

Continuing to initiate structural reforms in the years ahead will build on 10 years of progress

UACJ's corporate governance

Clarifying processes for reappointing officers, including outside directors

Sakumiya: Five years have passed since I was appointed as an outside director at UACJ, and during that time, the Company's corporate governance has greatly evolved. Compared with the time when I was appointed, decision-making and management execution has sped up significantly because the number of directors and executive officers has been substantially reduced. Moreover, we have made progress in separating the functions of management supervision and execution, and further clarified the roles of directors, auditors, and executive officers. The Nomination and Remuneration Advisory Committee is a testament to how the Company's corporate governance has evolved. It conducts in-depth discussions in each of its meetings from its standpoint of supervising management, and the majority of its members, including the chairperson, are outside directors.

Nagata: As you said, the deliberations of the Nomination and Remuneration Advisory Committee are very thorough. In meetings of the Board of Directors, too, President Ishihara encourages a diverse range of opinions while leading the discussions as chairperson, which makes it very easy for the outside directors to contribute.

Sakumiya: The Company's corporate governance has also evolved in another way: specific criteria for making decisions on whether or not to reappoint the president and directors have been established. The Company previously had criteria for dismissal, but this was mainly concerned with violations of laws, and provided no standards for evaluating performance. After closely examining these matters, the Nomination and Remuneration Advisory Committee established the new criteria. It decided that this criteria should not be limited to internal directors and officers, but also extend to the outside directors that supervise them. Therefore, it put a process in place for evaluating and making decisions on whether or not to

reappoint the outside directors.

Nagata: It seems rare in Japan for companies to set such clear criteria for evaluating and appointing outside directors.

Sakumiya: This is required under Japan's Corporate Governance Code, but many companies have made no progress. We discussed how to make the conditions and processes for nominating outside directors highly transparent and impartial, and integrated a skills matrix for this purpose. Actually, the first outside directors to be selected after this new process was adopted were you and Makiko Akabane.

Nagata: I assume our backgrounds and experience were the main reasons for being selected. She is knowledgeable about international business matters while I have experience with corporate governance. Both of us have been involved in CSR- and sustainability-related work for many years. I hope we can add substance to deliberations and contribute to the Company by drawing from our respective backgrounds. I think the skills matrix should be reviewed as necessary because requirements for outside directors could change depending on shifts in the operating environment.

Sakumiya: You are absolutely right. When evaluating the president, however, we not only have quantitative criteria related to financial performance, but also qualitative criteria. Therefore, we outside directors must evaluate both quantitative and qualitative factors within the Company from an objective perspective. I think we need to create a process for alerting management of any potential problems before they lead to a serious issues for institutional investors and major corporate shareholders.



Ryoko Nagata

Outside Director

Ms. Nagata gained extensive experience and a broad management perspective while serving as a senior vice president of Japan Tobacco Inc. and as an auditor at that company and one of its subsidiaries. She also has expertise in sales and marketing as well as sustainability issues.

Challenges and expectations of UACJ

Pursuing new growth potential focused on sustainability

Nagata: The Company completed its structural reforms in fiscal 2022. How would you assess the outcomes of the reforms?

Sakumiya: Although not everything proceeded according to plan, I think the reforms ultimately produced the outcomes that management originally aimed for, so they have been a success. Some results never materialized due to the impact of soaring prices of raw materials amid the pandemic and conflict in Ukraine, so the outcomes might not appear so impressive to those outside the UACJ Group. With that in mind, rather than being satisfied with what has been achieved so far, management should continue initiating structural reforms in the years ahead.

Nagata: I completely agree.

Sakumiya: To move forward, we must determine what was not accomplished through the structural reforms. For example, we need to examine how much progress was made in shifting to a solutions-driven business model, and how appropriate it was to dispatch a large number of Japanese personnel to manage operations in Thailand. In addition, the Company had aimed to improve its management structure through the reforms, but its price-to-book ratio was only 0.6 as of August 31, 2023. We need to analyze the reasons for this and take steps to raise the ratio.

Nagata: I am also concerned about the low price-to-book ratio. I understand that the Company must execute strict budget controls

and raise cost efficiency as much as possible to increase the ratio, but besides raising cost efficiency, which is a never-ending challenge for any manufacturer, it must stay focused on top-line growth. The Company is currently undergoing lengthy negotiations with customers about increasing product prices, but since this is not an easy task, discussions about how to boost sales will be critical going forward.

Sakumiya: We will need to identify new business growth potential, including for the solutions-driven business model I previously mentioned.

Nagata: And UACJ has great potential when it comes to sustainability-related businesses.

Sakumiya: Yes, I agree. Since 2020, when the Japanese government declared its intention to make the country carbon neutral, I made the case for linking the Company's environmental activities not only to risk management but also to its management philosophy. Because aluminum is lightweight and easily recyclable, the metal can significantly contribute to reducing environmental burdens. Therefore, on a group-wide level, we must consider its positive impact on financial performance in addition to non-financial results.

Nagata: I also serve as an outside director of an automaker, so I am keenly aware of how applications for aluminum are expanding in the automotive industry, especially with the global shift to EVs. In other industries, too, aluminum has great potential. I hope we can identify opportunities for realizing this potential through research and technological development, and chart out various scenarios for growth, including the circular economy we want to build.

Sakumiya: Since my appointment, I have been focusing on measures for improving the Company's corporate governance, but they have not contributed to raising its market value, which is very disappointing. Therefore, I will continue looking for ways to raise its market value and make relevant proposals as an outside director.

Nagata: I also want to contribute to improving the Company's corporate governance and market value. At the same time, I intend to offer advice and raise questions, including hard questions about what is taken for granted at UACJ, so we can keep moving with the times.

Akio Sakumiya

Outside Director

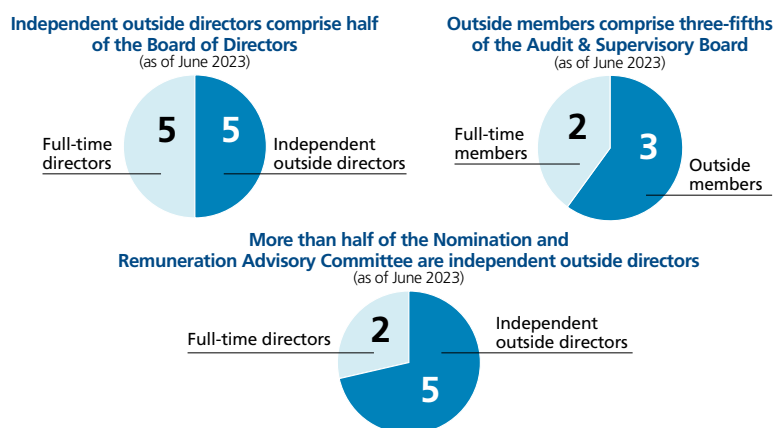
Mr. Sakumiya previously served as an executive vice president of Omron Corporation. During his career, while paying close attention to return on invested capital as a performance indicator for management, he mainly focused on management supervision as a non-executive director, and also served as a vice chairperson of a committee for nominating the president.



A more effective Board of Directors for governance committed to results

Steps to strengthen corporate governance since UACJ's establishment

Year	UACJ's plans and goals	Measures to enhance governance
2013		Appointed the Company's first outside director
2014		Promoted the Company's first non-Japanese nationals to executive officer positions
2015	First mid-term management plan from fiscal 2015 to 2017	Appointed the Company's first female outside director
2016	Major policies <ul style="list-style-type: none"> Expand into the growing automotive, transport, and energy industries while bolstering operations in Asia and other growth regions Organize optimized manufacturing operations in each business and facilitate technological integration Develop new technologies and products 	Commenced evaluation of the effectiveness of the Board of Directors (▶ p.76)
2017		Established Nomination and Remuneration Advisory Committee (▶ p.76)
2018	Second mid-term management plan from fiscal 2018 to 2020 Major policies <ul style="list-style-type: none"> Continue focusing on the growing automotive industry and growth markets in Asia and North America Steadily generate returns on past investments Increase capital efficiency with an emphasis on ROIC Promote shared principles of conduct as the UACJ Way 	Appointed people with experience in business management as outside directors Implemented a system of performance-linked remuneration for full-time directors (▶ p.77)
2019	Implementation of structural reforms from fiscal 2019 to 2022 Major objectives <ul style="list-style-type: none"> Increase earnings capacity Reform financial structure Increase the speed and efficiency of management decision-making 	Reduced the number of directors and executive officers (▶ p.74) Reorganized corporate divisions Revised the remuneration system (▶ p.74,77)
2020		Full operation of a succession plan begins (▶ p.78)
2021	Third mid-term management plan from fiscal 2021 to 2023	Evaluation survey of the effectiveness of the Audit & Supervisory Board
2022	Major policies <ul style="list-style-type: none"> Complete structural reforms Strengthen foundations for growth Contribute to achieving a better world (promote sustainability) 	Established the Risk Management Promotion Meeting Independent outside directors comprise half of the Board of Directors (as of June 2023) Outside members comprise three-fifths of the Audit & Supervisory Board (as of June 2023)
2023		More than half of the Nomination and Remuneration Advisory Committee are independent outside directors (as of June 2023)
2024-		
2030	UACJ Vision 2030 <ul style="list-style-type: none"> Capturing demand in growth sectors and growth markets Utilize enhanced aluminum materials to contribute to greater social and economic value Tap into new business domains Cut CO₂ across product lifecycles 	



Spotlight on Evolution

Stronger decision-making and supervisory functions through a major overhaul of the director and executive officer system

UACJ has set "improving management systems" as one of the main objectives in its structural reforms. Accordingly, we have been working toward continuous enhancement of corporate value through stronger and enhanced governance functions. In the interest of a streamlined decision-making function, we reduced the number of executive directors and executive officers and reviewed meeting bodies and organizational structures, accelerating and enhancing the quality of management. After the structural reforms, we continued to explore optimal officer systems. As a result of this exploration, we newly appointed two female directors in fiscal 2023 and made independent outside directors half of our Board of Directors in the interest of a stronger supervisory function by and diversified composition of the board.

Changes in director and executive officer headcount

	Directors			Executive officers
	Number	Percentage of outside directors	Percentage of female directors	Number
2018	12	33%	8%	27
2023	10	50%	20%	16

Spotlight on Evolution

A modified remuneration structure motivating officers toward greater corporate value and SDGs-based action

UACJ considers its officer remuneration system as an essential element to raise motivation toward the achievement of management tasks. Since fiscal 2018, this system has consisted of base salary, short-term performance-linked remuneration, and medium- to long-term performance-linked remuneration, a system that has been continuously reviewed in response to changes in the business environment since then.

In fiscal 2020, we raised the ratio of short-term performance-linked remuneration by about 10% to further increase performance incentives, and introduced total shareholder return (TSR) as an indicator for medium- to long-term performance-linked remuneration to promote shareholder-centric management, thereby changing the system to one in which remuneration is linked to stock price.

In addition, in our third mid-term management plan, launched in

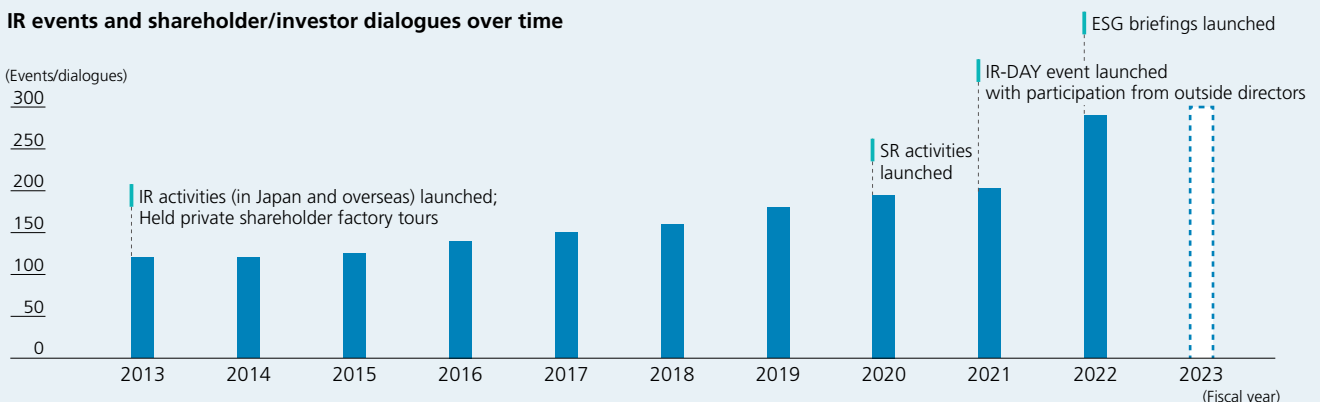
fiscal 2021, we introduced SDGs assessments as part of evaluations for short-term performance-linked remuneration, using the announced materiality activity targets as KPIs. This was designed to boost efforts toward one of the plan's major policies of promoting sustainability. Based on the idea that although sustainability activities should be undertaken over the medium to long term, it is important to steadily build up activity results from day one with a view to achieving future goals, we established a system to evaluate the degree of achievement against annual targets in short-term performance-linked remuneration. Going forward, we will continue to study the optimal structure of our remuneration system to ensure that it supports the achievement of management strategies and contributes to medium- to long-term enhancement of corporate value.

Spotlight on Evolution

Enhanced dialogue with shareholders toward long-term relationship-building

At UACJ, we are committed to timely and appropriate information disclosure and full-fledged two-way communication in order to build and maintain long-term relationships of trust with our shareholders and investors while helping them understand our business and what it means to invest with us.

IR events and shareholder/investor dialogues over time



Corporate governance system

Board of Directors

The Company utilizes an Audit & Supervisory Board system. Following the 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, the Articles of Incorporation stipulate that the president serves as the chief executive officer in charge of business execution.

As of June 21, 2023, our Board of Directors consists of 10 directors (including five independent outside directors) and five Audit & Supervisory Board members (including 3 independent outside auditors).

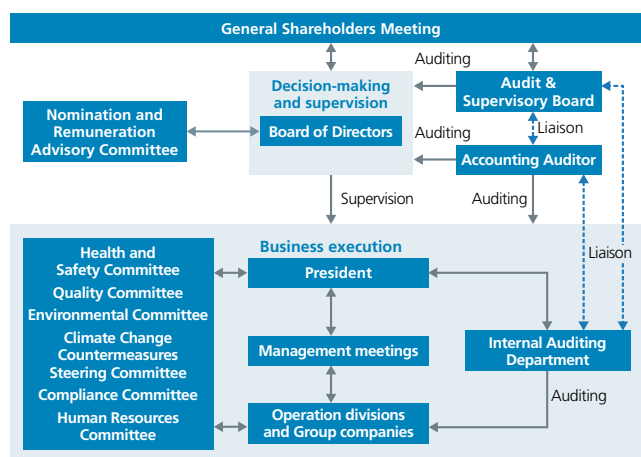
The Board of Directors meets monthly to discuss important management matters and report on the status of business execution in accordance with laws, the Articles of Incorporation, and internal regulations. The Chair of the Board of Directors is elected by mutual selection. As of June 2023, the Representative Director serves in this position. In fiscal 2022, the board focused primarily on overseeing the completion of structural reforms and

discussing the Group's future strategy.

In addition, a dedicated department for the Board of Directors' secretariat has been established to help implement measures to improve the board's effectiveness and to provide information to outside officers.

Going forward, we will maintain appropriate operation of the Board of Directors in order to enhance the Group's medium- to long-term corporate value.

Corporate Governance System



Overview of corporate governance structure

Institutional format	Company with an Audit & Supervisory Board
Total number of directors	10 (including 5 outside directors)
Total number of Audit & Supervisory Board members	5 (including 3 outside auditors)
Ratio of female directors	20%
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 Auditor	Deloitte Touche Tohmatsu LLC

Main agenda of the Board of Directors

Category	Main agenda items
Management	<ul style="list-style-type: none"> Business restructuring Technology strategy Manufacturing facility investment Balance sheet and borrowing plan Corporate Governance Code compliance Human resource strategy Portfolio strategy Fiscal 2023 plans Introduction of recycling system
Sustainability	<ul style="list-style-type: none"> Carbon neutrality Quality Committee report Compliance Committee report Statement on the UK Modern Slavery Act Environmental Committee report Health and Safety Committee report Internal control policy
Board of Directors/ Officers	<ul style="list-style-type: none"> BoD effectiveness evaluation Selection of representative directors Positions, assignments, and responsibilities of executive officers Officer remuneration Criteria for determining the independence of outside directors and outside auditors Selection of Nomination and Remuneration Advisory Committee members Selection criteria for directors and auditors
Stocks/ Shareholders' Meeting/ Investors	<ul style="list-style-type: none"> Strategic shareholdings Revision of share ownership rules Convocation of annual general meetings of shareholders

Message from the Chair of the Board of Directors

The UACJ Board of Directors consists of members with diverse backgrounds, with each member engaging in lively discussions utilizing the wealth of knowledge and experience they possess. In fiscal 2022, the board focused on the oversight of completing structural reforms. We also furthered discussions on the topic of diversity in the Board of Directors, an issue recognized in the previous year's effectiveness evaluation. As a result of these discussions, we decided to increase the number of outside directors by one and to have half of the Board of Directors composed of independent outside directors starting in fiscal 2023. In addition, both of the two newly appointed female outside directors are active on the front lines and are expected to bring new insights to the Company. 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 these mutually essential functions in the interest of the Group's sustainable growth and enhancement of corporate value over the medium to long term. Fiscal 2023 marks the final year of the third mid-term management plan, which began in fiscal 2021. This upcoming year is when we will be formulating our next mid-term management plan. The Board of Directors will oversee the progress of the third mid-term management plan and discuss the following plan, determining the best direction for UACJ toward the realization of UACJ Vision 2030, our long-term management vision. Furthermore, as Chair of the Board of Directors, I intend to continue leading the Board of Directors in improving its effectiveness and properly fulfilling the roles and responsibilities expected of its chair.

Miyuki Ishihara Representative Director & President

Audit & Supervisory Board

As an independent body that plays 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 and according to its regulation, 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 Audit & Supervisory Board consists of five Audit & Supervisory Board members (including three independent outside members), two of which have knowledge of finance and accounting.

Nomination and Remuneration Advisory Committee

In order to strengthen corporate governance, the Company has established the Nomination and Remuneration Advisory Committee as an advisory body to the Board of Directors to enhance objectivity and transparency in the decision-making process for nominating directors, executive officers and auditors, as well as in determining the remuneration of directors and executive officers.

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

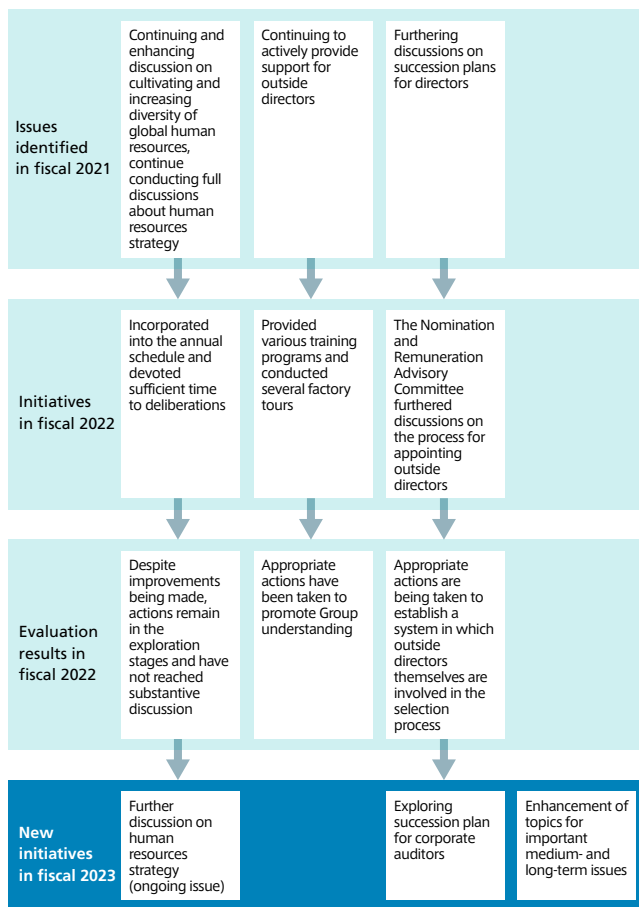
In fiscal 2022, the committee mainly deliberated and reported to the Board of Directors on a case-by-case basis on topics such as the following: the composition of the Board of Directors and other bodies for fiscal 2023, outside director candidates, the term of office and reappointment for outside directors, and fiscal 2023 policy for officer 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



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"> Improvement of materials that assist with governance 	<ul style="list-style-type: none"> Revision of proposal and reporting standards to strengthen supervisory functions Improvements to advance explanations provided to outside directors and Audit & Supervisory Board members
2018	<ul style="list-style-type: none"> Ensuring the diversity of the Board of Directors Improvements to advance explanations provided to outside directors and Audit & Supervisory Board members, and ensuring that documents are sent at least three days prior to meetings 	<ul style="list-style-type: none"> Creation of documentation guidelines for the Board of Directors Improvements to the content of reports made to the Board of Directors
2019	<ul style="list-style-type: none"> Introduction of important materials at appropriate times Improvements to discussion of management strategy 	<ul style="list-style-type: none"> New addition of "deliberation" to the agenda categories Implementation of policy reports to each division
2020	<ul style="list-style-type: none"> Enhance discussion on major directions for the Company Improvement of reports and explanatory materials that assist with governance 	<ul style="list-style-type: none"> Selection of major themes for the medium to long term Improved support for outside directors and Audit & Supervisory Board members Improving information sharing between the Nomination and Remuneration Advisory Committee and the Board of Directors
2021	<ul style="list-style-type: none"> Enhance discussion of the Company's main direction Information sharing between the Board of Directors and the Nomination and Remuneration Advisory Committee 	<ul style="list-style-type: none"> Resumed tours of manufacturing facilities for outside officers Provided training opportunities for outside directors Elevated discussion of issues related to human resources strategy
2022	<ul style="list-style-type: none"> Further discussions on diversity of the Board of Directors Enhance support for outside directors Human resource strategy relating to cultivation of global talent (initiative to continue in the following fiscal year) 	<ul style="list-style-type: none"> Enhanced topics for medium- to long-term important issues Further enhanced the monitoring function

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 our officers' desire to help increase share prices, raise corporate 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. From fiscal 2023, the number of outside directors was increased by one to a total of five, accounting for half of all directors, and the maximum amount of remuneration was revised in consideration of the increased roles and responsibilities expected of outside 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: Performance Share Unit)
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"> 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 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 To strengthen risk management in the context of the officer remuneration system, so-called malus and clawback clauses were established Abolished the reappointment of directors as a method of deciding individual remuneration
2023	Revised the maximum amount of remuneration for outside directors, taking into consideration the increase in the ratio of outside directors and the increased roles and responsibilities expected of outside directors

* 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 2022

Positions	Number of members	Total amount by type of remuneration ¹⁾			Total remuneration
		Base salary	Short-term performance-linked remuneration	Medium-to long-term performance-linked remuneration	
All directors (Outside directors)	12 (5)	¥280 million (¥49 million)	¥20 million (-)	¥55 million (-)	¥355 million (¥49 million)
All Audit & Supervisory Board members (Outside members)	7 (4)	¥83 million (¥32 million)	-	-	¥83 million (¥32 million)
Total (Outside directors and Audit & Supervisory Board members)	19 (9)	¥362 million (¥81 million)	¥20 million (-)	¥55 million (-)	¥437 million (¥81 million)

Note: The above table includes one director who retired and one Audit & Supervisory Board member who resigned at the conclusion of the 8th Ordinary General Meeting of Shareholders held on June 22, 2022.

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-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		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 growth rate of the TOPIX Index during the evaluation period
Evaluation period		Three fiscal years
Range of variation in performance-linked remuneration		Varies 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)



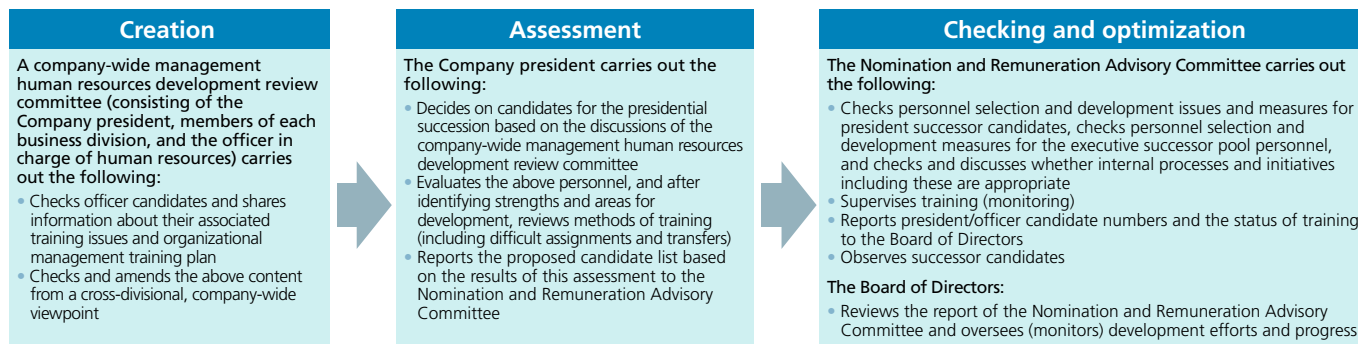
Succession plans

The Company has succession plans in place for the president, officers, and other senior management positions. All officers 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 for officer positions. 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 five independent outside officers), which monitors the processes to ensure objectivity. The Board of Directors, meanwhile, verifies and supervises the process.

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 deliberates and decides on the nomination of directors and other senior management by evaluating candidates based on elements such as their career history and capabilities. The Board of Directors makes the final decision on officer appointments based on the committee's recommendations. Candidates for the Audit & Supervisory Board must also be approved by the Audit & Supervisory Board. When selecting independent outside directors, the Company considers candidates based on its criteria for independence, and seeks individuals who can be expected to contribute to the Company through frank, active, and constructive dialogue at the Board of Directors meetings. Opportunities are provided to evaluate their contributions after appointment. Currently two of the five independent outside directors are women, and four of the directors

have experience in corporate management. UACJ will continue its focus 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 conducts specific discussions on the skills (knowledge, experience, and abilities) that a member of the Board of Directors should possess in order to implement and oversee 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 is overall equipped with nine skill sets for executing effective management oversight. The following table shows these skills.

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 considers enhancing earnings capability and strengthening management systems 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 our enhanced materials business and focus on growth markets (North America and Southeast Asia) and growth sectors (car stock and automotive components).
Overseas business	With overseas operations accounting for roughly half of Group sales, overseas business knowledge, experience, and ability are 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 are 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											Main reasons for indicating proficiency in the relevant skill fields		
				(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/fields				
Directors	Miyuki Ishihara	Internal	–	8 years	○					○						(i) Representative Director & President of the Company; (v) Long-standing experience in manufacturing units; (vi) Instrumental in enhancing the Company's corporate governance; (viii) Led the Company's sustainability activities
	Teruo Kawashima	Internal	–	4 years	○	○		○								(i) Executive Vice President of the Company; (ii) In charge of Group financial strategies; (iv) Experience as CEO of an overseas Group company
	Shinji Tanaka	Internal	–	2 years				○	○		○	○				(iv) Extensive experience in overseas business (incl. overseas); (v) Extensive experience in manufacturing divisions; (vii) Experience being in charge of an information technology divisions; (viii) In charge of promoting the Company's climate change countermeasures
	Fumiharu Jito	Internal	–	1 years				○			○					(v) Extensive experience in manufacturing divisions; (vii) In charge of Information Technology Division
	Joji Kumamoto	Internal	–	–	○		○	○							○	(i) In charge of the Company's management strategy; (iii), (iv) and (ix) Experience in the sales and overseas business of a major general trading company
	Takahiro Ikeda	Outside Independent	–	5 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	–	5 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), experience as an outside corporate auditor
	Yoshitaka Mitsuda	Outside Independent	–	1 years					○			○	○			(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
	Ryoko Nagata	Outside Independent	–	–	○		○			○					○	(i), (iii), (vi) and (ix) Experience as an executive officer and corporate auditor at a major food manufacturer, experience as an outside director
Makiko Akabane	Outside Independent	–	–				○				○	○			(iv), (viii) and (ix) Experience in sustainability consulting and support, experience as an outside director	
Audit & Supervisory Board members	Atsushi Sakaue	Internal	–	2 years		○										(ii) Experience as a financing and accounting division head
	Ryu Sawachi	Internal	–	1 years						○		○				(vi) Experience as Vice Chief Executive of the Company's Business Support Division; (vii) Experience as general manager of public relations and IR divisions
	Yuki Iriyama	Outside Independent	–	5 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	–	5 years	○	○				○				○		(i), (ii), (vi) and (ix) Certified public accountant, experience in business execution and as an outside director
	Yoshiro Motoyama	Outside Independent	–	5 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.

Our basic policy is to reduce strategic shareholdings to the minimum necessary volume and maintain that level. 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 strategic shareholdings (rights granted to 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, as well as whether or not it contributes to the sound management of the issuing company and ultimately improves the corporate value of the Company and the issuing company.

As of March 31, 2023, the total number of companies with which we possess strategic shareholdings was 29. The amount of these shareholdings on the balance sheet as of the end of fiscal 2022 was ¥5,129 million, which represents 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 rank-based education programs as part of our ongoing and regular programs to familiarize employees with the code and to promote awareness of compliance and understanding of laws and regulations. In fiscal 2022, the CSR Committee was abolished and a new Compliance Committee was established as a forum for intensive deliberation, direction-setting, and reporting on compliance and human rights initiatives. Furthermore, subcommittees at UACJ and its Group companies were newly established under the Compliance Committee to function as a forum for information sharing on the discussions of these committees and for dialogue with each Group company, thereby addressing compliance and human rights issues Group-wide.

In addition, for the purpose of early detection and resolution of compliance issues, we have established various consultation services, such as the Workplace Harassment Hotline, which specializes in harassment, in addition to the Group-wide internal whistleblowing system. Consultations and reports on compliance issues are accepted not only from current

but also retired/resigned officers and employees (within one year after retirement or resignation).

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 regarding antitrust, foreign competition, or anti-bribery law violations in fiscal 2022.

Dialogue with shareholders and investors

In our investor relations (IR) activities, the IR Department led efforts that included improving communication with shareholders and investors amid the COVID-19 pandemic. With web-based engagement firmly established, we have gradually resumed in-person engagement as of fiscal 2022. In addition to livestreaming financial results meetings, holding IR-Day, and holding the first ESG briefing, we are increasing communication opportunities by resuming visits to overseas investors by the officer in charge of IR. Furthermore, we continue to conduct meetings via the Internet, disclose financial statements simultaneously in both Japanese and English, and distribute IR video content.

During the fiscal year, we held one-on-one meetings with shareholders and investors in Japan and overseas both in person and on the web, depending on the situation, in an effort to improve engagement. In addition, we are expanding our IR activities to encompass a wider range of investors through efforts such as regular large-scale seminars for individual investors.

Shareholder relations (SR) activities are led by the Corporate Legal Department, which since fiscal 2020 has been maintaining dialogue primarily with institutional investors' voting rights exercise staff by providing regular annual meeting opportunities. We strive to engage in constructive dialogue with institutional investors in order to contribute to sustainable growth and medium- to long-term improvement of corporate value, and we provide timely feedback to the Board of Directors and other members of our top management on opinions and requests obtained through such dialogue.

Information gained during our IR and SR activities, such as the below, are disclosed on the Company website.

- Major interacting parties
- Main dialogue themes
- Shareholder dialogue that brought us new insights/were helpful in establishing understanding
- Status of feedback to top management and the Board of Directors on shareholder opinions and concerns identified in dialogue
- Matters incorporated in our policies based on dialogue

<https://www.uacj.co.jp/sustainability/social/investor.htm>
(Japanese-language only)

Board of Directors (as of June 21, 2023)

Directors



Miyuki Ishihara

Representative Director, President

Attended 15 of 15 Board of Directors meetings

Apr. 1981 Joined Sumitomo Light Metal Industries, Ltd.
Oct. 2012 Executive Officer
Oct. 2013 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 15 of 15 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)



Shinji Tanaka

Director, Member of the Board, Managing Executive Officer, Chief Executive, Corporate Sustainability Division, Vice Chief Executive, Flat Rolled Products Division (Manufacturing Division), officer in charge of climate change countermeasures

Attended 15 of 15 Board of Directors meetings

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, Chief Executive, Structural Reform Division
Apr. 2023 Director, Member of the Board, Managing Executive Officer, Chief Executive, Corporate Sustainability Division, Vice Chief Executive, Flat Rolled Products Division (Manufacturing Division) (current)



Fumiharu Jito

Director, Member of the Board, Executive Officer, Chief Executive, "MONOZUKURI" Core Manufacturing Innovation Division

Attended 12 of 12 Board of Directors meetings (following his appointment as a director)

Apr. 1988 Joined Furukawa Electric Co., Ltd.
Jun. 2011 General Manager, Production Department, Rolled Products Division, Fukui Works, Furukawa-Sky Aluminum 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
Jun. 2022 Director, Member of the Board, Executive Officer, Chief Executive, Monozukuri Core Manufacturing Division (current)



Joji Kumamoto

Director, Member of the Board, Executive Officer, Chief Executive, Corporate Strategy Division

Newly appointed in June 2023

Apr. 1985 Joined SUMITOMO CORPORATION
Aug. 2011 Dispatched to Tri-Arrows Aluminum Inc.
Apr. 2015 General Manager, Tubular Product Planning and Development Dept.
Apr. 2017 Joined UACJ Corporation
Apr. 2020 Vice Chief Executive, Corporate Strategy Division
Apr. 2021 Chief Executive, Corporate Strategy Division
Apr. 2022 Executive Officer, Chief Executive, Corporate Strategy Division
Jun. 2023 Director, Member of the Board, Executive Officer, Chief Executive, Corporate Strategy Division (current)

Outside Members of the Board



Takahiro Ikeda

Director, Member of the Board (outside, part-time)*

Attended 15 of 15 Board of Directors meetings

Apr. 1975 Joined Mitsubishi Kasei Kogyo (currently 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. (currently 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 15 Board of Directors meetings

Apr. 1975 Joined Tateisi Electric Manufacturing Co. (currently OMRON Corporation)
Jun. 2003 Executive Officer, General Manager of Amusement Equipment Business, OMRON Corporation; President and CEO of OMRON Ichinomiya 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)*

Attended 12 of 12 Board of Directors meetings (following his appointment as a director)

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.



Ryoko Nagata

Director, Member of the Board (outside, part-time)*

Newly appointed in June 2023

Apr. 1987 Joined Japan Tobacco Inc.
Jun. 2008 Senior Vice President, Head of Beverage Business Division, Food Business Headquarters and Products Division
Jun. 2013 Senior Vice President, in charge of CSR
Jan. 2018 Senior Vice President, Assistant to President
Mar. 2018 Standing Audit & Supervisory Board Member
Jun. 2021 Outside Director, Honda Motor Co., Ltd. (current)
Mar. 2023 Outside Audit & Supervisory Board Member, MEDLEY, INC. (current)
Jun. 2023 Director, Member of the Board (outside, part-time), UACJ Corporation (current)

Rationale for selection: Ryoko Nagata was invited to serve based on her involvement in the management of a major food manufacturer and its group companies as an executive officer and auditor, and her pursuant broad perspective on management.



Makiko Akabane

Director, Member of the Board (outside, part-time)*

Newly appointed in June 2023

Apr. 1993 Joined The Mitsubishi Bank, Limited (currently MUFG Bank, Limited)
Jan. 2001 Team Manager, Public Relations Office, Environmental and Social Contribution Business, Starbucks Coffee Japan Co., Ltd.
Aug. 2003 General Manager, Social Contribution Department, Salesforce.com Co., Ltd. (currently Salesforce Japan Co., Ltd.)
Nov. 2006 General Manager, CSR Office, Nikko Asset Management Co., Ltd.
Apr. 2010 Representative Director, CSR Asia (current)
Jun. 2022 Outside Director, PIOLX, INC. (current)
Jun. 2023 Director, Member of the Board (outside, part-time), UACJ Corporation (current)

Rationale for selection: Makiko Akabane was invited to serve based on her extensive knowledge and experience gained through sustainability consulting and support activities for numerous companies, the Ministry of the Environment, universities, etc., and is also familiar with overseas business.

Audit & Supervisory Board Members



Atsushi Sakaue

Audit & Supervisory Board Member
Attended 15 of 15 Board of Directors meetings

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
Attended 12 of 12 Board of Directors meetings (following appointment as an Audit & Supervisory Board member)

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)



Yuki Iriyama

Audit & Supervisory Board Member (outside, part-time)*
Attended 15 of 15 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 15 of 15 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 (currently 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.

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 15 of 15 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.

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.

Executive Officers

Masataka Taguchi Executive Vice President
Akinori Yamaguchi Senior Managing Executive Officer
Seiichi Hirano Senior Managing Executive Officer
Henry Gordinier Managing Executive Officer
Keizo Hashimoto Managing Executive Officer
Fumihiko Sato Executive Officer

Haruhiro Iida Executive Officer
Tetsuya Yamada Executive Officer
Osamu Kawase Executive Officer
Minami Takahashi Executive Officer
Kenichiro Ijima Executive Officer

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

Risks and Opportunities

The UACJ Group's management considers that the following risks could significantly affect the decisions of investors based on their likelihood and degree of impact.

Main external risks

Risk	Risk details and impacts	Actions
Climate change and other changes in the global environment*	<p>Threats The Group could lose business opportunities and its products could become less competitive if it fails to sufficiently reduce greenhouse gas emissions.</p> <p>Opportunities 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"> Matters concerning climate change are periodically assessed and discussed at the management level through UACJ's Climate Change Countermeasures Steering Committee. Environmental activities are routinely carried out to accomplish targets of key performance indicators in accordance with action plans. (p.31-32) The Group actively participates in international initiatives to combat climate change, including the Task Force on Climate Related Financial Disclosures and the Carbon Disclosure Project, and has acquired certification from the Aluminium Stewardship Initiative. (p.57-58) The Group has declared its intention to become carbon neutral, and is considering how to adopt internal carbon pricing and provide environmental assurance for mass balance systems. (p.61-64) The Group has been taking steps to source renewable energy, recycle aluminum scrap, and procure aluminum produced by hydro-powered smelters. (p.35-38)
Changes in government policies, economic trends, and geopolitical risks	<p>Threats 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> <p>Threats Conflicts or other problems in countries where the Group operates could affect the safety of employees.</p>	<ul style="list-style-type: none"> The Group procures raw materials from diverse suppliers to avoid overdependence on specific countries and regions. Sufficient inventories of necessary materials are maintained. 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. (p.19-20) The Group has set up product pricing system with customers, allowing it to reflect higher costs and changes in market prices in selling prices. (p.86) The Group has stepped up efforts to monitor political and economic trends.
A pandemic such as the spread of a new strain of coronavirus	<p>Threats The ongoing pandemic or a future epidemic could affect the Group's purchasing and procurement from suppliers.</p> <p>Threats Changes in customers' operations resulting from an epidemic could affect the Group's manufacturing operations and sales.</p> <p>Threats The ongoing pandemic or a future epidemic could lead to delays, suspensions, or stoppages of the Group's operations.</p> <p>Threats Increased virulence of an infectious disease could affect the lives of employees.</p>	<ul style="list-style-type: none"> Business continuity plans have been created to respond to pandemics. Sufficient inventories of necessary materials are maintained. The Group flexibly plans production and secures information needed from customers at an early stage. Infection control measures for employees continue to be implemented.
Natural disasters	<p>Threats 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 infrastructure or facilities operated by its customers or suppliers.</p>	<ul style="list-style-type: none"> Progress is being made to establish business continuity plans in all divisions and workplaces, and business continuity management is continually strengthened on a group-wide basis. Workplaces periodically conduct drills to ensure the effectiveness of business continuity management.
Changes in foundational technologies and demand structures	<p>Threats Opportunities 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> <p>Threats Opportunities Competition could intensify due to technological innovations, and demand structures could change if aluminum is replaced by alternative materials.</p>	<ul style="list-style-type: none"> An in-house digital transformation project is leading automation and digitalization initiatives in all areas of manufacturing, sales, management, and administrative operations. UACJ has set up its own venture organization to foster innovative ideas from its workplaces. (p.8) Organizations have been set up to create businesses based on shifts in the demand structure. (p.35-40) The Group evaluates the comparative advantages of its products and their competitiveness with other materials in various markets, as well as its progress in developing technologies that can address shifts in demand. The Group is marketing its UACJ SMART® brand of environmentally friendly aluminum products, promoting aluminum cups as reusable beverage containers, and branding products in new markets. (p.39-40) Management closely follows and analyzes market trends while collecting relevant data. (p.39-40)
Abrupt changes in the market	<p>Threats Opportunities Although the Group has set up price agreement systems that reflect market price fluctuations in selling prices to eliminate the impact of changes in aluminum prices on earnings, consolidated profits and losses 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>Threats Opportunities 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>Threats If prices of raw materials, logistics, and energy rise steeply during a short span of time and cause problems in the supply chain, UACJ may not be able to absorb the resultant costs.</p> <p>Threats Opportunities 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"> Inventory levels are effectively controlled through more accurate sales forecasts. Product price agreements have been concluded with customers to reflect changes in raw material (including metals used in aluminum alloys), logistics, and energy prices in selling prices. (p.86) UACJ flexibly procures funds from diverse sources to minimize the impact of rising interest rates. Management closely follows and analyzes market trends while collecting relevant data. (p.39-40)

Main internal risks

Risk	Risk details and impacts	Actions
Occupational health and safety*	<p>Threats A workplace accident or disease outbreak could cause harm to employees and damage to physical property.</p> <p>Threats A workplace disaster could interfere with the Group's manufacturing operations.</p>	<ul style="list-style-type: none"> Occupational health and safety activities are periodically followed and discussed at the management level through the Company's Health and Safety Committee. Occupational health and safety policies have been established and related measures are routinely executed. Health- and safety-related rules have been put in place and training is carried out on a regular basis. Health and safety activities are routinely carried out to accomplish targets of key performance indicators in accordance with action plans. (p.31-32) Safety-first and compliance have been designated as basic principles of the UACJ Way, and occupational health and safety are given top priority in business activities. Management resources are allocated and countermeasures taken to eliminate hazards in the workplace, including fire and explosion risk assessments. Measures for preventing heat stroke are carried out each summer, such as maintaining temperatures based on wet bulb global temperature measurements, encouraging employees to wear fan-equipped clothing, and preventing excessively hot workplaces.

Visit the following link for information on the Group's risk management
<https://www.uacj.co.jp/english/sustainability/management/risk-management.htm>



Environmental accidents	<p>Threats The environment could be harmed by an accident such as a leakage of wastewater or hazardous substance, or emissions of pollutants in the air.</p>	<ul style="list-style-type: none"> Risks of an environmental accident are periodically assessed and discussed at the management level through UACJ's Environmental Committee. An environmental policy has been established and related measures are executed. (p.61-64) Rules for preventing environmental accidents have been put in place and related training is regularly provided.
Product quality assurance*	<p>Threats 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>Threats Failure to meet quality specifications could inconvenience customers, disrupt the market, and lead to an inability to fulfill supply obligations.</p> <p>Opportunities 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"> Quality assurance is periodically checked and discussed at the management level through the Company's Quality Committee. A quality assurance policy has been established and related measures are routinely executed. Rules for ensuring quality have been put in place and related training is regularly provided. Quality assurance activities are continually carried out to accomplish targets of key performance indicators in accordance with action plans. (p.31-32) The Group is expanding the use of automated quality verification tests. Periodic quality inspections are mutually conducted by the Group's workplaces.
Securing human resources*	<p>Threats Recruiting talented personnel is increasingly competitive in Japan due to its declining birth rate and aging population.</p> <p>Threats Opportunities Increasingly advanced skills are needed for expanding business internationally.</p> <p>Threats Opportunities The effective deployment of human resources is critical for the success of the Group's businesses.</p> <p>Threats Employee turnover could affect the Group's ability to retain talented personnel.</p>	<ul style="list-style-type: none"> UACJ established its Human Resources Development Committee to provide a forum for discussing matters related to human resources at the management level. Action plans and KPIs are set for ongoing measures to retain talented personnel. (p.31-32) UACJ has set up its Management Human Resources Development Review Committee to discuss succession planning and grooming of new leaders. (p.65-66) UACJ is enhancing training programs for passing down manufacturing skills in the workplace, including its Monozukuri Gakuen program. (p.65-66) Internal recruitment systems are being used to effectively assign employees and personnel recruitment is regularly carried out through various systems. (p.65-66)
Respect for human rights*	<p>Threats Opportunities 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>Threats 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"> UACJ established its Compliance Committee to provide a forum for discussing matters related to human rights at the management level. (p.80) Activities for promoting human rights are carried out to accomplish targets of key performance indicators in accordance with action plans. (p.31-32) UACJ has set up a working group to examine and discuss human rights. Human rights due diligence based on the UACJ Group Human Rights Policy was conducted at UACJ Extrusion Corporation's Nagoya Anjo Works, and training on human rights was implemented to reduce risks associated with legal compliance.
Diversity and equal opportunity*	<p>Threats 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>Threats Opportunities 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"> UACJ established its Human Resources Development Committee to provide a forum for discussing matters related to diversity and equal opportunity at the management level. Activities for promoting diversity and equal opportunity are continually carried out to accomplish targets of key performance indicators in accordance with action plans. The Group conducts employee engagement surveys and regularly improves workplace conditions. The Group is planning to create a declaration of its commitment to diversity, equity, and inclusion. The Group promotes its corporate philosophy and organizes discussions about the philosophy with employees around the world to gain their feedback. (p.10) UACJ is continually implementing a variety of workplace reforms. UACJ has set targets for raising the percentage of female managers and newly hired employees (both college graduates and mid-career). (p.31-32) UACJ has set targets for the percentage of foreign nationals among newly hired college graduates. UACJ actively promotes the hiring of people with disabilities through its special subsidiaries. UACJ has established a system for rehiring employees who have reached retirement age. UACJ provides training programs in Japan for employees hired local in other countries by its subsidiaries. UACJ actively hires mid-career workers and has established a network for rehiring former employees. Career counseling and various training programs are offered on an ongoing basis to help employees with career development. (p.66) Measures are regularly taken to improve work-life balance for employees. (p.66)
Compliance	<p>Threats The Group could lose business opportunities if, due to a violation of laws or regulations, it is subject to criminal punishment, penalized by the government, held responsible for reparations, and loses credibility.</p> <p>Threats Compliance with newly enacted or revised laws and regulations could incur costs.</p> <p>Threats A case involving harassment could damage the Group's credibility.</p>	<ul style="list-style-type: none"> UACJ established its Compliance Committee to provide a forum for discussing matters related to compliance at the management level. Subcommittees are being set up at UACJ and its group companies to provide venues for disseminating matters deliberated and reported by the Compliance Committee and executing its directions group-wide. (p.80) The UACJ Group provides various training programs covering relevant laws and regulations, the UACJ Group Code of Conduct, and harassment prevention to make all employees aware of the priority it places on safety and compliance. An internal whistleblower system is in place and made widely accessible to employees. Legal compliance is regularly verified by internal audits.
Group-wide corporate governance	<p>Threats Opportunities 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"> The Group's corporate philosophy is made known to all employees. Internal controls are continually strengthened across the Group. The Group's employees participate in regularly held discussions on the corporate philosophy with UACJ's president, executive officers, and division heads. (p.10, 69-70) Internal control audits and operational audits are conducted on a routine basis. UACJ's internal rules and regulations are periodically reviewed and updated.
Information security	<p>Threats 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>Threats 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> <p>Threats Laws related to economic security guarantees are raising requirements for strictly managing information.</p>	<ul style="list-style-type: none"> The Group strictly manages information based on its own information management rules, electronic information rules, and technical data rules. UACJ carries out assessments and measures for improving all aspects of security in accordance with cyber security management guidelines issued by the Japanese government. UACJ has expanded its use of external surveillance systems and internal security systems, and has obtained cyber insurance coverage. UACJ has taken steps to comply with revisions to Japan's personal information protection law. The Group has established a basic policy on information security. Training on information security is provided to employees.
Funds procurement	<p>Threats 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"> The Group has diversified its methods for procuring funds, including committed credit lines with banks, issuance of commercial paper, and asset finance. Measures are taken to increase profitability and improve capital efficiency in order to boost cash flow. (p.21-24, 85-90)

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