

Promoting Sustainability

See our website for more Promoting Sustainability
<https://www.uacj.co.jp/english/sustainability/highlight/csr.htm>



Approach to Sustainability

For UACJ, sustainability is our Group philosophy. We regard sustainability activities as a core element that has a direct bearing on the very meaning of our business as a company, and we believe it is necessary for our employees, who are the main actors in these activities, to engage with a variety of stakeholders from the society the Group is a part of and undertake the activities as one, based on the principle of “passing down a better world over the next century.”

This way of thinking has been laid down as the UACJ Sustainability Policy, and we are promoting sustainability activities so that environmental and other issues facing modern

society will not be left for the future, and so that our children's generation will enjoy a better world than that of today.

To this end, we have identified issues that we must give priority to in order to grow sustainably with society as “materiality issues.”

We believe that responding flexibly to changes in the times and reviewing the materiality issues at the appropriate time is necessary for not only the sustainability of the environment, society and the economy, but also for the sustainable growth of the UACJ Group. In accordance with this belief, we reorganized our materiality issues in fiscal 2023.



Framework for promoting sustainability

UACJ has established a new framework for promoting sustainability with a view to clarifying responsibilities for sustainability activities, speeding up decision-making, and ensuring all initiatives make steady progress.

Specifically this involves designating a staff member in charge and a supervising department for each materiality issue, and ascertaining the progress of each with respect to KPIs determined in advance. Furthermore, the progress of these

initiatives will be reported and deliberated on at regularly scheduled meetings for each area 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.

Materiality Promotion Structure (Organizations and Committees)

Materiality Issues	Officers in Charge	Organization in Charge	KPI Monitoring (Reporting Body)	
			Committee	Frequency
Leading a Circular Economy in Aluminum	Executive Officer in charge of Climate Change Countermeasures	Climate Change Task Force Department Safety & Environment Department	Environmental Committee	Three times annually (June, October, February)
Measures to address Climate Change				
Supporting Environmental Health and Nature (Nature Positive)				
Respecting Human Rights	Chief Executive of the Business Support Division	Corporate Legal Department	Compliance Committee	Once annually (March)
Promoting Dei-ay (DE&I)	Chief Executive of the Corporate Sustainability Division Chief Executive of the Business Support Division	Diversity Promotion Department Human Resources Department	Human Resources Committee	Twice annually (July, November)

Acquisition of ASI certifications

At UACJ, we participate in a variety of external initiatives that align with our Sustainability Policy. Specific examples include signing the United Nations Global Compact and obtaining evaluations from CDP¹ and EcoVadis². Through these activities, we are working to improve the sustainability of our business and the materials we supply, and we continue to make efforts to demonstrate these efforts to society with a high level of transparency and objectivity.

The ASI³ certifications we obtained in 2022 represents one result of these activities. The ASI is an international initiative aimed at improving sustainability efforts throughout the aluminum supply chain and maximizing contributions to society from an ESG perspective. As of July 2024, more than 360 companies and organizations are members of ASI, including the International Aluminum Institute (IAI), aluminum producers, processors, end users, and others involved with aluminum in various capacities. ASI is responsible for the development of global standards for sustainability performance in the aluminum industry, traceability of production, processing, and distribution processes, as well as the review and approval thereof.

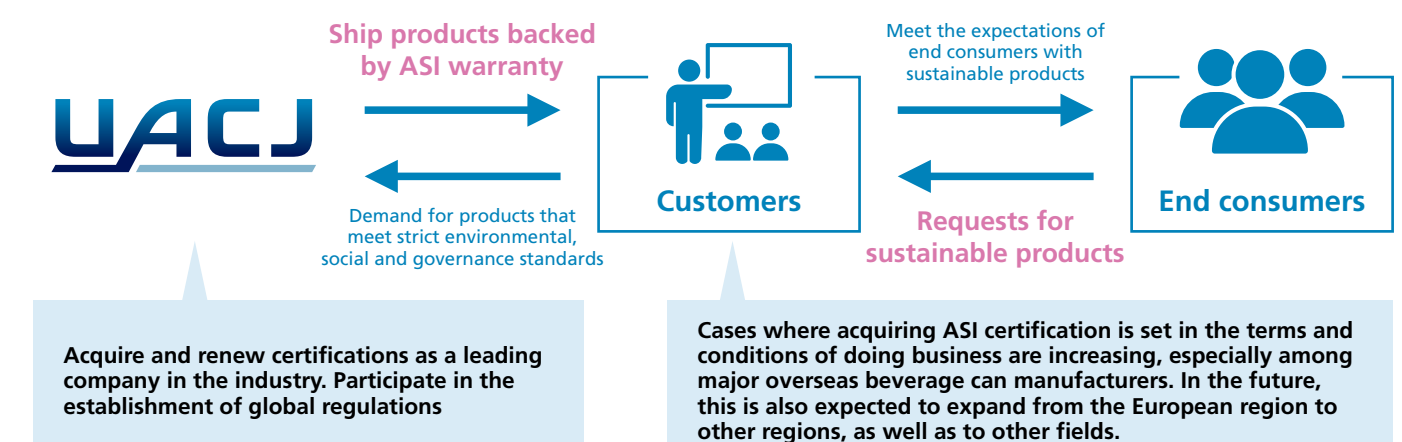
Keeping a close eye on global customers and trends in the aluminum sector, we became Japan's first flat-rolled aluminum manufacturer to join ASI in July 2020. Furthermore, in 2022, we obtained two ASI certifications (Performance Standard: PS⁴ and Chain of Custody Standard: CoC⁵) at our Fukui Works, which supplies products globally, and our Rayong Works at UATH⁶. Obtaining ASI certification entails significant costs, such as dealing with audits in the manufacturing and administrative departments, the increased burden of the wide-ranging

information disclosure required, and higher procurement costs. However, as a major player in the global aluminum market, we recognized the importance of participating in the development of industry sustainability standards and were quick to decide to join and obtain certification.

In the near future, ASI certification is expected to become a requirement for doing business in the industry. Through this certification, we are able to offer our customers around the world reliable materials with a controlled supply chain, as a company worthy of trust in all aspects of ESG. In fact, as we enter the year 2024, major European beverage can manufacturers and others are increasingly specifying ASI certification as a basic condition of doing business. The trend toward placing greater importance on ASI certification is expected to expand to regions such as North America and Asia, and to other applications such as automotive parts and materials for consumer electronics. We believe that our strength lies in our ability to supply a wide variety of products globally, and ASI certification will add an additional element of differentiation in terms of sustainability to this competitive edge. In addition to the product supply perspective discussed here, we will also improve corporate value by raising our standards for sustainability through ASI certification activities.

¹ An international non-profit organization that uses scores to evaluate companies' efforts to address environmental issues
² An international organization that evaluates companies and their supply chains on the basis of four sustainability topics
³ Aluminium Stewardship Initiative
⁴ Standards for improving sustainability and transparency with regard to corporate governance, the environment, and social responsibility
⁵ Standards for sustainable development extending to processing and distribution processes
⁶ UACJ (Thailand) Co., Ltd.

Significance of ASI membership for UACJ



Materiality Issues

See our website for more materiality
<https://www.uacj.co.jp/english/sustainability/highlight/materiality.htm>



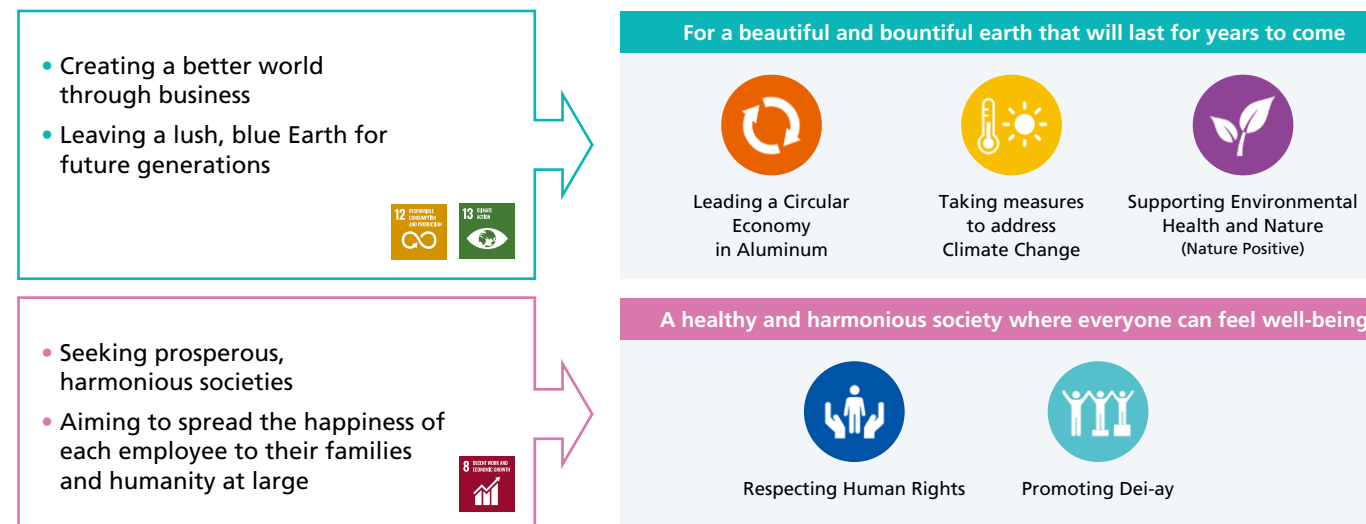
The UACJ Group defines materiality as important issues related to environmental, societal, and economic sustainability that could significantly impact its business over the medium and long terms according to the following three criteria:

- 1) The issue could significantly affect the Group's stakeholders.
- 2) The issue is recognized by the Group as a vital matter that requires operational resources to be allocated on a priority basis in order to sustainably create value and increase the Group's value.

- 3) The issue concerns the creation of social and economic value that the Group intends to provide over the medium and long terms.

To make steady progress in addressing its materiality issues, the Group has set clear performance indicators and targets for verifying the progress, and is carrying out measures to achieve these targets.

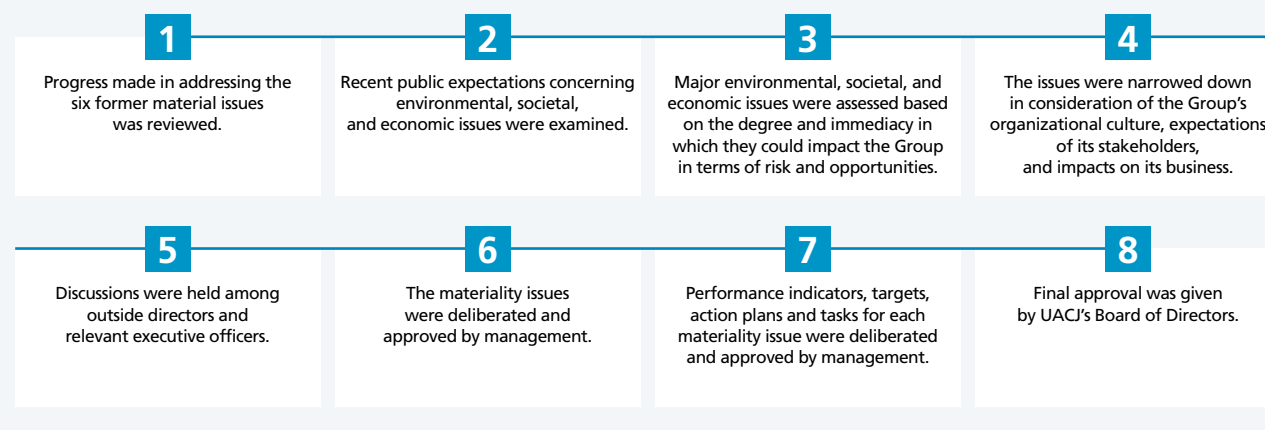
In fiscal 2023, the Group renewed the materiality issues it had specified in fiscal 2020 in response to changing circumstances in Japan and the rest of the world.



Process for renewing the materiality issues

When renewing the materiality issues in fiscal 2023, the Group first reviewed the progress it had made in addressing its previously specified material issues. Then it examined recent expectations from the public, considered how major issues confronting society could impact the Group in terms of both risks and opportunities, and narrowed down those issues in consideration of the Group's

organizational culture, expectations of its stakeholders, and impacts on its businesses. Next, performance indicators, targets, action plans, and tasks for five newly specified materiality issues were deliberated and approved by management, and then given final approval by UACJ's Board of Directors.



Step toward achieving the UACJ Group's five materiality targets

Key Sustainability Issues 'Materiality'	Issues to be addressed	Targets to be achieved by FY2030	FY2024 target	FY2030 target
For a beautiful and bountiful earth that will last for years to come				
Leading a Circular Economy in Aluminum	Maximize recycling rate of aluminum alloys	UACJ Recycling Rate Circulated aluminum amount/ Amount charged into the melting furnace *Excludes pure aluminum material	73%	<ul style="list-style-type: none"> • 80% (FY2030 target) • 100% (FY2050 target)
Taking measures to address Climate Change	Challenge towards carbon neutrality (Scope1&2)	Reduction of Scope 1 and 2 emissions The calculation is based on the Strategic Energy Plan	19.1%	<ul style="list-style-type: none"> • 30% (FY2030 target) • Achieve carbon neutrality (FY2050 target)
	Minimize GHG emissions along the entire supply chain (Scope3)	Reduction of Scope 3 emissions Category1	13.6%	<ul style="list-style-type: none"> • 30% (FY2030 target) • Minimize GHG emissions along the entire supply chain (FY2050 target)
Supporting Environmental Health and Nature (Nature Positive)	Minimize water intake through the effective use of water	Reduction in water intake amount Water intake includes industrial water, tap water, well water, and surface water	10%	25% or more
A healthy and harmonious society where everyone can feel well-being				
Respecting Human Rights	Eradicate human rights abuses	Human rights due diligence implementation rate Total number of employees of Group companies and locations where human rights due diligence has been conducted / Total number of employees of Group companies	25%	100%
	Educate on compliance and human rights issues through the Group Code of Conduct	Pervasiveness of respect for human rights Average score of employee engagement survey items relating to compliance and human rights	Over 3.6 / 5.0	3.9 / 5.0
Promoting Dei-ay	Promote Dei-ay	Pervasiveness of Dei-ay Average score of employee engagement survey items relating to Pervasiveness of Dei-ay	Over 3.1 / 5.0	3.4 / 5.0
	Promote diverse human resources	Percentage of women in managerial positions Excluding board members	9.5%	15%

Tackling materiality issues with a strong commitment and resolve based on a clear vision to help build a better world and healthier environment

In December 2023, the UACJ Group revised the materiality issues it had originally announced in 2021, and newly specified five materiality issues in response to shifts in its operating environment. Two of UACJ’s outside directors, Ryoko Nagata and Makiko Akabane, met to evaluate the new materiality issues and discuss their outlooks and expectations going forward.

UACJ’s unique approach to materiality issues continues to evolve

Akabane: UACJ first presented its newly revised materiality issues at an ESG briefing held in December 2023. How would you assess these materiality issues?

Nagata: The previous materiality issues covered a broad range of issues facing society, but frankly speaking, companies in all industries were tackling essentially the same issues. In contrast, the newly revised materiality issues put top priority on leading a circular economy in aluminum, which sends a powerful message to the society. Tackling this issue is something UACJ must do and is capable of doing, so it should work hard to appeal to the public on this matter.

Akabane: I also highly commend the Company’s focus on leading a circular economy in aluminum. When management reviewed the original wording of this issue at the draft stage, some suggested that any company could have expressed it that way, while others wondered if it reflected UACJ’s uniqueness. The wording was revised after those viewpoints were considered, and the outcome was a materiality issue unique to UACJ.

Nagata: An important policy of the mid-term management plan launched this fiscal year is to supply aluminum materials with even more added value than before, and one way to add value is to promote recycling. By broadening applications and stimulating demand for aluminum as a material with more environmental value, and by helping build a circular economy for the metal, the Group can strive to raise its overall value while also promoting sustainability. Both the newly revised materiality issues and the new mid-term management plan include financial and non-financial goals that align growth strategies and sustainability. That is very commendable, and I



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.

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.

look forward to seeing steady progress.

Adding value to products through recycling is a source of Group’s competitiveness

Akabane: According to data published by the International Aluminium Institute, global demand for aluminum is projected to rise by about 40% between 2020 and 2030. For aluminum product manufacturers, how to respond to such robust demand will be a major issue.

Nagata: Some are concerned that procuring raw materials will become difficult as competition over resources intensifies in the future. We must also deal with rising aluminum demand while considering the impact of climate change, which means reducing energy consumption at the production stage.

Akabane: Recycling will be an essential way to deal with those conflicting issues. By recycling aluminum over and over again, we can use this resource more effectively, of course, while also greatly reducing the energy that would otherwise be needed to produce virgin aluminum¹. Today, companies in the global marketplace are asking manufacturers what kind of energy was used to make their products and materials. Therefore, it is essential to facilitate the use of green energy in production processes while also stepping up recycling efforts.

Nagata: You are exactly right. The UACJ Group can bolster its competitiveness by incorporating aluminum recycling systems in

its operations while taking proactive steps to supply aluminum products that help reduce environmental impacts because they were made using green energy.

Working together in unison to fulfill our commitment

Nagata: UACJ has specified key performance indicators (KPIs) and targets to achieve by fiscal 2030 and 2050 for each of the five new materiality issues. For the issue of leading a circular economy in aluminum, for example, UACJ set its recycling rate² as a KPI, and will aim to raise this rate to 80% by fiscal 2030 and 100% by fiscal 2050, compared with the baseline year of 2019 when the rate was 65%. These targets are very ambitious, which reflects the Company’s strong commitment and resolve to help build a better world and healthier environment.

Akabane: To fulfill that commitment, the Company is urging a wide range of stakeholders to join its efforts in creating recycling loops for aluminum products other than can stock. The Board of Directors will need to monitor the progress of such efforts for all five materiality issues.

Nagata: When monitoring progress, it is important not only to understand what has or hasn’t been accomplished, but also to engage in constructive discussions about what actions should be taken next, such as analyzing issues and examining countermeasures. A broad perspective should be adopted

whenever appropriate, taking into account other companies’ initiatives, global trends, and so on.

Akabane: I think we should also closely watch the Group’s human resources development, even though it was not included among the five new materiality issues.

Nagata: Yes, there were opinions that human resources development should remain as a materiality issue during the review process, but in the end, it was regarded as an operational foundation that should be maintained as a matter of course rather than treated as a priority task on the level of a materiality issue.

Akabane: The successful execution of the mid-term management plan as well as measures related to the materiality issues depend on each and every employee of the Group. Therefore, the Group must continue enhancing its human resources development to allow all employees to demonstrate their full potential. To become a more attractive company that really talented people want to work for, UACJ must ensure that its workplace environment is employee friendly.

Nagata: That will also strengthen the Group’s operational foundations. Furthermore, everyone must be strongly committed to executing the growth strategies of the mid-term management plan and the measures for tackling each of the materiality issues. All members of the Board of Directors are working in unison to facilitate the achievement of those objectives.

Notes:
1. The energy needed to produce recycled aluminum materials is only about 3% of the amount needed to produce the same volume of virgin aluminum in the smelting process. Furthermore, by replacing virgin aluminum with recycled aluminum as raw materials for products, greenhouse gas emissions can be reduced by about 97% at the production stage.
2. UACJ’s recycling rate is calculated by dividing the total weight of aluminum it recycles by the total weight of all aluminum entered in its melting furnaces.

Environmental Initiatives

For a beautiful and bountiful earth that will last for years to come

Basic approach

Under the UACJ sustainability slogan, “Passing down a brighter world over the next century,” we are working to realize a beautiful and bountiful earth that will last for years to come. As such, we are focusing on maximizing the environmental performance of aluminum, a contribution to the environment that only UACJ can make. For example, aluminum can be used in automobiles to reduce body weight, thereby improving fuel efficiency and reducing emissions of CO₂ and other GHGs. In addition, recycling reduces GHG emissions by approximately 97% when compared to producing virgin ingots. In this way, reducing environmental impacts through aluminum is value that we are uniquely positioned to provide.

Against the backdrop of these efforts, we have identified three materiality issues in the environmental field: leading a circular economy in aluminum, taking measures to address

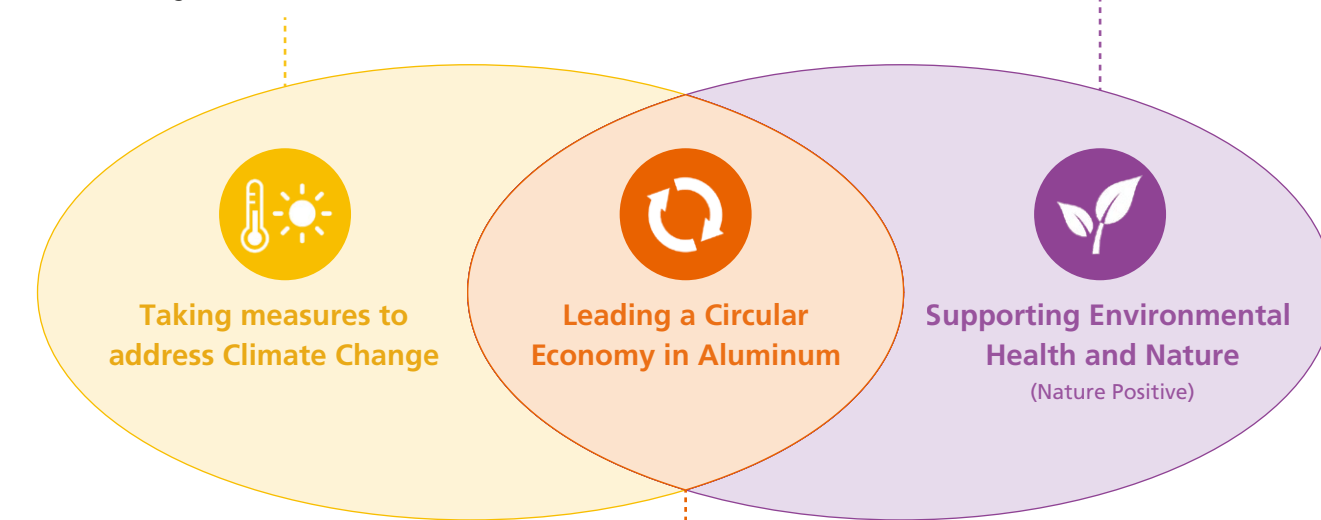
climate change, and supporting environmental health and nature (Nature Positive). These are not independent issues, but are interrelated, mutually reinforcing, and integrated, and it is essential that they be addressed as one.

Out of these, it is “leading a circular economy in aluminum” that plays the central role. Recycling aluminum, promoting its use more widely, and recycling aluminum into the same products (closed loop recycling) will not only reduce GHG emissions and thus help address climate change, but also reduce the amount of new ingots used, which will curb the mining of new bauxite, in turn helping to support environmental health and nature (Nature Positive). Accordingly, UACJ is implementing environmental initiatives focused on promoting aluminum recycling.

Reduce GHG emissions by promoting recycling

(Production with recycled raw materials requires only up to 3% of the energy used in production with virgin aluminum ingots.)

Reducing virgin aluminum ingot use helps to minimize new bauxite mining and reduce environmental impacts.



Fully utilizing scrap from both in-house and external sources minimizes the use of virgin aluminum ingots and promotes the circulation of aluminum to produce products of the same kind (closed-loop recycling).

Implementation framework

In fiscal 2023, we reorganized our materiality issues and reviewed each of our committees involved in sustainability. As a result, the Environmental Committee, which was responsible for the “defensive” aspects of corporate social responsibility, such as reducing emissions of GHGs and waste, and the Climate Change Countermeasures Steering Committee, which was responsible for the “offensive” aspects, in terms of actively contributing to a decarbonized and recycling-based society, were merged.

In fiscal 2024, we newly established the Environmental Committee, a Group-wide organization that promotes environmental activities and raises environmental awareness

among employees.

The Environmental Committee, attended by executive officers, presidents of core operating companies, and general managers of business divisions, meets three times a year to review the implementation status of environmental activities, including measures for the circular economy, climate change, and “Nature Positive,” develop policies regarding environmental activities for the next fiscal year, and deliberate on targets. Under the Environmental Committee are nine working groups (WGs), each of which is involved in multiple materiality issues, and the Environmental Committee oversees these WGs from a cross-sectoral perspective.

Environmental activities organization chart

Environmental Committee	
Chair: UACJ President Vice Chair: Chief executive of the Corporate Sustainability Division / Chief executive of the ‘Monozukuri’ Core Manufacturing Innovation Division Members: Executive officers, presidents of core operating companies and general managers of business divisions	
Secretariat	Main: Climate Change Task Force Department Deputy: Safety & Environment Department
Controlling organization	Control functions relating to the environment
Working group in charge of carbon neutral initiatives	Planning and promoting strategies for carbon neutrality
Working group in charge of circular economy *newly established	Planning and promoting strategies for the circular economy
Working group in charge of recycling initiatives	Planning and promoting strategies for recycling
Working group in charge of responsible procurement of raw materials	Planning and promoting strategies for raw materials procurement
Working group in charge of promoting the adoption of aluminum	Expanding the scope of aluminum: Creating added value with “aluminum + α”
Working group in charge of “Nature Positive” *newly established	Planning and promoting strategies for “Nature Positive”
Green Technology Project	Technology development related to environmental issues and collaboration with each working group
General environmental management	Compliance with laws and regulations, and all aspects of environmental management

Leading a circular economy in aluminum

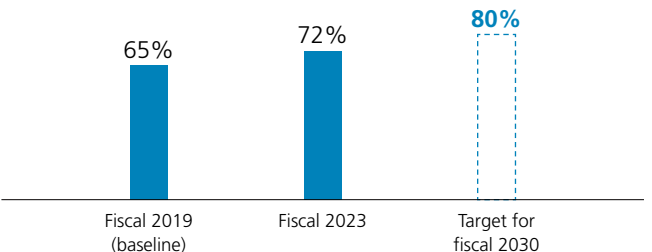
The promotion of a circular economy through aluminum recycling not only helps to create a recycling-based society, but also contributes to climate change countermeasures and Nature Positive initiatives. To this end, we have formulated and are implementing a road map to serve as the “heart” that promotes the recycling of aluminum, connecting the “arteries” that turn aluminum materials into products and deliver them to society with the “veins” that collect used products and scrap materials and return them to society again as recycled products.

Regarding the stable procurement of PIR¹ scrap, we will continue to establish schemes for can materials, automotive materials, home appliances, etc., and promote the recycling of high-strength 2000 series and 7000 series materials used in the aerospace and defense industries, etc. Meanwhile, for PCR² scrap, we will establish a recycling system for automobiles, home appliances, and similar items. In addition, we will be involved in NEDO³ projects and will be developing the technologies needed to establish a recycling loop.

In addition to these road maps, in order to drive the development of a recycling-based society for aluminum, we have also set a target of achieving a UACJ recycling rate⁴ of 80% by fiscal 2030.

¹ Post-Industrial Recycled: Scrap generated during the processing of materials in the manufacturing industry
² Post-Consumer Recycled: Scrap derived from used products
³ New Energy and Industrial Technology Development Organization
⁴ A UACJ indicator that measures the recyclability of aluminum, calculated as the ratio of recycled aluminum to the amount charged to the melting furnace

UACJ's recycling rate over time



Road map for leading a circular economy in aluminum

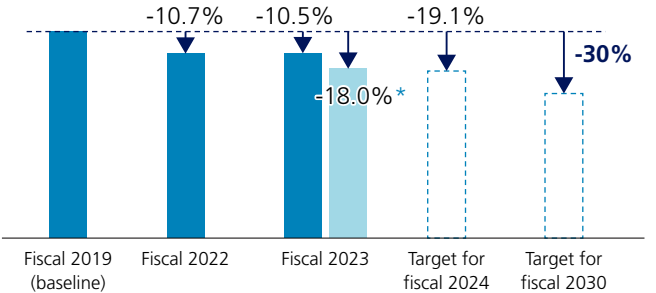
Item	Details	to fiscal 2027	to fiscal 2030
Overall strategy	Formulation of policies for company-wide strategies	Identification of issues and formulation of policies	
		Consideration of investment in scrap pre-processing equipment	
	Maximizing use of UBC	Increase the Can to Can usage rate (175% in 2027 compared to 2019)	
		Vertical startup of UBC processing equipment, consideration of investment expansion	
		Assessment of current material flow	
	Recycled alloy development and production technology	Alloy development (EcoEnd™, etc.)	
		Selection of scrap that can be sustainably procured → Use ("Can to Can closed loop recycling," etc., starting in city-center offices)	
	NEDO project commercialization (interaction with government agencies)	Project for development of technology to upgrade aluminum resources (NEDO project)	
	Upgrade recycling, vertical continuous casting machines, etc. Pioneering research (low-temperature electrolysis)	Research and development (pioneering research) of processes for increasing the purity of aluminum using low-temperature electrolysis	
	Building relationships with other industries and companies	Building relationships with other industries and companies	
PIR	Stable procurement of materials for cans, automobiles, home appliances, etc.	Stable procurement of scrap and expansion thereof	
		Increase in volume through the establishment of new scrap procurement schemes	
	Consideration of recycling for high-strength 2000 series and 7000 series	Assessment of the scrap market	
		Improvement of dissolution yields and exploration of the use of purification technology	
PCR	Automobiles	Development of recycling processes that meet the quality standards for automotive components and evaluation of recycled materials	
	Home appliances	Establishment of loops by working with customers and recycling businesses	
		Implement closed-loop recycling of PCR home appliances	
	Mixed metal	Search for partner companies	
		Use of PCR in existing and recycled alloys	
	Others	Search for items	
		Consideration of measures to cope with increased target volume	

Taking measures to address climate change

Responding to climate change has become an urgent issue that must be addressed by society as a whole. In order to fulfill this responsibility, we have positioned “achieving carbon neutrality,” including the reduction of GHG emissions, as one of our important issues, and we will not only reduce GHG emissions through our business activities, but also reduce GHG emissions in society as a whole by creating more opportunities for aluminum use, thereby helping to build a sustainable society.

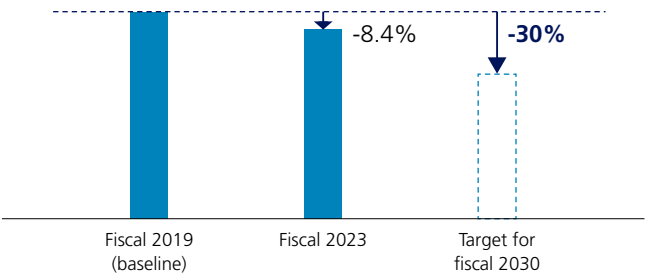
To ensure the effectiveness of these efforts, we have established a road map to achieve carbon neutrality (CN) in Scope 1 and 2 by fiscal 2050, and are proceeding accordingly. For fiscal 2030, the halfway point between 2019 and 2050, we have set a goal of reducing CO₂ emissions per unit of production by 30% relative to fiscal 2019. To this end, we are implementing measures such as purchasing 100% renewable energy-derived electricity at 17 sites in Japan, focusing on manufacturing sites for products close to finished products, aiming to reduce Scope 2 CO₂ emissions to zero (factories running on 100% renewable energy). For Scope 3, meanwhile, we have set a target of a 30% reduction (Category 1, per production unit) by fiscal 2030 relative to fiscal 2019, to be achieved through the promotion of recycling and similar measures.

Scope 1 and 2 CO₂ Emissions Reduction Results and Targets



* Calculated using national emissions-related data rather than location-based data

GHG Emission Reduction Results and Targets (Scope 3)



Road Map for Promoting Measures to Address Climate Change

Item	Description	By FY2023	By FY2050
Scope1 and 2	Promotion of further energy saving	Improve energy consumption efficiency and reduce loss	
	Transition to low-carbon/green fuel	Switch from heavy oil and LPG to LNG and city gas	
	Transition to low-carbon/green electricity	Introduce and expand use of renewable energy-derived electricity	
	Introduction of carbon recovery technologies	Investigate and review technology	
	Carbon offsetting	Timberland investment, emissions trading, etc.	
		30% CO ₂ Reduction	Become carbon neutral
Scope3	Promotion/maximization of recycling	Maximize use of all scrap (in-house scrap, customers' scrap, general consumers' scrap)	
	Development and practical application of recycled alloys and associated technologies	Development and practical application (NEDO-subsidized project)	
	Transition to low-carbon/green virgin aluminum	Increase use of virgin aluminum produced with hydroelectricity	
	Development/supply of products using UACJ's unique, certified GHG emissions reduction method, "Mass Balance," and including them in regular lineup	Complete formation of framework	
		Commence supply	
		Promote usage, make part of regular lineup	
	Promotion of the switch to aluminum	Expand sales and establish ALmitas' SMART Develop new domains and expand sales in them	
		Utilize aluminum's environmentally friendly properties, set rules for reducing environmental impacts	
		30% GHG Reduction	Minimize GHG emissions
	Participation and collaboration with external organizations	Participate in initiatives and collaborate with industry groups	

Supporting environmental health and nature (Nature positive)

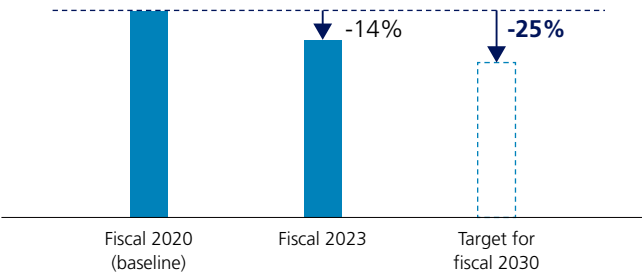
UACJ has designated “supporting environmental health and nature” as a materiality issue in the environmental field, and aims to minimize the impact on nature throughout our supply chain and contribute to Nature Positive (where support for environmental regeneration, creation and conservation is appropriately balanced with the economy).

Specifically, we are actively reducing the environmental impact of our business activities through the active use of recycled materials, recycling of water, and proactive forest conservation activities, while also promoting the restoration and recovery of forests and water resources. With respect to water recycling in particular, we are working to reduce our environmental impact by positioning the reuse of water used in manufacturing as a routine, everyday task, and have set a target of reducing the amount of water withdrawal per unit of production by 25% from the fiscal 2020 level by fiscal 2030. We are also taking measures to minimize our impact on nature, such as reducing the use of new ingots by promoting aluminum

recycling, reducing new mining of bauxite as a raw material, and avoiding deforestation and the endangerment of threatened species.

We are keenly aware that our business activities both benefit and impact the natural environment in various ways, and we will continue to work to reduce our environmental impact and contribute to supporting environmental health and nature in ways that only UACJ can.

Water withdrawal reduction rate over time



Road map for Supporting Environmental Health and Nature (Nature Positive)

Item	Details	to fiscal 2027		to fiscal 2030	
Minimization of negative impacts	Promotion of water circulation	Promotion of use of recycled water, reuse of wastewater Avoidance and reduction of ecosystem impacts	Maximize reductions of water withdrawal per unit of production with a view to the 2030 target	Implementation of measures (operational, equipment, anti-leak measures)	25% reduction in water withdrawal per unit of production
	Reduction of water loss	Identifying differences between manufacturing sites, water withdrawal levels, etc.			
	Effective use of unused water	Determining actual usage status Effective use of rainwater, etc.			
	Collaboration with the supply chain	Incorporating a biodiversity perspective Promoting effective use of water resources			
Maximization of positive impacts	Forest conservation and restoration	Ascertaining the amount of groundwater used Ascertaining the scale of water source conservation Forest conservation	Measures to ensure zero biodiversity loss and clarification of timing		Maximize efforts to make a positive impact on biodiversity
	Rollout of ALmitas* SMART (environmentally friendly products)	Expanding sales of ALmitas* SMART Cultivating new fields and expanding sales Reducing environmental impact resulting from increased use			
	Promotion of recycling	Driving a circular economy Reduction of new ingot use			
	Implementation of measures based on scientific evidence (Certification is not mandatory, but will be determined based on the situation)	Set targets with reference to SBTs for Nature (SBTN) ¹ methodology Effective implementation of measures			
Information disclosure	Response to Taskforce on Nature-related Financial Disclosures (TNFD)	Competitive target setting	Enhancing corporate value through information disclosure and steady progress		

¹ Setting of goals based on science-based targets for nature

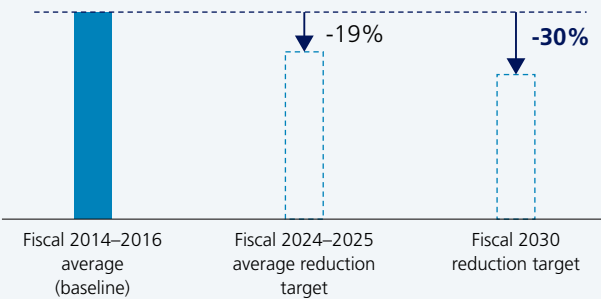
Promoting climate change countermeasures through GX League participation

In April 2024, UACJ joined the GX League, a group of various companies and organizations working to achieve carbon neutrality. The GX League is a framework for collaboration among industry, academia, and government to achieve the Japanese government's goal of reducing greenhouse gas (GHG) emissions by 46% by fiscal 2030 (relative to fiscal 2013). As a leading company in the Japanese aluminum industry, we will continue to spearhead decarbonization efforts in the industry. Moreover, in addition to improving communication with the Japanese government and participating in cross-industry rulemaking, we will work to expand business opportunities through the promotion of climate change countermeasures.

Our reduction target for CO₂ and other GHG emissions (total of Scope 1 and 2) as part of the GX League is a 19% average reduction in fiscal 2024 and 2025, and a 30% reduction

in fiscal 2030, taking the three-year average from fiscal 2014 to fiscal 2016 as a baseline. These targets have been approved by the GX League Secretariat.

Scope 1 and 2 CO₂ reduction targets in the GX League



Toward disclosures based on TNFD recommendations

As part of its Nature Positive initiatives, UACJ is working to minimize its negative impacts, using reduction of water withdrawal per unit of production as a KPI, and to maximize its positive impacts through recycling. As we move forward with these efforts, we are preparing to disclose information in accordance with the TNFD² framework.

An action plan based on the business strategy will be developed in fiscal 2024 and implemented from fiscal 2025 onwards. Disclosures based on the TNFD will be included in the Integrated Report for the next fiscal year.

² Taskforce on Nature-related Financial Disclosures

Road map for TNFD response

	Fiscal 2024				Fiscal 2025				Fiscal 2026				Fiscal 2027			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Compilation of necessary information for TNFD response	Summary of requirements															
	Gap analysis															
					Development of action plan											
TNFD response efforts									Setting of targets (KPIs)							
					Data collection and analysis				Data collection and analysis				Data collection and analysis			
					Summary of data and confirmation of issues				Summary of data and confirmation of issues				Summary of data and confirmation of issues			
Information disclosure					Review and implementation of action plan				Review and implementation of action plan				Review and implementation of action plan			
					Summary of disclosure information ³				Summary of disclosure information ³				Summary of disclosure information ³			

³ Regularly disclose status of TNFD response in the Integrated Report and explain at sustainability briefings

Information Disclosure Based on the TCFD Recommendations

Governance

In its Sustainability Policy, UACJ defines its basic approach and philosophy for promoting sustainability activities, including climate change countermeasures.

As a framework for climate change countermeasures, we have established the “Environmental Committee” (formed in fiscal 2024 by merging the former Environmental Committee and Climate Change Countermeasures Steering Committee), which is chaired by the president. Nine working groups (see Page 64), including the controlling organization, the working group in charge of carbon neutral initiatives, the working group in charge of circular economy, the working group in charge of recycling initiatives, the working group in charge of responsible procurement of raw materials, and the Green Technology Project, which are subordinate to this committee, are working together to implement initiatives. As part of efforts to strengthen governance, the results of the working groups’ discussions and activities are reported by the Environmental Committee to the Board of Directors for resolution as necessary.

Strategy

UACJ conducted a scenario analysis in fiscal 2021 with reference to future projections by the IEA¹, IPCC², and other organizations, and confirmed that under the 1.5°C scenario, the positive impact would be greater if future implementation of response measures and new opportunities are combined.

“Taking measures to address climate change” has been one of our materiality issues since fiscal 2021. After reorganizing the materiality issues in fiscal 2023 based on the results of our scenario analysis, we have once again made “taking measures to address climate change” one of our materiality issues and are working to reduce GHG emissions accordingly.

In addition, we have positioned the promotion of recycling as an important strategy in our fourth mid-term management plan, which commenced in fiscal 2024. Recycling aluminum, encouraging its widespread use, and circulating the used aluminum as resources for new

products (closed-loop recycling system) will lead to a reduction in GHG emissions. Moreover, by curbing the mining of bauxite, the raw material for new ingots, it will also help reduce the GHG emissions involved in the mining process. Building this kind of circular economy and contributing to Nature Positive have also been identified as materiality issues, and we are working on climate change countermeasures as an important management policy.

¹ IEA (International Energy Agency)

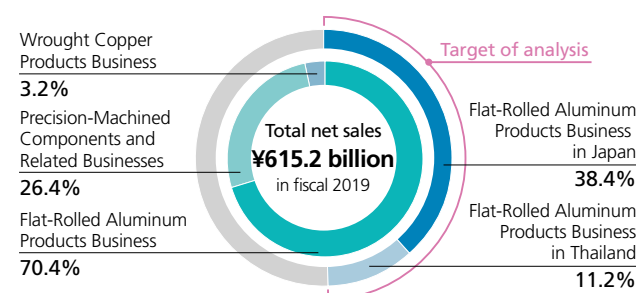
² IPCC (United Nations Intergovernmental Panel on Climate Change)

Risk management

In our “UACJ Report 2023,” we estimated and published the financial impact that a carbon tax would have if introduced in Japan, Thailand, and other countries. However, since then, we have re-calculated our estimates in light of significant changes in our assumptions for estimating factors such as exchange rates, as well as the fact that CBAM³ will be fully applied in Europe from 2026 and discussions are underway in North America and Japan for the introduction of carbon pricing. As a result, we estimated that in comparison with a scenario in which we do not take action, realizing our Scope 1 and 2 target of “30% reduction of CO₂ emissions in fiscal 2030 relative to fiscal 2019 and carbon neutrality in fiscal 2050,” would result in GHG reduction benefits of 7.3 billion yen in fiscal 2030 and 79 billion yen in fiscal 2050, respectively.

³ Carbon Border Adjustment Mechanism

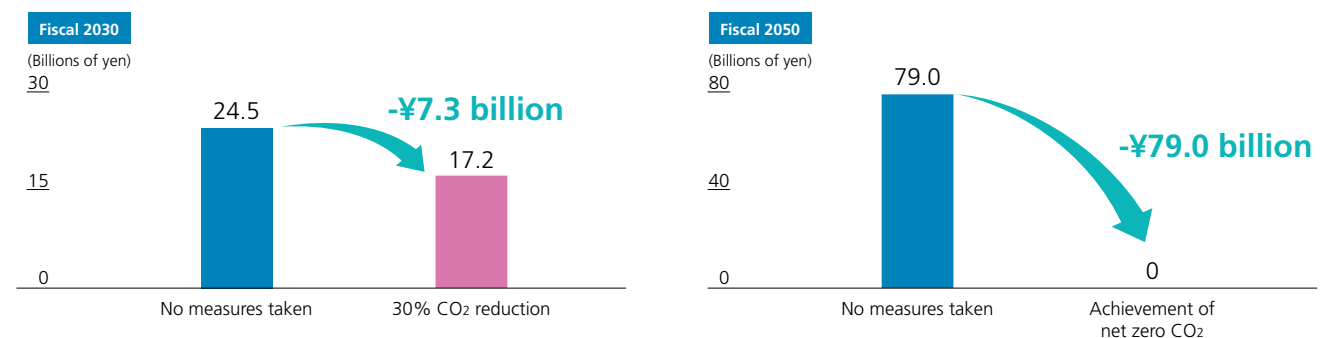
Businesses subject to the scenario analysis



Risk significance assessment: risks and opportunities

		Carbon price (carbon tax / carbon border adjustment mechanism)	Carbon emissions targets / policies in each country (Emissions trading / Mandatory Carbon Footprint Reporting etc.)
Index		Revenue Expenditures	Revenue Expenditures
Business Impact	Risk	<ul style="list-style-type: none"> Procurement costs for imported raw materials / materials increase Electricity costs increase 	<ul style="list-style-type: none"> Raw material procurement costs / manufacturing costs increase due to expenses for purchasing carbon credits Expenses increase for updates / introduction of equipment such as aluminum scrap melting furnaces and energy-saving equipment, and enabling changeover to other fuels Production management costs increase due to mandatory carbon footprint recording and reporting
	Opportunities	<ul style="list-style-type: none"> Sales and revenue increase due to reduced competitiveness of imported competitor products from countries/regions with insufficient GHG emissions controls 	<ul style="list-style-type: none"> Carbon tax and other costs can be reduced by reducing procurement of energy-intensive raw materials (virgin aluminum) Demand associated with switching from other materials increases due to tighter regulations There are opportunities to increase revenue by taking advantage of aluminum's light weight, high thermal efficiency, and high recyclability
Evaluation		High	Medium
Future countermeasures to individual risks	Category	Adapted	
	Risk countermeasures example	<ul style="list-style-type: none"> Setting of long-term CO₂ emissions reduction targets Setting of long-term energy use reduction targets Introduction of internal carbon pricing 	
	Initiatives for seizing opportunities example	<ul style="list-style-type: none"> Implementation of long-term CO₂ emissions reduction targets Leveraging of CO₂ absorption through forests, etc., and credit programs Establishment of an evaluation method to measure contribution to making reductions Shifting to energy-saving technologies with an aim toward decarbonization through public-private partnerships and international cooperation 	

Estimated monetary impact of carbon tax



Indicators and targets

In our the UACJ Approach to Combatting Climate Change announced in June 2022, UACJ set a goal of working to “achieve carbon neutrality in Scope 1 and 2 by 2050, and in the process reduce our CO₂ emissions by 30%⁴ by fiscal 2030.

Regarding Scope 3, in December 2023, we set a goal to achieve a 30% reduction in GHG emissions⁵ by fiscal 2030 by expanding recycling and other measures, and to minimize GHG emissions by 2050 by collaborating with

various partners to maximize recycling and reduce emissions throughout the supply chain.

In order to achieve our goals for fiscal 2030 and to achieve carbon neutrality by 2050, we will continue our efforts to reduce emissions of CO₂ and other GHGs.

⁴ Relative to fiscal 2019, per production unit

⁵ Relative to fiscal 2019, per production unit, Category 1

Social Initiatives

Creating a healthy and harmonious society where everyone can feel well-being

Basic approach

We believe that in order to be a company that contributes widely to society at large, it is important to understand the expectations of our stakeholders and to live up to the trust they place in us.

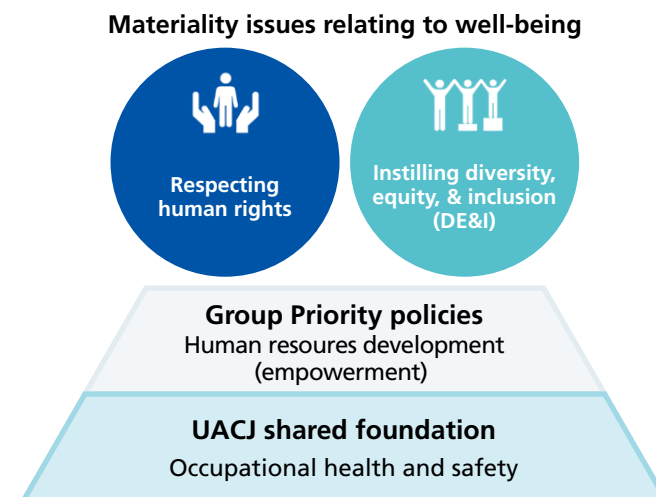
We regard respect for human rights, the promotion of diversity (DE&I), human resource development, and efforts to create a safe and healthy work environment (occupational health and safety) as important topics, and are advancing initiatives aimed at targets set for each.

We have established a “Sustainability Compass” to embody our Sustainability Policy, and in order to realize our vision of “passing down a better world over the next century,” we have formulated the message of “creating a healthy and harmonious society where everyone can feel well-being” as our approach to well-being. We believe that “Well-being” acts as a “Wave of Wellness,” whereby wellness in terms of individual health, fulfillment, and happiness leads to wellness among family, peers, community, and society, which in turn leads back to wellness in each individual. This approach involves ensuring that each and every one of our employees can lead a healthy and happy life, and that this extends to those around them, thereby contributing to the realization of a healthy and harmonious society.

We have identified “respect for human rights” and “diversity and equal opportunities (DE&I)” as two materiality issues related to well-being, and have positioned “human resource development” as a major policy and “occupational health and safety” as a common foundation underlying them.

In terms of “respect for human rights,” we will work to ensure that the initiatives required by the UN Guiding Principles on Business and Human Rights and national Action Plans on Business and Human Rights are instilled and take root throughout our entire company. We believe that we can contribute to a society in which everyone can feel happiness through the practice of global business activities in accordance with the ideas of “universal and equal,” “inalienable” and “inviolable.” Meanwhile, with respect to “diversity and equal opportunities” (DE&I), in accordance with “respect and understand your associates” from the UACJ Way, we aim to achieve synergies that will enable employees to feel proud and secure and live a fulfilling life in their own way, while also contributing to sustainable company growth, including the creation of innovation, by allowing them to exercise their

Human capital-related systems



abilities to the fullest extent possible.

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. For example, the engagement survey has a response rate of about 80% every year, and the results of the survey are analyzed and reflected in subsequent personnel policies. In addition, we have worked to “visualize” the extent to which the various measures implemented in the past have been reflected and the outcomes achieved as survey results, and have 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 the engagement survey conducted in fiscal 2023, the response score (on a 5-point scale) for the “level of implementation of the UACJ Way” increased from 3.42 to 3.51, and the response scores for items such as “promotion of human resource development” and “realization of appealing compensation packages” also exceeded the previous year’s scores, showing steady results of efforts to enhance our human capital.

Human capital value creation process

Inputs/outputs						Outcomes
Measures	Implementation items	Fiscal 2020 results	Fiscal 2021 results	Fiscal 2022 results	Fiscal 2023 results	Work environments that engender growth and job satisfaction
Monozukuri human resource development	Position level-specific training participants, locations (technical) ¹	570 people (26 locations)	526 people (26 locations)	534 people (26 locations)	463 people (28 locations)	
	Monozukuri Gakuen program participating locations ¹	Japan 16, overseas 0	Japan 17, overseas 0	Japan 21, overseas 1	Japan 21, overseas 1	
	Technical development seminar participants, topics ¹	168 people (10 topics)	196 people (10 topics)	229 people (10 topics)	256 people (10 topics)	
	UKI participants ¹	360 people	511 people	888 people	1,411 people	
Human resource development promotion	Position level-specific training participants (staff) ¹	381 people	476 people	646 people	811 people	
	Next-generation business leader training participants ¹	0	44 people	20 people	45 people	
	Succession plan creation rate ²	100%	100%	100%	100%	
	360 degree feedback rate ³	99.5%	100.0%	99.2%	—	
Engagement improvement	Engagement survey response rate ¹	81.5%	80.0%	80.0%	90.0%	
	Self-reform declaration rate ¹	—	57.0%	63.5%	72.8%	
	Internal Group recruitment system reassignments ¹	2 people	5 people	1 person	3 people	
Realization of attractive compensation	Wage level gap between men and women ²	—	—	78.4%	78.1%	Work environments in which each individual is respected
Diversity promotion	Ratio of women in management positions ⁴	1.9%	2.2%	3.4%	4.3%	
	Ratio of foreign nationals employed ²	5.4%	8.3%	5.6%	2.5%	
	Ratio of mid-career hires ²	53.0%	68.0%	66.0%	58.0%	
	Employment rate of people with disabilities ¹	2.60%	2.55%	2.44%	2.69%	
Work-life balance	Total actual working hours per year ²	2,026 hours	2,115 hours	2,062 hours	2,060 hours	
	Hours of overtime worked ²	25.1 hours	30.2 hours	28.1 hours	26.8 hours	
	Paid vacation uptake rate ²	53.8%	62.0%	69.0%	67.6%	
	Childcare leave uptake rate ² for men	22.0%	42.0%	69.1%	74.0%	
	Childcare leave update rate ² for women	100.0%	100.0%	100.0%	100.0%	
Health management promotion	Health checkup participation rate ²	100.0%	100.0%	100.0%	100.0%	Comfortable work environments
	Stress check rate ²	94.3%	90.9%	91.7%	95.4%	

¹ Consolidated ² Non-consolidated ³ Non-consolidated management positions ⁴ UACJ Group in Japan



See our website for more Human capital-related
<https://www.uacj.co.jp/english/sustainability/social/index.htm>

Human resources strategy

In recent years, there have been significant changes in the employment environment, including a shrinking workforce due to the declining number of children and aging population, greater mobility of human resources, and other significant changes in the values of workers, such as a growing awareness of the importance of work-life balance and careers. Companies must realize that it is now they who are selected by workers, and they must foster an organizational climate that is attractive to employees and create a workplace environment where they can work with vigor and enthusiasm.

Given this context, we have identified three issues: “strengthening human resources (human resources strategy)” to continue to provide sufficient personnel to realize our management philosophy and execute our business strategies in a timely manner; “strengthening organizational capacity” to enhance our strength as an aggregate of the activities of a diverse range of individuals, and “improving mechanisms,” such as reviewing personnel and training systems and visualizing human

resources information to achieve these objectives. In this regard, plans to further strengthen human capital during the period of the fourth mid-term management plan have been developed.

The Human Resources Strategy Project, which commenced in fiscal 2021, focuses on reforming the human resources system in line with current trends and developing human resources from a new perspective, with the aim of viewing human resources as capital and deriving the maximum possible value from them. In this way, we will produce a large number of human resources who can embody the UACJ Way, and will work to ensure the sustainable growth of our company as a whole and our long-term management vision, UACJ Vision 2030 (Vision 2030). We also believe that collaboration and cooperation between each business division and personnel division is essential in implementing this Human Resources Strategy Project. Each business division will consider the human resource requirements needed to achieve its business goals. Meanwhile, personnel divisions will take a step beyond

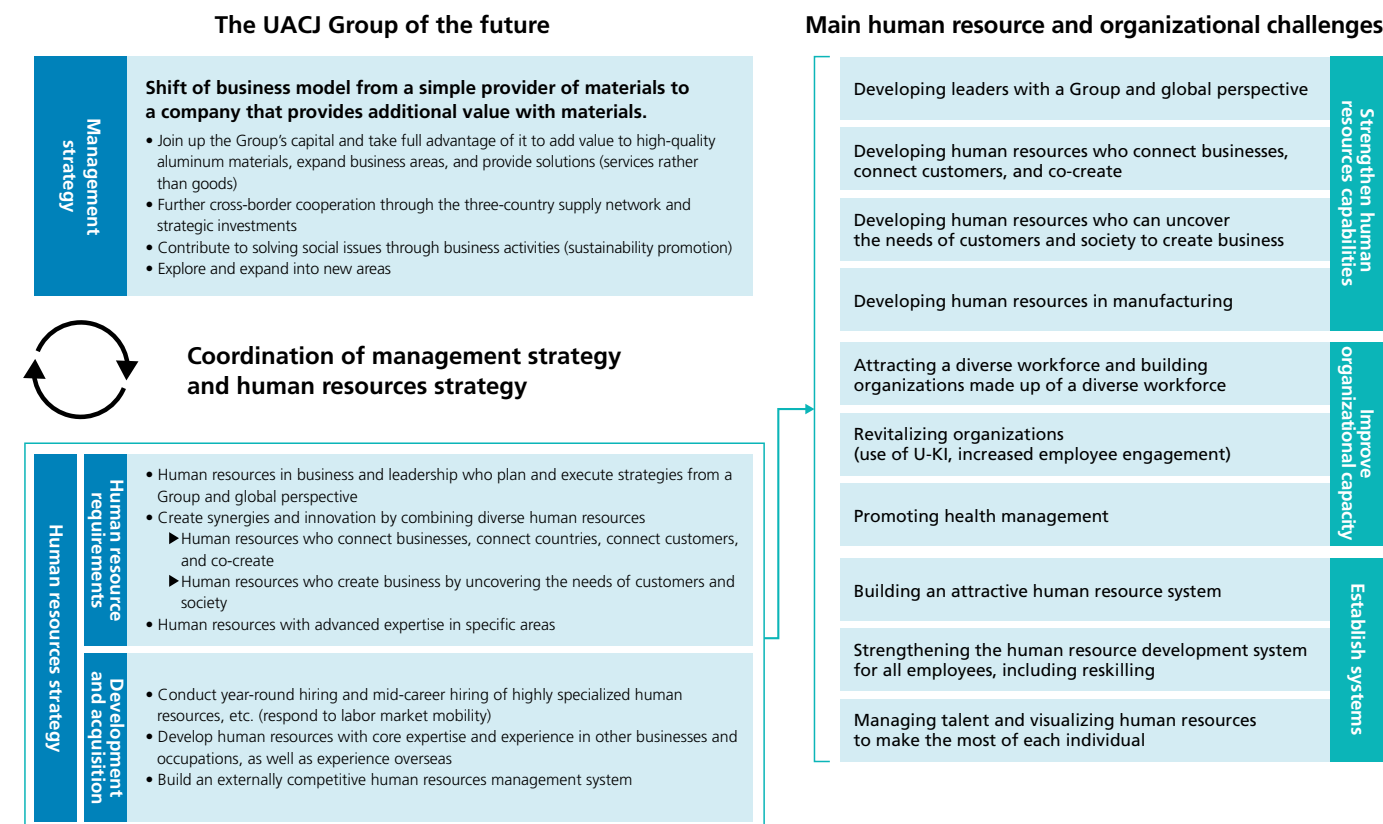
“managing” human resources to become divisions that “support” human resources, establishing Group-wide personnel platforms and providing support for developing talent in each business division. By sharing the wishes of each business division and personnel division, as well as the problems they face, we will work to ensure the optimal placement and development of human resources.

Running over the 10 years up to the fulfilment of Vision 2030, the Human Resources Strategy Project is divided into three phases, 1 to 3, in sync with the mid-term management plans. We plan to step up these efforts as we tackle the themes established for each phase. As part of Phase 1, which was linked to the third mid-term management plan running from fiscal 2021 to fiscal 2023, we not only proceeded with integration with our business and human resources strategies, but also worked to build a foundation for the realization of Vision 2030. This involved developing a profile of “ideal human resources” and conducting interviews to identify the issues faced by each

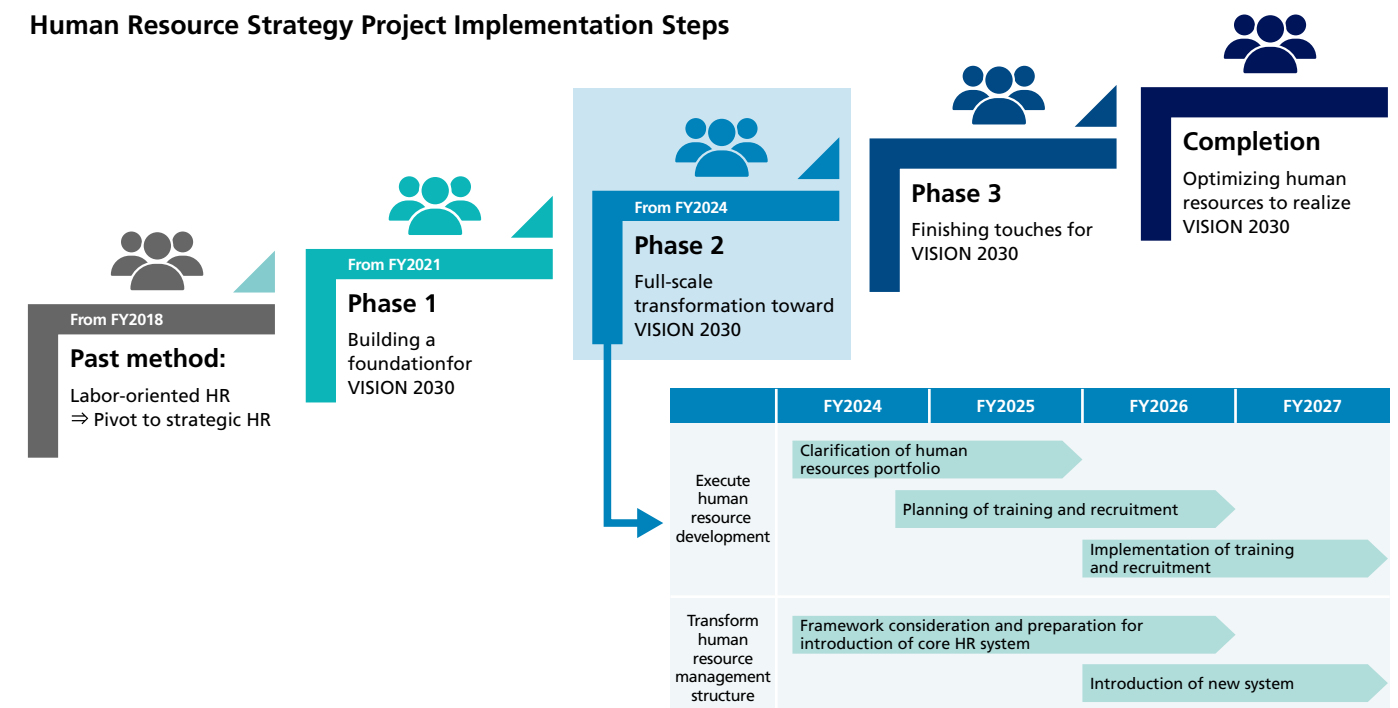
workplace in terms of human resources. After this was complete, we began consideration of various policies aimed at transforming our human resource management. During Phase 1, with an eye to the future, we also worked with individual business divisions to start the development of succession plans for management staff. As such, we are enhancing our efforts aimed at producing leadership talent, from career development that cuts across business divisions and support for training.

In Phase 2, which began in fiscal 2024, we plan to improve the effectiveness of our human resource portfolio, which was developed as part of the Human Resource Strategy Project, and to build on the various policies and infrastructure put in place during Phase 1 to further speed up reform initiatives. In order to fulfil Vision 2030 and remain a company that is appealing to employees, even amid a business environment undergoing dramatic changes, we are developing our human resource systems and working to further strengthen our human resource capabilities and organizational capacity.

Coordination of management strategy and human resources strategy



Human Resource Strategy Project Implementation Steps



Respect for human rights

We believe that respecting human rights not only improves the well-being of our employees, but also of society as a whole, including our business partners and local communities. In accordance with this idea, the UACJ Group Code of Conduct also stipulates “respect for human rights,” “prohibition of child labor and forced labor,” “prohibition of harassment,” and “respect for basic labor rights.” Furthermore, in March 2022, we announced the UACJ Group Human Rights Policy and affirmed our commitment to respecting human rights in our business activities, including the prohibition of child labor and forced labor, so that all members of the Group are committed to respecting human rights.

The Compliance Committee¹, having established the above basic policy and annual Group activities, has also established the “UACJ Group Sustainable Procurement Guidelines” and conducts human rights education and human rights due diligence within the Group. Furthermore, as a remedial process in the event of negative human rights impacts, we are also working to establish a grievance mechanism (consultation, discussion, and redress mechanisms), including a reporting system for stakeholders within the Group and for suppliers and other stakeholders.

Under the leadership of the Human Resources Committee, we are also promoting workstyle reform, diversity, and health management.

We believe that respect for human rights will lead to the realization of a comfortable work environment and the elimination of harassment within the Group, which in turn will allow us to secure excellent human resources. It will also have various ripple

effects outside the Group, such as healthier supply chains, which will provide business stability, and the eradication of inequality and poverty, which will curb destruction of the environment.

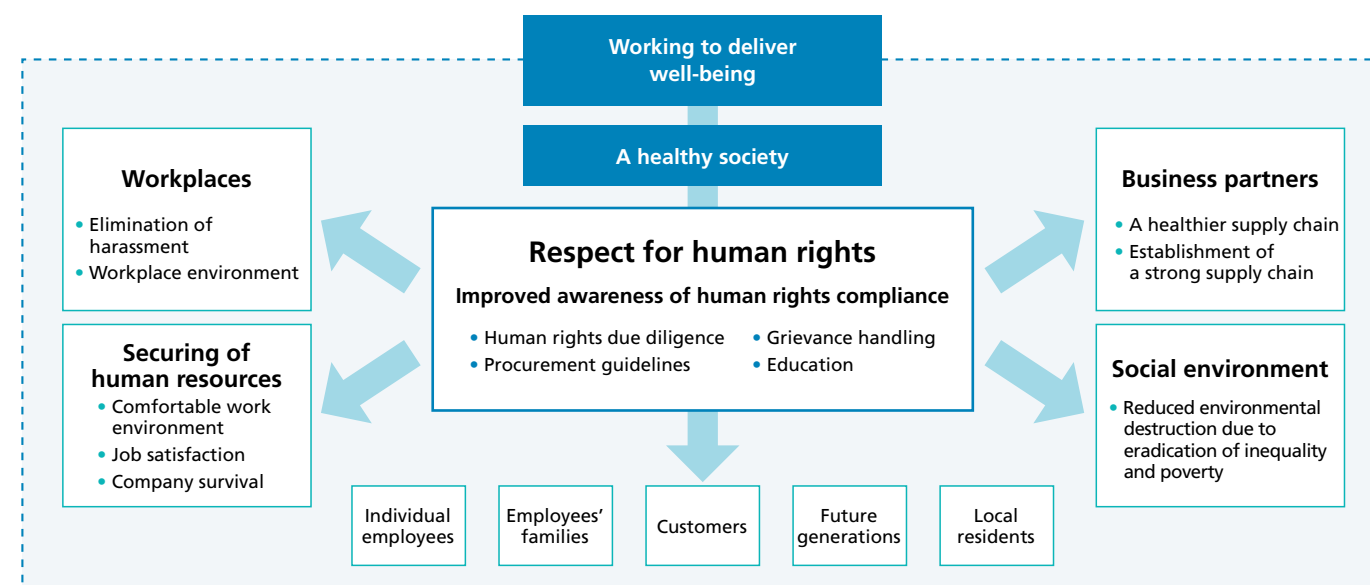
¹ Committee composed of the representative director & president, executive vice president, division chief executives, business managers, and other executive officers, with attendance by directors and Audit & Supervisory Board members also permitted.

Conducting human rights due diligence

UACJ conducts human rights due diligence on our domestic and overseas workplaces in order to identify any negative human rights impacts or risks that may arise through our business operations. We assess negative impacts and risks that have come to light as a result of human rights due diligence, and as well as providing employee education to help prevent and correct such impacts and risks, we have established guidelines such as the “UACJ Group Sustainable Procurement Guidelines.”

In fiscal 2023, with the cooperation of a human rights NGO, we conducted due diligence at three sites: Nagoya Works, UACJ Australia Pty. Ltd. and Kamakura Industry Co., Ltd., and found no serious human rights violations. We will continue conducting human rights due diligence on an ongoing basis with the aim of completing implementation throughout the Group by fiscal 2030, and will work to identify, mitigate, and prevent the emergence of human rights risks associated with our business activities.

Ripple effects of “respect for human rights”



Diversity and equal opportunities (DE&I)

We believe that respecting others' diverse backgrounds leads to “wellness” not only for the Company, but also for society as a whole. The fact that our board members and employees are diverse in terms of personal attributes, work styles, and careers, that they work independently, and that they practice the values that we hold dear, supports our business and engenders a high degree of flexibility and adaptability to change. We believe that by feeling pride and satisfaction in working for UACJ, and by engaging in exciting work with our supervisors and colleagues in better environments, we can help deliver results that exceed our customers' expectations.

In addition to this basic approach, in December 2023, we announced the “Statement of Dei-Ay (DE&I) Promotion,” which incorporates the opinions of a wide range of employees. This Statement of Dei-Ay Promotion is intended to express, both inside and outside the Company, UACJ's position on “diversity and equal opportunities (DE&I),” one of our materiality issues, to promote the implementation of the measures, and to further promote diversity (DE&I) as a common understanding among all employees of the UACJ Group. It also aims to help employees fully demonstrate their individuality and abilities, putting the

“respect and understand your associates” part of the UACJ Way into practice. After launching a working group for the enactment of the Declaration in December 2022 and initiating its deliberations, we held a total of 24 meetings in Japan and 3 meetings overseas from June to October 2023 to exchange opinions with a total of more than 100 employees. In the opinion exchange sessions, the draft presented by the working group was used as a springboard for cross-talk in the form of free comment by the participants. The draft declaration, which reflects the opinions of employees presented at the opinion exchange sessions, was approved by the Management Committee and the Board of Directors, and was officially enacted and announced during the ESG briefing in December 2023. In April 2024, we adopted the slogan “Aiming to be a company where DE&I is exercised as a matter of course,” and have launched specific measures on this basis.

We will continue working to realize our corporate philosophy by promoting diversity (DE&I), allowing each and every employee working within the Group to feel proud and secure, and to live a fulfilling life in their own way.

Overseas personnel exchanges

Between 2022 and 2023, we launched a personnel exchange program in which three candidates for executive positions from UATH² came to Japan to receive training at Nagoya Works. Since UATH was established from scratch as a UACJ Group base, one of the challenges it faced was the development of human resources. UATH aims to operate primarily with local staff and has begun training with the objective of developing future management personnel.

The training includes not only language study and the acquisition of technical knowledge, but also learning the “5-gen principle,” the basic premises of manufacturing, by working together with Japanese staff. After returning to UATH, they have been expanding their activities by applying the knowledge and skills they acquired through the training to help train local staff. The overseas personnel exchanges are still ongoing, with the second batch of three students arriving to Japan to start their training in May 2024.

² UACJ (Thailand) Co., Ltd.

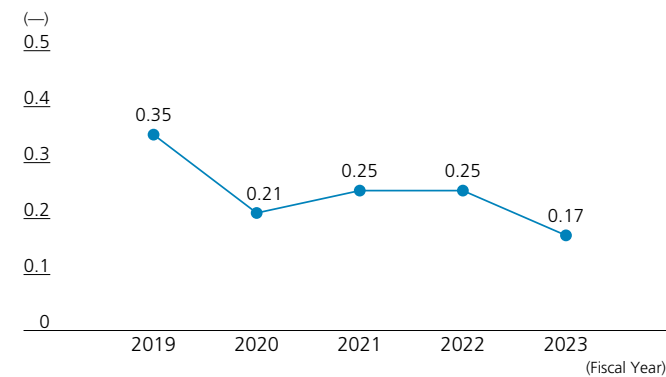


Occupational health and safety

In the belief that “the health and safety of our employees takes precedence over everything,” UACJ is working to create safe, hygienic, and healthy work environments by complying with labor-related laws and internal regulations, establishing an occupational health and safety management system, and conducting appropriate management. Occupational health and safety was listed as one of the materiality issues we identified in fiscal 2021, but in recognition of the fact that “safe workplaces should be pursued as a matter of course,” we decided in fiscal 2023 to position it as one of our “Shared Foundation” — that is, something to be considered a natural state of affairs at UACJ.

As the organization in charge of health and safety, we have established the Health and Safety Committee. The committee, which meets once every year, is chaired by the director in charge of health and safety and includes full-time directors, heads of production facilities, and the presidents of major Group companies as members. In addition, with the aim of creating workplace environments where employees can work with peace of mind, we have established a safety and health management system led by supervising health and safety managers at each of our work sites.

UACJ Group Frequency Rate of Workplace Accidents



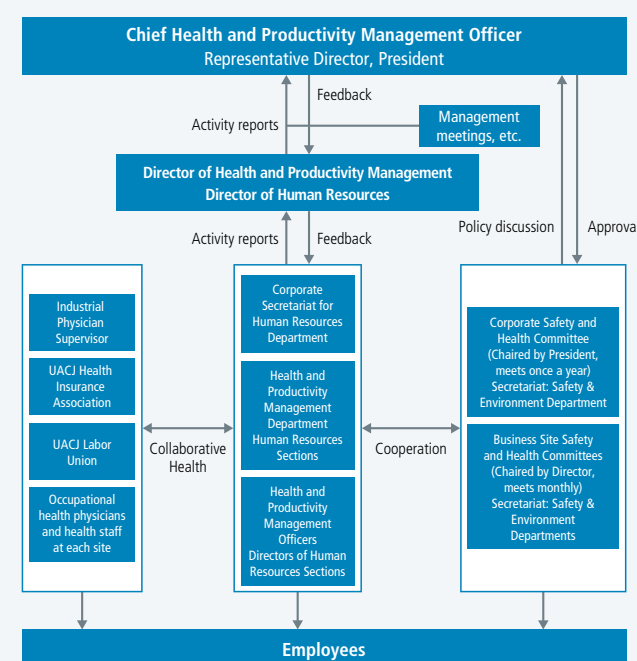
In terms of monitoring of occupational safety, the number of serious accidents and the overall frequency rate are used as evaluation indicators, which are checked monthly at the meeting of Safety and Hygiene Managers' Committee, and improvements are made where necessary to make the workplace environment safer. In fiscal 2023, the number of serious accidents was 1 and the overall frequency rate was 0.17.

Promoting health management

Based on the UACJ Group's belief that “monozukuri makes people and that people are the Group's true strength,” and that “the health and safety of our employees takes precedence over everything,” we have enhanced health management initiatives so that our employees are able to fully demonstrate their capabilities. In September 2021, we announced the UACJ 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.

The establishment of this implementation framework and the adoption of various measures have been highly acclaimed, and for our proactive health promotion and management efforts, we were recognized in the large enterprise category of the KENKO Investment for Health (KIH) program for two years running in fiscal 2022 and 2023. Furthermore, in 2024, we were selected as one of the “KENKO Investment for Health Stocks,” which is given to listed companies that excel in health management, and also selected as one of the “Certified Health & Productivity Management Outstanding Organizations ‘White 500,’” which is awarded to only the top 500 certified companies in the large enterprise category.

Health and Productivity Management Promotion Structure



Human Capital and Enhancing Corporate Value

Efforts to visualize the financial impact of human capital.

How can a company increase its corporate value? We have set out our “value creation process” to increase corporate value through the use of six types of capital. We believe that initiatives addressing human capital are one key factor, and that employee awareness and various human resource policies have a significant impact in achieving higher financial performance and increasing corporate value.

With this in mind, we are working to summarize the relationships between human capital, financial performance, and corporate value improvement, and have begun formulating measures to further enhance corporate value and exploring how we can best capitalize on these relationships. We believe that analyzing the correlations between financial indicators and human capital measures, such as various human resource policies, the promotion of diversity, and the practice of health management, should be used as a reference in developing human resource strategies to improve corporate value.

Currently, we conduct ongoing engagement surveys of our employees and apply the survey results to our business and organizational management. The results are communicated to each department, and by understanding changes in employee awareness, we are able to ascertain the effects of various personnel measures and the challenges we currently face. Taking this a step further, based on the relationship between human capital and improvements in business profits and capital efficiency, we are attempting to conduct analyses from the perspectives of what effect the enhancement of human capital achieved through the planning and implementation of human resource strategies has had,

and what sort of actions would increase business profits and improve capital efficiency. By examining the link between human capital and corporate value in this way, we hope to pursue human capital measures that will improve ROIC, and ultimately PBR, in the future.

As part of this effort, since fiscal year 2023, we have been joined by the Nobuyuki Isagawa Laboratory and Kazuo Yamada Laboratory of Kyoto University, and are working together on a project to analyze the impact of human capital on financial performance. In the first fiscal year, the results of engagement surveys conducted to date at Nagoya Works, R&D Center, and Headquarters were analyzed in relation to diversity indicators such as the proportion of female employees, and to matters such as the workplace environment. In fiscal 2024, we plan to conduct a more fine-grained analysis, examine the content of the engagement survey, and set out the correlation between engagement scores and capital efficiency, as shown in the figure below. We will also expand the scope of analysis to cover other manufacturing sites. Based on these findings, we will unravel the correlation between engagement surveys and increased corporate value, thereby connecting these to enhanced human capital and well-being.

After summarizing the effects of human capital on enhancing corporate value and financial figures, we will use this information to develop and implement more effective human resource strategies that maximize the potential of our talent. We believe that proceeding with this project is a very important step in improving corporate value, and that it will prove to be very effective.

Overview for “Visualizing the Financial Impact of Human Capital”

