

/ ESG highlights

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

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



/ ESG highlights- Governance

TOPIC 1

The Chairman of the Board and Outside Directors in a Roundtable Talk on Governance

In June 2017, the Chairman of the Board sat down with the Company's two outside directors for a roundtable talk on governance and how management issues are addressed at UACJ.

This discussion followed a similar conversation held in fiscal 2015, between the outside directors and the outside auditors. During their recent discussion, the Chairman of the Board and the two outside directors talked about their thoughts on the current status of the Board of Directors and issues it should address to improve its operation and strengthen the Company's governance. They also shared their opinions on topics such as what is needed to promote governance, and a corporate culture, appropriate for a global company.

[UACJ Report – Roundtable Talk on Governance](#)



TOPIC 2

Continuous Improvement of Governance Based on Board Effectiveness Evaluations

UACJ is working to enhance its governance function and ensure, and enhance, management soundness and transparency based on the principles set forth in Japan's Corporate Governance Code, which came into effect in June 2015.

As part of that effort, directors and auditors were asked to complete a survey the point of which was to improve board effectiveness, in 2016. Survey results were discussed in an April 2017 meeting of the Board of Directors where it was confirmed that the board is of an appropriate size, diverse in composition, and capable of exercising its management oversight function. The result of the self-evaluation, therefore, was that the Board of Directors is operating appropriately. In addition, it was confirmed that progress is being made to resolve two issues concerning the Board of Directors, namely allowing sufficient time for considering important matters and engaging in active discussions of them, and providing outside auditors with ample prior explanations and explanatory materials.

TOPIC 3

Strengthening Compliance Systems for Overseas Group Companies Amid Business Expansion

In its drive to become a global aluminum industry leader, UACJ is moving forward with expansion of its overseas business. As we do this, we are also strengthening compliance education at Group companies not only in Japan but also overseas.

Toward that end, we held a training session for the leaders of Group companies in China, in May 2017. This event included a review of key points on compliance with Chinese law and local customs, and an open discussion of the UACJ Group's compliance system.

Meanwhile, in North America, where we have been actively acquiring companies and establishing subsidiaries, we appointed an executive to oversee legal matters and took other steps to ensure thorough compliance and strengthen governance functions at UACJ North America Inc., the company managing Group business activities in that part of the world. As we move forward, we will continue with education and other initiatives to strengthen compliance across the global UACJ Group.



TOPIC 1

Creating Work Environments that are Comfortable for a Diverse Workforce

UACJ believes that people are the source of a company's competitiveness, and we are working diligently to develop human resources by creating people-centric systems.

One area of particular importance is expanded hiring of female employees and promotion of their participation.

We have also created a childcare leave system and a system for re-employing workers who left the Company to raise children or provide nursing care to a relative. In fiscal 2016, we adopted additional new systems including one for working at home. To enable a diverse workforce to develop and exercise skills, regardless of nationality or age, we have begun to conduct education programs for employees scheduled to take on overseas assignments, and we have started to provide management training for employees hired overseas by local Group companies.

Through these and other initiatives aimed at enhancing overall Group capabilities, we will further enhance our global competitiveness.

TOPIC 2

Building Relationships with Local Communities by Participating in Charity Events

For the UACJ Group, which engages in business activities on a global basis, building good relationships with local communities is critical for enabling long-term business development.

At Tri-Arrows Aluminum Inc. (TAA), in the U.S., an internal committee has been established to help invigorate the local community. One thing the committee does is ask employees to participate in the activities of charitable organizations in the state of Kentucky, where the company's plant is located. In May 2017, many TAA employees participated in the Red Nose Day charity event to help eliminate child poverty. Funds collected through that event are being used to provide children with food, clean water, and education. TAA

included coverage of the event in its company newsletter to encourage more employees to participate in future events.

This is just one example of how the UACJ Group is creating conditions that encourage employees to participate in local events and build good relationships with local communities.



TOPIC 3

Enhancing Workplace Safety through Friendly Group-Company Rivalry – The UACJ Group Safety and Health Activity Presentation Conference

The UACJ Group places employee safety and health above all else and conducts safety and health activities with participation by all employees.

Taking the formation of the Group as an opportunity to conduct safety and health activities at an even higher level, we held the very first UACJ Group Safety and Health Activity Presentation Conference in fiscal 2014. The point of this regular event is to exercise Group synergy by sharing discoveries and ideas from various business sites. At the fourth presentation conference, held in July 2017, 15 teams from 15 Group business sites gave presentations on their health and safety initiatives and the results of their activities. In the end, the team representing UACJ's Fukui Works took the top prize with its presentation on the use of safety notes to formulate improvement plans for maintaining zero-accident performance.

The use of friendly rivalry among Group companies to promote safety and health activity is only one aspect of the daily efforts that go into maintaining safe working environments at the UACJ Group.



Most Outstanding Presentations

	Topic	Team
2014	Our safety activities (Identifying hidden work and assessing risks)	UACJ Nagoya Work
2015	Safety activities in quality assurance (Using close calls to mitigate risk)	UACJ Fukui Works
2016	Conversation as a start for pursuing the true causes of problems	UACJ Nagoya Works
2017	The use of safety notes to formulate improvement plans for maintaining zero-accident performance	UACJ Fukui Works

ESG highlights- Environment

TOPIC 1

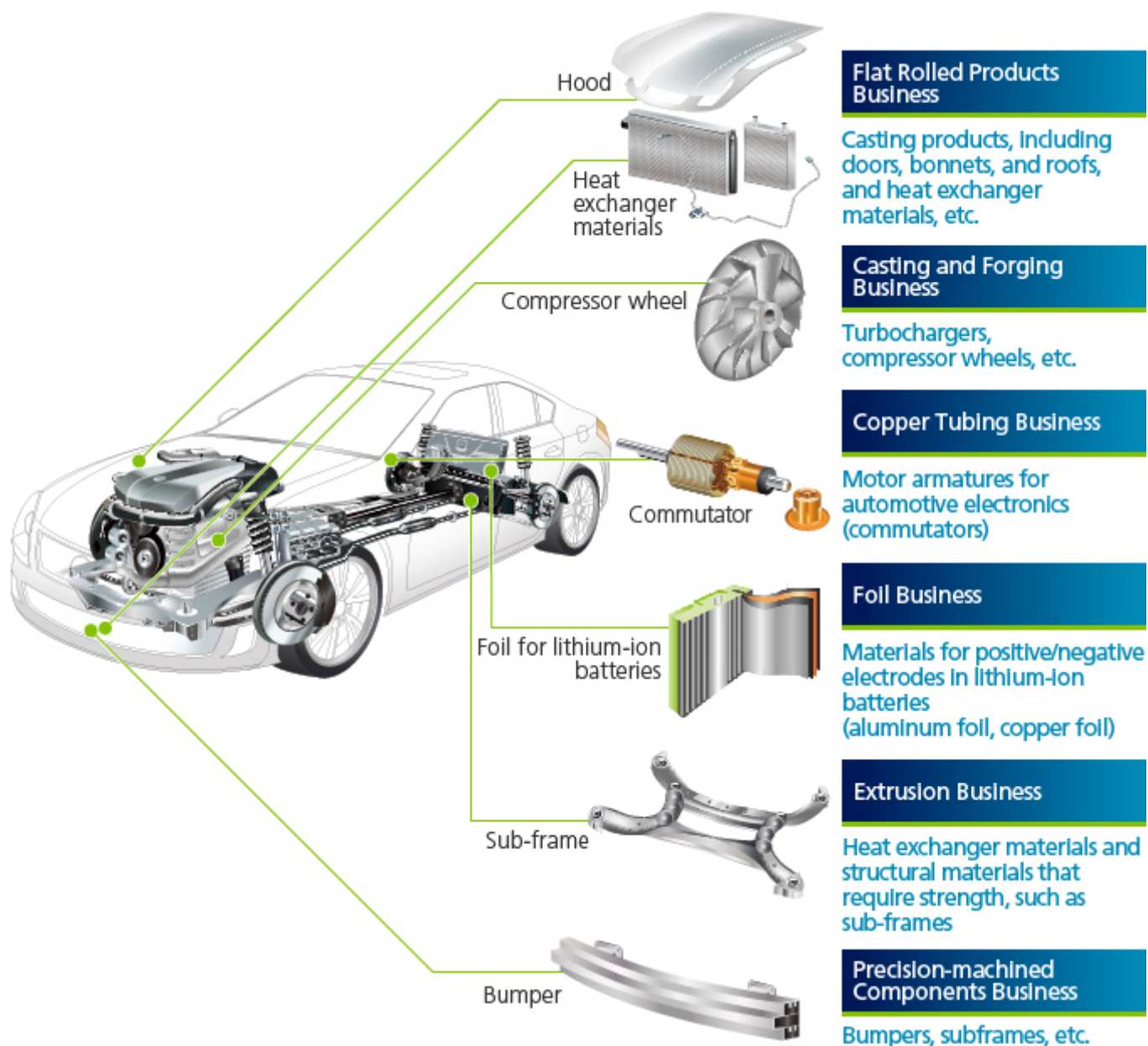
Building a System to Help Reduce Vehicle Weight

One of the most important challenges in protecting the global environment is lowering the environmental impact of automobiles. And with fuel efficiency standards become stricter, mainly in advanced nations, there are high hopes for efforts to reduce the weight of automobiles, something that would both increase fuel economy and reduce exhaust gas emissions.

Attention, therefore, has focused on aluminum, a material with a specific gravity of only about one-third that of iron or copper. Automobile manufacturers in the U.S. have been particularly enthusiastic about shifting to aluminum and are turning out an increasing number of high-end models with all-aluminum bodies. In response, we established the Automobile Business Promotion Division in October 2016 as part of a larger effort to promote greater application of the wide array of UACJ Group aluminum products and technologies in automobiles.

Anticipating greater demand for aluminum automobile body panels going forward, we established Constellium-UACJ ABS LLC to manufacture and sell automobile body panels in North America, and it achieved full-scale operation in fiscal 2016. In the same vein, we also added UACJ Automotive Whitehall Industries, Inc., a leading manufacturer of automobile structural components, to the UACJ Group, and have undertaken other measures, as well, to strengthen our supply system.

Led by the Automobile Business Promotion Division, the UACJ Group will draw on the full range of its resources to help reduce the environmental impact of automobiles by making them lighter.



TOPIC 2

TAA Working to Reduce Environmental Impact

Aluminum is a material that excels in recyclability. When primary aluminum ingots are manufactured from recycled aluminum cans, for example, the amount of electricity used is only about 3% of what is needed to make aluminum ingots from ore. Aluminum, therefore, is very well-suited for creating a recycling-oriented society.

In the U.S., one of the world's leading consumers of canned beverages, the recycling of aluminum cans has taken on enormous proportions, with approximately 127,000 cans recycled every minute. Recycling makes up a significant portion of the operations of Tri-Arrows Aluminum Inc. (TAA), which manufactures mainly aluminum can stock in the U.S. Indeed, approximately 80% of the raw material TAA uses to make cans at its Logan Mill is from recycling.

With demand for can stock rising globally, there is a strong need for stable supplies of this material. To achieve a high level of recycling capacity, UACJ decided in fiscal 2016 to move ahead with a capital investment to increase TAA's casting-furnace capacity to around 400,000 tons a year. The completed facilities are scheduled to come online in fiscal 2018.

By simultaneously increasing production capacity and lowering environmental impact, the UACJ Group is responding to product demand while also helping to build a recycling-oriented society.



TOPIC 3

Participating in a National Project by Researching Manufacturing Processes for Promoting the Use of Aluminum

The automobiles, airplanes, and trains used every day throughout the world are indispensable forms of infrastructure for daily life, but heavy usage has made reducing the related environmental impacts a key concern. The use of increasing amounts of aluminum for automobile and train bodies, and airframes, is expected to reduce weight and, therefore, improve fuel economy and significantly lower environmental impacts. In substituting aluminum for steel and other materials, however, reducing the cost of aluminum has become a major issue.

UACJ, therefore, is working, as a participant in the New Energy and Industrial Technology Development Organization's (NEDO) Research and Development Project for Innovative Structural Materials, to develop a less expensive process for manufacturing aluminum.

The process for manufacturing aluminum is already approaching the limits of efficiency. Refining aluminum requires large amounts of electricity and reducing this electricity consumption is being viewed as a key to achieving significant cost savings. UACJ is working to develop a new aluminum refining approach that uses an ionic liquid and will require much less electricity and, therefore, entail commensurately lower cost. Through this research, UACJ hopes to expand the use of aluminum in transportation equipment and ultimately reduce environmental impacts on society.