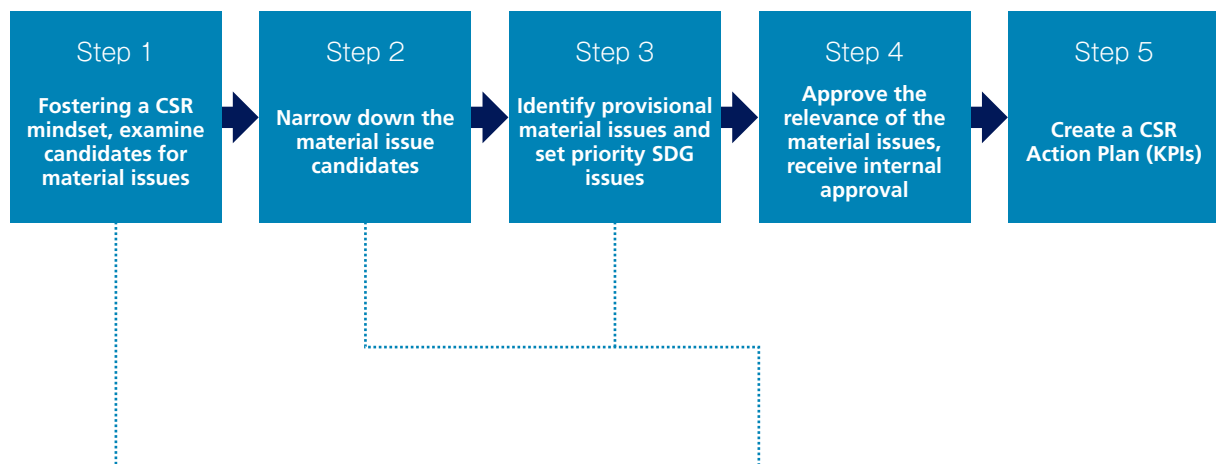


Defining Material Issues

As society evolves, CSR is becoming a standard expectation of companies. Investors are increasingly interested in a company's ESG and using it as part of their evaluations for investment. UACJ considers addressing CSR issues to a basic condition for surviving as a business and essential to creating sustainable value as a global company. We also believe it can be a source for business competitiveness and have positioned the material issues at the core of our sustainability management. Defined based on international standards, such as ISO26000, the material issues have major impacts on society and the company's stakeholders. We therefore consider them vital

issues related to our business sustainability and will continue working to bring them into greater clarity.

The material issues are being addressed in four stages, following the four steps shown below. Discussions about the issues are all-inclusive, starting with directors, executive officers, and other management-level personnel and encompassing employees at our manufacturing and sales sites as well as employees at our group companies in Japan and overseas. After the material issues are identified and defined, we put together action plans and KPIs for CSR activities.



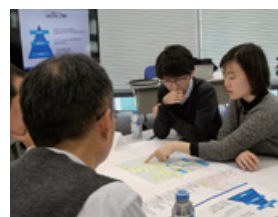
Fostering CSR awareness

While we were defining the material issues, in April 2019 the Company held study sessions to raise awareness of CSR and establish a uniform understanding about CSR throughout the Company. The sessions were attended by the Company president and other executives as well as the heads of all business departments. We also conducted interviews and surveys with each department to apprehend the current status of CSR activities. The aim of these activities is to determine the current level of understanding of CSR issues among employees and to foster a company-wide mindset. In addition, we selected 47 issues as material issue candidates based on important international standards, such as ISO26000.



Employees from various divisions discuss material issue candidates

Employee workshops were conducted to identify material issues and associated priority targets among the SDGs. Employees from all corners of the Group participated, including from corporate divisions such as corporate planning and human resources, and from manufacturing and sales divisions of domestic and overseas group companies, each providing perspectives from their own duties and from the stakeholders they interact with. The candidates for material issues that emerged from these sessions will be narrowed down based on our redefined philosophy (Page 1) and with input from specialists.



Achievement of positive cash flow

Investments to expand the manufacturing facilities at UACJ (Thailand) and Tri-Arrows Aluminum neared completion in fiscal 2019. UACJ (Thailand) achieved a notable milestone as it brought its expanded facility into full-scale operation during the year and ultimately achieved an operating profit in the fourth quarter (October to December). We expect these investments to begin generating measurable contributions to profits. They are a major reason why in fiscal 2019 UACJ was able to record the first positive free cash flow since being established in 2013. We are working to restore our financial balance as quickly as

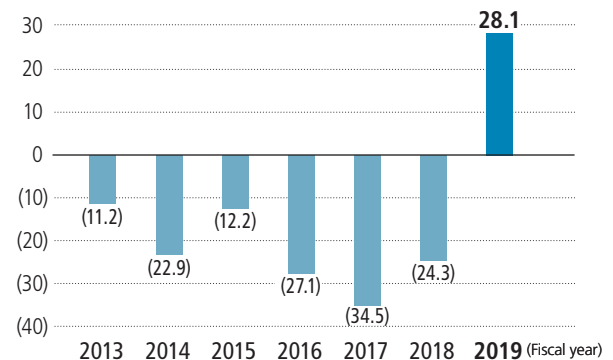


The newly added cold mill rolling lines at Tri-Arrows Aluminum (left) UACJ (Thailand)

possible by continuing to employ strict financial discipline and allocating profits earned in overseas markets to reduce corporate debt.

Free Cash Flow

(Billions of yen)

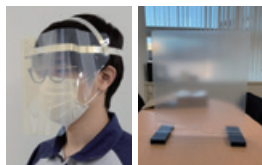


Impact of the COVID-19 pandemic

Regional

Increasing support for medical institutions battling the virus

UACJ is using its technologies to help battle the COVID-19 pandemic. To offset the shortage of protective equipment at medical institutions treating the virus, we used our processing technology to produce aluminum frames for face shields, which we donated to a medical institution in Nagoya City. We also donated masks to local communities at our business sites.



For employees

Prevention and protection measures and work from home

We are recommending our employees in administrative and sales departments to work from home or use other teleworking options with the aim of reducing the in-person attendance rate to 30% or less. We are also preparing the necessary infrastructure and security measures to support working from outside the office. Assignments and business trips overseas are carefully considered in light of the status the virus and medical system and in accordance with local immigration and activity restrictions.

Supply system

Strengthened risk management system, such as preparing alternative production plans

We responded to the production adjustments at automobile manufacturers by suspending production activities for brief periods based on the individual conditions of each factory. We are also strengthening our risk management system, including preparing alternative production plans in the event that the virus is contracted by people at our manufacturing sites.

Financing

Securing financing for any circumstances

Given the uncertain outlook, we have set up commitment lines (immediate credit facility) totaling ¥43 billion with financial institutions. Including cash, at the end of fiscal 2019 we had secured funds of approximately ¥100 billion. We believe we are sufficiently prepared for any circumstances, but will flexibly secure access to sufficient funds as the situation dictates.