



# LRQA Independent Assurance Statement

## Relating to HEIWA REAL ESTATE's Environmental and Social Data 2021

This Assurance Statement has been prepared for Heiwa Real Estate Co., Ltd. in accordance with our contract.

### Terms of Engagement

LRQA Limited ("LRQA") was commissioned by Heiwa Real Estate Co., Ltd. ("the Company") to provide independent assurance on its environmental and social data within its Integrated Report, Sustainability Report, and the Corporate Website ("the report") for the fiscal year 2021, that is, from 1 April 2021 to 31 March 2022, against the assurance criteria below to a limited level of assurance and the materiality of the professional judgement of the verifier using ISAE 3000 (Revised) and ISO 14064-3:2019 for greenhouse gas ("GHG") emissions.

Our assurance engagement covered the Company's operations and activities in its consolidated subsidiaries' operations and activities in Japan and specifically the following requirements:

- Verifying conformance with the Company's reporting methodologies
- Evaluating the accuracy and reliability of data for the selected indicators listed below <sup>1</sup>:

#### Environmental <sup>2 3 4 5</sup>

- Total Energy consumption ( [kWh] · Floor-area intensity [kWh /m<sup>2</sup>] ) <sup>6 7</sup>
- Renewable energy consumption [kWh] <sup>6</sup>
- Scope 1 GHG emissions (Total [tonnes CO<sub>2</sub>e] · Floor-area intensity [tCO<sub>2</sub>e/m<sup>2</sup>] ) <sup>6</sup>
- Scope 2 GHG emissions [Market-based and Location-based]  
(Total [tonnes CO<sub>2</sub>e] · Floor-area intensity [tCO<sub>2</sub>e/m<sup>2</sup>] ) <sup>6</sup>
- Scope 3 GHG emissions (Category 1 <sup>8</sup>, 2 <sup>8</sup>, 3 <sup>6</sup>, 5 <sup>6</sup>, 6, 7 <sup>8</sup>, 11 <sup>8</sup>, 12 <sup>8</sup>, 13 <sup>8 9</sup>) <sup>10</sup> (tCO<sub>2</sub>e)
- GHG emissions (Scope 1 + Scope 2 + Scope 3 (Category 13 <sup>9</sup>))  
(Total [tonnes CO<sub>2</sub>e] · Floor-area intensity [tCO<sub>2</sub>e/m<sup>2</sup>] )
- Water consumption volume (Total [m<sup>3</sup>] · Floor-area intensity [m<sup>3</sup>/m<sup>2</sup>] ) <sup>11</sup>
- Waste disposal volume; Recycled material volume (Total [tonnes] · Floor-area intensity [tonnes/m<sup>2</sup>] )

#### Social <sup>8</sup>

- Rate of paid day-off for employees (%)
- Rate of cancer screening test for employees (%)
- Rate of physical check-up for employees (%)
- Number of occupational accidents (Fatal accidents)

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

<sup>1</sup> LRQA undertook a limited assurance engagement of the environmental and social data marked with "✓" within its Integrated Report, Sustainability Report, and the Corporate Website.

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

<sup>3</sup> Excluding properties shared with under 25% and inventory assets (In Category 1, 11, and 12 of Scope 3, the data of inventory assets are included).

<sup>4</sup> Excluding some data of wastes, recycled materials, gas and water managed under tenants' direct contracts, not available thereof.

<sup>5</sup> In addition, when buildings were purchased in the middle of the year, data values are also calculated on a pro rate basis, which are used as KPI. (Waste disposal volume and recycled material volume are aggregated on an annual basis only.)

<sup>6</sup> The company and the Tokyo Shoken Kaikan Co., Ltd. are covered.

<sup>7</sup> Energy consumption for Scope 1, Scope 2, and Scope 3 (Category 13) respectively shows their values in specific scope.

<sup>8</sup> The company is only covered.

<sup>9</sup> Scope 3 GHG emissions are calculated on both of market-based and location-based for Category 13.

<sup>10</sup> In Category 2 of Scope 3, the data of pre-owned properties are aggregated as new ones (In Category 1, 11, and 12 of Scope 3, the data of inventory assets are included).

<sup>11</sup> While two properties (CentRise Sakae and KABUTO ONE) use rain water, but the data from KABUTO ONE are excluded due to difficulties in data collection.



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 criteria listed above
- Disclosed accurate and reliable environmental and social data

The opinion expressed is formed on the basis of a limited level of assurance<sup>12</sup> and at the materiality of the professional judgement of the verifier.

### **LRQA's Approach**

LRQA's assurance engagements are carried out in accordance with ISAE 3000 (Revised) and ISO 14064-3:2019. 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 data and records for the fiscal year 2021;
- Visiting Osaka Securities Exchange Building and Osaka Midosuji Building to confirm the data collection processes, record management practices, and to physically check their facilities; and
- By implementing the Company's "No Visitor" Policy due to the global infection spread of COVID-19, conducting remote verifications at the headquarters via emails and Microsoft Teams.

### **Observations**

Further observations and findings, made during the assurance engagement, the followings are recommended:

- Establishment of the manual for the data collection and aggregation and further development of the data collection and aggregation form.
- Completely collecting the data derived from tenants' direct contracts.

### **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.

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<sup>12</sup> *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.*



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

Signed

Dated: 7 July 2022

A handwritten signature in black ink that reads 'Shibata'.

Yoshinori Shibata

LRQA Lead Verifier

On behalf of LRQA Limited

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LRQA reference: YKA00001041

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