

Basic Concept

Management Philosophy

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

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

Key Objectives and Results

	Fiscal 2015 Objectives	Fiscal 2015 Results	Assessment	Fiscal 2016 Objectives
Strengthen Corporate Governance	Begin efforts to comply with Japan's Corporate Governance Code	Resolution calling for compliance with Japan's Corporate Governance Code adopted by the Board of Directors	○	Continue efforts to achieve compliance with Japan's Corporate Governance Code
Highlight Compliance	Enhance understanding of the Group Code of Conduct among all employees	<p>Implemented Code of Conduct education programs at all domestic Group companies and four overseas group companies</p> <p>Prepared Vietnamese and Spanish versions of the Group Code of Conduct</p>	○	<p>Strengthen Code of Conduct education programs for overseas Group companies</p> <p>Prepare more foreign-language versions of the Group Code of Conduct</p>
	Enhance understanding of reporting rules and eliminate reporting failures	<p>Clarified reporting standards</p> <p>Enhanced understanding through the Group General Affairs/Human Resources Liaison Committee and other avenues</p>	○	Enhance understanding of reporting rules and eliminate reporting failures
	Further enhance awareness and credibility of the internal hotline	<p>Properly addressed eight matters reported via the hotline</p> <p>Used code of conduct education programs and other opportunities to enhance awareness of the hotline</p>	○	Further enhance awareness and credibility of the internal hotline

	Fiscal 2015 Objectives	Fiscal 2015 Results	Assessment	Fiscal 2016 Objectives
Promote Risk Management	Implement risk management activities for the entire company	Internally disseminated information on department-level activities on a semi-annual basis Activity status reports were presented in CSR Committee meetings	○	Implement risk management activities for the entire company
	Update the BCP and develop rules and manuals	Developed rules and manuals Discussed matters concerning a BCP framework	○	Rebuild the organization for promoting BCP Develop a BCP framework

Looking toward the Future

For fiscal 2016, we plan to enhance compliance throughout the Group by taking the Group Code of Conduct education program, which has been conducted annually at the company and Group companies in Japan, to key Group companies overseas, beginning with those in Thailand. Furthermore, we are considering the use of a survey to assess the effectiveness of education and other measures we have implemented to enhance compliance.

Comment by the Executive in Charge

The role of a company, which is a member of society, is to provide society with valuable products and services, and to fulfill responsibilities to stakeholders. “The UACJ Group strives to offer products and services deserving of our customers’ satisfaction and trust, and believes that sound and sustainable business development is key to making broad-reaching contributions to society.” That is our management philosophy and we strive to implement it in our daily efforts to maintain the trust of stakeholders.



Senior Managing Executive Officer
Akihiko Kusumoto

We see the role of corporate governance as providing a basic framework for our relationships with stakeholders. Of late, however, the role of corporate governance has come into question in society-at-

large. In 2015, therefore, we closely examined our own operations to determine how we stand in relation to the 73 principles of Japan's Corporate Governance Code, which sets forth best practices for companies to follow in pursuing ongoing growth and creating corporate value over the medium-to-long term. Based on that examination, we are confident that we have created a highly transparent, sound management system, and we are committed to further enhancing our corporate governance in line with the global standards set forth in the Corporate Governance Code.

In its pursuit of global business development, the UACJ Group strives to further strengthen its governance and ensure thorough compliance throughout its worldwide operations. Beginning with our Code of Conduct, which we established as a guide to help executives and other employees at all Group companies throughout the world act with the highest sense of ethics, we regularly conduct compliance education as a part of job-level training and education on particular laws and regulations.

The UACJ Group will spare no effort in enhancing its corporate governance, so that it can continue to be worthy of the trust of stakeholders going forward.



/ Corporate Governance

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

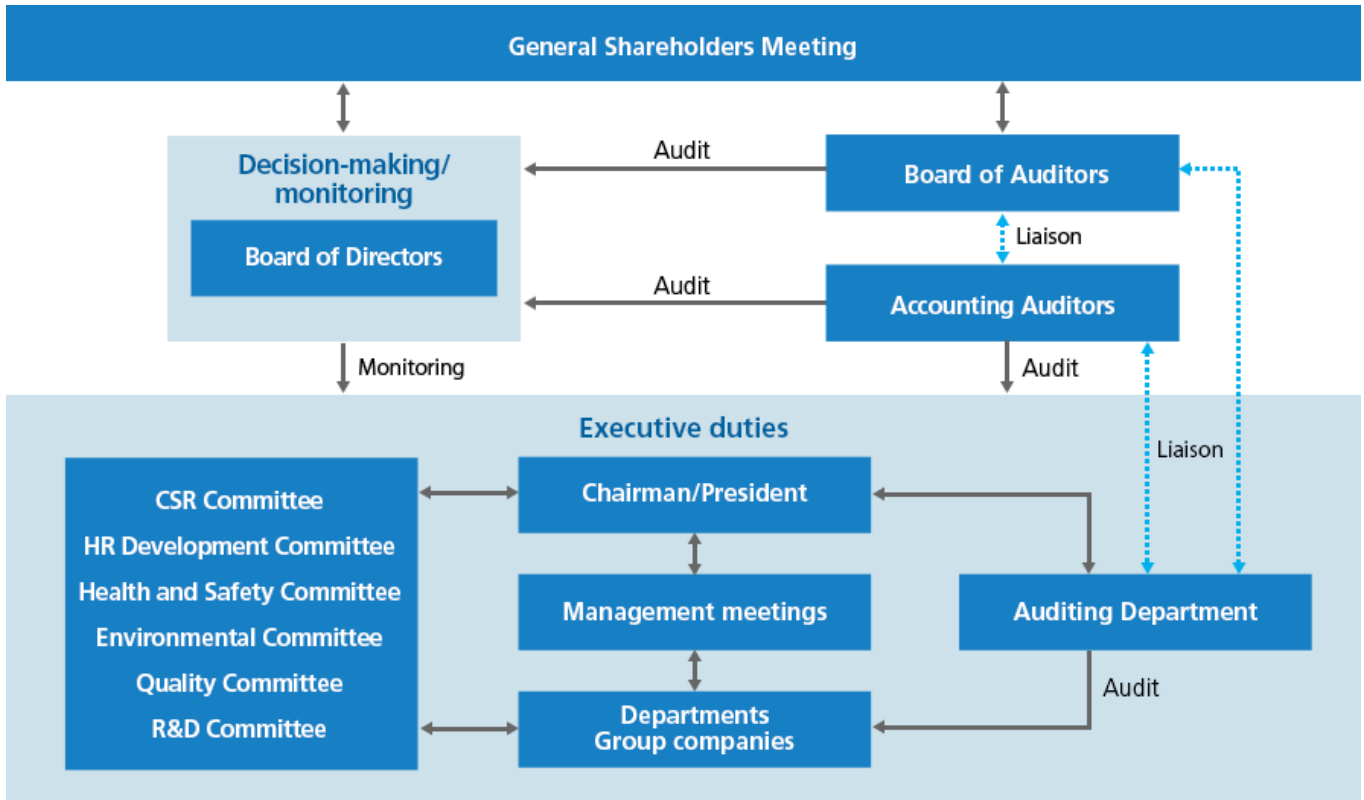
Basic Ideas on Corporate Governance

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

Corporate Governance System

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

Corporate Governance System



Board of Directors Meetings

UACJ Board of Directors meetings, which are convened monthly, are attended by 12 Directors (including 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.

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

Of the two outside directors, one is a university professor emeritus with a wealth of academic experience, 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.

*Numbers of Directors and Audit & Supervisory Board Members are as of June 29, 2016.

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

Rationale for Selection of Outside Directors

Name	Independent Officer	Rational for Selection	Activities
Toshio Suzuki	○	<p>Toshio Suzuki is a Professor Emeritus at the University of Tokyo. He was asked to join the Board of Directors based on the judgment that his objective perspective stemming from his wealth of academic experience would enable him to properly perform the duties of an outside member.</p> <p>Judging also that Professor Suzuki is not in a position that would give rise to a conflict of interest with general shareholders, UACJ has designated him an independent officer.</p> <p>None of the descriptions provided in Rule 211.4.6 of the Enforcement Rules for Securities Listing Regulations of the Tokyo Stock Exchange apply to Professor Suzuki.</p>	<p>Attended all 14 of the BOD meetings held during the fiscal year, openly expressing his opinion from an objective viewpoint and confidently supporting his comments based on his rich academic experience as a Professor Emeritus.</p>
Ryoko Sugiyama	○	<p>Ryoko Sugiyama is a Professor at Tokoha University. She was asked to join the Board of Directors based on the judgment that her wealth of academic experience, and management experience as a company director, would allow her to properly perform the duties of an outside member.</p> <p>Judging also that Professor Sugiyama is not in a position that would give rise to a conflict of interest with general shareholders, UACJ has designated her an independent officer.</p> <p>None of the descriptions provided in Rule 211.4.6 of the Enforcement Rules for Securities Listing Regulations of the Tokyo Stock Exchange apply to Professor Sugiyama.</p>	<p>Attended 10 of the 11 BOD meetings held since joining UACJ in fiscal 2016. Openly expressed her opinions from an objective point of view, clearly showing her poise and experience as a university professor and company director.</p>

The Board of Directors and Executive Officers

At UACJ, the Board of Directors deliberates and renders decisions on important management matters, while the Executive Officers supervise and execute operations. By clearly separating these roles, we have enhanced management transparency and fairness, and created a governance system that clarifies responsibilities for individual business operations. In addition, to help ensure the proper control of operations, management meetings that are separate from the Board of Directors meetings are held on a monthly basis with participation by 10 Directors, 2 full-time Audit & Supervisory Board Members, and 20 Executive Officers (as of June 29, 2016). The purpose of these meetings is to deliberate and consider important management matters, and develop common understanding among those responsible for executing business operations.

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

Regarding concurrent service by directors and executive officers as officers of other companies, one outside director is concurrently serving as an outside director at another listed company. No other directors or executive officers are concurrently holding positions at other companies.

Remuneration of Directors and Audit & Supervisory Board Members

For remuneration of UACJ Directors and Audit & Supervisory Board Members, limits were 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 of remuneration for individual Directors are determined by Board of Directors resolutions within the overall limit approved by the shareholders. In determining amounts of remuneration, 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 of remuneration for Audit & Supervisory Board Members are determined via discussion by the Audit & Supervisory Board Members, within the overall limit approved in the general shareholders' meeting mentioned above.

At the UACJ Group, remuneration of Directors and Audit & Supervisory Board Members is accomplished without the use of stock options.

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 presented by the full-time members serve as a principal means for close communication, and the sharing of information among all Audit & Supervisory Board Members.

Regarding concurrent service by Audit & Supervisory Board members as officers of other companies, two outside directors are concurrently serving in the capacity of an outside auditor or other position with other listed companies. No other Audit & Supervisory Board members are concurrently holding positions at other companies.

Rationale for Selection of Outside Audit & Supervisory Board Members

Name	Independent Officer	Rational for Selection	Activities
Akari Asano	○	<p>Akari Asano has been a senior executive in charge of general affairs and performed other management roles at a manufacturing firm and within that firm's corporate group. He was asked to join the Audit & Supervisory Board based on the judgment that the knowledge and experience he has acquired throughout his career would enable him to properly perform the duties of an outside member. Judging also that Mr. Asano is not in a position that would give rise to a conflict of interest with general shareholders, UACJ has designated him an independent officer.</p> <p>None of the descriptions provided in Rule 211.4.6 of the Enforcement Rules for Securities Listing Regulations of the Tokyo Stock Exchange apply to Mr. Asano.</p>	<p>Attended all 14 BOD meetings and 13 Board of Auditors meetings throughout the fiscal year. Openly commented and expressed his opinions backed by his years of experience accumulated as a company executive.</p>
Tetsuya Sato	-	<p>Tetsuya Sato has a broad range of experience stemming from his experience as a statutory auditor at Furukawa Electric Co., Ltd. and in other senior management positions. He was asked to join the Audit & Supervisory Board based on the judgment that his wide-ranging experience would enable him to properly perform the duties of an outside member.</p>	<p>Attended 13 of 14 BOD meetings 10 of 13 Board of Auditors meetings held during the fiscal year. Openly commented and expressed his opinions based on his wealth of knowledge and broad perspective as a company officer.</p>

Name	Independent Officer	Rational for Selection	Activities
Takashi Sone	-	Takashi Sone acquired a wealth of experience and broad range of knowledge in his career at Sumitomo Corporation. He was asked to join the Audit & Supervisory Board based on the judgment that his experience and knowledge would enable him to properly perform the duties of an outside member.	Attended all 14 BOD meetings and all Board of Auditors meetings held in the fiscal year. Freely expressed his opinions when he felt it was needed, doing so confidently and contributing his wealth of knowledge and broad perspective as a company officer.
Atsuki Matsumura	-	Atsuki Matsumura is President and Representative Director of Siltronic Japan Corporation and has previously participated in the management of Nippon Steel & Sumitomo Metal Corporation (NSSMC) and its group companies, overseeing corporate planning as an executive officer of NSSMC. He was asked to join the Audit & Supervisory Board based on the judgment that his expertise and experience in corporate management would enable him to properly perform the duties of an outside member.	Attended 10 of the 11 BOD meetings and all 10 Board of Auditors meetings held since joining UACJ during the fiscal year. Openly expressed his opinions backed long experience as a corporate officer.

Audits by Audit & Supervisory Board Members

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

Internal Audit System

At the UACJ Group, internal audits are performed by the 15-member (12 full-time internal auditors and 3 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, and with rationality and propriety. Audit results are reported to the chairman of the board and the president of UACJ Corporation, together with recommendations and suggestions for improvements.

* as of March 30, 2016

Internal Controls

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

Status of the Internal Control System

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

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

- The Company and the Group act in accordance with the management philosophy and company principles, and aim to be virtuous organizations that abide by laws and ordinances, and the Articles of Incorporation.
- 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.

Strategic Shareholdings

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

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

Takeover Defense Strategy

Presently, UACJ has not adopted any takeover defense strategies.

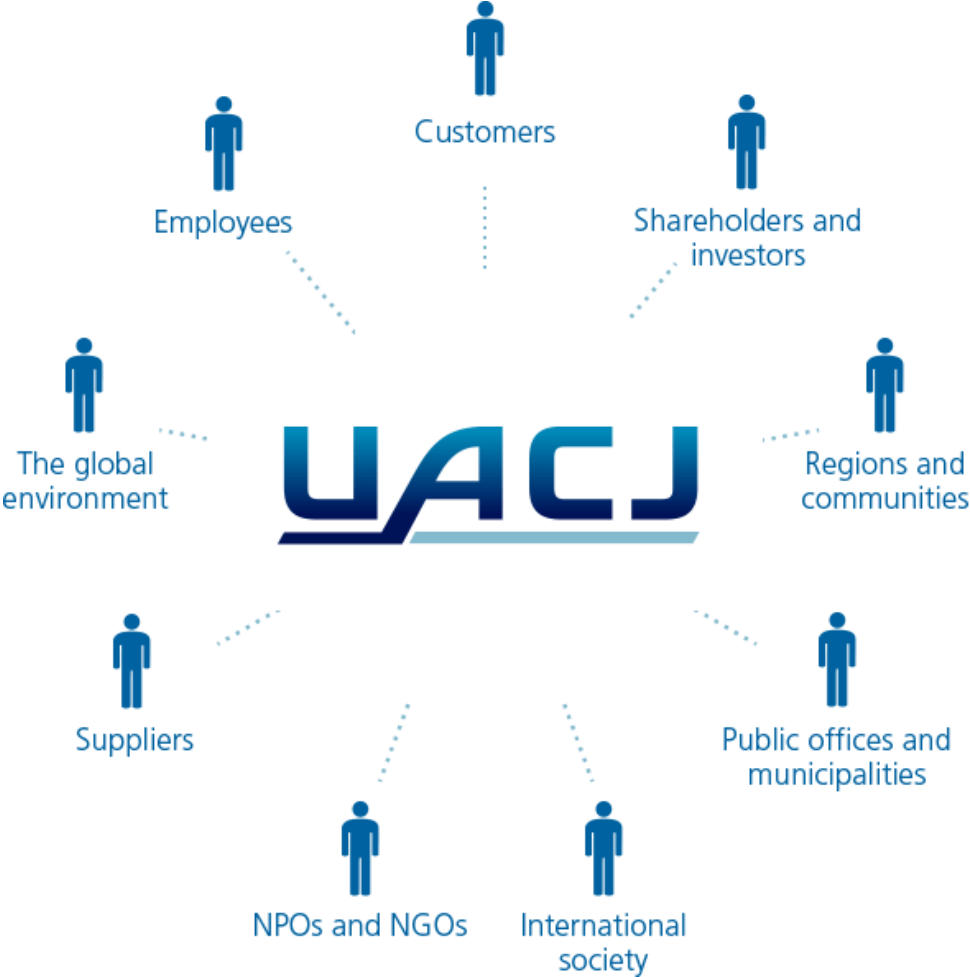
UACJ has established its CSR Committee to address a broad array of social demands. Chaired by the president, the committee's membership also includes UACJ's full-time directors, works managers, the head of its Research & Development Division, the heads of relevant departments, and the presidents of principal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

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

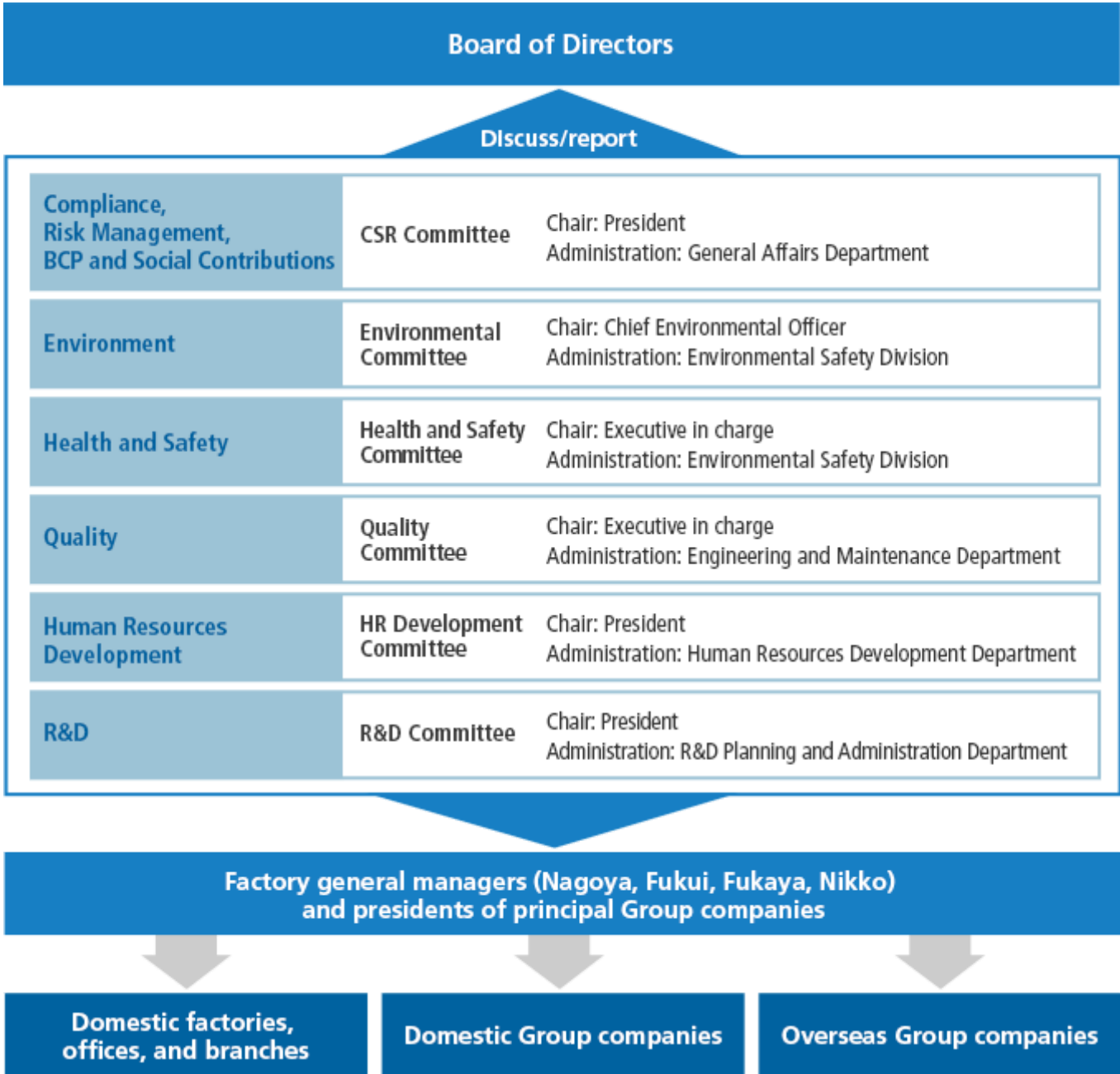
At UACJ, the CSR Committee, chaired by UACJ's president and with membership consisting of UACJ's full-time directors, works managers, the head of its Research & Development Division, the heads of relevant departments, and the presidents of principal Group companies advances CSR activities throughout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

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

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

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

CSR Promotion Organization Chart



Responsibilities to and Methods for Communicating with Principal Stakeholders

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

	Key Responsibilities	Communication Methods
Employees	<p>Respect human rights</p> <p>Develop personnel, and provide fair evaluations and compensation</p> <p>Protect worker safety and health (including mental health)</p> <p>Support diverse working styles, and employee efforts to meet work and personal responsibilities</p>	<p>Company newsletter and intranet</p> <p>CEO's inspections of individual business locations</p>
Local Communities	<p>Support sports and cultural activities, and efforts to nurture future generations</p> <p>Participate in and support traditional events</p> <p>Support and work with local and other NPOs</p>	<p>Plant tours</p> <p>Local events</p> <p>Neighborhood clean-up and other social contribution activities by employees</p>

Objectives and Results

	Fiscal 2015 Objectives	Fiscal 2015 Results	Assessment	Fiscal 2016 Objectives
	Move ahead with preparation of the Group Code of Conduct in multiple languages.	Prepared and distributed Spanish and Vietnamese editions.	○	Continue to prepare and distribute editions in more languages.
	Pledge to abide by the Group Code of Conduct.	<p>Conducted Group Code of Conduct education programs for all UACJ and domestic Group company employees.</p> <p>Executives and department heads at UACJ and domestic Group companies pledged compliance with the Group Code of Conduct to the president of their particular company.</p> <p>The presidents of domestic Group companies and four overseas companies pledged compliance with the Group Code of Conduct to the president of UACJ.</p>	○	Continue conducting education programs and having individuals pledge compliance with the Group Code of Conduct.

	Fiscal 2015 Objectives	Fiscal 2015 Results	Assessment	Fiscal 2016 Objectives
Highlight Compliance	Formulate and implement rules for reporting compliance problems.	Used Code of Conduct education programs and other opportunities to promote understanding of how to report compliance problems.	○	Continue to promote understanding of reporting rules. Eliminate reporting failures.
	Raise awareness of and enhance the internal reporting system	Used Code of Conduct education programs and other opportunities to promote understanding of how to report compliance problems.	○	Promote understanding of how to report compliance problems. Further enhance the credibility of the reporting system.

	Fiscal 2015 Objectives	Fiscal 2015 Results	Assessment	Fiscal 2016 Objectives
	<p>Hold workshops on the Antimonopoly Law and Subcontract Act.</p>	<p>Conducted interviews concerning the Antimonopoly Law at the headquarters Sales Department and the sales departments of principal Group companies.</p> <p>Included coverage of the Antimonopoly Law in job-level training.</p> <p>Included coverage of insider trading in department manager training.</p> <p>In department manager training and meetings of the General Affairs Liaison Committee, conducted seminars on aspects of the amended Companies Act dealing with internal controls within corporate groups.</p>	<p>○</p>	<p>Continue to conduct interviews concerning the Antimonopoly Law.</p> <p>Continue to include coverage of the Antimonopoly Law in job-level training.</p> <p>Continue education on insider trading.</p> <p>Continue education on the amended Companies Act.</p>

	Fiscal 2015 Objectives	Fiscal 2015 Results	Assessment	Fiscal 2016 Objectives
Promote Risk Management	Conduct Group-wide risk management activities.	Recorded the status of department-level activities in a risk management chart. An overall review of activities was presented to the CSR Committee.	○	Revise the risk management framework. Have each department record the status of its activities in a risk management chart at the end of September and March. Present an overall review of activities to the CSR Committee.
	Revise the BCP and prepare rules and manuals.	Revised the emergency supplies manual. Prepared a manual on assisting stranded individuals.	○	Prepare additional manuals. Complete the BCP.
	Implementation of employee safety confirmation systems and installation of emergency communications equipment throughout the Group.	Implemented safety confirmation systems at three domestic Group companies where the systems were yet to be installed.	○	Implement at seven domestic Group companies where the systems have yet to be installed. Move forward with the installation of emergency communications equipment at domestic Group companies where the systems have yet to be installed.
	Establish an emergency contact system and install an emergency communications system.	Continued implementation of the emergency contact system.	○	Continue implementation of the emergency contact system.

	Fiscal 2015 Objectives	Fiscal 2015 Results	Assessment	Fiscal 2016 Objectives
	Conduct training for setting up a disaster-response headquarters and responding to a disaster	<p>Conducted training for setting up a disaster-response headquarters and responding to a disaster.</p> <p>Conducted disaster-response training at the UACJ headquarters and at individual works.</p>	○	Implement a more advanced training curriculum.

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

Group Code of Conduct

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

The Group Code of Conduct was created in Japanese and preparation of versions in the official languages of the locales of overseas affiliates is moving forward. English, Chinese, Czech, Indonesian, and Thai versions were issued in fiscal 2014, and Spanish and Vietnamese versions in fiscal 2015. In June 2016, we issued a Brazilian Portuguese version in Japan as part of our plans to distribute foreign-language editions of the Group Code of Conduct for the benefit of diversifying workforces at Group companies here.

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

Compliance Education

As part of its compliance education endeavors, the UACJ Group has posted the Group Code of Conduct on the intranet and distributes abridged editions that all executives and rank-and-file employees can keep with them at all times. In fiscal 2015, department-level seminars on the Group Code of Conduct were held for all employees of UACJ and Group companies in Japan. Afterward, all department heads were asked to pledge to the president of their company that they would uphold the Group Code of Conduct.

Instruction on compliance in general is provided in job-level training and separately arranged training on legal and regulatory matters. In fiscal 2015, we held 3 workshops on Japan's Antimonopoly Act, and 1 on the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (the Subcontract Act). Through regular, ongoing measures such as these, UACJ Group strives to ensure sound compliance awareness and understanding of legal provisions throughout its organization.

Internal Reporting System (Corporate Ethics Consultation System)

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

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

| Hotline Reports Received and Status of Responses

In fiscal 2015, UACJ Corporation received four reports via the Corporate Ethics Consultation Hotline, while affiliates in Japan received a total of three. Of the total of seven reports, three concerned human rights, two were about labor-related matters, and the remaining two pertained to other matters. Reports from employees willing to provide their names were properly handled, and investigation results and information on corrective measures were provided to the reporting employees.

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

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

Strict Compliance with the Antimonopoly Act and Protection of Free Competition

To promote fair, transparent, and free competition, and engagement in legitimate business transactions, the UACJ Group operates in strict compliance with the Antimonopoly Law. More specifically, the Group raised internal awareness of key points by providing detailed explanations of them in attorney-led presentations to all executives, the heads of all sales departments, heads of branch offices, and presidents of principal affiliates in Japan. Relevant points for sales employees at UACJ and affiliates in Japan were covered in workshops. Furthermore, to raise internal awareness of the need to avoid activity that may invite suspicions of cartel-like behavior, we have established a set of guidelines addressing matters prohibited as cartel-like behavior and points to be mindful of when coming into contact with people affiliated with a competing company. In fiscal 2015, we experienced no violations of either Japan's Antimonopoly Act or the antimonopoly laws of other countries.

Anti-Corruption Initiatives

The UACJ Group explicitly prohibits actions such as bribery and excessive expenditures for entertainment in its Group Code of Conduct, and thorough understanding of these points is promoted in code of conduct education programs and job-level training. In fiscal 2015, Group Code of Conduct education materials were improved with the addition of examples of actions prohibited as either the acceptance or offering of a bribe.

There were no instances of the acceptance or offering of a bribe, or any other violations of the Group Code of Conduct, in fiscal 2015.

Rejection of Relationships with Antisocial Forces

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

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

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

Risk Management System

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

BCP (Business Continuity Plan)

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

| Response System for Major Earthquakes and Other Disasters

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

At a more specific level, we have established an emergency contact network and equipped business locations with commercial radio equipment that will allow us to assess the condition of damaged facilities, swiftly assemble key personnel, and undertake rescue and support efforts.

In fiscal 2015, we installed safety confirmation systems at three companies, bringing to 23 the total number of companies where installations have been completed. This is out of a total of 29 companies for which we plan to provide these systems. Installations at the remaining six companies where safety confirmation systems have yet to be installed are scheduled for fiscal 2016.

A commercial radio system for use in times of emergency has been installed at nine UACJ business locations and 28 business locations belonging to one of 13 Group companies in Japan. We plan to install this radio system at more locations in fiscal 2016.

To help ensure our ability to act swiftly and reliably in times of emergency, we regularly conduct training exercises at individual business locations. In one example, training for setting up a disaster-response headquarters and responding to a disaster was held at our headquarters in September 2015. Everyone, including the chairman, president, all other executives working at the headquarters, and all 300 or so rank-and-file employees participated in this exercise, in which we tested skills in setting up, operating, and breaking down a disaster-response headquarters; and fighting fires.

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



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

Disaster-Response Training by Business Location

Business Location	Training Conducted
Headquarters	Firefighting, safety confirmation, evacuation, emergency life-saving, setting up a disaster-response headquarters, radio communications
Nagoya Works	Comprehensive training for responding to a major earthquake in the Nankai Trough (Setting up a disaster-response headquarters, evacuation, safety confirmation, emergency life-saving, etc.) Safety confirmation, radio communications
Fukui Works	Comprehensive disaster-response training (Setting up a disaster-response headquarters, evacuation, safety confirmation, firefighting, emergency life-saving, etc.) Safety confirmation, radio communications
Fukaya Works	Comprehensive disaster-response training (Setting up a disaster-response headquarters, evacuation, safety confirmation, firefighting, emergency life-saving, etc.) Safety confirmation, radio communications
Nikko Works	Comprehensive disaster-response training, firefighting at individual worksites, AED instruction, safety confirmation, radio communications