



UACJ Corporation

ESG Briefing

November 29, 2022

Event Summary

[Company Name]	UACJ Corporation	
[Company ID]	5741-QCODE	
[Event Language]	JPN	
[Event Type]	Investor Conference	
[Event Name]	ESG Briefing	
[Fiscal Period]		
[Date]	November 29, 2022	
[Number of Pages]	88	
[Time]	10:00 – 12:05 (Total: 125 minutes, Presentation: 87 minutes, Q&A: 38 minutes)	
[Venue]	Webcast	
[Venue Size]		
[Participants]	106	
[Number of Speakers]	6	
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	Joji Kumamoto	Executive Officer, Chief Executive, Corporate Strategy Division
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Presentation

Ueda: It is time to commence the briefing session. Thank you very much for taking time out of your busy schedule to participate in ESG Briefing of UACJ Corporation.

I am Kaoru Ueda, General Manager, IR, Finance Department, who will serve as the moderator today. Thank you.

This briefing will be conducted using the explanatory materials available on our website. If you do not have the materials at hand, please visit our website.

In addition, for the record of the proceedings, this briefing is being recorded and transcribed. The content of the briefing will be posted on our website at a later date. We ask that attendees refrain from recording or videotaping the meeting.

Although this presentation may contain forward-looking statements, such statements are based on our current expectations only. Please note that actual results may differ materially from these future projections due to a variety of factors.

The meeting is scheduled to end at 12:00 PM. Thank you.

We will now move on to the first program. Miyuki Ishihara, Representative Director, President.

President Ishihara, please go ahead.

Ishihara: This is Ishihara. Good morning, everyone. Thank you very much for participating in our first ESG briefing today.

We have spoken about the sustainability of aluminum and our efforts in the aluminum business at various opportunities, such as financial results briefings, IR-Day, and other events where we have exhibited.

Today, under the theme of Passing Down a Better World Over the Next Century, I would like to share with you our specific ideas and initiatives regarding ESG, which will be discussed later by the directors in charge of each of our companies.

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UACJ Corporate Management: Sustainability at the Heart

Miyuki Ishihara
President and Representative
Director

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Putting Sustainability at the Heart of Corporate Management

UACJ Group Philosophy

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



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Our Purpose

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

Our Vision

Aluminum is our passion. It inspires our work in building a better world and a healthier environment.

Our Values

- ▶ Respect and understand your associates.
- ▶ Embrace honesty and foresight.
- ▶ Be curious and challenging.

1

Let me begin by talking about UACJ's corporate management with a focus on sustainability.

Since the management integration in 2013, the backgrounds of our group employees have become more diverse due to the expansion of overseas production bases at UATH and the implementation of mergers and acquisitions in the automotive parts business. Who and what does the UACJ do business for? After reviewing the so-called significance of our existence in society and our purpose, we redefined our group philosophy in February 2020 and announced it.

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Our corporate philosophy, "contribute to society by using raw materials to manufacture products that enhance prosperity and sustainability," represents our determination to contribute to the realization of a sustainable and culturally rich society by leveraging our competitive strengths in technique and art, that is, technology to extract the functions and characteristics of metallic materials such as copper and aluminum.

The UACJ Way was compiled as a compass, an action guideline for employees of various backgrounds to move toward the philosophy that we have set forth, and I lead a dialogue session for a total of more than 1,000 employees every year, with each director and the head of each business serving as a facilitator in the new culture creation department, an organization directly under the President. By doing so, we are working to instill this philosophy. We feel that our consciousness is definitely moving in the right direction.

The UACJ Group itself knows firsthand the necessity of placing ESG perspectives at the center of management in order to realize its so-called corporate philosophy of remaining sustainable and playing an active role in society.

UACJ's Journey with Aluminum

The UACJ Group's Sustainability Approach

Passing down a better world over the next century

The UACJ Group's Sustainability Policy

1

Contribute to sustainability through technologies and innovation

The UACJ Group shall contribute to the sustainability of society and the global environment by applying the technologies and expertise it has accumulated over its history to offer innovative solutions.

2

Work together with all types of stakeholders

The UACJ Group shall forge partnerships and collaborate with a wide range of stakeholders and people across society in its efforts to help make the world more sustainable through its business activities.

3

Respect the individuality of diverse members

The UACJ Group shall take steps to ensure that the individuality of its diverse members is respected, regardless of their nationality, gender, age, disabilities, or other characteristics, and provide them with opportunities to apply their individual knowledge and skills to help devise innovative solutions.

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2

Aluminum, our main product, is the most abundant metallic element in the world, and its functions and performance make it an indispensable material for the realization of a sustainable society. We, as a company to supply such aluminum products to the society, will be required to be sustainable.

We have been in the flat-rolled products business for over 120 years. As we look toward the next 100 years, we will continue to formulate and implement our Basic Sustainability Policy, which states "passing down a better world over the next century" by placing sustainability at the core of our management.

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UACJ's Ideal State for 2030

Pursuing our passion, aluminum, to contribute to building a sustainable society



UACJ VISION 2030 is our vision of what the UACJ Group should be like in the next 30 years, when we will master aluminum and realize a world of lightness.

In the UACJ VISION 2030, the Vision Committee, formed by mid-career employees who will lead the Group 10 years from now, defined three areas of contribution: mobility, lifestyle/healthcare, and environment/energy, and back casted how we should contribute to these areas now.

As a result, the UACJ Group will add new strengths in the pursuit of value-added materials upstream and downstream to the three major strengths it has strategically acquired: diverse processing capabilities, supply of flat-rolled products from the three global regions, and a solid global customer base. In this way, we will continue to work toward solving social issues in new areas.

In the three new areas envisioned by the Vision Committee, we are also connected to the four targets of the SDGs. To realize them, we have identified six key issues, or materialities.

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Long-term Management Vision "UACJ VISION 2030"

Our future vision for how UACJ can contribute to achieving a sustainable and abundant society by 2030

<Projections for future society based on changes in the external environment>



- Contribute more broadly to the development of society by capturing demand in **growth sectors** and **growth markets**
- Utilize **materials + α** to contribute to greater social and economic value through our value chain and supply chain
- Contribute to solving social issues by tapping into **new business domains***
- Contribute to reducing our impact on the environment by **cutting CO₂** across product lifecycles

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* New business domains: Business models that have never been seen before or are new for UACJ = new businesses and products in new business domains. We also aim to create new product categories in existing business domains

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The UACJ VISION 2030 depicts how we would like to contribute to the realization of our corporate philosophy in the society of 30 years, which is predicted from the external environment.

In VISION 2030, we have defined what we will do in three new areas in addition to the existing areas. They are the following four.

We have four goals: to demonstrate our materials + α capabilities in growth areas and markets, to develop new areas and new business models, and to reduce CO₂ emissions. We have defined them as contributions to the UACJ, and are taking a variety of specific initiatives toward each of these contributions.

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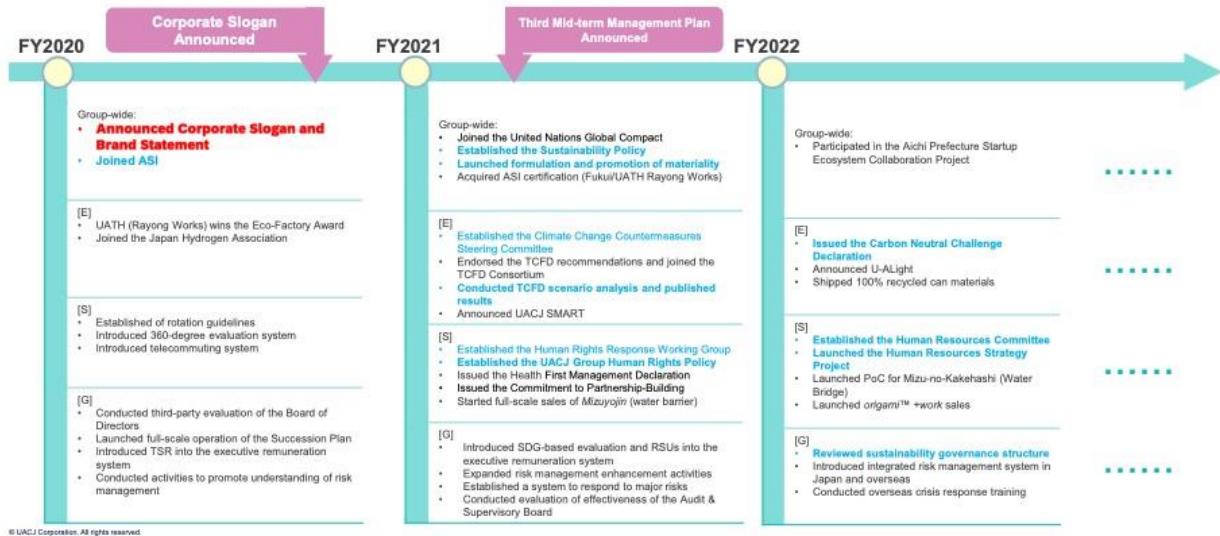
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Progress Since Formulation of the Third Mid-term Management Plan

Formulation of our Corporate Slogan: The launchpad for the UACJ Group's sustainability management



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Even though we have not declared ourselves as a sustainability management company, we have been making various efforts to achieve sustainable growth.

However, with the release of our corporate slogan in February 2021, we have taken this opportunity to reaffirm our common understanding that sustainability is at the core of our management.

The respective director in charge will later explain our approach and the details of our efforts with regard to each of the ESG items.

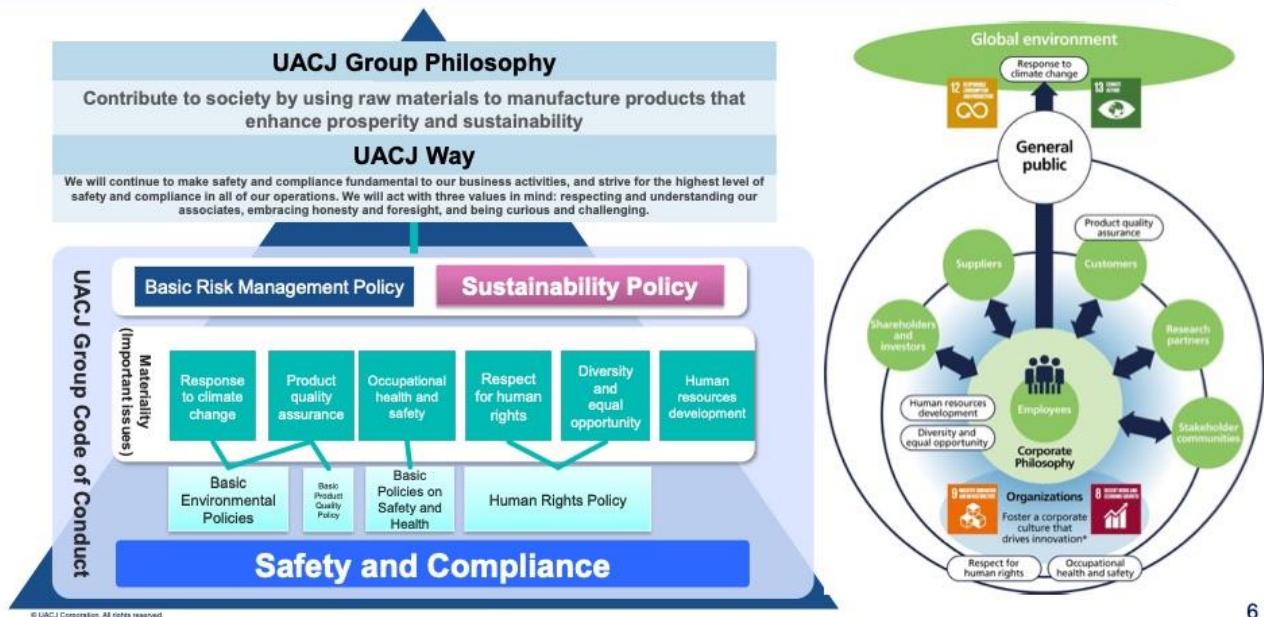
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Action Guidelines for Realizing Our Philosophy



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Put sustainability at the heart of management. This means that, as part of our efforts to put this into practice, we have been building and implementing a new image of the UACJ Group under the name of structural reform. In addition, we have expressed our vision for the future in the form of VISION 2030. We have visualized the so-called targets.

In order to realize this target, we have established a corporate philosophy and created a compass, the UACJ Way, as the pillar of our corporate philosophy, which we have shared with our employees through our penetration activities. We have clarified our basic policy by aligning our corporate message, "aluminum lightens the world," with our corporate philosophy.

As a result, in order to fully respond to the increasing complexity and sophistication of corporate activities in recent years, we have made it possible for each and every one of us to act as if it were our own business, under the consistent concept that all group members should work together. Everything is about acting for the benefit of different people in society.

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Establishing Materiality and KPI

Aggressive efforts will be made to reach the vision foreseen for 2030

Materiality	Performance Indicators	FY2021 Results	FY2023 Targets	FY2030 Targets
Response to climate change	Reduction of CO ₂ emissions throughout the Group's entire supply chain	The launch of the Climate Change Countermeasures Steering Committee and the establishment of medium- and long-term targets	Planning and implementation of specific measures toward the FY2030 targets	Scope 1 and 2: 30% reduction (per unit vs. FY2019) Scope 3: Collaborate with various supply chain partners to maximize recycling and minimize CO ₂ emissions throughout the supply chain
Product quality assurance	Number of serious quality defects	Four cases	One case or less	Zero cases
	Number of customer complaints due to material problems	19.9% decrease (year-on-year)	10.0% vs. previous FY	50% decrease vs. FY2020
Occupational health and safety	Number of serious workplace accidents	Zero cases	Zero cases	Maintaining zero cases
	Overall frequency rate	0.25	0.25	0.08
Respect for human rights	Conducting human rights due diligence, setting goals based on the results, and implementing action plans	Conducted at two manufacturing plants	Conduct at four manufacturing plants	Conducted at all major Group business sites in Japan and overseas
	Rate of education conducted on the Code of Conduct, human rights, and harassment	90% (Maintained harassment prevention training at 100% implementation rate)	96% (Maintain harassment prevention training at 100% implementation rate)	100%
Diversity and equal opportunity	Percentage of women in management positions (including officers)	2.2%	4.0%	15% or more (Target of minimum 15%, aiming to meet the government target of 30% as much as possible)
Human resources development	Percentage of successor candidates appointed to management positions	Managerial positions and above (non-consolidated): 100%	Rollout to domestic Group companies	100%
	Number of people benefiting from educational support activities related to materiality	446 per year	800 per year	1,000 per year

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The materialization of the materiality is shown on the slide.

The UACJ Group employees and board members have been discussing the materialities in workshops. Then, we incorporated outside experts as third-party opinions, and then identified six of them.

Many foreign participants commented that it is essential to pay attention to human rights. The six materialities are linked to the four goals of the SDGs, and we have established KPIs to be strongly promoted by the entire group in the future.

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Materiality: Response to Climate Change

Reason for selection	<ul style="list-style-type: none"> ➤ We can contribute to the reduction of CO₂ throughout society by providing products and services that harness aluminum's properties. ➤ By making maximum use of recycled aluminum as a raw material, we will help reduce greenhouse gas emissions in the entire supply chain, and thus contribute significantly to society.
Performance Indicators	Reduction of CO ₂ emissions throughout the Group's entire supply chain
FY2021 Results	The launch of the Climate Change Countermeasures Steering Committee and the establishment of medium- and long-term targets
FY2023 Targets	Planning and implementation of specific measures toward the FY2030 targets
FY2030 Targets	<ul style="list-style-type: none"> ➤ Scope1・2 30% reduction (per unit vs. FY2019) ➤ Scope3 Collaborate with various supply chain partners to maximize recycling and minimize CO2 emissions throughout the supply chain

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Especially compatible with our aluminum business is our response to climate change.

We are currently focusing our efforts on this issue. It goes without saying that taking advantage of recycling characteristics leads to reduced CO₂ emissions. The more products and services that take advantage of aluminum's functions and characteristics, and the more it is used, the more it can contribute to the reduction of CO₂ emissions in society as a whole. We are actively working to achieve our 2030 goal.

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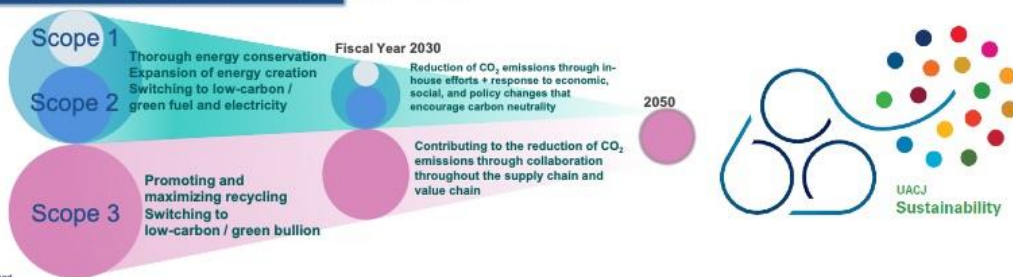
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Preparing for Carbon Neutrality by 2050

Guidelines for action

- For Scope 1 and Scope 2, take on the challenge of carbon neutrality by 2050
- For Scope 1 and Scope 2, aim to cut emissions by 30%*1 by FY2030
- For Scope 3, work on collaborations with a variety of partners in the supply chain to maximize recycling and minimize CO₂ for the supply chain as a whole

CO₂ emissions by Scope and Illustration of Future Reductions



9

One of the measures, and the policy is publicly announced, is the declaration of the challenge to become carbon neutral.

As we announced at the IR-Day in June, we are working to become carbon neutral in Scope 1 and Scope 2 by 2050. As I will explain in the environmental session that follows, it is important to maximize the recycling of aluminum products and to reduce CO₂ emissions throughout the supply chain and value chain. We will accelerate our efforts from now on.

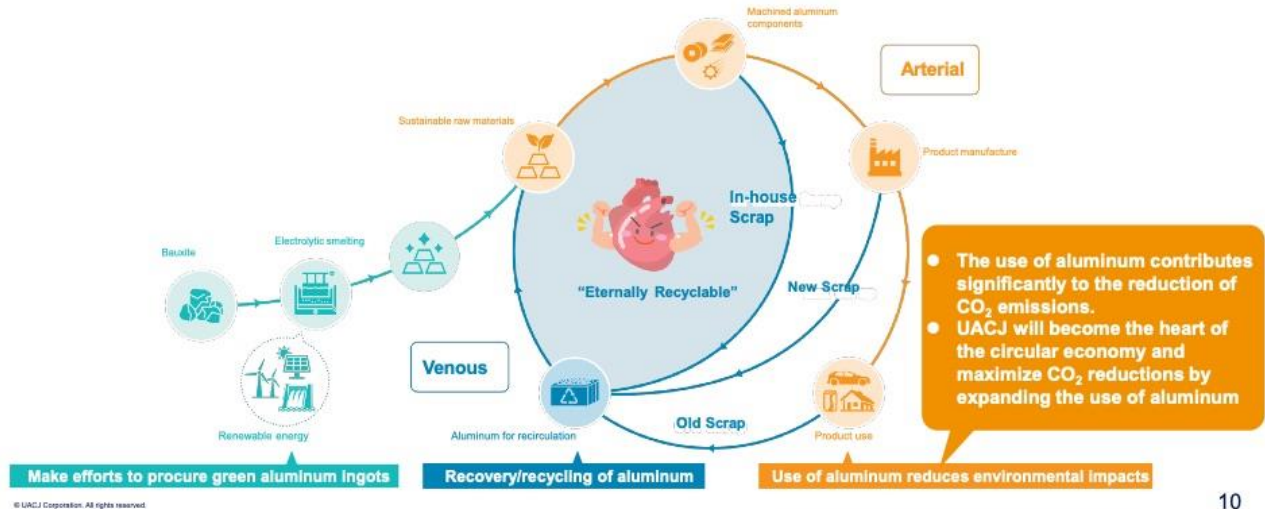
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Contribute to Achieving a Lighter World - The Cycle of Aluminum Use

Lead the formation of a recycling supply chain, and provide environmental value through aluminum



10

The greatest contribution we can make to the realization of a better world over the next century is in the creation of a circular economy for aluminum products. The more aluminum is distributed and utilized, the more it functions and performs as a product. So-called energy-saving, fuel-saving, and long-life performance are also touted. This will be further exploited by being utilized more and more. The more it is used, the more its value increases. We will strengthen our efforts to utilize this aluminum.

The UACJ Group has what is called an aluminum melting process. Through this role as the starting and ending points of the arteries and veins, we will become the heart of this cycle, working together with our customers and other stakeholders to co-create, cooperate, and build a recycling loop and increase the recycling rate. We will create a system where aluminum is increasingly valued in its life cycle throughout the supply chain and value chain.

We will contribute to the reduction of environmental burdens through a recycling-based economy on a global scale.

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13

Expanding Aluminum's Potential through Fusing Skills and Techniques Mastered Over a Century

2013 UACJ Established

Aluminum lightens the world
アルミでかなえる、軽やかな世界

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With a history of over 100 years, our group will continue to expand the possibilities of aluminum to remain a necessary company for the next 100 years. Please stay tuned.

We would once again appreciate your support.

That is all from me. Thank you.

Ueda: That is all for the presentation by Ishihara. Thank you very much, Mr. Ishihara.

Next, Toward a Sustainable, Better Society, will be explained by Shinji Tanaka, Director, Managing Executive Officer, Chief Executive, Corporate Strategic Restructuring Office.

Mr. Tanaka, please go ahead.

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Aluminum lightens the world
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Toward a Sustainable, Better Society

Shinji Tanaka
Director, Managing Executive Officer



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UACJ Environmental Management Activity Policy

**We are grateful for the lush blue earth,
and we will pursue aluminum
to contribute to the formation
of a sustainable society.**

1

Tanaka: I am Tanaka. Under the theme of Toward a Sustainable, Better Society, I would like to introduce the UACJ Group's environmental activities with a focus on climate change initiatives.

The slogan of the UACJ Group's environmental management activities is "we are grateful for the lush blue earth, and we will pursue aluminum to contribute to the formation of a sustainable society."

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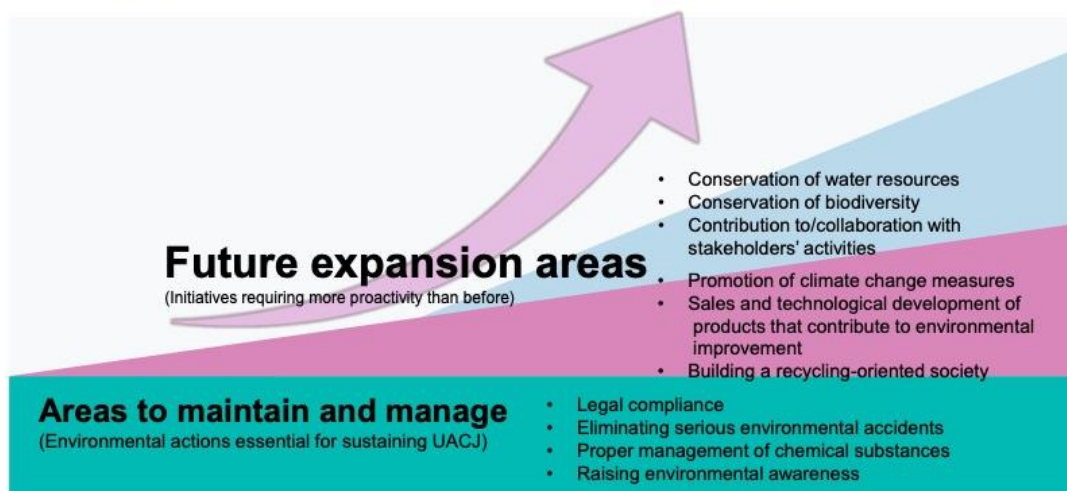
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Pivoting Our Environmental Action

Going beyond defensive environmental action to expand our offensive action



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2

The following is an explanation of the UACJ Group's environmental response.

As you can see in this picture, the green part, the bottom foundation. In the past, our activities have been more focused on compliance with laws and regulations, environmental measures, measures against environmental abnormalities, and maintenance and management activities.

We are currently working to expand the scope of our activities to include climate change countermeasures, which is a priority issue, water resource conservation, and biodiversity conservation.

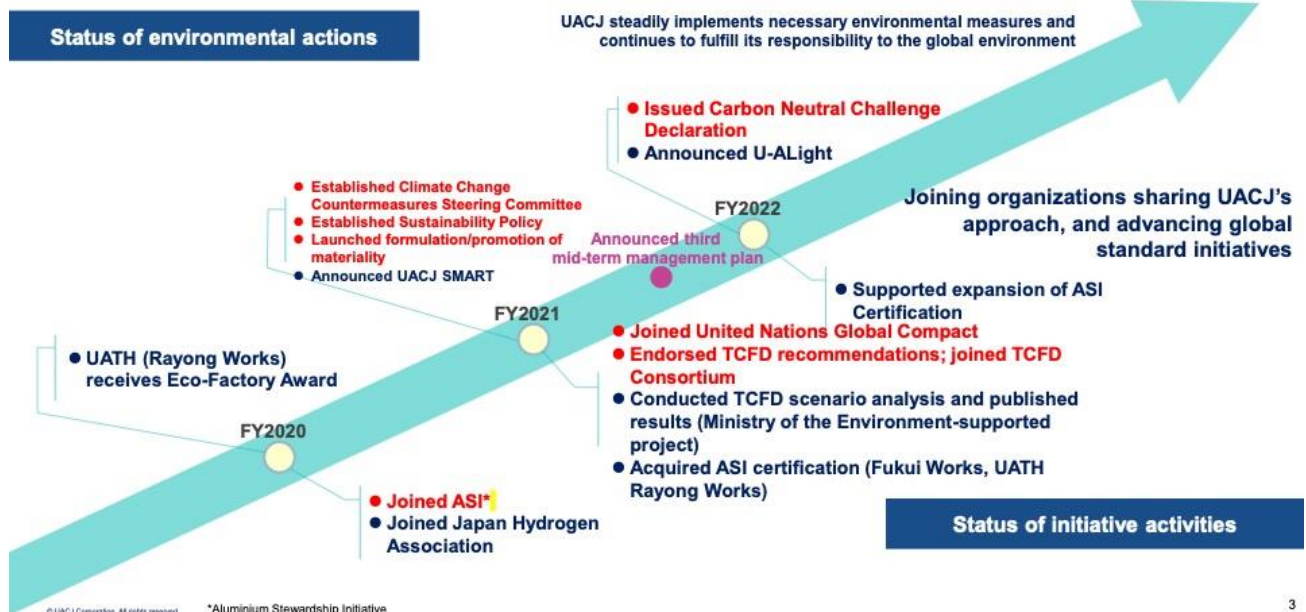
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Timeline of Environmental Actions



Here is a chronology of the UACJ Group's environmental activities.

In FY2020, we became the first Japanese flat-rolled products company to endorse the Aluminum Stewardship Initiative (ASI).

In FY2021, we established a committee to promote climate change measures across the UACJ Group. In addition, we are a signatory to the UN Global Compact and have expressed our support for the TCFD.

Furthermore, as mentioned earlier, in June 2022, we have declared our challenge to become carbon neutral.

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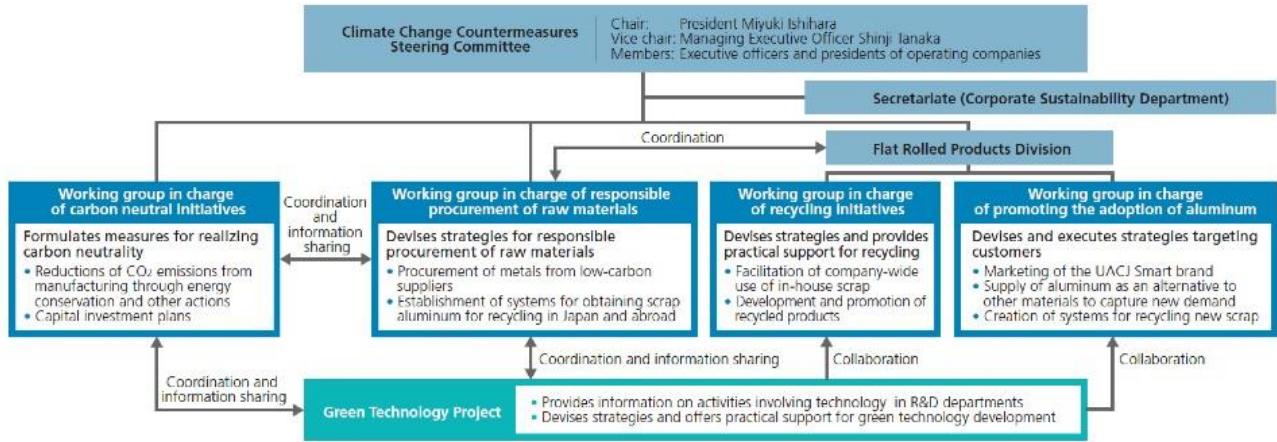
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Launched the Climate Change Countermeasures Steering Committee

Engaging in Group-wide, vigorous activities to minimize environmental impact, reduce CO₂ emissions, and become carbon neutral



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4

I will now introduce each of our activities.

The first step will be to set up a committee to promote climate change action.

The Promotion Committee, chaired by President Ishihara, is developing the activities of four working groups. We are promoting activities to minimize environmental burdens and reduce CO₂ emissions through the development of four working groups across the entire UACJ Group that are in charge of carbon neutral initiatives, responsible procurement of raw materials, recycling initiatives, and promoting the adoption of aluminum, respectively.

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Review of the UACJ Group Basic Environmental Policies

Reviewing the Basic Environmental Policies and declaring further promotion of climate change initiatives

Environmental Management

Links to this page

- UACJ Group Basic Environmental Policies
- UACJ Environmental Management Activity Policy
- Environment Related Investment
- Environmental Management
- Approach to Environmental Management
- Environmental Education

UACJ Group Basic Environmental Policies

Corporate Philosophy

The UACJ Group is thankful for the earth and the abundance of life it supports, and work to conserve it, with recognition that the fate of all living things hangs on the condition of the earth's environment. We will also voluntarily and actively take action to weaken the environmental impact of our current and future business activities throughout the supply chain, set specific targets based on the assessment, and minimize environmental load and maximize environmental contribution.

Guidelines

- We comply with environment related laws, regulations, and agreements, and establish voluntary standards to properly manage wastewater, exhaust gas, and chemical substances.
- We promote sales of products and development of technology that contribute to environmental improvement.
- In order to contribute to the achievement of the goals of the Paris Agreement, we will strive to reduce greenhouse gas emissions and conserve energy, and promote measures against climate change. (The details shall be based on the "Concept of Climate Change Countermeasures")**
- We endeavor to conserve natural resources, and promote the realization of a sustainable recycling economy.
- We endeavor to conserve water resources essential to our business activities.
- We endeavor to conserve biodiversity by giving consideration to the benefits of ecosystems.
- We raise environmental awareness through education and public relations activities.
- We strive to contribute to and coordinate the environmental conservation activities of our stakeholders.

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**Added in March 2022 ;
In order to contribute to the achievement of the goals of the Paris Agreement, we will strive to reduce greenhouse gas emissions and conserve energy, and promote measures against climate change.**

5

At the same time, as a review of the basic policy for the entire UACJ Group's activities, in February 2022, we added the following words to the Action Guidelines, which are just circled in red on this slide. In order to contribute to the achievement of the goals of the Paris Agreement, we will strive to reduce greenhouse gas emissions and conserve energy, and promote measures against climate change.

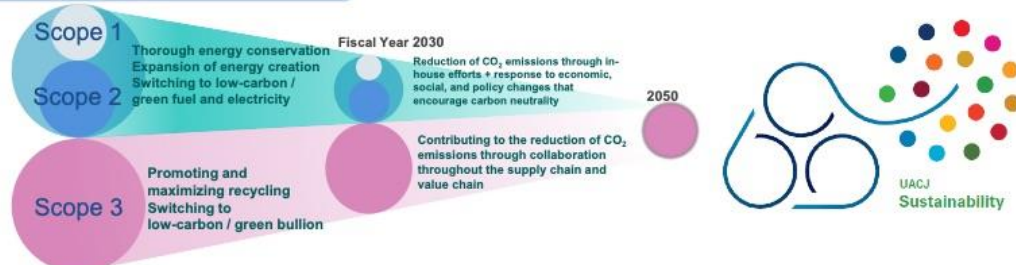
Issued the Carbon Neutral Challenge Declaration (June 2022)

Preparing for Carbon Neutrality by 2050

Guidelines for action

- **For Scope 1 and Scope 2, take on the challenge of carbon neutrality by 2050**
- **For Scope 1 and Scope 2, aim to cut emissions by 30%*1 by FY2030**
- **For Scope 3, work on collaborations with a variety of partners in the supply chain to maximize recycling and minimize CO₂ for the supply chain as a whole**

CO₂ emissions by Scope and Illustration of Future Reductions



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6

In line with the progress of activities by the Climate Change Action Promotion Committee or the review of the Basic Environmental Policy I mentioned earlier, we have declared our activity policy toward carbon neutrality in the year 2050 once again.

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As mentioned earlier, for Scope 1 and 2, we will aim to become carbon neutral by 2050, and, as stated below, by FY2030, we will aim to achieve a 30% reduction. All of these plan values stand with FY2019 as the benchmark.

In Scope 3, we will work with various partners throughout the recycling supply chain to promote more and more active recycling and to minimize CO₂ emissions.

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		
	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 ₂ 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 of CO ₂ emission.	Building		Harnessing/popularizing
		Developing/expanding sales/entrenching UACJ-SMART, developing/expanding sales in new domains		
	Promoting the switch to aluminum	Reducing environmental burden from harnessing aluminum, establishing reduction contribution		
Participation/cooperation with external institutions	Participating in initiatives, collaborating with aluminum industry groups			

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This is very detailed, but it is a roadmap toward FY2050. This is roughly categorized into Scope 1 and 2, and Scope 3.

In Scope 1 and 2, as an extension of our past activities, we will continue to aggressively develop energy-saving activities and actively expand the use of low-carbon/green fuels and low-carbon/green electricity.

In Scope 3, we will actively utilize and maximize the use of scrap metal as well as develop technologies for recycled alloys. At the same time, we have started to develop our own CO₂ reduction certification method.

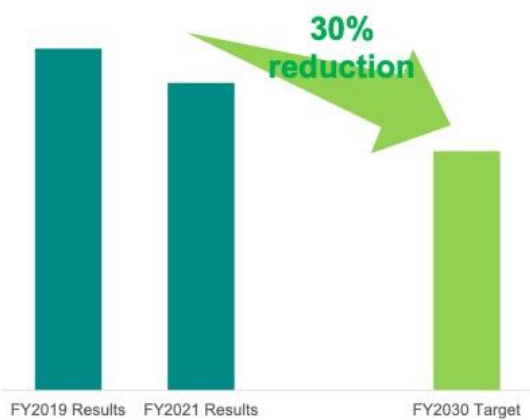
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Initiatives to Reduce Scope 1 and 2 Emissions

CO₂ emission reduction target (Scope 1 and 2 per unit, vs. FY2019)



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*Established as an organization under the Carbon Neutral Measures Working Group within the Climate Change Countermeasures Steering Committee

New Energy-Saving Subcommittee*

- After issuing the Carbon Neutral Challenge Declaration, we have been working to achieve the targets in Scope 1 and 2, and we therefore **established the New Energy-Saving Subcommittee** in July 2022, launching UACJ Group-wide efforts toward further reduction.

Results and plans for renewable energy (electricity)

- Results: Installation of solar power generation systems worth **CO₂ emissions reductions of approximately 14,000 tons/year** (at the UATH Rayong Works, etc.).
- Plan: Introduce renewable energy (electricity) from FY2023 worth **CO₂ emissions reductions of approximately 100,000 tons/year**

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Next, I will explain Scope 1 and 2 activities specifically.

As I explained earlier, we are aiming for a 30% reduction in FY2030, but in FY2021, a 10% reduction from the benchmark has been completed.

As you can see on the right, in order to further promote this, we established a meeting of the New Energy-Saving Subcommittee in July. This will allow us to further build on the reduction measures in Scope 1 and 2, the details of which will be explained later.

At the same time, we will also promote the introduction of renewable energy sources, such as solar power generation and electricity derived from renewable energy sources. As for solar power generation, which I will explain in detail later, we hope to achieve a reduction of 14,000 tons per year and procure the equivalent of 100,000 tons per year of renewable energy electricity.

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Initiatives to Reduce Scope 1 and 2 Emissions

Examining measures to reduce CO₂ emissions and developing a path to implementation

Progress of the New Energy-Saving Subcommittee

- Discussions to be held by November 2022 to consider measures
- Building up reduction measures that exceed reduction targets of Scope 1 and 2 for FY2030
- Priority action to be taken while confirming effectiveness

Examples of reduction measures under consideration

Initiatives implemented

- Reducing steam/compressed air leaks (Repairs/reinforcing)
- Furnace insulation reinforcement and prevention of heat dissipation

Actions partially implemented / Actions that are expanding the scope

- Expanding introduction of solar power generation on in-house premises
- Expanding into low-carbon fuels for casting/heating/annealing furnaces
- Expanding LED switching at plants

Actions under consideration

- Electrification of heat utilization equipment (And use of renewable energy in electrification)
- Renewal of HVAC equipment/boilers (Increasing efficiency)
- Introduction of waste heat utilization equipment in casting/heating furnaces (Regenerative burners, etc.)

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Let me be a little more specific about Scope 1 and 2 activities.

The right side of the page shows an example of CO₂ emission reductions. We have been working to reduce leakage of steam and air, to insulate furnaces, to prevent heat radiation, etc., as an extension of our past activities, but we will continue to build on these detailed activities.

We are also considering the introduction of solar power generation, mainly LNG, and, in the future, fuels that can replace LNG, low-carbon fuels, and so on.

Through these measures, we will prioritize and steadily develop them one by one while confirming the effectiveness of each one.

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UATH* (Rayong Works) Solar Power Generation System Started Operation in September



- **Installed photovoltaic panels** on the roof of Rayong Works property (18,000 kW output from approx. 40,000 panels, equivalent to output of approximately 7,900 ordinary Japanese homes) with cooperation from Kansai Energy Solutions (Thailand) Co., Ltd.
- UATH will consume all the electricity generated for 20 years
- **Achieves CO₂ reduction of approximately 14,000 tons/year**

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This slide shows an exterior view of the Rayong Works, UACJ Thailand. The site is a large lot of 500,000 square meters. This plant is an integrated line and process from casting to finishing.

It looks a bit purple in the photo, but this is an exterior view of all the panels on the roof of the building from casting to finishing. The number of panels amounts to 40,000. This is equivalent to 7,900 ordinary Japanese households, which is a very large scale of power generation. In terms of CO₂ emissions, this means an annual reduction of 14,000 tons.

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CO2 reduction can were put on sale (in September)



The Premium Malt's
CO₂ reduction can

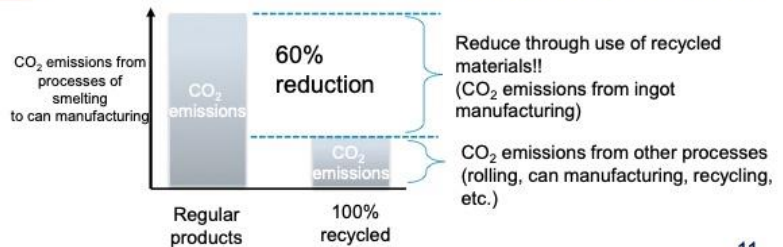


The Premium Malt's "Kaoru" Ale
CO₂ reduction can



- ✓ We partnered with Suntory Spirits Ltd. and Toyo Seikan Group Holdings, Ltd. to realize the world's first can stock using 100%-recycled materials
- ✓ We did not use any new ingots, and instead used UBCs (used beverage cans) and offcuts from aluminum can stock production processes for all can bodies, lids, and tabs
- ✓ We will aim to achieve reductions in environmental impact in the future through specialized management of sorting, separating, flat-rolled aluminum manufacturing processes to produce 100%-recycled aluminum can sheet material

[Image of CO₂ emissions reduction from smelting to can manufacturing]



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Next, as an example of recycling promotion, we would like to introduce cans made of 100% recycled aluminum can material.

I will now distribute to you the actual 100% recycled cans, as you can see in the picture there. Sorry, we are not able to give out the actual product to online participants.

As you can see from the can in your hand, the appearance is not so obviously different from other cans, but this is actually the world's first 100% recycled aluminum can and 100% recycled material can jointly released in September with Suntory Spirits Ltd. Toyo Seikan Group Holdings Ltd. and us.

What this 100% recycled use can means is that no new bullion is used. The body, lid, and tab of the can are made of different alloys, but all of these cans are called used cans or UBC. We recover these UBC and waste materials from manufacturing process and recycle them to these 100% cans.

Special sorting, separation and aluminum production processes, and other special controls have made it possible to achieve 100% recycled can materials this time around.

As you can see in the lower right corner of the slide, this 100% recycled material can reduce CO₂ emissions by 60% compared to conventional materials. We have succeeded in making these things for the first time this time.

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Promoting Closed-loop Recycling of Aluminum Cans in ASEAN

Can-to-Can Journey

Government and industry officials were invited to UATH to understand the recyclability of aluminum cans and the closed loop of the Can-to-Can process (recycling of aluminum in aluminum can processes)

Participating companies and organizations



MOU signing ceremony in Thailand
(Second from right: Keizo Hashimoto, Delegated Vice Chief Executive, Flat Rolled Products Division of UACJ)

Conclusion of a Memorandum of Understanding (MOU) on the promotion of closed-loop recycling

- December 2021 Thailand
- February 2022 Vietnam

In ASEAN, where the use of aluminum cans is increasing, we will continue to focus on establishing recycling schemes with local governments and companies.



MOU signing ceremony in Vietnam
(Second from right: Kimitoshi Inagaki, President of UATH)

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Next, I will discuss the activities to promote recycling overseas.

This is the Can-to-Can Journey activity that we have been conducting in Thailand. The Thai government and Thai industry representatives will form a group to actively promote recycling.

It starts with the Thai government, then the suppliers of the cans, and then us. These groups are working together to promote recycling.

In addition, in the ASEAN region, we have been working with the Thai and Vietnamese governments and companies to establish recycling schemes in Vietnam since this February.

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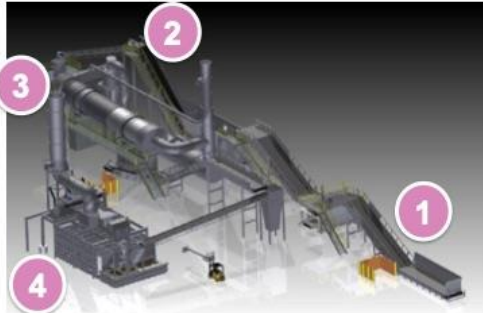
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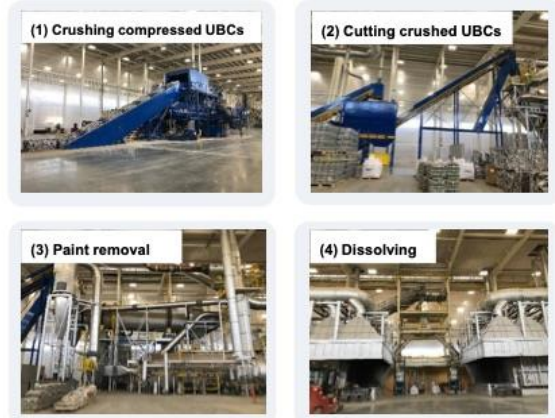
Expanding Aluminum Can Recycling to Minimize CO₂ Emissions

Promoting the introduction of aluminum can recycling facilities to become the heart of the circular economy

➤ In operation at TAA* (Logan Mill)



Illustration/photographs of facilities in operation at TAA (Logan)



- UATH (Rayong Works): Scheduled to start operation in FY2024
- UACJ (Fukui Works): Promoting collaboration with Yamaichi Metal Corporation

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Since can recycling has been mentioned earlier, I would like to briefly introduce our recycling facilities.

This photo shows the recycling facility at Logan Mill of TAA, UACJ in North America. The lump UBCs are fed in from section one, so they are crushed, further broken into smaller pieces at section two, and then at section three, the paint are removed. After removing it, in section four, materials actually return to the original aluminum material, and eventually it will be back to aluminum cans. This is the process.

This type of aluminum recycling system started in the US. A similar, but not identical, system at the Rayong Works in Thailand from next year, and to start operating the system after tha

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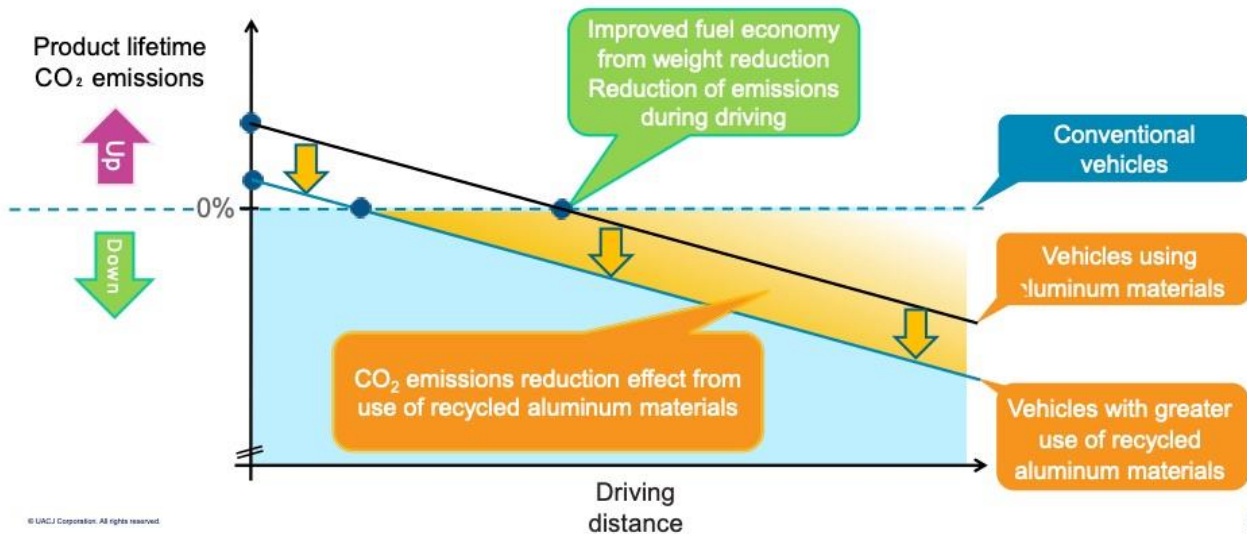
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Contributing to CO₂ Reduction by Switching to Aluminum Use in Automotive Vehicles

Improved fuel economy due to weight reduction contributes to reduction of CO₂ over the entire life cycle



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Next, based on the example of automobiles, we will introduce the contribution to CO₂ reduction expected from the use of aluminum.

This graph is an imaginary diagram showing the distance traveled on the horizontal axis and CO₂ emissions over the life cycle of the product on the vertical axis. As you can see in the line of zero, the conventional vehicle is on the horizontal axis of zero, and the downward sloping figure shows the CO₂ emissions when aluminum is actually used.

As you can see, the CO₂ emissions decrease as you move toward the right, or in other words, as the driving distance increases. This is a weight reduction effect due to aluminum, and CO₂ emission comes down. If the upper plot shows the case in which aluminum materials using new metal are used, the lower plot shows the effect of using recycled materials. More we use recycled materials, more this intercept will come down, meaning more CO₂ emission will decrease.

As you can see, the area colored in yellow in the triangle represents the effect of overall reduction of CO₂ emission.

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Development Example: Recycled Material in Automobiles

Low-CO₂ aluminum material won the 57th Oyamada Memorial Award

- Recycled aluminum material jointly developed with an automotive manufacturing company won the 57th Oyamada Memorial Award from the Japan Institute of Light Metals
- By using approximately 50% aluminum alloy scrap material, we reduced the amount of new bullion, achieving approximately 50% reduction in CO₂ emissions during material production versus conventional aluminum materials
- We were recognized for the technology's significant effect in reducing CO₂ emissions over the life cycle of automobiles and the expectation that it will contribute to carbon neutrality in the future



Recycled aluminum material is used for hood inners

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(Reference) The 57th Oyamada Memorial Award, The Japan Institute of Light Metals (Japanese only)
https://www.jilm.or.jp/uploads_content/2022/11/2022akihyosyo2.pdf

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Now, I would like to introduce how these methods are actually being utilized.

This is a recycled aluminum material developed jointly with our customer, an automobile manufacturer. The red frame in the photo on the right, which is the hood of an automobile, is where this type of low-CO₂ aluminum material is actually used. The use of approx.50% recycled aluminum material has resulted in a approx.50% reduction in CO₂ emissions.

Incidentally, we received the Oyamada Memorial Award from the Japan Institute of Light Metals in October for this project.

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Promoting the Development of New Recycling Technologies

Developing new, innovative recycling technology in a NEDO* subsidized project to significantly improve the recycling rate



*New Energy and Industrial Technology Development Organization (NEDO)
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Next, I will introduce our new recycling technologies.

This is a new technological development, which we call Upgrade Recycle, that starts with scrap, goes through a special sorting process, and then undergoes a special process before going back to expansion aluminum materials once again.

After being returned to the expanded material, it is recycled back to the product or scrap once more.

Development is currently underway as a project subsidized by NEDO, a national research and development corporation. We hope to put this technology to practical use in FY2030 or later.

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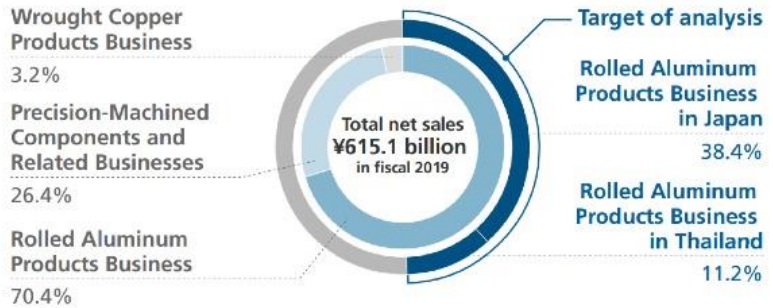
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Conducted TCFD Scenario Analysis

◆ **Conducted scenario analysis** in a project supported by the Ministry of the Environment (October 2021 - January 2022)

- ◆ Analysis targets: Three domestic plants (Nagoya, Fukui, Fukaya) and UATH engaged in the flat rolled products business within the rolled aluminum products business
- ◆ Analysis content: Risks and opportunities in the supply chain from raw material procurement to disposal and recycling
- ◆ Analysis used two warming scenarios by the IPCC, 1.5°C and 4°C (2.6-4°C), and referred to future projections by the IEA, IPCC and others.

Businesses subject to the scenario analysis



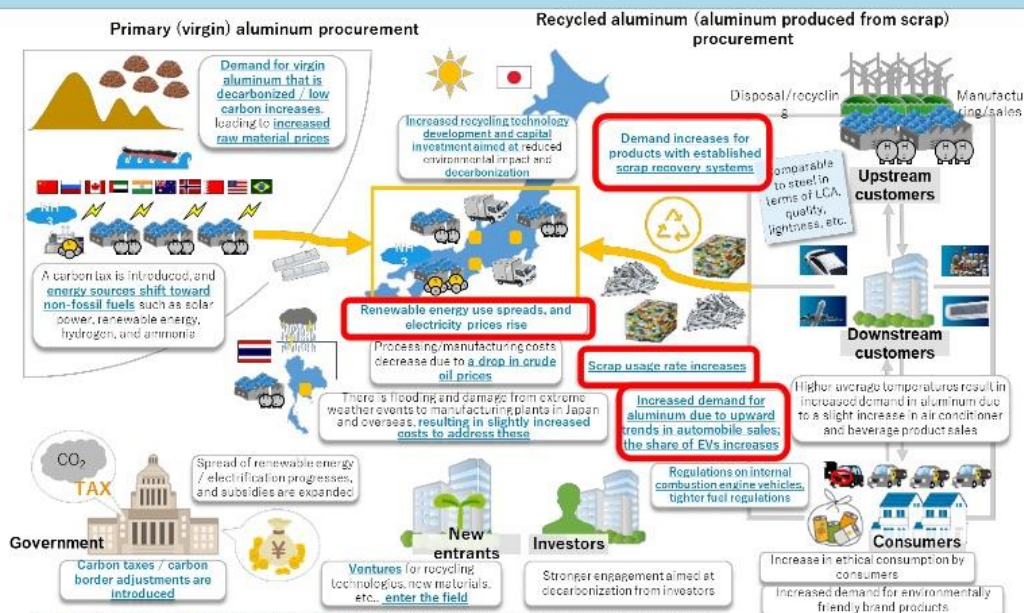
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Next, we will introduce the TCFD scenario and our endorsement of the TCFD.

On October 1, 2021, we announced our endorsement of the TCFD. From the following October, with the support of the Ministry of the Environment, we will be developing an actual scenario analysis. The content and target of the analysis is as shown here. In this scenario analysis, risks and opportunities are assumed based on the scenario of a 1.5°C or 4°C temperature increase, and countermeasures are considered.

TCFD Scenario Analysis: Illustration of Society's Future in the 1.5°C Scenario*



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Here we have shown an image of 1.5°C based on the TCFD scenario analysis. This information is provided as a future image.

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There are some risks and opportunities existed here. For example, as shown in the red box, the unit price of electricity will increase due to the spread of renewable energy, and as shown on the right side, the scrap recovery scheme will become more and more sophisticated, and the recycling of aluminum will develop rapidly, and the use of aluminum in automobiles and other vehicles is increasing as they become lighter. Several risks or opportunities can be assumed.

Implementing Measures in Line with TCFD Scenario Analysis

Item	Risk Response	Capturing Opportunities
Carbon pricing, national carbon emissions targets/policies	<ul style="list-style-type: none"> ✓ Setting long-term CO₂ emissions/energy reduction targets ⇒ Issued 2050 Carbon Neutral Declaration, re-established (revised upward) CO₂ emission reduction targets for FY2030 ✓ Considering internal carbon pricing 	<ul style="list-style-type: none"> ✓ Working toward long-term CO₂ emission reduction targets ✓ Capturing CO₂ with forests, etc. and utilizing credit systems ✓ Establishing evaluation methods for reduction contribution ✓ Transferring energy-saving technologies through public-private partnerships and international cooperation toward decarbonization
Changes in the energy mix, supporting energy-saving	<ul style="list-style-type: none"> ✓ Energy-saving improvements such as switching fuels/power companies ✓ Promoting the introduction of renewable energies ⇒ Currently promoting the introduction of renewable energies from FY2023 with CO₂ reduction of 100,000 t/year 	<ul style="list-style-type: none"> ✓ Promoting the use of solar power and other forms of private power generation, selling electricity ⇒ Installed solar power generation system at UATH (launched operation in September 2022) ✓ Utilizing CCS, CCUS and other decarbonization technologies
National recycling regulations / policies	<ul style="list-style-type: none"> ✓ Promoting the improvement of product recycling rates ⇒ Manufactured the world's first 100% recycled cans ✓ Establishing scrap collection scheme (upstream/downstream) 	<ul style="list-style-type: none"> ✓ Collaborating with and establishing scrap collection schemes with retailers and municipalities ⇒ Developing the Can-to-Can Journey in ASEAN
Changes in important commodity/product prices and demand	<ul style="list-style-type: none"> ✓ (Setting product prices in line with rising raw material prices) 	<ul style="list-style-type: none"> ✓ (Curbing product price increases and strengthening product competitiveness through measures such as improving recycling collection efficiency)
Changes in customer behavior	<ul style="list-style-type: none"> ✓ Development of certified decarbonized aluminum products and services ⇒ Introduction of "UACJ mass balance approach" to certify reduction of CO₂ emission. 	<ul style="list-style-type: none"> ✓ Promoting the use of aluminum in products ✓ Promoting acquisition of environmentally friendly certifications and establishing original brands ⇒ Acquired ASI certification and expanded sales of UACJ SMART ✓ Collaborating with competing materials companies
Rise in average temperature		
Extreme weather events (cyclones, floods)	<ul style="list-style-type: none"> ✓ Introducing disaster prevention equipment ✓ Evolving risk modeling by utilizing data 	<ul style="list-style-type: none"> ✓ Promoting aluminum utilization in products: Expanding disaster prevention technologies and products ⇒ Launched sales of watertight plates for disaster prevention and stockpiled water in aluminum bottles and cans ✓ Forming public-private consortiums for disaster prevention

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Based on these scenarios, we have calculated a number of risks and opportunities, and are developing activities accordingly.

For example, as a risk response, we are continuing to develop our own method of certifying CO₂ emission reductions in response to customer requests, such as certification of services for decarbonized aluminum products, as shown below on the left.

As for opportunities, as explained earlier, we are planning to apply aluminum materials to disaster prevention equipment to cope with abnormal weather conditions caused by climate change, and we would like to link this to the development of new products.

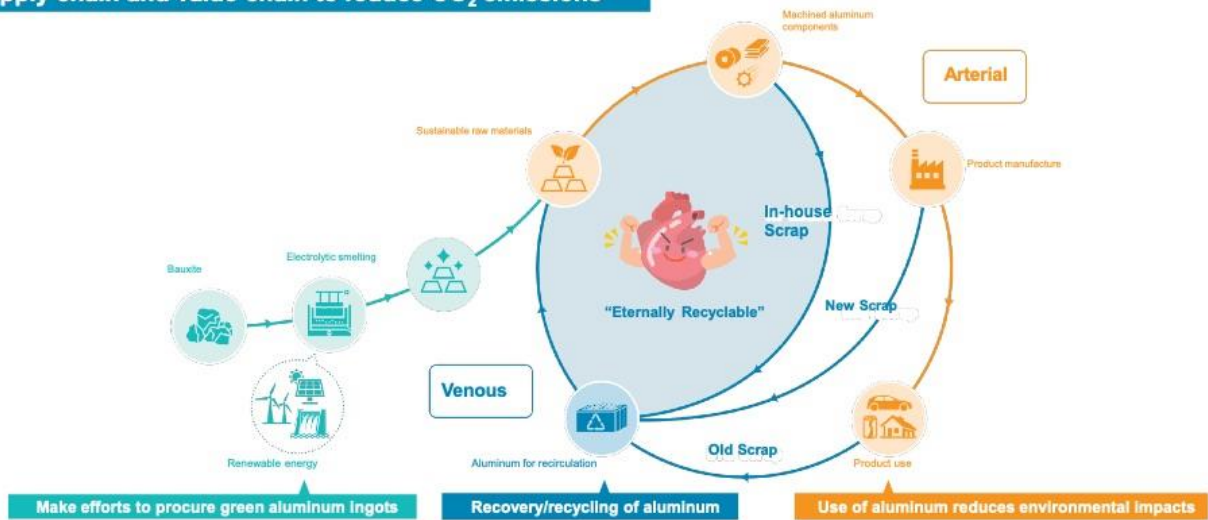
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Aiming to Build a Recycling-Oriented Society

The UACJ will continue to work with all partners in our supply chain and value chain to reduce CO₂ emissions



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Last but not least, we have been and will continue to work with all partners in the supply chain and value chain to reduce CO₂ emissions with the aim of building a recycling society.

We will do our best to realize a better world over the next century.

This concludes my presentation. Thank you.

Ueda: This concludes the explanation by Mr. Tanaka. Thank you very much, Mr. Tanaka.

We would like to continue by explaining the sustainability of aluminum and UACJ's capability. Kenji Nose, former R&D Center researcher and current Manager, Sustainability Promotion Department, Corporate Strategy Division, will explain about aluminum and aluminum recycling.

Mr. Nose, please go ahead.

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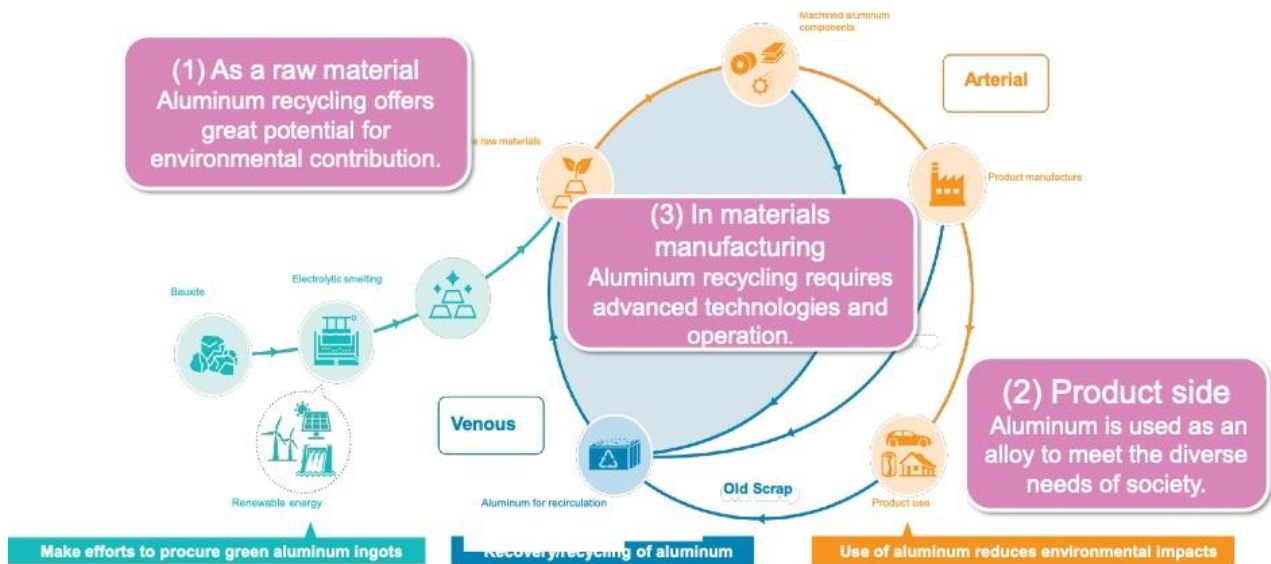
Aluminum's Sustainability and UACJ's Capabilities

Kenji Nose
Manager, Sustainability Promotion Department,
Corporate Strategy Division

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Three Key Points About Aluminum Alloys



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Note: My name is Nose. Thank you. In this part, I will explain the sustainability of aluminum and UACJ's capability based on a technical perspective.

This is a picture of the heart of circulation as shown earlier. Using this picture, I will first explain the three points I wish to convey in this part.

First is the characteristics of aluminum as seen in raw materials, the upstream side. Aluminum is known to be relatively high energy required to mine bauxite to obtain the metal. For this reason, its recycling has great potential to contribute to the environment.

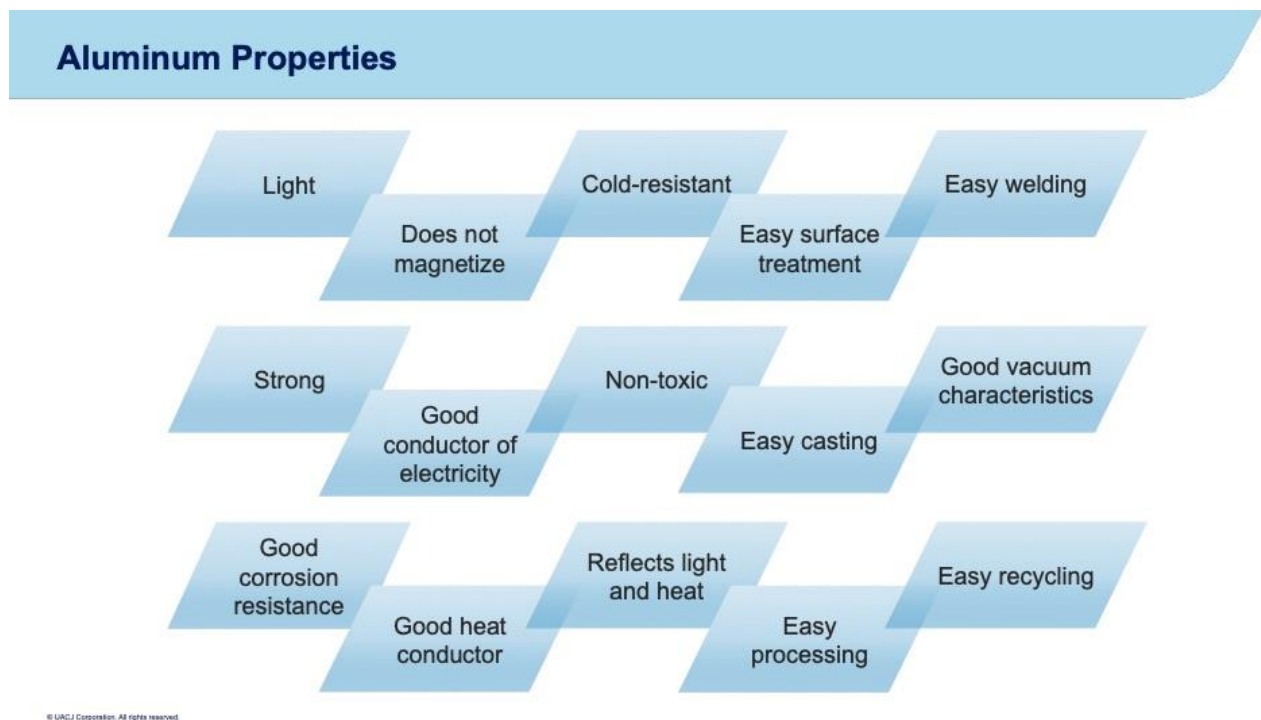
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Then, the characteristics of aluminum from the product side. Aluminum materials are delivered to consumers in relatively simple forms. Therefore, each customer has very sharp needs in terms of the characteristics required for aluminum materials. For this reason, aluminum is used in society as an aluminum alloy.

These upstream and downstream requirements contradict each other. In other words, while a wide variety of aluminum is required on the product side, it is very difficult to use aluminum as a raw material after it has been used. We believe that the area of competition lies in bridging the gap between these two points, and this is where the various operational capabilities and technologies that we have developed over the years can be utilized.



Let me begin my explanation by reviewing the characteristics of aluminum.

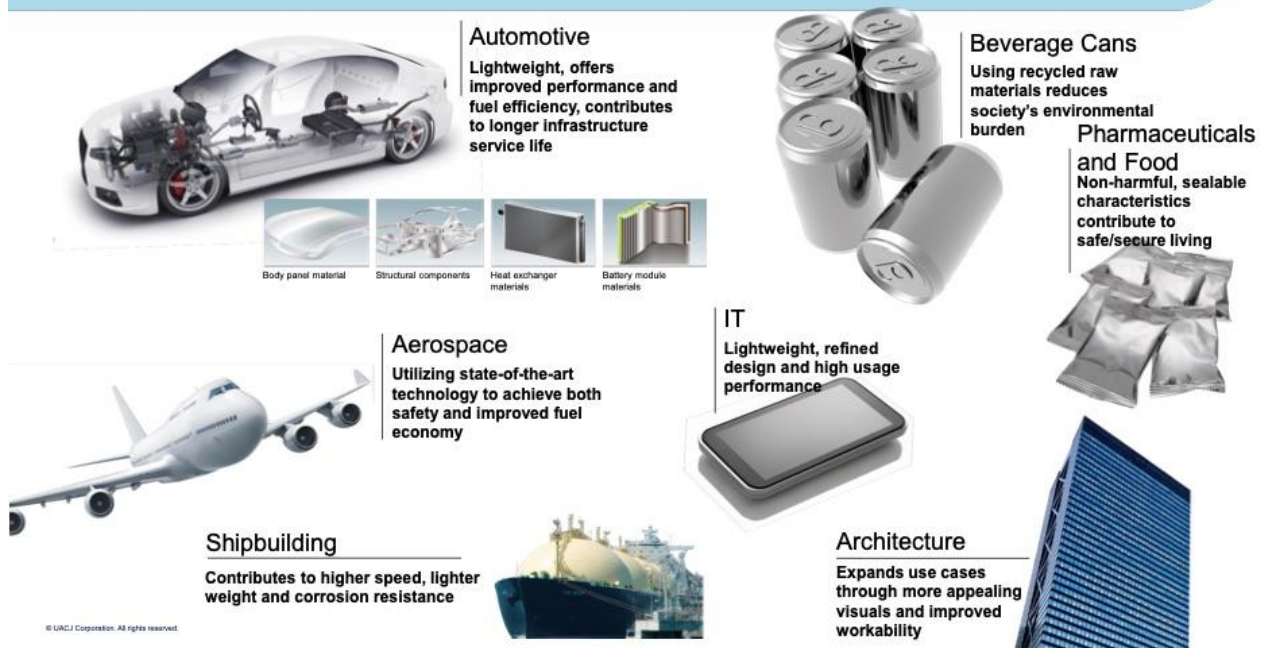
Aluminum has various characteristics such as light weight, high strength, high corrosion resistance, and excellent formability. These characteristics make aluminum a versatile material used in a wide variety of fields.

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Aluminum Applications: Providing Diverse Properties Required of Aluminum Alloy Materials



That is shown in this diagram.

For example, in the beverage can field, aluminum is selected as a beverage container because of its gas and light impermeability, formability, and corrosion resistance.

Each of these different demand sectors has different customer needs, and aluminum is offered in different alloys. To this end, there is a requirement for various techniques and arts in using recycled raw materials.

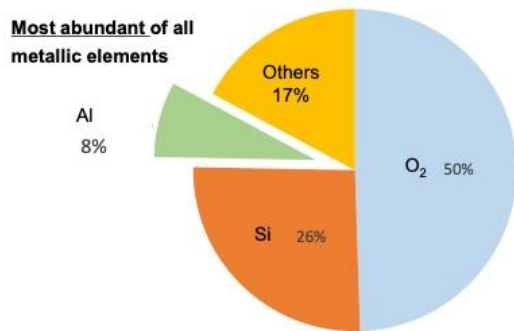
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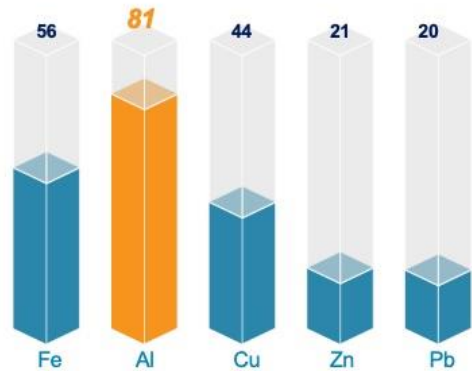
Aluminum's Sustainability as a Resource

Share of Elements in the Earth's Crust



Base Metal Sustainability

■ Reserves as a share of current demand (years)



Source: USGS2021 *Ore production volume in 2020

Sufficient time available to establish environmental response and resource recycling

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I will now continue with an explanation of sustainability, starting with a look back at aluminum as a metal resource.

The figure on the left shows the percentage of elements present in the earth's crust. Aluminum has the highest percentage of existence among any metallic element. Simply put, when the ground around us is dug up, about 8% of it will contain aluminum elements.

As shown in the figure on the right, when reserves are divided by annual demand, it is known at this time that the reserves can be mined for more than 80 years.

It is expected that it will take a relatively long time to develop the technology and establish the social framework to establish and maintain the sustainability of the resource cycle of these metal resources. In this sense, aluminum may be a metal with sufficient time horizon to allow for a crash landing in a future sustainable society.

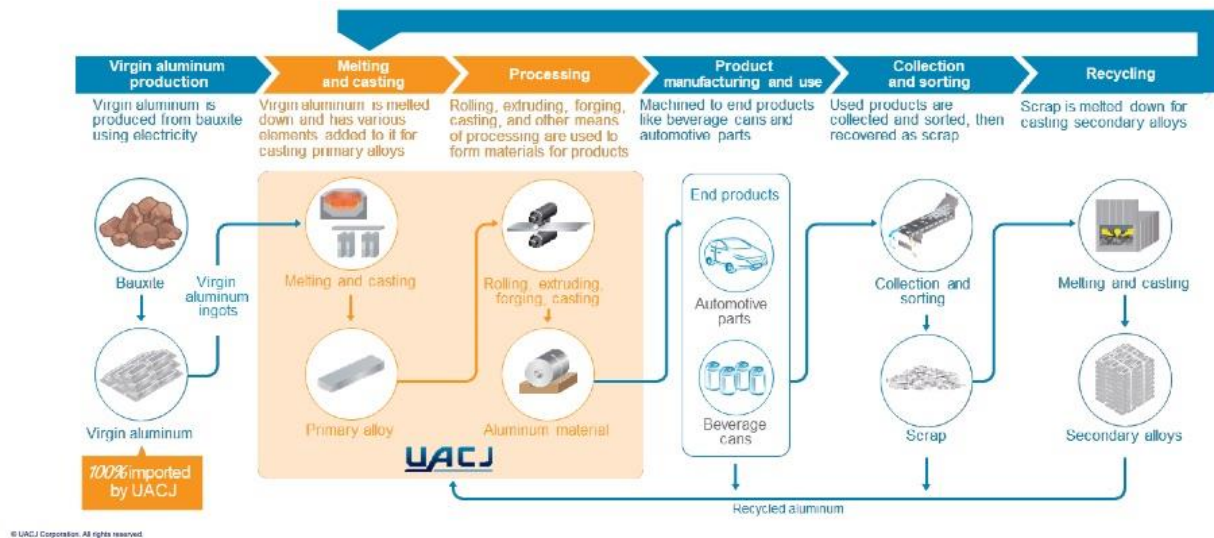
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Aluminum's Life Cycle

100% of new bullion is imported and used repeatedly in a circulation model



I would like to continue by briefly explaining how aluminum is used in society. Here is a diagram showing the life cycle of aluminum.

Aluminum, as a metallic element, is characterized by its ability to be used repeatedly in society's circle of circulation. In Japan, aluminum metal undergoes a variety of processes from the time it is imported. After it becomes the final product and used, it is recovered and used as raw materials again.

After this explanation, it may seem that there is nothing to worry about in terms of resource recycling and sustainability of aluminum. However, from an energy perspective, it can be said that there are significant challenges that need to be overcome.

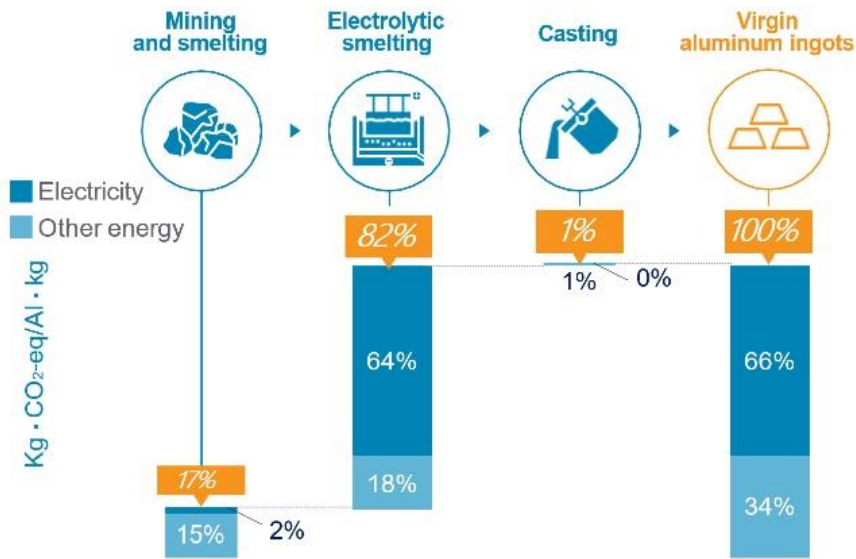
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Aluminum's Energy Sustainability

Two-thirds of CO₂ emissions from the production of new bullion come from electricity



That is illustrated in this diagram. This section shows the CO₂ emissions for each process, starting from the mining of bauxite to obtaining the aluminum metal, broken down by process.

It is known that the element aluminum has a strong bond with oxygen and requires a large amount of power to pull it apart. The dark blue electricity shown in the graph here is responsible for a large portion of the CO₂ emissions. This fact leads one to expect two things.

The first point is about the future. As the IEA predicts, as the world moves toward greener electricity in the future, the environmental impact of new aluminum bullion will decrease accordingly.

Then, the other point is about the present. Even if we look at the same new aluminum bars, which are indistinguishable, we can infer that the environmental impact varies greatly depending on which smelter in which country the new metal is produced and what energy source of electricity the smelter uses.

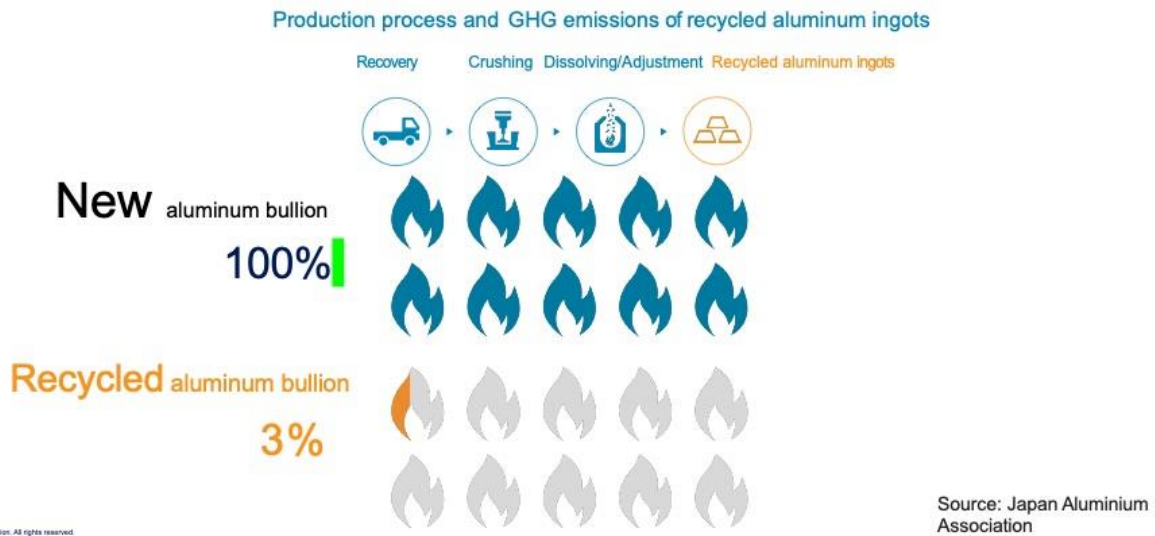
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Aluminum's Energy Sustainability

Aluminum (metal) extracted from ore can be re-melted with little energy



Let me explain the high environmental impact of these new bullion and how recycling can help. This is the importance of aluminum recycling.

The figure here simply compares the energy required to obtain new aluminum bullion with the energy required to melt recycled aluminum material and use it again.

It is said that, comparing to the case where new aluminum bullion is obtained, only about 3% of the energy is required to recycle them as raw materials when using recycled raw materials.

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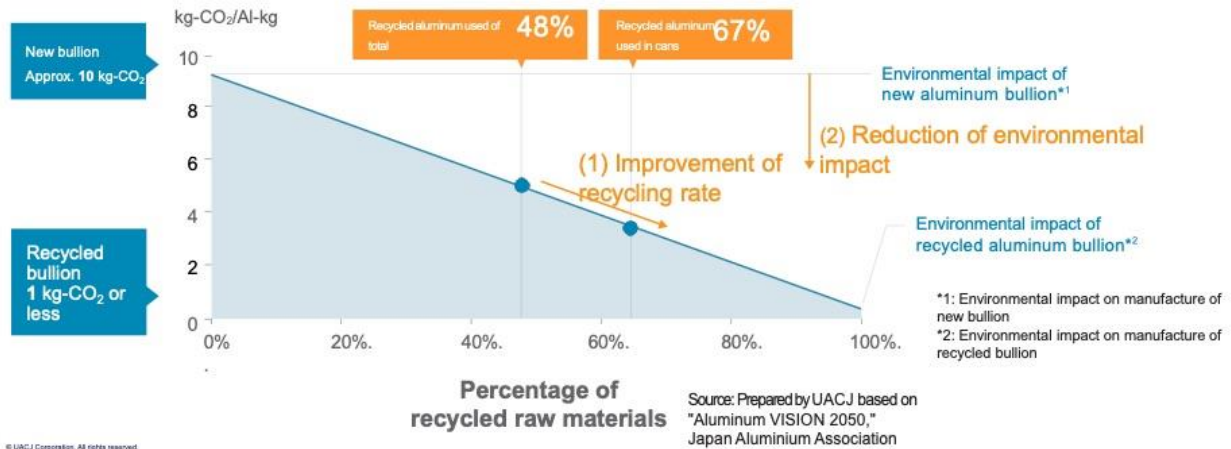
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Reducing Environmental Impact by Using Recycled Raw Materials

Aluminum's recycling rate and average environmental impact*

* (Environmental impact of new aluminum bullion) x (1 - (Recycling rate)) + (Environmental impact of recycled aluminum bullion) x (Recycling rate)



Now, I would like to briefly show what effect this has on the use of recycled raw materials from a product standpoint.

This graph shows the percentage of recycled aluminum used as raw material on the horizontal axis. The vertical axis shows the amount of CO₂ emission.

According to estimates by IAI, the International Aluminum Alliance, and other organizations, the amount of CO₂ emissions for which new bullion is responsible is about 10 kilograms CO₂ emission per kilogram of aluminum. In contrast, recycled raw materials emit less than about 1 kilogram of CO₂, including collection and sorting.

Therefore, it can be inferred that by using more recycled raw materials and recycled aluminum as raw materials, the environmental impact will decrease accordingly.

When looking at Japan's entire domestic aluminum industry, the percentage of recycled resources has reached 48% at this time. In addition, in areas such as beverage cans, recycled raw materials are used for about 2/3 of the beverage cans. This leads us to infer that the environmental impact has already been reduced to about 1/2 or 1/3 respectively, in terms of the environmental impact of CO₂ emissions.

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Importance of Aluminum Recycling



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Now, I would like to demonstrate the reduction of environmental impact by recycling through two calculation examples.

As a macro case study, we show the energy-saving benefits of the fact that aluminum cans are being recycled domestically. The second point is a micro case, looking at a single aluminum product and the CO₂ emissions it is responsible for.

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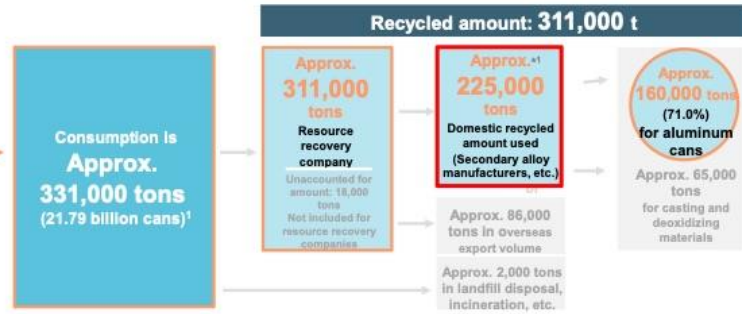
Material Flow for Aluminum Cans

2020 Domestic Aluminum Demand in Japan

Domestic demand for aluminum is **Approx. 3.6 million tons**
Of which, food use is **Approx. 10%.**

Source: Japan Aluminium Association

2020 Aluminum Can Recycling Flow



Notes: 1. Figures other than consumption, domestic recycling, recovery by local governments, and export to overseas are estimates.
2. All figures reflect the composition ratio of 87.5%.

Source: Japan Aluminium Can Recycling Association

More than 90% collected and about 70% reused in Japan
About 70% of this is recycled into aluminum cans

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Material flow of aluminum cans is shown.

As circled in red, approximately 220,000 tons of raw materials derived from used beverage cans are used again in Japan. There is the great difference in energy when this 220,000 tons of raw materials is made from new bullion and when they are made from recycled materials.

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Environmental Effect of Recovering Aluminum Cans

Significant contribution to energy conservation and CO₂ emissions reduction in society as a whole



See: Japan Aluminum Can Recycling Association, "About Recycling."

*1 Weight of aluminum cans recycled in Japan in 2020

*2 Japan Aluminium Association, "Survey Report on Inventory of Scrap Melting for Expansion Materials"

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Its value is approximately 30 billion MJ, which is a huge amount of energy.

This is a huge amount of energy, equivalent to the total amount of electricity used by approximately 52 million Japanese households for 15 days.

As I mentioned earlier, commercial smelting is not conducted in Japan. However, the fact that aluminum cans are being recovered and reused as raw materials in Japan, thanks to the efforts of various stakeholders, has led to a significant reduction in energy consumption when viewed on a global scale.

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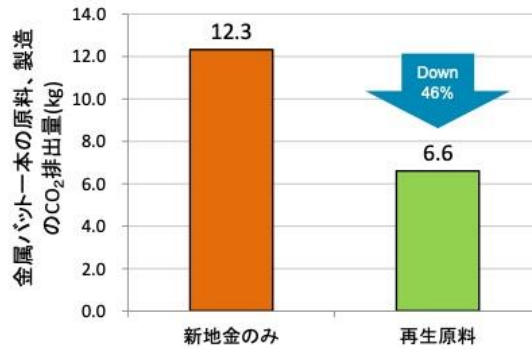
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Trial Calculation Example (Single Aluminum Product): Recycling Aluminum Metal Bats

When recycled materials are used in **60%** of the manufacture of a single bat



Trial calculation by UACJ using per-unit emissions and absorption data from the Japan Aluminium Association, Forestry Agency, METI, etc.



Manufactured using **60%** recycled materials

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=



Approx. 1,000 full smartphone charges

or



Approx. 2/3 of the annual amount absorbed by one camphor tree

Next, in more familiar example, I would like to explain the effect of taking a single aluminum product and reducing its environmental impact.

This is an estimate using aluminum metal bats, which are also manufactured by our group company, UACJ Metal Components Corporation.

One aluminum metal bat contains approximately 850 grams of aluminum. If we estimate the CO₂ emissions for the entire process from the mining of bauxite to the processing of aluminum into metal bats, we estimate that each bat emits approximately 12.3 kilograms of CO₂.

In contrast, it is estimated that if used metal bats are recovered and 60% of them are used as raw materials, the environmental impact is reduced by about half. This reduction of 5.7 kilograms of CO₂ is equivalent to the power consumption of a low-power device such as a smartphone, which can be recharged approximately 1,000 times. Compared to the amount absorbed by forests, this amount is about two-thirds of what a single camphor tree absorbs in a year, depending on its size.

I have discussed a product here, an aluminum metal bat, but the same estimate can be made for any aluminum product.

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Message for Material Users

Recently, demands have emerged to reduce supply chain emissions

(Scope 3: More companies are disclosing upstream emissions)



For user companies, when comparing emission reduction in factories (Scope 1) and power saving and greening of electricity (Scope 2),

aluminum material offers significant reduction potential

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In recent years, there has been a demand to reduce emissions throughout the supply chain. In the manufacturing industry, in particular, there is a demand for Scope 3 disclosure for companies at upstream, and we understand that many companies are cooperating in this regard. We also disclose Scope 3 categories one through four.

We assume that aluminum material users are investing in various ways to reduce emissions, conserve electricity, and green power in their plants. Compared to such activities, the potential for aluminum materials to reduce emissions in the supply chain is enormous. On the other hand, however, not all products can be made from recycled aluminum.

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Applications/Alloys for Aluminum Expansion Materials: UACJ Offers Approx. 2,000 Alloys and Over 10,000 Manufacturing Methods

Automotive
2000 (Cu, Mg), 3000, (Mn, Mg),
4000 (Si), 5000 (Mg), 6000 (Mg,
Si)

Beverage Cans
3000 (Mn, Mg), 5000 (Mg)

**Pharmaceuticals
and Food**
1000, 3000 (Mn, Mg)

IT
5000 (Mg), 6000 (Si)

Shipbuilding
3000 (Mn, Mg), 5000
(Mg)

Aerospace
1000, 2000 (Cu, Mg), 5000
(Mg), 7000 (Zn, Cu, Mg)

Architecture
6000 (Mg, Si)

Body panel materials | Structural components | Heat exchanger materials | Battery module materials

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I will explain the limitations and what is needed for this purpose using the keyword aluminum alloy.

The various aluminum product areas shown at the beginning are shown again. Under each product area, we have indicated the alloy number, called the elongation material, which consists of four digits, and the metal elements added.

The UACJ Group registers approximately 2,000 alloys and manufactures them in more than 10,000 recipes to provide aluminum materials with the characteristics demanded by our customers.

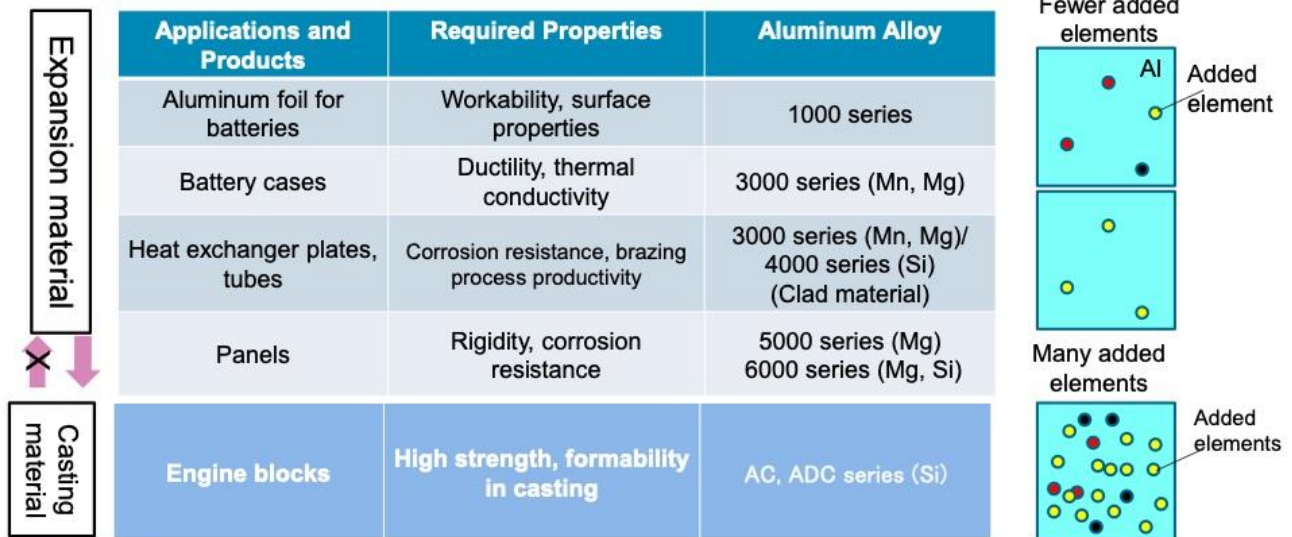
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Examples of Aluminum Alloys (Ex: Automotive Field)

Restrictions exist on reuse as different alloys; the casting flow is one-way



Even for a single automobile, there are a wide variety of aluminum alloys used. This table shows the aluminum materials used in typical automobiles.

Aluminum foil for batteries, battery cases, plates and tubes for heat exchangers that are essential for radiators and air conditioners, and aluminum for body panels, which has been expanding in recent years, are all supplied as different alloys due to the different properties required for each. In addition, in each of these fields, no single alloy will satisfy the demand, but rather the alloy must be tailored to the customer's needs.

As shown in the schematic diagram on the right, such alloys, called expansion material in which we excel, are characterized by the relatively small number of additive elements. The properties of the material can be changed sensitively by the smallest amount of additive elements or by different processing steps. We take advantage of this characteristic to provide materials that meet the needs of our customers.

On the other hand, aluminum is also widely used in castings such as engine blocks. The alloys of castings have a completely different alloy system from those of expansion materials. In terms of the amount of additive elements, it contains significantly more additive elements than the expansion material. The difference in the amount of these additive elements has a significant impact on recyclability.

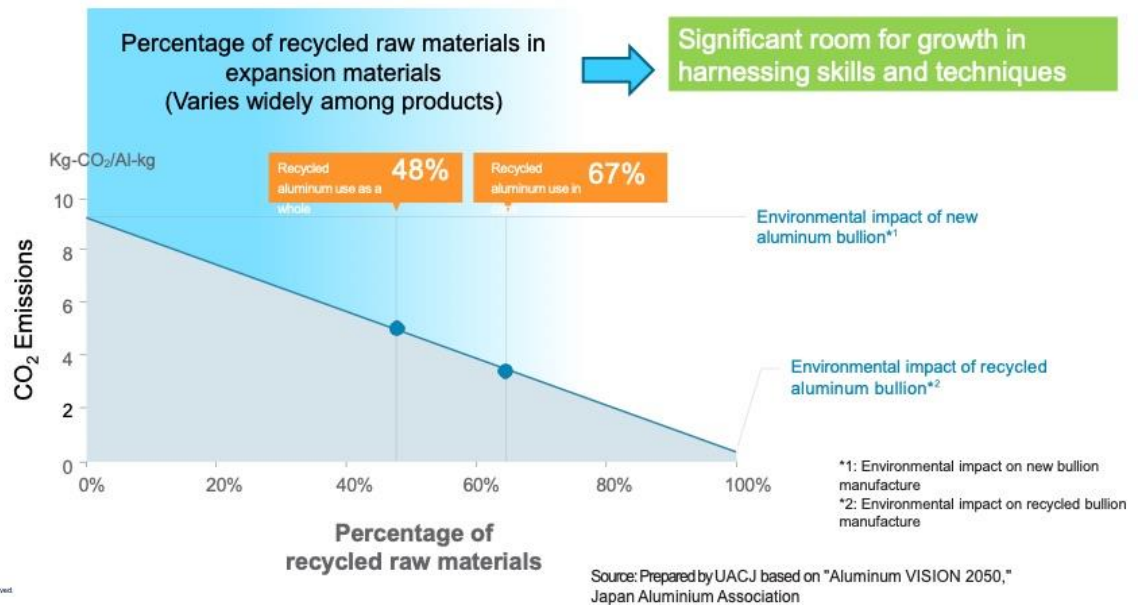
In other words, it is known that it is relatively easy to reuse scraps of expansion material to casting material, while the opposite trend, using scraps of casting material to expanded material, is very difficult.

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The Future of Using Recycled Raw Materials for Expansion Materials



So, how much of the recycled raw materials are actually used in expansion materials at this point in time? The answer will be that it varies widely from product to product.

We have also realized products that look like they are from the future, such as the one you have in your hand, which is made entirely from recycled materials. On the other hand, there are product areas where the use of scrap or recycled materials is very limited due to the difficulty of obtaining scrap in the market or the inability to achieve the desired product characteristics by using scrap.

In order to realize a sustainable society, we would like to increase the percentage of recycled materials in each of our products while meeting the needs of our customers. We believe that there is a great opportunity for us to utilize our skills and techniques in this area.

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Three-pronged approach: Recovery and selection + Separation and purification + Mastering use



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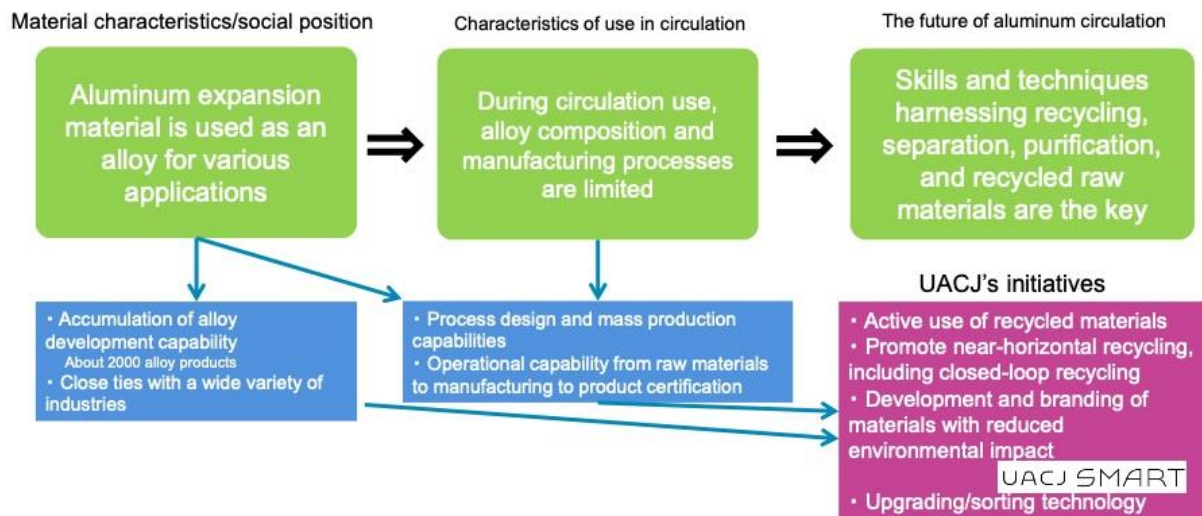
As I explained earlier, NEDO's grant program approaches this issue from three directions. This means recovery and sorting, separation and purity improvement, and efforts to use and develop the required properties, even if some additive elements are present.

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UACJ's Environmental Capability to Become the "Heart of Aluminum Circulation"



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Finally, let me summarize the explanation in this part.

Aluminum expansion material is provided to society as an alloy for various sharp needs of each customer. Through our relationships with a wide variety of industries and customers, we have the ability to mass produce and deliver a wide range of alloys to our customers. We believe this capability will become increasingly important in the recycling-oriented society of the future.

In addition to this, the cooperation of various stakeholders, such as collection and sorting, will be essential in the future. For example, we would like to focus on such collection and sorting through activities such as UACJ SMART to promote and gain understanding of materials with reduced environmental impact.

In light of aluminum's characteristics, there is no doubt that aluminum will be utilized in a sustainable society in the future. In such a society, I hope you will look forward to UACJ's ability to play an active role.

Thank you very much for your kind attention.

Ueda: This concludes the explanation from Nose. Thank you very much, Mr. Nose.

We would like to explain A Better World Through Respect for Human Rights and Human Resource Strategies.

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Aluminum lightens the world
アルミでかなえる、軽やかな世界

A Better World Through Respect for Human Rights and Human Resource Strategies

Akinori Yamaguchi
Chief Executive, Business Support Division
Senior Managing Executive Officer



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The UACJ Group's Sustainability Measures

Aiming to be a corporate group that meets the expectations and trust of stakeholders and contributes broadly to society



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1

Yamaguchi [A]: I am Yamaguchi. I will explain the UACJ Group's sustainability-related measures.

In this section, we present four key themes related to people in our materiality.

Specifically, the four pillars of our corporate activities are: occupational health and safety, which is a prerequisite for all activities; consideration for human rights for all stakeholders; diversity and equal opportunity; and talent development. We are committed to respecting the human rights of all stakeholders, protecting the health and safety of our employees, and developing human resources with diversity in mind in order to have a positive impact on the global environment and society.

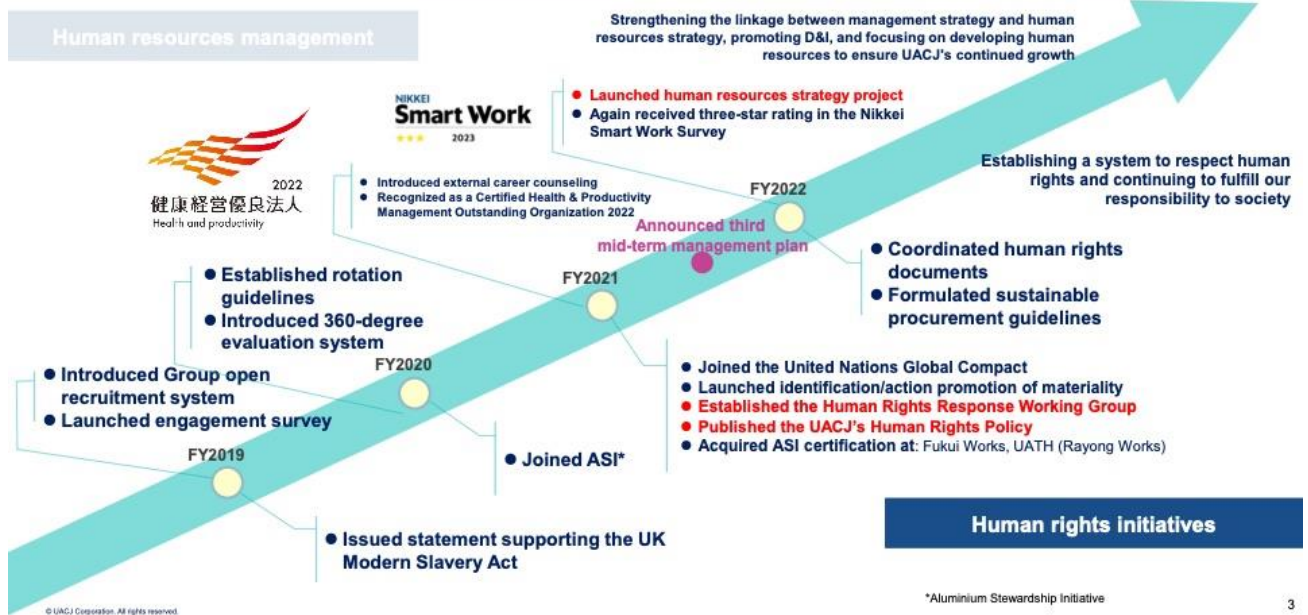
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Human Rights Initiatives



I will now talk about human rights initiatives and talent development initiatives, which I will divide into two parts. These pages are written together, but the first is our human rights initiatives.

See the bottom of this figure. Our activities and initiatives for 2019 and beyond with regards to human rights are summarized.

In 2019, we are sending out a statement on the UK Modern Slavery Act.

We joined ASI in FY2020 and obtained certification to this ASI in the following year. In addition, we have established a Human Rights Response Working Group, which has formulated a basic human rights policy.

In 2022, we coordinated human rights-related documents and formulated sustainable procurement guidelines.

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Human Rights Initiatives – Fulfilling Society’s Requirements



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4

This page shows Human Rights Initiatives - Fulfilling Society’s Requirements.

Leftmost is the protection of human rights to which the state must respond. We, as a company, have two responsibilities: respect for human rights and remedies for human rights. We are committed to the Declaration of Human Rights, and we are also committed to conducting human rights due diligence, and to redressing those who have been negatively affected by human rights, and we are serious about these things.

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Human Rights Initiatives: Established the Human Rights Response Working Group (WG)

The Human Rights Response WG discusses issues related to fulfilling corporate responsibility to respect human rights

Organizational chart



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This section describes the status of our response to our human rights efforts, which we refer to as our working group.

We are responding to the UN Global Compact and other global demands to resolve human rights issues in the supply chain, and we are doing so through the group structure described here.

As for the owners, since this is a management issue, the President and the General Manager of the Corporate Strategy Division, these two people are the owners, and the sustainability promotion department as the secretariat. The members include the corporate governance department, the human resources department, and all other relevant departments listed here, forming this working group.

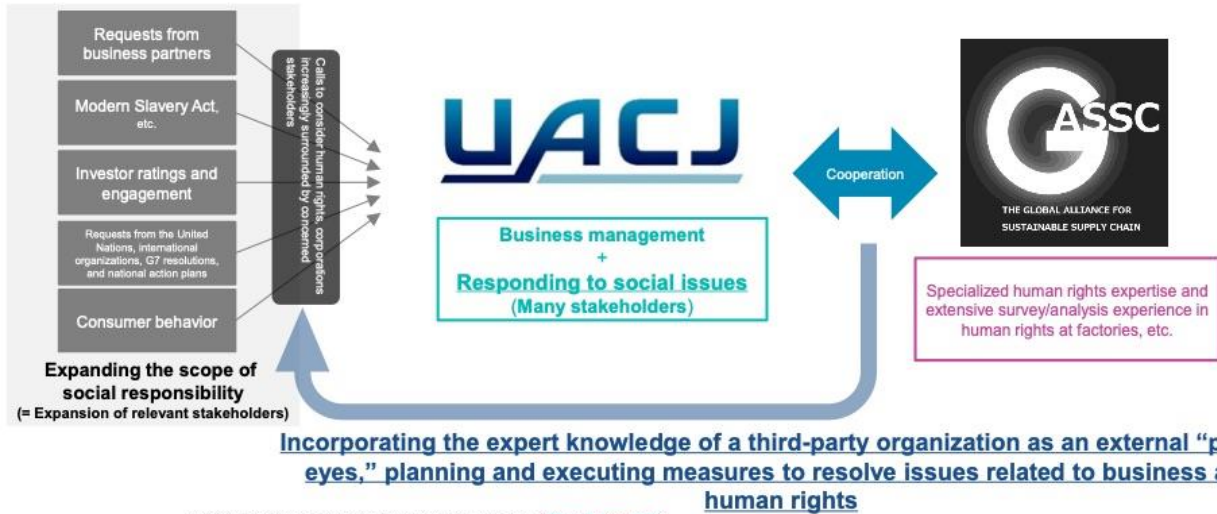
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Human Rights Initiatives: Working with Human Rights NGOs

Working with the human rights NGO ASSC* to incorporate an outsider's perspective



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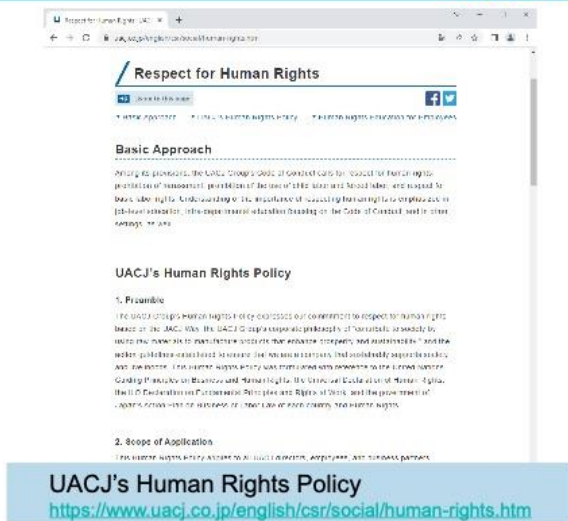
*ASSC: The Global Alliance for Sustainable Supply Chain (<https://g-assc.org/>)

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The Human Rights Working Group is collaborating with ASSC, a human rights NGO. The ASSC is a third-party organization with a wealth of experience, and the working group is planning and implementing measures to resolve issues related to business and human rights, taking into account outside perspectives.

Human Rights Initiatives: Activities of the Human Rights Response WG

Discussed the contents of the UACJ's Human Rights Policy (published March 2022) and the Sustainable Procurement Guidelines



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Invited the human rights NGO ASSC to UACJ to discuss what human rights measures the UACJ should have in place

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Examples of activities are shown here. A scene from the meeting at which the basic human rights policy was formulated and a portion of the actual text are included here.

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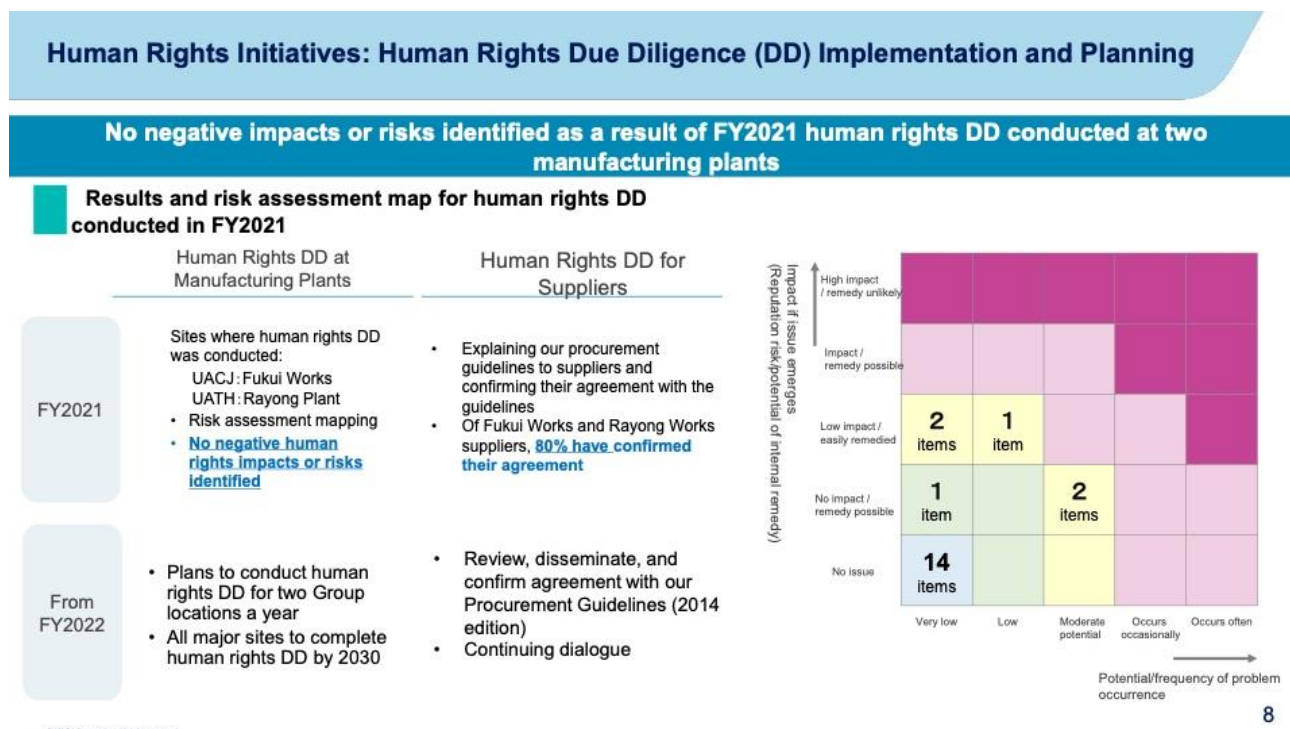
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This Human Rights Basic Policy is based on international standards and guidelines, and outlines the framework of our efforts to respect human rights based on the Group's corporate philosophy and the UACJ Way, which is our action guideline.

The basic human rights policy is to be applied to all officers and employees of the UACJ Group, as well as to all partnership companies.

Based on this basic policy, we have been reviewing our sustainable procurement guidelines within this group.



The next section describes the implementation and planning of human rights due diligence.

In FY2021, human rights due diligence was conducted at Fukui Works and UATH, Thailand. What is shown here is an example of a risk assessment using a questionnaire based on the guidelines, and we have included an example from the Fukui Works.

To the right is a matrix showing the results of that due diligence. As you can see in this chart, the further to the right, the more serious the concerns, but the current situation is that there are no such concerns, but there are some moderate concerns. We would like to continue our activities in the future, including dialogue with our supply chain partners.

We are pleased to report that 80% of our suppliers have already agreed to our policy.

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Human Rights Initiatives: Results from the Human Rights Response WG

Evolving initiatives to address human rights issues (assigning utmost priority) in the supply chain



Next, this also shows some of our commitment to human rights.

We have a system of corporate rules, as shown here, with the UACJ Group Philosophy at the top, and within this system, human rights-related activities are documented and incorporated.

We have established a basic human rights policy, regulations, and guidelines, and are conducting human rights due diligence based on this policy, identifying various risks, examining countermeasures, and following up on the results of these activities.

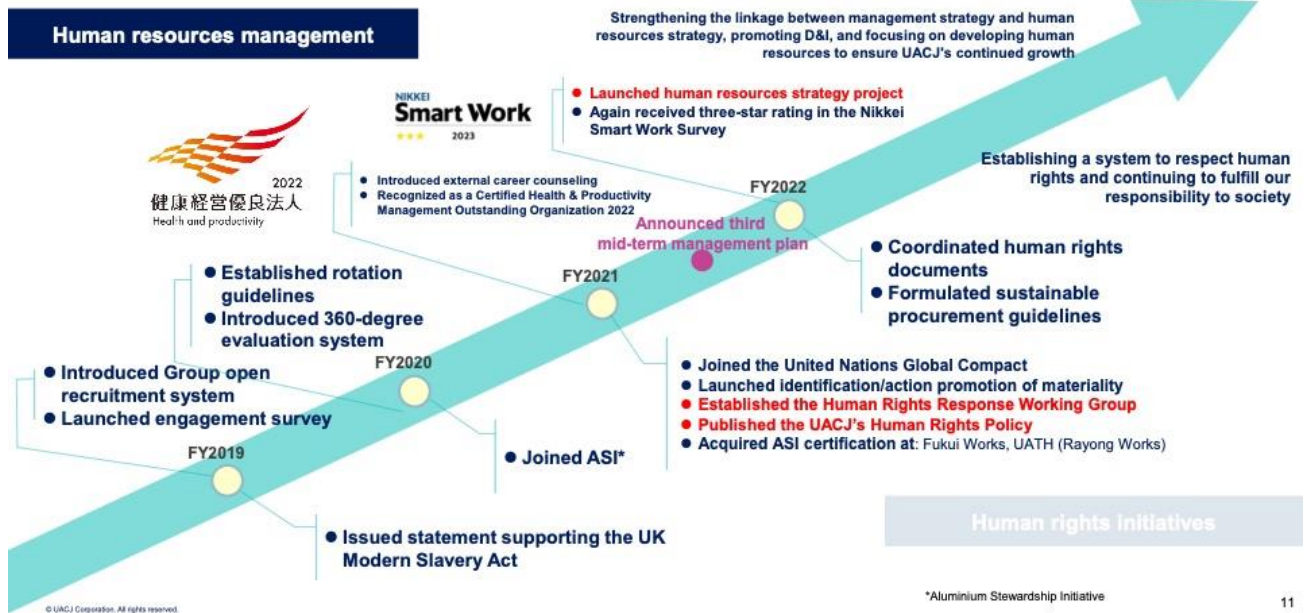
These were the human rights initiatives.

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Human Rights Initiatives



Next, I would like to introduce our human resource management initiatives.

This picture is the same as the one on the first page. For human resource management, see upper left. We have indicated the main activities, in order, starting in 2019.

First, in 2019, we started an engagement survey. This allows us to see the results of various personnel measures. Based on this, we are currently further developing the system through PDCA. To date, we have worked to improve employee engagement and corporate value in areas such as training, recruitment, rotation, diversity, health, and working conditions. In 2019, we introduced a group open recruitment system as well.

In 2020, we established rotation guidelines and incorporated 360-degree evaluation system to improve employee engagement.

In FY2022, we fully launched a human resource strategy project to achieve our management goals. Furthermore, in FY2021 and FY2022, we received certification as a health and productivity management outstanding organization. We will do our best to further raise the level. Furthermore, we participate in the Nikkei Smart Work Survey. Although we are still rated three stars, we are aiming for the top five stars and will respond to raise the level of our rating.

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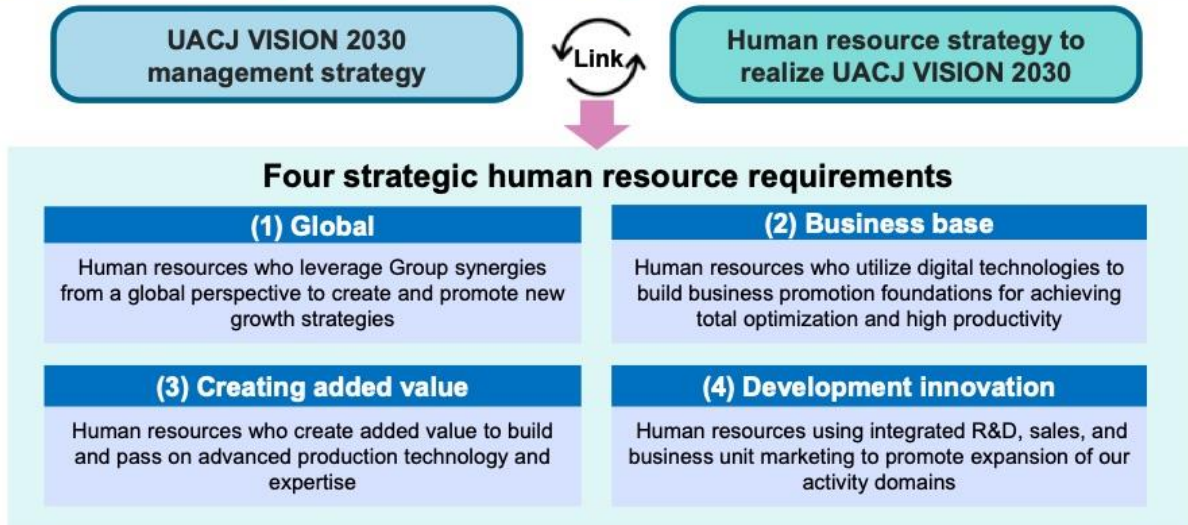
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Linking Management and Human Resources Strategies: Step 1

Defining four strategic human resource requirements to realize UACJ VISION 2030



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This page describes about the linkage between management strategy and human resource strategy.

Currently, we have just finished Step 1 of the Human Resources Strategy Project. By strengthening the linkage between UACJ VISION 2030, a key goal of our management strategy, and our human resource strategy, we have been clarifying the human resource requirements necessary to achieve our management goals.

We believe that the four human resource requirements described here are necessary to achieve our future VISION 2030. The first is to be able to respond globally, and the second is to increasingly solidify the foundation of our business. The third is the creation of added value, which means increasingly new and different activities for materials + α . The fourth is to secure and develop human resources for development innovation, which is the basis for such things. The above are the pillars of our human resources strategy.

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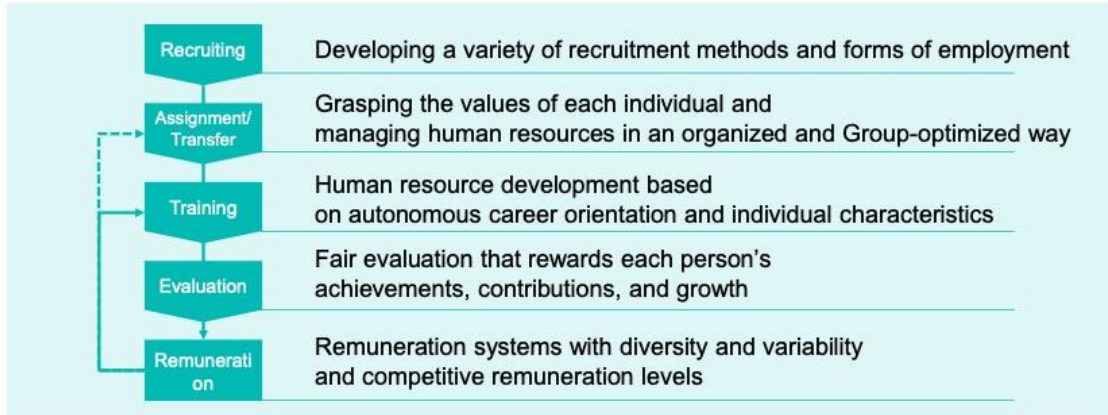
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Linking Management and Human Resources Strategies: Step 2

Launch of new HR system/measures design for generating the four strategic types of human resources

Human resources strategy

Human capital-based management that focuses on the individual, realizing diverse career development and increasing the engagement of each individual



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Currently, based on those survey results, the Human Resources Strategy Project is in Step 2.

In order to develop and secure the four human resources I mentioned earlier, we are currently in the process of designing new personnel system measures. As you can see here, we have taken into account not only what the management team wants, but also what the employees want, or what those who will join the Company in the future will chose. We intend to focus not only on the Company but also on individuals to expand our human capital that can develop their careers autonomously and contribute to the Company.

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Diversity & Inclusion (D&I)

Creating an environment facilitating recruitment and retention of a diverse workforce,
which is the source of our competitiveness

Regular (new graduate) recruitment

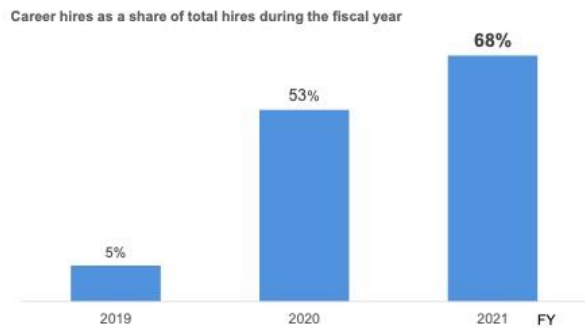
Joiners in April 2022:
18 career-track (11 male, 7 female)
47 specialist-track (42 male, 5 female)



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Career recruitment

Aggressive career recruitment aiming to enhance
diversity and competitiveness



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The following is the status of D&I.

Left is the status of regular, new graduate recruitment. Here are the numbers of male and female employees. In our regular recruitment, we are also doing activities to encourage a variety of people to work in the position of factory operators. We have selected model workplaces and improved the work environment at each business site, and are taking steps to include female employees at work sites that have been almost exclusively occupied by male employees.

We also focus on career recruitment. The graph on the right shows the percentage of career hires. We are realizing that our diversity is being promoted more and more through career recruitment.

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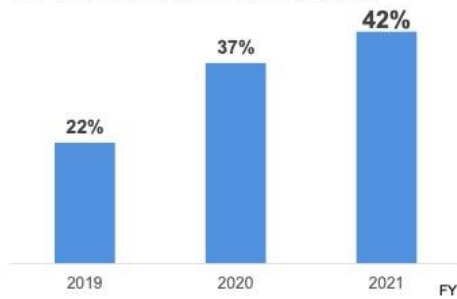
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Diversity & Inclusion (D&I)

Establishing a system supporting balance between work and family, and enhancing childcare support

Encouraging male employees to take childcare leave

Company-side follow-ups on taking childcare leave for male employees with children



*Percentage of male employees who took childcare leave after the birth of a child during the fiscal year

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Main childcare support systems and usage results

System	Users (FY2021)
Childcare leave system	Male 67 Female 15
Shortened work hour system	Female 17
Accumulated leave system	Male 28 Female 14
Babysitter childcare support service	2
Online service for employees on childcare leave	Male 1 Female 9

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The next section describes the status of promotion of women's activities, etc.

The left side shows the status of childcare leave taken by male employees. Every year, more and more men are joining their wives in childcare, and currently 40% of eligible employees are taking childcare leave. We believe that the understanding of the workplace has improved considerably.

On the right are the main childcare support systems and their implementation status. We feel that the systems are gradually taking root.

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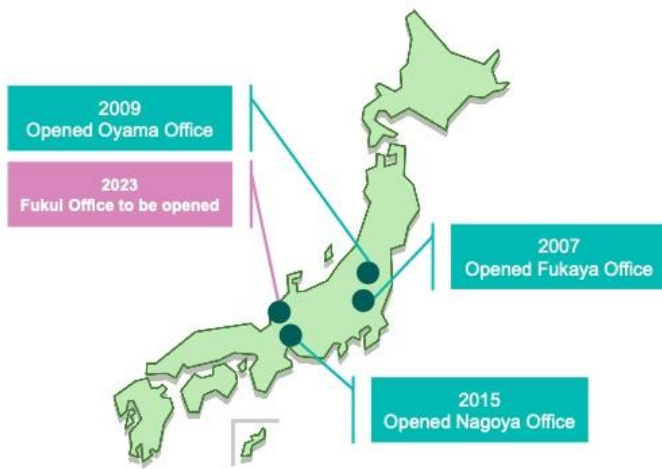
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Diversity & Inclusion (D&I)

Special-purpose subsidiary: Expanding employment opportunities for people with disabilities by utilizing UACJ Green-net



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UACJ Green-net

Established in 2007 within the Furukawa-Sky Fukaya Plant (currently UACJ Fukaya Works). Provides employment opportunities for people with disabilities so that they can lead their lives with peace of mind.

A new plant is scheduled to be established within the UACJ Fukui Works in April 2023. It will provide support for employee benefits and business development, aiming to balance the creation of employment opportunities for people with disabilities.



Past business activities:

- Greening/cleaning of manufacturing and external public facilities
- Business support such as business card making and catalog delivery
- Manufacture of non-woven masks for UACJ Group employees (from April 2021)

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We have a special-purpose subsidiary called UACJ Green-net, and we are expanding employment opportunities for people with disabilities. Currently, they are involved in internal and external greening, cleaning, business card creation, catalog creation, etc. in Fukaya, Oyama, and Nagoya. In addition, we promote business development and offer workplace training, etc.

In FY2021, we installed mask manufacturing equipment for in-house use at our Fukaya Works, and we have asked Green-net to operate this equipment.

In the next fiscal year, in addition to the three existing offices, we will expand our operations to Fukui. We would like to continue our activities to provide additional work opportunities for people with disabilities and to ensure that they can work with peace of mind.

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Basic Approach to Human Resource Development

- 1 Employee development based on individual learning
- 2 Developing subordinates' abilities on the job
- 3 Developing talent through the organization

Main Human Resource Development Programs

- 1 Rank-based education system
- 2 Monozukuri Gakuen (Academy) (Improving workplace skills)
- 3 U-KI activities (Building workplace culture)

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Next, we will discuss human resource development.

The box above is the basic concept of human resource development. Our basic philosophy is to support each employee, to support growth through the workplace, and to grow the Company.

To this end, we are conducting rank-based education, operating Monozukuri Gakuen, and conducting U-KI activities. Details are explained on the following pages.

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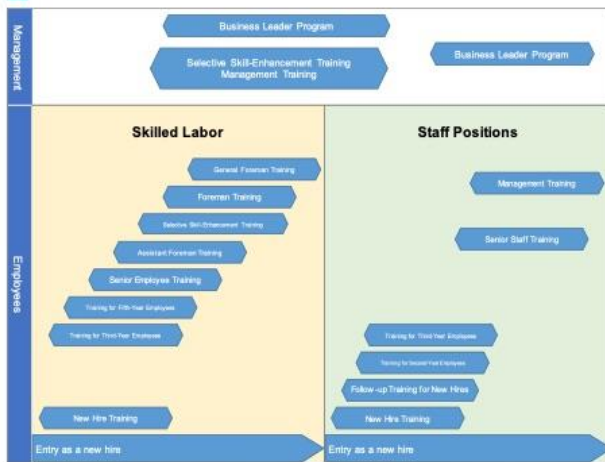
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UACJ's Human Resource Development Programs

Supporting individual advancement through enhanced educational programs

Rank-based education system



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Monozukuri Gakuen (Academy) (Improving workplace skills)

Launched Monozukuri Gakuen for the purpose of systematic skill transfer, with activities developed for each business.
*Actively utilizing the skills of rehired retirees in order to pass on skills to younger employees



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Here is an overview of the rank-based education system. Divided into management and employees, and then employees into skilled labor and staff positions, we offer a variety of training programs, each geared toward the Company's expectations or the individual's personal growth.

On the right is the status of the Monozukuri Gakuen. The academy is operated based on the system of passing on the spirit, skills, and know-how of manufacturing to the next generation.

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Human Resource Development: Monozukuri Gakuen Workplace Education

Passing on the skills and techniques cultivated over the years, and practicing the philosophy that
"monozukuri (manufacturing) makes better talent too"

Seiban Gijuku (Panel-Making Workshop) (Nagoya)



Conservation Dojo (Fukaya)



Mikuni Ita Gijuku (Mikuni Panel Workshop) (Fukui)



Press Skill Transfer School (UACJ Foundry & Forging)



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Here are some photos showing the activities of the Monozukuri Gakuen.

Above left is the Seiban Gijuku, a technical school for manufacturing, and on the right is the Conservation Dojo, where students hone their maintenance skills. The lower left also shows the Gijuku in Fukui. As you can see in the photo at the lower right, we are not just doing classroom lectures, but actually going to the field to work to pass on skills.

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UACJ's Human Resource Development Programs: U-KI Activities

Aiming to build an energetic team that constantly achieves greater results and growth of people and the organization

U-KI activities (UACJ Knowledge Intensive Staff Innovation)

Incorporating U-KI activities into rank-based training to strengthen workplace management skills and revitalize the workplace



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Another pillar of our activities is U-KI activities.

The U in U-KI represents for the U in UACJ and KI for Knowledge Intensive Staff Innovation. Our activities are aimed at creating an energetic workplace by continuing to achieve better results and growth of people and organization at the same time.

We aim to create a culture in which all employees work together to solve problems through honest communication.

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UACJ's Human Resource Development Program - U-KI Activities

Using honest communication as a launchpad to fostering a strong team-based workplace culture where all employees combine their insights and strengths



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The following pages show actual U-KI activities.

We are promoting activities for honest communication, incorporating traditional methods such as drawing, gathering together to talk lively, and so on.

Currently, about 800 people are involved in this activity in Japan, and we hope to increase the number in the future. In addition, we are expanding these activities to our overseas base, UATH, where nine teams are now working vigorously.

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Contributing to Local Communities and the Next Generation

Proactively engaging in activities for mutual growth and coexistence with local communities and fostering the next generation

Sponsoring Nikkei Inc's Nikkei Education Challenge and giving a lecture (UACJ)



Donating to educational and research institutions (UATH)



Offering social studies tours for local elementary schools (UACJ Foundry & Forging)



Support for the Asahi Shimbun's Earth Classroom program and holding on-site classes (UACJ)



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Furthermore, several activities in contributing to the local community and the next generation are shown.

As mentioned above, we would like to continue to contribute not only to our company but also to Japan and to the global community by coexisting and working with the local community to nurture the next generation.

For UACJ's Sustainable Growth

Cultivating the foundations and people for a better society in 100 years



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Our Purpose

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

Our Vision

Aluminum is our passion. It inspires our work in building a better world and a healthier environment.

Our Values

- ▶ Respect and understand your associates.
- ▶ Embrace honesty and foresight.
- ▶ Be curious and challenging.

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Our motto is to cultivate the foundations and people for a better society in 100 years.

That's all from me. Thank you very much.

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Ueda: Thank you very much, Mr. Yamaguchi.

Joji Kumamoto, Executive Officer, Chief Executive, Corporate Strategy Division, will explain UACJ's governance and risk management that support sustainability.

Mr. Kumamoto, please.



UACJ's Governance and Risk Management to Support Sustainability

Joji Kumamoto
Chief Executive, Corporate Strategy Division
Executive Officer

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Kumamoto: I am Kumamoto. Thank you.

So far, we have introduced some of our environmental initiatives and measures for social relations. ESG is only possible through a trinity of E, S, and G. I will explain the governance that supports E and S.

Among other things, we understand that risk management is a measure that enhances the quality of governance, and I will report on our measures in this regard.

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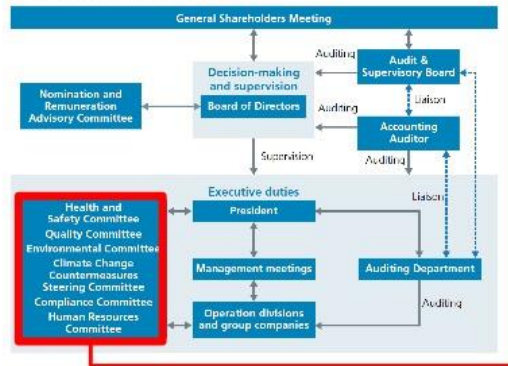
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Correlation Between Corporate Governance, Sustainability Activities, and Materiality

Corporate Governance System



Framework for sustainability actions

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

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This page shows the relationship between our governance structure and our sustainability activities.

On the left is our governance system. The Company has management meetings and has set up committees as equivalent decision-making bodies.

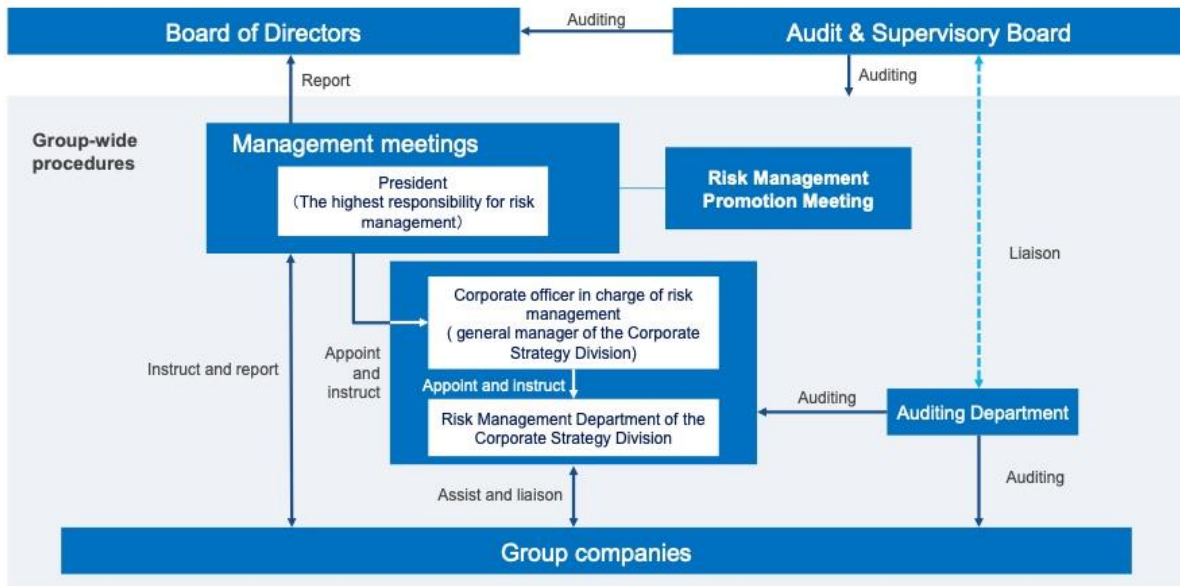
The table on the right side, framework for sustainable actions, summarizes the materiality of each of these committees. We have one materiality per committee. Materiality is incorporated into committee activities, and committee activities are operated within a decision-making process similar to that of the management meetings.

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Governance Structure Within Risk Management



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2

This page explains the position of risk management within the governance system.

President Ishihara has the highest responsibility for risk management, and under him, I oversee risk management for the Group as General Manager of the Corporate Strategy Division.

A Risk Management Promotion Meeting has been established directly under the management meetings. I will explain this in more detail on the next page.

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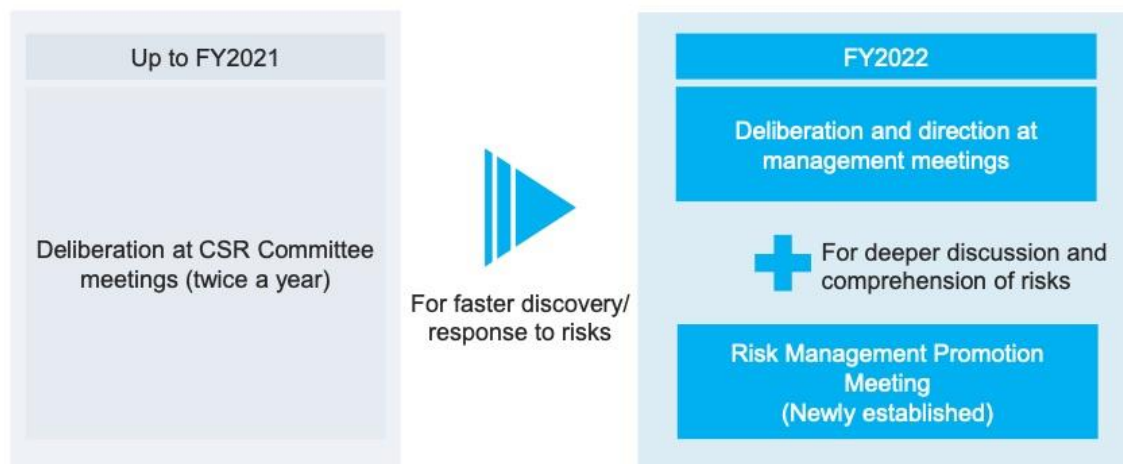
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Improving Meeting Entities: For Both Agility and Depth

Review of risk management entities



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3

Until FY2021, the Risk Management Promotion Meeting was the CSR Committee, which discussed and decided measures for risk management alongside sustainability and compliance.

This has been changed since FY2022, with the decision-making process being conducted by the management meetings and the Risk Management Promotion Meeting supplementing it.

The Company's various committees meet once or three times a year. By bringing a decision-making forum for risk management to the management meetings held twice a month, we are trying to ensure further mobility.

The purpose of establishing the Risk Management Promotion Meeting was to capture the essence of risk in a multifaceted and accurate manner, and to develop deeper measures to deal with the risks we have identified, in a manner appropriate for our company, and to achieve both mobility and in-depth understanding of the risks.

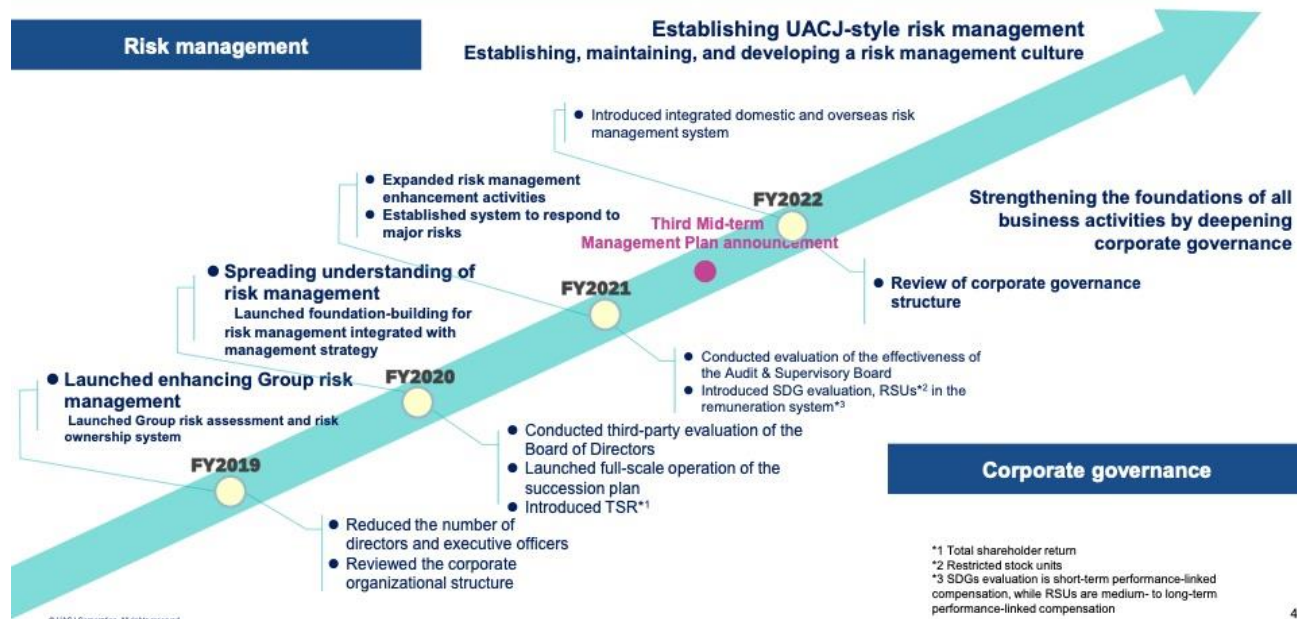
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Progress of Enhancement and Improvement



The following is a chronology of the measures we have taken in corporate governance and risk management, respectively.

A highlight is the establishment of a system to respond to major risks in FY2021. It was here that the risk management department was created.

Furthermore, as a risk management response measure, initiatives to divide risks into severity levels were also introduced at this time.

In addition, we are sending out the message that risk management is not something that can be done by someone else, such as the risk management department or the Promotion Committee, but that it is necessary for each individual to pay attention to risks and take action to deal with them. We intend to instill the importance of this concept and link it to risk management with the participation of all employees.

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“Risk” as Perceived by UACJ

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



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[Positive risks]

Opportunities for future earnings and growth

[Negative risks]

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

5

I would like to reiterate our company's approach to risk.

As the title suggests, risk is all events that make the realization of the UACJ Group's corporate philosophy uncertain. It utilizes the framework of Committee of Sponsoring Organizations of the Treadway Commission in the United States and ISO 31000.

We recognize that missing out on future growth or business opportunities is also a risk. In short, we believe that the inability to capture the positive side is also a risk.

Natural disasters, operational events, and noncompliance in the lower rows are risks that are commonly referred to in the world. In addition, we recognize that this is also a risk, that we will miss the opportunities, as described in the upper section. Earlier in my report on the Risk Management Promotion Meeting, I mentioned that we want to correctly identify the nature of risk and analyze it from multiple perspectives. We promote management based on the concept of observing a certain event from multiple perspectives and responding appropriately without excess or deficiency.

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Risk Management Activities - Basic Policy

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

(1) Risk management in times of normalcy

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

(2) Risk management during contingencies

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

- (1) We will place the highest priority on ensuring the safety of people (**saving lives first, and preserving health second**), both internally and externally, and will work to **minimize damage**.
- (2) We will maintain ongoing communication with stakeholders to **ensure trust and peace of mind**.
- (3) We will fulfill our social responsibility through the **supply and upkeep** of products and services that help maintain social functions.

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We are working on risk management activities while establishing a basic policy and providing major direction. All of our activities follow this method.

Risk management consists of two major streams: peacetime risk management and contingency risk management.

Risk management in peacetime involves visualizing what risks are involved and making it personal. This is as explained earlier.

Contingency risk management is done when the risk has materialized and is already a going concern. In particular, the safety of people mentioned in (2) (1) is our top priority. To this end, we conduct training and educational activities so that each site can autonomously determine what is best for them.

The reason why risk management activities that are undertaken by all employees are necessary is that if someone else makes the decisions for us, we will not be able to make correct decisions or take correct actions when a real emergency occurs. This is the reason why we want to make sure that people develop such habits on a regular basis.

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Risks Recognized at the Group Level (FY2022)

Risks with external primary causes

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

Risks related to accounting valuations and estimates

- Impairment of fixed assets
- Recoverability of deferred tax assets

Risks with internal primary causes

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

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

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7

Organized here are the risks that the Group is aware of for the current fiscal year.

As indicated, there are three main categories: those with external primary causes, those with internal primary causes, and those related to accounting valuations and estimates.

Some are marked with stars. Those with a pink star are risks related to materiality, those with a green star are risks that are being discussed by the committees, and those with a blue star are risks that are being addressed at the group level by the executives as so-called risk owners, which I will explain on the next page.

Those with stars are organized in the context of governance and risk management that I have explained, but there are a few that do not have a star. Those are risks that will be managed on a daily basis within each organization, especially corporate. Those are areas for which we believe it is important for each employee to engage in risk management on their own, rather than having someone else do it.

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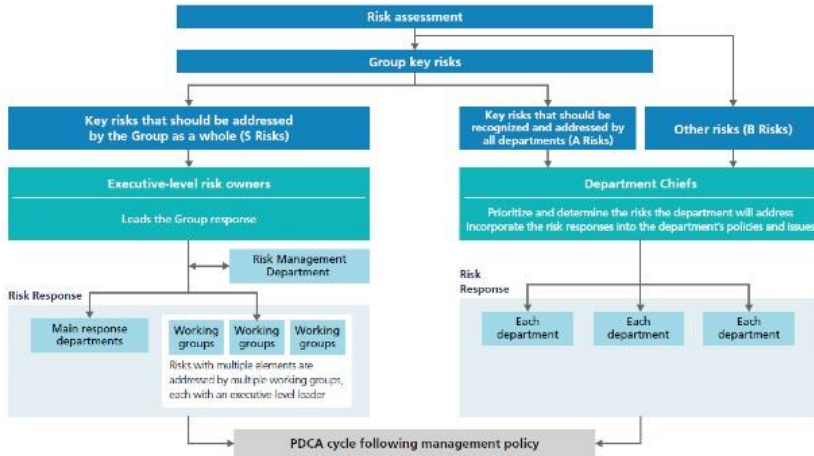
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Risk Management Activities - Initiatives According to Risk Level

Risk management processes and actions



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This is a risk management initiative based on risk level.

The third row from the top of the diagram shows the key risks (Risk S) that should be addressed by the group as a whole. Those are the risks that are addressed across the Group with a blue star, with an executive-level responsible person.

The right side is divided into two parts. Risks that should be addressed by corporate divisions include, for example, foreign exchange risk. The mechanics of forward exchange contracts are the specialty of the accounting and finance departments. These risks are recognized and actual actions are taken at each business site.

We conduct a risk assessment of these once a year, just about this time of year, across the Group. What we are doing now is assessing the risks for next year. In light of the current risk management situation and the current climate, we will select which risks at the group level we should concentrate on in the coming year. We are just now approaching the peak of the 2023 risk selection discussion.

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Putting Sustainability at the Heart of Corporate Management

UACJ Group Philosophy

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



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Our Purpose

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

Our Vision

Aluminum is our passion. It inspires our work in building a better world and a healthier environment.

Our Values

- ▶ Respect and understand your associates.
- ▶ Embrace honesty and foresight.
- ▶ Be curious and challenging.

9

Please go on to the last page. As I mentioned at the beginning, ESG is an initiative to enhance corporate value while harmonizing the E, S, and G. We believe that governance, in particular, can be the foundation to support E and S measures.

Again, we recognize that risk management plays a very important role in improving the quality of governance. We are committed to risk management in order to contribute to the realization of a light society that lasts for 100 years.

Thank you.

Ueda: This concludes the explanation from Mr. Kumamoto. Thank you very much, Mr. Kumamoto.

That's all for our explanation.

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Question & Answer

Ueda [M]: We will now take your questions.

Mr. Yamaguchi from SMBC Nikko Securities, please.

Yamaguchi [Q]: Thank you very much. I am Yamaguchi from SMBC Nikko Securities.

First, regarding the issue of manufacturing sites, I believe that the process of carbon dioxide emissions is different at each site. I would like to know more technical information about what kind of issues you are facing and how you are solving them.

Second, even though you are going to promote recycling, I think you will be using bullion, and I think there are some bullions that is green and some that are not, even within the same bullion. You said you aim to procure as much green bullion as possible. I lack understanding of the aluminum smelting industry, as there is none in Japan. For example, a major smelting company could adopt hydroelectric power generation. Please tell us how you will procure the green bullion.

The third point is the current status of recycling. You said you would create a recycling loop. Please tell us about the progress of each manufacturing site and any future issues or goals.

Tanaka [A]: I will answer the first question.

As I explained, where we can work on alone is mainly Scope 1 and 2. Scope 1 is direct emission and Scope 2 is indirect emission. For example, Scope 1 is emitted from the direct combustion of fuels such as LNG in our combustion furnaces. Scope 2 emits CO₂ to generate electricity.

Therefore, for Scope 1, it is very important to improve the intensity of the casting or heating furnace or to minimize heat dissipation. These are the targets for further promotion of energy-saving activities.

For indirect emissions of Scope 2, we will reduce emissions by generating and transmitting electricity by the Company itself through photovoltaic power generation, or using renewable electricity whenever possible for the electricity we purchase.

In Scope 3, as explained above, we intend to promote reductions through collaboration throughout the supply chain.

Ishihara [A]: We talked about the manufacturing site. Our field includes the sales field and the corporate field. In the field of manufacturing, I believe it is important to have a thorough discussion with customers about CO₂ emission reduction, not only on technical points.

We have established an internal recycling completion mechanism to ensure that information from our sales staff, who have direct contact with our customers, is shared within the Company and that we respond appropriately to our customers to create our desired recycling loop. We see the functioning of that completion mechanism as a challenge for the sales field. For corporates, it is still important to see how the use of aluminum has reduced CO₂ emissions.

I think it is important for us to have a good conversation with our customers, including rulemaking in the so-called downstream part of Scope 3, and I think this is a challenge for the corporate frontline.

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Tanaka will explain the second, green bullion.

Tanaka [A]: I think your question is about bullion procurement. I believe your question is about how we will procure green bullion and what we will do in the future.

What is green bullion? For example, bullion through hydropower generation naturally has much lower CO₂ emissions than electricity from coal or LNG.

However, the quantity of low-carbon derived bullion is limited. We believe it is very important to increase the number of suppliers of low-carbon bullion, including those derived from hydroelectric power, because constant purchase from a certain source entails a great deal of risk.

At this time, we are already working to seek suppliers of hydro-derived or low-carbon bullion.

Ishihara [M]: Nose will answer the third question about the recycling loop.

Nose [A]: I understood your question to be about internal mechanisms in promoting recycling and circulation.

As I have explained, it is very essential to use more recycled raw materials. This must be linked to the Company's overall goal of reducing Scope 1 and Scope 2 by 2030 and 2050. Internally, we have management indicators regarding the extent to which we use recycled materials, and we link these to larger company-wide goals.

Ishihara [A]: Currently, in the area of aluminum beverage cans, recycling loops are being established both in Japan and overseas. In addition to that, in recent years, recycling loops have been created in the area of automobiles, especially in the area of body panels, and although the number is still small, they have also been constructed in the past in areas such as printing plates. I believe this recycling loop will continue to expand.

Yamaguchi [Q]: Thank you. If you have a chance, I would be glad to know what the current recycling rate is at each location or by product type, and what the target values are for the future. Thank you very much.

Ishihara [M]: Thank you very much. We would very much like to create such an opportunity.

Ueda [M]: Thank you for your questions.

Mr. Shirakawa from Morgan Stanley MUFG Securities, please.

Shirakawa [Q]: I'm Shirakawa from Morgan Stanley Securities. Thank you very much. I have two questions.

I think it was a pretty good campaign this time that Premium Malts cans were made from 100% recycled materials. Are there actually more inquiries for such products with recycling at the forefront? For example, I understand that it would attract more inquiries in the automobile industry. Please tell us your thoughts on whether consumers' willingness to purchase aluminum cans will really increase when these cans are 100% recycled.

In addition, you said that in order to achieve 100% recycling, you had to collect the materials in a special way due to the difference in body and end materials. If so, the cost would probably be a little higher than in the past. Can you or will you be able to pass that cost on well to the current market?

The second point is also about E. I believe you mentioned that you are planning to introduce equipment for recycling aluminum cans at the Rayong Plant in Thailand starting next year. Please comment on how much this will reduce the amount of new bullion used, how much it will increase the recycling rate, and how it will affect revenue.

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Ishihara [M]: Thank you very much. First, you ask if products like the 100% recycled can of Premium Malts will be selected by customers. In addition, you asked how the cost of using 100% recycled material is expected to increase, and whether this will be passed on, or whether it needs to be passed on or not.

Tanaka [A]: You just asked a question about Premium Malts as a case study.

Not limited to Premium Malts, the inquiries from customers are gradually increasing. I believe that this has been accelerated considerably with the launch of Malts.

In addition to these cans, we have received many inquiries from customers who use aluminum for various purposes, including automobiles, asking if we can increase the recycling rate of aluminum. In this respect, we feel that we are moving in the right direction.

On the other hand, 100% recycling, at present, requires special sorting, separation, and control at each stage of the process, which naturally increases costs due to the time and effort required. However, we recognize that we need to increase the value of our products by appealing to people's understanding that there is value in reducing CO₂ emissions and that our products, which are made from recycled materials, have high added value.

Ishihara [A]: If there are two products side by side, one is from 100% recycled material and the other is not, I think more generations will choose the 100% recycled material in the future. I think this would solve the issue of cost. However, it is still important to increase sales volume. Increasing utilization would be a necessary measure.

The second question is what effect the introduction of the recycling facility in Rayong, Thailand, will have on profitability.

We are sorry, but we will refrain from giving specific figures at this time. In any case, the UBC, used aluminum cans, needs to be melted one more time in order to be reused. In such cases, it is important to process UBCs in a dedicated melting furnace for cost and quality reasons.

Therefore, equipment will be installed in the UATH line to dissolve UBCs. We will work together with companies in Southeast Asia on renovations, etc.

Ueda [M]: Thank you for your questions.

Mr. Matsumoto from Nomura Securities, please.

Matsumoto [Q]: I'm Matsumoto of Nomura Securities. Thank you.

First, you mentioned that the 100% recycled can of Premium Malts are the first in the world. What are the technical strengths of your company? You mentioned earlier that the UBC needs to be dissolved. Is that something that other companies also can do as soon as the equipment is in place? Also, can your company do this at a lower cost than other companies?

Second, Mr. Tanaka mentioned earlier the reduction of CO₂ in Scope 1. Energy-saving is easy to do because it is economically positive. On the other hand, what are your company's thoughts on reducing GHGs at a cost, and how do you make investment decisions?

Ishihara [M]: Thank you very much. First, Tanaka will explain the technological strengths we have with regard to the 100% recycled materials for Premium Malts.

Tanaka [A]: With regard to utilizing 100% recycled materials, there are several characteristics of the UACJ.

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For one thing, the system for collecting the cans, the technology for sorting and separating them, the technology for processing them, and several other technologies have been superimposed to create the 100% recycled can.

It is a lot of work and therefore costly. As we mentioned earlier, we believe that promoting the high added value of using recycled materials will also enhance our corporate value. We have launched this product this time, but we would like to increase product value by adding significant value to other products as well.

Ishihara [M]: Is there anything you would like to add, Mr. Nose, in terms of aluminum alloys?

Nose [A]: Yes. I recognized that your question is related to technical difficulties.

As Tanaka explained, we believe that technology in the broadest sense was the key to the realization of this product. When made with new bullion, it is relatively easy to control the alloy composition. In contrast, when using scrap obtained from the market, there are various restrictions. Even with such restrictions, we believe that our strength lives on in our ability to provide customary boards of exactly the same quality due to our comprehensive capabilities.

Ishihara [M]: Second, you ask, while we have been making investment decisions for energy conservation in Scope 1 and Scope 2 where effects are clearly visible, how we think about investment effects for GHG reduction that cannot be evaluated as in the past.

Tanaka [A]: In our annual plan or mid-term plan, we set costs related to environmental measures from the beginning.

In this context, the amount of CO₂ to be reduced is determined. We do not set a fixed standard for investment and CO₂ reductions, but rather take an overall, long-term perspective, looking at the annual or medium-term plan, or even 10 years into the future, to determine what value it will create, and then prioritize investments.

Ishihara [A]: I think one example of a figure related to CO₂ emission control is the carbon tax. We are currently thinking that we can evaluate the situation assuming that this is introduced.

Ueda [M]: Thank you for your questions.

Mr. Ozaki from Daiwa Securities, please.

Ozaki [Q]: I'm Ozaki from Daiwa Securities.

The first point is regarding governance. I would like to know about the discussions of the Board of Directors, including outside directors, and how they are exercising their supervisory function to enhance corporate value. Also, I believe that SDGs evaluation is probably being introduced in the performance-linked portion of executive compensation. What specific themes are you considering? Also, what are your thoughts on future executive compensation?

The second point is about human capital. You did not have much to explain about occupational health and safety today. I believe that your company's disaster frequency rate is still high compared to the target. Please let us know the cause of the problem and how you plan to address it in the future.

Third, steel manufacturers will probably use steel scrap as electric furnace material, so it will be important to use recycled material for aluminum panels for automobiles. From a technical standpoint, what are challenges in using recycled materials for automotive aluminum panels?

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Ishihara [M]: Thank you. The first was a question about how the Board of Directors oversees sustainability from a governance perspective, and about how we view executive compensation.

Yamaguchi [A]: Outside directors also place a great deal of emphasis on the supervisory function. We are also pushing the idea of a monitoring-oriented board of directors.

However, we also believe that decision-making is important, and we are now bringing various issues to the Board of Directors for discussion in a manner that is a little less demanding than at other companies.

I think these discussions have given outside directors a better understanding of our company. I believe that the monitoring function is being greatly enhanced by the fact that they are learning not only from their own background and experience, but also from us through the Board of Directors meetings.

Second, I think you are talking about reflection in compensation. As I mentioned today, we have a number of materiality KPIs, all of which have executives in charge of them, and the achievement of each KPI is reflected in the short-term performance-linked compensation.

Ishihara [A]: We have already introduced some of them, but I think it will be an issue to consider further, including linking them to stocks.

The second question was about human capital occupational safety. Yamaguchi will explain the measures to reduce the severity ratio.

Yamaguchi [A]: I think your point is that there may be more work to be done regarding the severity rate. I believe that is true.

For one thing, we are considering the possibility of introducing technology into this area in addition to the activities we have been doing. We believe that this will contribute greatly in the future.

One more thing: all disasters should not occur, of course, but we believe that there is a weight difference among disasters. Starting this year, we have identified disasters that really should not happen, and we have been working with severity-rate targets for those disasters. The numbers for this fiscal year have improved compared to last year, and we believe that our priority measures are beginning to pay off, as we had targeted.

Ishihara [A]: We reviewed the KPIs, narrowed down the causes of disasters to six, and then worked to reduce them.

The third question was whether there are any technical challenges in promoting the recycling of materials, especially body panels.

Nose [A]: With regard to automotive body panels, I would like to answer our perception of the challenges in providing environmentally friendly materials that use more recycled materials and reduce environmental impact. First, scrap generated in the customer's processing process can be recovered with a clear composition using what we call a closed-loop method. This can be used relatively easily.

On the other hand, it will be necessary to use scraps from other products, etc., in order to achieve a higher percentage of recycled raw materials in the future. We believe that the future issue will be whether the sharp characteristics required for automobile bodies can be achieved even when such raw materials are used.

Ishihara [A]: After aluminum cans go to market, they come back from the market in about four months. However, in the case of car body panels, although we can collect scraps that are generated at plants of

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customers, the actual life of the car is more than 10 years, and the car may run out of life in Japan or overseas. The issue of how to collect and sort these scraps will be a major focus of attention in the future.

Ueda [M]: Thank you for your questions.

We have received many questions, but our scheduled time is running out, so the next question will be the last.

Mr. Goroh from UBS Securities, please.

Goroh [Q]: I'm Goroh of UBS Securities. Thank you.

I would like to ask you about UACJ SMART. I believe this is the branding strategy announced last year, and I see the recycled can you explained today as one of its appeals.

You also explained that you are considering certification using the mass balance method. I understand that this is the main concept behind what is becoming a new area of business. When, how many, and what kind of lineups do you intend to bring to the market? I would appreciate a more in-depth explanation of the actual commercialization process.

For example, the year 2030 is one of the targets for CO₂ reduction. I would like to know the ratio of the product towards 2030, as well as the demand from external agencies and users for certification. For example, I believe that automobile manufacturers have already begun to contract for low-carbon materials for steel products and other products. Please describe understanding from users, efforts you are making together with users, and your confidence in the feasibility.

Ishihara [M]: Thank you very much. You asked about business in new areas centered on recycling, and how we will develop this business through rulemaking and how we will align our metrics with those outside the Company.

Kumamoto [A]: As you say, we are planning to make UACJ SMART a master brand, a brand positioned at the highest level, in the new area of business.

Whether to include SMART or UACJ will be discussed in the future. As printed on the can with UACJ, it has meanings that aluminum, UACJ, or SMART are included, which is so-called ingrained branding, or in-branding. While the ultimate goal is for our products to sell well, we are just beginning to talk with our customers about developing and promoting mechanisms and devices that will encourage more use of aluminum.

In this process, something like certification or third-party accreditation is necessary. If customers want to use certification as leverage to appeal to consumers, we are willing to be flexible to supply certified products.

Ishihara [A]: There is a booth in the back for origami work, which is another example of achieving various standards or certification. By resolving these issues one by one, we believe we can realize our VISION 2030 in 2030.

Goroh [M]: Thank you very much. Earlier, you explained that clean bullion is actually in limited supply. I think it is quite possible that the supply and demand for this kind of clean rolled material will become tight. We look forward to seeing that your business will be more concrete.

Ishihara [M]: Thank you very much.

Ueda [M]: Thank you for your questions.

This was the last question. For further inquiries, please contact our IR department.

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This concludes the ESG Briefing of UACJ Corporation. Thank you for taking time to join us today.

We will continue to strive to meet the expectations of all of our stakeholders, and we look forward to your continued support and encouragement.

Thank you very much.

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