

# Corporate Social Responsibility Report 2014

More comfortable, more airily and more aluminium



# More comfortable, more airily, and more aluminium

Aluminum, with its indefinite potential, colors various scenes of people's lives.

With aluminium, our one-step-forward technology will ensure more comfortable and airily future living.

# Why, Aluminium?

## Lightweight properties

Aluminium is a quite lightweight metal. Its specific gravity is one-third of iron and copper. Transportation and construction industries are in great need for weight saving for realization of an energy-saving society. Thus, aluminium is used as its solution.

## Safety

Aluminium is harmless and odorless, thereby not damaging human body and earth. Due to these features, aluminium is widely used for packaging materials for food and drugs, beverage cans, and medical equipment.








## Corrosion resistance

Aluminium is highly resistant to corrosion. It is used particularly in the areas of civil engineering and construction to achieve infrastructural lifelong duration and maintenance for roads and such. Aluminium continues to contribute to our future society.

## Recyclability

Aluminum is especially easier to recycle than any other metals and can be manufactured into something equivalent to new bare metal for its quality. Aluminium is a highly excellent material for its effective utilization of resources.

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## Editorial Policy

- **Introduction**  
This report is intended to describe the NLM Group's views and approaches regarding CSR to all stakeholders in an easy-to-understand way and to obtain their understandings.
- **Reference Guidelines**  
This report used "Environmental Reporting Guidelines (2012)" prepared by the Ministry of the Environment and "GRI (Global Reporting Initiative) Guidelines (2006)" as references.
- **Period covered**  
Data collection period for this report is from April 2013 to March 2014.  
\*Data prior to and after this period is also partially included.
- **Scope**  
Unless otherwise specified, Nippon Light Metal Holdings Co., Ltd. and its consolidated subsidiaries are covered. A total of 74 companies.  
However, for the section, "Environment," Nippon Light Metal Holdings Co., Ltd. and its consolidated subsidiaries are covered. A total of 20 companies.
- **Modifications from the previous report**  
The report was modified to go along with the core subjects of ISO26000. The NLM Group recognizes various social challenges described in the core subjects of ISO26000 and promotes CSR activities to contribute to the solution of those challenges. Your opinions and feedback on the NLM Group's activities for each challenge would be greatly appreciated.
- **Publication period**  
August, 2014 (Next: scheduled in August, 2015, Previous: August, 2013)



# The NLM Group is committed to develop its human resources capable of addressing social problems.

Nippon Light Metal Holdings Company, Ltd.  
President and Chief Executive Officer: Takashi Ishiyama

## Smooth launch of a new mid-term management plan

I feel a sense of economic recovery rising with growing expectations for the Abenomics to overcome deflations and in preparation for the major event, Tokyo Olympics and Paralympics scheduled to be held in 2020. Our corporate efforts make a difference in order to return to a growth track.

In this context, we, the NLM Group, has launched “a new mid-term management plan” which was implemented effective FY 2013. We strive to improve our corporate value by having the following core themes: “Business development through strategies by regions and categories”, “Creation of a growth driver through new product and new business”, and “Reinforcement of business structure”. At its first year of the plan, despite the remaining challenges in some part, we made a satisfactory start by achieving dividend increase. In the wake of our transition to a holdings company structure, we plan to maximize our consolidated earnings by strengthening earning capacity of overseas offices and reinforcing our group coordination in the future as well.

## Our corporate value

Our corporate value is founded on corporate social responsibility. We consider our corporate value to be developing the environmentally-friendly products that make the best use of potential of aluminium and to be running the diversity management that are sensitive to various differences in nations and ethnic groups associated with our overseas presence.

Furthermore, “labor practices” and “human rights” in countries and communities are important subjects.

Aluminium consumption in the developing countries is said to be as twice as the increase rate of GDP. In many cases, the aluminium industry expands drastically along with economic development in the countries and the communities. This gives us more chances to witness the reform period of those countries and communities. Then, we need to steadily evaluate what we, as a corporation, are capable of doing and what we should not do. We consider that our corporate value would no longer exist if the cost reduction ends up sacrificing worker’s health and safety in the developing countries. It is not an easy task to address the problems

when speculating further on more problems happening beyond our supply chains. However, we want to tackle those problems with patience.

In order to do so, I believe that human resources who are capable of addressing such problems are critical.

“Reinforcement of business structure”, one of the three themes of the “new mid-term management plan”, includes the “human resource development and its effective use”. These “human resources”, I believe, are the “human resources” who understand such social problems in the world and the communities and take responsibilities for such problems. Moreover, together with promoting the diversity management, I want to put these “human resources” in use on a global level.

## Strengthening Compliance

We consider compliance, a foundation of CSR, to be the basic management principle and so we have continued with building compliance awareness. However, we had an on-site inspection at Nippon Light Metal Co., Ltd. by the Japan Fair Trade Commission in this April on suspicion of antitrust act violations regarding the trading of polyaluminium chloride or aluminium sulfate. We sincerely and seriously accept this fact that the on-site inspection was conducted for one of our subsidiaries and continue to work on strengthening and fulfilling our compliance systems while cooperating fully with the inspection.

In this year’s CSR report, we put together our challenges and achievements based on ISO26000. New challenges are emerging from there as well.

We would appreciate your straightforward opinions.

August, 2014

A star mark (★) indicates newly implemented activities.

Evaluation: ○ Completed ○ Made progress △ Made partial progress × Incomplete \* : Corresponding to the next fiscal year

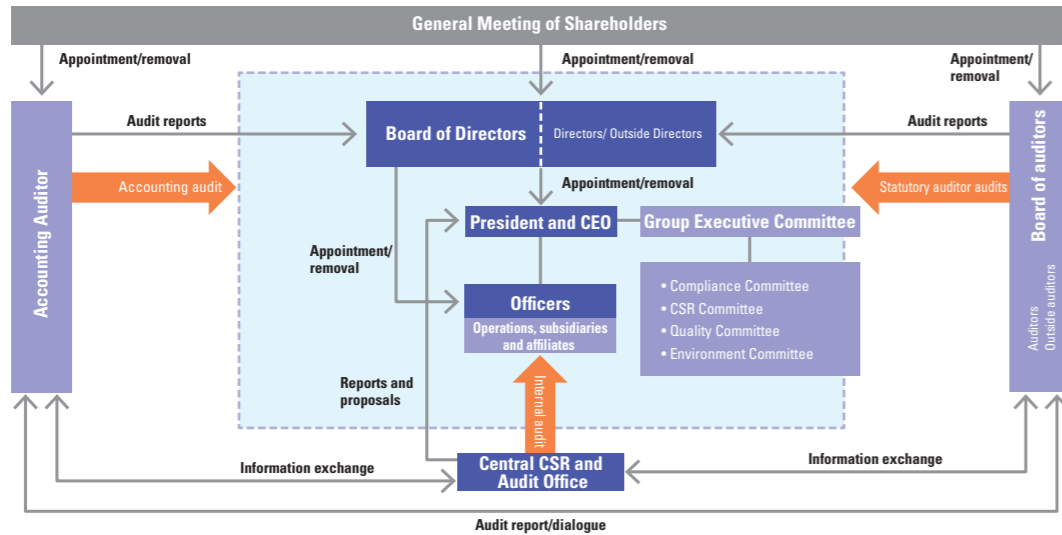
ISO26000 Core Subject	Activity theme	Major activities in FY2013	Evaluation	KPI <sup>10</sup>	Action plan for FY2014	Reference page
Operating Governance	Raise awareness of CSR	★ Promote CSR through intranets, in-house newsletters and so forth	○	Number of accesses: 7,652	Promote CSR through intranets, in-house newsletters and so forth	P16-18
		Hold CSR Committee meetings	○	Number of attendees: 43 for the 5th meeting, 42 for the 6th meeting	Manage the CSR committee	
	Strengthen the compliance system	Operate a Hotline <sup>2</sup>	○	Number of reports: 10	Operate a Hotline	
	Build compliance awareness	Hold all-hands compliance meetings periodically	○	Number of meetings held: 1,623 Number of participants: Approx. 17,136	Hold all-hands compliance meetings periodically	
		Implement individualized training programs regarding anti-monopoly Act <sup>3</sup> , and export control systems, and so forth	○	Number of trainees: To be implemented from FY2014	Implement individualized training programs regarding Anti-monopoly Act, export control systems, and so forth.	
	Enhance compliance training programs	★ Conduct training sessions on contracts	○	Number of attendees: 354	Conduct training sessions on contracts	
		★ Implement workshops on Act on the Protection of Personal Information	△	Number of attendees: To be implemented from FY2014	★ Implement workshops on Act on the Protection of Personal Information	
	Strengthen the systems to ensure compliance with laws and regulations	★ Ensure regularly that the systems are carried out in order to ensure compliance with laws and regulations (full check)	△	Number of law violations: 0	★ Ensure regularly that the systems are carried out in order to ensure compliance with laws and regulations (full check)	
		Establish a personal information protection system	△		★ Establish a personal information protection system (Enhanced application)	
	Timely disclosure <sup>1</sup>	Timely disclosure, IR activities, and participation in surveys by external organizations	○	Number of timely disclosures: 5 (Settlements of accounts), 9 (Decisions), and 1 (Occurred items)	Timely disclosure, IR activities, and participation in surveys by external organizations	
More effective communication	Provide information via annual reports, fact books and other documents	○		Provide information through annual reports, fact books and other materials		
	Expand contents of the General Meeting of Shareholders, results briefing, and mid-term management plan briefing	○	Number of attendees: 89 (General Meeting of Shareholders), 70 (results briefing), 70 (mid-term management plan briefing)	Expand contents of the General Meeting of Shareholders, results briefing, and mid-term management plan briefing		
	★ Conduct small meetings <sup>4</sup>	○	Number of meetings held: 1	Conduct small meetings		
	★ Conduct factory tours for investors	△	Number of briefing sessions held: To be implemented from FY2014	★ Conduct business briefing sessions for corporate investors		
	Disclose information to a global audience	△	Number of tours held: *	★ Conduct factory tours for corporate investors		
	Use websites more effectively for information disclosure	○	Number of accesses: 472,518	Use websites more effectively for information disclosure		
Human Rights	Promote work-life balance and diversity	★ Conduct female employees' training programs to promote women's success	○	Percentage of females in managerial positions: 2.4%	★ Actively promote female employees to managerial positions	P19-21
		Prepare to establish special subsidiary companies for employment of people with disabilities	○	Employment rate for people with disabilities: 1.91% (Nippon Light Metal Co., Ltd. alone)	★ Prepare to establish special subsidiary companies for employment of people with disabilities	
	Changes for globalization	★ Actively enhance cross-cultural and human rights training programs	○	Number of trainees: Approx. 178	Actively enhance cross-cultural and human rights training programs	
	Improve disaster preparedness	Conduct a combined drill by the disaster response headquarter	○		Conduct a general disaster prevention drill	
★ Prepare a BCP <sup>5</sup> as a model establishment		△	Number of BCPs: 0	★ Prepare a BCP		
Labor Practices	Compliance with relevant laws	Ensure the Labor Standards Act and related laws are complied with	△		★ Ensure the Labor Standards Act and related laws are complied with	P22
		Ensure the Occupational Health and Safety Law and related laws are complied with	○		Ensure the Industrial Safety and Health Act and related laws are complied with	
	Changes for globalization	Grasp human resource development programs in overseas subsidiaries	△	Completion rate for training implementation: *	★ Grasp human resource development policies and measures in overseas subsidiaries	
		★ Enhance language studies and internship programs overseas	○	Number of trainees: Approx. 12	Enhance language studies and internship programs overseas for globalized human resource development	
	Occupational safety and health activities	Grasp changes to labor laws and practices in each country and promote proper labor practices	○	Number of countries to be inspected: *	Grasp changes to labor laws and practices in each country and promote proper labor practices	
		Implement and operate the safety and health management system (SMS)	○	Number of certified offices: 5	Implement and operate the safety and health management system (SMS)	
Provide in-house education and training on safety & health and human risks		○	Number of trainees: Approx. 750	Provide in-house education and training on safety & health and human risks		
★ Encourage personnel to obtain certifications in safety technology		○		Encourage personnel to obtain certifications in safety technology		
Environment	Improve environmental management systems	Strengthen environmental audits	○	Number of attendees: 51	Implement group's safety and health convention	P23-26
		★ Gather information from overseas subsidiaries; assist in setting up Environmental Management Systems (EMS)	○	Number of sites audited: 16 sites	Strengthen environmental audits	
	Reduce environmental burdens	Reduce emission of substances controlled under the PRTR <sup>6</sup>	○	Completion rate for preparation of foreign sites: *	Gather information from overseas subsidiaries; assist in setting up Environmental Management Systems (EMS)	
	Reduce greenhouse gases	Manage progress of the new voluntary action plan	○	Discharging moving of substances controlled under the PRTR: 579 tons	Reduce emission of substances controlled under the PRTR <sup>6</sup>	
		Manage progress of the energy saving action plan	○	GHG release amount: 687,000 tons -CO <sub>2</sub>	Manage progress of the new voluntary action plan	
	Compliance with relevant laws	★ Strengthen the systems to ensure compliance with governing laws and regulations (Laws related to water and air)	×	Amount of energy for use: 12.8 PJ	Manage progress of the energy saving action plan	
Approach to biodiversity	Ensure that the Water Pollution Control Act, which was amended in June 2014, and will be enforced from January 2017, is made well known and carried out	△	Completion rate: *	★ Strengthen the systems to ensure compliance with governing laws and regulations (Laws related to water and air)		
	Collaborate with biodiversity research	△		★ Ensure that the Water Pollution Control Law, which was amended in June 2014, and will be enforced from January 2017, is made well known and carried out		
Fair Operating Practices	CSR-oriented procurement	★ Disseminate the CSR procurement policy within the group	○	Number of audits: To be implemented from FY2014	Disseminate the CSR procurement policy within the group	P27
		Conduct supplier surveys on CSR-oriented procurement	○	Number of companies covered: 174 companies	Conduct supplier surveys on CSR-oriented procurement	
		★ Manage and utilize a new purchasing system	○	Number of audits: To be implemented from FY2014	★ Conduct supplier audits	
	Compliance with relevant laws	Revise master transaction agreements	○	Master transaction agreement execution rate: *	Revise master transaction agreements	
		Conduct briefing sessions on the "Act against Delay in Payment of Subcontract Proceeds to Subcontractors"	○	Number of trainees: Approx. 140	Conduct briefing sessions on the "Act against Delay in Payment of Subcontract Proceeds to Subcontractors"	
		★ Strengthen the Customs Brokerage Control systems	○		Strengthen the Customs Brokerage Control systems	
Prevent transactions with antisocial forces	Conduct monitoring activities with respect to new and existing suppliers	○	Number of newly registered suppliers: 7	Conduct monitoring activities with respect to new and existing suppliers		
Consumer Issues	Strengthen quality management system	Improve operation of quality management system (QMS)	○		Improve operation of quality management system (QMS)	P28
		★ Strengthen quality assessment at overseas subsidiaries	○	Number of offices with quality assessment (domestic/international): 29 companies, 48 offices	Strengthen quality assessment at overseas subsidiaries	
	Develop quality assurance systems	Improve the level of prior evaluations (DR <sup>7</sup> and Examination meetings <sup>8</sup> ) before product launch	○	Number of review meetings held: 74	Improve the level of prior evaluations (DR <sup>7</sup> and Examination meetings <sup>8</sup> ) before product launch	
		★ Implement the program for quality assurance skills improvement	○	Number of workshops	★ Implement the program for quality assurance skills improvement	
Compliance with relevant laws	★ Establish a system to grasp information on and control contained chemical substances	△		★ Establish a system to grasp information on and control contained chemical substances		
Indicate proper use of products	★ Establish guidelines on preparation of product catalogues and revise as needed	○	Number of people trained : To be held from FY2014	★ Conduct a training for preparers of product catalogues, etc.		
Community Involvement and development	Educational and cultural contributions	Provide support to educational and research institutions and cultural activities in each region	○	Yen (Social Contribution Accounting base): Approx. 95 million yen	Provide support to educational and research institutions in each region	P29-30
		★ Social contribution	○	Coverage rate of a search (sales amount): *	Improve accuracy of social contribution accounting and enhance its coverage (especially overseas bases)	

\*1 **Timely disclosure:** A requirement concerning disclosure of material corporate information that is imposed by stock exchange to listed companies to maintain fair stock prices and protect investors.  
 \*2 **Compliance hotline:** A whistleblowing system instituted by the Nikkei Hotline Regulations. The compliance hotline allows one to discuss incidents of violations of laws, internal regulations, management policy or compliance code with expert staff when it is difficult to discuss such incidents with his or her superiors or colleagues.  
 \*3 **Anti-monopoly Act:** An acronym for Act concerning Prohibition of Private Monopoly and Maintenance of Fair Trade  
 \*4 **Small meeting:** A small-size meeting in which corporate's executives mainly exchanges questions and answers with analysts and fund managers  
 \*5 **BCP:** An acronym for business continuity plan. A BCP lays down recovery procedures for personnel, equipment, raw materials, and other matters in preparation for natural disasters, terrorist attacks, and other emergency situations that make it difficult to continue normal business operations.

\*6 **PRTR:** An acronym for Pollutant Release and Transfer Register. Under the PRTR system, enterprises are required to report emissions for listed substances to government agencies annually to reduce emission of substances that pose environmental risks.  
 \*7 **DR:** An acronym for Design Review. The purpose of DR is to review specifications, design documents, programs, products and other deliverables at each phase from viewpoints of outsiders (sales, procurement, manufacturing, quality assurance staff, etc.)  
 \*8 **Examination meeting:** A meeting to examine product safety, legal compliance, and quality assurance at the time of making changes to work process that affect quality as well as before new product launch.  
 \*9 **Social contribution accounting:** A tabulation of the sum expended for social contribution activities.  
 \*10 **KPI:** An acronym for Key Performance Indicators

The NLM Group works on the development of its corporate governance systems capable of making the most use of its organizational strength based on the understandings that its corporate value and obligations for social responsibilities are realized only through its strong corporate governance.

[Governance Structure Chart]



**Operating Governance**

The NLM Group adopts a holding company structure in its business operation and places its group companies under the umbrella of its holding company, Nippon Light Metal Holdings Co., Ltd.

Nippon Light Metal Holdings Co., Ltd. has its own Board of Auditors and aims at strengthening the corporate governance systems as follows:

- Hire five outside board members. Designate four of them as independent board members.
- Set the term of for directors to be one year
- Introduce the officer system and separate the management supervision from the business execution.

**Communication with shareholders and investors**

**Dialogues with shareholders through shareholders meetings**

Nippon Light Metal Holdings Co., Ltd. considers the general meetings of the shareholders as a valuable scene where the top management is able to have a direct dialogue with all the shareholders. The Company wants to respond to the shareholders' expectations by working toward continued redistribution of profits and growth of its corporate value.

Visual images and narration work are used in the meetings in order to better explain the content of the proceedings. Also, in order to gain understandings of the matters to be reported and resolved as quickly as possible, internet is used for information disclosure and voting through internet as well as the voting.

**Holding of IR briefing session**

Nippon Light Metal Holdings Co., Ltd. announces its earnings reports quarterly through Tokyo Stock Exchange as well as through mass media companies based on the disclosure rules. The CEO, himself, provides explanation regarding the earnings and management policies during this past earnings announcements and the second quarterly earnings announcements. The earnings presentation materials are available on the website.

Additionally, the Company strives to follow its fair disclosure\* rules, arranges the small meetings for corporate investors, conducts individual interviews throughout the year, and also provides its top management with feedback as needed based on the opinions given.



IR briefing session

\*Fair Disclosure: refers to a fair disclosure of information and is something that must be promptly disclosed to general investors in the event that a corporation divulges undisclosed and important information to specific market participants.

[Year-end dividend per share (March)]

	Nippon Light Metal Company, Ltd.		Nippon Light Metal Holdings Company, Ltd.	
Year	2011	2012	2013	2014
Yen	2	2	3	4

**Internal Control System**

The NLM Group is intended to comply with laws, manage risks in its business process, streamline its operation, and prepare fair financial reports, and works on further enhancing the internal control system. The Group also works toward ensuring legality and efficiency of its business operation as well as improving and reviewing the systems using examples from the opinions from Board of Auditors and outside directors.

Furthermore, the NLM Group appoints a responsible official for its group companies and departments to promote the maintenance and improvement of the internal control systems, thereby making continuous improvements.

**Risk Management**

In order to address various risks surrounding its businesses, the NLM Group is committed to steadily increase corporate value by putting in place appropriate controls and practices in harmony with the Group's business strategies. The NLM Group has identified eight risks requiring group-wide, comprehensive management as "major risks", and designated organizations in charge of risk management.

The Group checks the status of these major risks by interviewing the directors in charge once every half-year period and holding monthly meetings and works on reducing risks.

During FY2013, "Personal Information Protection for applicants", "General disaster-prevention drills", and "comprehensive checks on product catalogs, etc." were conducted.

[Major risks]



**Future efforts**

The Group, as a governed corporation, considers that its commitment to governance, internal controls, and risk management should be further enhanced with its business expansion abroad, while respecting structures and systems suitable for each country and region.

**CSR promotion system**

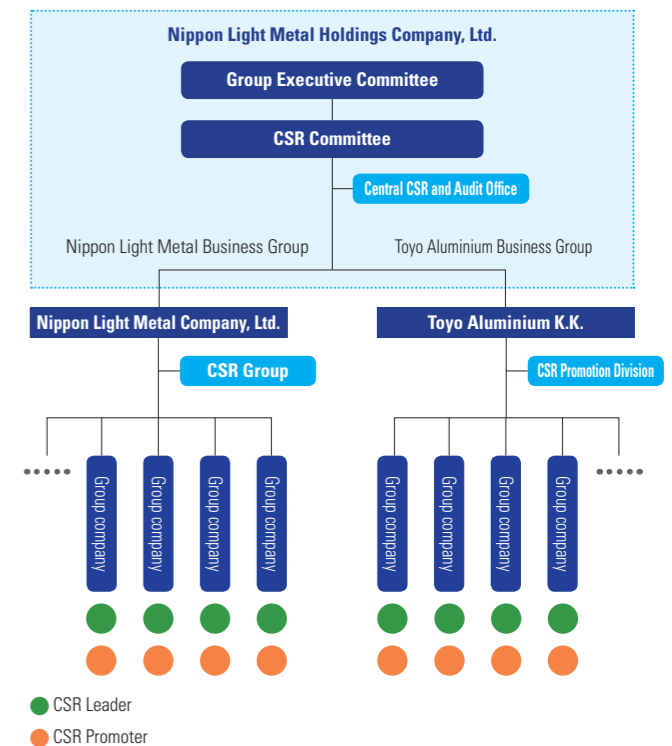
**CSR committee**

The NLM Group is intended to enhance CSR activities throughout the entire group and thereby having a CSR committee in place. The CSR committee appoints the CSR officer from the Nippon Light Metal Holdings Co., Ltd. to be a chairperson, and also consists of CEOs from major group companies and responsible officials from each department. The CSR committee holds its meetings twice a year to discuss and determine the NLM Group's CSR activity promotion programs in addition to exchanging and sharing information on the policies for CSR promotion.

**CSR leader and CSR promoter**

The NLM group assigns CSR leaders and CSR promoters for its group companies or departments. The activities by group companies or departments are significant in order for the entire group to promote its CSR activities. The CSR leaders and CSR promoters assume the roles for governing and promoting the CSR activities by group companies or departments.

[CSR promotion system structure of the NLM Group]





**Corporate Profile**

**Corporate Name:** Nippon Light Metal Holdings Company, Ltd.  
(abbr. The NLM HD)

**Capital:** 402,829 million yen (consolidated)

**Certification Code:** 5703

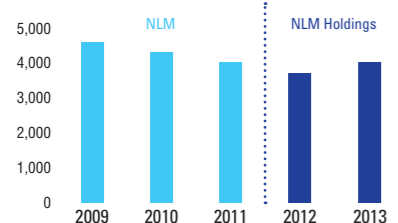
**Number of Employees:** 10,438 (consolidated)

\*All data as of FY2013 or March, 2014.

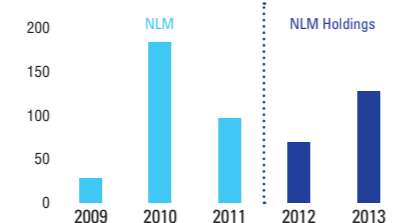
**Headquarter Office:** 2-2-20 Higashi Shinagawa, Shinagawa-ku, Tokyo

**Date of Foundation:** October 1, 2012

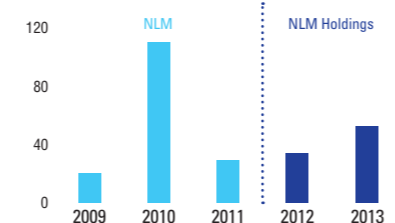
**Sales trend (Consolidated)** (100 million yen)



**Trend of Current Earnings (Consolidated)** (100 million yen)



**Trend of Current Net Earnings (Consolidated)** (100 million yen)



**Business Summary**

The NLM Group, an all-round manufacturer of aluminium, supplies various products in a wide range of market.

Department	Major products
<p><b>Alumina, Chemicals, and Ingot Business</b> Component ratio of Sales <b>26.2%</b> Sales <b>105,488</b> million yen</p> <p>Alumina, Low soda alumina, Aluminum hydroxide, Chemicals, Caustic soda, Chlorides, Alloy, Wire, etc.</p>	<p>Alumina, Low soda alumina, Aluminum hydroxide, Chemicals, Caustic soda, Chlorides, Alloy, Wire, etc.</p>
<p><b>Sheet and Extruded Products Business</b> Component ratio of Sales <b>17.7%</b> Sales <b>71,274</b> million yen</p> <p>Car suspension Parts, Lead-free free-cutting aluminum alloy, Rapidly solidified powder aluminum alloy extrusions, High strength high formability aluminum sheets, Large structural elements for rolling stocks, Gate for truck cargo bodies, Aluminum plates for semiconductor/LCD manufacturing equipment, Foil stocks, Material for photoconductor drums, Printing cylinders, Industrial materials, Aluminum honeycomb panels, materials for temporary work, building materials, etc.</p>	<p>Car suspension Parts, Lead-free free-cutting aluminum alloy, Rapidly solidified powder aluminum alloy extrusions, High strength high formability aluminum sheets, Large structural elements for rolling stocks, Gate for truck cargo bodies, Aluminum plates for semiconductor/LCD manufacturing equipment, Foil stocks, Material for photoconductor drums, Printing cylinders, Industrial materials, Aluminum honeycomb panels, materials for temporary work, building materials, etc.</p>
<p><b>Fabricated Products and Other Businesses</b> Component ratio of Sales <b>32.8%</b> Sales <b>132,261</b> million yen</p> <p>Automobile parts, die-casting, Heat exchangers for automotive use, Vans, Trailers, Wing roofs, Temperature control vans, Anodized foil for electrolytic capacitor, clean rooms, Commercial refrigerator and freezer panels, Landscape engineering products, Space truss structure elements, Plant packages for communication base stations, Disaster repository, Carbon blocks for blast furnaces, Solar panel frames, etc.</p>	<p>Automobile parts, die-casting, Heat exchangers for automotive use, Vans, Trailers, Wing roofs, Temperature control vans, Anodized foil for electrolytic capacitor, clean rooms, Commercial refrigerator and freezer panels, Landscape engineering products, Space truss structure elements, Plant packages for communication base stations, Disaster repository, Carbon blocks for blast furnaces, Solar panel frames, etc.</p>
<p><b>Foil and Powder Products Business</b> Component ratio of Sales <b>23.3%</b> Sales <b>93,806</b> million yen</p> <p>Aluminum foil, Aluminum foil for electrolytic capacitors, Antennas for IC cards/tags, Powder and paste, Solar panel back-sheets, Conductive inks for solar cell electrodes, etc.</p>	<p>Aluminum foil, Aluminum foil for electrolytic capacitors, Antennas for IC cards/tags, Powder and paste, Solar panel back-sheets, Conductive inks for solar cell electrodes, etc.</p>



The NLM Group, with self-awareness as a global corporation, will give extra considerations to any circumstances and situations jeopardizing human rights in the scope of its businesses.

**Efforts for Human Rights**

The NLM Group thus far has dealt with many human rights issues such as sexual harassment and power harassment surrounding its employee management.

Furthermore, during the recent years, the NLM group has expanded the business activities through supply chains to meet social demand, thereby striving to understand problems not only domestically but internationally. Although these efforts have only just begun, the NLM group continues to place emphasis on human rights issues from here on.

**Toward a workplace encouraging active participation by diverse human resources**

**Fortuna Training**

Females consist of only 2.4% of the management sector in the NLM Group, which is a relatively low composition rate. This indicates that recruitment of female workers remains an issue. To address this issue, the NLM Group is determined to enhance job assistance systems for those female employees who are in their pregnancy and child-rearing period during which turnover ratio among these female employees rises. The NLM Group also implements awareness-raising policies for female employees.

Fortuna training (named for happiness for the company and women), which started in FY 2012, is something that the NLM Group especially puts an emphasis on. This training is intended for female employees and their superiors to increase their organizational strengths by utilizing the power of women. Trainees (female employees) receive educational programs on career awareness and career development. Trainees then make business improvements in workplace and provide coaching for subordinates under the guidance of a full-time instructor. Additionally, their superiors receive the training on utilization and management of diverse human resources.

Various business improvements from women's standpoint, including reviewing of small assets, improvement of document management work, streamlining of patent application /withdrawal, and renewal of internal intranet, have been developed and introduced.

In the wake of this training, an increasing number of female employees have changed their job categories and have also been hired as managers.

"think by yourself, involve others, overcome challenges, and achieve results" through this training program. Not only the trainee's but also the entire department's involvement finally reinforced its vector and effectively revitalized the organization.

**Practical Training at Special-Needs School**

The NLM Group not only takes multiple approaches to promote employment of people with disabilities but implements training to change awareness among those who hire them.

One of the practical trainings includes interaction between people with disabilities and new hires in comprehensive work. With efforts from eight special-needs schools in Shizuoka Prefecture, practical trainings were offered in these schools. It was our hope that studying about disabilities and spending time with students with disabilities would not only enhance cooperation with people with disabilities but also make future leaders to promote diversity in our human resources.

**Comments from Trainee's Superior**

**Seiji Tamaki**  
(Trainee: Sayaka Fujiwara)  
Nippon Fruehauf Co., Ltd.

**Topic for improvement: Reviewing of internal request forms and travel allowances**

I feel that the trainee has gained confidence and become proactive in everything she does by going through a process of

**Comments from Trainee**

**Hayato Okahata**  
Nikkeikin ACT Co., Ltd.

My interactions with children with disabilities changed my understanding of "diversity". I was impressed that everybody has amazing individualities, for example one child listens to others sincerely or some other child facilitates the juniors, and the school teaches them to enhance such individualities.

I consider that a method I learned through this training, which is to "find positive qualities in others", serves as an important way of thinking for my own career.

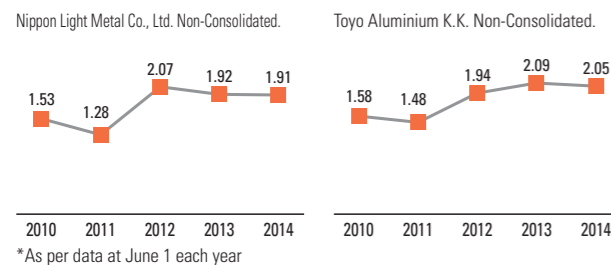
**Main Indicators**

[Number of employees by country/region]

	Japan	Asia	U.S./Europe	Total		
Full-time directors	276	45	6	327 <sup>*1</sup>		
Employees	Managerial positions	1,308	150	36	1,494 <sup>*2</sup>	
	Regular Employee	Male	6,259	1,044	209	7,512
	Female	1,003	397	32	1,432	
	Total	8,570	1,591	277	10,438	

\*1. The percentage of female in director positions is 0%.  
 \*2. The percentage of female in managerial positions is 2.4%.

[Employment Rate of People with Disabilities Changes]



**Responsibilities as a Global Company**

The NLM Group has many overseas bases, therefore areas of our employee activity does not remain only in Japan.

Thus, the NLM Group places its emphasis on personnel development to succeed globally and to lead the entire group based on the understanding of cultures and characteristics of each country and community.

**Global Training**

The NLM Group prepares various programs for understanding social problems in the world and cultivating human resources toward their active participation at a global level. For example, employees learn business standards in the world by interacting with other companies and receiving overseas training through the Management Training Program (approximately 119 employees participated) or acquire global competence through practical experiences such as extended-stay abroad through Global Training Program (approximately 12 employees participated).

**After the training**

**Hiroyuki Bunno**  
 Nikkei Panel System Co., Ltd.  
 Training received both at other company in Thailand and Nikkei Siam Aluminium Ltd.

In the NLM Group, most of those stationed abroad take their posts as managers. However, due to my trainee status, I had ample

opportunity to interact with local people in equal relationship. The friendship I developed and the culture I learned only through my status as a trainee have broadened my perspective. Thus, I feel that increasing the globally competent employees would be a big advantage for the NLM Group's growing globalization.

**Recruitment of President from Locally Hired Employee**

Nikkei MC Aluminium Co., Ltd. is committed to improving comprehensive skills among local employees employed at its overseas bases to prepare for their potential management responsibilities in the future.

Nikkei MC Aluminium Co., Ltd., a locally-incorporated company in China, recruited its President from local employees in 2011 and also hired its Vice President of Finance in the following year also from local employees. The Company considers this recruitment as one of its accomplishments from years of dedication.

Through localization of management, the Company hopes to operate country- and community-based business activities to better address local needs and issues. Rising morale among local employees helps the Company offer a vibrant workplace.

**Interview with Vice President of Finance**

**Xu Hua**  
 Director President  
 Nikkei MC Aluminium Co., Ltd

I call my employees a family. Although we are a relatively small-size company with only about sixty employees, I recognize all the employees and their family members by their faces. As a head of a family and as a manager, I want to create an environment where employees can learn good aspects of Japanese cultures and grow together with Chinese cultures.

**Drug-Free Workplace Project**

Drug abuse has been one of Thailand's major social problems. Various organizations, groups and individuals, from government sectors to private sectors, have been fighting the war on drugs.

Since the year 2008, Nikkei Siam Aluminium Ltd. has been participating in "White Factory Project (Drug-Free Workplace Project)" promoted by the Thailand Ministry of Labor and Social

Welfare toward a solution to employees' mental health and drug abuse.

Participation in this project entitles a company to voluntarily run optional drug tests including pre-employment urine tests and health checks by the third party. In the event that drug use is detected, the company would support such employee's return to work by providing a paid rehabilitation program for about two weeks. In cases if the company discloses the information on drug user(s), the company will be in breach of law for invasion of human right and privacy.

The Company believes that its proactive involvement in such national activity would lead to a fundamental solution for Thailand's drug problems.

**"White Factory Project (Drug-Free Workplace Project):** This project is intended to raise awareness for prevention of and solution for drug abuse among employers and employees and to provide continuous support for workplace, family and community to eliminate drug dependency. The project started in 2001 and approximately 75,000 companies have participated thus far.

**Compliance Promotion Activities**

The NLM Group is committed to implement "Group's management policies, Dissemination of Group Compliance Codes," "Fostering of Compliance Awareness," "Strengthening of Compliance Systems" and "Enhancement of Compliance Training Education."

Nippon Light Metal Holdings Co., Ltd. takes its initiatives in other activities including "Compliance Meeting" and "Operation of Internal Whistleblowing Systems (Nikkei Hotline)".

**Two wheels of Compliance**

The NLM Group utilizes "Compliance Meeting" and "Compliance Hotline" as a tool to grasp the field compliance issues.

**Compliance Meeting**

The NLM Group holds "Compliance Meeting" on a regular basis. The meeting is held by each departmental unit. Each department comes up with its own themes for every meeting with considerations for its members' job categories, job positions, generations and such. The meeting themes vary from workplace environment, personal information protection, information leak, road safety, handling of industrial waste, to work rules, and such.

The meeting provides a good opportunity for employees to learn about ideas from their weakly-tied colleagues and have another look at them.

The meeting was held 1,623 times with 17,136 participants during FY2013.



Compliance meeting

**Whistle-blowing system (Nikkei Hotline)**

The NLM Group has opened a "Nikkei Hotline" as internal whistleblowing on matters related to compliance. The hotline is available for all employees and allows employees to consult with a wide range of resources including outside lawyers, sexual harassment hotline, and such. The hotline also handles anonymous reporting (consultation). The NLM Group creates an environment where the hotline is easily available by clearly indicating the hotline number on handbooks and posters distributed to all employees and also through intranet. The reported cases are properly handled not to cause the reporter any disadvantages and are reported to the compliance committee.

Some reported cases are disclosed through intranet or used as a tool for the compliance meeting for the purposes of building awareness.

Ten reports were made during FY 2013.

**Future Efforts**

Aluminium originates from bauxite mines. Most mines are managed and operated by international mining majors, therefore its business operates on an uncertain trust that there are no human rights problems. Validating this uncertain trust is also one of the important business tasks for those engaged in the aluminium business.



The NLM Group aspires to create a work environment where each employee feels safe and realizes their full potential while generating stable employment opportunities and ensuring appropriate compensations as fundamental practices.

**Efforts for Labor Practices**

Ensuring health and safety is a top priority of the NLM Group's tasks. On top of its legal compliance, the NLM Group ensures safe work, improves a hygienic environment, and thoroughly upholds labor management including employees' mental health issues, thereby creating a workplace where employees are satisfied with.

**Personnel Development**

**Coaching training**

The NLM Group has implemented a coaching training since FY2001. In order to hand down skills and to educate younger people, the coaching training started with recruiting for supervisory positions at manufacturing sites and providing the leadership training. Currently, any employees in a leadership position can participate in this training. Approximately 300 employees have received the training until FY 2013. The NLM Group will improve the coaching skills among employees through providing the training to revitalize the workplace.

**Work-Life Balance**

**Akaruku Kenkona Shokuba (it means bright and healthy workplace) Activities (AKS Activities)**

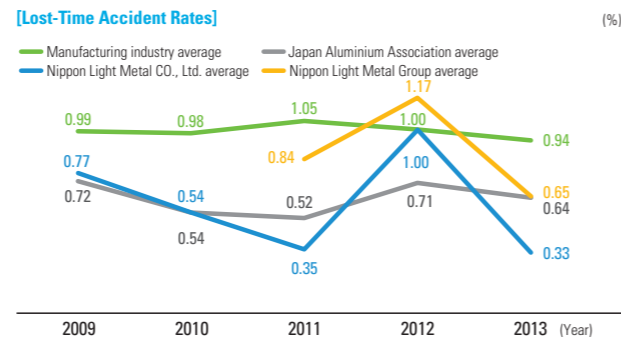
To address increased stress on employees, Toyo Aluminium Business Group implemented AKS Activities since 2007. With a goal of ensuring health for every employee and creating a work environment where each employee can realize their full potential, the company facilitates a variety of activities such as renovating an office building, holding a lecture workshop by outside lecturers, giving a factory tour for employees' family members, and offering health guidance. Based on an analysis of staff's mental health status and mental health environment with questionnaires containing about 116 items, the group decides on contents of activities.

With an emphasis on communication, "Manners Education" began in 2009 and has taught employees about etiquettes and manners in order to nurture pleasant employees and create an appealing company. Until now, sixty nine employees became the manners trainers who learned manners and spirit and also assume their roles of promoting such manners internally, thus a lively and healthy workplace is expanding.



Manners Education

**Health and Safety Activities**



\*Accident requiring more than one day of absence

**Holding of the Group's health and safety committee**

Taking the opportunity of its transition into a pure holding company since FY 2012, the NLM Group as a whole has been committed to restructuring and further strengthening a collaborative system of health and safety activities.

At the Group's health and safety committee, CEOs and the employee representatives from the main group companies develop policies on health and safety, activity plans, and activity guidelines and share the important health and safety issues.

**Talk about safety prior to meetings**

The NLM Group started checking health and safety at every meeting since 2013 to raise and establish safety awareness. This is to increase safety awareness and enhance a higher level of safety activities not only for manufacturing sites but for all departments including development, logistics, construction, and clerical administration, etc. Now, health and safety issues are discussed at all meetings from a divisional to an executive meeting.

This effort increases health and safety awareness among employees and also serves as an opportunity for them to become even more aware of health and safety not only internally but also from broad perspectives including public trends and political measures.

**Future Efforts**

The NLM Group stays committed to securing a health and safety work environment for approximately 10,000 employees. The NLM Group works on reaching to a solution even for new occurrence of problems from its consultation with each employee or labor unions.

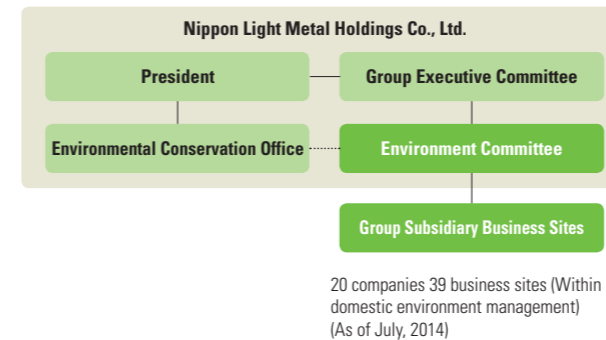


The NLM Group is planning to maximize the use of aluminium and reduce an environmental load through its own manufacturing process based on the recognition that global environment is facing critical situations ever.

**Environmental Management System**

The "Environment Committee" consisting of the board members from Nippon Light Metal Holdings Company, Ltd., the CEOs, and such from group companies discusses and determines basic measures and policies including a course of action concerning the NLM Group's environmental management. Decisions made by the committee are then developed into specific measures by the Environmental Conservation Office of the CSR & Auditing Administration Department (hereinafter called "environmental conservation office), who is a secretariat of the Environment Committee. They are then announced at the Environmental Managers Council and put into practice at each plant and business site\* in collaboration with each other in the group.

**[Environmental Management Structure]**



20 companies 39 business sites (Within domestic environment management) (As of July, 2014)

\*Business site: Range and scope of the application of the environmental management system.

**Environmental Risk Management**

**Initiatives for Environmental Risk Management**

The NLM group recognizes environmental problems as a major risk. Reports on legal compliance status and emergency responses are periodically made to the Board of Directors and the Group Executive Committee.

**Status of Storage and Disposal of PCB (Polychlorinated Biphenyl)-containing Electrical Equipment.**

In accordance with the "Law Concerning Special Measures to promote Proper Disposal of PCB wastes (Law Concerning Special Measures Against PCB waste)" and "Law Concerning Waste Disposal and Cleaning (Waste and Cleaning Law)", the Group conducts thorough maintenance and disposal of the PCB-containing electrical equipment.

Disposal by licensed waste disposal processors has already completed for part of our business sites. The Group was able to decrease the number of the PCB-containing electrical equipment from approximately 200 at the end of March in 2008 to approximately 70 at the end of March in 2014.

**Environment Related Accidents and Emergency Preparedness**

Prompt reporting system has been developed and enforced to handle environmental accidents and emergency responses both inside and outside Japan.

The Group remained free of any environment related legal suits, fines or penalties during FY2013.

**Environmental Audit**

The NLM Group has been granted Environmental Management System Accreditation, ISO14001 accreditation at major domestic and overseas business sites and applies the accreditation. Moreover, aside from the internal audit required by ISO14001, the environmental conservation office of the NLM Group conducts an environmental audit. In FY2013, a specialized audit was conducted to review a compliance status with the Waste and Cleaning Law and Water Quality Pollution Control Act amended and enacted June 1st, 2012. For those business sites that could possibly go foul of the applicable laws due to the amended laws, the environmental conservation office provides recommendations for remediation and follow-up.

**Staff training for acquisition of environmental qualifications**

The NLM Group believes that acquiring legal knowledge through studying for environmental qualifications is one of the effective means to develop staff capable of quickly responding to amended environmental laws at an early stage. Therefore, the Group encourages its staff to obtain various relevant qualifications.

**[Acquisition of Environmental Qualifications]**

Name of Qualification		Number of Employees
Pollution Control Manager	Atmosphere	82
	Water Quality	110
	Noise	24
	Shake	23
	Noise/Shake	20
	Dioxin, etc.	42
	General Powder Dust	26
Industrial Waste Treatment Facility Engineer		16
Chief Administrator for Maintenance of Industrial Waste Subject to Special Control	Non-infectious waste	140
	Infectious waste	6
Qualified Person for Energy Management	Heat/Electricity	85
Certified Measurer	Density-related	2
	Noise/Shake-related	0



**Environmental Goals and FY 2013 Results**

Midterm goals through FY 2020 were newly formulated in FY2013.

A "△" mark (In Progress) was entered for some items including energy use and SOx/ NOx emissions and such because reduction in these items was underway for the midterm goals.

The Group will continue to make steady improvements from here on.

Definition of "Evaluation": ○Achieved △In Progress ×Not Achieved

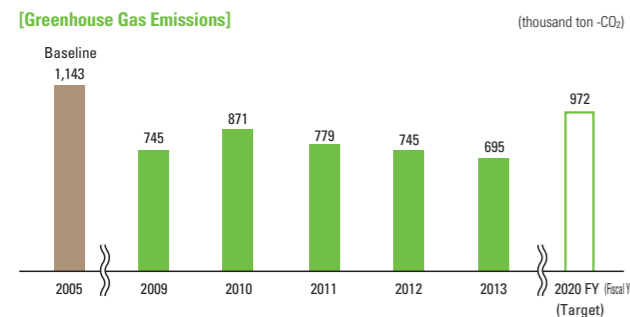
Activity items	Mid-term goals	FY2013 Results	Evaluation	Reference Page	
Energy saving and anti-global warming initiatives	Greenhouse gas emissions	Reduce 15% versus FY2005 in FY2018-FY2022 average by FY2020. 972,000 tons -CO <sub>2</sub> /year	695,000 tons -CO <sub>2</sub> /year	○	P24
	Energy use	Achieve below 12PJ <sup>4</sup> /year by FY2020	12.8 PJ/year	△	
Air Quality Conservation	SOx <sup>1</sup> emissions	Achieve below 350 tons/year by FY2020	379 tons/year	△	P25
	NOx <sup>2</sup> emissions	Achieve below 370 tons/year by FY2020	396 tons/year	△	
Water Quality Conservation	COD <sup>3</sup> emissions	Achieve below 110 tons/year by FY2020	110 tons/year	○	P25
	Total volumes of discharged water	Achieve below 27 million m <sup>3</sup> /year by FY2020	27.9 million m <sup>3</sup> /year	△	
Waste reductions and recycling	Emissions	Achieve below 32 thousand tons/year by FY2020	36.5 thousand tons/year	△	WEB
	Final Disposal (Landfill)	Achieve below 3 thousand tons/year by FY2020	2.2 thousand tons/year	○	
Chemical Management	Reduce in numbers of substances controlled under the PRTR	Below 24 substances	23 substances	○	WEB

\*1. SOx: Sulfur Oxides    \*2. NOx: Nitrogen Oxides    \*3. COD: An Acronym of Chemical Oxygen Demand    \*4. PJ: Unit indicating energy (1PJ=1,000TJ=10<sup>15</sup>J)

**Goal of reducing greenhouse gas emissions and its results**

From FY2013, the NLM Group set the goal of "reducing 15% in greenhouse gas emissions versus FY2015" as the voluntary action plan for FY2013 onwards.

FY 2013 emission was 695,000 tons -CO<sub>2</sub>. The group also steps up efforts in energy-saving and continues to work on reducing emissions.

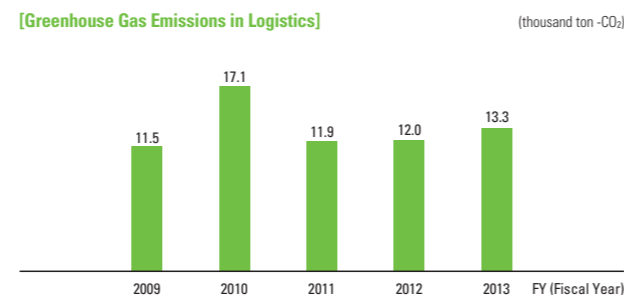


\*Target value means an average value of five years from FY2018 to FY2022. This plan shall be reviewed in cases of any major changes to such prerequisites as "Energy Basic Plan" and "Environmental Action Plan in Electric Industry (Federation of Electric Power Companies)".

**Scope 3<sup>+</sup> Reduction of Greenhouse Gas Emissions in Logistics**

The NLM Group is enhancing its understanding of Scope 3. The Group currently has a grasp of its greenhouse gas emissions in logistics by automobiles out of all the following items: domestic fleet services, automobiles, airplanes, products, and waste.

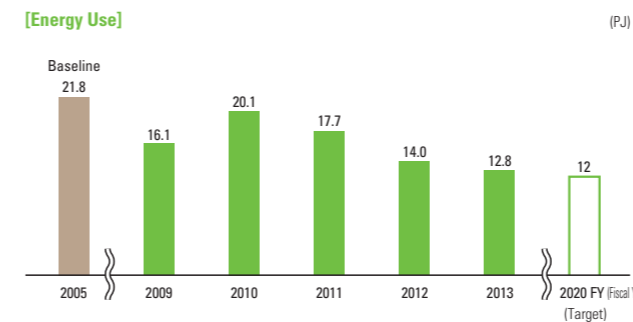
Nikkei Logistics Co., Ltd., a logistics department of the NLM Group, strives to reduce greenhouse gas emissions through encouraging eco-drive and granting awards for excellent drivers. Minor increase in emissions since FY2011 is due to the increase in shipping resulting from work process changes at some business sites. However, the Group will make necessary improvements and reduce emissions hereafter. Also, the group will remain committed to raising its Scope 3 coverage rate.



\*Scope 3: Amount of corporation's indirect greenhouse gas emissions at its supply chains

**Energy Saving Approach**

FY2013 energy use reduced from 14.0PJ to 12.8PJ. The "Energy Saving Committee" established in the NLM Group aims to develop cross-sectionally by sharing plans and case examples from each business site. The Group believes that these activities are contributing to an outcome of reducing energy use.



**Environmental Accounting** \* ( ) =FY2012 Results

Investment totaled approximately 1 billion yen (approximately 1.6 billion yen) while expenditure was approximately 5.9 billion yen (approximately 7.1 billion yen) for FY2013 Environmental Conservation Expenditures.

Primary factors for a decrease both in investment and expenditure are a decrease in capital investment from changeover of raw materials at the Shimizu Plant site of Nippon Light Metal Co., Ltd. another decrease in the waste disposal expenditure.

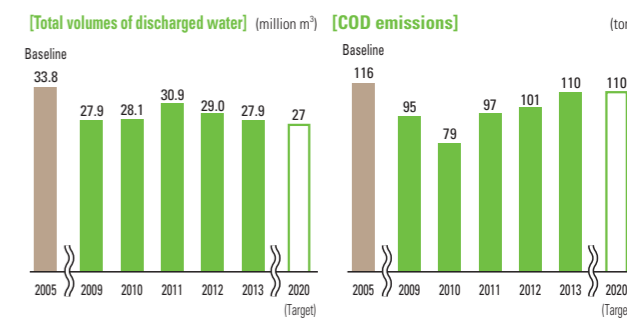
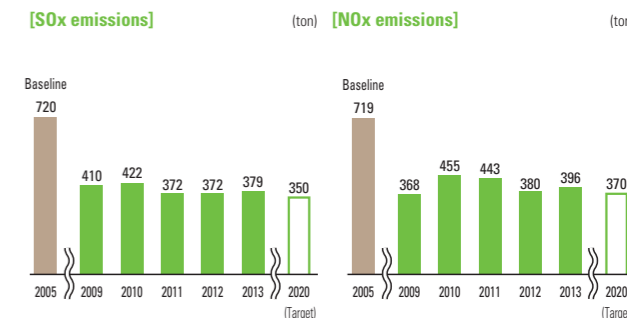
[ Environmental Conservation Expenditure ]			Unit: Million Yen
Category	Investment	Expenditure	
Costs incurred	529 (874)	1,001 (1,716)	
within business area	350 (375)	140 (207)	
Upstream/Downstream costs	50 (327)	1,004 (1,107)	
Management costs		275 (303)	
R & D Costs	85 (39)	147 (170)	
Social activity costs		3,265 (3,549)	
Environmental remediation costs		11 (17)	
		65 (76)	
<b>Total</b>	<b>1,014 (1,615)</b>	<b>5,908 (7,145)</b>	

[Earnings		Changes in Expenditures <sup>1,2</sup>	
Details	Total	Details	Total
Disposal of Valuables		Energy expenditures	-622 (-276)
Earnings from recycling waste produced in the course of main business activities and recycling of used products	357 (382)	Water expenditures	-6 (-51)
		Waste disposal expenditures	282 (154)
		VOC <sup>3</sup> disposal expenditures	-6 (-77)
		Legally required contributions for the reduction of designated environmentally harmful substances (Example: SOx pollution levy)	2 (4)
<b>Total</b>	<b>357 (382)</b>	<b>Total</b>	<b>-350 (-246)</b>

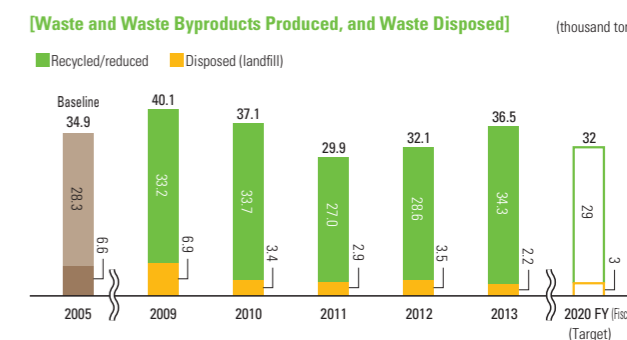
\*1. Changes in expenditures are calculated using the following methods: Changes in expenditures = expenditures incurred during a base period (FY2012) - expenditures incurred during current year (FY2013).  
\*2. -(minus) indicates an increase in expenditures  
\*3. VOC (Volatile Organic Compounds)

**Air and Water Quality Conservation**

SOx and NOx emissions during FY2013 increased due to production increases in a die-casting line. In terms of water quality, although COD emissions slightly increased, total volume water discharged decreased. This decrease was due to changes in work procedures associated with changeover of raw materials at the Shimizu Plant site of Nippon Light Metal Co, Ltd.



**Waste Reductions**



Compared to FY2012, although emissions increased nearly 4,000 tons, the amount ultimately disposed into landfill decreased by about 1,000 tons as a result of promoting recycling.

The Group also conducts proper waste disposal in accordance with Waste Disposal and Public Cleansing Law by adhering to the disposal contract standards as mandated for waste treatment contractors (original contractor for construction waste included).

Moreover, the Group conducts an on-site inspection of intermediate treatment facilities of industrial waste treatment contractors while working on internal coordination in the Group.



**Material Balance** (\*) FY2012 Results

[FY2013 Results]

INPUT		
Electricity	7.8 PJ	(8.2 PJ)
Fuel	5.0 PJ	(5.8 PJ)

OUTPUT		
Greenhouse Gas	695 thousand ton -CO <sub>2</sub>	(745 thousand ton -CO <sub>2</sub> )
SOx	379 ton	(372 ton)
NOx	396 ton	(380 ton)
Discharged water	27.9 million m <sup>3</sup>	(29.0 million m <sup>3</sup> )
COD	110 ton	(101 ton)
Waste	Disposed (landfill)	2.2 thousand ton (3.5 thousand ton)
	Recycled/reduced	34.3 thousand ton (28.6 thousand ton)

**Hydroelectric power generation and Stream Environment Protection**

Nippon Light Metal Co., Ltd. owns six power plants and hydroelectric equipment consisting of two dams along the watersheds areas of the Fuji River running in both Yamanashi and Shizuoka prefectures. The Company has seventy-five years of history in its hydroelectric power generation since the completion of Namikii Power Plant in the year 14 of Showa era.



KAKIMOTO Dam

Electricity generated by hydroelectric power generation is renewable energy built into natural cycle of the earth and draws people's attentions as environmentally-free and clean energy in recent years. The NLM Group makes efficient use of such valuable energy to the fullest extent and produces a variety of aluminium products.

Furthermore, since the hydroelectric power generation uses river water, the Company takes part in activities for protection of river environment and biodiversity. The Company, in an attempt to conserve the river environment, secures the river continuity by creating a fish passage and continuously releasing fish at a diversion weir. Also, research studies on fish ascending are conducted every year with approval from Yamanashi prefecture.



Fishway in TOSHIMA Weir

**Management of Chemical Substances in Products**

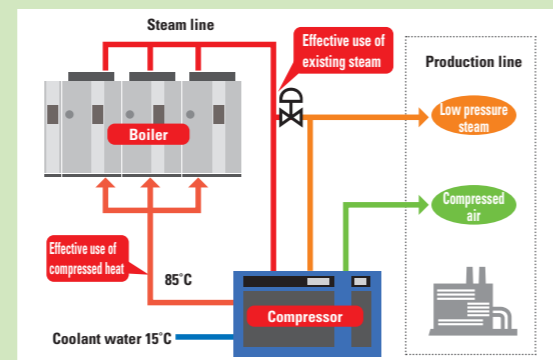
At the NLM Group, Purchasing, Quality Assurance and Environmental Conservation departments have been working together to strengthen the management of chemical substances in products.

In terms of the management of chemical substances in products, compliance with RoHS Directive of Europe<sup>\*1</sup> and REACH<sup>\*2</sup> is required for materials/ raw materials department as well as for a department in charge of direct delivery of products. The NLM Group undertakes the proper management of prohibited substances and controlled substances.

\*1: **RoHS Directive:** An acronym of "Restriction of the use of certain Hazardous Substances in electrical and electronic equipment directive"  
 \*2: **REACH:** An acronym of "Registration, Evaluation, Authorization and Restriction of Chemicals"

**Topic: Introduction of Steam-driven Compressor**

Nikkei Niigata Co., Ltd. has introduced a steam-driven compressor in 2013. This compressor is powered by steam and capable of cutting back on electricity to a large extent. Steam, after effectively using decompression energy, is supplied to production lines as usual. Introduction of this equipment saves electricity used for compressors by approximately 3%. Effective use of compressed heat and improved boiler efficiency saves natural gas for fuel use by approximately 8%.



Structure of steam-driven compressor

**Future Efforts**

While domestic environmental burden is decreasing due to shift to overseas production, the NLM Group, in its effort to understand a group-wide environmental burden, is determined to build the environment management systems covering overseas group companies.



The NLM Group strives to build and maintain ethical, legal and productive relationships together with our customers, business partners, competitors, administrative authorities, and any other organizations and groups involved.

**Toward "a corporate group highly regarded by the society"**

With an aim to become a corporate group highly regarded by the society, the NLM Group has established the Group Compliance Codes, a specific code of conduct for the Group companies' executive officers and employees and is committed to ensuring dissemination of the codes.



Compliance Handbook

**CSR-oriented Procurement**

The NLM Group recognizes risks of forcing unfair terms of business (abuse of dominant bargaining position) using its status as an ordering party in relationships with business partners as suppliers. To avoid such risks, the procurement department plays a central role in making efforts to eliminate such risks.

Especially, the Group is united to comply with "law against Delay in Payment of Subcontract Proceeds to Subcontractors". Procurement managers work on building awareness by offering study sessions, individual consultations, and case studies at the group procurement manager's meetings. Efforts on the study sessions began in 2010 and approximately more than 500 people have participated in the study sessions.

With a renewal of the purchase system in FY2013, a list of subcontractors has been compiled as a database as before. Also, any entries of terms of business violating the law have been disabled in order to curb the risks for the unfair terms of business at a business systems level. Two document reviews and one on-site inspection were conducted in FY2013, however no issues were reported.

Furthermore, the Group, in collaboration with Finance department, has strengthened its responses to prevent any unfair actions as refusals to shifting the increased consumption tax.



Study sessions on Laws against Delay in Payment of Subcontract Proceeds to Subcontractors.

**On-Site Inspection by Japan Fair Trade Commission**

Nippon Light Metal Co., Ltd. received an on-site inspection by Japan Fair Trade Commission in April, 2014 on suspicion of violation of Anti-Monopoly Act in trading of polyaluminium chloride and aluminium sulfate. Nippon Light Metal Co., Ltd. extends every possible cooperation to an ongoing inspection.

Moreover, the Group takes this matter sincerely and seriously and works on ensuring full enforcement of compliance all the way to the tail end of the organization by making business improvement in receiving orders and enhancing trainings on Anti-Monopoly Act.

**Protection of Intellectual Property**

The NLM Group protects and utilizes its accomplishments of research and development activities under intellectual property rights. The Group addresses the protection of intellectual property through respecting the third-party's intellectual property rights.

During a developing phase of new products, each business division, R&D department, and intellectual property department together conduct a prior-art search, file its technology and acquire the rights.

In developing a joint enterprise with local companies abroad, the Group proactively moves forward with acquiring the intellectual property rights needed in such country and works on avoiding technological leakage in the contracting process.

**Future Efforts**

Based on the relations of trust with the customers, the Group will address tasks including the management of chemical substances in products at the supply chains, the protection of human rights and the protection of workers.



The NLM Group targets its entire process, ranging from development/design to manufacturing and delivery, for quality assurance and management activities and undertakes various associated tasks.

**Policies and Systems on Quality Assurance /Management Activities**

The NLM Group continues with quality assurance and management activities in accordance with its quality policies. In addition, to bolster up such activities, the Group has established "Central Product Safety & Quality Assurance Division" directly controlled by the president of Nippon Light Metal Holdings Co., Ltd.

Furthermore, the Group has also established the "Group Quality Committee" consisting of members appointed by the quality assurance and management managers. This committee builds a network beyond companies and divisions to mutually raise quality awareness by developing annual quality policies, discussing quality problems, and sharing information.

**[Organizational Structure for Quality Assurance and Management Activities]**



**Quality Diagnosis**

The NLM Group conducts annual quality diagnosis at each group company at home and abroad. To perform the quality diagnosis, Central Product Safety & Quality Assurance Division conducts a site visit to each group company and picks out issues to be addressed in areas of quality assurance and quality management. Main contents include clarification of development process, checks on manufacturing process, and status checks on management of subcontractors and purchased parts and on compliance with applicable laws and regulations.

Quality diagnosis was performed for 48 business offices and 29 companies including overseas locations in FY2013. Results show no legal violations in delivery of products and services.

**Approach to Appropriate Disclosure of Information**

The NLM Group has established "Guidelines for Product/Service Labeling" in May, 2013. In providing customers with the NLM's products and services, it is significant for any product/service labels to be easily understood other than being legally compliant and accurate in information delivered. Therefore, these guidelines have been established to provide appropriate information labeling on the NLM's products and services.

Research subcommittee consisting of group companies and departments was set up to prepare these guidelines. To put these guidelines into effect, an administrative structure was formulated by designating a labeling preparation division, a person to authorize, and a chief administrator.

As an additional approach, the Group has scheduled awareness building activities of these guidelines for the NLM Group's chief administrators, etc.

**[Guidelines for Products/Service Labeling]**

Covered display medium	<ul style="list-style-type: none"> <li>Product main body (labeling included)</li> <li>Operation Manual</li> <li>Construction Manual</li> <li>Catalog</li> <li>Brochure</li> <li>Flyer</li> <li>TV commercials</li> <li>Newspapers</li> <li>Magazines</li> <li>Poster</li> <li>Signboard</li> <li>Web site</li> <li>News Releases, etc.</li> </ul>
Contents of Guidelines	<ul style="list-style-type: none"> <li>Easy-to-understand display</li> <li>Labeling without false and exaggerated statements</li> <li>Labeling of appropriate comparisons</li> <li>Information labeling of environmentally conscious products and services</li> <li>Caution for terminology and notation</li> <li>Warning label, etc.</li> </ul>

**Future Efforts**

The NLM Group expands its business domain through cross-divisional activities. In order to ensure stable quality, the Group will continue to address consumer issues on new products and services as well.



The NLM Group aims to contribute to countries and regions impacted by its business by supporting local financial, cultural and development activities through government and local representatives in addition to creating employment opportunities and making proper tax payments.

**Disaster Relief Agreement with Inazawa city in Aichi Prefecture**

Nagoya Plant of the Nippon Light Metal Co., Ltd, Inazawa City, and a local association for promotion of regional development entered into a triangular "agreement concerning assistance in the event of disaster" in December, 2013. Although the relief agreements have actively been executed by government and corporations after the Great East Japan Earthquake, this triangular agreement including the local association for promotion of regional development is the first case in Inazawa City.

This agreement lays out the followings details of disaster relief in the event of a major disaster such as wind and flood damage and earthquake: supplying well water from the plant for domestic and commercial water upon Inazawa City's request and providing company housing, bachelors' dormitory and parking as temporary shelters. Moreover, as one of the characteristics, the Group's cooperation with local community in terms of disaster and crime prevention for a normal period is also incorporated into this agreement other than disaster relief.

Through this disaster relief agreement, the Group will make further local contributions than ever and continue to promote bonding and communication with people from local community.

Also, upon entering into this agreement, two sets of "Nikkei Water Supply Container" from Nikkeikin Aluminium Core Technology Co., Ltd. were donated to Inazawa City. The NLM group later received a letter of appreciation from mayor of Inazawa City.

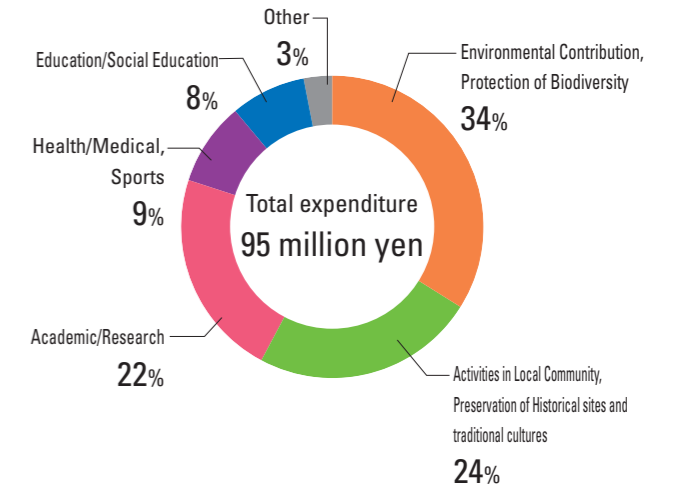


Entered into a support agreement in the event of a disaster

Donated water supply containers manufactured by NLM Group

**Social Contribution Accounting**

The NLM Group does aggregate calculation of social contribution accounting annually as one of the indicators for social contribution activities. FY2013 expenditure was approximately 95million yen.



**Tidy-up at "MIHONOMATSUBARA," the world's cultural heritage**

Nikkei Sangyo Co., Ltd. has multiple business facilities in Shimizu-ku in Shizuoka Prefecture. Also nearby is "MIHONOMATSUBARA" which registered as a heritage asset of the world cultural heritage in June, 2013. In order to come together to preserve this world's cultural heritage, with the motto, "Let's do it! Be of help as much as possible!", the tidy-up activities have begun.

The activities include tidy-up in the suburbs and along the shoreline. The president, followed by about 30 people meets at 6:30 in the morning prior to their normal work hours and tidy up for about an hour once every month.

Even though the city is revitalized by increases in tourists since the registration of "Mihonomatsubara" as world cultural heritage, increased amount of trash has become an issue. The Company continues to perform tidy-up activities to preserve the beautiful "MIHONOMATSUBARA".



Tidy-up



**Factory tour for the Elementary School Students**

Nippon Fruehauf Co., Ltd. facilitated a factory tour to assist in nurturing views of labor and occupation among children in the community. They invited 35 fifth grade students from Kamiichi Elementary School in Atsugi City in November, 2013, made a presentation, gave them a factory tour and a tour of the finished wing truck, and also provided them with an opportunity for workplace experience.

As part of workplace experience, the students experienced riveting in order to create key chains. As many as approximately 4,000 rivets per truck are used in manufacturing the trucks. While the students struggled with rivets and rivet tools they use for the first time, they worked hard on making key chains. They seem to have learned that work standard and safety rules need to be adhered to even just to hammer one rivet in.

Those students who participated provided the following feedback, "It was amazing to learn that trucks are manufactured not only by machines but by hand!" "I was surprised to see a number of materials used."



Riveting experience (Making of key chain)

**Participation in Tomakomai Port Festival again**

Many business facilities of the NLM group participate in local festivals and events as a corporation as much as possible to vitalize and interact widely with the community in addition to holding their own community exchange events.

Tomakomai manufacturing site of Nippon Light Metal Co., Ltd. participated in "Dance of City Residents" at "Tomakomai Port Festival" held in Tomakomai City in August, 2013. This was the first time after 15 years. On the day of the festival, 130 employees, approximately half of the employees at the manufacturing site, participated and received a "Fashion Award" for their dressed ranks and brilliant dance. Although there were times that they were unable to participate due to downturn in business, they re-acknowledge the value of community exchange by participating in one of the major events in Tomakomai City. They want to continue to participate in the festival as a precious interaction place for the community and corporation from next year on.



Dance of City Residents

**Road Safety Activities with the Community**

In order to contribute to road safety in the community, Kambara Complex of the Nippon Light Metal Co., Ltd., together with local police and members from the Safety Driving Supervisor's Council, distributes flyers and perform stand guard four times annually at JR Shin-Kambara station nearest to the site.

Also, the measures to place banners for road safety awareness and to install lights for improving nighttime visibility have been taken for the road in front of the main gate at the Kambara Complex as one of the major roads for going to work and school.

In addition, the road safety lecture workshop facilitated by the local police is held twice every year for all employees. The local police give guidance about preparedness for traffic accidents based on up-to-date information on traffic accidents in their jurisdiction. Thus, the Company strives to increase awareness for road safety also from the standpoints of bike riders and pedestrians.



Performing stand guard with holding up a banner



Lecture on road safety by Shimizu Police Station

**Future Efforts**

The Group aspires to proactively support approaches to various community tasks including disaster planning, protection of biodiversity and such and to become a corporation better rooted in the community.



**Mr. Toshihiko Fujii**  
Consulting Fellow, Research Institute of  
Economy, Trade, and Industry

"Most mines are managed and operated by international mining majors, therefore its business operates on an uncertain trust that there are no human rights problems. Validating this uncertain trust is also one of the important business tasks for those engaged in the aluminium business." (Underlined by the writer)

This one sentence about human rights in the 2014 CSR Report, especially the underlined parts, expresses the Nippon Light Metal Group's sincere stance of recognizing its problem as it is. The Group is also straightforward with their current status and defines their recruitment rate of females for managerial positions as "low".

"Power to recognize the problem" was pointed out as one of the contributing factors for the management strength among Japanese corporations in the bestselling "KAIZEN" published in the United States in 1986. There is no KAIZEN unless you recognize your problem. Also, in terms of CSR, a precondition for meaningful approach is to actively share the problems with outside stakeholders without hiding them.

Additionally, as well as last year, I want to value the message from the CEO, Mr. Ishiyama again this year. A depth of his insight regarding relationship between the Group's business and the society described in his message (for example, realization to nail down what to be done as a corporation in face of the increased opportunities to witness the reform term in developing countries and communities due to the NLM Group's business lineup) and definiteness for the future direction based on his insight make this top message an outstanding one of many other CSR reports. I sincerely agree with the part describing that the NLM Group is required to develop "human resources capable of addressing social problems" in the world and the community.

I would encourage a wide range of people to read this report.

Now, I would like to comment on each issue below from the following two CSR perspectives: (1) Solution to social issues through business, (2) Respect for social values and principles in business performance

(1) Solution to social issues through business\*

All case examples featured as special topics this year are highly interesting as last year. The report successfully communicates that we should not be influenced by pessimism and instead should solve issues using wisdom and new technology despite various social and environmental problems existing in the modern society. Especially, I suppose that the article about aluminium chloride hexahydrate contributing to biodiversity would provide readers with new perspectives on relationship between technology and environmental problems.

(2) In terms of respect for social values and principles in performance of business, I would like to provide a comment focusing on the following two points: ① Human Rights and ② Environment.

① Human Rights

As stated above, I want to value again that the Group is straightforward with their current problems. On top of that, as future responses, action steps should be described more specifically in the first place. Although the major action plans for FY2013 and their performance evaluation are listed by category, I expect to see more detailed list of action plans after the reference year in addition to the previous year's evaluation in next year's CSR report. Today, in order to address overall CSR, especially human rights issues, the whole company needs to share its awareness that due diligence is required as a main request from global society against corporations. CSR and procurement departments should be united to put this into practice.

Also, I want to see further and steady efforts, such as Fortuna Training, in providing opportunities for various human resources to play an active role. It is important to maintain the stance to develop "human resources capable of addressing social problems" in the world and in the community.

② Environment

Reduction of greenhouse gas emissions shows that such Group's commitment has come to fruition. On the other hand, as seen in increases in SOx emissions during these past three years, several items concerning air protection and energy consumption are expected to need more efforts to achieve the target value. Furthermore, even though understanding of indirect greenhouse gas emissions at supply chains, so-called Scope 3, and efforts on reduction of Scope 3 are going into a right direction, the scope of efforts is limited to logistics by automobiles. It is recommended to expand the coverage to a whole supply chains in the future.

I want to lay down my pen hoping that CSR approach will become a solid backbone of the NLM Group's global management.

\* We had to leave out the "Special topics", that the writer mentioned below, in English edition for lack of space.



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