



Photographs provided by Mayu Shiomi

# Editorial Policy

## Editorial Policy

The UACJ Group CSR Report 2019 has been published to deepen understanding of UACJ Group activities by communicating to stakeholders the various initiatives the UACJ Group is engaged in to fulfill its social responsibilities and to contribute to the resolution of social issues.

This report features coverage of our aluminum can recycling initiatives in the U.S., the world's largest consumer of can stock, and our economic and social contribution activities in Thailand, a country that is enjoying ongoing economic growth. Also included in this report is coverage of our ESG - environmental, social, and governance - initiatives.

In putting this report together, we devoted particular attention to communicating information as clearly as possible. Through communication with stakeholders, we aim to continuously raise the level of our activities. Your candid opinions and thoughts on this report will be greatly appreciated as input to guide our future activities.

## Reference Guidelines

In preparing this report, we referred to both the Global Reporting Initiative (GRI) Standards and the Environmental Reporting Guidelines (2018 ed.) issued by Japan's Ministry of the Environment.

## Reporting Scope

Covered, in principle, are the activities of UACJ and UACJ Group companies that are located in Japan and listed below. Within the text, these companies are referred to as the "UACJ Group." When the reporting scope differs from this description, that fact is so noted.

### Affiliates in Japan

UACJ Color Aluminum, UACJ Fukaya Service, UACJ Nagoya Alupack, Sansen, UACJ Extrusion, UACJ Extrusion Nagoya, UACJ Extrusion Oyama, UACJ Extrusion Shiga, UACJ Extrusion Gunma, UACJ Foil, Nikkin, UACJ Foil Sangyo, UACJ Foil Service, UACJ Foundry & Forging, Higashi Nihon Tanzo, UACJ Metal Components, Nalco Koriyama, UACJ Copper Tube, UACJ Copper Tube Sales, Toyo Fitting, UACJ Copper Tube Packaging, UACJ Trading, Izumi Metal, Metal Cut, ACE21, Kamakura Industry, UACJ Marketing & Processing, UACJ Logistics, UACJ System, UACJ Green-net

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## Company Overview

Corporate name	UACJ Corporation	Capital	52.277 billion yen
Headquarters	Tokyo Sankei Bldg., Otemachi 1-7-2, Chiyoda-ku, Tokyo 100-0004 Japan	Net sales (consolidated)	661.3 billion yen
Representative Director & President	Miyuki Ishihara	Number of employees (consolidated)	10,366 * As of March 31, 2019
Principal business	Manufacture and sales of flat rolled products, casting products, forged products and precision-machined products of nonferrous metals, including aluminum and alloys thereof	Fiscal year end	March 31
		URL	<a href="https://www.uacj.co.jp/english/">https://www.uacj.co.jp/english/</a>

## Reporting Period

The period covered is fiscal 2018 (April 1, 2018 to March 31, 2019). Data and descriptions of activities from earlier periods and fiscal 2019 are also included in some places to promote better understanding of reported content.

## Publication Date

October 31, 2019 (Next publication scheduled for October 2020)

## Inquiries

UACJ Corporation Corporate Communications Department

## Information Disclosure

The UACJ Group CSR Report 2019 (this report) presents mainly information on CSR activities and other non-financial matters. Performance results, an overview of business activities, discussion of strategies going forward, and other types of financial information are provided in the UACJ Report 2019 (Integrated report) and on UACJ's IR website.



## 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.

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## Message from the president



**We are maximizing the possibilities of aluminum for society and the environment.**

**Miyuki Ishihara**  
Representative Director & President

### **Helping people overcome challenges as a responsible global manufacturer of aluminum products**

Since the establishment of UACJ Corporation in October 2013, we have been building an organization that can generate synergy effects from integrated operations while expanding into other countries and boosting overall production capacity. Today, the UACJ Group manufactures and sells over one million tons of flat-rolled aluminum products annually, and is committed to safely and dependably supplying products to customers as a world-class manufacturer.

Our commitment is not limited to ensuring a steady product supply; we also have a much broader social mission. Since industries began widely using aluminum about a century ago, the metal has become an indispensable material for a broad range of applications spanning from construction materials and components for machinery, vehicles and ships to everyday items

and electrical and electronic applications. In recent years, aluminum's light weight, thermal conductivity, outstanding recyclability and other properties have been widely recognized, particularly with respect to reducing environmental burden. From that standpoint, the UACJ Group has an important responsibility to make the most of aluminum's potential in order to help solve environmental and other issues facing society today.

### **Applying technical development to facilitate aluminum product recycling**

As environmental problems such as global warming and ocean pollution grow more serious by the day, aluminum is increasingly being seen as an environmentally friendly alternative to materials like steel and plastic. For example, demand for aluminum automotive parts is growing as automakers work to reduce vehicle weight as part of efforts to meet increasingly strict environmental regulations. Likewise,

the beverage industry has begun shifting from plastic bottles to aluminum cans amid growing public awareness of plastic waste. Aluminum is also expected to replace other types of plastic containers besides beverage bottles in the future.

Against that backdrop, the UACJ Group will not only work to meet growing demand with a dependable supply of products, but also facilitate aluminum product recycling to make aluminum materials even friendlier to the environment. Our efforts will include technical development and extend across the entire supply chain. A vast amount of electricity is consumed in the smelting process to produce aluminum ingots from primary aluminum, but only about 3% of the total electricity consumption used at the initial smelting stage is required to produce the same volume of ingots from recycled aluminum. While facilities for recycling aluminum cans and lithographic printing plates already exist, UACJ is aiming to develop technologies for recycling aluminum automotive parts and provide recycling facilities to suppliers with a view to further promote aluminum product recycling. We are paying particular attention to reducing the environmental impact of aluminum product manufacturing processes, beginning with flat-rolled aluminum production. Accordingly, we are striving to raise productivity and switch to cleaner fuels in order to reduce energy consumption at each of the Group's factories. In addition, we are taking measures to reduce industrial waste, minimize waste sent to landfills, and prevent pollution from chemical substances.

### **Jointly developing products and technologies with customers to accelerate innovation**

UACJ recognizes the importance of collaboration with stakeholders, including customers, local governments, and universities and research institutes, for creating products and technologies needed by society. To facilitate these efforts, we established a collaborative space called the U-AI Laboratory in our R&D Center in February 2019. Looking ahead, we will use this new laboratory for proactively collaborating with customers and other partners with a view to speed up the development of technologies and products that provide solutions to a wide range of challenges today.

To generate innovations, it is essential to have human resources with expertise in various fields, such as R&D, manufacturing engineering, and marketing. Therefore, UACJ

is strategically recruiting personnel who have diverse skills and specializations while supporting the career advancement and development of employees over the medium to long terms. Furthermore, we are planning to establish a new company training center for the purpose of maintaining a consistent level of skills among employees and ensuring that expertise is effectively passed down to younger members.

### **Setting goals for material issues based on ESG criteria**

Our management understands that improving corporate governance on a continuous basis is vital for UACJ to grow sustainably as a global company. On that basis, we took several progressive steps to enhance governance in fiscal 2018, such as overhauling our remuneration system for directors and increasing the number of outside directors and outside auditors.

Along with the aforementioned recycling initiatives, we are also training human resources and exploring innovative solutions for issues related to environmental, social and governance (ESG) criteria. To step up these efforts, we plan to designate important material issues and include related non-financial targets in our next mid-term management plan. We also intend to become a signatory to the United Nations Global Compact to publically demonstrate UACJ's commitment to these endeavors. As a global manufacturer of aluminum products, the UACJ Group will strive to uphold its corporate social responsibility in all of its business activities and meet the expectations of its many stakeholders.





# Towards a sustainable supply chain in the world's largest can stock market



In the United States, the world's largest beverage can market, environmental awareness among consumers is growing as the market continues to expand. The UACJ Group manufactures flat-rolled aluminum for can stock in the U.S. primarily at Tri-Arrows Aluminum Inc. In this special feature, CEO Henry Gordinier explained how the company is promoting recycling and establishing a sustainable supply chain to ensure a stable supply of products.

## Supplying the growing can market

The U.S. is the world's largest consumer of can stock, with 93.2 billion cans used yearly compared with 22.2 billion in Japan. A reported 127,000 cans are recycled every minute, indicating the vast size of the recycling market.

At Tri-Arrows Aluminum, we see the growth in the U.S. can stock market as part of a longer term trend that is driven by two factors. Firstly, more brands are choosing the aluminum can for new product launches such as energy drinks, craft beers, and recently, even water. This past year, 60% of all new beverage products launched in North America were in cans, which is up from 35% just a couple of years ago. Secondly, the aluminum package supports environmental sustainability. Demand for the aluminum package has increased alongside a growing anti-plastic movement and consumer shifts to green products.

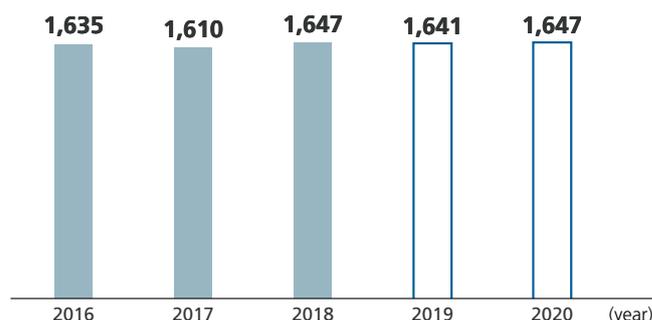
Notably, this growth in the U.S. can stock market is occurring alongside growth for aluminum auto body sheet, as well. The use of aluminum sheet provides for lighter vehicles and improvements in fuel economy standards. As a consequence of the market expansions, the overall balance between domestically produced supply and demand for aluminum sheet in the North American market is very tight. The market condition is exacerbated by U.S. trade policy and Section 232 of the Trade Expansion Act America, where imports, particularly from China, have decreased with the introduction of tariffs.

Against this backdrop, the Logan Mill has built a stable supply chain for can stock. The mill is co-owned by Tri-Arrows Aluminum, which is where the UACJ Group is mainly based in

North America, and has the number one productivity rate in the world as an aluminum rolling mill. Furthermore, the recycle furnace built last year, and the expansion of the cold rolling mill in September this year, will further maintain Logan Mills' position as the highest producer of can stock in the world. All these factors will help Logan Mill deliver high-quality value over the long-term, while meeting today's growing demands with its enhanced capabilities and capacity.

### Past and projected demand for aluminum can stock in North America

(Thousands of tons)



Source: Aluminum Rolled Products Market Outlook published in May 2019 by CRU International Limited

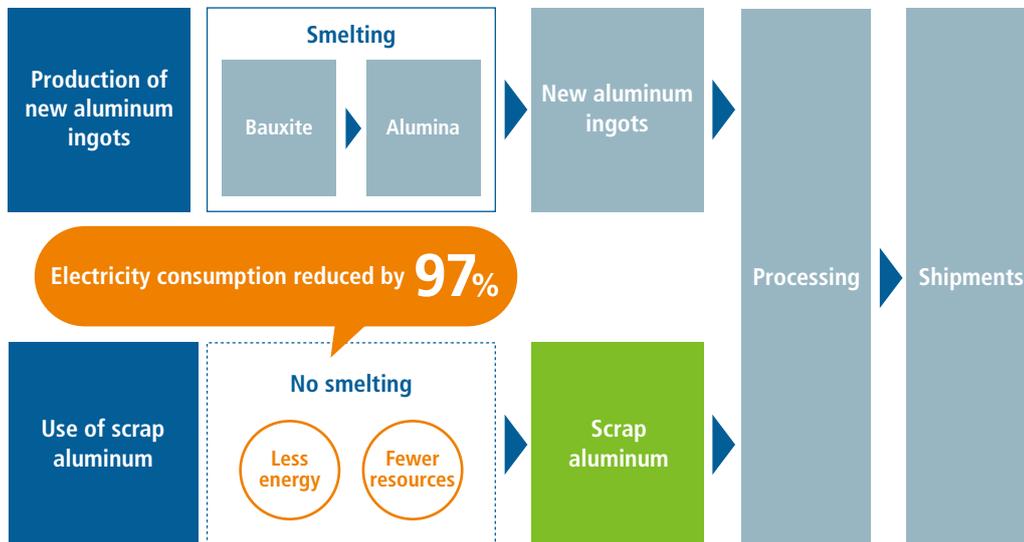
## Scrap usage fuels our environmentally conscious business

Logan Mill operates within a sustainable supply chain that concludes in the U.S., meaning there is no need to use fuel for import or export purposes. Also, with the opening of the mill's recycling furnace in 2018, scraps have been used to make secondary metal instead of bauxite, which consumes less energy in the process. This is a sustainable initiative, especially when considering 80% of our materials for can stock is made from scrap. Now, nearly 40% of U.S. aluminum supply is created through secondary production in the largest can market in the world. By expanding its supply, Tri-Arrows Aluminum will contribute to aluminum recycling going forward.

Making aluminum from scraps is not only good for the environment, it is also cost effective. With the influence of new trade laws, aluminum scraps produced in the U.S. cannot be exported or sold to China. This has led to lowering the cost of scraps, resulting in more profit generated by Tri-Arrows Aluminum.

On top of that, we also use our recycling furnace to create ingots for can stock and supply our competitors, who are mainly focused on the automotive industry. This is all possible because of aluminum's high recyclability, which contributes a great deal to our environmentally friendly approach towards business.

### Comparison of energy and resource usage in aluminum production



**Henry Gordinier**  
CEO & President,  
Tri-Arrows Aluminum Inc.

## FOCUS ON

### Logan Mill's drive for a sustainable planet

Logan Mill is very aggressive in terms of everything it can do to reduce its environmental footprint. It has a team focused on the running and environmental aspects of the plant, and are determined to find new ways to bring down CO<sub>2</sub> emissions, decrease the volume of chemicals used, and reduce the amount of wastewater produced.



The recycling furnace began operating in 2018.



Special Feature Thailand | Passing down technical skills

# Contributing to Thailand's development by transferring UACJ's advanced manufacturing capabilities

In Thailand, a country undergoing rapid economic growth, two companies of the UACJ Group manufacture aluminum materials and products as key suppliers in Southeast Asia. While meeting growing demand in the region, the Group is contributing to Thailand's economy, providing employment opportunities, and developing the skills of workers.

## UACJ Group contributions

**Contributing to Thailand's economy** High-quality aluminum products help drive Thailand's development

In Thailand, advanced industrial development is being promoted based on Thailand 4.0, a long-term economic model promoted by the Thai government. Aluminum is expected to be a key material for several of the 10 industries designated as important under the initiative, including next-generation vehicles, smart electronics, aerospace, and logistics. In the Southeast Asian market as a whole, demand for aluminum used for can stock and automotive heat exchangers is projected to grow as population and economic growth drive up personal consumption.

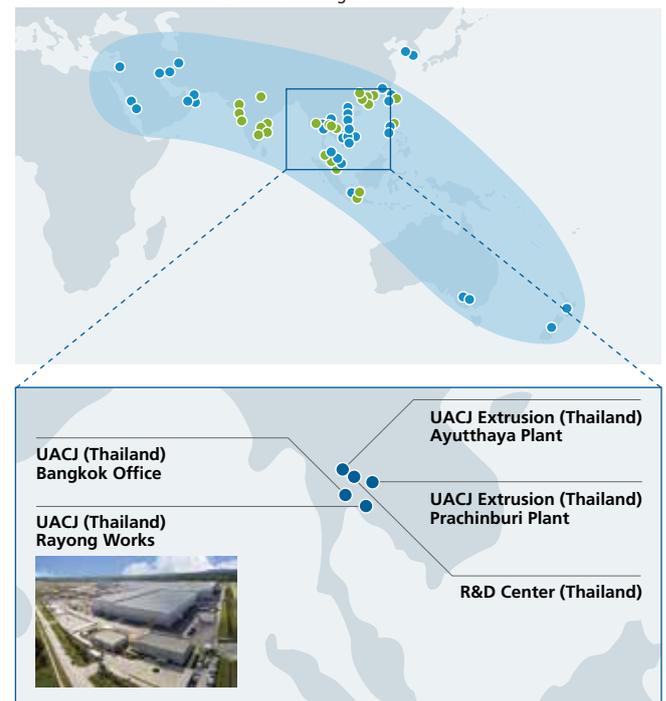
In 2015, UACJ (Thailand) Co., Ltd., established Rayong Works in Amata, a city in the province of Rayong, as Southeast Asia's first flat-rolled aluminum manufacturing facilities integrating all processes from casting to finishing. Since then, the factory has been supplying aluminum products to countries all over Asia. Amid rising demand in the canned beverage and automotive markets, the company steadily boosted annual production capacity to 320,000 tons by the autumn of 2019, making it a leading supplier in the region.

Meanwhile, UACJ Extrusion (Thailand) Co., Ltd., has been manufacturing aluminum materials for automotive heat exchangers at its Ayutthaya Plant and Prachinburi Plant, and supplying the products to the Asian factories of European automakers. The Prachinburi Plant is now planning to boost monthly production capacity to 600 tons in the near future.

While meeting demand from Asian countries, UACJ (Thailand) is also supplying products to the Middle East and Australia, and UACJ Extrusion (Thailand) has broadened its customer base to Mexico and Brazil, contributing to greater exports from Thailand.

## UACJ Group offices and plants in Thailand

■ Area covered by UACJ Group companies  
● Can stock manufacturers ● Heat exchanger manufacturers



● UACJ Group plants and offices

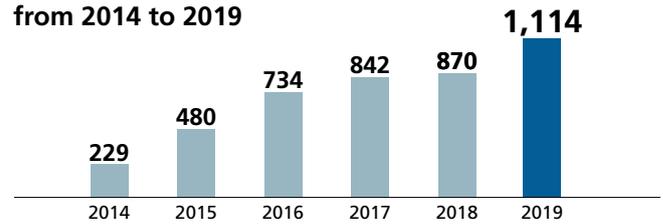
## Recruiting and appointing employees to locally operate factories

UACJ recognizes the importance of hiring locally based workers to operate its factories. In line with this approach, UACJ (Thailand) has steadily increased the number of Thai employees since it began operating in 2014, and the total surpassed 1,000 employees in May 2019. In the future, UACJ's goal is to have its factories in Thailand run entirely by workers hired in Thailand.

When UACJ completes its third phase of investment in UACJ (Thailand)'s production facilities, they will be about the same size as UACJ's main factories in Japan. Preparations are being systematically undertaken to enable Thai employees to operate the facilities and lay the foundations for a domestic aluminum product manufacturing industry. In recent years, for example, Thai employees have been assigned to manage safety, an essential task at the factories. With the expansion of the factories, operating manuals for newly installed equipment are being created and inspections and follow-ups are being carried out to ensure the safety of employees.

UACJ Extrusion (Thailand) began operating several years before UACJ (Thailand), and its Thai employees already handle most operations of the Ayutthaya and Prachinburi plants. In recognition of this achievement, senior officials from the Thai government met with UACJ's executive officers in July 2018 and conveyed their support for the UACJ Group's business activities and hope for further investment in Thailand going forward.

### Thai nationals employed by UACJ (Thailand) from 2014 to 2019



\* Annual figures are as of May 31

## Passing down UACJ's capabilities and improving employees' skills

Positioning human resources development as central to its business, UACJ works to improve the capabilities of employees and raise their productivity in order to enhance the market competitiveness of its products. It also recognizes that refining the skills of workers can contribute to their country's development over the long term.

When UACJ's two subsidiaries in Thailand began operating, skilled engineers were sent from Japan to coach the local employees and provide on-the-job training. Operational manuals were produced in Japanese, Thai and English, and detailed training programs covered work procedures as well as the underlying objectives of the procedures. While teaching the local employees about the quality and spirit of manufacturing that UACJ has refined in Japan, the instructors also adapted the work

processes to Thai culture and the viewpoints of the employees.

With the ongoing transfer of technology to UACJ Extrusion (Thailand), the local employees have continuously found innovative ways to improve production lines. In recent years, UACJ (Thailand)'s newly recruited employees have been gaining skills and knowledge through a three-year training program at UACJ's R&D Center in Japan.

In addition, UACJ established the R&D Center (Thailand) in October 2018, the Group's third such facility in addition to those in Japan and the United States. Led by employees who received technical training in Japan, the new facility is aiming to generate innovations by collaborating with both UACJ (Thailand) and UACJ Extrusion (Thailand), as well as public organizations and universities.

## VOICE

### Safety training leads to 600 consecutive accident-free days

I joined the company in 2016 and currently serve as a senior manager of the Safety Department. In August 2019, we achieved 600 consecutive accident-free days at our factory thanks to the Japanese engineers who assisted our safety management over the years. That accomplishment was not easy, and it attests to the refined skills of our local employees. The UACJ Group pays close attention to manufacturing and quality, so we want to keep maintaining safety at UACJ (Thailand) based on that corporate culture.



**Ekaphat Poolsilpa**  
Senior manager, Safety Department  
UACJ (Thailand) Co., Ltd.

### Growing together with the company as a manager

I joined the company in 2013 with the hope of advancing my career in procurement at a large corporation. Now I am a senior manager supervising 13 subordinates. Procurement is closely linked to factory production schedules and profitability, so we must take great care in our work. Everyone on my team recognizes the importance of that, and works to contribute to the growth of UACJ (Thailand) while refining our individual skills. Other female managers work in the accounting and finance departments, so I think we have a culture of gender equality in the company.



**Laksanai Aranyakornkun**  
Senior manager, Procurement Department  
UACJ (Thailand) Co., Ltd.

## Our approach to CSR

### Promoting the evolution of the Group's CSR based on global standards

#### Teruo Kawashima

Director, Member of the Board, & Managing Executive Officer



#### Promoting socially and environmentally conscious business activities as an aluminum product manufacturer

People worldwide are becoming increasingly aware of the sustainability of society and the global environment.

Against that backdrop, it is more important than ever for companies to fulfill their corporate social responsibility (CSR). In sync with this trend, the UACJ Group has been stepping up efforts to engage with local communities and make its workplaces more comfortable and flexible for employees, while promoting environmentally conscious business activities by reducing greenhouse gas emissions and cutting down on industrial waste, among other initiatives. As a flat-rolled aluminum manufacturer, the Group is working to proactively facilitate the recycling of aluminum products, in particular, in recognition of its obligation to help realize a recycling-oriented society. Nevertheless, inspections related to compliance with GRI Guidelines and ISO 26000 global standards have made us aware that some aspects of the Group's

performance are falling short and need improvement. Therefore, we are intent on enhancing and broadening our CSR activities through the following two initiatives.

#### Promoting CSR group-wide and raising awareness among all employees

The first initiative involves setting up a group-wide organization to promote CSR. At present, our CSR activities are carried out independently by each workplace and group company. In the future, however, we plan to strengthen those efforts and systematically organize and implement them on a group-wide scale. Toward that end, we will clearly designate an organizational framework for promoting CSR and specify tasks for each workplace and group company to pursue based on group-wide policies and goals. We will also have them implement a plan-do-check-act (PDCA) cycle to monitor their progress and level of achievement.

As a second initiative, we will implement measures to raise

awareness of CSR among employees. Instead of having CSR activities implemented by designated departments, we want the activities to be performed on a group-wide level through a framework that allows each of the Group's employees to participate in some way. Through that process, all employees will become more aware of how the Group's business activities affect society and the environment, whether positively or negatively, and consider what role they can play to help. In other words, we hope to raise employees' awareness of CSR by having them become directly involved in related activities.

### Centrally managing CSR activities to improve their effectiveness

In the current fiscal year, we initiated a materiality analysis in connection with our CSR activities. Through future discussions with stakeholders in and outside the Group, we intend to designate specific material issues and announce them sometime in fiscal 2020. Furthermore, we plan to centrally manage our related CSR activities and integrate them in our next mid-term management plan using non-financial targets in order to improve the Group's performance and results.

As the executive officer in charge of the Group's CSR, I will make sure these two initiatives are executed until our activities and results progress beyond global standards. We will do our utmost to ensure that the UACJ Group fulfills its social responsibility so that it can continue earning the trust of stakeholders around the world.



## UACJ's Future Direction

**We engage in CSR activities to meet the expectations of all of our stakeholders.**



## Basic approach to CSR

**As a global corporate citizen, the UACJ Group shall abide by the laws of the countries in which it conducts business while respecting their cultures and customs, contribute to the development of those countries through reliable and sound business activities, and engage with stakeholders to earn their confidence and trust in accordance with the UACJ Group's management philosophy.**

## **/ CSR Management**

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**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.**

### **System for Advancing CSR**

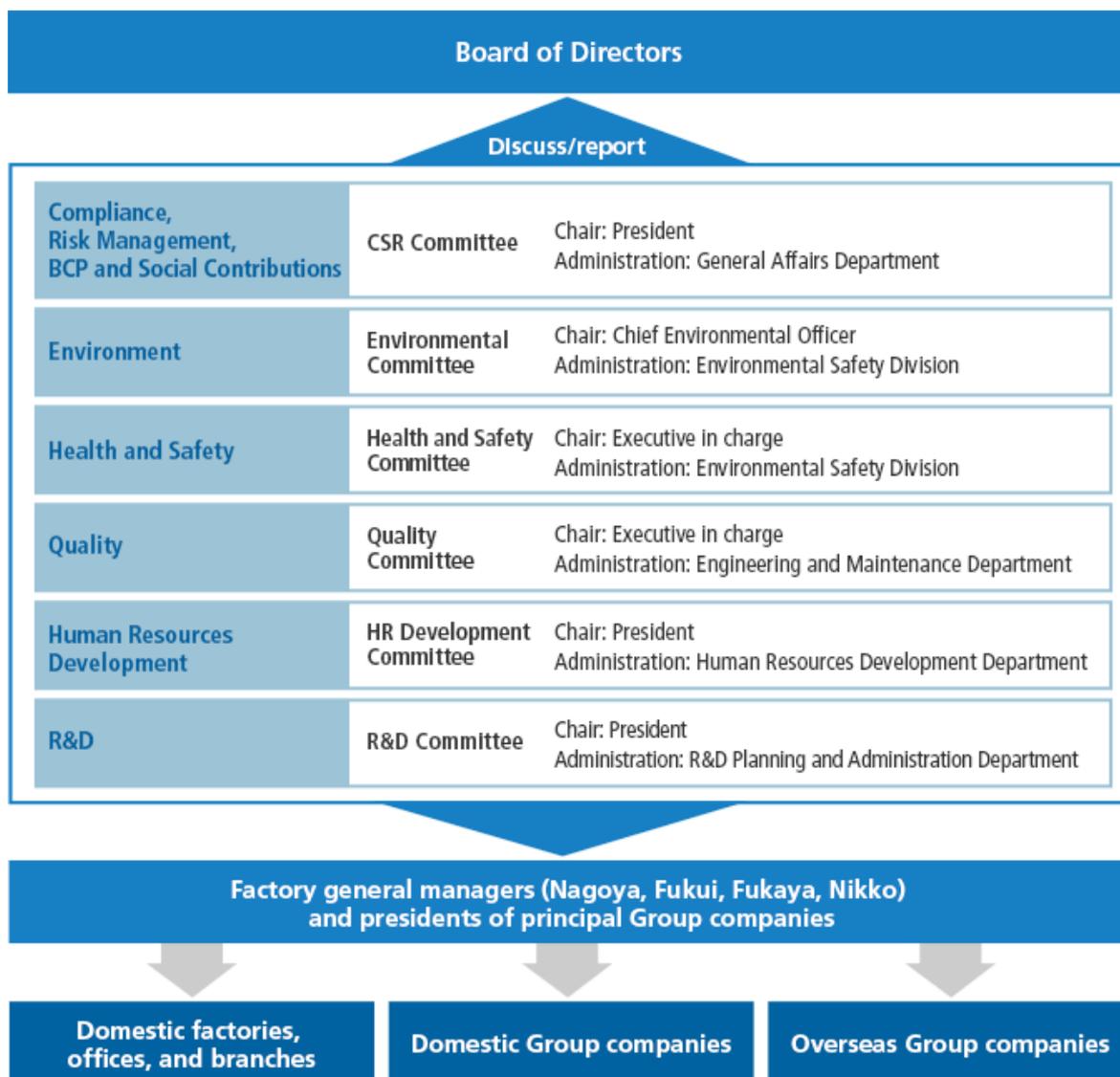
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At UACJ, the CSR Committee, chaired by UACJ's president and with membership consisting of UACJ's full-time directors, works managers, the head of its Research & Development Division, the heads of relevant departments, and the presidents of principal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

The CSR Committee has historically met annually to deliberate policies and measures on matters concerning all aspects of CSR, compliance, 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. To further strengthen CSR activities, the CSR Committee has started to meet twice a year beginning with fiscal 2019.



## Responsibilities to and Methods for Communicating with Principal Stakeholders

	<b>Key Responsibilities</b>	<b>Communication Methods</b>
Customers	Maintain and improve the quality of products and services  Provide products and services that are good for society  Use a wide variety of technologies and expertise to solve customers' problems	Dialogue in daily business dealings  Website  Dialogue through technology exhibits and trade shows  Customer satisfaction surveys
Suppliers	Build sound relationships through fair transactions respecting laws and ordinances  Fulfill CSRs throughout the supply chain	Dialogue in daily business dealings

	Key Responsibilities	Communication Methods
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 conferences</p> <p>One-on-one meetings</p> <p>Shareholder plant tours</p> <p>Website</p>
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</p> <p>Intranet</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>

# CSR Education and Training

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## | Implementation of CSR Training for Managers

As awareness of global environmental sustainability has grown throughout the world, corporate social responsibilities have taken on even greater importance. Moreover, with attention focusing on ESG investment, there are changes afoot in the bases upon which corporate value is judged. UACJ has implemented CSR training to properly acknowledge these changes and enhance its CSR activities. In fiscal 2019, the total of 17 participants in this training included the president, executives in charge of CSR, and department and section heads. Through this training, the participants were able to deepen their understanding of recent CSR-related developments, and various topics related to investors, industrial circles, and international society. Going forward, UACJ will continue to identify materiality items\* and work to create value that contributes to the resolution of global environmental conservation and social issues.

\* Materiality items: Matters that could greatly impact organizational performance as it relates to a company's ongoing growth.

## Basic Concept

“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.” This is our management philosophy and living up to it requires strong governance functions and sound, transparent management. Continuously working to ensure strong governance will result in ongoing growth in corporate value and benefit shareholders, customers, suppliers, employees, local communities, and other stakeholders.

## Fiscal 2018 Key Objectives and Results

	Fiscal 2018 Objectives	Fiscal 2018 Results	Assessment	Fiscal 2019 Objectives
Strengthen Corporate Governance	Continue compliance with Japan's Corporate Governance Code	Took timely, appropriate steps based on discussions with internal and external experts to maintain compliance with the code, including changes and additions	○	Continue efforts to strengthen governance
Highlight Compliance	Enhance code of conduct training	Conducted training at 56 companies inside and outside Japan  Published English-language training materials	○	Continue training-enhancement efforts Publish Thai-language training materials
	Promotion of proper adherence to rules for reporting compliance problems	Used CSR Committee meetings, Group liaison meetings, and other occasions to promote understanding and proper adherence to reporting rules	○	Continue to promote proper adherence to reporting rules
	Enhance understanding of, and faith in, the internal reporting system	Used CSR Committee meetings, Group liaison meetings, code of conduct training, and other occasions to promote proper understanding and use of the internal reporting system	○	<ul style="list-style-type: none"> <li>· Formally establish and implement the Group's internal reporting rules</li> <li>· Establish a common reporting system for company executives and rank-and-file employees of Group companies inside and outside Japan</li> </ul>

	Fiscal 2018 Objectives	Fiscal 2018 Results	Assessment	Fiscal 2019 Objectives
Highlight Compliance	Continue training on the Antimonopoly Law, bribery laws, the Subcontract Act, and other laws and regulations	<ul style="list-style-type: none"> <li>Formulated common basic policies, rules, and guidelines (country-by-country basis for bribery) for the Group on compliance with competition and bribery laws and regulations in various countries, and began application in Group companies located in Japan</li> <li>Surveyed Group companies in Japan on their compliance with the Subcontract Act</li> </ul>	○	<ul style="list-style-type: none"> <li>Begin application of the Group's common basic policies, rules, and guidelines at Group companies outside Japan</li> <li>Based on Subcontract Act compliance survey results, begin Subcontract Act compliance training at Group companies in Japan</li> </ul>
	Begin training on Japan's revised Personal Information Protection Law and the EU's GDPR	<ul style="list-style-type: none"> <li>Established privacy policies and rules for GDPR compliance</li> <li>Entered into data transfer agreements with European affiliates</li> </ul>	○	<ul style="list-style-type: none"> <li>Confirm status of legal and regulatory compliance</li> <li>Investigate laws and regulations in specific countries</li> </ul>
Promote Risk Management	Continue companywide risk management activities	Based on risk management activities taken to date at UACJ, considered factors such as results of executive interviews and surveys, and changes in externalities, and selected three high-priority risks for fiscal 2019. Designated risk owners and created a system in which they advance risk management measures.	○	<p>For fiscal 2019, get a fresh start by establishing three new objectives and working to achieve them.</p> <ol style="list-style-type: none"> <li>Revamp the Group risk management system</li> <li>Implement risk management for all of the Group's businesses</li> <li>Advance PDCA management for high-priority risks</li> </ol>
	Consider expanding risk management activities to Group companies in Japan	Developed Group risk management plans covering not only Group companies in Japan but also those overseas	△	
	Revamp the risk management system	Considered the nature of the companywide risk management administrative function and then established a new risk management group within the Legal Affairs Department in fiscal 2019. Resolved to move forward with risk management strengthening initiatives.	○	
	Develop a BCP system	Based on an assessment of the Nagoya Works' BCP (Business Continuity Plan), created a format for expanding BCP preparation to other works	○	

	Fiscal 2018 Objectives	Fiscal 2018 Results	Assessment	Fiscal 2019 Objectives
Promote Risk Management	Perform a BCP assessment and use the results to make revisions	Assessed the Nagoya Works' BCP and developed overall directions for operations	○	Expand BCM (Business Continuity Management) along the lines of the format developed for expanding BCP development to other works

## Looking toward the Future

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UACJ has continuously strengthened its governance by carefully considering how to apply the Corporate Governance Code and its revisions to our own governance systems. Going forward, we will engage in discussions with relevant parties as we undertake Board of Directors effectiveness evaluations and other governance-strengthening measures, proceed with system revisions and improvements, and strive to further strengthen our overall governance functions.

# / 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.

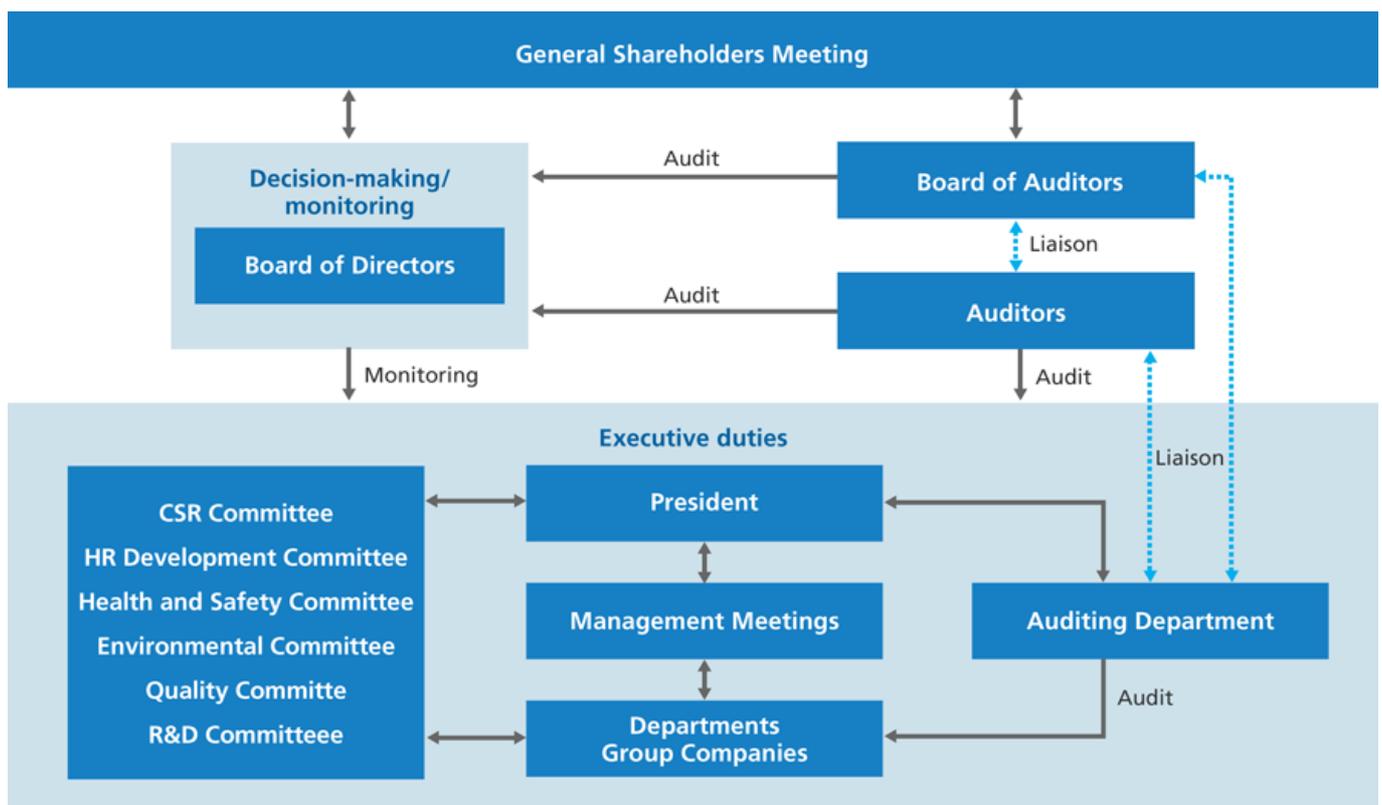
## Basic Ideas on Corporate Governance

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 strive to ensure proper disclosure of financial and management information, a strong sense of corporate ethics, strict compliance practices, and thorough risk management. Strengthening the functions of the Board of Directors to maintain a solid management oversight structure, and enhancing Audit & Supervisory Board functions, are key to these efforts.

## Corporate Governance System

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



## **| Compliance with the Corporate Governance Code**

UACJ is striving to enhance its corporate governance in line with the aims of Japan's Corporate Governance Code. Disclosures concerning the eleven fundamental and supplementary principles on disclosures sought by the Tokyo Stock Exchange are provided in the Corporate Governance Report.

UACJ will continue to strengthen its corporate governance, while taking into account factors such as changes in its business environment.

## **Nomination and Appointment of Officers**

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The appointment of Directors and other officers at UACJ begins with the Nomination & Remuneration Advisory Committee reviewing candidates by evaluating their professional experience, positions held, qualifications, special capabilities, and other factors before making recommendations to the Board of Directors, which then decides which candidates are the best fit for the Company.

Concerning the appointment of independent outside Directors, in particular, candidates are selected based on considerations of factors such as possible conflicts of interest with the Company, and potential for actively making straightforward, constructive contributions to discussions in meetings of the Board of Directors. These considerations are based on standards established by the Tokyo Stock Exchange and UACJ's own standards on independence. UACJ's Board of Directors currently includes four independent outside Directors. One is a woman and three have corporate management experience. Going forward, UACJ will strive to maintain a diverse Board of Directors that has a strong balance of knowledge, experience, and capabilities, and is of the right size for the Company.

## **| Establishment of the Nomination & Remuneration Advisory Committee**

To strengthen its governance by enhancing objectivity and transparency in the processes for nominating and determining remuneration for Directors, Executive Officers, and members of the Audit & Supervisory Board, UACJ established the Nomination & Remuneration Advisory Committee, an advisory body to the Board of Directors, in October 2017. When requested to do so, the committee deliberates matters concerning the nomination and remuneration of Director and Executive Officer candidates, and then provides its findings to the Board of Directors.

The committee consists of seven members, including an independent outside Director as chairman, three independent outside Directors, two inside Directors, and one independent outside member of the Audit & Supervisory Board.

## Board of Directors Meetings

As of June 20, 2019, UACJ's Board of Directors consists of 12 Directors (including 4 outside Directors) and 6 Audit & Supervisory Board Members (including 4 outside members) . The board, which is chaired by the president, comes together for monthly meetings in which it deliberates important matters and hears 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 four outside directors, two are university professors, one a professor emeritus with a wealth of academic experience underpinning his objective perspective and the other also with an extensive academic background, as well as experience as a company director. The remaining two outside directors have broad managerial experience as company directors and play key roles in ensuring the propriety of decision-making by the Board of Directors.

### Rationale for Selection of Outside Directors

Name	Independent Officer	Rational for Selection	Activities
Toshio Suzuki	○	Toshio Suzuki is a university professor emeritus. 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. 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. 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.	Attended all 16 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. Also serves as chairman of the Nomination & Remuneration Advisory Committee.
Ryoko Sugiyama	○	Ryoko Sugiyama is a university professor. 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. 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. 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.	Attended 13 of 16 BOD meetings held during the fiscal year, drawing on her experience as a university professor and company director to freely contribute to Board discussions from her objective perspective. Also serves as a member of the Nomination & Remuneration Advisory Committee.

Name	Independent Officer	Rational for Selection	Activities
Takahiro Ikeda	○	<p>Takahiro Ikeda is a director of a major chemical manufacturer and has extensive experience in the management of that company and its group companies. He was asked to join the Board of Directors based on the judgment that he will be able to properly perform the duties of an outside member.</p> <p>Judging also that Mr. Ikeda 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>While Mr. Ikeda has in the past worked for Mitsubishi Chemical Corporation (MCC), a UACJ customer, transactions with MCC make up less than 0.2% of the consolidated net sales of both companies, respectively, so MCC is not a specified related business entity from UACJ's perspective.</p>	<p>Attended all 12 BOD meetings held after his appointment to the Board of Directors, drawing on his experience as a company director to freely contribute to Board discussions from his objective perspective. Also serves as a member of the Nomination &amp; Remuneration Advisory Committee.</p>
Akio Sakumiya	○	<p>Akio Sakumiya is a director and vice president of a major electrical device manufacturer and has extensive experience in the management of that company and its group companies. At the same time, he is a member and vice-chairman of various advisory bodies dealing with personnel and remuneration matters concerning directors and other personnel at these companies and has accumulated a wealth of experience in other aspects of corporate governance as well. He was asked to join the Board of Directors based on the judgment that he will be able to properly perform the duties of an outside member.</p> <p>Judging also that Mr. Sakumiya 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. Sakumiya.</p>	<p>Attended 10 of the 12 BOD meetings held after his appointment to the Board of Directors, drawing on his experience as a company director to freely contribute to Board discussions from his objective perspective. Also serves as a member of the Nomination &amp; Remuneration Advisory Committee.</p>

## The Board of Directors and Executive Officers

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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 regularly, on a monthly basis, with participation by 8 Directors, 2 full-time Audit & Supervisory Board Members, and 19 Executive Officers (as of June 20, 2019). 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, two outside Directors are concurrently serving as outside directors or in other capacities at other listed companies. No other Directors or Executive Officers are concurrently holding positions at other companies.

### Evaluation of Board of Directors Effectiveness

At UACJ, we evaluate the effectiveness of the Board of Directors annually. In this evaluation, each Director and member of the Audit & Supervisory Board completes a questionnaire on matters such as the structure and operation of the Board of Directors, and the responses to these questionnaires are discussed by the Directors.

#### Main Evaluation Items

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- Roles and duties of the BOD
- Decision-making by the BOD
- Oversight function of the BOD
- Structure of the BOD
- Operation of the BOD

#### Fiscal 2018 Evaluation Results

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- UACJ's Board of Directors was found to be operating properly and to be structured in a way that allows it to perform its management oversight function.
- Discussions by the Board of Directors, in a process starting with preliminary review meetings and extending to meetings of the Board of Directors, were found to be characterized by free and open, constructive debates and exchanges of opinions.
- Sufficient time is being made available for deliberations.
- Governance has been strengthened through the addition of outside Directors, which has reinforced the diversity and overall balance of qualities represented on the board.

## Issues and Measures Going Forward

- Steps will be taken to improve discussion and reporting methods to further enhance business strategy deliberations and strengthen the oversight function.
- Efforts to enhance governance-related reports and explanatory materials will continue.
- To help accelerate globalization and realize ongoing growth, efforts will be made to enhance discussions of important matters and improve the operation of the Board of Directors based on evaluation results.

## | Enhancing the Skills of Directors and Audit & Supervisory Board Members

UACJ's policy is to conduct training for Directors and Audit & Supervisory Board members when they are first appointed and during their periods of service. The purpose of this training is to help ensure that the participants can properly perform their duties.

When they are first appointed, Directors and Audit & Supervisory Board members participate in training to help them understand their roles and duties. Training for outside officers also includes programs to deepen understanding of various aspects of the Company, including its business, finances, and organization. For officers who are no longer new to their positions, we offer training opportunities that are aimed at furthering understanding of governance, training related to issues the Group is facing, and training based on the knowledge, experience, and capabilities of individual Directors and Audit & Supervisory Board members.

In fiscal 2018, officer training covered topics in risk management, governance, and compliance. For officers newly appointed in fiscal 2018, training topics also included compliance with Japan's Companies Act and other laws and regulations.

## | Support System for Directors and Audit & Supervisor Board Members

To promote the thoroughness of discussions in Board of Directors meetings, continuous support is provided to further individual officers' awareness and understanding. Lectures given by outside experts on the topic of governance are one example of this support.

In addition, separate and apart from Board of Directors meetings, outside Directors and outside Audit & Supervisory Board members are provided with opportunities to meet with the Representative Director. These meetings are held in an effort to actively incorporate the views of outside officers in business operations. Along these same lines, reference materials are provided to Board of Directors meeting participants ahead of time; briefings on particularly important topics are held in advance of meetings, as needed; and outside officers are permitted to participate in important meetings even when their presence is not required.

# Remuneration of Directors and Audit & Supervisory Board Members

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UACJ's officer remuneration system is designed to provide incentives for directors to respond to stakeholder expectations by contributing broadly to society through sound, wholesome business development and by helping the Company to continue generating as much profit as it can. The system is also intended to encourage Directors to help enhance the Company's corporate value and medium-to-long-term performance. To ensure the proper functioning of the system and enhance objectivity and transparency, decisions on details concerning the design of the remuneration system and its operation are made by the Board of Directors based on input from the Nomination & Remuneration Advisory Committee, which consists of at least three members (at least half of whom are independent outside Directors or independent outside Audit & Supervisory Board Members) selected via Board of Directors resolution.

Current remuneration for Directors and Audit & Supervisory Board member is based on a revised framework approved in the fifth regular general shareholders' meeting, held on June 21, 2018. Accordingly, total remuneration for all Directors must not exceed ¥650 million annually (Salaries of Directors who are employees are not included, and total remuneration for all outside Directors as a group is limited to basic remuneration not to exceed ¥80 million annually.) For Audit & Supervisory Board Members the upper limit on remuneration for the Audit & Supervisory Board Members as a group was set at ¥100 million annually.

The basic policy for officer remuneration, approved in the fifth regular general shareholders' meeting, held on June 21, 2018 is as described below.

## a. Basic Concepts for Officer Remuneration

- The remuneration system will provide incentives to achieve performance objectives (short-term and medium-to-long-term) for the Company's business strategies.
- The remuneration system will offer remuneration levels that are sufficiently competitive for attracting outstanding human resources to lead the Company's growth and for encouraging their desire to contribute thereto.
- The remuneration system's decision-making process will be characterized by high levels of objectivity and transparency.
- The remuneration system will promote commonality of interests with shareholders and increases in shareholder value.

## b. Remuneration Structure

- Remuneration for the Company's Directors consists of basic remuneration, which is fixed; short-term performance-based remuneration that varies with annual Company performance; and medium-to-long-term performance-based remuneration that varies with medium-to-long-term Company performance. Remuneration for outside Directors shall consist of only fixed remuneration in light of their principal duty to oversee decision-making from an objective, independent perspective.
- Basic remuneration for each officer position is set by referring to remuneration survey data provided by an outside institution specializing in the gathering of this kind of data. Remuneration levels are determined based on comparisons to companies that are in similar industries and are of similar size to the Company.
- For each eligible Director, short-term performance-based remuneration shall be approximately 25% (The standard amount assuming payment of 100% of the potential amount. Same applies below.) of basic remuneration.
- For each eligible Director, medium-to-long-term performance-based remuneration shall be approximately 25% (the standard amount) of basic remuneration.

### **c. Performance-based Remuneration**

1) Short-term performance-based remuneration shall consist of three elements - one based on an assessment of overall Group performance, a second based on an assessment of department-level performance, and a third based on an assessment of individual performance. Amounts paid will vary depending on annual performance and payments will be made once a year.

- Remuneration based on an assessment of overall Group performance shall be calculated with reference to the Company's key management indicators and to consolidated net income, consolidated ROIC, and consolidated ordinary income before the impact of inventory valuations, which are emphasized in the mid-term management plan, as performance indicators. With a payment ratio of 100% for 100% achievement of objectives, payments may vary from 0% to 200% depending on performance.
- Remuneration based on an assessment of department-level performance shall use as performance indicators department-level ordinary income, department-level ROIC, and department-level ordinary income before the impact of inventory valuations, which correspond to whole-company performance indicators. With a payment ratio of 100% for 100% achievement of objectives, payments may vary from 0% to 200% depending on performance.
- Remuneration based on an assessment of individual performance shall be based mainly on a qualitative assessment of important initiatives not reflected in annual group or department-level performance. This portion of remuneration shall approximate 10% of overall short-term performance-based remuneration.

2) Medium-to-long-term performance-based remuneration shall be paid with performance share units (PSUs) using actual equity shares. Payments in equity shares and cash will be made in accordance with achievement of medium-to-long term Group performance objectives. Payments shall be made once every three years based on three-year performance assessments.

- Using as performance indicators consolidated ROIC and consolidated adjusted EBITDA, which are key management indicators and are emphasized in the mid-term management plan, the three-year average consolidated ROIC and cumulative consolidated adjusted EBITDA for each three-year period will serve as the basis for setting performance objectives at the beginning of each three-year assessment period. With a payment ratio of 100% for 100% achievement of objectives, payments may vary from 0% to 200% depending on performance.
- At the end of each assessment period, half of the calculated PSUs shall be paid in equity shares, with the remaining half paid in cash.

### **d. Procedure for Determining Remuneration**

- Officer remuneration policies and details are deliberated by the Nomination & Remuneration Advisory Committee, which then provides information the Board of Directors uses to make final decisions.  
Independent outside Directors and independent outside Audit & Supervisory Board Members make up over half of the membership of the Nomination & Remuneration Advisory Committee. To provide the committee members with information needed for their work, steps such as obtaining input from external experts are taken as necessary.
- Regarding short-term performance-based remuneration for Directors, the Nomination & Remuneration Advisory Committee at the beginning of the evaluation period confirms objectives related to whole-company performance and department-level performance, and, at the end of the evaluation period, assesses the degree to which objectives were achieved and determines appropriate amounts of remuneration. The advisory committee also assesses the appropriateness of remuneration based on individual performance evaluations. For medium-to-long-term performance-based Director remuneration, the Nomination & Remuneration Advisory Committee at the beginning of the evaluation period confirms objectives and, at the end of the evaluation period, assesses the degree to which objectives were achieved and determines appropriate amounts of remuneration.
- Given the determinations of the Nomination & Remuneration Advisory Committee, Director remuneration amounts are set by the president and approved with Board of Directors resolutions at levels within limits authorized in general shareholders' meetings.
- Audit & Supervisory Board Member remuneration amounts are set based on discussions by the Audit & Supervisory Board Members at levels within limits approved in general shareholders' meetings.

# 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.

As of June 20, 2019, the Audit & Supervisory Board consists of 6 Audit & Supervisory Board Members, including 4 outside members and three 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 these meetings, full-time members present audit reports to share information among all Audit & Supervisory Board Members, and full-time and outside members engage in thorough discussions of meeting topics.

Regarding concurrent service by Audit & Supervisory Board members as officers of other companies, one outside member is concurrently serving in the capacity of an outside director at another listed company. 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	Rationale 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 &amp; 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.</p> <p>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 16 BOD meetings and 15 Board of Auditors meetings throughout the fiscal year, freely expressing opinions backed by his many years of experience as a company executive. Also serves as a member of the Nomination &amp; Remuneration Advisory Committee.</p>

Name	Independent Officer	Rationale for Selection	Activities
Yuki Iriyama	-	Yuki Iriyama has served as a managing executive officer of a major steel manufacturer. He was asked to join the Audit & Supervisory Board based on the judgment that his wealth of management expertise and the sophisticated knowledge he has attained as an attorney familiar with corporate legal affairs would enable him to properly perform the duties of an outside member.	Attended all 12 BOD meetings and 11 Board of Auditors meetings held after his appointment to the Audit & Supervisory Board, freely expressing opinions backed by his wealth of experience and broad insight as an executive of another company and as an attorney.
Hiroyuki Yamasaki	○	Hiroyuki Yamasaki is a certified public accountant. He is an expert in corporate accounting and has deep experience with financial and accounting matters. He was asked to join the Audit & Supervisory Board based on the judgment that the high level of accounting expertise he has acquired through his career would enable him to properly perform the duties of an outside member. Judging also that Mr. Yamasaki is not in a position that would give rise to a conflict of interest with general shareholders, UACJ has designated him an independent officer. 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. Yamasaki.	Attended all 12 BOD meetings and 11 Board of Auditors meetings held after his appointment to the Audit & Supervisory Board, freely expressing opinions backed by his wealth of experience and broad insight as a Certified Public Accountant. Also serves as a member of the Nomination & Remuneration Advisory Committee.
Yoshiro Motoyama	○	Yoshiro Motoyama has served as a director and vice president of a major automobile manufacturer and has a wealth of experience in corporate management. He was asked to join the Audit & Supervisory Board based on the judgment that the broad management perspective he has acquired through his career would enable him to properly perform the duties of an outside member. Judging also that Mr. Motoyama is not in a position that would give rise to a conflict of interest with general shareholders, UACJ has designated him an independent officer. 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. Motoyama.	Attended all 12 BOD meetings and 11 Board of Auditors meetings held after his appointment to the Audit & Supervisory Board, freely expressing opinions backed by his wealth of experience and broad insight as an executive of another company.

## Enhancing the Effectiveness of the Audit System

To enhance the quality of audits, UACJ uses a three-pronged scheme to perform audit work. Under this scheme, the Audit & Supervisory Board Members, internal auditors, and independent auditors remain in close communication with one another as they perform audit work. 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.

To enhance the functions of the Audit & Supervisory Board, which operates independently, two people have been assigned to assist the Audit & Supervisory Board members in their work.

## Internal Audit System

At the UACJ Group, internal audits are performed by the Internal Auditing Department, which reports directly to the president of UACJ Corporation. The department, with 12 full-time and three part-time internal auditors, prepares annual audit policies and plans based on the Internal Audit Rules. It then objectively examines and assesses the activities of the managers of UACJ and each UACJ Group company to determine whether they are being performed within the law, with rationality, and with propriety in accordance with UACJ's management objectives. Examination and assessment results are reported to 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

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.
- The CSR Committee takes the lead in holding lectures, distributing manuals, and conducting other education activities. It also conducts compliance activities, such as reviews to check for legal and regulatory violations.
- 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 the rule-based division of duties and responsibilities, and on other measures as well.
- 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**

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UACJ maintains strategic shareholdings judged to be necessary for promoting continued business growth and smooth progress by, for example, maintaining or strengthening business ties, advancing business collaborations, or promoting stable procurement of raw materials.

Our policy is to hold the minimum number of shares necessary and to reduce our holdings going forward. Every year, the Board of Directors examines individual strategic shareholdings, examining quantitative factors such as economic rationality and qualitative factors such as the purpose of the holding. If, as a result of these examinations, it is determined that maintaining a shareholding is no longer sufficiently meaningful or rational, the shareholding will be gradually divested. Regarding the exercise of voting rights attached to strategic shareholdings, UACJ takes the position that it should exercise its rights as a shareholder and, in principle, exercises all voting rights on all resolutions put before shareholders. Voting rights are exercised on individual resolutions based on considerations of whether they are consistent with UACJ's purpose for maintaining the shareholding, would promote sound management at the issuing company, and would enhance the corporate value of both UACJ and the issuing company. In fiscal 2018, all or a portion of six shareholdings were divested. As of March 31, 2019, UACJ had strategic shareholdings in 46 companies.

## **Takeover Defense Strategy**

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Presently, UACJ has not adopted any takeover defense strategies.

# **/ Compliance**

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

## **Group Code of Conduct**

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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.

Efforts to prepare versions of the Group Code of Conduct in the official languages of the locales of overseas affiliates are moving forward. Including the original Japanese version, the Group Code of Conduct now exists in ten different languages.

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

The Group Code of Conduct is available in the following languages:

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

## **Compliance Education**

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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 2018, department-level seminars on the Group Code of Conduct were held for employees of UACJ, 30 Group companies in Japan and 26 Group companies overseas. Afterward, the president of each company pledged to the President of UACJ in writing that they would uphold the Group Code of Conduct.

In fiscal 2018, training was conducted on topics such as information security, Japan's Personal Information Protection Law, and the EU's General Data Protection Regulation (GDPR).

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)

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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\* 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.

In fiscal 2019, steps will be taken to expand the scope of potential users and further facilitate internal reporting. These steps will result in a common reporting system accessible by executives and rank-and-file employees of Group companies inside and outside Japan as recommended in guidelines issued by Japan's Consumer Affairs Agency.

\* 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 2018, UACJ Corporation received seven reports via the Corporate Ethics Consultation Hotline, while affiliates in Japan received a total of 22. Ten of the reports concerned harassment and the remaining 12 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 the Company, as needed.

## Strict Compliance with the Antimonopoly Act and Protection of Free Competition

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Provisions in the UACJ Group Code of Conduct call for fair, transparent, and free competition, and engagement in legitimate business transactions, by specifically prohibiting restraint of competition, abuse of advantageous circumstances, and other such activities. Thorough understanding of these matters is promoted when opportunities are available in training on the code of conduct, job-level training, and on other occasions as well. In addition, all executive officers undergo training on compliance with Japan's competition laws. In fiscal 2018, seminars were held on Japan's antimonopoly law and overseas competition laws as part of the training conducted for department heads and newly appointed managers. Outside of Japan, a seminar on competition law was held at the local affiliate in Thailand.

In fiscal 2018, we experienced no violations of either Japan's Antimonopoly Act or the antimonopoly laws of other countries.

## Anti-Corruption Initiatives

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To help ensure that it engages in fair, transparent, and appropriate business transactions, the UACJ Group has included in its Group Code of Conduct provisions specifically prohibiting acts such as bribery and excessive expenditures for entertainment, and thorough understanding of these points is promoted in code of conduct education programs and job-level training. In addition, all UACJ executive officers undergo training on the prevention of corruption.

In fiscal 2018, seminars on bribery prevention were held for department heads and newly appointed managers. A seminar on the same topic was also held at the local affiliate in Thailand.

There were no instances of the acceptance or offering of a bribe, or any other violations of the Group Code of Conduct, in fiscal 2018.

## Implementation of Global Guidelines

In fiscal 2018, UACJ's headquarters formulated the Group's basic policies on compliance with competition laws and prevention of bribery. It then developed global guidelines to be applied by Group companies throughout the world and created guidelines tailored to the business practices and legal systems of individual countries.

Activities that promote compliance with competition law and prevent corruption should be undertaken at all levels, and it is important for all employees, regardless of their position, to understand this point. The global guidelines, therefore, have been prepared in English and seven other languages to provide employees of Group companies with a version in the local official language.

## Prior Authorization of Entertainment and the Exchange of Gifts

In fiscal 2019, a system for the prior authorization of entertainment and the exchange of gifts will be implemented. To prepare for implementation, steps such as disseminating information on the system to all Group companies in Japan, were taken in fiscal 2018.

## **| Anti-Corruption Training at UATH**

At UATH\*, seminars on competition law and anti-corruption law were held for management-level employees. These seminars were held in the Thai language to help ensure that all participants gain a thorough understanding of these topics.

\* UACJ (Thailand) Co., Ltd.

## **Rejection of Relationships with Antisocial Forces**

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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.

# **/ Risk Management**

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

## **Risk Management System**

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UACJ identifies business risks and takes measures to avoid or mitigate them.

### **| Enhancing risk management**

When conducting risk management, UACJ has been carefully identifying business-related risks at the divisional level while taking measures for averting and mitigating those risks. In fiscal 2019, the Company established a new risk management working group in its Legal Affairs Department for the purpose of enhancing its risk management overall, including assessing risks uniformly across the Group and implementing a plan-do-check-act (PDCA) cycle.

Toward those ends, the working group conducted a group-wide risk assessment using a uniform set of indicators. Applying a combined top-down and bottom-up approach, the working group specified 138 risk factors that could potentially interfere with the achievement of business plans, and assessed each one from both operational and functional perspectives. Priority risks for the UACJ Group as a whole were determined based on the results of the assessment, and a PDCA cycle is being implemented on group-wide scale in order to reduce the possibility of those risks materializing.

## **BCP (Business Continuity Plan)**

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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 implemented employee safety confirmation systems, established an emergency contact network, and are equipping business locations with emergency radio equipment. Employee safety confirmation systems have now been implemented in all Group companies in Japan, and emergency radio equipment has been introduced in 20 of 49 business locations in Japan, with installations completed for all of the main locations.

In fiscal 2018, we reviewed communications channels, reporting methods, and other aspects of our disaster response system and took steps to strengthen it where necessary.

To help ensure our ability to act swiftly and reliably in times of emergency, we regularly conduct training exercises at individual business locations. In October 2018, training focused on the establishment of a disaster response headquarters was conducted at the Company's headquarters.

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. Training for responding to a power outage was also conducted.

Disaster response initiatives tailored to circumstances at individual business locations are also being taken. The Nagoya Works provides a particularly good example. Lying in an area specifically addressed by the Large-Scale Earthquake Countermeasures Law, this facility has been steadfast in taking 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.

### 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, radio communications, emergency life-saving, use of firefighting equipment, etc.) Safety confirmation, radio communications
Fukui Works	Comprehensive disaster-response training (Setting up a disaster-response headquarters, evacuation, safety confirmation, radio communications, firefighting, using stretchers to transport injured people, etc.) Safety confirmation, radio communications, AED training class.
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

## Strengthening Information Security

UACJ has designated the strengthening of information security as one of its top risk management priorities. In fiscal 2019, we have designated risk owners to lead information security strengthening efforts. The Information Systems Department has been placed in charge of information security and cyber security; the Engineering Department, in charge of technical information management; and the Legal Affairs Department's Risk Management Group, in charge of personal information protection. In addition, the Information Systems Department and Internal Auditing Department collaborate in checking the information security systems of each Group company once a year.

## **| Efforts to Prevent Information Leaks due to Human Error**

To greatly reduce the possibility of an information leak from a PC that is taken outside of company premises, we have employees use PCs that are thin clients and have made it impossible to attach USB memory sticks to these devices. Furthermore, email file attachments are encrypted and the particularly sensitive information handled by the Research & Development Division cannot be electronically transmitted without the authorization of a supervisor.

## **| Personal Information Protection**

The UACJ Group obtains, and uses, personal information from employees, executives, retirees, and their family members; and from customers, people who send us inquiries over the internet, and people who respond to our surveys at trade shows and other events. To protect this personal information, we have formulated the UACJ Group Basic Policies on Personal Information Protection and comply with Japan's Personal Information Protection Law and the personal information protection laws and regulations of other countries. In fiscal 2018, we revised our privacy policies and rules on handling personal information to ensure compliance with the EU's General Data Protection Regulation (GDPR), which took effect in 2018.

In fiscal 2019, we will take steps to confirm compliance with both Japanese laws and the GDPR, and consider matters related to personal information protection laws in Thailand and other countries.

## Basic Concept

The UACJ Group believes that being a business that contributes widely to society requires understanding the expectations of stakeholders and responding to their trust. We see product safety and quality control initiatives, supply-chain management, human resource development and diversity, and the provision of safe, healthy work environments as having importance not only for us but for society, as well, and do our best to achieve progress in all of these areas, with their social benefits in mind.

## Fiscal 2018 Key Objectives and Results

	Fiscal 2018 Objectives	Fiscal 2018 Results	Assessment	Fiscal 2019 Objectives
Quality and Customer Satisfaction	Zero major quality problems	Multiple incidents	×	Zero major quality problems (anomalies)
	10% or greater reduction in complaints (both those involving claims for damages and those that do not) compared to fiscal 2017	10% reduction compared to fiscal2017	○	10% or greater reduction in complaints (both those involving claims for damages and those that do not) compared to fiscal 2017
Human Resource Development and Diversity	Make women 40% of the new career-track college graduates hired into administrative positions and 10% of technical positions	In implementing UACJ's first General Employer Action Plan, hired a total of 44 new career-track college graduates, including 10 women. The women accounted for 50% of administrative positions filled and 12.5% of technical positions.	○	Make women 40% of the new career-track college graduates hired into administrative positions and 10% of technical positions
	By fiscal 2020, increase the number of female managers to twice the end-of-fiscal-2015 figure	As of the end of fiscal 2018, increased the number of female managers by 43% compared to the end-of-fiscal-2015 figure	△	By fiscal 2020, increase the number of female managers to twice the end-of-fiscal-2015 figure

	Fiscal 2018 Objectives	Fiscal 2018 Results	Assessment	Fiscal 2019 Objectives
Provision of Safe, Healthy Work Environments	Energize improvement activities aimed at eliminating workplace accidents	Moved forward with efforts to thoroughly identify and assess risks, improve the essential safety of equipment, adopt safer work approaches, and disclose even minor accidents to discuss preventive measures	○	Creation of a system for maintaining awareness of past major accidents
	Conduct employee education on safety and health	Conducted experiential safety education at the Nagoya and Fukaya works, and held new-hire group training for record high numbers of participants (126 technical employees, 65 administrative employees)	○	Enhance training for mid-career hires and employees taking on new positions

## Looking toward the Future

In fiscal 2018, certain objectives, such as those relating to major quality problems (quality anomalies) and increasing the number of female managers, were not achieved. Objectives were achieved, however, in terms of hiring of women for career-track positions and safety and hygiene training. For fiscal 2019, efforts will focus on maintaining performance for objectives achieved in fiscal 2018, while striving to attain the performance improvements needed to achieve the objectives not met in fiscal 2018.

# **/ Relationships with Customers**

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**The UACJ Group contributes broadly to society by striving to provide customers with products and services that earn their satisfaction and trust.**

## **Basic Policies and Systems for Quality Management**

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### **Basic Policies**

1. We will constantly strive to improve our capabilities in technological development, quality management, and frontline execution.
2. We will fulfill demands put before us.
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.
5. All Group employees will act based on a clear understanding of our stance on quality and will participate in quality improvement activities.

### **| Quality Management System**

The UACJ Group has established its Quality Committee, chaired by the Executive in Charge of Quality, as the highest organ for advancing quality management. The Quality Committee discusses and reports on the status of quality, significant problems, and other quality-related matters.

Quality control groups have been established for each of the Group's businesses - flat rolled products, extrusion, foil, casting and forging, and precision-machined components. These individual quality control groups work together with the Quality Management Department and the leaders of organizational units, as they pursue quality management activities.

### **| Formulation of the UACJ Group's Annual Quality Management Direction**

A uniform, annual quality management direction is established for the entire UACJ Group. For fiscal 2018, quality objectives and priorities were clearly stated under the slogan, "Further strengthen the quality platform to realize world-class competitiveness," and measures for improving quality were undertaken. In fiscal 2019, the Group is working to achieve quality objectives through new growth based on quality contributions by all employees.

# Fiscal 2018 Results

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The results of fiscal 2018 initiatives to achieve quality objectives are presented below.

To achieve “zero major quality problems (quality anomalies),” uniform standards were created for the entire Group and special attention was paid to sharing information on a Group-wide basis to prevent problems from recurring. As a result, we experienced fewer major quality problems than in fiscal 2017. Presently, no UACJ Group products have had sales suspended because of, or are the subject of disputes related to, major quality problems.

Regarding the objective of achieving “10% or greater year-on-year improvements in numbers of complaints,” measures focusing on key objectives succeeded in reducing complaints, both those involving claims for damages and those that do not, by 10% compared to the previous fiscal year.

For fiscal 2019, the quality objectives for fiscal 2018 have been retained and key objectives reflecting the future vision have been set to achieve further quality improvements under the slogan, “Achieve new growth based on quality contributions by all employees.”

## Fiscal 2018 Quality Objectives

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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.

## Key Objectives

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- Identify fundamental causes of problems to prevent recurrences and human error.
- Identify customer needs and expectations, and respond to them swiftly to increase customer satisfaction.
- Secure necessary capabilities and understanding, based on appropriate education, training, and experience.
- Implement DR (design reviews), change management, and initial flow control.
- Strengthen the quality management system.

## Fiscal 2019 Quality Objectives

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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.

## Key Objectives

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- Increase customer satisfaction through responses to customer needs and expectations.
- Prevent recurrences of quality problems and human errors by identifying causes.
- Prevent defects through proper implementation of design reviews, change management, and initial flow control.
- Maintain necessary capabilities and practice compliance on a foundation of proper education, training, and experience.
- Promote systemization and automation of testing and inspection.

## **| Quality Management based on International Certifications**

The UACJ Group practices quality management in accordance with the international quality management system certifications obtained by UACJ and its Group companies. For Group companies that have yet to obtain these certifications, the Quality Management Department provides support enabling quality management that conforms to international certification requirements.

In fiscal 2018, one overseas business location was newly certified.

## **| Preparing Quality Assurance Guidelines (UACJ ver.)**

Over the past several years, there have been multiple incidents in which manufacturers have falsified quality-related data and used unqualified personnel to perform quality inspections. In response, the Japan Aluminum Association introduced quality assurance guidelines for the aluminum industry in March 2018.

The UACJ Group then used these guidelines to create its own quality assurance guidelines. The UACJ Quality Assurance Guidelines, which were introduced in August 2018, reflect circumstances related to the quality management system and other aspects of the UACJ Group, while remaining consistent with the industry's guidelines.

The UACJ Quality Assurance Guidelines have further strengthened the quality assurance system by incorporating concrete schedule guidance for systemization and automation initiatives for shipping inspection/testing data. In fiscal 2018, concerted efforts were made to educate individual Group business locations on implementation of quality assurance practices in accordance with the new guidelines.

## **Product Safety Initiatives**

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Aluminum is a strong, lightweight material that is easy to process, resistant to corrosion, and readily recyclable, so it has come to be used as a raw material for various industrial product components, packaging material, and various other products across all aspects of daily life. Because many of the products made with aluminum - for example, automobile components, aircraft components, food wrapping, etc. - have a direct impact on the safety of human lives, consumer safety is viewed with particular importance.

At UACJ, the Quality Management Department leads product safety initiatives to address product safety risks in particular from the unintentional inclusion of certain elements and other impurities, in violation of legal or regulatory standards, in alloy production and other processes.

More specifically, product safety is reviewed at checkpoints established in design reviews, and strength, presence of impurities, and other product safety items are thoroughly checked at the manufacturing stage based on specifications determined together with the customer.

In addition, mill sheets, which display testing results, are checked to determine whether product information is properly presented.

## **| Provision of Product Defect Information**

The UACJ Group has established rules for responding to major incidents concerning product quality and safety. Under the Major Incident Response Rules when an incident, such as a product defect or regulatory violation, comes to light, a special incident investigation committee is established, details of the situation are clarified, and relevant information is provided to customers and consumers. To date, there have not been any incidents requiring that these steps be taken.

## **| Proportion of Products for which Safety Evaluations Are Performed**

Safety evaluations are performed for 100% of products that have been confirmed to be in compliance with specifications agreed upon with customers and for 100% of products for which shipping inspections are performed as a matter of legal or regulatory compliance.

## **| Compliance with Product Safety Laws and Regulations**

In fiscal 2018, there were no violations of legal, regulatory, or the UACJ Group's own provisions on product quality and safety, or the display of product information.

## **Measures to Improve Customer Satisfaction**

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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."

Knowing what customers want, therefore, is essential. To gather customer feedback, we conduct customer satisfaction surveys at least once a year. In fiscal 2018, we asked key customers to participate in surveys at least one time. We also hold gatherings where customers can tell us directly what they think and what they would like to see in our products. Having collected feedback from activities such as these, we analyze it and then apply findings in improvement activities and development of new products.

## **| 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.

Going forward, we intend to further deepen our interaction with customers and reflect what we learn in the development of new products and other activities, as well.

# Dissemination of Information on New Products and Technologies

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## Publication of a Technology and Research Journal

UACJ issues UACJ Technical Reports once a year to present technical papers on UACJ Group research results and new products and technologies. The fiscal 2018 edition, Vol.5, No.1, was published in March 2019.

To make UACJ Technical Reports content, which covers aluminum and aluminum alloy technology, available to as wide an audience as possible, we also post it on our website.

UACJ Technical Reports will continue to be an important channel for disseminating the latest information on UACJ Group products and technology.

### Promoting joint research and development with partners worldwide to contribute to society and the growth of the UACJ Group

Director, senior managing executive officer, and chief executive in charge of the Research & Development Division

**Kazuhisa Shibue**



UACJ's R&D Center is at the helm of the Group's research and development activities. Located next to Nagoya Works in central Japan, the center conducts highly advanced research on aluminum materials and related manufacturing processes, and oversees the development of the Group's mainstay products, including flat-rolled aluminum for can stock and automotive body sheet and components.

The R&D Center deals with customers directly, cooperates closely with UACJ's factories, and applies expertise accumulated for over a century of doing business. These unique advantages enable the center to become integrally involved in developing products according to customers' specifications and needs, and smoothly complete the products by installing prototypes onsite in advance. Consequently, UACJ has earned the trust of customers as the top aluminum product manufacturer in Japan.

In the industry today, however, manufacturing is being carried out at an increasingly fast pace. To achieve that speed, it is essential to share data and integrate a wide range of knowledge through open innovation. Accordingly, in fiscal 2018, the R&D Center initiated a policy of promoting collaborative research and development projects. Toward that end, it has been facilitating cooperation among its own researchers and with the Company's factories and sales divisions, while creating opportunities for collaboration with customers and leading research institutes in an effort to develop new technologies and products at an even faster pace.

In fiscal 2018, UACJ established two facilities for promoting collaborative R&D with other companies and organizations: the U-AI Laboratory, an interactive exhibition space designed to appeal to potential collaborators, and an R&D facility on the premises of the National Institute of Advanced Industrial Science and Technology, one of Japan's largest public research organizations. This facility was established at the institute for the purpose of enabling highly specialized collaborative projects. Also in fiscal 2018, UACJ established its first R&D facility outside Japan in order to enable joint-research internationally. In addition, the R&D Center remodeled one of its floors, replacing private offices with an open innovation space as a means to stimulate collaboration among researchers.

Backed by the trust of customers, the R&D Center will continue to evolve by building on its expertise and capabilities through collaborative projects. Besides developing new technologies and products that meet the needs of customers and provide solutions, the center will work towards the Group's future vision: "Maximize the possibilities of aluminum in ways that contribute to society and the environment." In that way, we hope to continue earning the trust and meeting the expectations of customers and the public at large, and contribute to the growth of the UACJ Group and the communities it serves through research and development that is driven by the emerging needs of customers and society.

# **/ Relationships with Suppliers**

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**With the basic objective of pursuing procurement that is fair, transparent, and proper, the UACJ Group engages in procurement activities that are global in scale and environmentally conscious.**

## **Fair Transactions**

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### **| Basic Approach**

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

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. Our efforts in this regard include seminars on Japan's Subcontract Act. Seminars are scheduled for each business site of UACJ Corporation and the domestic Group companies and steady progress is being made in holding them.

### **| CSR Procurement Initiatives**

The UACJ Group believes it is important to consider the needs of society and the environment not only within the Group but throughout the supply chain. We, therefore, have developed the UACJ Corporation CSR Deployment Guideline for Suppliers and ask that our suppliers work with us based on a thorough understanding of our position on CSR procurement.

### **| Environmentally Conscious Procurement**

When individual works procure raw materials and indirect materials, they request the suppliers to perform surveys to ascertain the presence of designated chemical substances and provide certifications that designated chemical substances have not been used. They do this as part of their ISO14001 activities. Whenever possible, we switch to raw and indirect material alternatives with lower amounts of designated chemical substances.

# / Relationships with Investors

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**UACJ actively pursues information disclosure and dialogue with investors in advancing its global IR activities.**

## Communication with Investors

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At UACJ, forthright information disclosure and interactive communication are key to our efforts to meet investor expectations. Timely 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 2018, we expanded our IR activities by adding briefings for individual investors in the Kansai region and by taking other steps as well to increase opportunities for communication with investors. As in previous years, we invited individual investors to participate in tours of our works – the Fukui Works in October 2018 and the Nagoya Works in November 2018. Through these tours, investors were able to view hot rolling, cold rolling, and refining processes, and develop a deeper understanding of the UACJ Group and of aluminum, as a raw material. Responses to surveys following each of these tours indicated that over 90% of participants were satisfied with their experience.

In fiscal 2019, efforts will be made to continue dialogue with RobecoSam and other leading socially responsible investment (SRI) rating firms, which provide information for investors focused on environmental, social, and governance (ESG) issues.

### Main IR Activities

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- General Meeting of Shareholders (held annually)
- Results briefings (held twice a year)
- Teleconferences for analysts and institutional investors (held twice a year)
- Works tours for individual investors (held twice a year)

## | Providing Information through Various IR Tools

The UACJ Group issues shareholder communications to shareholders and other investors. Our ongoing efforts to enhance information disclosure also include the preparation of an integrated report providing clear explanations of both financial and nonfinancial information, and communications intended specifically for individual investors.

The UACJ website is also key for investor communications and for the fourth year in a row Nikko Investor Relations Co. Ltd. ranked our site among the ten best websites by listed companies. Indeed, Nikko IR, which has been rating the websites of listed companies since fiscal 2003, named our site the sixth best site in its overall ranking of 3,785 listed companies. It also named UACJ's website the top site for its industry for the sixth year running.

## Dividend Policy

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UACJ views dividends as an important avenue for providing 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 2019, we paid total dividends of 60 yen per share.

## **/ Relationships with Local Communities**

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**The UACJ Group engages in various types of activities to not only contribute to society through business activities as a good corporate citizen but also coexist with and contribute to local communities as a corporate group trusted by society.**

### **Basic Approach**

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The UACJ Group places great value on coexisting with the communities where we pursue business activities. We, therefore, support activities promoting environmental conservation, the development of children, the well-being of people with disabilities, local festivals, and other locally oriented activities.

### **Promoting Employee Participation**

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At UACJ, we encourage employees to participate in volunteer activities by not only inviting them to join in company activities supporting social welfare, disaster recovery, environmental conservation, and other such causes but have also implemented a volunteer leave system\* that supports social participation by individual employees.

\* Under the volunteer leave system, employees are allowed to take paid time off, separate from their regular paid leave, to participate in volunteer activities.

### **Environmental Protection and Neighborhood Cleanups**

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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.

### **Support for Education and Research**

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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 other types of education and training initiatives, as well, inside and outside Japan.

### **| Internship System**

The UACJ 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.

# Disaster Response Support for Communities

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## | Nagoya Works

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. The agreement is for the provision of 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.

## Other Forms of Communication

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### | Nagoya Works

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. The festival is attended by local residents and serves as an opportunity for deepening communication with local communities.

The Nagoya Works also actively co-sponsors and participates in festivals, and sporting and other events, held by local communities.



Inari Festival (UACJ Corporation, Nagoya Works)

## **/ Relationships with Employees**

One of the UACJ Group’s company principles is to “nurture staff by creating safe and positive work environments.” Accordingly, we work to address issues concerning human rights, diversity, human resources development, work-life balance, and occupational safety and health.

### **Basic Workforce Data**

#### **UACJ Workforce Data**

	<b>Fiscal 2017</b>		<b>Fiscal 2018</b>	
Employees	2,851	(236)	2,922	(224)
Men	2,619	(224)	2,671	(213)
% of total	91.9%		91.4%	
Women	232	(12)	251	(11)
% of total	8.1%		8.6%	
Avg. age	40.2		39.9	
<Age 30	19.9%		22.5%	
Age 30-50	58.7%		53.6%	
>Age 50	21.4%		23.9%	
Avg. years employed	16.7		15.9	
New hires (excluding transfers)	248		272	
Men	227		247	
% of total	91.5%		90.8%	
Women	21		25	
% of total	8.5%		9.2%	
Separations	-		217	
Men	-		204	
% of total	-		94.0%	

	Fiscal 2017	Fiscal 2018
Women	-	13
% of total	-	6.0%
Turnover rate	4.2%	4.7%
(Voluntary resignations)	2.8%	2.8%

\* Figures in parentheses are the average numbers of temporary hires (not included in totals).

\* As of March 31 of each year.

## UACJ Group Workforce Data (Consolidated)

	2017		2018	
Group employees (consolidated)	10,067	(922)	10,366	(986)
Men	8,506	(773)	8,754	(852)
% of all employees	84.5%		84.4%	
Women	1,561	(149)	1,612	(133)
% of all employees	15.5%		15.6%	
By Region				
Japan	6,293	(810)	5,732	(753)
Asia	2,290	(13)	2,475	(16)
Americas	1,329	(96)	1,261	(217)
Europe, other	155	(0)	141	(0)

\* Figures in parentheses are the average numbers of temporary hires (not included in totals).

## Employee Compensation

The UACJ Group properly compensates employees and makes no gender-based distinctions in base pay. Benefits for full-time employees include life insurance, assistance with medical expenses, disability and health insurance, childcare leave, retirement bonuses, and stock ownership plans. Among these, life insurance is made available to non-full-time employees as well.

# Respect for Human Rights

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## | Basic Approach

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 the importance of respecting human rights is emphasized in job-level education, intra-departmental education focusing on the Code of Conduct, and in other settings, as well.

## | Human Rights Education for Employees

At UACJ, the Group Code of Conduct makes respect for human rights a part of our culture, and training focusing on these principles is conducted for all employees every year.

In fiscal 2018, approximately 3,300 employees (excluding those who could not participate due to health-related or other reasons) participated in this training. In fiscal 2019, Code of Conduct education will again be conducted for all UACJ employees. At the same time, we will begin to implement human rights education at Group companies in Japan and abroad.

# Promoting Diversity

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## | Basic Approach

The UACJ Group believes that its competitiveness relies on having diverse human resources. One of the major policies under the human resource development section of the Mid-term Management Plan is to "Promote diversity (by employing more older individuals, women, and immigrants)." We, therefore, are committed to building and maintaining a system that enables the continuous nurturing of human resources.

## | Diversity in Employment

The UACJ Group actively maintains a diverse work force to support its business endeavors in new fields and in the global arena. In fiscal 2019, our hiring of new graduates (entering employment in April 2019) included 44 people (34 men and 10 women) for staff positions, and 74 (68 men and 6 women) for skilled labor positions. We are also actively hiring people from other countries, and have brought 21 on board since fiscal 2011.

## | Hiring and Development of Human Resources for UATH

UATH\* is actively hiring at the local level to grow its workforce with local people. Engineers fresh out of college are sent to Japan for three years of training in R&D units and then brought back to Thailand as a way to both improve the skills of local staff and promote interaction with people in other parts of the UACJ Group.

\*UACJ (Thailand) Co., Ltd.

## Creating Work Environments Supporting Career Success for Women

At the UACJ Group, we are actively working to increase career opportunities for women. Our objectives under our action plan based on the Act to Advance Women's Success in Their Working Life include: 1) Making women 40% of the new career-track college graduates we hire into administrative positions and at least 10% of technical positions; and 2) Increasing the number of women in management positions 40% (based on the figure at the end of fiscal 2015) by the end of fiscal 2020. As our most recent results along these lines, we hired 44 new college graduates, including 10 women, in fiscal 2019. Women accounted for 50% of the administrative positions filled and 12.5% of technical positions. Regarding the number of women in management positions, there were 107 female managers across the entire UACJ Group as of the end of fiscal 2018 (March 31, 2019). This reflects an increase of 14\* from the end of the previous fiscal year. 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.

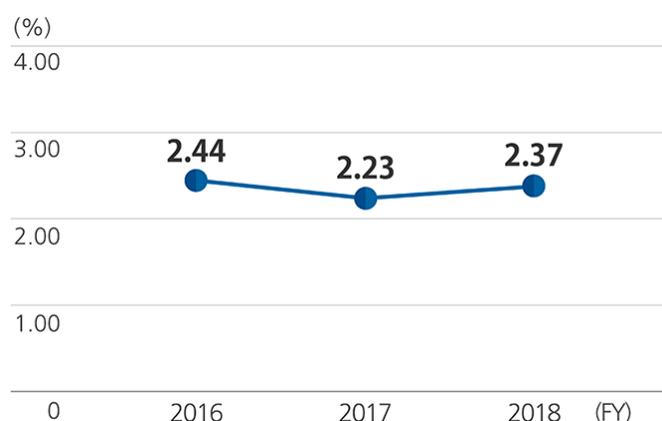
\* Includes Group companies that are not consolidated subsidiaries.

## Initiatives for Hiring People with Disabilities

UACJ works to achieve the legally mandated workforce percentage for employment of people with disabilities. We do this via UACJ Green-net Corporation, a company recognized as a special subsidiary under Japan's Act for Promotion of Employment of Persons with Disabilities. The UACJ Green-net Nagoya Office was established in April 2015 to expand work opportunities for people with disabilities and its Anjo Satellite Office was set up in April 2017. The Toyokawa Office was opened in April 2018. As of June 1, 2019, people with disabilities comprised 2.37%\* of the Company's workforce, more than the legally mandated 2.2%.

\* For fiscal 2017, calculation of this rate was based on combined employment data for UACJ; UACJ Foil Corporation; UACJ Extrusion Nagoya Co. Ltd.; UACJ Logistics Co., Ltd.; and UACJ Green-net Corporation. For fiscal 2018, data for UACJ Trading Co., Ltd.; UACJ Copper Tube Co., Ltd.; UACJ Copper Tube Packaging Co., Ltd.; and UACJ Metal Components Co., Ltd. were added to the calculation.

### Employment Rate for People with Disabilities



## Rehiring Employees Who Have Reached Mandatory Retirement Age

The UACJ Group actively rehires employees who have retired after reaching the mandatory retirement age. As of the end of April 2019, 230 senior employees were back at work at UACJ.

For employees who do not seek to be rehired, we conduct career seminars and create opportunities to receive advice from experts on planning and preparation for life after retirement.

## **| LGBT Stance**

The Group Code of Conduct requires respect for the human rights of all people and forbids discrimination and harassment based on race, beliefs, gender, language, religion, ideology, social status, and other characteristics. LGBT people are protected by these principles, and education to promote correct knowledge and understanding of LGBT people is conducted on a regular basis.

## **Personnel Development Initiatives**

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### **| Approach to Personnel Development**

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-first 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 oversees the development and nurturing of people by filling in gaps to enable personnel development activities to function effectively.

### **| Human Resource Development Program**

The UACJ Group's Human Resources Development Department uses the Human Resources Development Center at the Nagoya Works and external training facilities to conduct job-level training and seminars.

In fiscal 2018, employee training was conducted 96 times on 289 days for a total of 1,414 participants. All of these figures are record highs. During the fiscal year, we also began Next-Generation Leadership Training to offer middle managers an opportunity to acquire basic management knowledge that will give them a foundation for developing into future leaders of the UACJ Group.

#### **Per-Employee Training Data (Fiscal 2018)**

- Avg. time spent in training: About 1.5 hours
- Avg. cost of training: About 56,000 yen

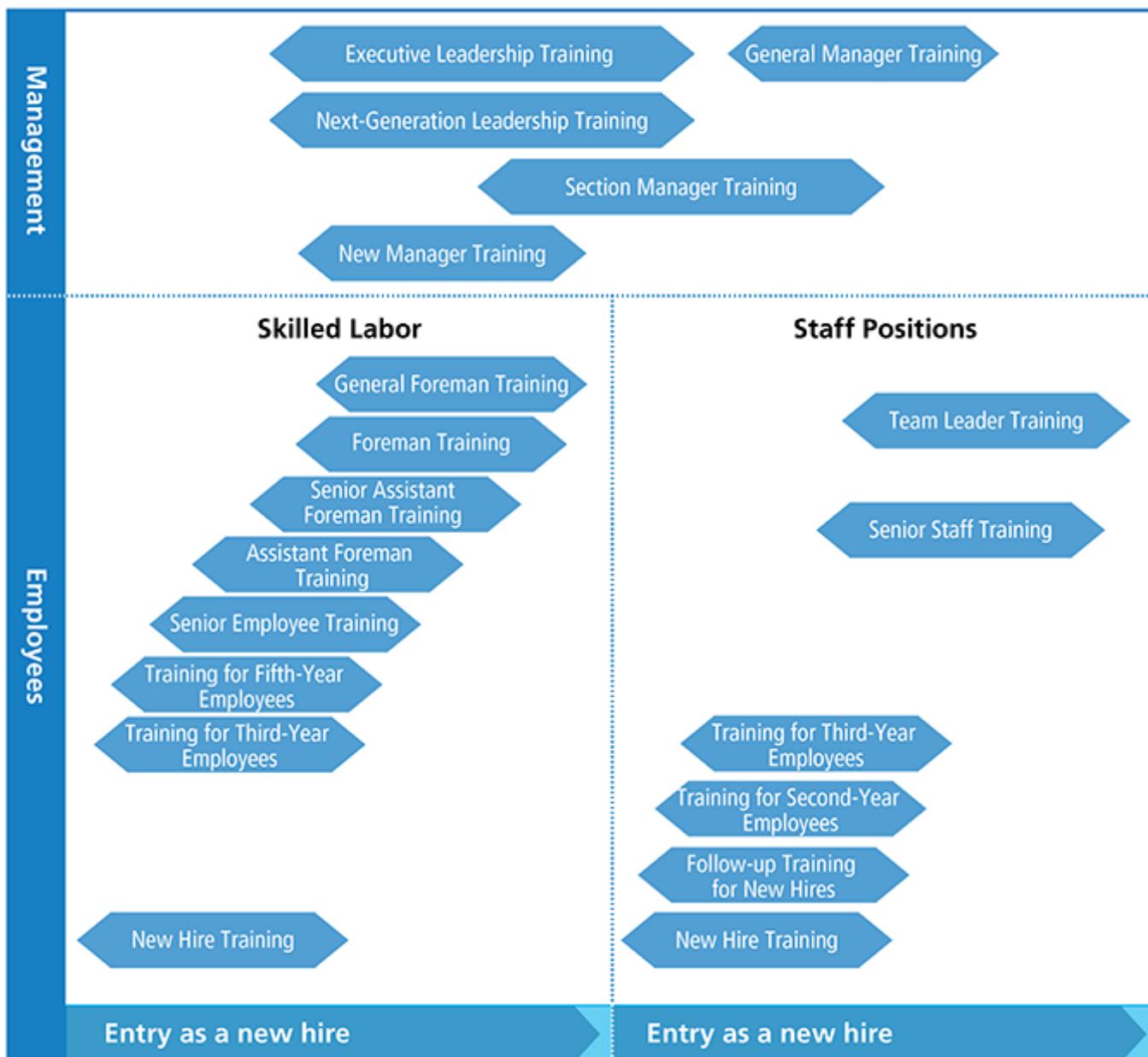
\* Figures for total training participants and total training time are actual.

## 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 staff employees, we conduct a series of training programs over the first three years of employment. 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 training programs at the time of hiring, and in the third and fifth years of employment. From their sixth year of service, employees participate in training as required for their job level.



## Fiscal 2018 Job-Level Training Participation

	UACJ	Affiliates	Total
Management	65	70	135
Staff	136	93	229
Skilled Labor	366	297	663
Total	567	460	1,027

### Skill Improvement and Expert Knowledge 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.

In fiscal 2018, principal business locations held instructor-development training for mid-level employees, on-the-job training for new employees, and quality control, naze naze analysis\* and other seminars. Seminars to help employees improve their global business skills by helping them to understand other cultures and polish their presentation skills were also conducted. Other seminars, on topics such as improving explanatory abilities and boosting work efficiency, were conducted to help employees accomplish more every day with relatively less effort. In all, six types of seminars were held a total of 16 times across the UACJ Group for a total of 388 participants.

\* Naze naze (why why) analysis is a problem-solving approach that focuses on ascertaining fundamental causes.

### Support for Self-Development

In an effort to meet the needs of individual employees and workplaces, we help employees undertake self-development through avenues such as distance learning, preparation to acquire various types of professional certifications, and language study. We also issue a quarterly newsletter that carries information on training activities and other information intended to promote employee interest in self-development.

In addition to internal training and seminars, we also devote significant effort to external human resource development opportunities. In fiscal 2018, we sent two employees to a technology management course conducted by a management academy specializing in the development of human resources with advanced management skills. We sent employees to the same program in the previous fiscal year as well.

### Education Support for Group

The Human Resources Development Department accepts Group company employees for participation in job-level training and seminars, and provides guidance and other forms of on-site support.

In fiscal 2018, 80 local capability enhancement and 5S seminars were conducted at nine Group company locations by local instructors.

## Developing Human Resources for Overseas Roles

In fiscal 2014, we introduced a two-year overseas training program in which participants spend the first year in language training and the second in practical training. Through fiscal 2018, a total of nine employees were sent to the U.S. and other countries. We plan to continue with this program as a human resources development tool with a medium- to long-term outlook.



Human Resources  
Development Center

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, which also includes intensive language instruction, on an individual basis.

For employees in general, we provide language training support based on TOEIC scores and conduct business skill seminars to help employees cultivate experience and knowledge. Outside of Japan, Group companies are developing and operating their own education systems.

## 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. In fiscal 2017, a similar initiative was launched at the Fukui Works, adding to others already underway in the maintenance department of the Nagoya Works, and the extrusion department of UACJ Extrusion Nagoya Corporation, where efforts are tailored to specific manufacturing circumstances. At present, efforts are underway to create a systematic approach for transferring skills to younger generations.

At the same time, we are actively rehiring retirees with technical backgrounds and making the most of their capabilities to enhance the skills of their younger colleagues.

## Improving the Capabilities of Non-Manufacturing Staff (Ji-Kotei Kanketsu initiative)

To improve the quality and efficiency of the work performed by non-manufacturing staff, we are pursuing initiatives based on the concept of “Ji-Kotei Kanketsu” (JKK).

Our JKK 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 JKK throughout the Group.

Fiscal 2018 JKK initiatives were carried out as reflected in the following figures.

- Business locations: 8
- Departments: 39
- JKK Teams: 91
- No. of times assistance was provided: 63
- Participants: 685 (All participants, including presentation attendees)

In the second half of the fiscal year, we supplemented JKK activities with an initiative aimed at eliminating, scaling back, or changing operations.

Note: Ji-Kotei Kanketsu (JKK) is a manufacturing approach in which individual employees focus on not making or passing on defective goods (information) to customers and downstream processes, and take pride in and bear responsibility for their work, making improvements to perform their work perfectly, and without blaming others for problems. JKK is based on an approach learned from Toyota Motor Corporation and customized by UACJ for its own purposes.

## One-on-One Employee-Manager Dialogues

Once a year, we have every one of our employees engage in a personal dialogue with their manager to discuss topics such as their performance review and career development. Each employee rates their own performance and skills, and describes what they would like to do in the future. They also describe where they think they are in terms of performance and personal development, and their manager provides feedback. Each employee and their manager engage in a straightforward discussion of issues to address and objectives to meet, so the employee can achieve the desired growth and performance goals.

## Work-Life Balance

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### Basic Approach

The UACJ Group has several systems intended to promote a healthy work-life balance by enabling all employees to properly meet work responsibilities and have quality time off to be with their families, study topics of personal interest, enjoy hobbies, or do whatever else they would like.

As a new initiative in the same vein, the Workstyle Reform Project was launched as a Group-wide endeavor in November 2017.

## UACJ Systems for Balancing Work and Family Responsibilities

Category	System	Description	No. of Employees Using (Fiscal 2018)
Child Care Support	Child-care leave	The employee may take leave for the desired period up through the end of the first April after the child becomes 2 years old.	Men: 45 Women: 8
	Reduced working hours	Working hours may be reduced until the child becomes a fourth grade elementary school student. (Legal requirement: Until the child reaches the age of 3 years)	Women: 19
	Overtime exemption	Same as legal requirement.	0
	Sick-child leave	Same as legal requirement. Leave may be taken to care for a sick child who is not yet in junior high school. (Legal requirement: Leave for a child not yet in elementary school)	Men: 2 Women: 8
	Limitation on late-night work	Same as legal requirement.	0
	Limitation on overtime work	Same as legal requirement.	0
	Limitation on overtime work Accumulated leave	Leave may be taken for child care or to care for a sick child.	Men: 20 Women: 15
	Baby sitter assistance service	Babysitter services by providers arranged by the Company are available at reduced rates.	0
	Telework (work from home)	Ability to work from home up to four times a month.	Men: 13
	Coreless flextime system (coretimeless)	Flextime without core working hours.	Women: 2
	Online services for employees on child-care leave	Communication tools (information messaging, notices), online courses, 24-hour telephone consultation, etc. (introduced in April 2018)	Women: 24
Rehiring of former employees	Rehiring of employees who left to give birth or care for children.	0	
Nursing Care Support	Nursing care	Up to 365 calendar days may be taken to provide nursing care (Legal requirement: 93 days)	Men: 2
	Reduced working hours	Ability to reduce working hours for the amount of time needed on each occasion	0
	Elimination of overtime work	Same as legal requirement	0
	Nursing care leave	Same as legal requirement	Men: 2

Category	System	Description	No. of Employees Using (Fiscal 2018)
Nursing Care Support	Limitation on overtime work	Same as legal requirement	0
	Limitation on late-night work	Same as legal requirement	0
	Accumulated leave	Leave may be taken to provide nursing care for family members	Men: 18 Women: 10
	Telework (work from home)	Ability to work from home up to four times a month.	0
	Coreless flextime system	Flextime without core working hours.	0
	Rehiring of former employees	Rehiring of employees who left to provide nursing care.	0
Other	Flex-time system	Implemented at UACJ headquarters; branch offices; offices; and the Nagoya, Fukui, Fukaya, and Nikko works; and Research & Development Division	682
	Time off for volunteer activities	Leave be may be taken for social welfare, disaster recovery, community and environmental, and other volunteer activities recognized by the Company.	0
	Transfer to accompany a domestically transferred spouse	A transfer requested to accompany a domestically transferred cohabiting spouse will be granted if certain requirements are met. (introduced in May 2018)	0
	Leave of absence to accompany a spouse transferred overseas	A leave of absence requested to accompany a cohabiting spouse transferred overseas (for a continuous period of at least one year) will be granted if certain requirements are met. (introduced in May 2018)	0
	Rehiring of former employees	Rehiring of employees who left because a spouse was transferred.	0

## Child-Care Leave System and Systems for Diverse Workstyles

At UACJ, employees who are eligible to take child-care leave are encouraged to do so, and in fiscal 2018, 100% of women who had taken maternity leave also took child-care leave. During the fiscal year, eight women and 140 men were eligible to take child-care leave, and all of the women and 45 of the men actually did so.

All employees who took child-care leave during fiscal 2018 returned to work, and 100% of employees who have returned to work following child-care leave have stayed with UACJ for at least three continuous years.

UACJ has taken various steps to encourage employees to return to work after a period of leave. In April 2015, the Company established a system for rehiring former employees who left because of reasons such as the birth of a child, the need to provide child or nursing care, or the transfer of their spouse. And in March 2017, we introduced systems for providing child-care subsidies and enabling employees with child- or nursing-care responsibilities to work at home, and adopted a coreless flextime system. In April 2018, we launched online services to help employees on child-care leave balance careers and child-care.

For employees who need to relocate their residence because their spouse has been transferred, a new system introduced in May 2018 enables domestic transfers for employees to accompany domestically transferred spouses and leaves to accompany spouses transferred overseas.

## Encouraging Male Employees to Take Child-Care Leave

UACJ has established the medium-to-long-term goal of having 100% of eligible male employees take child-care leave. Toward that end, we have our Human Resources Development Department contact eligible male employees and their supervisors to both encourage the employees to submit leave-taking plans and confirm actual circumstances concerning leave status.

UACJ's child-care leave system encourages men to take child-care leave. It allows expired paid holidays to be used and, following a revision in rules covering leave for weddings and funerals, allows men to take a total of five days of leave in increments during the first month after a child is born. As a result of these and other initiatives, approximately 32% of eligible male employees took child-care leave during fiscal 2018.

### Child-Care Leave Taken

Fiscal Year	Men	Women	Total
2016	12	8	20
2017	50	7	57
2018	45	8	53

## Employees Returning to Work Following Child-Care Leave and Remaining on the Job Three Years Later

Fiscal Year	Percents of UACJ Employees Returning to Work Following Child-Care Leave	Percents of UACJ Employees Still on the Job Three Years After Returning from Child-Care Leave
2016	88	100
2017	100	84.6
2018	100	100

## Appropriate Management of 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.

UACJ has 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.

Along the same lines, we also decided to participate in the Japanese government's Premium Friday campaign, which began in February 2017. On the last Friday of every month, therefore, we have employees finish their work by the official end of the workday. Separately, we are also encouraging employees to use paid leave (even in hour increments) and flextime to finish their work days by 3 PM.

In addition to the above, we distribute a message by our President to enhance employee awareness of work-life balance during the month we have designated for that purpose, appropriately hire and assign people to prevent overwork, have lights turned off automatically at our head office, and automatically issue email alerts to employees and their supervisors when the employees are working excessive hours.

## Preventing Unpaid Overtime

The UACJ Group strives to maintain a corporate culture that does not allow for unpaid overtime. Overtime work that employees cannot refuse to perform and the performance of overtime work without payment are viewed as forced labor.

As a measure for properly managing hours worked, we began in fiscal 2018 to ask all employees in Japan, including those working for subsidiaries, about their performance of overtime work. In collecting this information, we interview employees and managers. We make clear the definition of work hours, and, when unpaid work hours are identified, we process payments and take steps specifically to prevent a recurrence.

## UACJ Overtime Hours (h)

Fiscal Year	Average Overtime Hours
2016	32.5
2017	32.0
2018	29.9

## Paid Days Off Taken (Days)

Fiscal Year	Yearly Average Paid Days Off Taken
2009	9.5
2010	10.4
2011	10.9
2012	12.1
2013	11.7
2014	10.9
2015	12.1
2016	12.3
2017	13.1
2018	12.4

\* Figures for fiscal 2012 and earlier are sums for Furukawa-Sky and Sumitomo Light Metal Industries, which later merged to form UACJ. Figures for fiscal 2013 are totals of the sums for the two UACJ predecessors for the first half (April 1 to September 30, 2013) and UACJ for the second half (October 1, 2013 to March 31, 2014).

## Promoting Work Reforms

To help bring about innovation in work productivity and create environments where employees can pursue their work with even greater positivity, UACJ embarked on a work reform project in fiscal 2017.

In fiscal 2018, we developed an activity plan emphasizing time management to help employees have a greater sense of the worthwhileness of their work. We then held kickoff briefings and work-efficiency skill seminars at all of our business locations. And over 80% seminar participants reported that what they learned help them to better manage their time and deal with their email more efficiently.

Advancing work reforms requires leadership on the part of managers and executives, so we also hold seminars specifically for these people, including the president, executive officers, and department heads. In fiscal 2018, these seminars were held on two occasions, each with over 50 participants.

In fiscal 2019, further reforms will be pursued based on the results of our fiscal 2018 activities.

## **| Volunteer Leave System**

In 2013, 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.

In fiscal 2018, no employees used this system.

## **Occupational Safety and Health**

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### **| 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.

More specifically, 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.

#### **Basic Policies on Safety and Health**

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##### **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 and Health Management System

### Safety and Hygiene Committee

The UACJ Group has built a safety and health management system in which leadership is exercised by the general safety and health managers at individual business locations. The purpose of the system is to create work environments where workers can be confident that their safety and health are being adequately protected.

Overseeing safety and health is the Safety and Health Committee. Chaired by the Executive Officer in Charge of Safety and Health, the committee, which meets once a year, is composed of members including full-time directors, works managers, and presidents of principal Group companies.

In the January 2019 meeting of the Safety and Hygiene Committee, a report on fiscal 2018 activities was presented by the Safety & Environment Department and then the committee deliberated and approved the directions to be taken for fiscal 2019 safety and hygiene activities. Business locations that achieved accident-free operations in fiscal 2018 were presented with President's Safety Awards.



[Presentations of President's Safety Awards (15 business locations) ]

UATH Rayong Works; UFFV; UACJ Extrusion Nagoya Corporation, Nagoya Works; UACJ Extrusion Oyama Corporation; UACJ Copper Tube Co., Ltd.; UMCTH, UEXTH Prachinburi Works; UEXCZ; UACJ Foil Corporation, Nogi Works; Toyo Fitting Co., Ltd.; UACJ metal Components Corporation, Narita Works; UACJ metal Components Corporation, Ena Works; UMCM; UMCCM; UACJ Color Aluminum Corporation

### 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 affiliates, meets once every month to discuss safety and work environment inspections and maintenance at each business location. The committee also refines the unified rules and promotes their inculcation 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.

## 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 accidents in the workplace.

Safety and health activity plans are prepared at each works in accordance with the UACJ Group's safety and health activity aims. Plans are finalized once they are approved by the head of each works, and then discussed and approved by the worker/management joint Safety and Health Committee at each works.

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 (Plan-Do-Check-Action) cycles are being used. In addition, to enhance the safety management standards of the entire 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.

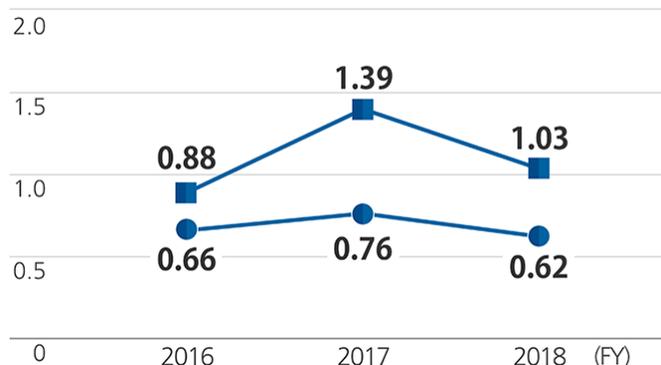
### Conditions with Regard to Workplace Accidents

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

Prior to the merger, workplace accidents at the Group came to 49 for fiscal 2011. Since then, they have been trending downward. In fiscal 2018, there were 40 accidents. The rate of accidents requiring time off from work was 0.62, with an overall frequency rate of 1.03.

### Workplace Accidents

- Rate of accidents requiring time off at UACJ Group
- Overall accident frequency rate at UACJ Group



\*The overall frequency rate is a measure of the rate at which workplace accidents occurred during the fiscal year. It is calculated by dividing the total number of worker fatalities and injuries (including cases not requiring time off) resulting from a workplace accident during the fiscal year, by one million hours.

\*The rate of accidents requiring time off from work is a measure of the frequency of workplace accidents that occurred during the fiscal year and required workers to take time off from work. It is calculated by dividing the total number of workplace accidents that occurred during the measurement period and required time off from work, by one million hours.

## Group-Wide Safety Inspections

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

Safety 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 any risks have been overlooked.

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.

Based on uniform equipment safety standards the Group introduced in March 2015, zones are being delineated within facilities and thorough safety measures are being 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, job-level training includes safety and health education, and content aimed at raising safety awareness. Furthermore, experiential training aimed at enhancing awareness of dangerous situations, and competitions to encourage workers to hone crane and forklift skills, are held regularly.

For managers, 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.



Crane operation and slinging skill contest

## Principal Safety and Health Awards

Award	Recipient
Fiscal 2017 Safety Excellence Award	UACJ Extrusion Nagoya Corporation, Nagoya Works
Fiscal 2017 Safety Excellence Award	UACJ Copper Tube Co., Ltd.
Fiscal 2017 Special Award for Excellence (3rd consecutive year of zero accidents)	UACJ Foundry & Forging
Industrial Safety Award	Fukaya Works
Outstanding Crane Operator	UACJ Foil Corporation, Isesaki Works
Fiscal 2017 Award for Excellence	UACJ Foil Corporation, Isesaki Works
Outstanding Operators of Cranes and Other Equipment, Outstanding Slings Work	Nagoya Works

## 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.

Understanding that early detection of symptoms is critical for treating mental health issues, we devote significant energy and attention to education and "line care" by managers and supervisors. More specifically, in job-level and other types of training, we conduct systematic, ongoing training and education to provide managers with tools for counseling subordinates experiencing mental health issues. For employees still in their 20s and 30s and not yet in management positions, we conduct self-care and other types of training to help employees maintain remain physically and mentally healthy.

Early detection of employees experiencing mental health issues is accomplished by having managers routinely talk to individuals to provide guidance and advice. If a manager comes to believe that an individual requires mental health care assistance, the manager will contact the department in charge of mental health care, which will immediately take appropriate action. In addition, as part of the stress-check system we have implemented, we have employees engage in stress checks and we conduct group analyses to raise their stress self-awareness. 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.

## 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 livable. Concerning summer heat in particular, we are moving forward with installation of air conditioning and ventilation equipment in places where it is needed.

## Employee-Management Relationship

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Relations with labor unions are harmonious and information on the condition of the Company is regularly shared in central and business-site labor-management conferences. In April 2016, labor-management committees were formed at UACJ and at individual business sites to engage in ongoing discussions of measures for improving work-life balance by shortening working hours.

For transfers and other cases in which human resources management actions will significantly impact employees, the Company initiates communication with the affected employees as early as possible.

# / Social Contribution Activities

## Nurturing the Next Generation

### Nurturing the Next Generation through Sports

UACJ works with the Tokyo Yakult Swallows professional baseball team to contribute to the development of children.

On May 3, 2018, for example, we hosted an event for the members of a Little League team in Fukaya City, Saitama Prefecture, the location of our Fukaya Works. Team members and their families were invited to view the Swallows' practice session and attended a game held at Meiji Jingu Stadium, the Swallows' home field. Later, on May 12, we also held the UACJ Baseball Clinic, led by former Swallows players in Fukaya City.



UACJ Baseball Clinic

### Lending a Hand with the Global Classroom Environmental Education Project

Beginning with fiscal 2018, UACJ is supporting the Global Classroom environmental education project Asahi Shimbun is conducting for elementary school students.

In fiscal 2018, we provided overall project support by assisting with the editing of an environmental textbook, approximately 260,000 copies of which were distributed to around 1,700 elementary schools throughout the country. We also provided support for the Global Classroom 2018 One-Day Environment School, an event held on September 24 in Tokyo.



Class led by a UACJ visiting instructor at Kouda Elementary School

To teach children about aluminum's benefits for the environment, we have employees serve as visiting instructors to lead classes on the topic of "Earth-friendly Aluminum." Two of these classes were held in 2018. One took place on November 16 at Kouda Elementary School in the Kumamoto Prefecture city of Yatsushiro, which is still recovering from the Kumamoto earthquakes of 2016, and the other was held on December 11 at Yuguchi Elementary School in the Iwate Prefecture city of Hanamaki, which was greatly impacted by the Great East Japan Earthquake. At both of these classes, employees provided an introduction to aluminum, touting the fact that over 90% of aluminum cans are recycled and describing how its light weight makes aluminum a key contributor in efforts to reduce the weight of automobiles.

## Supporting Culture, the Arts, and Sports

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### | Support for Sports

UACJ engages in sports sponsorship activities to both promote its brand and contribute to society and local communities. As of September 2019, UACJ is a supporter of the Tokyo Yakult Swallows professional baseball team, the Utsunomiya Brex professional basketball team, FC Gifu professional soccer team, and the Japan Blind Football Association.



Basketball clinic held together with the Utsunomiya Brex basketball team

### | Support for Artistic Activities

UACJ Foil supports artists who use aluminum in their works. One such artist is Mayu Shiomi, who has used aluminum for numerous works, the first of which was a cat she created out of aluminum foil chocolate wrappers. UACJ Foil has been supporting Shiomi by providing her with aluminum foil since 2017. And Shiomi has returned the favor by participating in our Kids Day events in which the children of our employees come to see where their parents work. At these and other events, as well, Shiomi graciously communicates the wonders of art to children.



Kids Day

## Support for Disaster Relief

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### | Disaster Relief

In fiscal 2018, the UACJ Group contributed five million yen via the Japanese Red Cross Society to support victims of the torrential rains that struck western Japan in July 2018.

# Environmental Initiatives

## Basic Concept

The UACJ Group is thankful for the earth and the abundance of life it supports. That feeling underlies our basic stance on the environment, and we have publicly declared our aim to reduce our environmental burden in all aspects of our business activities.

The economic activities of humankind are now of such a scale that they are having enormous impacts on the global environment and giving rise to various problems, including extreme weather, imbalances in ecosystems, and depletion of natural resources. These are sustainability risks for the UACJ Group and ultimately for the earth. Our basic stance on the environment, therefore, is to ascertain what we can do to lower our environmental burden and then work steadily to achieve what is possible.

## Fiscal 2018 Key Objectives and Results

	Fiscal 2018 Objective	Fiscal 2018 Performance	Assessment	Fiscal 2019 Objective
Elimination of Serious Environmental Accidents	Zero accidents	1 accident	×	Zero accidents
Measures to Fight Global Warming	Reduction of energy used per unit of production	1.6% increase per unit of production compared to fiscal 2017	×	Reduction of energy used per unit of production (Compared to fiscal 2017)
Realization of a Recycling-Oriented Society	Reduction of waste generated per unit of production	13.6% increase per unit of production compared to fiscal 2017	×	Reduction of waste generated per unit of production (Compared to fiscal 2017)
	Continuation of zero emissions*	Direct landfill rate: 0.25%	○	(No objective set)
	-	-	-	(New objective) Increasing the recyclability of product elements
Chemical Substance Control	Reduction of controlled chemical substances	5.7% increase in transfers and releases of controlled chemical substances compared to fiscal 2017	×	Reduction of controlled chemical substances

\* Within the UACJ Group, "zero emissions" is defined as direct landfill disposal of less than 1% of all industrial waste generated.

## Looking to the Future

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In 2018, production volume declined, but, with irregular operating circumstances due to the impacts of typhoons and other weather events, and equipment troubles and other negative factors, energy usage per unit of production, industrial waste per unit of production, and transfers and releases of controlled chemical substances all increased, and objectives were not achieved in these areas. The objective of zero emissions, however, was again achieved at all business locations.

In fiscal 2019, we will again strive to operate with zero serious accidents and will work to achieve decreases in energy usage per unit of production and industrial waste per unit of production, compared to fiscal 2017. Zero emissions will no longer be treated as a daily management item among management objectives. Increasing the recyclability of product elements will be added as a management item for individual business locations.

## UACJ Group Basic Environmental Policies

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### Corporate Philosophy

The UACJ Group is thankful for the earth and the abundance of life it supports, and recognizes that the fate of all living things hangs on the condition of the earth's environment. Therefore, we see protection of the global environment and the promotion of a recycling-oriented society as one of our highest priorities and are committed to reducing environmental impact in all aspects of our 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, reduce waste, and properly manage chemical substances in all aspects of our business activities, which extend to 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 CO<sub>2</sub>
  - (1) Advancement of energy-saving measures
  - (2) Advancement of fuel conversion
2. Development of a recycling-oriented society
  - (1) Advancement of the 3R\*<sup>1</sup> 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\*<sup>2</sup> 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.

## UACJ Group Environmental Management Direction

### Fiscal 2018 UACJ Group Environmental Management Direction

Item	Objective
Elimination of environmental accidents	Zero accidents
Advancement of measures to fight global warming	Reduction of energy usage per unit production
Building of a recycling-oriented society	Reduction of industrial waste per unit production
	Objective Continuation of zero emissions
Proper control of chemical substances	Per-unit-production reduction of controlled chemical substances

### Environmental Management Direction for Fiscal 2019

Item	Objective
Elimination of environmental accidents	Zero accidents
Advancement of measures to stop global warming	Reduction of energy usage per unit production
Creation of a recycling-oriented society	Reduction of industrial waste per unit production
	Increasing the recyclability of product elements
Proper management of chemical substances	Reduction of controlled chemical substance usage

# Approach to Environmental Management

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To advance environmental activities 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 principal Group companies . The committee meets once a year, in principle, to be updated on the status of environmental activities, and discuss aims and objectives for the following fiscal year's environmental activities.

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 Executive Environmental Inspections, and organizes subcommittees on topics such as industrial waste and energy saving 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, foil manufacturing, copper tube, 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 of the UACJ Group's business locations, and nearly all of 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.

Following the September 2015 issuance of the updated ISO14001 standard, each business location worked to achieve compliance with the new standard. All locations successfully updated their certifications as of the July 2018 deadline for doing so.

**ISO14001:2015 Certifications (as of August 31, 2019)**

Business Location	Certifying Institution	Certification Number	Date Obtained
Nagoya Works	JIC Quality Assurance Ltd. (JICQA)	E440	2002.4
Fukui Works	Det Norske Veritas (DNV)	00484-2002-AE-KOB-RvA	2002.4
Fukaya Works	Japan Standards Association	JSAE545	2002.7
Nikko Works	Det Norske Veritas (DNV)	1851-2002-AE-KOB-RvA/JAB	2002.3
UACJ Extrusion Oyama Corporation	Det Norske Veritas (DNV)	00583-2002-AE-KOB-RvA	2002.9
UACJ Extrusion Nagoya Corporation, Nagoya Works, Anjo Works	JIC Quality Assurance Ltd. (JICQA)	E440	2002.4
UACJ Extrusion Shiga Corporation	Det Norske Veritas (DNV)	00583-2002-AE-KOB-RvA	2002.9
UACJ Extrusion Gunma Corporation	JIC Quality Assurance Ltd. (JICQA)	E773	2004.1
UACJ Foil Corporation, Iseaki Works, Shiga Works, Nogi Works	JIC Quality Assurance Ltd. (JICQA)	E2442	2017.3
Nikkin Co., Ltd.	JIC Quality Assurance Ltd. (JICQA)	E2442	2018.6
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 Copper Tube Corporation	JIC Quality Assurance Ltd. (JICQA)	E281	2001.5
Toyo Fitting Co., Ltd.	JIC Quality Assurance Ltd. (JICQA)	E1610	2006.3
UACJ Metal Components Corporation, Ena Works	The High Pressure Gas Safety Institute of Japan	04ER-420	2004.3
UACJ Metal Components Corporation, Shiga Works	Japan Quality Assurance Organization	JQA-EM6018	2007.12
NALCO Koriyama Co., Ltd.	JIC Quality Assurance Ltd. (JICQA)	E1711	2007.2

## Eco-Action 21 (as of August 31, 2019)

Business Location	Certifying Institution	Certification Number	Date Obtained
UACJ Metal Components Corporation, Narita Works	Chibaken Kankyo Zaidan	0000341	2005.5
UACJ Color Aluminum Corporation	Institute for Promoting Sustainable Societies	12021	2017.10
UACJ Metal Components Corporation, Osaka Works	Institute for Promoting Sustainable Societies	0012506	2018.8
UACJ Metal Components Corporation, Hiroshima Works	Institute for Promoting Sustainable Societies	0012626	2018.12
UACJ Metal Components Corporation, Sendai Works	Institute for Promoting Sustainable Societies	0012744	2019.4

## Executive Environmental Inspections

Executive Environmental Inspections are carried out at Group business locations in Japan to prevent environmental problems, propose and advance implementation of measures for eliminating or mitigating risk, and ensure thorough compliance with environmental laws and regulations.

The inspection team, consisting of the Chief Environmental Officer and representatives from the Safety & Environment Department, visits business locations, receives reports on local environmental management, and checks local conditions in gathering information on matters such as legal and regulatory compliance, and the status of improvement activities. When matters requiring improvement are identified, the Safety & Environment Department provides guidance and support in taking the necessary corrective action. Through this approach, the quality of environmental management throughout the Group is being raised from the bottom up.

In fiscal 2018, Executive Environmental Inspections were conducted at a total of 17 business locations.

## Status of Compliance with Environmental Laws and Regulations

In fiscal 2018, there was one accident, in which environmental standards for wastewater were exceeded. As a result of heavy rain from a typhoon that struck on October 22, 2017, the Nagoya Works released wastewater exceeding the overall standard for chemical oxygen demand (COD) into a river. However, because the person in charge misunderstood the standard, this irregularity was not reported to local government authorities. On June 25, 2018, local government authorities informed us of the standard violation and directed us to report on the cause and measures for avoiding a recurrence. To avoid future violations, we improved the system for confirming overall standards and took steps to prevent water pollution incidents and strengthen our monitoring and notification systems.

## Environment-Related Investment

In fiscal 2018, the UACJ Group made environment-related investments of approximately 1.1 billion yen. These funds were used for purposes such as updating and switching fuel for a heat treating furnace at UACJ Copper Tube, updating and switching fuel for a boiler at the Fukui Works, and updating air conditioning equipment and converting to LED lighting at various business locations.

## Environmental Education

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

The Safety & Environment Department and the environment units of individual business locations lead environmental education initiatives. The Safety & Environment Department conducts fundamental environmental education activities, the purposes of which are to enlighten and raise awareness of environmental protection, and promote understanding of the UACJ Group's Basic Environmental Policies. Meanwhile, the environment units of individual business locations carry out environmental education initiatives 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. Individual business locations conduct general environmental education programs and special education programs for employees engaged in work that could have significant environmental impacts.

### Numbers of Employees with Environmental Management Qualifications (As of March 31, 2019)

Qualification	Qualified Employees
Pollution Control Manager - Air	41
Pollution Control Manager - Water	61
Pollution Control Manager - Noise	25
Pollution Control Manager - Vibration	27
Pollution Control Manager - Noise & Vibration	15
Pollution Control Manager - Dioxins	27
Energy Manager	60
Certified Environmental Measurer	3
Manager Responsible for Industrial Waste Requiring Special Controls	81
ISO14001 Internal Auditor	509

\* Data are for UACJ and Group companies in Japan.

# / Business Activities and Environmental Impacts

## Fiscal 2018 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 impacts of its business activities. For fiscal 2018, data on substances of environmental concern and industrial waste were collected for the principal business locations, which comprise more than 95% of the UACJ Group's total energy usage.

### Fiscal 2018 Material Balance

INPUT		OUTPUT	
<b>Energy</b>	<b>391,000 kℓ<sup>*1</sup></b>	<b>Products</b>	
Kerosene	5,000 kℓ	Al	710,000 t
Fuel oil A	0 kℓ	Cu	47,000 t
Fuel oil C	14,000 kℓ		
Liquefied petroleum gas	26,000 kℓ	<b>Atmosphere</b>	
Liquefied natural gas	33,000 kℓ	CO <sub>2</sub>	738,000 t-CO <sub>2</sub> <sup>*3</sup>
City gas	129,000 kℓ	SOX	55 t
Electricity	185,000 kℓ	NOX	699 t
		Soot and dust	86 t
<b>Raw materials</b>			
Al	703,000 t <sup>*2</sup>	<b>Waste</b>	
Cu	49,000 t	Industrial waste	3,482 t <sup>*4</sup>
Mn	2,000 t	Direct landfill waste	56 t
Mg	8,000 t	Recycled materials	18,354 t
Si	1,000 t		
<b>Water</b>	<b>14,342,000 t</b>	<b>Wastewater</b>	
Water for industrial use	6,831,000 t		12,663,000 t
River water	3,502,000 t		
Groundwater	3,521,000 t	<b>Chemical substances</b>	
Tap water	488,000 t	Releases	393 t
<b>PRTR substances</b>		Transfers	197 t
	<b>4,329 t</b>		

\* 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 Gunma Corporation, UACJ Extrusion Shiga Corporation, UACJ Foil Corporation (Isesaki, Shiga, Nogi), UACJ Foundry & Forging Corporation, and UACJ Copper Tube Corporation.

\*1 Crude oil equivalent.

\*2 Total of new and recycled metal, scrap, ingots, etc.

\*3 Based on an electric power generation CO<sub>2</sub> emissions factor of 0.378kg-CO<sub>2</sub>/kWh.

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

# Fighting Global Warming

## Basic Stance

In light of the need to fight global warming, the pursuit of energy-saving activities is one of the UACJ Group's most important management concerns. Under the leadership of the executive officer in charge of energy management, we are focusing on what we can do in the present to achieve annual decreases in the amount of energy we use per unit of production. Over the medium-to-long term, our aim is to achieve 1% average annual improvements in our energy usage per unit of production, the target set forth in Japan's Energy Saving Law\*.

\* The Energy Saving Law is more formally known as the Act on the Rational Use of Energy.

## Fiscal 2018 Results

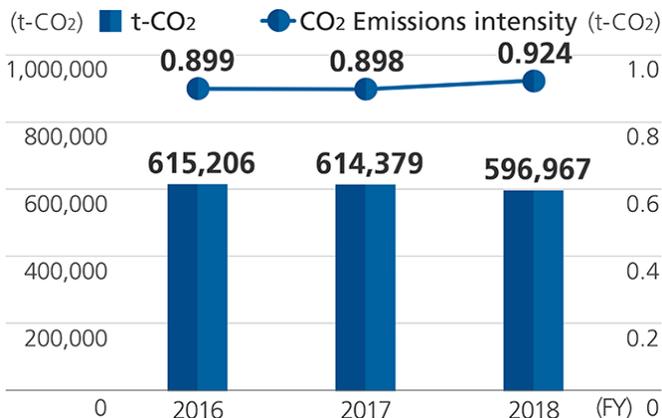
In fiscal 2018, the Group used a total of 15,328,726GJ of energy (15,291,594GJ of energy from fossil fuels and 37,132GJ of renewable energy), 1.8% less than the total energy used in fiscal 2017.

The Group's CO<sub>2</sub> emissions came to 738,015t-CO<sub>2</sub> (432,824t-CO<sub>2</sub> of direct emissions and 305,191t-CO<sub>2</sub> of indirect emissions), about 21,000 tons less than the figure for fiscal 2017. Group CO<sub>2</sub> emissions per product ton came to 0.978t-CO<sub>2</sub>, 1.6% higher than the figure for fiscal 2017 (assuming a fixed emissions factor for electric power).

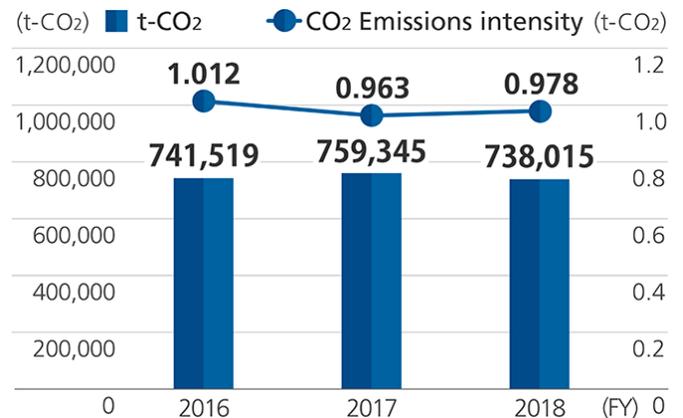
This increase resulted from lower production and a consequent relative increase in the fixed component of energy usage, a change in the composition of products made, and the need to operate under irregular circumstances due to natural disasters and other causes.

\* Beginning with fiscal 2018, reporting of energy usage is no longer being based on the crude oil (1,000 kl) equivalent but on GJ (gigajoules), as recommended in the GRI guidelines.

### UACJ CO<sub>2</sub> Emissions



### UACJ Group CO<sub>2</sub> Emissions



## Energy Usage

(GJ heat equivalent)

	Fiscal 2016	Fiscal 2017	Fiscal 2018
Fossil fuels	15,485,465	15,509,302	15,291,594
Renewable energy	45,543	41,667	37,132
Total	15,531,008	15,550,969	15,328,726

\* Energy usage and CO<sub>2</sub> emissions per unit production are based on the volume of products shipped.

\* The CO<sub>2</sub> emissions factor is the one used for electricity generation, 0.378kg-CO<sub>2</sub>/kWh.

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

## Main Initiatives in Production Processes

### Energy Saving Subcommittee

At the UACJ Group, meetings of the Energy Saving Subcommittee are held on a regular basis. These meetings serve as opportunities for key participants - representatives of the facilities departments at multiple business locations - to share information, consider differences in facility performance, and hear best-practices examples presentations, all to achieve further improvements in energy saving endeavors.

### Examples of Energy-Saving Activities

The UACJ Group's principal energy-saving activities for fiscal 2018 are given in the table below. In addition to those initiatives, we made adjustments to combustion facilities, updated compressors, replaced deteriorated insulation, applied insulating coatings to reduce heat losses, fixed steam and air leaks, and installed solar panels on plant roofs to save energy at business locations throughout the Group.

### Examples of CO<sub>2</sub> Emissions Reductions (New for fiscal 2018)

Business Location	Theme	CO <sub>2</sub> Emissions Reduction Impact (t-CO <sub>2</sub> /yr.)
Fukui Works	Upgrade to once-through boiler	2,200
All business locations	Conversion to LED ceiling light fixtures	1,200
Copper Tube	Billet heating furnace upgrade	800
Nagoya Works	Replacement of electrical components for hot-rolling line	700
All business locations	Upgrades, installation of energy-saving equipment, and other air-conditioning improvements	200

## **| Switching to LNG as a Heat Source for Production Processes**

LNG results in 30% lower CO<sub>2</sub> emissions than does heavy oil to generate the same amount of heat. UACJ, therefore, is systematically switching to LNG to provide heat for its production processes.

As of the end of fiscal 2018, LNG (including city gas) accounted for approximately 79% of fuel usage at UACJ's four works, in terms of heat generated.

## **| Making Effective Use of Steam Turbine Compressor Exhaust Steam**

The Nagoya Works uses a waste-heat boiler to generate over half of the steam it needs for its operations. In the past, a pressure control valve vented steam to the atmosphere, but now some of that steam is being recovered and re-used as feed water by condensing it and draining it into the feed-water preheater. This improvement has resulted in an equivalent 90-ton reduction in annual CO<sub>2</sub> emissions.

## **| Replacement of Hot Rolling Line Electrical Components**

Due to aging, maintaining the principal electrical components of the Nagoya Works' hot rolling line was becoming more difficult. Therefore, the mill drive was upgraded to a high-efficiency model in fiscal 2017 and this resulted in an approximate 700-ton reduction in CO<sub>2</sub> emissions in fiscal 2018.

## **| Use of Renewable Energy**

Nikko City, Tochigi Prefecture, the location of UACJ's Nikko Works, has taken advantage of its mountainous terrain and abundant rainfall to generate a significant amount of hydroelectric power, a renewable energy that does not add CO<sub>2</sub> to the atmosphere. The Nikko Works, which has been in operation since 1933, is UACJ's oldest manufacturing location, and, true to its location, fulfills a portion of its electricity needs with hydroelectric power.

In fiscal 2018, the Nikko Works used 37,132GJ of renewable energy in the form of hydroelectric power. This amounted to 0.24% of the total energy used by the UACJ Group for the fiscal year.

## Main Initiatives in Logistics

UACJ is working to save energy in its logistics processes. Considered a Specified Consignor\*<sup>2</sup> under the Energy Saving Law\*<sup>1</sup>, 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.

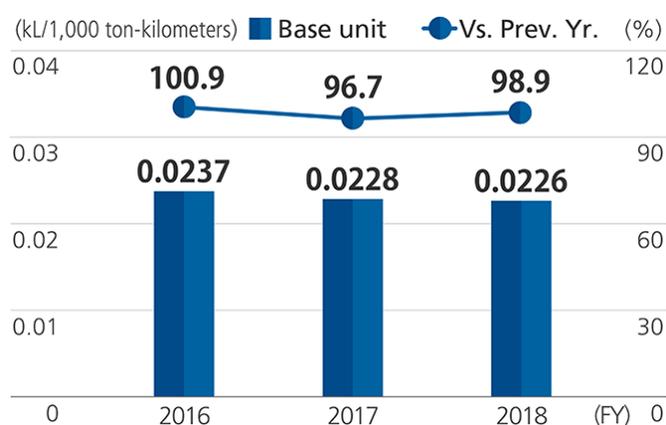
In fiscal 2018, the impacts of measures such as loading factor improvements and use of ship transport resulted in a 1.1% improvement in the amount of energy used for shipping, per unit of sales, compared to fiscal 2017.

To address another concern, CO<sub>2</sub> emissions, we and business partners in the same industry have been cooperating since 2001 to improve shipping efficiency by jointly transporting certain extruded aluminum products.

\*<sup>1</sup> 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.

\*<sup>2</sup> Specified Consignor: A consignor whose annual shipments of its own freight equals or exceeds 30 million 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

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.

# Response to Climate Change Risk

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## | Identifying Business Risks and Opportunities of Climate Change

With global warming driving a rise in natural disasters, climate change has become a global social and economic concern demanding urgent responses by both the public and private sector. At the G20 summit held in 2017, a report on a framework for financial disclosures related to climate change was presented by the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). In that report, it was recommended that companies disclose information on medium-to-long-term climate-change-related risks and opportunities, and related financial matters.

In consideration of such developments in recent years, the UACJ Group began in fiscal 2019 to collect and summarize information for ascertaining current conditions and making forecasts for the purpose of identifying business risks and opportunities wrought by climate change and resulting social changes. Looking to the future, we plan to conduct group-wide discussions to identify climate change risks and opportunities for the UACJ Group, and will report our findings starting with the 2020 Sustainability Report.

# Chemical Substance Management and Pollution Prevention

## Basic Stance

The UACJ Group strives to properly manage chemical substances and control emissions while also switching to chemicals with low impacts on the environment and human health. We do this out of concern not only for effects on the natural environment but also for safety - for employees engaged in manufacturing our products and customers when they use our products. In our efforts to control emissions, we have established and abide by our own standards, which are stricter than those set forth in Japan's Air Pollution Control Law, Water Pollution Control Law, local government ordinances, and conventions.

## Fiscal 2018 Results

As a result of heavy rain from a typhoon that struck on October 22, 2017, the Nagoya Works released wastewater exceeding the overall standard for chemical oxygen demand (COD) into a river. However, because the person in charge misunderstood the standard, this irregularity was not reported to local government authorities. On June 25, 2018, local government authorities informed us of the standard violation and directed us to report on the cause and measures for avoiding a recurrence. To avoid future violations, we improved the system for confirming overall standards and took steps to prevent water pollution incidents and strengthen our monitoring and notification systems.

### Pollutant Control at Individual UACJ Works (Fiscal 2018)

○: 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

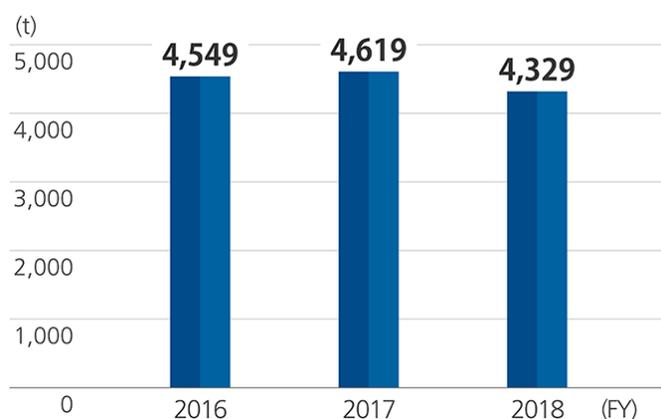
The UACJ Group, in accordance with the PRTR system\*, which is based on the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof, identifies amounts of targeted substances handled, released, and transferred; and reports them as required; while also working to reduce these volumes.

In fiscal 2018, lower production meant that we handled a smaller amount of chemical substances than we did in fiscal 2017. Nevertheless, an increase in industrial waste generated, and other factors, caused the amounts of chemical substances the Group as a whole released and transferred to increase by 15 tons (4.0%) and 17 tons (9.4%), respectively.

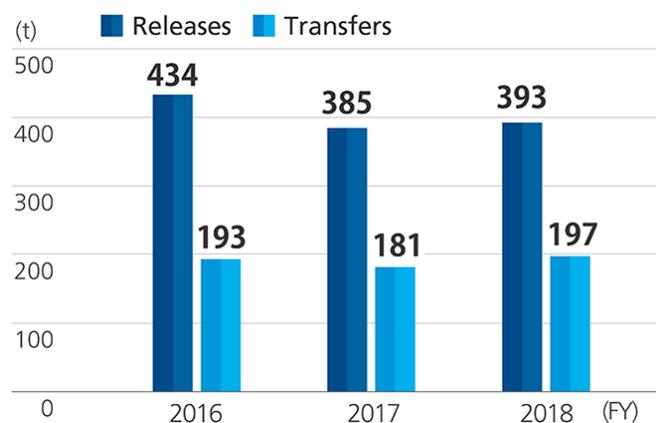
\* PRTR system: This system is for the control of chemical substances that are harmful to human health or the ecosystem. Under this system, businesses ascertain the amounts of harmful chemical substances they have released into the atmosphere, water, or soil, or transferred to locations outside of their business facilities, and report this data to the national government. The national government then uses this data and estimates to summarize and disclose volumes of chemical substances released or transferred.

## Amounts of PRTR Substances Handled

(Contain manganese, chromium, nickel, and lead as alloy substances)



## Amounts of PRTR Substances Released or Transferred



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

## Handling, Releases, and Transfers of PRTR Substances (Fiscal 2018)

No.	Substance	Amount Used (kg)	Amount Released (kg)	Amount Transferred (kg)
412	Manganese and its inorganic compounds	2,535,608	0	21,200
300	Toluene	771,721	190,919	47,785
80	Xylene	203,756	18,742	1,899
87	Chromium and chromium(III) compounds	178,801	0	28,294
273	1-dodecanol	165,089	84,320	52,808
296	1,2,4-trimethyl benzene	159,894	66,436	23,955
53	Ethyl benzene	67,158	2,541	191
374	Hydrogen fluoride and its water-soluble salts	61,335	1,557	14,029
71	Ferric chlorides	49,985	0	0
297	1,3,5-trimethylbenzene	30,531	19,596	1,331
88	Hexavalent chromium and its compounds	29,814	0	124
308	Nickel	29,168	0	0
302	Naphthalin	7,948	195	52
407	Polyoxyethylene = alkylether	5,882	5,746	80

No.	Substance	Amount Used (kg)	Amount Released (kg)	Amount Transferred (kg)
392	n-hexane	4,676	1,859	661
438	Methylnaphthalene	4,604	23	0
321	Vanadium compounds	3,618	0	0
304	Lead	3,297	0	0
133	Ethylene glycol monoethyl ether acetate	3,245	26	0
207	2,6-Di-tert-butyl-4-cresol	2,598	833	1,765
245	Thiourea	2,125	0	2,125
411	Formaldehyde	1,118	26	5
277	Triethylamine	1,101	62	16
	Total	4,323,070	392,882	196,320

\* 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.

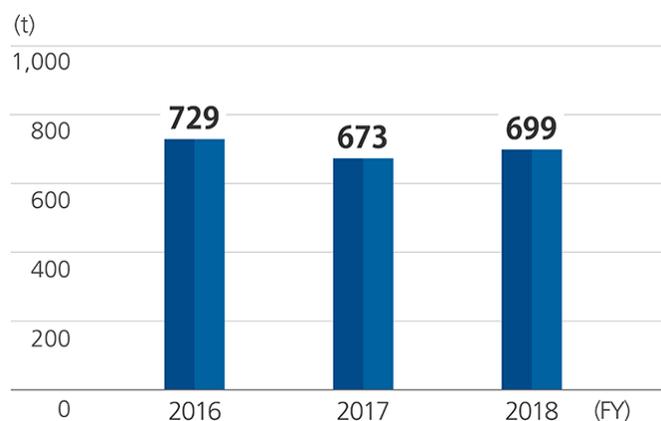
## Reducing VOC Releases

Having targeted for reduction substances such as toluene, xylene, ethyl benzene, and 1,3,5-trimethylbenzene, the UACJ Group is cutting releases of these VOCs (Volatile Organic Compounds) into the air. In fiscal 2018, measures to reduce VOC emissions included switching to a thinner substitute, consideration of possibilities for installing exhaust gas treatment equipment, and advancement of fuel switching.

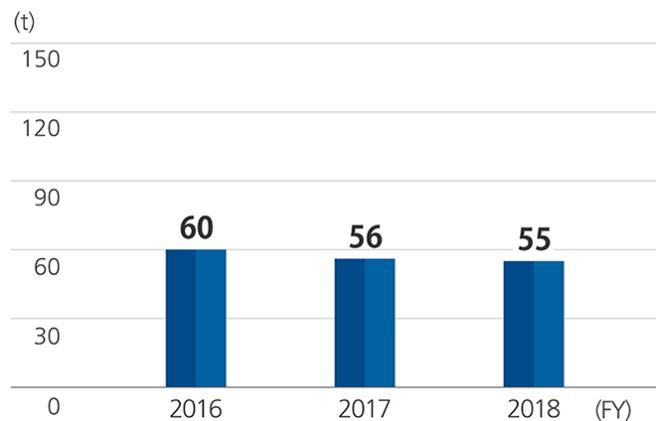
## Prevention of Air Pollution

The UACJ Group is working to reduce its emissions of air pollutants by keeping plant facilities in top working condition and converting from heavy oil to LNG as a fuel. At present, our efforts are succeeding in keeping SOx and NOx emissions at low levels.

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

To steadily and properly render PCB-containing equipment harmless, we have commissioned the Japan Environmental Safety Corporation to perform this work. We use certified processors as necessary to handle small amounts of PCB-contaminated oil. And we are working to complete the proper disposal of items with high concentrations of PCBs ahead of the deadline established by the amended Law Concerning Special Measures Against PCB Waste, which took effect in August 2016.

## Addressing the Problem of Asbestos

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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 2004. For spray-on asbestos that was used at UACJ Foil Corporation's Nogi Mill and at UACJ Copper Tube Corporation and is still in place, we have completed containment work and confirmed that no asbestos is being dispersed into the air.

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

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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 strictly managing the volume of combustion air for aluminum melting furnaces and closely controlling the materials put into them.

In addition, we annually measure levels of dioxins for aluminum melting furnaces, as required by law, and report results to the government. All of our measurements of dioxins for fiscal 2018 came in below regulatory standards for the 24 facilities covered by air pollution regulations and the 2 facilities covered by water pollution regulations.

## Prevention of Water Pollution

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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.

At the UACJ Group, all necessary reports were prepared at individual business locations by the May 31, 2015 end of the deferment period.

## Reuse of Wastewater from Our Works

The Nikko Works discharges its wastewater into the Otani River. Downstream from the works, a water treatment plant purifies river water for daily use by local communities. Understanding that, we have established pH, COD, SS, and other wastewater standards that are stricter than those mandated by law, and we rigorously monitor the quality of our water discharges 24 hours a day to ensure compliance with these strict standards.

\* pH: Hydrogen ion concentration, COD: Chemical oxygen demand, SS: Suspended solids

## Prevention of Soil and Groundwater Contamination

UACJ Extrusion Oyama Corporation, which has a history of using certain hazardous substances, and UACJ Color Aluminum Corporation have implemented continuous purification of contaminated groundwater as responses to past incidents of soil and groundwater contamination. Regular confirmations of the effectiveness of these measures have determined that contamination levels are falling.

At our other business locations, we conduct groundwater and soil contamination inspections when accidents occur but also when reconstructing buildings, performing large-scale maintenance, and on other occasions when it is deemed necessary.

### Measures to Deal with Soil and Groundwater Contamination

Business Location	Period	Contaminant	Response
UACJ Extrusion Oyama Corporation	Since fiscal 1999	Tetrachloroethylene	Soil replacement, water extraction and purification
UACJ Color Aluminum Corporation	Since fiscal 2004	hexavalent chromium, fluorine	Soil replacement, water extraction and purification

For information on the management of chemical substances included in products, please refer to the section titled, "Environmental Consideration in Products."

# / Resource Conservation and Waste Reduction

## Reducing Waste

The recoverable reserves of aluminum, the primary raw material used by the UACJ Group, are in greater abundance, and will be recoverable for a longer period, than those of other metals. We still believe, however, that promoting recycling and reuse is important for passing resources on to future generations. In addition to conventional waste recycling, therefore, we are also vigorously supporting closed recycling\* for items such as aluminum cans and printing plates, and striving to reduce waste. In pursuit of our environmental activity objective of realizing a recycling-oriented society, we will work continuously to reduce our generation of industrial waste per unit of production and achieve zero emissions.

\* Closed recycling is the recycling of aluminum used in a specific type of product into raw material to produce the same type of product.

## Fiscal 2018 Results

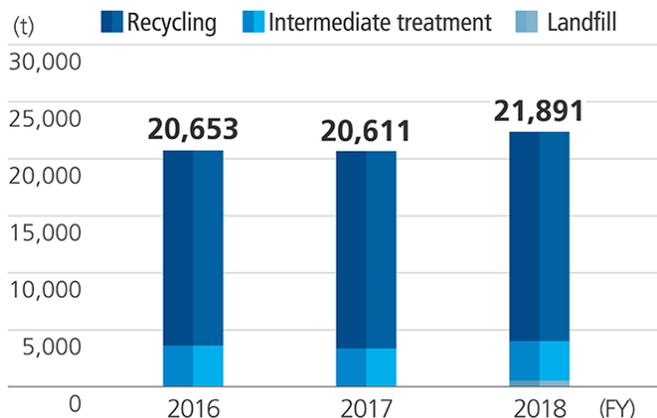
The UACJ Group is moving forward with efforts to reduce industrial waste and pursuing activities aimed at achieving zero emissions.

For us, “zero emissions” means that direct landfill waste comprises less than 1% of all industrial waste generated. For fiscal 2018, we achieved zero emissions with a direct landfill waste ratio of 0.25%.

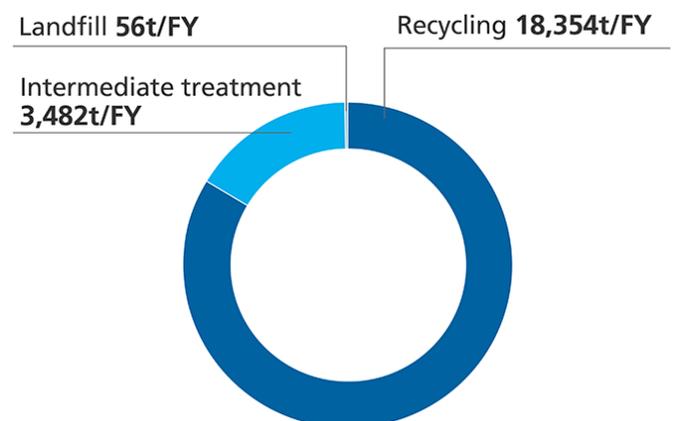
In fiscal 2018, the total amount of industrial waste generated at our principal business locations came to 21,891 tons, an increase of 6.2% compared to fiscal 2017. This increase resulted mainly because China’s new policy of forbidding the importation of waste materials made it necessary to process waste plastic, which had been a valuable commodity, as industrial waste, and because malfunctioning dehydrators in the wastewater treatment facilities of some business locations caused the temporary output of sludge with high water content.

Going forward, we will strive to maintain zero emissions by reducing industrial waste, recycling, and turning waste into substances of value.

### Amounts of Industrial Waste Generated



### Breakdown of Waste by Handling Approach (FY 2018)



Measurement Scope: UACJ Group business locations in Japan.

## Waste Amounts by Type and Main Post-Recycling Application (FY 2018)

Waste Type	Tons Generated	Percent Recycled	Main Post-Recycling Application
Sludge	10,284	88	Raw material for cement
Waste oil	2,990	97	Fuel
Wood waste	2,582	95	Fuel, fertilizer
Slag	1,265	100	Roadbed material
Waste plastic	1,603	32	Fuel

## Industrial Waste Reduction Examples (Fiscal 2018 Activities)

Business Location	Theme	Reduction (t/yr.)
Nagoya Works	Reducing the amount oil-contaminated wastewater in the underground pit	110
Fukui Works	Using different wastewater treatment chemicals to reduce the amount of sludge generated	70
Multiple business locations	Reusing batten cleats (cushioning materials)	60
	Reusing waste pallets	

## Industrial Waste Subcommittee

At UACJ, the Industrial Waste Subcommittee has been established mainly with representatives of business locations generating significant amounts of industrial waste. The subcommittee meets regularly to promote reductions and proper processing of industrial waste by establishing a common understanding of separation and processing information, and by examining and promoting improvements in separation practices, and establishing a common understanding of reduction measures, at individual business locations.

## Reuse of Cushioning Materials (Batten cleats)

In the past, batten cleats, which are used to cushion extruded products when they are shipped, were generally used only once before being discarded as industrial waste by the shipment receiver. Batten cleats, however, are very durable and show very little wear even after being used multiple times. Therefore, in fiscal 2018, we began to reuse these items as an effective application of resources. With cooperation among various works, batten cleats are now being returned to the places where they came from by means such as simply placing them back on the trucks in which they were used. Reuse reduced the amount of batten cleats discarded in fiscal 2018 by 13 tons compared to fiscal 2017 and accounted for a major decrease in the amount of industrial waste we generated.

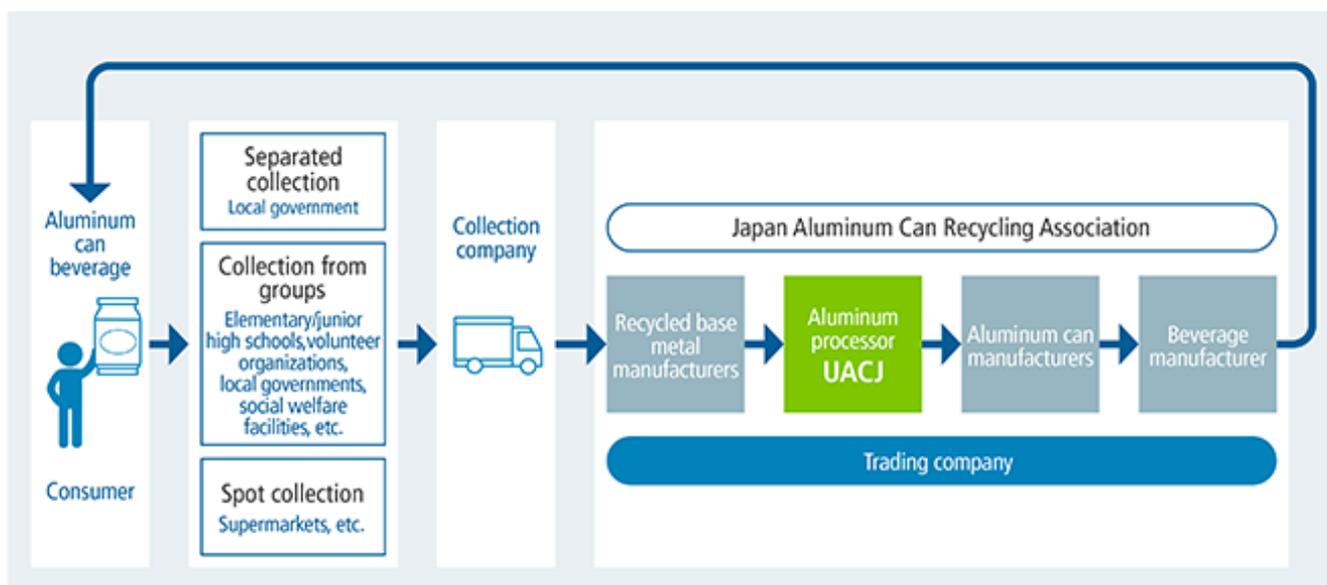
## Promoting Recycling of Aluminum Cans

Aluminum is light-weight, does not rust, conveys heat well, and is highly recyclable\*1. Given the outstanding qualities of the metal from which they are made, aluminum cans are recycled at a rate\*2 of 93.6% (fiscal 2018). The UACJ Group is a member of the Japan Aluminum Association and is participating in that organization's efforts to recover aluminum beverage cans. Individual UACJ works purchase used aluminum cans for use as raw material - for example, in can-to-can recycling - thereby supporting aluminum can recycling activities and contributing to the creation of a recycling-oriented society.

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

\*2 Aluminum cans collected and recycled in Japan (including for export purposes) as a percent of all aluminum cans purchased by consumers in Japan.

### Illustration of Can-to-Can Recycling



## Thermal Recycling of Packing Materials

The processing of waste plastic consisting of the protective sheeting, banding, and other materials used to pack products for shipment is entrusted to outside companies. Most of this material is used as a fuel in thermal recycling that turns waste into electricity.

## Activities Aimed at Reducing Office Waste

At UACJ, individual offices act to protect the environment by separating their waste (separating paper from plastic) and segregating materials (newspapers, copier paper, magazines, and cardboard) for recycling.

## Effective Use of Water Resources

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Approximately 70% of the earth's surface is covered by water, but only about 0.01% of all of the earth's water is fresh water - water that can be easily used by humans.

From a global perspective, these precious freshwater resources are recyclable. With uneven distribution, however, there are already countries and regions facing serious risks of water shortages. Across the world, approximately 700 million people live with inadequate water supplies, and approximately 1.8 million children die every year because of a lack of clean water.

The UACJ Group strives to use and manage water resources effectively based on its keen awareness of these circumstances. Each of our business locations tracks its water usage by water source. Data on our water usage has been tallied and is included in the material balance information presented in the Business Activities and Environmental Impacts section.

## Fiscal 2018 Performance

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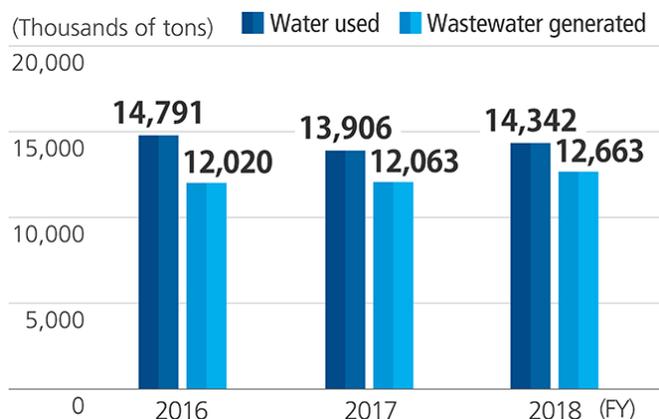
The UACJ Group obtains water for its business activities mainly from public water systems, groundwater sources, and rivers (including sources of industrial water) with the latter being the largest source.

Prior to release, wastewater undergoes neutralization and flocculation/sedimentation treatment and is tested to ensure that pH, COD, SS, and other regulatory water-quality standards\* are met.

In fiscal 2018, the UACJ Group used a total of 14,342,000 tons of water, 436,000 tons more than it used in fiscal 2017. This increase in water usage, despite lower production volume, resulted mainly from a change in the makeup of products manufactured and the need to operate under irregular conditions on multiple occasions.

\* pH: Hydrogen ion concentration, COD: Chemical oxygen demand, SS: Suspended solids

### Volumes of Water Used and Wastewater Generated



**Water Usage by Source**

(Thousands of tons)

Source	Fiscal 2016	Fiscal 2017	Fiscal 2018
Public water system	538	482	488
Groundwater	3,318	3,444	3,521
Rivers (industrial water)	10,934	9,981	10,333
Total	14,791	13,906	14,342

# / Environmental Consideration in Products

## Improvement Objectives

The UACJ Group, is contributing to the realization of a low-carbon, recycling-oriented society by working to improve the functionality of aluminum materials.

For example, providing customers with aluminum materials that offer similar functionality to earlier materials but weigh less helps to lighten the final shipping vehicles and container products our customers make, improve fuel efficiency, and, ultimately, reduce CO<sub>2</sub> emissions.

The UACJ Group will continue to help solve global environmental issues by developing and providing products with emphasis placed on environmental considerations.

Product Development and Improvement	Contributions that Benefit the Environment and Society
Development and application of aluminum can materials with outstanding recyclability	Making lighter-weight cans that save resources and reduce costs
Development and application of high-performance heat exchanger tubes	Improving performance of heat exchangers to reduce equipment sizes and save resources
Development and improvement of aluminum materials for car air conditioners compatible with the European requirement to use CO <sub>2</sub> as a refrigerant	Making lighter-weight vehicle bodies that save resources and improve fuel economy Fighting global warming by adopting CO <sub>2</sub> as a refrigerant
Development and improvement of aluminum materials for hybrid automobiles	Making lighter-weight vehicle bodies that save resources and improve fuel economy

Approximately two-thirds of the materials used to make aluminum cans in Japan (in fiscal 2018, 21.7 billion cans weighing approximately 330,000 tons) are made by UACJ. As the top manufacturer, we believe it is our responsibility to promote the recycling of aluminum cans, and we do so actively.

Furthermore, we are rationalizing our use of packing materials for the delivery of products, and recovering and reusing them in conjunction with our rationalization of our logistics.

## Control of Chemical Substances included in Products

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The UACJ Group is strict in its exercise of proper controls 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<sup>\*1</sup> 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<sup>\*2</sup>) 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, examines all of its products to determine whether they include an SVHC (Substance of Very High Concern) specified in the REACH regulation and informs customers of any products that do.

If substances are newly designated as SVHCs, and we determine that they are included in our products, we will swiftly provide customers with the relevant information.

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

## Communicating Information on Chemical Substances in Products

Raw material manufacturers provide UACJ with information on the chemical substance content of their products, and UACJ has established a management system that allows it to properly communicate this information to its own customers.

Information on chemical substances is provided, with the cooperation of the Quality Assurance and Environmental Management departments, in industry-specific formats, depending on the customer request.

[Examples of Information Provision Formats]

- SDS (Safety Data Sheet) \* Provision of GHS (Globally Harmonized System of Classification and Labeling of Chemicals)-compliant content
- JAMA (Japan Automobile Manufacturers Association) JAMA Sheet

UACJ also issues customer requested 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. Switching to low-environmental-impact raw materials is important and we will continue with this effort going forward.

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, given multiple instances of groundwater contamination with these substances 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 are another area in which we are taking action. Oil-based products had been the most commonly used paints for these products, but have now been largely replaced with water-based paints, which are said to have low environmental impact. The Group is promoting the use of water-based paints by recommending them to customers and working with customers to test their use.

## Product Development that Helps to Lower Environmental Burden

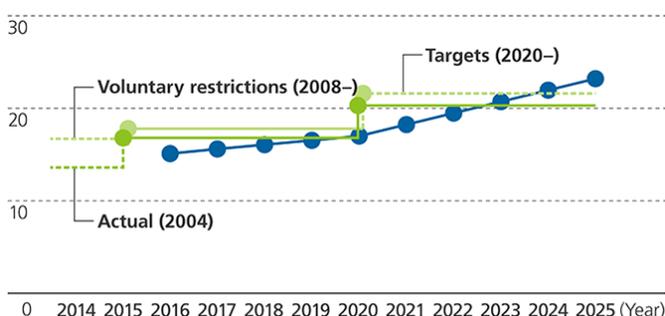
### Promoting the Use of Aluminum in Automobile Manufacturing

Regulations on automobile exhaust gases are being tightened throughout the world in an effort to help rein in global warming. In response to these stricter regulations, automobile manufacturers in Japan and other countries are working to improve engine performance and lighten vehicle bodies, and aluminum is playing a key role in reducing weight.

Aluminum weighs only about 45% of an equivalent volume of steel, while offering high strength, excellent corrosion resistance, and ease of recyclability. The amount of aluminum used per vehicle has nearly doubled over the past 25 years, and this metal is expected to find even more uses in eco-friendly cars and various other types of vehicles going forward.

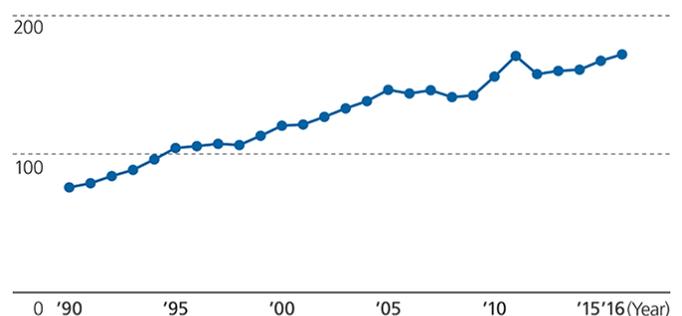
The UACJ Group, as a leading manufacturer of aluminum materials, makes the most its wealth of technology and know-how to provide a wide range of aluminum components for automobiles. Looking to the future, we will continue to help improve the environmental performance of automobiles by developing lightweight, high-strength aluminum components.

**Fuel efficiency standards in Japan, US and Europe** Unit: km/l



● Japan ● USA ● Europe  
 Source: Jidosha Alumika linkai (Automotive Aluminization Committee) of Japan Aluminum Association

**Aluminum used per car** Unit: kg



Source: Japan Aluminum Association website  
 Note: The amount of aluminum used per car denotes total automotive aluminum product volume divided by Japan's automotive production volume.

## Product Development that Helps to Reduce Atmospheric Carbon

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In Japan, rising numbers of extremely hot days and natural disasters have made the effects of global warming palpable, and measures to counter climate change have become matters of great urgency for companies and other organizations. CO<sub>2</sub> emissions, a cause of global warming, continue to rise and are said to be approximately 60% higher than they were 30 years ago. In response to such circumstances, the Paris Agreement adopted at the 21st Conference of the Parties to the United Nations Convention on Climate Change (COP21) held in December 2015 in Paris included the goal of creating a zero-carbon society and achieving effectively zero greenhouse gas emissions by the second half of the 21st century. The UACJ Group has taken up the challenge of developing products that will help to achieve this goal.

### **| Manufacturing Foil for Lithium-ion Batteries for Automobiles**

Zero greenhouse gas emissions means zero carbon and a complete halt to the use of oil, gas, and other fossil fuels. The automobile industry, therefore, is moving ahead with a shift to electric vehicles.

Lithium-ion batteries, which are essential for electric vehicles, use aluminum foil on the positive electrode and copper foil on the negative electrode. UACJ Foil Corporation, a member of the UACJ Group, is the only Japanese manufacturer capable of producing both aluminum and copper foil. Having excellent alloy and rolling technologies, UACJ Foil makes a unique contribution in improving the performance of lithium-ion batteries.

In China, public and private sectors are cooperating to promote the adoption of electric vehicles and this is expanding demand for lithium-ion batteries. Seizing on this opportunity, Ruyuan Dongyangguang UACJ Fine Aluminum Foil Co., Ltd., a company in which UACJ has invested, built a new battery foil production facility in fiscal 2018. The company aims to build a high-quality lithium-ion battery foil supply system including a production system integrating manufacturing of everything from foil base to collectors and foil for battery exteriors.

# / Biodiversity Initiatives

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## Improvement Objectives

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The UACJ Group views the protection of biodiversity as one of the most important global environmental challenges, and we treat it as such within the UACJ Group Code of Conduct. We strive to ascertain the impacts of our businesses on biodiversity and aim to preserve biodiversity through various conservation activities related to our businesses.

## | Identifying Risks to Biodiversity

Considering all of the steps from the mining of product raw materials through product manufacturing, and the use and disposal of aluminum finished products, the possibility that UACJ's business activities and products have impacts on the natural environment and biodiversity cannot be denied. The UACJ Group strives to identify biodiversity risks associated with its business activities and believes that a particularly important risk may be impacts on aquatic life habitats by wastewater discharges from manufacturing locations. To minimize the possible impacts, we have set our own wastewater quality standards at levels stricter than regulatory standards and monitor our discharges 24 hours a day.

Regarding the UACJ Nikko Works, its location within Nikko National Park means that operations there are performed in strict compliance with Japan's Natural Park Law and other regulations. No UACJ business locations in Japan have been designated nature conservation areas by either the national or local governments.

### Overview of the UACJ Nikko Works

- Location: Kiyotaki Sakuragaokamachi 1, Nikko-shi, Tochigi Prefecture
- Site area: 135,903 m<sup>2</sup>
- Business activities: Manufacturing of aluminum sheet products

## | Making Packing Materials Recyclable

In the past, we used wood-based packing materials for some of the raw materials for our products. These wood-based materials, however, are not recyclable and must be disposed of as industrial waste. To improve upon this situation, we switched to cardboard packing materials, which are easily recyclable. By reducing our use of wood materials and producing less waste, the UACJ Group aims to help reduce the harvesting of trees, which provide habitats for various types of living organisms.

## | Greening Activities

We are adding plant life to our business sites to create habitats for local flora and fauna.



## About the cover photography

The front cover photos feature works by Mayu Shiomi, an artist who uses aluminum as a material. Since 2017, UACJ Foil Corporation has provided her with aluminum foil and other support for her artistic endeavors. Ms. Shiomi has created numerous works with aluminum, which she praises as light but durable, capable of representing progress due to its silvery gleam, and highly expressive since it can be molded into rounded shapes. UACJ plans to continue providing support so that many more people can experience the artist's work.



Top: *Don't Mind*  
(photograph by Natsuko Yanagawa)

Bottom left: *Dear Bear*  
(photograph by TakuyA)

Bottom right: *Roll-up Jeans (Giant Size)*  
(photograph by the artist)

# UACJ Corporation

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**<https://www.uacj.co.jp/english/inquiry/ir>**

For comments or suggestions regarding this report, please use the inquiry form provided (page linked to the above URL) or contact UACJ via telephone or facsimile using one of the numbers provided above.

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