



# LRQA Independent Assurance Statement

Relating to Nabtesco Corporation's GHG Emissions and Electricity Consumption for the calendar year 2022

This Assurance Statement has been prepared for Nabtesco Corporation in accordance with our contract.

## Terms of Engagement

LRQA was commissioned by Nabtesco Corporation ("the Company") to provide independent assurance on its GHG emissions and electricity consumption ("the report") for the calendar year 2022, that is, from 1 January to 31 December 2022, against the assurance criteria below to a limited level of assurance and materiality of the professional judgement of the verifier using ISAE 3000 (Revised) and ISO 14064-3:2019 for GHG emissions.

Our assurance engagement covered operations and activities of the Company and its consolidated subsidiaries in Japan and overseas and specifically the following requirements:

- Verifying conformance with the Company's reporting methodologies for the selected dataset; and
- Evaluating the accuracy and reliability of data for the selected indicators listed below:<sup>1 2</sup>
  - Scope 1 GHG emissions<sup>3 4</sup> and Scope 2 GHG emissions (Location-based and Market-based)
  - Scope 3 GHG emissions attributed to categories 1, 2, 3, 4, 5, 6, 7, 11, and 12

Our assurance engagement excluded the other data and information of the Company's suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to the Company. LRQA disclaims any liability or responsibility to others as explained in the end footnote. The Company's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of the Company.

## LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that the Company has not, in all material respects:

- Met the requirements of the criteria listed above; and
- Disclosed accurate and reliable GHG emissions and Power usage as summarized in Table 1, 2 and 3 below.

The opinion expressed is formed on the basis of a limited level of assurance<sup>5</sup> and at the materiality of the professional judgement of the verifier.

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<sup>1</sup> GHG quantification is subject to inherent uncertainty.

<sup>2</sup> GHG emissions (Scope 1 and Scope 2), and water consumption data only included Nabtesco Corporation and Nabtesco Group's consolidated subsidiaries in Japan and overseas. However, the other indirect GHG emissions data (Scope 3) only included the domestic operations of Nabtesco Corporation.

<sup>3</sup> Scope 1 GHG emissions cover energy-oriented CO<sub>2</sub> emissions.

<sup>4</sup> Scope 1 GHG emissions don't cover CO<sub>2</sub> emissions emitted by own or leased business car use.

<sup>5</sup> The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.



**Table 1. Summary of Nabtesco’s GHG emissions Data for calendar year 2022:**

Scope of GHG emissions		tonnes-CO <sub>2</sub>	
Scope 1 GHG emissions		3,893	
Scope 2 GHG emissions (Market-based)		43,140	
Scope 2 GHG emissions (Location-based)		43,846	
Scope 3 GHG emissions		934,968	

  

Categories	tonnes-CO <sub>2</sub> e	Categories	tonnes-CO <sub>2</sub> e	Categories	tonnes-CO <sub>2</sub> e
Category 1	773,875	Category 4	96,248	Category 7	1,589
Category 2	35,801	Category 5	909	Category 11	17,221
Category 3	6,354	Category 6	2,063	Category 12	908

**Table 2. Year-on-year emission<sup>1</sup> change between calendar years 2021 and 2022**

Scope of GHG emissions	tonnes-CO <sub>2</sub> (actual emission factor based)
Scope 1 and Scope 2 (Market-based)	1,951

**Note 1:** LRQA also reviewed the NABTESCO’s 2022 calendar year against its 2021 to confirm the year-on-year change in Scope 1 and 2 emissions data (1,951 tonnes-CO<sub>2</sub>). We did this as it is a specific requirement for CDP’s 2023 Climate Change Information Request (CDP Reporting). The 2020 data was taken from NABTESCO’s Integrated Report, covering the calendar year 2021.

**Table 3. Total electricity consumption and renewable energy consumption**

		Unit
Total energy consumption	132,170	MWh
CO2-free electricity purchase amount	27,695	MWh
Solar power generation (self-consumption)	8,491	MWh
Purchase of Non-fossil Fuel Certificate	3,725	MWh

**LRQA’s Approach**

LRQA’s assurance engagements are carried out in accordance with ISAE 3000 (Revised) ISO 14064-3:2019. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- Auditing the Company’s data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification.
- Interviewing with those key people responsible for compiling the data and drafting the report.
- Sampling datasets and traced activity data back to aggregated levels;
- Verifying the CY2022 data and records associated with GHG emissions and electricity consumption; and
- Visiting Yamagata Plant of Nabtesco Automotive Corporation and Iwakuni Plant of PACRAFT Co., Ltd. to confirm the data collection processes, record management practices, and to physically check emission sources. Also, conducting the remote verification to Nabtesco Corporation’s headquarter for confirming the effectiveness of its data management system via emails, telephone, and CISCO Webex.

**Observations**

It is recommended that the Company improves its reporting and control systems for GHG emissions data and information for more effective management.



### **LRQA's Standards, Competence and Independence**

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021-1 *Conformity assessment – Requirements for bodies providing audit and certification of management systems – Part1: Requirements* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LRQA is the Company's certification body for ISO 9001, ISO 14001, OHSAS 18001, IATF16949 and IRIS. The verification and certification assessments are the only work undertaken by LR for the Company and as such does not compromise our independence or impartiality.

Signed

Dated: 22 May 2023

A handwritten signature in black ink, appearing to read 'Kazuyori Yukinaka'.

Kazuyori Yukinaka

LRQA Lead Verifier

On behalf of LRQA Limited

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LRQA reference: YKA4005454

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