

NIPPON LIGHT METAL GROUP INTEGRATED REPORT 2021

CONTACT INFORMATION

Nippon Light Metal Holdings Company, Ltd.

Central Planning Office Public Relations

Urbannet Uchisaiwaicho Building, 1-1-13 Shimbashi, Minato-ku, Tokyo 105-8681 Japan

TEL:03-6810-7100

<https://www.nikkeikinholdings.com>



環境に配慮した FSC® 認証紙を使用しています。

The NLM Group's Management Policy

Three Pillars of the NLM Group

1. Mission of the NLM Group (Management Philosophy)

Be forever committed to the development of new applications for aluminum and aluminum-related materials and thereby contribute to the improvement of people's quality of life and environmental protection.

2. Principle of conduct

Excite employees, impress customers, gratify shareholders, and be gentle to the Earth.

3. Management methods for achieving the mission

- ① Develop products and create businesses based on a matrix organizational team structure.
- ② Implement a single Create-Make-Sell process by consolidating the formerly separated processes of development, manufacturing and sales.
- ③ Manage the operating profit on a product-by-product basis.
- ④ Create a workplace where everyone assumes responsibility for and takes pride in his/her work and where everyone can fully develop his/her abilities as freely as possible.

Basic Policies

Group Management

1. The Group shall be managed from the Group's point of view to maximize our consolidated income.
2. All Group members shall make an effort to work in close cooperation with each other by sharing and using all group properties and resources, in order for the Group to maintain growth.
3. All business units of the Group shall define visions that match their characters and traits, implement the visionary management system in which every member participates, and thereby strengthen each organization's effectiveness.
4. The Group shall take a market-in point of view, aim to develop advanced, innovative technologies, and proactively seek out new business opportunities.
5. The Group shall develop and make use of all necessary human resources from a long-term and global perspective.
6. The Group shall create healthy, safe workplaces, and aim to achieve zero-accident operations.

Corporate Social Responsibility and Corporate Governance

7. The Group shall manage group companies in harmony with shareholders, suppliers, customers, employees, and local communities and aim to be a corporate group highly regarded by the society.
8. The Group shall comply not only with the laws and regulations of the countries and regions in which it operates but also with relevant international standards and their spirit, doing business in a fair and transparent manner.
9. The Group shall provide socially useful, safe, and secure products and services to satisfy and win the loyalty of customers.
10. For environmental issues, the Group shall not only comply with the relevant laws and regulations, but also establish our own environmental policies, and work to realize a sustainable society in an active and proactive way.
11. Recognizing the importance of reliable financial reporting, the Group shall ensure that the accounting standards are complied with and internal control systems are established.
12. The Group shall manage corporate information in an appropriate manner, strive to maintain effective communications with the public, and disclose information in a timely and appropriate manner.
13. The Group shall assess various risks accurately and implement activities for reducing these risks.

(Revised on January 30, 2019)

Editorial Policy

Introduction

Starting this year (2021), the NLM Group will publish an integrated report. The report is designed to communicate the Group's vision for value creation in both financial and non-financial terms to all stakeholders, including shareholders and investors.

As we promised in CSR Report 2020, we have given additional consideration to the previously disclosed draft material issues and identified issues that are material to the businesses of the NLM Group while accepting feedback from outside experts. Based on the information shared in this report, we will engage in dialogue with stakeholders while striking a balance between winning back the trust lost through quality issues and creating value. We look forward to receiving frank opinions from stakeholders regarding this report.

Reference guidelines

This report has been prepared with reference to the International Integrated Reporting Framework advocated by the International Integrated Reporting Council (IIRC), the Sustainability Accounting Standards Board (SASB), Sustainable Development Goals (SDGs), ISO 26000 and the Guidance for Collaborative Value Creation from the Ministry of Economy, Trade and Industry. In addition, information

disclosures on the foundations supporting value creation have been prepared with reference to the Environmental Reporting Guidelines (2018 edition) of the Ministry of the Environment and Global Reporting Initiative (GRI) standards.

Period covered

Data for the report was collected between April 2020 and March 2021.
(Note) Data collected before or after this period is also used in some sections of this report.

Scope of the report

This report describes the activities of and facts about Nippon Light Metal Holdings Co., Ltd. and its 77 consolidated subsidiaries (a total of 78 companies) unless otherwise specified.

Period of issuance

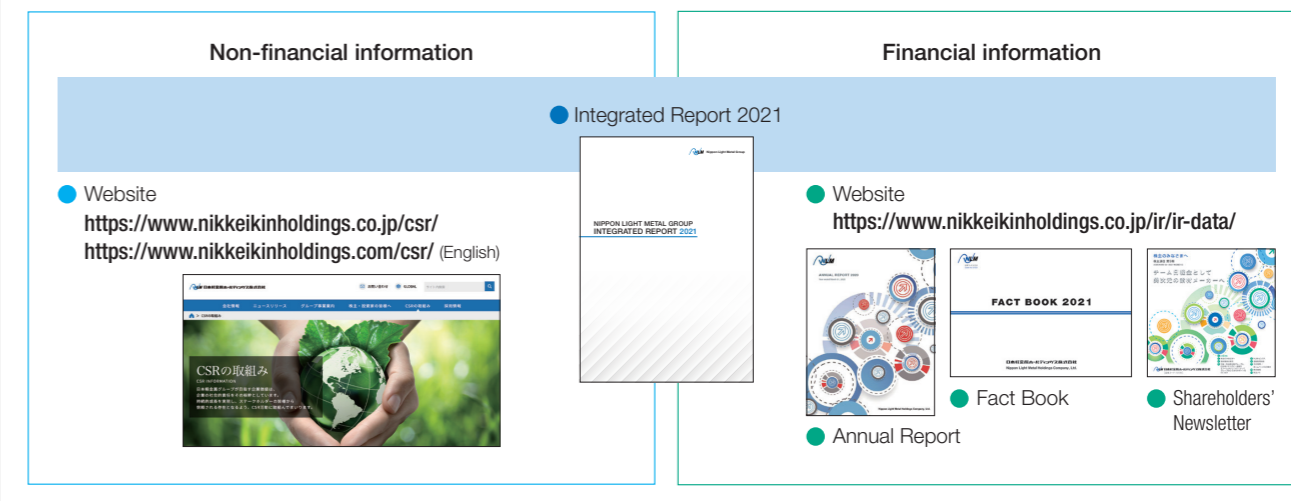
October 2021 (next report: October 2022, previous reports: (annual report) August 2020 (CSR report) September 2020)

Independent assurance

A ★ symbol indicates that a third party, KPMG AZSA Sustainability Co., Ltd., has provided independent assurance regarding the reliability of the data.

Reporting Media

Further details and past initiatives are available on our website.



CONTENTS

Basic Information

- 01 The NLM Group's Management Policy
- 03 Corporate History
- 21 Financial and Non-Financial Highlights
- 49 Data
- 53 Independent Assurance Report

- 54 Initiatives to Support People with Disabilities
- 61 Operating Results and Financial Analysis
- 65 Consolidated Financial Statements
- 67 Company Information and Share Information
- 68 Global Network

Value Creation

- 05 Message from CEO
- 09 Material Issues of the NLM Group
- 11 The Value Creation Process
- 13 Segment Overview

Foundations of Value Creation

- 23 Compliance
- 25 Risk Management
- 27 Quality
- 31 The Environment
- 35 Health and Safety

- 37 Human Resource Development
- 39 Labor Management
- 41 Supply Chain Management
- 43 Local Communities
- 47 Information Security

- 55 Governance
- 59 List of Officers

Corporate History

As a corporate group that has been around for a century,
Team NLM continues to grow sustainably
into a groundbreaking innovator of aluminum and beyond.

1903年

- 1903年 Nasu Aluminium Instrument Factory (later known as Nikkei Aluminum) is founded.
- 1931年 Sumitomo Aluminium Co., Ltd. (later known as Toyo Aluminium K.K.) is established.
- 1934年 Special Light Alloy Co., Ltd. (later known as Nikkei Aluminium Rolling Co., Ltd.) is established.
- 1937年 The Shizuoka Plant of the Riken Foundation (later known as Riken Light Metal Industry Co., Ltd.) is founded.

1939

Nippon Light Metal Co., Ltd. is established. Aluminum smelting operations are started.



1950s

Rapid and widespread adoption of daily necessities made from aluminum



1960s

Aluminum sashes, truck mountings



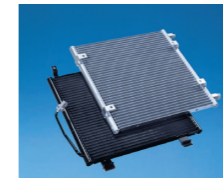
1970s

Industrial refrigeration panels, public landscaping products



1980s

Electrode foil, wheels and heat exchangers for vehicles, memory disks



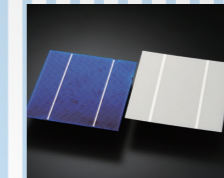
1990s

Secondary alloy business (recycling) Automotive parts



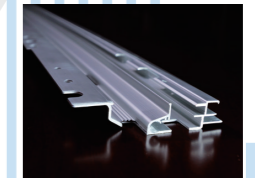
2000s

Foil, powder and paste business



2010s

Overseas expansion (China, Southeast Asia, India, North America)



The technology for smelting aluminum was invented in the early 19th century. Over a history spanning some two centuries since, aluminum-related products have come to be used in every facet of our daily lives. Since the beginning of the 20th century the NLM Group, with its diverse origins, has also been contributing to enriching people's lives and the sound development of society by engaging in a wide variety of businesses dealing with aluminum and related materials, from materials to processing. By passing down this history while engaging in more sustainable business activities, the NLM Group will help improve people's lives and protect the environment going forward.

Net sales (billion yen)

6,000

5,000

4,000

3,000

2,000

1,000

2020 (年)

1903:
Founding phase

1952~:
Development phase

1974~:
Business expansion phase

2003~:
Overseas expansion phase

History and Significance of Business Activities

1903

Aluminum ware manufacturer Nasu Aluminium Instrument Factory is founded.

Household items such as pots and teapots bearing the "nigiri arrow" trademark greatly contributed to developing demand for Japanese aluminum during the early days.



1939

Nippon Light Metal Co., Ltd. is established with the aim of launching an aluminum smelting business through joint investment from Tokyo Dento Company (later known as TEPCO) and Furukawa Electric Co., Ltd.

The birth of an aluminum smelting manufacturer possessing large-scale hydroelectric power generation capacity significantly contributed to the stable supply of aluminum, whose applications across industry and people's daily lives continued to expand.



1952

A capital and technological alliance is agreed to with Canada-based Aluminium Limited (later known as Alcan, now Rio Tinto)

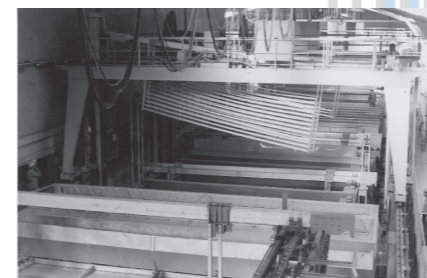
The world-class cutting-edge technologies brought through an alliance with a major worldwide aluminum manufacturer became the basis for the new products and technologies that followed, and supported the explosive rise in demand during Japanese high economic growth period.



1974

Through merger with Nikkei Aluminium Co., Ltd. and takeover of sales business from Nikkei Aluminium Rolling Co., Ltd., a total integrated production system for aluminum products is established.

Due to the sharp rise in electricity rates due to the Oil Shock, the business was rapidly switched from aluminum smelting to focus on aluminum processing.



1999

NLM merges with Toyo Aluminium K.K.

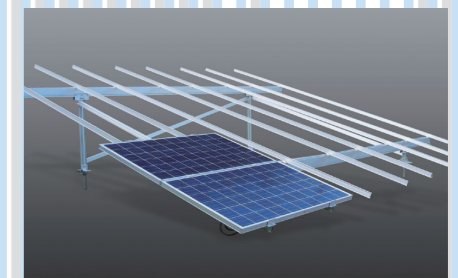
By connecting the final manufacturing process for aluminum foil, diversification of the Group business was achieved, enabling the development of eco-friendly products such as solar power generation.



2012

Holding company system

Business groups that suddenly emerged and grew during the business expansion phase were integrated, and by strengthening coordination through a cross-functional structure, Team NLM was born, with the ability to serve users in more sophisticated and detailed ways.



■ Nippon Light Metal Co., Ltd. ■ NLM Group

※Due to the lack of accurate data, figures prior to 1948 are not listed.

1903

1952

1974

2003

2020 (年)

Message from CEO

As Team NLM, we will strive to be a groundbreaking innovator of aluminum and beyond.



Ichiro Okamoto,
President and CEO

Introduction

On this occasion, the NLM Group has decided to issue an “Integrated Report” in place of its previous CSR Report and Annual Report. In this report, we hope to speak in detail about the external environment that surrounds the NLM Group and the Group’s internal management resources, sharing our vision in terms of how we perceive these

aspects, how we will provide value as a member of society and how we wish to take part in the creation of a better future with a focus on the so-called “value creation process.”

However, before getting into this main topic, I would first like to address the following matter.

The Issue of Revocation of JIS Certification and Request to Cease Using the JIS Mark

We recently became aware that some of our business sites had been shipping products bearing JIS labels even though those products did not meet the standards set forth in the Ministerial Ordinance on Certification of Conformity to Japanese Industrial Standards relating to mineral and industrial products and their processing technologies, and determined that our quality control system was lacking. Based on these revelations, we received notification of the revocation of JIS certification and a request that we cease the use of the JIS mark from the Japan Quality Assurance Organization, the body responsible for JIS certification.

We regard this improper conduct and our failure to prevent it as an organization to be truly unacceptable for a company engaged in the manufacturing business, and are treating the matter with the utmost of seriousness.

We deeply regret that the revocation of JIS certification and request for suspension of use of the JIS mark has greatly inconvenienced our customers and society, and resulted in serious damage to the credibility of the NLM Group as a whole.

At present, we are making a Group-wide effort to fully clarify the nature of the situation, and are working to sincerely explain the situation to our customers while verifying the performance of the products we have already delivered. Additionally, on June 9 we established a five-member Special Investigation Committee made up of three outside attorneys with no vested interest in the Company, one independent outside director and one independent outside auditor. The committee will use its external insight to investigate the cause of the issue from an objective standpoint, and make recommendations to prevent recurrences.

The NLM Group has pursued its business activities under its corporate philosophy to “be forever committed to the development of new applications for aluminum and aluminum-related materials and thereby contribute to the improvement of people’s quality of life and environmental protection.” Each officer and employee of the NLM Group recognizes this problem as their own. We understand that the starting point of everything we do is to accept the harsh criticism with sincerity and humility, and accordingly take concrete actions in order to recover and restore trust.

I would like to again express our deepest apologies for causing this situation.

As Team NLM, we will work to be a groundbreaking innovator of aluminum and beyond.

Our current mid-term management plan that was formulated in 2019 and runs from FY2019 until FY2021 embraces the slogan of “becoming a groundbreaking innovator of aluminum and beyond as Team NLM.”

We have continued to emphasize the “Team NLM” and “groundbreaking innovator of aluminum and beyond” approaches both internally and in public since I took up the post of president, and as they also represent important elements of the value creation process, the central theme of this report, I would like to give you a brief overview of them.

The feature and strength deeply rooted in a history of self-improvement

The NLM Group is a complex business entity that ties together a wide range of businesses with the exceptional material of **aluminum** at its core, covering everything from the material itself to its processing. I believe that this point is truly our greatest feature and strength. To put it another way, instead of having a business structure that is overly reliant on a specific business or specific field, it is precisely this **comprehensive capability** and **diversity** to broadly

cover many fields which is the source of our competitiveness and differentiation.

This also describes the history of the NLM Group itself. Nippon Light Metal Co., Ltd., one of the major companies in the NLM Group, was once a company whose main business was aluminum smelting. But since aluminum smelting consumes large amounts of electricity, the sharp rise in the cost of electricity triggered by the oil shocks of the 1970s severely compromised the international competitiveness of aluminum ingots produced domestically, and in the mid-1980s, the company was forced to effectively withdraw from this business. When facing a crisis where the very survival of the company was at stake, Nippon Light Metal Co., Ltd. made the monumental change of shift the core of its business to the field of aluminum processing.

Over the years, the NLM Group has grown into a corporate group made up of a wide range of businesses, including those that boast high competitiveness and a global reach in processing fields that make use of aluminum. Those companies include Toyo Aluminium K.K., which operates aluminum foil and paste businesses, and Nippon

Fruehauf Co., Ltd., which manufactures body-related parts for trucks and other vehicles.

The **feature and strength** of the NLM Group is deeply rooted in this history of **self-improvement**, and the basis for this is in our greatest asset: **people**. People truly are nothing less than “human assets.”

Responding to the external environment and creating social value

The concept of **Team NLM** also contains a sense of expectation that, if the Group companies possessing this wide range of knowledge and their constituent members (human resources) each combined organically more than ever before, even greater synergies would be created.

The NLM Group has promoted organization-spanning cross-functional collaboration that is not restricted to the frameworks of companies and divisions, and created a host of new products. Our efforts to consolidate the various Group company sites as much as possible when we moved our head office functions to Shimbashi at the end of 2019 were truly rooted in this idea. To further accelerate and

strengthen these moves while continuing to produce concrete results, we will keep thoroughly promoting the **Team NLM** approach.

Being a “groundbreaking innovator of aluminum and beyond” is truly the ultimate form that embodies **Team NLM**. “Groundbreaking” is not simply a matter of expanding scale or volume; it means to address customer needs based on the **Team NLM** approach, to create products and services with high added value and competitiveness utilizing the strengths of the Group by integrating the knowledge of each person, to create new needs and markets, and to compete in new and unique fields. In other words, groundbreaking means being an entirely new type of company and group. This is also an idea and a goal of continually changing in pursuit of that vision.

Our slogan of “becoming a groundbreaking innovator of aluminum and beyond as Team NLM” expresses our determination to become a sustainable group for the future by responding to the rapidly changing external environment, and by continuing to change in order to help create social value.

sought feedback from seven outside experts and engaged in further considerations.

As a result, we identified five items as the priority management issues to be addressed by the Group:

- Protecting the global environment
- Providing sustainable value
- Happiness of employees
- Responsible procurement, production and supply
- Corporate ethics and governance

We will go into further detail about these priority issues, the value we provide on that basis and the value creation story on the following pages. In finding solutions to these issues, we believe it will be important for all officers and employees to take to heart the Group’s Corporate Philosophy and Principle of Conduct, to make these concrete guidelines for how they should act on a daily basis, and to tackle these key issues while striving to “become a groundbreaking innovator of aluminum and beyond as Team NLM.”

Conclusion

Towards a new mid-term management plan

The current mid-term management plan that was formulated in 2019 incorporated three basic policies: (1) creating new products and new businesses, (2) investing resources in growth, and (3) strengthening management foundations. By actively investing management resources including funds and personnel in growth areas, we have strived to realize further growth. While this plan has led to some concrete actions such as the establishment of a new site in North America for automotive parts, unfortunately it has been difficult to meet our numerical targets overall, due to an

economic slump due to global trade frictions and the impact associated with the COVID-19 pandemic since 2020.

We are currently considering a new mid-term management plan with FY2022 as its starting point. We will first focus on restoring the trust that was lost due to the issue of JIS certification being revoked and the request to cease use of the JIS mark. Then, with a perspective of integrated thinking and without fear of change, we will continue efforts to realize our future vision: “becoming a groundbreaking innovator of aluminum and beyond as Team NLM.”

Pursuing integrated thinking

Opportunities and risks that emerge from changes in the external environment

In conducting its business activities, the NLM Group is affected by various changes in the external environment. Examples of these changes include trends related to carbon neutrality, the shift to a recycling-oriented society, the decline in the working population, the advance of globalization, and the intensifying competition that develops as a result. The efforts made by companies to address the Sustainable Development Goals (SDGs) are also being brought into question.

To the NLM Group, these changes to the external environment are major **opportunities** in some ways, and serious **risks** in others. For instance, if reducing greenhouse gasses advances the electrification of vehicles, it would represent an **opportunity** due to the rising expectations placed on aluminum to reduce car weight, but the demise of the internal combustion engine also represents a **risk**.

That is why in conducting our business activities we aim to solve the social issues associated with these changes in the external environment, and it is why we believe that we should specifically address these challenges in our regular business activities. I think this is the starting point of **integrated thinking**.

Giving employees *pride* and *happiness*

A company is the amalgamation of the awareness and actions of each employee that makes it up. That is why it is important that the employees working in the Group, their families and others are able to say “I’m glad I (you) am (are) able to work at the NLM Group!” with a sense of **pride**. We believe that is an important element constituting the **happiness** of employees.

Human resources are the fundamental element of management, and we recognize it is particularly important for those human resources to possess **pride** and **happiness**.

Our future vision and priority issues (materiality)

When considering an integrated report in light of these perspectives, we started by calmly recognizing the external environment the Group faces and the management resources at its disposal. Next, we took another look at the current situation from the perspective of our Mid-to-long-term vision. Then, over the past year, the Company’s Board of Directors, Group Executive Committee and meetings with the presidents of our Group companies had discussed the Group’s strengths and the issues it faces. After this, we



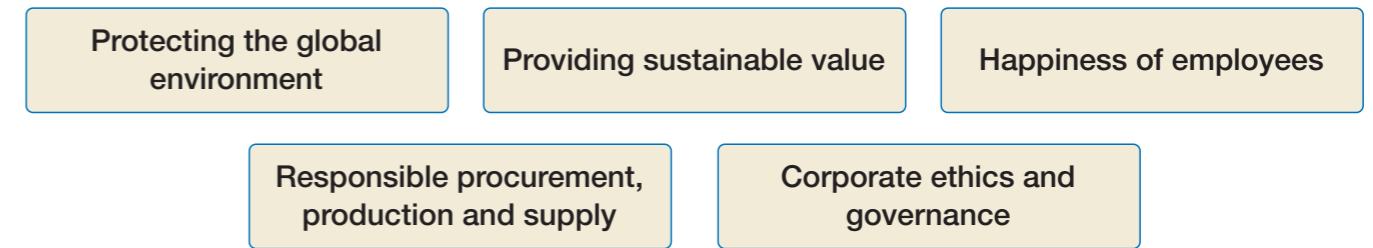
Material Issues of the NLM Group

The NLM Group will contribute to the realization of the sustainable society envisaged by the SDGs through the comprehensive and wide-ranging fields of business related to aluminum. As part of this process, in order to recognize the issues the NLM Group should address in particular and raise them as important management issues for the Group's sustainable growth and the creation of corporate value, we identified the material issues of the NLM Group through the following steps.

Steps to Identifying Material Issues



The Five Material Issue Themes of the NLM Group



The Identified Material Issues

The material issues of the NLM Group were identified as follows.

In the near future, we will set KPIs and target values for each of the issues and work towards achieving them based on concrete plans of action.

The Five Material Issue Themes	Material Issues	SDGs-related Items
Protecting the global environment	● Reducing greenhouse gas emissions from company activities (scope 1, 2)	
	● Reducing greenhouse gas emissions in the supply chain (scope 3)	
	● Action on climate change (TCFD)	
	● Responding to water stress	
	● Preventing environmental pollution	
Providing sustainable value	● Efforts to expand the use of renewable energy	
	● Developing and providing low-carbon products and services	
	● Promoting a recycling-oriented economy and society	
	● Developing and providing robust infrastructure	
	● Contributing to the stable supply of food	
	● Shaping the future through innovation	
Happiness of employees	● Occupational health and safety	
	● Developing a fulfilling workplace	
	● Diversity & inclusion	
	● Securing and cultivating human resources	
Responsible procurement, production and supply	● Providing safe and secure products and services	
	● Protecting and respecting human rights	
	● Developing a stable supply chain	
	● A resilient value chain that is flexible to changes	
Corporate ethics and governance	● Strengthening governance	
	● Reinforcing the compliance framework	

The Value Creation Process

Based on the slogan of “becoming a groundbreaking innovator of aluminum and beyond as Team NLM,” the NLM Group aims to solve a range of material issues in a manner consistent with its Corporate Philosophy and Principle of Conduct.

We will invest both financial and non-financial capital in the wide range of businesses dealing with aluminum and related materials, and contribute to the improvement of people’s quality of life and environmental protection through the circulation of capital that is achieved by providing value to each stakeholder and creating social value.

Corporate Philosophy

Be forever committed to the development of new applications for aluminum and aluminum-related materials and thereby contribute to the improvement of people’s quality of life and environmental protection.

Principle of Conduct

Excite employees, impress customers, gratify shareholders, and be gentle to the Earth

Material Issues

Protecting the global environment

Providing sustainable value

Happiness of employees

Responsible procurement, production and supply

Corporate ethics and governance

Conversion into various types of capital through increased social value

Business Activities

FY2019-21 Mid-term Management Plan

1 Creating new products and new businesses

2 Investing resources in growth

3 Reinforcing the management foundation

OUTCOME

Value provided directly to stakeholders

Customers
Provision of solutions to problems

Global environment
Environmental impact, reducing CO₂ emissions

Employees
Safe and secure workplace and job fulfillment

Business partners and partner companies
Co-existence and co-prosperity

Local communities
Coexisting with local communities

Shareholders and investors
Improving corporate value
Stable dividends

Creating social value

Improvement of people’s quality of life

Environmental protection

SUSTAINABLE DEVELOPMENT GOALS



Opportunities

- Achieving the Corporate Philosophy
- Developing new markets and expanding existing businesses by responding to the social structure and environment
- Building a robust, safe and secure supply chain

Risks

- Climate change risks
- Inter-material competition risks
- Supply chain fragmentation risks
- Risks of initiatives being inferior to those of competitors

External Environment

- Carbon neutrality
- Circular economy
- Technological innovation
- Changing demographics
- Advance of globalization
- Respect for human rights/diversity & inclusion
- Food issues

INPUT

FY2020/
As of March 31, 2021

Financial Capital

- Shareholders’ equity 184.8 billion yen
- Interest-bearing debt 146.2 billion yen

Fixed Capital

- Production sites (49 domestic plants and five countries overseas)
- Capital expenditures 25.9 billion yen

Human Capital

- Employees 13,162
- Annual expenditure on education and training 16,200 yen/employee

Intellectual Capital

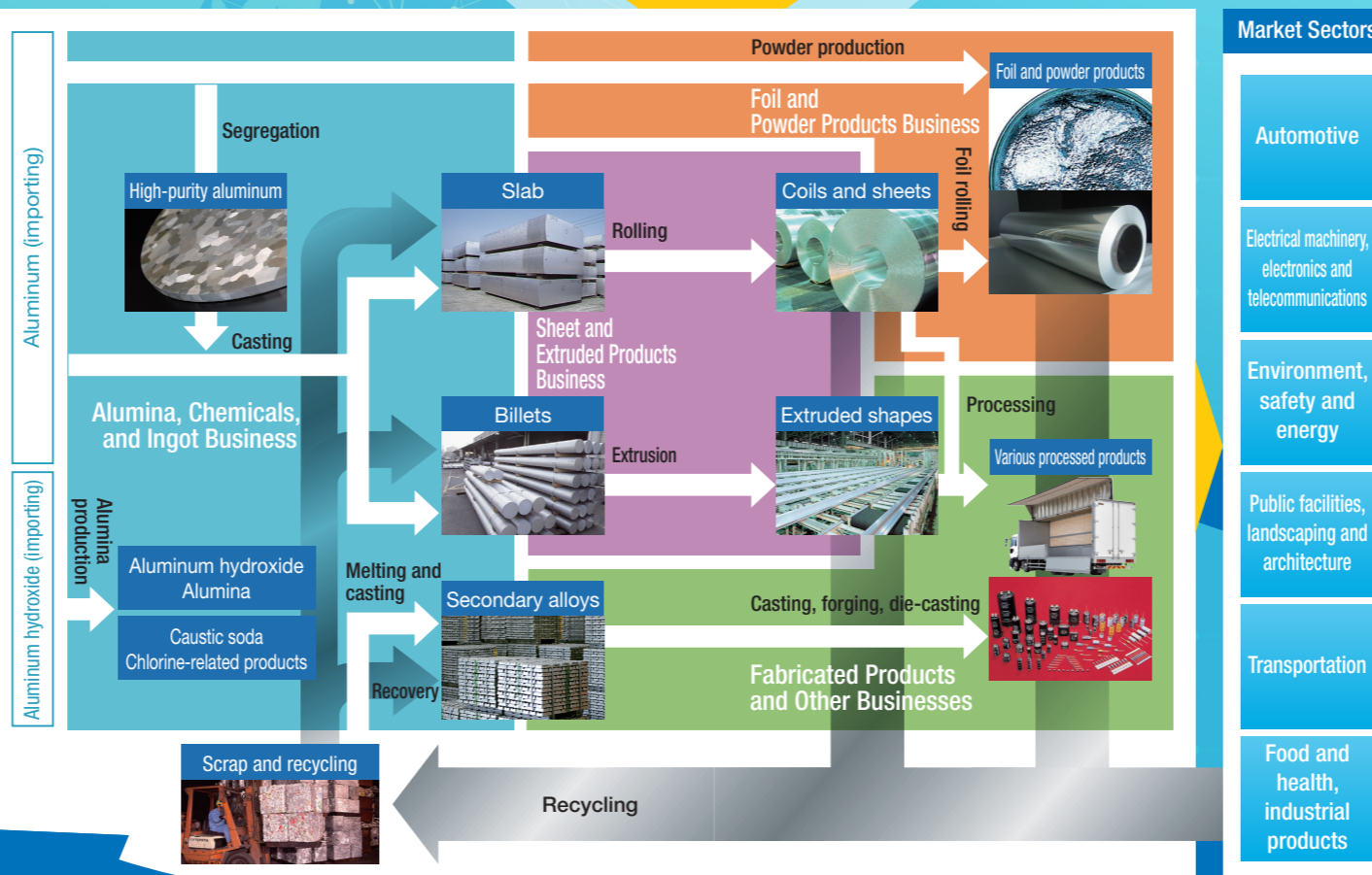
- Number of patents held 1,314
- Research and development expenses 5,935 million yen

Social Capital

- Strong relationships that can respond to customer needs
- Wide variety of customer groups through a broad range of business fields

Natural Capital

- Electrical energy usage 7.8 PJ
- Water consumption 1 million m³



Market Sectors

- Automotive
- Electrical machinery, electronics and telecommunications
- Environment, safety and energy
- Public facilities, landscaping and architecture
- Transportation
- Food and health, industrial products

Accumulation of various types of capital through business activities

Segment Overview Alumina, Chemicals, and Ingot Business



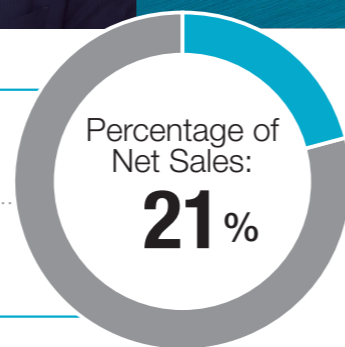
Toshihiro Matsuba,
Director in charge of
the Chemicals Business



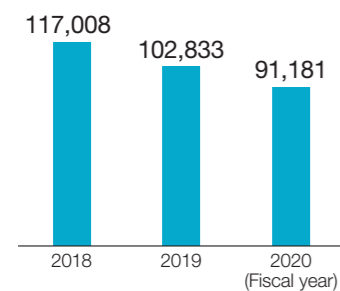
Shuichi Asakuno,
Director in charge of
the Nikkei MC Aluminium Business

Net Sales: 91,181 million yen (down 11.3% year on year)

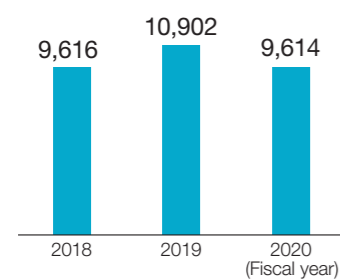
Operating Profit: 9,614 million yen (down 11.8% year on year)



Net Sales (million yen)



Operating Profit (million yen)



Business Summary

The alumina and chemicals segment manufactures aluminum hydroxide, alumina, and various other chemicals. These products are used in a range of fields, including as fire retardants, raw materials for ceramics, and industrial materials for the manufacture of pulp and paper.

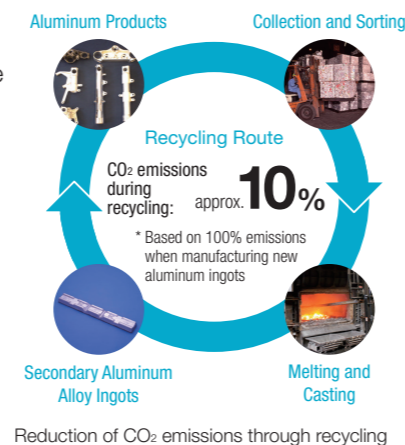
The Aluminum ingot segment manufactures a variety of aluminum ingots and is highly regarded for the development of highly-functional ingots that cater to customers' needs.

Overview of FY2020

In the Alumina and Chemicals Segment, net sales and operating profit fell short of the previous fiscal year across the entire segment due to slumping demand for refractory materials and automotive products related to our flagship aluminum hydroxide and alumina-related products, and lower sales of flocculants and inorganic chlorides in relation to chemicals.

In the Aluminum Ingot Segment, demand for secondary alloys destined for the key automotive sector rebounded strong in Japan and overseas in the second half of the fiscal year but declined overall, resulting in a year-on-year decline in net sales as well as a fall in operating profit for the segment.

As a result of the above, net sales in the Alumina, Chemical and Ingot Business fell 11.3% year on year to 91,181 million yen, and operating profit declined 11.8% year on year to 9,614 million yen.



Major Consolidated Subsidiaries

Manufacturing and Sales

- Nippon Light Metal
- Aluminium Wire Rod
- Nikkei MC Aluminium
- Nikkei MC Aluminum America
- Nikkei MC Aluminum (Thailand)
- Nikkei MC Aluminum (Kunshan)

Sales and Other

- Nikkei Sangyo

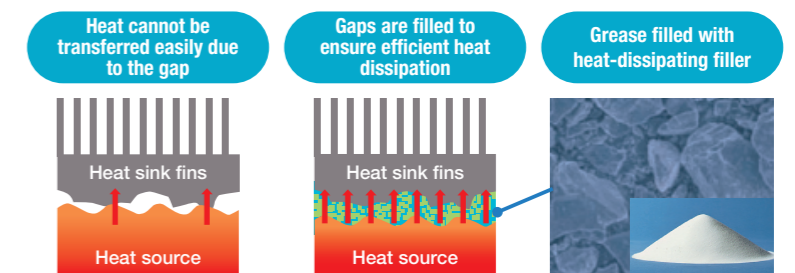


Expanding the Chemical Business to the Global Environment Field

In the Alumina and Chemicals Segment, we help provide thermal countermeasures, safety and reliability for eco-friendly vehicles, for which demand is increasing. Due to the increasing capacity and performance of the lithium-ion batteries and related materials used in eco-friendly vehicles, issues have emerged such as declining performance or increased risk of ignition due to the large amounts of heat generated. Heat needs to be dissipated to maintain performance. For example, aluminum hydroxide or alumina has been developed and sold as a heat dissipating filler used as grease filled in between motors and battery materials, which are a source of heat, and heat sink fins. Alumina products for separator coating have also been developed and sold to reduce the risk of ignition and enhance safety.

With the spread of 5G and IoT, there is also growing demand for high-performance semiconductors. As a raw material for ceramics, which are experiencing growing demand as semiconductor-related materials, we have succeeded in the development of ultra-low temperature sintered high-purity alumina, which is expected to enhance electrical properties while reducing sintering temperatures during manufacturing by around 30%.

In the chemicals field we manufacture and sell flocculants and disinfectants for water treatment as part of efforts to tackle the issue of water stress. We have also produced hydrogen from the electrolysis of salt. We will develop this into a new business and effectively utilize it to help reduce greenhouse gases.



Decarbonization Initiatives Through the Recycling Business

Since the smelting of new aluminum ingots consumes a lot of electricity, when fossil fuel-derived electricity is used, a large amount of CO₂ emissions are generated, causing major issues. On the other hand, aluminum is a metal that can be easily recycled, and secondary aluminum alloy ingots manufactured through recycling are responsible for around 10% of the CO₂ emissions as compared to the smelting of new ingots (based on NLM research).

Nikkei MC Aluminium, which handles the NLM Group's recycling business in the Aluminum ingot segment, annually supplies around 300,000 tons of secondary alloy ingots globally to various industries including the automotive industry, which is promoting weight reductions. Aluminum scrap is the raw material needed for aluminum recycling, and its stable procurement, both qualitatively and quantitatively, is what stands in the way of a stable recycling business. For this reason, we are working to secure stable and high-grade aluminum scrap by building a closed recycling system to collect the aluminum scrap produced as offcuts in the production processes of our customers. We will aim to realize a decarbonized society through these recycling efforts.

Segment Overview Sheet and Extruded Products Business

Masahito Saotome,
Director in charge of
the Sheet Business

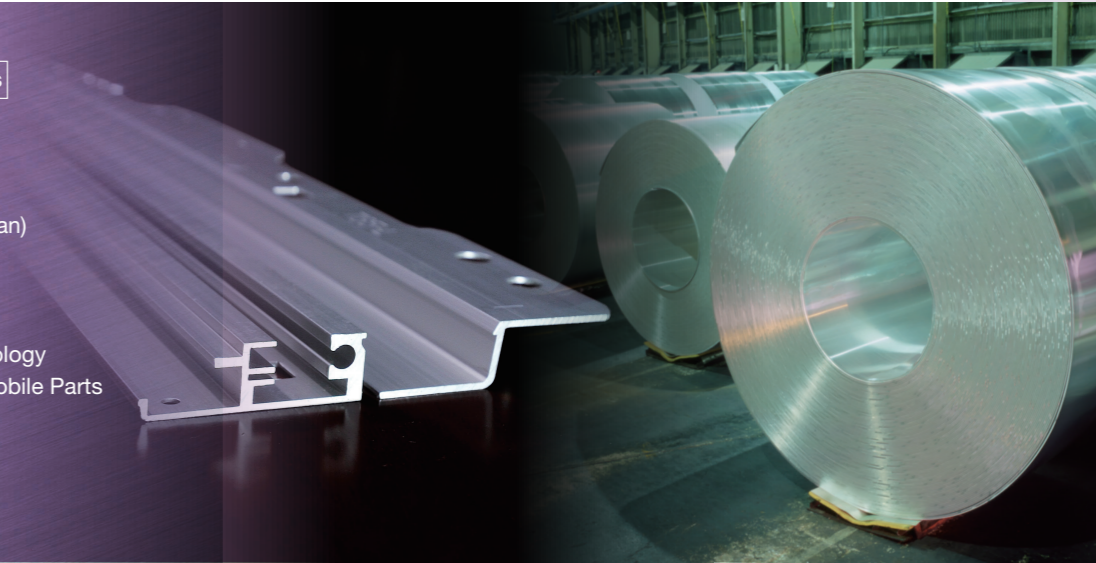


Yoshiaki Ito,
Executive Officer in charge of
the Nikkeikin Kakoh Kaihatsu Business



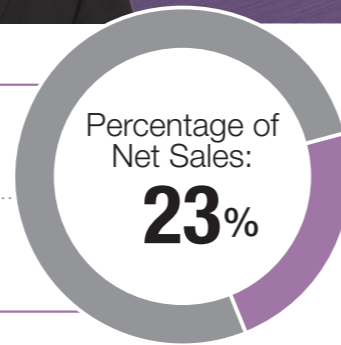
Major Consolidated Subsidiaries

- Manufacturing and Sales**
 - Nippon Light Metal
 - Toyo Rikagaku Kenkyusho
 - Toyo Precision Appliance (Kunshan)
 - Nikkei Siam Aluminium
 - Nippon Light Metal Georgia
 - Nikkei Extrusions
 - Nikkeikin Aluminium Core Technology
 - Shandong Nikkei Conglin Automobile Parts
 - Nikkei (Shanghai) Body Parts
 - Riken Light Metal Industry
- Sales and Other**
 - Nikkei Sangyo

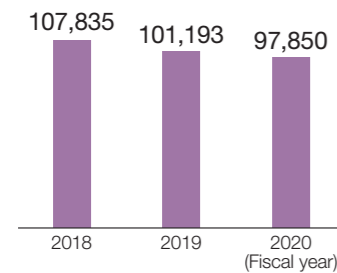


Net Sales: 97,850 million yen (down 3.3% year on year)

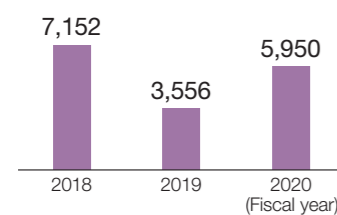
Operating Profit: 5,950 million yen (up 67.3% year on year)



Net Sales (million yen)



Operating Profit (million yen)



Business Summary

Aluminum sheets and extrusion products are used in a wide variety of fields, such as for automotive parts and railway cars in the transport industry, thick sheets and relevant parts for semiconductor/ liquid-crystal manufacturing equipment, and fabricated sheets for PC/ tablet bodies in the electrical and electronics industry. The NLM Group makes use of its technologies and expertise cultivated over many years to proactively develop products that meet customers' needs and to supply highly functional sheets and extrusion products.

Overview of FY2020

In the Sheet Products segment, sales volume of thick sheets for semiconductor and liquid crystal manufacturing equipment rose year on year, and sales volume for fabricated sheet products surpassed the previous fiscal year due to continued strong PC demand. However, due to the decline in sales for automotive applications and construction materials, net sales remained largely the same as the previous fiscal year. Operating profit significantly rose year on year thanks to increased sales of highly-profitable fabricated sheet products.

In the Extrusion Products segment, despite seeing a rebound in demand for the key automotive sector, due to the decline in sales related to construction materials, net sales fell short of the previous fiscal year, while operating profit was largely flat year over year.

As a result of the above, net sales in the Sheet and Extruded Products Business fell 3.3% year on year to 97,850 million yen, but operating profit rose 67.3% to 5,950 million yen.

Promoting Carbon Neutrality through Automotive Parts and Materials

Demand for electric cars and other eco-friendly vehicles has increased as part of efforts to achieve carbon neutrality. Thanks to its light weight, aluminum is increasingly used in various components, primarily as structural materials for eco-friendly vehicles.

In the Sheet and Extruded Products Business, we supply a wide range of components domestically and overseas, including the case, lid and bus bar* components that make up batteries, so that lithium-ion batteries, a critical component of these vehicles, can be lighter and be used safely. Our battery cooling products such as heat sinks that utilize the heat dissipating properties of aluminum have also been newly adopted.

Additionally, due to the demand for all kinds of lighter vehicle bodies, including in eco-friendly vehicles, the use of aluminum for suspension components has also expanded. To accommodate these growing needs, in November 2019 we established Nippon Light Metal Georgia in North America, with the aim of commencing production and supply from FY2022.

By expanding the provision of aluminum components with excellent lightweight and heat dissipation characteristics, we will contribute to the promotion of carbon neutrality.

* Bus bars are conductors for conducting large amounts of electrical current



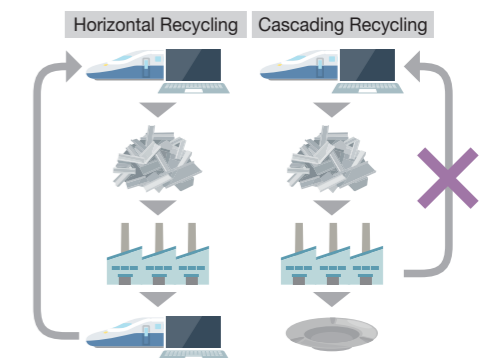
Nippon Light Metal Georgia, Inc.

Promoting Horizontal Recycling

Current aluminum recycling mainly involves "cascade recycling," a form of recycling where the recovered aluminum cannot be used for the same product it came from due to degraded material quality from contamination with impurities and other factors. However, "horizontal recycling" has been attracting attention as a form of recycling that does not involve degraded quality, such as creating new aluminum cans from collected aluminum cans.

To achieve carbon neutrality by 2050, the Sheet and Extruded Products Business is working to switch over the main raw materials for slabs (sheet materials) and billets (extruded materials) from new aluminum ingots to scrap-derived materials, by leveraging its many years of recycling experience and accumulated knowledge in the secondary aluminum alloy business. Using this approach to reduce the purchase amount of new aluminum ingots, which involve large CO₂ emissions, is expected to drastically reduce CO₂ emissions throughout the supply chain.

However, since the efficient collection of scrap needed to promote horizontal recycling is an issue, we will deepen coordination with customers across various fields including areas where our strengths lie, such as PC cases and railway car components as part of Group-wide efforts to build a closed recycling system.



Segment Overview Fabricated Products and Other Businesses



Toshikazu Tanaka,
Director in charge of
the Nippon Fruehauf Business



Minoru Sotoike,
Executive Officer in charge of
the Panel System Business

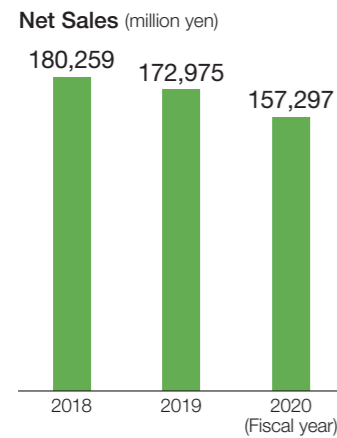
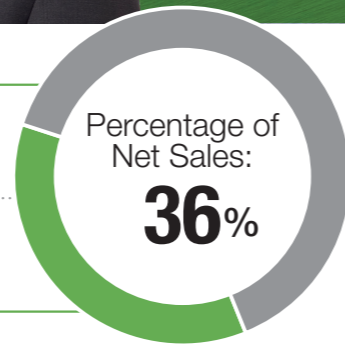
Major Consolidated Subsidiaries

- | | |
|---|--|
| Manufacturing and Sales | Sales and Other |
| <ul style="list-style-type: none"> ● Nippon Light Metal ● NLM ECAL ● Nikkei Sangyo ● Nikkei Heat Exchanger ● Nikkei Panel System ● Nikkei Matsuo ● Nippon Electrode ● Nippon Light Metal North America ● Nippon Fruehauf ● Fruehauf Mahajak | <ul style="list-style-type: none"> ● Nikkei Engineering ● Nikkei Information Systems ● Nikkei Logistics |



Net Sales: 157,297 million yen (down 9.1% year on year)

Operating Profit: 8,892 million yen (down 14.8% year on year)



Business Summary

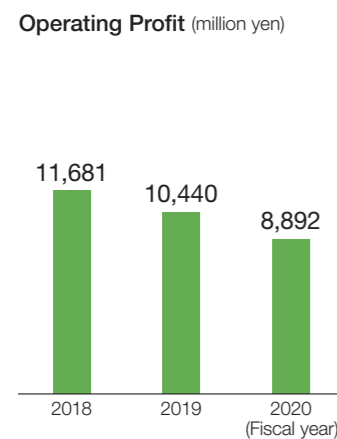
In Fabricated Products and Other Businesses, we deal with distinctive products and services that are highly valued for their quality. These products include truck bodies from Nippon Fruehauf Co., Ltd., commercial refrigerator and freezer panels from Nikkei Panel System Co., Ltd., and fabricated aluminum products for infrastructure, including for civil engineering and construction, from Nikkei Engineering Co., Ltd. We also supply anodized aluminum foil for aluminum electrolytic capacitors, automotive parts, and carbon products, among others.

Overview of FY2020

In the truck mounting business, part of transportation-related products, net sales fell short of the previous fiscal year mainly due to a reactionary fall from prior run-up demand associated with strengthened exhaust regulations and inventory adjustments made by truck manufacturers, in addition to the effects of lower demand in the truck business overall due to a shortage of drivers in Japan and improved logistics efficiency. Operating profit increased year on year, in part reflecting the effects of falling material prices.

In the clean room sector of the Panel System business, there was solid demand for 5th generation mobile communication system (5G)-related electronic component plants and data centers, but sales for medical and pharmaceutical applications declined. Segment-wide net sales and operating profit both declined year on year, in part due to a decline in large-scale investments for food processing plants and postponed plans among store locations in the freezing and refrigeration sector.

As a result of the above, net sales in the Fabricated Products and Other Businesses segment fell 9.1% year on year to 157,297 million yen, and operating profit declined 14.8% year on year to 8,892 million yen.



Towards Sustainability for Logistics that Never Stops

In the truck mounting business, part of transportation-related products, we have been working to reduce the weight of mountings and take other measures to reduce the CO₂ emissions generated by truck and trailer transportation. Additionally, although logistics is a part of social infrastructure that is essential for our daily lives, it faces issues such as the shortage of drivers due to the shrinking working population, and progress is being made in the electrification of vehicles and streamlined logistics to achieve sustainable logistics.



FRUEHAUF CONNECT
trailer positioning management system

In addition to providing logistics equipment, Nippon Fruehauf delivers “logistics that never stops” by preventing the failure of logistics equipment through the provision of packaged products to conduct periodic maintenance. For trailers, Nippon Fruehauf has also launched a new service utilizing IoT technologies, and provides services that support customer operations, such as streamlining vehicle dispatch tasks and improving maintenance quality for transportation providers, which are its customers. Going forward, Nippon Fruehauf will continue to help solve the issues faced by the logistics industry not only by reducing the environmental impact in the manufacturing and use of logistics equipment, but also by providing products and services to boost customer efficiency.

Creating Sustainable Low-temperature, Clean, Comfortable and Secure Spaces

The Panel System business is divided into three main business areas, the low-temperature space business for food plants and low-temperature logistics warehouses with metal sandwich insulation panels as its base products, the clean space business for semiconductor, medical and pharmaceutical clean rooms, and the comfortable/secure space business for data centers and similar facilities.

While low-temperature, clean, comfortable and secure spaces are an essential part of social infrastructure for various industries, the construction of these spaces faces a worker shortage due to the declining working population and other factors. To address this, Nikkei Panel System makes it possible to construct and install facilities with fewer people by providing a panel construction method featuring far fewer work processes than conventional methods. Additionally, amid demands for further improvements in energy consumption efficiency, creating insulation panels for various spaces reduces heat loss and simplifies temperature management, which contributes to lower electricity consumption.

In recent years, Nikkei Panel System has leveraged its features and expertise in this field to tackle the development of spaces used in medical and pharmaceutical facilities, particularly in the field of regenerative medicine. MEDIQUAL[®] features a joint structure with less unevenness, making it easier to clean than ever before. Additionally, due to the unique structure of these panels, flexible spaces that combine air-tightness with earthquake resistance can be provided to further support the future of healthcare.



MEDIQUAL[®] clean rooms for medical and pharmaceutical facilities

Segment Overview Foil and Powder Products Business



Kaoru Kusumoto,
Director in charge of the Toyo
Aluminium Business Group



Yoshihiro Tomioka,
Director in charge of the Toyo
Aluminium Business Group

Major Consolidated Subsidiaries

Manufacturing and Sales

- Toyo Aluminium
- Toyo Aluminium Ekco Products
- Toyal Europe
- Toyal America
- Toyal Zhaoqing
- Hunan NingXiang JiWeiXin Metal Powder
- Toyal MMP India

Sales and Other

- Toyo Tokai Aluminium Hanbai

Bringing the Possibilities of Aluminum Foil to Society

Aluminum foil is widely used for everything from food and pharmaceutical packaging material to decorations and everyday goods, which utilize its characteristic light weight and excellent functional qualities. The NLM Group's aluminum foil has excellent surface gloss and various features including minimal pinholes and support for multi-color printing. To provide new value to society, we are working to develop high-functionality, high-performance aluminum foil based on proprietary technologies and expertise.

For example, Toyal Lotus® packaging materials, which give the surface of aluminum foil water repellent properties, are widely used as a lid material for yogurt containers, and help reduce food loss by preventing the contents from sticking to the lid.

Aluminum foil is also widely used for the outer material of lithium-ion battery laminate pouches. Lithium-ion batteries are in widespread use across a range of applications from mobile devices to industrial equipment and automobiles, and aluminum foil from the NLM Group contributes to making those products lighter and thinner.

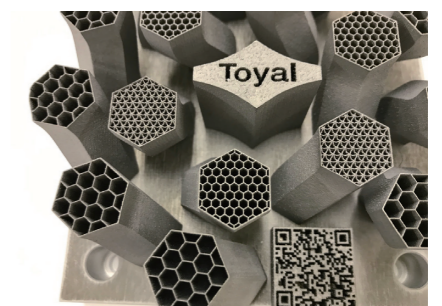


Toyal Lotus®

As a Material Supporting New Manufacturing Technologies

3D printing (laminar molding) technologies allow complex and elaborate products to be cheaply manufactured, and also enable "digital transportation," where the digital modeling data is sent instead of transporting the physical product so that it can be produced on-site. For these reasons, 3D printing is attracting attention as a next-generation manufacturing technology with the potential to significantly transform manufacturing. As 3D printing using aluminum alloy powder offers greater freedom in molding compared with conventional production methods, it is possible to make components lighter and manufacture products with more elaborate shapes.

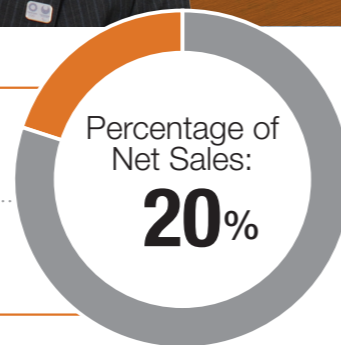
The NLM Group's aluminum alloy powder features world-leading quality, in part thanks to the evenly sized spherical design of particles which enhance flowability and reduce internal printer clogging. Accordingly, demand for our powder as a material for 3D printing has increased. We will continue to develop aluminum alloy powders suited to 3D printing while pursuing joint ventures with universities and other research institutions.



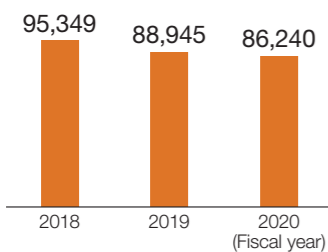
3D printing using aluminum alloy powder

Net Sales: 86,240 million yen (down 3.0% year on year)

Operating Profit: 3,311 million yen (up 7.7% year on year)



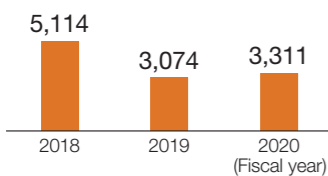
Net Sales (million yen)



Business Summary

Toyo Aluminium K.K. plays the leading role in the Foil and Powder Products Business. We have established our position as a leading manufacturer by developing a wide range of products that incorporate the special characteristics of aluminum and are useful in society, industry and everyday life. They include packaging materials for food and medical products, products for electronics, aluminum powder and aluminum paste products. We develop new fields by utilizing our own technologies as the foundation and provide a range of highly functional materials and products in markets at home and abroad.

Operating Profit (million yen)



Overview of FY2020

Foil Segment: In the field of material foils, sales of exterior foils for lithium-ion batteries and foils for cathode materials increased, reflecting strong demand for PCs and rebounding automotive demand, especially in China. In the field of processed foils, sales of processed foils for pharmaceutical packaging materials declined, and sales of products for the antenna circuits of IC cards also fell. However, segment-wide net sales and operating profit increased year over year due to solid demand for water-repellent processed foil for food applications in response to increased at-home consumption.

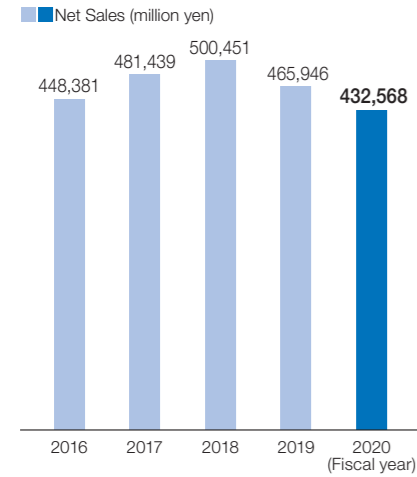
Powder and Paste Segment: Among powder products, there were strong sales of electronic material aluminum powder products for heat dissipation applications thanks to brisk demand for PCs, but sales of aluminum nitride were sluggish. Among paste products, sales volume dropped significantly due to fewer cars and vehicles being produced despite a rebound in demand for our flagship automotive coating products. As a result, segment-wide net sales and operating profit fell short of the previous fiscal year.

As a result of the above, net sales in the Foil and Powder Products Business fell 3.0% year on year to 86,240 million yen, but operating profit rose 7.7% to 3,311 million yen.

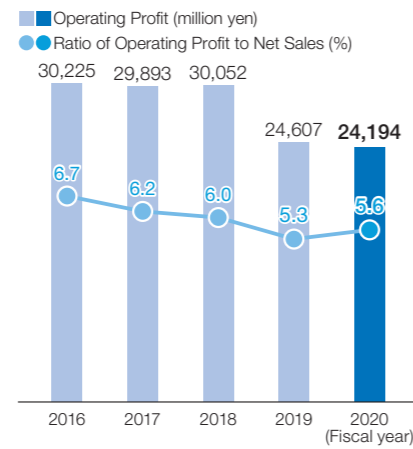
Financial and Non-Financial Highlights

Financial Highlights

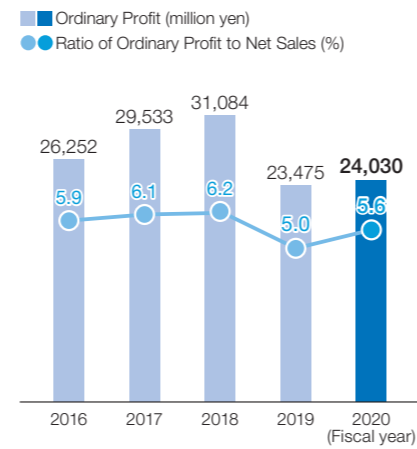
Net Sales



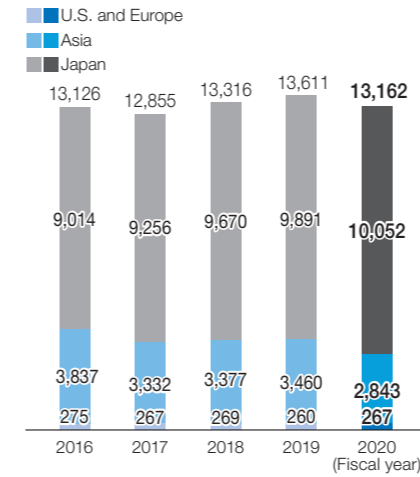
Operating Profit / Ratio of Operating Profit to Net Sales



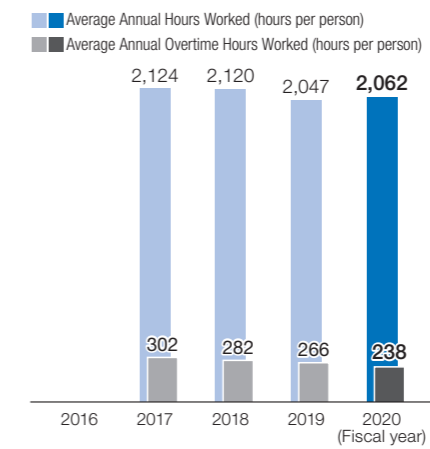
Ordinary Profit / Ratio of Ordinary Profit to Net Sales



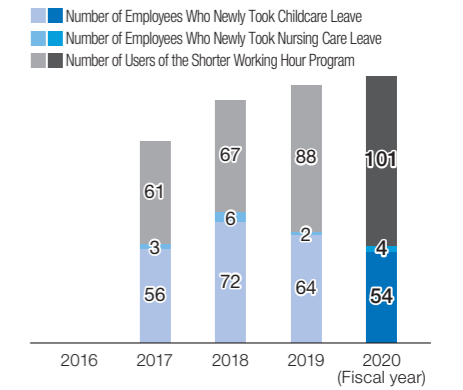
Number of Employees by Country / Region



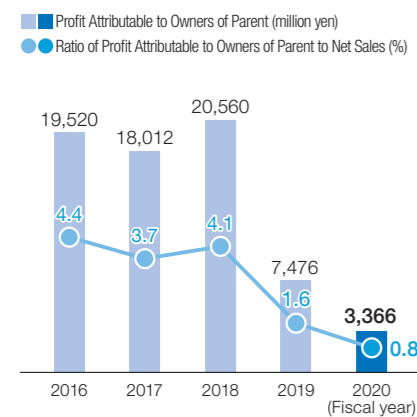
Average Annual Hours Worked / Average Annual Overtime Hours Worked



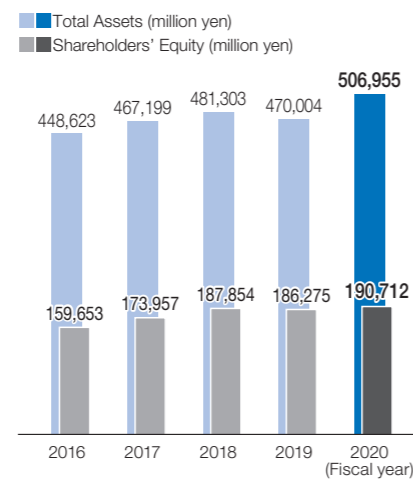
Number of Employees Who Newly Took Childcare Leave / Number of Employees Who Newly Took Nursing Care Leave / Number of Users of the Shorter Working Hour Program



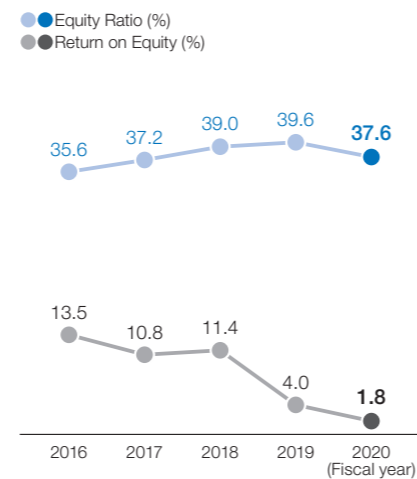
Profit Attributable to Owners of Parent / Ratio of Profit Attributable to Owners of Parent to Net Sales



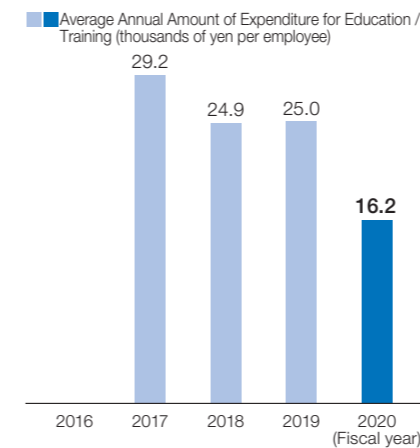
Total Assets / Shareholders' Equity



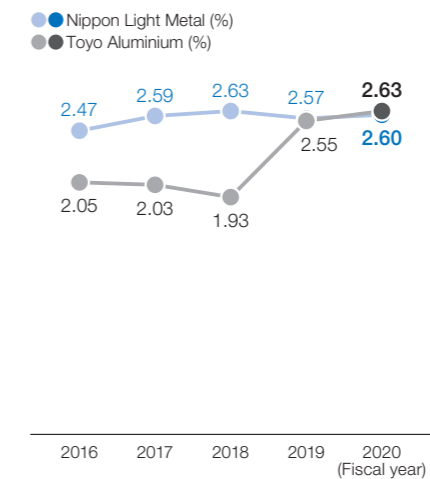
Equity Ratio / Return on Equity



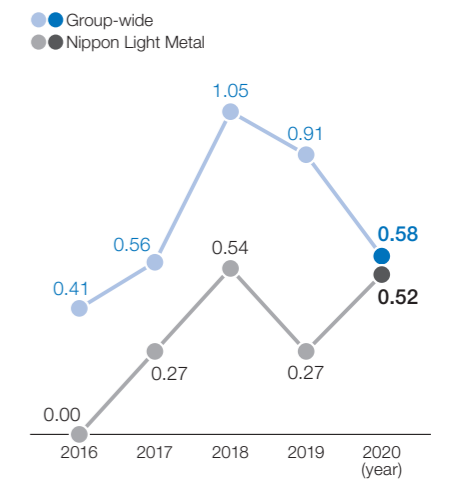
Average Annual Amount of Expenditure for Education / Training



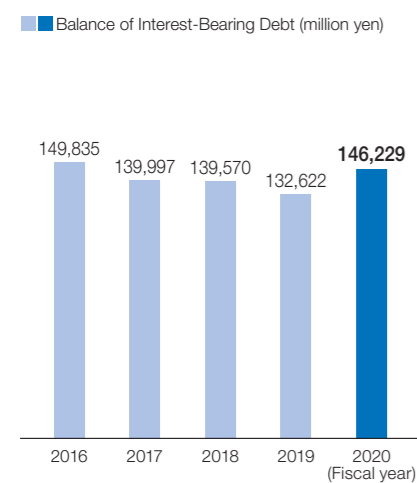
Employment Rate of People with Disabilities



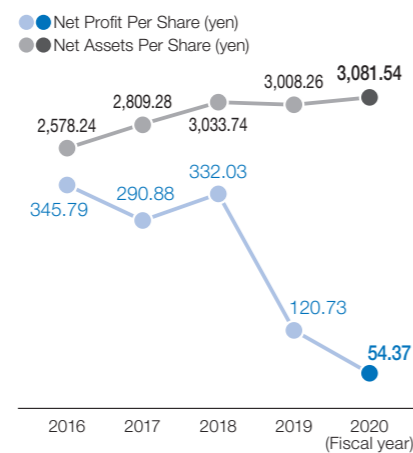
Frequency Rate of Lost-time Injuries



Balance of Interest-Bearing Debt

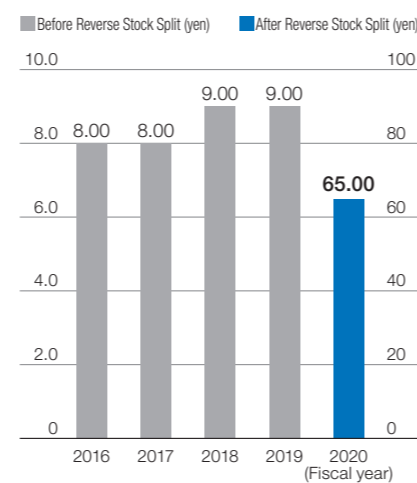


Net Profit Per Share / Net Assets Per Share



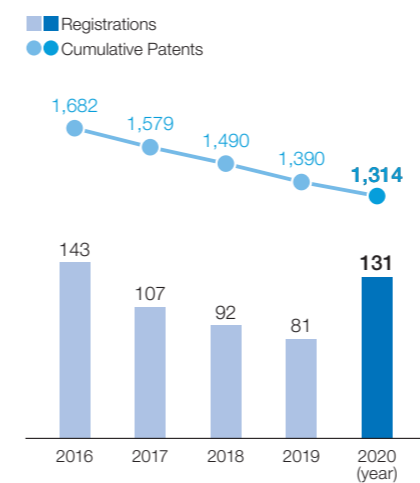
Note: The Company conducted a 10-to-1 reverse stock split of common shares on October 1, 2020. The figures are calculated as if the reverse stock split had taken place at the beginning of FY2016.

Dividend Per Share

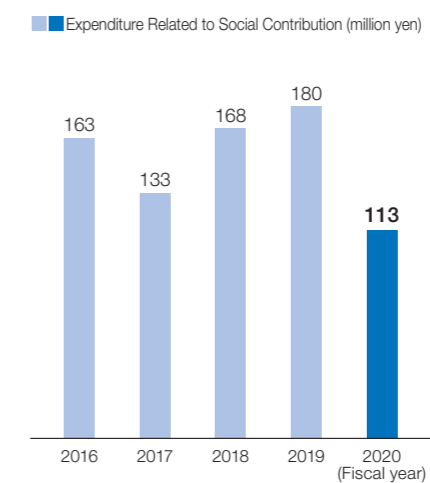


Note: The Company conducted a 10-to-1 reverse stock split of common shares on October 1, 2020. The graph lists actual dividend amounts regardless of whether before or after the reverse stock split in question.

Number of Patent Publications

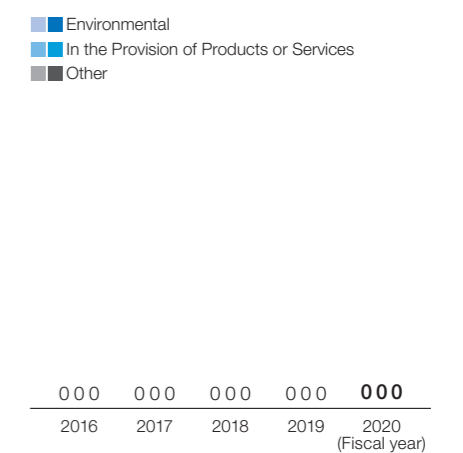


Expenditure Related to Social Contribution



*Figures for FY2019 were adjusted.

Number of Violations of Laws or Regulations



Compliance

We engage in responsible business activities by “thinking and acting from other people’s point of view.”

Policy

Compliance at the NLM Group is not only about complying with laws, regulations and social rules, but also about broadly practicing honest and fair business activities. That requires us to “think and act from other people’s point of view,” and to value empathy. Based on this philosophy, the NLM Group has formulated the Group Compliance Codes, which serve as a guideline governing the decisions made by all Group officers and employees.

So that the Group Compliance Codes can be carried at all times and referenced whenever needed, they are included in a “handbook” that compiles the NLM Group Management Policy and other important Group regulations. The handbook is also translated into English, Chinese, Thai and Vietnamese and distributed to all Group officers and employees.



Handbook

Items of the Group Compliance Codes and Summary

Chapter 1: Promotion of compliance

Definition, purpose, promotion, etc. of compliance

Chapter 2: Responsibilities to employees

Make ensuring the workplace safety and health, protecting human rights, prohibiting discrimination and harassment, and other responsibilities to employees the top priority

Chapter 3: Basic internal rules

Appropriate use of company assets including intellectual property rights, appropriate management of company secrets, appropriate handling and reporting of operations, and other rules

Chapter 4: Responsibilities to customers and business partners

Safety and quality assurance of products and services; prohibition of unfair competition including bribery, the creation of cartels and bid rigging; appropriate transactions with business partners; and other responsibilities

Chapter 5: Responsibilities to society

Legal compliance, reduction of environmental impact through initiatives such as the 3Rs, carbon emission reduction, and biodiversity preservation, never having any relationship with antisocial forces, active interaction with local communities and contribution to their development, and other initiatives

Chapter 6: Responsibilities to shareholders and investors

Appropriate information disclosure, prohibition of insider trading, and other responsibilities

Chapter 7: Dissemination, additional rules

That officers and managerial employees should take the initiative in acting in accordance with this Compliance Codes and instruct and supervise their subordinates; that they request that the relevant temporary staff agencies and subcontractors comply with these Codes; that the violation of these Codes will result in punishment based on established rules; and other rules

Framework

Compliance Committee

The Compliance Committee (chaired by the president of NLM Holdings) handles the promotion of compliance in the NLM Group. The committee deliberates and decides on measures to verify issues and problems related to compliance in general, as well as measures ensuring that compliance is established and firmly takes root in the organization.

Ongoing issues are summarized in a Compliance Promotion Plan and measures are implemented according to the plan. Progress management of the measures is reported in the Compliance Committee on a quarterly basis. For serious compliance issues that occur suddenly, the various causes, corrective action, disciplinary action and measures to prevent recurrence, etc. are reported. A subcommittee on improvement measures may be established as needed to investigate and deliberate over matters in the Compliance Committee and provide necessary instructions. Matters decided by the Compliance Committee are rolled out for implementation by the CSR leaders and CSR promotion personnel assigned to each Group company and department.

Compliance Meeting

The NLM Group conducts compliance meetings that involve the participation of all personnel at each workplace as grassroots compliance activities. The compliance meetings are held twice a year in various formats, such as for each workplace, with various workplaces together or for each job title. Attendance rate at the meetings is around 95%. The meetings serve as the foundation for compliance promotion. Participants discuss the compliance issues that are present at the workplace, and the occasion is also used for compliance training. The information discussed at the meetings is reported in the form of minutes or memoranda, and shared within the Group.



Plan

FY2020 Compliance Promotion Plan

Compliance Promotion Framework	<ul style="list-style-type: none"> • Operation of the Compliance Committee • Appropriate assignment of CSR promotion managers and promotion personnel • CSR promotion personnel training (including induction training for newly appointed promotion personnel) • Operation of the whistleblowing system • Inspection of the whistleblowing system in each Group company and corrective action
Initiatives for Compliance Promotion	<ul style="list-style-type: none"> • Formulation and execution of Compliance Promotion Plan (Group-wide plan, individual plans for each Group company) • Running of twice-yearly compliance meetings involving full participation at each workplace • Anti-bribery and corruption measures • Measures to deal with harassment • E-learning conducted for all Group officers and managers • Power harassment prevention training for production site managers and supervisors • Compliance awareness raising • Tiered training (new employees, mid-career employees, managers), training for newly appointed officers, next-generation management training, training for employees to be posted overseas • Distribution of the Compliance Handbook • Receipt of written pledges for compliance • Dissemination of message from the president and distribution/posting of posters during compliance promotion month (December) • Distribution and dissemination of awareness-raising tools (case studies, compliance bulletins, etc.)

Whistleblowing System

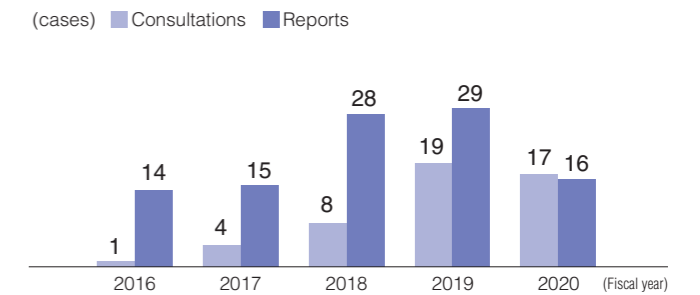
Overview of the System

As the NLM Group’s internal reporting system, the Group-wide NIKKEI HOTLINE has been established. The NIKKEI HOTLINE Regulations have been established to govern the framework and operation of the NIKKEI HOTLINE, and revision or abolition of the regulations requires a resolution by the Board of Directors of NLM Holdings. The NIKKEI HOTLINE receives approximately 40 whistleblowing complaints and requests for consultation every year.

To enhance the independence of the whistleblowing hotline, since 2018 the previous external reporting hotline handled by NLM Holdings’ consulting law office was switched to a dedicated contractor. Further, we have built a global hotline system by establishing a contact office for whistleblowers that respond in the first languages of the countries where we have major overseas sites (English, Chinese, Thai and Vietnamese). In part due to these developments, there has been an upward trend in the number of consultations and reports fielded.

In addition to the NIKKEI HOTLINE, major Group companies have established and operate their own whistleblowing systems. These systems operate as more familiar systems that are used in parallel with the NIKKEI HOTLINE. Compliance personnel at NLM Holdings inspect the systems in place at each Group company and the regulations that govern them from the perspectives of legal compliance and the protection of whistleblowers, and ensure that any necessary corrective actions are taken in consultation with each Group company.

Number of Reports and Consultations Fielded by the NIKKEI HOTLINE



Whistleblower Protection

NIKKEI HOTLINE prohibits any disadvantage treatment of whistleblowers, those who cooperate with whistleblowing activities and those cooperating with investigations, including personnel transfers, demotions, salary reductions and other retaliation and harassment. Information about each whistleblower is disclosed only to the people in charge of the reporting hotline and some of the people in charge of investigations, and the identity of a whistleblower is never disclosed to persons who are the subject of a whistleblowing complaint or related parties including the relevant workplace or company without the whistleblower’s consent. The people involved, including the whistleblowers themselves, are prohibited from leaking any secrets they have learned. When information about a whistleblower is disclosed to the subject of a whistleblower complaint in the course of an investigation, the subject of the whistleblower complaint is prohibited from contacting the whistleblower except for the minimum necessary business communication. Those who investigated the whistleblower complaint or cooperated with the investigation at the workplace or company concerned are also subject to a strict confidentiality obligation. Any violations of these rules result in disciplinary action. In particular, disadvantageous treatment of whistleblowers is prohibited and any violations result in severe disciplinary action.

FY2020 Initiatives

In FY2020, the NLM Group inspected and revised its whistleblowing system in response to revisions made to the Whistleblower Protection Act in Japan (June 2020). In particular, we checked the regulations, systems and operational status at 13 Group companies that have established and operate whistleblowing systems and completed corrective action and improvements to deal with any deficiencies.

In addition, we revised the conventional group format training and education, which has been difficult to conduct during the COVID-19 pandemic, and conducted these activities in a remote format. For officers and managers, we have introduced an e-learning system to promote compliance at overseas subsidiaries as well. In the first round of e-learning, training was provided to all Group officers and managers on the themes of discrimination and harassment prevention. Of the 1,620 current Group officers and managers, 1,537 registered for the training (registration rate of 94.9%), 1,487 of whom completed the training (completion rate of 96.7%).

Harassment prevention training (group training) for production site managers and supervisors was temporarily suspended due to the COVID-19 pandemic, but this was switched to a remote training format held over two sessions, with 60 participants in total.



Risk Management

We aim for sustainable improvement to corporate value by engaging in appropriate risk management in harmony with business strategy.

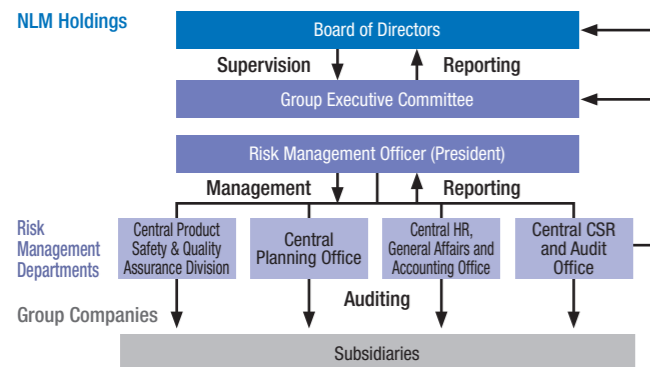
Policy

The NLM Group manages risks to its business strategy such as direct and indirect losses, the suspension or shutdown of business, damage to credibility or brand image, and so on. We classify the risks surrounding our business as strategic risks, financial risks, operational risks and hazard risks, and establish and administer policies and systems that are appropriate for the probability and impact of each risk.

Framework

The basic framework for managing particularly important risks for overall Group management and each area of business has been set forth in the Group Risk Management Regulations. Risks are identified according to a process of identifying potential risks, assessing their likelihood, and assessing their impact. We develop risk management policies and systems that include crisis response plans for the identified risks, formulate annual plans, and take action based on the plans. We have currently identified the following eight priority risks. We respond to them by establishing departments in charge and formulating management plans for each of them.

Risk Management System



Priority Risks and Risk Management Departments

(1) Product and service defects	Central Product Safety & Quality Assurance Division
(2) Environmental issues	Person in charge of environmental protection from the Central CSR and Audit Office
(3) Natural disasters/accidents	Person in charge of general affairs from the Central HR, General Affairs and Accounting Office
(4) Health and safety issues	Person in charge of health and safety issues from the Central CSR and Audit Office
(5) Information system issues	Person in charge of systems from the Central Planning Office
(6) Leakage of trade secret	Person in charge of legal affairs from the Central CSR and Audit Office
(7) Export security	Person in charge of legal affairs from the Central CSR and Audit Office
(8) Failure in the timely disclosure of information	Person in charge of PR and IR from the Central Planning Office

The department responsible for each risk recognizes each priority risk as something affecting the entire NLM Group and engages in management so that overall and individual risks are mitigated and avoided, and so that a response can be put into practice in the event a risk materializes.

The risk management status at each Group company is monitored through audits conducted by the department responsible for the risk, including quality audits, environmental audits, labor audits and IT audits. The statuses determined from these audits are reported from the departments responsible for risk management to the NLM Holdings Group Executive Committee and subsequently to the Board of Directors as reports on the status of individual issues (as needed) or general status reports (twice a year). The Board of Directors oversees the risk management system based on these individual or general reports, and the Risk Management Officer manages the status of risks while giving instructions as necessary.

Plan

FY2020 Major Risk Management Plan

Product and service defects	<ul style="list-style-type: none"> Establishment of quality assurance systems from the new business development stages through to release to market Verification of full quality check results from the previous fiscal year and clearing up issues Promoting operation of a management system for harmful chemicals contained in products
Environmental issues	<ul style="list-style-type: none"> Complaint handling (support for reducing odor complaints to zero) PCB processing Achieving targets under new voluntary action plans (uncovering new energy-saving projects) Development of environmental human resources (including official qualification holders) Formulation of new environmental targets Start of carbon neutrality initiatives
Natural disasters/accidents	<ul style="list-style-type: none"> Disaster preparedness at head office Considering the stockpiling of relief supplies at multiple sites BCP drills (including simultaneous disaster response)
Health and safety issues	<ul style="list-style-type: none"> On-site inspection of lost-time injuries Group-wide roll out of measures to deal with similar disasters Support for priority business sites Information sharing through a database
Information system issues	<ul style="list-style-type: none"> Start of CSIRT* operation Start of cloud-based service security measures Server-intrusion testing Measures to deal with targeted email attacks Promotion of IT asset management Protection of critical systems (running of disaster recovery tests) Raising the level of disaster recovery response
Leakage of trade secret	<ul style="list-style-type: none"> Establishing a monitoring system for important information

*CSIRT: Computer Security Incident Response Team. This is a team that responds to computer security incidents.

FY2020 Initiatives

Major Action Taken to Address Priority Risks

Subject risks	Initiatives and results	Evaluation
Product and service defects → P.27	Quality audits of all sites (every year)	○
	Comprehensive checks of purchase and outsourcing management	○
Environmental issues → P.31	Environmental audits of all sites (every three years)	○
	Supporting measures to prevent the recurrence of environmental accidents	○
Natural disasters/accidents → P.43	Responding to the sedimentation problem at the Amehata Dam	○
	Various drills based on potential emergencies	○
Health and safety issues → P.35	On-site inspection of lost-time injuries	○
	Support for priority business sites	○
Information system issues → P.47	Strengthened security (introduction of CSIRT)	○
	Development of remote work infrastructure	○
Leakage of trade secret	Enhanced security for remote work	○
Export security	No applicable problems	○
Failure in the timely disclosure of information	No failures	○

Since its establishment in 2012, the NLM Group has addressed the risk surrounding business both internally and externally with a focus on priority risks based on the aforementioned risk management policy and system. Particularly with regard to safety, quality and environmental risks, we monitor the status of risk management at each Group company and business site in a manner that is independent of day-to-day operations, and have established dedicated "administration departments" whose primary mission is to consider responses to the new risks posted by external factors. Each administration department is assigned a

company officer and multiple permanent staff. In addition to reflecting our recognition that safety, quality and the environment are risks to be addressed on a priority basis for the NLM Group businesses, it is also an acknowledgement that they are important aspects to enhancing economic value. To take quality as an example, due to its advantages such as resource recycling, material properties and price stability, aluminum has been used across a wide range of fields from social infrastructure and housing to transportation equipment, electrical and electronic equipment, healthcare and food-related applications. As the areas in which aluminum is used have spread, there is an increased need to establish reliable inspection and testing systems and sustainable quality assurance systems that are appropriate for each product and service. We see this as the greatest responsibility of the NLM Group, and where our greatest value lies.

However, from May 2021 onwards a series of JIS certification violations came to light at Group companies. What is more, each of the cases involved misconduct that had been continuing for many years, and included activities to cover up the misconduct. As mentioned above, we recognize that reliable inspection and testing systems and sustainable quality assurance systems are vital elements of the NLM Group's efforts to achieve a sustainable society, and we believe that from these recent events we have not only lost the trust of stakeholders by failing to fulfill our social responsibilities, but have also significantly damaged the value of the NLM Group.

To fully clarify the scope of the improper conduct and suggest measures to prevent a repeat occurrence, we have entrusted the investigation to a Special Investigation Committee* that was established in June this year. Meanwhile, we have begun internal efforts aimed at introspection and recovering the trust and value that has been lost. We are making headway in reevaluating and correcting the existing roles and approaches to risk management at the Group, including risk response policies, the identification, evaluation and control of risks, and contingency planning. At the same time, we are receiving assistance from outside experts as part of efforts to not only address these recent cases of improper conduct and the business sites involved, but to also delve deep into the root causes, including the NLM Group's overall quality management, governance, corporate culture and organizational climate, and to prevent such incidents from happening again.

We will make every effort to revamp our risk management system and become a company and group that can confidently fulfill the trust of stakeholders as soon as possible.

Based on financial results materials from the fiscal year ended March 2019

Quality

Ascertain obvious requirements and strengthen systems to thoroughly enforce them

The NLM Group is promoting quality assurance and quality control activities to ascertain what society and customers require as well as related laws and regulations, to thoroughly ensure compliance with those things as obvious requirements, and to continue to provide safe and stable products and services.

Policy

The NLM Group's Management Policy declares that it "shall provide socially useful, safe, and secure products and services to satisfy and win the loyalty of customers."
The Group's quality policy is determined based on this Management Policy and in light of the issues that emerge each year. The Quality Policy is considered by the Central Product Safety & Quality Assurance Division and decided on by the head of the division, who is the director responsible.

Group Quality Policy (FY2020)

1. We will ensure safety and quality at every stage from product and service development to mass production based on sites and actual goods and the thorough implementation of rules and principles.
2. We will accurately ascertain customers' requirements and provide safety and quality that exceeds them to satisfy and win the loyalty of customers.
3. We will establish social credibility by strengthening legal compliance and quality risk management.
4. We will cultivate human resources with the quality assurance skills required to reduce global expansion risks.

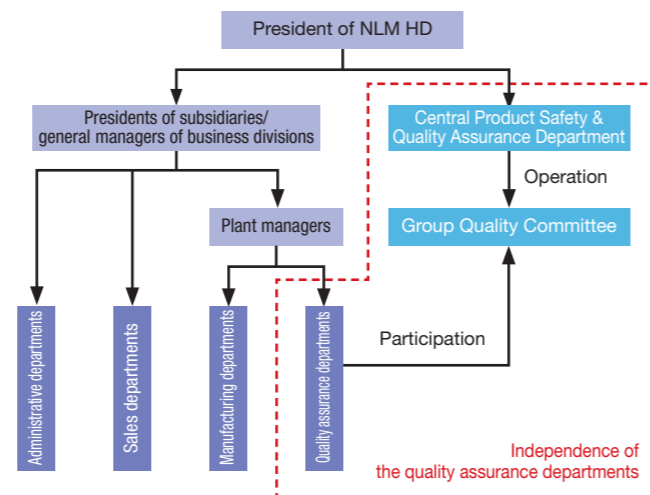
Framework

The NLM Group has established Quality Assurance and Management Regulations, positioned customer satisfaction as the basic operating principle of its business activities, and strives to thoroughly ensure quality assurance and management activities.
In addition, by sharing the NLM Group Quality Policy with each operating division, we are endeavoring to strengthen our quality assurance and management framework.

Ensuring the Independence of the Quality Assurance Framework

To ensure the independence of quality assurance departments, the NLM Group has established the Central Product Safety & Quality Assurance Division under the direct control of the president. The division has overall control of the quality assurance departments of all Group companies and segments in the NLM Group. The Central Product Safety & Quality Assurance Division is able to make decisions independently and has the authority to conduct inspections of production departments, carry out audits and issue orders for improvements. In addition, the quality assurance departments of each Group company and segment are also independent departments that do not belong to production departments in order to ensure their independence.

Structure of Quality Assurance Departments



Plan

Activity Plan for FY2020 Based on the Policy

<p>1. We will ensure safety and quality at every stage from product and service development to mass production based on sites and actual goods and the thorough implementation of rules and principles.</p>	<ul style="list-style-type: none"> • Establishment of a quality assurance framework for new businesses • Support for the launch of new products including cross-functional and project-level releases
<p>2. We will accurately ascertain customers' requirements and provide safety and quality that exceeds them to satisfy and win the loyalty of customers.</p>	<ul style="list-style-type: none"> • Conducting quality audits • Verification of full quality check results from the previous fiscal year and following up on issues • Conducting individual and group training • Organizing contest to showcase success stories • Independent studies of quality (Hinshitsu Jishuken)
<p>3. We will establish social credibility by strengthening legal compliance and quality risk management.</p>	<ul style="list-style-type: none"> • Awareness-raising activities by Quality Committee, etc. • Confirming products covered by legal standards • Promoting operation of a management system for harmful chemicals contained in products • Conducting full quality checks • Swiftly responding to quality alerts
<p>4. We will cultivate human resources with the quality assurance skills required to reduce global expansion risks.</p>	<ul style="list-style-type: none"> • Initiatives to make improvements at key overseas sites • Development of the mother factory system

Results of Major Initiatives in FY2020

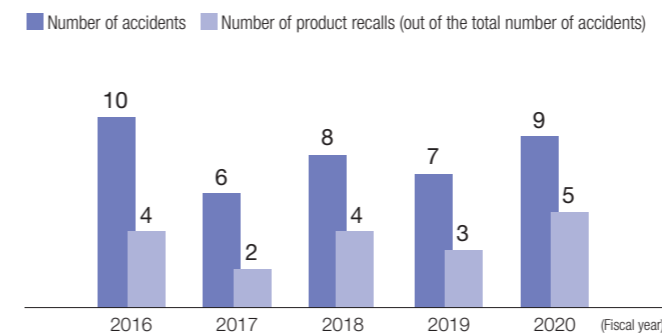
(1) Sharing and utilizing complaint information

In the NLM Group, the Central Product Safety & Quality Assurance Division monitors complaints by collecting information about complaints from Group companies and segments. In addition, the causes of all complaints are analyzed. The results of the analyses are provided to the Group Quality Committee to ensure the information is shared.

We have established and enforce a rule requiring that, in the event of a serious quality problem such as a recall or a defect that may cause physical injury, information about the problem shall be provided promptly to the overall Group regardless of who is responsible for it.

In FY2020, nine problems were reported. In one example, we received a complaint that the colors of exterior parts aligned vertically together would be different depending on the time of day. When we looked into the issue, we found that the phenomenon only occurs when the exterior parts are placed vertically next to each other and are exposed to sunlight at certain times of day. Until then, the exterior part in question had been placed in a horizontal configuration and the color had been inspected. In response, we established new rules to inspect the color by taking into account the actual installation conditions, including whether the parts are arranged vertically.

Number of serious quality accidents



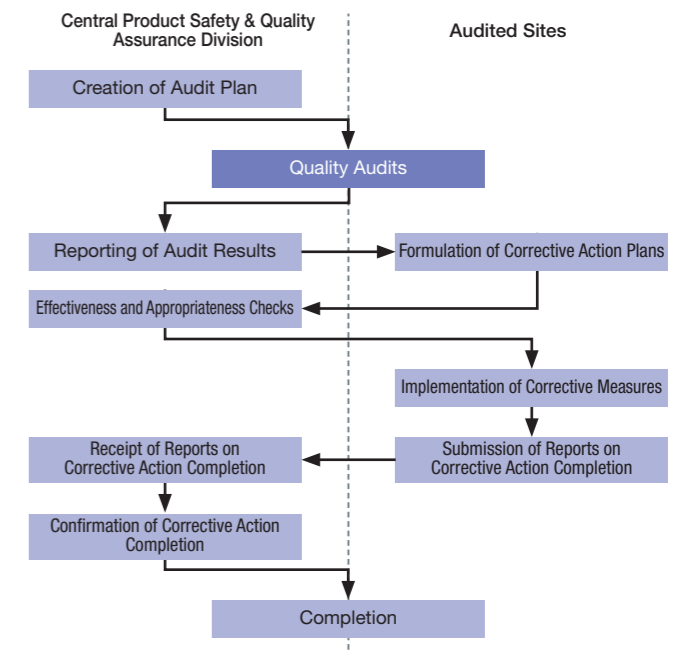
(2) Quality audits

The Central Product Safety & Quality Assurance Division conducts audits of all business sites once a year, including overseas sites.

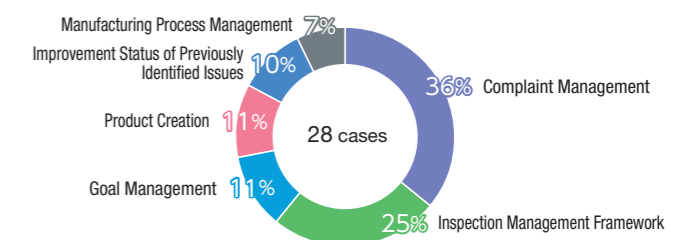
In FY2020, we audited 46 facilities in Japan. The quality audits involved various checks, including the management status of complaints, the new product launch process, delivery specifications exchanged with customers, and the process for creating and issuing inspection certificates provided to customers. While no serious issues were uncovered, 28 matters were pointed out. For example, when checks are performed on the validity of corrective action taken in response to complaints, the corrective actions are often determined to be valid if there are no recurring complaints about the issue, and there was a tendency to fail to reflect inspection results in management ledgers even when measurement equipment had been inspected. In response, the sites concerned created draft plans for corrective action, and the Central Product Safety & Quality Assurance Division checked the validity and appropriateness of the corrective action. We also verified that corrective action regarding all of the identified issues was complete.

86 proposals were also made to raise quality levels at each site and establish better management standards. For example, instead of having inspection personnel measure dimensions and record the results manually, we proposed using digital measurement instruments that would automatically record measurement values to reduce the risk of transcription errors.

Quality Audit Process



Classification of Issues Identified in Quality Audits



(3) Full quality checks

As an initiative during Quality Month in November each year, we conduct voluntary inspections based on a set theme, such as confirming the consistency of specifications exchanged with customers, or verifying the management status of partner manufacturers, in order to confirm the status of quality management.

In FY2020, the results of inspections of 35 sites subject to investigation did not produce any serious issues, but it was discovered that progress of activities to prevent repeated complaints occurring at suppliers and subcontractors had stalled. Each site formulated improvement plans in response. The Central Product Safety & Quality Assurance Division checked the effectiveness of the improvement activities and continually followed up on the improvements until completion.

Themes of Inspections Conducted by the Central Product Safety & Quality Assurance Division (Past Five Years)

Fiscal Year	Inspection Details
2016	Checking consistency of required specifications exchanged with customers
2017	Inspection certificate creation and issuance process
2018	(1) List of all installed measurement instruments (deployment status) (2) Inspections of the product and service inspection measurement data handling
2019	Operational processes when receiving orders for new products and services or when 4M changes take place
2020	Management status at suppliers and subcontractors

Information about the improper conduct that resulted in the revocation of JIS certification and request to suspend use of the JIS mark, etc.

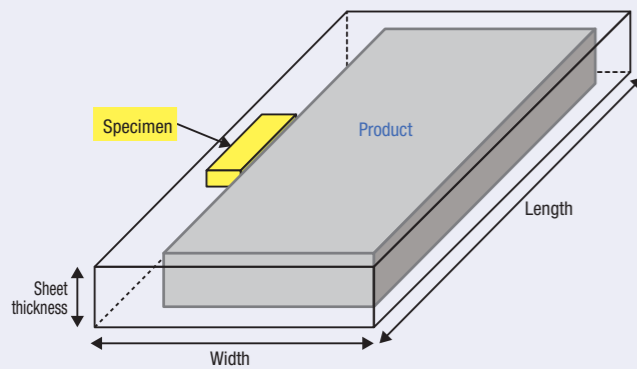
At the following four business sites operated by the NLM Group, improper conduct was indicated in extraordinary certification maintenance reviews conducted by the Japan Quality Assurance Organization (JQA), a JIS certification body, and the business sites in question received disposition notices from the JQA revoking JIS certification, requesting the suspension of use of the JIS mark, and so on.

Below, the details of the improper conduct is described along with particulars of the disposition imposed for each business site involved.

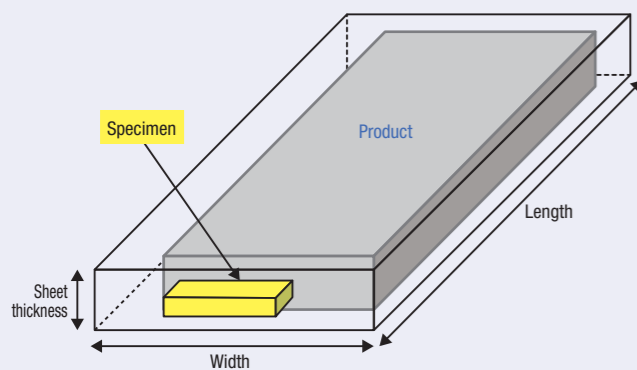
1. Nagoya Plant of Nippon Light Metal Co., Ltd.: Revocation of JIS Certification (JIS H 4000)

- Although the JIS standards stipulate the tensile testing of collected specimens of non-heat-treated thick sheet products (with a thickness of at least 6.5 mm) using a method parallel to the rolling direction, tensile tests were carried out on collected specimens using a direction that differed from the JIS regulations (perpendicular to the rolling direction) and the products tested in that way were being shipped.
- In the JIS maintenance review conducted in February 2020, the improper practices described in (1) above were falsified, and correct specimen sampling in accordance with JIS standards was performed.

Figure 1: Sampling direction that differs from the JIS regulations described in (1)



Correct sampling direction: parallel to the rolling direction

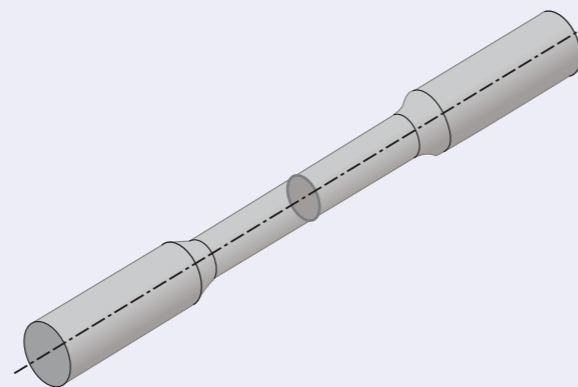


Incorrect sampling direction: perpendicular to the rolling direction

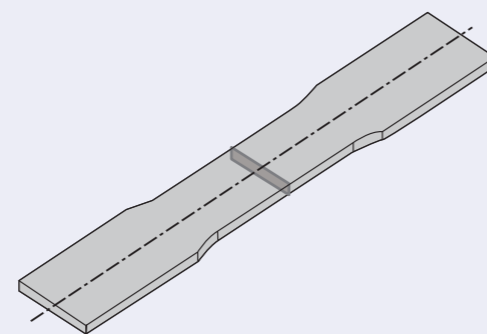
2. Nikkei Niigata Co., Ltd.: Revocation of JIS Certification (JIS H 4040, JIS H 4080, JIS H 4100)

- Some products that should not bear the JIS mark were labeled with the JIS mark and shipped. Specifically, JIS standards stipulate that for extruded shaped products with a thickness greater than 25 mm, “mechanical properties are based on agreement between the shipping and delivering parties,” but the products were shipped with the JIS mark displayed without entering into any such agreement with the customer.
- For some extruded bar products, JIS standards stipulate that when the diameter, thickness or opposite side distance of the product exceeds 20 mm, a round bar-shaped test specimen be used for tensile testing, but during mass production testing was conducted using incorrect shapes, while during the JIS maintenance review tests were performed on the correct shapes.
- Although JIS standards stipulate that a round-shaped bar be used for tensile testing when the wall thickness at the sampling site exceeds 20 mm for extruded shaped products, tests were performed using the incorrect shape (flat plate shape).
- According to JIS regulations, test specimens for retesting after mechanical test failures should be taken from designated locations in multiples, but test specimens taken from different locations in the same lot were treated as multiples, which differs from the JIS regulations.

Figure 2: Test specimen shape that differs from the JIS regulations



Correct shape: round-shaped bar test specimen



Incorrect shape: flat plate-shaped test specimen

3. Nikkei Extrusions Co., Ltd.: Suspension of Use of the JIS Mark, etc. (temporary suspension) (JIS H 4040, JIS H 4080, JIS H 4100)

- Products were shipped without displaying labeling information specified in the JIS regulations.
- Products were shipped with labeling of quality classifications not specified by the JIS regulations.
- Products outside the scope of certification were shipped with JIS marks displayed.
- JIS marks were not displayed, but determinations were made based on internal standards even though they should have been based on customer requirements, and as a result, products that did not meet customer requirements were shipped and tests specified by JIS regulations were not carried out.

4. Nikkei Kambara Co., Ltd.: Suspension of Use of the JIS Mark, etc. (temporary suspension) (JIS H 4040, JIS H 4080, JIS H 4100)

- Testing was conducted without collecting the number of test specimens stipulated by JIS regulations and the products were shipped displaying the JIS mark.
- Test specimens were prepared and tested with a different shape than the test specimen shape stipulated in JIS regulations, and the products were shipped displaying the JIS mark.
- Products exceeding the length tolerances stipulated in JIS regulations were shipped displaying the JIS mark.
- Products were shipped displaying the JIS mark without taking the dimensional tolerance measurements stipulated in JIS regulations.

The NLM Group takes the dispositions from the JQA with the utmost seriousness.

To start with, the NLM Group is conducting a thorough intra-Group investigation of each of the instances of improper conduct. In addition, we are responding in earnest to the investigation to clarify the entire situation and determine its causes by the Special Investigation Committee we established on June 9, 2021. We will then take measures to prevent recurrences.

To ensure that a situation like this never occurs again, the NLM Group has newly positioned compliance as its most important management issue. The NLM Group will undertake initiatives in a swift and reliable manner to strengthen its Group governance system and strive to regain the trust of all stakeholders.

JIS certification-related business sites in the NLM Group (as of March 31, 2021)

Business Site Name	Address	Certified Standards
Nagoya Plant, Nippon Light Metal Co., Ltd.	1-11-1, Koike, Inazawa-shi, Aichi Prefecture	JIS H 4000
		JIS H 4040
		JIS H 4080
		JIS H 4100
		JIS H 8602
Nikkei Niigata Co., Ltd.	1572-19, Tarodai, Kita-ku, Niigata-shi, Niigata Prefecture	JIS H 4040
		JIS H 4080
		JIS H 4100
		JIS H 8602
Nikkei Kambara Co., Ltd.	5617, Kanbara, Shimizu-ku, Shizuoka-shi, Shizuoka Prefecture	JIS H 4040
		JIS H 4080
		JIS H 4100
		JIS H 8602
Riken Light Metal Industry Co., Ltd.	3-2-1, Magarikane, Suruga-ku, Shizuoka-shi, Shizuoka Prefecture	JIS H 4040
		JIS H 4080
		JIS H 4100
		JIS H 8602
Okayama Plant, Nikkei Extrusions Co., Ltd.	2100, Ochiaicho Abe, Takahashi-shi, Okayama Prefecture	JIS H 4040
		JIS H 4080
		JIS H 4100
		JIS H 8602
Kambara Plant, Nikkei Sangyo Co., Ltd.	5407-1, Kanbara, Shimizu-ku, Shizuoka-shi, Shizuoka Prefecture	JIS Z 3232

The Environment

Tackling the issue of climate change to build a sustainable society

Policy

At the NLM Group, we fully recognize the impact that our business activities may have on the environment. We have established a basic environmental policy, under which we are taking initiatives to realize sustainable businesses and a sustainable society voluntarily and proactively, beyond complying with related laws and regulations.

We recognize carbon neutrality as a management issue and starting in FY2021, we will work to formulate a concrete action plan.

Basic Environmental Policy

Environmental issues are not just regional problems; they have spread and become serious to the point that they could affect the global environment and the very basis for humanity's existence. Accordingly, efforts to build a society that coexists with the global environment and a sustainable, recycling-oriented economic society are the responsibility of nations, local governments, citizens and companies alike. Based on this recognition, the NLM Group proactively aims to achieve harmony with the environment across every area of its corporate conduct.

This will lead to the protection of our shareholders, business partners, employees and local communities - the foundation for our existence - and translate into sound business activities. In addition, through socially responsible activities related to the environment, we will endeavor to create a truly prosperous society as a good corporate citizen.

Action Guidelines

The NLM Group has established action guidelines related to the environment.

- **Compliance with environmental laws and regulations, etc.**
We will comply with laws, regulations and other requirements related to the environment.
- **Improving the efficiency of energy usage and curbing CO₂ emissions**
We will aim to improve energy efficiency and control CO₂ emissions by improving the efficiency of manufacturing processes and equipment, boosting production efficiency, optimizing distribution and so on.
- **Promoting resource conservation and the three Rs**
We will pursue the efficient use of aluminum and all resources we handle, and work to promote the three Rs (reduce, reuse and recycle).
- **Corporate activities that consider the impact on the environment**
With regard to the location of production facilities, the development of new products and similar considerations, we will use scientific methods to assess the impact on the environment in advance, and take necessary measures such as efforts to preserve biodiversity. We will also do our utmost to reduce the impact on the environment through our regular business activities.
- **Developing technologies that contribute to the environment**
We actively develop products utilizing the properties of aluminum which have a minimal impact on the environment, and technologies such as processes that minimize environmental impact. The effects gained are disclosed and provided to society to aid in environmental conservation.

Framework

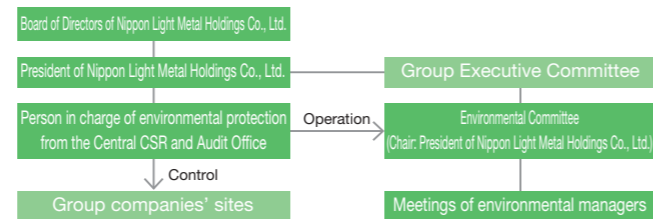
Environmental management system

The NLM Group Environmental Committee deliberates and decides on the core measures related to the Group's environment management. The committee is chaired by the president of Nippon Light Metal Holdings Co., Ltd., and consists of its officers, presidents of major NLM Group companies, and other members.

Matters determined by the Environmental Committee are fleshed out by the environmental control segment, which serves as the committee's secretariat, and are made known at meetings of environmental managers from 47 sites of 25 domestic companies before actions are taken. Meetings of environmental personnel are also held overseas (5 sites of 3 companies in Thailand, 9 sites of 9 companies in China, 2 sites of 2 companies in North America, 1 site of 1 company in Europe, and 1 site of 1 company in India) to share information.

* the unit at which the environmental management system is applied.

Environmental Management System



Plan

Action plan

The NLM Group formulates an annual action plan through the Environmental Committee, while annual action plans comprising elements common to sites are worked out at meetings of environmental managers.

Environmental Committee

- The committee strengthens the environmental risk management stance of the NLM Group as a whole through coordination between sites.
- To realize a sustainable society, the committee actively promotes environmental management.

Meetings of environmental managers

To enhance the Group's environmental risk management stance, the meeting:

- Takes preventive measures and also takes permanent measures to prevent the recurrence of trouble that has occurred in the past
 - Conducts environmental audits with a focus on field locations
 - Strives to develop human resources and improve capabilities through environmental management education and having site managers conduct environmental audits of other sites
- To realize a sustainable society, the meeting:
- Promotes greenhouse gas reductions and strives to meet targets
 - Considers the preservation of biodiversity

Planning of Environmental Activities

	Action Plan	Purpose	FY2020 Plan	FY2020 Results
1	Reducing environmental mishaps	Preventing environmental incidents	Zero environmental mishaps	Three incidents, six complaints, six abnormalities
2	Conducting environmental audits	Legal compliance, prevention of environmental incidents, development of environmental human resources	18 sites	16 sites (remaining two sites postponed to FY2021)
3	Development of environmental human resources	Compliance with laws and regulations Preventing environmental incidents	Ensuring that personnel hold statutory qualifications	Fulfilled
			Acquisition of legal knowledge	Conduct workshops on noise, vibrations and the Waste Management and Public Cleansing Act
			Having environmental managers take part in environmental audits of other sites	0 (cancelled due to the COVID-19 pandemic)
4	Greenhouse gas emission reduction	Prevention of global warming	Achievement of emission reduction targets Consideration of new targets for the year 2050	1.9% reduction compared with the previous fiscal year Start of carbon neutrality initiatives
5	Handling of PCB processing	Compliance with laws and regulations	Processing of high-density PCB Processing of low-density PCB	High-density: 95% achieved Low-density: 89% achieved
6	Environmental management at major overseas production sites	Legal compliance and improving environmental management levels	Environmental audits (4 sites in China) Environmental audits (3 sites in Thailand) Meetings of environmental managers	0 sites (postponed to FY2021) 3 sites Conducted in Thailand and China
7	Compliance with laws and regulations	Compliance with laws and regulations	Disseminating information on revised laws and regulations, preventing legal violations	Two workshops conducted with 38 participants
8	Activities to preserve biodiversity	Preservation of biodiversity	Promotion of biodiversity preservation activities	Activities underway at all 47 sites (14 of which produce activity reports)

Environmental Targets and FY2020 Results (Japan only)

Environmental Targets and FY2020 Results

Evaluation Legend...○ achieved △ initiatives underway, × not achieved

Action Item	Target Fiscal Year	Base Fiscal Year	Environmental Target (Japan only)		FY2020 Results (Japan only)	Evaluation
			Target	Base		
Energy saving activities and countermeasures against global warming	Greenhouse gas emissions	2030	2005	Greenhouse gas emissions per unit of sales at 1.82 tons CO ₂ /million yen	1.57 tons CO ₂ /million yen	○
	Energy consumption	2020	2013	12 PJ ⁴ /year or less	11.0 PJ/year	○
Air quality control	SOx ¹ emissions	2020	2013	350 tons/year or less	294 tons/year	○
	NOx ² emissions	2020	2013	370 tons/year or less	300 tons/year	○
Water quality control	COD ³ emissions	2020	2013	110 tons/year or less	82.6 tons/year	○
	Total amount of discharged water	2020	2013	27 million m ³ /year or less	20.7 million m ³ /year	○
Waste reduction and recycling	Emissions	2020	2013	32 thousand tons/year or less	30.5 thousand tons/year	○
	Disposal (landfill)	2020	2013	3 thousand tons/year or less	3.0 thousand tons/year	○
Chemical management		2020	2013	Number of PRTR substances at 24 or less	22 substances	○

1 SOx: Sulfur oxides 2 NOx: Nitrogen oxides 3 COD: Abbreviation of Chemical Oxygen Demand
4 PJ: Petajoule, a unit of energy (1 PJ = 1,000 TJ = 10¹⁵ J)

New Targets¹

Action Item	Target Fiscal Year	Base Fiscal Year	Environmental Target (Japan only)	
			Target	Base
Energy saving activities and countermeasures against global warming	Greenhouse gas emissions	2030	2005	Greenhouse gas emissions per unit of sales at 1.82 tons CO ₂ /million yen or less ²
	Energy consumption	2024	2019	Energy consumption per unit of sales at 29.7 GJ/million yen or less ²
Water quality control	Total amount of discharged water	2024	2019	Total wastewater per unit of sales at 5.0 × 10 ⁻⁵ million m ³ /million yen or less ³
Waste reduction and recycling	Emissions	2024	2019	Wastewater per unit of sales at 8.8 × 10 ⁻⁶ thousand tons/million yen or less ³
	Disposal (landfill)	2024	2019	Disposal per unit of sales at 5.4 × 10 ⁻⁶ thousand tons/million yen or less ³
Chemical management		2024	2019	Number of PRTR substances at 24 or less

1 We will continue to perform monitoring regarding air quality control (SOx, NOx emissions) and water quality control (COD emissions).

2 Calculated based on an annual 1% reduction from the base fiscal year.

3 Emissions per unit of sales is calculated by dividing FY2019 emissions by forecast net sales in FY2024.

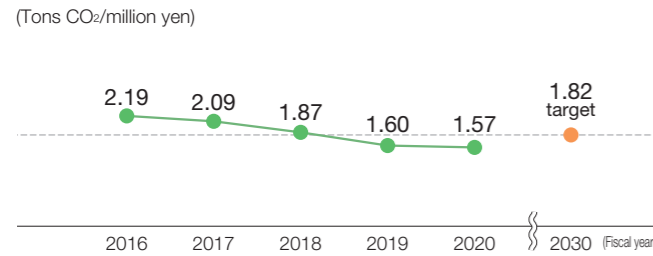
FY2020 Results

CO₂ emissions per unit of sales (Japan only)

CO₂ emissions per unit of sales declined 1.9% year on year to 1.57 tons CO₂/million yen.

The NLM Group also strives to reduce emissions in terms of the logistics involved with obtaining raw materials and supplying its products. For example, we are systematically upgrading and introducing trucks that comply with the latest emissions standards. Additionally, on the purchasing front we also strive to make environmentally friendly purchases of raw materials (green procurement) in anticipation of the future.

Change in CO₂ emissions per unit of sales (Japan only)



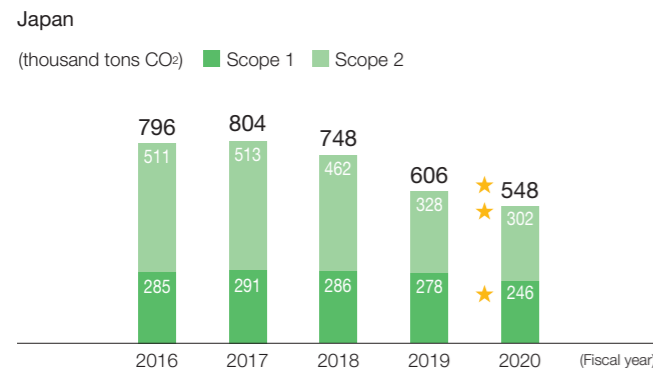
CO₂ emissions (Group total)

Scope 1 and Scope 2 CO₂ emissions declined by 60 thousand tons CO₂ (8.2%) year on year to 671 thousand tons CO₂.

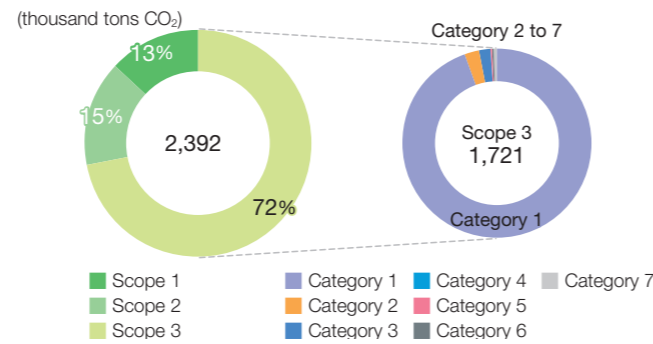
Emissions in Japan declined by 58 thousand tons CO₂ (9.6%) year on year to 548 thousand tons CO₂. Overseas, emissions declined by 2 thousand tons CO₂ (1.6%) year on year to 123 thousand tons CO₂. This mainly reflects a reduction of energy consumption attributed to reduction in production and the decline of the CO₂ emission factor for electricity, in addition to the reduction attributed to energy saving activities.

Scope 3 emissions declined by 52 thousand tons CO₂ (3%) year on year to 1,721 thousand tons CO₂. This mainly reflects a reduction in the use of virgin metal due to a decline in production.

Change in CO₂ emissions (Scope 1, Scope 2)



CO₂ emissions including Scope 3 emissions (FY2020)



Scope 1: Direct CO₂ emissions (such as from the combustion of kerosene or heavy oil)
 Scope 2: Indirect CO₂ emissions attributed to the use of energy including electricity
 Scope 3: Indirect CO₂ emissions from the supply chain
 Category 1: Purchased goods and services
 Category 2: Capital goods
 Category 3: Fuel and energy related activities (not included in Scope 1 or 2)
 Category 4: Upstream transportation and distribution
 Category 5: Waste generated in operation
 Category 6: Business travel
 Category 7: Employee commuting
 [Basis for Calculations]

* Boundary of calculation: 31 domestic consolidated subsidiaries (manufacturing)
 14 overseas consolidated subsidiaries (manufacturing)
 * Greenhouse gas emissions (Scope 1 and 2) are calculated in accordance with the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures, and the following CO₂ emission factors are used.
 Electricity in Japan: The CO₂ emission factor with T&D losses of each previous fiscal year announced by the Electric Power Council for a Low Carbon Society
 Electricity overseas: CO₂ emission factors of the respective countries shown in CO₂ FCOMB 2017 from the IEA
 Fuel: The CO₂ emission factor for each fuel is set by a ministerial ordinance from the Ministry of the Environment
 (The CO₂ emission factor for electricity in Japan was used for the hydroelectric power generated at the Kambara Complex of Nippon Light Metal Co., Ltd.)
 * Actual values only relate to energy-derived CO₂ emissions.

Carbon neutrality initiatives

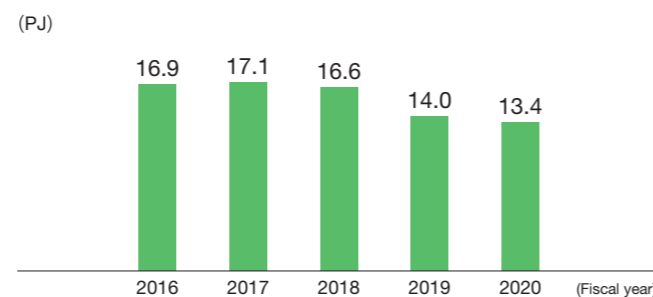
In addition to efforts to reduce CO₂ emissions, the NLM Group has begun considering carbon neutrality across all of its meeting bodies, including the Board of Directors, Group Executive Committee, Environmental Committee and meetings of environmental managers. Going forward, we will make united Group-wide efforts to raise awareness and disseminate information among employees and throughout the supply chain.

Initiatives for saving energy

Our energy consumption in FY2020 decreased by 0.6 PJ (4.3%) year on year to 13.4 PJ. This included a decrease of 0.8 PJ (6.8%) year on year to 11.0 PJ in Japan.

The NLM Group promotes energy management and energy conservation initiatives through the Group Technology Committee organized by technical and development segments. In addition, the subordinate Energy Conservation Subcommittee shares plans and examples of that have been put into practice at each site, and also rolls out initiatives across the Group.

Energy consumption



Addressing water stress (water quality control)

The amount of discharged water in FY2020 decreased by 0.6 million m³ (2.8%) year on year to 20.7 million m³. This included a decrease of 0.6 million m³ (2.9%) to 20.4 million m³ in Japan. COD emissions decreased by 16 tons (15%) year on year to 90 tons. This included a 12.8 ton decrease (13.4%) to 82.6 tons in Japan. Moving forward, the NLM Group will continue to monitor water intake, water discharge, water consumption, COD emissions and so on, prevent the release of pollutants in light of the water stress situation, and strive to make effective use of water.

Air quality control

SOx emissions in FY2020 declined by 35 tons (9.6%) year on year to 330 tons. This included a 32 ton decline (9.8%) to 294 tons in Japan.

NOx emissions decreased by 69 tons (15.4%) to 380 tons. This included a 61 ton reduction (16.9%) to 301 tons in Japan.

Waste reduction and recycling

The amount of waste generated in FY2020 declined by 8.5 thousand tons (18.6%) year on year to 37.1 thousand tons. This included a 7.2 thousand ton decline (19.1%) to 30.5 thousand tons in Japan.

The amount of landfill disposal increased by 0.1 thousand tons (2.9%) year on year to 3.5 thousand tons. This included a 0.7 thousand ton increase (30%) to 3.0 thousand tons in Japan.

Chemical management

The number of PRTR substances in Japan in FY2020 was 22.

Environmental audits

At the NLM Group, personnel in charge of environmental protection conduct regular environmental audits of 60 sites in Japan and other countries. The environmental audits involve checking compliance with laws and regulations, emergency response readiness, the likelihood that trouble similar to environmental trouble that has occurred in the past will reoccur, and the status of countermeasures in place.

In FY2020, environmental audits were conducted at 16 sites in Japan and three overseas sites in Thailand, and 32 problems were identified.

Regarding compliance with laws and regulations, in relation to industrial waste disposal it was discovered that insufficient waste information was being provided to waste disposal contractors, and corrective action was requested. In terms of emergency response readiness, it was pointed out that no measures were in place to prevent the inflow of oil into emergency rainwater gutters. Corrective action was requested, including the installation of oil catching equipment as well as the placement of sandbags to prevent the outflow of oil in the event of a leak. Additionally, to prevent the recurrence of environmental trouble that occurred in the past, the audits discovered pipes near the site boundary that could possibly release oil outside the site, and corrective action such as installing splash prevention covers was requested.

After audits have been conducted, support is provided for the corrective action as needed, and monitoring continues until all corrections are complete.

Responding to environmental trouble

At the NLM Group, we have developed and operate a quick reporting system in Japan and overseas to respond promptly to environmental problems.

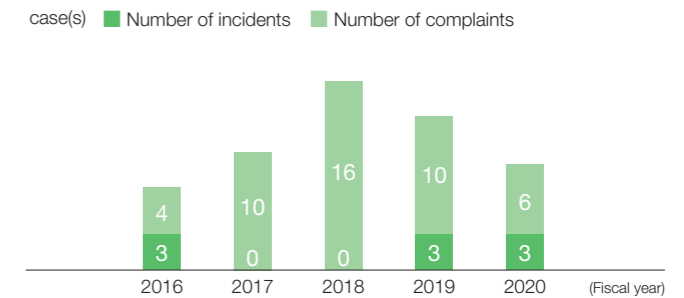
In FY2020, there were no lawsuits, fines, or forfeits related to the environment.

In terms of environmental incidents, three oil or chemical leaks (two in Japan, one overseas) occurred, and there were six

complaints related to the environment such as noise or odor (three in Japan, three overseas) fielded.

For each incident that takes place, the site where the incident occurred and personnel in charge of environmental protection work together to communicate with the person who lodged the complaint while taking measures to prevent recurrence. Further, we also collect information about measures taken at all sites of the Group to prevent similar incidents and share the measures taken at each site across the Group, as a part of our efforts to reduce risk.

Number of environmental troubles that occurred



* Incidents: Environmental issues that affect external parties, such as oil or chemical leaks
 * Complaints: The number of complaints (about odor, noise, etc.) lodged by external parties

Development of Environmental Human Resources

The NLM Group develops environmental human resources from a long-term perspective to ensure compliance with laws and regulations, and to prevent environmental mishaps from occurring.

Encouragement to acquire public qualifications related to the environment

To prevent shortages of personnel who have acquired public qualifications from a long-term perspective, we encourage sites with few such qualification holders to increase the number of qualified employees. In FY2020, 36 employees newly obtained qualifications.

Training sessions on laws and regulations to develop environmental managers

In FY2020, training sessions were held on the Noise Regulation Act, Vibration Regulation Act and the Waste Management and Public Cleansing Act. 38 people attended the training sessions.

Initiatives for preserving biodiversity

At the NLM Group, we have formulated Biodiversity Guidelines and are advancing activities to preserve biodiversity at our sites in Japan and other countries.

The NLM Group Biodiversity Guidelines

Basic Policy

The NLM Group will take the following initiatives for the preservation and sustainable use of components of biological diversity.

- Striving to understand the impact of business activities on biodiversity
- Engaging in biodiversity-friendly business activities and taking other initiatives to reduce the impact of business activities on biodiversity, to ensure the sustainable use of components of biological diversity
- Striving to develop a system for promoting these initiatives

Safety and Health

Safety comes before anything else.

At the NLM Group, we promote safety and health activities under a simple basic policy: safety comes before anything else. Our safety activities involve the employees of Group companies in Japan and in other countries, as well as temporary staff and the employees of our contractors and suppliers. Accordingly, we have made our policy easy for every worker to understand as a part of our efforts to instill this policy in them.

Group Safety and Health Policy

The Group Safety and Health Policy has been created in accordance with the basic principle of the NLM Group Management Policy, namely to create a safe and healthy workplace and realize zero accidents. All workers (colleagues) should be able to spend each day free of injury. To achieve this, we require everyone to work together to faithfully observe the basics of safety and health. "Safety comes before anything else" expresses those principles in a simple way.

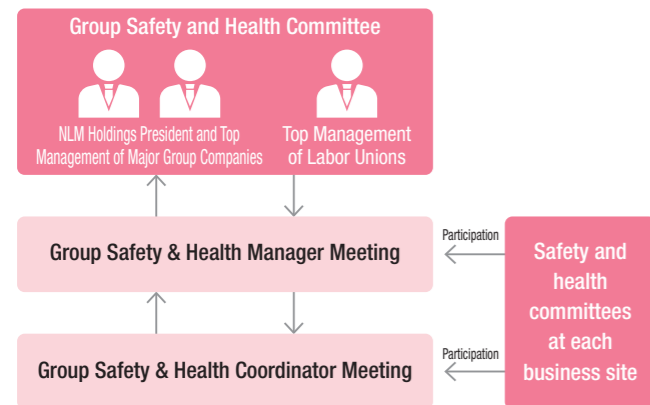
Framework

The Group Safety and Health Committee is the highest decision-making body responsible for safety and health management at the NLM Group. The top individuals representing labor and management, including the president of NLM Holdings, presidents of major Group companies and labor union representatives of Group operating companies meet in February each year as part of the committee to verify the results of activities in the current fiscal year, determine the Group Safety and Health Policy for the following fiscal year on the basis of those results, and to decide on the Group Safety and Health Regulations.

In addition, Safety and Health Committees are put in place at each Group company and business site as prescribed by the Industrial Safety and Health Act. Two meeting bodies have been established to facilitate coordination with these committees.

The first is the Group Safety & Health Manager Meeting. This meeting mainly comprises the business site managers and plant managers who serve as the safety and health committee chairpersons at each business site. Their job is to disseminate and roll out the policies decided on by the Group Safety and Health Committee.

NLM Group Safety and Health Management Framework



The second is the Group Safety & Health Coordinator Meeting. This meeting mainly comprises the safety & health coordinators of each business site, who work as the managers of safety and health committee administrative sections at each business site. This meeting convenes twice a year to verify operations at each business site and share information.

Plan

FY2020 Action Plan

1. Preventing Accidents	<ul style="list-style-type: none"> On-site inspection of lost-time injuries Group-wide roll out of measures to deal with similar accidents Support for priority business sites Sharing information based on management ideology, instructions from the president
2. Improving Field Capabilities	<ul style="list-style-type: none"> Safety and health education
3. Enhancing Management Capabilities	<ul style="list-style-type: none"> Promoting internal accreditation for safety and health management systems (SMS) Developing SMS promoters and safety managers, rolling out in-house training
4. Improving Technical Capabilities	<ul style="list-style-type: none"> Group-wide roll out of equipment safety standards Risk assessment education and training Development of safety engineers (SE) and safety foremen (SF)

To achieve the Group Safety and Health Policy, we systematically pursue initiatives aimed at preventing accidents, improving field capabilities, enhancing management capabilities and improving technical capabilities.

On preventing accidents, members of the Safety and Health Control Department take part in local accident review meetings and Safety and Health Committee meetings at business sites experiencing frequent accidents as a priority business site support measure, in an effort to improve safety leaves at the affected sites through advice and guidance. In addition, since FY2018 the Group Executive Committee has raised the topic of safety at the beginning of its meetings, having the officer in charge of safety and health report on all accidents that occurred since the last meeting and share information. The officer also responds thoroughly to instructions from senior management regarding the details of safety and health measures taken.

In terms of improving field capabilities, the Safety and Health Control Department works with each business site to conduct the necessary safety and health training. On enhancing management capabilities, three business sites in Japan have obtained certification for ISO 45001, an international standard for occupational safety and health management systems. Twenty other business sites in Japan have received in-house accreditation for our own Safety Management System (SMS), which utilizes the JISHA* style OSHMS. This accreditation system was started in 2013 as part of efforts to build appropriate safety management capabilities.

In terms of improving technical capabilities, in 2000 we created equipment safety standards based on international safety standards and have since promoted the improved safety of

machinery and equipment. We introduced risk assessments in 1998 as a risk mitigation approach and have fostered the development of safety practitioners through widespread training.

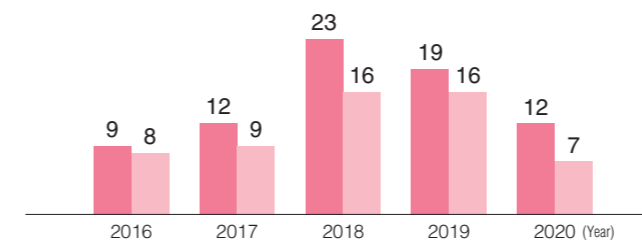
Since 2011, we have focused on the development of skilled safety personnel with the establishment of Safety Engineer (SE) and Safety Foreman (SF) training to facilitate a deeper understanding of general machinery safety.

* JISHA: Japan Industrial Safety & Health Association

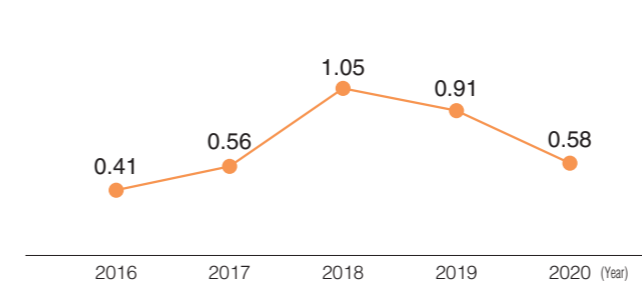
Workplace Injury Trends

Number of workplace injuries

(cases) ■ Japan ■ Overseas



Frequency rate of lost-time injuries (Consolidated)

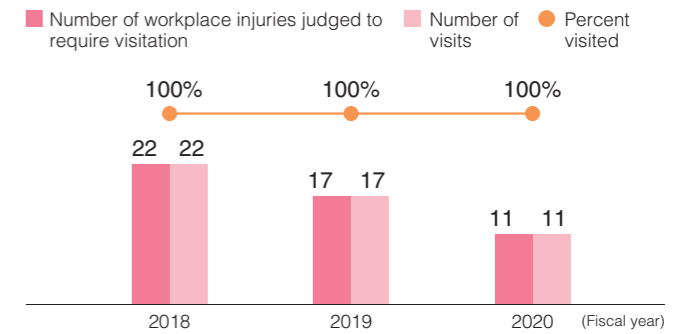


FY2020 Initiatives

Third-party investigations of workplace injuries and the prevention of their recurrence

When a workplace injury has occurred, the first thing we do is to have the people in charge and other people from the business location, including the safety and health manager, consider and implement measures to prevent the recurrence of the injury. Employees who are most familiar with the work site are expected to consider and implement reliable measures. On the other hand, familiarity may also cause them to overlook something, make an incorrect assumption, or make some other error. There is also the concern that, because those people work in the same site daily, they may protect each other or hesitate to take more severe measures. Accordingly, members of the Safety and Health Control Department inspect the site from a third-party perspective, separately from the people from the business location in question. They inspect the site three times, one week, one month, and six months after the workplace injury, to assess the effectiveness of the countermeasures that were implemented and whether they have taken root firmly, among other points. This prevents workers from getting into a rut and simply following procedures while incorporating best practices from other business locations, and enables countermeasures based on specialized knowledge. In FY2020, activities to prevent workplace injuries at business locations where workplace injuries occurred were supported by giving instructions on how to streamline processes analyzing the causes of workplace injuries and formulating countermeasures, by explaining legal regulations, by advising them to receive training from external institutions, and by taking other measures.

Percent of business locations where workplace injuries occurred that are visited



Group-wide roll out of measures to deal with similar accidents

To prevent serious workplace injuries from occurring again, the Group inspects all of the Group's production sites to identify any unaddressed factors that could cause a similar accident and to make sure there are no other factors that have been overlooked. By December 2020, of the roughly 6,500 cases of a worker being pinched or caught in machinery or equipment, improvements were completed in relation to about 6,000 cases.

Safety and Health Education

	FY2018	FY2019	FY2020
Number of times the training was held	56 times	31 times	19 times
Trainees (total)	985	622	291

To expand safety and health activities throughout the entire Group, safety and health education covers a wide range of areas, from training on the safety and health management system to legal education and training about machinery safety.

- OSHMS leader training
- OSHMS internal auditor training
- Training for newly appointed safety managers
- Foreman training
- Special training for workers handling dust
- Special training for workers handling low voltage electricity
- Equipment safety training
- Risk assessment training
- Safety engineer (SE) training
- Safety foreman (SF) training

Since FY2019, we have been developing materials with the aim of creating a system enabling each business site to conduct training on its own based on the training conducted in the previous fiscal year. Unfortunately, in FY2020 there were more occasions where training had to be cancelled due to COVID-19, but the training was switched to web-based courses whenever possible.



Confirm the site from the perspective of a third party (At the Kambara chemical plant)

Human Resource Development

Maximizing human capital by developing and utilizing skills

Policy

As the NLM Group runs a wide range of businesses, the expert knowledge required also covers a broad spectrum. That is why we engage in human resource development that integrates the specialized, individual training required in specific departments with the common Group training that all employees require. The Group training includes training and education according to certain themes and job types, such as level-specific training for the next generation of managerial employees and newly appointed managers, Fortuna training to facilitate the success of female employees as well as seminars on production technology basics for engineers and coaching-based training. There are a large number of participants from Group companies every year.

In addition, through coordination at the Group Training Staff Meeting, efforts are made to ascertain training needs and make improvements to the educational program.

Recruitment and Training Systems

Periodic career track worker recruitment efforts are handled on a joint basis for four Group companies, Nippon Light Metal Co., Ltd., Nikkeikin Aluminium Core Technology Co., Ltd., Nikkei MC Aluminium Co., Ltd., and Nikkei Information Systems Co., Ltd. In addition to recruitment, we aim to foster a sense of unity that goes beyond company boundaries by having new employees live together from the time of their employment offer to the three months of pre-assignment group training after joining the company. This sense of unity is one of the pillars supporting "Team NLM."

The training conducted at each Group company forms the basis of human resource development in the NLM Group, with training and education for job functions and skills commonly needed at every company conducted on a Group-wide basis. Level-specific training primarily handled by HR personnel has been rolled out across the

Group since the early 2000s, and now a total of around 30 Group companies take part in eight training blocks. This approach advances the "Team NLM" style of human resource development that connects all Group companies at similar organizational levels.

Training course to develop the next generation of managerial employees

The NLM Group conducts Training course to develop the next generation of managerial employees to foster the development of future managers.

The training was launched in FY2002 based on recognition of the need to enhance the depth of the next crop of management level employees to make full use of the power of consolidation. The initial training placed an emphasis on developing a manager mindset over an extremely short training period. Later, with the establishment of NLM Holdings (becoming a pure holding company) in 2012, we implemented major revisions to the training in FY2014, as we realized that we needed to develop human resources who would not only seek the autonomy of Group companies but also be able to advance Group coordination and overall optimization from Group management perspectives.

Under the training system, over ten trainees chosen from among Group companies undergo training once or twice a month for a period of one year, and at the same time they work in groups to propose a "future vision for the NLM Group," which is their assignment. The trainees present their future visions to the top management of NLM Holdings and other Group companies, during which they take on wide-ranging feedback, questions and encouragement to cap off their one year of training. By having employees as part of a reserve force of prospective managers tackle issues for an extended period, they naturally form and strengthen interpersonal connections to make the next generation "Team NLM" even stronger.

Training course to develop the next generation of managerial employees

- 1. Fostering manager perspectives**
 - Lectures from current top-level management
 - Understanding visionary management, understanding CSR and compliance, etc.
- 2. Gaining an overall understanding of the NLM Group**
 - Understanding NLM Group Management Policy, analyzing the finances of the NLM Group
 - Tour of major Group company plants and other locations, exchanges between participants, etc.
- 3. Developing the skills needed for management**
 - Acquiring management skills including NPS, business strategy, marketing and team building
 - Nurturing a global mindset, liberal arts, risk management, etc.
- 4. Team assignment**
 - Future vision for the NLM Group and concrete action plan to realize it
- 5. Management review**

Since the training program was started, there have been eight classes involving 98 trainees from 18 companies (85 of whom completed the training). Twenty four of the trainees have been appointed Group company officers following the training, and going forward we will continue to systematically foster the development of Group management human resources in these ways.



Scene from Training course to develop the next generation of managerial employees

Expanding the Diversity of Human Resources

The original business of the NLM Group is aluminum smelting and refining, and due to the large number of workplaces operating continuously and frequent late-night work, we have long employed a predominantly male workforce. However, following the oil shocks of the 1970s, we gradually downsized this business, and as a corporate group that has developed a range of business fields in the years since, there is no doubt that diversity in human resources will become an increasingly important aspect to opening up a new dimension to our operations in the future.

Nippon Light Metal Co., Ltd. has aimed to make at least ten percent of its career track employee hires females, and achieved 23% in FY2021 (new employees hired in April 2021) on this metric.

In 2015, Nippon Light Metal Co., Ltd. established Nikkeikin OhLiS Co., Ltd. as a special-purpose subsidiary for the employment of persons with disabilities, and as a result of continuing to develop this field of business, as of June 2021 our hiring rate for persons with disabilities has reached 2.6%, exceeding the statutory employment rate by 0.3%.

Fifteen (over 2%) of Nippon Light Metal Co., Ltd. are foreign nationals, and while this is not a large number, in recent years we have been considering the utilization of these human resources in anticipation of future business expansion. Accordingly, each year we have continued to hire foreign national employees on a regular basis, taking into account expert knowledge and language skills so that we will have the human resources necessary to expand into areas in the long term, five or ten years from now.

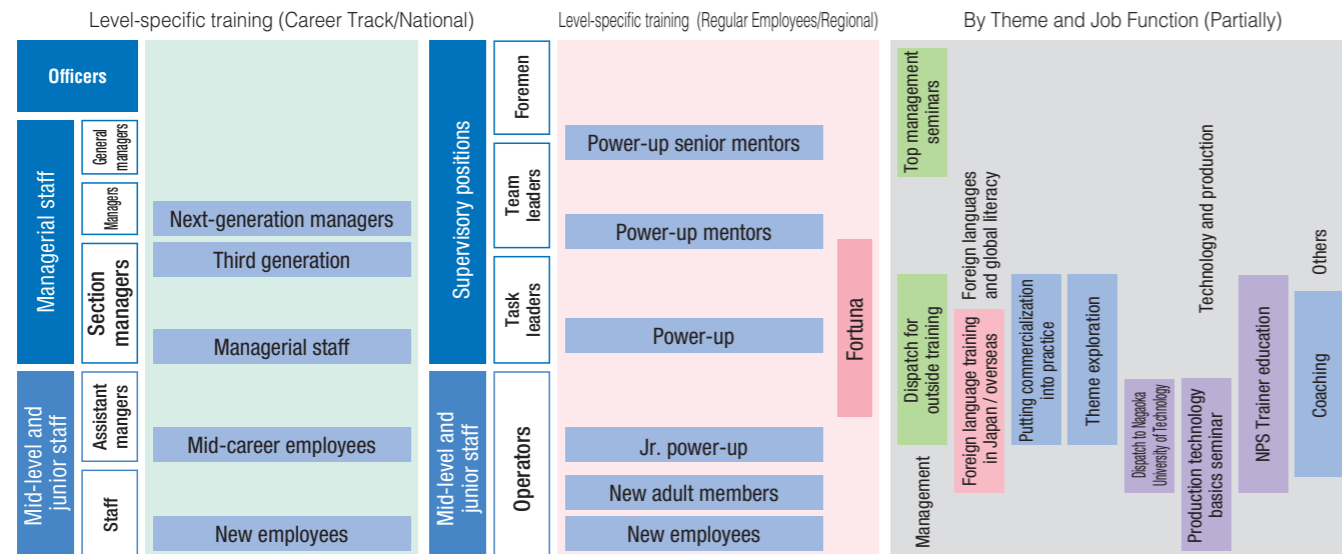
Skills Transfer

Due to the oil shocks of the 1970s, for a time the NLM Group was hesitant to hire new employees. As a result, the mix of ages of workers on-site is uneven, and although the industry began to rejuvenate in the 2000s, we were concerned about the transfer of skills. In addition, the mid-career and junior employees expected to lead the future had a lack of leadership experience, leading to concerns about how we would rejuvenate the leadership team.

For this reason, Nippon Light Metal Co., Ltd. launched "power-up training" starting in FY2001. This was designed to make up for the lack of experience on-site through education, and systematically develop a leadership team for the next generation. This one-year long-term practical training has produced a steady stream of excellent on-site leaders, and by FY2021, we have seen 383 employees from 16 Group companies complete the program. Over two decades of training, the leadership styles of "giving it your all" and "setting an example for others to follow" while encouraging junior employees to be independent and self-motivated has taken root at each site across the NLM Group and greatly contributed to the retention of human resources.

To cap off their one year of training, the trainees give presentations on the results of their activities in front of the president of NLM Holdings and other top executives. They are then thanked for their efforts directly at a gathering held afterwards. Top management's direct commitment to developing human resources in the field is a key feature and has played a big part in maintaining and enhancing the Group's field capabilities.

Education and Training System




VOICE Respecting tradition while ensuring a flexible workplace environment

After coming to Japan to pursue a second foreign language, I decided to stay and continue working in order to experience Japanese working environment.

During my job hunting, I was firstly drawn to Nippon Light Metal(NLM) for its diversity in business activities which can allow me to be exposed to various experience and its welfare benefits which will support and make living overseas alone less challenging. In addition, throughout the approaches and styles in the interview, I realize that despite the traditional image with long and profound history, people in NLM are adapting and do not take gender or nationality for granted.

From the first year until now, I was designated in Accounting Department Group. However, thanks to job rotation system available here, I get an opportunity to be in charge of different departments and companies in each year. What more to be grateful is my colleagues because without them teaching and supporting me there would not have been this version of me. All the relationships built is one of my most valuable memory in Japan.



Pantitra Valanaraya
Accounting Department, Nippon Light Metal Co., Ltd.
From Thailand. Joined Nippon Light Metal in 2017.

Labor Management

Creating a workplace where employees can fully develop their abilities as freely as possible.

Policy

In keeping with the NLM Group Management Policy, the NLM Group aims to “create a workplace where everyone assumes responsibility for and takes pride in his/her work, and where everyone can fully develop his/her abilities as freely as possible.”

We will develop an environment that sincerely addresses employee feedback through individual employees and labor unions and enables employees to continue working with peace of mind, and strive to create a workplace full of the joy of working.

Framework

As the NLM Group maintains various business operations and employs a wide range of employees in terms of profession and employment conditions, unified labor management can be difficult, and the labor management framework is predicated on Group companies implementing their own efforts in this area. At the same time, to ensure that those efforts are appropriate, we conduct labor audits, engage in coordination through meetings of HR personnel and share information by rolling out best practices across the organization as part of efforts to continually improve labor management levels on a Group-wide basis.

The minimum requirement for a workplace where employees can continue to work with peace of mind is compliance with labor-related laws and observance of employment regulations. Since FY2014, the NLM Group has been conducting labor audits at Group companies with HR personnel playing a central role.

During the labor audits, a checklist of 215 items in total related to employment and wage management is used, to confirm that appropriate labor management is being implemented at each Group company. The checklist is revised each year to reflect revisions to labor laws and changes to key issues. As part of the audit process, related documents are submitted in advance, and checks are performed to verify that company rules and regulations are in line with current laws and regulations, and that various notifications have been properly made to supervising authorities. Then, during the actual audit, problems are pointed out, guidance on corrective measures is provided, and any issues with labor management are shared. When the audits were first started, HR personnel conducted audits of Group companies as an auditing



Scene from the Group HR Personnel Meeting (January 2020)

team, but under the current framework, where the HR personnel at major Group companies take part in the auditing teams, as well as having companies make improvements in response to identified issues, in-depth knowledge and best practices are dynamically shared across the Group. This is part of efforts to raise the level of labor management on a Group-wide basis.

In addition, a Group HR Personnel Meeting is held annually as a chance to share Group-wide labor issues and the measures being taken to address them. In recent years, with the strict application of equal pay for equal work principles, information has been shared between companies when setting appropriate wage levels for temporary workers. As revisions to labor laws can be wide-ranging, we try to practice appropriate labor management by sharing insight through these meetings and similar activities.

Labor-Management Relations

Nippon Light Metal Co., Ltd. believes that good labor-management relations are the foundation of sound corporate development. Accordingly, the company has entered into a union shop agreement with a labor union, and in addition to economic negotiations, has created many opportunities for exchanges of views between labor and management.

Regular Company-wide Labor-Management Meetings are held twice a year and the company side, involving all internal directors from the president down, describes management policy, the management situation and key management issues to the labor union and engages in exchanges of opinion. Labor-Management Committee Meetings organized by the officer in charge of personnel affairs are also held twice a year. At each business site, regular Individual Labor-Management Meetings are held twice a year, as opportunities to explain and exchange opinions regarding individual business issues specific to each business site. The Labor Agreement states that “the Company and the union shall endeavor to implement those items discussed at labor-management meetings for which there is a consensus of opinions without delay,” and accordingly matters of agreement are promptly implemented.

In addition to regular meetings, the Working Conditions Review Committee convenes to exchange opinions between labor and management regarding specific matters pertaining to working conditions. For matters that involve significant changes to working conditions such as revisions to personnel and wage systems or extension of mandatory retirement age, review takes place through subcommittees that meet almost monthly over several years to flesh out committee discussions even more. The details of labor-management discussions and their progress are disseminated by the labor union to its members to make changes to systems more acceptable.

There was a time when Nippon Light Metal Co., Ltd. restructured itself, including withdrawing from some businesses, in response to the oil shocks of the 1970s. Under circumstances that could have led to extremely adversarial labor-management relations, the company shared as much information as possible about the management situation with the labor union and engaged in frank exchanges of opinions. These actions cultivated the good labor-management relations based on trust that are enjoyed today. These practices of sharing information about management status and issues is not limited to the relationship between the company and the labor union; it has also taken root

as part of the culture at business sites. A strength of the labor-management relationship is that the company, its business sites and departments each share issues with employees, creating a united front towards improvements.

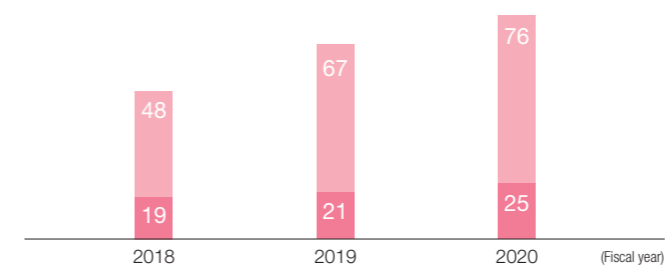
Child and Family Care Support

At Nippon Light Metal Co., Ltd., we believe it is insufficient to simply hire more female employees to support their advancement in society and leverage their abilities; we also think that it is essential to create an environment in which employees can engage in fulfilling work even after childbirth and balance childrearing with work. Childcare leave can be taken until an employee’s child is three years of age* (the law stipulates childcare leave up to one year of age as a general rule, up to a maximum of two years of age). In addition, for the shortened working hour system for childcare, which is especially needed when an employee seeks to balance childcare responsibilities with work, we have progressively extended the period of eligibility in light of internal needs, from pre-school age to the third year of elementary school and then to the sixth year of elementary school (the law requires this be offered only up to the day before an employee’s child reaches three years of age), in order to develop a system that is easier for employees to take advantage of. We have also made changes to nursing leave. Since FY2018 this leave has been treated as paid leave, and the leave usage rate has increased as a result.

With the arrival of an aging society, support for balancing family care with work has also become increasingly important. At Nippon Light Metal Co., Ltd., employees can take a family care leave period of 186 days (the statutory period is 93 days), and as with nursing leave, family care leave is now paid.

* Until the day before the corresponding age is reached

Number of Employees Using the System of Shortened Working Hours for Childcare and Family Care person(s) ■ Nippon Light Metal Co., Ltd. ■ Companies other than Nippon Light Metal Co., Ltd.



Boundary: Consolidated subsidiaries in Japan



Acquiring Kurumin Mark certification as a company supporting childcare under the Act on Advancement of Measures to Support Raising Next-Generation Children



Acquiring Grade 2 Eruboshi certification as a company demonstrating outstanding performance based on the Act on Promotion of Women’s Participation and Advancement in the Workplace

Improvements to the Employee Cafeteria

Having a workplace where employees want to work and fully demonstrate their capabilities is an important aspect of creating corporate value, and enhancing the welfare aspects of working conditions plays no small role in this.

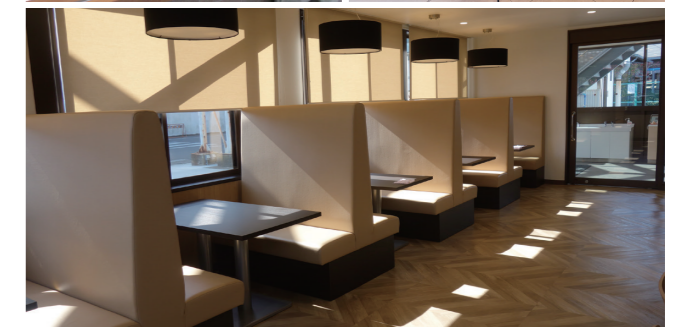
Nippon Light Metal Co., Ltd. completely renovated the cafeteria at its plant in FY2019. While the previous cafeteria offered inexpensive meals, nothing about the atmosphere, fixtures, plates or anything else was above average, and its function as a place to enjoy meals and recharge with the vigor to work was limited. With the renovation, the cafeteria was transformed into a bright and clean area. By installing family restaurant style booth seating in the dining area, it was turned into a relaxing cafe-style space that can be enjoyed even outside meal times, and is also utilized as a place where workplace members can meet for discussions. Improvements were also made so that the cafeteria can be used as a place where many employees can gather together, making it a facility where events that involve eating and drinking can be held comfortably.

The menu was also improved and expanded, and employees are very happy with the options to choose from. Use of the cafeteria increased after the renovation, with employee feedback suggesting that “the space is brighter, and the food tastes better, partly thanks to the improved atmosphere.”

At the Group head office, which was relocated at the same time as the plant cafeteria renovations, a dining and cafe space that takes up the entire 16th floor, the topmost floor of the company offices, was developed. This has also proved popular, and is used by roughly 1,000 Group employees as a dining space and a space for internal and external meetings.

Our expectation is that not only will the joy of food give employees the vigor to work, but that the completion of this new shared space that can be utilized in various situations will promote greater communication and strengthen the “Team NLM” mindset.

(Currently due to the COVID-19 pandemic, face-to-face eating is prohibited at both cafeterias, and silent eating is being thoroughly enforced.)



Scene of the renovated cafeteria

Supply Chain Management

We achieve responsible procurement through proactive procurement activities

Policy

The NLM Group has established a CSR procurement policy for centrally procured products, built a flexible procurement system for responsible procurement, and aims to realize a sustainable society through proactive procurement activities.

CSR Procurement Policy

1. Fair and good-faith procurement

The NLM Group possesses an outstanding global competitive advantage in all areas of quality, price, delivery lead times, stable supply and service, and we require partners who share our CSR principles not only in Japan but also throughout the world. In addition, we make a point of always engaging in trade on an equal footing with partners who have been fairly selected through free competition, and endeavor to build and enhance mutually beneficial partnerships. We are always open to working with new business partners and strive to provide them with the necessary information.

2. Elimination of antisocial forces

The NLM Group has no business dealings with antisocial forces. We always strive to act sensibly with basic legal knowledge, social common sense and a sense of justice, to avoid involvement in illegal conduct or antisocial activities. In the event we receive unjust demands from outside the Group, whether or not from antisocial forces, we will take a firm stance and not try to solve issues by giving money or making other accommodations.

3. Procurement compliance

The NLM Group engages in procurement in accordance with various laws, regulations and norms. In addition, to ensure thorough compliance with this policy, we endeavor to raise awareness concerning procurement compliance, such as by conducting training on related laws and regulations and running workshops as needed for related departments within the Group.

4. Control of chemical substances in products

With the cooperation of business partners, the NLM Group works to control the chemical substances contained in its products.

- The NLM Group's control policy on the chemical substances contained in products:
 - (1) Comply with domestic laws and regulations including the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc.
 - (2) Control the chemical substances contained in products in consideration of the RoHS Directive, REACH regulations and so on.

5. Consideration of human rights, the labor environment, safety and health

The NLM Group aspires to a society which accepts and works with a diverse range of personalities and values, and respects the basic human rights of all people. Even in the supply chain, we promote procurement that complies with laws and regulations while also considering human rights, the labor environment, safety and health.

Additionally, we do not use the five minerals (tin, tantalum, tungsten, gold and cobalt mined in the Democratic Republic of the Congo and surrounding countries (3TGC, so-called conflict minerals).

6. Business continuity planning (BCP) initiatives

The NLM Group recognizes that the stable supply of products are a part of corporate social responsibility. Accordingly, with the help of our business partners we work to formulate plans that lay out recovery procedures for ensuring personnel and business operating systems and securing equipment and raw materials, in anticipation of difficulties engaging in regular business operations in the event of a natural disaster, infectious disease outbreak or other emergency.

7. SDG-related Initiatives

The NLM Group recognizes that SDG-related initiatives and its business activities are two sides of the same coin and should be linked. We work together with our business partners to help realize a sustainable society as part of those initiatives.

Framework

The NLM Group runs a wide range of businesses and also purchases a broad array of items. For this reason, our purchasing system has adopted the basic policy of giving autonomy to each field of business while engaging in moderate Group coordination. We are trying to anticipate and solve a range of issues to achieve responsible procurement through Group coordination. Every six months, we hold a Group Procurement Personnel Meeting to share information, issues and solutions related to procurement.

Group Procurement Personnel Meeting

The purchasing unit is responsible for developing measures to ensure responsible procurement, and also shares the Group's advanced initiatives as model cases. The purchasing unit holds Group Procurement Personnel meetings attended each time by over 50 purchasing staff from NLM Group companies.

The meetings are used to share information about CSR procurement policies, specific measures and market information about procured items. Purchasing staff also exchange opinions about CSR procurement policies and various measures in relation to responsible procurement. Attendees take the information and opinions gained at the meetings back to their respective Group companies where they engage in information sharing and raise awareness. In addition, we iterate on a solution cycle where issues occurring at individual companies are raised at the following meeting and proposed as new issues.

Plan

Main Action Plan for FY2020

- Enhancing and raising awareness of procurement compliance
- Initiatives related to business continuity planning (BCP) in the supply chain
- Consideration for human rights, the labor environment and safety & health in the supply chain

FY2020 Initiatives

Enhancing and raising awareness of procurement compliance

● Raising awareness related to the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors To realize fair and equitable trade, the NLM Group strives to raise awareness among purchasing staff about the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors. Each year a workshop on the act is organized by the purchasing unit. In FY2020 the workshop was held remotely over ZOOM instead of in-person due to the COVID-19 pandemic, and 100 staff participated.

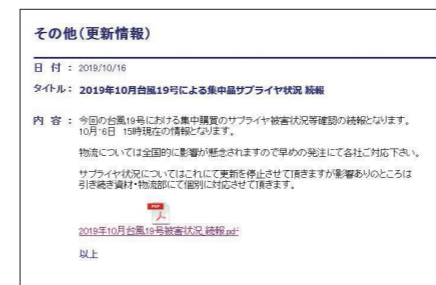
Additionally, from FY2021 we have begun conducting audits related to the act for Group companies with business partners to which the act applies. We have adopted an auditing method which starts with document-based fact-finding at each site, and then uses a five-point scale to evaluate on various items, including "level of recognition, understanding and awareness of department managers," "level of recognition, understanding and awareness of staff," "business tool development level," "education and awareness-raising development level," "safety relating to the four obligations," and "safety regarding the 11 prohibited items." The first audit was conducted at Group company Nikkei Hokkaido Co., Ltd. The audit results are useful for improving operations at the site in relation to the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors and help build better compliance systems.

Initiatives related to business continuity planning (BCP) in the supply chain

● Prompt sharing of information

As one of our BCP initiatives to deal with large scale disasters that have occurred in recent years, after quickly sending out emails to sites that are supplied products from disaster-stricken areas, similar information is disseminated through the intranet to inform the entire Group of the situation.

We aim to post this information by the following day from when a disaster strikes and have developed a system to periodically update information based on circumstances. Previously, purchasing staff would confirm the status of the procured items they were personally responsible for and inform related sites of the situation individually, but by posting information with a common and unified format to the intranet, each site is now able to quickly ascertain the situation.



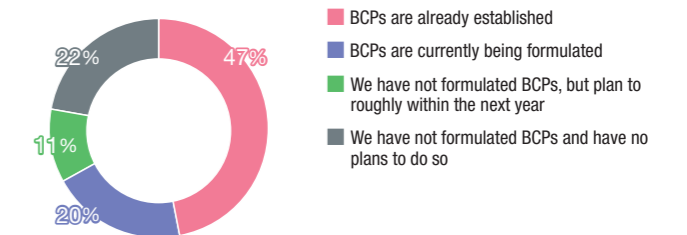
Example of Information Posted to the Intranet

● Conducting supplier questionnaire surveys

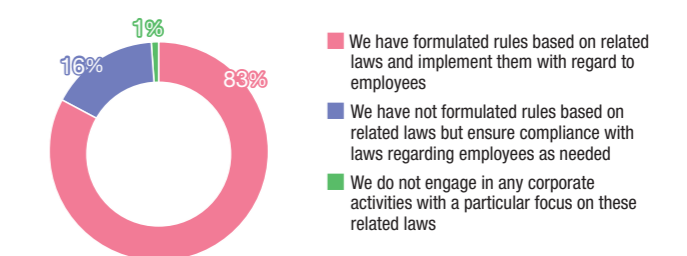
Purchasing staff send the NLM Group CSR Report to suppliers each year, and also conduct CSR procurement questionnaires. We have been sending out our CSR reports since FY2011, and begun conducting the CSR procurement questionnaires in FY2014. In FY2020 we sent out questionnaires to around 400 companies and received responses from 48.3% of them.

According to the previous questionnaire, 37% of suppliers had already put BCPs into place, but in the latest questionnaire this had risen 10 points to 47%. This suggests that some of the suppliers who responded that they were currently formulating or planned to formulate BCPs in the previous questionnaire actually worked on developing BCPs, and that BCP initiatives have steadily gained traction.

Have you formulated business continuity plans in anticipation of a major disaster occurring?



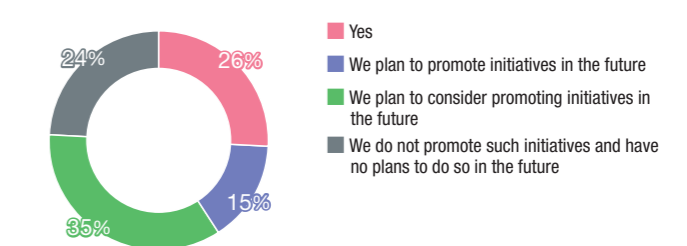
Have you implemented rules based on related laws regarding working conditions, workplace environment, and so on?



Consideration for human rights, the labor environment and safety & health in the supply chain

In our CSR procurement questionnaire, we have added questions about SDG initiatives since FY2020. As a result, 58% of respondents reported understanding or have some degree of understanding about the SDGs, while 26% responded that they promoted initiatives aimed at achieving the SDGs, reflecting the steady penetration of the SDGs.

Do you promote initiatives aimed at achieving the SDGs?



Local Communities

Through proactive exchanges with local communities, we will contribute to their development.

Policy

The NLM Group works to contribute to local communities in accordance with its Social Contribution Policy (established July 22, 2016) described below, so that it can effectively utilize the resources of the Group to contribute to the development of local communities through social contribution activities that are unique to the Group.

- The NLM Group respects local culture and customs and contributes to the development of local communities in harmony with them. In addition, through activities to protect biodiversity we contribute to the conservation of local environments.
- The NLM Group contributes to the development of next-generation human resources through education on manufacturing and support for academic research.
- The NLM Group strives to enhance its support system so that employees can voluntarily take part in activities that contribute to local communities.

Framework

The NLM Group has adopted the basic policy of allowing each business site to play a central role in voluntary community engagement activities while engaging in moderate Group coordination. We pursue solutions to issues such as engagement with local communities and regional development while taking on feedback from local residents. These issues are also shared at Group General Affairs Liaison Meetings attended by the general affairs personnel of Group companies and business sites, to facilitate solutions to each local issue.

Plan

Medium-term Plan (FY2019 to FY2021)	FY2020 Action Plan
<ul style="list-style-type: none"> • Continue communicating with local communities to facilitate development. • Establish the corporate brand locally by appropriately distributing and giving back to the local community. • Maintain and improve regional biodiversity. • Play an active role in the development of local manufacturing-related human resources. 	<ul style="list-style-type: none"> • Ascertaining and promoting pro bono activities • Providing support for cultural and sports programs as well as educational and research institutions in each locality • Active engagement with local communities • Cooperation with external organizations such as police and fire departments and information gathering • Preparations for publishing social contribution activity website posts • Support for BCP formulation

Measures to address sedimentation in Amehata Dam

At the Amehata Dam (Hayakawa-cho, Minamikoma-gun, Yamanashi Prefecture) which is maintained by Nippon Light Metal Co., Ltd., rising water levels on the Amehata River upstream of the dam due to torrential rains caused by Typhoon Krosa in August 2019 and Typhoon Hagibis in October 2019 caused flooding damage across the surrounding region.

With regard to the Amehata Dam, in order to achieve a fundamental solution following the notification of regular inspection results from the Ministry of Land, Infrastructure, Transport and Tourism in 2019, we

received administrative guidance to compile plans for sedimentation control measures and systematically address the sedimentation issues.



Overall view of the Amehata Dam

Content of the administrative guidance

- **Regarding measures to respond to the regular inspection of Amehata Dam**
Notice No. 13 dated August 9, 2019 from the Director of Kofu River and National Highway Office, Kanto Regional Development Bureau, MLIT
To: Director of Kambara Complex, Nippon Light Metal Co., Ltd.
Notice from the Director of Kofu River and National Highway Office, Kanto Regional Development Bureau, MLIT
- **Findings of the regular inspection**
 - Measures to address sedimentation have been taken, but the measures shall be strengthened and improved to surely reduce the amount of sediment.
 - A plan for measures to address the sedimentation problem shall be finalized and the measures shall be implemented in a well-planned manner to fundamentally solve the sedimentation problem.
 - While abnormalities such as deformation have not been observed, the amount of sediment has exceeded the sediment storage capacity. Accordingly, its impact on the dam body, etc. shall be investigated.

In response to the flooding damage that occurred and the above administrative guidance from the government, in September 2019 Nippon Light Metal Co., Ltd. established the Amehata Area Sediment Countermeasures Investigative Commission ("the Commission," hereafter) together with the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), Yamanashi prefectural government, and the Hayakawa municipal government, and after the Commission had met four times up to March 2020, it considered emergency countermeasures to deal with the flooding damage in the surrounding region along with fundamental measures to address the sedimentation, after which the Basic Plan for Measures Addressing Amehata Dam Sediment ("the Basic Plan," hereafter) was compiled in April 2020 and submitted to the MLIT.

Outline of the Basic Plan for Measures Addressing Amehata Dam Sediment

1. **Positioning of the Basic Plan for Measures Addressing Amehata Dam Sediment**
Floods have already occurred above the Amehata Dam reservoir. Therefore, under this plan, we will aim to implement a solution to prevent floods and mudslides as soon as possible and ensure that the Amehata Dam reservoir can fulfill its functions in the future.
Accordingly, in this Basic Plan, we divided countermeasures into three stages: a short-term plan [Step 1], a medium-term plan [Step 2], and a long-term plan [Step 3].
This plan that we submitted was formulated with the greatest possible consideration of the living environment of local

residents. It has a realistic target for the amount of accumulated sediment to be removed, before describing the feasible countermeasures that we formulated. To begin the implementation of the Basic Plan immediately, we attached importance to the short-term plan (a solution to prevent floods and mudslides) to be implemented in FY2020 and FY2021.
Under the medium-term plan for FY2022 and onward, we will take measures such as securing places to dispose of removed sediment by finding candidate locations where embankments are needed so the removed sediment can be used as a material to build the embankments, while continuing to cooperate with the Hayakawa and Minobu municipal governments, the national government, and the Yamanashi prefectural government. In addition, the Basic Plan will be reviewed at the follow-up meeting* of the Investigative Commission described in Chapter 3 in accordance with its progress, to formulate and advance feasible measures to secure sufficient sediment storage capacity to prepare for the largest ever inflow of earth and sand.
Further, there are many issues to be studied surrounding Amehata Dam, including the remarkably large amount of sedimentation compared to other dams in Japan. Therefore, we will continue to study countermeasures from a broad perspective to ensure sedimentation stays at a safe level and take measures to maintain sufficient sediment storage capacity (continuous countermeasures against sedimentation) by consulting with other stakeholders at the follow-up meetings of the Investigative Commission. We have positioned this process as a part of the long-term plan.

2. Outline of the Basic Plan for Measures Addressing Amehata Dam Sediment

- (1) Short-term plan [Step 1]
Period: FY2020 to the end of FY2021
Goal: Implementing a solution to prevent floods and mudslides (removing accumulated sediment so that the water level will not exceed the normal water level)
Removal and transportation of the accumulated sediment that is believed to cause floods and mudslides (estimated amount: 3,000,000 m³)

- Details :
- Emergency measures
 - Construction of a temporary embankment
 - Securing a river channel
 - Temporary use of the inside of the dam lake for the construction of embankments to protect the prefectural road, to construct a temporary road, and for other purposes
 - Drastic measures
 - Increase the capacity of the belt conveyor to discharge sediment below the dam
 - Use the sediment (as an aggregate resource, for constructing haul roads in rivers, for building embankments for land development, and for other purposes)
 - Review the continuous countermeasures addressing sedimentation
 - Follow-up, etc.
- (2) Medium-term plan [Step 2]
Period: FY2022 to the end of FY2024
Goal: Remove 3,000,000 to 4,000,000 m³ of accumulated sediment to secure sufficient sediment storage capacity to prepare for the largest ever inflow of earth and sand.
Details:
 - Use the sediment (as an aggregate resource, for building embankments for land development, and for other purposes)
 - Review and implement the continuous countermeasures addressing sedimentation
 - Follow-up, etc.
- (3) Long-term plan [Step 3]
Period: From FY2025 onwards
Goal: Maintain a safe level of sedimentation
Details:
 - Use the sediment (as an aggregate resource, for building embankments for land development, and for other purposes)
 - Implement continuous countermeasures addressing sedimentation
 - Follow-up, etc.

* Chapter three is not listed in this report. For details, please refer to the Basic Plan for Measures Addressing Amehata Dam Sediment (<https://www.nikkeikin.co.jp/news/news/common/pdf/p202005070202.pdf>)

Roadmap Progress

Main Item	Detailed Item	Issue	Roadmap of the Basic Plan for Measures Addressing Amehata Dam Sediment					
			Short Term	Medium Term		Long Term		
			FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 ~
Emergency measures	Construction of a temporary embankment	—	Construction complete					
	Securing a river channel	—	The river channel was secured by the time of the FY2020 flood season and is being maintained. In the future we will continue to excavate the river channel in an effort to prevent disasters.					
	Temporary use inside the dam lake for construction of embankments, etc.	—	Completed relocation of 600,000 m ³ within the dam lake					
Drastic measures	Increased sediment transportation capacity	—	In FY2020 the system for removing 1.2 million m ³ per year was ensured. From FY2021, a system to remove 1.5 million m ³ per year will be established.					
	Aggregate resources	Responding to further expansion of demand	Sluggish demand, sales expansion is being adjusted to recover					
	Amehata River transportation route	Structure based on the use of regular vehicles when prefectural roads are damaged	Construction underway					
	Hayakawa River transportation route	Detours near narrow sections and river crossing structures	Schematic design complete, start of construction					
Soil utilization	Securing a disposal site	Examining wide area needs in addition to local requirements Securing temporary storage yards	Partial finalization and start of construction					
	Ongoing countermeasures addressing sedimentation	Considering measures from a broad perspective to continually maintain safe sedimentation conditions	Under continual consideration					
Amount of sediment removed and transported			FY2020 Results: 1.65 million m ³			Measures based on the amount of inflow		
			1.5 million m ³	1.5 million m ³	1 million m ³ ~	1 million m ³ ~	1 million m ³ ~	
			3 million m ³		3 million m ³ to 4 million m ³			

<Press release regarding the third follow-up meeting of the Amehata Area Sediment Countermeasures Investigative Commission> <https://nikkeikin.co.jp/news/news/common/pdf/p2021061001.pdf>

Progress Report

Since 2020, Nippon Light Metal Co., Ltd. has been working diligently to implement the Basic Plan and to date has made progress largely according to the plan. In addition, since 2020 up to June 2021, the Amehata Area Sediment Countermeasures Investigative Commission has had three follow-up meetings to confirm the implementation status of the Basic Plan. The MLIT, Yamanashi prefectural government, and the Hayakawa municipal government have taken part in the meetings, which involve reports on the progress of countermeasures based on the Basic Plan, and the handling of issues with feedback from all related parties.

Additionally, in implementing the countermeasures, since it became possible to reasonably estimate the costs associated with implementing the countermeasures from FY2020 to FY2021, for the fiscal year ended March 2020 we recorded an extraordinary loss of 11,000 million yen for sediment control costs, and since it became possible to reasonably estimate the implementation details up to FY2024, for the fiscal year ended March 2021 we recorded an extraordinary loss of 16,200 million yen for sediment control costs.

Nippon Light Metal Co., Ltd. will continue to steadily implement the Basic Plan while cooperating with everyone involved and prioritizing the safety of the area going forward.



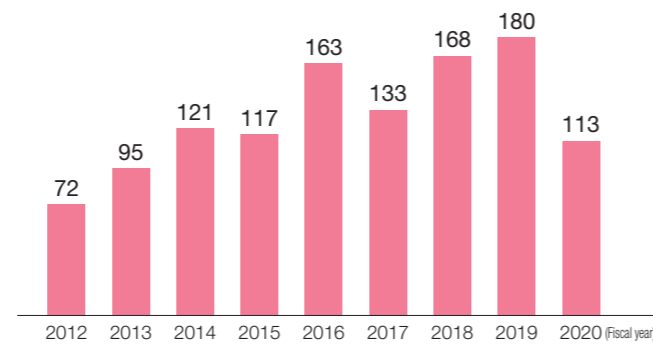
Embankment upstream of the Amehata Dam (taken in August 2021)

Social Contribution Accounting

Since FY2012, the NLM Group has calculated and disclosed costs associated with its social contribution activities as social contribution accounting. Through the network maintained by the Group General Affairs Liaison Meetings, where the general affairs personnel of NLM Group companies gather, and reports handled by the Group Executive Committee, Board of Directors of NLM Holdings and the CSR Committee, we have fostered a corporate culture of community-based social contribution that reflects the unique qualities of the NLM Group.

Currently the number of activity programs and their costs have increased significantly since the initial plans, and a wide range of programs have emerged. Among these programs, community-based activity programs made up 60 percent of the total, or 218 of all 361 programs (FY2020 results), making them representative activities for the Group.

Social Contribution Accounting (million yen)



*Figures for FY2019 were adjusted.

Engaging with local communities and disseminating information through events

The NLM Group is particularly focused on taking part in local events and organizing events at its business sites among the local activity programs it runs. Events provide great opportunities to gain a deeper understand of local culture and customs, and for local residents to learn more about the NLM Group. We will continue to make the most of these opportunities and work on engagement and information dissemination that leads to the development of local communities.

Unfortunately, in FY2020 most local events were canceled or postponed due to the COVID-19 pandemic.

Around 250 participants dance at the Niigata Dai-Minyo-nagashi Festival together with traditional lanterns decorated with aluminum barrels manufactured by Nikkei Niigata Co., Ltd.



Niigata Dai-Minyo-Nagashi Festival (Nikkei Niigata Co., Ltd.)

Each year we take part in the Prince Chichibu Memorial Mount Fuji Ekiden Race, held in Gotemba, Shizuoka Prefecture and regarded as the most grueling race of its kind in Japan.



Prince Chichibu Memorial Mount Fuji Ekiden Race (Nippon Light Metal Co., Ltd., Toyo Aluminium K.K. and others)

We have taken part in the Tomakomai Port Festival held in Tomakomai, Hokkaido, since 2013.



Tomakomai Port Festival (Nippon Light Metal Co., Ltd., Nikkei Hokkaido Co., Ltd.)

Distinctive events at NLM Group business sites

We hold distinctive events at each business site and invite local residents to attend, in order to give them the opportunity to learn more about the NLM Group.

We promote engagement with local residents through employee-run bazaars, lucky draws for prizes, forklift experiences (see photo on right) and so on.



Nikkei Bazaar (Nippon Light Metal Co., Ltd. Nagoya Plant)

An event to view 1,000 roses of 400 different varieties was an opportunity to express our gratitude to the local community.



Rose Viewing Event (Nippon Fruehauf Co., Ltd. Atsugi Head Office Plant)

List of Events

	Event Name	Main Company / Business Site	Region
Participation in Local Events	Tomakomai Port Festival	Nippon Light Metal Co., Ltd. Tomakomai Complex, Nikkei Hokkaido Co., Ltd.	Tomakomai-shi, Hokkaido
	Tomakomai Cosplay Festa	Nippon Light Metal Co., Ltd. Tomakomai Complex, Nikkei Hokkaido Co., Ltd.	Tomakomai-shi, Hokkaido
	Minami Alps Hayakawa Wild Vegetable Festival	Nippon Light Metal Co., Ltd. Kambara Complex	Hayakawa-cho, Minamikoma-gun, Yamanashi Prefecture
	Nanbu-cho Ekiden / Marathon Race	Nippon Light Metal Co., Ltd. Kambara Complex	Nanbu-cho, Minamikoma-gun, Yamanashi Prefecture
	Kanbara Festival	Nippon Light Metal Co., Ltd. Kambara Complex	Shizuoka-shi, Shizuoka Prefecture
	Prince Chichibu Memorial Mount Fuji Ekiden Race	Nippon Light Metal Co., Ltd. Kambara Complex, Toyo Aluminium K.K.	Gotemba-shi, Shizuoka Prefecture
	Niigata Festival	Nikkei Niigata Co., Ltd., Nikkei New Business Co., Ltd. Niigata Branch, Toyo Rikagaku Kenkyusho	Niigata-shi, Niigata Prefecture
	Konomiya Hadaka Festival	Nippon Light Metal Co., Ltd. Nagoya Plant	Inazawa-shi, Aichi Prefecture
	Ujisato Festival	Toyo Aluminium K.K. Hino Complex	Hino-cho, Gamo-gun, Shiga Prefecture
	Rose Viewing Event	Nippon Fruehauf Co., Ltd. Atsugi Head Office Plant	Atsugi-shi, Kanagawa Prefecture
Events Held by Business Sites	Nikkei Festival	Nippon Light Metal Co., Ltd. Kambara Complex	Shizuoka-shi, Shizuoka Prefecture
	Riken Summer Evening Festival	Riken Light Metal Industry Co., Ltd.	Shizuoka-shi, Shizuoka Prefecture
	Nikkei Bazaar	Nippon Light Metal Co., Ltd. Nagoya Plant	Inazawa-shi, Aichi Prefecture

Information Security

We are working to appropriately manage corporate information and strengthen information security.

Policy

The NLM Group has identified information security as one of its priority risks. Matters related to the handling of information including information security are set forth in the Group Information Management Regulations, and we implement initiatives that help improve corporate value in an ongoing fashion through the protection and utilization of information as an important management resource. This policy along with plans and initiatives based on the policy are deliberated on and decided by the Group Executive Committee and reported to the NLM Holdings Board of Directors. The Board of Directors offers opinions on reports and provides instruction as necessary.

rules and systems, and also coordinates with various risk management departments including Legal Affairs, Intellectual Property, General Affairs and Human Resources.

The Systems Department handles hardware aspects such as the maintenance and upkeep of information and communication system equipment. To discuss and solve compound issues such as the security, maintenance and utilization of information, Risk Management Meetings (RMM) involving the Internal Control, Systems, Legal Affairs, Intellectual Property, General Affairs, Human Resources and Compliance departments are held in alternate months.

Matters decided on in RMMs are translated into action by the Information Management Officers and Information Systems Personnel appointed by each Group company and department. To monitor the status of implementation for all Group companies and departments, once a year the Internal Control Department performs an inspection of information management systems and their operational status, and the Systems Department carries out IT diagnosis. Information security-related issues, inspection results and other information is reported to the NLM Holdings Group Executive Committee and Board of Directors on a periodic basis and when otherwise needed.

Framework

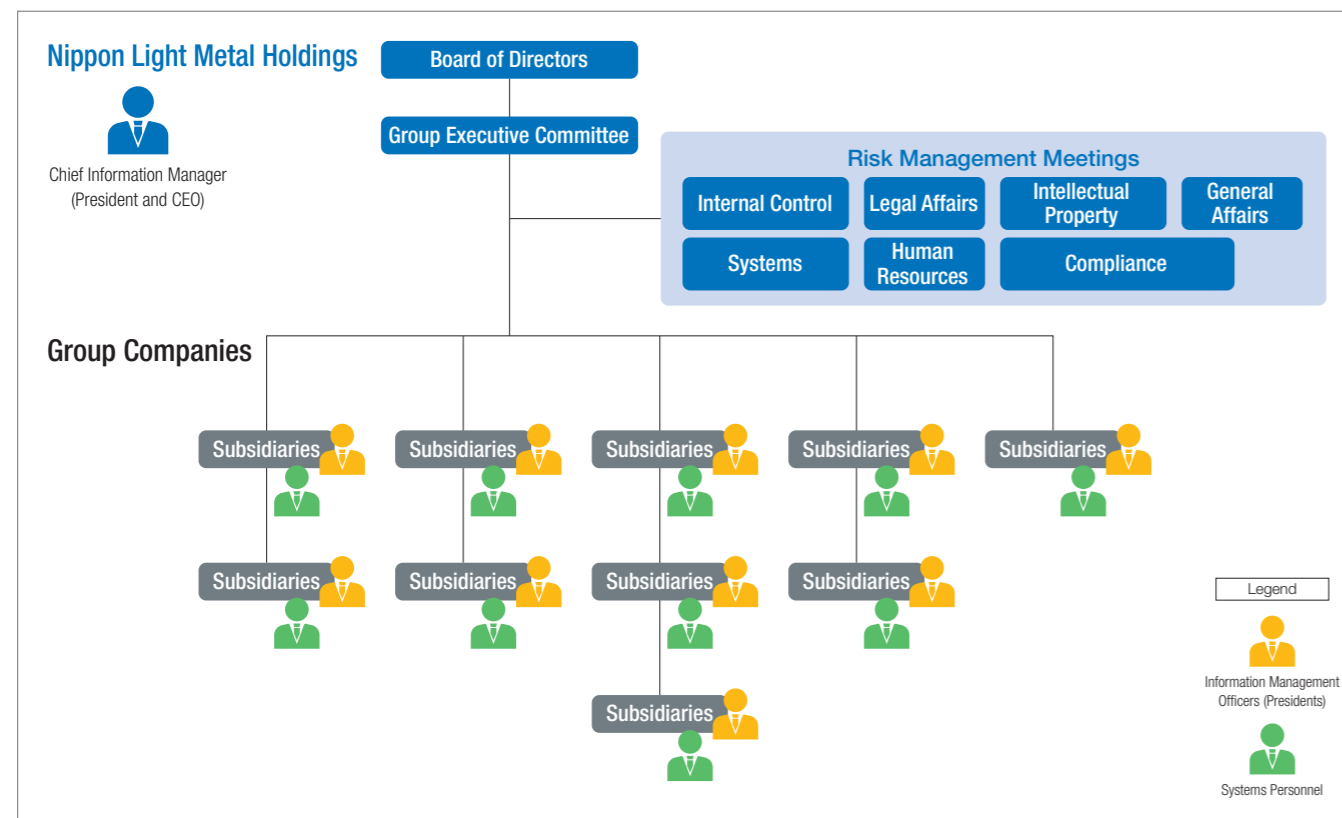
Comprehensive management of information security risks is implemented on a joint basis by the Internal Control Department and Systems Department.

The Internal Control Department is responsible for non-physical aspects such as the development of information management

Structure of Group Information Management Regulations

Names of Regulations and Other Rules	Contents
Group Information Management Regulations	Group regulations setting forth basic matters concerning Group information management
Group Information Management Standards	Group regulations expressing important management standards concerning information management in detail
Group Information Management Guidebook	Guidebook for information management administrative offices to develop and operate management systems
Group Information System Management Regulations	Group regulations for building and operating information systems, and ensuring their reliability, safety and efficiency
Group Information System Standards	Group standards setting forth necessary matters concerning the development, maintenance and operation, etc. of information systems
Group Information System Procedures	Procedures concerning information security, systems infrastructure, the purchase of information equipment and software, system development and operation, IT auditing, and so on
Group Information System Management Regulations Guidelines	Explanation of rules that need to be observed when information users such as employees use information systems and infrastructure

Information Management Structure



FY2020 Initiatives

In FY2020, with business continuity during the COVID-19 pandemic becoming an urgent issue, we worked to strengthen information security while maintaining network infrastructure and upgrading remote work capabilities.

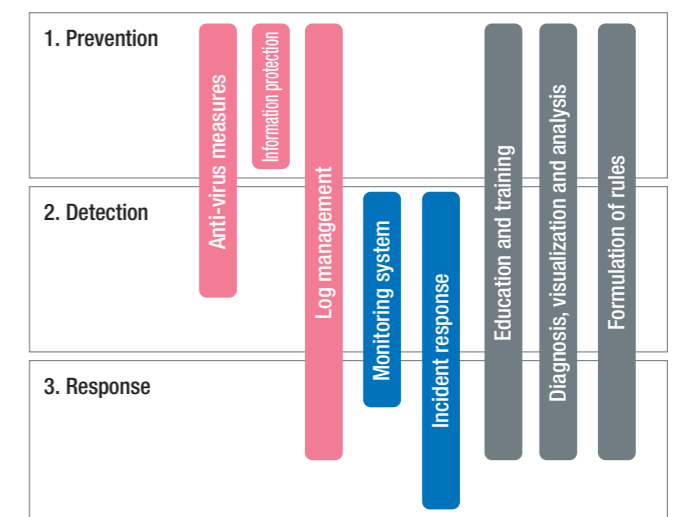
We have been strengthening information security at each step - prevention, detection and incident response. Previously, measures were focused on the prevention to detection stages, but now we are working to strengthen those areas while enhancing monitoring and detection functions and focusing on strengthening the ability to respond swiftly and appropriately when an incident occurs.

Measures from the detection to response stages are based on the so-called zero-trust security assumption, which are initiatives to ensure the integrity and safety of key information assets and access to systems on the assumption that no users, devices or connection sources can be trusted. In addition, we also address measures to protect important information assets from threats due to natural disasters such as earthquakes and flooding, and conduct disaster recovery training (DRT) to prepare for actually experiencing a disaster.

To strengthen the ability to respond when an incident occurs, we launched a Computer Security Incident Response Team (CSIRT) as a dedicated group handling information security issues within the Group, and developed a framework for coordination between the Group's risk management departments and outside organizations in the event of an emergency. We formulate emergency response plans and conduct table-top exercises based on those plans.

In terms of ongoing initiatives, we conduct various training and educational programs using e-learning and remote training with the aim of improving the IT literacy of the NLM Group as a whole. In addition, we repeatedly run simulation drills based on a range of scenarios to instill the right ways for employees to respond to targeted email attacks. When these drills result in poor performance, we prescribe courses to be taken in order to level up our performance overall. In FY2020, a total of 11,400 employees took part in targeted attack email drills.

Measures to Strengthen Security



Data

		Boundary		2016	2017	2018	2019	2020	Unit	
Employees, etc.										
Number of directors	Full-time directors	Consolidated	Male	187	190	208	216	209	person(s)	
		Consolidated	Female	0	0	0	1	1	person(s)	
		Consolidated	Total	187	190	208	217	210	person(s)	
Number of employees ¹	Managerial staff	Consolidated	Male	1,529	1,540	1,640	1,666	1,712	person(s)	
		Consolidated	Female	73	90	95	96	100	person(s)	
		Consolidated	Total	1,602	1,630	1,735	1,762	1,812	person(s)	
	General	Consolidated	Male	9,091	8,992	9,087	9,345	9,040	person(s)	
		Consolidated	Female	2,433	2,233	2,494	2,504	2,310	person(s)	
		Consolidated	Total	11,524	11,225	11,581	11,849	11,350	person(s)	
	Total employees	Consolidated	Total	13,126	12,855	13,316	13,611	13,162	person(s)	
	Number of employees by country/region	Japan	Consolidated	Male	7,879	8,058	8,399	8,568	8,668	person(s)
			Consolidated	Female	1,135	1,198	1,271	1,323	1,384	person(s)
			Consolidated	Total	9,014	9,256	9,670	9,891	10,052	person(s)
Asia		Consolidated	Male	2,506	2,243	2,282	2,221	1,858	person(s)	
		Consolidated	Female	1,331	1,089	1,095	1,239	985	person(s)	
		Consolidated	Total	3,837	3,332	3,377	3,460	2,843	person(s)	
U.S. and Europe		Consolidated	Male	235	231	229	222	226	person(s)	
		Consolidated	Female	40	36	40	38	41	person(s)	
		Consolidated	Total	275	267	269	260	267	person(s)	
Number of employees in each age group ²		Under 15	Consolidated	Male	—	—	0	0	0	person(s)
	Consolidated		Female	—	—	0	0	0	person(s)	
	Consolidated		Total	—	—	0	0	0	person(s)	
	15 to 19 years old	Consolidated	Male	—	—	108	108	89	person(s)	
		Consolidated	Female	—	—	15	21	20	person(s)	
		Consolidated	Total	—	—	123	129	109	person(s)	
	20 to 29	Consolidated	Male	—	—	2,153	2,124	1,925	person(s)	
		Consolidated	Female	—	—	559	600	444	person(s)	
		Consolidated	Total	—	—	2,712	2,724	2,369	person(s)	
	30 to 39	Consolidated	Male	—	—	3,150	3,164	3,038	person(s)	
		Consolidated	Female	—	—	833	894	826	person(s)	
		Consolidated	Total	—	—	3,983	4,058	3,864	person(s)	
	40 to 49	Consolidated	Male	—	—	2,878	2,919	2,798	person(s)	
		Consolidated	Female	—	—	671	741	738	person(s)	
		Consolidated	Total	—	—	3,549	3,660	3,536	person(s)	
	50 to 59	Consolidated	Male	—	—	1,975	2,010	2,252	person(s)	
		Consolidated	Female	—	—	276	284	319	person(s)	
		Consolidated	Total	—	—	2,251	2,294	2,571	person(s)	
60 or older	Consolidated	Male	—	—	646	686	650	person(s)		
	Consolidated	Female	—	—	52	60	63	person(s)		
	Consolidated	Total	—	—	698	746	713	person(s)		
Number of new hires	Total	Consolidated (Japan)		—	596	692	617	486	person(s)	
	Percentage to employees	Consolidated (Japan)		—	7.1	7.8	6.8	5.3	%	
Number of new graduates who were recruited		Consolidated (Japan)		—	197	211	210	196	person(s)	

		Boundary		2016	2017	2018	2019	2020	Unit
Number of employees who left	Total	Consolidated (Japan)		—	401	490	490	427	person(s)
	Percentage to employees	Consolidated (Japan)		—	3.5	5.6	5.4	4.6	%
Three-year retention rate ³		Consolidated (Japan)		—	88.4	83.8	89.1	87.8	%
Number of those who were re-employed after retirement		Non-consolidated (Nippon Light Metal Co., Ltd.)		26	8	8	12	1	person(s)
Labor Union participation rate		Non-consolidated (Nippon Light Metal Co., Ltd.)		100	100	100	100	100	%
Average age	Consolidated	Male		—	39.1	39.9	39.4	40.7	years old
		Female		—	36.9	37.4	37.0	38.4	years old
	Consolidated	Total		—	38.6	39.4	39.0	40.3	years old
Average duration of service	Consolidated	Male		—	11.5	11.8	11.8	12.7	years
		Female		—	7.7	8.0	7.6	8.6	years
	Consolidated	Total		—	10.8	11.1	11.0	12.0	years
Average annual hours worked	Consolidated (Japan)	Male		—	2,146	2,157	2,076	2,085	Hours/person
		Female		—	1,974	1,871	1,867	1,919	Hours/person
	Consolidated (Japan)	Total		—	2,124	2,120	2,047	2,062	Hours/person
Average annual overtime work hours	Consolidated (Japan)	Male		—	324	302	284	255	Hours/person
		Female		—	161	150	148	130	Hours/person
	Consolidated (Japan)	Total		—	302	282	266	238	Hours/person
Average number of days of annual paid leave taken	Consolidated	Male		—	9.9	9.9	11.0	10.8	days
		Female		—	9.7	9.6	9.6	9.9	days
	Consolidated	Total		—	9.9	9.8	10.7	10.6	days
Average rate of acquisition of annual paid leave	Consolidated	Male		—	52.5	57.8	63.9	56.4	%
		Female		—	71.6	73.4	74.3	64.3	%
	Consolidated	Total		—	55.3	60.0	65.4	57.6	%
Number of employees who newly took childcare leave	Consolidated (Japan)	Male		—	1	6	12	12	person(s)
		Female		—	55	66	52	42	person(s)
	Consolidated (Japan)	Total		—	56	72	64	54	person(s)
Number of employees who newly took nursing care leave	Consolidated (Japan)	Male		—	2	4	0	2	person(s)
		Female		—	1	2	2	2	person(s)
	Consolidated (Japan)	Total		—	3	6	2	4	person(s)
Number of users of the shorter working hour program	Consolidated (Japan)	Male		—	0	1	3	5	person(s)
		Female		—	61	66	85	96	person(s)
	Consolidated (Japan)	Total		—	61	67	88	101	person(s)
Number of employees who were absent from work due to mental health problems	Consolidated (Japan)	Male		—	34	59	51	45	person(s)
		Female		—	2	9	8	5	person(s)
	Consolidated (Japan)	Total		—	36	68	59	50	person(s)
Average annual amount of expenditure for education/training		Consolidated		—	29.2	24.9	25.0	16.2	thousand yen/person
Employment rate of people with disabilities ⁴	Non-consolidated (Nippon Light Metal Co., Ltd.)			2.47	2.59	2.63	2.57	2.60	%
		Non-consolidated (Toyo Aluminium K.K.)		2.05	2.03	1.93	2.55	2.63	%

*1. Fixed-term (full-time) employees are included.

*2. Consolidated figures have been reported since FY2018.

*3. Percentage of employees who are still at the company as of April 1 in the year that is three years after they joined the company.

*4. As of June 1 immediately after the end of each fiscal year. The statutory employment rate is 2.2%.

		Boundary	2016	2017	2018	2019	2020	Unit
The environment								
Greenhouse gas emissions (Scope 1, Scope 2) ^{*1}	Consolidated (Japan) ^{*2}		796	804	748	606	★ 548	thousand tons-CO ₂
	Consolidated (overseas) ^{*3}		135	125	137	125	123	thousand tons-CO ₂
Greenhouse gas emissions per unit of sales ^{*1}	Consolidated (Japan)		2.19	2.09	1.87	1.60	1.57	tons-CO ₂ /million yen
Breakdown of Scope 3 emissions ^{*4}	Category 1 Purchased goods and services ^{*5}	Consolidated	1,962	1,926	1,947	1,690	★ 1,644	thousand tons-CO ₂
	Category 2 Capital goods	Consolidated	21	22	35	42	39	thousand tons-CO ₂
	Category 3 Fuel and energy not included in Scope 1 or 2	Consolidated	33	28	34	34	31	thousand tons-CO ₂
	Category 4 Upstream transportation and distribution ^{*6}	Consolidated	0	0	0	0	0	thousand tons-CO ₂
	Category 5 Waste generated in operation	Consolidated	4	4	5	4	3	thousand tons-CO ₂
	Category 6 Business travel	Consolidated	0	0	0	0	0	thousand tons-CO ₂
	Category 7 Employee commuting	Consolidated	3	3	3	4	4	thousand tons-CO ₂
Energy consumption	Electricity	Consolidated	10.6	10.8	10.4	8.1	7.8	PJ
	Fuels	Consolidated	6.3	6.3	6.2	6.0	5.5	PJ
Energy consumption intensity per unit of sales	Consolidated	37.7	35.5	33.2	30.3	30.7	GJ/million yen	
Weight of raw materials used in production	Consolidated	618	576	601	523	426	thousand tons	
SOx emissions	Consolidated	341	473	379	365	330	tons	
NOx emissions	Consolidated	576	520	560	449	380	tons	
Quantity of water intake ^{*7}	Consolidated	23.7	23.5	23.9	22.6	21.7	million m ³	
Quantity of water discharge ^{*8}	Consolidated	30.8	21.5	22.5	21.3	20.7	million m ³	
Water consumption ^{*9}	Consolidated	—	—	—	1.3	1.0	million m ³	
COD emissions	Consolidated	119	97	105	106	90	tons	
Emissions and disposal of waste and waste byproducts	Recycled/Reduced	Consolidated	40.9	37.3	48.4	42.2	33.6	thousand tons
	Disposed (landfill)	Consolidated	3.9	3.5	3.5	3.4	3.5	thousand tons
Environmental accounting	Environmental conservation expenditure: Investment	Consolidated (Japan)	2,009	1,983	2,218	1,580	995	million yen
	Environmental conservation expenditure: Expenditure	Consolidated (Japan)	5,847	5,598	6,210	6,248	5,746	million yen
	Economic effect of environmental conservation activities: Earnings	Consolidated (Japan)	397	486	554	370	334	million yen
	Economic effect of environmental conservation activities: Changes in expenditure ^{*10, *11}	Consolidated (Japan)	2,770	-1,440	-982	1,027	2,098	million yen

		Boundary	2016	2017	2018	2019	2020	Unit
Number of cases of lawsuits, penalties, or forfeitures related to the environment		Consolidated	0	0	0	0	0	case(s)
Number of accidents related to the environment ^{*12}		Consolidated	3	0	0	3	3	case(s)
Number of complaints related to the environment ^{*13}		Consolidated	4	10	16	10	6	case(s)

Safety

Number of workplace injuries ^{*14}	Lost-time injuries	Consolidated (Japan)	9	12	23	19	12	case(s)
		Consolidated (overseas)	8	9	16	16	7	case(s)
	Non-lost-time injuries	Consolidated (Japan)	43	65	64	53	58	case(s)
		Consolidated (overseas)	9	5	5	7	3	case(s)
Frequency rate of lost-time injuries ^{*14, *15}	Consolidated	0.41	0.56	1.05	0.91	0.58		
	Non-consolidated (Nippon Light Metal Co., Ltd.)	0.00	0.27	0.54	0.27	0.52		

Compliance

Number of cases that were reported to NIKKEI HOTLINE		Consolidated	14	15	28	29	16	case(s)
Compliance meeting	Number of times the meeting was held	Consolidated	2,230	2,102	2,066	2,156	2,517	times
	Number of participants	Consolidated	19,991	20,237	20,972	21,404	23,059	total number
Number of patent publications ^{*14, *16}		Consolidated	126	182	167	160	140	case(s)
Number of patent registrations ^{*14, *16}		Consolidated	143	107	92	81	131	case(s)

Quality assurance

Number of violations of laws or regulations in the provision of products/services		Consolidated	0	0	0	0	0	case(s)
Number of prompt reports		Consolidated	10	6	8	7	9	case(s)
Number of recalls		Consolidated	4	2	4	3	5	case(s)

Community

Expenditure related to social contribution		Consolidated	163	133	168	180 ^{*17}	113	million yen
--	--	--------------	-----	-----	-----	--------------------	-----	-------------

Governance

Interim and year-end dividend per share		Consolidated	8	8	9	9	65 ^{*18}	yen
---	--	--------------	---	---	---	---	-------------------	-----

★ We have received independent assurance by KPMG AZSA Sustainability Co., Ltd. regarding the reliability of the data.

- *1. In FY2018, we began to compile statistics on greenhouse gas emissions from our main offices.
- *2. The following CO₂ emission factors were used for the calculations.
Electricity in Japan: The CO₂ emission factor with T&D losses of each previous fiscal year announced by the Electric Power Council for a Low Carbon Society
Fuel: The CO₂ emission factor for each fuel is set by a ministerial ordinance from the Ministry of the Environment
- *3. The following CO₂ emission factors were used for the calculations.
Electricity overseas: CO₂ emission factors of the respective countries shown in CO2FCOMB 2017 from the IEA
Fuel overseas: Same as fuel in Japan in *2
- *4. Calculated based on the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry For FY2020, we use the emission unit values specified in the Database of Emissions Unit Values for Calculation of Greenhouse Gas Emissions, etc. by Organizations Throughout the Supply Chain (Ver. 3.1) issued by the Ministry of the Environment.
- *5. The Scope 3 Category 1 emissions are calculated based on the volume of purchase of the top three items in terms of volume purchased from outside of the Group. Of the items, the aluminum ingots are those purchased by Nippon Light Metal Co., Ltd. Purchasing Department.
- *6. The standard for calculating Scope 3 Category 4 emissions was revised, and the values for FY2017 and FY2018 were corrected accordingly.
- *7. The seawater intake quantity is not included.
- *8. The standard for calculating the amount of discharged water was revised, and the values for FY2017 and FY2018 were corrected accordingly.
- *9. Began to be calculated in FY2019.
- *10. Changes in expenditure are calculated using the following formula: Changes in expenditure = expenditure incurred during a base period (FY2019) – expenditure incurred during the current year (FY2020)
- *11. - (minus) indicates an increase in expenditure.
- *12. Environmental problems that affect external parties (such as the leakage of oil or chemicals)
- *13. Number of petitions from external parties (such as those regarding smell and noise)
- *14. The subject period is the calendar year (January to December).
- *15. Injuries that resulted in one or more days' absence from work (excluding commuting injuries)
- *16. Companies subject to calculation were added from FY2020.
- *17. Figures for FY2019 were adjusted.
- *18. On October 1, 2020, the company conducted a one-for-ten reverse stock split.

Independent Assurance Report



Independent Assurance Report

To President and Chief Executive Officer of Nippon Light Metal Holdings Company, Ltd.

We were engaged by Nippon Light Metal Holdings Company, Ltd. (the “Company”) to undertake a limited assurance engagement of the environmental performance indicators marked with ★ (the “Indicators”) for the period from April 1, 2020 to March 31, 2021 included in its Nippon Light Metal Group Integrated Report 2021 (the “Report”) for the fiscal year ended March 31, 2021.

The Company’s Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the “Company’s reporting criteria”), as described in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the ‘International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information’ and the ‘ISAE 3410, Assurance Engagements on Greenhouse Gas Statements’ issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company’s responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company’s reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company’s reporting criteria, and recalculating the Indicators.
- Making inquiries and reviewing materials including documented evidence of the Kambara Complex of Nippon Light Metal Company, Ltd. selected on the basis of a risk analysis, as alternative procedures to a site visit.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company’s reporting criteria as described in the Report.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
December 2, 2021

Initiatives to Support People with Disabilities



Social contribution project members



Wheelchair rugby experience



PR activities for wheelchair rugby at the head office cafeteria

Starting April 1, 2020, the NLM Group signed an official sponsorship agreement with the Japan Wheelchair Rugby Federation. In connection with this, a new Social Contribution Project was launched with the aim of promoting understanding of diversity among employees and forming stronger bonds between Group employees. Implementation team members for the project were recruited from among junior employees, and candidates were gathered from among five Group companies.

Although there were restrictions on the activities of the team from when it was first formed due to the COVID-19 pandemic, the team members started by learning and gaining an understanding of the history and significance of sports for people with disabilities. Next, the team gradually learned about the appeal of these sports through various activities, such as experiencing wheelchair rugby together with children who have physical disabilities. Although nearly all official competitions in Japan were canceled in the interest of preventing the spread of COVID-19 infections, the Japan Wheelchair Rugby Federation gave the team one of the few opportunities to cover an event, enabling them to feel the power of a live game for the first time.

The team members took this knowledge about the appeal and rules of wheelchair rugby and used the company newsletter, head office signage and other media to engage in full-scale awareness raising activities. Although the work attendance rate was low due to employees being encouraged to work from home, as a result of the team persisting with PR efforts while taking proper infection control measures, employees started to talk more and more about wheelchair rugby, and now the team fields a variety of questions about the sport, such as “are the wheelchairs used in competition heavy?” and “I’d love to get my children to experience it.”

Aside from those dissemination activities aimed at employees, the NLM Group is also trying to support the players in its own unique way - by developing and providing aluminum components for competition grade wheelchairs.

One of the highlights of wheelchair rugby is the heavy contact between wheelchairs during strong tackles. These impacts are in fact so strong they can be felt all the way to the spectator seating, and wheel components (wheel rings) can become deformed. When this happens a wheelchair becomes difficult to propel and operate, and tire changes during a match are also common. Given these factors, NLM Group subsidiary Nikkei Metal Co., Ltd.

devised a high-strength aluminum wheel ring that does not break easily. This new wheel ring has been used in actual matches. The wheel ring development team looked on with bated breath as wheelchairs violently crashed into one another again and again during a match.



Wheelchair for competition use (wheelchair rugby)



Pipe cross section of a wheel ring

In another initiative, facilities at a newly renovated gymnasium (Nikkei Arena) at the Nippon Light Metal Co., Ltd. Tomakomai Complex have been made barrier-free, so that the arena can be widely used by parasport groups and players. Automatic doors have been installed in the entrance hall so that users can enter while remaining in wheelchairs, wide access paths and slopes have been constructed, and wheelchair-accessible washbasins have also been set up. Protective mats have also been installed around the walls of the competition area to prevent collisions. The facility is currently being used on a weekly basis by local parasport teams.

Going forward, the NLM Group will continue to promote diversity through the various support it provides to sports for people with disabilities, and will foster pride and teamwork among employees working in the NLM Group by learning about diversity.



Nikkei Arena

Governance

We will work to further strengthen governance.

Basic Policy on Corporate Governance

The NLM Group has introduced a pure holding company system, and under Nippon Light Metal Holdings Co., Ltd. ("NLM HD") as the holding company, business activities are pursued primarily through two core operating companies, namely Nippon Light Metal Co., Ltd. and Toyo Aluminium K.K. NLM HD aims to boost corporate value by working to achieve sustainable growth and enhance competitiveness through the formulation and determination of Group-wide strategy, strategic allocation of management resources and the supervision of operating company management.

NLM HD has adopted the executive officer (executive officer as "Officer") system and the Board of Directors comprises 14 Directors (including 5 Independent Outside Directors), enabling flexible operation and substantive discussions by the Board of Directors. In addition, to clarify the missions and responsibilities of Directors and Officers, they serve terms of 1 year.

NLM HD has also adopted a corporate auditor and Board of Auditors system. There are currently 6 Auditors (including 3 Independent Outside Auditors). The auditors constitute the Board of Auditors. As an independent body that plays a part in corporate governance, the Board of Auditors attend important internal meetings such as Board of Directors meetings, monitoring the execution of duties by directors in accordance with audit policies and audit plans that comply with the standards for audits by Auditors.

NLM HD considers enhanced corporate governance to be an important management issue from the standpoint of supervising Group management, and has established the following basic policy to address this.

- (1) NLM HD shall respect the rights of shareholders and ensure their substantial equality.
- (2) NLM HD shall endeavor to appropriately cooperate with shareholders and many other stakeholders. The Board of Directors and top management shall exercise leadership to foster a corporate culture that respects the rights and standpoints of stakeholders, as well as corporate ethics.
- (3) NLM HD shall make information disclosures as required by laws and regulations, and actively strive to disclose information needed by stakeholders to fulfill its accountability obligations and ensure transparency.
- (4) The Board of Directors, Auditors and Board of Auditors shall recognize their fiduciary responsibility to shareholders, and fulfill their respective roles and responsibilities appropriately to realize sustainable growth and enhance corporate value in the Mid-to-long-term.
- (5) NLM HD shall have constructive dialogue with shareholders and investors through various IR activities to facilitate sustainable growth and improved corporate value in the Mid-to-long-term.

Progress of Enhanced Corporate Governance

NLM HD considers corporate governance to be one of its most important management challenges, and strives to enhance the management supervisory functions of the Board of Directors and share interests between management and shareholders through the measures outlined in the following table.

October 2012 (Company established)	● Separation of management and execution
June 2016	● Increase in the number of Outside Directors (from 2 to 3, to 23% of all Directors)
June 2018	● Increase in the number of Outside Directors (from 3 to 4, to 31% of all Directors)
February 2020	● Establishment of the Nomination and Compensation Committee (an advisory body to the Board of Directors on nomination and compensation, with a chairperson and majority of members as independent Outside Directors)
June 2020	● Increase in the number of Outside Directors (from 4 to 5, to 36% of all Directors) ● Appointment of 1 female Director (Outside Director) ● Appointment of 1 non-Japanese Auditor (Outside Auditor)
June 2021	● Introduction of stock remuneration (restricted stock compensation system) for Directors (excluding Outside Directors) and Officers ● Clarification that the position of Officers is similar to that of Directors (delegated relationship with the company)

Forthcoming Initiatives

In June 2021, we established a special investigation committee comprised mainly of outside attorneys to address the spate of quality scandals involving multiple NLM Group operating companies in 2021. The committee will clarify the entire situation and investigate the cause while also making recommendations to prevent repeat occurrences.

The NLM Group will take on the recommendations from the special investigation committee and strive to further enhance corporate governance so that such incidents never happen again.

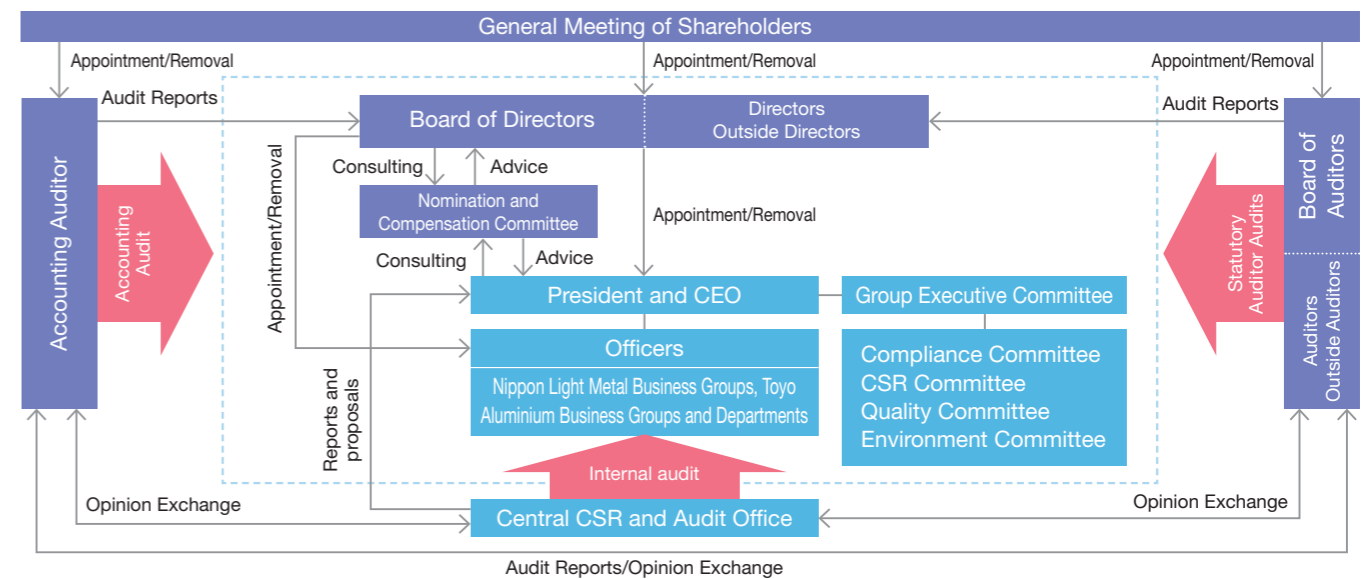
We will also revise our governance system with consideration given to the intent of the revised Corporate Governance Code that was published in June 2021.

Overview of the Current Corporate Governance System

NLM HD is a company with Board of Auditors, ensuring the supervisory function by Outside Directors and Outside Auditors from their respective perspectives.

In addition, by separating the supervisory functions of management from business execution functions while actively appointing Outside Directors and Outside Auditors, NLM HD has ensured the supervision of executive functions and reciprocal monitoring of Directors, and the soundness in management through audits by Auditors including Outside Auditors.

Governance Structure



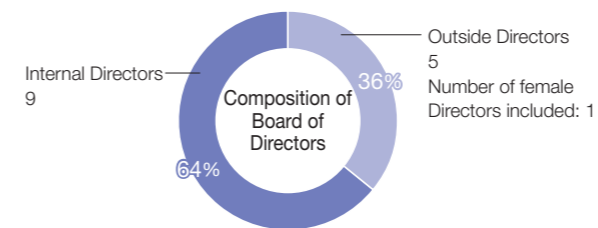
Board of Directors

So that the Company can make appropriate and flexible decisions and supervise the execution of those decisions, the basic policy is that the Board of Directors as a whole should comprise Directors who originate within the Company and have the requisite skills and knowledge for management, and Outside Directors who are able to actively share their views and raise issues regarding growth strategy and the enhancement of governance from the standpoints of a diverse range of stakeholders and society. Additionally, to ensure flexibility the Board of Directors comprises no more than 15 members, and an executive officer system is employed.

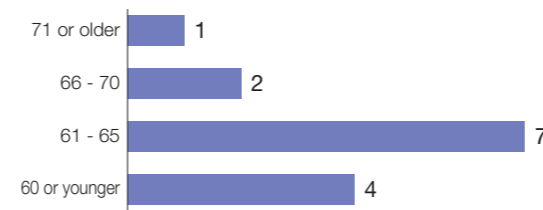
The Company has 14 Directors, 5 of whom are Independent Outside Directors.

The Board of Directors meets once a month in principle, where it makes decisions on the basic and important management matters of the NLM Group, and supervises the status of Directors in the execution of their duties.

The administrative office of the Board of Directors provides explanations of particularly important agenda items in advance to facilitate lively discussions during Board of Directors meetings, while in FY2020 there were no such matters requiring prior explanation.



Distribution of Directors' Ages



*As of date of the 9th annual general meeting of shareholders (June 25, 2021)

Nomination and Compensation Committee

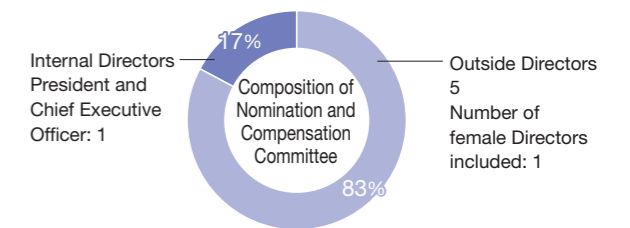
In February 2020, NLM HD established the Nomination and Compensation Committee as an advisory body to Board of Directors and President concerning the nomination and compensation of President and Directors.

The Committee is comprised by at least three members including the President, with a majority of whom are Independent Outside Directors. In addition, the chairperson of the Committee shall be appointed from its members whom is Independent Outside Directors by the Board of Directors.

The Committee discusses and reports on matters determining nomination and compensation in response to a request for consultation from the Board of Directors and President. In considering particularly important matters such as appointment of officers and their compensation, NLM HD seeks appropriate involvement and advice from the Committee, whose main members are Independent Outside Directors, in an effort to ensure the independence and objectivity of director functions and strengthen their accountability.

As of June 2021, the Committee is comprised by the following chairperson and members.

- Chairperson: Masato Ono (Independent Outside Director)
 Member: Ryoichi Hayashi (Independent Outside Director)
 Member: Toshihito Hayano (Independent Outside Director)
 Member: Keiko Tsuchiya (Independent Outside Director)
 Member: Tatsuya Tanaka (Independent Outside Director)
 Member: Ichiro Okamoto (President and Chief Executive Officer)



The main matters referred to the Committee for consultation are as follows.

Regarding Nomination

- Matters concerning nomination policy, such as the responsibilities and qualities required of President and Directors
- Matters concerning successor training plans for the President and Chief Executive Officer
- Matters concerning the independence of Outside Officers

Regarding Compensation

- Matters concerning policy for determining the compensation of President, Directors and Officers, and the levels and composition of compensation

The Committee met 5 times in FY2020, during which it mainly discussed the revision of the compensation system for Directors and Officers including the introduction of stock remuneration, and made a report on revisions such remuneration to the Board of Directors.

Group Executive Committee

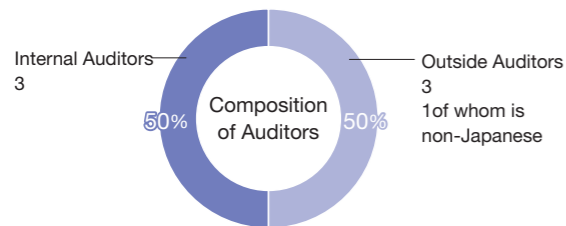
As a body that assists the President and CEO in decision making, the Group Executive Committee is comprised mainly of Directors (excluding Outside Directors), Officers and corporate Auditors (excluding Outside Auditors) of the Company. The Committee meets twice a month in principle, discussing and making decisions on policies related to NLM Group management and important items concerning management execution.

While matters that specifically requiring resolution of Board of Directors and other important management items are decided by the Board, by engaging in lively exchanges of views in the Group Executive Committee as an opportunity to review matters before they are resolved by or reported to Board, constructive debate and exchanges of opinions in Board of Directors is encouraged. Particularly with regard to the acquisition or disposition of shares or fixed assets, loans and guarantees, the standard for requirement to resolution of Board of Directors are clearly settled, by amount setting for each type, concerning various risks such as credit risks or regional and market risks. Matters that fall below the amounts are delegated to Group Executive Committee and other executive management, enabling Board of Directors to focus on the discussion of essential strategies aimed at Mid-to-long-term growth.

Board of Auditors

3 of the 6 Auditors of the Company are Outside Auditors. The Board of Auditors meets at least 6 times annually in principle, and conducts auditing activities that maintain independence from management by securing the participation of Outside Auditors with a wealth of experience and insight in various fields. In addition, the Auditing Office that supports auditing operations of Auditors is assigned dedicated employees not subject to the direction or orders of Directors.

Auditors audit the status of internal control including compliance, risk management and the timely disclosure of information from the perspective of enhancing the effectiveness of corporate governance.



Accounting Auditor

Accounting auditing is handled by Ernst & Young ShinNihon LLC. The Board of Auditors formulates standards governing the appointment, dismissal and reappointment of the accounting auditor, considers the quality control, independence, expertise and size of the accounting auditor, and evaluates the accounting auditor yearly.

Internal Audit

Internal audits are performed by the internal auditing department based on an annual auditing plan, and involve audits related to the execution of business by subsidiaries and evaluations of internal control related to financial reporting. Recommendations for improvements and corrective action are issued as needed after verifying the appropriateness and effectiveness of internal control.

Coordination Between Auditors, Accounting Auditor and the Internal Auditing Department

Auditors and accounting auditor maintain independence from one another while periodically discussing matters such as auditing

targets and methods. They also coordinate to ensure that audits are conducted efficiently, such as endeavoring to exchange views and share information as needed.

In addition, Auditors and the internal auditing department maintain independence from one another while coordinating to ensure that audits are conducted efficiently, such as by exchanging views and sharing information as needed with regard to auditing targets, auditing methods and the status of risks.

Additionally, twice a year Auditors, accounting auditor and the internal auditing department conduct three-way meetings to discuss internal control issues associated with audits and financial reporting.

Evaluation of the Effectiveness of the Board of Directors

To verify that the Board of Directors is functioning appropriately overall and to take appropriate measures including improving upon issues based on the results, the effectiveness of Board of Directors is evaluated each year in an effort to ensure ongoing improvements to its functioning.

In FY2020, Board of Directors was forced to postpone in-person meetings and inspections of business sites, but online meetings were arranged to further enhance the conduct of procedures.

Open and constructive remarks and discussions took place in a lively manner at Board of Directors meetings. The recommendations and issues raised by Outside Directors and Auditors in particular significantly contributed to discussions, and Board of Directors overall has been evaluated as maintaining its effectiveness.

As forthcoming issues, consideration will be given to enhancing discussions related to management issues and sustainability management from Mid-to-long-term perspectives, along with improvements to the effectiveness evaluation process.

Design of Compensation Systems for Directors and Officers

The Nomination and Compensation Committee met 5 times in FY2020 and mainly discussed over the compensation system for Directors and Officers. The Board of Directors made revisions to the compensation system, including the introduction of treasury stock-based compensation, based on the report from the Committee regarding the compensation system in place.

(1) Compensation of Directors

The Company has adopted the basic policy of ensuring that Director compensation functions as a healthy incentive to sustainable growth.

From the end of 2020, the Nomination and Compensation Committee has engaged in repeated discussions regarding revisions to the compensation system including the introduction of stock remuneration, with the aim of providing incentives to Directors (excluding Outside Directors) to ensure the ongoing improvement of the Company's corporate value while promoting the further sharing of value between Directors and shareholders.

As a result, the compensation system was revised, including the introduction of stock remuneration for Directors (excluding Outside Directors) and Officers of the Company.

An overview of the latest compensation system (policy on determining the details of compensation, etc. for individual Directors) is as follows.

<Compensation Levels>

Compensation levels are set based on a person's duties and responsibilities, the financial position of the Group and its operating results, with reference to the compensation levels of other domestically listed companies in the same industry with similar market capitalization and sales volume.

<Structure of Compensation>

- **Internal Directors**
Compensation is made up of ① Basic Compensation, ② Performance-based Compensation and ③ Stock Remuneration, and as a standard, the compensation ratios shown on the right make up compensation when performance targets are met.
- **Outside Directors**
In light of the role of Outside Directors to oversee management from an independent standpoint, their compensation comprises only ① Basic Compensation

<Forthcoming Issues>

In conjunction with the formulation of the new compensation system, the Nomination and Compensation Committee and Board of Directors have confirmed that they will continually examine the system design of ③ Stock Remuneration, and the details and ratios of the variable compensation combining ② Performance-based Compensation and ③ Stock Remuneration. Based on this policy, the Company will study the overall compensation system on an ongoing basis.

(2) Compensation of Auditors

The compensation of Auditors comprises only fixed compensation, due to the role of auditors to conduct auditing from an independent standpoint. The compensation of Auditors is determined and paid through consultation between Auditors.

Ratios of Internal Director Compensation

	Fixed compensation	Variable compensation	
Component ratio	① Basic compensation Approximately 60%	② Performance-based compensation Approximately 20%	③ Stock Remuneration Approximately 20%
Payment method	Monetary payment	Monetary payment	Stock-based payment

Types of compensation, etc.		Overview
Fixed	① Basic compensation	Base compensation is set as fixed compensation based on an officer's position, responsibilities and other factors.
	② Performance-based compensation	Performance-based compensation varies depending on business performance in the previous fiscal year, the attainment level of management plans (operating profit, ROCE, etc.), and the level of contribution to Group management, etc.
	③ Stock Remuneration	<ul style="list-style-type: none"> This is a restricted stock-based compensation scheme paid depending on the position of Directors. The compensation is in the form of pre-issuance type common shares with a restriction on transfer until the retirement of the officer in question. If, during the period of restriction on transfer, the Director violates a law or otherwise acts in a manner that is contrary to the purpose for which the system was established, the Company will acquire the shares in question at no cost.

Message from an Outside Director

Striving for best governance as a pure holding company!

Ten fiscal periods have now passed since the pure holding company Nippon Light Metal Holdings Co., Ltd. adopted a system of overseeing management of the operating subsidiaries making up the NLM Group.

The management structure of having a slimmed-down pure holding company bring together and manage a group of subsidiaries providing a wide range of products and services with aluminum at its core was truly the most appropriate structure for the Nippon Light Metal Group in its quest for best governance.

In other words, the best governance system, where internal Directors and Auditors familiar with the work of operating companies and Outside Directors and Auditors with high-level expert insight and experience can frankly express their opinions with one another and engage in open discussions at Board of Directors meetings to make decisions that help maximize the benefits to stakeholders, has finally taken root.

To further bolster this governance system the Nomination and Compensation Committee was established in February 2020, and with myself acting as chairperson, we started by discussing the role of officer compensation. As a result, from FY2021 we have introduced stock remuneration for internal Directors and Officers, and by providing them with incentives to improve corporate value in the medium and long term, I believe we have created a system enabling the Company's senior management and stakeholders to share best governance.

We are also in the beginning stages of designing a program to select and develop the next generation of managers who will be able to anticipate the needs of the times, and I look forward to further discussions on this going forward.

However, unfortunately the Company has faced a series of incidents concerning inappropriate conduct relating to quality control in 2021.



Masato Ono, Outside Director

While expressing my sincere regret over these incidences as Director, I have also made painfully aware of the need to thoroughly analyze and review the points where compliance and governance failed to function properly.

We are now waiting for the results from the Special Investigation Committee on the true case of these incidents, but as Directors of the Company, we understand that part of our mission is to properly recognize the corporate culture that reflects the Company's values, to clarify the gap between our vision and reality after clearly envisaging the best governance the Company should pursue, and to guide the NLM Group in the right direction.

In addition, there is a growing need to respond to ESG and DX-oriented system reforms in more sophisticated ways as a persistent corporate challenge. As a starting point, we have engaged in lively discussions regarding the Company's materiality and value creation process, and I think the fact that we have compiled the Company's first "Integrated Report" is worthy of recognition.

As corporate governance reform progresses, a pure holding company should be aware of the perspective that corporate governance flows from individual subsidiaries to the entire Group, and that there is a need to build effective governance that is consistent with corporate culture and strategy, and which overlooks the whole Group.

Under these circumstances, I think that the role played by Nippon Light Metal Holdings Co., Ltd. as a pure holding company aiming for the best governance will continue to become increasingly diverse.

List of Officers



April 1981 : Joined Nippon Light Metal Co., Ltd.
 June 2006 : Officer of Nippon Light Metal Co., Ltd.
 June 2009 : Director and Executive Officer of Nippon Light Metal Co., Ltd.
 June 2012 : Director and Senior Executive Officer of Nippon Light Metal Co., Ltd.
 October 2012 : Director of Nippon Light Metal Holdings Co., Ltd.
 June 2013 : President and CEO of Nippon Light Metal Co., Ltd.
 June 2015 : President and CEO of Nippon Light Metal Holdings Co., Ltd.

President and CEO

Ichiro Okamoto



April 1980 : Joined Nippon Light Metal Co., Ltd.
 June 2008 : Officer of Nippon Light Metal Co., Ltd.
 June 2012 : Executive Officer of Nippon Light Metal Co., Ltd.
 October 2012 : Officer of Nippon Light Metal Holdings Co., Ltd.
 June 2013 : Director of Nippon Light Metal Holdings Co., Ltd.
 June 2013 : Director of Nippon Light Metal Co., Ltd.
 June 2014 : Director and Senior Executive Officer of Nippon Light Metal Co., Ltd.
 June 2020 : Director and Executive Vice President of Nippon Light Metal Co., Ltd.

Director, General Manager of Central HR, General Affairs and Accounting Office

Yasunori Okamoto



April 1980 : Joined Toyo Aluminium K.K. (which merged with Nippon Light Metal Co., Ltd. in October 1999)
 April 2006 : President and CEO of Toyo Aluminium Ekco Products Co., Ltd.
 June 2015 : Managing Executive Officer of Toyo Aluminium K.K.
 June 2017 : Director and Managing Executive Officer of Toyo Aluminium K.K.
 June 2017 : Director of Nippon Light Metal Holdings Co., Ltd.

Director in charge of the Toyo Aluminium Business Group

Yoshihiro Tomioka



April 1985 : Joined Nippon Light Metal Co., Ltd.
 June 2015 : Officer of Nippon Light Metal Co., Ltd.
 June 2018 : Executive Officer of Nippon Light Metal Co., Ltd.
 June 2018 : Officer of Nippon Light Metal Holdings Co., Ltd.
 June 2019 : Director of Nippon Light Metal Holdings Co., Ltd.
 June 2019 : Director and Executive Officer of Nippon Light Metal Co., Ltd.

Director in charge of Nikkei Light Metal Business Group Rolled Products Division, Purchasing Officer of Central HR, General Affairs and Accounting Office

Masahito Saotome



April 1988 : Joined Nippon Light Metal Co., Ltd.
 June 2017 : President and CEO of Nikkei MC Aluminium Co., Ltd.
 June 2021 : Director and Executive Officer of Nippon Light Metal Co., Ltd.
 June 2021 : Director of Nippon Light Metal Holdings Co., Ltd.

Director in charge of Nippon Light Metal Business Group Metals and Industrial Components Business, Nippon Light Metal Business Group Nikkei MC Aluminium Business

Shuichi Asakuno



April 1980 : Joined Nippon Light Metal Co., Ltd.
 June 2007 : Officer of Nippon Light Metal Co., Ltd.
 June 2011 : Executive Officer of Nippon Light Metal Co., Ltd.
 June 2012 : Director and Executive Officer of Nippon Light Metal Co., Ltd.
 October 2012 : Director of Nippon Light Metal Holdings Co., Ltd.
 June 2014 : Director and Senior Executive Officer of Nippon Light Metal Co., Ltd.
 June 2020 : Director and Executive Vice President of Nippon Light Metal Co., Ltd.

Director, General Manager of Central Product Safety & Quality Assurance Division

Toshihide Murakami



April 1978 : Joined Toyo Aluminium K.K. (which merged with Nippon Light Metal Co., Ltd. in October 1999)
 June 2010 : Executive Officer of Toyo Aluminium K.K.
 June 2016 : Managing Executive Officer of Toyo Aluminium K.K.
 June 2019 : Senior Managing Executive Officer of Toyo Aluminium K.K.
 June 2020 : President and COO of Toyo Aluminium K.K.
 June 2020 : Director of Nippon Light Metal Holdings Co., Ltd.

Director in charge of the Toyo Aluminium Business Group

Kaoru Kusumoto



April 1986 : Joined Nippon Light Metal Co., Ltd.
 June 2014 : Officer of Nippon Light Metal Co., Ltd.
 June 2018 : Director and Executive Officer of Nippon Light Metal Co., Ltd.
 June 2018 : Director of Nippon Light Metal Holdings Co., Ltd.
 June 2021 : President and CEO of Nippon Fruehauf Co., Ltd.

Director in charge of the Nippon Light Metal Business Group Nippon Fruehauf Business

Toshikazu Tanaka



April 1985 : Joined Nikkei Kako Co., Ltd. (which merged with Nippon Light Metal Co., Ltd. in April 1989)
 June 2017 : Officer of Nippon Light Metal Co., Ltd.
 June 2021 : Director and Executive Officer of Nippon Light Metal Co., Ltd.
 June 2021 : Director of Nippon Light Metal Holdings Co., Ltd.

Director, General Manager of Central Technology Office, in charge of Nippon Light Metal Business Group Chemicals Business

Toshihiro Matsuba



April 1974 : Joined Dai-ichi Kangyo Bank, Ltd. (now Mizuho Bank, Ltd.)
 March 2006 : Managing Executive Officer of Mizuno Bank, Ltd.
 June 2007 : Director and Deputy President of Mizuho Financial Group, Inc.
 June 2008 : Executive Officer and Vice President of Japan Hades Co., Ltd.
 June 2012 : Outside Director of Nippon Light Metal Co., Ltd.
 October 2012 : Outside Director of Nippon Light Metal Holdings Co., Ltd.

Outside Director

Masato Ono



April 1974 : Joined Mitsubishi Corporation
 April 2007 : Director of Mitsubishi Corporation
 March 2012 : President and CEO of MMP K.K.
 July 2012 : Energy Business Group Advisor at Mitsubishi Corporation
 June 2013 : Director of Nippon Light Metal Holdings Co., Ltd.
 March 2014 : Director of Tokai Carbon Co., Ltd.

Outside Director

Ryoichi Hayashi



April 1981 : Joined DENTSU INC.
 October 2005 : Executive Officer, Head of HR Division, Asia-Pacific Region of GE Toshiba Silicones Co., Ltd. (now Momentive Performance Materials Japan LLC)
 February 2011 : Vice President, Human Resources Division of Johnson & Johnson K.K.
 August 2015 : Director of Adecco Ltd.
 June 2020 : Outside Director of Nippon Light Metal Holdings Co., Ltd.

Outside Director

Keiko Tsuchiya



Full-time Auditor

Kotaro Yasuda



Outside Auditor

Yoshiki Sato



Full-time Auditor

Hideo Hirose



Outside Auditor

Shintaro Kawai



April 1969 : Joined Nomura Research Institute, Ltd.
 May 1996 : Managing Director of Nomura Research Institute, Ltd.
 June 1996 : Managing Director of KOKUSAI Securities Co., Ltd. (currently Mitsubishi UFJ Securities Holdings Co., Ltd.)
 June 1998 : Representative Director and Senior Managing Director of KOKUSAI Securities Co., Ltd.
 June 2001 : President of KOKUSAI Capital Corporation (currently AG Capital Co., Ltd.)
 October 2012 : Substitute Auditor of Nippon Light Metal Holdings Co., Ltd.
 June 2016 : Outside Auditor of Nippon Light Metal Holdings Co., Ltd.
 June 2018 : Outside Director of Nippon Light Metal Holdings Co., Ltd.

Outside Director

Toshihito Hayano



April 1980 : Joined Fujitsu Limited
 April 2012 : Corporate Officer of Fujitsu Limited
 April 2014 : Corporate Executive Officer of Fujitsu Limited
 January 2015 : Vice President of Fujitsu Limited
 June 2015 : Representative Director and CEO of Fujitsu Limited
 June 2019 : Director, Chairman of Fujitsu Limited
 April 2020 : Director, Chairman of Fujitsu Marketing Limited
 October 2020 : Director, Chairman of Fujitsu Japan Limited
 June 2021 : Outside Director of Nippon Light Metal Holdings Co., Ltd.

Outside Director

Tatsuya Tanaka



Auditor

Masahiro Yoshida



Outside Auditor

Jinseki Kim

Officer **Minoru Sotoike**

In charge of Nippon Light Metal Business Group Panel System Business

Officer **Kazuyoshi Sugiyama**

Deputy Manager of Central Product Safety & Quality Assurance Division, in charge of Central CSR and Audit Office

Officer **Yoshiaki Ito**

In charge of Nippon Light Metal Business Group Nikkeikin Kakoh Kaihatsu Business

Officer **Hiroyuki Matsudaira**

General Manager of Central Planning Office

Officer **Masakazu Ichikawa**

General Manager of Central CSR and Audit Office

Officer **Masayoshi Tsujino**

In charge of the Toyo Aluminium Business Group

Officer **Isao Shikine**

In charge of Nippon Light Metal Business Group Electrode Foil Business

Operating Results and Financial Analysis

Overview of Operating Results

The consolidated fiscal year under review began under the extremely harsh environment due to a global economic slowdown caused by the COVID-19 pandemic. In the aluminum industry, demand was slumping from the start of period in many fields including automotive and construction materials, and despite rebounding afterward, demand was down for the whole year. Aluminum ingot prices also fell at the beginning of the period before adopting a rising trend.

Looking at consolidated business performance in the fiscal year under review that took place under these circumstances, although sales for PCs and in relation to food and daily necessities rose due to increased demand from the spread of telework and at-home consumption, due to the middling recovery of sales in automotive and many other fields, net sales fell short of the previous fiscal year. However, on the profit front, in part due to the contribution of highly profitable goods such as fabricated sheets, we managed to maintain operating profit and ordinary profit largely on par with the previous fiscal year. Since steady progress was made with sediment control measures at the Amehata Dam owned by NLM HD subsidiary Nippon Light Metal Co., Ltd. which makes reasonable cost estimates possible, as a result of recording expected sediment control costs from FY2022 through to FY2024 as extraordinary losses, profit attributable to owners of parent fell far short of the previous fiscal year.

FY2020 Financial Results (YoY) (Unit: billion yen)

	FY2020 result	FY2019 result	Change
Net sales	432.6	465.9	-33.3 (-7.2%)
Operating profit	24.2	24.6	-0.4 (-1.7%)
Ordinary profit	24.0	23.5	+0.5 (+2.4%)
Extraordinary losses (sediment control costs)	-16.2	-11.0	-5.2
Profit attributable to owners of parent	3.4	7.5	-4.1 (-55.0%)
ROCE	8.4%	8.0%	+0.4p
Dividend per share	65 yen	90 yen*	-25 yen

* On October 1, 2020, the Company conducted a one-for-ten reverse stock split. Dividend per share is calculated as if the reverse stock split had taken place at the beginning of FY2019.

Segment Information / Net Sales (YoY) (Unit: billion yen)

	FY2020 result	FY2019 result	Change
Alumina, Chemicals and Ingot Business	91.2	102.8	-11.6 (-11.3%)
Sheet and Extruded Products Business	97.9	101.2	-3.3 (-3.3%)
Fabricated Products and Other Businesses	157.3	173.0	-15.7 (-9.1%)
Foil and Powder Products Business	86.2	88.9	-2.7 (-3.0%)
Total	432.6	465.9	-33.3 (-7.2%)

Segment Information / Operating Profit (YoY) (Unit: billion yen)

	FY2020 result	FY2019 result	Change
Alumina, Chemicals and Ingot Business	9.6	10.9	-1.3 (-11.8%)
Sheet and Extruded Products Business	6.0	3.6	+2.4 (+67.3%)
Fabricated Products and Other Businesses	8.9	10.4	-1.5 (-14.8%)
Foil and Powder Products Business	3.3	3.1	+0.2 (+7.7%)
Administration / Common	-3.6	-3.4	-0.2
Total	24.2	24.6	-0.4 (-1.7%)

Alumina, Chemicals and Ingot Business

● Alumina and Chemicals Segment

Net sales and operating profit fell short of the previous fiscal year across the entire segment due to slumping demand for refractory materials and automotive products related to our flagship aluminum hydroxide and alumina-related products, and lower sales of flocculants and inorganic chlorides in relation to chemicals.

● Aluminum Ingot Segment

Demand for secondary alloys destined for the key automotive sector rebounded strong in Japan and overseas in the second half of the fiscal year but declined overall, resulting in a year-on-year decline in net sales as well as a fall in operating profit for the segment.

Sheet and Extruded Products Business

● Sheet Products Segment

Sales volume of thick sheets for semiconductor and liquid crystal manufacturing equipment rose year on year, and sales volume for fabricated sheet products surpassed the previous fiscal year due to continued strong PC demand. However, due to the decline in sales for automotive applications and construction materials, net sales remained largely the same as the previous fiscal year. On the profit front, thanks to increased sales of highly-profitable fabricated sheet products, there was a significant year-on-year rise in profits.

● Extruded Products Segment

Despite seeing a rebound in demand for the key automotive sector, due to the decline in sales related to construction materials, net sales fell short of the previous fiscal year, while operating profit was largely flat year over year.

Fabricated Products and Other Businesses

● Transportation Segment

Truck mounting business: Net sales fell short of the previous fiscal year mainly due to a reactionary fall from prior run-up demand associated with strengthened exhaust regulations and inventory adjustments made by truck manufacturers, in addition to the effects of lower demand in the truck business overall due to a shortage of drivers in Japan and improved logistics efficiency. On the profit front, operating profit increased year on year, in part reflecting the effects of falling material prices.

Heat exchange products business: Air conditioning condenser demand slumped, particularly for the key light automobile

sector, resulting in both net sales and operating profit recording year-on-year declines.

Forging and casting material business: After demand slumped in the first half, sales of forged products for electric vehicles rose in the second half. Similarly there was a rise in sales of cast products in the key brake caliper segment and for electric vehicles. As a result, net sales rose year on year, and operating profit far surpassed the previous fiscal year.

● Electronic Materials Segment

While the first half of the fiscal year was characterized by inventory adjustment aspects, there was a recovery in the second half driven by demand for automotive equipment. As a result, sales volume of electrode foil for aluminum electrolytic capacitors rose, leading to year-on-year gains in both net sales and operating profit.

● Panel System Segment

In the clean room sector, there was solid demand for 5th generation mobile communication system (5G)-related electronic component plants and data centers, but sales for medical and pharmaceutical applications declined. Segment-wide net sales and operating profit both declined year on year, in part due to a decline in large-scale investments for food processing plants and postponed plans among store locations in the freezing and refrigeration sector.

● Landscape Engineering Segment

For structures, strong demand continued from the previous fiscal year for sluice gate and purification plant coverings, and sales of key balustrade products for roads and bridges also increased. However, sales declined in the area of urban landscape engineering, reflecting the end of demand related to the Olympics. As a result, segment-wide net sales declined year on year, but operating profit increased significantly compared with the previous fiscal year, driven by performance related to roads and bridges.

● Carbon Products Segment

Sales to the iron and steel industry, which is the segment's main customer, failed to recover from the decline in the first half of the fiscal year, resulting in lower sales of the flagship carbon block products. Combined with declining sales in the heat treatment business for lithium-ion battery anode materials, both net sales and operating profit recorded year-on-year declines.

Foil and Powder Products Business

● Foil Segment

In the field of material foils, sales of exterior foils for lithium-ion batteries and foils for cathode materials increased, reflecting strong demand for PCs and rebounding automotive demand, especially in China. In the field of processed foils, sales of processed foils for pharmaceutical packaging materials declined, and sales of products for the antenna circuits of IC cards also fell. However, segment-wide net sales and operating profit increased year over year due to solid demand for water-repellent processed foil for food applications in response to increased at-home consumption.

● Powder and Paste Segment

Among powder products, there were strong sales of electronic material aluminum powder products for heat dissipation applications thanks to brisk demand for PCs, but sales of aluminum nitride were sluggish. Among paste products, sales volume dropped significantly due to fewer cars and vehicles being produced despite a rebound in demand for our flagship automotive coating products. As a result, segment-wide net sales and operating profit fell short of the previous fiscal year.

Overview of Financial Position

In conjunction with various measures built into its mid-term management plan aimed at establishing a healthier and firmer management position, the NLM Group has concentrated on reducing interest-bearing debt and enhancing shareholders' equity to improve its financial strength.

Total consolidated assets at the end of the fiscal year under review rose by 36,951 million yen year on year to 506,955 million yen, in part due to an increase in cash and deposits. Liabilities increased 31,045 million yen year on year to 299,851 million yen, in part reflecting the increase in allowance for sediment control measures. Net assets rose 5,906 million yen year on year to 207,104 million yen, due to higher foreign currency translation adjustments among other factors. The equity ratio fell from 39.6% at the end of the previous fiscal year to 37.6%.

Cash flows from operating activities

Net cash provided by operating activities in the fiscal year under review resulted in 41,942 million yen. This reflects that non-cash profit and loss items such as profit before income taxes and depreciation exceeded expenditures such as income tax payments. Net cash provided by operating activities was down 6,734 million yen compared with the previous fiscal year. This is mainly due to trade receivables remaining largely flat in the fiscal year under review despite significantly declining in the previous fiscal year.

Cash flows from investing activities

Net cash used in investing activities was 25,674 million yen in the fiscal year under review. This was mainly due to purchases of property, plant and equipment. Net cash used in investing activities declined by 4,010 million yen compared with the previous fiscal year, mainly due to the relative decline in purchase of property, plant and equipment.

Cash flows from financing activities

Net cash provided by financing activities for the fiscal year under review resulted in 8,194 million yen. This was mainly due to proceeds from long-term borrowings. Net cash provided by financing activities resulted in 8,194 million yen in the fiscal year under review in contrast to a net cash outflow of 15,745 million yen in the previous fiscal year, which was mainly due to the increase in proceeds from long-term borrowings.

As a result of these changes in cash flow, on a consolidated basis cash and cash equivalents increased 24,880 million yen (68.5%) compared with the end of the previous fiscal year to 61,176 million yen.

Key Financial Data for the Past Ten Years

(unit: million yen)

(Fiscal year)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating Results										
Net sales	403,009	371,887	402,829	431,477	464,405	448,381	481,439	500,451	465,946	432,568
Gross profit margin (%)	16.8	16.9	17.1	17.8	19.2	20.4	19.5	19.4	20.1	20.8
Operating profit	13,665	8,154	12,617	19,305	26,821	30,225	29,893	30,052	24,607	24,194
Ordinary profit	9,709	6,873	12,730	20,600	24,526	26,252	29,533	31,084	23,475	24,030
Profit attributable to owners of parent	2,856	3,355	5,128	9,645	15,533	19,520	18,012	20,560	7,476	3,366
Segment Information										
Net sales										
Alumina, Chemicals and Ingot Business	99,560	93,902	105,488	114,339	109,844	101,840	111,100	117,008	102,833	91,181
Sheet and Extruded Products Business	70,618	63,161	71,274	82,823	103,340	98,165	106,955	107,835	101,193	97,850
Fabricated Products and Other Businesses	127,972	126,218	132,261	138,088	149,220	154,684	169,019	180,259	172,975	157,297
Foil and Powder Products Business	104,859	88,606	93,806	96,227	102,001	93,692	94,365	95,349	88,945	86,240
Operating profit (loss)										
Alumina, Chemicals and Ingot Business	5,227	3,273	2,917	6,069	9,138	10,126	8,954	9,616	10,902	9,614
Sheet and Extruded Products Business	1,569	1,675	2,668	4,230	3,058	7,775	9,767	7,152	3,556	5,950
Fabricated Products and Other Businesses	6,392	6,974	7,224	7,704	10,958	10,245	9,783	11,681	10,440	8,892
Foil and Powder Products Business	3,402	(771)	2,889	4,183	6,829	5,478	4,856	5,114	3,074	3,311
Elimination or corporate	(2,925)	(2,997)	(3,081)	(2,881)	(3,162)	(3,399)	(3,467)	(3,511)	(3,365)	(3,573)
Financial Position										
Current assets	225,200	217,648	226,807	248,906	247,363	246,394	262,671	267,238	246,374	270,781
Non-current assets	197,471	202,138	205,731	208,371	204,831	202,229	204,528	214,065	223,630	236,174
Current liabilities	192,070	182,173	181,520	202,220	186,881	184,277	191,729	184,364	162,341	166,116
Non-current liabilities	121,752	122,989	129,824	117,672	120,894	90,722	86,148	94,204	106,465	133,735
Shareholders' equity	100,033	102,297	105,787	111,791	124,884	154,600	167,115	183,163	184,547	184,763
Accumulated other comprehensive income	434	2,851	4,629	9,631	5,300	5,053	6,842	4,691	1,728	5,949
Non-controlling interests	8,382	9,476	10,778	15,963	14,235	13,971	15,365	14,881	14,923	16,392
Balance of interest-bearing debt	187,697	188,844	198,668	188,990	182,207	149,835	139,997	139,570	132,622	146,229
Cash Flows										
Cash flows from operating activities	19,537	18,030	18,148	11,780	37,770	36,488	25,868	34,644	48,676	41,942
Depreciation	17,040	16,259	16,435	16,406	16,356	16,602	17,126	17,294	18,694	19,157
Cash flows from investing activities	(18,289)	(14,025)	(18,998)	(7,119)	(19,419)	(11,887)	(14,948)	(22,777)	(29,684)	(25,674)
Capital expenditures	23,167	17,121	14,001	15,869	18,861	19,908	21,077	29,926	29,978	25,933
Cash flows from financing activities	(6,915)	(5,175)	5,762	(17,581)	(10,708)	(24,432)	(17,040)	(8,904)	(15,745)	8,194
Per-Share Information (yen) ^(Note)										
Profit	52.51	61.69	94.29	177.35	285.62	345.79	290.88	332.03	120.73	54.37
Diluted profit	—	—	90.43	155.86	251.01	314.65	—	—	—	—
Net assets	1,847.13	1,933.30	2,030.30	2,232.72	2,393.87	2,578.24	2,809.28	3,033.74	3,008.26	3,081.54
Amount of dividends	2.0	3.0	4.0	5.0	6.0	8.0	8.0	9.0	9.0	65.0
Indicators (%)										
Return on capital employed	4.9	3.7	5.9	8.2	9.0	9.6	10.7	10.8	8.0	8.4
Return on equity	2.9	3.3	4.8	8.3	12.3	13.5	10.8	11.4	4.0	1.8
Equity ratio	23.8	25.0	25.5	26.6	28.8	35.6	37.2	39.0	39.6	37.6
Others										
Number of shares issued (thousand shares) ^(Note)	545,126	545,126	545,126	545,126	545,126	619,938	619,938	619,938	619,938	61,994
Research and development expenses	4,902	5,063	4,984	4,495	4,794	4,939	5,177	5,447	5,867	5,935
Number of employees	10,041	10,392	10,438	13,335	12,961	13,126	12,855	13,316	13,611	13,162

Note: The Company conducted a 10-to-1 reverse stock split of common shares on October 1, 2020. Profit per share, diluted profit per share and net assets per share are calculated on the assumption that the reverse stock split was carried out at the beginning of FY2011. Dividend per share lists the actual dividend amounts regardless of whether before or after the reverse stock split in question.

Consolidated Financial Statements

Consolidated Balance Sheets

(Unit: million yen)

Item	Fiscal Year Ended March 2021	Fiscal Year Ended March 2020	Increase (decrease)	Item	Fiscal Year Ended March 2021	Fiscal Year Ended March 2020	Increase (decrease)
Assets				Liabilities			
Current assets	270,781	246,374	24,407	Current liabilities	166,116	162,341	3,775
Cash and deposits	61,229	36,349	24,880	Notes and accounts payable - trade	65,815	63,826	1,989
Notes and accounts receivable - trade	105,003	105,458	(455)	Short-term borrowings	62,668	62,670	(2)
Electronically recorded monetary claims - operating	28,770	27,575	1,195	Income taxes payable	3,327	2,654	673
Inventories	65,594	66,610	(1,016)	Other	34,306	33,191	1,115
Other	10,570	10,767	(197)	Non-current liabilities	133,735	106,465	27,270
Allowance for doubtful accounts	(385)	(385)	—	Bonds payable	664	653	11
Non-current assets	236,174	223,630	12,544	Long-term borrowings	82,897	69,299	13,598
Property, plant and equipment	179,105	173,757	5,348	Retirement benefit liability	19,929	20,115	(186)
Buildings and structures	59,119	55,514	3,605	Allowance for sediment control measures	24,634	10,609	14,025
Machinery, equipment and vehicles	49,507	49,104	403	Other	5,611	5,789	(178)
Tools, furniture and fixtures	6,234	5,658	576	Total liabilities	299,851	268,806	31,045
Land	54,690	54,587	103	Net assets			
Construction in progress	9,555	8,894	661	Shareholders' equity	184,763	184,547	216
Intangible assets	7,073	5,867	1,206	Share capital	46,525	46,525	—
Goodwill	1,111	1,555	(444)	Capital surplus	18,992	18,983	9
Other	5,962	4,312	1,650	Retained earnings	119,377	119,108	269
Investments and other assets	49,996	44,006	5,990	Treasury shares	(131)	(69)	(62)
Investment securities	30,241	27,560	2,681	Accumulated other comprehensive income	5,949	1,728	4,221
Deferred tax assets	11,898	8,981	2,917	Valuation difference on available-for-sale securities	3,642	2,230	1,412
Others	8,402	7,732	670	Deferred gains or losses on hedges	24	(120)	144
Allowance for doubtful accounts	(545)	(267)	(278)	Revaluation reserve for land	145	145	—
Total assets	506,955	470,004	36,951	Foreign currency translation adjustment	2,665	1,084	1,581
				Remeasurements of defined benefit plans	(527)	(1,611)	1,084
				Non-controlling interests	16,392	14,923	1,469
				Total net assets	207,104	201,198	5,906
				Total liabilities and net assets	506,955	470,004	36,951

Consolidated Statements of Income

(Unit: million yen)

Item	Fiscal Year Ended March 2021	Fiscal Year Ended March 2020	Increase (decrease)
Sales	432,568	465,946	(33,378)
Cost of sales	342,499	372,337	(29,838)
Gross profit	90,069	93,609	(3,540)
Selling, general and administrative expenses	65,875	69,002	(3,127)
Operating profit	24,194	24,607	(413)
Non-operating income	3,916	3,414	502
Interest and dividend income	393	387	6
Share of profit of entities accounted for using equity method	623	268	355
Other non-operating income	2,900	2,759	141
Non-operating expenses	4,080	4,546	(466)
Interest expenses	1,033	1,211	(178)
Other non-operating expenses	3,047	3,335	(288)
Ordinary profit	24,030	23,475	555
Extraordinary losses	16,200	11,000	5,200
Sediment control costs	16,200	11,000	5,200
Profit before income taxes	7,830	12,475	(4,645)
Income taxes - current	6,691	4,897	1,794
Income taxes - deferred	(3,958)	(1,707)	(2,251)
Profit	5,097	9,285	(4,188)
Profit attributable to non-controlling interests	1,731	1,809	(78)
Profit attributable to owners of parent	3,366	7,476	(4,110)

Consolidated Statements of Cash Flows

(Unit: million yen)

Item	Fiscal Year Ended March 2021	Fiscal Year Ended March 2020	Increase (decrease)
Cash flows from operating activities	41,942	48,676	(6,734)
Cash flows from investing activities	(25,674)	(29,684)	4,010
Cash flows from financing activities	8,194	(15,745)	23,939
Effect of exchange rate change on cash and cash equivalents	418	(296)	714
Net increase (decrease) in cash and cash equivalents	24,880	2,951	21,929
Cash and cash equivalents at beginning of period	36,296	33,345	2,951
Cash and cash equivalents at end of period	61,176	36,296	24,880

Company and Share Information

Corporate Overview

Company Name	Nippon Light Metal Holdings Co., Ltd.
Head Office Location	Urbannet Uchisaiwai-cho Building, 1-1-13 Shinbashi, Minato-ku, Tokyo
Share capital	46,525,000,014 yen
President and Chief Executive Officer	Ichiro Okamoto
Number of Employees	13,162 (consolidated)
Established	October 1, 2012
Stock Exchange Listings	Tokyo Stock Exchange First Section (Securities Code: 5703)

Note: All data as of FY2020 or March 31, 2021

Share Information (as of March 31, 2021)

Total Number of Authorized Shares	200,000,000 shares
Total Number of Issued Shares	61,993,750 shares
Number of Shareholders	48,930

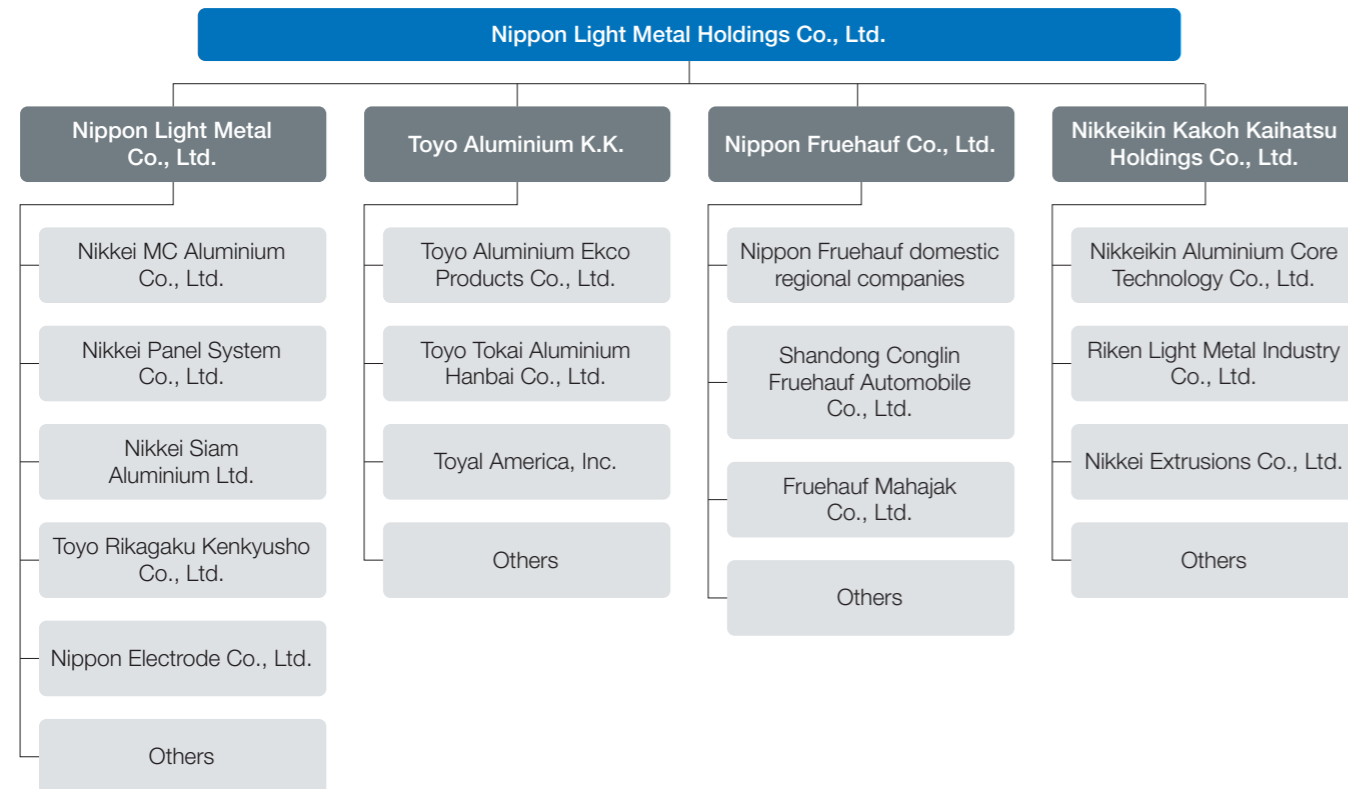
Note: The Company conducted a 10-to-1 reverse stock split of common shares on October 1, 2020.

Major Shareholders (top ten)

Name of Shareholder	Number of Shares Held (in thousands)	Ratio of Shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,913	12.8
Custody Bank of Japan, Ltd. (Trust Account)	5,046	8.2
The Dai-ichi Life Insurance Company, Limited	2,000	3.2
Nikkei-Keiyu-Kai	1,722	2.8
The Light Metal Educational Foundation, Inc.	1,491	2.4
Custody Bank of Japan, Ltd. (Trust Account 9)	1,358	2.2
Asahi Mutual Life Insurance Company	1,275	2.1
JPMC GOLDMAN SACHS TRUST JASDEC LENDING ACCOUNT	1,212	2.0
Mizuho Bank, Ltd.	1,126	1.8
DFA INTL SMALL CAP VALUE PORTFOLIO	1,057	1.7

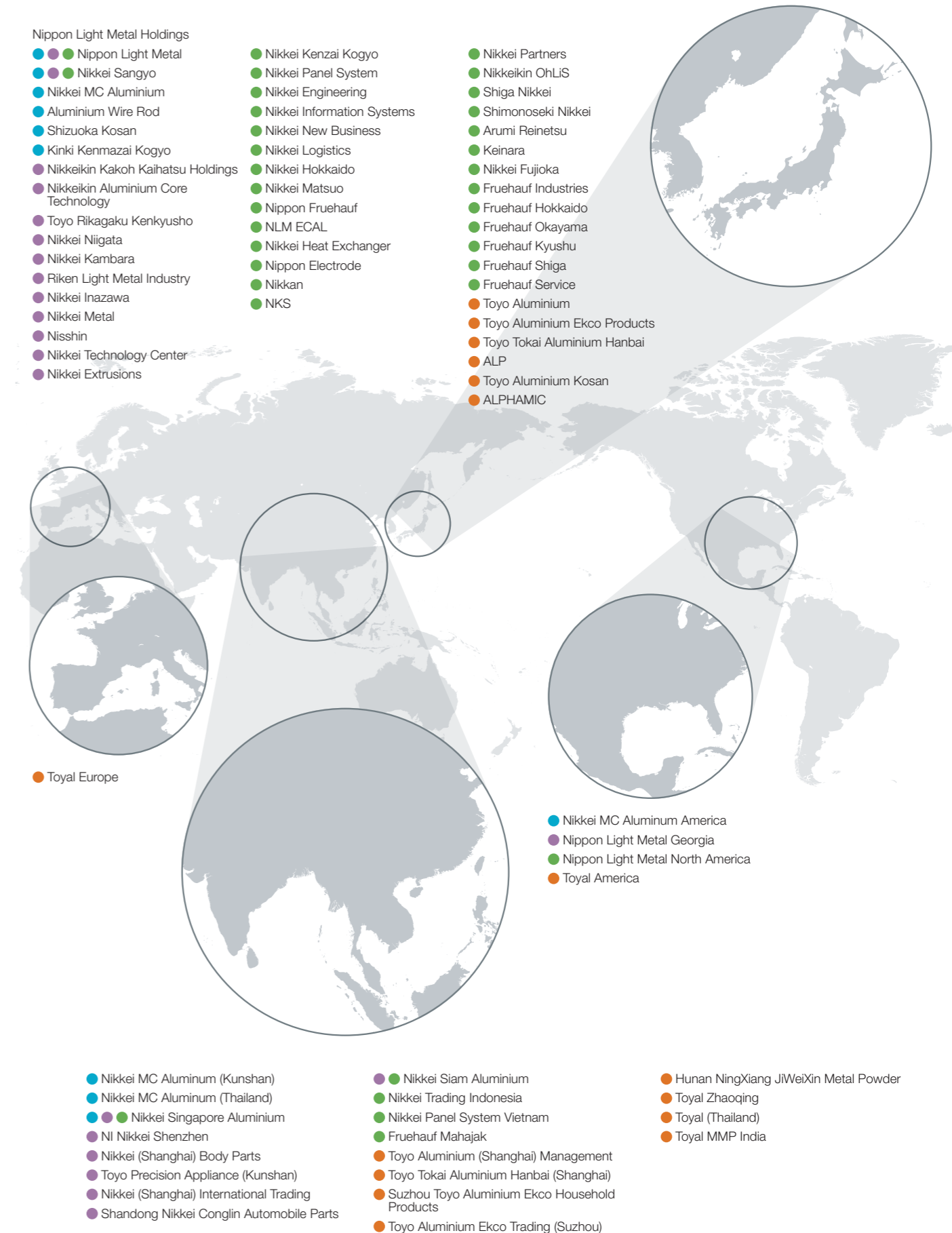
Note: Ratio of shareholding is calculated after excluding treasury shares (89,050 shares).

Nippon Light Metal Group Management Structure



Global Network

● Alumina, Chemicals, and Ingot Business ● Sheet and Extruded Products Business ● Fabricated Products and Other Businesses ● Foil and Powder Products Business



Note: Two dormant companies are excluded.