

Greenhouse Gas Emissions Third-party Verification Report

To: Kyokuto Kaihatsu Kogyo Co., Ltd.

1. Objective and Scope

Japan Quality Assurance Organization (hereafter “JQA”) was engaged by Kyokuto Kaihatsu Kogyo Co., Ltd. (hereafter “the Company”) to provide an independent verification on the statement of information regarding FY2024* GHG emissions (hereafter “the Statement”) prepared by the Company. The content of our verification was to express our conclusion, based on our verification procedures, on whether the Statement was correctly measured and calculated, in accordance with “Energy consumption and CO₂ emissions Calculation methods (March 7, 2025)” (hereafter “the Rule”). The purpose of the verification is to evaluate the Statement objectively and to enhance the credibility of the Statement.

*The fiscal year 2024 of the Company ended on March 31, 2025.

2. Procedures Performed

JQA conducted verification in accordance with “ISAE3410”. The scope of this verification assignment covers GHG emissions from Scope1 & 2 and Scope 3. Scope 1 & 2 covered energy-derived CO₂ and Scope 3 covered 4 categories (Category 2, 6, 7 and 11). The verification was conducted to a limited level of assurance and quantitative materiality was set at 5 percent of the total emissions in the Statement. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. The organizational boundaries of this verification cover the Company and 8 affiliated companies, total 9 companies. Our verification procedures included:

- Confirming the integrated functions and the Rule prior to the on-site verification for Scope 1&2.
- Visiting three domestic sites for on-site verification: Kyokuto Kaihatsu Kogyo Co., Ltd. Nagoya Plant, NIPPON TREX Co., Ltd. Head Office/Plant and Otowa Plant. The location of sampling sites for on-site assessment were determined by the Company.
- Performing on-site assessment to check the report boundaries, GHG sources, monitoring points, monitoring and calculation system and its controls.
- Vouching: Cross-checking the GHG emissions data against evidence.
- For Scope 3, confirming the Rule, and checking report boundaries, calculation scenario and allocation method, monitoring and calculation system and its control.

3. Conclusion

Based on the procedures described above, nothing has come to our attention that caused us to believe that the Statement is not materially correct, or has not been prepared in accordance with the Rule. The GHG emissions for FY2024 within the scope of the organization covered by this verification are as follows:

Verification items	FY2024 GHG emissions	
Scope 1	8,462	t-CO ₂
Scope 2 (location-based)	15,873	t-CO ₂
Scope 2 (market-based)	15,967	t-CO ₂
Scope 3 (Category 2, 6, 7 and 11)	8,264,399	t-CO ₂ e
Category 2	20,006	t-CO ₂ e
Category 6	1,631	t-CO ₂ e
Category 7	2,711	t-CO ₂ e
Category 11	8,240,051	t-CO ₂ e

4. Consideration

GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases. The Company was responsible for preparing the Statement, and JQA’s responsibility was to conduct verification of GHG emissions in the Statement only. There is no conflict of interest between the Company and JQA.



Sumio Asada, Executive Board Director
For and on behalf of Japan Quality Assurance Organization
1-25, Kandasudacho, Chiyoda-ku, Tokyo, Japan
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