

# UACJ Report 2023

Integrated Report



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## Message from the Editorial Team



### Kaoru Ueda

General Manager,  
Investor Relations Department  
Finance and Accounting Division

2023 marks the 10th anniversary of the establishment of UACJ. With the aim of becoming a global enterprise, UACJ was born from the merger of two companies with over a century of history as well as the top one and two market shares in Japan in the field of flat-rolled aluminum. Today, the plant we launched in Thailand post-merger has become profitable; our Rolled Aluminum Products Business has a production capacity in excess of 1.4 million tons; and we have established a global supply network—consisting of three loci in Japan, North America, and Thailand—in which their respective regions and capabilities complement each other. We are in the process of achieving our original goal.

Of course, these ten years have not been without their difficulties. We have experienced temporary business downturns as

a result of such disruptions as a decline in demand caused by trade friction between the United States and China. However, by tackling structural reforms and improving our earnings structure, we have made ourselves into the lean corporate group we are today, a corporate group that is better able to weather external challenges.

Leveraging this firm foundation, we will adapt to the megatrends shaping the world and expand our business domains to further improve our corporate value. We are engaged in the development and expansion of our sales of added-value aluminum products in fields such as disaster prevention, medicine, and many more; as well as in the building of a circular economy harnessing the outstanding recyclability of aluminum. I encourage you to look through the pages of UACJ Report 2023 and learn about where the UACJ Group stands today as it prepares to make its next leap forward.

When compiling this report, we held many discussions with employees across the Group, and referred to the International Integrated Reporting Framework, which is endorsed by the International Financial Reporting Standards Foundation (IFRS), as well as Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation 2.0, issued by Japan's Ministry of Economy, Trade and Industry (METI). We welcome any feedback and comments from readers of this report.

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- New Business Development Department
- Risk Management Department

### Corporate Sustainability Division

- Climate Change Task Force Department
- Sustainability Planning Department
- Diversity Promotion Department

### Finance and Accounting Division

- Finance Department
- Accounting Department

### Business Support Division

- Human Resources Department
- Corporate Legal Department

### 'MONOZUKURI' Core Manufacturing Innovation Division

- Safety & Environment Department
- Quality Management Department
- Technique & Skill Development Department

### Automotive Parts Business Division

- Strategy & Planning Department

### Flat Rolled Products Division

- Sales Planning Department
- Global Sales Planning & Promotion Department
- Automotive Materials Marketing & Sales Department
- Production Planning Department

### Marketing & Technology Division

- Research & Development Center

UACJ (Thailand) Co., Ltd.  
UACJ North America, Inc.

Produced with cooperation from: Public Relations Section, General Affairs & Corporate Communication Department

## Positioning of This Report



## Reporting Scope

### Period Covered :

April 1, 2022 to March 31, 2023  
(with some information about activities after April 2023)

### Organizations Covered :

UACJ Corporation and its consolidated subsidiaries in Japan (including specific data for some companies)

**Accounting Standards :** Japanese generally accepted accounting principles

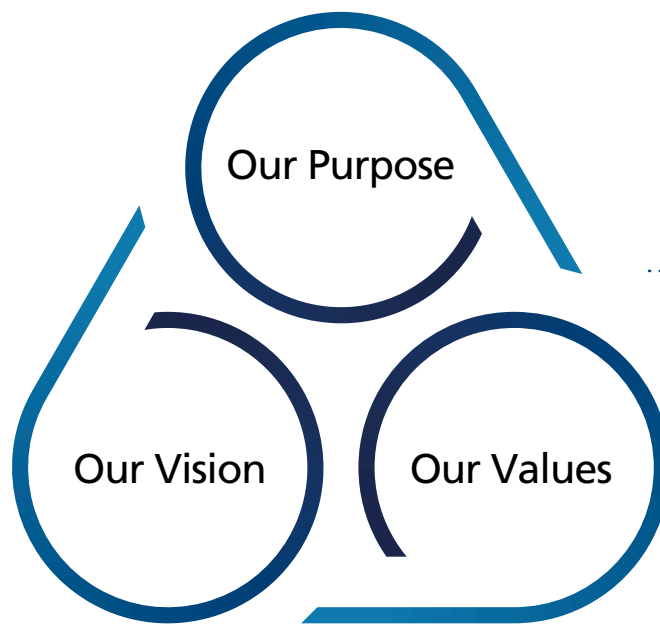
**Issue date :** September 2023

### About Forward-looking Statements

Some information in this report pertains to forward-looking statements and future earnings. These statements encompass risks and uncertainties and are not a guarantee of future earnings. Please be aware that actual prospects and earnings may differ from forecasts as a result of changes in the business environment and other factors.

# *Aluminum lightens the world*

## UACJ Group Philosophy



## The UACJ Way





Today, through the supply of high-quality aluminum, the UACJ Group is committed to improving people's lives and helping to realize a more sustainable society.

## 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

### The UACJ Way

#### Respect and understand your associates

- Value and contribute to your workplace's efforts to engage with the local community
- Accept diversity and respect people's values
- Communicate openly with your co-workers while placing importance on individual and team development
- Contribute to making your workplace more positive and dynamic

#### Embrace honesty and foresight

- Follow the Group's 5-gen principle\*
- Sincerely respond to the expectations of stakeholders by helping the Group manufacture genuine products with integrity
- Stay ahead of emerging trends and play an active role in protecting the environment

\* The 5-gen principle is a concept used by manufacturers in Japan that stresses the importance of the place where relevant activities happen (genba), relevant things (genbutsu), actual conditions (genjitsu), know-how (genri), and rules (gensoku).

#### Be curious and challenging

- Be inquisitive about changing trends and take on challenges while helping the Group provide products and services needed by society
- Aim to be creative and innovative in your work with a forward-looking perspective

# Ten Years of UACJ

To meet the world's strong demand for aluminum

Ten Years of Evolution **1**

**Establishment of an industry-leading three-country supply network**

→ Page 7

Ten Years of Evolution **2**

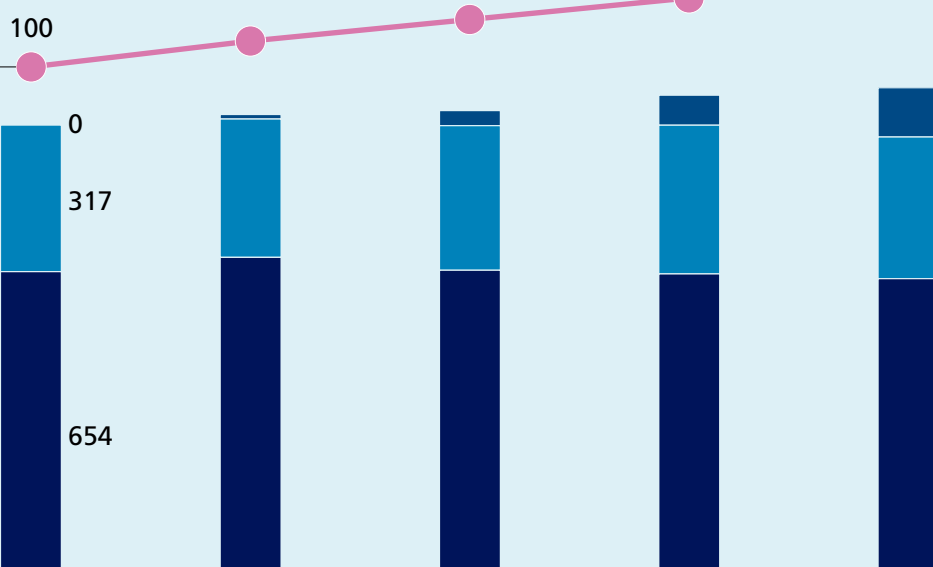
**Cultivation of new domains for greater contribution**

→ Page 8

Market consumption (Indexed; 2013 = 100)

UACJ production (Thousands of tons)

■ Japan ■ United States ■ Thailand



Fiscal year	2013	2014	2015	2016	2017
Net sales (Billions of yen)	364.1	572.5	575.7	568.3	624.3
Adjusted EBITDA (Billions of yen)		41.7	52.3	56.8	50.7
Number of employees	8,418	8,556	8,881	9,819	10,067

UACJ was born from the merger of two aluminum producers, designed to meet the growing global demand for aluminum. In the 10 years since, it has evolved in many ways. Today, in the earnest effort toward greater production capacity, we have established a three-country supply network, spanning Japan, the U.S., and Thailand. As a result of our efforts to improve supply capacity and strengthen our solution capabilities, we have significantly increased sales and become one of the world's leading aluminum manufacturers. In recent years, we have also begun the construction of a new aluminum value chain that will serve as the foundation of a circular economy, as well as completed future-minded structural reforms in corporate structure and culture. In these and other ways, we are making steady progress in harnessing aluminum to help build a sustainable society.

Ten Years of Evolution

3

**Building a new, recycling-oriented value chain**

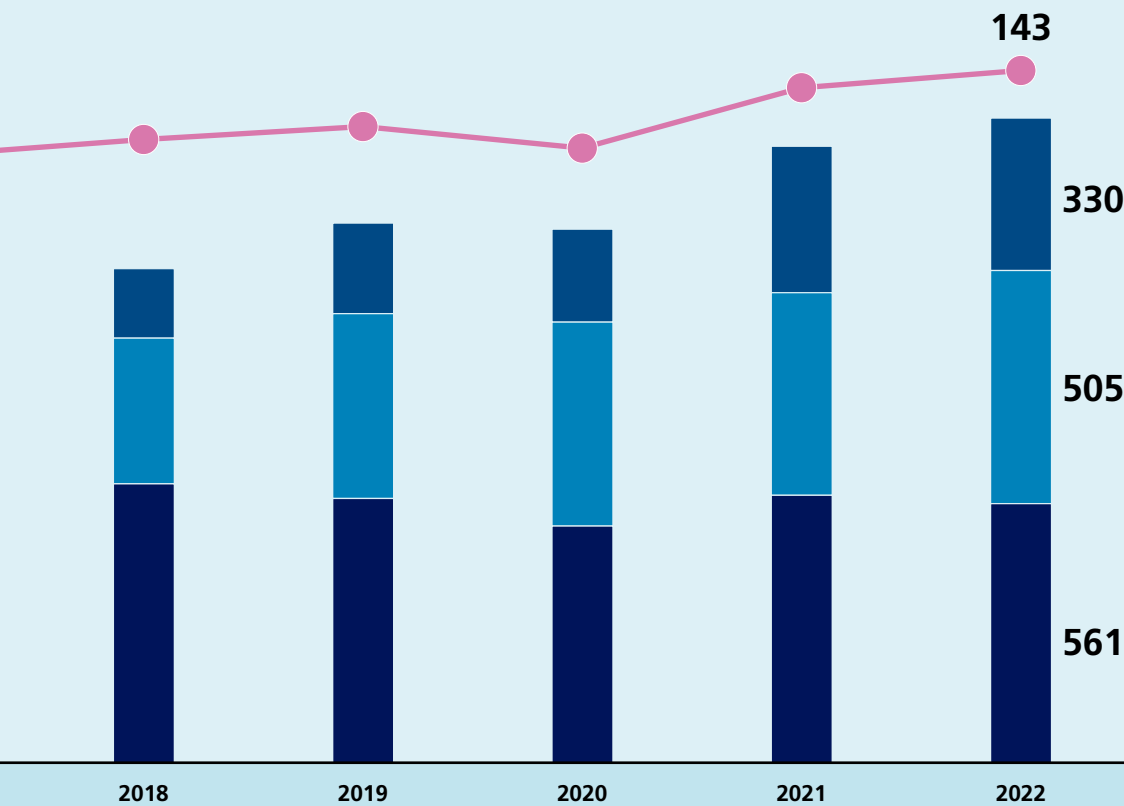
→ Page 9

Ten Years of Evolution

4

**Future-minded, dynamic reforms of corporate structure and culture**

→ Page 10



Source: UACJ research

2018	2019	2020	2021	2022
661.3	615.2	569.8	782.9	962.9
42.6	47.3	44.7	60.2	59.7
10,366	9,927	9,722	9,571	9,510



# Ten Years of Evolution 1

## Establishment of an industry-leading three-country supply network

Demand for aluminum is increasing globally, driven by the transition to a sustainable society. Since its establishment, UACJ has considered North America and Asia as its growth markets, making major capital investments in the U.S. and Thailand accordingly. This has resulted in the achievement of a three-country supply network, spanning Japan, the U.S., and Thailand. At UACJ (Thailand) Co., Ltd., our subsidiary in Thailand, we have expanded our sales channels for can stock, with a focus on North America and Asia. In addition, UATH has been consistently fulfilling orders at maximum production capacity for its air conditioner compressor fins and heat exchange materials. In Japan and the U.S., we have established a model of local production for local consumption

centered on our robust strong customer base, and have steadily improved the earning power of our three-country supply network. In recent years, as the shift away from plastics has taken root, especially in North America, demand for can stock has grown faster than anticipated, but thanks to our three-country supply network, we have been able to sustain a stable supply to meet this demand.

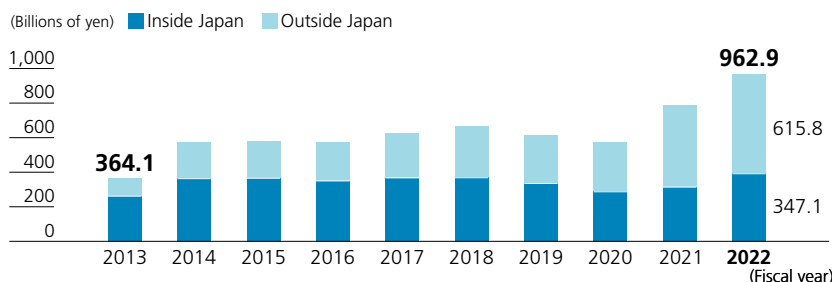
Today, our aluminum supply capacity exceeds 1.4 million tons per year, making us the third largest aluminum supplier in the world. Our net sales originating outside of Japan have gradually increased to become more than half of our total net sales, reflecting our evolution in the 10 years since our establishment from a Japanese company to a global company.

### FY2022 Annual Production Ranking: Aluminum Sheets and Plates

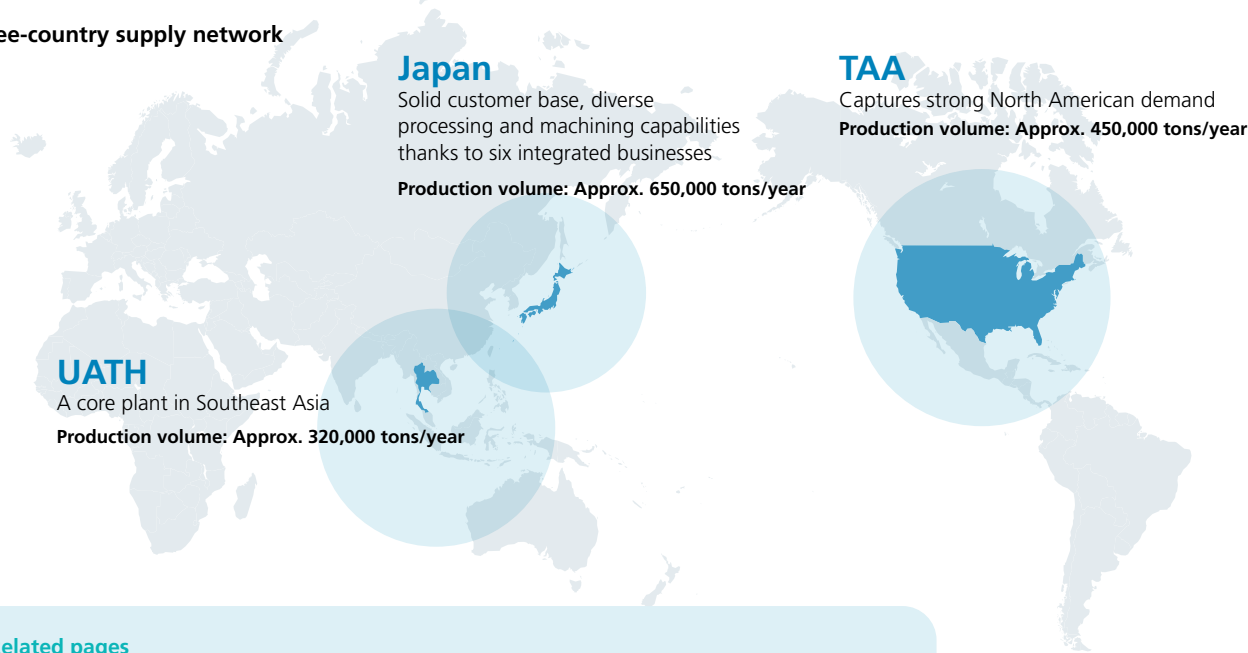
#1	Competitor A	3.9 million tons
#2	Competitor B	1.6 million tons
#3	<b>UACJ</b>	<b>1.4 million tons</b>
#3	Competitor C	1.4 million tons
#5	Competitor D	1.3 million tons

Source: UACJ research

### Net sales



### Three-country supply network



### Related pages

- Market Environment ..... Pages 27–28
- Advances in Business ..... Pages 41–42
- North American can stock market ..... Pages 43–44
- Asian market ..... Pages 45–46
- Japanese market ..... Pages 47–48

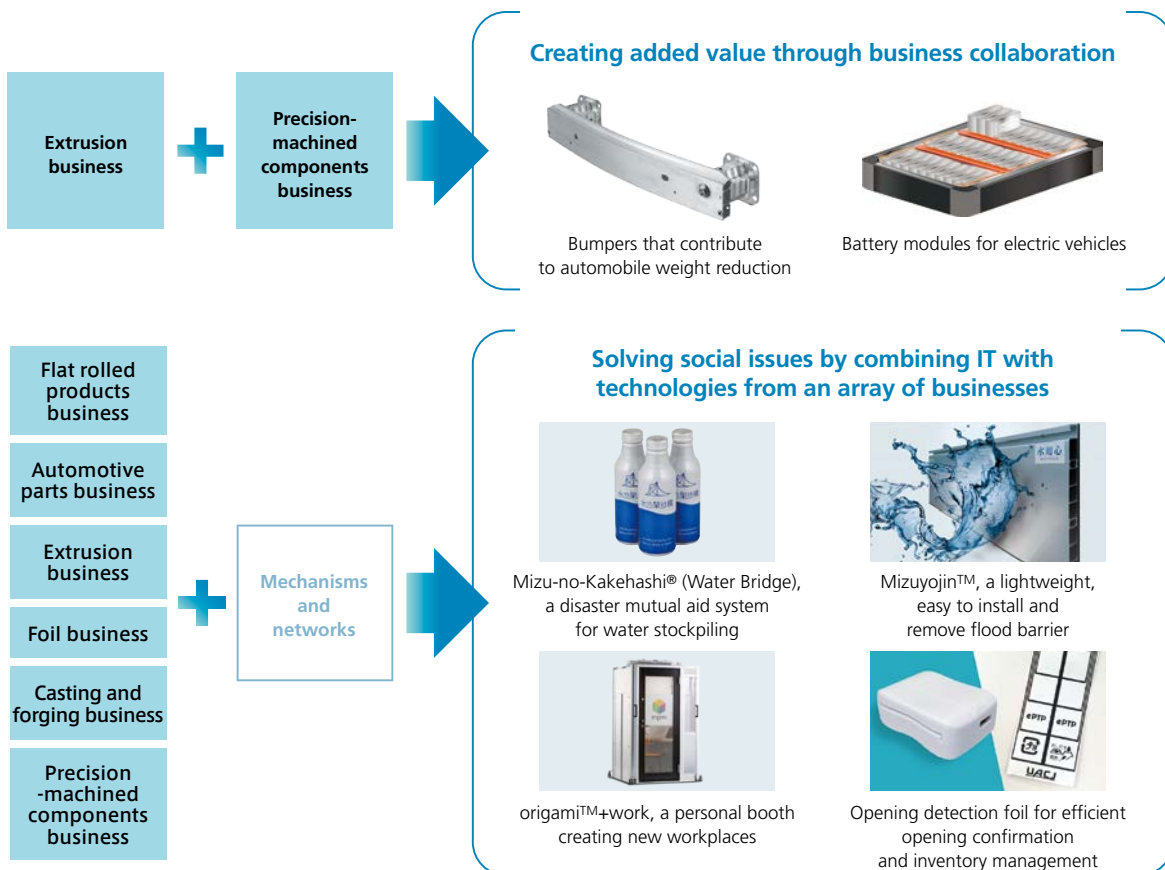
# Ten Years of Evolution 2

## Cultivation of new domains for greater contribution

In order to make aluminum widely usable in society, we must process it in order to add the functions needed for its intended application. The merger that created UACJ bestowed on us a great diversity of processing capabilities, augmented by welcoming UACJ Automotive Whitehall Industries, Inc. to our organization. Our capability to commercialize aluminum products has also been enhanced over the years by our R&D sites in Japan, Thailand, and the United States.

Furthermore, we have strengthened our solution capabilities through synergies that transcend business boundaries, helping us to contribute to society in a wider

range of domains. Lightweight bumpers, made possible through collaboration between the Extrusion Business and Precision-machined Components Business, contribute to the reduction of CO<sub>2</sub> emissions in the automotive industry. Efforts to solve social issues by proposing new ways to use aluminum also include developing a wide range of products that contribute to disaster preparedness and mitigation. Led by young employees, we engage in dynamic thinking about how aluminum can be useful to society, pitching problem-solving ideas to our customers by combining our products with mechanisms.



**Related pages**

- Market Environment ..... Pages 27–28
- Automotive parts market ..... Pages 49–50
- Feature No. 2 Striving to expand business domains to build a better world and healthier environment ... Pages 35–40

# Ten Years of Evolution **3**

## Building a new, recycling-oriented value chain

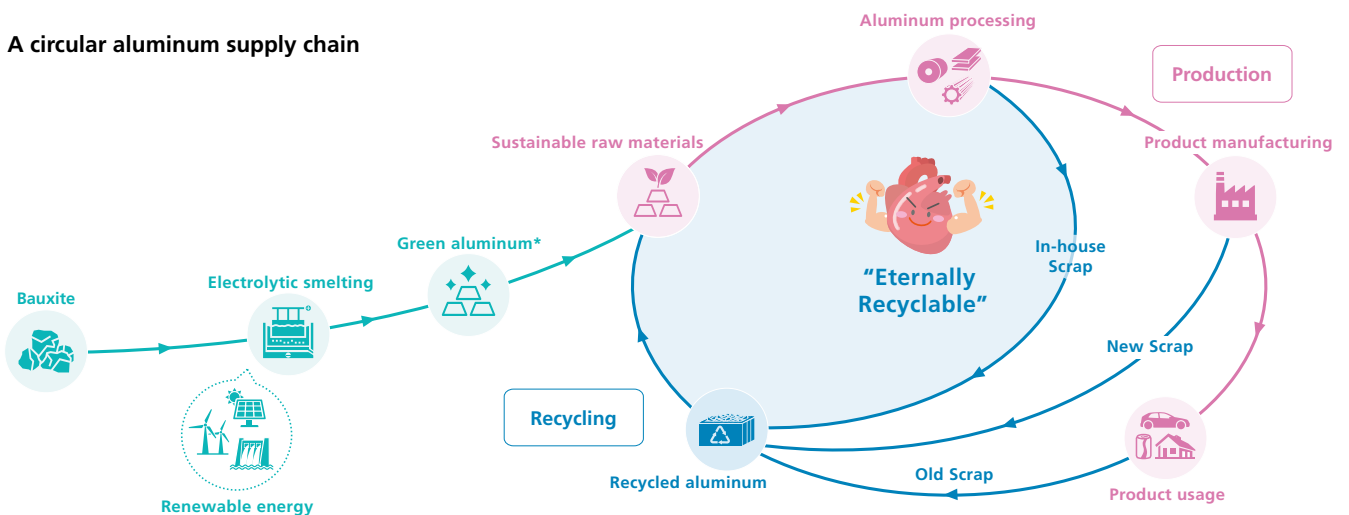
The greatest contribution we can make toward passing down a better world over the next century is to create a circular economy for aluminum products. The amount of CO<sub>2</sub> emitted when aluminum is recycled and manufactured is about 3% of that when smelted from mineral resources. Therefore, the more recycled aluminum is used, the more CO<sub>2</sub> emissions reductions are achieved.

To help bring about greater recycling and reductions, we have begun to build a new value chain. Within this circular supply chain, UACJ plays a central role in the essential elements of production and recycling. In cooperation with stakeholder business operators, we are working to build a production network generating aluminum products that are easy to recycle, as well as a recycling network to recover aluminum and turn it into high-quality recycled aluminum. In addition, our ingot procurement prioritizes green aluminum that uses renewable energy in the smelting process.



A scrap recycling furnace at Tri-Arrows Aluminum Inc.

### A circular aluminum supply chain



\* Aluminum produced using electricity from renewable energy sources to lower the environmental impact

#### Related pages

- Feature No. 2 Striving to expand business domains to build a better world and healthier environment .....Pages 35–40
- Sustainability Strategies ..... Pages 53–54
- Dialogue Between Outside Directors ..... Pages 59–60



# Ten Years of Evolution **4**

## Future-minded, dynamic reforms of corporate structure and culture

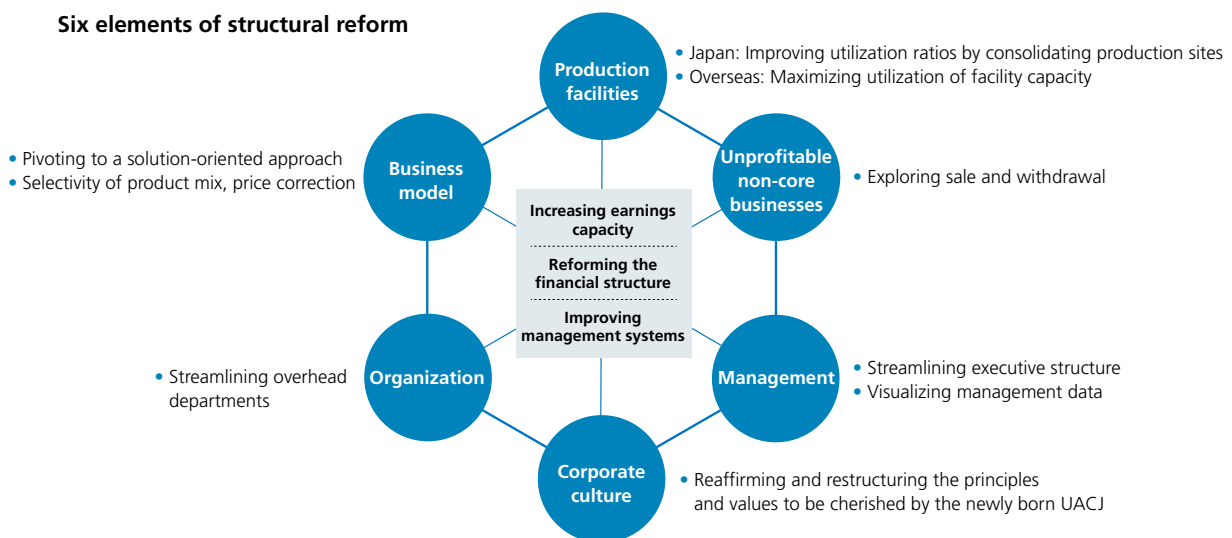
These ten years of UACJ have also been marked by many difficulties. These include deterioration in our external environment, such as trade friction between the U.S. and China and the slowdown of the Chinese economy, as well as emergence of internal issues related to our expanding corporate scale. In 2019, we launched structural reforms in the urgent task of recovering performance. At that time, the issues we identified were a profit structure susceptible to fluctuations in the external environment and a lack of speed in our management function. Structural reforms were then carried out by across a number of working groups in six areas, with a focus on increasing earnings capacity, reforming the financial structure, and improving management systems.

One of the initiatives we undertook was to reform our corporate culture. As a starting point, we worked to redefine our corporate philosophy, discussing and re-examining the purpose of UACJ and what it should strive for, with the participation of employees. This also included a series of Group philosophy dialogue meetings held in various UACJ locations, intended to instill our philosophy and increase engagement. Our work to bring the president and employees together in dialogue, sharing UACJ's purpose with each and every member of our organization, led to the creation of a future-oriented corporate culture, which has also strengthened our solution capabilities.



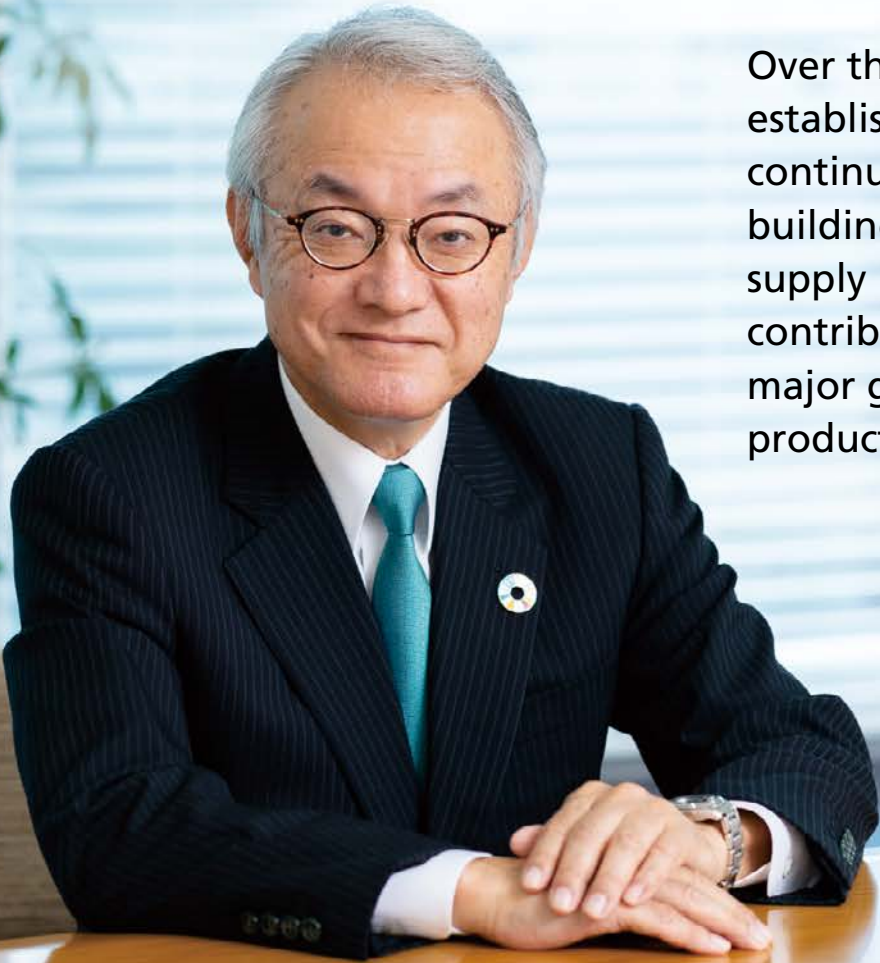
A Group philosophy discussion meeting

### Six elements of structural reform



### Related pages

- Overview of Structural Reforms .....Pages 19–20
- Dialogue on Corporate Culture .....Pages 69–70



Over the past 10 years since its establishment, UACJ has continued to grow while building a world-leading supply network and contributing to society as a major global aluminum products manufacturer.

**Miyuki Ishihara**  
Representative Director, President

### **Having grown beyond expectations by boosting production and sales capacity, UACJ has become an aluminum products manufacturer with great potential**

In 2023, we celebrated the 10th anniversary of UACJ Corporation's establishment through the merger of Furukawa-Sky Aluminum Corporation and Sumitomo Light Metal Industries, Ltd., in October 2013. This year also marks 125 years since Sumitomo Copper Rolling Works, a forerunner of Sumitomo Light Metal Industries, began producing flat-rolled aluminum.

As two of Japan's leading flat-rolled aluminum manufacturers, Furukawa-Sky Aluminum and Sumitomo Light Metal Industries merged with the goal of forming a competitive player in the global market. They recognized that despite declining domestic demand for aluminum products due to the country's shrinking population, demand was projected to grow in the European, North American, and Asian markets. By streamlining and generating synergies from their leading

domestic businesses while allocating operational resources to expand their international businesses, the two companies looked forward to growing sustainably as a global flat-rolled aluminum manufacturer.

Following the merger, UACJ implemented its first and second mid-term management plans, through which it executed a series of large-scale investments aimed at expanding its international operations over the medium and long terms. In the United States, the Company expanded production capacity at Logan Mill, a production facility operated by its subsidiary Tri-Arrows Aluminum Inc. It also acquired UACJ Automotive Whitehall Industries, Inc., and boosted its production capacity. In Thailand, the Company completed three phases of expansion at Rayong Works, operated by subsidiary UACJ (Thailand) Co., Ltd., enabling the facility to meet robust demand in Southeast Asia. Thanks to these investments, the UACJ Group's results surpassed initial expectations in fiscal 2022, with global sales volume exceeding 1.3 million tons and production capacity reaching 1.4 million tons.

Rayong Works, especially, expanded into a major flat-rolled aluminum production center. Moving well beyond its initial role of supplementing global product shipments from Japan, Rayong Works currently supplies products to about 80 companies in 26 countries. Including this facility, the UACJ Group now operates four production facilities that can each manufacture at least 300 thousand tons of flat-rolled aluminum annually. We believe this flat-rolled aluminum supply network based in Japan, Thailand, and the United States is the world's best. Moreover, each of the Group's main businesses operate globally, including the extruded products, foil, and casting and forging businesses. Through the acquisition of UACJ Automotive Whitehall Industries, the Group added automotive parts as a new growth business, which we regard as a major achievement.

Before merging, the two companies that founded UACJ posted combined net sales of ¥436.5 billion. The amount has more than doubled since then, as the Company posted consolidated net sales of ¥962.9 billion in fiscal 2022, ended March 31, 2023, putting it in reach of the one trillion-yen mark. Besides sales, UACJ has greatly expanded its business areas and product categories over the past decade. Having led the Company for the past five of those years, I am deeply gratified by these achievements. At the time of our 10th anniversary, I strongly felt that UACJ has become a company with great potential that can inspire all members of the Group, not only those who have worked hard together over the past years but also people who will join us in the future.

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### **Together with employees, management redefined the Group's purpose and completed drastic structural reforms involving very difficult decisions**

The achievements, above, did not come easily, of course. From 2018, the year I was appointed as president, global market conditions rapidly deteriorated as China's economy slowed down following its trade war with the United States. Consequently, the Company's sales and profits came in 20% to 30% below the targets of our mid-term management plan in fiscal 2018 and 2019. To overcome such challenging circumstances, we initiated drastic structural reforms aimed at increasing earnings capacity, reforming the financial structure, and strengthening management systems. (▶ Page 19) These reforms involved very difficult decisions, including the sell-off of the Company's wrought copper products business and the closure of Nikko Works, both of which had operated over many years of our history. Then we faced new problems following the outbreak of the COVID-19 pandemic in 2020, including a drop in sales volume as our customers suspended their operations as

well as delays in starting up our own production facilities. In response, we implemented additional measures to put the Company's performance back on track. In the end, the structural reforms contributed ¥21.0 billion to ordinary income, our initial target. Along with this increase in earnings capacity, we succeeded in reforming the Company's financial structure, increasing the speed and efficiency of management decision-making through a streamlined executive management structure, and making the Group more agile, flexible, and resilient to changes in the operating environment by implementing the structural reforms.

It was my belief that the Company might not be able to survive unless the structural reforms were accomplished. That strong sense of crisis is what drove my determination to complete the reforms. To share this sense of crisis with the Group's employees, explain why the reforms were necessary at that time, and have them carry out the reforms with a united spirit, I initiated a process for redefining the Group's purpose to clarify its corporate philosophy, vision, values, and codes of conduct. Through this process, we created a long-term roadmap called UACJ Vision 2030, a set of guidelines for all employees to follow called the UACJ Way, and a new purpose statement, "Contribute to society by using raw materials to manufacture products that enhance prosperity and sustainability." We had employees actively participate in this process, and took steps to foster a corporate culture that encourages diverse members to work together towards the same goals. (▶ Page 69) These actions played a big part in our successful completion of the structural reforms.

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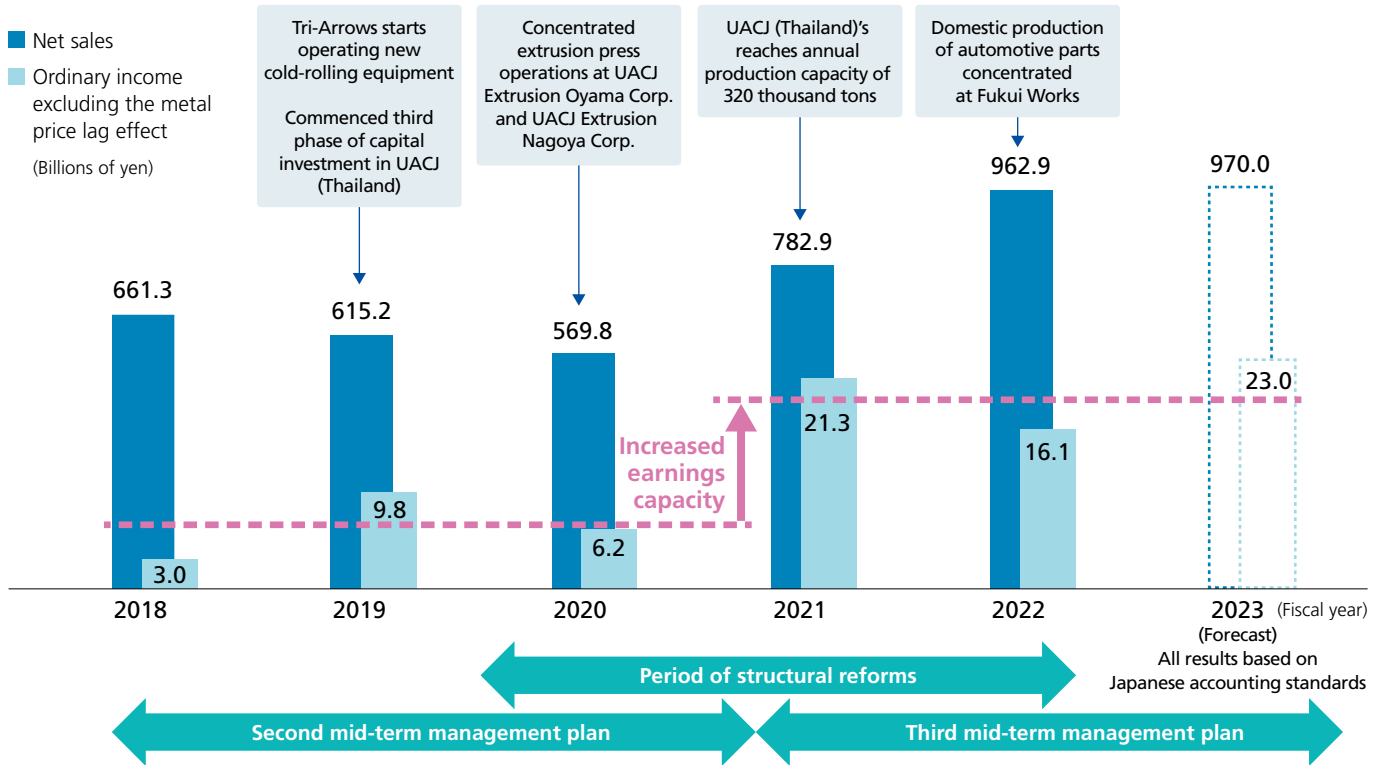
### **Raising employee engagement and promoting mutual respect in the workplace by having all members recognize how their work benefits others**

Over the past 10 years since UACJ was established, the UACJ Group has evolved as a major global aluminum products manufacturer. The collective capabilities of all of the Group's members have been the driving force behind this success. Indeed, I strongly believe that the Group's biggest strength is its people.

My career began at Nagoya Works, which was the main factory of Sumitomo Light Metal Industries before it merged with Furukawa-Sky Aluminum Corporation to establish UACJ. By the time of the merger, I had been promoted to general manager of Nagoya Works. The next year in 2014, however, I was assigned as general manager of Fukui Works, which had been Furukawa-Sky Aluminum's main factory. The merger was still relatively recent, so I noticed some differences in the workplace cultures of the two factories, but I also observed how



## Effects of structural reforms on financial results



the manufacturing activities of both factories were built on the dedicated efforts and ingenuity of their workers. That made me even more convinced that developing human resources is integral to manufacturing.

Our project to establish UACJ (Thailand) and have it operate Rayong Works provides an excellent example of how the capabilities of employees can be fully realized. Generally, it takes more than 10 years for an aluminum rolling mill to become profitable after it starts operating. That was indeed the case with both Nagoya Works and Fukui Works. UACJ (Thailand), however, began posting profits after just six years. This was made possible because we transferred many experienced engineers from around the Group to Rayong Works to start up production lines and fully train local employees on how to operate the machinery. We also assigned highly capable sales staff all over the world.

The UACJ Group has inherited diverse skills and technologies accumulated over 125 years since its forerunners began making aluminum products. The Group's employees today are more capable than ever before because these skills and technologies have been passed down and refined over each generation. We have been broadening our range of venues for facilitating this process, such as through safety education and technical training at production facilities, as well as education

covering facility maintenance, R&D, and other operations provided through our Monozukuri Gakuen program. I will work to help maintain and enhance this tradition of passing down skills over the coming decades so that our employees and organizations grow even stronger.

Toward this end, fostering a workplace environment that allows all members of the Group to fully demonstrate their abilities is essential. As part of our efforts to maintain such an environment, we formulated the UACJ Group Health Management Policy in 2021, and took steps to assist employees in managing their mental and physical health, and raise awareness of health management among employees and their family members. To determine the level of progress made in this regard, we conduct employee engagement surveys on a routine basis.

I also try to help raise the motivation and morale of our employees by visiting group companies to talk with them in meetings on the UACJ Group Philosophy. Although some of these meetings were held remotely due to the pandemic, I make a point of visiting workplaces around the world to meet directly with employees. I have held over 100 of these meetings since I was appointed as president. In fact, the 100th meeting was held back in May 2023 at a workplace in Germany. In these meetings, participants openly discuss a wide range of issues related to our corporate philosophy and codes of conduct, as well as business

strategies and workplace problems and solutions.

In these discussions, I always ask everyone about who benefits from their work, and point out that for the UACJ Group to contribute to the sustainability and prosperity of society, it, too, must be sustainable. The importance of sustainability generally resonates with all of the participants, but many feel unsure about how their work is beneficial. When that happens, I usually tell them that aluminum honeycomb panels we produce are installed in shinkansen bullet trains in Japan. Because brazed aluminum is used on the curved surfaces of these panels—a world-first—they have a high degree of rigidity, which is the biggest challenge when using aluminum for such materials. Consequently, the panels help reduce the weight of the railcars and improve their soundproofing properties. During a meeting at a factory, I explained to everyone how the aluminum they skillfully produce each day makes bullet trains run faster while lowering environmental impact. Everyone then realized how they were contributing, which sparked a discussion about mobility.

This is just one example of how the Group's products and technologies benefit countless people throughout society in many ways. That means the work performed by our employees is very significant, regardless of whether they work in R&D, manufacturing, sales, or administration. If each employee works with an awareness of these connections, I believe they will not only feel more motivated, but also understand and respect each other more, which should result in a more comfortable and engaging workplace.

### **Accelerating the creation of new businesses for value-added materials to release them to the market more quickly**

Based on various trends, including the growing seriousness of ocean plastic pollution, the global shift to EVs, and the economic growth of emerging countries in the Global South, we are confident that global demand for aluminum products will continue rising over the medium to long term. Anticipating this growth, UACJ has proactively invested in the Group's manufacturing facilities over the past decade since its establishment, creating a robust global supply network based in Japan, Thailand, and the United States. Therefore, we expect even more opportunities for further growth going forward.

This outlook seems justified by the Company's sales results: consolidated net sales reached a record-high in fiscal 2022, the second year of our third mid-term management plan. Income, however, decreased year on year due to steeply rising prices of energy and aluminum alloy additives. In response, we introduced a surcharge system for reflecting these higher costs



in product selling prices. The fact that we initiated this system ahead of the industry demonstrated our ability to quickly respond to changes in the operating environment, which is a positive outcome of the structural reforms. We expect the impact of this system to be reflected in earnings results in fiscal 2023. We also believe that the structural reforms will lead to a steady rise in earnings capacity, and results for return on equity, return on invested capital, and other financial indicators will get on track towards our targets for 2030.

Our fourth mid-term management plan will commence from the beginning of fiscal 2024 in April next year. Under that plan, we intend to carry out ambitious new initiatives and projects that build on the outcomes of the structural reforms and bring us closer to accomplishing the goals of UACJ Vision 2030. Since the Company's establishment in 2013, we have positioned the flat rolled products business at the core of our growth strategies and focused on boosting its production capacity and earning power. Besides this business, however, we will actively work to expand and bolster the earning power of other businesses going forward. For example, we plan to strengthen our business of manufacturing and selling compressor fins and extruded parts for air conditioners in Europe. We did not consider Europe as a growth market in the past, but market demand for air conditioners has been rising there in recent years due to the effects of climate change. Similarly, we will flexibly reconsider our targeted growth markets and industries under the next mid-term management plan, and pursue business strategies designed to maximize the Group's competitive advantages by leveraging its R&D capabilities to bolster its six diverse businesses, namely flat rolled products, automotive parts, extruded products, foil, casting and forging, and precision-machined components.

For these strategies to succeed, we must broaden markets for our value-added materials. That means going beyond our

current role as a supplier of materials made to meet customers' specifications, to becoming a leading solutions provider and supplier of all-new products that add more value to materials. This will be our mission over the medium and long terms for making the Group's businesses more valuable for customers.

To expand markets for such products, we have been bolstering our marketing capabilities across the entire Group, creating new services as a result. For example, instead of simply supplying customers with materials made by our casting and forging business, we deliver fully processed and finished materials that are almost ready to be integrated in end products. This has brought many benefits, such as helping customers shorten production lead times, raising our profit margins, and allowing us to use our own facilities to recycle the scrap materials remaining after the finishing process. Along with this service, we have applied the ideas of young employees to develop many value-added products and services for the Japanese market in recent years, including aluminum cans for a brand of mineral water, portable work booths made with aluminum components, pharmaceutical packaging foil fitted with IoT sensors, and entranceway flood barriers made from extruded aluminum materials.

To speed up the time needed to release such products to the market, the Company established two new organizations effective from April 1, 2023: the Marketing & Technology Division, which integrates R&D and marketing functions, and the New Business Development Department in the Corporate Strategy Division, which will oversee new business creation. Based on this structure, the Company will leverage the core technologies and expertise of each of its businesses and apply R&D results to actively offer customers new value-added products and solutions, which we expect to stimulate demand for aluminum products and provide new sources of profits going forward.

Our fourth mid-term management plan will end around halfway between now and 2030, so completing every initiative of the plan will be essential for accomplishing the goals of UACJ Vision 2030. Some of those initiatives must be completed at an early stage, while others must be clearly determined by specific points of time. Therefore, we will draw up detailed roadmaps for each initiative to closely monitor their progress. In that process, we hope to keep the Group on track toward realizing the future envisaged in UACJ Vision 2030.

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### Placing aluminum at the heart of the circular economy to help build a sustainable planet

In the lead-up to our 10th anniversary, we looked back on the long history of the Company's forerunners. As part of that process, I visited the former Ashio and Besshi copper mines, the

birthplaces of their businesses, together with several executive officers in November 2022. While touring these old mines and examining historical records, I renewed my appreciation for the strong determination of our predecessors to help Japan modernize over every generation since the turn of the century. Driven by an enterprising spirit, they deployed the most advanced technologies of their time to mine and smelt copper, and maintained a steady supply of copper products that were essential for the country's industries and economy. These mines closed around 50 years ago, but thanks to afforestation initiatives, they are now surrounded by lush green forests. Seeing that, I realized how our predecessors fulfilled their responsibility to the local people and environment right up to the end, and their community-minded approach remains to this day.

While UACJ, itself, is a relatively new company, it has an obligation to maintain the enterprising spirit and community-mindedness it has inherited from these forerunners. I believe these principles are expressed in the Group's purpose statement—to contribute to society by using raw materials to manufacture products that enhance prosperity and sustainability—in a way that is relevant for the world today. Guided by this purpose, we are striving to solve various issues facing the planet by making the most of aluminum's properties. Among these issues, contributing to the environment is our most important responsibility. Aluminum can be recycled practically endlessly, and because it is lighter than steel and has excellent thermal conductivity, the metal helps make EVs more lightweight and air conditioners more efficient. For these reasons, aluminum has great potential for helping build a sustainable planet.

To ensure that the environmental benefits of aluminum also benefit society as a whole, UACJ has declared its commitment to playing a central role in building a circular economy for aluminum products in partnership with a wide range of its stakeholders, and is carrying out numerous initiatives to make this a reality. For example, in September 2022, the Company teamed up with Suntory Spirits Ltd. and Toyo Seikan Group Holdings, Ltd., to put beer cans made entirely of recycled aluminum on the market—a world first. We are also working with Toyo Seikan Group Holdings to jointly develop aluminum cans that are easier to recycle. Moreover, in an effort to expand closed-loop recycling of used beverage cans, UACJ has established a joint venture with Yamaichi Metal Corporation, a major aluminum can recycler in Japan, to create a system for melting and recycling these cans.

At the same time, we are stepping up our branding activities in an effort to encourage more customers to choose aluminum products that offer environmental benefits. We launched our UACJ SMART® brand of environmentally friendly products in 2021, and added UACJ SMART® Mass Balance

flat-rolled aluminum to the lineup in April 2023, thereby widening alternatives for customers who place importance on environmental performance. The aluminum that goes into this new product is from recycled scrap as well as new ingots produced using electricity generated from renewable energy sources, and it comes with a third-party guarantee of the total amount of greenhouse gases emitted during its production. We are also promoting our U-Align® brand of automotive sheets. About half of the aluminum used to make these sheets for EVs is recycled, which we were able to do by strengthening bonds with customers. We also created a closed-loop recycling system with a major automaker, by which we recycle machine press scraps left over during automobile production. In addition, we have been supplying IT device manufacturers with numerous products made entirely from recycled materials and with electricity generated from renewable energy sources.

We are working across the entire product value chain to accelerate the adoption of environmentally friendly aluminum materials, and plan to create a new brand targeting consumers and end users. Our aim is to raise public awareness of the

environmental benefits offered by these materials and encourage more and more businesses to proactively choose aluminum.

The Group’s progressive stance on the environment has been very well received among its many stakeholders, including investors that place importance on environmental, social, and governance (ESG) criteria. I am confident that our efforts to add value to aluminum products and help build a circular economy will ultimately increase UACJ’s earning power and market value. That, in turn, should raise the Company’s price-to-book ratio, which is currently below 1.0.

Drawing from the enterprising spirit and community-minded approach of our forerunners, and leveraging the global business network we established following the Company’s establishment, the UACJ Group will strive to create new value through aluminum materials with a view of building a better world and a healthier environment. As president, I will do everything I can to lead the Group into a new era of growth. As we work to raise the Company’s market value and meet the expectations of its stakeholders, we hope to receive even more support going forward.

### Enhancing value for customers by expanding the circular economy

#### UACJ’s strengths

##### Solid customer base and ability to provide diverse products and applications

- A flat-rolled aluminum customer base of over 600 companies
- Capable of supplying over 1,000 types of flat-rolled aluminum products optimized to customers’ needs
- Ability to coordinate six main businesses to meet a broad range of customers’ needs

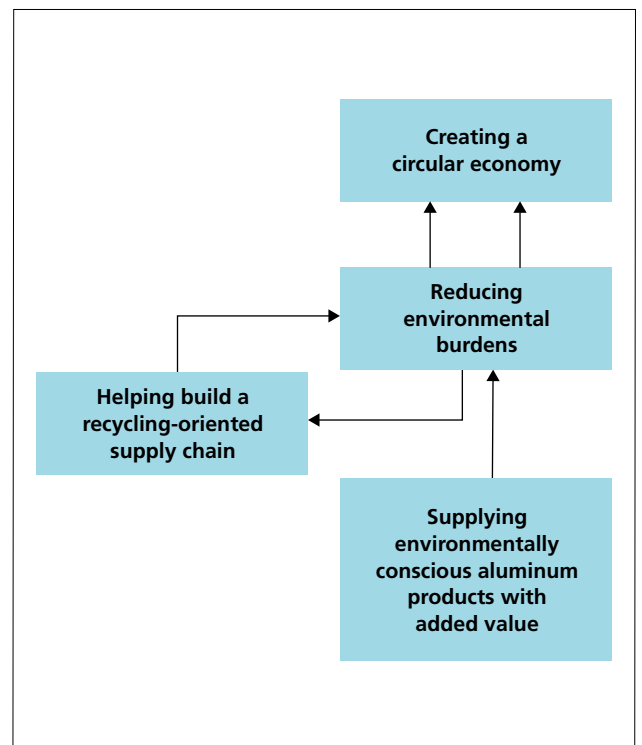
##### Flat-rolled aluminum manufacturing and sales network based in three-countries

- Capable of supplying can stock globally by utilizing the three-country manufacturing network
- Local production for local consumption model applied in Japan and the U.S. by leveraging the solid customer base in each country

##### Specialized equipment and technological capabilities for meeting diverse needs

- Extensive experience and technologies for mass producing a diverse range of aluminum products
- Specialized processes, equipment, and technologies for manufacturing alloys from optimum materials with the highest efficiency
- Unique network of manufacturing facilities in Japan, the U.S., and Thailand

#### Towards a circular economy



**Enhancing value for customers by expanding the circular economy in the aluminum industry**

# Achieving goals thanks to foundations built from successful structural reforms

## Third Mid-term Management Plan

### Complete structural reforms and position the Group for future growth and the success of UACJ Vision 2030

#### Major Policies

##### 1 Complete structural reforms

- Raise earning capacity
- Improve the financial structure
- Strengthen management systems

##### 2 Strengthen foundations for growth

- Add more value to products
- Focus on growth markets and industries
- Create new businesses
- Strengthen business foundations

##### 3 Promote global sustainability

- Contribute to solving issues related climate change

The Third Mid-term Management Plan is a three-year plan that started in 2021, aimed at the establishment of a foundation toward achieving UACJ Vision 2030, our long-term management vision (▶ p.33). The plan includes three major policies: “Complete Structural Reforms,” “Strengthen Foundations for Growth,” and “Promote Global Sustainability.”

With respect to “Complete Structural Reforms,” despite environmental changes since the formation of our structural reform plan, including the outbreak of COVID-19 and the impact of the conflict in Ukraine, our additional measures, like revising roll margins, helped to generate improvement effects of ¥21 billion, in accordance with initial plans. Furthermore, structural reforms have strengthened our management structure, allowing us to quickly introduce a new pricing structure in light of rising prices for energy and alloy additives (▶ p.86).

As for “Strengthen Foundations for Growth,” while sales volume declined in our designated growth area of automotive-related products due to the shortage of

semiconductors and disruptions in the global supply chain, sales volume of can stock, another growth area, increased due to globally strong demand. Thanks to this, overall sales volume exceeded the previous year’s record high.

In order to “Promote Global Sustainability,” we have declared our intention to become carbon neutral in Scope 1 and 2 emissions by 2050 (▶ p.56), and have decided to purchase 100% of electricity derived from renewable energy sources at 17 manufacturing bases close to finished products, including within our Precision-machined Components Business. In this way, we are working to contribute to solving issues related to climate change, a key issue for us. We are also making progress in our efforts to build a circular economy for aluminum by concluding a business alliance agreement with Toyo Seikan Group Holdings Ltd. to help generate more recyclable aluminum products, as well as establishing a joint venture with Yamaichi Metal Corporation to help recover aluminum for recycling. (▶ p.37)



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



## Financial targets

Net sales reached a record high due to strong sales of our mainstay can stock, especially overseas, and significant growth in worldwide sales of general materials such as air conditioner compressor fins, despite a drop in automotive-related sales. However, deterioration from inventories held and soaring energy prices resulted in a significant decrease in profit, with ordinary income amounting to ¥8.7 billion. Despite this, UACJ's

earning capacity improved thanks to the completion of structural reforms, as evidenced by the ¥16.1 billion in ordinary income before inventory valuation effects. In addition, demand for aluminum is expected to continue its robust growth, and we believe that we are generally on track to meet the goals set forth in our mid-term management plan and long-term management vision.

	Fiscal 2022 results	Fiscal 2023 mid-term plan targets	Fiscal 2030 targets
Net sales	¥962.9 billion	¥700.0 billion	¥800.0 billion or more
Operating income	¥17.2 billion	¥30.0 billion	-
Operating income margin	1.8%	4.2%	6% or more
Ordinary income	¥8.7 billion	¥25.0 billion	-
Debt-to-equity ratio (excluding subordinated loans)*1	1.3x	1.2x or less	-
Return on equity	2.0%	7.5%	10% or more
Return on invested capital*2	3.0%	6.0%	10% or more

\*1 Excluding subordinated loans

\*2 Formula: Operating income before taxes ÷ (Shareholder's equity + Interest-bearing debt – Cash and deposits), calculated as the average of the respective amounts at the beginning and end of the fiscal year

## Non-financial targets

UACJ is taking actions toward achieving the performance indicators established for each material issue. In particular, with respect to the "response to climate change" material issue, we declared that we will achieve carbon neutrality in Scope 1 and 2 emissions by 2050. In addition, 100% renewable energy will be purchased at 17 manufacturing sites, which is expected to reduce CO<sub>2</sub> emissions by 100,000 tons per year. Furthermore, at the UATH\*3 Rayong Works, solar panels have been installed on the roof of the manufacturing plant and began generating

electricity in September 2022. The electricity generated by these panels is expected to reduce CO<sub>2</sub> emissions by 14,000 tons per year. Separately, the entire Group is focusing on human rights under the jurisdiction of the Corporate Legal Department, including newly conducting human rights due diligence at UEXN Anjo\*4.

\*3 UACJ (Thailand) Co., Ltd.

\*4 UACJ Extrusion Nagoya Corporation, Anjo Works

Materiality	Performance indicators	Fiscal 2022 results	Fiscal 2023 targets	Fiscal 2030 targets
Response to climate change	Reduction of CO <sub>2</sub> emissions across the entire supply chain	Declared intent to become carbon neutral in Scope 1 and 2 by 2050	Reduced Scope 1 and 2 per-unit emissions by 17.3% versus fiscal 2019	<ul style="list-style-type: none"> <li>Reduce Scope 1 and Scope 2 per-unit emissions by 30% versus fiscal 2019</li> <li>Reduce Scope 3 emissions across the entire supply chain by recycling as much aluminum as possible in cooperation with various suppliers</li> </ul>
Product quality assurance	Number of serious quality defects	25% more defects than in fiscal 2021	Zero	Zero
	Number of customer complaints due to the fault of materials (culpability in materials)	31% less complaints than in fiscal 2021	10% fewer complaints than in fiscal 2022	50% fewer complaints than in fiscal 2020
Occupational health and safety	Number of serious workplace accidents	Zero	Zero	Zero
	Frequency of workplace accidents resulting in injury or death per million work hours*5	0.25	0.25	0.08
Respect for human rights	Goals to be set based on results of due diligence, and an action plan to be carried out	Completed construction of human rights due diligence mechanism, conducted human rights due diligence at UEXN Anjo	Due diligence executed at a minimum of four manufacturing plants (Fukui, UATH, UEXN Anjo, and at least one more location)	Execution of due diligence at the Group's main workplaces in and outside Japan
	Percentage of employees and officers that participate in 1) training covering codes of conduct and human rights, and 2) training on harassment	1) 92% 2) 100%	1) 96% 2) 100%	100%
Diversity and equal opportunity	Percentage of women in management positions (including directors and officers)	3%	4%	At least 15% (but whenever possible, aim for the target of 30% set by the Japanese government)
Human resources development	Percent of successor candidates appointed to management positions	100% of candidates appointed to the rank of section manager or above at UACJ Corporation	Program rolled out to all UACJ Group companies in Japan	100%
	Number of children and young people who participate in educational events held by UACJ as part of its education and sports programs for youth	882 per year	800 per year	1,000 per year

\*5 The frequency of workplace accidents is calculated by multiplying the combined number of serious workplace injuries and deaths (including those that did not result in a suspension of operations) by one million and dividing the resultant amount by the total hours worked in the fiscal year.

# Structural reforms yield ¥21 billion in improvements from new earnings structure and large investment returns

## Structural reform context and framework

Beginning in 2018, we experienced deterioration in our financial position amid a sharply-deteriorating external environment from U.S.-China trade frictions and other external factors, in combination with internal factors such as delays in earning returns from large overseas investments.

In 2019, we began structural reforms to restore our financial position to its former strength. Recognizing that the profit structure, which is susceptible to the external environment, and the lack of speed in management functions are issues that must be overcome, we have formulated and initiated measures focused on increasing earnings capacity, reforming the financial structure, and improving management systems.



## Assessment of structural reforms

Despite environmental changes that were not anticipated when our reform plan was initially formulated, such as the COVID-19 pandemic and the conflict in Ukraine, we were able to improve earnings in Japan and earn returns from large overseas investments by carrying out additional measures and other tasks, generating improvement effects from structural reforms of ¥21 billion, in accordance with initial plans.

One of the factors behind our achievements here is the success of the corporate culture reforms undertaken at the beginning of the structural reforms. Here, we have redefined our Group philosophy by engaging employees in scrutinizing our purpose for existence as an organization. This success was largely driven by Group employees understanding how

important it is to undertake these structural reforms, building cohesiveness among them as they worked toward the same goal. This also led to a can-do attitude, evidenced by our successes in the aforementioned additional measures.

In addition, these structural reforms have strengthened our management structure and increased the speed and quality of management actions. This improvement can be seen in our rapid introduction of a market condition-aware scheme to pass on prices, including soaring energy and alloy additive costs. These achievements also serve as the foundation of our efforts to constantly reform and improve the quality of our management on an ongoing basis.

## Progress toward main objectives

### Main objectives and measures

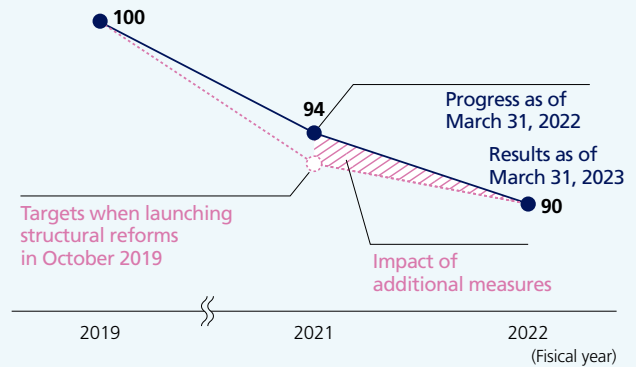
### Progress

<p><b>Increasing earnings capacity</b></p>	<ul style="list-style-type: none"> <li>Lower the breakeven point by 10% vs. the beginning of reforms</li> <li>¥21 billion in structural reform improvement effects</li> </ul>		<ul style="list-style-type: none"> <li>Lowered break-even point (down 10% vs. FY2019)</li> <li>Structural reforms generated ¥21 billion</li> <li>Consolidation of manufacturing bases completed and optimal manufacturing system built up</li> </ul>
<p><b>Reforming the financial structure</b></p>	<ul style="list-style-type: none"> <li>Reduce the debt-equity ratio from 1.7 to 1.3</li> <li>Reduce interest-bearing liabilities by at least ¥80 billion</li> </ul>		<ul style="list-style-type: none"> <li>Debt-equity ratio reduced (from 1.6 in FY2019 to 1.3 in FY2022)</li> <li>Interest-bearing liabilities reduced by ¥28 billion</li> </ul>
<p><b>Improving management systems</b></p>	<ul style="list-style-type: none"> <li>Review the director and officer system</li> <li>Reform organizations, authority, and corporate functions</li> <li>Reaffirm and rebuild our purpose and values</li> </ul>		<ul style="list-style-type: none"> <li>Reorganized director and executive officer system and compensation system</li> <li>Revised committee system and organizational systems</li> <li>Redefined Group principles and held dialogue on Group Philosophy</li> </ul>

### Main measures for increasing earnings capacity

In order to overcome stagnation in profitability, we implemented measures throughout the structural reform period to reduce fixed costs and improve utilization rates. These measures included consolidating production sites, improving profitability, selection and concentration of business, and establishing an optimal production system. With the exception of a partial delay to production rationalization due to demand exceeding initial expectations, each of these measures were completed with nearly no divergence from schedule. These resulted in greater earnings capacity, including in a 10% lower breakeven point in our domestic Flat Rolled Products Business versus fiscal 2019.

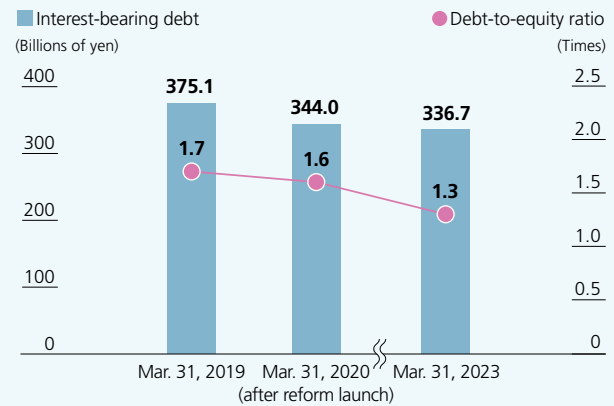
### Domestic Flat Rolled Products Business Progress in lowering the breakeven point (March 31, 2020 breakeven point indexed to 100)



### Main measures for reforming the financial structure

Our achievements in this area include successfully reducing our debt-to-equity ratio from 1.6 as of March 31, 2020 to 1.3 as of March 31, 2023, in line with our target. However, our reductions in interest-bearing debt only reached ¥28 billion, despite a target of ¥80 billion or more in reductions since the launch of structural reforms. Though we fell short of our target, this was due to factors such as an increase in working capital resulting from soaring ingot prices, and UACJ's financial position itself is steadily improving.

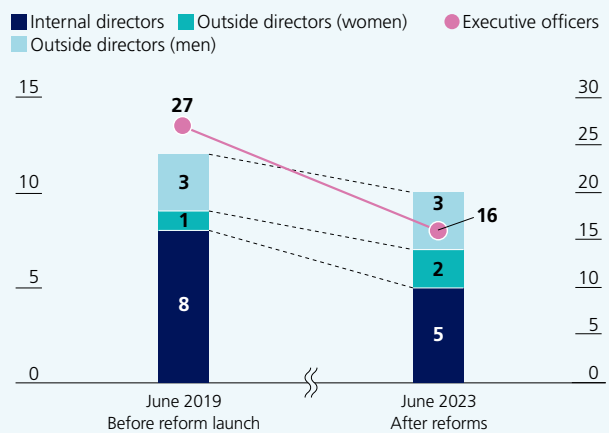
### Financial structure indicators



### Main measures for improving management systems

In working to streamline management, our aims were to accelerate decision-making and evolve our business management. In addition to reviewing our director and executive officer system and the compensation system, we have reviewed organizational structures and authority, as well as strengthening risk management functions. The results of these efforts is a corporate structure that does not miss opportunities for growth, even in times of uncertainty. After further review, we launched a new management structure beginning at the conclusion of the June 2023 General Meeting of Shareholders, consisting of five internal directors and five outside directors, the latter including two women.

### Director and executive officer headcount over time



**Teruo Kawashima**

Director, Executive Vice President

## Aiming to further increase the Company's enterprise value

### Identifying challenges as we move forward with our third mid-term management plan

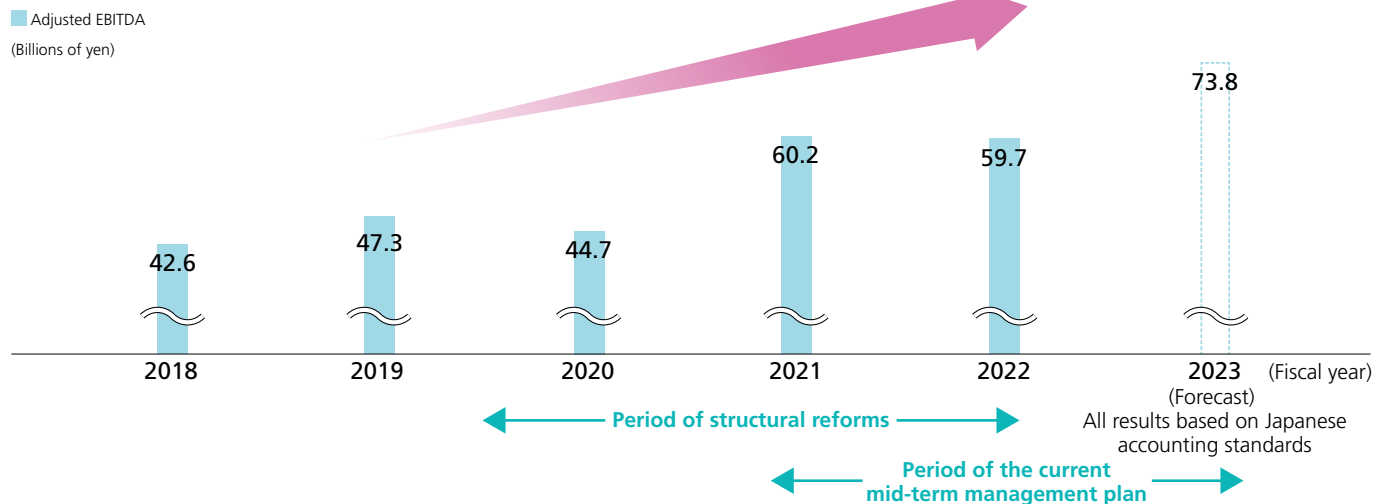
In September 2019, UACJ launched a set of structural reforms focused on increasing its earnings capacity, reforming its financial structure, and strengthening its management systems. The Company's goals were to make operations more robust so that it could boost capital efficiency and raise its enterprise value. By the time fiscal 2022 ended in March 2023, the UACJ Group had successfully completed these structural reforms. As a result, it lowered the break-even point in the mainstay flat rolled products business in Japan, and generated returns on large investments in production facilities in Thailand and the United States. Overall, the reforms contributed ¥21.0 billion to ordinary income, our initial target.

With respect to the Company's financial position, although working capital increased due to soaring raw material prices in recent years, the debt-to-equity (D/E) ratio, an important financial indicator, has improved in line with targets. The ratio stood at 1.7 in March 2019, but came down to 1.3 by the time the reforms were completed in March 2023. By March 2024, I think we can achieve the target of 1.2 we set in our current mid-term management plan. Ultimately, we want to bring the D/E ratio down to 1.0, and this appears possible by fiscal 2025. Under the plan, we are targeting operating income of ¥30.0

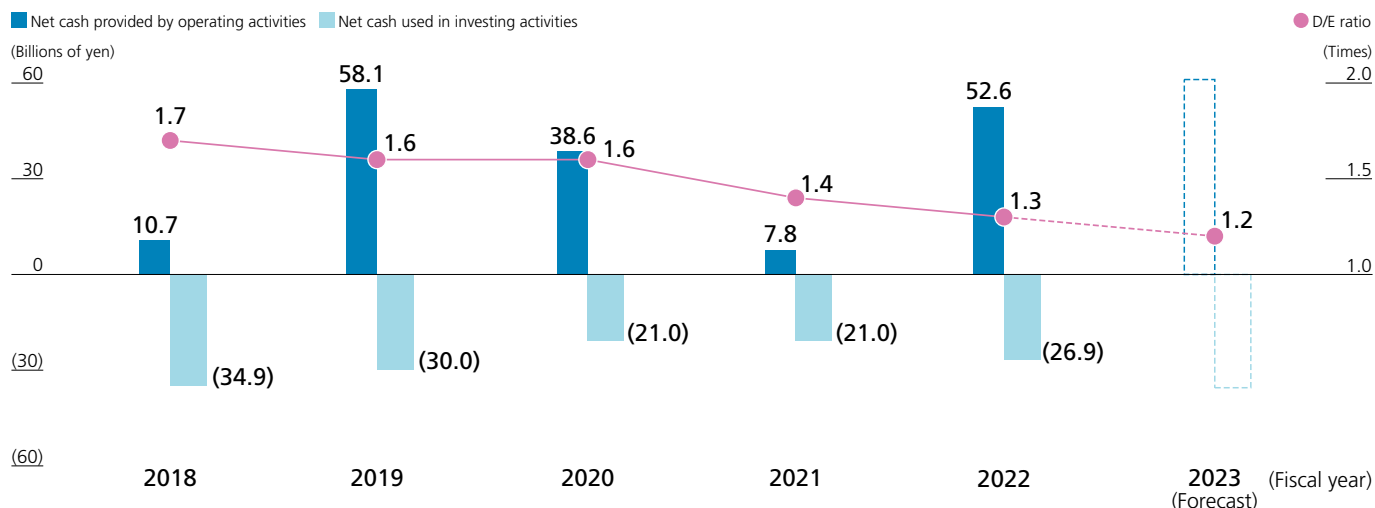
billion, return on equity (ROE) of 7.5%, and return on invested capital (ROIC) of 6.0% (calculated based on operating income). In fiscal 2023, ending March 31, 2024, we forecast ¥32.5 billion in operating income and ¥11.5 billion in net income attributable to owners of the parent. We also expect results for ROE and ROIC to be roughly in line with targets.

I believe that UACJ reinforced the foundations of its businesses over the course of executing the structural reforms, but I also recognize that improving its earnings capacity and financial position are still challenges going forward. Over the past few years, we placed importance on capital efficiency in our operational management, and will aim to raise the Company's enterprise value by leveraging capital efficiency going forward, especially since global market demand for our mainstay products—aluminum can stock and automotive parts—has been rising amid efforts to address environmental issues. Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA), which we regard as a source of higher enterprise value, has grown substantially from ¥42.6 billion in fiscal 2018 to ¥59.7 billion in fiscal 2022. We forecast ¥73.8 billion in fiscal 2023, and expect it break through the ¥80 billion market in the near future on the back of this momentum. That scale will signal a transition to a new stage, so our financial management must step up accordingly.

## A stronger earnings platform following structural reforms



## Results for cash flows and the D/E ratio



## Growth provides the underpinnings for bolstering the Company's financial position

As business opportunities continue to grow, it will be essential to both raise the Company's enterprise value and improve its financial position. Having completed large-scale capital investments, the UACJ Group now has the production capacity to capitalize on these growing opportunities. While we will need to invest in recycling facilities in the future to take advantage of emerging business opportunities, the main tasks now for our financial management are to boost adjusted EBITDA, enhance the Company's ability to raise capital, and increase the efficiency of working capital. Those measures will be key for raising enterprise value and improving the Company's financial position.

To deploy working capital more efficiently, we have adopted cash conversion cycle\* as a performance indicator, and are

applying it in improvement initiatives throughout the Group. Controlling inventories are an important part of these activities, but because inventory turnover is around 100 days, we are currently using a substantial amount of working capital (the global market price of aluminum is also an underlying factor for this). By shortening this period to under 90 days as quickly as possible, we could improve capital efficiency and reduce working capital, which would free up funds for capitalizing on growth opportunities. Management uses ROIC on a business profit basis (operating income excluding the effect of the metal price lag) as an indicator of capital efficiency, and is targeting at least 10%. We are working to generate profits and create a more robust business structure to achieve this target. Our major goals are to increase the Company's enterprise value and earnings capacity, reduce its beta value by strengthening its financial position and increasing capital efficiency, and lowering the cost of capital.



Over the past few years, to emphasize the importance of capital efficiency in our operational management, we have created systems for integrating capital efficiency in management indicators and carried out related training programs. Raising capital efficiency is a matter that must be addressed in order to raise the Company's price-to-book ratio. Our management indicators are ROE, ROIC (calculated based on business income), and the D/E ratio, and we have been taking steps to clarify the interrelationships between these three indicators. Management has also reorganized relations between production departments and manufacturing facilities, and explained these matters in operational divisions. We also plan to include the adjusted EBITDA margin as a management indicator when the next mid-term management plan commences next year. As the market for flat-rolled aluminum expands, raising the adjusted EBITDA margin will be essential for enhancing the value of this business. We will stress the importance of ROIC for profitability and asset efficiency in operational divisions, and aim to increase ROE while treating the D/E ratio as a direct indicator of financial soundness. When deploying ROIC, we determine the amount of invested capital in each operational division, set in-house targets based on the weighted average cost of capital, and manage budgets and monitor results. From this perspective, we intend to integrate the adjusted EBITDA margin as a supplementary management indicator in order to make our management even more aware of the importance of increasing enterprise value in the years ahead. Recently, the adjusted EBITDA margin has been in a range between 7% and 8%. These levels are insufficient, so we have set an immediate target of 9%, which is the average level in the metals sector, and will aim higher for 10%.

\* A financial indicator that expresses the number of days it takes to convert investments in inventory into cash flows from sales.

### Aiming to realize UACJ Vision 2030 under our next mid-term management plan

Management is currently drawing up its next mid-term management plan, the fourth since the Company's establishment, with a view of accomplishing the goals we set in our long-term roadmap, UACJ Vision 2030. We regard higher profitability as one of the main objectives of the plan. To accomplish that, we will work to capture growing demand for flat-rolled aluminum products and make more use of recycled materials that add value to our products by leveraging the technological capabilities and production capacity that we increased through strategic capital investments in the past. Global demand for aluminum is rising as more and more people recognize how the metal can help reduce environmental impacts, and the UACJ Group is well positioned to capitalize on the opportunities that come from this demand growth, as the

combined production capacity of its manufacturing facilities in Japan, the United States, and Thailand now exceeds 1.4 million tons annually.

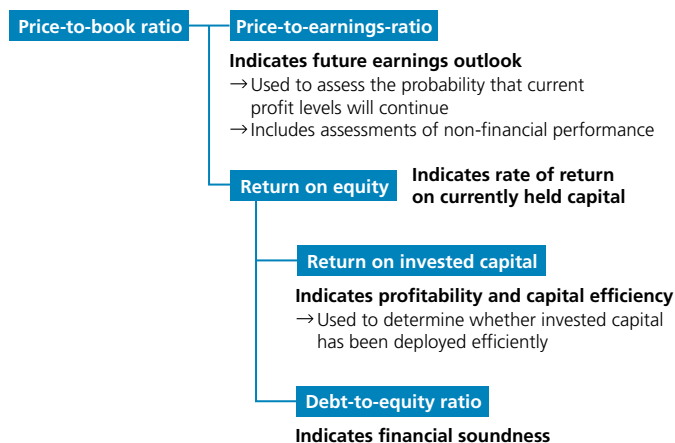
Over the three years of our current mid-term management plan, we expect the total amount of adjusted EBITDA to reach about ¥190 billion. Accordingly, the adjusted EBITDA margin would come to about 8%, which, as I mentioned above, is too low in our view, especially considering the growth in the total amount. Given the outlook for market growth, we expect the margin to reach 9% relatively soon, and will aim for 10% during the period of the next mid-term management plan.

We also plan to use operating cash flow to invest in sustainability-related projects and production of aluminum cans and automotive parts for the North American market, in which demand is projected to rise substantially. While investing in growth, however, we will work to strengthen the Company's financial position, keeping the D/E ratio at no more than 1.0.

### Adopting International Financial Reporting Standards and pursuing higher earning capacity to compete in the global market

Following several years of preparation, the Company switched its accounting standards from generally accepted accounting principles in Japan to the International Financial Reporting Standards (IFRS), effective from April 1, 2023. By adopting these standards, the Company can more clearly disclose information and present its financial results globally, including the fact that its rate of invested capital and net sales to markets outside Japan have been growing year by year. In accordance with IFRS, we have switched from ordinary income, which we used as an indicator of profit for each business in the past, to business profit, calculated as operating income excluding the effect of the metal price lag. We are also recording the metal price lag

#### Key financial indicators



effect, financial costs, taxes, and consolidated income and losses based on the standards. In these ways, I believe the Company has established a basis for executing advanced financial management with a greater focus on ROE and net income attributable to owners of the parent, and for operating its businesses with an emphasis on ROIC.

In addition to business profit, financial cost management and reductions as well as tax management have grown increasingly important. Over the period of our current mid-term management plan, ROE has averaged around 7%, which is too low. Therefore, it is important for us to raise this up to the 10% level relatively soon. Furthermore, with the expansion of our businesses globally, it is important to comprehensively manage financial transactions by taking into account rises in U.S. dollar interest rates and changes in exchange rates of the currencies used in our operations, particularly the Japanese yen, U.S. dollar, and Thai baht. The Group also conducts a vast number of trans-border transactions because it operates in many countries. Therefore, it has become more important to manage taxation risks associated with intergroup transactions and the tax systems of each country. Shifting to IFRS is one practical way to manage all of these matters more effectively than we did in the past.

Meanwhile, non-financial reporting has emerged as a critical task. In this regard, the Company has specified its most important materiality issues and integrated them into management objectives. Since a company's non-financial performance is now a significant factor for assessing its overall value, we will take steps to quantify UACJ's performance and results, and explain this to shareholders and capital market players by disclosing all relevant information. We will also broaden our reporting of non-financial results in accordance with new standards set by the IFRS. Indeed, we expect the Company's adoption of the IFRS to lead to assessments of its non-financial performance. In addition, we have been disclosing

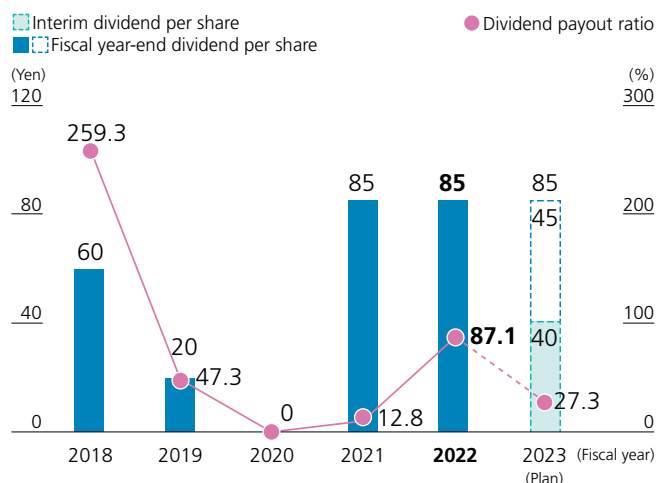
information concerning the impact of climate change on the Company's profits and losses over the current fiscal year in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures, and we plan to report on other relevant items going forward.

### Message to shareholders

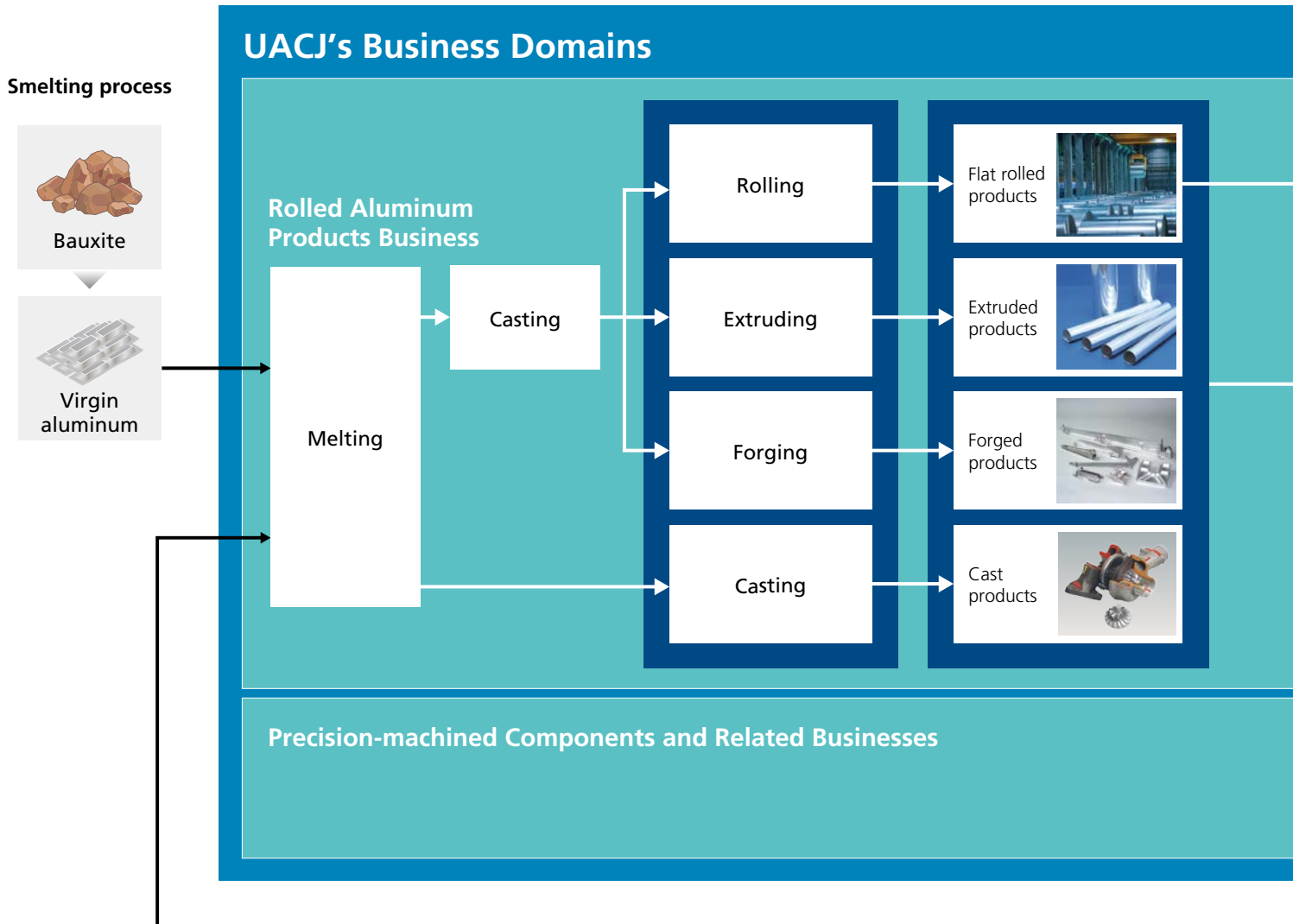
When allocating financial resources, management has been working to expand operations and raise UACJ's enterprise value while giving consideration to investments in growth businesses, shareholder returns, and the strength of the Company's financial position. The financial structure weakened after we carried out large scale investments following UACJ's establishment in 2013, but by executing structural reforms and our third mid-term management plan, we improved the D/E ratio and reinforced the financial position. Looking ahead, we will deploy our management indicators of ROE, ROIC, and the D/E ratio in operational management with a view of raising UACJ's enterprise value. We also intend to maintain a dividend payout ratio of at least 30%. Over the medium and long term, we will plan to formulate measures aimed at increasing the Company's price-to-book ratio, engage with capital markets, and actively disclose information to explain to stakeholders the reasons why we expect earnings to grow.

In October 2023, UACJ celebrated the 10th anniversary of its establishment. Over the past decade, the Company optimally reorganized its businesses, which involved large-scale investments, the acquisition of an automotive parts manufacturer in the United States, and the sell-off of the wrought copper products business. By making the most of the Group's expanded production capacity and global operations, we will strive to secure a solid position as a leading flat-rolled aluminum manufacturer in the expanding global aluminum products market.

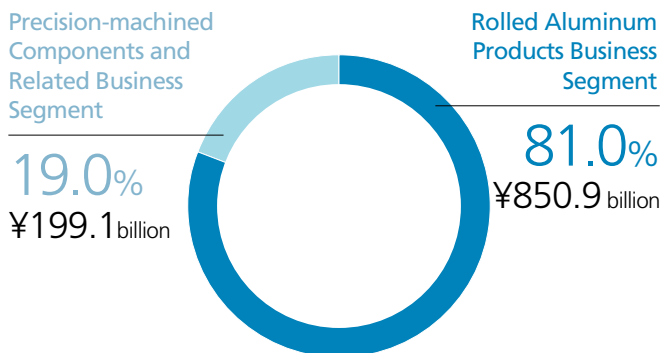
### Dividend amounts and payout ratio



# Aluminum products for all fields, thanks to diverse processing and machining capabilities

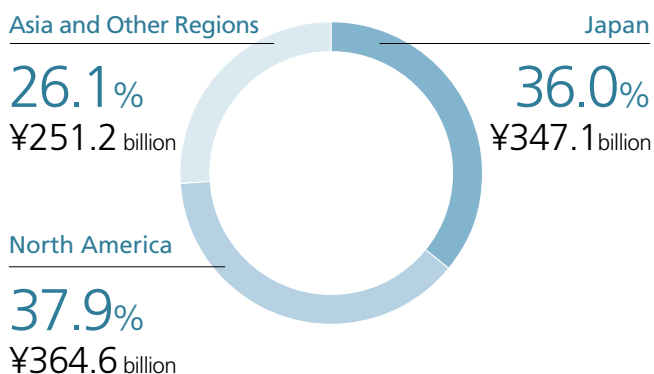


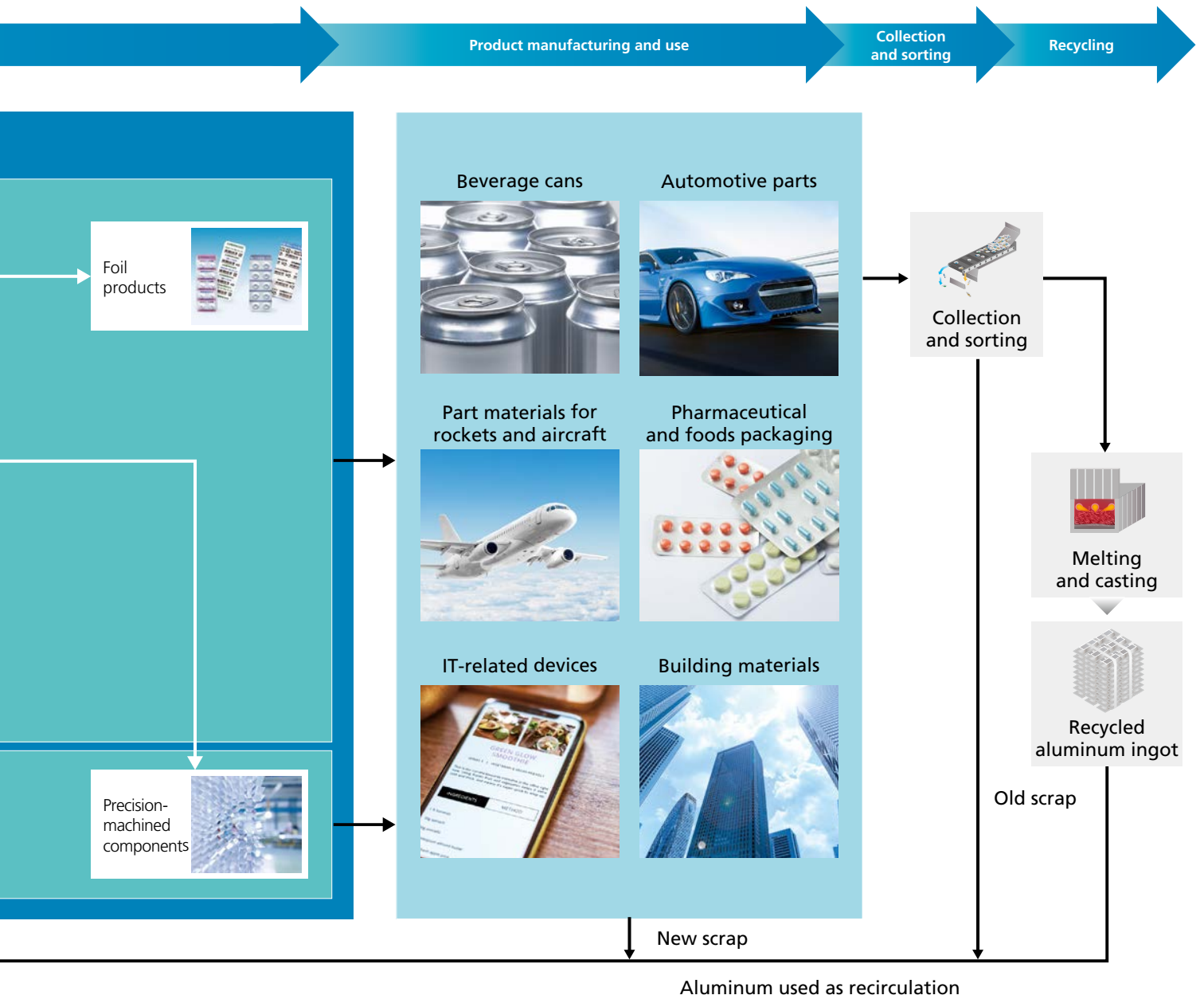
Net sales by business segment in fiscal 2022\*1



\*1 Segment sales totals include inter-segment sales and transfers.

Net sales by geographical segment in fiscal 2022





**Sales volume of flat-rolled aluminum by product usage and geographical region**

Product usage	Fiscal 2022 sales volume		Main customers	Main end-product manufacturers
	(Thousands of tons)	(Percent of total)		
Can stock*	869	65.3%	Can manufacturers	Beverage and food product manufacturers
Foil stock	46	3.5%	Foil manufacturers	Pharmaceutical and foot product manufacturers, Battery manufacturers
Casings and substrates	9	0.7%	Electronic parts manufacturers	IT equipment manufacturers
Automotive parts	126	9.5%	Automobile and auto parts manufacturers	Automobile manufacturers
Thick plate	52	3.9%	Metal trading companies Shipbuilders	Liquid crystal and semiconductor production equipment manufacturers Shipbuilders
General-purpose materials	228	17.1%	Building material manufacturers and metal trading companies	Large construction general contractors
<b>Total</b>	<b>1,330</b>	<b>100%</b>		

\* Figures exclude internal transactions

# Growing global demand for aluminum, a material helping to resolve social issues

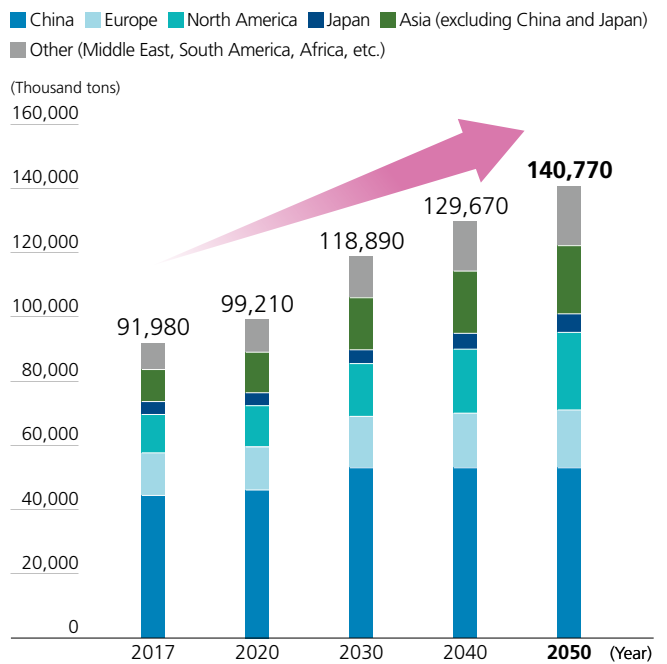
## The Globally Booming Aluminum Market

### Significant demand growth in North America and Asia, home of major UACJ locations

The global demand forecast for aluminum shows a steady increase ahead, with a projected 20% jump from 2020 to 2030. In the 10 years to follow, demand is to increase by approximately 9%. The automotive component market, which we have positioned as a growth area, is expected to experience a particularly significant demand growth of around 40% through 2030. This reflects a rising number of vehicle models and components using aluminum to meet weight saving needs to improve fuel efficiency for CO<sub>2</sub> emissions reduction, as well as to improve the cruising range of EVs. Demand growth is also anticipated for aluminum in relation to batteries as more EVs come on the market. Meanwhile, demand for can stock is projected to grow by about 18%. Demand in this market comes amid increasing demand for beverage cans due to population growth and the growing appreciation of aluminum cans as an environmentally friendly, highly-recyclable beverage container, triggered by the marine plastic problem.

High growth is expected with a focus on North America and Asia, where UACJ has major locations, and we intend to take full advantage of the three-country supply network we have established to capture opportunities presented by this growth.

Global aluminum demand forecast



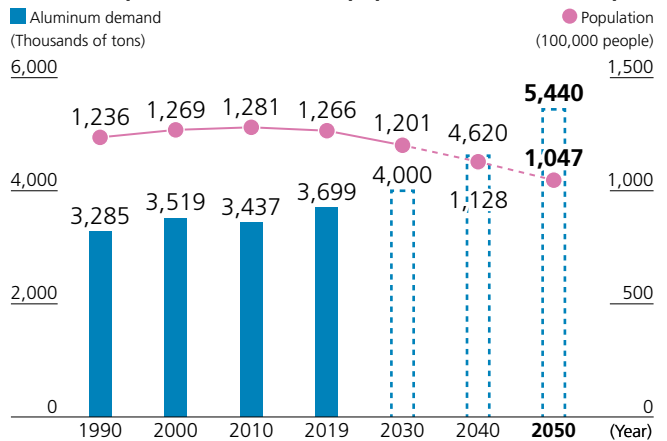
Source: *Aluminium Vision 2050* published by the Japan Aluminium Association

### Growing demand expected in Japan, despite a declining population

Japan is also a prolific user of aluminum in a wide variety of applications. The material's diverse characteristics, such as being lightweight, strong, a good conductor of heat and electricity, and highly processable and recyclable, are utilized in a wide range of fields, including beverage cans, pharmaceuticals and food products, automobiles, aviation, and construction materials. Aluminum is expected to continue finding greater use in broader applications and areas, and total demand for aluminum is expected to increase, despite the decline in the domestic population. Domestic demand for aluminum products\* is projected to be 5,440 thousand tons in 2050, compared to 3,699 thousand tons in 2019, at a growth rate of approximately 1.3% per year.

\*Total of sheet, extruded, and casting products

Aluminum product demand and population forecasts in Japan



Source: Drafted based on the *Aluminium Vision 2050* published by the Japan Aluminium Association and the *Population Projections for Japan (2023 Revision)* published by the National Institute of Population and Social Security Research

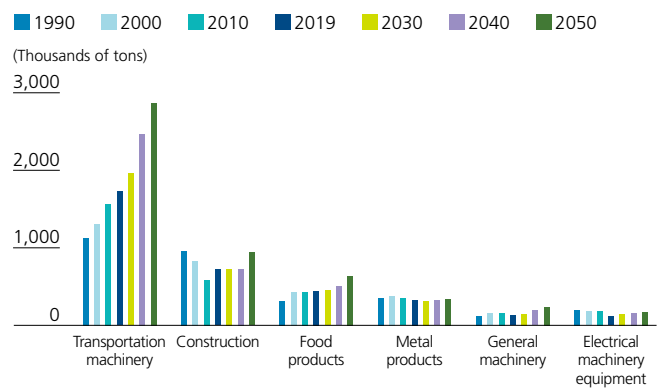


## Growing Demand in Many Fields as a Material Helping to Resolve Social Issues

### Growing use in automobiles, railroads, and other mobility sectors for lighter vehicles and reduced CO<sub>2</sub> emissions

To achieve carbon neutrality, automakers around the world are working to improve the environmental performance of their vehicles. Aluminum plays an active role here, as it enables lighter car bodies, resulting in significantly lower CO<sub>2</sub> emissions during operation, even though producing new aluminum ingots has traditionally generated more emissions than producing their steel equivalents. Here, CO<sub>2</sub> emissions can be significantly reduced further by utilizing green ingots and recycled ingots. Aluminum is also used in non-automotive mobility, such as railroads and airplanes, for the purpose of weight reduction. The amount of aluminum used in mobility is larger than in other fields, and is expected to increase every year due to the expanding range of applications.

Aluminum demand results and forecast by major area

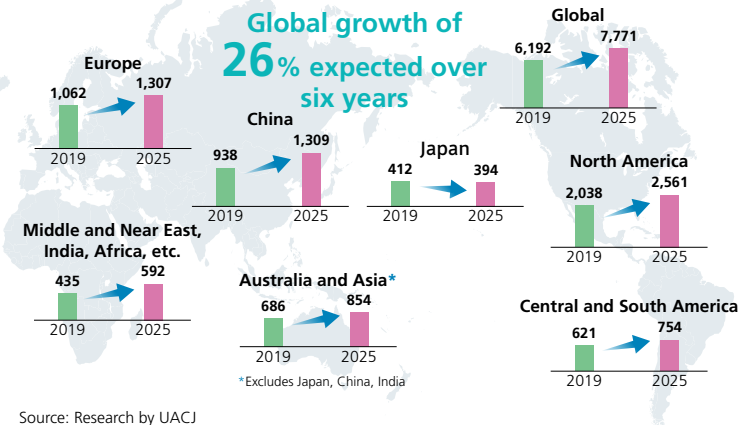


Source: Aluminium Vision 2050 published by the Japan Aluminium Association

### Growing global can stock demand as a solution to marine plastic waste

Can-to-can closed-loop recycling (p.38) captures the highly recyclable nature of aluminum cans to regenerate used cans into brand-new, reusable cans. This makes them highly regarded as environmentally friendly containers, and demand for aluminum can stock has been increasing accordingly. Demand is particularly strong in North America, where aluminum can products are the preferred choice of environmentally conscious consumers. Meanwhile, as populations grow in developing countries, the increase in demand for aluminum cans is not limited to North America, but is a global trend. In recent years, aluminum cans have been increasingly adopted as a solution to the marine plastic waste problem.

Global can stock demand (Thousands of tons)



Source: Research by UACJ

### Additional demand growth in next-generation telecommunications equipment and aerospace

Aluminum's applications are pioneering new, untouched fields, such as telecommunications. The advent of fifth-generation mobile communication systems (5G) has led to new demands on telecommunication, resulting in aluminum's broad usage in equipment for mobile devices and base stations. Outside of telecommunications, aluminum is also essential for service robots, including mobile guidance robots and nursing care

robots, and industrial robots, as well as for equipment manufacturing the semiconductors used in these robots. Aluminum is also being considered for use in hydrogen carriers, which are attracting increasing attention as a means of achieving carbon neutrality. New markets such as these are expected to offer future demand growth for the aluminum industry.

# Maximally demonstrating cultivated skills to create value unique to UACJ

### Megatrends

Climate change   Growing demand for aluminum containers  
 Rising popularity of EVs (and, consequently, lighter weight vehicles)   Advancement in digital technologies

### Inputs

#### Advanced R&D capabilities

- Aluminum-related technologies refined over more than a century
- Involvement in leading-edge research projects, including national projects

#### Skilled human resources

- A diverse workforce of about 10,000 employees in more than 10 countries

#### Manufacturing prowess

- Annual production capacity exceeding 1.4 million tons
- Diverse manufacturing processes ranging from aluminum sheet and foil production to casting, forging, and precision machining

#### Broad network of customers, suppliers, and partners

- Solid customer base of over 600 companies
- Approximately 1,500 suppliers
- Partnerships with national and municipal governments

#### Investment capital

- ¥20.7 billion invested in fiscal 2022

#### Raw materials and energy (in FY2022)

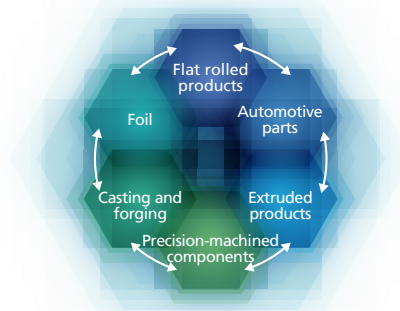
- 990 thousand tons of aluminum procured
- 11 thousand tons of secondary raw materials procured
- 503 thousand kiloliters of fuel consumed
- 11,191 thousand tons of water
- 3,320 tons of chemical substances

### Business activities

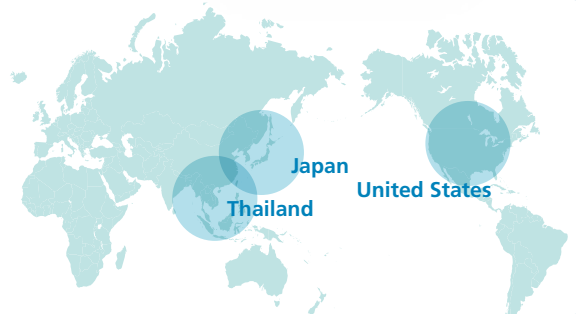
#### Competitive Advantages

##### Material technologies

##### Six integrated businesses



##### Three-country supply network



##### Active involvement in initiatives to facilitate closed-loop recycling

##### Sustainability management and value creation capabilities

#### Materiality issue

Response to climate change

Product quality assurance

Occupational health and safety  
 Respect for human rights  
 Diversity and equal opportunity  
 Human resources development

**Our Vision**

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

**Outputs**

**Beneficial products**

Aluminum alloy ..... 1,042 million tons

<p><b>Flat rolled products business</b></p>  <p>Beverage containers (can bodies and lids) Automotive parts (body panels and heat exchanger materials)</p>	<p><b>Automotive parts business</b></p>  <p>Automotive parts (bumpers and sunroof guide rails)</p>	<p><b>Extruded products business</b></p>  <p>Automotive parts (frame components, heat exchanger materials, and pipes) IT device materials (smartphone housings)</p>
<p><b>Foil business</b></p>  <p>Pharmaceutical and food packaging (push-through-packaging foil, retort pouches) Battery materials (lithium-ion battery foil)</p>	<p><b>Casting and forging business</b></p>  <p>Automotive parts (compressor wheels and vehicle air conditioning parts) Railcar parts (axle boxes for high-speed trains)</p>	<p><b>Precision-machined components business</b></p>  <p>Construction materials (expansion joint covers) Industrial machinery parts (materials for industrial fans and storage tanks)</p>

**Environmental impacts**

Data from fiscal 2022, with comparison vs. fiscal 2021 in parentheses

**Atmosphere**

- CO<sub>2</sub> ..... 1,037,000 t-CO<sub>2</sub> (-30,000 t-CO<sub>2</sub>)
- SO<sub>x</sub> ..... 50 t (-24 t)
- NO<sub>x</sub> ..... 579 t (-36 t)
- Soot and dust ..... 91 t (-18 t)

**Waste**

- Hazardous waste ..... 12,420 t (-265 t)
- Non-hazardous waste ..... 20,150 t (+39 t)

**Discharge destination**

- Fresh surface water (rivers, etc.) ..... 7,835,000 t (-574,000 t)
- Seawater ..... 273,000 t (±0 t)
- Third party (sewage water, etc.) ..... 1,744,000 t (+177,000 t)

**Chemical substances**

- Releases ..... 182 t (+23 t)
- Transfers ..... 143 t (+3 t)

**Outcomes**

**Value to create by fiscal 2030**

**Value for UACJ's stakeholders**

Targets of UACJ Vision 2030

<p>Net sales <b>¥800 billion</b></p>	<p>Operating income margin <b>6%</b></p>
<p>Return on equity <b>10%</b></p>	<p>Return on invested capital (calculated based on operating income before taxes) <b>10%</b></p>

**Value for society**

A dependable supply of essential materials for products, which contributes to manufacturing industries and people's livelihoods



Lighter weight materials that lead to lower CO<sub>2</sub> emissions at the product usage stage



New recycling systems that help promote the shift to a recycling-based society



Workplaces that are rewarding places to work for diverse employees



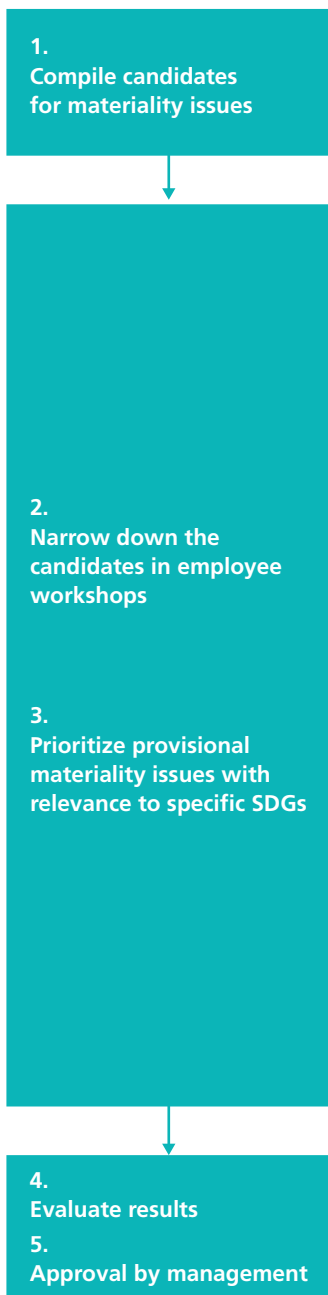
# Materiality-Based, Unified UACJ Group Action on Sustainability

The UACJ Group is placing priority on tackling the six materiality issues it has specified: response to climate change, product quality assurance, occupational health and safety, respect for human rights, diversity and equal opportunity, and human resources development. These issues were decided over five stages lasting about two years. This process did not only involve directors and executive officers, as broad range of the Group’s members including employees from manufacturing plants and sales offices actively took part in workshops aimed at narrowing

down the issues. Consultations were also held with experts from outside the Group, and the materiality issues were reviewed and finally approved by UACJ’s Board of Directors.

Through this process, the Group designated the six materiality issues along with relevant UN Sustainable Development Goals (SDGs), 2030 sustainability goals for each issue, an action plan, and key performance indicators (KPIs) for measuring the plan’s progress. For each of the six issues, the Group also clarified how its actions can bring benefits to society.

## Process of specifying materiality issues

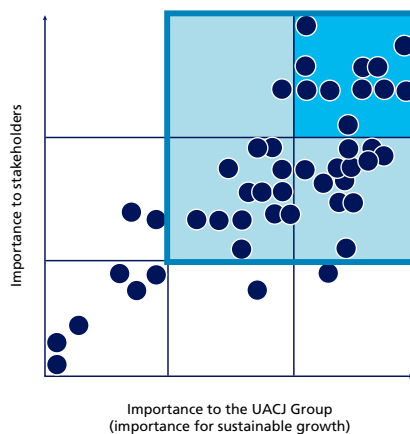


A total of 47 broad issues that could have a material impact on the UACJ Group were compiled as candidates for materiality issues based on international frameworks and guidelines, such as GRI standards and ISO 26000 guidelines, as well as disclosure requirements of ESG indices.

In a series of four workshops attended by 86 members of the Group, the materiality issue candidates were discussed and ranked according to their importance for the Group and for its stakeholders on a scale of one to three. Provisional materiality issues were selected based on the results and then further prioritized according to their relevance to specific SDGs.

### Main suggestions from employees

- Responding to climate change aligns with the Group’s basic policies so it should be included as a materiality issue
- As a global enterprise, the UACJ Group cannot ignore diversity and equal opportunity
- Product quality assurance is a materiality issue because it is essential for future growth and competitiveness



### Issues resolved through business

- Product quality assurance
- Innovation
- Promoting recycling activities
- Response to climate change risks and opportunities
- Customer satisfaction
- Reducing use of hazardous materials, preventing pollution
- Environmentally conscious product development
- Supply chain management

### Issues to tackle for business value creation

- Strengthening and building stakeholder relationships
- Compliance with laws, regulations, and codes of conduct
- Anti-competitive behavior
- Transparency of tax payment
- Risk management
- Elimination of human rights infringements
- Human resource development and empowerment
- Diversity and equal opportunity
- Environmental management
- Environmental compliance
- Contribution to and coexistence with local communities
- Decision-making process and structure
- Encouraging economic activities and distributing profits

The identified provisional materiality issues were evaluated by experts, deliberated by management, and approved by the Board of Directors.

## The UACJ Group's materiality issues, performance indicators, results, and goals

Materiality issue	Performance indicators	Fiscal 2022 results	Initiatives for value creation	Fiscal 2030 goals
<b>Response to climate change</b> <ul style="list-style-type: none"> <li>Reason for selection</li> </ul> <p>The Group can make a significant social contribution by pursuing ways to use the recyclability of aluminum to reduce greenhouse gas emissions throughout entire supply chains.</p>	Reduction of CO <sub>2</sub> emissions across the Group's supply chain	Declared our intention to become carbon neutral by 2050 in Scope 1 and 2	<ul style="list-style-type: none"> <li>Converted a majority of the UACJ Group's 17 manufacturing locations to 100% renewable energy factories, contributing to CO<sub>2</sub> emissions reductions</li> <li>Established a joint company with Yamaichi Metal Corporation for the processing of used beverage cans (UBCs) in order to build a UBC melting recycling system</li> </ul>	<ul style="list-style-type: none"> <li>Reduce Scope 1 and 2 CO<sub>2</sub> emissions by 30% (compared with levels in fiscal 2019)</li> <li>Reduce Scope 3 CO<sub>2</sub> emissions across the entire supply chain by recycling as much aluminum as possible in cooperation with various suppliers</li> </ul>
<b>Product quality assurance</b> <ul style="list-style-type: none"> <li>Reason for selection</li> </ul> <p>It is a source of the Group's competitiveness as a manufacturer and directly connects to realizing the mutual sustainability of the Group and society</p>	Number of serious quality defects	25% more defects than in fiscal 2021	<ul style="list-style-type: none"> <li>Continue quality improvement activities in each business and organization</li> <li>Build a system to encourage quality control activities with cooperation of quality control managers at each business and organization</li> </ul>	Zero
	Number of customer complaints related to quality	31% fewer complaints than in fiscal 2021		50% fewer complaints than in fiscal 2020
<b>Occupational health and safety</b> <ul style="list-style-type: none"> <li>Reason for selection</li> </ul> <p>Employee safety is part of the bedrock of the Group's business continuity as a manufacturer.</p>	Number of serious workplace accidents	Zero	<ul style="list-style-type: none"> <li>Promote the creation of a safe, hygienic, and healthy work environment through the establishment and appropriate management of an occupational health and safety management system</li> <li>Gradually introduce air-conditioned clothing to combat heat stroke</li> </ul>	Zero
	Frequency of workplace accidents resulting in injury or death per million work hours	No more than 0.25		No more than 0.08
<b>Respect for human rights</b> <ul style="list-style-type: none"> <li>Reason for selection</li> </ul> <p>Respect for the rights of employees of the Group and its suppliers is part of the bedrock of its business continuity as a global enterprise.</p>	Goals to be set based on results of due diligence, and an action plan to be carried out	Completed establishment of a human rights due diligence mechanism and conducted human rights due diligence at UACJ Extrusion Nagoya Corporation's Anjo Works (UEXN Anjo)	<ul style="list-style-type: none"> <li>Additionally conduct human rights due diligence at Fukui Works and UACJ (Thailand) as well as UEXN Anjo</li> <li>Conduct training related to codes of conduct, human rights, and harassment at each site</li> </ul>	Execution of due diligence at the Group's main workplaces in and outside Japan
	Percentage of employees and officers that participate in 1) training on codes of conduct and human rights, and 2) training on harassment	1) 92% 2) 100%		100%
<b>Diversity and equal opportunity</b> <ul style="list-style-type: none"> <li>Reason for selection</li> </ul> <p>Ensuring employee diversity and equality in terms of promotion and treatment is essential for realizing future growth.</p>	Percentage of women in management positions (including directors and officers)	3%	<ul style="list-style-type: none"> <li>Raise the percentage of women hired to 20% or more in line with the action plan based on Japan's Act on the Promotion of Female Participation and Career Advancement in the Workplace</li> </ul>	At least 15% (but whenever possible, aim for the target of 30% set by the Japanese government)
<b>Human resources development</b> <ul style="list-style-type: none"> <li>Reason for selection</li> </ul> <p>The development and mastery of abilities by employees is the source of value creation, and is essential for realizing future growth.</p>	Percent of successor candidates appointed to management positions	100% appointed to the rank of section manager or above at UACJ	<ul style="list-style-type: none"> <li>General managers and above identify successor candidates for section manager positions and above</li> <li>Hold the Business Leader Development Program</li> <li>Hold baseball and basketball clinics for elementary school students</li> <li>Hold classes taught by UACJ employees on aluminum and the environment for elementary school students and high school students</li> <li>Provide support for culture, the arts, and sports</li> </ul>	100%
	Number of people who participate in educational events held by UACJ	882 per year		1,000 per year*

\* The target has been upwardly revised due to changes in the method for calculating the number of participants following a review of events to be held



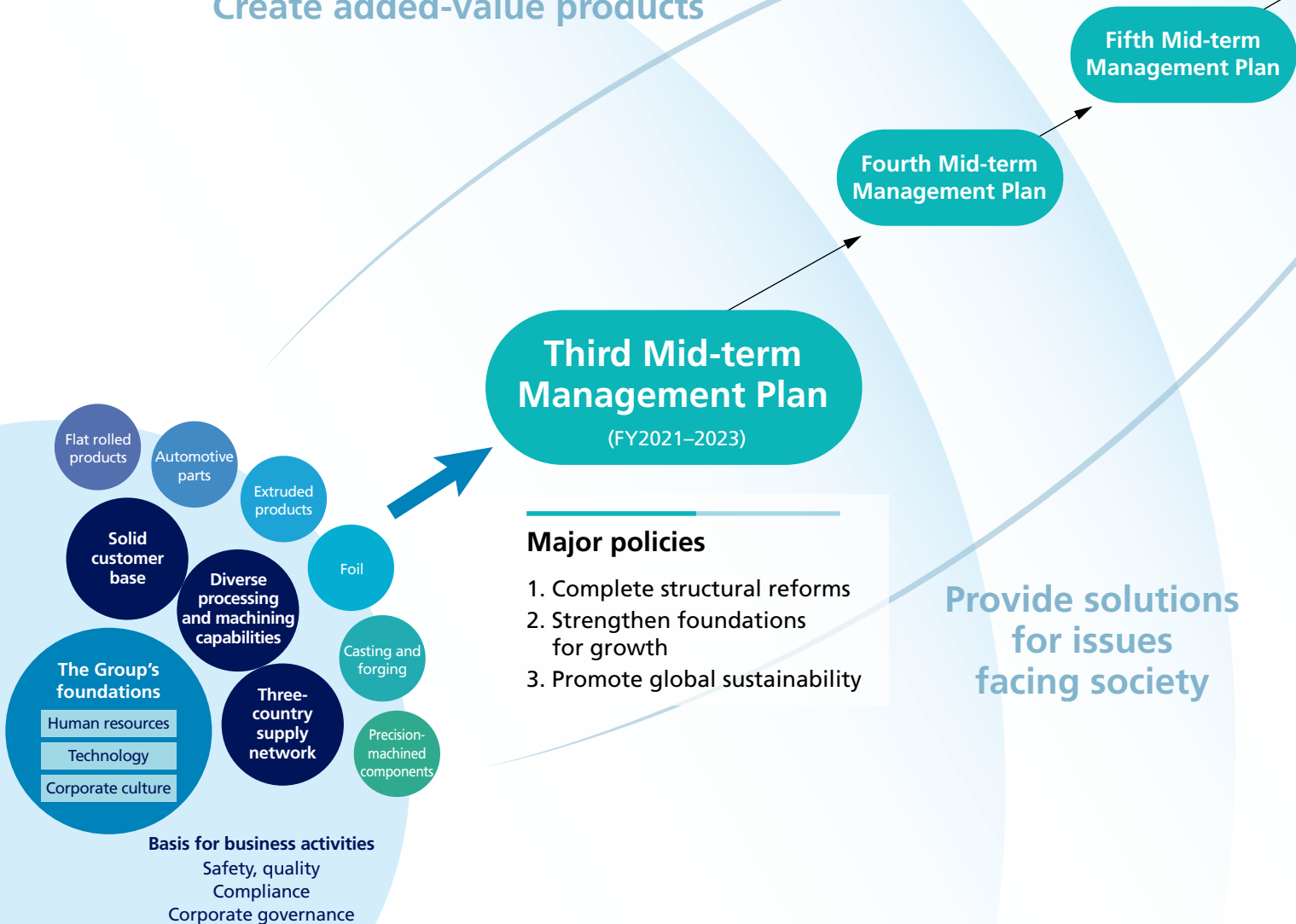
# Harnessing all of aluminum’s strengths to create a better world

Based on our newly-formulated Group philosophy system, we have visualized and defined UACJ Vision 2030, our long-term roadmap. This roadmap describes how we want to be and how we should be in 2030, and was formulated with the participation of mid-career and young employees who are expected to play a central role in 2030. It specifies three new sectors where we want to focus our activities in ten years: mobility, lifestyles and healthcare, and environment and energy. We will pursue new added value and contribute to solving

social issues by leveraging the strengths we have cultivated to date, such as a solid customer base, diverse processing and machining capabilities, and a three-country supply network.

To steadily realize this long-term roadmap, we have formulated three phases, each with its own medium-term management plan, backcasting from the goals of UACJ Vision 2030. Currently, we are making efforts in the third mid-term management plan, the first year of which was fiscal 2021, under the banner of “Strengthening Foundations.”

## Create added-value products



## Our Vision

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

## Group's long-term roadmap

# UACJ VISION 2030

## Mastering aluminum to help create a sustainable society

### Our four policies

- Provide products that contribute to societal development by capturing demand in growing industries and markets
- Enhance aluminum materials in the supply and value chains to bring economic benefits to communities worldwide
- Develop all-new products and business models that offer solutions for challenges facing society
- Lower environmental impact by reducing CO<sub>2</sub> emissions across product lifecycles

### Areas for contribution



#### Mobility

Contribute to efficient and user-friendly transportation



#### Lifestyles and healthcare

Provide beneficial products for daily life and work



#### Environment and energy

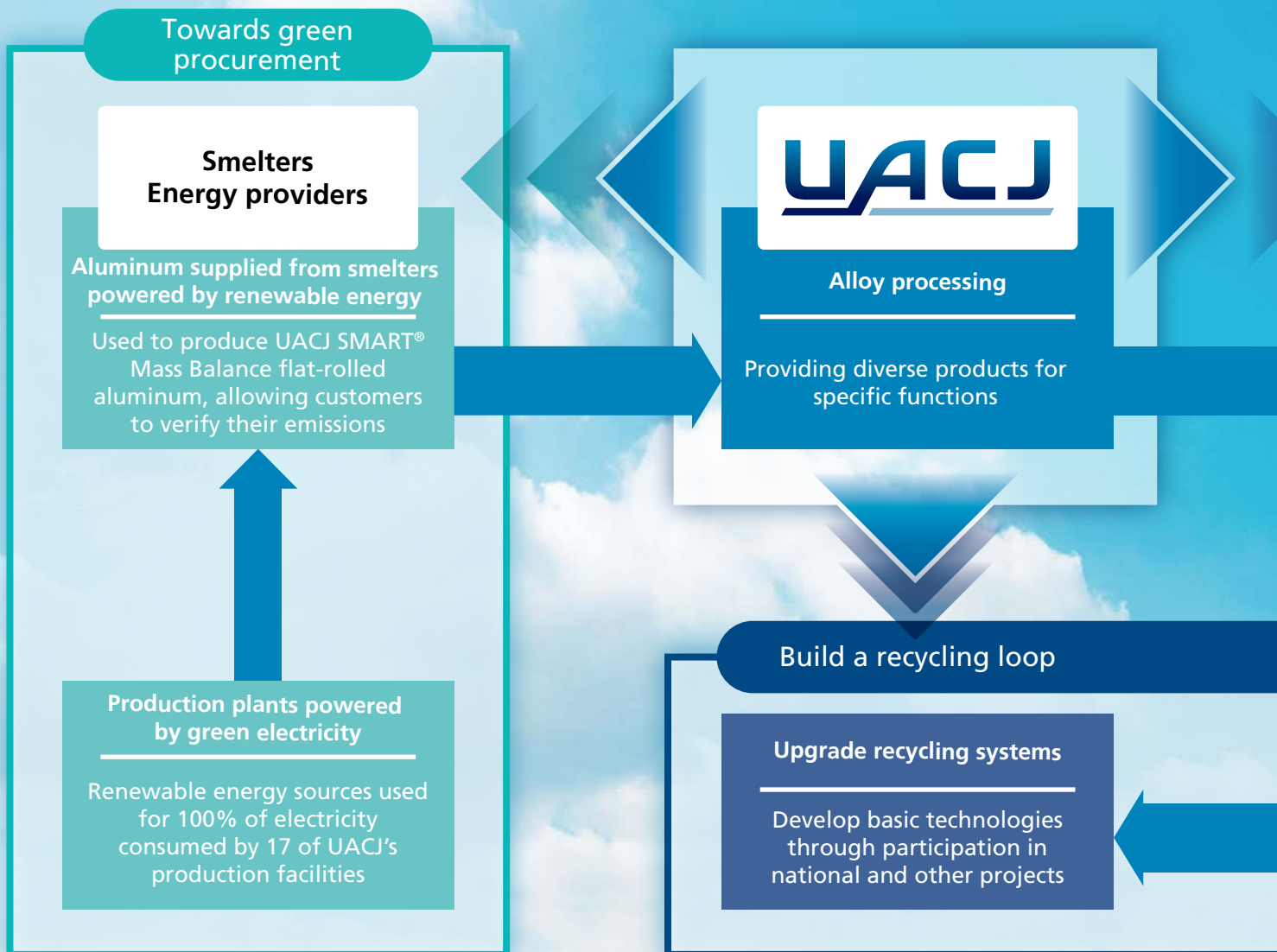
Reduce emissions and facilitate recycling

### Materiality issues

- Response to climate change
- Product quality assurance
- Occupational health and safety
- Respect for human rights
- Diversity and equal opportunity
- Human resources development

Feature  
No. 2

# Striving to expand business domains to build a better world and healthier environment

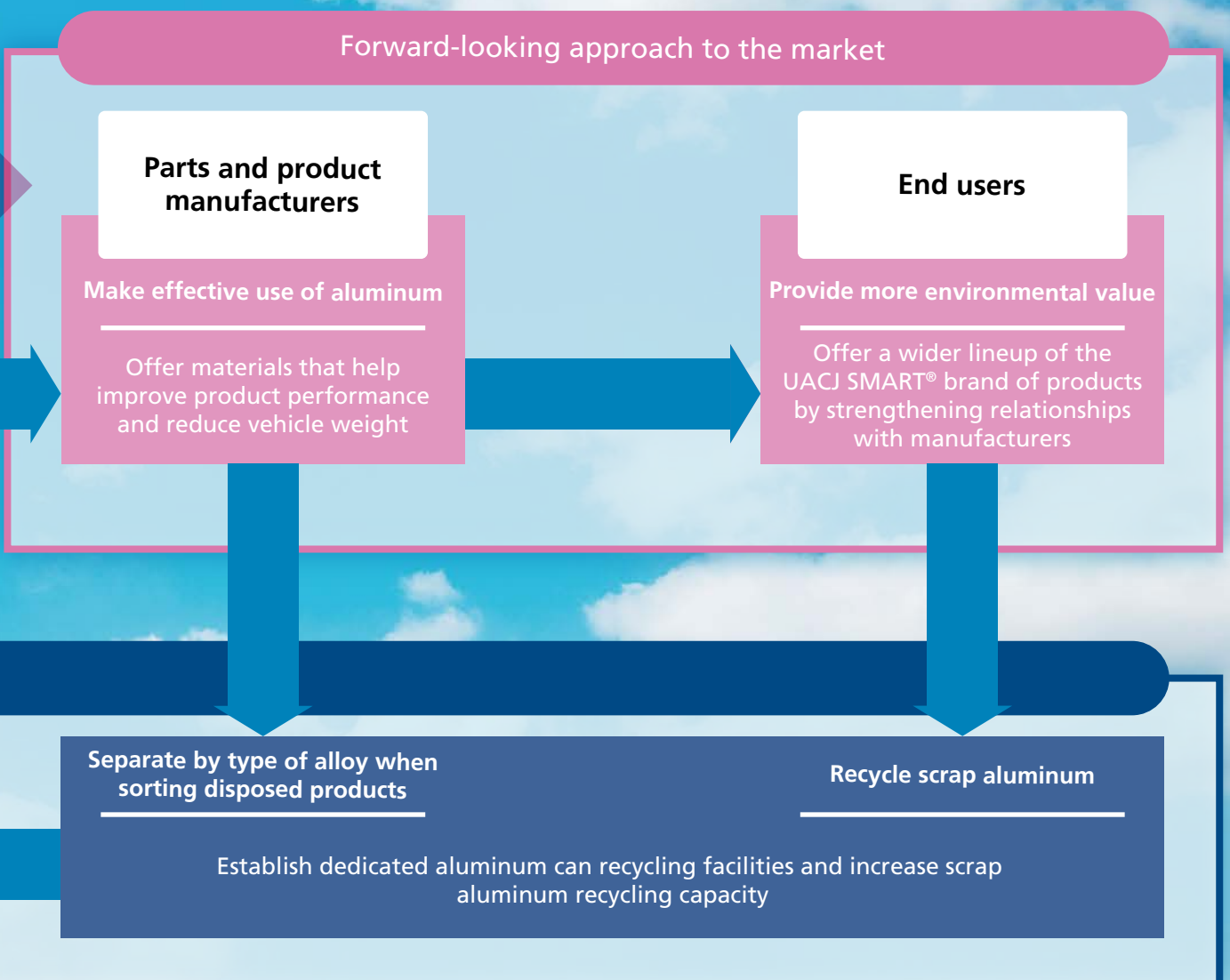


The more aluminum is used, the more beneficial it becomes. Because of the metal’s diverse properties, applications for it are common in all kinds of settings. Today, aluminum is widely used across industries and for countless everyday items.

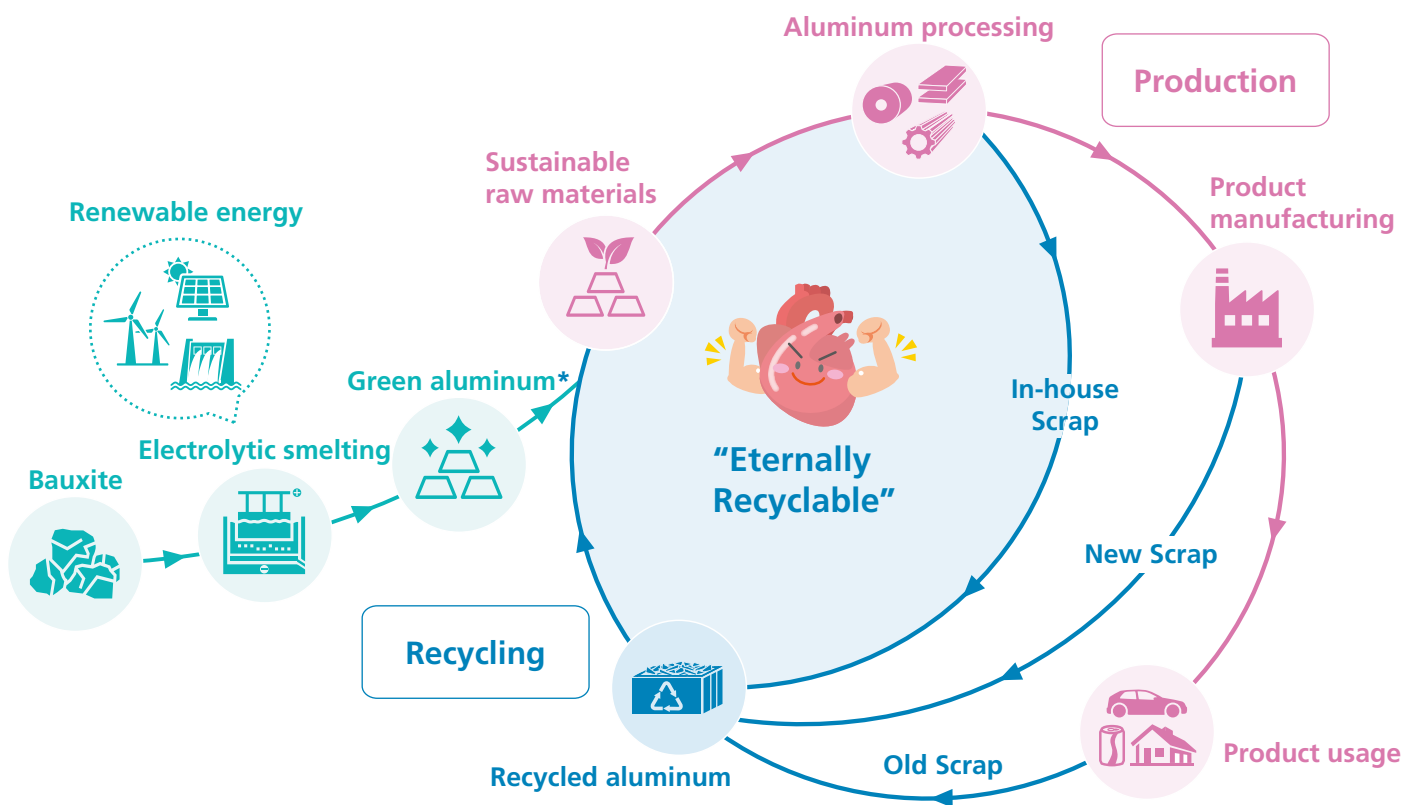
Aluminum also contributes to reducing CO<sub>2</sub> emissions the more it is recycled. In fact, recycled aluminum production emits only about 3% of the CO<sub>2</sub> emitted from the aluminum smelting process.

With this in mind, the UACJ Group is working to expand beyond its established business domains and help build a circular economy for aluminum. In this way, it aims to generate a value cycle by utilizing and recycling aluminum more than ever.

With a forward-looking approach to the market, the UACJ Group is promoting broader awareness of aluminum’s value and creating new opportunities for the metal’s usage and applications. Indeed, the Group has embarked on an ambitious journey to realize its vision for a more sustainable aluminum industry in the future.



# Reducing environmental impacts at the heart of a circular economy for aluminum



\* Aluminum produced using electricity from renewable energy sources to lower the environmental impact

As the world confronts many serious issues today, the UACJ Group believes that building a circular economy for aluminum products is the most important contribution it can make over the coming decades to build a better world, healthier environment, and brighter future. The more aluminum is used and recycled, the more it can contribute to the performance of products, such as by saving energy, improving fuel efficiency, and extending product life. All of these contributions ultimately lead to more value.

A circular economy for aluminum products offers three major benefits. First, it can reduce the environmental impact of aluminum production by creating supplies of green aluminum, especially through the use of renewable energy sources to power aluminum smelters, which consume vast

amounts of electricity. Second, it helps reduce environmental impacts at product usage stage. For example, the use of aluminum automotive parts reduces overall vehicle weight, resulting in lower CO<sub>2</sub> emissions when the vehicles are driven. Likewise, using aluminum for an even wider range of products can substantially reduce such environmental impacts. Third, a circular economy for aluminum products drives technological development, especially for advancing beyond used product collection programs to the establishment of full-fledged closed loop recycling systems.

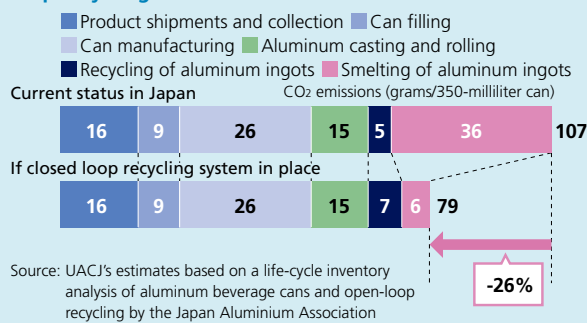
The UACJ Group cannot build such a circular economy on its own. Therefore, it is playing a central role in the supply chain and reaching out to other companies and organizations in an effort to realize a circular economy as soon as possible.



## Initial steps for building a closed loop recycling system for aluminum cans

Recycling of the same types of products, known as closed loop recycling, is the best means for maximizing the recyclability of aluminum. By establishing a closed loop recycling system and circulating used products as resources for new ones, manufacturers can eliminate the need for new aluminum ingots, for which substantial amounts of CO<sub>2</sub> are emitted in the smelting process. Therefore, UACJ has begun setting up closed loop recycling systems for beverage cans and automotive parts. In the case of aluminum cans in particular, for which collection systems are already established in Japan, the Company has been making rapid progress through industry partnerships.

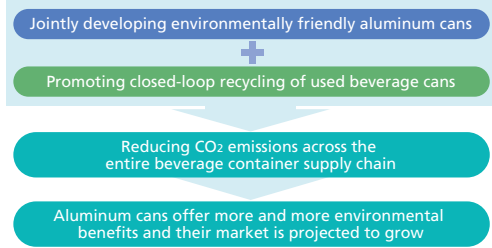
### Potential reduction in CO<sub>2</sub> emissions through closed loop recycling of aluminum cans



### Production stage

#### Business alliance formed with Toyo Seikan Group Holdings to promote closed-loop recycling of aluminum cans

In February 2023, UACJ and Toyo Seikan Group Holdings Ltd., a major packaging and container company in Japan, concluded a business alliance agreement for developing and marketing environmentally friendly aluminum cans, and creating a recycling chain for the products. Through this alliance, UACJ will be able to develop products more quickly and promptly supply aluminum cans that are easier to recycle to a wide range of customers.



### Production and consumption stages

#### Campaigns underway in Japan and Thailand to raise consumer awareness of aluminum can recycling

Through a partnership with Suntory Spirits Ltd. and Toyo Seikan Group Holdings, UACJ is supplying can stock for the production of the world's first beverage cans made entirely of recycled aluminum (from used beverage cans and can manufacturing scrap). Toyo Seikan is manufacturing the cans, and has verified that they reduce CO<sub>2</sub> emissions at the manufacturing stage (from the production of can stock to the production and processing of the cans) by about 60% in comparison with its production of 350-milliliter cans made of a combination of aluminum and other materials. Suntory Spirits is using the cans for its popular brand of beer, The Premium Malts, for a limited period in a campaign to raise awareness among consumers. Meanwhile, UACJ (Thailand) Co., Ltd. has been working to raise consumer awareness of the importance of recycling through its involvement in an aluminum can recycling project called Can to Can Journey, which involves the Thai government and domestic beverage producers.



### Recycling stage

#### Joint venture established with Yamaichi Metal Corporation to process, melt, and recycle used beverage cans

In March 2023, UACJ and Yamaichi Metal Corporation established a joint venture to recycle used beverage cans. The joint venture has begun processing and melting used beverage cans collected by Yamaichi Metal while applying that company's expertise and technologies, and supplying ingots from the melted aluminum to UACJ. This arrangement has enabled UACJ to reinforce its supply chain and increase the recycling rate of its products. It will also contribute to recycling efforts in Japan by increasing the amount used beverage cans that are recycled.



## Expanding opportunities for using and applying aluminum with a forward-looking approach to the market

### Leveraging the Group's unique materials and know-how to cultivate new businesses

**Hirano:** For the purpose of utilizing the Group's technologies to create, cultivate, and expand new businesses, UACJ established its Marketing & Technology Division in April 2023 as a new organization that will oversee the Group's R&D divisions. Under this new arrangement, we intend to deeply integrate marketing and technological development in an effort to promote more applications for aluminum in the market.

**Mitsuda:** Material manufacturers must do their best to meet the requirements of their customers, but I have the impression that most of them do not focus on marketing or envision ways to develop all-new products and cultivate businesses.

**Hirano:** Materials are fundamental for all things, and aluminum in particular is an abundant resource. It is already used to make semiconductor manufacturing equipment, for which the market is growing, but I think it will be widely used for many other applications, too, such as for hydrogen transport ships and in the mobility industry more generally.

**Mitsuda:** Due to a general lack of awareness about aluminum, however, some manufacturers still assume that aluminum cannot be used for many applications. Unless that changes, expanding opportunities for using and applying the metal may be difficult.

**Hirano:** I believe we can change that awareness by integrating our marketing and technical organization to leverage the Group's unique materials and know-how in new ways. By bridging the gaps between organizational divisions, which had been challenging in the past, we should be able to create all-new products. To do that, it will be important to have all employees recognize the potential of aluminum and the UACJ Group while engaging with customers more than ever.

**Mitsuda:** Ideas for new products often come from ordinary conversations, so employees with technical expertise should be dispatched to all kinds of places to explore ways of applying the Group's technologies. It is also essential to create opportunities for devising development strategies by determining the potential for product development from a technical standpoint. For these reasons, I believe that this reorganization of marketing and technology in the same division will be very significant going forward.

**Hirano:** I think it will create opportunities for engaging with customers more creatively than in the past. UACJ is particularly good at combining IT with the latest technologies, which is based on a long history of accumulating skills and know-how over the past 125 years, and how it makes use of this strength to develop new products in the future will be critical.

**Mitsuda:** Yes, and marketing will be a way to find out how to do that. The Company's long-term management vision and

### Seiichi Hirano

Senior Managing Executive Officer, Chief Executive of the Marketing & Technology Division, officer in charge of digital transformation

Seiichi Hirano has been overseeing research and development as head of UACJ's R&D Center since 2020. In 2021, he was put in charge of the Group's digital transformation initiatives, and has been exploring next-generation manufacturing methods. Most recently, he was appointed as the chief executive of the Marketing & Technology Division, which was newly established in April 2023.

mid-term management plan call for expanding into new business areas and contributing in new ways, and marketing could play an important role. Therefore, I think this focus on marketing is a very good strategy.

### Raising consumer awareness and adding value to products

**Mitsuda:** To broaden opportunities for aluminum applications, the Company's technical staff will need to take an active market approach, but engaging only with direct customers will not be enough. They must also understand how aluminum is used by consumers—the "C" in the B2B2C concept. Then they should be able to make more precise and convincing proposals to direct customers.

**Hirano:** You're absolutely right. Better ingredient branding will also be important for raising awareness of aluminum among consumers. Although aluminum is widely used throughout society, its applications are not obvious to ordinary consumers. Therefore, we need to create ways to educate consumers about what is made with aluminum. If awareness of aluminum increases, I believe UACJ's presence will also grow.

**Mitsuda:** I think that would be a worthwhile initiative. For example, many people still do not know that the more aluminum is recycled, the more beneficial it becomes for the environment. UACJ aims to build a circular economy for aluminum (p.37), but the awareness and cooperation of consumers is essential for collection and recycling efforts.

**Hirano:** Yes, and if consumers are aware and demand more

aluminum, our customers will also need more aluminum. That is the kind of cycle we want to generate.

**Mitsuda:** And if consumers understand how aluminum's value is reflected in product prices, the Company should be able to receive more for the value it adds. Material manufacturers in general, not only those in the aluminum industry, have been pressured to compete on price for a long time. For aluminum to continue benefiting society, however, we cannot fall into this trap. Nevertheless, businesses must have certain amount of scale to avoid price competition, and I think the scale of the UACJ Group is a competitive advantage.

**Hirano:** Yes, that's right. We need to make the value of aluminum correctly understood as soon as possible. As steps in this direction, we have devised innovative new ways to use aluminum in combination with IoT, including entranceway flood barriers and pharmaceutical packaging foil that alerts medical staff when a package is opened (p.52), which optimizes dosage management and inventory controls. These products are already being used.

**Mitsuda:** Going beyond B2B to the B2B2C concept provides the basis for a business model that can be considered as an intellectual asset. By enabling aluminum to be used for new purposes, the Company can make positive contributions, such as helping reduce CO<sub>2</sub> emissions. Naturally, its value should increase as a result.

**Hirano:** It is no exaggeration to say that opportunities for using and applying aluminum extend to all industries, so it still has much more potential. With that in mind, we will continue working to ensure a brighter tomorrow for generations to come with aluminum and our technologies.

## Yoshitaka Mitsuda

Outside Director

Appointed as an outside director in June 2022, Yoshitaka Mitsuda has been providing useful advice regarding UACJ's R&D and sustainability initiatives based on his background in materials-related education and extensive experience in university management and public-private-academic partnerships.





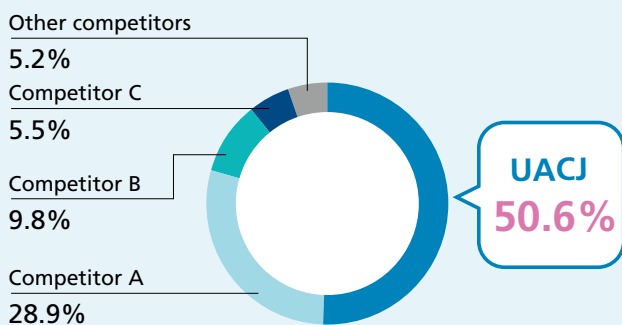
# Advances in Business

## Boosting production capacity of world-leading businesses to capture robust demand for aluminum products

Aluminum is essential for a broad range of applications across society thanks to its many beneficial properties, including its high strength, light weight, and excellent resistance to corrosion. The UACJ Group has boosted production capacity to meet growing demand for these applications, and, as a result, is now operating world-leading businesses. In Japan, UACJ accounts for 50.6% of total production capacity of flat-rolled aluminum. Globally, the Group is making the most of its expanded capacity to supply this product to over 600 customers. It also supports people’s lives around the world by producing aluminum products and components for everything from beverage cans, buildings, and food and pharmaceutical packaging to automobiles, bullet trains, and smartphones and tablet computers. With an international supply network, diverse precision-machining capabilities, and advanced product development expertise, the UACJ Group is attracting attention as a leading player in the global aluminum products industry.



Comparison of flat-rolled aluminum production capacity in Japan (as of March 31, 2023)



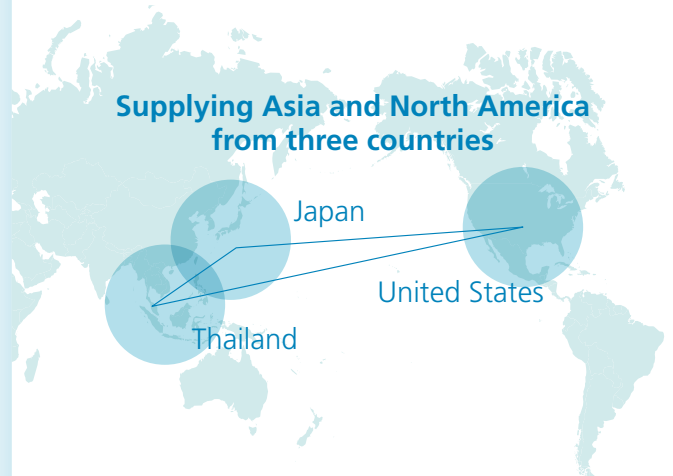
Source: *Alutopia magazine*, Kallos Publishing Co., Ltd., September 2023.

### Spotlight on advances

01

### Ability to flexibly respond to market conditions through a three-country manufacturing network

To meet robust global demand for aluminum products, the UACJ Group has established a world-leading supply network with production capacity exceeding 1.4 million tons annually. Based in three countries—Japan, the United States, and Thailand—four manufacturing facilities boast over 300 thousand tons of capacity, respectively, enabling the Group to flexibly respond to market conditions. For example, in response to requests for more output from customers in North America, where the aluminum can stock market continues to expand, the Group’s facilities in Japan and Thailand have been supplying additional can stock while capital investment proceeds in the United States. This ability to ensure a stable supply provides a solid foundation for attracting customers worldwide.



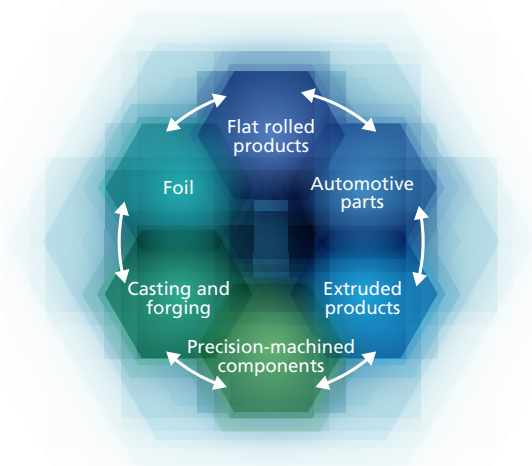
Spotlight on advances

02

### Businesses collaborate to create an automotive parts business and enhance diverse precision machining capabilities

UACJ was established through the merger of two companies, and has since expanded its businesses by integrating the precision-machining capabilities of each of those predecessors. In that process, its extruded products and precision-machined components businesses collaborated to create the Group's automotive parts business. This new business is helping the automotive industry reduce CO<sub>2</sub> emissions by making full use of the Company's diverse precision-machining capabilities to develop parts and components that contribute to reducing vehicle weight, such as aluminum bumpers.

In 2016, UACJ bolstered the ability of its automotive parts business to provide machining solutions by acquiring Whitehall Industries Inc. (now UACJ Automotive Whitehall Industries, Inc.), a U.S.-based company with exceptional machining technologies. The Group has been working to further enhance its precision-machining capabilities by combining these technologies with the technological expertise and know-how it has accumulated in Japan.

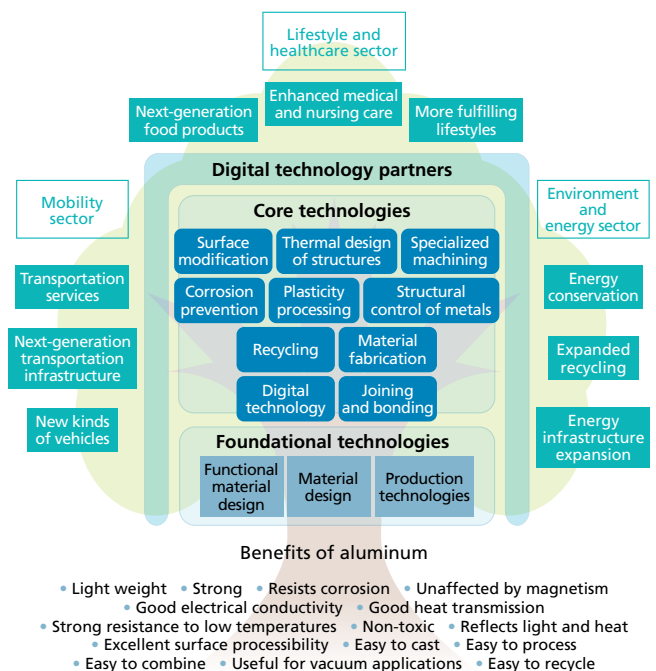


Spotlight on advances

03

### Accelerating the pace of product development with a wider network of joint-development partners

UACJ has provided a wide range of solutions to society by integrating its long-established foundational and core technologies to make the most of aluminum's potential. To help devise even more solutions for challenges confronting people today amid major changes happening around the world, the Company is aiming to accelerate the pace of its product development by expanding its network of joint-development partners. UACJ is keen on jointly creating new services with partners that possess advanced digital technologies, particularly in three sectors—mobility, lifestyle and healthcare, and environment and energy—which it has specified to focus on this decade in its long-term roadmap, UACJ Vision 2030.







# North American can stock market

## Further boosting production capacity to continue capturing rising market demand

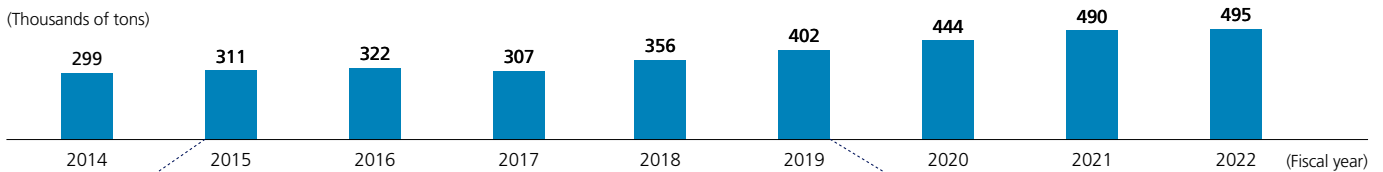
Amid growing awareness of environmental protection in North America, consumers are increasingly considering sustainability when choosing products, and a growing number of them prefer beverage containers made of aluminum rather than other materials, such as plastic. Consequently, market demand for aluminum can stock has been rising. At present, about 80% of newly released beverage products in the United States are sold in aluminum cans. These products vary widely, from energy drinks to alcoholic drinks like hard seltzers, and demand for them is projected to grow in the future.

To meet this consumer demand for aluminum cans, UACJ has carried out two phases of capital investment in Tri-Arrows Aluminum Inc., its U.S.-based subsidiary, boosting annual production capacity to 450 thousand tons. Contracts to supply can stock have been concluded with customers effective through 2025, ensuring that production facilities operate at full capacity.

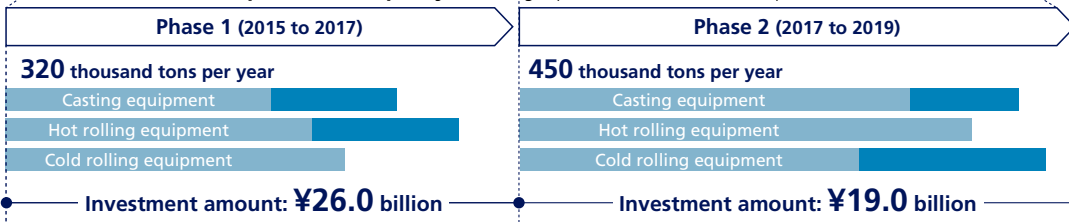
### Historical highlights

- 2013**
  - Tri-Arrows Aluminum becomes a consolidated subsidiary following UACJ's establishment
- 2015**
  - Production capacity of casting and hot rolling equipment increased
- 2017**
  - Production capacity of cold rolling equipment increased, and capacity of casting equipment boosted with the addition of a recycling furnace
- 2022**
  - Decision made to further increase production capacity

### Tri-Arrows Aluminum's sales volume



### Tri-Arrows Aluminum's production capacity



**Jonathan Butcher**  
Vice President (Commercial)  
Tri-Arrows Aluminum Inc.

### Leveraging world-leading production capacity and productivity to tap growing demand for aluminum cans—an eco-friendly premium package

In North America, aluminum cans are regarded as a premium package from the perspective of environmental protection. The can stock market has continued to expand, with single-digit growth rates seen between 2021 and 2022. Backed by such market data, major can manufacturers have invested in new production lines and factories, and new players have entered the market. We also boosted our production capacity, but given the market environment, we have decided to invest in even more capacity in order to capture robust demand.

# Plans for investing in greater production capacity to capture rising demand as tight market conditions continue

## Business conditions

Market opportunities	Tri-Arrows Aluminum's competitive advantages	Challenges and tasks
<ul style="list-style-type: none"> <li>Demand for can stock increasing at a rate of 3% annually</li> <li>Shift away from plastic is driving up demand for can stock</li> <li>Rapidly growing market offers potential for pricing power and wider product applications</li> </ul>	<ul style="list-style-type: none"> <li>Operating highly productive factories</li> <li>Long-term relationships with can manufacturers and brands</li> <li>Very cost competitive due to world-leading productivity</li> <li>Rapidly progressing sustainability management driven by the application of scrap recycling technologies</li> </ul>	<ul style="list-style-type: none"> <li>Expand sources of raw materials</li> <li>Step up cooperation with UACJ (Thailand) and the Group's companies in Japan</li> <li>Increase production capacity through strategic investments</li> </ul>

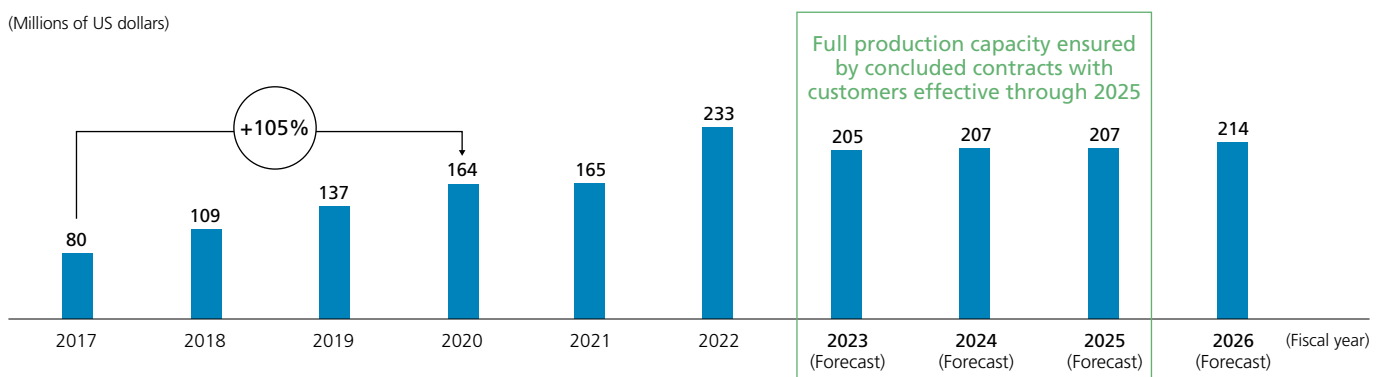
Aluminum can stock demand in the North American market has been rising substantially and is projected to grow by about 3% annually through to 2030. North American can manufacturers have been investing in higher production capacity, but overall supply is not expected to catch up with the rising demand until around 2030.

Aiming to tap this demand, Tri-Arrows Aluminum is

planning to invest in greater production capacity over the medium and long terms. It will begin by expanding hot rolling equipment to eliminate production bottlenecks, which would increase productivity by about 13%. The company is also examining how to continue improving cold rolling operations and expand its recycling system to reuse more scrap aluminum.

## Tri-Arrows Aluminum's EBITDA results and targets

(Millions of US dollars)



### Recent highlights

#### ASI Performance Standard certification acquired in November 2022

Tri-Arrows Aluminum acquired Performance Standard certification from the Aluminium Stewardship Initiative (ASI) in November 2022. This certification provides a means for demonstrating how the company addresses sustainability issues at the consistently high level expected by its customers, which include globally operating can manufacturers and beverage brand owners. The

ASI certification also enables the company to report on its performance based on objective indicators, including its ESG performance and wide-ranging initiatives for making the aluminum can stock supply chain more sustainable. Tri-Arrows Aluminum has been using the certification as an opportunity for building trust with customers and expanding its business.



# Asian market

## Production capacity expanded to supply products globally, particularly to the Asian market where demand is projected to grow

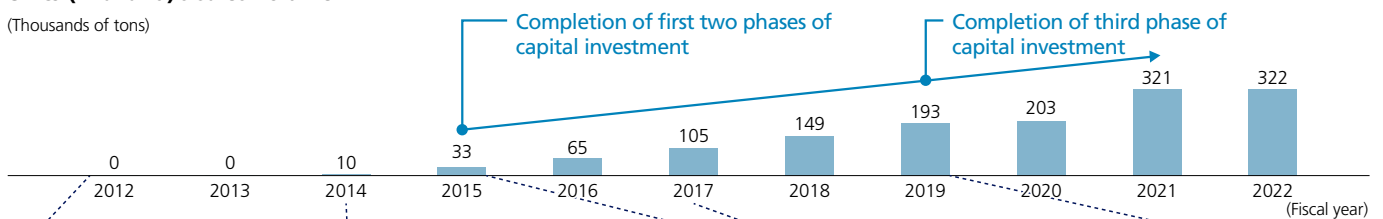
To capture growing market demand for aluminum products in Asia, UACJ has carried out three phases of capital investment in UACJ (Thailand) Co., Ltd. As a result, this subsidiary has become a world-class supplier with annual production capacity of 320 thousand tons. Moreover, its production plant, Rayong Works, became Southeast Asia’s only facility capable of integrated flat-rolled aluminum production, encompassing all processes from casting and hot and cold rolling to finishing, after the first two phases of investment were completed in 2015. Production capacity was then expanded during the third phase of capital investment up to 2019. To start up Rayong Works, UACJ sent highly skilled technical staff from Japan to train local employees on the operations of newly installed large-scale machinery as well as equipment moved from Nikko Works in Japan. Local employees in Thailand now handle all operations and some are being trained for management positions.

### Historical highlights

- 2012**
  - Commenced construction of Rayong Works
- 2014**
  - Commenced operations spanning from cold rolling to surface finishing and coating
- 2015**
  - Commenced integrated production with the installation of casting and hot rolling equipment
- 2020**
  - Joined an initiative to create a recycling program in Southeast Asia
- 2022**
  - Began generating electricity from solar power system at Rayong Works

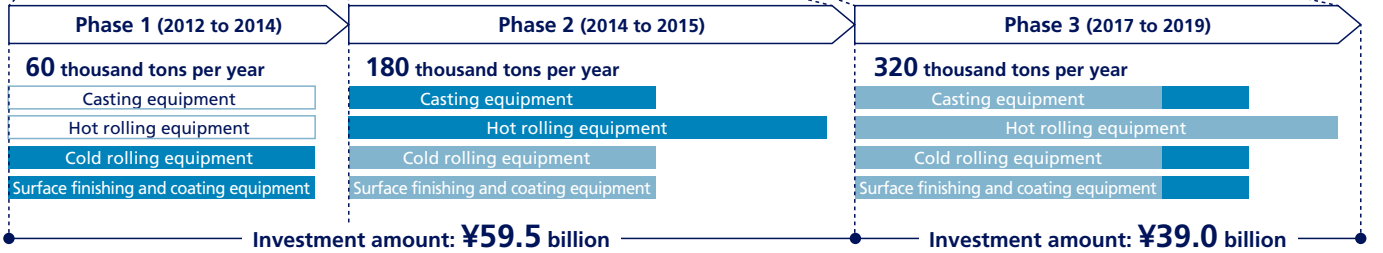
### UACJ (Thailand)'s sales volume

(Thousands of tons)



### UACJ (Thailand)'s production capacity

□ Before investment ■ During investment ▒ After investment



**Teerapun Pimpong**  
General Manager  
Sales & Marketing Department  
(domestic can stock)  
UACJ (Thailand) Co., Ltd.

Aiming to develop businesses that contribute to society while continuing to grow as one of Southeast Asia’s largest flat-rolled aluminum manufacturers

Looking back on the past 10 years, we faced many challenges when starting up Rayong Works, such as constructing facilities, installing machinery, increasing the number of employees, and implementing training programs, but operations began without any serious issues thanks to the cooperation of all employees. UACJ (Thailand) grew very quickly in just six years. The company is now one of the largest flat-rolled aluminum manufacturers in Southeast Asia, and its share of the domestic can stock market is over 50%. I am happy to have played a part in this growth, and I hope the company will continue growing while developing businesses that contribute to society, especially by creating a circular economy through used can recycling.

# Aiming to grow and attract customers globally by leveraging production capacity and excellent transport access

## Business conditions

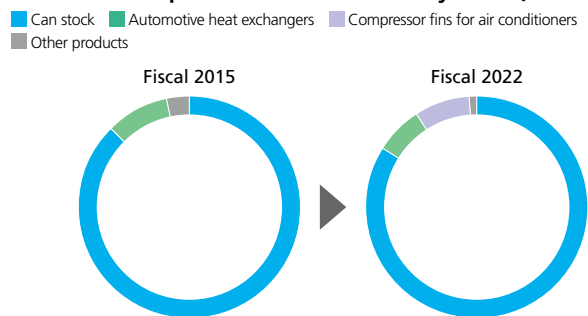
Market opportunities	UACJ (Thailand)'s competitive advantages	Challenges and tasks
<ul style="list-style-type: none"> <li>• Steeply rising demand in the Asia-Pacific region backed by economic growth</li> <li>• Increasing exports to countries shifting away from plastic containers</li> </ul>	<ul style="list-style-type: none"> <li>• Operating Southeast Asia's only state-of-the-art aluminum rolling mill</li> <li>• Excellent access to other Asian countries where demand is projected to grow</li> <li>• Solid relations with beverage can manufacturers from Japan and other countries</li> </ul>	<ul style="list-style-type: none"> <li>• Increase production capacity beyond 320 thousand tons</li> <li>• Continue securing and training local workers to independently operate manufacturing facilities</li> <li>• Boost earnings by cutting costs and diversifying products, sales regions, and customers</li> <li>• Strengthen ties with international customers</li> <li>• Deploy recycling technologies and establish recycling systems</li> </ul>

Demand for products manufactured by UACJ (Thailand) is projected to grow in Asia on the back of the region's economic growth. Specifically, demand for aluminum compressor fins for air conditioners is forecast to increase steadily against the backdrop of climate change and population growth. Demand for automotive heat exchangers is expected to remain on par with growth in recent years. Likewise, demand for aluminum can stock is projected to continue rising, and UACJ (Thailand) will supply this product not only in Asia but also to the North American market (although in declining amounts as supply conditions improve in the United States).

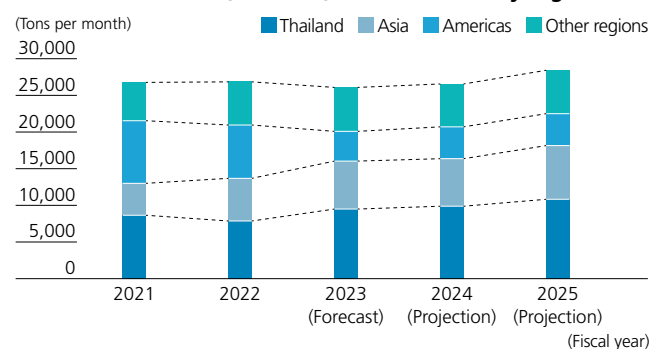
One of UACJ (Thailand)'s competitive advantage is its direct access to ASEAN markets, where demand for aluminum products has been brisk. Moreover, in response to growing interest among customers in addressing environment issues, the company is taking advantage of its location to procure recycled materials within Thailand and from other ASEAN countries.

UACJ (Thailand)'s annual production capacity is expected to reach 340 thousand tons by March 2024. In the future, the company will work to raise its earnings capacity, upgrade Rayong Works to a digitized production facility, and have it entirely managed by local personnel.

**Breakdown of products manufactured by UACJ (Thailand)**



**Breakdown of UACJ (Thailand)'s sales volume by region**



### Recent highlights

## One of the world's largest rooftop solar power systems installed at Rayong Works

In September 2022, UACJ (Thailand) began generating electricity from a solar power system installed on the rooftop of Rayong Works. With about 40,000 solar panels, the system can generate around 25 gigawatt-hours of electricity per year, making it one of the world's largest rooftop systems. This is expected to reduce

the production plant's CO<sub>2</sub> emissions by about 14 thousand tons annually. While the amount of electricity generated has generally been in line with original estimates since power generation commenced, the company is planning to add more panels to boost output by another 2 megawatt-hours per year.



# Japanese market

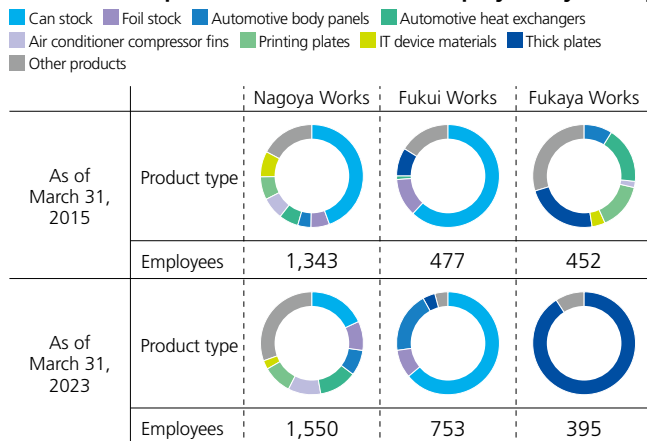
## Adapting to the changing market by optimizing production for more earning power

The Japanese market has been changing as the country's population declines. In response, UACJ closed a factory and transferred manufacturing equipment between its other factories in an effort to optimize its production network for generating earnings. After launching structural reforms in 2019, the Company succeeded in reducing fixed costs, raising productivity, and improving profitability. In the flat rolled products business, for example, the higher productivity of the Company's domestic operations was a key factor for its fiscal 2023 forecast of ¥32.5 billion in consolidated ordinary income (before the effect of the metal price lag).

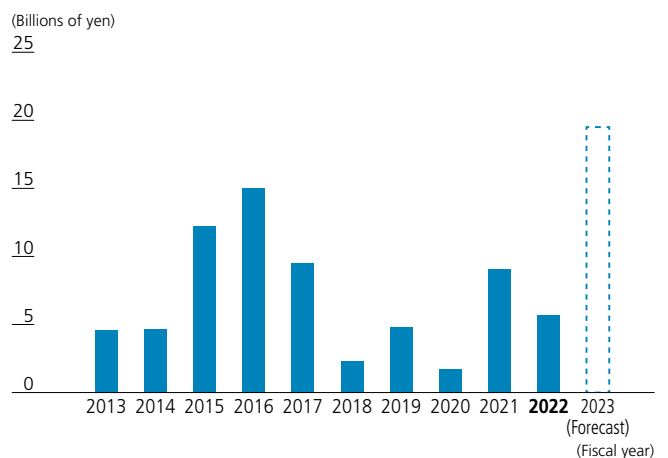
### Historical highlights

- 2014**
  - Started reorganizing the product mix at production facilities
- 2020**
  - Centralized production of thick plates at Fukaya Works as part of structural reforms
  - Began operating automotive body panel finishing lines at Fukui Works
- 2021**
  - Closed Nikko Works as part of structural reforms
- 2022**
  - Completed the transfer of production equipment to Nagoya Works from other factories

### Breakdown of products and number of employees by factory



### Ordinary income (before the effect of the metal price lag) from the domestic flat rolled products business



**Minoru Okajima**  
 Vice Senior General Manager,  
 General Manager of  
 Production Department  
 Nagoya Works  
 Flat Rolled Products Division

All factories collaborated to reorganize product manufacturing, and we will leverage the unique advantages of each one to drive steady growth

Over the past 10 years, we shifted product manufacturing between our three production facilities, making each one unique and highly productive. Nagoya Works has become an all-round factory that handles a variety of products and makes new ones with a spirit of challenge. Fukaya Works has continued to evolve as a factory specializing in thick plate production. Fukui Works primarily manufactures can stock, but all of its members joined hands to start up automotive body panel finishing lines and commence mass production in a short period of time with assistance from the Company's sales and R&D departments as well as the other two factories. We will work to leverage this product manufacturing structure to produce results and drive growth in the future.



## Further optimizing product manufacturing and sales structures to maximize profits

### Business conditions

Market opportunities	UACJ's competitive advantages	Challenges and tasks
<ul style="list-style-type: none"> <li>Adoption of aluminum by automakers amid growing need to reduce environmental impacts</li> <li>Advances in digital technologies are driving up demand for aluminum materials used in IT-related devices and semiconductors</li> <li>The packaging and container industries are under increasing pressure to supply recyclable products</li> </ul>	<ul style="list-style-type: none"> <li>Overwhelming market share in Japan</li> <li>Manufacturing diverse types of products</li> <li>Market-specific strategies</li> <li>Long history of excellent relations with customers</li> <li>Ability to flexibly meet customers' needs</li> </ul>	<ul style="list-style-type: none"> <li>Promote aluminum can recycling in partnership with customers</li> <li>Increase customers in the automobile industry and have Fukui Works boost cost competitiveness</li> <li>Attract new buyers of thick plates in the hydrogen industry</li> </ul>

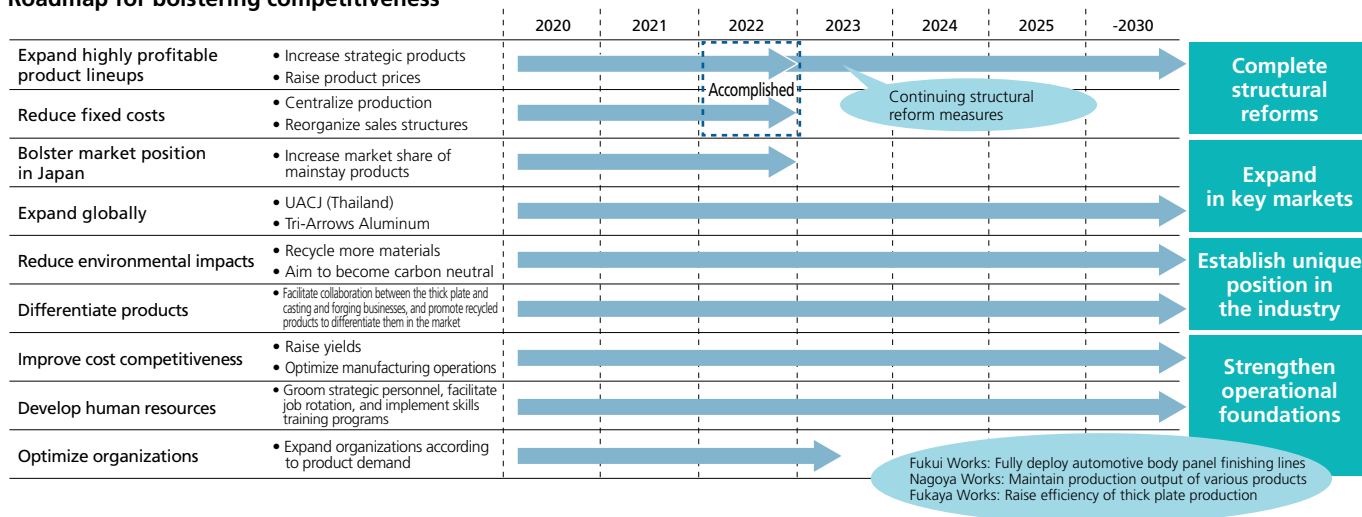
UACJ has set a target for its three factories in Japan to collectively achieve total sales volume of 600 thousand tons of mainstay products, specifically can stock and automotive components. Toward this end, the Company will continue to optimize its product manufacturing and sales structures in order to maximize profits.

At Fukaya Works and Fukui Works, efforts are underway to boost the productivity of thick plate manufacturing and increase sales volume by 30%. Demand for aluminum thick plates is projected to grow as more semiconductor production equipment will be required for next-generation communications, and large

hydrogen tanks for transport ships will be needed as countries adopt hydrogen as an energy source. These trends will create opportunities for the Company to attract new customers.

In addition, the Company has been manufacturing air conditioner compressor fins at full capacity, backed by rising demand for air conditioning amid concerns about climate change, demand growth of emerging countries, and the expansion of the heat pump market. UACJ is planning to boost production capacity to meet demand going forward.

### Roadmap for bolstering competitiveness



### Recent highlights

## Closed-loop recycling implemented to help reduce environmental impacts

UACJ initiated a closed-loop recycling\* process for automotive body panels in fiscal 2021. In this process, the Company supplies aluminum sheet to an automaker, collects aluminum scrap remaining after the automaker forms the sheet into automotive body panels, and recycles this scrap to manufacture and supply

new aluminum sheet. UACJ is also exploring ways to apply closed-loop recycling to other products as a means to help further reduce environmental impacts in the future.

\* A recycling process by which manufacturing scrap or used products are recycled into the same types of materials or products at the same level of quality.



# Automotive parts market

## Tapping growing demand for automotive body panels in Japan amid stricter fuel efficiency regulations

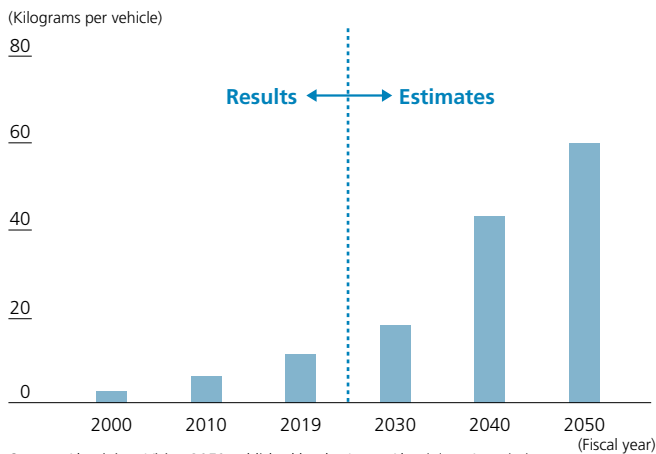
In recent years, fuel efficiency regulations have been tightened along with efforts to achieve carbon neutrality. Accordingly, automakers around the world are developing and marketing vehicles that offer excellent environmental performance, particularly electric, hybrid, and plug-in hybrid vehicles with improved cruising range and mileage. Aluminum is an essential material for improving this environmental performance because it can help reduce vehicle weight. In fact, aluminum is being used for more and more types of automotive parts and components, and the amount of aluminum sheet used per automobile has been rising.

UACJ had been manufacturing automotive body panels at Nagoya Works and Fukaya Works in Japan, but then concentrated its manufacturing operations at Fukui Works, which included large-scale expansion of automotive body panel finishing lines. Production has been proceeding in line with planned output since fiscal 2023.

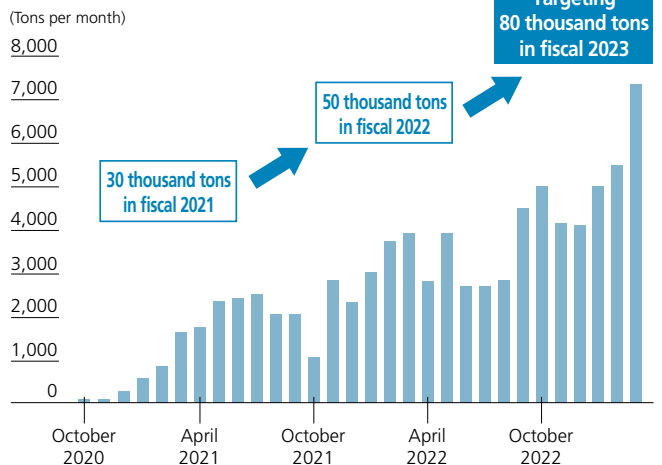
### Historical highlights

- 2017**
  - Decision to install new automotive body panel finishing lines at Fukui Works
- 2021**
  - Low-carbon body panels (with recycled materials making up about half of the finished material) adopted for EVs
  - Initiated a system for collecting and recycling scrap aluminum from car manufacturing processes
- 2022**
  - Launched the U-ALight® brand of aluminum sheets for the auto industry
- 2023**
  - Automotive body panel production centralized in Japan at Fukui Works

### Weight of aluminum body panels per automobile



### Fukui Work's production capacity of automotive body panel finishing lines



**Nobuhiro Fukuda**  
General Manager  
Automotive Materials  
Marketing & Sales Department  
Flat Rolled Products Division

### Contributing to a low-carbon economy and developing materials needed by the auto industry as it focuses on carbon neutrality and CASE

With the growing need for reducing vehicle weight to improve fuel efficiency, the adoption of aluminum for automotive components has been a big change over the past 10 years. More recently, the auto industry has turned its attention to carbon neutrality and connected, autonomous, shared, and electric (CASE) vehicle technologies, which have raised expectations for aluminum's potential besides its light weight. We have responded by setting up a closed-loop recycling system and developing our U-ALight® SMART® and UACJ SMART® Mass Balance brands of aluminum sheets for automotive applications. We will continue studying aluminum's properties to develop materials, production methods, and schemes that are needed by customers and that contribute to a low-carbon economy.

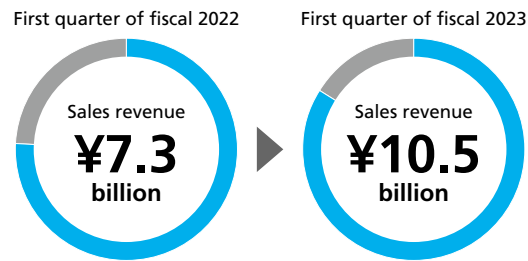
## Increasing production capacity to continue expanding in the North American automotive parts market

Since joining the UACJ Group in April 2016, UACJ Automotive Whitehall Industries, inc. has increased its production capacity following proactive capital investment, deployed more advanced extrusion and forming technologies, automated production processes, and adopted stricter quality controls. Meanwhile, U.S. President Joe Biden has issued an executive order calling for over half of all new passenger cars sold in the United States to be electric vehicles powered by batteries and fuel cells or plug-in electric hybrids by 2030. Consequently, demand for aluminum structural components is bound to rise as these vehicles become more widespread in the years ahead. In preparation, UACJ Automotive Whitehall has begun operating a new production facility in Arizona as a strategic base for supplying products to electric vehicle manufacturers, and is continuing to invest in its factory in Michigan to increase production capacity. As a result of these initiatives, the company has evolved from a Teir 2 supplier to a Teir 1

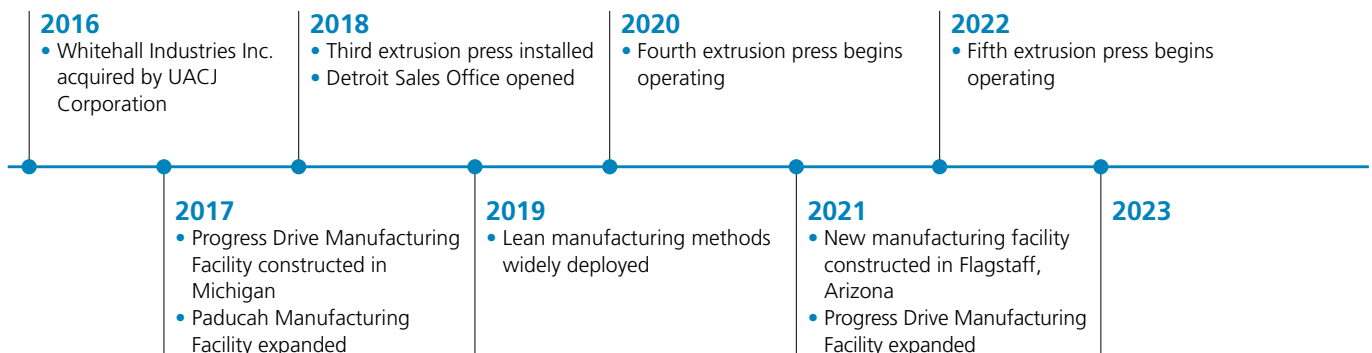
supplier of products to automakers, particularly of strategic products of bumpers and structural components. By supplying high-quality products to customers, UACJ Automotive Whitehall aims to capture demand in the North American market, which is projected to grow in the future.

### Breakdown of sales by product

■ Automotive bumpers and structural components (strategic products) ■ Other products



### UACJ Automotive Whitehall's expansion since joining the UACJ Group



**Al Bernat**  
Vice President (Sales)  
UACJ Automotive  
Whitehall Industries, Inc.

### Leveraging our integrated manufacturing system to capitalize on the auto industry's shift to electric and hybrid vehicles

The auto industry is making the transition from internal combustion engine-powered vehicles to electric and hybrid vehicles. Against that backdrop, aluminum is being increasingly used for automotive components thanks to its outstanding mechanical properties and machinability, as well as its recyclability. This industry transition is opening up excellent opportunities for UACJ Automotive Whitehall to diversify its product portfolio. Our manufacturing system integrates all process from extrusion to processing and product assembly. By leveraging this business model to supply products to customers, we not only intend to grow as a business but also to tackle environmental problems.



## Honing a century of skills and techniques to grow aluminum's potential and value

### UACJ's R&D milestones

In order to further the potential of aluminum, UACJ is engaged in a wide range of research and development activities, from further cultivating basic technologies related to material design and production processes to the development of products and utilization technologies. To date, we have partnered with universities and national research institutions for joint research, participated in national projects, developed advanced technologies in collaboration with customers and processing manufacturers, and conducted R&D for the practical application of our main commercial products, such as automotive parts, can stock, and heat exchanger materials for air conditioning. In 2018, we established research centers in the U.S. and Thailand, creating a structure to serve the global market on the technical side. In recent years, we have focused on research and development that contributes to solving social issues, which has driven our business growth.

### R&D milestones since the inception of UACJ

2015	The new Mazda Roadster utilizes UACJ's lightweight aluminum bumper assembly
2017	UACJ develops the cladding-free MONOBRAZE® brazing technology
2018	R&D centers are established in the U.S. and Thailand
2019	The U-Al Laboratory® innovation space and Rekishi Miraikan ("Hall of the Historic Future") are established  UACJ is selected to participate in NEDO's* advanced research program for the creation of advanced circulation technology for aluminum
2020	A new course on practical course on next-generation innovations in aluminum is jointly launched with Hokkaido University  The Mobility Technology Center (MTC) is established within the Automotive Parts Business Division
2021	My Foil Plus, which shows helpful uses for aluminum foil during disasters on its packaging, is released  Oshirasehaku®, foil capable of notification on opening, is commercialized

\* New Energy and Industrial Technology Development Organization

### Technology trends in the aluminum industry and UACJ's R&D policy

Recently, the aluminum industry has been a hotbed of efforts to develop aluminum recycling technologies for the reduction of CO2 emissions during production, widely demanded by society. In addition, aluminum is expected to offer new, undiscovered applications, expanding its already widespread usage.

Through participation in NEDO projects, we are also

working to build a circular economy for aluminum, and at the same time, we are developing products that contribute to solving social issues. We are also using DX as a force multiplier in developing new applications, and conducting research toward automation and productivity improvements to cope with a shrinking workforce.

Theme	Issue	Target	KPI	Actions planned for fiscal 2023
<b>Climate change action/development of energy-saving technologies</b> • Participation in national projects	Promotion of aluminum recycling	<ul style="list-style-type: none"> <li>• Development of upgrade recycling technology</li> <li>• Impurity detoxification</li> </ul>	<ul style="list-style-type: none"> <li>• Greater purity of recycled aluminum</li> <li>• Lower impact of impurities in the manufacturing process</li> </ul>	<ul style="list-style-type: none"> <li>• Technology roadmap established</li> <li>• Launch of testing plant</li> </ul>
	Scope 1 emissions reduction toward carbon neutrality	<ul style="list-style-type: none"> <li>• Reduction of CO2 emissions through application of new fuels</li> </ul>	<ul style="list-style-type: none"> <li>• Clarification of the effect of ammonia co-firing on molten aluminum</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in proof of concept testing and exploration of applicability</li> </ul>
<b>New business cultivation</b> • Integration with digital technology (fusing aluminum and digital) • External collaboration • Development of a new aluminum alloy for 3D printers	Evolution of disaster preparedness flood barrier business through DX	<ul style="list-style-type: none"> <li>• Determination of flood barrier specifications using video data</li> <li>• Utilization of flood barrier installation timing notifications based on local weather event notification</li> </ul>	<ul style="list-style-type: none"> <li>• Time/people required for flood barrier site survey and determination of specifications</li> <li>• Effectiveness of flood barrier installation timing notifications</li> </ul>	<ul style="list-style-type: none"> <li>• Launch of proof of concept tests</li> </ul>
	Verification of mutual support networks during disasters	<ul style="list-style-type: none"> <li>• Verification of a mutual sharing network service for stockpiled water</li> </ul>	<ul style="list-style-type: none"> <li>• Number of subscribers to network services</li> </ul>	<ul style="list-style-type: none"> <li>• Launch of network, including use by Shizuoka Bank and other customers</li> </ul>
	New commercialization of services using aluminum rupture detection	<ul style="list-style-type: none"> <li>• Start of remote management service confirming customers opening pharmaceuticals and related products</li> </ul>	<ul style="list-style-type: none"> <li>• Number of services developed using rupture detection foil</li> </ul>	<ul style="list-style-type: none"> <li>• Diversification of service utilization</li> </ul>
	Development of materials for fuel tanks used in next-generation rockets	<ul style="list-style-type: none"> <li>• Maintaining performance equivalent to or better than 2219 alloy at a lower cost</li> </ul>	<ul style="list-style-type: none"> <li>• Strength after additive manufacturing equivalent to plate processing and welding</li> </ul>	<ul style="list-style-type: none"> <li>• Candidate alloy roadmap established</li> </ul>
<b>Manufacturing process refinements</b> • Utilization of DX	Establishment of new inspection technology through the use of sensing technologies	<ul style="list-style-type: none"> <li>• Improved productivity of plate manufacturing processes using digital technologies</li> </ul>	<ul style="list-style-type: none"> <li>• Improved yield</li> <li>• Increased production efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Exploration of latest technologies to develop automation technologies</li> </ul>
<b>Talent cultivation and new technology development</b> • Industry-academia-government collaboration	Development of cutting-edge technology through industry-academia collaboration and cultivation of the next generation of professional talent	<ul style="list-style-type: none"> <li>• Cultivation of human resources for the metal materials industry who will lead the next generation</li> <li>• Development of new sustainable aluminum alloys and manufacturing processes</li> </ul>	<ul style="list-style-type: none"> <li>• Number of students in joint university courses</li> <li>• Number of research projects in joint courses</li> </ul>	<ul style="list-style-type: none"> <li>• Activities at The University of Tokyo/Hokkaido University</li> </ul>

## Cutting-edge R&D

### NEDO-partnered technology development for high-purity recycled aluminum

Aluminum's many qualities, including its lightweight nature, is expected to drive rapid demand growth. However, one issue that has emerged from its production is the high CO<sub>2</sub> emissions from electricity consumed during smelting. By recycling used aluminum instead of smelting new aluminum, CO<sub>2</sub> emissions during production can be reduced by 97%. However, since recycled aluminum material contains impurities, its use cases are limited.

UACJ is taking on the challenge of solving this problem by participating in the national advanced research program for the creation of advanced circulation technology for aluminum, implemented by the Ministry of Economy, Trade and Industry (METI) and NEDO. In this project, we are working toward

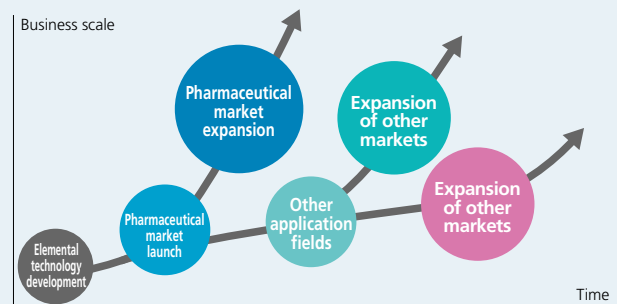
developing cutting-edge technology to first use advanced sorting technology to recover high-grade waste aluminum from vehicle and other product scrap, and then to restore it to become wrought aluminum through special processes, including to remove impurity elements. This allows used recycled aluminum to be re-created into products of the same grade as new aluminum, such as that used in vehicles. After a five-year development period which began in fiscal 2021, the plan is to successfully complete a demonstration phase and commercialize this technology in fiscal 2030 or later. Through the development of technologies for achieving high purity in recycled aluminum materials, we will contribute to a significant reduction of CO<sub>2</sub> emissions and the realization of a sustainable society.

## New business creation

### Creating a better world with a new technology that detects broken aluminum foil

Increasing medical costs have become an issue for society. One factor driving up costs is leftover medication from patients forgetting to take prescription drugs. We are developing an aluminum foil that detects when medication packaging is opened and a medication management system that uses this foil. In the opening detection technology we have developed, an energized circuit is printed on processed aluminum foil for pharmaceutical packaging. When the foil is opened, the patient, their prescribing physician, and designated family member(s) is notified. After several years of development, we have completed the elemental technologies and are now working toward market launch. Going forward, we intend to expand beyond pharmaceuticals into other fields, aiming to make this a successful new business.

#### Market expansion for opening detection foil



## Toward carbon neutrality

### Development of recycled automobile materials halving CO<sub>2</sub> emissions

As countries around the world tighten regulations on CO<sub>2</sub> emitted by vehicle operation, aluminum is being more rapidly adopted in vehicle bodies to reduce weight. However, the emissions reductions needed are not only during vehicle operation, but also throughout the entire life cycle, including during vehicle manufacturing and material production. Since the production of new ingots during electrolytic smelting emits a large amount of CO<sub>2</sub>, the use of recycled materials has been a promising way to lower the share of new ingots used and significantly reduce emissions from production.

Given these circumstances, we have developed low-CO<sub>2</sub> recycled aluminum materials. These materials reduce CO<sub>2</sub> emissions from material production by approximately 50%, achieved by using

approximately 50% of the scrap materials generated in our manufacturing process as recycled raw materials and therefore reducing the amount of new ingots used. These materials are already being used in body panels for major automobile manufacturers. Scrap material produced in the manufacturing process has conventionally been difficult to recycle because of its high impurity content due to the mixture of multiple alloy series, which tends to cause a reduction in strength and ductility. However, we have succeeded in significantly improving recycled material properties by devising a manufacturing process that establishes a material structure. We will continue to develop technologies to achieve carbon neutrality and explore closed-loop recycling and the use of green ingots.



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

### Shinji Tanaka

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



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

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

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

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

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

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

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

in their material selection criteria.

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

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

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

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

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

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

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

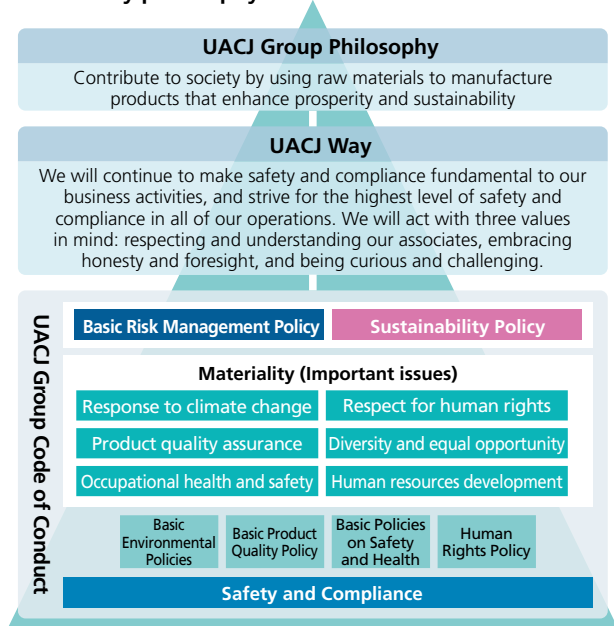
# Engaging in sustainability-centered management to “pass down a better world over the next century”

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

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

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

## Sustainability philosophy



## Historical highlights

**Organizational reinforcement focusing on governance**

- 2014**
  - Promoted non-Japanese nationals to executive officer positions
- 2015**
  - Appointed a woman as an outside director
- 2016**
  - Commenced evaluation of the effectiveness of the Board of Directors
- 2017**
  - Established Nomination and Remuneration Advisory Committee
  - Commenced workstyle reform

**Sustainability-related activities centering on management**

- 2018**
  - Expanded scope of environmental burden data collection to include overseas locations
  - Appointed people with experience in business management as outside directors
- 2019**
  - Substantially reduced the number of directors and executive officers
  - Developed Group-wide mechanisms for skills transmission
- 2020**
  - Initiated Group philosophy discussion meetings
  - Announced Corporate Slogan and Brand Statement
  - Joined ASI
  - Full operation of a succession plan begins
  - Introduced TSR into the executive remuneration system
- 2021**
  - Established the Sustainability Policy
  - Launched formulation and promotion of materiality
  - Joined the United Nations Global Compact
  - Acquired ASI certification (Fukui/UATH Rayong Works)
  - Established the Climate Change Countermeasures Steering Committee
  - Endorsed the TCFD recommendations and disclosed the results of a climate change scenario analysis
  - Introduced SDG-based evaluation and RSUs into the executive remuneration system

**Sustainability-related activity enhancement**

- 2022**
  - Issued the Carbon Neutral Challenge Declaration
  - Received “B” scores from CDP in the “Climate Change” and “Water Security” categories
  - Launched the Human Resources Strategy Project
- 2023**
  - Established the Corporate Sustainability Division
  - Formulated the Multistakeholder Policies

## Progress in focus 01

### Defining our six materiality issues with employee participation

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

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



## Progress in focus 02

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

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



## Progress in focus 03

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

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

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

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

### The UACJ Group’s approach to sustainability

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

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

### Framework for promoting sustainability

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

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

### Participation in sustainability organizations

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

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

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

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

### Framework for sustainability actions

Materiality issues	Officers in charge	Organization in charge	KPI monitoring	
			Committee	Frequency
Response to climate change	Executive in charge of the Group’s response to climate change	Climate Change Task Force Department	Climate Change Countermeasures Steering Committee	3 times annually
Product quality assurance	Chief Executive of the “Monozukuri” Core Manufacturing Innovation Division	Quality Management Department	Quality Committee	Once annually
Occupational health and safety	Chief Executive of the “Monozukuri” Core Manufacturing Innovation Division	Safety & Environment Department	Health and Safety Committee	Once annually
Respect for human rights	Chief executive of the Business Support Division	Corporate Legal Department	Compliance Committee	Once annually
Diversity and equal opportunity	Chief executive of the Business Support Division	Human Resources Department	Human Resources Committee	Once annually
Human resources development	Chief executive of the Business Support Division	Human Resources Department	Human Resources Committee	Once annually



See our website for more health management information

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



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

In 2022, a survey conducted by the Carbon Disclosure Project

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



### Promoting health management

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

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

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

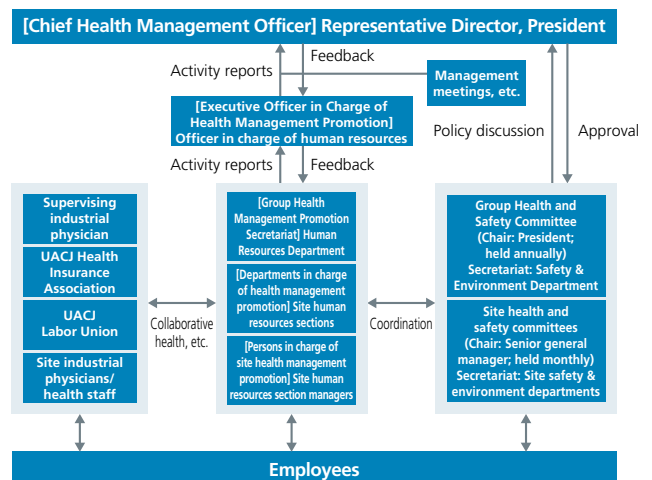
We will continue to engage in health management initiatives to enhance both our people and organizations and aim to realize our vision for the Group.

#### The UACJ Group Health Management Policy

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

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

#### Health Management Promotion Structure



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

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

### Recent progress and future challenges

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

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

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

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

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

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

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



### Makiko Akabane

Outside Director

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

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

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

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



## Takahiro Ikeda

Outside Director

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

\* Now Mitsubishi Chemical Group

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

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

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

### Promoting sustainability for the future

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

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

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

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

## Environmental action progress

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

## Historical highlights

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

## Disclosing climate-related information based on TCFD recommendations

### Governance

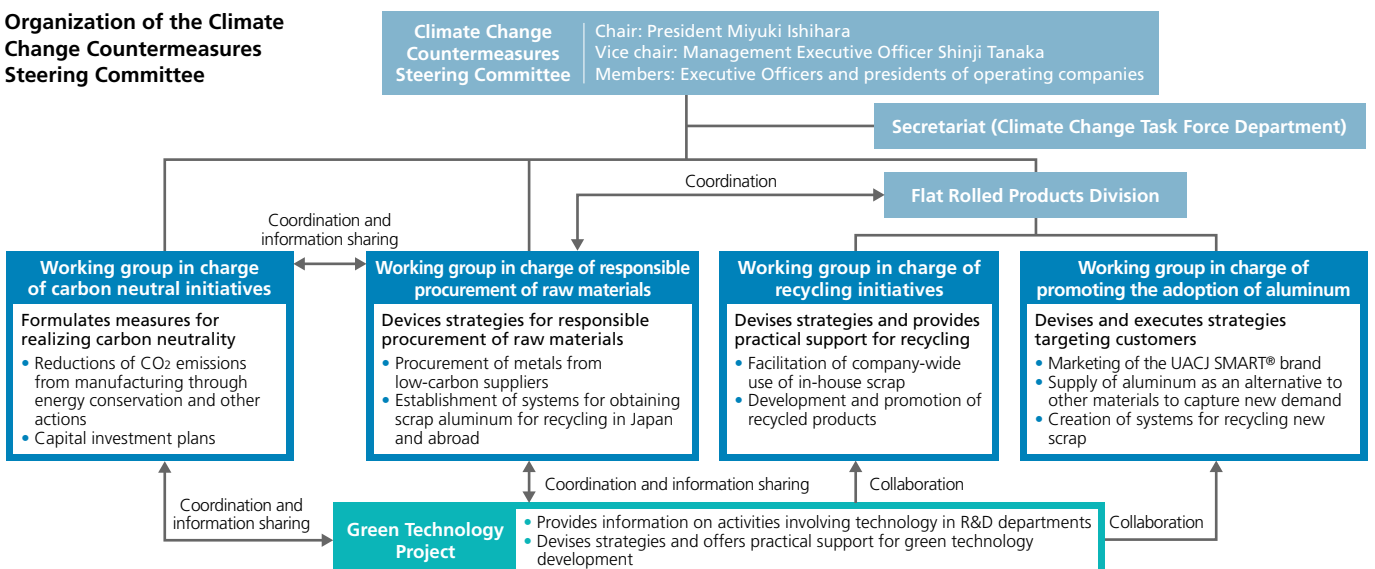
In order to promote its climate change countermeasures, UACJ has established four working groups under a Climate Change Countermeasures Steering Committee chaired by the company president. When necessary, UACJ's Management Committee and the Board of Directors receive reports on the working groups' research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

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

### Strategy

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

### Organization of the Climate Change Countermeasures Steering Committee



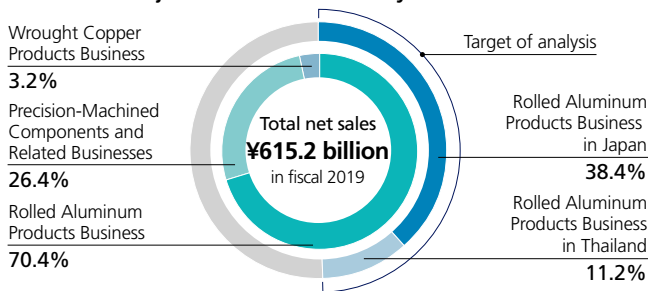


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2022, we renewed our declaration to achieve carbon neutrality by 2050. In this declaration, we presented a roadmap for realizing the ultimate goal of net zero Scope 1 and 2 CO<sub>2</sub> emissions by 2050. Under this roadmap, we set a shorter-term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

**Businesses subject to the scenario analysis**



**Risk management**

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

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

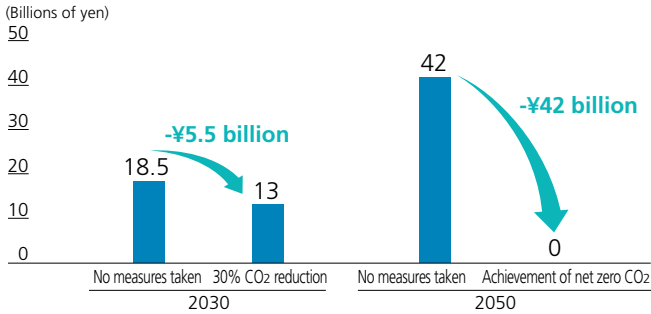
**Roadmap for promoting climate change action**

Category	Details	FY2030	FY2050
Scope 1 and 2	Rigorous energy conservation	Streamlining energy use / reducing loss	Achieved carbon neutrality
	Switching to low-carbon/green fuels	Switching heavy oil/LPG to LNG/city gas	
	Switching to low-carbon/green electricity	Launching/expanding introduction of renewable energy	
	Introducing carbon capture technology	Technology research/study	
	Using carbon offsets	Surveying market trends on emissions	
		<b>Cut CO<sub>2</sub> 30%</b>	
Scope 3	Promoting/maximizing recycling	Maximizing use of all scrap (from internal processes, customers, and general consumers)	Minimized CO <sub>2</sub> emissions
	Developing/applying recycled alloys/technologies	Development/application (NEDO*-subsidized project, etc.)	
	Switching to low-carbon/green bullion	Expanding use of hydropower generation	
	Introduction of “UACJ mass balance approach” to certify reduction CO <sub>2</sub> emission	Building → Harnessing/popularizing	
	Promoting the switch to aluminum	Developing/expanding sales/entrenching UACJ-SMART®, developing/expanding sales in new domains Reducing environmental burden from harnessing aluminum, establishing reduction rules	
Participation/cooperation with external institutions	Participating in initiatives, collaborating with aluminum industry groups		

\* NEDO: New Energy and Industrial Technology Development Organization



Estimated monetary impact of carbon tax



Metrics and targets

Per the declaration of our commitment to achieving carbon neutrality, we have established the goals of realizing net zero Scope 1 and 2 CO2 emissions by 2050, and a 30% reduction in these emissions by 2030 compared with fiscal 2019 levels. We will also aim to minimize Scope 3 CO2 emissions across our entire supply chain by recycling aluminum in collaboration with suppliers.

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

Risk significance assessment: risks and opportunities

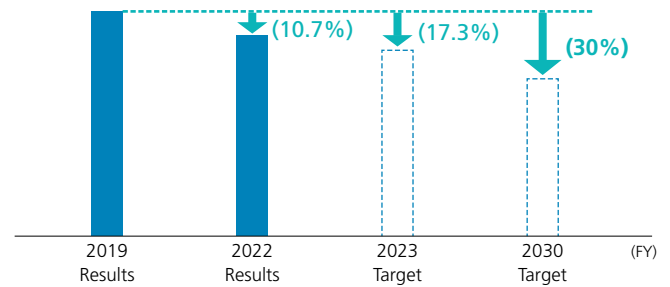
Risk items		Business impact		
Small classification	Index	Risks	Opportunities	
Transition risks, opportunities	Carbon price (carbon tax / carbon border adjustment mechanism)	Revenue Expenditures	<ul style="list-style-type: none"> <li>Procurement costs for imported raw materials / materials increase</li>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

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<https://www.uacj.co.jp/english/sustainability/environment/index.htm>



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

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



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

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

## Human resource management progress

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

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

## The Human Resource Strategy Project

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

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

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

## Historical highlights

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

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

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

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

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



## Human capital value creation process

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

## Outcomes

Provision of work environments that engender growth and job satisfaction

Provision of work environments in which each individual is respected

Provision of comfortable work environments

\*1 Consolidated

\*2 Non-consolidated

\*3 Non-consolidated management positions

\*4 UACJ Group in Japan

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

### Fumiharu Jito

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



#### People and skilled manufacturing are key

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

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

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

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

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

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

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



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

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

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

### Communication is the key to safety and quality

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

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

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

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

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

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

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

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

## Dialogue

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

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

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

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

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

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

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

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

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

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

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

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

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

## Miyuki Ishihara

Representative Director,  
President



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Kazutaka Saito

General Manager of  
Business and Culture  
Engagement Department



# Continuing to initiate structural reforms in the years ahead will build on 10 years of progress

## UACJ's corporate governance

### Clarifying processes for reappointing officers, including outside directors

**Sakumiya:** Five years have passed since I was appointed as an outside director at UACJ, and during that time, the Company's corporate governance has greatly evolved. Compared with the time when I was appointed, decision-making and management execution has sped up significantly because the number of directors and executive officers has been substantially reduced. Moreover, we have made progress in separating the functions of management supervision and execution, and further clarified the roles of directors, auditors, and executive officers. The Nomination and Remuneration Advisory Committee is a testament to how the Company's corporate governance has evolved. It conducts in-depth discussions in each of its meetings from its standpoint of supervising management, and the majority of its members, including the chairperson, are outside directors.

**Nagata:** As you said, the deliberations of the Nomination and Remuneration Advisory Committee are very thorough. In meetings of the Board of Directors, too, President Ishihara encourages a diverse range of opinions while leading the discussions as chairperson, which makes it very easy for the outside directors to contribute.

**Sakumiya:** The Company's corporate governance has also evolved in another way: specific criteria for making decisions on whether or not to reappoint the president and directors have been established. The Company previously had criteria for dismissal, but this was mainly concerned with violations of laws, and provided no standards for evaluating performance. After closely examining these matters, the Nomination and Remuneration Advisory Committee established the new criteria. It decided that this criteria should not be limited to internal directors and officers, but also extend to the outside directors that supervise them. Therefore, it put a process in place for evaluating and making decisions on whether or not to

reappoint the outside directors.

**Nagata:** It seems rare in Japan for companies to set such clear criteria for evaluating and appointing outside directors.

**Sakumiya:** This is required under Japan's Corporate Governance Code, but many companies have made no progress. We discussed how to make the conditions and processes for nominating outside directors highly transparent and impartial, and integrated a skills matrix for this purpose. Actually, the first outside directors to be selected after this new process was adopted were you and Makiko Akabane.

**Nagata:** I assume our backgrounds and experience were the main reasons for being selected. She is knowledgeable about international business matters while I have experience with corporate governance. Both of us have been involved in CSR- and sustainability-related work for many years. I hope we can add substance to deliberations and contribute to the Company by drawing from our respective backgrounds. I think the skills matrix should be reviewed as necessary because requirements for outside directors could change depending on shifts in the operating environment.

**Sakumiya:** You are absolutely right. When evaluating the president, however, we not only have quantitative criteria related to financial performance, but also qualitative criteria. Therefore, we outside directors must evaluate both quantitative and qualitative factors within the Company from an objective perspective. I think we need to create a process for alerting management of any potential problems before they lead to a serious issues for institutional investors and major corporate shareholders.



## Ryoko Nagata

### Outside Director

Ms. Nagata gained extensive experience and a broad management perspective while serving as a senior vice president of Japan Tobacco Inc. and as an auditor at that company and one of its subsidiaries. She also has expertise in sales and marketing as well as sustainability issues.

## Challenges and expectations of UACJ

### Pursuing new growth potential focused on sustainability

**Nagata:** The Company completed its structural reforms in fiscal 2022. How would you assess the outcomes of the reforms?

**Sakumiya:** Although not everything proceeded according to plan, I think the reforms ultimately produced the outcomes that management originally aimed for, so they have been a success. Some results never materialized due to the impact of soaring prices of raw materials amid the pandemic and conflict in Ukraine, so the outcomes might not appear so impressive to those outside the UACJ Group. With that in mind, rather than being satisfied with what has been achieved so far, management should continue initiating structural reforms in the years ahead.

**Nagata:** I completely agree.

**Sakumiya:** To move forward, we must determine what was not accomplished through the structural reforms. For example, we need to examine how much progress was made in shifting to a solutions-driven business model, and how appropriate it was to dispatch a large number of Japanese personnel to manage operations in Thailand. In addition, the Company had aimed to improve its management structure through the reforms, but its price-to-book ratio was only 0.6 as of August 31, 2023. We need to analyze the reasons for this and take steps to raise the ratio.

**Nagata:** I am also concerned about the low price-to-book ratio. I understand that the Company must execute strict budget controls

and raise cost efficiency as much as possible to increase the ratio, but besides raising cost efficiency, which is a never-ending challenge for any manufacturer, it must stay focused on top-line growth. The Company is currently undergoing lengthy negotiations with customers about increasing product prices, but since this is not an easy task, discussions about how to boost sales will be critical going forward.

**Sakumiya:** We will need to identify new business growth potential, including for the solutions-driven business model I previously mentioned.

**Nagata:** And UACJ has great potential when it comes to sustainability-related businesses.

**Sakumiya:** Yes, I agree. Since 2020, when the Japanese government declared its intention to make the country carbon neutral, I made the case for linking the Company's environmental activities not only to risk management but also to its management philosophy. Because aluminum is lightweight and easily recyclable, the metal can significantly contribute to reducing environmental burdens. Therefore, on a group-wide level, we must consider its positive impact on financial performance in addition to non-financial results.

**Nagata:** I also serve as an outside director of an automaker, so I am keenly aware of how applications for aluminum are expanding in the automotive industry, especially with the global shift to EVs. In other industries, too, aluminum has great potential. I hope we can identify opportunities for realizing this potential through research and technological development, and chart out various scenarios for growth, including the circular economy we want to build.

**Sakumiya:** Since my appointment, I have been focusing on measures for improving the Company's corporate governance, but they have not contributed to raising its market value, which is very disappointing. Therefore, I will continue looking for ways to raise its market value and make relevant proposals as an outside director.

**Nagata:** I also want to contribute to improving the Company's corporate governance and market value. At the same time, I intend to offer advice and raise questions, including hard questions about what is taken for granted at UACJ, so we can keep moving with the times.

## Akio Sakumiya

### Outside Director

Mr. Sakumiya previously served as an executive vice president of Omron Corporation. During his career, while paying close attention to return on invested capital as a performance indicator for management, he mainly focused on management supervision as a non-executive director, and also served as a vice chairperson of a committee for nominating the president.

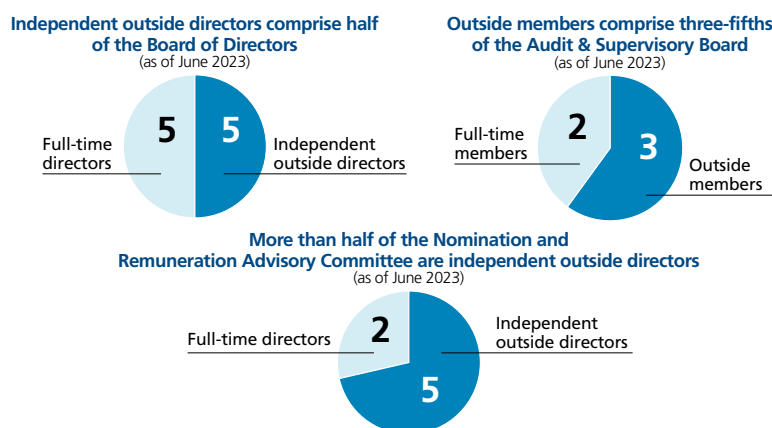




# A more effective Board of Directors for governance committed to results

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

Year	UACJ's plans and goals	Measures to enhance governance
2013		Appointed the Company's first outside director
2014		Promoted the Company's first non-Japanese nationals to executive officer positions
2015	First mid-term management plan from fiscal 2015 to 2017	Appointed the Company's first female outside director
2016	<b>Major policies</b> <ul style="list-style-type: none"> <li>Expand into the growing automotive, transport, and energy industries while bolstering operations in Asia and other growth regions</li> <li>Organize optimized manufacturing operations in each business and facilitate technological integration</li> <li>Develop new technologies and products</li> </ul>	Commenced evaluation of the effectiveness of the Board of Directors (▶ p.76)
2017		Established Nomination and Remuneration Advisory Committee (▶ p.76)
2018	Second mid-term management plan from fiscal 2018 to 2020 <b>Major policies</b> <ul style="list-style-type: none"> <li>Continue focusing on the growing automotive industry and growth markets in Asia and North America</li> <li>Steadily generate returns on past investments</li> <li>Increase capital efficiency with an emphasis on ROIC</li> <li>Promote shared principles of conduct as the UACJ Way</li> </ul>	Appointed people with experience in business management as outside directors Implemented a system of performance-linked remuneration for full-time directors (▶ p.77)
2019	Implementation of structural reforms from fiscal 2019 to 2022 <b>Major objectives</b> <ul style="list-style-type: none"> <li>Increase earnings capacity</li> <li>Reform financial structure</li> <li>Increase the speed and efficiency of management decision-making</li> </ul>	Reduced the number of directors and executive officers (▶ p.74) Reorganized corporate divisions Revised the remuneration system (▶ p.74,77)
2020		Full operation of a succession plan begins (▶ p.78)
2021	Third mid-term management plan from fiscal 2021 to 2023	Evaluation survey of the effectiveness of the Audit & Supervisory Board
2022	<b>Major policies</b> <ul style="list-style-type: none"> <li>Complete structural reforms</li> <li>Strengthen foundations for growth</li> <li>Contribute to achieving a better world (promote sustainability)</li> </ul>	Established the Risk Management Promotion Meeting Independent outside directors comprise half of the Board of Directors (as of June 2023) Outside members comprise three-fifths of the Audit & Supervisory Board (as of June 2023)
2023		More than half of the Nomination and Remuneration Advisory Committee are independent outside directors (as of June 2023)
2024-		
2030	<b>UACJ Vision 2030</b> <ul style="list-style-type: none"> <li>Capturing demand in growth sectors and growth markets</li> <li>Utilize enhanced aluminum materials to contribute to greater social and economic value</li> <li>Tap into new business domains</li> <li>Cut CO<sub>2</sub> across product lifecycles</li> </ul>	



**Spotlight on Evolution**

### Stronger decision-making and supervisory functions through a major overhaul of the director and executive officer system

UACJ has set "improving management systems" as one of the main objectives in its structural reforms. Accordingly, we have been working toward continuous enhancement of corporate value through stronger and enhanced governance functions. In the interest of a streamlined decision-making function, we reduced the number of executive directors and executive officers and reviewed meeting bodies and organizational structures, accelerating and enhancing the quality of management. After the structural reforms, we continued to explore optimal officer systems. As a result of this exploration, we newly appointed two female directors in fiscal 2023 and made independent outside directors half of our Board of Directors in the interest of a stronger supervisory function by and diversified composition of the board.

**Changes in director and executive officer headcount**

	Directors			Executive officers
	Number	Percentage of outside directors	Percentage of female directors	Number
2018	12	33%	8%	27
2023	10	50%	20%	16

**Spotlight on Evolution**

### A modified remuneration structure motivating officers toward greater corporate value and SDGs-based action

UACJ considers its officer remuneration system as an essential element to raise motivation toward the achievement of management tasks. Since fiscal 2018, this system has consisted of base salary, short-term performance-linked remuneration, and medium- to long-term performance-linked remuneration, a system that has been continuously reviewed in response to changes in the business environment since then.

In fiscal 2020, we raised the ratio of short-term performance-linked remuneration by about 10% to further increase performance incentives, and introduced total shareholder return (TSR) as an indicator for medium- to long-term performance-linked remuneration to promote shareholder-centric management, thereby changing the system to one in which remuneration is linked to stock price.

In addition, in our third mid-term management plan, launched in

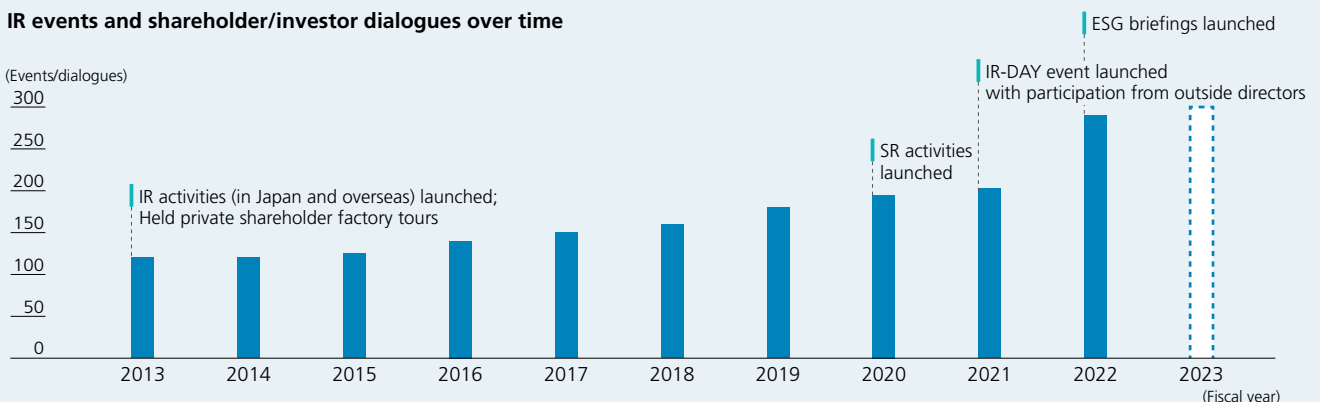
fiscal 2021, we introduced SDGs assessments as part of evaluations for short-term performance-linked remuneration, using the announced materiality activity targets as KPIs. This was designed to boost efforts toward one of the plan's major policies of promoting sustainability. Based on the idea that although sustainability activities should be undertaken over the medium to long term, it is important to steadily build up activity results from day one with a view to achieving future goals, we established a system to evaluate the degree of achievement against annual targets in short-term performance-linked remuneration. Going forward, we will continue to study the optimal structure of our remuneration system to ensure that it supports the achievement of management strategies and contributes to medium- to long-term enhancement of corporate value.

**Spotlight on Evolution**

### Enhanced dialogue with shareholders toward long-term relationship-building

At UACJ, we are committed to timely and appropriate information disclosure and full-fledged two-way communication in order to build and maintain long-term relationships of trust with our shareholders and investors while helping them understand our business and what it means to invest with us.

**IR events and shareholder/investor dialogues over time**



## Corporate governance system

### Board of Directors

The Company utilizes an Audit & Supervisory Board system. Following the executive officer system for business execution, managerial decision-making and supervisory functions are separated from business execution, thereby strengthening the functions of the Board of Directors and accelerating the speed of business execution. To further clarify this separation and improve the supervisory function, the Articles of Incorporation stipulate that the president serves as the chief executive officer in charge of business execution.

As of June 21, 2023, our Board of Directors consists of 10 directors (including five independent outside directors) and five Audit & Supervisory Board members (including 3 independent outside auditors).

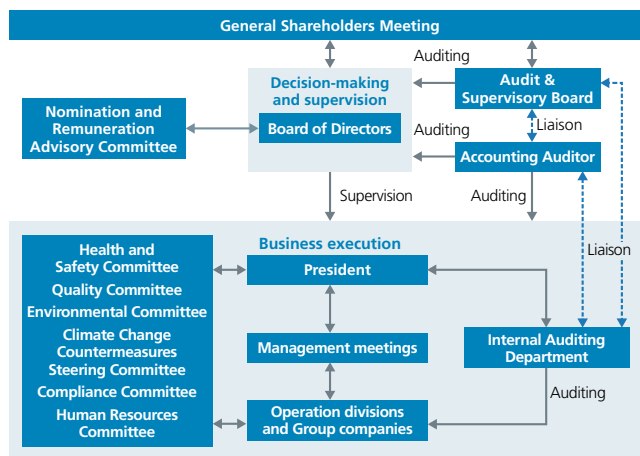
The Board of Directors meets monthly to discuss important management matters and report on the status of business execution in accordance with laws, the Articles of Incorporation, and internal regulations. The Chair of the Board of Directors is elected by mutual selection. As of June 2023, the Representative Director serves in this position. In fiscal 2022, the board focused primarily on overseeing the completion of structural reforms and

discussing the Group's future strategy.

In addition, a dedicated department for the Board of Directors' secretariat has been established to help implement measures to improve the board's effectiveness and to provide information to outside officers.

Going forward, we will maintain appropriate operation of the Board of Directors in order to enhance the Group's medium- to long-term corporate value.

### Corporate Governance System



### Overview of corporate governance structure

Institutional format	Company with an Audit & Supervisory Board
Total number of directors	10 (including 5 outside directors)
Total number of Audit & Supervisory Board members	5 (including 3 outside auditors)
Ratio of female directors	20%
Directors' term of office	1 year
Adoption of an executive officer system	Yes
Voluntary advisory body to the Board of Directors	Nomination and Remuneration Advisory Committee
Accounting Auditor	Deloitte Touche Tohmatsu LLC

### Main agenda of the Board of Directors

Category	Main agenda items
Management	<ul style="list-style-type: none"> <li>Business restructuring</li> <li>Human resource strategy</li> <li>DX strategy</li> <li>Technology strategy</li> <li>Portfolio strategy</li> <li>Manufacturing facility investment</li> <li>Fiscal 2023 plans</li> <li>Balance sheet and borrowing plan</li> <li>Corporate Governance Code compliance</li> <li>Introduction of recycling system</li> </ul>
Sustainability	<ul style="list-style-type: none"> <li>Carbon neutrality</li> <li>Environmental Committee report</li> <li>Quality Committee report</li> <li>Health and Safety Committee report</li> <li>Compliance Committee report</li> <li>Internal control policy</li> <li>Statement on the UK Modern Slavery Act</li> </ul>
Board of Directors/ Officers	<ul style="list-style-type: none"> <li>BoD effectiveness evaluation</li> <li>Selection of representative directors</li> <li>Selection of Nomination and Remuneration Advisory Committee members</li> <li>Positions, assignments, and responsibilities of executive officers</li> <li>Officer remuneration</li> <li>Selection criteria for directors and auditors</li> <li>Criteria for determining the independence of outside directors and outside auditors</li> </ul>
Stocks/ Shareholders' Meeting/ Investors	<ul style="list-style-type: none"> <li>Strategic shareholdings</li> <li>Revision of share ownership rules</li> <li>Convocation of annual general meetings of shareholders</li> </ul>

### Message from the Chair of the Board of Directors

The UACJ Board of Directors consists of members with diverse backgrounds, with each member engaging in lively discussions utilizing the wealth of knowledge and experience they possess. In fiscal 2022, the board focused on the oversight of completing structural reforms. We also furthered discussions on the topic of diversity in the Board of Directors, an issue recognized in the previous year's effectiveness evaluation. As a result of these discussions, we decided to increase the number of outside directors by one and to have half of the Board of Directors composed of independent outside directors starting in fiscal 2023. In addition, both of the two newly appointed female outside directors are active on the front lines and are expected to bring new insights to the Company. As a company with an Audit & Supervisory Board, we emphasize the decision-making and supervisory functions of the Board of Directors and take steps to strengthen these mutually essential functions in the interest of the Group's sustainable growth and enhancement of corporate value over the medium to long term. Fiscal 2023 marks the final year of the third mid-term management plan, which began in fiscal 2021. This upcoming year is when we will be formulating our next mid-term management plan. The Board of Directors will oversee the progress of the third mid-term management plan and discuss the following plan, determining the best direction for UACJ toward the realization of UACJ Vision 2030, our long-term management vision. Furthermore, as Chair of the Board of Directors, I intend to continue leading the Board of Directors in improving its effectiveness and properly fulfilling the roles and responsibilities expected of its chair.

Miyuki Ishihara Representative Director & President

### Audit & Supervisory Board

As an independent body that plays a role in corporate governance, the Audit & Supervisory Board is tasked with auditing the execution of duties by the board members. To improve the quality of auditing, a three-way audit system has been adopted for cooperation among Audit & Supervisory Board audits, internal audits, and audits by accounting auditors. Following the auditing policies and plans set out by the Audit & Supervisory Board and according to its regulation, these audits are conducted, in principle, once a year and focus primarily on the execution of duties by the board members in areas including the development and operation of internal control systems, prevention of risks, and initiatives to address managerial issues.

The Audit & Supervisory Board consists of five Audit & Supervisory Board members (including three independent outside members), two of which have knowledge of finance and accounting.

### Nomination and Remuneration Advisory Committee

In order to strengthen corporate governance, the Company has established the Nomination and Remuneration Advisory Committee as an advisory body to the Board of Directors to enhance objectivity and transparency in the decision-making process for nominating directors, executive officers and auditors, as well as in determining the remuneration of directors and executive officers.

The committee places high priority on independence, with an independent outside director serving as the committee chair and five of the seven committee members being independent outside directors.

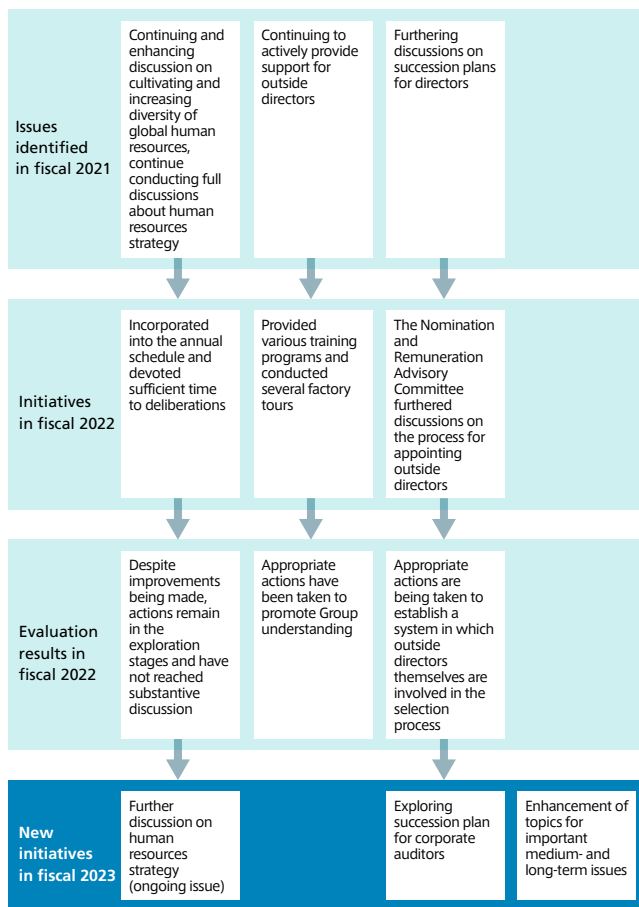
In fiscal 2022, the committee mainly deliberated and reported to the Board of Directors on a case-by-case basis on topics such as the following: the composition of the Board of Directors and other bodies for fiscal 2023, outside director candidates, the term of office and reappointment for outside directors, and fiscal 2023 policy for officer remuneration.

### Evaluation of the Effectiveness of the Board of Directors

Each year, the Company evaluates and takes steps to improve the effectiveness of the Board of Directors.

At appropriate intervals, we also engage third-parties to conduct analysis and evaluations with the intention of ensuring the neutrality and objectivity of our evaluations and to make our improvement measures even more effective. The most recent third-party evaluation was conducted in fiscal 2020.

### Processes and initiatives for evaluating effectiveness



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

FY	Major items for improvement	Initiatives implemented in response to evaluations received
2017	<ul style="list-style-type: none"> <li>Improvement of materials that assist with governance</li> </ul>	<ul style="list-style-type: none"> <li>Revision of proposal and reporting standards to strengthen supervisory functions</li> <li>Improvements to advance explanations provided to outside directors and Audit &amp; Supervisory Board members</li> </ul>
2018	<ul style="list-style-type: none"> <li>Ensuring the diversity of the Board of Directors</li> <li>Improvements to advance explanations provided to outside directors and Audit &amp; Supervisory Board members, and ensuring that documents are sent at least three days prior to meetings</li> </ul>	<ul style="list-style-type: none"> <li>Creation of documentation guidelines for the Board of Directors</li> <li>Improvements to the content of reports made to the Board of Directors</li> </ul>
2019	<ul style="list-style-type: none"> <li>Introduction of important materials at appropriate times</li> <li>Improvements to discussion of management strategy</li> </ul>	<ul style="list-style-type: none"> <li>New addition of "deliberation" to the agenda categories</li> <li>Implementation of policy reports to each division</li> </ul>
2020	<ul style="list-style-type: none"> <li>Enhance discussion on major directions for the Company</li> <li>Improvement of reports and explanatory materials that assist with governance</li> </ul>	<ul style="list-style-type: none"> <li>Selection of major themes for the medium to long term</li> <li>Improved support for outside directors and Audit &amp; Supervisory Board members</li> <li>Improving information sharing between the Nomination and Remuneration Advisory Committee and the Board of Directors</li> </ul>
2021	<ul style="list-style-type: none"> <li>Enhance discussion of the Company's main direction</li> <li>Information sharing between the Board of Directors and the Nomination and Remuneration Advisory Committee</li> </ul>	<ul style="list-style-type: none"> <li>Resumed tours of manufacturing facilities for outside officers</li> <li>Provided training opportunities for outside directors</li> <li>Elevated discussion of issues related to human resources strategy</li> </ul>
2022	<ul style="list-style-type: none"> <li>Further discussions on diversity of the Board of Directors</li> <li>Enhance support for outside directors</li> <li>Human resource strategy relating to cultivation of global talent (initiative to continue in the following fiscal year)</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced topics for medium- to long-term important issues</li> <li>Further enhanced the monitoring function</li> </ul>

## Remuneration of officers

UACJ's officer remuneration system is intended to provide management incentive to respond to the expectations of a variety of stakeholders and to promote steady and sound business development to continue generating the profits needed to contribute to society. The system is also designed to share the benefits and risks of stock price fluctuations with shareholders and increase our officers' desire to help increase share prices, raise corporate value, and improve our performance in the medium and long term. The remuneration system is periodically reviewed to ensure it is functioning appropriately and effectively. From fiscal 2023, the number of outside directors was increased by one to a total of five, accounting for half of all directors, and the maximum amount of remuneration was revised in consideration of the increased roles and responsibilities expected of outside directors. The Nomination and Remuneration Advisory Committee annually reviews the remuneration system and assesses the need for revisions based on changes in the business environment and how the system is actually operating.

### Initiatives to date

2018	Reviewed the remuneration system and implemented short-term performance-linked remuneration* and medium-to long-term performance-linked remuneration (PSU: Performance Share Unit)
2020	As the Company worked towards structural reform, increased the short-term performance-linked remuneration ratio, and introduced total shareholder return to the system of medium-to long-term performance-linked remuneration
2021	<p>Introduced SDGs evaluation to short-term performance-linked remuneration, and restricted stock units (RSU) to medium-to long-term performance-linked remuneration</p> <ul style="list-style-type: none"> <li>Recognizing that initiatives related to contributing to achieving a better world (promoting sustainability)—one of the three major objectives in the third mid-term management plan—are indispensable to corporate growth and an important factor in share evaluation, we integrated non-financial indicators into the remuneration system, improved incentives to engage in sustainability-related activities, and implemented SDGs evaluation into short-term performance-linked remuneration with an eye to future business growth and improving share value</li> <li>We introduced restricted stock units alongside the existing performance share units in order for the remuneration system to reflect medium- and long-term contributions more appropriately, and instituted Shareholding Guidelines that encourage those in management to hold a certain amount of company shares</li> <li>To strengthen risk management in the context of the officer remuneration system, so-called malus and clawback clauses were established</li> <li>Abolished the reappointment of directors as a method of deciding individual remuneration</li> </ul>
2023	Revised the maximum amount of remuneration for outside directors, taking into consideration the increase in the ratio of outside directors and the increased roles and responsibilities expected of outside directors

\* Outside directors are not subject to the performance-linked remuneration system, as their primary duty is to provide supervision from an independent, objective standpoint.

### Total remuneration of directors and Audit & Supervisory Board members in fiscal 2022

Positions	Number of members	Total amount by type of remuneration <sup>1)</sup>			Total remuneration
		Base salary	Short-term performance-linked remuneration	Medium-to long-term performance-linked remuneration	
All directors (Outside directors)	12 (5)	¥280 million (¥49 million)	¥20 million (-)	¥55 million (-)	¥355 million (¥49 million)
All Audit & Supervisory Board members (Outside members)	7 (4)	¥83 million (¥32 million)	-	-	¥83 million (¥32 million)
Total (Outside directors and Audit & Supervisory Board members)	19 (9)	¥362 million (¥81 million)	¥20 million (-)	¥55 million (-)	¥437 million (¥81 million)

Note: The above table includes one director who retired and one Audit & Supervisory Board member who resigned at the conclusion of the 8th Ordinary General Meeting of Shareholders held on June 22, 2022.

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

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

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

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

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

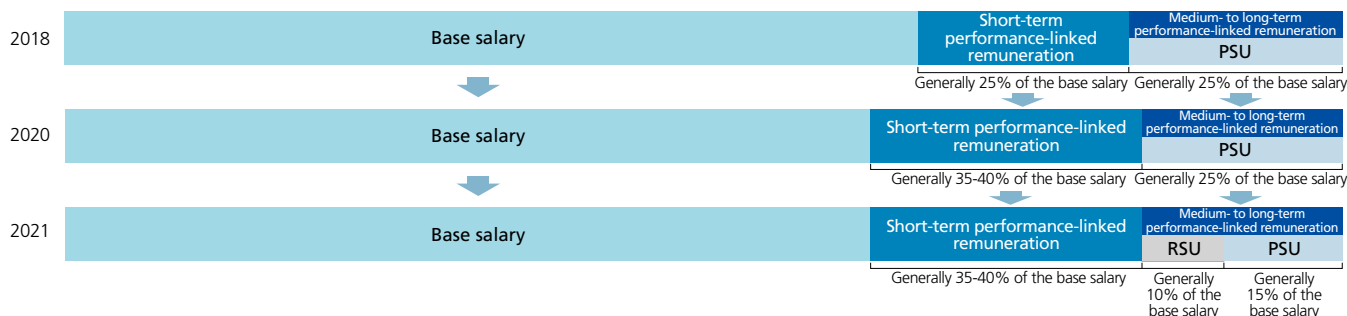
Evaluation factors	Conditional on continuing service
Evaluation timing	Three fiscal years
Range of variation in performance-linked remuneration	No change due to performance
Content of remuneration	Half of the assigned units with vested rights are provided as shares, with the remainder paid in cash

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

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



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



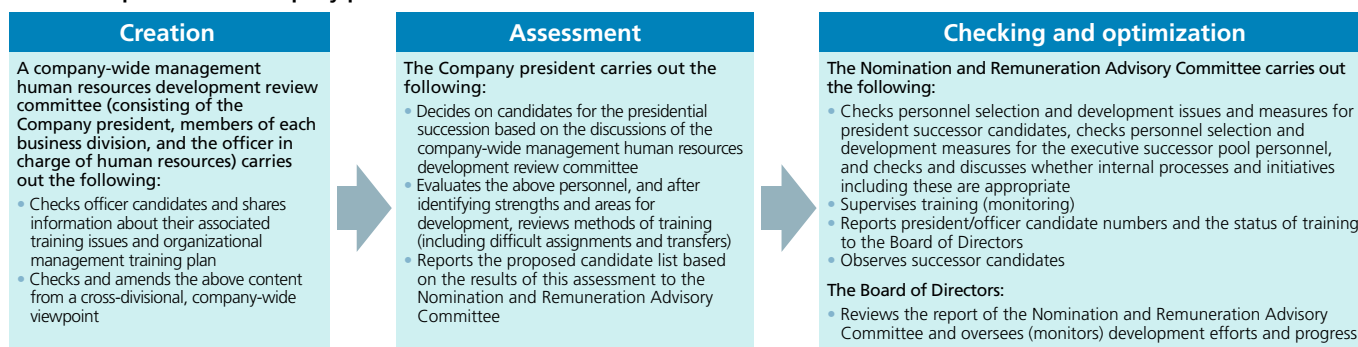
**Succession plans**

The Company has succession plans in place for the president, officers, and other senior management positions. All officers participate in an internal selection process that encompasses multiple perspectives and human resource data with the aim of providing a well-rounded approach to identifying candidates for officer positions. We clarify any issues associated with each candidate and train them through challenging assignments, transfers, and education so they have abundant opportunity to gain the competencies and experience needed to serve as senior

management. The status of the succession plan status is periodically reported to the Nomination and Remuneration Advisory Committee (which includes five independent outside officers), which monitors the processes to ensure objectivity. The Board of Directors, meanwhile, verifies and supervises the process.

The system also includes succession plans for departmental and sectional managers with the aim of systematically cultivating human resources for organizational management positions. The coordinated implementation of these succession plans for senior management enables the methodical development of human resources for the entire Group.

**Succession plan for the Company president**



**Selection and nomination of officers**

The Nomination and Remuneration Advisory Committee deliberates and decides on the nomination of directors and other senior management by evaluating candidates based on elements such as their career history and capabilities. The Board of Directors makes the final decision on officer appointments based on the committee's recommendations. Candidates for the Audit & Supervisory Board must also be approved by the Audit & Supervisory Board. When selecting independent outside directors, the Company considers candidates based on its criteria for independence, and seeks individuals who can be expected to contribute to the Company through frank, active, and constructive dialogue at the Board of Directors meetings. Opportunities are provided to evaluate their contributions after appointment. Currently two of the five independent outside directors are women, and four of the directors

have experience in corporate management. UACJ will continue its focus on achieving a balance in the overall knowledge, experience, and abilities of the Board of Directors, and in developing systems that take into account diversity and scale.

**Skill matrix**

The Board of Directors and the Nomination and Remuneration Advisory Committee conducts specific discussions on the skills (knowledge, experience, and abilities) that a member of the Board of Directors should possess in order to implement and oversee the three main strategies of the third medium-term management plan and realize the long-term UACJ Vision 2030. We intend to create a Board of Directors that is overall equipped with nine skill sets for executing effective management oversight. The following table shows these skills.

Reason for selection as a desired skill field

Skill fields	Reasons for appointment
Corporate management/Strategy	A wide range of knowledge, experience, and ability in corporate management and strategies—of our Company or other companies—is indispensable as the Group considers enhancing earnings capability and strengthening management systems essential to our structural reform.
Finance/ Accounting	Finance and accounting knowledge, experience, and ability are indispensable to appropriately preparing, supervising, and auditing financial statements as well as to management aimed at improving our financial position through careful investment scrutiny and capital efficiency, which is essential to our structural reform.
Sales/Marketing	Sales and marketing knowledge, experience, and ability are indispensable to strengthening the foundations for growth as we seek to increase the added value of our enhanced materials business and focus on growth markets (North America and Southeast Asia) and growth sectors (car stock and automotive components).
Overseas business	With overseas operations accounting for roughly half of Group sales, overseas business knowledge, experience, and ability are indispensable to leveraging our three-point—Japan, North America and Thailand—global supply network to further expand our presence on the global stage.
R&D/Manufacturing	Research and development and manufacturing knowledge, experience, and ability are indispensable to developing aluminum products that help reduce environmental burden as well as to creating and providing added value in enhanced materials and developing mechanisms and systems to create new business domains.
Legal/Governance	Legal and governance knowledge, experience, and ability are indispensable to ensuring comprehensive compliance and risk management and to executing the corporate governance required of a listed company in the prime market and enhancing corporate value.
IT/Digital	IT and digital knowledge, experience, and ability are indispensable to strengthening the foundations for growth, effectively allocation management resources to digital technology activities and advancing our digital transformation, pursuing the potential of aluminum, and creating new business domains.
Sustainability	Sustainability knowledge, experience, and ability is indispensable to achieving a better world and to focusing our efforts to address climate change and other challenges as well as to fulfill our plan to use diverse human resources in our business and promote the development and diversification of our human resources.
Other industries/fields	Knowledge, experience and ability in other fields and industries is indispensable to fulfilling the UACJ Vision 2030 and to providing an outside perspective to supervising management and diversity to the Board of Directors.

Board composition and expertise

	Name	Attributes	Tenure	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	Main reasons for indicating proficiency in the relevant skill fields	
				Corporate management/Strategy	Finance/Accounting	Sales/Marketing	Overseas business	R&D/Manufacturing	Legal/Governance	IT/Digital	Sustainability		Other industries/fields
Directors	Miyuki Ishihara	Internal	8 years	○				○	○			(i) Representative Director & President of the Company; (v) Long-standing experience in manufacturing units; (vi) Instrumental in enhancing the Company's corporate governance; (viii) Led the Company's sustainability activities	
	Teruo Kawashima	Internal	4 years	○	○		○					(i) Executive Vice President of the Company; (ii) In charge of Group financial strategies; (iv) Experience as CEO of an overseas Group company	
	Shinji Tanaka	Internal	2 years				○	○		○	○	(iv) Extensive experience in overseas business (incl. overseas); (v) Extensive experience in manufacturing divisions; (vii) Experience being in charge of an information technology divisions; (viii) In charge of promoting the Company's climate change countermeasures	
	Fumiharu Jito	Internal	1 years					○		○		(v) Extensive experience in manufacturing divisions; (vii) In charge of Information Technology Division	
	Joji Kumamoto	Internal	-	○		○	○				○	(i) In charge of the Company's management strategy; (iii), (iv) and (ix) Experience in the sales and overseas business of a major general trading company	
	Takahiro Ikeda	Outside Independent	5 years	○		○	○					○	(i), (iii), (iv) and (ix) Experience as director of a major chemical manufacturer (experience in sales, marketing, management of overseas business)
	Akio Sakumiya	Outside Independent	5 years	○					○			○	(i), (vi) and (ix) Experience as director and executive vice president of a major electronic components manufacturer (served as committee member and vice chairperson of various advisory committees), experience as an outside corporate auditor
	Yoshitaka Mitsuda	Outside Independent	1 years					○				○	(v), (viii) and (ix) Experience in education and research on smelting and recycling of non-ferrous metals at university and research institutions, experience in university operations
	Ryoko Nagata	Outside Independent	-	○		○				○		○	(i), (iii), (vi) and (ix) Experience as an executive officer and corporate auditor at a major food manufacturer, experience as an outside director
Makiko Akabane	Outside Independent	-				○					○	(iv), (viii) and (ix) Experience in sustainability consulting and support, experience as an outside director	
Audit & Supervisory Board members	Atsushi Sakaue	Internal	2 years		○							(ii) Experience as a financing and accounting division head	
	Ryu Sawachi	Internal	1 years						○			(vi) Experience as Vice Chief Executive of the Company's Business Support Division; (viii) Experience as general manager of public relations and IR divisions	
	Yuki Iriyama	Outside Independent	5 years	○			○			○		(i), (iv), (vi) and (ix) Attorney, experience as managing director of a major steelmaker (experience in overseas business, corporate legal affairs)	
	Hiroyuki Yamasaki	Outside Independent	5 years	○	○				○			(i), (ii), (vi) and (ix) Certified public accountant, experience in business execution and as an outside director	
	Yoshiro Motoyama	Outside Independent	5 years	○			○	○				(i), (iv), (v) and (ix) Experience as director and senior vice president of a major foreign-affiliated automobile manufacturer (experience as general manager of product engineering division)	

Note: The above table does not indicate the complete range of each individual's knowledge, experience, and ability

## Strategic shareholdings

The Company holds shares in companies that we deem necessary for the sustainable growth and smooth execution of our business, such as to maintain and strengthen trade transactions, business alliances, and stable procurement of raw materials.

Our basic policy is to reduce strategic shareholdings to the minimum necessary volume and maintain that level. The Board of Directors annually reviews and comprehensively examines each shareholding from both quantitative and qualitative perspectives, including the significance of the shareholding and its economic rationale. Holdings deemed to be no longer practical or rational will be divested in an orderly manner.

The voting rights of strategic shareholdings (rights granted to shareholders), are, in principle, exercised at all times. Decisions to vote for or against a proposal are made after comprehensively considering a proposal's compatibility with the purpose of our holding of the shares, as well as whether or not it contributes to the sound management of the issuing company and ultimately improves the corporate value of the Company and the issuing company.

As of March 31, 2023, the total number of companies with which we possess strategic shareholdings was 29. The amount of these shareholdings on the balance sheet as of the end of fiscal 2022 was ¥5,129 million, which represents 1.9% of consolidated net assets.

## Compliance

The Group Code of Conduct was created based on the Corporate Philosophy and the principles of the UACJ Way to provide guidelines for employees and officers to follow in their conduct. The Code of Conduct is included in rank-based education programs as part of our ongoing and regular programs to familiarize employees with the code and to promote awareness of compliance and understanding of laws and regulations. In fiscal 2022, the CSR Committee was abolished and a new Compliance Committee was established as a forum for intensive deliberation, direction-setting, and reporting on compliance and human rights initiatives. Furthermore, subcommittees at UACJ and its Group companies were newly established under the Compliance Committee to function as a forum for information sharing on the discussions of these committees and for dialogue with each Group company, thereby addressing compliance and human rights issues Group-wide.

In addition, for the purpose of early detection and resolution of compliance issues, we have established various consultation services, such as the Workplace Harassment Hotline, which specializes in harassment, in addition to the Group-wide internal whistleblowing system. Consultations and reports on compliance issues are accepted not only from current

but also retired/resigned officers and employees (within one year after retirement or resignation).

## Compliance with competition laws and prevention of bribery

The Company instituted basic anti-corruption policies and regulations in 2018, implementing country-specific guidelines in accordance with the laws and regulations of each country and based on the results of risk surveys and fact-finding surveys conducted to comply with competition laws and prevent corruption throughout the Group. The Company performs self-assessments every year based on these guidelines.

There were no incidents regarding antitrust, foreign competition, or anti-bribery law violations in fiscal 2022.

## Dialogue with shareholders and investors

In our investor relations (IR) activities, the IR Department led efforts that included improving communication with shareholders and investors amid the COVID-19 pandemic. With web-based engagement firmly established, we have gradually resumed in-person engagement as of fiscal 2022. In addition to livestreaming financial results meetings, holding IR-Day, and holding the first ESG briefing, we are increasing communication opportunities by resuming visits to overseas investors by the officer in charge of IR. Furthermore, we continue to conduct meetings via the Internet, disclose financial statements simultaneously in both Japanese and English, and distribute IR video content.

During the fiscal year, we held one-on-one meetings with shareholders and investors in Japan and overseas both in person and on the web, depending on the situation, in an effort to improve engagement. In addition, we are expanding our IR activities to encompass a wider range of investors through efforts such as regular large-scale seminars for individual investors.

Shareholder relations (SR) activities are led by the Corporate Legal Department, which since fiscal 2020 has been maintaining dialogue primarily with institutional investors' voting rights exercise staff by providing regular annual meeting opportunities. We strive to engage in constructive dialogue with institutional investors in order to contribute to sustainable growth and medium- to long-term improvement of corporate value, and we provide timely feedback to the Board of Directors and other members of our top management on opinions and requests obtained through such dialogue.

Information gained during our IR and SR activities, such as the below, are disclosed on the Company website.

- Major interacting parties
- Main dialogue themes
- Shareholder dialogue that brought us new insights/were helpful in establishing understanding
- Status of feedback to top management and the Board of Directors on shareholder opinions and concerns identified in dialogue
- Matters incorporated in our policies based on dialogue

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

## Board of Directors (as of June 21, 2023)

### Directors



#### Miyuki Ishihara

Representative Director, President

Attended 15 of 15 Board of Directors meetings

Apr. 1981 Joined Sumitomo Light Metal Industries, Ltd.  
Oct. 2012 Executive Officer  
Oct. 2013 Executive Officer, UACJ Corporation  
Jun. 2015 Director, Member of the Board, Executive Officer  
Apr. 2017 Director, Member of the Board, Managing Executive Officer  
Apr. 2018 Director, Member of the Board  
Jun. 2018 Representative Director, President (current)



#### Teruo Kawashima

Director, Member of the Board, Executive Vice President in charge of group-wide financial affairs, corporate communications, and management strategies

Attended 15 of 15 Board of Directors meetings

Apr. 1982 Joined Sumitomo Light Metal Industries, Ltd.  
Apr. 2013 Deputy General Manager, Administrative Division  
Oct. 2013 Executive Officer, UACJ Corporation  
Apr. 2016 Executive Officer, UACJ Corporation; CEO, UACJ North America Inc.  
Apr. 2019 Managing Executive Officer  
Jun. 2019 Director, Member of the Board, Managing Executive Officer  
Apr. 2022 Director, Member of the Board, Executive Vice President (current)



#### Shinji Tanaka

Director, Member of the Board, Managing Executive Officer, Chief Executive, Corporate Sustainability Division, Vice Chief Executive, Flat Rolled Products Division (Manufacturing Division), officer in charge of climate change countermeasures

Attended 15 of 15 Board of Directors meetings

Apr. 1987 Joined Sumitomo Light Metal Industries Co., Ltd.  
Jan. 2016 Director, Member of the Board, UACJ (Thailand) Co., Ltd.  
Apr. 2018 Executive Officer, Executive Vice President, UACJ (Thailand) Co., Ltd.  
Apr. 2021 Executive Officer, Chief Executive of the Corporate Strategic Restructuring Office (current); Vice Chief Executive, Business Support Division; Vice Chief Executive, Finance and Accounting Division  
Jun. 2021 Director, Member of the Board, Executive Officer  
Apr. 2022 Director, Member of the Board, Managing Executive Officer, Chief Executive, Structural Reform Division  
Apr. 2023 Director, Member of the Board, Managing Executive Officer, Chief Executive, Corporate Sustainability Division, Vice Chief Executive, Flat Rolled Products Division (Manufacturing Division) (current)



#### Fumiharu Jito

Director, Member of the Board, Executive Officer, Chief Executive, "MONOZUKURI" Core Manufacturing Innovation Division

Attended 12 of 12 Board of Directors meetings (following his appointment as a director)

Apr. 1988 Joined Furukawa Electric Co., Ltd.  
Jun. 2011 General Manager, Production Department, Rolled Products Division, Fukui Works, Furukawa-Sky Aluminum Corp.  
Apr. 2019 Senior General Manager, Fukaya Works, Flat Rolled Products Division, UACJ Corporation  
Apr. 2021 Senior General Manager, Nagoya Works, Flat Rolled Products Division  
Apr. 2022 Executive Officer, Chief Executive, Monozukuri Core Manufacturing Division  
Jun. 2022 Director, Member of the Board, Executive Officer, Chief Executive, Monozukuri Core Manufacturing Division (current)



#### Joji Kumamoto

Director, Member of the Board, Executive Officer, Chief Executive, Corporate Strategy Division

Newly appointed in June 2023

Apr. 1985 Joined SUMITOMO CORPORATION  
Aug. 2011 Dispatched to Tri-Arrows Aluminum Inc.  
Apr. 2015 General Manager, Tubular Product Planning and Development Dept.  
Apr. 2017 Joined UACJ Corporation  
Apr. 2020 Vice Chief Executive, Corporate Strategy Division  
Apr. 2021 Chief Executive, Corporate Strategy Division  
Apr. 2022 Executive Officer, Chief Executive, Corporate Strategy Division  
Jun. 2023 Director, Member of the Board, Executive Officer, Chief Executive, Corporate Strategy Division (current)

### Outside Members of the Board



#### Takahiro Ikeda

Director, Member of the Board (outside, part-time)\*

Attended 15 of 15 Board of Directors meetings

Apr. 1975 Joined Mitsubishi Kasei Kogyo (currently Mitsubishi Chemical Corporation)  
Apr. 2006 Executive Officer, Mitsubishi Chemical Corporation, Deputy General Manager, Polymers Division  
Apr. 2007 Executive Officer, General Manager, Chemicals Division  
Jul. 2008 Dia Chemical Co. Ltd., President  
Jun. 2010 Managing Executive Officer, Mitsubishi Rayon Co., Ltd. (currently Mitsubishi Chemical Corporation)  
Apr. 2013 Director and Managing Executive Officer  
Apr. 2015 Advisor  
Apr. 2016 Itochu Chemical Frontier Corporation, Executive Advisor  
May 2016 T.I. Associates, Representative Director (current)  
Jun. 2018 Director, Member of the Board (outside and part-time), UACJ Corporation (current)

Rationale for selection: Takahiro Ikeda was invited to serve to utilize his experience as a director at a major chemical manufacturer and long career in corporate management.



#### Akio Sakumiya

Director, Member of the Board (outside, part-time)\*

Attended 14 of 15 Board of Directors meetings

Apr. 1975 Joined Tateisi Electric Manufacturing Co. (currently OMRON Corporation)  
Jun. 2003 Executive Officer, General Manager of Amusement Equipment Business, OMRON Corporation; President and CEO of OMRON Ichinomiya Co., Ltd. (now OMRON Amusement Co., Ltd.)  
Apr. 2009 Executive Officer, OMRON Corporation; President, Electronic Components Business Company  
Jun. 2010 Managing Executive Officer, OMRON Corporation; President, Electronic and Mechanical Components Business Company  
Jun. 2011 Senior Managing Director  
Jun. 2014 Executive Vice President  
Mar. 2018 Outside Audit & Supervisory Board Member, Asahi Glass Co., Ltd. (now AGC Inc.)  
Jun. 2018 Director, Member of the Board (outside and part-time), UACJ Corporation (current)

Rationale for selection: Akio Sakumiya was invited to serve to utilize his corporate management experience as an executive vice president of a major electrical appliance manufacturer and extensive background in corporate governance, including positions of vice-chairperson of several committees involved in the remuneration and affairs of company directors and other personnel.



#### Yoshitaka Mitsuda

Director, Member of the Board (outside, part-time)\*

Attended 12 of 12 Board of Directors meetings (following his appointment as a director)

Jul. 1993 Assistant Professor, Institute of Industrial Science, University of Tokyo  
Dec. 2002 Specialist, Higher Education Planning Division, Higher Education Bureau, Ministry of Education, Culture, Sports, Science and Technology  
Jun. 2005 Professor, Institute of Industrial Science, University of Tokyo  
Apr. 2009 Special Assistant to the President (in charge of financial affairs) and Vice President, Institute of Industrial Science  
Apr. 2020 Professor, Research Department, National Institution for Academic Degrees and Quality Enhancement of Higher Education (current)  
Jun. 2020 Professor Emeritus, University of Tokyo (current)  
Jun. 2022 Director, Member of the Board (outside, part-time), UACJ Corporation (current)

Rationale for selection: Yoshitaka Mitsuda was invited to serve based on his background in materials-related education and training, and extensive experience in university management and public-private-academic partnerships.



## Ryoko Nagata

Director, Member of the Board (outside, part-time)\*

Newly appointed in June 2023

Apr. 1987 Joined Japan Tobacco Inc.  
Jun. 2008 Senior Vice President, Head of Beverage Business Division, Food Business Headquarters and Products Division  
Jun. 2013 Senior Vice President, in charge of CSR  
Jan. 2018 Senior Vice President, Assistant to President  
Mar. 2018 Standing Audit & Supervisory Board Member  
Jun. 2021 Outside Director, Honda Motor Co., Ltd. (current)  
Mar. 2023 Outside Audit & Supervisory Board Member, MEDLEY, INC. (current)  
Jun. 2023 Director, Member of the Board (outside, part-time), UACJ Corporation (current)

Rationale for selection: Ryoko Nagata was invited to serve based on her involvement in the management of a major food manufacturer and its group companies as an executive officer and auditor, and her pursuant broad perspective on management.



## Makiko Akabane

Director, Member of the Board (outside, part-time)\*

Newly appointed in June 2023

Apr. 1993 Joined The Mitsubishi Bank, Limited (currently MUFG Bank, Limited)  
Jan. 2001 Team Manager, Public Relations Office, Environmental and Social Contribution Business, Starbucks Coffee Japan Co., Ltd.  
Aug. 2003 General Manager, Social Contribution Department, Salesforce.com Co., Ltd. (currently Salesforce Japan Co., Ltd.)  
Nov. 2006 General Manager, CSR Office, Nikko Asset Management Co., Ltd.  
Apr. 2010 Representative Director, CSR Asia (current)  
Jun. 2022 Outside Director, PIOLX, INC. (current)  
Jun. 2023 Director, Member of the Board (outside, part-time), UACJ Corporation (current)

Rationale for selection: Makiko Akabane was invited to serve based on her extensive knowledge and experience gained through sustainability consulting and support activities for numerous companies, the Ministry of the Environment, universities, etc., and is also familiar with overseas business.

## Audit & Supervisory Board Members



### Atsushi Sakaue

Audit & Supervisory Board Member  
Attended 15 of 15 Board of Directors meetings

Apr. 1985 Joined Sumitomo Light Metal Industries Co., Ltd.  
Apr. 2018 Executive Officer, UACJ Corporation  
Apr. 2020 Vice Chief Executive, Finance and Accounting Division  
Jun. 2021 Audit & Supervisory Board Member (current)



### Ryu Sawachi

Audit & Supervisory Board Member  
Attended 12 of 12 Board of Directors meetings (following appointment as an Audit & Supervisory Board member)

Apr. 1985 Joined Furukawa Electric Co., Ltd.  
Oct. 2013 General Manager, Public and Investor Relations Department, UACJ Corporation  
Apr. 2019 General Manager, Corporate Communication Department  
Apr. 2020 Vice Chief Executive, Business Support Division  
Jun. 2022 Audit & Supervisory Board Member (current)



### Yuki Iriyama

Audit & Supervisory Board Member (outside, part-time)\*  
Attended 15 of 15 Board of Directors meetings

Apr. 1970 Joined Nippon Steel Corporation  
Jun. 2002 Director, Manager of the Board and General Manager of Overseas Business Development Division Nippon Steel Corporation  
Apr. 2006 Managing Executive Officer  
Jun. 2009 Executive Advisor  
Oct. 2012 Standing Advisor, Nippon Steel Corporation  
Jun. 2014 Advisor of Nippon Steel Corporation (part-time)  
Mar. 2015 Counsel of Kajitani Law Offices (current)  
May 2017 Director of Vallourec S.A. (France)  
Jun. 2018 Audit & Supervisory Board Member (outside and part-time), UACJ Corporation (current)

Rationale for selection: Yuki Iriyama was invited to serve to utilize his advanced legal expertise as a lawyer specializing in corporate law, and given his extensive experience in corporate management, including a position of managing director at a major steel manufacturer.



### Hiroyuki Yamasaki

Audit & Supervisory Board Member (outside, part-time)\*  
Attended 15 of 15 Board of Directors meetings

Oct. 1982 Joined Chuo Accounting Corporation  
Oct. 2005 Director, Chuo Aoyama Audit Corporation  
May 2006 Acting Chairman  
Nov. 2007 Senior Partner of ShinNihon Audit Corporation (currently Ernst & Young ShinNihon LLC)  
Aug. 2008 Managing Director of Ernst & Young ShinNihon LLC  
Jul. 2013 Auditor of Japan Venture Capital Association  
Jul. 2017 President of Hiroyuki Yamasaki CPA Office (current)  
Dec. 2017 Director, Land Business Co., Ltd.  
Jun. 2018 Audit & Supervisory Board Member (outside and part-time), UACJ Corporation (current)  
Jun. 2018 Outside Director, Sankyo Co., Ltd. (current)  
Dec. 2020 Director and Vice President, Land Business Co., Ltd.

Rationale for selection: Hiroyuki Yamasaki was invited to serve to utilize his extensive background in finance and accounting as a certified public accountant specializing in corporate accounting.



### Yoshiro Motoyama

Audit & Supervisory Board Member (outside, part-time)\*  
Attended 15 of 15 Board of Directors meetings

Apr. 1980 Joined Mitsubishi Motors  
Mar. 2014 Director, Vice President, General Manager, Production Division, Mitsubishi Fuso Truck and Bus Corporation  
Aug. 2017 Takenaka Co. Ltd., Director & CTO  
Jun. 2018 Audit & Supervisory Board Member (outside and part-time), UACJ Corporation (current)  
Aug. 2019 Director, Takenaka Co., Ltd.  
Aug. 2021 Executive Advisor, Takenaka Co., Ltd.

Rationale for selection: Yoshiro Motoyama was invited to serve to utilize the broad outlook he has gained over his career and given his extensive experience in corporate management, including a position of executive vice-president of a major automobile manufacturer.

## Executive Officers

**Masataka Taguchi** Executive Vice President  
**Akinori Yamaguchi** Senior Managing Executive Officer  
**Seiichi Hirano** Senior Managing Executive Officer  
**Henry Gordinier** Managing Executive Officer  
**Keizo Hashimoto** Managing Executive Officer  
**Fumihiko Sato** Executive Officer

**Haruhiro Iida** Executive Officer  
**Tetsuya Yamada** Executive Officer  
**Osamu Kawase** Executive Officer  
**Minami Takahashi** Executive Officer  
**Kenichiro Ijima** Executive Officer

\* Appointed as an independent officer after being deemed to have no conflict of interests with the Company's ordinary shareholders



# Risks and Opportunities

The UACJ Group's management considers that the following risks could significantly affect the decisions of investors based on their likelihood and degree of impact.

## Main external risks

Risk	Risk details and impacts	Actions
Climate change and other changes in the global environment*	<p><b>Threats</b> The Group could lose business opportunities and its products could become less competitive if it fails to sufficiently reduce greenhouse gas emissions.</p> <p><b>Opportunities</b> The Group could expand business opportunities and help solve environmental issues by providing products and services that make effective use of aluminum's beneficial properties, including its light weight, excellent thermal conductivity, and ability to be continually recycled.</p>	<ul style="list-style-type: none"> <li>Matters concerning climate change are periodically assessed and discussed at the management level through UACJ's Climate Change Countermeasures Steering Committee.</li> <li>Environmental activities are routinely carried out to accomplish targets of key performance indicators in accordance with action plans. (p.31-32)</li> <li>The Group actively participates in international initiatives to combat climate change, including the Task Force on Climate Related Financial Disclosures and the Carbon Disclosure Project, and has acquired certification from the Aluminium Stewardship Initiative. (p.57-58)</li> <li>The Group has declared its intention to become carbon neutral, and is considering how to adopt internal carbon pricing and provide environmental assurance for mass balance systems. (p.61-64)</li> <li>The Group has been taking steps to source renewable energy, recycle aluminum scrap, and procure aluminum produced by hydro-powered smelters. (p.35-38)</li> </ul>
Changes in government policies, economic trends, and geopolitical risks	<p><b>Threats</b> The Group could incur higher selling, logistics, and procurement costs, or have trouble procuring supplies and operating if political and economic conditions change, regulations are abruptly introduced, or public order deteriorates in a country where it manufactures products or its customers and suppliers operate.</p> <p><b>Threats</b> Conflicts or other problems in countries where the Group operates could affect the safety of employees.</p>	<ul style="list-style-type: none"> <li>The Group procures raw materials from diverse suppliers to avoid overdependence on specific countries and regions.</li> <li>Sufficient inventories of necessary materials are maintained.</li> <li>Measures are continually executed to improve the Group's ability to effectively respond to changes in its operating environment, such as measures to reduce the break-even point. (p.19-20)</li> <li>The Group has set up product pricing system with customers, allowing it to reflect higher costs and changes in market prices in selling prices. (p.86)</li> <li>The Group has stepped up efforts to monitor political and economic trends.</li> </ul>
A pandemic such as the spread of a new strain of coronavirus	<p><b>Threats</b> The ongoing pandemic or a future epidemic could affect the Group's purchasing and procurement from suppliers.</p> <p><b>Threats</b> Changes in customers' operations resulting from an epidemic could affect the Group's manufacturing operations and sales.</p> <p><b>Threats</b> The ongoing pandemic or a future epidemic could lead to delays, suspensions, or stoppages of the Group's operations.</p> <p><b>Threats</b> Increased virulence of an infectious disease could affect the lives of employees.</p>	<ul style="list-style-type: none"> <li>Business continuity plans have been created to respond to pandemics.</li> <li>Sufficient inventories of necessary materials are maintained.</li> <li>The Group flexibly plans production and secures information needed from customers at an early stage.</li> <li>Infection control measures for employees continue to be implemented.</li> </ul>
Natural disasters	<p><b>Threats</b> The Group's manufacturing operations and sales could be impacted if a natural disaster, such as an earthquake, tsunami, typhoon, or flood, threatens the safety of its employees and their families or the operations of production facilities at one of its workplaces around the world, or damages infrastructure or facilities operated by its customers or suppliers.</p>	<ul style="list-style-type: none"> <li>Progress is being made to establish business continuity plans in all divisions and workplaces, and business continuity management is continually strengthened on a group-wide basis.</li> <li>Workplaces periodically conduct drills to ensure the effectiveness of business continuity management.</li> </ul>
Changes in foundational technologies and demand structures	<p><b>Threats</b> <b>Opportunities</b> Demand for the Group's products could shift significantly due to rapid advances or changes in digital and other foundational technologies, or growing expectations for corporations to protect the global environment.</p> <p><b>Threats</b> <b>Opportunities</b> Competition could intensify due to technological innovations, and demand structures could change if aluminum is replaced by alternative materials.</p>	<ul style="list-style-type: none"> <li>An in-house digital transformation project is leading automation and digitalization initiatives in all areas of manufacturing, sales, management, and administrative operations.</li> <li>UACJ has set up its own venture organization to foster innovative ideas from its workplaces. (p.8)</li> <li>Organizations have been set up to create businesses based on shifts in the demand structure. (p.35-40)</li> <li>The Group evaluates the comparative advantages of its products and their competitiveness with other materials in various markets, as well as its progress in developing technologies that can address shifts in demand.</li> <li>The Group is marketing its UACJ SMART® brand of environmentally friendly aluminum products, promoting aluminum cups as reusable beverage containers, and branding products in new markets. (p.39-40)</li> <li>Management closely follows and analyzes market trends while collecting relevant data. (p.39-40)</li> </ul>
Abrupt changes in the market	<p><b>Threats</b> <b>Opportunities</b> Although the Group has set up price agreement systems that reflect market price fluctuations in selling prices to eliminate the impact of changes in aluminum prices on earnings, consolidated profits and losses could be impacted by fluctuations in the value of inventory assets if aluminum market prices suddenly change over a short span of time or are reflected in selling prices over different periods of time.</p> <p><b>Threats</b> <b>Opportunities</b> Fluctuating demand for recycled aluminum products in the future could lead to significant changes in prices and supplies of aluminum scrap and used beverage cans.</p> <p><b>Threats</b> If prices of raw materials, logistics, and energy rise steeply during a short span of time and cause problems in the supply chain, UACJ may not be able to absorb the resultant costs.</p> <p><b>Threats</b> <b>Opportunities</b> Steep rises in interest rates as well as fluctuations in exchange rates could impact the Group's international operations as a whole.</p>	<ul style="list-style-type: none"> <li>Inventory levels are effectively controlled through more accurate sales forecasts.</li> <li>Product price agreements have been concluded with customers to reflect changes in raw material (including metals used in aluminum alloys), logistics, and energy prices in selling prices. (p.86)</li> <li>UACJ flexibly procures funds from diverse sources to minimize the impact of rising interest rates.</li> <li>Management closely follows and analyzes market trends while collecting relevant data. (p.39-40)</li> </ul>

## Main internal risks

Risk	Risk details and impacts	Actions
Occupational health and safety*	<p><b>Threats</b> A workplace accident or disease outbreak could cause harm to employees and damage to physical property.</p> <p><b>Threats</b> A workplace disaster could interfere with the Group's manufacturing operations.</p>	<ul style="list-style-type: none"> <li>Occupational health and safety activities are periodically followed and discussed at the management level through the Company's Health and Safety Committee.</li> <li>Occupational health and safety policies have been established and related measures are routinely executed.</li> <li>Health- and safety-related rules have been put in place and training is carried out on a regular basis.</li> <li>Health and safety activities are routinely carried out to accomplish targets of key performance indicators in accordance with action plans. (p.31-32)</li> <li>Safety-first and compliance have been designated as basic principles of the UACJ Way, and occupational health and safety are given top priority in business activities.</li> <li>Management resources are allocated and countermeasures taken to eliminate hazards in the workplace, including fire and explosion risk assessments.</li> <li>Measures for preventing heat stroke are carried out each summer, such as maintaining temperatures based on wet bulb global temperature measurements, encouraging employees to wear fan-equipped clothing, and preventing excessively hot workplaces.</li> </ul>

Visit the following link for information on the Group's risk management  
<https://www.uacj.co.jp/english/sustainability/management/risk-management.htm>



Environmental accidents	<p><b>Threats</b> The environment could be harmed by an accident such as a leakage of wastewater or hazardous substance, or emissions of pollutants in the air.</p>	<ul style="list-style-type: none"> <li>Risks of an environmental accident are periodically assessed and discussed at the management level through UACJ's Environmental Committee.</li> <li>An environmental policy has been established and related measures are executed. (p.61-64)</li> <li>Rules for preventing environmental accidents have been put in place and related training is regularly provided.</li> </ul>
Product quality assurance*	<p><b>Threats</b> The Group could lose the trust of its customers and other stakeholders if its quality assurance activities are carried out fraudulently or improperly, or if its products fall short of quality standards.</p> <p><b>Threats</b> Failure to meet quality specifications could inconvenience customers, disrupt the market, and lead to an inability to fulfill supply obligations.</p> <p><b>Opportunities</b> The Group can earn more trust from customers and a stronger reputation in the market by implementing stricter quality controls.</p>	<ul style="list-style-type: none"> <li>Quality assurance is periodically checked and discussed at the management level through the Company's Quality Committee.</li> <li>A quality assurance policy has been established and related measures are routinely executed.</li> <li>Rules for ensuring quality have been put in place and related training is regularly provided.</li> <li>Quality assurance activities are continually carried out to accomplish targets of key performance indicators in accordance with action plans. (p.31-32)</li> <li>The Group is expanding the use of automated quality verification tests.</li> <li>Periodic quality inspections are mutually conducted by the Group's workplaces.</li> </ul>
Securing human resources*	<p><b>Threats</b> Recruiting talented personnel is increasingly competitive in Japan due to its declining birth rate and aging population.</p> <p><b>Threats</b> <b>Opportunities</b> Increasingly advanced skills are needed for expanding business internationally.</p> <p><b>Threats</b> <b>Opportunities</b> The effective deployment of human resources is critical for the success of the Group's businesses.</p> <p><b>Threats</b> Employee turnover could affect the Group's ability to retain talented personnel.</p>	<ul style="list-style-type: none"> <li>UACJ established its Human Resources Development Committee to provide a forum for discussing matters related to human resources at the management level.</li> <li>Action plans and KPIs are set for ongoing measures to retain talented personnel. (p.31-32)</li> <li>UACJ has set up its Management Human Resources Development Review Committee to discuss succession planning and grooming of new leaders. (p.65-66)</li> <li>UACJ is enhancing training programs for passing down manufacturing skills in the workplace, including its Monozukuri Gakuen program. (p.65-66)</li> <li>Internal recruitment systems are being used to effectively assign employees and personnel recruitment is regularly carried out through various systems. (p.65-66)</li> </ul>
Respect for human rights*	<p><b>Threats</b> <b>Opportunities</b> The Group's promotion of respect for human rights in its workplaces around the world could succeed or fail depending on social and cultural factors in each respective country.</p> <p><b>Threats</b> Insufficient protection of human rights in the workplace, including those of suppliers, could lead to a loss of trust among stakeholders, regulatory penalties, or lawsuits.</p>	<ul style="list-style-type: none"> <li>UACJ established its Compliance Committee to provide a forum for discussing matters related to human rights at the management level. (p.80)</li> <li>Activities for promoting human rights are carried out to accomplish targets of key performance indicators in accordance with action plans. (p.31-32)</li> <li>UACJ has set up a working group to examine and discuss human rights.</li> <li>Human rights due diligence based on the UACJ Group Human Rights Policy was conducted at UACJ Extrusion Corporation's Nagoya Anjo Works, and training on human rights was implemented to reduce risks associated with legal compliance.</li> </ul>
Diversity and equal opportunity*	<p><b>Threats</b> If measures for ensuring diversity and equal opportunity in the workplace are inadequate, a loss of trust among stakeholders or regulatory penalties could result.</p> <p><b>Threats</b> <b>Opportunities</b> Failure to embrace diversity in the workplace could lead to difficulties in retaining and recruiting employees, an inability to attract diverse workers, and a loss of competitiveness due to slow and insufficient responses in times of volatility, uncertainty, complexity and ambiguity. Conversely, fully embracing diversity could revitalize business activities, stimulate future-oriented innovations, and contribute to operational resilience.</p>	<ul style="list-style-type: none"> <li>UACJ established its Human Resources Development Committee to provide a forum for discussing matters related to diversity and equal opportunity at the management level.</li> <li>Activities for promoting diversity and equal opportunity are continually carried out to accomplish targets of key performance indicators in accordance with action plans.</li> <li>The Group conducts employee engagement surveys and regularly improves workplace conditions.</li> <li>The Group is planning to create a declaration of its commitment to diversity, equity, and inclusion.</li> <li>The Group promotes its corporate philosophy and organizes discussions about the philosophy with employees around the world to gain their feedback. (p.10)</li> <li>UACJ is continually implementing a variety of workplace reforms.</li> <li>UACJ has set targets for raising the percentage of female managers and newly hired employees (both college graduates and mid-career). (p.31-32)</li> <li>UACJ has set targets for the percentage of foreign nationals among newly hired college graduates.</li> <li>UACJ actively promotes the hiring of people with disabilities through its special subsidiaries.</li> <li>UACJ has established a system for rehiring employees who have reached retirement age.</li> <li>UACJ provides training programs in Japan for employees hired local in other countries by its subsidiaries.</li> <li>UACJ actively hires mid-career workers and has established a network for rehiring former employees.</li> <li>Career counseling and various training programs are offered on an ongoing basis to help employees with career development. (p.66)</li> <li>Measures are regularly taken to improve work-life balance for employees. (p.66)</li> </ul>
Compliance	<p><b>Threats</b> The Group could lose business opportunities if, due to a violation of laws or regulations, it is subject to criminal punishment, penalized by the government, held responsible for reparations, and loses credibility.</p> <p><b>Threats</b> Compliance with newly enacted or revised laws and regulations could incur costs.</p> <p><b>Threats</b> A case involving harassment could damage the Group's credibility.</p>	<ul style="list-style-type: none"> <li>UACJ established its Compliance Committee to provide a forum for discussing matters related to compliance at the management level. Subcommittees are being set up at UACJ and its group companies to provide venues for disseminating matters deliberated and reported by the Compliance Committee and executing its directions group-wide. (p.80)</li> <li>The UACJ Group provides various training programs covering relevant laws and regulations, the UACJ Group Code of Conduct, and harassment prevention to make all employees aware of the priority it places on safety and compliance.</li> <li>An internal whistleblower system is in place and made widely accessible to employees.</li> <li>Legal compliance is regularly verified by internal audits.</li> </ul>
Group-wide corporate governance	<p><b>Threats</b> <b>Opportunities</b> The Group's collective capabilities are affected by its ability to integrally manage all of its workplaces around the world and fully execute policies and strategies on a group-wide basis.</p>	<ul style="list-style-type: none"> <li>The Group's corporate philosophy is made known to all employees.</li> <li>Internal controls are continually strengthened across the Group.</li> <li>The Group's employees participate in regularly held discussions on the corporate philosophy with UACJ's president, executive officers, and division heads. (p.10, 69-70)</li> <li>Internal control audits and operational audits are conducted on a routine basis.</li> <li>UACJ's internal rules and regulations are periodically reviewed and updated.</li> </ul>
Information security	<p><b>Threats</b> The Group could be responsible for reparations and lose credibility and business opportunities if information in its possession is leaked or stolen, such as customer data, personal information, trade secrets, and technological information.</p> <p><b>Threats</b> A cyber attack on the Group could cause a suspension of operations due to a stoppage of information systems, and costs for restoring systems could be incurred.</p> <p><b>Threats</b> Laws related to economic security guarantees are raising requirements for strictly managing information.</p>	<ul style="list-style-type: none"> <li>The Group strictly manages information based on its own information management rules, electronic information rules, and technical data rules.</li> <li>UACJ carries out assessments and measures for improving all aspects of security in accordance with cyber security management guidelines issued by the Japanese government.</li> <li>UACJ has expanded its use of external surveillance systems and internal security systems, and has obtained cyber insurance coverage.</li> <li>UACJ has taken steps to comply with revisions to Japan's personal information protection law.</li> <li>The Group has established a basic policy on information security.</li> <li>Training on information security is provided to employees.</li> </ul>
Funds procurement	<p><b>Threats</b> Securing funds could be subject to constraints or higher costs due to changes in business and credit conditions.</p>	<ul style="list-style-type: none"> <li>The Group has diversified its methods for procuring funds, including committed credit lines with banks, issuance of commercial paper, and asset finance.</li> <li>Measures are taken to increase profitability and improve capital efficiency in order to boost cash flow. (p.21-24, 85-90)</li> </ul>

## Risks related to accounting-based valuation and estimates

Risk	Risk details
Impairment of fixed assets	If market conditions or the Group's operating environment worsen significantly in the future, the market value of fixed assets it owns could decline markedly and the returns on those assets could decrease as a result. In such cases, the Company would have to record an impairment loss on the fixed assets in accordance with relevant accounting standards. Its consolidated financial results could be impacted if the impairment loss is substantial.
Recoverability of deferred tax assets	The Company calculates the amount of deferred tax assets it can presumably recover based on reasonable estimates of future taxable income. If market conditions or its operating environment worsen significantly in the future, however, its taxable income could not only differ substantially from such estimates but also result in a reversal to deferred tax liabilities. A substantial reversal could significantly impact the Company's consolidated financial results.

\* Designated as a UACJ Group materiality issue

### Fiscal 2022 consolidated financial results

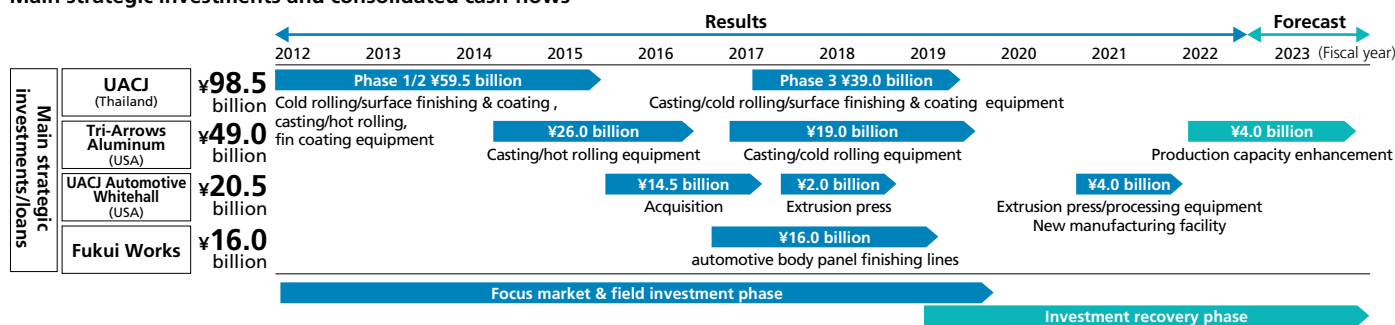
Since its establishment through merger in 2013, the UACJ Group has engaged in proactive investment to enhance the production capacity of Tri-Arrows Aluminum Inc. and UACJ (Thailand) Co., Ltd. with the aim of tapping the robust demand for aluminum. With the plants and facilities we invested in coming online, profitability and cash flow levels rose, and since fiscal 2020 we have entered the phase in which we recover our investments.

Against this backdrop, sales increased by 23.0% year on year to ¥962.9 billion thanks to factors such as soaring market prices of aluminum and increased sales volume. In addition to increased sales volume, in response to soaring energy and alloy additive prices, we switched to contracts which shifted our increased costs onto product selling prices (p.86). Despite these factors, we experienced a negative impact due to the increased energy costs and the metal price lag resulting from aluminum market prices dropping after peaking early in the fiscal year. As a

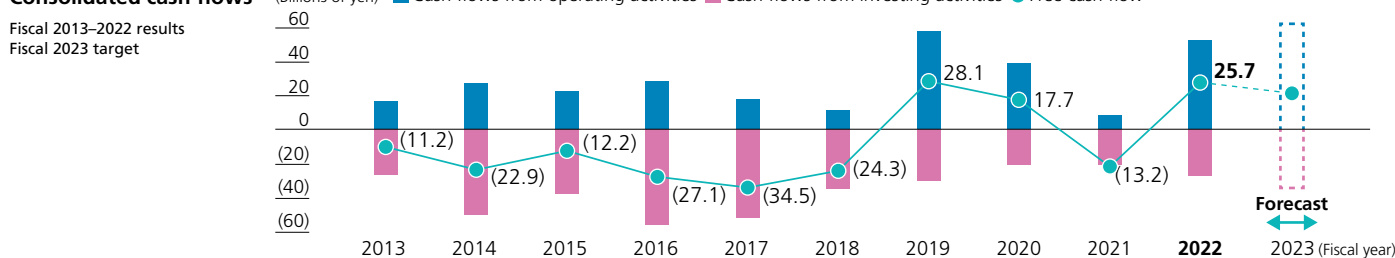
result, operating income decreased 71.7% year on year to ¥17.2 billion, ordinary income decreased by 83.3% to ¥8.7 billion, and net income attributable to owner of the parent decreased by 85.3% to ¥4.7 billion.

If excluding the effect of the metal price lag, a more accurate reflection of our profitability, ordinary income would have decreased by 24.4% year on year to ¥16.1 billion. Compared to the previous fiscal year, UACJ (Thailand) Co., Ltd.'s results improved by ¥3.4 billion and Tri-Arrows Aluminum Inc.'s improved by ¥3.2 billion. In addition, an additional ¥5.4 billion year on year was reflected in product prices in accordance with the increases in energy and alloy additive prices, a measure that we introduced domestically this year. Despite these positive impacts, however, energy and alloy additive prices exerted a significant negative impact of ¥15.2 billion. Nevertheless, we have almost finished converting to contracts which reflect such costs in product prices through means such as energy surcharges and we anticipate that the effect of this measure will begin to be felt early in fiscal 2023.

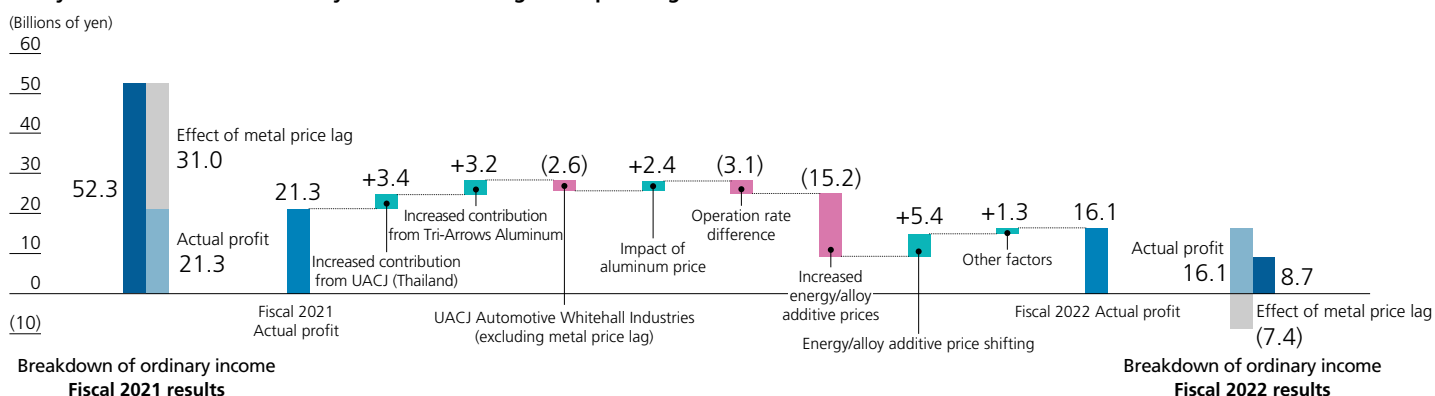
#### Main strategic investments and consolidated cash flows



#### Consolidated cash flows



#### Analysis of consolidated ordinary income excluding metal price lag effect



## Responding to risks in the operating environment

The UACJ Group's product selling prices generally consist of the aluminum market price plus processing fees, with the soaring cost of aluminum being reflected in the selling price for UACJ in Japan, Tri-Arrows Aluminum in North America, and UACJ (Thailand). When aluminum market prices fluctuate significantly, the metal price lag effect and the time lag required for aluminum market prices to be reflected in product prices can have a negative impact on financial results, but over the long-term this impact is not great.

In response to soaring energy prices, we have already introduced a system in North America which links product prices to market prices. A similar system was introduced in Japan in the latter half of fiscal 2022. In Thailand, we have already implemented such a system in new and renewing contracts, and a portion of our customers on existing contracts have agreed to price shifting as well. Alloy additive prices have risen, as well. In response, in Japan, North America, and Thailand, we have already established and introduced systems in which the market prices of crude oil and alloy additives are borne by the Group up to specified levels, and prices above those levels are reflected in

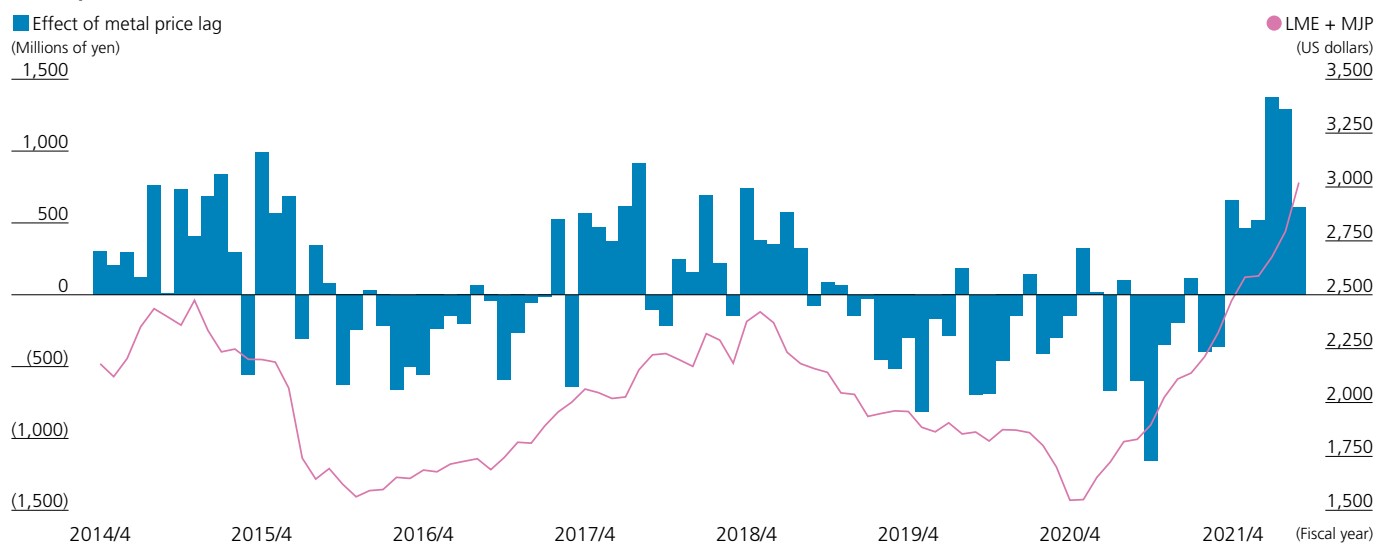
	UACJ Corporation	Tri-Arrows Aluminum	UACJ (Thailand)
Higher aluminum market prices	Aluminum market prices have been reflected in product selling prices		
Steeply rising energy prices	Introduced selling price shifting as planned Ongoing consideration of adding electric power costs	Implemented selling price shifting (introduced a system for reflecting market prices of energy in product selling prices)	<ul style="list-style-type: none"> <li>Contracts updated (including new contracts)</li> <li>Introduced a system for reflecting market prices of energy in product selling prices</li> <li>Revising existing contracts</li> <li>A portion of customers have agreed to reflecting soaring energy costs in product prices</li> </ul>
Steeply rising aluminum alloy additive prices	Introduced a system for reflecting market prices of alloy additives in selling prices of products containing large amounts of alloy additives		
Higher logistics costs	—		Introduced a system for including logistics costs in product selling prices (introduced formula system)

selling prices. With regard to logistics costs, UACJ (Thailand) has experienced increased marine transportation costs, but has introduced a formula system to shift these onto selling prices. By fiscal 2022, we had established robust schemes for dealing with changes in the external business environment, and we anticipate stable profitability from fiscal 2023 onward.

### Assumptions and sensitivities

	FY2021 (Mar. 31)	FY2022 (Mar. 31)	FY2023 (Jun. 30, 2023)	Sensitivity on ordinary income
Nikkei average price of aluminum (¥/kg)	378	408	400	¥10/kg rise → +¥2.0–¥3.0 billion/year
LME (US \$)	2,796	2,490	2,263	\$100/t rise → +¥2.2–¥3.5 billion/year
Foreign exchange (¥/US \$)	112	136	137	<ul style="list-style-type: none"> <li>Fuel and additional metal cost: become positive by stronger yen</li> <li>Rolling margin, forex conversion: become positive by weaker yen</li> </ul>
Foreign exchange (¥/Thai baht)	3.4	3.8	4.0	
Crude oil (Dubai: US \$)	78	92	78	\$10 increase → Approx. ¥(1.0)–¥(1.5) billion/year

### Assumptions and sensitivities



## Overview by business segment

### Rolled Aluminum Products Business

The supply chain disruptions in the automobile industry exerted a significant impact on the Group's financial results in fiscal 2022. Because the Group supplies automobile body panels, lithium-ion battery foil, and a wide range of other extruded and processed aluminum automotive parts, our flat rolled products, extruded products, and all of our businesses in this segment were affected by markets connected to the automotive industry.

At the same time, the demand for air conditioning has expanded around the world, and we increased our production volume of air conditioner compressor fins in Japan and at UACJ (Thailand). In addition, as demand for our mainline can stock business remained robust overseas, sales grew for both Tri-Arrows Aluminum and UACJ (Thailand), supporting the Group's business performance.

As a result of these factors, the Group's aluminum sales volume increase 2.9% year on year to 1,330 thousand tons. By

tapping into the increased global demand for aluminum cans, the overseas sales volume share increased even further.

Per these conditions and coupled with the steep rise in aluminum market prices, sales for the Group's rolled aluminum products business in fiscal 2022 increased by 22.0% year on year to ¥850.9 billion. Due to the negative impact of the metal price lag, operating income decreased by 63.6% year on year to ¥23.3 billion.

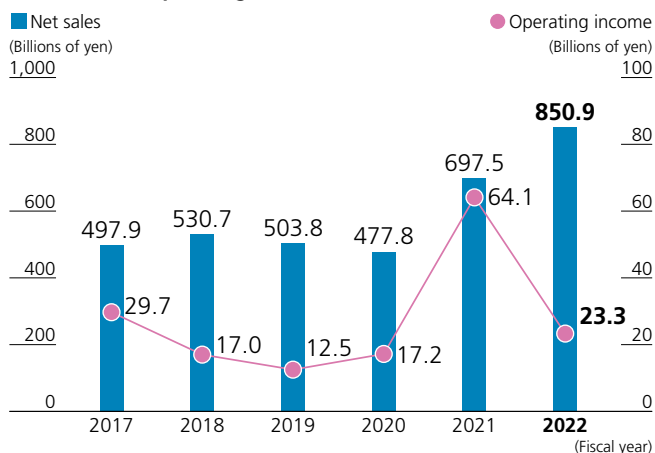
### Sales volume of flat rolled products

(Thousands of tons)

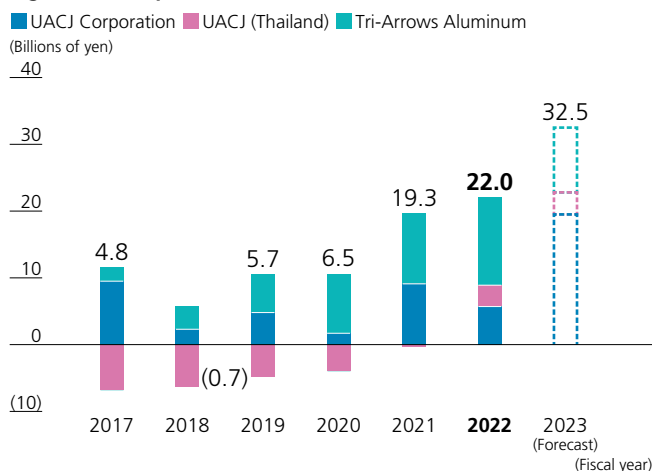
Product type	Fiscal 2021 (A)	Fiscal 2022 (B)	Increase/decrease (B) - (A)
Can stock*	816	869	53
Foil stock	56	46	(10)
IT device materials	14	9	(5)
Automotive parts	138	126	(12)
Thick plates	53	52	(1)
General-purpose materials	216	228	12
<b>Total</b>	<b>1,293</b>	<b>1,330</b>	<b>37</b>

\* Volume after intercompany transaction deduction

### Net sales and operating income



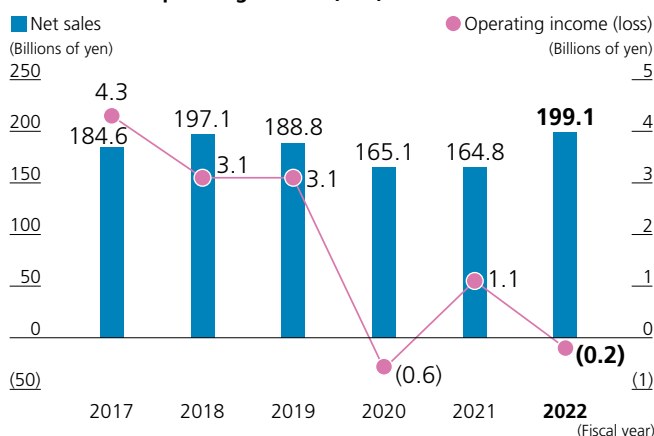
### Flat rolled products total ordinary income excluding metal price lag effect in Japan, Thailand, and the U.S.



### Precision-Machined Components and Related Businesses

In addition to favorable sales of air conditioning-related products, due the launching of new models in the automotive field as well as the impact of the weak yen in relation to the dollar, net sales for the precision-machined components and related businesses segment increased 20.9% year on year to ¥199.1 billion. Primarily as a result of increased energy costs as well as labor costs in North America, this segment experienced an operating loss of ¥200 million (in the previous fiscal year, this segment posted an operating profit of ¥1.1 billion).

### Net sales and operating income (loss)





## Forecast for Fiscal 2023

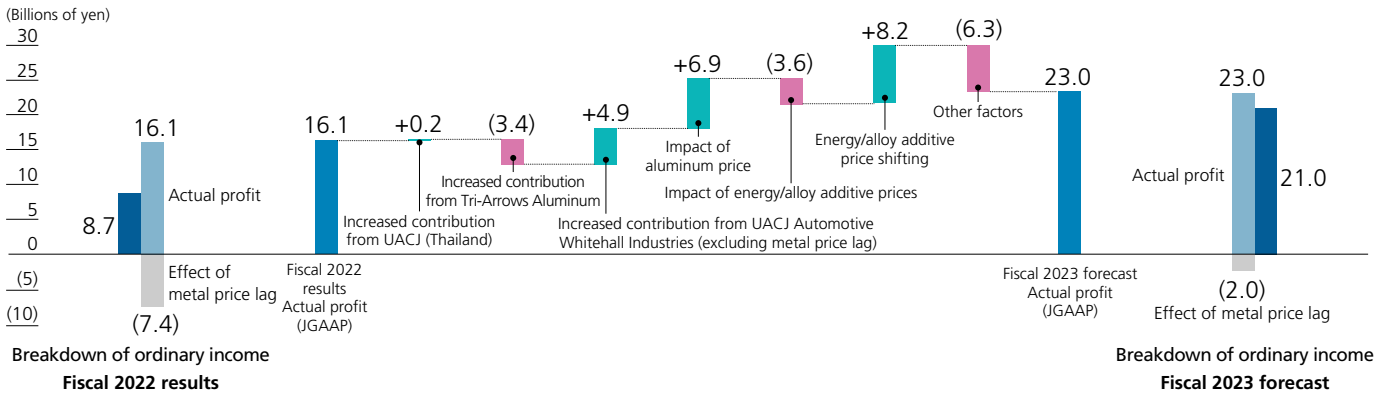
In fiscal 2023, the UACJ Group's rolled aluminum products sales volume is forecast to increase 0.5% year on year to 1,336 thousand tons. In addition to anticipated favorable sales of cans due to continued robust demand, this forecast is the result of a predicted recovery in sales volume per a recovery in demand in automotive-related fields as well as an expected increase in the sales volume of air conditioner compressor fins in accordance with increased air conditioner demand centering on Europe and Southeast Asia. In addition, in response to steep rises in energy and alloy additive costs, we intend to continue to reflect increased prices in the selling prices of products in order to

improve profitability.

In fiscal 2023, net sales are forecast to increase 0.7% year on year to ¥970.0 billion, operating income to increase 88.9% to ¥32.5 billion, ordinary income to increase 141.4% to ¥21.0 billion, and net income attributable to owner of the parent to increase to 144.7% to ¥11.5 billion.

Ordinary income excluding the effect of metal price lag, regarded by the Group as an accurate indicator of profitability, is forecast to increase 42.9% year on year to ¥23.0 billion. Primary factors of this increase are ¥4.9 billion yen resulting from improved financial results from UACJ Automotive Whitehall Industries, and ¥8.2 billion resulting from the reflecting in our product selling prices increased alloy additive costs and increased energy costs accompanying rising crude oil prices.

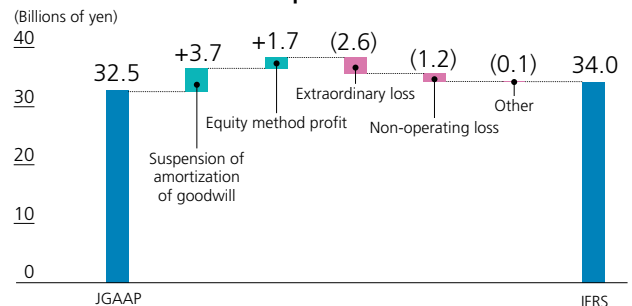
### Analysis of ordinary income excluding metal price lag effect (JGAAP)



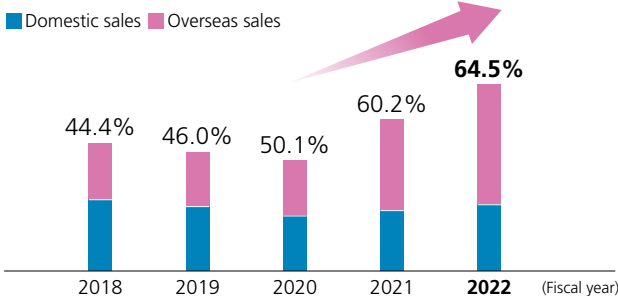
## Application of IFRS

The UACJ Group's overseas net sales and invested capital have increased, and we expect that the overseas share of these will also continue to rise going forward. Against this backdrop, from fiscal 2023, the Group has made the decision to voluntarily adopt the International Financial Reporting Standards (IFRS) in place of the Japanese generally accepted accounting principles (JGAAP) it had previously followed. Forecast operating income for fiscal 2023 calculated based on IFRS would be ¥34.0 billion, and net income attributable to owner of the parent would be ¥15.0 billion. The UACJ Group will continue to develop its accounting and information disclosure systems as a global enterprise and aim to promote better understanding among investors.

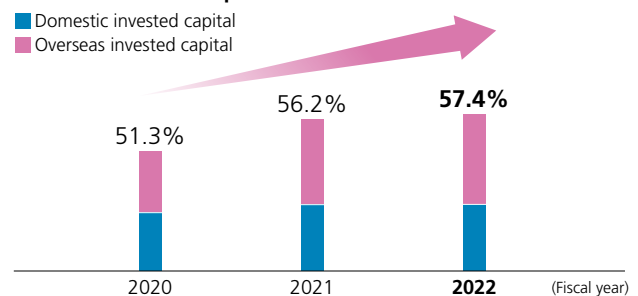
### Changes in forecast operating income for fiscal 2023 in accordance with IFRS adoption



### Overseas sales ratio



### Overseas invested capital ratio



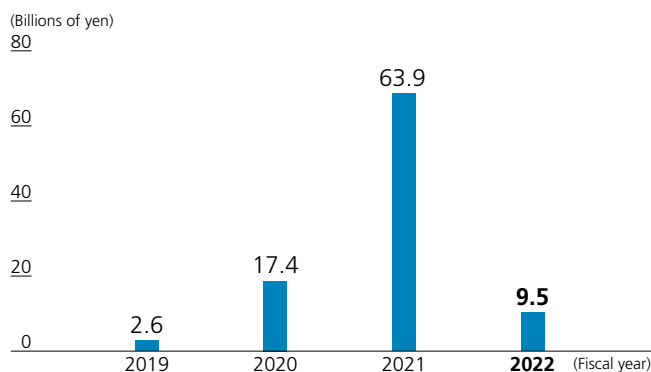
## Financial soundness

The UACJ Group places importance on debt-to-equity (D/E) ratio as a management index for measuring our financial position. Under the structural reforms implemented starting in fiscal 2019, we have increased our earnings capacity and dramatically increased working capital. At the same time, we have focused on thorough financial discipline while reducing interest-bearing debt. Through these efforts, our D/E ratio, which hovered between the 1.7 to 1.8 level prior to our reforms, was 1.3 in fiscal 2022. We will continue to use profits to bolster shareholders' equity and aim for a D/E ratio of 1.2 in fiscal 2023 and 1.0 in fiscal 2024 to 2025.

In addition, we will maintain and strengthen positive

relationships with financial institutions, focus on strengthening our fundraising abilities and stably securing funds, and build a solid financial base.

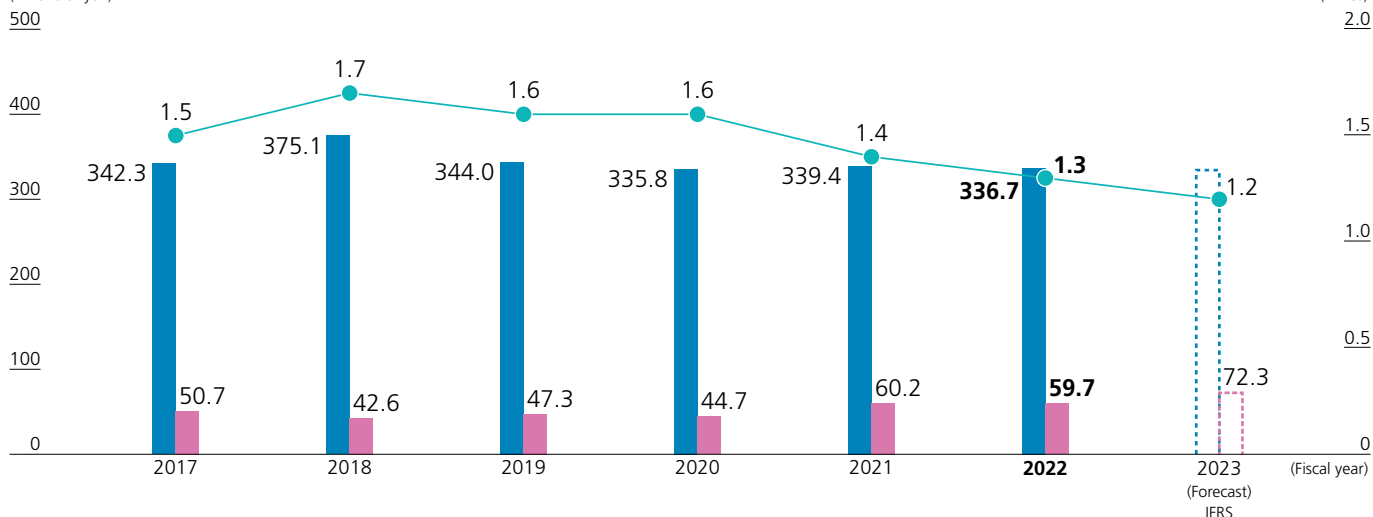
### Long-term cash surplus



### Results and forecasts for key indicators

■ Interest-bearing debt ■ Adjusted EBITDA (excluding effect of metal price lag)

(Billions of yen)

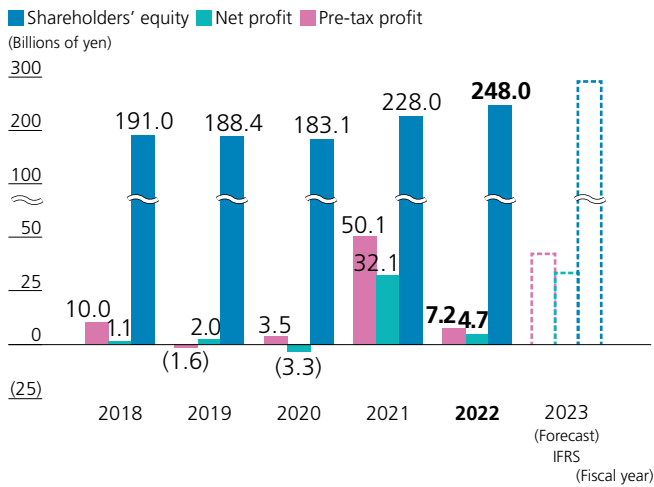


## Capital efficiency

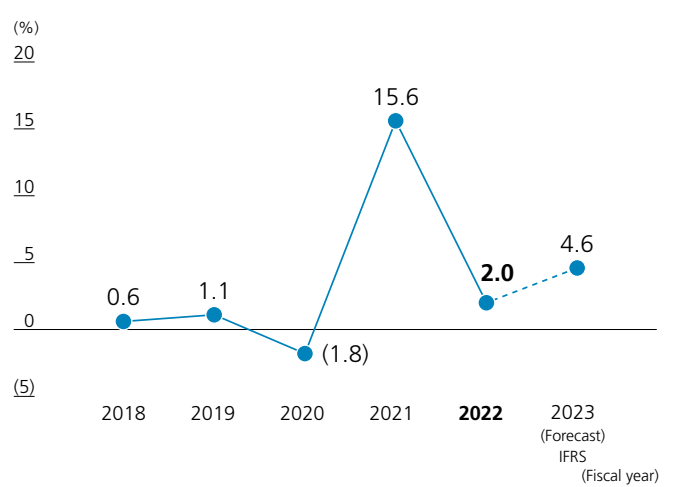
Our return on equity (ROE), a financial key performance indicator (KPI), reached the high level of 15.6% in fiscal 2021 due to the increased impact of the metal price lag. In fiscal 2022, however, our ROE was 2.0%. In fiscal 2023, the final year of our third mid-term management plan, we are anticipating an ROE of 4.6%. We are aiming for an ROE of at least 8%, which would exceed our capital costs, and in UACJ Vision 2030, our long-term management vision, we have established a target of at least 10%. In addition, in order to achieve stable ROE, we will endeavor to further improve our profitability. Moreover, we will also focus on lowering capital costs and aim to expand our equity spread.

The Group regards return on invested capital (ROIC) to be another important management index for internal purposes, and we have internally disclosed our invested capital allocation process and required level, heightening awareness of capital efficiency within the Group. We are managing profits and losses by multiplying hurdle rates set for each business division at the start of the current mid-term management plan with invested capital for each business division for each accounting period, calculating targets using a weighted average cost of capital (WACC) basis. In fiscal 2022, our ROIC was 3.0%, and in fiscal 2023 we are forecasting 5.5%. In order to further improve our ROIC, we believe it is necessary to instill awareness of this index as an internal business management target and improve its utilization in determining resource allocation.

### Shareholders' equity, net profit, pre-tax profit



### ROE



## Cash allocation

Adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA), which excludes the impact of changes in aluminum prices on inventory valuations, was ¥59.7 billion in fiscal 2022 and is forecast to reach ¥73.8 billion (¥72.3 billion per IFRS) in fiscal 2023, reflecting returns on past investments in the United States and Thailand along with the results of shifting products between manufacturing facilities in Japan. EBITDA previously hovered around the ¥40 to ¥50 billion range. Our success in raising it to the ¥60 to ¥70 billion range is a product of the structural reforms we have made that have accurately tapped into favorable market environment changes.

We will see an expansion in our growth fields in aluminum market going forward, including our can stock business in North America and our automotive parts business. At the same time, there are increasing expectations that the unique characteristics of aluminum can be leveraged to contribute to sustainability. To tap into the demand of these growth fields, we

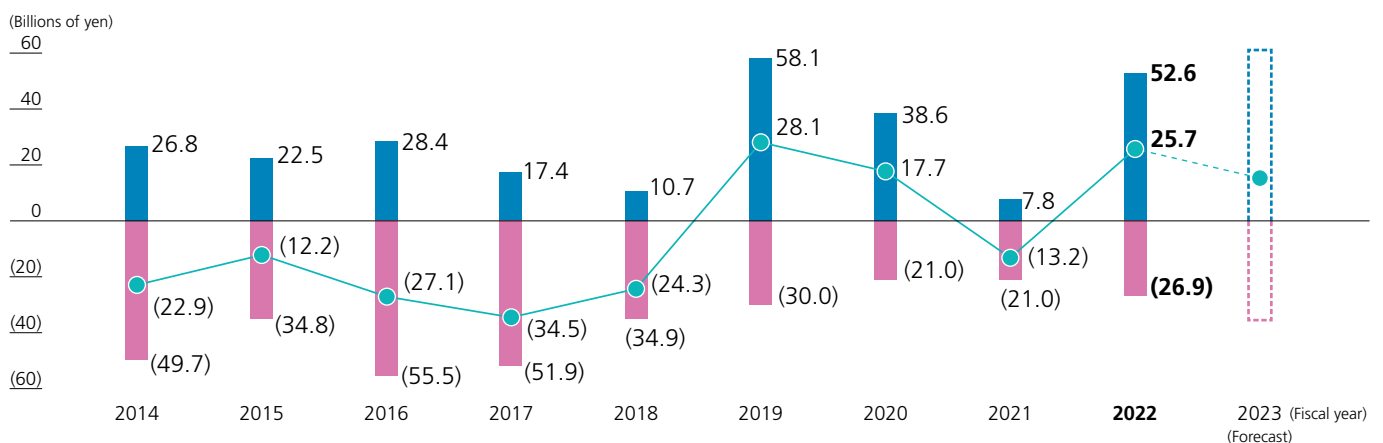
### Current cash allocation plan

Source of cash	Planned allocation
Operating cash flow	Capital investment for plant maintenance and upgrades
	Strategic investments Priority Investments
	Repayment of interest-bearing debt
	Shareholder returns

will make investments while controlling liabilities to increase our profitability. In turn, we will strengthen our ability to create free cash flow by recording stable profit levels and maintaining our investment cash flow. Of additional note, as working capital has increased due to the expansion in the scale of our businesses, we have focused on increasing the efficiency of our cash conversion cycle (CCC), and in fiscal 2022 our free cash flow improved from a negative flow of ¥13.2 billion the previous fiscal year to a positive flow of ¥25.7 billion.

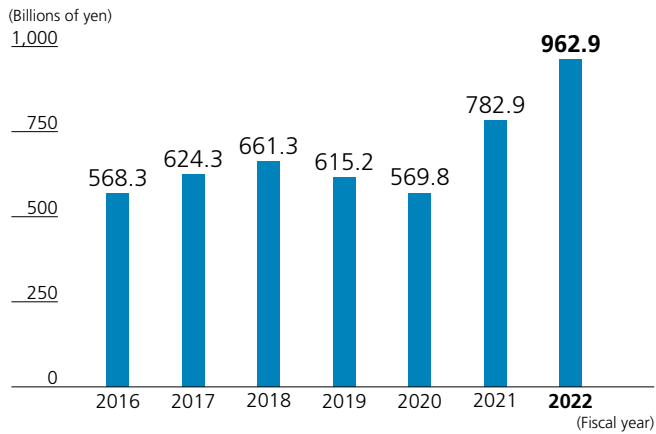
### Cash flows

■ Net cash provided by operating activities ■ Net cash (used in) investing activities ● Free cash flow

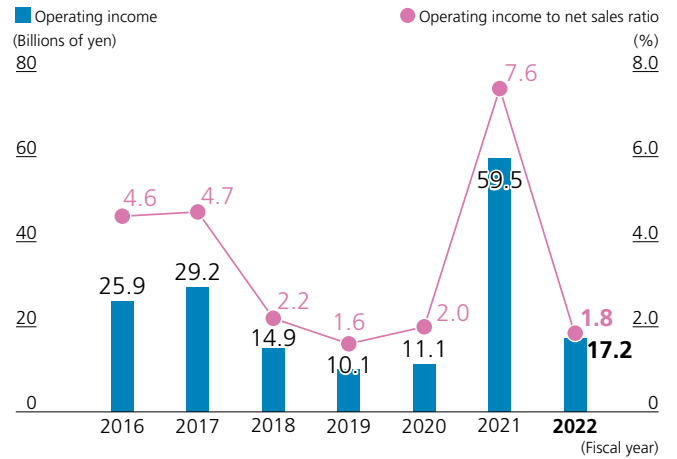


### Consolidated financial results

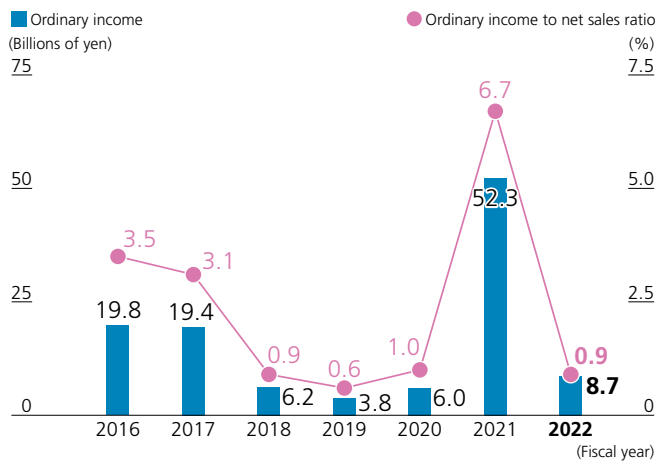
#### Net sales



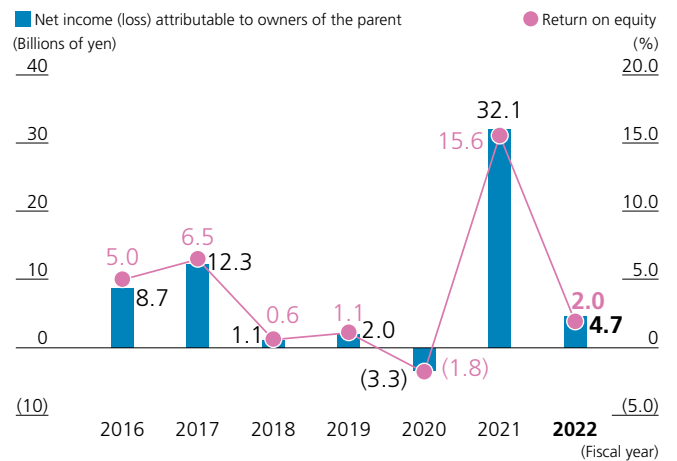
#### Operating income and operating income to net sales ratio



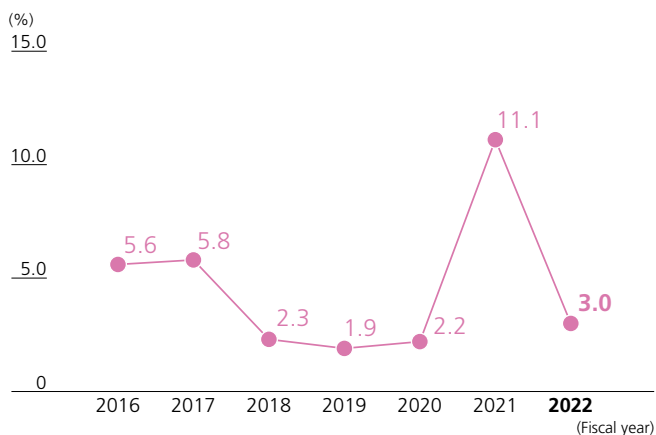
#### Ordinary income and ordinary income to net sales ratio



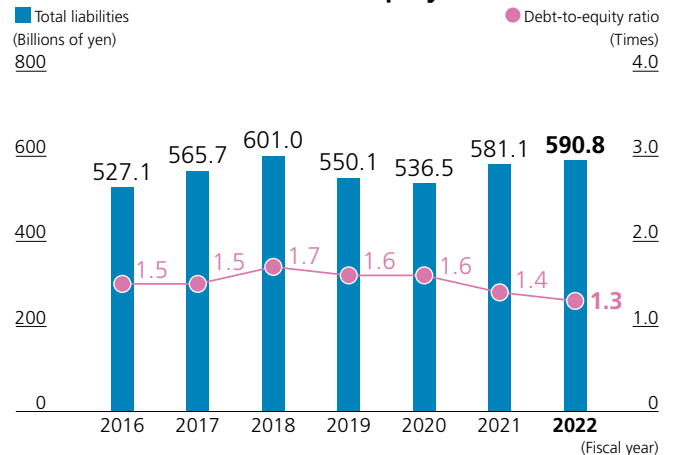
#### Net income and return on equity



#### Return on invested capital



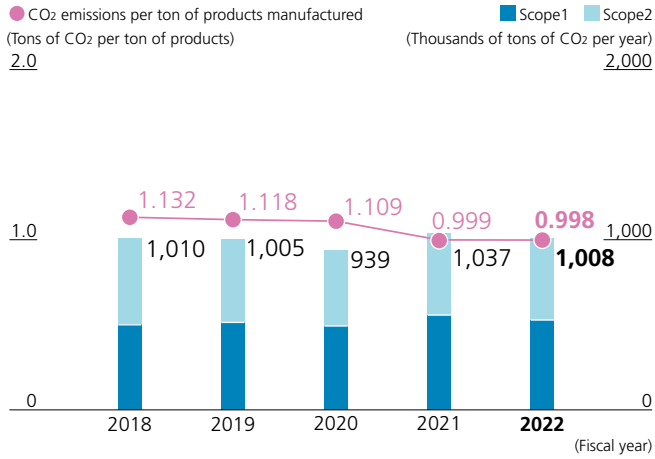
#### Total liabilities and debt-to-equity ratio\*1



\*1 Subordinated loans were excluded from calculations of the debt-to-equity ratio from fiscal 2016

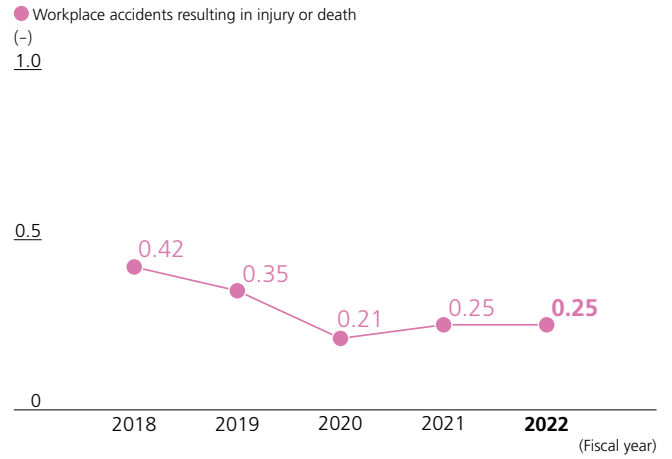
## Non-financial results

### CO<sub>2</sub> emissions\*2

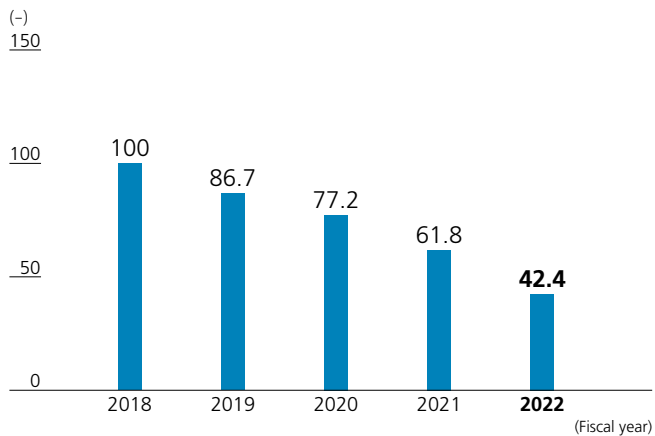


\*2 Data for fiscal 2018 is a reference value without third-party assurance

### Workplace accidents in Japan

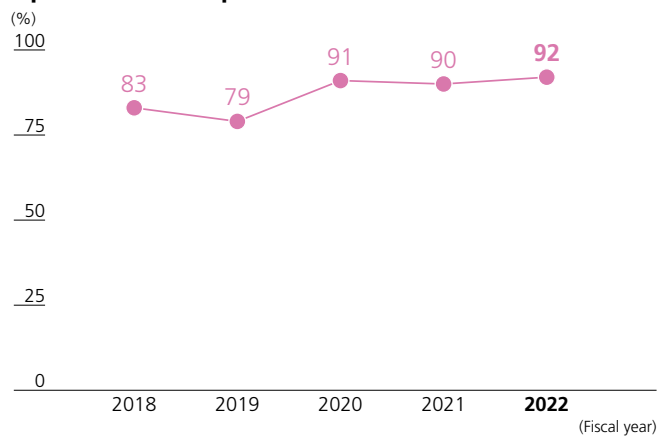


### Customer complaints\*3

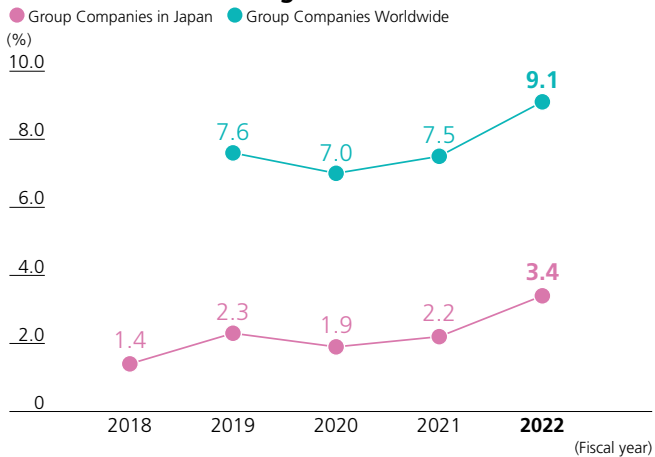


\*3 The figures show the percentage of customer complaints compared with the base year of fiscal 2018

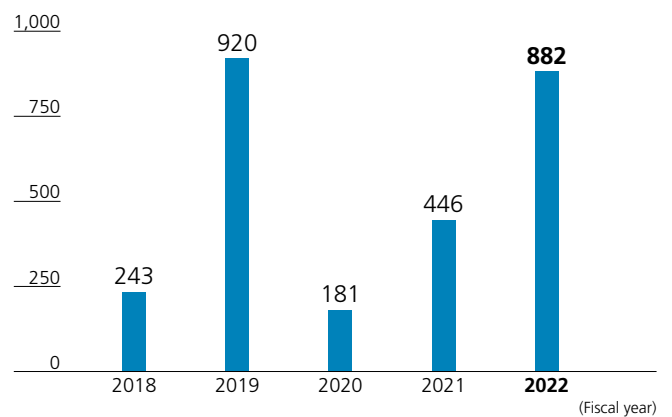
### Ratio of group companies formally pledging to uphold the Group Code of Conduct



### Ratio of female managers



### Number of people receiving support for education





# 10-Year Financial Highlights

		Fiscal 2013	Fiscal 2014	Fiscal 2015
<b>Consolidated sales and income</b>				
Net sales	Total	364,107	572,541	575,735
Operating income	Total	17,772	23,679	15,212
Ordinary income	Total	16,798	21,337	12,010
Income (loss) before income taxes	Total	15,523	18,856	13,976
Net income (loss) attributable to owners of the parent	Total	9,946	8,649	5,105
Operating margin	Total	4.9%	4.1%	2.6%
Net income (loss) to net sales ratio	Total	2.7%	1.5%	0.9%
<b>Consolidated financial condition</b>				
Total assets* <sup>1</sup>	Total	608,490	677,952	662,543
Net assets	Total	168,140	187,136	178,582
Shareholders' equity	Total	155,515	172,305	165,030
Interest-bearing debt	Total	256,309	295,953	289,006
Current assets* <sup>1</sup>	Total	236,638	269,889	263,409
Non-current assets* <sup>1</sup>	Total	371,852	408,063	399,135
Current liabilities* <sup>1</sup>	Total	236,387	287,884	249,784
Non-current liabilities* <sup>1</sup>	Total	203,963	202,932	234,177
Shareholders' equity ratio* <sup>1</sup>	Total	25.6%	25.4%	24.9%
Return on equity	Total	8.6%	5.3%	3.0%
<b>Consolidated cash flows</b>				
Cash flows from operating activities	Total	14,233	26,777	22,511
Cash flows from investing activities	Total	(25,452)	(49,668)	(34,759)
Free cash flow	Total	(11,219)	(22,891)	(12,248)
Cash flows from financing activities	Total	14,067	25,694	11,176
<b>Per share information</b>				
Net income (loss) per share (yen)* <sup>2</sup>	Total	30.36	20.21	11.94
Annual dividend per share (yen)* <sup>2</sup>	Total	9	6	6
<b>Main consolidated expenses</b>				
Capital investment	Total	27,104	46,539	30,489
Depreciation and amortization	Total	17,165	22,636	22,893
Research and development expenses	Total	3,688	4,619	4,630

Notes: 2013 are comprised of the combined results of those two companies in the first half of the fiscal year and UACJ's results in the second half. Effective from fiscal 2013, certain accounting principles were changed, including those for treating notes matured at the fiscal year-end; however, results in the prior fiscal years have not been adjusted to reflect the change.

(Millions of yen)

Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
568,316	624,270	661,330	615,150	569,756	782,911	<b>962,885</b>
25,869	29,205	14,868	10,126	11,144	59,520	<b>17,207</b>
19,819	19,408	6,201	3,788	5,958	52,286	<b>8,732</b>
18,281	19,692	10,041	(1,622)	3,473	50,114	<b>7,166</b>
8,715	12,253	1,116	2,038	(3,269)	32,054	<b>4,703</b>
4.6%	4.7%	2.2%	1.6%	2.0%	7.6%	<b>1.8%</b>
1.5%	2.0%	0.2%	0.3%	(0.6%)	4.1%	<b>0.5%</b>
725,443	774,071	807,224	752,785	732,960	828,729	<b>860,098</b>
198,360	208,396	206,204	202,716	196,445	247,589	<b>269,258</b>
184,090	194,235	190,998	188,363	183,063	227,993	<b>248,037</b>
323,825	342,336	375,080	344,011	335,789	339,447	<b>336,700</b>
305,563	322,461	348,291	288,919	294,502	394,618	<b>409,868</b>
419,880	451,610	458,933	463,866	438,457	434,111	<b>450,230</b>
237,650	273,148	273,269	264,434	251,150	322,136	<b>338,603</b>
289,433	292,527	327,751	285,635	285,365	259,004	<b>252,236</b>
25.4%	25.1%	23.7%	25.0%	25.0%	27.5%	<b>28.8%</b>
5.0%	6.5%	0.6%	1.1%	(1.8%)	15.6%	<b>2.0%</b>
28,393	17,381	10,651	58,115	38,623	7,799	<b>52,587</b>
(55,456)	(51,853)	(34,947)	(30,021)	(20,950)	(21,035)	<b>(26,928)</b>
(27,063)	(34,472)	(24,296)	28,094	17,673	(13,236)	<b>25,659</b>
49,478	13,543	28,971	(25,852)	(17,008)	(652)	<b>(19,089)</b>
201.63	253.96	23.14	42.26	(67.79)	664.69	<b>97.54</b>
60	60	60	20	0	85	<b>85</b>
31,556	51,195	52,544	48,947	18,090	20,728	<b>26,394</b>
23,508	25,686	27,215	27,748	30,007	30,585	<b>33,493</b>
4,412	4,409	4,529	4,305	4,452	4,259	<b>4,441</b>

\*1 The Company has applied the Partial Amendments to Accounting Standard for Tax Effect Accounting (Statement No. 28), issued by the Accounting Standards Board of Japan on February 16, 2018. Accordingly, amounts for total assets, current assets, non-current assets, current liabilities, non-current liabilities, and shareholders' equity ratio were calculated to reflect this application retroactively from fiscal 2017.

\*2 In fiscal 2017, UACJ conducted a 1-for-10 reverse stock split of common stock on October 1, 2017. Figures for net income per share and annual dividend per share in fiscal 2016 and 2017 were calculated as if the reverse stock split had occurred at the beginning of fiscal 2016.

# Corporate and Stock Information

## Company Overview (as of October 1, 2023)

Corporate name	UACJ Corporation
Headquarters	Tokyo Sankei Bldg., Otemachi 1-7-2, Chiyoda-ku, Tokyo 100-0004 Japan
Representative Director & President	Miyuki Ishihara
Principal business	Manufacture and sales of flat rolled aluminum and casting, forged, and precision-machined products made of aluminum, aluminum alloys, and other nonferrous metals
Capital	¥52.277 billion
Number of employees (consolidated)	9,510 (As of March 31, 2023)
Fiscal year end	March 31
URL	<a href="https://www.uacj.co.jp/english/">https://www.uacj.co.jp/english/</a>

## Locations

Nagoya Works	Chitose 3-1-12, Minato-ku, Nagoya-shi, Aichi 455-8670, Japan
Fukui Works	Kurome 21-1, Mikuni-cho, Sakai-shi, Fukui 913-8588, Japan
Fukaya Works	Uwanodai 1351, Fukaya-shi, Saitama 366-8511, Japan
Chubu Area Head Office	Kanayama Place, Kanayama 1-13-13, Naka-ku, Nagoya-shi, Aichi 460-0022, Japan
Kansai Area Head Office	Nakanoshima Mitsui Building, Nakanoshima 3-3-3, Kita-ku, Osaka-shi, Osaka 530-0005, Japan
Kyushu Branch	Hakata Gion M-SQUARE, 2-1Reisen-machi, Hakata-ku, Fukuoka 812-0039, Japan
Research & Development Center	Chitose 3-1-12, Minato-ku, Nagoya-shi, Aichi 455-8670, Japan
Fukui Development Section	Kurome 21-1, Mikuni-cho, Sakai-shi, Fukui 913-8588, Japan
Fukaya Development Section	Uwanodai 1351, Fukaya-shi, Saitama 366-8511, Japan
R&D Center (North America)	12501 Plantside Dr, Louisville, KY 40299, USA
R&D Center (Thailand)	Innovation Cluster 2 Building, Tower D, Phaholyothin Road 111 Thailand Science Park Amphoe Khlong Luang, Chang Wat Pathum Thani 12120, Thailand

## Group Companies in Japan

### Flat Rolled Products Business

UACJ Fukaya Service Corporation  
UACJ Nagoya Alupack Corporation  
Sansen Co., Ltd.  
Furukawa UACJ Memory Disk Co., Ltd.

### Extrusion Business

UACJ Extrusion Corporation  
UACJ Extrusion Oyama Corporation  
UACJ Extrusion Nagoya Corporation  
UACJ Extrusion Gunma Corporation  
UACJ Extrusion Shiga Corporation  
Light Metals Extrusion Development Co., Ltd.  
Nihon Cooler Co., Ltd.

### Foil Business

UACJ Foil Corporation  
Nikken Co., Ltd.  
UACJ Foil Service Corporation

### Casting and Forging Business

UACJ Foundry & Forging Corporation

### Precision-machined Components Business

UACJ Metal Components Corporation  
Nalco Koriyama Co., Ltd

### Others

UACJ Trading Corporation  
Izumi Metal Corporation  
Kamakura Industry Co., Ltd.  
UACJ Marketing & Processing Corporation  
UACJ Aluminum Center Corporation  
UACJ Logistics Corporation\*  
UACJ Green-net Corporation

## Group Companies outside Japan

### Flat Rolled Products Business

UACJ (Thailand) Co., Ltd. (Thailand)  
 Tri-Arrows Aluminum Holding Inc. (USA)  
 Tri-Arrows Aluminum Inc. (USA)  
 Logan Aluminum Inc. (USA)\*  
 Ruyuan Dongyangguang UACJ Fine Aluminum Foil Co., Ltd. (China)\*  
 UPIA Co., Ltd. (South Korea)

### Automotive Parts Business

UACJ Automotive Whitehall Industries, Inc. (USA)  
 Dicastal UACJ Bolv Automotive Components Co., Ltd. (China)\*  
 Dicastal UACJ Bolv (Tianjin) Extrusion Corporation (China)\*

### Extrusion Business

UACJ Extrusion (Thailand) Co., Ltd. (Thailand)  
 UACJ Extrusion Czech s.r.o. (Czech Republic)

### Foil Business

UACJ Foil Malaysia Sdn. Bhd. (Malaysia)

### Casting and Forging Business

UACJ Foundry & Forging (Vietnam) Co., Ltd. (Vietnam)

### Precision-machined Components Business

UACJ Metal Components North America, Inc. (USA)  
 UACJ Metal Components Mexico, S.A. de C.V. (Mexico)  
 UACJ Metal Components Central Mexico, S.A. de C.V. (Mexico)  
 UACJ Metal Components (Thailand) Co., Ltd. (Thailand)  
 P.T. Yan Jin Indonesia (Indonesia)

### Others

UACJ North America, Inc. (USA)  
 Shanghai UACJ Dongyangguang Aluminum Sales Corporation (China)  
 Shaoguan UACJ Dongyangguang Aluminum Sales Corporation (China)  
 UACJ (Shanghai) Aluminum Corporation (China)  
 UACJ Elval Heat Exchanger Materials GmbH (Germany)  
 UACJ Trading (Thailand) Co., Ltd. (Thailand)  
 Siam UACJ Trading Co., Ltd. (Thailand)  
 UACJ Trading (Shanghai) Co., Ltd. (China)  
 UACJ Trading (Kunshan) Metal Products Co., Ltd. (China)  
 UACJ Trading (HongKong) Co., Ltd. (China)  
 UACJ Trading (Dalian.F.T.Z.) Co., Ltd. (China)  
 UACJ Trading Czech s.r.o. (Czech Republic)  
 UACJ Trading Poland sp.zo.o (Poland)  
 UACJ Trading & Processing America, Inc.(USA)  
 UACJ Marketing & Processing Mexico, S.A. de C.V. (Mexico)  
 UACJ Australia Pty. Ltd. (Australia)  
 Boyne Smelters Ltd. (Australia)\*

## Stock Overview (as of March 31, 2023)

Total number of shares Issuable	170,000,000 shares* <sup>1</sup>
Total number of shares issued and outstanding	48,328,193 shares* <sup>2</sup> (Including 106,933 shares of treasury stock)
Number of shareholders	25,237

\*<sup>1</sup> The number of shares issuable was revised to 170,000,000 due to a reverse stock split on October 1, 2017.

\*<sup>2</sup> The number of shares became 48,328,193 due to a reverse stock split on October 1, 2017.

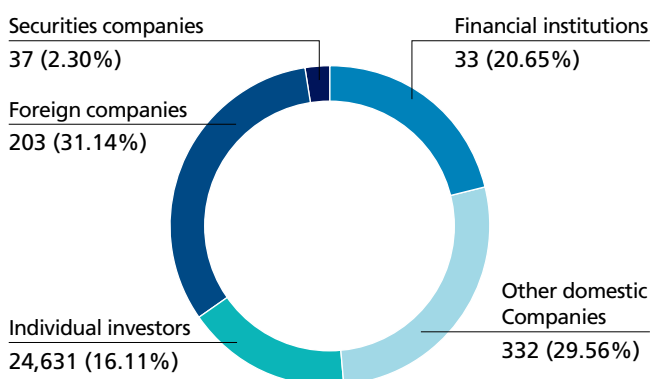
### Major Shareholders

Shareholder name	Shareholdings Number of shares held(hundreds)* <sup>3</sup>	Percent of total* <sup>4</sup>
Furukawa Electric Co., Ltd.	120,365	24.96
The Master Trust Bank of Japan, Ltd. (investment trust account)	48,636	10.08
GOLDMAN SACHS INTERNATIONAL	46,920	9.73
Custody Bank of Japan, Ltd. (Securities Trust Account)	20,287	4.20
ECM MF	14,500	3.00
MLI FOR SEGREGATED PB CLIENT	10,050	2.08
STATE STREET BANK AND TRUST COMPANY	9,505	1.97
The UACJ Group Employee Stock Ownership Plan	8,265	1.71
SUMITOMO CORPORATION	7,500	1.55
Mizuho Bank, Ltd.	7,331	1.52

\*<sup>3</sup> The number of shares is shown after rounding off figures of less than 100 shares.

\*<sup>4</sup> Calculations of equity position exclude treasury stock (106,933 shares), and figures have been rounded off below the second decimal place.

## Ownership Ratio by Type of Investor\*<sup>5</sup>



\*<sup>5</sup> Calculations of equity position are rounded down to the second decimal point

\* Equity-method affiliate

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## Paralym Art contest

Together with the SHOUGAISHA JIRITSU SUISHIN KIKOU ASSOCIATION, UACJ has held a design competition for artists with disabilities since 2021 as part of its initiatives to promote diversity in society.

Under the theme of “a better world,” the 2022 competition received 88 entries. Based on votes by UACJ Group employees, one work was selected to receive the Grand Prize and two works were selected to receive the UACJ Prize.



Left: Grand Prize winner  
Yohei Kurokawa  
*Lightens the world*



Top right: UACJ Prize winner  
NAMY  
*Kirakira a better world*



Bottom left: UACJ Prize winner  
Mika Kamijo  
*Me on My Aluminum Wheelchair*

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# UACJ Corporation

## IR Department

Tokyo Sankei Bldg., Otemachi 1-7-2, Chiyoda-ku, Tokyo,  
100-0004 Japan

<https://www.uacj.co.jp/english/>

<https://www.uacj.co.jp/english/inquiry/index.htm>

For comments or suggestions regarding this report,  
please use the inquiry form provided (page linked to the above URL).

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