

# UACJ Report 2022

Integrated Report



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## Positioning of This Report



## Reporting Scope

### Period Covered :

April 1, 2021 to March 31, 2022  
(with some information about activities after April 2022)

### Organizations Covered :

UACJ Corporation and its consolidated subsidiaries in Japan (including specific data for some companies)

### Accounting Standards :

Japanese generally accepted accounting principles

Issue date : September 2022

### About Forward-looking Statements

Some information in this report pertains to forward-looking statements and future earnings. These statements encompass risks and uncertainties and are not a guarantee of future earnings. Please be aware that actual prospects and earnings may differ from forecasts as a result of changes in the business environment and other factors.

## Message from the Editorial Team

More than ever, aluminum is now expected to contribute to a sustainable future in various ways. For example, aluminum's outstanding recyclability can contribute to the shift towards a recycling-based society, and its light weight can help reduce CO<sub>2</sub> emissions from automobiles.

These contributions are captured by UACJ's corporate slogan, "Aluminum lightens the world." It expresses our mission as an aluminum products manufacturer and the path to future growth. Providing a basis for this growth are the UACJ Group's technologies, which have been refined for over a century, and its three-country manufacturing network that can flexibly respond to global market demand. The Company has also established a solid financial foundation, and posted record-high profits in fiscal 2021 following structural reforms initiated in 2019. Moreover, the Group has broadened its business model by promoting recycling initiatives, and acquired certification from the Aluminium Stewardship Initiative, an international aluminum industry organization. These efforts have created a new foundation for evolving as a sustainable enterprise, motivating the entire Group to work towards building a better world and healthier environment.

These recent developments and the Group's vision for the future are presented in *UACJ Report 2022*. When compiling the report, we held many discussions with employees across the Group, and referred to the International Integrated Reporting Framework, which is endorsed by the International Financial Reporting Standards Foundation, as well as integrated reporting guidelines issued by Japan's Ministry of Economy, Trade and Industry. We welcome any feedback and comments from readers of this report.



**Kaoru Ueda**

General Manager,  
Investor Relations Department  
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## UACJ Group Philosophy



### **Our Purpose**

Contribute to society by using raw materials to manufacture products that enhance prosperity and sustainability.

### **Our Vision**

Aluminum is our passion. It inspires our work in building a better world and a healthier environment.

### **Our Values**

- Respect and understand your associates
- Embrace honesty and foresight
- Be curious and challenging

Corporate Slogan

# *Aluminum lightens the world*

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Today, through the supply of high-quality aluminum products,  
the UACJ Group is committed to improving people's lives  
and helping realize a more sustainable planet.



## IT devices

Aluminum's lightweight and strength contributes to the mobility of IT devices

# Aluminum used across a wide range of industries

Discovered almost 200 years ago, aluminum has been favored by users for its functionality, workability, and machinability. Today, manufacturers are making the most of aluminum's excellent recyclability and light weight to reduce environmental impacts across various industries.

## Beverage cans

Aluminum preserves freshness for long periods to keep drinks tasting great



## Pharmaceutical and food packaging

Aluminum's non-toxic and sealable properties help ensure safe and healthy products



## Automobiles

Using aluminum parts to make vehicles lighter improves their mileage and environmental impact



## Aerospace

Applying advanced technologies to adopt aluminum components helps improve safety and fuel efficiency

## Building materials

Aluminum's diverse properties are exploited to make materials that are easier to work with and enhance the appearance of buildings



### Aluminum's diverse properties

Aluminum offers many benefits, including light weight, strength, and high conductivity both thermally and electrically. It is also easy to machine and recycle. By making the most of these properties, manufacturers use aluminum for a broad range of products today. Operating world-class production facilities, including one of the largest melting furnaces in Japan, UACJ strives to bring out the potential of aluminum through its advanced research and technological capabilities.

#### Benefits of aluminum

- Light weight
- Good heat transmission
- Easy to cast
- Strong
- Strong resistance to low temperatures
- Easy to process
- Resists corrosion
- Non-toxic
- Easy to combine
- Unaffected by magnetism
- Reflects light and heat
- Useful for vacuum applications
- Good electrical conductivity
- Excellent surface processibility
- Easy to recycle

# Broadening aluminum's potential to address issues facing the world today

Expectations for aluminum are growing as people around the world strive to ensure the sustainability of the planet.

## Combatting climate change

by taking advantage of aluminum's light weight to reduce CO<sub>2</sub> emissions during product usage



## Addressing ocean plastic

by replacing plastic containers with aluminum cans and bottles





## Realizing a circular economy

by recycling aluminum products to save resources



## Reducing food loss

and environmental impacts during production by using aluminum to improve the durability and food-preservation properties of packaging

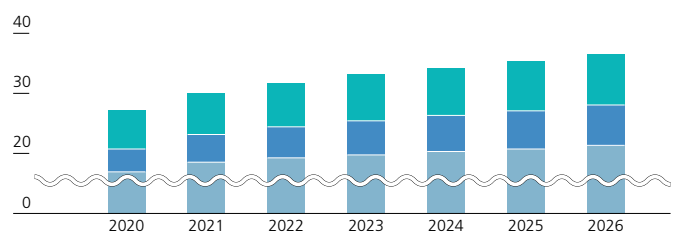


### Global aluminum products market projected to grow 3.9% annually from 2021 to 2026

Amid the push to make the world more sustainable, global demand for aluminum products is on the rise, and the market is forecast to grow by 17% between 2021 and 2026 (based on an average compound annual growth rate of 3.9%). During the same period, demand for aluminum automotive parts is projected to expand by 40%, reflecting the use of aluminum in electric vehicle batteries along with efforts by automakers to decarbonize by reducing vehicle weight. Likewise, demand for aluminum can stock is expected to rise by 18%, as aluminum cans are increasingly the container of choice due to their excellent recyclability.

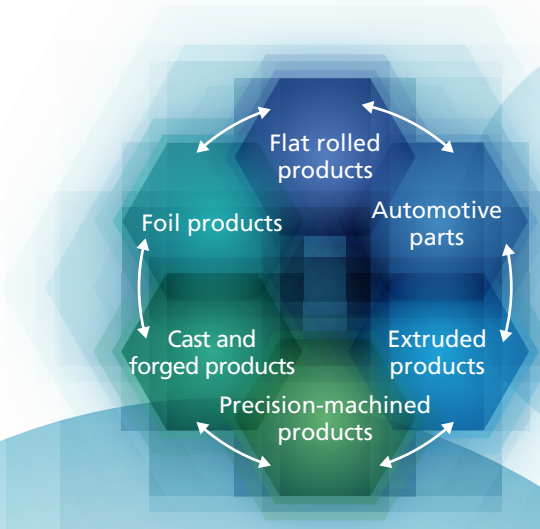
**Projected global demand for aluminum products**

(Millions of tons per year) ■ Can stock ■ Automotive parts ■ Other products



Source: Research by UACJ





**Strong track record  
in meeting customers' needs**

## **Manufacturing expertise**

Established through a merger of two long-established manufacturers, UACJ inherited aluminum-related know-how and production capabilities extending back more than 100 years. By combining the precision-machining and operational expertise of the former companies, UACJ is supplying value-added materials through its products and services to meet the needs of customers.

# Helping make a sustainable world as a world-leading integrated aluminum product manufacturer

**With roots spanning over a century, the UACJ Group has been applying its advanced technologies and expertise to broaden the potential of aluminum. Today, the Group is working to contribute to a more sustainable environment in order to ensure a brighter tomorrow for generations to come.**

## **High production capacity globally International supply network**

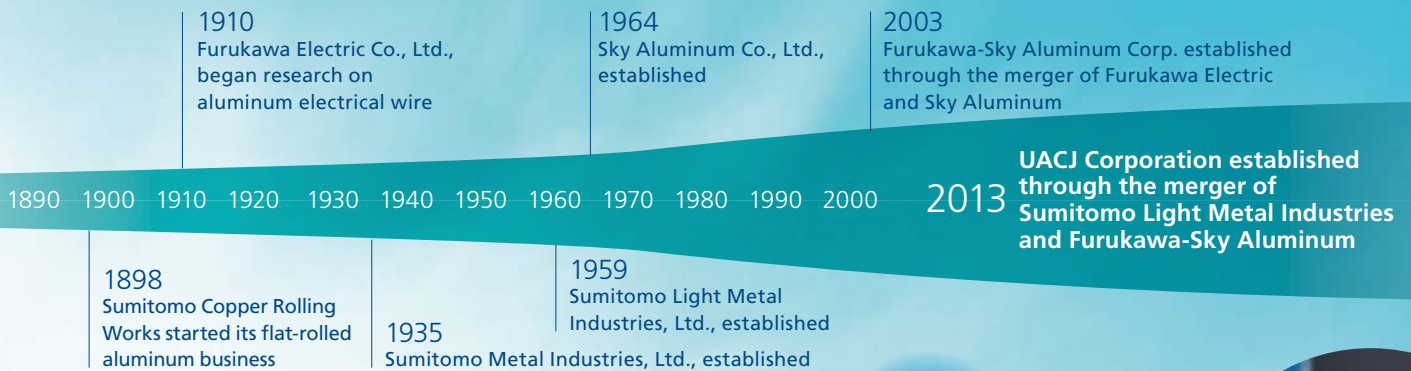
At over 1.5 million tons annually, the UACJ Group's total production capacity is among the world's highest. In Japan, the United States, and Thailand, the Group's Flat Rolled Products business operates four manufacturing facilities with annual production exceeding 300,000 tons each, allowing the Group to meet rapidly growing demand for aluminum products.



# Driving innovation at the forefront of the industry Advanced R&D and technological expertise



The sources of UACJ's diverse range of products are its advanced R&D and technological expertise. UACJ continues to open up new possibilities for aluminum by combining its core technologies—material design, functional design, and production technologies—with applied technologies such as joining and bonding technology and heat management technology.



## Continually aiming to create new value Human resources and corporate culture

Guided by The UACJ Way, the Group's employees around the world take on the challenge of expanding the potential of aluminum. The Group creates new value by fostering a corporate culture that values open communication.



## Evolving as a sustainable group of companies

Giving consideration to the sustainability of the environment, society, and economy is essential for doing business in today's world. Therefore, UACJ integrates sustainability actions into the heart of its management and has the entire Group carry out these actions. In 2020, UACJ became the first Japanese flat-rolled aluminum manufacturer to join the Aluminium Stewardship Initiative (ASI), an international organization that aims to make aluminum supply chains more sustainable. In March 2022, its manufacturing plant in Japan, Fukui Works, along with Rayong Works in Thailand both obtained ASI certification. In partnership with its customers and suppliers, UACJ is working to ensure the sustainability of its aluminum product manufacturing in the years ahead.



# Contributing to a better world and healthier environment by helping build a circular economy and broadening applications for aluminum



**Miyuki Ishihara**

Representative Director & President

## Record-high sales and profits posted on the back of growing global demand

In fiscal 2021, ended March 31, 2022, the UACJ Group leveraged its three-country supply network to capture growing global demand for flat-rolled aluminum products, laying a path for medium- to long-term growth in the first fiscal year of its current mid-term management plan, ending in fiscal 2023. Demand for flat-rolled aluminum for can stock, especially, continued to rise as the shift away from plastic gained momentum amid growing environmental awareness. To meet robust demand for aluminum can stock in the North American market, Tri-Arrows Aluminum continued to operate at full-capacity, but with orders already filled through to 2025, the Group's manufacturing plants in Japan and Thailand are supplying products to keep up with demand growth. Meanwhile, backed by solid demand for aluminum automotive parts and structural materials as automakers shift to electric vehicles (EVs), the Group increased its sales of these products to emerging EV manufacturers in the United States during the fiscal year.

Against this backdrop, UACJ has been generating returns on the large investments it made in the United States and Thailand to expand production capacity, thereby boosting its earnings power. The Company has also enhanced its ability to respond to changes in the operating environment by implementing structural reforms, such as rationalizing production in Japan and improving

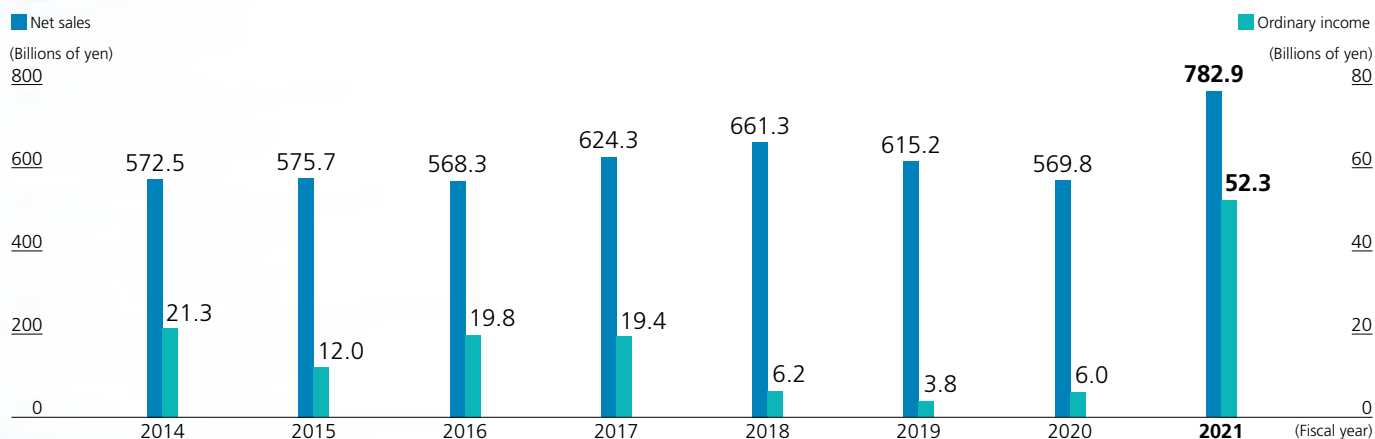
management systems. As a result of these factors along with various headwinds, including higher market prices of aluminum, the Company posted the highest consolidated sales and profits since its establishment through merger in 2013. Net sales came in at ¥782.9 billion, operating income totaled ¥59.5 billion, ordinary income amounted to ¥52.3 billion, and net income attributable to owners of the parent totaled ¥32.1 billion. We also expect to achieve our targets in fiscal 2022.

## Uniting the Group's members under a common purpose to complete structural reforms

UACJ made large investments from the time it was established through to 2019, and entered the final phase of those investments after I was appointed as president in June 2018. Around that time, China's economy slowed down dramatically following its trade war with the United States, and the global aluminum market rapidly deteriorated. The Group was also affected by a number of internal issues, such as UACJ (Thailand)'s prolonged unprofitability, which forced us to make major changes to our growth strategies. To overcome these difficulties, we launched drastic structural reforms throughout the entire Group in October 2019.

In order to execute those reforms, however, I believed it was necessary to unite the Group's diverse members under a common purpose, because many employees from around the world had newly joined after UACJ acquired

### Consolidated net sales and ordinary income



subsidiaries and built production facilities in the United States and Thailand. Therefore, I initiated a review of the UACJ's fundamental purpose, and started a project to redefine the Group's management principles. In February 2020, we announced that our purpose was to "contribute to society by using raw materials to manufacture products that enhance prosperity and sustainability," and created a set of guidelines for all employees to follow called The UACJ Way.

Unfortunately, COVID-19 began spreading around the world in early 2020, resulting in serious restrictions on international movement and interaction by employees. Nevertheless, we quickly deployed tools to facilitate communication between members of the Group's companies worldwide, such as holding online meetings.

For a very long time, I have believed that hard work leads to success, and have always told my colleagues that results will come if we just keep at it and persevere to the end. Since becoming president, I have used the example of team sports with employees to encourage them to work towards the same goal as a team, play their respective positions and roles, and battle on until the final whistle. When pushing through with the structural reforms, in video messages and meetings with all group companies, I have been emphasizing the importance of having all members of the Group independently play active roles in accordance with our new purpose and guidelines. This has gradually led to a shared understanding of the purpose and guidelines as well as

greater cohesiveness among our members, setting a new stage for the Group's corporate culture.

I have no doubt that the achievement of record-high earnings in fiscal 2021 despite a challenging operating environment was the outcome of steadfast efforts by all of the Group's members to carry out the reforms with a common purpose. Therefore, this success should motivate employees individually and boost morale on an organizational level. We have continued to face difficulties over the past nine years since UACJ's establishment, especially since 2018, but those difficulties were overcome through the collective efforts of all employees. I believe this indicates how the Group has evolved into one big team, and I am confident that it will continue making progress as an even stronger team in the future.

### **Building a responsible supply network to meet the demands of the times**

Amid increasingly serious ocean pollution and problems caused by climate change, the shift away from plastic and the widespread adoption of EVs are irreversible trends that will accelerate in the future. Therefore, demand for flat-rolled aluminum products, which are useful for a variety of environmental solutions, should continue to grow over the medium and long terms. Aluminum product manufacturers, however, must improve their performance with respect to environmental, social and governance (ESG) criteria since ESG investing has attracted more and more attention in recent years.

Aiming to raise the Group's performance in this way, UACJ joined the Aluminium Stewardship Initiative (ASI) in July 2020, becoming Japan's first flat-rolled aluminum manufacturer to gain membership in this international organization, which certifies companies for responsible aluminum production, procurement, and management. Fukui Works in Japan and Rayong Works in Thailand both acquired ASI certification in March 2022, and manufacturing plants operated by Tri-Arrows Aluminum in the United States expect to be certified in the fiscal year underway. Having ASI certification has already become a condition for concluding contracts with beverage manufacturers and global automakers, which place high



importance on environmental responsibility. Accordingly, acquiring ASI certification will be essential for increasing business opportunities in the future, so we plan to steadily increase the number of certified manufacturing plants.

The Group is maximizing the potential of its three-country supply network to fulfill its important responsibility as a global manufacturer to meet strong demand for aluminum products around the world. In fiscal 2021, UACJ (Thailand) reached full capacity—over 320 thousand tons annually—of flat-rolled aluminum for can stock, demand for which continues to rise in Asia and North America, especially. It is now operating the same type of production lines as our lines in Japan, which I was involved in designing as an engineer. Tri-Arrows Aluminum boosted production capacity by expanding the aluminum recycling line it installed in 2020, allowing it to increase output while also reducing CO<sub>2</sub> emissions and costs. It is currently planning to install new facilities to keep up with robust demand. The balance of supply and demand in the North American market will continue to be tight, so the Group's manufacturing plants in Japan, the U.S., and Thailand will further coordinate output to supply can stock there in the years ahead. In the Group's automotive parts business, we boosted production capacity through investment in facilities operated by UACJ Automotive

Whitehall Industries. We look forward to increasing capacity further when a new plant in Arizona starts operating in the future. We are focusing on expanding the automotive parts business across the Group's international operations by leveraging its competitive advantages, particularly its ability to apply technologies to promptly meet customers' requirements.

Looking ahead, we intend to capture rising demand for aluminum products by effectively coordinating the Group's supply of can stock from Japan, the U.S., and Thailand, and by taking advantage of our solid customer base of major Japanese and American automakers to supply aluminum parts under a business model of local production for local consumption.

### Accelerating expansion into new business sectors over the next decade

To help make the world more sustainable, we believe aluminum should be used in a wider range of industries. Therefore, in our long-term roadmap, UACJ Vision 2030, we specified three new sectors to focus on: mobility, lifestyles and healthcare, and environment and energy. Although just over a year has passed since we created this vision, new business seeds have already begun to sprout.

## The UACJ Group's operating environment and direction

### Main trends and challenges in fiscal 2021

#### Growth in global demand for flat-rolled products

1. Rising global demand for can stock amid growing environmental awareness
2. Rising demand for aluminum auto parts, air conditioning components, and thick plates

#### Rising prices and supply bottlenecks

1. Sudden fluctuations of aluminum market prices
2. Steeply rising energy prices
3. Soaring prices of alloy additives
4. Rising logistics costs
5. Reduced automobile production due to semiconductor shortages

### The UACJ Group's key initiatives

#### Made progress in completing structural reforms and positioning the Group for future growth and the success of UACJ Vision 2030

- ✓ Promptly responded to changes in the operating environment
- ✓ Implemented additional measures to complete structural reforms
- ✓ Leveraged the three-country supply network to increase can stock sales
- ✓ Moved forward with plans to expand production capacity in the U.S.
- ✓ Improved UACJ Automotive Whitehall's production and sales systems
- ✓ Implemented sustainability management
- ✓ Took steps to create new businesses
- ✓ Strengthened the financial structure

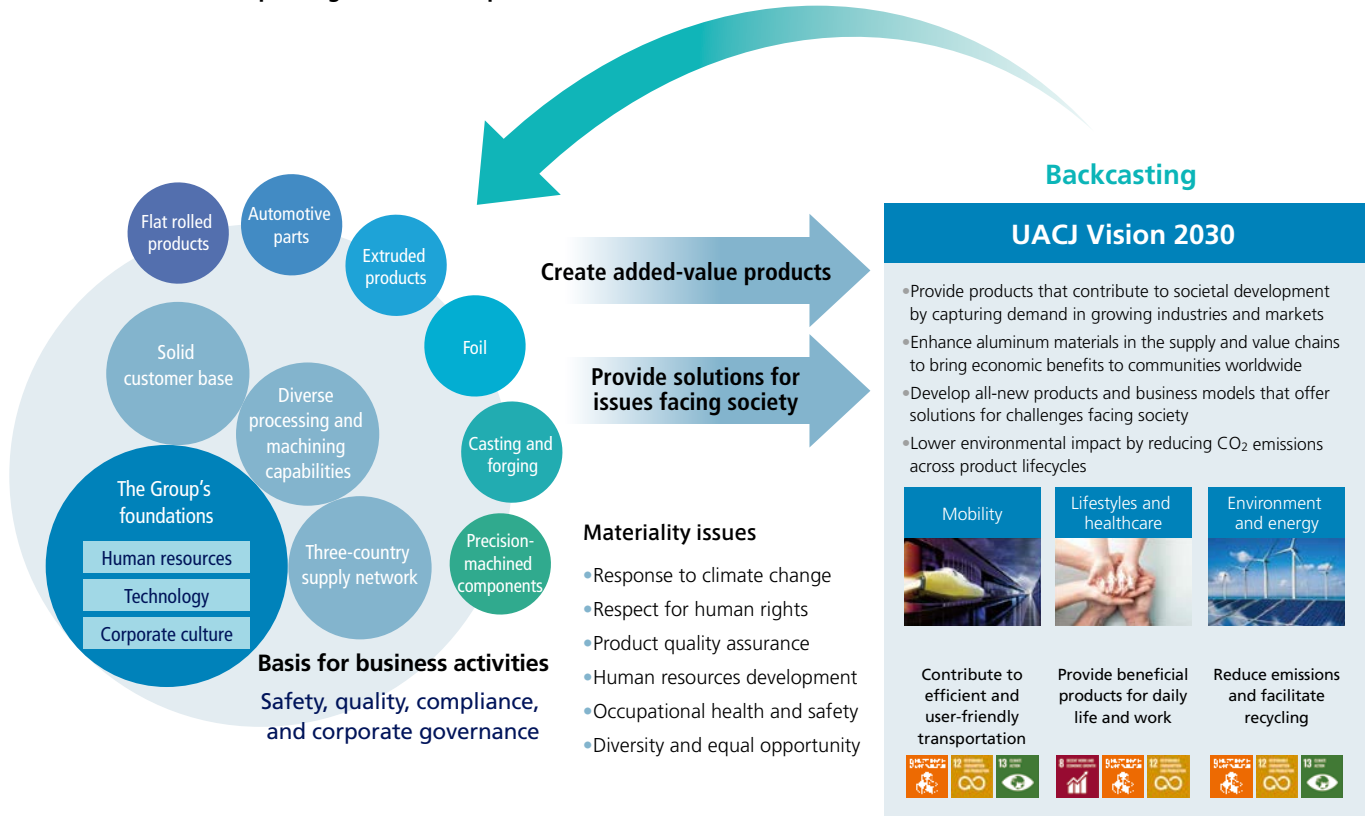
For example, in the mobility sector, UACJ's aluminum automotive parts are now being used for EVs at the verification stage of a smart city being built by a major automaker in Japan. In the environment and energy sector, UACJ has been participating in a project to manufacture and supply thick plates for tanks used in ships that can transport hydrogen and ammonia, which are expected to be used as alternatives to fossil fuels. In the lifestyles and healthcare sector, the Company has developed lightweight and highly effective flood barriers made from extruded aluminum materials, and is verifying regional emergency water supply operations using aluminum bottles that can store drinking water for long periods of time. These two new businesses can contribute to community disaster preparedness, and were developed as business plans based on ideas submitted by employees through the Company's in-house venture system. I hope even more employees will be "curious and challenging," one of the values of our management philosophy, and continue creating such

forward-looking businesses to open up new possibilities for aluminum in the future.

**Building a sustainable world with aluminum at the heart of the circular economy**

Aluminum will be an essential metal for the world's sustainability in the future. Therefore, I believe aluminum product suppliers must also be sustainable. Recognizing sustainability as fundamental for management from that standpoint, we designated six materiality issues to address on a priority basis, which are related to four of the UN's Sustainable Development Goals, and created the UACJ Group Sustainability Policy, entitled "Passing down a better world over the next century." In line with this policy, UACJ became a signatory to the UN Global Compact, the world's largest corporate sustainability initiative, in April 2021. We also positioned sustainability as the most important issue of our UACJ Vision 2030 and current

**Framework of the Group's long-term roadmap, UACJ Vision 2030**





mid-term management plan. Furthermore, we specified key performance indicators and carried out various activities related to each of the six materiality issues.

For example, with respect to the materiality issue, occupational health and safety, we revised our targets for the number and seriousness of workplace accidents. We also issued our Health First Management Declaration, and are promoting employee health management while raising awareness of health issues among employees and their family members. For our materiality issue, respect for human rights, we carried out human rights due diligence at two of the Group's main manufacturing plants, and created the UACJ Group Human Rights Policy. As part of our response to climate change, we declared our intention to become carbon neutral by 2050, and to achieve that, set the goal of minimizing CO<sub>2</sub> emissions from the Group and its entire supply chain. As a supporter of the Task Force on Climate-related Financial Disclosures (TCFD), UACJ joined the TCFD Consortium in 2021, and conducted an analysis and assessment of climate-related risks and opportunities with support from Japan's Ministry of Environment. Projecting a major shift to renewable energy and material recycling based on a scenario of a 1.5° Celsius rise in temperature, the analysis concluded that the Group can contribute to building a low-carbon economy and recycling-based society by utilizing the beneficial properties of aluminum.

I believe the results of the analysis show that the biggest contribution the UACJ Group can make to pass down a better world over the next century is to build a circular economy with aluminum products. As many people know today, aluminum is very easy to recycle and used aluminum products can be recycled into the same kinds of products, a process called closed-loop recycling. Moreover, producing aluminum by recycling scrap emits 97% less CO<sub>2</sub> than by producing virgin aluminum from raw materials in the smelting process. Accordingly, the more aluminum is recycled and used across a wider range of applications, the more CO<sub>2</sub> emissions will be reduced over product life cycles. I believe a system should be established to reflect these reduced emissions in the value of aluminum. The UACJ Group can substantially contribute to these reductions as a world-leading supplier of

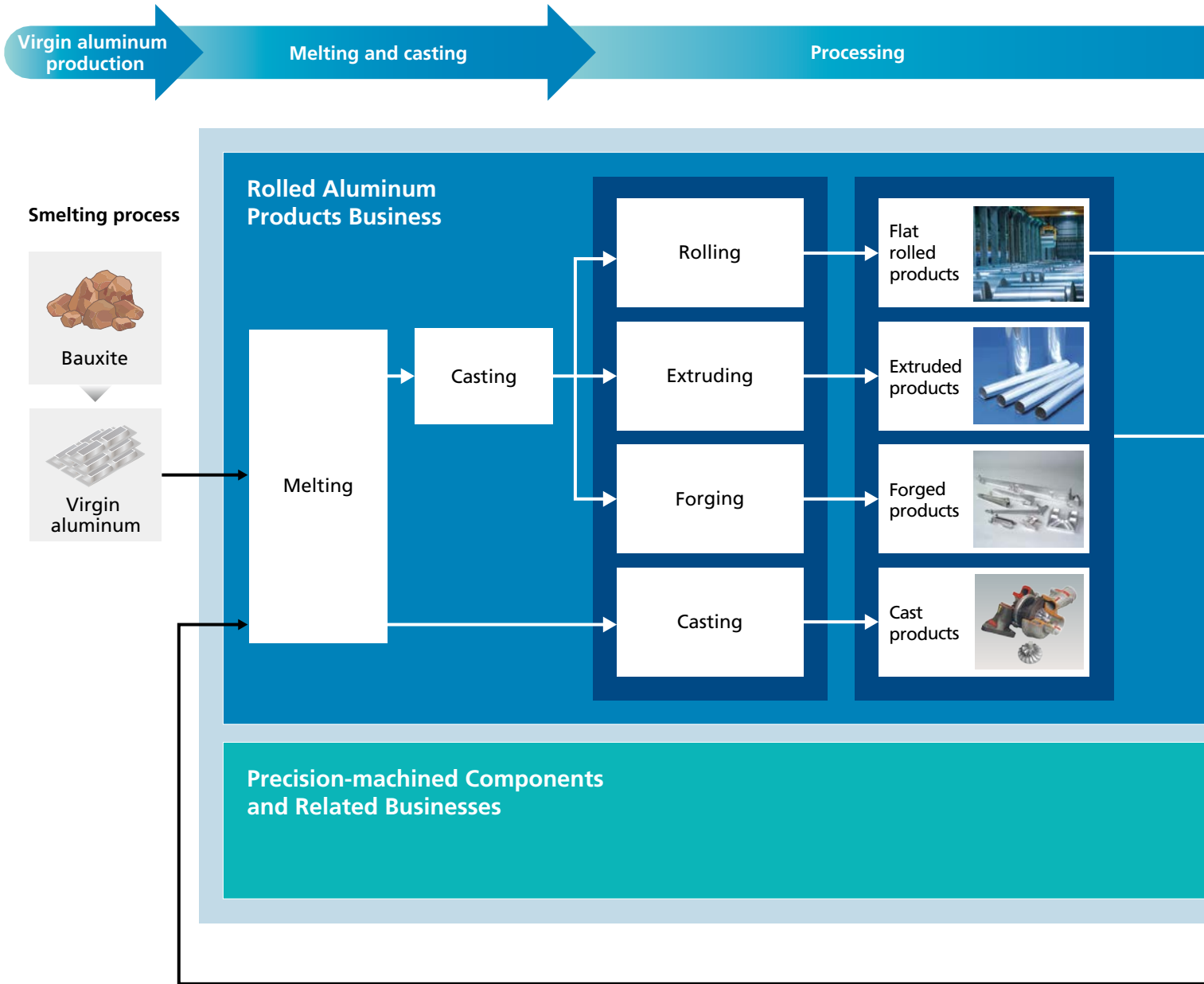


aluminum products totaling over 1.3 million tons annually. Therefore, all of us in the Group feel a strong commitment to building such a circular economy.

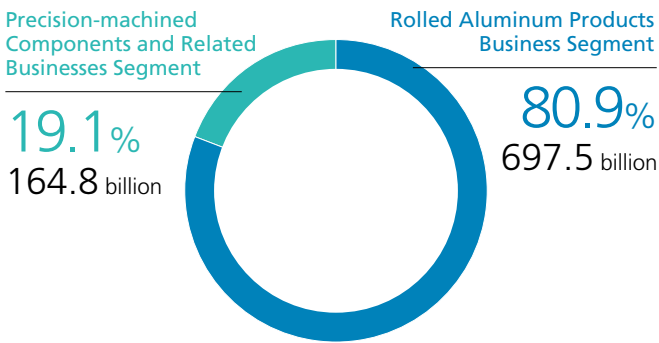
To facilitate closed-loop recycling of a wide range of aluminum products in addition to beverage cans, UACJ is involved in a project back by Japan's New Energy and Industrial Technology Development Organization to conduct technical research and development on the production of high-grade wrought aluminum from low-grade scrap. We also plan to set up recycling systems for aluminum automotive parts and other products throughout the Group's supply chain.

Aluminum is a very useful and beneficial metal. By making the most of its recyclability, light weight, and high thermal conductivity, we can reduce CO<sub>2</sub> emissions across a broad range of industries. From my perspective as an engineer and a corporate executive, aluminum should be used in many more applications. UACJ is built on a history spanning over a century, but for it to thrive in the next 100 years, we must explore new ways of using aluminum and take the lead in realizing a recycling-based society by putting aluminum at the heart of the circular economy. With this in mind, I recognize that I have an important role and responsibility as president to keep the Group on track towards achieving its goals and to effectively allocate operational resources, including necessary personnel, technologies, and capital. The entire UACJ Group is committed to increasing the value of its aluminum products businesses and passing down a better world over the next century. As we pursue these endeavors, we ask for the continued support of the Group's stakeholders.

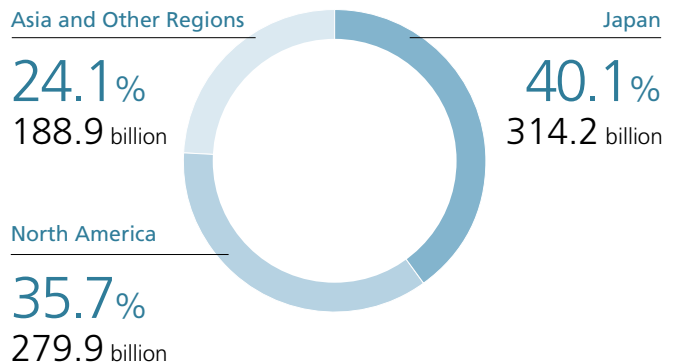
# Business Models



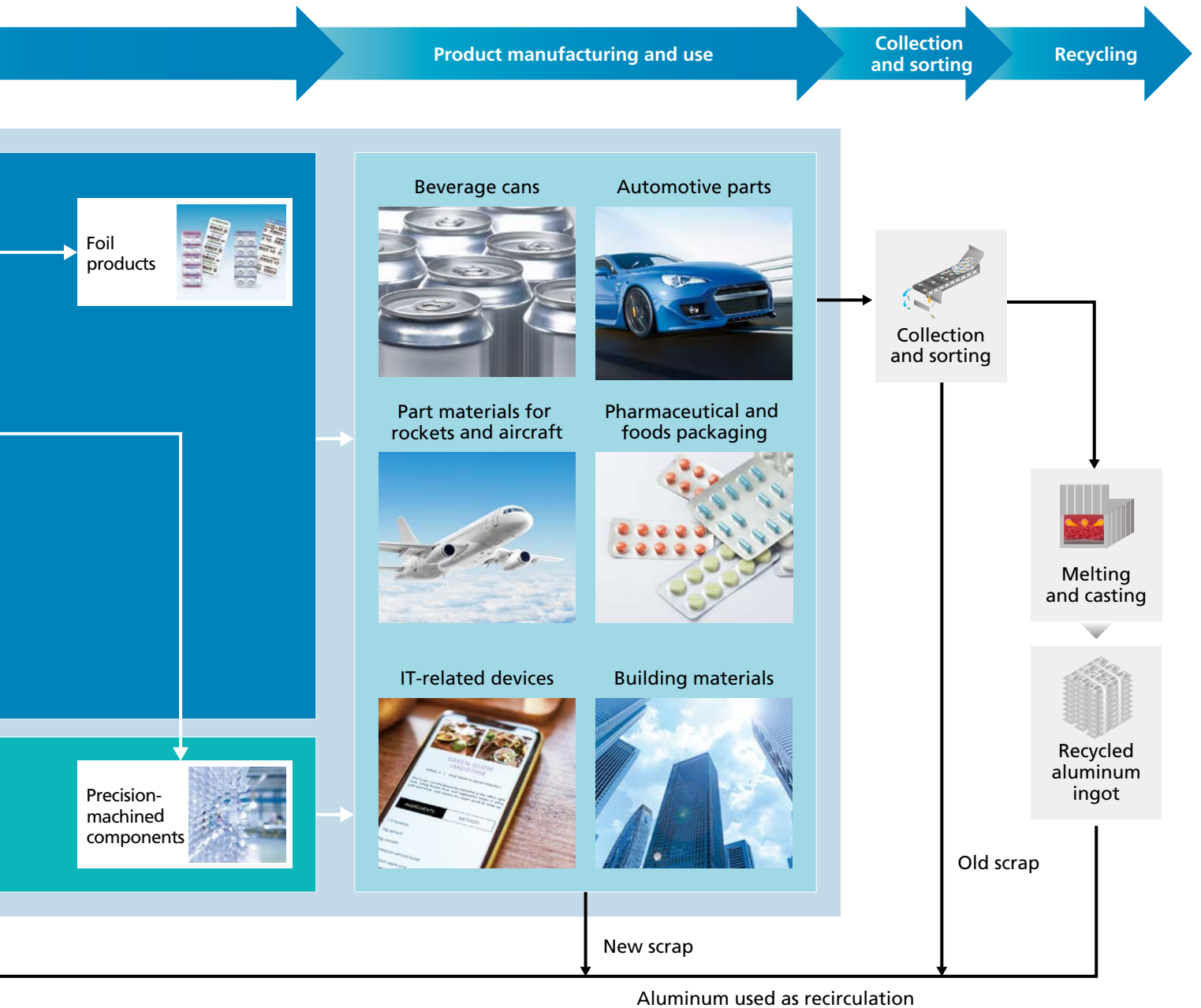
Net sales by business segment in fiscal 2021\*1



Net sales by geographical segment in fiscal 2021



\*1 Segment sales totals include inter-segment sales and transfers.

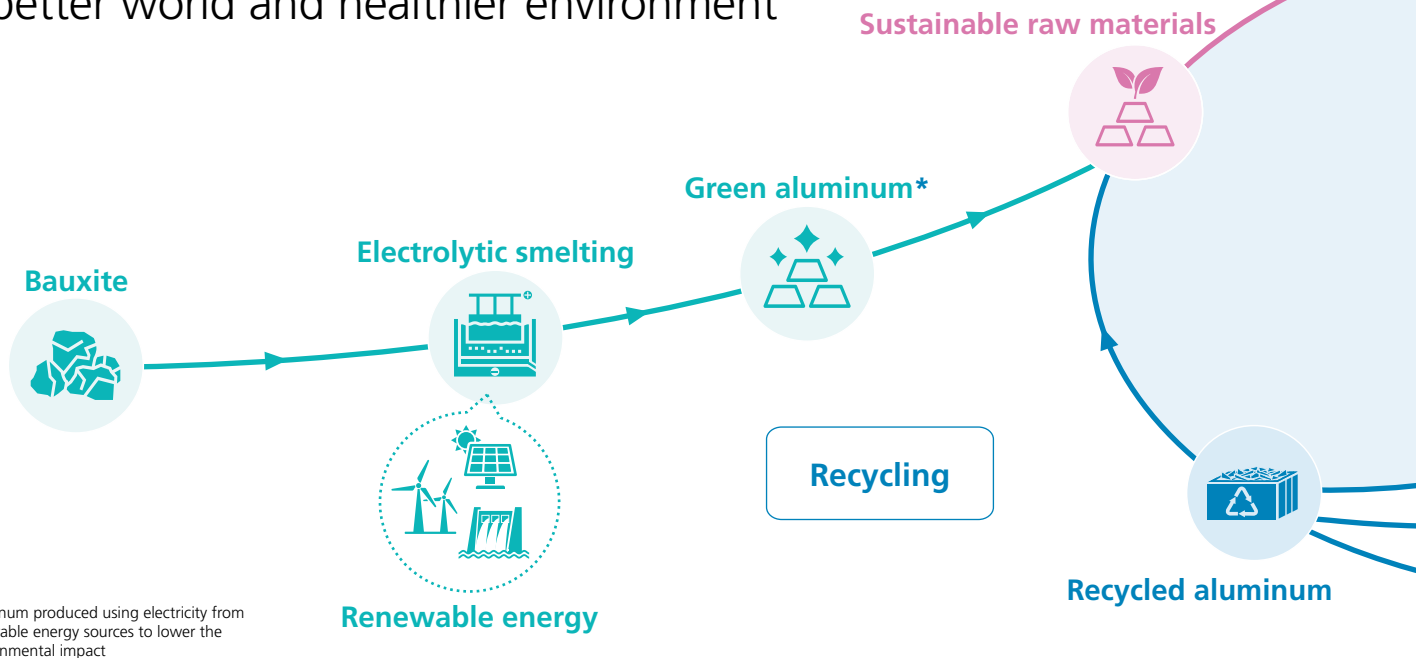


Sales volume of flat-rolled aluminum by product usage and geographical region

Product usage	Fiscal 2021 sales volume		Main customers	Main end-product manufacturers
	(Thousands of tons)	(Percent of total)		
Can stock	816	63.1%	Can manufacturers	Beverage and food product manufacturers
Foil stock	56	4.3%	Foil manufacturers	Pharmaceutical and food product manufacturers, Battery manufacturers
Casings and substrates* <sup>2</sup>	14	1.1%	Electronic parts manufacturers	IT equipment manufacturers
Automotive parts	138	10.7%	Automobile and auto parts manufacturers	Automobile manufacturers
Thick plate	53	4.1%	Metal trading companies Shipbuilders	Liquid crystal and semiconductor production equipment manufacturers Shipbuilders
General-purpose materials	216	16.7%	Building material manufacturers and metal trading companies	Large construction general contractors
<b>Total</b>	<b>1,293</b>	<b>100%</b>		

\*<sup>2</sup> PC and smart device casings; electronic equipment substrates

## Broadening the Group's business model for a better world and healthier environment



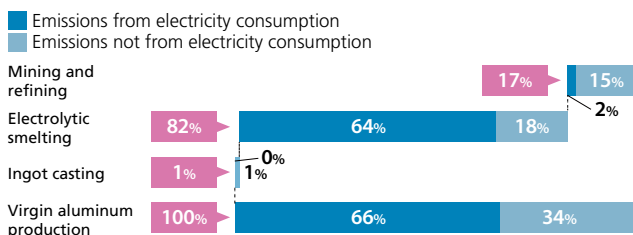
\* Aluminum produced using electricity from renewable energy sources to lower the environmental impact

### Supplying green aluminum

#### Benefit 1 Lower environmental impact at the aluminum smelting stage

A vast amount of electricity is consumed to produce virgin aluminum. In fact, electricity consumption accounts for 66% of all greenhouse gases (GHGs) emitted from mining to smelting and the final casting of ingots. The smelting stage, however, can be eliminated by recycling aluminum, thereby drastically reducing GHG emissions. Because it is recognized as a metal that can help alleviate environmental burdens, global demand for aluminum is on the rise. Since this demand cannot be met by recycled aluminum alone, production of virgin ingots is still necessary. Therefore, efforts are underway to produce these ingots using electricity from renewable energy sources in the smelting process, and widely supply this “green aluminum” to the world.

#### Breakdown of GHG emissions from virgin aluminum production



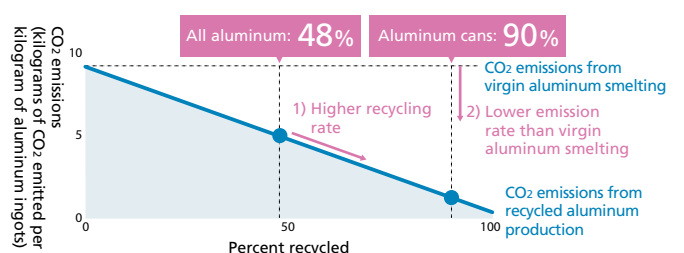
Source: Data published by the International Aluminium Institute

### Collecting and recycling aluminum

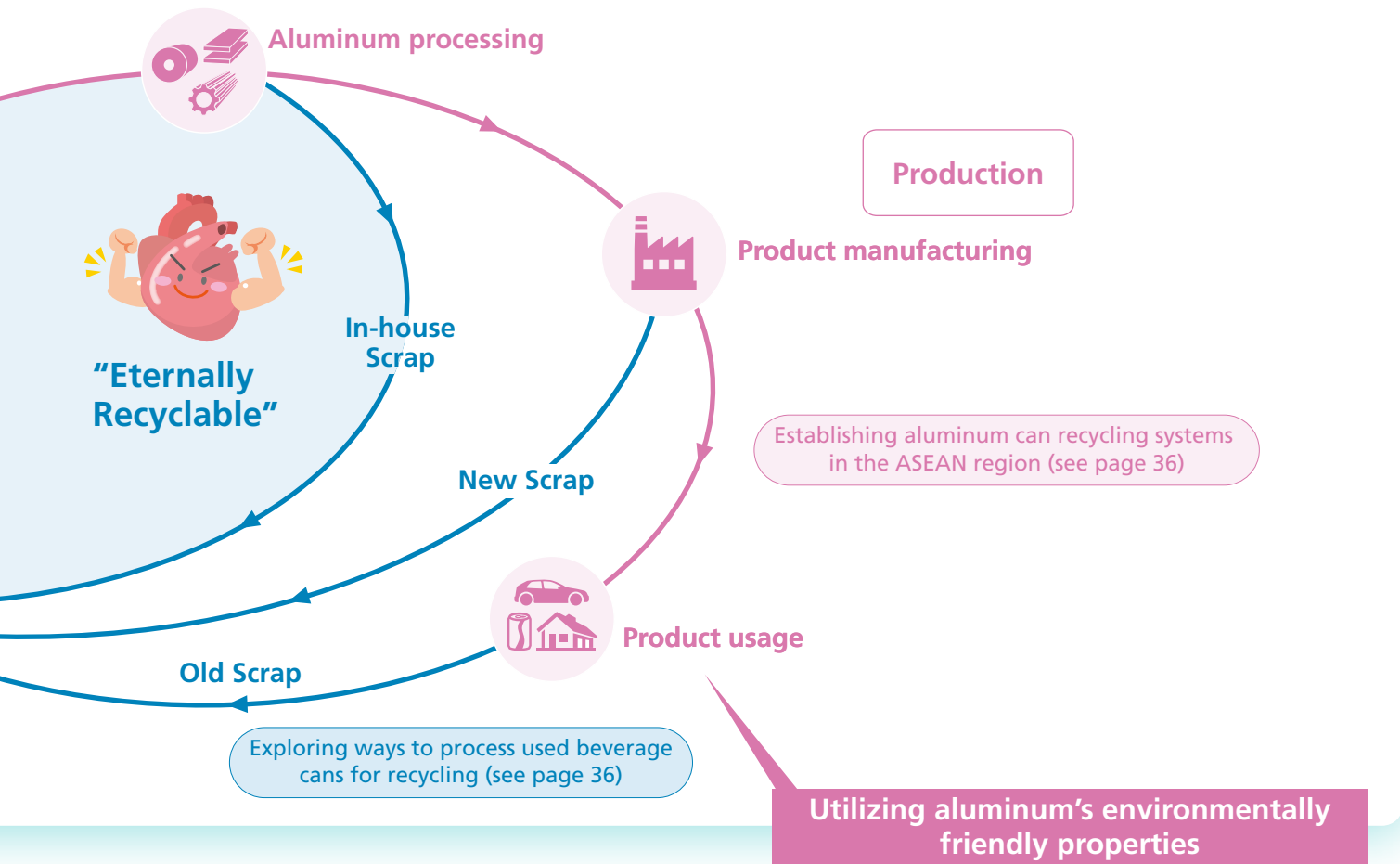
#### Benefit 2 Lower environmental impact of recycled aluminum

Recycled aluminum production emits only about 3% of the CO<sub>2</sub> emitted from the production of virgin aluminum ingots. Accordingly, raising the aluminum recycling rate can substantially reduce environmental impacts at the product manufacturing and usage stages. Significant progress has been made in aluminum can recycling, especially, but challenges remain for recycling other aluminum products. To provide solutions for these challenges, UACJ is collaborating with business partners while drawing on its many years of expertise in aluminum alloy processing and development to set up systems for recovering aluminum from products besides cans, and exploring ways to remove impurities that accumulate as recycling is repeated.

#### Comparison of aluminum recycling rates and CO<sub>2</sub> emissions



Source: *Aluminium Vision 2050* published by the Japan Aluminium Association in September 2020  
 Formula: (CO<sub>2</sub> emissions from virgin aluminum smelting) × (1 - percentage recycled) + (CO<sub>2</sub> emissions from recycled aluminum production) × (percentage recycled)



**UACJ's initiatives for spurring advances in recycling methods**

**Developing an alloy production process to allow the use of various kinds of scrap**

The varying properties of scrap aluminum, even the same alloys are collected, is an obstacle to recycling. To overcome this hurdle, UACJ is applying its expertise built up over many years to develop an alloy production process that allows various kinds of scrap aluminum to be used in the same way as new aluminum ingots.

**Enabling scrap aluminum to be recycled directly**

Directly recycling scrap aluminum into new materials can reduce the overall environmental impact of recycling operations. Toward that end, the Company has established an integrated aluminum can recycling system that allows scrap to be used as is, without any special treatment.

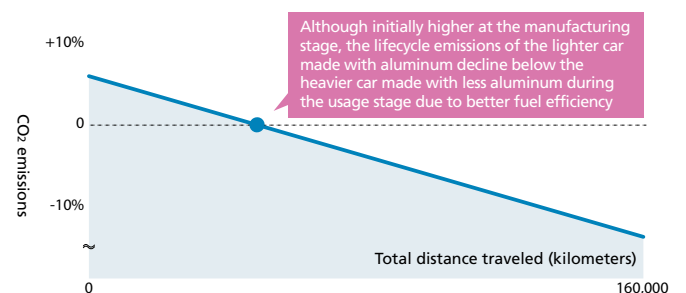
**Developing technologies for sorting different alloys and removing impurities**

Closed-loop recycling can be greatly facilitated if aluminum scrap is sorted by the types of alloys. Therefore, in collaboration with customers, UACJ plans to step up efforts to sort and retrieve processed scrap aluminum. Furthermore, the Company is working to develop and apply new technologies, such as ionic liquid smelting, to remove impurities from collected scrap, which would allow it to be used in the same way as virgin aluminum.

**Benefit 3 Lower environment impact at the product usage stage**

Among aluminum's many beneficial properties, its light weight can contribute to reducing environmental impacts during the product usage stage. For example, using aluminum auto parts to reduce overall vehicle weight helps reduce CO<sub>2</sub> emissions. Environmental impacts can be reduced substantially if aluminum materials suited for all-new applications are developed and supplied in the future. From that standpoint, the Company is widely promoting its UACJ Smart brand of environmentally friendly products, working with other manufacturers in educational and branding initiatives, and accelerating its development of aluminum products for new applications.

**Lifecycle CO<sub>2</sub> emissions of a car made with aluminum**



# Value Creation Process

## Megatrends

Climate change   Growing demand for aluminium containers  
 Rising popularity of EVs (and, consequently, lighter weight vehicles)   Advancement in digital technologies

## Inputs

### Advanced R&D capabilities

- Aluminium-related technologies refined over more than a century
- Involvement in leading-edge research projects, including national projects

### Skilled human resources

- A diverse workforce of about 10,000 employees in more than 10 countries

### Manufacturing prowess

- Annual production capacity exceeding 1.5 million tons
- Diverse manufacturing processes ranging from aluminium sheet and foil production to casting, forging, and precision machining

### Broad network of customers, suppliers, and partners

- Solid customer base of over 600 companies
- Approximately 1,500 suppliers
- Partnerships with national and municipal governments

### Investment capital

- ¥20.7 billion invested in fiscal 2021

### Raw materials and energy (in FY2021)

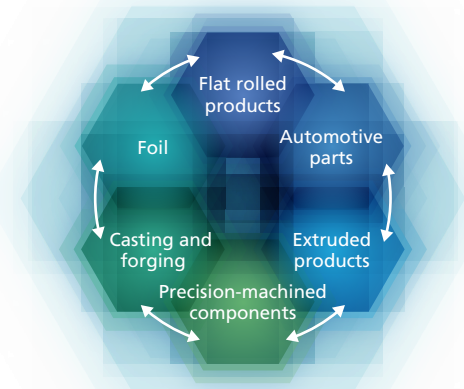
- 1,031 thousand tons of aluminium procured
- 11 thousand tons of secondary raw materials procured
- 515 thousand kiloliters of fuel consumed

## Business activities

### Competitive Advantages

#### Material technologies

#### Six integrated businesses



#### Three-country supply network



#### Active involvement in initiatives to facilitate closed-loop recycling







Sustainability management and value creation capabilities

### Our Vision

Aluminium is our passion. It inspires our work in building a better world and a healthier environment.

### Outputs

#### Beneficial products

<b>Flat rolled products business</b> 	<b>Beverage containers</b> (can bodies and lids) <b>Automotive parts</b> (body panels and heat exchanger materials)
<b>Automotive parts business</b> 	<b>Automotive parts</b> (bumpers and sunroof guide rails)
<b>Extruded products business</b> 	<b>Automotive parts</b> (frame components, heat exchanger materials, and pipes) <b>IT device materials</b> (smartphone housings)
<b>Foil business</b> 	<b>Pharmaceutical and food packaging</b> (push-through-package foil, retort pouches) <b>Battery materials</b> (lithium-ion battery foil)
<b>Casting and forging business</b> 	<b>Automotive parts</b> (compressor wheels and vehicle air conditioning parts) <b>Railcar parts</b> (axle boxes for high-speed trains)
<b>Precision-machined components business</b> 	<b>Construction materials</b> (expansion joint covers) <b>Industrial machinery parts</b> (materials for industrial fans and storage tanks)

#### Sales volume of flat rolled products (thousands of tons)

• Can stock .....	816
• Foil stock .....	56
• IT device materials .....	14
• Automotive parts .....	138
• Thick plates .....	53
• General-purpose materials .....	216

### Outcomes

#### Value to create by fiscal 2030

##### Value for UACJ's stakeholders

Targets of UACJ Vision 2030

Net sales <b>¥800 billion</b>	Operating income margin <b>6%</b>
Return on equity <b>10%</b>	Return on invested capital (calculated based on operating income before taxes) <b>10%</b>

##### Value for society

A dependable supply of essential materials for products, which contributes to manufacturing industries and people's livelihoods



Lighter weight materials that lead to lower CO2 emissions at the product usage stage



New recycling systems that help promote the shift to a recycling-based society



Workplaces that are rewarding places to work for diverse employees



## Manufacturing prowess and skilled human resources

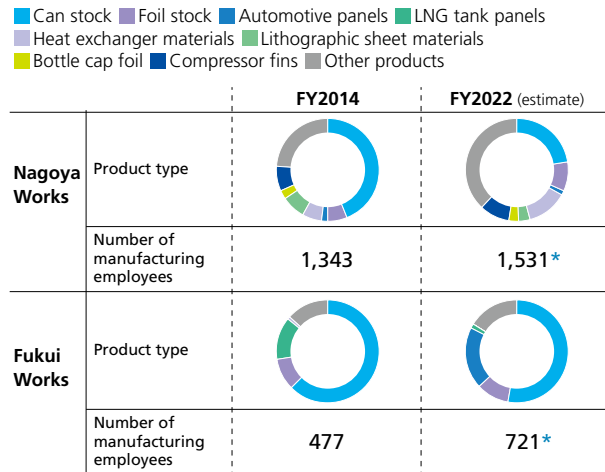
### Meeting robust global demand with a three-country supply network

#### Japan

##### Responding to a changing market by shifting production of certain products between manufacturing plants to boost productivity and profitability

Against the backdrop of Japan's shrinking population, UACJ's operating environment has been undergoing significant changes. To maintain profitability under those circumstances, the Company has closed manufacturing plants, shifted production of certain products to other plants, and reduced back-office personnel as part of structural reforms initiated in fiscal 2019. As a result of these actions, both productivity and profitability have risen. For example, compared with fiscal 2019, the Company lowered the break-even point in the Flat Rolled Products Business by 6% in fiscal 2021, and expects to reduce it by 10% in fiscal 2022.

##### Product breakdown and total employees at plants in Japan



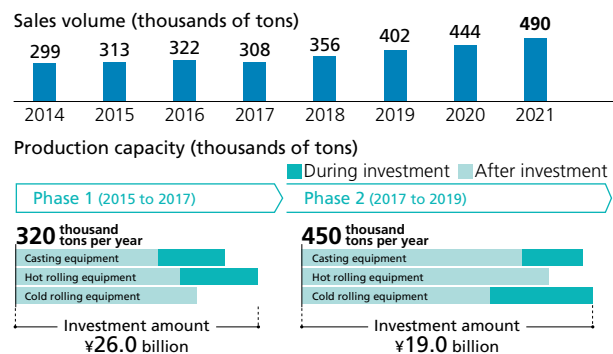
\* As of March 31, 2022

#### United States

##### Boosting production capacity to capture demand in anticipation of market growth in the years to come

In North America's aluminum can market, demand has continued to grow rapidly in recent years, and is projected to rise by 6% annually through to 2025. In response, UACJ has invested in manufacturing facilities operated by Tri-Arrows Aluminum over two phases, boosting annual production to 450 thousand tons. The subsidiary posted record-high sales volume in fiscal 2021, and is scheduled to operate at full capacity up to 2025 based on contracts concluded with customers.

##### Tri-Arrows Aluminum's sales volume and production capacity



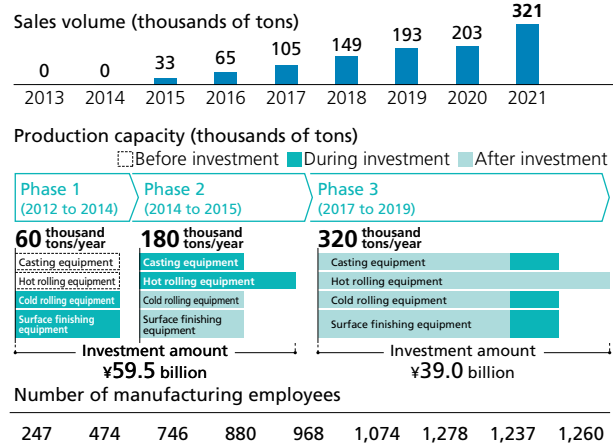
Note: The number of Tri-Arrows Aluminum's employees is not shown as they are mostly not involved in production since the company's flat rolled aluminum production facilities are jointly owned by Novelis Inc. through a joint venture agreement, and the facilities are contracted out to Logan Aluminum Inc.

#### Thailand

##### Training local employees to handle operations at manufacturing facilities leads to full capacity and higher sales volume

UACJ established UACJ (Thailand) with the goal of tapping growing demand for aluminum products in Asia. Over three phases of investment, annual production capacity has been expanded to 320 thousand tons. Initially, UACJ transferred equipment to this subsidiary from Nikko Works in Japan, and dispatched many of its engineers to provide training onsite. All operations are now handled by employees in Thailand, and sales volume reached 320 thousand tons in fiscal 2021. Training programs have also been set up to groom local employees for management positions.

##### UACJ (Thailand)'s sales volume and production capacity

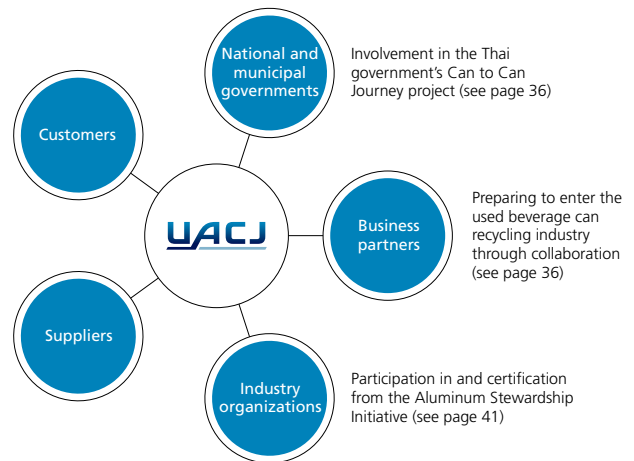




Partnerships and environmental initiatives

Building partnerships and expanding business models to facilitate recycling

The UACJ Group is building a wider network of partnerships to establish business models based on aluminum recycling, which will lead to lower CO<sub>2</sub> emissions, more effective resource usage, and less waste. The Group took steps to strengthen ties with various partners in fiscal 2021, including a public-private-academic initiative in Thailand that aims to accelerate aluminum can recycling programs. UACJ is also exploring ways to enter the used beverage can processing industry in collaboration with business partners.

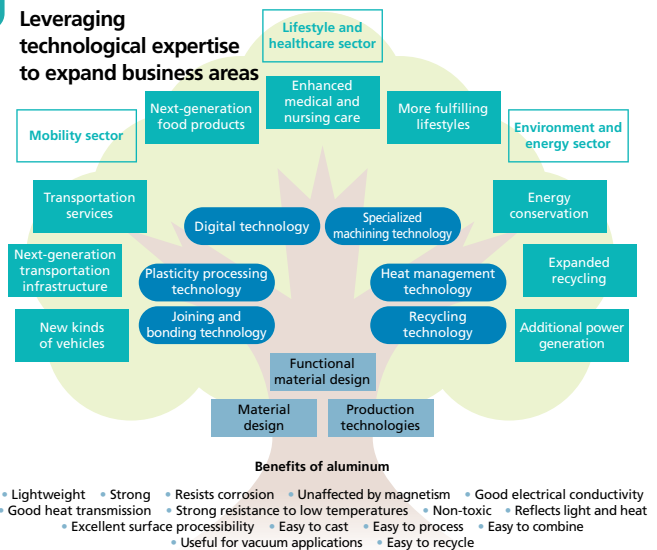


Intellectual capital

Focusing research and development on expansion into new sectors

With a view to offer the benefits of aluminum products to a broader range of consumers, UACJ's R&D activities are focusing on expansion into new sectors specified in UACJ Vision 2030—the lifestyle and healthcare, mobility, and environment and energy sectors. Applying technologies refined over more than a century since one of its founders established Japan's first private sector research laboratory in 1916, UACJ is working to develop innovative recycling technologies and new products with the goal of further increasing its intellectual capital.

Leveraging technological expertise to expand business areas

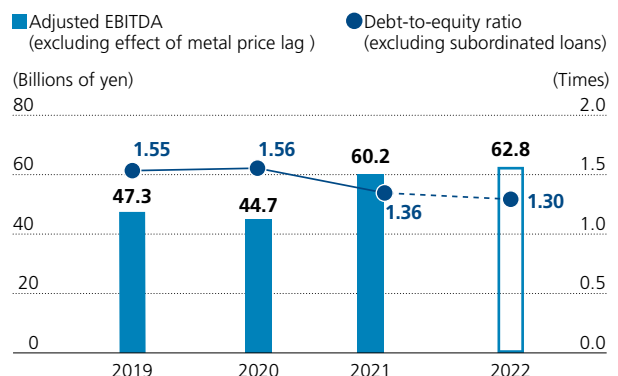


Improved financial structure

Aiming to continue meeting its responsibility as a world-class aluminum products supplier, UACJ implemented structural reforms to improve its financial structure

UACJ made large investments to boost the production capacity of its subsidiaries, Tri-Arrows Aluminum and UACJ (Thailand), in order to meet growing global demand for aluminum products. Returns on these investments were slower than anticipated, however, causing the Company's financial position to weaken. In response, UACJ initiated a series of structural reforms in fiscal 2019. As a result, the Company has increased earnings capacity and lowered its debt-to-equity ratio by using earnings to strengthen its financial structure.

Debt-to-equity ratio and adjusted EBITDA



**Harunobu Goro**

Executive Director and Analyst  
UBS Securities Japan Co., Ltd.



## Results of structural reforms establish credibility in the market and raise expectations for growth

Since October 2019, UACJ has been carrying out structural reforms aimed at increasing earnings capacity, reforming its financial structure, and strengthening management systems. These measures led to record-high sales and profits in fiscal 2021. Director and Executive Vice President Teruo Kawashima met with Harunobu Goro from UBS Securities Japan, one of UACJ's main institutional investors, to discuss how the Company is evaluated in capital markets and what investors expect going forward.

### Structural reforms are on track to contribute ¥21.0 billion in income after additional measures were stepped up in response to market changes

**Goro:** I think UACJ has changed since it initiated structural reforms. Therefore, I would like to ask you today about how the reforms progressed and what growth strategies will follow. Increasing earnings capacity was one of the main pillars of the reforms. Could you talk about that first?

**Kawashima:** To increase earnings capacity, we rationalized and optimized production in Japan, improved our product mix, and scaled down unprofitable businesses while generating returns on the large investments previously made in the United States and Thailand. All of these measures proceeded according to plan, for the most part, but we executed additional measures to speed up the progress of those that had been delayed. As a result, we are on track to achieving our goal of generating ¥21.0 billion in income from the structural reforms.

**Goro:** The reforms appeared to make smooth progress, but I am concerned about the current state of the global market. The automotive industry has been slow to resume production because

of semiconductor shortages and supply bottlenecks of parts.

Rising production costs in Japan due to the yen's dramatic decline and, consequently, much higher energy and raw material prices are also a cause of concern.

**Kawashima:** You are certainly right. We have been taking steps to deal with changes in the market, such as rapidly rising prices of aluminum alloy additives and energy. Specifically, we have introduced product pricing systems that reflect the fluctuating prices of these items, and customers have, for the most part, agreed to those conditions.

The UACJ Group supplies can stock and automotive parts to many companies, and although we have been affected by production slowdowns in the auto industry, demand for can stock has remained bullish. Since the Group's business is structured in this way, it is not seriously impacted overall by demand fluctuates in one specific market.

**Goro:** I see. I also understand that earnings capacity has improved, and one indicator you use to measure it is return on invested capital. It was around 2% before the structural reforms commenced, but rose to 11.1% in fiscal 2021. This increase was largely due to the effect of the metal price lag, so, as an investor, I



### Teruo Kawashima

Director, Executive Vice President in charge of group-wide financial affairs, corporate communications, and management strategies

am very interested in knowing how much it has actually improved.

**Kawashima:** We calculate return on invested capital based on operating income before taxes, and we are targeting 6% by fiscal 2023, the final year of our current mid-term management plan. At present, the amount of invested capital is high because the market price of aluminum increased sharply, but we still want to achieve this target. We began using return on invested capital as a performance indicator during our second mid-term management plan, but it wasn't widely understood in the Company. We have been actively explaining its significance throughout the Company over the past two and a half years as we implemented the structural reforms and our third mid-term management plan. Specifically, we report the amount of invested capital in each business and set hurdle rates for each business division, so that everyone clearly understands that when a certain amount of capital is invested, a specific amount of returns must be generated.

**Goro:** Besides return on invested capital, return on equity and the debt-to-equity ratio are used as key performance indicators.

**Kawashima:** Yes, in operational and financial management, we use return on invested capital to estimate the earnings capacity and capital efficiency of each business, and the debt-to-equity ratio as an indicator of the strength of the Company's financial position. By strictly managing results for both, we can increase return on equity. From that standpoint, all three performance indicators are vital for management.

### Expansion of manufacturing plants overseas has greatly increased the Group's ability to generate cash over the long term

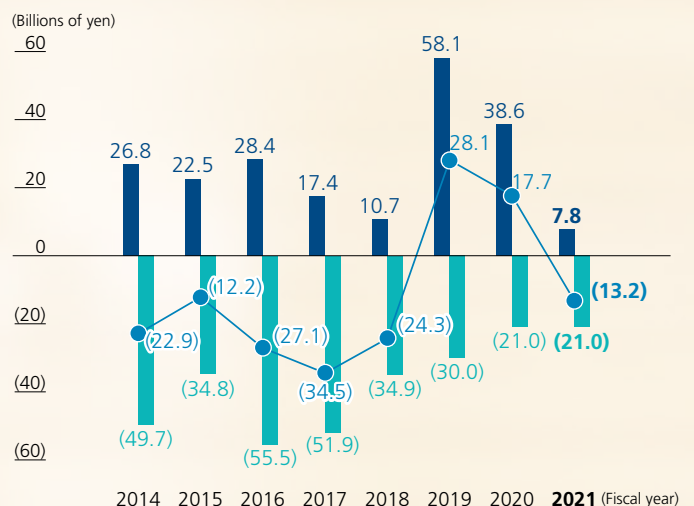
**Goro:** Next, I would like to know how you have been reforming the financial structure. Since the structural reforms were initiated,

free cash flow turned positive as large investments were largely completed, and the debt-to-equity ratio also improved. In fiscal 2021, however, steeply rising prices of aluminum and other raw materials required large amounts of working capital, resulting in negative free cash flow. More than a few investors feel uneasy about this, given UACJ's financial position in the past and market sentiment going forward. How would you respond to them?

**Kawashima:** Because of how operations are structured in the manufacturing industry, time may be needed for capital investment to be reflected in cash flow. An especially long time elapsed, however, for our investment in new manufacturing facilities in Thailand to be reflected. During that lag, we initially planned to have our domestic operations cover UACJ (Thailand)'s losses, but the trade war between the U.S. and China negatively impacted our business in Japan. Consequently, the negative cash flow greatly

#### Cash flows

■ Net cash provided by operating activities ■ Net cash (used in) investing activities ● Free cash flow



weakened the Company's financial position.

Nevertheless, by expanding the scale of operations through proactive capital investment, we greatly increased the scale of cash flow that can be generated by the Group. When UACJ was established through merger in 2013, earnings before interest, taxes, depreciation and amortization was around ¥30 billion. Now it is over ¥60 billion, and we expect it to reach ¥70 billion in the near future. This growth is the result of expanding the scale of operations along with improvements in the cost structure.

As of March 31, 2022, the debt-to-equity ratio stood at 1.36, and we have been making steady progress towards our targets of 1.3 by the end of fiscal 2022 and 1.2 by the end of the current mid-term management plan.

**Goro:** Indeed, the large investments made since UACJ's establishment appear to have produced big results.

**Kawashima:** Once aluminum rolling equipment is up and running, although some investment will be needed later for periodic maintenance, profits can be generated for many years. Rather than simply entering a phase of recovering past investments, I think we have established powerful means for continually generating earnings over the long term. As you pointed out, the Company posted negative free cash flow of ¥13.2 billion in fiscal 2021, with operating cash flow coming in at less than ¥8 billion due to increases in working capital. Nevertheless, as recorded in the cash flow statements, the Company repaid a substantial amount of long-term loans totaling about ¥32 billion more than proceeds from long-term loans.

Free cash flow was negative until fiscal 2018 due to large-scale capital investment, but with the completion of that investment, the expanded scale of operations resulted in more operating cash flow. This enabled the Company to generate free cash flow, which will provide a source of funds for strengthening the Company's financial position and investing in growth strategies in the future. I expect the Company's market cap to increase as a result.

**Goro:** So, rather than analyzing short-term fluctuations in free

cash flow, which can be substantially affected by aluminum prices, you would like investors to focus on UACJ's ability to generate cash over the long term.

**Kawashima:** That's right. We have laid the groundwork for steadily generating cash over the long term, providing a source of funds for strengthening the Company's financial position. That was the biggest achievement of the large investments in the past and the more recent structural reforms.

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### Improvements to the performance-linked remuneration system keep management focused on results

**Goro:** Strengthening management systems was another pillar of the structural reforms. I understand that the Company's corporate governance system has been streamlined.

**Kawashima:** Yes, the number of executive officers was reduced by more than half. Consequently, reaching a consensus in deliberations has been much smoother, and we are able to have more in-depth discussions. Furthermore, to select candidates for director and auditor positions, we specified what skills and experience are needed for their roles in management supervision, and considered which skills are ideal in the process of creating a skill matrix. As a result, our management team now has a diverse range of expertise, skills, and experience, and deliberations by the Board of Directors have become very dynamic.

**Goro:** Various changes were also made to the officer remuneration system, right?

**Kawashima:** Yes, the ratio of performance-linked remuneration was increased, and total shareholder return was included as a basis for calculating officer remuneration in order to align management and business execution with the interests of shareholders and investors. Moreover, to speed up efforts to promote sustainability, the achievement level of non-financial targets linked to each of our materiality issues has been reflected in officer remuneration.

**Goro:** Investors are now paying close attention to changes in management engagement. They also expect regular disclosure of unambiguous information regarding efforts to improve the efficacy of the Board of Directors.

**Kawashima:** The efficacy of the Board of Directors is periodically evaluated, and a third party is also involved in this process. The evaluation results have indicated steady progress each time. In the future, I would like such corporate governance information to be disclosed in a straightforward manner.



## Meeting market expectations and building credibility with concrete action plans in addition to ambitious roadmaps and targets

**Goro:** I understand that the structural reforms have produced steady results. I think the next thing investors will focus on is the growth strategies you pursue after the reforms and current mid-term management plan are completed. Could you tell me about your plans for growth investment in the future?

**Kawashima:** We expanded production capacity through substantial investment in Thailand, the United States, and Japan, so our plan from now is to maximize this capacity. Demand for can stock is growing rapidly in North America, in particular, and Tri-Arrows Aluminum's rolling mills are already operating at full capacity, so we will invest in further capacity expansion there. The scale of that investment, however, will not be as large as the prior investment because manufacturing plants have already been constructed, so they would only need to be expanded.

**Goro:** Maintaining a sound balance between future investment and financial discipline is necessary, of course, but disclosing information about when the investment is expected to be recovered is also important. By doing this effectively, UACJ could really build up credibility in the market.

**Kawashima:** We do not plan to construct any new factories from the ground up, as we did in the past, so the amount of future growth investment will not be as substantial, and generating returns will not take such a long time. In Japan, the U.S., and Thailand, the Group has a total of five hot rolling mills, and they still have available capacity. If we expand capacity of finishing and processing facilities in response to growing demand, providing clear information on the timing of returns should certainly be possible, in my opinion. Now that the Company is generating over ¥60 billion in earnings before interest, taxes, depreciation and amortization, I think the level of cash flow will allow it to both strengthen its financial position and carry out strategic investment.

**Goro:** I would also like to ask you about the Group's recycling and solutions businesses. UACJ is taking the lead in the industry through these businesses, and if they are successful, UACJ's market cap and shareholder value should also go up.

**Kawashima:** The recycling and solutions businesses are important for our business strategies going forward. The collection and recycling of used aluminum cans emits 97% less CO<sub>2</sub> than virgin aluminum smelting. Aluminum can be recycled practically endlessly, so raw materials need to be mined just once. Therefore, aluminum increases value from both an environmental and economic perspective. In our solutions business, too, we will



actively add new value to products by making the most of aluminum's beneficial properties.

**Goro:** In the future, all companies will have to contribute to sustainable economic growth. In my opinion, we may need new indicators for measuring the value of companies, such as added value per unit of CO<sub>2</sub> emissions. I think aluminum has great potential from such an environmental standpoint. If investment in closed-loop recycling and the development of value-added products lead to future growth drivers, my interest would be peaked and my expectations raised. Do you intend to set specific goals for these initiatives in the next mid-term management plan?

**Kawashima:** We will begin discussing our next mid-term management plan, which will commence in April 2024, at a later date, and, of course, specific goals will be set for our initiatives. Compared to when we formulated our current mid-term management plan, the Company's earnings capacity has increased markedly and demand for can stock in North America has risen substantially. People are also much more interested in resource recycling as a means to address environmental problems. In light of these changes in our operating environment, and based on our long-term roadmap, UACJ Vision 2030, I think the next mid-term management plan will focus on how the Group's increased production capacity, and its ability to generate cash over the long term can be effectively utilized to achieve sustainable business growth.

**Goro:** Investors are not only interested in ambitious roadmaps and targets—they pay attention to concrete action plans and their feasibility. In this regard, UACJ revised its action plans and quickly implemented additional measures in response to market changes after its structural reforms and current mid-term management plan had commenced. Management's ability to execute its plans appears to have markedly improved compared with the past.

**Kawashima:** I appreciate your observation. When we were carrying out the structural reforms, we continually engaged in discussions about how to achieve various targets, verify progress, and execute related measures. I believe this was one of the successes of the reforms. As a result, despite big changes caused by the COVID-19 pandemic, which started soon after we launched the reforms, we were able to execute every measure generally in line with our plans.

**Goro:** I look forward to seeing your plans put into action in the future.

# Evolution of UACJ's Mid-term Management Plans

Major achievements and new challenges since the first plan launched in fiscal 2015

Working to accomplish ambitious targets by 2030

	First Mid-term Management Plan (FY2015-2017)	Second Mid-term Management Plan (FY2018-2020)
Main objective	Establish a global supply network amid rapidly rising demand for aluminium products worldwide	Leverage expanded production capacity to meet demand worldwide as a global player
Operating environment and challenges	<ul style="list-style-type: none"> <li>Demand for aluminium cans and foil increased rapidly amid rapid economic growth in Asia and the Middle East</li> <li>Demand for aluminium auto and aircraft parts increased amid efforts to reduce vehicle and aircraft weight by manufacturers, particularly in the U.S. and Europe</li> </ul>	<ul style="list-style-type: none"> <li>Demand for aluminium products grew globally                             <ul style="list-style-type: none"> <li>Aluminum can stock demand rose mainly in Australia, China, and other Asian countries</li> <li>The shift to lighter cars and EVs drove up demand for aluminum auto body parts in North America</li> </ul> </li> <li>Financial results were far short of previous targets                             <ul style="list-style-type: none"> <li>Sales volume had declined and energy costs rose steeply</li> </ul> </li> <li>The Company's financial position worsened                             <ul style="list-style-type: none"> <li>Interest-bearing debt had increased due to rising costs for starting up new operations</li> </ul> </li> </ul>
Basic strategies and major policies	<ul style="list-style-type: none"> <li>Bolster operations in Asia and other growth regions, and expand product lineups for growing industries, including the automotive, transport, and energy industries</li> <li>Integrate technologies and optimize production in each business</li> <li>Improve advanced basic research and make use of the Company's wealth of accumulated technologies to develop new technologies and products</li> </ul>	<ul style="list-style-type: none"> <li>Continue focusing on the growing automotive industry and growth markets in Asia and North America</li> <li>Steadily generate returns on past investments</li> <li>Increase capital efficiency with an emphasis on ROIC</li> <li>Promote shared principles of conduct as the UACJ Way</li> </ul>
Key achievements	<ul style="list-style-type: none"> <li>Established a global supply network for can stock based in Japan, Thailand, and the U.S.</li> <li>Established a supply network for automotive parts in the U.S. and Mexico</li> <li>Optimized production facilities, thereby contributing ¥11 billion in earnings</li> <li>Centralized R&amp;D at Nagoya Works and made progress in developing new products and next-generation core technologies</li> </ul>	<ul style="list-style-type: none"> <li>Completed a three-country by supply network boasting world-class production capabilities</li> <li>Streamlined the Group's business portfolio</li> <li>Rationalized production in Japan</li> <li>Achieved positive free cash flow</li> <li>Slimmed down management</li> <li>Substantially reduced the number of full-time directors and executive officers</li> </ul>
Remaining challenges	<ul style="list-style-type: none"> <li>Financial results fell far short of the plan's targets                             <ul style="list-style-type: none"> <li>Sales volume dropped and energy costs rose steeply</li> </ul> </li> <li>The Company's financial position worsened                             <ul style="list-style-type: none"> <li>Interest-bearing debt increased due to rising costs for starting up operations</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Slower than expected returns on large-scale capital investments                             <ul style="list-style-type: none"> <li>Sluggish profitability of UATH (Thailand), UACJ Automotive Whitehall, and Fukui Works</li> </ul> </li> <li>Worsening business results and financial position                             <ul style="list-style-type: none"> <li>Dramatically changing market conditions due to the U.S.-China trade war and COVID-19 pandemic</li> <li>Declining earnings capacity following management's slow response to changing market conditions</li> </ul> </li> </ul>

**Third Mid-term Management Plan**

(FY2021-2023)

Complete structural reforms and position the Group for future growth and the success of UACJ Vision 2030

- Market demand for aluminium products is booming worldwide
  - Economic growth in emerging countries is driving increases in purchasing power and demand
  - Global demand for aluminium can stock is growing, particularly in North America
  - The Japanese market is shrinking as anticipated due to population decline
- The need for environmentally friendly materials is growing
  - Demand for plastic alternatives and recycling is rising
  - Demand for aluminium automotive parts is growing amid fuel efficiency regulations and rapid shift to EVs
  - Global ESG- and SDG-related initiatives are gaining momentum
- Technological innovation is advancing rapidly
  - The mobility revolution is creating new applications for materials
  - Innovation in digital technology is transforming business models
- Weak financial structure
  - Interest-bearing debt has been increasing following sluggish returns on prior investments

- Complete structural reforms
  - Raise earning capacity
  - Improve the financial structure
  - Strengthen management systems
- Strengthen foundations for growth
  - Add more value to products
  - Focus on growth markets and industries
  - Create new businesses
  - Strengthen business foundations
- Promote global sustainability
  - Contribute to solving issues related to climate change

To be summarized after the plan is completed

To be summarized after the plan is completed

**Fourth Mid-term Management Plan**

(FY2024-2026)

Lay a path for accomplishing the goals of UACJ Vision 2030

To be drafted in FY2023

To be drafted in FY2023

To be drafted in FY2023

To be drafted in FY2023

**UACJ VISION 2030**

- Provide products that contribute to societal development by capturing demand in growing industries and markets
- Enhance aluminium materials in the supply and value chains to bring economic benefits to communities worldwide
- Develop all-new products and business models that offer solutions for challenges facing society
- Lower environmental impact by reducing CO<sub>2</sub> emissions across product lifecycles

**Financial targets**

Net sales

¥800 billion

Operating income margin

6%

Return on equity

10%

Return on invested capital  
(Calculated based on operating income before taxes)

10%

**Non-financial targets**

Scope 1 and 2  
CO<sub>2</sub> emissions

30% reduction compared with FY2019  
(Tons of CO<sub>2</sub> equivalent per ton of products manufactured)

**Our Vision**

Aluminium is our passion. It inspires our work in building a better world and a healthier environment.

# Aiming to achieve the objectives of the mid-term management plan and complete structural reforms to enable swift responses to changes in the operating environment

## Third Mid-term Management Plan

### Complete structural reforms and position the Group for future growth and the success of UACJ Vision 2030



#### Major Policies

#### 1 Complete structural reforms

- Increase earnings capacity
- Improve the financial structure
- Strengthen management systems

Page 33: Accelerating additional measures to generate ¥21 billion in income

#### 2 Strengthen foundations for growth

- Add more value to products
- Focus on growth markets and industries
- Create new businesses
- Strengthen business foundations

Page 35: Meeting growing global demand for aluminum can stock  
Page 37: Helping the auto industry become carbon neutral

#### 3 Promote global sustainability

- Contribute to solving issues related climate change

Page 39: Dialogue with outside directors  
Page 49: Combatting climate change

Fiscal 2021 was the first year of the Company's third mid-term management plan. With a view to position the Group for the success of its long-term roadmap, UACJ Vision 2030, management has specified three major policies of the plan: complete structural reforms, strengthen foundations for growth, and promote global sustainability.

The completion of structural reforms has proceeded mostly according to plan. The goal to generate ¥21 billion in income from the reforms, however, has been set back due to delays in rationalizing production in Japan caused by the COVID-19 pandemic. Nevertheless, additional measures are being stepped up to ensure the goal is achieved.

To strengthen foundations for growth, UACJ has established an international supply network based in Japan, the United States, and Thailand to meet robust demand for aluminum can stock, which it has designated as a growth industry. As key members of this network, Tri-Arrows Aluminum and UACJ (Thailand) have posted record-high sales volume. To

manufacture and supply aluminum automotive parts, also positioned as a growth industry, the Company has expanded operations at UACJ Automotive Whitehall Industries to enable it to promptly respond to demand, which is projected to grow in the future.

To promote global sustainability, the Company regards its response to climate change as a priority issue. The entire UACJ Group is committed to reducing Scope 1 and 2 CO<sub>2</sub> emissions by 30%\*<sup>1</sup> by fiscal 2030, and will strive to become carbon neutral by 2050. The Company has joined the Aluminium Stewardship Initiative, and endorsed the recommendations of the Task Force on Climate-related Financial Disclosures. Furthermore, the Group is taking a central role in facilitating aluminum product recycling by accelerating efforts to set up scrap aluminum collection systems and promoting advances in recycling technology.

\*<sup>1</sup> UACJ calculates CO<sub>2</sub> emissions based on formulas used in the Sixth Strategic Energy Plan published by Japan's Ministry of Economy, Trade and Industry in 2021.



## Financial targets

In fiscal 2021, the Company posted record-high consolidated net sales, operating income, and ordinary income. The Group's ability to respond to the growing adoption of aluminum in various manufacturing industries amid rising environmental awareness, along with the positive effect of its structural reforms on earnings and the favorable impact of the metal price lag contributed to these results. Moreover, it has already achieved

many financial targets for fiscal 2023, the final year of the current mid-term management plan. In fiscal 2022, while the impacts of steeply rising prices of aluminum, energy, and alloy additives on financial results are a matter of concern, the Group has been swiftly responding with proactive measures, such as introducing systems for reflecting these rising prices in product prices, to ensure that its financial structure continues to improve.

	Fiscal 2021 results	Fiscal 2022 forecast	Fiscal 2023 targets
Net sales	¥782.9 billion	¥940.0 billion	¥700.0 billion
Operating income	¥59.5 billion	¥31.0 billion	¥30.0 billion
Operating income margin	7.6%	3.3%	4.2%
Ordinary income	¥52.3 billion	¥25.5 billion	¥25.0 billion
Debt-to-equity ratio (excluding subordinated loans)	1.36 times	1.30 times	1.2 times or less
Return on equity	14.1%	6.7%	7.5%
Return on invested capital*2	11.1%	5.5%	6.0%

\*2 Formula: operating income before taxes ÷ (shareholder's equity + interest-bearing debt – cash and deposits, each calculated as the average of the respective amounts at the beginning and end of the fiscal year)

## Non-financial targets

In its mid-term management plan, the Company has set non-financial targets for performance indicators falling under six material issues. Among these issues is the Group's response to climate change, for which it is aiming to reduce Scope 1 and 2 CO<sub>2</sub> emissions by 30% by fiscal 2030, with a commitment to achieving carbon neutrality by 2050. Various initiatives have

been making progress, including human rights due diligence at two of the Group's main manufacturing plants. The Group regularly revises its targets in order to make further progress for each material issue. With respect to occupational health and safety, for example, it will strive to decrease the frequency of workplace accidents below the initial target.

Six material issues	Performance indicators	Fiscal 2021 results	Fiscal 2023 targets
Response to climate change	Reduction of CO <sub>2</sub> emissions compared with the level in fiscal 2019	Medium- and long-term targets were set by UACJ's Climate Change Countermeasures Steering Committee	Set targets for Scope 1 and 2 emissions with a view to achieve carbon neutrality
Product quality assurance	Number of serious quality defects	4	No more than one
	Number of customer complaints due to the fault of materials	19.9% fewer complaints than in fiscal 2020	10% fewer complaints than in the previous fiscal year
Occupational health and safety	Number of serious workplace accidents	Zero	Zero
	Frequency of workplace accidents resulting in injury or death per million work hours*3	0.25	0.25
Respect for human rights	Goals to be set based on results of due diligence, and an action plan to be carried out	Due diligence executed at two manufacturing plants (Fukui Works and Rayong Works)	Execution of due diligence at four manufacturing plants (Fukui Works, Rayong Works, and two other plants)
	Percentage of employees and officers that participate in 1) a training program covering codes of conduct and human rights, and 2) a training program on harassment	1) 90% 2) 100%	1) 96% 2) 100%
Diversity and equal opportunity	Percentage of women in management positions (including directors and officers) in Japan	2.2%	4%
Human resources development	Percent of successor candidates appointed to management positions	100% of candidates appointed to the rank of section manager or above at UACJ Corporation	Extend target to group companies in Japan
	Number of children and young people who participate in educational events held by UACJ as part of its education and sports programs for youth	446	800 per year

\*3 The frequency of workplace accidents is calculated by multiplying the combined number of serious workplace injuries and deaths (including those that did not result in a suspension of operations) by one million and dividing the resultant amount by the total hours worked in the fiscal year.

## Aiming to contribute ¥21.0 billion in ordinary income through structural reforms by accelerating additional measures

Since October 2019, the UACJ Group has been carrying out a set of structural reforms aimed at increasing earnings capacity, reforming the financial structure, and improving management systems. The reforms were designed to contribute ¥21.0 billion to consolidated ordinary income by the end of fiscal 2022 (March 31, 2023) compared with the amount posted in fiscal 2018 (ended March 31, 2019). In May 2021, when the Group launched its third mid-term management plan, the targeted contribution of the reforms was downwardly revised to ¥18.5 billion. This was due to the impact of the COVID-19 pandemic, specifically delays in




product releases and sales plans among customers, as well as slow progress in rationalizing production, which was intended to optimize the product mix and raise productivity in the Flat Rolled Products and Extrusion businesses. Maintaining its commitment to the initial target of ¥21.0 billion, however, the Group accelerated additional measures to achieve it, including revising processing fees, reducing costs across manufacturing and sales operations, promoting sales of value-added products, and further optimizing the product mix. Thanks to these efforts, the target appears within reach by the end of fiscal 2022.

### Main objectives, measures, and progress of structural

◎Almost completed ○Still underway

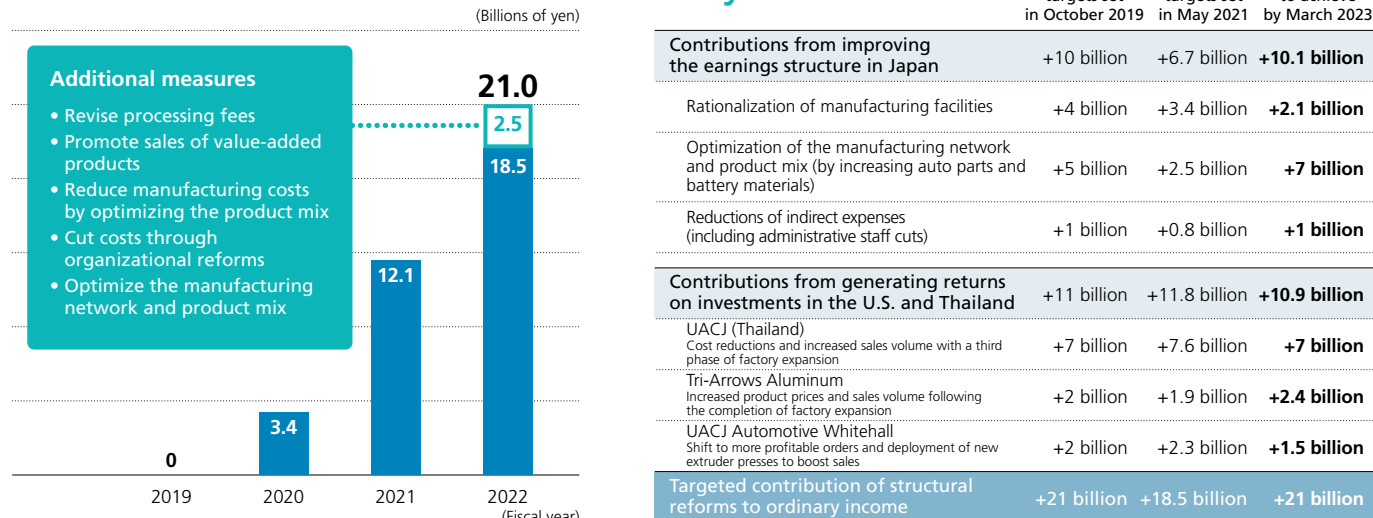
#### Main objectives and measures

#### Progress

<b>Increase earnings capacity</b>	<ul style="list-style-type: none"> <li>Lower the breakeven point to generate more earnings regardless of changes in the operating environment</li> <li>Capture demand in growing markets and maximize earnings by fully utilizing expanded production capacity</li> </ul>	▶	 <ul style="list-style-type: none"> <li>Expecting to lower the breakeven point to an index value of 90 in FY2022 from the base value of 100 as of March 31, 2020</li> <li>Contribution of structural reforms to ordinary income is approaching the target of ¥21.0 billion</li> <li>On track to completing the rationalization of domestic manufacturing facilities and optimizing production in fiscal 2022</li> </ul>
<b>Reform the financial structure</b>	<ul style="list-style-type: none"> <li>Carefully select investment targets</li> <li>Reduce inventories</li> <li>Prioritize cash flow and capital efficiency in management</li> </ul>	▶	 <ul style="list-style-type: none"> <li>Expecting to reduce the debt-to-equity ratio*1 to 1.30 by March 31, 2022 from 1.56 as of March 31, 2020</li> <li>Reducing the total amount of long-term loans</li> </ul>
<b>Strengthen management systems</b>	<ul style="list-style-type: none"> <li>Improve risk management</li> <li>Invest in IT systems to streamline administrative processes and raise back-office efficiency</li> <li>Reorganize the management structure</li> </ul>	▶	 <ul style="list-style-type: none"> <li>Reduced the number of directors and executive officers</li> <li>Deployed a skills matrix to clarify the diversity and expertise of directors and officers</li> <li>Assessed the effectiveness of the Board of Directors and the Audit &amp; Supervisory Board</li> <li>Broadened performance-linked remuneration by integrating total shareholder return and non-financial indicators</li> </ul>

\*1 The debt-to-equity ratio includes subordinated loans

### Contribution of structural reforms to ordinary income

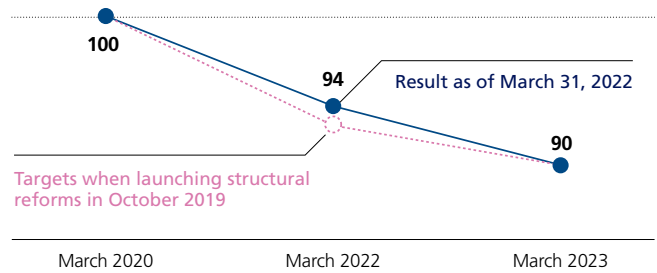


## Main measures for increasing earnings capacity

Although the production of some products for customers was late during the COVID-19 pandemic, UACJ will largely complete the rationalization of its manufacturing facilities in Japan by March 2023, and looks forward to deploying an optimized manufacturing network going forward. It also steadily reduced the breakeven point of its domestic Flat Rolled Products Business from an index value of 100 as of March 31, 2020, to 94 as of March 31, 2022, and expects to achieve its target of 90 by March 2023. In accordance with plans, UACJ has been generating substantial returns on its capital investments in the U.S. and Thailand while selling off and withdrawing from non-profitable and non-core businesses. As a result of these initiatives and additional structural reforms launched in fiscal 2021, the Company's earnings capacity has steadily increased.

### Progress in lowering the breakeven point

Index value of 100 representing the breakeven point as of March 31, 2020

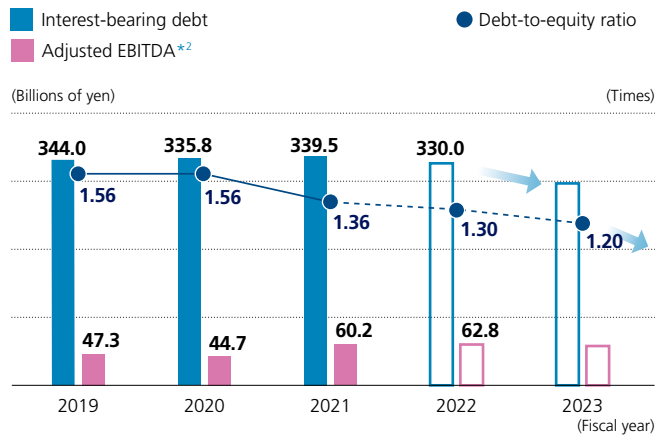


## Main measures for reforming the financial structure

Aiming to improve its financial position, which had weakened following a series of large-scale investments, UACJ has been focusing on carefully selecting investment targets, reducing inventories, and prioritizing cash flow and capital efficiency in operational management. In fiscal 2021, however, free cash flow turned negative as soaring market prices of aluminum required substantial increases in working capital. Nevertheless, earnings capacity steadily improved, as indicated by increases in adjusted earnings before interest, taxes, depreciation and amortization (EBITDA)\*2, which grew from ¥44.7 billion in fiscal 2020 to ¥60.2 billion in fiscal 2021, and is forecast to reach ¥62.8 billion in fiscal 2022. Having significantly improved earnings, the Company has steadily increased its shareholders' equity, the source of a stronger financial position, and reduced its debt-to-equity ratio from 1.56 to 1.36 as of March 31, 2020 and 2021, respectively.

\*2 Adjusted EBITDA excludes the effect of the metal price lag

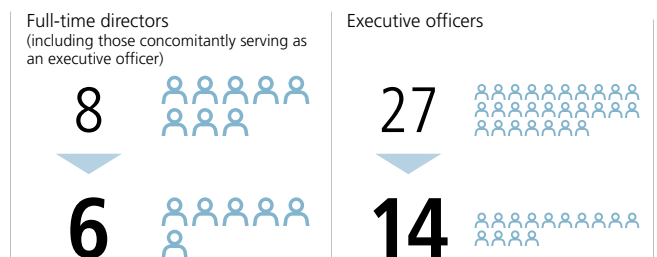
### Results and forecasts for key indicators



## Main measures for improving management systems

In fiscal 2020, with a view to increase the speed of management decision-making and clarify responsibilities and authority, UACJ reduced the number of its full-time directors from eight to six, thereby increasing the percentage of independent outside directors on its Board to 40%, and reduced the number of executive officers from 27 to 14. With the goal of continually enhancing its value going forward, UACJ will take steps to strengthen its corporate governance by facilitating information sharing between the Board of Directors and Nomination and Remuneration Advisory Committee, and having management engage in more comprehensive deliberations on the Group's medium- to long-term direction.

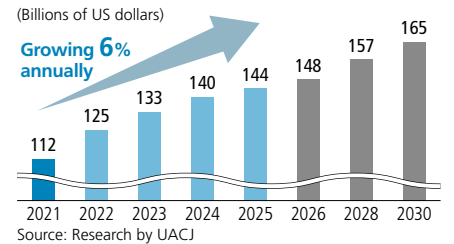
### Reductions in directors and officers following structural reforms



## Continuing to meet growing global demand for aluminum can stock

Due to their excellent recyclability, aluminum cans have been increasingly regarded as environmentally friendly beverage containers by consumers in recent years. Consequently, demand for flat-rolled aluminum can stock has been on the rise around the world. UACJ is making the most of its international manufacturing network based in three countries—Japan, Thailand, and the United States—to meet this robust global demand. In each of these countries, the UACJ Group is also working to set up can-to-can recycling systems with the goal of reducing environmental impacts by recycling as many aluminum cans as possible.

Sales of aluminum for beverage containers in the United States



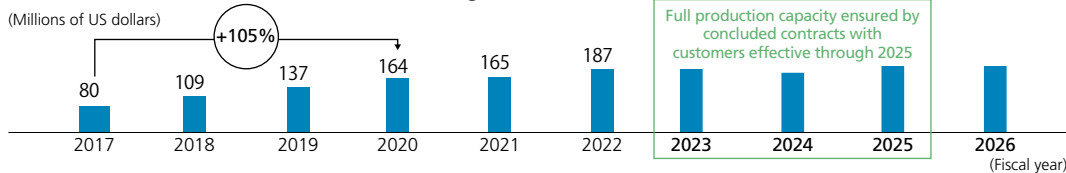
### Can stock production

### The UACJ Group is leveraging its three-country manufacturing network to meet growing demand, particularly in North America

Anticipating growing demand for aluminum can stock in the North American market, UACJ has been proactively investing in its U.S.-based subsidiary, Tri-Arrows Aluminum Inc., to expand its manufacturing facilities. In addition to boosting production capacity, the investment has also led to lower production costs and higher recycling rates. As a result, Tri-Arrows Aluminum has posted record-high sales and profits, and doubled its earnings before interest, taxes, depreciation and amortization (EBITDA) in fiscal 2021 compared with the fiscal 2017 result.

Tri-Arrows Aluminum cannot meet the demand on its own, so UACJ and UACJ (Thailand) Co., Ltd., have also been supplying can stock to the North American market. Besides this market, UACJ (Thailand) has been meeting strong demand for can stock in Thailand, South America, Southeast Asia, and Oceania. As a result, it recorded profits and record-high sales volume in fiscal 2021.

Tri-Arrows Aluminum's EBITDA results and targets



Can stock production



### Looking to invest in new production capacity to tap growing demand in the North American can stock market

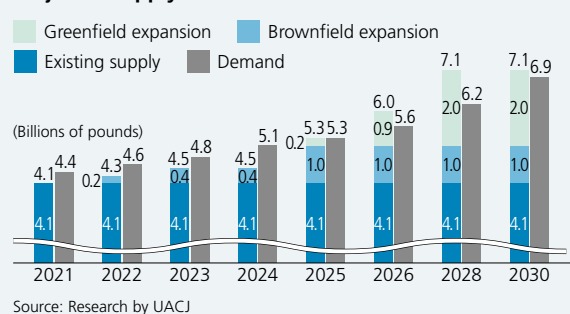
In North America, consumers are driving up growth in demand for aluminum beverage cans today. Amid growing interest in the environmental impact of disposable containers in recent years, many consumers prefer container materials that help protect the environment. As a result, aluminum cans are now regarded as a premium package because they can be recycled endlessly, and, therefore, are being used as containers for many new products. Demand for aluminum can stock is projected to rise considerably through to 2030, but the balance of supply and demand is expected to even out by that year following steady investment in production capacity by can manufacturers in North America. To ensure that Tri-Arrows Aluminum captures this growing demand, we are looking to invest in new facilities to boost production capacity over the medium and long terms.

### Henry Gordinier

President and CEO  
Tri-Arrows Aluminum Inc.



Projected supply and demand of can stock in the U.S.



Can recycling

### Helping establish recycling systems with governments and manufacturers in the ASEAN region

Aiming to reduce environmental impacts in Thailand, UACJ (Thailand) is participating in an aluminum can recycling project called Can to Can Journey, which involves the Thai government and domestic industry players, including major can manufacturers and food and beverage producers. As part of the project, UACJ (Thailand) will put more aluminum can melting furnaces into operation by fiscal 2024. Through the operation of these specialized new furnaces, the country's aluminum can recycling rate is expected to increase markedly going forward. Besides Thailand, the project also aims to expand can recycling in Vietnam and other neighboring ASEAN countries, where aluminum cans are increasingly been used.



UACJ (Thailand) participated in the Can to Can Journey project's signing ceremony in December 2021



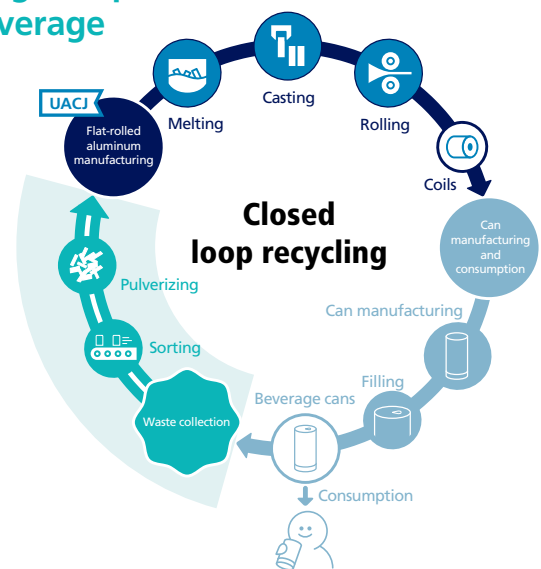
Thailand's Minister of Natural Resources and Environment speaking about the project in November 2020



Can recycling

### To expand can-to-can closed-loop recycling in Japan, UACJ is seeking ways to process used beverage cans through industry collaboration

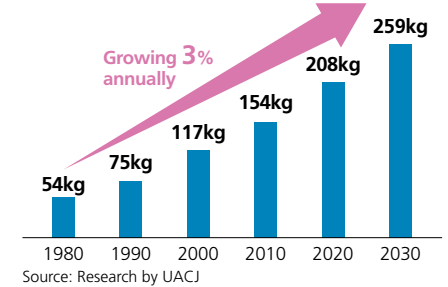
UACJ is aiming to facilitate can-to-can recycling and raise the closed-loop recycling rate in Japan with a view to help reduce environmental impacts and lower CO<sub>2</sub> emissions over the product lifecycle of aluminum cans. Toward this end, UACJ has been exploring ways of accelerating the establishment of a domestic aluminum can recycling system in collaboration with Yamaichi Metal Corporation, recognizing that progress towards a circular economy can help drive the country's sustainability.



## Providing steady support to the automotive industry as it pursues carbon neutrality

Automobiles are a major source of greenhouse gas emissions, and the auto industry is dealing with stricter fuel efficiency regulations and increasingly serious efforts to realize carbon neutrality. Therefore, the world's automakers are now competing to improve the mileage and cruising range of their cars, and to develop and promote electric, hybrid, and plug-in hybrid vehicles. Aluminum is an essential material for enhancing the environmental performance of cars because it contributes to reducing vehicle weight. To ensure a dependable supply of aluminum for diverse applications, including body panels, structural components, and battery parts, UACJ has established a manufacturing network led by its manufacturing plant in Japan, Fukui Works, and subsidiary in the United States, UACJ Automotive Whitehall Industries, Inc.

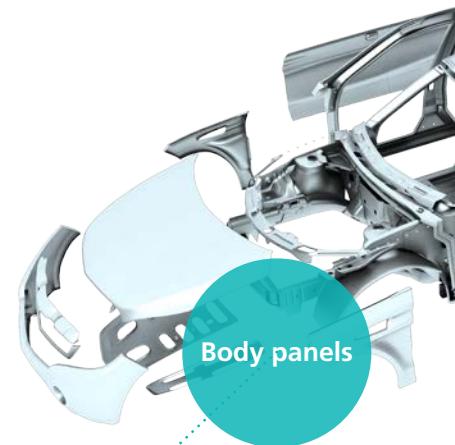
Weight of aluminum used per passenger vehicle in North America



### Adoption and benefits of aluminum auto parts

<b>Emerging trends</b>	Although orders for aluminum used in engine blocks is forecast to decline, the adoption of aluminum for motor housings and battery casings of battery electric vehicles is on the rise	The adoption of aluminum for doors, hoods, and chassis is projected to increase in the future
<b>Key drivers of trends</b>	<b>Electrification</b>	<b>Sustainability initiatives</b>
<b>Benefits of using aluminum</b>	Improves fuel efficiency and cruising range by reducing vehicle weight Improves running performance and extends vehicle life by allowing the vehicle's center of gravity to be lowered	
	Reduces environmental burdens by enabling recycling at existing facilities (casted and flat-rolled products recycled as casted components)	Reduces environmental burdens by enabling closed-loop recycling (flat-rolled products recycled as flat-rolled components)

Source: Compiled by UACJ based on information from the Japan Aluminium Association and other public sources

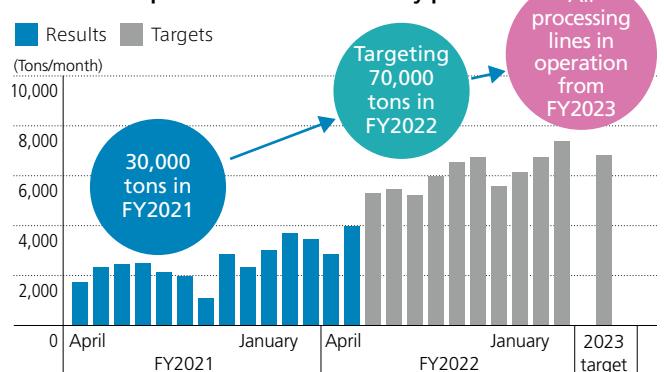


### Body panels

## Anticipating growing demand for automotive body panels, Fukui Works is preparing for full operations of its automotive panel production lines

Recognizing how aluminum auto parts contribute to improving vehicle fuel efficiency and the cruising range of electric vehicles, UACJ anticipates growing demand for these materials going forward. Accordingly, it recently installed large-scale automotive panel production lines at Fukui Works, and concentrated the production of these products at this facility after previously manufacturing them at Nagoya Works and Fukaya Works. The new lines have already begun operating, and verification by customers has largely been completed following some delays due to the COVID-19 pandemic. Fukui Works is on track to producing about 70,000 tons of aluminum auto parts in fiscal 2022, in line with plans, and looks forward to reaching full capacity in fiscal 2023.

Fukui Works' production volume of Body panels

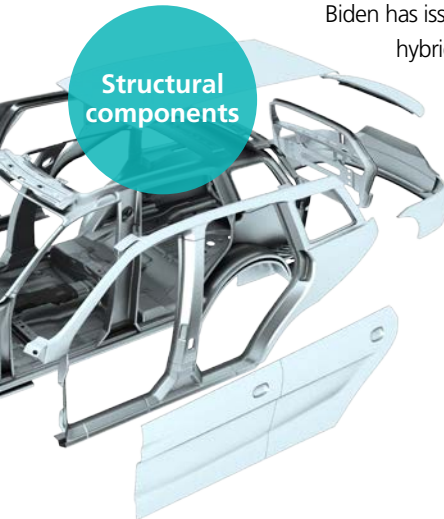
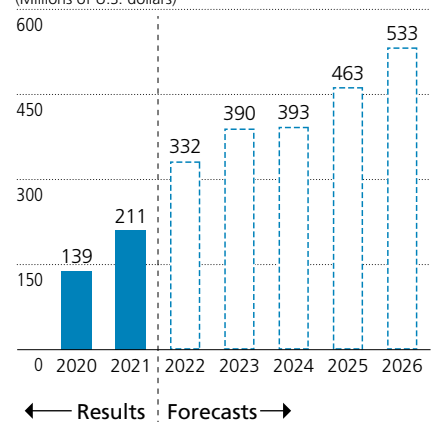


Structural components

## Backed by proactive capital investment, UACJ Automotive Whitehall is meeting growing demand for automotive structural components in North America

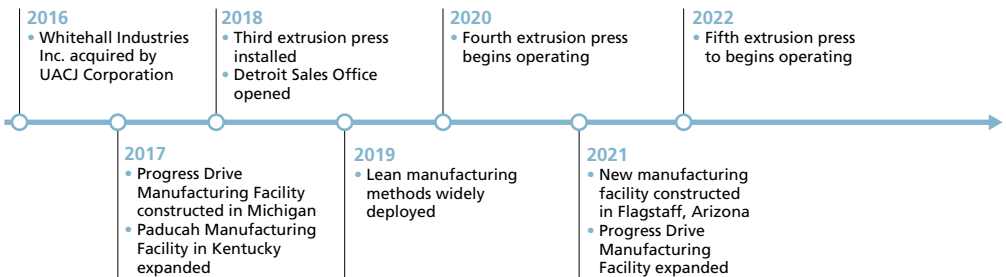
Since joining the UACJ Group in April 2016, UACJ Automotive Whitehall has increased its production capacity following proactive capital investment, deployed more advanced extrusion and forming technologies, automated production processes, and adopted stricter quality controls. As a result, the company has steadily increased net sales while securing large numbers of orders from new customers, including major Japanese automakers and emerging EV manufacturers. In the United States, President Biden has issued an executive order that aims to have electric, plug-in hybrid, and fuel cell vehicles account for over half of new car sales by 2030. Therefore, demand for aluminum structural components is bound to rise in line with the widespread adoption of EVs going forward. In preparation, UACJ Automotive Whitehall has begun operating a new production facility in Arizona and plans to further expand the production capacity of its other facilities to capture demand in the North American market.

**UACJ Automotive Whitehall's net sales results and forecasts**  
(Millions of U.S. dollars)



Structural components

### UACJ Automotive Whitehall's expansion since joining the UACJ Group



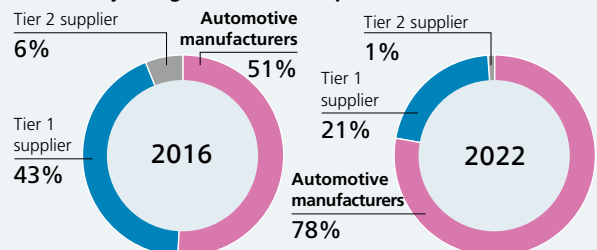
### Applying world-class technologies to manufacture aluminum structural components as a Tier 1 supplier

Since joining the UACJ Group in 2016, UACJ Automotive Whitehall Industries has evolved beyond producing automotive sunroof tracks, as a Tier 2 supplier to manufacturing a diverse range of aluminum structural components for many automakers as a Tier 1 supplier. The company has won many new orders and acquired numerous certifications from automakers, attesting to its world-class production technologies, high productivity, consistent quality, and advanced supply systems. Aiming for sustainable growth in the North American market, we are working to further refine our production technologies and boost supply capacity while continuing to build trust with automobile manufacturers.

**David Cooper**  
President and CEO  
UACJ Automotive Whitehall Industries, Inc.



**Percentage of sales volume by supplier status before and after joining the UACJ Group**



Dialogue between an outside director and executive in charge of the Group's response to climate change

## As a global-leading aluminum product manufacturer, UACJ will spur efforts to promote the sustainability of the aluminum industry and the planet

Climate change has emerged as a problem that must be tackled on a global scale. In this context, expectations for aluminum to play a positive role are growing. The UACJ Group has been making all-out efforts to combat climate change and promote sustainability. Two members of UACJ's Board of Directors were invited to discuss the current progress of these efforts and future outlook: Ryoko Sugiyama, an outside director who specializes in environmental issues, and Shinji Tanaka, who serves as a director and managing executive officer responsible for the Group's response to climate change.

With the growing seriousness of climate change, aluminum has been attracting attention around the world as a metal that can contribute to reducing environmental burdens. What is your perspective on this trend?

**Tanaka:** Compared with other metals, aluminum is particularly easy to recycle. Recycling emits only about 3% of the CO<sub>2</sub> emitted from aluminum smelting. In October 2020, the Japanese government announced its goal to become carbon neutral by 2050, and since then, public interest has been

growing and our customers increasingly expect us to expand aluminum applications and step up recycling.

**Sugiyama:** Looking at it another way, if aluminum is not recycled, vast amounts of energy will be consumed and CO<sub>2</sub> emitted across the supply chain. To reduce its environmental impact, the aluminum industry has a social mission to recycle materials. That should be a core responsibility. Yet, when I was appointed as outside director in 2015, recycling was not strongly backed by UACJ, which I questioned at the time.

**Tanaka:** Back then, we were not aggressively promoting the adoption of recycled aluminum because of issues involving manufacturing efficiency and workability. Now that environmental awareness has reached such a high level, however, our customers are looking to protect the environment, so they increasingly want to use recycled aluminum to reduce overall CO<sub>2</sub> emissions from their manufacturing processes. Meanwhile, the UACJ Group's employees have become very aware of aluminum's role in solving environmental problems

### Ryoko Sugiyama

Outside Director

As a former professor of Tokoha University's Faculty of Social and Environmental Studies, Ryoko Sugiyama is an expert in environmental and recycling engineering. She has also been active in industry, including as an outside director at Lecip Holdings Corporation and Kurita Water Industries Ltd. She is UACJ's first female director.





and fighting climate change. Therefore, the Group is now very keen on exploring solutions and taking action.

**Sugiyama:** As you said, many manufacturers have recently come to recognize the importance of recycling, whereas only a limited number of customers did so in the past. UACJ, too, has set a very good process in motion by integrating sustainability into its management strategies and specifying material issues along with related initiatives. Awareness has been growing among employees, as well. The important thing, however, is to give something back to society through those activities. In Japan, when you look at the shelves of convenience stores, aluminum cans account for only a small percentage of bottled water, tea, and other beverages. As other parts of the world rapidly phase out plastic, I wonder if Japan is keeping up.

**Tanaka:** Globally, we are seeing a shift to aluminum beverage containers. In North America, demand for aluminum can stock has been growing steadily at a rate of 6% annually. To accelerate this shift in Japan, aluminum product manufacturers will need to more effectively educate the public about the environmental benefits of aluminum.

**Sugiyama:** Perhaps educational tools created by UACJ will be effective for that, such as its recently published booklet about aluminum and the environment. I hope we can accelerate the shift to aluminum by providing many people with clear explanations of how aluminum containers and aluminum recycling can help reduce environment burdens.

**To make further progress in aluminum recycling, what kind of measures will be needed?**

**Tanaka:** In Japan, steps to establish an aluminum can recycling system were taken many years ago, so over 90% of all aluminum cans are now recycled. On the other hand, since the body and lid of the same can contain different types of alloys, it is difficult to recycle them as can stock without lowering the quality of the materials. Consequently, if the same level of quality is maintained, the can-to-can recycling rate drops down to around 70%. To raise the rate of this type of closed-loop recycling will be a big challenge going forward.

**Sugiyama:** Besides aluminum cans, however, there still hasn't been much progress in recycling other aluminum products.

**Tanaka:** That's right, so collection and recycling systems need to be created for aluminum products other than cans. Aluminum beverage cans are used and collected over a relatively short time span. In contrast, over a decade can pass before products like auto parts can be recovered for recycling. Therefore, recycling

## Shinji Tanaka

Director, Managing Executive Officer,  
Chief Executive of the Corporate Strategic Restructuring Office

As a managing executive officer, Shinji Tanaka, is responsible for the UACJ Group's response to climate change. He oversees the proceedings of UACJ's Climate Change Countermeasures Steering Committee, and was directly involved in the Company's decision to strive for carbon neutrality and revise its targets for reducing CO<sub>2</sub> emissions.



systems must be designed to suit the respective life cycles of different products. Furthermore, compared with cans, a wider range of alloys are used in other aluminum products, so to enable closed-loop recycling, systems for separating, sorting, and recovering these materials will be needed.

**Sugiyama:** For those reasons, a wide range of stakeholders must work together, including automakers and manufacturers in related industries as well as municipal governments. Having consumers cooperate is also essential, of course, since they are the end users.

**Tanaka:** Yes, collaboration among many types of stakeholders across society will be needed to build a circular economy for aluminum. I want UACJ to be at the heart of that process.

**Sugiyama:** In the resource recycling process, large corporations function like arteries, sending products out to society, and this side of the circulatory system is very robust. Meanwhile, comparatively smaller companies and municipal governments are generally entrusted with the collection of the used products, functioning like veins, and this side of the system has not been reinforced much. Therefore, for UACJ to be at the “heart” of this circular economy, it should proactively contribute to improving collection and recovery systems.

**Tanaka:** I agree. As part of such efforts, we are currently exploring ways to process and treat used aluminum cans in partnership with upstream suppliers (see page 36). Our activities are not limited to Japan. In Thailand, we are working with the government, can manufacturers, beverage producers, and other stakeholders in a project called Can to Can Journey, which aims to establish a closed-loop recycling system for aluminum cans. In the future, we intend to expand these activities in Vietnam and other ASEAN countries.

### Besides recycling, what other initiatives will UACJ need to pursue to combat climate change?

**Sugiyama:** Aluminum parts help reduce the weight of cars and other vehicles, contributing to better mileage and lower CO<sub>2</sub> emissions. It will be important to exploit the properties of aluminum in such ways to reduce environmental burdens in a broader range of industries. On the other hand, a vast amount

of electricity is consumed in the process of smelting virgin aluminum. Since the amount of recycled aluminum produced cannot meet total demand for aluminum at present, saving energy and reducing CO<sub>2</sub> emissions in the smelting process is a major issue.

**Tanaka:** UACJ imports smelted aluminum ingots in addition to recycled aluminum. CO<sub>2</sub> emitted from the smelting process is categorized as Scope 3 emissions. Our environmental targets, however, fall within the range of Scope 1 and 2 emissions. Nevertheless, as a major manufacturer in the global aluminum industry, UACJ is using as much recycled aluminum as possible while working together with its many partners across the supply chain to reduce Scope 3 emissions, aiming to minimize greenhouse gas emissions from the supply chain as a whole. Because there are limits to how much the smelting process can be improved, we are exploring other possibilities in partnership with our suppliers. For example, increasing the ratio of electricity supplied from renewable energy sources is one such possibility.

**Sugiyama:** That should be possible because UACJ operates across the entire supply chain, from upstream to downstream, with a vast network of veins and arteries that will form the circular economy of the future. I hope to see the Company work proactively to reduce the environmental impact of the supply chain as a whole.

**UACJ became the first Japanese flat-rolled aluminum manufacturer to acquire certification from the Aluminium Stewardship Initiative. What were the Company's objectives?**

**Tanaka:** UACJ acquired the certification in order to help customers improve their green procurement goals. At the same time, by participating in the initiative, the Company could become involved in the creation of international rules concerning responsible aluminum production, procurement, management, and logistics. We want to play a leading role in making the entire industry more sustainable.

**Sugiyama:** I pointed out earlier that the shift away from plastic beverage containers has been slow in Japan compared with other parts of the world, but Japanese ideas are also not commonly applied in general business practices around the world today. Historically, the creation of international business

regulations were spearheaded by Europe and the United States. Japan just followed their lead for the most part. With that in mind, UACJ's push to join the Aluminium Stewardship Initiative ahead of other Japanese companies with a desire to play a role in creating international rules is highly commendable. I am sure this will lead to big successes in the future.

**Tanaka:** Thank you. By actively participating in the creation of global standards for the aluminum industry as a member of the initiative, we not only hope to enhance the sustainability of our own businesses, but also to contribute to the sustainability of the industry and the planet.

**This year, UACJ declared its goal to become carbon neutral by 2050. What was the background behind this goal?**

**Tanaka:** In our third mid-term management plan launched last year, we targeted a 22% reduction in CO<sub>2</sub> emissions across our supply chain by 2030, compared with the level in fiscal 2019.

After that, we set up our Climate Change Countermeasures Steering Committee, and made significant progress by implementing improvement plans. On that momentum, we set a 30% reduction target for Scope 1 and 2 emissions, which can be reduced through the Group's own efforts. A 30% reduction may not appear so ambitious, but since we had launched various measures to cut emissions before 2019, further reducing emissions by 30% from now will actually be very challenging.

**Sugiyama:** Considering the often reported damage caused by record-breaking heat waves around the world this past summer, we have no time to lose in the fight against climate change. Although your target may be very challenging, I believe UACJ, as an industry leader, will accomplish it.

**Tanaka:** To achieve carbon neutral Scope 1 and 2 emissions by 2050, a 30% reduction by 2030 is not just a target to work towards—it is a goal we must accomplish. I think it will be feasible if we implement a number of measures, such as expanding our use of renewable energy and stepping up energy-saving measures at every manufacturing facility. At the same time, we will continue to collaborate with our partners across the supply chain and use as much recycled aluminum as possible to reduce Scope 3 emissions.



# Taking responsibility for materiality issues and fostering a sustainable corporate culture

## Joji Kumamoto

Executive Officer

Formerly a member of Sumitomo Corporation, Joji Kumamoto was transferred to Tri-Arrows Aluminum in 2011, after it was jointly acquired by Sumitomo Corporation and UACJ in the same year. He joined UACJ in April 2017, and was appointed as chief executive of the Corporate Strategy Division in April 2021. He is currently in charge of devising and executing management strategies, including those related to sustainability.



### Reaffirming UACJ's principles and goals in the process of acquiring ASI certification

The needs of consumers and society are changing rapidly amid an increasingly uncertain global outlook. For the UACJ Group to accomplish the long-term objectives of UACJ Vision 2030 under those circumstances, it must not only execute business growth strategies but also position sustainability management at the heart of its operations, which includes managing risks. To make advances in our sustainability management, we took a number of steps over a two-year period to acquire certification from the Aluminium Stewardship Initiative (ASI). As a result of these efforts, two of the Group's main manufacturing plants were certified in March 2022, specifically for the ASI Performance Standard, which addresses transparency and sustainability in terms of governance, the environment, and social responsibility, and the ASI Chain of Custody Standard, which is related to the continuity of product processes and distribution flows.

It has been very gratifying to see our everyday efforts bring such success. In my view, not only the certification itself was a success, but also the way we integrated our management philosophy and goals through the certification process. For example, in response to the ASI's principle of considering human rights in procurement activities, we formulated the UACJ Group Human Rights Policy in March 2022, and promoted it in and outside the Group. For our policy to be effective, however, we need to directly apply it in our procurement activities. Therefore, in the Group's Sustainable Procurement Guidelines, we emphasized a principle of the UACJ Way, "respect and understand your associates," which is central to our management philosophy. In other words, when

preparing to acquire the ASI certification, we considered best practices for procurement and manufacturing while returning to the roots of our management philosophy and principles. I believe this demonstrates how our sustainability management structure overlaps with the principles advocated by the ASI.

### Raising awareness of sustainability through regular dialogue with employees

UACJ places importance on regularly engaging with employees as a means to make them aware of its sustainability-related policies and guidelines, and to encourage them to apply these policies and guidelines on the job. As part of these activities, President Miyuki Ishihara holds meetings with employees to discuss UACJ's management philosophy. These meetings were initiated to gain feedback from employees when the philosophy was revised in 2020. Since then, over 1,000 employees have participated. The meetings have covered the philosophy and various sustainability-related topics while consistently emphasizing the importance of applying these concepts in one's own work. Over the past year, participants shared their views about materiality issues and UACJ Vision 2030, thereby reaffirming the Group's direction going forward.

Exercising sustainability management on an organizational level requires strong leadership, so we hold related seminars for the Company's management. Five seminars on the materiality issues were held for executives in the second half of fiscal 2021, and we plan to hold seminars for division and department heads in fiscal 2022.

## Taking the lead in building a circular economy with materials that can help fight climate change

As part of our sustainability management, we have specified six materiality issues for the UACJ Group. Among these issues, I am confident that the Group can make the most of its strengths in its response to climate change. Through the Group's core Rolled Aluminum Products Business, in particular, we can create ways to directly combat climate change and other environmental problems facing the world today. For that reason, we recognize the opportunities more than the risks posed by such problems.

The recyclability of aluminum will be a key factor. Fortunately, aluminum products can be recycled as new products over and over again. I believe the Group's Rolled Aluminum Products Business can play a very big role in building a circular economy, which has attracted substantial interest in recent years amid the push to carbon neutrality. In the case of aluminum cans, for example, almost 95% are sorted, collected, and recycled in Japan, then returned as raw materials to flat-rolled aluminum manufacturers like UACJ, and used again for aluminum can stock supplied to customers. This kind of recycling has been carried out among companies in Japan's aluminum can industry for almost 50 years, and is recognized as a practical business model for a circular economy. By applying this model in the automotive, consumer appliance, and other industries, we hope to help broaden the scope of the circular economy going forward. To accomplish that, taking on two big challenges will be necessary.

The first is to create an ecosystem that, like Japan's aluminum can industry, connects manufacturers that use aluminum with aluminum product factories and recycling operators in every region of the country. While this takes time, I believe many businesses will be receptive to such initiatives now that climate change has emerged as a major issue for society.

The second challenge is to improve recycling technologies. We are researching and developing rolling processes and alloys that can be recycled without reducing material quality, even if alloy substances differ somewhat. Our goal is to offer solutions that can meet product specifications demanded in the market.

While taking on these challenges, UACJ will continue educating people about the excellent recyclability of aluminum materials, and join forces with other companies to drive the transition to a circular economy. I believe this is a mission that UACJ must pursue in today's world.

## Six materiality issues built on the core management principles of quality and safety

Of the Group's six materiality issues, product quality assurance together with occupational health and safety are prerequisites for sustainability and fundamental social responsibilities in the manufacturing industry. As such, they form the bedrock of the Group's operations and must be given top priority in sustainability management. At the same time, we will work hard to ensure that human rights are respected throughout our supply chain, maintain diversity and equal opportunity in workplaces that create new value for products and services, and continue developing each new generation of human resources. While affirming these management fundamentals, we will aim to grow sustainably by capitalizing on the business opportunities created through our response to climate change. I believe this is the Group's fundamental approach to its materiality issues.

## Human resources development designed to prepare employees for uncertain times ahead

We are now engaged in discussions about how to align human resources development with the Group's management strategies. Management is collectively exploring whether we have the personnel needed for executing management and growth strategies, as well as what kind of training is needed and what human resources we lack. Meanwhile, our human resources departments are examining concrete plans for training methods, placement policies, and personnel systems.

Human resources development is not only about improving skills; fostering the right mindset is also essential. We are now living in a time of volatility, uncertainty, complexity, and ambiguity, so employees are bound to encounter new and unforeseen situations. Of course we must focus on equipping employees with skills needed for implementing management strategies, but we also need to improve their ability to solve problems on their own and take the initiative. Therefore, developing communication skills, especially within the Group, is extremely important for enabling employees to interact with anyone on a professional level, without feeling anxious or apprehensive. Accordingly, we intend to position communication skills at the core of human resources

## Message from the Executive Officer in Charge of Sustainability Management

development. Furthermore, to foster a mindset for business execution, I think it will be important to discuss what standards for UACJ's future leaders better exemplify the values of our corporate philosophy.

### Embedding sustainability in our corporate culture through dialogue

Since its establishment, UACJ has actively pursued a strategy of international expansion as Japan's leading flat-rolled aluminum manufacturer. Consequently, the number of its stakeholders and areas where it operates have increased, which means the

responsibilities that must be fulfilled are now weightier and more diverse.

To improve our sustainability management in that context, all members of the Group will need to deeply understand the importance of the materiality issues, and individually tackle them on the job and in relationships with stakeholders. At present, there is still room for improvement, so taking personal responsibility for the materiality issues is a vital step for the Group and each of its members to grow together with stakeholders. Therefore, we will continue organizing discussions among senior managers while engaging in dialogue with employees.

### Highlights of environmental, social and governance (ESG) initiatives in fiscal 2021

2021	April	E	Established the Climate Change Countermeasures Steering Committee
	April	E/S/G	Became a signatory to the UN Global Compact
	May	E/S/G	Announced the Group's materiality issues and set targets for reducing CO <sub>2</sub> emissions
	August	E	<ul style="list-style-type: none"> <li>Supplied aluminum body panels to Toyota Motor for its Land Cruiser model</li> <li>Facilitated closed-loop recycling initiatives to reduce environmental impacts</li> </ul>
	August	E	Completed plan to install a rooftop solar power system at Rayong Works in Thailand
	September	E/S	Produced SDG-themed badges and key holders using recycled materials
	September	E	<b>Endorsed the TCFD recommendations and participated in the TCFD Consortium</b>
	September	S	Formulated the Group's Health First Management Declaration
	October	S	Endorsed a government-led initiative to build partnerships in Japan
	November	E	<b>Concluded an agreement with Yamaichi Metal Corporation to jointly process used beverage cans</b>
	November	S	Jointly sponsored the Paralym Art contest for people with disabilities
2022	February	E	UACJ (Thailand) concluded an agreement to facilitate closed-loop recycling of aluminum cans
	February	E	<b>Disclosed results of a scenario analysis based on the TCFD recommendations</b>
	February	E/S	Commenced sales of Mizuyojin brand entranceway flood barriers
	March	E/S	Concluded an agreement with the governments of Fukui Prefecture and Sakai City to maintain a company forest
	March	E/S/G	<b>ASI certification acquired by Fukui Works and Rayong Works</b>
March	S	Formulated the UACJ Group Human Rights Policy	

# Sustainability Governance

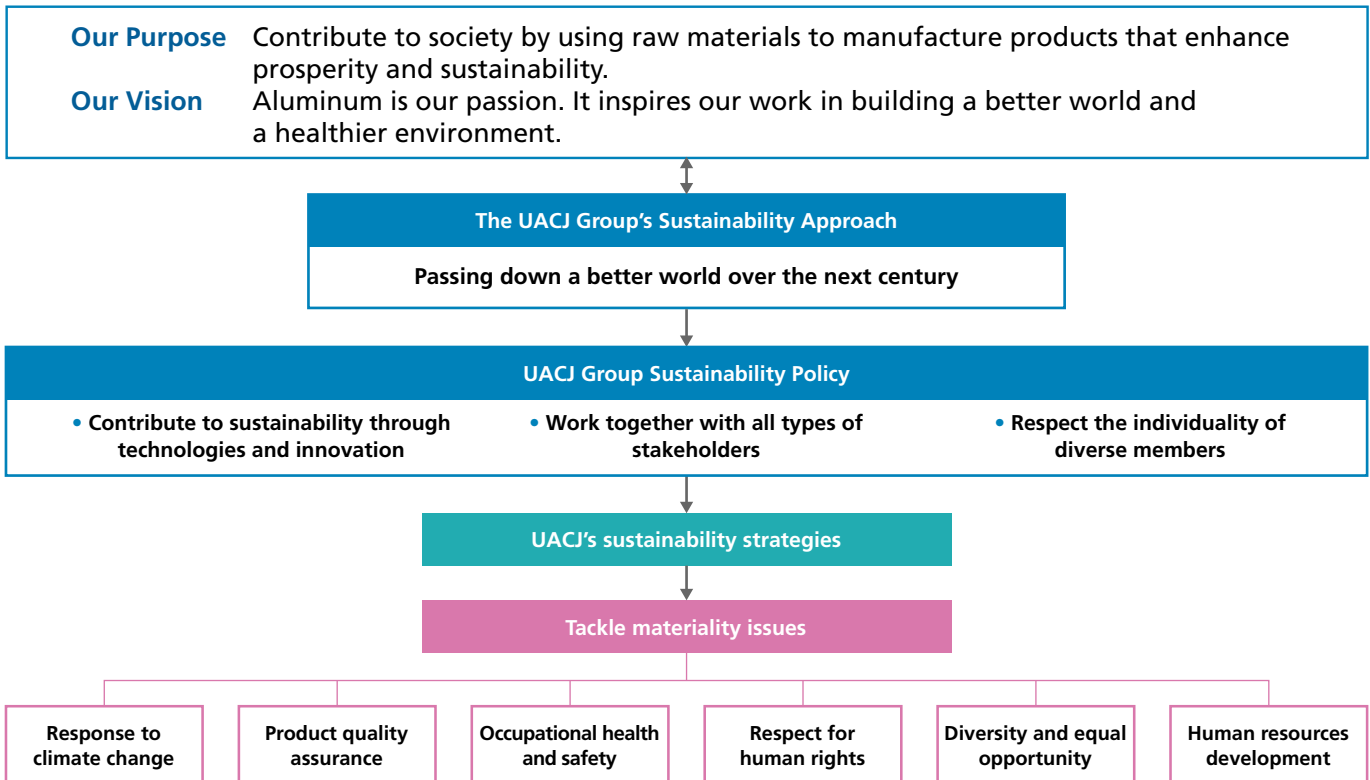
## The UACJ Group’s approach to sustainability

Positioning sustainability-driven activities as a core element of its management and operations, the UACJ Group recognizes the need to carry out such activities on a group-wide basis. For that purpose, the Group has specified materiality issues as vital factors for growing sustainably with society. Furthermore,

promoting sustainability has been positioned as a major policy of the Group’s current mid-term management plan, now underway.

Businesses may not be able to continue operating in the future unless they help build a more sustainable world. Recognizing the seriousness of this risk with a sense of purpose, the UACJ Group is carrying out highly effective measures designed to have a positive impact on the world.

### Positioning of sustainability



## The Group’s materiality issues

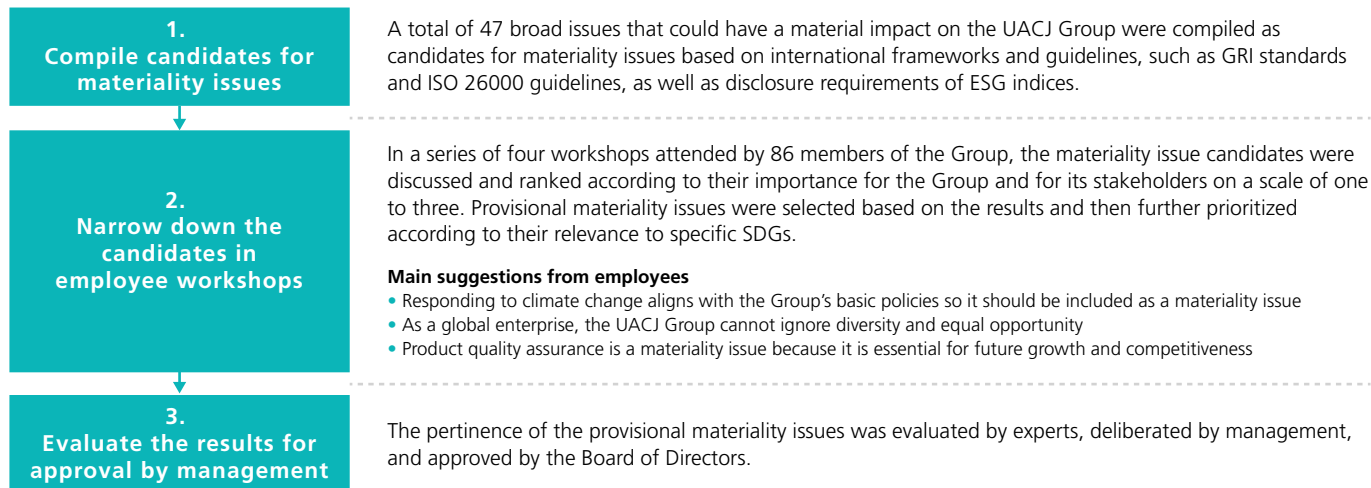
The UACJ Group is placing priority on tackling the six materiality issues it has specified: response to climate change, product quality assurance, occupational health and safety, respect for human rights, diversity and equal opportunity, and human resources development. These issues were decided over three stages lasting about two years. This process did not only involve directors and executive officers, as broad range of the Group’s members including employees from manufacturing plants and

sales offices actively took part in workshops aimed at narrowing down the issues. Consultations were also held with experts from outside the Group, and the materiality issues were reviewed and finally approved by UACJ’s Board of Directors.

Through this process, the Group designated the six materiality issues along with relevant UN Sustainable Development Goals (SDGs), 2030 sustainability goals for each issue, an action plan, and key performance indicators (KPIs) for measuring the plan’s progress. For each of the six issues, the Group also clarified how its actions can bring benefits to society.

## Sustainability Governance

### Process of specifying materiality issues



### The UACJ Group's materiality issues, performance indicators, results, and goals

Materiality issue	Reason for selection	Performance indicators	Fiscal 2021 results	Fiscal 2030 goals
Response to climate change	The Group can make a significant social contribution by pursuing ways to use the recyclability of aluminum to reduce greenhouse gas emissions throughout entire supply chains.	Reduction of CO <sub>2</sub> emissions across the Group's supply chain	Medium- and long-term targets were set by UACJ's Climate Change Countermeasures Steering Committee	Reduce Scope 1 and 2 CO <sub>2</sub> emissions by 30% (compared with levels in fiscal 2019) Reduce Scope 3 CO <sub>2</sub> emissions across the entire supply chain by recycling as much aluminum as possible in cooperation with various suppliers
Product quality assurance	It is a source of the Group's competitiveness as a manufacturer and directly connects to realizing the mutual sustainability of the Group and society	Number of serious quality defects	4	Zero
		Number of customer complaints related to quality	19.9% fewer complaints than in fiscal 2020	50% fewer complaints than in fiscal 2020
Occupational health and safety	Employee safety is part of the bedrock of the Group's business continuity as a manufacturer.	Number of serious workplace accidents	Zero	Zero
		Frequency of workplace accidents resulting in injury or death per million work hours	No more than 0.25	No more than 0.08
Respect for human rights	Respect for the rights of employees of the Group and its suppliers is part of the bedrock of its business continuity as a global enterprise.	Goals to be set based on results of due diligence, and an action plan to be carried out	Due diligence executed at two manufacturing plants (Fukui Works and Rayong Works)	Execution of due diligence at the Group's main workplaces in and outside Japan
		Percentage of employees and officers that participate in 1) training on codes of conduct and human rights, and 2) training on harassment	1) 90% 2) 100%	1) 100% 2) 100%
Diversity and equal opportunity	Ensuring employee diversity and equality in terms of promotion and treatment is essential for realizing future growth.	Percentage of women in management positions (including directors and officers)	2.2%	At least 15% (but whenever possible, aim for the target of 30% set by the Japanese government)
Human resources development	The development and mastery of abilities by employees is the source of value creation, and is essential for realizing future growth.	Percent of successor candidates appointed to management positions	100% of candidates appointed to the rank of section manager or above at UACJ Corporation	100%
		Number of people who participate in educational events held by UACJ	446 per year	1,000 per year*

\* The target has been upwardly revised due to changes in the method for calculating the number of participants following a review of events to be held



## Framework for promoting sustainability

Effective from April 2022, UACJ established a new framework for promoting sustainability with a view to clarify responsibilities for sustainability actions, speed up decision-making, and ensure all initiatives make steady progress. Accordingly, executive

officers and organizations have been put in charge of each of the six materiality issues, and are responsible for assessing progress based on the KPIs that have been specified for each issue. This progress will be periodically reported and deliberated on by committees assigned to each of the issues in order to improve the effectiveness of relevant measures.

### Framework for sustainability actions

Materiality issues	Officers in charge	Organization in charge	KPI monitoring	
			Committee	Frequency
Response to climate change	Chief executive of the Corporate Strategy Division	Corporate Sustainability Department Designated working groups	Climate Change Countermeasures Steering Committee	3 times annually
Product quality assurance	Vice chief executive of the Business Support Division	Quality Control Division	Quality Committee	Once annually
Occupational health and safety	Vice chief executive of the Business Support Division	Safety & Environment Department Safety groups	Health and Safety Committee	Once annually
Respect for human rights	Chief executive of the Business Support Division Chief executive of the Corporate Strategy Division	Corporate Sustainability Department	Compliance Committee	Once annually
Diversity and equal opportunity	Chief executive of the Business Support Division Vice chief executive of the Business Support Division	Human Resources Division	* Relevant departments cooperate to monitor progress under the direction of the executive in charge of human resources strategies * Progress is monitored over the course of executing company-wide human resources strategies	
Human resources development	Chief executive of the Business Support Division Vice chief executive of the Business Support Division	Human Resources Development Department Human Resources Division		

## Participation in sustainability organizations

In accordance with the UACJ Group Sustainability Policy, UACJ has joined various organizations in an effort to increase the Group’s involvement in sustainability initiatives around the world.

In July 2020, UACJ became Japan’s first flat-rolled aluminum manufacturer to join the Aluminium Stewardship Initiative, an international organization that works to “foster responsible production, sourcing and stewardship of aluminium” and “maximize the contribution of aluminium to a sustainable society.” As a member, UACJ intends to proactively contribute to setting global standards in the industry while taking a leading role in efforts to promote sustainability.

In March 2021, UACJ joined the Japan Hydrogen Association, which strives to speed up efforts to establish hydrogen infrastructure. UACJ will help realize this objective by collaborating with other members and supplying high-quality aluminum products.

In addition, UACJ became a signatory to the UN Global Compact in April 2021, and endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in September 2021. It also became a supporter of the TCFD Consortium, and is actively disclosing information about climate-related risks and opportunities based on the TCFD recommendations.



# Responding to Climate Change

## The UACJ Group’s approach to climate change

Based on the action guidelines of its basic environmental policies, the UACJ Group recognizes its social responsibility as a comprehensive aluminum products manufacturer to take proactive steps to combat climate change and contribute to decarbonization. Accordingly, the Group has designated its response to climate change as a materiality issue for management, and is carrying out measures to reduce its emissions of greenhouse gases (GHGs). Among these measures, the Group has been developing aluminum products that help users save energy and facilitating closed-loop recycling, which is expected to greatly contribute to realizing carbon neutrality by reducing CO<sub>2</sub> and other GHGs. Management is also placing importance on addressing both climate-related risks and opportunities in the Group’s operations.

### Action Guidelines

- Continue, broaden, and strengthen measures to reduce CO<sub>2</sub> and other GHG emissions from operations with the goal of achieving a 30% overall reduction by fiscal 2030\*<sup>1</sup> while striving to realize carbon neutrality on a Scope 1 and 2 basis by 2050
- Aim to minimize GHG emissions across the entire supply chain by collaborating with various supply chain partners in initiatives to reduce Scope 3 emissions and by recycling as much as possible
- Step up previously initiated measures to conserve energy, switch to fuels that result in less GHG emissions, and progressively adopt renewable energy sources  
Provide products and services that contribute to reducing
- GHG emissions, particularly the UACJ Smart brand of environmentally friendly products, by making the most of the relevant properties of aluminum, such as its ability to reduce overall product weight on a life cycle assessment\*<sup>2</sup> basis and be recycled many times over
- Promote the development of technologies that contribute to reducing GHG emissions
- Independently and proactively carry out initiatives designed to reduce GHG emissions, and actively disclose all relevant information

\*1 Compared with the fiscal 2019 result, calculated using methods explained in the Japanese government’s Sixth Strategic Energy Plan, issued by the Ministry of Economy, Trade and Industry in 2021

\*2 A life cycle assessment is a method for quantifying environmental impacts at every stage of a product’s life, from sourcing raw materials to manufacturing, using, and disposing the product

## Activities in fiscal 2021

To provide a venue for leading the Group’s response to climate change, UACJ established its Climate Change Countermeasures Steering Committee in April 2021, and appointed its president as chair. Four working groups were also set up under the committee, which began to examine how to take action and invest in the transition to a low-carbon economy. A new basic policy for combating climate change was also created, and as part of efforts to promote it across the Group, the president announced the policy to all employees.

In September 2021, UACJ endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and became a supporter of the TCFD Consortium, an organization of supporter companies in Japan. The Company commenced a scenario analysis based on the TCFD recommendations in January 2022, and disclosed the results in the following month.

Along with these initiatives, in consideration of climate change countermeasures recommended by the working groups, the Group reviewed its fiscal 2030 target for reducing CO<sub>2</sub> emissions, which had been announced in May 2021, and set new CO<sub>2</sub> emission reduction targets in June 2022 based on its declaration to become carbon neutral by 2050.

### UACJ’s responses to climate change in fiscal 2021

Month and year	Activities
April 2021	<ul style="list-style-type: none"> <li>• Became a signatory to the UN Global Compact</li> <li>• Established the Climate Change Countermeasures Steering Committee</li> <li>• Set up working groups for specified tasks</li> </ul>
May 2021	<ul style="list-style-type: none"> <li>• Announced the Group’s materiality issues</li> <li>• Set targets for reducing CO<sub>2</sub> emissions</li> </ul>
July 2021	<ul style="list-style-type: none"> <li>• Created a basic policy for combating climate change</li> </ul>
August 2021	<ul style="list-style-type: none"> <li>• The basic policy for combating climate change was announced by UACJ’s president</li> </ul>
September 2021	<ul style="list-style-type: none"> <li>• Appointed executives to take charge of the Group’s response to climate change</li> <li>• Endorsed the TCFD recommendations</li> </ul>
January 2022	<ul style="list-style-type: none"> <li>• Interdivisional working groups began discussions</li> </ul>
February 2022	<ul style="list-style-type: none"> <li>• Disclosed results of a scenario analysis based on the TCFD recommendations</li> </ul>
March 2022	<ul style="list-style-type: none"> <li>• Acquired certification from the Aluminium Stewardship Initiative, a global industry group</li> </ul>

## Disclosing climate-related information based on TCFD recommendations

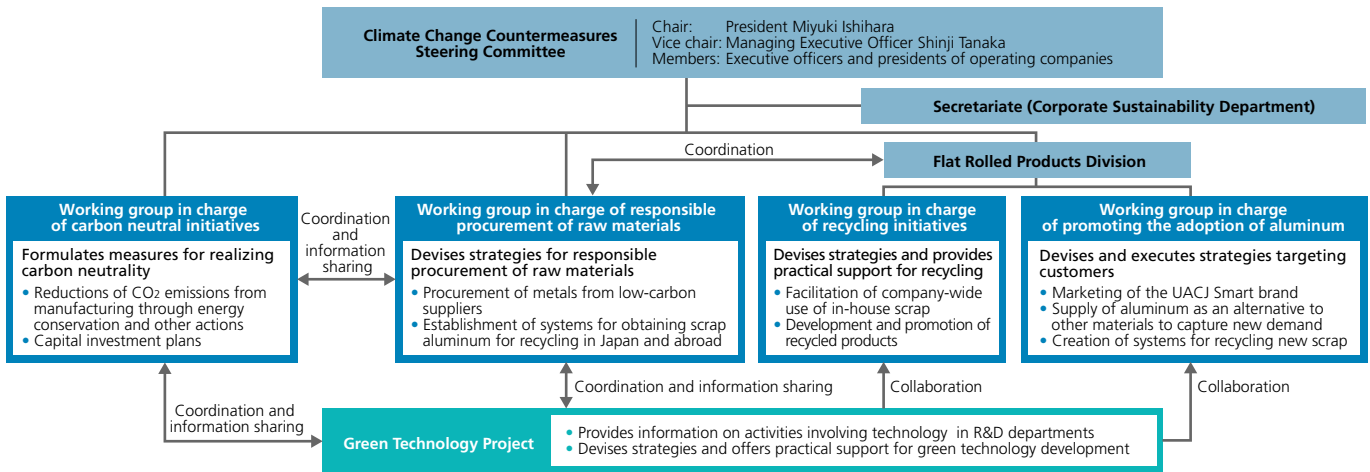
### Governance

The Group's basic standpoint and approach for sustainability actions, including measures to combat climate change, are conveyed in the UACJ Group Sustainability Policy.

On April 1, 2021, UACJ established its Climate Change Countermeasures Steering Committee as an organization for overseeing the Group's initiatives to address climate change.

Under this committee, which is chaired by the company president, working groups have been set up to lead the Group's efforts to become carbon neutral, responsibly procure raw materials, facilitate recycling, and promote the adoption of aluminum. When necessary, UACJ's Management Committee and the Board of Directors receive reports on the working groups' research results and activities from the Climate Change Countermeasures Steering Committee, and make decisions on related policies and goals. In this way, management is directly involved in matters of climate-related governance.

### Organization of the Climate Change Countermeasures Steering Committee



### Strategy

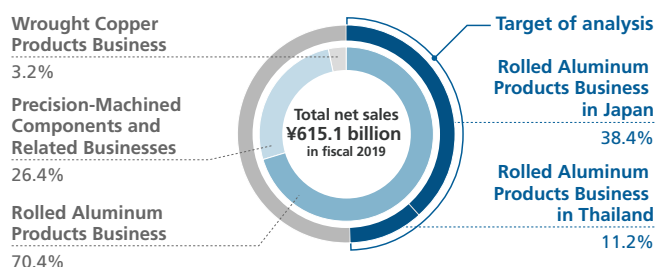
UACJ has conducted a scenario analysis to assess the implications of climate change on its main businesses and business portfolio as a whole. Through this process, it has examined risks and opportunities across the entire value chain, from raw materials procurement to product disposal and recycling, for its Rolled Aluminum Products Business in Japan and Thailand.

Based on the TCFD's recommendation to consider different climate-related scenarios, including a 2°C or lower scenario, UACJ conducted its analysis using two scenarios of climate change based on future estimates by the International Energy Agency and the Intergovernmental Panel on Climate Change: a temperature rise of 1.5°C, and a rise between 2.6°C and 4°C.

Under the 2.6°C to 4°C scenario, a negative impact overall would result even if the Group implements more countermeasures and capitalizes on opportunities. Under the

1.5°C scenario, however, the impact would be largely positive if the Group implements countermeasures and capitalizes on opportunities. In this case, the Group would need to step up its efforts to decarbonize, such as by using more renewable energy. Towards this end, the Group will install one of the world's largest rooftop solar power systems at Rayong Works in Thailand, and switch from liquified petroleum gas to liquified natural gas as fuel for its heat treatment furnaces in Japan.

### Businesses subject to the scenario analysis



## Risk significance assessment: risks and opportunities

	Risk items		Business impact	
	Small classification	Index	Risks	Opportunities
Transition risks, opportunities	Carbon price (carbon tax / carbon border adjustment mechanism)	Revenue Expenditures	<ul style="list-style-type: none"> <li>Procurement costs for imported raw materials / materials increase</li> <li>Electricity costs increase</li> </ul>	<ul style="list-style-type: none"> <li>Sales and revenue increase due to reduced competitiveness of imported competitor products from countries/regions with insufficient GHG emissions controls</li> </ul>
	Carbon emissions targets / policies in each country (Emissions trading / Mandatory Carbon Footprint Reporting etc.)	Revenue Expenditures	<ul style="list-style-type: none"> <li>Raw material procurement costs / manufacturing costs increase due to expenses for purchasing carbon credits</li> <li>Expenses increase for updates / introduction of equipment such as aluminum scrap melting furnaces and energy-saving equipment, and enabling changeover to other fuels</li> <li>Production management costs increase due to mandatory carbon footprint recording and reporting</li> </ul>	<ul style="list-style-type: none"> <li>Carbon tax and other costs can be reduced by reducing procurement of energy-intensive raw materials (virgin aluminum)</li> <li>Demand associated with switching from other materials increases due to tighter regulations</li> <li>There are opportunities to increase revenue by taking advantage of aluminum's light weight, high thermal efficiency, and high recyclability</li> </ul>
	Recycling regulations/policies in each country	Revenue Expenditures	<ul style="list-style-type: none"> <li>Prices increase due to increased demand for scrap metal</li> <li>Investment costs to introduce new equipment and innovative technologies to strengthen recycling technology and alloy development capabilities increase</li> <li>Market advantage over competitors / other materials declines due to delays in addressing recycling regulations</li> <li>Demand for aluminum castings decreases due to an expanding electric vehicle market; the current recycling framework does not function adequately</li> </ul>	<ul style="list-style-type: none"> <li>Revenue increases through sales promotion focused on superior recyclability</li> <li>Business base expands and revenue increases through "closed-loop recycling" targeting automobile manufacturing processes, etc.</li> </ul>
	Changes in energy mix	Revenue Expenditures	<ul style="list-style-type: none"> <li>Energy costs (electricity, fuel, etc.) increase</li> <li>Investment in SCOPE1 decarbonization increases</li> </ul>	<ul style="list-style-type: none"> <li>Energy conversion in aluminum smelting countries progresses, resulting in reduced GHG emissions from aluminum smelting processes and improved competitiveness against other materials</li> </ul>
	Developing next-generation technologies	Expenditures	<ul style="list-style-type: none"> <li>Sorting technology for recycled raw materials does not advance, resulting in lower yields and production capacity</li> <li>Revenue decreases due to weaker competitiveness brought on by delays in developing technologies related to GHG emissions reduction</li> </ul>	<ul style="list-style-type: none"> <li>Costs associated with the use of raw materials are mitigated and reduced by the spread of closed-loop recycling</li> <li>Manufacturing costs are mitigated and reduced by increased use of raw materials and improved manufacturing yields resulting from the consolidation of alloys</li> <li>By developing materials suitable for recycling, UACJ can increase revenue from increased demand for environmentally branded products (UACJ SMART®)</li> <li>UACJ can raise the level of demand by developing smelting methods with low GHG emissions</li> </ul>
	Changes in customer behavior	Revenue Expenditures	<ul style="list-style-type: none"> <li>There is increasing environmental awareness among customers and users, and failure to comply with environmental labeling, etc., will result in declining sales from customers pulling away</li> <li>If decarbonization measures are not accelerated through the entire value chain, the environmental branding of UACJ and its business will be damaged and sales will decline</li> <li>Customers and users will pull away from products with low recycled content or that cannot use low carbon aluminum, resulting in a decrease in revenue from lower sales</li> </ul>	<ul style="list-style-type: none"> <li>The recyclability of aluminum is reevaluated, and revenue increases as orders from cutting-edge environmental companies increase</li> <li>Environmental responsiveness becomes a value for UACJ and its products, improving reputation with customers and creating new business opportunities</li> <li>UACJ can increase its revenue by expanding recognition of its high recycling rate / low carbon aluminum for beverage cans</li> <li>UACJ can increase its revenue by acquiring ASI certification, etc., in response to customers' requests for environmental friendliness</li> </ul>
Physical risks, opportunities	Increase in average temperature	Revenue	<ul style="list-style-type: none"> <li>Revenue decreases due to lower production capacity resulting from instability in raw material procurement from impact on mining and transportation</li> <li>The working environment at manufacturing sites worsens due to higher temperatures, and there is a risk of decreased revenue due to lower productivity and difficulties in hiring personnel</li> <li>Air conditioning equipment expenses and running costs for addressing the heat increase</li> </ul>	<ul style="list-style-type: none"> <li>Demand for beer and soft drinks increases, and sales grow for packaging materials, providing opportunities for increased revenue</li> <li>Demand for air conditioning equipment increases, and sales for fin materials grow, creating opportunities for increased revenue</li> </ul>
	Increasing severity of extreme weather conditions (cyclones, floods)	Revenue Expenditures	<ul style="list-style-type: none"> <li>There are operation/shipments shutdowns, suspension of operations at suppliers, loss of confidence and decreased sales due to temporary halts in production caused by extreme weather conditions (flooding and heavy rain)</li> <li>Expenses for equipment-related countermeasures and damage repair increase due to storm surge and flooding caused by typhoons at manufacturing sites with high risk of flooding</li> <li>Troubles making delivery deadlines increase due to increased disruptions in the distribution network caused by extreme weather</li> </ul>	<ul style="list-style-type: none"> <li>As a result of increased demand associated with "building national resilience" as a countermeasure against natural disasters, there is an increase in demand for disaster-prevention products and structural materials / related products that contribute to strengthening infrastructure</li> <li>Demand for infrastructure development increases, resulting in increased demand for sluice gates and other disaster-prevention products</li> <li>Demand increases for products (aluminum laminated sheets, etc.) used in evacuation centers, etc.</li> </ul>

## Risk management

The Climate Change Countermeasures Steering Committee's secretariat has set up a team tasked with specifying risks and opportunities in accordance with the TCFD recommendations, and producing related scenarios and road maps. To reflect

UACJ's policy of responding to climate change on a group-wide basis, the team's members have been selected from a broad range of operations, including sales, manufacturing, R&D, legal affairs, risk management, public relations, sustainability management, and corporate finance.

Future countermeasures to individual risks				
Evaluation	Future countermeasures to individual risks			
	Category	Risk countermeasures example	Category	Initiatives for seizing opportunities example
High	Adapted	<ul style="list-style-type: none"> <li>Setting of long-term GHG emissions reduction targets</li> <li>Setting of long-term energy use reduction targets</li> <li>Introduction of internal carbon pricing</li> </ul>	Adapted	<ul style="list-style-type: none"> <li>Implementation of long-term GHG emissions reduction targets</li> <li>Leveraging of CO<sub>2</sub> absorption through forests, etc., and credit programs</li> <li>Establishment of an evaluation method to measure contribution to making reductions</li> <li>Shifting to energy-saving technologies with an aim toward decarbonization through public-private partnerships and international cooperation</li> </ul>
Medium				
High	Adapted	<ul style="list-style-type: none"> <li>Promotion of higher recycling rate for products</li> <li>Establishment of a scrap recovery system with upstream/downstream customers</li> </ul>	Adapted/ Established	<ul style="list-style-type: none"> <li>Collaboration for and establishment of a scrap recovery system with retailers and local governments</li> </ul>
High	Adapted	<ul style="list-style-type: none"> <li>Improved energy conservation through changing fuels / switching power companies</li> <li>Promotion of the introduction of renewable energy sources</li> </ul>	Adapted/ Established	<ul style="list-style-type: none"> <li>Promotion of use of on-site power generation such as solar power, selling of electricity</li> <li>Promotion of use of on-site power generation such as solar power, selling of electricity Leveraging of decarbonization technologies such as CCS/CCUS</li> </ul>
High				
Medium	Adapted	<ul style="list-style-type: none"> <li>Development of decarbonized aluminum products / services (certification)</li> </ul>	Adapted/ Established	<ul style="list-style-type: none"> <li>Promotion of use of aluminum for products</li> <li>Establishment of UACJ's own branding by moving toward with acquiring environmentally friendly certifications</li> <li>Collaboration with competing materials companies</li> </ul>
Medium				
High	Adapted/ Retained	<ul style="list-style-type: none"> <li>Implementation of disaster prevention equipment</li> <li>Sophistication of risk models by leveraging data</li> </ul>	Established	<ul style="list-style-type: none"> <li>Promotion of the use of aluminum for products:</li> <li>Expansion of disaster prevention technologies/products Formation of public-private consortiums, etc., aimed at disaster prevention</li> </ul>

## Metrics and targets

In June 2022, UACJ declared its goal of realizing net zero Scope 1 and 2 CO<sub>2</sub> emissions by 2050. To work towards that goal, it has set a fiscal 2030 target of reducing Scope 1 and 2 CO<sub>2</sub> emissions by 30% compared with the fiscal 2019 level. The Group will also accelerate measures for minimizing Scope 3 CO<sub>2</sub>

emissions across its entire supply chain.

### Targets

- Net zero Scope 1 and 2 CO<sub>2</sub> emissions by 2050
- 30% reduction in Scope 1 and 2 CO<sub>2</sub> emissions by fiscal 2030
- Minimize Scope 3 CO<sub>2</sub> emissions across its entire supply chain by recycling as much aluminum as possible in collaboration with suppliers

# Human resource strategies that enhance the power of our people and organization for Group growth worldwide

## Akinori Yamaguchi

Senior Managing Executive Officer

Appointed president of UACJ (Thailand) Co., Ltd. in October 2013 where he played a key role launching the company. After returning to Japan, he was senior general manager at Fukui Works in Japan, and since April 2020 has served as the chief executive of the Business Support Division, where has been solidifying the management organization and human resources strategies.



### Strategically cultivating human resources to lead the medium- and long-term management strategies

UACJ has defined six materiality issues that are fundamental to fulfilling our long-term management objective, UACJ VISION 2030. Four of those materiality issues are related to people. With the accelerating pace of technological innovation and globalization as well as the needs to deal climate change and other social issues, developing our human resources is absolutely essential to achieving sustainable growth for the Company. Based on this conviction, we are strengthening the connections between our human resources strategy and management strategies, particularly the medium-term management plan to fiscal 2023 and UACJ VISION 2030. We are identifying the qualities and skills that will be necessary for the next generation of leaders in our company growth, and are focusing on those areas to cultivate the human resources we will need.

The first step for the Human Resources Department is to talk to each business department and corporate division to understand the details of their medium- and long-term strategies and UACJ VISION 2030 and to discuss their human resource requirements. Although discussions like these are part of our standard process for recruitment and training, this time we are focusing more specifically on defining the specific requirements for the human resources as they pertain to the management strategies.

Different departments require different qualities and skills, so our hiring and training objectives must also be different. For example, departments with a need for “global human resources” could be seeking people capable of conducting

business in English or people with a talent for dealing with business partners in foreign settings. By talking closely with each department and learning the intricacies of their needs, such as “we need leaders who can commercialize our technology” or “we want people that can attain the level of skill needed to bring our technologies forward,” we can create a more effective plan for human resources development.

Another area where we are strengthening the connections between our human resources and management strategies is health management, which is part of our materiality of occupational health and safety. Our continuous efforts in this area are steadily producing results, as evidenced by the recognition in March of this year as one of the Health & Productivity Management Outstanding Organizations in 2022. We are currently putting together a strategic roadmap to continue systematically improving our level of performance.

### Group human resources planning through extensive discussions on succession training

Cultivating and increasing the ranks of next-generation human resources involves discussing the kinds of human resources that the management strategies will need along with forming a successor training plan geared to the future. Last fiscal year, we broadened our scope from general managers and to also encompass section managers to identify potential successor candidates.

The candidate selection process includes discussions with each division and business, with each division and business’s top officials, and then between corporate management and each division and business’s top officials. These active dialogues give

us opportunities to recognize a wide variety of talented people, and we conduct them on a rotating basis throughout the organization. So individuals can gain the necessary experience, we even make requests for transfers across departments, which can sometimes trigger complaints from the work sites. Friction like that actually provides a good opportunity to find alignment between the individual's goals and the role management wants them to fulfill, but most importantly, we believe that it helps employees view the management strategies as their own. We believe the discussions and dialogues are gradually providing clarity to our overall human resources plan, and we are currently formulating detailed training curriculums and working with each department to revise their training plans.

One issue we are facing is that these efforts so far have been limited to our operations in Japan. This will be taken into consideration as we examine investment related to human capital management when we begin preparing for the next medium-term management plan. In these preparations, we will be taking a more expansive view on human resources and will include construction a talent management system for centralized management of skills and experience to enable effective assignment and development of global human resources.

### Strengthening the education curriculum for finance and sustainability

One of the core themes of the UACJ VISION 2030 we announced last year is the development of new business fields. In the current fiscal year, we will start putting together projects to bring several new ideas to the second stage of development toward commercialization. From a human resources perspective, this means "developing human resources that align with the management strategies and creating an optimal organization for the entire company," and efforts are already under way as a human resources strategy.

The first step is to learn what human resources will be needed to carry out the plans for commercialization. Of course, each project requires different personnel, but certain elements are the same for all projects. Whether a project is technological or administrative, all projects will require people with financial (finance) and non-financial (sustainability) knowledge.

Previously, this knowledge would be provided through division

of labor of specialized personnel. We are now in an age when corporate management and business activities require all people to be versed in finance and sustainability in order to create opportunities and reduce risk. The Human Resources Department is expanding the curriculum for learning these new basics.

### Becoming a corporate group of self-sufficient human resources with a disciplined approach to their work

The aggressive globalization of our operations means the Group must train and support employees in Japan and overseas and at the same time enhance management efficiency while fostering group unity, maximizing synergies, and reducing global risk.

In recent years, we have been putting particular effort into sustainability by pursuing sustainability-oriented management, formulating a basic policy on climate change, and revising our procurement guidelines to cover human rights considerations. We recognize the importance of creating a fully coordinated discipline that cover the whole Group so our business sites do not have to act on their own. Although this is primarily a governance issue, it is also a human resources issue in that it entails changing awareness to think and act in a manner separates autonomy and discipline. The human rights due diligence that the Fukui Works and UACJ (Thailand)'s Rayong Works conducted to obtain Aluminium Stewardship Initiative certification was very important because it renewed our awareness of the high degree of human rights awareness overseas and gave us a harsh look at human rights issues in the supply chain. I believe many of the employees involved felt the importance of balancing the discipline that we should observe as a group with a spirit of autonomy to take on challenges and make decisions according to the situation at hand. This is a reaffirmation of our value of respecting and understanding our associates set forth in the code of conduct we call the UACJ Way.

With human resources worldwide capable of taking autonomous and disciplined action in the changing global business environment, we will continue advancing each of our strategies with a healthy sense of urgency to achieve sustainable growth for the corporate group.

# Human Resource Management

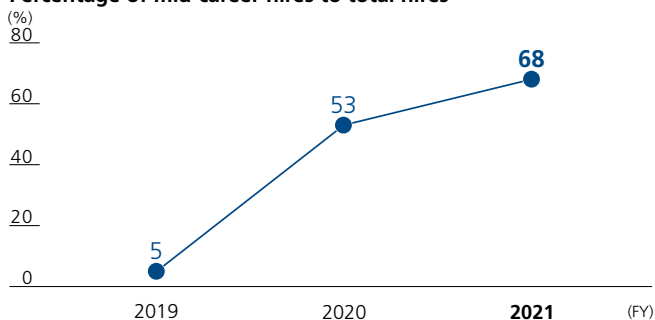
## Practicing talent management

UACJ has set human resources, technology, and corporate culture as the key elements in creating the foundation for achieving our long-term management objective, UACJ VISION 2030. To fulfill our vision, we believe it is critically important to develop the human resources to lead the next generation and to strategically allocate personnel so each person will gain the skills to contribute anywhere in the Group without being restricted to divisions or locations.

With that perspective, we have launched specific plans for human resource development and successor training in fiscal 2021. We extensively discussed the medium- to long-term growth strategies for each business and corporate division and the human resources that the strategies will need. We also defined human resources to more specifically match the management strategies and used the definitions to create a highly effective plans for human resource development and successor training. We also formulated and began a trial application of a talent management system to facilitate the strategic allocation of personnel. The system will improve our ability to strategically allocate staff to develop individuals for our future succession plan by providing centralized management of skill and experience development and facilitating global placement and human resource development. Defining human resources matched to the management strategies and launching the talent management system has given us a better ability to visualize the human resource needs (talents) that are currently lacking or will be required in the future. In fiscal 2020, we have begun actively recruiting mid-career workers who can immediately fill provide the human resource needs to fulfill the UACJ VISION 2030.

Even as the business environment rapidly changes, we will continue fostering a sense of group unity, improving management efficiency, and strengthening the integration of our management and human resource strategies to maximize synergies.

Percentage of mid-career hires to total hires



## Diversity and equal opportunity

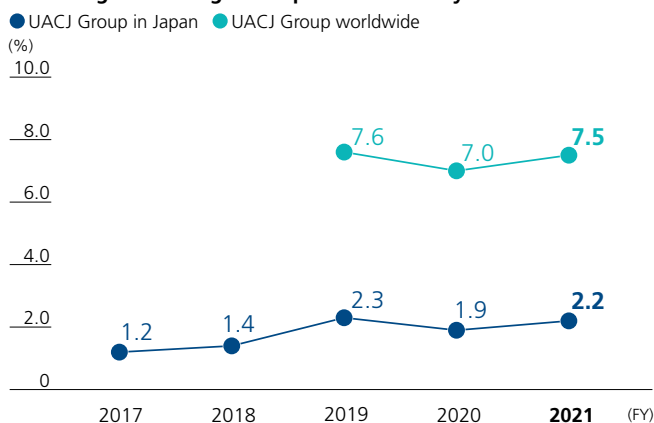
We believe the diversity of our human resources is the source of the Group's competitiveness. Diversity and equal opportunity is one of our core materiality issues. We foster an organizational culture where employees accept and appreciate each other's different values and ways of thinking, and we are continually building on the diversity and equal opportunity by promoting the active participation by women, employing diverse individuals, and accommodating various work styles.

We are fostering employee diversity by actively recruiting seniors, women, and foreign nationals. As of the end of April 2022, the UACJ parent company had rehired 157 senior employees who had recently retired. We are also actively expanding opportunities for women in line with the Act on Promotion of Women's Participation and Advancement in the Workplace. Our action plan includes increasing the percentage of female hires to at least 20% in each employment management category.

At the end of fiscal 2021, there were 108 women in management positions in the UACJ Group (including Group companies other than consolidated subsidiaries), and during the year 21.7% of the people hired to management positions at the parent company were women. We are also actively pursuing foreign talent in our hiring of new university graduates with the aim of 10% of new hires being foreign nationals. Since the UACJ merger, the company has hired 13 foreign nationals.

We believe that employee diversity is a source of innovation and improvement in organizational management. We provide equal access to education and transfer opportunities and have a system designed to be as responsive as possible to requests by motivated individuals.

Percentage of management positions held by women





## Human resource development initiatives

We believe that cultivating individuals with the ability to make proactive decisions and take the lead in solving problems is essential for the Group's future development in the evolving business environment. The objective of our human resource development is for each employee to grow individually and feel fulfillment in their careers.

The Human Resources Department and Technique & Skill Development Department work together and offer various training programs, such as training and seminars for specific job positions using the facilities at the Human Resources Development Center at the Nagoya Works. We continued providing training online through the COVID-19 pandemic, and in fiscal 2021 held 100 training and seminar sessions on 230 days with 1,235 participants.

We have many overseas offices, and are therefore also focusing on developing global human resources. English-language lessons are provided for all employees based on their TOEIC scores, business skill seminars are held to build experience and knowledge and, for employees who will be taking assignments overseas, individualized training is provided on key topics based on their work experience and mission at the assigned destination.

We launched an overseas training system in fiscal 2014 for employees to take 12 months of foreign-language training followed by 18 months of practical training overseas. Through fiscal 2021, nine employees have gone through the program and taken assignments in the United States and other countries.

To develop the human resources who will be responsible for UACJ Group management in the future, in fiscal 2018 we launched the Business Leader Development Program to provide mid-career managers with opportunities to deepen their fundamental management knowledge.

In fiscal 2020, we introduced an open recruitment system for new positions at all of our bases in Japan. The number of applications for positions outside the realms of current work content reminded us of the many employees who are eager to test their abilities. The system was also an opportunity to rediscover buried talent. We are planning to use the open recruitment system as a solution source for issues developing the next generation of managers.

Since many of our employees specialize in specific areas spanning R&D to manufacturing and sales, we will use job rotation and open recruitment to develop management personnel by providing more opportunities for employees of all ages to accumulate broad experience.

### Director Comment



#### Fumiharu Jito

Chief Executive, MONOZUKURI Core Manufacturing Innovation Division

After serving as Senior General Manager of the Fukaya Works Division and the Nagoya Manufacturing Division, appointed Executive Officer and Chief Executive, MONOZUKURI Core Manufacturing Innovation Division in April 2022, and appointed Director in June 2022

### Passing the "monozukuri" manufacturing culture, the foundation of value creation, to the next generation

UACJ makes a wide variety of aluminum products using "monozukuri," the craft of skilled manufacturing. We have grown as a company not because we mechanically produce items as ordered, but because of our culture of analyzing and responding to the true needs of our customers

The fact is, however, that the skilled technicians at the manufacturing sites who have supported Japan's industrial growth are starting to retire. We established the Monozukuri Foundation Headquarters on April 1, 2022 to ensure that the technologies and mindsets of our monozukuri culture are passed on to the next generation. In fiscal 2021, we launched a Group-wide experiment called the Monozukuri Gakuen program that offered 102 days of training and seminars geared to specific position levels during the year. The program will level out the unique skill education and training systems possessed by our manufacturing plants and Group companies and deploy them throughout the Group.

*Monozukuri* makes people. We will maintain and develop energetic and dynamic worksites as we build UACJ into a company that continues to produce value for society.

# Thorough Occupational Safety, Human Rights, and Diversity

## Occupational health and safety

The safety, health, and well-being of our employees takes precedence over all else, and we have accordingly set occupational health and safety as a priority materiality issue that we promote through activities involving all of our employees.

Our occupational health and safety promotion structure includes general safety and health managers at all of our business sites charged with ensuring that employees can carry out their jobs in safe and comfortable work environments.

Aiming to create a working environment in which employees can work with peace of mind, we have established a system for promoting occupational health and safety led by a general health and safety manager at each business site.

The Safety and Health Committee, which meets once a year, is headed by the safety and health officer and composed of full-time directors, general managers of the factories, and the presidents of major group companies. Monitoring of occupational safety includes monthly confirmations at the meeting of health and safety managers of evaluation indicators are the number of serious accidents and the accident frequency rate. In fiscal 2021, the committee recorded zero serious workplace accidents and an accident frequency rate of 0.25, which was slightly higher than in the previous fiscal year.

As we prepared our work environments for certification by the Aluminium Stewardship Initiative, we confirmed that our safety systems, procedures, and culture prioritize safety in accordance with the Group Code of Conduct. We continue to take proactive steps to maintain thorough occupational safety and health.

## Advancing workstyle reform

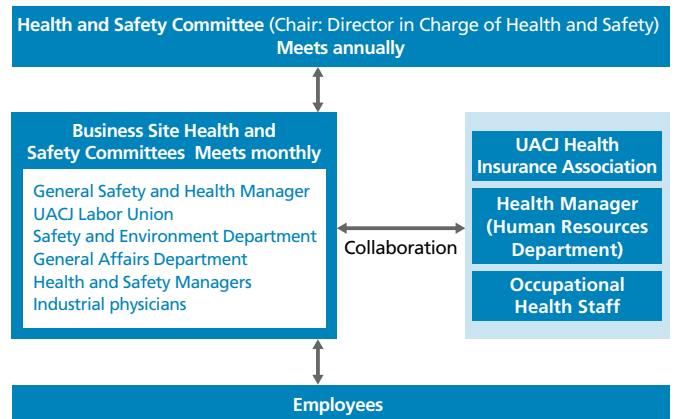
The Workstyle Reform Project we launched in fiscal 2017 aims to transform work productivity and create workplaces with a positive atmosphere. As part of the project, we have implemented initiatives including conducting employee engagement surveys at Group and affiliate companies in Japan and UACJ (Thailand) and developing management seminars. In fiscal 2020, the company began presenting seminars on work techniques in a telework environment to help employees with the changing conditions during the COVID-19 pandemic. In fiscal 2021, we initiated personnel systems supporting a hybrid telework and in-office work style, and also introduced a free address system at our office sites.

We plan to broaden the employee engagement survey to include all overseas affiliates as part of our ongoing efforts to enhance productivity and employee engagement.

## Promoting health management

We consider both absenteeism, when an employee is absent or takes long leaves due to physical ailments, and presenteeism, when an employee comes to work but cannot perform to their best abilities because of poor health, to be detrimental to the company's continued development. We aim to decrease incidents of absenteeism and presenteeism and increase employee engagement by being an attractive company where employees work with enthusiasm and high energy and where diverse people gather. We also believe that health management

### Health Management Promotion Structure



### The UACJ Group Health Management Policy

The UACJ Group recognizes that the sound health of its employees is a foundation for sustainable business activities. Accordingly, it aims to contribute to a better world as a group of companies in which all employees can perform their jobs actively and productively. Toward this end, the UACJ Group shall make efforts to raise health awareness among its employees and their family members, and help employees maintain and improve their physical and mental health to proactively prevent illness and lead healthy lives.

September 2021  
**Miyuki Ishihara**  
 Representative Director & President UACJ Corporation

strengthens both our people and our organizations and will help us fulfill our corporate vision.

Health management is a key part of our health and safety activities, and in September 2021 we issued the Health First Management Declaration of our commitment to be even more driven in our efforts to protect and promote the health of our employees.

## Respect for human rights

Respect for human rights has been set as a priority materiality issue at UACJ, and the Group Code of Conduct stipulates our principles of respect for human rights, prohibition of harassment, prohibition of child labor and forced labor, and respect for basic labor rights. We adopted a new UACJ Group Human Rights Policy in March 2022 and announced it both internally and publicly.

In fiscal 2021, we provided code of conduct training at 90% of all Group companies in Japan and 30 Group companies overseas. We also implemented harassment prevention education at 100% of our companies, maintaining the standard of the previous fiscal year. In fiscal 2022, we will continue

providing code of conduct training to all UACJ employees and are developing a human rights training program for all Group companies in Japan and overseas.

## Steps to modify the corporate culture

When we redefined the Group philosophy in February 2020, we also created a department dedicated to disseminating the philosophy and creating a new corporate culture. Originally created as the Corporate Culture Reform Promotion Department in April, the department was renamed the New Corporate Culture Creation Department in August 2020 and brought under direct control of the president in April 2022.

In February 2020, the president, general managers of the manufacturing sites, and other senior management began holding meetings to discuss the corporate philosophy and ways to disseminate and improve engagement with the philosophy. In fiscal 2020, the Group held a total of 174 of these meetings attended by 970 employees, and in fiscal 2021 it held 253 meetings attended by 1,436 employees.

We have now completed the first two steps of the three-year plan for corporate culture reform begun in 2020. Step 1 was to identify and objectively assess the conditions and Step 2 was to take action based on the Group philosophy. We are now implementing Step 3 to make fulfilling the Group philosophy a natural part of all of our activities and to become an attractive company where employees work with enthusiasm and high energy.

### Topics

#### Human rights due diligence

Our action plans for issues of materiality sets a key performance indicator for human rights of "implementing human rights due diligence, using the findings to set specific targets, and executing action plans." We have set fiscal 2030 as the date by which we will complete the due diligence at the Group's primary businesses sites in Japan and overseas.

Due diligence at the ASI-certified Fukui Works in Japan and the Rayong Works of UACJ (Thailand) in fiscal 2021 found no human rights violations or risks requiring immediate action.

We plan to conduct human rights due diligence at two of our manufacturing sites and affiliated companies each year as part of our ongoing efforts to identify, analyze, and evaluate human rights risks and to formulate and implement appropriate countermeasures.



A Group philosophy discussion meeting

## Fortifying risk management

We define risk as “any event that could hinder the fulfilment of our corporate philosophy,” which includes not only events that could directly cause loss or damage, but that could also affect opportunities for future earnings and growth. Ideally, risk management is performed by all employees, not just the officers and executives. This means that every day, everyone is aware of risk issues, proactively identifies and shares risk, and actively participates in risk management. We are working to establish this ideal throughout the Group.

### Roadmap of Risk Management Activities

- Risk management and Group risk management activities
- Business continuity management (BCP) activities

Fiscal 2019	<b>Fortification of Group risk management</b> <ul style="list-style-type: none"> <li>● Adoption of the Group risk assessment and risk ownership system</li> </ul>
Fiscal 2020	<b>Understanding of risk management, increased application in daily operations</b> <ul style="list-style-type: none"> <li>● Started building a foundation for risk management integrated with management strategy</li> </ul>
Fiscal 2021	<b>Increased activities to strengthen risk management, establishment of the critical risk response system</b> <ul style="list-style-type: none"> <li>● Established and deployed basic risk management policies to all companies in Japan, formulated a key risk response system</li> <li>■ Conducted Group BCM training, prepared BCPs for all businesses</li> </ul>
Fiscal 2022	<b>Introduction of integrated framework for domestic and overseas risk management</b> <ul style="list-style-type: none"> <li>● Expand activities to fortify risk management to overseas Group companies, enhanced response to key risks</li> <li>■ Begin broadening BCM activities overseas</li> <li>■ Strengthen the crisis response system</li> </ul>
Fiscal 2023	<b>Establishment of a risk management framework specific to UACJ</b> <ul style="list-style-type: none"> <li>● Enhance all levels of risk management activities in Japan and overseas</li> <li>■ Continue BCM activities      ■ Expand disaster coverage</li> <li>■ Continue strengthening the crisis response system</li> </ul>
Fiscal 2025	<b>Make risk management a part of UACJ Culture</b> <ul style="list-style-type: none"> <li>● Realize “risk management performed by all employees”</li> <li>■ Continue BCM activities      ■ Expand disaster coverage</li> <li>■ Continue strengthening the crisis response system</li> </ul>
By Fiscal 2030	<b>Fully establish and continue developing the risk management culture</b> <ul style="list-style-type: none"> <li>● Enhance “risk management performed by all employees”</li> <li>■ Continue BCM activities      ■ Expand disaster coverage</li> <li>■ Continue strengthening the crisis response system</li> </ul>

## Fulfill UACJ VISION 2030 All employees engaged in risk management

In the past, our risk management system consisted of managing risks to the Group mainly by applying the PDCA cycle led mainly by the CSR Committee, which convened twice a year. To better enable us to respond to the rapid changes in the business environment, we have revised the system to include more frequent discussion of risk issues at the management meetings so we can respond in a more timely and appropriate manner.

We also convene the Risk Management Promotion Meeting when needed to allow the relevant officers to engage in more detailed discussions about key risks. The management meetings also allow greater time to discussion of risk.

## Risk identification and management process

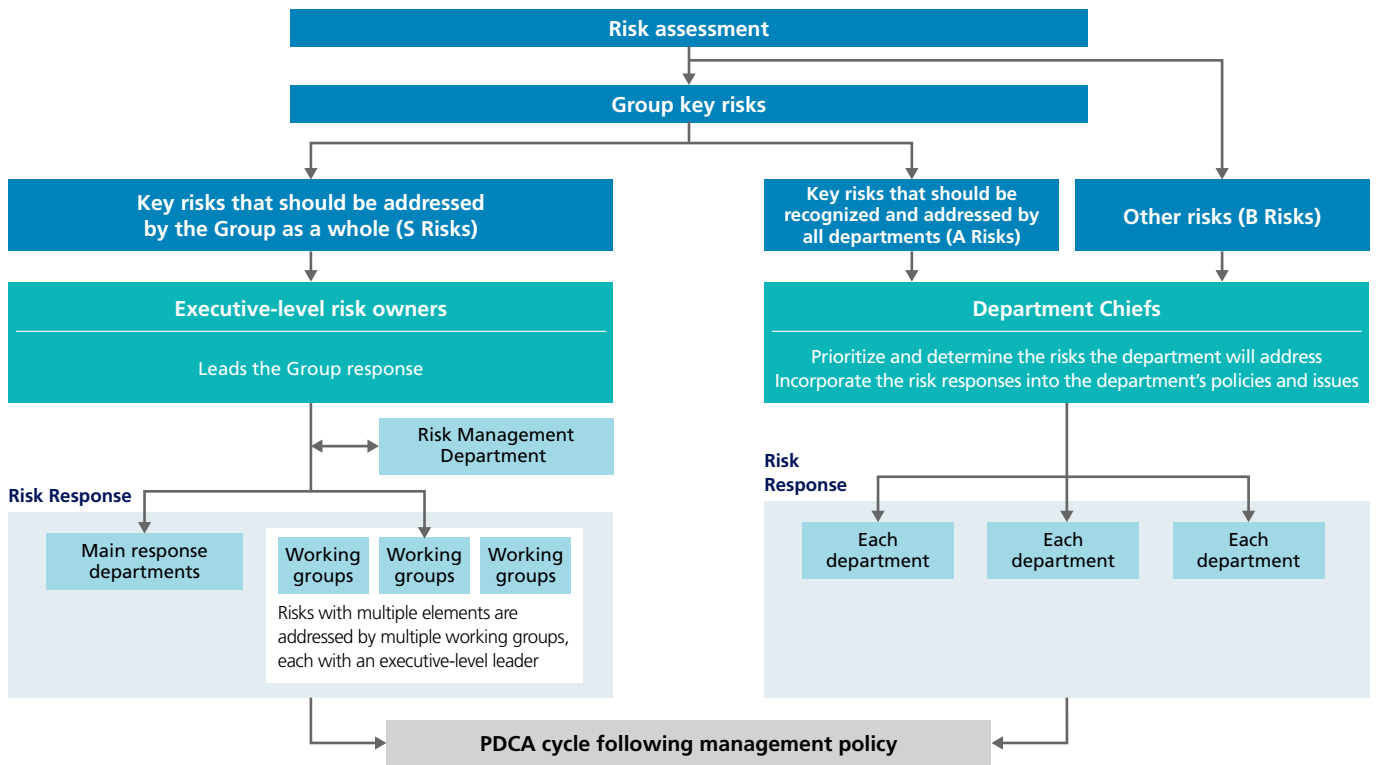
Each year, we carry out the following procedure to identify the key risks to the Group and determine the direction that risk management activities will take for the fiscal year.

- (1) Questionnaire-based assessments of general managers, major group companies, and their executives are conducted to identify key risks that the group should be aware of.
- (2) Based on the above proposals, key risks are discussed by executive officers discuss, and risks to be addressed as a Group are identified at the management meetings.
- (3) Among the selected key risks, those that are difficult to deal with in each existing business and division are classified as S Risks. An executive officer is then assigned as “risk owner” to be in charge of the Groupwide response to the risk.
- (4) Key risks to the Group are reflected in the President’s Policy Statement based on the management strategy. Each business and division also prepares an annual policy statement of risks requiring recognition and response and addresses the risks.

Based on several perspectives, including who the risk owner will be, the identified risks are classified into three categories of S, A, and B, with response procedures laid out for each category (right figure).

This process facilitates the smooth integration of risk management into our management strategies.

**Risk Management Process and Response**



**Daily risk management**

As the Group focuses on constructing a risk management structure, we are also seeking ways to visualize risk and make it more personalized for individual employees. We reorganized the Group's approach to risk management in June 2021 in the areas of crisis response, disaster prevention, and business continuity planning (BCP) and established the UACJ Group Basic Policy on Risk Management, which is the basis for the UACJ Group Risk Management Regulations and other guidelines. These policies are communicated to employees throughout the Group in Japan via various media, including videos in which the president explains the concepts and what is expected of employees. In fiscal 2022, these materials will be translated into seven languages, including English, Thai, and Chinese, and shared with our overseas subsidiaries, where we are also strengthening risk management in daily operations.

Along with these top-down initiatives, also assigning a risk management promotion manager in each department to be in charge of promoting risk management along with the responsible official. The promotion managers will implement measures to raise risk awareness and sensitivity among within their department and be in charge of risk countermeasures. The risk management promotion managers will convene quarterly to share examples of internal and external initiatives and issues faced by the Group.

**Business continuity management measures**

Business continuity management is a key materiality issue in the Group's risk management, and we are establishing UACJ Group BCM Guidelines to provide unified principles for the Group.

In fiscal 2021, the general manager of the Corporate Strategy Division led initiatives resulting in the completion of BCPs for a major earthquake and disease epidemic in Japan. Business continuity management at our Group companies overseas includes preparing BCPs catering to specific regional risks.

**Topics**

**First Groupwide business continuity management drill**

UACJ conducted its first Groupwide business continuity management drill in September 2021. Using a scenario of a major earthquake that affected operations for four days, the drill was conducted over one-and-a-half-hour period with each affected department communicating online as they followed the scenario developments. In June 2022, the Business Continuity Advancement Organization (BCAO) presented UACJ with the Excellent Practices Award in recognition of the company's efforts to strengthen the business continuity capabilities across the entire Group.

# Risks (Opportunities and Threats) Surrounding UACJ

The following are major risks that we believe may affect the decisions of investors significantly due to the likelihood that they will occur, and the degree of impact they may have.

## Main external risks

Risk	Risk details and impacts	Actions
The COVID-19 pandemic and future epidemics	<p><b>Threats</b> The ongoing pandemic or a future epidemic could affect the Group's purchasing and procurement from suppliers.</p> <p><b>Threats</b> Changes in customers' operations resulting from the ongoing pandemic or a future epidemic could affect the Group's manufacturing operations and sales.</p> <p><b>Threats</b> The ongoing pandemic or a future epidemic could lead to delays, suspensions, or stoppages of the Group's operations.</p>	<ul style="list-style-type: none"> <li>Infection control measures have been incorporated into business continuity plans.</li> <li>Sufficient inventories of necessary materials are maintained.</li> <li>The Group flexibly plans production and secures information needed from customers at an early stage.</li> <li>Infection control measures for employees are being thoroughly implemented.</li> </ul>
Climate change and other changes in the global environment*	<p><b>Threats</b> The Group could lose business opportunities and its products could become less competitive if it fails to sufficiently reduce greenhouse gas emissions.</p> <p><b>Opportunities</b> The Group could expand business opportunities and help solve environmental issues by providing products and services that make effective use of aluminum's beneficial properties, including its light weight, excellent thermal conductivity, and ability to be continually recycled.</p>	<ul style="list-style-type: none"> <li>UACJ has specified relevant materiality issues with related action plans and key performance indicators. (→Page 47)</li> <li>UACJ set up its Climate Change Countermeasures Steering Committee in April 2021 to provide a venue for management to discuss the Group's response to climate change. (→Page 49)</li> <li>The Group's response to climate change was included in its long-term UACJ Vision 2030 and third mid-term management plan as a major management policy and means for its businesses to contribute solutions. (→Page 30)</li> <li>The Group has joined the Task Force on Climate Related Financial Disclosures and acquired certification from the Aluminium Stewardship Initiative as part of its active participation in international initiatives to combat climate change. (→Page 48)</li> </ul>
Natural disasters	<p><b>Threats</b> The Group's manufacturing operations and sales could be impacted if a natural disaster, such as an earthquake, tsunami, typhoon, or flood, threatens the safety of its employees and their families or the operations of production facilities at one of its workplaces around the world, or damages facilities operated by its customers or suppliers.</p>	<ul style="list-style-type: none"> <li>Business continuity plans are executed by all divisions and workplaces, and business continuity management is continually strengthened on a group-wide basis. (→Pages 59-60)</li> <li>Workplaces conduct periodic drills to verify the effectiveness of business continuity planning and management. (→Page 60)</li> </ul>
Changes in government policies, economic trends, and geopolitical risks	<p><b>Threats</b> The Group could incur higher selling, logistics, and procurement costs, or have trouble procuring supplies and operating if political and economic conditions change, regulations are abruptly introduced, or public order deteriorates in a country where it manufactures products or its customers and suppliers operate.</p>	<ul style="list-style-type: none"> <li>The Group procures raw materials from diverse suppliers to avoid overdependence on specific countries and regions.</li> <li>Sufficient inventories of necessary materials are maintained.</li> <li>Measures are continually executed to improve the Group's ability to effectively respond to changes in its operating environment, such as measures to reduce the break-even point. (→Pages 33-34)</li> <li>The Group is preparing to implement a price agreement system with customers, allowing it to pass on higher costs to selling prices. (→Page 81)</li> </ul>
Changes in foundational technologies and demand structures	<p><b>Threats</b> <b>Opportunities</b> Demand for the Group's products could shift significantly due to rapid advances or changes in digital and other foundational technologies, or growing expectations for corporations to protect the global environment.</p>	<ul style="list-style-type: none"> <li>UACJ's Digital Innovation Department is leading efforts to digitally transform the Group's manufacturing, sales, management, and administrative operations, recognizing that digital platforms will provide a basis for future business expansion as well as a means to provide solutions for issues facing society.</li> <li>UACJ has set up its own venture organization to foster innovative ideas from its workplaces. (→Page 15)</li> <li>Organizations have been established to create new businesses based on shifts in the demand structure.</li> <li>The Group is continuously studying and evaluating the comparative advantages of its products and their competitiveness with other materials in various markets, as well as changes in demand on a broader societal level and its progress in developing technologies that can address these shifts in demand.</li> </ul>
Market volatility	<p><b>Threats</b> <b>Opportunities</b> Although most of the Group's businesses have set up price agreement systems that reflect market price fluctuations in selling prices as a means to eliminate the impact of medium- to long-term changes in virgin aluminum ingot prices on earnings, consolidated profits and losses posted during a fiscal year could be impacted by fluctuations in the value of inventory assets if aluminum market prices suddenly change over a short span of time or are reflected in selling prices over different periods of time.</p> <p><b>Threats</b> <b>Opportunities</b> Fluctuating demand for recycled aluminum products in the future could lead to significant changes in prices and supplies of aluminum scrap and used beverage cans.</p> <p><b>Threats</b> If prices of raw materials, particularly metals used in aluminum alloys, as well as logistics and energy prices rise steeply during a short span of time and cause chronic or structural problems in the supply chain, UACJ may not be able to absorb the resultant costs on its own.</p> <p><b>Threats</b> <b>Opportunities</b> Steep rises in interest rates as well as fluctuations in exchange rates could impact the Group's international operations as a whole.</p>	<ul style="list-style-type: none"> <li>Inventories of virgin aluminum ingots are controlled to maintain sufficient amounts.</li> <li>Negotiations with customers are regularly held to conclude price agreements that reflect changes in raw material (including metals used in aluminum alloys), logistics, and energy prices in selling prices. (→Page 81)</li> <li>UACJ utilizes foreign exchange contracts and flexibly procures funds from diverse sources to minimize the impact of interest rate fluctuations.</li> <li>Management closely follows and analyzes market conditions and trends while collecting relevant data.</li> </ul>

## Main internal risks

Risk	Risk details and impacts	Actions
Product quality assurance*	<p><b>Threats</b> The Group could lose the trust of its customers and other stakeholders if its quality assurance activities are carried out fraudulently or improperly, or if its products fall short of quality standards.</p> <p><b>Threats</b> Failure to meet quality specifications could inconvenience customers, disrupt the market, and lead to an inability to fulfill supply obligations.</p> <p><b>Opportunities</b> The Group can earn more trust from customers and a stronger reputation in the market by implementing stricter quality controls.</p>	<ul style="list-style-type: none"> <li>UACJ has specified relevant materiality issues with related action plans and key performance indicators. (→Page 47)</li> <li>Quality assurance is periodically checked and discussed at the management level through the Company's Quality Committee. (→Page 48)</li> <li>Quality control plans and measures are routinely executed.</li> <li>Compliance training is regularly carried out. (→Page 75)</li> <li>The Group is expanding the use of automated quality verification tests.</li> <li>Periodic quality inspections are mutually conducted by the Group's workplaces.</li> </ul>

Occupational health and safety*	<p><b>Threats</b> A workplace accident or disease outbreak could cause harm to employees and damage to physical property.</p> <p><b>Threats</b> A workplace disaster could interfere with the Group's manufacturing operations.</p>	<ul style="list-style-type: none"> <li>• Safety and compliance have been designated as basic principles of the UACJ Way, a set of guidelines for all employees, and occupational health and safety are given top priority in business activities. (→Page 57)</li> <li>• UACJ has specified relevant materiality issues with related action plans and key performance indicators. (→Page 47)</li> <li>• Occupational health and safety activities are periodically followed and discussed at the management level through the Company's Health and Safety Committee. (→Pages 48,57)</li> <li>• Health- and safety-related rules have been put in place and training is carried out on a regular basis. (→Page 57)</li> <li>• Management resources are allocated and countermeasures taken to eliminate hazards in the workplace, including fire and explosion risk assessments.</li> </ul>
Development and deployment of human resources*	<p><b>Threats</b> Recruiting talented personnel is increasingly competitive in Japan due to its declining birth rate and aging population.</p> <p><b>Threats Opportunities</b> Increasingly advanced skills are needed for expanding business internationally.</p> <p><b>Threats Opportunities</b> The effective deployment of human resources is critical for the success of the Group's businesses.</p>	<ul style="list-style-type: none"> <li>• UACJ has specified relevant materiality issues with related action plans and key performance indicators. (→Page 47)</li> <li>• UACJ set up a committee in October 2021 to discuss systematic succession planning and grooming of new leaders.</li> <li>• Training programs for passing down manufacturing skills in the workplace are being enhanced, including the Company's Monozukuri Gakuen program. (→Page 56)</li> <li>• Personnel are being effectively deployed through internal recruitment systems.</li> </ul>
Respect for human rights*	<p><b>Threats Opportunities</b> The Group's promotion of respect for human rights in its workplaces around the world could succeed or fail depending on social and cultural factors in each respective country.</p> <p><b>Threats</b> Insufficient protection of human rights in the workplace, including those of suppliers, could lead to a loss of trust among stakeholders, regulatory penalties, or lawsuits.</p>	<ul style="list-style-type: none"> <li>• UACJ has specified relevant materiality issues with related action plans and key performance indicators. (→Page 47)</li> <li>• UACJ set up a working group in July 2021 to examine and discuss human rights.</li> <li>• UACJ's Human Rights Policy was established and announced in March 2022. (→Page 58)</li> <li>• The Group is increasing the number of workplaces subject to human rights due diligence based on guidelines issued by the Aluminium Stewardship Initiative. (→Page 58)</li> <li>• Suppliers are requested to comply with the UACJ Corporation CSR Deployment Guideline for Suppliers, which are revised as necessary.</li> </ul>
Diversity and equal opportunity*	<p><b>Threats</b> If measures for ensuring diversity and equal opportunity in the workplace are inadequate, a loss of trust among stakeholders or regulatory penalties could result.</p> <p><b>Threats Opportunities</b> Failure to embrace diversity in the workplace could lead to difficulties in retaining and recruiting employees, an inability to attract diverse workers, and a loss of competitiveness due to slow and insufficient responses in times of volatility, uncertainty, complexity and ambiguity. Conversely, fully embracing diversity could revitalize business activities, stimulate future-oriented innovations, and contribute to operational resilience.</p>	<ul style="list-style-type: none"> <li>• UACJ has specified relevant materiality issues with related action plans and key performance indicators. (→Page 47)</li> <li>• The Group conducts an employee engagement survey in every country where it operates, and takes steps to improve the survey scores.</li> <li>• The Group is planning to create a diversity and inclusion declaration.</li> <li>• The Group promotes its corporate philosophy and organizes related discussions with employees at workplaces around the world. (→Page 43)</li> <li>• UACJ is implementing a variety of workplace reforms. (→Pages 13,57)</li> <li>• An e-learning program about diversity and inclusion is offered to employees.</li> <li>• UACJ has set targets and is implementing measures for raising the percentage of female managers and newly hired employees (both college graduates and mid-career). (→Page 55)</li> <li>• UACJ has set targets for the percentage of foreign nationals among newly hired college graduates. (→Page 55)</li> <li>• UACJ actively promotes the hiring of people with disabilities through its special subsidiaries.</li> <li>• UACJ has established a system for rehiring employees who have reached retirement age to allow older people to continue working. (→Page 55)</li> <li>• UACJ provides training programs in Japan for employees hired local in other countries by its subsidiaries.</li> <li>• UACJ actively hires mid-career workers and has introduced a trial program for hiring former employees.</li> <li>• Career counseling and various training programs are offered to help employees with career development. (→Page 56)</li> </ul>
Compliance	<p><b>Threats</b> The Group could lose business opportunities if, due to a violation of laws or regulations, it is penalized, held responsible for reparations, and loses credibility.</p> <p><b>Threats</b> Compliance with newly enacted or revised laws and regulations could incur costs.</p>	<ul style="list-style-type: none"> <li>• All employees are made aware of the top priority given to safety and compliance in the Group's operations, and are offered training programs covering relevant laws and regulations.</li> <li>• An internal whistleblower system is in place and made widely accessible to employees. (→Page 75)</li> <li>• Legal compliance is regularly verified by internal audits. (→Page 75)</li> </ul>
Group-wide corporate governance	<p><b>Threats Opportunities</b> The Group's collective capabilities are affected by its ability to integrally manage all of its workplaces around the world and fully execute policies and strategies on a group-wide basis.</p>	<ul style="list-style-type: none"> <li>• The Group's corporate philosophy is made known to all employees. (→Page 13)</li> <li>• Internal controls are continually strengthened across the Group</li> <li>• The Group's employees participate in regularly held discussions on the corporate philosophy with UACJ's president, executive officers, and division heads. (→Pages 13,43)</li> <li>• Internal control audits and operational audits are conducted on a routine basis.</li> <li>• Meetings are held to discuss ways of improving group-wide corporate governance.</li> </ul>
Information security	<p><b>Threats</b> The Group could be responsible for reparations and lose credibility and business opportunities if information in its possession is leaked or stolen, such as customer data, personal information, trade secrets, and technological information.</p> <p><b>Threats</b> A cyber attack on the Group could cause a suspension of operations due to a stoppage of information systems, and costs for restoring systems could be incurred.</p>	<ul style="list-style-type: none"> <li>• The Group strictly manages information based on its own information management rules, electronic information rules, and technical data rules.</li> <li>• UACJ carries out assessments and measures for improving all aspects of security in accordance with cyber security management guidelines issued by Japan's Ministry of Economy, Trade and Industry, and the Information-technology Promotion Agency, Japan.</li> <li>• UACJ has expanded its use of external surveillance systems and internal security systems.</li> </ul>
Funds procurement	<p><b>Threats</b> Securing funds could be subject to constraints or higher costs due to changes in business and credit conditions.</p>	<ul style="list-style-type: none"> <li>• The Group has diversified its methods for procuring funds, including loans through committed credit lines with banks, direct procurement through the issuance of commercial paper, and asset finance.</li> <li>• Measures are taken to increase profitability and improve capital efficiency in order to boost cash flow.</li> </ul>

**Risks related to accounting-based valuation and estimates**

Risk	Risk details
Impairment of fixed assets	If market conditions or the Group's operating environment worsen significantly in the future, the market value of fixed assets it owns could decline markedly and the returns on those assets could decrease as a result. In such cases, the Company would have to record an impairment loss on the fixed assets in accordance with relevant accounting standards. Its consolidated financial results could be impacted if the impairment loss is substantial.
Recoverability of deferred tax assets	The Company calculates the amount of deferred tax assets it can presumably recover based on reasonable estimates of future taxable income. If market conditions or its operating environment worsen significantly in the future, however, its taxable income could not only differ substantially from such estimates but also result in a reversal to deferred tax liabilities. A substantial reversal could significantly impact the Company's consolidated financial results.

\* Designated as a UACJ Group materiality issue

# Contributing expertise with a view to raise the profile of the Audit & Supervisory Board

UACJ evaluated the efficacy of its auditors for the first time in fiscal 2021. To review the results, a roundtable discussion was held with the three outside auditors serving on the Company's Audit & Supervisory Board, facilitated by the Board's full-time auditor, Atsushi Sakaue. Together they assessed the level of auditing in the Company and shared ideas about how to improve the Board and address issues going forward.

## Responses to the auditor evaluation

**Sakaue:** The evaluation of auditors was our first since the Company's establishment, and the results confirmed that auditing is being carried out effectively on the whole. Before

talking about efficacy, however, I want to point out how this process provided good opportunities for me to review my own duties and learn more about the routine matters handled by outside auditors.

**Iriyama:** I had been worried that I was going beyond the boundaries of my routine auditing duties by focusing too



### Atsushi Sakaue

Full-time auditor

Following UACJ's establishment, Atsushi Sakaue was put in charge of its Accounting Department and Purchasing Department, and then served as executive officer from April 2018. In April 2020, he was appointed as the vice chief executive in charge of the Finance and Accounting Division, and the general manager of the Accounting Department. He joined UACJ's Audit & Supervisory Board in June 2021.

### Hiroyuki Yamasaki

Part-time outside auditor

A certified public accountant, Hiroyuki Yamasaki has served as a director and managing director at numerous auditing firms. Eventually he established his own accounting office, and served as a director and auditor at many companies. He was appointed to UACJ's Audit & Supervisory Board in June 2018.

### Yuki Iriyama

Part-time outside auditor

A licensed attorney, Yuki Iriyama has acquired extensive experience in corporate management as a managing director at a major steel manufacturer, among other roles. He has also gained expertise in corporate legal affairs as a practicing attorney. He was appointed to UACJ's Audit & Supervisory Board in June 2018.

### Yoshiro Motoyama

Part-time outside auditor

A specialist in manufacturing technology, Yoshiro Motoyama has served as a director and vice president at a major automobile manufacturer, and a director and chief technology officer at an automotive parts manufacturer. He was appointed as a member of UACJ's Audit & Supervisory Board in June 2018.



much on the supervision of executive officers and directors, so I was relieved to hear that doing so was actually expected in business management.

**Yamasaki:** By reconfirming what specific areas need improvement, I recognized how all of us have the same concerns. Sharing that recognition was very valuable. It created momentum for the Audit & Supervisory Board, myself included, to continue strengthening various systems.

**Motoyama:** I was really encouraged to learn that had critical opinions concerning management and business execution had been expressed by the other outside auditors. As Mr. Iriyama pointed out, the evaluation made it clear how such viewpoints are necessary for the Company.

**Sakaue:** I know you are all highly aware about how to approach auditing, but the evaluation reminded me of the importance of having external perspectives. Do you have any thoughts about that?

**Iriyama:** Among us, Mr. Yamasaki is an accountant, Mr. Motoyama is an expert in manufacturing, and I have worked as a lawyer over the past few years after a long time in corporate management. I think we have a great combination of diverse perspectives.

**Yamasaki:** Shareholders expect outside auditors to contribute to the independence and objectivity of auditing. They tend to view auditors within a legal framework, but we need to explain to them that the Audit & Supervisory Board is involved in a broader range of activities. In that regard, while I audit financial accounting as a matter of course since I am an accountant, I want to fulfill my broader role by working closely with certified public accountants and internal auditors in three-way audits.

**Motoyama:** By drawing from my experience in factory operations and international corporate management, I believe my role is to raise awareness of new global standards and trends in the industry, and convince managers and executive officers to embrace them, while respecting UACJ's own technological strengths and international corporate culture.

**Sakaue:** Thank you so much for sharing your diverse views and making suggestions based on your experience.

## Issues facing the Group as a whole and the Audit & Supervisory Board's efforts to address them

**Sakaue:** After three years, the Group has almost completed its structural reforms. What do you think are the challenges ahead, and what can the Audit & Supervisory Board do to contribute?

**Iriyama:** Major changes are taking place around the world, and the positions of Japan's economy and aluminum industry are shifting. How will the Board of Directors and executive management lead us through these changes? How should their performance be evaluated, and what proposals should be made? These are issues that we auditors must take seriously and respond to while under pressure. Therefore, we will need to keep up to date and refine our abilities to grasp what is happening in the world.

**Yamasaki:** Since I was appointed, I have always stressed the importance of financial discipline. Investments must be made, of course, to capture rising demand for car stock in North America, and respond to the growing usage of aluminum parts in EVs and other automobiles, but how to control finances while managing both risks and opportunities is a major issue. UACJ has been focusing on improving its financial structure, but keeping it under control is a vital task. With that in mind, all members of the Audit & Supervisory Board will need to draw on their individual expertise and skills to effectively supervise and support the management decision-making we monitor, and initiate discussions and meetings with the Board of Directors and each director.

**Motoyama:** Over the past nine years since UACJ was formed by merger, it has expanded overseas and made substantial capital investments. It is entering a very good phase now that UACJ (Thailand) has become profitable and business in the U.S. is expected to grow. On the other hand, fostering a sense of unity among group companies in Japan and abroad, mainly through efforts to promote UACJ's management philosophy, still seems to be at an early stage. The Audit & Supervisory Board is not directly involved in this process, but I think it must strictly supervise these activities in order to support group-wide efforts to accomplish the mid-term management plan and long-term UACJ Vision 2030.

### How auditors can contribute to corporate governance

**Sakaue:** You have shared your opinions and suggestions for tackling various issues, but now I would like to hear your views on corporate governance.

**Iriyama:** UACJ has expanded its scale of operations by establishing large manufacturing plants overseas. In that context, I am concerned about how to create a solid basis and a strong process for corporate governance. There are a few approaches for doing this. One is to collect suggestions from various people and integrate them into a whole. Another is to exercise strong leadership to accomplish objectives. In my view, UACJ leans toward the first approach. It is inclined to have people come together to reach a consensus. As I alluded to earlier, however, the world has changed dramatically, and we can expect big changes in the future, so strong leadership is essential today. To keep leaders in line, however, rules and systems of checks and balances must be put in place. Maintaining the right balance will be important in my opinion.

**Sakaue:** In other words, one of the roles of the Audit & Supervisory Board is to keep leaders under control.

**Iriyama:** Yes, that's right

**Yamasaki:** To make the supervision function work, I think it is important to ensure the independence of the auditors and the Audit & Supervisory Board, and to verify that. Obviously,

auditors are expected to contribute to enhancing the Company's value, and prevent that value from being impaired, but among corporate governance reforms, the importance of outside auditors comes from the importance given to independence. From that standpoint, independent audits are essential for increasing the credibility and transparency of the internal auditor selection process and the implementation of internal control systems.

**Sakaue:** While each of you recognizes the importance of independence, according to comments in the auditor evaluation, the extent of independence in practical terms is somewhat unclear.

**Motoyama:** In my case, after I was appointed as an auditor, structural reforms were launched and progress was made with respect to corporate governance. Still, this progress was driven by a top-down approach, established hierarchies, and procedures, so the speed and agility needed in today's world seemed to be lacking. Especially now, when the majority of sales comes from overseas, UACJ's corporate governance is entirely based on the perspective of Japanese managers, so I think there is still room for improvement. Therefore, in meetings of the Board of Directors, it is imperative that each of us explain our views and what we have learned in the process of routine operational audits and financial audits, and press for more speed and agility in management.

**Sakaue:** Indeed, we need to better understand international concepts of corporate governance and how it is viewed overseas. That is certainly something to improve.



### The Audit & Supervisory Board's role in human resources development

**Sakaue:** A number of opinions were expressed about successor training in the auditor evaluation.

**Yamasaki:** I would like to see the duties of internal auditing departments fully covered in human resources training and career development. Employees and managers can learn about many operational processes of a company in its auditing department. Indeed, auditing is the best job for understanding a company. Making use of it in the career development of business people is a good idea.

**Motoyama:** I agree. By gaining work experience in an internal

audit department, as you said, during a job rotation period, for example, people can develop their ability to consider multiple aspects of things when on the job and broaden their perspective. Incorporating this in training programs designed for the growth of individuals and for the company over the medium and long terms can raise the level of human resources development and corporate governance as a whole, without requiring more personnel in the internal audit department.

**Sakaue:** As part of their duties, full-time auditors are responsible for keeping up to date about things happening in the Company, so they should also look for suitable candidates for auditor positions as well, in my opinion.

## Envisioning the future of the Audit & Supervisory Board

**Sakaue:** Finally, I would like to know what kind of Audit & Supervisory Board you think would be best for the Company in the future?

**Iriyama:** Rather than the kind of Audit & Supervisory Board or committee structure, I am more interested in the expertise of each member and the overall balance of their standpoints. As I mentioned earlier, we are fortunate to have such a diverse group of outside auditors and full-time internal auditors. Over the past four years, I think our discussions have been very interactive. I hope steps are taken to maintain this good balance of members, and even improve it if possible. At the same time, in order to ensure sound leadership, which is unrelated to the balance of members' standpoints, we must work hard to make our presence felt as individuals with our own views and opinions.

**Yamasaki:** One of the questions in the evaluation asked us to comment on the extent the activities of the Audit & Supervisory Board and the role of its members are understood within the company. To be sure, auditors do not simply gather information; they can also receive information if employees are willing to report to the Audit & Supervisory Board when something happens, regardless of whether the incident is related to the law or regulations. For that reason, trust in is absolutely necessary, and making everyone aware of what auditors do is essential from the start. For example, when conducting audits at subsidiaries overseas or important manufacturing plants, we make sure to



hold meetings with upper management and talk with workers on the factory floor, because we want everyone to know that we are the people they should report problems to if they want positive changes to be made. This builds trust and gives them hope that the information we collect is actually useful. To build more trust in the activities of the Audit & Supervisory Board and the roles of its members going forward, better disclosure by the Board should be discussed, in my opinion.

**Motoyama:** I agree. I would also add that for auditors to supervise only the Board of Directors is insufficient. We need to visit various committees and factories in Japan and abroad to explain our roles, authority, and responsibilities. We need everyone to appreciate and recognize that the auditors are doing their best for the Company. That will improve our ability to collect information, and sharing information will enhance our supervision capabilities.

**Sakaue:** Based on our discussion today, I am pleasantly surprised and reassured that all of you are equally aware of the issues we face. To be honest, I did not fully understand the duties of the Audit & Supervisory Board before, but I recognize now that we have a vital role to play, and as Mr. Iriyama said, we must "make our presence felt." I am confident that we can build mutual trust and create an environment that allows each auditor to increasingly apply his expertise. Having listened closely to your opinions today, I feel a renewed determination to make my presence felt in the Company as a full-time member of the Audit & Supervisory Board. Thank you.

# Board of Directors (as of June 22, 2022)

## Directors



**Miyuki Ishihara**  
Representative Director & President  
Attended 14 of 14 Board of Directors meetings

Apr. 1981 Joined Sumitomo Light Metal Industries, Ltd.  
Executive Officer  
Oct. 2012 Executive Officer, UACJ Corporation  
Jun. 2015 Director, Member of the Board, Executive Officer  
Apr. 2017 Director, Member of the Board,  
Managing Executive Officer  
Apr. 2018 Director, Member of the Board  
Jun. 2018 Representative Director & President (current)



**Teruo Kawashima**  
Director, Member of the Board,  
Executive Vice President in charge of group-wide  
financial affairs, corporate communications,  
and management strategies  
Attended 14 of 14 Board of Directors meetings

Apr. 1982 Joined Sumitomo Light Metal Industries, Ltd.  
Apr. 2013 Deputy General Manager, Administrative Division  
Oct. 2013 Executive Officer, UACJ Corporation  
Apr. 2016 Executive Officer, UACJ Corporation; CEO,  
UACJ North America Inc.  
Apr. 2019 Managing Executive Officer  
Jun. 2019 Director, Member of the Board,  
Managing Executive Officer  
Apr. 2022 Director, Member of the Board,  
Executive Vice President (current)



**Katsuyasu Niibori**  
Director, Member of the Board, Senior  
Managing Executive Officer in charge of  
operating subsidiaries, Director and  
President of UACJ Extrusion Corporation  
Attended 14 of 14 Board of Directors meetings

Apr. 1982 Joined Furukawa Electric Co., Ltd.  
Jun. 2012 Director, Furukawa-Sky Aluminum Corporation  
Jun. 2013 Executive Officer  
Oct. 2013 Executive Officer, UACJ Corporation  
Apr. 2015 Executive Officer, UACJ Corporation Advisor,  
UACJ Foil Corporation  
Jun. 2015 Executive Officer, UACJ Corporation  
Member of the Board, President & CEO,  
UACJ Foil Corporation  
Apr. 2017 Managing Executive Officer, UACJ Corporation  
Jun. 2018 Director, Member of the Board,  
Managing Executive Officer, UACJ Corporation  
Apr. 2021 Director, Member of the Board, Senior Managing  
Executive Officer (current); President and  
Director, UACJ Extrusion Corporation (current)



**Seiichi Hirano**  
Director, Member of the Board, Managing  
Executive Officer, Chief Executive,  
Research & Development Division,  
officer in charge of digital transformation  
Attended 14 of 14 Board of Directors meetings

Apr. 1984 Joined Sumitomo Light Metal Industries, Ltd.  
Apr. 2019 Executive Officer, UACJ Corporation  
Apr. 2020 Chief Executive,  
Research & Development Division (current)  
Jun. 2020 Chief Executive, Research & Development  
Division Director, Member of the Board,  
Executive Officer  
Apr. 2021 Director, Member of the Board,  
Managing Executive Officer (current)



**Shinji Tanaka**  
Director, Member of the Board, Managing  
Executive Officer, Chief Executive, Corporate  
Strategic Restructuring Office, officer in  
charge of climate change countermeasures  
Attended 11 of 11 Board of Directors meetings  
(following his appointment as a director)

Apr. 1987 Joined Sumitomo Light Metal Industries Co., Ltd.  
Jan. 2016 Director, Member of the Board,  
UACJ (Thailand) Co., Ltd.  
Apr. 2018 Executive Officer, Executive Vice President,  
UACJ (Thailand) Co., Ltd.  
Apr. 2021 Executive Officer, Chief Executive of the  
Corporate Strategic Restructuring Office  
(current); Vice Chief Executive, Business  
Support Division; Vice Chief Executive,  
Finance and Accounting Division  
Jun. 2021 Director, Member of the Board, Executive Officer  
Apr. 2022 Director, Member of the Board,  
Managing Executive Officer (current)



**Fumiharu Jito**  
Director, Member of the Board, Executive  
Officer, Chief Executive, MONOZUKURI Core  
Manufacturing Innovation Division  
Newly appointed in June 2022

Apr. 1988 Joined Furukawa Electric Co., Ltd.  
Jun. 2011 General Manager, Production Department,  
Rolled Products Division, Fukui Works,  
Furukawa-Sky Aluminium Corp.  
Apr. 2019 Senior General Manager, Fukaya Works, Flat  
Rolled Products Division, UACJ Corporation  
Apr. 2021 Senior General Manager, Nagoya Works,  
Flat Rolled Products Division  
Apr. 2022 Executive Officer, Chief Executive, Monozukuri  
Core Manufacturing Division (current)  
Jun. 2022 Director, Member of the Board,  
Executive Officer (current)

## Outside Members of the Board



**Ryoko Sugiyama**  
Director, Member of the Board  
(outside, part-time)\*  
Attended 12 of 14 Board of Directors meetings

May 1996 Representative Director, Sugiyama & Kurihara  
Environmental Consultants, Inc.  
Dec. 1997 Director, Gifu Shimbun  
Dec. 1999 Director, Gifu Broadcasting System, Inc.  
Apr. 2010 Professor, Fuji Tokoha University (currently  
Tokoha University) Faculty of Social and  
Environmental Studies  
Jun. 2010 Outside Director, Lecip Holdings Corporation  
Jun. 2015 Director, Member of the Board (outside and  
part-time), UACJ Corporation (current)  
Jan. 2016 Representative Director of non-government  
incorporated foundation (currently public  
interest incorporated foundation)  
Gifu Sugiyama Memorial Foundation (current)  
Jun. 2016 Outside Director and Audit & Supervisory  
Committee member of Lecip Holdings  
Corporation (current)  
Jun. 2017 Outside Director, Kurita Water Industries Ltd.  
(current)  
Dec. 2018 Owner and Representative Director,  
Gifu Shimbun (current)  
Dec. 2019 Director and Chairperson, Gifu Broadcasting  
System, Inc. (current)

Rationale for selection: Ryoko Sugiyama was invited to serve to utilize her extensive background as a university professor and management experience as a company director.



**Takahiro Ikeda**  
Director, Member of the Board  
(outside, part-time)\*  
Attended 14 of 14 Board of Directors meetings

Apr. 1975 Joined Mitsubishi Kasei Kogyo  
(now Mitsubishi Chemical Corporation)  
Apr. 2006 Executive Officer, Mitsubishi Chemical  
Corporation, Deputy General Manager,  
Polymers Division  
Apr. 2007 Executive Officer, General Manager,  
Chemicals Division  
Jul. 2008 Dia Chemical Co. Ltd., President  
Jun. 2010 Managing Executive Officer, Mitsubishi Rayon  
Co., Ltd.(now Mitsubishi Chemical Corporation)  
Apr. 2013 Director and Managing Executive Officer  
Apr. 2015 Advisor  
Apr. 2016 Itochu Chemical Frontier Corporation,  
Executive Advisor  
May 2016 T.I. Associates, Representative Director (current)  
Jun. 2018 Director, Member of the Board (outside and  
part-time), UACJ Corporation (current)

Rationale for selection: Takahiro Ikeda was invited to serve to utilize his experience as a director at a major chemical manufacturer and long career in corporate management.



**Akio Sakumiya**  
Director, Member of the Board  
(outside, part-time)\*  
Attended 14 of 14 Board of Directors meetings

Apr. 1975 Joined Tateisi Electric Manufacturing Co.  
(now OMRON Corporation)  
Jun. 2003 Executive Officer, General Manager of  
Amusement Equipment Business, OMRON  
Corporation; President and CEO of OMRON  
Ichinomiyama Co., Ltd.  
(now OMRON Amusement Co., Ltd.)  
Apr. 2009 Executive Officer, OMRON Corporation;  
President, Electronic Components Business  
Company  
Jun. 2010 Managing Executive Officer, OMRON  
Corporation; President, Electronic and  
Mechanical Components Business Company  
Jun. 2011 Senior Managing Director  
Jun. 2014 Executive Vice President  
Mar. 2018 Outside Audit & Supervisory Board Member,  
Asahi Glass Co., Ltd. (now AGC Inc.)  
Jun. 2018 Director, Member of the Board (outside and  
part-time), UACJ Corporation (current)

Rationale for selection: Akio Sakumiya was invited to serve to utilize his corporate management experience as an executive vice president of a major electrical appliance manufacturer and extensive background in corporate governance, including positions of vice-chairperson of several committees involved in the remuneration and affairs of company directors and other personnel.



**Yoshitaka Mitsuda**  
Director, Member of the Board  
(outside, part-time)\*  
Newly appointed in June 2022

Jul. 1993 Assistant Professor, Institute of Industrial  
Science, University of Tokyo  
Dec. 2002 Specialist, Higher Education Planning Division,  
Higher Education Bureau, Ministry of Education,  
Culture, Sports, Science and Technology  
Jun. 2005 Professor, Institute of Industrial Science,  
University of Tokyo  
Apr. 2009 Special Assistant to the President (in charge of  
financial affairs) and Vice President, Institute  
of Industrial Science  
Apr. 2020 Professor, Research Department, National  
Institution for Academic Degrees and Quality  
Enhancement of Higher Education (current)  
Jun. 2020 Professor Emeritus, University of Tokyo (current)  
Jun. 2022 Director, Member of the Board (outside,  
part-time), UACJ Corporation (current)

Rationale for selection: Yoshitaka Mitsuda was invited to serve based on his background in materials-related education and training, and extensive experience in university management and public-private-academic partnerships.

## Audit & Supervisory Board Members



**Atsushi Sakae**

Audit & Supervisory Board Member

Attended 11 of 11 Board of Directors meetings (following his appointment as a full-time auditor)

Apr. 1985 Joined Sumitomo Light Metal Industries Co., Ltd.  
Apr. 2018 Executive Officer, UACJ Corporation  
Apr. 2020 Vice Chief Executive, Finance and Accounting Division  
Jun. 2021 Audit & Supervisory Board Member (current)



**Ryu Sawachi**

Audit & Supervisory Board Member

Newly appointed as a full-time auditor in June 2022

Apr. 1985 Joined Furukawa Electric Co., Ltd.  
Oct. 2013 General Manager, Public and Investor Relations Department, UACJ Corporation  
Apr. 2019 General Manager, Corporate Communication Department  
Apr. 2020 Vice Chief Executive, Business Support Division  
Jun. 2022 Audit & Supervisory Board Member (current)

## Outside Members of the Audit & Supervisory Board



**Yuki Iriyama**

Audit & Supervisory Board Member (outside, part-time)

Attended 14 of 14 Board of Directors meetings

Apr. 1970 Joined Nippon Steel Corporation  
Jun. 2002 Director, Manager of the Board and General Manager of Overseas Business Development Division Nippon Steel Corporation  
Apr. 2006 Managing Executive Officer  
Jun. 2009 Executive Advisor  
Oct. 2012 Standing Advisor, Nippon Steel Corporation  
Jun. 2014 Advisor of Nippon Steel Corporation (part-time)  
Mar. 2015 Counsel of Kajitani Law Offices (current)  
May 2017 Director of Vallourec S.A. (France)  
Jun. 2018 Audit & Supervisory Board Member (outside and part-time), UACJ Corporation (current)

Rationale for selection: Yuki Iriyama was invited to serve to utilize his advanced legal expertise as a lawyer specializing in corporate law, and given his extensive experience in corporate management, including a position of managing director at a major steel manufacturer.



**Hiroyuki Yamasaki**

Audit & Supervisory Board Member (outside, part-time)\*

Attended 13 of 14 Board of Directors meetings

Oct. 1982 Joined Chuo Accounting Corporation  
Oct. 2005 Director, Chuo Aoyama Audit Corporation  
May 2006 Acting Chairman  
Nov. 2007 Senior Partner of ShinNihon Audit Corporation (now Ernst & Young ShinNihon LLC)  
Aug. 2008 Managing Director of Ernst & Young ShinNihon LLC  
Jul. 2013 Auditor of Japan Venture Capital Association  
Jul. 2017 President of Hiroyuki Yamasaki CPA Office (current)  
Dec. 2017 Director, Land Business Co., Ltd.  
Jun. 2018 Audit & Supervisory Board Member (outside and part-time), UACJ Corporation (current)  
Jun. 2018 Outside Director, Sankyo Co., Ltd. (current)  
Dec. 2020 Director and Vice President, Land Business Co., Ltd. (current)

Rationale for selection: Hiroyuki Yamasaki was invited to serve to utilize his extensive background in finance and accounting as a certified public accountant specializing in corporate accounting.



**Yoshiro Motoyama**

Audit & Supervisory Board Member (outside, part-time)\*

Attended 14 of 14 Board of Directors meetings

Apr. 1980 Joined Mitsubishi Motors  
Mar. 2014 Director, Vice President, General Manager, Production Division, Mitsubishi Fuso Truck and Bus Corporation  
Aug. 2017 Takenaka Co. Ltd., Director & CTO  
Jun. 2018 Audit & Supervisory Board Member (outside and part-time), UACJ Corporation (current)  
Aug. 2019 Director, Takenaka Co., Ltd.  
Aug. 2021 Executive Advisor, Takenaka Co., Ltd. (current)

Rationale for selection: Yoshiro Motoyama was invited to serve to utilize the broad outlook he has gained over his career and given his extensive experience in corporate management, including a position of executive vice-president of a major automobile manufacturer.

\* Appointed as an independent officer after being deemed to have no conflict of interests with the Company's ordinary shareholders

## Executive Officers

**Masataka Taguchi** Senior Managing Executive Officer

**Akinori Yamaguchi** Senior Managing Executive Officer

**Teiichi Abe** Managing Executive Officer

**Akito Imaizumi** Managing Executive Officer

**Henry Gordinier** Managing Executive Officer

**Keizo Hashimoto** Executive Officer

**Joji Kumamoto** Executive Officer

**Fumihiko Sato** Executive Officer

**Haruhiro Iida** Executive Officer

## Basic philosophy of corporate governance

The UACJ Group manifests its corporate philosophy through business activities that contribute to creating a sustainable and prosperous society. In so doing, the Group aims to achieve

sustainable growth and enhance its corporate value over the long term. One of the most important tasks of management to fulfill that objective is to establish and execute effective corporate governance.

## Steps to strengthen corporate governance since UACJ's establishment

Year	UACJ's plans and goals	Measures to enhance governance						
2013		<b>Appointed the Company's first outside director</b>						
2014		<b>Promoted the Company's first non-Japanese nationals to executive officer positions</b>						
2015	<b>First mid-term management plan from fiscal 2015 to 2017</b>	<b>Appointed the Company's first female outside director</b>						
2016	<b>Major policies</b>	<b>Commenced evaluation of the effectiveness of the Board of Directors</b>						
2017	<ul style="list-style-type: none"> <li>Expand into the growing automotive, transport, and energy industries while bolstering operations in Asia and other growth regions</li> <li>Organize optimized manufacturing operations in each business and facilitate technological integration</li> <li>Develop new technologies and products</li> </ul>	<b>Established Nomination and Remuneration Advisory Committee</b>						
2018	<b>Second mid-term management plan from fiscal 2018 to 2020</b>	<b>Appointed people with experience in business management as outside directors</b>						
	<b>Major policies</b>	<b>Implemented a system of performance-linked remuneration for full-time directors (page 72)</b>						
2019	<ul style="list-style-type: none"> <li>Continue focusing on the growing automotive industry and growth markets in Asia and North America</li> <li>Steadily generate returns on past investments</li> <li>Increase capital efficiency with an emphasis on ROIC</li> <li>Promote shared principles of conduct as the UACJ Way</li> </ul>	<div style="border: 1px solid black; padding: 5px;"> <b>Changes in fiscal 2019</b> <ul style="list-style-type: none"> <li>Reduced the number of directors and executive officers</li> </ul> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>Full-time Directors also serving as executive officers</td> <td>Outside directors</td> <td>Executive officers</td> </tr> <tr> <td>8 → 6</td> <td>4 → 4</td> <td>27 → 14</td> </tr> </table> <ul style="list-style-type: none"> <li>Reorganized corporate divisions</li> <li>Revised the remuneration system</li> </ul> </div>	Full-time Directors also serving as executive officers	Outside directors	Executive officers	8 → 6	4 → 4	27 → 14
Full-time Directors also serving as executive officers	Outside directors		Executive officers					
8 → 6	4 → 4	27 → 14						
2020	<b>Implementation of structural reforms from fiscal 2019 to 2022</b>	<b>Full operation of a succession plan begins</b>						
	<b>Major objectives</b>	<b>Evaluation survey of the effectiveness of the Board of Corporate Auditors</b>						
2021	<b>Third mid-term management plan from fiscal 2021 to 2023</b>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p><b>Independent outside directors comprise two-fifths of the Board of Directors</b> (as of June 2022)</p> <p>Full-time director: 6, Independent outside directors: 4</p> </div> <div style="text-align: center;"> <p><b>Outside members comprise three-fifths of the Audit &amp; Supervisory Board</b> (as of June 2022)</p> <p>Full-time members: 2, Outside members: 3</p> </div> </div>						
	<b>UACJ Vision 2030</b>							
2022	<ul style="list-style-type: none"> <li>Capturing demand in growth sectors and growth markets</li> <li>Utilize enhanced aluminum materials to contribute to greater social and economic value</li> <li>Tap into new business domains</li> <li>Cut CO<sub>2</sub> across product lifecycles</li> </ul>	<p><b>More than half of the committee are independent outside directors</b> (as of June 2022)</p> <p>Full-time directors: 2, Independent outside directors: 4</p>						

## Corporate Governance System

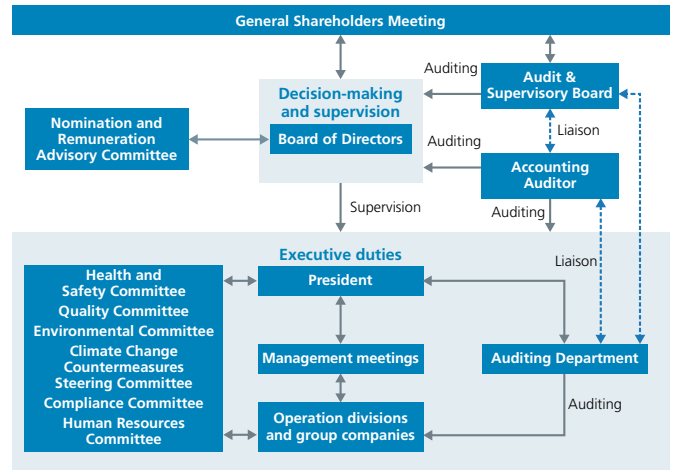
### Board of Directors

The Company utilizes an Audit & Supervisory Board member system. Following an executive officer system for business execution, managerial decision-making and supervisory functions are separated from business execution thereby strengthening the functions of the Board of Directors and accelerating the speed of business execution. To further clarify this separation and improve the supervisory function, in June 2022 the Articles of Incorporation were amended to make the president the chief executive officer in charge of business execution and to allow mutual selection of the Chair of the Board of Directors.

The Board of Directors meets monthly to discuss important management matters and report on the status of business execution in accordance with laws, the Articles of Incorporation, and internal regulations. In fiscal 2021, the discussions largely focused on oversight of the structural reform progress and future strategies for human resources and technology. The Board also monitored the status and received updates on the measures addressing each materiality issue.

As of June 22, 2022, the Board of Directors was chaired by the Representative Director and comprised of 10 directors (including four independent outside directors) and five auditors (including three independent outside auditors). The secretariat of the Board of Directors provides information and other support.

### Corporate Governance System



### Overview of Corporate Governance Structure

Form of institutional design	Company with an Audit & Supervisory Board
Total number of directors	10 (of whom 4 are outside directors)
Total number of Audit & Supervisory Board members	5 (including 3 outside directors)
Ratio of female directors	10%
Directors' term of office	1 year
Adoption of an executive officer system	Yes
Voluntary advisory body to the Board of Directors	Nomination and Remuneration Advisory Committee
Accounting auditors	Deloitte Touche Tohmatsu LLC

### Main agenda of the Board of Directors

Category	Main discussions and agenda items
Management	<ul style="list-style-type: none"> <li>Streamlining of management (including share transfers, acquisitions, and sales of businesses)</li> <li>Medium- and long-term strategies, Fiscal 2022 plan</li> <li>Budget/Income and Expenditure/Borrowing plan</li> <li>Compliance with the corporate governance code</li> </ul>
Sustainability	<ul style="list-style-type: none"> <li>Sustainability vision</li> <li>Establishment of materiality issues measures and targets</li> <li>CSR Committee report • Environmental Committee report • TCFD</li> </ul>
Board of Directors/ Officers	<ul style="list-style-type: none"> <li>Evaluation of the effectiveness</li> <li>Selection of representative directors</li> <li>Nomination of officers</li> <li>Assignment and responsibilities of directors and executive officers</li> <li>Remuneration of officers</li> <li>Nomination of Nomination and Remuneration Advisory Committee members</li> <li>Skill matrix • Criteria for non-reappointment of directors</li> </ul>
Stocks/ Shareholders' Meeting/ Investors	<ul style="list-style-type: none"> <li>Sale of strategic shareholdings</li> <li>Revision of share ownership rules</li> <li>Holding of the annual general meeting of shareholders</li> <li>IR activity reports</li> </ul>

### Message from the Chair of the Board of Directors

Corporate governance is the foundation that underpins all of the Group's business activities, and fortifying our governance is an important management issue for fulfilling the Group's philosophy and enhancing corporate value.

As a Company with an Audit & Supervisory Board, we emphasize the decision-making and supervisory functions of the Board of directors and take steps to strengthen the cycle of verification and improvement, such as by conducting third-party evaluations of the Board of Directors. These efforts have yielded tangible results, such as increasing the discussions about management strategies, but we will not become complacent and will continue seeking to improve.

The composition of the Board of Directors currently has four of the ten directors as outside directors and nearly half of the auditors and other Board members from outside the company. The diversity and skill matrix that they represent along with their knowledge and experience fuels full and lively discussion.

In fiscal 2021, discussion focused largely on human resources and technology strategies and other topics related to the company's business direction. In fiscal 2022, we intend to maintain appropriate oversight of efforts to address issues related to structural reform and sustainability.

As Chair of the Board, I will continue striving to maintain the effective functioning of the Board of Directors and to strengthen corporate governance to ensure the Group continues advancing toward establishing sustainable growth and enhancing its corporate value over the medium and long term.

**Miyuki Ishihara**  
Representative Director & President

### Audit & Supervisory Board

As an independent body that playing a role in corporate governance, the Audit & Supervisory Board is tasked with auditing the execution of duties by the board members. To improve the quality of auditing, a three-way audit system has been adopted for cooperation among Audit & Supervisory Board audits, internal audits, and audits by accounting auditors. Following the auditing policies and plans set out by the Audit & Supervisory Board, these audits are conducted, in principle, once a year and focus primarily on the execution of duties by the board members in areas including the development and operation of internal control systems, prevention of risks, and initiatives to address managerial issues.

The Board of Auditors consists of five auditors (including three independent outside auditors), two of which have knowledge of finance and accounting. Management believed there was a need to have a stronger auditing system during the four years beginning in June 2018, the year prior to the start of structural reforms, and therefore maintained six auditors on the Board of Auditors. The current format of five auditors was instituted in June 2022 because of the significant improvement in the auditing conditions, which now enable efficient and expeditious audits, and the improved cooperation within the internal auditing structure.

### Nomination and Remuneration Advisory Committee

The Company has strengthened corporate governance and enhanced objectivity and transparency in the decision-making process by establishing the Nomination and Remuneration Advisory Committees to serve as an advisory body to the Board of Directors in decisions related to nominating directors, executive officers and corporate auditors and to determining the compensation of directors and executive officers.

The committee places high priority on independence, with an independent outside director serving as the committee chair and four of the six committee members being independent outside directors.

In fiscal 2021, the committee discussed and reported to the Board of Directors on topics including the composition of the Board of Directors and the skills that the Board of Directors should have, the progress of the successor candidate plan, and the short-, medium-, and long-term targets and results for performance-linked remuneration.

### Evaluation of the Effectiveness of the Board of Directors

Each year, the Company evaluates and takes steps to improve the effectiveness of the Board of Directors. At appropriate intervals, we also engage third-parties to conduct analysis and evaluations with the intention of ensuring the neutrality and objectivity of our evaluations and to make our improvement measures even more effective. The most recent third-party evaluation was conducted in fiscal 2020.

### Processes and initiatives for evaluating effectiveness

**Flow**

- 1) For ongoing follow-up, a survey is created based on the fiscal 2020 third-party evaluation questionnaire
- 2) Directors and auditors respond in writing, and the secretariat analyzes the results of their responses
- 3) The Board of Directors discusses the analysis findings

**Major items for evaluation**

- Roles and responsibilities of the Board of Directors
  - Decision making by the Board of Directors
- Supervisory functions of the Board of Directors
  - Composition of the Board of Directors
  - Operation of the Board of Directors
- Role of the Nomination and Remuneration Advisory Committee
  - Relations with investors and shareholders

**Results of evaluation in fiscal 2020**

- The scope and composition of internal and external members of the Board of Directors is appropriate
- Operation of the Board of Directors is appropriate with regard to the frequency of meetings and the deliberation time, content, and number of discussions
- The Nomination and Remuneration Advisory Committee conducted active discussions
- Full discussions were held concerning the Company's main direction, which was an issue in the previous fiscal year, and the Board of Directors and Nomination and Remuneration Advisory Committee adequately shared information

**Future topics and measures**

- Continuing and enhancing discussion on cultivating and increasing diversity of global human resources, continue conducting full discussions about human resources strategy
- Continuing to actively provide support for outside directors
- Furthering discussions on succession plans for directors

### History of improvements to the effectiveness of the Board of Directors

FY	Major items for improvement	Initiatives implemented in response to evaluations received
2017	<ul style="list-style-type: none"> <li>• Improvement of materials that assist with governance</li> </ul>	<ul style="list-style-type: none"> <li>• Revision of proposal and reporting standards to strengthen supervisory functions</li> <li>• Improvements to advance explanations provided to outside directors and Audit &amp; Supervisory Board members</li> </ul>
2018	<ul style="list-style-type: none"> <li>• Ensuring the diversity of the Board of Directors</li> <li>• Improvements to advance explanations provided to outside directors and Audit &amp; Supervisory Board members, and ensuring that documents are sent at least three days prior to meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Creation of documentation guidelines for the Board of Directors</li> <li>• Improvements to the content of reports made to the Board of Directors</li> </ul>
2019	<ul style="list-style-type: none"> <li>• Introduction of important materials at appropriate times</li> <li>• Improvements to discussion of management strategy</li> </ul>	<ul style="list-style-type: none"> <li>• New addition of "deliberation" to the agenda categories</li> <li>• Implementation of policy reports to each division</li> </ul>
2020	<ul style="list-style-type: none"> <li>• Enhance discussion on major directions for the Company</li> <li>• Improvement of reports and explanatory materials that assist with governance</li> </ul>	<ul style="list-style-type: none"> <li>• Selection of major themes for the medium to long term</li> <li>• Improved support for outside directors and Audit &amp; Supervisory Board members</li> <li>• Improving information sharing between the Nomination and Remuneration Advisory Committee and the Board of Directors</li> </ul>
2021	<ul style="list-style-type: none"> <li>• Enhance discussion of the Company's main direction</li> <li>• Information sharing between the Board of Directors and the Nomination and Remuneration Advisory Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Resumed tours of manufacturing facilities for outside officers</li> <li>• Provided training opportunities for outside directors</li> <li>• Elevated discussion of issues related to human resources strategy</li> </ul>



## Remuneration of officers

UACJ's officer remuneration system is intended to provide management incentive to respond to the expectations of a variety of stakeholders and to promote steady and sound business development to continue generating the profits needed to contribute to society.

The system is also designed to share the benefits and risks of stock price fluctuations with shareholders and increase their desire to help increase share prices, raise business value, and improve our performance in the medium and long term. The remuneration system is periodically reviewed to ensure it is functioning appropriately and effectively. To further enhance the system's objectivity and transparency, beginning in fiscal 2021, decisions concerning remuneration of individual directors will be made by the Board of Directors, rather than by directors. The Nomination and Remuneration Advisory Committee annually reviews the remuneration system and assesses the need for revisions based on changes in the business environment and how the system is actually operating.

### Initiatives to date

2018	Reviewed the remuneration system and implemented short-term performance-linked remuneration* and medium-to long-term performance-linked remuneration (PSU)
2020	As the Company worked towards structural reform, increased the short-term performance-linked remuneration ratio, and introduced total shareholder return to the system of medium-to long-term performance-linked remuneration
2021	<p>Introduced SDGs evaluation to short-term performance-linked remuneration, and restricted stock units (RSU) to medium-to long-term performance-linked remuneration</p> <ul style="list-style-type: none"> <li>Recognizing that initiatives related to contributing to achieving a better world (promoting sustainability)—one of the three major objectives in the third mid-term management plan—are indispensable to corporate growth and an important factor in share evaluation, we integrated non-financial indicators into the remuneration system, improved incentives to engage in sustainability-related activities, and implemented SDGs evaluation into short-term performance-linked remuneration with an eye to future business growth and improving share value.</li> <li>We introduced restricted stock units alongside the existing performance share units in order for the remuneration system to reflect medium- and long-term contributions more appropriately, and instituted Shareholding Guidelines that encourage those in management to hold a certain amount of company shares.</li> <li>To strengthen risk management in the context of the officer remuneration system, so-called malus and clawback clauses were established.</li> <li>Abolished the reappointment of directors as a method of deciding individual remuneration</li> </ul>

\* Outside directors are not subject to the performance-linked remuneration system, as their primary duty is to provide supervision from an independent, objective standpoint.

## Total remuneration of directors and Audit & Supervisory Board members in fiscal 2021

Positions	Number of members	Total amount by type of remuneration			Total remuneration
		Base salary	Short-term performance-linked remuneration	Medium-to long-term performance-linked remuneration	
All directors (Outside directors)	11 (4)	¥283 million (¥53 million)	¥153 million (-)	¥56 million (-)	¥492 million (¥53 million)
All Audit & Supervisory Board Members (Outside members)	7 (4)	¥91 million (¥40 million)	- (-)	- (-)	¥91 million (¥40 million)
Total (Outside directors and Audit Supervisory Board members)	18 (8)	¥374 million (¥92 million)	¥153 million (-)	¥56 million (-)	¥582 million (¥92 million)

Note: The above table includes one director who retired and one corporate auditor who resigned at the conclusion of the 8th Ordinary General Meeting of Shareholders held on June 22, 2021.

## Composition of the performance-linked remuneration system from fiscal 2021

### ■ Short-term performance-linked remuneration system

Evaluation factors	Company-wide performance	Consolidated net income, consolidated ROE, consolidated ROIC, consolidated ordinary income before inventory valuation
	Divisional performance	Divisional ordinary income, divisional ROIC, divisional ordinary income before inventory valuation
	SDGs	Evaluation of the level to which activity targets in the six materiality issues set out in our long-term management vision were achieved (weighting is approximately 10% of total short-term performance-linked remuneration)
	Individual performance	Mainly qualitative evaluation of important initiatives, etc., not reflected in company-wide or divisional performances for a single fiscal year (weighting is approximately 10% of total short-term performance-linked remuneration)
Evaluation period		Single fiscal year
Range of variation in performance-based remuneration		Changes within a range of 0 to 200% in accordance with the level of achievement, based on a payment ratio of 100% for 100% achievement of the goal
Content of remuneration		Paid in cash

### ■ Medium-to long-term performance-linked remuneration system

#### Restricted stock units (a system of providing shares and cash payments conditional on continuing service for three further years)

Evaluation factors	Conditional on continuing service
Evaluation timing	Three fiscal years
Range of variation in performance-linked remuneration	No change due to performance
Content of remuneration	Half of the assigned units with vested rights are provided as shares, with the remainder paid in cash

#### Performance share units (a system of providing shares and cash payments in accordance with the level of achievement of medium- and long-term performance goals for the entire Company)

Evaluation factors	Company-wide performance	Consolidated ROIC, consolidated adjusted EBITDA, consolidated D/E ratio
	Total shareholder return	Evaluation based on the growth rate of the Company's total shareholder return divided by the TOPIX (Tokyo Stock Price Index) during the evaluation period
Evaluation period		Three fiscal years
Range of variation in performance-linked remuneration		Changes within a range of 0 to 200% in accordance with the level of achievement, based on a payment ratio of 100% for 100% achievement of the goal
Content of remuneration		Half of the assigned units with vested rights are provided as shares, with the remainder paid in cash

**Breakdown of remuneration (when 100% of short- and medium-term goals are achieved)**



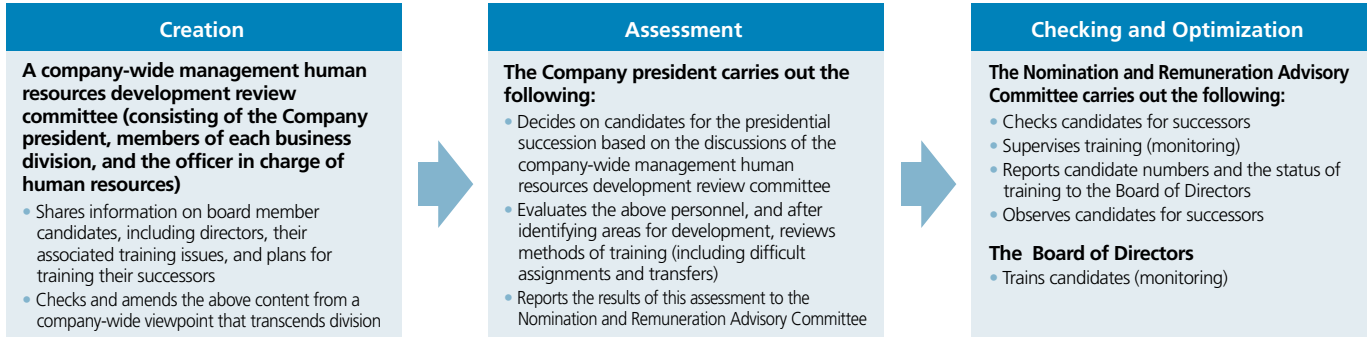
**Succession plans**

The Company has succession plans in place for the president and senior management positions. All Board members participate in an internal selection process that encompasses multiple perspectives and human resource data with the aim of providing a well-rounded approach to identifying candidates. We clarify any issues associated with each candidate and train them through challenging assignments, transfers, and education so they have abundant opportunity to gain the competencies and experience needed to serve as senior management. The status of the succession plan status is

periodically reported to the Nomination and Remuneration Advisory Committee (which includes four independent outside directors), which monitors the processes to ensure objectivity. The Board of Directors verifies and supervises the process.

The system’s objective is to cultivate successor candidates over the medium and long term for the positions of president and department managers. The system also includes succession plans for departmental and sectional managers with the aim of systematically cultivating human resources for organizational management positions. The coordinated implementation of these succession plans for senior management enables the methodical development of human resources for the entire Group.

**Succession plan for the Company president**



**Selection and nomination of officers**

The Nomination and Remuneration Advisory Committee evaluates candidates based on their career backgrounds, former positions, qualifications, and capabilities. The Board of Directors makes the final decision on appointments based on the committee’s recommendations.

Candidates for Audit & Supervisory Board members positions must also be approved by the Audit & Supervisory Board.

When selecting independent outside directors, the Company considers candidates first by considering any potential conflicts of interest and by seeking individuals who can be expected to engage in frank, active, and constructive dialogue at the Board of Directors meetings. Currently one of the four independent outside directors is a woman, and three of the directors have experience in corporate management.

UACJ is focusing on achieving a balance in the overall knowledge, experience, and abilities of the Board of Directors, and in developing systems that take into account diversity and scale.

**Skill matrix**

The Board of Directors and the Nomination and Remuneration Advisory Committee conducted specific discussions on the skills (knowledge, experience, and abilities) that a Board member should possess in order to implement the three main strategies of the third medium-term management plan and realize the long-term UACJ VISION 2030.

We intend to create a Board of Directors that as whole is a body equipped with nine skill sets for executing effective management oversight.

The nine skill fields are presented in the chart at the right.

## Reason for selection as a desired skill field

Skill fields	Reasons for appointment
Corporate management/Strategy	A wide range of knowledge, experience, and ability in corporate management and strategies—of our Company or other companies—is indispensable as the Group positions enhancing earnings capability and strengthening management systems, which are essential to our structural reform.
Finance/ Accounting	Finance and accounting knowledge, experience, and ability are indispensable to appropriately preparing, supervising, and auditing financial statements as well as to management aimed at improving our financial position through careful investment scrutiny and capital efficiency, which is essential to our structural reform.
Sales/Marketing	Sales and marketing knowledge, experience, and ability are indispensable to strengthening the foundations for growth as we seek to increase the added value of enhanced materials business and focus on growth markets (North America and Southeast Asia) and growth sectors (can stock and automotive components).
Overseas business	With overseas operations accounting for roughly half of Group sales, overseas business knowledge, experience, and ability is indispensable to leveraging our three-point—Japan, North America and Thailand—global supply network to further expand our presence on the global stage.
R&D/Manufacturing	Research and development and manufacturing knowledge, experience, and ability are indispensable to developing aluminum products that help reduce environmental burden as well as to creating and providing added value in enhanced materials and developing mechanisms and systems to create new business domains.
Legal/Governance	Legal and governance knowledge, experience, and ability is indispensable to ensuring comprehensive compliance and risk management and to executing the corporate governance required of a listed company in the prime market and enhancing corporate value.
IT/Digital	IT and digital knowledge, experience, and ability are indispensable to strengthening the foundations for growth, effectively allocation management resources to digital technology activities and advancing our digital transformation, pursuing the potential of aluminum, and creating new business domains.
Sustainability	Sustainability knowledge, experience, and ability is indispensable to achieving a better world and to focusing our efforts to address climate change and other challenges as well as to fulfill our plan to use diverse human resources in our business and promote the development and diversification of our human resources.
Other industries/fields	Knowledge, experience and ability in other fields and industries is indispensable to fulfilling the UACJ VISION 2030 and to providing an outside perspective to supervising management and diversity to the Board of Directors.

## Board composition and expertise

Name	Attributes	Tenure	(i) Corporate management/Strategy	(ii) Finance/Accounting	(iii) Sales/Marketing	(iv) Overseas business	(v) R&D/Manufacturing	(vi) Legal/Governance	(vii) IT/Digital	(viii) Sustainability	(ix) Other industries/Other fields	Main reasons for marking (○) in the relevant skill fields
Miyuki Ishihara	Internal	—	7 years	○			○	○		○		(i) Representative Director & President of the Company; (v) Long-standing experience in manufacturing division; (vi) Instrumental in enhancing the Company's corporate governance; (viii) Led the Company's sustainability activities
Teruo Kawashima	Internal	—	3 years	○	○	○						(i) Executive Vice President of the Company; (ii) In charge of Group financial strategies; (iv) Experience as CEO of an overseas company of the Group
Katsuyasu Niibori	Internal	—	5 years	○	○	○						(i) Instrumental in formulating the Company's management plans; (iii) Long-standing experience in planning and sales divisions; (iv) Experience as General Manager of Global Sales & Marketing Division
Seiichi Hirano	Internal	—	2 years	○	○	○	○		○			(i) and (iii) Chief Executive of Research & Development Division of the Company; (iv) and (v) Extensive experience in research and manufacturing divisions (incl. overseas); (vii) In charge of advancing the Company's digital transformation
Shinji Tanaka	Internal	—	1 year			○	○		○	○		(iv) Extensive experience in overseas business (incl. overseas); (v) Extensive experience in manufacturing division; (vii) Experience being in charge of Information Technology Division; (viii) In charge of promoting the Company's climate change countermeasures
Fumiharu Jito	Internal	—	—				○		○			(v) Extensive experience in manufacturing division; (vii) In charge of Information Technology Division
Ryoko Sugiyama	Outside Independent	—	7 years	○				○		○	○	(i), (vi) and (ix) Experience in business execution and as outside director of other companies and organizations; (viii) Knowledge in ESG, sustainability, and diversity promotion
Takahiro Ikeda	Outside Independent	—	4 years	○	○	○					○	(i), (iii), (iv) and (ix) Experience as director of a major chemical manufacturer (experience in sales, marketing, management of overseas business)
Akio Sakumiya	Outside Independent	—	4 years	○				○			○	(i), (vi) and (ix) Experience as director and Executive Vice President of a major electronic components manufacturer (served as committee member and vice chairperson of various advisory committees)
Yoshitaka Mitsuda	Outside Independent	—	—				○			○	○	(v), (viii) and (ix) Experience in education and research on smelting and recycling of non-ferrous metals at university and research institutions, experience in university operations
Atsushi Sakaue	Internal	—	1 year		○							(ii) Experience as Vice Chief Executive of Finance and Accounting Division
Ryu Sawachi	Internal	—	—					○		○		(vi) Experience as Vice Chief Executive of the Company's Business Support Division; (viii) Experience as General Manager of Public and IR Division
Yuki Iriyama	Outside Independent	—	4 years	○		○		○			○	(i), (iv), (vi) and (ix) Attorney, experience as Managing Director of a major steelmaker (experience in overseas business, corporate legal affairs)
Hiroyuki Yamasaki	Outside Independent	—	4 years	○	○			○			○	(i), (ii), (vi) and (ix) Certified public accountant, experience in business execution and outside directorships with other companies
Yoshiro Motoyama	Outside Independent	—	4 years	○		○	○				○	(i), (iv), (v) and (ix) Experience as director and Senior Vice President of a major foreign-affiliated automobile manufacturer (experience as general manager of product engineering division)

Note: The above table does not indicate the complete range of each individual's knowledge, experience, and ability

### Strategic shareholdings

The Company holds shares in companies that we deem necessary for the sustainable growth and smooth execution of our business, such as to maintain and strengthen trade transactions, business alliances, and stable procurement of raw materials.

The company's basic policy is to reduce and maintain the minimum necessary volume of strategic shareholdings. The Board of Directors annually reviews and comprehensively examines each shareholding from both quantitative and qualitative perspectives, including the significance of the shareholding and its economic rationale. Holdings deemed to be no longer practical or rational will be divested in an orderly manner.

The voting rights of strategy shareholdings, which are the rights of shareholders, are, in principle, exercised at all times. Decisions to vote for or against a proposal are made after comprehensively considering a proposal's compatibility with the purpose of our holding of the shares, contributes to the sound management of the issuing company, and ultimately improves the corporate value of the Company and the issuing company.

In fiscal 2021, we sold all or part of our strategic shareholdings in five companies, bringing the total number of strategic shareholdings holdings to 28 companies as of March 31, 2022. We intend to divest a further portion of our strategic shareholdings in fiscal 2022.

In fiscal 2021, the balance sheet value of strategic shareholdings was ¥4.6 billion, representing 1.9% of consolidated net assets.

### Compliance

The Group Code of Conduct was created based on the Corporate Philosophy and the principles of the UACJ Way to provide guidelines for employees and officers to follow in their conduct. The Code of Conduct is included in the rank-based education programs as part of our ongoing and regularly scheduled programs to familiarize employees with the code and to promote awareness of compliance and understanding of laws and regulations.

We also provide a fully integrated Group compliance consultation desk and other contact points to facilitate early detection and resolution of compliance issues. In fiscal 2021, in accordance with the amended Whistleblower Protection Act, the consultation services were expanded to include current officers, employees, and retired employees (within one year of retirement)

We have also established a Workplace Harassment Hotline in accordance with the Act on Comprehensively Advancing Labor Measures (also known as the Power Harassment Prevention Law).

### Compliance with competition laws and prevention of bribery

The Company instituted basic anti-corruption policies and regulations in 2018, implementing country-specific guidelines in accordance with the laws and regulations of each country and based on the results of risk surveys and fact-finding surveys conducted to comply with competition laws and prevent corruption throughout the Group. The Company performs self-assessments every year based on these guidelines.

There were no incidents of antitrust, foreign competition, or anti-bribery law violations in fiscal 2021.

### Dialogue with shareholders and investors

UACJ engages in dialogue and provides timely and appropriate information disclosure to keep shareholders and investors updated on Company activities and to maintain and build on our relationship of trust over the long term

### Activities in fiscal 2021

While the COVID-19 pandemic continued to make in-person meetings prohibitive in fiscal 2021, we used live streaming to present our earnings results as well as to hold our first IR Day. We also increased our engagement activities by holding, as the situation allowed, meetings between IR officers and our shareholders and investors through in-person meetings in Japan and online meetings with investors overseas. We also expanded our IR activities to encompass a broader range of investors beyond institutional investors with efforts that included our first large seminar designed specifically for individual investors. The feedback we receive from investors at these activities are periodically communicated to employees throughout the Group via our internal newsletters and other media.

We continued to proactively communicate with shareholders and investors during the year by issuing the integrated UACJ Report of financial and non-financial information in an easy-to-understand format and our To Our Shareholders reports (Japanese-language only), both of which we publish every fiscal year. We also provided simultaneous disclosure of financial results and other materials in Japanese and English and continued to upload IR-related video content to our website.

The UACJ website has been highly acclaimed by external organizations and for nine consecutive years the Nikko Investor Relations has awarded our website the highest rank of Grade AAA Corporate Website in both the sector and overall categories of its annual ranking of all listed companies in Japan, which it has been conducting since 2003.

# Management Discussion and Analysis

## Fiscal 2021 Consolidated Financial Results

### Record-high sales and profits backed by steady increases in earnings capacity and robust demand for aluminum products

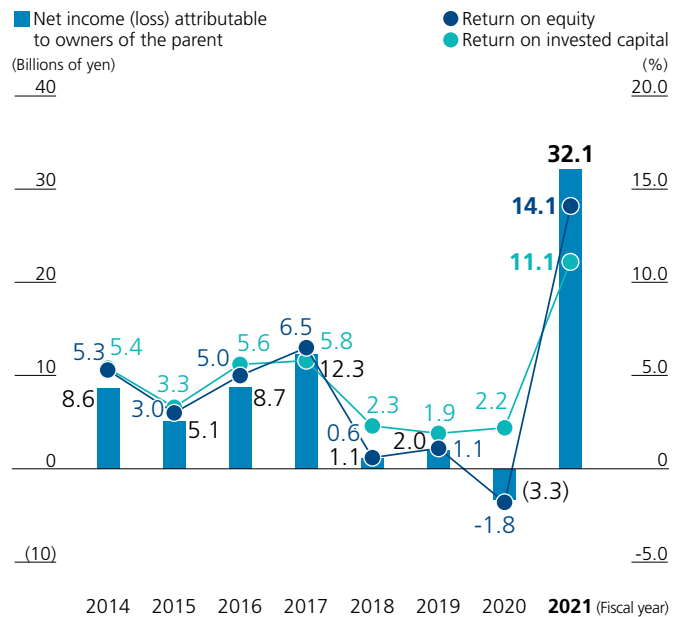
In fiscal 2021, the Company's fiscal year ended March 31, 2022, sales volume was up year on year, largely driven by robust demand for can stock in North America and steep rises in aluminum market prices. Reflecting these factors, consolidated net sales grew by 37.4% to ¥782.9 billion, surpassing the ¥700-billion mark for the first time since UACJ's establishment.

The Company also posted record-high profits in fiscal 2021. As part of structural reforms, the UACJ Group has been increasing the ratio of highly profitable products in its lineup of rolled aluminum products. Accordingly, its capacity utilization rate improved with the increase in sales volume. Profits also benefited from the favorable impact of higher aluminum market prices on the metal price lag (the difference between the time when aluminum prices included in sales are recognized and when aluminum purchase prices included in cost of sales are realized). As a result of these and other factors, operating income rose 434.1% to ¥59.5 billion, ordinary income jumped 777.6% to ¥52.3 billion, and net income attributable to owners of the parent came to ¥32.1 billion, compared with a loss of ¥3.3 billion in the previous fiscal year.

If the effect of the metal price lag is excluded, thereby more accurately reflecting profitability, ordinary income would have increased by 243.5% to ¥21.3 billion. This substantial increase indicates how the Company has successfully streamlined its

operations by rationalizing production in Japan while generating returns on large investments in the United States and Thailand, and by implementing structural reforms launched in fiscal 2019 aimed at increasing earnings capacity, reforming its financial structure, and improving management systems.

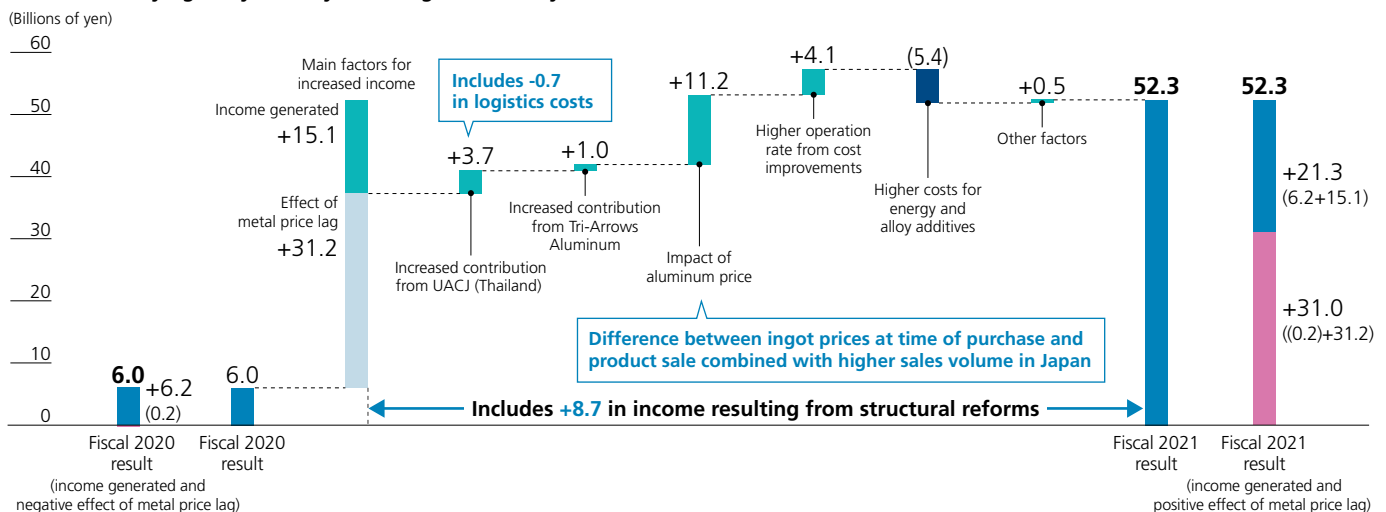
#### Net income, ROE, and ROIC



#### Assumptions and Sensitivities

	FY2020 (Mar. 31)	FY2021 (Mar. 31)	FY2022 Forecast (Mar. 31) As of May 31, 2022	Sensitivity on ordinary income
Nikkei average price of aluminum (¥/kg)	243	378	447	¥10/kg rise → +¥2.0–¥3.0 billion/year
LME (\$)	1,802	2,796	2,850	\$100/t rise → +¥2.2–¥3.5 billion/year
Foreign exchange (¥/\$)	106	112	125	Almost no impact
Foreign exchange (¥/Thai baht)	3.4	3.4	3.4	• Fuel and additional metal cost: become positive by stronger yen • Rolling margin, forex conversion: become positive by weaker yen
Crude oil (Dubai: \$)	45	78	105	\$10 increase → Approx. ¥(1.0)–¥(1.5) billion/year

#### Factors underlying the year-on-year change in ordinary income between fiscal 2020 and 2021



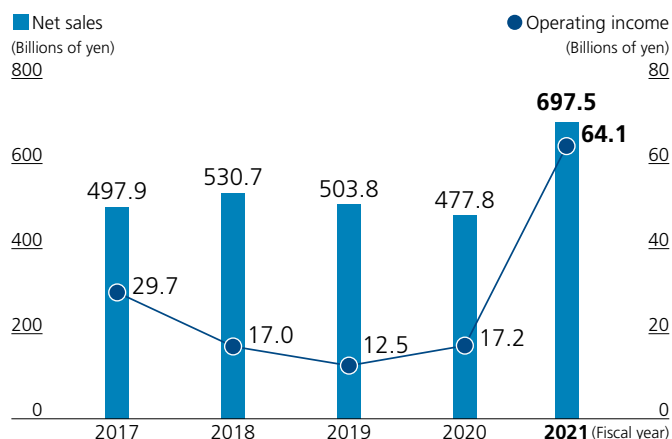
Consolidated Financial Results by Business Segment: Rolled Aluminum Products Business

In fiscal 2021, demand for flat-rolled aluminum for can stock, the Group's mainstay product, continued to be strong globally, especially in North America, as aluminum was increasingly adopted as a material by various industries amid growing environmental awareness. In anticipation of this robust demand, the Company has proactively established an international supply network based in Japan, the United States, and Thailand. Consequently, Tri-Arrows Aluminum Inc. in the U.S. along with UACJ (Thailand) Co., Ltd., and the Company's manufacturing plants in Japan supplied products to the North American can stock market, capturing the demand growth. Meanwhile, despite slowdowns of automobile production due to semiconductor shortages, sales in Japan increased year on year as automakers

used a larger amount of aluminum for more car models in an effort to reduce the weight of their vehicles.

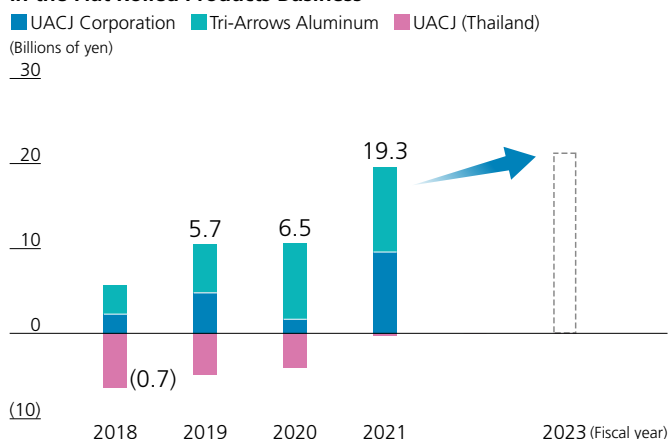
Reflecting the factors, above, sales volume of rolled aluminum products increased by 16.2% year on year to 1,293 thousand tons, and net sales rose by 46.0% to ¥697.5 billion. Operating income jumped 273.8% to ¥64.1 billion, largely due to the favorable impact of higher aluminum prices on the metal price lag. UACJ (Thailand) also contributed to this result, as it achieved profitability for the first time since starting operations while boosting productivity and recording substantial increases in sales volume. Excluding the effect of the metal price lag, the segment as a whole contributed ¥19.3 billion to ordinary income.

Net sales and operating income



Note: Figures in the graph exclude intersegment sales and transfers.

Ordinary income (loss)\* posted by company in the Flat Rolled Products Business

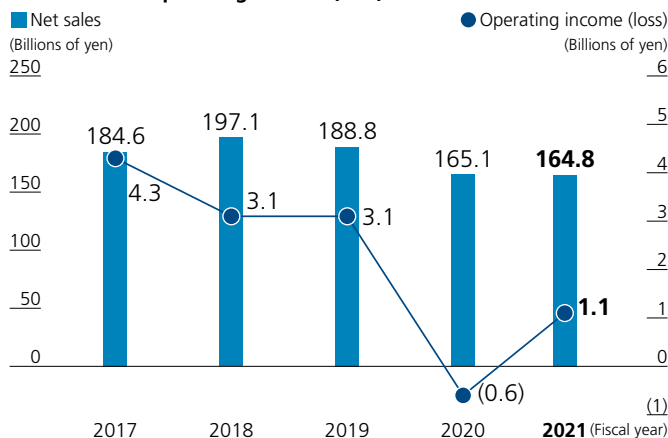


\* Excluding the metal price lag effect

Consolidated Financial Results by Business Segment: Precision-Machined Components and Related Businesses

In fiscal 2021, sales of automotive parts and air conditioner materials picked up after being impacted by falling demand during the previous fiscal year due to the COVID-19 pandemic. Net sales in this segment, however, edged down 0.2% year on year to ¥164.8 billion, mainly due to the adoption of an accounting standard for revenue recognition effective from the beginning of the fiscal year. Nevertheless, operating income amounted to ¥1.1 billion, up from a loss of ¥0.6 billion in the previous fiscal year.

Net sales and operating income (loss)



Note: Figures in the graph exclude intersegment sales and transfers.

## Consolidated Financial Results by Geographical Segment: Japan

### Business conditions

Market opportunities	UACJ's competitive advantages	Challenges and tasks
<ul style="list-style-type: none"> <li>Adoption of aluminum by automakers amid growing need to reduce environmental impacts</li> <li>Advances in digital technologies are driving up demand for aluminum materials used in IT-related devices and semiconductors</li> <li>The packaging and container industries are under increasing pressure to supply recyclable products</li> </ul>	<ul style="list-style-type: none"> <li>Overwhelming market share in Japan</li> <li>Manufacturing diverse types of products</li> <li>Market-specific strategies</li> <li>Long history of excellent relations with customers</li> <li>Ability to flexibly meet customers' needs</li> </ul>	<ul style="list-style-type: none"> <li>Promote aluminum can recycling in partnership with customers</li> <li>Increase customers in the automobile industry and have Fukui Works boost cost competitiveness</li> <li>Attract new buyers of thick plates in the hydrogen industry</li> </ul>

### Overview of fiscal 2021 and outlook for fiscal 2022

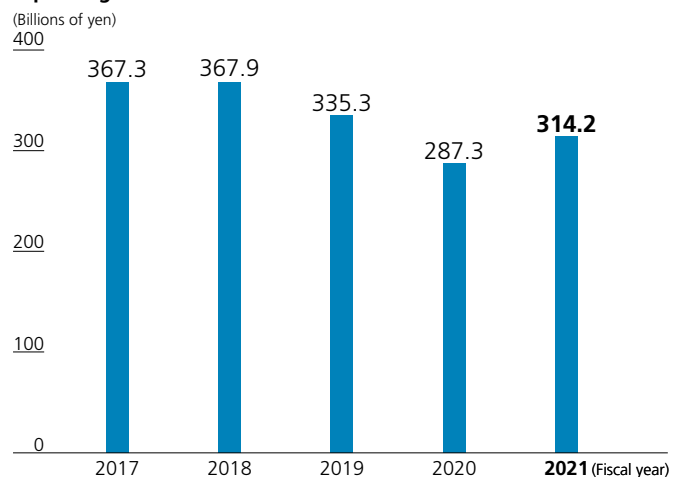
In Japan, while sales volume of can stock was on par with the previous fiscal year, net sales rose by 9.3% to ¥314.2 billion, mainly due to higher sales of automotive parts, air-conditioner compressor fins, and materials for semiconductor manufacturing equipment.

Due to its success in revising selling prices, rationalizing production, optimizing its network of manufacturing plants, improving the product mix, and reducing overhead costs, the Company reduced the break-even point in its domestic Rolled Aluminum Products Business by 6% in fiscal 2021 compared with fiscal 2019, and expects to achieve a 10% reduction in fiscal 2022. In addition, the Company substantially improved aluminum thick plate manufacturing yields at Fukaya Works in fiscal 2021.

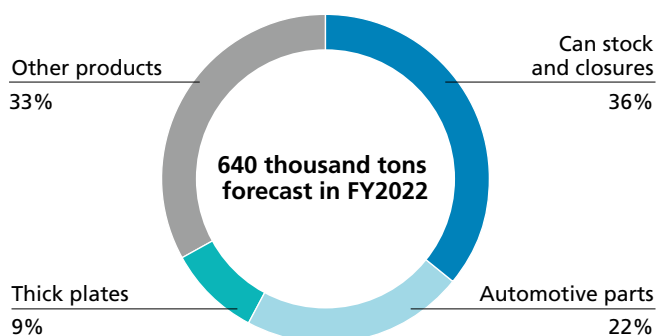
In fiscal 2022, while demand for can stock in Japan is projected to remain flat, the Company expects growing demand for more types of aluminum automotive parts and bullish demand for thick plates used for semiconductor manufacturing equipment. In response, the Company will centralize

automotive parts manufacturing at Fukui Works with the goal of increasing productivity, and aim to maximize production capacity, of which can stock, automotive parts, and thick plates are forecast to account for 36%, 22%, and 9%, respectively.

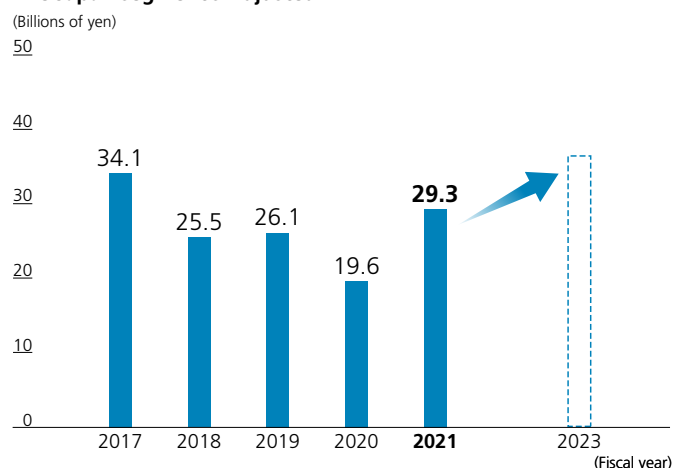
#### Japan segment sales



#### Breakdown of sales volume in Japan by product type



#### The Japan segment's Adjusted EBITDA



Consolidated Financial Results by Geographical Segment: North America

Business conditions

Market opportunities	Tri-Arrows Aluminum's competitive advantages	Challenges and tasks
<ul style="list-style-type: none"> <li>Demand for aluminum can stock is growing more than 6% annually</li> <li>Shift away from plastic is driving up demand for can stock</li> <li>Rapidly growing market offers potential for pricing power and wider product applications</li> </ul>	<ul style="list-style-type: none"> <li>Operating highly productive factories</li> <li>Long-term relationships with can manufacturers and brands</li> <li>Very cost competitive due to world-leading productivity</li> <li>Rapidly progressing sustainability management driven by the application of scrap recycling technologies</li> </ul>	<ul style="list-style-type: none"> <li>Expand sources of raw materials</li> <li>Step up cooperation with UACJ (Thailand) and the Group's companies in Japan</li> <li>Increase production capacity through strategic investments</li> </ul>

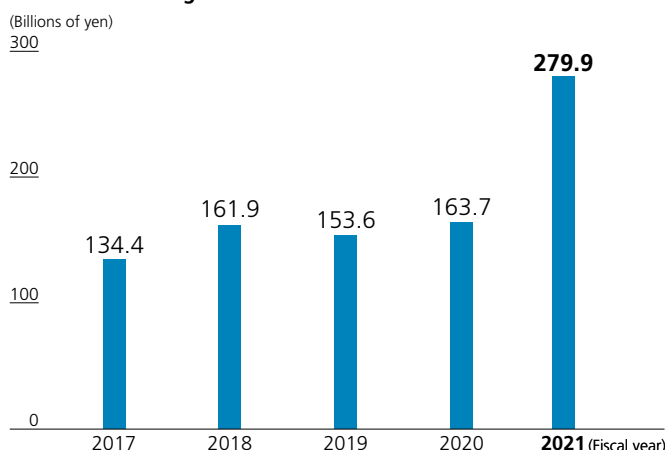
Overview of fiscal 2021 and outlook for fiscal 2022

In North America, net sales increased by 71.0% year on year to ¥279.9 billion. Of this amount, Tri-Arrows Aluminum posted net sales of ¥237.2 billion, up 67.0%, as it continued to tap strong demand for flat-rolled aluminum for can stock, which is projected to rise by about 6% annually between 2021 and 2025 amid growing awareness of environmental conservation. The company's sales volume reached 490 thousand tons in fiscal 2021, an increase of 10.4% year on year. Backed by higher sales volume and the favorable impact of higher aluminum market prices on the metal price lag, operating income rose 146.2% to ¥32.0 billion. Net sales and operating income are both forecast to increase in fiscal 2022 on the back of solid demand.

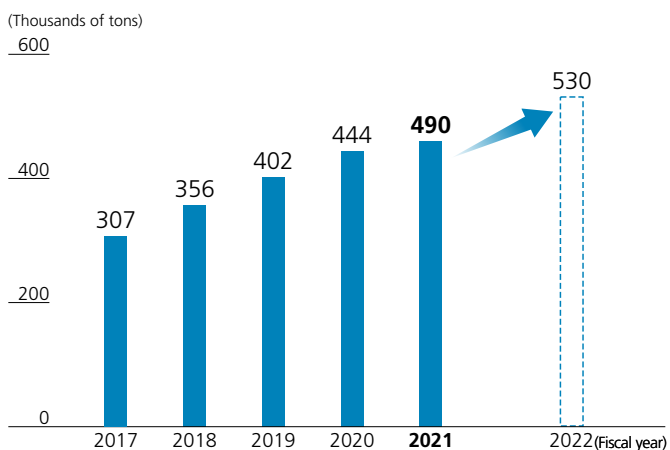
Supported by North America's growing electric vehicle (EV) market, UACJ Automotive Whitehall Industries also posted year-on-year growth in net sales, which rose 60.1% to ¥23.7 billion. This result reflected higher sales to EV manufacturers, which have been adopting aluminum parts as a means to reduce vehicle weight. On the other hand, the company posted an operating loss of ¥1.5 billion (compared to a loss of ¥2.2 billion in the previous fiscal year). Nevertheless, it was profitable in the

fourth quarter of fiscal 2021, thanks to the higher sales to EV manufacturers and the start of aluminum structural components manufacturing for Japanese original equipment manufacturers operating in North America, indicating the potential for profitability from fiscal 2022.

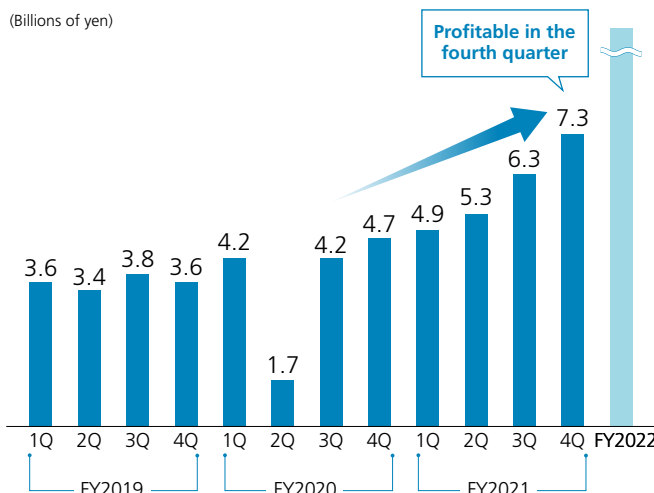
North America segment sales



Tri-Arrows Aluminum's sales volume results and forecast



UACJ Automotive Whitehall's net sales results and forecast



Notes: FY2020 was from January to December 2020  
FY2021 was from April 2021 to March 2022



## Consolidated Financial Results by Geographical Segment: Asia and Other Regions

### Business conditions

Market opportunities	UACJ (Thailand)'s competitive advantages	Challenges and tasks
<ul style="list-style-type: none"> <li>• Steeply rising demand in the Asia-Pacific region backed by economic growth</li> <li>• Increasing exports to countries shifting away from plastic containers</li> </ul>	<ul style="list-style-type: none"> <li>• Operating Southeast Asia's only state-of-the-art aluminum rolling mill</li> <li>• Excellent access to other Asian countries where demand is projected to grow</li> <li>• Solid relations with beverage can manufacturers from Japan and other countries</li> </ul>	<ul style="list-style-type: none"> <li>• Increase production capacity beyond 320 thousand tons</li> <li>• Continue securing and training local workers to independently operate manufacturing facilities</li> <li>• Boost earnings by cutting costs and diversifying products, sales regions, and customers</li> <li>• Strengthen ties with international customers</li> <li>• Deploy recycling technologies and establish recycling systems</li> </ul>

### Overview of fiscal 2021 and outlook for fiscal 2022

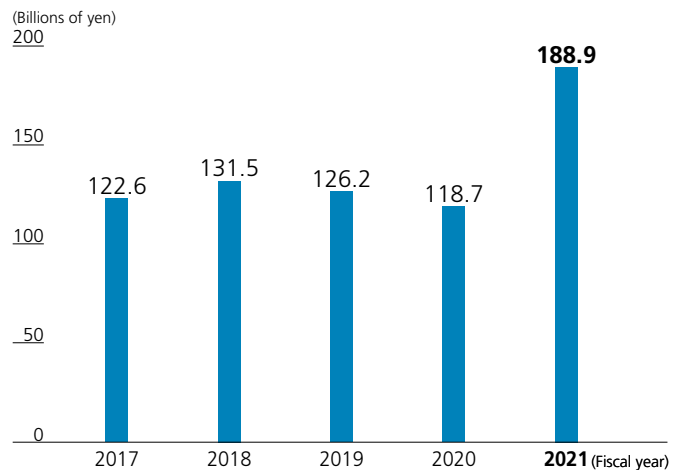
In fiscal 2021, the Asia and Other Regions segment posted net sales of ¥188.9 billion, up 59.1% year on year. The segment includes UACJ (Thailand), which sells products to customers in 25 countries as the operator of Southeast Asia's only integrated rolled products factory.

UACJ (Thailand) recorded record-high sales volume of 321 thousand tons, up 58.1% compared with fiscal 2020, when the market had slowed due to the COVID-19 pandemic. The company's net sales grew by 120.4% to ¥141.3 billion, operating income totaled ¥9.3 billion (up from an operating loss of ¥3.0 billion in the previous fiscal year), and the operating income margin came to 6.6%. Ordinary income was also positive for the first time since the company began operating in 2014, mainly due to the higher sales volume and the favorable impact of the metal price lag.

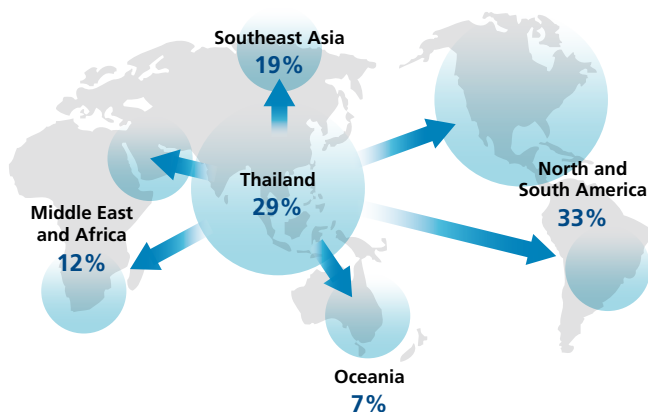
In fiscal 2022, sales volume is forecast to increase by 2.8% to 330 thousand tons on the back of rising global demand for can stock as well as brisk demand for air-conditioner compressor fins. Although energy prices are expected to

continue rising, ordinary income is forecast to remain on par with the amount in fiscal 2021 owing to cost reductions and selling price revisions.

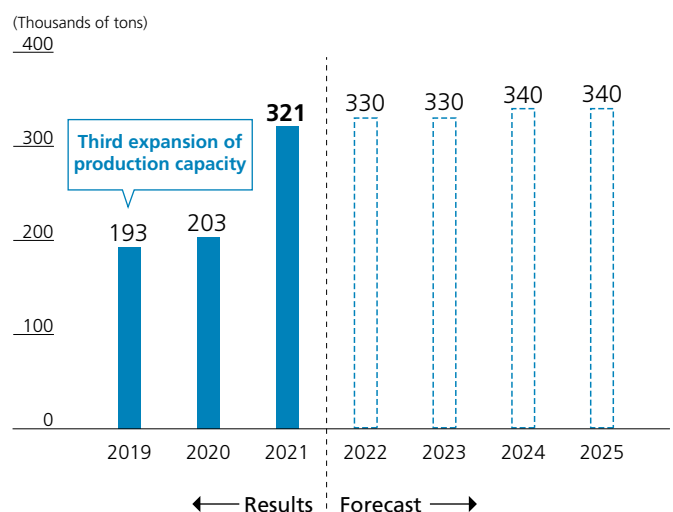
### Asia and Other Regions segment sales



### Breakdown of UACJ (Thailand)'s sales volume by region



### UACJ (Thailand)'s sales volume results and forecast



Forecast for Fiscal 2022

## Sales and ordinary income (excluding the metal price lag effect) expected to rise despite higher energy and alloy additive prices, thanks to the completion of structural reforms and sales growth of can stock

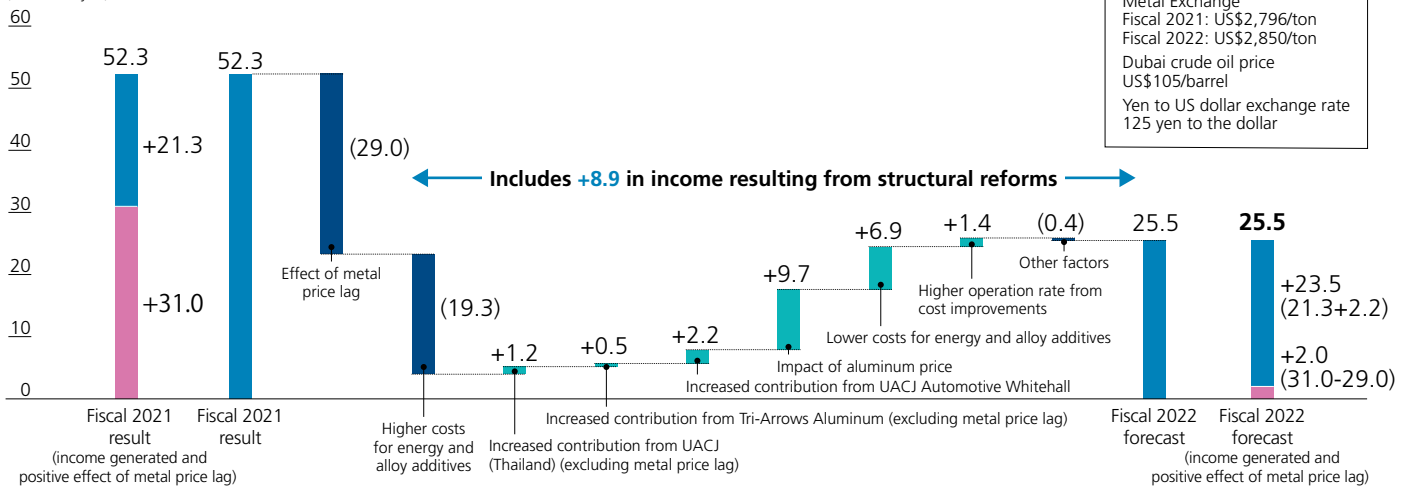
In fiscal 2022, ending March 31, 2023, sales volume of rolled aluminum is forecast to increase by 9.7% year on year to 1,419 thousand tons, mainly due to rising market demand for can stock and automotive parts in Japan and other countries around the world.

Reflecting this increase, net sales are forecast to reach ¥940.0 billion, an increase of 20.1% compared with fiscal 2021. On the other hand, profit is forecast to fall year on year, with operating income at ¥31.0 billion, down 47.9%, ordinary income at ¥25.5 billion, a decrease of 51.2%, and net income attributable to owners of the parent at ¥15.0 billion, down 53.2%. The forecast decrease in ordinary income, in particular,

is due to an assumed negative effect of the metal price lag amounting to ¥29.0 billion, and increases in energy and raw material costs totaling ¥19.3 billion, specifically for increased fuel costs resulting from higher crude oil prices, as well as rising prices of alloy additives. These factors will more than offset ¥8.9 billion in income expected to come from structural reforms. Ordinary income excluding the effect of the metal price lag, regarded by the Company as an accurate indicator of profitability, is forecast to increase by ¥2.2 billion from the ¥21.3 billion recorded in fiscal 2021, reflecting steady progress in boosting earnings capacity.

### Factors underlying the year-on-year change in the fiscal 2021 ordinary income result and fiscal 2022 forecast

(Billions of yen)



**Assumptions**  
 Aluminum price on London Metal Exchange  
 Fiscal 2021: US\$2,796/ton  
 Fiscal 2022: US\$2,850/ton  
 Dubai crude oil price  
 US\$105/barrel  
 Yen to US dollar exchange rate  
 125 yen to the dollar

### Responding to risks in the operating environment

In order to deal with steeply rising energy prices, the Company and UACJ (Thailand) have been negotiating with customers to introduce a system for reflecting market prices of energy in product selling prices. Such a system was adopted by Tri-Arrows Aluminum in April 2022. Likewise, all three companies have introduced a system for reflecting steeply rising market prices of aluminum alloy additives in product prices. Through these systems, market prices of energy and alloy additives are borne by the Group up to specified levels, and prices above those levels are reflected in selling prices. Following the adoption of these systems, the Company expects the impact of these market prices on ordinary income (excluding the effect of the metal price lag) to lessen by about 30% in fiscal 2022, and by a much greater degree in fiscal 2023.

	UACJ Corporation	Tri-Arrows Aluminum	UACJ (Thailand)
Higher aluminum market prices	Aluminum market prices have been reflected in product selling prices		
Steeply rising energy prices	Switching to a system for reflecting market prices of energy in product selling prices effective from July 2022 (currently negotiating with customers)	Introduced a system for reflecting market prices of energy in product selling prices	Planning to introduce a system for reflecting market prices of energy in product selling prices (currently negotiating with customers)
Steeply rising aluminum alloy additive prices	Introduced a system for reflecting market prices of alloy additives in product selling prices		
Higher logistics costs	—		Introduced a system for including logistics costs in product selling prices

Cash Allocation

# Aiming for an optimal balance between investing in growth and strengthening the financial base

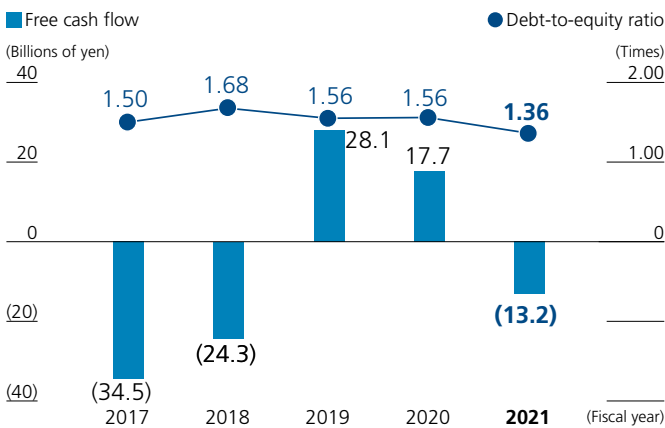
The Company reduced its debt-to-equity ratio from 1.56 in fiscal 2020 to 1.36 in fiscal 2021 by using profits to bolster shareholders' equity. Furthermore, adjusted earnings before interest, taxes, depreciation and amortization (EBITDA), which excludes the impact of changes in aluminum prices on inventory valuations, grew from ¥44.7 billion in fiscal 2020 to ¥60.2 billion in fiscal 2021, reflecting returns on past investments in the United States and Thailand along with the results of structural reforms in Japan. Adjusted EBITDA is forecast to reach ¥62.8 billion in fiscal 2022.

To pay down interest-bearing debt, the Company is focusing on generating free cash flow. Although it posted

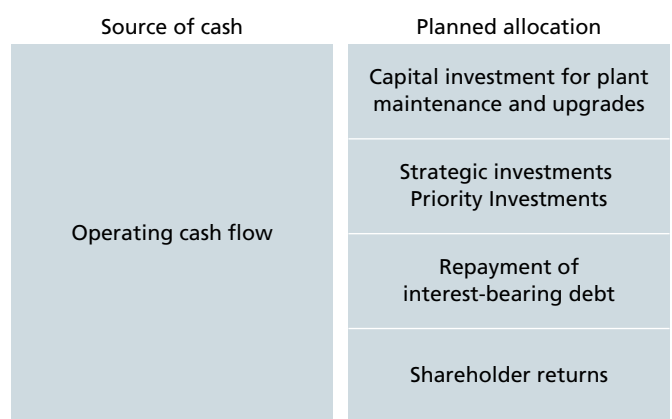
negative free cash flow of ¥13.2 billion in fiscal 2021, if the substantial amount of working capital needed for steeply rising aluminum prices is excluded, the Company would have posted positive free cash flow totaling ¥63.1 billion.

In its mid-term management plan now underway, the Company aims to both invest in growth and strengthen its financial base. Specifically, it is limiting capital expenditures to about 70% of depreciation and amortization in each business, and prioritizing investment in the production of automotive parts and can stock for the North American market, where demand is projected to grow substantially.

Free cash flow and debt-to-equity ratio

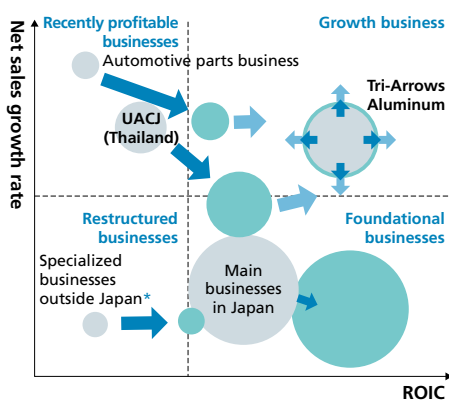


Current cash allocation plan



Transforming the business portfolio

- Scale of net sales in fiscal 2019
- Projected scale of net sales in fiscal 2023
- ➡ Transition from fiscal 2021 to 2023
- ➡ Envisioned direction from fiscal 2024 to 2026



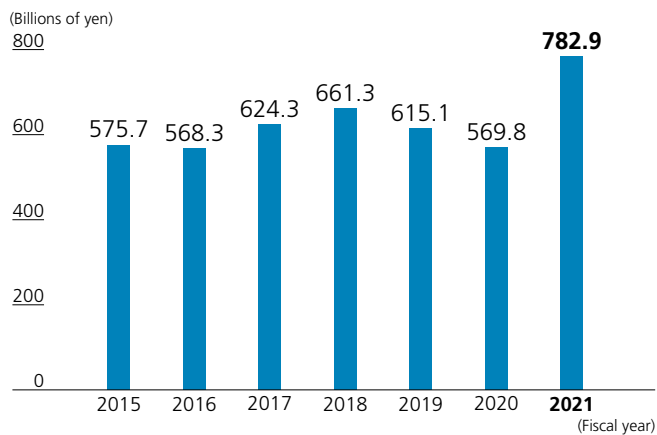
\* Extrusion, casting and forging, foil, and precision-machined components businesses

Business category	Subsidiary / business	Operations and target market	Purpose of cash allocation under the current mid-term management plan (ending March 2024)
Growth business	Tri-Arrows Aluminum	Can stock for the North American market	Priority on strategic investment
Recently profitable business transitioning to a growth business	Automotive parts business	Automotive parts for the North American, Chinese, and Japanese markets	Priority on strategic investment
Recently profitable business transitioning to a foundational business	UACJ (Thailand)	Upstream and downstream operations	Investment in key initiatives (besides increasing production capacity)
Foundational businesses	Main businesses in Japan besides the automotive parts business	Upstream and downstream operations	Investment in key initiatives (besides increasing production capacity)
Restructured businesses transitioning to foundational businesses	Extrusion, casting and forging, foil, and precision-machined components businesses outside Japan		Investment in maintenance and upgrades (business withdrawal also considered if necessary)

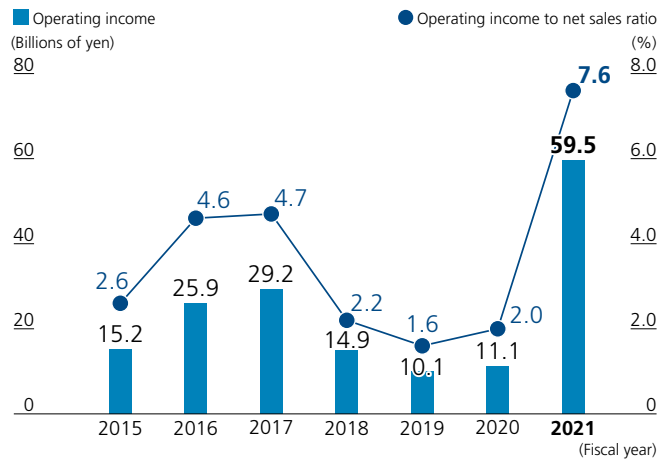
# Highlights of Financial and Non-financial Results

## Consolidated financial results

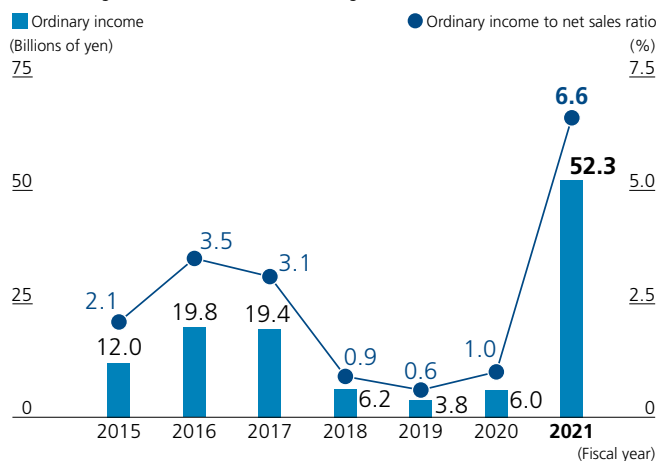
### Net sales



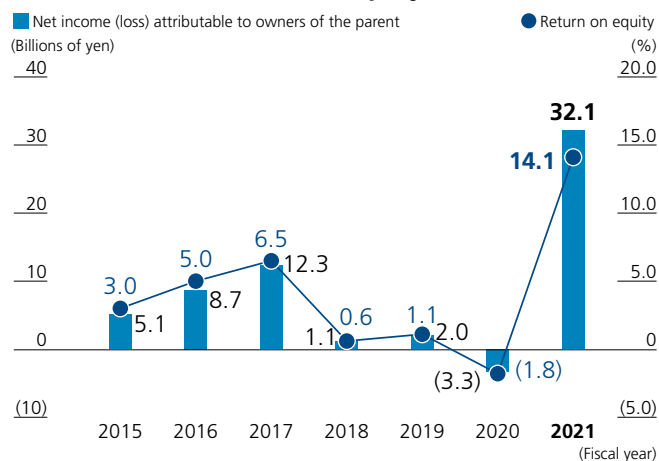
### Operating income and operating income to net sales ratio



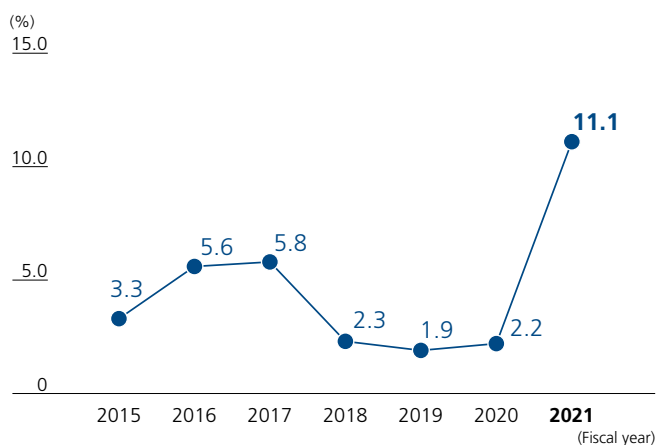
### Ordinary income and ordinary income to net sales ratio



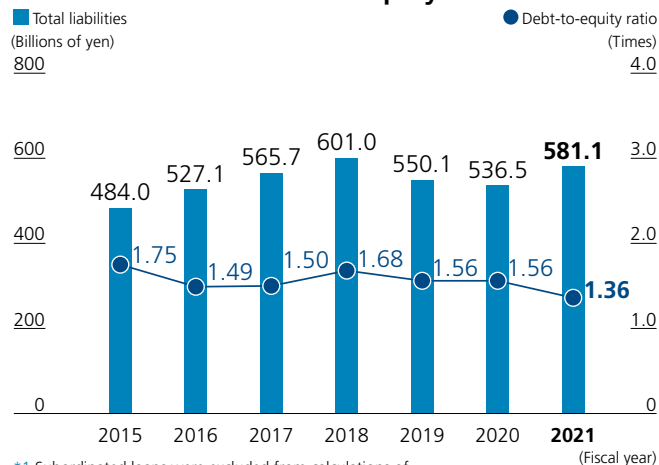
### Net income and return on equity



### Return on invested capital



### Total liabilities and debt-to-equity ratio\*1



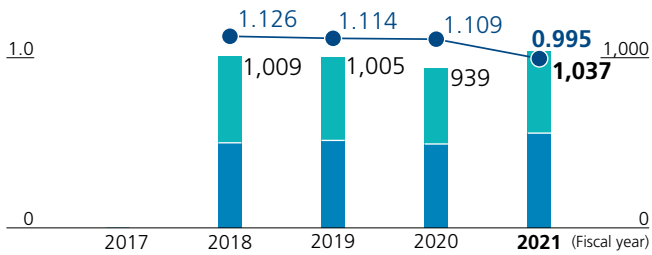
\*1 Subordinated loans were excluded from calculations of the debt-to-equity ratio from fiscal 2016

## Non-financial results

### CO<sub>2</sub> emissions

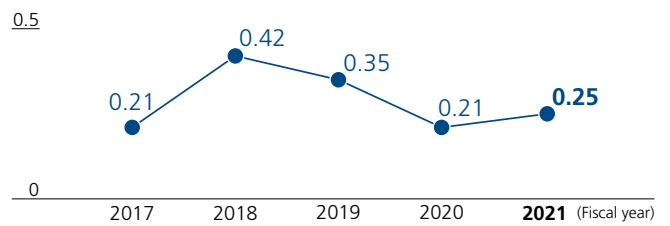
● CO<sub>2</sub> emissions per ton of products manufactured (Tons of CO<sub>2</sub> per ton of products)  
 2.0

■ Scope1 ■ Scope2 (Thousands of tons of CO<sub>2</sub> per year)  
 2,000



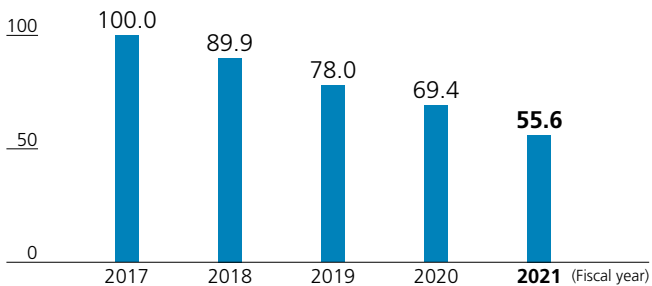
### Workplace accidents in Japan

● Workplace accidents resulting in injury or death (-)  
 1.0



### Customer complaints\*2

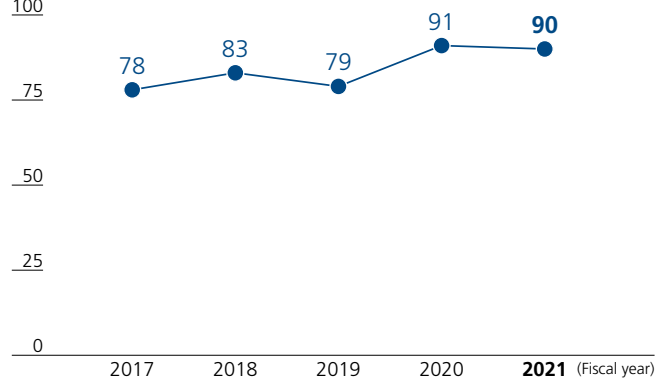
(-)  
 150



\*2 The figures show the percentage of customer complaints compared with the base year of fiscal 2017

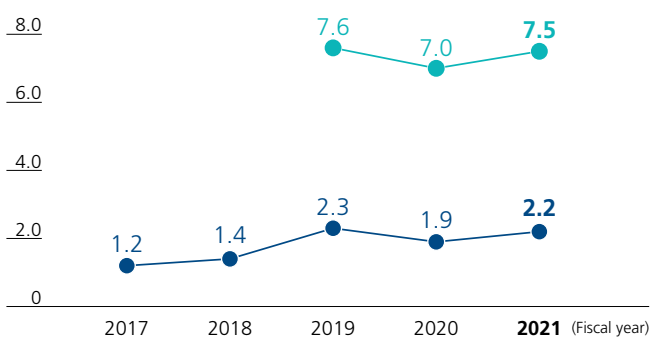
### Ratio of group companies formally pledging to uphold the Group Code of Conduct

(%)  
 100

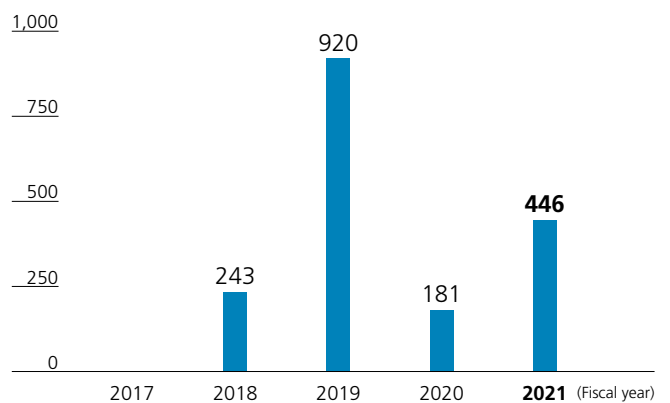


### Ratio of female managers

● Group Companies in Japan ● Group Companies Worldwide (%)  
 10.0



### Number of people receiving support for education



# 10-Year Financial Highlights

		Fiscal 2012	Fiscal 2013	Fiscal 2014
<b>Consolidated sales and income</b>				
Net sales	Total	436,485	364,107	572,541
Operating income	Total	15,069	17,772	23,679
Ordinary income	Total	14,606	16,798	21,337
Income (loss) before income taxes	Total	9,743	15,523	18,856
Net income (loss) attributable to owners of the parent	Total	4,656	9,946	8,649
Operating margin	Total	3.5%	4.9%	4.1%
Net income (loss) to net sales ratio	Total	1.1%	2.7%	1.5%
<b>Consolidated financial condition</b>				
Total assets* <sup>1</sup>	Total	536,200	608,490	677,952
Net assets	Total	138,166	168,140	187,136
Shareholders' equity	Total	136,387	155,515	172,305
Interest-bearing debt	Total	215,318	256,309	295,953
Current assets* <sup>1</sup>	Total	191,653	236,638	269,889
Non-current assets* <sup>1</sup>	Total	344,547	371,852	408,063
Current liabilities* <sup>1</sup>	Total	251,858	236,387	287,884
Non-current liabilities* <sup>1</sup>	Total	146,175	203,963	202,932
Shareholders' equity ratio* <sup>1</sup>	Total	25.4%	25.6%	25.4%
Return on equity	Former Furukawa-Sky until FY2012	4.3%	8.6%	5.3%
	Former Sumitomo Light Metal	2.7%	–	–
<b>Consolidated cash flows</b>				
Cash flows from operating activities	Total	29,032	14,233	26,777
Cash flows from investing activities	Total	(21,520)	(25,452)	(49,668)
Free cash flow	Total	7,512	(11,219)	(22,891)
Cash flows from financing activities	Total	(12,887)	14,067	25,694
<b>Per share information</b>				
Net income (loss) per share (yen)* <sup>2</sup>	Former Furukawa-Sky until FY2012	13.85	30.36	20.21
	Former Sumitomo Light Metal	2.59	–	–
Annual dividend per share (yen)* <sup>2</sup>	Former Furukawa-Sky until FY2012	6.0	9.0	6.0
	Former Sumitomo Light Metal	3.5	–	–
<b>Main consolidated expenses</b>				
Capital investment	Total	25,554	27,104	46,539
Depreciation and amortization	Total	20,121	17,165	22,636
Research and development expenses	Total	5,031	3,688	4,619

Notes: All yen figures in this table has been rounded. Figures for fiscal 2012 are combined results of UACJ's predecessors, Furukawa-Sky Aluminum Corporation and Sumitomo Light Metal Industries Co., Ltd. Figures for 2013 are comprised of the combined results of those two companies in the first half of the fiscal year and UACJ's results in the second half. Effective from fiscal 2013, certain accounting principles were changed, including those for treating notes matured at the fiscal year-end; however, results in the prior fiscal years have not been adjusted to reflect the change.

(Millions of yen)

Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
575,735	568,316	624,270	661,330	615,150	569,756	<b>782,911</b>
15,212	25,869	29,205	14,868	10,126	11,144	<b>59,520</b>
12,010	19,819	19,408	6,201	3,788	5,958	<b>52,286</b>
13,976	18,281	19,692	10,041	(1,622)	3,473	<b>50,114</b>
5,105	8,715	12,253	1,116	2,038	(3,269)	<b>32,054</b>
2.6%	4.6%	4.7%	2.2%	1.6%	2.0%	<b>7.6%</b>
0.9%	1.5%	2.0%	0.2%	0.3%	(0.6%)	<b>4.1%</b>
662,543	725,443	774,071	807,224	752,785	732,960	<b>828,729</b>
178,582	198,360	208,396	206,204	202,716	196,445	<b>247,589</b>
165,030	184,090	194,235	190,998	188,363	183,063	<b>227,993</b>
289,006	323,825	342,336	375,080	344,011	335,789	<b>339,447</b>
263,409	305,563	322,461	348,291	288,919	294,502	<b>394,618</b>
399,135	419,880	451,610	458,933	463,866	438,457	<b>434,111</b>
249,784	237,650	273,148	273,269	264,434	251,150	<b>322,136</b>
234,177	289,433	292,527	327,751	285,635	285,365	<b>259,004</b>
24.9%	25.4%	25.1%	23.7%	25.0%	25.0%	<b>27.5%</b>
3.0%	5.0%	6.5%	0.6%	1.1%	(1.8%)	<b>14.1%</b>
–	–	–	–	–	–	–
22,511	28,393	17,381	10,651	58,115	38,623	<b>7,799</b>
(34,759)	(55,456)	(51,853)	(34,947)	(30,021)	(20,950)	<b>(21,035)</b>
(12,248)	(27,063)	(34,472)	(24,296)	28,094	17,673	<b>(13,236)</b>
11,176	49,478	13,543	28,971	(25,852)	(17,008)	<b>(652)</b>
11.94	201.63	253.96	23.14	42.26	(67.79)	<b>664.69</b>
–	–	–	–	–	–	–
6.0	60.0	60.0	60.0	20.0	0.0	<b>85.0</b>
–	–	–	–	–	–	–
30,489	31,556	51,195	52,544	48,947	18,090	<b>20,728</b>
22,893	23,508	25,686	27,215	27,748	30,007	<b>30,585</b>
4,630	4,412	4,409	4,529	4,305	4,452	<b>4,259</b>

\*1 The Company has applied the Partial Amendments to Accounting Standard for Tax Effect Accounting (Statement No. 28), issued by the Accounting Standards Board of Japan on February 16, 2018. Accordingly, amounts for total assets, current assets, non-current assets, current liabilities, non-current liabilities, and shareholders' equity ratio were calculated to reflect this application retroactively from fiscal 2017.

\*2 In fiscal 2017, UACJ conducted a 1-for-10 reverse stock split of common stock on October 1, 2017. Figures for net income per share and annual dividend per share in fiscal 2016 and 2017 were calculated as if the reverse stock split had occurred at the beginning of fiscal 2016.

## Company Overview (as of October 1, 2022)

Corporate name	UACJ Corporation
Headquarters	Tokyo Sankei Bldg., Otemachi 1-7-2, Chiyoda-ku, Tokyo 100-0004 Japan
Representative Director & President	Miyuki Ishihara
Principal business	Manufacture and sales of flat rolled aluminum and casting, forged, and precision-machined products made of aluminum, aluminum alloys, and other nonferrous metals
Capital	¥52.277 billion
Number of employees (consolidated)	9,571(As of March 31, 2022)
Fiscal year end	March 31
URL	<a href="https://www.uacj.co.jp/english/">https://www.uacj.co.jp/english/</a>

## Locations

Nagoya Works	Chitose 3-1-12, Minato-ku, Nagoya-shi, Aichi 455-8670, Japan
Fukui Works	Kurome 21-1, Mikuni-cho, Sakai-shi, Fukui 913-8588, Japan
Fukaya Works	Uwanodai 1351, Fukaya-shi, Saitama 366-8511, Japan
Chubu Area Head Office	Kanayama Place, Kanayama 1-13-13, Naka-ku, Nagoya-shi, Aichi 460-0022, Japan
Kansai Area Head Office	Nakanoshima Mitsui Building, Nakanoshima 3-3-3, Kita-ku, Osaka-shi, Osaka 530-0005, Japan
Kyushu Branch	Hakata Gion M-SQUARE, 2-1Reisen-machi, Hakata-ku, Fukuoka 812-0039, Japan
Research & Development Division	Chitose 3-1-12, Minato-ku, Nagoya-shi, Aichi 455-8670, Japan
Fukui Development Section	Kurome 21-1, Mikuni-cho, Sakai-shi, Fukui 913-8588, Japan
Fukaya Development Section	Uwanodai 1351, Fukaya-shi, Saitama 366-8511, Japan
R&D Center (North America)	12501 Plantside Dr, Louisville, KY 40299, USA
R&D Center (Thailand)	Innovation Cluster 2 Building, Tower D, Phaholyothin Road 111 Thailand Science Park Amphoe Khlong Luang, Chang Wat Pathum Thani 12120, Thailand

## Group Companies in Japan

### Flat Rolled Products Business

UACJ Fukaya Service Corporation  
UACJ Nagoya Alupack Corporation  
Sansen Co., Ltd.  
Furukawa UACJ Memory Disk Co., Ltd.

### Extrusion Business

UACJ Extrusion Corporation  
UACJ Extrusion Oyama Corporation  
UACJ Extrusion Nagoya Corporation  
UACJ Extrusion Gunma Corporation  
UACJ Extrusion Shiga Corporation  
Light Metals Extrusion Development Co., Ltd.  
Nihon Cooler Co., Ltd.

### Foil Business

UACJ Foil Corporation  
Nikken Co., Ltd.  
UACJ Foil Sangyo Corporation  
UACJ Foil Service Corporation

### Casting and Forging Business

UACJ Foundry & Forging Corporation

### Precision-machined Components Business

UACJ Metal Components Corporation  
Nalco Koriyama Co., Ltd

### Others

UACJ Trading Corporation  
Izumi Metal Corporation  
Kamakura Industry Co., Ltd.  
UACJ Marketing & Processing Corporation  
UACJ Aluminum Center Corporation  
UACJ Logistics Corporation\*1  
UACJ Green-net Corporation



## Group Companies outside Japan

### Flat Rolled Products Business

UACJ (Thailand) Co., Ltd. (Thailand)  
 Tri-Arrows Aluminum Holding Inc. (USA)  
 Tri-Arrows Aluminum Inc. (USA)  
 Logan Aluminum Inc. (USA)\*1  
 Ruyuan Dongyangguang UACJ Fine Aluminum Foil Co., Ltd. (China)\*1  
 UPIA Co., Ltd. (South Korea)

### Automotive Parts Business

UACJ Automotive Whitehall Industries, Inc. (USA)  
 Dicastal UACJ Bolv Automotive Components Co., Ltd. (China)\*1

### Extrusion Business

UACJ Extrusion (Thailand) Co., Ltd. (Thailand)  
 UACJ Extrusion Czech s.r.o. (Czech Republic)  
 Dicastal UACJ Bolv (Tianjin) Extrusion Corporation (China)\*1

### Foil Business

UACJ Foil Malaysia Sdn. Bhd. (Malaysia)

### Casting and Forging Business

UACJ Foundry & Forging (Vietnam) Co., Ltd. (Vietnam)

### Precision-machined Components Business

UACJ Metal Components North America, Inc. (USA)  
 UACJ Metal Components Mexico, S.A. de C.V. (Mexico)  
 UACJ Metal Components Central Mexico, S.A. de C.V. (Mexico)  
 UACJ Metal Components (Thailand) Co., Ltd. (Thailand)  
 P.T. Yan Jin Indonesia (Indonesia)  
 UACJ (Wuxi) Aluminum Products Corporation (China)

### Others

UACJ North America, Inc. (USA)  
 Shanghai UACJ Dongyangguang Aluminum Sales Corporation (China)  
 Shaoguan UACJ Dongyangguang Aluminum Sales Corporation (China)  
 UACJ (Shanghai) Aluminum Corporation (China)  
 UACJ Elval Heat Exchanger Materials GmbH (Germany)  
 UACJ Trading (Thailand) Co., Ltd. (Thailand)  
 Siam UACJ Trading Co., Ltd. (Thailand)  
 UACJ Trading (Shanghai) Co., Ltd. (China)  
 UACJ Trading (Kunshan) Metal Products Co., Ltd. (China)  
 UACJ Trading (HongKong) Co., Ltd. (China)  
 UACJ Trading (Dalian.F.T.Z.) Co., Ltd. (China)  
 UACJ Trading Czech s.r.o. (Czech Republic)  
 UACJ Trading & Processing America, Inc.(USA)  
 UACJ Marketing & Processing Mexico, S.A. de C.V. (Mexico)  
 UACJ Australia Pty. Ltd. (Australia)  
 Boyne Smelters Ltd. (Australia)\*1

## Stock Overview (as of March 31, 2022)

Total number of shares Issuable	170,000,000 shares*2
Total number of shares issued and outstanding	48,328,193 shares*3 (Including 105,534 shares of treasury stock)
Number of shareholders	27,557

\*2 The number of shares issuable was revised to 170,000,000 due to a reverse stock split on October 1, 2017.

\*3 The number of shares became 48,328,193 due to a reverse stock split on October 1, 2017.

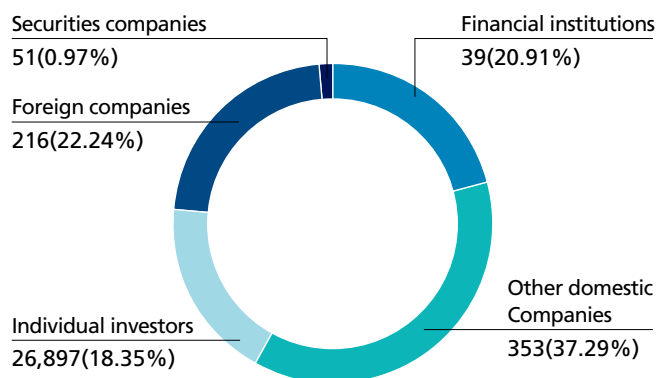
### Major Shareholders

Shareholder name	Shareholdings Number of shares held(hundreds)*4	Percent of total*5
Furukawa Electric Co., Ltd.	120,365	24.96
The Master Trust Bank of Japan, Ltd. (investment trust account)	52,835	10.95
NIPPON STEEL CORPORATION	37,446	7.76
GOLDMAN SACHS INTERNATIONAL	17,806	3.69
Custody Bank of Japan, Ltd. (Securities Trust Account)	16,294	3.37
ECM MF	14,500	3.00
MLI FOR SEGREGATED PB CLIENT	10,050	2.08
DFA INTL SMALL CAP VALUE PORTFOLIO	8,517	1.76
The UACJ Group Employee Stock Ownership Plan	7,964	1.65
SUMITOMO CORPORATION	7,500	1.55

\*4 The number of shares is shown after rounding off figures of less than 100 shares.

\*5 Calculations of equity position exclude treasury stock (105,534 shares), and figures have been rounded off below the second decimal place.

## Ownership Ratio by Type of Investor\*6



\*6 Calculations of equity position are rounded down to the second decimal point

\*1 Equity-method affiliate

# Answers to questions from shareholders and investors about UACJ's business and operating environment

## Q How do you produce flat rolled products?

**A** The manufacturing process begins by melting an aluminum ingot, then removing impurities and forming the liquefied aluminum into a large cuboid slab. The Fukui Works produces slabs that can be as large as 2.3 meters wide and 10 meters long, and weigh up to 32 tons. The surfaces are scraped and the slab is treated by heating to a uniform temperature up to 600°C throughout the slab. The slab is then sent to a hot rolling line where a hot-rolling machine presses it into sheets as thin as

three millimeters. The sheets are wound into a coil, and then passed through a cold-rolling machine that rolls the aluminum to the specific thickness, flatness, and strength needed for its intended use. The final process is the finishing, where the surface is treated and coated for the final product, such as cans, before being delivered to the customer.

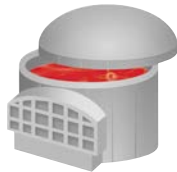
The UACJ website has a video explaining the full manufacturing process.  
<https://www.uacj.co.jp/english/ir/other/movie/index.htm>



### Flat Rolled Product Production Process



Melting



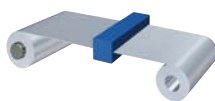
Casting



Hot mill rough rolling



Finishing inspection/packaging



Cold mill rolling



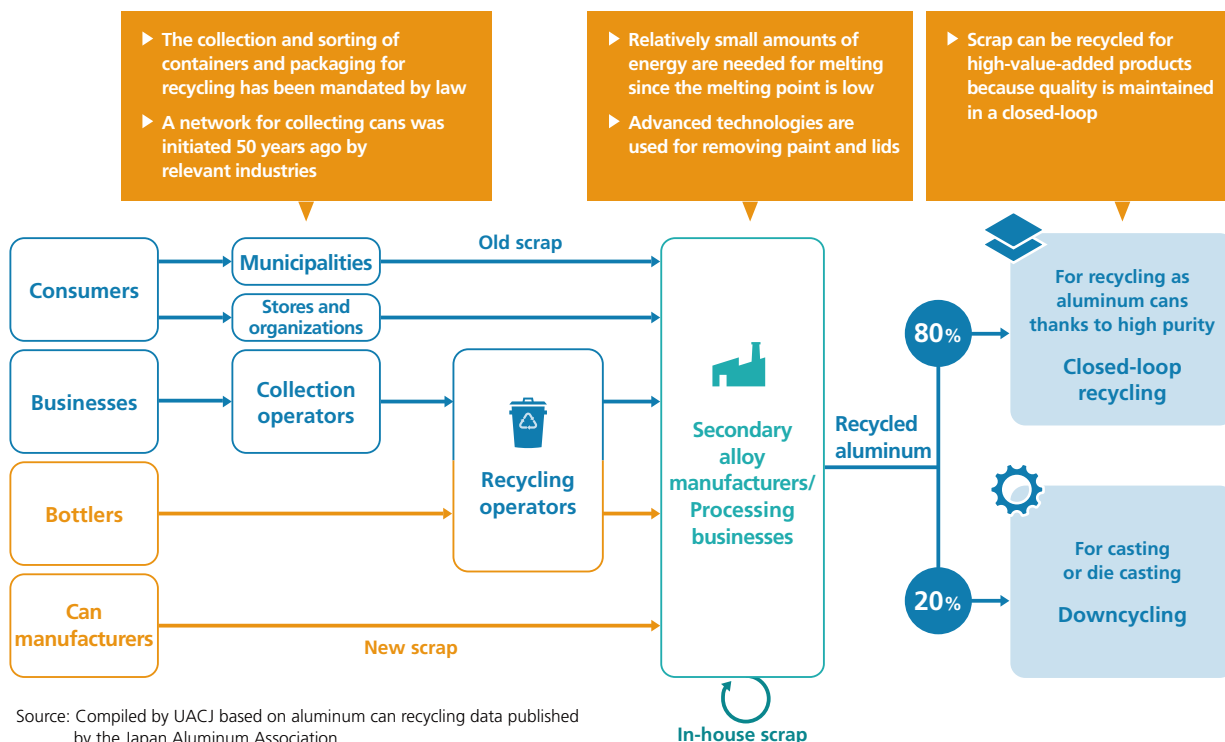
Hot mill finish rolling



## Why is the recycling rate for aluminum cans so high in Japan?

Steps to set up a network for collecting and sorting cans were first taken in Japan almost 50 years ago. Since then, municipalities have led efforts to collect and sort used aluminum beverage cans (old scrap). The recycling rate has continued to rise thanks to regulations and public calls to reduce environmental loads, but the main contributing factor has been the high value of scrap aluminum. Furthermore, due to its low melting point along with advances in technologies for removing paint and

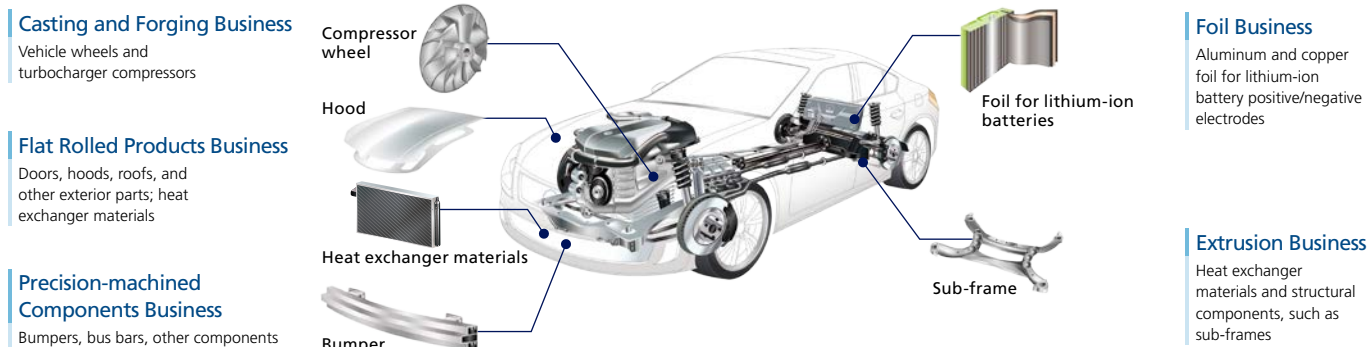
lids, aluminum can be recycled at a low cost while maintaining high quality. Nowadays, awareness of the environment and the need to reduce waste and CO<sub>2</sub> emissions is generally high among consumers in Japan, so they are willing to properly dispose aluminum cans in recycling bins. As a result of these factors, 96.6% of aluminum cans were recycled in Japan in during the 12-month period between April 2021 and March 2022 (according to the Japan Aluminium Can Recycling Association).



## How is aluminum important for reducing the weight of automobiles, and which automobile parts are made of aluminum?

Aluminum helps reduce the weight of automobiles because it is only about one-third the weight of steel. In addition, aluminum is strong, easy to process, resistant to corrosion, thermally conductive, and recyclable. Due to these beneficial properties, automakers have been adopting aluminum for important automobile parts, including wheels and engine and transmission components. More recently, they have been adopting aluminum for automobile panels and

frame components in response to stricter fuel efficiency standards, which many countries have been enacting since 2020. Anticipating this trend well in advance, UACJ specified the group-wide supply of diverse aluminum auto parts as a priority measure of its second mid-term management plan launched in April 2018. Since then, the Group has been working to provide practical solutions for reducing the weight of automobiles through the use of aluminum.



# UACJ Corporation

IR Department

Tokyo Sankei Bldg., Otemachi 1-7-2, Chiyoda-ku, Tokyo,  
100-0004 Japan

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

For comments or suggestions regarding this report,  
please use the inquiry form provided (page linked to the above URL).

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