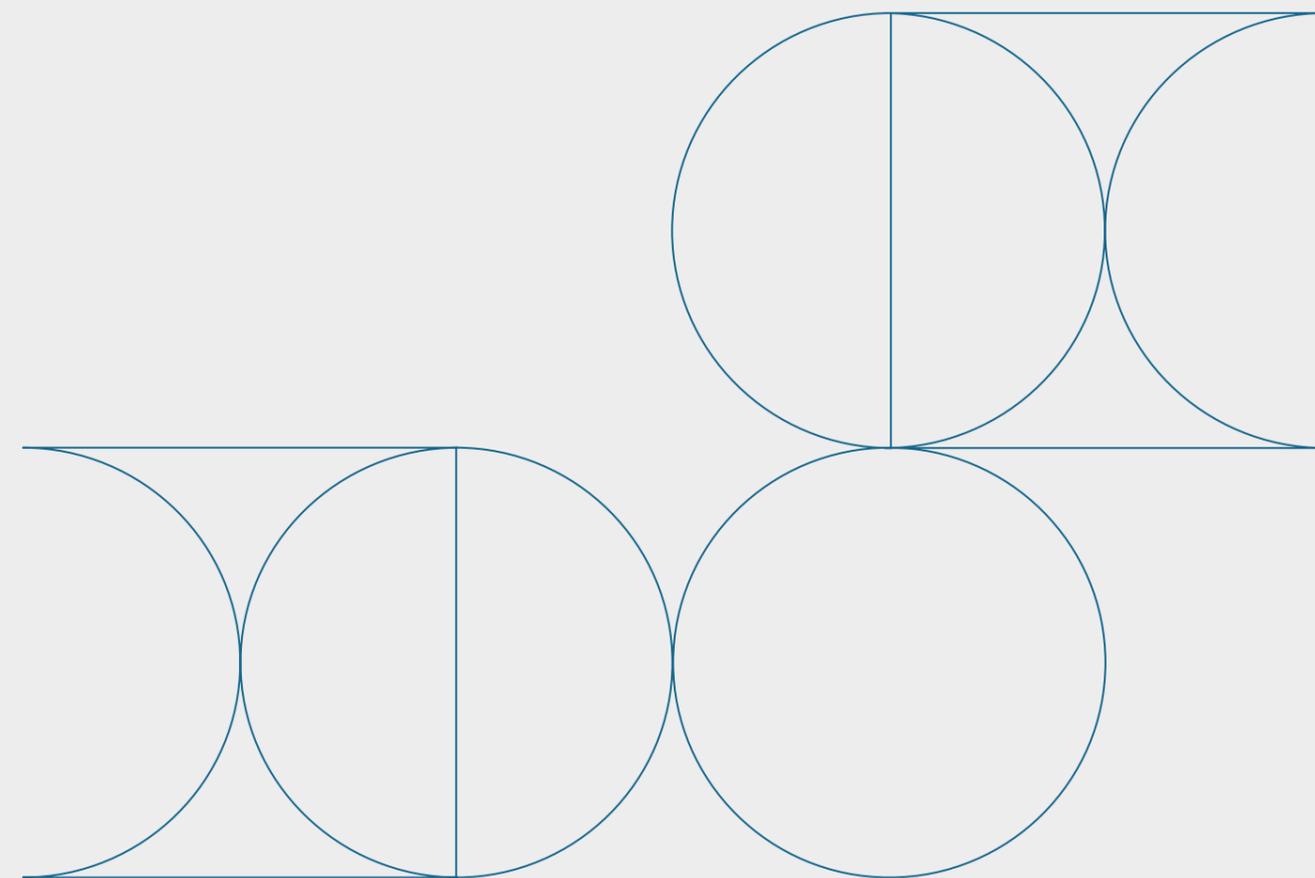


### Engineer w/o border, University Karlsruhe (Germany)

In the world's toughest places, Engineers Without Borders is partnering with communities to meet their basic human needs. EWB builds a better world through engineering projects that empower communities to meet their basic human needs (construction, digging for water, installing solar panels). But in addition, projects related to education and health are high on the agenda. The basis of this organisation are volunteers. In the case of the Karlsruhe University, these are all students - making this even more remarkable. **Nippon Gases** Germany is proud to sponsor this organisation.



# Appendix



## 5.1 Community initiatives

Country	Organisation & Project Description	Category
UK	LOUTH TOWN FOOTBALL CLUB: Support for Youth Football Team	Community Support
Ireland	CASTLEDERMOT & GRANGENOLVIN FOOTBALL CLUB: Support for Youth Football Team	Community Support
UK&I	HOLIDAY CHARITY DAYS : Participate in a charity event and get the time off (max 2 days)	Community Support
Ireland	CENTRAL REMEDIAL CLINIC: Sponsorship for charity cycle ride by NGI Supplier	Community Support
Norway	GRORUD IL - FOOTBALL CLUB: Sponsor of Grorud elite football team (close to our Grorud-Site)- the team is working to get immigrant children involved in local sports activities.	Diversity
Norway	PROPANE AUTOMAT - KICKBACK TO FET FOOTBALL / SPORTS CLUB: Activities for kids / youth's in the community	Community Support
Norway	RJUKAN DANCE CLUB: Local dance sponsor of course/training for kids / youth's	Community Support
Norway	RJUKAN GOLF CLUB (6 HOLE): Local golf club - sponsor of course/ training for kids / youth	Community Support
Norway	LOCAL SCHOOLS IN TINN COMMUNITY: Sponsor of "reflex" to school starters (6 year old)	Health & Wellness
Norway	KIRKENS BYMISJON - CHRISTMAS PLATE FOR THE POOR: support to the Christmas campaign	Community Support
Norway	STEINKJER PSYKISK HELSE- SUPPORT	Community Support
Denmark	DANSKE HOSPITALSKLOVNE (DANISH HOSPITAL CLOWNS): Clowns visiting children in local hospitals to brighten their days	Health & Wellness
Denmark	JULEMÆRKEHJEMMET: Centers helping children fighting bullying and loneliness	Community Support
Denmark	KRÆFTENS BEKÆMPELSE (DANISH CANCER SOCIETY): The Danish Cancer association	Health & Wellness
UK	Movember (M): Growing moustaches and beards for charity	Community Support
UK	NSPCC: Christmas quiz for employees and their families in aid of the National Society for Prevention of Cruelty to Children	Community Support
UK	MACMILLAN CANCER SUPPORT (MCC): employees gave up alcohol for the month of October and sponsored the foundation	Community Support
Italy	MUNICIPALITY OF GALLIATE: Helium cylinders donation to be used for a charity event to commemorate the "Heroes of the Covid pandemic" (doctors, nurses, ambulance personnel and policemen involved)	Community Support
Italy	ALBERO DI GRETA ONLUS: Christmas card contribution for health research on a rare genetic disease	Health & Wellness
Italy	DYNAMO CAMP: Medical devices challenge in order to collect donations through the participation in sports initiatives	Health & Wellness
Scotland	DAVIOT SCHOOL: Donation to a primary school for new maths/english books and stationery.	Education
Scotland	MACMILLAN CANCER: Macmillan Coffee Morning - Staff baked or bought cakes for selling in the company.	Health & Wellness
Scotland	SAVE THE CHILDREN: Xmas Jumper Day - Save the Children	Community Support
Scotland	LOCAL FOOD BANKS: Employees & Nippon donated food and essential items	Community Support
Scotland	MONTROSE YOUTH SPONSORSHIP: Football strip Sponsorship	Community Support
Scotland	ARDUTHIE PRIMARY SCHOOL: Donation of surplus office furniture including cupboards and filing cabinets	Community Support

Country	Organisation & Project Description	Category
Portugal	CENTRO HOSPITALAR VILA NOVA DE FAIA: Material delivery to Hospitals to be used in context of Covid -19 pandemy	Community Support
Portugal	CENTRO HOSPITALAR DE SÃO JOÃO - PORTO: Support for the meal of health professionals Covid-19	Education
Portugal	CENTRO HOSPITALAR E UNIVERSITÁRIO DE COIMBRA: Material delivery to Hospitals to be used in context of Covid -19 pandemy	Health & Wellness
Portugal	CENTRO HOSPITALAR DE SÃO JOÃO - PORTO: Material delivery to Hospitals to be used in context of Covid -19 pandemy.	Community Support
Portugal	ESTRUTURA HOSPITALAR DE CONTIGÊNCIA DE LISBOA - Covid-19: Material delivery to Hospitals to be used in context of Covid -19 pandemy.	Community Support
Portugal	HOSPITAL DE LEIRIA: Material delivery to Hospitals to be used in context of Covid -19 pandemy.	Community Support
Portugal	CENTRO HOSPITALAR E UNIVERSITÁRIO DE COIMBRA: Material delivery to Hospitals to be used in context of Covid -19 pandemy .	Community Support
Portugal	HOSPITAL DOS COVÕES - COIMBRA: Material delivery to Hospitals to be used in context of Covid -19 pandemy.	Community Support
Portugal	IPO COIMBRA: Material delivery to Hospitals to be used in context of Covid -19 pandemy.	Community Support
Portugal	CENTRO HOSPITALAR TÂMEGA E SOUSA: Material delivery to Hospitals to be used in context of Covid -19 pandemy .	Community Support
Portugal	HOSPITAL DE BRAGA: Material delivery to Hospitals to be used in context of Covid -19 pandemy.	Community Support
Portugal	HOSPITAL CUF ALMADA: Material delivery to Hospitals to be used in context of Covid -19 pandemy.	Community Support
Portugal	HOSPITAL SANTA MARTA: Material delivery to Hospitals to be used in context of Covid -19 pandemy.	Community Support
Portugal	HOSPITAL DE TORRES VEDDRAS: Material delivery to Hospitals to be used in context of Covid -19 pandemy.	Community Support
Portugal	HOSPITAL PULIDO VALENTE: Material delivery to Hospitals to be used in context of Covid -19 pandemy.	Community Support
Portugal	HOSPITAL FIGUEIRA DA FOZ: Computer delivery to be part of sleep diagnosis in pneumology department.	Health & Wellness
Portugal	HOSPITAL SANTA MARIA: Material delivery to Hospitals to be used in context of Covid -19 pandemy.	Community Support
Spain	FUNDACIÓN INVESTIGACIÓN BIOMÉDICA HOSPITAL UNIVERSITARIO 12 DE OCTUBRE: Project: "Early EPOC PatientS Discharge".	Community Support
Spain	SERVICIO MADRILEÑO DE SALUD: Materials delivered for ICU and critical COVID patients during the pandemic.	Community Support
Spain	HOSPITAL GENERAL UNIVERSITARIO DE CASTELLÓN: Central monitoring with 2 monitors.	Community Support
Spain	ASOCIACIÓN NACIONAL DE HIPERTENSIÓN PULMONAR: Virtual Race. Funds donated by employees to support EPOC patients	Community Support
Spain/Portugal	AECC (ASOCIACIÓN ESPAÑOLA CONTRA EL CÁNCER): Campaign against Cancer Brest. Funds donated by employees	Community Support
Spain/Portugal	AECC (ASOCIACIÓN ESPAÑOLA CONTRA EL CÁNCER): Campaign against Cancer Brest. Funds donated by employees	Community Support
Spain/Portugal	FESBAL (FEDERACIÓN ESPAÑOLA DE BANCOS DE ALIMENTOS): Campaign to collect money for food purchase. Funds donated by employees.	Community Support
Spain	PLAN FAMILIA DE ADECCO: Assistance to our workers children with disabilities.	Community Support
Spain	HOSPITAL SAN JUAN DE LA CRUZ: Material delivery to Hospitals to be used in context of Covid -19 pandemy.	Community Support
Spain	HOSPITAL UNIVERSITARIO DE FUENLABRADA: 100 blankets for Covid-19 patients.	Community Support
Spain	JUNIOR ACHIEVEMENT (ORIENTA-T): Online talks with teenagers (all around Spain) to inspire and prepare young people to succeed in a global economy.	Education
Spain	RAI (REAL ACADEMIA DE INGENIERÍA): Online discussions promoting women's development.	Diversity
Spain/Portugal	ECOHERENCIA: Online campaign to raise awareness of climate change and measures to avoid it (at company and individual level).	Environment
Germany	ENGINEERS WITHOUT BORDERS: Donation to support organisation in all their human projects across the world.	Community Support

## 5.2 Membership list of associations

We are convinced that our business benefits from the active participation in organisations that represent our industry. During FYE2021 we were active in many associations and organisations, including:

<b>Europe</b>	EIGA: European Industrial Gases Association	<b>Belgium</b>	Essenscia: Federation of the chemical and life sciences industries
<b>Spain</b>	AFGIM: Spanish Industrial Gases Association		Waterstofnet VZW: Hydrogen Association of Belgium
	AEGE: Spanish Energy-Intensive Industry Group		FEBELIEC: Federation of Belgian Industrial Energy Consumers
	AFGIM: Association of Spanish Medical Gas Manufacturers		BJA: Belgium-Japan Association & Chamber of Commerce
	CEJE: Association of Japanese companies in Spain		AmCham Belgium: American Chamber of Commerce in Belgium
	AmCham Spain: American Chamber of Commerce in Spain		Bemas (Non-profit <b>organisation</b> in the field of maintenance and asset management)
<b>Italy</b>	FEIQUÉ: The Spanish Federation of the Chemical Industry	<b>Netherlands</b>	VFIG: Association of Manufacturers of Industrial Gases of Netherlands
	FEDERCHIMICA: Italian Association of Chemical Industry		DUJAT: Dutch - Japanese Trade Federation Netherlands
	AGT: Italian Association of Industrial and Medical Gas Manufacturers		JCC (Japanese Chamber of Commerce in the Netherlands)
	UNIONE INDUSTRIALE: Association of Italian Manufacturing and Service Companies		
<b>Germany</b>	IJBG: Italian . Japan Business Group	<b>France</b>	AFGC: Association Française de Gaz Comprimés France
	IGV: Industrial Gas Association e.v.		AFF (Association Française du Froid)
	VCI: Association of Chemical Industry	<b>UK</b>	BCGA: British Compressed Gases Organisation
	DVS: German Welding Association		AGCC: Aberdeen & Grampian Chamber of Commerce
	VIK: Association of Industrial Energy Consumers		
	<b>Denmark</b>	HyCologne: Association in Rheinland to promote the use of hydrogen	<b>Sweden</b>
JIHK: The Japanese Chamber of Industry and Commerce in Düsseldorf			
PCG: Association of Comprised Gases Producers		<b>Norway</b>	NIGF: Norwegian Industrial Gas Association

## 5.3 2021 summary data

Environment	Unit	FYE2018	FYE2019	FYE2020	FYE2021
<b>Greenhouse Gas (GHG) Emissions</b>					
GHG Scope 1	Thousands of tonnes CO <sub>2e</sub>	58.43	75.99	83.44	75.11
GHG Emissions Scope 2	Thousands of tonnes CO <sub>2e</sub>	1,433.39	1,425.52	1,364.14	1,077.41
GHG Scope 1 percentage vs Scope 1 + Scope 2	%			6%	7%
GHG Scope 2 percentage vs Scope 1 + Scope 2	%			94%	93%
GHG Emissions Scope 1 + Scope 2	Thousands of tonnes CO <sub>2e</sub>	1,491.83	1,501.51	1,447.58	1,152.52
- ASU	%			88%	86%
- HyCO	%			4%	4%
- CO <sub>2</sub> liquefaction	%			6%	7%
- Distribution + Other	%			2%	3%
GHG Emissions Scope 1 + Scope 2 vs FYE2019 (a)	%	99%	100%	96%	77%
GHG Emissions Scope 3 -Total	Thousands of tonnes CO <sub>2e</sub>				1,422.20
- Category 1 Purchased goods and services	Thousands of tonnes CO <sub>2e</sub>				117.63
- Category 2 Capital goods	Thousands of tonnes CO <sub>2e</sub>				64.13
- Category 3 Fuel and energy activities not included in Scope 1 and 2	Thousands of tonnes CO <sub>2e</sub>				NA
- Category 4 Upstream transportation and distribution (Including transportation services whose cost is borne by the company).	Thousands of tonnes CO <sub>2e</sub>				NA
- Category 5 Waste generated in operations	Thousands of tonnes CO <sub>2e</sub>				51.19
- Category 6 Business travel	Thousands of tonnes CO <sub>2e</sub>				NA
- Category 7 Employee commuting	Thousands of tonnes CO <sub>2e</sub>				NA
- Category 8 Upstream leased assets	Thousands of tonnes CO <sub>2e</sub>				NA
- Category 9 Downstream transportation and distribution	Thousands of tonnes CO <sub>2e</sub>				54.94
- Category 10 Processing of sold products	Thousands of tonnes CO <sub>2e</sub>				NA
- Category 11 Use of sold products	Thousands of tonnes CO <sub>2e</sub>				1,053.65
- Category 12 End-of-life treatment of sold products	Thousands of tonnes CO <sub>2e</sub>				NA
- Category 13 Downstream leased assets	Thousands of tonnes CO <sub>2e</sub>				26.92
- Category 14 Franchises	Thousands of tonnes CO <sub>2e</sub>				NA

Environment	Unit	FYE2018	FYE2019	FYE2020	FYE2021
<b>Greenhouse Gas (GHG) Emissions</b>					
- Category 15 Investments	Thousands of tonnes CO <sub>2e</sub>				NA
(a) Calculated using a base of 100 in FYE2019. Reporting boundary: Nippon Gases and its consolidated subsidiaries in Europe. Scope 1 emissions: Direct emissions occurring from sources owned or controlled by the company Scope 2 emissions: Indirect emissions from the use of electricity, steam, and heat when Nippon Gases pays for the energy Scope 3 emissions: Indirect emissions other than Scope 2 emissions. GHG emissions in Europe are calculated using emission factors specified recognised international standards as per verified protocol.					
<b>Contributions to Environmental Protection through Products</b>					
Greenhouse Gas Emission Reduction: Customer Application Contribution	Thousands of tonnes CO <sub>2e</sub>			33	314
Decarbonisation customer initiatives	Number				>60
Greenhouse Gas Emission Reduction: Refrigerant gases business	Thousands of tonnes CO <sub>2e</sub>				1,500
Reporting boundary: Nippon Gases and its consolidated subsidiaries in Europe.					
<b>Energy Usage</b>					
Electric power	GWh	2,908	2,935	2,848	2,681
- Air separation unit	%			93%	93%
- CO <sub>2</sub> liquefaction	%			5%	5%
- HyCO	%			0.4%	0.3%
- Filling stations	%			1.4%	1.6%
Thermal energy	GJ	957,956	832,398	900,679	724,828
- Air separation unit				4%	4%
- CO <sub>2</sub> liquefaction				0%	0%
- HyCO				96%	96%
ASU efficiency change in energy consumption per tonne O <sub>2</sub> equivalent produced (a)(b)	%	99%	100%	103%	100%
CO <sub>2</sub> liquefaction efficiency change in energy consumption per tonne liquid CO <sub>2</sub> produced	%	106%	100%	106%	105%
Low carbon power sourcing (c)	%			52%	65%
Renewable energy sourcing	%			5%	19%
Reporting boundary: Nippon Gases and its consolidated subsidiaries in Europe. Purchased fuels and steam are converted into primary energy amounts. (a) Calculated using a base of FYE2018. (b) Gases produced (oxygen, nitrogen, argon) calculated in Tons of equivalent gaseous oxygen. (c) Low carbon energy includes renewable, nuclear and natural gas energy sources					
<b>Environmental Impact</b>					
NOx emissions	Tons NOx	40	35	38	31
SOx emissions	Tons				NA
Particulate emissions	Tons				NA

Environment	Unit	FYE2018	FYE2019	FYE2020	FYE2021
<b>Energy Usage</b>					
VOC emissions	Tonnes				NA
Releases of substances designated under the Pollutant Release and Transfer Register (PRTR)	Tonnes				NA
Local and accidental pollution issues	Number				0
Local and accidental biodiversity issues	Number				0
Environmental Violations fines	Number				0
Environmental Violations fines	Euros				0
Fugitive emissions from cooling systems	Thousands of tonnes CO <sub>2e</sub>			3.08	2.63
Reporting boundary: Nippon Gases and its consolidated subsidiaries in Europe.					
<b>Water Usage</b>					
Total water withdrawn	Millions of m <sup>3</sup>			4.63	4.23
- ASU water withdrawn	%			86%	87%
- HyCO water withdrawn	%			2%	1%
- CO <sub>2</sub> water withdrawn	%			12%	12%
Surface water e.g. river, lake	Millions of m <sup>3</sup>			1.60	1.40
Ground water e.g. well	Millions of m <sup>3</sup>			0.43	0.43
Brackish water e.g. sea water	Millions of m <sup>3</sup>			0	0
Municipal water	Millions of m <sup>3</sup>			0.79	0.79
Third-party supply e.g. client	Millions of m <sup>3</sup>			1.81	1.60
Total water evaporation	Millions of m <sup>3</sup>			3.23	2.98
Total water discharges	Millions of m <sup>3</sup>			1.40	1.25
Total water withdrawn in extreme High Stress areas	Millions of m <sup>3</sup>			0.853	0.758
Once through systems	Millions of m <sup>3</sup>			21.07	23.78
Semi-open circuits average concentration cycles	Cycles			3.3	3.4
Water energy intensity	M <sup>3</sup> /MWh			1.96	1.91
Municipal water withdrawn percentage	%			17%	19%
Percentage main consumer sites with water management programme (a)	%			100%	100%
Reporting boundary: Nippon Gases and its consolidated subsidiaries in Europe. (a) Water main consumers with water withdraw >30.000 m <sup>3</sup> /yr					
<b>Waste</b>					
Waste total	Tonnes			2,654	2,390
Waste total on landfill	Tonnes			53	99
Non-hazardous waste	Tonnes			2,230	1,929
Non-hazardous waste on landfill	Tonnes			48	83
Percentage non-hazardous on landfill	%			2.0%	4.3%
Hazardous waste	Tonnes			424	461
Hazardous waste on landfill	Tonnes			5.3	16.0
Percentage hazardous on landfill	%			1.2%	3.4%
Zero waste programme sites	%				100%
Reporting boundary: Nippon Gases and its consolidated subsidiaries in Europe.					

Environment	Unit	FYE2018	FYE2019	FYE2020	FYE2021
<b>Environmental Accounting</b>					
Investments e.g. efficiency projects with environmental emission reduction	Million Euro			19.5	14.5
Sustainable savings in cost-reduction projects	Thousands of tonnes CO <sub>2e</sub>			24	19.1
Reporting boundary: Nippon Gases and its consolidated subsidiaries in Europe.					
<b>Transportation Footprint</b>					
Kilometers travelled by all vehicles delivering gas in liquid or cylinder form or services	Million km	93.2	95.4	94.9	86.6
Kilometers travelled by all vehicles delivering liquid		52.1	53.9	55.7	52.3
CO <sub>2</sub> emissions generated by road vehicles	Thousands of tonnes CO <sub>2e</sub>	61.1	63.3	59.9	55.9
Change in distance travelled per ton of liquid industrial gas delivered (oxygen, nitrogen, argon, carbon dioxide) truck delivery. (a)	%	98%	100%	102%	101%
Change in distance travelled per cylinder industrial gas delivered (oxygen, nitrogen, argon, carbon dioxide) truck delivery. (a)	%	100	100	100	103%
<b>CO<sub>2</sub> shipping</b>					
- MGO (Maritime Gas Oil)	Thousand ltr	3,403	3,226	3,273	3,253
- CO <sub>2</sub> emissions generated /Tonne liquid CO <sub>2</sub> transported (a)	%	96%	100%	107%	96%
<b>Customer on-site and pipeline</b>					
- Estimate of truck transportation kilometers avoided through on-site customer units (in millions of km)	Million km				11.9
- Estimate of transport CO <sub>2</sub> emissions avoided by onsite customer units	Thousands of tonnes CO <sub>2e</sub>				11.0
- Percentage of deliveries of air gases via pipeline	%			72%	73%
(a) Based year 2018					
<b>Transportation Footprint</b>					
Total number of patients treated by Nippon Gases	Thousands	245	261	262	260
Kilometers driven per patient monitored per year	Km	72	61	55	40
CO <sub>2</sub> emissions related to transportation (kgCO <sub>2</sub> /patient/yr)	Kg CO <sub>2e</sub> /patient/yr	12.2	10.5	8.8	6.4
(a) Employees under contract, excluding temporary employees.					
<b>Certifications</b>					
<b>Number of production units</b>					
- Air separation units				27	28
- Filling stations				40	38
- CO <sub>2</sub> liquefaction				12	14
- Dry ice plants				19	11
- HyCO units				6	6
Percentage of operational facilities certified ISO 14001, EMAS or against other environmental management standard	%				55%

Society	Unit	FYE2018	FYE2019	FYE2020	FYE2021
<b>Employees</b>					
<b>Total employees (Full time + Part time)</b>	Number of individuals		2,696	2,948	3,007
<b>Total # of employees &amp; distribution by sex</b>					
- Female	%		26.04%	27.10%	27.70%
- Male	%		73.96%	72.90%	72.30%
<b>Total # of employees &amp; distribution by age</b>					
- 20s and below	%		5.71%	6.14%	6.65%
- 30s	%		21.48%	22.46%	21.72%
- 40s	%		31.49%	30.60%	29.83%
- 50s and above	%		41.32%	40.81%	41.80%
<b>Total # of employees by professional category</b>					
- Director	%		2.89%	2.75%	2.89%
- Manager/specialists	%		41.43%	39.96%	40.07%
- Technical- Admin	%		55.68%	57.29%	57.03%
<b>HC permanent contracts</b>	Number of individuals		2677	2921	2970
<b>Total # of employees &amp; distribution by sex</b>					
- Female	%		25.92%	27.25%	27.81%
- Male	%		74.08%	72.75%	72.19%
<b>Total # of employees &amp; distribution by age</b>					
- 20s and below	%		5.57%	5.99%	6.26%
- 30s	%		21.29%	22.32%	21.78%
- 40s	%		31.57%	30.74%	30.00%
- 50s and above	%		41.58%	40.94%	41.95%
<b>Total # of employees by professional category</b>					
- Director	%		2.91%	2.77%	2.93%
- Manager/specialists	%		41.58%	40.29%	40.47%
- Technical- Admin	%		55.51%	56.93%	56.60%
<b>HC by temporary contracts</b>	Number of individuals		19	27	37
<b>Total # of employees &amp; distribution by sex</b>					
- Female	%		42.11%	11.11%	18.92%
- Male	%		57.89%	88.89%	81.08%
<b>Total # of employees &amp; distribution by age</b>					
- 20s and below	%		26.32%	22.22%	37.84%
- 30s	%		47.37%	37.04%	16.22%
- 40s	%		21.05%	14.81%	16.22%
- 50s and above	%		5.26%	25.93%	29.73%
<b>Total # of employees by professional category</b>					
- Director	%		0.00%	0.00%	0.00%
- Manager/specialists	%		21.05%	3.70%	8.11%
- Technical- Admin	%		78.95%	96.30%	91.89%
<b>HC by part time contracts</b>	Number of individuals		108	154	123
<b>Total # of employees &amp; distribution by sex</b>					
- Female	%		71.30%	66.23%	67.48%
- Male	%		28.70%	33.77%	32.52%

Society	Unit	FYE2018	FYE2019	FYE2020	FYE2021
<b>Employees</b>					
Total # of employees & distribution by age					
- 20s and below	%		3.70%	11.04%	4.88%
- 30s	%		17.59%	17.53%	11.38%
- 40s	%		28.70%	27.27%	30.89%
- 50s and above	%		50.00%	44.16%	52.85%
Total # of employees by professional category					
- Director	%		0.00%	0.00%	0.00%
- Manager/specialists	%		25.93%	23.38%	29.27%
- Technical- Admin	%		74.07%	76.62%	70.73%
<b>TOTAL # of terminations</b>					
Total terminations	Number of individuals		97	145	205
Total # of employees & distribution by sex					
- Female	%		31.96%	38.62%	30.73%
- Male	%		68.04%	61.38%	69.27%
Total # of employees & distribution by age					
- 20s and below	%		13.40%	22.76%	18.05%
- 30s	%		20.62%	19.31%	24.88%
- 40s	%		21.65%	22.76%	20.00%
- 50s and above	%		44.33%	35.17%	37.07%
Total # of employees by professional category					
- Director	%		1.00%	3.45%	0.98%
- Manager/specialists	%		37.00%	31.03%	27.32%
- Technical- Admin	%		62.00%	65.52%	71.71%
<b>Total # voluntary leaves</b> (voluntary includes employees decision to leave the company)					
Total voluntary leaves by sex	%				
- Female	%		37.25%	38.55%	38.79%
- Male	%		62.75%	61.45%	61.21%
Total # terminations by age					
- 20s and below	%		25.49%	36.14%	29.31%
- 30s	%		27.45%	27.71%	31.90%
- 40s	%		35.29%	24.10%	23.28%
- 50s and above	%		11.76%	12.05%	15.52%
Total # voluntary leaves by professional category					
- Director	%		0.00%	2.41%	0.86%
- Manager/specialists	%		43.14%	30.12%	24.14%
- Technical- Admin	%		56.86%	67.47%	75.00%
<b>Total # involuntary leaves</b> (involuntary includes employers decision to leave the company)					
Total involuntary leaves by sex	%				
- Female	%		17.65%	46.15%	24.00%
- Male	%		82.35%	53.85%	76.00%
Total # involuntary leaves by age					
- 20s and below	%		0.00%	7.69%	4.00%
- 30s	%		35.29%	12.82%	18.67%
- 40s	%		17.65%	33.33%	18.67%

Society	Unit	FYE2018	FYE2019	FYE2020	FYE2021
<b>Employees</b>					
- 50s and above	%		47.06%	46.15%	58.67%
Total # involuntary leaves by professional category					
- Director	%		0.00%	7.69%	7.69%
- Manager/specialists	%		52.94%	30.77%	30.77%
- Technical- Admin	%		47.06%	61.54%	61.54%
<b>Total # retirements</b>					
	Number of individuals		29	23	14
Total # of employees & distribution by sex					
- Female	%		31.03%	26.09%	0.00%
- Male	%		68.97%	73.91%	100.00%
Total # retirements by age					
- 20s and below	%		0.00%	0.00%	0.00%
- 30s	%		0.00%	0.00%	0.00%
- 40s	%		0.00%	0.00%	0.00%
- 50s and above	%		100.00%	100.00%	100.00%
Total # retirements by professional category					
- Director	%		3.45%	0.00%	0.00%
- Manager/specialists	%		17.24%	34.78%	50.00%
- Technical- Admin	%		79.31%	65.22%	50.00%
<b>New Hires</b>					
	Number of individuals				263
- New hires male	%			60%	63.5%
- New hires female	%			40%	36.5%
Total Number of the new graduates newly hired (Full-time)					
- Male					4
- Female					3
Total Number of the mid-career newly hired (Full-time)					
- Male	%				165
- Female					95
Internships					
	Number of individuals			72	45
Years of continual employment (Unit: Years)(Full-time)					
- Male	Year				13.6
- Female	Year				11.3
Average age (Full-time)					
- Male	Age				46.2
- Female	Age				47.1
- Managers	Age				43.7
- Managers	Age				47.9
Compensation					
- Gender pay gap Spain	%			7.1%	4.8%
- Gender pay gap Oximesa	%			1.8%	1.9%
- Gender pay gap Rest Nippon Gases	%			11.1%	13.2%
- Employees with incentive plan	%				85.1%
Employees under collective agreement					
	%			94%	93.2%
% of the total workforce across all locations represented by formal joint management-works councils , health & safety committees or employee representatives					
					95.7%
Reporting boundary: Nippon Gases and its consolidated subsidiaries in Europe.					

Society	Unit	FYE2018	FYE2019	FYE2020	FYE2021
<b>Career- Performance</b>					
% of the total workforce across all locations who received regular performance reviews	%			67.8%	70.8%
% of the total workforce across all locations who received regular career development reviews	%			67.8%	70.8%
% of employees with an individual variable component as part of their remuneration	%				85.1%
Average length of service in the Group	Years				13.6
<b>Diversity</b>					
Female employees as a % of the total number of employees	%			27.1%	27.7%
Female managers as a % of the total managerial positions	%			25.8%	27.1%
Employees with disabilities as a % of total labour force	%			44 (1.5%)	49 (1.6%)
Reporting boundary: Nippon Gases and its consolidated subsidiaries in Europe					
<b>Work-Life Balance</b>					
Parental leave taken					
- Male	Number of individuals			50	65
- Female	Number of individuals			40	58
Caregiver leave taken					
- Male	Number of individuals				NA
- Female	Number of individuals				NA
Volunteer leave systems					
- Male	Number of individuals				NA
- Female	Number of individuals				NA
- Male	Days				NA
- Female	Days				NA
Expenditures on social contribution initiatives (see Contribution to non-profit organizations)	Thousands Euro				148
Employee satisfaction survey in last 3 years	Number				1
Reporting boundary: Nippon Gases and its consolidated subsidiaries in Europe					
<b>Training</b>					
Employees who received training at least once during the year	%			100%	100%
Employees who received safety training	%			100%	100%
Employee training hrs/employee/yr	Hrs/employee			11	80
Safety training hours/employee/yr	Hrs/employee			11	12
% of the employees who received training on environmental issues					67%
% of the employees who received training to strengthen employees' knowledge and skills specific to their work or their career advancement					88%

Society	Unit	FYE2018	FYE2019	FYE2020	FYE2021
<b>Training</b>					
<b>Mandatory Training in PeopleHub</b>					
Technicians & Administration					
- Male	Train.hours reg.			209,54	4155
- Female	Train.hours reg.			167,24	1768
Specialist					
- Male	Train.hours reg.			307,65	6147
- Female	Train.hours reg.			118,57	2570
Manager					
- Male	Train.hours reg.			108,52	2413
- Female	Train.hours reg.			28,07	861
Director					
- Male	Train.hours reg.			47,78	830
- Female	Train.hours reg.			11,05	220
Total					
- Male	Train.hours reg.			673	13545
- Female	Train.hours reg.			325	5419
<b>Soft Skill Training in PeopleHub</b>					
Technicians & Administration					
- Male	Train.hours reg.			1,59	419
- Female	Train.hours reg.			4,85	216
Specialist					
- Male	Train.hours reg.			117,15	1680
- Female	Train.hours reg.			40,36	1084
Manager					
- Male	Train.hours reg.			37,22	949
- Female	Train.hours reg.			21,44	550
Director					
- Male	Train.hours reg.			17,26	194
- Female	Train.hours reg.			6,65	123
Total					
- Male	Train.hours reg.			173	3242
- Female	Train.hours reg.			74	1973

Society	Unit	FYE2018	FYE2019	FYE2020	FYE2021
<b>Occupational Health and Safety</b>					
Occupational accidents resulting in recordable injury	-	8	3	8	8
- Male		7	3	8	8
- Female		1	0	0	0
Rate occupational accidents resulting in recordable injury (b)	-	1,66	1,07	1,65	1,43
Lost-time accidents of employees of at least one day (a)	Number of accidents	4	2	5	4
- Male		3	2	5	4
- Female		1	0	0	0
Rate of occupational accidents resulting in lost workdays (b)	-	0.83	0.71	1.03	0.72
- Male			0.71	1.03	0.98
- Female			0	0	0
Accident severity rate (c)	-			31,07	22,72
- Male				42.75	31,09
- Female				0	0
Absenteeism rate (g)	%		5.32%	3.75%	3.08%
- Male			5.27%	3.75%	3.28%
- Female			5.43%	3.75%	2.55%
Number of accidents of subcontractors (d)(e)	-	4	12	5	10
Frequency of accidents of subcontractors workers (f)	Number of incidents				6.70
High Severity Product vehicles preventable incidents	Number of incidents	3	7	1	2
High Severity Product vehicles preventable incidents rate (h)					0,03
No occupational diseases reported				0	0
Reporting boundary: Nippon Gases and its consolidated subsidiaries in Europe.					
(a) Fatal work accidents for NG employees since 2017: none					
(b) Number of accidents involving lost time of at least one day, per million hours worked by Group employees and temporary workers.					
(c) Average number of days of lost time per million hours worked.					
(d) Personnel working under an Nippon Gases contract at a Group site, at a customer site, or as a delivery vehicle driver.					
(e) Fatal work accidents since 2017: None.					
(f) Number of accidents involving lost time of at least one day, per million hours worked					
(g) Absenteeism rate calculation: # of hours of illness / # of employees * annual working time by employee					
(h) Product vehicles preventable incidents with an injury or vehicle tow away per million driven km					
<b>Assessments</b>					
Number of Health and Safety European Assessments		10	13	15	9
Number of Health and Safety European Assessments operational sites					9
Number of Environment European Assessments		3	4	3	8
Number of Health and Safety European Assessments operational sites	%				89%
% of all operational sites for which an environmental risk assessment has been conducted. (*)ISO14.001 implementation					38%(*)
% of all operational sites for which an employee health & safety risk assessment has been conducted					100%
<b>Community</b>					
Community projects . # people participating	Number			500	400
Hours of volunteerism	Hours			NA	NA
Community engagement. # projects	Number			64	57
Contribution to non-profit organizations	Thousand Euros			82	148

Governance	Unit	FYE2018	FYE2019	FYE2020	FYE2021
<b>Management Configuration</b>					
Directors Male BOD NGEH	Number of individuals			5	6
Directors Female BOD NGEH	Number of individuals			1	1
Confirmed incidents of ethics/corruption and/or anti-trust matters	Number			0	0
Public legal cases regarding corruption and/or anti-trust matters	Number			0	0
Human Rights violations complains	Number				0
Discrimination / Harassment cases reported	Number				0
Security breaches high severity cases	Number				0
Compliance trainings participants	Number				12,216
Number of Compliance trainings	Number				105
% employees received training on ethics (Code of Conduct re-certification process)	%			1,870 (*) (100%)	2,109 (*) (100%)
% employees received training on preventing discrimination and human rights violations (part of the Code of conduct re-certification process)	%				2,109 (*) (100%)
% employees received training to prevent anti-competitive practices	%				2,082 (*) (100%)
% employees received training to information security risk practices	%				2,029 (*) (100%)
Audits of control procedures (e.g. accounting, purchasing etc.) to prevent corruption and bribery	Number				3
Audits on anti-competitive practices performed	Number				0
Audits on information security risk performed	Number				1
Amount of political donations	Number				0
Reporting boundary: Nippon Gases and its consolidated subsidiaries in Europe					
<b>Intellectual Property</b>					
Registered patents	Patents				5
Reporting boundary: Nippon Gases and its consolidated subsidiaries in Europe					
<b>Customers</b>					
Customer complaints with product out of specification %	%	3	5.4	5.5	4.6
Reporting boundary: Nippon Gases and its consolidated subsidiaries in Europe	Days	90	62	55	39
Percentage of complaints reports investigated and closed out within 90 days of the incident	%	61	63	60	81
Reporting boundary: Nippon Gases and its consolidated subsidiaries in Europe					
<b>Supply Chain</b>					
Reported non-conformities	Number	100	61	48	66
Reported non-conformities - internal	Number	62	51	41	40
Reported non-conformities - external	Number	34	10	7	26
Reported non-conformities - safety	Number	4	0	0	0
Supply chain suppliers audits	Number				3
Percentage of targeted suppliers who have signed the supplier code of conduct	%				NA
Reporting boundary: Nippon Gases and its consolidated subsidiaries in Europe					
<b>External Commitments</b>					
Audit, specifically related to CSR issues	Number				0
(*)= selected employees					



## Greenhouse Gas Verification Statement

NIPPON GASES EURO-HOLDING S.L.U., provided the GHG assertion based on the requirements of ISO 14064-1:2012. The GHG emissions for the period 01/04/2020 to 31/03/2021, have been verified by SGS to a limited level of assurance, consistent with the agreed verification scope, objectives and criteria of UNE EN ISO 14064.

Period	Scope 1 t CO <sub>2</sub> eq	Scope 2 t CO <sub>2</sub> eq	Total Scope 1+2 t CO <sub>2</sub> eq	Scope 3 t CO <sub>2</sub> eq
From 01/04/2020 to 31/03/2021	75,112	1,077,411	1,152,523	1,422,207

SGS planned and performed the work to obtain the information, explanations and evidence that were considered necessary to verify that CO<sub>2</sub> equivalent emissions for the period 01/04/2020 to 31/03/2021 are fairly stated with a limited level of assurance.

Our verification of the GHG Emissions Inventory of NIPPON GASES EURO-HOLDING S.L.U. includes the evaluation of the GHG information system, its control, and its notification protocol. This verification has included the compilation of evidence supporting the reported data, and the verification of the correct application of NIPPON GASES EURO-HOLDING S.L.U. procedures.

### Statement

**SGS concludes with limited assurance** that the presented CO<sub>2</sub> equivalent assertion based on the process and procedures conducted, **there is no evidence that**

- Is not materially correct and is not a fair representation of GHG data and information
- Has not been prepared in accordance with the related International Standard on GHG quantification, monitoring and reporting, or to relevant national standard or practices.

**Note:** This Statement is issued, on behalf of NIPPON GASES EURO-HOLDING S.L.U. by SGS Technos S.A. ("SGS") under its General Conditions for GHG included in [http://www.sgs.com/terms\\_and\\_conditions.htm](http://www.sgs.com/terms_and_conditions.htm). A full copy of this statement and the supporting GHG Assertion may be consulted at NIPPON GASES EURO-HOLDING S.L.U.. This Statement does not relieve NIPPON GASES EURO-HOLDING S.L.U. of legal compliance with the regulations that apply to it. Stipulations to the contrary are not binding on SGS and SGS shall have no responsibility vis-à-vis parties other than NIPPON GASES EURO-HOLDING S.L.U.

This Statement is not valid without the full verification scope, objectives, criteria and conclusion



## Greenhouse Gas Verification Statement

NIPPON GASES EURO-HOLDING S.L.U., provided the GHG assertion based on the requirements of ISO 14064-1:2012. The GHG emissions for the period 01/04/2018 to 31/03/2019, have been verified by SGS to a limited level of assurance, consistent with the agreed verification scope, objectives and criteria of UNE EN ISO 14064.

Period	Scope 1 t CO <sub>2</sub> eq	Scope 2 t CO <sub>2</sub> eq	Total Scope 1+2 t CO <sub>2</sub> eq
From 01/04/2018 to 31/03/2019	75,989	1,425,520	1,501,509

SGS planned and performed the work to obtain the information, explanations and evidence that were considered necessary to verify that CO<sub>2</sub> equivalent emissions for the period 01/04/2018 to 31/03/2019 are fairly stated with a limited level of assurance.

Our verification of the GHG Emissions Inventory of NIPPON GASES EURO-HOLDING S.L.U. includes the evaluation of the GHG information system, its control, and its notification protocol. This verification has included the compilation of evidence supporting the reported data, and the verification of the correct application of NIPPON GASES EURO-HOLDING S.L.U. procedures.

### Statement

**SGS concludes with limited assurance** that the presented CO<sub>2</sub> equivalent assertion based on the process and procedures conducted, **there is no evidence that**

- Is not materially correct and is not a fair representation of GHG data and information
- Has not been prepared in accordance with the related International Standard on GHG quantification, monitoring and reporting, or to relevant national standard or practices.

**Note:** This Statement is issued, on behalf of NIPPON GASES EURO-HOLDING S.L.U. by SGS Tecnos S.A. ("SGS") under its General Conditions for GHG included in [http://www.sgs.com/terms\\_and\\_conditions.htm](http://www.sgs.com/terms_and_conditions.htm). A full copy of this statement and the supporting GHG Assertion may be consulted at NIPPON GASES EURO-HOLDING S.L.U.. This Statement does not relieve NIPPON GASES EURO-HOLDING S.L.U. of legal compliance with the regulations that apply to it. Stipulations to the contrary are not binding on SGS and SGS shall have no responsibility vis-à-vis parties other than NIPPON GASES EURO-HOLDING S.L.U.

This Statement is not valid without the full verification scope, objectives, criteria and conclusion

## 5.5 Glossary

<b>CCU</b>	Carbon Capture and Utilisation
<b>CDP</b>	Carbon Disclosure Project
<b>EMS</b>	Environmental Management System
<b>EPA</b>	US Environmental Protection Agency
<b>ESG</b>	Environmental, Social, and Governance
<b>GDPR</b>	General Data Protection Regulation
<b>GHG</b>	Greenhouse Gases
<b>MAP</b>	Modified Atmosphere Packaging
<b>MCC</b>	Mitsubishi Chemical Corporation
<b>MCHC</b>	Mitsubishi Chemical Holdings Corporation
<b>N2O</b>	Nitrous Oxide
<b>NSHD</b>	Nippon Sanso Holdings Corporation
<b>PDP</b>	Personal Development Plan
<b>PPA</b>	Power Purchase Agreement
<b>PPE</b>	Personal Protective Equipment
<b>RI - rate</b>	Recordable Injury rate
<b>SDG</b>	Sustainable Development Goals from United Nations
<b>TCFD</b>	Task Force on Climate related Financial Disclosure
<b>TNSC</b>	Taiyo Nippon Sanso Corporation
<b>WACC</b>	Weighted average cost of capital

## 5.6 About this report

The non-financial statement was prepared pursuant to the requirements of Royal Decree-Law 11/2018, of 28 December, amending the Spanish Commercial Code, the consolidated text of the Spanish Companies Act approved by Royal Legislative Decree 1/2010, of 2 July, and Spanish Audit Law 22/2015, of 20 July, on disclosures of non-financial and diversity information. It also considered the European Commission guidelines on non-financial reporting (2017/C 215/01) arising from Directive 2014/95/UE.

Preparation also considered the content of the Global Reporting Initiative's Sustainability Reporting Guidelines (selected GRI Standards) and the principles in the Integrated Reporting Framework, published by the International Integrated Reporting Council, IIRC.

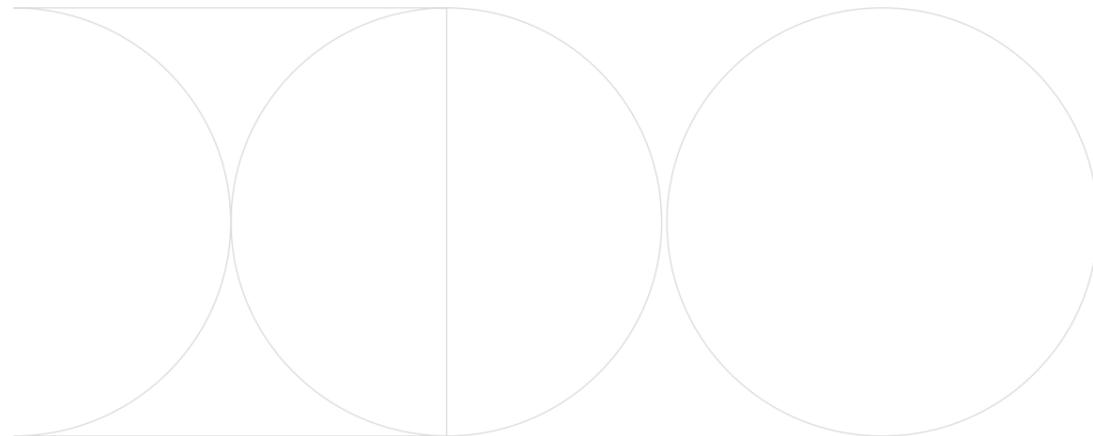
The scope of this report includes the information on FYE2021 (from April 1st 2020 to March 31st 2021) of Nippon Gases. The following criteria have been applied to the information reported herein:

- The financial information is presented in accordance with the consolidation principles applied in the annual accounts.
- Non-financial information relates to operations over which Nippon Gases maintains control (companies consolidated in the Consolidated Financial Statements in accordance with the full integration method).

This report details and expands on the nonfinancial statement. Through the non-financial statement, Nippon Gases reports on relevant environmental, social and employee-related matters, and human rights matters for the company in carrying out its business.

During the preparation of this report and its contents selection, the results of the materiality analysis carried out have been considered with the following results:

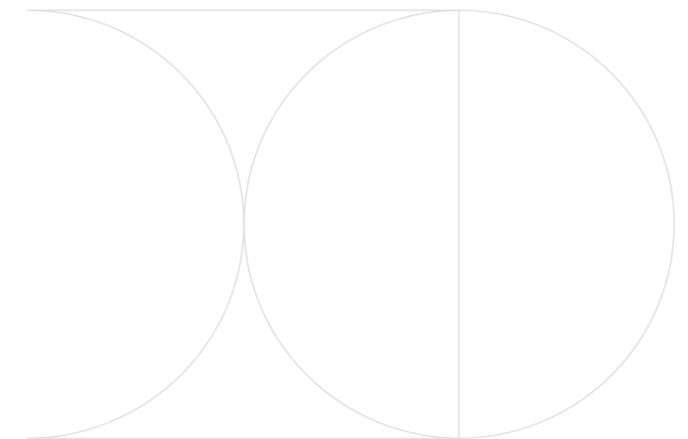
Highly relevant aspects	Relevant aspects	Non-relevant aspects
<ul style="list-style-type: none"> <li>- Employment</li> <li>- Health and safety</li> <li>- Training</li> <li>- Equality</li> <li>- Work organization</li> <li>- Social relationships</li> <li>- Accessibility</li> <li>- Fight against corruption and bribery and money laundering</li> </ul>	<ul style="list-style-type: none"> <li>- Employment</li> <li>- Consumers</li> <li>- Subcontracting and suppliers</li> <li>- Commitments of the company with sustainable development</li> <li>- Tax information</li> <li>- Environmental management</li> </ul>	<ul style="list-style-type: none"> <li>- Circular economy and prevention and waste management</li> <li>- Sustainable use of resources</li> <li>- Actions to combat food waste</li> <li>- Protection of biodiversity</li> <li>- Climate change</li> <li>- Pollution</li> </ul>



## 5.7 Legal entities list

Tradename	Activity	Holding		Registered office
		Direct %	Indirect %	
Nippon Gases España S.L.U.	Production, marketing and sales of industrial gases	100%	-	Orense 11, 28020 Madrid, España
Nippon Gases Portugal Unipessoal, LDA.	Production, marketing and sales of industrial gases	100%	-	E.N. 13 Km 6,4 4470-Maia, Portugal
Oximesa S.L.U.	Production and sale of medical gases and services	100%	-	Orense 11, 28020 Madrid, España
Nippon Gases Italia S.R.L.	Production, marketing and sales of industrial gases	100%	-	Via Benigno Crespi 19, 20159 Milán, Italia
Nippon Gases Industrial S.R.L.	Production, marketing and sales of industrial gases	-	100%	Via Benigno Crespi 19, 20159 Milán, Italia
Nippon Gases Operations S.R.L.	Production, marketing and sales of industrial gases	-	100%	Via Benigno Crespi 19, 20159 Milán, Italia
Nippon Gases Pharma S.R.L.	Production and sale of medical gases	-	100%	Via Benigno Crespi 19, 20159 Milán, Italia
Nippon Gases Refrigerants S.R.L.	Marketing and sales of refrigerant gases	-	64%	Via Benigno Crespi 19, 20159 Milán, Italia
GemGas S.R.L.	Marketing and sales of industrial gases	-	100%	Via Benigno Crespi 19, 20159 Milán, Italia
Nuova Pescarito S.R.L.	Distribution of Industrial gases	-	100%	Via Cavalier Virginio Tedeschi 1 - 10036, Settimo Torinese (TO), Turin, Italy
Nippon Gases Industrial Sud S.R.L.	Production, marketing and sales of industrial gases	-	59,5%	Via Benigno Crespi 19, 20159 Milán, Italia
Domolife S.R.L.	Production and sale of medical gases and services	-	51%	Via Aterno n. 56, Pescara, Italia
Dryce S.R.L.	Production and distribution of dry ice and CO <sub>2</sub>	-	51%	via Aosta 5, Cernusco sul Naviglio, Italia
Nippon Gases Pharma Hub S.R.L.	Production and sale of medical gases and services	-	70%	Via Benigno Crespi 19, 20159 Milán, Italia
Home Medicine Holding S.R.L.	Holding company	-	100%	Salerno, Via San Leonardo 26 CAP 84131, Italia
Nippon Gases Deutschland Holding GmbH.	Holding company	100%	-	Hans-Böckler Strasse, 1, 40476 Düsseldorf, Alemania
Nippon Gases Deutschland GmbH.	Production, marketing and sales of industrial gases	-	100%	Hans-Böckler Strasse, 1, 40476 Düsseldorf, Alemania
Sauerstoff- und Stickstoffrohrleitungs-gesellschaft mbH (SRG)	Distribution of industrial gases	-	50%	Hans-Böckler Strasse, 1, 40476 Düsseldorf, Alemania
Nippon Gases SP Z o. o.	Marketing and sales of industrial gases	-	100%	Al Korfantego 40-004 Katowice, Polonia
Nippon Gases Belgium, NV.	Production, marketing and sales of industrial gases	0,01%	99,99%	Lammerdries 29 2250 Olen, 2900 Schoten, Bélgica
Antwerpse Chemische Bedrijven (LCB), N.V.	Production, marketing and sales of industrial gases	-	100%	Metropoolstraat 16, 2900 Schoten, Bélgica
Nippon Gases Netherlands, B.V.	Production, marketing and sales of industrial gases	-	100%	Beugsloepweg 3, 3133 KV Vlaardingen, Paises Bajos
Nippon Gases CO <sub>2</sub> , B.V.	Production, marketing and sales of industrial gases	-	100%	Beugsloepweg 3, 3133 KV Vlaardingen, Paises Bajos
Nitraco, N.V.	Distribution of industrial gases	-	50%	Metropoolstraat 17, 2900 Schoten, Bélgica

Tradename	Activity	Holding		Registered office
		Direct %	Indirect %	
Nippon Gases Danmark A/S.	Production, marketing and sales of industrial gases	-	100%	Rode Banke, 120, 7000 Frederica, Dinamarca
Nippon Gases Norge A/S.	Production, marketing and sales of industrial gases	-	100%	Ringnesveien 50, 0978 Oslo, Noruega
Nippon Gases Sverige AB.	Production, marketing and sales of industrial gases	-	100%	Volvogatan 14, 731 36 Köping Västmanlands län Suecia
Nippon Gases Europe Ship AS.	Distribution of industrial gases	-	100%	Fredrik Selmers vei 6, 0663 Oslo, Noruega
Nippon Gases UK Ltd.	Production, marketing and sales of industrial gases	-	100%	Gresley Way, Immingham Docks, DN40 2NT, United Kingdom
Nippon Gases Ireland Ltd.	Production, marketing and sales of industrial gases	-	100%	Unit 22, Viscount Avenue, Airway Industrial Estate, Santry, Dublin 17, Irlanda
Nippon Gases France SAS.	Production, marketing and sales of industrial gases	-	100%	Rue de l'industrie 60, Savigny, Francia
Nippon Gases Offshore Investments Ltd.	Holding company	-	100%	Howe Moss, Avenue, Kirkhill Industrial, Estate, Dyce, Aberdeen
Nippon Gases Offshore Ltd.	Production, marketing and sales of industrial gases	-	100%	Howe Moss, Avenue, Kirkhill Industrial, Estate, Dyce, Aberdeen
Nippon Gases Asia Pacific PTE Ltd.	Production, marketing and sales of industrial gases	-	100%	21 Tanjong Kling road, Singapore
Nippon Gases Finance Ltd.	Finance Company	100%	-	Unit 22, Viscount Avenue, Airway Industrial Estate, Santry, Dublin 17, Irlanda



## 5.8 Table of contents required under Law 11/2018

Index of contents required by 11/FYE2018 Law, of December 28, which modifies the Commercial Code, the revised text of the Capital Companies Law approved by 1/2010 Royal Legislative Decree, of 2 of July, and 22/2015 Law, of July 20, on Audit of Accounts, regarding non-financial information and diversity.



### 5.8.1 General information

Sub-category	Reporting framework	Reference	Comments / Reason for omission
Business Model	Brief description of the group's business model:	GRI 102-2 Activities, brands, products, and services.	pp. 10,26
	- Business environment	GRI 102-4 Location of operations.	
	- Organization and structure	GRI 102-6 Markets served.	
	- Market presence	GRI 102-7 Scale of the organization.	
Main risks and impacts identified	- Objectives and strategies	GRI 102-15 Key impacts, risks, and opportunities.	
	- Main factors and trends that affect the company's future evolution		
Main risks and impacts identified	Risk management.	102-15 Key impacts, risks, and opportunities.	pp. 48-51, 59
	Risk and impact analysis related to key issues.		pp. 64-66, 80, 106-109, 128

### 5.8.2 Environment

Sub-category	Reporting framework	Reference	Comments / Reason for omission
Environmental management	Current and foreseeable effects of the company's activities.	Internal reporting framework: qualitative description of the main current and foreseeable effects of the company's activities.	pp. 66-69
	Environmental assessment and certification procedures.	Internal reporting framework: qualitative description of assessments and certifications.	pp. 66-69
	Resources dedicated to the prevention of environmental risks.	Internal reporting framework: quantitative and qualitative description of resources dedicated to the prevention of environmental risks.	pp. 48, 66

Sub-category	Reporting framework	Reference	Comments / Reason for omission
Environmental management	Implementation of the precautionary principle.	GRI 102-11 Precautionary Principle or approach.	pp.64-68
	Amount of provisions and guarantees for environmental risks.	Internal reporting framework: qualitative description of the amount of provisions and guarantees for environmental risks.	-
Pollution	Measures to prevent, reduce or repair emissions that seriously affect the environment, including any form air, noise and light pollution.	GRI 305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions. Internal reporting framework: qualitative and quantitative description of the measures taken.	pp. 71, 78, 88
Circular economy and waste prevention and management	Measures related to prevention, recycling, reuse and other form of waste recovery and disposal.	GRI 306-2 Waste by type and disposal method.	pp. 85,88
	Actions to avoid food waste.	NA	-
Sustainable use of resources	Water consumption and water supply in accordance with local constrains.	GRI 303-1 Water withdrawal by source.	pp. 82-84
	Raw materials consumption and measures taken to improve the efficiency of its use.	GRI 301-1 Materials used by weight or volume.	pp. 85,88
	Direct and indirect energy consumption.	GRI 302-1 Energy consumption within the organization.	pp. 71
	Measures taken to improve energy efficiency.	Internal reporting framework: qualitative description of the measures taken.	pp. 71-75
	Use of renewable energy.	GRI 302-1 Energy consumption within the organization.	pp. 72, 75,78
Climate change	Relevant aspects regarding greenhouse gas emissions as a result of the company's activity, including goods and services produced by the company.	GRI 305-1 Direct (Scope 1) GHG emissions. GRI 305-2 Energy indirect (Scope 2) GHG emissions.	pp. 76-79
	Measures taken to adapt to climate change.	Internal reporting framework: qualitative description of the measures taken to adapt to the consequences of climate change.	pp. 76-78, 86-89
	Voluntary reduction targets.	Internal reporting framework: quantitative description of voluntary reduction targets.	pp. 7, 20, 75

### 5.8.3 Social and employee-related matters

Sub-category	Reporting framework	Reference	Comments / Reason for omission	
Employment	Total number of employees and distribution by country, gender, age and professional category.	GRI 102-8 Information on employees and other workers. GRI 405-1 Diversity of governance bodies and employees.	pp. 8, 11, 123-125 The company reports the total number and distribution of employees by gender, age and professional category; the breakdown of the number of employees by country is not included.	
	Total number and distribution of employment contract modalities.	GRI 102-8 Information on employees and other workers. GRI 405-1 Diversity of governance bodies and employees.	pp. 123-124	
	Annual average of indefinite, temporary and part-time contracts by gender, age and professional category.	GRI 102-8 Information on employees and other workers. GRI 405-1 Diversity of governance bodies and employees.	pp. 123-124	The information provided refers to the number of contracts at the end of the fiscal year due to the difficulty to obtain average annual values. Given the company's low turnover rate (4.88%), it is considered a good estimation of the average number of contracts for the year ended March 31, FYE2020.
	Number of dismissals by gender, age and professional category.	Internal reporting framework: quantitative description of the number of dismissals and their breakdowns.	pp. 124	
	Gender pay gap.	Internal reporting framework: (average women remuneration - average men remuneration) / average men remuneration.	pp. 95	
	Average remuneration by gender, age and professional category.	Internal reporting framework: qualitative description of the average remuneration by gender, age and professional category.	-	The company does not report the average remuneration by gender, age and professional category.
	Average remuneration of the Board of Directors by gender.	Internal reporting framework: qualitative description of the average remuneration of the Board of Directors by gender.	-	The sole Administrator and the members of senior management who may hold positions of administrators or board member in the parent company have not received any specific remuneration for this concept.
	Average remuneration of directors by gender.	Internal reporting framework: qualitative description of the average remuneration of directors by gender.	-	The company does not report the average remuneration of directors by gender.
	Implementation of labor disconnection policies.	Internal reporting framework: qualitative description of the implementation of labour disconnection policies.	-	The company has no labour disconnection policy.
	Number of employees with disabilities.	GRI 405-1 Diversity of governance bodies and employees.	pp. 126	

Sub-category	Reporting framework	Reference	Comments / Reason for omission
Work organization	Organization of working time.	Internal reporting framework: qualitative description of the organization of working time.	pp. 105-106
	Number of absenteeism hours.	Internal reporting framework: quantitative description of the number of total hours of absenteeism.	pp. 109-110, 128
	Measures to promote work-life balance and co-parenting responsibilities.	Internal reporting framework: qualitative description of the measures.	pp. 105-106
Health and safety	Occupational health and safety conditions.	Internal reporting framework: qualitative description of occupational health and safety conditions.	pp. 107-111
	Number of work accidents and occupational diseases by gender, frequency and severity rate by gender.	GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities.	pp. 109-111
Labor relations	Social dialogue organization, including procedures to inform and consult with employees and to negotiate with them.	Internal reporting framework: qualitative description of the organization of social dialogue.	pp. 100-102
	Percentage of employees covered by collective agreements, by country.	GRI 102-41 Collective bargaining agreements.	pp. 102
	Balance of collective agreements, especially in the field of health and safety.	Internal reporting framework: qualitative description of the balance of collective agreements.	pp. 102
Training	Training policies implemented.	GRI 404-2 Programs for upgrading employee skills and transition assistance programs.	pp. 52-55
	Number of hours of training by professional category.	Internal reporting framework: quantitative description of the total hours of training by professional categories.	pp. 127
Universal accessibility of people with disabilities.	Internal reporting framework: qualitative description of the universal accessibility of people with disabilities.	pp. 96-97	
Equality	Measures taken to promote equal treatment and equal opportunities for women and men.	Internal reporting framework: qualitative description of the measures taken to promote equal treatment and equal opportunities for women and men.	pp. 95-96
	Equality plans measures adopted to promote employment, protocols against sexual and gender-based harassment.	Internal reporting framework: qualitative description of the integrated measures.	pp. 95-96

Sub-category	Reporting framework	Reference	Comments / Reason for omission
Equality	Integration and universal accessibility for people with disabilities.	Internal reporting framework: qualitative description of the integrated measures.	pp. 94,96
	Policy against all types of discrimination and, where appropriate, management of diversity.	Internal reporting framework: qualitative description of diversity management.	pp. 95-96

## 5.8.4 Human Rights

Sub-category	Reporting framework	Reference	Comments / Reason for omission
Application of due diligence procedures in the field of human rights.	GRI 102-16 Values, principles, standards, and norms of behavior. GRI 102-17 Mechanisms for advice and concerns about ethics.	pp. 50, 54	
Prevention of the risks of violation of human rights and, where appropriate, measures to mitigate, manage and repair possible abuses committed.	GRI 102-16 Values, principles, standards, and norms of behavior. GRI 102-17 Mechanisms for advice and concerns about ethics.	pp. 54,61,95	
Human rights violations complaints.	GRI 102-17 Mechanisms for advice and concerns about ethics. GRI 406-1 Incidents of discrimination and corrective actions taken.	pp. 54, 129	
Promotion and compliance with ILO's provisions related to freedom of association and collective bargaining; the elimination of work discrimination, forced or compulsory labor and the effective abolition of child labor.	GRI 102-16 Values, principles, standards, and norms of behavior. GRI 102-17 Mechanisms for advice and concerns about ethics.	pp. 54-55, 102	

## 5.8.5 Corruption and bribery

Sub-category	Reporting framework	Reference	Comments / Reason for omission
Measures taken to prevent corruption and bribery.	GRI 102-16 Values, principles, standards, and norms of behavior. GRI 102-17 Mechanisms for advice and concerns about ethics.	pp. 52-55	
Measures to combat money laundering	GRI 102-16 Values, principles, standards, and norms of behavior. GRI 102-17 Mechanisms for advice and concerns about ethics.	pp. 54	
Contributions to non-for-profit organizations	Internal reporting framework: quantitative description of contributions to foundations and non-profit entities.	pp. 113	

## 5.8.6 Society

Sub-category	Reporting framework	Reference	Comments / Reason for omission
Commitment with sustainable development	Impact of the company's activity on employment and local development.	Internal reporting framework: qualitative description of the impact.	pp. 32-33, 112-118
	Impact of the company's activity on local populations and territories.	Internal reporting framework: qualitative description of the impact.	pp. 32-33, 112-118
	Company's relations with local communities' agents and dialogue channels.	Internal reporting framework: qualitative description of the relationships maintained.	pp. 32-33, 112-118
	Partnerships and sponsorship actions.	GRI 102-13 Membership of associations.	pp. 113-118
Sustainable supply chain	Inclusion of social, gender equality and environmental matters in the company's purchasing policy.	Internal reporting framework: qualitative description of the management carried out.	pp. 60-61
	Consideration in the suppliers and subcontractors' relations of their social and environmental responsibility.	Internal reporting framework: qualitative description of the management carried out.	pp. 32-33, 60-61
	Monitoring systems and audits and results.	Internal reporting framework: qualitative and quantitative description of monitoring and audit systems, and the results.	pp. 49, 60-61, 129
Consumer relationship management	Measures to protect consumers' health and safety.	Internal reporting framework: qualitative description of the measures to protect consumers' health and safety.	pp. 56-57, 107-108
	Complaint systems.	Internal reporting framework: qualitative description of claim systems.	pp. 58, 129
	Complaints received and their resolution.	Internal reporting framework: quantitative description of complaints received and their resolution.	pp. 56
Tax information	Profits obtained by country.	Internal reporting framework: quantitative description of the profits obtained before taxes .	pp. 10, 37
	Taxes paid on profits.	Internal reporting framework: quantitative description of taxes on profits paid.	pp.37
	Public subsidies received.	GRI 201-4 Financial assistance received from government	-



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Independent Limited Assurance Report of the Sustainability Report for  
the year ended March 31, 2021

NIPPON GASES EURO-HOLDING S.L.U. AND SUBSIDIARIES

## INDEPENDENT LIMITED ASSURANCE REPORT OF THE SUSTAINABILITY REPORT

Translation of a report originally issued in Spanish. In the event of discrepancy,  
the Spanish-language version prevails

To the Shareholders of NIPPON GASES EURO-HOLDING S.L.U.

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Sustainability Report for the year ended March 31, 2021, of NIPPON GASES EURO-HOLDING S.L.U. and Subsidiaries (hereinafter, the Group), which is part of the accompanying Consolidated Directors' Report of the Group.

The content of the Sustainability Report includes additional information to that required by prevailing mercantile regulation in relation to non-financial information that has not been subject to our verification. In this regard, our review has been exclusively limited to the verification of the information shown in the Appendix 5.8 "Table of contents required under Law 11/2018" of the accompanying Sustainability Report.

### Responsibility of the Board of Directors

The preparation of the Sustainability Report included in the Consolidated Directors' Report and its content is the responsibility of the Board of Directors of NIPPON GASES EURO-HOLDING S.L.U. The Sustainability Report was prepared in accordance with the content required by prevailing company law and in conformity with the criteria outlined in the *Global Reporting Initiative Sustainability Reporting Standards* (GRI standards) selected, as well as other criteria described in accordance with that indicated for each subject in the chapter 5.8 "Table of contents required under Law 11/2018" of the Sustainability Report.

The Board of Directors are also responsible for the design, implementation and maintenance of such internal control as they determine is necessary to enable the preparation of a Sustainability Report that is free from material misstatement, whether due to fraud or error.

They are further responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the Sustainability Report is obtained.

### Our independence and quality control

We have complied with the independence and other Code of Ethics requirements for accounting professionals issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence, diligence, confidentiality and professionalism.

Our Firm complies with the International Standard on Quality Control No. 1 and thus maintains a global quality control system that includes documented policies and procedures related to compliance with ethical requirements, professional standards, as well as applicable legal provisions and regulations.

The engagement team consisted of experts in the review of Non-Financial Information and, specifically, in information about economic, social and environmental performance.



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### Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report. Our review has been performed in accordance with the requirements established in prevailing International Standard on Assurance Engagements 3000 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the guidelines for verifying Non-Financial Statement, issued by the Spanish Official Register of Auditors of Accounts (ICJCE).

The procedures carried out in a limited assurance engagement vary in nature and timing and are smaller in scope than reasonable assurance engagements, and therefore, the level of assurance provided is likewise lower.

Our work consisted in requesting information from Management and the various Group units participating in the preparation of the Sustainability Report, reviewing the process for gathering and validating the information included in the Report, and applying certain analytical procedures and sampling review tests as described below:

- ▶ Meeting with Group personnel to know the business model, policies and management approaches applied, the main risks related to these matters and obtain the necessary information for our external review.
- ▶ Analyzing the scope, relevance and integrity of the content included in the Sustainability Report based on the materiality analysis made by the Group and described in chapter 5.6 “About this report”, considering the content required by prevailing mercantile regulations.
- ▶ Analyzing the processes for gathering and validating the data included in the Sustainability Report for the year ended March 31, 2021.
- ▶ Reviewing the information on the risks, policies and management approaches applied in relation to the material aspects included in the Sustainability Report.
- ▶ Checking, through tests, based on a selection of a sample, the information related to the content of the Sustainability Report for the year ended March 31, 2021 and its correct compilation from the data provided.
- ▶ Obtaining a representation letter from the Board of Directors and Management.

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### Basis for qualified conclusion

As indicated in the chapter 5.8 “Table of contents required under Law 11/2018”, the Sustainability Report does not include information regarding financial profit, nor does it reflect the number of employees by country, the average remuneration of directors by gender or the average remuneration of employees disaggregated by gender, age and professional category, as required by the Law 11/2018, of 28 December, on the subject of non-financial information and diversity.

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### Qualified conclusion

Based on the limited assurance procedures conducted and the evidence obtained, except for the impact of the matters described in “Basis for qualified conclusion”, no additional matter has come to our attention that would cause us to believe that the Group’s Sustainability Report for the year ended March 31, 2021 has not been prepared, in all material respects, in accordance with the contents required by prevailing company law and the criteria of the selected GRI standards, as well as other criteria, described as explained for each subject matter in the chapter 5.8 “Table of contents required under Law 11/2018” of the Sustainability Report.

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### Use and distribution

This report was prepared in response to the requirement established by prevailing company law in Spain and may not be appropriate for other uses and jurisdictions.

ERNST & YOUNG, S.L.

(signed in the original version)

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Alberto Castilla Vida

June 30, 2021



 **NIPPON  
GASES**  
The Gas Professionals