



# Promoting Sustainability

Our Group has established Materiality as an essential element for realizing its “Sustainability Vision,” which is the vision it aims to achieve in 2050, under its management philosophy and Purpose. Toward this milestone, “terrAWell30,” we will work to create new corporate value through the resolution of social issues and contribute to the reduction of the burden on the global environment, resource recycling, and the healthy lives of people.

## Basic approach to sustainability

Our business activities utilize resources on the earth, such as air and water and create products, services, and solutions “indispensable” for people’s lives and industry, while leveraging diverse technologies, unique business models, and know-how. Based on these characteristics, we have defined the society we should aim

for to realize “terrAWell30,” in terms of both global environmental and wellness perspectives. We aim to maximize corporate value by solving social issues through our business and linking those solutions to the sustainable growth of our Group.



## Theme1 Human Capital Management

We develop next-generation management personnel, respect diversity (DE&I), and promote proactive choice of their own careers, for realizing “management that makes the most of people.”



## Theme2 Environmental Initiatives

We commit ourselves to realize a “decarbonized society,” a “resource-recycling society,” and a “society where people and nature coexist” under our Environmental Vision 2050, and work to reduce our impact on the global environment.



## Theme3 Human Rights

We are taking steps to fulfill our responsibility to respect human rights, including assessments to identify and evaluate potential human rights risks in our Group.



For more detailed sustainability data, please visit our website. (Key ESG data) [https://www.awi.co.jp/en/sustainability/esg\\_data.html](https://www.awi.co.jp/en/sustainability/esg_data.html)

# Human Capital Management

The Air Water Group will advance its human resource strategy, which is inseparable from its business strategy, in order to “create new corporate value by solving social issues,” and will move toward our 2030 target named “terrAWell30.”

Our vision for FY2030

**terrAWell30**

Promotion of integrated group management

Business Strategy

Human Resources Strategy

### External Challenges

- Acceleration of global expansion
- Growing interest in “intangible assets”

### Internal Challenges

- Increasing need for future management talent
- Necessity of early development of the next-generation management

## Message from the Head of HR Strategy Office

Our Group aims to “create new corporate value by solving social issues” through synergies generated by leveraging our diverse businesses, human resources, and technologies in a creative manner. Among these, “human resources” plays the most important role. Our human capital investment is always based on “management that makes the most of human resources.” We are emphasizing in particular the four initiatives for the human resource strategy; “developing next-generation management,” “respecting diversity (DE&I),” “recurrent education,” and “promoting health management.” At the same time, our basic personnel policy encourages “independence and self-reliance,” “respect for the individual,” and “fostering a climate in which people can grow.”

We are working to address diversifying social issues such as global climate change and an aging society through activities in our two business domains of “Global Environment” and “Wellness”. To face and respond to increasingly complex social issues, diverse human resources must continue to improve and refine themselves. In other words, we must provide opportunities for each employee to think independently about their career and gain experience to realize the career of their choice. Under these circumstances, we have introduced an internal recruitment sys-



Executive Officer,  
Head of the HR Strategy Office  
**Kikue Inoue**

### Four Core Human Capital Investments of Air Water

1. Developing next-generation management
2. Respecting diversity (DE&I)
3. Recurrent education
4. Promoting health management

tem starting in FY2023 to expand opportunities for employees to make their own career choices by raising their hands, in addition to transfers carried out from an organizational perspective. We are working on to grasp information on human resources in the whole Group, promote personnel exchanges, and boost the mobility of our Group’s human resources. Also we, as one group, promote the hiring, selection, transfer, and training of management personnel who will drive future growth, such as by revamping our personnel system so that “employees who take on challenges” can grow and play active roles with a sense of fulfillment. At the same time, well-being of our employees will be enhanced by more benefit programs such as childcare and nursing care support.

These investments in human capital from various angles encourage the growth of human resources throughout the Group. We will further accelerate the growth of our human resources as a group by creating an environment where every employee, regardless of age or gender, is able to take on challenges on their own initiative and based on mutual respect.

Our HR Strategy Office will accelerate our business strategy through the promotion of human resource strategy and realize our Purpose, “Meeting society’s needs with nature’s blessings.”

## Basic Personnel Policy

- Independence and Self-Reliance
- Respect for the Individual
- Fostering a Culture in Which People Can Grow

We develop a diverse workforce for capable of driving new growth with the strategies that encourage the challenge for change.

Acceleration of HR DX  
Talent management system

Development of the Group’s HR infrastructure

Experience	<ul style="list-style-type: none"> <li>• Talent mobility within Group</li> <li>• Career Path Design System</li> <li>• Internal recruiting</li> </ul>
Evaluation	<ul style="list-style-type: none"> <li>• Reforming our personnel system (grading, evaluation, and compensation)</li> <li>• Using engagement surveys</li> <li>• Utilizing human assessments</li> </ul>
Training	<ul style="list-style-type: none"> <li>• Revamping personnel education system</li> <li>• Recurrent education</li> <li>• Career training programs</li> </ul>

Developing next-generation management

## To empower employees to choose their career and grow the next generation management

Aiming to develop management personnel who will be responsible for the future of our group, our efforts are centered on the three axes of “experience” to encourage growth through work, “evaluation” to foster a culture in which people can grow, and “training” to expand opportunities to learn on their own. By providing a wide variety of measures as below and allowing employees to seize opportunities for growth on their own initiative, we will cultivate the “founder’s spirit” that is the foundation of our management philosophy.

### Initiative #1: Mission Grade System for managerial position

This system, launched in June 2023, aims to facilitate the selection and development of management talent to drive growth. Regardless of age or company history, the system determines their treatment based on job size, importance, impact in the individual’s mission, and so forth, whereby encouraging employees’ independent career development.

### Initiative #2: Challenge Grade System for general workers

From April 2024, the personnel system for general workers will also be renewed. It will encourage more challenges

based on their motivation and abilities and decide their treatment according to individual career choice and growing speed. We encourage the growth of each employee by providing more opportunities and rewarding those who proactively take on challenges.

### Initiative #3: Internal recruiting system

In FY2023, the internal recruiting system began in earnest. It indicates important positions to employees with certain abilities and qualifications, expands opportunities for proactive challenges, and encourages employees to try on their own initiatives. The target for FY2023 is to transfer 50 positions. In FY2024, we plan to expand the scope of internal recruitment to include our group companies.

### Initiative #4: Establishment of management personnel requirements and renewal of training system

We have defined the image of management personnel and their requirements that our group aims to achieve in order to solve social issues. It is a person who possesses the following three elements: the “conceptual ability” to create a vision, the “achievement ability” to reliably achieve goals, and the “human ability” to show sincerity in everything they do, which is the foundation of all of our business activities. In order to develop future management talents, we revamped our conventional training system into more consistent program focusing on these three requirements.

## Voice from an employee who used the internal recruitment

I am motivated and growing every day in the career I chose myself.

I had been interested in the North American business, our priority region, but it made me feel difficulties such as the time difference and language, and I had my own barriers. After hearing stories of senior employees working abroad, however, I strongly felt there would be chances of my personal growth. I could be involved in expanding the industrial gas business in overseas markets with abundant business opportunities. That made me to apply to AIR WATER AMERICA. Once posted overseas, I was able to work face to face with members of the North American group companies, and the barriers that I had built up on my own soon disappeared. There are many colleagues from diverse backgrounds, and I have much to learn from them about how they work, in their different cultures, and how they interact with people and organizations. That also keeps me motivated and growing.

AIR WATER AMERICA INC.  
Dept. of Industrial Gas  
Director, Business Development

**Reiko Nakagaki**



## To promote DE&I

Creating a workplace where women can work vigorously and with a sense of fulfillment is the first step of our Group’s D&I (Diversity & Inclusion). This concept launched Women’s Participation and Advancement Promotion Project at Air Water in 2016. Over the next five years, we took various initiatives in place, such as improving workplace culture, supporting continued employment, and promoting career support, hiring, and training. They brought higher percentages of women in managerial positions as well as leadership positions, both are one of our KPIs. (See a chart below)

Based on these results, three more regional operating companies joined this project in FY2022, and we began full-scale D&I activities. There we have identified five priority issues based on an employees survey: (1) promoting women’s participation and advancement, (2) encouraging men to take childcare leave, (3) support for balancing work and nursing care, (4) reforming awareness and culture for demonstrating initiative, and (5) promoting employment of persons with disabilities. These aim to enhance the work-life balance of each and every employee.

In particular, in order to achieve the goal of 40% or more male employees taking childcare leave, we facilitated communication between employees who have taken childcare leave and those who wish to take it. In FY2022, we held a “roundtable discussion of male employees on childcare leave” and a “roundtable discussion of female

employees on maternity leave and returning to work.” We also held “Diversity Seminars” for managers.

From FY2023, we started promoting DE&I activities that added “Equity (fairness)” to conventional D&I that respects and realizes diversity of human resources in an organized manner. This is to fulfill our mission to provide fair work opportunities to each individual with diverse backgrounds and to utilize the vitality of human resources generated through such opportunities.

## Launching a specialized organization to promote DE&I

Until FY2022, the “D&I Promotion Project” was promoted by members of Air Water and three regional operating companies. The project has achieved some success, but our Group as a whole still has work to do. So we have established a specialized department within the HR Strategy Office, replacing the previous project-based approach. Recognizing that respect for diversity is essential for corporate development, we have established a system that promotes DE&I activities even more vigorously.

Going forward, the HR Strategy Office, each business unit, and group companies will work together to implement DE&I activities from multiple perspectives.

## To be a place where women can continue their careers

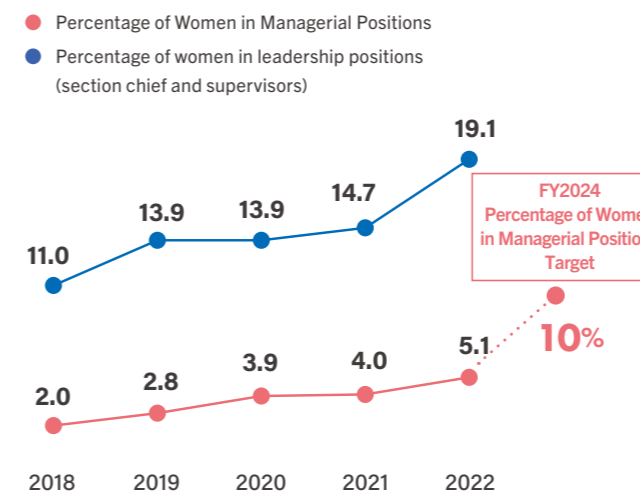
Our Group aims to increase the percentage of female managers to at least 10% by FY2024 (5.1% in FY2022), and is actively promoting the appointment of women in five steps: recruitment, continued employment, development, promotion, and realization of diversity.

We are strengthening our recruitment efforts with the goal of continuously increasing the ratio of women to new graduate hires to 40% or more. We operate various systems to support women’s continued employment, and are currently focusing on “development” by providing career building support through a mentor system and strengthening our female leader development program.

## Employee engagement surveys

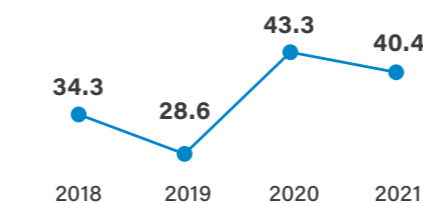
We began conducting engagement surveys in FY2023 in order to build a working environment where each employee feels fulfilled, works energetically, and can maximize their abilities. The survey measures employees’ willingness to actively contribute to their organization as well as their own work with enthusiasm and provides a base indicator for our future business and human resource strategies. Based on the survey results, we will implement measures to improve the organizational climate and work environment as well as the willingness of employees to make voluntary contributions to the company, with the aim of increasing employee engagement.

Proactive Promotion of Female Employees (%)



\*Non-consolidated, as of the end of the fiscal year

Male childcare leave take-up rate (%)



\*FY2022 figures to be finalized at end of March 2024.

# Environmental Initiatives

## To make a “decarbonized” and “resource-recycling” society where “people and nature coexist”

Responding to climate change and other environmental challenges is a key theme for our Group, which utilizes the earth’s resources, and is a major factor in achieving sustainable growth. Our Group is working to enhance its corporate value over the mid-to-long term through the Air Water Group Environmental Vision 2050 that aims to realize a “decarbonized society,” a “resource-recycling society,” and a “society where people and nature coexist.”

Specifically, we aim for zero environmental impact from our in-house activities by 2050. As a milestone, we have set KPIs for targets to be achieved by 2030, and are further strengthening our efforts in areas such as decarbonization and climate change. At the same time, we are also promoting efforts to contribute to society through our business activities, with a focus on the “Global Environment,” which we have set forth as a growth axis for our diverse business domains in order to realize “terrAWell30.”



### Delivering positive environmental value to society

#### Air Water Group 2050 Environmental Vision <Recycling-Oriented Society>

##### Decarbonized Society

- Zero GHG emissions
- 100% renewable energy use
- Locally produced/consumed energy supply

##### Response to Climate Change

**Achieving carbon neutrality**  
FY2030  
**30% less GHG emissions**  
(vs. FY2020)

##### Resource-Recycling Society

- Providing recovery, purification, and purification systems
- 100% recycling of waste
- Building a circular supply chain

##### Realizing Resource Recycling

**Making waste emissions practically zero**  
FY2030  
**80% waste recycling rate**  
(65% in FY2021)

##### Society Where People and Nature Coexist

- Water resources and biodiversity conservation
- Chemical control and de-plasticization

##### Restraining Environmental Impact Substances

**Conserving water resources**  
FY2030  
**10% less water consumption intensity\***  
(vs. FY2021)

\*Water consumption intensity: freshwater usage per revenue

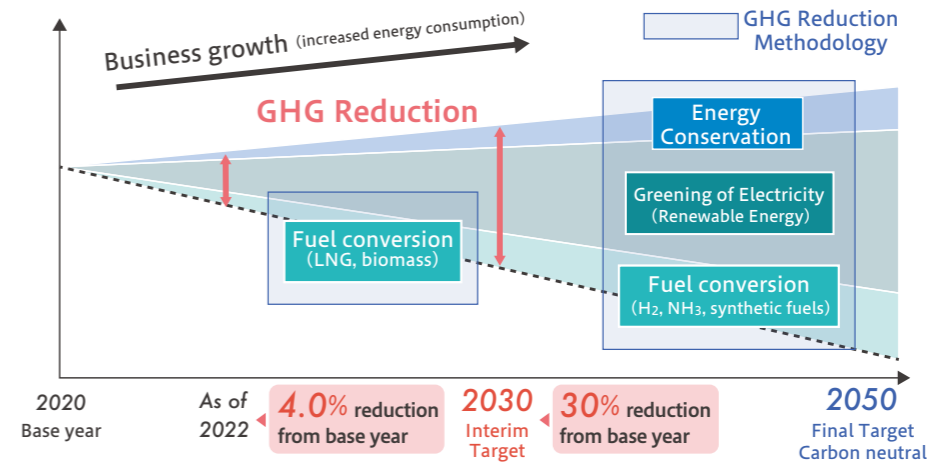
## Response to climate change

Our Group is actively working on carbon neutrality in terms of both our “responsibility” to reduce our own GHG emissions and our “contribution” to reduce GHG emissions in society through our products and business operations.

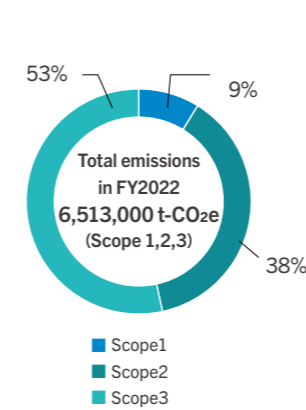


\*It targets energy-derived CO<sub>2</sub> emissions (Scope 1 and 2) from consolidated subsidiaries in Japan, out of GHG.

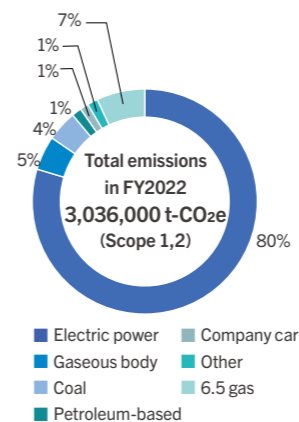
### Balance of Our GHG Reduction Measures



### GHG Emissions by Scope



### GHG emissions by factor



For direct emissions from our own production activities (Scope 1), we reduce emissions through energy conservation activities, including investment in energy-saving equipment and other decarbonization measures, fuel conversion to reduce and decarbonize energy used in production processes, and the use of biomass fuels.

For indirect emissions from externally purchased energy (Scope 2), as with Scope 1, we aim to reduce indirect emissions through energy conservation activities, including investment in energy-saving equipment and other decarbonization measures, and by expanding the use of green (renewable) energy sources for electricity. Our vision is to reach carbon neutrality by 2050, including the use of next-generation energy sources (hydrogen, ammonia, synthetic fuels, etc.).

Going forward, we will visualize these measures in concrete roadmaps for each of our businesses and accelerate our efforts to implement them. In addition, we will enhance the disclosure of such information.

While energy consumption is expected to increase in tandem with corporate growth in the future, we seek to achieve both reduction targets and growth by focusing on three measures: “energy conservation,” “greener of electricity,” and “fuel conversion.”

Disclosure based on the TCFD framework

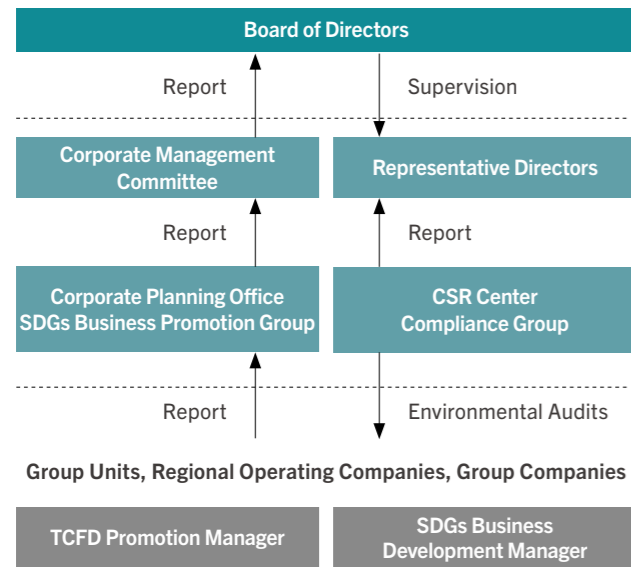
In August 2021, we expressed our support for the Task Force on Climate-related Financial Disclosures (TCFD) and joined the TCFD Consortium. Starting in March 2022, we are gradually expanding our disclosure information in line with TCFD recommendations (governance, strategy, risk management, and indicators and targets). Information based on the TCFD Framework is available on our website.

Response to TCFD Recommendations  
[https://www.awi.co.jp/en/sustainability/environment/tcfd\\_recommendations.html](https://www.awi.co.jp/en/sustainability/environment/tcfd_recommendations.html)



Governance

Our Group recognizes that addressing climate change is one of its most important management issues. Basic policies and important matters related to climate change are discussed by the Corporate Management Committee, and important matters are reported to the Board of Directors. Climate change matters are managed by the SDGs Business Promotion Group, established in the Corporate Planning Office. The group leads the planning and implementation of various measures to address climate change.



Risk management

Regarding climate change-related risks, the "Corporate Planning Office SDGs Business Promotion Group" will evaluate and analyze them based on the TCFD's recommended scenario analysis methodology, working together with the TCFD promotion managers of the business groups. Significant risks are presented and reported to the Corporate Management Committee and the Board of Directors, which are systematically integrated into the company-wide risk management process.

Indicators and targets

Greenhouse gas (GHG) emissions

Upon the formulation of our Environmental Vision 2050, we have set a GHG reduction target of 30%\* below the FY2020 level for FY2030, which is a milestone of the Vision.

GHG emissions in FY2022 were 266 thousand t-CO<sub>2</sub>e lower than in FY2021, including an increase in business growth, due to structural changes in the boundary and energy savings in manufacturing processes, fuel conversion, and the introduction of on-site PPAs (power purchase agreements for solar electricity). CO<sub>2</sub> emissions from domestic energy use, a target source of emissions, also decreased by 84 thousand t-CO<sub>2</sub>e compared to FY2021, resulting in a reduction rate of 4.0% compared to FY2020, the base year for the KPI.

\*Values for GHG emissions in FY2022 are verified by Japan Quality Assurance Organization (JQA).

GHG reductions that benefit society

The "terrAWell30" initiative is designed to create synergies by integrating diverse businesses in four business groups to turn social issues into business opportunities. In this plan, our products and services that help decarbonization and low-carbon emissions are going to reduce greenhouse gas emissions by approximately 203 thousand t-CO<sub>2</sub>e per year. They include wood biomass power generation using the FIT system, the compact LNG satellite facility "V-Satellite" that lowers carbon emissions by converting fuel from heavy oil, and industrial equipment with higher production efficiency and lower power consumption than conventional gas-related facilities.

Key products and services for decarbonization and low carbon

Name of product/service	Detail	Reduction contribution (t-CO <sub>2</sub> e /year)
Wood biomass power generation	Selling renewable energy electricity under the FIT system	139,417
V-Satellite	Converting from heavy oil to LNG	54,361
Hydrogen gas generator "VHR", Nitrogen gas generator "NSP-Pro"	Selling of Industrial gas-related equipment that realize low-carbon	8,883
<b>Total</b>		<b>202,661</b>



Our strategy

We conducted a scenario analysis to identify risks and opportunities related to the unpredictable and uncertain event of climate change and how those risks and opportunities might affect our business strategy. In FY2022, the analysis was expanded to cover all units and other major operations, using the "4°C scenario" and the "1.5°C scenario." As a result, we confirmed that our basic

strategy is sufficiently resilient to the uncertain and long-term future, as both the "4°C Scenario" and the "1.5°C Scenario" are expected to have sufficient countermeasures and opportunities to be acquired and expanded, although the impact of both risks and opportunities are larger under the "1.5°C Scenario".

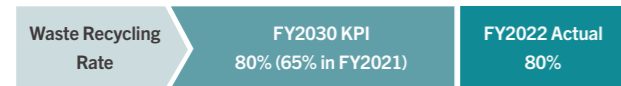
Type	Time horizon	Financial impact	Response
<b>1.5°C Scenario</b>			
Transition risks	Policy & regulation	Medium to long term, Small	Increased costs due to switching fossil fuel-derived products, containers, etc., to alternatives
	Policy & regulation	Medium to long term, Small	Increased costs due to higher renewable energy levy and revised exemption rates
	Market	Medium to long term, Medium	Decreased sales of gases with greenhouse and potentially environmentally damaging effects
	Market	Medium to long term, Medium	Decreased competitiveness and sales of buildings that lack sufficient decarbonization performance
	Technology	Short to medium term, Large	Increased energy costs, including manufacturing cost, transportation cost, and on-site power generation, due to the new carbon tax system
	Technology	Short to medium term, Large	Increased investment to shift from fossil fuels to alternative fuels
Opportunities	Market	Medium to long term, Small	Increased sales to low-carbon-oriented users due to the shift to low-carbon fuels
	Market	Medium to long term, Medium	Entry into the carbon market with CO <sub>2</sub> fixing technology
	Market	Medium to long term, Medium	Increased demand for ZEH/ZEB*
Opportunities	Market	Short to medium term, Large	Expanded business opportunities in carbon-neutral energy and hydrogen markets
	Market	Short to medium term, Large	Increased sales from products using carbon recycling technology
<b>4°C Scenario</b>			
Transition risks	Market	Medium to long term, Small	Increased transport and operating costs due to higher fuel prices
	Physical risks	Acute, Medium to long term, Medium	Revealed risks such as shutdowns by physical damages to facilities and transportation infrastructure
Opportunities	Market	Long term, Large	Increased demand for safety services and infection control products

Digital & Industry, Energy Solutions, Health & Safety, Others (Seawater, Logistics, Construction)  
 \*ZEH and ZEB represent Net Zero Energy House and Net Zero Energy Building. They refer to buildings designed to reduce energy consumption in buildings and homes to zero while creating a comfortable indoor environment.

Resource-recycling society

Industrial waste

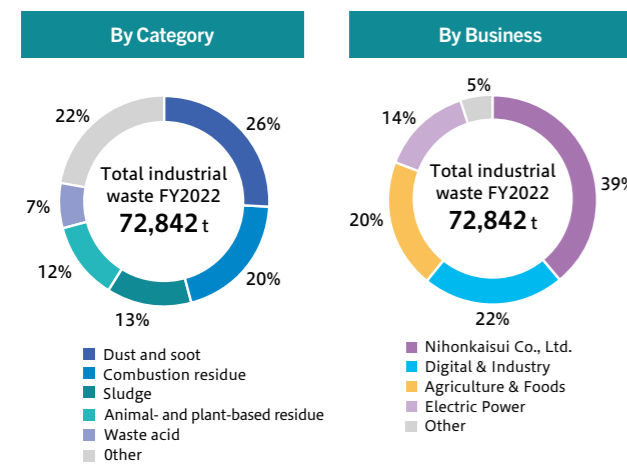
We aim to realize a supply chain that recycles resources by eliminating waste generation, promoting reuse, and recycling waste. Our target is to increase the waste recycling rate from 65% in FY2021 to 80% in FY2030, and further to 100% by 2050.



We have achieved the KPI earlier in FY2022, mainly through structural changes in the boundary by transferring business of the Hofu Biomass and Coal Mixed Combustion Power Plant, the sale of sludge generated at the beverage plant as fertilizer (conversion to a valuable resource), and improved product yield at food plants. Going forward, we aim to further reduce waste based on four basic policies: (1) reduce waste volume by revamping production processes, (2) internalize waste disposal, (3) convert waste into valuable resources, and (4) increase the recycling rate.

Industrial waste emissions

In the Air Water Group, when looking at industrial waste by category, we release a large amount of soot and sludge from our biomass power generation business (by Nihonkaisui/Electric Power segment), and a large amount of animal- and plant-based residue from the Agriculture & Foods segment.



Society where people and nature coexist

Water resources

Not only do we manage water use and treat wastewater and sewage in accordance with environmental standards, including reducing the use of water resources in our business activities and reusing wastewater, but we also aim to produce clean water by purifying toxic substances in the water. We are working to reduce water consumption intensity\* by 10% in FY2030, compared to the FY2021 level (31.8 m³ / million yen).

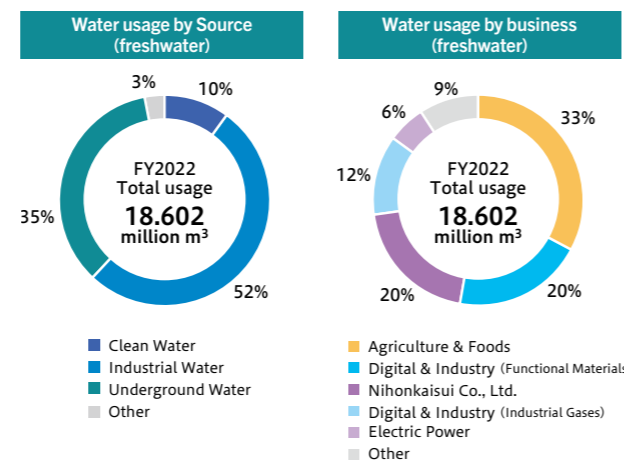
\*Freshwater usage per revenue



To achieve the FY2030 KPI, we will reduce water consumption under the following policies: (1) reduce water consumption, (2) recycle water, and (3) review production processes.

Water consumption (freshwater)

Our Group uses water resources (freshwater) mainly as raw materials to produce soft drinks and as cooling water for production and power generation equipment. We promote recycling of water resources in our production processes and analyze water after use to ensure that there are no environmental problems before discharging it.



External assessment of our environmental initiatives "A-" rating in Climate Change and Water Security

We participate in the Corporate Sustainability Survey conducted by CDP\*, an international environmental non-governmental organization. In FY2022, we received a Leadership Level "A- (A minus)" rating for our advanced activities in the two themes of "Climate Change" and "Water Security."



\*CDP: An international non-profit organization based in London. Aiming to promote corporate efforts toward a low-carbon society, CDP considers climate-related management risks, collects, analyzes, and evaluates climate change information from major global companies, and discloses the results to institutional investors.

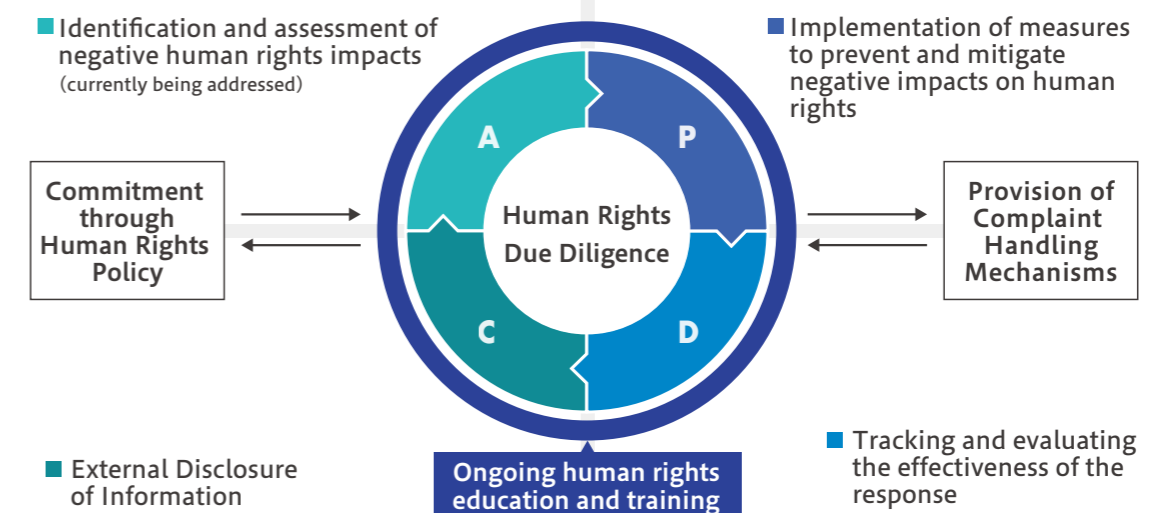
Human Rights

Our Group recognizes that the process of conducting business may directly or indirectly affect human rights, and thus respects the human rights of all people involved in our business. To this end, we have formulated the "Air Water Group Human Rights Policy" based on the Guiding Principles on Business and Human Rights adopted by the United Nations Human Rights Council in 2011, and are promoting initiatives to respect human rights.

Human rights due diligence

Our Group promotes human rights due diligence initiatives to minimize negative human rights impacts. As a first step, we conducted a human rights risk assessment to identify and evaluate potential human rights risks in our Group regarding human rights issues listed in the international norms that are closely related to the Air Water Group's business. Those issues include fair wages, working hours, occupational health and safety, forced labor and child labor, freedom of association and the right to collective bargaining, and the rights of indigenous people, minority, women, and migrant workers. Specifically, we worked with external experts to organize the value chain and stakeholders, as well as conduct a potential risk assessments and workshops. That allowed us to identify three key issues: "occupational health and safety," "foreign technical interns," and "suppliers." We will be assessing the nature of the risks and their impact on each of our priority issues, and taking measures to address them.

Process for Promoting Human Rights Due Diligence



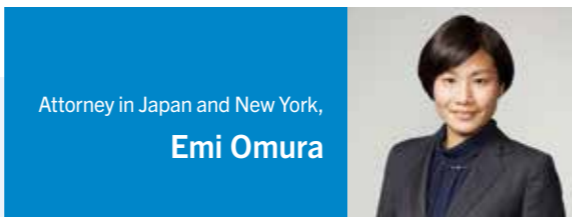
Basic Human Rights Policy (excerpts)

- The Air Water Group will comply with international norms on human rights, as well as the relevant laws and regulations in each country and region in which it conducts business.
- The Air Water Group will ensure that human rights are not infringed as a result of its business activities. In the event that human rights are impacted, the Group will take appropriate measures to correct the issue, fulfill its responsibility to respect human rights, and build a responsible supply chain.
- This policy applies to all officers and employees of the Air Water Group. The Group expects that all business partners concerned with its products and services understand and agree with this policy, and will engage in human rights promotion activities with them.
- To minimize negative impacts on human rights, the Air Water Group establishes a human rights due diligence framework, identifies the potential negative impacts it could have on human rights, and works to prevent and mitigate them.
- Regarding its response to any actual or potential negative impacts on human rights, the Air Water Group will engage in dialogue and discussions with its stakeholders to improve its human rights initiatives.

Three key issues	Specific approaches
<b>Occupational safety and health</b>	We will identify new labor risks through security and labor audits. For currently identified significant risks, we will recognize risks to health and safety and take appropriate measures to avoid accidents and minimize their impact, including safety goals, enhanced training opportunities, and stress checks.
<b>Foreign technical interns</b>	We will ascertain the actual status of the management system in terms of conformity with such standards as environment, education, compensation, and housing, from the perspective of whether strict conditions are imposed on foreign workers and whether any discriminatory practices are taking place. For high priority areas and projects, we will offer training and guidance to managers and supervisors.
<b>Suppliers</b>	We will identify the types of human rights risks, countries, areas, and products to be investigated. This is based on the idea that attention must be paid to human rights in the supply chain, both domestically and globally. Of the human rights impacts identified, we will take measures to address the highest priority risks.

### Human rights conscious procurement

At the Air Water Group, we are building good partnerships with our suppliers toward the Sustainability Vision, “achieving a recycling-oriented society through coexistence with society and the earth.” Also, we conduct procurement activities in line with the “Air Water Group Sustainable Procurement Policy,” which clearly states that we give consideration to the global environment and basic human rights throughout our supply chain.



### Dialogue with human rights experts

I had the opportunity to have a dialogue with executives in each business unit about the three key issues. Our human rights efforts must rely on international standards, and in 2022, occupational health and safety was added to one of them, the ILO’s Core Labour Standards. I am encouraged that your group has expressed a concrete commitment in this field.

In addition, your Group has identified foreign technical intern trainees as an important stakeholder (subject of human rights) based on the business characteristics of the target occupations, such as food manufacturing, machinery and metals. I can appreciate the fact as the first step of human rights due diligence that you have begun to ascertain not only the application of laws and regulations, but the actual status of contracts with supervisory bodies and awareness of issues through questionnaires to relevant group companies. The next step would be to promote dialogue, such as conducting interviews with the technical intern trainees.

Regarding human rights risks of suppliers, I was impressed that the executives examined and actively provided examples of the different countries, products, and stages of commercial distribution in which they operate in the Global Environment and Wellness businesses, respectively. Going forward, it is expected to make your initiatives even more effective through developing and operating a grievance mechanism.

### Sustainable Procurement Policy (excerpts)

• **Consideration for the global environment**

Based on the Air Water Group 2050 Environmental Vision, we will engage in environmentally friendly procurement activities that consider decarbonization and biodiversity.

• **Quality, price, delivery time, and low carbon**

We will engage in fair and transparent procurement activities, and widely procure low-carbon goods and services with excellent quality, price, and delivery time from our suppliers both in Japan and abroad.

• **Consideration for human rights, labor standards, and safety and health**

We will respect basic human rights and engage in procurement activities that consider both labor environments (prohibition of forced and child labor) and safety.

# Occupational Health and Safety (Security and Safety Services)

## Basic concept

“Ensuring the well-being of employees” is one of the Air Water Group’s Materiality. We believe that ensuring safety is a fundamental priority for any corporate activity, and that a company cannot survive and thrive without the safety and security of its employees. Based on this idea, our Group is striving for occupational safety, traffic safety, occupational health, and safety and disaster prevention in accordance with our Safety and Health Basic Policy.

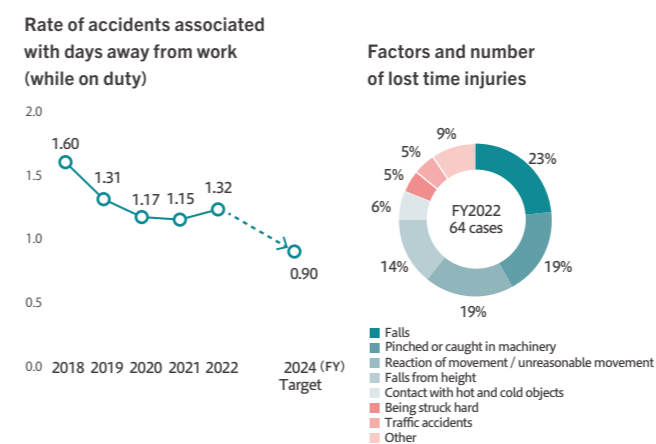
### Safety and Health Basic Policy

1. We aim to achieve zero work-related accidents, and advance comprehensive and systematic safety measures.
2. We ensure the safety and health of our employees, as well as create a comfortable work environment and realize the well-being of our workers.
3. We comply with all related laws and operating procedures, and create workplaces with clear lines of responsibility concerning occupational safety, traffic safety, and occupational health, as well as safety and disaster prevention.

Our safety and health structure is available on the website. Ensuring a Safe and Secure Work Environment (Commitment to Employees): <https://www.awi.co.jp/en/sustainability/social/safety.html>

## KPI: Lost time injury frequency rate

Based on the identified Materiality, we have set the frequency rate of lost time injuries (during operations\* ) for the entire Group as a KPI. We are working to improve workplace health and safety with the goal of reducing this figure to 0.9 or less by FY2024.



Our Group is involved in a number of industries through its diversified business portfolio. According to Ministry of Health, Labour and Welfare statistics for FY2022, the frequency rate for the manufacturing industry (100 or more workers) is 1.31. Under the same condition, our Group’s rate would be 1.32.

$$\left( \text{Frequency rate} = \frac{\text{number of work-related casualties}}{\text{total working hours}} \times 1,000,000 \right)$$

\*An index of the number of deaths and injuries due to work-related accidents per one million total working hours.

## Initiatives to reduce workplace accidents

The business that our Group develops is “related-type diversification” originating from industrial gases. Because industrial gases are required to provide a stable supply to society, ensuring safety management systems such as security and disaster prevention is extremely important to fulfill corporate responsibility through business continuity. Furthermore, ensuring worker safety in the workplace and creating a comfortable work environment are prerequisites for human capital management. Accordingly, our Group regards occupational health and safety in all our businesses as a critical management issue, and is promoting initiatives to reduce occupational accidents.

In FY2022, we focused on “pinched or caught in machinery,” “falls,” and “falls from height” and thoroughly enforced the three safety principles (eliminate, isolate, and shut down hazardous sources) set to reduce risks associated with machinery and equipment. For “falls” and “pinched or caught in machinery”, which had a high probability of occurrence in the previous fiscal year, we set June and December as periods for reinforcing activities to eliminate them. Using a check sheet to check the status of implementation of occupational injury prevention measures, we identified and reduced risks such as aisles and work stations where falls are possible.

Also, we held in-house training for key persons in charge of health and safety at each business site to educate them on specific methods to reduce occupational accidents, such as risk assessment methods and documentation of work procedures. For new employees, we provide experiential education through the use of VR and small hands-on equipment to improve their sensitivity to danger. As for group companies that had experienced serious accidents, we regularly inspect accident sites and conduct risk assessments to prevent recurrence.

Executive Officer, General Manager of CSR Center  
**Kosuke Komura**



## Promoting Community Partnerships and Social Contribution Activities

Our Group is actively promoting initiatives to contribute to solving local issues, mainly through our regional operating companies, while building cooperative frameworks, such as partnerships with local governments, in each region. As a member of the community, we make donations to local governments, create new employment opportunities for the disabled, and support job training for financially disadvantaged youth.

### Established donation support programs for Hokkaido municipalities

“Hometown Support H Program” Air Water Hokkaido in our Group has established the “Hometown Support (Furusato Ouen) H Program,” in which H is pronounced “eichi” and means wisdom in Japanese. This program will provide donation support to all 179 municipalities in Hokkaido, up to a total of 1 billion yen over an eight-year period from FY2023 to FY2030. We will accept applications every year for a wide range of projects in municipalities that contribute to solving various social issues, including from the perspectives of “Global Environment” and “Wellness” of our growth axes. In selecting projects to be supported, we set up a promotion committee of the program consisting of external experts with insight into regional administration and economy. The committee will make a comprehensive judgment of sustainability, ripple effects, creativity, cooperativeness, and contribution to the region, among other factors, before deciding on the recipients of support.



## Corporate Governance

Air Water believes that conducting fair corporate activities in compliance with social good sense and earning the trust of all stakeholders are indispensable for sustainable development of a company and maximization of its corporate value. To this end, we recognize that the top management priority is to enhance our internal control system, ensure compliance, strengthen risk management, and make constant efforts to improve governance.

Some of the details of our efforts related to “Japan’s Corporate Governance Code” by Tokyo Stock Exchange (revised in June 2021) are disclosed in the Corporate Governance Report, which is available on our website. (<https://www.awi.co.jp/en/sustainability/governance/governance.html>)



### Air Water Smile (a Type-A continued employment support office\*) contracted dishware reuse business, contributing to reducing plastic waste

In this business, dedicated reusable dishes are leased to event operators. After use, they are collected, cleaned, and reused, thereby reducing plastic waste. We will continue to expand contracted projects that help solve such regional issues as well as provide new employment opportunities and rewarding jobs to people with disabilities.

\*Welfare service that allows people with disabilities or serious illnesses who have difficulty working in general companies to work in a place with a certain level of support under an employment contract.

### Social contribution activities in India

Air Water India Private Limited, a group company, is actively engaged in social contribution activities in India. The company supports vocational training for economically disadvantaged youth conducted by Pan IIT Alumni India, a program started by alumni of the Indian Institutes of Technology. In addition, to support public school education, the company provided free of charge a complete set of drinking water facilities and renovated toilets to four schools in the Bellary region of the country.

