

NIPPON LIGHT METAL GROUP INTEGRATED REPORT 2023

NLM Group Management Policy

Corporate Philosophy

Contribute to improving people's quality of life and environmental protection by continuing to create business, focused on aluminum.

Basic Policies

- The Group will create healthy, safe workplaces, and achieve zero-accident operations.
- The Group will continuously provide diverse value to customers by deepening the level of collaboration and coordination within and outside the Group.
- The Group will work actively to achieve carbon neutrality, to help create a sustainable society.
- The Group will engage in fair and honest business operations, with respect for human rights and an emphasis on ethics.
- The Group will respect diverse values, and develop human resources from a long-term global perspective.

NLM Group Business Conduct Guidelines

- **Creating the future together** We create a future that goes above and beyond by working through the whole process from research and development to engineering, production, and supply as a team.
- **Go-an-zen-ni!** We never let our team members get hurt. "Show up smiling, go home smiling" is our goal.
- **Working with our community** We actively engage with local and environmental issues to create a sustainable and prosperous society.
- **Beyond what customers demand** We communicate sincerely with our customers to provide value beyond what they demand.
- **Team Nikkeikin** We count our team members' issues as "our own issues" and work together as a team to achieve our goals.
- **Gogen Shugi (three actuals + principles)** We take Gogen Shugi (Onsite, Products, Reality, Principles and Rules) seriously so that we can be proud of what we produce and provide.
- **"May I" and "Give it a try"** We encourage the mindsets of "May I" and "Give it a try" to keep us willing to take on new challenges.
- **Picture your own evolution** At all times, we approach our jobs with the broad perspective of "what am I capable of?" along with open minds and curiosity.
- **To become a trustworthy and reliable company** We accurately understand and comply with any rules and codes. We work according to the dictates of conscience and learnings from the history of our business.

Editorial Policy

Introduction

As in the previous year, the NLM Group will publish an integrated report in 2023. 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.

In the Integrated Report 2022 that we published last year, we reported the 2022 mid-term management plan and the NLM Group's initiatives on priority issues, among other things. Reflecting changes in the Group's situation and its business environment, we formulated a new mid-term management plan that started in FY2023. In this report, we describe our initiatives to address the current priority issues and the priority issues in the new mid-term management plan, as carefully and conscientiously as possible. We would be happy if this report is useful to readers, our stakeholders in their understanding of the NLM Group's business activities.

Reference guidelines

This report has been prepared with reference to the International Integrated Reporting Framework advocated by the IFRS Foundation, 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 2022 and March 2023.

(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

March 2024 (Previous issue: March 2023)

Independent assurance

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

CONTENTS

Basic Information

- 01 NLM Group Management Policy/NLM Group Business Conduct Guideline
- 03 At a glance

Value Creation

- 05 Message from CEO
- 11 The NLM Group's Quality-Related Misconduct Incidents, etc.
- 15 Value Creation History
- 17 The Value Creation Process
- 19 The Source of Value Creation
- 21 Sustainability Strategy
- 27 Mid-term Management Plan
- 31 Segment Overview
- 39 Financial Strategy

Foundations of Value Creation

- 41 Governance
- 47 List of Officers & Skills Matrix
- 49 Risk Management
- 50 Information Security

- 51 Compliance
- 54 Dialogue with Shareholders and Investors
- 55 The Environment
- 59 Action on Climate Change — Disclosure Based on the TCFD Recommendations
- 61 Quality
- 63 Human Resource Strategy
- 65 Occupational Health and Safety
- 67 Developing a Fulfilling Workplace
- 69 Diversity & Inclusion
- 71 Securing and Cultivating Human Resources
- 73 Protecting and Respecting Human Rights
- 75 Supply Chain Management
- 77 Local Communities

Data

- 79 Financial and Non-Financial Highlights
- 81 Operating Results and Financial Analysis
- 85 Data
- 89 Independent Assurance Report
- 90 Business Conduct Guideline
- 91 Company Information and Share Information
- 92 Global Network

Reporting Media Further details and past initiatives are available on our website.

Financial information



Integrated Report 2023

- **Website**
<https://www.nikkeikinholdings.co.jp/ir-data/>
- **FACT BOOK**

- **Shareholders' Newsletter**

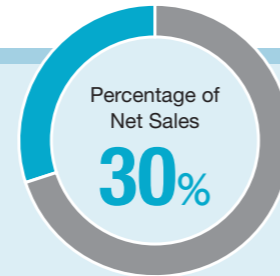
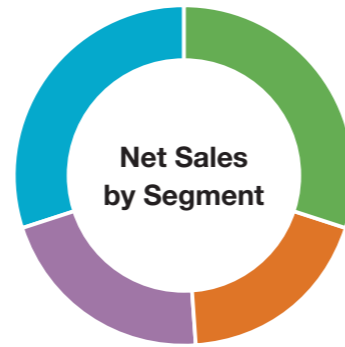

Non-financial information

- **Website**
<https://www.nikkeikinholdings.co.jp/sustainability/>
[https://www.nikkeikinholdings.com/sustainability/ \(English\)](https://www.nikkeikinholdings.com/sustainability/)



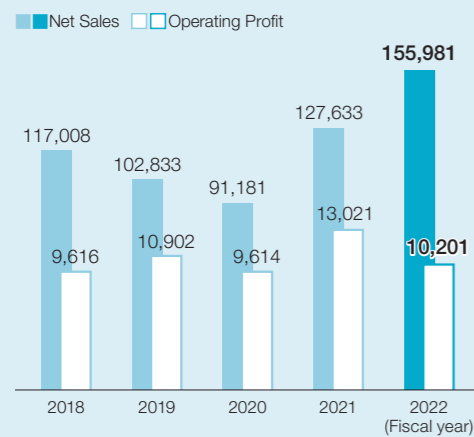
At a glance

The products we offer at the NLM Group range from aluminum to intermediate products and processed products. We operate businesses widely and provide comprehensive solutions by providing products and services with high quality and high added value, a unique strength of a comprehensive aluminum manufacturer. Businesses of the Group are categorized into four segments based on manufacturing methods.



Aluminum Ingot and Chemicals → P.31

◆ Net Sales & Operating Profit (million yen)



◆ Business Summary

In the Alumina and Chemicals Segment, the Chemicals Div. of Nippon Light Metal Co., Ltd. provides 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 provides a variety of aluminum ingots, with the leading role played by Nikkei MC Aluminium Co., Ltd., and is highly evaluated for the development of highly-functional ingots that cater to customers' needs.

◆ Major Products and Services

Our website <https://www.nikkeikinholdings.com/group/chemical.html>

Consolidated Financial Results (FY2022)

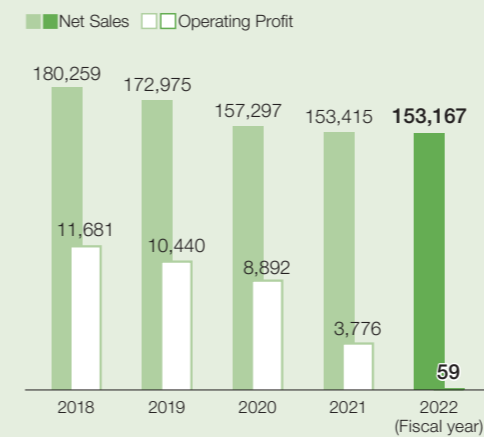
Net Sales
516,954 million yen

Operating Profit
7,539 million yen

Ratio of Operating Profit to Net Sales
1.5%

Fabricated Products and Others → P.35

◆ Net Sales & Operating Profit (million yen)

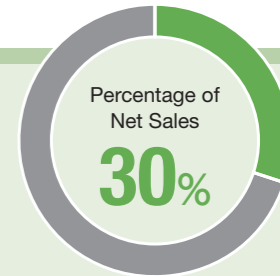


◆ Business Summary

In Fabricated Products and Other Businesses, we provide 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.

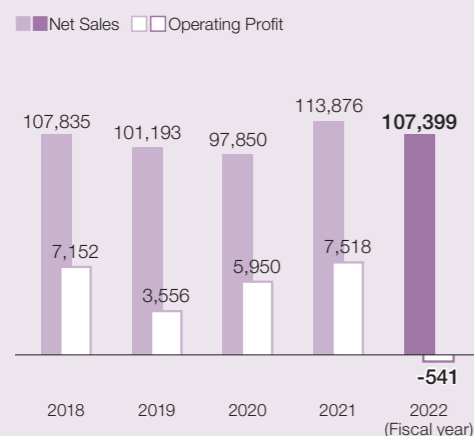
◆ Major Products and Services

Our website <https://www.nikkeikinholdings.com/group/process.html>



Aluminum Sheet and Extrusions → P.33

◆ Net Sales & Operating Profit (million yen)

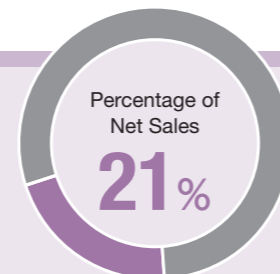


◆ Business Summary

The Rolled Products Div. of Nippon Light Metal Co., Ltd. And Nikkeikin Aluminium Core Technology Co., Ltd. play central roles in this business. 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.

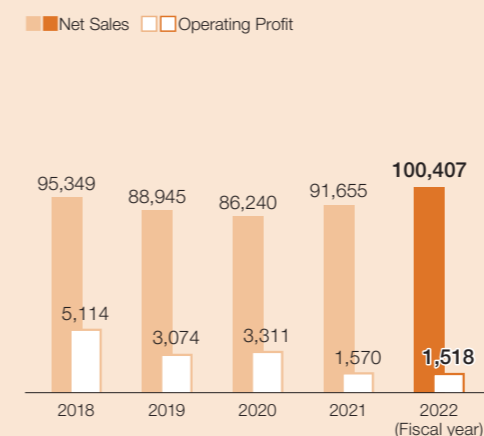
◆ Major Products and Services

Our website <https://www.nikkeikinholdings.com/group/extrusion.html>



Aluminum Foil, Powder and Paste → P.37

◆ Net Sales & Operating Profit (million yen)

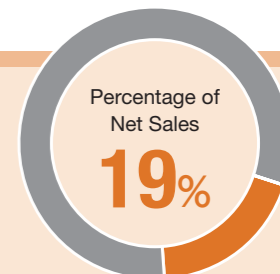


◆ Business Summary

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 providing 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.

◆ Major Products and Services

Our website <https://www.nikkeikinholdings.com/group/powder.html>



*Toyo Aluminium K.K. and other companies constituting the Foil and Powder Products segment are to be excluded from the scope of consolidation through a transfer of shares.
<https://www.nikkeikinholdings.com/news/news/common/pdf/p2022090201hde.pdf>

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

President and CEO **Ichiro Okamoto**

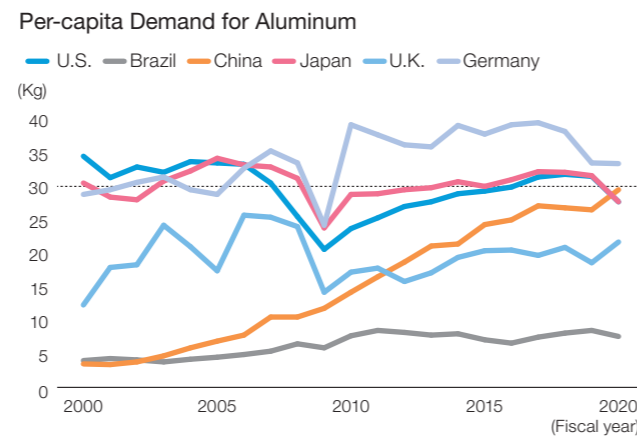
We will seriously work on our tasks one by one as a team.

Review of the past year

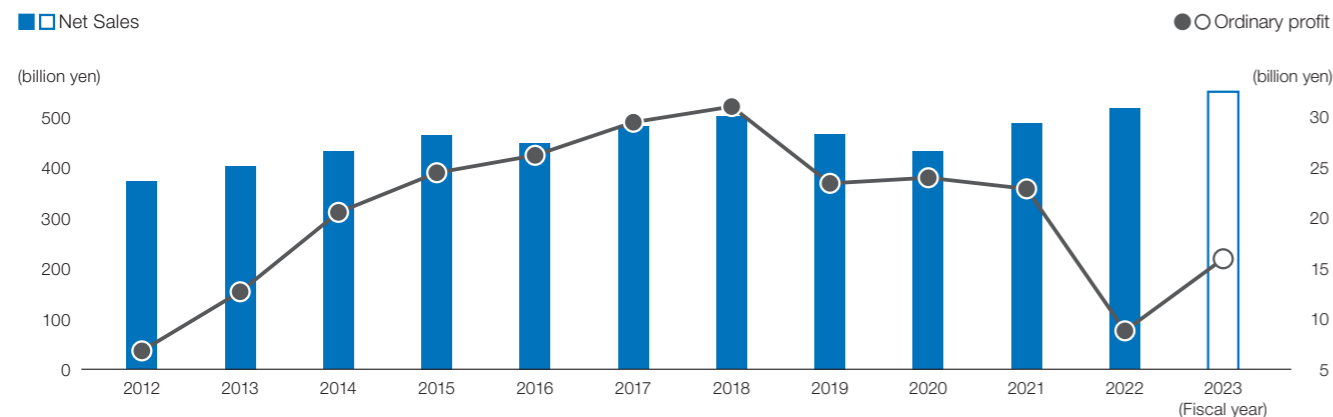
First, I would like to summarize the Group's business results for last year and describe our future outlook. The consolidated financial results of the NLM Group have remained steady since 2012, when we adopted a holding company structure, with ordinary profit having exceeded 30.0 billion yen in FY2018, for example. Last fiscal year, however, while net sales grew 6.2% year on year, to 517.0 billion yen due to revisions to the sales prices that reflected aluminum ingot market conditions and raw material and fuel prices, ordinary profit stood at 8.9 billion yen, down 61.4% year on year, falling short of the target, mainly reflecting a decrease in sales attributed to sluggish automobile-related demand caused by semiconductor shortages, and delays in truck chassis supply, as well as higher costs that resulted from a surge in prices of aluminum and other raw materials, materials, and fuel, among other factors.

At present, we are pursuing initiatives to achieve a recovery in our business performance, such as continuing to accelerate overseas expansion and stepping up efforts to create new businesses and products, as well as passing higher raw material and fuel prices on to sales prices appropriately.

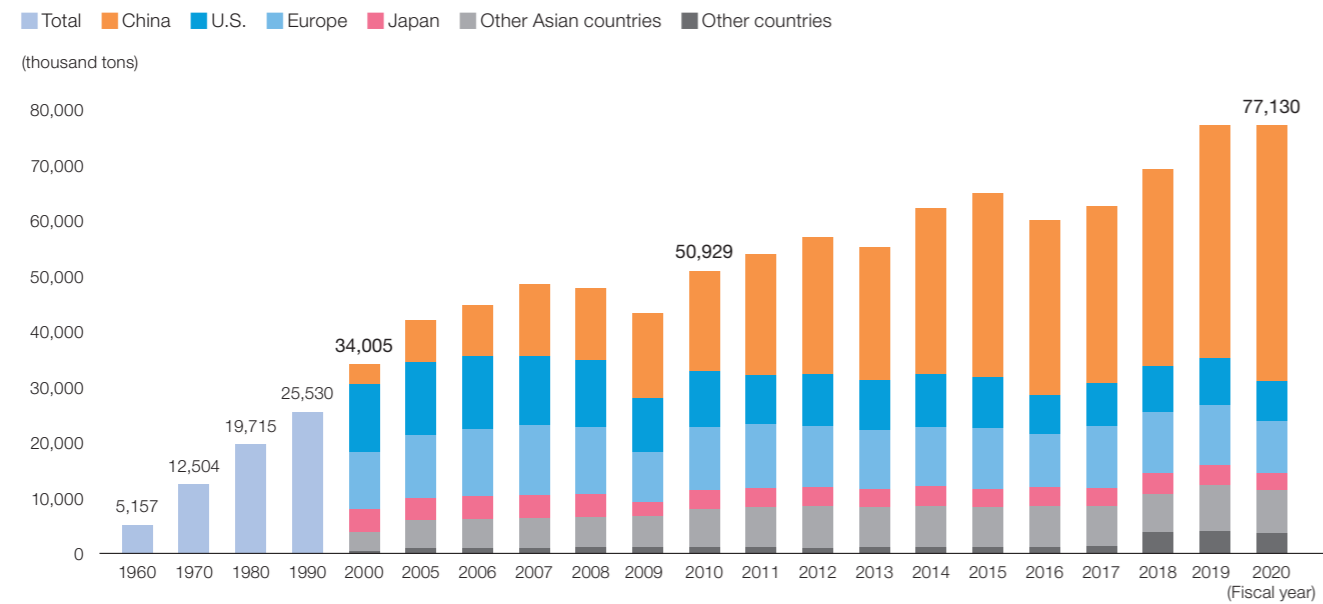
In the meantime, the demand for aluminum in Japan has remained almost flat since 2000. The ratio of demand for aluminum in Japan to that in the global market is approximately 5%, with an annual amount of around 4 million tons. Even in China, the only country where quantitative expansion has taken place, the annual per-capita consumption of aluminum is approaching 30 kilograms, which is regarded as the global average consumption, in recent years. We believe that an increase in aluminum consumption to a much higher level is as unlikely in China as it is in Japan,



Consolidated Financial Results



Changes in Demand for Aluminum in the World



*Source: Data from the Japan Aluminum Association

Europe, and the United States. While the quantitative expansion of aluminum based on high-volume production and consumption now approaching its limit, what we should dedicate ourselves to is simply the development of new applications and the creation of what is perceived as value for customers. I believe it is important to provide products and services needed by customers by leveraging the strengths of the NLM Group.

Results of investigations into the quality-related misconduct incidents and prevention of recurrence

Before explaining the NLM Group's Management Policy and management measures, I want to take this opportunity to sincerely apologize once again for, and report the progress of measures on, the revocation of JIS certification and request that we cease the use of the JIS mark (quality problem), which has caused you inconvenience and concern.

I will start by explaining the investigation report from the Special Investigation Committee consisting of external experts and other members. Because the scope of the investigations was expanded to business sites other than JIS-certified sites, the investigation period was long, at one year and nine months. The investigations were completed in March this year, and we received the investigation report. While the investigations by the Special Investigation Committee were ongoing, we ourselves held repeated discussions on structural factors behind the incidents and initiatives to prevent any recurrence. While taking the investigation results from the committee seriously, we have adopted measures to prevent any recurrence of the problems, aiming to become a corporate group that is trusted by its stakeholders.

As initiatives to prevent a recurrence, we will advance management reforms, including rebuilding the Group's governance structure, and will reinforce internal control functions such as reforming our corporate culture.

In particular, our corporate culture took a long time to take root in the NLM Group. I understand that it cannot be changed overnight. To fully communicate the ideas of management to employees working on the front lines and to permit direct dialogue between management and employees, we launched site manager meetings and workplace visits in April this year. For the site manager meetings, we have divided each workplace of the NLM Group into teams of roughly 20 members and appointed the teams' representatives as site managers. We convene the site manager meeting each month with the participation of around 400 site managers. Agenda items discussed in the meeting include Group-wide management issues, such as causes of quality problems and measures to prevent their recurrence. After a meeting, each one of the 400 site managers gives explanations to 20 members of their



A workplace visit

workplace. Thus, we attempt to have ideas of the management and details of our initiatives shared by a total of about 8,000 Group employees in Japan. In workplace visits, I myself as the leader of the management team visit plants, branches, offices, and other workplaces and hold talks with about 20 employees each. I tell them what management is thinking while employees tell me about the problems they face in working, issues in their workplaces, and other matters as the opinions of people working on the front lines. As in the site manager meetings, I will talk directly with all employees through a total of 400 workplace visits, speaking with 20 people per visit. In this context, at one workplace that I visited, employees working in a plant voiced an opinion, "We want to introduce a day when we stop all equipment for around 30 minutes and talk about quality in each workplace." I agreed with them, saying "That sounds good. Let's do it." Thus, it was decided that the plant will introduce its own Quality Day. Having witnessed the moment when each employee treated the quality problem as their own issue and their fire was lit, I feel this is exactly what I am responsible for making happen.

Moreover, in April 2023, the NLM Group Business Conduct Guideline was formulated, with the leading role played by 36 young and mid-career employees from 16 Group companies. This was determined and approved through presentations by the representative of the employees, which were given directly to the Group Executive Committee, the Board of Directors, and others. Thus, the NLM Group Business Conduct Guideline very much reflects the thoughts of the NLM Group and the 36 project members. If an event going against the Business Conduct Guideline should occur in the future, they will point it out and say with a loud voice, "That's against the principle." I regard these activities as epitomizing *Sottaku Doji*. I am seeing signs of our evolving into a corporate group where everyone can express their opinions more freely than ever. Reforming corporate culture is a never-ending process. I will continue to light each employee's fire.

* *Sottaku Doji*: It means that the activities of master and pupil conform with each other. It means that the minds of the two are in accord.



Working as one to achieve the 2023 mid-term management plan

Our thoughts reflected in new Team NLM

Reflecting the changes in our business environment and initiatives to prevent a recurrence of the quality problem, we reviewed the 2022 mid-term management plan this fiscal year, or one year after its launch, and adopted the 2023 mid-term management plan, under which the NLM Group will make a fresh start as new Team NLM. The 2023 mid-

term management plan is also an expression of our determination as we make a fresh start as new Team NLM. The word "new" in new Team NLM conveys the meaning that we will be reborn and achieve a recovery of social trust and earnings. Initiatives for new Team NLM constitute one of the pillars of the management policy under the 2023 mid-term management plan in the aspects of both offense and defense.

Even with new Team NLM, however, the fact remains that people and organizations work together organically within the Group, we demonstrate the Group's comprehensive capability by leveraging the combined wisdom of individuals, and we continue to create new value for customers. We will work consistently to attain our targets.

Rebuilding of the Group's governance structure

One of the initiatives for new Team NLM is to promote management reforms and reinforce internal control functions. As a leader of the management team, I will work on the reform of our corporate culture by continuing the site manager meetings and workplace visits that I mentioned above. Meanwhile, reviewing the NLM Group's structure once again, I noted that 69 of the total 78 Group companies have 300 or fewer employees each, and that 42% of all Group employees belong to these companies. This means that the NLM Group includes many small and midsize subsidiaries. We are planning to rebuild the Group's governance structure by bundling these small and medium enterprises into some what larger groups and managing those groups.

Establishment of Nikkeikin ALMO

If the above is about the aspect of defense, such as reforms of corporate culture and rebuilding of the governance structure, an example of our more proactive measures is the establishment of Nikkeikin Aluminum for Mobility Company, Ltd. (Nikkeikin ALMO). We have integrated our automotive components businesses, which had been divided based on manufacturing methods and operated by Group companies, into a single corporate organization, aiming to facilitate the consolidation of dispersed management resources and their flexible allocation. The automotive market, where actions for carbon neutrality and electrification are underway, has diverse potential, for instance in materials and manufacturing methods. We can therefore expect major business opportunities for the NLM Group. The strengths of the Group lie in the fact that we have comprehensive capabilities, ranging from manufacturing methods and processing technologies, such as casting, processing, and bonding, to development, design, maintenance, and services, which are based on our comprehensive knowledge about material properties. I believe that by consolidating these strengths, we can provide the products and services demanded by customers along with high added value.

recycling business at the Group for many years. To do this, we have integrated the functions for procurement, production, and sales of materials for expanded materials into a new Metal Business Division, thus establishing a framework for implementing measures such as enhancing procurement of low-carbon materials, expanding the use of scrap from products we produced, and building closed-loop supply chains with customers.

We will also work to improve our upgrading technology by leveraging aluminum material technologies as our strength, thus contributing to not only expanding the Group's business but also protecting the global environment and providing sustainable value.

Helping build a sustainable society with the happiness of employees as the driving force

I believe that, among the priority issues of the NLM Group, what serves as the engine of sustainable management is the happiness of employees. I understand that it is only when each of our employees feels pleasure and job satisfaction and can work daily with pride in being a member of the NLM Group that initiatives to address each issue make progress and targets, including the KPIs, are

achieved. As one initiative for this purpose, we have become an official partner of Japan's national wheelchair rugby team and engage in a number of activities. Five young employees of the Group are playing the leading role in this initiative. They are widening the circle of activities, such as participating in events to support the Japan's national team when they play and in the operation of games as volunteers. Further, at Tomakomai Complex of Nippon Light Metal Co., Ltd., we have renovated Nikkei Arena, a gymnasium, as part of our initiatives to improve the work environment. In the renovation, the entire building, including pathways and locker rooms, were designed to be barrier-free. We are also proactive in offering the space for external teams. At present, it is widely known as a hub of parasports activities, where people can take part in wheelchair rugby, wheelchair basketball, and other parasports. I believe that these social contribution activities will give employees working together the pleasure of and pride in serving society as corporate citizens and lead to the happiness of employees, and ultimately, to the recovery of social trust in the Group, improvements in its earning power, and its sustainable growth.

Toward the realization of sustainable management

At the NLM Group, we are forging ahead with sustainable management under the Corporate Philosophy: Contribute to improving people's quality of life and environmental protection by continuing to create business, focused on aluminum. In this context, we have set the following five themes as our priority issues (material issues) to address to enable the NLM Group to achieve sustainable growth and to enhance its corporate value.

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

Driving carbon neutrality

Driving carbon neutrality is one of the important tasks of new Team NLM for protecting the global environment and providing sustainable value. Because of our historical context, we have diverse business segments, from upstream to downstream. It is true that it was difficult for the Group to drive carbon neutrality optimally only with the plans and measures of the individual business segments. In response, we have established the Green Growth Strategy Office as an entity that plans and drives the integrated decarbonization strategy of the Group. This is a new

challenge that we are taking on to manage risks and opportunities in our decarbonization strategy with an integrated approach, aiming to achieving net zero greenhouse gas emissions by FY2050.

Generally, among the processes of manufacturing new aluminum ingots, a large amount of electricity is consumed when aluminum as a metal is taken from the raw material, leading to an idea that the manufacturing process emits a great deal of CO₂. From the viewpoint of the entire lifecycle, however, aluminum contributes to reducing CO₂ emissions because this material is expected to improve energy efficiency while it is used, such as by reducing the weight of automobiles and other products. In addition, aluminum also features superior recyclability. At the same time, the CO₂ burden of recycled ingots is one-tenth that of new aluminum ingots. We therefore believe that we can make a major contribution to future decarbonization through recycling.

At the NLM Group, horizontal recycling of aluminum for expanded materials, which is the major application of new aluminum ingots, is an important means of decarbonization and carbon reduction. On the other hand, to use scrap from the market directly for expanded materials, it is essential to establish a technology for sorting out and separating from scrap only that portion that is equivalent to the portion of new aluminum ingots for expanded materials. We aim to establish, and find practical application of, the technology by harnessing the knowledge of Nikkei MC Aluminium Co., Ltd., which has been engaged in the

In Closing

I think that the task with top priority for enabling the Group to achieve sustainable growth is to recover social trust. Improving earnings strength is built upon social trust. What is important for this purpose is that each member of the management team and each employee should be proud of being a member of the new Team NLM and should find it rewarding and enjoyable to work for the NLM Group. As a

major duty to fulfill for this purpose, I will continue to light people's fire through site manager meetings and workplace visits.

We will continue our efforts to be a *groundbreaking innovator of aluminum and beyond*, so as to recover your trust and fulfill your expectations.



NLM Group Quality-Related incidents of misconduct, etc.

Outline of the Incidents

At the NLM Group, we deeply apologize for the great inconvenience caused to our customers and other stakeholders by the incidents of misconduct (hereafter the "Incidents") that occurred in relation to the manufacturing and inspections of products, including matters at Group company that violated the Ministerial Ordinance on Certification of Conformity with the Japanese Industrial Standards (hereinafter "JIS") of Mineral or Industrial Products.

To uncover the whole truth about the Incidents, we established the Special Investigation Committee on June 9, 2021 and received the investigation report from the Special Investigation Committee on March 29, 2023. At a meeting of the Board of Directors of NLM Holdings held on the same day, we deliberated and determined measures to prevent the recurrence of the Incidents. We have since been working on corrective measures to address the Incidents and prevent their recurrence.

Facts

The facts about the Incidents from the outset to the present are as follows.

2021	May 14	Nagoya Plant of Nippon Light Metal Co., Ltd.: Revocation of JIS Certification
	May 17	Establishment of the JIS Certification Violation Investigation Committee at NLM Holdings
	June 9	Establishment of the Special Investigation Committee — NLM Holdings JIS Certification Violation Investigation Committee dissolved
	July 2	Revocation of Nikkei Niigata Co., Ltd.'s JIS certification
	2023	March 29
April 27		Establishment of the Business Transformation Office for managing the progress in recurrence prevention and verifying its effects
June 19		Report on progress of recurrence prevention (1st installment)
September 28		Report on progress of recurrence prevention (2nd installment)

Incidents of misconduct that were discovered and analysis of their causes

It was reported that investigations conducted by the Special Investigation Committee identified 214 incidents of misconduct at 36 business sites of 18 Group companies. The identified incidents of misconduct are categorized as follows.

Category	Examples
Manufacturing	<ul style="list-style-type: none"> Products with alloys and section sizes that differ from those specified by customers were manufactured and shipped. Products that were found to deviate from the standards in the process analysis were shipped as conforming products.
Testing and inspections	<ul style="list-style-type: none"> Inspections were conducted with shapes or dimensions that differ from the standards Inspections were conducted with methods differing from the methods specified in the standards.
Handling of testing and inspection results	<ul style="list-style-type: none"> Although regular inspections (of measuring instruments) were not conducted, records were fabricated to make it appear as if they had been regularly calibrated (inspected and adjusted). When an analytical value of a product sample deviated from the standard, the value was falsified using a substitute value.
Reporting/announcement	<ul style="list-style-type: none"> False reporting in JIS certification maintenance review

At the NLM Group, we took a quality problem at another company as an opportunity to conduct a full check of quality in the Group in 2017 (hereafter the "2017 Full Quality Checks"). We found 44 incidents of misconduct through the checks and took corrective measures against them. The following table shows the incidents of misconduct organized in chronological order together with the 214 incidents of misconduct that were identified in the investigations by the Special Investigation Committee. For details of the 214 incidents, see table 1 (pages 37 to 47) in the report we published on March 29, 2023.

	Conduct								Total	
	Manufacturing methods		Testing and inspection methods		Handling of testing and inspection results		Reporting/announcement			
	Total	Falsification, etc. included in the left	Total	Falsification, etc. included in the left	Total	Falsification, etc. included in the left	Total	Falsification, etc. included in the left	Total	Falsification, etc. included in the left
Incidents that occurred before the full quality checks	22	2	69	3	71	56	3	0	165	61
Incidents identified in the full quality checks	3	0	4	1	37	29	0	0	44	30
Incidents not identified in the full quality checks	19	2	65	2	34	27	3	0	121	31
Incidents that occurred after the full quality checks	4	0	20	0	17	5	7	1	48	6
Incidents whose time of occurrence is unknown	0	0	1	0	0	0	0	0	1	0
Total	26	2	90	3	88	61	10	1	214	67

They included 67 incidents of misconduct that are considered falsification or fabrication. These incidents of misconduct occurred at different times, but it was revealed that they include 121 incidents that were not identified in the 2017 Quality Full Checks and 48 incidents that occurred after those checks.

We conducted causal analyses from the perspectives of motivation, justification, and opportunity to commit misconduct to identify the structural factors that existed behind the fact that misconduct had occurred widely across the Group.

Perspective	Factor
Motivation	① The appropriate relationships between sales, development, manufacturing and quality assurance departments had been lost in their struggle to meet tight deadlines, which motivated them to do non-compliant actions to maintain strict delivery dates.
Incorrect justification	② They wrongly justified their conduct, believing that it would not cause actual harm to product safety.
Opportunities	<p>③ Functions checking work sites were insufficient, giving employees opportunities to commit misconduct.</p> <p>④ The independence and authority of quality assurance functions were insufficient, resulting in the failure to fully identify and correct non-conformities.</p> <p>⑤ Due to the history of the NLM Group, some Group companies and business sites have developed a closed nature, which led, in a distorted way, to increases in the motivation, justification, and opportunity to commit misconduct.</p> <p>⑥ These factors interacted with each other, preventing employees from taking a stand on misconduct and leaving cross-sectoral and Group-wide measures to address difficulties faced at the business sites unimplemented.</p>

Safety verification

Regarding products, etc. related to the incidents of misconduct, we conducted inspections and assessments on our own. As a result, it is our judgement that safety was unaffected in all of the incidents of misconduct. We have continued to report and explain each matter to customers on an individual basis.

Status of corrective measures

Of the three incidents for which corrective measures were being taken as of March 29, the measures were completed for two of the incidents (#2 and #201 in table 1) and are being taken in one (#126 in table 1). (As of September 15, 2023)

Framework for promoting the prevention of recurrence

The incidents of misconduct occurred widely across the Group, at 36 business sites of 18 companies. A strong driving force is needed to correct and prevent the recurrence of these incidents because Group-wide and individual initiatives are required. To promote initiatives which focus on management reforms and the enhancement of internal control functions without delay to prevent recurrence, we established the Business Transformation Office directly under the President of NLM Holdings on April 27, 2023. This office promotes measures to prevent recurrence, manages their progress, verifies their effects, reports their progress to the Board of Directors and stakeholders, and promotes and manages other initiatives.

Major initiatives for preventing recurrence

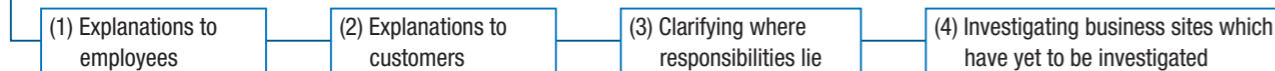
1. Reporting and sharing investigation results and information about the prevention of recurrence

(2) Explanations to customers (as of September 15, 2023)	Number of target companies: 4,106	Consultation in progress with: 61 companies
	Explanations given to: 4,106 companies	
	Approval received from: 4,045 companies	

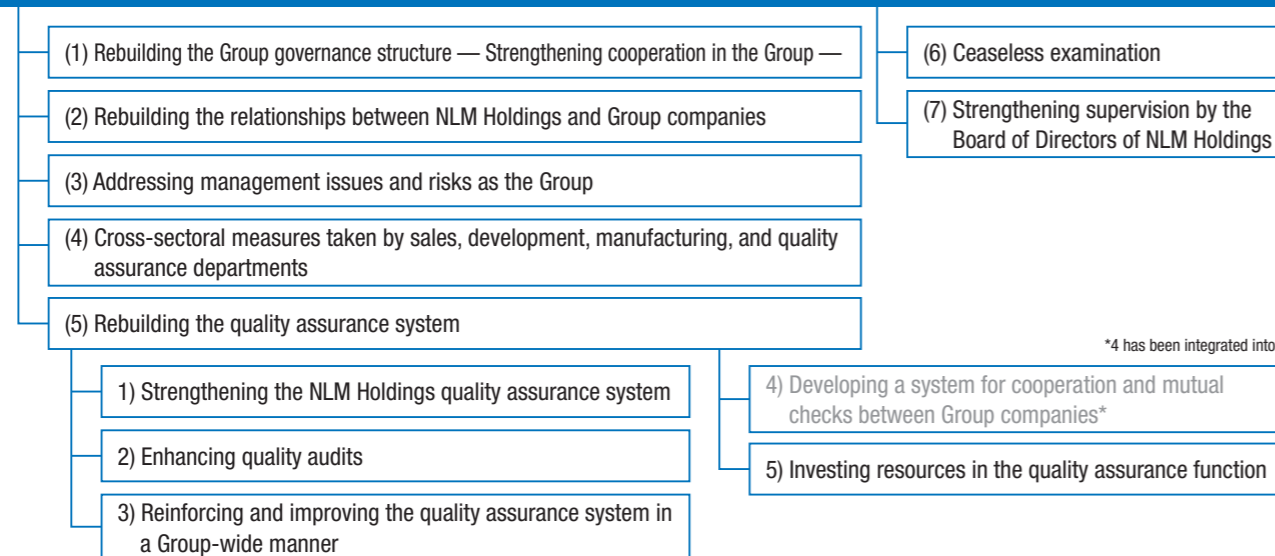
Progress, etc. of measures to prevent recurrence related to the quality incidents of misconduct

Recurrence prevention to be worked on in a Group-wide manner is as shown in the figure below.

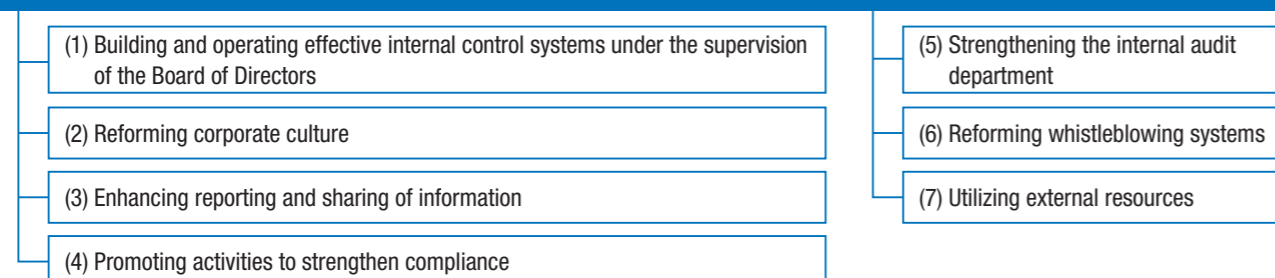
1. Reporting and sharing investigation results and information about the prevention of recurrence



2. Promoting management reforms



3. Strengthening internal control functions



(4) Investigating business sites which have yet to be investigated^{*1}

- Beginning additional investigations of domestic business sites (two sites of one company) and overseas sites (11 sites of eight companies) that have yet to be investigated jointly with external organizations
- Contents of investigations: Questionnaire survey (early August 2023/1,098 subjects/response rate: 95%)
→ on-site investigations → organizing results

Country	Business site name	Major manufacturing items	Number of questionnaire subjects (response rate)	Timing of on-site investigations
Japan	Kambara Works, Shizuoka Kosan	Nikkei Joint-Aland	129 (94%)	September 2023
	Shimizu Works, Shizuoka Kosan			
U.S.	Nikkei MC Aluminum America	Ingots, molten aluminum	92 (96%)	October 2023
Mexico	T. S. T. Nikkei	Ingots, molten aluminum	99 (84%)	October 2023
Thailand	Nikkei MC Aluminum Thai Wellgrow	Ingot	115 (105% ^{*2})	November 2023
	Nikkei MC Aluminum Thai Sri Racha			
	Nikkei Siam Aluminium	Aluminum sheet and foil	348 (93%)	
	Nikkei Siam Aluminium	Heat exchanger	144 (94%)	
	Nikkei Siam Aluminium	Panel	65 (112% ^{*2})	
	Fruehauf Mahajak	Truck body, Panel	106 (92%)	
China	3 sites of 3 companies	—	Being planned	Being planned

^{*1} Business sites that were excluded from subjects of investigations by the Special Investigation Committee
^{*2} The response rate exceeds 100% because employees who are not directly employed are included.

2. Driving management reforms

(5) Rebuilding the quality assurance system

2) Enhancing quality audits: Follow-up audits

- Checking recurrence prevention for 211 of the 214 incidents of misconduct, excluding a total of three incidents at non-manufacturing sites
- The follow-up audits found one case where inspections were insufficient. Corrective measures and recurrence prevention measures are being taken.

3. Strengthening internal control functions

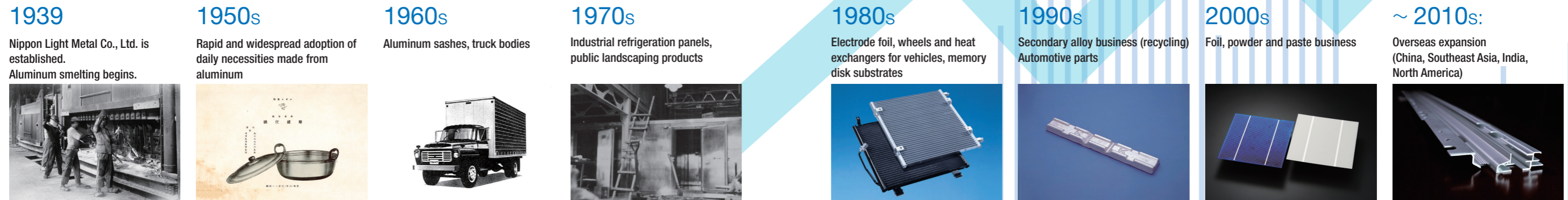
(2) Reforming corporate culture

	Site manager meetings	A workplace visit
Questionnaire administrator	President and Directors	President and Directors
Target	Site managers ^{*3}	Employees (excluding site managers)
Purpose	<ul style="list-style-type: none"> ● Creating a corporate culture which enables employees to voice their opinions without hesitation (opportunities to voice their opinions directly) ● Exchange of information and opinions between upper management and site managers ● Reporting of current situations of work sites by site managers ● Transfer of information by site managers to their workplaces (400 site managers x 20 employees per workplace = 8,000 employees) ● Reinforcing relationships between site managers 	<ul style="list-style-type: none"> ● Creating a corporate culture which enables employees to voice their opinions without hesitation (opportunities to listen directly to them) ● Direct conversations between management and employees ● Communicating the thoughts and enthusiasm of the management ● Improving employees understanding and actual workplace conditions ● Reinforcing relationships between employees
Plan	200 site managers per meeting x 2 meetings per month	20 employees per meeting x 400 meetings = 8,000 employees
Implementation status	August: 287 participants July: 319 participants May: 324 participants April: 365 participants Total: 1,295 participants in total	August: 14 visits, 257 participants July: 6 visits, 117 participants June: 12 visits, 207 participants May: 11 visits, 204 participants Total: 43 visits, 785 participants

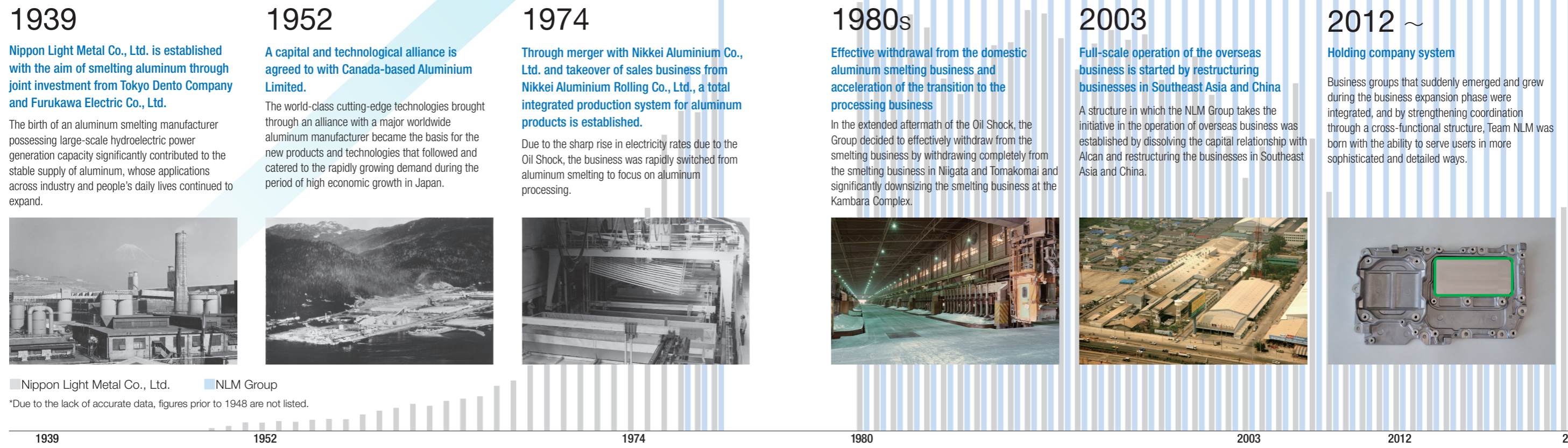
^{*3} One representative per 20 employees from sites with 20 or more employees each, in addition to plant managers, branch managers and sales office managers

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.

Net sales (billion yen)
700



History and Significance of Business Activities



■ Nippon Light Metal Co., Ltd. ■ NLM Group
*Due to the lack of accurate data, figures prior to 1948 are not listed.

The Value Creation Process

Based on its Management Policy, the NLM Group aims to solve a range of material issues under the slogan of “becoming a groundbreaking innovator of aluminum and beyond as Team NLM.” We will invest both financial and non-financial capital in a wide range of businesses 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

Contribute to improving people’s quality of life and environmental protection by continuing to create business, focused on aluminum.

Material Issues

Protecting the global environment

Providing sustainable value

Happiness of employees

Responsible procurement, production and supply

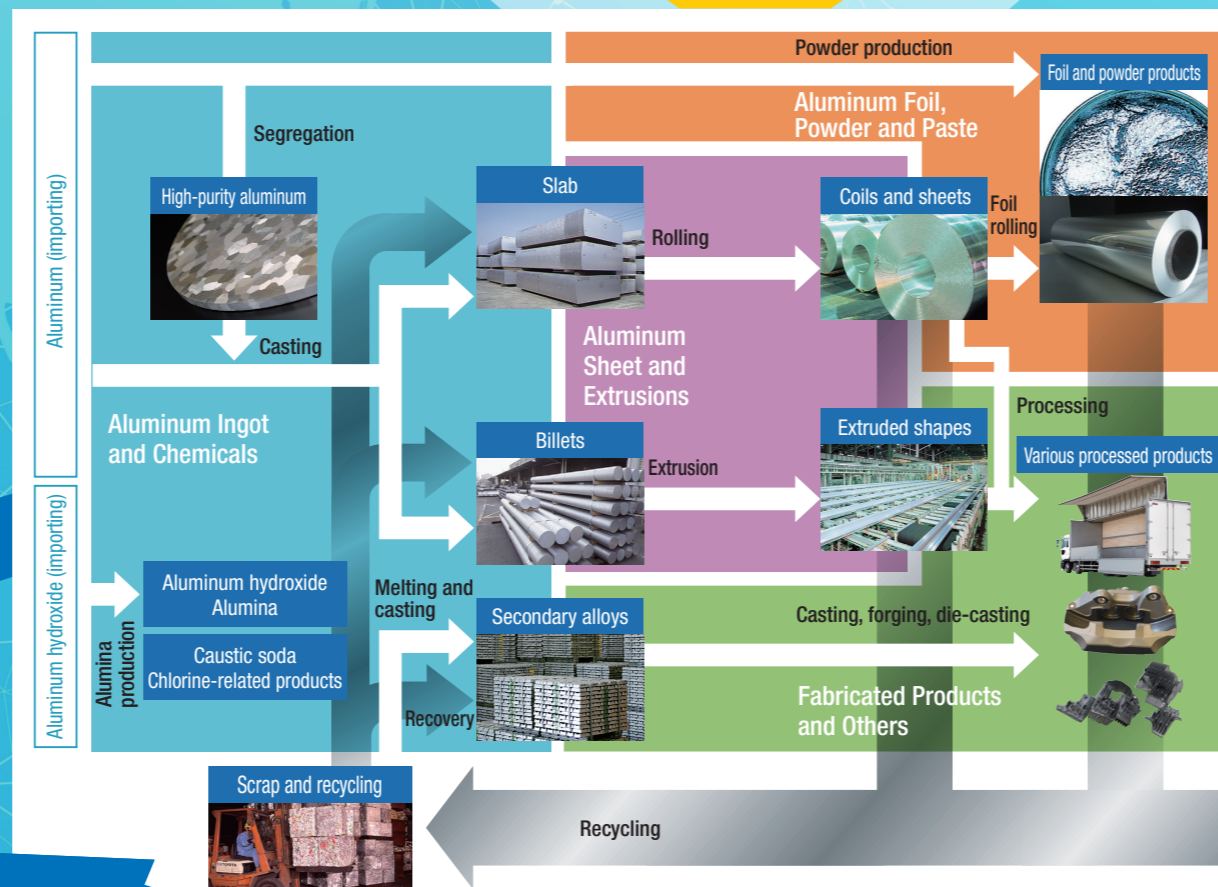
Corporate ethics and governance

Conversion into various types of capital through increased social value

Business Activities

FY2023-25 Mid-term Management Plan (2023 Mid-term Plan)

- 1 Initiatives for the new Team NLM
- 2 Providing products and businesses that contribute to the creation of social value



Market Sectors

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

OUTCOME

Value provided directly to stakeholders

- Shareholders and investors**
Improving corporate value Stable dividends
- 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

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
- Achieving carbon neutrality

Risks

- Climate change risks
- Inter-material competition risks
- Geopolitical risks
- Risk of the prolongation of the supply chain slowdowns
- 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

FY2022 / As of March 31, 2023

Financial Capital

- Shareholders’ equity 196.5 billion yen
- Interest-bearing debt 163.6 billion yen

Fixed Capital

- Production sites (49 domestic plants and five countries overseas)
- Capital expenditures 18.3 billion yen

Human Capital

- Employees 12,633
- Annual expenditure on education and training 34,700 yen/employee

Intellectual Capital

- Number of patents held 1,341
- Research and development expenses 6,391 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 7.7PJ
- Water consumption 0.8 million m³

Accumulation of various types of capital through business activities

*Toyo Aluminium K.K. and other companies constituting the Foil and Powder Products segment are to be excluded from the scope of consolidation through a transfer of shares. <https://www.nikkeihinholdings.com/news/news/common/pdf/p2022090201hde.pdf>

Into a Groundbreaking Innovator of Aluminum and Beyond Creating new value as Team NLM

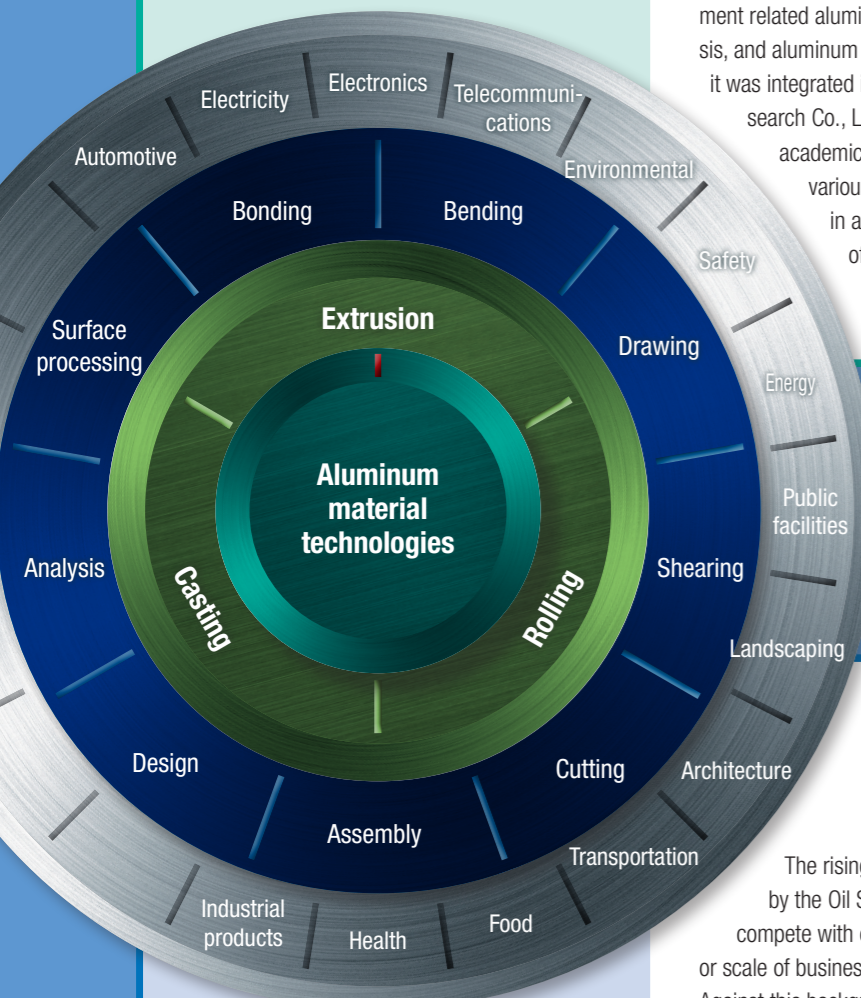
Aluminum material technologies

Having started as an aluminum smelting company, the NLM Group has knowledge and expertise that it gained through an uncompromising focus on aluminum as a material at its technological core. This is symbolized by the Nikkei Research and Development Center.

About the Nikkei Research and Development Center

The NLM Group's research and development base is the Nikkei Research and Development Center. This facility originates from Nippon Light Metal Research Laboratory, Ltd., which was established in April 1961 as a subsidiary of Nippon Light Metal Co., Ltd. for research and development related alumina, aluminum electrolysis, and aluminum materials. Later, in 1984 it was integrated into Nikkei Techno-Research Co., Ltd., and it accumulated academic knowledge related to various processing technologies in addition to its foundation of aluminum material technologies during the

Group's rapid shift of the focus of its business from aluminum smelting to aluminum processing after the Oil Shock. Since the Nikkei Research and Development Center was integrated into Nippon Light Metal Co., Ltd. in 1995, it has been engaged in activities every day as a research and development base for new value creation, focused on supporting the operating divisions, promoting value creation through the combination of multiple technologies (organization-spanning cross-functional collaboration), and developing new elemental technologies, which are the three pillars of its research and development.



Diverse customer needs

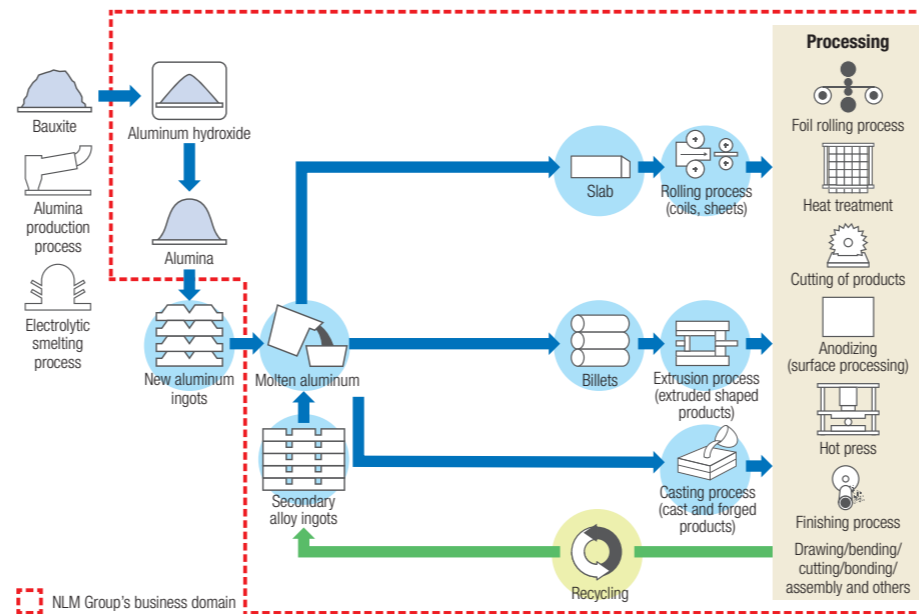
Aluminum material technologies

Diverse processing technologies

Expansion of business domains and technological domains

The rising cost of electricity triggered by the Oil Shock made it difficult to compete with overseas companies on cost or scale of business in the smelting business. Against this background, we have continued to expand our business in the domain of aluminum processing. As a result, the NLM Group has obtained many of its diverse aluminum processing technologies through various businesses within the Group.

In recent years, we have been ready to flexibly combine these diverse technologies as we become involved in customers' design and supply chain construction.



Diverse processing technologies

Aluminum is processed into products using a variety of technologies because its low melting temperature enables it to be softer at lower temperatures than standard metals which makes it easy to process. At the NLM Group, we operate businesses in a broad range of sectors using these diverse processing technologies.

● Automotive

● Electrical and electronic equipment
● Telecommunications

● Environment, safety and energy

As a result of business operation in diverse processing domains, the NLM Group has trade relationships with many diverse customers, including world-leading companies in each sector.

At the NLM Group, we aim to evolve from our previous product-oriented research and development aimed at commercializing products using new technologies to market-oriented research and development creating new products through the combination of new and existing technologies in response to market needs. Customers in diverse sectors are valuable sources through which we identify diverse market needs.

Catering to market needs as Team NLM using the diverse technological resources of the Group is the mission of the NLM Group and the source of its strength.

● Public facilities, landscaping and architecture

● Transportation

● Food and health
● Industrial products

Creation of new value

Material Issues of the NLM Group

Approach and Promotion Framework

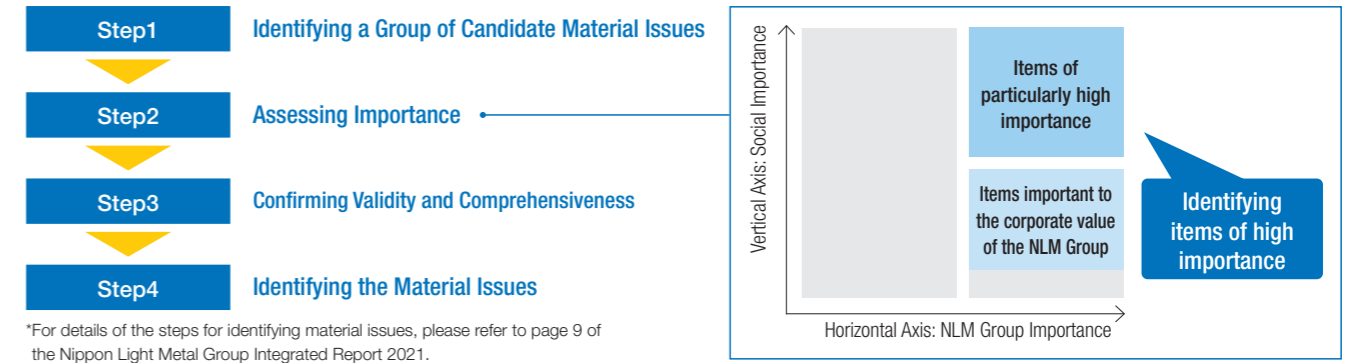
The NLM Group will contribute to the realization of the sustainable society envisaged by the SDGs through the comprehensive and wide-ranging fields of business related to aluminum. As part of this process, in order to recognize the issues the NLM Group should address in particular and raise them as important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

We have set KPIs (target values) for each of the issues and are working towards achieving them based on concrete plans of action.

List of Material Issues

The Five Material Issue Themes	Material Issues	Major KPIs/Targets/Results/Assessments/Initiatives				
		Key Performance Indicator (KPI)	Target ¹	FY2022 results	Our assessment	Major Initiatives
Protecting the global environment 	<ul style="list-style-type: none"> 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 	Total scope 1 and 2 emissions (per unit of sales/Japan only)	-30% compared to the FY2013 level, FY2050: Net zero	1.38 tons CO ₂ /million yen	○	Continuing to implement energy-saving initiatives and promoting fuel conversion and electrification
		Total scope 3 emissions (per unit of sales/Japan only)	-30% compared to the FY2013 level, FY2050: Net zero	4.67 tons CO ₂ /million yen	○	Horizontal recycling of expanded aluminum materials and use of green aluminum
		Number of environmental incidents and complaints	0, FY2050: Continue to achieve 0 incidents and complaints	6 environmental incidents and 7 environmental complaints	×	Group-wide expansion of countermeasures and prevention of occurrence and recurrence of similar incidents
Providing sustainable value 	<ul style="list-style-type: none"> Efforts to expand the use of renewable energy Developing and providing low-carbon products and services Promoting a recycling-oriented economy and society Development and provision of robust infrastructure Contributing to the stable supply of food Shaping the future through innovation 	Growth rate of sales of products for eco-friendly vehicles (Japan)	Compared to FY2021: Up 300%	Up 30%	△	Reinforcing the framework for the research and development of new products for eco-friendly vehicles Improving the comprehensive capability of the Group as a whole to make suggestions to the automotive market
		Rate of purchase of external scrap	Overall Group: Above 30%	30%	△	Building a system for the stable procurement of scrap as raw materials Promoting horizontal recycling by strengthening cooperation with external parties
Happiness of employees 	<ul style="list-style-type: none"> Occupational health and safety Developing a fulfilling workplace Diversity & inclusion Securing and cultivating human resources 	Number of lost-time injuries	0, FY2050: Continue to achieve 0 injuries	16 (Japan)	×	Preventing injuries and similar injuries through the five gen principle (Genchi or real site, Genbutsu or real goods, Genjitsu or reality, Genri or principles, and Gensoku or general rules)
		Percentage of childcare leave taken by male employees	FY2024: Above 30% (Japan) FY2030: 100% (Japan)	40.6% (Japan)	○	Introducing stories about experiences with the childcare leave and programs related to support for balancing work and childcare via the internal newsletter Promoting the acquisition of Kurumin Mark certification within the Group
		Percentage of managers that are women	FY2024: 7% or above (consolidated) FY2030: 10% or above (consolidated)	5.7% (consolidated)	△	Motivating and helping employees to develop their careers through individual interviews
		Number of employees who received next-generation management training Percentage of managers who received managerial training	Next-generation management: 10 or more trainees every year Managerial: 100% of newly appointed managers	Next-generation management: 16 trainees Managerial: 100% (Japan)	○	Developing core human resources in a well-planned manner through repeated training and practical experience
Responsible procurement, production and supply 	<ul style="list-style-type: none"> 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 	Percentage of major suppliers ² that responded to a questionnaire survey to check that they understand and have approved our CSR procurement policy	100%	78%	△	Conducting a CSR procurement questionnaire survey using a common format
		Number of serious quality problems that occurred	0, FY2050: Continue to achieve 0 incidents and complaints	21	×	Ensuring thorough activities to prevent recurrence and establishing a framework for preventive activities Promoting activities to enable on-site workers to voice their opinions and promote internal policing.
Corporate ethics and governance 	<ul style="list-style-type: none"> Strengthening governance Reinforcing the compliance framework 	Number of self-assessments conducted by the Board of Directors	Maintaining a frequency of at least once a year	1	○	Evaluating effectiveness regularly and making improvements based on evaluation results
		Number of times an opportunity to inspect business locations, etc. was provided to Outside Officers	At least two times a year	3		Providing Outside Officers with opportunities to inspect business locations, etc.
		Percentage of managers or employees who found our whistleblowing system reliable	Percentage of answers to anonymous employee surveys that are positive: 60% for managers, 50% for general employees	50% for managers, 35% for general employees	△	Implementing PDCA through promotion of compliance and surveys
		Rate of provision of compliance training	Annual percentage of officers and employees provided training: 80% or above	15%	×	Developing learning infrastructure and creating and distributing educational content

Steps to Identifying Material Issues



*For details of the steps for identifying material issues, please refer to page 9 of the Nippon Light Metal Group Integrated Report 2021.

¹ The targets are FY2030 targets unless otherwise noted. ² Suppliers constituting 80% of the Group's total purchases by amount

Reasons for the Selection of Material Issues and Initiatives for Solution

Material Issue Theme ①

Protecting the global environment

Major material issues

- 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)

Reasons for the Selection of Material Issues

As global warming has been an issue for the entire world, the achievement of carbon neutrality throughout the supply chain is becoming a requirement for every company to continue their business activities. In recent years, we have begun to see moves leading to actual financial burdens being imposed, such as carbon taxes that have already been introduced, mainly in Europe, and an increase in investors and financial institutions that require decarbonization initiatives as a condition for investment. We can say that these moves are significant risks to business continuity. On the other hand, these issues are also risks for many business operators including other companies in the same industry. We believe that if we can contribute to solving these issues, that could also be a great opportunity to enhance our corporate value.

Country	Reduction Target	Net Zero Target
China	reduction of CO ₂ emissions per GDP compared to 2005 by 2030 65% *Aim to peak out CO ₂ emissions before 2030	by 2060
EU	reduction of GHG emissions compared to 1990 by 2030 55%	by 2050
India	reduction of CO ₂ emissions per GDP compared to 2005 by 2030 45%	by 2070
Japan	by FY2030 46% compared to 2013 *Keep challenging to reduce more than 50%	by FY2050
Russia	by 2030 30% compared to 1990	by 2060
USA	reduction of GHG emissions compared to 2005 by 2030 50-52%	by 2050

Updated in October 2022

Source: 3-06 Greenhouse gas reduction target of each country
Japan Center for Climate Change Actions (JCCCA)

Material Issue Theme ②

Providing sustainable value

Major material issues

- Efforts to expand the use of renewable energy
- Development and provision of low-carbon products and services
- Promoting a recycling-oriented economy and society

Reasons for the Selection of Material Issues

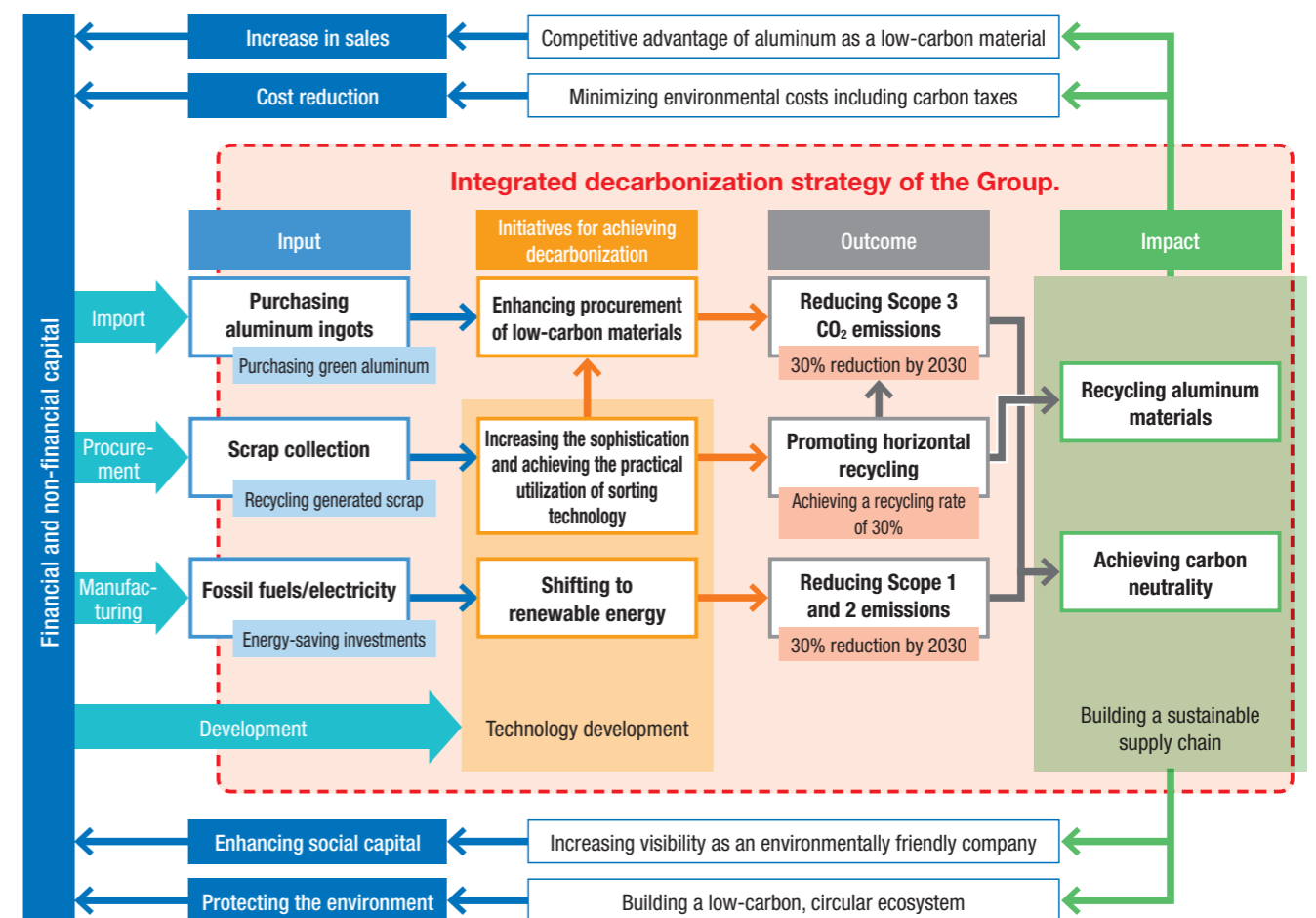
Because aluminum features a low melting point and high recyclability, the promotion of aluminum recycling is said to be a significant key to the achievement of carbon neutrality. However, for expanded materials and some other aluminum materials, there are strict requirements regarding impurities, hampering the use of scrap. The reality is that new aluminum ingots, which contain few impurities, are used for those materials. We believe that expansion of recycling through technology development will cater to the needs of society, which is aiming to achieve carbon neutrality, and be a great opportunity leading to many potential new products and businesses.



Creating Impacts by Providing Sustainable Value

Aluminum recycling is broadly divided into two types. One is horizontal recycling, in which aluminum is recycled back into alloys with the same degree of purity and alloy composition. The other is cascade recycling, in which aluminum is reused as a general material while downgraded to a low-purity material containing many impurities. The horizontal recycling of materials with high aluminum purity, including expanded materials, requires a sorting technology to eliminate impurities and recover only highly pure aluminum. We will reduce CO₂ emissions attributed to new aluminum ingots, which constitute the majority of the emissions from the NLM Group, by increasing the rate of use of scrap for materials with high aluminum purity as well by using sorting technology, in addition to enhancing the procurement of low-carbon materials, such as new aluminum ingots made using renewable energy. In addition, we will replace the fuels used in the melting aluminum materials and for other purposes with renewable energy, etc., thereby making the Group's entire supply chain a low-carbon, circular, sustainable supply chain.

Flow of impact



Case Example Horizontal recycling of truck bodies

In response to a customer request, Nippon Fruehauf Co., Ltd., a Group company, manufactured and sold truck bodies using aluminum scrap instead of new aluminum ingots. This makes it possible to reduce CO₂ emissions from the products delivered to customers by 8 tons per vehicle. Customers regarded the material highly, stating it was able to be used as before, and the finish of the vehicles was satisfactory.

Recycling rate: **100%**
Reduction of **8 tons CO₂/vehicle**



T O P I C

Establishment of a Carbon Neutrality Promotion Framework

Issues in the promotion of carbon neutrality

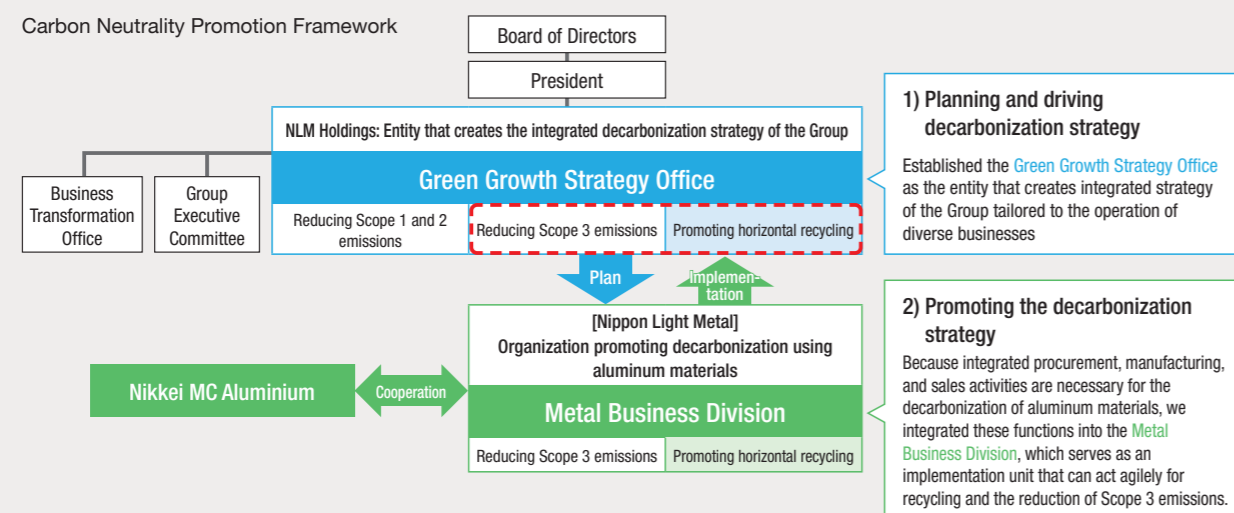
As the achievement of carbon neutrality is a goal society is working toward, the hopes people are placing in aluminum as an easy-to-recycle material have been growing. At the NLM Group, we believe that we have a social responsibility to meet these expectations by providing recyclable, low-carbon aluminum-related products. However, our business segments are diverse, upstream and downstream. It has been difficult to optimally move forward with carbon neutrality as a group only, with the conventional plans and measures left up to the individual business segments.

Planning and promoting an integrated decarbonization strategy — Establishment of the Green Growth Strategy Office —

At the NLM Group, we needed to identify the CO₂ emissions from the entire supply chain across a broad range of business domains, and then assess and prioritize measures to reduce emissions from each business segment based on common indicators and then ensure the measures are reflected in the integrated decarbonization strategy of the Group. We have established the Green Growth Strategy Office at NLM Holdings as an entity that plans and promotes the green growth strategy and manages its progress. We plan to announce our roadmap to a 30% reduction of Scope 1, 2, and 3 emissions (from the FY2013 level) by FY2030, and to the achievement of carbon neutrality by 2050, by around FY2024.

Procuring low-carbon materials and promoting recycling — Reorganization of metal-related segments —

Approx. 70% of CO₂ emissions from the Group's supply chain stem from new aluminum ingots, and carbon reduction and decarbonization initiatives for the ingots are important for achieving carbon neutrality. At present, the primary raw material used for the materials (billets and slab) for expanded materials is new aluminum ingots while the primary raw material used for materials (alloy ingots) for casting and die-casting is scrap. Therefore, it is necessary that our main initiative be replacing the materials used for expanded materials with new aluminum ingots made using renewable energy and scrap. The NLM Group has a secondary alloy business (Nikkei MC Aluminium Co., Ltd.), in which aluminum is recycled mainly for casting and die-casting, in addition to the knowledge about aluminum material technologies generated by the Nikkei Research and Development Center. We aim to leverage the special characteristics of the Group that are its strengths mainly to push forward measures to procure low-carbon aluminum materials and recycle them mainly into materials for expanded materials. For this purpose, we have reorganized the metal-related segments which supply aluminum materials into the implementation body that will push forward with these measures.



Establishment of Nikkeikin ALMO Co., Ltd.

The automotive industry has entered a period of major change, and it is necessary to respond to the demand for electric vehicles and create new value to establish a carbon-neutral society. This is expected to result in major structural changes in the automotive industry. Specifically, these changes are: 1) the growth in demand for the development of automotive manufacturing methods and parts with new functions, reflecting electrification, 2) the importance of parts suppliers which can implement initiatives to reduce environmental impact, 3) the need to respond to demand around the world, and, 4) the importance of entities with a series of functions from development and design to manufacturing. We believe that it will be important to respond to the changing market by more quickly investing the resources possessed by the Group.

We studied business activities that would contribute to our stakeholders by responding promptly to those changes in the automotive industry and maximizing the Group's functions. As a result, we established Nikkeikin ALMO Co., Ltd. We will provide customers with greater value than before and enhance initiatives to achieve a more resilient business structure. ALMO stands for "Aluminum for Mobility." We aim to make it a company that contributes to the establishment of an affluent society by providing the world with mobility-related products and services reflecting our pursuit of safety, environmental friendliness and comfort.

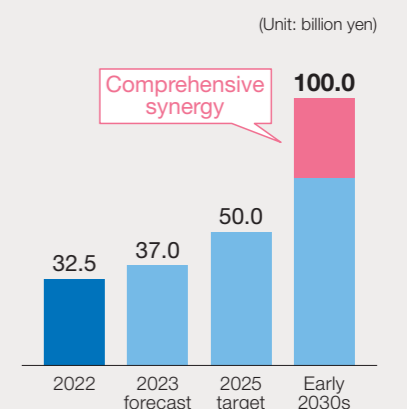
Purpose of the establishment of the new company

Item	Purposes
Centralizing information and making decision promptly	Establishing a business foundation We will consolidate information and combine various manufacturing methods and processing technologies more promptly, aiming to fulfill customer needs, such as their need for their environmental impact to be reduced, ahead of others.
Consolidating dispersed resources and allocating them flexibly	Establishing competitive advantages We aim to take actions to launch new products onto the market more quickly by combining our resources (functions including development, design and quality assurance).
Developing a global supply capacity	Expanding business domains We aim to improve profitability by expanding our existing overseas sites and entering other regions aggressively.
Establishing our brand and increasing brand recognition	Enhancing business value We aim to enhance the value of the NLM Group's existence in the automotive parts market by transforming its distinctive operations, ranging from materials to processing.

What to do in the future

		FY2023	FY2024	FY2025
Launching EV components onto the market	Japan: Launching new products	Construction of production lines and launching products into markets	Expansion and next-generation development	
	Overseas: Starting to operate as a new entrant	Product development	Construction of production lines and launching products into markets	
Expanding forged suspension components	North America: Increasing production aggressively	Stabilizing operations	Expanding production lines	
	Japan and China: Strengthening profitability	Productivity improvement, etc.		
Launching components related to brakes and air conditioners onto the market	Japan: Launching new products and increasing production	Construction of production lines and launching products into markets	Expansion and next-generation development	
	Overseas: Starting to operate as a new entrant		Product development	Construction of production lines and launching products into markets
Reinforcing the management foundation	Human Resource Development	Developing management human resources and specialized human resources		
	Operational innovation through DX	Fundamental review and integration		

Net sales of Nikkeikin ALMO

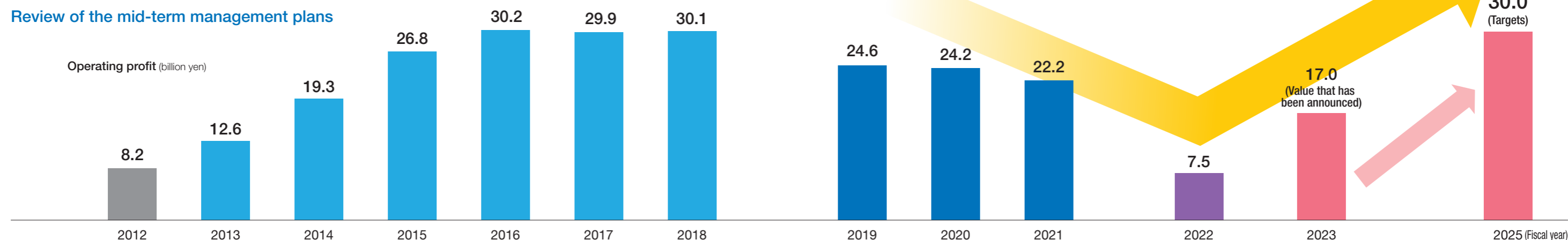


Mid-term Management Plan

At the NLM Group, we formulate amid-term management plan every three years. We have been steadily implementing measures based on this plan in our efforts to achieve our targets. As a result, we were mostly able to achieve the targets of the 2013 and 2016 mid-term management plans. During the 2019 mid-term management plan, we were not able to achieve the targets but could secure a certain level of profit.

We formulated the new 2022 mid-term management plan last fiscal year. However, we revised the 2022 mid-term management plan in light of the changes in the Group's business structure and strategic initiatives and once again formulated a plan, the 2023 mid-term management plan. During the 2023 mid-term management plan, we will continue to implement measures to build a stable profit structure and strengthen our management foundation under the theme of achieving growth by contributing to a sustainable society. At the same time, we will work to reform our business structure, aiming to enhance the Group's corporate value further as the new Team NLM.

Review of the mid-term management plans



What we want to be
Corporate Philosophy

Contribute to improving people's quality of life and environmental protection by continuing to create business, focused on aluminum.

	2013 mid-term management plan	2016 mid-term management plan	2019 mid-term management plan	2022 mid-term management plan	2023 mid-term management plan																																																											
Position	Maximizing consolidated earnings by strengthening cooperation within the Group	Attempting to create value as a new type of material manufacturer	Investing resources in new products and new fields to achieve continued growth	Building a corporate structure that enables continued sustainable growth	Implementing initiatives for the new Team NLM aimed at continued sustainable growth																																																											
Basic Policies	<p>Aluminum is our foundation. We will use it as a springboard to new heights</p> <ol style="list-style-type: none"> Business development through strategies by region and by sector Creating growth drivers leveraging new products and new businesses Reinforcing the business structure 	<p>As Team NLM, we will work to be a groundbreaking innovator of aluminum and beyond.</p> <ol style="list-style-type: none"> Creating new products and business models by strengthening cooperation within the Group Business development through strategies by region and by sector Reinforcing the business structure (Reinforcing the business foundation) 	<p>As Team NLM, we will work to be a groundbreaking innovator of aluminum and beyond.</p> <ol style="list-style-type: none"> Creating new products and new businesses Investing resources in growth Reinforcing the management foundation 	<p>As Team NLM, we will work to be a groundbreaking innovator of aluminum and beyond.</p> <ol style="list-style-type: none"> Providing products and businesses that contribute to the creation of social value Reinforcing the management foundation 	<p>As Team NLM, we will work to be a groundbreaking innovator of aluminum and beyond.</p> <ol style="list-style-type: none"> Implementing initiatives for the new Team NLM Providing products and businesses that contribute to the creation of social value 																																																											
Business targets and results	<table border="1"> <thead> <tr> <th></th> <th>Plan</th> <th>Results</th> </tr> </thead> <tbody> <tr> <td>Net Sales</td> <td>440.0 billion yen</td> <td>464.4 billion yen</td> </tr> <tr> <td>Operating Profit</td> <td>25.0 billion yen</td> <td>26.8 billion yen</td> </tr> <tr> <td>Ratio of Operating Profit to Net Sales</td> <td>5.7%</td> <td>5.8%</td> </tr> <tr> <td>ROCE</td> <td>8.9%</td> <td>9.0%</td> </tr> </tbody> </table>		Plan	Results	Net Sales	440.0 billion yen	464.4 billion yen	Operating Profit	25.0 billion yen	26.8 billion yen	Ratio of Operating Profit to Net Sales	5.7%	5.8%	ROCE	8.9%	9.0%	<table border="1"> <thead> <tr> <th></th> <th>Plan</th> <th>Results</th> </tr> </thead> <tbody> <tr> <td>Net Sales</td> <td>500.0 billion yen</td> <td>500.5 billion yen</td> </tr> <tr> <td>Operating Profit</td> <td>32.0 billion yen</td> <td>30.1 billion yen</td> </tr> <tr> <td>Ratio of Operating Profit to Net Sales</td> <td>6.4%</td> <td>6.0%</td> </tr> <tr> <td>ROCE</td> <td>10.0%</td> <td>10.8%</td> </tr> </tbody> </table>		Plan	Results	Net Sales	500.0 billion yen	500.5 billion yen	Operating Profit	32.0 billion yen	30.1 billion yen	Ratio of Operating Profit to Net Sales	6.4%	6.0%	ROCE	10.0%	10.8%	<table border="1"> <thead> <tr> <th></th> <th>Plan</th> <th>Results</th> </tr> </thead> <tbody> <tr> <td>Net Sales</td> <td>540.0 billion yen</td> <td>486.6 billion yen</td> </tr> <tr> <td>Operating Profit</td> <td>37.5 billion yen</td> <td>22.2 billion yen</td> </tr> <tr> <td>Ratio of Operating Profit to Net Sales</td> <td>6.9%</td> <td>4.6%</td> </tr> <tr> <td>ROCE</td> <td>11.4%</td> <td>8.7%</td> </tr> </tbody> </table>		Plan	Results	Net Sales	540.0 billion yen	486.6 billion yen	Operating Profit	37.5 billion yen	22.2 billion yen	Ratio of Operating Profit to Net Sales	6.9%	4.6%	ROCE	11.4%	8.7%	<table border="1"> <thead> <tr> <th></th> <th>Reference value</th> </tr> </thead> <tbody> <tr> <td>Operating Profit</td> <td>30.0 billion yen</td> </tr> </tbody> </table>		Reference value	Operating Profit	30.0 billion yen	<table border="1"> <thead> <tr> <th></th> <th>Plan</th> </tr> </thead> <tbody> <tr> <td>Net Sales</td> <td>530.0 billion yen</td> </tr> <tr> <td>Operating Profit</td> <td>30.0 billion yen</td> </tr> <tr> <td>Ratio of Operating Profit to Net Sales</td> <td>5.7%</td> </tr> <tr> <td>ROCE</td> <td>10.3%</td> </tr> </tbody> </table>		Plan	Net Sales	530.0 billion yen	Operating Profit	30.0 billion yen	Ratio of Operating Profit to Net Sales	5.7%	ROCE	10.3%
	Plan	Results																																																														
Net Sales	440.0 billion yen	464.4 billion yen																																																														
Operating Profit	25.0 billion yen	26.8 billion yen																																																														
Ratio of Operating Profit to Net Sales	5.7%	5.8%																																																														
ROCE	8.9%	9.0%																																																														
	Plan	Results																																																														
Net Sales	500.0 billion yen	500.5 billion yen																																																														
Operating Profit	32.0 billion yen	30.1 billion yen																																																														
Ratio of Operating Profit to Net Sales	6.4%	6.0%																																																														
ROCE	10.0%	10.8%																																																														
	Plan	Results																																																														
Net Sales	540.0 billion yen	486.6 billion yen																																																														
Operating Profit	37.5 billion yen	22.2 billion yen																																																														
Ratio of Operating Profit to Net Sales	6.9%	4.6%																																																														
ROCE	11.4%	8.7%																																																														
	Reference value																																																															
Operating Profit	30.0 billion yen																																																															
	Plan																																																															
Net Sales	530.0 billion yen																																																															
Operating Profit	30.0 billion yen																																																															
Ratio of Operating Profit to Net Sales	5.7%																																																															
ROCE	10.3%																																																															
Achievements and challenges	<table border="1"> <thead> <tr> <th>Achievement</th> <th>Issue</th> </tr> </thead> <tbody> <tr> <td>Targets were achieved through aggressive overseas expansion and the development of new products.</td> <td>Continuing to increase the earning power of overseas sites Improvement of financial position</td> </tr> </tbody> </table>	Achievement	Issue	Targets were achieved through aggressive overseas expansion and the development of new products.	Continuing to increase the earning power of overseas sites Improvement of financial position	<table border="1"> <thead> <tr> <th>Achievement</th> <th>Issue</th> </tr> </thead> <tbody> <tr> <td>Cooperation within the Group made it possible for new products to contribute to profits Improvement of financial position</td> <td>Investing funds, human resources and other resources aggressively to achieve continued growth</td> </tr> </tbody> </table>	Achievement	Issue	Cooperation within the Group made it possible for new products to contribute to profits Improvement of financial position	Investing funds, human resources and other resources aggressively to achieve continued growth	<table border="1"> <thead> <tr> <th>Achievement</th> <th>Issue</th> </tr> </thead> <tbody> <tr> <td>A certain level of profit was secured despite the tough environment.</td> <td>Responding to and addressing the sedimentation problem at the Amehata Dam and inappropriate acts related to JIS, among other problems</td> </tr> </tbody> </table>	Achievement	Issue	A certain level of profit was secured despite the tough environment.	Responding to and addressing the sedimentation problem at the Amehata Dam and inappropriate acts related to JIS, among other problems	<p>We revised the 2022 mid-term management plan in light of the changes in the Group's business structure and strategic initiatives and began implementing the new 2023 mid-term management plan.</p> <ul style="list-style-type: none"> ● Changes in the Group's structure ● Integrated initiatives aimed at achieving carbon neutrality ● Initiatives to prevent the recurrence of quality-related misconduct incidents within the Group 																																																
Achievement	Issue																																																															
Targets were achieved through aggressive overseas expansion and the development of new products.	Continuing to increase the earning power of overseas sites Improvement of financial position																																																															
Achievement	Issue																																																															
Cooperation within the Group made it possible for new products to contribute to profits Improvement of financial position	Investing funds, human resources and other resources aggressively to achieve continued growth																																																															
Achievement	Issue																																																															
A certain level of profit was secured despite the tough environment.	Responding to and addressing the sedimentation problem at the Amehata Dam and inappropriate acts related to JIS, among other problems																																																															

2023 Mid-term Management Plan

We will work under the policy of improving the Group's corporate value by both creating the value that customers demand and addressing social issues, aiming to grow sustainably into the corporate group that we want to be.

The Environment Surrounding Us

We can say that the environment surrounding us remains uncertain, mainly due to the impact of the increasing geopolitical risks affecting the product markets and the fluctuation of exchange rates related to interest-rate trends, although the situation that was a result of the impact of the supply chain slowdowns attributed to the semiconductor shortage is returning to a normal state. However, we believe that, initiatives for Group's material issues that we work steadily over the medium and long term will be also needed to work on in society for the purpose of achieving the sustainable growth. Accordingly, we position the 2023 mid-term management plan as a new start in our implementation of strategic initiatives based on changes in the Group's business structure while we aim to solve our material issues over the medium and long term.

2050 carbon neutrality

- Paying for the CO₂ emissions from the manufacturing of new aluminum ingots
- Engaging in initiatives throughout the supply chain, including initiatives reducing scope 3 emissions
- Building a system which sees initiatives for decarbonization as added value

Formation of a circular economy

- Attention being drawn to the recyclability of aluminum
- Building a collection and circulation system for recycling
- Promoting horizontal recycling which contributes to decarbonization and resource conservation

Technological innovation

- Structural change attributed to technological innovation in the automotive industry
- Growth in demand for semiconductors attributed to the evolution of communication technologies
- Labor-saving and automation of manufacturing process

Changing demographics

- A decline in demand for aluminum in Japan resulting from the population decrease
- Labor shortage resulting from the decrease of the working-age population
- Acceleration of the shift of the demand center attributed to global population growth

Advance of globalization

- Supply chain risks due to the impact of geopolitical events
- Expanding opportunities to continue to foray into growth markets
- Shortage of business expertise and human resources outside Japan

Respect for human rights and diversity & inclusion (D&I)

- Expectations regarding the increased active participation of women and other minorities
- Growing need to promote D&I
- Supply chain risks related to human rights problems

SWOT analysis

At the NLM Group, we believe that the broad base of our business domains makes understanding the SWOT of the Group as a whole even more important. We have set measures in the 2023 mid-term management plan to address medium- to long-term material issues based on the following SWOT and are advancing these initiatives.

S: Strengths	W: Weakness
<ul style="list-style-type: none"> ● Diverse aluminum-related knowledge and diverse points of contact with customers ● Power of cross-sectoral teams that transcend the divisional framework 	<ul style="list-style-type: none"> ● Implementing measures steadily to prevent the recurrence of quality problems and rebuilding the management foundation ● Insufficient ability to respond to supply chain slowdowns and market fluctuations
O: Opportunity	T: Threats
<ul style="list-style-type: none"> ● Achieving the Corporate Philosophy by solving social issues ● Developing new products and businesses in response to changes in the environment and the structure of society. 	<ul style="list-style-type: none"> ● Physical and transition risks of climate change ● Risks related to materials prices and competition between materials resulting from changing market trends

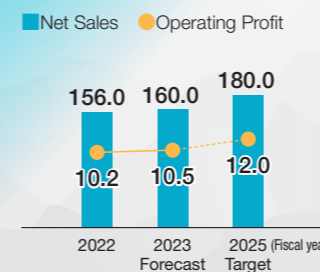
Basic Policies	Measures	Actions
Initiatives for the new Team NLM	Structural reforms to enhance the Group's corporate value	<p>Establishment of Nikkeikin ALMO Co., Ltd., a new company</p> <p>Creating value from mobility components by integrating different strengths (materials, manufacturing methods, processing technologies and development capabilities)</p> <p>Integrating strengths Promptly developing components related to electrical powertrains and batteries through the development of composite products while also honing existing technologies and improving products' competitiveness</p> <p>Industrial Parts Div. × Heat Exchanger Div. × Nikkeikin Aluminium Core Technology Automobiles and device cooling</p>
	Carbon neutrality (as risks)	<p>Establishment of the Green Growth Strategy Office</p> <ul style="list-style-type: none"> ● Reducing greenhouse gas emissions Reducing emissions from company activities (Scopes 1 and 2) Reducing emissions in the supply chain (Scope 3) Announced targets in 2022 Reducing emissions 30% (from the 2013 level) by FY2030 ● Announcement of support for the TCFD Task Force on Climate-related Financial Disclosures (TCFD) Announced support in 2022 <p>Net-zero greenhouse gas emissions in FY2050</p> <p>TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES</p> <p>Promoting the Group's initiatives to achieve carbon neutrality in an integrated manner</p>
	Promoting management reforms and strengthening internal control functions	<p>Initiatives for preventing the recurrence of quality problems by the Business Transformation Office</p> <ul style="list-style-type: none"> ● Promoting management reforms ● Strengthening internal control functions
Providing products and businesses that contribute to the creation of social value	Expansion into growth areas	<p>Aggressive expansion in the areas of automotive parts and semiconductor-related products</p>
	Overseas strategies	<p>U.S. and India: New business development China: Sales expansion</p>
	Carbon neutrality (as an opportunity)	<p>Expanding sales of products and services for eco-friendly vehicles</p>

Aluminum Ingot and Chemicals

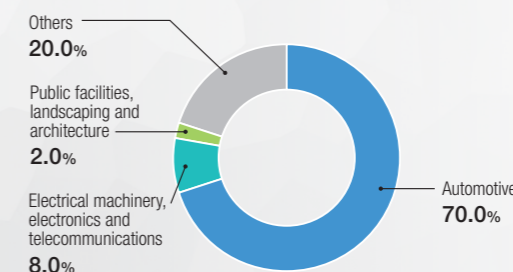
Toshihiro Matsuba
Director in charge of the Chemicals Business and the Metals Business



Net sales/Operating profit (billion yen)



Sales ratio (%)



Aluminum Chemical Sector

Business Environment

The Alumina Sector is impacted by the decline in demand attributed to the slump in the semiconductor market and the sluggish demand reflecting the reduction of automotive production in growth fields, mainly including aluminum hydroxide and alumina for heat dissipation and fire-resistant fillers intended for sectors related to automobiles and electronic materials, as well as low soda alumina for semiconductor manufacturing equipment. In addition, the rising price of imported aluminum hydroxide, a raw material, and energy prices are squeezing profit.

In the Chemicals Segment, stable demand that supports industrial infrastructure is expected in the field of basic chemicals in the soda electrolysis business, which are used mainly for iron and steel, papermaking and industrial chemicals. However, the rising cost of manufacturing, logistics and other expenses are pressuring profit due to rising raw materials and fuel prices.

Further, movement toward decarbonization is increasing both in Japan and overseas, and the segment as a whole is facing a major turning point toward new business development, in addition to the conversion and replacement, etc. of power sources.

Analysis of Present State (SWOT Analysis)

S: Strengths	W: Weakness
<ul style="list-style-type: none"> A wide array of products and close relationships with many diverse business partners Use of renewable energy, with the source of much of our power being hydroelectric 	<ul style="list-style-type: none"> Aging of manufacturing equipment Delay in expanding business domains
O: Opportunity	T: Threats
<ul style="list-style-type: none"> Growing demand for measures to address heat affecting materials related to eco-friendly vehicles Growth of domestic demand for high-performance semiconductors associated with growing concerns about economic security 	<ul style="list-style-type: none"> Rising prices of imported aluminum hydroxide and fuels and the instability of their procurement Main customers in Japan reducing production

Business Policies and Strategies in the 2023 Mid-term Management Plan

At the Alumina Segment of Chemicals Div. of Nippon Light Metal Co., Ltd., we aim to increase earning power by aggressively investing, including in new product development, by positioning the fields of semiconductor manufacturing equipment, secondary batteries and heat dissipation and fire-resistant fillers as growth businesses while the commodity business in fields such as flocculants, refractory materials and common ceramics supports our business as are venue base based on our strong relationships with customers maintained through the stable supply of products. We will also develop new, unprecedented alumina-related products through internal cooperation within the Group and collaboration with external parties.

In the Chemicals Segment, we will build a stable supply system and protect the global environment by replacing some aging equipment, such as soda electrolysis equipment and utility equipment, with equipment which enables the reduction of CO₂ emissions. At the same time, we will provide green chemical products with low CO₂ emissions (caustic soda, hydrochloric acid, chlorine and hydrogen) as eco-friendly, high-value-added products leveraging our strength of hydroelectric power generation being the power source.

Ingot Sector

Business Environment

The sector of secondary alloys for automobiles slowed down due to supply constraints resulting mainly from the COVID-19 pandemic and the semiconductor shortage. However, partly reflecting the market price of primary aluminum ingots that remained high, the cost benefit of scrap, etc. increased, and the earnings environment remained stable. Amid the growing social demand for the reduction of CO₂ emissions, it is expected that the shift to eco-friendly vehicles will progress and the previously existing demand for internal combustion engine materials will be replaced by demand for new products, such as materials for car body structure and electrical components. Further, it is also expected that there will be growing demand for the establishment of a recycling-oriented supply chain that switches from using primary aluminum ingots to recycled aluminum ingots and the generated scrap is reused.

Analysis of Present State (SWOT Analysis)

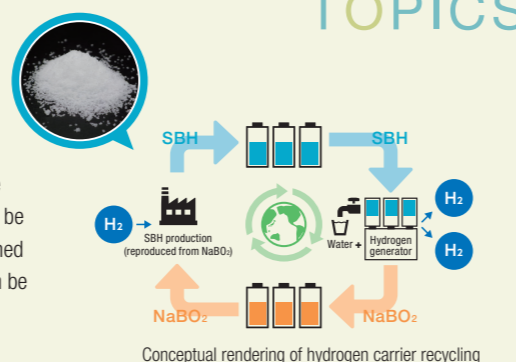
S: Strengths	W: Weakness
<ul style="list-style-type: none"> Ability to develop aluminum alloys Global operations 	<ul style="list-style-type: none"> Insufficient ability to process scrap High degree of dependence on the automotive sector
O: Opportunity	T: Threats
<ul style="list-style-type: none"> Growing demand for materials for eco-friendly vehicles Attention focused on recycled aluminum as a low-carbon material 	<ul style="list-style-type: none"> Decrease in demand for internal combustion engine parts resulting from the switch to eco-friendly vehicles Scrap supply shortage attributed to the promotion of horizontal recycling

Business Policies and Strategies in the 2023 Mid-term Management Plan

In its medium-term strategy, Nikkei MC Aluminium Co., Ltd. aims to establish structures for developing, producing and selling products, and further, to build a framework for purchasing scrap as a material in major automotive markets in the world. In India, a market whose growth has been remarkable, we will build and begin operating a plant (in the spring of 2024) under Nikkei CMR Aluminium India Private Ltd., a new company, and move into the black as quickly as possible, in our efforts to achieve market penetration. We will expand sales by providing alloys developed by the NLM Group as products for eco-friendly vehicles and for non-automotive sectors, including electrical and electronic equipment, in addition to our existing market sectors. In addition, we aim to enhance equipment for sorting scrap and technologies for melting it, in addition to expanding the resources we purchase, to increase the rate of use of low-grade scrap in addition to the high-grade scrap equivalent to primary aluminum ingots that will be difficult to procure on the market in the future. We aim to help customers reduce their CO₂ emissions through alloy development, global operations and aluminum recycling technologies.

Sodium borohydride (SBH) contributing to a decarbonized society

In the Chemicals Sector, we engage in a soda electrolysis business using clean hydroelectric power. We are working on the development of sodium borohydride (SBH) with the goal of utilizing the hydrogen obtained from this business. SBH is white powder that contains hydrogen. The hydrogen can be extracted by having SBH react with water. Hydrogen from the water used in the reaction can also be used. Therefore, as much as 2,400 L of hydrogen can be obtained from 1 kg of SBH. The NaBO₂ that remains after the release of hydrogen can be turned back into SBH by having it react with hydrogen that we manufacture, which means that it can be repeatedly used. We aim to help solve environmental and energy problems, which are social issues, using SBH as a renewable hydrogen carrier.



Nikkei CMR Aluminium India Private Ltd. plant being constructed as our third site in India

Nikkei MC Aluminium Co., Ltd. has established Nikkei CMR Aluminium India Private Ltd. At Pune, Maharashtra in midwestern India as the third site in the country. The company is constructing a new plant for manufacturing aluminum secondary alloys and molten aluminum, aiming to start operating it in the spring of 2024. Nikkei MC Aluminium already has two sites in India, plants of a joint venture (CMR Nikkei India Private Ltd.) with CMR Green Technologies Ltd., the largest manufacturer of secondary alloy ingots in India. This time, unlike previous activities, Nikkei MC Aluminium will play the leading role (with a 60% stake) in operating the business. The city of Pune is close to an automotive industry cluster. In addition, India has the largest population in the world and has enjoyed remarkable economic growth in recent years. We will therefore take on challenges to achieve a new leap forward in our business in India.



Render of the new plant

Aluminum Sheet and Extrusions

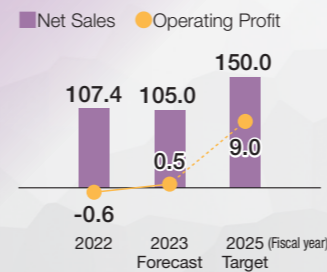


Masahito Saotome
Director in charge of the Sheet and Extruded Products Business

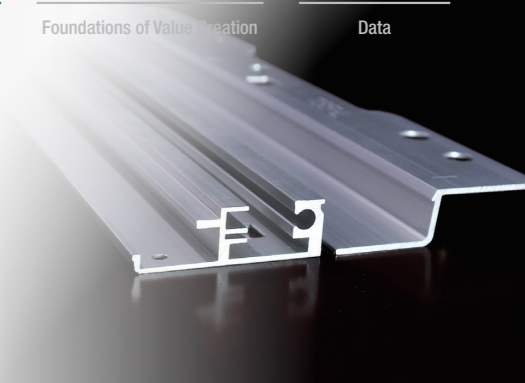
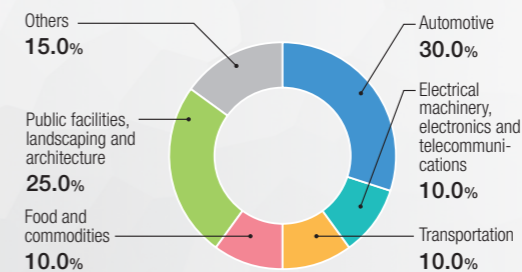


Yoshiaki Ito
Director in charge of the Nikkeikin Kakoh Kaihatsu Business

Net sales/Operating profit (billion yen)



Sales ratio (%)



Sheet Products Sector

Business Environment

In FY2022, sales of products related to automobiles and trucks and other products in the Sheet Product Sector declined, mainly due to the semiconductor shortage and the COVID-19 pandemic disrupting the supply chain. In addition, demand for thick sheets for semiconductor manufacturing equipment, which had been strong, stagnated in the second half. In FY2023, demand for products related to automobiles and trucks and other products has been on a recovery trend, but the environment has remained extremely difficult in other fields, including the highly profitable area of thick sheets for semiconductor manufacturing equipment. While we are responding to the soaring cost of additive elements and energy by revising prices, the improvement of profitability has remained an urgent task.

Analysis of Present State (SWOT Analysis)

S: Strengths	W: Weakness
<ul style="list-style-type: none"> Ability to develop alloys intended for high value-added sectors Customer convenience ensured through the small-lot production of many products and quick delivery 	<ul style="list-style-type: none"> Delay in the establishment of a production system for expanding the processing business Insufficient profitability of overseas business
O: Opportunity	T: Threats
<ul style="list-style-type: none"> Expansion of demand for thick sheets for semiconductor manufacturing equipment Expansion of demand related to batteries for eco-friendly vehicles 	<ul style="list-style-type: none"> Price volatility and unstable procurement of raw materials and fuels Paradigm shift in batteries for eco-friendly vehicles to the use of all-solid-state batteries, etc.

Business Policies and Strategies in the 2023 Mid-term Management Plan

At the Rolled Products Div. of Nippon Light Metal Co., Ltd., we continue to work on the development of new fabricated products in addition to the expansion of sales in sectors where we have competitive advantages related to technology and manufacturing aspects of the business and which are expected to grow.

Specifically, for thick sheets for semiconductor manufacturing equipment, demand for which is expected to grow, we will strive to have our materials used in more parts by leveraging their workability which is their strength, in our efforts to expand their sales. In the field of battery materials, an area where we excel, we will strive to increase sales in expanding markets such as China and North America by increasing our production capabilities while striving to have our products newly selected for use in automobiles by leveraging our ability to develop alloys that fulfill the needs of customers. Regarding the development of new fabricated products, our sales and manufacturing teams are doing a market search mobilizing all resources, creating roadmaps for the development of new products in promising fields, with the goal of launching fabricated products in addition to expanding sales of components of semiconductor manufacturing equipment and bus bars (conductors for conducting large amounts of electrical current used in distribution boards, control boards, batteries, and other devices). Through these and other initiatives, we are commercializing products.

Extruded Products Sector

Business Environment

Businesses related to automobiles and trucks and construction materials businesses have shown signs of a recovery due to the alleviation of the impact of the global semiconductor shortage that occurred last year. On the other hand, demand has remained sluggish in the semiconductor and machinery-related markets. The business environment will remain uncertain due to the impact of the year2024 problem in the logistics sector on transportation cost and delivery deadlines, in addition to the persistently high market prices of aluminum ingots and fuels. On the other hand, actions to reduce environmental impact have accelerated, and it is expected that there will be progress in the collection of scrap and horizontal recycling with cooperation from customers.

Analysis of Present State (SWOT Analysis)

S: Strengths	W: Weakness
<ul style="list-style-type: none"> Development, manufacturing and sales through cooperation within the Group Extrusion technologies for large, long extrusion materials and integrated production line from materials to processing 	<ul style="list-style-type: none"> Creation of new growth fields and new businesses Low profitability of businesses, including generic product businesses
O: Opportunity	T: Threats
<ul style="list-style-type: none"> Growth of demand for lighter-weight vehicles reflecting changes in the social environment and the need to reduce CO₂ emissions Relationships with customers strengthened through the promotion of horizontal recycling 	<ul style="list-style-type: none"> Rising prices and procurement instability impacting raw materials Geopolitical risks in China

Business Policies and Strategies in the 2023 Mid-term Management Plan

In its medium-term strategy, the Extruded Product Sector aims to have materials for car body structures used for more parts and have aluminum extrusion shapes adopted for more parts in the field of batteries. In addition, in the sectors where our products are in demand, including the truck, railway, industrial equipment and construction materials sectors, we will enhance our activities to identify new needs and develop products based on these findings leveraging our strong relationships with customers that have been cultivated over many years.

Moreover, as measures to tackle increased prices, we will introduce fuel surcharges and take other initiatives on a timely basis, and at the same time, improve yield in operations and enhance operating efficiency, thus improving the earnings structure.

For the reduction of CO₂ emissions, we will proactively promote initiatives including switching the main raw materials for billets from new aluminum ingots to scrap-derived materials, introducing high-efficiency equipment in production processes, and converting fuels. In addition, we will expand cooperation with customers in horizontal recycling, in which used products are dismantled and segregated and then melted, cast and extruded again by the Group to produce the same products, aiming to use resources even more efficiently and further reduce CO₂ emissions.

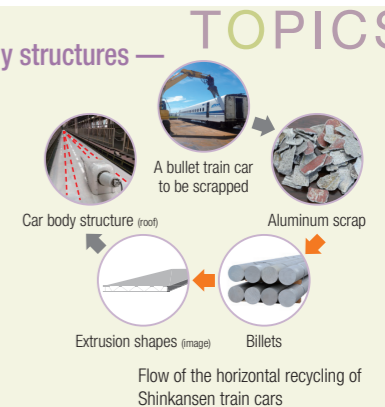
Expansion of aluminum sheets for automotive batteries

Alloys we have developed on our own, including the "LB Series" and "MFX2", have been used in mobile phones and digital cameras for more than 20 years. These alloys are attracting attention for their properties once again as products for automotive batteries. The main required property of the alloys used as battery materials is a balance between formability, strength and weldability. Our strengths at the NLM Group lie in our research and development base, which enables us to develop alloys with properties appropriate for the purposes of use of the batteries, and in our track record of supplying product with stable quality. These strengths lead to the use of our new products in automotive applications. While initiatives for achieving carbon neutrality are attracting attention, we are also collecting scrap materials generated in the processing process by the customers using our products. Thus, we are promoting initiatives for horizontal recycling.



From Shinkansen to Shinkansen — Horizontal recycling of materials for car body structures —

Last year, jointly with Central Japan Railway Company and other entities, we succeeded in realizing the horizontal recycling of aluminum from car body structure to car body structure, in which the body structure of bullet train (Shinkansen) cars to be scrapped are recycled into a part of the body structure of newly manufactured cars. Previously, the car body structure of bullet train cars was recycled into only some other car body parts through cascade recycling, in which the car body structure is recycled into low-grade aluminum containing many impurities. Horizontal recycling uses an advanced recycling method in which the car body structure is used again as the material for car body structures, which is an important part of the body of rolling stock. Adopted for a part of the roof structure of JR Central's N700S bullet train cars, this initiative makes it possible to reduce CO₂ emissions by approx. 50 tons per train (16 cars). We will continue to transform the Group's recycling and manufacturing technologies and proceed with research and development efforts aimed at expanding the scope of their application, such as considering the reduction of processes for collecting scrap materials and studying efficient manufacturing equipment.



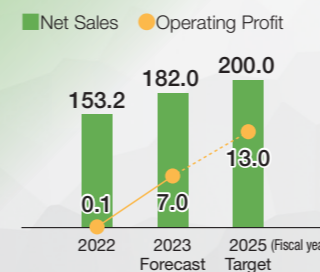
Fabricated Products and Others



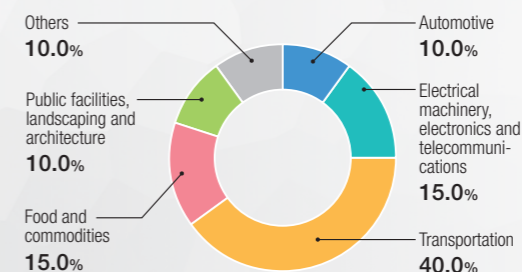
Toshiyuki Tanaka
Director in charge of the Nippon Fruehauf Business

Toshio Yanagimoto
Executive Officer in charge of the Panel System Business

Net sales/Operating profit (billion yen)



Sales ratio (%)



Truck Body Sector

Business Environment

We expect that steady demand will remain in the truck market in Japan with a recovery from a temporary decline attributed in part to supply chain disruptions. In addition, the global movement toward decarbonization has accelerated, and there is also growing demand for low-carbon vehicles such as EVs in the commercial vehicle market. Further, the driver shortage has become serious, so the reform of drivers' workstyles and improvements in the efficiency of logistics are urgent tasks that the logistics industry needs to address as it moves towards the application of an upper limit on work hours in the logistics sector in 2024. From a global perspective, the reduction of food loss in logistics has been set as a task for addressing food shortages and poverty. Thus, the logistics industry has entered a once-in-a-century great transformation towards the achievement of sustainable logistics. A response to these changes is also required for truck bodies and trailers, which support logistics.

Analysis of Present State (SWOT Analysis)

S: Strengths	W: Weakness
<ul style="list-style-type: none"> Ability to develop products in collaboration with the NLM Group and the Isuzu Group Largest share of the market in Japan (in terms of quantity) 	<ul style="list-style-type: none"> Continuation of the reflecting of the soaring prices of materials and parts in sales prices Delay in the expansion of business in overseas markets
O: Opportunity	T: Threats
<ul style="list-style-type: none"> Expansion of service businesses reflecting the diversification of logistics Cooperation within the Group regarding decarbonization and cold chain logistics 	<ul style="list-style-type: none"> Entry of overseas competitors and competitors from other industries into the commercial EV market Long-term downsizing of the domestic market

Business Policies and Strategies in the 2023 Mid-term Management Plan

Nippon Fruehauf Co., Ltd. posted a large ordinary loss in FY2022 due to a temporary significant decrease in the volume of goods and the soaring prices of materials and parts. Under the 2023 mid-term management plan, we have been striving to move into the black and increase profits again through a recovery in the volume of goods, price revisions, and cost cutting.

On the other hand, over the medium to long term, we will proactively develop differentiated products for the realization of sustainable logistics, by seeing the changes in the logistics environment that will occur over the next ten years as opportunities. Specifically, we will provide services that contribute to the improvement of the efficiency of logistics by delivering logistics that never stops, in addition to providing power supplies for mountings in response to the industry's switch to commercial vehicles that are EVs and developing products related to the modal shift that will eliminate the driver shortage.

Outside Japan, we will strive to ubiquitize cold chain logistics which help reduce food loss in addition to catering to the need for decarbonization. For this purpose, we will participate in the creation of international standards leveraging our technologies and experience cultivated in Japan and provide products that meet local needs ahead of others. In addition, in the domains of autonomous driving and EVs, we will accumulate technologies and experience to prepare for their ubiquitization in Japan.

Panel System Sector

Business Environment

In the clean room sector, semiconductor-related demand in Japan is expected to increase due to social implementation of digital technologies, and properties are growing larger. In the sector of low-temperature spaces, panels for food supermarkets, convenience stores, and others have been decreasing, but an upward trend is seen in renovation projects for food factories, logistics warehouses, and other areas, thanks to the boost in economic activities after the COVID-19 pandemic. On the other hand, in the construction industry generally, problems such as construction delays reflecting the labor shortage are occurring, while measures against the "2024 problem" in the construction industry also need to be watched. In addition, raw materials prices have remained high, and uncertainties such as future crude oil prices and the exchange rate impact has been growing. At present, however, the supply shortage of panel cores and steel sheet materials, which are the main materials, is easing to a certain degree.

Analysis of Present State (SWOT Analysis)

S: Strengths	W: Weakness
<ul style="list-style-type: none"> Largest market share in the domestic industry Comprehensive capabilities with expertise in sales, design, production and installation 	<ul style="list-style-type: none"> Human resource development and operational efficiency improvement Limited points of contact with end users
O: Opportunity	T: Threats
<ul style="list-style-type: none"> Expansion of semiconductor-related market Growing demand for fireproof insulation panels 	<ul style="list-style-type: none"> Prices of raw materials staying high and an increase in revisions to construction plans Labor shortages in the construction and logistics industries

Business Policies and Strategies in the 2023 Mid-term Management Plan

Nikkei Panel System Co., Ltd. positions ESG-management-based business activities as its key medium-term policy. In society where decarbonization is necessary, insulation panels play an important role in conserving energy. In the production division, we have begun to construct Shimonoseki Plant No.2 to increase the production of non-CFC fireproof insulation panels, so as to respond to the increase in clean rooms reflecting growth in semiconductor-related demand in Japan. In the installation division, we will use Tec Lab to ensure the safety of work sites and drive improvements in the work environment together with our partner companies engaged in installation. Outside Japan, we will work together with Group companies to popularize cold chains, which help reduce food loss, by leveraging our experience and technologies cultivated in Japan. We will continue to invest aggressively in the automation of production and reduction of labor in our production processes and improve operational efficiency by using many digital technologies. Nikkei Panel System Co., Ltd. will continue to provide new spaces and new value to enrich people's lives and revitalize the earth.

FRUEHAUF CONNECT as solutions to problems related to trailers

Nippon Fruehauf Co., Ltd. provides FRUEHAUF CONNECT, a location information system with a communication terminal with low power consumption. Now, we have upgraded the system into one in which the built-in battery of FRUEHAUF CONNECT can be charged when the trailer is connected to the tractor, making it possible to obtain vehicle information even when the trailer has been disconnected from the tractor. The system thus visualizes vehicle location information on a real-time basis. In addition to suggesting improvements in the efficiency of vehicle dispatch tasks with the use of IoT to address the shortage of drivers and the reform of workstyles, we provide a service which uses official data provided by the Japan Meteorological Agency and other organizations about earthquakes, heavy rains and other disasters, identifies customers' vehicles in areas affected by disasters, and sends notifications to customers for the safety of their drivers.

TOPICS

FRUEHAUF CONNECT

To Accelerate Product Development and Ensure High Quality

Nikkei Panel System Co., Ltd. has begun to construct Shimonoseki Plant No. 2 to respond to the growing demand for semiconductors in Japan. We will rebuild the production system to solidify business continuity, in addition to establishing a system for stable supply to the market. Positioning the construction as a decisive shift to aggressive manufacturing, we will continue to respond flexibly to market needs, take environmental measures, and engage in activities for the automation of production and reduction of labor. Specifically, we will introduce an automated appearance inspection system using AI software, starting from Shiga Plant as the core plant, and expand it to Shimonoseki Plant as well.

TOPICS

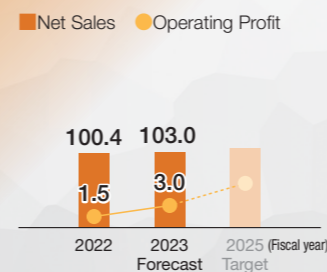
Rendering of Shimonoseki Plant No.2

Aluminum Foil, Powder and Paste

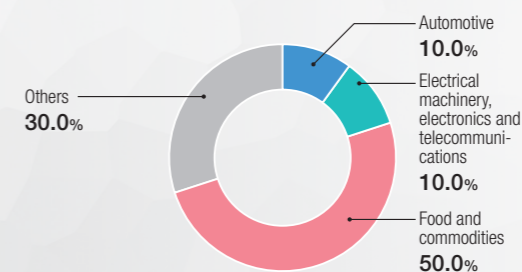
Kaoru Kusumoto
Director in charge of the Toyo Aluminium Business Group



Net sales/Operating profit (billion yen)



Sales ratio (%)



Foil Sector

Business Environment

The environment surrounding the foil business has remained tough due in part to an increase in the inflow of low-priced aluminum foil manufactured overseas and the shrinking of the domestic market reflecting the population decrease.

However, the movement toward a decarbonized society is increasing globally and the shift to EVs is progressing at an accelerated rate in the automotive industry. This is expected to lead to a rapid increase in demand for aluminum foils used as the outer material of automotive lithium ion batteries.

Further, demand for aluminum foil as a pharmaceutical packaging material, the aluminum foil for what is called PTP (press through pack) sheets, has remained strong.

Analysis of Present State (SWOT Analysis)

S: Strengths	W: Weakness
<ul style="list-style-type: none"> Largest share of the domestic aluminum foil market Significant technology development capabilities 	<ul style="list-style-type: none"> Aging of production facilities Low cost competitiveness against aluminum foil manufactured overseas
O: Opportunity	T: Threats
<ul style="list-style-type: none"> Expansion of the EV market Expansion of the market for pharmaceutical double-sided aluminum PTP sheets in India and other countries 	<ul style="list-style-type: none"> Inflow of aluminum foil manufactured overseas Population decline and the shrinking of the domestic market

Business Policies and Strategies in the 2023 Mid-term Management Plan

We will focus its efforts on expanding the aluminum foil for outer materials business by steadily tapping into the growing demand for lithium ion batteries. At present, the market has been at a standstill, partly reflecting the impact of inventory adjustments at various parts of the supply chain, and it is expected to be some time before demand for consumer batteries recovers. However, it is urgently necessary to respond to the growing demand for automotive batteries. Therefore, we aim to establish a supply capacity and production system that fulfill the demand from customers in terms of quantity. At the same time, we will also continue to work to reduce costs with a focus on the improvement of production efficiency.

On the other hand, general plain foils and food and pharmaceutical packaging materials are expected to decrease gradually, affected by the shrinking of the domestic market as the population contracts. We will therefore maintain quantity mainly by ensuring stable supply to the domestic market. Further, to make up for the decrease in existing products, we will focus our efforts on developing new technologies and new markets, including overseas markets, and will continue to search for new applications of aluminum foils leveraging our core technologies.

Powder and Paste Sector

Business Environment

Aluminum paste is used as a pigment for automotive paints. The demand for aluminum paste depends a great deal on trends in colors of automobiles as well as their production. As for the trend with the silver color, for which the largest quantity of aluminum paste is used, the level has been low in recent years. In addition, reflecting rising environmental awareness, the switch to water-based paints, which do not use organic solvents, is progressing, mainly in Europe and the United States.

On the other hand, aluminum powder is used not only as the raw material for aluminum paste but also for heat dissipation of electronic materials and others. Demand for heat dissipation materials is expected to increase, mainly reflecting the increasing use of 5G telecommunications equipment and EVs, as well as growing demand for electronic equipment.

Analysis of Present State (SWOT Analysis)

S: Strengths	W: Weakness
<ul style="list-style-type: none"> Large global market shares of aluminum paste for automotive paints Significant product development capabilities 	<ul style="list-style-type: none"> An earnings structure that depends a great deal on the automotive market The weak profit structure of overseas subsidiaries
O: Opportunity	T: Threats
<ul style="list-style-type: none"> Increasing environmental awareness and tightening of regulations Growing demand for heat dissipation materials, mainly reflecting the increase in 5G telecommunications equipment 	<ul style="list-style-type: none"> Changes in color trends of automobiles Price competition pressure from competitors

Business Policies and Strategies in the 2023 Mid-term Management Plan

Regarding aluminum paste, which is widely used for automotive paints, we expect a gradual decline in existing products, with the use of silver remaining at a low level and existing colors being abolished. We will compensate for the decline by expanding sales with a focus on new products, including colored aluminum paste, and silica-treated products for water-based paints as environmentally friendly products that do not use organic solvents. We will also optimize production by leveraging the structure with five operating facilities worldwide. For aluminum powder, we will attempt to expand the business by setting our sights on growth in demand for heat dissipation materials. While higher heat dissipation has begun to be required, demand for alumina and aluminum nitride as heat dissipation materials has been growing. Among them, aluminum nitride for sintering is not expected to grow significantly. For aluminum nitride for fillers, we aim to achieve growth that outpaces the market by expanding sales in overseas markets while continuing to maintain domestic market share.

Tapping into the growth of the Indian market through SVAM TOYAL

The Indian market is expected to continue growing, and demand for pharmaceutical packaging materials is anticipated to remain strong. India has been called the world's pharmacy, with one-third of tablets and 20% of generic drugs distributed worldwide said to be manufactured there.

In Japan, PTP packaging with a transparent surface is the mainstream because importance is attached to visibility. However, PTP packaging with both surfaces being aluminum foil, or the so-called Alu-Alu packaging, is favored in South Asia, including India, Southeast Asia, Middle East, Africa, South America, Europe, and other regions. This Alu-Alu packaging accounts for 95% of production items at SVAM TOYAL Packaging Industries Private Limited, a Group company.

Moving forward, we will increase the production capacity of this company by replacing its facilities, thus keeping pace with the growth in demand, and will achieve a higher level of quality than customers demand, aiming for further business expansion including the application of aluminum foils to products other than Alu-Alu packaging.



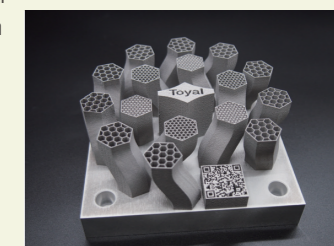
PTP packaging with both surfaces being aluminum foils

TOPICS

Development and expansion of aluminum powder for 3D printers

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 superior quality, including improved flowability in the printer and a higher fatigue limit of printed objects, which are enabled by controlling the form and size of particles. Accordingly, demand for our powder as a material for 3D printing has increased. We are collaborating with a university in developing an alloy powder that is more suitable for 3D printing. We will continue to focus our efforts on this field by deepening our collaboration with Group companies as well.



3D printing using aluminum alloy powder

TOPICS

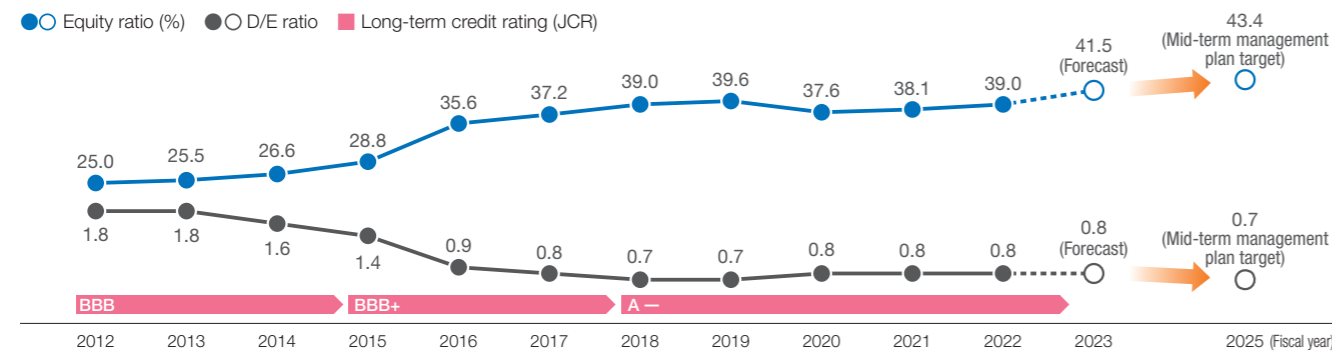
*Toyo Aluminium K.K. and other companies constituting the Foil and Powder Products segment are to be excluded from the scope of consolidation through a transfer of shares. <https://www.nikkeikinholdings.com/news/news/common/pdf/p2022090201hde.pdf>

Financial Strategy

We are working to formulate a financial strategy that balances investments to achieve sustainable growth as a corporate group, the maintenance and improvement of the financial structure and other elements, while aiming to ensure stable shareholder returns.

Our Environment

During the ten years since we introduced the pure holding company system, we have proactively reinforced our financial foundation while also stably providing shareholder returns based on the cash flows created by increasing our earnings capacity through cooperation within the Group. The consolidated equity ratio was improved from 25.0% in FY2012 to 39.0% in FY2022, which is the most recent figure. In parallel with this, the D/E ratio has also improved, settling at below 1.0. While we have not presently issued bonds, etc. in Japan, our long-term credit rating has also improved, and is currently maintained at the A- level. Although profit decreased significantly on a year-on-year basis in FY2022, we will increase shareholder returns and aggressively invest for future growth in a well-balanced manner while continuing to reinforce our financial foundation with the aim of achieving a recovery of our business performance with a focus on products for automobiles, transportation, semiconductors, and other fields, where a market recovery is expected. We understand that these are our tasks in the period of the 2023 mid-term management plan.



Basic Financial Policy

Our basic policy is to maintain and improve our financial standing while paying stable dividends in consideration of the balance between cash acquired from business activities and the use of the cash. As the financial discipline benchmark used for this purpose, we consider a D/E ratio of 1.0 or below to be a rough guide. In addition, we disclose ROCE, which is less affected by leverage, as the investment efficiency indicator. Generally, the payment of dividends is the method for providing shareholder returns. However, we use total payout ratio as the indicator so that we are able to flexibly choose various methods.

The financial figure of the NLM Group may fluctuate greatly according to the condition of the aluminum ingot market. In the 2023 mid-term management plan, we have disclosed target values for FY2025 based on the assumption that the market environment will remain unchanged from what it is now. We aim to achieve operating profit exceeding 30.0 billion yen to increase dividends.

	FY2019 results	FY2020 results	FY2021 results	FY2022 results	FY2023 forecasts	FY2025 Targets in the mid-term management plan
Net Sales	465.9	432.6	486.6	517.0	550.0	530.0
Operating Profit	24.6	24.2	22.2	7.5	17.0	30.0
Ordinary profit	23.5	24.0	22.9	8.9	16.0	30.0
Profit attributable to owners of parent	7.5	3.4	16.8	7.2	7.5	20.0
ROCE*	8.0%	8.4%	8.7%	3.2%	5.2%	10.3%
Total payout ratio	74.6%	119.6%	31.4%	43.0%	41.3%	31.0%

*ROCE (return on capital employed): Ordinary profit before interest / Capital employed at the beginning of the fiscal year

Cash Allocation

Regarding net cash provided by operating activities, we provide dividends stably based on our policy. In addition, under past mid-term management plans, we allocated cash in ways that attached importance to the improvement of our financial standing. However, since the 2019 mid-term management plan, under which a certain level of improvement was seen in our financial standing, our policy has been to divert cash to investments for continued growth. Under the 2023 mid-term management plan, we will continue to aggressively invest at a level that far exceeds depreciation. Regarding the content of investments, we will increase the ratios of investments in sales expansion and new products, investments for redoubling our efforts to ensure safety and reduce labor, and environmental investments, in line with the Group's material issue themes. We will also increase research and development expenses which are the source of our new future products.

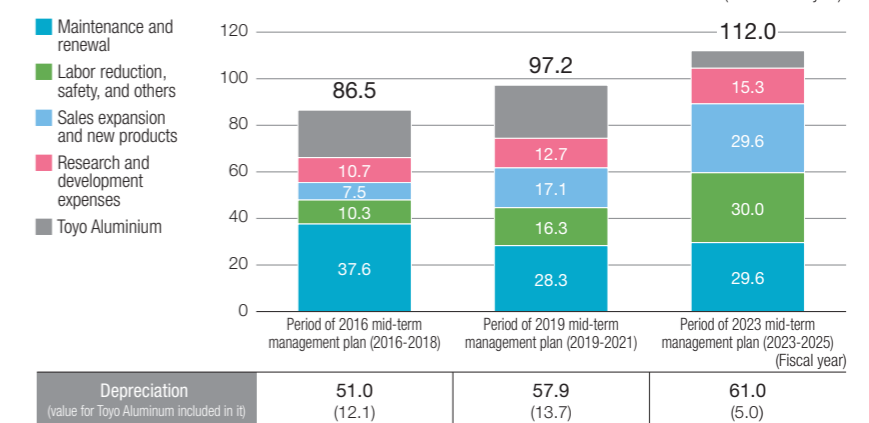
If surplus funds are generated under these policies, we will use them to improve our financial standing, in activities such as the repayment of interest-bearing debt and the increase of our cash position. Further, if a promising large-scale investment project occurs, we will consider it flexibly on the condition that we maintain our financial discipline (D/E ratio at 1.0 or below) and long-term credit rating.

Item	2016 mid-term management plan	2019 mid-term management plan	2023 mid-term management plan
Operating CF	97.0	91.9	101.5
Shareholder returns	-15.5	-15.2	-11.5
Reinforcing the financial foundation	-31.9	-3.3	0.0
Capital investment CF	-49.6	-73.4	-90.0
Depreciation	51.0	57.9	61.0
Research and development expenses	15.6	18.2	17.0

Breakdown of investments under 2023 mid-term management plan (construction)



Amounts invested in construction and R&D

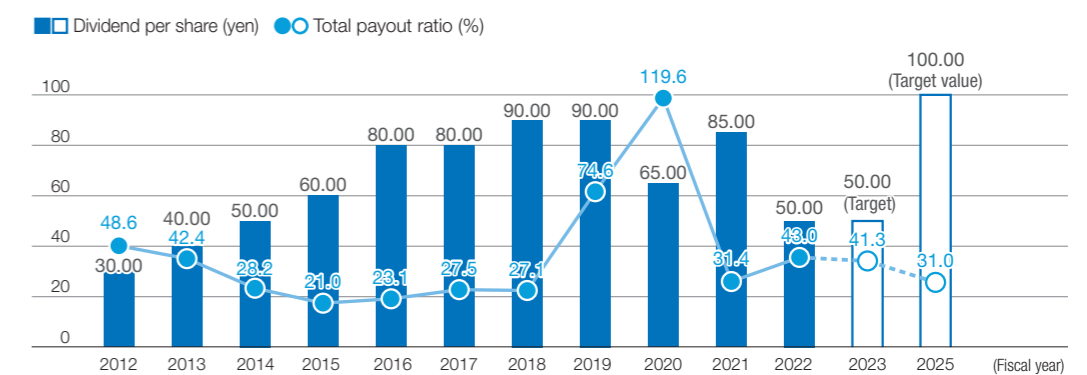


*We plan to review our cash allocation when the impact of the exclusion of Toyo Aluminium from the scope of consolidation has become clear.

Shareholder Return Policy

Our basic shareholder return policy is to provide dividends to our shareholders by comprehensively considering the consolidated financial results and other factors from a medium- to long-term perspective while striving to strengthen our financial standing and management foundation. A total payout ratio of 30% or higher is the indicator for profit allocation, while we also consider

balancing this with the investments needed to achieve sustainable growth. We select methods of returning profits to shareholders by comprehensively considering our cash position, equity ratio and other factors, aiming to sustainably and stably provide shareholder returns.



(Note) On October 1, 2020, we conducted a one-for-ten reverse stock split. Accordingly, the impact of the reverse stock split was considered for the amounts of dividend per share for FY2019 (fiscal year ended March 2020) and before.

Policy

The NLM Group has introduced a pure holding company system and operates under Nippon Light Metal Holdings Co., Ltd. ("NLM HD"), the holding company. NLM HD aims to improve corporate value by working to achieve sustainable growth and enhance its competitiveness through the formulation and determination of Group-wide strategy, strategic allocation of management resources, and the supervision of operating company management.

Because NLM HD has adopted an executive officer system, the Board of Directors has been simplified, consisting of 14 Directors (5 Directors, 36% of the board, are Independent Outside Directors). This has enabled the Board of Directors to flexibly operate and substantively deliberate. In addition, to clarify the missions and responsibilities of Directors and Officers, each Director or Officer's term of office is 1 year.

Regarding audits, NLM HD has adopted a corporate auditor system. At present, there are 5 Auditors (including 3 Independent Outside Auditors, 60% of the Board of 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.

●Corporate Governance Report (Japanese only)
<https://www.nikkeikinholdings.co.jp/news/common/pdf/cgn.pdf>

Basic Policy on Corporate Governance

- (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 medium-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 medium-to-long-term.

Progress of Enhanced Corporate Governance

Since the pure holding company system was introduced in 2012, NLM HD has been gradually strengthening its governance system, considering that corporate governance is one of its most important management challenges. In April 2023, the NLM Group Compliance Code and the Basic Policy on the

Development of the Internal Control System were revised to build a governance system for realizing the Group's Management Policy. NLM HD will continue to revise its governance system in line with the intent of the Corporate Governance Code and other guidance.

Initiatives for Enhancing Corporate Governance

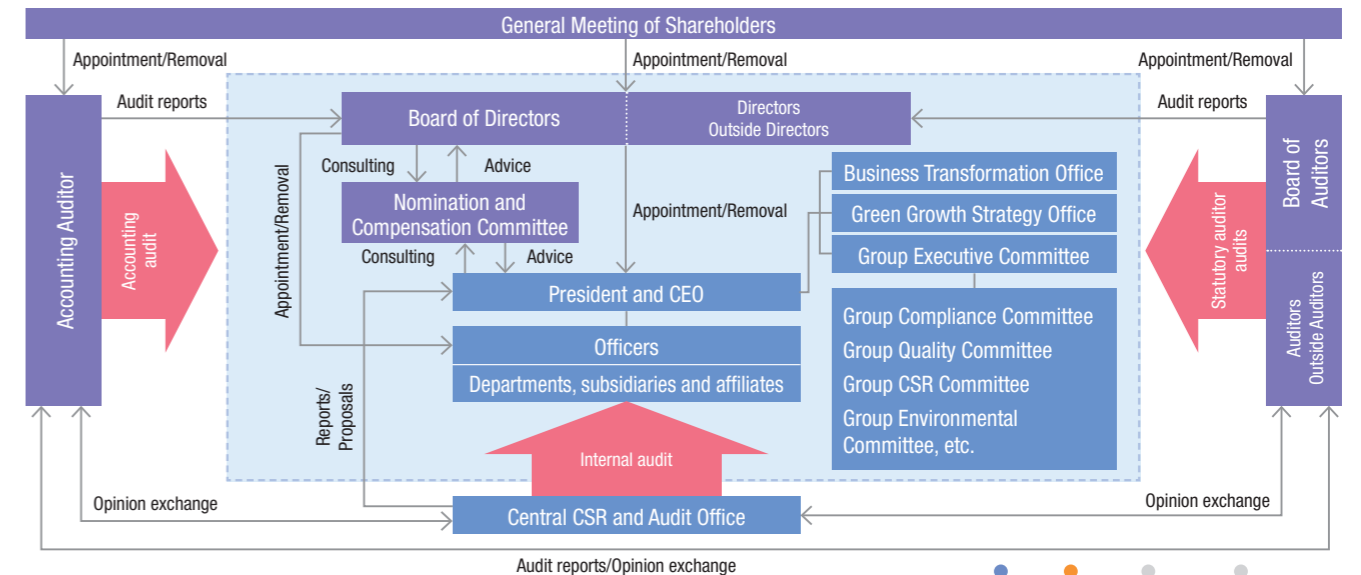
	2012	2013~2015	2016	2017	2018	2019	2020	2021	2022	
Ensuring the diversity of the Board of Directors										
Appointment of Outside Directors	2 people appointed		Increased to 3		Increased to 4		Increased to 5			
Appointment of female Directors							1 person appointed			
Skills matrix							● Skills matrix created			
Improving the effectiveness of the Board of Directors										
Evaluation of the effectiveness of the Board of Directors							● Questionnaire survey conducted and improvement initiatives taken			
Executive officer system	● Introduction of an executive officer system						● Introduction of an executive officer system based on delegation agreements			
Stock remuneration							● Introduction of stock remuneration			
Nomination and Compensation Committee							● Establishment of the Nomination and Compensation Committee			
Strengthening internal control										
Environmental protection	● 2012: Establishment of the Environmental Committee (now Group Environmental Committee)					● 2022: Expression of support for the TCFD recommendations				
Information security	● 2020: Introduction of CSIRT									
Corporate ethics	● 2012: Establishment of the Compliance Committee (now Group Compliance Committee)					Establishment of the NLM Group Compliance Code				
	● 2023: Revision of the NLM Group Compliance Code									
Internal control and risk management	● 2012: Establishment of the Basic Policy on the Development of the Internal Control System									
	● 2013: Establishment of the CSR Committee (now Group CSR Committee)									
	● 2023: Revision of the Basic Policy on the Development of the Internal Control System									
Quality	● 2012: Establishment of the Quality Committee (now Group Quality Committee)									

Framework

NLM HD has adopted the system of a company with a Board of Auditors. This decision was taken based on the belief that a system where Outside Directors and the Board of Auditors supervise management from their respective perspectives is an effective way to strengthen supervisory functions.

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



Organization	Board of Directors	Nomination and Compensation Committee	Board of Auditors
Composition	 (Percent that are outside members: 36%)	 (Percent that are outside members: 83%)	 (Percent that are outside members: 60%)
Basic Policies	So that NLM HD can make appropriate and flexible decisions and supervise the execution of those decisions, the Board of Directors as a whole shall be composed of Directors from within NLM HD who have the requisite skills and knowledge for each business field, corporate planning, research and development, production and other skills. Independent 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 shall constitute at least one-third of the Board of Directors.	The Committee shall comprise at least 3 members including the President, and the majority of its members shall be Independent Outside Directors. In addition, the Board of Directors appoints one of the Independent Outside Directors who is a member of the Committee as its chairperson.	The Board of Auditors conducts auditing activities that maintain independence from management by securing the participation of Outside Auditors with experience and insight into many 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.
Authorities and responsibilities	The Board of Directors 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 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 the appropriate involvement of and advice from the Committee, whose main members are Independent Outside Directors, in an effort to ensure the independence and objectivity of the Board of Directors' functions and strengthen its accountability.	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.
Term	1 year	1 year	4 years
Body that appoints (selects) its members	General Meeting of Shareholders	Board of Directors	General Meeting of Shareholders
Maximum number of members	15	Not limited	7
Frequency of meetings	Every month *FY2022: 15 times	3 times a year *FY2022: 4 times	Regularly *FY2022: 15 times
Major matters deliberated (discussed) in FY2022	<ul style="list-style-type: none"> Quality problems at the NLM Group (including cause analysis and formulation of measures to prevent their recurrence, which were made by NLM HD) Management integration of Toyo Aluminium K.K. Integration of the automotive parts business (Establishment of Nikkeikin ALMO Co., Ltd.) Formulation of a mid-term management plan with FY2023 as its starting year Revisions to the whistleblowing regulations 	<ul style="list-style-type: none"> Total amount of compensation for Directors for FY2022 and policy for determining it Reprimand of Officers for the quality problems Personnel affairs of Officers 	<ul style="list-style-type: none"> Monitoring of the Board of Directors' response related to the quality problems Formation of opinions of the Board of Auditors Expression of opinions in writing

Organization	General Manager/Chairperson	Number of meetings	Details
Business Transformation Office	Director of the Company		In response to the results of the investigations into the quality-related misconduct incidents within the Group and the prevention of their recurrence, etc., which were announced in March 2023, in April of the same year, this office was established as an organization under the direct control of the President with a Director of NLM HD serving as its General Manager. It was established to push the Group's initiatives to prevent recurrence forward without delay, with the core initiatives of promoting management reforms and strengthening internal control functions. The duties of this office concerning the issues to be addressed to prevent recurrence include specifying the issues more clearly, proposing and implementing measures to solve the issues, managing the progress on the measures, verifying their effects, and providing information about them to the Board of Directors and external stakeholders. With all members meeting approximately every other week, this office plays the leading role in the promotion of reforms within the Group, so that the initiatives to prevent recurrence will be implemented effectively without delay.
Green Growth Strategy Office	Officer of the Company		This office was established in April 2023 as an organization under the direct control of the President that formulates the integrated decarbonization strategy of the Group and plays the leading role in efforts to achieve decarbonization, for the Group to achieve carbon neutrality. This fiscal year, which is its first fiscal year, the office played the central role in calculating the actual CO ₂ emissions of the Group using a unified method, creating a roadmap toward the achievement of reduction targets based on measures to reduce emissions taken within each business segment and other initiatives.
Group Executive Committee	President and Chief Executive Officer of the Company	2 times a month *FY2022: 33 times	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 Auditors (excluding Outside Auditors) of the Company. The Committee discusses and makes decisions on policies related to NLM Group management and important items concerning management execution. While matters that specifically require resolution of Board of Directors and other important management items are decided by the Board, the Group Executive Committee serves as a body that reviews matters before they are resolved by or reported to the Board. It determines the agenda and points for discussion, thus facilitating constructive debate and exchanges of opinions among the Board of Directors. Particularly with regard to the acquisition or disposition of shares or non-current assets, loans and guarantees, various risks such as credit risks or regional and market risks are taken into account, monetary standards are set for each type and the scope to be resolved by the Board of Directors is clearly specified. Matters that fall below these monetary amounts are delegated to the Group Executive Committee and other executive management, enabling the Board of Directors to focus on the discussion of essential strategies aimed at medium-to-long-term growth.

Meeting structure	Chairperson	Number of meetings	Details
Group Compliance Committee	President and Chief Executive Officer of the Company	4 times a year *FY2022: 5 times	Consisting mainly of Directors (excluding Outside Directors) and Officers of NLM HD, the Compliance Committee examines tasks and problematic points related to overall compliance and deliberates and determines measures for instilling and establishing compliance, including the determination of the Compliance Promotion Plan and the examination and correction of the status of the implementation of the plan.
Group CSR Committee	President and Chief Executive Officer of the Company	2 times a year *FY2022: 2 times	Composed mainly of NLM HD's Directors (excluding Outside Directors) and Officers and the presidents of major subsidiaries, the Committee deliberates a wide range of matters and makes decisions regarding the NLM Group's material issues.
Group Quality Committee	President and Chief Executive Officer of the Company	2 times a year *FY2022: 2 times	With the participation of people responsible for quality assurance and management from Group companies (most of whom are presidents of the companies), the Quality Committee pushes forward with quality management, including deliberations of the Group Quality Policy, analyzes the cause of serious quality problems, discusses how to prevent their recurrence, and share information about quality audits and other activities, to ensure that the NLM Group provides safe, quality-assured products and services.
Group Environmental Committee	President and Chief Executive Officer of the Company	2 times a year *FY2022: 2 times	This Committee comprises mainly NLM HD's Directors (excluding Outside Directors), Officers, and presidents of major subsidiaries. It meets to discuss basic environmental policy and activity promotion plans, report serious environmental problems and the results of environmental audits, and deliberate and propose initiatives related to environmental matters, with the goal of improving the environmental management of the NLM Group.

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. The status of improvement and evaluation of internal control is reported to the Board of Directors twice a year.

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 exchange views on internal control issues associated with audits and financial reporting.

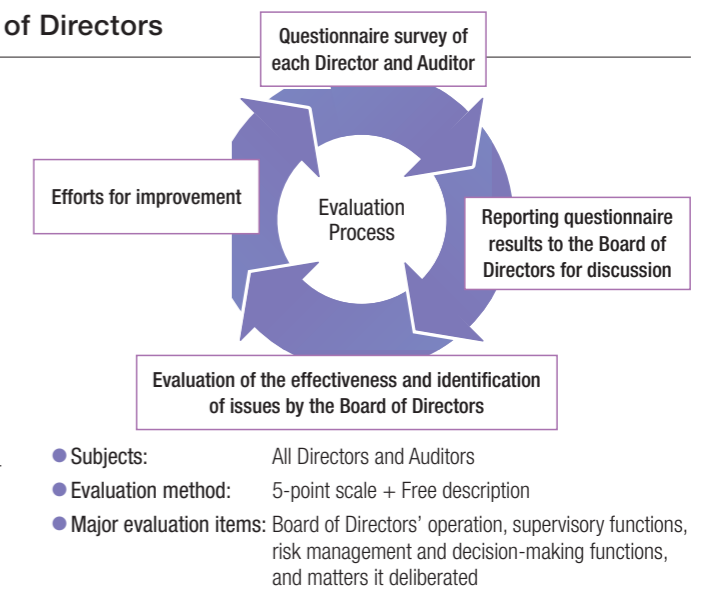
Evaluation of the Effectiveness of the Board of Directors

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 the Board of Directors is evaluated each year in an effort to ensure ongoing improvements to its functioning.

Evaluation Process

The effectiveness of the Board of Directors in FY2022 was evaluated in the form of a self-evaluation, including a questionnaire survey of all Directors and Auditors that was conducted in April 2023. The results of the questionnaire were discussed at the Board of Directors meeting held in May 2023 before the effectiveness evaluation for FY2022 was performed and the tasks to be done in FY2023 were shared.

The Nomination and Compensation Committee was also evaluated in addition to the Board of Directors.



Summary of evaluation results

Tasks to be done in FY2022	<ol style="list-style-type: none"> Increasing the involvement of the Board of Directors in IR activities Enhancing communications between the members of the Board of Directors Enhancing the information provided to Outside Officers through inspections of business sites and other opportunities
FY2022 initiatives	<ol style="list-style-type: none"> IR activities, communication with investors, and trends in NLM HD's share price were reported to and discussed by the Board of Directors multiple times. and ③ Members of the Board of Directors had opportunities to discuss the quality problems and other matters, outside Board of Directors meetings, in addition to inspecting business sites, thus responding to the issues through close communication. (In FY2023, opinions have begun to be exchanged with the goal of enhancing the communication between Outside Directors and the Board of Auditors.) Multiple business site inspection tours were organized for Outside Officers, thus deepening their understanding of a wide range of the Group's businesses. The tours were also used as opportunities to confirm the Group's management issues, etc. through direct communication with people working on site. <p><i>Business sites that were inspected</i></p> <ul style="list-style-type: none"> ● Kambara Complex of Nippon Light Metal Co., Ltd. (a complex of plants of different divisions of the NLM Group), Nikkei Research and Development Center (general research institute of the NLM Group) ● Nagoya Plant of Nippon Light Metal Co., Ltd. (the only aluminum rolling plant of Nippon Light Metal Co., Ltd.) ● Nikkei Niigata Co., Ltd. (businesses on large extruded shapes of aluminum alloys/various fabricated products of aluminum extruded shapes/manufacturing of aluminum containers)
FY2022 evaluation	<p>Active and open constructive statements and discussions occur with the sharing of information and understanding as the premises for discussion. On the whole, the effectiveness of the Board of Directors is ensured.</p> <p><i>Issue</i></p> <ul style="list-style-type: none"> ● Discussion of IR activities by the Board of Directors (It was pointed out that there is still room for improvement.) ● Criteria for determining matters to be submitted to the Board of Directors and selection of topics to be discussed by the Board of Directors, which will contribute to the enhancement of strategy discussions and the optimization of the provision of information to Outside Officers
Policy for initiatives in FY2023	<ul style="list-style-type: none"> ● Review matters to be submitted to the Board of Directors and increase opportunities to provide prior explanations to increase the substance of the discussions of the Board of Directors.

Design of Compensation Systems for Directors and Officers

(1) Compensation of Directors

The Company has adopted the basic policy of ensuring that Director compensation functions as a healthy incentive to sustainable growth. An overview of the 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 Director's duties and responsibilities, the financial position of the Group and its operating results, with reference to director compensation levels at 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 following compensation ratios make up compensation when performance targets are met.

● Outside Director

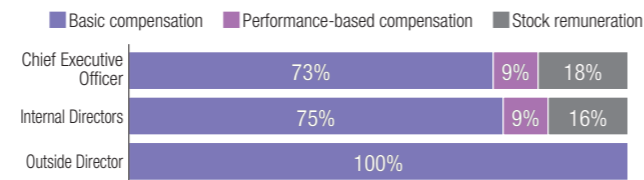
In light of the role of Outside Directors to oversee management from an independent standpoint, their compensation comprises only ① Base Compensation

Ratios of Internal Director Compensation

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

Types of compensation, etc.		Overview
Fixed	① Base Compensation	Base compensation of each Director is set as fixed compensation based on their 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.
Variable	③ Stock Remuneration	This is a restricted stock-based compensation, which is aimed at increasing the incentive to enhance corporate value over the medium to long term. It is paid depending on the position of Directors. The restricted stock-based compensation is granted in the form of pre-issuance type common shares with a restriction on transfer until the retirement of the Director in question. If, during the period of restriction on transfer, the Director violates a law, enters into competition with NLM HD, or otherwise acts in a manner that is contrary to the purpose for which the restricted stock-based compensation system was established, NLM HD will acquire all the shares that have been granted to the Director in question at no cost.

FY2022 results



(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.

require the approval of the Company (of the Group Executive Committee and the Board of Directors).

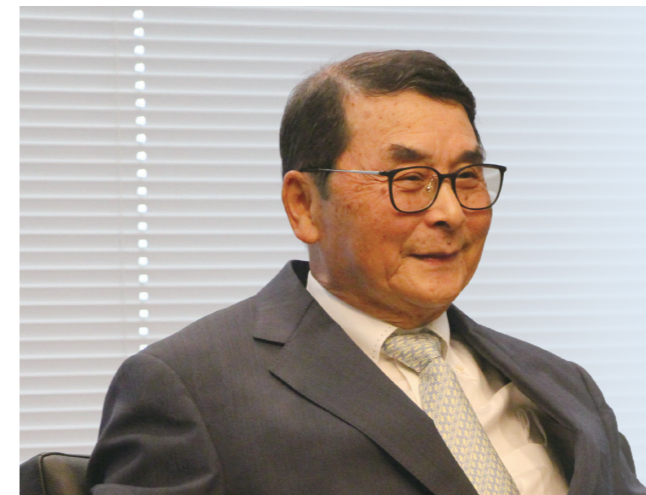
To develop appropriate management functions and managerial ability of Group companies and strengthen Group governance by NLM HD in the future, detailed studies for rebuilding the Group management, including review of management unit of each Group company, have been started, and reforms will be implemented under the supervision of the Board of Directors.

shares held is reduced by selling them. In light of the purpose of holding these shares, voting rights pertaining to cross-held shares are exercised in a way that contributes to the improvement of the corporate value of the business partner. Voting rights will not be exercised affirmatively with respect to matters which will result in a significant loss of shareholder value or which involves serious corporate governance concerns.

In FY2022, as a result of review of all the cross-held shares conducted in accordance with the above reduction policy, the Company reduced the number of shares of 4 cross-held stocks and sold all of the shares of 1 of these stocks. The results of review and the sale of stocks were reported to the Board of Directors, and their validity was confirmed.

The ratio of listed shares held by Group companies as cross-held shares to total assets is 1.7% and to shareholders' equity it is 4.4%.

Message from an Outside Director



To recover the trust of society and improve capital efficiency

Toshihito Hayano
Outside Director

I was appointed to be an Outside Auditor in 2016 and an Outside Director in 2018. I have been an Officer of NLM HD for a total of seven years. As a person with experience in two highly meaningful positions, I would like to state frankly the challenges faced by NLM HD, which has made a fresh start as the new Team NLM under a new corporate philosophy, and what it should be like in the future.

The role of the Outside Director is to fulfill their fiduciary responsibility to shareholders as a member of management, thus contributing to the economic development of the company. To explain what we do to achieve this, one thing is monitoring management. We supervise and monitor management to see if any of the top managers have conflicts of interest, if they are pursuing their own interests and, furthermore, if they are engaged in any abusive acts using their position. This is what comes first. I often liken Auditors to physicians and Outside Directors to surgeons. I am serving in this position with a determination to boldly stick the knife into any management problems that occur, not hesitating to do brain surgery — that is, replacing top management — at times. The other task is to proactively give advice on what to do to enhance corporate value toward sustainable development of the Group based on what I have learned in my own career.

This fiscal year, we reviewed the 2022 mid-term management plan and formulated the 2023 mid-term management plan for FY2023 to FY2025. Reasons for this include the changes in supply chain reflecting the increasing geopolitical risks, the decision to transfer the shares of Toyo Aluminium, a Group company, a massive change symbolized by the shift to EVs in the automotive industry who are our major customers, and the radical change in the business environment mainly reflecting the global call for carbon neutrality. How should we respond to these drastic changes to develop sustainably? One of the measures that I have suggested in meetings of the Board of Directors is a fundamental shift of the management structure to one oriented toward the creation of high added value. For example, one of our breakthroughs for achieving the shift will be the use of intellectual property, such as technologies, expertise, patents, and our brand power that the Group has cultivated over many years, for example, the creation of complex alloys and friction stir welding technologies, etc. Strategic investment and the utilization of intellectual property should enhance the potential that we have as a groundbreaking innovator of aluminum and beyond.

Another point that I have been emphasizing is the enhancement of capital efficiency, which is represented by ROE.

Above all, I think it is important to monitor management and give advice while considering the interest of minority shareholders, and as a result, contribute to the sustainable development of corporate value. During the 2023 mid-term management plan, we will review the business portfolio and work to optimally allocate management resources.

NLM HD's Board of Directors engages in open, unrestricted discussions, which I think is due largely to the chair of the Board of Directors President Okamoto's sincerity, ability to listen and open mindedness. Ample measures are taken to enable Outside Directors to fulfill their roles. They include informal opportunities for the President and Outside Directors to exchange information and opinions which are provided almost every month in addition to the distribution of meeting materials before meetings and visits to business sites aimed at understanding the work sites. I think that similar opportunities for exchanges between the Board of Auditors and Outside Directors would enable a deeper understanding of management issues.

To secure the effectiveness of the Board of Directors, it is important to detect problems on the administrative side at an early stage and respond to them quickly. I think that the epigram, "Bad news is good news, good news is no news, no news is bad news," should be valued as a principle for internal communication.

And the current top-priority task is structural reform to prevent the recurrence of quality-related incidents of misconduct. The occurrence of as many as 214 incidents of misconduct was a great surprise to me and a cause for regret.

While there are diverse interpretations of compliance and governance, they are actually very simple. They are summed up in three points: do not lie, do not deceive people and do not put only yourself in an advantageous position. I am determined to push forward with the drastic structural reforms while reviewing the systematization of quality management and how the Group should be managed. I will steadily implement measures to prevent the recurrence of the quality-related issues and report the progress on the measures as needed, to ensure the problem never occurs again, which is the responsibility of top management.

For the sustainable development of a company, it is necessary to take on challenges to achieve development while understanding the difference between growth and development. I hope that this Integrated Report will help our stakeholders understand the challenges taken on by the NLM Group as the new Team NLM to overcome its management issues and achieve development to recover the trust of society and improve capital efficiency.

List of Officers & Skills Matrix



Category	Name	Title	Profile	Number of shares held	Skills							
					Corporate management	Manufacturing and engineering Research and development IT	Sales Marketing Product development	Financial accounting General accounting Finance	Governance Risk management Legal affairs and compliance	Human resources Human resource development	Experience of global business	
Directors	Ichiro Okamoto	Chief Executive Officer	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.	32,287	○	○	○	○	○	○
	Yasunori Okamoto	Directors	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.	17,692	○			○	○	○
	Kaoru Kusumoto	Directors	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.	5,182	○			○	○	○
	Toshikazu Tanaka	Directors	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.		13,163				○	○	
	Masahito Saotome	Directors	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.		5,353			○	○		○
	Toshihiro Matsuba	Directors	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.		4,614		○	○			○
	Shuichi Asakuno	Directors	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.		4,387		○	○			○
	Hiroyuki Matsudaira	Directors	April 1989 : Joined Shin Nikkei Co., Ltd. June 2010 : Joined Nippon Light Metal Co., Ltd. June 2018 : Officer of Nippon Light Metal Co., Ltd.	June 2021 : Officer of Nippon Light Metal Holdings Co., Ltd. June 2021 : Executive Officer of Nippon Light Metal Co., Ltd. June 2022 : Director of Nippon Light Metal Holdings Co., Ltd.	June 2022 : Director of Nippon Light Metal Co., Ltd.	4,301				○	○	
	Yoshiaki Ito	Directors	April 1985 : Joined Nippon Light Metal Co., Ltd. June 2019 : President and Chief Executive Officer of Nikkeikin Aluminium Core Technology Co., Ltd. June 2021 : Officer of Nippon Light Metal Holdings Co., Ltd.	June 2021 : President and Chief Executive Officer of Nikkeikin Kakoh Kaihatsu Holdings Co., Ltd. June 2023 : Director of Nippon Light Metal Holdings Co., Ltd.		3,316			○			○
	Masato Ono	Outside Director	April 1974 : Joined Dai-ichi Kangyo 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.	September 2020 : Deputy Chairman of Gold Ribbon Network	4,743	○			○	○	
Ryoichi Hayashi	Outside Director	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 : Outside Director of Nippon Light Metal Holdings Co., Ltd. March 2014 : Director of Tokai Carbon Co., Ltd.		5,634	○		○			○	
Toshihito Hayano	Outside Director	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. (now 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 (now AG Capital Co., Ltd.) October 2012 : Substitute Auditor of Nippon Light Metal Holdings Co., Ltd.	May 2016 : Outside Auditor of Nippon Light Metal Holdings Co., Ltd. June 2018 : Outside Director of Nippon Light Metal Holdings Co., Ltd.	806	○			○	○		
Keiko Tsuchiya	Outside Director	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.	January 2022 : Director of Modis Ltd. (now AKKODIS Consulting Ltd.)	3,887	○				○	○	
Tatsuya Tanaka	Outside Director	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. April 2022 : Senior Advisor to Fujitsu Japan Limited	1,264	○	○	○		○	○	
Auditors	Kotaro Yasuda	Full-time Auditor	April 1980 : Joined Nippon Light Metal Co., Ltd. June 2009 : Officer of Nippon Light Metal Co., Ltd. June 2014 : Director and Officer of Nippon Light Metal Co., Ltd.	June 2016 : Director and Executive Officer of Nippon Light Metal Co., Ltd. June 2016 : Officer of Nippon Light Metal Holdings Co., Ltd. June 2017 : Director of Nippon Light Metal Holdings Co., Ltd.	June 2019 : Full-time Auditor of Nippon Light Metal Holdings Co., Ltd. June 2019 : Auditor of Nippon Light Metal Co., Ltd.	8,718		○	○			
	Hideo Hirosawa	Full-time Auditor	April 1984 : Joined Nippon Light Metal Co., Ltd. June 2016 : President and Chief Executive Officer of Nikkei Technology Center Co., Ltd. June 2019 : President and Chief Executive Officer of Nikkei Extrusions Co., Ltd.	June 2021 : Full-time Auditor of Nippon Light Metal Holdings Co., Ltd. June 2021 : Auditor of Nippon Light Metal Co., Ltd.		4,996			○		○	
	Yoshiki Sato	Outside Auditor	April 1972 : Joined Asahi Mutual Life Insurance Company April 2003 : Executive Officer of Asahi Mutual Life Insurance Company April 2004 : Managing Executive Officer of Asahi Mutual Life Insurance Company	July 2004 : Director and Managing Executive Officer of Asahi Mutual Life Insurance Company July 2008 : President and Representative Director of Asahi Mutual Life Insurance Company April 2017 : Chairman and Representative Director of Asahi Mutual Life Insurance Company	April 2019 : Chairman and Director of Asahi Mutual Life Insurance Company June 2020 : Outside Auditor of Nippon Light Metal Holdings Co., Ltd. July 2021 : Special Advisor to Asahi Mutual Life Insurance Company	0	○		○	○	○	
	Shintaro Kawai	Outside Auditor	April 1993 : Registered as an attorney in Tokyo Bar Association April 1993 : Joined Central Law Office July 2008 : Partner of Clair Law Firm	December 2010 : Established Kawai Law Office June 2017 : Substitute Outside Auditor of Nippon Light Metal Holdings Co., Ltd. June 2018 : Outside Auditor of Nippon Light Metal Holdings Co., Ltd.		1,267				○		
	Jinseki Kim	Outside Auditor	December 1992 : Joined Tomono Tax Accounting Office October 1994 : Joined Century Audit Corporation (now Ernst & Young ShinNihon LLC) June 2003 : Joined Azsa Audit Corporation (now KPMG AZSA LLC)	July 2015 : Opened Jinseki Kim CPA Office as its representative December 2015 : Chief Executive Officer of Accounting Workshop Co., Ltd. June 2018 : Substitute Outside Auditor of Nippon Light Metal Holdings Co., Ltd.	December 2018 : Representative Partner of Nozomy Audit Corporation June 2020 : Outside Auditor of Nippon Light Metal Holdings Co., Ltd.	964				○	○	○

Officers

Masakazu Ichikawa General Manager of Central CSR and Audit Office
Kazuyoshi Sugiyama Central CSR and Audit Office, in charge of Environment and Safety General Manager of Green Growth Strategy Office

Isao Shikine In charge of Nippon Light Metal Business Group Electrode Foil Business
Yuji Suzuki General Manager of Technology & Development Administration Dept.

Haruhiko Takahashi Personnel, General Affairs, Accounting & Finance Administration Dept., in charge of Accounting
Toshiharu Hatamoto In charge of Nippon Light Metal Business Group Nikkeikin ALMO Business

Hidetomo Shirai Technology & Development Administration Dept., in charge of Technology, in charge of NPS
Toshio Yanagimoto In charge of Nippon Light Metal Business Group Panel System Business

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 operate 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 an annual plan for each and manage risks based on the plans.

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 risk management department, including quality audits, environmental audits, labor audits, and IT audits. The statuses determined from these audits are reported by the risk management department to the President, who is the Risk Management Officer, as reports on the status of individual issues or general status reports. They are reported to the NLM Holdings Group Executive Committee, and subsequently to the Board of Directors twice a year.

FY2022 Plan and Initiatives

Risk category	Major risks	What will be affected				Response	Evaluation
		Financial accounting	Schedule	Resource	Customer satisfaction		
Product and service defects	• JIS certification violations, quality misconduct	●		●	●	• JIS audits, special audits, reinforcement of quality assurance framework	○
	• Emerging risks		●		●	• Identification of high-risk projects and provision of support for them	○
	• Serious quality accidents caused by suppliers	●		●	●	• Supplier audits	○
	• Decline in compliance awareness			●	●	• A compliance lecture meeting	○
	• Physical injury caused by a product	●			●	• Establishment of SDS	△
Environmental issues	• Lack of understanding of quality standards				●	• Group training, invitation of external lecturers, development of internal lecturers	○
	• Environmental mishaps	●		●		• Prompt delivery of information, sharing of information, prevention of recurrence	○
	• Violation of environmental laws and regulations	●		●		• Training sessions on laws and regulations, pointing out problems in audits, improvement measures	○
	• Shortage of human resources in charge of practical environmental tasks			●		• Sharing practical management information, providing information about past matters to the next generation	○
	• Deterioration of environmental equipment			●		• Regular inspections and replacement, installation of equipment to prevent problems	○
Natural disasters/accidents	• Delays in progress towards decarbonization targets	●	●		●	• Continuation of monitoring	○
	• Floods in the area around Amehata Dam	●				• Implementing a basic plan, sharing information about its progress with related people	○
Health and safety issues	• Suspension of business resulting from a disaster, etc.		●			• Building a structure for collecting and sharing information	○
	• Injuries caused by being pinched or caught in machinery or equipment			●		• BCP training, safety confirmation training	○
Information system issues	• Violation of laws and regulations during work			●		• On-site inspection of lost-time injuries, etc.	○
	• Cyberattack	●		●		• Confirmations, training, and creation of work schedules at sites where violations occurred	○
Leakage of trade secret	• Software license compliance	●		●		• CSIRT training, collection of information, addition of security products	○
	• Abuse/defect of information system	●		●		• Internal software audits	○
Export security	• Expanding the system for activating information technology general control (ITGC), enhancing information technology application control (ITAC)					• Expanding the system for activating information technology general control (ITGC), enhancing information technology application control (ITAC)	○
	• Leakage of electronic information assets	●		●		• Diagnosing IT issues at all sites	○
	• Unauthorized exports		●	●	●	• Training to address targeted email attacks	○
Export security	• Violation of trade restrictions		●	●	●	• Performing penetration tests at all sites	○
	• Checking the status of judgments regarding whether restrictions apply or not, engaging in individual consultation					• Checking the status of judgments regarding whether restrictions apply or not, engaging in individual consultation	○
Export security	• Regular meetings of the Export Management Committee, confirmation of management status					• Regular meetings of the Export Management Committee, confirmation of management status	○
	• Delivery of information about the revision of laws		●	●	●	• Delivery of information about the revision of laws	○

○: Complete/annual progress target was achieved.
△: Initiatives were taken but the target has yet to be achieved.

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 matters related to handling of information systems for storing and using the information are stipulated in the Group Information System Management Regulations. We implement initiatives that help improve the reliability of the organization and

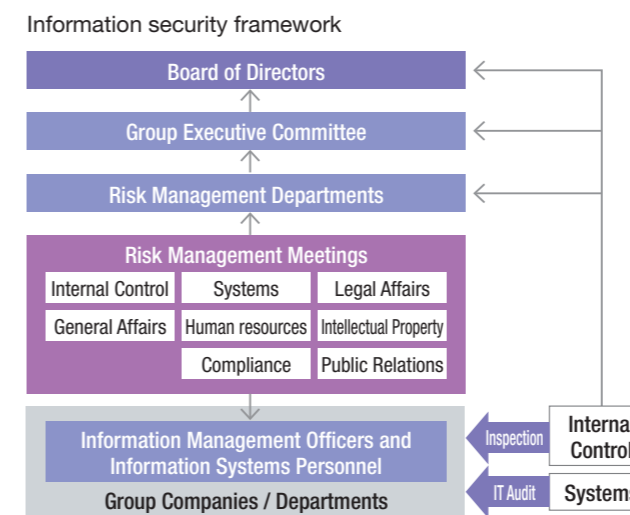
corporate value in an ongoing fashion through the protection and utilization of information as an important management resource.

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. In response to the report, the Board of Directors provides instruction as necessary.

Framework

Comprehensive management of information security risks is implemented by the Systems Department and the Internal Control Department. The Internal Control Department is responsible for non-physical aspects such as the development of information management 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, Compliance and Public Relations departments are held in alternate months.

Matters decided in RMMs are communicated to Group companies and departments 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 audit. Information security-related issues, inspection results, and other information is reported to the NLM Holdings Group Executive Committee and Board of Directors every six months.



FY2022 Initiatives

1. Strengthening system management and control (ITGC)

Measures	Details
Unification of system change procedures	System changes are implemented based on unified change procedures to ensure consistency and transparency. We clarified procedures and responsibilities related to the process from the approval of drafts to the approval of the introduction of systems, and using these procedures and responsibilities, we will effectively manage changes while minimizing the risk of changes.
Management of users	Regarding system users, we comprehensively managed the creation and deletion of accounts, the granting and revocation of access rights and other matters. We will reduce the risk of unauthorized access to our information assets by implementing initiatives such as the appropriate granting of access rights based on position or business assignment, monitoring to prevent the unauthorized use of accounts, and the appropriate deletion of the accounts of employees that have resigned or been transferred.
System vulnerability management	We prevent malicious attacks and the unauthorized use of systems by identifying systems' vulnerabilities through regular vulnerability assessment and monitoring and by correcting the vulnerabilities. In addition, we apply security patches and share vulnerability information to manage whether prompt responses are made.
Business continuity planning (BCP) initiatives	We have enhanced our BCP initiatives in preparation for disasters and emergencies. We ensure our operations to be continued by establishing appropriate data backup and recovery process, utilizing alternative facilities and cloud services, and developing an emergency contact system, among other initiatives.

2. Strengthening user authentication

Measures	Details
Introduction of multi-factor authentication	We have reduced the risk of unauthorized access by introducing multi-factor authentication, which ensures the more reliable authentication of the identity of users, in addition to the existing ID and password authentication. Multi-factor authentication increases security by requesting an additional authentication factor.
Expanding the use of multi-factor authentication and increasing the awareness of users	When introducing multi-factor authentication, we implemented appropriate activities to increase user awareness. We provided users with information about the advantages of multi-factor authentication, how to use it and steps for setting it up, helping them to properly utilize multi-factor authentication.
Supervision and improvement	In time with the rollout of multi-factor authentication, we also implemented improvement activities for strengthening password security. We engage in improvement activities on an ongoing basis by reviewing password strength and change cycles.

Policy

Our basic policy on compliance is described in the NLM Group Management Policy as “The Group will engage in fair and honest business operations, with respect for human rights and an emphasis on ethics.” Reinforcing the compliance framework has been identified as one of the material issues in the management of the Group. As a specific code of conduct for addressing this material issue and achieving the basic policy on compliance, we have established the NLM Group Compliance Codes, which are shared by all officers and employees of the Group.

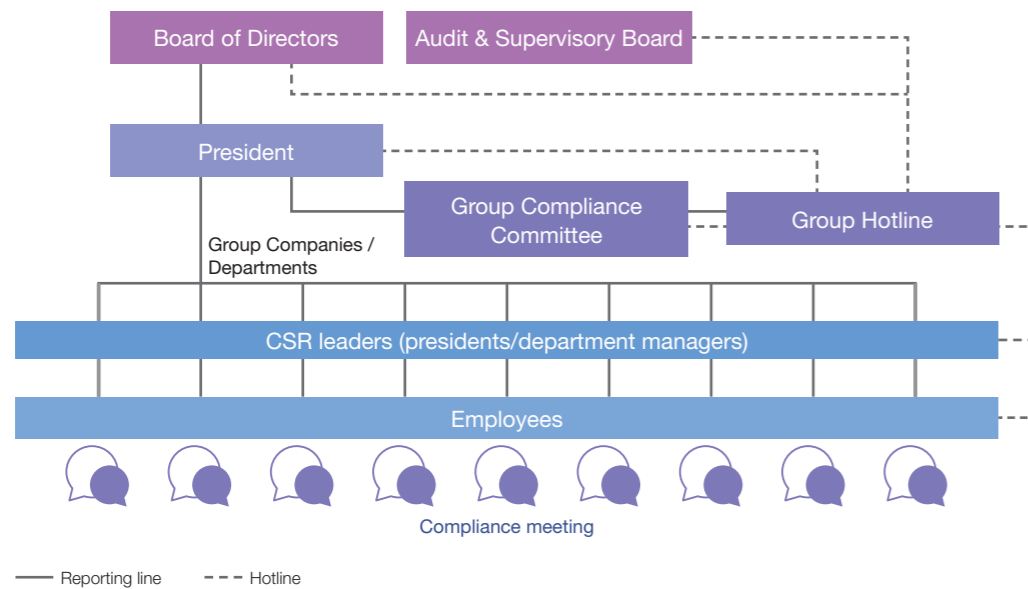
The NLM Group Compliance Codes say, “The foundation of the activities of all officers and employees is the trust of stakeholders – especially customers.” and “We will comply with laws, regulations, and Group and company rules, and create an

ethical corporate culture by striving to act in a fair and common-sense manner, in accordance with social norms, in all aspects of our work.” We will observe the NLM Group Compliance Codes and think and act from other people’s points of view to be fair and honest.

So that the Group Compliance Codes can be referenced by all employees whenever they have difficulty making a decision in their work, they are included in a handbook that compiles the NLM Group Management Policy, the NLM Group Business Conduct Guidelines, and the NLM Group Hotline Regulations (whistleblowing system). The handbook is translated into eight languages (English, Chinese, Thai, Vietnamese, Portuguese, Hindi, Spanish and French) and distributed to all Group officers and employees.

Framework

Compliance framework



Group Compliance Committee

The Group 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. Regarding the ongoing issues of the Group as a whole and the measures to address the issues, actions are being taken under a Compliance Promotion Plan formulated for the Group as a whole, for each Group company, and for each department. The progress of the measures is reported to the Group Compliance Committee on a

quarterly basis. For serious compliance issues that occur suddenly, causes, corrective action, disciplinary action and measures to prevent recurrence, etc. are reported to the Group Compliance Committee. The committee conducts additional investigations as necessary and deliberates and decides on necessary measures. Matters decided by the Group Compliance Committee are communicated to and implemented by CSR leaders, who are responsible people from Group companies and departments. The compliance meetings and the NLM Group Hotline (hereafter, the “Group Hotline”) play essential roles in this promotion of compliance.

Compliance meeting

The NLM Group conducts compliance meetings that involve the participation of all personnel as grassroots compliance activities. Compliance meetings are held twice a year at all workplaces to give employees an opportunity to talk about compliance. The meetings are also used for compliance training. The information discussed at the meetings is recorded and registered. The meetings are an opportunity to monitor opinions within the workplace and the actions being taken there.

Whistleblowing System

The NLM Group has introduced a whistleblowing system to prevent legal violations, misconduct, and improper actions and ensure the early detection and correction of such actions. The NLM Group’s whistleblowing system can be used by the employees of all of the consolidated subsidiaries, offered through the Group Hotline. The Group Hotline includes hotlines for receiving whistleblowing complaints and requests in English, Chinese, Thai and Vietnamese to facilitate employees’ use of the hotlines when their first language is not Japanese. To enhance the independence of its operations, an external reporting hotline has also been established. In addition, reporting hotlines have also been set up to enable users to contact Audit & Supervisory Board Members, people in charge of legal affairs and people in charge of personnel affairs, so that they can select the hotline that is appropriate for matters they intend to report. All of these hotlines accept anonymous whistleblowing reports.

Whistleblower Protection

- Confidentiality**
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 (called “Tsuho Gyomu Jujisha,” or people engaged in the business of handling whistleblowing disclosures). The identity of a whistleblower is never disclosed without the whistleblower’s consent to the Group Compliance Committee or Directors of NLM Holdings, the person who is the subject of the whistleblowing complaint, or related parties including the relevant workplace or company. The whistleblowers themselves and people who are the subjects of whistleblowing complaints are also prohibited from leaking any facts about the whistleblowing to other people. Related electronic data is stored outside the NLM Group’s network in a way that makes physical access by people other than those related to the investigation impossible.
- Prohibition of Disadvantageous Treatment**
The disadvantageous treatment of whistleblowers, such as harassment or retaliation, is also strictly prohibited. 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 business communication. The Tsuho Gyomu Jujisha takes the proper steps to check to see if the subject of the whistleblower complaint has contacted the whistleblower unnecessarily and to check for any harassment, retaliation or similar disadvantageous treatment. If signs of such contact or treatment are identified, the top officer in charge of the Group Hotline (president of NLM Holdings) orders relief and recovery measures to be taken. Any violations of these rules result in disciplinary action.

Plan

FY2022-2024 Compliance Promotion Plan

- 1. Compliance Promotion Framework**
 - 1 Operation of the Group Compliance Committee**
 - Revision of the Rules of the Group Compliance Committee
 - Continuing to hold Compliance Promotion Meetings
 - 2 Assignment of CSR leaders and CSR promotion personnel**
 - 3 NLM Group Compliance Codes**
 - Revision
 - Initiatives for raising awareness of and ensuring the Codes become entrenched within the Group
 - 4 Improvement and operation of the whistleblowing system**
 - Revision of the system, making the new system known, and increasing awareness of it
 - 5 Coordination with related departments**
- 2. Initiatives for Compliance Promotion**
 - 1 Implementing PDCA for organizational culture reforms**
 - P: Formulation of the Compliance Promotion Plan
 - D: Implementation of the plan
 - C: Anonymous employee survey
 - A: Analysis of the result and correction of the plan
 - 2 Enhancement of communications**
 - Compliance meeting
 - 3 Promotion of compliance at overseas sites**
 - Making the Group Hotline known
 - Formulation and implementation of the Compliance Promotion Plan
 - Holding compliance meetings
- 4 Compliance awareness raising**
 - Power harassment prevention training
 - Single-session training (tiered training, expatriate training, etc.)
 - Development and delivery of awareness-raising tools (digital content, compliance lecture meeting, etc.)
- 3. Protecting and Respecting Human Rights**
 - Establishment of a complaint mechanism
 - Formulation of relief procedures

FY2022 Initiatives

Reforms of Organizational Climate

At the NLM Group, we conducted an anonymous survey of all officers and employees for the purpose of revealing potential compliance-related risks. It was found in the survey that among the three elements of the integrity of an organization, “organizational response” and “environment that may prompt unethical activities” showed an unfavorable trend compared with “leaders’ attitudes,” giving rise to concerns over the reliability of whistleblowing systems, the tendency of personnel in the field to become overly specialized, and the tendency to rationalize non-compliance. Based on these results, we are reforming our organizational climate, aiming to build a sound, open organization.

Reforms of organizational climate: Implementing PDCA



Reforms of Organizational Climate

Implementation items	Plan/target	Results	Evaluation
Compliance Promotion Plan	The Group as a whole, each Group company and each department will implement PDCA for the Compliance Promotion Plan.	The Group as a whole, each Group company, and each department formulate (P) and implement (D) the Promotion Plan for the next fiscal year based on the review (C and A) of the Promotion Plan for the past fiscal year. Example initiatives: <ul style="list-style-type: none"> Visualization and standardization of operations Countermeasures to prevent overworking and unpaid overtime Identifying environments in which violations occur and taking countermeasures Identifying and addressing gaps between rules/manuals and practical operations, etc. 	△: Plan formulated (being implemented) Effective, specific plans and initiatives based on the results of anonymous employee surveys and various case examples have been increasing at Group companies and departments.
Anonymous employee survey	Anonymous employee surveys are conducted to reveal potential risks related to quality, accounting and compliance.	We implemented the second anonymous employee survey. Subjects: 14,389 officers and employees Responses received from: 12,969 subjects (Response rate: 90% (down 1 percentage point from the previous survey))	○: Implemented In the Group as a whole, an improvement trend was seen in the items of initiatives for making the whistleblowing system known and environment that may prompt problems related to quality inspections.
Compliance meeting	We hold a compulsory biannual Compliance Meeting with the goal of engaging in dialogue between employees on the theme of compliance.	In FY2022, the participation rate was 91%. Recent themes: <ul style="list-style-type: none"> Results confirmation and issues regarding the anonymous employee survey NLM Group Hotline Making the NLM Group Compliance Code known and understood Compliance Promotion Plan and sharing information about its progress 	○: Ongoing In the PDCA for the Compliance Promotion Plan, the meeting is an important opportunity to check the current status of workplaces.

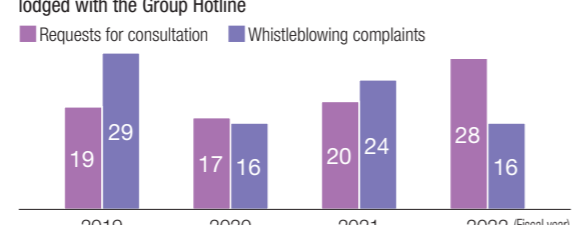
Compliance awareness raising

At the NLM Group, we provide compliance training to increase employees' compliance awareness.

Implementation items	Plan/target	Results	Evaluation
Power harassment prevention training	We provide power harassment prevention training for managers and supervisors responsible for production sites four times a year.	A total of approx. 300 managers and supervisors from 65 companies have participated in the training program as of FY2022.	○: Ongoing We have resumed group training, facilitating communication between groups.
Tiered training (single-session training)	We provide compliance training as part of tiered training.	Training that was given: New employee training, mid-level employee training, managerial training, next-generation manager training	○: Ongoing The training programs are used as opportunities to share compliance-related knowledge and awareness which are necessary in each tier.
Development and delivery of awareness-raising tools	We will introduce the Learning Management System (LMS).	It has been decided that LMS will be introduced sequentially in FY2023. The first will be Nippon Light Metal Co., Ltd.	×: Not in operation yet Moving forward, we will expand the system to the whole Group and enhance its content.
Compliance lecture meeting	We hold a compliance lecture meeting for employees once a year.	In FY2022, approx. 1,680 employees attended the lecture meeting. Theme: <ul style="list-style-type: none"> Psychology behind scandals How to prevent the violation of rules Poor communication leads to scandal. 	○: Implemented Evaluation by attendants: <ul style="list-style-type: none"> Overall rating: 4.0 Level of understanding: 4.2 Utilization possibility: 3.8 <small>*5-point-scale evaluation by questionnaire respondents (772 persons) (1: Bad—5: Good)</small>

Whistleblowing System

At the NLM Group, we are implementing initiatives to make our whistleblowing system more reliable.

Implementation items	Plan/target	Results	Evaluation
Whistleblowing system (Group Hotline)	We will work to make the Group Hotline known, increase awareness of it, and make it more reliable.	We have revised our whistleblowing system to make it more reliable, in response to the revision to the Whistleblower Protection Act. Number of requests for consultation and whistleblowing complaints lodged with the Group Hotline 	△: The system has been revised. Activities for making the revision known are ongoing. We will confirm the reliability improvements using the anonymous employee survey and other methods.

Dialogue with Shareholders and Investors

FY2022 Initiatives

We are engaged in various initiatives that strengthen investor relations, aiming to more actively engage in dialogue with shareholders and investors than ever before.
In FY2022, the themes of the dialogue which attracted the interest of many shareholders and investors included

performance forecasts related to products for automobiles and truck body, progress in the Special Investigation Committee's investigations into the quality-related incidents of misconduct and the timing of reports, the Group's growth strategy and growth drivers, and the shareholder return policy.

Key points in the enhancement of initiatives in FY2022

Key points of initiatives	Contents of the enhancement
Increasing the frequency of dialogue opportunities	The frequency of briefings was increased from two times/year to six times/year.
Immediacy of results briefing	Held on the day financial results are announced
Giving a briefing for analysts from a medium- to long-term perspective	Focusing on the mid-term management plan and non-financial measures (two times/year)
Clarifying the content	Organizing and disclosing key points in progress and quantitative information about consolidated financial results and the mid-term management plan
Disclosing the content of dialogue	Disclosing summaries of Q&A sessions during analyst briefings on our website
Enhancing disclosures in English	Expanded the range of disclosure documents translated into English by adding results briefing materials, analyst briefing materials and Q&As during the briefings in addition to consolidated financial results and the integrated report.

Major dialogue events with shareholders and investors in FY2022

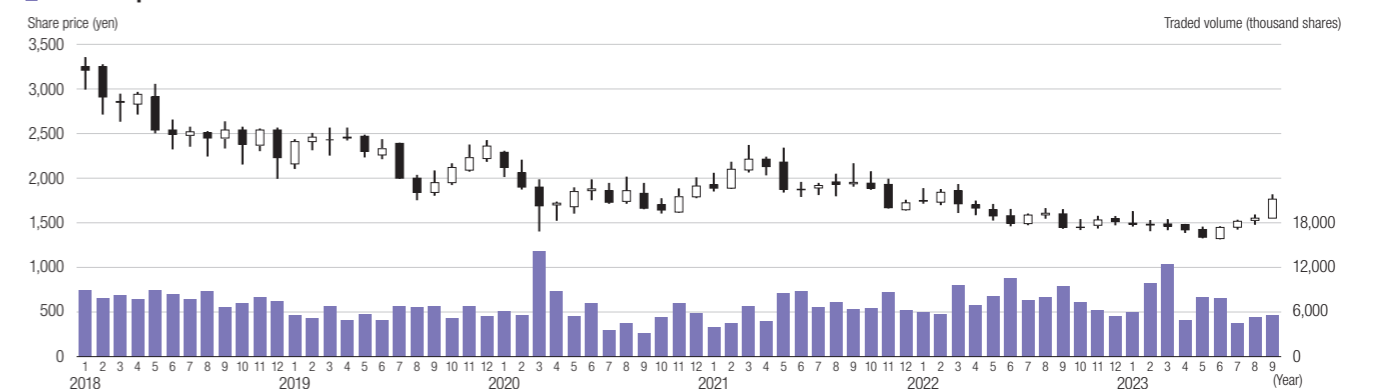
Briefing

	Main responsible people	Date	Attendees		
			Institutional investors in Japan	Overseas institutional investors	Securities companies
Analyst briefing	President and CEO	May	4 companies	0	6 companies
		November	4 companies	1 company	7 companies
Quarterly results briefing	Director and General Manager of Planning Administration Dept., Head of Accounting — Personnel, General Affairs, Accounting & Finance Administration Dept.	August	3 companies	0	5 companies
		October	3 companies	1 company	8 companies
		January	4 companies	1 company	8 companies
Briefing on revision of earnings forecasts		September	3 companies	0	8 companies

Individual interviews

Main responsible people	Institutional investors in Japan	Overseas institutional investors	Securities companies
Head of PR and IR — Planning Administration Dept. (President and CEO, and Director and General Manager of Planning Administration Dept. depending on the theme and upon request)	38 times	17 times	20 times

Share price



(Note) On October 1, 2020, we conducted a one-for-ten reverse stock split. Accordingly, the share price and traded volume for FY2019 (fiscal year ended March 2020) and earlier years are calculated in consideration of the impact of the reverse stock split.

TOPIC Initiatives for increasing people's understanding of the NLM Group

As an initiative to increase people's understanding of the Group's broad range of business fields, we held a business briefing and a tour of the Shimizu Plant (Shizuoka-shi, Shizuoka) of Nippon Light Metal Co., Ltd. for the Aluminum Chemical Sector (Chemicals Div. of Nippon Light Metal Co., Ltd.), the main division of the alumina ingot and chemicals segment. The business briefing was held in a hybrid format, with people also participating online, so that both domestic and overseas investors could participate.



Plant tour Business briefing

Policy

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

- **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 3Rs**
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.

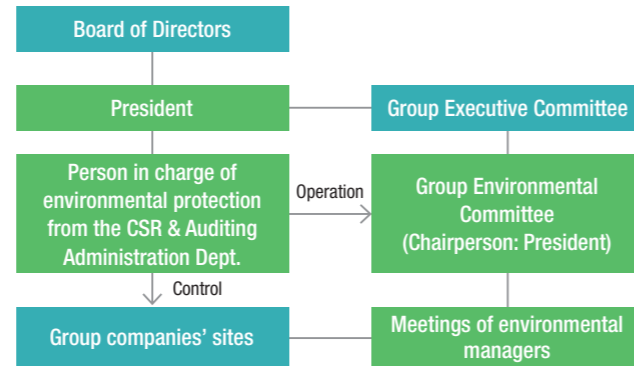
Framework

Environmental Management System

The 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 Group Environmental Committee are fleshed out by the person in charge of environmental protection from the CSR & Auditing Administration Dept., which serves as the committee's secretariat (hereinafter, the "person in charge of environmental protection"). They 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, 7 sites of 7 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.

Environmental Management System



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

Action Plan

Group Environmental Committee The NLM Group's plan

- The committee strengthens the environmental risk management stance of the NLM Group as a whole through coordination between sites.
- The committee engages in activities to protect the global environment to help build a sustainable society and resolve social issues.

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 help realize a sustainable society and solve social issues, the meeting:

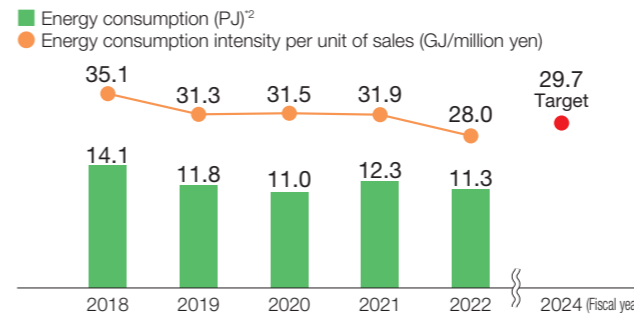
- Promotes greenhouse gas reduction and contributes to the achievement of carbon neutrality
- Considers the preservation of biodiversity

Action Plan and Initiatives That Were Taken

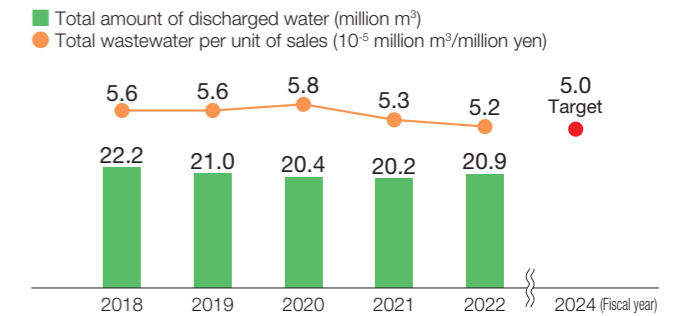
	Action Plan	FY2022 Plan	FY2022 Results
1	Reducing environmental mishaps	Zero environmental mishaps	Six incidents, seven complaints, 13 abnormalities
2	Conducting environmental audits	Conducting environmental audits at 16 sites	Conducted at 16 sites
3	Development of environmental human resources	Ensuring that employees hold qualifications under environmental laws	Fulfilled at all the 47 sites
		Conducting training sessions on laws	Training sessions on laws (Offensive Odor Control Act and laws related to chemicals) conducted
		Having environmental managers take part in environmental audits of other sites	A total of 21 environmental managers participated
4	Greenhouse gas emission reduction and carbon neutrality initiatives	Activities for reducing greenhouse gas emissions	CO ₂ emissions per unit of sales Decreased 13% compared with the previous fiscal year (Japan).
5	PCB processing	Continuing the processing of high-density PCB and content analysis and processing of low-density PCB	High-density: 96% achieved Low-density: 89% achieved
6	Environmental management at major overseas production sites	Environmental audits at 3 sites (1 site in China, 2 sites in Thailand)	Conducted at 1 site in China (conducted at 2 sites in Thailand in June 2023)
		Holding of the 7th meeting of environmental managers in Thailand	(held in June 2023)
7	Compliance with laws and regulations	Disseminating information on revised laws and regulations	Conducted
8	Conservation of biodiversity	Promotion of biodiversity conservation activities	Ongoing activities underway at all 47 sites

Environmental Targets and Results (Japan only)^{*1}

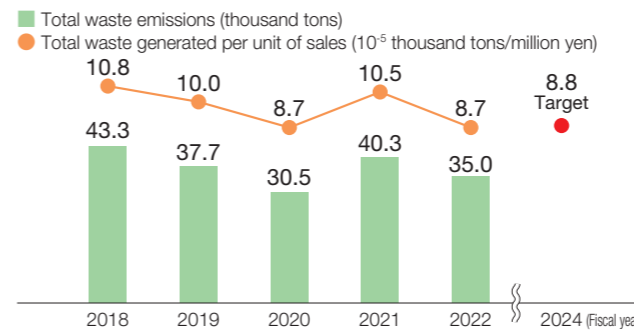
Energy consumption (Japan)



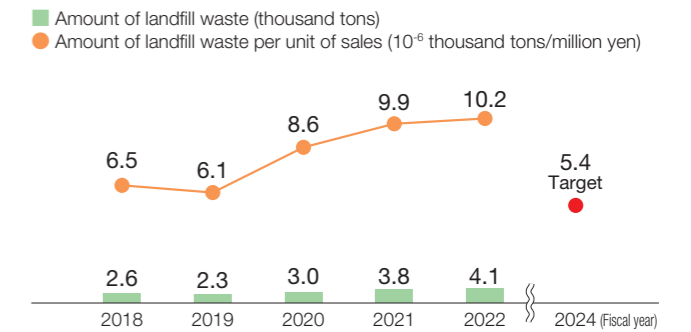
Wastewater amount (Japan)



Waste emissions (Japan)



Amount of landfill waste (Japan)



*1 Regarding air quality control (SOx, NOx emissions) and water quality control (COD), we stopped setting targets in FY2021 but we continue to perform monitoring.

*2 1 PJ = 1 × 10¹⁵ J, 1 GJ = 1 × 10⁹ J

FY2022 Initiatives

Environmental mishaps

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

In terms of environmental incidents, there were six incidents (five in Japan, one overseas), including oil or chemical leaks and an administrative disposition that resulted from a failure in transmission of exhaust gas data, and there were seven complaints related to the environment, including smoke and odor complaints (two in Japan, five overseas). The number of environmental incidents increased and the number of environmental complaints remained almost unchanged from FY2021.

For each incident that takes place, the site where the incident occurred and the person in charge of environmental protection work together to communicate with external parties while taking measures to prevent recurrence.

To prevent similar incidents, we share measures to prevent the recurrence of incidents with all of the sites of the Group via a quick reporting system. In addition, we collect and share information about preventive measures that were implemented at meetings of environmental managers and other opportunities, as a part of our efforts to reduce risk.

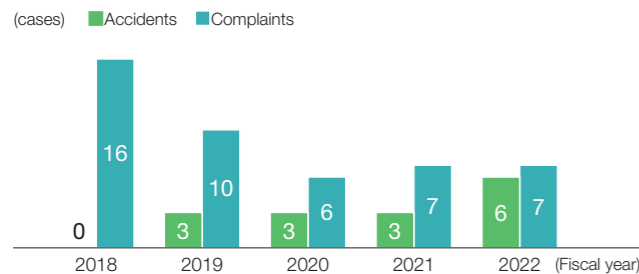
In FY2022, we increased the frequency of the meetings of environmental managers from two times a year to four, to share information on a timely basis and further reduce risk. We will continue this initiative in FY2023.

In FY2022, regarding lawsuits, fines or forfeits related to the environment, there were two cases overseas where we paid fines.

- Nikkei MC Aluminium (Kunshan) Co., Ltd.**
 - A fine imposed for the violation of rules regarding the management of pollution emission permits
- NIKKEI MC ALUMINUM AMERICA, INC**
 - A fine imposed for the violation of the Clean Air Act

*The number of environmental mishaps is based on reporting dates in the quick reporting system while the number of lawsuits, fines or forfeits is based on dates of their occurrence. Accordingly, the number of environmental incidents and the number of lawsuits, fines or forfeits in each fiscal year may be inconsistent with each other.

Number of environmental mishaps that occurred



*Incidents: Environmental mishaps that affect external parties, environmental mishaps that were subject to administrative disposition, penalty or similar actions, and other incidents. Complaints: Environmental complaints lodged by external parties

Environmental Audits

At the NLM Group, the person 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 mishaps similar to past environmental mishaps will occur, and the status of countermeasures that have been put in place. The audits are conducted for the following purposes.

- Checking the status of compliance with environmental laws and regulations and the status of the environmental management of the NLM Group
- Improving environmental management capabilities

In FY2022, environmental audits were conducted at 16 sites in Japan and one overseas (1 site in China) and 63 problems were identified.

The number of identified problems increased from the previous fiscal year. This is because the audits were conducted remotely in the previous fiscal year due to the COVID-19 pandemic. Environmental audits conducted by visiting sites were resumed in FY2022, resulting in the identification of matters that were not noticed in remote audits.

Regarding compliance with laws and regulations, the number of problems related to industrial waste disposal increased. There was an increase in insufficiencies pointed out regarding standards for the storage of industrial waste in addition to insufficiencies regarding the provision of waste information to, and on-site confirmation by, waste disposal contractors. We will continue to point out problems, take corrective actions and hold training sessions on the Waste Management and Public Cleansing Act held within the Group.

However, there was a slight decrease in the number of identified problems related to emergency response readiness, which had been trending upward until the previous year. This is the result of our repeated pointing out of problems and taking corrective actions to address insufficiencies in measures to prevent oil or chemicals from splashing in the event of pipe fracture and in the placement of sandbags or absorbent mats in places for storing or feeding oil to prevent the outflow of oil in the event of a leak, and other situations, and sharing these examples at meetings of environmental managers.

After the environmental audits have been conducted, the corrective actions are supported by the person in charge of environmental protection as needed, and monitoring continues until all corrections are complete.

Environment-related public qualifications held by employees (number of people)

Qualification	Required number	Number of holders
Pollution Control Manager	Air	24
	Water	30
	Noise	16
	Vibrations	16
	Dioxins	14
	General dust	4
Engineering Manager of Industrial Waste Treatment Facilities	2	6
Manager of Industrial Waste Requiring Special Management	Waste other than infectious waste	32
	Infectious waste	4
Qualified Person for Energy Management	Heat and electricity	19
Certified Environmental Measurer	Density	0
	Noise and vibrations	0

Processing of polychlorinated biphenyls (PCBs)

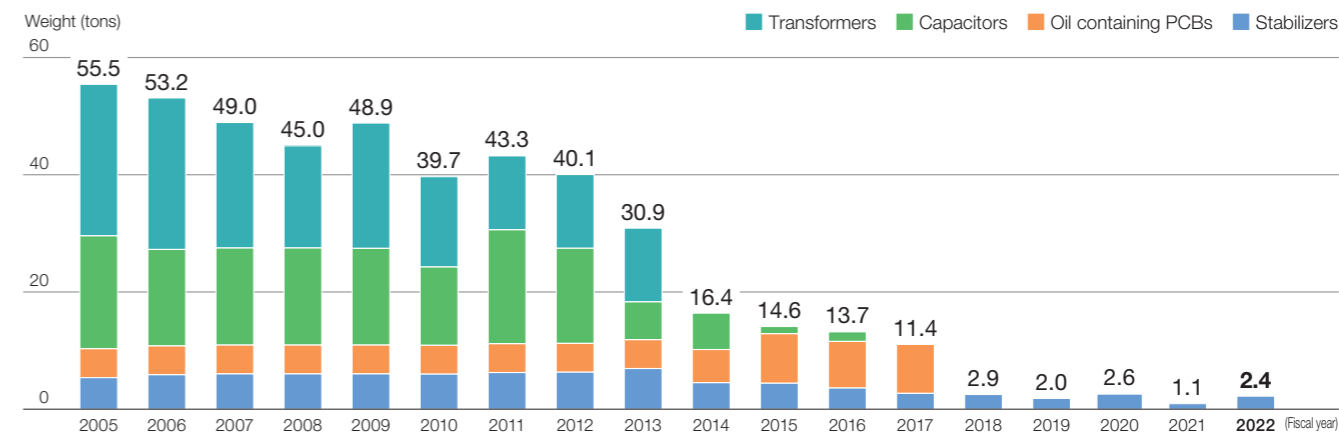
At the NLM Group, we process electric equipment and other goods containing PCBs in accordance with the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes.

Regarding equipment containing high-density PCBs, a stabilizer containing high-density PCBs was discovered in FY2022. We therefore conducted an equipment survey again at all sites. As a result, similar stabilizers were discovered at multiple sites, which resulted in an increase in the storage quantity. We have completed the registration of all of these pieces of equipment for processing by the Japan Environmental Storage & Safety Corporation (JESCO), which engages in the

Training sessions on laws that were held/are planned

Environmental laws and regulations	2017	2018	2019	2020	2021	2022	2023
Air Pollution Control Act	●						○
Noise Regulation Act				●			
Vibration Regulation Act				●			
Offensive Odor Control Act						●	
Act on Special Measures against Dioxins							●
Water Pollution Prevention Act	●				●		
Soil Contamination Countermeasures Act		●	●				
Waste Management and Public Cleansing Act		●	●	●	●		
Fire Service Act					●		
Chemical Substances Control Law, PRTR Law						●	
(Information about revisions of laws)	●	●	●	●	●	●	●

Changes in the quantity of stored equipment containing high-density PCBs



Conservation of biodiversity

The NLM Group Biodiversity Guidelines

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 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

At the NLM Group, we have formulated Biodiversity Guidelines and are advancing activities to preserve biodiversity at our sites in Japan and other countries. To give examples of the activities in FY2022, Nikkei Siam Aluminium Limited in Thailand built

artificial reefs and planted mangrove trees, thus helping preserve marine ecosystems. We also collaborate with companies on the supply chain in supporting the prevention of wildfires, thus helping prevent wildfires' destruction of ecosystems.

Development of Environmental Human Resources

Encouragement to acquire public qualifications related to the environment

At the NLM Group, we believe that learning about laws through acquisition of public qualifications related to the environment is an effective means of developing human resources who can respond promptly to changes in environmental laws and others. Based on this belief, we encourage employees to acquire various qualifications. To facilitate smooth generational change, we are committed to the education and development of younger generations and strive to secure human resources.

Training sessions on laws and regulations

We regularly hold training sessions on the environmental laws and regulations that apply to the NLM Group. In FY2022, 151 employees participated in training sessions that were held on the Act on the Regulation of Manufacture and Evaluation of Chemical Substances (Chemical Substances Control Law), the Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement (PRTR Law) and the Poisonous and Deleterious Substances Control Act, which are related to chemical substances, as well as the Offensive Odor Control Act. We also shared information about revisions to environmental laws and regulations.

In FY2023, we plan to hold training sessions on the Air Pollution Control Act and the Act on Special Measures against Dioxins.

Action on Climate Change — Disclosure Based on the TCFD Recommendations

Basic Approach

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

Governance

To build a structure for taking action on climate change, we have set up the Group Environmental Committee and the Group CSR Committee, which are chaired by the president. Guided by these committees, we formulate plans of action to promote sustainability, including action on climate change. In addition, to enable the NLM Group to further solidify its growth strategy by planning and executing an optimal decarbonization strategy amid the global trend toward decarbonization, we have

complying with related laws and regulations. We have identified action on climate change as one of the NLM Group's material issues. We will strive to enhance the content of the information we disclose in accordance with the TCFD recommendations.

established the Green Growth Strategy Office, which integrates authorities and responsibilities. With this, we are taking an integrated approach to pursuing the Group's initiatives to achieve carbon neutrality, through steps such as securing green aluminum, customer demand for which has been increasing, and the establishment of a circular supply chain in which used aluminum is reused as a material, in addition to engaging in existing energy-saving and recycling activities.

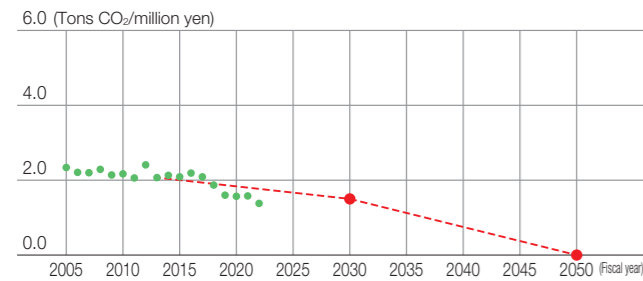
Changes in CO₂ Emissions (Scopes 1, 2 and 3), Indicators, and Targets

At the NLM Group, we have added Scope 3 emissions to Scopes 1 and 2 and are pushing forward with initiatives to ensure that greenhouse gas emissions (emissions per unit of sales) in 2030 will be 30% lower than the level in FY2013 (Scopes 1 + 2: 2.07

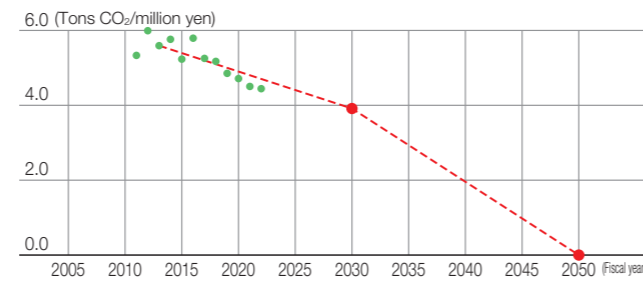
tons CO₂/million yen, Scope 3: 5.60 tons CO₂/million yen), with the goal of achieving carbon neutrality by 2050. In FY2022, total emissions and CO₂ emissions per unit of sales decreased from the previous fiscal year for both Scopes 1 + 2 and Scope 3.

CO₂ emissions (Scopes 1, 2 and 3)

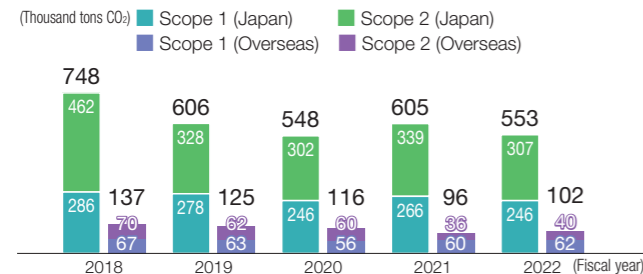
Changes in CO₂ emissions per unit of sales (Scopes 1 and 2) (Japan)



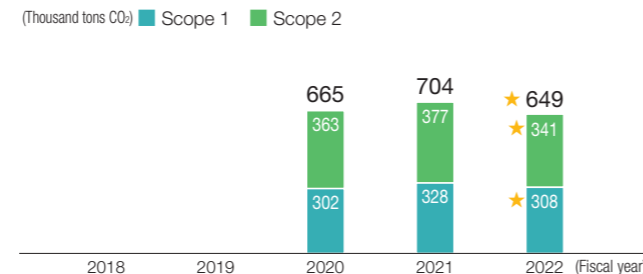
Changes in CO₂ emissions per unit of sales (Scope 3) (Japan)



Changes in CO₂ emissions (Scopes 1 and 2) (Japan and overseas)



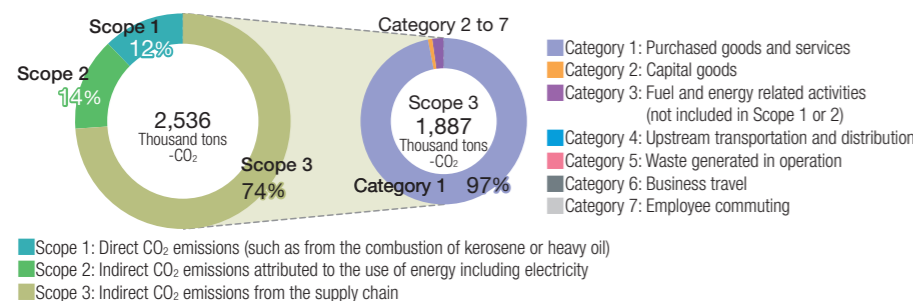
Changes in CO₂ emissions (Scopes 1 and 2) (Japan and overseas)



*The left bar for each year indicates emissions in Japan (April to March) and the right one indicates the value for other countries (January to December).

*In FY2020, we began to combine values in Japan and overseas (for April to March). Accordingly, the values may differ from the sum of the values for Japan and overseas in the left graph.

CO₂ emissions including Scope 3 emissions (FY2022)



[Basis for Calculations]
 Boundary: 31 manufacturing subsidiaries of the consolidated subsidiaries in Japan / 12 manufacturing subsidiaries of the overseas consolidated subsidiaries
 *Greenhouse gas emissions (Scopes 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: Emission factors of the respective countries shown in CO₂ FCOMB 2017 from the IEA for FY2021 and before and those shown in CO₂ FCOMB 2020 from the IEA for FY2022 / 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.

Risk Management

At the NLM Group, we regard climate change risks as one of the most important sets of managerial risks. To manage these risks, we conduct scenario analyses regarding the risks and opportunities for the period until 2030. For the risk items that are determined to be highly important, we will conduct quantitative analyses before enhancing disclosures and will push forward with initiatives to achieve our targets. While only Nippon Light Metal Co., Ltd. was the subject of analysis last fiscal year, this fiscal year we are gradually expanding the scope to analyze the

degree of impact climate change will have on major segments of the Group as well. Going forward, we plan to conduct scenario analyses from a longer perspective for the period until 2050.

We will report details of the analyses to the Group Environmental Committee and the Group CSR Committee and formulate risk management plans by working together with the Green Growth Strategy Office. At the same time, we will regularly report to the Board of Directors, thus strengthening the measures for addressing climate change risks.

Strategy

To disclose information in accordance with the TCFD recommendations, the NLM Group conducts analyses based on two scenarios to clarify the difference in the impact between the scenarios. One is the 4.0°C scenario which assumes that climate change will not be addressed. The other is the 1.5°C scenario, which assumes that the strongest regulations will be imposed. We have set FY2030 as the target year to ensure that the analysis results will be sufficiently persuasive. We also plan to conduct analyses with the target year being FY2050, when the impact of climate change is expected to be more remarkable.

Core Technology Co., Ltd., Nippon Fruehauf Co., Ltd., and Nikkei Panel System Co., Ltd., in addition to the Chemicals Div. and Sheet Products Div. of Nippon Light Metal Co., Ltd. that were included in the scope of calculation last fiscal year. However, all segments have yet to be included in the calculation because we work in a wide range of business fields.

Further, we are calculating the degree of impact of the risks and opportunities by expanding the scope of the calculation to major Group companies including Nikkei MC Aluminium Co., Ltd., Nikkeikin Aluminium

At present, we have projected what the world will be like in FY2030 based on reference materials from external sources and listed risks and opportunities that may occur there. We evaluated the level of impact of each item in each predicted scenario from two perspectives, the probability of occurrence and the level of impact if the event occurs, and mapped them. The major items are as follows.

Category	Description of the risk/opportunity in the scenario	Degree of impact	
		4.0°C scenario	1.5°C scenario
Risks	Transition Policy and regulatory risks	Low	High
	Transition Policy and regulatory risks	Low	Medium - High
	Transition Technological risks	Medium	Medium - High
	Transition Market risks	Low	Medium - High
	Physical Acute	Medium	Medium
Opportunities	Transition Products and services	High	High
	Transition Resource efficiency	Low - Medium	Medium - High

It is expected that, toward 2030, the ratio of eco-friendly vehicles in automotive sales and manufacturing will increase in not only the 1.5°C scenario but also in the 4.0°C scenario, which assumes that climate change will not be addressed.

weight to increase travel distance. At the NLM Group, we have set the growth rate of sales of products for eco-friendly vehicles as one of our material issues. Our target is to increase the rate by 300% compared to the FY2021 level by FY2030. We aim to achieve the target through initiatives such as improving the comprehensive capability of the Group as a whole to make suggestions to the automotive market.

We expect an increase in the demand for aluminum products resulting from an increase in eco-friendly vehicles, including demand for materials for batteries to be installed in these vehicles and materials for heat dissipation for cooling, in addition to the need to decrease vehicle

Policy

At the NLM Group, we have set a policy that is a part of our Management Policy, which states, "The Group will continuously provide diverse value to customers by deepening the level of collaboration and coordination within and outside the Group."

And we have adopted the NLM Group's Quality Policy, which states that "The Group will earn the satisfaction and trust of its customers by providing distinctive products and services with reliable quality and safety."

We determine our quality policy for each fiscal year based on this NLM Group's Quality Policy and in light of the issues that emerge each year. The Quality Policy is considered by the Central Product Safety & Quality Assurance Administration Dept. and decided on by the Group Quality Committee.

The Quality Policy is aimed at "providing safe and secure products and services," a material issue that was identified based on "responsible procurement, production and supply" as a key material issue theme of the NLM Group.

Further, 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.

FY2022 Quality Policy

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

Framework

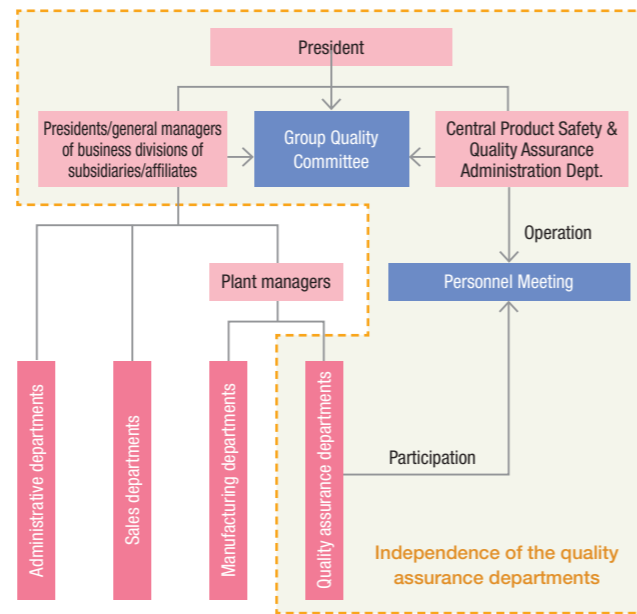
The Group Quality Committee meets two times a year to propel the Group's quality assurance and management activities. The Group Quality Committee is chaired by the president of NLM HD, and presidents of subsidiaries and general managers of business divisions participate in the meeting as members of the Committee.

In addition, the Personnel Meeting, which is attended by general managers of quality assurance departments from Group companies, is held four times a year. Information about issues and improvement activities are shared at this meeting to improve the level of personnel in charge of practical quality assurance tasks.

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 Administration Dept. under the direct control of the president. The department has overall control of the quality assurance departments of all Group companies and segments in the NLM Group. The Central Product Safety & Quality Assurance Administration Dept. is able to make decisions independently and has the authority to issue work orders (such as orders for quality audits and full quality checks), among other authorities. In addition, the quality assurance departments of each Group company and segment are also independent of production departments, thus ensuring independent operations.

Quality Assurance Structure



Plan

FY2022 Action Plan

1. We will establish social credibility by strengthening legal compliance and quality risk management.	<ul style="list-style-type: none"> • Awareness-raising activities by the Group 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 handling of serious quality problems in response to alerts
2. We will ensure safety and quality of products.	<ul style="list-style-type: none"> • Establishment of a quality assurance framework for new businesses • Support for the launch of new products at Group companies
3. We will satisfy and win the loyalty of customers.	<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 • Quality Jishunken (independent studies of quality (program for improving quality assurance capabilities))
4. We will cultivate human resources with the quality assurance skills required to reduce global expansion risks.	<ul style="list-style-type: none"> • Initiatives to make improvements at key overseas sites • Support from the mother factory in Japan for overseas factories

Initiatives in FY2022 and Evaluation

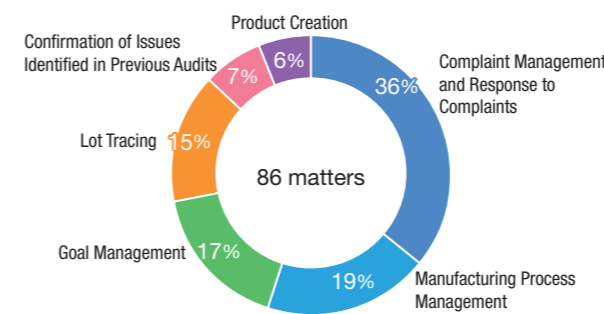
Quality Audits

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

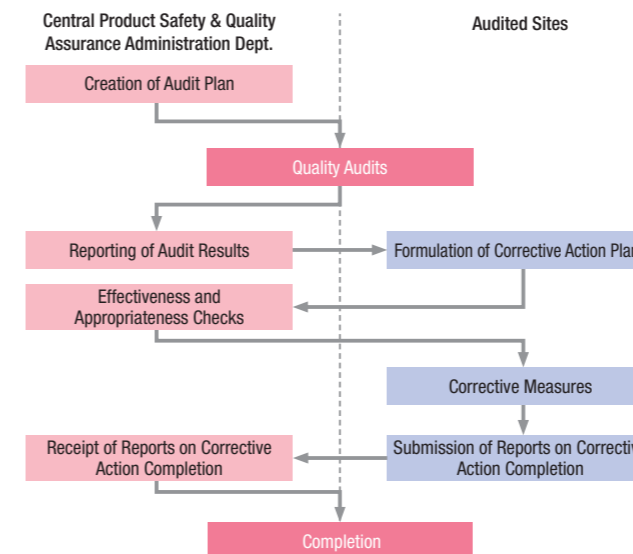
In FY2022, we audited 48 facilities in Japan. The quality audits involved various checks, including the management status of complaints, the new product launch process, delivery specifications exchanged with customers, and the process for creating and issuing inspection certificates provided to customers. While no serious issues were uncovered, 86 matters were pointed out. For example, it was pointed out that in responding to complaints regarding defects attributed to outsourcing contractors, communication paths with the outsourcing contractors had not been made clear. In response, the sites concerned created draft plans for corrective action, and the Central Product Safety & Quality Assurance Administration Dept. checked the validity and appropriateness of the corrective action before it was taken. We also verified that corrective action regarding all of the identified issues was complete.

In addition, proposals were also made to raise the level of quality management at each site and establish better management standards. For example, while the number of complaints was kept at a low level, our target is zero complaints. To achieve this target, we proposed the implementation of not only recurrence prevention measures but also preventive measures, including the horizontal development of the recurrence prevention measures.

Classification of Issues Identified in Quality Audits



Steps of Quality Audits



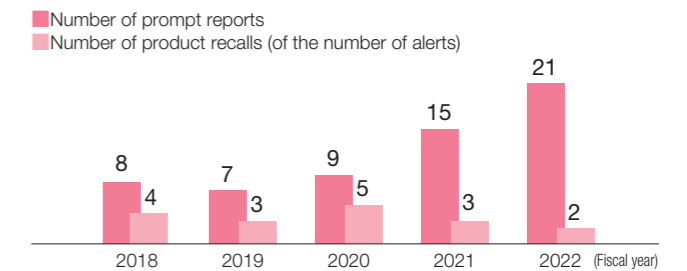
Sharing and Utilizing Complaint Information

In the NLM Group, the Central Product Safety & Quality Assurance Administration Dept. 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. Further, in FY2022, the provision of information began to be required at the stage where such a problem is likely to occur.

And the definition of serious quality problem was expanded in FY2022 with the addition of a rule requiring that the discovery of a non-conformity to public standards such as JIS violations shall also be reported. As a result, in FY2022, 21 serious quality problems were reported as alerts, including 12 serious quality problems of non-conformity to public standards such as JIS violations.

Number of serious quality problems



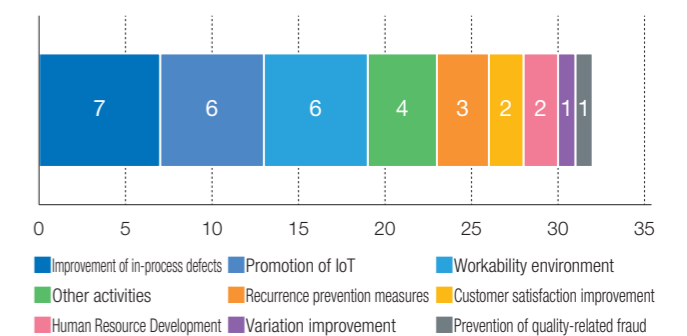
Contest to showcase success stories

We organized a contest to showcase success stories with the goal of sharing success stories about improvements made within business segments and by affiliates and exploring the possibility of their horizontal development. We have thus pushed forward with the improvement of quality skills through specific improvement examples.

Looking at the categories of stories submitted, stories about the promotion of IoT have been increasing, and the automated importing of inspection results and the enhancement of quality-related systems were recognized.

Number of examples as entries in FY2022: 32

Categorization of stories as entries to the contest to showcase success stories



Policy

At the NLM Group, we believe that human resources form the foundation for the creation of social value and the enhancement of corporate value. We strive to improve employee engagement through the creation of workplaces which are both fulfilling and comfortable. We enable highly diverse individuals to demonstrate their capabilities in their workplaces, so that the personal development of individuals leads to the growth of unique, autonomous organizations and builds a cycle of individual and organizational growth in our efforts to achieve the sustainable improvement of the Group's capabilities. Further, we will enhance engagement within the Group by reinforcing the Group's cooperative structure and work to enhance our corporate value by creating social value as Team NLM.

Regarding the establishment of a workplace environment that is the foundation of comfortable working conditions, in FY2021 we set, "The Group will build its workplace environment in a well-planned manner under the philosophy, 'Employees are

assets,' to increase the sense of unity of companies and employees," as the Group's basic policy on employment welfare.

In addition, the state in which the safety and health of every individual employee is maintained is a prerequisite for fulfilling and comfortable workplaces. We are planning initiatives to ensure employees' safety and help them maintain and improve their good health, which is a step ahead of safety, in accordance with the Group's basic policy: The Group will create healthy, safe workplaces, and achieve zero-accident operations.

To strengthen engagement, multidimensionally deepening communication is essential. The initiatives to improve the Group's capabilities through the relocation and consolidation of the Group's head office in 2019 were at a standstill due to the prolonged impact of COVID-19, but the Group is gradually beginning to resume them. We understand that our future task is to achieve both the continued improvement of productivity and the deeper communication with new workstyles leveraging teleworking.

Happiness of Employees, a Material Issue Theme

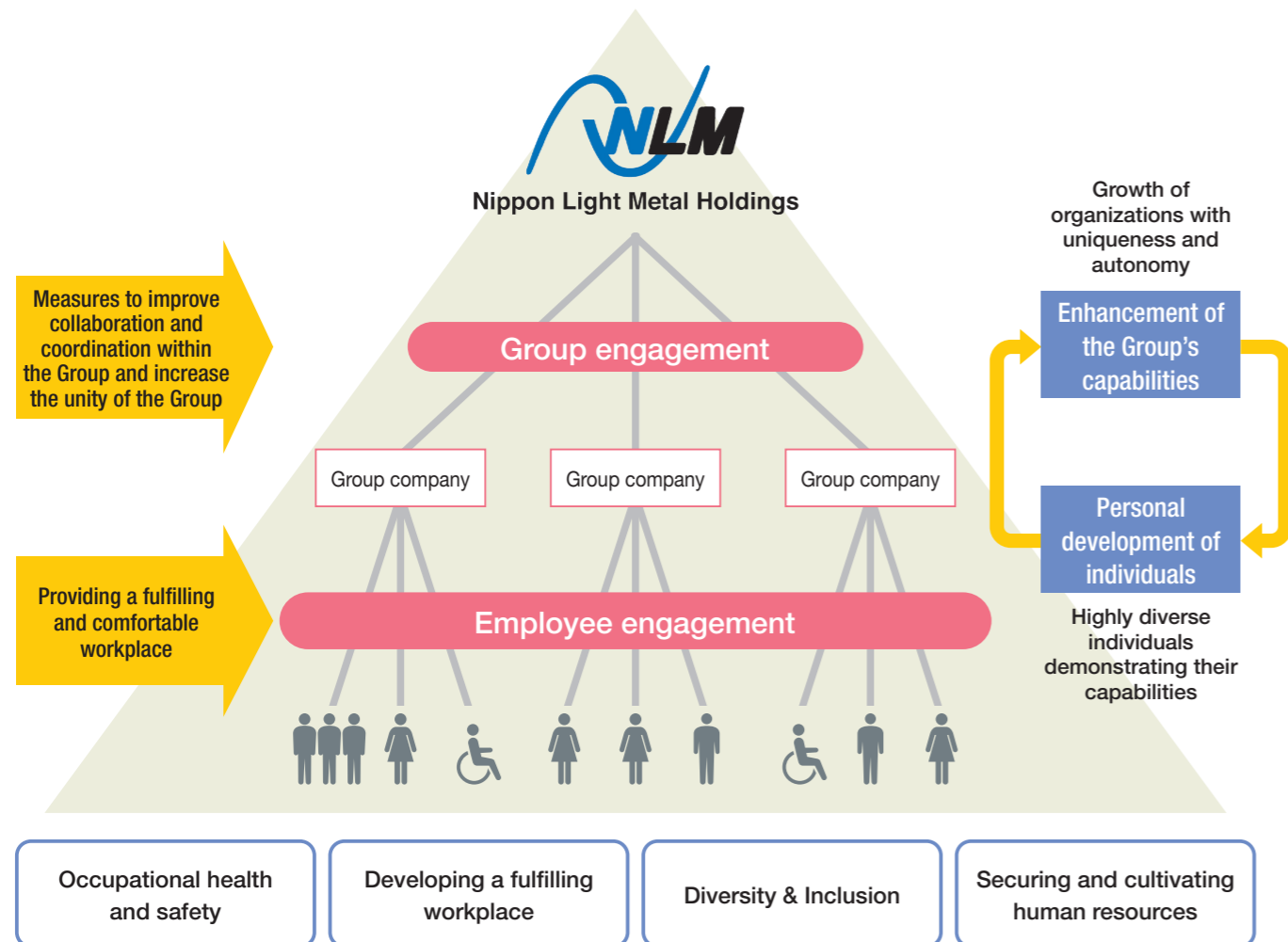
At the NLM Group, we have set the happiness of employees as one of the material issue themes. We believe that human resources are important assets of the Group and protecting and pursuing the happiness of employees and their families is a basic part of human resource strategy. We have set occupational health

and safety, developing a fulfilling workplace, diversity & inclusion and securing and cultivating human resources as materials issues to be addressed to achieve the happiness of employees.

G: The Group's initiative, NLM: Initiative implemented solely by NLM

Material Issues	Reason for selection and main measures (including planned measures)
Occupational health and safety	As stated in the Group Safety and Health Policy, "Safety and health come before anything else," ensuring employees' safety and health forms the foundation of corporate activities. In addition, it is necessary to promote further measures to protect the smiles of employees and their families and achieve zero accidents, which is why we have selected this as a material issue. Main measures <ul style="list-style-type: none"> Preventing injuries and the recurrence of similar injuries using the five gen principle (Genchi or onsite, Genbutsu or products, Genjitsu or reality, Genri or principles, and Gensoku or rules)/ G Soliciting safety slogans and safety posters/ G Commending business sites with zero accidents/ G
Developing a fulfilling workplace	To enhance the Group's corporate value, we need to enable the employees working for the Group to experience happiness and improve employee engagement in a sustainable manner. To improve employee engagement and strengthen group engagement, it is important that each Group company work proactively to create workplaces which are both fulfilling and comfortable, which is why we have selected this as a material issue. Main measures <ul style="list-style-type: none"> Social contribution activities (support for wheelchair rugby)/ G Being recognized under the Certified Health & Productivity Management Outstanding Organizations Recognition Program/ G Giving workplace tours for employees' families/ G Introduction of a remote work program/ G
Diversity & inclusion	The NLM Group consists of diverse business entities. For the Group to enhance its corporate value through cooperation, it is essential that each Group company create workplaces where diverse values are respected and every employee can demonstrate their personal qualities and capabilities, which is why we have selected this as a material issue. Main measures <ul style="list-style-type: none"> Introduction of extension of the mandatory retirement age/ NLM Acquisition of Eruboshi and Kurumin certifications/ G Fortuna training for women/ G Establishment of the Group D&I Subcommittee/ G
Securing and cultivating human resources	Securing and developing the human resources that are the foundation for everything is essential for the Group to create new value for customers as Team NLM. Developing a structure and a climate that enables a company to secure diverse human resources, develop appropriate leaders, and enhance the capabilities of individual employees is important for sustainable growth of the company, which is why we have selected this as a material issue. Main measures <ul style="list-style-type: none"> Joint recruitment by the Group/ G (3 companies) Tiered training of Group employees/ G Overseas training/ NLM

Enhancing corporate value by creating social value as Team NLM



Establishment of the NLM Group Business Conduct Guideline

At the NLM Group, we have newly established the NLM Group Business Conduct Guideline. (See page 1 and page 90.) When we revised our Management Policy in May 2022, we shifted from a policy that emphasized the provision of profit to one that focuses on provision of value and made a fresh start as a corporate entity determined to preserve the value of our stakeholders, including employees, business partners, and local communities, as well as our own value. Our plan was also to formulate the Business Conduct Guideline in a bottom-up manner, aiming to create a document that employees could understand and connect with. The new Business Conduct Guideline stipulates a set of values and a code of conduct that employees value in their work for the NLM Group. The values and code of conduct are based on stories about "My experience of the NLM Group' uniqueness" submitted by Group employees (period for submission: October 31, 2022 to November 13, 2022, total number of submitted stories: 239) and the experiences of 36 members of the project to formulate the Business Conduct Guideline who are Group employees. After formulating the Business Conduct Guideline, we planned initiatives to disseminate the Business Conduct Guideline and put it into practice within the Group. At present, each meeting body is working to ensure the Business Conduct Guideline is understood deeply through discussion of the contents of the Business Conduct Guideline and the creation of its design.

Project to formulate the Business Conduct Guideline

Members	36 employees from 16 Group companies (average age 38) Nippon Light Metal, Nikkei Logistics, Nikkei Panel System, Toyo Rikagaku Kenkyusho, Nikkei Sangyo, Nikkei MC Aluminum, Nikkei Matsuo, Nikkei Engineering, Nippon Electrode, Nikkei Information Systems, Nippon Fruehauf, Nikkei Technology Center, Nikkei Kambara, Nikkeikin Aluminum Core Technology, Nikkei Niigata, Riken Light Metal Industry
Active period	November 2022 to April 2023
Details of activities	Held orientation workshops (6 times in total) Discussions with the Group's management (twice in total) Editorial meetings by core members (3 times in total)



Project members

A workshop

Occupational health and safety

Policy

The Group Safety and Health Policy has been formulated as follows in accordance with the basic principle of the NLM Group Management Policy, namely to create a safe and healthy workplace and achieve zero accidents.

Safety and health come before anything else.

- Make it a basic principle to work every day in good physical and mental health, without injury, and with a sense of security and job satisfaction.
- Continue to improve the work environment and ensure that each other observe the basics (behaviors) by being attentive to each other.
- All employees shall play a leading role in creating a safe and healthy workplace and achieving zero accidents.

Framework

The Group Safety and Health Committee is the highest decision-making body responsible for safety and health management at the NLM Group. This committee is chaired by the president of NLM Holdings, and the top individuals representing labor and management, including presidents of major Group companies and labor union representatives, 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 revise or abolish 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. The following two meeting bodies have been established to facilitate coordination with these committees.

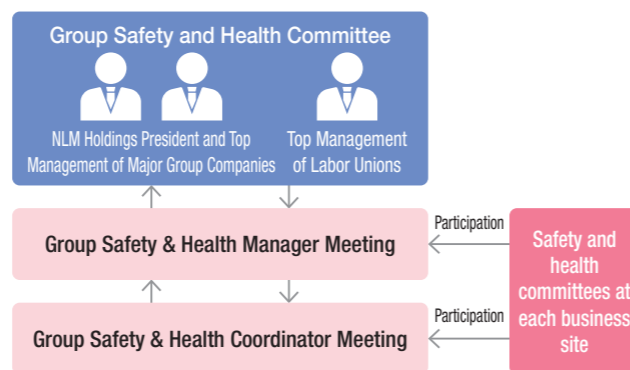
● Group Safety & Health Manager Meeting

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.

● 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 four times a year to verify operations at each business site and share information.

Safety and Health Management Framework



Plan

FY2022 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 ● Improvement of the Safety & Health Coordinator Meeting ● Disaster information sharing (monthly report)
2. Improving Field Capabilities	<ul style="list-style-type: none"> ● Safety and health education
3. Enhancing Management Capabilities	<ul style="list-style-type: none"> ● Compliance with laws and regulations ● 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)
5. Managing Health	<ul style="list-style-type: none"> ● COVID-19 control measures ● Influenza control measures

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

Regarding the prevention of accidents, we increased the frequency of the Safety & Health Coordinator Meeting from two times year to four

times a year. While the meetings are held remotely due to COVID-19, we have strengthened the sharing of information to expand measures.

We also distribute a monthly newsletter to enhance the sharing of information, including accident information, and help share information with each business site. The newsletter reports details of accidents that have occurred and the status of accidents, promotes awareness and provides other information.

To enhance management capabilities, we confirm the laws and regulations which apply to each business site and hold training sessions on safety-related laws and regulations (including the Industrial Safety and Health Act) to ensure compliance with the law. Moreover, 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.

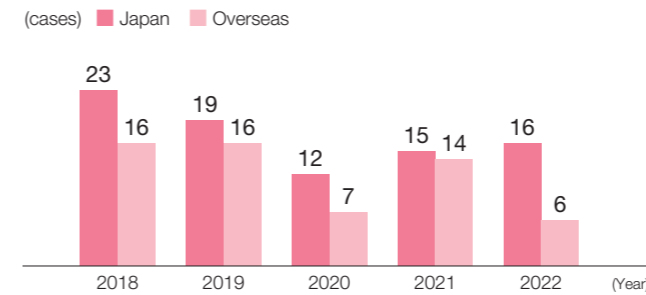
In terms of improving technical capabilities, in 2000 we created equipment safety standards based on international safety standards and have since promoted the improved safety of machinery and equipment. We introduced risk assessments in 1998 as a risk mitigation approach and have fostered the development of safety practitioners through widespread training.

Since 2011, we have been focusing on the development of skilled safety personnel by providing Safety Engineer and Safety Foreman training to facilitate a deeper understanding of general machinery safety.

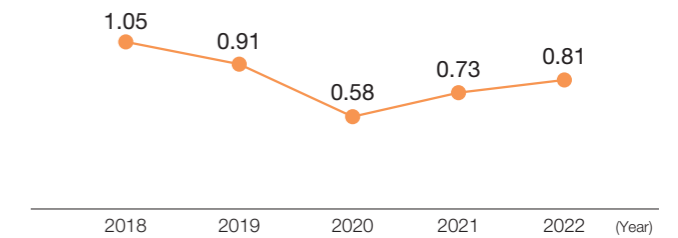
*JISHA: Japan Industrial Safety & Health Association

Workplace Injury Trends

Number of lost-time injuries



Frequency rate of lost-time injuries



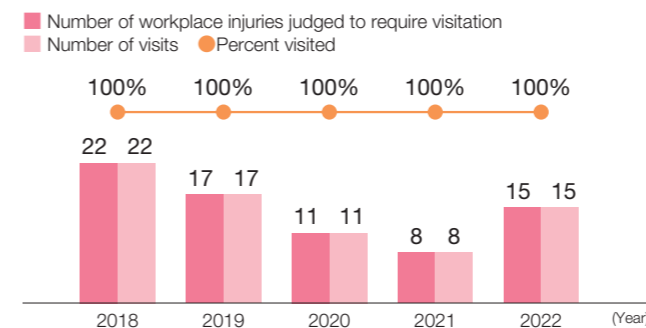
FY2022 Initiatives

Investigations of workplace injuries and the prevention of their recurrence from a third-party perspective

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, investigate into the cause. This is followed by the consideration and implementation of 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, as the second line of defense, the Safety and Health Control Department of NLM Holdings inspects 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 verify the effectiveness of the countermeasures that were implemented and whether they have taken root firmly, among other points. Further, this initiative enables countermeasures based on specialized knowledge, such as the incorporation of best practices from other business locations. In addition, activities to prevent workplace injuries at business locations where workplace injuries occurred were supported by giving instructions on how to streamline processes of analyzing the causes of workplace injuries and formulating countermeasures, explaining legal regulations, advising them to receive training from external institutions and taking other measures.

Percent of business locations where workplace injuries occurred that are visited

Percent of business locations where workplace injuries occurred that are visited



Support for priority business sites

In 2022, there was one fatal injury. We deeply regret this irreparable accident.

Therefore, members of the Safety and Health Control Department of NLM Holdings proactively visited the business

site in question and dedicated themselves to implementing countermeasures, preventing recurrence and improving health and safety.

In addition, there are some business locations where injuries have not decreased despite safety activities (including the 2Ss, safety education, and risk assessments). Members of the Safety and Health Control Department continually visit those sites to investigate the causes and consider improvements.

Safety and health education

	FY2018	FY2019	FY2020	FY2021	FY2022
Number of times the training was held	56 times	31 times	19 times	23 times	19 times
Trainees (total)	985	622	291	372	266

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 low voltage electricity
- Equipment safety training
- Risk assessment training
- Safety engineer (SE) training
- Safety foreman (SF) training
- Special training for workers handling dust

2022 evaluation

Although we implemented a range of initiatives in 2022, we were unable to achieve a reduction in workplace injuries in Japan.

One reason is that we were not able to reduce the injuries due to workers being pinched or caught in machinery or equipment, which we worked intensively to reduce through activities including comprehensive inspections. (Five lost-time injuries in 2021 --> Five in 2022) The number of falls, which increased (to four) in 2021, decreased to two in 2022 due in part to the enhancement of initiatives to prevent falls.

How to prevent injuries due to workers being pinched or caught in machinery or equipment remains an issue.

Developing a fulfilling workplace

Policy

At the NLM Group, we have established a policy related to the improvement of internal environment (Internal Environment Improvement Policy), aiming to make the workplace more fulfilling and comfortable. Further, we included the slogans, “Go-an-zen-ni! (Work safely!)” and

Internal Environment Improvement Policy

- We will create workplaces where all human resources can work safely in good health.
- We will create workplaces with good communication where people can have peace of mind and job satisfaction.
- We will create workplaces where diverse values are respected and all employees can work vibrantly.

“May I” and “Give it a try” in the NLM Group Business Conduct Guideline, encouraging employees to take advantage of opportunities to be aware of safety and the creation of workplaces where we can take on challenges and put our awareness into practice in our everyday work.

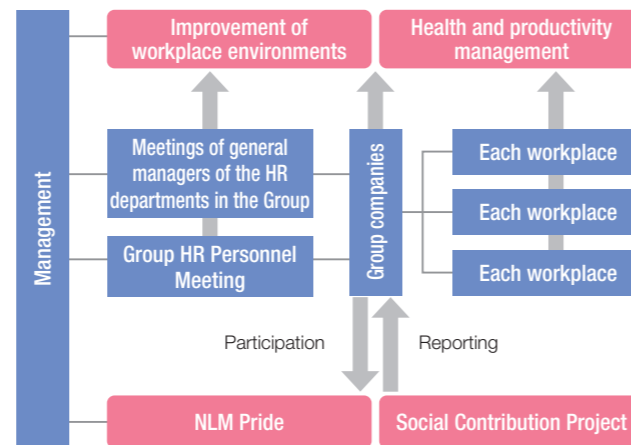
NLM Group Business Conduct Guideline

- Go-an-zen-ni! We never let our team members get hurt. “Show up smiling, go home smiling” is our goal.
 - “May I” and “Give it a try” We encourage the mindsets of “May I” and “Give it a try” to keep us willing to take on new challenges.
- (Excerpt)

Framework

While a fulfilling workplace is created mostly through initiatives taken within each workplace of each Group company, the NLM Group also implements initiatives which lead to the happiness of employees from the perspective of the Group as a whole. The improvement of the workplace environment and health and productivity management are considered at regular meetings of the general managers of the HR departments of major Group companies. Further, plans and achievements are shared at the Group HR Personnel Meeting held once a year. We are encouraging voluntary participation in NLM Pride and Social Contribution Project activities by continuing to call on Group companies proactively and reporting activities via the internal newsletter and intranet. Group employees and senior management participate in these activities. Through frank interactions beyond the boundaries between companies and positions, they are committed to building a structure for widening and deepening the relationships between the people working for the Group.

Structure for developing a fulfilling workplace



Plan

Improvement of workplace environments and health and productivity management

At the NLM Group, we began to consolidate and share information about each Group company’s plans for investing in employee welfare in FY2020 to drive the creation of a comfortable workplace environment through enhancement of employee welfare. Persons in charge mutually confirm the progress of the plans through on-site observation of good examples within the Group and tours of other companies’ facilities, in their efforts to drive the improvement of the Group’s workplace environments. For the creation of comfortable, fulfilling workplaces, each Group company plans to introduce health and productivity management because the physical and mental health of employees working there form the foundation of their workplaces.

NLM Pride and Social Contribution Project

We planned NLM Pride and the Social Contribution Project as activities to enhance engagement with employees across the entire Group. We launched NLM Pride in 2020 to enable employees to feel happy to work for the NLM Group and develop pride in their working for the NLM Group and an attachment to the Group. We intend to plan activities to enable

employees and their families to learn about the attraction of the Group, such as workplace tours for Group employees’ families and supporting the Group team’s participation in the Fuji Tozan Ekiden, a long-distance relay race. In addition, we plan to quantify how fulfilling workplaces are using an engagement survey in 2023. We will promote the creation of fulfilling workplaces based on KPIs across the Group.

In the Social Contribution Project, in April 2020 the NLM Group signed an official sponsorship agreement with the Japan Wheelchair Rugby Federation. Through activities supporting wheelchair rugby, Group employees participate in sports for people with disabilities in our efforts to strengthen group engagement and increase understanding of diversity and inclusion.

Investment in employee welfare* Unit: million yen

	FY2021	FY2022	FY2023
Plan	599	487	644
Results	266	544	—

*Total of the major projects of 18 major Group companies in Japan

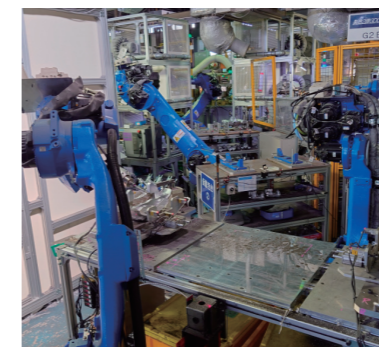
FY2022 Initiatives

Improvement of workplace environments

Regarding each company’s investment plans, we consolidated and shared information from 18 major Group companies in Japan regarding three points: (1) progress against the FY2022 plan, (2) investment plan for FY2023 and (3) medium- to long-term investment plans. Regarding (1) progress against the FY2022 plan, the actual amount invested was 544 million yen, compared to the 487 million yen in the investment plan for the 18 Group companies, despite problems including delays in some projects that resulted from the COVID-19 pandemic. The amount exceeded the planned amount due to an increase in projects to improve workplace environments in response to the needs of employees, which reflected the labor shortage, in addition to the front-loaded implementation of plans. Regarding (2) investment plan for FY2023, a total of 644 million yen is planned for 18 Group companies. In addition, looking at (3) medium- to long-term investment plans, Group companies’ awareness and improvement initiatives are increasing steadily, partly reflecting that we have set “Developing a fulfilling workplace” as a material issue, as well as issues to overcome to recruit and retain human resources. Therefore, we expect that investments will continue on their increasing trend. On the other hand, we also understand that we will need to take actions, such as improving environments in anticipation of the increased employment of diverse human resources, which will result from measures to address the aging of buildings constructed during the postwar economic boom as well as the promotion of diversity and inclusion. We are also studying new issues.

The tour of employee welfare facilities held in November 2022 attracted 24 people from 11 Group companies. They toured the facilities and had a session to exchange views. They toured the cafeteria, bachelors’ dormitory, and tennis court of the Nagoya Plant of Nippon Light Metal Co., Ltd., which was fully renovated in FY2019, and exchanged views as members of different Group companies. The tour was an opportunity to share good examples, become aware of and learn things related to the improvement of the workplace environment of each Group company.

One example of improvements related to employees’ work environment is the introduction of a molten metal supply robot in the process of delivering molten metal from the furnace and pouring it into the die-casting machine at Nikkei Matsuo Co., Ltd., which manufactures forged aluminum alloy products. Using this technology, the company also built a line in which robots work in coordination with each other. Thus, Nikkei Matsuo has automated the series of tasks from shearing to deburring and X-ray inspection. This has enabled Nikkei Matsuo to reduce the workload of its workers and the number of works that are required, resulting in the reduction of the amount of human work. It has also led to increased production efficiency, including shorter cycles and stable quality.



The line in which robots work in coordination

Health and productivity management

In March 2023, Toyo Rikagaku Kenkyusho Co., Ltd. was recognized under the Certified Health & Productivity



Management Outstanding Organizations Recognition Program (Small and Medium-Sized Enterprise Category).

The company was certified in recognition of its major initiatives for health and productivity management, specifically, for the payment of the full amount of expenses for complete medical checkups (for employees 35 years old or older), the payment of the full amount of the expenses for influenza vaccinations (for all employees), and measures to encourage employees to take paid leave (the granting of 20 days of paid leave to employees at the time they join the company, hourly paid leave and online application). Moving forward, we will position health and productivity management as a management strategy, including promoting Group companies’ acquisition of the certification, and improve employee engagement and productivity aiming to enhance our corporate value.

NLM Pride

In FY2022, the activities remained suspended due to the COVID-19 pandemic, but we considered new initiatives, aiming to resume the activities in FY2023. Regarding the workplace tours organized for Group employees’ family members (children), we planned the first tour of the head office after its relocation and consolidation, as well as initiatives linked to the Social Contribution Project. Regarding the activities supporting the NLM Group team in the Fuji Tozan Ekiden long-distance relay race, we will enhance the content of tours of the Group’s business sites and facilities that we hold for employees who participate in the activities, thus attracting more participants, in our efforts to achieve the further development of NLM Pride activities within the Group.

Social Contribution Project

During the COVID-19 pandemic, we were forced to cancel many activities. In FY2022, however, we resumed activities gradually at smaller scales.

For 2022 SHIBUYA CUP, an international wheelchair rugby competition that was held in November 2022, hosted by the Japan Wheelchair Rugby Federation, we asked employees of Group companies to join our group of spectators, and 32 people (Group employees and members of their families) watched the games. We asked for volunteers for the competition, and six Group employees participated. The spectators and volunteers said many things, including, “Having worked on social contribution activities as a part of the Group, I was able to feel that we are Team NLM.” Further, in March 2023, Nippon Light Metal Co., Ltd. signed a sponsorship agreement with Mr. Daisuke Ikezaki, a wheelchair rugby player, and became an Ikezaki Daisuke Official Partner. We plan to collaborate with Mr. Ikezaki in the provision of training for Group employees, participation in local events and other initiatives.



2022 SHIBUYA CUP, an international wheelchair rugby competition

Through these activities, we will ensure the importance of developing a fulfilling workplace is understood throughout the Group and pursue the happiness of employees, which contributes to Group management.

Diversity & Inclusion

Policy

We recognize that leveraging diversity as a strength of the Group is important for enabling the Group to continue to create new value. This makes it essential that the personal qualities and values of every employee are respected and it is essential for the Group to be a business entity comprised of diverse human resources and filled with vitality. Further, in the NLM Group Business Conduct Guideline, the code of conduct of "Team Nikkeikin(Team NLM)" states, "We count our team members' issues as "our own issues" and work together as a team to achieve our goals." We believe that the mutual respect and acceptance of all employees and the

self-directed actions they take as members of Team NLM will lead to the greater creativity and increased productivity of Group companies and the NLM Group as a whole.

NLM Group Business Conduct Guideline

- Team Nikkeikin(Team NLM)
We count our team members' issues as "our own issues" and work together as a team to achieve our goals. (Excerpt)

Framework

The NLM Group consists of diverse business entities. Because their work environments are also diverse, it was difficult to take across-the-board initiatives to increase diversity. While each Group company took initiatives independently, they were insufficient from the viewpoint of the overall Group.

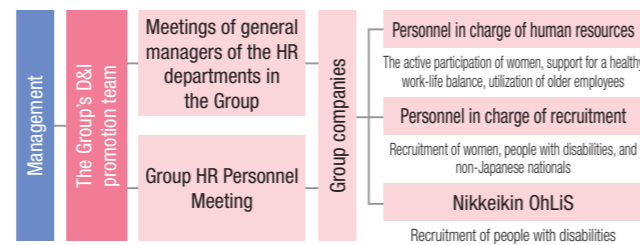
At present, the tasks to be implemented to increase the diversity of the Group's human resources and promote their active participation are shared and relevant policies are discussed at regular meetings of general managers of the HR departments in the Group. Indicators for the entire Group, such as the employment rate of people with disabilities, the percentage of new employees that are women, and the percentage of managers that are women, are monitored, and plans for future job development are shared at the annual Group HR Personnel Meeting. New initiatives and good examples from Group companies are also shared at this meeting to increase the diversity of the Group as a whole.

Regarding the employment of people with disabilities, Nikkeikin OhLiS Co., Ltd. was established in October 2015 and certified as a special-purpose subsidiary in January 2016. This company has its business establishments in Kambara, Shimizu Ward, Shizuoka City, where there is a cluster of the Group's major business sites, and at the Tokyo head

office. The company is expanding its operations every year. Nikkeikin OhLiS plays a role in the accumulation of expertise in the creation of workplace environments where people with disabilities are able to work vibrantly leveraging the abilities of each individual and the expansion of this expertise to Group companies, as well as in expanding and promoting the employment of people with disabilities.

In FY2023, we plan to establish a Group D&I promotion team to further promote diversity and inclusion, and we will enhance initiatives in a Group-wide manner.

Diversity & Inclusion Framework



Plan

Employment of people with disabilities

- Continuing to recruit employees of Nikkeikin OhLiS Co., Ltd. and expand its job categories
- Supporting the employment of people with disabilities by Group companies

Diverse individuals working vibrantly and displaying their individuality increases the vitality of an organization. While it is growing increasingly difficult to secure human resources regardless of the presence or absence of disabilities, we aim to recruit human resources in a well-planned manner from a longer-term perspective. In addition to expanding job categories to increase the operations of Nikkeikin OhLiS Co., Ltd., we are encouraging Group companies to employ human resources with disabilities and consider the use of the special-purpose subsidiary system within the Group.

The active participation of women and a healthy work-life balance*

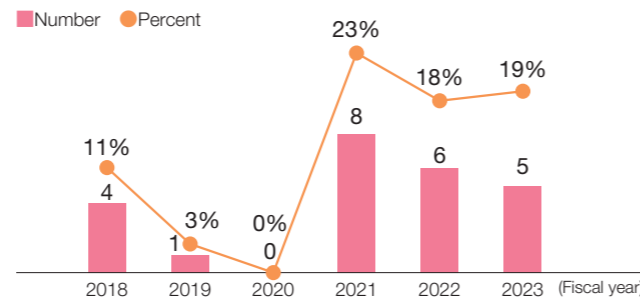
- Increasing the percentage of employees that are women (as candidates for managers) by continuing to recruit female career track workers
- Continuing to support women when they return to work after a career interruption
- Encouraging the use of childcare leave using internal newsletters

We aim to continue improving the percentage of managers that are women as an indicator of the active participation of women. To increase the percentage of employees that are women, we revised the target percentage of newly hired career-track workers that are women that we set in FY2019, which was 10% or more, to 20% or more for FY2022 and onward, and are expanding the employment of career-track women. Regarding our support for a healthy work-life balance, we set the target

percentage of childcare leave taken by male employees at 30% or more for FY2024, aiming to acquire Platinum Kurumin Certification. The percentage was 54.0% in FY2022, and we achieved the plan. Moving forward, we will review the target and aim to achieve 100% by FY2030.

*Nippon Light Metal Co., Ltd.

Changes in the number and percentage of regularly hired career track workers at Nippon Light Metal Co., Ltd. that are women



Utilization of older employees*

• Revision of the mandatory retirement system
In FY2022, Nippon Light Metal Co., Ltd. revised its mandatory retirement system and extended the mandatory retirement age from 60 to 65 from the viewpoint of improving workplace productivity by making workplaces more fulfilling for older employees. Moving forward, the company will work together with Group companies which are considering an increase of the mandatory retirement age, aiming to improve their own systems.

*Nippon Light Metal Co., Ltd.

FY2022 Initiatives

Employment of people with disabilities

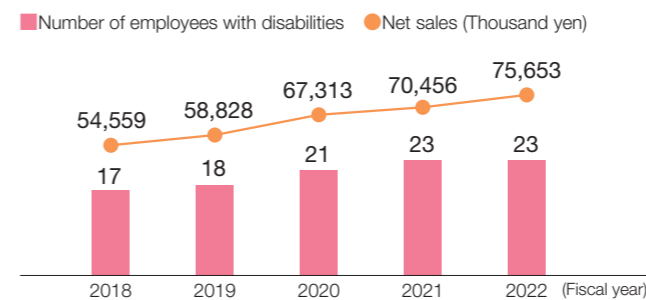
At the NLM Group, we have proactively employed people with disabilities, aiming to increase the organization's diversity. As a result, the employment rate of people with disabilities at the Group (among Group companies obliged to employ people with disabilities) was 2.48% as of June 1, 2023, exceeding the previous fiscal year's 2.38%. The employment rate exceeds the statutory rate and has continued to rise. This is a result of initiatives including recruitment via more diverse routes and the development of new job categories, which facilitated Group companies' recruitment efforts. Nikkeikin OhLiS Co., Ltd., a special-purpose subsidiary, continues to expand its operations due to progress in the development of new job categories, such as gradually beginning more difficult operations. The company also focuses its efforts on creating activities outside the workplace, such as participation in local sporting events with Group employees.

We provide diversity training intended for new career track employees as in previous years. In addition, in FY2023, we will strive to increase Group employees' understanding of diversity and inclusion, through activities such as the planning of lectures by Mr. Daisuke Ikezaki, a wheelchair rugby player who has signed a sponsorship agreement with Nippon Light Metal Co., Ltd.



Nikkeikin OhLiS Soccer Team

Changes in the number of employees with disabilities and net sales of Nikkeikin OhLiS Co., Ltd.



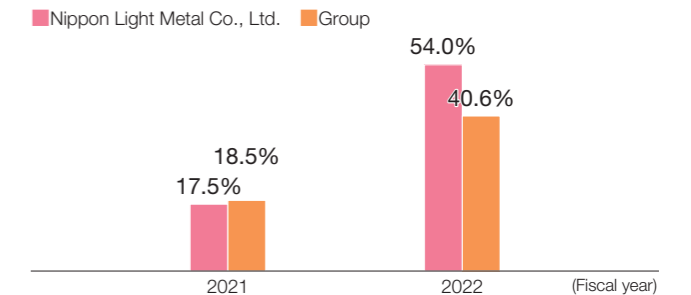
*Number of employees as of April 1 of each fiscal year

The active participation of women and a healthy work-life balance

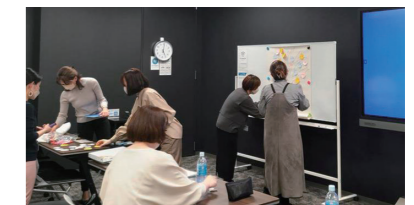
At the NLM Group, we have been striving to build an environment where it is possible to balance work and life events, such as childbirth and childcare, believing that active participation of women brings new perspectives and vitality to the organization. Nippon Light Metal Co., Ltd. has established a childcare leave system, shortened working hour system for childcare, and nursing leave system, which exceed the statutory levels. This has dramatically improved the comfort of work for women. At the same time, it is important to make arrangements to ensure that career interruptions resulting from life events do not disrupt women's active participation as a consequence. In FY2021 we began individually interviewing female employees who are considered our next managers to learn their future career plans, their expectations and hopes for the company's systems and other information, and took initiatives such as planning internal training aimed at facilitating the active participation of women, to develop a better environment. The percentage of managers that are women increased to 5.7% in FY2022 from 5.4% in the previous fiscal year. However, we understand that greater initiatives are needed to promote the active participation of women. In FY2023, we plan not only recruitment and human resource development as initiatives to improve the environment but also the

provision of training which will lead to the development of the mindsets employees and managers that are women. We also encourage male employees to participate in childcare so as to prevent career interruptions only affecting women. In FY2022, we implemented initiatives to encourage male employees to take childcare leave, such as the introduction of stories about male employees' experiences taking childcare leave in the internal newsletter. As a result, the percentage of childcare leave taken by male employees was 40.6%, far exceeding the previous fiscal year's 18.5%. Nippon Light Metal Co., Ltd. acquired Kurumin Mark certification and Grade 2 Eruboshi certification in FY2021, and we are encouraging the Group companies to also acquire the certifications.

Change in the percentage of childcare leave taken by male employees (Began to be calculated in 2021)



The Fortuna training for women was started in FY2012 to facilitate women's active participation and FY2022 was its eleventh year. During those 11 years, 164 female employees (trainees and mentors) from 16 companies completed the training. Provided in tandem with training of female employees' superiors, this training enables the development of managers who support the active participation of women, which is also an achievement of the training program. Regarding the gap between men's and women's wages, the ratio of women's wages to men's wages at Nippon Light Metal Co., Ltd. was 68.7% in FY2022. Major factors for the gap are the ratio of female managers to male managers and difference in the types of employment that men and women have within the Group. We understand that our future task is to develop even more female leaders to eliminate the gap between men's and women's wages.



A Fortuna training session

Utilization of older employees*

Nippon Light Metal Co., Ltd. completed its shift to the new system in FY2022 to extend the mandatory retirement age to 65 as planned. As of April 1, 2023, 49 employees were working because of this increase of the mandatory retirement age. Under the previous system, the age of mandatory retirement and reemployment was 60. This was based on the concurrent payment of pensions. This had made it difficult to link performance to the amount of compensation. After the mandatory retirement age was increased, a personnel and wage system that is not premised on the payment of public pensions was introduced, and this has made it possible to evaluate the performance of each employee more fairly. Connecting the demonstration of the skills and experience cultivated over many years to high evaluations, this system increases the motivation of older employees. We plan to introduce the increased mandatory retirement age within the Group companies, one by one, in consideration of business strategies of each company. We will also advance initiatives related to promotion of good health in response to the increase in the number of older employees.

*Nippon Light Metal Co., Ltd.

Securing and cultivating human resources

Policy

At the NLM Group, we have set a basic management policy, which states, "The Group will respect diverse values, and develop human resources from a long-term global perspective." In our joint recruitment activities for employing career track workers, we describe our desired human resources as people who can understand diverse values and express them in their own words, who take interest in and are able to take on challenges in a wide

range of fields and who are able to innovate by connecting people and information. Regarding human resource development, we have set a policy related to the development of human resources including ensuring the diversity of our human resources (human resource development policy). We have also including "Picture your own evolution" in the NLM Group Business Conduct Guideline, promoting employee's autonomous growth and learning.

Human resource development policy

- Based on the understanding that human resources form the foundation of everything, we will develop the Group's core human resources who fulfill the following three requirements in a well-planned manner.
 - Human resources who create new value through cooperation with parties inside and outside the Group
 - Human resources who are strongly oriented toward achievement and have a strong sense of ethics
 - Human resources who take a healthy interest in the human resources around them and support their personal development
- We will develop and provide diverse training programs for well-planned human resource development.
- We will respect the autonomy of employees and strengthen the capabilities of individuals with career paths reflecting their intentions.
- We will evaluate efforts to develop younger employees equally with making achievements, to continue to develop human resources.

Required qualities

1. People who can understand diverse values and express them in their own words
2. People who take interest in and are able to take on challenges in a wide range of fields
3. People who are able to innovate by connecting people and information

NLM Group Business Conduct Guideline

- Picture your own evolution
At all times, we approach our jobs with the broad perspective of "what am I capable of?" along with open minds and curiosity. (Excerpt)

Framework

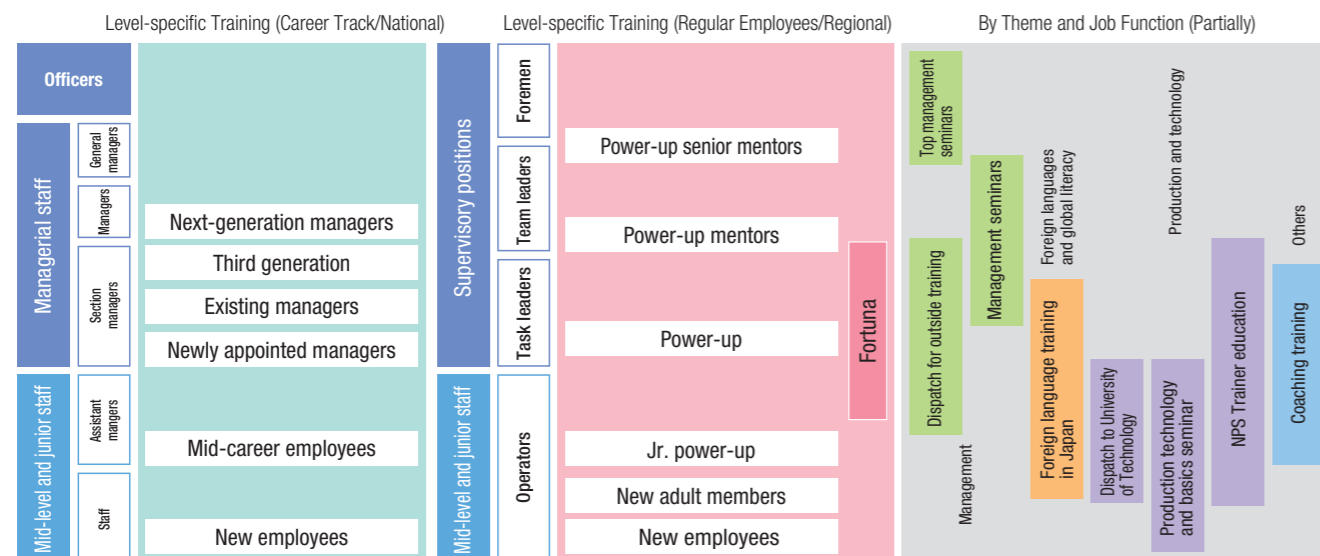
Securing human resources

At the NLM Group, we switched from the recruitment of career track workers by Nippon Light Metal Co., Ltd. alone to their joint recruitment by major Group companies in FY2014. At present, Nippon Light Metal Co., Ltd., Nikkeikin Aluminium Core Technology Co., Ltd., and Nikkei MC Aluminium Co., Ltd. jointly engage in recruitment efforts. The pre-assignment group training of new employees, which is given during an employee's first three months in the companies, is provided jointly by four companies, with new employees of Nikkei Information Systems Co., Ltd. also joining the training program. The goal of this training program is fostering a sense of unity beyond the boundaries between companies by having them live together for an extended period. This sense of unity is one of the pillars supporting Team NLM.

Human resource development

For the development of employees, we have recently been committed in particular to Group-wide training and education along with the training programs provided by each Group company. At present, a total of approx. 30 Group companies participate in a diverse array of training programs. Previously, Group companies voluntarily participated in the training programs of Nippon Light Metal Co., Ltd. For career track employees, we are planning to shift to a unified mandatory training program intended for all Group companies in Japan in FY2025. By shifting to unified training, we will strive to improve the training system of the Group as a whole. At the same time, we will encourage Group employees to share and understand the Management Policy and drive the development of a human network through the training opportunities, aiming to further strengthen Team NLM.

Education and Training System



Plan

Securing human resources

For the periodic recruitment of career track employees who will join us in April 2023, we planned to conduct joint recruitment by the three companies as has been done previously. While it was difficult to predict the impact of the COVID-19 pandemic on recruitment activities as in the previous year, we focused our efforts on enhancing internship programs and also increased opportunities to contact women and non-Japanese students in our efforts to increase the number of employees. In mid-career recruitment, the level of difficulty of recruitment differs according to the job type, place of work and other factors. We therefore plan to introduce measures and systems to utilize diverse recruitment tools and promote referral recruitment and alumni recruitment.

FY2022 Initiatives

Securing human resources

Nippon Light Metal Co., Ltd. hired 26 career track workers in FY2023 through its regular recruitment activities. This includes 5 women, meaning that 19% of the newly hired career track workers were women. The percentage of newly hired career track workers that were women fell a little short of the target of 20% or more, which was newly set in FY2022. However, we recognize that initiatives to strengthen the recruitment of women, including a women-only internship program, led to a certain level of achievement. Regarding the recruitment of non-Japanese people, we have continued to employ one or more non-Japanese people since FY2020. To recruit even more of these employees, we plan to do recruitment activities locally in overseas countries in FY2023. To recruit high-school graduates as skilled workers, who have been growing more difficult to recruit every year partly due to the declining birthrate, we have launched initiatives to recruit more women. Recruitment staff from business sites share their recruitment plans. Measures they are planning include measures linked to the improvement of workplace environments, such as new construction and addition of toilets and rest areas, as well as the expansion of job categories.

Human resource development

Regarding training, we continue to utilize remote and online learning programs that took root due to the COVID-19 pandemic, thus pursuing efficient learning using new methods, such as blended learning and flipped learning. We decided to introduce the Learning Management System (LMS) in FY2023 as the Group's learning management platform, in our ongoing efforts to improve the effects of learning and build a system for managing these effects. Further, at the NLM Group, group training contributes to increased cooperation and the sense of unity within the Group. Therefore, we regularly provide group training, which serves as an opportunity for human resources from Group companies to get together.

Human resource development

For the total optimization of training within the Group, we prepared to introduce the Learning Management System (LMS), which covers all training other than HR-related training. The preparations were completed, and the LMS was launched in FY2023. Regarding tiered training, we introduced a new NLM Management Seminar aimed at updating the knowledge and skills of existing managers who have few opportunities to receive training after being assigned to their positions. In FY2022, a total of 565 managers from the whole Group received this training. We will continue to hold this seminar as a regular learning opportunity for managers, changing its theme every year. Moving forward, we will shift to the Unified Group Training, which we plan to begin providing in FY2025, aiming to build a training system for the continued development and production of human resources who are appropriate as leaders. In addition, we resumed overseas training, which had been suspended due to the COVID-19 pandemic. In July 2022, one employee of Nippon Light Metal Co., Ltd. was seconded to an aluminum processing research center in Canada. In addition to working on research projects with local staff, the trainee also interacts with people in a different culture. The goal of this training is to develop globally competitive human resources.

The NLM Group aims to create new value from Group coordination. Therefore, we also attach importance to the roles played by group training and Group events that are held in-person, which lead to the strengthening of Group engagement. In FY2022, the NLM Group Conference for Presentation of Improvement Cases, in which improvement cases from Group companies are presented, was held in-person for the first time in three years. This led to the development of a sense of belonging to Team NLM. In FY2022, the amount of expenditure for training per Group employee, which had been on a downward trend due to the COVID-19 pandemic, increased, mainly reflecting the organization of new training programs and the resumption of in-person training.



Conference for Presentation of Improvement Cases

Participants in the Group's Major Training Programs in FY2022

Training program	Main target participants	Number of participating companies	Number of trainees
Next-generation manager training	Senior managers	13	16
NLM Management Seminar	Existing managers	18	565
Managerial training	Newly appointed managers	13	63
Mid-level employee training	Manager candidates	14	52
New employee training	New employees	4	42
NPS Trainer education	Plant engineers	13	38
Production technology and basics seminar ¹	Development personnel and engineers	16	904
Fortuna ²	Female employees	6	10
Power-up ²	Next plant supervisors	7	39
Jr. power-up training	Young skilled workers and clerical workers	13	72
Coaching training	All mid-career or higher-level employees	19	122

¹ The figure for the production technology and basics seminar is the total number of trainees who attended any one of a total of 10 courses.
² Trainees of Power-up and Fortuna includes mentors.

Changes in the amount of expenditure for training

Unit: Thousand yen

	2018	2019	2020	2021	2022
Average annual amount of expenditure for education/training per employee	24.9	25.0	16.2	17.8	31.1

Protecting and respecting human rights

Background Behind the Revision of the Policy

We formulated the NLM Group's Human Rights Policy in 2016 and have been pushing forward with measures to protect and respect the human rights of Group employees and reporting and disclosing the status of our initiatives upon request. However, in response to the growing social awareness of the protection of and respect for human rights, we have decided to proactively work to promote measures to protect and respect the human rights of our stakeholders including employees and disclose the status of the initiatives voluntarily. In 2020, we identified "Protecting and respecting human rights" as a material issue, and in 2022, we included respect for human rights in our new Management Policy.

We found it necessary to reflect new perspectives and measures in the policy in taking proactive initiatives for protecting and respecting human rights, which is why we have revised the policy.

- Development of international human rights standards:** In recent years, international society has widely recognized the importance of international human rights standards, labor standards, and other international standards on human rights protection that have been adopted by the United Nations, International Labour Organization (ILO), and other organizations. These standards also place responsibilities on companies, requiring that they respect human rights.
- Globalization of businesses:** At the NLM Group, we have begun to operate our businesses on a global scale. Due to overseas expansion and the formation of global supply chains, now more than ever, we need to pay attention to the status of human rights in countries and regions other than Japan.
- Growing expectations of stakeholders:** In recent years, stakeholders' expectations regarding the ethical values and social responsibilities of companies have been increasing. Now more than ever, it is necessary for us to proactively address social issues and human rights infringements.

Key Points of the Revision of the Policy

In revising the policy, we reviewed the requirements of the policy in consideration of stakeholders' expectations for the Group's initiatives protecting and respecting human rights, as well as the Group's framework.

Further, during the revision process we received advice from a law firm with extensive knowledge of sustainability and ESG. The previous policy, which consisted of seven items, was revised into a policy with a preamble and 11 items.

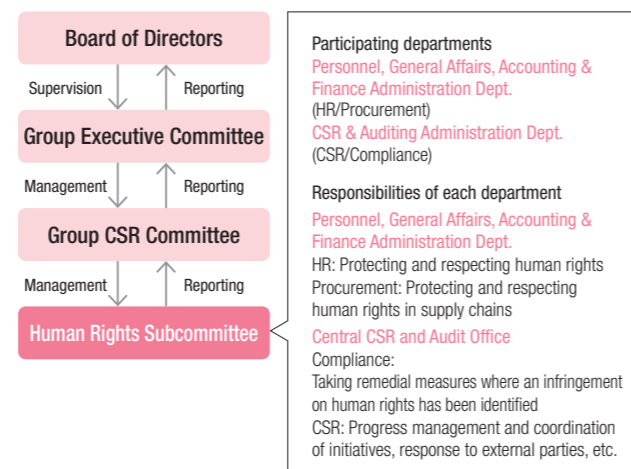


●NLM Group Human Rights Policy
<https://www.nikkeikinholdings.co.jp/csr/human-rights/0402.html>

Framework

At the NLM Group, we established the Human Rights Subcommittee in November 2022 to further promote initiatives for protecting and respecting human rights. The new organization consists of people in charge of HR and procurement from the Personnel, General Affairs, Accounting & Finance Administration Dept., which is deeply involved in human rights, and people in charge of CSR and compliance from the CSR & Auditing Administration Dept.

The Human Rights Subcommittee meets once a month, in principle. Progress in the action plan is reported, and information about trends related to protection and respect for human rights is shared in the meetings. Results of activities are reported to the Group CSR Committee, the Group Executive Committee and the Board of Directors.



Plan and Initiatives

In response to the launch of the Human Rights Subcommittee, the NLM Group formulated a plan for its initiatives for protecting and respecting human rights for FY2022 to FY2024. Regarding items of initiatives, we formulated our plan based on the three

initiatives and eight categories of measures described in Business and Response to Human Rights (Digest Version), which was published by the Human Rights Bureau of the Ministry of Justice.

(Fiscal year)

Category	Our action	2022		2023		2024						
		3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
Commitment under the policy	Formulation of a human rights policy	[Progress bar]										
	Describing our human rights management framework in the integrated report				[Progress bar]					[Progress bar]		
Implementing human rights due diligence	Assessment of impacts on human rights	[Progress bar]		[Progress bar]		[Progress bar]						
	Implementation of preventive and corrective measures (to address the apparent and latent negative impacts on human rights)	[Progress bar]		[Progress bar]		[Progress bar]						
	Implementation of monitoring (follow-up investigation)	[Progress bar]		[Progress bar]		[Progress bar]						
	External disclosure				[Progress bar]				[Progress bar]			
	Remedial measures	[Progress bar]		[Progress bar]		[Progress bar]						

➡ New initiatives ➡ Existing initiatives

We also formulated the FY2022 Sustainability Promotion Plan in FY2022 and managed its progress.

Plan	Results	Evaluation
Building a structure for promoting the respect and protection of human rights	Established the Human Rights Subcommittee	Progress made as planned
Formulating an action plan for promoting the respect and protection of human rights	Formulated a medium-term action plan (FY2022-FY2024)	Progress made as planned
Reviewing human rights policy	Completed the revision of the policy	Progress made as planned
Formulating guidelines and a plan for the implementation of human rights due diligence	Developed the implementation guidelines and plan	Progress made as planned
Conducting a CSR procurement questionnaire survey of suppliers and giving them feedback	Conducted a survey of more than 400 business partners using a common format	More progress made than planned
Implementing human rights due diligence in the virgin ingot supply chain (updating information)	Requested that major suppliers (six companies) update information	Progress was made but the plan was not achieved.
Conducting a survey on the status of the implementation of CSR procurement in purchases by plants and building a monitoring structure	Conducted a CSR procurement questionnaire survey and requested feedback	Progress made as planned
Conducting human rights due diligence in the supply chain	Conducted a survey using a self-check sheet in a common format	Progress was made but the plan was not achieved.
Implementing human rights due diligence within the Group	Conducted a questionnaire survey on the employment of non-Japanese workers	Progress made as planned
Disclosing the results of human rights due diligence	Prepared to describe them in the integrated report	Progress made as planned

A Questionnaire Survey of Group Companies Regarding the Employment of Non-Japanese Workers

During February and March 2023, we conducted a questionnaire survey of 39 Group companies in Japan regarding their employment of non-Japanese workers to identify human rights risks related to non-Japanese workers working for the NLM Group and preventing and alleviating such risks.

No serious human rights risks were found by the survey. However, the survey revealed the lack of full knowledge of the statuses of employment and work of non-Japanese workers who are not directly employed by the Group, such as dispatched

employees and employees of outsourcing contractors, and the existence of issues in the translation of explanatory documents which need to be understood fully into their first languages.

Moving forward, we will establish a subcommittee consisting of people in charge of HR from Group companies and implement initiatives such as the organization of issues related to practical tasks involved in the employment of non-Japanese workers including technical interns and the sharing of good examples.

Supply Chain Management

Policy

At the NLM Group, we have set a basic policy that is a part of our Management Policy, which states, "The Group will continuously provide diverse value to customers by deepening the level of collaboration and coordination within and outside the Group." To continue to provide value to customers it is necessary to respond immediately and flexibly to daily changes in the environment. We have therefore

set developing a stable supply chain and a resilient value chain that is flexible to changes as material issues, aiming to achieve responsible procurement, production and supply. To achieve the above, we will work with suppliers to promote procurement activities in consideration of CSR, including legal compliance, respect for human rights, environmental protection and the safety of products and services.

CSR Procurement Policy

The purchasing departments of the NLM Group engage in procurement activities under the CSR procurement policy shown on the right. To ensure this policy becomes entrenched, we hold a meeting of purchasing personnel every six months. In these meetings, purchasing personnel from 27 Group companies gather to share procurement information and issues and information about matters related to CSR procurement. In addition, we hold workshops to prevent misconduct in our efforts to improve procurement compliance.

We also conduct questionnaire surveys of suppliers and fact finding in the supply chain to increase supplier awareness and strengthen our supply chains.

1. Fair and good-faith procurement
2. Elimination of antisocial forces
3. Procurement compliance
4. Control of chemical substances in products
5. Consideration of human rights, the labor environment, safety and health
6. Business continuity planning (BCP) initiatives
7. SDG-related Initiatives

CSR Procurement Policy: <https://www.nikkeikinholdings.co.jp/csr/fair-practice/0702.html>

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. In addition to sharing information, we are also strengthening cooperation in

operations through the exchange of human resources. We plan and implement procurement strategies from diverse perspectives and take measures to manage and hedge risks as well as reduce costs.

We are trying to anticipate and solve a range of issues to achieve responsible procurement through Group coordination.

FY2022 Initiatives

Developing a stable supply chain

The procurement environment surrounding the NLM Group has been changing rapidly, with the COVID-19 pandemic, the Russian invasion of Ukraine and other events.

The supply of metallic materials has been unstable due to electricity regulations in China, and since last fiscal year it has remained absolutely imperative that we prepare for the predicted risks in China and soaring market prices. In response to this, we reduced risks by increasing the ratio of metallic materials procured from suppliers other than suppliers in China. At the same time, we established purchasing routes with stable, fair prices by creating a formula for determining prices for the items we purchase.

We procure aluminum ingots, which are our main raw material, from several countries and regions from the viewpoint of purchasing from multiple sources. At the same time, we are also building a procurement system in Japan in consideration of the risks of procurement from overseas suppliers. Further, we have gotten ready to respond flexibly to rapid changes in demand by preparing multiple supplier options, including domestic and overseas suppliers, and multiple contract options, including long-term and short-term contracts, aiming for operations that enable us to reduce inventory risk.

Large-scale disasters, geopolitical risks and resource inflation are all elements of the instability of the supply chain. At the NLM Group, we take the following measures to minimize these risks.

- Reducing geopolitical risks by procuring items from new production regions in addition to items from existing production regions
- Building stable supply systems under annual contracts with "suppliers whose faces we can see"
- Shifting from purchasing from a single source to purchasing from multiple sources
- Creating a formula for determining prices of items we purchase. With these measures, we are developing a stable supply chain to minimize the damage when a risk is actualized.

A resilient value chain that is flexible to changes

● Results of the supplier questionnaire survey in FY2022
The purchasing environment surrounding us is expected to continue to undergo major change. At present, we predict a wide range of risks including global warming, major disasters and geopolitical risks. We need to learn about the current facts of the countermeasures taken by suppliers to address these surrounding circumstances. Accordingly, we conducted questionnaire surveys of suppliers again in FY2022.

From the viewpoint of quality, the environment and social responsibility, the NLM Group needs to provide suppliers with support to maintain customers' satisfaction and trust, and the purchasing departments need to work to increase the awareness of suppliers and strengthen cooperation with them.

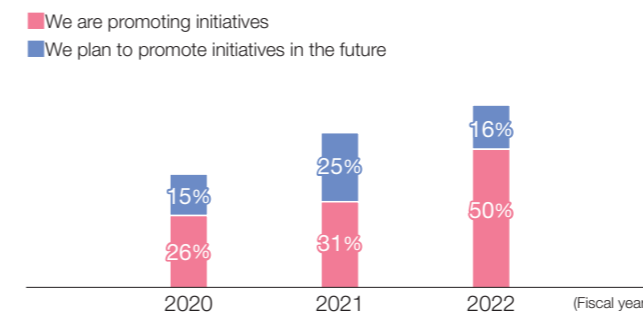
For the FY2022 questionnaire surveys of the NLM Group's suppliers of centrally procured products, we adopted the online questionnaire. We sent out questionnaires to approx. 400 suppliers as in preceding years. In FY2022, we received responses from 78% of suppliers.

To a question about the progress of their initiatives for achieving the SDGs, 50% of respondents answered, "We are promoting initiatives," up approx. 19 percentage points from 31% in the previous survey, showing that many suppliers have entered the phase of promoting initiatives to achieve the SDGs.

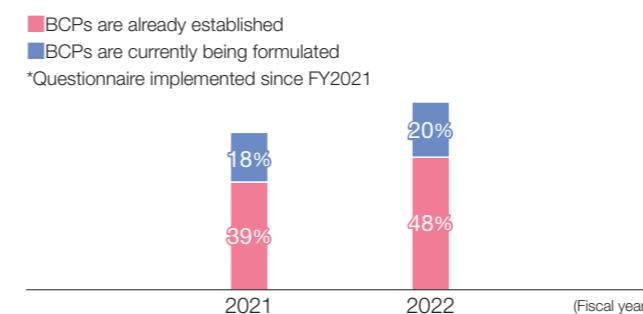
To the question about whether they have formulated BCPs anticipating the occurrence of a major disaster, 48% of the companies that responded answered "BCPs are already established," up approx. 9 percentage points from 39% in the previous fiscal year. In addition, companies that have yet to begin formulating BCPs at present answered, "We plan to formulate them roughly within one year," showing that many suppliers are about to take countermeasures to address major disasters.

The purchasing departments of the NLM Group will continue to encourage suppliers to develop countermeasures to address the things that may occur in the environments surrounding them. On the other hand, as a result of the questionnaire, the Group found that further measures need to be taken regarding some suppliers. We will increase the awareness of these suppliers so that they understand the Group's CSR procurement policy.

Do you promote initiatives aimed at achieving the SDGs?



Have you formulated business continuity plans (BCPs), including plans on functions such as raw material procurement, production, transportation and purchasing, in anticipation of a major disaster occurring?



Regarding human rights due diligence initiatives

For human rights due diligence, it is necessary to understand the situation from an objective point of view. At the NLM Group, we have been demonstrating our efforts on human rights by observing our Human Rights Policy, responding to the surveys conducted by our customers by collecting information about our supply chains and conducting questionnaire surveys of our suppliers.

In FY2022, we identified and assessed risks by targeting some suppliers and experimentally using the CSR/Sustainable Procurement Self-assessment Tool Set from the Global Compact Network Japan. Moving forward, we will take the following steps to advance human rights due diligence.

Contents of initiatives taken in FY2022 and steps we plan to take in FY2023 are shaded in red.

Steps for human rights due diligence

1	Formulation of a human rights policy	Declaration of commitment to responsibility to respect human rights
2	Implementing human rights due diligence	1 Identification and evaluation of negative impacts
		2 Prevention and mitigation of negative impacts
		3 Evaluation of effectiveness of initiatives
		4 Explanation and information disclosure
3	Measures	Responding to the damage caused by the negative impact on human rights

The goal of the FY2022 survey was to identify and assess the negative impact on human rights. We experimentally requested that 22 suppliers, which account for approx. 70% of the Group's purchases in monetary terms, respond to the CSR/Sustainable Procurement Self-assessment Tool Set, thus identifying risks. Regarding items related to human rights, the average score was high but some suppliers answered that they have no systems for redressing considerations for local communities or indigenous people. This means that suppliers' consideration of local communities or indigenous people are prerequisite for the production of products, and we believe that one factor is that a clear-cut system for redressing issues has yet to be established.

Assessment scores were high for items related to information security, quality and safety and labor. The score regarding local communities was high, but the score rate was low compared to the other major items. One suspected factor is that because many of the subject suppliers have plants in industrial districts, many of the companies selected answers with low scores, such as "We have not taken any initiatives for local communities at present."

We plan to increase the number of companies that we request to respond to this questionnaire to the companies responsible for 80% of the overall Group's purchases in monetary terms by FY2030.

Policy

The NLM Group works to contribute to local communities in accordance with its Social Contribution Policy (established July 22, 2016) described at right, 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 by engaging in dialogue with people from each community. These initiatives are 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.

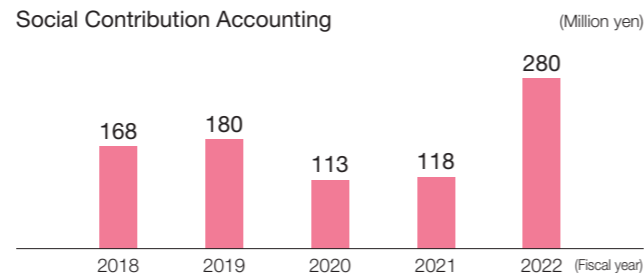
Plan

FY2022 Plan

- Understanding and considering the promotion of employees' social contribution activities
- Supporting cultural and sports projects and educational and research institution in each local area
- Active engagement with local communities
- Cooperating with the police and other external organizations and collecting information
- Preparations for publishing social contribution activity website posts

Social Contribution Accounting

In FY2022, we participated in 319 local programs, and our expenses were 280 million yen.



FY2022 Initiatives

Major Social Contribution Activities

Period	Business site	Contents
May 2022	Nikkei Research and Development Center of Nippon Light Metal Co., Ltd.	Cooperation in tsunami evacuation drill conducted by Kambara Tobu Kodomo-en (certified childcare center) operated by the Shizuoka City government
June	Toyo Rikagaku Kenkyusho Co., Ltd.	Released a video showing the initiatives the company is implementing as a company recognized under the Ministry of Health, Labour and Welfare's Youth Yell company certification program
June	Shimizu Plant of Nippon Light Metal Co., Ltd. Toyo Aluminium K.K. Riken Light Metal Industry Co., Ltd. Nikkei Logistics	Participation in a clean-up activity at Mihomasaki Beach in Shizuoka City
July	Nagoya Plant of Nippon Light Metal Co., Ltd.	A plant tour given to third grade students from Inazawa Higashi Elementary School operated by the Inazawa City government
October	Nikkei Niigata Co., Ltd.	Weeding and clean-up of the Tarodai Amazarashi Kannon (official name: Kinryuan) temple grounds in Niigata City
November	Kambara Complex of Nippon Light Metal Co., Ltd.	Plant tours given to fifth grade students from Yui Elementary School and Yui Kita Elementary School, local schools operated by the Shizuoka City government
December	Nippon Light Metal Holdings Co., Ltd.	Watched the MITSUI FUDOSAN 2022 Wheelchair Rugby SHIBUYA CUP as a group and participated in the event as a corporate volunteer



Tsunami evacuation drill Participants in the Mihomasaki Beach clean up Plant tour at the Nagoya Plant Participants in the weeding and clean-up of the Tarodai Amazarashi Kannon temple grounds Plant tour at the Kambara Complex Participation in a wheelchair rugby competition as a corporate volunteer

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., a major subsidiary of the NLM Group, Typhoon Krosa in August 2019 and Typhoon Hagibis in October 2019 caused flooding damage across the region. In response, Nippon Light Metal established the Amehata Area Sediment

Countermeasures Investigative Commission in September 2019 together with the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), the Yamanashi prefectural government, and the Hayakawa municipal government. The Basic Plan for Measures Addressing Amehata Dam Sediment ("the Basic Plan," hereafter) was compiled in April 2020 and submitted to the MLIT.

(Note) 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>)

Item	Issue	Short Term		Medium Term		Long Term	
		FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 ~
Construction of a temporary embankment	—	Construction complete in November 2020					
Securing a river channel	Securing a sufficient river channel to prepare for the largest ever inflow of earth and sand	Continuing to excavate the river channel					
Construction work in the inside of the dam lake and temporary storage in the dam lake	—	Protecting existing structures and riverside roads, constructing temporary storage yards, etc.					
Increased sediment transportation capacity	—	Completed in March 2021					
Soilutilization	Aggregate resources	Making adjustments to prepare for the expansion of demand for aggregate					Continuing to use soil as aggregate resources
	Amehata River transportation route	—					Construction complete in May 2022
	Hayakawa River transportation route	Detours near narrow sections and river crossing structures					Construction underway
Securing a disposal site	Considering use of soil in response to wide area needs	Construction of embankments in candidate soil disposal sites and studying new candidate sites					
		Under continual consideration					
Ongoing countermeasures addressing sedimentation	Consideration for a shift to a long-term plan, etc. and coordination with relevant organizations						
Amount of sediment removed and transported		3.0 million m ³ (complete)		3.0 million to 4.0 million m ³ (target)			

Progress Report

Since FY2020, Nippon Light Metal Co., Ltd. has been working diligently to implement the Basic Plan. The targets of the short-term plan that ended at the end of FY2021 were achieved. At present, which is within the period of the medium-term plan, progress is being made as scheduled.

In implementing the countermeasures, we have recorded an extraordinary loss of 27,200 million yen in sediment control costs for the period up to the fiscal year ending March 2025.

Recurrence prevention measures related to the use of water at hydroelectric power generation facilities and the renewal of water rights at Hakii Power Plant

Nippon Light Metal Co., Ltd., a major subsidiary of the NLM Group, investigated the (five) hydroelectric power generation facilities it owns and permitted by the government in accordance with the request for Investigations into Water Intake Quantity, etc. of Hakii Power Plant, etc. of Nippon Light Metal Co., Ltd., which was received from MLIT on April 8, 2022. (Subject period: 1987 to 2021)

As a result of the investigations, it was revealed that the water intake quantity had been excessive until December 2004 (until January 2007 if estimated values are included) and the quantity of water discharged was insufficient until August 2001 (until September 2003 if estimated values are included). It was also revealed that the quantities of water taken in and discharged in those periods had not been reported correctly to MLIT. The company summarized the results of the investigations and reported them to MLIT on October 6, 2022, and received a notification from the MLIT pursuant to the provisions of Article 78 of the River Act.

In response, based on the notification pursuant to the above article, the company submitted a Report on Recurrence Prevention Measures Related to Water Use and FY2022 Action Plan to Thoroughly Raise Awareness of Compliance with River-related Laws and Regulations to MLIT on November 30, 2022. The company also submitted the FY2023 Action Plan to Thoroughly Raise Awareness

of Compliance with River-related Laws and Regulations on February 27, 2023 and the Report on FY2022 Self-inspections as Recurrence Prevention Measures Related to Water Use and Report on Initiatives Taken in FY2022 to Thoroughly Raise Awareness of Compliance with River-related Laws and Regulations on May 31, 2023.

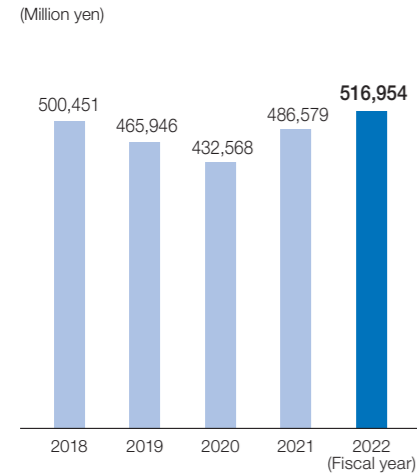
(Note) For details, please refer to the Report on Recurrence Prevention Measure Related to Water Use (<https://www.nikkeikin.co.jp/news/news/common/pdf/p2022113002.pdf>) (Japanese only) and the FY2022 Action Plan to Thoroughly Raise Awareness of Compliance with River-related Laws and Regulations (<https://www.nikkeikin.co.jp/news/news/common/pdf/p2022113003.pdf>) (Japanese only).

Further, regarding the renewal of water rights at Hakii power plant, which was under review, a permit to use water pursuant to the provisions of Article 23 of the River Act was received from MLIT on March 9, 2023, with the period of the permit shortened to five years from the date of the renewal.

NLM Holdings and Nippon Light Metal Co., Ltd. will strive to ensure appropriate management by further enhancing measures to prevent recurrence, in addition to implementing existing measures to improve the equipment and the management framework.

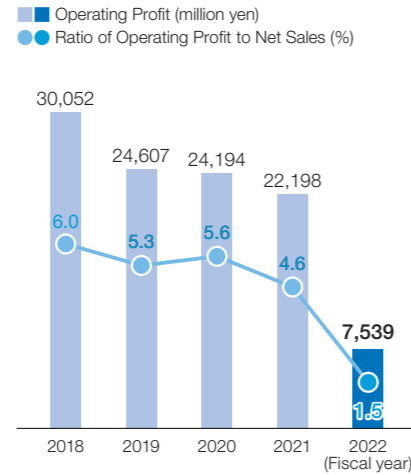
Financial Highlights

Net Sales



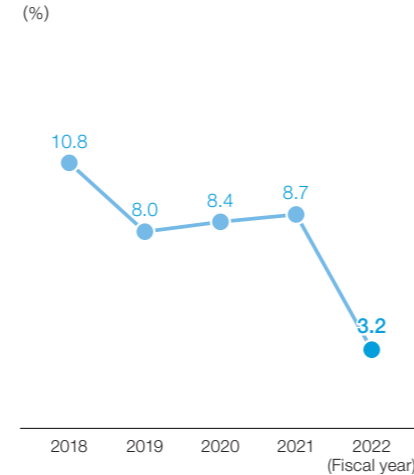
Net sales increased year on year mainly due to revisions to the sales prices reflecting the condition of the aluminum ingot market and the prices of raw materials and fuels.

Operating Profit / Ratio of Operating Profit to Net Sales



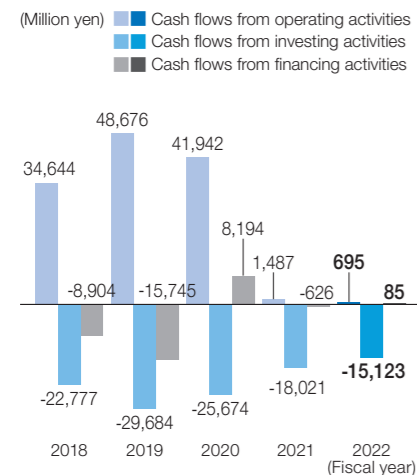
Operating profit declined year on year with profit squeezed by rising costs resulting from the soaring prices of raw materials and fuels in addition to a decrease in sales in the automotive and truck body business and a slump in the shipment of thick sheets for semiconductor manufacturing equipment.

Return on Capital Employed (ROCE)



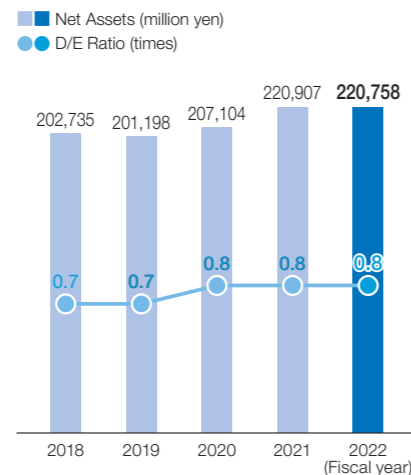
To measure the profitability and growth potential of our businesses, one of the management indicators for each business segment we use is return on capital employed (ROCE), which indicates how much profit (ordinary profit before interest) has been earned as compared to the capital employed (shareholders' equity + interest-bearing debt - cash and deposits). ROCE for FY2022 was 3.2%, mainly reflecting the year-on-year decline of operating profit.

Cash Flows (From Operating/ Investing/Financing Activities)



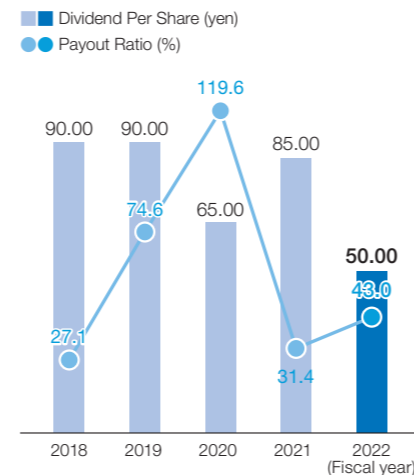
The decrease in cash flows from operating activities resulted mainly from an increase in trade receivables and other working capital and the use of allowance for sediment control measures for the specified purpose. Net cash was provided by financing activities mainly due to a decrease in the payment of dividends.

Net Assets / D/E Ratio



We will strive to maintain the D/E ratio at a level below 1.0. It is the indicator for measuring the safety of our financial foundation. We will strive to improve our corporate value by investing for the future, including in measures to strengthen our management foundation, R&D, human resource development, and initiatives to achieve carbon neutrality, in addition to investing to expand business in growth areas, such as areas related to automobiles and semiconductors, and creating demand and increasing earning power in the area of infrastructure business. We will continue to invest in growth and provide shareholder returns in a well-balanced manner.

Dividend Per Share / Total Payout Ratio

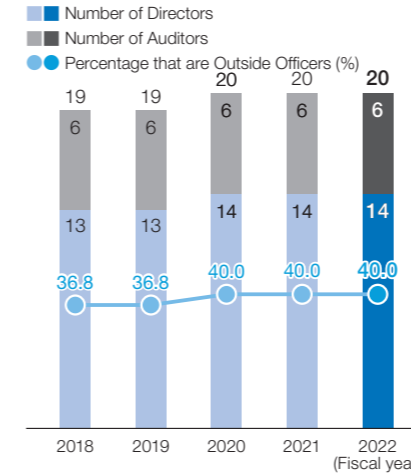


Our basic profit allocation policy is to provide dividends to our shareholders by comprehensively considering the consolidated financial results and other factors from a medium- to long-term perspective while striving to strengthen our financial standing and management foundation. Regarding the indicator for the return of profits, we determine the amount of dividends and other returns based on a total payout ratio of 30% or higher, including the acquisition of treasury shares.

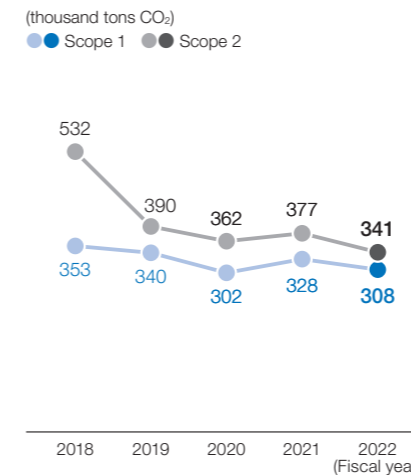
(Note) On October 1, 2020, we conducted a one-for-ten reverse stock split. Accordingly, the impact of the reverse stock split was considered for the amounts of dividend per share for FY2019 (fiscal year ended March 2020) and before.

Non-Financial Highlights

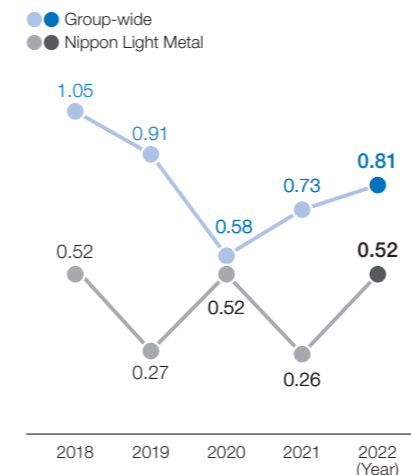
Number of Officers / Percentage That Are Outside Officers



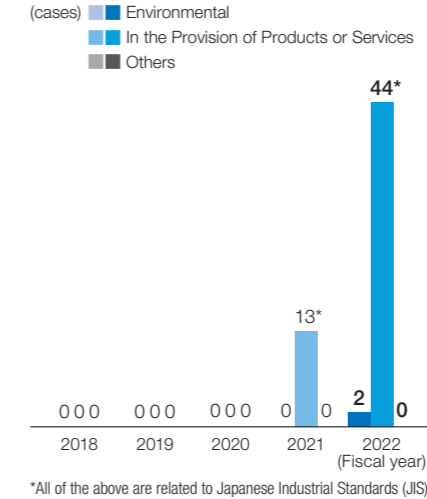
CO₂ Emissions



Frequency rate of lost-time injuries

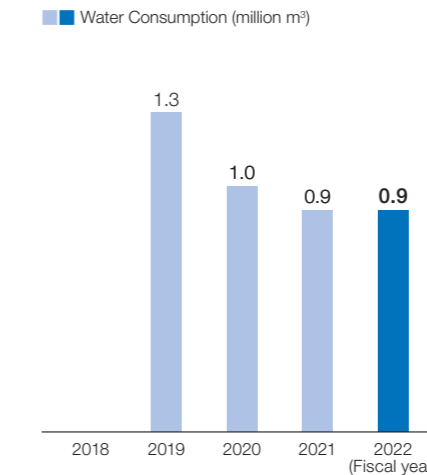


Number of Violations of Laws or Regulations



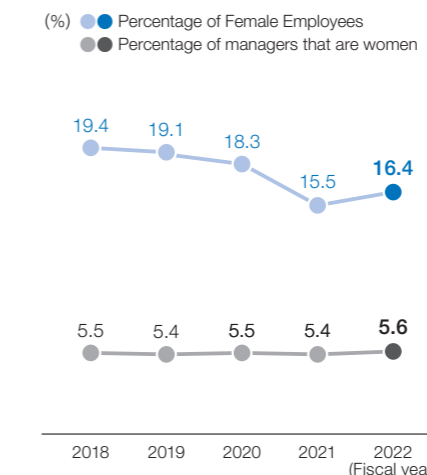
*All of the above are related to Japanese Industrial Standards (JIS)

Water consumption

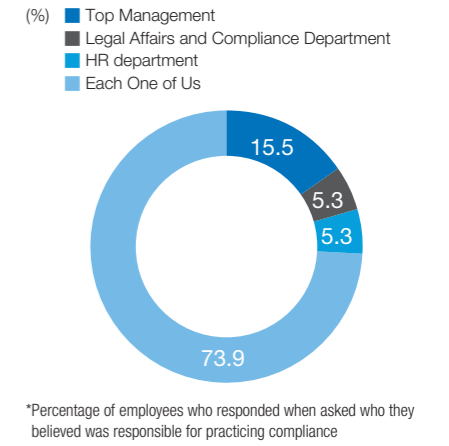


*Began to be calculated in FY2019.

Percentage of Female Employees / Percentage of Female Managers

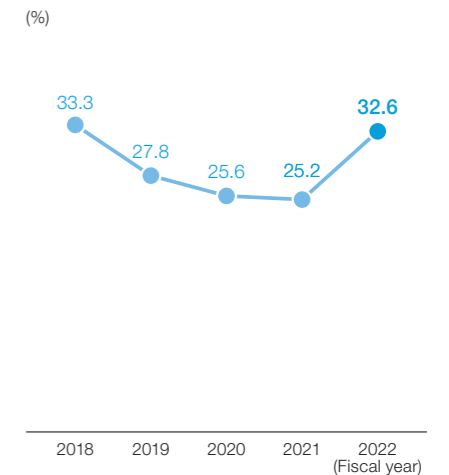


Ownership Regarding the Practice of Compliance*

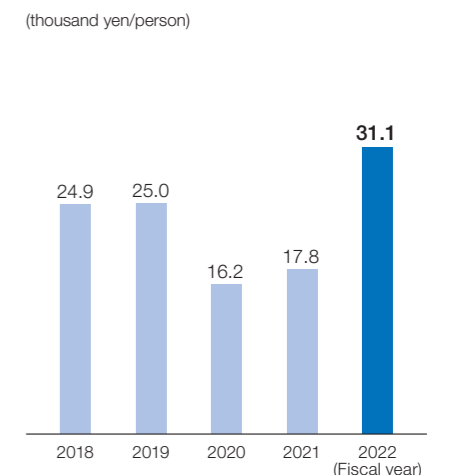


*Percentage of employees who responded when asked who they believed was responsible for practicing compliance

Percentage of Raw Materials Used That Are Recycled Ingots



Average Annual Amount of Expenditure for Education/Training



Operating Results and Financial Analysis

Overview of Operating Results

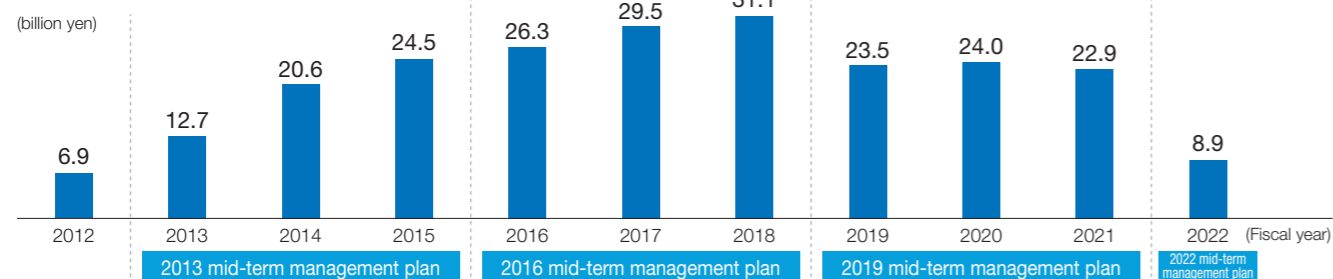
During FY2022, in our business environment there was widespread concern about the economic slowdown in Japan and also in other countries, mainly reflecting the global credit crunch, in addition to supply chain disruptions that resulted chiefly from the prolonged Russian invasion of Ukraine, persistently high prices of raw materials and fuels, and the semiconductor shortage, more than offsetting the progress in the mitigation of the impact of COVID-19. In addition, there was a downward turn in the aluminum ingot price, which had continually risen up to the previous fiscal year. However, it still remained at a high level.

Regarding the performance of our business, net sales increased year on year due to the revision of the sales prices to reflect aluminum ingot market conditions and the prices of raw materials and fuels. However, operating profit, ordinary profit and profit attributable to owners of parent declined significantly year on year. Profit was squeezed by rising costs resulting from the soaring prices of raw materials and fuels in addition to a decrease in sales in the automotive and truck mounting businesses and a slump in the shipment of thick sheets for semiconductor manufacturing equipment.

	FY2019 (Results)	FY2020 (Results)	FY2021 (Results)	FY2022 (Results)
Net Sales	465.9	432.6	486.6	517.0
Operating Profit	24.6	24.2	22.2	7.5
Ordinary profit	23.5	24.0	22.9	8.9
Profit attributable to owners of parent	7.5	3.4	16.8	7.2
ROCE*	8.0%	8.4%	8.7%	3.2%

*ROCE (return on capital employed): Ordinary profit before interest / Capital employed at the beginning of the fiscal year

Changes in Consolidated Ordinary Profit



Amid these significant, complicated changes in the business environment, we revised the 2022 mid-term management plan, a three-year plan that started in April 2022, in light of the changes in the Group's business structure and strategic

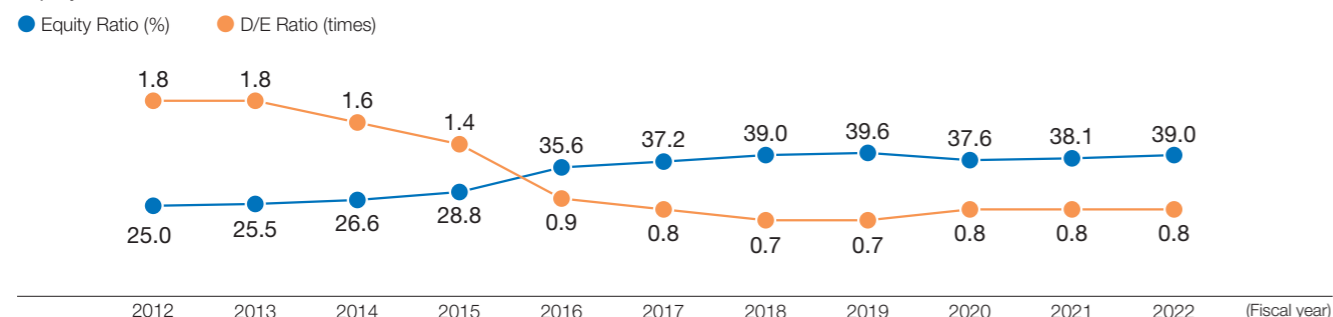
initiatives during FY2022, and formulated the new 2023 mid-term management plan, a three-year plan that started in FY2023 (hereafter, the "2023 Mid-term Plan"), aiming to enhance the Group's corporate value.

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 concentrated on reducing interest-bearing debt and enhancing shareholders' equity to improve its financial strength. In FY2022, the financial position remained stable mainly due to a decrease in allowance for

sediment control measures, which resulted from the implementation of the sediment control plan, as well as the continued efforts to enhance our financial foundation, despite the posting of net loss at a consolidated subsidiary in which we held a non-controlling interest and a decrease in non-controlling interest reflecting liquidation of another subsidiary, among other events.

Equity Ratio and D/E Ratio



Management Indicators (2023 Mid-term Management Plan)

Financial Indicator

We aim to develop a structure which enables us to secure stable ordinary profit exceeding 30.0 billion yen, to enable the sustainable growth of the NLM Group. During the 2023 Mid-term Plan, we will create value through the growth strategies of the individual business segments. At the same time, we will build a revenue base that is less susceptible to the external environment by addressing the Group's issues.

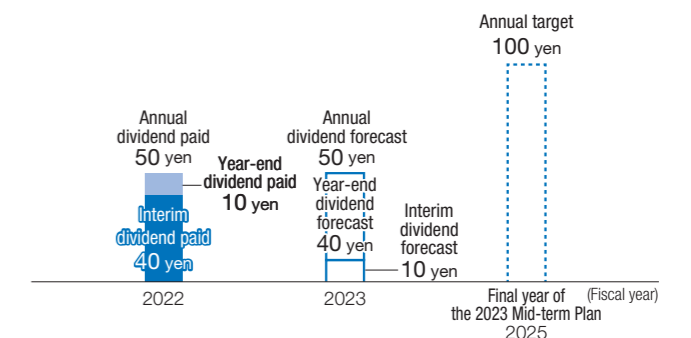
	FY2021 (Results)	FY2022 (Results)	FY2023 (Forecast)	FY2025 (Target under the 2023 Mid-term Plan)
Net Sales	486.6	517.0	550.0	530.0
Operating Profit	22.2	7.5	17.0	30.0
Ordinary profit	22.9	8.9	16.0	30.0
Profit	16.8	7.2	7.5	20.0
ROCE*	8.7%	3.2%	5.2%	10.3%

*ROCE (return on capital employed): Ordinary profit before interest / capital employed (shareholders' equity + interest-bearing debt - cash and deposits)

Basic Policy on Profit Distribution

Our basic policy is to provide dividends to our shareholders by comprehensively considering the consolidated financial results and other factors from a medium- to long-term perspective while striving to strengthen our financial standing and management foundation. Regarding the profit return indicator, we determine the amount of dividends and other returns based on a total payout ratio of 30% or higher, including the acquisition of treasury shares.

Dividend Per Share



We will strive to improve our corporate value by investing for the future, including in measures to strengthen our management foundation, R&D, human resource development, and initiatives to achieve carbon neutrality, in addition to investing to expand business in growth areas, such as areas related to automobiles and semiconductors, and creating demand and increasing earning power in the area of infrastructure business.

We will increase earning power by implementing measures guided by the 2023 Mid-term Plan and then review our business structure and improve capital efficiency. We will thus strive to ensure management with an awareness of the improvement of the price-to-book ratio.

FY2023 Earnings Forecasts

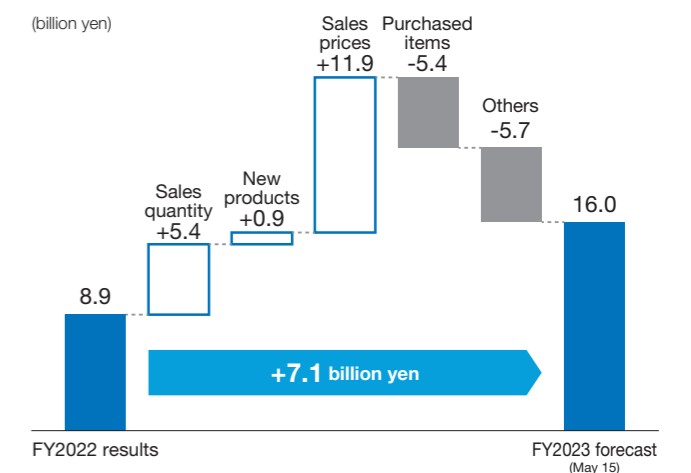
We expect profit to grow year on year in FY2023 due to the effect of the revision of sales prices, which more than offset the soaring prices of raw materials and fuels, in addition to recovery of sales

	FY2022 results	FY2023 forecast (May 15)	Change
Net Sales	517.0	550.0	+33.0 (+6.4%)
Operating Profit	7.5	17.0	+9.5 (+125.5%)
Ordinary profit	8.9	16.0	+7.1 (+52.4%)
Profit attributable to owners of parent	7.2	7.5	+0.3 (+4.1%)
Dividend per share	50 yen	50 yen*	±0

*Interim dividend of 10 yen/share and year-end dividend of 40 yen/share

in products related to automobiles and truck mountings in Japan, despite uncertainties such as declines in semiconductor-related products and automotive products in China.

Factors for Changes in Ordinary Profit



Key Financial Data for the Past 11 Years

(Unit: million yen)

(Fiscal year)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Operating Results											
Net Sales	371,887	402,829	431,477	464,405	448,381	481,439	500,451	465,946	432,568	486,579	516,954
Gross profit margin (%)	16.9	17.1	17.8	19.2	20.4	19.5	19.4	20.1	20.8	18.8	14.9
Operating Profit	8,154	12,617	19,305	26,821	30,225	29,893	30,052	24,607	24,194	22,198	7,539
Ordinary profit	6,873	12,730	20,600	24,526	26,252	29,533	31,084	23,475	24,030	22,928	8,859
Profit attributable to owners of parent	3,355	5,128	9,645	15,533	19,520	18,012	20,560	7,476	3,366	16,759	7,203
Segment Information											
Net Sales											
Alumina, Chemicals and Ingot Business	93,902	105,488	114,339	109,844	101,840	111,100	117,008	102,833	91,181	127,633	155,981
Sheet and Extruded Products Business	63,161	71,274	82,823	103,340	98,165	106,955	107,835	101,193	97,850	113,876	107,399
Fabricated Products and Other Businesses	126,218	132,261	138,088	149,220	154,684	169,019	180,259	172,975	157,297	153,415	153,167
Foil and powder products	88,606	93,806	96,227	102,001	93,692	94,365	95,349	88,945	86,240	91,655	100,407
Operating Profit											
Alumina, Chemicals and Ingot Business	3,273	2,917	6,069	9,138	10,126	8,954	9,616	10,902	9,614	13,021	10,201
Sheet and Extruded Products Business	1,675	2,668	4,230	3,058	7,775	9,767	7,152	3,556	5,950	7,518	(541)
Fabricated Products and Other Businesses	6,974	7,224	7,704	10,958	10,245	9,783	11,681	10,440	8,892	3,776	59
Foil and powder products	(771)	2,889	4,183	6,829	5,478	4,856	5,114	3,074	3,311	1,570	1,518
Elimination or corporate	(2,997)	(3,081)	(2,881)	(3,162)	(3,399)	(3,467)	(3,511)	(3,365)	(3,573)	(3,687)	(3,698)
Financial Position											
Current assets	217,648	226,807	248,906	247,363	246,394	262,671	267,238	246,374	270,781	296,727	292,333
Non-current assets	202,138	205,731	208,371	204,831	202,229	204,528	214,065	223,630	236,174	235,874	233,868
Current liabilities	182,173	181,520	202,220	186,881	184,277	191,729	184,364	162,341	166,116	190,542	196,479
Non-current liabilities	122,989	129,824	117,672	120,894	90,722	86,148	94,204	106,465	133,735	121,152	108,964
Shareholders' equity	102,297	105,787	111,791	124,884	154,600	167,115	183,163	184,547	184,763	194,967	196,455
Accumulated other comprehensive income	2,851	4,629	9,631	5,300	5,053	6,842	4,691	1,728	5,949	8,122	9,020
Non-controlling interests	9,476	10,778	15,963	14,235	13,971	15,365	14,881	14,923	16,392	17,818	15,283
Balance of interest-bearing debt	188,844	198,668	188,990	182,207	149,835	139,997	139,570	132,622	146,229	155,406	163,570
Cash Flows											
Cash flows from operating activities	18,030	18,148	11,780	37,770	36,488	25,868	34,644	48,676	41,942	1,487	695
Depreciation	16,259	16,435	16,406	16,356	16,602	17,126	17,294	18,694	19,157	20,063	19,732
Cash flows from investing activities	(14,025)	(18,998)	(7,119)	(19,419)	(11,887)	(14,948)	(22,777)	(29,684)	(25,674)	(18,021)	(15,123)
Capital expenditures	17,121	14,001	15,869	18,861	19,908	21,077	29,926	29,978	25,933	23,222	18,253
Cash flows from financing activities	(5,175)	5,762	(17,581)	(10,708)	(24,432)	(17,040)	(8,904)	(15,745)	8,194	(626)	85
Per-Share Information (yen)^(Note)											
Profit	61.69	94.29	177.35	285.62	345.79	290.88	332.03	120.73	54.37	270.77	116.33
Diluted profit	—	90.43	155.86	251.01	314.65	—	—	—	—	—	—
Net assets	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	3,281.17	3,318.17
Amount of dividends	30.0	40.0	50.0	60.0	80.0	80.0	90.0	90.0	65.0	85.0	50.0
Indicators (%)											
Return on capital employed (ROCE)	3.7	5.9	8.2	9.0	9.6	10.7	10.8	8.0	8.4	8.7	3.2
Return on equity	3.3	4.8	8.3	12.3	13.5	10.8	11.4	4.0	1.8	8.5	3.5
Equity ratio	25.0	25.5	26.6	28.8	35.6	37.2	39.0	39.6	37.6	38.1	39.0
Others											
Number of shares issued (thousand shares) ^(Note)	545,126	545,126	545,126	545,126	619,938	619,938	619,938	619,938	61,994	61,994	61,994
Research and development expenses	5,063	4,984	4,495	4,794	4,939	5,177	5,447	5,867	5,935	6,443	6,391
Number of employees	10,392	10,438	13,335	12,961	13,126	12,855	13,316	13,611	13,162	12,750	12,633

(Note) On October 1, 2020, we conducted a one-for-ten reverse stock split. Accordingly, the impact of the reverse stock split was considered when calculating the dividend per share for FY2019 (fiscal year ended March 2020) and before.

			Boundary	FY2018	FY2019	FY2020	FY2021	FY2022	Unit
Employees, etc.									
Number of directors	Full-time directors	Consolidated	Male	208	216	209	223	217	person(s)
		Consolidated	Female	0	1	1	1	1	person(s)
		Consolidated	<u>Total</u>	<u>208</u>	<u>217</u>	<u>210</u>	<u>224</u>	<u>218</u>	person(s)
Number of employees ¹	Managerial staff	Consolidated	Male	1,640	1,666	1,712	1,674	1,680	person(s)
		Consolidated	Female	95	96	100	95	99	person(s)
		Consolidated	<u>Total</u>	<u>1,735</u>	<u>1,762</u>	<u>1,812</u>	<u>1,769</u>	<u>1,779</u>	person(s)
	General	Consolidated	Male	9,087	9,345	9,040	8,486	8,398	person(s)
		Consolidated	Female	2,494	2,504	2,310	1,775	1,773	person(s)
		Consolidated	<u>Total</u>	<u>11,581</u>	<u>11,849</u>	<u>11,350</u>	<u>10,261</u>	<u>10,171</u>	person(s)
	Temporary	Consolidated (Japan)	Male	—	—	—	—	483	person(s)
		Consolidated (Japan)	Female	—	—	—	—	200	person(s)
		Consolidated	<u>Total</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>683</u>	person(s)
	Total employees	Consolidated	<u>Total</u>	<u>13,316</u>	<u>13,611</u>	<u>13,162</u>	<u>12,030</u>	<u>12,633</u>	person(s)
Number of employees by country/region	Japan	Consolidated	Male	8,399	8,568	8,668	8,621	9,028	person(s)
		Consolidated	Female	1,271	1,323	1,384	1,431	1,660	person(s)
		Consolidated	<u>Total</u>	<u>9,670</u>	<u>9,891</u>	<u>10,052</u>	<u>10,052</u>	<u>10,688</u>	person(s)
	Asia	Consolidated	Male	2,282	2,221	1,858	1,317	1,289	person(s)
		Consolidated	Female	1,095	1,239	985	400	371	person(s)
		Consolidated	<u>Total</u>	<u>3,377</u>	<u>3,460</u>	<u>2,843</u>	<u>1,717</u>	<u>1,660</u>	person(s)
	U.S. and Europe	Consolidated	Male	229	222	226	222	243	person(s)
		Consolidated	Female	40	38	41	39	42	person(s)
		Consolidated	<u>Total</u>	<u>269</u>	<u>260</u>	<u>267</u>	<u>261</u>	<u>285</u>	person(s)
Number of employees in each age group ²	Under 15	Consolidated	Male	0	0	0	0	0	person(s)
		Consolidated	Female	0	0	0	0	0	person(s)
		Consolidated	<u>Total</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	person(s)
	15 to 19 years old	Consolidated	Male	108	108	89	112	98	person(s)
		Consolidated	Female	15	21	20	13	20	person(s)
		Consolidated	<u>Total</u>	<u>123</u>	<u>129</u>	<u>109</u>	<u>125</u>	<u>118</u>	person(s)
	20 to 29	Consolidated	Male	2,153	2,124	1,925	1,691	1,648	person(s)
		Consolidated	Female	559	600	444	351	361	person(s)
		Consolidated	<u>Total</u>	<u>2,712</u>	<u>2,724</u>	<u>2,369</u>	<u>2,042</u>	<u>2,009</u>	person(s)
	30 to 39	Consolidated	Male	3,150	3,164	3,038	2,745	2,716	person(s)
		Consolidated	Female	833	894	826	530	552	person(s)
		Consolidated	<u>Total</u>	<u>3,983</u>	<u>4,058</u>	<u>3,864</u>	<u>3,275</u>	<u>3,268</u>	person(s)
	40 to 49	Consolidated	Male	2,878	2,919	2,798	2,641	2,743	person(s)
		Consolidated	Female	671	741	738	564	600	person(s)
		Consolidated	<u>Total</u>	<u>3,549</u>	<u>3,660</u>	<u>3,536</u>	<u>3,205</u>	<u>3,343</u>	person(s)
	50 to 59	Consolidated	Male	1,975	2,010	2,252	2,290	2,467	person(s)
		Consolidated	Female	276	284	319	351	418	person(s)
		Consolidated	<u>Total</u>	<u>2,251</u>	<u>2,294</u>	<u>2,571</u>	<u>2,641</u>	<u>2,885</u>	person(s)
	60 or older	Consolidated	Male	646	686	650	681	888	person(s)
		Consolidated	Female	52	60	63	61	122	person(s)
		Consolidated	<u>Total</u>	<u>698</u>	<u>746</u>	<u>713</u>	<u>742</u>	<u>1,010</u>	person(s)
Percentage of female employees ³		Consolidated		19.4	19.1	18.3	15.5	16.4	%
Percentage of female managers ³		Consolidated		5.5	5.4	5.5	5.4	5.6	%
Number of new hires	Total	Consolidated (Japan)		692	617	486	459	470	person(s)
	Percentage to employees	Consolidated (Japan)		7.8	6.8	5.3	5.0	5.1	%
Number of new graduates who were recruited		Consolidated (Japan)		211	210	196	205	185	person(s)

		Boundary	FY2018	FY2019	FY2020	FY2021	FY2022	Unit
Number of employees who left	Total	Consolidated (Japan)	490	490	427	515	541	person(s)
	Percentage to employees	Consolidated (Japan)	5.3	5.1	4.4	5.3	5.5	%
Three-year retention rate ⁴		Consolidated (Japan)	83.8	89.1	87.8	82.3	79.8	%
Number of those who were re-employed after retirement		Non-consolidated (Nippon Light Metal Co., Ltd.)	8	12	1	8	4	person(s)
Labor Union participation rate		Non-consolidated (Nippon Light Metal Co., Ltd.)	100	100	100	100	100	%
Average age	Consolidated	Male	39.9	39.4	40.7	41.3	42.1	years old
	Consolidated	Female	37.4	37.0	38.4	39.8	40.5	years old
	Consolidated	<u>Total</u>	<u>39.4</u>	<u>39.0</u>	<u>40.3</u>	<u>41.0</u>	<u>41.9</u>	years old
Average duration of service	Consolidated	Male	11.8	11.8	12.7	13.4	13.4	years
	Consolidated	Female	8.0	7.6	8.6	10.4	10.3	years
	Consolidated	<u>Total</u>	<u>11.1</u>	<u>11.0</u>	<u>12.0</u>	<u>12.9</u>	<u>12.9</u>	years
Average annual hours worked	Consolidated (Japan)	Male	2,157	2,076	2,085	2,119	2,137	Hours/person
	Consolidated (Japan)	Female	1,871	1,867	1,919	2,003	2,036	Hours/person
	Consolidated (Japan)	<u>Total</u>	<u>2,120</u>	<u>2,047</u>	<u>2,062</u>	<u>2,103</u>	<u>2,122</u>	Hours/person
Average annual overtime work hours	Consolidated (Japan)	Male	302	284	255	257	237	Hours/person
	Consolidated (Japan)	Female	150	148	130	153	145	Hours/person
	Consolidated (Japan)	<u>Total</u>	<u>282</u>	<u>266</u>	<u>238</u>	<u>243</u>	<u>224</u>	Hours/person
Average number of days of annual paid leave taken	Consolidated	Male	9.9	11.0	10.8	12.7	13.6	days
	Consolidated	Female	9.6	9.6	9.9	12.9	14.2	days
	Consolidated	<u>Total</u>	<u>9.8</u>	<u>10.7</u>	<u>10.6</u>	<u>12.7</u>	<u>13.7</u>	days
Average rate of acquisition of annual paid leave	Consolidated	Male	57.8	63.9	56.4	59.5	67.6	%
	Consolidated	Female	73.4	74.3	64.3	67.2	73.4	%
	Consolidated	<u>Total</u>	<u>60.0</u>	<u>65.4</u>	<u>57.6</u>	<u>60.6</u>	<u>68.5</u>	%
Percentage of newly taken childcare leave ⁵	Consolidated (Japan)	Male	6	12	12	50	40.6	person(s)
	Consolidated (Japan)	Female	66	52	42	74	108.3	person(s)
	Consolidated (Japan)	<u>Total</u>	<u>72</u>	<u>64</u>	<u>54</u>	<u>124</u>	<u>50.8</u>	person(s)
Number of employees who newly took nursing care leave	Consolidated (Japan)	Male	4	0	2	1	1	person(s)
	Consolidated (Japan)	Female	2	2	2	1	2	person(s)
	Consolidated (Japan)	<u>Total</u>	<u>6</u>	<u>2</u>	<u>4</u>	<u>2</u>	<u>3</u>	person(s)
Number of users of the shorter working hour program	Consolidated (Japan)	Male	1	3	5	5	6	person(s)
	Consolidated (Japan)	Female	66	85	96	100	110	person(s)
	Consolidated (Japan)	<u>Total</u>	<u>67</u>	<u>88</u>	<u>101</u>	<u>105</u>	<u>116</u>	person(s)
Number of employees who were absent from work due to mental health problems	Consolidated (Japan)	Male	59	51	45	43	40	person(s)
	Consolidated (Japan)	Female	9	8	5	8	11	person(s)
	Consolidated (Japan)	<u>Total</u>	<u>68</u>	<u>59</u>	<u>50</u>	<u>51</u>	<u>51</u>	person(s)
Average Annual Amount of Expenditure for Education/Training	Consolidated		24.9	25.0	16.2	17.8	31.1	thousand yen/person
Employment rate of people with disabilities ⁶	Non-consolidated (Nippon Light Metal Co., Ltd.)		2.63	2.57	2.60	2.57	2.68	%
	Non-consolidated (Toyo Aluminium K.K.)		1.93	2.55	2.63	2.30	2.52	%
Ratio of women's wages to men's wages ⁷	Non-consolidated (Nippon Light Metal Co., Ltd.)		—	—	—	—	68.7	%

*1 Fixed-term (full-time) employees are included. Temporary employees began to be included in FY2022.

*2 Consolidated figures have been reported since FY2018.

*3 Began to include the number of temporary employees in 2022.

*4 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.

*5 The number of employees was reported in FY2021 and before. The percentage began to be reported in FY2022.

*6 As of June 1 immediately after the end of each fiscal year. The statutory employment rate is 2.3%.

*7 Began to be calculated in FY2022.

	Boundary	FY2018	FY2019	FY2020	FY2021	FY2022	Unit
Environmental							
Greenhouse gas emissions (Scope 1, Scope 2) ¹	Consolidated	885	731	665	704	★649	thousand tons-CO ₂
	Consolidated (Japan only) ²	748	606	548	605	553	thousand tons-CO ₂
	Consolidated (overseas only) ³	137	125	117	100	96	thousand tons-CO ₂
Greenhouse gas emissions per unit of sales ¹	Consolidated (Japan only)	1.87	1.60	1.57	1.58	1.37	tons-CO ₂ /million yen
Breakdown of Scope 3 emissions ⁴	Category 1: Purchased goods and services ⁵	1,947	1,690	1,644	1,781	★1,823	thousand tons-CO ₂
	Category 2: Capital goods	35	42	39	23	25	thousand tons-CO ₂
	Category 3: Fuel and energy related activities (not included in Scope 1 or 2)	34	34	31	33	32	thousand tons-CO ₂
	Category 4: Upstream transportation and distribution	0	0	0	0	0	thousand tons-CO ₂
	Category 5: Waste generated in operation	5	4	3	4	4	thousand tons-CO ₂
	Category 6: Business travel	0	0	0	0	0	thousand tons-CO ₂
	Category 7: Employee commuting	3	4	4	4	4	thousand tons-CO ₂
Energy consumption	Electricity	10.4	8.1	7.8	8.3	7.7	PJ
	Fuels	6.2	6.0	5.5	5.8	5.5	PJ
Energy consumption intensity per unit of sales	Consolidated	33.2	30.1	30.4	29.0	25.5	GJ/million yen
Weight of raw materials used in production	Consolidated	601	523	426	456	555	thousand tons
SOx emissions	Consolidated	379	365	330	350	293	tons
NOx emissions	Consolidated	560	449	380	507	414	tons
Quantity of water intake ⁶	Consolidated	23.9	22.6	21.7	21.2	★21.3	million m ³
Total amount of discharged water	Consolidated	22.5	21.3	20.7	20.4	20.4	million m ³
Total wastewater per unit of sales	Consolidated	4.6	4.6	4.8	4.2	3.9	10 ⁻³ million m ³ /million yen
Water consumption ⁷	Consolidated	—	1.3	1.0	0.9	0.9	million m ³
COD emissions	Consolidated	105	106	90	77	99	tons
Emissions and disposal of waste and waste byproducts	Total emissions	51.9	45.6	37.1	44.2	38.1	thousand tons
	Total emissions per unit of sales	10.3	9.8	8.6	9.1	7.4	10 ⁻⁵ thousand tons/million yen
	Disposed (landfill)	3.5	3.4	3.5	4.8	5.1	thousand tons
	Disposed (landfill) per unit of sales	7.0	7.3	8.2	9.9	9.9	10 ⁻⁶ thousand tons/million yen
Environmental accounting	Environmental conservation expenditure: Investment	2,218	1,580	995	1,359	1,972	million yen
	Environmental conservation expenditure: Expenditure	6,210	6,248	5,746	5,688	6,498	million yen
	Economic effect of environmental conservation activities: Earnings	554	370	334	603	634	million yen
	Economic effect of environmental conservation activities: Changes in expenditure ^{8,9}	-982	1,027	2,098	-1,849	-3,625	million yen
Number of cases of lawsuits, penalties, or forfeitures related to the environment	Consolidated	0	0	0	0	2	case(s)
Number of accidents related to the environment ¹⁰	Consolidated	0	3	3	3	6	case(s)
Number of complaints related to the environment ¹¹	Consolidated	16	10	6	7	7	case(s)

	Boundary	FY2018	FY2019	FY2020	FY2021	FY2022	Unit	
Safety								
Number of workplace injuries ¹²	Lost-time injuries	Consolidated (Japan only)	23	19	12	15	16	case(s)
		Consolidated (overseas only)	16	16	7	14	6	case(s)
	Non-lost-time injuries	Consolidated (Japan only)	64	53	58	46	51	case(s)
		Consolidated (overseas only)	5	7	3	4	6	case(s)
Frequency rate of lost-time injuries ^{12,13}	Consolidated	1.05	0.91	0.58	0.73	0.81		
	Non-consolidated (Nippon Light Metal Co., Ltd.)	0.54	0.27	0.52	0.26	0.52		
Compliance								
Number of cases that were reported to Group Hotline	Consolidated	28	29	16	24	16	case(s)	
Compliance meeting	Number of times the training was held	2,066	2,156	2,517	2,416	2,319	times	
	Number of participants	20,972	21,404	23,059	22,307	21,529	total number	
Number of patent publications ^{12,14}	Consolidated	167	160	140	213	132	case(s)	
Number of patent registrations ^{12,14}	Consolidated	92	81	131	88	97	case(s)	
Quality assurance								
Number of violations of laws or regulations in the provision of products/services	Consolidated	0	0	0	13	44	case(s)	
Number of prompt reports	Consolidated	8	7	9	15	21	case(s)	
Number of recalls	Consolidated	4	3	5	3	2	case(s)	
Community								
Expenditure related to social contribution	Consolidated	168	180	113	119	280	million yen	
Governance								
Interim and year-end dividend per share ¹⁵	Consolidated	90	90	65	85	50	yen	

Amount of income taxes paid by country¹⁶

(Unit) Amount paid: Million yen, Number of employees: People

Fiscal year	Japan		China		Thailand		U.S.		Indonesia		India		Vietnam		France	
	Amount paid	Number of employees	Amount paid	Number of employees	Amount paid	Number of employees	Amount paid	Number of employees	Amount paid	Number of employees	Amount paid	Number of employees	Amount paid	Number of employees	Amount paid	Number of employees
2020	3,915	10,062	526	1,976	59	785	81	158	1	2	0	46	10	31	0	109
2021	5,725	10,784	450	742	58	758	147	152	1	2	135	181	-4	31	16	109

★ 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. The sum of Japan only and overseas only figures may not match the consolidated figures due to rounding.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 SocietyFuel in Japan: The CO₂ emission factor for each fuel is set by a ministerial ordinance from the Ministry of the Environment³ The following CO₂ emission factors were used for the calculations.Electricity overseas: Emission factors of the respective countries shown in CO₂FCOMB 2017 from the IEA for FY2021 and before and those shown in CO₂FCOMB 2020 from the IEA for FY2022Fuel overseas: Same as fuel in Japan above ²

The subject period is January to December for FY2018 to FY2019 and April to March for FY2020 to FY2022.

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.

Figures for FY2022 were calculated using the emission intensity specified in the Inventory Database for Environmental Analysis (IDEA) database Ver 2.3 (for calculating greenhouse gas emissions from the supply chain).

⁵ The Scope 3 Category 1 emissions are calculated based on aluminum ingots, aluminum hydroxide, and raw salt as raw materials. Of the items, the aluminum ingots are those purchased by Nippon Light Metal Co., Ltd. Purchasing Department.⁶ Only the intake of water used in the manufacturing process is subject to calculation.⁷ Began to be calculated in FY2019.⁸ Changes in expenditure are calculated using the following formula:

Changes in expenditure = expenditure incurred during a base period (FY2021) – expenditure incurred during the current year (FY2022)

⁹ - (minus) indicates an increase in expenditure.¹⁰ Environmental problems that affect external parties (such as the leakage of oil or chemicals)¹¹ Number of petitions from external parties (such as those regarding smell and noise)¹² The subject period is the calendar year (January to December).¹³ Injuries that resulted in one or more days' absence from work (excluding commuting injuries)¹⁴ Companies subject to calculation were added from FY2020.¹⁵ On October 1, 2020, we conducted a one-for-ten reverse stock split. Accordingly, the impact of the reverse stock split was considered when calculating the dividend per share for FY2019 (fiscal year ended March 2020) and before.¹⁶ The amount of taxes paid was 1 yen or more and less than 1 million yen in Singapore, Taiwan and Hong Kong.

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, 2022 to March 31, 2023 included in its Integrated Report 2023 (the "Report") for the fiscal year ended March 31, 2023.

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.
- Visiting Nikkei Niigata Co., Ltd. selected on the basis of a risk analysis.
- 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 Management

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 Management 1, we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

/s/ Kazuhiko Saito
 Kazuhiko Saito, Partner, Representative Director
 KPMG AZSA Sustainability Co., Ltd.
 Tokyo, Japan
 February 22, 2024

Notes to the Reader of Independent Assurance Report:

This is a copy of the Independent Assurance Report and the original copies are kept separately by the Company and KPMG AZSA Sustainability Co., Ltd.



Corporate Overview (as of March 31, 2023)

Company Name	Nippon Light Metal Holdings Company, Ltd.
Head Office Location	Urbannet Uchisaiwai-cho Building, 1-1-13 Shinbashi, Minato-ku, Tokyo
Share Capital	46,525,000,014 yen
President and CEO	Ichiro Okamoto
Number of employees	12,633 (consolidated)
Established	October 1, 2012
Stock Exchange Listings	Tokyo Stock Exchange Prime Market (Securities code: 5703)

Share Information (as of March 31, 2023)

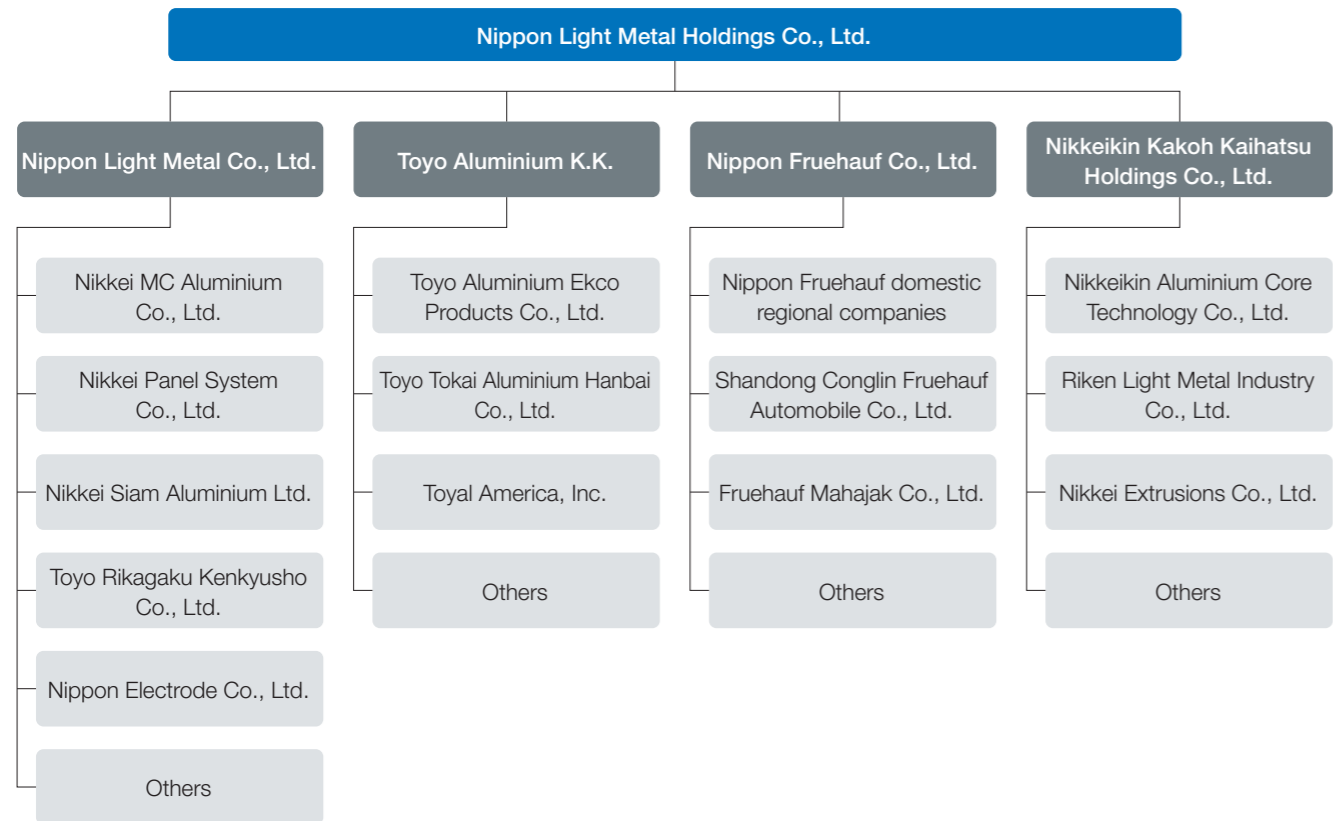
Total Number of Authorized Shares	200,000,000 shares
Total Number of Issued Shares	61,993,750 shares
Number of Shareholders	58,694

Major Shareholders (top ten)

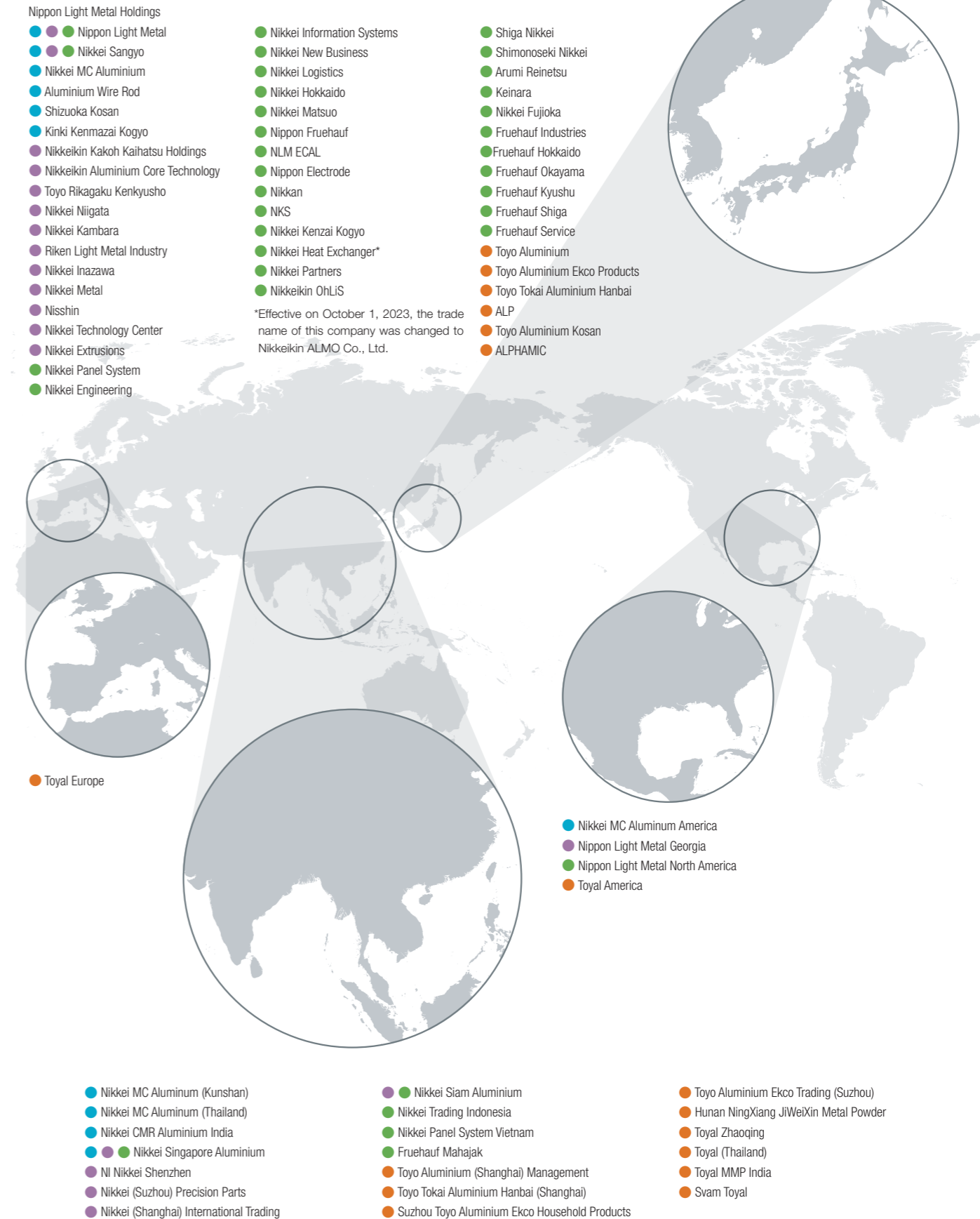
Name of Shareholder	Number of Shares Held (in thousands)	Ratio of Shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	10,088	16.3
Custody Bank of Japan, Ltd. (Trust Account)	3,341	5.4
The Dai-ichi Life Insurance Company, Limited	2,000	3.2
Nikkei-Keiyu-Kai	1,959	3.2
The Light Metal Educational Foundation, Inc.	1,491	2.4
Asahi Mutual Life Insurance Company	1,275	2.1
SMBC Nikko Securities Inc.	1,250	2.0
DFA INTL SMALL CAP VALUE PORTFOLIO	1,199	1.9
Mizuho Bank, Ltd.	1,126	1.8
STATE STREET BANK WEST CLIENT - TREATY 505234	968	1.6

Note: Ratio of shareholding is calculated after excluding treasury shares (68,163 shares).

Nippon Light Metal Group Management Structure (as of March 31, 2023)



Aluminum Ingot and Chemicals Aluminum Sheet and Extrusions Fabricated Products and Others Aluminum Foil, Powder and Paste



Note: Two dormant companies are excluded.