

# Improper conduct concerning a portion of the aluminum and copper products manufactured by Kobe Steel

October 8, 2017  
Kobe Steel, Ltd.

Kobe Steel, Ltd. (hereinafter referred to as "Company") has discovered that in its Aluminum & Copper Business, including group companies, a portion of the products traded with customers did not comply with the product specifications which were agreed between the Company and its customers. Data in inspection certificates had been improperly rewritten etc., and the products were shipped as having met the specifications concerned (hereinafter referred to as "improper conduct").

This incident of improper conduct came to light following self-inspections and emergency quality audits of the compliance status of contracts executed as to products shipped over the past year. Products discovered at this time subject to the improper conduct (hereinafter referred to as "nonconforming products") are outlined below:

Main products: Aluminum flat-rolled products, aluminum extrusions, copper strips, copper tubes, and aluminum castings and forgings

Shipping period: September 1, 2016 - August 31, 2017

Quantity:	Aluminum products (flat rolled, extrusions)	About 19,300 tons
	Copper products (strips, tubes)	About 2,200 tons
	Aluminum castings and forgings	About 19,400 units

For customers to which these nonconforming products were shipped, the Company has begun contacting them one by one and explaining the situation. The Company has been carrying out technical verifications with its customers on the impact of the nonconforming products on quality (including safety) of the end products. The Company has also been conducting an investigation on the facts pertaining to the improper conduct and an investigation as to whether or not similar improper conducts exist in its other business units. Verification and inspection to date have not recognized specific problems casting doubts on the safety of the nonconforming products. In the event that doubts arise on the safety of the nonconforming products, the Company will quickly take appropriate action.

Additionally, in view of the seriousness of the situation, the Company has set up an investigation committee on quality issues with its Chairman, President and CEO Hiroya Kawasaki as the chairman of the committee. The Company has also requested an outside law firm for an investigation of the facts on the improper conduct. The Company will quickly move ahead and take appropriate action based on the results of the investigation.

The effect this incident will have on the Company's business performance is unclear at this time. The Company plans to make another announcement when the extent of the impact becomes clear.

Causing this serious matter has brought overwhelming shame to the Company. The Company deeply regrets this incident and sincerely apologizes for the enormous worry and trouble this incident has caused to its customers and other related parties. The Company will report again as further progress of the investigation is made.

The information on this Web site is presented "as is." Product availability, organization, and other content may differ from the time the information was originally posted. Changes may take place without notice.

**KOBE STEEL, LTD.**

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