

LR Independent Assurance Statement

Relating to Mitsubishi Heavy Industries, Ltd.'s Materiality disclosure

This Assurance Statement has been prepared for Mitsubishi Heavy Industries, Ltd. in accordance with our contract but is intended for the readers of this report.

Terms of engagement

Lloyd's Register Quality Assurance Limited (LR) was commissioned by Mitsubishi Heavy Industries, Ltd. (MHI) to provide independent assurance on its materiality disclosure identified in 2020 (Released in 14 October 2020, hereafter ("the report")), against the assurance criteria below to a moderate assurance and at the materiality of the professional judgement of the verifier using AA1000 ASSURANCE STANDARD v3 TYPE 1 ASSURANCE – ADHERENCE TO THE ACCOUNTABILITY PRINCIPLES.

Our assurance engagement covered the operations and activities of MHI and its consolidated subsidiaries in Japan and overseas and specifically the following requirement:

- Verifying conformance with AA1000 ACCOUNTABILITY PRINCIPLES 2018

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

LR's responsibility is only to MHI. LR disclaims any liability or responsibility to others as explained in the end footnote. MHI'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 MHI.

LR's Opinion

Based on LR's approach nothing has come to our attention that would cause us to believe that MHI has not conformed with AA1000 ACCOUNTABILITY PRINCIPLES 2018 in all material aspects. The opinion expressed is formed on the basis of a moderate assurance and at the materiality of the professional judgement of the verifier.

Note: The extent of evidence-gathering for a moderate assurance engagement is less than for a high assurance engagement. Moderate assurance engagements focus on aggregated information rather than physically checking source information at sites. Consequently, the level of assurance obtained in a moderate assurance engagement is substantially lower than the assurance that would have been obtained had a high assurance engagement been performed.

LR's approach

LR's assurance engagements are carried out in accordance with AA1000 ASSURANCE STANDARD v3 TYPE 1 ASSURANCE – ADHERENCE TO THE ACCOUNTABILITY PRINCIPLES. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Reviewing MHI's process for identifying and determining stakeholders to confirm that all the related stakeholders are captured.
- Assessing MHI's process for identifying and determining material issues to confirm that the right issues were included in their Report.
- Reviewing MHI's approach to stakeholder engagement process to confirm that engagement related to issues raised by stakeholders is implemented.
- Verifying MHI's KPI determination process and information disclosure methodologies to confirm that sustainability performances to impact on environment and social are monitored and disclosed.
- LR did these through interviews with the key people in charge of sustainability and reviewing documents and associated records. By implementing MHI's "No Visitor" policy due to the global infection spread of COVID-19, the interview was executed remotely via Microsoft Teams.

Observations

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

- **Inclusivity:**
We are not aware of any key stakeholder groups that have been excluded from MHI's stakeholder engagement process. MHI identifies multi stakeholders comprehensively and the top management expresses commitment for the stakeholders. We believe that future reports should explain further stakeholder identification process.
- **Materiality:**
We are not aware of any material issues concerning MHI's sustainability performance that have been excluded from the report. It should be noted that MHI reviewed and determined the materiality in 2020 to address social issues related to sustainability. In this process, MHI identified the material issues in reference to key sustainability initiatives and determined the materiality from the both aspects from MHI and the stakeholders.
- **Responsiveness:**
MHI has process to capture issues raised by stakeholders and to respond them. MHI has dialogues with intellectuals and various stakeholders frequently. Materiality has been determined through the review of the feedback from stakeholders in the materiality revision process in 2020. We believe that future reports should explain further engagement process with multi stakeholders.
- **Impact:**
MHI establishes the system to account and disclose information related to sustainability performance. MHI discloses the information via integrated reports and ESG data books and has third-party assurance to the indicators interested by stakeholders. MHI proceeds to determine KPI for material indicators based on the materiality reviewed in 2020.

LR's standards, competence and independence

LR 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 – Part 1: 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.

LR 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.

LR is the MHI's certification body for ISO 9001, ISO 14001, ISO 45001. The verification and certification assessments are the only work undertaken by LR for MHI and as such does not compromise our independence or impartiality.

Dated: 2 March 2021

Signed



Takashi Odamura

LR Lead Verifier

On behalf of Lloyd's Register Quality Assurance Limited

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