



## Applying Assets Accumulated to Create New Value





## UACJ Assets

	Offensive assets	Defensive assets
<b>R&amp;D and production capacity</b>	Technology Development Division that performs innovative product/technology development	Stable supply system that executes supply responsibility in BCP and emergency
	Production facilities of world biggest-class/best standard	Quality management activities that respond to strict quality demand
	Optimum production system that rises productive efficiency and cost competitive power	Measure for improving quality, etc. to increase customer satisfaction
<b>Employee development</b>	Fostering global human resources that are the origin of company growth	Ensuring occupational safety and health where employee can work safely
	Passing down skills that sustainably bring in innovation	
	Promoting diversity that diverse of human resource are utilized for the company growth	
<b>Environmental initiatives</b>	Developing eco-conscious products that contribute to reduce environmental impact	Management system to promote environmental activities
		Energy-saving to contribute to prevent global warming
		Chemical substance control to reduce environmental risk
		Waste reduction activities for continuing zero emissions
<b>Corporate governance</b>	Corporate governance as the ground of creating corporate value	

As a major aluminum supplier from Japan, the UACJ Group is creating new value and building the trust of the global society through its technological and manufacturing prowess, while promoting corporate management that harmonizes with the global environment and regional societies. To enable the entire Group to achieve those initiatives, we rely on fostering human resources capable of creating value and creating work environments where each person can effectively draw out his/her own abilities.

## R&D and Production Capacity



### Wholeheartedly Engaged in Manufacturing and Responding to Customer Needs

#### R&D

The Research & Development Division, important for carrying out the R&D function of the UACJ Group, is working to solve development issues common to the Group as well as those for each company in it. It is equipped with the most advanced transmission electron microscope and other evaluation apparatus for structural analysis and mold testing, also serving the function of an analysis center.

Following integration, the research facilities located at various business sites were centralized to enable a quicker response to customer needs and focus on developing innovative technologies and products ahead of the times.

Additionally, to introduce research results and new products and technologies to customers and throughout society, since fiscal 2014 we have been issuing the UACJ Technical Reports once a year.



#### Manufacturing

##### Manufacturing equipment

The UACJ Group utilizes world-leading large-scale manufacturing equipment in the aluminum industry, from hot and cold rolling mills to extrusion, casting and forging equipment. Leveraging them, manufacturing large-size products not available elsewhere and achieving highly efficient mass production have provided the Group with a competitive edge in the global market.

For example, the hot rolling line at the Fukui Works, one of our core rolling mills in Japan, is equipped with the world's largest rolling press, stretching 400m in length and 4.3m in width. It produces aluminum thick plate utilized to build LNG tankers and for applications in the aviation and aerospace industries. These applications require ultra-wide thick plates to be made in a uniform size. It's equipped with an automatic gauge control (AGC) system that regulates plate thickness to ensure high-quality rolling. Other equipment, some the largest in Japan, include a large top-charge melting furnace for melting materials, a stretcher with a tensile capacity of 5,600 tons for the straightening process after rolling, and a large 15,000 tons forging press in the casting and forging mill, all contributing to ensure reliable quality.

Furthermore, in the beverage can materials line, the industry's line incorporating the coating process is in operation, complete with all processes from straightening of aluminum sheet coil to surface treatment, coating and baking, surface inspection and even marking defects at high speed. Each of the sites thus has the most advanced production facilities.

##### Optimization of manufacturing

In order to maximize the synergies created by integrating Japan's two leading aluminum manufacturers, we are optimizing production distribution for the entire Group. With an eye on the trend in demand for each product and considering the facility capabilities and characteristics of each site, we are integrating and reallocating product mixes that were previously duplicated at some sites.

For example, the Fukui Works will mainly manufacture can stock and thick plate for LNG tankers, and the Nagoya Works has comprehensively taken charge of manufacturing automotive materials, litho sheet and fin materials. The Fukaya Works now concentrates on manufacturing thick plate including that used for LNG tankers, and the Nikko Works is specializing in finishing processes, thus narrowing down product mixes for each site to improve production efficiency and cost competitiveness, which will eventually lead to strengthening profitability.

### ■ Stable supply

The UACJ Group focuses on the responsibility of continually supplying products and services customers and society need, even in the event of an emergency such as an accident or earthquake. We therefore assumed various situations, like a large-scale earthquake or outbreak of a new influenza virus, and formulated a business continuity plan (BCP) so that we can continue to supply important products and services, or resume supply operations at the earliest possible time even if serious damage is caused. We have established an emergency network to ensure the safety of employees at the time of a disaster, and have established a system to prevent secondary disasters and enable the Group to engage in recovery as soon as possible. Additionally, the Employee Safety Check System introduced in fiscal 2015 will be introduced throughout all Group companies in fiscal 2016.

## Quality Control

### ■ Quality control system

The UACJ Group established a Quality Committee to oversee the quality control of all Group companies; the chairman of which is also the director in charge of quality. All quality issues of the Group, serious quality accidents, etc. are now reported to, and discussed within the committee. Quality control organizations have also been established for each business segment, and the manager of each organization is in charge of promoting quality control activities in collaboration with the Technology Department.

UACJ and individual Group companies have been certified for international quality management systems, and quality control is practiced pursuant to the certification requirements. For those Group companies that have not yet received certification, the Technology Department is supporting their management in line with the requirements of international certification.

Specific quality control activities are carried out based on quality targets and important issues formulated each fiscal year under the Basic Quality Policy. In fiscal 2015, as

a result of our approach on the basis of these targets and issues, the number of serious quality defects, claims and complaints compared to the previous year were reduced for the Group as a whole. Based on the results, we are pushing forward with further quality improvements in fiscal 2016 under the Group Vision of “Improve quality from the bottom up and become an aluminum industry leader in a competitive global market.”

Please note that there are currently no products being prohibited from sale or subject to any dispute due to serious quality trouble in the Group.

#### Quality targets for fiscal 2016

1. Zero serious problems with quality (abnormal quality problems)
2. Reduce the number of claims/complaints by 10% or more from the previous year

#### Important issues

- Prevent recurrence by investigation into true cause and prevent human errors
- Understand customer needs and expectations and improve customer satisfaction by providing a prompt response
- Secure necessary competence and knowledge based on proper training or experience
- Fuse technologies in the reallocation of product mixes and strengthen quality control

### ■ Improving customer satisfaction

The UACJ Group has introduced, “Strive to offer products and services deserving of our customers’ satisfaction and trust,” as its Management Philosophy and Basic Quality Policy.

While placing importance on communication with customers in daily activities, we regularly conduct a “Customer Satisfaction Survey.” The survey covers diverse areas such as product quality, packaging and transportation, quality response, technological development, delivery response and sales response, and we scrutinize and analyze the survey results to reflect on improvement activities. The results are then incorporated into our operations proactively, such as using information in new product development.

Furthermore, we hold exchange meetings with customers, whose opinions and requests are then put to good use for quality, delivery and product development.

Additionally, complaints from customers are addressed with specific numerical targets for reduction. Information of serious quality issues is shared throughout the Group to prevent the occurrence of similar accidents.

## Employee Development



### Manufacturing Environment Based on “Be Safe”

#### Training

##### Basic concept

The UACJ Group considers “a person who can understand management philosophy and guidelines and act accordingly” as a source of competitiveness. Also important are exercising the management philosophy and placing importance on the training of human resources equipped with the following:

- Continuously pursuing improvement and reform instead of accepting things as they are.
- Understanding different cultures and being active globally.
- Acting from the viewpoint of being the best for UACJ (not being the best for division).
- Being particular about quality and technology, and acting based on field-oriented judgment.

To develop such human resources, we have three basic concepts: Develop each and every employee through self-learning, develop subordinates through work, and Develop people in the organization. As for specific measures, the Human Resources Development Department utilizes the Human Resources Development Center, a training facility at the Nagoya Works, to carry out a wide variety of employee development programs, such as stratified training, holding seminars, and support of self-enlightenment.

##### Fostering employees for global roles

The UACJ Group stipulates, “In globalization, we must respect the laws, cultures and customs of each nation, and contribute to the development of society” as guidelines, and tries to develop employees who fit into such global roles.

Specifically, we provide language study support, with scores based on the TOEIC points system, and business skills seminars to build experience and knowledge. Additionally, for those to be assigned overseas, in addition to short-term language training, we select the necessary curriculum based on business experience and role at the destination country and provide individual training.

We also conduct training for local staff members recruited by our overseas Group companies. In fiscal 2015, we had manager training (twice) for a local Thai subsidiary, which was attended by about 60 managers.

In addition to these, we introduced an overseas training system fiscal 2014. This system consists of overseas language training for one year and overseas on-the-job training for an additional year. Following two trainees in the first year, we sent another two in fiscal 2015.

##### Efforts for passing down skills

In order to improve product quality and productivity on an ongoing basis, the UACJ Group puts emphasis on the efforts for passing down to the next generation the spirit, experience and skills that have been built over a long period of time.

Therefore, in preparation for mass retirement of skilled workers, “Flat Rolling School” was established at the Nagoya Works in 2004, where efforts have been made for passing down the skills and know-how of expert employees. Similarly, the “Maintenance School” at the Nagoya Works, “Extrusion School” at UACJ Extrusion Nagoya, which is engaged in extrusion processes, and the “Copper Tube School” at UACJ Copper Tube, which is engaged in copper rolling and drawing, were established. Initiatives suitable for the respective characteristics of each are being introduced at the respective sites.

We will continue with such activities and study further deployment to other sites.

#### Promoting Diversity

From the perspective of supporting initiatives to advance into new fields and develop global business further, the UACJ Group actively promotes employee diversity, disregarding factors such as gender, age, nationality and disabilities.

As part of this initiative, we try to create environments where women can be actively engaged in work. In accordance with the action plan based on the Act of Female Advancement, our specific goals include “increasing the percentage of women hired as new

recruits for administrative positions to 40% or more and women hired for engineering positions to 10% or more” and “doubling the number of women in management positions by the end of fiscal 2020 (March 2016 being the baseline).” As a result of initiatives such as these, six of the 19 new recruits for career track positions in fiscal 2016 are women, accounting for 75% in administrative positions and 20% in engineering positions. For reference, at the end of fiscal 2015, there are 74 women in managerial roles, an increase of four from the previous year\*.

In order for women to be able to fully demonstrate their abilities in the workplace, in addition to responding to the Act for Measures to Support the Development of the Next Generation, we are committed to creating work environments that realize a balance between work and family life.

\* Including unconsolidated Group companies.



## Ensuring occupational safety and health

To create anxiety-free working environments for employees, the UACJ Group introduced a safety and health management system that is overseen by general safety and health managers at each business site.

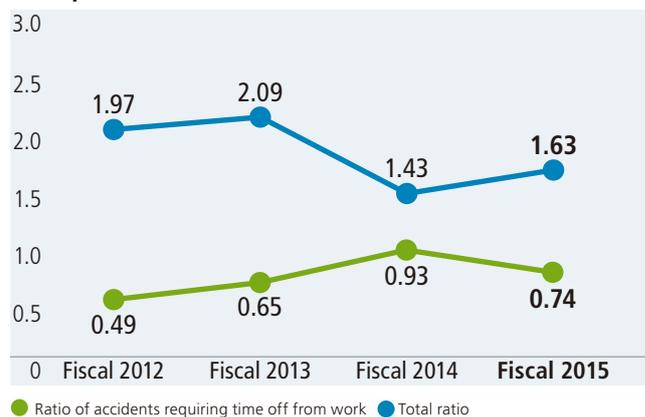
As an organization responsible for safety and health for the entire Group, the Safety and Health Committee has been established. It is chaired by the director in charge of safety and health. Other committee members include full-time directors, general managers from plants and presidents of Group companies. Meetings are held once a year.

At the Safety and Health Committee meeting held in January 2016, the summary of 2015 was reported by Safety & Environment Department, followed by a discussion for drafting the safety and health activity policy for fiscal 2016. Business sites that had no accidents for the year were given the President’s Safety Award for 2015.

The companies of the UACJ Group work together to strengthen the safety management system with the aim of eliminating industrial accidents during business activities, as well as promoting employee training on safety and health. The corporate culture of “Safety First” is being produced by developing knowledge on safety and health, and enhancing the awareness of safety and crisis management.

As a result of these activities, after 49 cases in fiscal 2011 before business integration, the number of industrial accidents of the UACJ Group has been on the decrease and was 22 cases in fiscal 2015. The ratio of accidents requiring time off from work was 0.74 and the total ratio was 1.63. We will continue with our efforts for ensuring safety and health.

### Workplace Accidents Status



Note: The figures for fiscal 2012 are the results of combining former Furukawa-Sky Aluminum Corporation and former Sumitomo Light Metal Industries, Ltd. The figures for fiscal 2013 are the results of combining the first half of the former two companies and the second half of UACJ.

## To Be a Good Corporate Citizen

As part of CSR activities rooted in the region, the UACJ Group plants, both domestically and internationally, proactively participate in a variety of activities, such as environment beautification campaigns and neighborhood clean-up events organized by local governments. Through these activities, we foster communication with our neighbors to establish a relationship of trust as a member of the community.



Clean-up activities at Nikko Works



Community interaction event at Logan Aluminum

# Environmental Initiatives



## Contributing to the Realization of a Sustainable Society by Pursuing Manufacturing with Reduced Environmental Impact

### Environmental Management

#### Basic concept

The UACJ Group considers environmental conservation and realization of a recycling-oriented society one of the most important management issues. In addition to abiding by environmental laws and regulations and corporate statutes, we are working to reduce the environmental impact of all business activities.

To promote environmental management throughout the Group, we establish UACJ basic environmental policies based on the UACJ corporate philosophy and guidelines. Based on this, the UACJ Group Environmental Policies are formulated and annual targets are set for each issue, such as “Elimination of environmental accidents,” “Measures to fight global warming,” “Reduction of industrial waste” and “Control and reduction of chemical substance usage.” Under these policies, we carefully consider the environment in all stages of the product lifecycle, from development and manufacturing to sales, use and recycling, as well as strive to reduce environmental impact in our business activities.

#### Environmental management system

The UACJ Group has established a Group-wide Environmental Committee, chaired by the Chief Environmental Officer, to promote environmental activities and raise environmental awareness among employees. Meetings are held once a year to check the implementation status of environmental activities and discuss policies and goals. The Safety & Environment Department was established as well as an organ to ensure the execution of policies and goals.

Additionally, environmental management systems are in the process of being implemented at all Group sites, and nearly all production sites have acquired ISO 14001 certification. Some of the smaller facilities have also acquired Eco Action 21 certification in accordance with guidelines released by Japan’s Ministry of the Environment.

In addition, as a result of the ISO 14001:2015 issue, business sites that have already been certified are now

working towards transition, and all sites will complete it by the deadline, September 14, 2018.

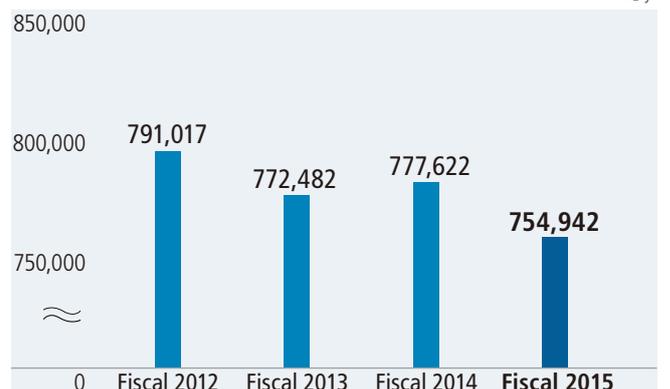
### Preventing Global Warming

As a means of contributing to the prevention of global warming, the UACJ Group has introduced initiatives to reduce the use of energy throughout all business activities, including everything from manufacturing and distribution to the use of electricity in offices.

During manufacturing processes, in particular, where energy consumption is high, we are promoting initiatives to improve production efficiency at each site and are switching to substitute fuels, among other measures. The Energy-Saving Subcommittee meetings—cross-departmental meetings centered around the Facilities Department—are held periodically. During these meetings, information is shared between sites and the utilization of effective energy-saving examples is promoted throughout the Group.

As a result of these activities, along with efforts for improving production efficiency by reallocating product mixes among plants after business integration, the results of per-unit-production for both CO<sub>2</sub> emissions and energy consumption have been improving recently. In fiscal 2015, however, a year-on-year increase was reported as a result of the decrease in domestic production.

Trend in CO<sub>2</sub> Emissions



## Preventing Environmental Pollution

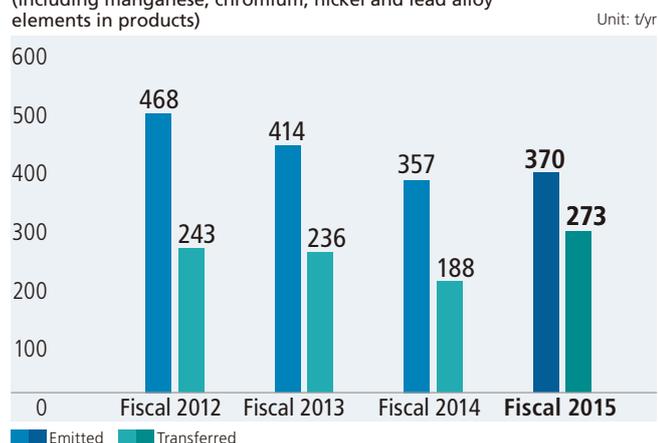
The UACJ Group has established its own voluntary emissions targets for air, water and soil pollutants, and is committed to reaching and maintaining them. These targets are stricter than those required by laws, regulations and agreements.

Regarding the initiatives for handling chemical substances, all Group companies record the volumes of targeted substances handled, emitted and transferred according to the Pollutant Release and Transfer Register (PRTR<sup>\*1</sup>) Law. In addition to reporting these values, the Group is working to further reduce the use of targeted substances. In fiscal 2015, while product production volume increased, the overall Group-wide emissions of all targeted substances combined slightly increased by only 3.6% compared to the previous fiscal year.

Regarding the emission of pollutants into the air and water in fiscal 2015, there was one case of wastewater discharge exceeding regulation standards at the Shiga Works (UACJ Metal Components Corporation). When it was found, the cause was identified, measures to resolve the problem were taken immediately, resulting in a minimal outflow with no effect was found in the river. All other reports stated figures within standards.

<sup>\*1</sup> Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof

### Trend in PRTR Substance Emissions and Transfer (including manganese, chromium, nickel and lead alloy elements in products)



## Reducing Waste

In order to help realize a recycling-oriented society, the UACJ Group is working to reduce industrial waste. Member companies carry out waste sorting and recycling with the ultimate goal of achieving zero emissions.<sup>\*2</sup> In fiscal 2015, the ratio of waste directly consigned to landfills was 0.22%, continuing to meet the targeted

objective at our main business site. We will continue to work to maintain zero emissions in the future as well and support aluminum can recycling activities as a leading company of aluminum products.

<sup>\*2</sup> Zero emissions is defined as a ratio of less than 1% of total industrial waste being disposed of directly to landfills.

### Trend in Industrial Waste Volume



## Developing Eco-conscious Products

The UACJ Group is working on the development and improvement of products meeting the needs of customers and society while placing an emphasis on environmental consideration.

In recent years, making the most of the characteristics of aluminum being light yet strong, the development of lighter-weight aluminum products with functions equivalent to conventional products is underway in effort to help reduce energy consumption, such as lighter automobiles that help to reduce energy consumption. Additionally, taking maximum advantage of the highly efficient recyclability of aluminum, we are developing practical can stock that is even easier to recycle.

Other activities include collaborating with customers to develop a variety of eco-conscious aluminum products that will reduce impact on the environment, including highly efficient exchanger tubes capable to contributing to saving energy, car air-conditioner materials compatible with non-Freon refrigerants, and materials for hybrid and fuel-cell vehicles.

Note: The aggregate scope for these graphs is as follows:  
UACJ (Nagoya, Fukui, Fukaya, Nikko), UACJ Color Aluminum, UACJ Extrusion Nagoya (Nagoya, Anjo), UACJ Extrusion Oyama, UACJ Extrusion Gunma, UACJ Extrusion Shiga, UACJ Foundry & Forging, UACJ Foil (Shiga, Nogi, Isezaki), UACJ Copper Tube  
The figures for fiscal 2012 are the results of combining former Furukawa-Sky Aluminum Corporation and former Sumitomo Light Metal Industries, Ltd. The figures for fiscal 2013 are the results of combining the first half results for the former two companies and the second half results for UACJ.

## Roundtable Talk on Governance

# Strengthening Group Governance to Become a True Major Global Aluminum Supplier

UACJ employs knowledgeable professionals actively involved in the manufacturing industry, research institutions and other areas as outside directors and outside auditors. These members supervise UACJ management based on their expertise and experience, and openly offer their objective viewpoints. Two outside directors and two outside auditors agreed to discuss UACJ's governance system and future management issues. Excerpts from those discussions are provided here.



## Enhancing the feeling of a unified management organization by overcoming important issues one by one

What is your evaluation of UACJ's corporate governance system?

**Asano** More than three years has passed since integrating the former companies, and I believe I can safely say that UACJ's governance system surpassed the standard level of systems found in most Japanese corporations from the beginning. But I'm not suggesting that this was easy to achieve. The two former aluminum manufacturers, Furukawa-Sky Aluminum Corporation and Sumitomo Light Metal Industries Ltd., must have survived through their unique histories and corporate cultures independently and utilizing different business strategies. Accordingly, it probably wasn't easy to integrate the managements of two organizations into one.

**Sone** To be honest, when attending the first board meeting after the companies were integrated. I could see a notable difference in the corporate climate, I was a bit worried, and thought to myself, "Is this really going to work?"

**Suzuki** Yes, things did not move so smoothly in the beginning. But every time an important decision needed to be made, for example, regarding



investments for overseas acquisitions, there was rapid progress in communications and sharing of issue awareness among the board members. I could sense that a feeling of unity and teamwork had formed in management. Witnessing this, I could really see how the corporate culture developed.

**Sugiyama** I only became an outside director in June of last year, so I am not aware of situations before then. But I feel that present-day board meetings function very smoothly. I also attend the Group Business Report Session held monthly in order to deepen my understanding of business operations. There, I can feel



**Toshio Suzuki**  
Outside Director

Professor Emeritus specializing in Materials Engineering at The University of Tokyo. Provides valuable advice based on a rich academic background.



**Ryoko Sugiyama**  
Outside Director

Active in both academia and industry. Professor specializing in Waste Treatment on the Faculty of Social and Environmental Studies at Tokoha University and a director of LECIP Holdings Corporation—appointed as the company's first female director.



**Akari Asano**  
Outside Auditor

A director and general manager involved in promoting compliance throughout a manufacturing company, with management positions in human resources and corporate planning as well, ensure the experience and ability to openly provide opinions conducive to the effects of integration based on previous experiences.



**Takashi Sone**  
Outside Auditor

Engaged in international business at a trading company and has held the positions of managing director and advisor. Utilizing his vast experience, he gives advice on UACJ's accelerated inroads into overseas market from a strict perspective.



the excitement in the remarks of the participants, each of them wanting “everybody to work together to build the company.”

**Sone** Of course, we are only half way there, but overall in terms of evaluating the adjustments required for the organization and governance, integration is progressing.

### Confirming prior review processes and checking BOD decisions

How do you follow-up on decisions made on issues such as investing in overseas acquisitions?

**Asano** Overseas M&A projects are an important aspect that will have a large influence on the future of UACJ. For that reason, As an outside auditor, I confirm whether or not the case in question has been discussed thoroughly by the departments concerned and if an internal consensus has been obtained.

**Sugiyama** M&A proposals require considerable internal discussion, and the amount of time for board meetings is limited. So it’s very important carefully confirm the review process and make sure everything is prepared correctly beforehand.

**Asano** That’s why I not only ask the individual in charge about the details of past discussions, but if I feel the response is not sufficient, I go through all of the meeting minutes. For very important projects, I try to attend the meetings for preparing proposals as well.

### Creating a system that reveals problematic issues as a basis for further enhancing governance

Is there anything that can be done to raise the level of governance at UACJ?

**Sone** One thing that can be done is to increase the awareness of corporate governance throughout the Group. By this, I mean explaining what corporate governance is and why it’s important to ensure strict compliance throughout the organization. This must be recognized not only by top management such as the chairman, president and directors, but also by all companies and employees in the Group. Another issue is the need to create a system that enhances the effectiveness governance. For example, processes should not stop after conducting a routine check according to the bylaws and reporting, “There is no problem.” Even if rules have not been violated, there is no company entirely free from underlying problematic issues. The reason for conducting the review in the first place should be clarified and addressed.

**Suzuki** Yes, in addition to reviewing the actions of management according to the prescribed rules, a system is needed to proactively reveal underlying issues and risks involving corporate management.

**Sone** Isn’t it important to follow the PDCA cycle based on results in order to continually raise the level of management quality one level higher?



## Reinforcing global management capabilities and engineering prowess as a global aluminum supplier competing worldwide

Do you have any suggestions as to what UACJ needs to do to achieve sustainable growth as a major global aluminum supplier?

**Sone** UACJ accelerated investments in Asia and North America after integrating the former companies. In terms of global management, the Group lacks experience in this area. Japanese common sense cannot simply be applied to all international business scenarios with the expectation of a successful outcome. In the overseas M&A projects, for example, how operations are managed after acquisition is extremely important. Even if the company acquired has performed well in the past, it's essential to ensure that everything is not left up to local management and to have UACJ personnel capable of hands-on management in place

**Suzuki** For that purpose, personnel with the expertise and skills need to be actively recruited. At the same time, it's important to make the present staff up to the mid-management level aware of the way forward planned, and instill in them the motivation to be leaders of international business.

**Sugiyama** I think "diversity" is a key word describing what the UACJ Group must have to strengthen its global management. The other day, I had the opportunity to talk with a few women working as specialists at the Technical Research Center in Nagoya, and left with the impression that they are highly motivated in their work. In addition to promoting active roles for women in management, how to manage people of various nationalities who are now employed by companies in the Group as a result of M&As, etc. is important as well. UACJ must help each employee understand how maximize to his/her potential. Furthermore, with the increasing global attention being drawn to corporate environmental management responsibility, UACJ should proactively release information regarding its environmental conservation initiatives, such as utilizing recycled aluminum materials in its products and reducing CO<sub>2</sub> emissions, to the international society.

**Asano** In addition to strengthening global management capabilities, I also believe it's important to further strengthen engineering prowess from the mid- to long-term perspective. UACJ's vision is to be recognized as a major aluminum industry leader in a competitive global market, and engineering prowess is one of the keys to having that competitive edge.

**Sone** To compete in the global market requires simultaneously reducing cost and improving quality



through innovative production engineering. To cultivate new markets and new applications as an aluminum manufacturer, it's necessary to increase basic research on materials and product development.

**Asano** Currently, UACJ is proactively making large-scale upfront investments, and it's important to ride out this cycle with all companies doing their absolute best in support of it. Once the investment phase is over, I expect it to grow to be one of the world's most outstanding major aluminum suppliers. To sharpen the edge it has over the competition, I think it is necessary to raise the level of comprehensive engineering prowess yet another level.

**Suzuki** Although outside directors and outside auditors are in a different position from that of employees in the Company, our objectives for UACJ are the same: achieve sustainable growth and increase the corporate value. We should all do our best for the Company, utilizing our knowledge and experience to the fullest to maximize results.

# Corporate Governance



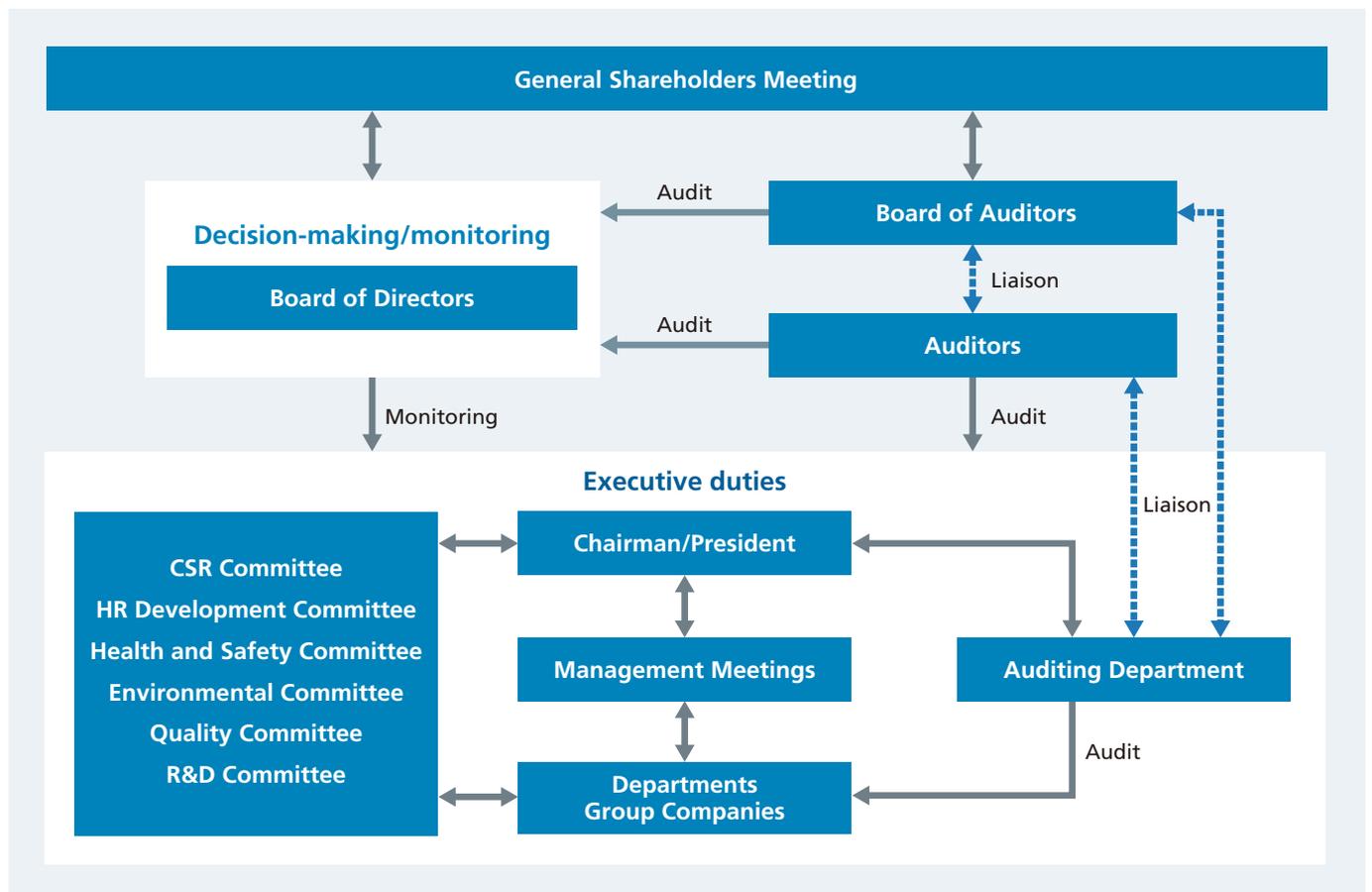
## Truly Concentrating on Manufacturing with the Aims of Increasing Corporate Value and Improving Management Systems

### Basic Concept

The UACJ Group believes that corporate governance is the basic framework of corporate management that maintains relationships with its various stakeholders (concerned parties), such as shareholders, customers, suppliers, employees and local communities. It is our responsibility to continuously increase corporate value by developing and providing products, technologies and services that are useful for society; doing so while

placing a priority on safety, and thereby contributing to our stakeholders as well. To achieve this, improving the functions of corporate governance and safeguarding sound and transparent operations are important issues. Equally important are continuing measures that ensure proper disclosure of financial and management information, practicing strong corporate ethics and maintaining thorough compliance and risk management, which are achieved by strengthening the functions of the Board of Directors and the Board of Auditors.

### Corporate Governance System



## Governance Organization

### Governance System

UACJ has introduced an “Executive Officer” system that divides functions between “management decision-making and supervision” and “business execution” to ensure the Board of Directors (BOD) functions with maximum efficiency and conducts business quickly and effectively.

BOD meetings are held monthly, at which time 12 directors and six auditors, including two outside directors and four outside auditors, respectively, attend. The meeting agenda includes deliberating important management issues and reporting business operations in compliance with the laws and regulations of the Articles of Incorporation and other internal rules.

A monthly management meeting attended by 10 directors, two full-time auditors and 20 executive officers is also held, where members deliberate and review important issues and try to ensure further communication among executives in order to better control business operations.

UACJ also utilizes a “Board of Auditors” system comprised of six auditors, four of whom are outside auditors and two of whom have expertise in finance and accounting. There is also a Secretariat with two staff members assigned to help improve the functions of the Board of Auditors.

Auditors attend important internal meetings such as BOD meetings and audit the directors’ execution of duties as an independent organ playing a role in corporate governance. The board of auditors meets monthly. In addition to preparing the auditing policy and other plans for each fiscal year, the operation and maintenance status of internal control systems, risk prevention measures, and the state of initiatives for management issues and other matters are audited, and the information is shared in periodic audit reports prepared by the full-time auditors.

### Effectively Evaluating the Board of Directors

To analyze and evaluate the effectiveness of the BOD, UACJ conducted a survey where it polled directors and auditors on various issues, including the composition and operations of the BOD. Following discussions based on the results of the survey, it was confirmed that the UACJ BOD is of an appropriate size, is comprised of a diverse balance of members, and operates properly in exercising supervisory functions over the management. It was also confirmed that, for BOD meeting discussions, a culture has developed in which both members of preliminary review meetings and those attending BOD meetings respect open and constructive discussions and freely exchange opinions.

The importance of making decisions after actively discussing business strategies and improving preparatory meeting explanations for outside officers has been realized as well.

### Status of Responding to the Corporate Governance Code

In response to the applying the Corporate Governance Code as a measure of corporate performance on the Tokyo Stock Exchange in June 2015, UACJ is working to strengthen its governance system even further. In June 2016, we announced implementation of the following initiatives:

- Preparing evaluation and selection criteria for outside accounting auditors
- Holding periodic meetings with outside directors
- Beginning a study to consider introducing stock-based compensation linked to mid- to long-term performance, etc.
- Evaluating the effectiveness of the BOD

### Remuneration for Officers

Regarding the remuneration paid to UACJ directors and auditors, the contents of the resolution made during the June 2006 general stockholders’ meeting of the former Furukawa-Sky Aluminum Corporation have been maintained. Specifically, the annual remuneration cap for directors is ¥450 million excluding normal employee salaries, and that for auditors is ¥75 million. The amounts paid to directors are limited to that which is approved at shareholders’ meetings and confirmed in a BOD meeting. Determination of the amounts paid to directors is calculated considering various factors, such as working full-time or part-time and position in the company. A portion of the remuneration paid is performance based.

The amounts of paid to auditors are also within the limit approved at the shareholders’ meeting, and further determined through consultation with the auditors.

The UACJ Group does not offer stock options as a means of providing remuneration to officers.

### Remuneration for directors and auditors for the current fiscal year

Classification	Number of officers	Remuneration
Directors (Outside Directors)	14 (2)	¥361 million (¥13 million)
Auditors (Outside Auditors)	8 (5)	¥60 million (¥11 million)
<b>Total (Outside Officers)</b>	<b>22 (7)</b>	<b>¥421 million (¥24 million)</b>

Note: Above data includes two board directors and two auditors that resigned at a general meeting of the shareholders during the second term held on June 26, 2015.

## Training Officers

To promote adequate performance of duties, UACJ provides various training programs for directors and auditors upon assuming their positions and during their terms of service.

New officer training includes a briefing for all directors and auditors, in which their roles and responsibilities are clarified. For outside officers, members are also briefed on information about the Group, such as businesses, finances and organizational structure.

Ongoing training while assigned to their positions includes camp-style training to deepen their understanding of governance and discuss various issues facing the Group. Additional training sessions are also provided depending on the knowledge, experience and capacity of each individual.

Attendance at sessions and participation in Group business debriefings when held help deepen the officers' understanding of business details.

## Appointing Officers

The appointment of directors at UACJ is based on making appropriate decisions on personnel evaluations, taking into consideration a candidate's career and abilities, and also the balance and diversity of knowledge, experience and capacity of the BOD as a whole.

Two independent outside directors who meet the requirements set forth for independent outside officers by the Tokyo Stock Exchange are also appointed. Based on the criteria stipulated in the Companies Act and by the Tokyo Stock Exchange, members who are believed will best contribute to the BOD through their straightforward, concise and constructive opinions are chosen. If it becomes necessary to increase the number of officers according to changes in the environment in the future, candidates will likely be selected following a similar policy.

## Information Disclosure

To ensure timely and appropriate information disclosure to investors, UACJ introduced a system in which the director in charge of the Public and Investor Relations Division is responsible for disclosure, and the general

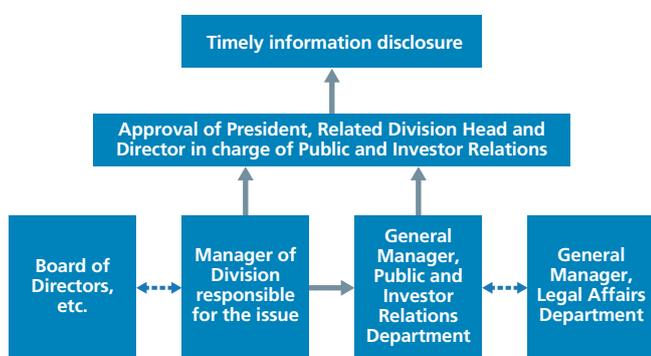
### Reasons for appointing outside directors and auditors, and their activities

Classification	Full name	Reason for appointment	Activities
Outside director, member of the board	Toshio Suzuki	As a Professor Emeritus of The University of Tokyo, Toshio Suzuki has a rich academic background and an objective viewpoint. We were confident that these features would enable him to perform duties assigned, and requested him to assume the position as one of the outside directors of UACJ.	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.
	Ryoko Sugiyama	Having tenured experience as an academic at Tokoha University and an impressive background in business management including being a director at various companies, we were confident that Ryoko Sugiyama would perform duties assigned to her and accordingly requested her to accept the position of outside director at UACJ.	Attended 10 of the 11 BOD meetings held since joining UACJ in fiscal 2016. Openly expressed her opinions from an objective point of view, clearly showing her poise and experience as a university professor and company director.
Outside auditor & board supervisory role	Akari Asano	Given his long experience and extensive knowledge gained through management positions such as the general manager of an administrative department and corporate executive, we were certain that Akari Asano was an excellent choice for performing the duties of an outside auditor and requested him to work with UACJ.	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.
	Tetsuya Sato	Possessing a broad knowledge of the corporate world and many years of experience, including holding the position of auditor at Furukawa Electric Co., Ltd., we felt Tetsuya Sato was an ideal choice for the position of outside auditor and requested him to work with UACJ.	Attended 13 of 14 BOD meetings 10 of 13 Board of Auditors meetings held during the fiscal year. Openly commented and expressed his opinions based on his wealth of knowledge and broad perspective as a company officer.
	Takashi Sone	Boasting a wealth of knowledge and having broad perspective of business management, including serving as a managing executive office at Sumitomo Corporation, we were certain that Takashi Sone would perform the duties of outside auditor appropriately and requested him to take the position.	Attended all 14 BOD meetings and all Board of Auditors meetings held in the fiscal year. Freely expressed his opinions when he felt it was needed, doing so confidently and contributing his wealth of knowledge and broad perspective as a company officer.
	Atsuki Matsumura	In addition to having experience in corporate management as the president and representative director of Siltronic Japan Corporation, Atsuki Matsumura also engaged in group management in the Corporate Planning Division of Nippon Steel & Sumitomo Metal Corporation. With his wealth of knowledge and broad business perspective, we were confident he would perform his duties accordingly and asked him to take a position as an outside auditor.	Attended 10 of the 11 BOD meetings and all 10 Board of Auditors meetings held since joining UACJ during the fiscal year. Openly expressed his opinions backed long experience as a corporate officer.

manager of the Public and Investor Relations Department is in charge of administrative affairs.

Specifically, based on various regulations set forth by the Financial Instrument Exchange, any information that is likely to be classified as an issue requiring disclosure is immediately reported by the head of the division supervising such issue to the general manager of the Public and Investor Relations Department. The general manager of the Public and Investor Relations Department then consults with the general manager of the Legal Affairs Department, as needed, and decides whether or not to disclose the information. If the decision is made to disclose information, the general manager must first obtain approval from the head of the division concerned and the president of UACJ.

### Timely Disclosure System



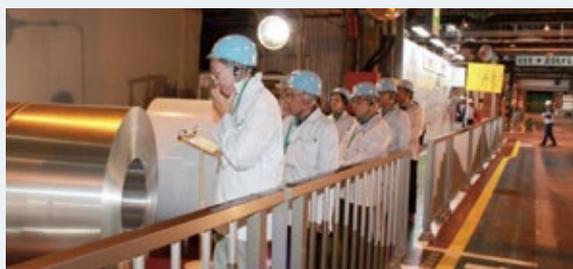
### Constructive Dialogue with Shareholders

In addition to appointing a Director in charge of Public and Investor Relations, UACJ has assigned the Public and Investor Relations Department as the department responsible for investor relations.

Quarterly results briefings and other opportunities, such as one-on-one meetings, small meetings and factory tours, are arranged for shareholders and investors when required.

We also have a basic policy to visit investors in the U.S.A., Europe and Asia once a year.

We try to improve information disclosure even further through initiatives such as information dissemination through our website and issuing annual reports. The UACJ website has received high evaluation from external institutions, and came in sixth in the overall standings of the "Fiscal 2016 Adequacy Ranking of All Listed Company Homepages."



Factory tour

## Compliance

In order to ensure the continuation of sound and fair business activities as a corporate group trusted by society, we established and distributed the Group Code of Conduct, which stipulates items that the employees of overseas companies in the Group must observe and share. The Code of Conduct is published in local languages for overseas companies including English, Chinese, Czech, Indonesian, Thai, Spanish and Vietnamese. Training to ensure compliance with laws and regulations such as the Anti-Monopoly Act is also being implemented as part of employee development at Group companies.

## Risk Management

In the UACJ Group, risks that may occur during operations are identified and evaluated by the respective departments as part of the risk management activities conducted throughout each company. Additionally, for risks that are identified, information on countermeasures, the time limit required for implementing them and progress status are collected and compiled into a "Risk Management Chart" so that information can be shared throughout the company. It is also reported to the CSR Committee, which evaluates the validity of the countermeasure.

We are also reviewing business continuity plans (BCPs) for large-scale earthquakes and working to build systems that enable operations to recover quickly. This includes confirming employee safety, setting up alternate production facilities and relocating headquarter functions elsewhere should the headquarters be severely damaged.

## CSR Management

In order to strengthen CSR management, UACJ established a CSR Committee for the purpose of creating a CSR promotion system to control group-wide, cross-sectional implementation of activities. This committee is chaired by the president and includes full-time directors, general managers from the headquarters and factories, and the presidents of related sales companies. To improve CSR management, the CSR Committee meets once a year to discuss and report on general policies and measures related to CSR, including compliance, risk management, and the training and enlightenment of executives and senior staff. Each committee member then disseminates the policies and measures discussed by the committee throughout the Group companies to further develop initiatives.

## List of Directors (as of April 1, 2016)

### Directors



**Shigenori Yamauchi**  
Representative Director &  
Chairman of the Board

Jul. 1971 Joined Sumitomo Light Metal Industries, Ltd.  
Jun. 2002 Company Director  
Jun. 2004 Managing Director  
Apr. 2005 Director and Managing Executive Officer  
Apr. 2007 Director and Senior Managing Executive Officer  
Jun. 2009 President and CEO  
Oct. 2013 Chairman of the Board CEO, UACJ Corporation  
Apr. 2016 Representative Director & Chairman of the Board (current)



**Mitsuru Okada**  
Representative Director &  
President

Apr. 1982 Joined Furukawa Electric Co., Ltd.  
Jun. 2008 Director, Furukawa-Sky Aluminum Corp.  
Jun. 2010 Managing Director  
Jun. 2012 President  
Oct. 2013 Member of the Board, President CEO, UACJ Corporation  
Apr. 2016 Representative Director & President (current)



**Shujiro Ito**  
Director, Member of the Board  
Executive Vice President

Apr. 1973 Joined Sumitomo Light Metal Industries, Ltd.  
Jun. 2004 Director  
Apr. 2005 Executive Officer  
Apr. 2007 Managing Executive Officer  
Jun. 2007 Director and Managing Executive Officer  
Jun. 2009 Director and Senior Managing Executive Officer  
Oct. 2013 Director, Member of the Board Senior Managing Executive Officer, UACJ Corporation  
Apr. 2015 Director, Member of the Board Executive Vice President (current)



**Keizo Shoji**  
Director, Member of the Board  
Senior Managing Executive Officer

Apr. 1975 Joined Sumitomo Light Metal Industries, Ltd.  
Apr. 2007 Executive Officer  
Jun. 2010 Director and Executive Officer  
Apr. 2011 Director and Managing Executive Officer  
Oct. 2013 Director, Member of the Board Managing Executive Officer, UACJ Corporation  
Apr. 2015 Director, Member of the Board Senior Managing Executive Officer (current)



**Takayoshi Nakano**  
Director, Member of the Board  
Senior Managing Executive Officer

Apr. 1978 Joined Nippon Steel Corporation (now Nippon Steel & Sumitomo Metal Corporation)  
Apr. 2004 Manager, European Office  
Jun. 2009 Advisor, Furukawa-Sky Aluminum Corp.  
Jun. 2010 Director  
Jun. 2012 Managing Director  
Jun. 2013 Director and Managing Executive Officer  
Oct. 2013 Director, Member of the Board Managing Executive Officer, UACJ Corporation  
Apr. 2015 Director, Member of the Board Senior Managing Executive Officer (current)



**Kiyoshi Tanaka**  
Director, Member of the Board  
Managing Executive Officer

Apr. 1981 Joined Furukawa Electric Co., Ltd.  
Jun. 2010 Director, Furukawa-Sky Aluminum Corp.  
Jun. 2013 Director and Managing Executive Officer  
Oct. 2013 Director, Member of the Board Managing Executive Officer, UACJ Corporation (current)



**Hironori Tsuchiya**  
 Director, Member of the Board  
 Managing Executive Officer

Apr. 1980 Joined Furukawa Electric Co., Ltd.  
 Jun. 2011 Director, Furukawa-Sky Aluminum Corp.  
 Jun. 2013 Director and Managing Executive Officer  
 Oct. 2013 Director, Member of the Board  
 Managing Executive Officer,  
 UACJ Corporation (current)



**Kazuhisa Shibue**  
 Director, Member of the Board  
 Managing Executive Officer

Apr. 1980 Joined Sumitomo Light Metal Industries,  
 Ltd.  
 Apr. 2010 Executive Officer  
 Oct. 2013 Managing Executive Officer, UACJ  
 Corporation  
 Jun. 2014 Director, Member of the Board  
 Managing Executive Officer (current)



**Hisashi Hasegawa**  
 Director, Member of the Board  
 Managing Executive Officer

Apr. 1980 Joined Furukawa Electric Co., Ltd.  
 Jun. 2006 General Manager, Finance and  
 Accounting Dept.  
 Jun. 2009 Director and General Manager,  
 Finance and Accounting Dept.,  
 Furukawa-Sky Aluminum Corp.  
 Jun. 2012 Managing Director  
 Jun. 2013 Managing Executive Officer  
 Oct. 2013 Managing Executive Officer, UACJ  
 Corporation  
 Jun. 2015 Director, Member of the Board  
 Managing Executive Officer (current)



**Miyuki Ishihara**  
 Director, Member of the Board  
 Executive Officer

Apr. 1981 Joined Sumitomo Light Metal Industries,  
 Ltd.  
 Oct. 2012 Deputy General Manager,  
 Production Div./Vice Factory Manager,  
 Nagoya Works  
 Executive Officer  
 Apr. 2013 Deputy General Manager, Production  
 Div./Factory Manager, Nagoya Works  
 Executive Officer  
 Oct. 2013 General Manager, Nagoya Works,  
 Production Division  
 Executive Officer, UACJ Corporation  
 Jul. 2014 General Manager, Fukui Works,  
 Production Division, Executive Officer  
 Jun. 2015 Director, Member of the Board  
 Executive Officer (current)

**Outside Members of the Board**



**Toshio Suzuki**  
 Director, Member of the Board (outside)

Apr. 1988 Assistant Professor, University of Tokyo  
 Jun. 1994 Professor  
 Apr. 1995 Professor of Graduate School  
 Mar. 2012 Retirement  
 Jun. 2012 Professor Emeritus, University of Tokyo  
 (current)  
 Oct. 2013 Director, Member of the Board (outside),  
 UACJ Corporation (current)



**Ryoko Sugiyama**  
 Director, Member of the Board (outside)

May 1996 Established Sugiyama & Kurihara  
 Environmental Consultants, Inc.,  
 Representative Director  
 Dec. 1997 Director, Gifu Shimbun  
 Dec. 1999 Director, Gifu Broadcasting System, Inc.  
 (current)  
 Apr. 2010 Professor, Fuji Tokoha University  
 (currently Tokoha University) Faculty of  
 Social and Environmental Studies (current)  
 Jun. 2010 Director, Lecip Holdings Corporation  
 Jun. 2015 Director, Member of the Board (outside),  
 UACJ Corporation (current)

## Audit & Supervisory Board Members



**Nobuhiro Ishihara**  
Audit & Supervisory Board Member

Apr. 1980 Joined Furukawa Electric Co., Ltd.  
Oct. 2003 General Manager, General Affairs Dpt.,  
Fukui Works, Rolled Products Div.,  
Furukawa-Sky Aluminum Corp.  
Jun. 2004 General Manager, General Affairs Div.,  
Nuclear Fuel Industries, Ltd.  
Jun. 2008 Director and General Manager, General  
Affairs Dept.  
May 2009 Executive Officer and General Manager,  
General Affairs Dept.  
Jun. 2010 Full-time Statutory Auditor,  
Furukawa-Sky Aluminum Corp.  
Oct. 2013 Audit & Supervisory Board Member,  
UACJ Corporation (current)



**Kazumasa Kato**  
Audit & Supervisory Board Member

Apr. 1980 Joined Furukawa Electric Co., Ltd.  
Mar. 2003 Manager, Management Office,  
Yokohama R&D Laboratory, Research &  
Development Division  
Jul. 2004 General Manager, Finance and Accounting  
Department, NIKKEI KAKOH CO., LTD.  
Jun. 2005 Director  
Jun. 2009 Managing Director  
Jun. 2015 Audit & Supervisory Board Member,  
UACJ Corporation (current)

## Outside Audit & Supervisory Board Members



**Akari Asano**  
Audit & Supervisory Board Member  
(outside)

Apr. 1970 Joined MITSUBISHI RAYON CO., LTD.  
Jun. 2003 General Manager, General Affairs  
Department  
Jun. 2004 Senior Director  
Jun. 2008 Resigned from MITSUBISHI RAYON CO., LTD.  
Jun. 2009 Outside Statutory Auditor of Sumitomo Light  
Metal Industries, Ltd.  
Jun. 2013 Outside Statutory Auditor, Furukawa-Sky  
Aluminum Corp.  
Oct. 2013 Audit & Supervisory Board Member  
(outside), UACJ Corporation (current)



**Tetsuya Sato**  
Audit & Supervisory Board Member  
(outside)

Apr. 1975 Joined the Ministry of International Trade and  
Industry (currently the Ministry of Economy,  
Trade and Industry)  
Jul. 2002 Deputy Director-General for Technical  
Regulations, Standards and Conformity  
Assessment Policy  
Jun. 2004 Retired from the Ministry of Economy, Trade and  
Industry  
Jul. 2004 Senior Director of The Shoko Chukin Bank  
(currently The Shoko Chukin Bank, Ltd.)  
Jun. 2006 Resigned from Senior Director of  
The Shoko Chukin Bank, Ltd.  
Aug. 2006 Corporate Vice President of Furukawa Electric  
Co., Ltd.  
Jun. 2007 Director, Member of the Board and  
Corporate Vice President  
Jun. 2009 Director, Member of the Board and  
Corporate Senior Vice President  
Jun. 2013 Outside Statutory Auditor, Furukawa-Sky  
Aluminum Corp.  
Oct. 2013 Audit & Supervisory Board Member (outside),  
UACJ Corporation (current)  
Apr. 2014 Director, Member of the Board and  
Corporate Executive Vice President of  
Furukawa Electric Co., Ltd.  
Apr. 2015 Director, Member of the Board  
Jun. 2015 Audit & Supervisory Board Member (current)



**Takashi Sone**  
Audit & Supervisory Board Member  
(outside)

Apr. 1971 Joined Sumitomo Corporation  
Apr. 2004 General Manager,  
Communications/Industry Project  
Apr. 2007 Executive Officer  
Apr. 2009 Managing Executive Officer  
Apr. 2011 Advisor  
Jun. 2012 Outside Statutory Auditor, Sumitomo Light  
Metal Industries, Ltd.  
Oct. 2013 Audit & Supervisory Board Member  
(outside), UACJ Corporation (current)



**Atsuki Matsumura**  
Audit & Supervisory Board Member  
(outside)

Apr. 1986 Joined Nippon Steel Corporation  
Oct. 1997 SIMOX Group Leader, Semiconductor  
Substrate Development Group,  
Advanced Materials & Technology  
Research Laboratories, Technical  
Research & Development Bureau  
Aug. 2008 President and Representative Director and  
General Manager, Sales Management  
Department, Siltronic Japan Corporation  
Dec. 2012 Joined Nippon Steel & Sumitomo Metal  
Corporation Senior Principal Manager,  
Corporate Planning Division  
Mar. 2015 Auditor, Nippon Steel & Sumikin  
Chemical Co., Ltd. (current)  
Apr. 2015 Advisor, Corporate Planning Division, Nippon  
Steel & Sumitomo Metal Corporation (current)  
Jun. 2015 Audit & Supervisory Board Member (outside),  
UACJ Corporation (current)

## Executive Officers

**Shigekazu Shiraishi**  
Senior Managing  
Executive Officer

**Akihiko Kusumoto**  
Senior Managing  
Executive Officer

**Tatsuro Matsuura**  
Managing Executive  
Officer

**Youji Shimizu**  
Executive Officer

**Hiroyuki Fukui**  
Executive Officer

**Katsuyasu Niibori**  
Executive Officer

**Mizuho Taneoka**  
Executive Officer

**Akinori Yamaguchi**  
Executive Officer

**Teiichi Abe**  
Executive Officer

**Teruo Kawashima**  
Executive Officer

**Masataka Taguchi**  
Executive Officer

**Masahiro Teshima**  
Executive Officer

**Akito Imaizumi**  
Executive Officer

**Akira Matsushita**  
Executive Officer

**Kimitoshi Inagaki**  
Executive Officer

**Akinori Yoshida**  
Executive Officer

**Yasuhiro Hosomi**  
Executive Officer

**Takahide Otani**  
Executive Officer

**Yukio Takekawa**  
Executive Officer

**Yukihiro Kuwamoto**  
Executive Officer