The NLM Group’s Management Policy

Three Pillars of the NLM Group

1. Mission of the NLM Group (Management Philosophy)
   Be forever committed to the development of new applications for aluminum and aluminum-related materials and thereby contribute to the improvement of people’s quality of life and environmental protection.

2. Principle of conduct
   Excite employees, impress customers, gratify shareholders, and be gentle to the Earth.

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

Basic Policies

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

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

Editorial Policy

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

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

Reference guidelines
This report has been prepared with reference to the International Integrated Reporting Framework advocated by the International Integrated Reporting Council (IRGC), the Sustainability Accounting Standards Board (SASB), Sustainable Development Goals (SDGs), ISO 26000 and the Guidance for Collaborative Value Creation from the Ministry of Economy, Trade and Industry. In addition, information disclosures on the foundations supporting value creation have been prepared with reference to the Environmental Reporting Guidelines (2018 edition) of the Ministry of the Environment and Global Reporting Initiative (GRI) standards.

Period covered
Data for the report was collected between April 2020 and March 2021. (Revised on January 30, 2021)

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

Period of issuance
October 2021 (last report: October 2022, previous reports: (annual report) August 2020 (CSR report) September 2020)

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

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

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Website
https://www.nikkeikinholdings.co.jp/ir/csr/
https://www.nikkeikinholdings.co.jp/csr/ (English)
Corporate History

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

1903年

1903年
Nippon Light Metal Instrument Factory (later known as Nikkei Aluminium) is founded.

1934年
Special Light Alloy Co., Ltd. (later known as Nikkei Aluminium Rolling Co., Ltd.) is established.

1931年
Sumitomo Aluminium Co., Ltd. (later known as Toyo Aluminium K.K.) is established.

1937年
The Shizuoka Plant of the Riken Foundation (later known as Riken Light Metal Industry Co., Ltd.) is founded.

1903年
Nasu Aluminium Instrument Factory (later known as Nikkei Aluminium) is founded.

1939
Nippon Light Metal Co., Ltd. is established.

1950s
Rapid and widespread adoption of daily necessities made from aluminum

1960s
Aluminum sashes, truck mountings

1970s
Industrial refrigeration panels, public landscaping products

1980s
Electrode foil, wheels and heat exchangers for vehicles, memory disks

1990s
Secondary alloy business (recycling) Automotive parts

2000s
For, powder and paste business

2010s
Overseas expansion (China, Southeast Asia, India, North America)

1974年
The technology for smelting aluminum was invented in the early 19th century. Over a history spanning some two centuries since, aluminum-related products have come to be used in every facet of our daily lives. Since the beginning of the 20th century the NLM Group, with its diverse origins, has also been contributing to enriching people’s lives and the sound development of society by engaging in a wide variety of businesses dealing with aluminum and related materials, from materials to processing. By passing down this history while engaging in more sustainable business activities, the NLM Group will help improve people’s lives and protect the environment going forward.

History and Significance of Business Activities

1903年
Aluminum ware manufacturer Nasu Aluminium Instrument Factory is founded.

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

1939
Nippon Light Metal Co., Ltd. is established with the aim of launching an aluminum smelting business through joint investment from Tokyo Dento Company (later known as TEPCO) and Furukawa Electric Co., Ltd. The world-class cutting-edge technologies brought through an alliance with a major worldwide aluminum manufacturer became the basis for the new products and technologies that followed, and supported the explosive rise in demand during the Japanese high economic growth period.

1952
A capital and technological alliance is agreed to with Canada-based Aluminium Limited (later known as Alcan, now Rio Tinto) and Furukawa Electric Co., Ltd. The technology for smelting aluminum was invented in the early 19th century. Over a history spanning some two centuries since, aluminum-related products have come to be used in every facet of our daily lives. Since the beginning of the 20th century the NLM Group, with its diverse origins, has also been contributing to enriching people’s lives and the sound development of society by engaging in a wide variety of businesses dealing with aluminum and related materials, from materials to processing. By passing down this history while engaging in more sustainable business activities, the NLM Group will help improve people’s lives and protect the environment going forward.

1974年
Through merger with Nikkei Aluminium Co., Ltd. and takeover of sales business from Nikkei Aluminium Rolling Co., Ltd., a total integrated production system for aluminium products is established. Due to the sharp rise in electricity rates due to the Oil Shock, the business was rapidly switched from aluminum smelting to focus on aluminum processing.

1999
NLM merges with Toyo Aluminium K.K. By connecting the final manufacturing process for aluminum foil, diversification of the Group business was achieved, enabling the development of eco-friendly products such as solar power generation.

2012
Holding company system

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

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**Message from CEO**

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

Ichiro Okamoto, President and CEO

**Introduction**

On this occasion, the NLM Group has decided to issue an "Integrated Report" in place of its previous CSR Report and Annual Report. In this report, we hope to speak in detail about the external environment that surrounds the NLM Group and the Group’s internal management resources, sharing our vision in terms of how we perceive these aspects, how we will provide value as a member of society and how we wish to take part in the creation of a better future with a focus on the so-called "value creation process."

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

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

We recently became aware that some of our business sites had been shipping products bearing JIS labels even though those products did not meet the standards set forth in the Ministerial Ordinance on Certification of Conformity to Japanese Industrial Standards relating to mineral and industrial products and their processing technologies, and determined that our quality control system was lacking.

Based on these revelations, we received notification of the revocation of JIS certification and a request that we cease the use of the JIS mark from the Japan Quality Assurance Organization, the body responsible for JIS certification.

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

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

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

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

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

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

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

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

Over the years, the NLM Group has grown into a corporate group made up of a wide range of businesses, including those that boast high competitiveness and a global reach in processing fields that make use of aluminum. Those companies include Toyo Aluminum K.K., which operates aluminum foil and paste businesses, and Nippon
Fruehauf Co., Ltd., which manufactures body-related parts for trucks and other vehicles. The feature and strength of the NLM Group is deeply rooted in this history of self-improvement, and the basis for this is in our greatest asset: people. People truly are nothing less than “human assets.”

Responding to the external environment and creating social value

The concept of Team NLM also contains a sense of expectation that, if the Group companies possesses this wide range of knowledge and their constituent members (human resources) each combined organically more than ever before, even greater synergies would be created. The NLM Group has promoted organization-spanning cross-functional collaboration that is not restricted to the frameworks of companies and divisions, and created a host of new products. Our efforts to consolidate the various Group company sites as much as possible when we moved our head office functions to Shinkishin at the end of 2019 were truly rooted in this idea. To further accelerate and strengthen these moves while continuing to produce concrete results, we will keep thoroughly promoting the Team NLM approach. Being a “groundbreaking innovator of aluminum and beyond” is truly the ultimate form that embodies Team NLM. “Groundbreaking” is not simply a matter of expanding scale or volume; it means to address customer needs based on the Team NLM approach, to create products and services with high added value and competitiveness utilizing the strengths of the Group by integrating the knowledge of each person, to create new needs and markets, and to compete in new and unique fields. In other words, groundbreaking means being an entirely new type of company and group. This is also an idea and a goal of continually changing in pursuit of that vision.

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

Pursuing integrated thinking

Opportunities and risks that emerge from changes in the external environment

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

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

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

Giving employees pride and happiness

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

Our future vision and priority issues (materiality)

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

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

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

Conclusion

Towards a new mid-term management plan

The current mid-term management plan that was formulated in 2019 incorporated three basic policies: (1) creating new products and new businesses, (2) investing resources in growth, and (3) strengthening management foundations. By actively investing management resources including funds and personnel in growth areas, we have strived to realize further growth. While this plan has led to some concrete actions such as the establishment of a new site in North America for automotive parts, unfortunately it has been difficult to meet our numerical targets overall, due to an economic slump due to global trade frictions and the impact associated with the COVID-19 pandemic since 2020.

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

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

Steps to Identifying Material Issues

Identifying a Group of Candidate Material Issues

Ahead of identifying the material issues, we ascertained the extent of impact of the Group’s activities, which cover a wide range of business fields. To ensure there were no omissions in our recognition of related social issues, we first determined the Group’s value chain and its scope as a means of verification. Next, based on the requirements of international guidelines such as SASB, GRI, the SDGs and ISO 26000, we produced a list of around 400 wide-ranging social issues related to ESG. We assessed the importance of each issue based on an analysis of the impact on each stakeholder and the NLM Group, and finally narrowed the issues down to a shortlist of 31.

Assessing Importance

Working with the consolidated shortlist, we conducted another assessment of importance based on two aspects, the degree of importance to society, and the degree of importance in mid-to-long-term corporate value creation for the NLM Group, and finally identified the material issues.

Confirming Validity and Comprehensiveness

When assessing the importance of the items on the shortlist, we also had them evaluated by outside experts active in a variety of fields. We reconsidered and reviewed the items while referencing their opinions to confirm the validity and comprehensiveness of the choices.

Identifying the Material Issues

We reclassified the identified material issues into five material issue themes. After undergoing review by the CSR Committee and Group Executive Committee, the issues were approved by the Board of Directors.

The Five Material Issue Themes of the NLM Group

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

The Identified Material Issues

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

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

<table>
<thead>
<tr>
<th>The Five Material Issue Themes</th>
<th>Material Issues</th>
<th>SDGs-related Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protecting the global environment</td>
<td>Reducing greenhouse gas emissions from company activities (scope 1, 2)</td>
<td>Greenhouse gases, Climate change</td>
</tr>
<tr>
<td>Providing sustainable value</td>
<td>Reducing greenhouse gas emissions in the supply chain (scope 3)</td>
<td>Climate change</td>
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<td></td>
<td>Action on climate change (TCFD)</td>
<td>Climate change</td>
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<tr>
<td></td>
<td>Responding to water stress</td>
<td>Water scarcity</td>
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<td></td>
<td>Preventing environmental pollution</td>
<td>Pollution</td>
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<tr>
<td>Happiness of employees</td>
<td>Efforts to expand the use of renewable energy</td>
<td>Renewable energy</td>
</tr>
<tr>
<td></td>
<td>Developing and providing low-carbon products and services</td>
<td>Climate change</td>
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<td></td>
<td>Promoting a recycling-oriented economy and society</td>
<td>Waste management, Resource efficiency</td>
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<td></td>
<td>Developing and providing robust infrastructure</td>
<td>Infrastructure, City planning</td>
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<td></td>
<td>Contributing to the stable supply of food</td>
<td>Food security</td>
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<td></td>
<td>Shaping the future through innovation</td>
<td>Innovation</td>
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<tr>
<td>Responsible procurement, production and supply</td>
<td>Occupational health and safety</td>
<td>Health, Safety</td>
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<td></td>
<td>Developing a fulfilling workplace</td>
<td>Workforce development</td>
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<td></td>
<td>Diversity &amp; inclusion</td>
<td>Diversity, Inclusion</td>
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<tr>
<td></td>
<td>Securing and cultivating human resources</td>
<td>Human resources</td>
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<tr>
<td>Corporate ethics and governance</td>
<td>Providing safe and secure products and services</td>
<td>Consumer rights</td>
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<tr>
<td></td>
<td>Protecting and respecting human rights</td>
<td>Human rights</td>
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<tr>
<td></td>
<td>Developing a stable supply chain</td>
<td>Supply chain management</td>
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<td></td>
<td>A resilient value chain that is flexible to changes</td>
<td>Resilience</td>
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<tr>
<td></td>
<td>Strengthening governance</td>
<td>Governance</td>
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<tr>
<td></td>
<td>Reinforcing the compliance framework</td>
<td>Compliance, Legal compliance</td>
</tr>
</tbody>
</table>
The Value Creation Process

Based on the slogan of “becoming a groundbreaking innovator of aluminum and beyond as Team NLM,” the NLM Group aims to solve a range of material issues in a manner consistent with its Corporate Philosophy and Principle of Conduct. We will invest both financial and non-financial capital in the wide range of businesses dealing with aluminum and related materials, and contribute to the improvement of people’s quality of life and environmental protection through the circulation of capital that is achieved by providing value to each stakeholder and creating social value.

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

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

Conversion into various types of capital through increased social value
## Business Summary

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

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

### Overview of FY2020

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

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

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

### Expanding the Chemical Business to the Global Environment Field

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

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

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

### Decarbonization Initiatives Through the Recycling Business

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

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

**Value Creation Foundations of Value Creation**

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

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

**Overview of FY2020**

**Business Summary**

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### Sheet and Extruded Products Business

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<thead>
<tr>
<th>Masahito Saotome, Director in charge of the Sheet Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yoshiaki Ito, Executive Officer in charge of the Nikkeien Kakoh Kaigatsu Business</td>
</tr>
</tbody>
</table>

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

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

### Business Summary

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

### Overview of FY2020

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

In the Extrusion Products segment, despite seeing a rebound in demand for the key automotive sector, due to the decline in sales related to construction materials, net sales fell short of the previous fiscal year, while operating profit was largely flat year over year. As a result of the above, net sales in the Sheet and Extruded Products Business fell 3.3% year on year to 97,850 million yen, but operating profit rose 67.3% to 5,950 million yen.

### Promoting Carbon Neutrality through Automotive Parts and Materials

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

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

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

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

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

### Promoting Horizontal Recycling

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

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

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

Segment Overview

Toshikazu Tanaka,
Director in charge of the Nippon Fruehauf Business

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

### Business Summary

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

### Overview of FY2020

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

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

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

### Towards Sustainability for Logistics that Never Stops

In the truck mounting business, part of transportation-related products, we have been working to reduce the weight of mountings and take other measures to reduce the CO2 emissions generated by truck and trailer transportation.

Additionally, although logistics is a part of social infrastructure that is essential for our daily lives, it faces issues such as the shortage of drivers due to the shrinking working population, and progress is being made in the electrification of vehicles and streamlined logistics to achieve sustainable logistics.

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

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

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

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

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

### Major Consolidated Subsidiaries

- Manufacturing and Sales
  - Nippon Light Metal
  - NLM ECAL
  - Nikkei Sangyo
  - Nikkei Heat Exchanger
  - Nikkei Panel System
  - Nikkei Matsuo
  - Nippon Electrode
  - Nippon Light Metal North America
  - Nippon Fruehauf
  - Fruehauf Mahajak
- Sales and Others
  - Nikkei Engineering
  - Nikkei Information Systems
  - Nikkei Logistic

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

Operating Profit: 8,892 million yen (down 14.8% year on year)
### Foil and Powder Products Business

#### Segment Overview

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<td><strong>Net Sales</strong>: 86,240 million yen (down 3.0% year on year)</td>
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<tr>
<td><strong>Operating Profit</strong>: 3,311 million yen (up 7.7% year on year)</td>
</tr>
</tbody>
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#### Business Summary

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

#### Overview of FY2020

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

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

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

#### Major Consolidated Subsidiaries

- **Manufacturing and Sales**
  - Toyo Aluminium
  - Toyo Aluminium Ekco Products
  - Toyal Europe
  - Toyal America
  - Toyal Zhaoqing
  - Hunan XinxinYing Metal Powder
  - Toyal MMP India

- **Sales and Other**
  - Toyo Tokai Aluminium Hannen

#### Bringing the Possibilities of Aluminum Foil to Society

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

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

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

#### As a Material Supporting New Manufacturing Technologies

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

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

**Financial Highlights**

- **Net Sales**
  - 2016: 146,381
  - 2017: 148,419
  - 2018: 145,946
  - 2019: 142,568
  - 2020: 138,888

- **Ordinary Profit / Ratio of Ordinary Profit to Net Sales**
  - 2016: 26.252
  - 2018: 29.184
  - 2019: 24.036
  - 2020: 24.194

- **Profit Attributable to Owners of Parent / Ratio of Profit Attributable to Owners of Parent to Net Sales**
  - 2016: 19,823
  - 2017: 20,030
  - 2018: 20,367
  - 2019: 20,475
  - 2020: 20,888

- **Total Assets / Shareholders’ Equity**
  - 2016: 509,955
  - 2017: 510,945
  - 2018: 512,856
  - 2019: 514,767
  - 2020: 516,678

- **Balance of Interest-Bearing Debt / Net Assets Per Share**
  - 2016: 2,578.24
  - 2017: 2,809.28
  - 2018: 3,033.74
  - 2019: 3,265.12
  - 2020: 3,497.00

- **Dividend Per Share**
  - 2016: 3.7
  - 2017: 4.1
  - 2018: 4.5
  - 2019: 4.9
  - 2020: 5.3

**Non-Financial Highlights**

- **Number of Employees by Country / Region**
  - 2016: 12,855
  - 2017: 13,162
  - 2018: 13,316
  - 2019: 13,462
  - 2020: 13,611

- **Average Annual Hours Worked / Average Annual Overtime Hours Worked**
  - 2016: 2,578.24
  - 2017: 2,809.28
  - 2018: 3,033.74
  - 2019: 3,265.12
  - 2020: 3,497.00

- **Number of Employees Who Newly Took Childcare Leave / Number of Employees Who Newly Took Nursing Care Leave**
  - 2016: 38
  - 2017: 42
  - 2018: 54
  - 2019: 61
  - 2020: 72

- **Expenditure Related to Social Contribution**
  - 2016: 431
  - 2017: 437
  - 2018: 443
  - 2019: 450
  - 2020: 457

Note: The Company conducted a 10-to-1 reverse stock split of common shares on October 1, 2020. The figures are calculated as if the reverse stock split had taken place at the beginning of FY2016.
We engage in responsible business activities by “thinking and acting from other people’s point of view.”

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

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

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

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

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

I Whistleblowing System
Overview of the System
As the NLM Group’s internal reporting system, the Group-wide NIKKEI HOTLINE has been established. The NIKKEI HOTLINE Regulations have been established to govern the framework and operation of the NIKKEI HOTLINE, and revision or abolition of the regulations requires approval by the Board of Directors of NLM Holdings. The NIKKEI HOTLINE receives approximately 40 whistleblowing complaints and requests for consultation every year. To enhance the independence of the whistleblowing hotline, since 2018 the previous external reporting hotline handled by NLM Holdings’ consulting law office was switched to a dedicated contractor. Further, we have built a global hotline system by establishing a contact office for whistleblowers that respond in the first languages of the countries where we have major overseas operations including English, Chinese, Thai and Vietnamese. In part due to these developments, there has been an upward trend in the number of consultations and reports filed.

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

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

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

To enhance the level of awareness and understanding of anticorruption, a training and education program on anti-bribery and corruption was implemented as part of the overall training curriculum. The training, which is conducted as e-learning, is provided to over 600 Group officers and employees. The training was held for two sessions, with over 60 participants in total.
Risk Management

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

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

<table>
<thead>
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<td>The basic framework for managing particularly important risks for overall Group management and each area of business has been set forth in the Group Risk Management Regulations. Risks are identified according to a process of identifying potential risks, assessing their likelihood, and assessing their impact. We develop response plans for the identified risks, formulate annual plans, and report the status of individual issues (as needed) or general status reports (twice a year). The Board of Directors oversees the risk management system based on these individual or general reports, and the Risk Management Officer manages the status of risks while giving instructions as necessary.</td>
</tr>
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<table>
<thead>
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<th>Plan</th>
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<tr>
<td>Since its establishment in 2012, the NLM Group has addressed the risk surrounding business both internally and externally with a focus on priority risks based on the aforementioned risk management policy and risk response plans. Particularly with regard to safety, quality, environmental risks, we monitor the status of risk management at each Group company and business sites in a manner that is independent of day-to-day operations, and have established dedicated &quot;administration departments&quot; whose primary mission is to cope with risks posted by external factors. Each administration department is assigned a company officer and multiple permanent staff. In addition to reflecting our recognition that safety, quality, and the environment are risks to be addressed on a priority basis for the NLM Group businesses, it is also an acknowledgment that they are important aspects to enhancing economic value. To take quality as an example, due to its advantages such as resource recycling, material properties and price stability, aluminum has been used across a wide range of fields from social infrastructure and housing to transportation equipment, electrical and electronic equipment, healthcare and food-related applications. As the areas in which aluminum is used have spread, there is an increased need to establish reliable inspection and testing systems and sustainable quality assurance systems that are appropriate for each product and service. We see this as the greatest responsibility of the NLM Group, and where our greatest value lies.</td>
</tr>
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### FY2020 Major Risk Management Plan

<table>
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<tr>
<th>Subject risks</th>
<th>Initiatives and results</th>
<th>Issues</th>
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<td>Product and service defects</td>
<td>Quality audits of all sites (every year)</td>
<td>○</td>
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<tr>
<td>Environmental issues</td>
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<td>Responding to the sedimentation problem at the Amata Dam</td>
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</tr>
<tr>
<td>Environmental issues</td>
<td>Various drills based on potential emergencies</td>
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<tr>
<td>Health and safety issues</td>
<td>On-site inspection of lost-time injuries</td>
<td>○</td>
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<tr>
<td>Information system issues</td>
<td>Strengthened security (introduction of CSIRT)</td>
<td>○</td>
</tr>
<tr>
<td>Leakage of trade secret</td>
<td>Enhanced security for remote work</td>
<td>○</td>
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<tr>
<td>Export security</td>
<td>No applicable problems</td>
<td>○</td>
</tr>
<tr>
<td>Failure in the timely disclosure of information</td>
<td>No failures</td>
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### FY2020 Initiatives

**Major Action Taken to Address Priority Risks**

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### Priority Risks and Risk Management Departments

1. Product and service defects
   - Establishment of quality assurance systems from the new business development stage through to implementation
   - Verification of full quality check results from the previous fiscal year and clearing up issues
   - Promotion of operation of a management system for harmful chemicals contained in products
   - Complaint handling (support for reducing odor complaints to zero)
   - PCB processing
   - Achieving targets under new voluntary action plans (recovering new energy-saving projects)
   - Development of environmental human resources (including official qualification holders)
   - Formulation of new environmental targets
   - Start of carbon neutrality initiatives

2. Natural disasters/accidents
   - Considering the stockpiling of relief supplies at multiple sites
   - BDR drills (including simultaneous disaster response)

3. Health and safety issues
   - On-site inspection of lost-time injuries
   - Group-wide roll out of measures to deal with similar disasters
   - Support for priority business sites
   - Information sharing through a database
   - Start of CSIRT* operation
   - Start of cloud-based service security measures
   - Server-intrusion testing
   - Measures to deal with targeted email attacks
   - Promotion of IT asset management
   - Protection of critical systems (running of disaster recovery tests)
   - Raising the level of disaster recovery response

4. Information system issues
   - Establishment of a monitoring system for important information

5. Leakage of trade secret
   - On-site inspection of lost-time injuries
   - Group-wide roll out of measures to deal with similar disasters
   - Support for priority business sites
   - Information sharing through a database
   - Start of CSIRT* operation
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   - Server-intrusion testing
   - Measures to deal with targeted email attacks
   - Promotion of IT asset management
   - Protection of critical systems (running of disaster recovery tests)
   - Raising the level of disaster recovery response

6. Export security
   - On-site inspection of lost-time injuries
   - Group-wide roll out of measures to deal with similar disasters
   - Support for priority business sites
   - Information sharing through a database
   - Start of CSIRT* operation
   - Start of cloud-based service security measures
   - Server-intrusion testing
   - Measures to deal with targeted email attacks
   - Promotion of IT asset management
   - Protection of critical systems (running of disaster recovery tests)
   - Raising the level of disaster recovery response

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

Ascertaining obvious requirements and strengthening systems to thoroughly enforce them

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

### Policy

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

#### Group Quality Policy (FY2020)

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

#### Framework

The NLM Group has established Quality Assurance and Management Regulations, positioned customer satisfaction as the basic operating principle of its business activities, and strives to thoroughly ensure quality assurance and management activities.

In addition, by sharing the NLM Group Quality Policy with each operating division, we are endeavoring to strengthen our quality assurance and management framework.

#### Ensuring the Independence of the Quality Assurance Framework

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

### Plan

#### Activity Plan for FY2020 Based on the Policy

1. **We will ensure safety and quality at every stage from product and service development to mass production based on sites and actual goods and the thorough implementation of rules and principles.**
   - Establishment of a quality assurance framework for new businesses
   - Support for the launch of new products including cross-functional and project-level releases

2. **We will accurately ascertain customers’ requirements and provide safety and quality that exceeds them to satisfy and win the loyalty of customers.**
   - Conducting quality audits
   - Verification of full-quality check results from the previous fiscal year and following up on issues
   - Conducting individual and group training
   - Organizing contest to showcase success stories
   - Independence studies of quality (including June/July)

3. **We will establish social credibility by strengthening legal compliance and quality risk management.**
   - Awareness-raising activities by Quality Committee, etc.
   - Confirming products covered by legal standards
   - Promoting operation of a management system for harmful chemicals contained in products
   - Conducting full quality checks
   - Swiftly responding to quality alerts

4. **We will cultivate human resources with the quality assurance skills required to reduce global expansion risks.**
   - Initiatives to make improvements at key overseas sites
   - Development of the mother factory system

### Results of Major Initiatives in FY2020

#### Quality Audit Process

- Creation of Audit Plan
- Audited Sites
- Reporting of Audit Results
- Prevention and Improvement Orders
- Submission of Corrective Action Plan
- Result of Reports on Corrective Action Compliance
- Confirmation of Corrective Action Completion

#### Quality Audits

- Central Product Safety & Quality Assurance Division

#### Audited Sites

- Creation of Audit Plan
- Audited Sites
- Reporting of Audit Results
- Prevention and Improvement Orders
- Submission of Corrective Action Plan
- Result of Reports on Corrective Action Compliance
- Confirmation of Corrective Action Completion

#### Classification of Issues Identified in Quality Audits

#### Full quality checks

As an initiative during Quality Month in November each year, we conduct voluntary inspections based on a set theme, such as confirming the consistency of specifications exchanged with customers and partners, and the thoroughness of partner manufacturers, in order to confirm the status of quality management. In FY2020, the results of inspections of 36 sites subject to investigation did not produce any serious issues, but it was discovered that progress of activities to prevent repeated complaints occurring at suppliers and subcontractors had stalled. Each site formulated improvement plans in response. The Central Product Safety & Quality Assurance Division checked the effectiveness of the improvement activities and continually followed up on the improvements until completion.

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

- **2016**
  - Checking consistency of required specifications exchanged with customers
  - Inspection certificate creation and issuance process
  - (1) List of all installed measurement instruments (deployment status)
  - (2) Inspections of the product and service inspection measurement datasets

- **2019**
  - Operational processes when receiving orders for new products and services or when 4M changes take place

- **2020**
  - Management status at suppliers and subcontractors

#### Quality Management System

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Inspection Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>Checking consistency of required specifications exchanged with customers</td>
</tr>
<tr>
<td>2017</td>
<td>Inspection certificate creation and issuance process</td>
</tr>
<tr>
<td>2018</td>
<td>(1) List of all installed measurement instruments (deployment status)</td>
</tr>
<tr>
<td></td>
<td>(2) Inspections of the product and service inspection measurement datasets</td>
</tr>
<tr>
<td>2019</td>
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</tr>
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<td>2020</td>
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#### Quality Management System

- **2016**
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  - Inspection certificate creation and issuance process
  - (1) List of all installed measurement instruments (deployment status)
  - (2) Inspections of the product and service inspection measurement datasets

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- **2019**
  - Operational processes when receiving orders for new products and services or when 4M changes take place

- **2020**
  - Management status at suppliers and subcontractors
At the following four business sites operated by the NLM Group, improper conduct was indicated in extraordinary certification maintenance reviews conducted by the Japan Quality Assurance Organization (JQA), a JIS certification body, and the business sites in question received disposition notices from the JQA revoking JIS certification, requesting the suspension of use of the JIS mark, and so on. Below, the details of the improper conduct is described along with particulars of the disposition imposed for each business site involved.

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

(1) Although the JIS standards stipulate the tensile testing of collected specimen of non-heat-treated thick sheet products (with a thickness of at least 6.5 mm) using a method parallel to the rolling direction, tensile tests were conducted on collected specimens using a direction that differed from the JIS regulations (perpendicular to the rolling direction) and the specimens tested in that way were being shipped.

(2) In the JIS maintenance review conducted in February 2020, the improper practices described in (1) above were falsified, and correct specimen sampling in accordance with JIS standards was performed.

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

(1) Some products that should not bear the JIS mark were labeled with the JIS mark and shipped. Specifically, JIS standards stipulate that for extruded shaped products with a thickness greater than 25 mm, “mechanical properties are tested after cutting the product into 20 mm sections.” “Mechanical properties are not tested if the product thickness is less than 25 mm or the product exceeds 20 mm for extruded shaped products, tests were conducted using incorrect shapes, while during the JIS maintenance review tests were performed on the correct shapes.

(3) Although JIS standards stipulate that a round-shaped bar be used for tensile testing when the wall thickness at the sampling site exceeds 20 mm for extruded shaped products, tests were performed using the incorrect shape (flat plate shape).

(4) According to JIS regulations, test specimens for retesting after mechanical test failures should be taken from designated locations in multiples, but test specimens taken from different locations in the same lot were treated as multiples, which differs from the JIS regulations.

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

(1) Products were shipped without displaying labeling information stipulated in the JIS regulations.

(2) Products were shipped with labeling of quality classifications not specified by the JIS regulations.

(3) Products outside the scope of certification were shipped with JIS marks displayed.

(4) JIS marks were not displayed, but determinations were made based on internal standards even though they should have been based on customer requirements, and as a result, products that did not meet customer requirements were shipped and tests specified by JIS regulations were not carried out.

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

(1) Testing was conducted without collecting the number of test specimens stipulated by JIS regulations and the products were shipped displaying the JIS mark.

(2) Test specimens were prepared and tested with a different shape than the test specimen shape stipulated in JIS regulations, and the products were shipped displaying the JIS mark.

(3) Products exceeding the length tolerances stipulated in JIS regulations were shipped displaying the JIS mark.

(4) Products were shipped displaying the JIS mark without taking the dimensional tolerance measurements stipulated in JIS regulations.

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

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

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

Tackling the issue of climate change to build a sustainable society

Policy

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

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

Basic Environmental Policy

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

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

Action Guidelines

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

Compliance with environmental laws and regulations, etc. We will comply with laws, regulations and other requirements related to the environment.

Improving the efficiency of energy usage and reducing CO2 emissions. We will aim to improve energy efficiency and control CO2 emissions by improving the efficiency of manufacturing processes and equipment, boosting production efficiency, optimizing distribution and so on.

Promoting resource conservation and the three Rs. We will pursue the efficient use of aluminum and all resources we handle, and work to promote the three Rs (reduce, reuse and recycle).

Corporate activities that consider the impact on the environment. With regard to the location of production facilities, the development of new products and similar considerations, we will use scientific methods to assess the impact on the environment in advance, and take necessary measures such as efforts to preserve biodiversity. We will also do our utmost to reduce the impact on the environment through our regular business activities.

Developing technology to contribute to the environment. We actively develop products utilizing the properties of aluminum which have a minimal impact on the environment, and technologies such as processes that minimize environmental impact. The effects gained are disclosed and provided to society to aid in environmental conservation.

Framework

Environmental management system

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

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

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

Environmental Management System

Action plan

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

<table>
<thead>
<tr>
<th>Action Item</th>
<th>Target</th>
<th>Fiscal Year</th>
<th>Base Fiscal Year</th>
<th>Environmental Target (Japan only)</th>
<th>FY2020 Results (Japan only)</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emissions 2020</td>
<td>2013</td>
<td>2013</td>
<td>32 thousand tons/year or less</td>
<td>30.5 thousand tons/year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total amount of discharged water 2024</td>
<td>2024</td>
<td>2019</td>
<td>Total wastewater per unit of sales at 5.0 × 10^{-5} million m^3/million yen or less</td>
<td>5.0 × 10^{-5} million m^3/million yen</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chemical management 2020</td>
<td>2020</td>
<td>2020</td>
<td>Number of PRTR substances at 24 or less</td>
<td>24</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

New Targets

<table>
<thead>
<tr>
<th>Action Item</th>
<th>Target</th>
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<th>Base Fiscal Year</th>
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<tbody>
<tr>
<td>Emissions 2024</td>
<td>2024</td>
<td>2024</td>
<td>Energy consumption per unit of sales at 29.7 GJ/million yen or less</td>
<td>29.7 GJ/million yen</td>
<td></td>
</tr>
<tr>
<td>Waste water quality control 2024</td>
<td>2024</td>
<td>2024</td>
<td>Total wastewater per unit of sales at 5.0 × 10^{-5} million m^3/million yen or less</td>
<td>5.0 × 10^{-5} million m^3/million yen</td>
<td></td>
</tr>
<tr>
<td>Waste reduction and recycling 2024</td>
<td>2024</td>
<td>2024</td>
<td>Waste per unit of sales at 8.8 × 10^{-5} thousand tons/million yen or less</td>
<td>8.8 × 10^{-5} thousand tons/million yen</td>
<td></td>
</tr>
<tr>
<td>Chemical management 2024</td>
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<td>24</td>
<td></td>
</tr>
</tbody>
</table>
FY2020 Results

CO₂ emissions per unit of sales (Japan only)

Average CO₂ emissions per unit of sales declined 1.9% year on year to 20.7 million tons CO₂. The NLM Group also strives to reduce emissions in terms of the logistics involved with obtaining raw materials and supplying its products. For example, we are systematically upgrading and introducing trucks that comply with the latest emissions standards. Additionally, in the purchasing front, we also strive to make environmentally friendly purchases of raw materials (green procurement) in anticipation of the future.

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

(Tons CO₂/million yen)

| Year | 2016 | 2017 | 2018 | 2019 | 2020
|------|------|------|------|------|------
| Japan | 2.19 | 2.09 | 1.87 | 1.60 | 1.57

Addressing water stress (water quality control)

The amount of discharged water in FY2020 decreased by 0.6 million m³ (2.8%) year on year to 20.7 million m³. This included a decrease of 0.6 million m³ (2.9%) to 20.4 million m³ in Japan. COD emissions decreased by 16 tons (1.0%) year on year to 90 tons. This included a 12 ton decrease (13.4%) to 82 tons in Japan.

Moving forward, the NLM Group will continue to monitor water intake, water consumption, COD emissions and so on, prevent the release of pollutants in light of the water stress situation, and strive to make effective use of water.

Air quality control

SO₂ emissions in FY2020 declined by 35 tons (9.6%) year on year to 330 tons. This included a 32 ton decrease (9.8%) to 294 tons in Japan.

NOₓ emissions decreased by 69 tons (15.4%) to 380 tons. This included a 61 ton reduction (16.9%) to 310 tons in Japan.

Waste reduction and recycling

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

The amount of landfill disposal increased by 0.1 thousand tons (2.9%) year on year to 3.5 thousand tons. This included a 0.7 thousand ton increase (32.0%) to 3.0 thousand tons in Japan.

Change in CO₂ emissions (Scope 1, Scope 2)

(Tons CO₂/million yen)

| Year | 2016 | 2017 | 2018 | 2019 | 2020
|------|------|------|------|------|------
| Japan | 796 | 804 | 748 | 606 | 548

Carbon neutrality initiatives

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

Initiatives for saving energy

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

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

Energy consumption (PJ)

| Year | 2016 | 2017 | 2018 | 2019 | 2020
|------|------|------|------|------|------
| Japan | 16.9 | 17.1 | 16.6 | 14.0 | 13.4

| Year | 2016 | 2017 | 2018 | 2019 | 2020
|------|------|------|------|------|------
| Overseas | 135 | 125 | 137 | 126 | 123

Development of Environmental Human Resources

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

- Encourage to acquire public qualifications related to the environment

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

- Training sessions on laws and regulations to develop environmental managers

In FY2020, training sessions were held on the Noise Regulation Act, Vibration Regulation Act and the Waste Management and Public Cleansing Act. 78 people attended the training sessions.

Initiatives for preserving biodiversity

At the NLM Group, we have formulated Biodiversity Guidelines and are advancing activities to preserve biodiversity at our sites in Japan and other countries. The NLM Group will take the following initiatives for the preservation and sustainable use of components of biodiversity.

Basic Policy

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

- 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 biodiversity

- Striving to develop a system for promoting these initiatives

Complaints: The number of complaints (about odor, noise, etc.) lodged by external parties

| Year | 2016 | 2017 | 2018 | 2019 | 2020
|------|------|------|------|------|------
| Japan | 5 | 10 | 10 | 6 | 3

| Year | 2016 | 2017 | 2018 | 2019 | 2020
|------|------|------|------|------|------
| Overseas | 0 | 3 | 3 | 3 | 3

* Incidents: Environmental issues that affect external parties, such as oil or chemical leaks

* Complaints: The number of complaints (about odor, noise, etc.) lodged by external parties

* The NLM Group Biodiversity Guidelines

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| Year | 2016 | 2017 | 2018 | 2019 | 2020
|------|------|------|------|------|------
| Japan | 5 | 10 | 10 | 6 | 3

| Year | 2016 | 2017 | 2018 | 2019 | 2020
|------|------|------|------|------|------
| Overseas | 0 | 3 | 3 | 3 | 3
Safety and Health

Safety comes before anything else.

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

| Group Safety and Health Policy |

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

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| Framework |

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

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

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

The second is the Group Safety & Health Coordinator Meeting. This meeting mainly comprises the safety & health coordinators at each business site and business site and share information.

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

On preventing accidents, members of the Safety and Health Control Department take part in local accident review meetings and Safety and Health Committee meetings at business sites experiencing frequent accidents as a priority business site support measure, in an effort to improve safety leaves at the accident-prone sites through advice and guidance. In addition, since FY2016, the Group Executive Committee made it a policy topic at safety at the beginning of its meetings, having the officer in charge of safety and health report on all accidents that occurred since the last meeting and share information. The officer also responds thoroughly to instructions from senior management regarding the details of safety and health measures taken.

In terms of improving field capabilities, the Safety and Health Control Department works with each business site to conduct the necessary safety and health training. On enhancing management capabilities, three business sites in Japan have obtained ISO 45001, an international standard for occupational safety and health management systems. Twenty other business sites in Japan have received in-house accreditation for our own Safety Management System (SMS), which utilizes the JIS H 28001:2020 (Japanese Standard) style ISO9001. This accreditation system was started in 2013 as part of efforts to build appropriate management capabilities.

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

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

* JSWH: Japan Industrial Safety & Health Association

| Workplace Injury Trends |

| Number of workplace injuries |

| (cases) | Japan | Overseas |

| 9 | 8 | 12 |
| 9 | 16 | 16 |
| 12 | 7 |

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

| 2016 | 2017 | 2018 | 2019 | 2020 (Fiscal year) |

| 0.41 | 0.56 | 1.05 | 0.91 | 0.58 |

| FY2020 Initiatives |

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

When a workplace injury has occurred, the first thing we do is to have the people in charge and other people from the business location, including the safety and health manager, consider and implement measures to prevent the recurrence of the injury. Employees who are most familiar with the work site are expected to consider and implement reliable measures. On the other hand, familiarity may also cause them to overlook something, make an incorrect assumption, or make some other error. There is also the concern that, because those people work in the same site daily, they may protect each other or hesitate to take more severe measures. Accordingly, members of the Safety and Health Control Department inspect the site from a third-party perspective, separately from the people from the business location in question.

They inspect the site three times, one week, one month, and six months after the workplace injury, to assess the effectiveness of the countermeasures that were implemented and whether they have taken root firmly, among other points. This prevents workers from getting into a rut and simply following procedures while incorporating past practices from other business locations, and enables countermeasures based on specialized knowledge.

In FY2020, activities to prevent workplace injuries at business locations where workplace injuries occurred were supported by giving instructions on how to streamline processes analyzing the causes of workplace injuries and formulating countermeasures, by explaining legal regulations, by advising them to receive training from external institutions, and by taking other measures.

| FY2020 Action Plan |

1. Preventing Accidents

- On-site inspection of lost-time injuries
- Group-wide roll out of measures to deal with special cases
- Support for priority business sites
- Sharing information based on management strategy, instructions from the president

2. Improving Field Capabilities

- Safety and health education

3. Enhancing Management Capabilities

- Promoting internal accreditation for safety and health management systems (SMS)
- Developing SMS promoters and safety managers, rolling out in-house training

4. Improving Technical Capabilities

- Group-wide roll out of equipment safety standards
- Risk assessment education and training
- Development of safety engineers (SE) and safety foremen (SF)

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

On preventing accidents, members of the Safety and Health Control Department take part in local accident review meetings and Safety and Health Committee meetings at business sites experiencing frequent accidents as a priority business site support measure, in an effort to improve safety leaves at the accident-prone sites through advice and guidance. In addition, since FY2016, the Group Executive Committee made it a policy topic at safety at the beginning of its meetings, having the officer in charge of safety and health report on all accidents that occurred since the last meeting and share information. The officer also responds thoroughly to instructions from senior management regarding the details of safety and health measures taken.

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

| 2016 | 2017 | 2018 | 2019 | 2020 (Fiscal year) |

| 0.41 | 0.56 | 1.05 | 0.91 | 0.58 |

| FY2020 Initiatives |

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

When a workplace injury has occurred, the first thing we do is to have the people in charge and other people from the business location, including the safety and health manager, consider and implement measures to prevent the recurrence of the injury. Employees who are most familiar with the work site are expected to consider and implement reliable measures. On the other hand, familiarity may also cause them to overlook something, make an incorrect assumption, or make some other error. There is also the concern that, because those people work in the same site daily, they may protect each other or hesitate to take more severe measures. Accordingly, members of the Safety and Health Control Department inspect the site from a third-party perspective, separately from the people from the business location in question.

They inspect the site three times, one week, one month, and six months after the workplace injury, to assess the effectiveness of the countermeasures that were implemented and whether they have taken root firmly, among other points. This prevents workers from getting into a rut and simply following procedures while incorporating past practices from other business locations, and enables countermeasures based on specialized knowledge.

In FY2020, activities to prevent workplace injuries at business locations where workplace injuries occurred were supported by giving instructions on how to streamline processes analyzing the causes of workplace injuries and formulating countermeasures, by explaining legal regulations, by advising them to receive training from external institutions, and by taking other measures.
Human Resource Development

Maximizing human capital by developing and utilizing skills

### Policy

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

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

### Recruitment and Training Systems

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

The training conducted at each Group company forms the basis of human resource development in the NLM Group. With training and education for job functions and skills commonly needed at every company conducted on a Group-wide basis, level-specific training primarily handled by HR personnel has been rolled out across the Group since the early 2000s, and now a total of around 30 Group companies take part in eight training blocks. This approach advances the "Team NLM" style of human resource development that connects all Group companies at similar organizational levels.

### Education and Training System

- **Training course to develop the next generation of managerial employees**

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

  The training was launched in FY2002 based on recognition of the need to enhance the depth of the next crop of management level employees to make full use of the power of consolidation. The initial training placed an emphasis on developing a manager mindset over an extremely short training period. Later, with the establishment of NLM Holdings (becoming a pure holding company in 2012), we implemented major revisions to the training in FY2014, as we realized that we needed to develop human resources who would not only seek the autonomy of Group companies but also be able to advance Group coordination and overall optimization from Group management perspectives. Under the training system, over ten trainees chosen from among Group companies undergo training once or twice a month for a period of one year, and at the same time they work in groups to propose a "future vision for the NLM Group," which is their assignment. The trainees present their future visions to the top management of NLM Holdings and other Group companies, during which they take on wide-ranging feedback, questions and encouragement to cap off their one year of training. By having employees as part of a reserve force of prospective managers, our training program has produced a steady stream of excellent on-site leaders, and by FY2021, we have seen 383 employees from 16 Group companies complete the program.

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

  **Training course to develop the next generation of managerial employees**

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

### Expanding the Diversity of Human Resources

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

- **Respecting tradition while ensuring a flexible workplace environment**

  After coming to Japan to pursue a second foreign language, I decided to stay and continue working in order to experience Japanese working environment. During my job hunting, I was firstly drawn to Nippon Light Metal(NLM) for its diversity in business activities which can allow me to be exposed to various experiences and its welfare benefits which will support me through overseas alone less challenging. In addition throughout the approaches and styles in the interview, I realize that despite the traditional image with long and profound history, people in NLM are adapting and do not take gender or nationality for granted.

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

Pantithra Valanaraya
Assisting Manager, Nippon Light Metal Co., Ltd.
From Thailand, Joined Nippon Light Metal in 2017.
Labor Management

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

| Policy |
In keeping with the NLM Group Management Policy, the NLM Group aims to "create a workplace where everyone assumes responsibility for and takes pride in his/her work, and where everyone can fully develop his/her abilities as freely as possible." We will develop an environment that sincerely addresses employee feedback through individual employees and labor unions and enables employees to continue working with peace of mind, and strive to create a workplace full of the joy of working.

| Framework |
As the NLM Group maintains various business operations and employs a wide range of employees in terms of profession and employment conditions, unified labor management can be difficult, and the labor management framework is predicated on Group companies implementing their own efforts in this area. At the same time, to ensure that those efforts are appropriate, we conduct labor audits, engage in coordination through meetings of HR personnel and share information by rolling out best practices across the organization as part of efforts to continually improve labor management levels on a Group-wide basis. The minimum requirement for a workplace where employees can continue to work with peace of mind is compliance with labor-related laws and observance of employment regulations. Since FY2014, the NLM Group has been conducting labor audits at Group companies with HR personnel playing a central role.

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

Regular Company-wide Labor Management Meetings are held twice a year and the company side, involving all internal directors and departments each share issues with employees, creating a united front towards improvements.

Since FY2014, the Group has been conducting labor audits of Group companies with HR personnel conducting as an auditing team, but under the current framework, where the HR personnel at major Group companies take part in the auditing teams, as well as having companies make improvements in response to identified issues, in-depth knowledge and best practices are dynamically shared across the Group. This is part of efforts to raise the level of labor management on a Group-wide basis. In addition, a Group HR Personnel Meeting is held annually as a chance to share Group-wide labor issues and the measures being taken to address them. In recent years, with the strict application of equal pay for equal work principles, information has been shared between companies when setting appropriate wage levels for temporary workers. As revisions to labor laws can be wide-ranging, we try to practice appropriate labor management by sharing insight through these meetings and similar activities.

| Improvements to the Employee Cafeteria |
Having a workplace where employees want to work and fully demonstrate their capabilities is an important aspect to creating corporate value, and enhancing the welfare aspects of working conditions plays a small role in this. Nippon Light Metal Co., Ltd. completely renovated the cafeteria at its plant in FY2019. While the previous cafeteria offered inexpensive meals, nothing about the atmosphere, fixtures, plates or anything else was above average, and its function as a place to enjoy meals and recharge with the vigor to work was limited. With the renovation, the cafeteria was transformed into a bright and clean area. By installing family restaurant style seating in the dining area, it was turned into a relaxing cafe-style space that can be enjoyed even outside meal times, and it is also utilized as a place where workplace members can meet for discussions. Improvements were also made so that the cafeteria can be used as a place where many employees can gather together, making it a facility where events that involve eating and drinking can be enjoyed comfortably.

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

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

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

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

We achieve responsible procurement through proactive procurement activities

<table>
<thead>
<tr>
<th>Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>The NLM Group has established a CSR procurement policy for centrally procured products, built a flexible procurement system for responsible procurement, and aims to realize a sustainable society through proactive procurement activities.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CSR Procurement Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Fair and good-faith procurement</strong></td>
</tr>
<tr>
<td>The NLM Group possesses an outstanding global competitive advantage in all areas of quality, price, delivery lead times, stable supply and service, and we require partners who share our CSR principles not only in Japan but also throughout the world. In addition, we make a point of always engaging in trade on an equal footing with partners who have been fairly selected through free competition, and endeavor to build and enhance mutually beneficial partnerships. We are always open to working with new business partners and strive to provide them with the necessary information.</td>
</tr>
<tr>
<td><strong>2. Elimination of antisocial forces</strong></td>
</tr>
<tr>
<td>The NLM Group has no business dealings with antisocial forces. We always strive to act sensibly within legal constraints and ensure our shared values, such as fairness and justice, are respected. We do not engage in any corporate activities that could involve antisocial forces.</td>
</tr>
<tr>
<td><strong>3. Procurement compliance</strong></td>
</tr>
<tr>
<td>The NLM Group engages in procurement in accordance with various laws, regulations and norms. In addition, to ensure thorough compliance with this policy, we endeavor to raise awareness concerning procurement compliance, such as by conducting training and sharing related laws and regulations, as well as running workshops as needed for related departments within the Group.</td>
</tr>
<tr>
<td><strong>4. Control of chemical substances in products</strong></td>
</tr>
<tr>
<td>With cooperation of business partners, the NLM Group works to control the chemical substances contained in its products. The NLM Group's control policy on the chemical substances contained in products includes: (1) Comply with domestic laws and regulations including the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. (2) Control the chemical substances contained in products in consideration of the ROHS Directive, REACH regulations and so on.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Framework</th>
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<tbody>
<tr>
<td>The NLM Group runs a wide range of businesses and also purchases a breadth of materials. For this reason, our purchasing system has adopted the basic policy of giving autonomy to each field of business while engaging in moderate Group coordination. We are trying to anticipate and solve a range of issues to achieve responsible procurement through Group coordination. Every six months, we hold a Group Procurement Personnel Meeting to share information, issues and solutions related to procurement.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group Procurement Personnel Meeting</th>
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</thead>
<tbody>
<tr>
<td>The purchasing unit is responsible for developing measures to ensure responsible procurement, and also shares the Group’s advanced initiatives as model cases. The purchasing unit holds Group Procurement Personnel meetings attended each time by over 50 purchasing staff from NLM Group companies. The meetings are used to share information about CSR procurement policies, specific measures and market information about procured items. Purchasing staff also exchange opinions about CSR procurement policies and various measures in relation to responsible procurement. Attendees then use the information and opinions gained at the meetings back to their respective Group companies where they engage in information sharing and raising awareness. In addition, we iterate on a solution cycle where issues occurring at individual companies are raised at the following meeting and proposed as new issues.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Plan</th>
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<tbody>
<tr>
<td><strong>Main Action Plan for FY2020</strong></td>
</tr>
<tr>
<td>- Enhancing and raising awareness of procurement compliance</td>
</tr>
<tr>
<td>- Initiatives related to business continuity planning (BCP) in the supply chain</td>
</tr>
<tr>
<td>- Consideration for human rights, the labor environment and safety &amp; health in the supply chain</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY2020 Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enhancing and raising awareness of procurement compliance</strong></td>
</tr>
<tr>
<td>- Raising awareness related to the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors</td>
</tr>
<tr>
<td>- The NLM Group strives to raise awareness among purchasing staff about the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors. Every year a workshop on the act is organized by the purchasing unit. In FY2020 the workshop was held remotely over ZOOM instead of in-person due to the COVID-19 pandemic, and 100 staff participated. Additionally, from FY2021 we have begun conducting audits related to the act for Group companies with business partners to which the act applies. We have adopted an auditing method which starts with document-based fact-finding at each site, and then uses a five-point scale to evaluate on various items, including “level of recognition, understanding and awareness of department managers,” “level of recognition, understanding and awareness of staff,” “business tool development level,” “education and awareness-raising development level,” “safety relating to the four obligations,” and “safety regarding the 11 prohibited items.” The first audit was conducted at Group company Nikkei Hokkaido Co., Ltd. The audit results are useful for improving operations at the site in relation to the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors and help build better compliance systems.</td>
</tr>
</tbody>
</table>

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

- **Prompt sharing of information** |
| As one of our BCP initiatives to deal with large scale disasters that have occurred in recent years, after quickly sending out emails to sites that are supplied products from disaster-stricken areas, similar information is disseminated through the intranet to inform the entire Group of the situation. We aim to post this information by the following day from when a disaster strikes and have developed a system to periodically update information based on circumstances. Previously, purchasing staff would confirm the status of the purchased items they were personally responsible for and inform related sites of the situation individually, but by posting information with a common and unified format to the intranet, each site is now able to quickly ascertain the situation. |

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Example of Information Posted to the Intranet

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*Do you promote initiatives aimed at achieving the SDGs?*

- Yes
- No

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

In our CSR procurement questionnaire, we have added questions about SDG initiatives since FY2020. As a result, 55% of respondents reported understanding or have some degree of understanding about the SDGs, while 50% responded that they promoted initiatives aimed at achieving the SDGs, reflecting the steady penetration of the SDGs.

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

- Yes
- No

---

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

- Yes
- No

---

*We plan to promote initiatives in the future*

- Yes
- No

---

*We plan to consider promoting initiatives in the future*

- Yes
- No

---

*We do not promote initiatives and have no plans to do so*

- Yes
- No

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*Basic Information*

- Value Creation

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*Integrated Report 2021*

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*41 Integrated Report 2021*

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*42 Integrated Report 2021*
Local Communities

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

Policy

The NLM Group works to contribute to local communities in accordance with its Social Contribution Policy (established July 2019 and July 2016) described below, so that it can effectively utilize the resources of the Group to contribute to the development of local communities through social contribution activities that are unique to the Group.

The NLM Group respects local culture and customs and contributes to the development of local communities in harmony with them. In addition, through activities to protect biodiversity we contribute to the conservation of local environments.

The NLM Group contributes to the development of next-generation human resources through education on manufacturing and support for academic research.

The NLM Group strives to enhance its support system so that employees can voluntarily participate in activities that contribute to local communities.

Framework

The NLM Group has adopted the basic policy of allowing each division to determine the contents of its contribution in accordance with its Social Contribution Policy (established July 2019). With regard to community development, the Group establishes policies and measures in accordance with the needs of local communities. The Group promotes active engagement with local communities, including through contributions to local community development projects, and continues to engage in activities to promote community development.

Content of the administrative guidance

Regarding measures to respond to the regular inspection of the Amehata Dam

Notice No. 13 dated August 9, 2019 from the Director of Kofu River and National Highway Office, Kantō Regional Development Bureau, MLIT To Director of Kofu River and National Highway Office, Kantō 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 reduce the amount of sediment.
- A plan for measures to address the sedimentation problem shall be finalized and the measures shall be implemented in a well-planned manner to fundamentally solve the sedimentation problem.

While abnormalities such as deformation have not been observed, the amount of sediment has exceeded the sedimentation storage capacity. Accordingly, its impact on the dam body, etc., shall be investigated.

In response to the flooding damage that occurred and the above administrative guidance from the government, in September 2019 Nippon Light Metal Co., Ltd. established the Amehata Area Sediment Countermeasures Investigative Commission ("the Commission," hereafter) together with the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), Yamanashi prefectural government, and the Hayakawa municipal government.

The Commission had met four times up to March 2020, it considered emergency countermeasures to deal with the flooding damage in the surrounding region along with fundamental measures to address the sedimentation, after which the Basic Plan for Measures Addressing Amehata Dam Sediment ("the Basic Plan," hereafter) was completed in April 2020 and submitted to the MLIT.

Outline of the Basic Plan for Measures Addressing Amehata Dam Sediment

1. Positioning of the Basic Plan for Measures Addressing Amehata Dam Sediment

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

According to the 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 in the first stage to prevent floods and mudslides to be implemented in FY2020 and FY2021. Under the medium-term plan for FY2022 and onward, we will take measures such as securing places to dispose of removed sediment by finding candidate locations where embankments are needed so the removed sediment can be used as a material to build the embankments, while continuing to cooperate with the Hayakawa and Minobu municipal governments, the national government, and the Yamanashi prefectural government.

In addition, the Basic Plan will be reviewed at the follow-up meeting of the Investigative Commission described in Chapter 2 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 how much 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 to maintain sufficient sediment storage capacity (continuous countermeasures against sedimentation) by consulting with other stakeholders at the follow-up meetings of the Investigative Commission. We have positioned this process as a part of the long-term plan.

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

(1) Short-term plan [Step 1]

Period: FY2020 to the end of FY2021

Goal: Implementing a solution to prevent floods and mudslides (removing accumulated sediment so that the water level of the Amehata Dam will not exceed the normal water level)

Remove and transportation of the accumulated sediment that is believed to cause floods and mudslides (estimated amount: 3,000,000 m³)

(2) Medium-term plan [Step 2]

Period: FY2022 to the end of FY2024

Goal: Remove 3,000,000 to 4,000,000 m³ of accumulated sediment to prepare for the largest ever inflow of earth and sand

Implementation of a solution to prevent floods and mudslides (continuous countermeasures against sedimentation)

(3) Long-term plan [Step 3]

Period: From FY2025 onwards

Goal: Maintain a safe level of sedimentation

Details: Use the sediment as an aggregate resource, for building embankments for land development, and for other purposes

Roadmap Progress

Roadmap of the Basic Plan for Measures Addressing Amehata Dam Sediment

<table>
<thead>
<tr>
<th>Short-term Plan FY2020 to FY2021</th>
<th>Medium-term Plan FY2022 to FY2024</th>
<th>Long-term Plan FY2025 –</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Construction of temporary embankment</strong></td>
<td><strong>Securing a river channel</strong></td>
<td><strong>Construction complete</strong></td>
</tr>
<tr>
<td>The river channel was secured by the file of the P2020 flood season and is being maintained. In the future we will continue to secure the river channel as an effect to prevent disasters.</td>
<td></td>
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</tr>
<tr>
<td></td>
<td><strong>Temporary use inside the dam for construction of embankment</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>Aggregated increased sediment transportation capacity</em>*</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Responding to further expansion of demand</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Aggregated Amehata River transportation route</strong></td>
<td><strong>Schematic design complete, start of construction</strong></td>
</tr>
<tr>
<td></td>
<td>Structures based on the use of regular roads when regular roads are damaged</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Hayakawa River transportation route</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Detours near narrow sections and river crossing structures</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Securing a disposal site</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Examining wide area needs in addition to local requirements</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Ongoing countermeasures against sedimentation</strong></td>
<td>Considering measures from a broad perspective to continuously maintain a safe sedimentation condition</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Amount of sediment removed and transported</th>
<th>FY2020 Results: 1.65 million m³</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 million m³</td>
<td>1.65 million m³</td>
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<tr>
<td>1 million m³</td>
<td>1.65 million m³</td>
</tr>
<tr>
<td>1 million m³</td>
<td>1.65 million m³</td>
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</table>

- Measures based on the amount of inflow

Progress Report

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

Additionally, in implementing the countermeasures, since it became possible to reasonably estimate the costs associated with implementing the countermeasures from FY2020 to FY2021, for the fiscal year ended March 2020 we recorded an extraordinary loss of 16,200 million yen for sediment control costs, and since it became possible to reasonably estimate the implementation details up to FY2024, for the fiscal year ended March 2021 we recorded an extraordinary loss of 16,200 million yen for sediment control costs. Nippon Light Metal Co., Ltd. will continue to steadily implement the Basic Plan while cooperating with everyone involved and prioritizing the safety of the area going forward.

Social Contribution Accounting

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

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

Social Contribution Accounting (million yen)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>72</td>
<td>95</td>
<td>117</td>
<td>163</td>
<td>133</td>
<td>168</td>
<td>180</td>
<td>113</td>
<td></td>
</tr>
</tbody>
</table>

Engaging with local communities and disseminating information through events

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

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

Distinctive events at NLM Group business sites

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

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

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

List of Events

<table>
<thead>
<tr>
<th>Event Name</th>
<th>Main Company / Business Site</th>
<th>Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tomakomai Port Festival</td>
<td>Nippon Light Metal Co., Ltd. Tomakomai Complex, Nikkei Hokkaido Co., Ltd.</td>
<td>Tomakomai-shi, Hokkaido</td>
</tr>
<tr>
<td>Tomakomai Cosplay Festa</td>
<td>Nippon Light Metal Co., Ltd. Tomakomai Complex, Nikkei Hokkaido Co., Ltd.</td>
<td>Tomakomai-shi, Hokkaido</td>
</tr>
<tr>
<td>Mirami Alps-Hayakawa Wild Vegetable Festival</td>
<td>Nippon Light Metal Co., Ltd. Kambara Complex</td>
<td>Hayakawa-shi, Yamanashi Prefecture</td>
</tr>
<tr>
<td>Nabu-cho Ekiden / Marathon Race</td>
<td>Nippon Light Metal Co., Ltd. Kambara Complex</td>
<td>Shizukuishi-shi, Shizuoka Prefecture</td>
</tr>
<tr>
<td>Kambara Festival</td>
<td>Nippon Light Metal Co., Ltd. Kambara Complex</td>
<td>Gotemba-shi, Shizuoka Prefecture</td>
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<tr>
<td>Prince Chichibu Memorial Mount Fuji Ekiden Race</td>
<td>Nippon Light Metal Co., Ltd. Kambara Complex, Toyo Aluminium K.K.</td>
<td>Inazawa-shi, Aichi Prefecture</td>
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<tr>
<td>Nippara Festival</td>
<td>Nikkei Nippara Co., Ltd., Nikkei New Business Co., Ltd., Nippara Branch, Toyo Rikagaku Kentetsu</td>
<td>Inazawa-shi, Aichi Prefecture</td>
</tr>
<tr>
<td>Komonaya Hadaka Festival</td>
<td>Nippon Light Metal Co., Ltd. Nagoya Plant</td>
<td>Inazawa-shi, Aichi Prefecture</td>
</tr>
<tr>
<td>Ujutoko Festival</td>
<td>Toyo Aluminium K.K. Kino Complex</td>
<td>Hino-cho, Gasho-gun, Shiga Prefecture</td>
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<tr>
<td>Rose Viewing Event</td>
<td>Nippon Fruehauf Co., Ltd., Asuho Head Office Plant</td>
<td>Inazawa-shi, Aichi Prefecture</td>
</tr>
<tr>
<td>Nikkei Festival</td>
<td>Nippon Light Metal Co., Ltd. Kambara Complex</td>
<td>Shizukuishi-shi, Shizuoka Prefecture</td>
</tr>
<tr>
<td>Nikkei Summer Evening Festival</td>
<td>Nippon Light Metal Industry Co., Ltd.</td>
<td>Shizukuishi-shi, Shizuoka Prefecture</td>
</tr>
<tr>
<td>Nikkei Bazaar</td>
<td>Nippon Light Metal Co., Ltd. Nagoya Plant</td>
<td>Inazawa-shi, Aichi Prefecture</td>
</tr>
</tbody>
</table>

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

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

Policy

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

Framework

Comprehensive management of information security risks is implemented on a joint basis by the Internal Control Department and Systems Department. The Internal Control Department is responsible for non-physical aspects such as the development of information management rules and systems, and also coordinates with various risk management departments including Legal Affairs, Intellectual Property, General Affairs and Human Resources. The Systems Department handles hardware aspects such as the maintenance and upkeep of information and communication system equipment. To discuss and solve compound issues such as the security, maintenance and utilization of information, Risk Management Meetings (RMM) involving the Internal Control, Systems, Legal Affairs, Intellectual Property, General Affairs, Human Resources and Compliance departments are held in alternate months. Matters decided on in RMMs are translated into action by the Information Management Officers and Information Systems Personnel appointed by each Group company and department. To monitor the status of implementation for all Group companies and departments, once a year the Internal Control Department performs an inspection of information management systems and their operational status, and the Systems Department carries out IT diagnosis. Information security-related issues, inspection results and other information is reported to the NLM Holdings Group Executive Committee and Board of Directors on a periodic basis and when otherwise needed.

Information Management Structure

**Nippon Light Metal Holdings**

- Board of Directors
- Group Executive Committee

**Group Companies**

- Subsidiaries

- Group Information System Management

- Risk Management Meetings

- Internal Control
- Legal Affairs
- Compliance

- Systems
- Human Resources
- Intellectual Property

- General Affairs

**Group Information Management Regulations**

- **Names of Regulations and Other Rules**
- **Contents**

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

**FY2020 Initiatives**

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

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

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

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

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

**Measures to Strengthen Security**

1. **Prevention**
   - Anti-phishing measures
   - Incident prevention
   - Access control

2. **Detection**
   - Information management officers
   - Management
   - Information Systems
   - Information equipment and software

3. **Response**
   - Disaster recovery training
   - Computer Security Incident Response Team (CSIRT)
<table>
<thead>
<tr>
<th>Data</th>
<th>Boundary</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Unit</th>
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<tr>
<td><strong>Employees, etc.</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td><strong>Number of directors</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Full-time directors</td>
<td>Consolidated Male</td>
<td>187</td>
<td>190</td>
<td>208</td>
<td>216</td>
<td>209</td>
<td>person(s)</td>
</tr>
<tr>
<td></td>
<td>Consolidated Female</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>person(s)</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>187</td>
<td>190</td>
<td>208</td>
<td>217</td>
<td>210</td>
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</tr>
<tr>
<td><strong>Number of employees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managerial staff</td>
<td>Consolidated Male</td>
<td>1,529</td>
<td>1,540</td>
<td>1,640</td>
<td>1,666</td>
<td>1,712</td>
<td>person(s)</td>
</tr>
<tr>
<td></td>
<td>Consolidated Female</td>
<td>73</td>
<td>90</td>
<td>95</td>
<td>96</td>
<td>100</td>
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<tr>
<td></td>
<td><strong>Total</strong></td>
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<td>1,630</td>
<td>1,735</td>
<td>1,762</td>
<td>1,812</td>
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<td><strong>General</strong></td>
<td>Consolidated Male</td>
<td>9,091</td>
<td>8,992</td>
<td>9,087</td>
<td>9,345</td>
<td>9,040</td>
<td>person(s)</td>
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<tr>
<td></td>
<td>Consolidated Female</td>
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<td>2,233</td>
<td>2,494</td>
<td>2,504</td>
<td>2,310</td>
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<tr>
<td></td>
<td><strong>Total</strong></td>
<td>11,524</td>
<td>11,226</td>
<td>11,581</td>
<td>11,849</td>
<td>11,352</td>
<td>person(s)</td>
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<td><strong>Number of employees by country/region</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>Consolidated Male</td>
<td>7,879</td>
<td>8,058</td>
<td>8,399</td>
<td>8,568</td>
<td>8,668</td>
<td>person(s)</td>
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<tr>
<td></td>
<td>Consolidated Female</td>
<td>1,135</td>
<td>1,198</td>
<td>1,271</td>
<td>1,323</td>
<td>1,384</td>
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<tr>
<td></td>
<td><strong>Total</strong></td>
<td>9,014</td>
<td>9,256</td>
<td>9,670</td>
<td>9,891</td>
<td>10,052</td>
<td>person(s)</td>
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<td>Asia</td>
<td>Consolidated Male</td>
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<td>2,243</td>
<td>2,382</td>
<td>2,221</td>
<td>1,858</td>
<td>person(s)</td>
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<tr>
<td></td>
<td>Consolidated Female</td>
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<td>1,089</td>
<td>1,095</td>
<td>1,239</td>
<td>985</td>
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<tr>
<td></td>
<td><strong>Total</strong></td>
<td>3,887</td>
<td>3,332</td>
<td>3,477</td>
<td>3,454</td>
<td>3,843</td>
<td>person(s)</td>
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<tr>
<td>U.S. and Europe</td>
<td>Consolidated Male</td>
<td>235</td>
<td>231</td>
<td>229</td>
<td>222</td>
<td>226</td>
<td>person(s)</td>
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<tr>
<td></td>
<td>Consolidated Female</td>
<td>40</td>
<td>36</td>
<td>40</td>
<td>38</td>
<td>41</td>
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<tr>
<td></td>
<td><strong>Total</strong></td>
<td>275</td>
<td>267</td>
<td>269</td>
<td>260</td>
<td>267</td>
<td>person(s)</td>
</tr>
<tr>
<td><strong>Number of employees in each age group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 15</td>
<td>Consolidated Male</td>
<td>–</td>
<td>–</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>person(s)</td>
</tr>
<tr>
<td></td>
<td>Consolidated Female</td>
<td>–</td>
<td>–</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>person(s)</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>–</td>
<td>–</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>person(s)</td>
</tr>
<tr>
<td>15 to 19 years old</td>
<td>Consolidated Male</td>
<td>–</td>
<td>–</td>
<td>108</td>
<td>108</td>
<td>89</td>
<td>person(s)</td>
</tr>
<tr>
<td></td>
<td>Consolidated Female</td>
<td>–</td>
<td>–</td>
<td>15</td>
<td>21</td>
<td>20</td>
<td>person(s)</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>–</td>
<td>–</td>
<td>123</td>
<td>129</td>
<td>109</td>
<td>person(s)</td>
</tr>
<tr>
<td>20 to 29</td>
<td>Consolidated Male</td>
<td>–</td>
<td>–</td>
<td>2,153</td>
<td>2,124</td>
<td>1,925</td>
<td>person(s)</td>
</tr>
<tr>
<td></td>
<td>Consolidated Female</td>
<td>–</td>
<td>–</td>
<td>559</td>
<td>600</td>
<td>444</td>
<td>person(s)</td>
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<tr>
<td></td>
<td><strong>Total</strong></td>
<td>–</td>
<td>–</td>
<td>2,712</td>
<td>2,724</td>
<td>2,369</td>
<td>person(s)</td>
</tr>
<tr>
<td>30 to 39</td>
<td>Consolidated Male</td>
<td>–</td>
<td>–</td>
<td>3,150</td>
<td>3,164</td>
<td>3,038</td>
<td>person(s)</td>
</tr>
<tr>
<td></td>
<td>Consolidated Female</td>
<td>–</td>
<td>–</td>
<td>833</td>
<td>894</td>
<td>826</td>
<td>person(s)</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>–</td>
<td>–</td>
<td>3,983</td>
<td>4,058</td>
<td>3,864</td>
<td>person(s)</td>
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<tr>
<td>40 to 49</td>
<td>Consolidated Male</td>
<td>–</td>
<td>–</td>
<td>2,878</td>
<td>2,919</td>
<td>2,798</td>
<td>person(s)</td>
</tr>
<tr>
<td></td>
<td>Consolidated Female</td>
<td>–</td>
<td>–</td>
<td>671</td>
<td>741</td>
<td>738</td>
<td>person(s)</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>–</td>
<td>–</td>
<td>3,549</td>
<td>3,660</td>
<td>3,536</td>
<td>person(s)</td>
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<tr>
<td>50 to 59</td>
<td>Consolidated Male</td>
<td>–</td>
<td>–</td>
<td>1,975</td>
<td>2,010</td>
<td>2,252</td>
<td>person(s)</td>
</tr>
<tr>
<td></td>
<td>Consolidated Female</td>
<td>–</td>
<td>–</td>
<td>276</td>
<td>284</td>
<td>319</td>
<td>person(s)</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>–</td>
<td>–</td>
<td>2,251</td>
<td>2,294</td>
<td>2,571</td>
<td>person(s)</td>
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<tr>
<td>60 or older</td>
<td>Consolidated Male</td>
<td>–</td>
<td>–</td>
<td>646</td>
<td>686</td>
<td>650</td>
<td>person(s)</td>
</tr>
<tr>
<td></td>
<td>Consolidated Female</td>
<td>–</td>
<td>–</td>
<td>52</td>
<td>60</td>
<td>63</td>
<td>person(s)</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>–</td>
<td>–</td>
<td>698</td>
<td>746</td>
<td>713</td>
<td>person(s)</td>
</tr>
<tr>
<td><strong>Number of new hires</strong></td>
<td>Total</td>
<td>596</td>
<td>692</td>
<td>617</td>
<td>486</td>
<td>486</td>
<td>person(s)</td>
</tr>
<tr>
<td></td>
<td>Percentage to employees</td>
<td>7.1</td>
<td>7.8</td>
<td>6.8</td>
<td>5.3</td>
<td>5.3</td>
<td>%</td>
</tr>
<tr>
<td><strong>Number of new graduates who were recruited</strong></td>
<td>Consolidated (Japan)</td>
<td>596</td>
<td>692</td>
<td>617</td>
<td>486</td>
<td>486</td>
<td>person(s)</td>
</tr>
</tbody>
</table>

1) Fixed-term (full-time) employees are included.
2) Consolidated figures have been reported since FY2018.
3) Percentage of employees who are still at the company as of April 1 in the year that is three years after they joined the company.
4) As of June 1 immediately after the end of each fiscal year. The statutory employment rate is 2.2%.
### The environment

#### Greenhouse gas emissions (Scope 1, Scope 2) *1

<table>
<thead>
<tr>
<th>Boundary</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated (Japan)</td>
<td>796</td>
<td>804</td>
<td>748</td>
<td>606</td>
<td>948</td>
<td>thousand tons-CO₂</td>
</tr>
<tr>
<td>Consolidated (overseas)</td>
<td>135</td>
<td>125</td>
<td>137</td>
<td>125</td>
<td>123</td>
<td>thousand tons-CO₂</td>
</tr>
</tbody>
</table>

#### Greenhouse gas emissions per unit of sales *1

<table>
<thead>
<tr>
<th>Boundary</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated (Japan)</td>
<td>2.19</td>
<td>2.09</td>
<td>1.87</td>
<td>1.80</td>
<td>1.57</td>
<td>TE CO₂/million yen</td>
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</table>

#### Breakdown of Scope 3 emissions *1

<table>
<thead>
<tr>
<th>Category</th>
<th>Purchased goods and services</th>
<th>Fuel and energy not included in Scope 1 or 2</th>
<th>Upstream transportation and distribution *1</th>
<th>Waste generated in operation</th>
<th>Business travel</th>
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<tbody>
<tr>
<td>Consolidated</td>
<td>1,962</td>
<td>1,826</td>
<td>1,947</td>
<td>1,690</td>
<td>1,644</td>
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#### SOx emissions

<table>
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<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Unit</th>
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</thead>
<tbody>
<tr>
<td>Consolidated</td>
<td>341</td>
<td>473</td>
<td>379</td>
<td>365</td>
<td>330</td>
<td>tons</td>
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</table>

#### Weight of raw materials used in per unit of sales

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<thead>
<tr>
<th>Boundary</th>
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<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated</td>
<td>618</td>
<td>576</td>
<td>601</td>
<td>523</td>
<td>426</td>
<td>thousand tons</td>
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#### CO2 emissions

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<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated</td>
<td>341</td>
<td>473</td>
<td>379</td>
<td>365</td>
<td>330</td>
<td>tons</td>
</tr>
</tbody>
</table>

#### Energy consumption

<table>
<thead>
<tr>
<th>Boundary</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated</td>
<td>10.6</td>
<td>10.8</td>
<td>10.4</td>
<td>8.1</td>
<td>7.8</td>
<td>PJ</td>
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#### Energy consumption intensity per unit of sales

<table>
<thead>
<tr>
<th>Boundary</th>
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<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated</td>
<td>6.3</td>
<td>6.3</td>
<td>6.2</td>
<td>6.0</td>
<td>6.5</td>
<td>PJ</td>
</tr>
</tbody>
</table>

#### Energy consumption intensity per unit of sales

<table>
<thead>
<tr>
<th>Boundary</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated</td>
<td>37.7</td>
<td>35.5</td>
<td>33.2</td>
<td>30.3</td>
<td>30.7</td>
<td>Q/million yen</td>
</tr>
</tbody>
</table>

#### COD emissions

<table>
<thead>
<tr>
<th>Boundary</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated</td>
<td>119</td>
<td>97</td>
<td>105</td>
<td>106</td>
<td>90</td>
<td>tons</td>
</tr>
</tbody>
</table>

#### Emissions and disposal of waste and waste byproducts

<table>
<thead>
<tr>
<th>Boundary</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recycled/Reduced</td>
<td>40.9</td>
<td>37.3</td>
<td>48.4</td>
<td>42.2</td>
<td>33.6</td>
<td>thousand tons</td>
</tr>
<tr>
<td>Disposed (landfill)</td>
<td>3.9</td>
<td>3.5</td>
<td>3.5</td>
<td>3.4</td>
<td>3.5</td>
<td>thousand tons</td>
</tr>
</tbody>
</table>

#### Environmental accounting

<table>
<thead>
<tr>
<th>Boundary</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated (Japan)</td>
<td>2,009</td>
<td>1,983</td>
<td>2,218</td>
<td>1,580</td>
<td>995</td>
<td>million yen</td>
</tr>
</tbody>
</table>

### Compliance

#### Number of cases that were reported to NHK’s HOTLINE

<table>
<thead>
<tr>
<th>Boundary</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated</td>
<td>14</td>
<td>15</td>
<td>26</td>
<td>29</td>
<td>16</td>
<td>cases</td>
</tr>
</tbody>
</table>

#### Compliance meeting

<table>
<thead>
<tr>
<th>Boundary</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated</td>
<td>2,230</td>
<td>2,102</td>
<td>2,066</td>
<td>2,156</td>
<td>2,517</td>
<td>times</td>
</tr>
</tbody>
</table>

#### Number of participants

<table>
<thead>
<tr>
<th>Boundary</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated</td>
<td>19,391</td>
<td>20,237</td>
<td>20,972</td>
<td>21,404</td>
<td>23,059</td>
<td>total number</td>
</tr>
</tbody>
</table>

#### Number of patient publications *14*16

<table>
<thead>
<tr>
<th>Boundary</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated</td>
<td>126</td>
<td>182</td>
<td>167</td>
<td>160</td>
<td>140</td>
<td>cases</td>
</tr>
</tbody>
</table>

#### Number of patient registrations

<table>
<thead>
<tr>
<th>Boundary</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated</td>
<td>143</td>
<td>107</td>
<td>92</td>
<td>81</td>
<td>131</td>
<td>cases</td>
</tr>
</tbody>
</table>

### Quality assurance

#### Number of violations of laws or regulations

<table>
<thead>
<tr>
<th>Boundary</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>cases</td>
</tr>
</tbody>
</table>

### Community

#### Compliance

#### Financial information

<table>
<thead>
<tr>
<th>Boundary</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated</td>
<td>8</td>
<td>8</td>
<td>9</td>
<td>9</td>
<td>6</td>
<td>yen</td>
</tr>
</tbody>
</table>

### Governance

#### Financial information

<table>
<thead>
<tr>
<th>Boundary</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>cases</td>
</tr>
</tbody>
</table>

#### Environmental conservation expenditure:

<table>
<thead>
<tr>
<th>Boundary</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated</td>
<td>2,009</td>
<td>1,983</td>
<td>2,218</td>
<td>1,580</td>
<td>995</td>
<td>million yen</td>
</tr>
</tbody>
</table>

#### Total environmental conservation expenditure:

<table>
<thead>
<tr>
<th>Boundary</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated</td>
<td>5,847</td>
<td>5,598</td>
<td>6,210</td>
<td>6,248</td>
<td>5,746</td>
<td>million yen</td>
</tr>
</tbody>
</table>

#### Changes in expenditure:

<table>
<thead>
<tr>
<th>Boundary</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated</td>
<td>2,737</td>
<td>3,561</td>
<td>2,755</td>
<td>2,192</td>
<td>2,711</td>
<td>million yen</td>
</tr>
</tbody>
</table>

#### Changes in expenditure:

<table>
<thead>
<tr>
<th>Boundary</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated</td>
<td>2,770</td>
<td>1,440</td>
<td>982</td>
<td>1,027</td>
<td>2,098</td>
<td>million yen</td>
</tr>
</tbody>
</table>

---

*1. In FY2019, we began to compile statistics on greenhouse gas emissions from our main offices.
*2. The following CO₂ emission factors were used for the calculations.
*3. The following CO₂ emission factors were used for the calculations.
*4. The following CO₂ emission factors were used for the calculations.
*5. The following CO₂ emission factors were used for the calculations.
*6. The following CO₂ emission factors were used for the calculations.
*7. The following CO₂ emission factors were used for the calculations.
*8. The following CO₂ emission factors were used for the calculations.
*9. The following CO₂ emission factors were used for the calculations.
*10. The following CO₂ emission factors were used for the calculations.
*11. The following CO₂ emission factors were used for the calculations.
*12. The following CO₂ emission factors were used for the calculations.
*13. The following CO₂ emission factors were used for the calculations.
*14. The following CO₂ emission factors were used for the calculations.
*15. The following CO₂ emission factors were used for the calculations.
*16. The following CO₂ emission factors were used for the calculations.

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*We have received independent assurance by KPMG AZSA Sustainability Co., Ltd. regarding the reliability of the data.*
Starting April 1, 2020, the NLM Group signed an official sponsorship agreement with the Japan Wheelchair Rugby Federation. In connection with this, a new Social Contribution Project was launched with the aim of promoting understanding of diversity among employees and forming stronger bonds between Group employees. Implementation team members for the project were recruited from among junior employees, and candidates were gathered from among five Group companies.

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

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

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

One of the highlights of wheelchair rugby is the heavy contact between wheelchairs during strong tackles. These impacts are in fact so strong they can feel all the way to the spectator seating, and wheel components (wheel rings) can become deformed. When this happens a wheelchair becomes difficult to propel and operate, and tire changes during a match are also common. Given these factors, NLM Group subsidiary Nikkei Metal Co., Ltd. devised a high-strength aluminum wheel ring that does not break easily. This new wheel ring has been used in actual matches. The wheel ring development team looked on with bated breath as wheelchairs violently crashed into one another again and again during a match.

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

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

We will work to further strengthen governance.

| Basic Policy on Corporate Governance |

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

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

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

NLM HD considers enhanced corporate governance to be an important management issue from the standpoint of stakeholders, as well as corporate ethics.

NLM HD has also established a Board of Auditors, ensuring the supervision of executive functions and reciprocal accountability. NLM HD has appointed Outside Directors and Outside Auditors, NLM HD has ensured the supervision of executive functions and reciprocal monitoring of Directors, and the soundness in management through audits by Auditors including Outside Auditors.

| Overview of the Current Corporate Governance System |

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

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

For the current fiscal year, NLM HD will take on the recommendations from the special investigations committee and strive to further enhance corporate governance so that such incidents never happen again. We will also review our governance system with consideration given to the impact of the revised Corporate Governance Code that was published in June 2021.

| Forthcoming Initiatives |

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

The NLM Group will take on the recommendations from the special investigations committee and strive to further enhance corporate governance so that such incidents never happen again. We will also review our governance system with consideration given to the impact of the revised Corporate Governance Code that was published in June 2021.

| Composition of Directors |

(Outside Directors) (from 4 to 5, to 36% of all Directors)
Appointment of 1 female Director (Outside Director)
Appointment of 1 non-Japanese Auditor (Outside Auditor)
Introduction of stock remuneration (restricted stock compensation system) (Auditors including Outside Directors and Officers)
Clarification that the position of Officers is similar to that of Directors (delegated relationship with the company)

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| Distribution of Directors’ Ages |

*As of date of the 19th annual general meeting of shareholders (June 25, 2021) |

| Nomination and Compensation Committee |

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

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

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

Chairperson: Tatsuya Tanaka (Independent Outside Director)
Member: Ryutaro Hayashi (Independent Outside Director)
Member: Toshihito Hayashi (Independent Outside Director)
Member: Kazuo Tsuchiya (Independent Outside Director)
Member: Tatsusho Tanaka (Independent Outside Director)
Member: Ichiro Okuizono (President and Chief Executive Officer)

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

Regarding Nomination

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

Regarding Compensation

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

The Committee met 5 times in FY2020, during which it mainly discussed the revision of the compensation system for Directors and Officers including the introduction of stock remuneration, and made a report on revisions such remuneration to the Board of Directors.
Group Executive Committee
As a body that assists the President and CEO in decision making, the Group Executive Committee is comprised mainly of Directors (excluding Outside Directors), Officers and corporate Auditors (excluding Outside Auditors) of the Company. The Committee meets twice a month in principle, discussing and making decisions on policies related to NLM Group management and important items concerning corporate governance.

While matters that specifically requiring resolution of Board of Directors and other important management items are decided by the Board, by engaging in lively exchanges of views in the Group Executive Committee as an opportunity to review matters before they are resolved or reported to Board, constructive debate and exchanges of opinions on Board of Directors are encouraged. Particularly with regard to the acquisition or disposition of shares or fixed assets, loans and guarantees, and the requirement to resolution of Board of Directors are clearly settled, by amount (excluding Outside Auditors) of the Company. The Committee or regional and market risks. Matters that fall below the amounts fixed assets, loans and guarantees, the standard for requirement to Group Executive Committee.

Executive Committee as an opportunity to review matters before Directors and other important management items are decided by resolution of Board of Directors are clearly settled, by amount (excluding Outside Auditors) of the Company. The Committee or regional and market risks. Matters that fall below the amounts fixed assets, loans and guarantees, the standard for requirement to Group Executive Committee.

Evaluation of the Effectiveness of the Board of Directors
To verify that the Board of Directors is functioning appropriately overall and to take appropriate measures, the Committee evaluates the performance of Board of Directors each year on an effort to ensure ongoing improvements in the effectiveness of the Board. In FY2020, Board of Directors was forced to postpone in-person meetings and inspections of business sites, but online meetings were arranged to further enhance the conduct of procedures.

Open and constructive remarks and discussions took place in a lively manner at Board of Directors meetings. The recommendations and issues raised by Outside Directors and Auditors in particular significantly contributed to discussions, and Board of Directors overall has been evaluated as maintaining its effectiveness. As for the purposes, values set by Board of Directors are given to enhancing discussions related to management issues and sustainability management from Mid- to long-term growth.

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

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

Internal Auditors: 3
Composition of Auditors:
Outside Auditors: 2
Tof whose Auditors are non-Japanese: 1

Accounting Auditor
Accounting auditing is handled by Ernst & Young ShinNihon LLC. The Committee reserves the right to make recommendation for the appointment, dismissal and reappointment of the accounting auditor, considering the quality control, independence, expertise and size of the accounting auditor, and evaluates the accounting auditor yearly.

Internal Audit
Internal audits are performed by the internal auditing department based on an annual auditing plan, and involves audits related to the execution of business and evaluations of internal control related to financial reporting. Recommendations for improvements to long-term perspective are issued as needed after verifying the appropriateness and effectiveness of internal control.

Coordination Between Auditors, Accounting Auditor and the Internal Auditing Department
Auditors and accounting auditor maintain independence from one another while periodically discussing matters such as auditing targets and methods. They also coordinate to ensure that audits are conducted efficiently, such as by exchanging views and sharing information as needed. In addition, Auditors and the internal auditing department maintain independence from one another while coordinating to ensure that audits are conducted efficiently, such as by exchanging views and sharing information as needed with regard to the auditing targets and the status of risks.

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

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

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

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

As a result, the compensation system was revised, including the introduction of stock remuneration for Directors (excluding Outside Directors) to ensure the ongoing improvement of the Company’s corporate value while promoting the further sharing of value between Directors and shareholders.

(2) Compensation of Officers
Striving for the best governance is a pure holding company

While expressing my sincere regret over these incidents, I have also made painfully aware of our responsibility to properly recognize the points where compliance and governance failed to function properly.

We are now following the results from the Special Investigation Committee on the true case of these incidents, but as Directors of the Company, we must take full responsibility for the misstep of our mission to properly recognize the corporate culture that reflects the Company’s values, to promote a balance between our vision and reality and clearly envisaging the best governance the Company should pursue, and to guide the NLM Group in the right direction.

In addition, I firmly state the need to respond to ESg and DX-oriented system reforms in more sophisticated ways as a consistent corporate challenge. As a starting point, we have engaged in lively discussions regarding the Company’s materiality and value creation process, and I think that we have compiled the Company’s first “Integrated Report” is worthy of recognition.

As corporate governance reform progresses, a pure holding company should be aware of the perspective that corporate governance flows from individual subsidiaries to the entire Group, and that there is a need to build effective governance that is consistent with corporate culture and strategy, and which overlocks the whole Group. Under these circumstances, I think that the role played by Nippon Light Metal Holdings Co., Ltd., as a pure holding company to promote best governance will continue to become increasingly diverse.

In addition, we have established the Nomination and Compensation Committee as an opportunity to review matters before Directors and other important management items are decided by resolution of Board of Directors.

Performance-based compensation varies depending on business performance in the previous fiscal year, the attainment level of management plans (operating profit, ROCE, etc.), and the level of contribution to Group management, etc.

This is a restricted stock-based compensation scheme paid depending on the position of Directors. The compensation is in the form of a cash dividend on the same number of shares with retention on transfer until the retirement of the officer in question.

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

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

Message from an Outside Director
Masato Ono, Outside Director

Striving for best governance as a pure holding company!

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

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

From the end of 2020, the Nomination and Compensation Committee has engaged in open discussions at Board of Directors meetings to make decisions that help maintain compliance and governance, has finally taken root. To further bolster this governance system the Nomination and Compensation Committee was established in February 2020, and with myself acting as chairperson, we started by discussing the role of officer compensation. As a result, from FY2021 we have introduced stock remuneration for internal Directors and Officers, and by providing them with incentives to improve corporate value in the medium and long term, I believe we have created a system enabling the Company’s senior management and stakeholders to share best governance.

I look forward to discussions on this going forward. However, unfortunately the Company has faced a series of incidents concerning inappropriate conduct relating to quality control in FY2021. While expressing my sincere regret over these incidents, I have also made painfully aware of the need to thoroughly analyze and review the points where compliance and governance failed to function properly.

We are now following the results from the Special Investigation Committee on the true case of these incidents, but as Directors of the Company, we must take full responsibility for the misstep of our mission to properly recognize the corporate culture that reflects the Company’s values, to promote a balance between our vision and reality and clearly envisaging the best governance the Company should pursue, and to guide the NLM Group in the right direction.

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List of Officers

President and CEO
Ichiro Okamoto

April 1961: Joined Nippon Light Metal Co., Ltd.
June 2006: Officer of Nippon Light Metal Co., Ltd.
June 2012: Director and Executive Officer of Nippon Light Metal Holdings Co., Ltd.
June 2018: Director and CEO of Nippon Light Metal Holdings Co., Ltd.
June 2013: President and CEO of Nippon Light Metal Group

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

April 1978: Joined Toyo Aluminum K.K. (which merged with Nippon Light Metal Co., Ltd. in October 1998)
June 2010: Executive Officer of Toyo Aluminum K.K.
June 2015: Managing Executive Officer of Toyo Aluminum K.K.
June 2019: Senior Managing Executive Officer of Toyo Aluminum K.K.
June 2020: President and CEO of Toyo Aluminum K.K.
June 2021: Director of Nippon Light Metal Holdings Co., Ltd.

Director in charge of the Toyo Aluminium Business Group
Kaoru Kusumoto

April 1996: Joined Nippon Light Metal Co., Ltd.
June 2014: Officer of Nippon Light Metal Co., Ltd.
June 2016: Executive Officer of Nippon Light Metal Holdings Co., Ltd.
June 2021: Director of Nippon Light Metal Holdings Co., Ltd.

Director in charge of the Nippon Light Metal Group Nippon Freахsul Business
Toshikazu Tanaka

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

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

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

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

April 1974: Joined Dai-Ichi Kangyo Bank, Ltd. (now Mizuho Bank, Ltd.)
March 2005: Managing Executive Officer of Mizuho Bank, Ltd.
June 2007: Director and Deputy President of Mizuho Financial Group, Inc.
June 2008: Executive Officer and Vice President of Japan Hockey Co., Ltd.
June 2012: Outside Director of Nippon Light Metal Co., Ltd.
October 2022: Outside Director of Nippon Light Metal Holdings Co., Ltd.

Outside Director
Kotaro Yasuda
Full-time Auditor
Hideo Hiroswasa

Outside Director
Yoshiki Sato
Outsise Director
Shintaro Kawai

Officer
Minoru Sotoike

In charge of Nippon Light Metal Business Group Panel System Business

Outside Director
Kazuyoshi Sugiyama

Outsise Director
Yoshiaki Ito

Officer
Hiroyuki Matsudaira

In charge of Nippon Light Metal Business Group Chemicals Business

President and COO of Toyo Aluminum Co., Ltd.
Ichiro Okamoto

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

President and CEO of Nippon Light Metal Co., Ltd.
Toshikazu Tanaka

April 1996: Joined Nippon Light Metal Co., Ltd.
June 2014: Officer of Nippon Light Metal Co., Ltd.
June 2016: Executive Officer of Nippon Light Metal Holdings Co., Ltd.
June 2021: President and CEO of Nippon Light Metal Holdings Co., Ltd.

Director and Execuive Vice President of Nippon Light Metal Co., Ltd.
Toshihide Murakami

April 1978: Joined Toyo Aluminum K.K. (which merged with Nippon Light Metal Co., Ltd. in October 1998)
June 2010: Executive Officer of Toyo Aluminum K.K.
June 2015: Managing Executive Officer of Toyo Aluminum K.K.
June 2019: Senior Managing Executive Officer of Toyo Aluminum K.K.
June 2020: President and CEO of Toyo Aluminum K.K.
June 2021: Director of Nippon Light Metal Holdings Co., Ltd.

Director in charge of the Toyo Aluminium Business Group
Kaoru Kusumoto

April 1996: Joined Nippon Light Metal Co., Ltd.
June 2014: Officer of Nippon Light Metal Co., Ltd.
June 2016: Executive Officer of Nippon Light Metal Holdings Co., Ltd.
June 2021: Director of Nippon Light Metal Holdings Co., Ltd.

Director in charge of the Nippon Light Metal Group Nippon Freахsul Business
Toshikazu Tanaka

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

Operating Results and Financial Analysis

Overview of Operating Results

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

Looking at consolidated business performance in the fiscal year under review that took place under these circumstances, although sales for PCs and in relation to food and daily necessities rose due to increased demand from the spread of telework and at home consumption, due to the melting down of recovery in automotive and other fields, net sales fell short of the previous fiscal year. However, on the profit front, in part due to the contribution of highly profitable goods such as fabricated sheets, we managed to maintain operating profit and ordinary profit largely on par with the previous fiscal year. Since steady progress was made with sediment control measures at the Amehata Dam owned by NLM HD subsidiary Nippon Light Metal Co., Ltd., which makes reasonable cost estimates possible, as a result, sales volume of electrode foil for aluminum electrolytic capacitors rose, leading to year-on-year gains in both net sales and operating profit.

Panel System Segment

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

Landscape Engineering Segment

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

Carbon Products Segment

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

Overview of Financial Position

In conjunction with various measures built into its mid-term management plan aimed at establishing a healthier and fitter management position, the NLM Group has concentrated on reducing interest-bearing debt and enhancing shareholders’ equity to improve its financial strength. Total consolidated assets at the end of the fiscal year under review rose by 36,361 million yen year on year to 506,995 million yen, in part due to an increase in cash and deposits. Liabilities increased 31,045 million yen year on year to 299,851 million yen, in part reflecting the increase in allowance for sediment control measures. Net assets rose 5,906 million yen year on year to 207,104 million yen, due to higher foreign currency translation adjustments among other factors. The equity ratio fell from 39.6% at the end of the previous fiscal year to 37.6%.

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

Net cash provided by financing activities for the fiscal year under review resulting in 8,194 million yen. This was mainly due to proceeds from long-term borrowings. Net cash provided by financing activities resulted in 8,194 million yen in the fiscal year under review in contrast to a net repayment of 15,756 million yen in the previous fiscal year, which was mainly due to the increase in proceeds from long-term borrowings.

As a result of these changes in cash flow, on a consolidated basis cash and cash equivalents increased 24,880 million yen (68.5%) compared with the end of the previous fiscal year to 81,176 million yen.
### Key Financial Data for the Past Ten Years

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Operating Results</td>
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<td></td>
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<td></td>
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<tr>
<td>Net sales</td>
<td>403,009</td>
<td>371,887</td>
<td>402,829</td>
<td>431,477</td>
<td>464,405</td>
<td>448,381</td>
<td>481,439</td>
<td>500,451</td>
<td>465,946</td>
<td>432,568</td>
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<tr>
<td>Gross profit margin (%)</td>
<td>16.8</td>
<td>16.9</td>
<td>17.1</td>
<td>17.8</td>
<td>19.2</td>
<td>20.4</td>
<td>19.5</td>
<td>19.4</td>
<td>20.1</td>
<td>20.8</td>
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<tr>
<td>Operating profit</td>
<td>13,665</td>
<td>8,154</td>
<td>12,617</td>
<td>19,305</td>
<td>26,821</td>
<td>30,225</td>
<td>29,893</td>
<td>30,052</td>
<td>24,607</td>
<td>24,194</td>
</tr>
<tr>
<td>Ordinary profit</td>
<td>9,709</td>
<td>6,873</td>
<td>12,730</td>
<td>20,602</td>
<td>24,526</td>
<td>26,252</td>
<td>29,533</td>
<td>31,084</td>
<td>23,475</td>
<td>24,030</td>
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<tr>
<td>Profit attributable to owners of parent</td>
<td>2,856</td>
<td>3,355</td>
<td>5,128</td>
<td>9,645</td>
<td>15,533</td>
<td>19,520</td>
<td>18,012</td>
<td>20,560</td>
<td>7,476</td>
<td>3,366</td>
</tr>
</tbody>
</table>

### Segment Information

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<th>Segment</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Alumina, Chemicals and Ingot Business</td>
<td>99,560</td>
<td>93,902</td>
<td>105,488</td>
<td>114,339</td>
<td>109,844</td>
<td>101,840</td>
<td>111,100</td>
<td>117,008</td>
<td>102,833</td>
<td>91,181</td>
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<tr>
<td>Sheet and Extruded Products Business</td>
<td>70,618</td>
<td>63,161</td>
<td>71,274</td>
<td>82,823</td>
<td>103,340</td>
<td>98,165</td>
<td>106,955</td>
<td>107,835</td>
<td>101,193</td>
<td>97,850</td>
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<tr>
<td>Fabricated Products and Other Businesses</td>
<td>127,972</td>
<td>126,218</td>
<td>132,261</td>
<td>138,088</td>
<td>149,220</td>
<td>154,684</td>
<td>169,019</td>
<td>180,259</td>
<td>172,975</td>
<td>157,297</td>
</tr>
<tr>
<td>Foil and Powder Products Business</td>
<td>104,859</td>
<td>88,606</td>
<td>93,806</td>
<td>96,227</td>
<td>102,001</td>
<td>93,692</td>
<td>94,365</td>
<td>95,349</td>
<td>88,945</td>
<td>86,240</td>
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</table>

### Financial Position

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>225,200</td>
<td>217,648</td>
<td>226,807</td>
<td>248,906</td>
<td>247,363</td>
<td>246,394</td>
<td>262,671</td>
<td>267,238</td>
<td>246,376</td>
<td>270,781</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>197,471</td>
<td>202,138</td>
<td>205,731</td>
<td>208,371</td>
<td>204,830</td>
<td>202,229</td>
<td>204,528</td>
<td>214,065</td>
<td>223,630</td>
<td>236,174</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>192,070</td>
<td>182,173</td>
<td>181,520</td>
<td>202,220</td>
<td>186,881</td>
<td>184,277</td>
<td>191,729</td>
<td>184,364</td>
<td>166,341</td>
<td>166,116</td>
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<tr>
<td>Non-current liabilities</td>
<td>121,752</td>
<td>122,989</td>
<td>129,824</td>
<td>117,672</td>
<td>120,894</td>
<td>90,722</td>
<td>86,148</td>
<td>94,204</td>
<td>106,465</td>
<td>133,735</td>
</tr>
<tr>
<td>Shareholders' equity</td>
<td>225,200</td>
<td>217,648</td>
<td>226,807</td>
<td>248,906</td>
<td>247,363</td>
<td>246,394</td>
<td>262,671</td>
<td>267,238</td>
<td>246,376</td>
<td>270,781</td>
</tr>
</tbody>
</table>

### Balance of interest-bearing debt

| Balance of interest-bearing debt | 187,697 | 188,844 | 198,668 | 188,990 | 182,207 | 149,835 | 139,997 | 139,570 | 132,622 | 146,229 |

### Cash Flows

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td>19,537</td>
<td>202,138</td>
<td>205,731</td>
<td>208,371</td>
<td>204,830</td>
<td>202,229</td>
<td>204,528</td>
<td>214,065</td>
<td>223,630</td>
<td>236,174</td>
</tr>
<tr>
<td>Depreciation</td>
<td>17,040</td>
<td>16,259</td>
<td>16,435</td>
<td>16,406</td>
<td>16,356</td>
<td>16,602</td>
<td>17,126</td>
<td>17,294</td>
<td>18,694</td>
<td>19,157</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>(18,289)</td>
<td>(14,025)</td>
<td>(18,998)</td>
<td>(7,119)</td>
<td>(19,419)</td>
<td>(11,887)</td>
<td>(14,948)</td>
<td>(22,777)</td>
<td>(29,684)</td>
<td>(25,674)</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>23,167</td>
<td>17,121</td>
<td>14,001</td>
<td>15,863</td>
<td>18,861</td>
<td>19,908</td>
<td>21,077</td>
<td>25,926</td>
<td>29,978</td>
<td>25,333</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>8,382</td>
<td>9,476</td>
<td>10,778</td>
<td>15,963</td>
<td>14,235</td>
<td>13,971</td>
<td>15,365</td>
<td>14,881</td>
<td>14,923</td>
<td>16,392</td>
</tr>
</tbody>
</table>

### Cash Flows from operating activities

| Cash flows from operating activities | 19,537 | 202,138 | 205,731 | 208,371 | 204,830 | 202,229 | 204,528 | 214,065 | 223,630 | 236,174 |
| Depreciation | 17,040 | 16,259 | 16,435 | 16,406 | 16,356 | 16,602 | 17,126 | 17,294 | 18,694 | 19,157 |
| Cash flows from investing activities | (18,289) | (14,025) | (18,998) | (7,119) | (19,419) | (11,887) | (14,948) | (22,777) | (29,684) | (25,674) |
| Capital expenditures | 23,167 | 17,121 | 14,001 | 15,863 | 18,861 | 19,908 | 21,077 | 25,926 | 29,978 | 25,333 |
| Cash flows from financing activities | 8,382 | 9,476 | 10,778 | 15,963 | 14,235 | 13,971 | 15,365 | 14,881 | 14,923 | 16,392 |

### Non-Controlling Interests

| Non-controlling interests | 8,382 | 9,476 | 10,778 | 15,963 | 14,235 | 13,971 | 15,365 | 14,881 | 14,923 | 16,392 |

### Balance of interest-bearing debt

| Balance of interest-bearing debt | 187,697 | 188,844 | 198,668 | 188,990 | 182,207 | 149,835 | 139,997 | 139,570 | 132,622 | 146,229 |

### Notes

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

### Consolidated Balance Sheets

<table>
<thead>
<tr>
<th>Item</th>
<th>Fiscal Year Ended March 2021</th>
<th>Fiscal Year Ended March 2020</th>
<th>Increase (decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>270,781</td>
<td>246,374</td>
<td>24,407</td>
</tr>
<tr>
<td>Cash and deposits</td>
<td>61,229</td>
<td>36,349</td>
<td>24,880</td>
</tr>
<tr>
<td>Notes and accounts receivable - trade</td>
<td>105,003</td>
<td>105,458</td>
<td>(455)</td>
</tr>
<tr>
<td>Electronically recorded monetary claims - operating</td>
<td>28,770</td>
<td>27,575</td>
<td>1,195</td>
</tr>
<tr>
<td>Inventories</td>
<td>65,594</td>
<td>66,610</td>
<td>(1,016)</td>
</tr>
<tr>
<td>Other</td>
<td>10,570</td>
<td>10,767</td>
<td>(197)</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>(385)</td>
<td>(385)</td>
<td>—</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td>236,174</td>
<td>223,630</td>
<td>12,544</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>179,105</td>
<td>173,757</td>
<td>5,348</td>
</tr>
<tr>
<td>Investments and other assets</td>
<td>49,996</td>
<td>44,006</td>
<td>5,990</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>4,942</td>
<td>4,234</td>
<td>708</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>506,955</td>
<td>470,004</td>
<td>36,951</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th><strong>Liabilities</strong></th>
<th>Fiscal Year Ended March 2021</th>
<th>Fiscal Year Ended March 2020</th>
<th>Increase (decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities</td>
<td>166,116</td>
<td>162,341</td>
<td>3,775</td>
</tr>
<tr>
<td>Notes and accounts payable - trade</td>
<td>65,815</td>
<td>63,826</td>
<td>1,989</td>
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<tr>
<td>Short-term borrowings</td>
<td>62,668</td>
<td>62,670</td>
<td>(2)</td>
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<tr>
<td>Income taxes payable</td>
<td>3,327</td>
<td>2,654</td>
<td>673</td>
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<tr>
<td>Other</td>
<td>34,306</td>
<td>33,191</td>
<td>1,115</td>
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<tr>
<td><strong>Non-current liabilities</strong></td>
<td>133,735</td>
<td>106,465</td>
<td>27,270</td>
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<td>Bonds payable</td>
<td>664</td>
<td>653</td>
<td>11</td>
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<tr>
<td>Long-term borrowings</td>
<td>82,897</td>
<td>69,299</td>
<td>13,598</td>
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<tr>
<td>Retirement benefit liability</td>
<td>19,929</td>
<td>20,115</td>
<td>(186)</td>
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<td>Allowance for sediment control measures</td>
<td>24,634</td>
<td>10,609</td>
<td>14,025</td>
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<tr>
<td>Other</td>
<td>5,611</td>
<td>5,789</td>
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<td><strong>Total liabilities</strong></td>
<td>299,851</td>
<td>268,806</td>
<td>31,045</td>
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<table>
<thead>
<tr>
<th><strong>Net assets</strong></th>
<th>Fiscal Year Ended March 2021</th>
<th>Fiscal Year Ended March 2020</th>
<th>Increase (decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders’ equity</td>
<td>184,763</td>
<td>184,547</td>
<td>216</td>
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<td>Share capital</td>
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<td>46,525</td>
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<td>Capital surplus</td>
<td>18,992</td>
<td>18,983</td>
<td>9</td>
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<tr>
<td>Retained earnings</td>
<td>119,377</td>
<td>119,108</td>
<td>269</td>
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<tr>
<td>Treasury shares</td>
<td>(131)</td>
<td>(69)</td>
<td>(62)</td>
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<td><strong>Accumulated other comprehensive income</strong></td>
<td>5,949</td>
<td>1,728</td>
<td>4,221</td>
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<td>Valuation difference on available-for-sale securities</td>
<td>3,642</td>
<td>2,230</td>
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<td>Deferred gains or losses on hedges</td>
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<td>Revaluation reserve for land</td>
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<td>Remeasurements of defined benefit plans</td>
<td>(527)</td>
<td>(1,611)</td>
<td>1,084</td>
</tr>
<tr>
<td><strong>Share of profit of entities accounted for using equity method</strong></td>
<td>623</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other non-operating income</strong></td>
<td>2,900</td>
<td>2,759</td>
<td>141</td>
</tr>
<tr>
<td><strong>Interest expenses</strong></td>
<td>2,490</td>
<td>2,688</td>
<td>(208)</td>
</tr>
<tr>
<td><strong>Interest expenses attributable to owners of parent</strong></td>
<td>1,033</td>
<td>1,211</td>
<td>(178)</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>207,104</td>
<td>201,198</td>
<td>5,906</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>506,955</td>
<td>470,004</td>
<td>36,951</td>
</tr>
</tbody>
</table>

### Consolidated Statements of Income

<table>
<thead>
<tr>
<th>Item</th>
<th>Fiscal Year Ended March 2021</th>
<th>Fiscal Year Ended March 2020</th>
<th>Increase (decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>432,568</td>
<td>465,946</td>
<td>(33,378)</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>342,499</td>
<td>372,337</td>
<td>(29,838)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>90,069</td>
<td>93,609</td>
<td>(3,540)</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>65,875</td>
<td>69,002</td>
<td>(3,127)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>24,194</td>
<td>24,607</td>
<td>(413)</td>
</tr>
<tr>
<td>Non-operating income</td>
<td>3,916</td>
<td>3,414</td>
<td>502</td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>333</td>
<td>387</td>
<td>6</td>
</tr>
<tr>
<td>Share of profit of entities accounted for using equity method</td>
<td>623</td>
<td>268</td>
<td>355</td>
</tr>
<tr>
<td>Other non-operating income</td>
<td>2,900</td>
<td>2,759</td>
<td>141</td>
</tr>
<tr>
<td><strong>Non-operating expenses</strong></td>
<td>4,080</td>
<td>4,546</td>
<td>(466)</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>1,033</td>
<td>1,211</td>
<td>(178)</td>
</tr>
<tr>
<td>Other non-operating expenses</td>
<td>3,047</td>
<td>3,335</td>
<td>(288)</td>
</tr>
<tr>
<td><strong>Ordinary profit</strong></td>
<td>24,030</td>
<td>23,475</td>
<td>555</td>
</tr>
<tr>
<td><strong>Extraordinary losses</strong></td>
<td>16,200</td>
<td>11,000</td>
<td>5,200</td>
</tr>
<tr>
<td><strong>Sediment control costs</strong></td>
<td>16,200</td>
<td>11,000</td>
<td>5,200</td>
</tr>
<tr>
<td><strong>Profit before income taxes</strong></td>
<td>7,830</td>
<td>12,475</td>
<td>(4,645)</td>
</tr>
<tr>
<td><strong>Income taxes + current</strong></td>
<td>6,691</td>
<td>4,897</td>
<td>1,794</td>
</tr>
<tr>
<td><strong>Income taxes + deferred</strong></td>
<td>(3,958)</td>
<td>(1,707)</td>
<td>(2,251)</td>
</tr>
<tr>
<td><strong>Profit</strong></td>
<td>5,097</td>
<td>9,280</td>
<td>(4,183)</td>
</tr>
<tr>
<td><strong>Profit attributable to non-controlling interests</strong></td>
<td>1,731</td>
<td>1,803</td>
<td>(72)</td>
</tr>
<tr>
<td><strong>Profit attributable to owners of parent</strong></td>
<td>3,366</td>
<td>7,476</td>
<td>(4,110)</td>
</tr>
</tbody>
</table>

### Consolidated Statements of Cash Flows

<table>
<thead>
<tr>
<th>Item</th>
<th>Fiscal Year Ended March 2021</th>
<th>Fiscal Year Ended March 2020</th>
<th>Increase (decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td>41,342</td>
<td>48,676</td>
<td>(7,343)</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td>(25,674)</td>
<td>(29,684)</td>
<td>4,010</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td>8,194</td>
<td>(15,745)</td>
<td>23,939</td>
</tr>
<tr>
<td><strong>Effect of exchange rate change on cash and cash equivalents</strong></td>
<td>418</td>
<td>(296)</td>
<td>714</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash and cash equivalents</strong></td>
<td>24,880</td>
<td>2,951</td>
<td>21,929</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at beginning of period</strong></td>
<td>65,815</td>
<td>63,826</td>
<td>1,989</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of period</strong></td>
<td>61,176</td>
<td>36,296</td>
<td>24,880</td>
</tr>
</tbody>
</table>
Basic Information

Company and Share Information

| Basic Information | Value Creation | Foundations of Value Creation |

| Share Information (as of March 31, 2021) |

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

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

**Corporate Overview**

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

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

**Major Shareholders** (Top 10)

| Name of Shareholder | Number of Shares Held (in thousands) | Ratio of Shareholding (%)
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td>
<td>7,913</td>
<td>12.8</td>
</tr>
<tr>
<td>Custody Bank of Japan, Ltd. (Trust Account)</td>
<td>5,046</td>
<td>8.2</td>
</tr>
<tr>
<td>The Dai-ichi Life Insurance Company, Limited</td>
<td>2,000</td>
<td>3.2</td>
</tr>
<tr>
<td>Nippon Keisei Kairyou Co., Ltd.</td>
<td>1,722</td>
<td>2.8</td>
</tr>
<tr>
<td>The Light Metal Educational Foundation, Inc.</td>
<td>1,491</td>
<td>2.4</td>
</tr>
<tr>
<td>Custody Bank of Japan, Ltd. (Trust Account 2)</td>
<td>1,358</td>
<td>2.2</td>
</tr>
<tr>
<td>Asahi Mutual Life Insurance Company</td>
<td>1,275</td>
<td>2.1</td>
</tr>
<tr>
<td>JP Morgan Chase Trust Co. (Sachs Trust Jardine Lending Account)</td>
<td>1,212</td>
<td>2.0</td>
</tr>
<tr>
<td>Mizuho Bank, Ltd.</td>
<td>1,126</td>
<td>1.8</td>
</tr>
<tr>
<td>JPMorgan Chase Trust Co. (Sachs Trust Jardine Lending Account)</td>
<td>1,057</td>
<td>1.7</td>
</tr>
</tbody>
</table>

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

**Global Network**

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

**Nippon Light Metal Group Management Structure**

- **Nippon Light Metal Holdings Co., Ltd.**
  - **Nippon Light Metal Co., Ltd.**
  - **Toyo Aluminium K.K.**
    - **Toyo Aluminium Ekco Products Co., Ltd.**
    - **Toyo Tokai Aluminium Hanbai Co., Ltd.**
    - **Toshiba**
    - **Nippon Electrode Co., Ltd.**
  - **Nippon Freihaufl Co., Ltd.**
    - **Nippon Freihaufl domestic regional companies**
    - **Shandong Conglin Fruehauf Automobile Co., Ltd.**
    - **Fruehauf Metalipart Co., Ltd.**
    - **Fruehauf Malaysia Co., Ltd.**
    - **Others**
  - **Nikkei Kajikoh Kabushitsu Holdings Co., Ltd.**
    - **Nikkei Kajikoh Holdings**
    - **Nikkei Kajikoh Technology Center**
    - **Nikkei Exciplexs**
    - **Others**

**Note:** Two dormant companies are excluded.