

UACJ



**Sustainability Report
2014**

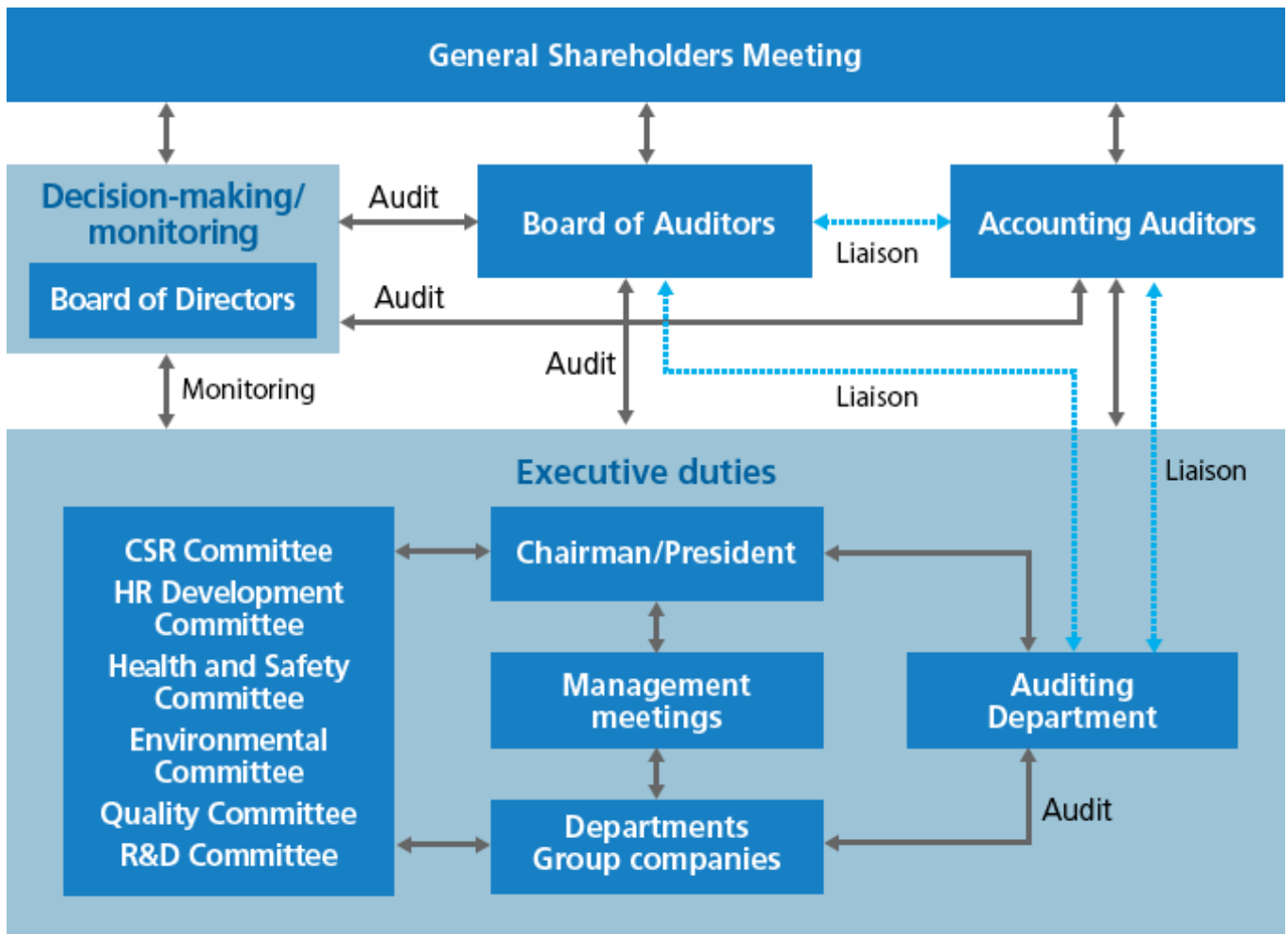
Basic Ideas on Corporate Governance

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 Group 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

Board of Directors meetings, which are convened monthly, are attended by 12 Directors (including 2 outside Director) 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.

There are two outside directors. One is a university professor emeritus who, with his wealth of academic experience, is able to oversee management from an objective perspective, while the other, also has a long and successful academic career and experience serving as a company director. Both of the outside directors serve to assure propriety in decision-making by the Board of Directors.

The Board of Directors and Executive Officers

At the UACJ Group, 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 10 Directors, 2 full-time Audit & Supervisory Board Members, and 17 Executive Officers. 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.

Remuneration of Directors and Audit & Supervisory Board Members

For remuneration of Directors and Audit & Supervisory Board Members, limits were established in the June 28, 2006 regular general shareholders' meeting of the former Furukawa-Sky Corp. For Directors, it was determined that remuneration for the Directors as a group shall not exceed 450 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 ¥75 million annually. These limits have remained in effect even after the merger with Sumitomo Light Metal Industries, Ltd.

Amounts actually paid as remuneration to Directors are determined by Board of Directors resolutions within the overall limit approved by the shareholders. In determining amounts to be paid, a base amount is set depending on status – either full-time or part-time – and position within the company. Adjustments are then made based on performance.

Amounts paid to Audit & Supervisory Board Members as remuneration are determined via discussion by the Audit & Supervisory Board Members, within the overall limit approved in the general shareholders' meeting mentioned above.

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.

The Audit & Supervisory Board consists of 6 Audit & Supervisory Board Members, including 4 outside members and two 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 are presented by the full-time members. All Audit & Supervisory Board Members, including outside members, communicate closely with one another, sharing information and opinions.

Audits by Audit & Supervisory Board Members

To help ensure the full functionality of an independent Audit & Supervisory Board, one employee has 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 cooperative 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

Internal audits at the UACJ Group are performed by the 17-member (12 full-time internal auditors and 5 internal auditors with other job responsibilities as well) Internal Auditing Department, which reports directly to the chairman of the board and 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, in a rational manner, and for the fulfillment of a management purpose. Audit results are reported to the chairman of the board and the president of UACJ Corporation, together with recommendations and suggestions for improvements.

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

Based on internal rules, UACJ and the UACJ Group properly manage environmental, safety and health, quality, information security, export management, and all other common risks. Risks that are particular to individual business operations are managed within those operations. The CSR Committee advances cross-company, horizontal risk management.

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.
- Under the leadership of the CSR Committee, workshops are held, manuals are distributed, and other education steps are taken, and compliance activities, such as checks for legal and regulatory compliance, are pursued.
- 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 measures such as the rule-based division of duties among Directors.
- 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.

/ CSR Management

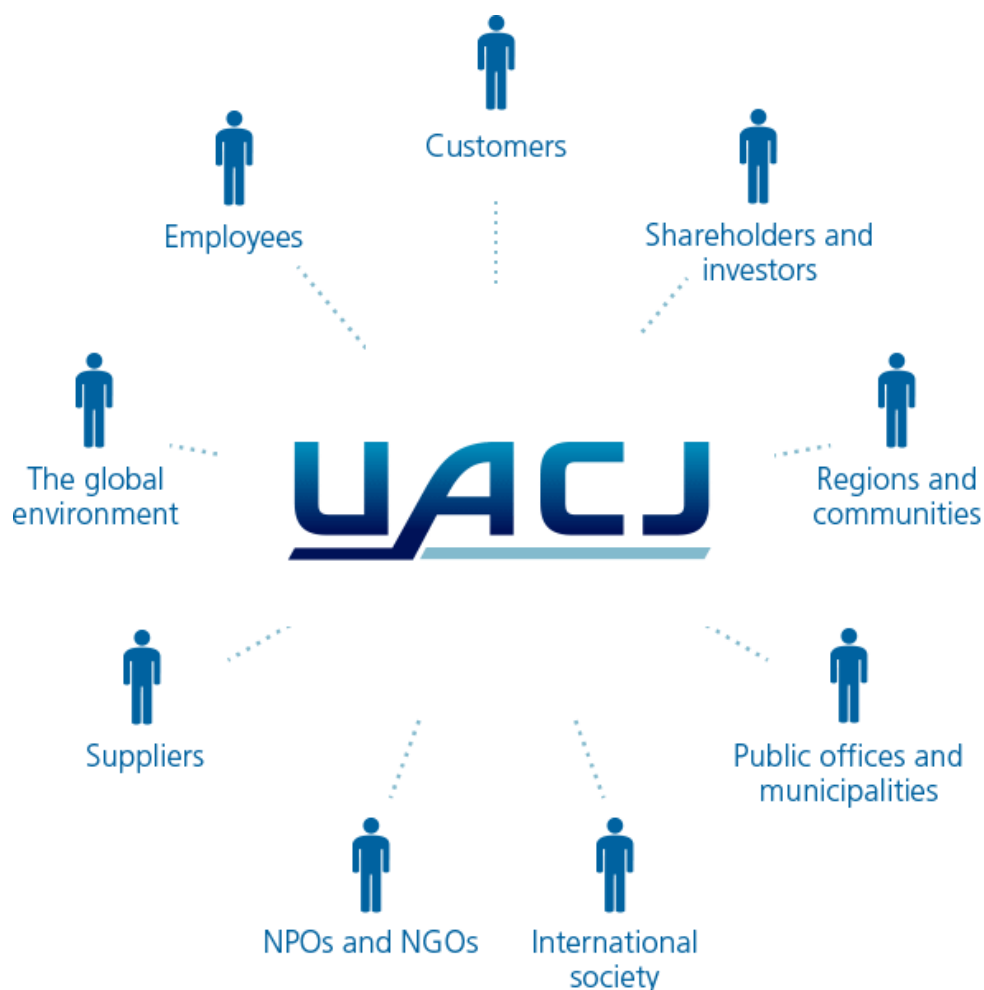
Our CSR Committee, consisting of directors, works managers, the head of the Technical Development and Research Center, and headquarters managers, responds to society's wide-ranging demands.

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.

Relationships with Stakeholders



System for Advancing CSR

The UACJ Group has established its CSR Committee and put in place a system for advancing CSR across the breadth of the Group.

The CSR Committee, with the UACJ's General Affairs Department providing administrative support, is chaired by UACJ's president and has a membership consisting of UACJ's full-time directors, plant managers, headquarters department heads, and the head of its Research & Development Division.

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 and compliance lessons with the units they oversee in an effort that disseminates this information throughout the company. Information on CSR policies and measures is disseminated to the Group companies via the General Affairs Liaison Committee.

Responsibilities to and Methods for Communicating with Principal Stakeholders

	Key Responsibilities	Communication Methods
Customers	<ul style="list-style-type: none"> ▪ Maintain and improve the quality of products, operations, and services ▪ Provide products and services that are good for society ▪ Use a wide variety of technologies and know-how to solve customers' problems 	<ul style="list-style-type: none"> ▪ Dialogue in daily business dealings ▪ Website, CSR Report ▪ Dialogue through technology exhibits and trade shows ▪ Customer satisfaction surveys
Suppliers	<ul style="list-style-type: none"> ▪ Build sound relationships through fair transactions respecting laws and ordinances ▪ Fulfill CSRs throughout the supply chain 	<ul style="list-style-type: none"> ▪ Dialogue in daily business dealings
Environment	<ul style="list-style-type: none"> ▪ Reduce greenhouse gas emissions ▪ Promote energy efficiency and recycling ▪ Protect biodiversity ▪ Reduce industrial waste ▪ Manage and reduce harmful chemical substances 	<ul style="list-style-type: none"> ▪ Operate within laws and regulations ▪ Support the Kyoto Protocol on fighting global warming, the Nagoya Protocol on biodiversity, and other international agreements ▪ Support environmental activities advanced by Japan's Ministry of the Environment and others
Investors	<ul style="list-style-type: none"> ▪ Provide appropriate returns ▪ Make timely and appropriate disclosures ▪ Increase corporate value 	<ul style="list-style-type: none"> ▪ General meeting of shareholders ▪ Shareholder communications ▪ Results briefings ▪ One-on-one meetings ▪ Shareholder plant tours ▪ Integration report ▪ Website
Employees	<ul style="list-style-type: none"> ▪ Respect human rights ▪ Develop personnel, and provide fair evaluations and compensation ▪ Protect worker safety and health (including mental health) ▪ Support diverse working styles, and employee efforts to meet work and personal responsibilities 	<ul style="list-style-type: none"> ▪ Company newsletter and intranet ▪ CEO's inspections of individual business locations
Local Communities	<ul style="list-style-type: none"> ▪ Support sports and cultural activities, and efforts to nurture future generations ▪ Participate in and support traditional events ▪ Support and work with local and other NPOs 	<ul style="list-style-type: none"> ▪ Plant tours ▪ Local events ▪ Neighborhood clean-up and other social contribution activities by employees

Objectives

	Fiscal 2015 Objectives
Highlight Compliance	Establish Group Code of Conduct
	Prepare pledge to abide by the Code of Conduct
	Formulate and implement rules for reporting compliance problems
	Raise awareness of and enhance the internal reporting system
	Hold workshops on the Antimonopoly Law and Subcontract Act
Promote Risk Management	Conduct Group-wide risk management activities
	Implementation of employee safety confirmation systems and installation of emergency communications equipment throughout the Group
	Revise the BCP and prepare rules and manuals
	Establish an emergency contact system and install necessary equipment
	Conduct training for setting up a disaster-response headquarters and responding to a disaster

Viewing thorough compliance as the foundation of ongoing existence for a company, we are working to strengthen understanding of compliance within the Group.

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 for the UACJ Group to gain even greater trust by society. The Group Code of Conduct - posted on our intranet and accessible from every one of the Group's computer terminals – calls on all Group executives and employees to respect the laws, religions, cultures, traditions, and other social elements of the world's countries and regions, and to never engage in activity that violates human rights or is otherwise unethical.

Compliance Education

All executives and employees of UACJ Group companies in Japan are provided with copies of the Group Code of Conduct and workshops are held at the department and section level to ensure thorough understanding of its contents. At the conclusion of each workshop, each participant – executive and employee alike – submits a personal pledge to the president of their particular company to uphold the Group Code of Conduct. The same or similar activities will be considered for UACJ Group companies outside of Japan.

In addition, instruction on compliance in general is provided in job-level training, while details of Japan's Antimonopoly Act, Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (the Subcontract Act), and other laws are covered in specialized workshops. 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 administrative section of the 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 takes steps to prevent the reporting employee and those whose activities are investigated from suffering any negative consequences from the mere reporting of suspicious activity or cooperation with the investigation.

*1 The Anonymous Reporting Board is a system that allows an employee to engage in a dialog anonymously with hotline personnel over our intranet. 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.

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. Following its inception, the Group raised internal awareness of key points by providing detailed explanations of them to all executives, the heads of all sales departments, heads of branch offices, and presidents of principal Group companies in attorney-led presentations. Relevant points for sales employees at UACJ and the Group companies were covered in workshops. Furthermore, we now emphasize the importance of Antimonopoly Law compliance in a set of guidelines we have prepared and distributed to sales, technology, research, and other relevant departments. In fiscal 2014, we experienced no violations of either the Antimonopoly Act or the antimonopoly laws of other countries.

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 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.

In addition, UACJ, in accordance with its operating rules, decides to move forward with a donation or membership process only after confirming that potential donation recipients and organizations the Company may become a part of have no connection to antisocial forces.

We are building a comprehensive management system to prevent the realization of all manner of risks.

Risk Management System

UACJ reexamined the risk management activities that were being undertaken by its two predecessor companies prior to their merger and, in fiscal 2015, has launched a new risk management initiative. Under this new initiative, individual departments have identified risks that could emerge in their operations, and summarized responses, deadlines, status descriptions, and other information in a risk management table. The risks identified by individual departments have been divided into “major risks” – those with a high likelihood of threatening business continuity – and “other risks.” For major risks, the status of avoidance and mitigation measures is monitored by the CSR Committee. Other risks are managed by individual departments as part of their daily activities.

BCP (Business Continuity Plan)

UACJ engages in risk management that takes into consideration emergency situations – such as earthquakes, fires, and other natural disasters; and the widespread emergence of infectious diseases – that could have major impacts on the continuation of our business operations. For fiscal 2015, we have plans to revamp the disaster management schemes our two predecessor companies had put in place to address the possibility of a major earthquake, and formulate a new BCP.

More specifically, we aim to establish a new disaster management scheme that, among other features, will include plans for transferring headquarters functions in the event our headquarters is incapacitated, and shifting production to alternative plants if a plant is disabled.

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 established an emergency contact network and safety confirmation system for determining the condition of employees following a disaster, and equipped our headquarters, branch offices and works with commercial radio equipment that will allow us to swiftly assemble key personnel, assess the condition of damaged facilities, and undertake rescue and support efforts even if telephone networks become unusable.

To ensure that we can mount a rapid, accurate disaster response, we regularly hold training at individual business locations and among multiple business locations.

The employee safety confirmation system and commercial radio equipment have already been introduced at some Group companies as well, and plans call for all Group companies to have them by the end of fiscal 2015.

Disaster response initiatives tailored to circumstances at individual business locations are also being taken. Our headquarters, for example, acting in accordance with a Tokyo Metropolitan Government ordinance, has developed plans to keep employees in the building (and not send them home immediately) following a major earthquake, and stored enough drinking water, food, and other supplies toward that end.

The Nagoya Works, meanwhile, lying in an area specifically addressed by the Large-Scale Earthquake Countermeasures Law, has prepared an earthquake preparedness manual and holds annual comprehensive earthquake preparedness training. It has also taken steps such as seismically reinforcing the works' main structure, securing evacuation routes, installing early warning devices, and setting aside disaster supplies.



Headquarters and worksite storage for emergency supplies

Basic Policies on Quality

1. We will advance technical development, quality improvement, and frontline response capabilities to provide products that offer high quality and outstanding reliability and satisfy customers.
2. We will continuously improve our ability to meet demands and enhance the effectiveness of our quality management system.
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.

| Quality Management System

With the merger that created it, the UACJ Group has built and is now operating a new quality management system.

Under this system, the Quality Committee chaired by the Executive in Charge of Quality is the highest body for advancing quality management in all Group companies. As such, it discusses and reports on the status of quality, significant problems, and other important quality-related matters.

The UACJ Group's quality management activities are implemented in accordance with the Basic Principles on Quality and the Annual Quality Management Direction laying out objectives for the year.

In addition, because the merger resulted in a major increase in the number of Group companies, making centralized quality management impractical, we have established quality management organizations for individual segments. Under this management approach, quality management initiatives are implemented with the leaders of segment level quality management organizations and the headquarters Technology Planning & Control Department coordinating with each other to ensure they are proceeding along consistent vectors.

Quality Improvement Activities

In fiscal 2014, the UACJ Group's quality improvement activities were a continuation of activities begun prior to the merger. In fiscal 2015, we are pursuing quality improvement activities based on a new Group-wide integrated management direction.

Fiscal 2014 activities consisted of measures aimed at improving quality by clarifying key issues to be addressed in MCS (Maximize Customer Satisfaction) Activities. That was under the former Furukawa-Sky Group and these activities focused on:

1. Taking thorough steps to prevent problems from occurring or recurring,
2. Building trust-based relationships by proactively addressing customer needs,
3. Enhancing technical capabilities supporting quality, and
4. Personnel development.

As a result of activities addressing these key issues, some chronic problems were solved. And, though the quantitative target for complaints involving claims for damages was not achieved, a year-on-year reduction was. The number of complaints not involving claims for damages also declined, enough to achieve the target.

Meanwhile, Sumitomo Light Metal Industries Group, UACJ's other predecessor company, was implementing Total 5S and SK50 activities to make improvements at individual frontline locations and improve staff capabilities.

Based on the activities at its two predecessor companies, the UACJ Group has created its fiscal 2015 slogan – Aim for World-Leading Quality with Stronger Frontline Capabilities of the New UACJ Group - and established the following 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.

The UACJ Group will also take action on the following key issues.

- Early realization of synergies in technical, development, and quality management capabilities
- Thorough-going essential improvements to enhance abilities to prevent problems from occurring or recurring
- Proactively addressing customer needs
- Development of personnel responsible for improving quality and elevation of frontline capabilities

Obtaining International Certifications for Quality Management Systems

The UACJ Group practices quality management in accordance with the international quality management system certifications obtained by individual Group companies. Nearly all Group companies have obtained these certifications. For the few that have not, support enabling them to manage quality in accordance with international certification requirements is being provided.

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.”

At a practical level, this means that we will emphasize communication with customers and regularly conduct customer satisfaction surveys. Based on close examination and analysis of the customer feedback we receive through these surveys, we will then work to maximize customer satisfaction by undertaking improvement activities and reflecting customer input in product development and every other place that could thereby be improved.

Customer feedback will also be gained through events we organize to communicate directly with customers and will be used to improve quality, delivery times, and product development.

Addressing Complaints

For fiscal 2015, our objectives in addressing customer complaints are: “Zero major quality problems (quality anomalies)”, “10% or greater year-on-year improvements in numbers of complaints, both those involving claims for damages and those that do not.”

Regarding major quality problems, we have created decision criteria for the entire Group, shared this information with all Group companies, and are working to prevent problems similar to those experienced in the past. In addition, information on complaints is centrally organized and then used to prevent problems from recurring or happening in the first place.

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 is rising by the year, with almost all of the increase coming from overseas. In fiscal 2014, we received a total of 63 questions from outside Japan, 8 more than in the previous fiscal year. Going forward, we intend to further deepen our interaction with customers and reflect what we learn in the development of new products.

Awards Received from Customers

At the 2013 General Meeting of Denso Suppliers, held on May 20, 2014 at the Nagoya Tokyu Hotel, Denso Corporation presented the UACJ Group with its Grand Prize for cooperation in improving quality, lowering costs, and delivery times.

The Grand Prize is the highest award Denso Corporation bestows upon supplier-manufacturers. The purpose of this award is to recognize those companies that have made the greatest overall contributions in terms of technical development, quality, cost improvement, and delivery times, and UACJ is the first raw material manufacturer to be named a recipient. In selecting UACJ for this recognition, Denso cited the rationale below.

Grand Prize Award Rationale

1. Development of a brazing alloy for GIC condensers (aluminum sheet)
2. Development of material for a cold storage evaporator case (tentative reference)
3. Cost improvements for perforated pipe (for RS evaporators and MF IV condensers)
4. VA recommendation for use of a thin-wall perforated pipe for MF IV condensers

Denso also presented UACJ with its Technical Development Prize for achievements in four areas.

Technical Development Prize Award Rationale

1. High-strength CC fin material for use in Denso Global Inner-fin Condensers (GICs)
2. Brazed high-strength tube material for use in Global Standard Radiators (GSRs)
3. Highly corrosion resistant tube material for air-cooled intercoolers
4. Thin plate for housingless oil coolers

Dissemination of Information on New Products and Technologies

Publication of a Technology and Research Journal

The predecessors of the UACJ Group had been publishing annual technology and research journals as tools for introducing research results, new products, and new technologies. Because of the merger, however, it was decided to end publication of Furukawa-Sky Review and Sumitomo Light Metal Technical Reports.

The 9th and final edition of Furukawa-sky Review, published on April 1, 2013, carried one technical commentary, and five technical papers, together with coverage of key products and, as next-generation products and technologies poised for development and commercialization, a sound-absorbing panel for use on the Shinkansen (winner of the Japan Aluminum Association Development Prize) and an aluminum alloy for casting molds.

The last issue of Sumitomo Light Metal Technical Reports, the 54th, was published on August 31, 2013. Intended to transfer aluminum alloy R&D knowledge and be of assistance for the next generation of aluminum alloy development, it carried two commentaries on “extra super duralumin and the Zero fighter,” 13 articles on organization control, 10 papers, and two items of technical information. To build the new history of the UACJ Group going forward, we are planning to issue a new collection technology and research papers integrating the two journals above.

Fair Transactions

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 economic and social conditions, we revise the composition of procurement items, procurement methods, and procurement conditions, as needed, and make other changes as well.

Suppliers are selected based on a set of rational standards. 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.

Regular internal workshops are held on matters concerning Japan's Subcontract Act, and head office and works employees in charge of purchasing participate in external workshops, as needed, to gather the latest information and disseminate it internally.

A Subcontract Act workshop was held at the head office in fiscal 2014.

CSR Procurement Initiatives

The UACJ Group believes it is important to consider the needs of society and the environment at every stage from the procurement of raw materials to manufacturing and sales. We, therefore, 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, efforts to procure alternatives with the least environmental impact include requests to suppliers to 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.

Relationship with Investors

To further solidify the trust investors place in us, we proactively disclose information, engage in dialogue, and pursue IR activities on a global scale.

Dividend Policy

UACJ views dividends as an important avenue for paying 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 2014, we paid total dividends of 9 yen per share, consisting of an ordinary dividend of 6 yen per share, just as in the prior fiscal period, plus a 3 yen per share special dividend to commemorate the formation of UACJ.

Communication with Investors

Forthright information disclosure and interactive communication are key to our efforts to meet investor expectations.

Appropriate 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 2014, 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.

In May 2013, we conducted a tour of the Fukaya Works, providing 50 shareholders, selected randomly from a pool of 210 applicants, with a chance to observe production processes and technical facilities, and, thereby, deepen their understanding of the UACJ Group and the use of aluminum as a material.

At the international level, our executive in charge of IR has conducted our first face-to-face meetings with institutional investors. These were held in Hong Kong, Singapore, and the U.S. (New York and Boston) and were intended to give investors a better, more direct sense of who we are. All of our IR activities also 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 twice a year to both shareholders and other investors. In addition, UACJ has devoted a section of its website to the provision of IR information in an effort to bring greater speed and fairness to our information disclosures.

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 (former Sumitomo Light Metal Nagoya Works)

The Nagoya Works contributes to community beautification efforts by conducting cleanups of the area surrounding its site. Roughly 60 employees, consisting mainly of supervisors, participate in these semiannual (April and September) events.



Cleaning up around a plant

| Fukui Works (former Furukawa-Sky Fukui Works)

The Fukui Works participates in environmental beautification activities promoted by Fukui Prefecture, and performs cleanup activities in areas next to its facility. In fiscal 2014, these cleanup activities were held on three occasions – in June, September, and March – with a total of 292 participants. Held every year, they have now become regular events for the community surrounding the works.

| Fukaya Works (former Furukawa-Sky Fukaya Works)

Employees of the Fukaya Works participate in clean-up activities sponsored by Fukaya City in May and November of every year. In fiscal 2014, a total of 100 employees, including personnel from Group companies, conducted a cleanup along the Maenogawa River, which runs through the west side of the works property.

| Nikko Works (former Furukawa-Sky Nikko Works)

The Nikko Works performs cleanup activities in the nearby Sakuragaoka area. Thirty employees from indirect departments participated in the activity held in June of fiscal 2014.

UACJ Copper Tube Corporation (former Sumikei Copper Tube Co., Ltd.)

In fiscal 2014, over 30 employees participated in local cleanup activities sponsored by Toyokawa City, the location of the Company's plant. In activities held on two occasions, one in May and the other in September, they picked up litter and garbage in the areas adjacent to the plant.

UACJ Extrusion Oyama Corporation (former Furukawa-Sky Oyama Plant)

At UACJ Extrusion Oyama Corporation, which is adjacent to a residential area, around 50 employees come together once every two months to clean the approximate 2.5km footpath that surrounds the plant. Employees have also continuously participated in cleanup activities sponsored by Oyama City. In fiscal 2014, a total of 40 employees participated in the cleanup of the Watarase Yusuichi recreation area, the cleanup following the Oyama fireworks event, and the Furusato cleanup event in Omoigawa. These annual events take place in April, July, and October, respectively.

UACJ Extrusion Gunma Corporation (former Sumikei Techno Gunma)

UACJ Extrusion Gunma Corporation plans and conducts quarterly cleanup activities around its plant. In these activities, employees collect garbage discarded on the public roads and in waterways near the plant, and, with a tax abatement in place, takes it to the municipal waste processing facility. That ordinary employees have recently volunteered to participate in this activity, which originally involved only management and workers' union representatives, shows that appreciation of these cleanup activities is taking hold throughout the plant.

UACJ Extrusion Nagoya Corporation, Anjo Plant (former Sumikei Techno, Anjo Plant)

Working with neighborhood and residents' associations, UACJ Extrusion Nagoya Corporation holds cleanup activities mainly for the areas adjacent to its plant and neighboring areas at the end of every month. It also conducts unscheduled cleanups and leaf-collections - for example, on a morning following a period strong winds - to help beautify the local area.

| UACJ Extrusion Shiga Corporation (former Furukawa-Sky Shiga)

UACJ Extrusion Shiga Corporation employees participate in environmental beautification activities sponsored by Shiga Prefecture. They collected litter and empty cans in the September 2013 Lake Biwa Clean Campaign and cleared vegetation from the banks of the Zenkojigawa River (a tributary of the Hinogawa River) in a November river beautification campaign. In total, 22 employees took part in these annual activities.



Cleaning up around a plant



Nagoya Issei Cleanup Campaign

Nurturing Future Generations

| Fukui Works (former Furukawa-Sky Fukui Works)

To help local residents deepen their understanding of the UACJ Group's business activities, we conduct plant tours. In fiscal 2014, 343 residents, including elementary school students, came to the Fukui Works in nine separate groups and observed manufacturing processes, environmental protection measures, as well as other aspects of the plant. For junior high school students who visited the works in October 2013, we provided information on professions, and options for pursuing a living, to encourage them to think about their futures and the work they would like to do.

| Fukaya Works

As part of the Super Science High School (SSH) Japan's Ministry of Education, Culture, Sports, Science and Technology is conducting to develop people who can work in science and technology internationally in the future, the Fukaya Works held a plant tour in July 2013. In all, 81 students from Kumagaya Nishi High School and Kumagaya Girls Upper Secondary School participated in the tour. The value of the tour was indicated by feedback showing that students were both surprised to see the complexity involved in making aluminum, a very familiar material in daily life, and convinced that aluminum – because it is used in products like aircraft and automobiles – will be a vital material for society going forward.

UACJ Extrusion Oyama Corporation (former Furukawa-Sky Oyama Works)

UACJ Extrusion Oyama Corporation welcomes local junior high school students for workplace tours every year. Comments from participants 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.

The company also takes in up to about 20 students from Jichi Medical University School of Nursing as interns. Of these students, those interested in industrial health can also participate in a supplementary five-day internship in which they learn about the activities of the Occupational Safety and Health Committee, take part in Safety Patrols, and experience the direct provision of advice to employees with chronic health conditions. Through these activities, interns learn about health management, work management, and work environment management – all of which are fundamental to occupational health. They also study industrial health activities targeting health issues and the functions and roles of nurses in implementing them.

Other Forms of Communication

Fukui Works (former Furukawa-Sky 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. The works' donation for the fiscal 2013-2017 period has been used for purposes such as the purchase of a bus for the Reihoku School for Children with Special Needs and installation of audio guidance systems for the visually impaired in five of the city's multipurpose toilets. Separately, the works is pursuing its own efforts to provide equipment for schools for children with special needs and other social welfare facilities, as well.

Fukaya Works (former Furukawa-Sky Fukaya Works)

The Fukaya Works established the Fukayashi Furukawa-Sky Shogai Fukushi Kikin, a charitable social welfare fund in 2007. The works donates 2 million yen to the fund annually and participates in the discussion and selection of recipients of support from the fund. Following the fiscal 2014 merger that created the UACJ Group, the name of the fund was changed to Fukayashi UACJ Shogai Fukushi Kikin.

Nagoya Works (former Sumitomo Light Metal Industries Nagoya Plant) , UACJ Copper Tube Corporation (formerly Sumikei Copper Tube Co., Ltd.)

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.



Inami Festival (Nagoya Works)



Summer Festival (UACJ Copper Tube Corporation)

UACJ Copper Tube Corporation (formerly Sumikei Copper Tube Co., Ltd.)

UACJ Copper Tube Corporation's Fiscal 2014 Activities

	Activities
April 2013	Allowed an organization supporting people with learning difficulties to hold weekly sales of its baked goods within the company. The popularity of these items means it takes only about 15 minutes for the organization to sell all 150 items it brings. (Ongoing as of June 2014)
November 9-10, 2013	Participated in the 8th B-1 Gran Prix in Toyokawa (sponsored by Toyokawa City) as a corporate volunteer. Provided 400,000 yen in co-sponsorship funding and 50 employee volunteers.
August 2014	Held Copper Tube Corporation's 41st Summer Festival (welcomed roughly 4,000 visitors)

UACJ Extrusion Oyama Corporation, UACJ Foundry & Forging Corporation (formerly Furukawa-Sky Oyama Plant)

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 Victim Support Center Tochigi, Tochigiken Bohan Kyokai (crime-prevention organization), Oyamashi Shakai Fukushi Kyokai (social welfare organization), and other charitable organizations. And participation in dance, volley ball, Indiacca, badminton, and other physical activities is encouraged by allowing local residents the free use of a gymnasium managed by the plant.

Support for Recovery from Disasters

In September 2013, we once again participated in a disaster recovery program being promoted by Japan's Ministry of Agriculture, Forestry and Fisheries under a catchphrase that translates as "Support by eating!" Supporting the program's aims, we actively purchased food for the Nagoya Works' cafeteria and dormitory from disaster-hit areas to help revitalize their economies.

Disaster Response Support for Communities

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. Under this agreement, the works will provide 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 an evacuation site for students of a nearby school for disabled children when a tsunami warning is issued. The second annual tsunami evacuation drill, carried out with the joint efforts of the Nagoya Works and the school, was held in October 2013 with participation by roughly 400 people.

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 education and training inside and outside Japan in other ways as well.

| Internship System

The UACJ Group 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.

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.

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.

Safety and Health Management System

| Safety and Hygiene Committee

Aiming to create work environments where employees can perform their jobs with peace of mind, the UACJ Group has built a safety and hygiene management system that is led by each business location's general safety and health manager.

To supervise safety and hygiene throughout the group, we have established the Safety and Health Committee, which is chaired by the Executive Officer in Charge of Safety and Health and includes all executive officers, works managers, and presidents of Group companies as members. The committee meets once a year and in the January 2014 meeting heard a report on 2013 activities by the Safety & Environment Department, and discussed and approved the proposed direction to be taken with regard safety and hygiene activities in fiscal 2015. At the conclusion of the meeting, an award ceremony was held to present the fiscal 2014 President's Safety Awards to those business locations that experienced no accidents during the fiscal year.



President's Safety Award presentation ceremony

| 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 Group companies, meets once every month to discuss matters related to safety and work environment inspections and maintenance at each business location. The committee also discusses rule unification and implementation of safety measures 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.

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 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 risk of accidents in the workplace.

As safety management activities, the individual works prepare and implement safety and health activity plans in line with the UACJ Group's safety and health activity aims. Once approved by the head of each works, plans are deliberated, agreed upon, and approved by the works' Safety and Health Committee, half of the members of which, as labor union executives, represent employees.

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 cycles are being used. In addition, to enhance the safety management standards of the entire UACJ Group, we hold annual liaison meetings of people in charge of safety and hygiene at Group companies.

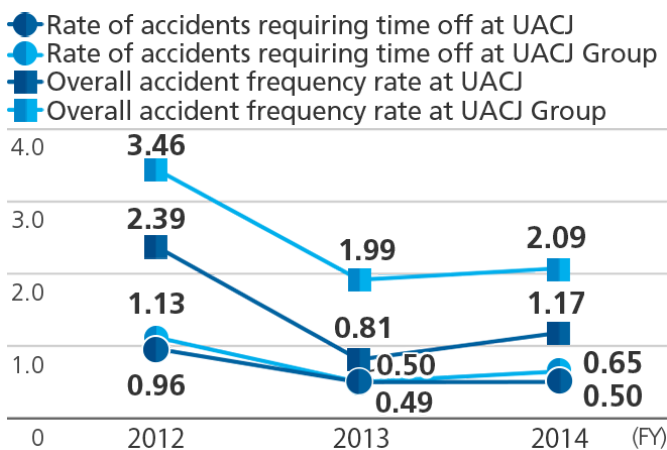
To achieve further enhancement going forward, we intend to improve the accuracy of internal audits.

Conditions with Regard to Workplace Accidents

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

Prior to the merger, workplace accidents at the UACJ Group came to 49 for fiscal 2012 and dropped significantly, to 28, for fiscal 2013. The figure for fiscal 2014 reflected an increase of 1, to 29. Of this figure, the rate of accidents requiring time off from work came to 0.65, with an overall frequency rate of 2.09.

Workplace Accidents



| Group-Wide Safety Inspections

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

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 there are any deficiencies in risk assessments.

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.

Zones are delineated based on the work properties of equipment and facilities, and thorough safety measures are 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, safety and health education is conducted as a part of job-level training. Key components include safety and health education, raising awareness of safety, and an enhanced experiential approach to sensing danger. Practical training includes regular events aimed at improving skills. One example is a contest in which employees test their crane and forklift operating skills against one another.



Crane operation and slinging skill contest

For personnel in the position of guiding and managing others, 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.

Principal Safety and Health Awards

Date Received	Conferring Body	Subject of Recognition	Award Name	Rationale
May 2013	Japan Copper and Brass Association	UACJ Copper Tube Corporation	Fiscal 2012 Accident-Free Operation Award	For passing the year with no accidents requiring time off (based on the JCBA's award criteria)
October 2, 2013	Fukushima Labour Bureau	NALCO Koriyama	Fukushima Labour Bureau Director's Encouragement Prize	On an area basis, the recipient has good safety and health standards and its actions taken for improvement can be viewed as a model for others
October 3, 2013	Tochigi Labor Bureau	Former Nippon Foil Mfg. Co., Ltd., Nogi Plant	Tochigi Labor Bureau Director's Encouragement Prize	Excellent safety record and practice of exemplary safety activities that other companies can follow

January 10, 2014	Ministry of Health, Labour and Welfare	UACJ Fukui Works	Minister of Health, Labour and Welfare Award for Outstanding, Safe Supervision	Recipient has achieved a certain level of skill and experience, and built an excellent record of safety in areas or departments under his supervision
January 31, 2014	Gunma Labour Bureau	UACJ Extrusion Gunma Corporation	Award for Zero Workplace Accidents	Participation in the three-month Gunma zero accident campaign (October 1 - December 31, 2013)
July 7, 2014	Nara Labor Bureau	ACE21 Corporation, West Japan Business Division	Nara Labor Bureau Director's Encouragement Prize	Excellent safety record and practice of exemplary safety activities that other companies can follow

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.

Given the understanding that early detection of symptoms is important for mental health care, we incorporate mental health care education, including prevention and early detection tips, in job-level training, so that all employees can have correct knowledge and understanding of this important topic.

In addition, for management, which plays a key organizational role in supervising and developing those who work under them, we systematically and continuously conduct education and training to strengthen mental health care measures. We also conduct self-care training for non-management employees in their 20s and 30s to help them maintain their mental and physical health, provide this group with information to facilitate prevention and care, and address mental health care from various other angles as well.

For early identification of those who are experiencing mental health issues, we conduct line (or workplace) care in which managers, in their daily activities, provide individual guidance and advice. When an employee is thought to have a mental health condition, the department in charge of mental health care is contacted and appropriate measures are taken without delay. 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.

Respect for Human Rights

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 these points is emphasized in job-level education, intra-departmental education focusing on the Code of Conduct, and in other settings, as well. We also request that our suppliers, too, undertake similar initiatives.

Promoting Diversity

Diversity in Employment

We actively maintain a diverse work force to support the UACJ Group's business endeavors in new fields and in the global arena. In fiscal 2014, our hiring of new graduates included 37 people (31 men and 6 women [including 1 from outside Japan]) for administrative and engineering positions, and 73 (72 men and 1 woman) for skilled labor positions.

Creating Workplaces where Women Can Thrive

The UACJ Group is taking steps to expand employment opportunities for women. In fiscal 2014, we hired 18 career-track employees, including 2 women. We are also working to promote women into management positions, and, as of the end of fiscal 2014, there were 70* female managers at the UACJ Group as a whole. Furthermore, 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 non-consolidated UACJ Group companies.

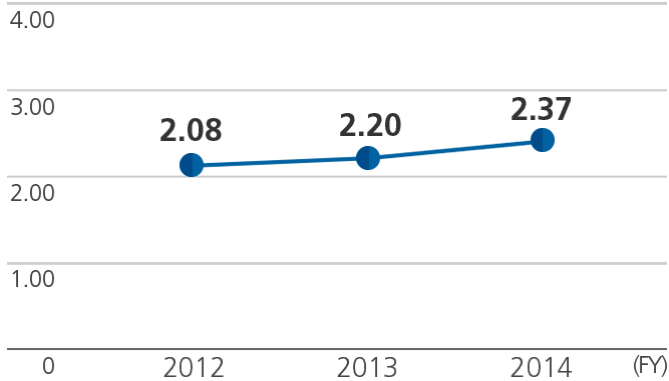
Initiatives for Employing People with Disabilities

As of June 1, 2014, people with disabilities comprised 2.28%* of UACJ's workforce, more than the legally mandated 2.0%.

* Calculation of this rate is based on employment data for UACJ, UACJ Green-Net Co., Ltd. (a "special subsidiary" recognized under Japanese law for the employment of people with disabilities), and UACJ Foil Corporation (a UACJ subsidiary).

Employment Rate for People with Disabilities

(%)



* Figures are for Furukawa-Sky and Sumitomo Light Metal Industries, which merged to form UACJ.

Personnel Development Initiatives

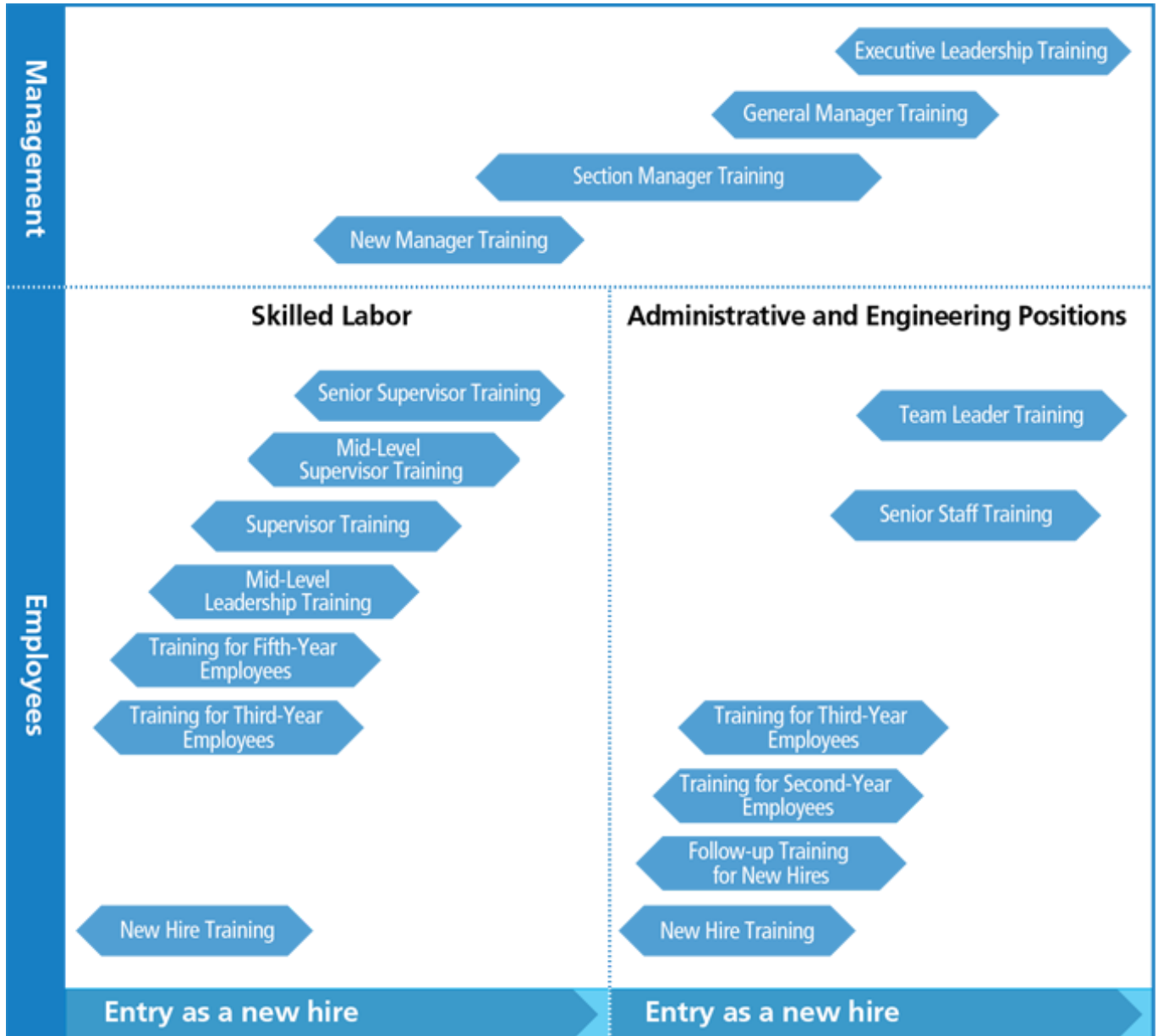
The UACJ Group sees people who understand our management philosophy and company principles, and act accordingly, as the source of its competitiveness. To practice our management philosophy, we believe it is important to develop people who:

- 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 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 functions as an organization that promotes the development and nurturing of people by filling in gaps to enable personnel development activities to function effectively.

Job-level training



Human Resource Development Program

The UACJ Group’s Human Resources Development uses the Nagoya Works’ Human Resources Development Center 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 administrative and engineering employees, new-hire training, second-year training, and third-year training are conducted for all employees under a system that constantly monitors employees through their first three years. 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 new-hire training, third-year training, and fifth-year training for all employees under a system that constantly monitors employees through their first five years. Employees in their sixth year of service attend mid-level leadership, supervisor, mid-level supervisor, senior supervisor, and other training required depending on job level.

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.

As examples, we conduct seminars on organizational management, problem-solving, business skills, product knowledge, patents and agreements, logical thinking, improving leadership skills, problem-solving approaches (7 QC Tools, New 7 QC Tools, and QC Story), problem analysis using the 5 Whys method, interpersonal communication, and personal computer skills (Introductory PC, introductory to immediate Excel, PowerPoint).

In addition, to help develop human resources capable of working globally, we incorporate English-language curricula into business skill seminars.

Support for Self-Development

To meet the needs of individual employees and workplaces, we provide support for self-development. We offer 150 distance-learning curricula, support for obtaining various types of professional certifications, and support for language education. In addition, the Human Resources Development Center has approximately 2,000 books on hand for lending to employees.

Education Support for Group Companies

The Human Resources Development Department accepts Group company employees for job-level training and seminars. By providing guidance and other services at their locations, we are supporting the employee education efforts of Group companies.

Developing Human Resources for Overseas Roles

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 on an individual basis. We are also planning to begin language training for all employees by providing educational support based on their TOEIC scores. In addition, to help employees cultivate experience and knowledge, we aim to conduct business skill seminars and overseas practical training as well.



Human Resources Development Center

As for education for employees hired by overseas Group companies, plans are in place to take concrete steps going forward.

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. Similar initiatives are 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. These activities will be continued with an eye toward implementing them at other locations, as well.

Improving the Capabilities of Non-Manufacturing Staff (Defect-free process completion initiative)

To improve the quality and efficiency of the work performed by non-manufacturing staff, we are pursuing initiatives based on the concept of “defect-free process completion.”

Defect-free process completion 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 Kyohokai, and modified to suit our needs.

Our defect-free process completion 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 defect-free process completion throughout the Group.

By the end of March 2014, the UACJ Group and its affiliates had achieved 2,223 improvements under 662 themes, and Group-wide presentations of results had been held three times. Aiming to thoroughly implant the attitude of improving quality and efficiency in non-manufacturing areas, we are committed to the continued expansion of the number of locations where defect-free process completion is practiced and realizing the benefits.

Leveraging the Skills of Senior Employees and Passing on Their Skills

We are actively rehiring senior 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 2014, 196 senior employees were back at work. The management rehiring systems of the UACJ Group’s predecessor companies were integrated in April 2014 and integration of the systems for administrative employees is under consideration with a view to implementation in the near future.

Work-Life Balance

The UACJ Group respects that employees have personal lives and we have put in place various support systems to help ensure they can lead fulfilling lives both at work and at home.

Child-Care Leave System

As of March 31, 2014, over 90% of our female employees who have taken maternity leave have also taken child-care leave and all have returned to work at the conclusion of their leave periods. To encourage male employees to also take child-care leave, we allow the use of expired paid days off for child-care leave. Furthermore, to encourage them to participate in child care, we revised our rules on personal days off to allow up to five non-contiguous days off within the first month following the birth of a child. In fiscal 2014, 10 female employees and one male employee took child-care leave. Going forward, we will continue with our efforts to help employees fulfill both their work and home responsibilities.

Child Care Leave Taken by Men

Fiscal Year	Men Who Took Child Care Leave
2014	1

Support for Balancing Work and Family Responsibilities

Category	Description
Child Care Support	<ul style="list-style-type: none"> ▪ System allowing employees to take more than the legally mandated amount of time (Up to the day prior to the child’s first birthday) to care for a child* ▪ System for reducing working hours over a period longer (up to the time the child is about to begin his/her fourth year of elementary school) than the legally required period (up to the child’s third birthday) ▪ System exempting employees from overtime (legal requirement) ▪ System allowing time to be taken to care for a sick child over a period longer (up to the time the child is about to enter junior high school) than the legally mandated period (up to the time the child is about to enter elementary school) ▪ Limit on overtime work (legal requirement) ▪ System limiting late-night work (legal requirement) ▪ System allowing the use of accumulated days off for child care leave or to care for a sick child ▪ Offer a baby sitter assistance service

Nursing Care Support	<ul style="list-style-type: none"> ▪ System allowing employees to take more (365 calendar days) than the legally mandated amount of time (93 days) to provide nursing care ▪ System allowing working hours to be reduced for the amount of time needed on each occasion ▪ System for nursing care leave (legally requirement) ▪ System limiting overtime work (legal requirement) ▪ System limiting late-night work (legal requirement) ▪ System allowing the use of accumulated days off to provide nursing care
Other	<ul style="list-style-type: none"> ▪ Flex-time system (Headquarters, branch offices, offices, and the Fukui, Fukaya, and Nikko works) ▪ Nursing care leave to care for parents and spouses ▪ Time off for volunteer activities

* Period requested by the employee, extending to a full 18 months following the birth of the child, or to the end of the first April following the child's first birthday

Appropriate 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.

We have 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.

Paid Days Off Taken (Days)

	Yearly Average Paid Days Off Taken
2009	9.5
2010	10.4
2011	10.9
2012	12.1
2013	11.7

* Figures are for Furukawa-Sky and Sumitomo Light Metal Industries, which merged to form UACJ.

Introduction of a Volunteer Leave System

In 2014, 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.

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 liveable. An ambitious effort to install air conditioning and ventilation equipment to deal with summer heat has been an area of particular focus.

Employee-Management Relationship

UACJ's employees belong to labor unions that were originally organized at the companies that merged to form UACJ. Employees of other UACJ Group companies belong to labor unions organized at their respective companies. The unions have taken moderate positions in their dealings with UACJ and other UACJ Group companies and relationships with them have been harmonious.

UACJ Group Basic Environmental Policies

Corporate Philosophy

The UACJ Group is thankful for the earth and the abundance of life it supports. We recognize that the earth is indispensable for all living things, and we see protection of the global environment and the promotion of a recycling-oriented society as our highest priorities. The UACJ Group is committed to reducing environmental impact in all aspects of its 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, and reduce waste in all areas of our business activities, including 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.

Approach to Environmental Management

To advance environmental activities internally 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 Group companies. In principle, meetings of the committee are convened annually and policies and objectives concerning environmental activities are discussed.

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 environmental inspections, and organizes environmental liaison meetings 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, copper tube, foil manufacturing, 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 business location, and nearly all 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. Business locations that have obtained either certification will continue to renew them going forward.

ISO14001 Certifications

Business Location	Certifying Institution	Certification Number	Date Obtained
UACJ Nagoya Works	JIC Quality Assurance Ltd. (JICQA)	E440	2002.4
UACJ Fukui Works	Det Norske Veritas (DNV)	00484-2002-AE-KOB-RvA	2002.4
UACJ Fukaya Works	Japan Standards Association	JSAE545	2002.7
UACJ 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
NALCO Iwai Co., Ltd., Shiga Works	Japan Quality Assurance Organization	JQA-EM6018	2007.12
NALCO Ena Co., Ltd.	The High Pressure Gas Safety Institute of Japan	04ER-420	2004.3
NALCO Koriyama Co., Ltd.	JIC Quality Assurance Ltd. (JICQA)	E1711	2007.2
NIKKEI KAKOH CO., LTD. (Headquarters, Sendai, Hiroshima)	Japan Quality Assurance Organization	JQA-EM3314	2003.8
UACJ Extrusion Oyama Corporation	Det Norske Veritas (DNV)	00583-2002-AE-KOB-RvA	2002.9
UACJ Extrusion Nagoya Corporation, Nagoya Plant	JIC Quality Assurance Ltd. (JICQA)	E440	2002.4
UACJ Extrusion Gunma Corporation	JIC Quality Assurance Ltd. (JICQA)	E773	2004.1
UACJ Extrusion Shiga Corporation	Det Norske Veritas (DNV)	00583-2002-AE-KOB-RvA	2002.9
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 Foil Corporation, Isezaki Plant	JIC Quality Assurance Ltd. (JICQA)	E771	2004.1
UACJ Foil Corporation, Shiga Plant, Nogi Plant	Det Norske Veritas (DNV)	1423-1999-AE-KOB-RvA	1999.1
Nikken Co., Ltd.	Det Norske Veritas (DNV)	20221-2008-AE-KOB-RvA	2008.2
UACJ Copper Tube Corporation	JIC Quality Assurance Ltd. (JICQA)	E281	2001.5
Toyo Fitting Co., Ltd.	JIC Quality Assurance Ltd. (JICQA)	E1610	2006.3

Eco-Action 21

Business Location	Certifying Institution	Certification Number	Date Obtained
NALCO Iwai Co., Ltd. Narita Works, Hiratsuka Works	Chibaken Kankyo Zaidan	0000341	2005.5

Environmental Inspections

UACJ's predecessor companies each conducted environmental audits under the leadership of the executives in charge of environmental matters.

UACJ is carrying on with a similar practice under which it will have responsible executives conduct environmental inspections of nearly all of the Group's business locations.

Environment-Related Investment

Fiscal 2014 environment-related investments at the UACJ Group's four main works totaled approximately 310 million yen. As energy-saving measures, we are moving forward with steps such as reduction of heat losses in our heat-treatment furnaces, conversion to LNG, and adoption of LED lighting. To protect the environment, we are investing mainly in construction aimed at preventing groundwater contamination.

Environmental Education

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

Led by the Safety & Environment Department, the purpose of environmental education, at a fundamental level, is to enlighten and raise awareness of environmental protection, and promote understanding of the UACJ Group's Basic Stance on the Environment. Environmental education initiatives are also carried out 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.

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.

Numbers of Employees with Environmental Management Qualifications (As of March 31, 2014)

Qualification	Qualified Employees
Pollution Control Manager - Air	46
Pollution Control Manager - Water	58
Pollution Control Manager - Noise	31
Pollution Control Manager - Vibration	30
Pollution Control Manager – Noise & Vibration	5
Pollution Control Manager – Dioxins	23
Energy Manager	67
Certified Environmental Measurer	3
Manager Responsible for Industrial Waste Requiring Special Controls	67
ISO14001 Internal Auditor	329

* Scope of Data: UACJ (Nagoya, Fukui, Fukaya, and Nikko), UACJ Color Aluminum Corporation, UACJ Extrusion Nagoya Corporation (Nagoya, Anjo), UACJ Extrusion Oyama Corporation, UACJ Extrusion Gunma Corporation, UACJ Extrusion Shiga Corporation, UACJ Foundry & Forging Corporation, UACJ Foil Corporation (Shiga, Nogi, Isezaki), UACJ Copper Tube Corporation, NIKKEI KAKOH CO., LTD.



/ Business Activities and Environmental Impact

Fiscal 2014 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 impact of its business activities.

The collection of data on substances of environmental concern for fiscal 2014 covered a period punctuated midway by a merger, but data were still gathered for the entire fiscal year. Data were collected for the principal business locations, which comprise more than 95% of the UACJ Group for data collection purposes, and these data will be used as baseline figures for evaluating future success in reducing industrial waste and substances of environmental concern.

Fiscal 2014 Material Balance

INPUT		OUTPUT	
Energy	412,000 kℓ ※1	Products	
Kerosene	7,000 kℓ	Al	695,000 t
Fuel oil A	1,000 kℓ	Cu	45,000 t
Fuel oil C	15,000 kℓ		
Liquefied petroleum gas	29,000 kℓ	Atmosphere	
Liquefied natural gas	31,000 kℓ	CO ₂	773,000 t-CO ₂ ※3
City gas	130,000 kℓ	SO _x	55 t
Electricity	196,000 kℓ	NO _x	694 t
		Soot and dust	80 t
Raw materials			
Al	700,000 t ※2	Waste	
Cu	45,000 t ※2	Industrial waste	3,181 t ※4
Mn	3,000 t	Direct landfill waste	8 t
Mg	11,000 t	Recycled materials	19,751 t
Si	1,000 t		
		Wastewater	
Water			12,126,000 t
	14,115,000 t	Chemical substances	
PRTR substances		Releases	312 t
	4,362 t	Transfers	236 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 Shiga Corporation, UACJ Extrusion Gunma Corporation, UACJ Foil Corporation (Shiga, Nogi, Isezaki), UACJ Copper Tube Corporation, and UACJ Foundry & Forging Corporation

※1 Crude oil equivalent

※2 Total of new and recycled metal

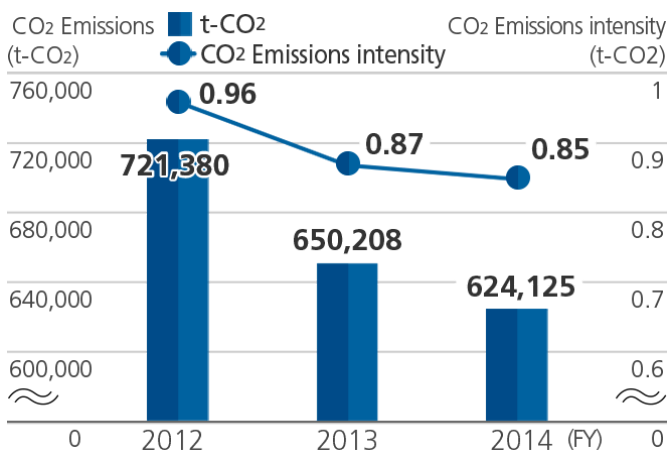
※3 Based on an electric power generation CO₂ emissions factor of 0.378kg-CO₂/kWh

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

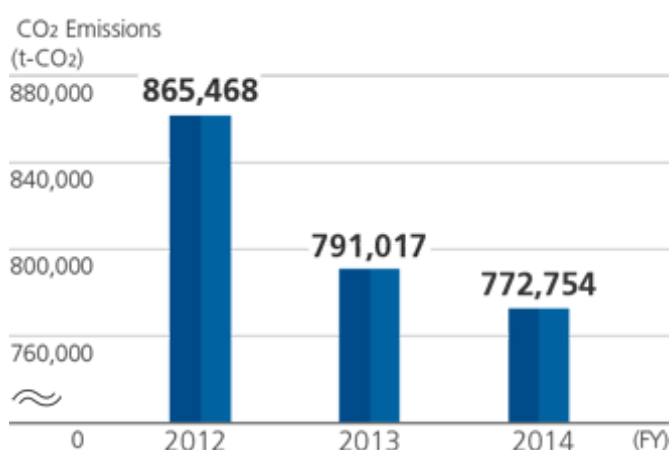
Fiscal 2014 Results

Prior to the merger that formed UACJ, the Furukawa-Sky Group (one of UACJ's predecessor companies) had completed an operational restructuring at its business locations in the middle of its fiscal year 2013. As a result, despite a year-on-year decline in production volume in fiscal 2014, improvements were still achieved in CO₂ emissions and energy usage per unit of production. Total CO₂ emissions also fell because of a year-on-year decline in production volume.

UACJ CO₂ Emissions



UACJ Group CO₂ Emissions



*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 Foundry & Forging Corporation, UACJ Foil Corporation (Shiga, Nogi, Isezaki), UACJ Copper Tube Corporation

Main Initiatives in Production Processes

Operational Restructuring of the Nikko Works

The Nikko Works had tended to compare unfavorably with other plants in terms of energy used per unit of production time. This was because its facilities were mainly low-capacity.

As a result of the operational restructuring that had been underway since fiscal 2010, therefore, the casting, rolling, and other energy-intensive upstream processes at the Nikko Works were halted in October 2012 and transferred to other works. And in fiscal 2014, the first full year following the change, the benefits emerged in terms of a major improvement in energy-saving and contribution to the fight against global warming.

Switching to LNG as a Heat Source for Production Processes

To provide heat for our production processes, we are systematically converting from heavy oil, kerosene, and LPG, to LNG (including city gas). When heavy oil and LNG are used to generate equal amounts of heat, the amount of CO₂ emitted from the use of LNG is 30% lower than that from the use of heavy oil. Converting to LNG, therefore, results in a significant contribution to the fight against global warming. In fiscal 2014, we converted the heating furnace at the Fukaya Works from kerosene to city gas (LNG). And as of the end of fiscal 2014, LNG (including city gas), in terms of heat generated, accounted for roughly 70% of the fuel used at UACJ's four works.

Energy Saving Information Sharing Meeting

With the merger that created it, UACJ began to regularly hold Energy Conservation Information Exchange Meetings. These meetings, which are joined mainly by facilities departments, have participants from multiple business locations. Information is shared among these various locations and all participants are informed of certain case examples in an effort to achieve significant improvements in energy saving throughout the Group.

Examples of CO₂ Reduction Activities

Plant	Theme
Fukui	1PF Main burner air mixture adjustment
Nagoya	Hot-rolling plant heating furnace, Per unit of production improvement through replacement of obsolete equipment
Nagoya	Convert the warm water used in the rinse tanks of cleaning equipment from steam-heated warm water to water heated with heat exchangers

Nagoya	Improve the efficiency of heat recovery from processed gases from coating line equipment and RTO deodorizing furnaces
Fukaya	Sealing of steam leaks
Fukaya	Heating furnace fuel conversion (No. 6 Furnace)
Fukaya	Seal hot air leaks on holding furnaces
Extrusion Nagoya	Conversion of fuel-oil-A boilers to city gas
Extrusion Nagoya	Correct leaks of compressed air
Extrusion Oyama	Modification of additional small melting furnaces
Copper Tube	Update transformer stations to high-efficiency transformers

Column 1

Advancing Energy Saving through Project Teams

At individual business locations, we are systematically moving forward with a switch to LED lighting, and obtaining more light than was available from mercury lamps, and with lower electricity consumption.

The Nagoya Works' New Energy Saving Project Team has been advancing energy-saving since it was formed in August 2011. The team consists of representatives of the manufacturing, production technology, facilities, and research departments, and it, therefore, acts as an inter-departmental organization.

The team's activities got into full swing beginning in fiscal 2013 and it is now continuing its work on energy saving, under the following major themes.

Central Themes of Energy-Saving Activities

1. Achieving greater energy savings in furnace usage
2. Energy saving in hot rolling
3. Fuel conversion
4. Lighting conversion
5. Energy saving in air compression
6. Saving energy in utility usage

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.

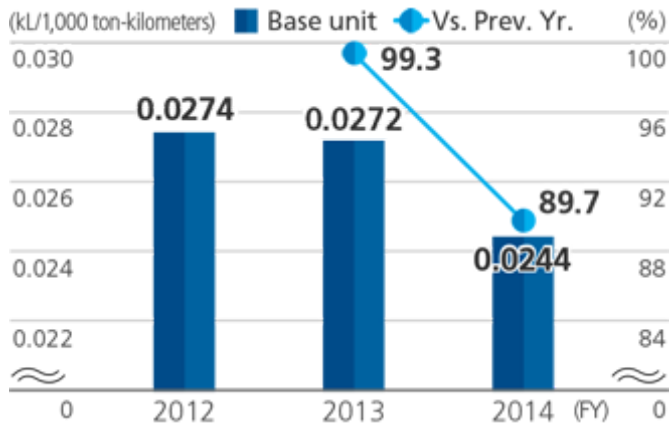
In fiscal 2014, an extremely large percentage improvement was achieved in the amount of energy used for shipping, after considering the impacts of changes in the products covered following the merger. The cooperation of UACJ Logistics, a Group company, and other logistics companies contributed greatly to this result.

In addition, since 2001, we or our predecessor companies have been engaged in joint logistics with business partners in the same industry for the transport of extruded aluminum products. These relationships continue and are a way to pursue CO2 reductions by making shipping more efficient. Looking forward, we aim to achieve additional improvements to realize the benefits of the merger even in an area like logistics rationalization.

*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 equal or exceed 3,000 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 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.

Chemical Substance Pollution Prevention

Fiscal 2014 Results

Pollutant Discharges into the Air and Water were Within Standards

For its production activities, the UACJ Group has set and abides by environmental (air and water) pollutant discharge standards that are stricter than those of Japan's Air Pollution Control Law, Water Pollution Control Law, local government ordinances, and conventions. We violated none of our standards in fiscal 2014, and will continue to strictly adhere to them going forward.

Pollutant Control at Individual Works (Fiscal 2014)

○: 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	○	○	○	○

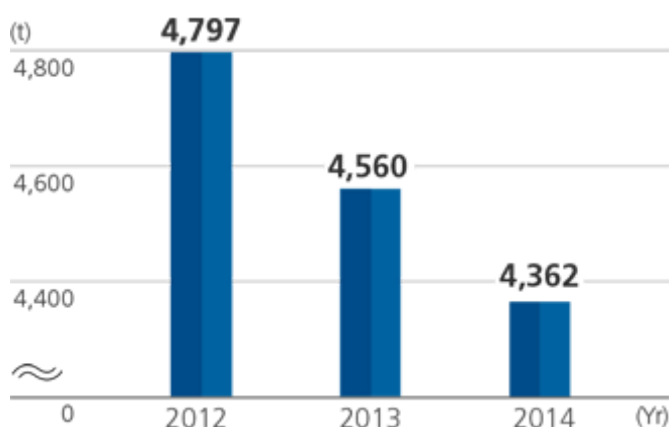
Control of PRTR Substances

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.

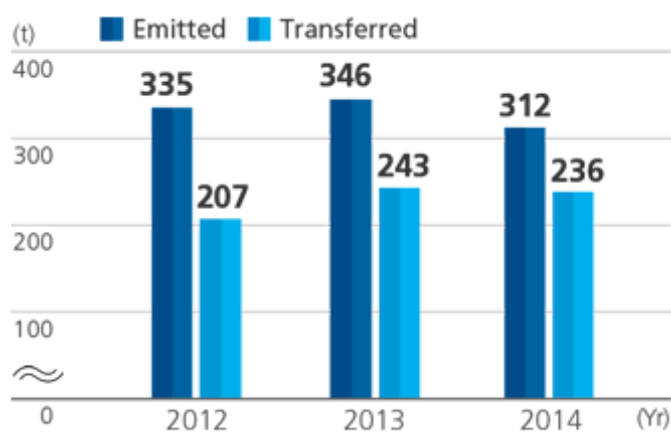
In fiscal 2014, our releases declined as a result of lower production volumes and efforts to reduce our usage of targeted substances. For all targeted substances, releases fell by 10.1% for the UACJ Group as a whole.

* Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (Law No. 86 promulgated on July 13, 1999)

Amounts of PRTR Substances Handled (Fiscal 2014)



Amounts of PRTR Substances Released or Transferred (Fiscal 2014)



* 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 Foundry & Forging Corporation, UACJ Foil Corporation (Shiga, Nogi, Isezaki), UACJ Copper Tube Corporation.

Handling, Releases, and Transfers of PRTR Substances (Fiscal 2014)

No.	Substance	Amount Used (kg)	Amount Released (kg)	Amount Transferred (kg)
412	Manganese and its inorganic compounds	2,523,866	0	20,480
300	Toluene	649,733	140,548	110,590
87	Chromium and chromium(III) compounds	248,199	10,365	22,871
80	Xylene	192,560	20,754	4,978
296	1,2,4-trimethyl benzene	181,755	46,328	9,415
273	1-dodecanol	161,138	75,818	43,443
53	Ethyl benzene	74,319	7,953	1,537
374	Hydrogen fluoride and its water-soluble salts	65,175	23	2,400
71	Ferric chlorides	60,641	0	0

308	Nickel	49,841	0	0
88	hexavalent chromium and its compounds	32,145	0	0
297	1,3,5-trimethylbenzene	30,208	14,691	3,495
438	Methylnaphthalene	12,338	61	0
302	Naphthalin	4,761	141	75
57	Ethylene glycol monoethyl ether	4,229	235	86
133	Ethylene glycol monoethyl ether acetate	3,307	58	4
392	n-hexane	3,100	476	273
304	Lead	3,017	0	0
407	Polyoxyethylene = alkylether	2,747	2,719	0
207	2,6-Di-tert-butyl-4-methylphenol	2,244	588	1,647
245	Thiourea	1,839	0	1,839
134	Vinyl acetate	1,743	41	108
405	Boron and its compounds	1,584	598	930
	Total	4,310,490	321,396	224,172

* 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 Foundry & Forging Corporation, UACJ Foil Corporation (Shiga, Nogi, Isezaki), 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 moving forward with initiatives for 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.

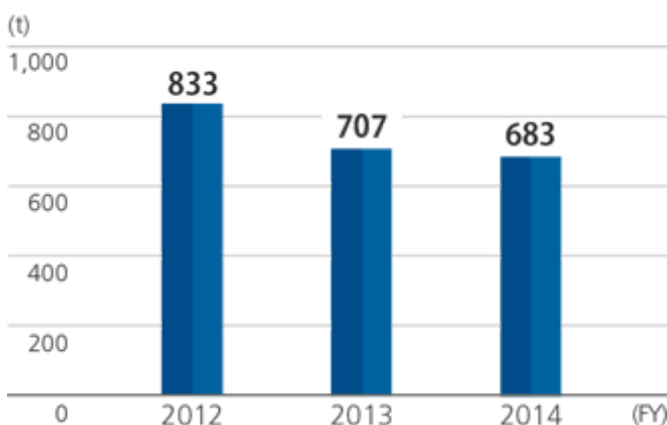
Prevention of Air Pollution

We are working to reduce our emissions of air pollutants by keeping our plant facilities in top working condition and moving forward with conversion from heavy oil to LNG as a fuel. At present, our efforts are keeping SOx and NOx emissions at low levels.

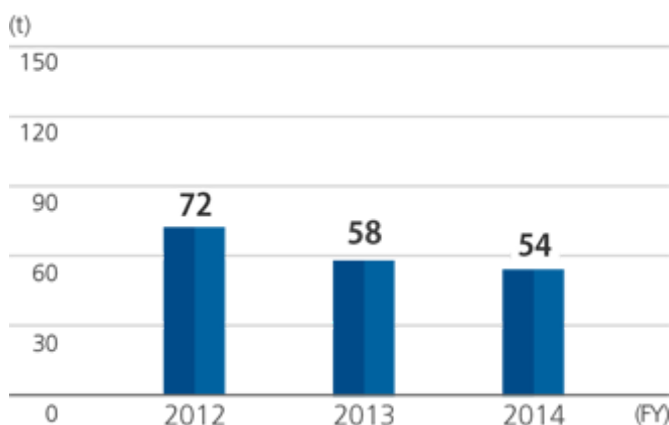
Measures to Control Offensive Smells at the Nagoya Works

The Nagoya Works is taking measures to control the offensive smells that arise from its hot-rolling process. To attack this problem, it upgraded equipment in its exhaust facilities in 2012 and achieved an improvement in the release of offensive smells. Going forward, it will continue to take steps that are fully cognizant of the area environment to enable smooth production activities in coexistence with the local community.

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 Waste, accounts for PCB-containing equipment for each of its plants, properly stores and manages these items, and submits reports to supervisory authorities. 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.

We are steadily and properly rendering PCB-containing equipment harmless by commissioning the Japan Environmental Safety Corporation to perform this work. And, based on the judgment that stable processing of small amounts of PCB-contaminated oil is also now possible following an increase in the number of certified processors, we also have this work performed by an outside service provider when necessary.

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 2005. At the present time, we have identified spray-on asbestos at the Fukaya Works, UACJ Foil Corporation's Nogi Plant, and at UACJ Copper Tube Corporation, and will proceed to systematically remove it.

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 maintaining ideal levels for the volume of combustion air for the subject aluminum melting furnaces and closely control the materials put into them.

In addition, as required by law, we annually measure levels of dioxins for subject aluminum melting furnaces and report analysis results to the government. All of our measurements of dioxins for fiscal 2014 came in below regulatory standards.

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. In response, the UACJ Group prepared the necessary reports for individual business locations and developed plans for complying with the law going forward.

A three year reprieve (until May 31, 2015) is in place for application of the structure standards, but UACJ has facilities covered by the law at all of its works, so we are working to gradually bring our structures into compliance.

At the Nagoya Works, for example, we are replacing nitric acid, a covered substance, with one that is not subject to regulation, and at other works we will achieve compliance by replacing or modifying facilities. Among Group companies, UACJ Extrusion Oyama Corporation, UACJ Extrusion Nagoya Corporation (Nagoya Plant), and UACJ Foundry & Forging Corporation also have covered facilities and they too are taking action. The entire UACJ Group is working to comply with relevant laws and ordinances. The work mentioned above is scheduled for completion during fiscal 2015.

Prevention of Soil and Groundwater Contamination

The Group companies, 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, and periodically take measurements of contaminants, to confirm effectiveness. At present, purification measures are working and steadily lowering contamination levels.

Measures to Deal with Soil and Groundwater Contamination

Business Location	Period	Contaminant	Response
UACJ Extrusion Oyama Corporation	Since fiscal 2000	Tetrachloroethylene	Soil replacement, water extraction and purification
UACJ Color Aluminum Corporation	Since fiscal 2005	hexavalent chromium, fluorine	Soil replacement, water extraction and purification

Control of Chemical Substances included in Products

The UACJ Group, in accordance with laws and ordinances, exercises proper and strict control 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, is obligated to provide customers with information required under the REACH regulation if molded products include an SVHC (Substance of Very High Concern) specified in the REACH regulation. Accordingly, we have researched our use of SVHCs in all of our products and disclosed our findings.

The number of substances controlled as SVHCs is expected to rise, so if a substance newly added to the list of SVHCs is found to be included in a product, we will swiftly inform customers of that finding.

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*1 by customers. Going forward, we will continue to practice management that enables proper responses to customer demands.

*1 Sony Corporation's Green Partner and Nippon Chemi-Con Corporation's Green Supplier certifications, among others

Communicating Information on Chemical Substances in Products

UACJ has put in place a companywide management system that allows us to accurately communicate to customers information we receive from raw material manufacturers on the chemical substances included in the products we supply.

Information on chemical substances is provided, with the cooperation of the Quality Assurance and Environmental Management departments, in the form of an SDS (Safety Data Sheet), a JAMP (Joint Article Management Promotion consortium) AIS (Article Information Sheet), JAMA (Japan Automobile Manufacturers Association) JAMA Sheet, or via any number of other industry-specific formats, depending on the customer request. Following the revision of the JIS (Japan Industrial Standards), we revised the SDSs issued by UACJ to provide GHS-compliant (Globally Harmonized System of Classification and Labeling of Chemicals) content.

In addition, at our principal plants, we conduct emission spectrochemical, ICP (Inductively Coupled Plasma) mass spectrometry, and fluorescent X-ray analyses and inspections that can detect minute amounts of substances in products. This is to respond to customer requests for 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. Moving forward, we will continue to switch to low-environmental-impact raw materials to meet customer needs.

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, after it was publicly reported that groundwater had been found to be contaminated with these substances in multiple locations 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 have also come to our attention. Here, we are moving forward with a switch from the oil-based paints that were most commonly used on these products, to water-based paints, which are said to have low environmental impact and are now the favored option. Implementation of this switch is proceeding with our recommendations to customers and collaboration with customers to provide them with the best solutions.

/ Reduction of Waste

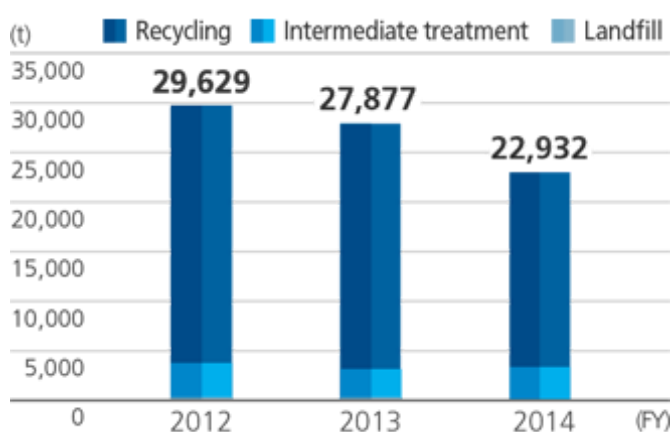
Fiscal 2014 Results

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

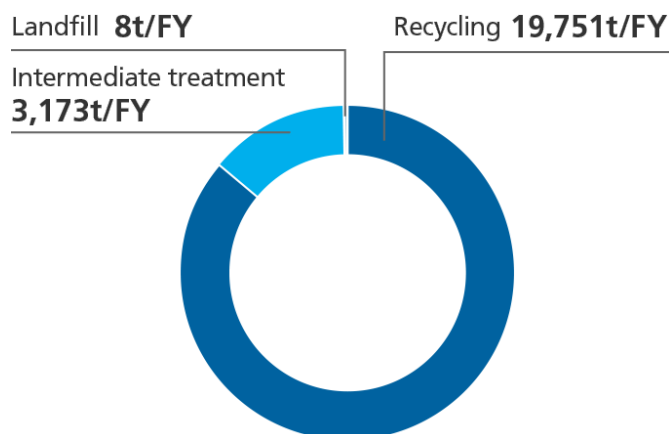
At the UACJ Group, “zero emissions” means that direct landfill waste comprises less than 1% of all industrial waste generated. For fiscal 2014, we achieved zero emissions with a direct landfill waste ratio of 0.45%. Going forward, we will work to maintain zero emissions by separating industrial waste and recycling.

In fiscal 2014, we reduced the total amount of industrial waste generated at our principal business locations by 17.7% compared to the prior fiscal year. This result is attributed mainly to completion of an operational restructuring that greatly reduced the amount of industrial waste generated at the Nikko Works and to a decline in production volume. Going forward, we will continue to reduce industrial waste, recycle, and strive to turn waste into substances of value.

Amounts of Industrial Waste Generated



Breakdown of Waste by Handling Approach (FY 2014)



※ 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 Foundry & Forging Corporation, UACJ Foil Corporation (Shiga, Nogi, Isezaki), UACJ Copper Tube Corporation

Industrial Waste Reduction Examples (Fiscal 2014 Activities)

Business Location	Theme
UACJ Fukui Works	Waste oil: Make hot-rolling soluble waste oil into a substance of value
UACJ Nagoya Works	Reduce purchases of new wooden pallets by increasing the number recovered, repaired, and reused.
UACJ Nagoya Works	Acid sludge: Reduce by ensuring usage of appropriate amounts of chemicals
UACJ Fukaya Works	Sort waste and sell substances of value.
UACJ Extrusion Oyama Corporation	Reduce amounts of waste oil by using oil-water separation devices
UACJ Foil Corporation, Shiga Plant	Reuse waste ink cans and implement a repurchase program
(Multiple business locations)	Implement a purchase and recycling program for waste cardboard
(Multiple business locations)	Implement a purchase and recycling program for waste plastic

Promoting Recycling of Aluminum Cans

Aluminum is light-weight, does not rust, conveys heat well, and is highly recyclable*1. Leveraging the outstanding qualities of the metal from which they are made, aluminum cans excel in recyclability and, indeed, they are recycled at rate of about 90%. Aluminum cans are widely seen as friendly to the global environment, and the UACJ Group, as a leading company in aluminum products, supports aluminum can recycling as an activity beneficial for the formation of a recycling-oriented society.

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

Reducing Wood Usage to Protect Forests

Considering that deforestation plays a major role in ecosystem destruction, the Nagoya Works is helping to protect forests by shifting to steel pallets, and away from wooden pallets, for the shipment of aluminum can products in Japan. Meanwhile, UACJ Copper Tube Corporation, a Group company, has ceased using wooden pallets, in favor of cardboard pallets, for shipping intermediate products to overseas subsidiaries. Throughout the UACJ Group, we are working to reduce our usage of wood.

Improvement Objectives

The UACJ Group, by working to improve the performance of aluminum materials, is helping to lower environmental impacts by maintaining the same functionality as in the past, but with reduced weight. In addition, when customers use our aluminum products in the vehicles and aircraft they manufacture, we are helping to reduce the weight that has to be moved, improving fuel economy and contributing to the building of a low-carbon society. The UACJ Group's production activities are mainly to fulfill specific customer orders, so we develop and improve products that reflect both emphasis on environmental considerations and the customer's desires and approvals. At present, we are advancing the following initiatives.

- Development and application of aluminum can materials with outstanding recyclability
- Development and application of high-performance heat exchanger tubes
- Development and improvement of aluminum materials for car air conditioners compatible with the European requirement to use CO₂ as a refrigerant
- Development and improvement of aluminum materials for hybrid automobiles

We are rationalizing our use of packing materials for the delivery of products, and recovering and reusing them, for the benefit of the environment.

Editorial Policy

Results of the UACJ Group's fiscal 2014 CSR activities are reported on this website. In preparing this information, we referred to both the Japanese Ministry of the Environment's "Environmental Reporting Guidelines (Fiscal year 2007 edition)" and the Global Reporting Initiative's G4 Sustainability Reporting Guidelines.

Report Scope

In principle, this report covers UACJ Corporation and its subsidiaries in Japan, which are referred to as the UACJ Group. In some cases, data sections include information on companies outside of the UACJ Group, and each is indicated by an accompanying note.

Report Period

Fiscal 2014 (April 1, 2013 to March 31, 2014)

To aid understanding, data and information on earlier periods are included with that for fiscal 2014 in some cases.

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.