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To whom it may concern:

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Progress on Recurrence Prevention by the Group (Final Version)

As announced on March 29, 2023, in the “Results of the Investigation into the Group’s Misconduct Related to Quality, etc., and Prevention of Recurrence, etc.,” the Company has been working on recurrence prevention centered on pursuing management reforms and reinforcing internal control functions.

The measures to prevent recurrence, which were targeted for completion by the end of March 2026, have progressed as planned, and at this point, we have transitioned to the administrative phase of the initiatives. Therefore, we are providing stakeholders with a summary of our initiatives over these approximately three years, and we will conclude the regular progress reports with this report.

Going forward, we will continue to implement and pursue measures to prevent recurrence, with the Sustainability Administration Department which oversees internal control and internal audit divisions, and the Quality Assurance Administration Department, along with our Board of Directors, monitoring and verifying whether the administrative status and implementation system are functioning effectively.

1. Pursue management reforms

(1) Rebuild the Group’s governance system — Strengthen Group affiliation

In the cause analysis of the inappropriate behavior, the Company recognized that the negative aspects of decentralized governance, which emphasizes the autonomy of each Group company, delayed responses to issues in the field, dulled efforts toward rule compliance awareness and management system development, and created an environment conducive to the occurrence of inappropriate behavior.

To this end, while maintaining the uniqueness of each Group company, we have reorganized the Group governance system from the previous decentralized model to an organization that

consolidates management resources, in order to collaboratively address challenges faced by each Group company across the entire Group, ensure discipline through reforms in the awareness of rule-keeping and strengthening systems to enable compliance, and regain a sincere corporate culture that prioritizes quality.

From perspectives such as market sectors and processes, we have grouped businesses close to each other into business groups, reviewed resource allocation, and accelerated the creation of new value and improvement of operational efficiency. Similarly, we have grouped organizations responsible for governance strengthening and business support into functional organizations by major functions and established a system that maximizes the Group's administrative and business support functions.

The business groups have consolidated and optimized previously dispersed management resources, overcome constraints on management resources that accompanied individual business unit initiatives, and are now heading toward greater growth. The functional organizations are working on strengthening business management and support through the construction of a Group-wide platform, and the psychological safety of employees, which had been undermined under the previous decentralized governance, is gradually recovering.

(2) Rebuild relationships between the Company and Group companies

The Company believes that to strengthen Group affiliations, it is first necessary to reconstruct relationships with each Group company and enhance centripetal force, and furthermore, it is important to broadly discuss specific directions and measures for management challenges faced by each Group company, share recognition across the entire Group, and then strengthen affiliations to address them. To this end, we have enhanced our centripetal force by forming a Business Transformation Office to lead the various initiatives described in this report.

As a specific example from the perspective of Group affiliations, to expand Group affiliations, which was previously limited to some development and sales departments, to all departments, we have held site manager meetings since April 2023 to promote exchanges among site managers from all departments and job types in the Group, and have continued initiatives to deepen Group affiliations, such as providing a forum for broad discussions on management challenges faced by the entire Group and each Group company.

In the site manager meetings, through repeated dialogues on a wide range of themes not limited to quality-related issues and initiatives, but including the Group Management Policy, the Group Business Conduct Guidelines, the Mid-term Management Plan and its progress, human resource acquisition and engagement improvement, risk management, and compliance violation cases, there has been a transformation into Group affiliations where the entire Group and individual challenges

are shared, and mutual understanding is deepened.

(3) Address management issues and risks within the Group

The Company recognizes that the cause of the inappropriate behavior that occurred in the Group was due to risk management not being effectively implemented throughout the entire Group, and we have now strengthened Group-wide risk management initiatives.

Prior to the measures to prevent recurrence, we had designated priority risks as a Group and maintained and operated management systems and rules. We have now newly established and are operating a permanent Group Crisis Management Committee, and we are advancing Group-wide risk and crisis management by responding to crises that escalate to the second line with Group-wide functions.

(4) Cross-sectoral response by sales, development, manufacturing, quality assurance, and other divisions

The Company has implemented the following initiatives to address the deadline issues that caused the motives and misguided justifications for the inappropriate behavior, and to reconstruct relationships among sales, development, manufacturing, and quality assurance departments.

We have established a novel risk assessment process and system that allows for scientific and rational verification and judgment of feasibility for new products or specification changes to existing products and enables the building of cross-sectoral consensus among sales, development, manufacturing, and quality assurance departments.

(5) Rebuild the quality assurance system

The Company considers the reconstruction of the quality assurance system as an urgent management issue for preventing inappropriate behavior and enabling early detection and correction, and has advanced initiatives such as the following.

To strengthen the independence and authority of the Quality Assurance Administration Department, we have made the department director a full-time position and appointed external advisory staff. We have expanded specialized human resources in the Quality Assurance Administration Department through means including experienced hires, and assigned responsibility by Group company and business site to both strengthen governance and support individual businesses.

Quality audits have been significantly enhanced in terms of content, frequency, man-hours, etc., as well as mutual audits with grouped business sites. We have also started third-line audits of the second line.

Regarding the independence of quality assurance divisions, we have significantly strengthened measures such as making quality assurance division heads at each Group company and business site full-time positions and reviewing responsibilities and authorities.

Regarding the quality created by everyone, we are engaged in repeated dialogues through events such as Quality Day. Furthermore, for serious quality problems, we have implemented multiple reporting lines and expanded information sharing destinations, such as reporting to our Outside Directors and Audit & Supervisory Board Members as needed. We are also working with Group companies and business sites to build a system to introduce a Group quality management system.

We are actively investing in quality assurance functions, such as appropriate staffing, including talent management for human resources involved in quality assurance and other fields, and promoting automation of inspection processes including updates to testing and inspection equipment.

(6) Constant verification

The Company established the Business Transformation Office in April 2023 as an organization directly under the President. The Business Transformation Office utilized external resources to investigate whether similar inappropriate behavior existed at Group companies and business sites not included in the scope of the investigation by the Special Investigation Committee, conducted cause analysis on confirmed inappropriate behavior, and reflected it in recurrence prevention.

The Company, centered on the Quality Assurance Administration Department and the Sustainability Administration Department, which oversees internal controls and internal audits, under the supervision of the Board of Directors, will continue constant verification of whether the administration of recurrence prevention is functioning effectively amid changing internal and external environments in the Group, and whether inappropriate behavior is recurring or still exists.

(7) Reinforce supervision by the Board of Directors

To confirm that each recurrence prevention measure is being effectively advanced by our Board of Directors, and to ensure its reliable implementation in the Company, the Business Transformation Office has reported the progress of recurrence prevention to the Board of Directors along with quarterly announcements, and based on discussions at the Board of Directors, conducted reviews of measures, formulations of new plans, effectiveness verification, etc.

The Company has operated the Board of Directors with a majority of Outside Directors since June 2024, and from April 2023 to the present, a full-time officer in charge of quality assurance has participated in the Board of Directors as a Director, ensuring direct reporting lines to the Board of Directors.

Our Board of Directors has gradually reviewed agenda and reporting standards to better fulfill functions centered on supervision and has formulated a President succession plan including clarification of qualities required for the Company's President.

The Company has implemented measures to enhance the effectiveness of the supervisory function of the Board of Directors.

Through the initiatives described in (1) through (7) above, we believe that we are rebuilding sound management and appropriate governance that will enable us to appropriately recognize and respond to the wide-ranging and deep-seated problems occurring in the field, including quality assurance, as our management issues.

2. Reinforce internal control functions

(1) Build and administer an effective internal control system under the supervision of Board of Directors

In April 2023, the Company reviewed the Basic Policies for Implementation of Internal Control Systems and revised it to explicitly state that our Directors and Executive Officers should be the main actors in promoting compliance, that we should work on fostering a corporate culture where employees can easily report and consult on issues, and that internal audits (ensuring the appropriateness and effectiveness of internal controls, etc.) should play an important role in the compliance system, and reconstructed the internal control system in line with this new basic policy.

The compliance system was reviewed starting from the Group Compliance Codes, and with the full revision of the Code of Conduct (April 2023) as the starting point, we reviewed the Compliance Promotion Plan, compliance meetings, and whistleblower system entirely, and transformed them so that a compliance cycle centered on the Code of Conduct can operate.

The risk management system has become cross-sectoral through the establishment of a crisis management system, and a continuous risk and crisis management system has been put in place.

The internal control function has been steadily strengthened through means such as the reorganization of business groups and functional organizations that can operate these internal control functions more strongly.

Our Board of Directors regularly receives reports on the status of internal control system development and evaluation, including any new top risks recognized by senior management during the period covered by such reports.

(2) Reforms of corporate culture

The Company believes that to build and operate an effective internal control system, it is necessary to transform the closed corporate culture and workplace environment that caused the inappropriate behavior into a healthier, more open one, and all officers and employees are united in implementing reforms in the culture and atmosphere of the entire Group.

As the first step, we reviewed and redefined the Group Management Policy, the Group Business Conduct Guidelines, Group Compliance Code, etc.

To ensure that the principles embodied therein permeate the minds of all officers and employees, we engage in dialogues during site manager meetings (mainly between senior management and managers) and workplace visits (mainly between senior management and front-line employees), distribute awareness and educational tools, and, furthermore, have people in manager positions and above take the lead in confirming the intent of the principles and codes on a daily basis.

In addition, as a quantitative verification of the effectiveness of such efforts, we continue monitoring by regularly conducting anonymous employee surveys.

(3) Reinforce information reporting and affiliations

Recognizing that information reporting and collaboration support the effectiveness of the internal control system, and that it is important for everyone to speak up, share and collaborate on issues faced in the field, and take action across the organization and the Group, the Company has implemented the following initiatives.

First, we hold site manager meetings as a forum where voices can be raised about issues in the field. In addition to plant managers, branch managers, sales office managers, department managers, etc., one representative from every 20 employees at each site with 20 or more employees serves as a site manager to exchange information and opinions with the Company's President and Directors.

Moreover, as opportunities for direct dialogue between employees in the field and the President, we have continuously implemented workplace visits where our President and Directors visit each workplace for small-scale dialogues.

To strengthen the effectiveness of the compliance meetings that have traditionally been held at each workplace, we are enhancing guidance on effective implementation themes and methods, conducting opinion exchanges between workplaces, and contributing to fostering a corporate culture that does not internalize challenges or issues.

Furthermore, to clarify reporting lines for information reporting and collaboration, and improve their effectiveness, considering the importance of initial response, we reviewed the crisis management system centered on the Group Crisis Management Committee, and established and entrenched a

system where, in the event of inappropriate behavior or signs of such behavior, not only the directly overseeing management departments but also the cross-sectoral Group Crisis Management Committee broadly addresses it.

To understand issues occurring in the field, we are advancing efforts to improve awareness in areas such as management and leadership for managers who are the link between the field and management and encouraging them to be aware of their assigned roles.

(4) Promote activities to strengthen compliance

In the cause analysis of the inappropriate behavior, the Company recognized misguided justifications for non-compliance with the rules, and confirmed that established rules must be followed, and rules that cannot be followed should be changed to ones that match reality by obtaining consensus from customers or within the company. To strengthen compliance including these rules, we renewed the Group Compliance Code.

To prevent the initiatives, atmosphere, and culture for preventing inappropriate behavior from fading, we designated March 29 as the Group's annual Quality Day, a day to reconfirm lessons such as the importance of following rules learned from handling quality issues, and to confirm the results of initiatives related to recurrence prevention measures. In addition, as a pledge, we share the motto "Be honest, work honest" among all officers and employees and are engaged in activities to deepen understanding of this pledge as the place to which everyone should return.

To strengthen the promotion of compliance, in addition to revising the Group Risk Management Regulations to designate violations of applicable laws and regulations as key countermeasure risks, strengthening management systems for collecting and sharing information on amendments to applicable laws and regulations, etc., and checking compliance status with applicable laws and regulations, etc., we are regularly conducting compliance education, including quality, for all officers and employees.

(5) Reinforce the internal audit division

The Company has adopted the so-called three-line model, where functional organizations such as the Quality Assurance Administration Department act as the second line to provide support and checks through audits, etc., to first-line departments such as sales, development, and manufacturing, and the internal audit division acts as the third line to conduct audits of the first and second lines. However, because these audits have tended to be based on precedents, we have included the perspective of outside experts to strengthen the checks and balances function.

(6) Reforms to the internal reporting system

In light of the fact that none of the 214 cases of inappropriate behavior announced in March 2023 were discovered or corrected through the whistleblower system, we reformed and promoted awareness of the whistleblower system to reduce the psychological and physical distance between the workplace and the whistleblower contact points.

To ensure that the whistleblower system is utilized, we established external whistleblower contact points to lower access barriers, strengthened whistleblower protection and confidentiality, and advanced enhancements to the leniency system, among other measures. We also strengthened expertise by appointing employees with technical knowledge to the whistleblower contact points. In addition to these institutional aspects, we have created an environment in which the whistleblower system is easier to use by enhancing the existing content and methods of publicizing the system, such as by having the President of the Company call on employees, visualizing reporting cases and the process from reporting to resolution, and distributing reports on the use of the whistleblower system.

(7) Utilize external resources

Recognizing that to ensure recurrence prevention is executed reliably, more efficiently, and continuously, it is necessary to obtain external specialized and objective knowledge, the Company has implemented initiatives through the appointment of quality advisory staff and utilization of external services, in addition to each initiative in (5) of “1. Pursue management reforms,” such as holding study sessions for quality personnel (about twice a year), lectures for all employees (about once a year), and appointment of consultants for quality investigations.

We are making active investments to obtain necessary external knowledge not only in quality but in the overall recurrence prevention initiatives including internal controls and internal audits, and aiming for steady implementation of recurrence prevention.

3. In Conclusion

Since the announcement on March 29, 2023, the Company has positioned the prevention of recurrence of quality issues as a management issue directly linked to medium- to long-term corporate value and has continuously pursued management reforms, and reinforced internal control functions. As a result, all the measures to prevent recurrence that were announced have been completed as planned, and we are now transitioning to the stage of stably administrating and firmly instilling the systems that have been built.

Through these initiatives, the Group has established a governance foundation that enables management to proactively identify, correct, and manage risks inherent in business activities, including strengthening the independence and authority of the quality assurance system, establishing a Group-wide risk and crisis management system, and rebuilding internal controls, including a whistleblower system. In addition, the establishment of a corporate culture that enables issues to be brought to light at an early stage is progressing through dialogue between management and employees in the field.

We recognize that the new instances of inappropriate behavior confirmed during the recurrence prevention process were able to be identified and corrected at an early stage through the enhancement of investigation and audit functions, and that this demonstrates that a management system that prevents problems from remaining latent is functioning effectively. This demonstrates that the Company's risk management capabilities and the foresight of management have been structurally strengthened.

We will firmly instill these systems as the foundation of management and continue constant verification and improvement under the supervision of the Board of Directors. We will strive to enhance medium- to long-term corporate value and live up to the trust of stakeholders through sustainable management based on quality and compliance.

We appreciate your continued understanding and support of the Group.