

Assurance Statement related to Nabtesco's GHG Emissions for the calendar year 2017

Terms of Engagement

This assurance statement has been prepared for Nabtesco Corporation.

Lloyd's Register Quality Assurance Ltd. (LRQA) was commissioned by Nabtesco Corporation to assure Nabtesco Group's ("NABTESCO") greenhouse gas (GHG) emissions data for the calendar year 2017, that is, 1 January 2017 to 31 March 2017, ("the Report"). The Report relates to the GHG emissions data from the activities of Nabtesco Corporation and NABTESCO's consolidated subsidiaries in Japan and overseas.

Our assurance statement covered NABTESCO operations and specifically the following requirements:

- confirming that the Report is in accordance with NABTESCO's in-house reporting procedures, and
- evaluating the accuracy and reliability of GHG emissions^{1 & 2} as summarized in Tables 1 and 2 below:
 - direct GHG emissions (Scope 1) and energy indirect GHG emissions (Scope 2)
 - other indirect GHG emissions (Scope 3) attributed to categories 1, 2, 3, 4, 5, 6, 7, 11, 12.

Management Responsibility

NABTESCO's management was responsible for preparing the Report and for maintaining effective internal controls over the data and information disclosed. LRQA's responsibility was to carry out an assurance engagement on the Report in accordance with our contract with NABTESCO.

Ultimately, the Report has been approved by, and remains the responsibility of NABTESCO.

LRQA's Approach

Our verification has been conducted in accordance with ISO 14064-3:2006 *Specification with guidance for validation and verification of greenhouse gas assertions* to provide limited assurance that GHG emissions data as presented in the Report have been prepared in conformance with NABTESCO's in-house reporting procedures.

To form our conclusion, the assurance engagement was undertaken as a sampling exercise and covered the following activities:

- visiting the Nabtesco Corporation's headquarter, and the Seishin and Tarui plants in Japan to confirm the data collection processes, management of GHG emissions data, and record management practices, including interviewing key people responsible for compiling the data and preparing the Report.
- auditing the data management systems and internal verification processes in place for GHG emissions data and information.

Level of Assurance & Materiality

The opinion expressed in this Assurance Statement has been formed on the basis of a limited level of assurance and at a materiality of the professional judgment of the verifier.

¹ Scope 1, 2 and 3 emissions are as defined in *The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard*, and *The Greenhouse Gas Protocol - Corporate Value Chain (Scope3) Accounting and Reporting Standard*, Table 5.3.

² GHG emissions (Scope1 and Scope 2) data only included Nabtesco Corporation and Nabtesco Group's consolidated subsidiaries in Japan and overseas. However, the other indirect GHG emissions data (Scope3) only included the domestic operations of Nabtesco Corporation.



LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that the GHG emissions disclosed in the Report and as summarized in Table 1 below are not materially correct and the Report has not been prepared in conformance with NABTESCO's in-house reporting procedures.

LRQA's Recommendations

NABTESCO should continue improving the reporting and control systems to further demonstrate the effective management of greenhouse gas emissions data and information.

Table 1. Summary of NABTESCO, GHG emissions 2017

Scope of GHG emissions		tonnes-CO ₂			
Direct GHG emissions (Scope 1)		8,686			
Energy indirect GHG emissions (Scope 2, Market-based)		61,538			
Other indirect GHG emissions (Scope 3)		871,463			
Categories	tonnes-CO ₂ e	Categories	tonnes-CO ₂ e	Categories	tonnes-CO ₂ e
Category 1	725,223	Category 4	76,576	Category 7	1,499
Category 2	45,252	Category 5	881	Category 11	13,499
Category 3	3,404	Category 6	4,016	Category 12	1,113

Table 2. Year-on-year emission¹ change between fiscal years 2016 and 2017

Scope of GHG emissions	tonnes-CO ₂ (actual emission factor based)
Scope 1 and Scope 2	12,100

Note 1: LRQA also reviewed the NABTESCO's 2017 calendar year against its 2016 to confirm the year-on-year change in Scope 1 and 2 emissions data (12,100 tonnes-CO₂). We did this as it is a specific requirement for CDP's 2018 Climate Change Information Request (CDP Reporting). The 2016 data was taken from NABTESCO's Integrated Report, covering the calendar year 2016.

Dated: 18 June 2018

Hidemi Tomita
LRQA Lead Verifier

On behalf of Lloyd's Register Quality Assurance Limited
Queen's Tower A, 10th Floor, 2-3-1, Minatomirai, Nishi-ku, Yokohama 220-6010, Japan

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