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About Media for CSR Report

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Editorial Policy

Introduction

הדו"ח 2016 יפורסם ב-14 במרץ 2017, כחלק מפרויקט "אחריות" 2015. הדו"ח יפורסם גם באתר האינטרנט של החברה, בכתובת: www.aharoni.com.

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Reference Guidelines

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Period covered

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Boundary

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Publication period

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Independent assurance

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2016年3月期 経営方針

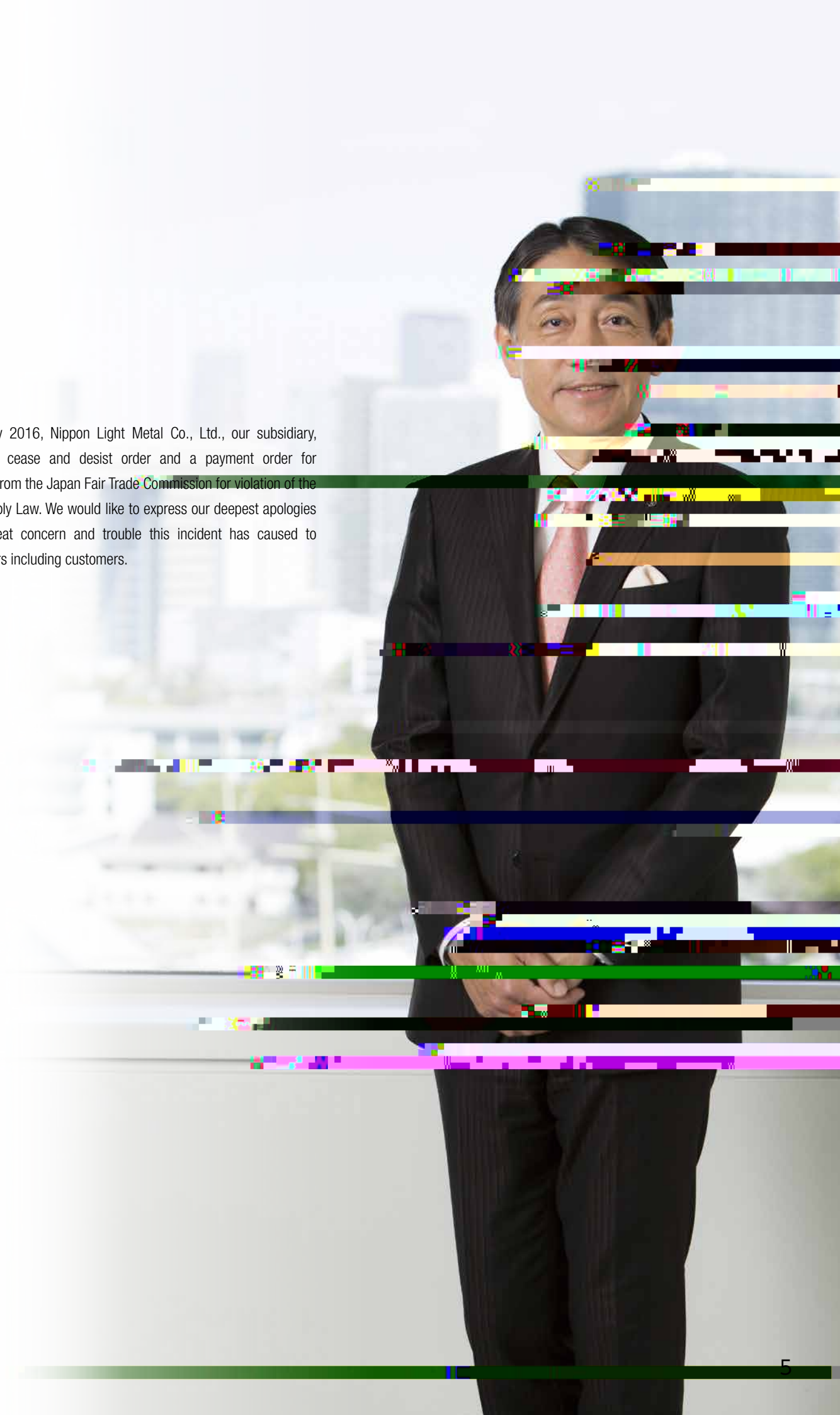
An intensity seven earthquake, with its seismic center in the Kumamoto area of Kumamoto prefecture, occurred on April, 2016, and its aftershocks still continue to affect that area. Our deepest sympathies go out to all the victims of the earthquake, and we hope that normal conditions are restored as soon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

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

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.



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

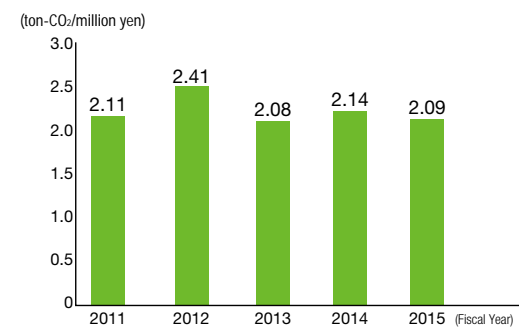
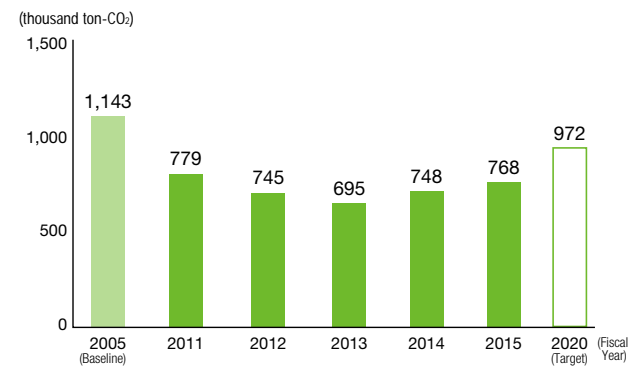
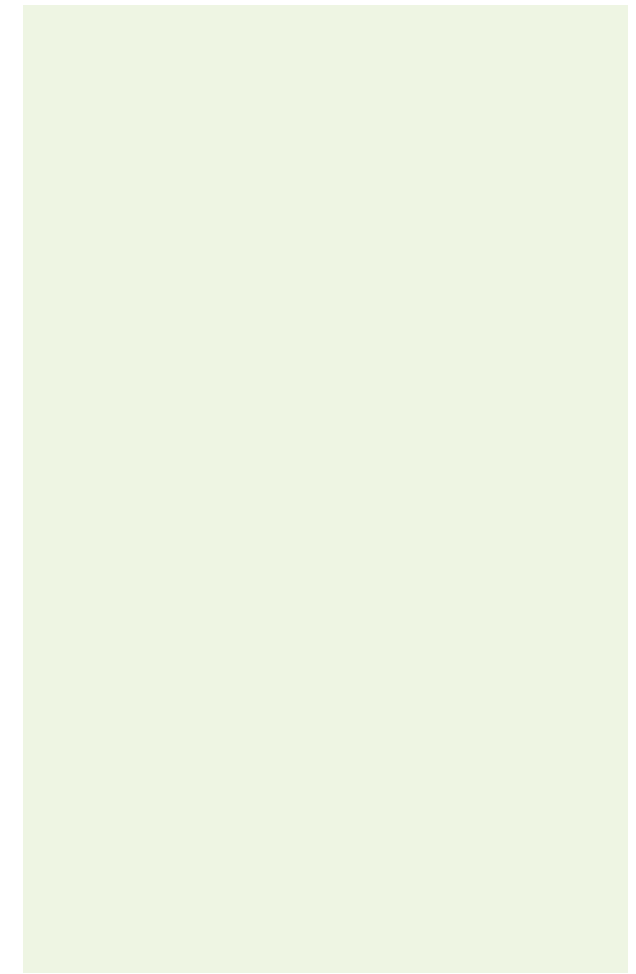


LABOR PRACTICES

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

ENVIRONMENT



FAIR OPERATING PRACTICES

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 5th, 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

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.

CONSUMER ISSUES

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

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."

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

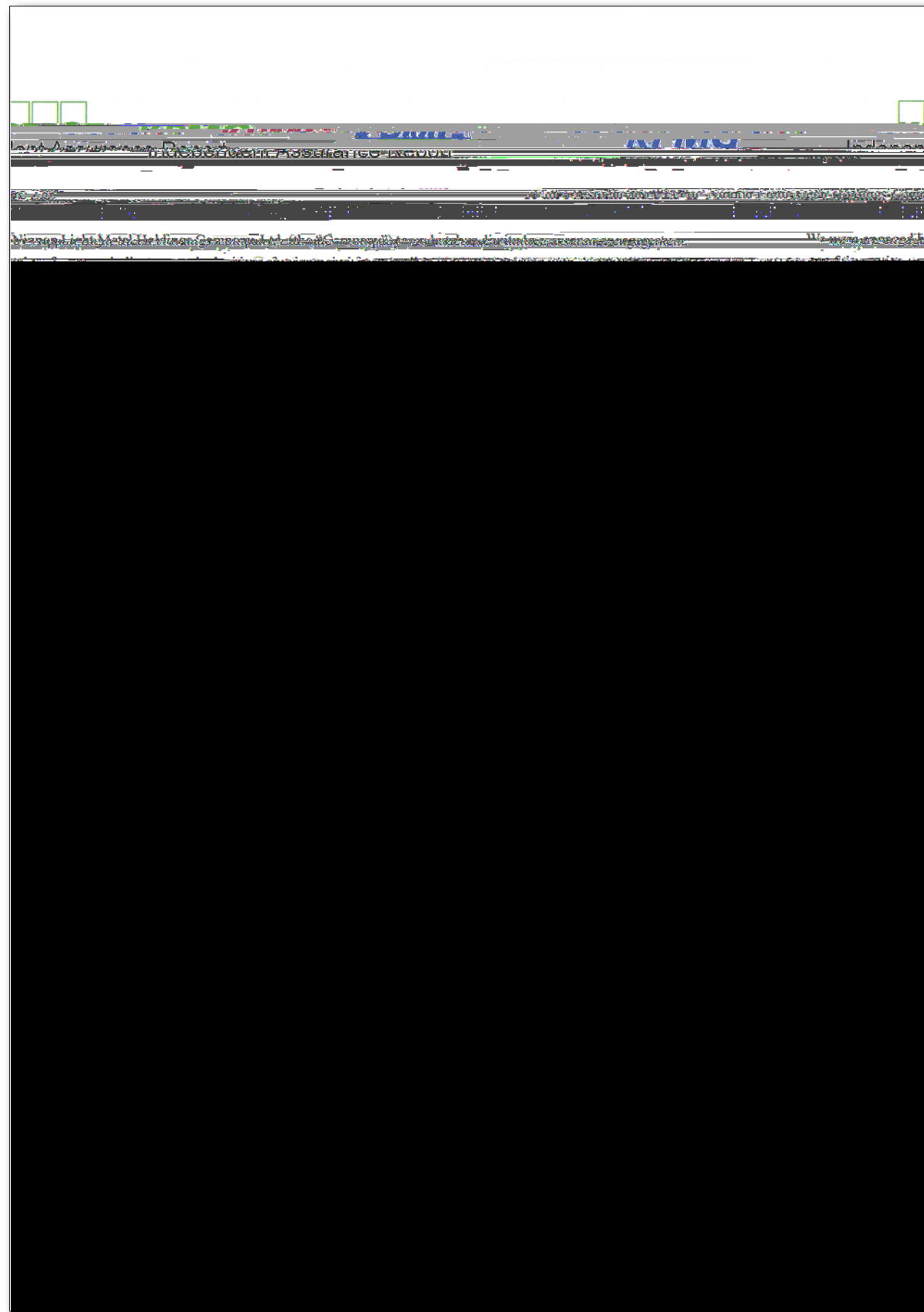


Relationship with the Fuji River watershed

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

3. As far as human rights due diligence is concerned, I would like



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