

The UACJ Group has formulated the UACJ Group Vision for the Future, setting forth a clear direction for moving forward, and has developed the Global Step I Mid-term Management Plan for achieving Vision for the Future objectives.

To achieve the goal of being a globally competitive player in the aluminum industry, we aim to bolster our capabilities in terms of management and operational fundamentals, increase our competitiveness, and ultimately realize sustainable growth by enhancing our capabilities in each of our businesses and advancing our CSR activities.

Objectives

- To be a global company respected by all stakeholders, and capable of coexistence and continuously evolving
- To be a global company that is appreciated and valued by customers worldwide
- To be a global company that appropriately develops and supplies products suited to the characteristics of local regions

Vision

Becoming an aluminum industry leader in a competitive global market

Major Policies of Vision for the Future

- Proactively expand in growth fields and markets around the globe
- Improve cost competitiveness through restructuring
- Develop revolutionary technologies and products

Major Policies under the Global Step I Mid-term Management Plan

- 1** Expand growth products in the transportation field - focusing on automobiles - and the energy field, and strengthen business in growth regions such as Asia
- 2** Construct an optimal production network for each business sector utilizing the synergies created through unification
- 3** Develop unique technologies and products by applying our vast technological prowess to fundamental research

Below are discussions of the main initiatives we undertook in fiscal 2015 for the benefit of the environment, society, and governance.

TOPIC 1

Unified, Relentless Pursuit of Compliance

At the UACJ Group, compliance education includes distribution of the full and abridged editions of the Group Code of Conduct - which establishes rules of behavior that all executives and rank-and-file employees must follow - plus department-level seminars. Furthermore, we conduct job-level training and legal and regulatory education in which compliance is the main topic.

In addition to Japanese, we have prepared the Group Code of Conduct in eight local-language editions, including English, Chinese, and Thai, for the employees of overseas Group companies. We have posted all versions of the Group Code of Conduct on our intranet as part of our ongoing effort to promote consistent understanding of it globally throughout the UACJ Group.

The UACJ Group believes that rigorous compliance is indispensable for continuing to operate as a corporate group trusted by society, and we are unified in our commitment to compliance going forward.

[Completed Editions of the UACJ Group Code of Conduct]

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

TOPIC 2

Pursuit of Sound, Highly Transparent Corporate Management

At UACJ, we recognize the importance of soundness and transparency in management and constantly strive to enhance our corporate governance.

In fiscal 2015, our efforts to enhance corporate governance included the addition of a second independent, outside director to join Mr. Toshio Suzuki. Ms. Ryoko Sugiyama brings to the board a wealth of experience as a university professor and as a member of the boards of other corporations.

In addition, we undertook a thorough self-examination of our compliance with Japan's Corporate Governance Code, which was implemented in June 2015, and determined that among the 73 principles - 11 principles requiring disclosures and 62 other principles - there were none that we have not

implemented. Regarding the 11 principles requiring disclosures, authorization by the Board of Directors was gained and disclosures were made in the corporate governance report dated November 30, 2015. Going forward, we will periodically review our implementation of the principles contained in the Corporate Governance Code.

UACJ is committed to the pursuit of highly transparent, sound corporate management to realize increases in corporate value over the mid-to-long term and continue benefiting stakeholders.

TOPIC 3

Governance Roundtable of Outside Directors and Audit & Supervisory Board Members

In August 2016, outside directors and outside Audit & Supervisory Board members (outside officers) gathered for a roundtable discussion on UACJ's governance system and key management issues.

At UACJ, outside officers, of course, participate in board discussions of important matters, such as overseas M&A, that could significantly impact the company's future. But they also examine the vetting processes, and conditions with regard to consensus formation, that shape matters taken up by the Board of Directors. As a result, UACJ has been praised for the smooth progress it has achieved in the ongoing process of melding the management and governance organizations of the companies that merged to form UACJ only three years ago.

To further strengthen our governance, outside officers believe that UACJ must do more to promote understanding of the importance of corporate governance in all parts of the UACJ Group and that organizational steps must be taken to increase the effectiveness of governance. Furthermore, outside officers have suggested that achieving ongoing growth as a global leader in the aluminum industry will require two things - enhancement of human resource development and diversity to augment global management capabilities, and further strengthening of overall technical capabilities. The opinions of outside officers are greatly valued and will be thoroughly incorporated in our management going forward. *
For more details, please refer to [UACJ Report 2016](#).



TOPIC 1

Sharing Manufacturing Prowess to Promote Overseas Industrial Development

The Rayong Works of UACJ (Thailand) Co., Ltd. (UATH) was opened in 2014 in response to rapidly growing Asian demand for aluminum. With annual production capacity of 180,000 tons, the Rayong Works is an integrated facility able to handle everything from the production of ingots, to hot rolling, cold rolling, and finishing.

In preparing to begin operations at the works, we paid special attention to the training and education of local employees. To instill UACJ's principles regarding manufacturing work, transfer practical know-how, and foster a feeling of unity as employees of the UACJ Group, we invited 35 Thai interns to one of our Japanese works in 2012. Under the guidance of dedicated instructors, these interns received practical hands-on training, and instruction in safety and other topics. Aiming to have the Rayong Works operate entirely with local employees in the near future, we continue to increase the level of on-the-job training local employees receive from their Japanese counterparts.

Thailand is presently undergoing an expansion in manufacturing, and, as indicated by the wide media coverage of the November 2015 UATH opening ceremony, much is expected for UATH. Our intent for UATH is not to have it simply emulate manufacturing in Japan; rather, we intend to contribute to the development of Thai manufacturing by promoting the establishment of a manufacturing culture that is suited to local customs and values, and helps local employees refine their manufacturing capabilities.



Rayong Works of UACJ (Thailand) Co., Ltd.



Integrated production began at UATH in August 2015

UACJ Group Safety and Health Activity Presentations as a Forum for Group Members to Compete on Safety

The UACJ Group makes employee safety, hygiene, and health the top priority in everything it does and advances safety and health activities with participation by all employees.

Together with the birth of the UACJ Group, we began, in fiscal 2014, to hold UACJ Group Safety and Health Activity Presentations to more prominently promote safety and health activities. These events serve as a forum for exercising Group-wide synergy in having individual business locations share their discoveries and ideas on safety and health. At the third iteration of this event, in July 2016, 13 teams from 12 UACJ Group business locations gave presentations on their safety and health initiatives and what they achieved. In the end, a presentation by the Nagoya Works on how identifying the true causes of a problem can start with a simple conversation was selected as the overall winner.

With Group members pressing each other on in this way, every day is a day for improving safety and health at the UACJ Group.



UACJ Group Safety and Health Activity Presentations

Most Outstanding Presentations

	Topic	Team
2014	Our safety activities (Identifying hidden work and assessing risks)	UACJ Nagoya Works
2015	Safety activities in quality assurance (Using close calls to mitigate risk)	UACJ Fukui Works
2016	Conversation as a start for pursuing the true causes of problems	UACJ Nagoya Works

Providing Aerospace Products of Exacting Quality from Globally Certified Works

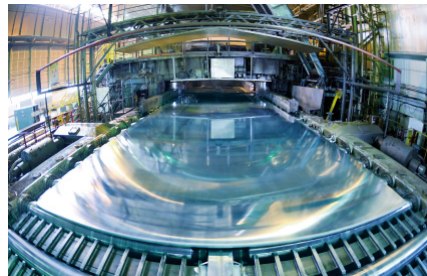
With a large-scale rolling mill 400 meters long and 4.3 meters wide, and other manufacturing equipment ranking among the world's largest, the Fukui Works turns out highly sophisticated products with unwavering quality and is UACJ's flagship manufacturing location.

The aircraft and rocket components produced by the Fukui Works must meet exacting quality standards set for ensuring performance in the harsh conditions of space and are made by only manufacturers that have passed a rigorous certification process. The Fukui Works is the first Japanese aluminum product manufacturing facility to earn the aerospace industry's AS9100 global quality certification. It is also the first Japanese aluminum product manufacturing facility to earn the NADCAP accreditation, a global certification with strict requirements concerning ultrasonic flow detection and other special processes.

By maintaining facilities compliant with some of the world's most rigorous certification requirements, and providing components that meet stringent quality standards, we are making an important contribution to the development of the world's aerospace industry.



Melting furnace



Rolling mill



Stretcher

TOPIC 1

Strengthening the Global Production System for Aluminum Panels Contributing to Greater Automobile Fuel Economy

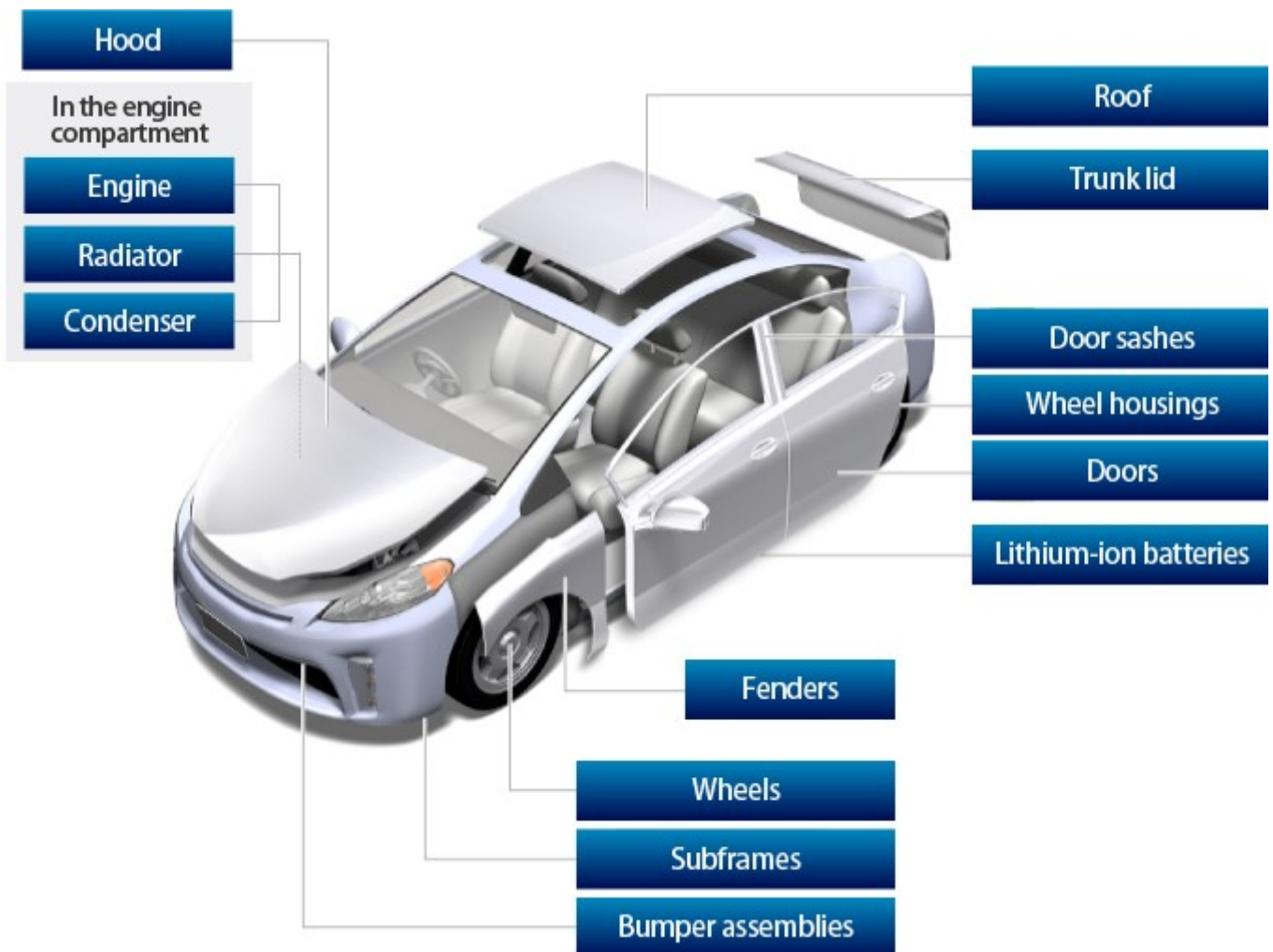
The automobile industry, given heightened market awareness of global environmental problems, believes that making automobile bodies lighter is critical for reducing emissions and improving fuel economy. Attention, therefore, has focused on aluminum, which has a specific gravity of only about one-third that of iron or copper. Demand for this lightweight material, for use in automobile body panels, came to around 500,000 tons in 2015 and is expected to grow to about 1.5 million tons by 2020.

Responding to this expected demand expansion, UACJ and Constellium NV, a major European manufacturer of aluminum products, established a joint venture, Constellium-UACJ ABS LLC, in the U.S. state of Kentucky in December 2014 to manufacture and sell aluminum materials for automobile body panels. Operations at the new company began in June 2016.

In addition, as aluminum is coming into greater and greater use not only for body panels but also as a material for structural and other components, we acquired a leading US manufacturer of aluminum products in March 2016. With the additional step of establishing UACJ Automotive Whitehall Industries, Inc., we have taken our first step in the establishment of a production system in North America.

By rapidly responding to growing needs, as discussed above, we will help to reduce the impacts of automobiles on the environment.

Examples of How Aluminum Is Used in Automobiles



TOPIC 2

Using Our Advanced Technical Capabilities to Support the Distribution of Energy

With CO₂ emissions, from combustion, 20% to 40% lower than those of petroleum and coal, LNG (liquefied natural gas) has gained significant attention as an energy source with a low environmental burden. Shale gas, natural gas extracted from layers of shale hundreds of meters underground, is one source of gas that is processed into LNG. Thought to exist in massive quantities, and expected to be a highly economical fuel for generating electricity, shale gas is being viewed as a key energy resource going forward.

LNG is made by cooling gas to -162°C to liquefy it. It is often transported by loading it onto tankers equipped with gigantic spherical tanks, each one of which has a diameter 40 meters and a capacity of 1,000 tons. These LNG tanks are made with aluminum plates at least 150 millimeters thick. For toughness and the ability to resist becoming brittle at extremely low temperatures, no metal is better than aluminum.

UACJ is the only company in Japan capable of making the enormous aluminum plates used to manufacture LNG tanks. Having the large-scale facilities and advanced technology required to do this work, we are proud to be able to contribute to the safe marine transport of clean energy.



Spherical tanks made of thick aluminum plates

LNG carrier

TOPIC 3

Participation in a National Project for Better Fuel Economy in Transportation

Reducing the weight of automobile and train bodies, and airframes, is critical for achieving greater fuel efficiency in transportation. UACJ, as a participant in NEDO's (New Energy and Industrial Technology Development Organization) Research and Development Project for Innovative Structural Materials, is engaged in the development of new manufacturing technologies for aluminum, a material expected to play a significant role in achieving needed weight reductions.

The overall purpose of this project, which has the backing of the Japanese government, is to perform R&D on aluminum, titanium, magnesium, and other lightweight materials, and on joining technologies for these materials, with the ultimate goal of producing vastly lighter automobiles, aircraft, and railway cars. UACJ is leading the development of manufacturing processes for aluminum materials, which offer lower costs and higher performance than alternative materials.

Based on the judgment that existing aluminum manufacturing processes have reached their limits in terms of efficiency, we are conducting research aimed at the practical implementation of a new smelting method applying ionic liquids. This approach enables the room-temperature production of aluminum alloys, which include elements with high melting points. As such, it would eliminate the need for the enormous volumes of electricity traditional production processes need for heating. Through this research, we expect to be able to greatly contribute to efforts to lower the environmental impacts of transportation by reducing vehicle and aircraft weights.