



LRQA Independent Assurance Statement

Relating to KYOKUTO KAIHATSU KOGYO CO., LTD.'s Environmental Data for the fiscal year 2023

This Assurance Statement has been prepared for KYOKUTO KAIHATSU KOGYO CO., LTD. in accordance with our contract.

Terms of Engagement

LRQA Limited ("LRQA") was commissioned by KYOKUTO KAIHATSU KOGYO CO.,LTD. ("the Company") to provide independent assurance on its environmental data ("the report") for the fiscal year 2023(01/04/2023 – 31/03/2024), against the assurance criteria below to a limited level of assurance and at the materiality of the professional judgement of the verifier using ISO 14064-3:2019.

Our assurance engagement covered the Company, its domestic and overseas consolidated subsidiaries and KYOKUTO SPECIAL AUTOMOBILE TRADING(SHANGHAI)CO., LTD. and specifically the following requirements:

- Verifying conformance with the Company's reporting methodologies for the selected indicators:
- Evaluating the accuracy and reliability of data for only the selected indicators listed below:
 - Scope 1 GHG emissions (tonnes CO₂)^{1 2}
 - Scope 2 GHG emissions [Location-based] (tonnes CO₂)
 - Scope 3 GHG emissions (Category 2,6,11) (tonnes CO₂e)³

Our assurance engagement excluded the 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 Company's reporting methodologies
- Disclosed accurate and reliable environmental data as summarized in Table 1 below

The opinion expressed is formed on the basis of a limited level of assurance⁴ and at the materiality of the professional judgement of the verifier.

¹ GHG quantification is subject to inherent uncertainty.

² CO₂ emissions from energy sources.

³ Scope3 Category 2, 6 and 11 cover KYOKUTO KAIHATSU KOGYO CO., LTD., its domestic and overseas consolidated subsidiaries.

⁴ 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.



LRQA's Approach

LRQA's assurance engagements are carried out in accordance with ISO 14064-3:2019 for GHG emissions. 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 misstatements 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 historical environmental data and records for the fiscal year 2023; and
- Visiting YOKOHAMA Plant and MIKI Plant. to investigate whether the data management systems have been effectively implemented.
- Visiting HQ of the Company for confirming the effectiveness of its data management systems.

Observations

- It is expected that the Company will continue to improve data management systems to ensure efficient and accurate aggregation and calculation of environmental and social data.

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.

This is the only work undertaken by LRQA for the Company and as such does not compromise our independence or impartiality.

Signed

Dated: 09 September 2024

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

Kazuyori Yukinaka

LRQA Lead Verifier

On behalf of LRQA Limited

10th Floor, Queen's Tower A, 2-3-1 Minatomirai, Nishi-ku, Yokohama, JAPAN

LRQA reference: YKA00001239

LRQA, its affiliates and subsidiaries, and their respective officers, employees or agents are, individually and collectively, referred to in this clause as 'LRQA'. LRQA assumes no responsibility and shall not be liable to any person for any loss, damage or expense caused by reliance on the information or advice in this document or howsoever provided, unless that person has signed a contract with the relevant LRQA entity for the provision of this information or advice and in that case any responsibility or liability is exclusively on the terms and conditions set out in that contract.

The English version of this Assurance Statement is the only valid version. LRQA assumes no responsibility for versions translated into other languages.

This Assurance Statement is only valid when published with the report to which it refers. It may only be reproduced in its entirety.

Copyright © LRQA, 2024.



Table 1. Summary of KYOKUTO KAIHATSU KOGYO CO., LTD.'s GHG Emissions Inventory in FY 2023

Scope	Emissions	
Scope 1 GHG emissions	8,466	tonnes CO ₂
Scope 2 GHG emissions (Location-based)	18,098	tonnes CO ₂
Scope 3 GHG emissions	9,862,004	tonnes CO ₂ e
Category 2	30,516	tonnes CO ₂ e
Category 6	1,548	tonnes CO ₂ e
Category 11	9,829,940	tonnes CO ₂ e