

# LR Independent Assurance Statement

## Relating to Nabtesco Group's environmental and social data for the calendar year 2018

This Assurance Statement has been prepared for Nabtesco Corporation in accordance with our contract but is intended for the readers of this Report.

### Terms of engagement

Lloyd's Register Quality Assurance ("LR") was commissioned by Nabtesco Corporation to provide independent assurance on Nabtesco Group's ("NABTESCO") environmental and social data within the CSR Page as published on its corporate website ("the Report") for the calendar year 2018, that is, 1 January to 31 December 2018, against the assurance criteria below to a limited level of assurance using ISAE3000 and ISO 14064-3:2006 for greenhouse gas ("GHG") emissions data.

Our assurance engagement covered NABTESCO's operations and activities<sup>1</sup> and specifically the following requirements:

- Confirming that the Report is in conformance with NABTESCO's Reporting methodologies for the selected datasets.
- Evaluating the accuracy and reliability of data for only the selected datasets listed below:
  - Energy consumption
  - GHG emissions data (Scope 1, Scope 2 [Market-based] and Scope3)<sup>2</sup>
  - Water consumption and water discharge
  - Waste generated and landfilled, and hazardous waste generated
  - Chemical substances controlled under the PRTR scheme and VOC emissions
  - Percentage of NABTESCO's main suppliers with GHG emission reduction targets, and
  - Occupational accident rate<sup>3</sup>
  - Occupational disease rate<sup>4</sup>

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

LR's responsibility is only to NABTESCO. LR disclaims any liability or responsibility to others as explained in the end footnote. 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. Ultimately, the Report has been approved by, and remains the responsibility of NABTESCO.

### LR's Opinion

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

- Met the requirements above
- Disclosed accurate and reliable environmental and social data as no errors or omissions were detected.

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

<sup>1</sup> Energy consumption, GHG emissions (Scope1 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 (Scope3) and -Percentage of NABTESCO's main suppliers with GHG emission reduction targets only included the domestic operations of Nabtesco Corporation. And other selected datasets listed above only included the Nabtesco Corporation and Nabtesco Group consolidated subsidiaries in Japan.

<sup>2</sup> GHG quantification is subject to inherent uncertainty.

<sup>3</sup> The number of casualties resulting from the occupational accidents in the boundary divided by total working hours (in the unit of million hours)

<sup>4</sup> The number of casualties resulting from the recorded occupational diseases in the boundary divided by total working hours (in the unit of million hours)

**Note:** 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 substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### LR's approach

LR's assurance engagements are carried out in accordance with ISO14064-3 and ISAE3000. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Auditing NABTESCO'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. We also spoke with the key people responsible for compiling the data and drafting the Report.
- Visiting Yamagata Plant, Nabtesco Automotive Corporation and Iwakuni Plant, Toyo Jidoki Co., Ltd. to confirm the data collection processes, record management practices, and to physically check its fuel oil tanks, water meters and waste drop-off station etc.

### Observations

NABTESCO should continue improving the Reporting and control systems to further demonstrate the effective management of the environmental and social data.

### LR's standards, competence and independence

LR 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 – Part 1: 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.

LR 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.

LR is NABTESCO'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 NABTESCO and as such does not compromise our independence or impartiality.

Signed

Dated: 31 May 2019



Norihiko Kinoshita

LR Lead Verifier

On behalf of Lloyd's Register Quality Assurance Limited

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LR reference: YKA4005454

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