

## Aiming to step up sustainability initiatives while backed by tailwinds in the aluminum products market

### Shinji Tanaka

Director, Managing Executive Officer  
Chief Executive of the Corporate Sustainability Division,  
Vice Chief Executive of the Flat Rolled Products Division  
(Production Department), and officer in charge of climate  
change countermeasures



### Enhancing UACJ's value by promoting sustainability through structural reforms

UACJ implemented structural reforms for three and a half years since October 2019, and profitability has improved as a result. The Company has posted higher profits in Japan and generated substantial returns on large capital investments in Thailand and the United States. The Company has also strengthened its management system and structure through the reforms by reorganizing decision-making bodies and renewing the UACJ Group's corporate philosophy. The structural reforms were a means to improve earnings and reorganize management, but those activities evolved into ongoing efforts to create new businesses while providing solutions to issues facing the world today. In other words, we shifted our focus to sustainability, and have begun taking this approach to the next level. To lead these efforts, the Company established its Corporate Sustainability Division in April 2023, replacing the former Corporate Sustainability Department that had been responsible for promoting sustainability initiatives in the past. Under this new structure, we will shift to a more aggressive stance by drawing from the Company's increased earnings capacity—an outcome of the structural reforms—to channel more resources to sustainability-related activities going forward.

Global environmental issues have grown more serious in recent years, and in that context, the Group's operating environment has also changed. The Group is now expected to pursue sustainable economic development and apply technologies to tackle environmental problems. Amid these shifts, customers' needs continue to diversify, and products that help reduce environmental impacts are increasingly demanded. To respond to these needs and demands, the Corporate Sustainability Division will work closely with operational departments that routinely deal with customers,

and leverage its expertise in recycling and climate change countermeasures. Indeed, all members of the Corporate Sustainability Division recognize its important responsibility to provide value to customers and create new business models. Toward this end, the Climate Change Countermeasures Steering Committee, which is overseen by the division's Climate Change Task Force Department, is currently sharing information about customers' needs along with trends in various countries, and deliberating on appropriate responses and initiatives to take. Most recently, it has been setting up a system for distributing such information throughout the Group, and organizes meetings for that purpose with members of the flat rolled products, automotive parts, extruded products, foil, casting and forging, and precision-machined components businesses.

The Corporate Sustainability Division has only begun collaborating with the Group's operational departments, but I am confident that our wide-ranging initiatives will ultimately help protect the global environment while also benefitting people. We want the division to play a leading role in helping the Group grow as an enterprise that fulfills its dual responsibilities of creating benefits for society and devising solutions for sustainability issues of today.

### Having aluminum recognized and chosen as an eco-friendly material

Amid the growing seriousness of climate change and ocean plastic pollution, the shift to EVs and movement away from plastic have both been accelerating. Consequently, demand for aluminum has been rising rapidly. In fact, every year we have been receiving an increasing number of customer enquiries about our CO<sub>2</sub> emissions during product manufacturing and about how our products help reduce CO<sub>2</sub> emissions. This indicates how manufacturers are now placing greater importance on environmental performance

in their material selection criteria.

The more aluminum is produced with electricity from renewable energy sources—green aluminum—and with recycled materials, the more CO<sub>2</sub> emissions can be reduced. The majority of the Group's CO<sub>2</sub> emissions fall under Scope 3, and within that scope, most emissions originate from electricity consumption during the smelting of new aluminum ingots. By using green and recycled aluminum instead of these new ingots, we can substantially reduce CO<sub>2</sub> emissions, and, consequently, help our customers lower their Scope 3 emissions. Based on this approach, we are working to establish a circular economy for aluminum with a view of providing more value to customers while lowering environmental impacts.

This involves developing materials that are easy to recycle, integrating used aluminum product collection networks into supply chains, and switching to recycled and green aluminum. In these ways, we intend to help build a more sustainable planet and offer environmental benefits through aluminum. The UACJ Group cannot establish a circular economy on its own, of course, so we have initiated projects to use and recycle aluminum in partnerships with customers, used aluminum product collection firms, and other companies in our industry in Japan. By proactively demonstrating the environmental benefits of aluminum through a circular economy, we hope to raise awareness of the metal's advantages and convince more customers to use it. Moreover, to form a larger aluminum recycling network in the future, we believe that the Group must play a central role in driving progress and bringing together partners that place importance on protecting the global environment.

### Initiatives aimed at providing solutions and creating benefits for society

To carry out sustainability initiatives group-wide, our biggest resource is the Group's employees. Motivating all employees across is essential, so we provide them with full explanations of how our sustainability activities are unique to the UACJ Group, what our responsibilities are as an international enterprise, and how the properties of aluminum benefit the environment. Employees will drive our efforts to broaden the scope of the Group's sustainability by including customers and suppliers, and they have appeared increasingly enthusiastic about our sustainability initiatives over the past few years. Likewise, members of the Climate Change Countermeasures Steering Committee have been highly engaged in discussions recently, and its meetings often last

longer than scheduled. The mood is completely different compared with the time when the committee was first set up. These changes are very positive in terms of promoting sustainability. I also want employees to get individually involved in our sustainability initiatives while considering how these activities can bring benefits to society.

As part of our efforts to protect the global environment, in addition to building a circular economy, we have begun taking steps to address climate change, water-related issues, and biodiversity. We have specified climate change as a materiality issue and implemented measures to address it more effectively, such as by conducting risk assessments and scenario analyses based on the recommendations of the Task Force on Climate-related Financial Disclosures. In an assessment by CDP, an environmental disclosure organization, completed in December 2022, the Company received a score of B for the categories of Climate Change and Water Security. We have also set up in-house organizations to study nature positive initiatives, and are exploring ways for the Group to protect biodiversity and natural capital in the future.

As the officer in charge of leading our sustainability initiatives, I have a mission to clarify the Group's social responsibilities and explain to employees and the public what we need to do to create benefits for society and devise solutions for today's sustainability issues. Three years ago, we declared our intention to put sustainability at the heart of management in our mid-term management plan, currently underway. Over that period, the significance and necessity of sustainability has become widely appreciated throughout the UACJ Group as a whole. While preparing to commence our next mid-term management plan in 2024, management is currently examining how to update the Group's materiality issues while engaging in wide-ranging discussions to address growing awareness and stronger demands for sustainability. Given the favorable outlook for the aluminum products market, we intend to step up the UACJ Group's sustainability initiatives together with employees, customers, and suppliers, with a view of passing down a better world over the next century.

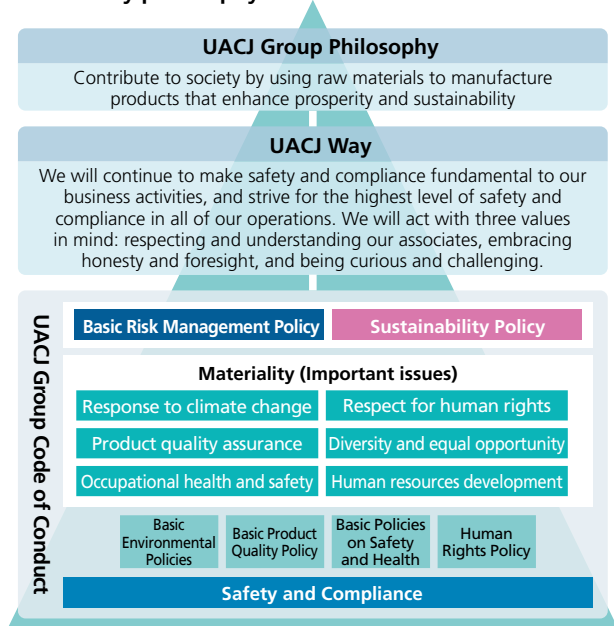
# Engaging in sustainability-centered management to “pass down a better world over the next century”

The UACJ Group’s philosophy is comprised of three components: “Our Purpose,” “Our Vision,” and “Our Values.” “Our Purpose” is to “Contribute to society by using raw materials to manufacture products that enhance prosperity and sustainability.” “Our Vision” is that “Aluminum is our passion. It inspires our work in building a better world and a healthier environment.” And sustainability is an inseparable part of both. As evidenced by this, we position sustainability at the heart of our operations. The reason why is because we want to solve a variety of problems the world is facing today rather than leave them for tomorrow, creating a world over the next century that is better and more enjoyable than it is now.

10 years have passed since the UACJ Group was established. In that time, starting with the strengthening of our governance, we have enhanced our sustainability in all three of the domains of environmental, social, and corporate governance. Our efforts to create a solid governance system include commencing evaluation of the effectiveness of the Board of Directors in 2016, and establishing the Nomination and Remuneration Advisory Committee in 2017. Starting in the 2020s, we have also proactively incorporated global sustainability standards, joining the Aluminium Stewardship Initiative (ASI), becoming a signatory to the UN Global Compact, and endorsing the SDGs and the TCFD recommendations.

To realize a better world over the next century, we will work to resolve the world’s problems through our core business, leverage the individuality of our diverse members and the corporate culture we have developed, and advance sustainability the way only UACJ can.

## Sustainability philosophy



## Historical highlights

Organizational reinforcement focusing on governance	<ul style="list-style-type: none"> <li><b>2014</b> <ul style="list-style-type: none"> <li>• Promoted non-Japanese nationals to executive officer positions</li> </ul> </li> <li><b>2015</b> <ul style="list-style-type: none"> <li>• Appointed a woman as an outside director</li> </ul> </li> <li><b>2016</b> <ul style="list-style-type: none"> <li>• Commenced evaluation of the effectiveness of the Board of Directors</li> </ul> </li> <li><b>2017</b> <ul style="list-style-type: none"> <li>• Established Nomination and Remuneration Advisory Committee</li> <li>• Commenced workstyle reform</li> </ul> </li> </ul>	
	Sustainability -related activities centering on management	<ul style="list-style-type: none"> <li><b>2018</b> <ul style="list-style-type: none"> <li>• Expanded scope of environmental burden data collection to include overseas locations</li> <li>• Appointed people with experience in business management as outside directors</li> </ul> </li> <li><b>2019</b> <ul style="list-style-type: none"> <li>• Substantially reduced the number of directors and executive officers</li> <li>• Developed Group-wide mechanisms for skills transmission</li> </ul> </li> <li><b>2020</b> <ul style="list-style-type: none"> <li>• Initiated Group philosophy discussion meetings</li> <li>• Announced Corporate Slogan and Brand Statement</li> <li>• Joined ASI</li> <li>• Full operation of a succession plan begins</li> <li>• Introduced TSR into the executive remuneration system</li> </ul> </li> </ul>
	Sustainability -related activity enhancement	<ul style="list-style-type: none"> <li><b>2021</b> <ul style="list-style-type: none"> <li>• Established the Sustainability Policy</li> <li>• Launched formulation and promotion of materiality</li> <li>• Joined the United Nations Global Compact</li> <li>• Acquired ASI certification (Fukui/UATH Rayong Works)</li> <li>• Established the Climate Change Countermeasures Steering Committee</li> <li>• Endorsed the TCFD recommendations and disclosed the results of a climate change scenario analysis</li> <li>• Introduced SDG-based evaluation and RSUs into the executive remuneration system</li> </ul> </li> <li><b>2022</b> <ul style="list-style-type: none"> <li>• Issued the Carbon Neutral Challenge Declaration</li> <li>• Received “B” scores from CDP in the “Climate Change” and “Water Security” categories</li> <li>• Launched the Human Resources Strategy Project</li> </ul> </li> <li><b>2023</b> <ul style="list-style-type: none"> <li>• Established the Corporate Sustainability Division</li> <li>• Formulated the Multistakeholder Policies</li> </ul> </li> </ul>

## Progress in focus 01

### Defining our six materiality issues with employee participation

We have defined six materiality issues to prioritize in our broad range of sustainability-related activities: Response to climate change, product quality assurance, occupational health and safety, respect for human rights, diversity and equal opportunity, and human resources development (▶ p.31-32). Of the six, “response to climate change” has a particularly high affinity with our business activities. Accordingly, it is an especially high priority area of focus in realizing carbon neutrality by 2050.

In the process of defining our materiality issues, which took place between 2019 and 2020, in addition to our directors, executive officers, and other management-level employees, we incorporated a diverse array of values, including those of regular employees from Group companies not just in Japan but overseas as well. Eventually, taking into account the opinions of outside experts as well, we defined the materiality issues after final consideration and approval by the Board of Directors. At the same time, we also established a vision for ourselves that we wish to aim for through the resolution of the materiality issues, SDG targets for each materiality issue, and KPIs for measuring the impact on society.



## Progress in focus 02

### Joining the ASI and taking part in the creation of global rules for the aluminum industry

With the aim of contributing to the realization of a sustainable society leveraging the capabilities of aluminum, we became the first organization in Japan to join the ASI in 2020. Through the ASI, we are taking part in the creation of global rules for the aluminum industry on sustainability-related activities and logistics traceability. Both our Fukui Works and UACJ (Thailand) Co., Ltd.’s Rayong Works have received certification under the ASI’s two standards. Going forward, we will continue to work proactively to certify our business sites.



## Progress in focus 03

### Declaring our commitment to achieving carbon neutrality by 2050

Today, the realization of a decarbonized society is a global goal, and in accordance with this, on June 2022, the UACJ Group announced its commitment to achieving carbon neutrality for Scope 1 and 2 emissions by 2050.

Toward this end, we have implemented a variety of concrete, Group-wide activities (▶ p.61-64). Even before making our carbon neutrality declaration, in 2021 we established a Climate Change Countermeasures Steering Committee. Under its four working groups, we have procured green aluminum and switched to aluminum varieties that pose a low environmental impact, and created capital investment plans aimed at reducing the environmental burden and CO<sub>2</sub> emissions resulting from our manufacturing operations.

	-2030	2030-	2050
Scope1 Scope2	<ul style="list-style-type: none"> <li>Conserving/creating energy</li> <li>Switching to low-carbon / green fuel and electricity</li> </ul>	<ul style="list-style-type: none"> <li>In-house efforts</li> <li>Response to economic, social, and policy changes</li> </ul>	Realizing carbon neutrality
Scope3	<ul style="list-style-type: none"> <li>Promoting recycling</li> <li>Using low-carbon/green aluminum</li> </ul>	<ul style="list-style-type: none"> <li>Collaboration throughout the supply chain</li> </ul>	

## The UACJ Group’s approach to sustainability

Positioning sustainability-driven activities as a core element of its management and operations, the UACJ Group recognizes the need to carry out such activities on a group-wide basis. For that purpose, the Group has specified materiality issues as vital factors for growing sustainably with society. Furthermore, promoting sustainability has been positioned as a major policy of the Group’s current mid-term management plan, now underway.

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

## Framework for promoting sustainability

Effective from April 2022, UACJ established a new framework for promoting sustainability with a view to clarify responsibilities for sustainability actions, speed up decision-making, and ensure all initiatives make steady progress. Accordingly, executive officers and organizations have been put in charge of each of the six materiality issues, and are responsible for assessing progress based on the KPIs that have been specified for each issue. This progress will be periodically reported and deliberated on by committees assigned to each of the issues in order to improve the effectiveness of relevant measures.

In April 2023, we established a new Corporate Sustainability Division. With this new division taking the lead, we will continue striving to create new business models and deliver value to customers rooted in the resolution of issues the world is facing.

## Participation in sustainability organizations

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

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

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

In addition, UACJ became a signatory to the UN Global Compact in April 2021, and endorsed the recommendations of the Task Force on Climate-related Financial Disclosures

### 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	Climate Change Task Force Department	Climate Change Countermeasures Steering Committee	3 times annually
Product quality assurance	Chief Executive of the “Monozukuri” Core Manufacturing Innovation Division	Quality Management Department	Quality Committee	Once annually
Occupational health and safety	Chief Executive of the “Monozukuri” Core Manufacturing Innovation Division	Safety & Environment Department	Health and Safety Committee	Once annually
Respect for human rights	Chief executive of the Business Support Division	Corporate Legal Department	Compliance Committee	Once annually
Diversity and equal opportunity	Chief executive of the Business Support Division	Human Resources Department	Human Resources Committee	Once annually
Human resources development	Chief executive of the Business Support Division	Human Resources Department	Human Resources Committee	Once annually

See our website for more health management information

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



(TCFD) in September 2021. It also became a supporter of the TCFD Consortium, and is actively disclosing information about climate-related risks and opportunities based on the TCFD recommendations.

In 2022, a survey conducted by the Carbon Disclosure Project

(CDP), an international environmental disclosure initiative, recognized the extent of the UACJ Group's information disclosure with regard to its "response to climate change," one of its materiality issues, giving the Group "B" scores in the categories of "Climate Change" and "Water Security."



### Promoting health management

Based on the UACJ Group's belief that *monozukuri* makes people and that people are the Group's true strength, we have enhanced health management initiatives so that our employees are able to fully demonstrate their capabilities.

In September 2021, the president announced the Group's Health Management Policy, and since that time we have promoted initiatives to strengthen coordination with internal departments such as the Health and Safety Committee and Health Insurance Association. For our proactive health

promotion and management efforts, we have been recognized by the Nippon Kenko Kaigi under its Certified Health & Productivity Management Outstanding Organizations Recognition Program in the large enterprise category for two years running in fiscal 2022 and 2023.

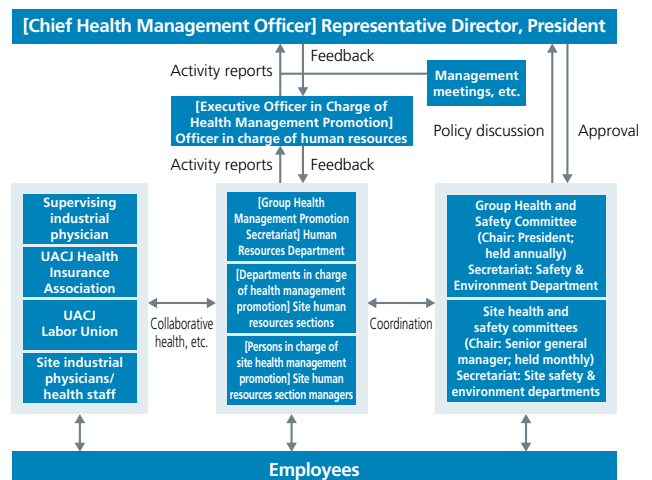
We will continue to engage in health management initiatives to enhance both our people and organizations and aim to realize our vision for the Group.

#### The UACJ Group Health Management Policy

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

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

#### Health Management Promotion Structure



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

# Fulfilling our role as a global enterprise by integrating sustainability into management

## Recent progress and future challenges

### Identifying what is unique to UACJ and having all employees play a part

**Ikeda:** I was appointed as an outside director five years ago in 2018. The Company initiated structural reforms in October 2019, but the operating environment changed dramatically over the following three years because of the COVID-19 pandemic. During that period, when we formulated our current mid-term management plan and UACJ Vision 2030, we understood that central importance of sustainability for the Company's future direction. UACJ has evolved from fulfilling its corporate social responsibility (CSR) through various initiatives to integrating a sustainability approach into its management. I think this was the right direction to take.

**Akabane:** I began working with UACJ as a consultant in April 2020, when the Company initiated its process for specifying materiality issues. Now, as an outside director, I am monitoring the progress of its efforts to address these issues. How do you view the Company's materiality issues?

**Ikeda:** Among the six materiality issues, product quality assurance and occupational health and safety are fundamental for any manufacturer, while our response to climate change, respect for human rights, diversity and equal opportunity, and human resources development are all essential issues for creating social value. These six items cover a broad enough spectrum of the issues we need to address, but in my view, they tend to lack specifics and can come across as mere slogans.

**Akabane:** It's true that when we first started exploring questions about materiality, in retrospect, we didn't fully identify what is unique to UACJ. To put sustainability management into practice, it is essential for each individual to play a part in their work, not just certain assigned employees or departments. For that reason, communication about the materiality issues in the workplace needs to happen on a regular basis so that they don't end up sounding like slogans.

### Building a circular economy for aluminum Generating public interest is essential

**Akabane:** One unique initiative taken by UACJ is its plan to build a circular economy for aluminum, which began in fiscal 2022. Aluminum is highly recyclable, and some companies in other countries are taking proactive steps toward "infinite



## Makiko Akabane

Outside Director

Ms. Akabane has led CSR initiatives and set up related organizations as head of CSR at multinational companies in various industries. Drawing from her extensive experience and expertise, she currently offers consulting on sustainability-related issues as a representative director of CSR Asia.

recycling" in the aluminum industry. Likewise, UACJ is promoting aluminum's excellent recyclability and the environmental benefits of using it. In Board of Directors' meetings, we have talked about how to raise UACJ's presence as a business that creates value for the environment.

**Ikeda:** I am following this matter with great interest and high hopes. I want the Company to proactively provide information on infinite recycling, both internally and publicly, because it is a ground-breaking approach that can really benefit everyone. UACJ needs to be more passionate about this to generate public interest. If these recycling initiatives are not widely known, they will have only a limited impact. Therefore, we must send a clear message about the environmental benefits of aluminum to all members of society.

**Akabane:** I also think messaging is important. Sending a message with real conviction can create momentum for actions



## Takahiro Ikeda

Outside Director

Mr. Ikeda has served as an executive officer of Mitsubishi Chemical Corporation\*, president of Dia Chemical Co., Ltd., and a director and managing executive officer of Mitsubishi Rayon Co., Ltd.\*. Having expanded Mitsubishi Chemical Corporation's operations in Indonesia, he is highly familiar with markets in Asia, particularly the ASEAN region.

\* Now Mitsubishi Chemical Group

to go forward. One company I worked for, Starbucks Coffee Japan, provides an example. It now has the most outlets among coffee shop chains in Japan, but it was expected to fail when it first entered the market here. Many thought the idea of walking around with paper coffee cup would be a turnoff for consumers. Despite that, its employees were strongly committed to establishing a new brand, and each of them worked hard to make its image appealing in Japan. After entering the country around 30 years ago, Starbucks is now a well-established brand here. In the same way, I would like each of UACJ's employees to be enthusiastic about explaining the benefits of aluminum to people outside the Company.

**Ikeda:** Conveying such messages to the public is also important for building partnerships. To make progress in expanding the scale of a circular economy, we must work with many partners—not only those in the aluminum industry. For

example, we could collaborate with plastic manufacturers in Japan or abroad, as long as they share the same desire to protect the global environment. That is the spirit of Sustainable Development Goal 17, “partnerships for the goals.” To accomplish big aspirations, we will have to change people's mindset, and I would like UACJ to be directly involved in that.

### Promoting sustainability for the future

#### Making the most of diversity as a global enterprise

**Akabane:** There are many issues for global enterprises to focus on in their sustainability management, but in my view, occupational health and safety is an important matter for every company. The ability to work safely is a universal human right, and human rights are featured prominently in the business reports of major companies overseas. In Japan, ensuring occupational health and safety is commonplace and generally taken for granted, but ensuring it abroad is not always easy if employees have different customs. Therefore, companies must also raise awareness among their members while meeting these obligations. In addition to maintaining safety in its workplaces, UACJ should formulate sustainability strategies that connect its businesses to broader issues, like decarbonization, nature positivity, and workforce security. Such strategies can drive growth. In my role as an outside director, I would like to actively propose such strategies and support and oversee their implementation.

**Ikeda:** My concern is that global-level materiality issues may not lead to changes in behavior among employees. I am not worried about the direction of UACJ Vision 2030 and the next mid-term management plan currently under consideration, and I expect our efforts to tackle the materiality issues will make progress. On the other hand, even if we put global organizations in place, our measures for tackling each issue are not concrete enough for employees to know what to do. As you pointed out, to step up our sustainability management, all employees must participate, with each playing a part in their work. UACJ, in particular, has grown by forming a group of companies that have diverse members and workplace cultures. With so many subsidiaries around the world, our workforce is becoming more multinational every year. By leveraging this diversity and versatility, and actively engaging with stakeholders and communities worldwide, perhaps we can create the starting points for initiatives that are truly unique to UACJ.



# Engaging in proactive initiatives that go beyond environmental conservation to create environmental value

## Environmental action progress

The UACJ Group is thankful for the earth and the abundance of life it supports. That feeling underlies our basic stance on the environment, and we have endeavored to reduce our environmental burden in our manufacturing plants and all aspects of our business activities. In recent years, we have worked to build on our efforts and bring them into conformance with international standards. Examples include endorsing the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and taking part in the creation of international rules for the Aluminium Stewardship Initiative (ASI). Going forward, we will continue to take appropriate action with regard to climate change. Further, we will remain a corporate group that takes the lead in realizing a circular economy through the development of products which leverage aluminum's uniquely recyclable nature.

## Historical highlights

- 2014**
  - Per our Basic Environmental Policies, focused on reducing our manufacturing environmental burden
- 2018**
  - Expanded the scope of environmental burden data collection to include overseas locations
- 2019**
  - Initiated independent assurance of GHG data
- 2020**
  - Joined the Japan Hydrogen Association
- 2021**
  - Launched the Climate Change Countermeasures Steering Committee
  - Disclosed results of a scenario analysis based on the TCFD recommendations
- 2022**
  - Issued the Carbon Neutral Challenge Declaration
  - Converted over half of our main domestic manufacturing facilities to 100% renewable energy plants

## Disclosing climate-related information based on TCFD recommendations

### Governance

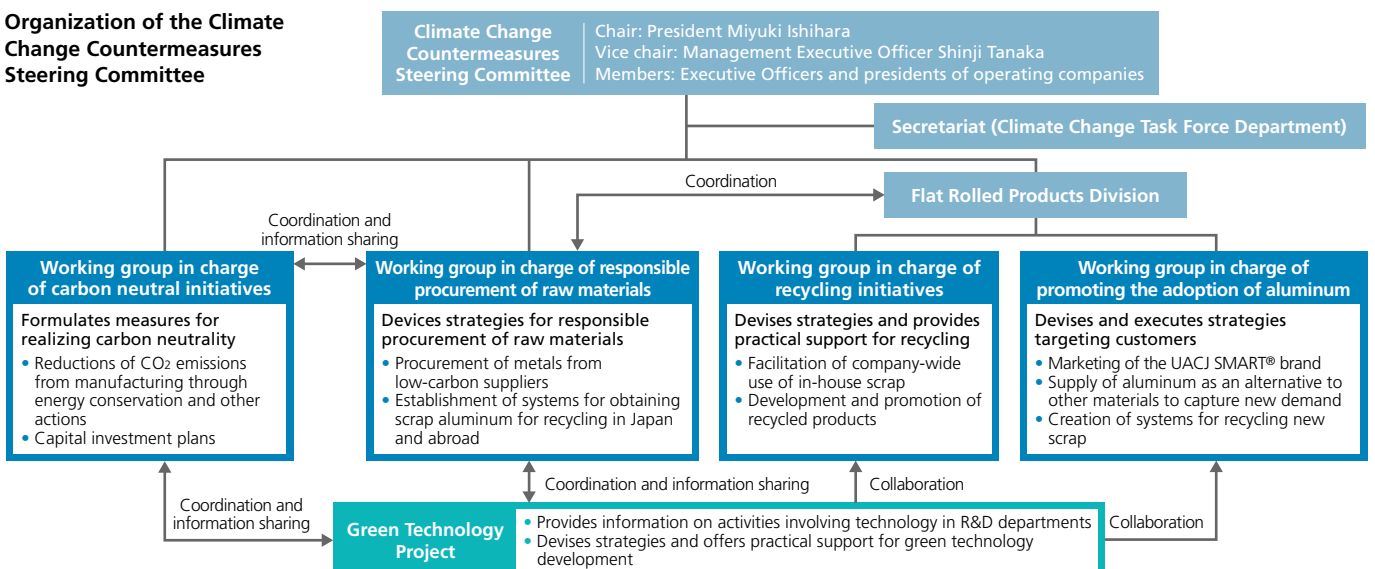
In order to promote its climate change countermeasures, UACJ has established four working groups under a Climate Change Countermeasures Steering Committee chaired by the company president. When necessary, UACJ's Management Committee and the Board of Directors receive reports on the working groups' research results and activities from the Climate Change

Countermeasures Steering Committee, and make decisions on related policies and goals. In this way, management is directly involved in matters of climate-related governance.

### Strategy

In 2021, UACJ endorsed the TCFD recommendations. That same year, we established our Climate Change Countermeasures Steering Committee, and in accordance with this, in February 2022, we revised our Basic Environmental Policies to include contributing to the achievement of the Paris Agreement goals. Additionally, in June

### Organization of the Climate Change Countermeasures Steering Committee

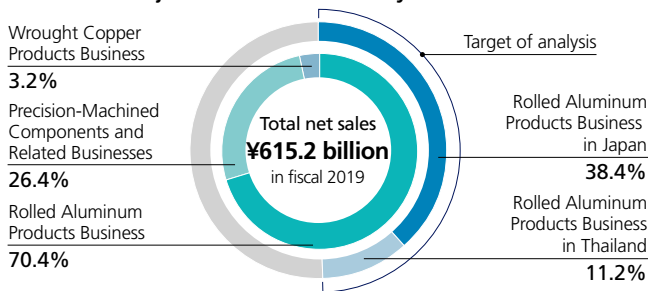


See our website for more environmental action information  
<https://www.uacj.co.jp/english/sustainability/environment/index.htm>



2022, we renewed our declaration to achieve carbon neutrality by 2050. In this declaration, we presented a roadmap for realizing the ultimate goal of net zero Scope 1 and 2 CO<sub>2</sub> emissions by 2050. Under this roadmap, we set a shorter-term target for 2030 of reducing Scope 1 and 2 CO<sub>2</sub> emissions by 30% compared with fiscal 2019 levels. In turn, we are implementing a variety of measures, including expanding usage of renewable energy and switching to low-carbon and green fuels. We have received recognition for the extent of our efforts and information disclosure with regard to climate change. The Carbon Disclosure Project (CDP), an international environmental NGO, has given us “B” scores, the third highest on an eight-point scale, in the categories of “Climate Change” and “Water Security.”

**Businesses subject to the scenario analysis**



**Risk management**

In October 2021, immediately following our endorsement of the TCFD recommendations, we conducted an analysis of the risks and opportunities climate change poses to the Group’s businesses. We utilized two scenarios based on future estimates by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC): A 1.5°C temperature rise scenario, and a 4°C temperature rise scenario.

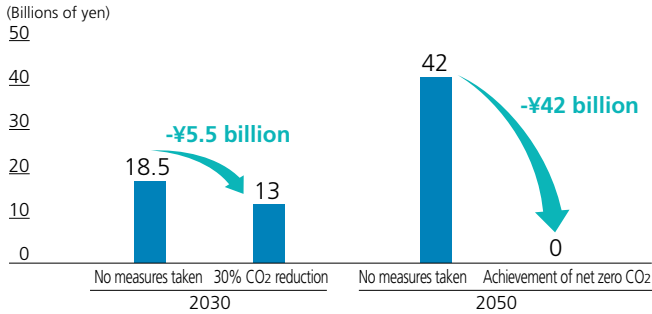
Under the 1.5°C scenario, assuming Japan were to introduce a carbon tax, UACJ’s carbon tax burden if the Group implemented no climate change countermeasures is estimated to be approximately ¥18.5 billion by 2030. If, however, the Group reduced its CO<sub>2</sub> emissions by 30% by 2030 in this scenario, the tax burden is estimated to be approximately ¥13.0 billion, with measures aimed at achieving carbon neutrality saving the Group a total of approximately ¥5.5 billion. Further, it is predicted in this scenario that if the Group were to achieve carbon neutrality by 2050, it would result in a carbon tax burden savings of up to approximately ¥42.0 billion. The carbon tax burdens were estimated by multiplying our current and future CO<sub>2</sub> emissions based on sales growth by the approximately ¥15,000 per ton carbon price indicated in the IEA’s *World Energy Outlook 2022*.

**Roadmap for promoting climate change action**

Category	Details	FY2030	FY2050
Scope 1 and 2	Rigorous energy conservation	Streamlining energy use / reducing loss	Achieved carbon neutrality
	Switching to low-carbon/green fuels	Switching heavy oil/LPG to LNG/city gas	
	Switching to low-carbon/green electricity	Launching/expanding introduction of renewable energy	
	Introducing carbon capture technology	Technology research/study	
	Using carbon offsets	Surveying market trends on emissions	
Scope 3	Promoting/maximizing recycling	Maximizing use of all scrap (from internal processes, customers, and general consumers)	Minimized CO <sub>2</sub> emissions
	Developing/applying recycled alloys/technologies	Development/application (NEDO*-subsidized project, etc.)	
	Switching to low-carbon/green bullion	Expanding use of hydropower generation	
	Introduction of “UACJ mass balance approach” to certify reduction CO <sub>2</sub> emission	Building → Harnessing/popularizing	
	Promoting the switch to aluminum	Developing/expanding sales/entrenching UACJ-SMART®, developing/expanding sales in new domains Reducing environmental burden from harnessing aluminum, establishing reduction rules	
Participation/cooperation with external institutions	Participating in initiatives, collaborating with aluminum industry groups		

\* NEDO: New Energy and Industrial Technology Development Organization

**Estimated monetary impact of carbon tax**



**Metrics and targets**

Per the declaration of our commitment to achieving carbon neutrality, we have established the goals of realizing net zero Scope 1 and 2 CO<sub>2</sub> emissions by 2050, and a 30% reduction in these emissions by 2030 compared with fiscal 2019 levels. We will also aim to minimize Scope 3 CO<sub>2</sub> emissions across our entire supply chain by recycling aluminum in collaboration with suppliers.

Under our roadmap to achieving our goals, we are steadily reducing our emissions. In fiscal 2022, we achieved a 10.7%

**Risk significance assessment: risks and opportunities**

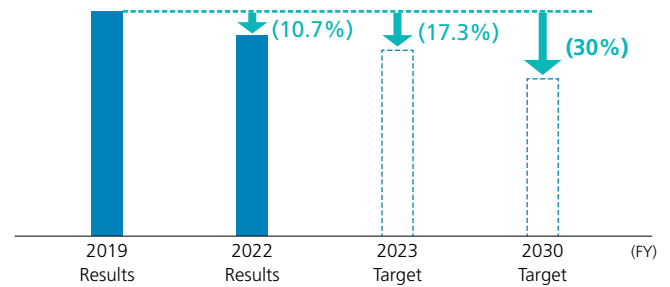
Risk items		Business impact		
Small classification	Index	Risks	Opportunities	
Transition risks, opportunities	Carbon price (carbon tax / carbon border adjustment mechanism)	Revenue Expenditures	<ul style="list-style-type: none"> <li>Procurement costs for imported raw materials / materials increase</li> <li>Electricity costs increase</li> </ul>	<ul style="list-style-type: none"> <li>Sales and revenue increase due to reduced competitiveness of imported competitor products from countries/regions with insufficient GHG emissions controls</li> </ul>
	Carbon emissions targets / policies in each country (Emissions trading / Mandatory Carbon Footprint Reporting etc.)	Revenue Expenditures	<ul style="list-style-type: none"> <li>Raw material procurement costs / manufacturing costs increase due to expenses for purchasing carbon credits</li> <li>Expenses increase for updates / introduction of equipment such as aluminum scrap melting furnaces and energy-saving equipment, and enabling changeover to other fuels</li> <li>Production management costs increase due to mandatory carbon footprint recording and reporting</li> </ul>	<ul style="list-style-type: none"> <li>Carbon tax and other costs can be reduced by reducing procurement of energy-intensive raw materials (virgin aluminum)</li> <li>Demand associated with switching from other materials increases due to tighter regulations</li> <li>There are opportunities to increase revenue by taking advantage of aluminum's light weight, high thermal efficiency, and high recyclability</li> </ul>
	Recycling regulations/policies in each country	Revenue Expenditures	<ul style="list-style-type: none"> <li>Prices increase due to increased demand for scrap metal</li> <li>Investment costs to introduce new equipment and innovative technologies to strengthen recycling technology and alloy development capabilities increase</li> <li>Market advantage over competitors / other materials declines due to delays in addressing recycling regulations</li> <li>Demand for aluminum castings decreases due to an expanding electric vehicle market; the current recycling framework does not function adequately</li> </ul>	<ul style="list-style-type: none"> <li>Revenue increases through sales promotion focused on superior recyclability</li> <li>Business base expands and revenue increases through "closed-loop recycling" targeting automobile manufacturing processes, etc.</li> </ul>
	Changes in energy mix	Revenue Expenditures	<ul style="list-style-type: none"> <li>Energy costs (electricity, fuel, etc.) increase</li> <li>Investment in Scope 1 decarbonization increases</li> </ul>	<ul style="list-style-type: none"> <li>Energy conversion in aluminum smelting countries progresses, resulting in reduced GHG emissions from aluminum smelting processes and improved competitiveness against other materials</li> </ul>
	Developing next-generation technologies	Expenditures	<ul style="list-style-type: none"> <li>Sorting technology for recycled raw materials does not advance, resulting in lower yields and production capacity</li> <li>Revenue decreases due to weaker competitiveness brought on by delays in developing technologies related to GHG emissions reduction</li> </ul>	<ul style="list-style-type: none"> <li>Costs associated with the use of raw materials are mitigated and reduced by the spread of closed-loop recycling</li> <li>Manufacturing costs are mitigated and reduced by increased use of raw materials and improved manufacturing yields resulting from the consolidation of alloys</li> <li>By developing materials suitable for recycling, UACJ can increase revenue from increased demand for environmentally branded products (UACJ SMART®)</li> <li>UACJ can raise the level of demand by developing smelting methods with low GHG emissions</li> </ul>
	Changes in customer behavior	Revenue Expenditures	<ul style="list-style-type: none"> <li>There is increasing environmental awareness among customers and users, and failure to comply with environmental labeling, etc., will result in declining sales from customers pulling away</li> <li>If decarbonization measures are not accelerated through the entire value chain, the environmental branding of UACJ and its business will be damaged and sales will decline</li> <li>Customers and users will pull away from products with low recycled content or that cannot use low carbon aluminum, resulting in a decrease in revenue from lower sales</li> </ul>	<ul style="list-style-type: none"> <li>The recyclability of aluminum is reevaluated, and revenue increases as orders from cutting-edge environmental companies increase</li> <li>Environmental responsiveness becomes a value for UACJ and its products, improving reputation with customers and creating new business opportunities</li> <li>UACJ can increase its revenue by expanding recognition of its high recycling rate / low carbon aluminum for beverage cans</li> <li>UACJ can increase its revenue by acquiring ASI certification, etc., in response to customers' requests for environmental friendliness</li> </ul>
Physical risks, opportunities	Increase in average temperature	Revenue	<ul style="list-style-type: none"> <li>Revenue decreases due to lower production capacity resulting from instability in raw material procurement from impact on mining and transportation</li> <li>The working environment at manufacturing sites worsens due to higher temperatures, and there is a risk of decreased revenue due to lower productivity and difficulties in hiring personnel</li> <li>Air conditioning equipment expenses and running costs for addressing the heat increase</li> </ul>	<ul style="list-style-type: none"> <li>Demand for beer and soft drinks increases, and sales grow for packaging materials, providing opportunities for increased revenue</li> <li>Demand for air conditioning equipment increases, and sales for fin materials grow, creating opportunities for increased revenue</li> </ul>
	Increasing severity of extreme weather conditions (cyclones, floods)	Revenue Expenditures	<ul style="list-style-type: none"> <li>There are operation/shipments shutdowns, suspension of operations at suppliers, loss of confidence and decreased sales due to temporary halts in production caused by extreme weather conditions (flooding and heavy rain)</li> <li>Expenses for equipment-related countermeasures and damage repair increase due to storm surge and flooding caused by typhoons at manufacturing sites with high risk of flooding</li> <li>Troubles making delivery deadlines increase due to increased disruptions in the distribution network caused by extreme weather</li> </ul>	<ul style="list-style-type: none"> <li>As a result of increased demand associated with "building national resilience" as a countermeasure against natural disasters, there is an increase in demand for disaster-prevention products and structural materials / related products that contribute to strengthening infrastructure</li> <li>Demand for infrastructure development increases, resulting in increased demand for sluice gates and other disaster-prevention products</li> <li>Demand increases for products (aluminum laminated sheets, etc.) used in evacuation centers, etc.</li> </ul>

See our website for more environmental action information  
<https://www.uacj.co.jp/english/sustainability/environment/index.htm>



reduction in CO<sub>2</sub> emissions compared with fiscal 2019 levels. Our target for fiscal 2023 is a 17.3% reduction compared with fiscal 2019, and as of the present time we judge that achieving our target for fiscal 2030 is extremely feasible.

CO<sub>2</sub> emission reduction target (Scope 1 and 2 per unit, vs. FY2019)



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

# Starting human resource management which links our management and human resource strategies to strengthen our corporate competitiveness

## Human resource management progress

Since the birth of the UACJ Group, we have aimed to build a solid human resource base by actively investing in our human capital. In particular, we have implemented a variety of measures which take into consideration the enhancement of foundational human resources who embody the UACJ Way, and the augmentation of strategic human resources who will drive the achievement of our medium- and long-term strategies.

Specifically, we began conducting engagement surveys in 2019 to make visible the impacts and results of the various measures we have implemented in the past. We then focused on further enhancing relevant systems, including with regard to internal Group recruitment systems, 360 degree feedback, and the formulation of personnel rotation guidelines. In 2022, we started fully implementing our Human Resource Strategy Project, aimed at starting human resource management which links our management and human resource strategies, and at the same time achieving our management targets.

## The Human Resource Strategy Project

We started our Human Resource Strategy Project in 2022. As part of this project, we defined what we require of the strategic human resources who will realize our long-term roadmap, UACJ Vision 2030, from the perspective of linking and further strengthening our management and human resource strategies and in turn achieve the targets set forth in our management strategies. We are working to create systems and measures for securing and developing human resources who meet these requirements. We have also established relevant KPIs and are aiming for continuous improvement.

The Human Resource Strategy Project is broadly divided into two steps. In 2022, we set to work on the mission of Step 1, defining the requirements of the strategic human resources needed to realize UACJ Vision 2030. Ultimately, we defined the requirements for four types of strategic human resources: 1) Global, 2) Business foundation, 3) Added value creation, and 4) Development and innovation.

The first type, "global," refers to human resources with a global outlook. The second, "business foundation," indicates human resources who will further strengthen the business foundation of the entire UACJ Group. The third, "added value creation," means human resources who will create new value

## Historical highlights

- **2017**
  - Began implementing workstyle reform
- **2018**
  - Started successor candidate planning
- **2019**
  - Deployed mechanisms for skill transmission throughout the Group
  - Introduced internal Group recruitment systems
  - Started conducting engagement surveys
- **2020**
  - Introduced 360 degree feedback
- **2021**
  - Formulated the UACJ Group Human Rights Policy
  - Announced the UACJ Group Health Management Policy
- **2022**
  - Started the Human Resource Strategy Project

unlike anything the world has seen before, and who will take action based on whole new perspectives. The fourth, "development and innovation," signifies human resources who will turn newly discovered value into products that are of use to society and our lives. We see working to secure and develop human resources who meet the conditions of these four types as a pillar of the UACJ Group's human resource strategies.

In 2023, we advanced to Step 2 in the project. In order to produce the human resources who meet the requirements of the four types defined in Step 1, we have begun designing and will be introducing new human resource systems and measures. These will make possible diverse career development paths that are more focused than ever before on the individual, and enable human capital management that increases the engagement of each individual employee. What defines this project is that it does not aim simply to cultivate the kind of human resources desired by management. Rather, the Human Resource Strategy Project incorporates the desire to be an enterprise whose employees can say with pride that they chose us because we enable them to achieve their goals and realize the career they seek.

We will continue aiming to further enhance our human capital by producing human resources who can contribute to the Group's management strategies through individually-focused, autonomous career development.

See our website for more human resource information  
<https://www.uacj.co.jp/english/sustainability/social/employee.htm>



## Human capital value creation process

Inputs/outputs				
Measures	Implementation items	Fiscal 2020 results	Fiscal 2021 results	Fiscal 2022 results
Monozukuri human resource development	Position level-specific training participants, locations (technical)*1	570 people (26 locations)	526 people (26 locations)	650 people (26 locations)
	Monozukuri Gakuen program participating locations*1	Japan 16, overseas 0	Japan 17, overseas 0	Japan 20, overseas 1
	Technical development seminar participants, topics*1	168 people (10 topics)	196 people (10 topics)	229 people (10 topics)
	UKI participants*1	360 people	511 people	888 people
Human resource development promotion	Position level-specific training participants (staff)*1	381 people	476 people	646 people
	Next-generation business leader training participants*1	–	44 people	20 people
	Succession plan creation rate*2	100%	100%	100%
	360 degree feedback rate*3	99.5%	100%	99.2%
Engagement improvement	Engagement survey rate*1	81.5%	80.0%	80.0%
	Self-reform declaration rate*1	–	57.0%	63.5%
	Internal Group recruitment system reassignments*1	2	5	1
Realization of attractive compensation	Wage level gap between men and women*2	–	–	78.4%
Diversity promotion	Ratio of women in management positions*4	1.9%	2.2%	3.4%
	Ratio of foreign nationals employed*2	5.4%	8.3%	5.6%
	Ratio of mid-career hires*2	53.0%	68.0%	66.0%
	Employment rate of people with disabilities*1	2.60%	2.55%	2.44%
Work-life balance	Total actual working hours per year*2	2,026	2,115	2,062
	Hours of overtime worked*2	25.1	30.2	28.1
	Paid vacation uptake rate*2	53.8%	62.0%	69.0%
	Childcare leave uptake rate*2 for men	22.0%	42.0%	69.1%
	Childcare leave uptake rate*2 for women	100%	100%	100%
Health management promotion	Health checkup participation rate*2	100%	100%	100%
	Stress check rate*2	94.3%	90.9%	91.7%

## Outcomes

Provision of work environments that engender growth and job satisfaction

Provision of work environments in which each individual is respected

Provision of comfortable work environments

\*1 Consolidated

\*2 Non-consolidated

\*3 Non-consolidated management positions

\*4 UACJ Group in Japan

## Increasing our corporate value by augmenting the human capital that is the core of our “monozukuri” manufacturing

### Fumiharu Jito

Director, Executive Officer  
Chief Executive,  
MONOZUKURI Core Manufacturing Innovation Division



#### People and skilled manufacturing are key

UACJ is a company which makes a wide variety of aluminum products in accordance with the needs of our customers, and it is the capabilities of our production sites which support our “monozukuri” manufacturing. It is a common view that “installing state-of-the-art facilities and automating everything will reduce costs,” but this does not hold true for the aluminum industry. Aluminum is manufactured in large-scale facilities, but its production demands a human touch, and quality aluminum products are impossible without honing the skills of the people that make them. For example, if you wish to make a wide piece of rolled aluminum thinner, you cannot achieve the required accuracy without people who possess the necessary manufacturing skills and experience. Even IoT, AI, and other digital technologies can only demonstrate their full capabilities when combined with the capabilities of human resources skilled at manufacturing.

Today, the manufacturing industry is facing a period of great change in what we call monozukuri, and the speed of technical innovation is beyond imagining. Standing on the belief that “monozukuri makes people,” UACJ views raising the level of the people who work at its manufacturing sites and the transmission of their individual skills to be one of its most important issues, and we have accordingly endeavored to augment our monozukuri human resources. In turn, in April 2022, we launched the Monozukuri Foundation Headquarters with the purpose of strengthening the core of our monozukuri. Our aim in doing so is to improve our monozukuri capabilities across the Group, focusing on the key areas of “safety and the environment,” “quality control,” and “human resource development and skill transmission.” Monozukuri capabilities are what make Japanese companies competitive, and what give UACJ, a company which does business on a global level, a competitive advantage. They are essential to increasing our corporate value. Through the creation of thriving manufacturing sites, we will aim to develop the next generation of human resources and further grow and evolve UACJ’s unique monozukuri.

#### Making monozukuri work that people can take greater pride in

What is necessary now is the creation of an environment that enables young people to see value and take pride in the work of monozukuri. To achieve this, we need to properly communicate the value and future of aluminum, and how our aluminum products contribute to our customers and society. In the past, it was believed that young people would understand simply if they saw the examples set by their bosses and their more experienced coworkers. We no longer live in such a time, however. It’s important for young people to know that their monozukuri serves a purpose and is useful to the world so that they can take pride in the fact that when, for example, they see a car driving down the street, they rolled the aluminum used to make it. Doing so in turn, I believe, will “make people”—that is, lead to the development of quality human resources.

It is essential that we convey to individual workers how they and we are contributing to society through business activities based on a set of principles, and one initiative aimed at achieving this are our Group philosophy discussion meetings. As part of these meetings, the president and department chiefs visit different workplaces and engage in Group philosophy-focused discussions together with meeting participants, working to further deepen understanding of them. Our UACJ KAIZEN Achievement Presentation Contest are another initiative in this area. In these conferences, participants conduct presentations on how their work and efforts have been received by customers, and how they have contributed to our business activities. Even if it’s something small, sharing their insights and achievements with the entire company improves employee’s motivation toward their work.

#### Realizing manufacturing sites that transmit skills and take on new challenges

In order to transmit to the next generation the skills and techniques we have cultivated over the past 125 years, in

In addition to position level-specific training and seminars, we established our Monozukuri Gakuen program with the aim of producing skilled human resources. Monozukuri Gakuen is a space for standardizing and sharing throughout the Group the technical education and training systems of its individual companies. Through means such as creating educational videos on operational standards, Monozukuri Gakuen also aims to create better mechanisms for skills transmission.

There is still much for us to learn about human resource education. Under our Flat Rolled Products Business, we operate manufacturing plants in Japan, Thailand, and the United States. We also operate plants in various locations under our other businesses. Accordingly, we intend to engage in a vigorous exchange of personnel and at the same time promote the global growth of both people and organizations in the Group. Learning about different perspectives and approaches will also lead to technical improvements with regard to another important theme for the Group—that of how much recycling costs can be reduced. There is much to learn, for example, from how recycling is conducted in the United States, the location of one of our global manufacturing bases.

If our manufacturing sites do not take on the challenge of new ways of monozukuri, they cannot improve the level of their manufacturing, nor can their human resources grow. Accordingly, we will be leveraging automation and unmanned technologies to create environments that enable more people than ever before to engage in more creative fields. In turn, we will deliver even better products to the world, and as word of their positive reception reaches back to our manufacturing sites, it will give employees a sense of growth and achievement. This is the kind of virtuous circle we wish to create.

### Communication is the key to safety and quality

The basis of monozukuri is safety and quality. Along with the safety of workers, the quality of products delivered to customers is the source of our corporate value. UACJ was formed 10 years ago with the integration of two companies, and since this integration, the foundation of our safety and quality has clearly grown stronger. The reason lies in the integration itself. The monozukuri processes of our two constituent predecessor corporations differed, and we strove to learn from both rather than simply follow one over the other. As a result, it revealed where we were insufficient, and where we needed to make improvements. Over time, this process has led to clear improvements in our levels of safety and quality.

Accidents and quality problems are generally the product of human error. Both safety and quality ultimately depend on the decisions and actions of each individual employee. It is important to have a culture of habitually paying attention to even small abnormalities and, if there is a problem, sharing and resolving it together with one's team. The key to preventing accidents and incidents is communication. Accordingly, having a

workplace in which employees can freely share their opinions with each other is the most basic of the basics. To ensure such workplaces, the president personally conveys throughout the Group the message that it is important to share any and all problems and to work together with one's team to solve them.

Our safety initiatives are focused on activities to make improvements both physically and culturally. In terms of physical improvements, we make use of facilities which do not and cannot cause injury, but at the same time, we implement cultural improvements by building awareness among our workers that they must always act with safety first based on their own judgement instead of relying on such facilities. We also use a Safety Training Center to conduct both safety education and drills. Participants take the knowledge and skills that they gain here and share them with their individual workplaces.

Our approach to quality initiatives is the same. Workplace coworkers share their individual insights and concerns regarding problems. In turn, their bosses and managers take note and use these as a basis for organizational-level countermeasures and solutions. Creating a cycle of problem sharing and resolution centering on communication improves safety and quality. That is our belief.

### Exploring what our manufacturing sites are capable of and creating materials that offer additional value

We are engaging in a variety of initiatives to reduce environmental impact, such as leveraging the qualities of aluminum to reduce CO2 emissions, and reducing the environmental burden of our manufacturing bases. The Monozukuri Foundation Headquarters is part of these efforts. For example, the headquarters' Procurement Department procures green aluminum and electricity produced with renewable energy sources. Procuring recycled raw materials is another major role of the department. Aluminum is a very easy material to recycle, and, compared to virgin aluminum, aluminum products can be produced from recycled aluminum at 3% of the energy. However, even if we ask our customers to return the aluminum scraps they produce back to us, if these are not precisely managed, it makes determining material composition and recycling difficult if not impossible. By communicating with our customers, we can overcome these hurdles and enable recycling. In addition, recycled products also appeal to customers in terms of their environmental value and have become very popular recently, increasing the value of aluminum.

Going beyond monozukuri to create materials that offer additional value—taking this broader perspective, there is still much for us to do at our manufacturing sites. By making effective use of limited resources and reducing waste, we will contribute to the realization of a sustainable society. This, too, is one of the main missions we have tasked our monozukuri sites with.



## Dialogue

Improving the Group's corporate culture to unite all employees to help build a better world and healthier environment with foresight, curiosity, and a spirit of challenge

### Renewing the Group's philosophy and fostering a new corporate culture

**Ishihara:** If I recall correctly, it was in February of 2019 when you came to my office and suggested that we renew our corporate philosophy.

**Saito:** That's right. Even though the UACJ Group and its forerunners have many achievements and a long history of supplying products that are essential for society, I felt that employees were not really gaining confidence from that fact. I made my proposal because I thought the Group needed an unwavering mission in order to fully realize its strengths.

**Ishihara:** At that time, more than five years had passed since the Company was established through the merger, and we had been adding new members to the Group with the establishment of UACJ (Thailand), acquisition of UACJ Automotive Whitehall Industries, and expansion of Tri-Arrows Aluminum's operations. I wanted our employees to be able to describe what we do with confidence when asked about the business we do. For that reason, I also believed that we needed to redefine the Group's purpose and renew our corporate philosophy.

**Saito:** I had planned to proceed with this project at a slower pace, but I started on it immediately after you got behind it because we believed that renewing the philosophy and changing the Group's corporate culture would be important for accomplishing the structural reforms that were initiated a little later on.

**Ishihara:** Exactly. Whether we aim to increase earnings capacity or reform the financial structure, the reforms are entirely carried out by our people, so to achieve the objectives of the reforms, we needed to change the mindset of our people. For this reason, we specified corporate culture as one of the six main

components of the structural reforms, and took steps to educate employees about the renewed philosophy and promote the UACJ Way as a set of basic guidelines for everyone to follow.

### Gaining feedback from the Group's members around the world and reflecting their ideas in the philosophy

**Saito:** The first thing I did was meet with employees at workplaces throughout the Group to hear their opinions.

**Ishihara:** I thought it would be difficult for you to travel around the world in such a short period of time, but gaining their feedback about the Group and its aluminum product manufacturing was a really important process for getting everyone involved in the creation of a new philosophy.

**Saito:** We interviewed a total of 105 people, 70 in Japan and 35 overseas, and asked what makes UACJ unique and what are its strengths. Many participants shared their ideas enthusiastically, and meetings scheduled for an hour would often extend to one and a half or two hours. I really enjoyed listening to so many interesting ideas. In addition to these interviews, we sent questionnaires to over 400 people and held discussions with officers, including some who worked at Furukawa-Sky Aluminum and Sumitomo Light Metal before they merged to form UACJ. By analyzing all of this information, we identified common patterns and themes underlying everyone's ideas, but it was very challenging to express this concretely and succinctly.

**Ishihara:** I suggested the image of a compass for the UACJ Way to symbolize that it can give direction to employees whenever they need it. This idea was captured perfectly in the design. I also think that conveying the values of the UACJ Way

## Miyuki Ishihara

Representative Director,  
President



with the expressions “embrace foresight” and “be curious and challenging” was excellent, because some people had pointed out that the Company was lacking in these respects in the past. These values are absolutely essential for realizing our philosophy, so we cannot make progress unless all members of the Group, including me, putting them into practice.

### Promoting and practicing the philosophy through ongoing dialogue with employees

**Saito:** After announcing the new corporate philosophy in February 2020, we focused hard on making all members of the Group aware of it through a variety of means. For example, we created promotional posters, had you give a video message, and from April of that year, we began holding meetings to explain the philosophy.

**Ishihara:** I would have preferred to hold those meetings at workplaces, but because the spread of COVID-19 had started around that time, the meetings had to be held online. They were held in groups of 20 or 30 participants at first, but since discussions were difficult with so many people, we eventually made the groups smaller to facilitate more in-depth discussions.

**Saito:** We began holding the meetings onsite again once the pandemic waned. To date, over 100 online and onsite meetings combined have been held over a period of three years. The 100th meeting was recently held in Germany.

**Ishihara:** A positive aspect about these meetings is that they do not just initiate dialogue during the discussions, but also facilitate communication within the Group and between its divisions.

**Saito:** Yes, there are people working in the same company who have practically no opportunities to talk with each other. Discussions about the philosophy in the meetings create opportunities for employees to discover what their colleagues think and what opinions they hold in common.

**Ishihara:** During the meetings, I always make a point of asking

the participants who benefits from their work, and how their company is beneficial for society. Answering these questions will come naturally if all members of the Group try to understand each other through the shared concepts of our corporate philosophy and the guidelines of the UACJ Way.

**Saito:** Indeed, “respect and understand your associates” is stated in the UACJ Way. We are still in the process of changing our corporate culture, but we are making steady progress. For example, the results of our employee engagement surveys show that a much higher number of respondents identify with the philosophy and vision of management compared with the time before the philosophy was renewed.

**Ishihara:** One thing that has changed in meetings inside the Company is that participants demonstrate an awareness of the philosophy and UACJ Way during discussions.

**Saito:** Since we set up our in-house venture system in fiscal 2021, numerous new business plans proposed by young employees have already been launched. This shows how our values of embracing foresight, being curious, and taking on challenges are taking root in the Company.

**Ishihara:** I believe that by raising awareness of our philosophy and values among employees, we are fostering a corporate culture in which all members feel safe to freely express what they think and want to do.

**Saito:** In the same way a farmer can grow good crops on fertile soil, a company with a positive corporate culture can attract outstanding talent and provide superior products and services. Even fertile soil, however, will become wasteland if left untended. With that in mind, the Business and Culture Engagement Department will continue making improvements in an effort to cultivate our corporate culture for the better.

**Ishihara:** The department’s efforts so far have demonstrated how all of its members share the same commitment. I look forward to working together with everyone to continue making progress in the years ahead.

## Kazutaka Saito

General Manager of  
Business and Culture  
Engagement Department