

Assurance Statement

Relating to Nabtesco's GHG Emissions for the calendar year 2018

Terms of engagement

This assurance statement has been prepared for Nabtesco Corporation.

Lloyd's Register Quality Assurance Ltd. (LR) was commissioned by Nabtesco Corporation to assure Nabtesco Group's ("NABTESCO") greenhouse gas (GHG) emissions data for the calendar year 2018, that is, 1 January 2018 to 31 December 2018, ("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 3} and 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, and 12.

Management Responsibility

NABTESCO's management was responsible for preparing the Report and for maintaining effective internal controls over the data and information disclosed. LR'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.

LR's Approach

Our verification has been conducted in accordance with ISO14064-3:2006 "*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 Nabtesco Corporation's headquarter, Yamagata Plant, Nabtesco Automotive Corporation, and Iwakuni Plant, Toyo Jidoki Co., Ltd. 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.

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.

LR's Opinion

Based on LR'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 and 2 below are not materially correct and the Report has not been prepared in conformance with NABTESCO's in-house reporting procedures.

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 quantification is subject to inherent uncertainty.

³ 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.

LR'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 2018

Scope of GHG emissions		tonnes-CO ₂			
Direct GHG emissions (Scope 1)		8,781			
Energy indirect GHG emissions (Scope 2, Market-based)		61,395			
Other indirect GHG emissions (Scope 3)		979,097			
Categories	tonnes-CO ₂ e	Categories	tonnes-CO ₂ e	Categories	tonnes-CO ₂ e
Category 1	742,656	Category 4	170,787	Category 7	1,563
Category 2	35,185	Category 5	945	Category 11	19,881
Category 3	3,559	Category 6	3,569	Category 12	952

Table 2. Year-on-year emission¹ change between calendar years 2017 and 2018

Scope of GHG emissions	tonnes-CO ₂ (actual emission factor based)
Scope 1 and Scope 2	-49

Note 1: LR also reviewed the NABTESCO's 2018 calendar year against its 2017 to confirm the year-on-year change in Scope 1 and 2 emissions data (-49 tonnes-CO₂). We did this as it is a specific requirement for CDP's 2019 Climate Change Information Request (CDP Reporting). The 2017 data was taken from NABTESCO's Integrated Report, covering the calendar year 2017.

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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