

LRQA Assurance Statement

Relating to Nabtesco Group's greenhouse gas emissions data for the calendar year 2016

Terms of Engagement

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

Lloyd's Register Quality Assurance Ltd. (LRQA) was commissioned by Nabtesco Corporation (NABTESCO) to provide independent assurance on its greenhouse gas emissions data for the calendar year 2016, that is, 1 January to 31 December 2016 ("the report") to a limited level of assurance using LRQA's verification procedure and ISO14064-3:2006 *Specification with guidance for validation and verification of greenhouse gas assertions*.

Our assurance engagement covered Nabtesco group's operations¹ and specifically the following requirements:

- confirming that the report is in accordance with NABTESCO's in-house reporting procedures, and
- evaluating the reliability of greenhouse gas emissions data:
 - Scopes 1 and 2¹ CO₂ emissions for Nabtesco Corporation and consolidated subsidiaries in Japan and overseas
 - Scope 3² CO₂ emissions – categories 1, 2, 3, 4, 5, 6, 7, 11, 12 for Nabtesco Corporation

Note 1: Scope 1 and 2 emissions are as defined in The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard and only energy related CO₂ emissions were calculated.

Note 2: The categories of Scope 3 emissions are as defined in The Greenhouse Gas Protocol - Corporate Value Chain (Scope3) Accounting and Reporting Standard, Table5.3. The calculation was Nabtesco Corporation only and excluded Nabtesco Group companies. The scope for CO₂ emissions calculation is determined by NABTESCO.

Management Responsibility

NABTESCO'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. 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

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

- Visiting the HQ of NABTESCO, Kobe Plant and Kohnan Plant in Japan to confirm the data collection processes, management of greenhouse gas emissions data, and record management practices, including interviewing to those key people responsible for compiling the data and drafting the report.
- Auditing NABTESCO's data management and system appropriateness including data management systems and internal verification for the report.

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 the professional judgment of the Verifier.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that the report summarized in Table 1 and 2 are not materially correct and the report has not:

- met the requirements above, and
- disclosed accurate and reliable CO₂ emissions data.

Table 1. Verified greenhouse gas emissions



	tonnes CO ₂ (default emission factors ³)	tonnes CO ₂ (Actual emission factors ⁴)
Scope 1	7,225	7,259
Scope 2	55,142	50,864
Scope 3⁵	885,494	

Note 3: The calculation was made using fixed emission factors in accordance with NABTESCO's Rules on Environmental Information Management for the comparison of the yearly inventory.

Note 4: Emission factors for this calculation are from 'the Act on Promotion of Global Warming Countermeasures' for Japan and from International Energy Agency (2013) for overseas.

Note 5: The emissions calculation for scope 3 is based on the 'General Guidelines on Supply Chain GHG Emission Accounting', Japan.

Table 2. Change from previous year (Scope 1 + Scope 2)

tonnes CO ₂ (default emission factors ³)	tonnes CO ₂ (Actual emission factors ⁴)
4,510	3,321

Note 6: The amount of change represents the difference between 2015 data and 2016 data. The data of 2015 is calculated by quoting the data of the Nabtesco Group Integrated Report, FY Year Ended December 31, 2015. This amount of change is used only for reporting to CDP.

Table 3. Scope 3 emissions by Category

Categories	tonnes CO ₂ e	Categories	tonnes CO ₂ e	Categories	tonnes CO ₂ e
Category 1	746,844	Category 4	96,004	Category 7	1,388
Category 2	17,973	Category 5	1,114	Category 11	14,280
Category 3	2,951	Category 6	3,901	Category 12	1,039

Signed

Dated: 30 April 2017

Hidemi Tomita
LRQA Lead Verifier
On behalf of Lloyd's Register Quality Assurance Limited
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LRQA reference: YKA4005454

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