

Status of Handling Non-Conforming Products at our Company and its Subsidiary

Mitsubishi Aluminum Co., Ltd. (President Akio Hamaji; paid-in capital of 8,196 million yen) (“we”, “our” or the “Company”) has newly discovered that, with respect to a portion of the products manufactured and sold by the Company in the past, the Company had delivered products that deviated from customer specifications (the “Non-Conforming Products”) due to certain misconducts, including the rewriting of inspection record data, and that the Company had performed inspections that were not in compliance with the JIS specifications or customer specifications (collectively, the “Incident”). We would like to report our response to the Incident as follows.

In addition, we would like to report that we have also discovered delivery of Non-Conforming Products by our subsidiary, Tachibana Metal Mfg Co., Ltd. (President Hajime Kudo; paid-in capital of 498 million yen; the Company’s capital contribution is 63.4%) (“TMM”).

We deeply apologize for any inconvenience caused to all related parties as a result of the Incident. The Company and its group companies are determined to strengthen the quality control function in order to prevent recurrence of the Incident.

1. Background

- The Company discovered through its internal investigation in November 2016 that, with regard to aluminum products for transportation, machinery, construction materials etc., the Company delivered Non-Conforming Products to 16 customers as products conforming to specifications’ standards by rewriting inspection records submitted to its customers in accordance with its internal guidelines applicable to some of the products (the “Former Incident”).
- We announced in the press release by Mitsubishi Materials Corporation (“MMC”), our parent company, on November 23, 2017, that we explained the issue to the affected customers and they confirmed the safety of the products in respect of the Former Incident.
- On December 9, 2017, due to the announcement above, we received an extraordinary assessment of the ISO 9001 certification by the Japanese Standards Association, the certification authority of ISO 9001, and for reasons such as that they could not confirm the effectiveness of the remedial measures as to the Former Incident, our ISO 9001 certification was temporarily suspended.
- Further, on December 18 and 19 of 2017, extraordinary assessment of products with JIS marks were conducted by the Japan Quality Assurance Organization (assessment period: December 2014 to November 2017), and it was identified that testing of certain products was not conducted in accordance with the procedures set in the JIS standards. For that reason, on January 12, 2018, our JIS H 4000 and JIS H 4100 certifications were revoked.
- In light of these circumstances, a special audit by MMC was conducted from December 25, 2017

through January 28, 2018, and regrettably, we discovered that Non-Conforming Products had been delivered in the past in addition to the Former Incident, and inspections that were not in compliance with the JIS standards and customer specifications had been conducted.

- Thereafter, the Company has continued to confirm the facts regarding the Incident, and from the end of January 2018, we have begun explaining the Incident to concerned customers.

2. Detail of the Incident

1) Overview of Misconduct

The Company discovered that Non-Conforming Products were delivered from the Fuji Plant (Shizuoka Prefecture) during the three-year review period from December 1, 2014 to November 30, 2017.

The main misconducts are as follows:

- Products were delivered to customers after rewriting the measured values of material composition to meet the specifications despite the fact that those measured values and the like were outside of the customer's specifications.
- With respect to measuring of material composition, the measurements were not done in compliance with the JIS standards or customers' specifications, and were converted to values that were required in the appropriate specifications.
- Products were delivered to customers without performing a part of the required inspections.

2) Safety Confirmation Status

Of the 115 customers to whom Non-Conforming Products were delivered, we have completed contacting 112 customers, and we are currently confirming the safety of the products with cooperation from the customers.

As of February 7, 2018, our progress is set forth below.

Product	Number of Customers (115)	Safety Confirmation Status			
		A	B	C	D
Rolled Products	7	3	0	4	0
Extruded Products	110	6	30	36	35

(Note 1) The above categories, reflecting the status of the Company's progress in evaluating the safety of affected products, are as follows:

A: The customer has completed its confirmation that there are no safety concerns.

B: The customer has determined that there are no immediate safety concerns, but is conducting further review.

C: The Company has communicated to the customers its opinion that, from a technical perspective, there is a high probability that the affected products can be assumed to be safe.

D: The Company has provided notification that Non-Conforming Products were delivered to the customer.

(Note 2) There are 2 overlapping customers in the number of customers for the rolled products and for the extruded products.

3) Amount of Products Delivered and Sales during the Relevant Period

Total amount of products delivered and sales during the relevant period: 443,197t; 205.3 billion yen

Amount of potential Non-Conforming Products and sales during the relevant period: 14,790t; 9.6 billion yen

4) Other Quality Compliance Incident

In addition to the foregoing conducts, we would like to report the following conducts.

- The measured values of material composition were rewritten to different values within the customers' specifications despite the fact that the original values were within the customers' specifications.
- The tension testing to measure material composition was conducted under conditions that deviated from the conditions designated under the JIS standards or agreed with the customers. The Company has confirmed the discrepancy between the test results under appropriate conditions and the test results under the conditions that we applied is small. Therefore, we believe the products meet the customers' specifications

We are also explaining these issues to our customers.

3. Current Response

Since the Company became aware of the Incident, the Company has promptly suspended delivery of the Non-Conforming Products from the Fuji Plant, and has strengthened the quality data checking function at the Fuji Plant. Specifically, the Quality Assurance Department will prepare and double check the inspection result report that was originally prepared by the production and engineering departments.

4. Policy for Handling the Issues Going Forward

Despite the fact that we have not identified any fact that may raise concerns as to the safety of the products relating to the Incident in our internal investigation of facts and safety evaluation, we will continue to handle the Incident by conducting measures such as further safety evaluation while explaining the situation to the customers and obtaining cooperation from the customers. If in an unlikely event we cannot confirm the safety of the products, or in other similar situations, we will promptly handle the situation in an appropriate manner.

Currently, MMC's Special Investigation Committee is conducting an investigation of facts such as the background and root cause of the Incident. We will take into account the results of such investigation and promptly implement restructuring of remedial measures to prevent recurrence of the issues, and deliver safe and secure products to our customers. We appreciate your understanding on this matter.

5. Matters regarding TMM

1) Overview of Misconduct

In light of the Company's situation, MMC has also conducted a special audit on TMM in January 2018, and has discovered that TMM had also delivered Non-Conforming Products from the Yoro Plant (Gifu Prefecture) during a review period of approximately one-year from January 2017 to January 2018. TMM is currently conducting fact-finding, and simultaneously TMM has begun to give explanations to its customers.

The main misconducts are as follows:

- Measured values of material composition were rewritten to different values despite the fact that the original values were outside of the specifications agreed with the customers.
- Issued inspection result reports describing numbers with mechanical characteristics (solidity, tensile strength, stretch, etc.) without inspection.
- With respect to measuring of material composition, the measurements were not done in compliance with the JIS standards or customers' specifications, and were converted to values that were required in the appropriate standards or specifications.

2) Status of Explanation

TMM is currently contacting its customers and confirming the safety of the products with cooperation from customers.

Number of Customers to whom TMM delivered Non-Conforming Products 307

Number of Customers to whom TMM has completed explanations 44

3) Amount of Products Delivered and Sales during the Relevant Period

Total amount of products delivered and sales during the relevant period: 13,641t; 6.6 billion yen

Amount of potential Non-Conforming Products and sales during the relevant period: 3,233t; 1.4 billion yen

4) Other Quality Compliance Incident

In addition to the foregoing conducts, we would like to report the following conducts.

- Measured values of material composition were rewritten to different values within the customers' specifications despite the fact that the original values were within the customers' specifications.
- The tension testing to measure material composition was conducted under conditions that

deviated from the conditions designated under the JIS standards or agreed with the customers. For these products, TMM has confirmed the discrepancy between the test results under appropriate conditions and the test results under the conditions that TMM applied is small. Therefore, TMM considers that these products meet the customers' specifications.

TMM is also explaining these issues to its customers.

5) Policy for Handling the Issues Going Forward

Currently, MMC's Special Investigation Committee is conducting investigation of facts such as the background and root cause of the Incident. We will take the results of such investigation into account and plan to implement remedial measures to prevent recurrence of the issues.

We appreciate your understanding on the matter, and we are determined to fully cooperate in TMM's matters as well, and solve the issues as soon as possible.

End

Direct any questions to:

General Affairs Department, Mitsubishi Aluminum Co., Ltd.

TEL: 03-3769-0111