



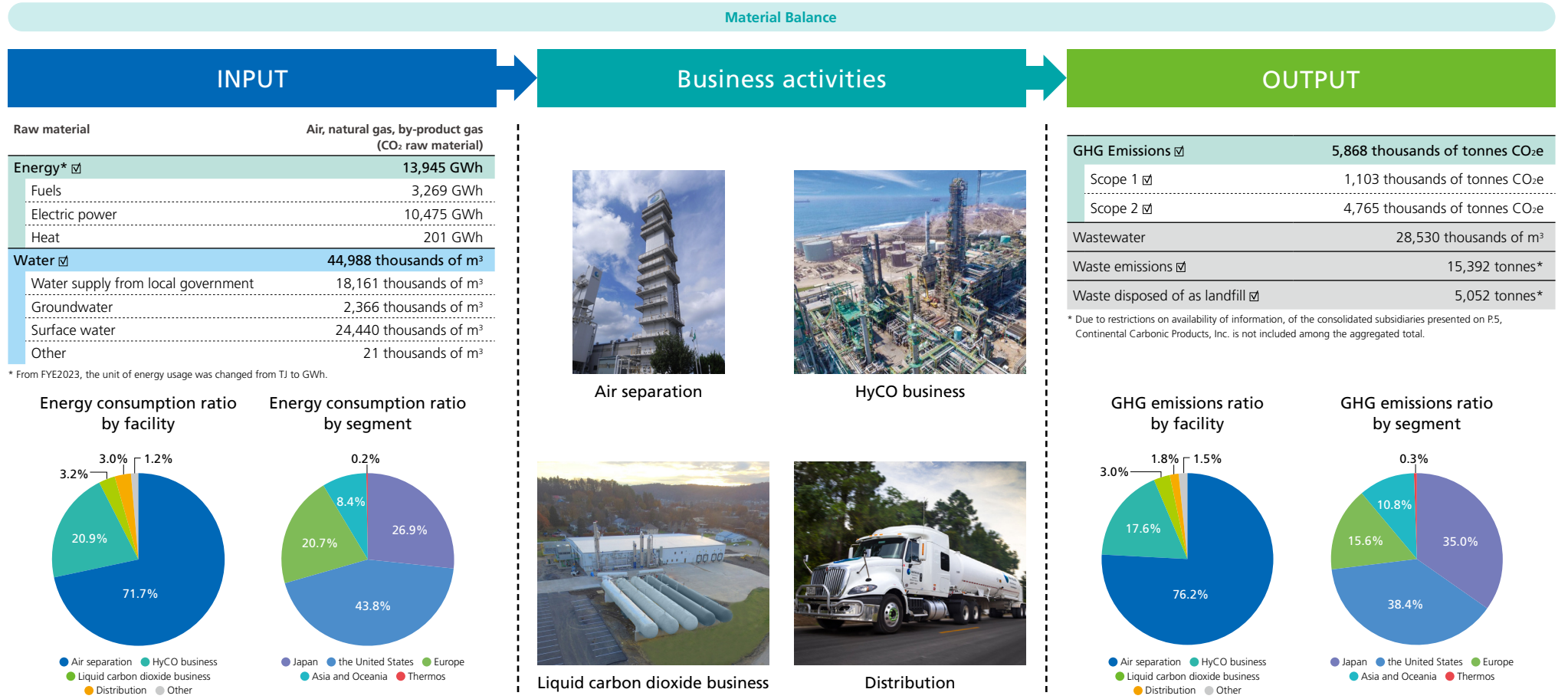
SUSTAINABILITY DATA 2023

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Sustainability Data

Material Balance and Environmental Contribution of the Nippon Sanso Holdings Group

* Please refer to P2-P3 for the reporting boundary and waste amount calculation method. Indicators with mark have been assured by KPMG AZSA Sustainability Co., Ltd. with respect to actual results for FYE2023.



GHG Emission Reduction Contribution

7,308 thousands of tonnes CO₂e*1	
Products and services*2	Industrial gases*3, *4
3,556 thousand of tonnes CO ₂ e <input checked="" type="checkbox"/>	3,752 thousand of tonnes CO ₂ e <input checked="" type="checkbox"/>

*1 For details on the reporting boundaries and calculation methods, please refer to P9-P10, "Calculation Methods for GHG Emission Reduction Contribution."
 *2 GHG emission reduction contribution for products and services is calculated in accordance with the Guidelines for Quantifying GHG Emission Reductions of Goods or Services through Global Value Chain (Ministry of Economy, Trade and Industry).
 *3 GHG emission reduction contribution from the use of industrial gases
 *4 GHG emission reduction contribution through industrial gases includes the reduction contribution of consolidated subsidiaries in Japan, Europe, Asia and Oceania, and certain affiliated companies.

Sustainability Data

Environment

	Unit	FYE2021	FYE2022	FYE2023
Greenhouse Gas (GHG) Emissions				
GHG Emissions Scope 1 [㊦]	Thousands of tonnes CO ₂ e	987	1,087	1,103
GHG Emissions Scope 2 [㊦]	Thousands of tonnes CO ₂ e	4,664	4,834	4,765
GHG Emissions Scope 3—Total for the Following Categories [㊦]	Thousands of tonnes CO ₂ e	4,341	3,408	3,341
Category 1 Purchased goods and services	Thousands of tonnes CO ₂ e	883	897	911
Category 2 Capital goods	Thousands of tonnes CO ₂ e	44	42	67
Category 3 Fuel- and energy-related activities not included in Scope 1 and Scope 2	Thousands of tonnes CO ₂ e	248	276	261
Category 4 Upstream transportation and distribution (Including transportation services whose cost is borne by the Company)	Thousands of tonnes CO ₂ e	37	39	36
Category 5 Waste generated in operations	Thousands of tonnes CO ₂ e	2	1	1
Category 6 Business travel	Thousands of tonnes CO ₂ e	1	1	1
Category 7 Employee commuting	Thousands of tonnes CO ₂ e	3	3	3
Category 8 Upstream leased assets	Thousands of tonnes CO ₂ e	N/A	N/A	N/A
Category 9 Downstream transportation and distribution	Thousands of tonnes CO ₂ e	N/A	N/A	N/A
Category 10 Processing of sold products	Thousands of tonnes CO ₂ e	N/A	N/A	N/A
Category 11 Use of sold products	Thousands of tonnes CO ₂ e	2,436	1,466	1,382
Category 12 End-of-life treatment of sold products	Thousands of tonnes CO ₂ e	N/A	N/A	N/A
Category 13 Downstream leased assets	Thousands of tonnes CO ₂ e	N/A	N/A	N/A
Category 14 Franchises	Thousands of tonnes CO ₂ e	N/A	N/A	N/A
Category 15 Investments	Thousands of tonnes CO ₂ e	687	683	679

Reporting boundary: Scope 1 emissions and Scope 2 emissions represent Nippon Sanso Holdings and its main consolidated subsidiaries. For information on Scope 3 emissions aggregation, please refer to P.8.
 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
 Scope 3 emissions: Indirect emissions other than Scope 2 emissions

Calculation methods: GHG emissions in Japan are calculated using emission factors provided in Japan's Act on Promotion of Global Warming Countermeasures (for electricity, up until FYE2021 the basic emission factors for each electricity provider and from FYE2022 the adjusted emission factors for each provider). For GHG emissions overseas, Scope 1 emissions are calculated using emission factors set forth in Japan's Act on Promotion of Global Warming Countermeasures. Scope 2 emissions are calculated using country-specific emission factors published by the IEA. However, for electricity in Europe, beginning FYE2021 a separate emission factor for each electricity provider is used, and emissions are calculated making reference to the Guarantee of Origin. Furthermore, from FYE2022, emissions from electricity use at Taiyo Gases Co., Ltd. and Top Thermo Manufacturing (Malaysia) Sdn. Bhd are calculated using emissions coefficients for each electricity provider, while emissions from electricity use in the United States, China, Taiwan, and Singapore are calculated using published grid coefficients for each country. Please refer to P.8 for calculation method for Scope 3 emissions.

Indicators with [㊦] mark have been assured by KPMG AZSA Sustainability Co., Ltd. for FYE2023.

	Unit	FYE2021	FYE2022	FYE2023	
Contributions to Environmental Protection through Products					
GHG Emission Reduction Contribution	Products and Services [㊦]	Thousands of tonnes CO ₂ e	2,892	3,176	3,556
	Industrial Gases [㊦]	Thousands of tonnes CO ₂ e	2,174	3,689	3,752

For information on the reporting boundary and the method of calculation, please refer to P.9–P.10.

Sustainability Data

Environment

	Unit	FYE2021	FYE2022	FYE2023
Energy Usage*1, *2				
Energy Consumption ☒	GWh	12,570	14,273	13,945
Electric power	GWh	9,592	10,776	10,475
Fuels	GWh	2,779	3,293	3,269
Heat	GWh	199	204	201

Reporting boundary: Nippon Sanso Holdings and its main consolidated subsidiaries

The energy of the consumed fuels are calculated based on the gross calorific values specified in Japan's Act on the Rational Use of Energy.

*1 Until to FYE2022, purchased electricity and purchased steam were converted into a primary energy amount. However, from FYE2023, we have changed to a method of not performing the conversion. Figures presented in previous fiscal years have been retroactively amended due to this revision.

*2 From FYE2023, the unit of energy usage was changed from TJ to GWh.

Environmental Impact				
Nitrogen oxide (NOx) emissions ☒	Tonnes	1.8	2.0	2.6
Sulfur oxide (SOx) emissions ☒	Tonnes	1.0	1.1	1.1
Particulate emissions ☒	Tonnes	0.1	0.1	0.1
Volatile organic compound (VOC) emissions ☒	Tonnes	5	8	5
Releases of substances designated under the Pollutant Release and Transfer Register (PRTR) ☒	Tonnes	8	10	8

Reporting boundary: Consolidated subsidiaries in Japan, including Taiyo Nippon Sanso Corporation

Water Usage					
Water Withdrawal ☒	Thousands of m ³	43,345	45,911	44,988	
Breakdown of sources of fresh water withdrawn	Water supply from local government	Thousands of m ³	14,723	17,589	18,161
	Municipal water	Thousands of m ³	4,901	5,757	6,332
	Industrial water	Thousands of m ³	9,823	11,832	11,829
	Groundwater	Thousands of m ³	2,578	2,710	2,366
	Surface water	Thousands of m ³	26,016	25,582	24,440
	Other	Thousands of m ³	28	30	21

Reporting boundary: Gas production plants operated by consolidated subsidiaries of Nippon Sanso Holdings in Japan, business locations with facilities specified under the Water Pollution Prevention Act, and main overseas consolidated subsidiaries

Waste				
Waste generated*1 ☒	Tonnes	14,715	14,352	15,392*5
Waste disposed of as landfill*2 ☒	Tonnes	7,152	3,875	5,052*5
Hazardous waste generated*3 ☒	Tonnes	1,799	2,015	2,000*5
Waste recycled*4	Tonnes	4,885	7,623	7,975*5

Reporting boundary: Nippon Sanso Holdings and its main consolidated subsidiaries

Waste generated by consolidated subsidiaries in Japan is the volume for which the Company issued a manifest.

*1 Includes valuable materials *2 Includes residue after intermediate treatment outside the Group company *3 Includes specially controlled industrial waste

*4 We consider waste collected to be the amount of resources recycled. *5 Due to restrictions on availability of information, of the consolidated subsidiaries presented on P.5, Continental Carbonic Products, Inc. is not included among the aggregated total.

Others				
Number of environmental violations*	Incidents	0	0	0
Amount of fines paid for environmental violations*	Millions of yen	0	0	0

* From FYE2023, values presented in past fiscal years have been retroactively amended.

The figures for chemical oxygen demand (COD) emissions, nitrogen emissions in wastewater, and phosphorus emissions have been omitted from disclosure since the amounts of these emissions have been immaterial. The Nippon Sanso Holdings Group uses water primarily for indirect cooling, and its impacts on water quality are therefore not large. Taiyo Nippon Sanso and its Japanese subsidiaries have five business sites that are subject to restrictions on the concentration of COD, nitrogen, and phosphorus emissions in wastewater. The total amounts of COD, nitrogen, and phosphorus emissions for all five sites amount to less than one tonne each.

	Unit	FYE2021	FYE2022	FYE2023
GHG Emissions				
GHG Scope 1 + Scope 2 ☒	Thousands of tonnes CO ₂ e	5,651	5,921	5,868
Japan	Thousands of tonnes CO ₂ e	2,014	2,253	2,054
the United States	Thousands of tonnes CO ₂ e	2,066	2,130	2,251
Europe	Thousands of tonnes CO ₂ e	1,049	885	916
Asia and Oceania	Thousands of tonnes CO ₂ e	511	638	632
Thermos	Thousands of tonnes CO ₂ e	11	15	15

Energy Consumption*1, *2				
Total ☒	GWh	12,570	14,273	13,945
Japan	GWh	3,580	3,978	3,757
the United States	GWh	5,215	5,917	6,106
Europe	GWh	2,753	3,180	2,889
Asia and Oceania	GWh	1,002	1,171	1,167
Thermos	GWh	20	27	26

Electricity Consumption*3				
Total ☒	GWh	9,592	10,776	10,475
Japan	GWh	3,402	3,783	3,552
the United States	GWh	2,824	3,114	3,249
Europe	GWh	2,442	2,762	2,585
Asia and Oceania	GWh	908	1,094	1,066
Thermos	GWh	16	23	23

Water Withdrawal				
Total ☒	Thousands of m ³	43,345	45,911	44,988
Japan	Thousands of m ³	6,760	7,464	7,445
the United States	Thousands of m ³	7,074	7,293	8,464
Europe	Thousands of m ³	27,292	27,029	25,136
Asia and Oceania	Thousands of m ³	2,049	3,929	3,744
Thermos	Thousands of m ³	170	196	199

Waste Generated (Including Valuable Materials)*4				
Total ☒	Tonnes	14,715	14,352	15,392*5
Japan	Tonnes	5,505	4,187	3,909
the United States	Tonnes	5,691	3,486	5,415*5
Europe	Tonnes	758	2,909	3,068
Asia and Oceania	Tonnes	395	1,399	602
Thermos	Tonnes	2,366	2,371	2,398

*1 Until to FYE2022, purchased electricity and purchased steam were converted into a primary energy amount. However, from FYE2023, we have changed to a method of not performing the conversion. Figures presented in previous fiscal years have been retroactively amended due to this revision. *2 From FYE2023, the unit of energy usage was changed from thousand GJ to GWh. *3 From FYE2023, the unit of electricity usage was changed from Millions of kWh to GWh. *4 Waste generated by the consolidated subsidiaries of Nippon Sanso Holdings in Japan is the volume for which the Company issued a manifest. *5 As with the reporting boundary for "Waste" on the left, of the consolidated subsidiaries presented on P.5, Continental Carbonic Products, Inc. is not included among the aggregated total.

The names of reportable segments were previously "Gas Business in Japan," "Gas Business in the United States," "Gas Business in Europe," "Gas Business in Asia and Oceania," and "Thermos Business." Effective from FYE2023, these names were changed to "Japan," "United States," "Europe," "Asia and Oceania," and "Thermos," respectively.

Sustainability Data

Society

	Unit	FYE2021	FYE2022	FYE2023
Employees and Diversity (Consolidated)				
Employees* ㊦	Number of individuals	19,155	19,172	19,541
Japan	Number of individuals	6,295	6,465	6,391
the United States	Number of individuals	4,534	4,406	4,532
Europe	Number of individuals	2,884	2,912	3,013
Asia and Oceania	Number of individuals	4,114	4,102	4,267
Thermos	Number of individuals	1,328	1,287	1,338
Employees by gender				
Male ㊦	Number of individuals	15,307	15,233	15,651
Female ㊦	Number of individuals	3,848	3,939	3,890
Employees by age group (Composition ratio)				
20s and below	%	16.6	16.4	15.7
30s	%	24.6	25.0	25.0
40s	%	28.6	30.1	27.0
50s and above	%	30.2	28.5	32.4
Years of consecutive service				
Overall average	Years	11.3	11.4	11.6
Men	Years	11.7	11.5	11.8
Women	Years	9.5	11.1	11.4
Average age	Years	42.3	44.2	44.1
New hires	Number of individuals	1,893	2,917	3,161
Employee turnover rate	%	5.7	7.1	6.9
Female employees as a percentage of the total number of employees ㊦	%	20.1	20.5	19.9
Female managers as a percentage of total managerial positions ㊦	%	14.6	14.8	14.5

* Aggregated from actual figures of the Nippon Sanso Holdings Group companies as of the end of each fiscal year. Due to differences in the reporting periods, part of the data includes figures as of the end of December.

Employees and Diversity (Non-Consolidated)				
Employees	Number of individuals	81*	86*	88*
Employees by gender				
Male	Number of individuals	66	71	72
Female	Number of individuals	15	15	16
Female employees as a percentage of the total number of employees	%	18.5	17.4	18.2
Female managers as a percentage of total managerial positions	%	4.1	3.6	3.6

* Includes employees working concurrently for Taiyo Nippon Sanso Corporation (47 employees in FYE2021, 49 employees in FYE2022, 47 employees in FYE2023)

	Unit	FYE2021	FYE2022	FYE2023
Employees, Diversity, and Work-Life Balance (Registered employees of Taiyo Nippon Sanso Corporation)				
Employees	Number of individuals	2,065	2,075	2,086
Employees by gender				
Male	Number of individuals	1,789	1,784	1,780
Female	Number of individuals	276	291	306
Employees by age group (Composition ratio)				
20s and below ㊦	%	19.5	19.8	20.2
30s ㊦	%	20.1	20.3	20.5
40s ㊦	%	27.6	25.7	24.2
50s and above ㊦	%	32.9	34.2	35.1
Years of consecutive service				
Overall average	Years	17.8	17.8	18.7
Men	Years	18.5	18.6	19.4
Women	Years	12.9	13.3	14.0
Average age ㊦	Years	42.3	42.4	42.7
New hires ㊦	Number of individuals	102	85	88
Employee turnover rate*1 ㊦	%	2.8	3.3	3.7
Companywide employee training hours*2				
New employee training hours	Hours	32,160	16,320	27,360
Employee training hours	Hours	17,716	21,504	24,052
Union members ㊦	Number of individuals	1,195	1,214	1,232
Union members as a percentage of the total number of employees ㊦	%	57.8	58.5	59.1
Layoffs*3 ㊦	Number of individuals	0	0	0
Female employees as a percentage of total number of employees	%	13.4	14.0	14.7
Female managers as a percentage of total managerial positions	%	1.5	1.5	1.8
Employment ratio of persons with disabilities (as of June 1 of each fiscal year) ㊦	%	2.3	2.5	2.5
Number of employees reemployed after retirement ㊦	Number of individuals	74	82	86
Employees using childcare leave systems ㊦	Number of individuals	16	19	39
Men ㊦	Number of individuals	6	6	21
Women ㊦	Number of individuals	10	13	18
Employees using nursing care leave or long-term nursing care leave ㊦	Number of individuals	0	0	0
Usage rate for annual paid leave** ㊦	%	60.2	61.5	67.0
Employees using volunteer leave system ㊦	Number of individuals	0	0	0

*1 Employee turnover rate is the number of employees leaving the Company during the fiscal year (including mandatory-age retirees and excluding personnel transferring to other Group companies) divided by the number of employees at the end of the fiscal year *2 Reporting boundary: Training hours of Taiyo Nippon Sanso Corporation employees and Taiyo Nippon Sanso Group employees who took training held by Taiyo Nippon Sanso Corporation *3 Employees leaving the Company for reasons attributable to the Company (dismissals) *4 The number of new days granted in the reporting year is the denominator. The number of days used in the reporting year is the numerator. The denominator does not include the number of days carried over from the previous fiscal year.

Sustainability Data

Society

	Unit	FYE2021	FYE2022	FYE2023
Others (Consolidated)				
Expenditures on social contribution initiatives	Millions of yen	109.7	84.5	78.3

Occupational Health and Safety				
Frequency rate of occupational accidents resulting in lost workdays (Number of injuries / fatalities due to occupational accidents per million work hours)				
Nippon Sanso Holdings Group (Including Taiyo Nippon Sanso Group) ☒	—	2.51	2.14* ¹	1.56
Taiyo Nippon Sanso Group ☒	—	0.64	0.52	0.81
Number of fatalities (Consolidated)* ²				
Employees	Number of individuals	1	0	0
Contractors	Number of individuals	0	1	0

Reporting boundary: Consolidated subsidiaries with production divisions in Japan and overseas

*¹ To improve the accuracy of data aggregation, values presented in past fiscal year have been retroactively amended.

*² From FYE2023, values presented in past fiscal years have been retroactively amended.

Reporting Boundary

Main consolidated subsidiaries

Consolidated subsidiaries in Japan including Taiyo Nippon Sanso Corporation; Matheson Tri-Gas, Inc.; Continental Carbonic Products, Inc.; Western International Gas & Cylinders, Inc.; Nippon Gases Euro-Holding S.L.U. and its consolidated subsidiaries; Leeden National Oxygen Ltd.; Leeden Gases Sdn. Bhd.; Nippon Sanso Ingasco, Inc.; Nippon Sanso Ingasco Philippines, Inc.; Nippon Sanso Ingasco Clark, Inc.; Nippon Sanso (Thailand) Co., Ltd.; Ayutthaya Industrial Gases Co., Ltd.; Taiyo Gases Co., Ltd.; Nippon Sanso Vietnam Joint Stock Company; Taiyo Nippon Sanso India Pvt. Ltd.; Shanghai Taiyo Nippon Sanso Gas Co., Ltd.; Suzhou Taiyo Nippon Sanso Gas Co., Ltd.; Dalian Changxing Island Taiyo Nippon Sanso Gas Co., Ltd.; Dalian Taiyo Nippon Sanso Gas Co., Ltd.; Yangzhou Taiyo Nippon Sanso Semiconductor Gases Co., Ltd.; Matheson Gas Products Korea Co., Ltd.; Nippon Sanso Taiwan, Inc.; Taiyo Nippon Sanso Engineering Taiwan, Inc.; Fu Yang Gas Co., Ltd.; Supagas Pty Ltd; Nippon Sanso Myanmar Co., Ltd.; Top Thermo Manufacturing (Malaysia) Sdn. Bhd.; Vacuumtech Philippines Inc.

Beginning FYE2022, environmental data includes International Carbon Dioxide Co., Ltd., Nippon Gases Euro-Holding S.L.U. and its subsidiary filling sites, Leeden Gases Sdn. Bhd., and Matheson Gas Products Korea Co., Ltd. From FYE2023, data from eight consolidated subsidiaries in Japan, Continental Carbonic Products, Inc. and Western International Gas & Cylinders, Inc. were also included.

Sustainability Data

Governance

	Unit	FYE2021	FYE2022	FYE2023
Activities of Committees				
Management Configuration	Number of individuals	9	9	9
Internal directors	Number of individuals	7	6	4
Independent outside directors	Number of individuals	2	3	5
Directors serving concurrently as executive officers	Number of individuals	3	1	1
Percentage of directors serving concurrently as executive officers	%	33.3	11.1	11.1
Independent outside directors as a percentage of total Board of Directors' members	%	22.2	33.3	55.6
Female directors as a percentage of total Board of Directors' members	%	0.0	11.1	22.2
Term of appointment	Years	1	1	1
Frequency of Board of Directors' meetings	Times	11	14	11
Attendance at Board of Directors' meetings	%	98.0	98.4	100.0
Attendance of independent outside directors at Board of Directors' meetings	%	100.0	100.0	100.0
Number of directors attending less than 75% of Board of Directors' meetings	Number of individuals	0	0	0
Audit & Supervisory Board members	Number of individuals	4	4	4
Internal Audit & Supervisory Board members	Number of individuals	1	1	1
Independent outside Audit & Supervisory Board members	Number of individuals	2	2	2
Independent outside Audit & Supervisory Board members as a percentage of total Audit & Supervisory Board members	%	50.0	50.0	50.0
Female Audit & Supervisory Board members as a percentage of total Audit & Supervisory Board members	%	0.0	0.0	0.0
Frequency of Audit & Supervisory Board meetings	Times	16	17	14
Attendance at Audit & Supervisory Board meetings	%	100.0	100.0	100.0
Attendance of independent outside Audit & Supervisory Board members at Audit & Supervisory Board meetings	%	100.0	100.0	100.0
Number of Audit & Supervisory Board members attending less than 75% of Audit & Supervisory Board meetings	Number of individuals	0	0	0
Average age of directors and Audit & Supervisory Board members	Years	64.8	65.8	66.1
Number of executive officers	Number of individuals	7	6	7
Female executive officers as a percentage of total executive officers	%	0.0	0.0	0.0

	Unit	FYE2021	FYE2022	FYE2023
Activities of Committees				
Advisory Committee on Appointments and Remuneration				
Members	Number of individuals	3	5	6
Internal directors	Number of individuals	1	2	1
Independent outside directors	Number of individuals	2	3	5
Frequency of meetings	Times	6	10	12
Attendance	%	100.0	100.0	100.0
Management Committee				
Members	Number of individuals	13	13	12
Frequency of meetings	Times	6	11	12
Attendance*1	%	100.0	100.0	100.0
Investment Committee				
Members*2	Number of individuals	15	15	15
Frequency of meetings	Times	1	3	2
Attendance*1	%	93.3	93.3	93.3
Global Strategy Review Committee				
Members	Number of individuals	17	17	17
Frequency of meetings	Times	1	1	1
Attendance	%	100.0	100.0	100.0
Global Risk Management Committee				
Members	Number of individuals	17	18	18
Frequency of meetings	Times	1	1	1
Attendance	%	100.0	100.0	100.0
Global Compliance Committee				
Members*3	Number of individuals	20	8	8
Frequency of meetings*4	Times	0	1	1
Attendance	%	—	87.5	100.0

*1 Average attendance rate *2 Excluding additional attendees and Secretariat

*3 Excluding attendees and Secretariat from FYE2022 *4 Not held during FYE2021 due to COVID-19

Sustainability Data

Governance

	Unit	FYE2021	FYE2022	FYE2023
Remuneration for Officers				
Remuneration for directors (excluding outside directors)				
Total	Millions of yen	263	200	152
Basic remuneration	Millions of yen	169	141	102
Corporate political contributions	Millions of yen	94	59	47
Non-financial KPI-linked bonuses	Millions of yen	—	—	3
Remuneration for Audit & Supervisory Board members (excluding independent outside members)				
Total	Millions of yen	27	28	28
Basic remuneration	Millions of yen	27	28	28
Remuneration for independent outside directors				
Total	Millions of yen	100	108	129
Basic remuneration	Millions of yen	100	108	129
Remuneration for independent auditors				
Total	Millions of yen	210	222	206
Remuneration for audit services	Millions of yen	209	218	205
Other remuneration for independent auditors	Millions of yen	1	4	1
Others				
Anti-takeover measures	—	Not adopted	Not adopted	Not adopted
Code of ethics	—	Adopted	Adopted	Adopted
Policy on transparency of tax affairs	—	Adopted (Currently disclosed on the Company website)	Adopted (Currently disclosed on the Company website)	Adopted (Currently disclosed on the Company website)
Corporate political contributions*	Millions of yen	0.0	0.2	0.0
Violations of rules for the prevention of corruption	Number of violations	0	0	0
Monetary penalties incurred as a result of violations of guidelines for the prevention of corruption	Millions of yen	0	0	0
Rate of receiving compliance training	%	—	—	99.7

* Reporting boundary is consolidated from FYE2022.

Intellectual Property and Research and Development

	Unit	FYE2021	FYE2022	FYE2023
Intellectual Property				
Registered patents				
Total	Patents	1,578	1,591	1,682
Japan	Patents	925	941	1,038
Overseas	Patents	653	650	644

* Sum of patents at all operating companies. From FYE2023, the figure includes the consolidated subsidiaries of each operating company.

Research and Development				
Research and Development				
Total	Millions of yen	3,315	3,569	3,515
Japan	Millions of yen	2,694	2,872	3,054
the United States	Millions of yen	589	659	429
Thermos	Millions of yen	32	37	31

Sustainability Data

Calculation Methods for Scope 3 GHG Emissions

Referenced Guidelines

Our Scope 3 GHG emissions are calculated based on the Corporate Value Chain (Scope 3) Accounting and Reporting Standard issued by the GHG Protocol.

For emission factors, we used the emission factor database Ver. 3.3 provided in the Green Value Chain Platform, the Inventory Database for Environmental Analysis (IDEA v2) for supply chain GHG emissions accounting, and information included in MilCA Ver. 2, a life-cycle assessment software developed by the Japan Environmental Management Association for Industry.

Reporting Boundary

Unless otherwise specified, the data covers Nippon Sanso Holdings and its consolidated subsidiaries in Japan, including Taiyo Nippon Sanso Corporation.

Calculation Method by Category

Category 1 Purchased goods and services	Calculated by multiplying the amounts of products and services in physical or monetary units purchased by Taiyo Nippon Sanso Corporation by the respective emission factor for each type of product or service. However, emissions from transport and shipping services and from oxygen, nitrogen, and argon purchased from Taiyo Nippon Sanso's consolidated subsidiaries or affiliated companies are included in the reporting boundary of Scope 1 or 2, or categories 4 and 15 of Scope 3, and are therefore deducted from the procured amounts used for this calculation.	Category 8 Upstream leased assets	Since the amount of applicable lease assets is negligible, emissions in this category are not calculated.
Category 2 Capital goods	Calculated by multiplying the amounts of capital investment during each reporting fiscal year by an emission factor per price of capital goods.	Category 9 Downstream transportation and distribution	The emissions associated with the transportation of sold products whose cost is borne by Taiyo Nippon Sanso Corporation and Nippon Ekitan Corporation fall within category 4 as the Group basically bears the cost of transporting products.
Category 3 Fuel- and energy-related activities not included in Scope 1 and Scope 2	This category includes emissions associated with the extraction, production, and transportation of purchased fuels and those consumed in the production of electricity and steam that are purchased by the Group. Fuels: Calculated by multiplying the amount purchased during the fiscal year by an emission factor for each fuel type. Electricity and steam: Calculated by multiplying the amount purchased from outside the Group by the upstream emission factor for each purchased energy reflecting electricity transmission loss.	Category 10 Processing of sold products	The Taiyo Nippon Sanso Group's main product group is gas, and since it is difficult to rationally calculate the GHG emissions associated with the processing of these products, the emissions are not calculated.
Category 4 Upstream transportation and distribution (Including distribution services whose cost is borne by the Group)	Calculated by subtracting the CO ₂ emissions from logistics subsidiaries, which are included in Scope 1 emissions, from the CO ₂ emissions reported for Taiyo Nippon Sanso Corporation and Nippon Ekitan Corporation as specified shippers in accordance with the Act on Promotion of Global Warming Countermeasures. CO ₂ emissions related to transportation and distribution of products for which Taiyo Nippon Sanso Corporation and Nippon Ekitan Corporation bear the transportation costs are included in this category.	Category 11 Use of sold products	The amount of CO ₂ emissions generated from the use of propane gas (LP gas), liquid carbon dioxide gas, and dry ice, and from use of electricity for the operation of its ASUs during the service life, which were sold to customers outside of the Taiyo Nippon Sanso Group.
Category 5 Waste generated in operations	Calculated by multiplying industrial waste output by the emission factors for each waste type (including transportation stages).	Category 12 End-of-life treatment of sold products	The Taiyo Nippon Sanso Group's primary products are gases (oxygen, nitrogen, and argon). After use, these gases return to the atmosphere and do not become waste. Furthermore, since the gas containers are loaned, and therefore the amount of waste from sold is negligible, emissions in this category are not calculated.
Category 6 Business travel	Calculated by multiplying the number of employees of consolidated subsidiaries in Japan, including Taiyo Nippon Sanso Corporation by the emission factor (0.13 tonnes of CO ₂ /person/year).	Category 13 Downstream leased assets	Since the amount of applicable lease assets is negligible, emissions in this category are not calculated.
Category 7 Employee commuting	Taiyo Nippon Sanso Corporation employees: For train commuters, the annual payment for commuter passes is multiplied by an emission factor per transportation expense. For car commuters, the round-trip distance is multiplied by the annual number of commuting days and an emission factor per person-kilometer for passenger car. Employees of Japanese consolidated subsidiaries: The number of employees is multiplied by the annual number of commuting days, and multiplied by the emission factor per commuting day.	Category 14 Franchises	As the Group does not have any businesses in this format, there are no emissions in this category.
		Category 15 Investments	Calculated by multiplying the GHG emissions of each of the eight affiliated companies of Taiyo Nippon Sanso Corporation in Japan that produce gas by the Company's shareholding ratio (as of the fiscal year-end). The eight companies' GHG emissions are based on their actual emissions in the reporting period.

Sustainability Data

Calculation Methods for GHG Emission Reduction Contribution

We include the following products and services sold by consolidated subsidiaries of Nippon Sanso Holdings and certain affiliated companies in the calculation of GHG emission reduction contribution. The calculation method per product or service is as follows. The CO₂ emission factors used for electricity are 0.441 t-CO₂/MWh in Japan, 0.275 t-CO₂/MWh in Europe, and the emissions factors published by the IEA for each country in the United States and Asia and Oceania.

Environmental product offerings and applications	Calculation method for GHG emission reduction	Calculation period		
		FYE2021	FYE2022	FYE2023
Products and services	Contribution to GHG emission reduction through products and services using the Nippon Sanso Holdings Group's proprietary technologies			
Combustion-type exhaust gas abatement system Reporting boundary: Consolidated subsidiaries in Japan	An average processing capacity of 0.6 L/min for nitrogen trifluoride (NF ₃) gas per one combustion-type exhaust gas abatement system was assumed, and this value was multiplied by the number of such systems that were installed from FYE2019 to FYE2023, the number of operating hours per year, and the global warming potential (GWP) of NF ₃ to calculate the GHG emission reduction contribution. The amount of CO ₂ emissions from fuel used in combustion equipment was deducted.	○	○	○
SF₆ recovery service Reporting boundary: Consolidated subsidiaries in Japan	The volume of sulfur hexafluoride (SF ₆) gas recovered in FYE2023 was multiplied by its GWP to calculate GHG emission reduction contribution.	○	○	○
SCOPE-Jet® Reporting boundary: Consolidated subsidiaries in Japan	Based on actual observed values at two electric furnace manufacturers who had introduced SCOPE-Jet®, the electricity-saving effect per volume of jet oxygen (kWh/Nm ³) was calculated. The ratio of the number of plants that have introduced SCOPE-Jet® to the total number of electric furnace manufacturing plants was multiplied by the volume of crude steel products by electric furnaces in Japan in FYE2023, and the resulting number was assumed to be the production volume of crude steel contributed by the electricity saving from SCOPE-Jet®. The amount of oxygen consumed by SCOPE-Jet® in the production of this crude steel, and the amount of electricity saved per volume of oxygen were multiplied by the CO ₂ emission factor for electricity to calculate the GHG emission reduction contribution. The amount of the CO ₂ emissions generated during the manufacture of the oxygen was deducted.	○	○	○
MG Shield® Reporting boundary: Consolidated subsidiaries in Japan	The amount of SF ₆ gas whose use was avoided through use of MG Shield® sold in FYE2023 was multiplied by the gas' GWP to calculate the GHG emission reduction contribution.	○	○	○
New refrigerants Reporting boundary: Consolidated subsidiaries in Europe	We calculated the amount of reduction contribution by assuming a 7% per year leakage rate of new refrigerants sold from FYE2016 to FYE2023, and multiplying leakage amount by the difference between the GWP of alternative refrigerants and the GWP of new refrigerants. The reduction contribution assumes annual leakage of 7% from equipment sold in the preceding fiscal year, continuing at the same rate in the next fiscal year.	○	○	○
Nitrogen gas supply system for laser processing (PSA) Reporting boundary: Consolidated subsidiaries in Japan	The annual power consumption of Taiyo Nippon Sanso Corporation's conventional air compressor was compared with that of the energy-saving type nitrogen gas supply system to calculate the annual electricity saving from using the energy-saving type system. The annual electricity saved was multiplied by the CO ₂ emission factor for electricity and the cumulative number of units sold from FYE2014 to FYE2023 to calculate the GHG emission reduction contribution.	○	○	○
Shuttle Chef® Reporting boundary: Consolidated subsidiaries in Japan	The amount of electric power usage saved per year from using Shuttle Chef® when cooking was multiplied by the CO ₂ emission factor for electricity and the total number of units sold over the three years from FYE2021 to FYE2023 to calculate the GHG emission reduction contribution.	○	○	○
Hydrogen station Reporting boundary: Consolidated subsidiaries in Japan	The annual CO ₂ emissions, which include emissions during the manufacture of the hydrogen, emitted by fuel cell vehicles (FCVs) filled with hydrogen at hydrogen stations sold or operated by Taiyo Nippon Sanso Corporation and operated during FYE2023 was compared with the annual CO ₂ emissions of gasoline cars to calculate the GHG emission reduction contribution.	○	○	○

Sustainability Data

Calculation Methods for GHG Emission Reduction Contribution

Environmental product offerings and applications	Calculation method for GHG emission reduction	Calculation period		
		FYE2021	FYE2022	FYE2023
Industrial gases	Contribution to GHG emission reduction through industrial gases produced and supplied by the NSHD Group			
Oxygen-enriched combustion in blast furnaces Reporting boundary: Consolidated subsidiaries in Japan and Europe, and affiliated companies in Japan	We calculated the GHG emission reduction contribution as the difference between the amount of CO ₂ emissions in the production of crude steel using 100% coke and the production of crude steel via pulverized coal combustion based on crude steel production by the eight steel companies to whom the NSHD Group supplied oxygen in FYE2023. This calculation method is described in “The Impact of Oxygen on Reducing CO ₂ Emissions in Blast Furnace Ironmaking” (July 2011) by Dr. Michael F. Riley. We deducted the amount of CO ₂ emitted during the production of oxygen and the pumping of gas into the blast furnace.	○ (Japan)	○ (Japan and Europe)	○ (Japan and Europe)
Oxygen-enriched combustion in electric furnaces Reporting boundary: Consolidated subsidiaries in the United States, Europe, and Asia and Oceania	Based on actual observed values at two electric furnace manufacturers who had introduced oxygen burners, the electricity-saving effect per volume of jet oxygen (kWh/Nm ³) was calculated. The amount of the reduction was calculated by multiplying the amount of oxygen transmitted to the customer by the electricity reduction per volume of oxygen for the oxygen burner, but the CO ₂ emissions coefficient for electricity. The amount of CO ₂ emissions generated in manufacturing the oxygen has been deducted.	—	○ (Europe and Asia and Oceania)	○ (The United States, Europe, and Asia and Oceania)
Argon (Ar) welding Reporting boundary: Consolidated subsidiaries in Europe the United States, Europe, and Asia and Oceania	We calculated the contribution to the reduction of overall CO ₂ emissions from using Ar-CO ₂ mixed gas as a welding gas, based on actual values when performing CO ₂ welding and Ar-CO ₂ mixed gas welding using welding equipment. The calculation was based on the differences in welding speed and CO ₂ emissions to the atmosphere. Specifically, we calculated the contribution as the difference in CO ₂ emissions released directly when conducting CO ₂ welding and Ar-CO ₂ mixed gas welding with regard to the CO ₂ generated in both methods, adding the reduction effect of lower electric power consumption due to increased welding speed with mixed-gas welding. The impact of reduced electricity consumption was calculated by multiplying the amount of electricity consumption saved due to mixed gas welding by the CO ₂ emissions coefficient. The amount of CO ₂ emissions generated in the manufacture of Ar is deducted from the contribution to reduced CO ₂ emissions.	—	○ (Europe)	○ (The United States, Europe, and Asia and Oceania)

Sustainability Data

Independent Assurance Report

Independent Assurance Report

To the Representative Director, President CEO of Nippon Sanso Holdings Corporation

We were engaged by Nippon Sanso Holdings Corporation (the “Company”) to undertake a limited assurance engagement of the environmental and social performance indicators marked with ☑ (the “Indicators”) for the period from April 1, 2022 to March 31, 2023 included in its Sustainability Data 2023 (English version) (the “Report”) for the fiscal year ended March 31, 2023.

The Company’s Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the “Company’s reporting criteria”), as described in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the ‘International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information’ and the ‘ISAE 3410, Assurance Engagements on Greenhouse Gas Statements’ issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company’s responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company’s reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company’s reporting criteria, and recalculating the Indicators.

- Visiting the Kurashiki Plant of JFE Sanso Center Co., Ltd. and the Lemont2 Plant of Matheson Tri-Gas, Inc. selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company’s reporting criteria as described in the Report.

Our Independence and Quality Management

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Management 1, we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

/s/ Kazuhiko Saito
 Kazuhiko Saito, Partner, Representative Director
 KPMG AZSA Sustainability Co., Ltd.
 Tokyo, Japan
 September 14, 2023

Notes to the Reader of Independent Assurance Report:
 This is a copy of the Independent Assurance Report and the original copies are kept separately by the Company and KPMG AZSA Sustainability Co., Ltd.



NIPPON SANSO HOLDINGS

1-3-26 Koyama, Shinagawa-ku,
Tokyo 142-0062, Japan
Tel: +81-3-5788-8512
<https://www.nipponsanso-hd.co.jp/en/>