

NIPPON LIGHT METAL GROUP INTEGRATED REPORT 2024

CONTACT INFORMATION

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NLM Group Management Policy/NLM Group Business Conduct Guidelines

NLM Group Management Policy

Corporate Philosophy

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

Basic Policies

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

NLM Group Business Conduct Guidelines

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

Editorial Policy

Introduction

As in the previous year, the NLM Group will publish an integrated report in 2024. The report is designed to communicate the Group's vision for value creation in both financial and non-financial terms to all stakeholders, including shareholders and investors.

In the Integrated Report 2023 that we published last year, we reported the new mid-term management plan, which started in FY2023 and which we formulated in light of the changes in the Group's situation and its business environment. We also reported initiatives to address the Group's priority issues and other issues. In this latest report, we detail the progress of the 2023 mid-term management plan, our carbon neutrality initiatives and other matters as carefully and conscientiously as possible. We would be happy if this report is useful to readers, our stakeholders in their understanding of the NLM Group's business activities.

Reference guidelines

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

Period covered

Data for the report was collected between April 2023 and March 2024.

(Note) Data collected before or after this period is also used in some sections of this report.

Scope of the report

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

Period of issuance

November 2024 (Previous issue: December 2023)

Independent assurance

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

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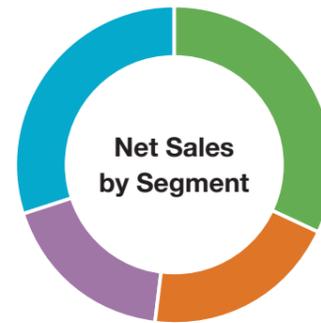
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Reporting Media Further details and past initiatives are available on our website.

Financial information	Non-financial information
 <p>Integrated Report 2024</p> <ul style="list-style-type: none"> ● Website https://www.nikkeikinholdings.co.jp/ir-data/ ● FACT BOOK  ● Shareholders' Newsletter  	<ul style="list-style-type: none"> ● Website https://www.nikkeikinholdings.co.jp/sustainability/ https://www.nikkeikinholdings.com/sustainability/ (English) 

At a glance

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



Consolidated Financial Results (FY2023)

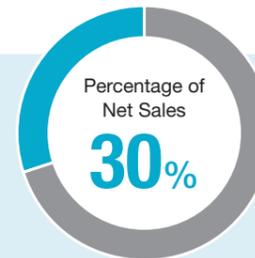
Net Sales
523,715 million yen

Operating Profit
18,189 million yen

Ratio of Operating Profit to Net Sales
3.5%

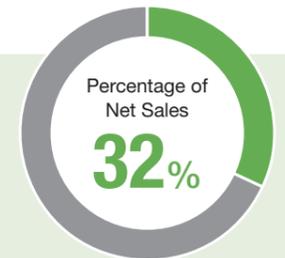
Aluminum Ingot and Chemicals

▶ P.27



Fabricated Products and Others

▶ P.31



Net Sales & Operating Profit (million yen)



Business Summary

- The Alumina and Chemicals Segment in the Chemicals Business provides aluminum hydroxide, alumina, and various other chemicals with the leading role played by the Chemicals Div. of Nippon Light Metal Co., Ltd. The 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. In addition, in the Carbon Products Segment, Nippon Electrode Co., Ltd. develops and manufactures products including carbon for blast furnaces and electric furnaces.
- The Secondary Alloy Segment in the Metal Business provides a variety of aluminum ingots, with the leading role played by Nikkei MC Aluminium Co., Ltd. We are highly evaluated for the development of highly functional ingots that cater to customers' needs.

◆ Major Products and Services [Our website](https://www.nikkeikinholdings.co.jp/group/chemical.html) <https://www.nikkeikinholdings.co.jp/group/chemical.html>

Net Sales & Operating Profit (million yen)



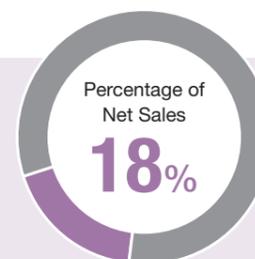
Business Summary

- In the Transport Equipment Business, we provide truck bodies as solutions to issues faced by customers and society with the leading role played by Nippon Fruehauf Co., Ltd.
- In the Automotive Parts Business, we develop and provide products for achieving a low-carbon society with the leading role played by Nikkeikin Aluminum for Mobility Company, Ltd.
- In the Engineering Business, the Panel System Segment provides panels for freezers and refrigerators for professional use and clean rooms from Nikkei Panel System Co., Ltd., and the Landscape Engineering Segment provides fabricated aluminum products for civil engineering and construction from Nikkei Engineering Co., Ltd.
- In the Infrastructure Business, we are striving to increase the competitiveness of the Group's business, mainly through logistics and services.

◆ Major Products and Services [Our website](https://www.nikkeikinholdings.co.jp/group/process.html) <https://www.nikkeikinholdings.co.jp/group/process.html>

Aluminum Sheet and Extrusions

▶ P.29



Net Sales & Operating Profit (million yen)



Business Summary

- In the Sheet & Extrusion Business, the Rolled Products Div. of Nippon Light Metal Co., Ltd. plays the leading role in the Aluminum Sheet Segment which manufactures aluminum sheet products, and Nikkeikin Aluminium Core Technology Co., Ltd. plays a central role in the Extrusions Segment which manufactures aluminum extrusion products. We proactively develop products in accordance with customers' needs, and the products are used in a range of fields such as the transport industry, where they are used in railway cars and trucks, the electrical and electronics industry, where they are used in semiconductor manufacturing equipment and computer cases, construction and construction materials and environment and safety. In addition, in the Electronic Materials Segment, the Capacitor Foil Div. of Nippon Light Metal Co., Ltd. manufactures foil electrodes for aluminum electrolytic capacitors.

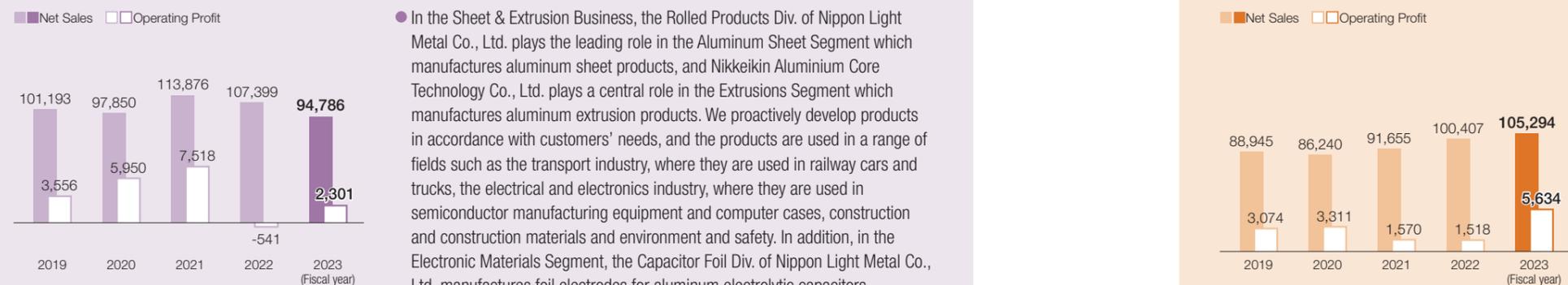
◆ Major Products and Services [Our website](https://www.nikkeikinholdings.co.jp/group/extrusion.html) <https://www.nikkeikinholdings.co.jp/group/extrusion.html>

Aluminum Foil, Powder and Paste

▶ P.35



Net Sales & Operating Profit (million yen)



Business Summary

- In the Foil Business, we have established our position as an industry-leading manufacturer by manufacturing products, including packaging materials for food and medical products, foil for battery exteriors and products for etched circuits in the field of electronics, and aluminum powder and aluminum paste products for automotive exterior coatings and printing inks, with the leading role played by Toyo Aluminium K.K. We develop a wide range of products that are useful in society, industry, and everyday life, leveraging the special characteristics of aluminum and developing new fields using own technologies as our foundation. Through these activities, we provide a range of highly functional materials and products in markets at home and abroad.

◆ Major Products and Services [Our website](https://www.nikkeikinholdings.co.jp/group/powder.html) <https://www.nikkeikinholdings.co.jp/group/powder.html>

* Companies constituting the Foil and Powder Products segment including Toyo Aluminium K.K. were planned to be excluded from the scope of consolidation following the transfer of shares. However, the shares were not transferred, and it was decided that those companies will continue to constitute the Aluminum Foil Business Group as our consolidated subsidiaries.
<https://www.nikkeikinholdings.com/news/news/common/pdf/p2024103102hde.pdf>

Message from CEO



As the new Team NLM, we will endeavor to achieve the 2023 Mid-term Management Plan.

President and Chief Executive Officer **Ichiro Okamoto**

Determined to shift from defense to being aggressive.

Review of FY2023

We formulated the 2023 Mid-term Management Plan to become a corporate group that provides solid value to stakeholders and regain their trust. In FY2023, we instituted a number of measures to achieve the FY2025 targets as the new Team NLM. Before reporting specific examples of the measures and achievements, I would first like to summarize our consolidated business results.

In FY2023, our consolidated net sales were 523.7 billion yen, consolidated ordinary profit was 19.0 billion yen, and the ratio of ordinary profit to consolidated net sales was 3.6%. We thus achieved an increase in both sales and

profit compared to the previous fiscal year (FY2022, when consolidated net sales stood at 517.0 billion yen, consolidated ordinary profit was 8.9 billion yen, and the ratio of ordinary profit to consolidated net sales was 1.7%). I believe that the factors for this include our reliable measures to address our management issues, such as the sedimentation problem at the Amehata dam and quality problems, the resumption of economic activity after the COVID-19 pandemic, the effects of the revision of sales prices mainly reflecting soaring raw material and fuel prices, the strong showing of the Panel System division, and the recovery of the business performance of the Truck Body division.

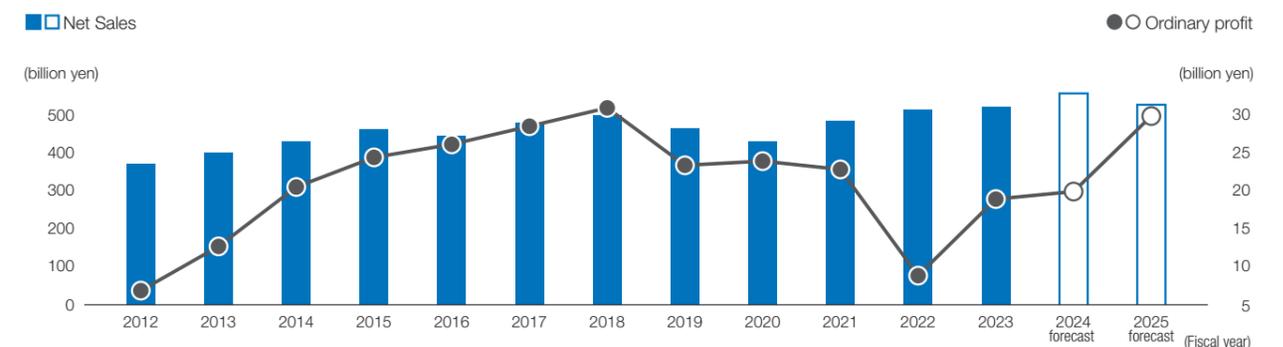
Aiming to become a corporate group which secures stable consolidated ordinary profit exceeding 30.0 billion yen

The NLM Group adopted a holding company structure in October 2012. Our earnings have remained steady since then, with consolidated ordinary profit of 31.1 billion yen achieved in FY2018. During the 2023 Mid-term Management Plan, we aim to become a corporate group which secures stable consolidated ordinary profit that exceeds 30.0 billion yen, a level that we achieved from FY2016 to FY2018, when the profit was highest under the holding company structure. This numerical target far exceeds the results in FY2023 (full-year ordinary profit of 19.0 billion yen), and we know that we have many issues to overcome. However, our determination to achieve the FY2025 targets remains completely unwavering.

For example, the business environment surrounding the NLM Group's truck body manufacturer, Nippon Fruehauf Co., Ltd., has been tough the last several years due to delays in the supply of truck chassis due to the semiconductor shortage. This company is proceeding steadily with the improvement of its financial results due to progress in sales price revisions, in addition to the signs indicating that market conditions will recover. Further, at present, the company has been able to establish a virtuous circle, with its results linked to the financial results of Group companies which deal in extrusion products and sheet products for truck bodies.

With unwavering determination, we will overcome the past and develop rapidly into a corporate group that secures stable ordinary profit exceeding 30.0 billion yen as the new Team NLM.

Consolidated Financial Results



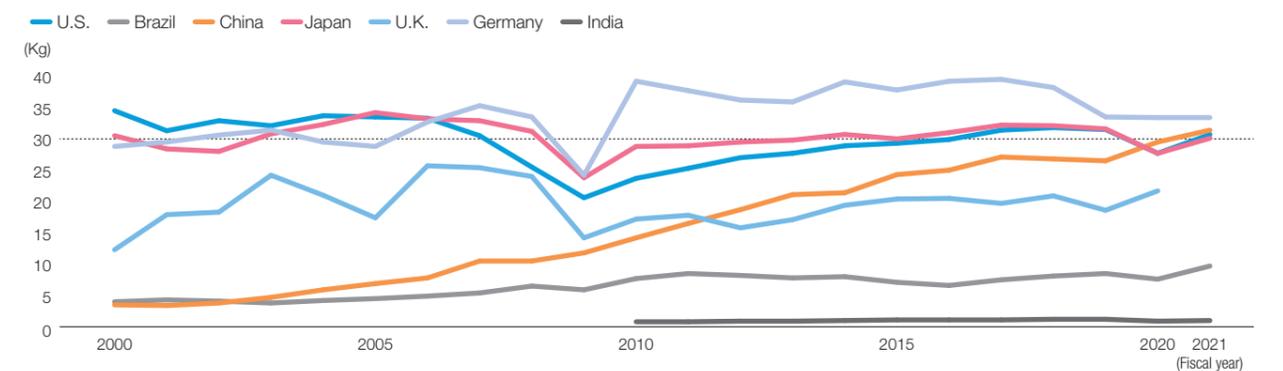
As Team NLM, we will work to be a groundbreaking innovator of aluminum and beyond.

Projected demand for aluminum

In Japan, demand for aluminum grew significantly in the 1960s due to the popularization of aluminum sashes and in the 1980s reflecting the increase in aluminum can consumption. Since then, there has been no new demand for aluminum in the area of mass production for mass consumption. Demand has remained flat since 2000.

Looking at the global market, in recent years in China, the only country where quantitative expansion has continued, the annual per-capita consumption of aluminum has been approaching 30 kilograms, which is regarded as the global average consumption. We believe that it is as unlikely that demand for aluminum will quantitatively increase to a much higher level in China as it is in Japan, Europe, or the United States.

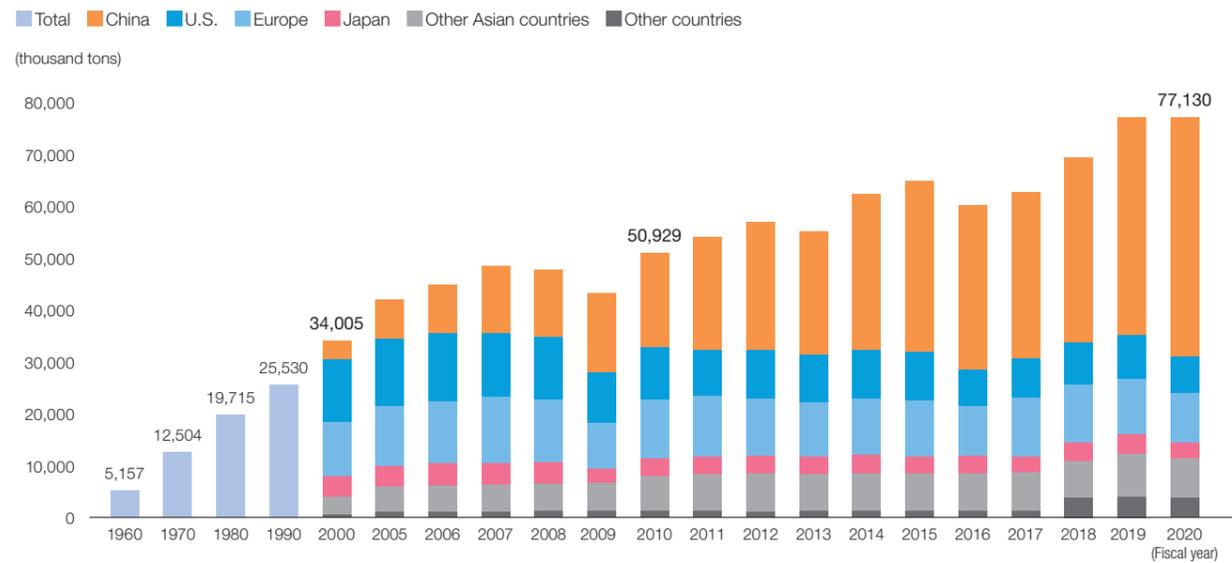
Changes in Per-capita Aluminum Consumption Around the World



Source: Data from the Japan Aluminium Association

Message from CEO

Changes in Demand for Aluminum in the World



Source: Data from the Japan Aluminium Association

We will create value for customers.

While it is believed to be unlikely that demand for aluminum will grow in terms of total quantity, demand is expected to grow in automobile-related, semiconductor-related and other areas. We will create value for customers by determining growth areas, leveraging the NLM Group's wealth of knowledge and expertise related to aluminum, its unique technical capabilities that bring out the beneficial properties of materials and the collected wisdom of all of the individuals working for the Group.

The strengths of the Group lie in the fact that we have comprehensive capabilities, ranging from manufacturing methods and processing technologies, such as rolling, extrusion, surface treatment, and bonding technologies, to alloy development, design, maintenance, and services, which are based on our comprehensive knowledge of the properties of aluminum as a material. Instead of remaining a traditional material manufacturer that only provides aluminum as a material, we will consolidate these strengths of the Group to provide products and businesses that will help create social value.

Tirelessly taking on challenges

Nikkeikin ALMO operates automotive components businesses, an area that is expected to grow

Previously, core companies in the NLM Group's automotive components businesses were Nippon Light Metal Co., Ltd., Nikkeikin Aluminium Core Technology Co., Ltd., Nikkei Heat Exchanger Co., Ltd., and Nikkei Matsuo Co., Ltd. They engaged in sales, development, and production in their own ways in accordance with each company's area of specialization, manufacturing methods, regions, and other characteristics.

We integrated their materials, manufacturing methods, processing technologies, and development and established Nikkeikin Aluminum for Mobility Company, Ltd. (Nikkeikin ALMO) in October 2023 as the first company in the NLM Group that is specialized in a particular area of the market. By consolidating and flexibly allocating management resources that had been dispersed, we will create value for customers through actions such as reducing the weight of automobiles.

investing proactively in Japan and abroad

We position the semiconductor sector as one of the Group's growth businesses. In this sector, there is movement toward a return to domestic production that is progressing due to economic security concerns. Nikkei Panel System Co., Ltd., which has made achievements in the area of non-CFC insulation panels for semiconductor manufacturing plant clean rooms, is expected to continue supplying many products. To increase our supply capacity in anticipation of this trend, we began the construction of Shimonoseki Plant No. 2, which was completed in April 2024. In addition, Nikkei MC Aluminium Co., Ltd., which manufactures aluminum secondary alloy ingots, started the construction of its third plant in India, which was completed in March 2024. The goal of this project was to steadily benefit from the growth of the Indian market, where demand for aluminum secondary alloy ingots has been growing rapidly due to the development of industries including, the automobile-related industry.

During the 2023 Mid-term Management Plan, we will invest aggressively in domestic and overseas growth areas to cater to market needs.



Building a solid foundation for forging ahead as the new Team NLM

Pushing through management reforms

We will push through with management reforms as initiatives for preventing the recurrence of quality problems, which is one of the basic policies in the 2023 Mid-term Management Plan. The major components of the management reforms are (1) the strengthening of the supervisory function of the Board of Directors and (2) the grouping of business and functional organizations.

First, to (1) strengthen the supervisory function of the Board of Directors, we will strengthen governance by separating the supervisory and business execution functions of the company. As a specific initiative, we will change the structure of the Board of Directors so that Outside Directors will constitute the majority of the Board of Directors, and it will focus on its supervisory functions, including the formulation of the Group's strategies for maximizing its corporate value. Regarding the execution of business, we clarified and strengthened the responsibilities and authorities for the execution of business and developed a system that enables strategies to be implemented agilely. We will strengthen corporate governance by separating supervisory and business execution functions of the company and improve the transparency of management in our efforts to earn the trust of stakeholders.

Next, through (2) the grouping of business and functional organizations, we will break away from our previously decentralized corporate governance which was attributed to the nature of our businesses which are highly individual. We will thus reform our organizational structure so that it is a structure which enables us to cooperate more as a team. We will operate businesses which are adjacent to each other in terms of market sector, process, and the like as a business group, thus accelerating the creation of new products and new businesses. Further, by bundling businesses into business groups, we will promote the reform of resource allocation and functions, to strengthen Group companies' functions and the governance of small business segments within sufficient human resources.

In addition, we have newly established the Marketing & Incubation Administration Office as a measure for creating new value for customers by leveraging the Group's strengths. We will promote the development of new products in existing businesses (marketing) and the creation of new businesses as future pillars (incubation), thus taking an ambidextrous approach to management.

Inspiring each individual employee

I believe that, to push through the management reforms, it is important that our employees, who had begun to lose confidence due to the quality problems and other management issues, regain their pride as members of the new Team NLM and go about their work every day with renewed determination.

For this purpose, I will lead the reform of our corporate culture as the CEO. As specific initiatives, we have continued the site manager meetings and workplace visits which we launched in April 2023.

For the site manager meetings, we have divided each workplace of the NLM Group into teams of roughly 20 members and appointed the teams' representatives as site managers. We convene site manager meetings each month, and around 400 site managers participate in these meetings at the meeting venues, where we share and discuss the Group's management issues. We started this initiative by sharing information related to the measures to prevent the recurrence of quality problems. By the time we had held the meeting several times, many site managers had suggested, "We want to have small-group discussions to delve deeply into agenda items." My understanding is that this proves that site managers treated the quality problems as their own issue and this reflects their strong determination to take responsibility for completing the measures to prevent their recurrence.

Workplace visits are sessions I have with employees at the plants, branches, offices, and other workplaces that I

Message from CEO

visit. I talk with about 20 employees each time. I tell them what management is thinking, and employees tell me about the problems and issues they face in their work and other matters, sharing the opinions of people working on the front lines. In a talk session, employees working at a production site voiced the opinion that they wanted the progress of the measures they proposed regarding the improvement of equipment or the workplace environment to be visible to onsite workers. I feel that the employees

working on the front lines were tackling their workplace issues, treating them as their own issues, and this was exactly the moment they were inspired. As the CEO, I will create a corporate culture which enables employees to voice their frank opinions without hesitation by communicating directly with employees, not to mention responding to the opinions of people working on the front lines carefully and conscientiously.

Powerfully promoting sustainable management

As a manufacturing company and a global citizen

At the NLM Group, we are forging ahead with sustainable management under the Corporate Philosophy: Contribute to improving people's quality of life and environmental protection by continuing to create business, focused on aluminum.



Based on our understanding of what issues we should address in particular across our comprehensive, wide-ranging business domains related to aluminum, we have set five themes as our priority issues to address to enable the NLM Group to achieve sustainable growth and to enhance its corporate value. All members of our team will

work as one to solve issues, aiming to fulfill our responsibilities as a manufacturing company, as a member of the local community, and furthermore, as a global citizen.

Driving carbon neutrality

The NLM Group is a manufacturing company that consumes various types of energy. Therefore, one of our important duties is achieving carbon neutrality. The Green Growth Strategy Office, which was established in April 2023, plays a core role the implementation of initiatives to achieve carbon neutrality. We will implement initiatives that have been implemented individually by the business segments, such as energy-saving investments and switching to renewable energy, by planning and implementing the optimal decarbonization strategy in a cross-sectoral manner as early as in raw material procurement phase. We will do so with the goals of reducing the NLM Group's CO₂ emissions 30% (from the FY2013 level) by 2030 and achieving net zero emission by 2050.

Regarding our contributions to the circular economy, we have continued to work on the recycling business by exercising the unique strengths of the NLM Group, which is engaged in the aluminum secondary alloy business. Nikkei

MC Aluminium Co., Ltd., the driving force behind the initiative, operates a global aluminum recycling business in Japan, the United States, Mexico, Thailand, India, and China. Further, Nippon Fruehauf Co., Ltd. has realized the horizontal recycling of large wing structures by using recycled aluminum and it has manufactured "green truck bodies," a first for the industry.

We will aggressively and bravely take on challenges in the horizontal recycling of expanded materials as well by strengthening our network for procuring scrap as raw materials on a global level while also leveraging the Group's knowledge in the recycling business.

Committed to enhancing financial and non-financial corporate value toward sustainable corporate growth

We will enhance both the financial and non-financial aspects of the NLM Group's corporate value to achieve sustainable growth. During the 2023 Mid-term Management Plan, we will proactively implement measures

to enhance financial aspects of our corporate value, including the development of new products, the expansion of business into peripheral domains, efforts to increase net sales with M&A activities as an option, and a shift to more profitable businesses and products. In addition, I am certain that human resources are the core of our non-financial corporate value. We will steadily move forward with initiatives for the happiness of employees who are our co-workers, including diversity and inclusion and the development of a fulfilling workplace. We will mobilize the capabilities of our employees to help solve social issues.

Put another way, our corporate activities are continuous efforts to continue to win out over our competition in the market. I understand that our stakeholders allow us to participate in the market only when we conform to social norms, such as safety measures, compliance, and quality control. We, the new Team NLM, will compete fairly and squarely to enhance our financial corporate value, and at the same time, push forward with sustainable management to build a sustainable society.

Shifting to management with an awareness of the cost of capital and the share price

I will explain here how we will increase our share price, which will lead to shareholder returns, by achieving the 2023 Mid-term Management Plan.

First, from FY2016 to FY2018, when our consolidated ordinary profit was at around 30.0 billion yen, our price book-value ratio (PBR) was about 1.0. In terms of the relationship between financial results and the share price, we will develop rapidly into a corporate group that secures stable consolidated ordinary profit exceeding 30.0 billion yen, which is a target in the 2023 Mid-term Management Plan, in our efforts to increase our share price.

Next, regarding the improvement of capital efficiency, we use return on capital employed (ROCE), which is unaffected by financial leverage, as the consolidated performance indicator. In the 2023 Mid-term Management Plan, we will use this performance indicator for each business group as well and advance the management of the Group with an

awareness of the cost of the capital employed in each business. While maintaining appropriate financial leverage, we will enhance the profitability and the efficiency of the capital employed, thus committing ourselves to improving return on equity (ROE) as well.

We will also continue to step up our efforts regarding our IR activities. We will continue to enhance the content of the information we disclose on our official website and via other methods. We will also increase the number of opportunities for me as the CEO and the IR officer to meet with shareholders and investors in person and explain the perceived business environment, performance forecasts, and other matters. We will engage in dialogue with our stakeholders by ensuring that our IR activities appropriately reflect the opinions and requests of investors and our Outside Directors.

In Closing

This is my tenth year as the President of the Company, as I accepted this position in June 2015. In that time, there was a year when our consolidated ordinary profit exceeded 30.0 billion yen and I was happy with the strength of the NLM Group. However, a series of shocking events has occurred in the last several years, including the sedimentation problem at the Amehata Dam and management issues such as the quality problems.

I strongly believe that my mission is to use these difficult circumstances as opportunities for corporate

transformation and growth and push through reforms of our management system and corporate culture during the 2023 Mid-term Management Plan. I will fulfill this mission together with my colleagues who work with me, the approx. 12,000 NLM Group employees all over the world that are our human resources, who are inspired.

We will continue our efforts to be a groundbreaking innovator in the field of aluminum and beyond as the new Team NLM, to continue to live up to the expectations of our stakeholders.



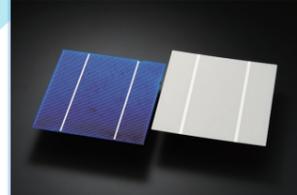
Value Creation History

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.

<p>1939 Nippon Light Metal Co., Ltd. is established. Aluminum smelting begins.</p> 	<p>1960s Aluminum sashes, truck bodies</p> 	<p>1980s Electrode foil, wheels and heat exchangers for vehicles, memory disk substrates</p> 	<p>1990s Secondary alloy business (recycling) Automotive parts</p> 
<p>1950s Rapid and widespread adoption of daily necessities made from aluminum</p> 	<p>1970s Industrial refrigeration panels, public landscaping products</p> 		

The technology for smelting aluminum was invented in the early 19th century. Over a history spanning some two centuries, aluminum has come to be used in every facet of our daily lives. Therefore, we can say that aluminum is a relatively new material. While it has diverse origins, the development of the NLM Group has progressed mainly through aluminum smelting in Japan. The environment surrounding our smelting business later became difficult due to the rising electricity costs triggered by the Oil Shock. This led us to operate various businesses with aluminum at our core, and resulted in the expansion of our fields of business.

It is this history of having overcome these changes in the external environment and having gone through changes in our business that forms our foundation as a “groundbreaking innovator of aluminum and beyond” that continues to move forward in constant pursuit of new value for customers, without fearing change. By passing down this history while engaging in sustainable business activities for the future as the new Team NLM, the NLM Group will continue to help improve people’s lives and protect the environment going forward.

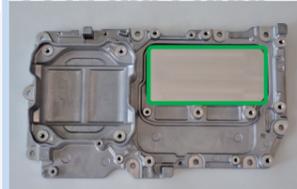
<p>2000s Foil, powder and paste business</p> 	<p>~ 2020s: Overseas expansion (China, Southeast Asia, India, North America)</p> 
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We are presently implementing various initiatives during the 2023 Mid-term Management Plan to make a fresh start as the new Team NLM. One of them is the grouping of the Group’s business and functional organizations. We are bundling various businesses, which were created throughout the Group’s history, into groups of businesses that are adjacent to each other in terms of market sector and process. We are thus working to create medium- to long-term earning strengths for each business and maximize its value. Nikkeikin Aluminum for Mobility Company, Ltd., which we established last year ahead of the above initiative, is a specific example set by the Group in the area of automotive components. We will aim to build a prosperous society through mobility-related products and services.



History and Significance of Business Activities

<p>1939 Nippon Light Metal Co., Ltd. is established with the aim of smelting aluminum through joint investment from Tokyo Dento Company and Furukawa Electric Co., Ltd.</p> <p>The birth of an aluminum smelting manufacturer possessing large-scale hydroelectric power generation capacity significantly contributed to the stable supply of aluminum, whose applications across industry and people’s daily lives continued to expand.</p> 	<p>1952 A capital and technological alliance is agreed to with Canada-based Aluminium Limited.</p> <p>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 catered to the rapidly growing demand during the period of high economic growth in Japan.</p> 	<p>1974 Through merger with Nikkei Aluminium Co., Ltd. and takeover of sales business from Nikkei Aluminium Rolling Co., Ltd., a total integrated production system for aluminum products is established.</p> <p>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.</p> 	<p>1980s Effective withdrawal from the domestic aluminum smelting business and acceleration of the transition to the processing business</p> <p>In the extended aftermath of the Oil Shock, the Group decided to effectively withdraw completely from the smelting business in Niigata and Tomakomai and significantly downsizing the smelting business at the Kambara Complex.</p> 
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<p>2003 Full-scale operation of the overseas business is started by restructuring businesses in Southeast Asia and China</p> <p>A structure in which the NLM Group takes the initiative in the operation of overseas business was established by dissolving the capital relationship with Alcan and restructuring the businesses in Southeast Asia and China.</p> 	<p>2012~ Holding company system</p> <p>Business groups that suddenly emerged and grew during the business expansion phase were integrated, and by strengthening coordination through a cross-functional structure, Team NLM was born with the ability to serve users in more sophisticated and detailed ways.</p> 
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■ Nippon Light Metal Co., Ltd. ■ NLM Group
* Due to the lack of accurate data, figures prior to 1948 are not listed.



The Value Creation Process

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

Corporate Philosophy

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

Material Issues

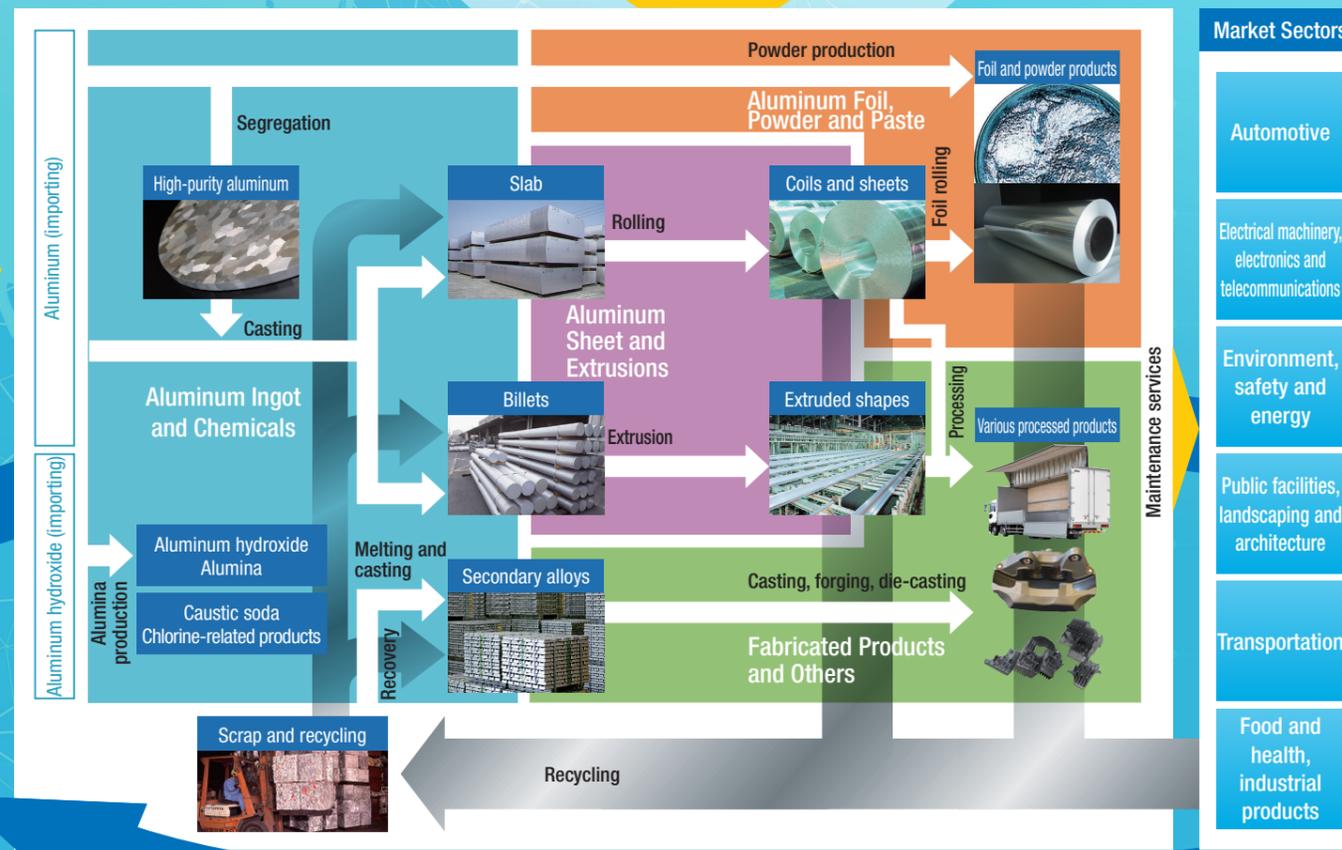
- Protecting the global environment
- Providing sustainable value
- Happiness of employees
- Responsible procurement, production and supply
- Corporate ethics and governance

Conversion into various types of capital through increased social value

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

Business Activities

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



OUTCOME

Value provided directly to stakeholders

- Shareholders and investors**
Improving corporate value Stable dividends
- Customers**
Provision of solutions to problems
- Global environment**
Environmental impact, reducing CO₂ emissions
- Employees**
Safe and secure workplace and job fulfillment
- Business partners and partner companies**
Co-existence and co-prosperity
- Local communities**
Coexisting with local communities

Creating social value

Improvement of people’s quality of life

Environmental protection

SUSTAINABLE DEVELOPMENT GOALS



Opportunities

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

Risks

- Climate change risks
- Inter-material competition risks
- Geopolitical risks
- Risk of the prolongation of the supply chain slowdowns
- Risks of initiatives being inferior to those of competitors

External Environment

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

INPUT

FY2023/
As of March 31, 2024

Financial Capital

- Shareholders’ equity 204.2 billion yen
- Interest-bearing debt 156.1 billion yen

Fixed Capital

- Production sites (49 domestic plants and five countries overseas)
- Capital expenditures 23.9 billion yen

Human Capital

- Employees 12,489
- Annual expenditure on education and training 50,900 yen/employee

Intellectual Capital

- Number of patents held 1,295
- Research and development expenses 6,260 million yen

Social Capital

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

Natural Capital

- Electrical energy usage 7.4PJ
- Water consumption 1.2 million m³

Accumulation of various types of capital through business activities

* Companies constituting the Aluminum Foil, Powder and Paste Segment including Toyo Aluminium K.K. were planned to be excluded from the scope of consolidation following the transfer of stock. However, the stock was not transferred, and it was decided that those companies will continue to constitute the Aluminum Foil Business Group as our consolidated subsidiaries. <https://www.nikkeihinholdings.com/news/news/common/pdf/p2024103102hde.pdf>

The Source of Value Creation

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

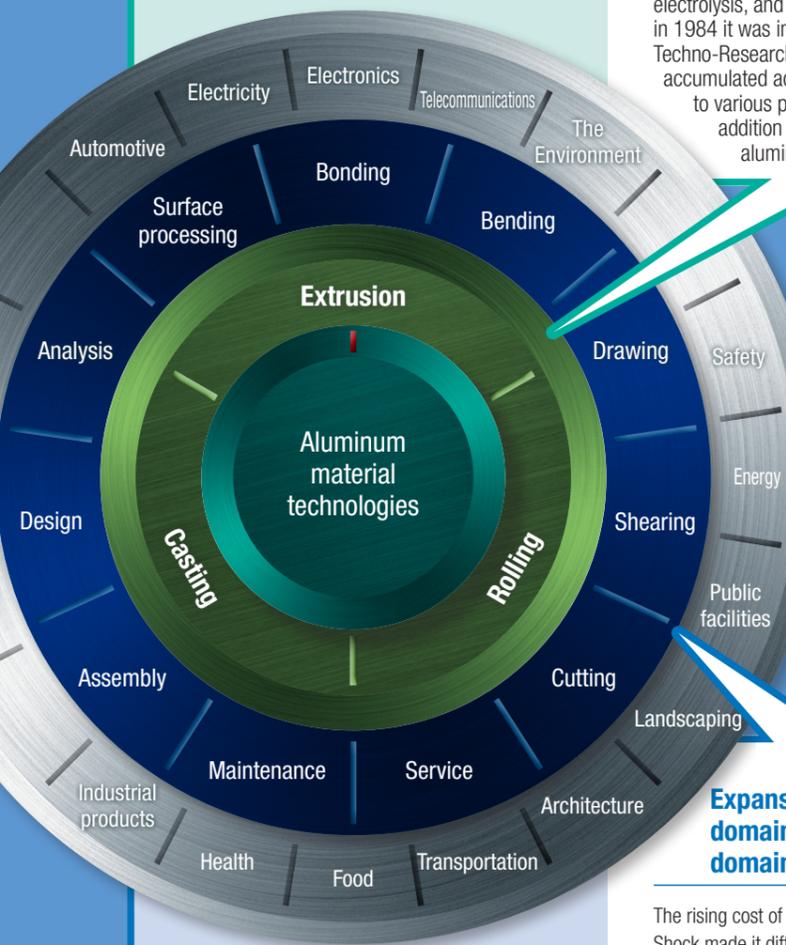
Aluminum material technologies

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

About the Nikkei Research and Development Center

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

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



Diverse market sectors

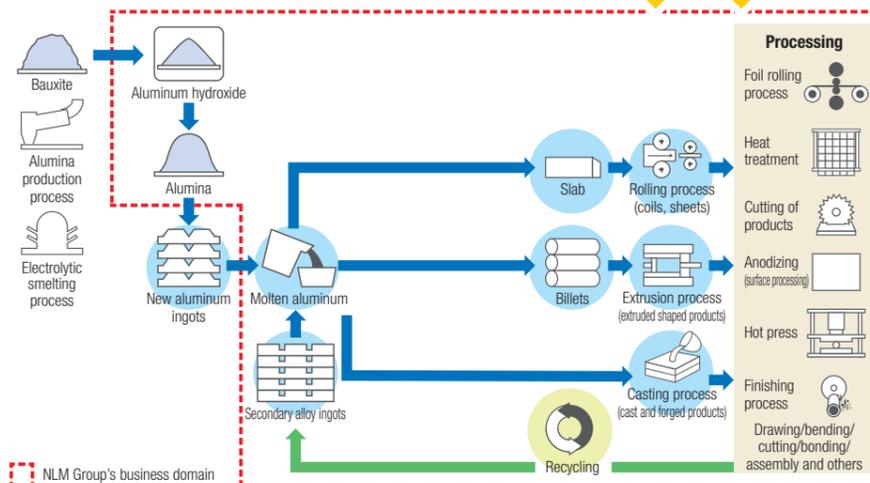
As a result of business operation in diverse processing domains, the NLM Group has trade relationships with many diverse customers, including world-leading companies in each sector. At the NLM Group, we aim to evolve from our previous product-oriented research and development aimed at commercializing products using new technologies to market-oriented research and development creating new products through the combination of new and existing technologies in response to market needs. Opinions of customers in many different sectors are important sources of information through which we identify diverse market needs.



Expansion of business domains and technological domains

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

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



Diverse processing technologies

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

Provision of diverse value

Creating new value for customers by uncompromisingly pursuing the strengths achieved through cooperation within the Group

Maximizing the effect of Team NLM by supporting the marketing of business groups and business segments



Solving social issues with new businesses combining internal and external knowledge



Driving marketing: Deepening and strengthening existing businesses

Driving incubation: Developing new businesses

The mission of the NLM Group and the source of its strength is, as Team NLM, to cater to market needs, which are identified in many different market sectors, by using the diverse technological resources of the Group and providing products with new value.

In FY2024, we set up the Marketing & Incubation Administration Office as a team in charge of implementing new product development and new business creation. In addition to the Group's existing business domains and technological fields, we will provide new value, with the possibility of developing new market sectors and cooperating with external parties in different technological domains.

Sustainability Strategy

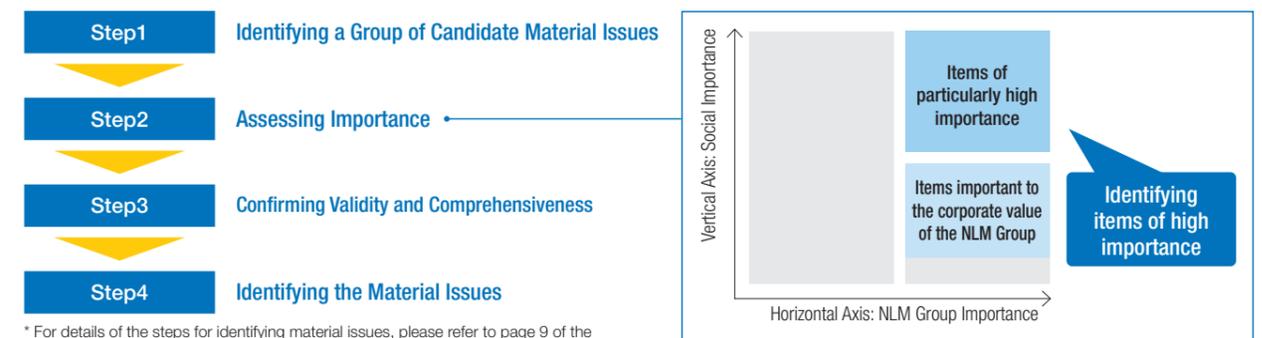
Material Issues of the NLM Group

Approach and Promotion Framework

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

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

Steps to Identifying Material Issues



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

List of Material Issues

The Five Material Issue Themes	Material Issues	Reason for Selection, Risks, and Opportunities	Key Performance Indicator (KPI)	Target value*1	FY2023 results	Our assessment	Tasks to be done
Protecting the global environment 	<ul style="list-style-type: none"> Reducing greenhouse gas emissions from company activities (scope 1, 2) Reducing greenhouse gas emissions in the supply chain (scope 3) Action on climate change (TCFD) Responding to water stress Preventing environmental pollution 	While all of the aluminum we use at the NLM Group is imported, a huge amount of electricity is necessary in the process of smelting it. Accordingly, we urgently need to reduce all greenhouse gas emissions—Scopes 1, 2 and 3. In addition, considering the natural environment and biodiversity is important for ensuring the sustainability of our business activities using natural capital. Therefore, we have set this material issues theme.	Scope 1 and 2 emissions per unit of sales (Japan)	-30% compared to the FY2013 level FY2050: Net zero	0.87 tons CO ₂ /million yen	○	<ul style="list-style-type: none"> Continuing to implement energy-saving initiatives and promoting fuel conversion and electrification
			Scope 3 emissions per unit of sales (Japan)	-30% compared to the FY2013 level FY2050: Net zero	5.11 tons CO ₂ /million yen	○	<ul style="list-style-type: none"> Promotion of horizontal recycling of expanded aluminum materials and use of green aluminum
			Number of environmental incidents and complaints	Continue to achieve 0 incidents and complaints	18 environmental incidents 18 environmental complaints	×	<ul style="list-style-type: none"> Group-wide expansion of countermeasures and prevention of occurrence and recurrence of similar incidents
Providing sustainable value 	<ul style="list-style-type: none"> Efforts to expand the use of renewable energy Developing and providing low-carbon products and services Promoting a recycling-oriented economy and society Developing and providing robust infrastructure Contributing to the stable supply of food Shaping the future through innovation 	Products from the NLM Group are capable of fulfilling the growing demand related to the switch to materials created using renewable sources of energy and materials whose recyclability is high. We believe that, by leveraging these features, we can provide sustainable value in a broad range of domains, including the automobile, transportation, electricity and electronics, and social infrastructure domains. This is why we have set this theme of material issues.	Growth rate of sales of products for eco-friendly vehicles (Japan/compared to the FY2021 level)	Up 300%	Up 50%	△	<ul style="list-style-type: none"> Reinforcing the framework for the research and development of new products for eco-friendly vehicles Improving the comprehensive capability of the Group as a whole to make suggestions to the automotive market
			Rate of purchase of external scrap (overall Group)	Above 30%	38%	○	<ul style="list-style-type: none"> Building a system for the stable procurement of scrap as raw materials Promoting horizontal recycling by strengthening cooperation with external parties
Happiness of employees 	<ul style="list-style-type: none"> Occupational health and safety Developing a fulfilling workplace Diversity & inclusion Securing and cultivating human resources 	As a manufacturer, we have set an internal slogan: Safety and health come before anything else. In recent years, we are also promoting mental healthcare. To enhance the value of the corporate group, we consider the happiness of employees, who play leading roles in our businesses, is important, and a healthy work-life balance, diversity and inclusion, human resource development, and other initiatives are necessary. For this reason, we have also set this as one of the themes of our material issues.	Number of lost-time injuries	Continue to achieve 0 incidents and complaints	15	×	<ul style="list-style-type: none"> Preventing injuries and similar injuries through the five gen principle (Genchi or real site, Genbutsu or real goods, Genjitsu or reality, Genri or principles, and Gensoku or general rules)
			Employee engagement score (Japan)	3.6 or higher	3.42 (NLM)*2	△	<ul style="list-style-type: none"> Improvement and development of the workplace environment NLM Pride and Social Contribution Project activities NLM Future Active Participation Project Activities of the Group D&I Subcommittee Promotion of the acquisition of Kurumin and Eruboshi certifications
			Percentage of managers that are women (consolidated)	FY2024: 7% or above FY2030: 10% or above	5.8%	△	
			Percentage of childcare leave taken by male employees (Japan)	FY2024: 30% FY2030: 100%	68.2%	○	
Responsible procurement, production and supply 	<ul style="list-style-type: none"> Providing safe and secure products and services Protecting and respecting human rights Developing a stable supply chain A resilient value chain that is flexible to changes 	The Group's products are used in a broad range of sectors, and the Group plays roles in wide-ranging supply chains. We believe that initiatives including those implemented from a BCP perspective, including initiatives for respecting human rights such as the prohibition of various types of discrimination and forced labor, and initiatives for stable procurement controlling geopolitical risks, in addition to initiatives to maintain and improve quality, will contribute to the sustainability of not only the company but the entire supply chain. This is why we have set this material issues theme.	Number of serious quality problems that occurred	Continue to achieve 0 incidents and complaints	38	×	<ul style="list-style-type: none"> Ensuring thorough activities to prevent recurrence and establishing a framework for preventive activities Promoting activities to enable on-site workers to voice their opinions and promote internal policing.
			Rate of progress in the procedures for joining the relief organization	100%	100% (Joined)	○	<ul style="list-style-type: none"> Establishing a framework for remediating infringements on human rights in the supply chain
			Percentage of major suppliers*3 that responded to a questionnaire survey to check that they understand and have approved our CSR procurement policy	100%	78%	△	<ul style="list-style-type: none"> Conducting a CSR procurement questionnaire survey using a common format
			Implementation and development of BCP training	2	1	△	<ul style="list-style-type: none"> Number of BCP training sessions that were held
Corporate ethics and governance 	<ul style="list-style-type: none"> Strengthening governance Reinforcing the compliance framework 	We believe that, in addition to enhancing and increasing the sophistication of our corporate governance for the sustainable operation of our business, the promotion of engagement with shareholders, investors, and various other stakeholders is useful in the enhancement of our corporate and social value. Further, we believe that the prevention of misconduct and scandal is an effective way to prevent these matters negative impacting not only the company but also society. This is why we have set this material issues theme.	Number of activities to increase employee ESG awareness	4	4	○	<ul style="list-style-type: none"> Activities for increasing employee ESG awareness (contributing columns to internal newsletters)
			Number of self-assessments conducted by the Board of Directors	Once/year	1	○	<ul style="list-style-type: none"> Improving the effectiveness of the Board of Directors by identifying issues based on regular self-evaluations and making improvements
			Number of times Outside Officers inspected business locations	Twice/year	2	○	<ul style="list-style-type: none"> Providing Outside Officers with opportunities to inspect business locations, etc. to increase their understanding of the Group and energize the deliberations at Board of Directors meetings Developing learning infrastructure and creating and distributing educational content Expanding the Learning Management System (LMS) in the Group
			Percentage of officers and employees who received compliance training (consolidated)	Annual percentage of 80% or above	32%	△	

*1 The targets are FY2030 targets unless otherwise noted. *2 Nippon Light Metal Co., Ltd. (non-consolidated) *3 Suppliers constituting 80% of the Group's total purchases by amount

Reasons for the Selection of Material Issues and Initiatives for Solution

Material Issue Theme ①

Protecting the global environment

- Reducing greenhouse gas emissions from company activities (scope 1, 2)
- Reducing greenhouse gas emissions in the supply chain (scope 3)
- Action on climate change (TCFD)

Material Issue Theme ②

Providing sustainable value

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

As global warming has been an issue for the entire world, the achievement of carbon neutrality throughout the supply chain is becoming a requirement for every company to continue their business activities. In addition, we have begun to see moves leading to actual financial burdens being imposed, such as carbon taxes that have already been introduced, mainly in Europe, and an increase in investors and financial institutions that require decarbonization initiatives as a condition for investment. We can say that these moves are significant risks to business continuity.

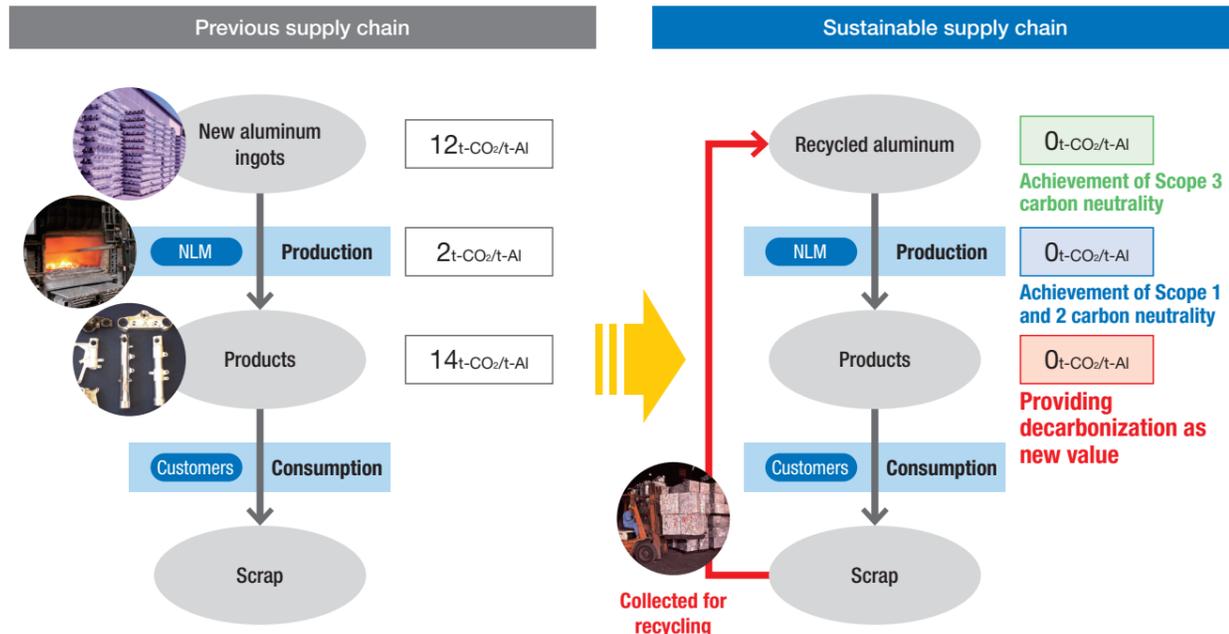
On the other hand, aluminum is a material that is expected to be used more widely in the automotive sector, where it is necessary to further reduce the weight of vehicles due to the shift to EVs. Further, regarding the realization of a decarbonized society, there are high hopes for aluminum because it is highly recyclable and its recycling makes it possible to significantly reduce the CO₂ emissions of entire supply chains.

EMISSIONS REDUCTION TARGET BY COUNTRY

Country	Reduction Target	Net Zero Target Year
China	Reducing CO ₂ emissions per unit of GDP by 65% or more (compared to 2005) by 2030 <small>* Aim to have CO₂ emissions peak before 2030.</small>	by 2060
EU	Reducing GHG emissions by 55% or more (compared to 1990) by 2030	by 2050
India	Reducing CO ₂ emissions per unit of GDP by 45% (compared to 2005) by 2030	by 2070
Japan	Achieving a 46% reduction (compared to 2013) by FY2030 <small>* Continue to take on challenges to achieve 50% as a new high</small>	by 2050
Russia	Reducing emissions by 30% (compared to 1990) by 2030	by 2060
U.S.	Reducing GHG emissions by 50% to 52% (compared to 2005) by 2030	by 2050

Updated in October 2022
Source: 3-06 Greenhouse gas reduction target of each country
Japan Center for Climate Change Actions (JCCCA)

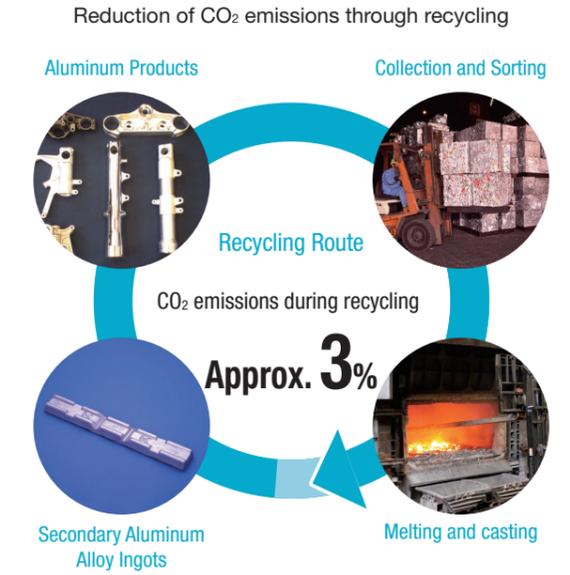
Sustainable value provision model



Since the complete withdrawal from the aluminum smelting business in 2014, many of the aluminum materials used at the NLM Group have been new aluminum ingots sourced from outside Japan. We will switch from these new aluminum ingots to ingots made using renewable sources of energy, such as hydroelectric power (hereafter, "green aluminum"), and we will also promote the recycling of aluminum materials, aiming to reduce the CO₂ emissions connected to the aluminum materials that we procure (Scope 3).

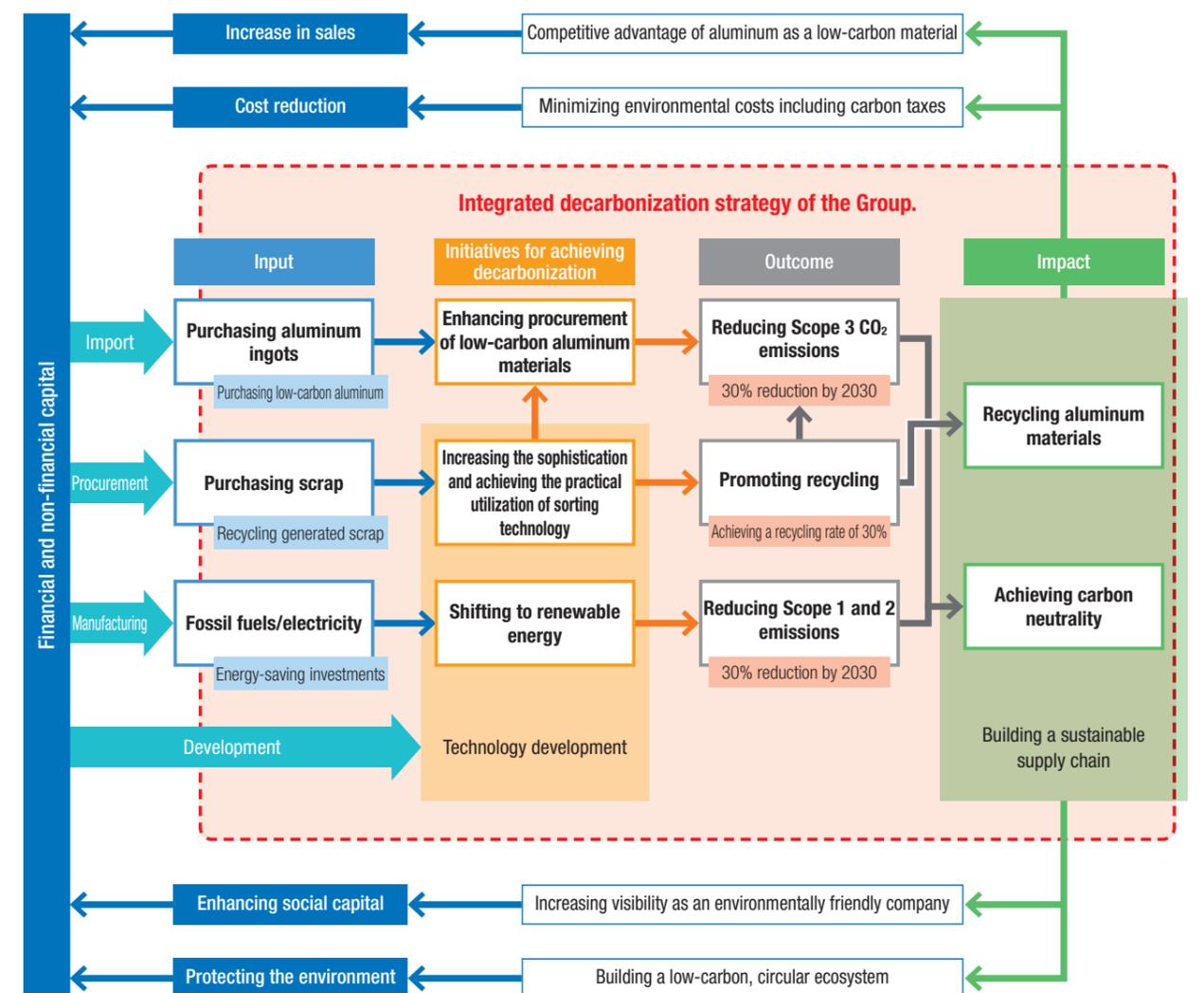
Further, in addition to continuing the existing energy-saving investment initiatives, we will switch the fuels and electricity we uses to renewable ones, aiming to reduce the CO₂ emissions of the company (Scope 1 and 2).

We believe that these initiatives will enable us to provide customers with low carbon and decarbonization as new value through the Group's products.



* Based on 100% emissions when manufacturing new aluminum ingots

Flow of impact



Initiatives for Achieving Carbon Neutrality

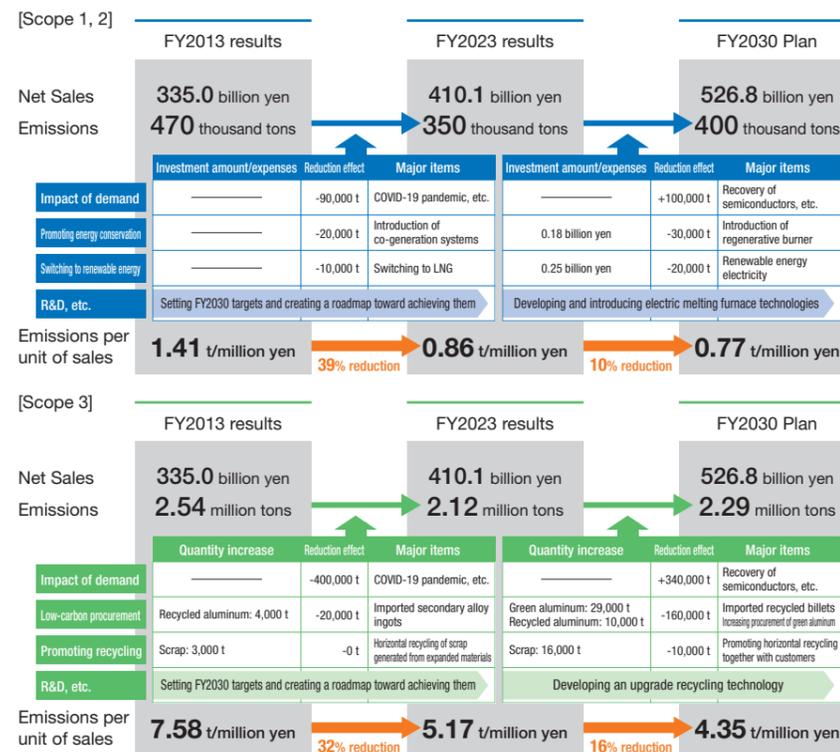
Setting CO₂ reduction targets and building a framework for achieving the targets

The NLM Group has set numerical targets for reducing Scope 1 and 2 emissions and Scope 3 emissions by 30% (compared to the FY2013 level/per unit of sales) by FY2030. We have established the Green Growth Strategy Office as the control tower for our activities reducing emissions throughout the Group and have been coordinating measures to achieve these targets.



We have created the following roadmap to the FY2030 targets to be a schedule for implementing these measures and a list of the internal infrastructure needed for their implementation. Moving forward, we will manage our progress to ensure that this roadmap is followed. The Green Growth Strategy Office will play a leading role in this.

Roadmap to achieve the FY2030 targets



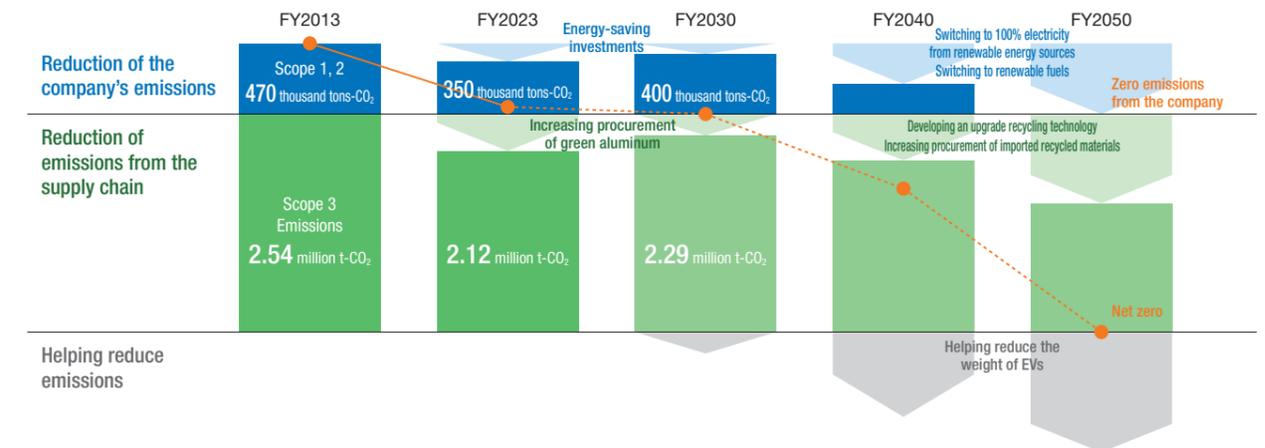
Through ongoing initiatives to improve energy conservation and switch to low-carbon fuels and renewable energy electricity, we achieved our target of reducing emissions per unit of sales 30% in FY2023. We aim to reduce the emissions further by FY2030 by continuing our energy-saving investments and our switch to fuels and electricity from renewable energy sources.

We achieved our target of reducing emissions per unit of sales 30% in FY2023 mainly by promoting the horizontal recycling of expanded materials and other efforts. We aim to further reduce emissions by FY2030 by expanding our procurement of green aluminum and recycled aluminum and promoting recycling within the Group.

Initiatives to reduce total CO₂ emissions

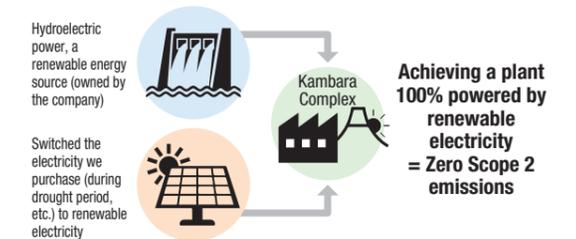
While we are steadily achieving progress in our reduction of emissions per unit of sales through various measures, total emissions are expected to increase from FY2023 to FY2030 as a result of the recovery of the plant operation rate associated with the future recovery of demand and the launch of new businesses. It is necessary to consider additional measures leading to the reduction of total emissions in light of the fact that to ultimately achieve carbon neutrality, we must reduce total emissions.

For Scope 1 and 2 emissions, we aim to switch to renewable fuels and renewable energy. For Scope 3 emissions, we are enhancing our ability to procure low-carbon materials, including green aluminum, imported recycled materials, and scrap, and establishing recycling technologies for promoting their circular use. In addition, we will expand the provision of products and services that help customers reduce emissions, such as products and services that reduce the weight of materials for electric vehicles, aiming to achieve net zero emissions by FY2050.



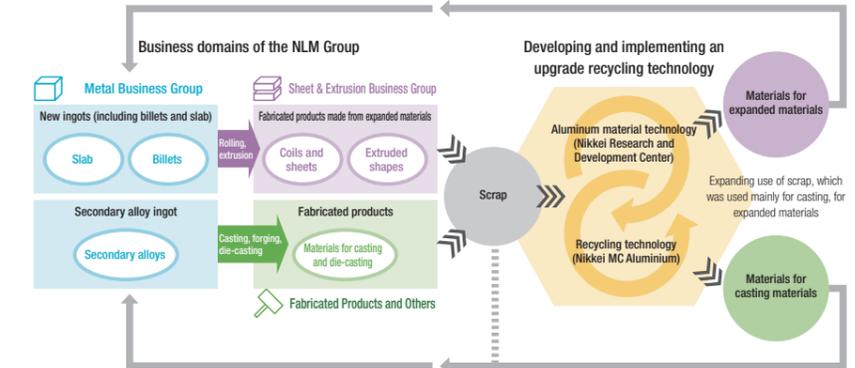
Reducing the company's emissions (Scope 1 and 2)

A large percentage of the electricity that the NLM Group consumes internally is hydroelectric power. Electricity other than the above is general electricity purchased from electric power companies. We will gradually switch the electricity we use to electricity from renewable energy sources. At the Kambara Complex, we have already achieved the shift to 100% of the electricity that is used being from renewable energy sources by switching from general electricity, which we purchased for adjustments in the drought period, to renewable electricity.



Reducing emissions from the supply chain (Scope 3)

For expanded materials and some other aluminum materials, there are strict requirements regarding impurities, hampering the use of scrap. In many cases, new aluminum ingots, which contain few impurities, are used for those materials. We will promote the recycling of aluminum by developing technologies which will eliminate the impact of impurities or make them harmless.



Helping reduce emissions

Demand for aluminum is expected to expand in the automotive sector, where it is necessary to further reduce vehicle weight due to the shift to EVs. To respond to the global expansion of demand, we have integrated the automotive component businesses in the Group into Nikkeikin Aluminum for Mobility Company, Ltd. We will help reduce CO₂ emissions from use of automobiles by improving electricity and fuel efficiency by reducing the weight of vehicles.



Mid-term Management Plan

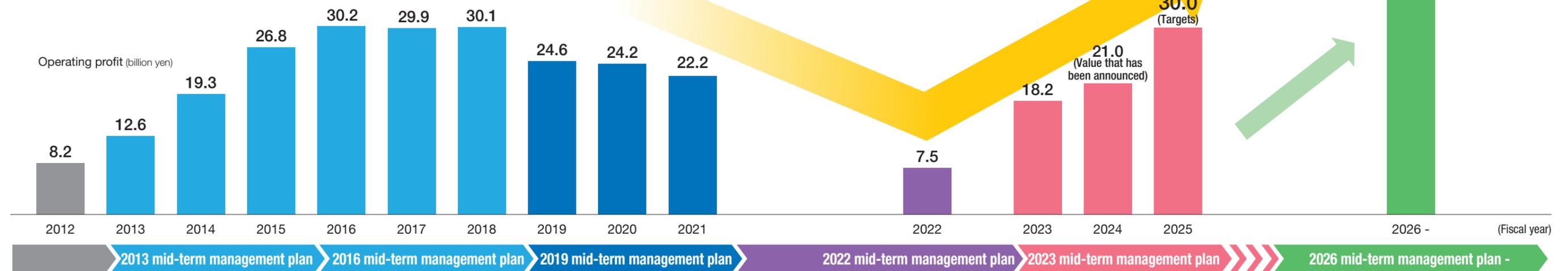
At the NLM Group, we formulate amid-term management plan every three years. We have been steadily implementing measures based on this plan in our efforts to achieve our targets. As a result, we were mostly able to achieve the targets of the 2013 and 2016 mid-term management plans. During the 2019 mid-term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

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

What we want to be
Corporate Philosophy

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

Review of the mid-term management plans



Position	Maximizing consolidated earnings by strengthening cooperation within the Group	Attempting to create value as a new type of material manufacturer	Investing resources in new products and new fields to achieve continued growth	Building a corporate structure that enables continued sustainable growth	Implementing initiatives for the new Team NLM aimed at continued sustainable growth																																																											
Basic Policies	<p>Aluminum is our foundation. We will use it as a springboard to new heights</p> <ol style="list-style-type: none"> Business development through strategies by region and by segment Creating growth drivers leveraging new products and new businesses Reinforcing the business structure 	<p>As Team NLM, we will work to be a groundbreaking innovator of aluminum and beyond.</p> <ol style="list-style-type: none"> Creating new products and business models by strengthening cooperation within the Group Business development through strategies by region and by segment Reinforcing the business structure (Reinforcing the business foundation) 	<p>As Team NLM, we will work to be a groundbreaking innovator of aluminum and beyond.</p> <ol style="list-style-type: none"> Creating new products and new businesses Investing resources in growth strategies by region and by segment Reinforcing the management foundation 	<p>As Team NLM, we will work to be a groundbreaking innovator of aluminum and beyond.</p> <ol style="list-style-type: none"> Providing products and businesses that contribute to the creation of social value Reinforcing the management foundation 	<p>As Team NLM, we will work to be a groundbreaking innovator of aluminum and beyond.</p> <ol style="list-style-type: none"> Implementing initiatives for the new Team NLM Providing products and businesses that contribute to the creation of social value 																																																											
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2023 Mid-term Management Plan

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

The Environment Surrounding Us

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

2050 carbon neutrality <ul style="list-style-type: none"> ● Paying for the CO₂ emissions from the manufacturing of new aluminum ingots ● Engaging in initiatives throughout the supply chain, including initiatives reducing scope 3 emissions ● Building a system which sees initiatives for decarbonization as added value 	Formation of a circular economy <ul style="list-style-type: none"> ● Attention being drawn to the recyclability of aluminum ● Building a collection and circulation system for recycling ● Promoting horizontal recycling which contributes to decarbonization and resource conservation 	Technological innovation <ul style="list-style-type: none"> ● Structural change attributed to technological innovation in the automotive industry ● Growth in demand for semiconductors attributed to the evolution of communication technologies ● Labor-saving and automation of manufacturing process
Changing demographics <ul style="list-style-type: none"> ● A decline in demand for aluminum in Japan resulting from the population decrease ● Labor shortage resulting from the decrease of the working-age population ● Acceleration of the shift of the demand center attributed to global population growth 	Advance of globalization <ul style="list-style-type: none"> ● Supply chain risks due to the impact of geopolitical events ● Expanding opportunities to continue to foray into growth markets ● Shortage of business expertise and human resources outside Japan 	Respect for human rights and diversity & inclusion (D&I) <ul style="list-style-type: none"> ● Expectations regarding the increased active participation of women and other minorities ● Growing need to promote D&I ● Supply chain risks related to human rights problems

SWOT analysis

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

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

Basic Policies	Measures	Actions																													
Initiatives for the new Team NLM	Carbon neutrality (as risks)	To address the risks of carbon neutrality, such as the increase of costs reflecting the introduction of carbon pricing and the need to respond to recycling regulations, we will manage the risks and propose strategies through TCFD initiatives. Action on Climate Change — Disclosure Based on the TCFD Recommendations → P.61																													
	Promoting management reforms and internal control	As Reform Promotion Office initiatives to prevent the recurrence of quality problems, we will push forward with management reforms and reinforce our internal control functions. As management reforms, we implemented grouping of functional organizations to tackle various issues through group cooperation, in addition to strengthening supervisory function of the Board of Directors. As part of measures to reinforce internal control functions, we are reforming corporate climate by implementing site manager meetings and workplace visits, in which the CEO talks directly with employees. We are also driving activities to strengthen compliance, with officers and employees working as one. Strengthening of supervisory function of the Board of Directors → P.42																													
	Structural reforms to enhance the Group’s corporate value	As an initiative for optimally allocating resources and implementing structural reform to create more synergy towards the enhancement of the Group’s corporate value, we have bundled various businesses in the Group into groups of businesses that are adjacent to each other in terms of market segment and process, in an attempt to create medium- to long-term earning strengths in each business and maximize their value. We established Nikkeikin Aluminum for Mobility Company, Ltd. last year as a precedent for this in the area of automotive components, which the NLM Group positions as a growth area. The semiconductor-related market is also deemed a promising growth area. We will aggressively invest in this area as well, including the construction of a new plant to increase the production of insulation panels for clean rooms, to capture growth opportunities including companies’ moves to return to manufacturing semiconductors in Japan. In the latest structural reforms, we have newly established the Marketing & Incubation Administration Office. It is a completely new functional organization that did not previously exist within the NLM Group in that it is in charge of creating new businesses that will be pillars in the future, instead of just the development of new products in existing businesses. We aim to create new growth areas which are different from existing ones through cooperation and collaborative creation with external parties. The Source of Value Creation → P.15																													
Providing products and businesses that contribute to the creation of social value	Expansion into growth areas																														
	Overseas strategies	We will promote initiatives for overseas business, which is expected to grow significantly, instead of operating only in Japan. Regarding products for the automotive market in North America, we are accelerating the realization of the stable mass production of underbody parts. At the same time, in the area of secondary alloy ingots, we are increasing our production of materials for car body structures. Further, in the remarkably growing Indian market, we have also established a new plant in the area of secondary alloy ingots. Through these and other measures, we will proactively work to expand overseas. Overseas sales (billion yen) <table border="1"> <caption>Overseas sales (billion yen)</caption> <thead> <tr> <th>Year</th> <th>China</th> <th>Thailand</th> <th>U.S.</th> <th>Other countries</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>27.2</td> <td>34.3</td> <td>27.8</td> <td>25.4</td> <td>114.7</td> </tr> <tr> <td>2023</td> <td>24.1</td> <td>32.1</td> <td>28.6</td> <td>28.8</td> <td>113.6</td> </tr> <tr> <td>2024 Forecast</td> <td>29.0</td> <td>34.0</td> <td>27.0</td> <td>29.0</td> <td>119.0</td> </tr> <tr> <td>2025 (Fiscal year) Target</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> Initiatives for Achieving Carbon Neutrality → P.21	Year	China	Thailand	U.S.	Other countries	Total	2022	27.2	34.3	27.8	25.4	114.7	2023	24.1	32.1	28.6	28.8	113.6	2024 Forecast	29.0	34.0	27.0	29.0	119.0	2025 (Fiscal year) Target				
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Carbon neutrality (as an opportunity)		Regarding opportunities including the growth of demand for products for eco-friendly vehicles and expectations regarding low-carbon and energy-saving products, we will implement Group-wide initiatives in cooperation with each business group, and the Green Growth Strategy Office will play a leading role in this.																													

Aluminum Ingot and Chemicals

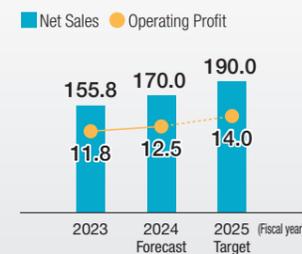
Ken Kinoshita
Officer, General Manager of Chemicals Business Group



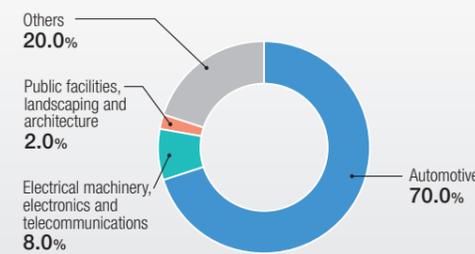
Yoshiaki Ito
Senior Executive Officer, General Manager of Metal Business Group



Net Sales & Operating Profit (billion yen)

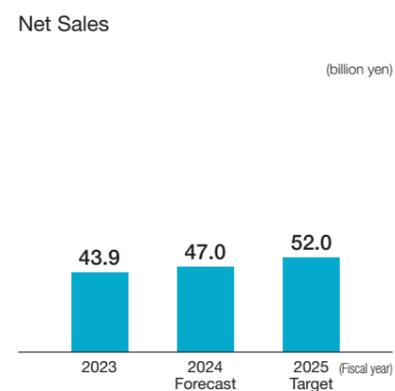


Sales ratio



Chemicals Business Group

Business Performance



Analysis of Present State (SWOT Analysis)

The Group is expected to contribute to social value, such as DX and decarbonization, in response to the changes in the global environment, but the soaring prices of raw materials and fuels and the aging of manufacturing equipment must be addressed.

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

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

Policy	Strategy
<ul style="list-style-type: none"> Investing resources aggressively in growth areas, including areas related to digital technologies Expanding business domains in the area of the global environment and other areas. Stabilizing profit from core businesses 	<ul style="list-style-type: none"> Developing and expanding sales of products for xEVs, secondary batteries, and semiconductor manufacturing equipment Developing eco-friendly products Reinforcing the structure for stably supplying products through ongoing capital investments

Review of the latest financial results

In the Alumina Segment, the recovery of demand has been delayed in areas that we position as growth areas, including xEV, secondary batteries, and semiconductor manufacturing equipment. In addition, in the Chemicals Segment, we saw a trend of demand slowing down for both inorganic chlorine compounds, which are used in papermaking, industrial products, etc., and organic chlorine compounds, which are used in resins, pharmaceuticals, and agricultural chemicals, and in other areas. Despite the difficult circumstances, we secured a certain amount of profit through cost reduction activities, sales price revisions, and other initiatives.

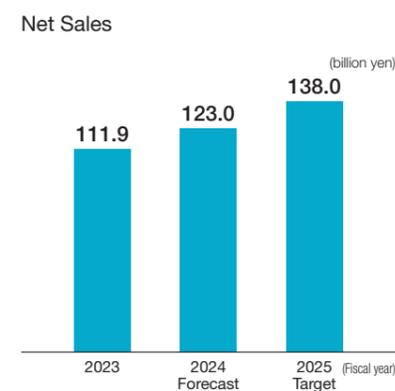
Future initiatives in the 2023 mid-term management plan

In the Alumina Segment, we expect the demand for products for xEVs to recover and grow moderately and the demand for products for secondary batteries and semiconductor manufacturing equipment to begin expanding in FY2025 and beyond. While carefully watching market trends, we will invest resources, including capital, in an appropriate manner in our efforts to build a structure for sustainable growth. In the area of commodities including commodities related to water treatment and refractory materials, we will continue to strive to secure a revenue base through the stable supply of products as an entity that supports industrial infrastructure. To cultivate new demand, we are proactively developing aluminum hydroxide and alumina in various forms, including microfine alumina (n-avance®). We will also expand business domains and look for new businesses through collaborations with parties within the NLM Group and outside it, such as development of complex particles created by adding special optical properties and high thermal conductivity to aluminum hydroxide or alumina. Further, because the ratio of Scope 1 and 2 CO₂ emissions of the Alumina Segment to the Scope 1 and 2 emissions of the Group as a whole is relatively high, we will conduct calcination tests for changing the fuel we use and work to establish quality control technologies, a part of our proactive activities for establishing a carbon-neutral society.

In the Chemicals Segment, we will proceed with investments with our eyes open to market trends, so that we can certainly tap into demand while ensuring the stable supply of products is our top priority as an entity that supports local industry with a focus on the field of basic chemicals. As a part of our medium- to long-term strategies, we will build a stable supply system and protect the global environment by replacing some aging equipment with equipment which enables us to reduce CO₂ emissions. At the same time, we will leverage one of our strengths, that the source of our electricity is hydroelectric, to provide eco-friendly products with low CO₂ emissions. In the area of new development, we will expand our business domains by developing products, such as hydrogen carriers (SBH) made using hydrogen generated in soda electrolysis.

Metal Business Group

Business Performance



Analysis of Present State (SWOT Analysis)

Due to the decarbonization trend, we face the tasks of enhancing our initiatives to build a circular business model, responding to changes in the business environment, and capturing new demand.

S: Strengths	W: Weakness
<ul style="list-style-type: none"> Aluminum material-related technologies Global operations and procurement A wide product lineup including products that have the largest share of their markets 	<ul style="list-style-type: none"> Aging of manufacturing-related equipment, etc. Insufficient ability to process scrap (reducing reliance on new aluminum ingots) Business expansion into areas other than automobiles
O: Opportunity	T: Threats
<ul style="list-style-type: none"> Expansion of demand for products related to eco-friendly vehicles Attention focused on recycled aluminum as a low-carbon material 	<ul style="list-style-type: none"> Decrease of demand for products related to internal combustion engines reflecting the switch to eco-friendly vehicles Shortage of scrap resulting from the growth of recycling-related demand

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

Policy	Strategy
<ul style="list-style-type: none"> Enhancing initiatives to achieve carbon neutrality Promoting the effective utilization of aluminum materials Capturing demand for aluminum and developing overseas and new businesses 	<ul style="list-style-type: none"> Procuring low-carbon materials and establishing recycling technologies Building a circular business model Developing new technologies, new products, and new businesses and expanding overseas operations

Review of the latest financial results

In areas including extruded and forged billets and aluminum wire for transmission lines, profit increased in FY2023 due to the recovery of demand for materials compared to FY2022, when the demand dropped significantly. Profit also increased in the area of secondary alloy ingots, driven by business in the United States which remained strong, although the sales quantity increased only slightly from the previous fiscal year in Japan and other countries.

Future initiatives in the 2023 mid-term management plan

Based on the judgment that integrated procurement, manufacturing, and sales activities are necessary to drive the decarbonization of the aluminum materials of the Group as a whole, a Metal Business Division was established at Nippon Light Metal Co., Ltd. in 2023 as the organization into which these functions are integrated. As a core and agile organization implementing recycling and reducing Scope 3 CO₂ emissions, the Metal Business Division will expand its procurement of green aluminum and establish technologies for processing recycled materials, thus building a circular business model.

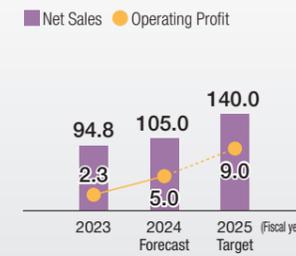
Regarding the metal business, the division will develop new businesses and new products catering to the growing demand for aluminum wire for transmission lines and high-purity aluminum for semiconductors, as well as the need to reduce the weight of automobiles and other mobility vehicles. For example, we have developed an aluminum alloy to be used for bolts, which must be high strength, jointly with a bolt manufacturer. We will commercialize it as high-strength aluminum bolt, which is capable of replacing iron and stainless steel bolts, aiming to cater to weight reduction needs. Regarding the secondary alloy business, we are facing changes in the business environment, such as the ongoing shift of the focus of automobile production to eco-friendly vehicles (such as EVs). Therefore, we will develop alloys for applications where high strength and other properties are required, aiming to expand in the area of materials for car body structures. Further, to stably secure scrap, our raw materials, we will develop recycling technologies to expand the use of low-grade scrap. We will also continue working to strengthen our domestic business and expand our overseas business. In the overseas business, we built our third site in India (Nikkei CMR Aluminium India) in central western India, and it began operating in spring this year. We established this site as an addition to our existing overseas sites in the United States, Thailand, China, Mexico, and India, to increase our ability to capture the remarkably growing market of India and further advance our global expansion.

Aluminum Sheet and Extrusions

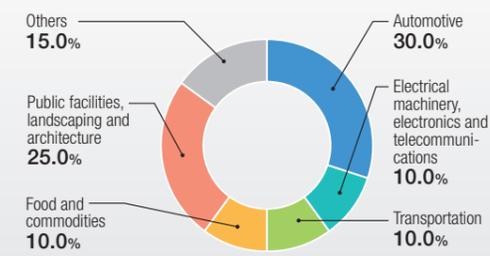
Masahito Saotome
Senior Executive Officer,
General Manager of the Sheet
& Extrusion Business Group



Net Sales & Operating Profit (billion yen)

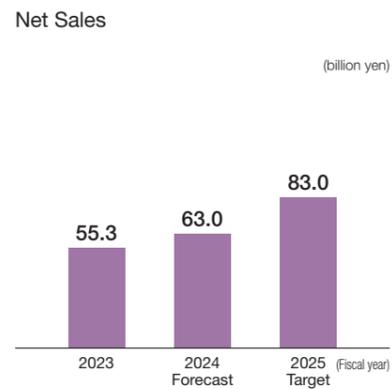


Sales ratio



Sheet & Extrusion Business Group (Sheet Segment)

Business Performance (Sheet Segment)



Analysis of Present State (SWOT Analysis)

Our strengths lie in the demand for thick sheets for semiconductor manufacturing equipment recovering and our ability to develop alloys for battery materials to be used in eco-friendly vehicles, an area that is expected to expand in the future.

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

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

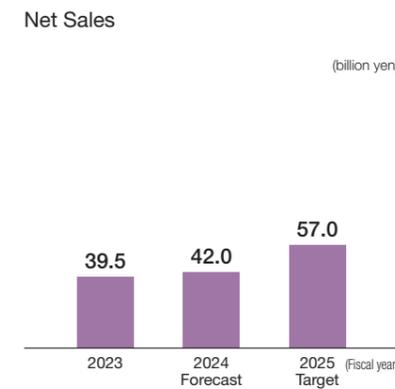
Policy	Strategy
<ul style="list-style-type: none"> Developing and providing high value-added products for use in growth areas Expanding business domains to include the processing business Promoting carbon neutrality initiatives 	<ul style="list-style-type: none"> Expanding sales of thick sheets for semiconductor manufacturing equipment and automotive battery materials Developing new fabricated products through cooperation within the Group Promoting horizontal recycling and developing low-carbon products

Review of the latest financial results
In FY2023, the environment remained extremely difficult in areas including thick sheets for semiconductor manufacturing equipment and construction materials. However, demand recovered in comparison with the previous year in automobiles, truck bodies, and other areas. We continued activities to enable customers to understand the revision of prices to reflect the soaring prices of raw materials and fuels. As a result, profit improved compared with the previous fiscal year.

Future initiatives in the 2023 mid-term management plan
In the Sheet Business Segment, we position thick sheets for semiconductor manufacturing equipment and automotive battery materials as growth areas. Demand for thick sheets for semiconductor manufacturing equipment is expected to recover in or after the second half of FY2024. To capture this demand, we will push forward with investments to increase production capacity and we will strive to have our materials used in more parts leveraging our materials' surface treatability, which is our strength. The market for battery materials is also expected to expand, including overseas. This is an area where we excel, so we will proactively increase production capacity and work to have our newly developed alloy for new models used more widely.
To further improve profitability, we will also focus our efforts on the fabricated product business based on our proprietary special technologies, increasing the added value of our products and expanding our business domains. We are currently expanding sales of products including materials for semiconductor manufacturing equipment using our special welding technologies, bus bars (large current conductors), and mold materials for resin molding. In addition, we are continuing our activities to explore markets in cooperation with sales and manufacturing teams across the Group, with the goal of launching new fabricated products.
For overseas expansion, we have built a structure with three regional bases, including Japan, in cooperation with our production sites in Thailand and sales bases in China. Regarding battery materials in particular, local production by EV and battery manufacturers is progressing in Southeast Asia, in addition to China and North America which are large markets. Therefore, we will strengthen our supply structure from a global perspective, aiming to capture the demand for battery materials that is growing in each country.
As a carbon neutrality initiative, we will promote horizontal recycling by collecting scrap in collaboration with business partners, developing recyclable materials, and taking other measures while proceeding with fuel conversion and the expansion of green ingot suppliers in the production process. Through these activities, we aim to contribute to the decarbonization of society.

Sheet & Extrusion Business Group (Extruded Products Segment)

Business Performance (Extruded Products Segment)



Analysis of Present State (SWOT Analysis)

We are facing the tasks of creating new products for solving social issues in various industrial fields, accelerating carbon neutrality initiatives, and addressing risks regarding conditions in the raw material market, etc.

S: Strengths	W: Weakness
<ul style="list-style-type: none"> Development, manufacturing and sales through cooperation within the Group Extrusion technologies for large, long extrusion materials and integrated production line from materials to processing 	<ul style="list-style-type: none"> Creation of new growth fields and new businesses Low profitability of businesses, including generic product businesses
O: Opportunity	T: Threats
<ul style="list-style-type: none"> Creation of new needs related to solutions to social issues and initiatives regarding eco-friendly vehicles Relationships with customers strengthened through the promotion of horizontal recycling 	<ul style="list-style-type: none"> Significant fluctuation of the conditions in the raw materials market and the increase of the cost of labor and other fixed expenses Downsizing of the domestic market

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

Policy	Strategy
<ul style="list-style-type: none"> Developing new products and finding new customers in areas around existing businesses Creating businesses in new domains Promoting carbon neutrality initiatives 	<ul style="list-style-type: none"> Engaging in development efforts by cooperating within the business group Building a new organizational structure for entering new areas of business Expanding the scope of applications for horizontal recycling

Review of the latest financial results
In FY2023, demand began to recover overall in the second half, but the situation was different in different areas. Demand for products for truck bodies recovered because customers' concerns regarding the supply of parts and materials were resolved. However, there was a delay in the recovery of demand for semiconductor-related products due to the ongoing market downturn. The soaring prices of purchased products were absorbed to a certain degree through price revisions and the introduction of surcharges.

Future initiatives in the 2023 mid-term management plan
We will focus our efforts on accelerating growth with a basic policy of expanding businesses in existing domains into surrounding business domains and creating businesses in new domains. Looking at existing domains, in the area of nuclear power, demand for neutron-absorbing materials is expected to grow due to nuclear power plants coming online in Japan. In the area of industrial equipment, we will respond to the expansion of demand for autonomous automobiles and EVs and FCVs by focusing our efforts on expanding sales of extrusion materials using alloys that we have developed. Further, to develop new businesses and products in new domains that we have not worked in to date, we will enhance exploration activities by investing human resources and build an organizational structure for that purpose. We will strengthen cooperation within the Sheet & Extrusion Business Group, which was established by bundling businesses together through organizational restructuring, to leverage customer segments, processing technologies, and manufacturing sites that were not shared before. We will thus explore the new needs created by the changes in the social environment so that we can develop new products.
Further, because it is expected that the cost of labor and the prices of purchased products will rise, we will improve costs through automation, labor-reduction, and other initiatives implemented by promoting DX and revising sales prices as necessary. To improve the profitability of our business, we will shift resources to growth areas. Our options for implementing this will include the termination of the sale of products which have entered the decline phase of their the product lifecycle and ones whose profitability is structurally low.
As a carbon neutrality initiative, we will work together with customers to accelerate horizontal recycling. For the horizontal recycling of bullet train (Shinkansen) car bodies, which we made possible last year, we aim to expand the range of car body components that the recycled materials can be used to manufacture. We also include horizontal recycling in areas such as truck materials and products for motorcycles among our possible options. For the reduction of CO₂ emissions in factories, we will proactively promote initiatives including switching the main raw materials for billets from new aluminum ingots to scrap-derived materials, introducing high-efficiency equipment in production processes, and converting fuels.

Fabricated Products and Others

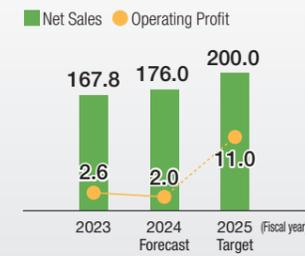
Toshio Yanagimoto
Officer, General Manager of the Engineering Business Group



Toshikazu Tanaka
Senior Executive Officer, General Manager of the Transport Equipment Business Group



Net Sales & Operating Profit (billion yen)

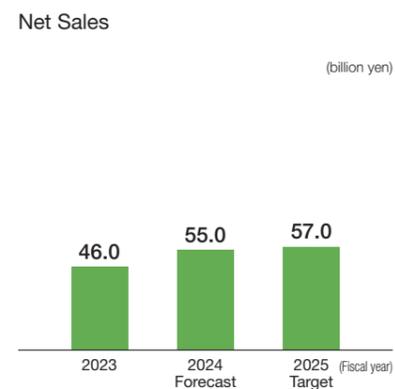


Sales ratio



Engineering Business Group

Business Performance



Analysis of Present State (SWOT Analysis)

Insulation panels are an energy-saving measure that plays an important role in supporting a decarbonized society. However, there are risk factors including raw material prices hovering at a high level and the labor shortage in the construction and logistics industries.

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

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

Policy	Strategy
<ul style="list-style-type: none"> Business activities based on ESG management Rebuilding the production system to solidify business continuity Stabilizing overseas business and increasing our competitive advantage 	<ul style="list-style-type: none"> Strengthening internal control and supervisory functions Decisive shift to aggressive manufacturing Providing added value by leveraging experience and technologies developed in Japan

Review of the latest financial results
In FY2023, both sales and profit increased year on year, driven by demand for clean rooms for manufacturers of semiconductor-related materials, parts, and manufacturing equipment, which reflects the digitalization of social infrastructure. On the other hand, our business performance began to be affected mainly by changes in construction work schedules which are attributed to a labor shortage reflecting the construction industry which is booming overall.

Future initiatives in the 2023 mid-term management plan
In the sector of low-temperature spaces, we expect a certain level of demand for products for low-temperature warehouses, such as products for logistics transfer points and the renovation of aging properties, products for stores and kitchens, such as products for heat insulation measures to save energy, and other products. However, we are facing an issue, the delay of investment plans, mainly for medium- to large-size properties. This is chiefly because of the impact of rising raw material prices and utility costs and the labor shortage in the logistics and construction industries. Accordingly, we will step up our customer visits to check on the progress in properties about which we have received inquiries and identify new properties where we are able to leverage our strength in panel construction which enables shorter construction periods, in our efforts to maintain and increase the number of orders we receive.

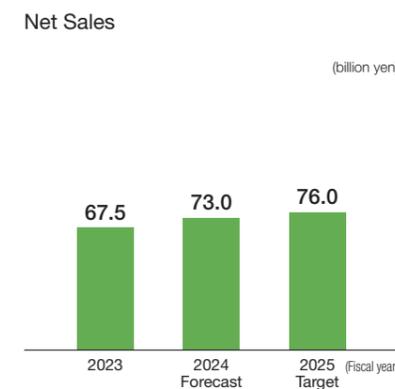
In the clean room sector, changes in construction schedules and the postponement of plans for large properties are occurring mainly for clean rooms including semiconductor-related clean rooms. However, demand is expected to increase over the medium to long term. We aim to increase orders we receive further through the joint efforts of the production and sales teams, including the reinforcement of the framework for design and installation in addition to the use Shimonoseki Plant No. 2 which is now fully online.

In the overseas business, we will provide comprehensive services from design to production and installation, which are our strengths, through inter-group cooperation, toward the popularization of cold chains that contribute to food safety and the reduction of food loss in Southeast Asia, mainly including Thailand and Vietnam. In addition, we will leverage the experience and technologies we have cultivated in Japan for peripheral work and the provision of related products and services which cater to local needs.

Our measures to address the 2024 problem are as follows. In the Installation Segment, we will promote training to increase the safety awareness of onsite workers, the improvement of work environments, and the streamlining of onsite work together with construction subcontractors using the Seko Dojo (Installation classroom) we established at Tec Lab, our R&D facility. In logistics, we will also streamline transportation, including the reduction of drivers' waiting time by changing production systems and the establishment of transfer points for distant panel installation sites.

Transport Equipment Business Group

Business Performance



Analysis of Present State (SWOT Analysis)

There is growing demand for sustainable logistics measures, including low-carbon truck bodies, increased safety, and the reduction of workloads in truck cargo handling, and the electrification of trucks.

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

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

Policy	Strategy
<ul style="list-style-type: none"> Developing differentiated products for sustainable logistics Providing added value by promoting the reduction of CO₂ emissions Expanding technologies which have been recognized in the domestic market to overseas markets 	<ul style="list-style-type: none"> Providing products as solutions to social issues, such as the 2024 problem in the logistics industry Adopting low-CO₂ materials and promoting recycling Providing value-added products that cater to local needs

Review of the latest financial results
In FY2023, we posted an ordinary loss due to the soaring prices of purchased materials. However, our business performance had improved significantly from FY2022 due to cost reduction and our ensuring that sales prices reflected the increase of material prices. In FY2024, we expect to move into the black through continued cost reduction and sales price revision.

Future initiatives in the 2023 mid-term management plan
Over the medium to long term, we will proactively develop differentiated products for the realization of sustainable logistics, by seeing the changes in the logistics environment that will occur as opportunities. While it is expected that there will be a shortage of drivers due to the decrease of the population, the logistics volume has been increasing, and the responsibilities of the people engaged in sustainable logistics, which is a part of social infrastructure, are increasing every day. In this environment, our maintenance package, the preventive maintenance of truck bodies to prevent truck logistics stoppages, has been highly acclaimed, and it is expected that demand for it will increase in the future. We will also contribute to streamlining vehicle management operations with FRUEHAUF CONNECT, which facilitates the previously difficult task of locating trailers. At the same time, we will more widely provide services to mitigate the dangers that could drivers and cargo, such as services delivering information about abnormal weather to vehicle managers.

To meet the demand related to the decarbonization of the logistics industry, we will also leverage the Group's strengths to reduce the CO₂ emitted throughout the lifecycle of the products we offer. We succeeded in manufacturing large wing bodies from a horizontally recycled aluminum material with the goal of realizing sustainable truck bodies. We have thus made it possible to reduce the CO₂ emissions due to large wing bodies by approx. 80% compared to manufacturing them from new aluminum ingots. We will continue our inter-group cooperation in our efforts to achieve mass production and further reduce carbon emissions.

Outside Japan, we will strive to ubiquitize cold chain logistics which help reduce food loss in addition to catering to the need for decarbonization. For this purpose, we will participate in the creation of international standards leveraging our technologies and experience cultivated in Japan and provide products that meet local needs ahead of others. In Thailand, temperature-controlled vehicles of Japanese quality, which is our strength, have begun to be used over vehicles from local manufacturers, mainly by Japanese companies. We will contribute to the future popularization of cold chains.

Fabricated Products and Others

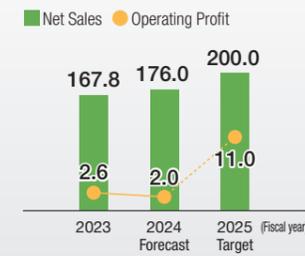
Toshiharu Hatamoto
Officer, General Manager of the Automotive Parts Business Group



Isao Shikine
Officer, General Manager of the Infrastructure Business Group



Net Sales & Operating Profit (billion yen)

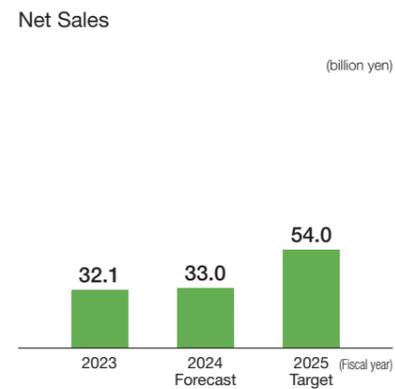


Sales ratio



Automotive Parts Business Group

Business Performance



Analysis of Present State (SWOT Analysis)

While our strengths include the products and technologies necessary for the electrification of automobiles, we are facing the tasks of securing management resources, building a global supply system, and implementing prompt initiatives to reduce environmental impact.

S: Strengths	W: Weakness
<ul style="list-style-type: none"> A system for the one-stop supply of covering materials, methods, processing technologies, and development. A wide array of products and technical capabilities required for the electrification of automobiles 	<ul style="list-style-type: none"> Global shortage of infrastructure and supply capacity Shortage of human resources who implement growth strategies
O: Opportunity	T: Threats
<ul style="list-style-type: none"> Growing expectations for suppliers related to development, quality assurance, etc. Growing demand related to the reduction of the weight of vehicles and measures to address heat problems due to the electrification of automobiles 	<ul style="list-style-type: none"> Increasing necessity of a global supply system Larger sizes and shorter delivery times requested in business negotiations

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

Policy	Strategy
<ul style="list-style-type: none"> Enhancing the value of business by developing new products Developing technologies in response to trends in the automotive industry Capturing demand for products for electric vehicles, which is growing in individual countries 	<ul style="list-style-type: none"> Developing new products incorporating multiple technologies Securing diverse human resources and horizontally deploying technologies that are our strengths Enhancing our global structure with bases in Japan, the United States, China, and Thailand

Review of the latest financial results

In FY2023, our business performance remained strong in Japan due to the launch of new brake-related products in addition to the increase of sales reflecting the recovery of vehicle production. On the other hand, net sales were almost on par with the previous year due in part to the decline of sales in China. On the profit front, operating profit declined year on year due to the time it took to stabilize mass production at the new plant in the United States, in addition to the decline of sales in China.

Future initiatives in the 2023 mid-term management plan

In the automotive industry, there has been progress in the shift to electrification, mainly reflecting the environmental policies of governments. This has resulted in the growth of demand for the development of automotive parts with new functions, an increase in the importance of parts suppliers that can implement initiatives to reduce environmental impact, the increased necessity of a global supply system, and an increase in the importance of a comprehensive system from development and design to manufacturing. To cater to the needs of the market and customers in this market environment, we established Nikkeikin Aluminum for Mobility Company, Ltd. (Nikkeikin ALMO) in October 2023 by bundling the Group's automotive parts businesses together. We will build a supply system that does not adhere to specific manufacturing methods to improve our ability to propose comprehensive solutions to customers, thus enhancing the value of our business. Further, in response to the increasingly complicated needs regarding automotive parts, we will consolidate our functions for developing elemental technologies, quality functions, etc., and allocate human resources efficiently to respond to customer requirements promptly at a higher level.

Nikkeikin ALMO effectively started operating in FY2024. We will strive to develop a resilient management foundation to effectively use our management resources, produce synergy as quickly as possible, and develop new products incorporating multiple technologies, in our efforts to enhance the value of our products and services.

In overseas business, we will work to quickly stabilize mass production at our new plant in the United States and develop new products. At the same time, we will expand the technical capabilities that we cultivated in Japan to overseas production sites and strengthen the cooperation between our sales and development teams in Japan and other countries. We will thus enhance our global structure with bases in Japan, the United States, China, and Thailand and expand our businesses with a focus on businesses for electric vehicles, which are growing in individual countries.

As carbon neutrality initiatives, we will reduce CO₂ emissions in production processes by switching to energy-efficient furnaces and other activities and accelerate horizontal recycling in cooperation with customers.

Infrastructure Business Group and the other Business

The role of the Infrastructure Business Group and Other Segments support role. This includes tackling regional issues, supporting the businesses of each NLM Group site, including their administrative and indirect functions, and fulfilling logistics and information system functions. Organizations that are familiar with particular regions and specialized in each function contribute to not only the smooth business activities of the Group as a whole but also the increase of the competitiveness of the Group's businesses and its medium- to long-term growth.

Logistics Segment

The Logistics Segment fulfills logistics functions for the wide-ranging products that the Group deals in, from aluminum raw materials to fabricated products. It plans, develops, and introduces vehicles that are suitable for the needs of each sector based on a deep understanding of the characteristics of the Group's businesses. In addition, the Logistics Segment is capable of plotting and implementing optimal schemes for the Group at all times, including the selection of the optimal transportation method and route for each product it deals in. This is a strength of the NLM Group.

In recent years there have been great changes in the environment surrounding the logistics industry, including the 2024 problem. During the 2023 mid-term management plan, we will take changes as opportunities and make the logistics business socially attractive. To do this, we will proactively reform workstyle, which will also be a measure to address the 2024 problem, and enhance and improve the labor environment and conditions. We believe that the realization of business segments where all employees can work in good health with a sense of security and take pride of their works will lead to the improvement of sustainable transportation and storage capabilities.

While the NLM Group engages in manufacturing, we believe that our mission is not only to manufacture and sell goods but also to deliver them to customers. Leveraging the expertise in logistics that we have cultivated over many years, we will also continue to improve and streamline logistics services, by making quality and safety the top priorities at all times.



A truck owned by Nikkei Logistics Co., Ltd. (wing truck)

Information System Segment

The Information System Segment is responsible for all processes related to the development and operation of the Group's business systems, from upstream to downstream process, and also the maintenance and management of the systems after they begin operating. It also engages in the design, management, and operation of the large-scale network connecting the Group's sites in Japan and other countries, overall operations for introducing hardware, including servers, and the implementation of information security measures.

A great advantage of having the Information System Segment as an internal organization is that we can build user-friendly systems and information infrastructure by combining deep knowledge of the Group's businesses and the latest technologies. This enables us to build the optimal system for the needs of each business and increase our competitive advantage over other companies. The existence of the Information System Segment as an internal organization contributes to the improvement of the efficiency and effectiveness of our business processes.

During the 2023 mid-term management plan, we are testing AI and other new technologies in our efforts to move forward with the digitalization of operations. We are also transforming operations, modernizing legacy systems, and taking safety measures at manufacturing sites. On the DX Bulletin Board that we opened in June 2024, we release information about new systems that were introduced internally to all companies, thus promoting the dissemination of information to Group companies. Further, to reinforce our information infrastructure, we are enhancing measures to address security incidents, with our internal security team NLM-CSIRT playing the leading role in this. We are also deploying the IT Control System, which we built as a platform for operating and managing internal business systems, thus strengthening IT governance.



Use of VR (safety measure)

Aluminum Foil, Powder and Paste

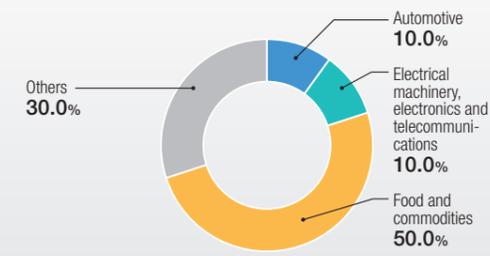
Kaoru Kusumoto
Senior Executive Officer,
General Manager of the
Aluminum Foil Business
Group



Net Sales & Operating Profit (billion yen)

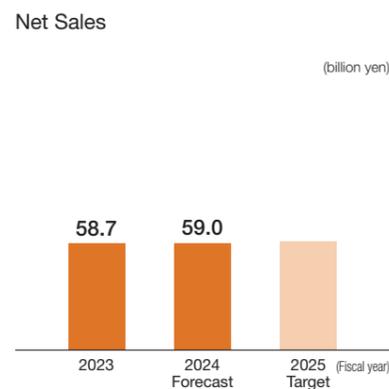


Sales ratio



Aluminum Foil Business Group (Foil Segment)

Business Performance (Foil Segment)



Analysis of Present State (SWOT Analysis)

While hopes have been placed on the expansion of the EV market, our current goal is to achieve growth in the Indian pharmaceutical packaging materials market while firmly maintaining our domestic market share, which has been stagnant for a long time.

S: Strengths	W: Weakness
<ul style="list-style-type: none"> Largest share of the domestic aluminum foil market High-level production engineering capabilities 	<ul style="list-style-type: none"> Aging of production facilities Low cost competitiveness against aluminum foil manufactured overseas
O: Opportunity	T: Threats
<ul style="list-style-type: none"> Growth of demand for LIB in association with the expansion of the EV market Expansion of the pharmaceutical packaging materials market in India and other countries 	<ul style="list-style-type: none"> Inflow of aluminum foil manufactured overseas Population decline and the shrinking of the domestic market

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

Policy	Strategy
<ul style="list-style-type: none"> Responding to increasing demand for lithium ion batteries Continuing to supply general plain foils and general fabricated products Tapping into the growth of the Indian pharmaceutical packaging materials market 	<ul style="list-style-type: none"> Identifying demand and continuing with cost reduction measures Maintaining by providing customer services and ensuring stable supply Continuing to invest in the growth of SVAM TOYAL

Review of the latest financial results
In FY2023, both sales and profit rose from the FY2022 levels. Aluminum foils used as the outer material of lithium ion batteries remained at a standstill, partly reflecting the impact of inventory adjustments. General plain foils and food and pharmaceutical packaging materials also continued to struggle. We worked proactively to revise prices with a focus on ensuring that selling prices reflect the increases in materials prices in our efforts to improve the gross profit margin. We also tapped into the growth of the Indian pharmaceutical packaging materials market via SVAM TOYAL Packaging Industries Private Limited, which contributed greatly to the improvement of our business performance.

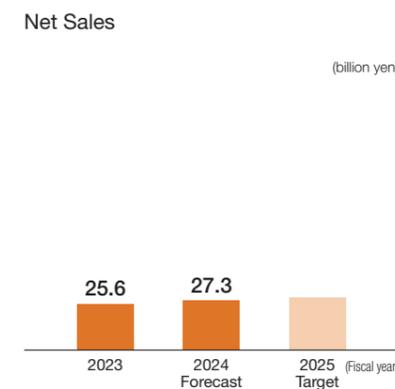
Future initiatives in the 2023 mid-term management plan
We will implement initiatives in the area of aluminum foils that are the outer material of lithium ion batteries by carefully watching future demand trends. While the growth of lithium ion batteries has long been expected, demand for lithium ion batteries for automotive use has been at a standstill for a long time, while demand for consumer batteries has remained steady. While the growth of these batteries depends on future trends in the EV market, it also seems to be influenced in large part by the policies of each country's government. Therefore, growth is expected to occur later than initially forecast. The volume of aluminum foils for outer materials has not been growing as intended, and the current market conditions have remained poor. However, in anticipation of the forthcoming increase in demand, we will continue to strive to establish a supply capacity and production system in line with the volume demanded by customers and reduce costs with a focus on improving production efficiency.

Regarding general plain foils, the demand for aluminum foils as food packaging materials, which is their major application, has been struggling due to a decline in food demand reflecting price increases. We will strive to maintain volume through activities such as stably supplying products in Japan while continuing to work on appropriate price pass-through. At the same time, we will focus our efforts on the development of new technologies and new markets, aiming to compensate for the decrease in existing products, and continue to explore new applications for aluminum foils which leverage our core technologies.

SVAM TOYAL Packaging Industries Private Limited will construct a new plant and aggressively take other measures, aiming to continue to tap into the expansion of the market for packaging with both surfaces being aluminum foil, which is being called Alu-Alu packaging. While there are concerns regarding a decline in the profit margin which may result from competitors entering the market and price competition, we will respond to this by improving the sales mix and entering growth markets other than India.

Aluminum Foil Business Group (Powder and Paste Segment)

Business Performance (Powder and Paste Segment)



Analysis of Present State (SWOT Analysis)

Regarding products for automotive paints, hopes are placed on the growth of demand for heat dissipation materials and products for laminate molding, for which business opportunities are created by the growing demand for eco-friendly products.

S: Strengths	W: Weakness
<ul style="list-style-type: none"> No. 2 in terms of share of the global aluminum pastes for automotive paints market Significant product development capabilities 	<ul style="list-style-type: none"> An earnings structure that depends a great deal on the automotive market The weak profit structure of overseas subsidiaries
O: Opportunity	T: Threats
<ul style="list-style-type: none"> Increasing environmental awareness and tightening of regulations Growing demand for heat dissipation materials, mainly reflecting the increase in 5G telecommunications equipment 	<ul style="list-style-type: none"> Changes in color trends of automobiles Price competition pressure from competitors

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

Policy	Strategy
<ul style="list-style-type: none"> Continued expansion of sales of aluminum pastes for automotive paints Expansion of sales of aluminum nitrides as heat dissipation materials Development and expansion of sales of aluminum alloy powders for laminate molding 	<ul style="list-style-type: none"> Focusing efforts on silica-treated products as eco-friendly products Identifying the demand and investing capital as necessary Securing production capacity by building alliances

Review of the latest financial results
In FY2023, both sales and profit rose from the FY2022 levels. For aluminum pastes, demand for products for automotive paints has been trending toward a recovery. Among these products, silica-treated products, which are eco-friendly products, were performing strongly. For aluminum powder, demand for products for heat dissipation has been growing. Progress was also made in the reception of orders for aluminum powders for laminate molding for overseas markets. In addition, the improvement of the gross profit margin by passing the increases in the prices of materials on selling prices, and the positive impact the weaker yen on exports and sales at overseas subsidiaries also contributed greatly to the improvement of profitability.

Future initiatives in the 2023 mid-term management plan
For aluminum paste, we will continue to focus on silica-treated products, which are eco-friendly products. Aluminum paste for automotive paints, which is their major application depends a great deal on trends in the colors of automobiles as well as their production. Regarding the trend with the silver color, for which the largest quantity of aluminum paste is used, the level has been low in recent years. Meanwhile, the switch to water-based paints, which do not use organic solvents, is progressing mainly in Europe and China, reflecting increasing environmental awareness. This has led to the growth of demand for silica-treated products that are suitable for water-based paints. For the time being, we will leverage the production capacity of our three sites in Japan, France, and China. At the same time, we will consider increasing our supply capacity and other initiatives while carefully watching demand trends.

For aluminum powder, we will attempt to expand the business further by setting our sights on the growth of demand for products for heat dissipation. While higher heat dissipation has begun to be required mainly due to the popularization of 5G telecommunications equipment, EVs, and generative AI as well as the increase in demand for electronic equipment, demand for alumina and aluminum nitride as heat dissipation materials has been growing. Among them, aluminum nitride for fillers is expected to grow. We will therefore aim to achieve growth that outpaces the market by expanding sales in overseas markets while continuing to maintain domestic market share.

Demand for aluminum alloy powder for laminate molding is also expected to expand, mainly in overseas markets. To steadily tap into the expansion of this demand, it will be necessary to reduce costs further and improve productivity. We will continue to develop alloy powders suitable for laminate molding and implement initiatives to secure production capacity, including the formation of alliances.

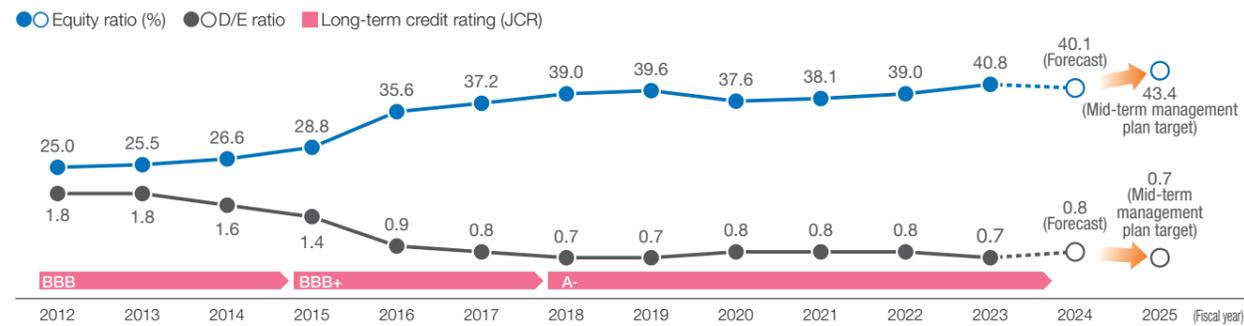
* Companies constituting the Foil and Powder Products segment including Toyo Aluminium K.K. were planned to be excluded from the scope of consolidation following the transfer of shares. However, the shares were not transferred, and it was decided that those companies will continue to constitute the Aluminum Foil Business Group as our consolidated subsidiaries.
<https://www.nikkeiholdings.com/news/news/common/pdf/p2024103102hde.pdf>

Financial Strategy

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

Our Environment

During the ten years since we introduced the pure holding company system, we have proactively reinforced our financial foundation while also stably providing shareholder returns based on the cash flows created by increasing our earnings capacity through cooperation within the Group. The consolidated equity ratio was improved from 25.0% in FY2012 to 40.7% in FY2023, which is the most recent figure. In parallel with this, the D/E ratio has also improved, settling at below 1.0. While we have not presently issued bonds, etc. in Japan, our long-term credit rating has also improved, and is currently maintained at the A- level. During the 2023 mid-term management plan, we are aggressively investing in future growth with a focus on products for automobiles, transportation, semiconductors, and other fields, aiming to increase the equity ratio by enhancing business performance. Meanwhile, we understand that an immediate task that we face is promoting management with an awareness of capital efficiency that is even greater than before to increase shareholder return while continuing to reinforce our financial foundation.



Basic Financial Policy

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

Regarding the 2023 mid-term management plan, although the market environment is currently fluctuating greatly, including the price of aluminum ingots and exchange rates, we have not changed our initial targets for FY2025 which we previously disclosed, based on the assumption that we will respond to the various changes in the situation in a Group-wide manner. We also aim to continue to increase dividends. To do this, we aim to achieve operating profit of 30.0 billion yen.

	FY2019 results	FY2020 results	FY2021 results	FY2022 results	FY2023 results	FY2024 forecasts (6/15)	FY2025 Targets in the mid-term management plan
Net Sales	465.9	432.6	486.6	517.0	523.7	560.0	530.0
Operating Profit	24.6	24.2	22.2	7.5	18.2	21.0	30.0
Ordinary profit	23.5	24.0	22.9	8.9	19.0	20.0	30.0
Profit attributable to owners of parent	7.5	3.4	16.8	7.2	9.9	13.0	20.0
ROCE*1	8.0%	8.4%	8.7%	3.2%	6.0%	6.3%	10.3%
Total payout ratio	74.6%	119.6%	31.4%	43.0%	34.3%*2	33.4%	31.0%

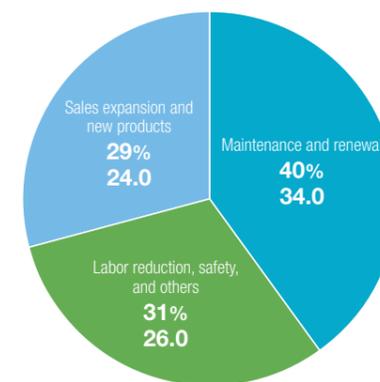
*1 ROCE (return on capital employed): Ordinary profit before interest / Capital employed at the beginning of the fiscal year
 *2 The financial results for the first half of FY2024 were retroactively corrected reflecting changes in accounting policies, and profit attributable to owners of parent for FY2023 was corrected from 9.0 billion yen to 9.9 billion yen. However, the total payout ratio for FY2023 indicated above was calculated based on profit before the correction.

Cash Allocation

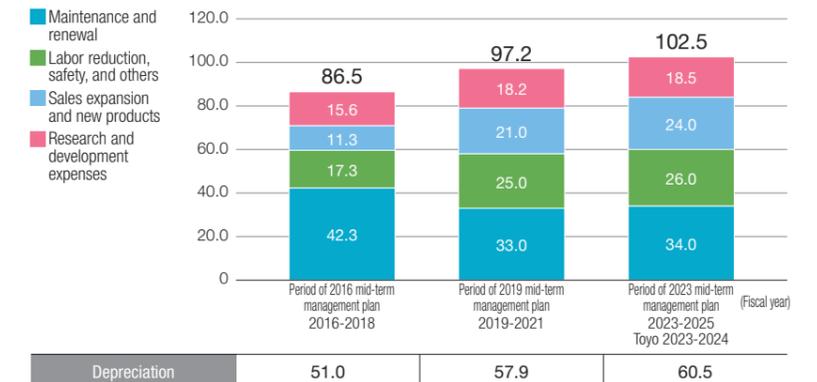
Our policy is to use net cash provided by operating activities to provide stable dividends based on our policy. Under past mid-term management plans, we allocated cash in ways that attached importance to the improvement of our financial standing. However, since the 2019 mid-term management plan, under which a certain level of improvement was seen in our financial standing, we have proactively allocated cash to investments for continued growth. Recently, we have changed the timing of investments from what was initially planned, reflecting the slowdown of the overseas automotive markets. Under the 2023 mid-term management plan, however, we will continue to aggressively invest at a level that far exceeds depreciation. Regarding the content of investments, we will increase the ratios of investments in sales expansion of new products and investments for environmental measures, in line with the Group's material issue themes. We will also increase research and development expenses which are the source of our new future products. If surplus funds are generated under these policies, we will use them to improve our financial standing, in activities such as the repayment of interest-bearing debt and the increase of our cash position. Further, if a promising large-scale investment project occurs, we will consider it flexibly on the condition that we maintain our financial discipline (D/E ratio at 1.0 or below) and long-term credit rating.

Item	2016 mid-term management plan	2019 mid-term management plan	2023 mid-term management plan
Operating CF	97.0	91.9	83.0
Shareholder returns	(15.5)	(15.2)	(12.0)
Reinforcing the financial foundation	(31.9)	(3.3)	14.0
Capital investment CF	(49.6)	(73.4)	(85.0)
Depreciation	51.0	57.9	60.5
Research and development expenses	15.6	18.2	18.5

Breakdown of investments under 2023 mid-term management plan (construction) (Unit: billion yen)

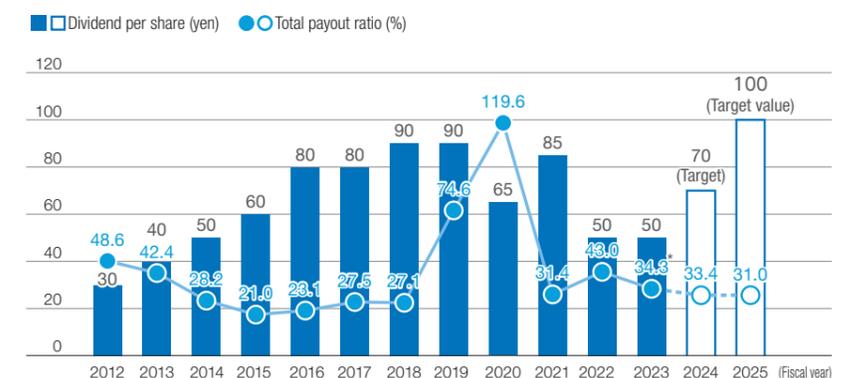


Amounts invested in construction and R&D (Unit: billion yen)



Shareholder Return Policy

Our basic shareholder return policy is to provide dividends to our shareholders by comprehensively considering the consolidated financial results and other factors from a medium- to long-term perspective while striving to strengthen our financial standing and management foundation. A total payout ratio of 30% or higher is the indicator for profit allocation, while we also consider balancing this with the investments needed to achieve sustainable growth. We select methods of returning profits to shareholders by comprehensively considering our cash position, equity ratio and other factors, aiming to sustainably and stably provide shareholder returns.



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

* The financial results for the first half of FY2024 were retroactively corrected reflecting changes in accounting policies, and profit attributable to owners of parent for FY2023 was corrected from 9.0 billion yen to 9.9 billion yen. However, the total payout ratio for FY2023 indicated above was calculated based on profit before the correction.

Dialogue with Shareholders and Investors

FY2023 Initiatives

We implemented initiatives to strengthen investor relations as in FY2022, so that our enthusiastic dialogue with our shareholders and investors will increase their interest in us and their understanding of us and help improve both the financial and non-financial aspects of our corporate value.

In FY2023, our initiatives focused attention on the progress in our 2023 mid-term management plan strategies, the level of certainty regarding our achievement of financial targets, our response to changes in the market environment and the prices of raw materials and other materials, and the significance of and plan regarding the promotion of management reforms, among other activities. At the same time, we communicated with shareholders and investors during IR briefings and other opportunities to increase their interest in us and listen to their opinions and requests.

Key points in the enhancement of initiatives in FY2023

Key points of initiatives	Contents of the enhancement
Increasing understanding of medium- and long-term strategies and measures	Limited the topics of IR briefings to medium- to long-term initiatives (including the promotion of management reforms and carbon neutrality strategies)
Increasing understanding of our business model	Held a business briefing on the Alumina and Chemicals Segment of the Chemicals Business Group
Creating opportunities for dialogue	Held a small meeting with the President and a meeting with Outside Directors
Increasing the frequency of communication	Increased the number of opportunities for dialogue with the Director in charge of corporate planning (for securities analysts and institutional investors in Japan)
Disclosing the content of dialogue	Disclosed the Q&A Summary of Briefing on Financial Results (held on the day the quarterly financial results were announced) on our website (an English translation was also disclosed)

Major dialogue events with shareholders and investors in FY2023

Briefing

	Main responsible people	Date	Attendees (number of companies)		
			Institutional investors in Japan	Overseas institutional investors	Securities companies
IR Briefing	President and Chief Executive Officer	May	3	0	7
		November	4	0	7
Results briefing	Director and General Manager of the Planning Administration Dept., Officer in charge of accounting	May	3	1	7
		July	8	1	7
		October	4	2	8
Business briefing on the Alumina and Chemicals Segment	Nippon Light Metal Co., Ltd. General Manager of the Chemicals Division	September	9	0	7
		January	10	4	10
Small meeting with the President	President and Chief Executive Officer	March	3	0	6

Individual interviews

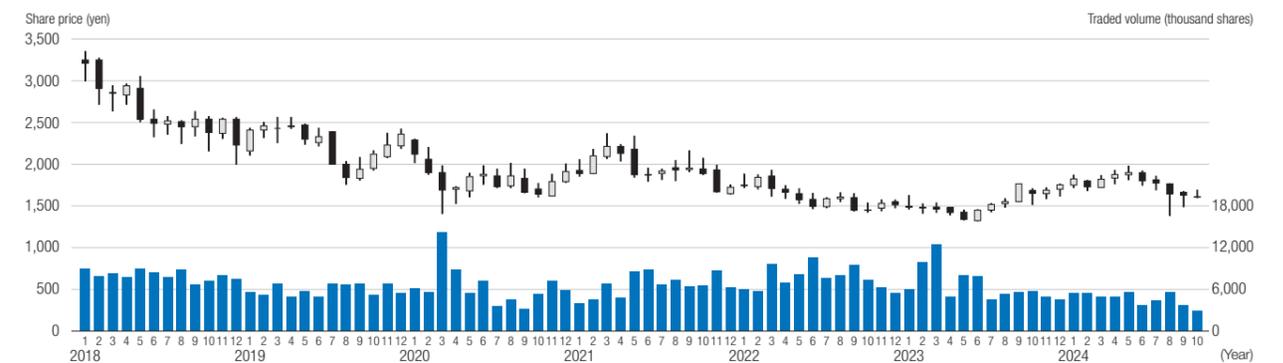
Main responsible people	Institutional investors in Japan	Overseas institutional investors	Securities companies
Director, General Manager of Planning Administration Dept.	4 times	—	8 times
Outside Director	—	1	—
Planning Administration Dept. Public Relations	37 times	24 times	22 times

Opinions of investors and Outside Directors and our initiatives reflecting their opinions

Opinions and needs of investors, and their requests
<ul style="list-style-type: none"> Enhance IR activities. (Increase opportunities to share information and disclose progress in measures and tasks.) Unsure if investors' opinions have been communicated to management. Want to hear what the President thinks and feels. Want to know what the management discuss regarding their understanding of, approach to, and direction for the decline in capital efficiency and capital variation and about shareholder returns. Improve governance and push forward with business integration and structural reforms.
Opinions and needs of Outside Directors, and their requests
<ul style="list-style-type: none"> Information about the management of the Company may not be fully communicated to the market. (The business portfolio is complicated. What are its growth drivers and the sources of its competitiveness?) Information provided to shareholders and investors is insufficient. (Insufficient information may have led to a decline in the evaluation of the Company.) Regularly report IR activities to the Board of Directors

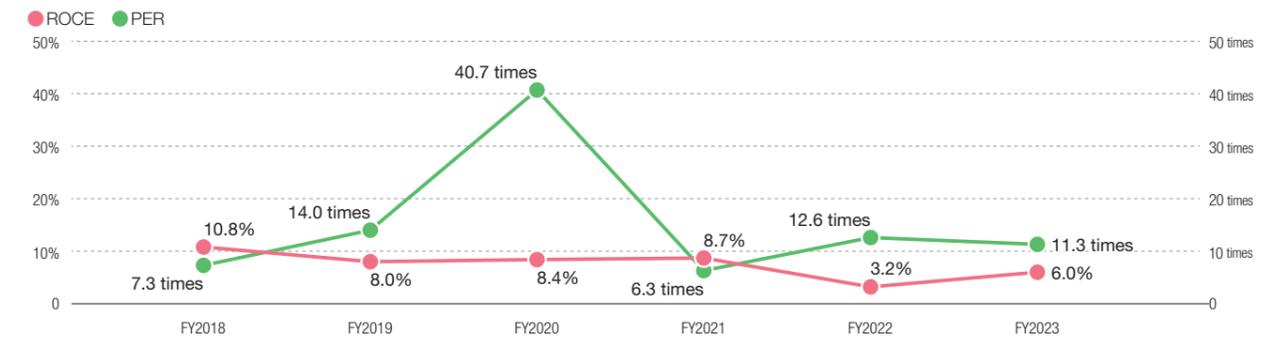
Our initiatives reflecting these opinions, needs, and requests
<ul style="list-style-type: none"> Held business briefings and plant tours (deepened people's understanding of the business model) Improved the content of briefing materials and information disclosure methods. (Visualized management issues and progress in strategies.) Energized Q&A sessions and dialogue at IR briefings, financial results briefings, etc. Held a small meeting with the President (to be held regularly from FY2024 onward). Increased the frequency of opportunities for dialogue with the President and the Director in charge of corporate planning. (Enhanced communication.) Created opportunities for dialogue with Outside Directors. Promoted management reforms (strengthening of the supervisory function of the Board of Directors and grouping of business and functional organizations). Sharing the requests and needs of shareholders and investors as necessary, including regular reports (about once a year) with the Board of Directors

Share price



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

ROCE and PER



(Note) ROCE (return on capital employed): Ordinary profit before interest / capital employed at the beginning of the fiscal year (shareholders' equity + interest-bearing debt - cash and deposits)
To measure the profitability and growth potential of our businesses, we use ROCE, which is less affected by leverage, as the indicator of investment efficiency and one of our management indicators.

Current initiatives for improving capital efficiency

Content of the initiatives	Increasing the ratio of profit to net sales	Improving total asset turnover	Optimizing financial leverage	Increasing growth potential Reducing business risks
	<ul style="list-style-type: none"> Implementing 2023 mid-term management plan strategies (the growth of profit in growth areas such as automobiles and semiconductor-related areas, and using new products) Achieving financial targets (ordinary profit of 30.0 billion yen and profit of 20.0 billion yen) Promoted management reforms (strengthening of the supervisory function of the Board of Directors and grouping of business and functional organizations). 	<ul style="list-style-type: none"> Implementing 2023 mid-term management plan strategies (Increasing net sales with growth in profit ingrowth areas such as automobiles and semiconductor-related areas, and with new products) Policy and stance on capital investment (judgments regarding the content of market-oriented investments, their size, level, and timing, and the revision of the timing of investments in accordance with the demand situation while maintaining the proactive stance on sales promotion and new products in the 2023 mid-term management plan) Inventory levels managed within each segment to keep them appropriate Reviewing and gradually decreasing the cross-shareholdings of the Company and its subsidiaries 	<ul style="list-style-type: none"> Proactive stance on growth investments and making sound decisions Using surplus funds, if generated, to improve our financial position (repayment of interest-bearing debt and increase of our cash position) D/E ratio (keeping the level below 1.0) Maintaining the long-term credit rating 	<ul style="list-style-type: none"> Implementing 2023 mid-term management plan strategies, enhancing both the financial and non-financial aspects of corporate value, and promoting management reforms Achieving financial targets (ordinary profit of 30.0 billion yen and profit of 20.0 billion yen) Shareholder returns based on stable dividends (total payout ratio of 30% or higher) Strengthening investor relations (visualizing management issues and progress in strategies, deepening understanding of business models, and increasing opportunities for dialogue and meetings) Providing feedback to management, including the regular reporting of shareholders' and investors' requests and needs to the Board of Directors
	Increasing ROE Enhancing the ability to make money efficiently			Increasing PER Increasing expectations for growth

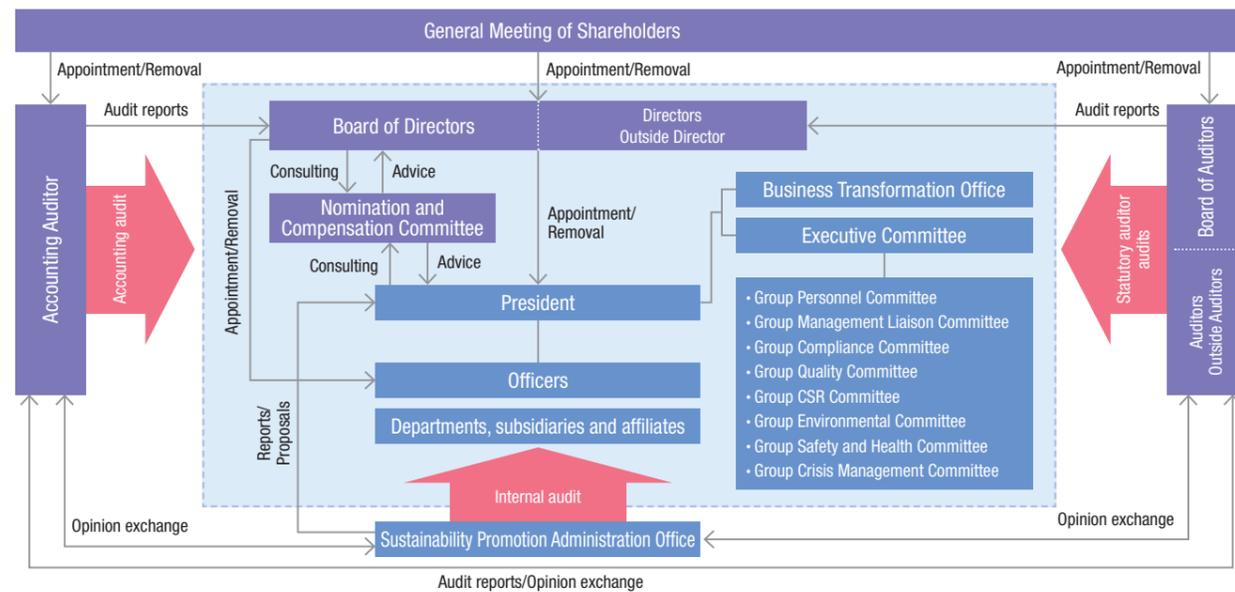
Policy and Structure

The NLM Group has introduced a pure holding company system and operating companies operate under Nippon Light Metal Holdings Co., Ltd. ("NLM HD"), the holding company. NLM HD aims to maximize corporate value by working to achieve sustainable growth and enhance its competitiveness through the

formulation and determination of Group-wide strategy, strategic allocation of management resources, and the supervision of operating company management.

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

Governance Structure (As of October 2024)



Progress of Enhanced Corporate Governance

NLM HD has been gradually strengthening its governance system, considering that corporate governance is one of its most important management challenges.

In June 2024, as part of its management reforms, NLM HD rebuilt its Group governance structure (see page 47 for details) and strengthened the supervisory function of its Board of

Directors through actions such as increasing its Outside Directors to more than 50% of the board (see page 42 for details).

NLM HD will continue to revise its governance system in line with the intent of the Corporate Governance Code and other guidance.

Initiatives for Enhancing Corporate Governance

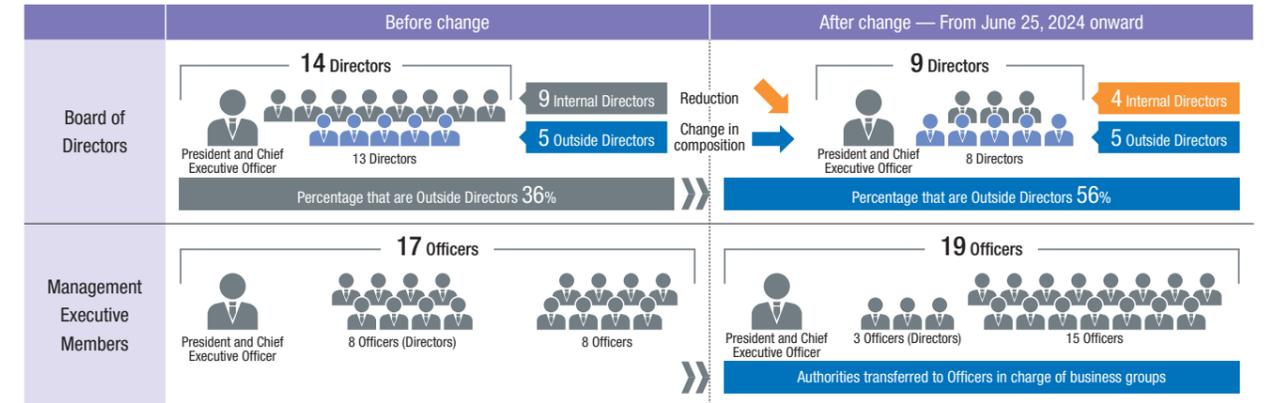
	From 2012	From 2016	From 2018	2020	2021	2022	2023	2024
Ensuring the diversity of the Board of Directors								
Appointment of Outside Directors	2	3	4	5				
Appointment of female Directors				1 person appointed				
Skills matrix					Skills matrix created			
Improving the effectiveness of the Board of Directors								
Separation of supervision and execution	Introduction of an executive officer system			Introduction of an executive officer system based on delegation agreements		<ul style="list-style-type: none"> Reduction of the total number of Directors from 14 to 9 (with Outside Directors being the majority of the board) Abolishment of Director and Officer in charge of a business group as concurrent positions Introduction of the Senior Executive Officer system 		
Evaluation of the effectiveness of the Board of Directors					Questionnaire survey conducted and improvement initiatives taken			
Compensation system for Directors and Officers					Introduction of stock compensation	Introduction of a performance-based stock compensation system		
Nomination and Compensation Committee				Establishment of the Nomination and Compensation Committee				

Strengthening of the Supervisory Function of the Board of Directors (Promotion of Management Reforms)

In June 2024, as part of the Company's management reforms, the Board of Directors was redefined as "an organization that fulfills a supervisory function, mainly including the formulation of Group strategies aimed at maximizing the corporate value of the NLM Group," and the number of Directors was reduced from 14 to 9, with Outside Directors being a majority of the board. At the same time, the practice of holding Director and Officer in charge

of a business group positions concurrently was ended and authorities were transferred to Officers in charge of business groups.

Through these initiatives, the Company will strengthen the supervisory function of the Board of Directors and enhance and accelerate its strategic decision-making, thus promoting the reform of governance to help maximize corporate value.

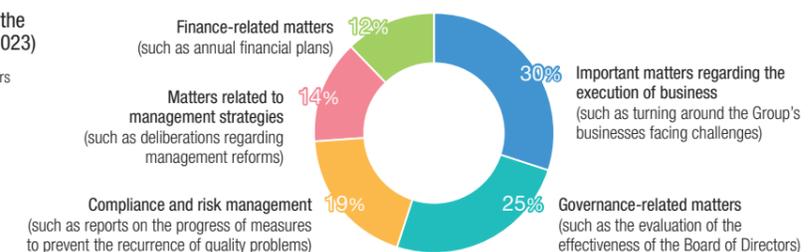


Organizations and Meeting Structure

Organization	Board of Directors	Nomination and Compensation Committee	Board of Auditors
Composition	<ul style="list-style-type: none"> Internal members: 9 Outside members: 5 (56%) 	<ul style="list-style-type: none"> Internal members: 3 Outside members: 6 (83%) 	<ul style="list-style-type: none"> Internal members: 3 Outside members: 4 (60%)
Basic Policies	The Board of Directors shall fulfill their supervisory function, mainly including the formulation of Group strategies aimed at maximizing corporate value, and shall be composed of Directors from within NLM HD and Outside Directors who have experience and knowledge that enable strategic decision-making and the supervision of the business execution of the Group as a whole.	The Committee shall consist of three or more members including the President and Chief Executive Officer, and Independent Outside Directors shall be the majority of its members to ensure the transparency and fairness of the decision-making process related to the nomination of Directors and the compensation system. In addition, the Board of Directors appoints one of the Independent Outside Directors who is a member of the Committee as its chairperson.	The Board of Auditors conducts auditing activities that maintain an independence from management by securing the participation of Outside Auditors with experience and insight into many fields. In addition, the Board Office that supports auditing operations of Auditors is assigned dedicated employees not subject to the direction or orders of Directors.
Authorities and responsibilities	The Board of Directors makes decisions on the basic and important management matters of the NLM Group, and supervises the status of Directors and Officers in the execution of their duties.	The Committee discusses and reports on matters determining nomination and compensation in response to a request for consultation from the Board of Directors and President.	Auditors audit the status of internal control including compliance, risk management and the timely disclosure of information from the perspective of enhancing the effectiveness of corporate governance.
Term	1 year	1 year	4 years
Body that appoints (selects) its members	General Meeting of Shareholders	Board of Directors	General Meeting of Shareholders
Maximum number of members	15	Not limited	7
Frequency of meetings	Every month *FY2023: 13 times	3 times a year *FY2023: 6 times	Regularly *FY2023: 13 times
Major matters deliberated in FY2023	<ul style="list-style-type: none"> Deliberations regarding management reforms (structural reforms) Revisions to the compensation system for Directors and Officers (introduction of a performance-based stock compensation system) (See page 45 for details.) Turning around the Group's businesses facing challenges (including the truck body business) Reports on the progress of measures to prevent the recurrence of quality problems within the NLM Group 	<ul style="list-style-type: none"> Appointment of Directors and Officers associated with management reforms and structural reforms Introduction of a new compensation system for Directors and Officers Total amount of compensation for Directors for FY2023 and policy for determining it 	<ul style="list-style-type: none"> Communication and exchange of information with Directors and Officers Exchange of information with auditors of operating subsidiaries, internal auditing department, and the accounting auditor

Matters deliberated by the Board of Directors (FY2023)

* Based on the number of matters submitted for discussion



Governance

Organization	General Manager/Chairperson	Frequency (principle)	Details	Major activities and agenda items in FY2023
Business Transformation Office	Director of the Company	1-2 times a month *FY2023: 21 times	In response to the results of the investigations into the quality-related misconduct incidents within the Group and the prevention of their recurrence, etc., which were announced in March 2023, this office plays the leading role in promoting reforms within the NLM Group, so that the Group's initiatives to prevent recurrence will be implemented effectively without delay, with the core initiatives of promoting management reforms and strengthening internal control functions.	This office sets specific targets and deadlines for, and manages the progress of, each one of the initiatives to prevent the recurrence, including the planning and implementation of investigations of business sites which have yet to be investigated (domestic and overseas business sites which were not to subject to investigations by the Special Investigation Committee), the planning and implementation of site manager meetings and workplace visits, and the quarterly publication of their progress.
Executive Committee	President and Chief Executive Officer of the Company	2 times a month *FY2023: 31 times	As a body that assists the President and CEO in decision making, the Executive Committee is comprised mainly of Directors (excluding Outside Directors), Officers and Auditors (excluding Outside Auditors) of the Company. The Committee discusses and makes decisions on policies related to NLM Group management and important items concerning management execution. While matters that specifically require resolution of Board of Directors and other important management items are decided by the Board, the Executive Committee serves as a body that reviews matters before they are resolved by or reported to the Board. It determines the agenda and points for discussion, thus facilitating constructive debate and exchanges of opinions among the Board of Directors.	Regarding the promotion of management reforms and the strengthening of the internal control function, which are core Group initiatives to prevent the recurrence of the quality problems, the Committee has specifically discussed the grouping of the business and functional organizations of the Group and the strengthening of the supervisory function of the Company's Board of Directors. In June 2024, the Committee determined and announced management reforms based on these discussions. In addition, the Committee has positioned the truck body business, the automotive parts business in North America, and other businesses as the Group's businesses that are facing challenges. It promotes the reform of these businesses and monitors the progress of these efforts.
Main meeting structure	Chairperson	Frequency (principle)	Details	Major activities and agenda items in FY2023
Group Compliance Committee	President and Chief Executive Officer of the Company	4 times a year *FY2023: 4 times	The Committee examines issues and problems regarding overall compliance and deliberates and determines measures to ensure compliance becomes entrenched and established. ➔ See pages 55 and 56 for details.	<ul style="list-style-type: none"> Revision of the Group Compliance Code Development and delivery of tools for increasing awareness of compliance Establishment of a complaint processing mechanism
Group Quality Committee	President and Chief Executive Officer of the Company	2 times a year *FY2023: 2 times	The Committee pushes forward with quality management, analyzes the cause of serious quality problems, discusses how to prevent their recurrence, shares information about quality audits and other activities, and implements other initiatives. ➔ See pages 63 and 64 for details.	<ul style="list-style-type: none"> Checking the progress of measures to prevent the recurrence of serious quality problems Revisions to criteria for reporting serious quality problems Quality Day initiatives (workplace discussion and establishment of a quality slogan)
Group CSR Committee	President and Chief Executive Officer of the Company	2 times a year *FY2023: 2 times	The Committee deliberates a wide range of matters and makes decisions regarding the NLM Group's material issues.	<ul style="list-style-type: none"> Confirmation of the progress of ESG Promotion Plan Establishment of standards for reporting legal risks Initiatives to protect and respect human rights
Group Environmental Committee	President and Chief Executive Officer of the Company	2 times a year *FY2023: 2 times	The Committee meets to discuss basic environmental policy and activity promotion plans, report serious environmental problems and the results of environmental audits, and deliberate and propose initiatives related to environmental matters. ➔ See pages 57 to 60 for details.	<ul style="list-style-type: none"> Initiatives to reduce environmental mishaps Carbon neutrality (Scope 1, 2, and 3) initiatives Confirmation of the progress of the Group's decarbonization strategy and the actions to be taken in the future
Group Crisis Management Committee	General Manager of Planning Administration Dept. of the Company	Every other month/ as needed *FY2023: 4 times	The Committee investigates crises (classified into four levels, from Level 0 to Level 3) that have occurred or may occur within the NLM Group, determines necessary countermeasures, and gives directions to related departments. ➔ See page 53 for details.	<ul style="list-style-type: none"> Response to the Noto Peninsula Earthquake Establishment of the Group Countermeasures Headquarters (former NLM Disaster Control Headquarters) Review of measures to address risks taken by departments in charge of each risk

Coordination Between Auditors, Internal Auditing Department, and Accounting Auditor

Internal audit

Internal audits are performed by the internal auditing department based on an annual auditing plan, and involve audits related to the execution of business by subsidiaries and evaluations of

internal control related to financial reporting. Recommendations for improvements and corrective action are issued as needed after verifying the appropriateness and effectiveness of internal control.

<ul style="list-style-type: none"> Internal auditing department Auditing cycle Reporting of audit results 	Sustainability Promotion Administration Office Every three years, in principle, on a subsidiary-by-subsiary basis The status of the improvement and evaluation of internal audits and internal control is reported to the Board of Directors twice a year.
<ul style="list-style-type: none"> Cooperation with Auditors 	The internal auditing department and Auditors maintain independence from one another while coordinating to ensure that audits are conducted efficiently, such as by exchanging views and sharing information as needed with regard to auditing targets, auditing methods and the status of risks. Additionally, they hold three-way meetings involving the accounting auditor (Ernst & Young ShinNihon LLC) twice a year to exchange views on internal control issues associated with audits and financial reporting, among other topics.

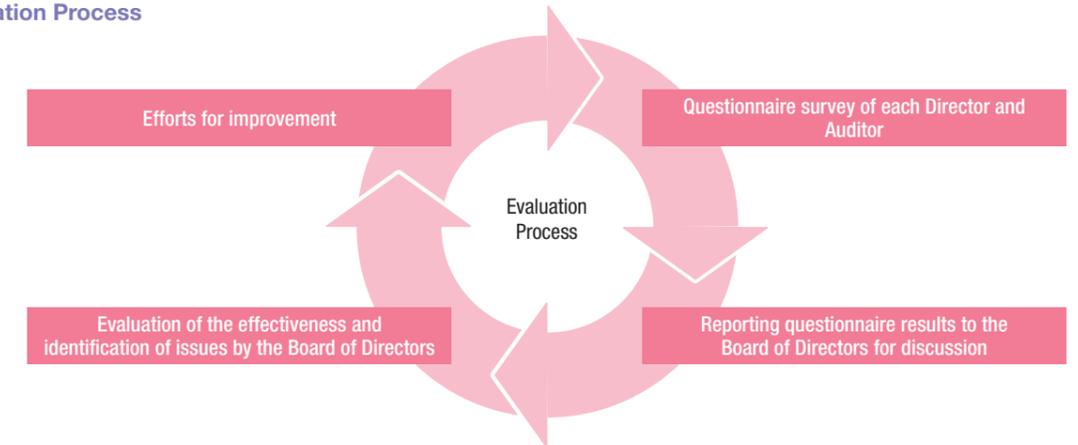
Evaluation of the Effectiveness of the Board of Directors and Summary of Evaluation Results

Evaluation of the Effectiveness of the Board of Directors

To verify that the Board of Directors is functioning appropriately overall and to take appropriate measures including improving upon issues based on the results, the effectiveness of the Board

of Directors is evaluated each year (one or more times a year) to ensure its functions continue to be improved in an ongoing manner.

Evaluation Process



The effectiveness of the Board of Directors in FY2023 was evaluated in the form of a self-evaluation, including a questionnaire survey of all Directors and Auditors that was conducted in April 2024. The results of the questionnaire were discussed at the Board of Directors meeting held in May 2024 before the effectiveness evaluation for FY2023 was performed and the tasks to be done in FY2024 were shared.

- Subjects:** All Directors and Auditors
- Evaluation method:** 5-point scale + Free description
- Major evaluation items:** Operation of the Board of Directors
Supervisory function
Risk management
Decision-making function
Matters that were deliberated (The Nomination and Compensation Committee was also evaluated.)

Summary of evaluation results

Tasks to be done in FY2023	<ul style="list-style-type: none"> Reviewing criteria for determining matters to be submitted to the Board of Directors and increasing opportunities to provide prior explanations and information so as to increase the substance of the discussions of the Board of Directors Organizing business site inspection tours as opportunities to provide information to Outside Officers (KPI: Two or more times a year)
FY2023 initiatives	<ul style="list-style-type: none"> The revision of the criteria for determining matters to be submitted to the Board of Directors was discussed in light of the changes to the roles of the Board of Directors. (The criteria were revised effective June 2024, and initiatives including the selection of themes for discussions related to the elevation of monetary standards and company-wide strategies were taken.) Progress of measures to prevent the recurrence of the quality problems, initiatives for management reforms and structural reforms, and other management issues were deliberated and resolutions were passed by the Board of Directors after creating sufficient opportunities for people to provide information and share their understanding of issues, such as several rounds of deliberation and opportunities for deliberation outside the meetings of the Board of Directors. Two business site inspection tours were organized for Outside Officers, thus deepening their understanding of a wide range of the Group's businesses. The tours were also used as opportunities to confirm the Group's management issues, etc. through direct communication with people working on site.
Business sites that were inspected	<ul style="list-style-type: none"> Atsugi Plant of Nippon Fruehauf Co., Ltd. (Business: Manufacturing of various types of transportation equipment, including van bodies, trailers, and containers) It was selected as a business site to inspect, mainly reflecting the aspects of the business as a business facing challenges. Kota Plant of Nikkei MC Aluminium Co., Ltd. (Business: Manufacturing of aluminum secondary alloy ingots, which are made mainly from scrap generated from aluminum products) It was selected as a business site to inspect mainly because the secondary alloy business plays an important role from the viewpoint of sustainability.
FY2023 evaluation	Active and open constructive statements and discussions occur with the sharing of information and understanding as the premises for discussion. On the whole, the effectiveness of the Company's Board of Directors is ensured.
Issue	<ul style="list-style-type: none"> Setting themes for deliberation which help improve corporate value in the medium to long term and enhancing discussion Further energizing discussions about IR activities, including the sharing of information about dialogue with investors
Policy for initiatives in FY2024	<ul style="list-style-type: none"> Select agenda items based on the criteria for determining matters to be submitted to the Board of Directors, which were revised based on the changes in the roles of the Board of Directors (the separation of the business execution function and the formulation of medium- to long-term Group strategies), enhance discussion, and improve the operations of the Board of Directors.

Compensation

Revision of the Compensation System for Directors and Officers

In June 2024, the Company revised the compensation system for its Directors (excluding Outside Directors) and Officers as part of its management reforms.

Revisions to the compensation system

Type	Item	From 2021	From 2024
Monetary payment	Fixed	○	○
	Variable	○	○
Stock-based payment	Fixed	○ Introduction	○
	Variable	○ Introduction*	○ Introduction*
Status		Previous system	New system

* For details of the newly introduced stock compensation system, please see the Notice of the Introduction of a Performance-Based Stock Compensation System for Directors and Officers, a news release dated May 15, 2024 (Japanese only).
<https://www.nikkeikinholdings.co.jp/news/news/common/pdf/p2024051501hd.pdf>

Background behind the Revision

Theme	Before (Problems)	After (Visions)
Compensation levels	Compared to other companies of the same size outside the Group, the current level of the compensation provided by the Company is lower than the benchmark.	Setting the compensation level that the Company should target referencing other companies' benchmarks
Structure of compensation	The variable compensation ratio is low compared to the compensation structures of companies of the same size outside the Group.	Changing the compensation structure to increase the variable compensation ratio
Incentive systems (performance indicators, STI,*1 and LTI*2)	STI is linked only to short-term financial indicators, and LTI is not linked to performance, etc.	Establishing an incentive system that is in line with the Company's Management Policy and is linked closely to performance

*1 Short-Term Incentive

*2 Long-Term Incentive

Outline of the Revisions

● Revising compensation levels

Revising compensation levels to make them appropriate in light of the duties performed at a company that is listed on the Prime Market and operated under a holding company system

Adopting the companies from all industries which are listed on the Prime Market that have the same level of operating profit as the Company as a benchmark.

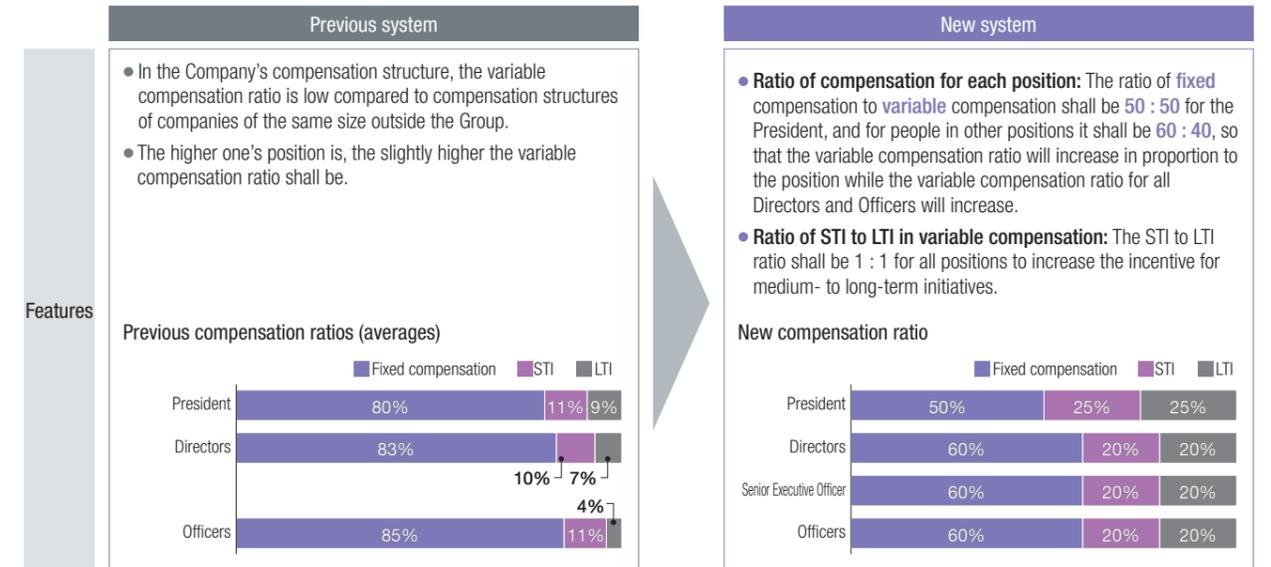
● Revising the compensation structure

Enabling compensation to appropriately reflect the Company's (financial and non-financial) performance and the performance of individuals

Increasing the ratio of variable compensation to the total amount of compensation after the revision of the levels

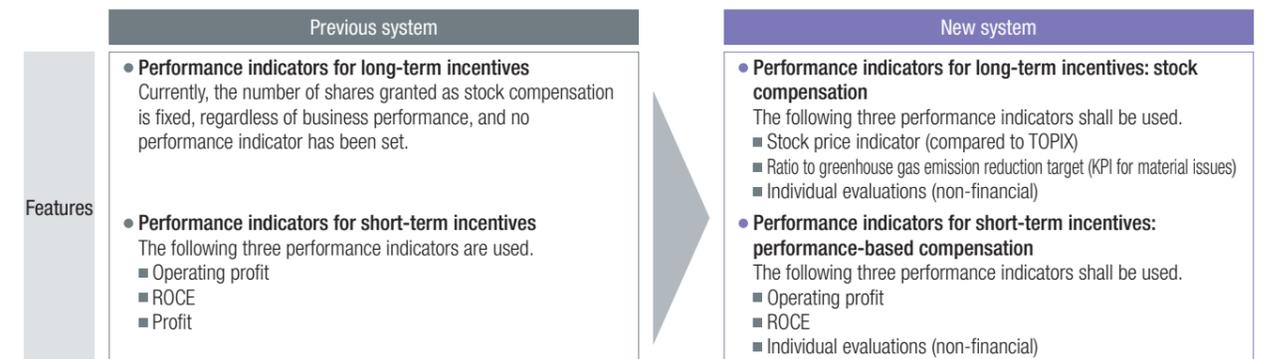
Policy on Compensation Structure

- The Company shall increase the variable compensation ratio for all positions so that compensation will appropriately reflect its business performance and the performance of Directors and Officers. The variable compensation ratio shall be set higher for people in higher positions who have greater responsibilities regarding the performance of the business.



Policy on the Incentive System (Performance Indicators)

- Financial and non-financial performance indicators shall be set for both STI and LTI to help increase the motivation to achieve medium- to long-term performance targets and the Management Policy.



Outline of the New System (Structure)

- Total amount of compensation = Basic compensation + Performance-based compensation + Stock compensation



Structure of compensation	Calculation method	Type
Basic compensation	Amount set for each position	Monetary payment Fixed amount
Performance-based compensation	Standard amount of compensation for each position x [0% to 200%*1]	Monetary payment Variable amount
Stock compensation (1) (2)	(1) Granting restricted stock for each position which is not linked to performance (2) Granting performance-based restricted stock for each position Standard amount of stock compensation for each position x [0% to 200%*2]	Stock-based payment (1) Fixed amount + (2) Variable amount

*1 Operating profit, ROCE, and ratings of individuals *2 Stock price (compared to TOPIX), ratio to greenhouse gas reduction target, and ratings of individuals

Group Governance

Since June 2024, the NLM Group has been operating under a reorganized structure, in which businesses (Group companies) that are adjacent to each other in terms of market sector and process have been bundled into eight business groups and service functions have been grouped into eight organizations. This reorganization was implemented with the goal of transforming the Group's decentralized governance, which was an issue, so that the structure of the organization enables cooperation within the Group.

Structured in this way, the Group will promote the following initiatives from an elevated and broad management perspective.

- The review and optimization of resource allocation, human resource distribution, the product and business portfolios, and other aspects of business by overcoming the existing organizational barriers (constraints)
- The integrated operation of governance, quality, safety enhancement, sustainability and carbon neutrality, and new business and new product development

Business group

The Company's Officers are the heads of the individual business groups and fulfill executive responsibilities for the business groups they are in charge of to maximize the NLM Group's corporate value.

Functional Organizations

The Company's Officers are the heads of the individual functional organizations, enhancing the functions and governance of small departments with insufficient human resources and redefining what the organizations in charge of services should be like.

	Business groups (new structure)	Business/market sector	Constituent subsidiaries and business divisions	
President	Chemicals Business Group	● Aluminum chemicals and carbon products	Chemicals Div. of NLM, Nippon Electrode, etc.	
	Metal Business Group	● Primary ingot and secondary alloy ingot	Metal Business Div. of NLM, Nikkei MC Aluminium, etc.	
	Sheet & Extrusion Business Group	● Sheet products and extrusion products	Sheet Products Div. of NLM, Nikkeikin Aluminium Core Technology, etc.	
	Engineering Business Group	● Panel systems and landscape engineering	Nikkei Panel System, Nikkei Engineering, etc.	
	Transport Equipment Business Group	● Truck bodies	Nippon Fruehauf, etc.	
	Automotive Parts Business Group	● Automotive parts	Nikkeikin ALMO, etc.	
	Infrastructure Business Group	● Factory infrastructure and logistics	Kambara Complex and Tomakomai Complex of NLM, Nikkei Logistics, etc.	
	Aluminum Foil Business Group	● Aluminum foil, powder products, and daily necessities	Toyo Aluminium, etc.	
	Functional organizations (new structure)			
		Business Transformation Office		
	Quality Assurance Administration Dept.	● Quality assurance and product safety		
	Technology & Development Administration Dept.	● Technology and development and research		
	Marketing & Incubation Administration Office	● Product development, business and product creation, and mergers and acquisitions		
	Sustainability Promotion Administration Office	● CSR, auditing, legal affairs, labor safety, and the environment		
	Corporate Personnel Administration Office	● Personnel affairs, general affairs, accounting, and purchases		
	Planning Administration Dept.	● Corporate planning, information systems, and PR and IR		
	Green Growth Strategy Office			

Cross-Shareholdings

The basic policy on cross-held shares is to reduce them. Shares of a business partner may be acquired and held only where it is recognized that the acquisition and holding of these shares will contribute to strengthening the relationship with the business partner and facilitating smooth business operations.

Cross-held shares are reviewed every year by examining whether assets are being used efficiently, comprehensively considering the status of transactions and other matters. For stocks which are found to not have a particularly compelling reason for holding them, the number of shares held is reduced by selling them.

In FY2023, as a result of review of all the cross-held shares conducted in accordance with the above reduction policy, the Company reduced the number of shares held as shown in the table at right. The results of

review and the sale of stocks were reported to the Board of Directors, and their validity was confirmed.

Details of cross-shareholdings are provided in securities reports issued by the Company.

● Securities reports are available for viewing on the Company's website (Japanese only). <https://www.nikkeikinholdings.co.jp/ir/ir-data/p6.html>

Fiscal year	2021	2022	2023
Number of cross-held stocks with a reduced number of shares	6	4	8
(Of which, the number of stocks where all held shares were sold)	4	1	4
Ratio of cross-held listed stocks to total assets (%)	2.3		
Ratio of cross-held listed stocks to net assets (%)	5.1		

Message from an Outside Director



To transcend barriers to become a groundbreaking innovator of aluminum and beyond

Tatsuya Tanaka, Outside Director

I was appointed to be an Outside Director in June 2021. I would like to frankly express my evaluation of the NLM Group, its future issues, and my recommendations, based on my experience of having served as the top management of an IT-related manufacturer.

First, I understand that Outside Directors have a duty to monitor management and provide advice on it. Based on this understanding, my first mission is to provide advice each time a business decision is being made. It is not easy for top management to detach from their background and the current situation and make bold decisions. If President Okamoto has a destination that he desires to reach by transcending barriers, I would like to support him in taking the first step toward transcending these barriers from the objective perspective of an Outside Director.

Another duty is related to IT and DX. I think I can provide advice based on the knowledge and experience I have acquired through my involvement in IT businesses, from the perspective of using digital data to proactively transition to offense-oriented management. Further, in my position, I am particularly conscious of providing advice regarding globalization and regional revitalization which are issues that Japanese companies have in common.

It has been more than three years since I became an Outside Director, and I think that the environment of the Group's Board of Directors is very open. Under the leadership of President Okamoto, the environment allows people to express their unrestricted opinions. I also have a very good impression of the Board of Directors regarding its demonstration of its effectiveness.

However, an example of a future issue that the Board of Directors faces is that the issues on the agendas of the meetings of the Board of Directors tend to be short-term issues. I believe that the Board of Directors will be further revitalized if Management Executive Members and Outside Directors engage in lively discussions from medium- and long-term perspectives, including discussions regarding human capital management, proactive DX and the reconsideration of business models.

I also feel that it is important that the outside officers are exchanging information. We have established the A&D (Auditor & Director) Liaison Meeting as a place for Outside Directors and Auditors to exchange information, even though it is an unofficial meeting, and begun efforts such as discussing the revision of Group governance to use these discussions during the deliberations of the Board of Directors, etc.

Additionally, management reforms were pushed through during the 2023 mid-term management plan. This was a result of efforts reflecting the discussions of the Nomination and Compensation Committee and the Board of Directors, which is something that I evaluate highly.

I cannot erase the impression that incomplete governance was a remote cause of the quality problems. Based on the report on the results of the investigations by the Special Investigation Committee, progress has been made not only in ensuring thorough governance of each Group company but also in reforming the corporate culture through site manager meetings, which are attended by managers of individual sites and other team members, as well as workplace visits by President Okamoto himself. The Nagoya Plant of Nippon Light Metal Co., Ltd. and Nikkei Niigata Co., Ltd. received JIS certification again in April 2024. I understand this to be the achievement of a milestone.

Looking at management issues, to develop rapidly into a groundbreaking innovator of aluminum and beyond as new Team NLM, aggressive management based on improved strategic capability of the overall Group is required.

I think one of its constituents is manufacturing with commitment to being No.1. It is of paramount importance to work on a set target, which may be a small market, with a sense of urgency. If flexible thinking is necessary, it would be a good idea to promote young people daringly. It would also be good to be determined not to rule out M&A where technologies in a different field are needed. Achievement of the No.1 position will also increase employees' motivation, and synergetic effects, such as chances to collaborate with external parties, are also expected.

Another constituent is use of IT and DX. While there have been significant breakthroughs in generative AI recently, the key to effective utilization of generative AI lies in data. I think that visualizing and sharing the data resources accumulated by the NLM Group will enable the seamless utilization of the value chain knowledge and expertise that has been cultivated by the Group over many years, which will definitely lead to groundbreaking innovation in aluminum and beyond.

I think that the Group's management reforms are leading steadily to the strengthening of its governance, as symbolized by the changes to the members of the Board of Directors. I have been serving customers on the front lines of business in Japan and other countries for many years, though I have dealt in different products. I understand that my duty is to fully use the knowledge I have cultivated in those activities to serve as a springboard for the Group as it transcends barriers to become a groundbreaking innovator of aluminum and beyond. I strongly hope that this integrated report will enable stakeholders to understand the determination of the new NLM Group and the passion of all of its officers and employees.

List of Officers



- ① Ichiro Okamoto, President and Chief Executive Officer
- ② Yasunori Okamoto, Director and Executive Vice President
- ③ Shuichi Asakuno, Director and Senior Executive Officer
- ④ Hiroyuki Matsudaira, Director and Senior Executive Officer

- ⑤ Ryoichi Hayashi, Outside Director
- ⑥ Keiko Tsuchiya, Outside Director
- ⑦ Tatsuya Tanaka, Outside Director
- ⑧ Tetsuhiro Hosono, Outside Director
- ⑨ Kiyoshi Miyake, Outside Director

- ⑩ Hideo Hirotsawa, Full-time Auditor
- ⑪ Yuji Suzuki, Full-time Auditor
- ⑫ Yoshiki Sato, Outside Auditor
- ⑬ Shintaro Kawai, Outside Auditor
- ⑭ Jinseki Kim, Outside Auditor



List of Officers & Skills Matrix

Category	Name	Title	Profile	Number of shares held	Skills						
					Corporate management	Manufacturing & Technology R&D IT	Sales Marketing Product development	Finance Accounting Banking	Governance Risk management Legal & Compliance	Personnel HR Development	Global experience
Directors	Ichiro Okamoto	President and CEO	April 1981: Joined Nippon Light Metal Co., Ltd. June 2006: Officer of Nippon Light Metal Co., Ltd. June 2009: Director and Executive Officer of Nippon Light Metal Co., Ltd. June 2012: Director and Senior Executive Officer of Nippon Light Metal Co., Ltd. October 2012: Director of Nippon Light Metal Holdings Co., Ltd. June 2013: President and CEO of Nippon Light Metal Co., Ltd. June 2015: President and CEO of Nippon Light Metal Holdings Co., Ltd.	38,852	○	○	○		○		○
	Yasunori Okamoto	Director	April 1980: Joined Nippon Light Metal Co., Ltd. June 2008: Officer of Nippon Light Metal Co., Ltd. June 2012: Executive Officer of Nippon Light Metal Co., Ltd. October 2012: Officer of Nippon Light Metal Holdings Co., Ltd. June 2013: Director of Nippon Light Metal Holdings Co., Ltd. June 2013: Director and Executive Officer of Nippon Light Metal Co., Ltd.	20,196	○			○	○	○	
	Shuichi Asakuno	Director	April 1988: Joined Nippon Light Metal Co., Ltd. June 2017: President and CEO of Nikkei MC Aluminium Co., Ltd. June 2021: Director of Nippon Light Metal Holdings Co., Ltd.	6,456		○	○		○		○
	Hiroyuki Matsudaira	Director	April 1989: Joined Shin Nikkei Co., Ltd. June 2010: Joined Nippon Light Metal Co., Ltd. June 2018: Officer of Nippon Light Metal Co., Ltd. June 2021: Officer of Nippon Light Metal Holdings Co., Ltd. June 2021: Executive Officer of Nippon Light Metal Co., Ltd. June 2022: Director of Nippon Light Metal Holdings Co., Ltd.	6,376				○	○		
	Ryoichi Hayashi	Outside Director	April 1974: Joined Mitsubishi Corporation April 2007: General Manager of Mitsubishi Corporation March 2012: President of MMP K.K. July 2012: Senior Corporate Counsellor of Energy Business Group of Mitsubishi Corporation June 2013: Outside Director of Nippon Light Metal Holdings Co., Ltd. March 2014: Director of Tokai Carbon Co., Ltd.	6,405	○		○				○
	Keiko Tsuchiya	Outside Director	April 1981: Joined DENTSU INC. October 2005: Executive Officer, Head of HR Division, Asia-Pacific Region of GE Toshiba Silicones Co., Ltd. (now Momenite Performance Materials Japan LLC) February 2011: Vice President, Human Resources Division of Johnson & Johnson K.K. August 2015: Director of Adecco Ltd. June 2020: Outside Director of Nippon Light Metal Holdings Co., Ltd.	4,775	○					○	○
	Tatsuya Tanaka	Outside Director	April 1980: Joined Fujitsu Limited April 2012: Corporate Officer of Fujitsu Limited April 2014: Corporate Executive Officer of Fujitsu Limited January 2015: Vice President of Fujitsu Limited June 2015: Representative Director and CEO of Fujitsu Limited June 2019: Executive Officer of Nippon Light Metal Co., Ltd. April 2020: Director, Chairman of Fujitsu Marketing Limited October 2020: Director, Chairman of Fujitsu Japan Limited	2,015	○	○	○		○		○
	Tetsuhiro Hosono	Outside Director	April 1976: Joined the Ministry of International Trade and Industry July 2006: Director-General of Manufacturing Industries Bureau, the Ministry of Economy, Trade and Industry July 2009: Commissioner of Japan Patent Office August 2010: Director-General of Agency for Natural Resources and Energy May 2012: Advisor to Mizuho Corporate Bank, Ltd. (now Mizuho Bank, Ltd.) June 2015: Executive Director of Middle East Institute of Japan June 2016: President and Representative Director of JECC Corporation April 2018: Chairman & CEO of Japan Organization for Metals and Energy Security	0	○	○		○	○		○
	Kiyoshi Miyake	Outside Director	April 1983: Joined Dai-ichi Kangyo Bank, Ltd. April 2010: Executive Officer of Mizuho Corporate Bank, Ltd. (now Mizuho Bank, Ltd.) April 2012: Managing Executive Officer of Mizuho Corporate Bank, Ltd. April 2016: Deputy President of Mizuho Bank, Ltd. April 2020: Chairman of Mizuho Securities Co., Ltd. June 2022: President & Representative Director of Chuo-Nittochi Group Co., Ltd.	0	○		○	○			○
	Auditors	Hideo Hirose	Full-time Auditor	April 1984: Joined Nippon Light Metal Co., Ltd. June 2016: President and Chief Executive Officer of Nikkei Technology Center Co., Ltd. June 2019: President and Chief Executive Officer of Nikkei Extrusions Co., Ltd. June 2021: Full-time Auditor of Nippon Light Metal Holdings Co., Ltd. June 2021: Auditor of Nippon Light Metal Co., Ltd.	5,376			○			○
Yuji Suzuki		Full-time Auditor	April 1985: Joined Nippon Light Metal Co., Ltd. June 2016: Executive Officer of Asahi Mutual Life Insurance Company June 2023: Officer of Nippon Light Metal Holdings Co., Ltd. June 2023: Executive Officer of Nippon Light Metal Co., Ltd. June 2024: Full-time Auditor of Nippon Light Metal Holdings Co., Ltd. June 2024: Auditor of Nippon Light Metal Co., Ltd.	3,325		○					○
Yoshiki Sato		Outside Auditor	April 1972: Joined Asahi Mutual Life Insurance Company April 2003: Executive Officer of Asahi Mutual Life Insurance Company April 2004: Managing Executive Officer of Asahi Mutual Life Insurance Company July 2004: Director and Managing Executive Officer of Asahi Mutual Life Insurance Company July 2008: President and Representative Director of Asahi Mutual Life Insurance Company April 2017: Chairman and Representative Director of Asahi Mutual Life Insurance Company	0	○		○	○	○		
Shintaro Kawai		Outside Auditor	April 1993: Registered as an attorney in Tokyo Bar Association April 1993: Joined Central Law Office July 2008: Partner of Clair Law Firm December 2010: Established Kawai Law Office June 2017: Substitute Auditor of Nippon Light Metal Holdings Co., Ltd. June 2018: Outside Auditor of Nippon Light Metal Holdings Co., Ltd.	1,575					○		
Jinseki Kim		Outside Auditor	December 1992: Joined Tomono Tax Accounting Office October 1994: Joined Century Audit Corporation (now Ernst & Young ShinNihon LLC) June 2003: Joined KPMG AZSA & Co. (now KPMG AZSA LLC) July 2015: Opened Jinseki Kim CPA Office as its representative December 2015: Chief Executive Officer of Accounting Workshop Co., Ltd. June 2018: Substitute Auditor of Nippon Light Metal Holdings Co., Ltd.	1,344				○	○		○

Officers

 <p>Senior Executive Officer Kaoru Kusumoto General Manager of Aluminum Foil Business Group</p>	 <p>Senior Executive Officer Toshikazu Tanaka General Manager of Transport Equipment Business Group</p>	 <p>Senior Executive Officer Masahito Saotome General Manager of Sheet & Extrusion Business Group Deputy General Manager of Aluminum Foil Business Group</p>	 <p>Officers Kazuyoshi Sugiyama General Manager of Green Growth Strategy Office Sustainability Promotion Administration Office, in charge of Environmental Protection</p>	 <p>Officers Isao Shikine General Manager of Infrastructure Business Group Sustainability Promotion Administration Office, in charge of Health and Safety</p>	 <p>Officers Haruhiko Takahashi Corporate Personnel Administration Office In charge of Accounting</p>
 <p>Senior Executive Officer Toshihiro Matsuba General Manager of Technology & Development Administration Dept.</p>	 <p>Senior Executive Officer Yoshiaki Ito General Manager of Metal Business Group</p>	 <p>Senior Executive Officer Masakazu Ichikawa General Manager of Sustainability Promotion Administration Office</p>	 <p>Officers Toshiharu Hatamoto General Manager of Automotive Parts Business Group</p>	 <p>Officers Hidetomo Shirai Technology & Development Administration Dept., in charge of Technology, in charge of NPS</p>	 <p>Officers Toshio Yanagimoto General Manager of Engineering Business Group</p>
			 <p>Officers Ken Kinoshita General Manager of Chemicals Business Group</p>	 <p>Officers Koichi Isshiki General Manager of Planning Administration Dept.</p>	 <p>Officers Takashi Hayashiguchi General Manager of Marketing & Incubation Administration Office</p>

Risk Management

Policy

The NLM Group manages risks to its business strategy such as direct and indirect losses, the suspension or shutdown of business, damage to credibility or brand image, and so on.

We classify the risks surrounding our business into nine risk categories, and establish and operate policies and systems that are appropriate for the probability and impact of each risk.

Framework

The basic framework for managing particularly important risks for overall Group management and each area of business has been set forth in the Group Risk Management Regulations. Risks are identified according to a process of identifying potential risks, assessing their likelihood, and assessing their impact.

Based on the results of the assessment of identified risks, we develop risk management policies and systems that include crisis response plans, formulate an annual plan for each, and manage risks based on the plans.

The department responsible for each risk recognizes each priority risk as something affecting the entire NLM Group and engages in management so that overall and individual risks are

mitigated and avoided, and so that a response can be put into practice in the event a risk materializes.

The risk management status at each Group company is monitored through audits conducted by the risk management department, including quality audits, environmental audits, labor audits, and IT audits. The statuses determined from these audits are reported by the risk management department at risk management meetings as reports on the status of individual issues or general status reports so that the information is shared. They are reported to the NLM Holdings Group Executive Committee, and subsequently to the Board of Directors twice a year.

Plan and Initiatives

In FY2023, the Group Risk Management Regulations were revised so that risks can be addressed systematically. Regarding the risks stated in these regulations, the major operational and

hazard risks and the evaluation of the responses to these risks are as follows.

Risk category	FY2023 Plan and Initiatives						Evaluation		
	Major risks	What will be affected				Response/results			
		Financial accounting	Schedule	Resource	Customer satisfaction				
Operational risks	Compliance risks	<ul style="list-style-type: none"> Violation of laws or rules, and harassment Operational fraud Defect in the framework for remediating infringements on human rights 	●	●	●	●	<ul style="list-style-type: none"> Compliance meetings and training Raising awareness of recurrence prevention (site manager meetings and workplace visits) Establishment of a complaint mechanism and formulation of relief procedures 	○ ○ △*1	
	Product and service defects	<ul style="list-style-type: none"> Decline in quality awareness Overlooking of high-risk development projects Shortage/uneven allocation of human resources in charge of quality practices 	●	●	●	●	<ul style="list-style-type: none"> Compliance training, Quality Day initiatives, audits, and provision of information about rules Management and evaluation of products to which laws and regulations apply and of quality risks Establishment of efficient personnel distribution, checking of the sufficiency of human resources, and rotation of human resources 	○ ○ △*2	
	Environmental issues	<ul style="list-style-type: none"> Violation of environmental laws or regulations and environmental mishaps Shortage of human resources in charge of practical environmental tasks Deterioration of environmental equipment 	●	●	●	●	<ul style="list-style-type: none"> Training sessions on laws and regulations, audits, prompt communication of information, and information sharing Provision of information about past environmental mishaps to the next generation of human resources in onsite environmental audits, etc. Regular inspections and replacement, installation of equipment to prevent problems 	○ ○ ○	
	Health and safety issues	<ul style="list-style-type: none"> Injuries caused by being pinched or caught in machinery or equipment Occurrence of lost-time injuries Violation of laws and regulations and violation of rules 	●	●	●	●	<ul style="list-style-type: none"> Inspection of dangerous spots, strategy meetings, and information sharing Inspection of sites where injuries have occurred and horizontal deployment within the Group Support for actions taken in response to instructions from supervising offices, holding of training sessions, and assistance in the identification and addressing of issues 	○ ○ ○	
	Information system issues	<ul style="list-style-type: none"> Cyberattack Software license compliance Abuse/defect of information system Shortage of IT human resources 	●	●	●	●	<ul style="list-style-type: none"> CSIRT training, collection of information, addition of security products, and introduction of multi-factor authentication Internal software audits and development of an IT asset management system Introduction of an IT control and management system and expansion of the system for activating information technology general control (ITGC) Introduction of outsourcing services, use of generative AI, and provision of IT training 	○ ○ ○ △*3	
	Leakage of trade secret	<ul style="list-style-type: none"> Leakage of electronic information assets 	●	●	●	●	<ul style="list-style-type: none"> Diagnosis of IT issues at all sites, provision of training, and strengthening of CSIRT 	○	
	Export security	<ul style="list-style-type: none"> Unauthorized exports and violation of trade restrictions 	●	●	●	●	<ul style="list-style-type: none"> Communication of information about the revision of laws, checking of the status of export control, and checking of the status of judgments regarding whether restrictions apply or not 	○	
	Failure in the timely disclosure of information	<ul style="list-style-type: none"> Inadequate communication 	●	●	●	●	<ul style="list-style-type: none"> Increase in the frequency of opportunities to engage in dialogue and improvement of the materials and methods for disclosing information 	○	
	Hazard risks	Natural disasters	<ul style="list-style-type: none"> Natural disasters 	●	●	●	●	<ul style="list-style-type: none"> Continuing to ensure disaster early warning alerts are provided, establishment of stockpiles, development of BCPs, and implementation of disaster drills 	△*4
		Accidents	<ul style="list-style-type: none"> Accidents 	●	●	●	●	<ul style="list-style-type: none"> Courtesy calls to police, fire departments, and related organizations and attendance of their general meetings, etc. 	○

Measures for items evaluated as △

*1 The establishment of a framework for remediating infringements on human rights is planned to be completed within FY2024.

*2 Coordination is underway to rotate human resources in charge of quality practices in 2024.

*3 Coordination is underway for beginning to outsource some IT-related operations in 2024.

*4 Preparations are being made for the implementation of tabletop BCP exercises and training on establishment of a disaster control headquarters in FY2024.

○: Complete/annual progress target was achieved.

△: Initiatives were taken but the target has yet to be achieved.

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 matters related to handling of information systems for storing and using the information are stipulated in the Group Information System Management

Regulations. We implement initiatives that help improve the reliability of the organization and corporate value in an ongoing fashion through the protection and utilization of information as an important management resource.

This policy along with plans and initiatives based on the policy are deliberated on and decided by the Executive Committee and reported to the NLM Holdings Board of Directors.

Framework

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

The Internal Control Department is responsible for non-physical aspects such as the development of information management rules and systems, and also coordinates with various risk management departments including Legal Affairs, Intellectual Property, General Affairs and Human Resources.

The Systems Department handles hardware aspects such as the maintenance and upkeep of information and communication system equipment.

To discuss and solve compound issues such as the security, maintenance, and utilization of information, Risk Management Meetings (RMM) involving the Internal Control, Systems, Legal Affairs, Intellectual Property, General Affairs, Human Resources, Compliance, and Public Relations departments are held in alternate months. During RMMs, risks are identified and assessed, and measures to address issues are discussed.

Matters decided in RMMs are communicated to Group companies and departments by the Information Management Officers and Information Systems Personnel appointed by each Group company and department.

To monitor the status of implementation for all Group companies and departments, once a year the Internal Control Department performs an inspection of information management systems and their operational status, and the Systems Department carries out IT audit. Information security-related issues, inspection results, and other information is reported to the NLM Holdings Group Executive Committee and Board of Directors twice a year.

Information security framework



FY2023 Initiatives

As in the previous fiscal year, measures to strengthen security were taken in parallel with measures to strengthen system management and control regarding the business systems of the Group as a whole.

1. Identification of the current status of systems and implementation of measures to prevent information leaks and other security measures

Measures	Plan/result	Evaluation
Diagnosing IT issues at all sites	Plan: 39 sites Result: 39 sites Security check sheet added	○
Performing penetration tests at all sites	Plan: 174 servers Result: 65 servers in the first half + 109 servers in the second half	○
Training to address targeted email attacks	Plan: 2 times a year Result: Provided in August and February	○
Holding liaison meetings with staff from Japan and other countries	Plan: 2 times a year in Japan, 2 times a year overseas Result: Held in Japan in May and November Held overseas in September (Southeast Asia) and October (China)	○
Strengthening CSIRT	Plan: 2 times a year Result: Implemented in December and March	○
Expansion of measures to strengthen authentication when using cloud services	Expansion of measures to strengthen authentication to other cloud services	○
Expanded use of products for strengthening the security of terminals (EDR)	Plan: All 6,500 units Result: 6,021 units Measures for servers are being implemented on an ongoing basis.	○
Implementation of security e-learning program	Preparations are under way for implementation in FY2024.	△*1

2. Ongoing implementation of data backup and restoration and disaster recovery measures

Measures	Plan/result	Evaluation
Implementing disaster recovery tests of critical systems	Plan: 13 servers Result: 15 servers	○
Review of information tools to be used in the event of a disaster	Information tools are being studied.	△*2

3. Continuing review of management regulations and compliance with IT general controls (ITGC)

Measures	Plan/result	Evaluation
Revision of the Group Information System Management Regulations	Revision of the password policy (October)	○
Making all systems ITGC compliant	Development of a control system (operations began in September)	○

*1 Planned in December 2024

*2 System selection planned to be completed within FY2024

○: Planned figure/number of events achieved.

△: Planned figure/progress not achieved.

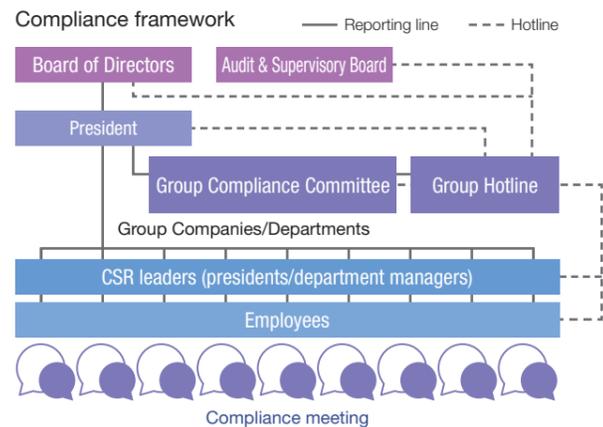
Compliance

Policy

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

So that the Group Compliance Codes can be referenced by all employees whenever they have difficulty making a decision in their work, they are included in a handbook that compiles the NLM Group Management Policy, the NLM Group Business Conduct Guidelines, and the NLM Group Hotline Regulations (whistleblowing system). The handbook is translated into eight languages (English, Chinese, Thai, Vietnamese, Portuguese, Hindi, Spanish and French) and distributed to all Group officers and employees. We will observe the NLM Group Compliance Codes and think and act from other people's points of view to be fair and honest.

Framework



Compliance meeting

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

Group Hotline (Whistleblowing System)

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

The Group Hotline imposes a confidentiality obligation on the people who respond to whistleblowing reports, and the information about whistleblowing reports will not be shared or disclosed without the whistleblower's consent. The whistleblowers themselves and people who are the subjects of whistleblowing complaints are also prohibited from leaking any facts about the whistleblowing to other people. The disadvantageous treatment of whistleblowers, such as harassment or retaliation, is also strictly prohibited.

When information about a whistleblower is disclosed to the subject of a whistleblower complaint in the course of an investigation, the subject of the whistleblower complaint is prohibited from contacting the whistleblower except for business communication.

If a whistleblower has been treated disadvantageously, the top officer in charge of the Group Hotline (president of NLM Holdings) orders relief and recovery measures to be taken.

Group Compliance Committee

The Group Compliance Committee (chaired by the president of NLM Holdings) handles the promotion of compliance in the NLM Group. The committee deliberates and decides on measures to verify issues and problems related to compliance in general, as well as measures ensuring that compliance is established and firmly takes root in the organization. Regarding the ongoing issues of the Group as a whole and the measures to address the issues, actions are being taken under a Compliance Promotion Plan formulated for the Group as a whole, for each Group company, and for each department. The progress of the measures is reported to the Group Compliance Committee on a quarterly basis. For serious compliance issues that occur suddenly, causes, corrective action, disciplinary action and measures to prevent recurrence, etc. are reported to the Group Compliance Committee. The committee conducts additional investigations as necessary and deliberates and decides on necessary measures. Matters decided by the Group Compliance Committee are communicated to and implemented by CSR leaders, who are responsible people from Group companies and departments.

Plan FY2022-2024 Compliance Promotion Plan

1. Compliance Promotion Framework

- Operation of the Group Compliance Committee**
 - Revision of the Rules of the Group Compliance Committee
 - Continuing to hold Compliance Promotion Meetings
- Assignment of CSR leaders and CSR promotion personnel**
- NLM Group Compliance Codes**
 - Revision
 - Initiatives for raising awareness of and ensuring the Codes become entrenched within the Group
- Improvement and operation of the whistleblowing system**
 - Revision of the system, making the new system known, and increasing awareness of it
- Coordination with related departments**

2. Initiatives for Compliance Promotion

- Implementing PDCA for organizational culture reforms**
 - P: Formulation of the Compliance Promotion Plan
 - D: Implementation of the plan
 - C: Anonymous employee survey
 - A: Analysis of the result and correction of the plan
- Enhancement of communications**
 - Compliance meeting
- Promotion of compliance at overseas sites**
 - Making the Group Hotline (GHL) known
 - Formulation and implementation of the Compliance Promotion Plan
 - Holding compliance meetings

4. Compliance awareness raising

- Power harassment prevention training
- Single-session training (tiered training, expatriate training, etc.)
- Development and delivery of awareness-raising tools (digital content, compliance lecture meeting, etc.)

3. Protecting and Respecting Human Rights

- Establishment of a complaint mechanism
- Formulation of relief procedures

FY2023 Initiatives

Reforms of Organizational Climate We are reforming our organizational climate, aiming to build a sound, open organization.

Implementation items	Plan/target	Results	Evaluation
Compliance Promotion Plan	The Group will implement PDCA for the Compliance Promotion Plan.	Each Group company formulates (P) and implements (D) the Promotion Plan for the next fiscal year based on the review (C and A) of the Promotion Plan for the past fiscal year. Example initiatives: <ul style="list-style-type: none"> Whistleblowing demonstration and training Clear statement of methods for handling confidential information Visualization of issues, complaints, and problems in workplaces using workplace questionnaire surveys Designation of the department in charge of each applicable law to ensure compliance 	△: Actions being taken Unique, specific initiatives based on the results of anonymous employee surveys and various case examples have been increasing.
Anonymous employee survey	Anonymous employee surveys are conducted to reveal potential risks related to quality, accounting and compliance.	We will implement the third anonymous employee survey in 2024. Subjects: Approx. 14,000 officers and employees	△: Being planned Results of the initiatives in the Compliance Promotion Plan will be checked using an anonymous employee survey.
Compliance meeting	We hold a compulsory biannual Compliance Meeting with the goal of engaging in dialogue between employees on the theme of compliance.	In FY2023, the participation rate was 94%. Recent themes: <ul style="list-style-type: none"> Whether we are acting in accordance with the Group Business Conduct Guidelines and the Group Compliance Code Whether our workplaces have an open atmosphere Compliance issues faced by the company/department 	○: Ongoing In the PDCA for the Compliance Promotion Plan, the meeting is an important opportunity to check the current status of workplaces.

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

Implementation items	Plan/target	Results	Evaluation
Power harassment prevention training	We provide power harassment prevention training for managers and supervisors responsible for production sites four times a year.	A total of approx. 389 managers and supervisors from 95 companies have participated in the training program as of FY2023.	○: Ongoing In the questionnaire survey, which was conducted on a five-point scale, 90% of participants selected one of the top two answers, very satisfied or satisfied, as their overall assessment of the training program.
Tiered training (single-session training)	We provide compliance training as part of tiered training.	Training that was given: New employee training, mid-level employee training, managerial training, next-generation manager training	○: Ongoing The training programs are used as opportunities to share compliance-related knowledge and awareness which are necessary in each tier.
Development and delivery of awareness-raising tools	We will introduce the Learning Management System (LMS).	<ul style="list-style-type: none"> In February 2024, compliance training using LMS was provided at Nippon Light Metal Co, Ltd. Original comic-based teaching materials were created to make compliance more familiar. 	△: Implemented Moving forward, we will expand LMS to the whole Group and enhance its content.
Compliance lecture meeting	We hold a compliance lecture meeting for employees once a year.	In FY2023, approx. 1,783 employees attended the lecture meeting. Theme: <ul style="list-style-type: none"> Learning about compliance using examples of violations 	○: Implemented It was held on the sidelines of the site manager meeting, and site managers shared the content of the lecture with people in their workplaces.

Group Hotline (Whistleblowing System) At the NLM Group, we are implementing initiatives to make our whistleblowing system more reliable.

Implementation items	Plan/target	Results	Evaluation															
Group Hotline (Whistleblowing System)	We will work to make the Group Hotline known, increase awareness of it, and make it more reliable.	Number of requests for consultation and whistleblowing complaints lodged with the Group Hotline <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Requests for consultation</th> <th>Whistleblowing complaints</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>17</td> <td>16</td> </tr> <tr> <td>2021</td> <td>20</td> <td>24</td> </tr> <tr> <td>2022</td> <td>28</td> <td>16</td> </tr> <tr> <td>2023</td> <td>27</td> <td>28</td> </tr> </tbody> </table>	Fiscal Year	Requests for consultation	Whistleblowing complaints	2020	17	16	2021	20	24	2022	28	16	2023	27	28	△: Actions being taken As a result of the activities for making the system known and awareness-raising activities, the number of times the hotline is used, including consultation requests, has been increasing. We will take necessary measures by analyzing factors for the increase in the number of times the hotline is used mainly based on the results of the anonymous employee survey.
Fiscal Year	Requests for consultation	Whistleblowing complaints																
2020	17	16																
2021	20	24																
2022	28	16																
2023	27	28																

The Environment

Policy

Basic Environmental Policy

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

This will lead to the protection of our shareholders, business partners, employees and local communities - the foundation for our existence - and translate into sound business activities. In

addition, through socially responsible activities related to the environment, we will endeavor to create a truly prosperous society as a good corporate citizen.

Action Guidelines

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

* Major items only. See the website for details.
<https://www.nikkeikinholdings.co.jp/csr/environment/0601.html>

Framework

Environmental Management System

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

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

The initiatives to achieve carbon neutrality by 2050 are included in the activities of the Green Growth Strategy Office.

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

Environmental Management System



Action Plan

- The committee strengthens the environmental risk management stance of the NLM Group as a whole through coordination between sites.
 - The committee engages in activities including carbon neutrality to protect the global environment to help build a sustainable society and resolve social issues.
- Meetings of environmental managers**
- To enhance the Group's environmental risk management stance, the meeting:
- Takes preventive measures and also takes permanent measures to prevent the recurrence of trouble that has occurred in the past
 - Conducts environmental audits with a focus on field locations
 - Strives to develop human resources and improve capabilities through environmental management education and having site managers conduct environmental audits of other sites
- To help realize a sustainable society and solve social issues, the meeting:
- Promotes initiatives to achieve carbon neutrality and protect biodiversity

Targets and Results

Material Issues	Key Performance Indicator (KPI)	Target value	FY2023 results	Our assessment	Tasks to be done
Reducing the company's GHG emissions Scope 1, 2	● Scope 1 and 2 emissions per unit of sales (Japan)	FY2030: 30% reduction compared to FY2013 FY2050: Net zero	0.87 tons CO ₂ /million yen	○	● Continuing to implement energy-saving initiatives and promoting fuel conversion and electrification
Reducing the GHG emissions of the supply chain Scope 3	● Scope 3 emissions per unit of sales (Japan)	FY2030: 30% reduction compared to FY2013 FY2050: Net zero	5.11 tons CO ₂ /million yen	○	● Promotion of horizontal recycling of expanded aluminum materials and use of green aluminum
Preventing environmental pollution	● Number of environmental incidents and complaints	Continue to achieve 0 incidents and complaints	18 environmental incidents and 18 complaints	×	● Group-wide expansion of countermeasures and prevention of occurrence and recurrence of similar incidents • Implementing 100% of the environmental audit plan • Taking measures to address 100% of the mishaps that occurred in the previous fiscal year • Implementing 100% of the plan for training sessions on laws and regulations (newly added in FY2024) • Implementing onsite confirmations of environmental incidents and complaints • Checking the degree to which participants understood training sessions on laws and regulations

Action Plan

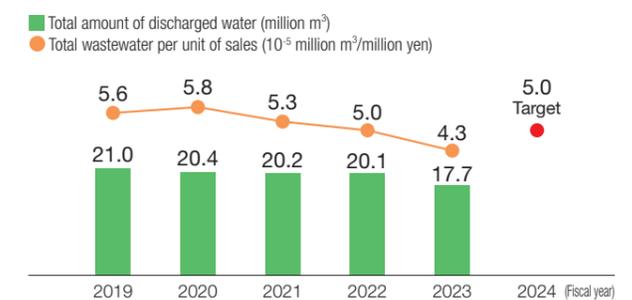
Action Plan	FY2023 Plan	FY2023 Results
1 Reducing environmental mishaps	Zero environmental mishaps ● Taking measures to address 100% of the mishaps that occurred in the previous fiscal year	18 incidents, 18 complaints, 18 abnormalities Measures taken to address 98% of mishaps
2 Conducting environmental audits	Conducting environmental audits at 15 sites ● Implementing 100% of the environmental audit plan	Conducted at 15 sites 100% implemented
3 Development of environmental human resources	Ensuring that employees hold qualifications under environmental laws Conducting training sessions on laws	Fulfilled at all the 49 sites Training sessions on laws and regulations (Air Pollution Control Act, Act on Special Measures against Dioxins, and Water Pollution Prevention Act) were held. More than 100% implemented
	● Implementing 100% of the plan for training sessions on laws and regulations Having environmental managers take part in environmental audits of other sites	A total of 40 environmental managers participated
4 Greenhouse gas emission reduction and carbon neutrality initiatives	Activities for reducing greenhouse gas emissions	CO ₂ emissions per unit of sales 1% reduction compared with the previous fiscal year (Japan)
5 PCB processing	Continuing the processing of high-density PCB and content analysis and processing of low-density PCB	High-density: 99.9% achieved Low-density: 38% achieved
6 Environmental management at major overseas production sites	Environmental audits at 5 sites (2 sites in China, 3 sites in Thailand) Holding of the 7th meeting of environmental managers in Thailand	Implemented at 3 sites in Thailand (audits of 2 sites in China were postponed) Held the 7th meeting of environmental managers in Thailand
7 Compliance with laws and regulations	Disseminating information on revised laws and regulations	Conducted
8 Conservation of biodiversity	Promotion of biodiversity conservation activities	Ongoing activities underway at all 49 sites
9 External disclosure of information about environmental activities	Responding to the CDP Responding to EcoVadis	Response submitted (scores: C for climate change and C for water security) Response submitted (rating: bronze)
10 Cooperation with industry organizations	Cooperating with the Japan Aluminium Association Exchanging information at Furukawa Sansuikai events	Participated in the committee and reached out to the national and other governments about environmental policies through the association Participated in the liaison conference for promoting environmental measures

Environmental Targets and Results (Japan only)*1

Energy consumption (Japan)



Wastewater amount (Japan)



Waste emissions (Japan)



Amount of landfill waste (Japan)



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

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

FY2023 Initiatives

Environmental Mishaps

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

In FY2023, there were 18 environmental incidents (16 in Japan and two overseas) and 18 complaints related to the environment (eight in Japan and ten overseas). This is an increase from the previous fiscal year. A major reason for the increase in the number of environmental incidents was the large number of reports regarding matters exceeding regulatory values that were submitted voluntarily by sites. The number of environmental complaints increased because some sites have repeatedly received odor complaints.

18 environmental incidents

- Number of chemical leaks, etc.: 8
- Number of reports submitted voluntarily by sites (matters exceeding regulatory values, wrong method used for environmental measurement, etc.): 10

18 environmental complaints

- Total number of odor complaints received by some sites: 11 (6 at a company in Thailand, 5 at a plant in Japan)
- Others: 7 (smoke and noise complaints, etc.)

In addition, in response to the series of problems involving the revocation of JIS certification which occurred at NLM Group companies in May 2021, we began to apply stricter criteria regarding the quick reporting of environmental mishaps in FY2023 to prevent serious incidents related to the environment as well. Also, in recent years, environmental mishaps attributed to abnormal weather have occurred. This is another cause of the increase in environmental mishaps in FY2023. At present, we are implementing measures at each site assuming that abnormal weather will occur, such as unexpected amounts of rain.

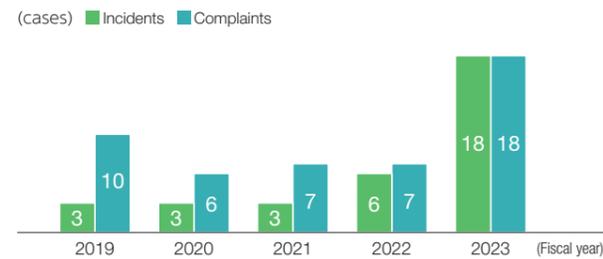
For each incident that takes place, the site where the incident occurred and the person in charge of environmental protection work together to communicate with external parties, such as the government and local residents, while taking measures to prevent recurrence. In addition, to prevent similar incidents, we share measures to prevent the recurrence of incidents with all of the sites of the Group via a quick reporting system. We also investigate preventive measures that were implemented and share information about them at meetings of environmental managers and other opportunities as a part of our efforts to reduce risk. As countermeasures to address abnormal weather, we are implementing initiatives such as assessing the risks at each site through onsite environmental audits. Further, we remind employees working at audited sites of environmental mishaps that have occurred at the sites in the past, so that lessons learned are not forgotten due to a transition to a new generation of employees.

In FY2023, regarding lawsuits, fines or forfeits related to the environment, there was a case overseas where we paid fines.

Nikkei MC Aluminium (Kunshan) Co., Ltd.

- A fine imposed for the insufficient maintenance of in-line exhaust gas sensors attached to dust collectors

Number of environmental mishaps that occurred



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

Environmental Audits

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

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

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

In FY2023, environmental audits were conducted at 15 sites in Japan and three overseas (3 sites in Thailand) and 99 problems in Japan and 13 problems overseas were identified. Of the identified problems, the number of identified problems related to insufficient paperwork increased significantly from the previous fiscal year. This was a result of increased efforts to check compliance with laws and regulations in response to the quality problems.

Major problems identified in FY2023 (Five most frequent types of problem)

- Response to laws and regulations regarding Notification: 20 instances
- Problem related to industrial waste: 20 instances
- Management of hazardous materials: 13 instances
- Response to emergency: 10 instances
- Wastewater management: 8 instances

The most frequent types of problem identified in FY2023 were notifications of and responses to laws and regulations and problems related to industrial waste. There were 20 instances of each of these. Identified problems related to notifications of and responses to laws and regulations included insufficient inspections and recording of facilities for storing harmful substances that are designated by the Water Pollution Prevention Act, as well as insufficient PRTR notifications under the Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement. Identified problems related to industrial waste include additions and corrections to industrial waste treatment contracts.

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

Development of Environmental Human Resources

● Encouragement to acquire public qualifications related to the environment

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

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

Qualification	Required number	Number of holders	
Pollution Control Manager	Air	26	99
	Water	30	132
	Noise	16	59
	Vibrations	16	59
	Dioxins	14	48
	General dust	4	5
Engineering Manager of Industrial Waste Treatment Facilities	2	5	
Manager of Industrial Waste Requiring Special Management	Waste other than infectious waste	32	177
	Infectious waste	4	13
Qualified Person for Energy Management	Heat and electricity	19	103
Certified Environmental Measurer	Density	0	3
	Noise and vibrations	0	1

● Training sessions on laws and regulations

We regularly hold training sessions on the environmental laws and regulations that apply to the NLM Group. In FY2023, we held training sessions on the Air Pollution Control Act and the Act on Special Measures against Dioxins. We also held sessions on the Water Pollution Prevention Act because several related problems were identified during environmental audits. A total of 151 employees participated in these training sessions. We also shared information about revisions to environmental laws and regulations.

In FY2024, we plan to hold training sessions on the Act on Waste Management and Public Cleaning, the Soil Contamination Countermeasures Act, and the Fire Service Act (management of hazardous materials).

Conservation of biodiversity

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

The NLM Group Biodiversity Guidelines

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

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

● Development of environmental managers at each site

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

Training sessions on environmental laws that were held/planned

● Implemented ○ Plan to be implemented

Environmental laws and regulations	2017	2018	2019	2020	2021	2022	2023	2024
Air Pollution Control Act	●							●
Noise Regulation Act				●				
Vibration Regulation Act				●				
Offensive Odor Control Act							●	
Act on Special Measures against Dioxins								●
Water Pollution Prevention Act	●				●		●	
Soil Contamination Countermeasures Act		●	●					○
Waste Management and Public Cleansing Act		●	●	●	●			○
Fire Service Act					●			●
Chemical Substances Control Law, PRTR Law						●		
(Information about revisions of laws)	●	●	●	●	●	●	●	●

Processing of Polychlorinated Biphenyls (PCBs)

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

Regarding low-density PCBs, the number of pieces of equipment which may be contaminated increased significantly, partly because the period during which newly manufactured equipment is suspected to be contaminated with PCBs has been expanded for some manufacturers. (Equipment suspected to be contaminated: Approx. 100 units --> Approx. 2,900 units) We will steadily process equipment found to contain low-density PCBs.

In FY2023, we advanced the following activities. We will continue activities to preserve biodiversity in Japan and other countries.

Example activities in FY2023

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

Action on Climate Change — Disclosure Based on the TCFD Recommendations

Basic Approach

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

Governance

To build a structure for taking action on climate change, we have set up the Group Environmental Committee and the Group CSR Committee, which are chaired by the president. Guided by these committees, we formulate plans of action to promote sustainability, including action on climate change.

In addition, to enable the NLM Group to further solidify its growth strategy by planning and executing an optimal decarbonization strategy amid the global trend toward decarbonization, we have established the Green Growth

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

Strategy Office, which integrates authorities and responsibilities. At present, we have set targets for achieving carbon neutrality by 2050 and are advancing initiatives to achieve them. We are taking an integrated approach to pursuing the Group's initiatives to achieve carbon neutrality, through steps such as securing green aluminum, customer demand for which has been increasing, and the establishment of a circular supply chain in which used aluminum is reused as a material, in addition to engaging in existing energy-saving and recycling activities.

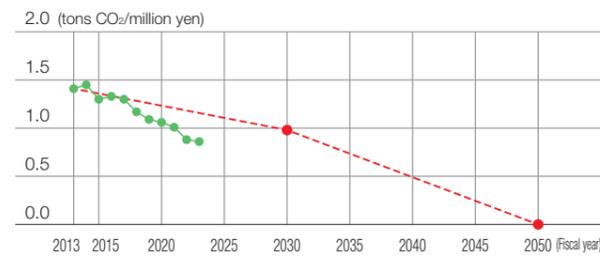
Changes in CO₂ Emissions (Scopes 1, 2 and 3), Indicators, and Targets

At the NLM Group, we have added Scope 3 emissions to Scopes 1 and 2 and are pushing forward with initiatives to ensure that greenhouse gas emissions (emissions per unit of sales) in 2030 will be 30% lower than the level in FY2013 (Scopes 1 + 2: 1.41 tons CO₂/million yen, Scope 3: 7.58 tons

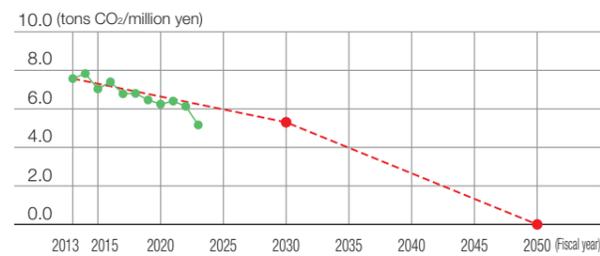
CO₂/million yen), with the goal of achieving carbon neutrality by 2050.

In FY2023, CO₂ emissions per unit of sales decreased from the previous fiscal year for both Scopes 1 + 2 and Scope 3.

CO₂ emissions (Scopes 1, 2 and 3)
Changes in CO₂ emissions per unit of sales (Scopes 1 and 2) (Japan)



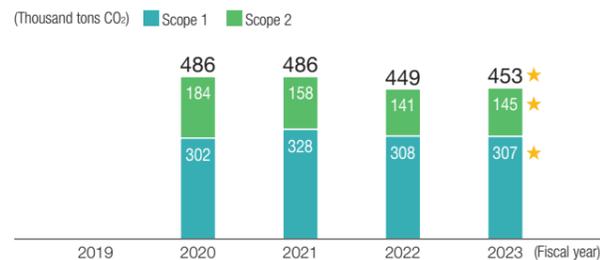
Changes in CO₂ emissions per unit of sales (Scope 3) (Japan)



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



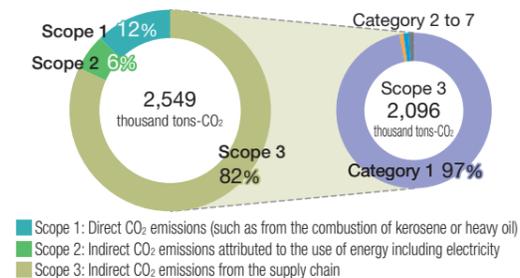
Changes in CO₂ emissions (Scopes 1 and 2) (Japan and overseas)



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

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

CO₂ emissions including Scope 3 emissions (FY2023)



- Category 1: Purchased goods and services
- Category 2: Capital goods
- Category 3: Fuel and energy related activities (not included in Scope 1 or 2)
- Category 4 to 7
- Category 4: Upstream transportation and distribution
- Category 5: Waste generated in operation
- Category 6: Business travel
- Category 7: Employee commuting

[Basis for Calculations]
* The method of calculating Scope 2 emissions has been changed from a location-based method to a market-based method. We revised the emission factors that we apply and corrected the figures for past fiscal years to reflect this change.
* Boundary: 32 manufacturing subsidiaries of the consolidated subsidiaries in Japan/12 manufacturing subsidiaries of the overseas consolidated subsidiaries
* Greenhouse gas emissions (Scopes 1 and 2) are calculated in accordance with the Act on Rationalization of Energy Use and Shift to Non-fossil Energy and the Act on Promotion of Global Warming Countermeasures, and the following CO₂ emission factors are used./ Electricity in Japan: Adjusted emission factor for each electric power supplier announced by the Ministry of the Environment and the Ministry of Economy, Trade and Industry/Electricity overseas: The CO₂ emission factor announced by each government (since FY2023)/Fuel-city gas: Basic emission factor for each gas business operator announced by the Ministry of the Environment and the Ministry of Economy, Trade and Industry; Fuel-others: The CO₂ emission factor per unit for each fuel set by a ministerial ordinance from the Ministry of the Environment
* Actual values only relate to energy-derived CO₂ emissions.

Risk Management

At the NLM Group, we regard the impact of climate change to be one of the most important sets of managerial risks. To manage these risks, we conduct scenario analyses regarding future risks and opportunities. This fiscal year, we conducted a scenario analysis for the period until 2050 in addition to the analysis for the period until 2030, which was done in the existing initiative. While the scope of the scenario analyses includes the major segments of the Group, we have been expanding this scope gradually every year to analyze the impact on the entire Group. Going forward, we will enhance the information we

disclose after improving the accuracy of our quantitative analyses of the risk items that are deemed to be very important. At the same time, we will push forward with initiatives to achieve our targets.

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

Strategy

To disclose information in accordance with the TCFD recommendations, the NLM Group conducts analyses based on two scenarios to clarify the difference in the impact between the scenarios. One is the 4.0°C scenario which assumes that climate change will not be addressed. The other is the 1.5°C scenario, which assumes that the strongest regulations will be imposed. The target years we have set are FY2030, a medium-term future for which we can be confident that the analysis results are accurate to a certain degree, and FY2050, a long-term future when the impact of climate change is expected to be more remarkable.

This fiscal year, we newly included Nikkeikin Aluminum for Mobility Company, Ltd., which was established last fiscal year, and other companies in the scope of the evaluation of the

impact of risks and opportunities. However, all segments have yet to be included in the calculation because we work in a wide range of business fields.

In the actual analyses, we projected what the world will be like in FY2030 and FY2050 based on reference materials from external sources and listed risks and opportunities that may occur there. We then measured the monetary impact of each item and evaluated them on a three-point scale. At the same time, we mapped and evaluated the level of importance of each item in each predicted scenario from two perspectives, the probability of occurrence and the level of impact if the event occurs. Based on these analysis results, we will consider specific measures, including the promotion of carbon neutrality.

Initiatives for Achieving Carbon Neutrality ▶ P.21

Category	Description of the risk/opportunity in the scenario	Financial impact*	Degree of importance (probability of occurrence x impact)				
			FY2030		FY2050		
			4.0°C	1.5°C	4.0°C	1.5°C	
Risks	Policy and regulatory risks	Increase in the cost of raw materials and production resulting from the introduction of carbon pricing (procurement)	High	Medium	Large	Large	Large
		Increase in the cost of raw materials and production resulting from the introduction of carbon pricing (production)	Medium-High	Small	Medium	Medium	Large
	Technological risks	Decline in competitiveness resulting from delays in responses to recycling regulations and technological developments	Low-Medium	Small	Medium	Medium	Large
		Increase in the cost of investment, such as investments for the development of new recycling technologies	Low	Medium	Medium	Medium	Large
	Market risks	Increase in the cost of raw materials resulting from an increase in scrap prices	Low-Medium	Small	Large	Large	Large
		Increase in financing costs reflecting the decarbonization policies of shareholders and financial institutions	Low	Small	Small	Small	Medium
Opportunities	Transition	Shrinkage of the aluminum market resulting from an increase in materials that are alternatives to aluminum	Low-Medium	Small	Small	Medium	Large
		Decline in sales of materials for gasoline vehicles resulting from the popularization of EVs	Medium	Medium	Large	Large	Large
	Physical	Acute: Suspension of operations due to floods and storm surges	Medium	Small	Small	Medium	Small
		Chronic: Decline in labor efficiency and increase in the cost of labor resulting from rising temperatures	Low-Medium	Small	Small	Medium	Small
Transition	Products and services	Increase in sales of our products for electrified products (the popularization of EVs in particular)	Medium-High	Medium	Large	Large	Large
		Increase in demand for other products related to decarbonization and energy conservation	Low-Medium	Small	Small	Small	Medium
	Resource efficiency	Growth in demand for aluminum as a material with high recyclability	Low-Medium	Small	Small	Medium	Large

* High: 10 billion yen or more, medium: 1 billion yen or more, low: less than 1 billion yen

In the future climate change scenario, the percentage of automobiles produced and sold that are eco-friendly vehicles is forecast to increase, and demand for products including materials for batteries to be installed in eco-friendly vehicles and materials for heat dissipation for cooling is expected to grow, in

addition to the need to decrease vehicle weight to increase travel distance. Further, the value of products with high recyclability is expected to increase as society moves toward the promotion of carbon neutrality. We believe that contributing to a recycling-oriented society will increase corporate value.

Human Resource Strategy

Policy

Towards Team NLM's Creation of Social Value and Enhancement of Corporate Value

At the NLM Group, we believe that human resources form the foundation for all of our business activities. We aim to achieve both the happiness of employees, which is a material issue theme, and the NLM Group Business Conduct Guidelines, and eventually enable Team NLM to create social value and enhance our corporate value.

At the NLM Group, we have set the happiness of employees as one of our material issue themes for the achievement of sustainable growth and the creation of corporate value. We believe that, to companies, human resources are important assets and protecting and pursuing the happiness of employees and their families is a basic part of corporate management.

From the perspective of employees, we have also codified a set of values and behavioral standards that we value as the NLM Group Business Conduct Guidelines, aiming to provide value to customers. We believe that the Company's initiatives for achieving the happiness of employees and each individual employee's voluntary implementation of the NLM Group Business Conduct Guidelines will lead to the personal development of individuals and the development of the organization, and their growth will lead to the continued development of the corporate group.

Towards Improving Employee Engagement

The realization of the happiness of employees and the implementation of the NLM Group Business Conduct Guidelines are essential for enabling employees to have job satisfaction

every day and fully demonstrate their capabilities as members of Team NLM.

The premise underlying the four material issues that constitute the happiness of employees, a material issue theme, occupational health and safety, developing a fulfilling workplace, diversity & inclusion, and securing and cultivating human resources, is the good physical and mental of employees with the goal of creating an organization where diverse individuals can achieve personal development and participate actively.

The NLM Group Business Conduct Guidelines describe the human resources that the employees working at the Group should aim to be. Because the NLM Group consists of diverse business entities, all employees working for the Group need to be oriented in the same direction to improve the Group's capabilities. The NLM Group Business Conduct Guidelines were established by members of a project team consisting of 36 Group employees, so that all employees could understand and connect with them. At the NLM Group, we believe that the NLM Group Business Conduct Guidelines are the linchpin for the improvement of employee engagement, and we will promote autonomous initiatives and quantify the degree to which these guidelines have become entrenched using engagement surveys.

	FY2023 results
Business Conduct Guidelines survey score	3.85

* Source: Results of the FY2023 Employee Awareness Survey of Nippon Light Metal Co., Ltd. (on a five point scale)
Question: "Are you acting with an awareness of the NLM Group Business Conduct Guidelines?"

Happiness of employees, a material issue theme

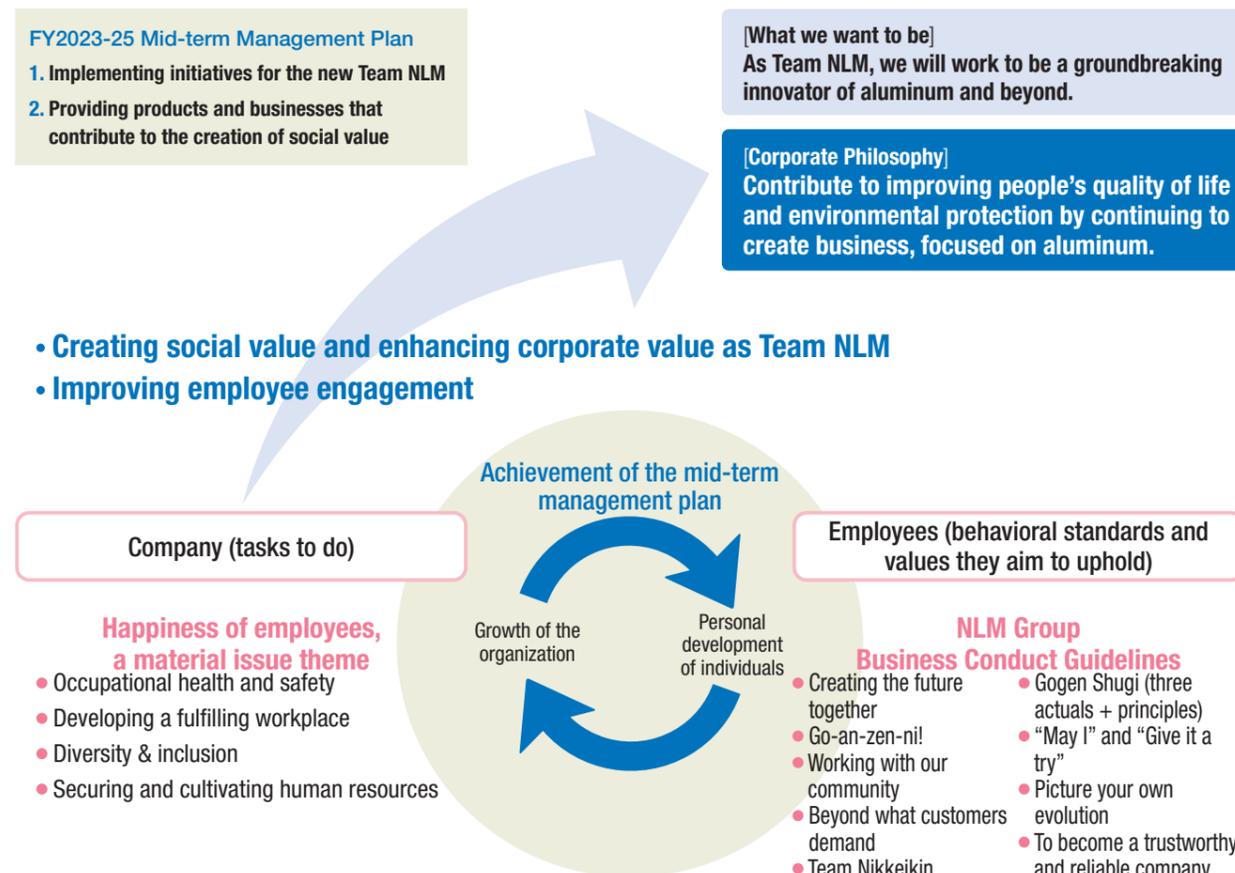
At the NLM Group, we have identified the happiness of employees as one of our material issue themes. We have set occupational health and safety, developing a fulfilling workplace,

diversity & inclusion and securing and cultivating human resources as materials issues to be addressed to achieve the happiness of employees.

G: The Group's initiative NLM: Initiative implemented by NLM alone

Material Issues	Reason for selection and main measures (including planned measures)
Occupational Health and Safety	Ensuring employees' safety and health forms the foundation of corporate activities. In addition, it is necessary to promote further measures to protect the smiles of employees and their families and achieve zero accidents, which is why we have selected this as a material issue. Main measures <ul style="list-style-type: none"> On-site inspection of lost-time injuries/G Safety inspection activities of the safety coordinator teams/ G Safety and health education/ G See pages 67 and 68
Developing a Fulfilling Workplace	To improve employee engagement and strengthen group engagement, it is important that each Group company work proactively to create workplaces which are both fulfilling and comfortable, which is why we have selected this as a material issue. Main measures <ul style="list-style-type: none"> Improvement and development of workplace environment/G NLM Pride and Social Contribution Project activities/G Being recognized under the Certified Health & Productivity Management Outstanding Organizations Recognition Program/G See pages 69 and 70
Diversity & Inclusion	For the Group to enhance its corporate value through cooperation, it is essential that each Group company create workplaces where diverse values are respected and every employee can demonstrate their personal qualities and capabilities, which is why we have selected this as a material issue. Main measures <ul style="list-style-type: none"> NLM Future Active Participation Project/NLM Activities of the Group D&I Subcommittee/G Promotion of acquisition of Kurumin and Eruboshi certifications/G See pages 71 and 72
Securing and Cultivating Human Resources	Developing a structure and a climate that enables a company to secure diverse human resources, develop appropriate leaders, and enhance the capabilities of individual employees is important for sustainable growth of the company, which is why we have selected this as a material issue. Main measures <ul style="list-style-type: none"> Joint recruitment by the Group/G (3 companies) Tiered training of Group employees/G See pages 73 and 74

Human resource strategy chart



Visual Design of the NLM Group Business Conduct Guidelines

In October 2023, we created a visual design for the NLM Group Business Conduct Guidelines to enable the guidelines to become entrenched and be understood deeply. When selecting the visual design, we presented three proposed designs and the concept and Group employees voted on them. 2,597 employees voted to select the final visual design. We have put up posters showing this visual design for the Business Conduct Guidelines in each workplace. We have also created a sign based on the visual design and put it up at the cafeteria of our office in Shinbashi. The design is used in various other places and settings.

The Business Conduct Guidelines were formulated by Group employees in the hope that they will be a guidepost for employees facing problems or who are uncertain what to do in their everyday work. Going forward, we will make Group-wide efforts to act in accordance with the Business Conduct Guidelines.



Sign unveiling event (wall)



Sign (partition)

Design concept

It visually expresses a state in which the eight specific Business Conduct Guidelines join together to give shape to the core guideline: creating the future together. The motifs in circular shape are reminiscent of a sense of stability and seamless perfection because they have no sharp edges, giving the impression that these Business Conduct Guidelines are our commitments for the future. The shape is also reminiscent of connection, enabling you to feel the cooperation within the NLM Group.

Occupational Health and Safety

Policy

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

Safety and health come before anything else.

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

Framework

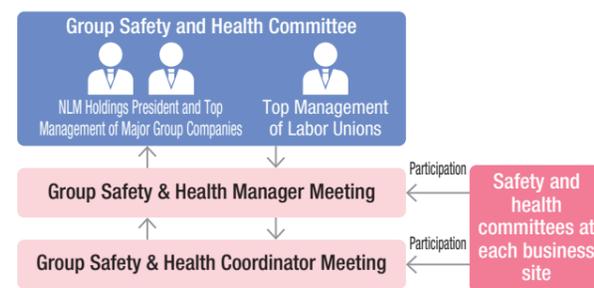
The Group Safety and Health Committee is the highest decision-making body responsible for safety and health management at the NLM Group. This committee is chaired by the president of NLM Holdings, and the top individuals representing labor and management, including presidents of major Group companies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

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

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

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

Safety and Health Management Framework



Key Target and Result

KPI	2023 result	2030 target
Number of lost-time injuries in Japan	15	0

Plan

FY2023 Action Plan

1. Preventing Accidents	<ul style="list-style-type: none"> ● On-site inspection of lost-time injuries ● Support for priority business sites ● Enhancing the content of safety coordinator meetings ● Safety inspection activities by safety coordinator teams ● Disaster information sharing (monthly report)
2. Improving Field Capabilities	<ul style="list-style-type: none"> ● Safety and health education
3. Enhancing Management Capabilities	<ul style="list-style-type: none"> ● Compliance with laws and regulations ● Promoting internal accreditation for safety and health management systems (SMS) ● Developing SMS promoters and safety managers, rolling out in-house training
4. Improving Technical Capabilities	<ul style="list-style-type: none"> ● Risk assessment education and training ● Development of safety engineers (SE) and safety foremen (SF)
5. Managing Health	<ul style="list-style-type: none"> ● COVID-19 control measures ● Influenza control measures

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

Regarding the prevention of accidents, we hold the Safety & Health Coordinator Meeting four times year. While shifting from remote meetings back to face-to-face ones, we have strengthened the sharing of information to expand measures.

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

To enhance management capabilities, we confirm the laws and regulations which apply to each business site and hold training sessions on safety-related laws and regulations (including the Industrial Safety and Health Act) to ensure compliance with the law. Moreover, three business sites in Japan have obtained certification for ISO 45001, an international standard for occupational safety and health management systems. Twenty other business sites in Japan have received in-house accreditation for our own Safety Management System (SMS), which utilizes the JISHA* style OSHMS. This accreditation system was started in 2013 as part of efforts to build appropriate safety management capabilities.

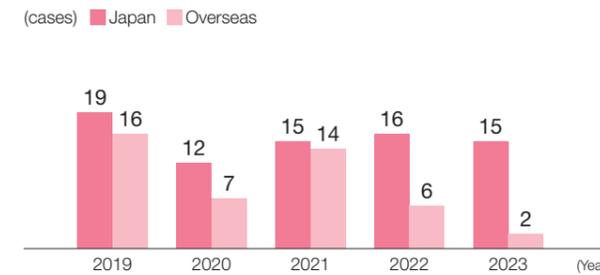
In terms of improving technical capabilities, in 2000 we created equipment safety standards based on international safety standards and have since promoted the improved safety of machinery and equipment. We introduced risk assessments in 1998 as a risk mitigation approach and have fostered the development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

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

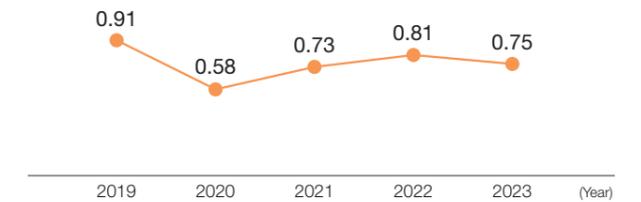
* JISHA: Japan Industrial Safety & Health Association

Workplace Injury Trends

Number of lost-time injuries



Frequency rate of lost-time injuries



Frequency rate of lost-time injuries: Number of lost-time injuries per one million total working hours

FY2023 Initiatives

Safety Coordinator Team Activities

In FY2023, we organized the safety coordinators of the companies and business sites into six teams and began to have members of each team conduct safety inspections of the business sites of the team members. We have thus promoted the improvement of unsafe work and unsafe equipment at the inspected sites and the enhancement of the skills of the safety coordinators. We also had them share best practices with other employees at their sites.

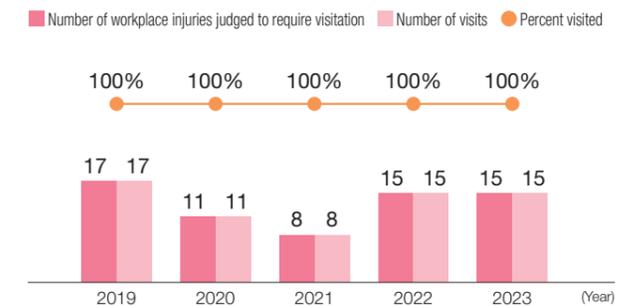
Investigations of workplace injuries and the prevention of their recurrence from a third-party perspective

When a workplace injury has occurred, the first thing we do is to have the people in charge and other people from the business location, including the safety and health manager, investigate into the cause. This is followed by the consideration and implementation of measures to prevent the recurrence of the injury. Employees who are most familiar with the work site are expected to consider and implement reliable measures. On the other hand, familiarity may also cause them to overlook something, make an incorrect assumption, or make some other error. There is also the concern that, because those people work in the same site daily, they may protect each other or hesitate to take more severe measures.

Accordingly, as the second line of defense, the Safety and Health Control Department of NLM Holdings inspects the site from a third-party perspective, separately from the people from the business location in question.

They inspect the site three times, one week, one month and six months after the workplace injury, to verify the effectiveness of the countermeasures that were implemented and whether they have taken root firmly, among other points. Further, this initiative enables countermeasures based on specialized knowledge, such as the incorporation of best practices from other business locations. In addition, activities to prevent workplace injuries at business locations where workplace injuries occurred were supported by giving instructions on how to streamline processes of analyzing the causes of workplace injuries and formulating countermeasures, explaining legal regulations, advising them to receive training from external institutions and taking other measures.

Percent of business locations where workplace injuries occurred that are visited



Safety and health education

	FY2019	FY2020	FY2021	FY2022	FY2023
Number of times the training was held	31 times	19 times	23 times	22 times	24 times
Trainees (total)	622	291	372	782	1,033

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

In FY2022, we began to hold multiple legal training sessions. These sessions attract a large number of participants.

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

Evaluation of Initiatives in FY2023 and Future Actions

We implemented a range of initiatives in FY2023, which resulted in a slight decrease in lost-time injuries.

Among these lost-time injuries were injuries due to workers being pinched or caught in machinery or equipment, which we worked intensively to reduce through activities including comprehensive inspections. We were able to reduce the number

of these injuries from 37 in 2022 to 24 in 2023 (the smallest number in the past five years). This contributed to the prevention of serious accidents.

In FY2024, we will continue the initiatives implemented in FY2023 and expand them with the goal of preventing accidents.

Developing a Fulfilling Workplace

Policy

At the NLM Group, we have established a policy related to the improvement of internal environment (Internal Environment Improvement Policy), aiming to make the workplace more fulfilling and comfortable. Guided by this policy, we are working proactively on measures to help improve the environment and contribute to employees' workstyles and job satisfaction. Further, we included the slogans, "Go-an-zen-ni! (Work safely!)" and "May I and Give it a try" in the NLM Group Business Conduct Guidelines, encouraging employees to take advantage of opportunities to be aware of safety and the creation of workplaces where we can take on challenges and put our awareness into practice in our everyday work.

Internal Environment Improvement Policy

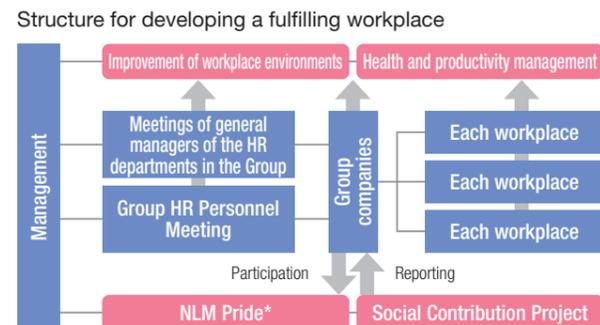
- We will create workplaces where all human resources can work safely in good health.
- We will create workplaces with good communication where people can have peace of mind and job satisfaction.
- We will create workplaces where diverse values are respected and all employees can work vibrantly.

NLM Group Business Conduct Guidelines

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

Framework

The improvement of the workplace environment and health and productivity management are considered at regular meetings of the general managers of the HR departments of major Group companies. Further, plans and achievements are shared at the Group HR Personnel Meeting held once a year. We are encouraging voluntary participation in NLM Pride and Social Contribution Project activities by continuing to call on Group companies proactively and reporting activities via the internal newsletter and intranet. Group employees and senior management participate in these activities. Through frank interactions beyond the boundaries between companies and positions, they are building a structure for widening and deepening the relationships between the people working for the Group.



* For more information about NLM Pride, see the Plan section on this page.

Key Target and Result

KPI	FY2023 results	FY2030 target
Employee engagement score*	3.42	3.6 or higher

* Source: Results of the FY2023 Employee Awareness Survey of Nippon Light Metal Co., Ltd. (on a five point scale)
Question: Are you proud of working for the company?

Plan

Nippon Light Metal Co., Ltd. began to conduct the Employee Awareness Survey in FY2023, and through this survey, began checking its employee engagement score. We will expand this initiative to Group companies in FY2024 to identify trends and issues in each workplace and the Group as a whole. We will then implement measures to improve employee engagement.

Improvement of workplace environments and health and productivity management

We consolidate and share information about each Group company's plans for investing in employee welfare to drive the creation of a comfortable workplace environment through enhancement of employee welfare. We are making Group-wide efforts to promote the improvement of workplace environments, such as the on-site observation of companies that are good examples. For the creation of comfortable, fulfilling workplaces, each Group company plans to introduce health and productivity management because the physical and mental health of employees working there form the foundation of their workplaces.

	Investment in employee welfare* Unit: million yen			
	FY2021	FY2022	FY2023	FY2024
Plan	599	487	644	518
Results	266	544	354	—

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

NLM Pride and Social Contribution Project

We launched NLM Pride to enable employees to feel happy to work for the NLM Group and develop pride in their working for the NLM Group and an attachment to the Group. We named it NLM Pride because we wanted to make it an initiative which would encourage employees working for each Group company to take pride in their working as a part of Team NLM. At present, NLM Pride is linked to the Social Contribution Project. We are advancing activities to enable employees and their families to learn about the attractions of the Group, such as exchange with local communities in events and activities to support wheelchair rugby.* In addition, we are fostering Amulu and Lumina, the official mascots of the NLM Group that we created in 2021, so that people love them. For example, we have created LINE stamps featuring them that were designed by employees.



* The NLM Group has signed an official sponsorship agreement with Japan Wheelchair Rugby Federation.

FY2023 Initiatives

Improvement of workplace environments

Regarding progress against the FY2023 plan for investments in employee welfare, the actual amount invested was 354 million yen, compared to the 644 million yen in the investment plan for the 18 major Group companies. Regarding investment plan for FY2024, a total of 518 million yen is planned for 18 Group companies. To give an example of an initiative implemented in FY2023, Nikkei Sangyo Co., Ltd. renovated the building of its Miho Office (Equipment and Environment Section) in the Construction Engineering Division and obtained Net Zero Energy Building (ZEB) Certification. Designed under the concept of "a building for the next generation that provides interior comfort while also saving energy," the building contributes to the improvement of the comfort and productivity of employees working there in addition to saving and generating energy. At the same time, Nikkei Sangyo Co., Ltd. was certified and registered as a ZEB Planner as a corporation which engages in architectural design for making ZEB-certified buildings. The company was also certified as a ZEB Leading Owner as an owner with ZEB examples.



Health and productivity management

In March 2024, Nippon Light Metal Co., Ltd. was selected under the 2024 Certified KENKO Investment for Health Outstanding Organizations Recognition Program. The company



implemented measures which are suitable for the characteristics of its business sites, such as the provision of nutritionally balanced lunches and the holding of a walking event in cooperation with labor and management. Further, Nikkei MC Aluminium Co., Ltd. obtained White Company Certification in February 2024, in a move to promote health and productivity management.

NLM Pride and Social Contribution Project

In FY2023, we held many events in collaboration with Mr. Daisuke Ikezaki,* who is a member of Japan's national wheelchair rugby team. In August 2023, we organized a workplace tour for employees' families at our office in Shinbashi. A total of 71 Group employees and their family members (children) participated in the event, which included an office tour, a lunch for which dishes served in the cafeteria were prepared, and a meet and greet with Mr. Ikezaki. In addition, in November 2023, we held the Nikkei Bazar at the Nagoya Plant of Nippon Light Metal Co., Ltd. for the first time in four years. It attracted approx. 1,700 employees, their families, and local residents. This event included a lecture and a session hosted by Mr. Ikezaki where attendees were able to experience wheelchair rugby tackles. It was an opportunity to establish relationships with the local community and promote diversity & inclusion.

* Nippon Light Metal Co., Ltd. has signed an official partnership agreement with Mr. Daisuke Ikezaki.



Workplace tours for employees' families

Evaluation of Initiatives in FY2023 and Future Actions

Improvement of workplace environments

Regarding plans for investing in employee welfare, we make necessary investments but the results for FY2023 fell short of the plans, mainly due to the impact of revisions to projects. Regarding medium- to long-term investment plans, we understand that the need to improve workplace environments that lead directly to comfortable workplaces will continue to rise. Using the rebuilding of the Kambara Training Center (see "Plan" on page 73) as a starting point, we will advance efforts to further improve the workplace environment to enable our facilities and buildings to function as places where employees independently gather rather than mere physical enclosures."

Health and productivity management

At the NLM Group, health and productivity management initiatives are steadily progressing. Nippon Light Metal Co., Ltd. plans to establish and disclose health-related target indicators. We will continue to implement measures to promote good health and the acquisition of certifications related to health and productivity management at each business site, position health and productivity management as a management strategy, and strive to create ideal workplaces that are filled with happiness.

NLM Pride and Social Contribution Project

In FY2023, many Group employees participated in various activities due to the resumption of activities that had been suspended during the COVID-19 pandemic, as well as new events that were introduced. In FY2024, we plan to hold an event related to the Paralympics in Paris and increase our bases for activities. We will continue to instill NLM Pride in employees to share the joy of contributing to society and enable all of them to be happy to work for the NLM Group.

Statement from an Employee

Addressing workplace noise to protect the health of co-workers

Toshikatsu Komori

Section III, Manufacturing Division, Shimizu Plant
Nippon Light Metal Co., Ltd.



At our workplace, we use crushers, magnetic ore separators, and other equipment to manufacture high-quality alumina products. We have many crushing devices in our workshop building, and there were multiple areas where the noise level was Control Category II. To improve the noise environment, we started by activating and stopping all combinations of devices and identified the crushing devices as the sources of the noise. Next, we analyzed the relationship between the noise and operating conditions of the equipment in question, such as the impact strength and hitting frequency, and changed the specifications and operating method of the hammering devices attached to them. As a result, we were able to lower the noise level of all areas to Control Category I, so that we do not need protective gear such as earplugs. We will continue improvement activities guided by our workplace vision: A team of workers who can act in consideration of other team members.

Diversity & Inclusion

Policy

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

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

NLM Group Business Conduct Guidelines

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

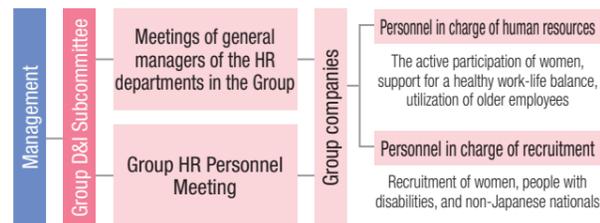
Framework

The tasks to be implemented to increase the diversity of the Group's human resources and promote their active participation are shared and relevant policies are discussed at regular meetings of general managers of the HR departments in the Group. Indicators for the entire Group, such as the employment rate of people with disabilities, the percentage of new employees that are women, and the percentage of managers that are women, are monitored, and plans for job development are shared at the annual Group HR Personnel Meeting.

For the active participation of women, we will give practitioners opportunities to be aware of and learn new things through the Group D&I Subcommittee. Regarding the employment of people with disabilities, Nikkeikin OhLiS Co., Ltd., which is a special-purpose subsidiary of Nippon Light Metal Co., Ltd., has its business establishments in Kambara, Shimizu Ward, Shizuoka City, where there is a cluster of the Group's major business sites, and at the Shinbashi office. The company is expanding its operations every year. Nikkeikin OhLiS plays a

role in the accumulation of expertise in the creation of workplace environments where people with disabilities are able to work vibrantly leveraging the abilities of each individual and the expansion of this expertise to Group companies, as well as in expanding and promoting the employment of people with disabilities.

Diversity & Inclusion Framework



Key Target and Result

KPI	FY2023 results	FY2030 target
Percentage of managers that are women (consolidated)	5.8%	10% or higher
Childcare leave taken by male employees (Japan)	68.2%	100%
Diversity & Inclusion score*	3.34	3.6 or higher

* Source: Results of the FY2023 Employee Awareness Survey of Nippon Light Metal Co., Ltd. (on a five point scale)
Question: Does your workplace have an atmosphere where diverse ways of thinking and values are accepted?

Plan

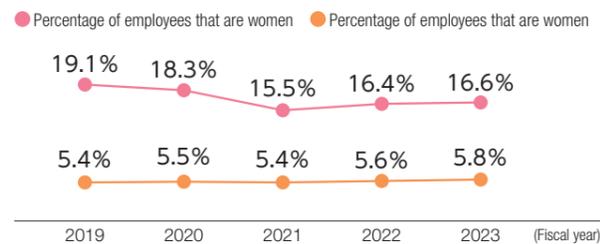
The active participation of women and a healthy work-life balance

For the active participation of women, we have set the target for FY2023 of having 10% or more of our managers be women. To increase the number of women that are manager candidates, Nippon Light Metal Co., Ltd. has set the target of having 20% or more of its regularly hired career-track workers be women and it continues to step up recruitment efforts. Regarding our support for a healthy work-life balance, we are promoting Group companies' acquisition of Kurumin Mark certification and have set the FY2030 target of 100% of eligible male employees taking childcare leave. In our efforts to achieve these targets, we will have each Group company set targets and formulate measures based on its characteristics and issues and establish a PDCA cycle that is shared by the entire Group.

Employment of people with disabilities

While it is growing increasingly difficult to secure human resources, we aim to recruit human resources in a well-planned manner from a longer-term perspective. In addition to expanding job categories to increase the operations of Nikkeikin OhLiS Co., Ltd., we are encouraging Group companies to employ human resources with disabilities and consider the use of the special-purpose subsidiary system within the Group. In addition, we will expand the method of employing people with disabilities using teleworking that was started at Nippon Light Metal Co., Ltd. to the entire Group to create employment opportunities throughout the Group.

Changes in the percentage of employees that are women and the percentage of managers that are women (consolidated)



Lecture being given by Ms. Tsuchiya (February 2024)

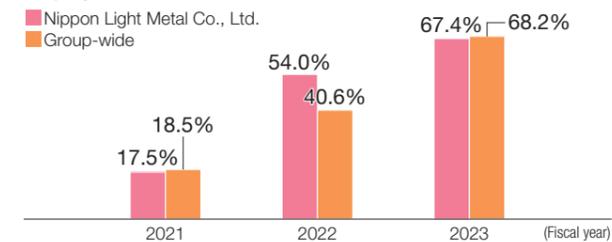
FY2023 Initiatives

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

Regarding the active participation of women, Nippon Light Metal Co., Ltd. has launched the NLM *Mirai Katsuyaku* Project (NLM future active participation project) with the aim of becoming a company where all employees, including women, can participate actively. The goal of this project is the realization of the bottom-up consideration and planning of measures, and 13 young and mid-career employees from all divisions participate in it. Specific measures are planned to be implemented in FY2024. As a Group initiative, we launched the Group D&I Subcommittee in February 2024. Ms. Keiko Tsuchiya, an Outside Director of Nippon Light Metal Holdings Co., Ltd., presented a lecture during its first meeting. Participants included Directors of Group companies, HR personnel, and people involved in practical operations.

Regarding our support for a healthy work-life balance, three companies, Nikkei Kambara Co., Ltd., Nikkeikin Aluminium Core Technology Co., Ltd., and Toyo Rikagaku Kenkyusho Co., Ltd., acquired Kurumin Mark certification in FY2023. Awareness and

Changes in the percentage of childcare leave taken by male employees



Evaluation of Initiatives in FY2023 and Future Actions

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

In FY2023, a new project and subcommittee were established, and we were able to promote initiatives related to the active participation of women and build a base for Group cooperation.

On the other hand, 5.8% of the Group's managers that are women. We understand that we need to accelerate initiatives to achieve our FY2030 target (10% or higher). Nippon Light Metal Co., Ltd. conducted an Awareness Survey Regarding the Active Participation of Employees in April 2024 as a part of the NLM *Mirai Katsuyaku* Project. Going forward, we will analyze the results of the survey by employee attribute (age, gender, business site, etc.) and plan and implement measures which will encourage the active participation of women.

Regarding our support for a healthy work-life balance, people's awareness that both parents work and raise children has been rising from the viewpoint of supporting women's career development. The percentage of childcare leave taken by male employees has been increasing every year at each Group company. We believe that the acquisition of Kurumin Mark certification instills in employees the company's stance and initiatives related to support for healthy work-life balance, contributing to the increase in the percentage of childcare leave taken by male employees. Going forward, we will strive to create workplaces where all employees who desire to participate in childcare are free to do so, with the goal of increasing the above percentage.

Employment of people with disabilities

The employment rate of people with disabilities at Nippon Light Metal Co., Ltd. was 2.86%, exceeding both the previous fiscal year's level and the statutory rate. The rate has continued to rise. On the other hand, of the 37 Group companies required to

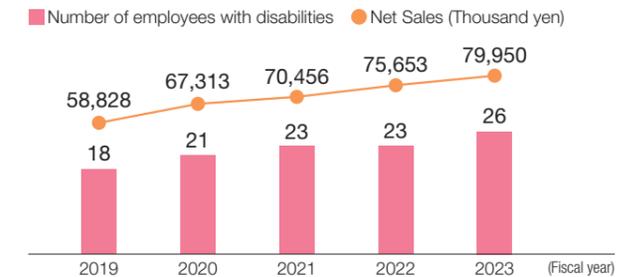
understanding of male employees' participation in childcare has been steadily increasing in workplaces. The percentage of childcare leave taken by male employees in the overall Group increased to 68.2%.



Employment of people with disabilities

We have employed people with disabilities in a well-planned manner, aiming to increase the organization's diversity. As a result, the employment rate of people with disabilities at Nippon Light Metal Co., Ltd. as of June 1, 2024 was 2.86%, which exceeds the 2.68% in the previous fiscal year. Nikkeikin OhLiS Co., Ltd. strengthened its PR activities by redesigning its website. The number of employees it has and its net sales have been increasing every year. In addition, Nippon Light Metal Co., Ltd. has introduced measures to enable employees with disabilities to telework, which has led to new employment opportunities.

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



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

employ people with disabilities, 21 companies have achieved the statutory rate. They face the major tasks of developing new job categories and safety assurance. In FY2024, we will review the rules of operation of Nikkeikin OhLiS Co., Ltd., a special-purpose subsidiary of Nippon Light Metal Co., Ltd., with a view toward its expansion within the Group, aiming to achieve the statutory rate of employment of people with disabilities throughout the Group.

Statement from an Employee

Delivering products that satisfy customers

Michiko Mochizuki

Quality Control Group, Metal Business Division
Nippon Light Metal Co., Ltd.



At my division, we conduct cast aluminum quality inspections before shipping products as requested by customers. As the Group Leader (workplace leader), I check for defects in product inspections and try to create an environment where members can work safely with peace of mind at all times. I have a lot to learn about quality, so I struggle every day, but my job is rewarding and fulfilling every day. As one of a few female leaders, I understand that it's my responsibility to be a role model for young employees, including women. I will continue striving to maintain and manage quality to deliver products that satisfy customers.

Securing and Cultivating Human Resources

Policy

At the NLM Group, we have set a basic management policy, which states, "The Group will respect diverse values, and develop human resources from a long-term global perspective." In our periodic recruitment activities for employing career track workers, we describe our desired human resources as people who can understand diverse values and express them in their own words, who take interest in and are able to take on challenges in a wide range of fields and who are able to innovate by connecting people and information. Regarding human resource development, we have set a policy related to the development of human resources including ensuring the diversity of our human resources (human resource development policy). We have also included "Picture your own evolution" in the NLM Group Business Conduct Guidelines, promoting employee's autonomous growth and learning.

Human resource development policy

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

Required qualities

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

NLM Group Business Conduct Guidelines

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

(Excerpt)

Framework

Securing human resources

At the NLM Group, periodic career-track worker recruitment efforts are made jointly by three companies, Nippon Light Metal Co., Ltd., Nikkeikin Aluminium Core Technology Co., Ltd., and Nikkei MC Aluminium Co., Ltd. We have built an engineer recruiter system and provide a wealth of internship programs in our efforts to secure diverse human resources. New employees hired through periodic career-track worker recruitment activities receive pre-assignment group training, which is provided by four companies, the above three and Nikkei Information System Co., Ltd.

Human resource development

Recently, we have been committed to Group-wide training and education in addition to the training programs provided by each Group company. A total of approx. 30 Group companies voluntarily participate in the training programs of Nippon Light Metal Co., Ltd. Going forward, in response to the expected increase in the number of target employees, we plan to shift to a unified mandatory training program intended for career track workers from all of the Group companies in Japan, aiming to further strengthen Group cooperation.

Key Target and Result

KPI	FY2023 results	Target
Percentage of regularly hired career track workers that are women (NLM)	19.2%	20% or higher
Annual number of employees who completed next-generation management training	13 trainees	10 or more trainees
Percentage of managers who completed new manager training	100%	100%

Plan

Securing human resources

We will continue to conduct the joint periodic career-track employee recruitment activities of the three companies as we have done previously. In addition to the further enhancement of the internship programs, we are considering flexible recruitment activities to be carried out during the periods when students are looking for jobs. Regarding women and non-Japanese human resources, we will increase company information sessions and opportunities to interview these people and expand the range of departments to which they are assigned, in our efforts to continue to strengthen recruitment. We utilize diverse recruitment tools in our activities to recruit people mid-career, because the method that is effective is different depending on the job type, place of work, and other factors.

FY2023 Initiatives

Securing human resources*

Nippon Light Metal Co., Ltd. hired 39 career track workers (including five women) in FY2024 through its regular recruitment activities. Non-Japanese human resources were recruited locally in overseas countries, which resulted in the employment of six people, mainly engineers. In activities to recruit people mid-career, we considered introducing referral recruitment, a method

Human resource development

Alongside the progress in digitalization, we will pursue efficient learning using new methods, such as blended learning utilizing remote training and online learning. Regarding training curricula, we plan to increase the number of overseas trainees to develop globally competitive human resources and to start providing Unified Group Training in FY2025. Further, we have decided to rebuild the Kambara Training Center, which has long been the Group's base for education and training. We plan to begin using the new facility in April 2026 as a place that contributes to deepening communication within the Group.

that utilizes referrals from employees, as a new system. We began to implement this system in FY2024. Referral recruitment not only improves employment matchmaking but also leads to greater employee engagement because the employees themselves communicate their job satisfaction and the attractiveness of their company.

* Nippon Light Metal Co., Ltd.

Human resource development

For the total optimization of training within the Group, we introduced the Learning Management System (LMS), which covers all training other than HR-related training. This has facilitated an e-learning program targeting a large number of employees and training progress management. The system is expected to improve the effect of education and training programs throughout the Group. In FY2023, expenses for education and training per Group employee were 50,900 yen, far exceeding the previous year. In addition, in FY2023, 13

employees completed next-generation management training and 100% of managers completed new manager training, which are KPIs for human resource development. This was an achievement of the targets for both of these indicators.

Changes in the amount of expenditure for education and training

Unit: Thousand yen

	2018	2019	2020	2021	2022	2023
Average annual amount of expenditure for education/training per employee	24.9	25.0	16.2	17.8	31.1	50.9

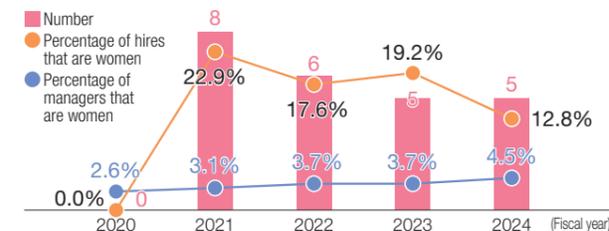
Evaluation of Initiatives in FY2023 and Future Actions

Securing human resources*

The percentage of regularly hired career track workers that are women at Nippon Light Metal Co., Ltd. was 12.8% in FY2024, falling short of the 20% target. In addition to the difficulty of recruiting female engineers, an increase in the total number of new hires led to the decrease in this percentage. On the other hand, we have secured a certain number of female new hires in recent years, and the percentage of managers that are women has been rising steadily. Regarding the recruitment of non-Japanese people, we employed six people, which is more than in preceding years. Going forward, we plan to expand the area of recruitment. In activities to recruit people mid-career, where human resources are highly mobile, we aim to establish a method of referral recruitment because it is more necessary than ever that we recruit human resources that are suitable for the Company.

* Nippon Light Metal Co., Ltd.

Changes in the percentage of regularly hired career track workers that are women and the percentage of managers that are women*



* Nippon Light Metal Co., Ltd. * Percentage of managers that are women: As of July 1 in FY2024 and April 1 in the other fiscal year

Human resource development

Annual education and training expenses per Group employee have begun to trend upward, mainly due to the enhancement of

education at Group companies and the implementation of various training programs based on the strengthening of governance throughout the Group. Going forward, we will shift to Unified Group Training to improve the training system of the Group as a whole. At the same time, we will encourage Group employees to share and understand the Management Policy and drive the development of a human network through the training opportunities, aiming to further strengthen Team NLM.

Statement from an Employee

My days in Canada as an overseas trainee

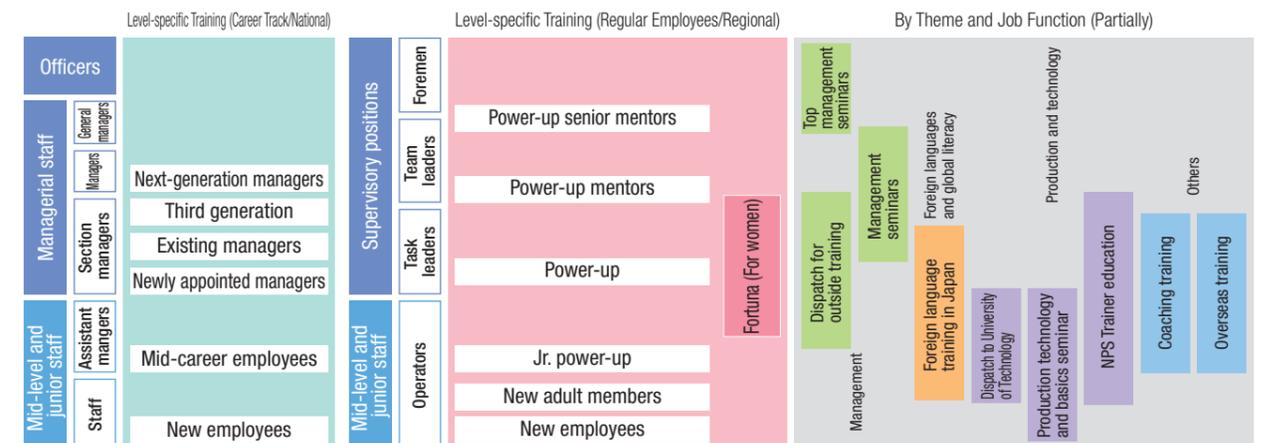


Daisuke Shimosaka

Casting Group, Nikkei Research and Development Center Nippon Light Metal Co., Ltd.

Kingston Metals & Materials Inc (KM&M), to which I was assigned, manufactures aluminum alloy samples with various compositions and evaluates the characteristics of these alloys upon request from the customer. In Canada, I began to work on basic research regarding the recycling of brazing sheets in July 2022. While I was uneasy because I had never lived or worked in Canada before, someone said to me, "Tell me if you have any problems because you are family, Daisuke," which was impressive. Surrounded by very friendly peers, those two years were very fulfilling. I would like to continue to interact with people from KM&M, and I hope to create new business with the company.

Education and Training System



Protecting and Respecting Human Rights

Policy

In our Management Policy, we have stated that, “The Group will engage in fair and honest business operations, with respect for human rights and an emphasis on ethics,” and set “Protecting and respecting human rights” as one of our material issues.

Based on our understanding that our business activities may negatively impact human rights directly or indirectly and there may be a negative impact on human rights directly related to the NLM Group’s businesses, products, and services, we

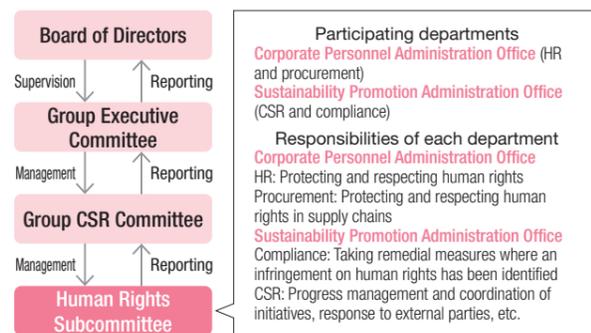
formulated the NLM Group Human Rights Policy in 2016 to protect and respect the human rights of the people involved in our business activities. In 2023, we significantly revised this policy, and we are promoting initiatives to protect and respect human rights.

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

Framework

We established the Human Rights Subcommittee in November 2022 to further promote initiatives for protecting and respecting human rights. This organization consists of people in charge of HR and procurement from the Corporate Personnel Administration Office, which is deeply involved in human rights, and people in charge of CSR and compliance from the Sustainability Promotion Administration Office.

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



Plan

We have formulated a plan for its initiatives for protecting and respecting human rights for FY2022 to FY2024. Regarding items of initiatives, we formulated our plan based on the three initiatives and eight categories of measures described in Business and Response to Human Rights (Digest Version), which was published by the Human Rights Bureau of the Ministry of Justice.

In FY2023, there were some initiatives which were initially planned but were postponed, as well as initiatives which were replaced with alternative measures. We will step up our efforts to implement these initiatives in the next fiscal year.

Category	Our action	FY2023 Plan				Assessment of results	
		1Q	2Q	3Q	4Q		
Commitment under the policy	Formulation of a human rights policy	[Progress bar]				It began to be detailed in the integrated report in FY2023. ○	
Implementing human rights due diligence	Assessment of impacts on human rights	[Progress bar]				A CSR questionnaire survey was conducted. ○	
	Implementation of preventive and corrective measures (to address the apparent and latent negative impacts on human rights)	Implementation of education and training	[Progress bar]				Content of LMS is under consideration. ×
		Initiatives regarding internal environment/systems	[Progress bar]				Changing the systems was considered. The creation of barrier-free spaces was also promoted in a timely manner. ○
	Supply chain management	Formulation of the Suppliers Code of Conduct	[Progress bar]				Awareness of the requirements was increased by conducting a CSR questionnaire survey. ×
		Sustainable, responsible procurement	[Progress bar]				CSR procurement was continued. ○
	Implementation of monitoring (follow-up investigation)	Checking employees’ duty status, exchanging views with the labor union	[Progress bar]				Labor and management consulted each other regularly. ○
External disclosure	Describing the results of human rights risk assessments in the integrated report	[Progress bar]				The results were not disclosed in FY2023 due to delays in the identification and assessments of risks. ×	
Remedial measures	Establishment of a complaint handling mechanism (for responding to the negative impact on human rights that has occurred)	Considering the establishment of a contact for human rights consultations	[Progress bar]				Joined JaCER* ○
		Considering the establishment of a supplier hotline	[Progress bar]				Joined JaCER ○
		Customer support contact	[Progress bar]				Ongoing ○

* Japan Center for Engagement and Remedy on Business and Human Rights

○: Progress made as planned ×: Postponed or replaced with an alternative measure

FY2023 Initiatives

1. Identification and Assessment of Human Rights Risks

In FY2023, we identified and assessed human rights risks faced by the NLM Group on a trial basis.

We assessed typical examples of human rights infringement within the NLM Group in terms of the degree of impact and the frequency of occurrence and plotted them on a risk map.

Scope of impact	Frequency of occurrence		
	Low: Does not occur or occurs once in several years	Medium: Once a year	High: Once in several months
Impact on external parties	<ul style="list-style-type: none"> Forced labor and child labor Unequal provision of opportunities and discrimination Absence of an emergency response plan Infringement of the rights of communities Forcible seizure or use of land Rejection of dialogue or cooperation with local communities Infringement of human rights in the supply chain Inadequate supplier human rights initiatives 	<ul style="list-style-type: none"> Inadequate initiatives regarding diversity and inclusion 	<ul style="list-style-type: none"> Exceeding the statutory limit on working hours and non-compliance with working conditions
Impact within the company/Group	<ul style="list-style-type: none"> Leaks of personal information and infringement of privacy Leaks of confidential information Inappropriate monitoring using digital technologies Control of the free speech of employees and related people Rejection of labor unions’ rights and freedom of association 	<ul style="list-style-type: none"> Discriminative treatment and harassment Breach of contract by a supplier 	<ul style="list-style-type: none"> Unsafe, unhygienic work environment
Impact on business sites/workplaces	<ul style="list-style-type: none"> Not providing appropriate training to workers Undue control of the right to access information 		

While the frequency of the occurrence of infringements of human rights was assessed as low overall, a single infringement of human rights can significantly impact us. Accordingly, in FY2024, we will assess the seriousness of 115 infringements of human rights, including assessing their scope of impact, the number of people affected, the difficulty of redressing the

situation, the presence or absence of injury, disease, or health impact, and the frequency of occurrence to expand the scope of our identification of risks and multilaterally measure their impact. Through these activities, we plan to assess human rights risks in greater detail.

Frequency of occurrence	Seriousness			
	Scope of impact	Number of people who will be affected	Difficulty of redress	Injuries/diseases and health impact
High: Occurs once in several months	High: Has an external impact	Large: Unspecified majority	High: Redress takes several years.	Harms health
Medium: Occurs about once a year	Medium: Has an internal impact	Medium: All employees	Medium: Redress can be completed within the fiscal year.	Affects mental health
Low: Has not occurred or occurred once in the past	Low: Impacts business sites and workplaces	Small: Individuals	Low: Immediate redress is possible.	Causes injury
				None

2. Establishment of a Complaint Processing Mechanism

In FY2023, as part of the measures for 8. Establishment of a Complaint Processing Mechanism in the Human Rights Policy, we joined JaCER to receive support in the handling of complaints related to human rights infringements in the supply chains in which we are involved and a function for receiving these complaints.

Membership in JaCER has enabled us to use its Engagement and Remedy Platform, a platform outside the established legal systems for redressing grievances that conforms to the United Nations Guiding Principles on Business and Human Rights, and

to receive support for handling of complaints from a professional perspective. In addition, the validity of the complaint processing mechanism will be ensured, and the effectiveness and efficiency of complaint processing will be improved, which will facilitate our dialogue and redress.

We will advance initiatives in cooperation with JaCER to confront human rights problems seriously and promote sustainable businesses.

● Webpage for reporting grievances on the official website of the Japan Center for Engagement and Remedy on Business and Human Rights
<https://jacer-bhr.org/application/form.html>

Supply Chain Management

Policy

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

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

CSR Procurement Policy

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

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

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

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

Framework

The NLM Group runs a wide range of businesses and also purchases a broad array of items. For this reason, our purchasing system has adopted the basic policy of giving autonomy to each field of business while engaging in moderate Group coordination. In addition to sharing information, we are also strengthening cooperation in operations through the

exchange of human resources. We plan and implement procurement strategies from diverse perspectives and take measures to manage and hedge risks as well as reduce costs. We are trying to anticipate and solve a range of issues to achieve responsible procurement through Group coordination.

FY2023 Initiatives

In the procurement environment surrounding the purchasing departments, it has become necessary to establish a supply chain management (SCM) system that considers sustainability to address environmental and social issues, such as the global warming and human rights problems, in addition to an SCM system focused on quality, cost, and delivery (QCD). In addition, the environment surrounding procurement is changing every day, including the rising market prices of energy and various other resources, green inflation reflecting efforts to achieve carbon neutrality, and procurement risks stemming from potential geopolitical risks. This has also made it more necessary than ever to build a resilient SCM system for handling these problems flexibly. In response, we again engaged in the following procurement activities in FY2023.

Developing a stable supply chain

At the NLM Group, we take the following measures to address the daily changes in the procurement environment.

- Reducing geopolitical risks by procuring items from new production regions in addition to items from existing production regions
- Building stable supply systems under annual contracts with "suppliers whose faces we can see"
- Shifting from purchasing from a single source to purchasing from multiple sources
- Creating a formula for determining prices of items we purchase

With these measures, we are developing a stable supply chain to minimize the damage when a risk is actualized. At the NLM Group, we are studying the countries of origin of the items we purchase, including metallic materials and industrial chemicals, to identify raw materials connected to geopolitical risks. We are striving to reduce these geopolitical risks by sourcing the items from multiple countries and implementing other initiatives. To address the risk of soaring market prices, we introduced price competition for items purchased from a single source by purchasing them from multiple sources. We also introduced (created a formula for) index-linked prices which change in accordance with the fluctuation of the market.

In the procurement of metallic materials, we addressed supply risks by adjusting the inventory quantity and diversifying our sources in response to the recent supply instability caused by events such as the Russian invasion of Ukraine and geopolitical risks in the Middle East. We are diversifying our sources of both imported and domestically produced items in our efforts to minimize damage in the event of an emergency and thereby ensure we can stably supply products.

We procure aluminum ingots, which are our main raw material, from several countries and regions from the viewpoint of purchasing from multiple sources. At the same time, we are building a procurement system in Japan in consideration of the risks of procurement from overseas suppliers. Further, we have gotten ready to respond flexibly to rapid changes in demand by preparing multiple supplier options, including domestic and

overseas suppliers, and multiple contract options, including long-term and short-term contracts, aiming for operations that enable us to reduce inventory risk.

We see that demand for lower-carbon products is growing as we move toward the establishment of a carbon neutral society. In response, we are promoting Group-wide activities for the horizontal recycling of aluminum by cooperating with sales and engineering departments with the goal of increasing the ratio of aluminum scrap used within the Group. Purchasing departments are looking for new external suppliers so that they can procure scrap materials from multiple supply sources. For aluminum scrap in particular, the stabilization of QCD is essential. Therefore, we engaged in activities with a focus on the following points.

- Q: Reducing contamination risks by securing recycled materials from reliable sources
- C: Creating a formula to secure price transparency
- D: Continuing steady transactions

We will continue procurement in consideration of carbon neutrality and promote the procurement of raw materials made using renewable energy sources and recycled raw materials, aiming to help establish a sustainable society.

A resilient value chain that is flexible to changes

In FY2023, we analyzed situations using mainly a questionnaire survey of suppliers so that we would be able to respond flexibly and promptly to changes in the environment surrounding the purchasing departments. At the same time, we continued to build a resilient SCM system by implementing countermeasures to address geopolitical risks, the pandemic, and other matters.

● Results of the supplier questionnaire survey in FY2023

From the viewpoint of quality, the environment and social responsibility, the NLM Group needs to provide suppliers with support to maintain customers' satisfaction and trust, and the purchasing departments need to work to increase the awareness of suppliers and strengthen cooperation with them. In FY2023, we conducted a questionnaire survey of approx. 460 companies that are suppliers of centrally procured products (coverage: 92%) and received responses from 72% of respondents.

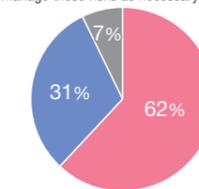
For the survey this fiscal year, we added a question about initiatives related to human rights because there was a change in customers' requirements within the Group. The question was about whether their management of human rights risks is appropriate, by identifying the countries and regions where there are social and international concerns about serious human rights infringements. Suppliers which responded "Our management is appropriate" to this question, suppliers which procure materials and manufacture products in Japan, and suppliers which do not engage in transactions with countries or regions of concern together were approx. 93% of all respondents. The remaining approx. 7% of the suppliers responded that they do not manage these risks but can do so as necessary.

In addition to the above, we also asked a question about the progress in the initiatives to achieve the SDGs, and the number of suppliers which responded "We are promoting these initiatives" increased by approx. 7 percentage points. We thus confirmed that each supplier is continuing activities to achieve the SDGs.

Going forward, we will continue to share the NLM Group's procurement policy with suppliers and promote CSR procurement in cooperation with suppliers.

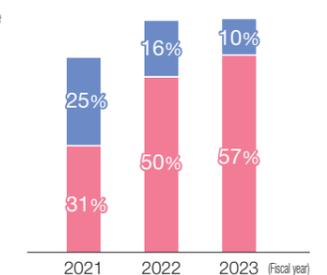
Do you appropriately manage human rights risks by identifying countries and regions where there are concerns regarding serious human rights infringements?

- We appropriately manage these risks and confirm that these raw materials, products, etc. are not handled in our supply chain.
- We do not manage these risks. (We do not purchase from or have an involvement in these regions.)
- We do not manage these risks. (We can manage these risks as necessary.)



Are you promoting initiatives for achieving the SDGs?

- We are promoting initiatives
- We plan to promote initiatives in the future



● Regarding human rights due diligence initiatives

At the NLM Group, we have been demonstrating our efforts regarding human rights by observing our Human Rights Policy, sharing customers' requirements with our suppliers, and conducting the above questionnaire survey of our suppliers.

In FY2023 again, we identified and assessed risks by targeting suppliers of centrally procured products, using the CSR/Sustainable Procurement Self-assessment Tool Set from the Global Compact Network Japan.

Moving forward, we will take the following steps to advance human rights due diligence. Contents of ongoing initiatives taken in FY2023 and steps we plan to take in FY2024 are shaded in blue. In FY2023, we established a contact for consultations as a measure for redressing situations.

1	Human Rights Policy	Declaration of commitment to responsibility to respect human rights
2	Human rights due diligence	1 Identification and evaluation of negative impacts
		2 Prevention and mitigation of negative impacts
		3 Evaluation of effectiveness of initiatives
		4 Explanation and information disclosure
3	Redress	Responding to the damage caused by the negative impact on human rights

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

In the FY2023 survey, which was aimed at identifying and evaluating negative impacts, we identified risks by experimentally requesting that 34 suppliers respond to the CSR/Sustainable Procurement Self-assessment Tool Set, a 12 supplier increase from the previous fiscal year. The 34 companies that responded to the FY2023 survey account for approx. 80% of the products supplied that are purchased centrally by the head office in monetary terms.

Risks regarding items related to corporate governance, information security, quality and safety, and labor were assessed as low. On the other hand, as in the previous year, risks related to coexistence with local communities and human rights were assessed as high compared to the other major items. To identify the factors causing these results, we contacted suppliers which were assessed to have relatively high risks. They responded that (1) the items they sell do not negatively impact local communities or indigenous people and (2) they do not negatively impact local communities because their plants are located in industrial districts.

As a KPI target, we will increase the number of companies that we ask to respond to this questionnaire to the companies responsible for 80% of the overall Group's purchases in monetary terms by FY2030, thus promoting procurement in consideration of human rights.

Contribution to Local Communities and Society

Policy

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

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

Framework

The NLM Group has adopted the basic policy of allowing each business site to play a central role in voluntary community engagement activities while engaging in moderate Group coordination. We pursue solutions to issues such as engagement with local communities and regional development

by engaging in dialogue with people from each community. These initiatives are shared at Group General Affairs Liaison Meetings attended by the general affairs personnel of Group companies and business sites, to facilitate solutions to each local issue.

Plan

FY2023 Plan

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

Social Contribution Accounting

In FY2023, we participated in 348 local programs, and our expenses were 163 million yen.



FY2023 Initiatives

Major Community Contribution Activities

Period	Business site	Contents
March 2023	Nippon Light Metal Holdings Co., Ltd.	Donated ten water supply tanks to the Shizuoka City government
April	Nikkei Extrusions Co., Ltd.	Cleaned up ditches and mowed grass in the area around the plant as a part of community volunteer activities
May	Nikkei MC Aluminium Co., Ltd. Koda Plant Nikkei Logistics Co., Ltd.	Cleaned up the area from Koda Station in Nukata County, Aichi to the business site and the area around it
June	Nippon Light Metal Co., Ltd. Shimizu Plant Riken Light Metal Industry Co., Ltd.	Participated in mowing activities held at Mihonomatsubara
August	Nikkei Panel System Co., Ltd. Shiga Nikkei Co., Ltd.	Participated in Biwasou, a clean-up activity held on the shore of Lake Biwa
November	Nippon Light Metal Co., Ltd. Kambara Complex	Held plant tours for fifth grade students from the Shizuoka City government's Yui Elementary School and Yui Kita Elementary School and from the Fuji City government's Fujikawa Daiichi Elementary School.



Measures to Address Sedimentation in Amehata Dam

At the Amehata Dam (Hayakawa-cho, Minamikoma-gun, Yamanashi Prefecture) which is maintained by Nippon Light Metal Co., Ltd., a major subsidiary of the NLM Group, Typhoon Krosa in August 2019 and Typhoon Hagibis in October 2019 caused flooding damage across the region. In response, Nippon Light Metal established the Amehata Area Sediment Countermeasures Investigative Commission in September 2019 together with the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), the Yamanashi prefectural government, and the Hayakawa municipal government. The Basic Plan for Measures Addressing Amehata Dam Sediment ("the Basic Plan," hereafter) was compiled in April 2020 and submitted to the MLIT.

The following are the periods and targets of the short-term plan [Step 1], the medium-term plan [Step 2], and the long-term plan [Step 3] in the Basic Plan and the status of their implementation shown on the roadmap.

Plan	Period	Target
Short-term plan [Step 1]	FY2020 to the end of FY2021	Prevention of floods and landslides and the removal and transportation of accumulated sediment (estimated amount: 3,000,000 m ³)
Medium-term plan [Step 2]	FY2022 to the end of FY2024	Remove 3,000,000 to 4,000,000 m ³ of accumulated sediment to secure sufficient sediment storage capacity to prepare for the largest ever inflow of earth and sand.
Long-term plan [Step 3]	From FY2025 onwards	Maintain a safe level of sedimentation

(Note) For details, please refer to the Basic Plan for Measures Addressing Amehata Dam Sediment (<https://www.nikkeikin.co.jp/news/news/common/pdf/p202005070202.pdf>)

Roadmap of the Basic Plan for Measures Addressing Amehata Dam Sediment

Item	Issue	Short Term		Medium Term		Long Term	
		FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 ~
Construction of a temporary embankment	—	Construction complete in November 2020					
Securing a river channel	Securing a sufficient river channel to prepare for the largest ever inflow of earth and sand	Continuing to excavate the river channel					
Construction work in the inside of the dam lake and temporary storage in the dam lake	—	Protecting existing structures and riverside roads, constructing temporary storage yards, etc.					
Increased sediment transportation capacity	—	Completed in March 2021					
Soil utilization	Aggregate resources	Making adjustments to prepare for the expansion of demand for aggregate					Continuing to use soil as aggregate resources
	Amehata River transportation route	—					Construction complete in May 2022
	Hayakawa River transportation route	—					Construction complete in June 2024
	Securing a disposal site	Considering use of soil in response to wide area needs					Construction of embankments in candidate soil disposal sites and studying new candidate sites
	Ongoing countermeasures addressing sedimentation	Consideration for a shift to a long-term plan, etc. and coordination with relevant organizations					Under continual consideration
	Amount of sediment removed and transported	3.0 million m ³ (complete)		3.0 million to 4.0 million m ³ (target)			

Progress Report

Since FY2020, Nippon Light Metal Co., Ltd. has been working diligently to implement the Basic Plan. The targets of the short-term plan that ended at the end of FY2021 were achieved. At present, which is within the period of the medium-term plan, progress is being made as scheduled. We reported the progress made up to FY2023 to MLIT, the Yamanashi prefectural

government, and the Hayakawa municipal government at the Sixth Follow-up Review Meeting that was held in March 2024. FY2024 is the final fiscal year of the medium-term plan. We will continue to implement the plan steadily until the plan ends at the end of FY2024.

In implementing the countermeasures, we have recorded an extraordinary loss of 29,700 million yen in sediment control costs for the period up to the fiscal year ending March 2025.

Recurrence Prevention Measures Related to the Use of Water at Hydroelectric Power Generation Facilities

Nippon Light Metal Co., Ltd., a major subsidiary of the NLM Group, submitted the results of investigations into its inappropriate use of water in the past to MLIT and received a notification from MLIT pursuant to the provisions of Article 78 of the River Act. In response to the notification, the company submitted a Report on Recurrence Prevention Measures Related to Water Use and FY2022 Action Plan to Thoroughly Raise Awareness of Compliance with River-related Laws and Regulations to MLIT in November 2022. The company then decided to submit to MLIT a report on initiatives to prevent recurrence taken in the fiscal year by the end of May in the following year and an action plan for the fiscal year by the end of February in the previous fiscal year.

The report on initiatives taken in FY2023 was submitted to MLIT at the end of May 2024, and the action plan for FY2024 was submitted at the end of February 2024.

Implementation Status

Major initiatives that were taken by the end of FY2023 are as follows.

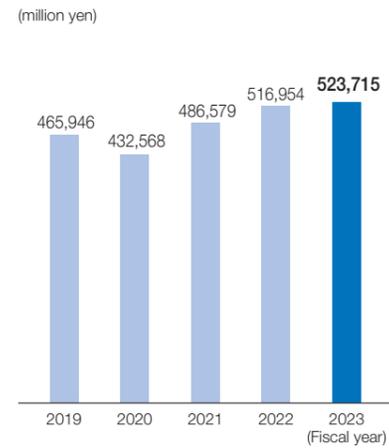
- (1) Provision of employee training (number of employees who received training: 1,806 in total)
- (2) Improvement of internal regulations (revision of operational manuals and provision of information about the revisions)
- (3) Onsite investigations made by the Central Safety, Health, Environmental Conservation Div. of the head office (audit conducted in April 2023)
- (4) Recheck of equipment (major flow management facilities)
- (5) Mutual understanding of the content of the operations of the electric power departments (Electric Power Department, Civil Engineering Section, Power Generation Section, and Power Supply Section)

The company will continue to step up its efforts to prevent recurrence and ensure appropriate management by receiving guidance from MLIT.

Financial and Non-Financial Highlights

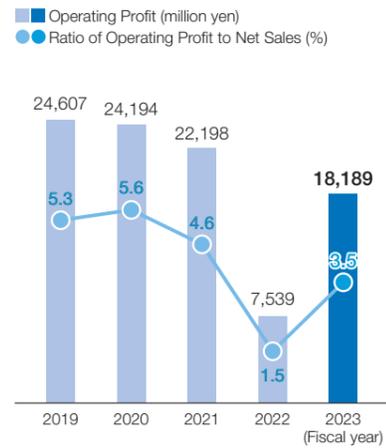
Financial Highlights

Net Sales



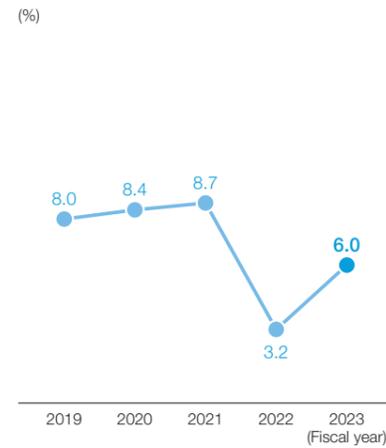
Net sales increased year on year due to the solid performance of the Panel System Segment and the recovery of sales of products for truck bodies.

Operating Profit / Ratio of Operating Profit to Net Sales



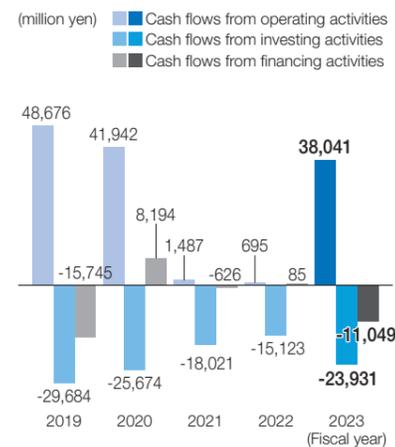
Operating profit increased year on year due to the solid performance of the Panel System Segment and the increased effect of the sales price revisions in the truck body business and other businesses.

Return on Capital Employed



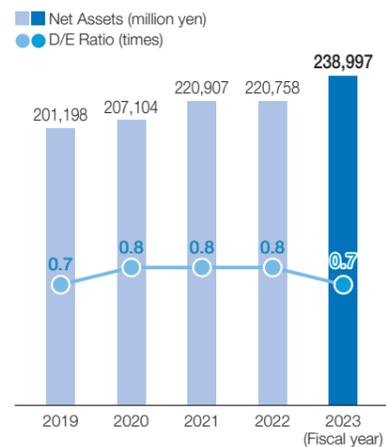
Operating profit increased year on year as stated at left, so ROCE also improved compared with the previous fiscal year.

Cash Flows (From Operating/Investing/Financing Activities)



The increase in net cash provided by operating activities chiefly reflects the increase in profit before income taxes and the improvement of working capital, which had increased significantly in the previous consolidated fiscal year. The increase in net cash used in investing activities is attributed mainly to purchase of property, plant and equipment.

Net Assets/D/E Ratio



We will strive to maintain the D/E ratio at a level below 1.0. It is the indicator for measuring the safety of our financial foundation.

Dividend Per Share/Total Payout Ratio

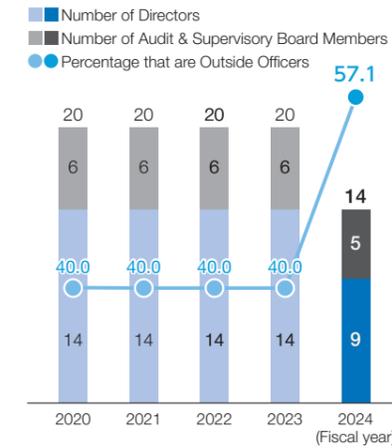


Regarding the indicator for the return of profits, we determine the amount of dividends and other returns based on a total payout ratio of 30% or higher, including the acquisition of treasury shares.

(Note) On October 1, 2020, we conducted a one-for-ten reverse stock split. Accordingly, the impact of the reverse stock split was considered when calculating the dividend per share for FY2019 (fiscal year ended March 2020).
* The financial results for the first half of FY2024 were retroactively corrected to reflect changes in accounting policies, and profit attributable to owners of parent for FY2023 was corrected from 9.0 billion yen to 9.9 billion yen. However, the total payout ratio for FY2023 indicated above was calculated based on profit before the correction.

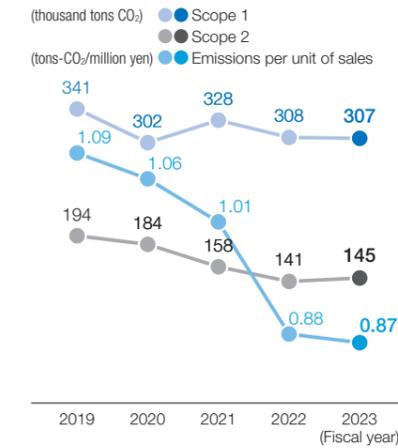
Non-Financial Highlights

Number of Officers/Percentage That Are Outside Officers



In June 2024, concurrent holding of supervisory and executive positions was ended and the number of Internal Directors was reduced from nine to four, which increased the ratio of Outside Directors, to strengthen the governance function of the Board of Directors.

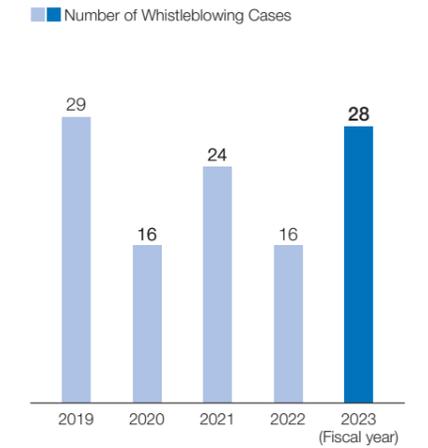
CO₂ Emissions



In FY2023, there was no significant changes in either Scope 1 or Scope 2 emissions, but a certain effect was seen regarding emissions control.

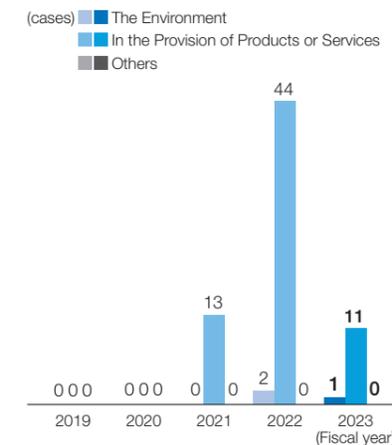
* The actual FY2019 figures for overseas sites are the sum of the figures for January to December.

Number of Whistleblowing Cases



We believe that the number of accesses to the Group Hotline, the whistleblowing platform, increased as a result of activities to inform employees of the whistleblowing system and increase their awareness of it. The goal of these activities is to create a corporate culture that permits employees to speak up without hesitation.

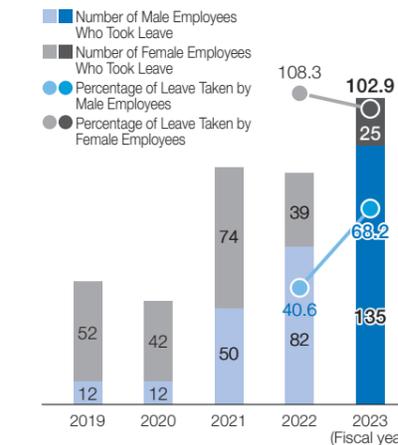
Number of Violations of Laws or Regulations



We were ordered to pay a fine due to the violation of a law in connection with the poor maintenance of environmental measurement equipment at an overseas site. In Japan, a suspected violation of the Measurement Act that was a result of the use of a measuring apparatus that was not officially approved was discovered. We responded to the matter immediately, and any potentially illegal actions have been eliminated.

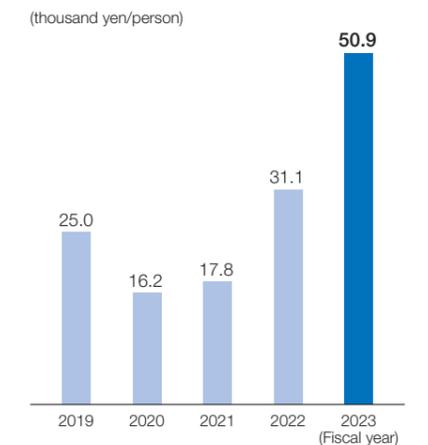
* All of the above were pointed out by Japan Quality Assurance Organization (JQA).

Newly Taken Childcare Leave



We engaged in activities to inform employees about the childcare leave system on an ongoing basis. This resulted in employees having a deeper understanding of the system and a significant increase in the number of male employees who took childcare leave and the percentage of leave that male employees took. Additionally, the percentage of leave taken by female employees was maintained at a high level.

Average Annual Amount of Expenditure for Education/Training



In FY2023, the number of training sessions that were attended did not change significantly year on year. However, there was a shift from remote training to face-to-face sessions, which were resumed and increased in number because of the subsiding of the COVID-19 pandemic. This is believed to have increased travel and accommodation costs related to training.

Operating Results and Financial Analysis

Overview of Operating Results

In FY2023, the business environment surrounding us was uncertain, partly because of the growing geopolitical risks in the Middle East, in addition to the global credit crunch, the economic slowdown in China, and the prolonged Russian invasion of Ukraine. These factors more than offset the signs of turnaround that were seen in some regions, including the recovery of the US economy.

Further, the prices of raw materials and fuels for aluminum ingots and other products remained high, although they were stable compared to the previous fiscal year.

Net sales for the fiscal year increased year on year, chiefly reflecting the strong performance of the Panel System Segment

and the recovery of sales of products for truck bodies. Regarding profitability, operating profit, ordinary profit, and profit attributable to owners of parent increased year on year due to the increased effect of sales price revisions in addition to effects on the sales front.

Regarding the Amehata Dam owned by our subsidiary Nippon Light Metal Co., Ltd., it was found that new processes, etc. need to be added for the removal of sediment, mainly due to the progress in the Basic Plan that was submitted to the Ministry of Land, Infrastructure, Transport and Tourism in April 2020. Reflecting this, expenditures for countermeasures to address sedimentation were posted as an extraordinary loss.

	FY2019 (Results)	FY2020 (Results)	FY2021 (Results)	FY2022 (Results)	FY2023 (Results)
Net Sales	465.9	432.6	486.6	517.0	523.7
Operating Profit	24.6	24.2	22.2	7.5	18.2
Ordinary profit	23.5	24.0	22.9	8.9	19.0
Profit attributable to owners of parent	7.5	3.4	16.8	7.2	9.9
ROCE*	8.0%	8.4%	8.7%	3.2%	6.0%

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

Changes in Consolidated Ordinary Profit



Financial Position

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

In FY2023, our financial position remained stable, chiefly due to an increase in retained earnings, which was a result of the posting of profit attributable to owners of parent, an increase in the market value of investment securities reflecting rising stock prices, and an increase in foreign currency translation adjustment attributed to the depreciation of the yen.

Equity Ratio and D/E Ratio



Management Indicators (2023 Mid-term Management Plan)

Financial Indicator

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

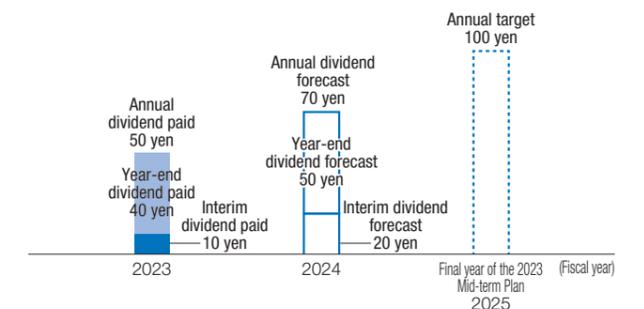
	FY2023 (Forecast)	FY2023 (Results)	FY2024 (Forecast)	FY2025 (Target under the 2023 Mid-term Plan)
Net Sales	550.0	523.7	560.0	530.0
Operating Profit	17.0	18.2	21.0	30.0
Ordinary profit	16.0	19.0	20.0	30.0
Profit attributable to owners of parent	7.5	9.9	13.0	20.0
ROCE*	5.2%	6.0%	6.3%	10.3%

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

Basic Policy on Profit Distribution

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

Dividend Per Share



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

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

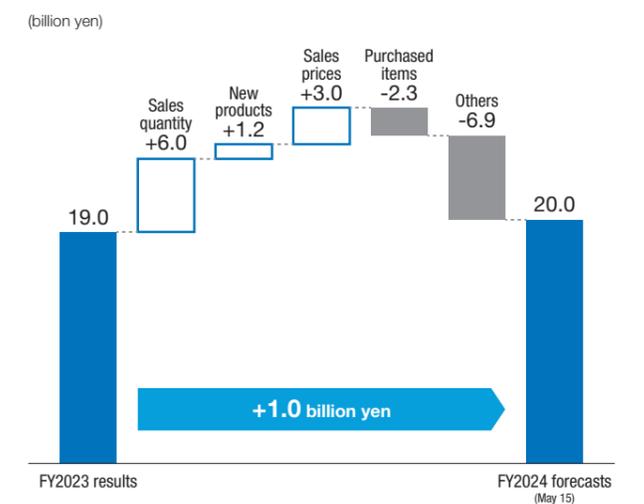
FY2024 Earnings Forecasts

We expect profit to grow year on year in FY2024 due in part to sales price revisions which are a measure to address the rising cost of raw materials and fuels, in addition to an expected increase in sales reflecting the continuation of the recovery trend

	FY2023 results	FY2024 forecasts (May 15)	Change
Net Sales	523.7	560.0	+36.3 (+6.9%)
Operating Profit	18.2	21.0	+2.8 (+15.5%)
Ordinary profit	19.0	20.0	+1.0 (+5.1%)
Profit attributable to owners of parent	9.9	13.0	+3.1 (+30.8%)
Dividend per share	50 yen*	70 yen	+20 yen

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

Factors for Changes in Ordinary Profit



Operating Results and Financial Analysis

Key Financial Data for the Past 11 Years

(Unit: million yen)

(Fiscal year)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating Results											
Net Sales	402,829	431,477	464,405	448,381	481,439	500,451	465,946	432,568	486,579	516,954	523,715
Gross profit margin (%)	17.1	17.8	19.2	20.4	19.5	19.4	20.1	20.8	18.8	14.9	16.9
Operating Profit	12,617	19,305	26,821	30,225	29,893	30,052	24,607	24,194	22,198	7,539	18,189
Ordinary profit	12,730	20,600	24,526	26,252	29,533	31,084	23,475	24,030	22,928	8,859	19,033
Profit attributable to owners of parent	5,128	9,645	15,533	19,520	18,012	20,560	7,476	3,366	16,759	7,203	9,939
Segment Information											
Net Sales											
Alumina, Chemicals and Ingot Business	105,488	114,339	109,844	101,840	111,100	117,008	102,833	91,181	127,633	155,981	155,842
Sheet and Extruded Products Business	71,274	82,823	103,340	98,165	106,955	107,835	101,193	97,850	113,876	107,399	94,786
Fabricated Products and Others	132,261	138,088	149,220	154,684	169,019	180,259	172,975	157,297	153,415	153,167	167,793
Foil and powder products	93,806	96,227	102,001	93,692	94,365	95,349	88,945	86,240	91,655	100,407	105,294
Operating Profit											
Alumina, Chemicals and Ingot Business	2,917	6,069	9,138	10,126	8,954	9,616	10,902	9,614	13,021	10,201	11,826
Sheet and Extruded Products Business	2,668	4,230	3,058	7,775	9,767	7,152	3,556	5,950	7,518	(541)	2,301
Fabricated Products and Others	7,224	7,704	10,958	10,245	9,783	11,681	10,440	8,892	3,776	59	2,631
Foil and powder products	2,889	4,183	6,829	5,478	4,856	5,114	3,074	3,311	1,570	1,518	5,634
Elimination or corporate	(3,081)	(2,881)	(3,162)	(3,399)	(3,467)	(3,511)	(3,365)	(3,573)	(3,687)	(3,698)	(4,203)
Financial Position											
Current assets	226,807	248,906	247,363	246,394	262,671	267,238	246,374	270,781	296,727	292,333	301,982
Non-current assets	205,731	208,371	204,831	202,229	204,528	214,065	223,630	236,174	235,874	233,868	241,211
Current liabilities	181,520	202,220	186,881	184,277	191,729	184,364	162,341	166,116	190,542	196,479	218,028
Non-current liabilities	129,824	117,672	120,894	90,722	86,148	94,204	106,465	133,735	121,152	108,964	87,070
Shareholders' equity	105,787	111,791	124,884	154,600	167,115	183,163	184,547	184,763	194,967	196,455	204,218
Accumulated other comprehensive income	4,629	9,631	5,300	5,053	6,842	4,691	1,728	5,949	8,122	9,020	17,040
Non-controlling interests	10,778	15,963	14,235	13,971	15,365	14,881	14,923	16,392	17,818	15,283	16,837
Balance of interest-bearing debt	198,668	188,990	182,207	149,835	139,997	139,570	132,622	146,229	155,406	163,570	156,091
Cash Flows											
Cash flows from operating activities	18,148	11,780	37,770	36,488	25,868	34,644	48,676	41,942	1,487	695	38,041
Depreciation	16,435	16,406	16,356	16,602	17,126	17,294	18,694	19,157	20,063	19,732	20,525
Cash flows from investing activities	(18,998)	(7,119)	(19,419)	(11,887)	(14,948)	(22,777)	(29,684)	(25,674)	(18,021)	(15,123)	(23,931)
Capital expenditures	14,001	15,869	18,861	19,908	21,077	29,926	29,978	25,933	23,222	18,253	23,900
Cash flows from financing activities	5,762	(17,581)	(10,708)	(24,432)	(17,040)	(8,904)	(15,745)	8,194	(626)	85	(11,049)
Per-Share Information (yen) ^(Note)											
Profit	94.29	177.35	285.62	345.79	290.88	332.03	120.73	54.37	270.77	116.33	160.47
Diluted profit	90.43	155.86	251.01	314.65	—	—	—	—	—	—	—
Net assets	2,030.30	2,232.72	2,393.87	2,578.24	2,809.28	3,033.74	3,008.26	3,081.54	3,281.17	3,318.17	3,586.62
Amount of dividends	40.0	50.0	60.0	80.0	80.0	90.0	90.0	65.0	85.0	50.0	50.0
Indicators (%)											
Return on Capital Employed (ROCE)	5.9	8.2	9.0	9.6	10.7	10.8	8.0	8.4	8.7	3.2	6.0
Return on equity	4.8	8.3	12.3	13.5	10.8	11.4	4.0	1.8	8.5	3.5	4.2
Equity ratio	25.5	26.6	28.8	35.6	37.2	39.0	39.6	37.6	38.1	39.0	40.7
Others											
Number of shares issued (thousand shares) ^(Note)	545,126	545,126	545,126	619,938	619,938	619,938	619,938	61,994	61,994	61,994	61,994
Research and development expenses	4,984	4,495	4,794	4,939	5,177	5,447	5,867	5,935	6,443	6,391	6,260
Number of employees	10,438	13,335	12,961	13,126	12,855	13,316	13,611	13,162	12,750	12,633	12,489

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

Data

		Boundary		FY2019	FY2020	FY2021	FY2022	FY2023	Unit	
Employees, etc.										
Number of directors	Full-time directors	Consolidated	Male	216	209	223	217	225	person(s)	
		Consolidated	Female	1	1	1	1	3	person(s)	
		Consolidated	<u>Total</u>	<u>217</u>	<u>210</u>	<u>224</u>	<u>218</u>	<u>228</u>	person(s)	
Number of employees*1	Managerial staff	Consolidated	Male	1,666	1,712	1,674	1,680	1,698	person(s)	
		Consolidated	Female	96	100	95	99	105	person(s)	
		Consolidated	<u>Total</u>	<u>1,762</u>	<u>1,812</u>	<u>1,769</u>	<u>1,779</u>	<u>1,803</u>	person(s)	
	General	Consolidated	Male	9,345	9,040	8,486	8,398	8,244	person(s)	
		Consolidated	Female	2,504	2,310	1,775	1,773	1,785	person(s)	
		Consolidated	<u>Total</u>	<u>11,849</u>	<u>11,350</u>	<u>10,261</u>	<u>10,171</u>	<u>10,029</u>	person(s)	
	Temporary	Consolidated (Japan)	Male	—	—	—	483	472	person(s)	
		Consolidated (Japan)	Female	—	—	—	200	185	person(s)	
		Consolidated	<u>Total</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>683</u>	<u>657</u>	person(s)	
	Total employees	Consolidated	<u>Total</u>	<u>13,611</u>	<u>13,162</u>	<u>12,030</u>	<u>12,633</u>	<u>12,489</u>	person(s)	
	Number of employees by country/region	Japan	Consolidated	Male	8,568	8,668	8,621	9,028	8,925	person(s)
			Consolidated	Female	1,323	1,384	1,431	1,660	1,671	person(s)
Consolidated			<u>Total</u>	<u>9,891</u>	<u>10,052</u>	<u>10,052</u>	<u>10,688</u>	<u>10,596</u>	person(s)	
Asia		Consolidated	Male	2,221	1,858	1,317	1,289	1,238	person(s)	
		Consolidated	Female	1,239	985	400	371	354	person(s)	
		Consolidated	<u>Total</u>	<u>3,460</u>	<u>2,843</u>	<u>1,717</u>	<u>1,660</u>	<u>1,592</u>	person(s)	
U.S. and Europe		Consolidated	Male	222	226	222	243	250	person(s)	
		Consolidated	Female	38	41	39	42	51	person(s)	
		Consolidated	<u>Total</u>	<u>260</u>	<u>267</u>	<u>261</u>	<u>285</u>	<u>301</u>	person(s)	
Number of employees in each age group*2	Under 15	Consolidated	Male	0	0	0	0	0	person(s)	
		Consolidated	Female	0	0	0	0	0	person(s)	
		Consolidated	<u>Total</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	person(s)	
	15 to 19 years old	Consolidated	Male	108	89	112	98	92	person(s)	
		Consolidated	Female	21	20	13	20	21	person(s)	
		Consolidated	<u>Total</u>	<u>129</u>	<u>109</u>	<u>125</u>	<u>118</u>	<u>113</u>	person(s)	
	20 to 29	Consolidated	Male	2,124	1,925	1,691	1,648	1,558	person(s)	
		Consolidated	Female	600	444	351	361	355	person(s)	
		Consolidated	<u>Total</u>	<u>2,724</u>	<u>2,369</u>	<u>2,042</u>	<u>2,009</u>	<u>1,913</u>	person(s)	
	30 to 39	Consolidated	Male	3,164	3,038	2,745	2,716	2,673	person(s)	
		Consolidated	Female	894	826	530	552	521	person(s)	
		Consolidated	<u>Total</u>	<u>4,058</u>	<u>3,864</u>	<u>3,275</u>	<u>3,268</u>	<u>3,194</u>	person(s)	
	40 to 49	Consolidated	Male	2,919	2,798	2,641	2,743	2,617	person(s)	
		Consolidated	Female	741	738	564	600	582	person(s)	
		Consolidated	<u>Total</u>	<u>3,660</u>	<u>3,536</u>	<u>3,205</u>	<u>3,343</u>	<u>3,199</u>	person(s)	
	50 to 59	Consolidated	Male	2,010	2,252	2,290	2,467	2,554	person(s)	
		Consolidated	Female	284	319	351	418	455	person(s)	
		Consolidated	<u>Total</u>	<u>2,294</u>	<u>2,571</u>	<u>2,641</u>	<u>2,885</u>	<u>3,009</u>	person(s)	
60 or older	Consolidated	Male	686	650	681	888	919	person(s)		
	Consolidated	Female	60	63	61	122	142	person(s)		
	Consolidated	<u>Total</u>	<u>746</u>	<u>713</u>	<u>742</u>	<u>1,010</u>	<u>1,061</u>	person(s)		
Percentage of female employees*3	Consolidated		19.1	18.3	15.5	16.4	16.6	%		
Percentage of female managers*3	Consolidated		5.4	5.5	5.4	5.6	5.8	%		

		Boundary		FY2019	FY2020	FY2021	FY2022	FY2023	Unit
Number of new hires	Total	Consolidated (Japan)		617	486	459	470	545	person(s)
	Percentage to employees	Consolidated (Japan)		6.8	5.3	5.0	5.1	5.9	%
Number of new graduates who were recruited	Total	Consolidated (Japan)		210	196	205	185	191	person(s)
	Percentage to employees	Consolidated (Japan)		5.1	4.4	5.3	5.5	6.2	%
Number of employees who left	Total	Consolidated (Japan)		490	427	515	541	612	person(s)
	Percentage to employees	Consolidated (Japan)		5.1	4.4	5.3	5.5	6.2	%
Three-year retention rate*4		Consolidated (Japan)		89.1	87.8	82.3	79.8	80.4	%
Number of those who were re-employed after retirement		Non-consolidated (Nippon Light Metal Co., Ltd.)		12	1	8	4	0	person(s)
Labor Union participation rate		Non-consolidated (Nippon Light Metal Co., Ltd.)		100	100	100	100	100	%
Average age	Consolidated	Male		39.4	40.7	41.3	42.1	42.5	years old
		Female		37.0	38.4	39.8	40.5	40.7	years old
		<u>Total</u>		<u>39.0</u>	<u>40.3</u>	<u>41.0</u>	<u>41.9</u>	<u>42.2</u>	years old
Average duration of service	Consolidated	Male		11.8	12.7	13.4	13.4	13.8	years
		Female		7.6	8.6	10.4	10.3	10.9	years
		<u>Total</u>		<u>11.0</u>	<u>12.0</u>	<u>12.9</u>	<u>12.9</u>	<u>13.3</u>	years
Average annual hours worked	Consolidated (Japan)	Male		2,076	2,085	2,119	2,137	2,164	Hours/person
		Female		1,867	1,919	2,003	2,036	1,990	Hours/person
		<u>Total</u>		<u>2,047</u>	<u>2,062</u>	<u>2,103</u>	<u>2,122</u>	<u>2,139</u>	Hours/person
Average annual overtime work hours	Consolidated (Japan)	Male		284	255	257	237	248	Hours/person
		Female		148	130	153	145	133	Hours/person
		<u>Total</u>		<u>266</u>	<u>238</u>	<u>243</u>	<u>224</u>	<u>231</u>	Hours/person
Average number of days of annual paid leave taken	Consolidated	Male		11.0	10.8	12.7	13.6	14.8	days
		Female		9.6	9.9	12.9	14.2	15.4	days
		<u>Total</u>		<u>10.7</u>	<u>10.6</u>	<u>12.7</u>	<u>13.7</u>	<u>14.9</u>	days
Average rate of acquisition of annual paid leave	Consolidated	Male		63.9	56.4	59.5	67.6	69.2	%
		Female		74.3	64.3	67.2	73.4	76.2	%
		<u>Total</u>		<u>65.4</u>	<u>57.6</u>	<u>60.6</u>	<u>68.5</u>	<u>70.2</u>	%
Percentage of newly taken childcare leave*5	Consolidated (Japan)	Male		12	12	50	40.6	68.2	%
		Female		52	42	74	108.3	102.9	%
		<u>Total</u>		<u>64</u>	<u>54</u>	<u>124</u>	<u>50.8</u>	<u>73.3</u>	%
Number of employees who newly took nursing care leave	Consolidated (Japan)	Male		0	2	1	1	6	person(s)
		Female		2	2	1	2	3	person(s)
		<u>Total</u>		<u>2</u>	<u>4</u>	<u>2</u>	<u>3</u>	<u>9</u>	person(s)
Number of users of the shorter working hour program	Consolidated (Japan)	Male		3	5	5	6	11	person(s)
		Female		85	96	100	110	114	person(s)
		<u>Total</u>		<u>88</u>	<u>101</u>	<u>105</u>	<u>116</u>	<u>125</u>	person(s)
Number of employees who were absent from work due to mental health problems	Consolidated (Japan)	Male		51	45	43	40	58	person(s)
		Female		8	5	8	11	23	person(s)
		<u>Total</u>		<u>59</u>	<u>50</u>	<u>51</u>	<u>51</u>	<u>81</u>	person(s)
Average Annual Amount of Expenditure for Education/Training		Consolidated		25.0	16.2	17.8	31.1	50.9	thousand yen/person
Employment rate of people with disabilities*6		Non-consolidated (Nippon Light Metal Co., Ltd.)		2.57	2.60	2.57	2.68	2.86	%
		Non-consolidated (Toyo Aluminium K.K.)		2.55	2.63	2.30	2.52	2.34	%
Ratio of women's wages to men's wages*7		Non-consolidated (Nippon Light Metal Co., Ltd.)		—	—	—	68.7	72.2	%

*1 Fixed-term (full-time) employees are included. Temporary employees began to be included in FY2022.
*2 Consolidated figures have been reported since FY2018.
*3 Began to include the number of temporary employees in FY2022.
*4 Percentage of employees who are still at the company as of April 1 in the year that is three years after they joined the company.
*5 The number of employees was reported in FY2021 and before. The percentage began to be reported in FY2022.
*6 As of June 1 immediately after the end of each fiscal year. The statutory employment rate is 2.3%.
*7 Began to be calculated in FY2022.

Data

		Boundary	FY2019	FY2020	FY2021	FY2022	FY2023	Unit
Environmental								
Greenhouse gas emissions (Scope 1, Scope 2)*1	Consolidated		535	486	486	449	★ 453	thousand tons-CO ₂
	Consolidated (Japan only)*2		410	369	386	353	357	thousand tons-CO ₂
	Consolidated (overseas only)*3		125	117	100	96	96*3	thousand tons-CO ₂
Greenhouse gas emissions per unit of sales*1	Consolidated (Japan only)		1.09	1.06	1.01	0.88	0.87	tons-CO ₂ /million yen
Breakdown of Scope 3 emissions*4	Category 1 Purchased goods and services*5	Consolidated	2,358	2,107	2,389	2,404	★ 2,026	thousand tons-CO ₂
	Category 2 Capital goods	Consolidated	42	39	23	25	31	thousand tons-CO ₂
	Category 3 Fuel and energy not included in Scope 1 or 2	Consolidated	34	31	33	32	31	thousand tons-CO ₂
	Category 4 Upstream transportation and distribution	Consolidated	0	0	0	0	0	thousand tons-CO ₂
	Category 5 Waste generated in operation	Consolidated	4	3	4	4	4	thousand tons-CO ₂
	Category 6 Business travel	Consolidated	0	0	0	0	0	thousand tons-CO ₂
	Category 7 Employee commuting	Consolidated	4	4	4	4	4	thousand tons-CO ₂
Energy consumption	Electricity	Consolidated	8.1	7.8	8.3	7.7	7.4	PJ
	Fuels	Consolidated	6.0	5.5	5.8	5.5	5.4	PJ
Energy consumption intensity per unit of sales	Consolidated	30.1	30.4	29.0	25.4	24.5	GJ/million yen	
Weight of raw materials used in production	Consolidated	523	426	456	555	461	thousand tons	
SOx emissions	Consolidated	365	330	350	293	333	tons	
NOx emissions	Consolidated	449	380	507	414	439	tons	
Quantity of water intake*6	Consolidated	22.6	21.7	21.2	21.3	★ 19.0	million m ³	
Total amount of discharged water	Consolidated	21.3	20.7	20.4	20.4	17.9	million m ³	
Total wastewater per unit of sales	Consolidated	4.6	4.8	4.2	3.9	3.4	10 ⁻⁵ million m ³ /million yen	
Water consumption	Consolidated	1.3	1.0	0.9	0.9	1.2	million m ³	
COD emissions	Consolidated	106	90	77	99	77	tons	
Emissions and disposal of waste and waste byproducts	Total emissions	Consolidated	45.6	37.1	44.2	38.1	36.2	thousand tons
	Total emissions per unit of sales	Consolidated	9.8	8.6	9.1	7.4	6.9	10 ⁻⁵ thousand tons/million yen
	Disposed (landfill)	Consolidated	3.4	3.5	4.8	5.1	3.7	thousand tons
	Disposed (landfill) per unit of sales	Consolidated	7.3	8.2	9.9	9.9	7.1	10 ⁻⁶ thousand tons/million yen
Environmental accounting	Environmental conservation expenditure: Investment	Consolidated (Japan only)	1,580	995	1,359	1,972	1,473	million yen
	Environmental conservation expenditure: Expenditure	Consolidated (Japan only)	6,248	5,746	5,688	6,498	5,897	million yen
	Economic effect of environmental conservation activities: Earnings	Consolidated (Japan only)	370	334	603	634	681	million yen
	Economic effect of environmental conservation activities: Changes in expenditure*7*8	Consolidated (Japan only)	1,027	2,098	-1,849	-3,625	2,374	million yen
Number of cases of lawsuits, penalties, or forfeitures related to the environment	Consolidated	0	0	0	2	1	case(s)	
Number of accidents related to the environment*9	Consolidated	3	3	3	6	18	case(s)	
Number of complaints related to the environment*10	Consolidated	10	6	7	7	18	case(s)	

		Boundary	FY2019	FY2020	FY2021	FY2022	FY2023	Unit
Safety								
Number of workplace injuries*11	Lost-time injuries	Consolidated (Japan only)	19	12	15	16	15	case(s)
		Consolidated (overseas only)	16	7	14	6	2	case(s)
	Non-lost-time injuries	Consolidated (Japan only)	53	58	46	51	37	case(s)
		Consolidated (overseas only)	7	3	4	6	5	case(s)
Frequency rate of lost-time injuries*11*12	Consolidated	0.91	0.58	0.73	0.81	0.75		
	Non-consolidated (Nippon Light Metal Co., Ltd.)	0.27	0.52	0.26	0.52	0.00		
Compliance								
Number of cases that were reported to Group Hotline	Consolidated	29	16	24	16	28	case(s)	
Compliance meeting	Number of times the training was held	Consolidated	2,156	2,517	2,416	2,319	2,387	times
	Number of participants	Consolidated	21,404	23,059	22,307	21,529	21,911	total number
Number of patent publications*11*13	Consolidated	160	140	213	132	115	case(s)	
Number of patent registrations*11*13	Consolidated	81	131	88	97	93	case(s)	
Quality assurance								
Number of violations of laws or regulations in the provision of products/services	Consolidated	0	0	13	44	11	case(s)	
Number of prompt reports	Consolidated	7	9	15	21	38	case(s)	
Number of recalls	Consolidated	3	5	3	2	1	case(s)	
Community								
Expenditure related to social contribution	Consolidated	180	113	118	280	163	million yen	
Governance								
Interim and year-end dividend per share	Consolidated	90	65*14	85	50	50	yen	

Amount of income taxes paid by country*15 (Unit) Amount paid: Million yen, Number of employees: People

Fiscal year	Japan		China		Thailand		U.S.		Indonesia		India		Vietnam		France	
	Amount paid	Number of employees														
2020	3,915	10,062	526	1,976	59	785	81	158	1	2	0	46	10	31	0	109
2021	5,725	10,784	450	742	58	758	147	152	1	2	135	181	-4	31	16	109
2022	6,522	10,700	422	360	207	752	218	190	1	2	216	200	10	34	0	95

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

*1 The method of calculating Scope 2 emissions has been changed from a location-based method to a market-based one. We revised the emission factors that we apply and corrected the figures for past fiscal years to reflect this change. The sum of Japan only and overseas only figures may not match the consolidated figures due to rounding.

*2 The following CO₂ emission factors were used for the calculations.
Electricity in Japan: The adjusted emission factor for each electric power supplier that was announced by the Ministry of the Environment and the Ministry of Economy, Trade and Industry
Fuel in Japan: (City gas) The basic emission factor for each gas business operator that was announced by the Ministry of the Environment and the Ministry of Economy, Trade and Industry; (Other)The CO₂ emission factor per unit for each fuel set by a ministerial ordinance from the Ministry of the Environment

*3 The following CO₂ emission factors were used for the calculations.
Electricity overseas: Emission factor announced by each government (since FY2023)
Fuel overseas: Same as fuel in Japan above*2
The subject period is January to December for FY2019 and April to March for FY2020 to FY2023.

*4 Calculated based on the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry. To calculate figures for FY2021, we used emission factors specified in the Inventory Database for Environmental Analysis (IDEA) database (ver. 2.3; for calculating greenhouse gas emissions from the supply chain) and in the Summary of LCI Data of Imported Primary Aluminum Ingots in Japan published by the Japan Aluminium Association.

*5 The figures were corrected retroactively to reflect a change in the scope of calculation (the addition of metallic silicon) and the revision of the emission factor. The Scope 3 Category 1 emissions are calculated based on aluminum ingots, aluminum hydroxide, raw salt, and metallic silicon as raw materials. Of the items, the aluminum ingots are those purchased by the Group Metal Center, Metal Business Division of Nippon Light Metal Co., Ltd. and by Nikkei MC Aluminium Co., Ltd.

*6 Only the intake of water used in the manufacturing process is subject to calculation.

*7 Changes in expenditure are calculated using the following formula:
Changes in expenditure = expenditure incurred during a base period (FY2022) – expenditure incurred during the current year (FY2023)

*8 - (minus) indicates an increase in expenditure.

*9 Environmental problems that affect external parties (such as the leakage of oil or chemicals)

*10 Number of petitions from external parties (such as those regarding smell and noise)

*11 The subject period is the calendar year (January to December).

*12 Injuries that resulted in one or more days' absence from work (excluding commuting injuries)

*13 Companies subject to calculation were added from FY2020.

*14 On October 1, 2020, the company conducted a one-for-ten reverse stock split.

*15 The amount of taxes paid was 1 yen or more and less than 1 million yen in Indonesia (2 people) and France (95 people).
(The figures in the parentheses indicate the number of employees.)

Independent Assurance Report



Independent Assurance Report

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

We were engaged by Nippon Light Metal Holdings Company, Ltd. (the “Company”) to undertake a limited assurance engagement of the environmental performance indicators marked with ★ (the “Indicators”) for the period from April 1, 2023 to March 31, 2024 included in its Integrated Report 2024 (the “Report”) for the fiscal year ended March 31, 2024.

The Company’s Responsibility

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

Our Responsibility

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

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

Conclusion

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

Our Independence and Quality Management

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

Kenichiro Sato

Kenichiro Sato, Partner
KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
February 17, 2025

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

Business Conduct Guideline



Company Information and Share Information

Corporate Overview (as of March 31, 2024)

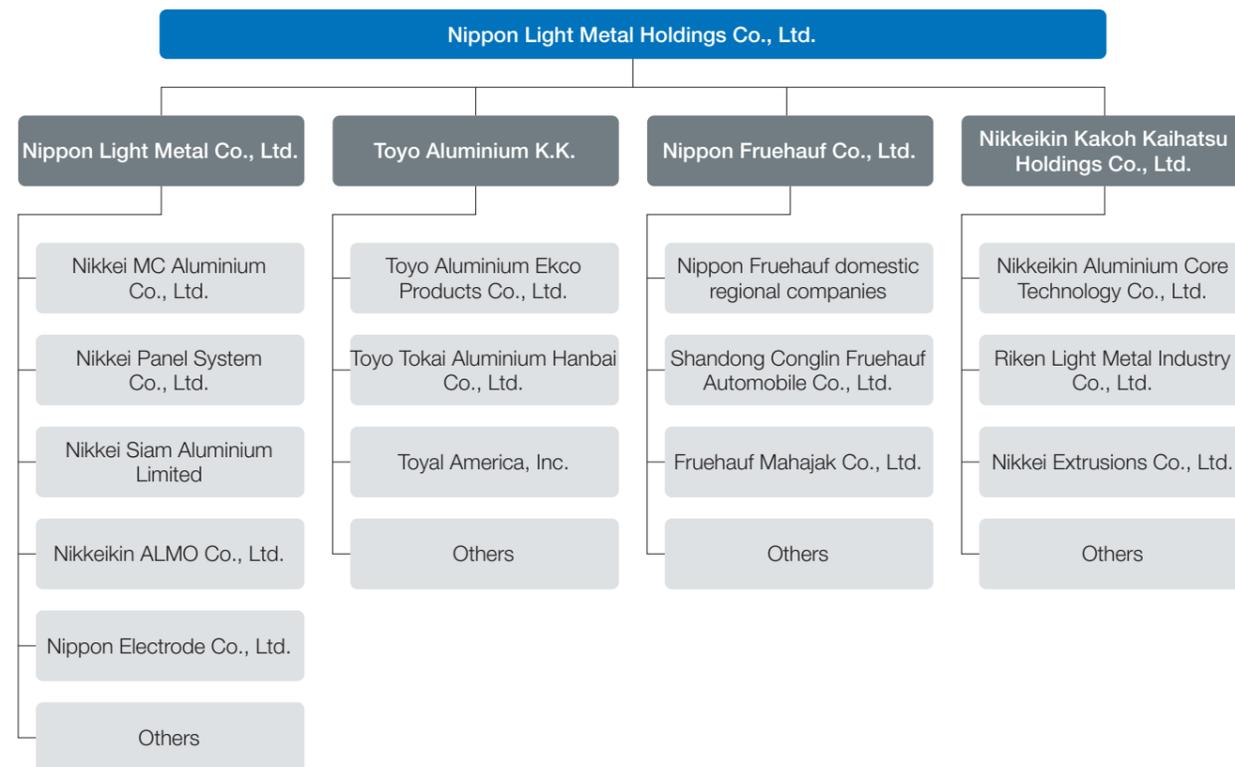
Company Name	Nippon Light Metal Holdings Company, Ltd.
Head Office Location	Urbannet Uchisaiwai-cho Building, 1-1-13 Shinbashi, Minato-ku, Tokyo
Share Capital	46,525,000,014 yen
President and Chief Executive Officer	Ichiro Okamoto
Number of Employees	12,489 (consolidated)
Established	October 1, 2012
Stock Exchange Listings	Tokyo Stock Exchange Prime Market (Securities code: 5703)

Share Information (as of March 31, 2024)

Total Number of Authorized Shares	200,000,000 shares	
Total Number of Issued Shares	61,993,750 shares	
Number of Shareholders	50,740	
Major Shareholders (top ten)		
Name of Shareholder	Number of Shares Held (in thousands)	Ratio of Shareholding
The Master Trust Bank of Japan, Ltd. (Trust Account)	10,425	16.8
Custody Bank of Japan, Ltd. (Trust Account)	4,400	7.1
Nikkei-Keiyu-Kai	2,006	3.2
The Dai-ichi Life Insurance Company, Limited	2,000	3.2
The Light Metal Educational Foundation, Inc.	1,491	2.4
Asahi Mutual Life Insurance Company	1,275	2.1
Mizuho Bank, Ltd.	1,126	1.8
STATE STREET BANK WEST CLIENT - TREATY 505234	935	1.5
STATE STREET BANK AND TRUST COMPANY 505223	912	1.5
Sumitomo Mitsui Trust Bank, Limited	909	1.5

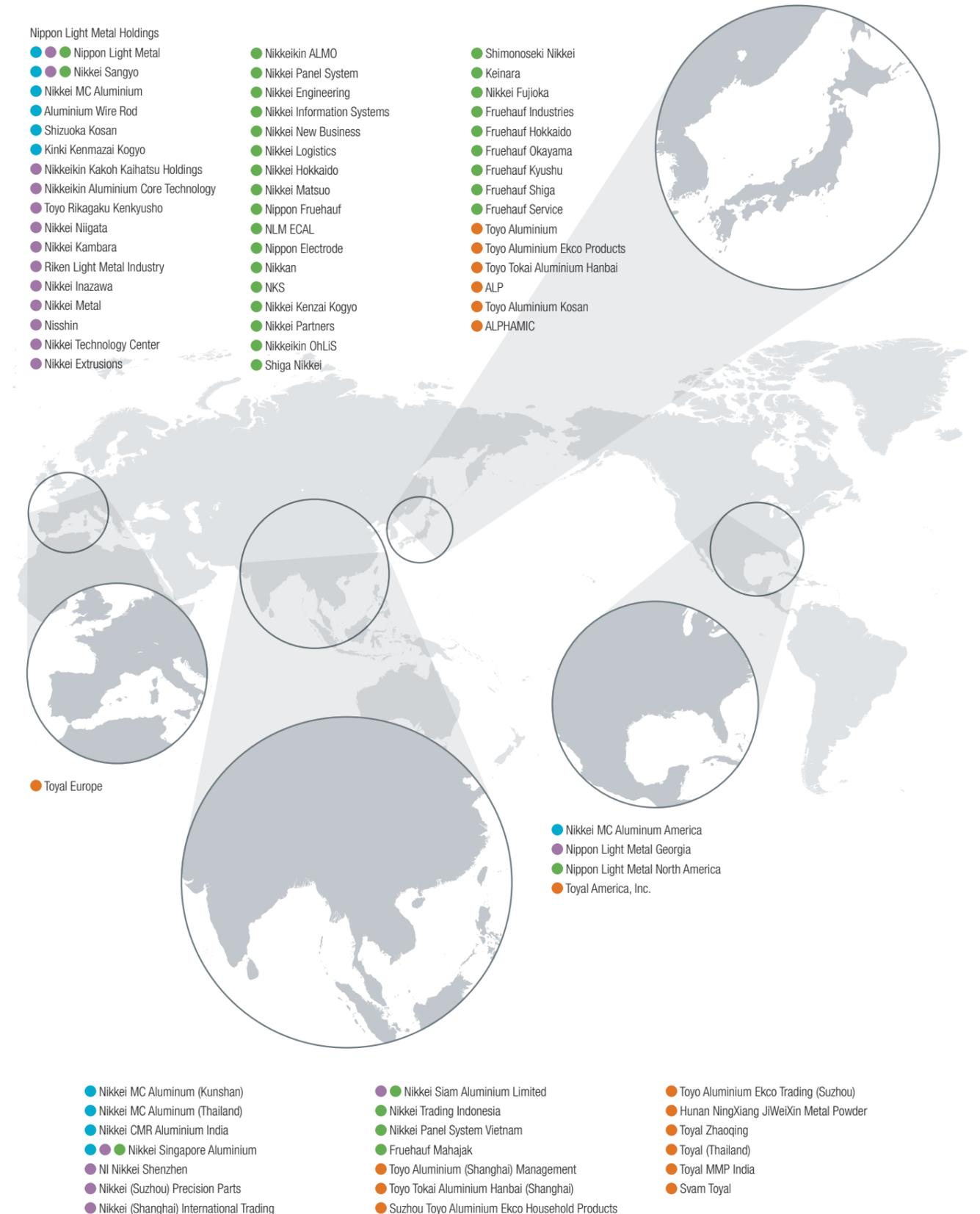
Note: Ratio of shareholding is calculated after excluding treasury shares (50,977 shares).

Nippon Light Metal Group Management Structure (as of March 31, 2024)



Global Network

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



Note: Two dormant companies are excluded.