

A young girl with dark hair in pigtails and bangs is peeking out from behind a white door. She is smiling and looking towards the camera. She is wearing a blue and white striped cardigan over a red and white striped shirt. The background is a bright, out-of-focus interior.

# **CSR Report 2016**

Corporate Social Responsibility Report

# CONTENTS

3	Editorial Policy
4	Message from the CEO
Main Chapter	
6	Organizational Governance
8	Human Rights
10	Labor Practices
12	Environment
14	Fair Operating Practices
15	Consumer Issues
16	Community Involvement and Development
18	Corporate Profile, Business Summary
20	Third Party Opinion
21	Independent Assurance
22	Data





## About Media for CSR Report

“CSR Report 2016 – Nippon Light Metal Group” reports the CSR efforts during FY2015. Please go to our company website for more detailed contents, past activities, and financial information.

Non-Financial Information




CSR Report (Booklet/PDF)

Website  
<http://www.nikkeihinholdings.com/csr/>



Financial Information

Website  
<http://www.nikkeihinholdings.com/pages/ir/>



Annual Report

Fact Book

IR Latest News

## Editorial Policy


**Introduction**  
This report is intended to describe the NLM Group’s views and approaches regarding CSR to all stakeholders in an easy-to-understand way and to obtain their understandings.  
The NLM Group recognizes various social challenges described in the core themes of ISO26000 and promotes CSR activities to contribute to the solution of those challenges. Your opinions and feedback on the NLM Group’s activities for each challenge would be greatly appreciated.

**Reference Guidelines**  
This report used “Environmental Reporting Guidelines (2012)” prepared by the Ministry of the Environment and “G4 Sustainability Reporting Guidelines of the Global Reporting Initiative” as references.

**Period covered**  
Data collection period for this report is from April 2015 to March 2016.  
\*Data prior to and after this period is also partially included.

**Boundary**  
Unless otherwise specified, Nippon Light Metal Holdings Co., Ltd. and its consolidated subsidiaries are covered. A total of 76 companies.  
However, for the “Environment”, Nippon Light Metal Holdings Co., Ltd. and its consolidated subsidiaries in Japan are covered. A total of 24 companies.

**Publication period**  
October, 2016 (Next edition: scheduled in October, 2017, Previous edition: October, 2015)

**Independent assurance**  
Check mark  indicates that a third party, KPMG AZSA Sustainability Co., Ltd., has provided independent assurance for the reliability of the data.

# Team NLM - Groundbreaking Innovator of Aluminum and Beyond

An intensity seven earthquake, with its seismic center in the Kumamoto area of Kumamoto prefecture, occurred on April, 2016, and its aftershocks still continue to affect that area. Our deepest sympathies go out to all the victims of the earthquake, and we hope that normal conditions are restored as soon as possible.

The NLM Group continues with its support activities through its supply chains including relief money and supplies. Meanwhile, hereafter the NLM group strives to promote and improve a wide variety of its products for disaster preparedness and disaster mitigation that fully utilize the properties of aluminium.

## Status of mid-term management plan

The NLM Group has been carrying out the three-year mid-term management plan started in April, 2013. As with the global resource crisis, the aluminium market was under circumstances where its market price plunged by approximately 20% in these past three years. However, the results for the year ending March 2016 have mainly achieved the goal as shown in the diagram below. I believe that this is a result of our steady implementation of the mid-term management plan.

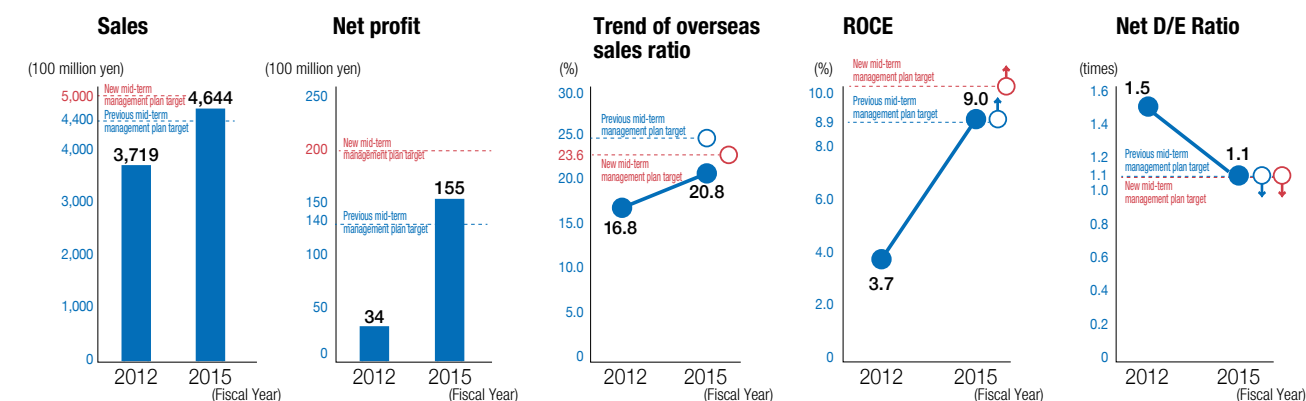
The NLM Group has long sought the business that can replace aluminium refining operations. The Group has formulated the mid-term management plan five times from fiscal year 2002 through this previous fiscal year and continued its efforts in shifting to new material manufacturers, in other words, establishing high-value added businesses by making a clear distinction from management that focuses on expanding operations. Our strategies in the previous mid-term management plan were designed to achieve “a creation of a new products and new business model through close cooperation of the group” and “business development

through strategies by regions and categories,” and to enhance the “reinforcement of the business structure and strength of the corporate structure.” The achievement of these numerical targets has given us greater confidence in realizing that we chose the right strategies.

Also, it is what we call “a cross functional collaboration”, a group-wide development activity, that supported these schemes. This is an integrated activity of development, manufacturing, and sales, which is to “create, manufacture and sell.” Not only sales but also development and production people would face various stakeholders’ needs and address those needs as “Team NLM”. Thus, we have sought for and realized the added value which only the NLM group can create.

In the new mid-term management plan, we aim to secure our unrivalled position as a “ground breaking innovator of aluminium and beyond”, by strengthening the driving forces as this “Team NLM” including profound insights into aluminium materials, processing and development backed up by experience, and service capabilities.

## Key indicators of the mid-term management plan and actual achievement



## Group-wide Compliance Reinforcement

In February 2016, Nippon Light Metal Co., Ltd., our subsidiary, received a cease and desist order and a payment order for surcharge from the Japan Fair Trade Commission for violation of the Antimonopoly Law. We would like to express our deepest apologies for the great concern and trouble this incident has caused to stakeholders including customers.

We have reported our detailed recurrence prevention plan on page 14 of this report. We aim to further reinforce our group-wide compliance system.

The NLM Group's CSR is captured in our corporate identity that “we are committed to making contributions to improve people's lives and preserve the global environment by continuing our application development of aluminium and aluminium-related materials forever”. For fiscal year 2016, we have started activities to incorporate this corporate identity into more specific individual themes. We will provide you with the results for 2015 and such themes in our reports. We would appreciate your straightforward opinions on this CSR report.

August 2016

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

I. Okamoto



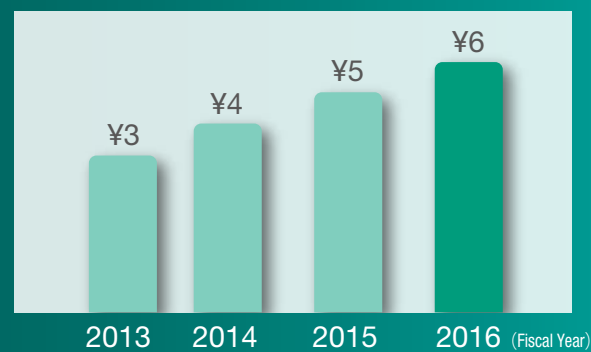
## ORGANIZATIONAL GOVERNANCE

# The NLM Group works towards improving its corporate value and ensuring sustainable growth as corporate group.

The NLM Group works on the development of a corporate governance system capable of making the most use of its organizational strength based on the understandings that the corporate value and obligations for social responsibilities are realized only through strong corporate governance.



## FOCUS Dividends per share (the period ending March)



## Corporate Governance

The NLM Group adopts a holding company structure in its business operations and places its group companies under the umbrella of its holding company, Nippon Light Metal Holdings Co., Ltd.

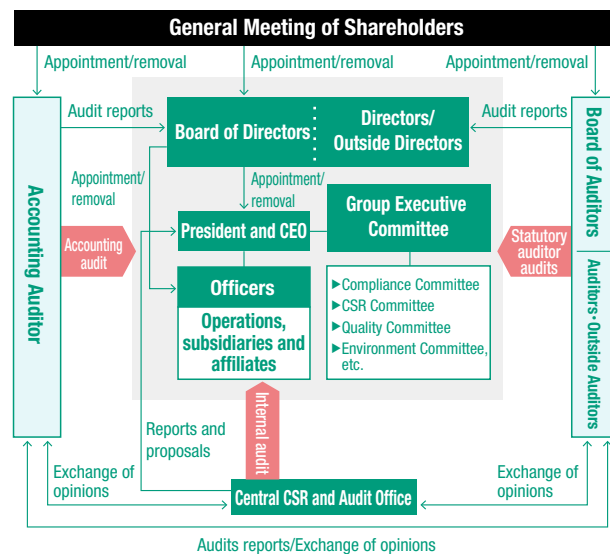
Nippon Light Metal Holdings Co., Ltd. has its own Board of Auditors and focuses on realizing the prompt and transparent management as follows:

- Hire three outside directors (Designate two of them as independent board members)
- Hire three outside auditors (Designate all of them as independent board members)
- Set the term for directors to be one year
- Introduce an officer system and separate management from business execution.

The NLM Group strives to establish and maintain the structure in accordance with the principles of "Japan's Corporate Governance Code".<sup>1</sup> The Group carries out the measures for each principle of the code and aims at achieving effective corporate governance.

<sup>1</sup> Japan's Corporate Governance Code: This code covers a code of conduct, which listed companies should follow, including shareholders' rights, roles of board of directors, and whole concept of executive compensations. It was established by Tokyo Stock Exchange in June, 2015.

### Governance Structure Chart



## Communication with shareholders and investors

Nippon Light Metal Holdings Co., Ltd. considers the general meetings of the shareholders as a valuable event where top management is able to have a direct dialogue with all the shareholders. In order to gain understandings of the matter to be reported and resolved as quickly as possible, internet is used for information disclosure and voting. Also, the sites for the meetings are carefully selected to ensure better access for participating shareholders.

Many shareholders came and joined the 4rd annual meeting of the shareholders held on June 24, 2016 and offered various opinions and questions.

## Enhancement of IR activities

Nippon Light Metal Holdings Co., Ltd. announces its earnings reports quarterly through the Tokyo Stock Exchange as well as through mass media companies based on the disclosure rules. The President/CEO, himself, provides explanations with respect to earnings and management policies both at the full year and the second quarterly earnings announcements. The earning presentation materials are available on our website.

Additionally, the Company strives to follow its fair disclosure rules<sup>2</sup> by enhancing mutual communications between shareholders, investors and the Company.

### Major IR activities (FY2015)

Financial results briefing for corporate investors and securities analysts	Bi-annually (Full year and Half year)
Personal interviews with corporate investors and securities analysts	93 times per year

### Major IR-related communication tools

Annual Report (English)	Annually (September)
Fact Book (Japanese and English)	Annually (September)
Earnings briefing (Japanese and English)	Quarterly (Every quarter)
Shareholder newsletters	Bi-annually (June and December)

<sup>2</sup> Fair Disclosure: refers to a fair disclosure of information and is something that must be promptly disclosed to general investors in the event that a corporation tells undisclosed and important information to specific market participants.

## Internal control system

The NLM Group is intended to comply with laws, manage risks in its business process, streamline its operation, and prepare the fair financial reports. The Group also works on further enhancing its internal control system. Moreover, the Group works towards ensuring legality and efficiency of its business operation as well as improving and reviewing the system using examples from the opinions from Board of Auditors and outside directors.

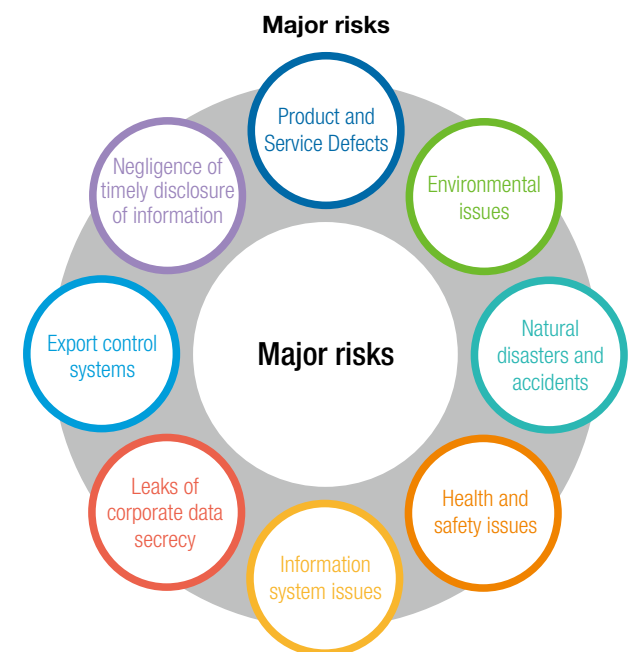
Furthermore, the NLM Group appoints a responsible official for its group companies and departments to promote maintenance and improvement of the internal control system, thereby making continuous improvements.

The information on the operation status of the internal control system is shared on a monthly basis at the meetings with the full-time auditors.

## Risk Management

In order to address various risks surrounding its businesses, the NLM Group is committed to steadily increase its corporate value by putting in place appropriate controls and practices in agreement with the Group's business strategies. The NLM Group has identified eight risks requiring group-wide comprehensive management, as "major risks", and designated a department in charge of risk management. The Group checks the status of these major risks by interviewing the directors in charge every half-year period, holding monthly meetings, and working on reducing risks.

During FY2015, the Group implemented "checking the environmental management system at overseas production sites" and "reviewing the information management system."



### For the future

### CSR Promotion Plan (Excerpts from FY2016 CSR Promotion Items)

Promotion Themes	Major Activity Plans	KPI
Maintenance and Strengthening of Corporate Governance	Handling of "Japan's Corporate Governance Code"	Coverage and handling rate
Enhancement of Compliance	Dissemination of Group's compliance code	
	Distribution of booklets to all employees	Number of booklets distributed
Information Security	Establishment of information management standards and group-wide deployment	Coverage rate for companies that introduce the standards
Overseas risks	Operation and training of the overseas safety support program	Number of trainings completed
Business continuity risks	Preparation of BCP (Business Continuity Plan)	Number of BCP trainings completed
Communication enhancement with shareholders and investors	Investor briefing sessions for corporate investors	Number of sessions held
	Factory tour for corporate investors	Number of tours held
Communication enhancement with stakeholders	Multilingualization of information transmission	
	Validation of the footsteps of sustainable growth (Editing the history of the 80th anniversary of the company)	



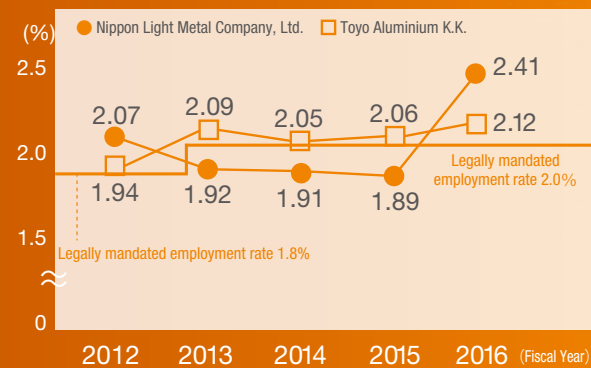
## HUMAN RIGHTS

# We respect human rights and work on sharing our human rights policies.

The NLM Group values human rights and will not tolerate any discrimination, harassment, and abuse for any reasons. Moreover, with its self-awareness as a global corporation, the Group will give extra considerations to any circumstances and situations jeopardizing human rights in the scope of its business and take diverse human resources.



### FOCUS Employment rate for persons with disabilities



As of June 1st, every year.

## Human Rights Policy

### 1. Compliance with relevant laws and regulations and respect for international standards

The NLM Group will comply with the laws and regulations of human rights in each country and respect the international standards.

### 2. Non-discrimination

The NLM Group, in its various corporate business activities, will neither indirectly nor directly engage in any acts including discrimination, harassment, (abuse), and slandering regardless of reason (e.g., sex, race, creed, religion, nationality, ethnicity, disability, LGBT, etc.). The Group will not overlook any of these acts, either.

### 3. Growth of corporate culture

In order to cope with actual and potential challenges relating to human rights, the NLM Group will endeavor to enhance each employee's proper knowledge and understanding through continuous and comprehensive educational opportunities and to foster our corporate culture that respects human rights through human resource development.

### 4. Creating a rewarding workplace

The NLM Group will prohibit child labor, slave work, and overwork. Instead, the Group will ensure employees their freedom of choice in employment as well as decent work hours and wage and arrange a comfortable work environment that is healthy and safe. Moreover, the Group will increase its communication with employees and create a rewarding workplace where everybody respects one another.

### 5. Remedy and correction

In the event that any possibilities to negatively impact human rights are found through monitoring, the NLM Group will promptly provide help and resolve such possibilities. Furthermore, the Group will arrange and implement an internal whistleblower system to fully protect the reporter.

### 6. Measures to the conflict minerals issues

The NLM Group will not use four minerals (3TG) comprising of tin, tantalum, tungsten, and gold that were mined in Democratic Republic of the Congo and its neighboring countries and any products using these minerals. Also, with the cooperation from its suppliers, the Group will identify the country of origin of such 3TG included in the materials procured and the products and disclose such country of origin as needed.

### 7. Sharing of the policy

The NLM Group, to the extent where the organization can have an impact on, will require the introduction and implementation of this policy.

## Diversity

### Promoting active participation by females

Females consist of only 4.3% (3.5% in the previous year) of the management sector in the NLM Group, which is a relatively low composition rate. This indicates that recruitment of female workers remains an issue. In order to address this issue, the Group works on enhancing a system to resolve the M curve\* among females, and also implements awareness-raising policies for female employees. As part of these efforts, the Group provides "Fortuna training" which is targeted for female employees. This training is intended not only for trainees but for their supervisors by teaching them the awareness-raising and instructional methods.

\*M curve: A phenomenon that female labor force participation rate drops once in their marriage and increases when their child care reaches a certain level.

### Comment from the Fortuna trainee:



Yoshie Uchibori (Trainee in FY2015)  
Sales Department,  
Nikkei Matsuo Co., Ltd.

Nikkei Matsuo Co., Ltd. manufactures aluminum automotive parts using molds. I am in the Sales Department and in charge of customer service. This time, I worked on improving proper mold control while serving as a bridge between the factories who want to get rid of molds and the sales who want to keep as many molds as possible. I was able to make continuous improvements by requesting the customers' approvals for disposal and by researching the controlling methods implemented by the group companies, thereby making a gain of approximately 500,000 yen.

Through these activities, I have learned the significance of "playing an active role in the company and for customers" and "taking actions with my own passion."

### Supervisor's comment

#### Atsushi Miyajima

#### Sales manager at the time

Although it was a challenging task for Ms. Uchibori to get customers and other departments involved, she was able to achieve her task successfully. This gave her a great deal of confidence. And, we expect that this experience will lead her to a broader range of work in the future.

### Employment of individuals with disabilities

Nippon Light Metal Co., Ltd., with its purpose to secure stable and long-term employment for people with disabilities, established Nikkeikin OhLis Co., Ltd. This allows everyone to work on projects as a team with a sense of unity and to take more responsibility for a wide range of tasks. Nikkeikin OhLis Co., Ltd. is currently located both in Shizuoka and Tokyo, and primarily performs cleaning work for facilities and equipment and provides support work for cafeteria and offices. Clients highly recognize their careful and accurate work.

Nikkeikin OhLis Co., Ltd. will continue to expand its job categories and employment opportunities for people with disabilities.

Also, on January 26, 2016, Nikkeikin OhLis Co., Ltd. received its certification as a special-purpose subsidiary in accordance with "the Act on Employment Promotion etc. of Persons with Disabilities".



Employees in the Kambara Complex of the Nikkeikin OhLis Co., Ltd.

## Human Rights Due Diligence in the Supply Chain

The NLM Group facilitates an exchange of opinions and on-site auditing through the purchasing managers' on-site visits with local suppliers in order to share its human rights policies with the suppliers. We did the on-site visit with a Chinese metallic silicone manufacturer in fiscal year 2015. We conducted interviews with the management about their human rights situations at the head office. We also visited the factory which is located approximately 300km away and confirmed the presence or absence of child labor and the statuses of occupational safety management and work environment management.

The company visited this time stated that "it was our first time to receive a field survey by users", however they were able to understand the NLM Group's human rights policies. The Group will continue to conduct visits with suppliers and work on sharing its human rights policies.



Interview with the company staff



Safety stickers on the wall



Measurement of environmental load

### For the future

### CSR Promotional Plan (Excerpts from FY2016 Promotional Items)

Promotion Item	Major Activity Plan	KPI
Human Rights Protection	Establishment of Human Rights Policies	
Sharing of Human Rights Policies	Interviews with domestic and overseas suppliers	Number of companies interviewed
Promotion of Diversity	Active employment of and expansion of job categories for people with disabilities through the establishment of a special-purpose subsidiary	Exceed 2.0% employment of people with disabilities



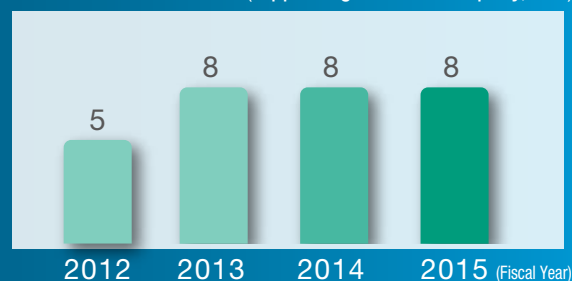
## LABOR PRACTICES

# We will move ahead on creating a safe and secure work environment and developing globalized human resources.

The NLM Group aspires to create a work environment where each employee feels safe and securing while generating stable employment opportunities and ensuring appropriate compensation as a fundamental practice. Moreover, the entire group implements long-term human resources development from a global perspective. Furthermore, the group encourages the establishment of a work-life balance for employees by improving their welfare and work environment.

### FOCUS

Number of employees who took childcare leave (Nippon Light Metal Company, Ltd.)



## Implementation of labor audits

The NLM Group holds regular meetings of human resources managers bi-annually to share information on personnel and labor affairs including its responses for the amendment to relevant laws. In the light of wide-ranging and rapidly changing environments surrounding labor management in these recent years and with consideration for possible circumstances beyond control, the Group began to implement labor audits from fiscal year 2014.

The Group reviews the maintenance and operation status of the regulations in the labor audit by checking 335 items prepared in accordance with various law amendments and environmental changes. The Group summarizes the audit results as suggestions and makes improvements. Moreover, the Group conducts follow-up audits to confirm whether appropriate improvements have been made.

The audits were conducted on six out of thirty target companies in two years. The Group provided guidance and made improvements with regard to the appropriate use of a flexible working-hour system and preparation of a family care leave request form.



Labor audit

[Number of items to be audited concerning applicable labor laws]

Applicable laws	Number of items
Labor Standards Act	143
Worker Dispatching Act	20
The Act on Securing, etc. of Equal Opportunity and Treatment between Men and Women in Employment	52
Child Care and Family Care Leave Act	12
Labor Contract Act	24
Elderly Employment Stabilization Act	12
Part-time Work Law	25
Trade Union Law	3
The Act on Employment Promotion for the Disabled	3
Applicable contracting laws	41

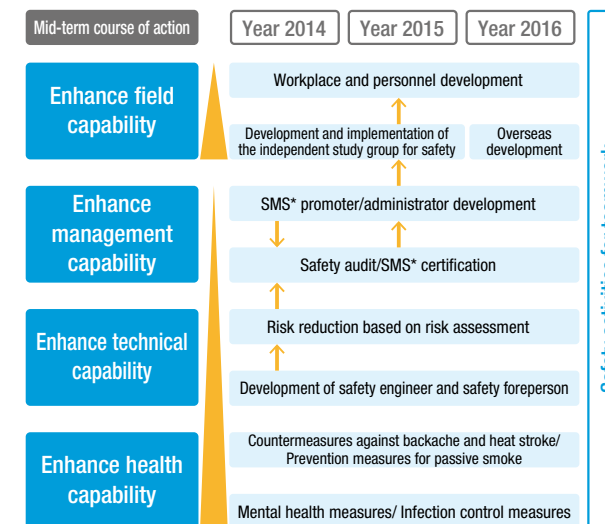
## Relationship with Labor Unions

The NLM Group facilitates an exchange of opinions and information sharing on labor conditions on a regular basis between labor and management aside from engaging in economic negotiations. Furthermore, as a place to exchange information between labor and management within the Group, the roundtable conference for the Group's labor and management has been held once a year since fiscal

year 2014. In fiscal year 2015, five group companies and their labor unions joined and held a discussion on a topic, "career advancement of women", by exchanging opinions about each company's situations and challenges. The Group will continue to facilitate a dialogue between labor and management to improve its labor conditions continually on the basis of good labor and management relationship.

## The Group's safety activities

The NLM Group develops a mid-term course of action in the health and safety committee in order for the Group as a whole to perform health and safety activities on an ongoing basis. There are four categories in the health and safety activities: "field capability", "management capability", "technical capability", and "health capability." The Group develops and implements a program per each category.



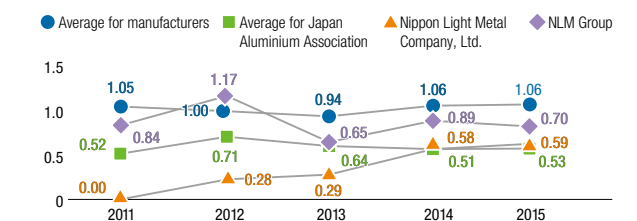
\*SMS: Safety Management System

In terms of the enhancement of "management capability", the Group has been expanding its original "Labor Health and Safety Management System (SMS, Nippon Light Metal Holdings, Co. Ltd. style) since 2012.

The offices and departments, where the Labor Health and Safety Management Systems were established, will receive final permission for admission after going through the Group's internal examinations. 15 offices have already passed the examination and have obtained certifications. The effect of such certification is reflected in the accident occurrence rate for the certified offices. It is lower than that for the non-certified counterparts.

From now on, the Group will continue to maintain and strengthen health and safety management for all the office in the Group to be internally certified.

Lost time injuries frequency rate



\* Accidents resulting in more than one lost work day except for commuting accidents  
\* The past numbers for Nippon Light Metal Co., Ltd. were corrected due to changes to its coverage of accidents.

## Instant access to employees assigned overseas

To be prepared for unforeseeable circumstances including disasters and terrorist attacks domestically and internationally, the NLM Group aims at protecting the safety of overseas business travelers, expatriates, and their families. As part of such effort, in order to promptly and correctly understand the safety of the employees traveling or assigned to the interested states in times of emergency, the Group established a system of instant access to employees assigned overseas and has been implementing that system since fiscal year 2014. Moreover, training is being provided (seven times in two years) to confirm applicable or non-applicable information of business travelers for the entire Group within a two hour period.

Four applicable cases occurred in these two years. Fortunately no employees were involved in any accidents/incidents. The Group will continue to conduct efforts in ensuring safety of employees assigned overseas.

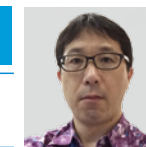
[Cases that implemented the instant access of employees assigned overseas]

May, 2014	Martial law in Thailand
August, 2015	A series of terrorist bomb attacks in Bangkok
November, 2015	Multiple terrorist attacks in Paris and Turkey
January, 2016	Terrorist bomb attack in Jakarta

### Voice of expatriate employee

President,  
Nikkei Trading Indonesia

Hiroki Katahira



I have been assigned to Jakarta city since September in 2014. The company consists only of two local employees and one Japanese employee, therefore I must solely conduct operations. On January 14<sup>th</sup>, 2016, about a year from my assignment, a terrorist bomb attack occurred at a coffee shop which is located about 10 kilometers away from our office. As soon as the attack occurred, I was contacted by the headquarters and others to confirm the safety information. I felt secure by having many people watch over me.

### For the future

CSR Promotional Plan (Excerpts from FY2016 Promotional Items)

Promotion Item	Major Activity Plan	KPI
Compliance	Development of personal information protection system for employees	
Responses to globalization	Holding of global meetings on human resources	Attendance rate
Enhancement of work-life balance	Enhancement of child-rearing support plan	Turnover rate following the birth of one's first child
Health and safety activities	Comprehensive enforcement of stress check test and appropriate follow-ups	Enforcement rate



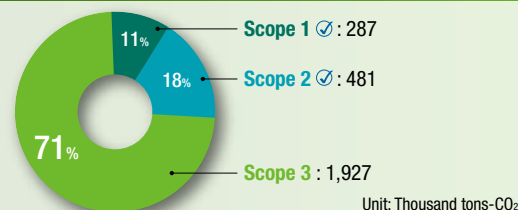
## ENVIRONMENT

# The NLM Group aims at the realization of a sustainable society that lives together in our global environment.

The NLM Group proactively seeks to remain in harmony with the environment across all of our corporate activities. The Group wishes to contribute to the realization of a truly enriched society through our environmental contribution not only with aluminium products but also through proactive reduction of the environmental load in the manufacturing process and supply chain.



### FOCUS Greenhouse Gas emissions by the NLM Group



Scope 1 : Amount of greenhouse gas emissions directly generated by corporations  
Scope 2 : Amount of greenhouse gas emissions indirectly generated by corporations due to their electricity and energy usages  
Scope 3 : Amount of greenhouse gas emissions from supply chain indirectly generated by corporations

✓ We have received independent assurance by KPMG AZSA Sustainability Co., Ltd., for the reliability of the data.

### Basic Environmental Policy

Environmental problems are no longer merely local issues but becoming bigger and severe enough to affect not only our global environment but also the very foundation of human existence. Thus, various efforts have been required by countries, communities, citizens, and corporations, in order to establish a sustainable and recycling-based economical society that lives together in our global environment.

With this awareness, the NLM Group proactively seeks to remain in harmony with the environment across all of our corporate activities.

This protects the foundation of our company including shareholders, partners, employees, and the local community and ultimately leads to sound business activities.

Moreover, through social contribution initiatives for the environment, the Group wishes to contribute to the realization of a truly enriched society as a good corporate citizen.

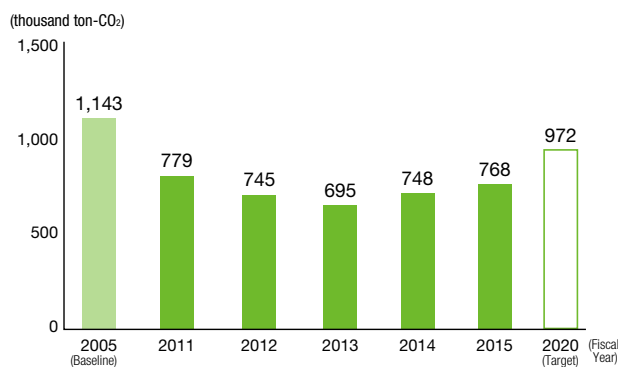
### Greenhouse gas emissions reduction initiatives

The NLM Group's FY2015 greenhouse gas emissions were 768 thousand tons, an approximately 3% increase from the previous fiscal year. This increase was due to an increased production, a rise in emission factor\* of electricity, and an increased number of group companies. Additionally, the greenhouse gas emissions per net sales (basic unit) was 2.09 tons -CO<sub>2</sub> /million yen as a result of the energy saving approach.

#### \* Emission factor

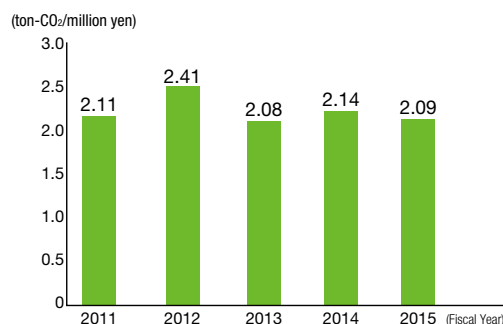
Electricity: End-use CO<sub>2</sub> emission intensity of last fiscal year announced by the Federation of Electric Power Companies of Japan (for FY2010 and FY2011 after reflecting credits)  
Fuel: CO<sub>2</sub> emission as per heat value and calorific value per each fuel, which are set forth on the enforcement regulations of May 2006 Law Concerning Promotion of Measures to Cope with Global Warming

#### Greenhouse gas emissions ✓



\* As for the hydroelectric power generation at the Kambara Complex of the Nippon Light Metal Co., Ltd., FY 2015 and FY 2020 (target) emissions were calculated using the user-end CO<sub>2</sub> emissions coefficient for fiscal 2014 announced by the Federation of Electric Power Companies of Japan

#### The greenhouse gas emissions per net sales (basic unit)



### Approach to biodiversity

The Shimizu Plant of the Nippon Light Metal Co., Ltd. uses seawater and industrial water as water for business use. The Plant ensures that they meet the discharge standard after using such water and discharges water directly to sea through a drainage. Although fish from sea was found in the drainage, no regular observations have been done. Therefore, in order to figure out the ecosystem effects of discharge water, the observations on fish, water temperature, and water quality (pH) in the major drainages started in 2015.



Monitoring of the drainage at the Shimizu Plant

To promote these biodiversity approaches across the Group, the NLM Group formulated the Group's biodiversity guidelines in February, 2016.

### The NLM Group Biodiversity Guidelines (excerpts)

#### >> Basic Policy

The NLM Group will take the following approaches for the conservation of biological diversity and the sustainable use of its components:

- Works on understanding the impact of our business activities on biodiversity
- Strives to engage in biodiversity-friendly business activities in order to promote the sustainable use of biodiversity and reduce the impact of our business activities on biodiversity.
- Aims at developing a promotion system for these approaches.

#### >> Specific Approaches

- Consider the protection of ecosystems around the plants and offices
- Communicate with local communities and coordinate activities with them
- Take into account the conservation of biodiversity in the supply chain
- Provide consideration for any impact on biodiversity

### TOPIC

### Start-up of the neutralization treatment facility operated by the boiler combustion gas

The main component of the waste water and polluted mud discharged from the Shimizu Plant of the Nippon Light Metal Co., Ltd. is aluminium hydroxide, which becomes a raw material for alumina. In order to recover this, the neutralization treatment facility using CO<sub>2</sub> included in the boiler combustion gas was established and began its operation in 2015. Thus, the operation of this facility projects 590 tons of raw materials to be recycled and thereby reduces 760 tons CO<sub>2</sub> annually.



Neutralization treatment facility run by the gas emitted from the boiler

### Environment related accidents and emergency preparedness

The NLM Group develops and operates a prompt reporting system for environmentally related accidents and emergency preparedness for those accidents occurred domestically and abroad.

There were no penalties, lawsuits, and forfeitures for fiscal year 2015. However, an oil spill accident occurred at the Shinjo manufacturing plant of the Toyo Aluminium K.K. on May 11<sup>th</sup>, 2015. The oil recovery was immediately done, therefore the damage was minimized. The Group completed countermeasures against similar oil spill incidents by raising the breakwater and reinforcing the preventative measures for underground sewage. Moreover, the Group implemented these countermeasures to the sites\* that have similar facilities.

Sites\*: Scope and unit of environmental management system to be applied

### For the future CSR Promotional Plan (Excerpts from FY2016 Promotional Items)

Promotion Item	Major Activity Plan	KPI
Environmental management system	Preparation for transition to a certification of ISO14001:2015 edition	
Human resource development	Participation of the environmental managers in the environmental field audits at other sites	Number of participants
Promotion of environmentally-friendly offices	Stabilizer equipment containing high-concentrations PCBs	Number of sites registered for treatment
	Understanding of the amount of low-concentrations PCBs held	Percentage of PCB content found
Reduction of greenhouse gas	Establishment of a new greenhouse gas emissions reduction initiatives	Greenhouse gas emissions, basic unit
Approaches to biodiversity	Promotion of biodiversity conservation activities	Number of sites performing the activities
Compliance	Preparation for the Mercury Pollution Control Law and the revised Waste Disposal and Public Cleaning Law (handling of mercury)	Completion rate



FAIR OPERATING PRACTICES

The NLM Group will comply with relevant laws and maintain its business activities fairly and in good faith.

NLM Group acts upon the “Group Compliance Codes”, a code of conduct for all the officers and employees to ensure compliance. Our compliance is not only limited to legal compliance but to implementation of fair and good-faith business activities as a whole. Due to these efforts, the Group’s actions to expand through the supply chain and international activities have begun.

CSR Procurement Policy (excerpts)

1. Fair and good-faith procurement

The NLM Group possesses highly competitive strengths in all of its product quality, price, lead time, availability, services, and requires for partners who can share our CSR principles not only domestically but also internationally.

Moreover, the Group always considers a fifty-fifty business relationship with each of our partners who was fairly selected on free competition and strives to build and enhance mutually-beneficial partnerships. The Group is open to new business partners and works toward disclosing necessary information to them.

2. Elimination of antisocial forces

The NLM Group never deal with antisocial forces.

3. Compliance concerning procurement

The NLM Group facilitates procurement in compliance with various laws and regulations. Furthermore, to be thorough in this policy, the Group focuses on raising awareness on compliance concerning procurement by holding training programs and seminar workshops on relevant laws as needed for relevant departments in the Group.

4. Control of chemical substances in products

With the cooperation of the partners, the NLM Group works on controlling chemical substances in products in accordance with the following as the policy on controlling such substances:

Policy on controlling chemical substances in products

① Comply with domestic laws and regulations including the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc.

② Control chemical substances in consideration of RoHS directive of Europe and REACH

5. Responses to conflict minerals/human rights issues

The NLM Group will not use four minerals (3TG) consisting of tin, tantalum, tungsten, and gold mined in Democratic Republic of the Congo and its surrounding countries as well as any products that use these minerals.

The Group also gives consideration for human rights protection in procurement.

Supplier surveys

The NLM Group sends out surveys to its major domestic suppliers every year as part of the sharing of its CSR procurement principles with the suppliers. The Group distributed the surveys to approximately 380 suppliers for fiscal year 2015. The surveys check the suppliers’ control systems and approaches with regard to five items of the CSR procurement policy. Approximately 80% of the suppliers responded to these surveys and understood the NLM Group’s CSR procurement principles. The response rate for this annual survey has been increasing since the year 2012 when it was first introduced. Thus, we realize that the sharing of the principles has been going well. However, we also see challenges to be addressed from the survey responses. The responses indicating that the proper control and handling have been done for the items including “the elimination of antisocial forces” and “the conflict minerals/human rights issues” were only around 70% which is lower than that of other items. The Group will continue to further share and respond to the principles with the suppliers.

Cease-and-desist order and surcharge payment order from the Japan Fair Trade Commission

On February 5<sup>th</sup>, 2016, Nippon Light Metal Co., Ltd. received a cease-and-desist order and surcharge payment order (2.15 million yen) from the Japan Fair Trade Commission for violating the Antimonopoly Act by determining the supplier for polyaluminum chloride for which a local public authority in the Niigata region is to place an order. Under such circumstances, the board of directors made a resolution to confirm that such violation has already been prohibited and implemented strict measures for top management and the parties involved. The NLM Group takes the current incident extremely seriously and will be committed to preventing re-occurrence of such incident through regularly and comprehensively enforcing the policies to revise the Group’s rules concerning the prevention of cartel and bid-rigging acts, distribute the surveys to sales managers in the Group, and enhance the education and training.

For the future

CSR Promotional Plan (Excerpts from FY2016 Promotional Items)

Promotion Item	Major Activity Plan	KPI
Compliance	Handling inquiries about the Act against Delay in Payment of Subcontract Proceeds to Subcontractors	Number of cases handled
	Thorough the implementation of the Group Guidelines concerning the prevention of cartel and bid-rigging acts	
	Messaging of Anti-bribery	
	Implementation of the trainings on the Antimonopoly Act and the prevention of cartel and bid-rigging acts	Number of participants

CONSUMER ISSUES

We are committed to develop a system to prevent occurrences of product and/or service defects.

To provide products and services that are safe and meet the customers’ expectations, the NLM Group targets its entire process which ranges from development/design to manufacturing and delivery, to quality assurance and management activities. Although metal materials realize various performances depending on the designs, we are also aware that they also contain risks to diminish the significant functions of the products. Therefore, we are working towards improving the capacity of steady quality management and self-evaluation.

Quality Policy

We ensure trust from customers by providing distinguishing products and services with reliable quality and safety.

>> Course of action for fiscal year 2015

1. Secure customers’ trust and satisfaction by improving the quality level
2. Ensure quality and safety at each stage of the entire process from product development to quantity production
3. Establish social credibility through strengthening its legal compliance and quality risk management
4. Develop globalized human resources that possess a high level of quality assurance skills

Learning from case studies

The NLM Group takes the approach of changing “failures” into “assets” in terms of product quality. Not only the division in question but also the Central Product Quality and Assurance Division and other relevant divisions together investigate the root causes for the failures. The outcomes from the investigations will be shared in the “independent study group for quality improvement (Hinshitsu Jishuken)” which is facilitated as part of our upskilling program for quality improvement and in the “group quality committee” consisting of quality managers of the Group companies. Moreover, the Group refers to the cases occurred at other companies and checks for any occurrences of similar cases in the Group. Also, the Group views the “failure” that did not have a direct impact on the customers as the “asset”, investigates the root cause, and shares the findings in the “Hinshitsu Jishuken” and the “quality committee.”

Independent study group for quality improvement (Hinshitsu Jishuken)

The NLM Group implements the “independent study group for quality improvement (Hinshitsu Jishuken)” to provide next-generation management with practical education on-site. This study group facilitated the activities five times in fiscal year 2015 and a total of 39 staffs participated. The group dealt with themes including the prevention of defects in products and services, the reduction of customer quality complaints, the establishment of quality control in new engineering process, the failure analysis and the development of countermeasures.

Quality audit

The NLM Group runs quality audit for each office in and outside Japan every year. The Central Product Safety and Quality Assurance Division of the Nippon Light Metal Holdings Co., Ltd. visits with each office and identified issues in quality assurance and control. The audit mainly consists of the clarification of product development process and procedures, the examination of manufacturing process, the control and maintenance status of the partner companies and the purchased parts, and the monitoring of compliance status with any relevant laws.

The quality audit was conducted for 54 offices and 34 companies including the overseas offices in fiscal year 2015. As a result, although no legal violation was found in terms of product and service delivery, several issues were found in quality control method and analysis. Therefore, the Group is making necessary improvements.

Furthermore, not only the Central Product Safety and Quality Assurance Division of the Nippon Light Metal Holdings Co., Ltd. but the quality managers from other offices participated in the audit. In fiscal year 2015, the number of participants was about 39 people from nine offices. The Group expects this effort to allow the participating offices to be checked from a different standpoint and lead those who do the quality audit to develop the human resources capable of controlling product quality through the experiences to solve quality issues out of various production lines and products.



On-site check during the quality audit

For the future

CSR Promotional Plan (Excerpts from FY2016 Promotional Items)

Promotion Item	Major Activity Plan	KPI
Compliance	The establishment of the system of the management of chemical substances in products	
Improvement of quality assurance system	Re-checking of analysis and inspection system	Completion rate for inspection

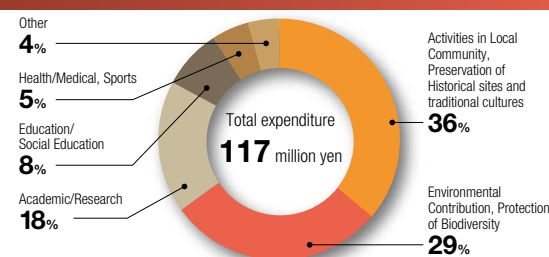


## COMMUNITY INVOLVEMENT AND DEVELOPMENT

# We actively seek to enhance communication with the local community.

The NLM Group, as a community member, makes an effort to enhance active communication with the local community in various regions around the world and aspires to contribute to community development. The NLM Group strives to be a corporation group that can be of assistance to people, the environment, culture, education and various other areas in the community to include both emergency and usual situations.

### FOCUS NLM Group Social Contribution Accounting (FY2015)



### Social Contribution Policy

- The NLM Group will contribute to the development of local community by utilizing the Group's resources effectively and engaging in the NLM style social contribution activities.
- The NLM Group will value local cultures and traditions and contribute to their development and improvement in collaboration with local community. Moreover, through the biodiversity protection initiatives, etc., the Group will make contributions to local environmental protection.
- The NLM Group will help to develop the next-generation human resources for the future through providing the manufacturing education and supporting the academic and research activities.
- The NLM Group will work toward enhancing its support system to encourage its employees to voluntarily participate in contribution activities in the local community.

## Participation in the Mt. Fuji Ekiden (Mt. Fuji Relay Race)

Nippon Light Metal Co., Ltd. and Toyo Aluminium K.K. participate in the Chichibunomiya memorial Mt. Fuji Ekiden Race every year. This Ekiden route starts from the Gotemba station and goes to the top of Mt. Fuji via Gotemba route. The route turns around at the top of Mt. Fuji and finishes at the goal, the Gotemba city athletics track field. This Ekiden relay race is known as the toughest relay race in Japan. Despite such dangers as the elevation difference of 3,258m, temperature difference of 20 Celsius degrees, high-altitude illness, and falling rocks, more than 100 teams get together and compete with each other.

This relay race marked its 40<sup>th</sup> year in 2015. It was the 32<sup>nd</sup> participation for Nippon Light Metal Co., Ltd. and the 10<sup>th</sup> participation for Toyo Aluminium K.K. The CEO, president, headquarters office, and employees of the Kambara complex all came to cheer for the runners and celebrate the event with local people.

Regardless of the results, the Group will continue to actively participate in the local events and consider a great deal of the relationship with local people and communities.



Runners running as hard as they can

## “Seizansou Villa” Open House

The Kambara complex of the Nippon Light Metal Co., Ltd. maintains and manages a historical building, “Seizansou Villa”. The “Seizansou Villa” is a vacation house for Earl Mitsui Tanaka\*1 who played an active role from the end of Edo Period through the Meiji Period, and was taken over by the Nippon Light Metal Co., Ltd. in 1946. The villa is called a white chalk western-style house with a semi Japanese style. Its guesthouse and garden extend over the land of approximately four thousand tsubo (13,000 square meters). Many historical properties including a big glass door with the family crest and sudare (bamboo) pattern have been kept with great care.

In November 2015, in celebration of the 75<sup>th</sup> anniversary of the Kambara Complex, the open house was held. The participants who were selected through open recruitment were constantly impressed with a reception room with atmosphere of those days, a bedroom secured with a strong steel door, a den, and an inner court.

Nippon Light Metal Co., Ltd. will continue to preserve and take over such precious historical properties together with local people.

\*1 Mitsui Tanaka (1843-1939): He joined Tosakinnoto at the end of the Edo Period and served in the new government after the Meiji Revolution. He subsequently served as the Director-General of Accounting Bureau, Superintendent-General of the Metropolitan Police Department, Principal at Peers' School, and the Imperial Household Minister. It took ten years to bring the Seizansou Villa to its completion since the year 1916.



Participants receiving an explanation

## Support for Monotsukuri (manufacturing) workshop

Toyo Aluminium K.K. manufactures a highly flat and smooth aluminium foil used for electric and medical equipment. The Yao plant of the Toyo Aluminium K.K. co-sponsored “Happy Earth Day Osaka” held in Yao City, Osaka, in March, 2016, and provided the highly flat and smooth aluminium foil for the Monotsukuri (manufacturing) Workshop held at the same event.

More than 100 parents and children participated in this workshop and made kaleidoscopes out of the highly flat and smooth aluminium foil. The children shouted with pleasure peeping into the shiny kaleidoscopes they made, thereby enjoyed their workshop experience.

## Disaster relief for the Kumamoto Earthquake

In the hope of recovery of the area affected by the Kumamoto earthquake in 2016, the NLM Group made a donation of 10 million yen through the Japanese Red Cross Society.

Furthermore, the NLM Group raised funds from its employees and donated 1.6 million yen also through the Japanese Red Cross Society.

Moreover, on May 31<sup>st</sup>, 2016, Nikkei Sangyo Co., Ltd. donated five “aluminium water containers” manufactured by Nikkeikin ACT Co., Ltd. to the Kumamoto Water and Sewer Authority. These donations came out of our wish to have them used for preparation for possible subsequent aftershocks and for the emergency drills. The Group received words of appreciation from the administrative manager of the concerned authority.

## Relationship with the Fuji River watershed

Nippon Light Metal Co., Ltd. owns its hydroelectric facilities in the Fuji River water system and makes active exchanges with people around the watershed.

The Kambara Complex of the Nippon Light Metal Co., Ltd. was asked by “the Fuji River Fan Club”\*2, who preserves the watershed and interacts with people in the watershed area, to provide the information on the garbage pickup situations in the sand basin which belongs to the hydroelectric facilities.

This time, the Kambara Complex was invited to the study group after the regular meeting of the Fuji River Fan Club, provided an overview of the electric facilities, and explained about the current condition of garbage dumped at the sand basin. Although the amount of garbage was reduced to half of the amount 15 years ago, there is still 20 tons of garbage annually, many of which are collected bins and cans. After providing the explanations, the Kambara complex people had an opportunity to exchange views with all the participants about what to do to reduce garbage in the Fuji River. They confirmed that they will continue to cooperate with each other to clean the Fuji River.

\*2 The Fuji River Fan Club: This association was formed in 1992 with the purposes of “understanding the Fuji River as a symbol of the area, promoting its safe use, waterfront environmental protection, and cultural exchange of the river, and contributing to the development of local lifestyle” and has been developing various activities. It currently has about 200 members and the majority of them are women from the Kyonan area of Yamanashi Prefecture.



Explanation session at the study group

### For the future

### CSR Promotional Plan (Excerpts from FY2016 Promotional Items)

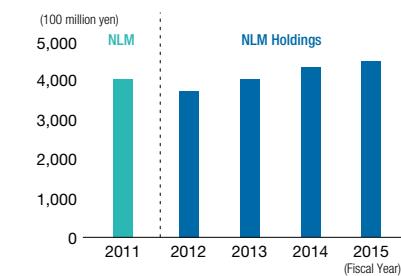
Promotion Item	Major Activity Plan	KPI
Local community relations	Development of social contribution policy	

## CORPORATE PROFILE

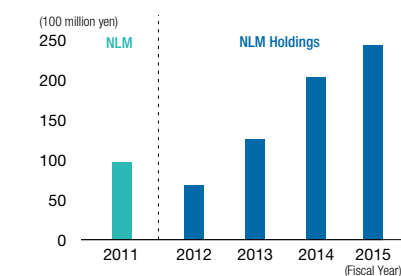
Corporate Name	Nippon Light Metal Holdings Company, Ltd. (abbr. The NLM HD)	Date of Foundation	October 1, 2012
Certification Code	5703	Capital	39,085 million yen (consolidated)
English Corporate Name	Nippon Light Metal Holdings Company, Ltd.	Sales	464,405 million yen (consolidated)
Headquarter Office	2-2-20 Higashi Shinagawa, Shinagawa-ku, Tokyo	Number of Employees	13,674 (consolidated)

\* All data as of FY2015 or March, 2016.

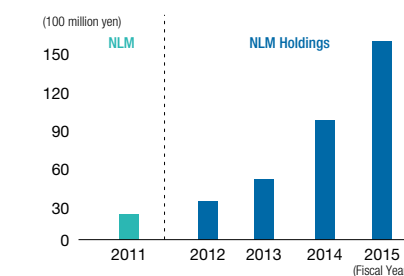
Sales trend (consolidated)



Trend of Current Earnings (consolidated)



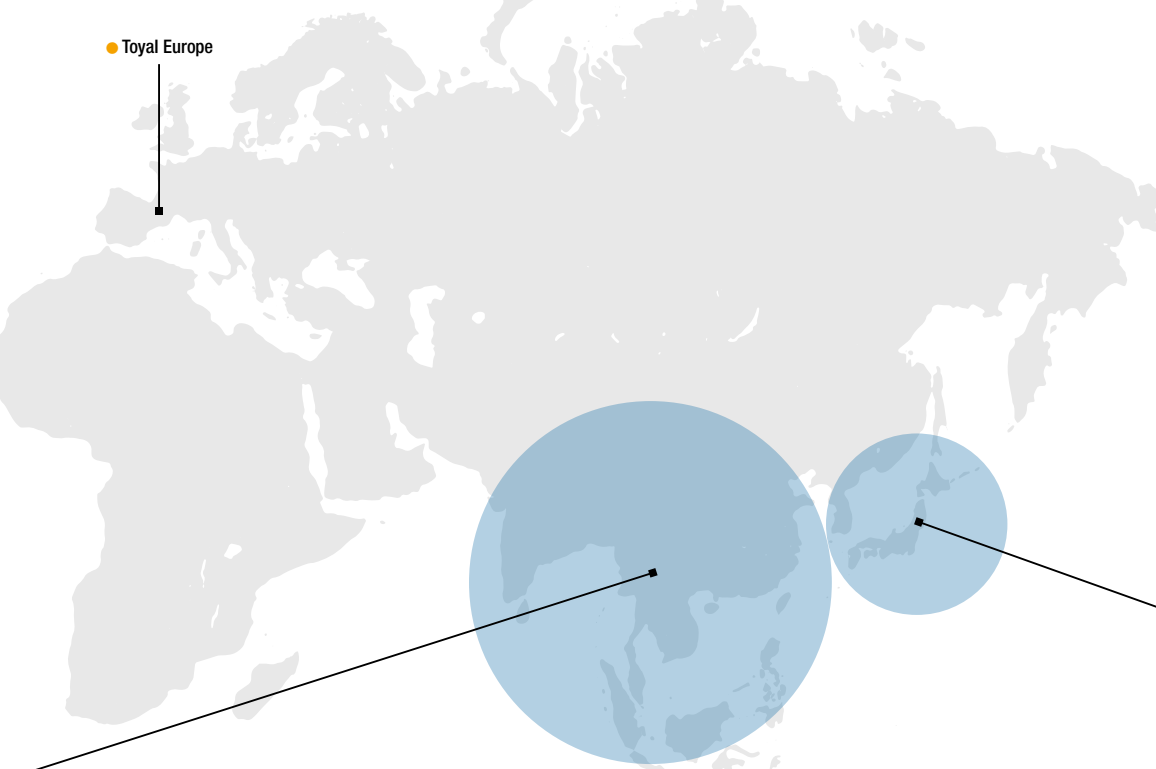
Trend of Current Net Earnings (consolidated)



## Global Network

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

● Toyol Europe



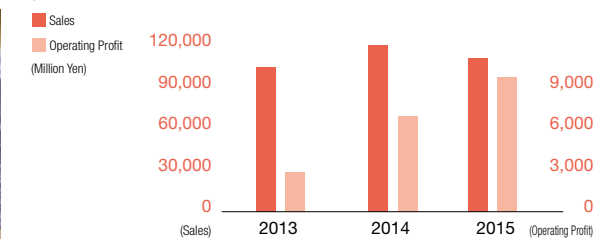
- Nikkei MC Aluminum (Kunshan)
- Nikkei MC Aluminum (THAILAND)
- CMR Nikkei India Private Limited
- Nikkei Siam Aluminium
- Nikkei Singapore Aluminium
- Guangxi Zhengrun Nikkei High purity aluminum Technol
- Ni Nikkei Shenzhen
- Nikkei (Shanghai) Body Parts
- Nikkei (Shanghai) International Trading
- Shandong Nikkei Conglin Automobile Parts
- Huafon nikkei Aluminium
- Toyo Precision Appliance (Kunshan)
- PT. Nikkei Trading Indonesia
- Nikkei Panel System Vietnam
- Fruehauf Mahajak
- Nonfemet international (China-Canada-Japan) Aluminum
- Shandong Conglin Fruehauf Automobile
- Changchun Nikkei Railway Vehicle Equipment
- Suzhou Toyo Aluminium Ekco Household Products
- Toyal Zhaoqing
- Toyo Tokai Aluminium Hanbai (Shanghai)
- Hunan NingXiang JiWeiXin Metal Powder
- Toyo Aluminium Ekco Trading (Suzhou)
- Sam-A Aluminium

## Business Summary

### ● Alumina, Chemicals, and Ingot Business



Component ratio of Sales: **23.7%** Sales: **109,844 million yen**

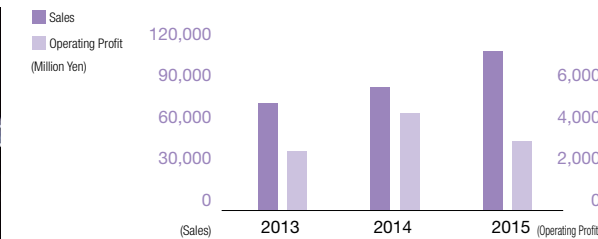


Alumina and Chemicals Division manufactures aluminium hydroxide, alumina and various other chemicals, which are used in various ways including fire retardants and raw materials for ceramics and plant materials for the manufacturing of pulp and paper. The Ingot Division manufactures a variety aluminium ingots and is highly recognized for the development of highly-functional ingot to respond to customers' needs.

### ● Sheet and Extrusion Products Business



Component ratio of Sales: **22.2%** Sales: **103,340 million yen**

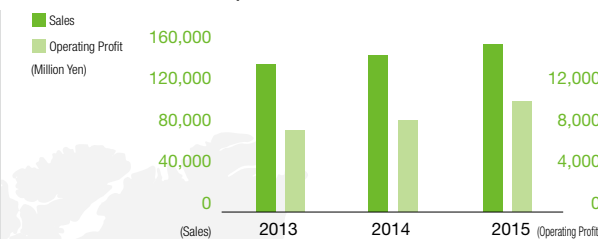


Aluminium sheets and extrusion products are used in all fields – for automotive parts and railway cars in the transport industry and for semiconductor/liquid-crystal manufacturing equipment and photosensitive drums in the electrical and electronics industry. The NLM Group makes use of its many years of technology and know-how to proactively develop products that meet customers' needs and to supply highly-functional sheets and extrusion products.

### ● Fabricated Products and Other Businesses



Component ratio of Sales: **32.1%** Sales: **149,220 million yen**

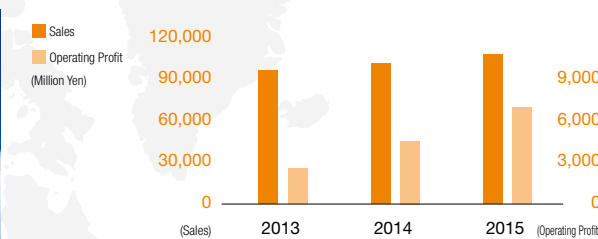


The NLM Group has many group companies that deal with characteristic fabricated products. In particular, truck body by Nippon Fruehauf Co., Ltd. and commercial refrigerator and freezer panels by Nikkei Panel System Co., Ltd. are highly valued for their quality thereby occupying a top share. In addition, the NLM supplies aluminium fabricated products closely related to everyday life including anodized aluminium foil for aluminium electrolytic capacitors, automotive parts, and carbon products.

### ● Foil and Powder Products Businesses



Component ratio of Sales: **22.0%** Sales: **102,001 million yen**



Toyo Aluminium K.K. plays a central role in these businesses. They have been developing a wide range of products incorporating aluminium special characteristics that are useful in society, industry and everyday life, including packaging for foodstuffs and pharmaceuticals, base materials for electronic parts, aluminium paste, and solar cell materials, as a leading aluminium producer. They develop a new field utilizing their own technology as a foundation to provide various highly-functional materials and products to the domestic and overseas market.

- INMOBILIARIA WTV
- Nikkei MC Aluminum AMERICA
- T.S.T. Nikkei Metales
- Toyol America

### Nippon Light Metal Holdings

- Nippon Light Metal
- Nikkei Sangyo
- Shizuoka Kosan
- Kinki Kenmazai Kogyo
- Aluminium Wire Rod
- Nikkei MC Aluminium
- Iharanikkei Chemical Industry
- Tamai Steamship

### Nikkeikin Kakoh Kaihatsu Holdings

- Nikkei Inazawa
- Nikkei Metal
- Nikkei Kenzai Kogyo
- Nikkei Extrusions
- Shandong Nikkei Conglin Automotive Parts
- Riken Light Metal Industry
- Nisshin
- Nikkeikin Aluminium Core Technology
- Nikkei Technology Center
- Nikkei Niigata
- Nikkei Kambara

### Nippon Fruehauf

- Nikkan
- NKS
- Toyo Rikagaku Kenkyusho
- Nikkei Matsuo
- Nikkei Hokkaido
- Nippon Electrode
- Fuji Trading
- Shimizu Seibi
- Nikkei New Business
- NLM ECAL
- Nikkei Panel System
- Shiga Nikkei
- Shimonoseki Nikkei
- Nikkei Information Systems
- Nikkeikin OhLIS

### Nikkei Logistics

- Keinara
- Fruehauf Industries
- Fruehauf Hokkaido
- Fruehauf Okayama
- Fruehauf Kyushu
- Fruehauf Shiga
- Fruehauf Service
- Sumikei-Nikkei Engineering
- Seiko Electric Industries
- Arakawa Hydro Electric Power
- Nikkei Heat Exchanger
- Arumi Reinetsu
- Toho Earthtech

### Toyo Aluminium

- Toyo Aluminium Ekco Products
- Toyo Tokai Aluminium Hanbai
- Toyo Aluminium Kosan
- ALPHAMIC



From the third-party opinions

Opinions on CSR Report 2015 and the NLM Group's responses

Major opinion	NLM Group's responses	Page
Need to be careful in identifying regulatory compliance with the enforcement of social responsibility	We recognize that regulatory compliance is a foundation and an inevitable component of social responsibility together with organizational governance including the corporate governance and internal control.	—
Need the ongoing monitoring and the expanded scope of investigation in terms of human rights due diligence	We implemented our human rights DD program by visiting the metal silicone manufacturer (China) and conducting the on-site inspection during the previous period.	P9
Need to create social necessity with which good products and services are accepted in collaboration with society	The development of socially meaningful products and services is becoming more and more important. Above all, we recognize the development of products that can contribute to solving environmental issues as number one priority.	—
Clearly spell out the direction to which the CSR activities are set out.	We recognize that we are still lacking in the perspectives to dynamically enhance our understanding of the relationship between the NLM Group and society. We will work on this area by considering the relationship between "corporation", "products/services", and "society."	—



Consulting Fellow,  
Research Institute of Economy,  
Trade and Industry  
Mr. Toshihiko Fujii

CSR of the material manufacturer in another dimension

1. This is an extremely easy-to-read and good report that tells us the company's eagerness toward CSR. Especially, three special topics\* featured in this report share each employee's social awareness and its practice thoroughly. I support the feedback made at the round-table talk by the members who came together from various group companies to prepare this report, but in particular the indication by someone, "the point for the lasting CSR is to develop new products and business 10 years and 20 years later, but such business may not necessarily be seen as an extension of the current business", hits the right on the mark. New future business may not be continuous with the status quo, therefore we need to question our relationship with society to find it out. This has much in common with the CEO and president Okamoto's "profound insights into aluminium materials". CSR and new products and business 10 years and 20 years later will interact bi-directionally.

2. The next-generation 10-door body using an aluminium door, which is featured in the special topic\* 3 "Opening the door for logistics in Asia", was highly impressive since it developed from a thorough understanding of local customers' needs and it helps social participation of women and elderly people which is a worldwide challenge. It is a good example of CSV (Creating Shared Value) which shows the interpretation of social issues from business standpoint.
3. As far as human rights due diligence is concerned, I would like to note the value of the NLM Group's moving into action for visiting and exchanging opinions with suppliers. Also, the partners' survey response rate increased. The Group has been successful in exposing the potential issue points including its response to the "human right/conflict minerals issues". I hope the Group to sustain this momentum to further promote their responses to social problems through dialogue and mutual understanding with suppliers and partners.

4. I would like to recognize the fact that the guidelines concerning biodiversity have been developed. The future challenges will be to realize the guidelines into concrete actions. I hope that a new goal of greenhouse gas emissions will be established in response to COP21.

5. I have seen more remarkable progress overall this year than that of last year. At the same time, I would like to see the Group continuously consider how to contribute in solving problems that are mainly related to human rights and the environment. Both perspectives of innovation for its own business method and creation of new products and services are required. Thus, the image of "the unrivalled competing power" will emerge.

\* Please allow us to skip the special topics on account of limited space in the English version



Independent Assurance Report

To the President and CEO 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 for the period from April 1, 2015 to March 31, 2016 (the "Indicators") included in its CSR Report 2016 (the "Report") for the fiscal year ended March 31, 2016.

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 on pages 12 and 22.

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 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information', 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of the Japanese Association of Assurance Organizations for Sustainability Information. 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 with the Company's responsible personnel to obtain an understanding of its policy for the preparation of 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 reviews of 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 also recalculating the Indicators.
- Visiting to the Company's Shimizu Plant selected on the basis of a risk analysis.
- Evaluating the overall statement in which the Indicators are expressed.

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 13, 2016

## DATA

★: New disclosure item

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

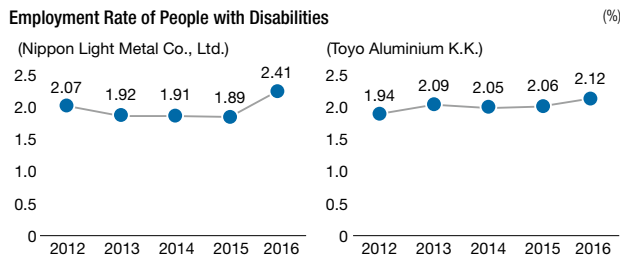
### Organizational Governance

Year-end dividend per share (March) (Yen)					
	Nippon Light Metal Company, Ltd.	Nippon Light Metal Holdings Company, Ltd.			
Year	2012	2013	2014	2015	2016
Dividend	2	3	4	5	6

### Human Rights

Number of employees by country/region				(Employees)		
			Japan	Asia	U.S./Europe	Total
Full-time directors			152	14	4	170*1
Employees	Managerial positions	Male	1,283	191	32	1,506
		Female	24	38	5	67
	Regular Employee	Male	7,109	2,419	236	9,764
		Female	961	1,337	39	2,337
	Total		9,377	3,985	312	13,674

<sup>\*1</sup>: The percentage of female in director positions is 0%



Number of the re-employed after retirement (Nippon Light Metal Co., Ltd.) (Employees)				
Fiscal Year	2012	2013	2014	2015
Number	34	16	20	17

<sup>\*</sup> The past numbers were corrected due to errors in the calculation from FY2012 to FY2014.

Retention rate three years after joining the company (Nippon Light Metal Co., Ltd.) (%)				
Entry year and month	2010/04	2011/04	2012/04	2013/04
Retention rate	97.1	93.2	92.9	98.1

<sup>\*</sup> Rate of employees in office on April 1<sup>st</sup> three years after joining the company

Number of employees taking childcare leave (Nippon Light Metal Co., Ltd.) (Employees)				
Fiscal Year	2012	2013	2014	2015
Number	5	8	8	8

<sup>\*</sup> The past numbers were corrected due to errors in the calculation in FY2012 and FY2014.

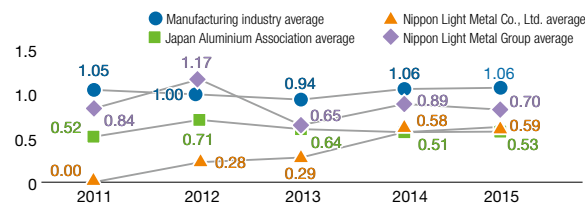
### Labor Practices

★Graduate recruitments (Nippon Light Metal Co., Ltd.) (Employees)					
Fiscal year	2012	2013	2014	2015	2016
Employees	70	54	41	43	47

★Number and rate of new hires and those who left (Nippon Light Metal Co., Ltd.)				
Fiscal year	2012	2013	2014	2015
New hires (number)	148	122	79	98
%	7	6	4	5
separated employees	128	124	140	100
%	6	6	7	5

★Union participation rate (Nippon Light Metal Co., Ltd.) (%)				
Fiscal year	2012	2013	2014	2015
Participation rate	100	100	100	100

#### Lost time injuries frequency rate



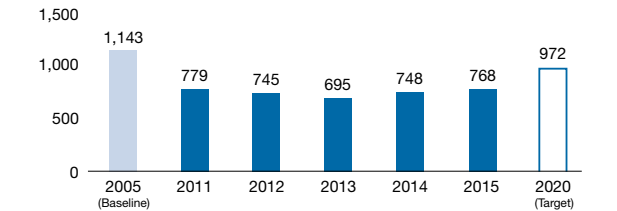
<sup>\*</sup> Accident requiring more than one day of absence (excluding accident on the way to work)

<sup>\*</sup> The past numbers were corrected due to changes to its coverage of accidents.

### Environment

Acquisition of Environmental Qualifications (Employees)		
Name of Qualification	Number of Employees	
Pollution Control Manager	Atmosphere	87
	Water Quality	140
	Noise	22
	Shake	21
	Noise/Shake	33
	Dioxin, etc.	48
Qualified Engineer of the Industrial Waste Treatment Facility	General Powder Dust	25
	Non-infectious waste	10
	Infectious waste	140
Qualified Manager of the Specially Controlled Industrial Wastes Subject to Special Control	Heat/Electricity	6
		93
Qualified Person for Energy Management	Density-related	2
	Noise/Shake-related	2
Environmental Measurer		

#### Greenhouse Gas Emissions 🔍 (thousand ton – CO<sub>2</sub>)



<sup>\*</sup> Target value means an average value of five years from FY2018 through FY2022. This plan shall be reviewed in cases of any major changes to such prerequisites as "Energy Basic Plan" and "Environmental Action Plan in Electric Industry (Federation of Electric Power Companies)".

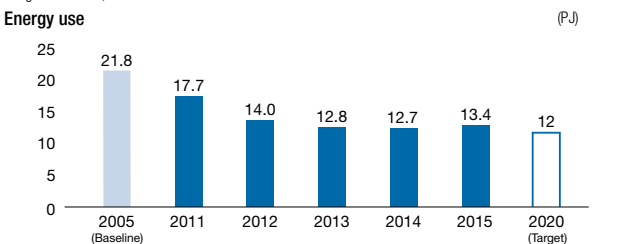
Greenhouse Gas Emissions per unit net sales (basic unit) (Ton – CO <sub>2</sub> per million yen)					
Fiscal year	2011	2012	2013	2014	2015
Emissions	2.11	2.41	2.08	2.14	2.09

#### Breakdown of Scope 3 emissions

Category name	Emissions (thousand ton)	Rate (%)
Category 1 Products/Services purchased	1,858	96.4
Category 2 Capital goods	17	0.9
Category 3 Fuel and energy not included in Scope 1 & 2.	34	1.7
Category 4 Freight, Shipping (Upstream)	11	0.6
Category 5 Industrial Waste	3	0.2
Category 6 Business trip	0	0.0
Category 7 Employees' commuting	3	0.2

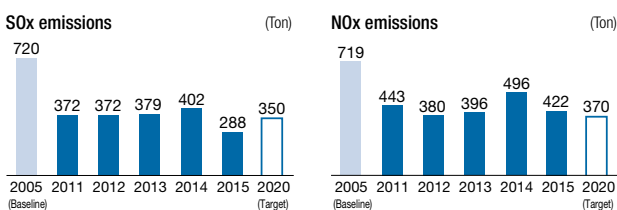
<sup>\*</sup> Emissions are calculated multiplying the activity amount by a corresponding CO<sub>2</sub> emission coefficient published by the Ministry of Economy, Trade and Industry and the Ministry of the Environment.

<sup>\*</sup> Scope 3 Category 1 emissions are calculated based on the volume of purchase of the top-three items in terms of purchase volume. Of these, the volume of aluminium ingots is the volume purchased by Nippon Light Metal Co., Ltd.



	2011	2012	2013	2014	2015
Electricity (PJ)	11.4	8.2	7.8	7.5	8.5
Fuel (PJ)	6.3	5.8	5.0	5.2	4.9

★The energy uses per net sales (basic unit) (GJ/million yen)					
Fiscal year	2011	2012	2013	2014	2015
Basic unit	47.8	45.2	38.4	36.5	36.5



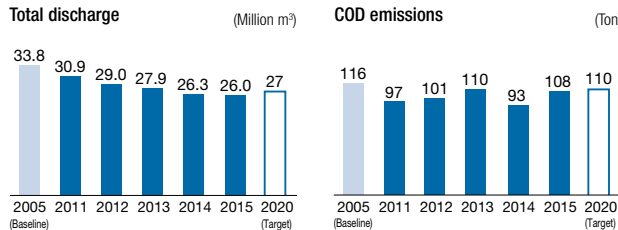
<sup>\*</sup> Decrease in SOx and NOx in FY2015 is due to the fuel conversion.

<sup>\*</sup> The past numbers were corrected due to errors in emissions of SOx and NOx in FY2014.

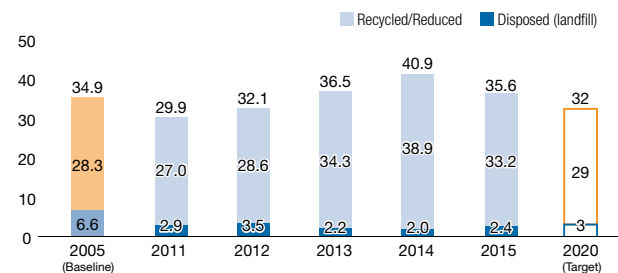
#### ★Total quantity of water intaken

(Million m <sup>3</sup> )	
Fiscal year	2015
Quantity	22.6

<sup>\*</sup> We began to grasp the quantity from FY2015, excluding quantity of seawater intaken.



#### Emissions and Disposal of Waste and Waste Byproducts (Thousand ton)



<sup>\*</sup> The past number was corrected due to an error in recycled/reduced in FY2014.

#### Environmental Accounting

Category		Investment	Expenditure
Costs incurred within business area	Pollution prevention cost	696	1,016
	Environmental conservation cost	700	149
	Resource circulation cost	184	874
Upstream/Downstream costs		0	316
Management costs		32	153
R & D costs		0	2,920
Social activity costs		0	11
Environmental remediation costs		0	198
Total		1,612	5,637

#### 2. Economic Effect of Environmental Conservation Activities

Earnings (Million yen)	
Details	Total
Earnings from recycling waste produced in the course of main business activities and recycling of used products	383
Total	383

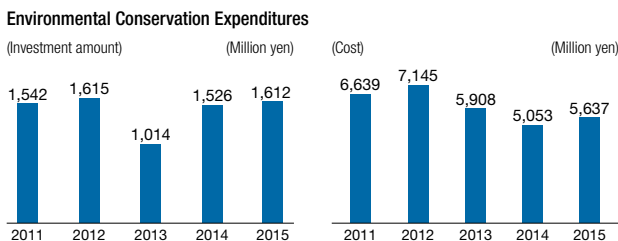
  

Changes in Expenditures <sup>*1*2</sup> (Million yen)	
Details	Total
Energy expenditures	3,097
Water expenditures	8
Waste disposal expenditures	50
VOC <sup>*3</sup> processing expenditures	15
Legally required contributions for the reduction of designated environmentally harmful substances (Example: SOx pollution levy)	4
Total	3,174

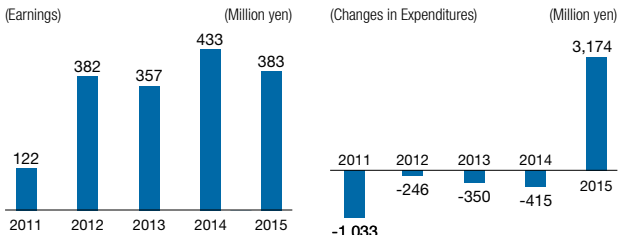
<sup>\*1</sup>: Changes in expenditures are calculated using the following methods:  
Changes in expenditures = expenditures incurred during a base period (FY2014) – expenditures incurred during current year (FY2015)

<sup>\*2</sup>: –(minus) indicates an increase in expenditures

<sup>\*3</sup>: Volatile Organic Compounds



#### Economic Effect of Environmental Conservation Activities



<sup>\*</sup> The past number was corrected due to an error in earnings in FY2014.

<sup>\*</sup> –(minus) indicates an increase in expenditures

■ Class 1 Designated Chemical Substances (kg) mg-TEQ for Dioxin, etc.

No.	Name of Substances	Emissions				Moving quantity	
		Atmosphere	Public water district	Business office			
				Soil	Landfill	Sewage	Outside business office
53	Ethyl Benzene	22,576	0.0	0.0	0.0	0.0	3,972
80	Xylene	40,223	1.1	0.0	0.0	0.0	13,033
83	Cumene	1.0	0.0	0.0	0.0	0.0	0.0
87	Chrom and Trivalent chrome compounds	0.0	1.5	0.0	0.0	0.0	19
165	2,4-Dichlorotoluene	7.1	0.0	0.0	0.0	0.0	0.0
186	Methylene Chloride	36,000	0.0	0.0	0.0	0.0	7,100
243	Dioxins	1,036	0.6	0.0	0.0	0.0	21
273	N-dodecyl alcohol	16,077	0.0	0.0	0.0	0.0	4,946
281	Trichloethylene	9,500	0.0	0.0	0.0	0.0	8,170
296	1,2,4-Trimethyl benzene	13,422	0.0	0.0	0.0	0.0	31,160
297	1,3,5-Trimethyl benzene	4,103	0.0	0.0	0.0	0.0	6,672
300	Toluene	149,156	1.2	0.0	0.0	0.0	141,240
308	Nickel	0.0	70	0.0	0.0	0.0	43
309	Nickel compounds	0.0	0.0	0.0	0.0	33.7	870
321	Vanadium compounds	0.1	0.0	0.0	0.0	0.0	0.0
349	Phenol	310	14	0.0	0.0	0.0	0.0
374	Hydrogen Fluoride and its water-soluble salt	0.5	0.0	0.0	0.0	0.0	66
384	1-Bromopropane	11,000	0.0	0.0	0.0	0.0	0.0
392	N-hexane	5,295	0.0	0.0	0.0	0.0	686
405	Boron compounds	140	35,000	0.0	0.0	850	1,511
412	Manganese and its compounds	0.0	0.0	0.0	0.0	0.0	4.5
438	Methylnaphthalene	369	0.0	0.0	0.0	0.0	0.0
448	Methylenebis (4,1-Phenylene) = Diisocyanate	0.0	0.0	0.0	0.0	0.0	310

#### Number of cases of lawsuits, penalties, or forfeitures concerning environment

Fiscal Year	2011	2012	2013	2014	2015
Number of cases	0	0	0	0	0

### Fair Operating Practices

#### Number of cases reported through the compliance Hotline

Fiscal Year	2012	2013	2014	2015
Number of cases	13	10	7	3

#### Compliance Meeting

Fiscal	2012	2013	2014	2015
Number of meetings held	1,435	1,623	1,874	2,038
Total number of participants	15,354	17,136	18,547	19,600

### Consumer issues

#### Number of legal violations in the delivery of products/services

Fiscal Year	2011	2012	2013	2014	2015
Number of violations	0	0	0	0	0

### Community involvement and development

Social Contribution Expenses (Million yen)				
Fiscal Year	2012	2013	2014	2015
Expenditure	71	95	121	117



## **CONTACT INFORMATION**

### **Nippon Light Metal Holdings Company, Ltd. CSR Contact, CSR & Auditing Administration Department**

Tennozu Yusen Bldg, 2-2-20 Higashi Shinagawa, Shinagawa-ku, Tokyo, 140-8628

TEL: +81-3-5461-8601

Fax: +81-3-5461-9188