

Independent Assurance Report

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We performed an independent and limited assurance engagement for NIPPON STEEL CORPORATION (the “Company”) in the Company’s calculation of the greenhouse gas (GHG) emission reductions associated with the Company’s project related to NSCarbolex™ Neutral products, and also in the Company’s allocation of the GHG emission reductions to NSCarbolex™ Neutral products based on the mass balance approach in the guidelines in Section 3 below.

1. Conclusion

Based on the procedures we performed and the evidence obtained, nothing has come to our attention, in all material respects, that leads us to believe that the GHG emission reductions from the project with respect to the NSCarbolex™ Neutral products are not calculated in accordance with the Company’s criteria, or that the allocation of the GHG reductions to the products based on the mass balance approach is not conducted in accordance with the Company’s criteria.

In our opinion, consumers who purchase NSCarbolex™ Neutral products and are addressed on the certificates issued by the Company can report the total amount of the GHG emission reductions allocated to NSCarbolex™ Neutral products as a deduction from the Scope 3 emissions calculated by these consumers, in accordance with the World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol for Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

This conclusion can be read in the content of this Independent Assurance Report, which is subject to the limitation of our liability, as described below.

2. Scope of Assurance

The scope of assurance covers the amount of GHG emission reductions associated with a project to convert the manufacturing facility at the NIPPON STEEL CORPORATION’s Setouchi Works Hirohata area (“Hirohata”) from a scrap melting process (SMP) to an electric arc furnace (EAF) process, and the appropriateness of the Company’s operation of allocating GHG emission reductions to NSCarbolex™ Neutral products. The amount of the reductions is as follows:

- The amount of GHG emission reductions (the difference in the amount of GHG emissions from the SMP (the before-emissions baseline) and the GHG emissions from the EAF process (the after-emissions scenario as a result of the conversion project)) is: 47,145 t-CO₂eq (for the period between October 1, 2022 and March 31, 2023).

3. Criteria

We confirmed the validity of the project, verified the GHG emission reduction results, and verified the appropriateness of the Company’s operation of allocating the GHG emission reductions to NSCarbolex™ Neutral products using the mass balance approach. We conducted these verifications in compliance with the following criteria:

- The Japan Iron and Steel Federation: “Guidelines for green steel upon the application of the mass balance approach.”
- NIPPON STEEL CORPORATION: “Plan, and monitoring and calculation manuals of GHG Emission reduction project (Project name: Introduction of an EAF facility and conversion of

main raw materials at Hirohata),” “Steel material sales procedures manual upon the application of the mass balance approach,” and “Procedure manual for allocating the GHG emission reduction effects to the Company’s unprescribed products based on the mass balance approach and selling the products.”

4. The Company’s Responsibility

In accordance with the Company’s criteria, the Company is responsible for calculating the GHG emission reductions associated with the conversion project from the SMP to the EAF process and allocating the GHG emission reduction amount to NSCarbolex™ Neutral products based on the mass balance approach.

5. Our Independence and Quality Control

We have established and maintained a comprehensive quality control management system as a certification and assurance body, based on ISO 17029:2019 “Conformity assessment—General principles and requirements for validation and verification bodies.” To conduct the engagement, we complied with the basic principles, including independence, required in ISO 17029:2019.

6. Our Responsibility

Our responsibility is to express a limited assurance conclusion as to whether the GHG emissions reductions were properly calculated and whether the allocation of the GHG emission reductions to NSCarbolex™ Neutral products was properly conducted through the procedures that we performed and based on the information that we obtained.

To execute our responsibility, we conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) “Assurance engagements other than audits or reviews of historical financial information” and ISO 14064-3:2019.

Our engagement consisted of a combination of tasks, including conducting inquiries with the Company’s members, visits to and observations of the processes related to the GHG emissions, a review of the related documents and records, evaluation of the suitability of and internal controls relevant to the Company’s criteria, analyses and evaluations of the information subject to the assurance, and matching and checking the records and original data. Each engagement was conducted at the Company’s headquarters and/or Hirohata.

Our assurance team consisted of professionals and individuals who were selected to fulfill this engagement based on their knowledge, experience, and qualifications. The team included lead auditors and verifiers for ISO 14001 certification and GHG emissions verification.

As defined in the ISAE 3000, the nature, timing, and extent of the procedures performed in a limited assurance engagement are limited compared with those necessary in a reasonable assurance engagement. Therefore, although limited assurance provides a level of assurance that is meaningful for the intended users, the level of our assurance is not as high as that provided by a reasonable assurance.

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