



UACJ Corporation

Sustainability Briefing

November 27, 2024

Event Summary

[Company Name]	UACJ Corporation	
[Company ID]	5741-QCODE	
[Event Language]	JPN	
[Event Type]	Analyst Meeting	
[Event Name]	Sustainability Briefing	
[Fiscal Period]		
[Date]	November 27, 2024	
[Number of Pages]	48	
[Time]	10:00 – 12:04 (Total: 124 minutes, Presentation: 86 minutes, Q&A: 38 minutes)	
[Venue]	Webcast	
[Venue Size]		
[Participants]	93	
[Number of Speakers]	10	
	Shinji Tanaka	Representative Director, President
	Teruo Kawashima	Director, Executive Vice President
	Joji Kumamoto	Director, Managing Executive Officer, Chief Executive, Corporate Strategy Division
	Takahiro Ikeda	Independent Outside Director
	Ryoko Nagata	Independent Outside Director
	Yoshiko Takayama	President, Japan Board Review Co., Ltd.
	Midori Narita	Executive Officer, Chief Executive, Corporate Sustainability Division
	Kozo Okada	Executive Officer, Chief Executive, Finance and Accounting Division
	Sachio Urayoshi	Executive Officer, Chief Executive, Business Support Division
	Kaoru Ueda	General Manager, IR, Finance Department

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[Analyst Names]*	Atsushi Yamaguchi	SMBC Nikko Securities
	Harunobu Goroh	UBS Securities
	Yuji Matsumoto	Nomura Securities
	Yu Shirakawa	Morgan Stanley MUFG Securities
	Shinichiro Ozaki	Daiwa Securities

*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A or whose questions were read by moderator/company representatives.

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Presentation

Ueda: We will now begin the briefing. Thank you very much for taking time out of your busy schedule today to attend the Sustainability Briefing of UACJ Corporation.

I am Kaoru Ueda, General Manager, IR, Finance Department, and I will be your moderator today. Thank you very much for your cooperation.

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

Please note the following notes regarding the briefing session. For the record of the proceedings, this briefing is being recorded. The content of the briefing will be posted on our website at a later date. We ask that attendees refrain from video or audio recording.

Although forward-looking information may be provided in this presentation, such information is only our current forecast. Please note that actual results may differ materially from these forward-looking statements due to various factors.

Finally, once again, please make sure that the microphone is muted.

Today's Program

Speakers	Content	Time
Shinji Tanaka (Representative Director, President)	Enhancing Corporate Value through Sustainability Activities	10:03 - 10:35
Midori Narita (Chief Executive, Corporate Sustainability Division Executive Officer)	Initiatives to Create Value-added Materials	
Teruo Kawashima (Director, Executive Vice President)	Human Capital and Enhancing Corporate Value - Efforts to visualize the financial impact of human capital -	
Break		10:35 - 10:40
Teruo Kawashima	UACJ's Steps to Strengthen Corporate Governance	10:40 - 11:25
Takahiro Ikeda (Independent Outside Director) Ryoko Nagata (Independent Outside Director) <Facilitator> Yoshiko Takayama (President, Japan Board Review Co., Ltd.)	Discussion with Outside Directors - UACJ's Governance -	
Break		11:25 - 11:30
Q&A		11:30 - 12:00

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Here is today's program.

As you can see on the screen, in the first half of the presentation, our executives will give you three explanations on how our sustainability activities enhance our corporate value. The second half of the session will be a roundtable discussion of outside directors on the subject of governance at UACJ, and will conclude with a Q&A session.

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Let us now begin today's program. First, Mr. Shinji Tanaka, Representative Director, President, will give an opening address and explain how we enhance corporate value through sustainability activities. President Tanaka, could you please?

The UACJ Group Philosophy System



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Tanaka: Good morning, ladies and gentlemen. I am Tanaka, President. Thank you very much for taking time out of your busy schedule today to attend our sustainability presentation.

Let me begin by explaining how we enhance corporate value through sustainability activities.

First of all, I would like to talk about the corporate philosophy of the UACJ Group.

As we have already announced several times, in 2021 we have established the following vision and values that we aim to achieve, based on our corporate philosophy of "Contribute to society by using raw materials to manufacture products that enhance prosperity and sustainability." Regarding our values, we have established the "UACJ Way" as a guiding principle for moving toward our philosophy, as shown here.

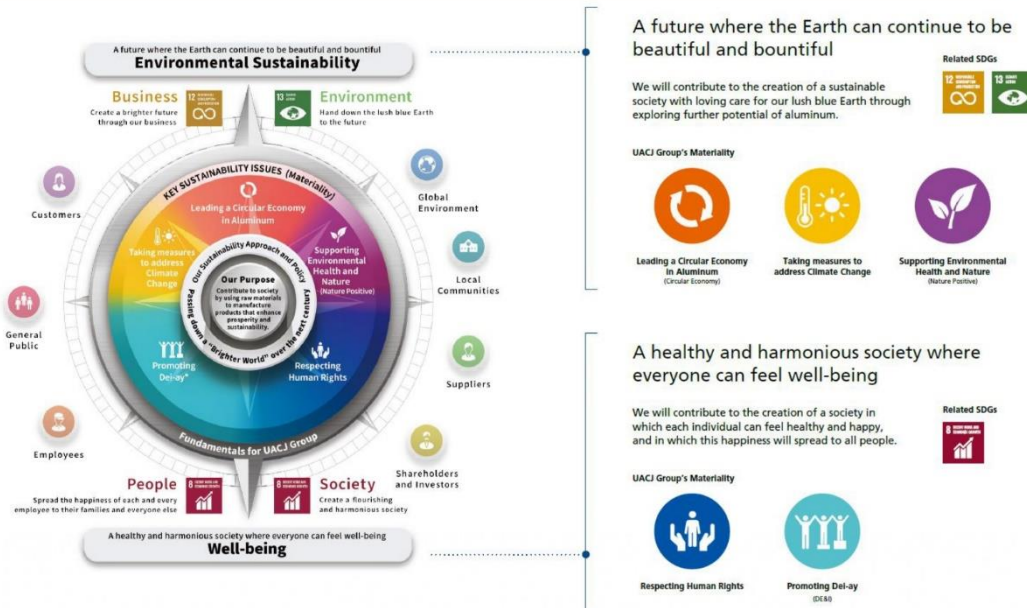
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The UACJ Group Sustainability Compass: Guiding the UACJ Group to Make a Better World



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We are promoting sustainability initiatives based on our basic policy of "To make a better world 100 years from now."

We have defined three items of materiality for the environment and two items of materiality for wellbeing, and have placed them on the north side, south side, and top and bottom of this compass to indicate the direction and objectives we should pursue. Today, I would like to talk about one of these, in particular, leading a circular economy in aluminum.

Thoughts Behind the Mid-Term Management Plan (FY2024 - 2027)

Value

- Expanding earnings as a corporate group that creates added value

Connect

- Connecting a circulation loop for aluminum
- Connecting new business
- Connecting people to people

Lightens the World

- Contributing to reduction of environmental impact through the Group's skills and technologies

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In April of this year, the fourth medium-term management plan was launched.

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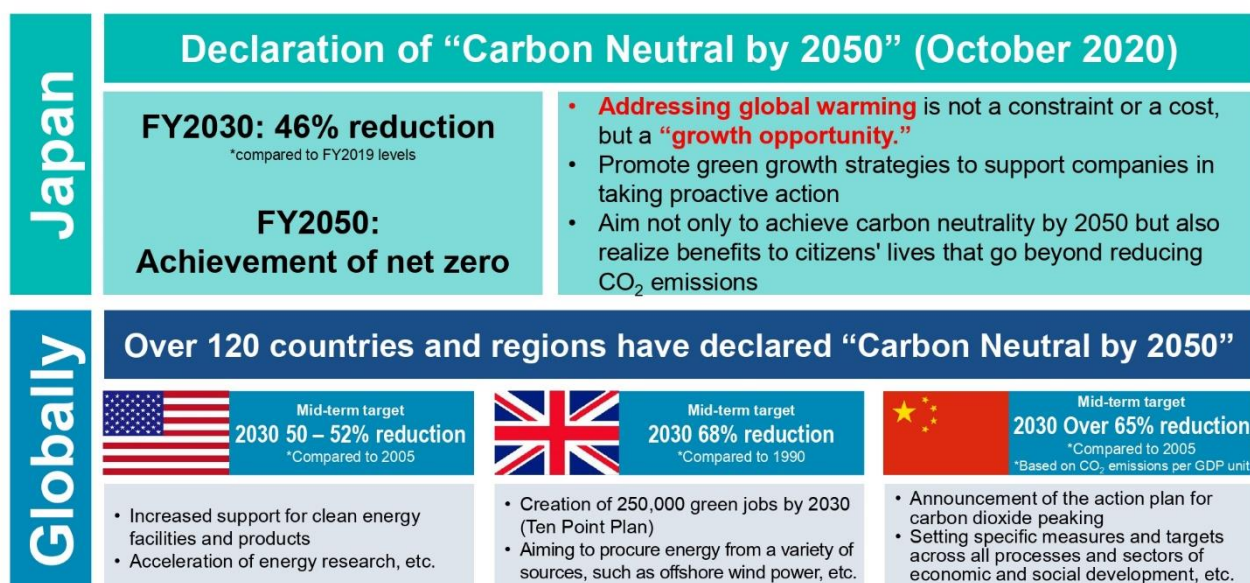
The subtitle of this fourth medium-term management plan is "Value, Connect, Lightens the World." In this subtitle, "Value, Connect, Lightens the World," we have included our thoughts on the realization of the plan.

The first, "Value," represents our transformation into an earning corporate group that is not merely a materials manufacturer, but one that creates additional value.

The second, "Connect," means to connect new businesses and people by linking the aluminum circulation with customers and partners.

The last, "Lightens the World," is the very essence of our corporate philosophy: to contribute to the reduction of environmental burdens through the unique skills and techniques of the UACJ Group.

Trends Towards Realizing a Carbon-neutral Society



Created by UACJ based on information available at the Decarbonization Portal (https://ondankataisaku.env.go.jp/carbon_neutral/topics/feature-06.html)
 Created by UACJ based on the METI's Green Growth Strategy Through Achieving Carbon Neutrality in 2050 (https://www.meti.go.jp/policy/energy_environment/global_warming/ggs/pdf/green_koho_r2.pdf)

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Here you will find trends in Japan and around the world toward the realization of a decarbonized society.

As you know, Japan has declared itself carbon neutral for the year 2050 and has described its response to global warming as an opportunity for growth.

Looking around the world, more than 120 countries and regions have also committed themselves to carbon neutrality by 2050. Here are some examples from the US, UK, and China. Here, too, steady progress is being made toward the mid-term goal.

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UACJ's Initiatives

Declaration of commitment to carbon neutrality

[Scope1, 2] (announced in November 2022)

Target of 30% reduction^{*1} by FY2030

Aiming for carbon neutrality by 2050

[Scope3] (announced in December 2023)

Target of 30% reduction^{*2} by FY2030 through the expansion of recycling efforts

By 2050, work with various supply chain partners to maximize recycling, **reduce CO₂ and other GHG^{*3} emissions** across the supply chain, and **minimize overall GHG emissions**

^{*1} Compared to 2019 levels, per unit of production

^{*2} Compared to 2019 levels, per unit of production, category 1

^{*3} Greenhouse gases

UACJ recycling rate target

(announced in December 2023)

FY2030 Target

80%

(65% of FY2019 results)

UACJ recycling rate definition:

^{*} Excludes pure aluminum (1000 series, 8000 series)

^{*} Target sites: UACJ (Nagoya works, Fukui works, Fukaya works, Oyama works), UATH (Rayong works)

^{*} Used and scrap aluminum melted down in furnaces

/ Total aluminum melted down in furnaces ^{*} 100

^{*} Used and scrap aluminum is comprised of industrial scrap aluminum, aluminum from used products, and scrap aluminum from in-house manufacturing

^{*} All aluminum melted down in furnaces is comprised of Virgin aluminum, aluminum alloy additives, and used and scrap aluminum

Through the promotion of recycling, UACJ seeks to:

- 1) Reduce GHG emissions through the use of recycled aluminum
- 2) Contribute to the preservation of the global environment through resource circulation

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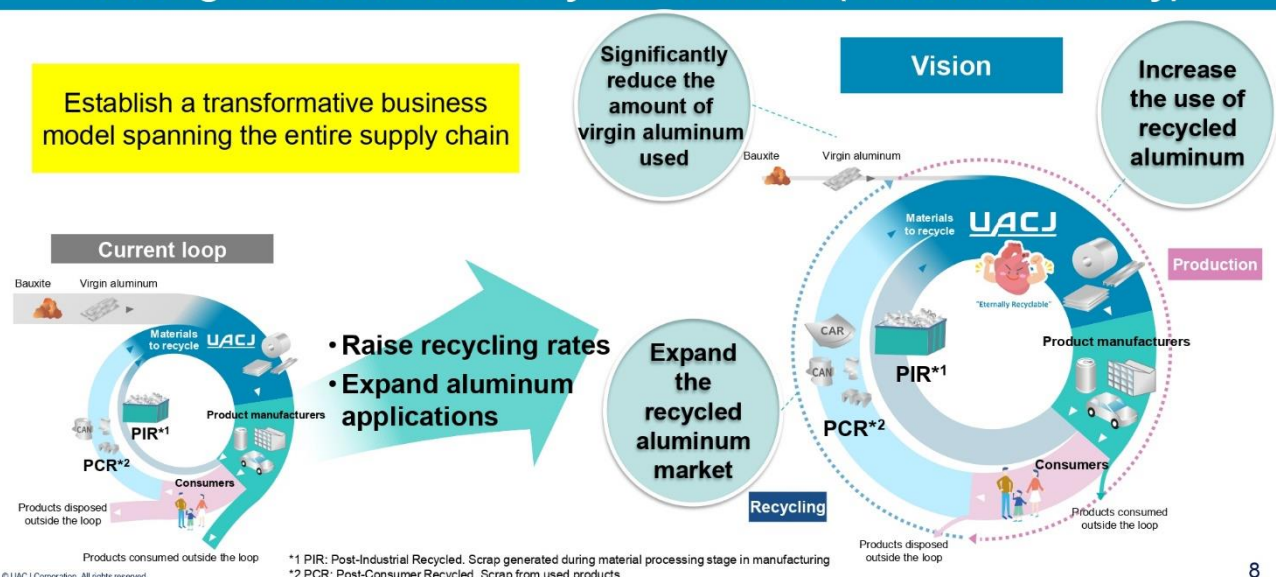
What will we, the UACJ, do in this situation?

Here is the UACJ Group's declaration of commitment to carbon neutrality. In this effort, we have set a target under the new definition of the UACJ recycling rate for FY2030 and are developing our activities accordingly. Our target is to achieve a UACJ recycling rate of 80% by 2030. Our goal is to reduce GHG emissions and build a recycling-oriented society by promoting recycling, in other words, by maximizing the use of recycled aluminum.

UACJ's Vision for a Continuous Circular Economy of Aluminum

Leading a Circular Economy in Aluminum (Circular Economy)

Establish a transformative business model spanning the entire supply chain



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This is an illustration of the UACJ Group's goal of creating an aluminum recycling society through recycling.

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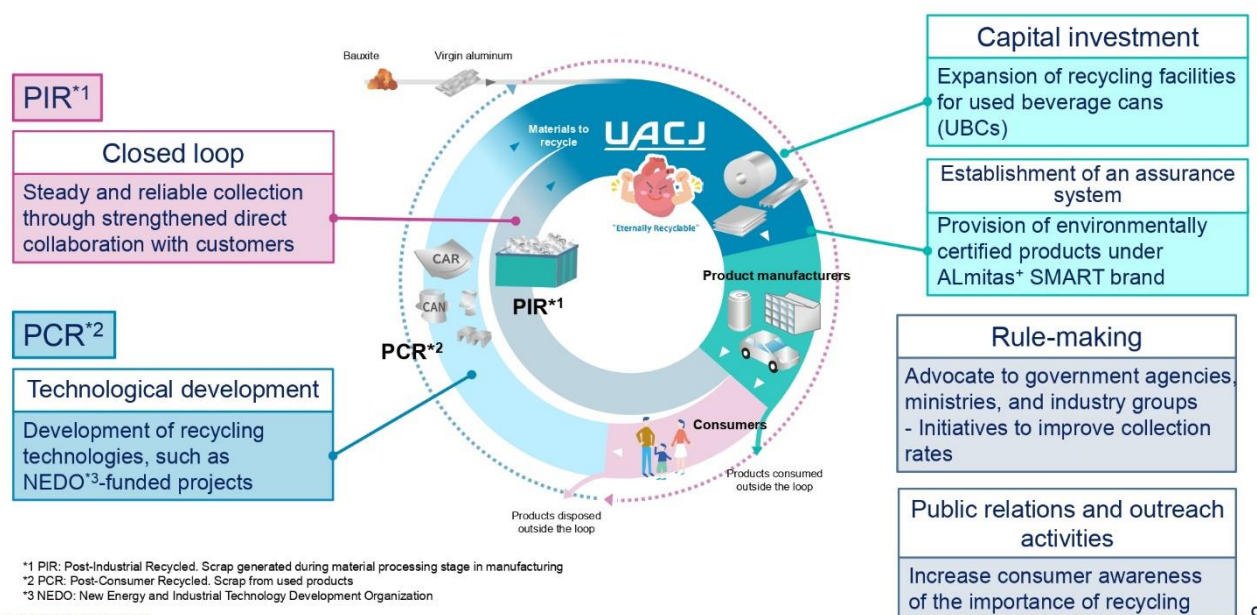
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The left side shows the conventional image and the right side shows the future goal. We intend to make this cycle bigger and thicker by improving the recycling rate and expanding the uses of aluminum. By doing so, we will aim to reduce our environmental impact by reducing the amount of new ingots used and significantly increasing the amount of recycled aluminum used.

To achieve this, it will be necessary to reform our business model involving not only ourselves but also the entire supply chain.

Establishing a Robust Supply Chain Linking Resource Provision with Resource Circulation



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This demonstrates our commitment to building a recycling-oriented supply chain.

Post Industrial Recycled (PIR), on the left, is a loop in which scrap from the customer's manufacturing process is returned to us and steadily utilized again.

Under the Post Consumer Recycled (PCR) program, we are developing recycling technologies in collaboration with NEDO, as well as creating a system for collecting materials that have reached the hands of general consumers and returning them to us as scrap.

In capital investments on the right, the expansion of recycling facilities, mainly for used beverage cans, is progressing steadily. In addition, since it is very important to provide environmentally friendly products, we have begun to offer warranty systems, especially environmentally guaranteed products, by building the ALmitas+SMART brand last year.

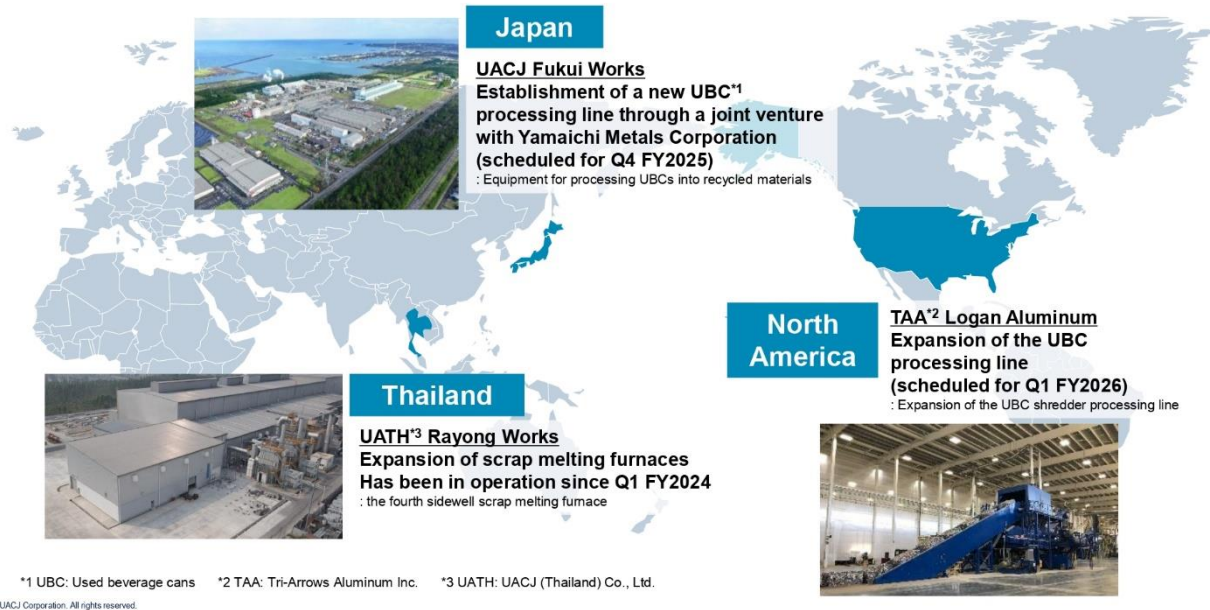
In addition, the aluminum industry as a whole has been making efforts to improve the collection rate by lobbying the government, ministries, agencies, and industry associations. In public relations, we have been promoting the importance of recycling to end consumers, and have been developing activities to increase the recycling rate.

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Global Efforts to Improve the Recycling of Aluminum Beverage Cans



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This page shows our global efforts to recycle beverage aluminum cans.

The use of used beverage cans is our mission in a recycling-oriented society and a source of our competitiveness.

In Japan, a new recycling facility is under construction at the Fukui Works through a joint venture with Yamaichi Metals Corporation. At TAA in North America, expansion of the UBC processing line is underway.

At UATH Rayong Works in Thailand, a scrap melting furnace was expanded and started operation in April this year.

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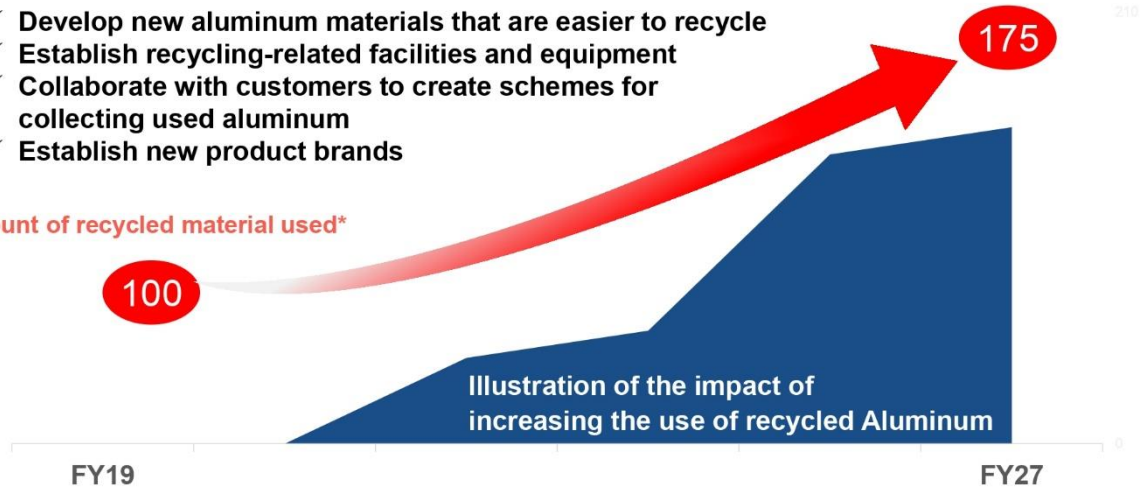
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Promoting Recycling of Aluminum Beverage Cans

Bolster recycling initiatives and establish a new business model that drives demand

- ✓ Develop new aluminum materials that are easier to recycle
- ✓ Establish recycling-related facilities and equipment
- ✓ Collaborate with customers to create schemes for collecting used aluminum
- ✓ Establish new product brands

Amount of recycled material used*



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This slide shows our efforts to promote the recycling of beverage aluminum cans.

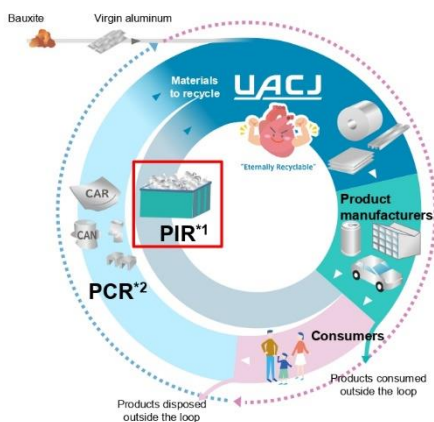
We will develop materials that are easy to recycle, set up recycling-related facilities, and establish a recovery scheme. In addition, we will work on launching new product brands, etc.

As shown in this figure, our goal is to increase the use of recycling by 75% in FY2027 compared to FY2019.

Establishing a Robust Supply Chain (Automotive, etc.)

- We will begin to develop a framework together with customers, centered mainly on automotive materials

■ Utilization of PIR*1



- Scrap generated during the manufacturing processes of customers (product manufacturers) is a easy-recyclable resource due to its clearly defined composition.
- In collaboration with several automobile manufacturers, we have established a framework for collecting scrap from automotive body materials, and are currently expanding its scope. Moving forward, we aim to build similar frameworks in other fields.



Promoting framework development, centered mainly on automotive materials

*1 PIR: Post-Industrial Recycled. Scrap generated during material processing stage in manufacturing
*2 PCR: Post-Consumer Recycled. Scrap from used products

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In addition, I will talk about other supply chain structures with a focus on automobiles.

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The PIR is shown here. It means that we collect scrap generated by our customers.

The scrap returned from our customers is clearly identified as material, which makes it very easy for us to use.

We have already started working with some automakers to create this system and collect scrap. In addition, we are starting to build a system in new fields and areas, such as increasing the number of plants and lines for collection and starting new initiatives with customers that have not been implementing this before.

Ultimately, our goal is to collect all of the scrap generated at our customers' sites for recycling.

Creating Frameworks for a Circular Economy for Aluminum

➤ As an industry leader, we participate in creating frameworks to realize a circular economy of aluminum

Three-country activities	Global activities
<ul style="list-style-type: none">Japan: Miyuki Ishihara (Chairman of UACJ) has been appointed President of the Japan Aluminium Association and Chairman of the Japan Aluminium Can Recycling Association, and promotes technological development and the creation of a framework to encourage recyclingUS: Henry Gordinier (Managing Executive Officer of UACJ and President/CEO of TAA) is Chair of The Aluminum Association and works with federal and state governments to improve recycling ratesThailand: Teerapun Pimtong (General Manager of the Sales & Marketing Department (Domestic Can stock) at UATH) has been appointed Chairman of Aluminium Industry Club, the Federation of Thai Industries. Together with government and industry officials, he is promoting UBC^{*1} collection and carrying out activities to raise awareness of recycling through Can to Can closed loop recycling^{*2}	<ul style="list-style-type: none">We are the only Japanese company to participate in the International Aluminium Institute's (IAI) Global Beverage Can Circularity Alliance, working with member companies to improve the global recycling rate of aluminum cans (especially in the US).In October 2024, a UACJ employee presented "Aluminum Can Circularity in Japan" on behalf of the Japan Aluminium Association at the Global Aluminium Can Sustainability Summit^{*3}, sharing our efforts with stakeholders from various countries. <div><p>● Global Beverage Can Circularity Alliance member companies</p><ul style="list-style-type: none">Can manufacturers: Ball, Crown, Ardagh Metal Packaging, etc.Manufactures of aluminum rolled products: UACJ, Novelis, Constellium, etc.</div> <p>Kenji Nose from UACJ's Climate Change Task Force Department → speaking at the Global Aluminium Can Sustainability Summit</p>

*1 UBC: Used beverage cans *2 A framework for recycling aluminum in the aluminum can manufacturing process
© UACJ Corporation. All rights reserved. *3 Global Aluminium Can Sustainability Summit (hosted by the Can Manufacturers Institute and the Metal Packaging Europe, etc.)

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To achieve a recycling-oriented society for aluminum, we have established solid partnerships with industry associations and government agencies, and are working to establish rules for collection and reuse.

As shown in this slide, in the three regions, Mr. Ishihara, our Chairman, assumed the position of President of the Aluminum Association in Japan; Mr. Henry, Managing Executive Officer in North America and Mr. Teerapun of UATH (Rayong works) in Thailand. We are developing collection or recycling activities in various countries.

On the right side, global activities are described with a photo. We are actively developing our activities through the International Aluminum Institute. Recently, there was a conference called the Global Beverage Can Circularity Alliance, in which we were the only Japanese participant. During these meetings, as shown in the photo below right, our employees introduce the excellent points of Japan's aluminum can collection system.

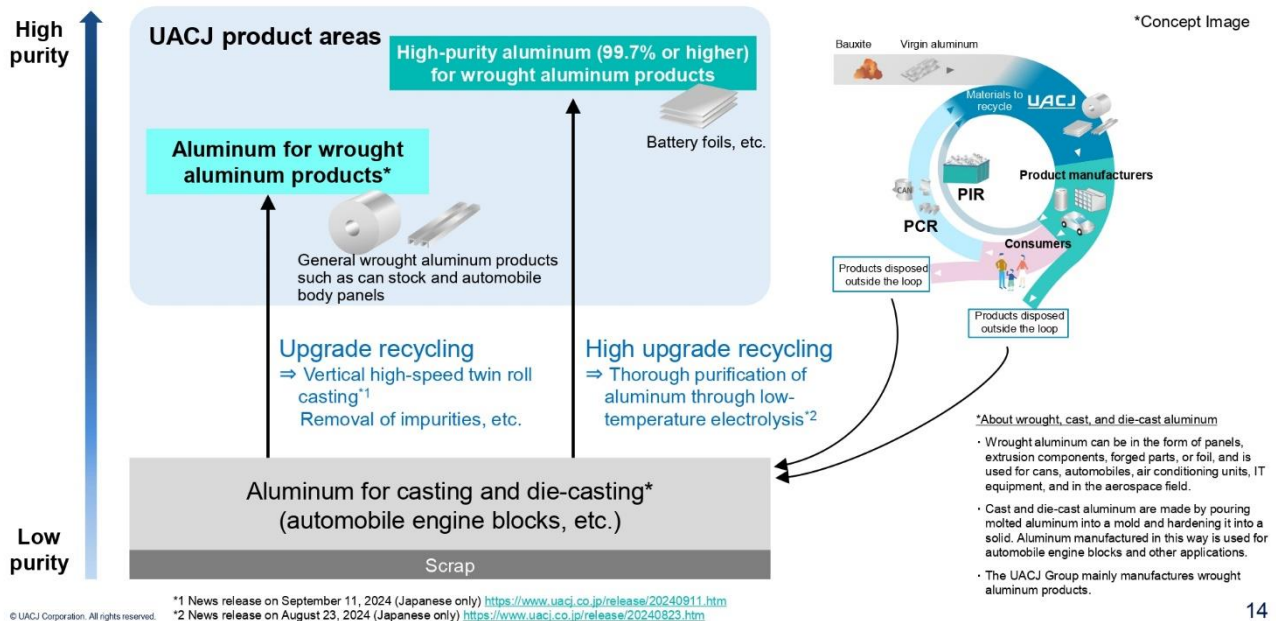
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Development of Recycling Technologies for the Future



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I will discuss recycling technologies for the future. As I mentioned earlier, there is a NEDO-subsidized project called upgrade recycling, which we are promoting together with the Tokyo Institute of Technology (currently Institute of Science Tokyo).

If recycled but not properly sorted, more and more impurities come in. Inevitably, things such as iron and silicon must be removed. If it cannot be removed, it cannot be used as an expanded material and is either used as a casting or, in the worst case, discarded. For this reason, it is a very important issue to properly separate, recycle, and reuse them.

To address these issues, we will continue our research to reduce impurities and render them harmless in the manufacturing process, thereby making it possible to be used.

As noted on the left, we call this upgrade recycling. We are also advancing this further with research into high upgrade recycling to high-purity aluminum for expansion, as shown on the right side.

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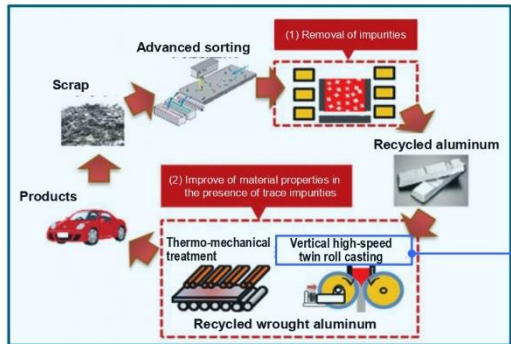
Development of Recycling Technologies (Example of Upgrade Recycling)

Experimental vertical high-speed twin roll casting machine^{*1} (NEDO^{*2}-funded project)

^{*1} News release on September 11, 2024 (Japanese only)

^{*2} NEDO: New Energy and Industrial Technology Development Organization

- In September 2024, an experimental machine was installed at the R&D Center (located at the Nagoya Works) and **trial production began**, with the aim of achieving global commercialization ahead of others
- This experimental machine **can cast aluminum sheets at a high speed of 0.5-1.3 meters per second**
- By the 2030s, we aim to introduce a commercial machine capable of casting sheets approximately 2,000mm wide (equivalent to a production capacity of **200,000 tons per year**), thereby achieving aluminum resource circulation in wrought products and significantly reducing CO₂ emissions

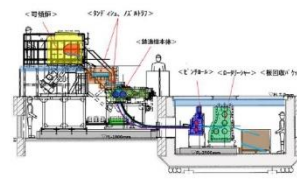


Conceptual diagram of advanced circulation technology for aluminum materials

*Vertical high-speed twin roll casting

Casting of thin sheets at high speed directly from molten aluminum.
Rapid cooling and solidification allows for the fine dispersion and neutralization of impurity-derived compounds.

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Schematic diagram and appearance of the experimental machine installed at UACJ's R&D Center



Molten aluminum pouring area



Beneath the rollers, a sheet emerging during casting



Shear exit, edge of cast sheet

Trial production

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This slide is an introduction to the upgrade recycling related equipment that we released on September 11.

This is a vertical high-speed twin-roll casting, with the overall system diagram shown on the left.

A photo of the casting portion of this is shown on the right. This is the casting process.

With a government subsidy, we have installed an experimental machine at our R&D center and have now started the experiment.

With the introduction of this experimental machine, we are planning to produce 200,000 tons per year of high-quality recycled aluminum material with a width of 2,000 mm by 2030, although this is a long way off.

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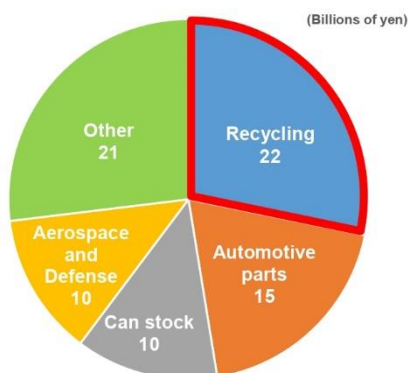
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Investment in Recycling Promotion Laid Out in the Mid-Term Management Plan

- The promotion of recycling is positioned as the cornerstone of our growth strategy, to which approx. 30% of growth investments will be allocated under the current mid-term management plan

Fourth mid-term management plan (FY2024-27)
Breakdown of ¥78 billion for growth investments by field



*UBC: Used beverage cans

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Main recycling facilities to be started in operation during the fourth mid-term management plan period

Region	Facility	Start of operation
Japan	Establishment of new UBC/scrap processing equipment	Q4 FY2025
Equipment for processing UBCs into recycled materials to be newly established at Fukui Works (operated as a joint venture)		
US	Expansion of UBC processing capacity	Q1 FY2026
Expansion of the UBC shredder processing line		
Thailand	Expansion of scrap processing capacity	Q1 FY2024
Started operation of the fourth sidewall scrap melting furnace		

Highest rating obtained in the Green finance framework

On November 26, 2024, UACJ received the highest rating of Green 1 from JCR*, who oversee the green finance framework, for borrowing funds designated for investments in recycling facilities. By utilizing green finance and diversifying funding sources, we aim to further promote sustainability investments.

Assessment details

Purpose of funds: Investment in UBC/scrap processing equipment at the Fukui Works
Assessment result: Green 1 (the highest rating awarded by JCR)

*JCR: Japan Credit Rating Agency, Ltd.

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In our fourth medium-term management plan, recycling is the most important item in our growth strategy. We plan to invest JPY78 billion in growth over the next four years, with JPY22 billion, or 30% of that amount, allocated to the promotion of recycling. To the right are examples of applications in Japan, the US, and Thailand.

We have received a Green1 rating from JCR, the highest rating under the green finance framework described below. The funds will be used for recycling equipment at the Fukui Works.

In this way, we intend to firmly promote sustainability investment by diversifying our financing sources while also utilizing green finance and other sources.

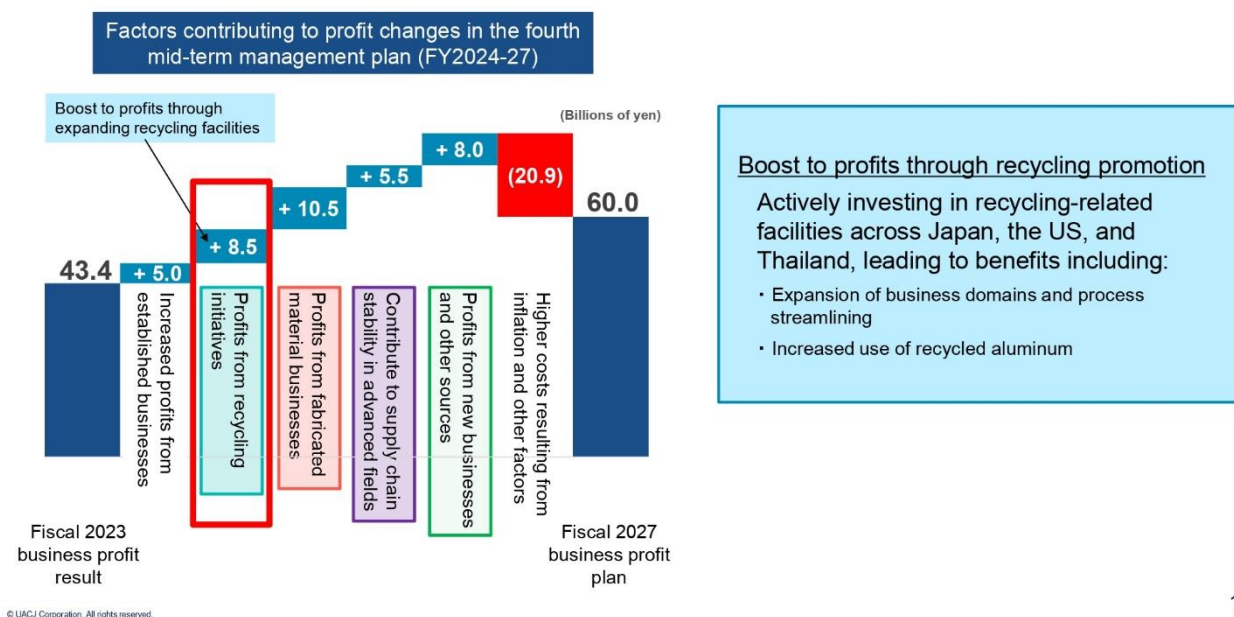
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Expected Boost to Profits through Recycling Promotion in the Mid-Term Management Plan



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The medium-term management plan sets a target of posting business profit of JPY43.4 billion in FY2023 and expanding this to JPY60 billion in FY2027, the final year of the plan.

Among them, especially in recycling, we expect an increase effect of JPY8.5 billion, taking into account the capital investment mentioned earlier.

As indicated on the previous page, by increasing our recycling capacity, we hope to expand the benefits of expanding our business areas, omitting processes, and increasing the amount of recycled aluminum used.

We believe that these gains will lead not only to this Fourth Mid-Term Management Plan but also to the Fifth Mid-Term Management Plan.

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Conveying the Value-added Materials

Solving social issues and meeting customer needs

Solving social issues

Improving sustainability and transparency

Environment: Reducing GHG emissions and improving resource circulation
Society: Human rights and occupational safety and health

Customer needs

Reducing the environmental impact through the use of aluminum
Supplying sustainable products

UACJ

To realize the value-added materials

- Establishment of a healthy supply chain
- Technological development
- Capital investment

Creating the value-added materials

- Responding to industry standards
⇒ Initiatives etc.
- Assurance and Branding
⇒ ALmitas⁺ SMART

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Finally, companies are now required to improve sustainability and transparency in order to solve social issues. On the environmental front, there is a need to reduce GHG emissions and improve resource recycling. Several social aspects are also required, including consideration for human rights.

We will continue to reform our business model to address these social issues and customer needs. Furthermore, we intend to achieve the value-added materials while making good use of the characteristics of aluminum.

That is all from me.

Next, Ms. Narita will explain our efforts to create value in terms of responding to initiatives and assurance/branding.

Ueda: Thank you very much, Mr. Tanaka. Midori Narita, Executive Officer, Chief Executive, Corporate Sustainability Division, will now explain the Company's initiatives to create value-added materials. Ms. Narita, could you please?

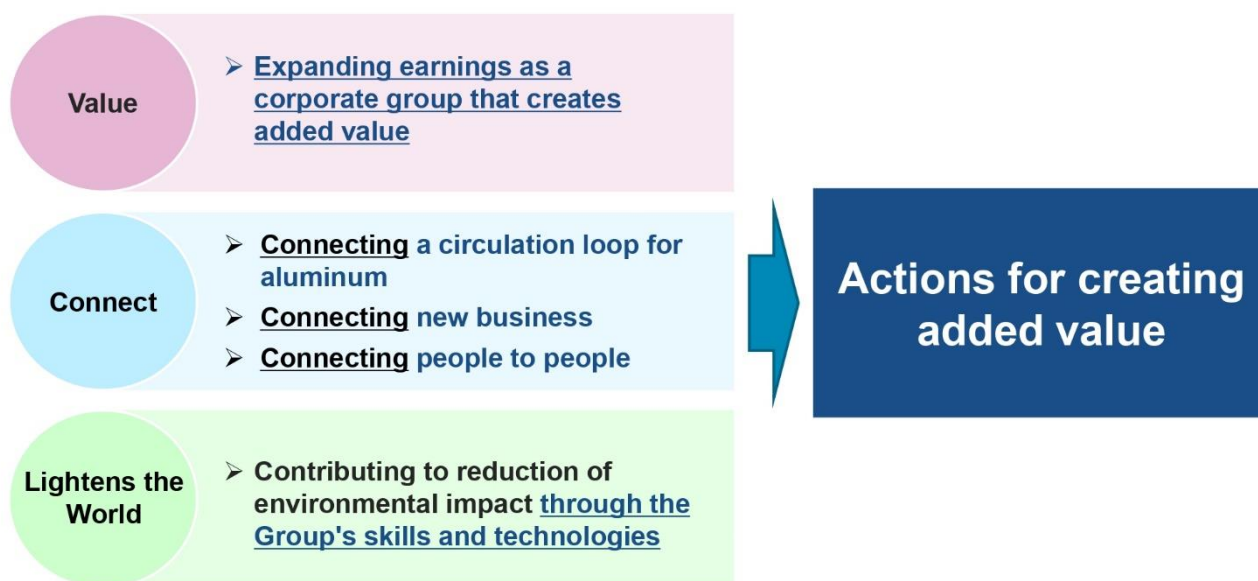
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Topics of Today's Discussion



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Narita: Thank you very much. My name is Midori Narita, and I am in charge of Sustainability. Today, following Mr. Tanaka's explanation, I would like to explain our efforts to create value-added materials.

The subtitle of the fourth medium-term plan is "Value, Connect, and Lightens the World." I would like to talk about some specific examples of how we can create additional value in connecting the aluminum circle and new businesses.

Actions for Creating Value

- Focus on initiatives to maximize the value provided, with a view toward a sustainable future

■ Vision

Connecting different industries and supply chains to serve as a key enabler of value in a circular society

Providing products chosen by customers and consumers as an industry leader

■ Actions for creating value

Responding to industry standards

Development of products promoting added value in line with customer needs

In each country:

- Strengthen collaboration and sharing of information with relevant government agencies and academia
- Engage in activities within industry associations

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Sustainability at UACJ means contributing to society by using our skills and techniques to solve social problems that need to be solved.

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For example, in solving social problems such as reducing greenhouse gas emissions and environmental impact, we will expand the loop of circulation and recycling. The UACJ serves as the heart of the circular, connecting customers, secondary alloy manufacturers, and companies involved in aluminum recycling. As a leader in the aluminum industry, we will also continue to provide products that are trusted and appreciated by our customers and consumers. These are the wishes and aspirations of the UACJ.

In order to create this value, Mr. Tanaka spoke earlier about the efforts of each association in the three regions and the relevant ministries and agencies. Today, I would like to talk about two points: responding to industry standards and providing products that appeal to the value-added needs of our customers.

Responding to Industry Standards and UACJ's Environmental Certification for the Value-added Materials

- Create value for the value-added materials through methods tailored to customers and the market

■ Two actions to delivering added value to the market

Responding to industry standards (initiatives, etc)



ecovadis

Proactively adapting to global industry standards and obtaining exacting certifications to enhance sustainability efforts

Development of products promoting added value in line with customer needs (branding)

ALmitas⁺ SMART

Mass Balance method
(UACJ standard)

+

Meeting the environmental
requirements of individual
customers

Providing environmentally certified products in line with customer needs under UACJ's environmental brand, ALmitas⁺ SMART

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The first of these methods is to respond to industry standards and initiatives. The industry has a number of initiatives with different approaches and scopes, such as ASI for the aluminum industry, CDP, and EcoVadis. Today, I will talk about ASI, the global standard in the aluminum industry.

I would also like to discuss the needs of our clients in terms of branding, and I would like to talk about ALmitas+SMART.

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The Value of ASI Certification

- The aluminum industry's largest initiative for expanding business with global customers

ASI (Aluminium Stewardship Initiative)

The largest international initiative in the aluminum industry, with membership from companies and organizations involved in the aluminum supply chain, from mining, processing to users. Currently there are more than 360 member companies and organizations. As a [standard for the promotion of sustainability and supply chain management](#), it requires members to address environmental issues, such as GHG reduction and improved resource circulation, as well as social issues, such as human rights and occupational health and safety.



Performance Standard (PS) certification

Certification of business sites (business units). Requirements include formulating a scientifically based pathway to reduction in line with the IAI* 1.5°C scenario.



Chain of Custody (CoC) certification

Certification of products. Compliance with standards across the supply chain (processing and distribution stages) is required.

- ✓ There is accelerating demand for ASI certification from major aluminum users (beverage cans, automobiles, IT products, etc.)
- ✓ UACJ was the first Japanese manufacturer to join in 2020 and to obtain certification in 2022. Leveraging the knowledge and expertise acquired, UACJ aims to expand business by meeting stringent customer demands

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I will now talk about ASI.

The initiative we call ASI, the Aluminum Stewardship Initiative, is the largest initiative in the aluminum industry. This is an initiative that covers not only environmental aspects such as greenhouse gas reduction, but also a wide range of other issues such as human rights, health, and safety.

Therefore, a great many companies are participating in this project, including not only aluminum manufacturers, but also end users such as automobile manufacturers, cosmetics manufacturers, and IT manufacturers, as well as distributors and raw material manufacturers. Currently, more than 360 companies or organizations are participating.

ASI has two certifications. The first is the PS certification in the upper part of the document. This is a certification for entities, which are required to develop and disclose their GHG reduction plans in accordance with the 1.5° C scenario issued by the International Aluminum Federation.

This PS certification allows for a second, product-specific certification, CoC certification. The certification requires compliance with standards throughout the supply chain, and CoC-certified aluminum products are shown to be highly reliable. The UACJ was one of the first Japanese manufacturers to participate in this standard and has received certification.

How does taking ASI lead to an increase in corporate value? Of course, having certification is valuable in itself, but it is also necessary to link this to earning income.

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Current Sales Status and Future Outlook for ASI-certified Aluminum

- Establish a global, multi-product supply system through horizontal deployment of the knowledge and expertise required for obtaining certification

Market Increased demand for certification from customers, in all areas, from can stock and automobile panels to automobile parts

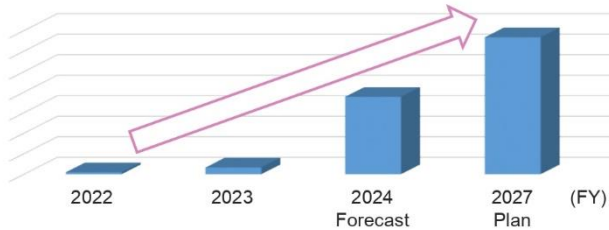
UACJ Certification acquired at 2 locations:
Fukui and Thailand

Current sales of ASI-certified aluminum
Fukui Works: Global can manufacturers for Europe
Thailand (UATH): Can manufacturers in South and Southeast Asia

■ Future initiatives

- Promote the acquisition of certification by horizontally deploying the knowledge and expertise required for acquiring certification to other product areas, businesses, and work locations, e.g. the automotive sector
- Establish a global, multi-product supply system

Sales volume of ASI-certified aluminum



Key factors behind increasing sales

- Acquisition of new projects from global can manufacturers targeting Europe
- Acquisition of certification for automobile panels and automobile parts

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This graph shows sales of ASI-certified aluminum.

Global can material manufacturers approached us, and the UACJ was the first to obtain certification at the Fukui and UATH Rayong works. Therefore, we are able to respond quickly to the requests of Southeast Asian manufacturers from Rayong and European manufacturers from Fukui, respectively, and this has led to an increase in sales in 2024.

Subsequently, there has been a trend to require ASI certification for cans, automotive plates, and automotive parts as well.

The UACJ Group intends to build on its superiority by preparing a global, multi-product supply.

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ALmitas+ Branding

- Creating brand images from the characteristics of the aluminum materials and their effectiveness in addressing specific issues



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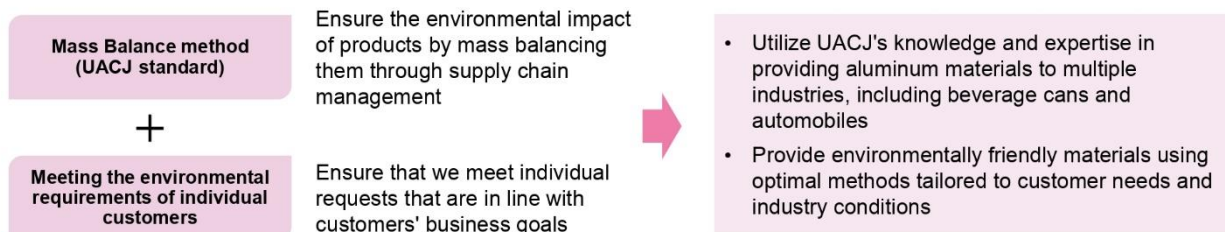
In addition to certification, the UACJ is also promoting activities to set its own standards. That is ALmitas+SMART.

ALmitas+ is a UACJ family brand that brands the characteristics of the aluminum material. Among these eight categories, ALmitas+SMART is the one that is particularly environmentally friendly or appeals to the cyclical nature of recycling.

What is ALmitas+ SMART?



■ Two approaches to ALmitas+ SMART



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The most important part of addressing environmental issues with aluminum is the smelting of raw materials.

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ALmitas+SMART combines the use of green ingots using renewable electricity during smelting and recycled aluminum raw materials collected through recycling with the use of renewable energy within the UACJ.

We offer two types of provision: mass-balance method and customer-specific response.

Examples of ALmitas+ SMART Products

- Improving development and supply capabilities for environmentally friendly materials through responding to the needs of industry-leading customers

2017

Received a request from a global IT manufacturer for a 100% recycled aluminum material for laptops

2018

Initial shipment (Nagoya Works)



Ongoing provision

Details of provision

Guaranteed proportion of recycled material

Use of renewable energy as power for production



An example of aluminum sheets for which the highest surface quality is required

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I would like to present a case study of ALmitas+SMART products.

The earliest example is the aluminum material for notebook PCs, which started seven years ago. These products were originally required to have a beautiful surface, and in response to requests for 100% recycled aluminum, UACJ's skills, techniques, and knowledge of alloy development were utilized to create these products.

We continue to provide materials to this company.

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Examples of Third-party Certifications for ALmitas+ SMART Products



Beverage cans

Clearly indicate the proportion of virgin aluminum



Automotive

Mass balance method using closed-loop recycling and green virgin aluminum

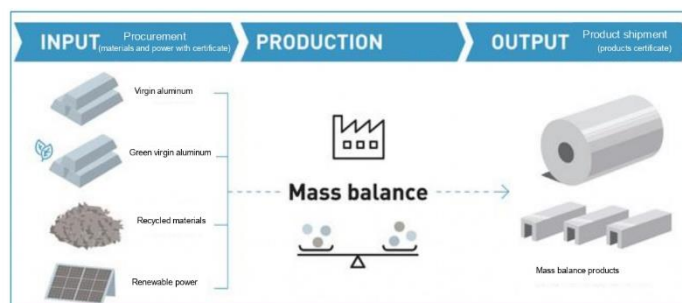


Construction materials

Recycled materials in market and green virgin aluminum

Mass Balance method

By managing UACJ's INPUT and OUTPUT and allocating environmentally certified raw materials to products, we are able to guarantee the level of GHG emissions



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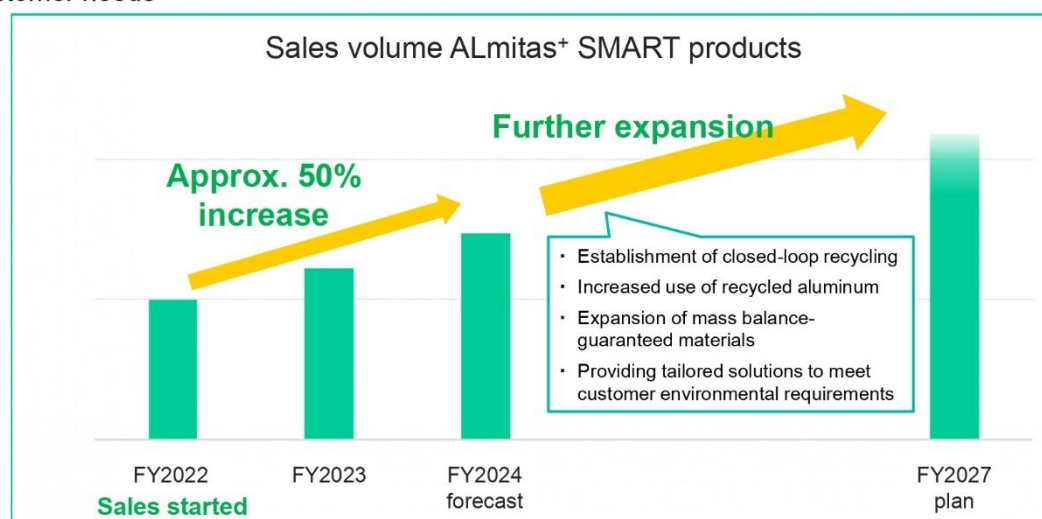
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ALmitas+SMART also offers a mass balance method.

Although there are various methods for mass balance, it is important to ensure reliability and transparency. These are certified annually by a third party for operational appropriateness and are provided to our customers for their peace of mind.

Expanding Sales of ALmitas+ SMART Products

- Aim to expand sales by providing environmentally friendly materials tailored to market and customer needs



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ALmitas+SMART sales are 50% higher in 2024 than in 2022.

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We aim to expand further by strengthening the closed loop or by increasing the amount of recycled materials used through alloy development.

EcoEnd™ Wins 3 Awards at The Canmaker Cans of the Year Awards 2024*

- UACJ has achieved high international acclaim and continues to work towards becoming an industry standard

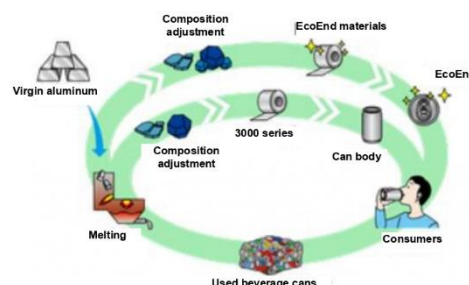
- EcoEnd™ is an aluminum beverage can lid jointly developed with Toyo Seikan
- Existing can lids have used a higher proportion of virgin aluminum than can bodies, but EcoEnd™ significantly increases the use of recycled materials, **reducing GHG emissions by around 40% compared to existing products.**



Members of Toyo Seikan and UACJ at the awards ceremony

* EcoEnd™ won three awards at The Canmaker Cans of the Year Awards 2024, organized by The Canmaker Magazine: the Delegates' Choice Award, Sustainability Award, and Gold in the "Ends, Caps & Closures" category

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The new recycling flow presented by EcoEnd™

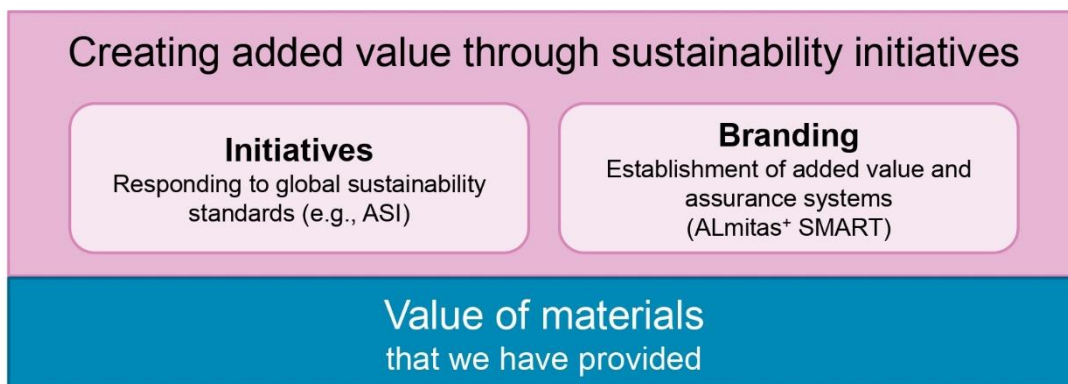
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As a recent topic, we are pleased to announce EcoEnd, which was released on November 14.

This is an epoch-making product that combines the development of alloys, which is one of our strongest points, with GHG reduction. This won three international awards.

Towards Creating Further Value

As a leading manufacturer of aluminum materials, UACJ aims to create **added value** through the sustainability initiatives in addition to the value of materials that we have provided



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The UACJ Group has contributed to society by providing materials.

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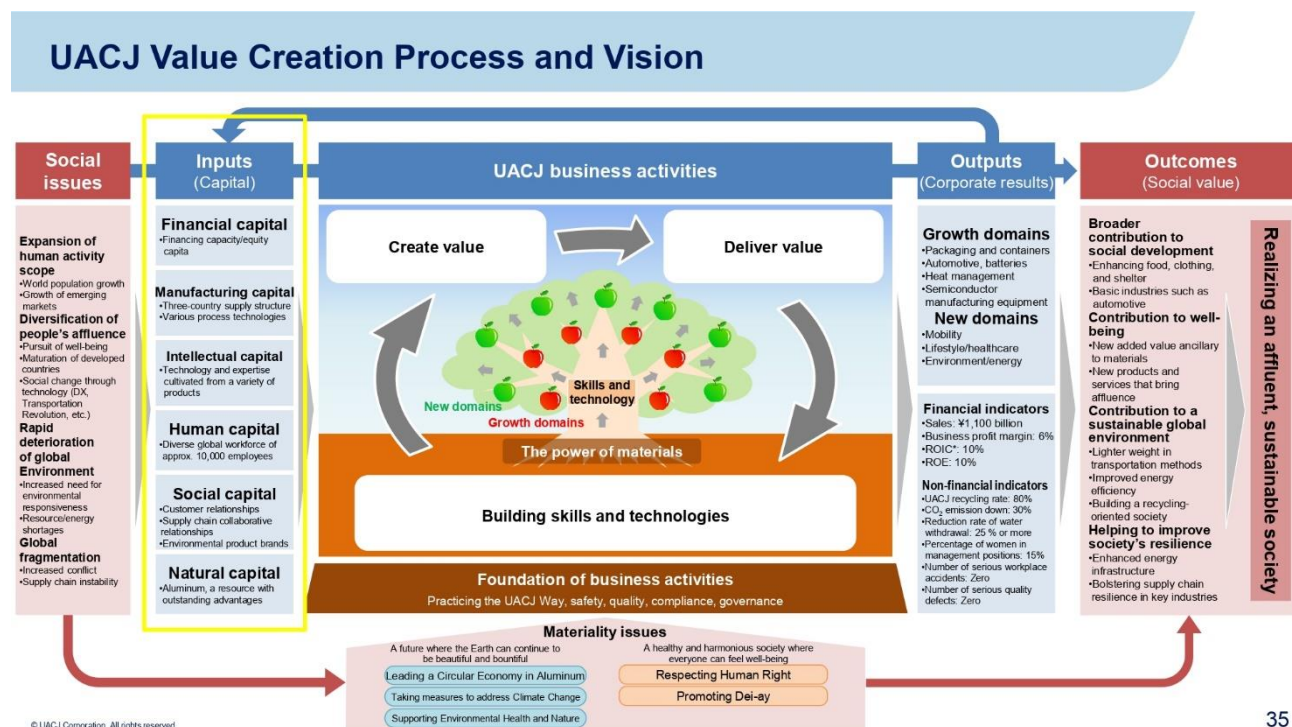


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We will continue to protect the value provided by our past material offerings. As an added value, as I explained today, we will add value by branding our products as environmentally friendly and safe for customers to use by responding to initiatives. Through these efforts, we would like to increase the added value of value-added materials, which will lead to "Value, Connect, and Lightens the World."

We look forward to your continued support. Thank you very much.

Ueda: Thank you very much, Ms. Narita. Next, Teruo Kawashima, Director, Executive Vice President, will give a presentation titled "Human Capital and Enhancing Corporate Value - Efforts to visualize the financial impact of human capital." Mr. Kawashima, could you please?



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Kawashima: My name is Kawashima. Thank you for your cooperation today. I would like to explain human capital and our efforts to link human capital to corporate value.

The value creation model you see is one that we reworked last year. On this basis, we created the fourth medium-term plan.

As a point of reference, we have organized the six capitals in terms of how they can be used by us to increase our corporate value.

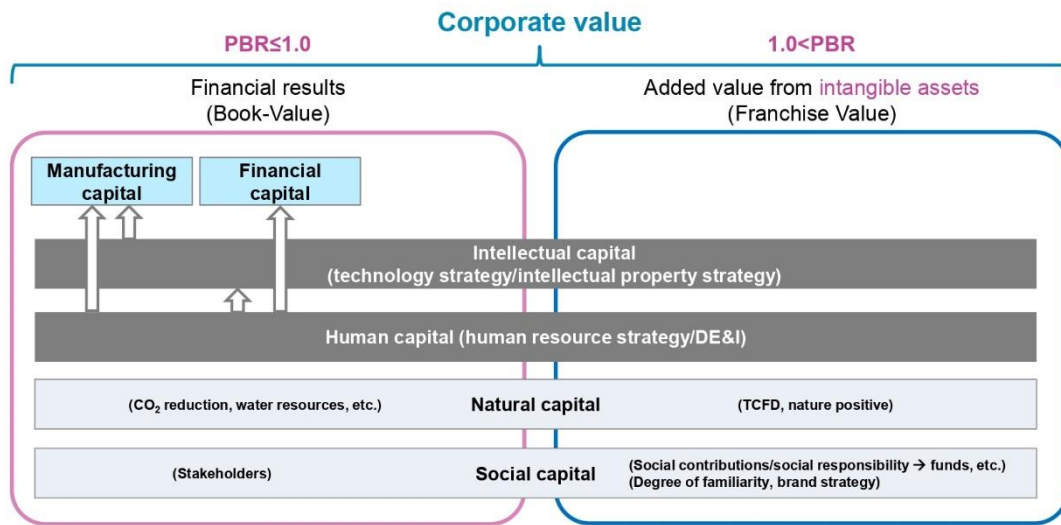
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Corporate Value Creation Through Six Types of Capital (Internal UACJ Framework)

Relationship between the six types of capital



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These six capitals are roughly divided into Book-Value, which is based on a P/B ratio of 1.0x, and Franchise Value.

Of course, manufacturing capital and financial capital are major components of this, but we consider human capital to be a very important factor in supporting this.

We believe that some of this human capital can be directly tied to figures and some to future corporate value, and we are currently sorting through this.

We believe that we need to analyze and organize how we can connect this to our corporate value.

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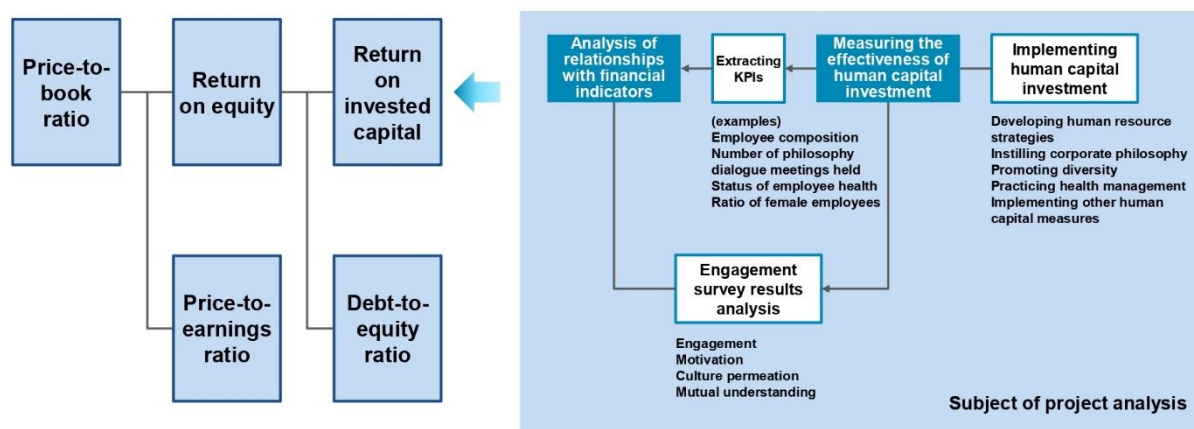
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Overview for “Visualizing the Financial Impact of Human Capital”

- Analyze the relationship between human capital policies such as human resource policies, promotion of diversity, and health management practices with financial performance
- Analyze the effects of utilizing human capital through the drafting and implementation of human resource strategies, and contribute to human capital policies that contribute to the enhancement of corporate value



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On the left are ROE, ROIC, and PER differentiated from PBR. The Company has been citing ROIC, capital efficiency, as a KPI. What can be done in the denominator and numerator when increasing this capital efficiency? Since we are a manufacturer and a company, I believe that the individuality and performance of each person and the power of the group are important. How we use our large human capital is important.

Specifically, for example, as you can see on the right, we are developing a human resources strategy, and we have been continuing activities to instill our corporate philosophy. The Company has also implemented initiatives to promote diversity and has been selected for the Health and Productivity Stock.

It is quite difficult to express in numbers how each of these pieces are connected. As one realization of this, we have been doing engagement surveys for several years. As we further develop this engagement survey, we will organize how it connects to the denominator and numerator of ROI, for example, of corporate value.

So far, we have gone as far as to further break down the denominator and numerator of ROIC to field activities. Now we will sort out how that is connected to human capital. This will make the value of the human capital they are trying to do more effectively connected to the value of the company. We are considering taking the initiative to make this our guiding principle.

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Specific Initiatives

Purpose of analyzing the relationship between human capital investment and financial indicators:

By utilizing the results of engagement surveys, we analyze the correlation between human resource policies and financial impact, and contribute to the formulation of corporate strategies aimed at creating corporate value through improvements in human capital, including well-being and health and productivity management

Analysis of the financial impact of human capital

Utilizing internal resources such as AI analysis technology from the R&D Center

Joint project with Kyoto University

We are carrying out a project to analyze the impact of human capital on financial results in collaboration with Kyoto University's Nobuyuki Isagawa Laboratory and Kazuo Yamada Laboratory

- In FY2023, we used the results of past engagement surveys to analyze the correlation with diversity indicators such as the proportion of female employees, and to matters such as the workplace environment
- In the future, we plan to update the engagement survey and use it to analyze the link between engagement scores and financial impact

UACJ aims to devise and implement effective human resource strategies that maximize the potential of our employees, leading to **improvements in both individual and collective performance**

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The engagement survey will be one very large tool of their own.

In this context, we would like to reflect on the human resources and corporate strategies we will create in the future by sorting out how wellbeing, health, and, of course, human resources are linked to gains and losses in corporate value.

This is not easy to do on our own. So, first of all, while creating this materiality, we actually tied up with Kyoto University's Isagawa and Yamada laboratories from 2023 to have various discussions and started mathematical analysis of the engagement survey that we are already doing. Based on the results of organizing them, we would like to discuss more effective ways to improve corporate value.

As written here, we will increase individual competence and, of course, increase satisfaction and wellbeing. And we connect that to corporate value in the form of how we operate as a group. We hope to complete this effort in about two more years, ideally so that we can use it to draw up a human resources strategy for the fifth medium-term plan. By thinking about why we are drawing up this human resource strategy, because it reflects this kind of organization, we have begun to work more effectively to improve corporate value. That is all.

Ueda: Thank you very much, Mr. Kawashima. We will now take a five-minute break. The second half of the event will begin at 10:40.

We will now begin the second half of the briefing, the roundtable discussion of outside directors on UACJ's governance. Prior to the roundtable discussion, Teruo Kawashima, Director, Executive Vice President, will provide an overview of UACJ's efforts to strengthen governance. Mr. Kawashima, please.

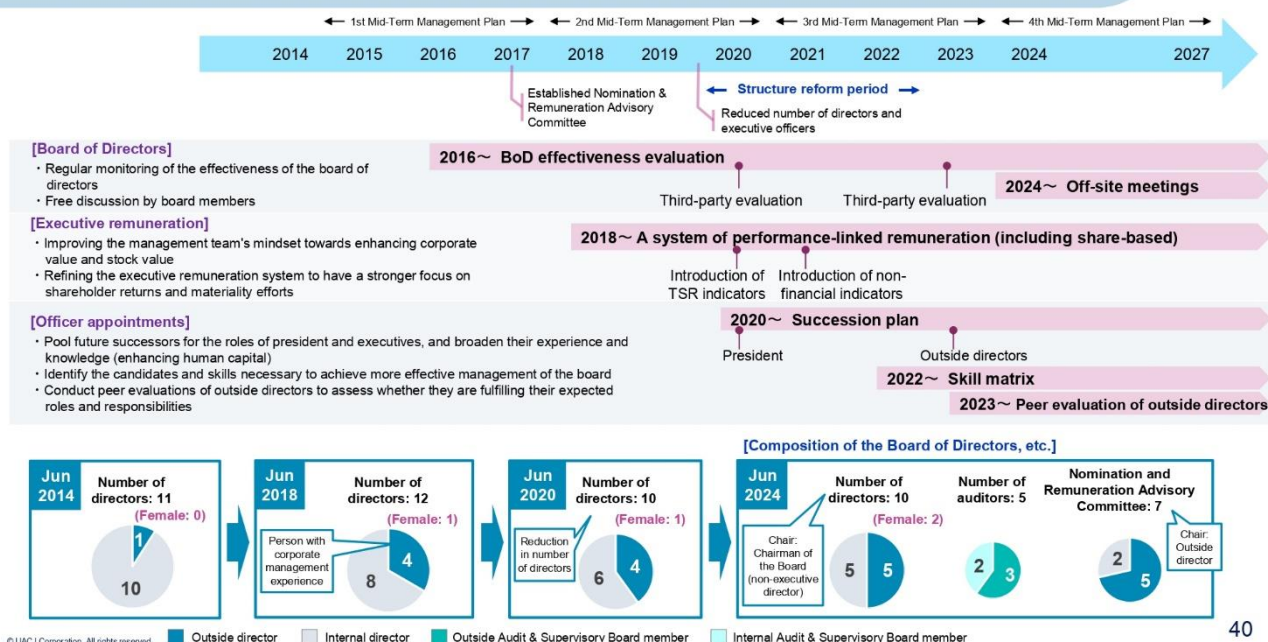
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UACJ's Steps to Strengthen Corporate Governance



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Kawashima: In the little over 10 years since the merger, we have undertaken a variety of initiatives. Let me give you a brief summary of this.

We merged in October 2013, and since then we have been working on a number of things, including board composition, executive compensation, and executive personnel processes.

Regarding the Board of Directors, Ms. Takayama, who will be facilitating the discussion today, is attempting to make a third-party evaluation in the form of a fixed-point observation to objectively assess whether the Board of Directors is effectively working.

In addition, this year we started free discussions with themes by board members on matters that cannot be discussed at board meetings due to time limitations.

Regarding executive compensation, we also incorporated equity compensation into performance-linked compensation and included TSR indicators and non-financial indicators in the evaluation of executive compensation. Regarding executive appointments, we have created a succession plan and skills matrix. Mr. Tanaka became President in April, which was also decided by the Nominating and Compensation Advisory Committee in this plan. In this way, governance has been strengthened.

The structural reform starting in 2019 reduced the number of board members from 27 to 14, making it more compact. The composition of the Board of Directors is written at the bottom. Currently, the Board of Directors consists of five outside directors and five internal directors. The Board of Auditors consists of three external auditors and two internal auditors, and the Nomination and Compensation Advisory Committee consists of all external independent directors and two from within the Company. In this way, we have been strengthening our governance.

These are the governance strengths and transitions of our company over the past 10-plus years.

Ueda: Thank you very much, Mr. Kawashima. We will now hold a roundtable discussion of outside directors. Speakers, please move to the floor. Please note that the speakers will introduce themselves while seated.

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I am pleased to introduce the speakers: Takahiro Ikeda, Independent Outside Director; Ryoko Nagata, Independent Outside Director. The facilitator is Ms. Yoshiko Takayama, President of Japan Board Review Co., Ltd.

From now, I would like to ask Ms. Takayama to preside.

Speaker Profile

Facilitator



Yoshiko Takayama
President,
Japan Board Review Co., Ltd.

In 1987, Takayama joined the investment banking division of Merrill Lynch & Co. in New York.

There, she divided her time between New York, London, and Tokyo, where she advised Japanese companies on fundraising and M&A both in Japan and overseas. She went on to work at Thomson Financial Investor Relations before going on to J-Eurus IR Co., Ltd., where she provided consulting services on corporate governance and investor relations activities.

In 2015, Takayama established Japan Board Review, Co., Ltd., Japan's first company specializing boardroom evaluations, and assumed office as its president. Japan Board Review has assisted many Japanese companies with their boardroom evaluations. She is also a member of the Financial Services Agency's Expert Panel, and has worked on revisions of Japan's Corporate Governance Code and Stewardship Code.

- Member of the Financial Services Agency and Tokyo Stock Exchange's Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code (current)
- Member of the Financial Services Agency's Expert Panel on the Stewardship Code (current)
- Member of the Ministry of Economy, Trade and Industry and Tokyo Stock Exchange's Nadeshiko Brands Selection Standards Review Committee (current)

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Takayama: Hello, everyone. I am Takayama, the facilitator for this session. Thank you for your cooperation today.

First, each of the speakers will introduce themselves. We then talk about our view on the UACJ's Board of Directors.

I will start. As a representative of Japan Board Review, I have conducted board evaluations for many companies. For UACJ, I have conducted third-party evaluations twice in the past. Japan Board Review assisted in the evaluation process as a third party in both.

Speaking from that experience, I can tell you that the UACJ's Board of Directors is characterized by two main points. First, the Board of Directors continues to change.

This was partly due to changes in business and management. The first evaluation was conducted between January and March of 2021. Although it had made considerable progress in structural reforms, its financial situation was more difficult than it is today, and it was a difficult time for it to maintain financial discipline while at the same time taking the necessary measures for future growth.

The board was supportive of the medium- to long-term direction that the executive was presenting. On the other hand, I believe that the supervisory function was exercised by strictly examining specific and important matters from various angles.

Three years later, the second evaluation was from January to March of this year. There was considerable progress in selecting and concentrating businesses and accelerating the recovery of investments. In addition,

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management was implemented with an even greater awareness of sustainability initiatives, with the goal of driving a recycling-oriented society for aluminum.

In this context, the content and perspective of the board's discussions had changed considerably. I was under the impression that the discussion was shifting to a more growth-oriented perspective and a more sustainability-oriented viewpoint. This change was not only due to changes in the business, but also to a change in the composition of the Board of Directors.

Specifically, two female directors including Ms. Nagata have joined the board. As a result, I got the impression that the two of them added their backgrounds in B-to-C and sustainability to the discussion, making it even more multifaceted and in-depth.

And now we are taking measures such as holding off-site meetings to enhance discussions on medium- and long-term topics.

Secondly, I think the second characteristic is that the Nominating and Compensation Advisory Committee meets quite frequently and spends a lot of time discussing the issues.

Important roles of the committee include management succession planning and outside director succession planning. It devotes considerable time to working on each of these. These will be discussed later by the two directors. That's all from me.

Next, I would like to hear from Mr. Ikeda, an Outside Director. Ikeda-san was appointed to the Board of Directors in 2018 and has experienced many changes at UACJ up to the present. First, please introduce yourself. Then please talk about how you see the situation of the UACJ's Board of Directors.

Speaker Profile



Takahiro Ikeda

Independent Outside
Director

Chair of the Nomination
and Remuneration Advisory
Committee

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	Independent Outside Director, UACJ Corporation (current)

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Ikeda: My name is Ikeda, Outside Director. Thank you for your cooperation today.

I come from a materials-based chemical company and have worked primarily in the business side, either in global, marketing, or overseas projects.

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We have invested between JPY50 billion and JPY100 billion in each location, primarily in Indonesia, India, and China, for synthetic fuel work. However, after 20 or 30 years, they have all been sold to the local market and withdrawn. I realize the difficulty of Japanese-style management in dealing with changes in the business environment in Asia.

The last six years of my career were spent working in the water cycle. Water is also a finite resource, and I have come to realize the importance of this cycle.

At the time of my appointment, UACJ's performance in 2018 to 2019 was very challenging. The Company was in a critical situation, mainly due to delays in recovering its overseas investments, as well as a weak financial base. In this context, I believe that the Board of Directors operated in the determination that governance and structural reforms could not be achieved without a factual change in mindset.

I felt that the Company as a whole had moved up a gear, especially after the sale of the copper tube business, its ancestral business. I believe that the progress of numerous reforms is due to the fact that, with a sense of crisis, management and outside directors engaged in constructive discussions at board meetings and on various other occasions, pursuing good governance and smart decision-making that would lead to sustainable corporate growth, which is the common understanding of the Company.

As you know, UACJ has had a period of discontinuity in hiring personnel, partly because it is an integrated company and partly because it has long been in a depressed industry. The UACJ has supplemented its shortage of human resources with career hires, and I believe the UACJ's strength lies in the fact that it has a very diverse soil and that discussions have been deep and wide-ranging. That is all.

Takayama: Next, we will hear from Ms. Nagata. First, please introduce yourself. Then, please tell us what you think about the state of the Board of Directors, as seen through the fresh eyes of Ms. Nagata, who took office last year.

Speaker Profile



Ryoko Nagata

Independent Outside Director

Member of the Nomination and Remuneration Advisory Committee

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	Independent Outside Director, UACJ Corporation (current)

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Nagata: My name is Nagata, Outside Director. Thank you for your cooperation today. It has been about a year and a half at this point since I became an Outside Director last June.

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As stated in my profile, I have been in the field of new business mainly at a food manufacturer for a long time. After serving as an executive officer in the beverage business and CSR department, I was a full-time auditor for five years and am now an Outside Director of three prime publicly traded companies.

I would like to share my impressions of the past year and a half. First, I recognize that our Board of Directors is a place of great psychological safety. I believe that not only the internal and outside directors, but also the auditors, are very active in voicing their opinions and engaging in discussions.

In the process, very meaningful comments were made and opinions were exchanged in a very multi-layered manner, utilizing each person's knowledge, skills, and background. The first impression I got was that the discussions were very in-depth, not in the form of explanations by the executors and answers to questions one by one.

As for the regular reports on actual results made by each of the departments, as Mr. Tanaka and Mr. Kawashima explained earlier, I feel that they are very conscious of the financial indicators in their business operations.

The reports to the Board of Directors are very transparent on both qualitative and quantitative aspects. There are still improvements to be made, but that is the main point.

One thing that characterizes the Company is that while they say they are creating a lighter world, its business structure itself is still heavy. I think the question is how to respond to this rapidly changing market, and I believe that my background in B-to-C can be utilized in such an area. That is all.

Takayama: Next, we would like to hear from both of you about specific initiatives at the Board of Directors.

First, let me ask you about the President's Succession Plan, which is very important in the role of the Board of Directors. As you all know, UACJ changed presidents this past April for the first time in six years. Could you first talk about the discussions at the Board of Directors and committee meetings leading up to the appointment of President Tanaka, starting with Mr. Ikeda, who is the chair of the committee?

Ikeda: UACJ disclosed its presidential succession action plan in its annual report in 2019. Based on this, we have deepened our discussions on the procedures for training and selecting successor candidates. This was not ceremonious, but by making the advisory committee more effective, the change of president was achieved after six years.

The selection of this president's successor has involved several years of preparation and discussion. We have had a variety of communications, sometimes by board and sometimes by advisory committee.

The new presidential candidate must naturally have the following indicators: ability to respond to change, ability to formulate strategies, ability to execute, ability to listen, creativity, ability to send messages, respect for diversity, and ability to communicate. In addition, I think the key word was whether or not he or she could continue to be a driver of change in a very accelerating environment of change. What that person can and wants to do for the UACJ was important, and the committee deepened the discussion on what the committee wanted from its new president.

Several potential candidates to succeed the president have been brought up to the advisory committee by top management. We, the outside directors, took the lead in interviewing several of these members and were quite persistent.

For example, we asked questions about UACJ's biggest challenges, what are the biggest risks in times of turmoil, or how to deal with the much discussed 1.0x PBR issue.

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As a result, we have deepened the discussion in the committee and passed a resolution in his absence. We submitted this proposal to the Board of Directors, and after a final resolution, Mr. Tanaka became president.

I personally met Mr. Tanaka when I traveled to Thailand from this company in 2018, he was the Vice President of UATH at that time. It was a time when the Company was facing a very big challenge in manufacturing and sales, and I remember that he boldly took the lead.

On the business front, and with the COVID pandemic, UACJ was in the midst of a crisis. In this context, after returning from UATH, he was entrusted with important tasks in management, including the General Manager of the Structural Reform Division and then the General Manager of the Corporate Sustainability Division, which is the pillar of our medium-term growth. I believe that he has accumulated valuable experience and knowledge for the formulation of the Fourth Mid-Term Plan.

I apologize for not mentioning soon, but we are in the form of an advisory committee. The Company does not have a committee system. In selecting this presidential successor, we have kept in mind the issues of objectivity, transparency, timing (which as a result was before the announcement of the fourth plan), and appropriateness in deepening the discussion.

Takayama: Ms. Nagata was appointed as an Outside Director in June of last year, so I believe you joined them in the middle of the process of selecting the president. During that time, I believe you were sometimes involved in interviews with candidates. Do you have any thoughts on the president selection process and the qualities you are looking for in a president?

Nagata: I believe that I have personally interacted with them directly through the board meetings during the narrowing down of candidates. Through my own observations, I became involved in this process as a member of the Nominating and Compensation Advisory Committee.

In appointing the president, Mr. Ikeda explained very clearly the ideal image of the president and the capabilities required of a president in this highly uncertain business environment. I personally approached the interview with the question of what kind of person would be the right captain to lead this large organization in an upbeat and positive manner in the midst of a difficult business environment toward the innovations of the Fourth Mid-Term Management Plan, and perhaps create a world that no one has seen yet. I am confident that Mr. Tanaka is the right president of the Company.

Takayama: Next, I would like to ask you about the annual evaluation process for the president. The process differs from company to company, but can you talk about how UACJ has conducted evaluations in the past? Ikeda-san, please.

Ikeda: At a certain time each year, the Advisory Committee evaluates the president. It is generally the time of year to come. We will discuss how he or she has been able to address and resolve issues over the past year, and the state of progress, with outside directors leading the discussion. We ask the person to leave the room and have a very contentious discussion. It can be quite tough at times, and it brings to a conclusion the question of appointment or dismissal.

We then ask the person to enter the room and talk about doing it for another year this time. We are generally proceeding with such procedures. We are doing this with a feeling of tension.

Takayama: From your point of view, Ms. Nagata, what do you think about the process and implementation of this evaluation?

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Nagata: I think each company has various ways of doing this process. In the case of UACJ, we are really transparent, and I also feel that we are very strict. From my point of view, I have the impression that it is very transparent.

Takayama: Next, we would like to hear about the Succession Plan for the next president and the related development of core human resources.

Since the UACJ has a newly appointed president, specifics may not have been discussed yet. On the other hand, some consideration may already have been given to checking the talent pool for the future, or to training and building careers. This would be a joint effort between the executive side and the Board of Directors. What is the current status of the UACJ? Ms. Nagata, could you please first?

Nagata: I recognize that planning for succession starts immediately, even if a new president has just taken office.

In the case of the Company, the human resources department plays a central role in pooling personnel at various levels and replacing them as needed. Or it is a process in which each person's career and skills are evaluated, and experience is gained through exposure to various departments and positions in a training and personnel rotation that complements the skills they have.

I believe that we should do more pooling and watching over the younger generation. That is something I still feel is lacking, and I have said as much in committee.

Takayama: I would like to hear from Mr. Ikeda as well.

Ikeda: I agree with Nagata-san. In addition, the advisory committee looks at the data and points out things that are not noticed on the executive side. For example, we would point out that the ratio of women in management positions coming up to the management level is a little low compared to the average in the world.

Takayama: Next, we would like to hear about the Succession Plan for outside directors. I think one of the things that makes UACJ unique compared to other companies is that it places considerable emphasis on the appointment and evaluation of outside directors.

Now, as the percentage of outside directors increases, they are becoming increasingly important. However, the succession plans of outside directors are not sufficiently discussed and verified at the boards and committees of other companies, as they often passively respond to proposals from the executive side. On the other hand, I have the impression that the UACJ is quite focused on this point.

First, could you please explain the role of the committee in the process of appointing outside directors, and second, what is the status of the annual evaluation of outside directors after their appointment? Mr. Ikeda, could you please?

Ikeda: As you mentioned, the presence of outside directors in corporate decision-making is increasing every year. I believe that it is also becoming increasingly important to determine its successor. UACJ is in the process of designing a mechanism to appoint the necessary candidates in a uniform manner.

In collaboration with several outside staffing firms, we have created a pooled talent list of candidates for outside directors, rather than single out one candidate. We are even evaluating those candidates ourselves in our own committee.

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There are many different candidates, but the need for outside directors is very high right now. Even those we have in our talent pool may be appointed to other companies or multiple companies in one- or two-years' time. We are now thinking that we would like to create a good pool while constantly replacing it.

In addition, an evaluation system for outside directors was implemented last year. This incorporates a two-way evaluation system of one's own evaluation and that of others. I was also evaluated and had a very tough time.

We will evaluate others on a fairly strict list of items, and we will discuss that evaluation again in the committee. The party is not present at the time of the evaluation. Finally, the chairperson of the committee will explain the evaluation and the appointment, or in some cases, dismissal of the committee. Independence is checked very strictly.

We also set a time period. I believe the average length of service as an outside director in Japan is about seven to eight years, but we do not continue in this position for long. The maximum is set based on annual evaluations each year.

Takayama: I would like to add to Mr. Ikeda's current comments. There are two methods for evaluating outside directors. The first is self-evaluation, a system of evaluation in which the person looks back on themselves and assesses how much they have contributed over the past year.

The other is an overall evaluation, which in English is called a peer review. As just mentioned, for example, if there are 10 board members, the remaining 9 will evaluate Mr. A, and then again, the remaining 9 will evaluate Mr. B. This is a very thorough and strict evaluation.

In order to conduct this kind of evaluation, mutual trust in the board of directors is necessary, and few Japanese companies conduct mutual evaluation as UACJ does. As far as I know, there are only a few companies, very limited.

I am sure Ms. Nagata has experienced such evaluations. Is there anything that impressed you about the process leading up to your appointment or the current evaluation process?

Nagata: It is a mutual assessment for me as well. I was honestly surprised when I received that evaluation last year, that is, about six months after taking office. It was very strict. But when I realized that such strictness was required of me, I felt as if I had to adjust my collar again. Naturally, the good parts are properly acknowledged as good, and the comments about how to make them even better are very warm. I myself take their comments as harsh and warm. In those areas, I see an opportunity to grow as an outside director.

Takayama: Next, I would like to ask you about the status of discussions and verifications regarding business and management at the Board of Directors and your expectations for UACJ in the future.

Many companies now have a policy of increasing corporate value by responding to social issues. Among these, UACJ's business is aluminum, a material suitable for recycling, which is in line with the overall social trend.

Against this backdrop, the Company announced its fourth medium-term management plan in May of this year. What discussions did the Board of Directors have in the process of formulating this medium-term plan? We will discuss the basic concept of the medium-term plan, the involvement of the Board of Directors in the formulation process, and the content of the discussions.

In addition, when formulating the mid-term plan, I believe that there were many opportunities to discuss the ideal state of the Company in light of the long-term vision. I would also like to ask you about your thoughts

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on the future vision of our company, what kind of company UACJ should aim to become beyond the period of the mid-term plan. Ms. Nagata, could you please?

Nagata: In formulating the Fourth Medium-Term Management Plan, we will no longer take the one-shot approach of submitting a plan completed on the executive side to the Board of Directors for resolution. I believe that during the process, the Board of Directors has been briefed multiple times in advance on the status of discussions in the formulation of the medium-term plan and on what issues they now feel are problematic, and that the Board of Directors has had a number of discussions.

Therefore, the Board of Directors was also firmly involved in the process of developing the medium-term management plan, which has now reached its final form, and we are now operating with confidence.

In this context, I believe that we were able to have a good discussion about our approach to financial issues and our mid- to long-term vision for the future of aluminum.

We were particularly concerned about how much of the UACJ's character is in this medium-term plan. We were able to discuss based on each board member's love of UACJ, love of aluminum, and so on. In that sense, I myself am very happy and satisfied that it has become not only a formality but also something that makes my heart very hot, and I would like to monitor it closely.

Takayama: Mr. Ikeda, would you like to share your opinion?

Ikeda: When I took office, the second mid-term plan was underway. I actually first participated in the formulation of the previous third medium-term plan.

I won't go into detail since Ms. Nagata just mentioned it, but in a sense, the mid-term plan is similar to a commitment by the company, isn't it? In contrast, in the third medium term plan, there was a discrepancy between targets and actual results, albeit only partially. I would not call that management responsibility, but I believe that the management team should still take the weight of responsibility for those figures very seriously.

Therefore, I believe that outside directors are particularly important in strengthening monitoring or advising on increasing the success rate of the business. We will continue to do so in the fourth medium-term plan.

Takayama: As you mentioned, an important role of the board of directors is to be fully involved in the process of formulating the medium-term management plan and to properly monitor the progress of the plan once it has been formulated.

Currently, the Company is off to a good start, as seen in the Q2 results. On the other hand, I believe that there are important matters and issues that the executive should address during the period of this medium-term plan from the viewpoint of outside directors. We would like to hear from you about the current status of monitoring, including those. Ms. Nagata, please.

Nagata: I am certain that it was a good start. However, I do not want to feel relieved, but rather to see how well the growth areas and new areas set forth in the mid-term plan will perform in the future.

Especially in this area, since we are a materials manufacturer, we must be conscious of the "toC" of BtoBtoC. How well do we understand the needs of general consumers and cutting-edge customers, and how quickly can we respond to them? There are already some products that are useful in times of disaster, such as watertight boards, that are gradually sprouting, but they are still small compared to our core business. We would like to have a thorough discussion on what we can do to make this the next pillar of our business.

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And in our core business, capital investments are increasing. Those areas tend to be very heavy discussions. The equipment industry is totally different from consumer goods, and it is difficult to switch from one to the other. I have a very high personal interest in how much the Company can reconfigure its facilities to be more flexible and responsive. I hope to be involved in better decision-making while asking necessary questions as needed.

Takayama: Mr. Ikeda just talked about monitoring the progress of the mid-term plan. In addition to that, from your perspective, Mr. Ikeda, please share your thoughts on any current important matters or issues that you see.

Ikeda: As I mentioned at the beginning of my self-introduction, the current discontinuous changes of the times are accelerating. We have been in a state of non-peace for a long time, and we believe that the failure of companies to change is a very big risk. I also understand that if you miss that speed, you will be left behind at once.

For UACJ, as Mr. Tanaka and Ms. Narita explained earlier, it is very important to draw the power of value-added materials. I believe this will be the cornerstone of management in a sense.

The other is the thorough pursuit of reduce, reuse, and recycle. This will reduce the volatility of UACJ's business and will lead to growth. I believe it is important that the promotion of the circular economy become a pillar of sustainability.

This is because I believe that it is very important for a business to grow whether or not its business contributes to solving social issues. It is a very important factor that the employees are united and recognize this.

I personally name our CEO as "Circular Economy Officer." I would like Mr. Tanaka to be the flag bearer of the circular economy. The Company is in the nonferrous industry in the stock column, but I would like to see it transcend that boundary and make its presence felt at the speed of the environmental circular economy.

Takayama: Next, I would like to hear about how you view the status of the Company's human capital.

As Mr. Kawashima mentioned earlier, human capital is extremely important as a foundation to support growth. However, many other companies are also experimenting with how to supervise and discuss this at board meetings. In this context, could you tell us from what perspective you view the current situation regarding human capital and what kind of initiatives you expect from the executive side? Ms. Nagata, please.

Nagata: Earlier, Mr. Kawashima mentioned that they have begun research on how human capital can improve corporate value. I too am very interested in how that will turn out. Although the integrated reports of various companies now state that human capital is important, I think they end up expressing very qualitatively how it is connected to the improvement of corporate value. If quantitative analysis and evaluation were possible, I believe it would be very epoch-making.

The Company's human capital relationship policies are very diverse. Naturally, it is conducting surveys to improve employee engagement, and there are efforts to actively promote DE&I to promote diversity. It has already incorporated almost all of the elements needed in today's society, such as wellbeing, into its measures. The Company has received various certifications and evaluations from third-party organizations, and it is actively and diligently working on this.

Nevertheless, as is often the case with manufacturers that have production sites, there are still certain issues to be addressed in the area of promoting women's activities. Management is fully aware of this. The Company is making steady progress in resolving these issues one step at a time through career recruitment, individual

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skill development, and timely and appropriate personnel rotation, but I believe that a major challenge is how to speed up the process.

I know this, but I dare to say it at board meetings again and again. I will remind them each time that this should never be given up, nor should it become a formality.

Takayama: Now you mentioned the promotion of women's activities. In general, where there are several female outside or internal female directors, the pipeline of women in the company tends to be enhanced and strengthened. UACJ now has one female director, and I am very much looking forward to the Company's future.

Nagata: I had to say one more thing. This year we had our first female executive director. This is Ms. Narita who spoke earlier about the environment. She is our first female executive officer. I hope the pipeline that follows her will be thicker and longer.

Takayama: Mr. Ikeda, would you like to comment as well?

Ikeda: UACJ celebrated the 10th anniversary of its management integration last year, and I now feel that its human capital strategy, which is the source of its corporate value, is taking the next step.

We have also created a 2030 vision and feel that we are strengthening the foundation for long-term value creation toward increased engagement and a sense of unity, both domestically and internationally. Based on my experience abroad in Thailand and the US, I believe that the sense of unity at home and abroad can still be improved.

President Tanaka's thoughts will be connected to every corner of the world to become a truly global company. I believe it is very important to improve its effectiveness. I believe this is the cornerstone of our human capital strategy.

Takayama: Thank you very much. In this session, we heard specifics from two outside directors about what discussions take place at board and committee meetings, and how they both oversee and encourage executive efforts.

I hope that the presentation by the management team and the outside directors at this briefing will provide those in attendance with a better understanding of how management leadership and supervisory leadership are being exercised.

With that, we would like to conclude this session. Thank you very much.

Ueda: Thank you very much, Ms. Takayama, Mr. Ikeda, and Ms. Nagata.

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Question & Answer

Ueda [M]: We will now begin the question-and-answer session.

In addition to the speakers, Joji Kumamoto, Director, Managing Executive Officer; Sachio Urayoshi, Executive Officer, Chief Executive, Business Support Division; and Kozo Okada, Executive Officer, Chief Executive, Finance and Accounting Division, will participate in the Q&A session.

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

Mr. Yamaguchi of SMBC Nikko Securities, could you please ask your question?

Yamaguchi [Q]: I am Yamaguchi from SMBC Nikko Securities.

Rather than a question, I would like to give my impressions largely in two parts, regarding the first half and the second half of the briefing.

Regarding the first part, I think the philosophy of recycling is great. However, at this stage, the current mid-term management plan has not yet been incorporated into the spreadsheet to show what kind of profit and value it will generate. In this briefing, it was reported that sales of ALmitas⁺ SMART products have increased by 50%, and although the Company's performance is very good, I think that it is profiting from past methods.

I think that the results of the current mid-term plan, especially in the area of obtaining returns from recycling, would be much appreciated if you could provide some kind of KPI in an easy-to-understand manner in the future. We would very much appreciate an interim report on indicators such as the 50% increase as this example or the percentage of recycled materials.

However, the cost of using recycled raw materials has gone up, and it is easier to buy regular bullion. I would also like to see KPIs related to making up such differences by raising prices, etc., if not immediately.

I have a question. I can understand the idea of setting up such facilities, but on the other hand, aluminum sheet companies around the world are saying the same thing. You mentioned that you are partnering with Yamaichi Metals for scrap collection. With many companies launching vein, i.e. collection operations, worldwide, what kind of response do you feel you are getting now? You are just getting started, but I would love to learn more.

One more thing about the second part. When your company was created, I had the impression that directors from various backgrounds were almost evenly distributed. They were people from Sumitomo Light Metal and Furukawa, and among the Furukawa people, people from various backgrounds at Furukawa-Sky joined them, each working independently with their own image of UACJ. From there, I have the impression that there was a major turnaround in 2019, and to hear you talk about it this time, it seems to me that since then it has been very tough, about as tough as the personnel evaluations of foreign financial institutions. I think it is getting so much better, including that.

For example, you mentioned earlier that the workload is heavy, but I would venture to ask Mr. Ikeda and Ms. Nagata to tell us about three things each that could be further improved.

I had the impression that the Company has become a very good one.

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Tanaka [A]: First of all, I would like to comment on your impression on the first half, and then I would like to ask Mr. Kawashima, Mr. Ikeda, and Ms. Nagata to add a few words about the second half.

First of all, with regard to the business of recycling, there is no doubt that what we have presented today is indeed an extension of what we have already taken steps to do. However, if we include those that will be launched from next year and the year after, we believe that what has been launched up to now will grow at an even higher angle and steadily.

As for the feeling about recycling, I have the sense that it is definitely spreading, though not rapidly. We are receiving more and more questions or inquiries from customers asking us quite specifically if we can do something.

A need is now emerging to guarantee the amount of CO2 per kg of aluminum, or what percentage of recycled material is contained, for BtoB and perhaps even BtoBtoC customers. Although there may not be a sudden and significant stair-step change, I believe that there will be a steady and steady increase in applications and needs.

Next year and the year after, CBAM and other schemes will appear in Europe. We believe that we should take various measures to prepare for this as soon as possible.

This is the end of my response to Mr. Yamaguchi's impressions on the first half. Mr. Kawashima will respond to the latter half regarding background, etc.

Kawashima [A]: We are doing a lot of things as you said, and we will be careful when we make disclosures in the future.

Regarding the board, I have been a board member since 2019 and we have had many discussions. We had people from various backgrounds, but we have reduced the number of board members, and we are really having a lot of discussions.

Although I am sometimes told very harsh things by everyone, I learn a lot from them, and it has led me to improve my accuracy. There is still a lot of work to be done and a lot to be asked of me, but I consider myself improved in such a way.

Ikeda [A]: Every time we have a board meeting, we receive so many documents that it is hard to look at them. Frankly speaking, the structure of the aluminum industry is still subject to economic fluctuations. I mentioned earlier that it is becoming much less common, but it is still there.

Every quarter, each division head reports on operations at the Board of Directors meeting, and a lot of figures are presented. It would be very easy for me to get my head around what the issues are in this quarter or the quarter ahead if you could simply write them down at the beginning.

For example, it is difficult to see the impact of Chinese EV automakers in Thailand.

In addition, the situation in the US UWH continues to be quite challenging. Until last year, the EV market was always coming up in conversation, but there are a lot of different views on the future of EVs in the US, and growth has slowed down somewhat.

I would like to be able to understand these issues, challenges, themes, etc.

Nagata [A]: If I may add a few words, I would like to strengthen the culture of taking on challenges without fear of failure. Of course, everyone says so in words, but when it comes time to take concrete action, I

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sometimes get the impression that they are still somewhat conservative. It is needed to increase the probability of innovation while encouraging failure.

The second point is various measures. Earlier, Ikeda-san talked about volatility, and of course we recognize that as a risk. How do you have a plan B and plan C in case that happens? Or I myself would like to see a plan that includes even volatility and the commitment to achieve it, but how much can we sublimate to that level?

Third, global will become an indispensable element in the future. I would like to see a variety of concrete plans, such as whether this will be done by a single company or through various alliances, including various partnerships.

Ueda [M]: Mr. Shirakawa from Morgan Stanley MUFG Securities, could you ask a question?

Shirakawa [Q]: My name is Shirakawa from Morgan Stanley Securities. I also have two questions, one for the first half and one for the second half.

Regarding the first half, as Mr. Yamaguchi just asked, I think it is very important how to raise the resolution of JPY8.5 billion in the promotion of recycling in this medium-term plan, and how to penetrate the market with that resolution, and we would like to help with that.

In this context, I am a little concerned about the current financial results. With regard to changes, I think that the UBC price is going up more than expected or ahead of the LME price, which was probably not thought of during the planning phase of the medium-term plan. In this explanation, I think another key phrase is that in the midst of various dizzying changes, you need to be a propeller of change and how to respond to those changes.

What do you think about the changes to the medium-term plan now? How will you deal with it? I would appreciate it if you could explain on the first half, taking into consideration the resolution of JPY8.5 billion.

I believe that the roundtable discussion of outside directors in the latter half of the meeting was very in-depth. In this context, I believe you mentioned that there are still issues to be addressed by the Board of Directors. You mentioned business issues earlier, but if you have any board issues or points that could be fixed to make the board even better, I would like to hear from you.

Tanaka [A]: First of all, regarding the first half, I would like to answer about the JPY8.5 billion figure from recycling that is set in the mid-term plan. The JPY8.5 billion in the waterfall chart incorporates only what can be seen. We factor in how it will show up as profit when recycling increases.

We have set a target of JPY8.5 billion for beverage cans, including the target of steadily increasing the volume of beverage cans and the recycling rate. If anything, we hope you will understand that this is a fairly safe figure.

Of the various measures we are taking, there are a few that we have not yet been able to incorporate in this plan. We are currently working on various measures to determine how much of this will be profitable. There are still three years left in the mid-term plan, and I am sure that issues and new themes will gradually emerge, which I hope to incorporate as we go along.

I will answer about the price of UBC. A negative portion is added to the far-right side of the waterfall. It says that this is due to inflation, but we naturally expect some increase in UBC prices in addition to labor costs.

In fact, it has now risen considerably. We will continue to think about how we can address the rising price of UBCs while explaining to our customers how we can contribute to reducing their environmental impact. I hope you understand that a certain degree of incorporation has already been done in the mid-term plan.

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Could you please answer about the challenges the board faces?

Ikeda [A]: I have attended many board meetings in the past, including those of companies listed on the second section. I believe that the UACJ's Board of Directors is very active, perhaps partly because times are changing. I think so, although I don't think it is perfect.

What is needed in the composition of a board of directors, especially outside directors, is diversity and independence, and what I personally consider most important is dispersion. Instead of spending the rest of your life after your last job, if you can use various networks from outside the company to gather dispersed information afterwards and provide it to the board of directors. Or, if you can say, "Everyone at UACJ thinks this way, but other companies have a totally different view."

Rather, I believe that another factor that energizes the board of directors is whether the members of the outside directors are able to keep improving themselves.

Nagata [A]: I would also like to make one more point. In terms of how much new and fresh information we can have, the key to our truly paving the way for sustainability is not so much our ability to respond to change but rather how much we can create change and stay ahead of it.

I personally believe that we can become a market leader by creating changes and trends ahead of time rather than following and anticipating various risks.

Ueda [M]: Mr. Matsumoto from Nomura Securities, could you please ask a question?

Matsumoto [Q]: My name is Matsumoto from Nomura Securities.

First, I was very interested in what Vice President Kawashima said about human capital in quantitative terms. I don't think it has been put together yet, but I would like to get an idea and would appreciate an example.

Second, I was very interested to hear about the succession plan for outside directors. Mr. Ikeda mentioned that there is a talent pool of outside directors. I believe there is a kind of skills matrix that is originally required for the company, and as that changes, if not every year, there will be examples of what kind of people to select. How are you working on that area? Also, please let me know what you think about the need for foreign directors.

Tanaka [M]: First, Mr. Kawashima will answer the first point regarding the specific formulation of human capital. Mr. Ikeda will report on the succession plan for outside directors, and we will report on foreigners as appropriate.

Kawashima [A]: I created this tree of ROICs as we try to manage the Company with ROICs in the middle since I took office in 2019. We created a tree with a denominator and a numerator, and since we are a manufacturer, we even created a plot showing which on-site activities are related to the denominator and numerator.

For example, I think that the engagement survey on human capital, diversity, and wellbeing, for example, or the fact that the Company was selected for the Health and Productivity Stock, should probably lead to a significant increase in productivity. However, I have not been able to sort it out yet.

Thus, where do the items in the denominator and numerator of this ROIC connect to human capital? This may be a correlation or a hypothesis, but we will make it.

And where will the engagement survey we are doing now lead us? What can we do to increase this engagement? That will probably lead to personnel policies and so on.

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For example, we could change the name of this engagement survey to the UACJ Well-Being Survey. I want to sort out that if employee satisfaction goes up, the corporate value figures will certainly improve, and it's all connected.

However, it is difficult for us to do this on our own. There is a company that is already doing this, and a Kyoto University professor has joined them. I happen to know him, so I am trying to get him to teach our company as well. I am now trying to do a regression analysis and take various information and further develop the ROIC tree.

Tanaka [M]: Next, we would like to discuss the succession plan for outside directors.

Ikeda [A]: As I mentioned earlier, we are still designing the candidate talent pool, the box, and it is not completely finished. As you say, the skills matrix is one major criterion.

We don't need a superman and I don't think there is a superman. As we at UACJ move forward in our management, we will select our outside directors with an emphasis on what is currently lacking among them.

The term of office for our auditors is four years, so they are replaced all at once. The list also has the function of suggesting suitable auditors.

Tanaka [A]: Regarding the hiring of foreign directors or officers, currently the President Henry of TAA overseas is a managing executive officer of UACJ.

Our overseas sales ratio is gradually increasing and is already between 60% and 70%. So, although we are still operating independently, we believe it is necessary for people to interact with each other.

We have one plan in mind for this year and next. I am not sure how many years it will take, but we would like to aim for a style of management that allows us to operate as a single global company.

Ikeda [A]: There is a bit of a wall there. We, the outside directors, don't think we are prevented from doing so. But in terms of diversity, we are not necessarily hung up about foreigners because diversity rather means people with diverse opinions, different views, and unusual things.

Ueda [M]: Mr. Goroh from UBS Securities, could you ask a question?

Goroh [Q]: My name is Goroh from UBS Securities. Thank you.

One of the features of the medium-term management plan announced by the Company this year, which I found particularly interesting, is that you have quantified the cost of shareholders' equity and set a numerical target. Of all the companies I am in charge of, your company is the only one that is taking this kind of initiative, and I feel that it is a step in the right direction.

I believe that cost of equity is one form of evaluation of the board of directors by us, the market. I strongly feel that the Board of Directors should be committed to achieving a drop to the 7% range. I feel that today's explanation is a step that will contribute to this very purpose.

Recycling can utilize the very material aluminum. On the other hand, I believe that the green initiatives can be seen as a cost and a risk in the marketplace. For your company, as a leader in the industry, if you do not link this to opportunity or, as you explained earlier, to shareholder value, it will not be valued by the market and will be meaningless. It is my impression that you should definitely manage the milestones and talk about this.

I have two questions. In particular, it is about the function of the Board of Directors.

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In the past, your company had a history of multi-pronged and simultaneous operations of large investments, which increased the burden on the financial structure and increased earnings volatility. I think that image still remains largely in the market. How are you consciously working to strengthen these areas, including the supervisory function of the board of directors and investment discipline? In particular, I would like to ask you, two outside directors.

Another point is that you have presented a long vision separate from this medium-term plan. I understand that by taking a longer time horizon, you can tackle major changes with more time to spare. On the other hand, however, I think there are many cases in various companies where the commitment tends to be vague and becomes an excuse, or where the length of the time line conversely becomes a slogan rather than an action plan. I would like to ask what efforts are being made by the Board of Directors in terms of time management and discipline.

Tanaka [A]: Regarding your first point, it is true that in some cases there is an increase in risk in parallel with the increase in recycling; but conversely, I think there are quite a few opportunities to increase. We believe that such situations are expanding considerably because aluminum can be recycled and utilized in areas where we have not been able to do so in the past.

For example, it is now expanding from beverage cans to cars, room air conditioners, and various aluminum products. Therefore, we would like to see this change in the environment as an opportunity rather than a risk, and we would like to expand the scope of our business and increase its volume.

Mr. Ikeda will answer your question about the supervisory function of outside directors.

Ikeda [A]: As I said, the very poor performance in 2018 and 2019 was due, in part, to the very low business success rate of our large overseas investments, which was rather negative. In this context, we withdrew from CUA and have been very restrained in our investments since then, and have not had many large investments in recent years.

Still, we have been investing in UWH, or rolling for recycling, and we have had a lot of discussions there. We believe that the monitoring function has been quite successful.

Regarding the future, a business is a future action. We at UACJ are not simply pursuing scale, but the lack of it makes our business stronger in a compound way. I personally don't think it is at all discouraging to boldly buy any companies or do M&A, even if it is private equity.

Tanaka [M]: Finally, you mentioned the point about the length of the investment time horizon.

Kawashima [A]: In this mid-term plan, we are considering cash allocation and portfolio within the framework of 4 years. During the period of this medium-term plan, the size of the Company has been gradually increasing, and the amount of money generated has been getting larger and larger. Then, there is more and more that can be done. On the other hand, there will be more finances.

Also, investment is a time-consuming process. Of this JPY160 billion capital investment, JPY78 billion is strategic investment. But most of that strategic investment will probably come into play in the Fifth Medium-Term Plan.

So, as we say, "we look ahead" or "with a time horizon," we discuss internally about the financial situation at this moment, the profit and loss situation, and our message. We will explain it again to the Board of Directors and proceed with the Board's understanding. In this way, we mix the executive side of thinking with the supervisory function of the board of directors. I personally think that perhaps in the future, discussions will be held with a firm eye toward ensuring that the time frame is not be loose and corporate value is increased.

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Ueda [M]: Mr. Ozaki from Daiwa Securities, could you please ask your question?

Ozaki [Q]: I am Ozaki from Daiwa Securities. There is one major question.

In the current medium-term plan, an indicator of ROIC of 9% or more has been set. From the outside directors' point of view, are you actually seeing a change in behavior on the executive side? Also, what are your thoughts on how the Board of Directors will monitor ROIC to see how it can be improved?

I think there is quite a bit of uncertainty about investments related to recycling, including whether a market will be formed in the first place and what the UBC price will be. What are your thoughts on investment decisions in this area?

Tanaka [M]: Regarding the first point, Ms. Nagata, can you please explain our efforts to achieve ROIC of 9% or more?

Nagata [A]: Perhaps Mr. Kawashima will provide a supplement.

At the Board of Directors meetings, each department reports regularly on its performance. In addition to sales and profit, various indicators that contribute to ROIC are explained, and the achievement or non-achievement of these indicators is reported. If good, specific explanations are provided as to what was done well, and if not, what actions will be taken to improve the situation.

Not only figures are presented, but also a set of actions and explanations in response to them, and questions from the directors and explanations in response to them are repeated. We are just starting to walk towards 9% as the resolution within the Company increases and there is volatility. Even with that in mind, I believe that we will be able to move forward steadily, and we will monitor the process as such.

Tanaka [A]: Regarding ROIC, ROIC is calculated for each business and each target is set. From that perspective, if the ROIC is not achieved, everyone knows. Reports are given at regular meetings, so it is easier for everyone to see what is going on.

Another point you made was that you think there is a lot of uncertainty regarding investment in recycling. Certainly, it is hard to read now as to what developments will follow regarding recycling. However, when viewed on a long-term axis, I believe the trend will always be in the direction of recycling.

So, although we have to decide when to invest by watching the changing environment around us, it is very important to be prepared for this. No matter what happens, the trend will be toward recycling. We will think about which timing later, but assuming that the trend is toward this direction with certainty, we will try to capture the changes in the environment around us and determine the best time to invest.

Kawashima [A]: First of all, recycling means securing resources and using up resources, not just CO2. So it is not scrap. I think it's a new resource. I am certain of this.

Many of these items are used, but there are still many that have not been collected. Aluminum cans are mostly collected in Japan, but only half of them are collected in the United States. So there are still a lot of resources lying there. So we bring it ourselves. The needs of society will always be there and will never return. It will never happen that CO2 is no longer a matter of concern.

So we find ourselves on the threshold of a major edge, or rather, a game change. There will be challenges and risks in the future, of course, but there will be more opportunities. We will work on that ourselves.

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To do this, we will spend the money to address it, while keeping a watchful eye on it over time. Of course, we would have to look at the financial base and the portfolio. I think we should think of things in that way.

Ueda [M]: Since there are no questions, we would like to conclude the question-and-answer session. For further inquiries, please contact the IR Department.

This concludes the Sustainability Briefing of UACJ Corporation. We will continue to strive to meet the expectations of our shareholders and other stakeholders, and we look forward to your continued support and encouragement of our Company. Thank you very much.

[END]

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