



*Aluminum lightens the world*

アルミでかなえる、軽やかな世界

# UACJ's Governance and Risk Management to Support Sustainability

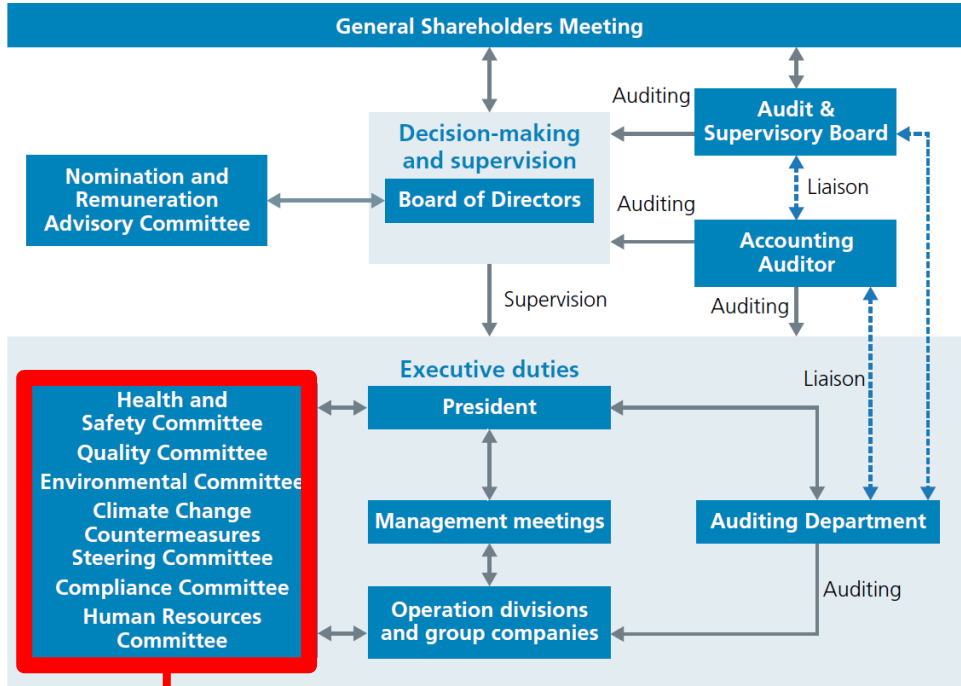
**Joji Kumamoto**

Chief Executive, Corporate Strategy Division  
Executive Officer



# Correlation Between Corporate Governance, Sustainability Activities, and Materiality

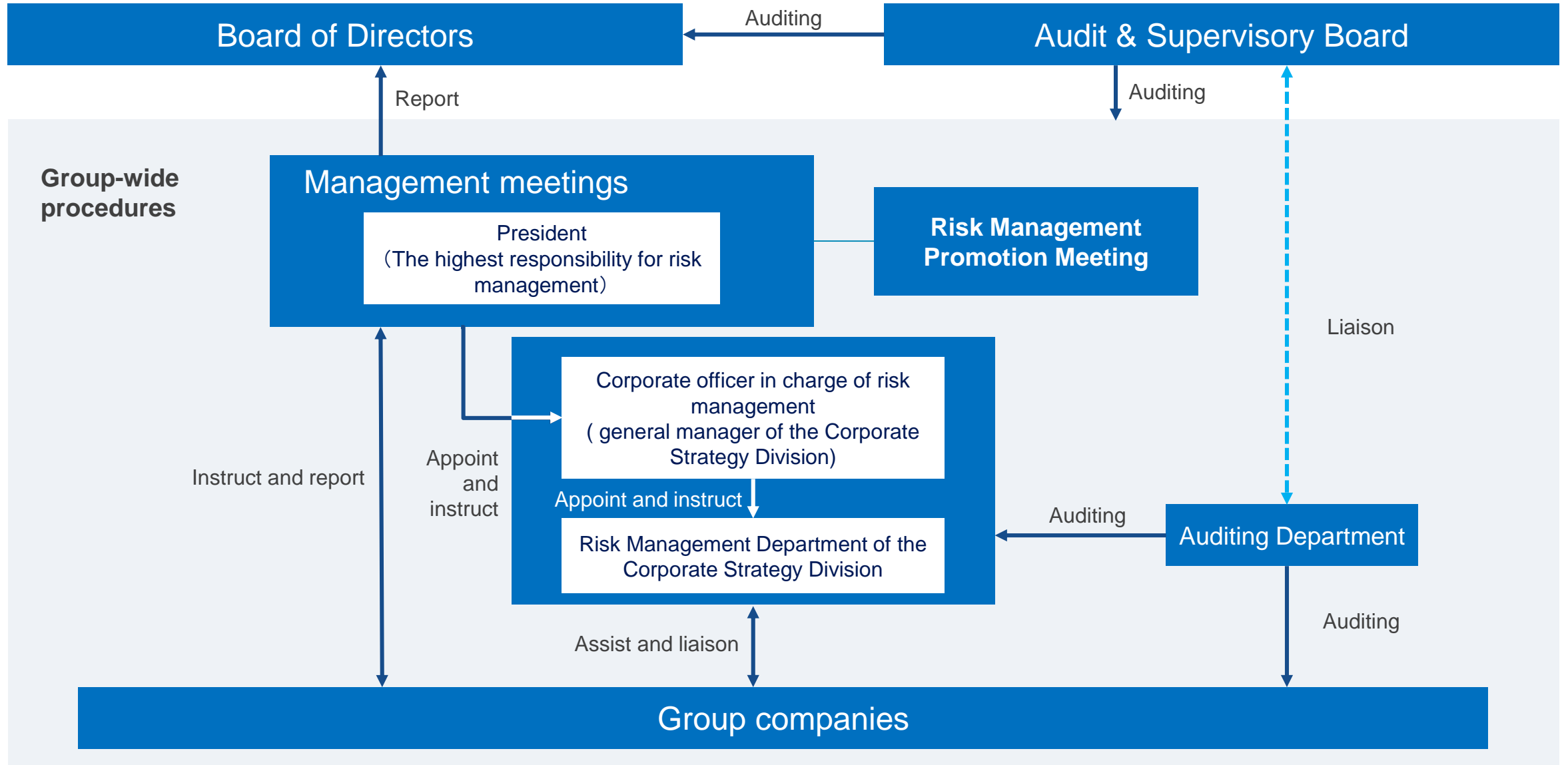
## Corporate Governance System



## Framework for sustainability actions

Materiality issues	Officers in charge	Organization in charge	KPI monitoring	
			Committee	Frequency
Response to climate change	Executive in charge of the Group's response to climate change	Corporate Sustainability Department	Climate Change Countermeasures Steering Committee	Human Resources Committee
Product quality assurance	Chief Executive, MONOZUKURI Core Manufacturing Innovation Division	Quality Control Division	Quality Committee	Once annually
Occupational health and safety	Chief Executive, MONOZUKURI Core Manufacturing Innovation Division	Safety & Environment Department Safety groups	Health and Safety Committee	Once annually
Respect for human rights	Chief executive of the Business Support Division	Corporate Sustainability Department	Compliance Committee	Once annually
Diversity and equal opportunity	Chief executive of the Business Support Division	Human Resources Division	Human Resources Committee	Once annually
Human resources development	Chief executive of the Business Support Division	Human Resources Division	Human Resources Committee	Once annually

# Governance Structure Within Risk Management

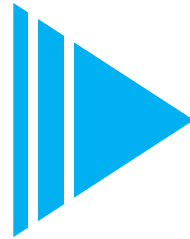


# Improving Meeting Entities: For Both Agility and Depth

## Review of risk management entities

Up to FY2021

Deliberation at CSR Committee meetings (twice a year)



For faster discovery/  
response to risks

FY2022

Deliberation and direction at  
management meetings



For deeper discussion and  
comprehension of risks

Risk Management Promotion  
Meeting  
(Newly established)

# Progress of Enhancement and Improvement

## Risk management

## Establishing UACJ-style risk management Establishing, maintaining, and developing a risk management culture

## Strengthening the foundations of all business activities by deepening corporate governance

## Corporate governance

- **Launched enhancing Group risk management**  
Launched Group risk assessment and risk ownership system

**FY2019**

- Reduced the number of directors and executive officers
- Reviewed the corporate organizational structure

- **Spreading understanding of risk management**  
Launched foundation-building for risk management integrated with management strategy

**FY2020**

- Expanded risk management enhancement activities
- Established system to respond to major risks

**FY2021**

- Conducted third-party evaluation of the Board of Directors
- Launched full-scale operation of the succession plan
- Introduced TSR\*1

**Third Mid-term  
Management Plan announcement**

**FY2022**

- Introduced integrated domestic and overseas risk management system

- Review of corporate governance structure

- Conducted evaluation of the effectiveness of the Audit & Supervisory Board
- Introduced SDG evaluation, RSUs\*2 in the remuneration system\*3

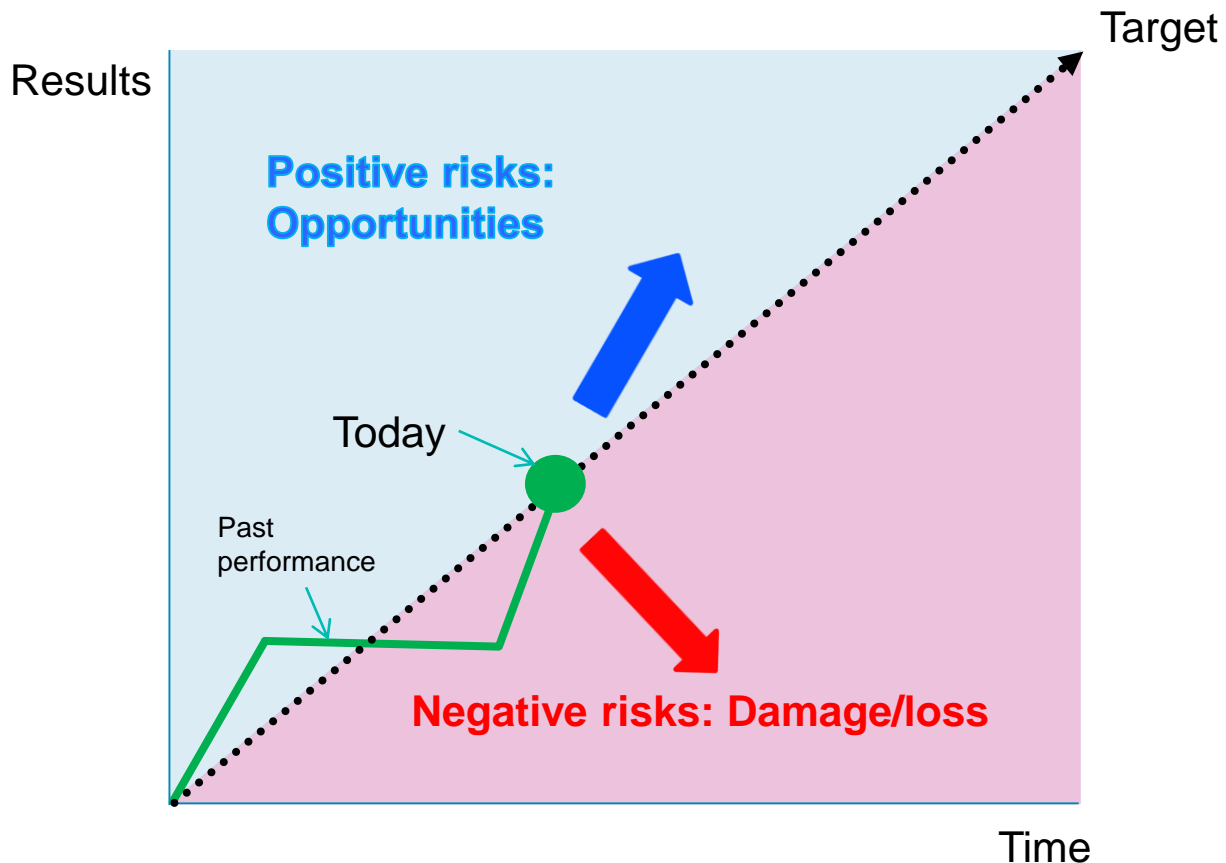
\*1 Total shareholder return

\*2 Restricted stock units

\*3 SDGs evaluation is short-term performance-linked compensation, while RSUs are medium- to long-term performance-linked compensation

# “Risk” as Perceived by UACJ

**Risk = All events that make the realization of the UACJ Group's corporate philosophy uncertain**



## [Positive risks]

Opportunities for future earnings and growth

## [Negative risks]

Natural disasters  
Accidents in connection with operations  
Compliance violations  
Sudden changes in market conditions  
Other events that may directly lead to damage or loss

# Risk Management Activities - Basic Policy

We, the officers and employees of the UACJ Group, understand that the following activities are risk management, and we will **all participate in these together** for the purpose of **continuous growth and development of UACJ Group business.**

## (1) Risk management in times of normalcy

We will increase our sensitivity to risk on a daily basis, accurately grasp the nature of risk (**risk visualization**), and voluntarily manage risks to keep their impact within an acceptable range (**ownership of risk management**).

## (2) Risk management during contingencies

When a risk emerges, the **UACJ Group will determine the correct course of action** in accordance with the following order of priority, and members shall quickly resolve the situation in their respective positions.

(1) We will place the highest priority on ensuring the safety of people (**saving lives first, and preserving health second**), both internally and externally, and will work to **minimize damage**.

(2) We will maintain ongoing communication with stakeholders to **ensure trust and peace of mind**.

(3) We will fulfill our social responsibility through the **supply and upkeep** of products and services that help maintain social functions.

# Risks Recognized at the Group Level (FY2022)

## Risks with external primary causes

- Spread of infectious diseases, such as the COVID-19 pandemic
- Climate change and other global environmental changes ★ ★
- Natural disasters ★
- Changes in the political environment and economic trends (geopolitical risks) ★
- Changes in social infrastructure technology and demand structure ★
- Market fluctuations ★

## Risks related to accounting valuations and estimates

- Impairment of fixed assets
- Recoverability of deferred tax assets

## Risks with internal primary causes

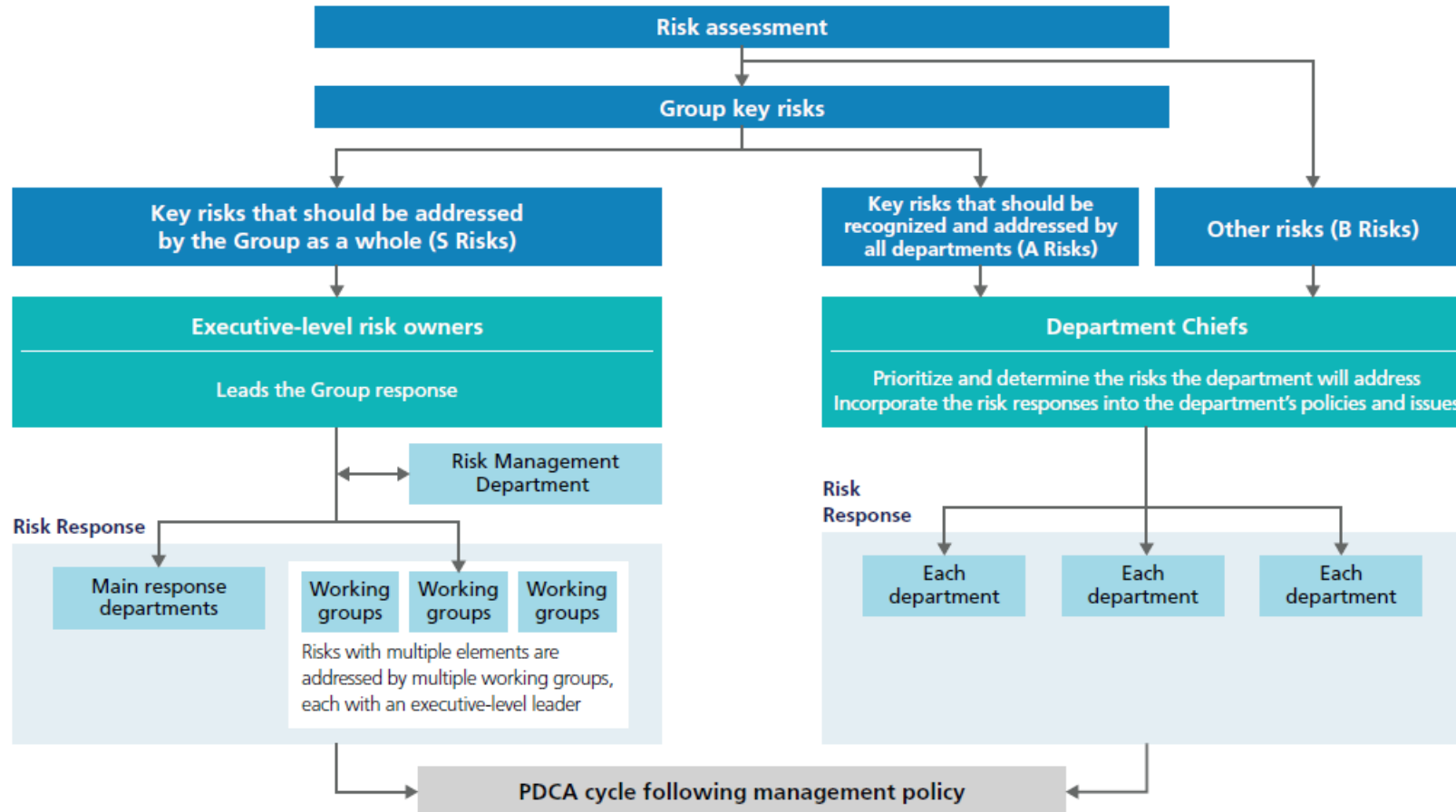
- Product quality ★ ★
- Health and safety ★ ★
- Human resource development and assignment ★ ★
- Consideration for human rights ★ ★
- Diversity and equal opportunity ★
- Compliance ★
- Group governance ★
- Information management
- Procurement of funds

★	Risks related to materiality
★	Risks where individual committees take action
★	Risks where officer-level risk owners take action
No star	Risks where general manager-level risk owners take action



# Risk Management Activities - Initiatives According to Risk Level

## Risk management processes and actions



1. Conduct risk assessments (annual)
2. Selection of risks to be addressed cross-functionally throughout the Group
  - (1) Risks addressed by existing committees, etc.
  - (2) Risks addressed by a risk owner-led structure
  - (3) Risks addressed by corporate divisions
  - (4) Other risks addressed by each division or Group company
3. Conduct PDCA for risks in line with annual policy management

# Putting Sustainability at the Heart of Corporate Management

## UACJ Group Philosophy

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



### 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.

## Cautionary note concerning forward-looking statements

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This presentation contains various forward-looking statements that are based on current expectations and assumptions of future events. All figures and statements with respect to the future performance, projections and business plans of UACJ and its Group companies constitute forward-looking statements. Although UACJ's management believes that its expectations and assumptions are reasonable, actual results and trends in UACJ's performance could differ from those expressed or implied by figures or statements herein due to exchange rate movements fluctuations, uncertainties in future business circumstances, and other factors.

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