

Verification Statement

TSUNEISHI HOLDINGS CORPORATION and its 28 affiliates

Scope of Verification Engagement

This Verification Statement is issued to TSUNEISHI HOLDINGS CORPORATION and its 28 affiliates.

Nippon Kaiji Kyokai (Headquarters: 4-7, Kioi-cho, Chiyoda-ku, Tokyo, Japan, hereinafter referred to as “the Society”) was commissioned by TSUNEISHI HOLDINGS CORPORATION (Head Office location:1083 Tsuneishi, Numakuma-cho, Fukuyama, Hiroshima, Japan; hereinafter referred to as “the Applicant”) to assure and verify its GHG emissions inventory (hereinafter referred to as “the Report”) for 2019 to 2022 (January 1, 2019 to December 31, 2022). The Report covers direct GHG emissions, energy indirect GHG emissions, and other indirect GHG emissions.

The scope of the verification engagement includes the Applicant’s Head Office and its 28 affiliates as follows, and the scope is selected as the Applicant’s boundary. The consolidation method of the affiliates is based on “Operational Control” under the “Control Approach”.

TSUNEISHI SHIPBUILDING Co., Ltd.

TSUNEISHI GROUP (ZHOUZHAN)

SHIPBUILDING, Inc.

TSUNETETSU(CEBU), INC.

TSUNEISHI TRADING CO., Ltd.

MIHO SHIPYARD Co., Ltd.

Mitsui E&S Shipbuilding Co., Ltd.

Yura Dockyard Co., Ltd.

KAMBARA KISEN Co., Ltd.

SHANGHAI KAMBARA INTERNATIONAL

TRANSPORTATION Co., Ltd.

KAMBARA TUG & MARINE SERVICES Co., Ltd.

TOKO CORPORATION

EARTH CREATE OFFICE Co., Ltd.

TSUNEISHI KAMTECS RIKUUN Co., Ltd.

TSUNEISHI LR Inc.

TSUNEISHI HOLDINGS CORPORATION

TSUNEISHI HEAVY INDUSTRIES(CEBU), Inc.

TSUNEISHI IRON WORKS Co., Ltd.

TSUNETETSU(ZHOUSHAN), Inc.

TSUNEISHI ENGINEERING Co., Ltd.

KANDA DOCKYARD CO., LTD.

NIIGATA SHIPBUILDING & REPAIR, INC.

TSUNEISHI FACILITIES & CRAFT Co., Ltd

KAMBARA KISEN (CHINA) SHIPPING Co., Ltd.

KAMBARA LOGISTICS Co., Ltd.

TSUNEISHI KAMTECS CORPORATION

SUNNY CREATION PLANNING CORPORATION

FUTABA SANKYO Co., Ltd.

TSUNEISHI C VALUES CORPORATION

SETOUCHI CRUISE, Inc.

Operational boundaries are set up in such a manner as to account for direct and indirect GHG emissions (including CH₄, N₂O) emitted from activities taking place in the above-mentioned Applicant's Head Office and its 28 affiliates, and ocean-going vessels and coastal vessels. Sinks and reservoirs, NO_x, and SO_x are out of scope.

Applicable standards and references.

1. ISO14064-1:2018 (JIS Q 14064-1:2023)
2. ISO14064-3:2019 (JIS Q 14064-3:2023)
3. GHG Protocol
4. Greenhouse Gas Emissions Calculation Procedure (TSUNEISHI HOLDINGS CORPORATION)

(Applied quantification methodologies)

5. Greenhouse Gas Emissions Calculation and Reporting Manual ver.4.9 (Act on Promotion of Global Warming Countermeasures)
6. Ministry of the Environment; emission factor database for calculating greenhouse gas emissions of organizations through supply chains (Ver.3.2)

Responsibility for the management of GHG data

The Applicant is responsible for preparing the Report and for maintaining effective internal controls over the data and information disclosed. The Society is responsible for carrying out the verification engagement for the Report in accordance with the contract made with the Applicant. It is the Applicant who, in the final instance, will approve the Report and it will continue to remain under the Applicant's responsibility.

Verification Procedure

Verification by the Society has been carried out in accordance with "ISO14064-3:2019 (JIS Q 14064-3:2023) *Specification with guidance for the verification and validation of greenhouse gas statements*" to provide reasonable assurance that GHG data as presented in the Report have been prepared in accordance with "ISO14064-1:2018 (JIS Q 14064-1:2023) *Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals.*",

To form a conclusion, the verification engagement was undertaken as a sampling exercise that included the following:

- Site visit to the Applicant (1083 Tsuneishi, Numakuma-cho, Fukuyama, Hiroshima), and strategic analysis and risk assessment of the following sites (TSUNEISHI SHIPBUILDING Co., Ltd., KAMBARA KISEN Co., Ltd., TSUNEISHI KAMTECS CORPORATION)
- Interview of the staff in charge of GHG emission data, information management, and preparation of the Report at the above sites
- Review of the management process of GHG emission data and information included in the Report

- Verification of the integrity of the information sources available at the visited sites and aggregation in the Head Office for GHG emission performance data and information included in the Report
- Review of the structure, equipment, and emission source data of ocean-going vessels and coastal vessels
- Review of QA/QC system of BDNs and double-check system at the time of refueling

Level of Assurance and Materiality

The verification opinion declared in this Verification Statement was determined based on the reasonable level of assurance setting the materiality threshold value at less than 5% of total emissions for direct emissions, indirect emissions from imported energy, and a limited level of assurance setting the materiality at the professional judgment of the verifier for other indirect emissions.

Verification opinion

<Unmodified opinion>

In our opinion for direct emissions, indirect emissions from imported energy, and other indirect emissions from the corporate value chain, the Report has been prepared, in all material respects, based on the international standard ISO 14064-1:2018 (JIS Q 14064-1:2023) Part 1: *Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals*. Nothing has come to our attention that causes us to believe that indirect GHG emissions from transportation, from products used by the organization, and associated with the use of products from the organization in the ANNEX tables are not materially correct. Further, there is no conflict of interest between the Society and the Applicant.

Recommendations for Improvements

The Applicant and its affiliates are advised to proceed with the approaches mentioned below.

- Further enhance data quality by incorporating items related to the use, maintenance, and calibration of measurement devices. Conduct periodical internal audits to verify conformity with the calculation procedures.
- Annually review the calculation method and categories for enhancing data quality of other indirect emissions.
- Promote Carbon Neutrality by proceeding with decarbonization efforts through the utilization of additional renewable energy, and non-fossil certificates.
- Quantify not only the direct emissions of CO₂, CH₄, and N₂O but also the direct emissions of NF₃, SF₆, HFCs, and PFCs.

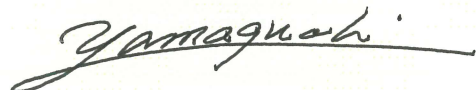
NIPPON KAIJI KYOKAI
Certification Department
Lead Auditor



Toshiro KOIWA

November 10, 2023

NIPPON KAIJI KYOKAI
Innovation Development Division
Corporate Officer



Yoshiya YAMAGUCHI

Annex: ISO 14064-1 Category: Summary of GHG Inventory for 2019-2022 (tCO₂e)

Verified GHG emissions (Category)	2019	2020	2021	2022
Direct GHG emissions (Category 1)	443,531	444,612	451,018	402,077
Indirect GHG emissions from imported energy (Category 2)	94,330	83,279	69,420	72,909
Indirect GHG emissions from transportation (Category 3)	20,947	18,892	19,501	23,393
Indirect GHG emissions from products used by an organization (Category 4)	1,508,007	1,328,883	1,148,538	1,110,605
Indirect GHG emissions associated with the use of products from the organization (Category 5)	20,020,086	19,901,321	13,679,380	13,660,193
Total GHG Emissions	22,086,901	21,776,987	15,367,857	15,269,177

Annex: GHG Protocol Category: Summary of GHG Inventory for 2019-2022 (tCO₂e)

Verified GHG emissions (Scope/Category)	2019	2020	2021	2022
Direct GHG emissions (Scope 1)	443,531	444,612	451,018	402,077
Indirect GHG emissions from imported energy (Scope 2)	94,330	83,279	69,420	72,909
Indirect GHG emissions from the Corporate Value Chain (Scope 3)	21,549,040	21,249,096	14,847,419	14,794,191
1. Purchased Goods and Services	1,361,984	1,206,738	1,020,945	941,701
2. Capital Goods	25,834	17,147	29,867	22,485
3. Fuel-and Energy-Related Activities not included in Scope 1 or Scope 2	97,034	82,645	72,321	123,427
4. Upstream Transportation and Distribution	12,291	12,707	13,826	14,856
5. Waste General in Operation	23,155	22,352	25,405	22,993
6. Business Travel	1,346	422	409	891
7. Employee Commuting	5,641	5,327	4,896	6,919
9. Downstream Transportation and Distribution	1,668	435	371	726
11. Use of Sold Products	19,547,279	19,392,868	13,006,098	13,060,818
12. End-of-Life Treatment of Sold Products	34,759	32,978	28,398	21,562
13. Downstream Leased Assets	438,048	475,476	644,884	577,814
Total GHG Emissions	22,086,901	21,776,987	15,367,857	15,269,177