

The Environment

Policy

Basic Environmental Policy

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

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

Action Guidelines

- Compliance with environmental laws and regulations, etc.
- Improving the efficiency of energy usage and curbing CO₂ emissions
- Promoting resource conservation and the 3Rs
- Corporate activities that consider the impact on the environment
- Developing technologies that contribute to the environment

☞ **Environmental Policy and Framework (Japanese only)**
<https://www.nikkeiinholdings.co.jp/csr/environment/0601.html>

Framework

Environmental Management System

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

The person in charge of environmental protection from the Sustainability Promotion Administration Office, which serves as the committee's secretariat (hereinafter, the "person in charge of environmental protection"), develops an action plan for matters determined by the Group Environmental Committee. They are made known at meetings of environmental managers before actions are taken.*

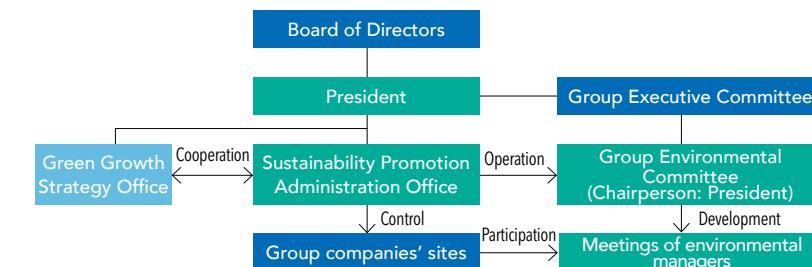
They are also working in collaboration with the Green Growth Strategy Office to achieve carbon neutrality by 2050.

* Environmental management systems are in operation at 49 sites run by 25 companies in Japan and 14 sites run by 12 companies in other countries.

Targets and Results

Material Issues	Key Performance Indicator (KPI)	Target value	FY2024 results	Our assessment	Tasks to be done
Reducing greenhouse gas emissions from company activities Scope 1, 2	● Scope 1, 2 Emissions per unit of sales (Japan)	FY2030: 30% reduction compared to FY2013 FY2050: Net zero	0.80 tons-CO ₂ /million yen	○	● Continuing to implement energy-saving initiatives and promoting fuel conversion and electrification
Reducing greenhouse gas emissions in the supply chain Scope 3	● Scope 3 Emissions per unit of sales (Japan)	FY2030: 30% reduction compared to FY2013 FY2050: Net zero	4.91 tons-CO ₂ /million yen	○	● Promotion of horizontal recycling of extruded and rolled aluminum materials and use of green aluminum
Preventing environmental pollution	● Number of environmental incidents and complaints	Continue to achieve 0 incidents and complaints	25 environmental incidents and 9 complaints	×	<ul style="list-style-type: none"> ● Group-wide expansion of countermeasures and prevention of occurrence and recurrence of similar incidents ● Implementing 100% of the environmental audit plan ● Taking measures to address 100% of the mishaps that occurred in the previous fiscal year ● Implementing 100% of the plan for training sessions on laws and regulations ● Implementing onsite confirmations of environmental incidents and complaints ● Checking the degree to which participants understood training sessions on laws and regulations

Environmental Management System



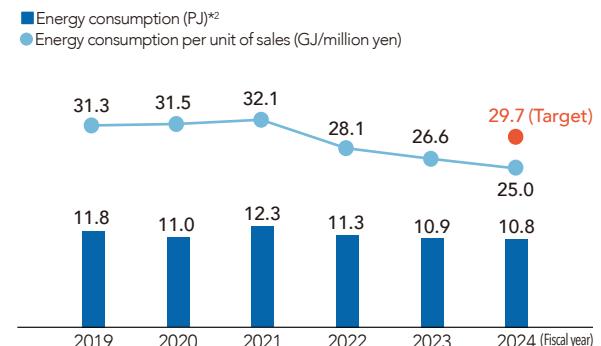
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Action Plan

Action Plan	FY2024 Plan	FY2024 Results
1 Reducing environmental mishaps	Zero environmental mishaps ● Taking measures to address 100% of the mishaps that occurred in the previous fiscal year	25 incidents, 9 complaints, 35 abnormalities Measures taken to address 98% of mishaps
2 Conducting environmental audits	Conducting environmental audits at 15 sites ● Implementing 100% of the environmental audit plan	Conducted at 15 sites 100% implemented
3 Development of environmental human capital	Ensuring that employees hold qualifications under environmental laws	Fulfilled at all the 49 sites
	Conducting training sessions on laws ● Implementing 100% of the plan for training sessions on laws and regulations	Implemented training sessions on laws (Information on revised laws and regulations, the Act on Waste Management and Public Cleaning, the Soil Contamination Countermeasures Act, and the Fire Service Act) * More than 100% implemented
4 Greenhouse gas emission reduction and carbon neutrality initiatives	Having environmental managers take part in environmental audits of other sites	A total of 28 environmental managers participated
	Activities for reducing greenhouse gas emissions	CO ₂ emissions per unit of sales 9% reduction compared with the previous fiscal year (Japan)
5 PCB processing	Continuing the processing of high-density PCB and content analysis and processing of low-density PCB	High-density: 99% achieved Low-density: 49% achieved
6 Environmental management at major overseas production sites	Environmental audits at 6 sites (3 sites in Thailand, 1 site in China, and 2 sites in North America)	Implemented at 3 sites in Thailand and 2 sites in North America (Implementation at 1 site in China was postponed)
	Holding of the 8th meeting of environmental managers in Thailand	Held the 8th meeting of environmental managers in Thailand
7 Compliance with laws and regulations	Compliance with laws and regulations, disseminating information on revised laws and regulations	Conducted
8 Conservation of biodiversity	Promotion of biodiversity conservation activities	Ongoing activities underway at all 49 sites
9 External disclosure of information about environmental activities	Responding to the CDP	Response submitted (scores: C for climate change and C for water security)
	Responding to EcoVadis	Response submitted (scores: COMMITTED)
10 Cooperation with industry organizations	Cooperating with the Japan Aluminium Association Exchanging information at Furukawa Sansui Kai events	Participated in the committee and reached out to the national and other governments about environmental policies through the association Participated in the liaison conference for promoting environmental measures

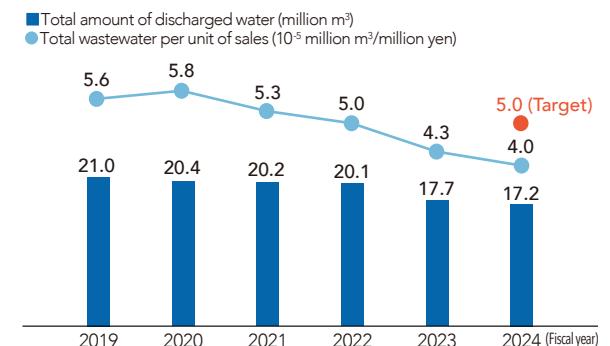
Environmental Targets and Results (Japan only)*1

Energy consumption (Japan)



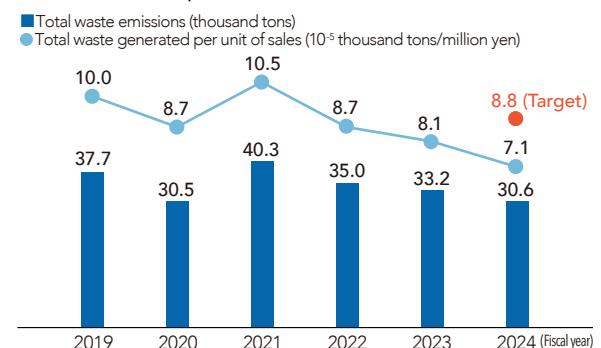
Although net sales increased, energy consumption remained at the same level, resulting in an improvement in energy consumption per unit of sales compared to the previous fiscal year. In addition, we achieved our target by reducing energy consumption through our energy-saving efforts to date.

Wastewater amount (Japan)



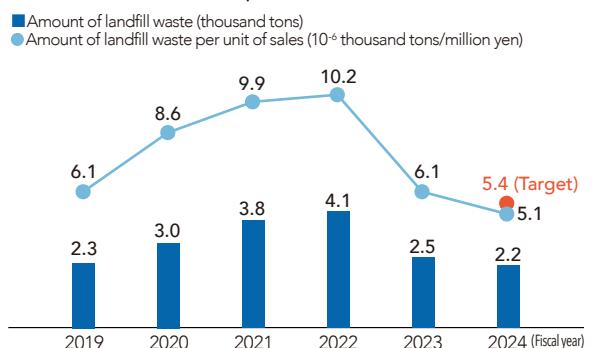
Although net sales increased, the wastewater amount remained at the same level, resulting in an improvement in total wastewater per unit of sales compared to the previous fiscal year. In addition, by starting to recycle water at some of our sites in FY2023, we were able to significantly reduce the total amount of water intake and wastewater, achieving our target.

Waste emissions (Japan)



Although net sales increased, total waste emissions remained at the same level, resulting in an improvement in total waste emissions per unit of sales compared to the previous fiscal year. In addition, we achieved our target.

Amount of landfill waste (Japan)



Although net sales increased, the amount of landfill waste remained at the same level, resulting in an improvement in the amount of landfill waste per unit of sales compared to the previous fiscal year. In addition, we achieved our target.

*1 Regarding air quality control (SO_x, NO_x emissions) and water quality control (COD), we stopped setting targets in FY2021 but we continue to perform monitoring.
*2 1 PJ = 1 × 10¹⁵ J, 1 GJ = 1 × 10⁹ J

The Environment

FY2024 Initiatives

Environmental Mishaps

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

In FY2024, there were 25 environmental incidents (22 in Japan and three overseas) and 9 complaints related to the environment (seven in Japan and two overseas). This is an increase in the number of environmental incidents and a decrease in the number of complaints related to the environment, compared to the previous fiscal year. A major reason for the increase in the number of environmental incidents was the large number of reports regarding matters exceeding regulatory values that were submitted voluntarily by sites. Regarding complaints related to the environment, the number decreased due to improvements being made at sites where complaints were received.

25 environmental incidents

- Number of chemical leaks, etc.: 10
- Number of voluntary reports from each site: 15 (exceeding regulatory limits, etc.)

In addition, in response to the series of problems involving the revocation of JIS certification which occurred at NLM Group companies in May 2021, we have applied stricter criteria regarding the quick reporting of environmental mishaps in FY2023 to prevent serious incidents related to the environment as well. As a result, many voluntary reports were made in FY2024 as well.

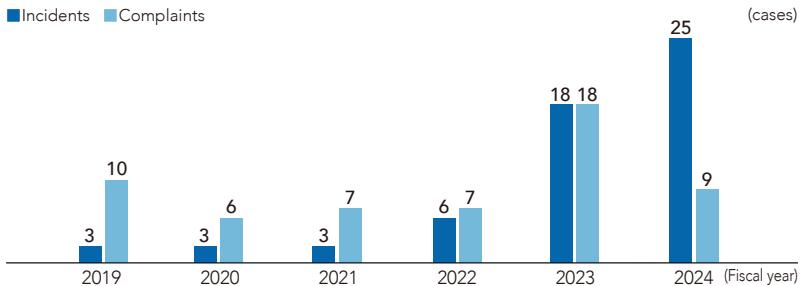
For each incident that takes place, including those reported voluntarily, the site where the incident occurred and the person in charge of environmental protection work together to communicate with external parties, such as the government and local residents, while taking measures to prevent recurrence. When an environmental mishap occurs, the person in charge of environmental protection visits the site to check the progress of the mishap until completion of improvement and follow up after the countermeasure is complete. As an example of countermeasures, we are strengthening wastewater monitoring, reviewing work procedures, and providing training to prevent chemical leaks, etc. In addition, to prevent similar incidents, we share measures to prevent the recurrence of incidents with all of the sites of the Group via a quick reporting system. We also investigate preventive measures that were implemented and share information about them at meetings of environmental managers and other opportunities as a part of our efforts to reduce risk.

In FY2024, regarding lawsuits, fines or forfeits related to the environment, there was a case overseas where we paid fines.

Nikkei MC Aluminum America, Inc.

- Fines for exceeding the figures at the time of application for operating permit

Number of environmental mishaps that occurred



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

Environmental Audits

At the NLM Group, the person in charge of environmental protection conducts regular environmental audits of 49 sites in Japan and 14 sites in other countries.

The environmental audits involve checking compliance with laws and regulations, emergency response readiness, and countermeasures taken to address past environmental mishaps and assessing the risk that mishaps similar to past environmental mishaps will occur. The audits are conducted for the following purposes.

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

In FY2024, environmental audits were conducted at 15 sites in Japan and four overseas (two sites in Thailand and two sites in North America) and 87 problems in Japan and four problems overseas were identified.

Major problems identified in FY2024 (Five most frequent types of problem)

- Problem related to industrial waste: 26 instances
- Response to laws and regulations regarding Notification: 16 instances
- Inspection/measurement: 9 instances
- Management of hazardous materials: 9 instances
- Response to emergency: 9 instances

The most frequent types of problem identified in FY2024 were problems related to industrial waste. There were 26 instances of these. Identified problems related to industrial waste include additions and corrections to industrial waste treatment contracts and how to store waste. In response to this, we are holding training sessions on the Act on Waste Management and Public Cleaning to improve understanding.

Regarding the problems identified in the environmental audits, the person in charge of environmental protection continues to monitor the situation until all corrections are completed. In addition, information about the identified problems is shared at meetings of environmental managers to reduce the environmental risk the NLM Group is exposed to.

Development of Environmental Human Capital

Encouragement to acquire public qualifications related to the environment

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

Environment-related public qualifications held by employees

	Qualification	Required number	Number of holders
Pollution Control Manager	Air	26	104
	Water	30	145
	Noise	16	65
	Vibrations	16	65
	Dioxins	14	49
	General dust	4	6
Engineering Manager of Industrial Waste Treatment Facilities		2	6
Qualified Person for Energy Management	Heat and electricity	19	114
Certified Environmental Measurer	Density	0	4
	Noise and vibrations	0	1

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■ Training sessions on laws and regulations

We regularly hold training sessions on the environmental laws and regulations that apply to the NLM Group. In FY2024, we held training sessions on the Soil Contamination Countermeasures Act and the Fire Service Act (hazardous material management). We also held sessions on the Act on Waste Management and Public Cleaning because several related problems were identified during environmental audits. A total of 160 employees participated in these training sessions. We also shared information about revisions to environmental laws and regulations.

In FY2025, we are planning to hold training sessions on the Act on Waste Management and Public Cleaning, following on from last fiscal year, as well as the Noise Regulation Act and the Vibration Regulation Act.

■ Development of environmental managers at each site

At each site, the environmental manager needs to improve their skills regarding the environmental management of their plant every day. For this purpose, they participate in the environmental audits of other sites as auditors. We implement this initiative to enable the sharing of environmental management information between sites and improve practical management skills.

Training sessions on environmental laws that were held/planned

Environmental laws and regulations	● Implemented ○ Plan to be implemented								
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Air Pollution Control Act	●						●		
Noise Regulation Act				●					●
Vibration Regulation Act				●					●
Offensive Odor Control Act						●			
Act on Special Measures against Dioxins							●		
Water Pollution Prevention Act	●				●		●		
Soil Contamination Countermeasures Act		●	●					●	
Act on Waste Management and Public Cleaning	●	●	●	●				●	○
Fire Service Act					●			●	
Chemical Substances Control Law, PRTR Law						●			
(Information about revisions of laws)	●	●	●	●	●	●	●	●	●

Conservation of biodiversity

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

In FY2024, we advanced the following activities. We will continue activities to preserve biodiversity in Japan and other countries.

The NLM Group Biodiversity Guidelines

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

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

Examples of activities implemented in FY2024

Japan	<ul style="list-style-type: none"> • Provision of aluminum nests to the Wild Bird Society of Japan to protect the Japanese murrelet • Participation in cleaning activities in Fukushima Lagoon, which has been selected as a Key Biodiversity Area (KBA) • Environmental monitoring of the area around each site • Participation in tree planting and cultivation activities
Overseas (Thailand)	<ul style="list-style-type: none"> • Release of fish and planting of mangrove trees