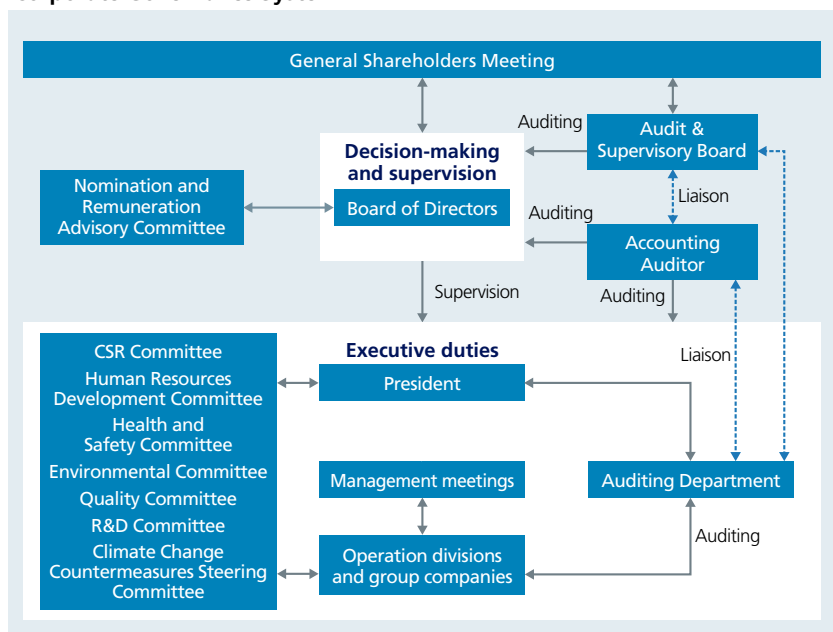


## Steps to strengthen corporate governance since UACJ's establishment

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	<b>First mid-term management plan from fiscal 2015 to 2017</b> <b>Major policies</b> <ul style="list-style-type: none"> <li>Expand into the growing automotive, transport, and energy industries while bolstering operations in Asia and other growth regions</li> </ul>	Appointed the Company's first female outside director						
2016	<ul style="list-style-type: none"> <li>Organize optimized manufacturing operations in each business and facilitate technological integration</li> </ul>	Commenced evaluation of the effectiveness of the Board of Directors						
2017	<ul style="list-style-type: none"> <li>Develop new technologies and products</li> </ul>	Established Nomination and Remuneration Advisory Committee						
2018	<b>Second mid-term management plan from fiscal 2018 to 2020</b> <b>Major policies</b> <ul style="list-style-type: none"> <li>Continue focusing on the growing automotive industry and growth markets in Asia and North America</li> <li>Steadily generate returns on past investments</li> <li>Increase capital efficiency with an emphasis on ROIC</li> <li>Promote shared principles of conduct as the UACJ Way</li> </ul>	Appointed people with experience in business management as outside directors Implemented a system of performance-linked remuneration for full-time directors (page 54)						
2019	<b>Implementation of structural reforms from fiscal 2019 to 2022</b> <b>Major objectives</b> <ul style="list-style-type: none"> <li>Increase earnings capacity</li> <li>Reform financial structure</li> <li>Increase the speed and efficiency of management decision-making</li> </ul>	<b>Changes in fiscal 2019</b> <ul style="list-style-type: none"> <li>Reduced the number of directors and executive officers</li> </ul> <table border="1"> <thead> <tr> <th>Full-time Directors also serving as executive officers</th> <th>Outside directors</th> <th>Executive officers</th> </tr> </thead> <tbody> <tr> <td>8 → 6</td> <td>4 → 4</td> <td>27 → 14</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>Reorganized corporate divisions</li> <li>Revised the remuneration system</li> </ul>	Full-time Directors also serving as executive officers	Outside directors	Executive officers	8 → 6	4 → 4	27 → 14
Full-time Directors also serving as executive officers	Outside directors	Executive officers						
8 → 6	4 → 4	27 → 14						
2020		Full operation of a succession plan begins						
2021	<b>Third mid-term management plan from fiscal 2021 to 2023</b> <ul style="list-style-type: none"> <li>Complete structural reforms</li> <li>Strengthen foundations for growth</li> <li>Contribute to achieving a better world (promote sustainability)</li> </ul> <b>UACJ Vision 2030</b> <ul style="list-style-type: none"> <li>Capturing demand in growth sectors and growth markets</li> <li>Utilize enhanced aluminum materials to contribute to greater social and economic value</li> <li>Tap into new business domains</li> <li>Cut CO<sub>2</sub> across product lifecycles</li> </ul>	<p>Independent outside directors comprise two-fifths of the Board of Directors (as of June 2021)</p> <p><b>Composition of the Board of Directors</b></p> <p>Outside members comprise two-thirds of the Audit &amp; Supervisory Board (as of June 2021)</p> <p><b>Composition of the Audit &amp; Supervisory Board</b></p> <p>More than half of the committee are independent outside directors (as of June 2021)</p> <p><b>Nomination and Remuneration Advisory Committee</b></p>						

# Roles of directors, executive officers, and Audit & Supervisory Board members

## Corporate Governance System



## Overview of Corporate Governance Structure

Form of institutional design	Company with an Audit & Supervisory Board
Total number of directors	10 (of whom 4 are outside directors)
Total number of Audit & Supervisory Board members	6 (of whom 4 are outside members)
Ratio of female directors	10%
Directors' term of office	1 year
Adoption of an executive officer system	Yes
Voluntary advisory body to the Board of Directors	Nomination and Remuneration Advisory Committee
Accounting auditors	Deloitte Touche Tohmatsu LLC

## Board of Directors

The Company utilizes an Audit & Supervisory Board member system. We have introduced an executive officer system for business execution, separating managerial decision-making and supervisory functions from those of business execution, thus strengthening the functions of the Board of Directors and accelerating the speed of business execution. The Board of Directors deliberates and decides on important matters related to management. In fiscal 2020, the Board primarily oversaw the progress of structural reform, while deliberating on the long-term management vision and the third mid-term management plan, which were announced in May 2021. It also deliberated on sustainability activities such as the identification of materiality issues and identification of non-financial targets, and confirmed areas to target for the expansion of business value.

## Audit & Supervisory Board

As an independent body tasked with playing a role in corporate governance, the Audit & Supervisory Board audits board members' execution of their duties. To improve the quality of auditing, a three-way audit system has been adopted in which audits by Audit & Supervisory Board members, internal audits, and audits by accounting auditors are conducted in mutual cooperation. Following the auditing policies and plans set out by the Audit & Supervisory Board, these audits focus primarily on whether board managers are executing their duties appropriately, including the development and operation of internal control systems, prevention of risks, and the status of initiatives to address managerial issues.

## Main agenda of the Board of Directors

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

## Nomination and Remuneration Advisory Committee

The Company established its Nomination and Remuneration Advisory Committee as an advisory body to the Board of Directors for the purpose of increasing the impartiality and transparency of the decision-making process used for nominating and remunerating directors, executive officers, and Audit & Supervisory Board members.

With regard to the composition of the committee, due to the importance of independence, the chairperson is appointed from among the independent outside Audit & Supervisory Board members, and five of the seven committee members are chosen from the independent outside directors and independent outside auditors. Recently, the committee has led the way in strengthening governance through discussions on matters such as the criteria for reappointing the president and CEO.

## Evaluation of the Effectiveness of the Board of Directors

At UACJ, the effectiveness of the Board of Directors is evaluated annually in order to improve its operations. For the previous five years, we have set questions and conducted evaluation in-house. In fiscal 2020, we utilized the support of a third-party evaluation agency for analysis and evaluation,

ensuring the neutrality and objectivity of these evaluations and deepening initiatives aimed at improving the effectiveness of the Board of Directors. Going forward, this third-party evaluation will be performed at appropriate intervals.

### Processes and initiatives for evaluating effectiveness

Flow

- (1) A third-party evaluation agency is given access to the documentation and minutes of the Board of Directors and the Nomination and Remuneration Advisory Committee
- (2) Based on (1), the chairperson and the secretariat of the Board of Directors hold advance discussions and then observe meetings of the Board of Directors, following which they create a questionnaire
- (3) Directors and Audit & Supervisory Board members respond to the questionnaire in writing. Based on those answers, the third-party evaluation agency holds individual interviews with directors and Audit & Supervisory Board members

Major items for evaluation

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

Results of evaluation in fiscal 2020

- The scope and composition of the Board of Directors is appropriate
- Operation of the Board of Directors is appropriate with regard to the frequency of meetings and the deliberation time, content, and number of discussions
- Active discussions were held at the Board meetings, with efforts made to further discussion on the major directions that were at issue in the previous fiscal year, and appropriate action taken with regard to improving documentation
- Sufficient deliberation was also undertaken in the Nomination and Remuneration Advisory Committee

Future themes and measures

- Continuing and enhancing discussion concerning the direction of the Company in the medium to long term at Board of Directors meetings
- Improving information sharing between the Nomination and Remuneration Advisory Committee and the Board of Directors
- Furthering discussions on succession plans for directors

### Status of improvements through effectiveness evaluation

The results of evaluation in fiscal 2020 confirmed that the outcomes of the measures the Company has taken based on effectiveness evaluations over the past few years have been successful in their goals of identifying major directions for corporate strategy and achieving highly effective supervision, which is the role and responsibility of the Board of Directors.

The Board of Directors conducted sufficient discussion to proactively address the above issues identified in this fiscal year.

The Company is continuing to work to improve the effectiveness of the Board of Directors in order to achieve sustainable growth and improve medium- to long-term business value.

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

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

## Remuneration of officers

UACJ's officer remuneration system is intended to continue to generate the profits needed to contribute to society through the steady, sound business development and respond to the expectations of a variety of stakeholders. It is also designed to share the benefits and risks of stock price fluctuations with shareholders and increase their desire to help increase share prices, raise business value, and improve our performance in the medium to long term. To ensure that it functions appropriately and effectively in that context, we have reviewed the system consistently. Every year the Nomination and Remuneration Advisory Committee monitors the remuneration system and assesses the need for revisions going forward 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 <sup>1</sup> and medium-to long-term performance-linked remuneration (PSU)
2020	As the Company worked towards structural reform, increased the short-term performance-linked remuneration ratio, and introduced total shareholder return to the system of medium-to long-term performance-linked remuneration
2021	<p>Introduced SDGs evaluation to short-term performance-linked remuneration, and restricted stock units (RSU) to medium-to long-term performance-linked remuneration</p> <ul style="list-style-type: none"> <li>Recognizing that initiatives related to contributing to achieving a better world (promoting sustainability)—one of the three major objectives in the third mid-term management plan—are indispensable to corporate growth and an important factor in share evaluation, we integrated non-financial indicators into the remuneration system, improved incentives to engage in sustainability-related activities, and implemented SDGs evaluation into short-term performance-linked remuneration with an eye to future business growth and improving share value.</li> <li>We introduced restricted stock units alongside the existing performance share units in order for the remuneration system to reflect medium- and long-term contributions more appropriately, and instituted Shareholding Guidelines that encourage those in management to hold a certain amount of company shares.</li> <li>To strengthen risk management in the context of the officer remuneration system, so-called malus and clawback clauses were established.</li> </ul>

<sup>1</sup> 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 2020

Positions	Number of members	Total amount by type of remuneration			Total remuneration
		Base salary	Short-term performance-linked remuneration	Medium-to long-term performance-linked remuneration	
All directors (Outside directors)	14 (4)	¥298 million (¥53 million)	¥74 million (-)	- (-)	¥373 million (¥53 million)
All Audit & Supervisory Board members (Outside members)	7 (4)	¥91 million (¥40 million)	- (-)	- (-)	¥91 million (¥40 million)
Total (Outside directors and Audit Supervisory Board members)	21 (8)	¥389 million (¥92 million)	¥74 million (-)	- (-)	¥464 million (¥92 million)

Note: The above table includes four directors who retired at the conclusion of the seventh Ordinary General Shareholders Meeting, as well as one Audit & Supervisory Board members who resigned.

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

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

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

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

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

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

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

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

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



## Selection and nomination of officers

The Nomination and Remuneration Advisory Committee evaluates candidates based on their respective career backgrounds, former positions, qualifications and capabilities. Candidates recommended by the Nomination and Remuneration Advisory Committee are then selected by the Board of Directors. Candidates for Audit & Supervisory Board members positions must also be approved by the Audit & Supervisory Board.

When selecting independent outside directors, the Company evaluates candidates who can be expected to take

part in frank, active, and constructive dialogs in Board of Directors meetings, first considering any interests they may have in the Company. Currently one of the four independent outside directors is a woman, and three of these directors have experience in corporate management.

Going forward, UACJ will focus on achieving a balance in the overall knowledge, experience, and abilities of the Board of Directors as whole, and in developing systems that take diversity and scale into account.

### Composition and specializations of the Board of Directors

	Name	Full-time/ Outside	Business Management/ Strategy	Finance/ Accounting	Sales/ Marketing	International/ Business	Development/ Manufacturing	Law/ Governance	IT/Digital	CSR/ Sustainability	Knowledge of other Industries/ Academic Experience
Director	Miyuki Ishihara	Full-time	●				●	●		●	
	Hironori Tsuchiya	Full-time	●			●	●				
	Katsuyasu Niibori	Full-time	●		●	●					
	Teruo Kawashima	Full-time	●	●		●					
	Seiichi Hirano	Full-time	●			●	●		●		
	Shinji Tanaka	Full-time				●	●		●		
	Toshio Suzuki	Outside					●		●		●
	Ryoko Sugiyama	Outside	●					●		●	●
	Takahiro Ikeda	Outside	●			●					●
	Akio Sakumiya	Outside	●					●			●
Audit & Supervisory Board members	Kiyoshi Tanaka	Full-time	●		●						
	Atsushi Sakaue	Full-time		●							
	Akari Asano	Outside	●					●		●	●
	Yuki Iriyama	Outside	●			●		●			●
	Hiroyuki Yamasaki	Outside	●	●				●			●
	Yoshiro Motoyama	Outside	●			●	●				●

Note: The list above is not a representation of the total knowledge and experience possessed by each person listed.

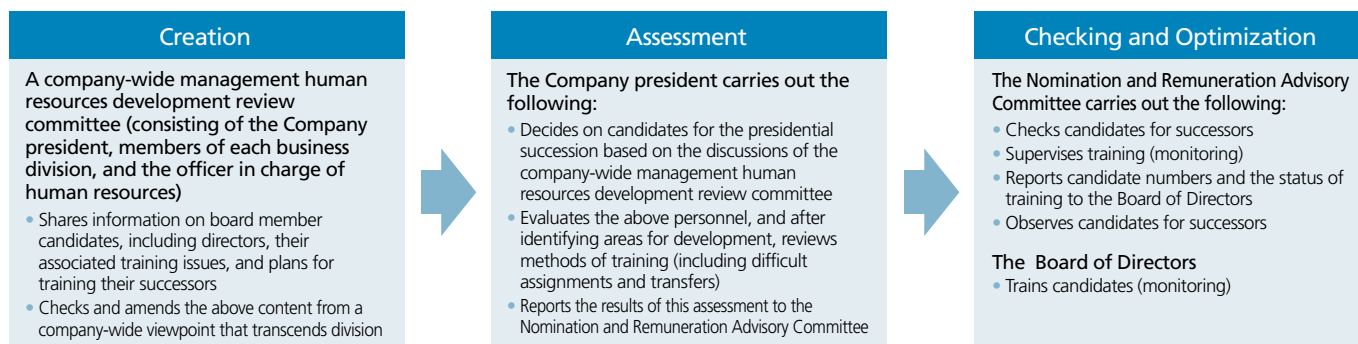
## Succession plans

The Company has succession plans in place for our president and senior management. We have established an internal process for the selection of candidates that takes multiple viewpoints into account while leveraging a range of human resource data, with the goal of identifying candidates with a variety of points of view. Additionally, we clarify any issues associated with each candidate and train them through difficult assignments, transfers, and education, so that they possess the skills and experience required of senior management. The Nomination and Remuneration Advisory Committee (including

five independent outside directors and Audit & Supervisory Board members) monitors operation of this process to ensure objectivity, while the Board of Directors checks and supervises it.

To nurture successors over the medium and long-term, we will put in place a succession plan for department managers as well as for senior management, and also intend to implement a succession plan for section managers. By operating these in concert with the succession plan for senior management, we will endeavor to achieve systematic human resource development throughout the entire Company.

## Succession plan for the Company president



## Compliance

Aiming to maintain the public's trust in the UACJ Group, UACJ created the Group Code of Conduct for all employees and officers to follow, drawing from its Corporate Philosophy and a set of shared principles called the UACJ Way. To ensure that all members fully understand the code and put it into practice, regular training sessions are held in workplaces throughout the entire Group, which raises awareness of compliance and educates employees about pertinent laws and regulations.

To prevent, quickly identify, and resolve compliance-related problems, UACJ has put a whistleblower system in place. In fiscal 2019, UACJ established a common desk for all Group companies, as recommended in the guidelines for private business issued by the Consumer Affairs Agency, which is intended for use by executives at group companies in Japan and overseas. Moreover, in fiscal 2021, this initiative was expanded to include former employees who have been retired from employment at the Company for a year or more.

### Compliance with competition laws and prevention of bribery

Based on the results of risk surveys and surveys on the actual situation performed to prevent corruption and comply with competition law throughout the Group that had been conducted by UACJ in the past, the Company instituted basic policies and regulations in 2018, implementing global guidelines and country-specific guidelines in line with the laws and regulations of each country. Furthermore, the Company performs self-assessments every year based on these guidelines.

"Prohibition of bribery" and "Prohibition of excessive business entertainment" are stipulated in the Company Code of Conduct. Employees are made aware of these through activities such as training on the Code of Conduct and rank-based training. In fiscal 2020, seminars targeting department managers and newly appointed managers were held as in previous years.

Note that in fiscal 2020 there were no infringements of antitrust laws, foreign competition laws, or anti-bribery laws.

## Promoting dialogue with shareholders and investors

In order to update shareholders and investors about the Company's activities and earn their trust over the long term, UACJ promotes interaction with them and ensures timely and appropriate information disclosure. In addition to communicating information through a range of investor relations, tools such as the Company website, which is available in English and Chinese as well as in Japanese, we actively offer opportunities for direct dialogs. Note that voting rights at the General Shareholders' Meeting can be exercised through electronic means such as over the internet.

### Activities in fiscal 2020

Although the spread of COVID19 made face-to-face dialogs difficult, UACJ focused on face-to-face dialog with our shareholders and investors.

As in fiscal 2019, the financial results briefing was streamed online. This year the Company's first investor relations day was also held online, with the Company president and officers speaking about prospects for the third mid-term management plan. Furthermore, one-on-one meetings with the officer in charge of investor relations and shareholders and investors were held in Japan and overseas (in six countries) both online and in face-to-face settings. Although the factory tours held every year for individual shareholders were canceled, UACJ worked to enrich its shareholder newsletters and websites with content that would deepen understanding of the Company and of aluminum as a material.

UACJ was selected as a "Company that has made remarkable improvements in disclosure" in the fiscal 2020 "Companies Chosen by Security Analysts for Excellent Disclosure" for initiatives such as those mentioned above to improve disclosure of information on its website, and for investigating the needs of shareholders and investors and then reflecting the results in its quarterly financial results briefing materials. Going forward, UACJ will continue to work to disclose information to deepen shareholders' and investors' understanding of the Company.