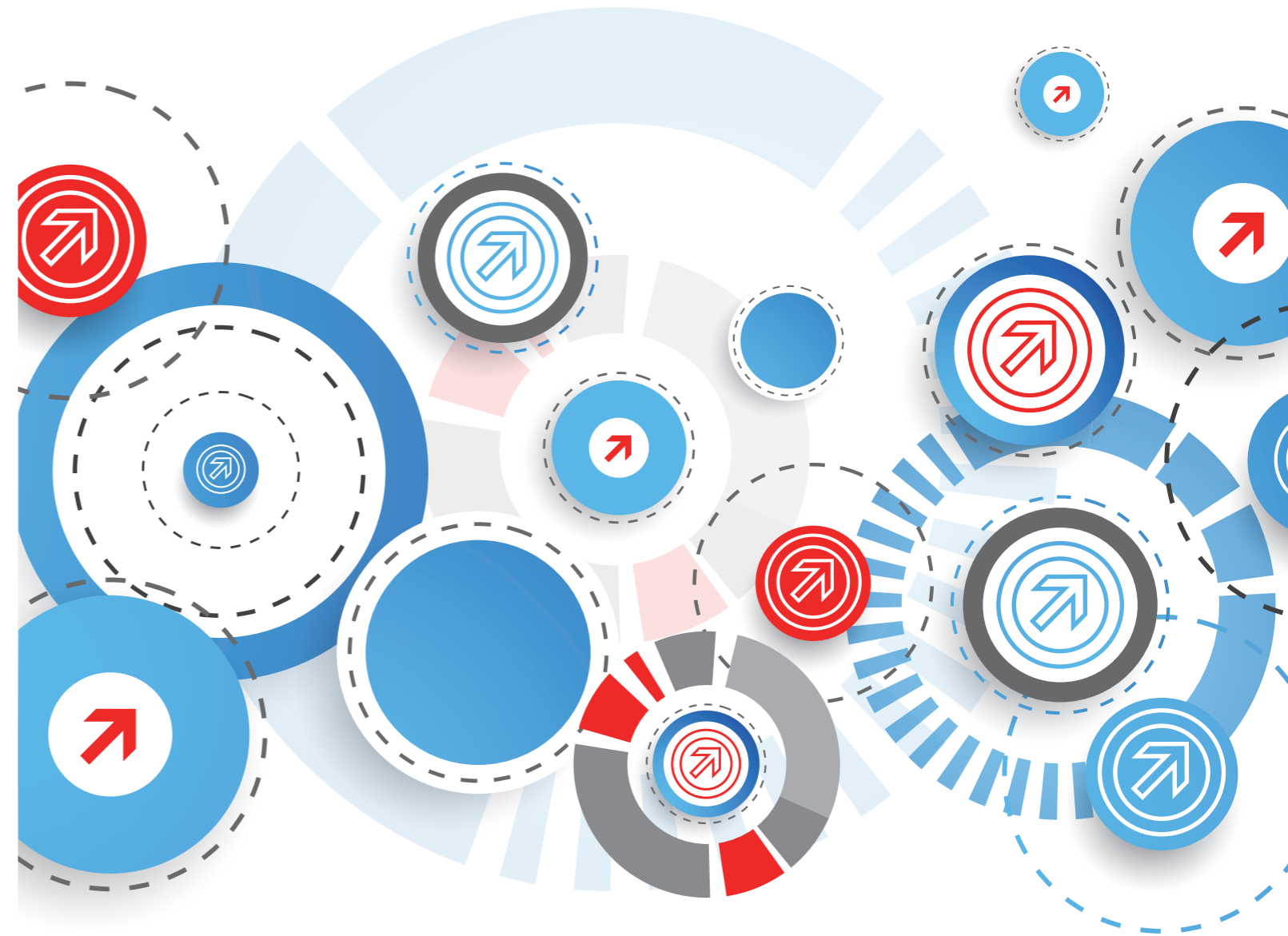
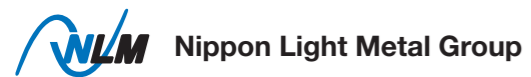


CSR REPORT 2020



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Editorial policy

Introduction

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

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

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

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

Reference guidelines

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

Period covered

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

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

Boundary of the report

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

Period of issuance

October 2020 (Next report: To be issued in October 2021; Previous report: Issued in October 2019)

Independent assurance

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

Stock Indexes



Reporting media of CSR information

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

Non-financial information

- CSR Report (Brochure/PDF)
- Website <https://www.nikkeikinholdings.co.jp/csr/>
<https://www.nikkeikinholdings.com/csr/>(English)



Financial information

- Website <https://www.nikkeikinholdings.co.jp/ir-data/>
- Annual Report
- Fact Book



Entering the new normal with the power of Team NLM



I. Okamoto

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

Introduction

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

The Problem of Sedimentation in Amehata Dam

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

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

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

Financial results for the first fiscal year of the mid-term management plan (for FY2019 to FY2021) were severe, with a year-on-year decline in both sales and profit. Net sales decreased 34.6 billion yen (6.9%) year on year, to 465.9 billion yen. Net profit declined 13.1 billion yen (63.6%) year on year, to 7.5 billion yen, reflecting special losses of 11.0 billion yen that resulted from the above-mentioned measures to address Amehata Dam sedimentation, in addition to the decline in net sales. While there are various factors, including a slowdown of

the market attributed to the US-China trade war and the slump in the aluminum ingot price, I am fully aware that we did not have the power to overcome these factors. I suspect that our strategies and methods are behind global trends. I also suspect that because our profit had continued to increase since our foundation in 2012, we rested content with the status quo or avoided change, believing that the way we do things is right and that after we have passed the bottom of this recession, we would be able to enjoy growth like before. A corporate group which rests content with a little success is destined to move backward and rapidly fall into the abyss. The world is changing with time. We must continue to change by trying new things, and always aim for growth.

In the second half of the fiscal year, COVID-19 struck the world as if it were testing these thoughts of ours. The pandemic only minorly impacted our business performance in FY2019. However, this is attributed to the time gap between the changes in the manufacturing market and their impact on our market. This gap is experienced by companies that mainly deal in materials. I think that the impact will gradually begin to extend.

Regarding the virus's impact on our employees and businesses, one employee in Thailand, two in the United States, and one in Japan were infected as of July 31. However, the scale of the problem was not large enough to affect our businesses directly. While the COVID-19 pandemic has begun to slow down some of our businesses, we continue operating both in Japan and overseas.

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

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

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

Selection of material issues

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

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

We are in the first year of the Decade of Action, when all humans must take action to achieve the SDGs by 2030. Our business domains have increasingly expanded. I believe that this expansion leads to the ability of the group to alleviate the impact crises have on our business performance, including climate change. I also hope that, thinking the other way round, current and future threats can be transformed into great opportunities for the group because of this form of business. At the NLM Group, we are ready to demonstrate our strengths which are enabled by cooperation and to attempt new forms of business globally after the end of COVID-19, or during what is being called the new normal. As Team NLM, we will work to be a groundbreaking innovator of aluminum and beyond. The transition to the new normal will be an opportunity for us to accelerate our efforts to take on new challenges and break new ground that no other material manufacturer has done before.

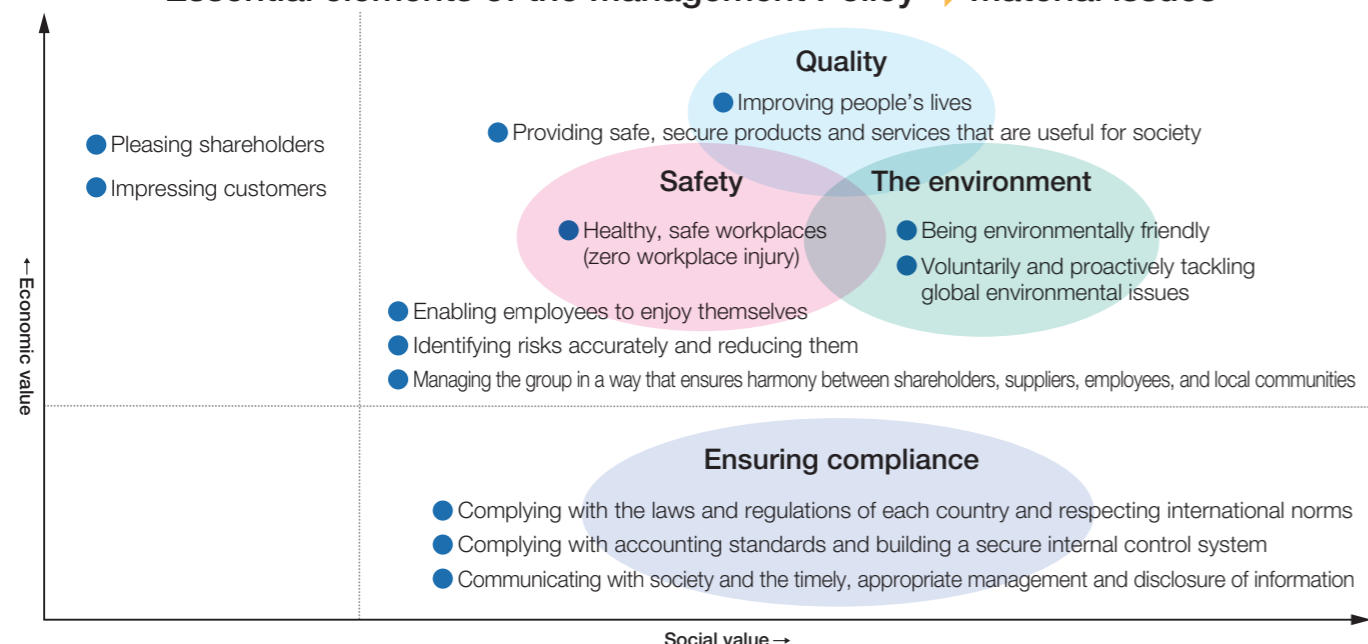
Our efforts to select material issues

Since 2018, we have been selecting material issues toward the achievement of sustainable society. In the mid-term management plan for FY2019 to FY2021, we selected the three elements of *safety*, *quality*, and *the environment*, which we identified through the process of searching for material issues, as tentative core elements of the issues. They were derived from the Management Policy of the NLM Group. We distilled essential elements that support the “Nippon Light Metal — Anything Aluminum” statement in the Management Policy. These elements are things that we have always valued and that are important to society. We quantified and distributed them according to economic and social value. Then we grouped policies and other elements in high positions according to both their economic and social value, which enabled us to derive the three core elements of safety, quality, and the environment. Each element has two aspects: opportunities and risks. For example, *safety* is related to the risk of workplace injuries, the risk of defective products and services, and the risk of the disruption of the supply chain, among others. The other side, this element also is connected to opportunities, including safe town development and the growing demand for safe, secure foods, medical products, and services. *Quality* includes both product and service quality and the quality assurance system that supports them. If these elements function well, the value of the NLM brand increases. Quality fraud and other problems are major risks. *The environment* relates to environmental pollution risks and the significant environmental impact that our business activities have. The other side, this core element also involves opportunities, for example, opportunities to develop products and services that reduce environmental impact or improve the environment.

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



Essential elements of the Management Policy → Material issues



Risks

	Possible risk	How to respond/adapt to the risk
Extreme weather	Giant typhoons, cloudburst, and other similar disasters occur frequently, resulting in the frequent flooding and damage of production sites and in supply chains.	Rebuild production sites and supply chains to ensure they are disaster-resistant
Temperature rise	Labor environment at production sites becomes tougher, causing the loss of human resources and a labor shortage.	Create a humane workplace environment that enables job satisfaction through the pursuit of innovative technologies and automation.
	Sea level rise causes frequent flooding and damage at production sites in coastal areas.	Rebuild production sites and supply chains to ensure they are disaster-resistant
Decarbonization	The market shifts toward decarbonization, resulting in people and companies avoiding the use of aluminum, which emits a large amount of carbon.	Improve our recycling technologies and alloy development capabilities to expand our lineup of products and services with high scrap content
	Energy costs rise due to the transition away from fossil fuels.	Significantly reduce carbon emissions from the company and supply chain
	Aluminum-producing nations change their policies in response to the tight balance between energy supply and demand, resulting in an unstable aluminum supply.	Establish our own sources of raw materials by building a wider-ranging closed recycling system.

Opportunities

	Possible opportunity	How to respond to the opportunity
Extreme weather	Increased demand for the construction and renovation of social infrastructure due to frequent disasters.	Rebuild the supply chain so that it is disaster-resistant by working together with suppliers
		Expand the lineup of disaster-resistant products and services and those that improve the efficiency of disaster recovery
Temperature rise	Demand for aluminum packages and cold chain logistics increases in response to the growing demand for antiseptic and antibacterial products.	Win trust by providing products and services of a more reliable quality as materials to be used in infrastructure for life and industry
		Expand the lineup of products and services for packaging materials and cold chain logistics
Decarbonization	The market shifts toward decarbonization, leading to greater demand for decarbonized aluminum.	Develop low-carbon aluminum by taking measures including improving the recycling rate, using renewable energy, and selecting ingot sources
Resource efficiency	The value of materials with high resource efficiency is reaffirmed, resulting in greater demand for aluminum with a high recycling ratio.	Improve our recycling technologies and alloy development capabilities to expand our lineup of products and services with high scrap content
Waste reduction	A shift to materials with a competitive edge regarding the 3Rs occurs due to moves to stop using plastics, resulting in greater demand for aluminum.	Develop functions, products, and services to be alternatives to plastics

As a result, we identified six material issues.

Material issues of the NLM Group (proposed)

1. Development and provision of sustainable products and services for sustainable applications
2. Development and provision of low-carbon products and services
3. Value chain that is flexible and resilient to change
4. Happiness of employees
5. New normal
6. Harmonious co-existence with local communities and building trust with them

Moving forward, we plan to proceed with the determination of material issues by further deepening discussions and consulting with each stakeholder to listen to their opinions.

Measures to address floods in the area around Amehata Dam

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

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

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

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

Reference 1 Content of the administrative guidance

Regarding measures to respond to the regular inspection of Amehata Dam

Notice No. 13 dated August 9, 2019 from the Director of Kofu River and National Highway Office, Kanto Regional Development Bureau, MLIT

To: Officer of Kambara Complex, Nippon Light Metal Co., Ltd.

Notice from the Director of Kofu River and National Highway Office, Kanto Regional Development Bureau, MLIT

Findings of the regular inspection

- Measures to address sedimentation have been taken, but the measures shall be strengthened and improved to surely reduce the amount of sediment.
- A plan for measures to address the sedimentation problem shall be finalized and the measures shall be implemented in a well-planned manner to fundamentally solve the sedimentation problem.
- While abnormalities such as deformation have not been observed, the amount of sediment has exceeded the sediment storage capacity. Accordingly, its impact on the dam body, etc. shall be investigated.

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

Reference 2 Progress of the Investigative Commission

1st meeting of the Investigative Commission September 3, 2019

- Purpose for establishing the Amehata Area Sediment Countermeasures Investigative Commission
- Overview of the Amehata Dam and the circumstances that led to the removal of sediment

- Issues to overcome and the schedule for the formulation of a sediment countermeasure plan

2nd meeting of the Investigative Commission December 20, 2019

- Progress in the recovery from Typhoon Hagibis and emergency measures
- Proposed plan for the removal of sediment
- Future actions

3rd meeting of the Investigative Commission February 4, 2020

- Matters that were reported and identified in the previous meeting
- Progress in emergency measures
- Status of the investigations to identify drastic measures
- Proposed schedule of removal
- Future actions

4th meeting of the Investigative Commission March 25, 2020

- Progress of investigations into measures to address sedimentation in Amehata Dam
- Matters identified in past meetings and responses to them
- Content of the basic plan for measures addressing sediment in the Amehata area
- Impact of the sediment on the dam body

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

Reference 3 Outline of the Basic Plan for Measures Addressing Amehata Dam Sediment (April 30, 2020)

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

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

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

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



Amehata Dam (in 2009)

To begin the implementation of the basic plan immediately, we attached importance to the short-term plan (a solution to prevent floods and mudslides) to be implemented in FY2020 and FY2021.

Under the medium-term plan for FY2022 and onward, we will take measures such as securing places to dispose of removed sediment by finding candidate locations where embankments are needed so the removed sediment can be used as a material to build the embankments, while continuing to cooperate with the Hayakawa and Minobu municipal governments, the national government, and the Yamanashi prefectural government. In addition, the basic plan will be reviewed at each follow-up meeting of the Investigative Commission in accordance with its progress, to formulate and advance feasible measures to secure sufficient sediment storage capacity to prepare for the largest ever inflow of earth and sand.

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

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

(1) Short-term plan [1st Step]

Period FY2020 to the end of FY2021

Goal Implementing a solution to prevent floods and mudslides (removing accumulated sediment so that the water level will not exceed the normal water level)
Removal and transportation of the accumulated sediment that is predicted to cause floods and mudslides (estimated amount: 3,000,000 m³)

- Contents**
- Emergency measures
 - Construction of a temporary embankment
 - Securing a river channel
 - Temporary use of the inside of the dam lake for the construction of embankments to protect the prefectural road, to construct a temporary road, and for other purposes
 - Drastic measures
 - Increase the capacity of the belt conveyor to discharge sediment below the dam
 - Use the sediment (as an aggregate resource, for constructing haul roads in rivers, for building embankments for land development, and for other purposes)
 - Review the continuous countermeasures addressing sedimentation
 - Follow-up, etc.

(2) Medium-term plan [2nd Step]

Period FY2022 to the end of FY2024

Goal Remove 3,000,000 to 4,000,000 m³ of accumulated sediment to secure sufficient sediment storage capacity to prepare for the largest ever inflow of earth and sand.

- Contents**
- Use the sediment (as an aggregate resource, for building embankments for land development, and for other purposes)
 - Review and implement the continuous countermeasures addressing sedimentation
 - Follow-up, etc.

(3) Long-term plan [3rd Step]

Period FY2025 -

Goal Maintain a safe level of sedimentation

- Contents**
- Use the sediment (as an aggregate resource, for building embankments for land development, and for other purposes)
 - Implement continuous countermeasures addressing sedimentation
 - Follow-up, etc.

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

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



Temporary embankment under construction (in July 2020)

Close in, Team NLM!

— Collaborating to move to a higher level —

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

Ichiro Okamoto's ideas were different than that.

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

This desire led Okamoto to decide to relocate our head office in October 2018.

"Complete the relocation by December 2019," he ordered us.

Shimbashi is our new address. Unexpectedly, this location was where Nippon Light Metal Co., Ltd. established its head office when it was founded.

Three major policies were indicated.

1. Improve collaboration within the group.
2. Improve communication within the group.
3. Secure a sufficient, comfortable office space.



The Building that contains the Shimbashi office of the NLM Group

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



Ten of the seventeen project team members

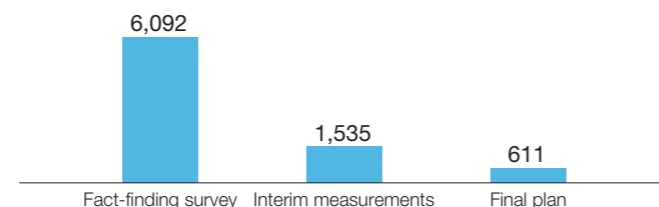
As they began, the members faced significant challenges. More than anything, time was limited. "It is impossible to relocate a head office this large in only one year." The consulting firm's contact persons did not hide their surprise.

The space was not large enough. While the new office is nearly 10% smaller than the previous office, the plan would increase the number of people by 30%. If they all simply gathered there, the office would be jam-packed. It would be far from comfortable. The space was far too small.

They solved the time problem by transferring more authority. There was a mountain of matters to be determined, such as layout, design, and equipment. If those matters were to be determined through meetings one by one, the project could never be completed in one year. Therefore, the project team was left to determine how to use the budget, on the condition that they would not go over budget, which saved a significant amount of time.

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

Change in the amount of documents in meters



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

This made them think that the locker rooms were also a waste of space. They would be rarely used, except in the morning and evening. No uniform, no locker room. Thus, the Everyday Casual dress code was introduced.

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

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



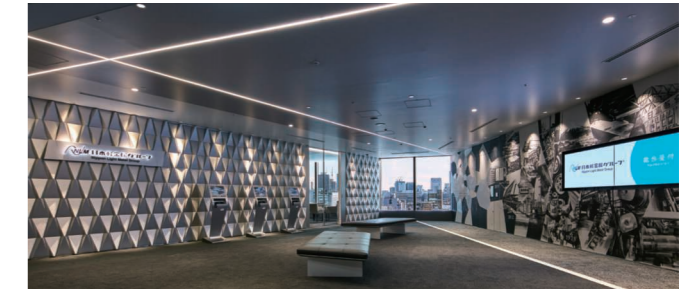
A communication space on the floor for a diverse range of activities

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



ISLE, the relaxing office cafeteria

The project members paid even greater attention to the spaces for welcoming guests. In front of the elevator on the 9th floor, where the receptionist's office is located, guests are welcomed by a wall mural depicting our production site, which is the source of our value and the group's history. And at the back of the wall mural is the HINT-BOX,² where we introduce our new assets. This is the secret base of Team NLM. Here, we stage encounters between guests and the new Team NLM. You are welcome to visit this space and experience the new Team NLM for yourself.



Wall mural and art that welcomes guests

The implementation of the project abolished all sorts of old customs and incorporated elements that were created by taking on new challenges for the future. It was completed in December 2019, when 1,000 people from group companies in Tokyo gathered there. As a bonus, the new office allows us to reduce costs by at least 6%.

While this success is attributed largely to the project team, the efforts of the Team NLM members, who accepted, joined, and took in all of these drastic changes must also be appreciated. Fixed phones and feature phones were replaced with smartphones. Desktop PCs were entirely abolished, and a notebook computer was issued to each person. Face-to-face meetings are not the only means of communication. Online chat and video conferences also enable communication and the exchange of information. Meetings are held online using smartphones and computers. New IT tools were introduced one after another, creating an environment that requires us to use these tools to work. Everyone began adapting to this new environment, without being negative, even though there were some differences in how fast they were able to adapt.

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

Ground rules

- | | |
|---|--------------------------------------|
| 1. Clean desks | 4. IT tools |
| 2. Personal/shared lockers and cabinets | 5. Meetings |
| 3. Task-based selection of working location | 6. Greetings, honorifics, and others |

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

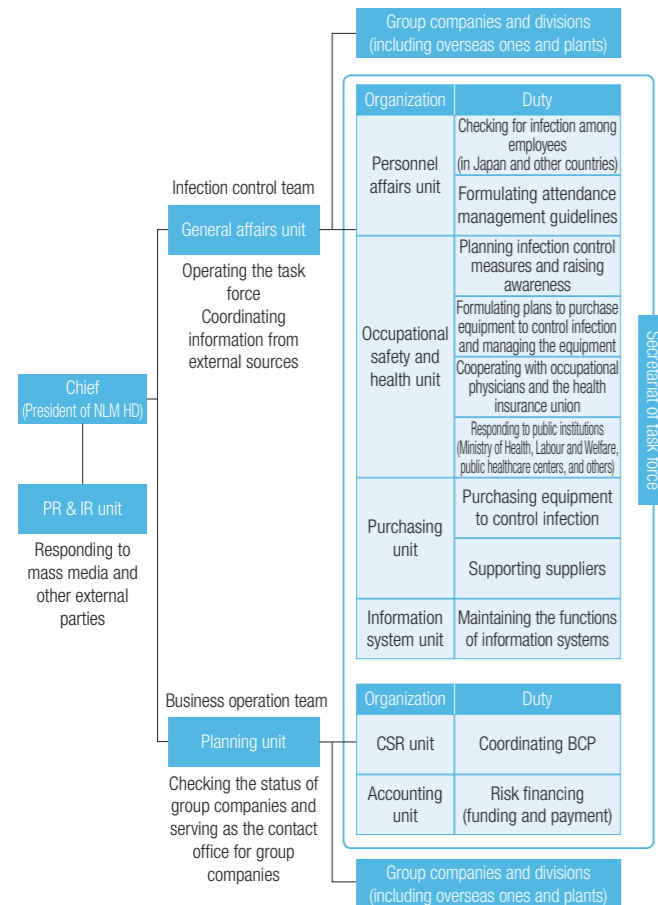
¹A system enabling employees to accomplish more creative achievements, where they are free to choose where and when to work.
²The secret base of Team NLM. This is the NLM Group showroom, where we introduce Group products and services, the value they provide, and the technologies and expertise behind them, from a unique perspective.

Initiatives for the prevention of infection and business continuity

I. POLICY, PLANNING AND ORGANIZING

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

At the NLM Group, we have set up a COVID-19 task force that is headed by the president of Nippon Light Metal Holdings Co., Ltd. (NLM HD) and responsible for infection prevention overall and business continuity. We determined the measures that are necessary, informed the employees of group companies (including temporary staff and the employees of contractors; the same applies hereinafter), and implemented the measures. When necessary, we consulted the labor union when setting up the task force and implementing the measures. Figure: Organization of the COVID-19 task force (Established on March 9, 2020)



3. Regularly consult your occupational health services, local public health authority or other partners, which may have developed information materials to promote workplace prevention of risk of exposure to the virus and other technical advice.

To obtain expertise on the prevention of infection, we regularly collect information from the government, an expert panel on COVID-19 measures, the National Institute of Infectious Diseases, public health centers, industrial physicians, and other sources. The information we collect is reflected in the countermeasures that we take.

4. Establish a workplace system for providing up-to-date reliable information to workers on the emerging situation on COVID-19, with reference to information released by national or local health authorities.

Information obtained from the national government, municipal governments, public health centers, specialized institutions, and other sources is collated by

the task force and provided to all workplaces and employees of the NLM Group through predetermined methods. These methods include e-mail, posting the information on the intranet and digital signage.

5. Map the hazards of all operations and covering all jobs.

We have identified jobs involving close contact with people, jobs done face to face, jobs done in environments where social distancing is difficult (including commuting and travelling), and other high-risk tasks and environments. We have implemented measures to eliminate or mitigate these risks. The main measures we have taken are as follows.

- Remote working: We have employees work from home or at satellite offices. Eighty percent of all employees have worked in this way. Further, we introduced online meetings and online chat meetings.
- The reduction of opportunities to be in close contact with others: We implemented measures including staggered commuting, office partitioning (splitting offices into multiple sections), partial/overall suspension of the hot desking system, a prohibition of business trips, and a prohibition of dinner gatherings.
- Postponement of events: We cancelled or postponed meetings, training sessions, and events at which many people gather.

Case The risk of infection is high in the rest areas at our production sites because employees use these spaces together to eat, chat, or have business meetings. In response to this, we ventilate the spaces more frequently, have abolished face-to-face seating arrangements, and have employees take turns taking breaks to reduce the number of people who use the spaces at the same time.

6. Integrate safety and health into your contingency and business continuity plan and consider other labour related requirements including where operations must be done with a reduced workforce.

Measures for preventing infection, which are aimed at protecting the safety and health of our employees, are incorporated into our business continuity plan. The plan includes the improvement of work conditions and a staffing plan for implementing these measures.

Case Some employees try to continue working even when their physical condition is not good. This is not good for the prevention of infection, too. We need to ensure these employees return home immediately or have them stay at home to heal or monitor their condition. To prevent employees from being unpaid when they can't come into the office, we have had employees, including those working at our production sites, work from home. Our employees understand that this way of working will produce results which are good from the perspective of business continuity as well.

7. Promote teleworking for non-critical workers to minimize the spreading of COVID-19 in your workplace.

We encourage all of our office workers to work from home. At our head office, 80% of employees succeeded in teleworking when the local area was at risk. We continue to pursue improvements of the work system and the use of ICT tools as solutions to the jobs that cannot be done from home.

8. If teleworking is not feasible introduce shifts to avoid large concentrations of workers in the facilities.

Because teleworking is impossible for the majority of workers at our production sites, they are as crowded as usual. To avoid this, employees in charge of engineering or management, who are not directly involved in production, work in staggered shifts using flexible working hours and in partitioned offices. In addition, we have employees take turns using corporate cafeterias and rest areas by setting time limits and the maximum number of employees who can use them at the same time.

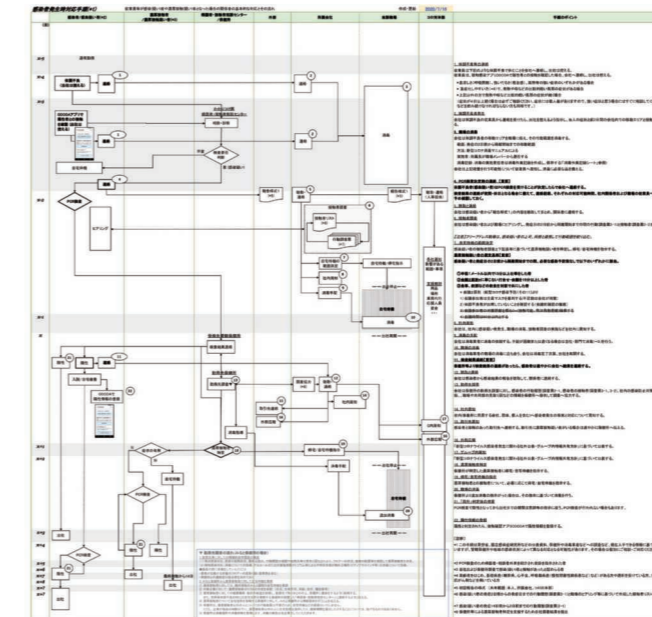
Case Example: At lunch, you enjoy not only your meal but also the conversation with your colleagues. However, if many employees eat together, the place will be crowded, putting them at risk of infection. Therefore, we have rearranged cafeteria tables and chairs in a way that all users will face the same direction while being seated. We also set time limits to enable them to take turns using the cafeteria. In addition, we have also asked employees to eat lunch silently.

Case Use of public transportation is recommended as a means of commuting because it reduces the risk of commuting disaster and CO₂ emissions. However, travelling on a jam-packed train or bus for nearly two hours in total every day increases employees' risk of infection and their stress from anxiety. Therefore, we have exceptionally permitted employees to commute by private car even if they do not fulfill requirements for the permission (work hours and commuting time).

9. Develop a plan of what to do if a confirmed or suspected case of COVID-19 is identified at the workplace that includes among others reporting, monitoring, and disinfection in line with the national guidelines.

If a confirmed or suspected case of COVID-19 is identified at a workplace, we follow the manual we have adopted laying out the steps necessary to handle an infection. When disinfecting a workplace where an infection has been identified, we follow our disinfection guidelines (which include guidelines on the proper use, maintenance, and disposal of disinfection tools). To prevent the spread of infection, we use a survey when conducting our own close contact tracing. We created these materials with reference to reliable guidelines that we obtained through the information collection mentioned in section 3. above section.

⇒ Our manual laying out the steps of handling an infection



10. In line with national standards, expand access to paid sick leave, sickness benefits, and parental/care leave and inform all workers.

Employees who are infected or suspected to be infected are allowed to take unpaid sick leave or annual paid leave pursuant to the labor standards law and our rules of employment. Employees are allowed to work from home if they feel sick, are suspected to have had close contact with an infected person, or otherwise need monitoring of their health condition. This rule also applies to employees working at our production sites. Information about these measures is provided by the task force and the personnel affairs division. It is also posted on the intranet, on digital signage, and in other locations to ensure employee awareness.

11. Establish a monitoring and evaluation mechanism of the COVID-19 prevention strategies and plans.

Measures for infection control and business continuity and the status of their implementation are reported to the Board of Directors every half year and when otherwise appropriate.

II. RISK ASSESSMENT, MANAGEMENT AND COMMUNICATION

12. Assess the risk of potential for interaction with workers, contractors, customers and visitors at the workplace and contamination of work environment, and implement measures (see section III).

We prevent infections in the workplace by assuming that there is transmission not only between employees but also to, from, and between all visitors, including customers, suppliers, government employees, and local residents.

13. Train management, workers and their representatives on the adopted measures to prevent risk of exposure to the virus and on how to act in case of COVID-19 infection. For high-risk workers, the training should include the correct use, maintenance and disposal of personal protective equipment (PPE).

We did not have an opportunity to train the personnel who actually implement the measures for handling an identified COVID-19 infection. However, this did not cause much confusion because we had established steps to handle other infections, such as influenza or norovirus, and had trained personnel to implement these measures. So far, we have had no infections of disinfection personnel, infections of groups, or similar cases.

14. Inform workers that each has a right to remove from a work situation that poses imminent and serious danger for life or health, in accordance with national law and laid out procedures and immediately inform their immediate supervisor of the situation.

Each individual employee has the right to remove themselves from a work situation or environment that poses an imminent danger for their life or health at their own discretion. This is an important occupational safety and health rule at the NLM Group. Beginning during new employee training, we train our employees thoroughly and repeatedly to ensure they are aware of this rule. In addition, if a situation posing an imminent danger to life or health has been identified, employees will remove themselves from the situation and report it to their immediate manager. The report will immediately be sent to people related to occupational safety and health, including the president of NLM HD, and the responsible people at all business locations of the group, all at once via the Simultaneous Emergency-Alert System.¹

¹ Rules and information-sharing system to inform management and related people about an incident immediately and all at once in the event of an emergency such as a workplace injury, quality complaint, fire/explosion accident, or natural disaster

⇒ Safety and Health Regulations (Excerpt)

Appendix 512 Training Items

(1) Training upon purchase of new equipment or change of work procedures.

1. Danger or toxicity of machines, etc., or raw materials, etc., and methods of handling thereof
2. Performance of safety devices, harmful substance control devices, or of personal protective equipment and methods of handling thereof
3. Operation procedures
4. Inspection at the time of commencement of work
5. The causes and prevention of diseases of which workers are susceptible related to the work concerned
6. Housekeeping and maintenance of sanitary conditions
7. Emergency measures and evacuation at the time of an accident
8. Other matters necessary for maintaining safety and health related to the said work

15. Assist delivery workers, truck drivers and other transportation workers to minimize the direct contact with customers and ensure personal hygiene practices such as hand washing and use of hand sanitizers. Consider providing personal protective equipment if workers are in direct contact with clients.

For the drivers of trucks transporting our products, etc. (including employees, temporary staff, employees of contractors, and those of our suppliers), we take measures including the provision of face masks, distribution of mobile phone disinfectants and protective gloves, and the taking of body temperatures before beginning work. In addition, we strive to reduce the contact that the people delivering documents, letters, and other items have with other people through measures including the introduction of methods of accepting and delivering items that avoid direct contact, the reduction of service hours, and the decrease of delivery frequency.

16. Travel should be avoided if not essential. Assess risk of COVID-19 infection when business travels are planned (for all the phases of travel and job assignments).³

We have banned overseas travel, including travel by expatriates and their families. Non-essential domestic business trips shall be cancelled following the travel restrictions imposed by the government of each country we operate in. Approval from the officer in charge and the responsible person from the personnel affairs division is necessary for urgent, important business trips. We have enhanced our web conferencing system to enable employees to hold online meetings in lieu of business trips for meetings.

17. Maintain regular communication with workers and workers' representatives, including over the internet, or when not possible, over the phone.

We share information with the labor union about infection prevention and business continuity measures at monthly face-to-face meetings, which are held while taking sufficient measures to prevent infection. Matters involving changes to labor conditions are discussed with the labor union in advance and implemented by mutual agreement.



18. Assist workers to manage any emerging psychosocial risks, new forms of work arrangements, and in the promotion and maintenance of healthy lifestyles including diet, rest and sleep, exercise and social contacts with friends and family.

We support our employees so that they are able to establish new work styles which are adapted to the changes brought about by new risks as quickly as possible. We are pursuing more flexible work styles because risk tolerance and sensitivity levels differ from employee to employee. They include matters related to the promotion and maintenance of healthy lifestyles including diet, rest and sleep, exercise and social contacts with friends and family, in addition to work arrangements.

III. PREVENTION AND MITIGATION MEASURES

19. Organize work in a way to allow for physical distancing of at least 2 meters (6 feet) from other people or another distance as prescribed by the relevant competent authority.

Based on information collected from the sources mentioned in section 3, above, employees are required to keep a physical distance of at least 2 meters (6 feet) from other people, in principle. To enable employees to maintain this distance, we have them take turns using locations where many people normally gather and minimize the number of participants at events in these places. When it is impossible to maintain physical distancing under unavoidable circumstances, we take measures such as the wearing of face masks, the prohibition of face-to-face seating, the establishment of time limits, the limiting of the number of people, and the installation of partitions.

Case Every year, our general meeting of shareholders is attended by a large number of shareholders and its venue is filled to capacity. In FY2020, we requested that our shareholders refrain from coming to the meeting venue. On the day of the meeting, we prepared a second venue to enable social distancing between attendees. The meeting held in the first venue was broadcast live online.

20. Avoid face-to-face meetings, giving preference to phone calls, email or virtual meetings. If you need to organize meetings, organize the space to allow for physical distancing.

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

21. Provide staff, customers and visitors with ample and easily accessible places where they can wash their hands with soap and water, disinfect hands with sanitizers, and in addition, promote a culture of hand washing.

22. Put sanitizing hand rub dispensers in prominent places around the workplace and make sure these dispensers are regularly refilled.

We have increased the frequency of refilling soap dispensers in restrooms to ensure that all employees and visitors are able to wash their hands with soap and water at anytime. In addition, we have placed hand sanitizers at entrances, offices, corporate cafeterias, rest areas, and other places to enable people to disinfect their hands with alcohol at anytime. We regularly refill sanitizers to prevent them from being empty. We also have sufficient quantities of disinfectant in stock to ensure that we will not run out.

23. Promote a culture of regular wiping of desks and workstations, doorknobs, telephones, keyboards and working objects with disinfectant and regularly disinfect common areas including rest rooms. Surfaces frequently touched should be cleaned more often. Depending on the operations, consider hiring cleaning and disinfecting services.

We put disinfecting alcohol wipes in each office. Employees are obliged to wipe the desks and chairs they use before they return home every day. We issue one telephone and one computer to each employee. We have shared furniture, fixtures, and equipment wiped by cleaning service providers regularly. This is also true of communal areas, including restrooms.

Case Ground Rule No. 1 at the Shimbashi office is "Clean desks." This rule was created in response to the hot desking system, which was implemented based on the idea of Activity Based Working. While employees are free to use any desk on any floor, they must clean desks and chairs after using them, for the next users. (→p.11)

24. Improve exhaust ventilation and provide more clean make-up air to rooms and operations with high risk of exposure to the virus.

We ventilate rooms that have insufficient ventilation by opening windows and doors regularly. We also use circulators and electric fans for the forced ventilation of places with insufficient natural ventilation.

25. Promote and communicate good respiratory hygiene at the workplace, such as covering your mouth and nose with your bent elbow or tissue when you cough or sneeze.

To prevent the spread of droplets from coughs and sneezes, we require that employees wear face masks at work, in principle. The company supplies face masks to employees who don't have them.

26. Ensure social distance at the workplace and remain out of "congregate settings" as much as possible.

In accordance with government guidelines and advice from experts, we strive to avoid the 3Cs (closed spaces with poor ventilation, crowded places with many people, and close-contact settings where people talk up close) in workplaces as well.

27. Provide appropriate facemasks and make available paper tissues at worksites, for use by those who develop a runny nose or cough, along with closed bins for hygienically disposing of them.

Face masks are provided at worksites, for use by those who develop a runny nose or cough. Paper tissues are available in restrooms and offices. These places are also equipped with closed bins for hygienically disposing of them.

IV . ARRANGEMENTS FOR SUSPECTED AND CONFIRMED COVID-19 CASES

28. In line with the local authorities guidance, encourage your workers with suspected symptoms of COVID-19 not to come to the workplace and to follow the guidance of the local authorities.

Employees with poor physical conditions or suspected symptoms of COVID-19 must return home and remain there. When remaining at home, employees may either work from home or take annual paid leave or unpaid sick leave.

29. Advise workers to call their healthcare provider or the local public health department when they have serious health condition including trouble breathing, giving them details of their recent travel and symptoms.

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

30. Arrange for isolation of any person who develops COVID-19 symptoms at the work site, while awaiting transfer to an appropriate health facility. Arrange for disinfection of the work site and health surveillance of persons who have close contact.

If any employee in a work site becomes infected with COVID-19 or has had/is suspected to have had close contact with an infected person, we isolate the employee appropriately and disinfect the work site. We require that employees who have had contact with the employee and those who work in the same workplace return home and stay there to monitor their health condition. They are to remain at home until the test results of the employee that is suspected to be infected are obtained.

Tackling the climate change problem to build a sustainable society

Environmental management system

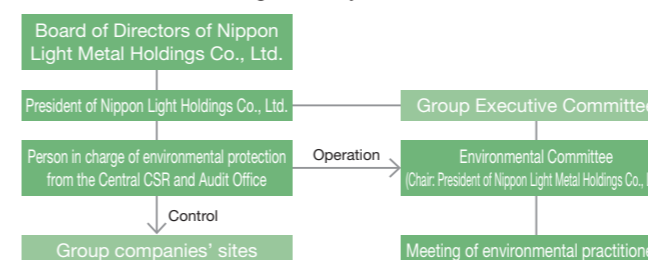
At the NLM Group, we fully recognize the impact that our business activities may have on the environment. We have developed an environmental policy, under which we are taking initiatives to realize sustainable businesses and a sustainable society voluntarily and proactively, beyond complying with related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

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

Matters determined by the Environmental Committee are fleshed out by the environmental control segment, which serves as the committee's secretariat, and are made known at meetings of environmental practitioners from each site* before actions are taken.

* Sites: Boundary of application of the environmental management system

Environmental management system



* 47 sites of 25 companies in total (scope of environmental management in Japan)

Environmental audits

At the NLM Group, the environmental control segment of the group conducts regular environmental audits of 60 sites in Japan and other countries. Points checked in environmental audits include the status of compliance with laws and regulations, system for handling emergencies, training given at each site, and initiatives taken to save energy and preserve biodiversity.

In FY2019, environmental audits were conducted at 19 sites in Japan and seven overseas in China, Thailand, and North America, and 71 problems were identified. The problems include failures to fulfill industrial waste management standards, such as insufficient signboards and partitions in storage sites, and insufficient waste information provided to waste disposal contractors. Corrections were made accordingly. It was also pointed out that procedures for handling emergencies, such as oil leaks, had yet to be established. This was corrected by implementing a regular training program and making it a rule to keep a record of training. Further, in response to one of our plants leaking chemicals outside of itself, we investigated the countermeasures taken at other sites with similar equipment and incorporated them into environmental audits. Corrections for all 71 problems have been completed. Problems identified in environmental audits are shared at meetings of environmental practitioners to reduce environmental risks.



Environmental audits (Left: Kambara Complex of Nippon Light Metal Co., Ltd.; Right: Nikkei Siam Aluminum Limited (Thailand))

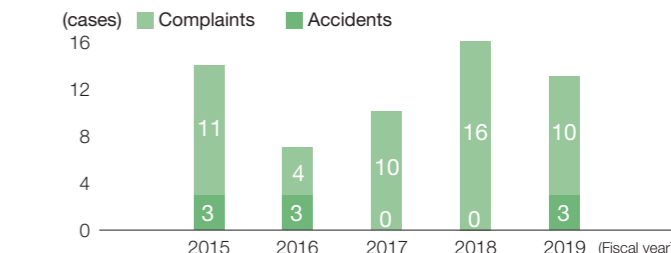
Environmental accidents and emergency responses

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

In FY2019, there were no lawsuits, fines, or forfeits related to the environment. There were three environmental accidents (two accidents in Japan and one at an overseas site).

We received ten complaints (five complaints in Japan and five at overseas sites) about noises, odors, or similar issues from local residents. For each complaint, we have taken measures to prevent its recurrence with the cooperation of the people from the site and the environmental control segment of the group while communicating with the person who lodged the complaint. Further, we also collect information about measures taken at all sites of the group to prevent similar issues and share the measures taken at each site across the group, as a part of our efforts to reduce risk.

Number of environmental troubles that occurred

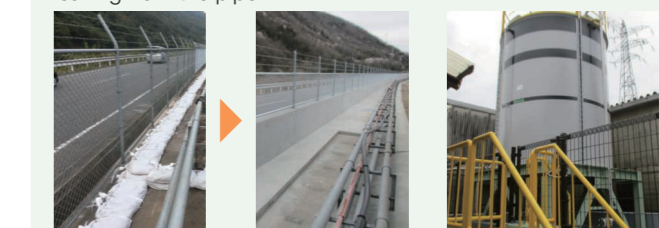


*1 Complaints: Number of complaints (about odor, noise, or the similar event) lodged by external parties

*2 Accidents: Environmental issues that have an impact outside the site (such as leakage of oil or chemicals)

TOPIC Improvements to prevent the leakage of caustic soda (Sodium hydroxide solution)(Nikkei Extrusions Co., Ltd.)

In October 2019, an accident occurred at the Okayama Plant of Nikkei Extrusions Co., Ltd. An alkaline liquid spilled into an adjacent river. The spilled liquid was collected immediately, which prevented major damage. The Okayama Plant of Nikkei Extrusions Co., Ltd. and the environmental control segment of the group worked together to analyze the cause of the accident and to study and implement measures to prevent its recurrence. The accident was found to have been caused by an error in repairs and the absence of dike at the plant's boundaries, among other factors. As countermeasures, we revised the steps involved in repairs and installed a retaining wall extending about 100 meters at the plant's boundary with the river. Further, an improvement was also made to the way the chemical is transported. Previously, an approx. 100-meter-long pipe was used to send the chemical from the tank to the equipment which uses it. As an improvement measure, a new chemical tank was installed close to the equipment, and the pipe was removed. This has reduce the risk of the chemical leaking from the pipe.



Before After the installation of the dike New caustic soda tank

Initiatives addressing noises, odors, and fumes

At the NLM Group, we take action to prevent noises, odors, and fumes.

To prevent noise, we have repaired uneven sections of passages to reduce the noise that occurs when forklifts pass over them. We have also changed the way we purchase aluminum materials. We now purchase materials in flexible container bags, to reduce noise when handling the materials.

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



The Dust collector (left) and deodorizing equipment (right) of Nikkei MC Aluminum (Thailand) Co., Ltd.

Development of environmental human assets

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

Initiatives for developing human assets in FY2019

- **Encouragement to acquire public qualifications related to the environment**
Regarding employees' acquisition of public qualifications related to the environment, we check the ages of our existing employees who have these qualifications to ensure that we will have a sufficient number of certified employees over the long term. At sites with a small number of qualified employees, we encourage employees to acquire qualifications during environmental audits and similar opportunities.
- **Training session on laws and regulations (held twice a year) to develop environmental practitioners**
Training sessions on laws and regulations were held under the themes of the Soil Contamination Countermeasures Act and the Waste Management and Public Cleansing Act, in consideration of their importance as laws and their level of influence.
- **Participation in environmental audits**
To improve the skills level of environmental practitioners, we had them participate in the environmental audits of other sites as auditors. They learned how to look at and walk around sites, key points for identifying issues, key points of countermeasures, and other environmental management activities on site. In FY2019, a total of 34 environmental practitioners from 27 sites (rate of participation 126%) participated in the environmental audits.
- **Training to develop ISO 14001 internal auditors**
We hold a training session to develop ISO 14001 internal auditors once a year, to give as many employees as possible an opportunity to look at the fields they work in from the viewpoint of environmental protection. In FY2019, 22 employees attended the session.

Environmental targets and FY2019 results (Japan only)

Evaluation Legend -- ○: Achieved, △: Initiatives being taken, x: Not achieved

Action item	Target year	Medium-term target (Japan)	FY2019 result	Evaluation
Energy saving activities and countermeasures against global warming	Greenhouse gas emissions ¹	Greenhouse gas emissions per unit of sales at 1.82 tons CO ₂ /million yen	1.60 tons CO ₂ /million yen	○
	Energy consumption	12 PJ ⁵ /year or less	11.6 PJ/year	○
Air quality control	SOx ² emissions	350 tons/year or less	326 tons/year	○
	NOx ³ emissions	370 tons/year or less	362 tons/year	○
Water quality control	COD ⁴ emissions	110 tons/year or less	95.4 tons/year	○
	Total amount of discharged water	27 million m ³ /year or less	21 million m ³ /year	○
Waste reduction and recycling	Emissions	32 thousand tons/year or less	43.9 thousand tons/year	△
	Disposal (landfill)	3 thousand tons/year or less	2.3 thousand tons/year	○
Chemical management		Number of PRTR substances at 24 or less	24 substances	○

¹ Concerning calculations of greenhouse gas emissions, see the note to the next section, "Greenhouse gas emissions."

² SOx: Sulfur oxides

³ NOx: Nitrogen oxides

⁴ COD: Abbreviation of Chemical Oxygen Demand

⁵ PJ: Petajoule, a unit of energy (1 PJ = 1,000 TJ = 10¹⁵ J)

Greenhouse gas emissions

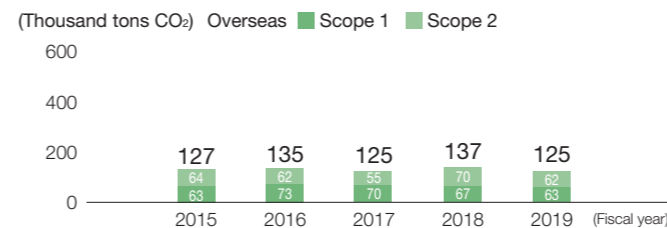
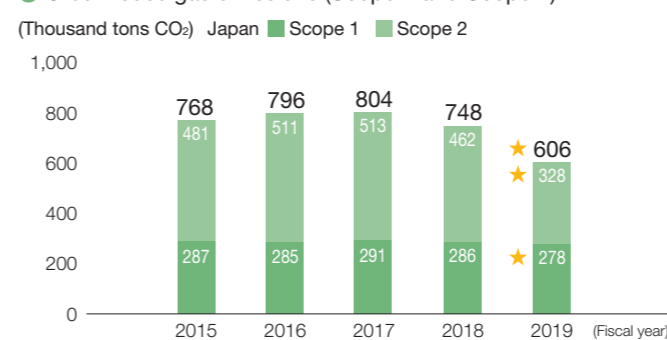
Greenhouse gas emissions (Scope 1 and Scope 2) from the NLM Group in FY2019 decreased by 154 thousand tons CO₂ (17%) year-on-year, to 731 thousand tons CO₂.

Emissions in Japan included in the above were 606 thousand tons CO₂, down 142 thousand tons CO₂ year-on-year. This mainly reflects a reduction of energy consumption attributed to reduction in production and the decline of the CO₂ emission factor for electricity, in addition to the reduction attributed to energy saving activities.

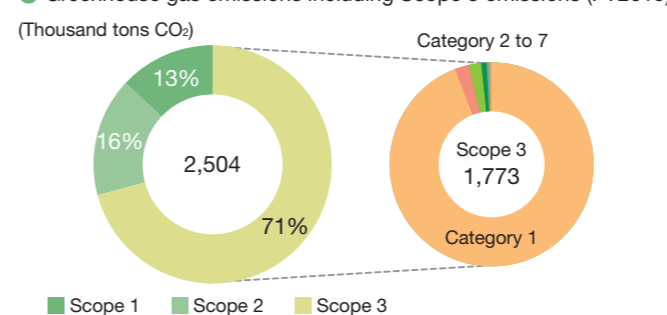
Overseas greenhouse gas emissions remained almost unchanged from the previous year, at 125 thousand tons CO₂.

Scope 3 emissions decreased by 251 thousand tons CO₂ year-on-year, to 1.773 million tons CO₂. This reflects a reduction of raw material purchases attributed to reduction in production.

Greenhouse gas emissions (Scope 1 and Scope 2)



Greenhouse gas emissions including Scope 3 emissions (FY2019)

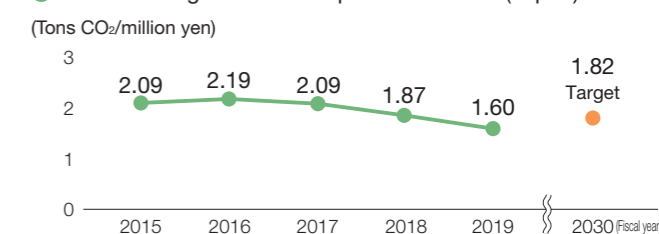


- Scope 1: Direct greenhouse gas emissions (such as from the combustion of kerosene or heavy oil)
- Scope 2: Indirect greenhouse gas emissions attributed to the use of energy including electricity
- Scope 3: Indirect greenhouse gas emissions from the supply chain
- Boundary: All 31 manufacturing subsidiaries of the consolidated subsidiaries in Japan
All 14 manufacturing subsidiaries of the overseas consolidated subsidiaries
- * The following CO₂ emission factors were used for the calculations.
Electricity consumed in Japan: The CO₂ emission factor with T&D losses of each previous fiscal year announced by the Electric Power Council for a Low Carbon Society
Electricity consumed overseas: CO₂ emission factors of the respective countries shown in CO2FCOMB 2017 from the IEA
Fuel: The CO₂ emission factor for each fuel is set by a ministerial ordinance from the Ministry of the Environment (Hydroelectric power generation electricity at the Kambara Complex of Nippon Light Metal Co., Ltd. uses the domestic electric power CO₂ emission factor.)
- * The actual values do not include emissions associated with chlorofluorocarbons and their alternatives.

Initiatives for reducing greenhouse gas emissions (reduction targets and results in Japan)

At the NLM Group, we aim to reduce the greenhouse gas emissions per unit of sales to 1.82 tons CO₂/million yen by FY2030 as a part of our voluntary action plan to reduce greenhouse gas emissions. The result for FY2019 was 1.60 tons CO₂/million yen. This mainly reflects our energy saving activities, a reduction of energy consumption attributed to reduction in production, and the decline of CO₂ emission factor for electricity.

Greenhouse gas emissions per unit of sales (Japan)

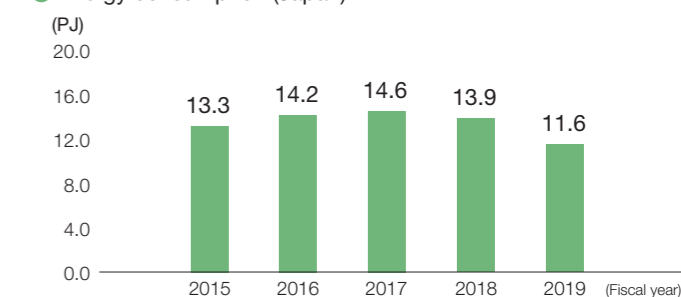


Initiatives for saving energy

Our energy consumption in Japan in FY2019 decreased by 2.3 PJ (16%) year-on-year, to 11.6 PJ.

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

Energy consumption (Japan)



TOPIC Overhauling the holding furnace (Mie Plant of Nikkei MC Aluminum Co., Ltd.)

At the Mie Plant of Nikkei MC Aluminum Co., Ltd., one line for melting various forms of scrap is made up of a melting furnace and a holding furnace. Before the overhaul, both the melting furnace and the holding furnace were furnaces with a forehearth. A furnace with a forehearth is a furnace that has both a heating chamber and forehearth. The forehearth has an opening that allows workers to easily put materials such as scrap into the furnace. Melting furnaces need forehearth because the scrap is melted by submerging it in melted aluminum. However, the holding furnace did not necessarily need a forehearth because only a small amount of add-in material is melted in it to control quality. Therefore, we overhauled the furnace, turning it into a closed furnace without a forehearth, whose radiating surface is small. This has enabled us to reduce energy consumption by 20%, which had been our target. Further, because the forehearth was removed, we were also able to remove the tunnel linking the heating chamber and the forehearth, which was easily

damaged, eliminating the need to repair it and resulting in a reduction of repair costs. Additionally, the work of scooping out ash, which had to be done twice, once for the heating chamber and once for the forehearth, now needs to be done only once, which means increased work efficiency.



Air quality control

SOx emissions in Japan in FY2019 decreased 18 tons year-on-year, to 326 tons. This mainly reflects energy saving initiatives, including the reduction of fuel consumption through the overhaul of the melting furnace and other measures, and a reduction in production.

At 362 tons, NOx emissions remained almost unchanged from the previous year.

Water quality control

The amount of discharged water in Japan in FY2019 decreased 1.2 million m³ year-on-year, to 21.0 million m³ while COD emissions remained almost unchanged from the previous fiscal year, at 95.4 tons.

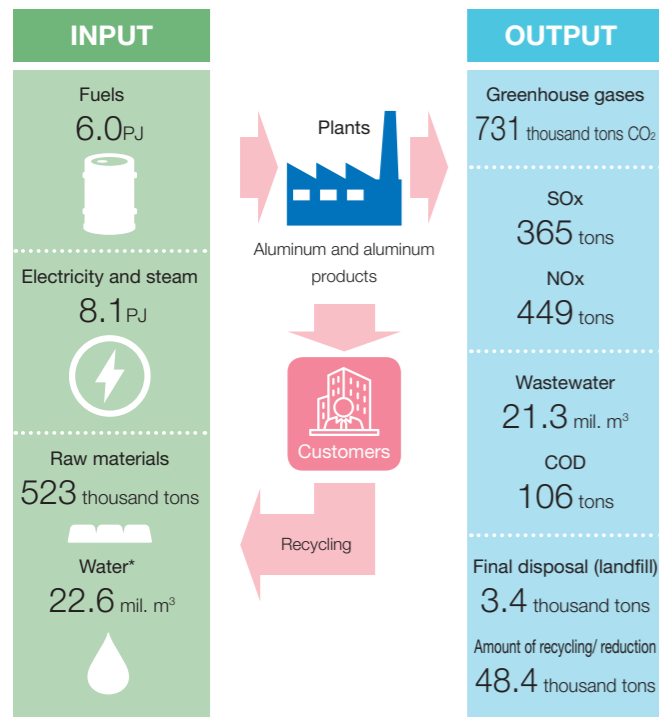
Waste reduction

Waste emissions in Japan in FY2019 were 43.9 thousand tons while the volume of waste disposed into landfills remained almost unchanged from the previous year, at 2.3 thousand tons.

Chemical management

The number of material of pollutant release and transfer register in Japan in FY2019 were 24.

● Material balance (including overseas sites)



* Seawater intake is excluded.

Initiatives for preserving biodiversity

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

● Biodiversity Guidelines

Basic Policy

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

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

TOPIC Membership in the Keidanren Committee on Nature Conservation

In August 2019, Nippon Light Metal Holdings Co., Ltd. joined the Keidanren Committee on Nature Conservation (KCNC). The KCNC was established so that organizations could support activities to protect nature in Japan and developing countries and promote the nature conservation activities of companies. Moving forward, we will proceed with our activities to preserve biodiversity in consultation with the KCNC.



TOPIC Participation in WWF Japan (Nikkei Technology Center Co., Ltd.)

Nikkei Technology Center Co., Ltd. has become a member of WWF* Japan and has been providing funding support as one of its initiatives to protect the global environment. In FY2019, the company encouraged its employees to participate in Earth Hour, a WWF event turning off lights at the same time on the same day all over the world. The company has also ended the use of plastic straws.

* WWF: World Wide Fund for Nature



WWF Japan certificate of corporate membership

We practice CSR procurement together with our suppliers.

Activities for raising suppliers' awareness of CSR procurement

At the NLM Group, we conduct awareness-raising activities to help our suppliers understand our CSR procurement policy, including the distribution of our CSR report every year. In FY2019, we conducted a CSR procurement questionnaire survey of our suppliers, and 224 of our 453 suppliers responded. When asked if they have established a business continuity plan (BCP), 58% of the respondents said they had already established one or were formulating one now (compared to 56% in the previous survey), and the percentage of respondents who said they were formulating one now was 21% (compared to 16% in the previous survey), showing that BCP initiatives have been accelerated by our suppliers. Further, the suppliers who responded affirmatively to a question about the establishment of a management system ensuring their compliance in procurement with laws, regulations, and norms increased to 60% (from 57% in the previous survey), showing that progress had been made in suppliers' establishment of compliance systems.

BCP initiatives

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

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

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

Communication with suppliers

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



Mr. Masao Ueda
President
Shinwa Bussan Kaisha Ltd.

Q Could you give us feedback about Nippon Light Metal's surveys of the impact on the supply chain?

A Large natural disasters have occurred frequently over the last several years. Also, I must talk about the COVID-19 pandemic. In these unforeseen circumstances, you asked us questions using an established format instead of a verbal confirmation over the telephone. That was very good for us because you made what we should do as suppliers clear. It also enabled us to respond more quickly than before.

Q Have you formulated a BCP? Do you provide regular training?

A We are positioned as an interface between manufacturers and users. Therefore, we are in close contact with the responsible people of manufacturers to ensure that we are able to contact them even in an emergency. We also stockpile emergency supplies for employees, including face masks, and have introduced teleworking.

Q The China risk has greatly affected the supply chain. What should users do to prepare for risks like that?

A Speaking from the standpoint of a supplier, I strongly request that companies purchase materials from multiple suppliers. I also think that they should use suppliers who are familiar with business in China. I also recommend that companies take this as an opportunity to replace projects involving monopolized procurement with purchases from multiple suppliers.

Q What is your opinion of the BCP initiatives of Nippon Light Metal?

A I think that you need to provide information about whether you will accept a delivery or not. I think you are overlooking that trading companies like us have to provide user information to manufacturers. I believe that, by accurately providing users' acceptance information to manufacturers, we can prevent unwanted confusion when a disaster occurs.

We advance initiatives to leverage diverse human assets and diverse values.

Employment of people with disabilities

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

In Japan, there is a statutory employment rate of people with disabilities that is applied on a company-by-company basis. Accordingly, within corporate groups, the employment of people with disabilities had been an issue addressed by each group company individually. The NLM Group is a corporate group including 78 companies with consolidated net sales of around 400.0 billion yen. In Japan alone, it includes 55 group companies with net sales of 377.7 billion yen. Because many of the operating companies have only tens or hundreds of employees each, they found employing people with disabilities difficult, and the employment rate was below the statutory requirement at as many as 70% of them. Our first move to overcome this situation and hire people with disabilities in a long-term and stable manner was to begin to proactively employ people with disabilities by establishing Nikkeikin OhLis Co., Ltd., a special subsidiary company*, in 2015. A few years after the company was established, the development of employment infrastructure has progressed gradually and expertise in the expansion of job categories has been accumulated, thanks to the efforts of employees and staff members who have supported the operation. As a result, in FY2019, the company succeeded in extending job opportunities to nearly 30 people.

*Special subsidiary companies are subsidiaries established with special considerations for the employment of people with disabilities, with the goal of promoting and stabilizing their employment. When special subsidiaries fulfill specific requirements, the subsidiary's employees can be regarded as employees of its parent company as a special case when calculating the parent company's employment rate of people with disabilities.

Expanding the categories of jobs where people with disabilities are able to work in a lively manner

As of April 2020, 21 employees with disabilities work for the Nikkeikin OhLis Co., Ltd. At the Kambara Site of Nikkeikin OhLis Co., Ltd., its employees are in charge of the cleaning, beautification, planting development, confectionery production, paperwork, and other tasks for the Kambara Complex of Nippon Light Metal Co., Ltd. and the Nikkei Research and Development Center. For each one of their tasks, we invite external lecturers to provide specialized training, increasing the opportunities for training and improving the employees' skill level.

More than 200 employees with disabilities work for the NLM Group as a whole, and we will continue to improve their work environment to make it more comfortable for them and to proactively recruit new employees. At the same time, we are planning to strengthen cooperation between group companies to further expand the categories of jobs that employees with disabilities do by having the operations of Nikkeikin OhLis Co., Ltd. and group companies shared across the group and expanded upon.



Group training at the Kambara Site of Nikkeikin OhLis Co., Ltd.

Riken Light Metal Industry Co., Ltd.'s initiatives for employing people with disabilities with support from Nikkeikin OhLis Co., Ltd.

Riken Light Metal Industry Co., Ltd. had two employees with disabilities in charge of cleaning, beautification, and production assistance. In April 2020, three new employees with disabilities joined the company. Although the number of employees with disabilities had only been two employees, the company was able to increase that number by three all at once, while smoothly beginning new operations, with the support of Nikkeikin OhLis Co., Ltd., which is also based in the city of Shizuoka and is a precursor to the employment of people with disabilities. Nikkeikin OhLis's knowledge about how operations are learned and its experience proactively training students from special needs schools on the job were utilized effectively in their provision of support. To enable new employees to do tasks such as cleaning, beautification, and planting development, training was provided in their first week of employment. Training was held at the Kambara Complex, a base of Nikkeikin OhLis, and at the Nikkei Research and Development Center. After training, employees of Nikkeikin OhLis regularly support the work of the new employees, with the goal of enabling them to learn necessary skills as quickly as possible. The accumulation of experience is also beneficial for the employees of Nikkeikin OhLis, and has led them to improving their capability to providing training as members of Team NLM.



Production assistance (removal of aluminum parts)

Nippon Fruehauf Co., Ltd.'s initiatives to employ people with disabilities

At the Atsugi Plant of Nippon Fruehauf Co., Ltd., 31 employees with disabilities engage in tasks such as the conversion of paper documents into electronic data, the printing of business cards and other documents, and light-duty manufacturing work. The task of converting paper documents into electronic data is done by a team of several employees under a dedicated manager. They use scanners and PCs to digitize documents, including documents related to process management in the plant and administrative data from sales sites all over Japan. In addition, reflecting increasing cooperation with the plant, the employees began engaging in light-duty work necessary at the manufacturing site, such as the pre-assembly of parts. The team is now relied upon by the manufacturing workers.

Nippon Fruehauf Co., Ltd. has accumulated the expertise to enable these light-duty manufacturing tasks and the tasks of converting paper documents into electronic data to be rolled out throughout the group. The company is looking to expand these activities to Nikkeikin OhLis Co., Ltd. and Riken Light Metal Industry Co., Ltd. On the other hand, employees of the company do not clean up their offices. Therefore, the company is considering having Nikkeikin OhLis Co., Ltd. provide its expertise in this area.



Light-duty manufacturing task (bending aluminum parts)

We will continue to accelerate workstyle reform with responsibility for and pride in our work.

Workstyle reform

At the NLM Group, we have been enacting workstyle reform initiatives, including the establishment of a workplace environment which offers employees the ability to choose the diverse workstyle that suits the stage of their lives they are in, in addition to measures to reduce long working hours based on laws and regulations and ensure that employees take their annual paid leave. These efforts are a part of the initiatives we are advancing to "Create a workplace where everyone assumes responsibility for and takes pride in his/her work and where everyone can fully develop his/her abilities as freely as possible," which is included in our Management Policy.

Promotion of work-life balance

To help employees balance work and childcare, and work and nursing care, Nippon Light Metal Co., Ltd. has worked together with the Labor Union to enhance its internal programs, such as the conversion of some childcare leave days into paid leave and the extension of the length of nursing care leave. Further, in April 2020, the company extended the eligibility of its shorter working hour program for childcare so that it can be used by employees until their child graduates from elementary school. The company also paid attention to its employees' smaller needs related to daily nursing care, such as having to accompany aged parents to the hospital even when parents have not been certified as needing long-term care. As a result, the company has introduced nursing care support leave separately from the nursing care leave established by statute. In addition, for the employees themselves, the company has introduced life support leave that can be used for hospital visit or the similar purposes, to develop an environment which permits employees to work over the long term while continuing to receive medical treatment. In addition to the above, the company has introduced a retirement pension plan for employees who have worked for the company continuously for one year or longer.

Measures for promoting work-life balance at Nippon Light Metal Co., Ltd.

Balancing work and childcare

	Standards set by related laws and regulations, etc.	Nippon Light Metal Co., Ltd. measures
Childcare leave	Period: Until the child becomes two years old Salary: Unpaid	Period: Until the child becomes three years old Salary: Paid for some days
Family sick leave	Period: Until the child begins elementary school Salary: Unpaid	Period: Until the child graduates from elementary school Salary: Paid
Shorter working hours	Period: Until the child becomes three years old	Period: Until the child graduates from elementary school
Accumulated leave	None	Period: Until the child graduates from elementary school Salary: Paid
Support for return to work	None	Return-to-work program A program that helps employees who left the company to give birth or take care of their children return to work

Balancing work and nursing care

	Standards set by related laws and regulations, etc.	Nippon Light Metal Co., Ltd. measures
Nursing care leave	Period: Up to 93 days Acquisition: The leave may be split into up to three blocks.	Period: Up to 186 days Acquisition: No limitation on the number of blocks into which leave may be split
Nursing care leave	Period: 10 days/year Scope of eligibility: Certification of the need for long-term care is required.	Same as left
Nursing care support leave	None	Period: 10 days/year Scope of eligibility: Certification of the need for long-term care is not required. Salary: Paid

Balancing work and medical care

	Standards set by related laws and regulations, etc.	Nippon Light Metal Co., Ltd. measures
Life support leave	None	Period: 10 days/year Salary: Paid Scope of eligibility: Designated intractable diseases, fertility treatment, cancers, heart diseases, and cerebrovascular diseases

VOICE

Message from an employee who used a program at Nippon Fruehauf Co., Ltd.



Fumie Hachi
Environmental Conservation Office
Nippon Fruehauf Co., Ltd.

I used the shorter working hour program to balance work with housework and childcare. In addition, as my second daughter's third birthday approached, I wanted to extend the period of shorter working hours from the age of three to entering elementary school. I expressed my desire at an opinion exchange session hosted by the Labor Union. The company and the Labor Union immediately considered my request and decided to extend the period of shorter working hours, which has been a great help for me. In FY2019, while using the extended shorter working hour program, I was able to fulfill my duties to create materials and present achievements as the leader of small group involved in activities at my workplace. As you grow older, you face various changes in life, such as childbirth, childcare, nursing care, and medical care. I would like to continue working for the long term by reviewing my workstyle flexibly whenever I need to do so.

Safety comes before anything else.

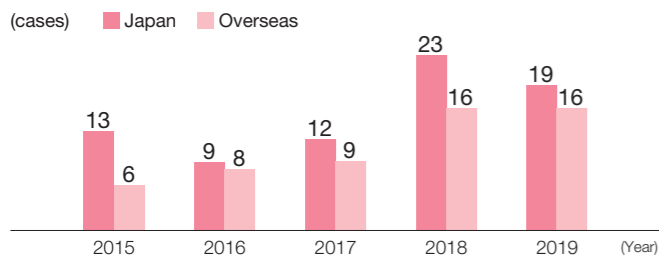
At the NLM Group, we promote safety activities under a simple basic policy, *safety comes before anything else*. Our safety activities involve the employees of group companies in Japan and in other countries, as well as the temporary staff and the employees of our contractors at each business location,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

Workplace injury trends

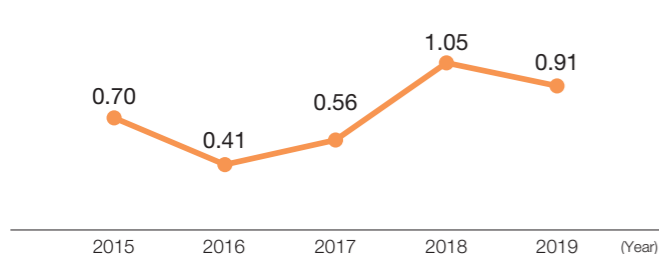
The number of workplace injuries at the NLM Group in 2019 decreased year-on-year in Japan and remained unchanged from the previous year at overseas sites.

While their number declined from the previous year, workplace injuries are still frequent. We therefore strive to prevent workplace injuries by enhancing measures to ensure the safety of machines, equipment, and tasks and achieve a higher level of safety awareness among people.

Number of workplace injuries



Frequency rate of lost-time injuries (Consolidated)



Two major activities for preventing recurrence

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

Thorough measures to prevent workplace injuries

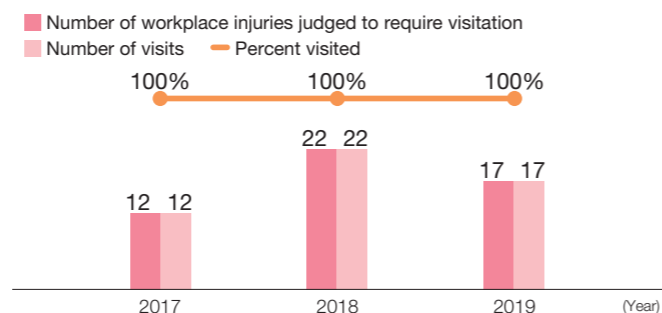
Third-party investigations of workplace injuries and the prevention of their recurrence

When a workplace injury has occurred, the first thing we do is to have the people in charge and other people from the business location, including the safety and health manager, consider and

implement measures to prevent the recurrence of the injury including investigating the cause. Employees who are most familiar with the work site are expected to consider and implement reliable measures. On the other hand, familiarity may also cause them to overlook something, make an incorrect assumption, or make some other error. There is also the concern that, because those people work in the same site daily, they may protect each other or hesitate to take more severe measures. Accordingly, members of the group's Safety and Health Control Department inspect the site from a third-party perspective, separately from the people from the business location in question. They inspect the site three times, one week, one month, and six months after the workplace injury, to assess the effectiveness of the countermeasures that were implemented and whether they have taken root firmly, among other points. This prevents workers from getting into a rut and simply following procedures while incorporating best practices from other business locations, and enables countermeasures based on specialized knowledge.

In FY2019, activities to prevent workplace injuries at business locations where workplace injuries occurred were supported by giving instructions on how to streamline processes analyzing the causes of workplace injuries and formulating countermeasures, by explaining legal regulations, by advising them to receive training from external institutions, and by taking other measures.

Percent of business locations where workplace injuries occurred that are visited



Initiatives for preventing the occurrence of similar workplace injuries

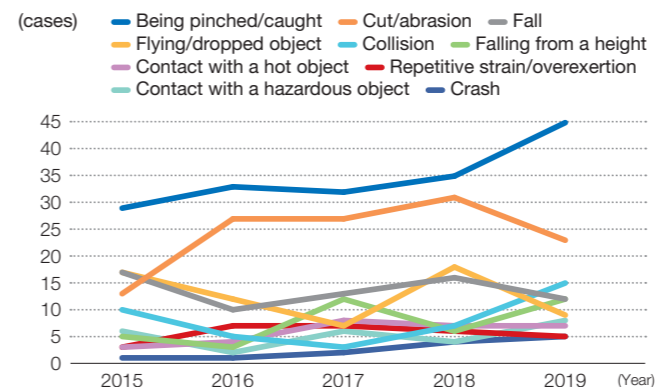
In October 2017, a fatal workplace injury occurred at a group company in China. A steel plate for products, which was leaning against a frame, fell down, resulting in the death of an employee who was working between the plate and the frame. In September 2018, another fatal accident occurred at a group company in India. An employee who was cleaning was caught in a belt conveyor conveying raw materials, resulting in death.

Where a serious workplace injury like the above occurs in the group, we inspect all of the group's production sites to identify any factors that may cause a similar accident that may have been left unaddressed and any risks that have been overlooked, to ensure that a similar accident will never occur again.

At present, we are addressing falling from a high place, being pinched/caught, being crushed under an object which was leaning against something and has fallen over, and forklift accidents. Among these, accidents where employees are pinched or caught are highly likely to result in serious consequences. It is the most frequent issue in workplace injuries at the NLM Group.



Number of workplace injuries by type (Japan)



* Including lost-time injuries, non-lost-time injuries, and minor injuries (injuries which are less serious than non-lost-time injuries)

Issues of each action item

Action item	Issue
Prevention of falling from heights	<ul style="list-style-type: none"> For non-routine work, it is difficult to take equipment-related measures and establish work standards. Within distribution departments, equipment-related measures depend in large part on cargo owners' facilities.
Prevention of being pinched/caught	<ul style="list-style-type: none"> It takes a long time to establish equipment-related measures because of the huge number of rotating and moving parts.
Prevention of being crushed under an object which was leaned against something and falls over	<ul style="list-style-type: none"> Because of the limited space, objects are often leaned against things, such as objects being kept in a place temporarily. There are many rules that are dependent on people, such as rules for preventing objects from falling over.
Prevention of the recurrence of forklift accidents	<ul style="list-style-type: none"> Space is limited and the number of forklifts is large. This has made it difficult to segregate people from forklifts and has made it impossible to eliminate points where traffic lines of people are close to those of forklifts. Because the machines are operated by humans, errors in operation cannot be eliminated.

Activities for preventing similar injuries

The risk of being pinched/caught is a typical risk, and safety measures have been repeatedly taken. However, the number of these workplace injuries has not decreased. Therefore, we inspected sites from the perspective of how to cause accidents instead of the previous perspective of how to prevent accidents. In many cases, an accident is caused by an event or behavior which had not been expected or by a series of coincidences. We looked for conditions and environments which could cause accidents, to eliminate them in advance.

As a result of the overhaul made from this different perspective, 6,100 risks were identified across the group. At present, we are taking actions with the goal of taking countermeasures to address all of the 6,100 risks.

At the Kambara Heat-Exchanger Plant of Nippon Light Metal Co., Ltd., risks are reduced by regularly conducting risk assessments (investigations into dangers or harms, etc. of machines, etc.: Industrial Safety and Health Act).



An improvement made at the Kambara Heat-Exchanger Plant of Nippon Light Metal Co., Ltd. The fence around the cutting machine was added, and an automatic cutout was installed.

Use of information technologies in safety and health activities

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

Further, in FY2019, the Kambara Complex of Nippon Light Metal Co., Ltd. introduced virtual reality (VR) equipment to enhance the existing simulated experience training, in which trainees do real tasks and use real machines. This equipment enables employees to experience a fall from a height, which is difficult to simulate, as well as an electric shock.

Moving forward, we will be proactive in introducing digital technologies. They will include a system for monitoring and detecting risks by applying image recognition technologies based on AI, which we will use to prevent workers from being pinched/caught or getting injured in other ways. They also include the use of vital signs sensing technology to check workers' physical conditions and detect risks of heat stroke, falls, and falls from heights, which will be used in safety management.

VOICE Message from an employee who experienced VR training

Takashi Kitaguchi (right in the photo)
Central Safety, Health, Environmental Conservation Division
Nippon Light Metal Co., Ltd.

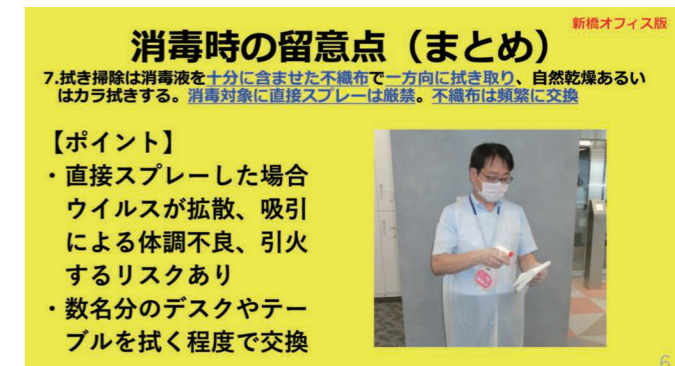
Because the equipment isolates your vision and hearing from the outside world, it creates a great sense of immersion (into the virtual world), so the experience was realistic. Most of all, in the program for experiencing a fall from a height, I could not help but bend backwards at the moment of the fall, even though I knew it was a simulated experience. I really felt a fear of high places. I would never want to fall in a real setting.



Training with VR equipment

Instructions on disinfection to prevent COVID-19 infections

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



Disinfection instruction manual (excerpt)

Quality assurance extends from consultation to the end of use.

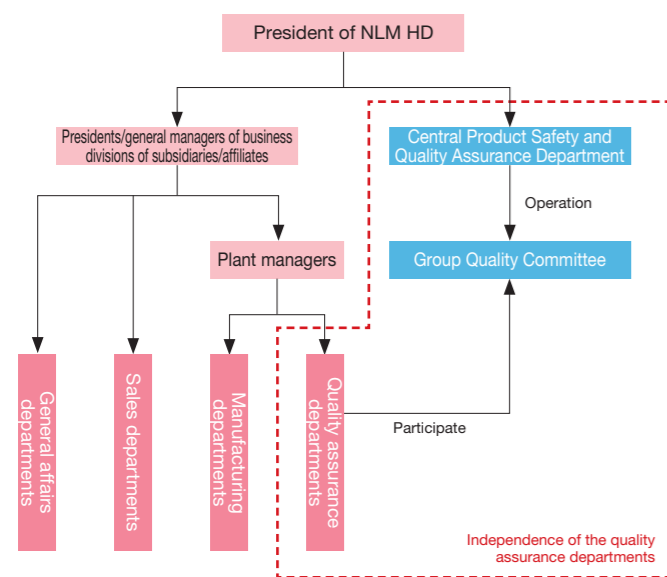
At the NLM Group we identify the needs of society and our customers and engage in quality assurance initiatives to ensure safety and quality while catering to these needs.

Quality management system

(1) Ensuring the independence of quality assurance departments

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

Independence of the quality assurance departments



(2) Activities to improve quality assurance capabilities

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

1 Group Quality Committee

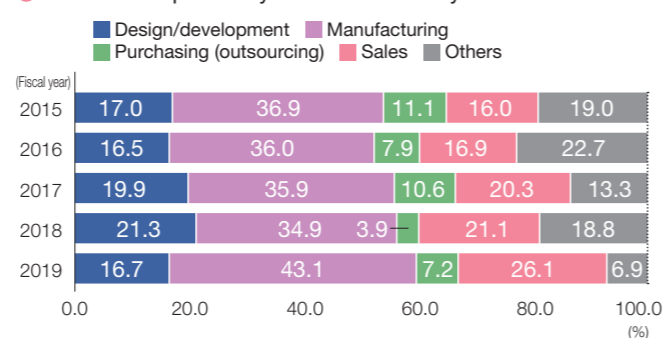
At the NLM Group, the Group Quality Committee, which is attended by quality assurance managers from group companies and segments, meets twice a year in April and October. At the meeting, participants share quality-related information in the group, such as quality assurance information and excellent examples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

(2) Sharing and utilizing complaint information

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

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

Ratio of complaints by factor in monetary terms

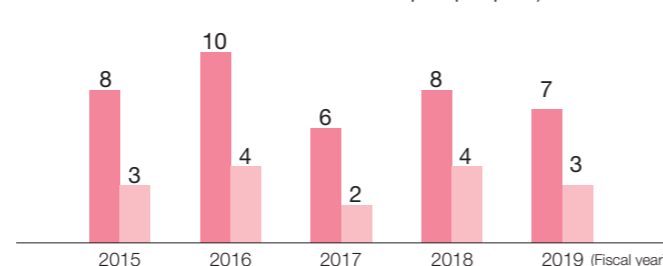


(3) Structure for reporting serious quality-related matters

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

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

Number of serious quality-related matters that were reported (cases)



Content of prompt reports and recalls (FY2019)

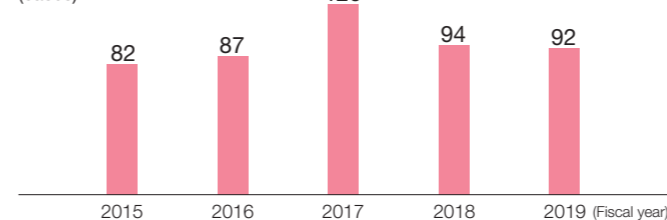
Month and year	Content of the defect	Category
April 2019	Cut caused by a protruding part of a product	Physical injury
April 2019	Product breakage	Possibility of a physical injury
August 2019	Parts not bonded	Serious property damage
December 2019	Insufficient strength of a section to which a part is attached	Recall
February 2020	Defective processing dimensions of parts	Recall
March 2020	Defective material holes	Serious property damage
March 2020	Insufficient fastening of parts	Recall

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

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

In FY2019, the Screening Committee Meeting met 92 times to launch new products and services and to revise products and services.

Number of meetings of the Screening Committee Meeting (cases)



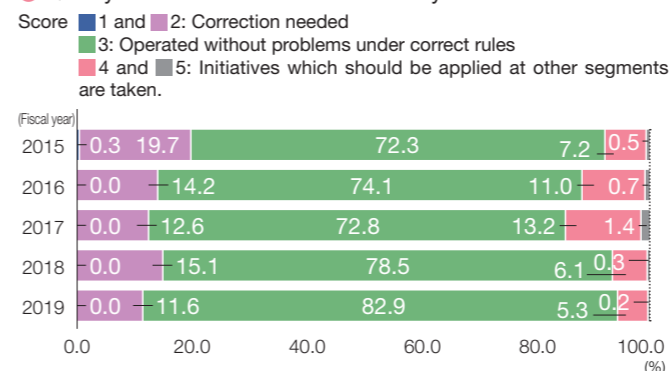
Activities for improving quality assurance capability

(1) Quality audits

At the NLM Group, we visit all of the group's companies and manufacturing sites once a year to conduct quality audits. Matters that are checked through quality audits include the effectiveness and appropriateness of quality management systems based on ISO 9001, laws, and regulations, as well as the status of the management of products and services as it is actually implemented. We also engage in quantitative evaluations based on criteria established by the group, root cause analyses of the items that need to correct, and the conversion of the results of these efforts into strengths.

In FY2019, we audited 46 facilities in Japan and 16 overseas sites. As a result of audits in FY2019, it was found that 88% of companies and segments were operating under correct rules. Thus, the level of quality assurance and control has been improving every year. On the other hand, some overseas manufacturing sites were found not to have written in-house development and design procedures, and corrections were made accordingly.

Quality audits: Distribution of results by score



A quality audit (Nikkei MC Aluminum (Thailand) Co., Ltd.)

(2) Full quality checks

At the NLM Group, we conduct full quality checks during quality month (November) every year to examine our quality activities and check that our products and services are produced and shipped without problems, among other points.

In FY2019, we fully checked the statuses of the management under the following contents, with the goal of working thoroughly on factors causing complaints, the results of quality audits, and the upstream management of manufacturing.

As a result of the full quality checks, we were able to confirm that standards and rules to be observed have been established at each department, and activities are carried out in accordance with the standards and rules. Some departments were found not to have rules for management, and corrections were made accordingly.

Contents of the full quality checks (FY2019)

- Whether the acceptance of orders for new products and services and 4M change management are evaluated in phases where evaluation is necessary
- Whether responses to customer requests regarding specifications and other matters are surely checked by the Screening Committee Meeting

Method of the full quality checks

- Confirm the presence of established procedures from the input of information when orders are accepted or there is a 4M change to the provision of the information to the manufacturing or service provision department.
- Check the activity record to confirm the above procedures are followed.

Development of human assets in charge of quality

(1) Program for improving quality assurance capabilities (independent studies of quality (Hinshitsu Jishuken))

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

(2) Development of human assets through group training

In FY2019, for the continuous development of the human assets in charge of quality, the NLM Group provided training with the themes of “ways of thinking and the creation of system necessary to fulfill customer requirements,” in addition to “basic training for quality control” and “ISO 9001 internal auditor training.” The new training is aimed at expanding the idea of IATF 16949:2016, a standard recommended by the automotive industry, across the group. Approx. 50 people participated in this training. The training allowed participants to learn about ISO 9001 requirements and also deeper ways of thinking, leading them to make improvements within their own company or segment.

(3) Exchange of human assets in charge of quality

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

Messages from participants in the first round of the program	 <p>Kenichi Kitazoe General Manager, Engineering Department Nikkei Extrusions Co., Ltd.</p>	 <p>Mikio Tanaka Group Leader Quality Assurance Group, Rolled Products Division Nippon Light Metal Co., Ltd.</p>
The things that were most impressive	While I had experience identifying risks during quality month, the competition on good practices in quality was my first opportunity-related initiative, which permitted the group-wide sharing of positive information, such as examples of improvements that had been made at various segments.	Working in the Central Product Safety & Quality Assurance Division, I visited various business locations and reaffirmed for myself that we deal in a diverse array of products and services for various industries. I was also able to understand differences in the methods for quality assurance and the ways of thinking for these diverse products, services, and industries. I felt that further evolution is possible if we deepen our cooperation by skillfully taking advantage of the broadness of the fields the NLM Group is engaged in.
The things that were the toughest	I had a hard time adapting to the wide range of operations done by the Central Product Safety & Quality Assurance Division to manage quality assurance for the entire group. Because I was unfamiliar with the tasks, I felt significantly behind schedule, which caused a lot of trouble for the other people involved.	Unlike the improvement activities at plants, the activities of the Central Product Safety & Quality Assurance Division rarely produce a visible effect. This made it hard for me to feel the achievements that we made. In addition, I found it difficult to identify the needs and current situations of society, our customers, and other stakeholders because I was away from the manufacturing sites.
What I learned from the activities	I felt that there was a gap in enthusiasm for quality and the level of quality control between departments upstream, close to the beginning of the process and those downstream, close to the customers in the process. This experience made me feel that we need to improve our company's quality assurance so that we never cause problems for society or our customers.	By observing various business locations of the NLM Group, I was able to expand my criteria for evaluating manufacturing beyond the quality aspects that were my focus. In addition, the experience of working outside my own segment allowed me to reaffirm for myself which of our initiatives are good and which are insufficient.

Message from a participant in the second round of the program

What I am determined to do

When I was transferred from the engineering department to the quality assurance department at my previous workplace, I found that things looked completely different. I believe that the same thing will happen in this program. Therefore, I would like to learn new things with a consciousness of how each plant in the group looks from the perspective of the Central Product Safety & Quality Assurance Division.

What I expect to experience during the two years

This is a good opportunity to learn about quality assurance of the entire group. I would like to proactively bring back and share the good things I find with my own segment and improve my own awareness.



Takao Otaki
(Dispatched from)
Quality Assurance Department
Nikkei Heat Exchanger Co., Ltd.

Initiatives to prevent COVID-19 infections

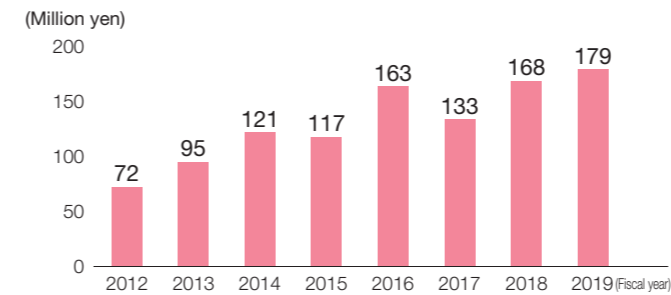
Our quality assurance initiatives involve many opportunities to travel to actual places and contact actual goods, such as quality audits and various training programs. Therefore, it is necessary for us to revise their content and methods from the perspective of preventing COVID-19.

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

NLM Group's social contribution activities seen from the viewpoint of social contribution accounting

Social contribution activities doubled in eight years

● Expenses related to social contribution



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

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

Working together with society over the next 20 years

Nippon Light Metal Co., Ltd. celebrated its 80th anniversary in 2019. The company decided to make annual donations to the Foundation for the Support of the Children's Future (Kodomo no Mirai Ouen Kikin) that is operated by the Welfare and Medical Service Agency (WAM), and WAM's Social Welfare Promotion Support Program, for the next 20 years leading up to its 100th anniversary.

The act of helping address the difficulties faced by impoverished children and supporting people with disabilities through this fund and this program conforms to the Social Contribution Policy of the NLM Group. This is the first time for the NLM Group to decide advance to continue to donate over such a long period. We promise to make the 20 years a period for working together with society as we engage in our corporate activities.

In FY2020, the second year of this 20-year program, there have been a large number of applications for subsidies for emergency support projects associated with the spread of COVID-19, and our donations are used for these projects.

Foundation for the Support of the Children's Future (Kodomo no Mirai Ouen Kikin)
<https://www.kodomohinkon.go.jp/>



Social Welfare Promotion Support Program
<https://www.wam.go.jp/hp/guide-jyosei-outline-tabid-178/>



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

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



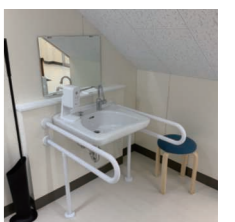
The first step for us in the renovation project was to learn about the parasports themselves. To understand what facilities are necessary for these sports and how to facilitate their use, we listened to people from the city of Tomakomai's Fukushi Fureai Center (a parasport facility) and to the parasports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

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

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

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

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



Washstand designed for wheelchair users

Group governance aimed at ensuring further transparency of corporate management

NLM Group

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

The group's governance structure

The NLM Group's basic approach to management is systematized as the Group Management Policy, which consists of three pillars and 13 basic policies.

Matters concerning the NLM Group's governance are managed based mainly on Group rules stipulated by the NLM HD, while the autonomy of each company is respected. In addition, decisions on matters that affect the overall Group are made after they are examined from multiple perspectives by the Group Executive Committee, which consists mainly of directors of the NLM HD. Among these matters, those that are especially important are discussed and determined by the Board of Directors of the NLM HD.

In FY2019, the Board of Directors of the NLM HD met 13 times. In June 2020, one new independent outside director joined them. As a result, the Board of Directors of the NLM HD consists of 14 members including five independent outside directors (including one female officer). The ratio of independent outside directors now fulfills the standard "at least one-third" ratio that is recommended in the Corporate Governance Code established by Tokyo Stock Exchange, Inc.

In addition, the NLM HD has set up a Board of Auditors to

maintain the institutional independence of the auditing function. They met 12 times in FY2019. The Board of Auditors consists of six members including three independent outside auditors (including one non-Japanese officer). (The figures are as of June 24, 2020). In addition, it has one full-time employee who is in charge of assisting in auditing operations.

Establishment of the Nomination and Compensation Committee

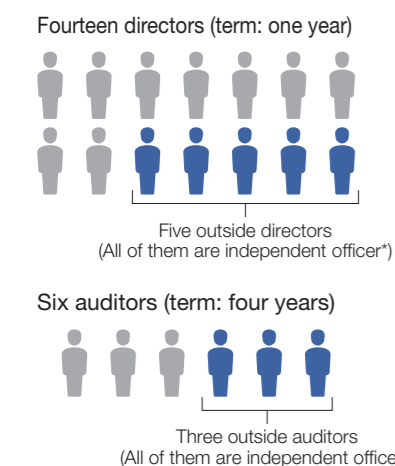
In February 2020, the NLM HD set up the Nomination and Compensation Committee as an advisory body to the Board of Directors and the president, to strengthen the Board of Directors' supervision of the nomination and compensation of directors and others, which is an important matter in corporate governance. The majority of this committee's members are independent outside directors and its chairperson is selected from among these independent outside directors by the Board of Directors.

This committee deliberates on matters related to nomination policy, including on the duties and qualities required of the president and CEO and directors, and matters related to succession plans for the president and CEO, among others, to ensure the transparency and fairness of decision-making processes related to the nomination and compensation of directors and others.

*Members of the Nomination and Compensation Committee (As of June 24, 2020)

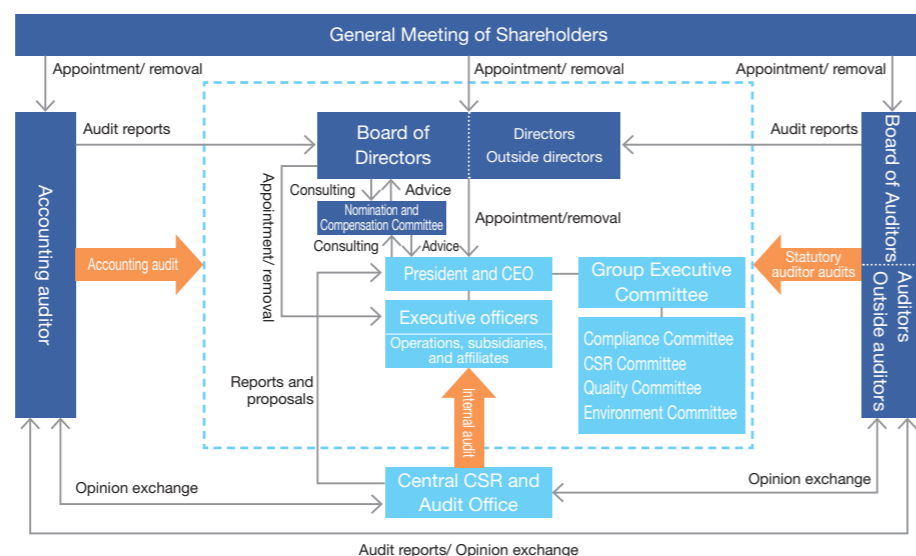
- Chairperson: Masato Ono (Independent outside director)
- Member: Ryoichi Hayashi (Independent outside director)
- Member: Haruo Ito (Independent outside director)
- Member: Toshihito Hayano (Independent outside director)
- Member: Keiko Tsuchiya (Independent outside director)
- Member: Ichiro Okamoto (President and Chief Executive Officer)

● Outside directors / outside auditors ratios



* Defined by Tokyo Stock Exchange, Inc. as "an outside director/auditor who is unlikely to have conflicts of interest with general shareholders"

● Governance structure



Evaluation of the effectiveness of the Board of Directors

Every year, the Board of Directors of the NLM HD passes resolutions regarding the evaluation of its effectiveness.

At the Board of Directors' meetings, the directors engage in lively discussion, with opinions proactively shared mainly by outside directors and outside auditors. The content of these discussions is reflected in the management team's execution of businesses.

Efforts are also made to enhance the operations of the Board of Directors. Such efforts include the inspections of business locations, including overseas sites, by outside directors and outside auditors and free discussions on a wide range of themes related to management, which are not limited to matters intended for a resolution by the Board of Directors. In addition, independent

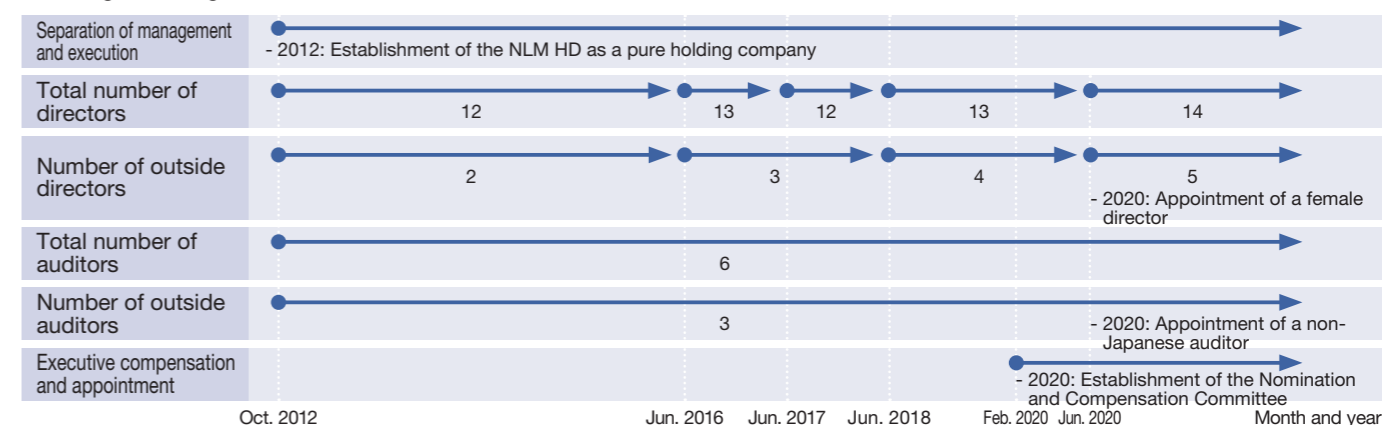
outside directors meet with the president and CEO or hold meetings of only independent outside directors as the occasion warrants, in their efforts to exchange opinions and share their recognition of issues from independent, objective perspectives.

As a result, Board of Directors' meetings include open, constructive statements and discussion, and it is believed that effectiveness of the Board of Directors is ensured.

Main free discussion topics

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

● Changes in the governance structure



Compliance

Compliance Committee

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

Compliance Codes and compliance meetings as an inseparable combination

The codes of conduct of the NLM Group are published as the Group Compliance Codes, which require all officers and employees of the group, including those outside Japan, to comply with laws and regulations, corporate ethics, and business etiquette, act sensibly, and communicate with stakeholders proactively, among other requirements. To ensure officers and employees are thoroughly informed of these codes, a handbook containing them, which has been translated into four languages (English, Chinese, Thai, and Vietnamese), is distributed to all so that they can carry it around.



The handbook translated into four languages (English, Chinese, Thai, and Vietnamese)

● FY2019 compliance promotion plan and major achievements

	Item	Achievement	Evaluation
Compliance with laws and regulations	Anti-bribery	Distribution of translated editions of the handbook containing anti-bribery rules	○
	Addressing priority risks	No serious incidents in the eight fields of priority risk	○
	Establishment of an information management system	Enhancement of information management at the head office	○
Promotion of compliance	Implementation of individual companies' promotion plans	The plans and achievements of group companies were confirmed.	○
	Compliance meetings	Held twice, with attendance of 94%	○
	Promotion of compliance at overseas sites	Translated editions of the handbook containing the Compliance Codes were distributed.	○
Education/training	Enhancing measures to prevent harassment	Explanatory meeting on the revision of laws was held, and training to prevent power harassment was given to managers and supervisors.	○
	Training of people in charge of compliance	Training regarding the revision of laws	○
The raising of awareness	Job-class-specific training	Given to officers, managerial employees, mid-career employees, and new employees.	○
	Expatriate training	Given individually to expatriates	○
Whistleblowing system	Compliance Promotion Month	The President's message was delivered. Posters were put up to raise awareness. Compliance slogans were solicited and selected.	○
	Intranet	Compliance newsletter	○
	Securing the independence of the external contact office	We switched from a corporate lawyer's office to a specialist firm.	○
	Contact office for non-Japanese speakers	A contact office that accepts reports in English, Chinese, Thai, and Vietnamese was established.	○

Moreover, to promote the understanding of, and inform employees thoroughly of, the codes of conduct, a compliance meeting is held at each workplace twice a year to enable them to learn by repetition. At the meetings, participants exchange opinions about problems faced in the workplace, case examples of compliance violations that occurred in other departments, and other subjects. In FY2019, a total of 2,156 workplace meetings were held, with 21,404 participants in total (participation rate: 94%).

● Main content of and items in the Group Compliance Codes

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

Chapter 1: Promotion of compliance

Practice faithful, fair business activities widely and think and act from other people's points of view.

Chapter 2: Responsibilities to employees

Make ensuring the workplace safety and health, protecting human rights, prohibiting discrimination and harassment, and other responsibilities to employees the top priority

Chapter 3: Basic internal rules

Appropriate use of company assets including intellectual property rights, appropriate management of company secrets, appropriate recording and reporting of operations, and other rules

Chapter 4: Responsibilities to customers and business partners

Safety and quality assurance of products and services; prohibition of unfair competition including bribery, the creation of cartels and bid rigging; appropriate transactions with business partners; and other responsibilities

Chapter 5: Responsibilities to society

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

Chapter 6: Responsibilities to shareholders and investors

Appropriate information disclosure, prohibition of insider trading, and other responsibilities

Chapter 7: Dissemination, additional rules

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

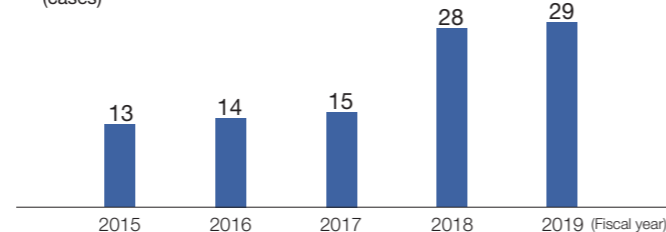
Whistleblowing system

A whistleblowing system has been introduced at major group companies. In addition, the *NIKKEI HOTLINE*, the group's common contact office for whistleblowers, has been set up. The *NIKKEI HOTLINE* receives approximately 40 whistleblowing complaints and requests for consultation every year.

The *NIKKEI HOTLINE* ensures that whistleblowers are protected and that they cannot be treated disadvantageously. Information about each whistleblower is disclosed only to people in charge of the contact office for whistleblowers and some of the people in charge of investigations. It will not be disclosed to any other person without the consent of the whistleblower. People involved, including the whistleblowers themselves, are strictly prohibited from leaking secrets that they are aware of, and violating this rule will result in disciplinary action. Retaliation against and harassment of whistleblowers are also strictly prohibited, and violating this rule also results in disciplinary action.

The corporate lawyer's office was previously the external contact office for whistleblowers. In FY2019, however, we switched to a specialist firm, thereby strengthening the independence of the contact office. Further, we have built a global hotline system by establishing a contact office for whistleblowers that respond in the first languages of the countries where we have major overseas sites (Chinese, English, Thai, and Vietnamese).

● Number of cases that were reported to *NIKKEI HOTLINE* (cases)



Internal control

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

Internal control over financial reporting

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

Risk management

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

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

In FY2019, climate change risks and opportunities were discussed at meetings of the company's Board of Directors, the Group Executive Committee, the CSR Committee, and at other meetings, with the discussions being held to select material issues. (→p.6-7)

● Major initiatives that were taken to address priority risks

Subject risks	Initiatives and results	Evaluation
Defective product/ service (→p.25)	Quality audits of all sites (every year)	○
	Full checks of specifications required by customers	○
Environmental accidents, environmental impact (→p.15)	Environmental audits of all sites (every three years)	○
	Supporting measures to prevent the recurrence of environmental accidents	○
Natural disasters/ accidents	Formulation of administrative departments' BCP	○
	Emergency drills (confirmation of safety, satellite mobile communication, rescue, establishment of disaster headquarters)	○
Workplace injuries (→p.22)	On-site inspection of lost-time injuries	○
	Prevention of the recurrence of serious injuries	○
Information security	Strengthening the security of cloud-based services	○
	Training to address targeted email attacks	○
Leakage of trade secret	Establishment of a system for monitoring confidential information	○
Export security	No applicable problems	○
Failure in the timely disclosure of information	No failures	○



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, 2019 to March 31, 2020 included in its CSR Report 2020 (the "Report") for the fiscal year ended March 31, 2020.

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.
- Making inquiries and reviewing materials including documented evidence of Nippon Electrode Co., Ltd. selected on the basis of a risk analysis, as alternative procedures to a site visit.
- 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 Control

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

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.

Tokyo, Japan

October 28, 2020

Corporate overview

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

Established: October 1, 2012

Securities code: 5703

Head office location: Urbannet Uchisaiwai-cho Building, 1-1-13 Shimbashi, Minato-ku, Tokyo

Paid-in-capital: 46,525 million yen

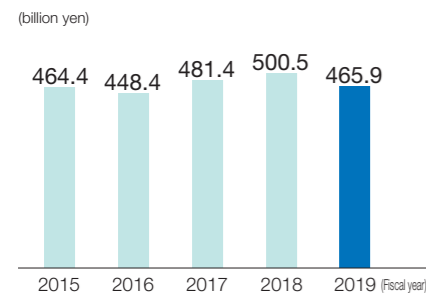
Sales: 465,946 million yen (consolidated)

Number of employees: 13,611 (consolidated)

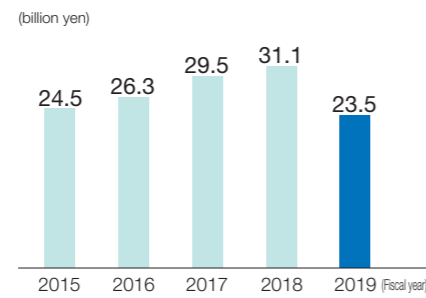
*All data are from FY2019 or as of March 31, 2020.

Financial highlights

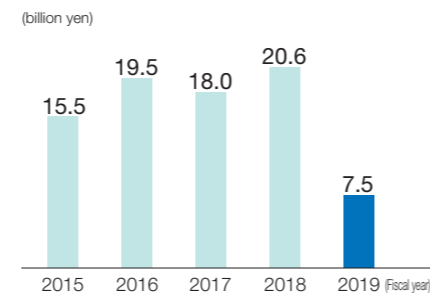
Net sales (consolidated)



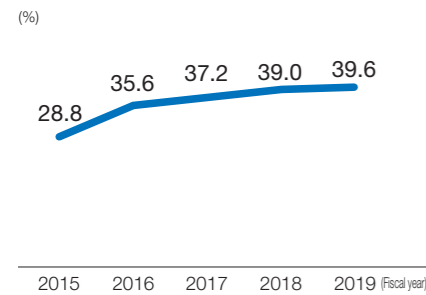
Ordinary profit (consolidated)



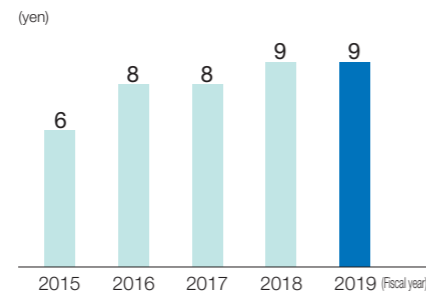
Profit attributable to owners of parent (consolidated)



Equity ratio (consolidated)

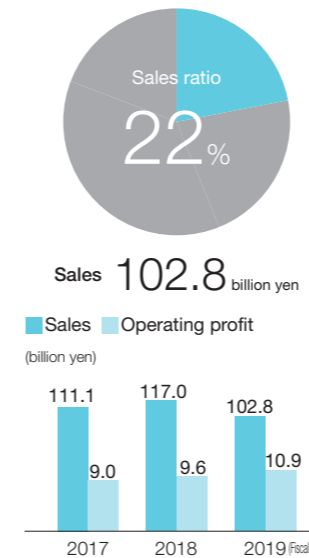


Dividend



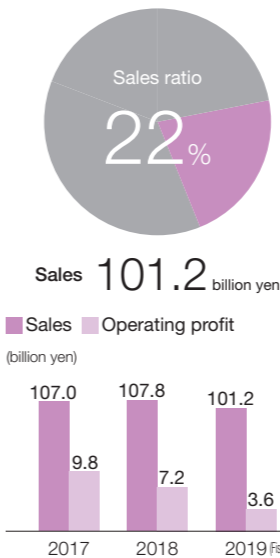
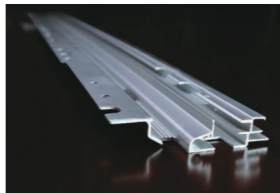
Business summary

Alumina, Chemicals, and Ingot Business



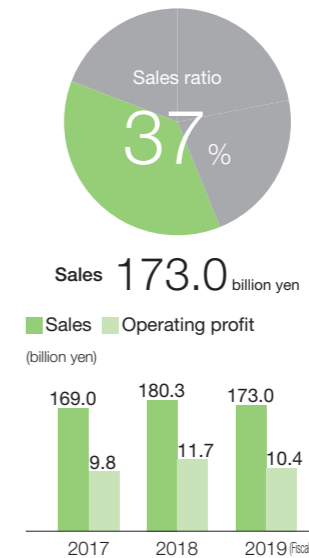
The alumina and chemicals segment manufactures aluminum hydroxide, alumina, and various other chemicals. These products are used in a range of fields, including as fire retardants, raw materials for ceramics, and industrial materials for the manufacture of pulp and paper. The ingot segment manufactures a variety of aluminum ingots and is highly evaluated for the development of highly-functional ingots that cater to customers' needs.

Sheet and Extruded Products Business



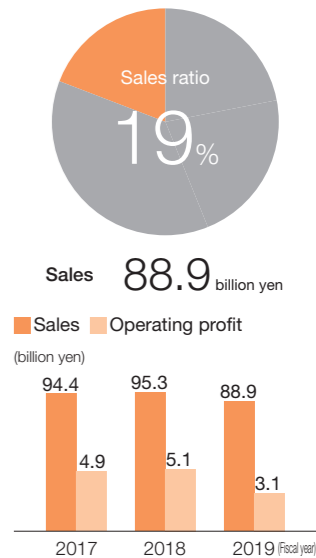
Aluminum sheets and extrusion products are used in a wide variety of fields, such as for automotive parts and railway cars in the transport industry, thick sheets and relevant parts for semiconductor/ liquid-crystal manufacturing equipment, and fabricated sheets for PC/ tablet bodies in the electrical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

Fabricated Products and Other Businesses



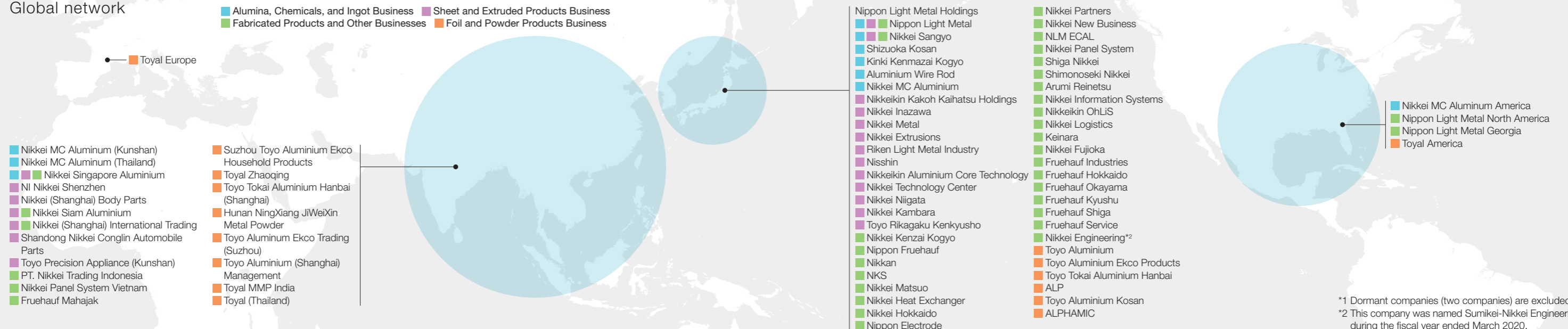
In Fabricated Products and Other Businesses, we deal with distinctive products that are highly valued for their quality. These products include truck bodies from Nippon Fruehauf Co., Ltd., commercial refrigerator and freezer panels from Nikkei Panel System Co., Ltd., and fabricated aluminum products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

Foil and Powder Products Business



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

Global network



*1 Dormant companies (two companies) are excluded.
*2 This company was named Sumikei-Nikkei Engineering during the fiscal year ended March 2020.

		Boundary	2017	2018	2019	Unit	
The Environment							
Greenhouse gas emissions (Scope 1, Scope 2) ¹		Consolidated (Japan only) ²	804	748	★ 606	thousand tons-CO ₂	
		Consolidated (besides Japan) ³	125	137	125	thousand tons-CO ₂	
Greenhouse gas emissions per unit of sales ¹		Consolidated (Japan only)	2.09	1.87	1.60	tons-CO ₂ / million yen	
Breakdown of Scope 3 emissions ⁴	Category 1: Purchased goods and services ⁵	Consolidated	1,926	1,947	★ 1,690	thousand tons-CO ₂	
	Category 2: Capital goods	Consolidated	22	35	42	thousand tons-CO ₂	
	Category 3: Fuel and energy related activities (not included in Scope 1 or 2)	Consolidated	28	34	34	thousand tons-CO ₂	
	Category 4: Upstream transportation and distribution ⁶	Consolidated	0	0	0	thousand tons-CO ₂	
	Category 5: Waste generated in operation	Consolidated	4	5	4	thousand tons-CO ₂	
	Category 6: Business travel	Consolidated	0	0	0	thousand tons-CO ₂	
	Category 7: Employee commuting	Consolidated	3	3	4	thousand tons-CO ₂	
Energy consumption	Electricity	Consolidated	10.8	10.4	8.1	PJ	
	Fuels	Consolidated	6.3	6.2	6.0	PJ	
Energy consumption intensity per unit of sales		Consolidated	35.5	33.2	30.3	GJ/ million yen	
Weight of raw materials used in production		Consolidated	576	601	523	thousand tons	
SOx emissions		Consolidated	473	379	365	tons	
NOx emissions		Consolidated	520	560	449	tons	
Quantity of water intake ⁷		Consolidated	23.5	23.9	22.6	million m ³	
Total amount of discharged water ⁸		Consolidated	21.5	22.5	21.3	million m ³	
Water consumption ⁹		Consolidated	—	—	1.3	million m ³	
COD emissions		Consolidated	97	105	106	tons	
Emissions and disposal of waste and waste byproducts	Recycled/Reduced	Consolidated	37.3	48.4	48.4	thousand tons	
	Disposed (landfill)	Consolidated	3.5	3.5	3.4	thousand tons	
Environmental accounting	Environmental conservation expenditure: Investment	Consolidated (Japan only)	1,983	2,218	1,580	million yen	
	Environmental conservation expenditure: Expenditure	Consolidated (Japan only)	5,598	6,210	6,248	million yen	
	Economic effect of environmental conservation activities: Earnings	Consolidated (Japan only)	486	554	370	million yen	
	Economic effect of environmental conservation activities: Changes in expenditure ^{10,11}	Consolidated (Japan only)	-1,440	-982	1,027	million yen	
Number of cases of lawsuits, penalties, or forfeitures related to the environment		Consolidated	0	0	0	case(s)	
Number of accidents related to the environment ¹²		Consolidated	0	0	3	case(s)	
Number of complaints related to the environment ¹³		Consolidated	10	16	10	case(s)	
Employees, etc.							
Number of directors	Full-time directors	Consolidated	190	208	216	person(s)	
		Consolidated	0	0	1	person(s)	
Number of employees ¹⁴	Employees (managerial employees)	Consolidated	1,540	1,640	1,666	person(s)	
		Consolidated	90	95	96	person(s)	
	Employees (regular employees)	Consolidated	8,992	9,087	9,345	person(s)	
		Consolidated	2,233	2,494	2,504	person(s)	
	Employees	Consolidated	Total	12,855	13,316	13,611	person(s)
Number of employees by country/region	Japan	Consolidated	Male	8,058	8,399	8,568	person(s)
		Consolidated	Female	1,198	1,271	1,323	person(s)
	Asia	Consolidated	Male	2,243	2,282	2,221	person(s)
		Consolidated	Female	1,089	1,095	1,239	person(s)
	U.S. and Europe	Consolidated	Male	231	229	222	person(s)
		Consolidated	Female	36	40	38	person(s)
Number of employees in each age group ¹⁵	under 15 years old	Consolidated	Male	—	0	0	person(s)
		Consolidated	Female	—	0	0	person(s)
	15 to 19 years old	Consolidated	Male	—	108	108	person(s)
		Consolidated	Female	—	15	21	person(s)
	20 to 29	Consolidated	Male	—	2,153	2,124	person(s)
		Consolidated	Female	—	559	600	person(s)
	30 to 39	Consolidated	Male	—	3,150	3,164	person(s)
		Consolidated	Female	—	833	894	person(s)
	40 to 49	Consolidated	Male	—	2,878	2,919	person(s)
		Consolidated	Female	—	671	741	person(s)
	50 to 59	Consolidated	Male	—	1,975	2,010	person(s)
		Consolidated	Female	—	276	284	person(s)
	60 or older	Consolidated	Male	—	646	686	person(s)
		Consolidated	Female	—	52	60	person(s)
Number of new hires	Total	Consolidated (Japan only)	596	692	617	person(s)	
	Percentage to employees	Consolidated (Japan only)	7.1	7.8	6.2	%	
Number of new graduates who were recruited	Total	Consolidated (Japan only)	197	211	210	person(s)	
Number of employees who left	Total	Consolidated (Japan only)	401	490	490	person(s)	
	Percentage to employees	Consolidated (Japan only)	3.5	5.6	5.0	%	
Three-year retention rate ¹⁶		Consolidated (Japan only)	88.4	83.8	89.1	%	
Number of those who were re-employed after retirement		Non-consolidated (Nippon Light Metal Co., Ltd.)	8	8	12	person(s)	
Labor Union participation rate		Non-consolidated (Nippon Light Metal Co., Ltd.)	100	100	100	%	

		Boundary	2017	2018	2019	Unit	
Average age		Consolidated	Male	39.1	39.9	36.9	years old
		Consolidated	Female	36.9	37.4	35.3	years old
Average duration of service		Consolidated	Male	11.5	11.8	11.1	years
		Consolidated	Female	7.7	8.0	7.2	years
Average annual hours worked		Consolidated (Japan only)	Male	2,146	2,157	2,226	hours/ person
		Consolidated (Japan only)	Female	1,974	1,871	1,922	hours/ person
Average annual overtime work hours		Consolidated (Japan only)	Male	324	302	334	hours/ person
		Consolidated (Japan only)	Female	161	150	175	hours/ person
Average number of days of annual paid leave taken		Consolidated	Male	9.9	9.9	10.3	days
		Consolidated	Female	9.7	9.6	9.1	days
Average rate of acquisition of annual paid leave		Consolidated	Male	52.5	57.8	63.9	%
		Consolidated	Female	71.6	73.4	74.3	%
Number of employees who newly took childcare leave		Consolidated (Japan only)	Male	1	6	12	person(s)
		Consolidated (Japan only)	Female	55	66	52	person(s)
Number of employees who newly took nursing care leave		Consolidated (Japan only)	Male	2	4	0	person(s)
		Consolidated (Japan only)	Female	1	2	2	person(s)
Number of users of the shorter working hour program		Consolidated (Japan only)	Male	0	1	3	person(s)
		Consolidated (Japan only)	Female	61	66	83	person(s)
Number of employees who were absent from work due to mental health problems		Consolidated (Japan only)	Male	34	59	51	person(s)
		Consolidated (Japan only)	Female	2	9	8	person(s)
Average annual amount of expenditure for education/ training		Consolidated		29.2	24.9	23.4	thousand yen/ person
Employment rate of people with disabilities ¹⁷		Non-consolidated (Nippon Light Metal Co., Ltd.)		2.59	2.63	2.57	%
		Non-consolidated (Toyo Aluminium K.K.)		2.03	1.93	2.55	%
Safety							
Number of workplace injuries ^{18,19}	Lost-time injuries	Consolidated (Japan only)		12	23	19	case(s)
		Consolidated (besides Japan)		9	16	16	case(s)
	Non-lost-time injuries	Consolidated (Japan only)		66	64	56	case(s)
		Consolidated (besides Japan)		5	5	6	case(s)
Frequency rate of lost-time injuries ^{18,20}		Consolidated		0.56	1.05	0.91	
		Non-consolidated (Nippon Light Metal Co., Ltd.)		0.27	0.54	0.27	

Compliance

Number of cases that were reported to NIKKEI HOTLINE		Consolidated		15	28	29	case(s)
Compliance meeting	Number of times the meeting was held	Consolidated		2,102	2,066	2,156	times
	Number of participants	Consolidated		20,237	20,972	21,404	total number
Number of patent publications ¹⁸		Consolidated		182	167	160	case(s)
Number of patent registrations ¹⁸		Consolidated		107	92	81	case(s)

Quality assurance

Number of violations of laws or regulations in the provision of products/services		Consolidated		0	0	0	case(s)
Number of prompt reports		Consolidated		6	8	7	case(s)
Number of recalls		Consolidated		2	4	3	case(s)

Community

Expenditure related to social contribution		Consolidated		133	168	179	million yen
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Governance

Interim and year-end dividend per share		Consolidated		8	9	9	yen
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★ : We have received independent assurance by KPMG AZSA Sustainability Co., Ltd. regarding the reliability of the data.

- *1. In FY2018, we began to compile statistics on greenhouse gas emissions from our main offices.
- *2. The following CO₂ emission factors were used for the calculations.
Electricity consumed in Japan: The CO₂ emission factor with T&D losses of each previous fiscal year announced by the Electric Power Council for a Low Carbon Society
Fuel consumed in Japan: The CO₂ emission factor for each fuel is set by a ministerial ordinance from the Ministry of the Environment
- *3. The following CO₂ emission factors were used for the calculations.
Electricity consumed overseas: CO₂ emission factors of the respective countries shown in CO₂FCOMB 2017 from the IEA
Fuel consumed overseas: Same as fuel in Japan in *2
- *4. The emissions are calculated by multiplying the activity amount by the CO₂ emission factor published by the Ministry of Economy, Trade and Industry and the Ministry of the Environment.
- *5. The Scope 3 Category 1 emissions are calculated based on the volume of purchase of the top three items in terms of volume purchased from outside of the group. Of the items, the aluminum ingots are those purchased by Nippon Light Metal Group Metal Center.
- *6. Reviewing the standard of calculating emissions in Category 4, and the values for FY2017 and FY2018 were corrected accordingly.
- *7. The seawater intake quantity is not included.
- *8. Reviewing the standard of calculating the amount of discharged water, and the values for FY2017 and FY2018 were corrected accordingly.
- *9. Began to be calculated in FY2019
- *10. Changes in expenditure are calculated using the following formula: Changes in expenditure = expenditure incurred during a base period (FY2018) – expenditure incurred during the current year (FY2019)
- *11. - (minus) indicates an increase in expenditure.
- *12. Environmental problems that affect external parties (such as the leakage of oil or chemicals)
- *13. Number of petitions from external parties (such as those regarding smell and noise)
- *14. Fixed-term (full-time) employees are included.
- *15. Consolidated values began to be reported in FY2018.
- *16. 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
- *17. As of June 1 immediately after the end of each fiscal year. The statutory employment rate is 2.2% (was 2.0% until March 31, 2018).
- *18. The subject period is calendar year (January to December).
- *19. The values for lost-time injuries (consolidated (besides Japan)) and non-lost-time injuries (consolidated (Japan only)) for FY2017 were incorrect and were therefore corrected.
- *20. Injuries that resulted in one or more days' absence from work (excluding commuting injuries)