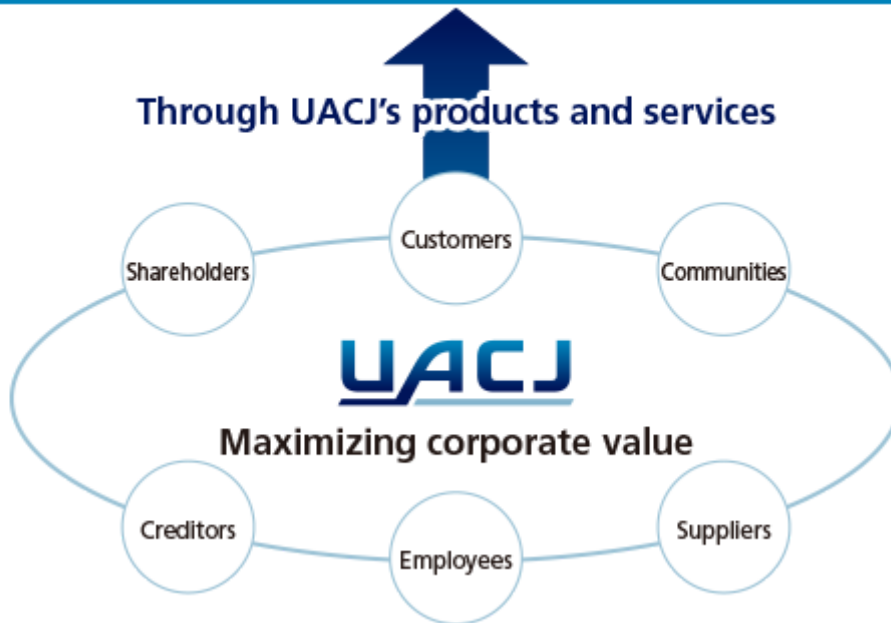




UACJ's Future Direction

We engage in CSR activities to meet the expectations of all of our stakeholders.

Maximize the possibilities of aluminum in ways that contribute to society and the environment



Basic Policy on CSR

Based on the UACJ Group's management philosophy, we:

- As a member of international society, abide by the laws, and respect the cultures and customs, of countries where we engage in business,
- Contribute to the development of society through solid, sound business activities, and
- Communicate with stakeholders to earn their confidence and trust.

UACJ has established its CSR Committee to address a broad array of social demands. Chaired by the president, the committee's membership also includes UACJ's full-time directors, works managers, the head of its Research & Development Division, the heads of relevant departments, and the presidents of principal Group companies.

System for Advancing CSR

At UACJ, the CSR Committee, chaired by UACJ's president and with membership consisting of UACJ's full-time directors, works managers, the head of its Research & Development Division, the heads of relevant departments, and the presidents of principal Group companies advances CSR activities throughout the company.

The CSR Committee meets in May of every year to deliberate policies and measures on matters concerning all aspects of CSR and risk management, and exercises supervision of every fiscal year's activities. Using case studies of compliance violations, and other tools, it also functions as a training venue for executives and managers.

Following the meeting, members of the CSR Committee share the committee's decisions with the units they oversee in an effort that disseminates this information throughout the company. Information on CSR policies and measures is disseminated to affiliates in Japan via the General Affairs Liaison Committee and other channels.

In addition, the Safety and Hygiene Committee, Environmental Committee, Quality Committee, HR Development Committee, and R&D Committee address CSR issues in their respective areas.

Board of Directors

Discuss/report

Compliance, Risk Management, BCP and Social Contributions	CSR Committee	Chair: President Administration: General Affairs Department
Environment	Environmental Committee	Chair: Chief Environmental Officer Administration: Environmental Safety Division
Health and Safety	Health and Safety Committee	Chair: Executive in charge Administration: Environmental Safety Division
Quality	Quality Committee	Chair: Executive in charge Administration: Engineering and Maintenance Department
Human Resources Development	HR Development Committee	Chair: President Administration: Human Resources Development Department
R&D	R&D Committee	Chair: President Administration: R&D Planning and Administration Department

Factory general managers (Nagoya, Fukui, Fukaya, Nikko)
and presidents of principal Group companies

Domestic factories,
offices, and branches

Domestic Group companies

Overseas Group companies

Responsibilities to and Methods for Communicating with Principal Stakeholders

	Key Responsibilities	Communication Methods
Customers	<p>Maintain and improve the quality of products and services</p> <p>Provide products and services that are good for society</p> <p>Use a wide variety of technologies and expertise to solve customers' problems</p>	<p>Dialogue in daily business dealings</p> <p>Website</p> <p>Dialogue through technology exhibits and trade shows</p> <p>Customer satisfaction surveys</p>
Suppliers	<p>Build sound relationships through fair transactions respecting laws and ordinances</p> <p>Fulfill CSRs throughout the supply chain</p>	<p>Dialogue in daily business dealings</p>
Environment	<p>Reduce greenhouse gas emissions</p> <p>Promote energy efficiency and recycling</p> <p>Protect biodiversity</p> <p>Reduce industrial waste</p> <p>Manage and reduce harmful chemical substances</p>	<p>Operate within laws and regulations</p> <p>Support the Kyoto Protocol on fighting global warming, the Nagoya Protocol on biodiversity, and other international agreements</p> <p>Support environmental activities advanced by Japan's Ministry of the Environment and others</p>
Investors	<p>Provide appropriate returns</p> <p>Make timely and appropriate disclosures</p> <p>Increase corporate value</p>	<p>General meeting of shareholders</p> <p>Shareholder communications</p> <p>Results briefings</p> <p>Telephone conference</p> <p>One-on-one meetings</p> <p>Shareholder plant tours</p> <p>Website</p>
Employees	<p>Respect human rights</p> <p>Develop personnel, and provide fair evaluations and compensation</p> <p>Protect worker safety and health (including mental health)</p> <p>Support diverse working styles, and employee efforts to meet work and personal responsibilities</p>	<p>Company Newsletter</p> <p>Intranet</p>

	Key Responsibilities	Communication Methods
Local Communities	<p>Support sports and cultural activities, and efforts to nurture future generations</p> <p>Participate in and support traditional events</p> <p>Support and work with local and other NPOs</p>	<p>Plant tours</p> <p>Local events</p> <p>Neighborhood clean-up and other social contribution activities by employees</p>

Objectives and Results

	Fiscal 2017 Objectives	Fiscal 2017 Results	Assessment	Fiscal 2018 Objectives
Highlight Compliance	Enhance education on the Group Code of Conduct.	Revised Group Code of Conduct education materials and conducted programs based on the revised materials.	○	Continue to conduct education programs on the Group Code of Conduct.
	Pledge to abide by the Group Code of Conduct.	<p>Conducted education programs on the Group Code of Conduct for employees at UACJ and 30 Group companies.</p> <p>Had officers and department managers pledge compliance with the Group Code of Conduct to the presidents of UACJ and domestic Group companies.</p> <p>Conducted education programs on the Group Code of Conduct for employees at 22 of the 31 overseas Group companies.</p>	○	<p>Continue conducting education programs and having individuals pledge compliance with the Group Code of Conduct.</p> <p>Increase the percent of overseas Group companies where these activities are conducted.</p>

	Fiscal 2017 Objectives	Fiscal 2017 Results	Assessment	Fiscal 2018 Objectives
Highlight Compliance	Properly implement rules for reporting compliance problems.	Worked through liaison meetings of general affairs employees to promote broad-based understanding of reporting rules	○	Continue efforts to promote understanding of reporting rules.
	Raise awareness of and enhance the internal reporting system	Used Code of Conduct education programs and other opportunities to promote understanding of how to report compliance problems. Considered implementing a global internal reporting system.	○	Continue to promote understanding of how to report compliance problems internally.
	Hold workshops on the Antimonopoly Law and Subcontract Act.	<p>Conducted education on the Antimonopoly Law and anti-bribery laws.</p> <p>Included coverage of the Antimonopoly Law in job-level training.</p> <p>Conducted education on the Revised Act on the Protection of Personal Information.</p>	○	<p>Continue education on the Antimonopoly Law, anti-bribery laws, the Subcontract Act, and other individual laws.</p> <p>Conduct education on the Revised Act on the Protection of Personal Information and the EU's General Data Protection Regulation.</p>

	Fiscal 2017 Objectives	Fiscal 2017 Results	Assessment	Fiscal 2018 Objectives
Promote Risk Management	Conduct Group-wide risk management activities.	Recorded the status of department-level activities in a risk management chart. Presented an overall review of activities to the CSR Committee.	○	Continue the activities conducted in fiscal 2017.
	Systematically revise the BCP.	Systematically revised the BCP.	○	Review the BCP and make revisions based on the results.
	Implement employee safety confirmation systems and install emergency communications equipment at Group companies.	Completed implementation of safety confirmation systems at UACJ and domestic Group companies (30).. Completed installation of emergency communications equipment at key domestic locations (20 companies, 48 business locations).	○	Continue to promote understanding and conduct training for the establishment of emergency safety confirmation and contact systems.
	Establish an emergency contact system and install an emergency communications system.	Continued implementation of the emergency contact system.	○	Manage and maintain the emergency contact system.
	Conduct training for setting up a disaster-response headquarters and responding to a disaster	Conducted training for setting up a disaster-response headquarters and responding to a disaster. Conducted disaster-response training at the UACJ headquarters and at individual works.	○	Implement a more advanced training curriculum.

Corporate Governance

Governance Dialogue between Newly Appointed Outside Directors

Since its establishment, UACJ has been aware of the importance of management diversity and has taken steps to strengthen the Company's governance. In June 2018, we welcomed two new outside directors, whose additions increased the number of independent outside directors to one-third of the Board of Directors and enhanced the influence of independent views in Board discussions. The two new directors are both corporate management veterans who add to the diversity of experience from which the Board can benefit.

In August 2018, the two new directors participated in a dialogue in which they drew on their corporate management experience to discuss mainly governance but also important issues UACJ is facing and two major policies for the mid-term management plan that begins with fiscal 2018 - steadily generating returns on past investments and increasing capital efficiency with an emphasis on ROIC. In addition, the two directors talked about how they, as outside officers, can help UACJ achieve further growth under its new management organization.



New outside directors who participated in the dialogue

Work Reforms that Enhance Job Satisfaction

The work reform movement has come to Japan and is in full swing. UACJ supports the intentions behind the movement and is moving forward with its own work reforms to increase productivity and employee job satisfaction. A project is moving forward throughout the Company to manage work hours with consideration for balancing job and home responsibilities, outside interests, self-development, and time to unwind.

Work done by highly motivated employees is work that pleases customers, so society needs companies where employees are highly motivated. Starting from that idea, we are striving to improve the quality of work, before looking at ways to reduce work hours, to raise productivity and create environments where employees can work with a positive outlook.



Core project members

Startup of a Casting Line that Cuts Energy Usage and Promotes Recycling

A new casting line has been started up at Tri-Arrows Aluminum Inc.'s Logan Mill, one of UACJ's principle North American manufacturing locations. As a result, recycled aluminum now makes up approximately 80% of the raw material for the can stock made by the Company.

Using recycled aluminum as a raw material cuts the energy needed to produce ingots by about 97%, greatly reducing the environmental impact of this process. Using recycled aluminum also lessens the amount of used beverage cans that are discarded as waste. By reliably supplying high-quality aluminum, UACJ helps to reduce environmental impacts through its business activities - for example, by reducing the weight of automobiles - but we are also working to reduce the environmental impacts of our business activities.



Casting furnace at the Logan Mill

Basic Concept

Management Philosophy

“The UACJ Group strives to offer products and services deserving of our customers’ satisfaction and trust, and believes that sound and sustainable business development is key to making broad-reaching contributions to society.”

At the UACJ Group, we believe that robust corporate governance and sound, transparent management are essential for living up to our management philosophy. By working to strengthen and enhance our corporate governance, we not only enhance our efforts to achieve ongoing increases in corporate value but also advance the interests of shareholders, customers, suppliers, employees, local communities, and other stakeholders.

Key Objectives and Results

	Fiscal 2017 Objectives	Fiscal 2017 Results	Assessment	Fiscal 2018 Objectives
Strengthen Corporate Governance	Continue efforts to achieve compliance with Japan’s Corporate Governance Code	Resolution calling for compliance with Japan’s Corporate Governance Code adopted by the Board of Directors	○	Continue efforts to achieve compliance with Japan’s Corporate Governance Code
Highlight Compliance	Strengthen Code of Conduct education programs for overseas Group companies Prepare more foreign-language versions of the Group Code of Conduct	Held study sessions for employees of overseas Group companies. Afterward, had each Group company president pledge to the President of UACJ Corporation that they would uphold the Group Code of Conduct. Moved forward with production of the Group Code of Conduct in foreign languages for employees of overseas business locations and foreign employees working in Japan. Completed a Malay edition in fiscal 2017, bringing to 10 the number of languages in which the Group Code of Conduct is available.	○	Strengthen Code of Conduct education programs for overseas Group companies Prepare more foreign-language versions of the Group Code of Conduct

	Fiscal 2017 Objectives	Fiscal 2017 Results	Assessment	Fiscal 2018 Objectives
Highlight Compliance	<p>Further enhance awareness and credibility of the internal hotline</p> <p>Establish a hotline contact for employees on overseas assignments</p>	<p>Responded appropriately to nine hotline reports</p> <p>Used code of conduct education programs and other opportunities to enhance awareness of the hotline</p>	○	<p>Further enhance awareness and credibility of the internal hotline</p> <p>Establish a hotline contact for employees on overseas assignments</p> <p>Establish a hotline contact for overseas subsidiaries</p>
Promote Risk Management	<p>Continue to implement risk management activities for the entire company</p> <p>Consider implementing risk management activities at domestic Group companies</p>	<p>Continue to implement risk management activities for the entire company</p>	○	<p>Continue to implement risk management activities for the entire company</p> <p>Consider implementing risk management activities at domestic Group companies</p>
	<p>Rebuild the organization for promoting BCP</p> <p>Develop a BCP framework</p> <p>Consider implementing at domestic Group companies</p>	<p>Developed rules and manuals</p> <p>Discussed matters concerning a BCP framework</p> <p>Completed implementation of employee safety confirmation systems at UACJ Corporation and all 29 domestic Group companies</p>	○	<p>Rebuild the organization for promoting BCP</p> <p>Develop a BCP framework</p> <p>Consider implementing at domestic Group companies</p>

Looking toward the Future

In October and November of every year, UACJ and its 30 subsidiaries in Japan conduct Group Code of Conduct education programs. In fiscal 2017, we will begin to examine conditions at all of our overseas subsidiaries with the intent of conducting similar programs tailored to the needs of these companies, as well. Furthermore, we will begin formulating a common set of rules for the entire Group as part of our effort to establish a Group-wide compliance system.

Comment by the Executive in Charge

In 2018, UACJ appointed a new president and reformed its management organization, which included increasing the number of outside directors. While these moves marked an important turning point in the Company's corporate governance, UACJ has, in fact, been making steady progress in enhancing its corporate governance for some time. For example, in an effort to increase the diversity of the Board of Directors, the Company appointed a female outside director three years ago and two outside directors this year, one of which has management experience in Asia while the other has served as vice-chairman of advisory committees at a corporation that has been at the forefront of corporate governance in Japan. The Nomination and Remuneration Advisory Committee was also established to raise the transparency and impartiality of the decision-making process for nominating and remunerating members of the Board. From this year, the committee is being chaired by an outside director and the majority of its members are outside directors and auditors. Accordingly, deliberations by management are being held by a more diverse membership with a wide range of perspectives. We believe this will enable management to more effectively deal with the increasingly challenging operating environment confronting the Company and help increase its corporate value.



Yukihiro Kuwamoto
Executive Officer

UACJ is working to enhance its corporate governance to earn and maintain the trust of all of our stakeholders and increase our corporate value.

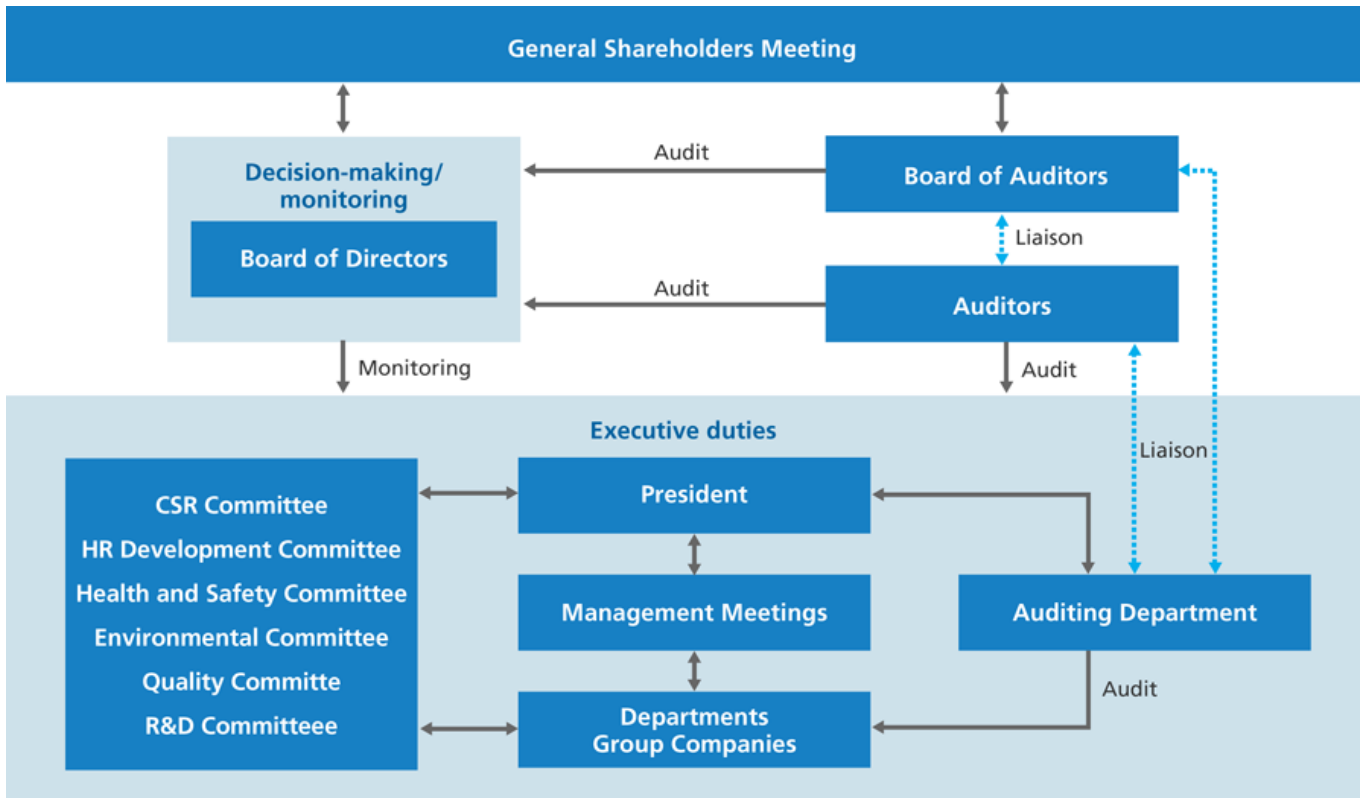
Basic Ideas on Corporate Governance

The UACJ Group believes that corporate governance is the basic framework for managing a company amid relationships with shareholders, customers, suppliers, employees, local communities, and all other stakeholders. Our duty is to benefit stakeholders by developing products, technologies, and services that are useful to society and incorporate abundant consideration for safety, and offering them to the market in an effort to continuously increase our corporate value. Toward that end, we practice robust corporate governance and, recognizing the importance of integrity and transparency in management, are committed to doing everything practical to ensure sound management oversight by strengthening Board of Directors functions, enhancing Audit & Supervisory Board functions, properly disclosing financial and management information, ensuring solid corporate ethics, and practicing painstaking compliance and risk management.

Corporate Governance System

The UACJ has adopted a new executive officer system that separates management decision making from the audit and operations functions. This new system both strengthens the Board of Directors functions and increases the speed with which we execute operations.

Corporate Governance System



Board of Directors Meetings

UACJ Board of Directors meetings, which are convened monthly, are attended by 12 Directors (including 4 outside Directors) and 6 Audit & Supervisory Board Members (including 4 outside members)*, who deliberate important matters and hear reports on the status of business activities, as required by laws and ordinances, and UACJ's Articles of Incorporation and other internal rules.

Director terms have been set at one year in an effort to clarify responsibility.

Of the four outside directors, two are university professors, one a professor emeritus with a wealth of academic experience underpinning his objective perspective and the other also with an extensive academic background, as well as experience as a company director. The remaining two outside directors have broad managerial experience as company directors and play key roles in ensuring proper decision-making by the Board of Directors.

*Numbers of Directors and Audit & Supervisory Board Members are as of June 21, 2018.

Based on assessments of career backgrounds – factors such as professional experience, positions held, and qualifications – and capabilities, UACJ has put together an optimal group of individuals to serve as officers.

Rationale for Selection of Outside Directors

Name	Independent Officer	Rational for Selection	Activities
Toshio Suzuki	○	<p>Toshio Suzuki is a university professor emeritus. He was asked to join the Board of Directors based on the judgment that his objective perspective stemming from his wealth of academic experience would enable him to properly perform the duties of an outside member.</p> <p>Judging also that Professor Suzuki is not in a position that would give rise to a conflict of interest with general shareholders, UACJ has designated him an independent officer.</p> <p>None of the descriptions provided in Rule 211.4.6 of the Enforcement Rules for Securities Listing Regulations of the Tokyo Stock Exchange apply to Professor Suzuki.</p>	<p>Attended all 14 of the BOD meetings held during the fiscal year, openly expressing his opinion from an objective viewpoint and confidently supporting his comments based on his rich academic experience as a professor emeritus.</p>
Ryoko Sugiyama	○	<p>Ryoko Sugiyama is a university professor. She was asked to join the Board of Directors based on the judgment that her wealth of academic experience, and management experience as a company director, would allow her to properly perform the duties of an outside member.</p> <p>Judging also that Professor Sugiyama is not in a position that would give rise to a conflict of interest with general shareholders, UACJ has designated her an independent officer.</p> <p>None of the descriptions provided in Rule 211.4.6 of the Enforcement Rules for Securities Listing Regulations of the Tokyo Stock Exchange apply to Professor Sugiyama.</p>	<p>Attended 12 of 14 BOD meetings held during the fiscal year. Drawing on her experience as a university professor and company director, Professor Sugiyama freely contributed to Board discussions from her objective perspective.</p>
Takahiro Ikeda	○	<p>Takahiro Ikeda is a director of a major chemical manufacturer and has extensive experience in the management of that company and its group companies. He was asked to join the Board of Directors based on the judgment that he will be able to properly perform the duties of an outside member.</p> <p>Judging also that Mr. Ikeda is not in a position that would give rise to a conflict of interest with general shareholders, UACJ has designated him an independent officer.</p> <p>While Mr. Ikeda has in the past worked for Mitsubishi Chemical Corporation (MCC), a UACJ customer, transactions with MCC make up less than 0.2% of UACJ's consolidated net sales, so it is not a specified related business entity from UACJ's perspective.</p>	<p>Newly appointed (as of June 2018)</p>

Name	Independent Officer	Rational for Selection	Activities
Akio Sakumiya	○	<p>Akio Sakumiya is a director and vice president of a major electrical device manufacturer and has extensive experience in the management of that company and its group companies. At the same time, he is a member and vice-chairman of various advisory bodies dealing with personnel and remuneration matters concerning directors and other personnel at these companies and has accumulated a wealth of experience in other aspects of corporate governance as well. He was asked to join the Board of Directors based on the judgment that he will be able to properly perform the duties of an outside member.</p> <p>Judging also that Mr. Sakumiya is not in a position that would give rise to a conflict of interest with general shareholders, UACJ has designated him an independent officer.</p> <p>None of the descriptions provided in Rule 211.4.6 of the Enforcement Rules for Securities Listing Regulations of the Tokyo Stock Exchange apply to Mr. Sakumiya.</p>	Newly appointed (as of June 2018)

The Board of Directors and Executive Officers

At UACJ, the Board of Directors deliberates and renders decisions on important management matters, while the Executive Officers supervise and execute operations. By clearly separating these roles, we have enhanced management transparency and fairness, and created a governance system that clarifies responsibilities for individual business operations. In addition, to help ensure the proper control of operations, management meetings that are separate from the Board of Directors meetings are held on a monthly basis with participation by 8 Directors, 2 full-time Audit & Supervisory Board Members, and 18 Executive Officers (as of June 21, 2018). The purpose of these meetings is to deliberate and consider important management matters, and develop common understanding among those responsible for executing business operations.

The delegation of duties to, and areas of responsibility for, individual Directors are determined in a Board of Directors meeting following the general meeting of shareholders. Management organization rules govern the Executive Officers' execution of their responsibilities in accordance with laws and ordinances, the Articles of Incorporation, and Board of Directors resolutions.

Regarding concurrent service by directors and executive officers as officers of other companies, two outside directors are concurrently serving as outside directors or in other capacities at other listed companies. No other directors or executive officers are concurrently holding positions at other companies.

Remuneration of Directors and Audit & Supervisory Board Members

For remuneration of UACJ Directors and Audit & Supervisory Board Members, limits were revised in the fifth regular general shareholders' meeting, held on June 21, 2018. For Directors, it was determined that remuneration for the Directors as a group shall not exceed 650 million yen annually (not including employee salaries), while for Audit & Supervisory Board Members the upper limit on remuneration for the Audit & Supervisory Board Members as a group was set at ¥100 million annually.

UACJ's remuneration system for Directors and Audit & Supervisory Board Members is designed to provide incentives for directors to respond to stakeholder expectations by contributing broadly to society through sound, wholesome business development and by helping the Company to continue generating as much profit as it can. The system is also intended to encourage directors to help enhance the Company's corporate value and medium-to-long-term performance. To ensure the proper functioning of the system and enhance objectivity and transparency, decisions on details concerning the design of the remuneration system and its operation are made by the Board of Directors based on input from the Nomination & Remuneration Advisory Committee, which consists of at least three members (at least half of whom are independent outside Directors or independent outside Audit & Supervisory Board Members) selected via Board of Directors resolution.

Policies on remuneration of UACJ Directors and Audit & Supervisory Board Members are as described below. This information reflects revisions based on resolutions approved at the fifth regular general shareholders' meeting, held on June 21, 2018.

a. Basic Concepts for Officer Remuneration

- The remuneration system will provide incentives to achieve performance objectives (short-term and medium-to-long-term) for the Company's business strategies.
- The remuneration system will offer remuneration levels that are sufficiently competitive for attracting outstanding human resources to lead the Company's growth and for encouraging their desire to contribute thereto.
- The remuneration system's decision-making process will be characterized by high levels of objectivity and transparency.
- The remuneration system will promote commonality of interests with shareholders and increases in shareholder value.

b. Remuneration Structure

- Remuneration for the Company's Directors consists of basic remuneration, which is fixed; short-term performance-based remuneration that varies with annual Company performance; and medium-to-long-term performance-based remuneration that varies with medium-to-long-term Company performance.
Remuneration for outside Directors shall consist of only fixed remuneration in light of their principal duty to oversee decision-making from an objective, independent perspective.
- For each eligible Director, short-term performance-based remuneration shall be approximately 25% (The standard amount assuming payment of 100% of the potential amount. Same applies below.) of basic remuneration.
- For each eligible Director, medium-to-long-term performance-based remuneration shall be approximately 25% (the standard amount) of basic remuneration.

c. Performance-based Remuneration

1) Short-term performance-based remuneration shall consist of three elements – one based on an assessment of overall Group performance, a second based on an assessment of department-level performance, and a third based on an assessment of individual performance. Amounts paid will vary depending on annual performance and payments will be made once a year.

- Remuneration based on an assessment of overall Group performance shall use consolidated net income, consolidated ROIC, and consolidated ordinary income before the impact of inventory valuations as performance indicators. With a payment ratio of 100% for 100% achievement of objectives, payments may vary from 0% to 200% depending on performance.
- Remuneration based on an assessment of department-level performance shall use department-level ordinary income, department-level ROIC, and department-level ordinary income before the impact of inventory valuations as performance indicators. With a payment ratio of 100% for 100% achievement of objectives, payments may vary from 0% to 200% depending on performance.
- Remuneration based on an assessment of individual performance shall be based mainly on a qualitative assessment of important initiatives not reflected in annual group or department-level performance. This portion of remuneration shall approximate 10% of overall short-term performance-based remuneration.

2) Medium-to-long-term performance-based remuneration shall be paid with performance share units (PSUs) using actual equity shares. Payments in equity shares and cash will be made in accordance with achievement of medium-to-long term Group performance objectives. Payments shall be made once every three years based on three-year performance assessments.

- Using three-year average consolidated ROIC and cumulative consolidated adjusted EBITDA for each three-year period as performance indicators, performance objectives will be set at the beginning of each three-year assessment period. With a payment ratio of 100% for 100% achievement of objectives, payments may vary from 0% to 200% depending on performance.
- At the end of each assessment period, half of the calculated PSUs shall be paid in equity shares, with the remaining half paid in cash.

d. Remuneration Levels and Decision-Making Process

- Remuneration levels are decided by using corporate officer remuneration survey data provided by an external expert organization to make comparisons to companies similar to UACJ in size and industry.
- Officer remuneration policies and details are deliberated by the Nomination & Remuneration Advisory Committee, which then provides information the Board of Directors uses to make final decisions.
- Independent outside Directors and independent outside Audit & Supervisory Board Members make up over half of the membership of the Nomination & Remuneration Advisory Committee. To provide the committee members with information needed for their work, steps such as obtaining input from external experts are taken as necessary.
- Director remuneration amounts are set by Board of Directors resolutions at levels within limits approved in general shareholders' meetings.
- Audit & Supervisory Board Member remuneration amounts are set based on discussions by the Audit & Supervisory Board Members at levels within limits approved in general shareholders' meetings.

Audit Function

Audit & Supervisory Board

UACJ is organized as “a company with a board of Statutory Auditors” under Japanese law. Within UACJ, the “board of Statutory Auditors” is referred to as the “Audit & Supervisory Board” and, as an independent element of the Company’s corporate governance, monitors the Directors as they perform their duties.

As of June 21, 2018, the Audit & Supervisory Board consists of 6 Audit & Supervisory Board Members, including 4 outside members and three members with knowledge of financial and accounting matters. Audit policies and plans are prepared by the Audit & Supervisory Board annually based on the Code of Kansayaku Auditing Standards (“Kansayaku” is the Japanese term for “corporate auditor” and means Audit & Supervisory Board Member at the UACJ Group.) and the rules governing the Audit & Supervisory Board. Each Audit & Supervisory Board Member, in accordance with the audit policies and plans determined by the Audit & Supervisory Board, is engaged primarily in monitoring the implementation and operation of internal control systems, conditions with regard to risk prevention and responses to management issues, and other matters to determine whether the Directors are properly fulfilling their duties. Audit & Supervisory Board Members also attend Board of Directors and other important meetings, and express their opinions as necessary.

As a rule, the Audit & Supervisory Board comes together in monthly meetings during which audit reports presented by the full-time members serve as a principal means for close communication, and the sharing of information among all Audit & Supervisory Board Members.

Regarding concurrent service by Audit & Supervisory Board members as officers of other companies, one outside member is concurrently serving in the capacity of an outside director at another listed company. No other Audit & Supervisory Board members are concurrently holding positions at other companies.

Rationale for Selection of Outside Audit & Supervisory Board Members

Name	Independent Officer	Rationale for Selection	Activities
Akari Asano	○	<p>Akari Asano has been a senior executive in charge of general affairs and performed other management roles at a manufacturing firm and within that firm’s corporate group. He was asked to join the Audit & Supervisory Board based on the judgment that the knowledge and experience he has acquired throughout his career would enable him to properly perform the duties of an outside member.</p> <p>Judging also that Mr. Asano is not in a position that would give rise to a conflict of interest with general shareholders, UACJ has designated him an independent officer.</p> <p>None of the descriptions provided in Rule 211.4.6 of the Enforcement Rules for Securities Listing Regulations of the Tokyo Stock Exchange apply to Mr. Asano.</p>	<p>Attended all 14 BOD meetings and 13 Board of Auditors meetings throughout the fiscal year. Openly commented and expressed his opinions backed by his years of experience accumulated as a company executive.</p>

Name	Independent Officer	Rationale for Selection	Activities
Yuki Iriyama	-	Yuki Iriyama has served as a managing executive officer of a major steel manufacturer. He was asked to join the Audit & Supervisory Board based on the judgment that his wealth of management expertise and the sophisticated knowledge he has attained as an attorney familiar with corporate legal affairs would enable him to properly perform the duties of an outside member.	Newly appointed (as of June 2018)
Hiroyuki Yamasaki	○	Hiroyuki Yamasaki is a certified public accountant. He is an expert in corporate accounting and has deep experience with financial and accounting matters. He was asked to join the Audit & Supervisory Board based on the judgment that the high level of accounting expertise he has acquired through his career would enable him to properly perform the duties of an outside member. Judging also that Mr. Yamasaki is not in a position that would give rise to a conflict of interest with general shareholders, UACJ has designated him an independent officer. None of the descriptions provided in Rule 211.4.6 of the Enforcement Rules for Securities Listing Regulations of the Tokyo Stock Exchange apply to Mr. Yamasaki.	Newly appointed (as of June 2018)
Yoshiro Motoyama	○	Yoshiro Motoyama has served as a director and vice president of a major automobile manufacturer and has a wealth of experience in corporate management. He was asked to join the Audit & Supervisory Board based on the judgment that the broad management perspective he has acquired through his career would enable him to properly perform the duties of an outside member. Judging also that Mr. Motoyama is not in a position that would give rise to a conflict of interest with general shareholders, UACJ has designated him an independent officer. None of the descriptions provided in Rule 211.4.6 of the Enforcement Rules for Securities Listing Regulations of the Tokyo Stock Exchange apply to Mr. Motoyama.	Newly appointed (as of June 2018)

Audits by Audit & Supervisory Board Members

To help ensure the full functionality of UACJ's Audit & Supervisory Board, two employees have been assigned to assist the Audit & Supervisory Board Members with their work. To enhance the quality of audits, audit work is performed in a three-pronged scheme consisting of audits by the Audit & Supervisory Board Members, audits by internal auditors, and audits by independent auditors. For audits by Audit & Supervisory Board Members and audits by internal auditors, on-site audit plans are developed in accordance with respective annual policies and plans. Audit & Supervisory Board Members and internal auditors freely share these plans, the results obtained, and opinions with each other. They also freely share their audit results and opinions with the independent auditors, and follow up on audit findings.

Internal Audit System

At the UACJ Group, internal audits are performed by the 12-member (9 full-time internal auditors and 3 internal auditors with other job responsibilities as well) Internal Auditing Department, which reports directly to the president of UACJ Corporation. Internal audits are performed in accordance with annual audit policies and plans prepared based on the Internal Audit Rules. Their purpose is to objectively examine and assess the business activities of individual Group companies to determine whether they are being pursued within the law, and with rationality and propriety. Audit results are reported to the president of UACJ Corporation, together with recommendations and suggestions for improvements.

* as of June 30, 2018

Internal Controls

The UACJ Group endeavors to strengthen its internal control system to help ensure that its business activities are in line with management objectives, within the law and rational. Furthermore, as regards the status of internal controls stipulated by the Financial Instruments and Exchange Act, the Internal Auditing Department conducts tests and assessments with the aim of ensuring the reliability of financial reporting.

Status of the Internal Control System

As described below, the UACJ Group's internal control systems (Systems for ensuring that the execution of duties by the Directors and employees of the Company and the Group complies with laws and ordinances, and the Articles of Incorporation, and for ensuring the propriety of the business activities of the corporation and of the corporate group consisting of the corporation and its subsidiaries) have been established in accordance with Japan's Companies Act and Ordinance for Enforcement of the Companies Act.

a. Systems for ensuring that the execution of duties by the Directors and employees of the Company and the Group complies with laws and ordinances, and the Articles of Incorporation

- The Company and the Group act in accordance with the management philosophy and company principles, and aim to be virtuous organizations that abide by laws and ordinances, and the Articles of Incorporation.
- The CSR Committee takes the lead in holding lectures, distributing manuals, and conducting other education activities. It also conducts compliance activities, such as reviews to check for legal and regulatory violations.
- An internal reporting system has been put in place to promote the early detection and correction of compliance violations.
- The Internal Auditing Department, as the internal audit unit, monitors the performance of duties in individual units, conducts audits to determine whether internal control systems are functioning effectively, and reports findings to the Board of Directors.

b. Systems for the preservation and management of information on the execution of duties by Directors

- Board of Directors meeting minutes, approval documentation, and other information on the execution of duties by Directors is prepared and retained in accordance with internal rules.
- Information is kept in a state that permits viewing by Directors and Audit & Supervisory Board Members whenever necessary.

c. Provisions and other systems addressing management of the risk of loss for the Company and the Group

- The Company and the Group, in accordance with internal rules, properly address environmental, safety and health, quality, information security, export management, and other Company or Group risks. Risks unique to particular units are managed by those units. The CSR Committee advances horizontal risk management.

d. Systems for ensuring efficient execution of duties by Directors of the Company and the Group

- Within the Company and the Group, duties are efficiently fulfilled based on the rule-based division of duties and responsibilities, and on other measures as well.
- Mid-term management plans and fiscal year budgets are prepared, and specific targets are established and their achievement is managed by individual units or groups.

e. Systems for ensuring the propriety of operations by the subject corporation and the corporate group consisting of it and its parent company and/or subsidiaries

- The UACJ Group has constructed and put in place an internal control system.
- The Internal Auditing Department conducts audits of operations. It then reports results to the Audit & Supervisory Board Members and Representative Director as a measure for promoting compliance throughout the Group. In addition, subsidiaries are obligated by their own internal rules to discuss important management matters with the Company. If necessary, rules concerning the management of subsidiaries will be revised to ensure the propriety of business activities carried out by the Group.

f. Matters concerning employees to be assigned to assist Audit & Supervisory Board Members at their request

- An employee has been assigned to assist the Audit & Supervisory Board Members. This employee supports the work of the Audit & Supervisory Board Members in accordance with their instructions.

g. Matters concerning the independence of the employee referred to in the previous item and the validity of instructions issued to the employee, from Directors

- The employee referred to above is an employee designated to be outside the direction and supervision of Directors, and personnel decisions concerning that employee require the prior agreement of the Audit & Supervisory Board.

h. Systems enabling Directors and employees of the Company and the Group to report concerns to Audit & Supervisory Board Members, and systems for other reports to Audit & Supervisory Board Members

- In connection with the execution of their duties, Directors, Executive Officers, and employees of the Company and the Group report to the Company's Audit & Supervisory Board Members without delay instances of significant violations of laws and ordinances, and the Articles of Incorporation; improprieties; and developments that could result in significant damage to the Company or Group.
- Directors, Executive Officers, and employees, based on the Board of Directors meeting rules and other internal rules, report or settle matters in Board of Directors meetings or other meetings at which Audit & Supervisory Board Members are in attendance.
- Subjecting Directors, Executive Officers, and employees of the Company and the Group, who have reported a matter, such as those described above, to the Company's Audit & Supervisory Board Members, to disadvantageous treatment on account of their having reported the matter is prohibited.

i. Other systems for ensuring that audits by Audit & Supervisory Board Members can be performed effectively

- The Board of Directors ensures Audit & Supervisory Board Member attendance at Board of Directors meetings, and management and other important meetings.
- The Audit & Supervisory Board Members and representative Director periodically hold meetings to exchange views.
- When the Audit & Supervisory Board Members make a request concerning the effectiveness of audits performed by the Audit & Supervisory Board Members, the Directors, Executive Officers, and heads of relevant units respond in good faith.
- Expenses covered by Article 388 of the Companies Act are handled in accordance with rules.

Strategic Shareholdings

UACJ's basic stance on strategic share investments is to maintain shareholdings to the extent that rational purposes, such as maintaining or strengthening business ties, or advancing business collaborations, can be advanced. Questions regarding possible investments in shares not already held, purchases of additional shares, and divestment are addressed with appropriate research considering factors such as necessity for the growth of the UACJ Group and effective use of the Group's capital, before referral to the Board of Directors, as required by Company standards.

Voting rights for shares held are exercised based on an overall consideration of whether resolution approval would have benefits, for example, in terms of supporting the purpose for the shareholding or promoting the sound management and, ultimately, greater corporate value for the issuing company.

Takeover Defense Strategy

Presently, UACJ has not adopted any takeover defense strategies.

Viewing strict compliance as indispensable for business survival, we have made compliance education one of our highest priorities.

Group Code of Conduct

Based on the Group's management philosophy and company principles, the Group Code of Conduct was established in June 2014 to set forth standards that all Group executives and employees must abide by if the UACJ Group is to be able to move forward as a corporate group that garners even greater trust by society.

Efforts to prepare versions of the Group Code of Conduct in the official languages of the locales of overseas affiliates are moving forward. Including the original Japanese version, the Group Code of Conduct now exists in ten different languages.

The Group Code of Conduct is available online in the various languages in which it has been completed.

The Group Code of Conduct is available in the following languages:

Japanese, English, Chinese, Czech, Indonesian, Thai, Spanish, Vietnamese, Brazilian Portuguese, and Malay.

Compliance Education

As part of its compliance education endeavors, the UACJ Group has posted the Group Code of Conduct on the intranet and distributes abridged editions that all executives and rank-and-file employees can keep with them at all times. In fiscal 2017, department-level seminars on the Group Code of Conduct were held for employees of UACJ, 30 Group companies in Japan, and 22 of 31 Group companies overseas. Afterward, the president of each company pledged to the President of UACJ in writing that they would uphold the Group Code of Conduct.

In fiscal 2017, compliance education efforts continued to focus on compliance in job-level training and coverage of key points concerning international cartels in seminars held for executives and employees in sales-division or other positions that may entail interacting with representatives of competing companies.

Through regular, ongoing measures such as these, UACJ Group strives to ensure sound compliance awareness and understanding of legal provisions throughout its organization.

Internal Reporting System (Corporate Ethics Consultation System)

The UACJ Group operates an internal reporting system (Corporate Ethics Consultation Hotline) the purpose of which is to prevent compliance problems altogether, or discover them early on and swiftly resolve them. This system has internal and external channels that employees can access anonymously. Measures are in place to receive contacts by telephone, postal mail, e-mail, and other means as well. The Anonymous Reporting Board^{*1} is another reporting function that we have established to make it easier for employees to report activity they believe or suspect constitutes a compliance violation. The Corporate Ethics Consultation Hotline oversees and appropriately handles all reports of questionable activity from the selection of a unit to investigate the report, to implementation of a formal response. At the same time, it makes clear to relevant employees that the reporting employee and those who cooperate with the investigation are not to suffer any negative consequences from the mere reporting of suspicious activity or cooperation with the investigation. Furthermore, actions are taken to thoroughly protect the reporting and cooperating employees by, for example, confirming that they actually have not been subjected to negative consequences for their actions.

^{*1} The Anonymous Reporting Board is a system that allows an employee to engage in a dialog anonymously with hotline personnel. The receipt of a report anonymously can make it impossible to adequately investigate the report or provide investigation results and information on problem solutions back to the reporting employee. The UACJ Group has adopted the Anonymous Reporting Board to alleviate such problems.

Hotline Reports Received and Status of Responses

In fiscal 2017, UACJ Corporation received two reports via the Corporate Ethics Consultation Hotline, while affiliates in Japan received a total of seven. Of the total of nine reports, four concerned human rights and the remaining five pertained to other matters. Reports from employees willing to provide their names were properly handled, and investigation results and information on corrective measures were provided to the reporting employees.

Reports from employees wishing to remain anonymous were investigated to the extent possible. Those engaging in the improper activity identified were instructed on proper approaches and cautioned regarding their conduct going forward.

Reports received by affiliates were properly responded to by the relevant company, with investigative and other types of assistance from the Company, as needed.

Strict Compliance with the Antimonopoly Act and Protection of Free Competition

To promote fair, transparent, and free competition, and engagement in legitimate business transactions, the UACJ Group operates in strict compliance with the Antimonopoly Law. In fiscal 2017, we again focused on key points concerning international cartels and held seminars to reinforce proper understanding of them among all executives and employees who are involved in work, at UACJ Corporation and Group companies in Japan, in which understanding of international cartels is relevant. We also conducted compliance training for key compliance personnel at Chinese and Southeast Asian Group companies (17) and for sales personnel at Thai and Chinese Group companies (3). In fiscal 2017, we experienced no violations of either Japan's Antimonopoly Act or the antimonopoly laws of other countries.

Anti-Corruption Initiatives

The UACJ Group explicitly prohibits actions such as bribery and excessive expenditures for entertainment in its Group Code of Conduct, and thorough understanding of these points is promoted in code of conduct education programs and job-level training. In fiscal 2017, we conducted anti-bribery training for sales and general affairs employees at domestic and overseas Group companies. In all, 21 sessions were held for 310 participants.

There were no instances of the acceptance or offering of a bribe, or any other violations of the Group Code of Conduct, in fiscal 2017.

Rejection of Relationships with Antisocial Forces

In its company principles, the UACJ Group requires the strict rejection of relationships with antisocial forces and organizations. Furthermore, through our Group Code of Conduct, we strongly emphasize to all executives and employees that they are not to bend to inappropriate demands by antisocial forces, must remain resolute throughout, and must never engage in any relationship with antisocial forces.

UACJ, in accordance with its internal rules, makes donations and joins organizations only after determining that potential recipients, and organizations the company may join, have no connections to antisocial forces.

We are constructing a comprehensive system for preventing the realization of all types of risks.

Risk Management System

At UACJ, individual departments identify business risks, and take measures to avoid or mitigate them. Progress in implementing risk management measures is reported to the CSR Committee, which then assesses the propriety of the measures taken.

BCP (Business Continuity Plan)

UACJ is working to develop a business continuity plan (BCP) that would allow it to continue to provide products and services, or enable the rapid restoration of these activities, in the event of a major earthquake, widespread emergence of infectious disease, or other emergency situation.

| Response System for Major Earthquakes and Other Disasters

In preparation for an earthquake, fire, or other such disaster, UACJ has built a response system that provides for the safety of employees, minimizes damage by preventing secondary disasters, and speeds recovery.

At a more specific level, we have implemented employee safety confirmation systems, established an emergency contact network, and equipped business locations with emergency radio equipment.

In fiscal 2017, we completed the implementation of safety confirmation systems by installing them at three more companies, bringing the total number of companies where these are in place to the planned total of 29.

In fiscal 2017, emergency radio equipment was installed at five business locations belonging to three domestic Group companies. Installation of this equipment has now been completed for UACJ and key locations (48) of domestic Group companies (20).

To help ensure our ability to act swiftly and reliably in times of emergency, we regularly conduct training exercises at individual business locations. In November 2017, training focused on the establishment of a disaster response headquarters was conducted at the Company's headquarters.

Everyone, including the chairman, president, all other executives working at the headquarters, and all 300 or so rank-and-file employees participated in this exercise, in which we tested skills in setting up, operating, and breaking down a disaster-response headquarters; and fighting fires. Training for responding to a power outage was also conducted.

Disaster response initiatives tailored to circumstances at individual business locations are also being taken. The Nagoya Works provides a particularly good example. Lying in an area specifically addressed by the Large-Scale Earthquake Countermeasures Law, this facility has been steadfast in taking steps such as seismically reinforcing the works' main structure, securing evacuation routes, installing early warning devices, and setting aside disaster supplies. At the same time, it has prepared an earthquake preparedness manual, which serves as the basis for annual comprehensive preparedness training for a possible earthquake and tsunami.



Training for the set-up of a disaster-response headquarters at UACJ's headquarters

Disaster-Response Training by Business Location

Business Location	Training Conducted
Headquarters	Firefighting, safety confirmation, evacuation, emergency life-saving, setting up a disaster-response headquarters, radio communications
Nagoya Works	Comprehensive training for responding to a major earthquake in the Nankai Trough (Setting up a disaster-response headquarters, evacuation, safety confirmation, radio communications, emergency life-saving, use of firefighting equipment, etc.) Safety confirmation, radio communications
Fukui Works	Comprehensive disaster-response training (Setting up a disaster-response headquarters, evacuation, safety confirmation, radio communications, firefighting, using stretchers to transport injured people, etc.) Safety confirmation, radio communications, AED training class.
Fukaya Works	Comprehensive disaster-response training (Setting up a disaster-response headquarters, evacuation, safety confirmation, firefighting, emergency life-saving, etc.) Safety confirmation, radio communications

Business Location	Training Conducted
Nikko Works	Comprehensive disaster-response training, firefighting at individual worksites, AED instruction, safety confirmation, radio communications

Basic Concept

The UACJ Group believes that being a business that contributes widely to society requires understanding the expectations of stakeholders and responding to their trust. We see product safety and quality control initiatives, supply-chain management, human resource development and diversity, and the provision of safe, healthy work environments as having importance not only for us but for society, as well, and do our best to achieve progress in all of these areas, with their social benefits in mind.

Key Objectives and Results

	Fiscal 2017 Objectives	Fiscal 2017 Results	Assessment	Fiscal 2018 Objectives
Quality and Customer Satisfaction	Zero major quality problems	Results on a par with fiscal 2016	○	Zero major quality problems
	10% or greater year-on-year reduction in complaints (both those involving claims for damages and those that do not)	7% year-on-year reduction	×	10% or greater year-on-year reduction in complaints (both those involving claims for damages and those that do not)
Human Resource Development and Diversity	Promote diversity in hiring	Hired nine new college graduates from outside Japan Rehired 218 people who had reached the mandatory retirement age	○	Promote diversity in hiring

	Fiscal 2017 Objectives	Fiscal 2017 Results	Assessment	Fiscal 2018 Objectives
Human Resource Development and Diversity	<p>Hire women at the rate of 40% of new-graduate staff hires, and 10% of new-graduate hires for technical positions</p> <p>Increase female participation in management by 40% compared to the figure for the end of fiscal 2015</p>	<p>Began to implement UACJ's first General Employer Action Plan</p> <p>Hired 7 women among a total of 43 new-graduate staff hires</p> <p>Hired women at the rate of 45% of new-graduate staff hires, and 6% of new-graduate hires for technical positions</p> <p>Increased female participation in management by 6.5% compared to the figure for the end of fiscal 2016</p>	×	<p>Hire women at the rate of 40% of new-graduate staff hires, and 10% of new-graduate hires for technical positions</p> <p>By 2020, increase female participation in management by 100% compared to the figure for the end of fiscal 2015</p>
	<p>Continue strengthening technology development, frontline execution, and workforce capabilities for the Group as a whole</p>	<p>Conducted a total of 26 seminars of 15 types, for 264 participants</p> <p>Had 907 employees participate in job-level training</p>	○	<p>Continue strengthening technology development, frontline execution, and workforce capabilities for the Group as a whole</p>
Provision of Safe, Healthy Work Environments	<p>Energize improvement activities aimed at eliminating workplace accidents</p>	<p>Conducted monthly safety inspections across the entire company</p> <p>Implemented safety measures based on uniform facility safety standards for the Group</p> <p>Conducted safety assessments for new construction, renovation, and relocation projects</p>	○	<p>Energize improvement activities aimed at eliminating workplace accidents</p>
	<p>Conduct employee education on safety and health</p>	<p>Included in job-level training</p> <p>Enhanced the content of experiential education on hazards</p> <p>Conducted safety and health seminars for supervisors</p>	○	<p>Conduct employee education on safety and health</p>
	<p>Adjust working hours to appropriate levels</p>	<p>Implemented a work-time management system to accurately record and confirm working hours</p>	○	<p>Adjust working hours to appropriate levels</p>

Looking toward the Future

In fiscal 2016, the UACJ Group will redouble its efforts to achieve zero major quality problems, an objective for which performance fell short in fiscal 2015. At the same time, we will work to further activities aimed at eliminating workplace accidents and advancing human resource development. Other areas of particular focus will include efforts to achieve the various objectives, such as the target for hiring women into staff positions, established to promote diversity and achieve the action plan for compliance with the Act to Advance Women's Success in Their Working Life.

Comment by the Executive in Charge

Marking its fifth anniversary in 2018, UACJ has expanded its operations over the past five years by establishing and acquiring companies in the United States and Thailand. As a result, the UACJ Group's employees have become more diverse overall. Mean-while, transferring skills to the next generation of workers and drastically reforming working conditions have emerged as serious issues in Japan, making it important for us to improve our workplace environment.

In response to these developments, UACJ has launched two new initiatives for its employees. One is the UACJ Way campaign. The UACJ Way is a set of principles of conduct for every employee to follow and value. We are promoting it group-wide to foster a sense of unity among all members so that we can realize the future direction envisioned by UACJ. The second initiative is a project for reforming our workplaces in Japan. Targeting almost all types of operations, the project is aimed at helping employees become more productive while maintaining a healthy work-life balance with plenty of rest time. By carrying out these two initiatives, we hope to be a group of companies that meets the expectations of our employees as well as the Group's many stakeholders around the world.



Yukihiro Kuwamoto
Executive Officer

Relationships with Customers

The UACJ Group strives to satisfy customers and earn their trust through excellence in quality, technology, and execution.

Basic Policies on Quality

1. We will constantly strive to improve our capabilities in technological development, quality management, and frontline execution to offer products and services that earn the satisfaction and trust of customers.
2. We will fulfill demands put before us.
3. We will carefully consider the quality objectives we have established and results we have obtained, and allocate management resources as needed.
4. We will undertake quality improvement activities with participation by all Group members to ensure that all employees understand our policies on quality.
5. All Group employees will act based on a clear understanding of our stance on quality and will participate in quality improvement activities.

Quality Management System

The UACJ Group has established its Quality Committee, chaired by the Executive in Charge of Quality, as the highest organ for advancing quality management. The Quality Committee discusses and reports on the status of quality, significant problems, and other quality-related matters.

Quality control groups have been established for each of the Group's businesses – flat rolled products, extrusion, foil, casting and forging, copper tubing, and precision-machined components. These individual quality control groups work together with the Quality Management Department and the leaders of organizational units, as they pursue quality management activities.

Quality Improvement Activities

A uniform, annual quality management policy has been established for the entire UACJ Group. In fiscal 2017, quality objectives and priorities were clearly stated under the slogan, "Enhance quality to create a leading corporate group with world-class competitiveness," and measures for improving quality were undertaken.

Fiscal 2017 Quality Objectives

1. Zero major quality problems (quality anomalies)
2. 10% or greater year-on-year improvements in numbers of complaints, both those involving claims for damages those that do not.

Key Objectives

- Identify fundamental causes of problems to prevent recurrences and human error.
- Identify customer needs and expectations, and respond to them swiftly to increase customer satisfaction.
- Secure necessary capabilities and understanding, based on appropriate education, training, and experience.
- Implement DR (design reviews), change management, and initial flow control in the transfer of control of products.

Through focused action on these key objectives, the UACJ Group as a whole achieved a 7% reduction in complaints.

At present, no UACJ Group products are prohibited for sale due to major quality problems, and none are the subject of a dispute.

Considering factors including our fiscal 2017 results, we decided to carry forward with the same quality objectives in fiscal 2018 under the slogan, "Further strengthen the quality platform to realize world-class competitiveness." Key objectives reflecting our vision of the future will be established, and we will proceed with efforts to further improve quality.

Fiscal 2018 Quality Objectives

1. Zero major quality problems (quality anomalies)
2. 10% or greater year-on-year improvements in numbers of complaints, both those involving claims for damages those that do not.

Key Objectives

- Identify the fundamental causes of problems to prevent both problem recurrence and human error
- Achieve greater customer satisfaction by identifying customer needs and expectations, and rapidly responding to them
- Secure necessary capabilities, and ensure proper understanding, by conducting appropriate education and training activities and providing employees with opportunities to learn on the job
- Implement DR, change management, and flow control
- Strengthen the quality management structure

| Quality Management based on International Certifications

The UACJ Group practices quality management in accordance with the international quality management system certifications obtained by UACJ and its Group companies. For Group companies that have yet to obtain these certifications, the Quality Management Department provides support enabling quality management that conforms to international certification requirements.

| Measures to Improve Customer Satisfaction

In both its management philosophy and basic policies on quality, the UACJ Group states that it will strive “to offer products and services deserving of our customers’ satisfaction and trust.”

Knowing what customers want, therefore, is essential. To gather customer feedback, we conduct regular customer satisfaction surveys. We also hold gatherings where customers can tell us directly what they think and what they would like to see in our products. Having collected feedback from activities such as these, we analyze it and then apply findings in improvement activities and development of new products.

| Addressing Complaints

For fiscal 2017, our objectives in addressing customer complaints were: “Zero major quality problems (quality anomalies)” and “10% or greater year-on-year improvements in numbers of complaints, both those involving claims for damages and those that do not.” In fiscal 2018, our efforts to achieve these objectives will continue.

Regarding major quality problems, we have created uniform decision criteria for the entire Group, share information throughout the Group, and are working to prevent recurrences of problems experienced in the past.

| Responding to Customer Questions

On its website, the UACJ Group has created a page where customers can submit questions on matters such as orders for aluminum materials and technical issues concerning applications, and ask for prepared information. Regardless of the nature of the inquiry, we make a point of providing customers with swift, accurate responses.

The number of questions we receive has been averaging about 200 per year over the past several years, with 20-30% coming from overseas. Going forward, we intend to further deepen our interaction with customers and reflect what we learn in the development of new products and other activities, as well.

Awards Received from Customers

Award	Recipient	Rationale
NHK Spring Co., Ltd. Special Contribution Award (June 2017)	UACJ	For zero defects and 100% on-time deliveries of aluminum plate. In appreciation of outstanding efforts to further surface treatment and special-order aluminum alloy technologies, and for proactively providing streamlining recommendations and making outstanding contributions to production activities.
Toyota Motor Corporation New Lexus LS Project Award in the Technology Category (October 2017)	UACJ	In appreciation of outstanding contributions to product appeal for the new Lexus LS.

Awards Received from Outside Organizations

Award	Description	Recipient of a prize
Japan Aluminum Association Association Award (Development Award) (May 2017)	Award is presented for technical advancement, product development, and products that have contributed to demand expansion for the aluminum industry, and for products that are expected to promote aluminum demand and develop new markets.	For development of Ai-PAC II packaging material printed with codes invisible to the naked eye. Ko Nishio, Yukie Kitada (Research & Development Division) Toru Tanaka, Akihiro Koike (UACJ Foil Corporation)
Japan Aluminum Association Association Award (Technology Award) (May 2017)	Award is presented for technical advancement, product development, and products that have contributed to demand expansion in the aluminum industry, and for aluminum material, and product manufacturing and processing technologies, that are outstanding as technical achievements or make significant social contributions in terms of environmental protection.	Automobile body parts using friction-stir-welded aluminum tailored blanks Shunya Okada, Kazuo Matsubara, Toshihiko Fukuda (Research & Development Division)
The Japan Institute of Light Metals Takahashi Award (November 2017)	In recognition of the achievements of craftspeople in advancing industrial technologies related to light-metal casting and die-casting, and melting and casting of expansile materials, secondary alloys, and recycled base metals	Kaoru Fujieda (Nagoya Works)
Japan Institute of Copper 51st Research Paper Awards (November 2017)	For research papers contributing to the sound development of the copper products industry by advancing science and technology related to copper products	Mechanism for suppressing honeycomb corrosion of copper alloys that include large amounts of phosphorous additives Yoshihiko Kyo, Yoshiyuki Otani, Koji Kanamori, Hiromi Kono, Masaki Kumagaya (Research & Development Division)

Dissemination of Information on New Products and Technologies

| Publication of a Technology and Research Journal

The most recent edition of UACJ Technical Reports, Vol. 4 No. 1, was published in February 2018.

UACJ Technical Reports offer readers papers on the results of basic and applied research, analyses of technologies and discussions of future development possibilities, introductions of new products and coverage of various other topics.

We plan to continue publishing UACJ Technical Reports as a tool for highlighting the UACJ Group's latest technical achievements in terms of research results, and new products and technologies.

Relationships with Suppliers

With the basic objective of pursuing procurement that is fair, transparent, and proper, the UACJ Group engages in procurement activities that are global in scale and environmentally conscious.

Fair Transactions

| Basic Approach

The UACJ Group's basic policy on procurement rests on the principle of free competition and calls for us to engage in fair, transparent, and proper procurement activities. To adapt our procurement activities to changes in social conditions, we revise the composition of procurement items, procurement methods, and procurement conditions, as needed, and make other changes as well.

We look beyond past performance in choosing who we do business with and are open to dealing with domestic and overseas suppliers that meet price, quality, delivery time, stable supply capability, reliability, environmental, and other requirements. Products with new functions and functions that offer improved performance are of particular interest and we actively include them in our scope of purchases.

| Compliance in Procurement Activities

The UACJ Group takes steps to promote strict compliance in procurement activities. Our efforts in this regard include seminars on Japan's Subcontract Act. Seminars are scheduled for each business site of UACJ Corporation and the domestic Group companies and steady progress is being made in holding them.

| CSR Procurement Initiatives

The UACJ Group believes it is important to consider the needs of society and the environment not only within the Group but throughout the supply chain. We, therefore, have developed the UACJ Corporation CSR Deployment Guideline for Suppliers and ask that our suppliers work with us based on a thorough understanding of our position on CSR procurement.

| Environmentally Conscious Procurement

The UACJ Group's Purchasing Department works with manufacturing and other user departments to obtain environmentally conscious raw materials, indirect materials, office supplies, and services wherever practical.

Regarding raw materials and indirect materials, in particular, we endeavor to procure alternatives with the least environmental impact. These efforts include having individual works request, as part of their ISO14001 activities, that suppliers perform surveys to identify the presence of designated chemical substances and provide certifications that designated chemical substances have not been used. When there are no options free of these substances, attention focuses on using those with the lowest amounts. Efforts to ensure that our procurement activities are as environmentally conscious as possible also extend to areas like packaging, where we encourage suppliers to be efficient in their use of packaging materials.

For office products, the department is taking steps such as shifting to products that comply with Japan's Law on Promoting Green Purchasing.

UACJ actively pursues information disclosure and dialogue with investors in advancing its global IR activities.

Communication with Investors

At UACJ, forthright information disclosure and interactive communication are key to our efforts to meet investor expectations. Timely disclosure and communication activities promote investor understanding of the UACJ Group, and help us to build and maintain enduring relationships based on trust.

In fiscal 2017, we held telephone conferences for analysts and institutional investors following the first- and third-quarter results announcements, and results briefings following the second- and fourth-quarter results announcements. At the international level, our executive in charge of IR conducted face-to-face meetings with institutional investors. Intended to provide a better, more direct sense of who we are, these meetings were held in Hong Kong, Singapore, the U.S. and the U.K.

To promote dialogue with individual investors, which is also very important to us, we conducted investors-only tours of the Fukui and Nagoya works in October and November 2017, respectively. The tours were organized to provide individual investors with a better understanding of the UACJ Group and aluminum as a raw material. For fiscal 2018, tours are planned to take place again at the Fukui and Nagoya works, and a management briefing will be held in Osaka. All of our IR activities function as a way for us to hear the opinions of investors and we incorporate what we learn into our activities and operations.

Enhancing our corporate value as we build on communications between investors and the UACJ Group is our objective moving forward.

Providing Information through Various IR Tools

The UACJ Group issues shareholder communications to shareholders and other investors. Our ongoing efforts to enhance information disclosure also include the preparation of an integrated report providing clear explanations of both financial and nonfinancial information, and communications intended specifically for individual investors. The UACJ website is another important medium for investor relations and in fiscal 2017, Nikko Investor Relations Co. Ltd. ranked it the 4th best among the websites of all 3,713 listed companies, for thoroughness of content. Other outside organizations, too, have expressed praise for our investor relations activities.

Dividend Policy

UACJ views dividends as an important avenue for providing returns to shareholders. Our decisions on dividend payments are guided by our basic policy of making stable, ongoing payouts, and are shaped by factors such as our performance trends, and the needs to enhance our corporate value through investments, secure R&D capital to boost competitiveness, and ensure financial soundness.

For the fiscal year ended March 2018, we paid total dividends of 60 yen per share.*

* UACJ conducted a 1-for-10 reverse stock split on common shares with an effective date of October 1, 2017. Annual dividends per share, based on calculations following the stock split, were ¥60 for the year ended March 31, 2018.

Relationships with Local Communities

The UACJ Group engages in various types of activities to not only contribute to society through business activities as a good corporate citizen but also coexist with and contribute to local communities as a corporate group trusted by society.

Basic Approach

The UACJ Group places great value on coexisting with the communities where we pursue business activities. We, therefore, support activities promoting environmental conservation, the development of children, the well-being of people with disabilities, local festivals, and other locally oriented activities.

Promoting Employee Participation

At UACJ, we encourage employees to participate in volunteer activities by not only inviting them to join in company activities supporting social welfare, disaster recovery, environmental conservation, and other such causes but have also implemented a volunteer leave system* that supports social participation by individual employees.

* Under the volunteer leave system, employees are allowed to take paid time off, separate from their regular paid leave, to participate in volunteer activities.

Environmental Protection and Neighborhood Cleanups

The UACJ Group, in its pursuit of CSR activities rooted in local communities, actively participates in the beautification activities of local governments and cleans areas adjacent to its plants.

Nagoya Works

The Nagoya Works contributes to local beautification efforts by conducting cleanups of areas surrounding the works. Participation in these twice-a-year events (held in May and September in fiscal 2017) consists mainly of supervisors numbering 60 or so for each occasion.

Fukui Works

The Fukui Works participates in environmental beautification activities promoted by Fukui Prefecture, and performs cleanup activities in areas next to its facility. Held every year, they have now become regular events for the community surrounding the works.

The Fukaya Works and Six Group Companies in the Fukaya Area*

Since 2001, the Fukaya Works and six Group companies in the Fukaya area have participated in Fukaya City's semiannual (May and November) "zero garbage" activities and conducted their own local cleanup activities. In fiscal 2017, a total of 106 people, including Group company employees joined in a cleanup of areas along the Maenogawa River as it passes along the western side of the Fukaya Works.

* ACE21, UACJ Logistics, UACJ Fukaya Service, UACJ Metal Components Corporation, UACJ System Corporation, UACJ Green-net Corporation



Cleaning up along the Maenogawa River in connection with Fukaya City's "zero garbage" cleanup campaign

Nikko Works

The Nikko Works performs cleanup activities in the area around its facility and in neighboring areas.



Cleaning up near the Nikko works

R&D Center

The R&D Center, which leads research and development endeavors, cleans areas around the Nagoya Works, its neighbor at the same business location. In 2018, a total of 76 people joined in the cleanup activities, which were held 19 times. For each of these activities, participants spent about an hour picking up litter and helping to beautify the local area.



UACJ Copper Tube Corporation and UACJ Copper Tube Packaging Corporation

UACJ Copper Tube and UACJ Copper Tube Packaging hold cleanup activities in the areas around their facilities, as part of Toyokawa City's Cleanup Day, an event held twice each year in accordance with the city's ordinance on littering and cleaning up after pets.

UACJ Copper Tube employees cleaning up areas around the company's facilities as part of Toyokawa City's Cleanup Day



UACJ Copper Tube employees cleaning up areas around the company's facilities as part of Toyokawa City's Cleanup Day

UACJ Extrusion Oyama Corporation and UACJ Foundry & Forging Corporation

Every four months, around 30 employees of UACJ Extrusion Oyama Corporation and UACJ Foundry & Forging come together to clean the approximate 2.5km footpath that surrounds the plant. They have also continuously participated in cleanup activities sponsored by Oyama City.

UACJ Extrusion Gunma Corporation

UACJ Extrusion Gunma Corporation holds activities to remove litter and other discarded items from along public walkways, roads, and water channels, in areas near its plant. In fiscal 2017, these activities were held in April, July, December, and March, with 13 participants representing management and workers on each occasion. Items collected were processed by the city under a fee exemption and included cans, plastic bottles, and a variety of other items, with a total weight of 50 kg.



Cleaning up the public roads and water channels around the facilities of UACJ Extrusion Gunma Corporation

UACJ Extrusion Nagoya Corporation, Anjo Works

Working together with neighborhood associations, the Anjo Works of UACJ Extrusion Nagoya Corporation conducts cleanup activities mainly in areas adjacent to or near its plant at the end of every month. As an additional contribution to local beautification, the works also sweeps up litter and fallen leaves after stormy weather and on other occasions as necessary.

UACJ Extrusion Shiga Corporation

UACJ Extrusion Shiga Corporation participated in the June 2017 Lake Biwa Clean Fishing event, which was organized to help eliminate invasive species from Lake Biwa and preserve its environment.

UACJ Extrusion Shiga Corporation participates in this annual event held jointly by all Shiga Prefecture municipalities.



UACJ Extrusion Shiga Corporation employees participating in the Lake Biwa Clean Campaign

UACJ Foil Corporation, Nogi Works

In June of every year, the Nogi Works of UACJ Foil Corporation cleans the roughly 2km walking path between the works and Nogi Station, helping to beautify the area in the process. In fiscal 2017, 12 volunteers including Nogi Works employees and employees of business partners performing work on site joined in this event.



UACJ Foil Corporation, Shiga Works

The Shiga Works of UACJ Foil Corporation held an event on December 28, 2017 to collect leaf litter from areas surrounding the works and to clean the parking lot. Attention focused in particular on storm drains, which had become clogged, causing the formation of large puddles from rainfall.



UACJ Foil Corporation, Isesaki Works

The Isesaki Works of UACJ Foil Corporation helps to advance global environmental beautification activities by holding a cleanup activity for a water channel running along the south side of the works. In fiscal 2017, this event was held on June 21, and participants, including recent new hires, worked together to clear the water channel of cans, plastic garbage, leaf litter, and other matter.



Nikken Co., Ltd., Saitama Plant

Every year, the Saitama Plant of Nikkin Co., Ltd. helps to install and remove lanterns for the cherry blossom festival sponsored by the Kiyoku Industrial Park in March, joins in the industrial park's zero-garbage activities in May and November, and helps to set up and manage the Noryo Fireworks Festival held on the industrial park's athletic field in July.

In addition, the plant performs activities such as collecting garbage and leaf litter, and trimming grass, once a week in surrounding areas.

Sansen Co., Ltd.

For over 10 years, Sansen Co., Ltd. has been conducting its "Sawayaka Undo" cleanup activities in areas (junior high school, school for special needs education, hospital, and other places) surrounding the Nagoya Works of UACJ Corporation.

These activities are held on a monthly basis and draw participation by about 10 employees on each occasion.



Sansen Co., Ltd.'s "Sawayaka Undo"

Support for Education and Research

The UACJ Group provides support for university and other research institutions, and for community-based cultural and arts activities. We also participate in the Japanese Ministry of Economy, Trade and Industry's commissioned research, are moving forward with the development of a joint industrial-government-academia development program for young engineers and university students, act as a corporate practical training venue for the Super Science High School, support training activities sponsored by the Japan International Cooperation Agency, and support other types of education and training initiatives, as well, inside and outside Japan.

Internship System

The UACJ offers internships to 10-15 university (including graduate school) and technical college students every year. Participants are given a chance to experience actual operations in R&D and production technology departments, and in so doing gain a better understanding of the value of study and research in an academic environment and what it means to work at a company and in society.

Fukui Works

As one way of contributing to the local community, the Fukui Works welcomes visitors for plant tours.

Fukaya Works

In August, the Fukaya Works conducted a plant tour for high school students as part of its cooperation with the Ministry of Education, Culture, Sports, Science and Technology's Super Science High School project. The aim of this project is to develop people who can be active participants in science and technology at the international level. It is doing this by helping students develop scientific abilities and skills, and capacities for scientific thinking, judgment, and self-expression, through advanced math and science high-school education. Eight high school students participated in the plant tour, which gave them an opportunity to see the inside of the Fukaya Works and the R&D Center.



R&D Center

The R&D Center applies the UACJ Group's wealth of accumulated scientific knowledge to provide educational support. In 2018, it invited science students from Nagoya Koyo Senior High School, designated a Super Science High School by the Ministry of Education, Culture, Sports, Science and Technology, to the Inari Festival held at the Nagoya Works and made their visit into a learning opportunity by having them view exhibit items.

UACJ Extrusion Oyama Corporation

UACJ Extrusion Oyama Corporation welcomes local junior and senior high school students for workplace tours every year. Comments reflecting surprise at the quantity and size of equipment in the plant and recognition of the importance of workers simply greeting each other show that observing plant operations has impressed students in various ways.

UACJ Color Aluminum Corporation

UACJ Color Aluminum accepts students from Utsunomiya Kogyo High School in Utsunomiya City, Tochigi Prefecture, for internships in October of every year.

| UACJ Copper Tube Corporation

Every year, UACJ Copper Tube Corporation accepts interns from a local high school.

| UACJ Metal Components Corporation, Shiga Works

The Shiga Works of UACJ Metal Components Corporation participates in a program in which public school teachers undergo training at private sector companies. Over the past 17 years, it has regularly welcomed teachers into its facilities, and conducted training for 16 teachers in total. From October through December of fiscal 2017, a teacher from a local elementary school participated in assembly, packaging, and other types of work together with employees in the craft and manufacturing area of the Shiga Works.

| UACJ Metal Components Corporation, Ena Works

The Ena Works of UACJ Metal Components Corporation accepts students from Nakatsugawa Kogyo High School and Ena Kita Junior High School, both in Gifu Prefecture, for internships. It also conducts plant tours for local elementary, junior high, and high school students. As a member of Ena City's environmental committee and labor standards association, the works also participates in events sponsored by these organizations.

| Nalco Koriyama Co., Ltd.

Nalco Koriyama Co., Ltd. offers internships to students from Koriyama Kita Kogyo High School. In fiscal 2017, 3 second-year students from the school's machinery program participated in the three-day internship (July 11-13), which included classes on safety and how to read technical diagrams, and hands-on experience in performing light-duty work.

| ACE21 Nara Center

ACE21 Nara Center participates in the experiential learning education program of the nearby Shikige Junior High School. In fiscal 2017, the center took great pride in guiding 2 students through a three-day program in the basics of processing sheets of aluminum.

| UACJ Marketing & Processing

Since fiscal 2012, UACJ Marketing & Processing Corporation has been conducting a practical learning program for people with disabilities. Its intent is to support their efforts to live independently. In fiscal 2017, the company accepted one student from Anjo Special Needs Education School for the program, as has become its annual practice. With the help of detailed discussions with the school, and proper attention paid to safety during the program, the student accepted for the program completed it with flying colors.

| Toyo Fitting Co., Ltd.

Toyo Fitting participates in an experiential learning project for local junior high school students.

Disaster Response Support for Communities

| Nagoya Works

Supporting the City of Nagoya's aims under its program for making the city more resilient against natural disasters, the Nagoya Works has signed a memorandum of understanding with a local committee working to prepare the Nakagawa school district for natural disasters. The agreement is for the provision of materials and equipment for responses to large-scale disasters. By entering into this relationship, the works is cooperating with the City of Nagoya's efforts to have communities and companies work together to improve their area's ability to deal with major disasters.

The Nagoya Works also signed an October 2012 memorandum of understanding in which it has agreed to make its unmarried employees' dormitory available free of charge as a tsunami evacuation site for students of a nearby school for disabled children, and it continues to conduct tsunami evacuation drills with the school.

| UACJ Copper Tube Corporation

In an effort to support local disaster preparedness, UACJ Copper Tube Corporation entered into an agreement for firefighting and disaster response support with Toyokawa City in March 2013. The company also registered as a business that will cooperate in firefighting for the city and has employees participate in firefighting activities.

| Toyo Fitting Co., Ltd.

Toyo Fitting participates in an experiential learning project for local junior high school students.

Other Forms of Communication

| Fukui Works

Cooperating with Sakai City's efforts to make itself more livable for people with disabilities, the Fukui Works began in fiscal 2008 to make donations of 9 million yen in five-year cycles, providing equipment for schools for special needs children and other social welfare facilities, as well.

| Fukaya Works and Six Group Companies in the Fukaya Region*

Since 2007, the Fukaya Works and six Group companies in the Fukaya region have been making contributions to programs that assist disabled people.

These contributions are overseen by the UACJ Shogai Fukushi Kikin. Together with funds donated by the six Group companies, a total of two million yen is contributed to the fund every year to promote projects for the benefit of disabled people in Fukaya City.

* ACE21 Corporation, UACJ Logistics Corporation, UACJ Fukaya Service Corporation, UACJ Metal Components Corporation, UACJ System Corporation, and UACJ Green-net Corporation

| Nagoya Works, UACJ Copper Tube Corporation

The Nagoya Works holds the Inari Festival, which begins with a dedication ceremony at Inari Shrine, located on the grounds of the works, in April of every year, and UACJ Copper Tube Corporation holds its Summer Festival in August. Both of these festivals are attended by large numbers of local residents and are, therefore, good opportunities for deepening communication with local communities. The Nagoya Works and UACJ Copper Tube Corporation also actively co-sponsor and participate in festivals, sports, and other events held by local school districts.



Inari Festival (UACJ Corporation, Nagoya Works)

| UACJ Copper Tube Corporation and UACJ Copper Tube Packaging Corporation

As part of their efforts to support people with learning disabilities, UACJ Copper Tube Corporation and UACJ Copper Tube Packaging Corporation began in April 2013 to allow Smile, an organization supporting people with learning difficulties, to sell its baked goods within their companies every Wednesday, excluding holidays. Popular with employees, these items – all 150 Smile brings – are sold out in only about 15 minutes.

The companies also outsource the sorting of waste items to Smile and Mokusei no Hana, another organization supporting disabled people.

| UACJ Extrusion Oyama Corporation, UACJ Foundry & Forging Corporation

At UACJ Extrusion Oyama Corporation, employees, mostly younger ones, participate in the Mikoshi Neriaruki parade that is the highlight of every July's Oyama Summer Festival Opening Carnival.

Donations and other forms of support are provided on an ongoing basis to Tochigiken Bohan Kyokai (crime-prevention organization), Oyamashi Shakai Fukushi Kyokai (social welfare organization), and other charitable organizations.

| UACJ Extrusion Gunma Corporation

Since fiscal 2015, UACJ Extrusion Gunma Corporation has been hosting students from Isesaki Senior Special Needs School for on-site group practical training.

| Nalco Koriyama Co., Ltd.

With help from the city of Koriyama, Nalco Koriyama Co., Ltd. organized a summer festival sponsored by the association of companies with operations in the Koriyama Nishibu Dai-ni Industrial Park. The festival, which was held on July 21, 2017, attracted roughly 840 visitors, including local residents. Following an opening address by the mayor of Koriyama, the festival commenced with a can-stacking game, a comedy performance, and other attractions visitors thoroughly enjoyed.

Relationships with Employees

One of the UACJ Group’s company principles is to “nurture staff by creating safe and positive work environments.” Accordingly, we work to address issues concerning human rights, diversity, human resources development, work-life balance, and occupational safety and health.

Basic Workforce Data

UACJ Workforce Data

	2016		2017	
Employees	2,756	(283)	2851	(236)
Men	2,539	(259)	2619	(224)
Women	217	(24)	232	(12)
Average age	40.5		40.2	
Average years of continuous service	17.4		16.7	
New hires (excluding temporary transfers)	187		248	
Men	179		227	
Women	8		21	
Employee turnover rate	4.5%		4.2%	
(Voluntary resignations)	2%		2.8%	

* Figures in parentheses are the average numbers of temporary hires (not included in totals).

* As of March 31 of each year.

UACJ Group Workforce Data (Consolidated)

	2016		2017	
Group employees (consolidated)	9,651	(1,116)	10,067	(922)
Men	8,132	(948)	8,506	(773)
Women	1,519	(168)	1,561	(149)
By Region				
Japan	6,102	(854)	6,293	(810)
Asia	2,260	(17)	2,290	(13)
Americas	1,127	(245)	1,329	(96)
Europe, other	162	(0)	155	(0)

* Figures in parentheses are the average numbers of temporary hires (not included in totals).

Respect for Human Rights

Basic Approach

Among its provisions, the UACJ Group's Code of Conduct calls for respect for human rights, prohibition of harassment, prohibition of the use of child labor and forced labor, and respect for basic labor rights. Understanding of the importance of respecting human rights is emphasized in job-level education, intra-departmental education focusing on the Code of Conduct, and in other settings, as well.

Promoting Diversity

Basic Approach

The UACJ Group believes that its competitiveness relies on having diverse human resources. One of the major policies under the human resource development section of the Mid-term Management Plan is to "Promote diversity (by employing more older individuals, women, and immigrants)." We, therefore, are committed to building and maintaining a system that enables the continuous nurturing of human resources.

Diversity in Employment

The UACJ Group actively maintains a diverse work force to support its business endeavors in new fields and in the global arena. In fiscal 2018, our hiring of new graduates included 43 people (36 men and 7 women) for staff positions, and 64 (61 men and 3 women) for skilled labor positions. We are also actively hiring people from other countries, and have brought 19 on board since fiscal 2011.

Creating Work Environments Supporting Career Success for Women

At the UACJ Group, we are actively working to increase career opportunities for women. Our objectives under our action plan based on the Act to Advance Women's Success in Their Working Life include: 1) Making women 40% of the new college graduates we hire into administrative positions and at least 10% of technical positions; and 2) Doubling by fiscal 2020 the number of women in management positions as of March 2016. As our most recent results along these lines, we hired 43 new college graduates, including 7 women, in fiscal 2018. Women accounted for 45% of the administrative positions filled and 6% of technical positions. Regarding the number of women in management positions, there were 93 female managers across the entire UACJ Group as of the end of fiscal 2017 (March 31, 2018). This reflects an increase of 6* from the end of the previous fiscal year. In response to provisions, such as those of Japan's Law for Measures to Support the Development of the Next Generation, we are striving to create workplaces that allow employees to fulfill both work and child-care responsibilities.

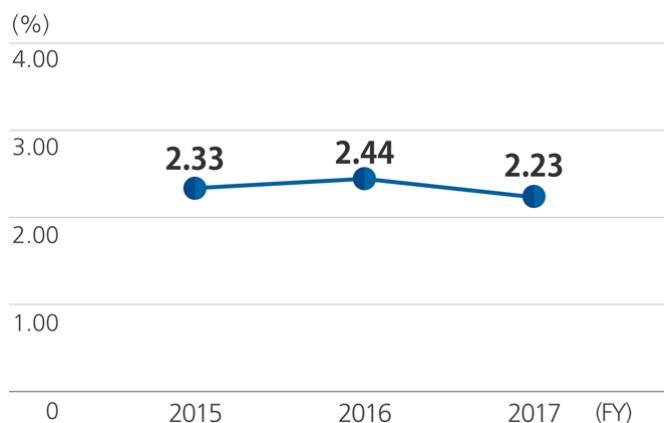
* Includes Group companies that are not consolidated subsidiaries.

Initiatives for Hiring People with Disabilities

UACJ works to achieve the legally mandated workforce percentage for employment of people with disabilities. We do this via UACJ Green-net Corporation, a company recognized as a special subsidiary under Japan's Act for Promotion of Employment of Persons with Disabilities. The UACJ Green-net Nagoya Office was established in April 2015 to expand work opportunities for people with disabilities and its Anjo Satellite Office was set up in April 2017. The Toyokawa Office was opened in April 2018. As of June 1, 2018, people with disabilities comprised 2.23%* of the Company's workforce, more than the legally mandated 2.2%.

* For fiscal 2017, calculation of this rate was based on combined employment data for UACJ; UACJ Foil Corporation; UACJ Extrusion Nagoya Co. Ltd.; UACJ Logistics Co., Ltd.; and UACJ Green-net Corporation. For fiscal 2018, data for UACJ Trading Co., Ltd.; UACJ Copper Tube Co., Ltd.; UACJ Copper Tube Packaging Co., Ltd.; and UACJ Metal Components Co., Ltd. were added to the calculation.

Employment Rate for People with Disabilities



Personnel Development Initiatives

| Approach to Personnel Development

The UACJ Group sees people who understand our management philosophy and company principles, and act accordingly, as the source of its competitiveness. To practice our management philosophy, we believe it is important to develop people who:

- Do not simply accept the status quo but instead continuously pursue improvement and change,
- Have the ability to understand other cultures and can act on a global stage,
- Have the ability to act in UACJ's best interest, and
- Focus on quality and technology, and have the ability to act with a frontline-first orientation.

In terms of concrete action, we conduct job-level training and seminars, support self-development, and organize improvement activities, based on three basic ideas – employee development based on individual learning, developing subordinates' abilities on the job, and developing through the organization.

The Human Resources Development Department oversees the development and nurturing of people by filling in gaps to enable personnel development activities to function effectively.

| Human Resource Development Program

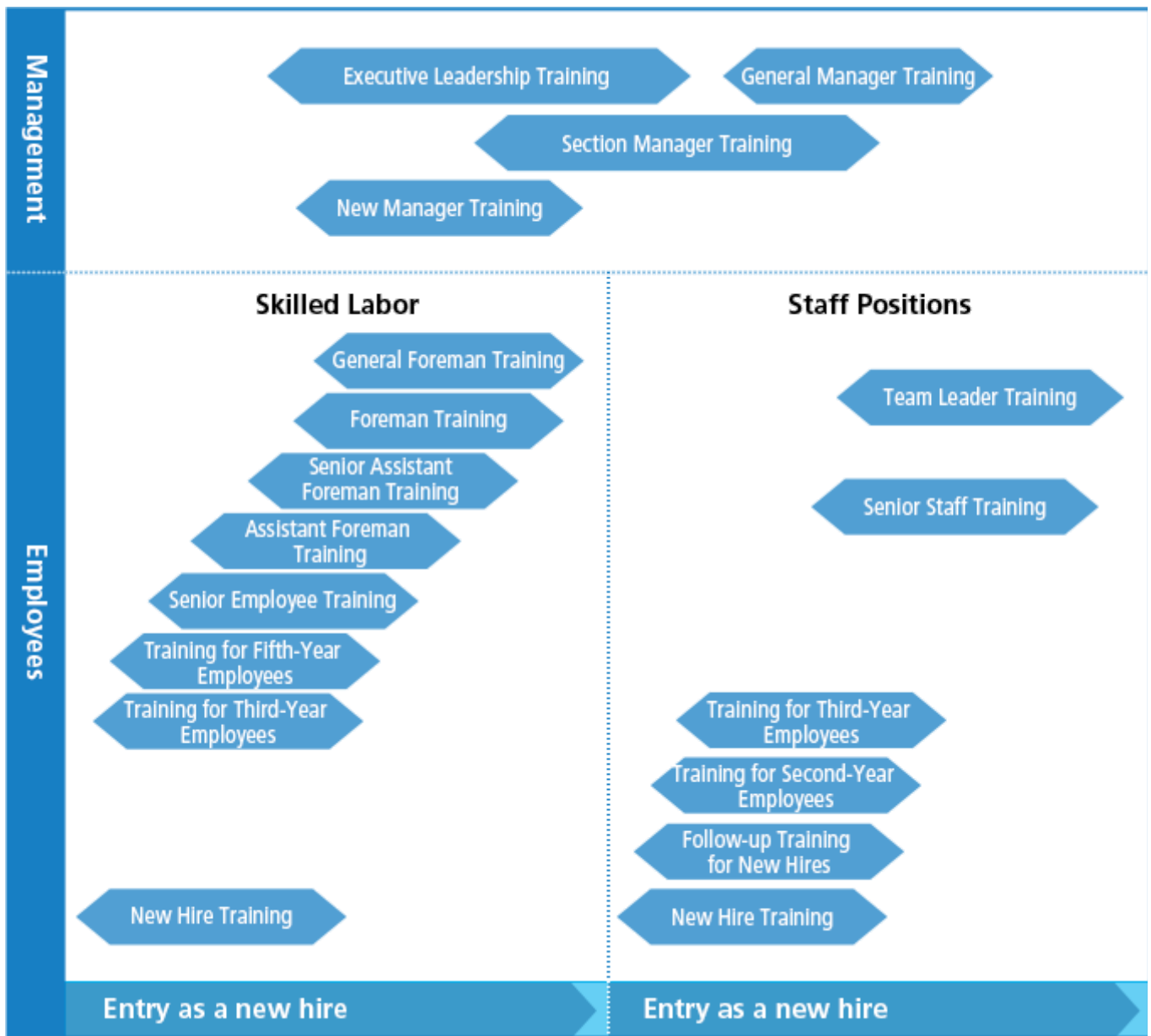
The UACJ Group's Human Resources Development Department uses the Human Resources Development Center at the Nagoya Works and external training facilities to conduct job-level training and seminars.

Job-Level Training

The purpose of job-level training is to have employees sharpen their awareness of their job-level roles, acquire the professional capabilities and knowledge required to fulfill their job responsibilities, and deepen their understanding of the company's aims and systems.

For staff employees, we conduct a series of training programs over the first three years of employment. For employees in their fourth year after joining the company, and employees up through department manager level, we conduct senior staff, team leader, new manager, and other types of training in a continuous fashion by job level. We also perform training to prepare people for top management positions in the future.

For employees in skilled labor departments, we conduct training programs at the time of hiring, and in the third and fifth years of employment. From their sixth year of service, employees participate in training as required for their job level.



Fiscal 2017 Job-Level Training Participation

	UACJ	Affiliates	Total
Management	55	69	124
Staff	115	73	188
Skilled Labor	335	260	595
Total	505	402	907

Seminars

The UACJ Group, separate from job-level training, also conducts seminars mainly for the purposes of helping individuals improve their skills or acquire expert knowledge, and imparting knowledge required for particular workplaces.

In fiscal 2017, we held seminars in areas such as improving leadership skills, instructor development, development of on-the-job training leaders, quality control (QC), and naze naze (why why)* analysis at principal business sites. To better equip employees for working in a global environment, we conducted a business communication seminar, and to address new needs, we held seminars on the topics of diversity management and self-management for women.

In fiscal 2017, we conducted a total of 26 seminars of 15 types, with participation by 264 employees in all.

* Naze naze (why why) analysis is a problem-solving approach that focuses on ascertaining fundamental causes.

Support for Self-Development

In an effort to meet the needs of individual employees and workplaces, we help employees undertake self-development through avenues such as distance learning, preparation to acquire various types of professional certifications, and language study. We also issue a monthly newsletter that carries information on training activities and other information intended to promote employee interest in self-development.

Education Support for Group

The Human Resources Development Department accepts Group company employees for participation in job-level training and seminars, and provides guidance and other forms of on-site support.

In fiscal 2017, 6 improvement and 5S seminars were conducted at Group company locations by local instructors.

Developing Human Resources for Overseas Roles

In fiscal 2014, we introduced a two-year overseas training program in which participants spend the first year in language training and the second in practical training. Through fiscal 2017, a total of seven employees were sent to the U.S. Two employees are currently participating in the program in fiscal 2018. We plan to continue with this program as a human resources development tool with a medium- to long-term outlook.

For employees scheduled to be sent on overseas assignments, we identify specific training programs based on each individual's work history and the demands of the assignment he or she is about to undertake, and then conduct training, which also includes intensive language instruction, on an individual basis.



Human Resources Development Center

For employees in general, we provide language training support based on TOEIC scores and conduct business skill seminars to help employees cultivate experience and knowledge.

Outside of Japan, Group companies are beginning to develop and operate their own education systems.

| Improving Frontline Capabilities (Handing down technical skills)

Efforts to pass on the monozukuri (manufacturing) spirit, experience, and skills veteran employees have developed and acquired over their long careers are critical for maintaining product quality and continuously improving productivity.

In preparation for the coming increase in veteran technicians reaching the mandatory retirement age, the UACJ Group's Nagoya Works began a program in 2004 to transfer the skills, instinct, and "tricks of the trade" - the professional know-how - of veteran employees to their younger colleagues. In fiscal 2017, a similar initiative was launched at the Fukui Works, adding to others already underway in the maintenance department of the Nagoya Works, the extrusion department of UACJ Extrusion Nagoya Corporation, and the pipe manufacturing department of UACJ Copper Tube Corporation, where efforts are tailored to specific manufacturing circumstances. Development of these activities is underway at other locations as well.

| Improving the Capabilities of Non-Manufacturing Staff (Ji-Kotei Kanketsu initiative)

To improve the quality and efficiency of the work performed by non-manufacturing staff, we are pursuing initiatives based on the concept of "Ji-Kotei Kanketsu", or JKK.

JKK in non-manufacturing areas is the concept of individual employees thinking of the customer and downstream processes first, not making or passing on bad products (information), taking pride in and responsibility for their own work, not blaming others, improving themselves, and performing defect-free work. This is an approach we learned from Toyota Motor Corporation, and modified to suit our needs.

Our JKK initiative got underway on a trial basis in June 2009 in the Nagoya region. In April 2010, we launched a team within the Human Resources Development Department to advance this initiative and began promoting JKK throughout the Group.

Note: Ji-Kotei Kanketsu (JKK) is a manufacturing approach in which individual employees focus on not making or passing on defective goods (information) to customers and downstream processes, and take pride in and bear responsibility for their work, making improvements to perform their work perfectly, and without blaming others for problems. JKK is based on an approach learned from Toyota Motor Corporation and customized by UACJ for its own purposes.

Rehiring Employees Who Have Reached Mandatory Retirement Age

We are actively rehiring employees who have retired after reaching the mandatory retirement age, and transferring their years of skills, techniques, and know-how to younger employees. As of the end of April 2018, 218 senior employees were back at work at UACJ.

Work-Life Balance

Basic Approach

The UACJ Group has several systems intended to promote a healthy work-life balance by enabling all employees to properly meet work responsibilities and have quality time off to be with their families, study topics of personal interest, enjoy hobbies, or do whatever else they would like.

As a new initiative in the same vein, the Workstyle Reform Project was launched as a Group-wide endeavor in November 2017.

UACJ Systems for Balancing Work and Family Responsibilities

Category	System	Description	No. of Employees Using (Fiscal 2017)
Child Care Support	Child-care leave	The employee may take leave for the desired period up through the end of the first April after the child becomes 2 years old (Legal requirement: Leave up to the time the child reaches the age of 2 years)	57
	Reduced working hours	Working hours may be reduced until the child becomes a fourth grade elementary school student. (Legal requirement: Until the child reaches the age of 3 years)	9
	Overtime exemption	Same as legal requirement.	0
	Sick-child leave	Same as legal requirement. Leave may be taken to care for a sick child who is not yet in junior high school. (Legal requirement: Leave for a child not yet in elementary school)	2
	Limitation on late-night work	Same as legal requirement.	0

Category	System	Description	No. of Employees Using (Fiscal 2017)
Child Care Support	Limitation on overtime work	Same as legal requirement.	0
	Limitation on overtime work Accumulated leave	Leave may be taken for child care or to care for a sick child.	37
	Baby sitter assistance service	Babysitter services by providers arranged by the Company are available at reduced rates.	0
	Telework (work from home)	Ability to work from home up to four times a month.	7
	Coreless flextime system (coretimeless)	Flextime without core working hours.	3
	Online services for employees on child-care leave	Communication tools (information messaging, notices), online courses, 24-hour telephone consultation, etc. (introduced in April 2018)	0
	Rehiring of former employees	Rehiring of employees who left to give birth or care for children.	0
Nursing Care Support	Nursing care	Up to 365 calendar days may be taken to provide nursing care (Legal requirement: 93 days)	1
	Reduced working hours	Ability to reduce working hours for the amount of time needed on each occasion	0
	Elimination of overtime work	Same as legal requirement	0
	Nursing care leave	Same as legal requirement	4
	Limitation on overtime work	Same as legal requirement	0

Category	System	Description	No. of Employees Using (Fiscal 2017)
Nursing Care Support	Limitation on late-night work	Same as legal requirement	0
	Accumulated leave	Leave may be taken to provide nursing care	23
	Telework (work from home)	Ability to work from home up to four times a month.	7
	Coreless flextime system	Flextime without core working hours.	0
	Rehiring of former employees	Rehiring of employees who left to provide nursing care.	0
Other	Flex-time system	Implemented at UACJ headquarters; branch offices; offices; and the Nagoya, Fukui, Fukaya, and Nikko works; and Research & Development Division	585
	Nursing care	Leave may be taken to provide nursing care to parents or spouses	3
	Time off for volunteer activities	Leave be may be taken for social welfare, disaster recovery, community and environmental, and other volunteer activities recognized by the Company.	0
	Transfer to accompany a domestically transferred spouse	A transfer requested to accompany a domestically transferred cohabiting spouse will be granted if certain requirements are met. (introduced in May 2018)	-
	Leave of absence to accompany a spouse transferred overseas	A leave of absence requested to accompany a cohabiting spouse transferred overseas (for a continuous period of at least one year) will be granted if certain requirements are met. (introduced in May 2018)	-
	Rehiring of former employees	Rehiring of employees who left because a spouse was transferred.	0

Child-Care Leave System and Systems for Diverse Workstyles

At UACJ, 100% of the women who took maternity leave in fiscal 2017 used the child-care leave system. As of fiscal 2017, 100% of the women who had taken child-care leave had returned to their jobs, and 84.6% of these women were still with the Company three years after returning to work. To encourage men to take childcare leave, too, the Company allows expired paid leave to be used for child care. As an additional incentive for men to participate in child care, a system has been established to allow them to take up to five days of leave at their convenience during the first month following the birth of a child.

In fiscal 2017, a total of 57 employees – seven women and 50 men - took child-care leave. Going forward, the Company will continue to take steps to help employees balance work and home responsibilities. In April 2015, the Company established a new system for rehiring former employees who left because of reasons such as the birth of a child, the need to provide child or nursing care, or the transfer of their spouse. And in March 2017, we introduced systems for providing child-care subsidies and enabling employees with child- or nursing-care responsibilities to work at home, and adopted a coreless flextime system. In April 2018, we launched online services to help employees on child-care leave balance careers and child-care and in May introduced systems to allow domestic transfers for employees to accompany domestically transferred spouses and leaves to accompany spouses transferred overseas.

Child Care Leave Taken

Fiscal Year	Men	Women	Total
2016	12	8	20
2017	50	7	57

(%)

Fiscal Year	Percents of UACJ Employees Returning to Work Following Child-Care Leave	Percents of UACJ Employees Still on the Job After Three Years
2016	88%	100%
2017	100%	84.6%

| Appropriate Management of Work Hours

To properly manage work hours and prevent the working of excessive hours, the UACJ Group has implemented a work-time management system to accurately record and verify the times when employees begin and end each day at work. Employees who exceed overtime standards are asked to see an industrial physician.

UACJ has made every Wednesday a no overtime day to reduce overall work hours and promote work productivity and efficiency. And, through steps such as having each employee specify at the beginning of the fiscal year when they will take three consecutive paid days off (5 days every fifth year), we are systematically creating conditions that make it easier to take time off. Our aim in doing this is to achieve greater improvements in work efficiency by encouraging employees to refresh themselves mentally and physically.

Along the same lines, we also decided to participate in the Japanese government's Premium Friday campaign, which began in February 2017. On the last Friday of every month, therefore, we have employees finish their work by the official end of the workday. Separately, we are also encouraging employees to use paid leave (even in hour increments) and flextime to finish their work days by 3 PM.

In addition to the above, we distribute a message by our President to enhance employee awareness of work-life balance during the month we have designated for that purpose, appropriately hire and assign people to prevent overwork, have lights turned off automatically at our head office, and automatically issue email alerts to employees and their supervisors when the employees are working excessive hours.

UACJ Overtime Hours

(h)

Fiscal Year	Average Overtime Hours
2016	32.5
2017	32.0

Paid Days Off Taken

(Days)

Fiscal Year	Yearly Average Paid Days Off Taken
2009	9.5
2010	10.4
2011	10.9
2012	12.1
2013	11.7
2014	10.9
2015	12.1
2016	12.3
2017	13.1

* Figures for fiscal 2012 and earlier are sums for Furukawa-Sky and Sumitomo Light Metal Industries, which later merged to form UACJ. Figures for fiscal 2013 are totals of the sums for the two UACJ predecessors for the first half (April 1 to September 30, 2013) and UACJ for the second half (October 1, 2013 to March 31, 2014).

Volunteer Leave System

In 2013, the UACJ Group implemented a system under which employees can take up to 50 days a year of expired paid leave to participate in social welfare, disaster recovery, local community, environmental conservation, or other company-approved volunteer activities under the auspices of the national or local governments, or quasi-governmental non-profit organizations.

Occupational Safety and Health

Basic Stance on Occupational Safety and Health

We advance safety and hygiene activities that are joined in by all employees and start from the view that employee safety, hygiene, and health are all top priorities.

More specifically, we comply with laws and ordinances, and our own internal rules, concerning employee safety and hygiene, and have constructed occupational safety and health management systems. Through proper management, we strive to create work environments that are safe, hygienic, and healthy.

Basic Policies on Safety and Health

Philosophy

The UACJ Group, recognizing that the existence of a business enterprise rests on a foundation of employee safety and health and that ensuring employee safety and health is a social responsibility of business enterprises, will respect the following principles as a matter of course.

Principles

1. We will place employee safety and health before all else in all business activities.
2. To eliminate all workplace hazards as a step toward achieving zero workplace accidents, we will take the required organizational measures, allocate the necessary management resources, and, with the participation of all employees, strive to implement safety and health activities on an ongoing basis.
3. We will comply with the Industrial Safety and Health Law and other related laws and ordinances, and ensure employee safety and health in accordance with the safety and health provisions established by the Group companies.
4. Gaining the cooperation of employees, we will conduct education and training that is necessary and adequate for ensuring safety and health for all employees, and continuously implement safety and health activities, to constantly elevate safety and hygiene standards.
5. Sharing information on safety and health activities within the Group, and pursuing mutual enlightenment, we will work to improve understanding of safety and health principles, and raise safety and health awareness, among all employees.
6. We will advance the development of comfortable work environments to reduce worker fatigue and stress.
7. We will work to develop and implement new safety and health methods and technologies.

Safety and Health Management System

Safety and Hygiene Committee

The UACJ Group has built a safety and health management system in which leadership is exercised by the general safety and health managers at individual business locations. The purpose of the system is to create work environments where workers can be confident that their safety and health are being adequately protected.

Overseeing safety and health is the Safety and Health Committee. Chaired by the Executive Officer in Charge of Safety and Health, the committee, which meets once a year, is composed of members including full-time directors, works managers, and presidents of principal Group companies. At the meeting held in January 2018, a report on fiscal 2017 activities was presented by the Safety & Environment Department and then the committee discussed and approved directions to be taken in safety and health activities for fiscal 2018. President's Safety Awards for 2017 were presented to those business locations that experienced no accidents during the fiscal year.



[Presentations of President's Safety Awards (17 business locations)]

UACJ Extrusion Nagoya Corporation; Nagoya Works; UACJ Foundry & Forging (Vietnam) Co., Ltd.; Fukaya Works; UACJ Copper Tube Co., Ltd.; UACJ Metal Components (Thailand) Co., Ltd.; UACJ Nagoya Alupack Corporation; UACJ Foil Corporation, Isesaki Works; UACJ Extrusion Gunma Corporation; UACJ Extrusion (Thailand) Co., Ltd., Headquarters Works (Ayutthaya); PT. UACJ-Indal Aluminum; UACJ Extrusion (Tianjin) Corporation; UACJ Foundry & Forging Corporation, Foundry & Forging Works; UACJ Metal Components Corporation, Shiga Works; P.T. Yan Jin Indonesia; Nikkin Co., Ltd., Saitama Plant; UACJ Foil Sangyo Corporation; and NALCO Koriyama Co., Ltd.

Safety and Hygiene Managers' Committee

The Safety and Hygiene Managers' Committee, with members including representatives of the Safety & Environment Department, and Safety Managers of the works and principal affiliates, meets once every month to discuss safety and work environment inspections and maintenance at each business location. The committee also refines the unified rules and promotes their inculcation across the breadth of the Group.

Going forward, we will continue to act vigorously to ensure that our safety and health management systems are equal to our needs.

Safety Management Initiatives (Occupational Safety and Health Management System)

The Nagoya, Fukui, Fukaya, and Nikko works have adopted and are operating worker safety and health management systems, and are pursuing activities with the goal of achieving zero accidents in the workplace.

Safety and health activity plans are prepared at each works in accordance with the UACJ Group's safety and health activity aims. Plans are finalized once they are approved by the head of each works, and then discussed and approved by the worker/management joint Safety and Health Committee at each works.

To help ensure that safety and health management is practiced at the highest standards, we have established internal audit and other schemes based on the management system. Through internal audits, we conduct self-assessments of system operations, assuring in the process, that PDCA (Plan-Do-Check-Action) cycles are being used. In addition, to enhance the safety management standards of the entire Group, we hold annual liaison meetings of people in charge of safety and hygiene at Group companies.

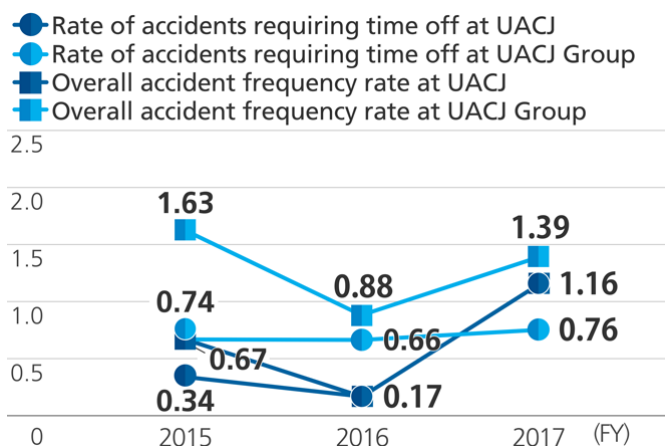
To achieve further enhancement going forward, we intend to improve the accuracy of internal audits.

Conditions with Regard to Workplace Accidents

The UACJ Group aims to eliminate workplace accidents, regardless of scale, and the Group is working together to strengthen safety management systems.

Prior to the merger, workplace accidents at the Group came to 49 for fiscal 2011. Since then, they have been trending downward. In fiscal 2017, there were 20 accidents. The rate of accidents requiring time off from work was 0.76, with an overall frequency rate of 1.39.

Workplace Accidents



*The overall frequency rate is a measure of the rate at which workplace accidents occurred during the fiscal year. It is calculated by dividing the total number of worker fatalities and injuries (including cases not requiring time off) resulting from a workplace accident during the fiscal year, by one million hours.

*The rate of accidents requiring time off from work is a measure of the frequency of workplace accidents that occurred during the fiscal year and required workers to take time off from work. It is calculated by dividing the total number of workplace accidents that occurred during the measurement period and required time off from work, by one million hours.

Group-Wide Safety Inspections

Safety inspections of the principal workplaces of each business location are performed once a month on a rotating basis.

Safety inspections are performed with the participation of the Safety & Environment Department, people in charge of safety and health at each business location, and the head of the business location being inspected. Their objective is to determine whether work is being performed in line with standards and whether any risks have been overlooked.

For work locations and procedures for which safety inspections have identified problems, improvements are undertaken immediately. Two months afterward, the Safety & Environment Department confirms the status of corrective measures by performing an on-site inspection as a part of follow-up procedures that ensure complete compliance with safety measures.

Toward Intrinsic Safety

The UACJ Group is striving to achieve intrinsic safety in its equipment and facilities. To do this, we are conducting risk assessments by examining work processes from various angles to thoroughly eliminate hazards and harmful factors. Safety measures are taken beginning with the facilities, equipment, and work approaches evaluated as having high risk levels. Residual risks, too, are all addressed with provisional measures.

Based on uniform equipment safety standards the Group introduced in March 2015, zones are being delineated within facilities and thorough safety measures are being implemented for each. Furthermore, when facilities are to be newly introduced or modified, intrinsic safety is achieved by conducting checklist-based safety examinations at the design, operational startup, and other stages.

Safety-First Corporate Culture and Personnel Development

At the UACJ Group, job-level training includes safety and health education, and content aimed at raising safety awareness. Furthermore, experiential training aimed at enhancing awareness of dangerous situations, and competitions to encourage workers to hone crane and forklift skills, are held regularly.

For managers, safety and health education and training sessions are held to promote acquisition of the position, knowledge, and attitudes necessary for implementing safety management. In addition, to elevate safety and health management standards at individual Group companies, safety and health education, safety inspections, and other support initiatives are actively undertaken to foster a safety-first corporate culture and advance personnel development along the same lines throughout the Group.



Crane operation and slinging skill contest

Principal Safety and Health Awards

Award	Recipient	Rationale
Japan aluminum Association Excellent Labor Safety Work Place Special Award for Superior Performance (Fiscal 2017)	UACJ Extrusion Gunma Corporation UACJ Extrusion Shiga Corporation* UACJ Foundry & Forging Corporation UACJ Extrusion Nagoya Corporation	No workplace accidents for three years (five years at Shiga)
Japan aluminum Association Excellent Labor Safety Work Place Prize for Excellence (Fiscal 2017)	Fukaya Works UACJ Foil Corporation, Isesaki Works	No workplace accidents for two years
Japan Crane Association Awards, Chairman's Award for outstanding operators of cranes and other equipment (October 2017)	Nagoya Works	For outstanding sling work by crane operator
Nara Prefecture Labor Standards Association Award for zero accidents in a three-month period (October 2017)	ACE21 Corp., Nishi Nihon Sales Department, Nara Center	For zero accidents in a three-month period (June, July, and August)

Mental Health Care Initiatives

The UACJ Group strives to maintain and improve the mental and physical health of employees, whom it sees as important business assets. We do this based on employee mental health maintenance and improvement guidelines prepared by Japan's Ministry of Health, Labour and Welfare.

Understanding that early detection of symptoms is critical for treating mental health issues, we devote significant energy and attention to education and "line care" by managers and supervisors. More specifically, in job-level and other types of training, we conduct systematic, ongoing training and education to provide managers with tools for counseling subordinates experiencing mental health issues. For employees still in their 20s and 30s and not yet in management positions, we conduct self-care and other types of training to help employees maintain remain physically and mentally healthy.

Early detection of employees experiencing mental health issues is accomplished by having managers routinely talk to individuals to provide guidance and advice. If a manager comes to believe that an individual requires mental health care assistance, the manager will contact the department in charge of mental health care, which will immediately take appropriate action. In addition, as part of the stress-check system we have implemented, we have employees engage in stress checks and we conduct group analyses to raise their stress self-awareness. Our efforts to thoroughly look after workers' mental health also include consultations and health advice from industrial physicians and cooperation with outside institutions specializing in mental health care.

| Workplace Environment Improvement Activities

To make better workplace environments, we are systematically taking steps to improve conditions with regard to summer heat, winter cold, dust, and noise; eliminate work that requires excessive physical exertion or taxing body positions; and add break areas and other features (e.g. adding or renovating break areas and on-site restrooms) that make environments more livable. Concerning summer heat in particular, we are moving forward with installation of air conditioning and ventilation equipment in places where it is needed.

Employee-Management Relationship

Relations with labor unions are harmonious and information on the condition of the Company is regularly shared in central and business-site labor-management conferences. In April 2016, labor-management committees were formed at UACJ and at individual business sites to engage in ongoing discussions of measures for improving work-life balance by shortening working hours.

Basic Concept

The UACJ Group is thankful for the earth and the abundance of life it supports. That feeling underlies our basic stance on the environment, and we have publicly declared our aim to reduce our environmental burden in all aspects of our business activities.

The economic activities of humankind are now of such a scale that they are having enormous impacts on the global environment and giving rise to various problems, including extreme weather, imbalances in ecosystems, and depletion of natural resources. These are sustainability risks for the UACJ Group and ultimately for the earth. Our basic stance on the environment, therefore, is to ascertain what we can do to lower our environmental burden and then work steadily to achieve what is possible.

Key Objectives and Results

	Fiscal 2017 Objective	Fiscal 2017 Performance	Assessment	Fiscal 2018 Objective
Elimination of Serious Environmental Accidents	Zero accidents	1 accident	×	Zero serious accidents
Measures to Fight Global Warming	Reduction of energy used per unit of production	0.4% decrease per unit of production	○	Reduction of energy used per unit of production
Realization of a Recycling-Oriented Society	Reduction of waste generated per unit of production	2.7% decrease per unit of production	○	Reduction of waste generated per unit of production
	Continuation of zero emissions*	Maintained zero-emissions performance	○	Continuation of zero emissions*
Chemical Substance Control	Reduction of controlled chemical substances	Identified controlled chemical substances at all business locations	○	Reduction of controlled chemical substances

* Within the UACJ Group, "zero emissions" is defined as direct landfill disposal of less than 1% of all industrial waste generated.

Looking to the Future

In fiscal 2017, the final year of the Mid-term Management Plan, we came very close to completing the transfer of products among manufacturing facilities to optimize production and saw benefits from our energy-saving initiatives. We, therefore, were able to achieve our per-unit-production objective for energy usage, even with a decline in production volume.

In fiscal 2018, we will take additional steps and try new approaches to achieve progress toward our objective.

Comment by the Executive in Charge

Aluminum is regarded as an environmentally friendly metal because it is easy to recycle and, in recent years, increasingly expected to be a useful material for reducing vehicle weight as automakers comply with stricter environmental regulations. With demand for aluminum on the rise, the UACJ Group is focusing on supplying a wide range of aluminum materials and products by leveraging its entire group-wide network of operations, including R&D facilities. These activities have been designated as priority measures under our mid-term management plan launched in April 2018.

Over the past few years, we have initiated various environmental measures in our manufacturing operations. For example, a group company in the United States recently began operating a new furnace for melting scrap aluminum at its factory, enabling it to increase the ratio of recycled aluminum in the overall raw materials it uses.

As a world-class aluminum manufacturer, the UACJ Group intends to continue making the most of aluminum's diverse properties to help reduce environmental burden and contribute to society through its manufacturing processes and products.



Hiroyuki Fukui
Managing Executive
Officer

UACJ Group Basic Environmental Policies

Corporate Philosophy

The UACJ Group is thankful for the earth and the abundance of life it supports, and recognizes that the fate of all living things hangs on the condition of the earth's environment. Therefore, we see protection of the global environment and the promotion of a recycling-oriented society as one of our highest priorities and are committed to reducing environmental impact in all aspects of our business activities.

Guidelines

1. We will make the necessary organizational arrangements and allocate the required management resources to advance activities that are cognizant of the need to protect the global environment.
2. We will work to continuously improve the quality of our environmental protection activities by assessing the environmental impacts of our present and future business activities and using the results to establish technologically and economically practical environmental improvement measures and specific objectives.
3. We will abide by environmental laws, regulations, and agreements, and formulate our own standards in actively working to protect the environment. At the same time, we will advance activities cognizant of the need to improve work environments, as well.
4. We will work to reduce our resource and energy usage, promote recycling, reduce waste, and properly manage chemical substances in all aspects of our business activities, which extend to the environmental impacts of the products we handle.
5. We will work to maintain or improve the environment by conducting environmental audits and constantly revising environmental management items and standards.
6. We will work to raise environmental awareness among all of our employees by using internal Group-wide communications activities and other measures to promote understanding of our basic stance on the environment.
7. We will contribute to and develop ties with local communities.

Given our basic stance on the environment, as set forth above, we are pursuing the following activities.

1. Measures to fight global warming and reduce CO₂
 - (1) Advancement of energy-saving measures
 - (2) Advancement of fuel conversion
2. Development of a recycling-oriented society
 - (1) Advancement of the 3R^(*1) resource conservation measures
 - (2) Increasing our scrap usage ratio
 - (3) Reduction of industrial waste generated

- (4) Reduction of landfill waste generated
- 3. Proper control of chemical substances
 - (1) Proper control of chemical substances in products
 - (2) Reduction of volatile organic compounds (VOCs)
 - (3) Reduction of PRTR^(*2) substances
 - (4) Establishment of an environmental quality management system that is trusted by customers
- 4. Compliance with laws and ordinances
 - Compliance with domestic and overseas laws and ordinances
- 5. Establishment of an environmental management system
 - Continuous improvement and enhancement of our environmental stewardship through the application of an environmental management system.
- 6. Promotion of environmental education
 - Steps to enlighten all employees and raise their awareness on environmental matters.
- 7. Improvement of the environmental performance of aluminum products
 - Contributions to the improvement of the environmental performance of our customers' products by developing and providing materials that make the most of aluminum's beauty and its environmentally harmonious characteristics of being light-weight and rustproof
- 8. Contributions to and ties with local communities.

*1 3Rs: Reduce, Reuse, Recycle

*2 The PRTR (Pollutant Release and Transfer Register) Law promotes improvement in the determination and control of amounts of designated chemical substances released into the environment.

UACJ Group Environmental Management Direction

Fiscal 2017 UACJ Group Environmental Management Direction

Area	Objective
Elimination of environmental accidents	Zero accidents
Advancement of measures to fight global warming	Per-unit-production reduction of energy consumption
Building of a recycling-oriented society	Per-unit-production reduction of industrial waste volume
	Objective Continuation of zero emissions
Proper control of chemical substances	Per-unit-production reduction of controlled chemical substances

Environmental Management Direction for Fiscal 2018

Item	Objective
Elimination of environmental accidents	Zero accidents
Advancement of measures to stop global warming	Reduction of energy usage per unit production
Creation of a recycling-oriented society	Reduction of industrial waste per unit production
	Continuation of zero emissions
Proper management of chemical substances	Reduction of controlled chemical substance usage

* Efforts will focus on chemical substances with the largest environmental impacts on a production-site basis.

Approach to Environmental Management

To advance environmental activities and raise the environmental awareness of employees, the UACJ Group has established the Environmental Committee as a body that represents the entirety of the Group.

The Environmental Committee, chaired by the Chief Environmental Officer, has a membership consisting of UACJ executives, plant managers, and presidents of principal Group companies. The committee meets once a year, in principle, to be updated on the status of environmental activities, and discuss aims and objectives for the following fiscal year's environmental activities.

To link environmental activity objectives with business activities and reliably work for their achievement, we have established the Safety & Environment Department as a unit responsible for implementation. The Safety & Environment Department holds meetings for Environmental Managers, conducts Executive Environmental Inspections, and organizes subcommittees on topics such as industrial waste and energy saving in performing the function of implementing and refining environmental activities.

Environmental Manager Meetings

The Environmental Managers of UACJ's four main works, and principal extrusion, foil manufacturing, copper tube, and precision-machined components plants come together in meetings where they review progress in achieving the UACJ Group's environmental objectives, and share information on matters like changes in relevant laws.

Environmental Management Organization



Environmental Management System

Environmental management systems are in place at each of the UACJ Group's business locations, and nearly all of our plants have obtained the ISO14001 certification. Some of our smaller business locations have obtained the Eco-Action 21 certification by following the guidelines formulated by Japan's Ministry of the Environment.

Following the September 2015 issuance of the updated ISO14001 standard, each business location worked to achieve compliance with the new standard. All locations successfully updated their certifications as of the July 2018 deadline for doing so.

ISO14001 Certifications (as of July 31, 2018)

Business Location	Certifying Institution	Certification Number	Date Obtained
Nagoya Works	JIC Quality Assurance Ltd. (JICQA)	E440	2002.4
Fukui Works	Det Norske Veritas (DNV)	00484-2002-AE-KOB-RvA	2002.4
Fukaya Works	Japan Standards Association	00484-2002-AE-KOB-RvA	2002.7
Nikko Works	Det Norske Veritas (DNV)	1851-2002-AE-KOB-RvA/JAB	2002.3
UACJ Color Aluminum Corporation	Det Norske Veritas (DNV)	00789-2003-AE-KOB-RvA	2003.5
UACJ Extrusion Oyama Corporation	Det Norske Veritas (DNV)	00583-2002-AE-KOB-RvA	2002.9
UACJ Extrusion Nagoya Corporation, Nagoya Works, Anjo Works	JIC Quality Assurance Ltd. (JICQA)	E440	2002.4
UACJ Extrusion Shiga Corporation	Det Norske Veritas (DNV)	00583-2002-AE-KOB-RvA	2002.9
UACJ Extrusion Gunma Corporation	JIC Quality Assurance Ltd. (JICQA)	E773	2004.1
UACJ Foil Corporation, Isesaki Works, Shiga Works, Nogi Works)	JIC Quality Assurance Ltd. (JICQA)	E2442	2017.3
Nikkin Co., Ltd.	JIC Quality Assurance Ltd. (JICQA)	E2442	2018.6
UACJ Foundry & Forging Corporation	Det Norske Veritas (DNV)	00583-2002-AE-KOB-RvA	2002.9
HIGASHI NIHON TANZO CO., LTD.	Det Norske Veritas (DNV)	00583-2002-AE-KOB-RvA	2002.9
UACJ Copper Tube Corporation	JIC Quality Assurance Ltd. (JICQA)	E281	2001.5
Toyo Fitting Co., Ltd.	JIC Quality Assurance Ltd. (JICQA)	E1610	2006.3

Business Location	Certifying Institution	Certification Number	Date Obtained
UACJ Metal Components Corporation, Sendai Works, Osaka Works, Hiroshima Works	Japan Quality Assurance Organization	JQA-EM3314	2003.8
UACJ Metal Components Corporation, Ena Works	The High Pressure Gas Safety Institute of Japan	04ER-420	2004.3
UACJ Metal Components Corporation, Shiga Works	Japan Quality Assurance Organization	JQA-EM6018	2007.12
NALCO Koriyama Co., Ltd.	JIC Quality Assurance Ltd. (JICQA)	E1711	2007.2

Eco-Action 21 (as of July 31, 2018)

Business Location	Certifying Institution	Certification Number	Date Obtained
UACJ Metal Components Corporation, Narita Works	Chibaken Kankyo Zaidan	0000341	2005.5
UACJ Color Aluminum Corporation	Institute for Promoting Sustainable Societies	12021	2017.10

Executive Environmental Inspections

Executive Environmental Inspections are carried out at Group business locations in Japan to prevent environmental problems, propose and advance implementation of measures for eliminating or mitigating risk, and ensure thorough compliance with environmental laws and regulations.

The inspection team, consisting of the Chief Environmental Officer and representatives from the Safety & Environment Department, visits business locations, receives reports on local environmental management, and checks local conditions in gathering information on matters such as legal and regulatory compliance, and the status of improvement activities. When matters requiring improvement are identified, the Safety & Environment Department provides guidance and support in taking the necessary corrective action. Through this approach, the quality of environmental management throughout the Group is being raised from the bottom up.

In fiscal 2017, Executive Environmental Inspections were conducted at a total of 14 business locations.

| Status of Compliance with Environmental Laws and Regulations

In fiscal 2017, there was one accident in which an environmental wastewater standard was violated. On September 17, 2017, a release of wastewater with a pH (the standard for hydrogen ion concentration) of 8.7 occurred at UACJ Copper Tube Corporation's plant. The standard calls for a pH of 5.8 to 8.6, and the release was into a river. The accident was caused by the growth of algae in a pond on the plant grounds and the consumption of CO₂ as a result of photosynthesis. This was a natural phenomenon that occurred during a brief period of time and there were no impacts on the river. To prevent a recurrence, measures are being developed to control the growth of algae.

Environment-Related Investment

The UACJ Group's fiscal 2017 environment-related investments totaled approximately 1.1 billion yen. These funds were used for purposes such as updating electrical equipment for hot-rolling facilities and adding electrostatic precipitators at the Nagoya Works, updating the wastewater treatment facility at the Fukaya Works, and switching to LED lighting fixtures at various business locations.

Environmental Education

We conduct environmental education for all employees as another measure for fulfilling our social responsibility to protect the global environment.

The Safety & Environment Department and the environment units of individual business locations lead environmental education initiatives. The Safety & Environment Department conducts fundamental environmental education activities, the purposes of which are to enlighten and raise awareness of environmental protection, and promote understanding of the UACJ Group's Basic Stance on the Environment. Meanwhile, the environment units of individual business locations carry out environmental education initiatives to foster the skills and numbers of internal auditors needed to ensure that each business location conducts its daily activities with sensitivity toward the environment. In fiscal 2016, internal auditor training also included content on changes included in the 2015 edition of the ISO14001 standard.

We encourage employees to obtain public qualifications in environmental fields and are developing a workforce that is capable of appropriately responding to trends in environmental regulation. Individual business locations conduct general environmental education programs and special education programs for employees engaged in work that could have significant environmental impacts.

Numbers of Employees with Environmental Management Qualifications (As of March 31, 2018)

Qualification	Qualified Employees
Pollution Control Manager - Air	46
Pollution Control Manager - Water	63
Pollution Control Manager - Noise	22
Pollution Control Manager - Vibration	28
Pollution Control Manager – Noise & Vibration	16
Pollution Control Manager – Dioxins	25
Energy Manager	67
Certified Environmental Measurer	3
Manager Responsible for Industrial Waste Requiring Special Controls	81
ISO14001 Internal Auditor	414

* Data are for UACJ and Group companies in Japan.

Biodiversity Initiatives

The UACJ Group views the protection of biodiversity as one of the most important global environmental challenges, and we treat it as such within the UACJ Group Code of Conduct. Though the UACJ Group's business model does not have a significant direct impact on biodiversity, we engage in actions we believe will help protect it. Examples of these actions, taken at individual business locations, are given below.

- Reduction of lumber usage in shipping material
- Addition of greenery

| Supply Chain

The UACJ Group's customer base includes a significant number of manufacturers who export products to destinations outside Japan. This is one reason why we are keenly aware of the importance of supply-chain management.

We take steps to ensure that the raw metals we use include no conflict mineral*¹. And we exercise stringent measures to comply with the European Union's REACH*² regulation and RoHS*³ directive, and ensure that our products contain no controlled substances. Furthermore, we make a point of responding appropriately when customers request us to complete a green procurement survey.

*1 Conflict minerals are minerals subject to conflict mineral disclosure regulations under the US Dodd-Frank Act. These minerals include tin, tantalum, tungsten, and gold mined in the Democratic Republic of the Congo or neighboring countries.

*2 The EU's REACH regulation requires the "Registration, Evaluation, Authorization and Restriction of Chemicals."

*3 The EU's RoHS directive requires the "Restriction of Hazardous Substances" and was issued by the European Parliament and the European Council to restrict the use of certain hazardous substances in electrical and electronic devices.

Fiscal 2017 Material Balance

To support efforts to reduce industrial waste and substances of environmental concern, the UACJ Group works to accurately determine conditions with regard to the environmental impacts of its business activities. For fiscal 2017, data on substances of environmental concern and industrial waste were collected for the principal business locations, which comprise more than 95% of the UACJ Group's total energy usage.

Fiscal 2017 Material Balance

INPUT		OUTPUT	
Energy	401,000 kℓ^{*1}	Products	
Kerosene	5,000 kℓ	Al	741,000 t
Fuel oil A	0 kℓ	Cu	48,000 t
Fuel oil C	15,000 kℓ		
Liquefied petroleum gas	26,000 kℓ	Atmosphere	
Liquefied natural gas	34,000 kℓ	CO ₂	759,000 t-CO ₂ ^{*3}
City gas	132,000 kℓ	SOX	56 t
Electricity	188,000 kℓ	NOX	683 t
		Soot and dust	59 t
Raw materials			
Al	750,000 t ^{*2}	Waste	
Cu	48,000 t	Industrial waste	2,988 t ^{*4}
Mn	3,000 t	Direct landfill waste	9 t
Mg	9,000 t	Recycled materials	17,315 t
Si	1,000 t		
Water	13,906,000 t	Wastewater	
Water for industrial use	6,680,000 t		12,063,000 t
River water	3,301,000 t		
Groundwater	3,444,000 t	Chemical substances	
Tap water	482,000 t	Releases	378 t
		Transfers	180 t
PRTR substances			
	4,502 t		

Measurement Scope: 15 locations, including UACJ (Nagoya, Fukui, Fukaya, Nikko), UACJ Color Aluminum Corporation, UACJ Extrusion Nagoya Corporation (Nagoya, Anjo), UACJ Extrusion Oyama Corporation, UACJ Extrusion Gunma Corporation, UACJ Extrusion Shiga Corporation, UACJ Foil Corporation (Isesaki, Shiga, Nogi), UACJ Foundry & Forging Corporation, and UACJ Copper Tube Corporation

*1 Crude oil equivalent

*2 Total of new and recycled metal, scrap, ingots, etc.

*3 Based on an electric power generation CO₂ emissions factor of 0.378kg-CO₂/kWh

*4 The amount of industrial waste consigned to outside parties for processing, less the amount recycled.

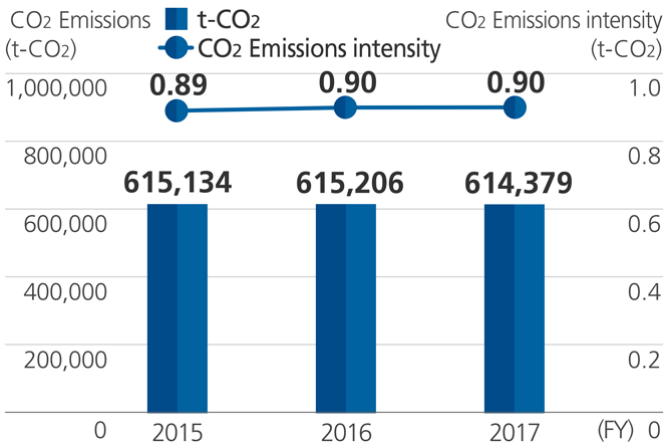
Basic Stance

In light of the need to fight global warming, the pursuit of energy-saving activities is one of the UACJ Group's most important management concerns. Accordingly, we are steadily taking action on this front, focusing on what we can do in the present.

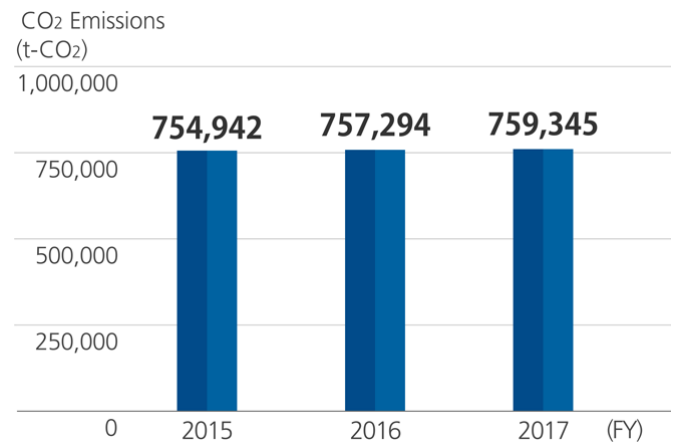
Fiscal 2017 Results

Fiscal 2017, the fifth fiscal year following the merger that created UACJ, was the final year of the Mid-term Management Plan and by the end of the year we had nearly completed our efforts to optimize production by transferring the manufacturing of various products among our works. Domestic production declined slightly, but energy consumption increased marginally compared to the fiscal 2016 level. CO₂ emissions declined slightly compared to fiscal 2016 results for the total and per-unit production (assuming a fixed emissions factor for electric power).

UACJ CO₂Emissions



UACJ Group CO₂Emissions



*1 The CO₂ emissions factor is the one used for electricity generation, 0.378kg-CO₂/kWh.

*2 Measurement Scope: UACJ (Nagoya, Fukui, Fukaya, Nikko), UACJ Color Aluminum Corporation, UACJ Extrusion Nagoya Corporation (Nagoya, Anjo), UACJ Extrusion Oyama Corporation, UACJ Extrusion Gunma Corporation, UACJ Extrusion Shiga Corporation, UACJ Foil Corporation (Isezaki, Shiga, Nogi), UACJ Foundry & Forging Corporation, UACJ Copper Tube Corporation

Main Initiatives in Production Processes

Switching to LNG as a Heat Source for Production Processes

LNG results in 30% lower CO₂ emissions than does heavy oil to generate the same amount of heat. UACJ, therefore, is systematically switching to LNG to provide heat for its production processes.

As of fiscal 2017, LNG (including city gas) accounted for approximately 79% of fuel usage at UACJ's four works, in terms of heat generated.

Energy Saving Subcommittee

At the UACJ Group, meetings of the Energy Saving Subcommittee are held on a regular basis. These meetings serve as opportunities for key participants - representatives of the facilities departments at multiple business locations - to share information, consider differences in facility performance, and hear case presentations, all to achieve further improvements in energy saving endeavors.

Examples of Energy-Saving Activities

The UACJ Group's principal energy-saving activities for fiscal 2017 are given in the table below. In addition to those initiatives, we made adjustments to combustion facilities, updated compressors, replaced deteriorated insulation, applied insulating coatings to reduce heat losses, fixed steam and air leaks, and installed solar panels on plant roofs to save energy at business locations throughout the Group.

Examples of CO₂ Emissions Reductions (New for fiscal 2017)

Business Location	Theme	CO ₂ Emissions Reduction Impact (t-CO ₂ /yr.)
All business locations	Conversion to LED ceiling light fixtures	400
Nagoya Works	Reduction of electricity consumption by updating electrical equipment for rolling facilities	400
Fukaya Works	Reduction of DX gas usage in the annealing furnace	200
Nagoya Works	Reduction of electricity usage by updating electric room air-conditioning facilities	200
Fukaya Works	Reduction of the number of boilers used	200

Main Initiatives in Logistics

UACJ is working to save energy in its logistics processes. Considered a Specified Consignor ^(**2) under the Energy Saving Law ^(**1), UACJ has established the goal of a 1% improvement in the 5-year average amount of energy used per ton-kilometer of shipments and is taking steps toward achieving it.

In fiscal 2017, the impacts of measures such as loading factor improvements and use of ship transport reduced the amount of energy used for shipping, per unit of sales, to a level below that for fiscal 2016.

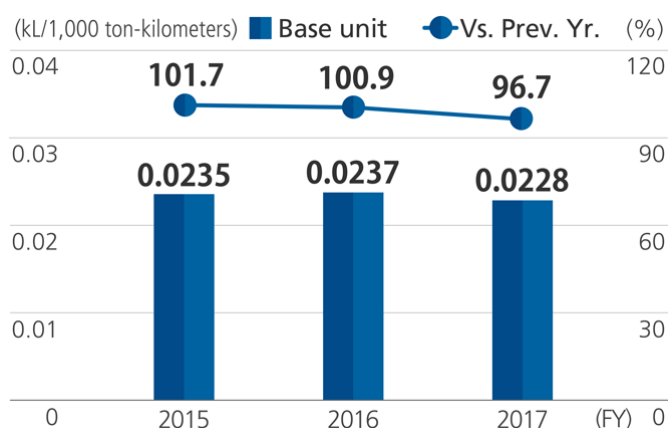
To address another concern, CO₂ emissions, we and business partners in the same industry have been cooperating since 2001 to improve shipping efficiency by jointly transporting certain extruded aluminum products.

*1 Energy Saving Law : Under an ordinance established by the Ministry of Economy, Trade and Industry under the Act on the Rational Use of Energy, a consignor, who is in the position of requesting services from a freight carrier, is required to develop an energy-saving plan, and work to reduce energy consumption.

*2 Specified Consignor :

A consignor whose annual shipments of its own freight equals or exceeds 30 million ton-kilometers

Amount of Energy Used for Shipping, per Unit of Sales



* Figure submitted in regular reports

Main Initiatives in Offices

Energy-Saving Activities in Offices

UACJ's offices are actively working to cut electricity usage by implementing the Japanese government's "cool biz" and "super-cool biz" hot-weather measures, raising thermostats in the summer and lowering them in the winter, and systematically turning off lighting, electronic devices, and other electricity-consuming items when not in use.

| Office-Based Environmental Protection Measures

As environmental protection initiatives, individual UACJ offices separate waste into paper and plastic, and recyclables into newsprint, copy paper, magazines, and cardboard.

For office supplies, items complying with the Law Concerning the Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities and eco-mark items are purchased to the extent possible.

Basic Stance

The UACJ Group believes it would be ideal if products could be made without giving rise to any substances negatively impacting the environment, anywhere within the supply chain. That ideal is at the root of our constant efforts to prevent contamination by chemical substances.

Fiscal 2017 Results

For discharges of environmental pollutants accompanying its production activities, the UACJ Group has set and abides by pollutant discharge standards that are stricter than those of Japan's Air Pollution Control Law, Water Pollution Control Law, local government ordinances, and conventions.

In fiscal 2017, there was one accident in which an environmental wastewater standard was violated. On September 17, a release of wastewater with a pH (the standard for hydrogen ion concentration) of 8.7 occurred at UACJ Copper Tube Corporation's plant. The standard calls for a pH of 5.8 to 8.6, and the release was into a river. The accident was caused by the growth of algae in a pond on the plant grounds and the consumption of CO₂ as a result of photosynthesis. This was a natural phenomenon and occurred over a short period of time, so there were no impacts on the river. Measures for controlling the growth of algae are being developed to prevent a recurrence.

Pollutant Control at Individual UACJ Works (Fiscal 2017)

○: Measurements fall within standards

	Measurement Item	Nagoya Works	Fukui Works	Fukaya Works	Nikko Works
Air	NOx, SOx, soot and dust	○	○	○	○
Water	pH, BOD	○	○	○	○
	n-H (mineral oil) , SS	○	○	○	○

Control of PRTR Substances

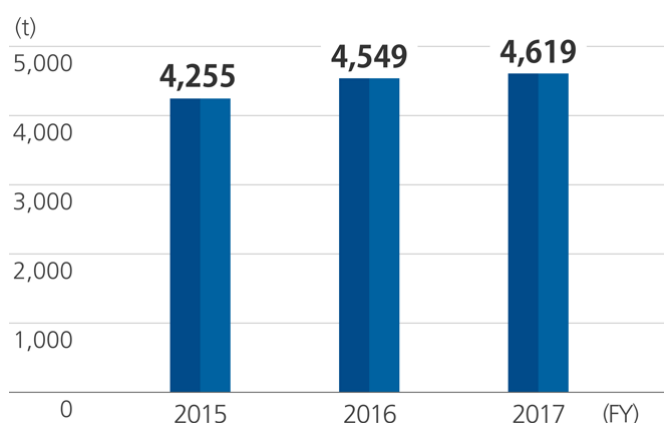
The UACJ Group, in accordance with the PRTR Law, identifies amounts of targeted substances handled, released, and transferred, and reports them as required. We also work to reduce these volumes.

In fiscal 2017, factors such as progress in converting to a detergent containing lower amounts of controlled substances reduced overall releases of targeted substances by the Group as a whole by 11.3% compared to fiscal 2016.

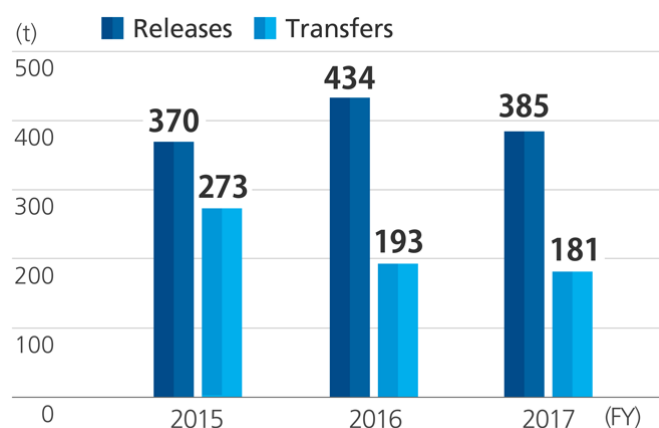
* PRTR Law : Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof

Amounts of PRTR Substances Handled

(Contain manganese, chromium, nickel, and lead as alloy substances)



Amounts of PRTR Substances Released or Transferred



*Measurement Scope: UACJ (Nagoya, Fukui, Fukaya, Nikko), UACJ Color Aluminum Corporation, UACJ Extrusion Nagoya Corporation (Nagoya, Anjo), UACJ Extrusion Oyama Corporation, UACJ Extrusion Gunma Corporation, UACJ Extrusion Shiga Corporation, UACJ Foil Corporation (Isezaki, Shiga, Nogi), UACJ Foundry & Forging Corporation, UACJ Copper Tube Corporation.

Handling, Releases, and Transfers of PRTR Substances (Fiscal 2017)

No.	Substance	Amount Used (kg)	Amount Released (kg)	Amount Transferred (kg)
412	Manganese and its inorganic compounds	2,648,330	0	21,412
300	Toluene	784,345	180,502	46,190
80	Xylene	211,075	9,839	2,489
87	Chromium and chromium(III) compounds	195,746	0	28,502
296	1,2,4-trimethyl benzene	172,732	74,248	6,779

No.	Substance	Amount Used (kg)	Amount Released (kg)	Amount Transferred (kg)
273	1-dodecanol	155,046	79,203	49,758
53	Ethyl benzene	76,199	4,004	629
374	Hydrogen fluoride and its water-soluble salts	61,983	1,702	15,372
71	Ferric chlorides	48,222	0	0
308	Nickel	39,023	0	0
297	1,3,5-trimethylbenzene	34,093	22,129	1,711
88	Hexavalent chromium and its compounds	27,947	0	61
302	Naphthalin	8,283	203	44
304	Lead	5,996	0	0
407	Polyoxyethylene = alkylether	5,040	4,990	0
438	Methylnaphthalene	4,699	23	0
133	Ethylene glycol monoethyl ether acetate	4,140	67	9
321	Vanadium compounds	3,813	0	0
392	n-hexane	2,914	416	290
245	Thiourea	2,750	0	2,750
207	2,6-Di-tert-butyl-4-cresol	2,362	644	1,718
83	Cumene	1,050	24	4
	Total	4,495,789	377,995	177,719

Measurement Scope : UACJ (Nagoya, Fukui, Fukaya, Nikko), UACJ Color Aluminum Corporation, UACJ Extrusion Nagoya Corporation (Nagoya, Anjo), UACJ Extrusion Oyama Corporation, UACJ Extrusion Gunma Corporation, UACJ Extrusion Shiga Corporation, UACJ Foil Corporation (Isezaki,Shiga,Nogi), UACJ Foundry & Forging Corporation, UACJ Copper Tube Corporation.

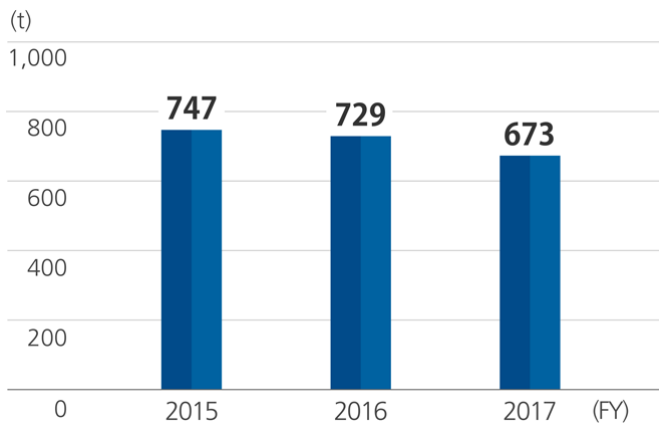
Reducing VOC Releases

Having targeted for reduction substances such as toluene, xylene, ethyl benzene, and 1,3,5-trimethylbenzene, the UACJ Group is cutting releases of these VOCs (Volatile Organic Compounds) into the air. As one example, the cleaning solution we use for the finishing of sheet products is being replaced with one that has very low levels of the VOCs targeted for reduction.

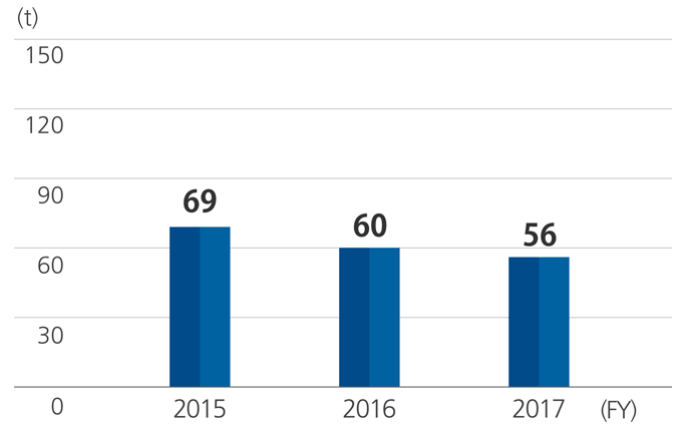
Prevention of Air Pollution

The UACJ Group is working to reduce its emissions of air pollutants by keeping plant facilities in top working condition and converting from heavy oil to LNG as a fuel. At present, our efforts are succeeding in keeping SOx and NOx emissions at low levels.

NOx Emissions



SOx Emissions



Measurement Scope: UACJ (Nagoya, Fukui, Fukaya, Nikko), UACJ Extrusion Oyama Corporation.

Control of PCBs

The UACJ Group, in accordance with the Law Concerning Special Measures Against PCB (Polychlorinated biphenyl) Waste, accounts for PCB-containing equipment for each of its plants, submits reports to supervisory authorities, and properly stores and manages these items. We also conduct surveys of fluorescent lamp ballasts and other small electrical devices and electrical devices suspected of containing small amounts of PCBs, and properly manage those exceeding standards.

To steadily and properly render PCB-containing equipment harmless, we have commissioned the Japan Environmental Safety Corporation to perform this work. We use certified processors as necessary to handle small amounts of PCB-contaminated oil. And we are working to complete the proper disposal of items with high concentrations of PCBs ahead of the deadline established by the amended Law Concerning Special Measures Against PCB Waste, which took effect in August 2016.

Addressing the Problem of Asbestos

The UACJ Group has carried out a study of its historical and current usage of asbestos in products, plant buildings, equipment and fixtures. At present, we are not using asbestos in products and have never sold products containing asbestos.

As for our plant buildings, to a very limited extent, we have used spray-on asbestos, which entails a high risk of dispersion into the air, and have been working to remove it since fiscal 2004. For spray-on asbestos that was used at UACJ Foil Corporation's Nogi Mill and at UACJ Copper Tube Corporation and is still in place, we have completed containment work and confirmed that no asbestos is being dispersed into the air.

Regarding equipment and fixtures, we have already completed the replacement of items for which there was a risk of asbestos dispersion. Equipment and fixtures with a small risk of asbestos dispersion are being replaced when regular inspections are due and on other occasions, as well.

Measures to Control Dioxins

For its aluminum melting furnaces that qualify as designated dioxin-emitting facilities under the Law concerning Special Measures against Dioxins, the UACJ Group has implemented management that lowers dioxin concentrations in exhaust gases to levels below the regulatory standard.

More specifically, we prevent the development of dioxins by strictly managing the volume of combustion air for the subject aluminum melting furnaces and closely controlling the materials put into them.

In addition, we annually measure levels of dioxins for subject aluminum melting furnaces, as required by law, and report results to the government. All of our measurements of dioxins for fiscal 2017 came in below regulatory standards for the 24 facilities covered by air pollution regulations and the 2 facilities covered by water pollution regulations.

Prevention of Water Pollution

With the partial revision of the Water Pollution Prevention Act, promulgated in June 2012, reporting of information on storage facilities, piping, etc. used for harmful substances and compliance with standards set for structures became mandatory.

At the UACJ Group, all necessary reports were prepared at individual business locations by the May 31, 2015 end of the deferment period.

Prevention of Soil and Groundwater Contamination

UACJ Extrusion Oyama Corporation and UACJ Color Aluminum Corporation, as responses to past incidents of soil and groundwater contamination, have implemented continuous purification of contaminated groundwater. Regular confirmations of the effectiveness of these measures have determined that contamination levels are falling.

Measures to Deal with Soil and Groundwater Contamination

Business Location	Period	Contaminant	Response
UACJ Extrusion Oyama Corporation	Since fiscal 1999	Tetrachloroethylene	Soil replacement, water extraction and purification
UACJ Color Aluminum Corporation	Since fiscal 2004	hexavalent chromium, fluorine	Soil replacement, water extraction and purification

For information on the management of chemical substances included in products, please refer to the section titled, "Environmental Consideration in Products."

Basic Approach

The recoverable reserves of aluminum, the primary raw material used by the UACJ Group, are in greater abundance, and will be recoverable for a longer period, than those of other metals. We still believe, however, that promoting recycling and reuse is important for passing resources on to future generations. In addition to conventional waste recycling, therefore, we are also vigorously supporting closed recycling* for items such as aluminum cans and printing plates, and striving to reduce waste. In pursuit of our environmental objective of realizing a recycling-oriented society, we will work continuously to reduce our generation of industrial waste per unit of production and achieve zero emissions.

* Closed recycling is the recycling of aluminum used in a specific type of product into raw material to produce the same type of product.

Fiscal 2017 Results

The UACJ Group is moving forward with efforts to reduce industrial waste and pursuing activities aimed at achieving zero emissions.

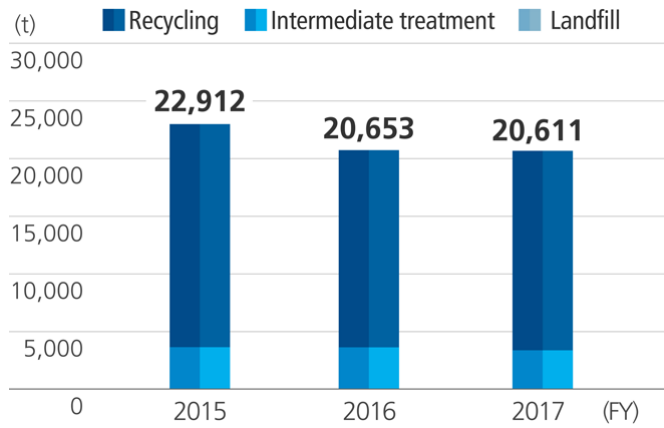
For us, “zero emissions” means that direct landfill waste comprises less than 1% of all industrial waste generated. For fiscal 2017, we achieved zero emissions with a direct landfill waste ratio of 0.07%. Going forward, we will work to maintain zero emissions by separating industrial waste and recycling.

In fiscal 2017, the total amount of industrial waste generated at our principal business locations fell by 4.1% compared to fiscal 2016. Going forward, we will continue to reduce industrial waste, recycle, and turn waste into substances of value.

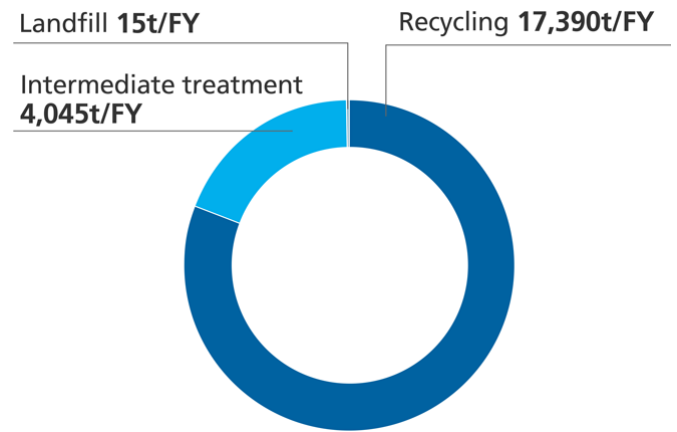
Industrial Waste Subcommittee

At UACJ, the Industrial Waste Subcommittee has been established mainly with representatives of business locations generating significant amounts of industrial waste. The subcommittee meets regularly to promote reductions and proper processing of industrial waste by establishing a common understanding of separation and processing information, and by examining and promoting improvements in separation practices, and establishing a common understanding of reduction measures, at individual business locations.

Amounts of Industrial Waste Generated



Breakdown of Waste by Handling Approach (FY 2017)



Measurement Scope: UACJ Group business locations in Japan

Waste Amounts by Type and Main Post-Recycling Application (FY 2017)

Waste Type	Amount Generated (t)	Recycling Rate (%)	Main Post-Recycling Application
Sludge	9,833	89	Raw material for cement
Waste oil	2,375	94	Fuel
Wood waste	2,525	95	Fuel, fertilizer
Slag	1,321	100	Roadbed material
Waste plastic	1,515	32	Fuel

Industrial Waste Reduction Examples (Fiscal 2017 Activities)

Business Location	Theme	reduction (t/yr.)
UACJ Foil Corporation, Iseaki Works	Use of recycled cardboard for the exterior frames of wooden boxes	86
UACJ Extrusion Oyama Corporation	Recycling of waste plastic	42
Fukui Works	Recycling of waste hydraulic fluid (oil)	24

Business Location	Theme	reduction (t/yr.)
Multiple business locations	Reuse of wooden pallets and skids	-
	Recycling of waste oil and waste ink	
	Recycling of metal waste	
	Recycling of wastepaper	
	Recycling of waste plastic	

Promoting Recycling of Aluminum Cans

Aluminum is light-weight, does not rust, conveys heat well, and is highly recyclable*1. Given the outstanding qualities of the metal from which they are made, aluminum cans are recycled at a rate*2 of 92% (fiscal 2017). By having each of its works purchase used aluminum cans, the UACJ Group is supporting aluminum can recycling activities and contributing to the creation of a recycling-oriented society.

*1 Recycling aluminum requires only about 3% of the amount of energy needed to produce new aluminum from bauxite.

*2 Aluminum cans collected and recycled in Japan (including for export purposes) as a percent of all aluminum cans purchased by consumers in Japan.

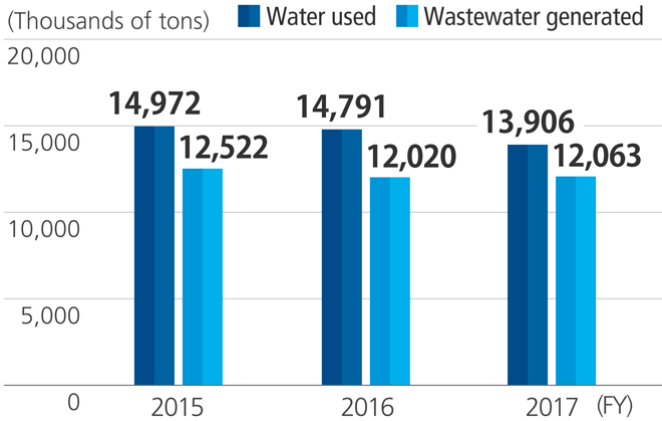
Effective Use of Water Resources

Approximately 70% of the earth's surface is covered by water, but only about 0.01% of all of the earth's water is fresh water - water that can be easily used by humans.

From a global perspective, these precious freshwater resources are recyclable. With uneven distribution, however, there are already countries and regions facing serious risks of water shortages.

The UACJ Group strives to use and manage water resources effectively based on its keen awareness of these circumstances. Each of our business locations tracks its water usage by water source, and manages wastewater discharges by the waterway into which the discharges are made. Data on our water usage has been tallied and is included in the material balance information presented in the Business Activities and Environmental Impacts section.

Volumes of Water Used and Wastewater Generated



Environmental Consideration in Products

Improvement Objectives

The UACJ Group, is contributing to the realization of a low-carbon, recycling-oriented society by working to improve the performance of aluminum materials.

To illustrate, when we develop, and a customer in the business of manufacturing transportation equipment adopts, an aluminum material that offers the same performance as previous materials but with less weight, we have contributed to improved fuel economy and, thereby, a reduction in carbon emissions.

The UACJ Group, in response to customers' desires, is developing or improving products in ways that emphasize environmental considerations.

Product Development and Improvement	Contributions that Benefit the Environment and Society
Development and application of aluminum can materials with outstanding recyclability	Making lighter-weight cans that save resources and reduce costs
Development and application of high-performance heat exchanger tubes	Improving performance of heat exchangers to reduce equipment sizes and save resources
Development and improvement of aluminum materials for car air conditioners compatible with the European requirement to use CO ₂ as a refrigerant	Making lighter-weight vehicle bodies that save resources and improve fuel economy Fighting global warming by adopting CO ₂ as a refrigerant
Development and improvement of aluminum materials for hybrid automobiles	Making lighter-weight vehicle bodies that save resources and improve fuel economy

Two-thirds of the materials used to make aluminum cans in Japan (in fiscal 2017, 21.9 billion cans weighing approximately 340,000 tons) are made by UACJ. As the top manufacturer, we believe it is our responsibility to promote the recycling of aluminum cans, and we do so actively.

Furthermore, we are rationalizing our use of packing materials for the delivery of products, and recovering and reusing them in conjunction with our rationalization of our logistics.

Control of Chemical Substances included in Products

The UACJ Group is strict in its exercise of proper controls over designated chemical substances included in products. In response to changes in domestic and overseas environmental laws (e.g. The addition of the EU's REACH*¹ regulation), we revise our chemical substance management standards and common procurement documentation, and take other necessary steps.

We also devote significant effort to the registration of SDSs (Safety Data Sheets*²) and to the improvement of our browsing cabinet.

*1 REACH regulation: Registration, Evaluation, Authorization and Restriction of CHemicals

*2 SDS: Safety Data Sheet: Products containing chemical substances designated by the Poisonous and Deleterious Substances Control Act, Industrial Safety and Health Law, and the Pollutant Release and Transfer Register Law at percentages greater than specified in these laws must be accompanied by a Safety Data Sheet with the required information when they are transferred or provided from one commercial party to another.

REACH Regulation Initiatives

The UACJ Group, though it is not required to be registered under the REACH regulation, examines all of its products to determine whether they include an SVHC (Substance of Very High Concern) specified in the REACH regulation and informs customers of any products that do.

If substances are newly designated as SVHCs, and we determine that they are included in our products, we will swiftly provide customers with the relevant information.

Environmental Quality Management System Certifications by Customers

At its business locations required to have specified supplier certifications, the UACJ Group emphasizes the practice of chemical substance management that satisfies customer standards, and undergoes environmental quality management system certifications by customers. Going forward, we will continue to practice management that enables proper responses to customer demands.

Communicating Information on Chemical Substances in Products

Raw material manufacturers provide UACJ with information on the chemical substance content of their products, and UACJ has established a management system that allows it to properly communicate this information to its own customers.

Information on chemical substances is provided, with the cooperation of the Quality Assurance and Environmental Management departments, in industry-specific formats, depending on the customer request.

[Examples of Information Provision Formats]

- SDS (Safety Data Sheet) * Provision of GHS (Globally Harmonized System of Classification and Labeling of Chemicals)-compliant content
- JAMP (Joint Article Management Promotion consortium) AIS (Article Information Sheet)
- JAMA (Japan Automobile Manufacturers Association) JAMA Sheet

UACJ also issues customer requested certifications that certain substances have not been used in production or are not contained in a product.

Conversion to Low-Environmental-Impact Raw Materials

The UACJ Group is striving to use low-environmental-impact raw materials. For the raw materials that, as in the case of free-cutting alloys, include lead or other metallic elements that are covered by EU directives, we are working with customers to switch to materials that do not include controlled substances. Switching to low-environmental-impact raw materials is important and we will continue with this effort going forward.

We have also taken action regarding cleaning solutions for the finishing of sheet and extruded products. In the past, we used chlorine-based organic solvents, which are designated substances under the PRTR Law. However, given multiple instances of groundwater contamination with these substances across Japan, we ceased using chlorine-based organic solvents in the final cleaning processes at all of our business locations.

The paints used on aluminum can materials and colored aluminum are another area in which we are taking action. Oil-based products had been the most commonly used paints for these products, but have now been largely replaced with water-based paints, which are said to have low environmental impact. The Group is promoting the use of water-based paints by recommending them to customers and working with customers to test their use.

Editorial Policy

Results of the UACJ Group's fiscal 2017 CSR activities are reported on this website. In preparing this information, we referred to the Global Reporting Initiative's (GRI) G4 Sustainability Reporting Guidelines.

Report Scope

In principle, this report covers UACJ Corporation and the following affiliates in Japan, which are referred to as the UACJ Group. In some cases, a different report scope has been used and each is indicated by an accompanying note.

【Affiliates in Japan】

UACJ Color Aluminum、UACJ Fukaya Service、UACJ Nagoya Alupack、Sansen
UACJ Extrusion、UACJ Extrusion Nagoya、UACJ Extrusion Oyama、UACJ Extrusion Shiga
UACJ Extrusion Gunma
UACJ Foil, Nikkin, UACJ Foil Sangyo, UACJ Foil Service
UACJ Foundry & Forging, Higashi Nihon Tanzo
UACJ Metal Components, Nalco Iwai
UACJ Copper Tube, UACJ Copper Tube Sales, Toyo Fitting, UACJ Copper Tube Packaging
UACJ Trading, Izumi Metal, Metal Cut, ACE21, Kamakura Industry, UACJ Marketing & Processing
UACJ Logistics, UACJ System, UACJ Green-net

Report Period

Fiscal 2017 (April 1, 2017 to March 31, 2018)

To aid understanding, data and information on earlier periods are included with that for fiscal 2018 in some cases.

Publication date: October 31, 2018 (annual publication)

Inquiries: PR/IR Department of UACJ Corporation

Projections, Forecasts, and Plans

This website includes not only material addressing the UACJ Group's past and present but also projections, forecasts, and plans. Material concerning the future is based on information available as of the time this report was prepared and involves uncertainty.

Future outcomes of business activities, and future events, may differ from the projections, forecasts, and plans included in the content of this site, which should be read with this understanding in mind.

The UACJ Group and those affiliated with it bear no responsibility whatsoever for future outcomes or events that differ from projections, forecasts, and plans.