Introduction
The aim of this CSR Report 2020 of the Nippon Light Metal (NLM) Group is to ensure that the NLM Group’s CSR-related approach and initiatives are understood by our stakeholders by reporting them in a way that is easy to understand.

The NLM Group recognizes the social issues that surround it. We are also aware of climate change and ESG investments, which are receiving increasing attention in recent years, and global initiatives including SDGs. We are pursuing CSR to help solve these issues.

We would appreciate it if you would read about the initiatives we take to address each of the issues and provide us with opinions and comments.

This is a direct English translation of the original Japanese document.

Reference guidelines
This report was created by referring to the Environmental Reporting Guidelines 2018 (Ministry of the Environment), the Global Reporting Initiative (GRI) Standards and Prevention and Mitigation of COVID-19 at Work Action Checklist (ILO).

Period covered
Data for the report were collected between April 2019 and March 2020.

* Data collected before or after this period are also used in some sections of this report.

Boundary 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.

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

Stock Indexes

Reporting media of CSR information
This report describes the CSR initiatives that were taken by the NLM Group in FY2019. Further information are available on our official website.

Non-financial information
- CSR Report (Brochure/PDF)
- Website
  - https://www.nikkeikinholdings.co.jp/csrr
  - https://www.nikkeikinholdings.com/csr/ (English)

Financial information
- Website
  - https://www.nikkeikinholdings.co.jp/csr-fin-data/
- Annual Report
- Fact Book
Message from CEO

Enter the new normal with the power of Team NLM

Introduction

First, I would like to extend my heartfelt condolences to those who have lost loved ones to COVID-19. I would also like to express my support for the people who are fighting the disease and wish them a complete recovery, the people all over the world who are working hard on the medical front lines, and those who are providing nursing care, as we work together to take on the pandemic.

The Problem of Sedimentation in Amehata Dam

Typhoon Krosa and Typhoon Hagibis, which brought unprecedented torrential rains to Japan last year, severely damaged the area around Amehata Dam, which is one of Nippon Light Metal Co., Ltd.'s hydroelectric power generation facilities. This resulted in flooding in the areas around the dam, causing great problems for local residents and others. On behalf of the NLM Group, I hereby extend my deepest apologies to everyone who was affected.

This problem is reported in detail on pages 8 and 9. We will continue to respond faithfully, making the safety of local communities the highest priority, operating with our belief in working together with local communities to contribute to their development and improvement, which is stated in the Social Contribution Policy of the NLM Group. We have developed a basic plan to address the Amehata Dam sedimentation in consultation with local residents, local municipalities, and representatives from the national government. We would like to implement this plan steadily with the cooperation of those involved.

Progress of the mid-term management plan, COVID-19, and the new normal

Financial results for the first fiscal year of the mid-term management plan (for FY2019 to FY2021) were severe, with a year-on-year decline in both sales and profit. Net sales decreased 34.6 billion yen (6.9%) year on year, to 445.9 billion yen. Net profit declined 13.1 billion yen (63.6%) year on year, to 7.5 billion yen, reflecting special losses of 11.0 billion yen that resulted from the above-mentioned measures to address Amehata Dam sedimentation, in addition to the decline in net sales. While there are various factors, including a slowdown of the market attributed to the US-China trade war and the slump in the aluminum ingot price, I am fully aware that we did not have the power to overcome these factors. I suspect that our strategies and methods are behind global trends. I also suspect that because our profit had continued to increase since our foundation in 2012, we rested content with the status quo or avoided change, believing that the way we do things is right and that after we have passed the bottom of this recession, we would be able to enjoy growth like before. A corporate group which rests content with a little success is destined to move backward and rapidly fall into the abyss. The world is changing with time. We must continue to change by trying new things, and always aim for growth.

In the second half of the fiscal year, COVID-19 struck the world as if it were testing these thoughts of ours. The pandemic only minimally impacted our business performance in FY2019. However, this is attributed to the time gap between the changes in the manufacturing market and their impact on our market. This gap is experienced by companies that mainly deal in materials. I think that the impact will gradually begin to extend. Regarding the virus's impact on our employees and businesses, one employee in Thailand, two in the United States, and one in Japan were infected as of July 31. However, the scale of the problem was not large enough to affect our businesses directly. While the COVID-19 pandemic has begun to slow down some of our businesses, we continue operating both in Japan and overseas.

We launched a COVID-19 task force in March, with myself as its head, and began measures to control infection. We checked the status of infections within the group, including at overseas sites, and actively took measures, including the establishment of measures to prevent infection, the confirmation of BCP, teleworking, the opening of satellite offices, the improvement of internet environments, and the preparation of necessary equipment such as face masks and disinfecting alcohol. Notably, officers and employees worked as one in their positions and from their own perspectives to prevent infection and continue businesses. As a result, the impact of the pandemic on the group has been minimized to date.

There is another story related to this. In December last year, we relocated our office to Shimabashi for several reasons. One was to strengthen our BCP. While we planned for different disasters, the office relocation initiatives we had executed helped us respond to the COVID-19 pandemic quickly, and enabled us to work from home and advance other measures without major difficulties. The details of the office relocation initiatives are discussed on pages 10 and 11. In addition, we have a strong financial foundation thanks to the initiatives for improving our financial standing that we have been taking over the last ten years.

We had cash on hand exceeding 130.0 billion yen, including the commitment line, cash and deposits. While the situation remains unpredictable, I feel that the initiatives we have taken were right on target. This experience has made certain that we will be able to explore and capture new needs, new markets, and new work styles even during the current pandemic and the subsequent post-COVID world.

Selection of material issues

It is said that COVID-19 cleared the cloudy sky because the world's factories and plants shut down, shops and offices were closed, aircraft and automobiles stopped moving, and people stayed at home due to the pandemic. And there are news reports that the world has achieved the reduction of greenhouse gas emissions that it has targeted during the period when economic and social activities had stopped due to the COVID-19 pandemic. This news report reminds us how big and serious the climate change problem is.

Last year, we reported that we had begun to select our own material issues to tackle the problem. Later, we discussed it at various levels, including at meetings of the Board of Directors, the Group Executive Committee, the CSR Committee and others. Unfortunately, however, we have yet to select our material issues because the discussions necessary for reaching a conclusion and the subsequent dialogues with stakeholders have been suspended, another effect of COVID-19. Here, I would like to share the content of the discussions to date, so that you can share your opinions in the future.

We are in the first year of the Decade of Action, when all humans must take action to achieve the SDGs by 2030. Our business domains have increasingly expanded. I believe that this expansion leads to the ability of the group to alleviate the impact crises have on our business performance, including climate change. I also hope that, thinking the other way round, current and future threats can be transformed into great opportunities for the group because of this form of business. At the NLM Group, we are ready to demonstrate our strengths which are enabled by cooperation and to attempt new forms of business globally after the end of COVID-19, or during what is being called the new normal.

As Team NLM, we will work to be a groundbreaking innovator of aluminum and beyond. The transition to the new normal will be an opportunity for us to accelerate our efforts to take on new challenges and break new ground that no other material manufacturer has done before.

I. Okamoto
President and Chief Executive Officer
Nippon Light Metal Holdings Company, Ltd.
Since 2019, we have been selecting material issues toward the achievement of sustainable society. In the mid-term management plan for FY2019 to FY2021, we selected the three elements of safety, quality, and the environment, which we identified through the process of searching for material issues, as tentative core elements of the issues. They were derived from the Management Policy of the NLM Group. We distilled essential elements that support the "Nippon Light Metal — Anything Aluminium" statement in the Management Policy. These elements are things that we have always valued and that are important to society. We quantified and distributed them according to economic and social value. Then we grouped policies and other elements in high positions according to both their economic and social value, which enabled us to derive the three core elements of safety, quality, and the environment. Each element has two aspects: opportunities and risks. For example, safety is related to the risk of workplace injuries, the risk of defective products and services, and the risk of the disruption of the supply chain, among others. The other side, this element also is connected to opportunities, including safe town development and the growing demand for safe, secure foods, medical products, and services. Quality includes both product and service quality and the quality assurance system that supports them. If these elements function well, the value of the NLM brand increases. Quality fraud and other problems are major risks. The environment relates to environmental pollution risks and the significant environmental impact that our business activities have. The other side, this core element also involves opportunities, for example, opportunities to develop products and services that reduce environmental impact or improve the environment.

In FY2019, discussions were conducted based on these three elements while keeping present and future issues and the things that are important to the corporate value that we will create in the future in mind. We are exploring more specific products, services, businesses, and initiatives by considering how to adapt and respond to climate change risks and opportunities and how the NLM Group will contribute to achieving a sustainable society, the reason for establishing the SDGs.

As a result, we identified six material issues.
Measures to address floods in the area around Amehata Dam

Torrential rains caused by Typhoon Krosa and Typhoon Hagibis in 2019 caused the water level of the Amehata River above Amehata Dam to rise. The dam is owned by Nippon Light Metal Co., Ltd., our subsidiary. This resulted in flood damage to the area around the dam.

We extend our deepest apologies to residents and other affected people for the great problems and anxieties caused by the floods.

At Amehata Dam, we have been removing sediment from the reservoir as a maintenance measure. However, the river bed above the dam rose due to the accumulation of earth and sand that had entered the reservoir, causing flooding in some areas. We have therefore been taking measures that make the safety of this area the top priority.

Against this background, we received a guidance from the Land, Infrastructure, Transport and Tourism Ministry (MLIT), for the four consecutive years since 2014. After we received notice of the 2019 inspection results, the national government gave us administrative guidance, directing us to finalize a plan for measures to address the sedimentation problem and to implement the measures in a well-planned manner to fundamentally solve the problem.

Reference 1
Content of the administrative guidance
- Regarding measures to respond to the regular inspection of Amehata Dam
  Notice No. 13 dated August 9, 2019 from the Director of Kofu River and National Highway Office, Kanto Regional Development Bureau, MLIT
  To: Officer of Kamba Complex, Nippon Light Metal Co., Ltd.
  Notice from the Director of Kofu River and National Highway Office, Kanto Regional Development Bureau, MLIT
  Findings of the regular inspection
  • Measures to address sedimentation have been taken, but the measures shall be strengthened and improved to surely reduce the amount of sediment.
  • A plan for measures to address the sedimentation problem shall be finalized and the measures shall be implemented in a well-planned manner to fundamentally solve the sedimentation problem.
  • While accumulations such as deformation have not been observed, the amount of sediment has exceeded the sediment storage capacity. Accordingly, its impact on the dam body, etc. shall be investigated.

We gravely accepted the administrative guidance. To plan measures to fundamentally solve the sedimentation as soon as possible and to ensure the measures are as effective as possible, Nippon Light Metal Co., Ltd. established the Amehata Area Sediment Countermeasures Investigative Commission (the “Investigative Commission”) together with the MLIT, the Yamagata prefectural government, and the Higashimatsuyama municipal government in September 2019. The Investigative Commission conducted multiple studies regarding emergency measures to address flood damage in the surrounding area and drastic measures to address the accumulated sediment.

Reference 2
Outline of the Basic Plan for Measures Addressing Amehata Dam Sediment (April 30, 2020)
1. Position of the Basic Plan for Measures Addressing Amehata Dam Sediment

Floods have already occurred above the Amehata Dam reservoir. Therefore, under this plan, we will aim to implement a solution to prevent floods and mudslides as soon as possible and ensure that the Amehata Dam reservoir can fulfill its functions in the future.

Accordingly, in this basic plan, we divided countermeasures into three stages: a short-term plan (Step 1), a medium-term plan (Step 2), and a long-term plan (Step 3).

This plan that we submitted was formulated with the greatest possible consideration of the living environment of local residents. It has a realistic target for the amount of accumulated sediment to be removed, before describing the feasible countermeasures that we formulated.

To begin the implementation of the basic plan immediately, we attached importance to the short-term plan (a solution to prevent floods and mudslides) to be implemented in FY2020 and FY2021. Under the medium-term plan for FY2022 and onward, we will take measures such as securing places to dispose of removed sediment by finding candidate locations where embankments are nearest so the removed sediment can be used as a material to build the embankments, while continuing to cooperate with the Higashimatsuyama municipal government and the national government. In addition, the basic plan will be reviewed at each follow-up meeting of the Investigative Commission in accordance with its progress, to formulate and advance feasible measures to secure sufficient sediment storage capacity to prepare for the largest ever inflow of earth and sand.

Further, there are many issues to be studied surrounding Amehata Dam, including the remarkably large amount of sedimentation compared to other dams in Japan. Therefore, we will continue to study countermeasures from a broad perspective to ensure sedimentation stays at a safe level and take measures to maintain sufficient sediment storage capacity (continuous countermeasures against sedimentation) by consulting with other stakeholders at the follow-up meetings of the Investigative Commission. We have positioned this process as a part of the long-term plan.

Reference 3
Progress of the Investigative Commission
1st meeting of the Investigative Commission September 3, 2019
Purposes for establishing the Amehata Area Sediment Countermeasures Investigative Commission
1. Overview of the Amehata Dam and the circumstances that led to the removal of sediment
2. Issues to overcome and the schedule for the formulation of a sediment countermeasure plan
2nd meeting of the Investigative Commission December 20, 2019
1. Progress in the recovery from Typhoon Hagibis and emergency measures
2. Proposed plan for the removal of sediment
3. Future actions
3rd meeting of the Investigative Commission February 4, 2020
1. Matters that were reported and identified in the previous meeting
2. Progress in emergency measures
3. Status of the investigations to identify drastic measures
4. Proposed schedule of removal
5. Future actions
4th meeting of the Investigative Commission March 25, 2020
1. Progress of investigations into measures to address sedimentation in Amehata Dam
2. Matters identified in past meetings and responses to them
3. Content of the basic plan for measures addressing sedimentation in the Amehata area
4. Impact of the sediment on the dam body

Through the four meetings of the Investigative Commission that were held by March 2020, we received approval for the measures addressing sediment in the Amehata area from MLIT, the Yamagata prefectural government, and the Higashimatsuyama municipal government. Then we submitted the Basic Plan for Measures Addressing Amehata Dam Sediment, which we finalized, to MLIT.

At Nippon Light Metal Co., Ltd., we will continue to implement the Basic Plan for Measures Addressing Amehata Dam Sediment steadily with cooperation from everyone involved and prioritizing the safety of the area. In the financial results for FY2019, we recorded an extraordinary loss of ¥11.0 billion yen as an expense for the Amehata Dam countermeasures during FY2020 and FY2021.

To review the status of the implementation of this Basic Plan for Measures Addressing Amehata Dam Sediment, on June 11 Nippon Light Metal Co., Ltd. held the 1st follow-up meeting of the Amehata Area Sediment Countermeasures Investigative Commission with the MLIT, the Yamagata prefectural government, and the Higashimatsuyama municipal government. At the 1st follow-up meeting of the Investigative Commission, we reported the progress of the measures taken based on the basic plan.

At Nippon Light Metal Co., Ltd., we will continue to implement the Basic Plan for Measures Addressing Amehata Dam Sediment steadily with cooperation from everyone involved and prioritizing the safety of the area. In the financial results for FY2019, we recorded an extraordinary loss of ¥11.0 billion yen as an expense for the Amehata Dam countermeasures during FY2020 and FY2021.
Close in, Team NLM! — Collaborating to move to a higher level —

Once we settle into our home, it makes us feel at ease, with the familiar rooms and people around us. When we return home, it calms us down. Our homes are irreplaceable, even if it is a bit old and far away and there are some inconveniences. This is an office story.

Ichiro Okamoto's ideas were different than that. "We have been operating in this place for 23 years. The equipment is aging, and the office is inconveniently located far from the center of Tokyo. More than anything, do business partners and people from the group want to have to change to the monorail to get here? Can we come up with new ideas if we are surrounded by documents and see the same people every day?" I want to create a workplace where people with diverse backgrounds create product value through friendly competition. The valuable collaborations that determine our survival should be determined through bustle that includes dissension, allowing us to transform the NLM Group into a vigorous corporate entity that does not fear change.

This desire led Okamoto to decide to relocate our head office in October 2018. "Complete the relocation by December 2019," he ordered us. Shimbashi is our new address. Unexpectedly, this location was "Complete the relocation by December 2019," he ordered us. Shimbashi is our new address. Unexpectedly, this location was decided by meetings one by one, the project could never be completed in one year. Therefore, the project team was left to determine how to use the budget, on the condition that they would not go over budget, which saved a significant amount of time.

Various measures were devised to solve the space problem. First, they focused on documents and cabinets. Extra space would be created by reducing the number of cabinets, which were crammed into the office. To do this, reduce the documents. A serious effort to go paperless began. The height of all the documents piled up was 6,000 m. That is equivalent to 1.6 times the height of Mt. Fuji. Is it really necessary to have this many documents? They were disposed of or computerized. The master copies that were absolutely necessary were moved to the warehouse. A system for same-day deliveries to the warehouse was also quickly created. As a result, the height was cut to 600 m. The 90% reduction created 1,000 m² of space.

The implementation of these policies was entrusted to eleven men and six women between their twenties and their forties. The selection of these 17 people received Okamoto's belief that future work styles must be considered by young employees. This way, the project to relocate the office to Shimbashi began, growing to involve 1,000 people from 18 group companies whose offices were located in Tokyo.

Further, all of the 1,000 people would not always be in the office because the sales staff spend long hours outside the office, and there are always staff members away on business trips or on leave. However, as long as they are a part of the companies, they need desks. The problem was the assigned desks. It was decided that fixed desk assignments would be ended, enabling staff to work anywhere in the office they wished. The introduction of Activity Based Working (ABW) increased opportunities to communicate, giving it a dual purpose. While ABW had been introduced in individual companies, what would happen when employees from multiple companies of the same corporate group were free to choose where to work in the same area was unknown. On top of this, officers were not going to be the exception. They were to have no desks of their own, with no typical desks for senior staff in the plan. This arrangement was intended to create a space shared by the people, beyond boundaries of age, position, and company. Only this team could come up with this idea and make that choice. This made them think that the locker rooms were also a waste of space. They would be rarely used, except in the morning and evening. No uniform, no locker room. Thus, the Everyday Casual dress code was introduced.

The problems of time and space were solved in these ways, and the focus was shifted toward initiatives embodying the major policies.

A hot desking system was introduced. It does not matter who sits in which seat. Rather, they are prohibited from using the same desk again and again. They do a variety of tasks in their jobs. They need desks that facilitate communication, where they can concentrate on creating materials or thinking about things, desks where they can stand and work, and even desks for not working. To give them options to choose from according to their needs, different types of chairs, desks, and tables, 20 types each, were prepared. They were arranged vertically, horizontally, diagonally, in circles, and in squares. Project members also paid a lot of attention to the carpets, walls, and ceilings. They designed these based on concepts created for each floor.

The corporate cafeteria is an important place for communication. They aimed to create spaces and services which enable staff and guests to relax. The office cafeteria was placed on the highest floor that we rent. To reduce queues, a cause of stress, before eating, it was decided that payments should be made after eating. This space was designed to allow people to gather at any time of the day. It serves breakfast, can be used as a café, and in the evening becomes a venue for parties where people can enjoy craft beer, and of course it serves lunch. It was the venue for this year’s New Year’s greeting.

This is the secret base of Team NLM. Here, we stage encounters of various kinds. Look at the improvement of communication and collaboration. Moving to a new environment, without being negative, even though there were some difficulties in how fast they were able to adapt.

Wall mural and art that welcomes guests

Ground floor was established. Those rules are quite simple. The first rule is about clean desks. Don’t leave anything, even bacteria, on a desk for the next user. When we have finished using a desktop, wipe it with alcohol to make sure it is clean, and our work is done. It goes without saying that this rule has worked out well, as the COVID-19 pandemic began just months later. The reduction of documents and the introduction of IT facilitated the transition to remote working, including work from home.

Ground rules
1. Clean desks
4. IT tools
2. Personalized lockers and cabinets
5. Meetings
3. Task-based selection of working location
6. Greetings, honories, and others

Now we have an environment that fully and comfortably facilitates the improvement of communication and collaboration. Moving forward, we will make the new office our base for the creation of new value as Team NLM moves beyond the boundaries between companies, divisions, and positions, while adopting new lifestyles that help control COVID-19, including the avoidance of the 3Cs (closed spaces, crowded places, and close-contact settings). Looking forward to Team NLM’s leap forward into the future.

1. A system enabling employees to accomplish more creative achievements, where they are free to choose where and when to work.
2. The secret base of Team NLM. This is the NLM Group showroom, where we introduce Group products and services, the value they provide, and the technologies and expertise behind them, from a unique perspective.
To obtain expertise on the prevention of infection, we regularly collect information (including temporary staff and the employees of contractors; the same applies to, from, and among all visitors). The measures that are necessary, informed the employees of group companies (including the president of NLM HD, and the responsible people at all business locations of the Group. Beginning during new employee training, we train our employees thoroughly and in a systematic manner to ensure they have a clear understanding of the situation and the appropriate protective measures. We did not have an opportunity to train the personnel who actually implement the measures for handling an identified COVID-19 infection. However, this did not cause much confusion because we had established steps to handle other infections, such as influenza and legionnaires, and had thoroughly reviewed these measures. So far, we have had no incidents of infection transmitted to personnel, infections of groups, or similar causes. At the NLM Group, we have set up a COVID-19 task force that is headed by the President of NLM HD and responsible for the organization of the COVID-19 task force (Established on March 9, 2020) including overseas ones and plants). At the NLM Group, we have set up a COVID-19 task force that is headed by the President of NLM HD and responsible for the measures to eliminate or mitigate these risks. The main measures we have taken are as follows:

1. Planning and organizing

- Develop and post a statement of management’s commitment and responsibilities to reduce the risk of exposure to the virus and transmission of COVID-19 at the workplace in consultation with worker representatives
- Develop a preparedness and response plan for COVID-19 prevention at workplaces, considering all work areas and tasks performed by workers and potential sources of exposure.

2. Information and communication

- Designate the individuals with responsibility for and expertise in the domain of infection prevention and control
- Designate the persons with responsibility for control and management of communications in case of reporting, monitoring and disinformation

3. Risk identification

- Identify the risk areas and processes in our business
- Identify workers who may be at risk of infection

4. Risk assessment, management and communication

- Identify and assess the risk factors related to the workplace (e.g., mass media and other external sources, employees and potential sources of exposure, workplace, considering all work areas and tasks performed by workers, and mass media and other external sources)

5. Planning and organizing

- Develop and post a statement of management’s commitment and responsibilities to reduce the risk of exposure to the virus and transmission of COVID-19 at the workplace in consultation with worker representatives
- Develop a preparedness and response plan for COVID-19 prevention at workplaces, considering all work areas and tasks performed by workers and potential sources of exposure.

6. Information and communication

- Designate the individuals with responsibility for and expertise in the domain of infection prevention and control
- Designate the persons with responsibility for control and management of communications in case of reporting, monitoring and disinformation

7. Risk assessment, management and communication

- Identify and assess the risk factors related to the workplace (e.g., mass media and other external sources, employees and potential sources of exposure, workplace, considering all work areas and tasks performed by workers, and mass media and other external sources)

8. Planning and organizing

- Develop and post a statement of management’s commitment and responsibilities to reduce the risk of exposure to the virus and transmission of COVID-19 at the workplace in consultation with worker representatives
- Develop a preparedness and response plan for COVID-19 prevention at workplaces, considering all work areas and tasks performed by workers and potential sources of exposure.

9. Information and communication

- Designate the individuals with responsibility for and expertise in the domain of infection prevention and control
- Designate the persons with responsibility for control and management of communications in case of reporting, monitoring and disinformation

10. Risk assessment, management and communication

- Identify and assess the risk factors related to the workplace (e.g., mass media and other external sources, employees and potential sources of exposure, workplace, considering all work areas and tasks performed by workers, and mass media and other external sources)

11. Planning and organizing

- Develop and post a statement of management’s commitment and responsibilities to reduce the risk of exposure to the virus and transmission of COVID-19 at the workplace in consultation with worker representatives
- Develop a preparedness and response plan for COVID-19 prevention at workplaces, considering all work areas and tasks performed by workers and potential sources of exposure.

12. Information and communication

- Designate the individuals with responsibility for and expertise in the domain of infection prevention and control
- Designate the persons with responsibility for control and management of communications in case of reporting, monitoring and disinformation

13. Risk assessment, management and communication

- Identify and assess the risk factors related to the workplace (e.g., mass media and other external sources, employees and potential sources of exposure, workplace, considering all work areas and tasks performed by workers, and mass media and other external sources)
19. Organize work in a way to allow for physical distancing of at least 2 meters (6 feet) from other people or another distance as prescribed by local authorities. Based on information collected from the sources mentioned in section 3 and 4, employees are required to keep a physical distance of at least 2 meters (6 feet) from other people in principle. To prevent them from coming into this distance, we have taken the following measures: using shift breaks and wages, the prohibition of face-to-face meetings, the establishment of time limits, the limiting of the number of people, and the installation of partitions. Every year, our general meeting of shareholders is attended by a large number of shareholders and its venue is filled to capacity. In FY2020, we requested that our shareholders refrain from coming to the meeting venue. On the day of the meeting, we prepared a second venue to enable social distancing between attendees. The meeting held in the first venue was broadcast live online.

20. Avoid face-to-face meetings, giving preference to phone calls, email or virtual meetings. If you need to organize meetings, organize the space in physical distancing. We recommend that meetings, events, and training sessions are held online. When face-to-face or similar events must be held under unavoidable circumstances, permission is given only when all of the following requirements are fulfilled: 1. All participants of the meeting, etc. shall wear face masks. (The company shall provide them for those who do not have them.) 2. The good physical health of the participants shall be confirmed, and no one in bad health shall be permitted to attend. 3. A physical distance of approx. 2 meters shall be kept between participants of the meeting, etc. 4. The duration of the meeting, etc. shall be limited to 60 minutes.

IV. ARRANGEMENTS FOR SUSPECTED AND CONFIRMED COVID-19 CASES

21. Provide staff, customers and visitors with ample and easily accessible places where they can wash their hands with soap and wash/disinfect their hands with alcohol-based hand sanitizers, in addition, promote a culture of hand washing. We have increased the frequency of refilling soap dispensers in restrooms to prevent them from being empty. We also use circulars and electric fans for the forced ventilation of places with insufficient natural ventilation.

22. Put sanitizing hand rub dispensers in prominent places around the workplace and make sure these dispensers are regularly refilled. The good physical health of the employees shall be confirmed, and no one in bad health shall be permitted to attend. 3. A physical distance of approx. 2 meters shall be kept between participants of the meeting, etc. 4. The duration of the meeting, etc. shall be limited to 60 minutes.

23. Promote a culture of regular wiping of desks and workstations, and maintain restrooms and other areas where people tend to congregate. We promote the spread of droplets from coughs and sneezes, we require that employees wear face masks at work, in principle. The company supplies face masks to employees who don’t have them.

24. Improve exhaust ventilation and provide more clean make-up air to rooms and operations with high risk of exposure to the virus. We ventilate rooms that have insufficient ventilation by opening windows and doors regularly. We also use circulars and electric fans for the forced ventilation of places with insufficient natural ventilation.

25. Promote and communicate good respiratory hygiene at the workplace, such as covering your mouth and nose with your bent elbow or tissue when you cough or sneeze. To prevent the spread of droplets from coughs and sneezes, we require that employees wear face masks at work, in principle. The company supplies face masks to employees who don’t have them.

26. Ensure social distance at the workplace and remain out of “congregate settings” as much as possible. In accordance with government guidelines and advice from experts, we strive to avoid the 3Cs (crowded spaces with poor ventilation, crowded places with people, and close-contact settings where people talk close up) in workplaces as well.

27. Provide appropriate facemasks and make available paper tissues at workplaces, for use by those who develop a runny nose or cough. Paper tissues are free to use in restrooms and offices. These places are also equipped with closed bins for hygienically disposing of them.

28. In line with the local authorities guidance, encourage your workers with suspected symptoms of COVID-19 not to come to the workplace and to follow the guidance of the local authorities. Employees with poor physical conditions or suspected symptoms of COVID-19 are requested to remain at home and register their recent travel and symptoms. Employees who have a serious health condition, including trouble breathing, are advised to call and consult the Call Center for Japanese Retirees and Potential Contacts or their personal physicians. Before and after a PCR test, it is also requested that they cooperate with surveys conducted by the company, including ones that review their most recent activities and the people with whom they have had contact with them. If an employee has tested positive, we submit the results of our surveys and other necessary materials to the local public health center.

29. Advise workers to call their healthcare provider or the local public health department when they have serious health condition including trouble breathing, giving them details of their recent travel and symptoms. Employees who have a serious health condition, including trouble breathing, are advised to call and consult the Call Center for Japanese Retirees and Potential Contacts or their personal physicians. Before and after a PCR test, it is also requested that they cooperate with surveys conducted by the company, including ones that review their most recent activities and the people with whom they have had contact with them. If an employee has tested positive, we submit the results of our surveys and other necessary materials to the local public health center.

30. Arrange for isolation of any person who develops COVID-19 symptoms at the work site, while awaiting transfer to an appropriate health facility. Arrangement for isolation of the work site and health surveillance of persons who have close contact. If any employee in a work site becomes infected with COVID-19 it has had a close contact with an infected person, we isolate the employee and send him/her to the nearest hospital. We require that employees who have had contact with the infected person return home and stay there to monitor their health condition. They are to remain at home until the test results of the employee that is suspected to be infected are obtained.

Environmental management system

At the NLM Group, we fully recognize the impact that our business activities have on the environment and have developed an environmental policy, under which we are taking initiatives to realize sustainable businesses and a sustainable society voluntarily and proactively, beyond complying with related laws and regulations. The NLM Group Environmental Committee deliberates and decides on the core measures related to the group’s environmental management. The committee is chaired by the President of Nippon Light Metal Holdings Co., Ltd., and consists of company officers, presidents of the NLM Group companies, and other members. Matters determined by the Environmental Committee are fleshed out by the environmental control section, which serves as the committee’s secretariat, and are made known at meetings of environmental practitioners from each site* before actions are taken.

* Sites: Boundary of application of the environmental management system

At the NLM Group, the environmental control section of the group conducts regular environmental audits of 62 sites in Japan and seven overseas in China, Thailand, and North America. This section monitors whether sites are taking steps to save energy and preserve biodiversity. In FY2019, environmental audits were conducted at 19 sites in Japan and seven overseas in China, Thailand, and North America, and the problems identified were mainly in the areas of standardizing the process of waste disposal and control of carbon emissions. The processes included the fulfillment of industrial waste management standards, such as insufficient documentation of storage sites, and inadequate information provided to waste disposal contractors. Corrections were made accordingly. It was also pointed out that procedures for handling emergencies, such as oil leaks, had yet to be established. This was corrected by implementing a regular training program in which a rule to keep a record of training. Further, in response to one of our plants leaking chemicals outside of itself, we investigated the NLM Group’s measures taken at other sites with similar equipment and incorporated them into environmental audits. Improvements for all 77 problems have been completed. Problems identified in environmental audits are shared at meetings of environmental practitioners to reduce environmental risk.

Environmental accidents and emergency responses

At the NLM Group, we have developed and operate a quick reporting system in Japan and overseas to respond promptly to environmental problems. In FY2019, there were no lawsuits, fines, or troubles related to the environment. There were three environmental accidents (two accidents in Japan and one at an overseas site).

We received ten complaints (five complaints in Japan and five at overseas sites) about noises, odors, or similar issues from local residents. For each complaint, we requested that they cooperate with surveys conducted by the company, including those or their personal physicians. Before and after a PCR test, it is also requested that they cooperate with surveys conducted by the company, including ones that review their most recent activities and the people with whom they have had contact with them. If an employee has tested positive, we submit the results of our surveys and other necessary materials to the local public health center.

24. Promote a culture of regular wiping of desks and workstations, and maintain restrooms and other areas where people tend to congregate. We promote the spread of droplets from coughs and sneezes, we require that employees wear face masks at work, in principle. The company supplies face masks to employees who don’t have them.

25. Promote and communicate good respiratory hygiene at the workplace, such as covering your mouth and nose with your bent elbow or tissue when you cough or sneeze. To prevent the spread of droplets from coughs and sneezes, we require that employees wear face masks at work, in principle. The company supplies face masks to employees who don’t have them.

26. Ensure social distance at the workplace and remain out of “congregate settings” as much as possible. In accordance with government guidelines and advice from experts, we strive to avoid the 3Cs (crowded spaces with poor ventilation, crowded places with people, and close-contact settings where people talk close up) in workplaces as well.

27. Provide appropriate facemasks and make available paper tissues at workplaces, for use by those who develop a runny nose or cough. Paper tissues are free to use in restrooms and offices. These places are also equipped with closed bins for hygienically disposing of them.

28. In line with the local authorities guidance, encourage your workers with suspected symptoms of COVID-19 not to come to the workplace and to follow the guidance of the local authorities. Employees with poor physical conditions or suspected symptoms of COVID-19 are requested to remain at home and register their recent travel and symptoms. Employees who have a serious health condition, including trouble breathing, are advised to call and consult the Call Center for Japanese Retirees and Potential Contacts or their personal physicians. Before and after a PCR test, it is also requested that they cooperate with surveys conducted by the company, including ones that review their most recent activities and the people with whom they have had contact with them. If an employee has tested positive, we submit the results of our surveys and other necessary materials to the local public health center.

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Initiatives addressing noises, odors, and fumes
At the NLM Group, we take action to prevent noises, odors, and fumes. To prevent noise, we have repaired uneven sections of passages to reduce the noise that occurs when fork trucks pass over them. We have also changed the way we purchase aluminum materials. We now purchase materials in flexible container bags, to reduce noise when handling the materials.

For several years, Nikkei MC Aluminum (Thailand) Co., Ltd. has received many complaints regarding odors and fumes from other companies in its area. The suspected cause was the leakage of odors and fumes generated in the aluminum melting process, odors from the cutting of this aluminum to materials in the materials yard, and the mixture of these odors that affected the surrounding companies. In response, we took equipment improvement measures during FY2018 and FY2019. They include the replacement of a large dust collector with one that has a greater dust collection capacity, the optimization of the amount of deodorizer sprayed through the improvement of spray equipment, and the prevention of odor leaking from the aluminum materials yard by reducing its openings. In addition, we replaced the deodorizer with one that is appropriate for the causes of the odors. As a result, the number of odor complaints fell to five in FY2019.

Development of environmental human assets
At the NLM Group, we run various training programs to develop environmental human assets in accordance with the nature of the work at each site.

Initiatives for developing human assets in FY2019

- Encouragement to acquire public qualifications related to the environment
  Regarding employees’ acquisition of public qualifications related to the environment, we check the ages of our existing employees who have these qualifications to ensure that we have a sufficient number of certified employees over the long term. At sites with a large number of qualified employees, we encourage employees to acquire qualifications during environmental audits and similar opportunities.

- Training session on laws and regulations (held twice a year) to develop environmental practitioners
  Training sessions on laws and regulations were held under the themes of the Soil Contamination Countermeasures Act and the Waste Management and Public Cleansing Act, in consideration of their importance as laws and their level of influence.

- Participation in environmental audits
  To improve the skills level of environmental practitioners, we had them participate in the environmental audits of other sites as auditors. They learned how to look at and walk around sites, key points for identifying issues, key points of countermeasures, and other environmental management activities on site. In FY2019, a total of 34 environmental practitioners from 27 sites (rate of participation 126%) participated in environmental audits.

- Training to develop ISO 14001 internal auditors
  We held a training session to develop ISO 14001 internal auditors once a year, to give as many employees as possible an opportunity to look at the fields they work in from the viewpoint of environmental protection. In FY2019, 22 employees attended the session.

Environmental targets and FY2019 results (Japan only)

<table>
<thead>
<tr>
<th>Action item</th>
<th>Target year</th>
<th>Medium-term target (Japan)</th>
<th>FY2019 result</th>
<th>Initial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy-saving activities and countermeasures against global warming</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greenhouse gas emissions 2020</td>
<td>Greenhouse gas emissions per unit of sales at 1.82 tons CO2/million yen</td>
<td>1.60 tons CO2/million yen</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy consumption 2020</td>
<td>12 PJ/year or less</td>
<td>11.6 PJ/year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Air quality control</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SOx emissions 2020</td>
<td>350 tons/year or less</td>
<td>326 tons/year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NOx emissions 2020</td>
<td>370 tons/year or less</td>
<td>362 tons/year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water quality control</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COD emissions 2020</td>
<td>110 tons/year or less</td>
<td>95.4 tons/year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total amount of wastewater discharged 2020</td>
<td>27 million m3/year or less</td>
<td>21 million m3/year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waste reduction and recycling</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emissions 2020</td>
<td>32 thousand tons/year or less</td>
<td>43.9 thousand tons/year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disposal (landfill) 2020</td>
<td>3 thousand tons/year or less</td>
<td>2.3 thousand tons/year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chemical management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of PRTR substances at 24 or less</td>
<td>24 substances</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Concerning calculations of greenhouse gas emissions, see the note to the next section, “Greenhouse gas emissions.”
2. SOx: Sulfur oxides
3. NOx: Nitrogen oxides
4. COD: Abbreviation of Chemical Oxygen Demand
5. PJJ: Petajoule, a unit of energy (1 PJ = 1,000 TJ = 10^15 J)

Greenhouse gas emissions
Greenhouse gas emissions (Scope 1 and Scope 2) from the NLM Group in FY2019 decreased by 1.74 million tons CO2 (17%) year-on-year, to 71.1 thousand tons CO2. Emissions in Japan included in the above were 608 thousand tons CO2, down 142 thousand tons CO2 year-on-year. This mainly reflects the reduction of energy consumption attributed to reduction in production and the decline of the CO2 emission factor for electricity, in addition to the reduction attributed to energy saving activities.

Overseas greenhouse gas emissions remained almost unchanged from the previous year, at 125 thousand tons CO2. Scope 3 emissions decreased by 251 thousand tons CO2 year-on-year, to 1.773 million tons CO2. This reflects a reduction of raw material purchases attributed to reduction in production.

<table>
<thead>
<tr>
<th>Greenhouse gas emissions (Scope 1 and Scope 2)</th>
<th>(thousand tons CO2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td></td>
</tr>
<tr>
<td>127</td>
<td></td>
</tr>
<tr>
<td>135</td>
<td></td>
</tr>
<tr>
<td>125</td>
<td></td>
</tr>
<tr>
<td>137</td>
<td></td>
</tr>
<tr>
<td>125</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(thousand tons CO2)</th>
<th>Overseas</th>
<th>Scope 1</th>
<th>Scope 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2016</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2017</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2018</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2019</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

| Category 2 to 7 | | |
|-----------------|-----------------|
| 1 | 13% | |
| 2 | 51% | |
| 3 | 36% | 1|

<table>
<thead>
<tr>
<th>Greenhouse gas emissions including Scope 3 emissions (FY2019)</th>
<th>(thousand tons CO2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td></td>
</tr>
<tr>
<td>2,504</td>
<td></td>
</tr>
<tr>
<td>Scope 1</td>
<td>12%</td>
</tr>
<tr>
<td>Scope 2</td>
<td>71%</td>
</tr>
<tr>
<td>Scope 3</td>
<td>17%</td>
</tr>
</tbody>
</table>

| Category 1 | | |
|------------|-----------------|
| 1 | 20.0 | |
| 2 | 16.0 | |
| 3 | 12.0 | |
| 4 | 8.0 | |
| 5 | 4.0 | |
| 6 | 0.0 | |

<table>
<thead>
<tr>
<th>(FY)</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Tons CO2/million yen)</td>
<td>2.09</td>
<td>2.19</td>
<td>2.09</td>
<td>1.87</td>
<td>1.60</td>
</tr>
</tbody>
</table>

Initiatives for saving energy
Our energy consumption in Japan in FY2019 decreased by 2.3 PJ (16%) year-on-year, to 11.6 PJ. At the NLM Group, we have established an energy conservation task force, which consists of qualified energy managers from major sites. This task force advances initiatives to manage and save energy. Initiatives taken in FY2019 include the reduction of steam consumption achieved by downsizing equipment, the replacement of equipment with more energy-efficient equipment, the efficient use of heat through the insulation of various pieces of equipment, and the reduction of steam consumption through the reuse of the hot water generated in the manufacturing process. These initiatives are shared by members of the energy conservation task force and applied horizontally within the group. We have also begun to promote energy saving activities by having members of the task force participate in environmental audits and visitable activities using IoT equipment.

<table>
<thead>
<tr>
<th>Energy consumption (Japan)</th>
<th>(PJ)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>13.3</td>
</tr>
<tr>
<td>2016</td>
<td>14.2</td>
</tr>
<tr>
<td>2017</td>
<td>14.6</td>
</tr>
<tr>
<td>2018</td>
<td>13.9</td>
</tr>
<tr>
<td>2019</td>
<td>11.6</td>
</tr>
</tbody>
</table>

TOPIC: Overhauling the holding furnace
The Metal Plant of Nikkei MC Aluminum Co., Ltd., one line for melting various forms of scrap is made up of a melting furnace and a holding furnace. Before the overhaul, both the melting furnace and the holding furnace were furnaces with a forehearth. A furnace with a forehearth is a furnace that has both a heating chamber and forehearth. The forehearth has an opening that allows melts to easily exit at such materials like scrap into the furnace. Melting furnaces need foreheathers because the scrap is melted by submerging it in molten aluminum. However, the holding furnace did not necessarily need a forehearth because only a small amount of added material is melted in it. Therefore, we overhauled the forehearth, turning it into a closed furnace without a forehearth, whose melting surface is small. This has enabled us to reduce energy consumption by 20%, which had been our target. Further, because the forehearth was removed, we were also able to remove the tunnel linking the heating chamber and the forehearth, which was easily
Initiatives for preserving biodiversity

At the NLM Group, we advance activities to preserve biodiversity at our sites in Japan and other countries in accordance with our Biodiversity Guidelines. Specifically, we engage in activities including the monitoring of the environment around each plant, tree-planting activities, and the protection of wildlife, in our efforts to reduce our impact on biodiversity.

- **Biodiversity Guidelines**
  - Basic Policy:
  - The NLM Group will take the following initiatives for the preservation and sustainable use of components of biological diversity:
  - Striving to understand the impact of business activities on biodiversity
  - Engaging in biodiversity-friendly business activities and taking other initiatives to reduce the impact of business activities on biodiversity, to ensure the sustainable use of components of biological diversity
  - Striving to develop a system for promoting these initiatives

Activities for raising suppliers’ awareness of CSR procurement

At the NLM Group, we conduct awareness-raising initiatives to help our suppliers understand our CSR procurement policy, including the distribution of our CSR report every year. In 2019, we conducted a CSR procurement questionnaire survey of our suppliers, and 224 of our 453 suppliers responded. After distributing surveys to all suppliers, the respondents said they had already established one or were formulating one now (compared to 56% in the previous survey), and the percentage of respondents who said they were formulating one now was 21% (compared to 16% in the previous survey), showing that BCP initiatives have been accelerated by our suppliers. Further, the suppliers who responded affirmatively to a question about the establishment of a management system ensuring their compliance in procurement with laws, regulations, and norms increased to 60% (from 57% in the previous survey), showing that progress had been made in suppliers’ establishment of compliance systems.

BCP initiatives

Where a major natural disaster, pandemic, or similar event has occurred, the NLM Group conducts a survey to assess the impact of the disaster on the supply chain related to centralized purchasing, to promptly grasp any impact on the supply chain. In 2019, incidents of wind and flood damage occurred one after another, and each time we checked the situations of our suppliers. In addition, in February 2020, we conducted a survey to assess the impact of COVID-19 on our supply chain, which covered more than 95% of our suppliers involved in our centralized purchasing. In the survey, we cooperated with suppliers to create a supply map, identify and register emergency contact numbers, and other BCP activities. Creating the supply map reminded us that it is necessary for us to know the contact numbers of places that are directly involved in the distribution of goods, and not just those of the trading companies and manufacturers that we contact daily. Through these activities we were able to establish an effective contact system.

Thorough initiatives to prevent bribery and similar misconduct within the procurement department

The Purchasing & Logistics Department of Nippon Light Metal Co., Ltd., which oversees the centralized purchasing of the NLM Group, remains watchful and is careful every day to prevent any form of misconduct, such as bribery, from occurring in any of our relationships with buyers and suppliers. One initiative for achieving this is the Purchasing & Logistics Department’s regular training program. Two times every year, the department uses its internal meeting as an opportunity to provide procurement compliance training. Participants watch video training materials and exchange opinions with each other, sharing their intent to prevent misconduct as people involved in procurement. We continue to take initiatives like this in our efforts to raise compliance awareness. In addition, we also use the meetings of the people in charge of procurement within the NLM Group to call for thorough measures to prevent misconduct within procurement departments, confirm the Group Compliance Codes, and take other initiatives.

Communication with suppliers

We sought advice from President Ueda of Shinwa Bussan Kaisha Ltd. about the BCP of the NLM Group and other topics. Shinwa Bussan Kaisha Ltd. cooperated in our surveys of the impact of the major natural disasters in 2019 and the COVID-19 pandemic in 2020 on our supply chain.

- **Could you give us feedback about Nippon Light Metal’s surveys of the impact on the supply chain?**
  - **Mr. Masao Ueda**
  - President, Shinwa Bussan Kaisha Ltd.
  - **What is your opinion of the BCP initiatives of Nippon Light Metal?**
    - I think that you need to provide information about whether you will accept a delivery or not. I think you are overlooking the fact that companies like us have to provide user information to manufacturers. I believe that, by accurately providing users’ acceptance information to manufacturers, we can prevent unwarranted confusion when a disaster occurs.
Employment of people with disabilities

At the NLM Group, we are proceeding with initiatives that leverage our employees' human assets and their value. One of those initiatives is employment of people with disabilities, for which we make group-wide efforts.

In Japan, there is a statutory employment rate of people with disabilities that is applied on a company-by-company basis. Accordingly, within corporate groups, the employment of people with disabilities had been an issue addressed by each group company individually. The NLM Group is a corporate group including 78 companies with consolidated net sales of around 420.0 billion yen. In Japan alone, it includes 55 group companies with net sales of 377.7 billion yen. Because many of the operating companies have only tens or hundreds of employees each, they found employing people with disabilities difficult, and the employment rate was below the statutory requirement at many as 70% of them. Our first move to overcome this situation and hire people with disabilities in a long-term and stable manner was to begin to proactively employ people with disabilities by establishing Nikkei OhLis Co., Ltd., a special subsidiary company, in 2015.

A few years after the company was established, the development of employment infrastructure has progressed gradually and expertise in the expansion of job categories has accumulated, thanks to the efforts of employees and staff who have supported the operation. As a result, in FY2019, the company succeeded in extending job opportunities to nearly 30 people.

- As of April 2020, 21 employees with disabilities work for Nikkei OhLis Co., Ltd., its employees are in charge of the cleaning, beautification, plant development, production control, confectionery production, and other tasks for the Kambara Complex of Nippon Light Metal Co., Ltd. and the Nikkei Research and Development Center. For each one of their tasks, we invite external lecturers to provide specialized training, increasing the opportunities for training and improving their capability to perform their jobs.

- More than 200 employees with disabilities work for the NLM Group as a whole, and we continue to improve their work environment making more comfortable for them to proactively recruit new employees. At the Atsugi Plant of Nippon Fruehauf Co., Ltd., 31 employees with disabilities work for the company.

- At the Kambara Site of Nikkei OhLis Co., Ltd., and Riken Light Metal Industry Co., Ltd., employees who have worked for the company continuously for 10 years or longer receive a special benefit of paid leave. The company extended the eligibility of its shorter working hours program for employees who have worked for the company for 10 years or more.

- In March 2020, the company extended the eligibility of its shorter working hour program for employees who have worked for the company continuously for one year or longer.

- In April 2020, 10 employees with disabilities work for Nippon Fruehauf Co., Ltd., and Nikkei OhLis Co., Ltd. The company extended the eligibility of its shorter working hour program for employees who have worked for the company for 10 years or more.

- In April 2020, 16 employees with disabilities work for the NLM Group as a whole, and we continue to improve their work environment making more comfortable for them to proactively recruit new employees.

- At the Nikkei Research and Development Center, for each one of their tasks, we invite external lecturers to provide specialized training, increasing the opportunities for training and improving their capability to perform their jobs.

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Safety comes before anything else.

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

Workplace injury trends

The number of workplace injuries at the NLM Group in 2019 decreased year-on-year in Japan and remained unchanged from the previous year at overseas sites. While their number declined from the previous year, workplace injuries are still frequent. Therefore, we strive to prevent workplace injuries by enhancing measures to ensure the safety of machines, equipment, and tasks and achieve a higher level of safety awareness among people.

### Number of workplace injuries

<table>
<thead>
<tr>
<th>Year</th>
<th>Japan</th>
<th>Overseas</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>13</td>
<td>9</td>
</tr>
<tr>
<td>2016</td>
<td>9</td>
<td>12</td>
</tr>
<tr>
<td>2017</td>
<td>12</td>
<td>16</td>
</tr>
<tr>
<td>2018</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>2019</td>
<td>16</td>
<td>16</td>
</tr>
</tbody>
</table>

### Frequency rate of lost-time injuries (Consolidated)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>0.70</td>
<td>0.41</td>
<td>0.56</td>
<td>1.05</td>
<td>0.91</td>
</tr>
</tbody>
</table>

### Initiatives for preventing the occurrence of similar workplace injuries

In October 2017, a fatal workplace injury occurred at a group company in China. A steel plate for products, which was leaning against something and had fallen over. Employees who were most familiar with the work site are expected to consider and implement effective measures to prevent the recurrence of the injury including investigating the cause. Employees who are most familiar with the work site are expected to consider and implement effective 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 who work in the same site daily, they may protect each other or hesitate to take more severe measures. Accordingly, members of the group’s Safety and Health Control Department inspect the site from a third-party perspective, separately from the people from the business location in question. They inspect the site three times, one week, one month, and six months after the workplace injury, to assess the effectiveness of the countermeasures that were implemented and whether they have taken root firmly, among other points. This prevents workers from getting into a rut and simply following procedures while incorporating best practices from other business locations, and enables countermeasures based on specialized knowledge.

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

Use of information technologies in safety and health activities

At the NLM Group, we have installed and operate safety training equipment, which allows employees to experience simulations of dangerous tasks and equipment, and to raise employees’ safety awareness. At present, we have installed the equipment at nine business locations.

Further, in FY2019, the Kambara Complex of Nippon Light Metal Co., Ltd. introduced virtual reality (VR) equipment to enhance the existing simulated experience training, in which trainees do real tasks and use real machines. This equipment enables employees to experience a fall from a height, which is difficult to simulate, as well as an electric shock. Moving forward, we will be proactive in introducing digital technologies. We will also include a system for monitoring and detecting risks by applying image recognition technologies based on AI, which we will use to prevent workers from being pinched/caught or getting injured in other ways. They also include the use of virtual reality (VR) equipment to check workers’ physical conditions and detect risks of heat stroke, falls, and falls from heights, which will be used in safety management.}

Two major activities for preventing recurrence

At the NLM Group, we engage in two major activities for preventing the recurrence of workplace injuries. One is the implementation of thorough countermeasures at the business locations where workplace injuries have occurred. The other is the prevention of similar workplace injuries, to prevent serious workplace injuries that have occurred in the group from happening at other business locations.

### Thorough measures to prevent workplace injuries

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

When a workplace injury has occurred, the first thing we do is to have the people in charge and other people from the business location, including the safety and health manager, consider and implement measures to prevent the recurrence of the injury including investigating the cause. Employees who are most familiar with the work site are expected to consider and implement effective 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 who work in the same site daily, they may protect each other or hesitate to take more severe measures. Accordingly, members of the group’s Safety and Health Control Department inspect the site from a third-party perspective, separately from the people from the business location in question. They inspect the site three times, one week, one month, and six months after the workplace injury, to assess the effectiveness of the countermeasures that were implemented and whether they have taken root firmly, among other points. This prevents workers from getting into a rut and simply following procedures while incorporating best practices from other business locations, and enables countermeasures based on specialized knowledge.

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### Instructions on disinfection to prevent COVID-19 infections

At the NLM Group, we implement a wide variety of measures to control COVID-19 (sec-12-14). As a part of these measures, disinfection should be done promptly and completely when a person has a confirmed or suspected infection, which is important. Because of this, disinfection is done at each workplace. To ensure the safe, appropriate disinfection of workplaces, we have created a manual including photos and videos that explains appropriate work procedure. We have also created a disinfection record sheet to ensure that there will be no steps omitted during disinfection. We share tools such as these across the entire group in our efforts to prevent outbreaks.
At the NLM Group, we identify the needs of society and our customers and engage in quality assurance initiatives to ensure safety and quality while catering to these needs.

Quality management system

(1) Ensuring the independence of quality assurance departments

The quality assurance department of NLM HD was set up as the Central Product Safety & Quality Assurance Division under the direct control of the president to ensure its independence. This department takes overall control of quality assurance departments of all companies and segments in the NLM Group. In addition, the quality assurance departments of the individual companies and segments also operate as independent organizations.

(2) Activities to improve quality assurance capabilities

At the NLM Group and with the Central Product Safety & Quality Assurance Division taking the lead, we engage in activities to steadily create business opportunities while identifying and reducing risk.

Group Quality Committee

At the NLM Group, the Group Quality Committee, which is attended by quality assurance managers from group companies and segments, meets twice a year in April and October. At the meeting, participants share quality-related information in the group, such as quality assurance information and excellent examples of quality assurance improvement. The meeting also includes committee member discussion. The goal of these committee meetings is improving the level of quality assurance and control throughout the group.

Quality assurance extends from consultation to the end of use.

Sharing and utilizing complaint information

We are able to provide safe, secure products and services to customers because we discover problems and clearly address them in the consideration phase before the commencement of commercial production. However, some items needing confirmation are not evaluated completely, resulting in a failure to solve every problem in the consideration phase. As a result, we receive complaints attributable to design/development factors at a rate of around 20% every year. Further, complaints attributable to manufacturing factors include those caused by inadequate instructions because of insufficient verification during the consideration phase, which account for more than 50% of all complaints.

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

(3) Structure for reporting serious quality-related matters

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

In FY2019, seven problems were reported. The causes of the seven problems were analyzed. It was found that they were mainly caused by insufficient evaluation in the development or consideration phase of the products or services and inadequate operating instructions, which can be attributed to the lack of clarity in the specifications requested by customers.

Number of serious quality-related matters that were reported

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<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Design/development</td>
<td>17.9</td>
<td>36.9</td>
<td>111.1</td>
<td>16.0</td>
<td>19.0</td>
<td>10.9</td>
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<tr>
<td>Manufacturing</td>
<td>18.5</td>
<td>33.0</td>
<td>7.0</td>
<td>19.9</td>
<td>27.7</td>
<td>23.6</td>
</tr>
<tr>
<td>Purchasing (outsourcing)</td>
<td>19.9</td>
<td>35.9</td>
<td>10.6</td>
<td>20.8</td>
<td>20.9</td>
<td>11.1</td>
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<tr>
<td>Sales</td>
<td>16.7</td>
<td>43.1</td>
<td>72.2</td>
<td>28.9</td>
<td>16.5</td>
<td>17.4</td>
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<tr>
<td>Others</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

(4) Initiatives for providing safe products and services and ensuring quality

At the NLM Group, the majority of complaints we receive are attributable to insufficient confirmation before commercial production. Therefore, the Screening Committee Meeting meets to evaluate quality, and comply with laws and regulations from multiple perspectives, to confirm that commercial production has been started without problems, and to ensure that advance quality checks have been conducted.

In FY2019, the Screening Committee Meeting met 92 times to improve products and services and to review products and services.

Number of meetings of the Screening Committee Meeting

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>82</td>
</tr>
<tr>
<td>2016</td>
<td>87</td>
</tr>
<tr>
<td>2017</td>
<td>94</td>
</tr>
<tr>
<td>2018</td>
<td>92</td>
</tr>
<tr>
<td>2019</td>
<td>120</td>
</tr>
</tbody>
</table>

Activities for improving quality assurance capability

(1) Quality audits

At the NLM Group, we conduct independent studies of quality (Hinshitsu Jishuken) every year, as part of quality improvement activities. The Hinshitsu Jishuken is a study conducted using on-site plants as the “gym,” where participants carry out quality improvement activities using real products and manufacturing processes as their subjects. Thus, they learn approaches and methods for improving quality control and building quality assurance. While there are small group activities, QC circles, and similar activities at each company and segment, the Hinshitsu Jishuken serves as an opportunity to discover new things by working on improvements in processes that participants have never experienced before, beyond the boundaries between segments. In this activity, participants work on improvements by identifying things about products and services and their processes that can improve performance, and then sharing the improvements with the plants that have occurred and the ideal state of the products or services — with the people involved. The goal of the segment conducting the Hinshitsu Jishuken is to produce improvements while the goal of the members working on the improvements is to acquire improvement skills. Knowledge, tools, and experience necessary for quality assurance and control can be improved by understanding the things that society and customers need, and by having a firm understanding of how things are, even if the products or services being handled are different.

Development of human assets in charge of quality

(1) Program for improving quality assurance capabilities (Independent study of quality (Hinshitsu Jishuken))

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Quality assurance

(2) Development of human assets through group training
In FY2019, for the continuous development of the human assets in charge of quality, the NLM Group provided training with the themes of “ways of thinking and the creation of system necessary to fulfill customers’ needs,” including training for “quality control” and “ISO 9001 internal auditor training.” The new training is aimed at expanding the idea of AIT (16/9/9_16), a standard recommended by the automotive industry, across the group. Approx. 50 people participated in this training. The training allowed participants to learn about ISO 9001 requirements and also deeper ways of thinking, leading them to make improvements within their own company or segment.

(3) Exchange of human assets in charge of quality
At the NLM Group, the Central Product Safety & Quality Assurance Division has a program that accepts human assets dispatched from group companies and provides them on-the-job training to develop them into human assets capable of working on quality assurance for the group. This program was launched in 2018 to raise quality assurance awareness and prevent quality accidents and misconduct. The program gives participants the opportunity to work on quality assurance at their own segments or sites, fulfilling an opportunity to increase their knowledge, meet new comrades, and develop a more detailed feel for what their mission is, by seeing other products and services and thinking about the quality assurance system of the entire group.

Initiatives to prevent COVID-19 infections

Our quality assurance initiatives involve many opportunities to travel to actual places and contact actual goods, such as quality audits and various programs. Therefore, it is necessary for us to revise their content and methods from the perspective of preventing COVID-19.

In FY2020, we are using online tools and other similar tools and looking for methods that involve minimal travel and contact.

Local communities

The opening of Nikkei Arena, a gymnasium where parasports can also be played

The gymnasium at the Tomakomai Complex of Nippon Light Metal Co., Ltd. was renovated in a project commemorating the company’s 80th anniversary. This gymnasium has been used as a welfare facility for the group’s employees and their families. It was renovated to enable it to be used by local people, particularly by parasports teams.

The first step for us in the renovation project was to learn about the parasports themselves. To understand what facilities are necessary for these sports and how to facilitate their use, we listened to people from the city of Tomakomai’s Fukushi Fureai Center (a parasport facility) and to the parasports teams in the city. We also observed wheelchair basketball tournaments held in Hokkaido and the Japan wheelchair rugby championships, and surveyed athletes, referees, and others involved in the sports. While deepening our exchanges with the athletes and competition officials, we learned that they faced issues such as a shortage of athletes and a limited number of facilities that were available for them. This increased our desire to play a part in solving these issues as members of the local community. We interacted significantly with Tomakomai WBC, a wheelchair basketball team, through a wide range of activities including observing their practices and playing the sport with them. They gave us specific advice for the renovation.

We made various changes to the specifications, including the installation of automatic and sliding doors, the widening of roads and slopes, and internal facilities.

The hands of wheelchair athletes get dirty because they handle handrims intensively during games. Therefore, we installed a washstand designed for wheelchair users. The rest room has windows through which wheelchair users are able to look over the area. This enables athletes to watch games while resting. We attached 900 mm problem mats to the walls of the arena, to protect wheelchair rugby and wheelchair basketball players from Injury, even when they collide with walls due to their fast, furious play.

The second floor has a viewing area where people can look over the arena, as well as a workout room and a room that can be used for lectures and team meetings.

The renovation was completed in March this year but its opening was delayed due to the COVID-19 pandemic. It began operating fully in July this year. The renovated gymnasium will be used by local Tomakomai wheelchair sports teams for training, as well as for football, tennis, handball, darts, and other sports. In particular, we have heard that people involved in wheelchair sports have difficulty securing places to train and play games because there are only a limited number of stadiums that have the appropriate equipment. We hope that Nikkei Arena will be useful for the local people and the people who play sports for the disabled, as well as for the employees of the NLM Group.

Message from a participant in the first round of the program

Kenichi Kitazoe
General Manager, Engineering Department
Nikkei Extrusions Co., Ltd.

The things that were most impressive

While I had experience identifying risks during quality month, the competition on good practices in quality was my first opportunity-related initiative, which permitted the group-wide sharing of positive information, such as examples of improvements that had been made at various segments.

The things that were the toughest

Unlike the improvement activities at plants, the activities of the Central Product Safety & Quality Assurance Division can only produce a visible effect at plants. This made it hard for me to feel the achievements that we made. In addition, we found it difficult to identify the current and new situations of society, our customers, and other stakeholders because I was away from the manufacturing sites.

What I learned from the activities

I felt that there was a gap in enthusiasm for quality and the level of quality control between departments upstream, close to the beginning of production processes, and those downstream, close to the customers in the process. This experience made me realize that we need to improve our company’s quality assurance so that we never cause problems for society or our customers.

Working in the Central Product Safety & Quality Assurance Division, I visited various business locations and reaffirmed for myself that we deal in a diverse array of products and services for various industries. I was also able understand differences in the methods for quality assurance and the ways of thinking for these diverse products, services, and industries. I felt that further evolution is possible if we deepen our cooperation by skillfully taking advantage of the breadth of the skills of the NLM Group is engaged in.

Social contribution activities doubled in eight years

Expenses related to social contribution (Million yen)

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</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>72</td>
<td>95</td>
<td>121</td>
<td>117</td>
<td>163</td>
<td>133</td>
<td>168</td>
<td>179</td>
</tr>
</tbody>
</table>

At the NLM Group, our social contribution activities are not simply temporary activities or donations. Instead, the group as a whole has introduced and is promoting community-based activities and programs to contribute widely to society as a whole. We have continued those activities in the same way, even in the face of the 2008 global financial crisis and in years when we suffered from major disasters. As a result, the related expenses have doubled in the eight years since we first began these activities.

In FY2019, we participated in 353 local programs, and our expenses were 179 million yen.

In FY2020, the Social Welfare Promotion Support Program was started, and we are expecting to support social contribution programs associated with the spread of COVID-19. Our donations are being used for these projects.

Social Welfare Promotion Support Program

https://www.wam.go.jp/issue/joy sei-outline-table-178/
Group governance aimed at ensuring further transparency of corporate management

NLM Group

Nippon Light Metal Holdings Co., Ltd. (hereafter, the ‘NLM HD’) is a pure holding company listed on the First Section Market of Tokyo Stock Exchange, Inc. We have formed the NLM Group, which consists of 77 consolidated subsidiaries including Nippon Light Metal Co., Ltd. and Toyo Aluminium K.K., the core operating companies (as of March 31, 2020). At the NLM Group, we operate businesses with a focus on the manufacture and sales of aluminum and related products.

The group’s governance structure

The NLM Group’s basic approach to management is systematized as the Group Management Policy, which consists of three pillars and 13 basic policies. Matters concerning the NLM Group’s governance are managed based mainly on Group rules stipulated by the NLM HD, while the autonomy of each company is respected. In addition, decisions on matters that affect the overall Group are made after they are examined from multiple perspectives by the Group Executive Committee, which consists of the directors of the NLM HD. Among these matters, those that are especially important are discussed and determined by the Board of Directors of the NLM HD.

In February 2020, the NLM HD set up the Nomination and Compensation Committee as an advisory body to the Board of Directors and the president, to strengthen the Board of Directors’ supervision of the nomination and compensation of directors and others, which is an important matter in corporate governance. The majority of this committee’s members are independent outside directors and its chairperson is selected from among these independent outside directors by the Board of Directors. This committee deliberates on matters related to nomination policy, including on the duties and qualities required of the president and CEO and directors, and matters related to succession plans for the president and CEO, among others, to ensure the transparency and fairness of decision-making processes related to the nomination and compensation of directors and others.

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Compliance

Compliance Committee

The NLM Group has set up a Compliance Committee, which is chaired by the president and CEO of NLM HD and consists of the members of the Board of Directors of NLM HD. The Compliance Committee prepares a compliance promotion plan every year and checks the status of implementation of the plan on a quarterly basis.

Compliance Codes and compliance meetings as an inseparable combination

The codes of conduct of the NLM Group are published as the Group Compliance Codes, which require all officers and employees of the group, including those outside Japan, to comply with laws and regulations, corporate ethics, and business etiquette, act sensibly, and communicate with stakeholders proactively, among other requirements. To ensure officers and employees are thoroughly informed of these codes, a handbook containing anti-bribery rules was given to all non-Japanese speakers.

Evaluation of the effectiveness of the Board of Directors

Every year, the Board of Directors of the NLM HD passes resolutions regarding the evaluation of its effectiveness. At the Board of Directors’ meetings, the directors engage in lively discussion, with opinions proactively shared mainly by outside directors and outside auditors. The content of these discussions is reflected in the management team’s execution of businesses. Efforts are also made to enhance the operations of the Board of Directors. Such efforts include the inspections of business locations, including overseas sites, by outside directors and outside auditors and free discussions on a wide range of themes related to management, which are not limited to matters intended for a resolution by the Board of Directors. In addition, independent outside directors meet with the president and CEO or hold meetings of only independent outside directors as the occasion warrants, to express their opinions and share their recognition of issues from independent, objective perspectives. As a result, Board of Directors’ meetings include open, constructive statements and discussion, and it is believed that effectiveness of the Board of Directors is ensured.

Main free discussion topics

- Human asset development of the NLM Group
- Issues and future direction of human asset development of the NLM Group were discussed
- CSR issues of the NLM Group
- Discussions of the past CSR activities of the NLM Group and CSR issues that the group should address in the future were held.

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Compliance
Moreover, to promote the understanding of, and inform employees thoroughly of, the codes of conduct, a compliance meeting is held at each workplace twice a year to enable them to learn by repetition. At the meetings, participants exchange opinions about problems faced in the workplace, case examples of compliance violations that occurred in other departments, and other subjects. In FY2019, a total of 2,176 workplace meetings were held, with 21,404 participants in total (participation rate: 94%).

### Main content of and items in the Group Compliance Codes

#### Position: Specific codes of conduct that all officers and employees of the group should observe

**Chapter 1: Promotion of compliance**
- Practice faithful, fair business activities widely and think and act from other people’s points of view.

**Chapter 2: Responsibilities to employees**
- Make ensuring the workplace safety and health, protecting human rights, prohibiting discrimination and harassment, and other responsibilities to employees the top priority.

**Chapter 3: Basic internal rules**
- Appropriate use of company assets including intellectual property rights, appropriate management of company secrets, appropriate recording and reporting of operations, and other rules.

**Chapter 4: Responsibilities to customers and business partners**
- Safety and quality assurance of products and services; prohibition of unfair competition including bribery, the creation of cartels and bid rigging; appropriate transactions with business partners; and other responsibilities.

**Chapter 5: Responsibilities to society**
- Legal compliance, reduction of environmental impact through initiatives such as the 3Rs, carbon emission reduction, and biodiversity preservation, never having any relationship with antisocial forces, active interaction with local communities and contribution to their development, and other initiatives.

**Chapter 6: Responsibilities to shareholders and investors**
- Appropriate information disclosure, prohibition of insider trading, and other responsibilities.

**Chapter 7: Dissemination, additional rules**
- That officers and managerial employees should take the initiative in acting in accordance with this Compliance Codes and instruct and supervise their subordinates; that they request that the relevant temporary staff agencies and subcontractors comply with these Codes; that the violation of these Codes will result in punishment based on established rules; and other rules.

### Whistleblowing system

A whistleblowing system has been introduced at major group companies. In addition, the NIKKEI HOTLINE, the group’s common contact office for whistleblowers, has been set up. The NIKKEI HOTLINE receives approximately 40 whistleblowing complaints and requests for consultation every year. The NIKKEI HOTLINE ensures that whistleblowers are protected and that they cannot be treated disadvantageously. Information about each whistleblower is disclosed only to people in charge of investigations. It will not be disclosed to any other people without the consent of the whistleblower. People involved, including the whistleblowers themselves, are strictly prohibited from leaking secrets that they are aware of, and violating this rule will result in disciplinary action. Petiation against and harassment of whistleblowers are also strictly prohibited, and violating this rule also results in disciplinary action.

The corporate lawyer’s office was previously the external contact office for whistleblowers and some of the people in charge of investigations. We have appointed an internal control executive and an internal control promoter at each group company and promote appropriate establishment and operation of internal control system. Evaluation is undertaken by auditing departments under the direct control of the president of NLM HD and whose independence is secured. Information about the status of the establishment, operation, and evaluation of internal controls is shared with auditors and accounting auditor and reported to the Board of Directors.

### Internal control

The Board of Directors of the NLM HD has established the Basic Policy on the Development of the Internal Control System and is striving to apply the policy uncompromisingly. In addition, the Board of Directors receives a report about the status of internal control every two quarters and provides appropriate supervision and instructions.

#### Internal control over financial reporting

To ensure appropriate financial reporting, we have established and operate an internal control system over financial reporting. For this purpose, we have appointed an internal control executive and an internal control promoter at each group company and segment and promote appropriate establishment and operation of internal control system. Evaluation is undertaken by auditing departments under the direct control of the president of NLM HD and whose independence is secured. Information about the status of the establishment, operation, and evaluation of internal controls is shared with auditors and accounting auditor and reported to the Board of Directors.

### Risk management

Under the risk management system of the NLM Group, priority risks are specified with a focus on operational risks, and we have established a supervisory department for each risk field at the NLM HD to reduce each risk and address residual risks flexibly. The supervisory department handles risks by cooperating with business departments.

The Board of Directors receives a report on the overall risk management situations twice a year and evaluates the contents of the report before giving the necessary instructions.

In FY2019, climate change risks and opportunities were discussed at meetings of the company’s Board of Directors, the Group Executive Committee, the CSR Committee, and at other meetings, with the discussions being held to select material issues.

#### Major initiatives that were taken to address priority risks

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Responsible Department</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training to address targeted email attacks</td>
<td>Information security</td>
<td>Implementing comprehensive email management and training</td>
</tr>
<tr>
<td>Prevention of the recurrence of serious injuries</td>
<td>Workplace injuries</td>
<td>Establishing comprehensive emergency measures and providing training</td>
</tr>
<tr>
<td>Strengthening the security of cloud-based services</td>
<td>Information security</td>
<td>Implementing comprehensive security measures and training</td>
</tr>
<tr>
<td>Fulfillment of the 3Rs</td>
<td>Environmental and Safety Committee</td>
<td>Promoting recycling and waste reduction practices</td>
</tr>
<tr>
<td>Support for the restoration of environmental accidents</td>
<td>Natural disasters/accidents</td>
<td>Providing humanitarian support and financial assistance</td>
</tr>
<tr>
<td>Environmental audits of all sites</td>
<td>Environmental audits, environmental impact</td>
<td>Conducting audits on all sites annually</td>
</tr>
<tr>
<td>Quality audits of all sites</td>
<td>Environmental audits, environmental impact</td>
<td>Conducting quality audits on all sites annually</td>
</tr>
<tr>
<td>Full checks of specifications required by customers</td>
<td>Environmental audits, environmental impact</td>
<td>Conducting thorough checks of specifications required by customers</td>
</tr>
<tr>
<td>Full checks of specifications required by customers</td>
<td>Environmental audits, environmental impact</td>
<td>Conducting thorough checks of specifications required by customers</td>
</tr>
<tr>
<td>Prevention of the recurrence of environmental accidents</td>
<td>Environmental audits, environmental impact</td>
<td>Implementing comprehensive emergency measures and training</td>
</tr>
<tr>
<td>Establishment of an emergency response system</td>
<td>Environmental audits, environmental impact</td>
<td>Establishing a comprehensive emergency response system</td>
</tr>
<tr>
<td>Establishment of an emergency response system</td>
<td>Environmental audits, environmental impact</td>
<td>Establishing a comprehensive emergency response system</td>
</tr>
<tr>
<td>Establishment of an emergency response system</td>
<td>Environmental audits, environmental impact</td>
<td>Establishing a comprehensive emergency response system</td>
</tr>
</tbody>
</table>

### Conclusion

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

### Our Independence and Quality Control

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

**Trade name:** Nippon Light Metal Holdings Company, Ltd.  
(Abbreviated to “NLM HD”)

**Established:** October 1, 2012

**Paid-in-capital:** 46,525 million yen

**Sales:** 465,946 million yen (consolidated)

**Number of employees:** 13,611 (consolidated)

*All data are from FY2019 or as of March 31, 2020.*

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**Financial highlights**

**Net sales (consolidated)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>(billion yen)</td>
<td>464.4</td>
<td>481.4</td>
<td>500.5</td>
<td>465.9</td>
</tr>
</tbody>
</table>

**Ordinary profit (consolidated)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>(billion yen)</td>
<td>24.5</td>
<td>26.3</td>
<td>29.5</td>
<td>31.1</td>
</tr>
</tbody>
</table>

**Profit attributable to owners of parent (consolidated)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>(billion yen)</td>
<td>15.5</td>
<td>19.5</td>
<td>18.0</td>
<td>20.6</td>
</tr>
</tbody>
</table>

---

**Equity ratio (consolidated)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>(%)</td>
<td>28.5</td>
<td>35.6</td>
<td>37.2</td>
<td>39.0</td>
</tr>
</tbody>
</table>

**Dividend**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>(yen)</td>
<td>6</td>
<td>8</td>
<td>8</td>
<td>9</td>
</tr>
</tbody>
</table>

---

**Global network**

- **Alumina, Chemicals, and Ingot Business**
  - Toyo Aluminium K.K.
  - Toyo Aluminium Ekco Products
  - Toyal MMP India
  - Toyal China

- **Sheet and Extruded Products Business**
  - Toyal Europe
  - Toyal America

- **Fabricated Products and Other Businesses**
  - Toyo Rikagaku Kenkyusho
  - Nikkei Partners

- **Foil and Powder Products Business**
  - Toyo Aluminum Ekco Trading
  - Toyo Aluminium (Shanghai)

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**Business summary**

**Alumina, Chemicals, and Ingot Business**

- **Sales:** 102.8 billion yen (consolidated)
- **Operating profit:** 111.1 billion yen

**Sheet and Extruded Products Business**

- **Sales:** 101.2 billion yen (consolidated)
- **Operating profit:** 107.0 billion yen

**Fabricated Products and Other Businesses**

- **Sales:** 173.0 billion yen (consolidated)
- **Operating profit:** 180.3 billion yen

**Foil and Powder Products Business**

- **Sales:** 88.9 billion yen (consolidated)
- **Operating profit:** 94.4 billion yen

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**Corporate Social Responsibility Report 2020 Nippon Light Metal Holdings Co., Ltd.**

Toyo Aluminium K.K. plays the leading role in these businesses. We have established our position as a leading manufacturer by developing a wide range of products that incorporate aluminum’s special characteristics and that are useful in society, industry and everyday life. They include packaging materials for food and pharmaceuticals, products for electronics, aluminum paste, and solar cell materials. We develop new fields by utilizing our own technologies at the foundation and provide a range of highly functional materials and products in markets at home and abroad.
### The Environment

#### Greenhouse gas emissions (Scope 1, Scope 2)
- **Consolidated** (Japan only) 804 748 608 thousand tons-CO₂
- **Non-consolidated** (Nippon Light Metal Co., Ltd.) 125 137 125 thousand tons-CO₂

#### Breakdown of Scope 3 emissions
- **Category 1:** Purchased goods and services 2.09 1.87 1.60 ton CO₂/ million yen
- **Category 2:** Capital goods 1.893 1.947 1.947 thousand tons-CO₂
- **Category 3:** Fuel and energy related activities (including in Scope 1 or 2) 28 34 34 thousand tons-CO₂
- **Category 4:** Upstream, transportation and distribution 0 0 0 thousand tons-CO₂
- **Category 5:** Waste generation in operation of business travel 4 5 4 thousand tons-CO₂
- **Category 6:** Business travel 0 0 0 thousand tons-CO₂
- **Category 7:** Employee commuting 8 3 4 thousand tons-CO₂

#### Energy consumption
- **Electricity**
  - Consolidated Male 10.3 10.4 8.1 PJ
  - Consolidated Female 6.3 6.2 6.0 PJ
- **Fuels**
  - Consolidated Male 587 501 520 thousand tons
  - Consolidated Female 473 379 365 tons
- **NOx emissions**
  - Consolidated Male 520 660 449 tons
- **Energy consumption**
  - Consolidated Male 23.5 23.9 22.6 million m³
  - Consolidated Female — 1.3 million m³

#### Environmental accounting
- **Environmental conservation expenditure:** Investment
  - Consolidated Male 1,983 2,218 1,560 million yen
  - Consolidated Female 5,599 6,210 6,246 million yen
- **Ecological effect of environmental conservation activities:** Earnings
  - Consolidated Male 486 554 370 million yen
  - Consolidated Female — 1,440 -982 1,027 million yen
- **Number of complaints related to the environment:** Changes in expenditures
  - Consolidated Male 0 0 0 case(s)
  - Consolidated Female 0 0 3 case(s)

#### Employees, etc.
- **Number of directors**
  - Full-time directors:
    - Consolidated Male 100 208 216 person(s)
    - Consolidated Female 0 0 0 person(s)
  - Employee (managerial employees)
    - Consolidated Male 1,540 1,640 1,668 person(s)
    - Consolidated Female 90 95 96 person(s)
- **Employee (regular employees)**
  - Consolidated Male 8,992 9,087 9,345 person(s)
  - Consolidated Female 1,540 1,640 1,666 person(s)
  - Consolidated Total 10,202 11,987 12,107 person(s)
- **Number of employees by country/region**
  - **Japan**
    - Consolidated Male 8,058 8,399 8,588 person(s)
    - Consolidated Female 1,108 1,271 1,323 person(s)
    - Consolidated Total 9,166 9,670 9,911 person(s)
  - **Asia**
    - Consolidated Male 2,243 2,292 2,231 person(s)
    - Consolidated Female 1,089 1,095 1,239 person(s)
    - Consolidated Total 3,332 3,387 3,470 person(s)
  - **U.S. and Europe**
    - Consolidated Male 231 229 222 person(s)
    - Consolidated Female 36 40 38 person(s)
  - **Number of employees in each age group**
    - Under 15 years old
      - Consolidated Male 0 0 0 person(s)
      - Consolidated Female 0 0 0 person(s)
    - 15 to 19 years old
      - Consolidated Male 0 0 0 person(s)
      - Consolidated Female 0 0 0 person(s)
    - 20 to 29
      - Consolidated Male 10 10 10 person(s)
      - Consolidated Female 15 21 27 person(s)
    - 30 to 39
      - Consolidated Male 2,153 2,153 person(s)
      - Consolidated Female 559 600 person(s)
    - 40 to 49
      - Consolidated Male 3,150 3,164 person(s)
      - Consolidated Female 833 834 person(s)
    - 50 to 59
      - Consolidated Male 2,878 2,819 person(s)
      - Consolidated Female 745 671 person(s)
    - 60 or older
      - Consolidated Male 1,975 2,010 person(s)
      - Consolidated Female 778 294 person(s)
  - **60 or older**
    - Consolidated Male 308 203 203 person(s)
    - Consolidated Female 646 686 686 person(s)
  - **Number of new hires**
    - Consolidated Male 62 60 60 person(s)
    - Consolidated Female 52 40 40 person(s)

#### Compliance
- **Number of complaints related to the environment:** Changes in expenditures
  - Consolidated Male 0 0 0 case(s)
  - Consolidated Female 0 0 0 case(s)

#### Quality assurance
- **Number of employees who were re-employed after retirement**
  - Consolidated Male 7.7 8.0 7.2
  - Consolidated Female 7.7 8.0 7.2
- **Number of employees who newly took career leave**
  - Consolidated Male 1 6 12 person(s)
  - Consolidated Female 55 68 52 person(s)

#### Safety
- **Number of workplace injuries**
  - Consolidated Male 12 23 19 case(s)
  - Consolidated Female 6 16 11 case(s)
- **Number of workplace injuries**
  - Consolidated Male 12 23 19 case(s)
  - Consolidated Female 6 16 11 case(s)

#### Social contribution
- **Expenditure related to social contribution**
  - Consolidated Male 239 249 234 thousand yen
  - Consolidated Female 2.59 2.63 2.57 %

#### Governance
- **Average age**
  - Consolidated Male 39.1 39.9 38.9 years old
  - Consolidated Female 36.9 37.4 35.6 years old
- **Average duration of service**
  - Consolidated Male 11.5 11.8 11.1 years
  - Consolidated Female 7.7 8.0 7.2 years
- **Earnings**
  - Consolidated Male 21.46 21.57 22.26 million yen
  - Consolidated Female 1.974 1.871 1.902 million yen
  - Consolidated Total 321 302 334 thousand yen
  - Consolidated (besides Japan) 161 150 175 thousand yen
- **Average number of days in annual paid leave taken**
  - Consolidated Male 9.9 9.1 10.3 days
  - Consolidated Female 9.7 9.6 9.1 days

#### Data
- **Statutory employment rate**
  - Consolidated Male 63.9 71.0 74.5 %
  - Consolidated Female 55.6 66.1 66.8 %
- **Three-year retention rate**
  - Consolidated Male 0.56 1.05 0.91
  - Consolidated Female 0.56 1.05 0.91
- **Average annual rate of acquisition of annual paid leave**
  - Consolidated Male 52.5 57.8 63.9 %
  - Consolidated Female 71.6 73.8 74.3 %
  - Consolidated Total 63.4 66.7 72.8 %
  - Consolidated (besides Japan) 63.4 66.7 72.8 %
- **Consolidated (Japan only)**
  - Consolidated Male 54 59 51 case(s)
  - Consolidated Female 2 9 8 case(s)
- **Consolidated (besides Japan)**
  - Consolidated Male 239 249 234 thousand yen
  - Consolidated Female 2.59 2.63 2.57 %