Company name: Ube Industries, Ltd.
Representative: Yuzuru Yamamoto
President and Representative Director
Security code: 4208 (shares listed on First Section of Tokyo Stock Exchange and Fukuoka Stock Exchange)
Contact: Hirotaka Ishikawa
General Manager, IR/PR Department
Tel: +81-3-5419-6110

Statement regarding Improprieties in Quality Checks for Low-Density Polyethylene Manufactured at Chiba Petrochemical Factory

TOKYO, February 23, 2018 — Ube Industries, Ltd. today announced that it had discovered improprieties in quality checks for certain products that were manufactured at the Chiba Petrochemical Factory for Ube-Maruzen Polyethylene Co., Ltd., which is equally owned by Ube Industries and Maruzen Petrochemical Co., Ltd. It was discovered that some check items stipulated by customers were not implemented in certain products that were sold by Ube-Maruzen Polyethylene.

Ube Industries deeply regrets the inconvenience to customers and other stakeholders, and the concern caused by the incident. Ube Industries is taking comprehensive measures to strengthen its quality control systems and internal audits to prevent the incident from arising again in the future.

1. Details of Incident

(1) Products Affected
The main products affected are low-density polyethylene sold by Ube-Maruzen Polyethylene for extrusion and coating applications. The amount affected equates to about 7% of the quantity of polyethylene sold by Ube-Maruzen Polyethylene.

(2) Details of Improprieties
Ube Industries has been conducting quality checks on all products manufactured by the UBE Group since November 2017. On December 11, 2017, it was confirmed that improprieties had occurred in certain checking items at Ube Industries' Chiba Petrochemical Factory, for low-density polyethylene manufactured on behalf of Ube-Maruzen Polyethylene. The check items are stipulated in the delivery specification sheets for customers, but some check items were falsely entered into inspection reports without the actual testing or analysis being conducted. The period when the improprieties started is under investigation at this time.

(3) Number of Customers Affected
The affected products were shipped to 50 companies belonging to 33 corporate groups.

2. Actions Taken to Date

Corrective measures were taken immediately after the improprieties were discovered. Products shipped since December 20, 2017 have received full quality checks adhering to the stipulations of customers. The 50 companies affected are being briefed about the incident. Ube Industries considers that there were no problems with the safety of the products shipped before the date corrective measures were taken.

3. Actions Moving Forward

On December 27, 2017, Ube Industries convened an emergency office headed by President and Representative Director Yuzuru Yamamoto, in order to verify that the safety of products was not affected by the incident, and to keep customers informed of the situation, identify the causes, and investigate preventative measures.

Additionally, on February 21, 2018, Ube Industries assembled an investigation committee comprising attorneys without conflicts of interest and external directors. The investigation committee is entrusted by the Board of Directors with objectively and neutrally investigating the causes of the incident and confirming the validity of preventative measures formulated by the emergency office, as well as verifying the validity of Ube Industries' overall response to the incident.
The effect this issue will have on business performance is unclear at this time.

[Member of the investigation committee]
Chairperson :Shuji Oda (attorney, KOHWA SOHGOH LAW OFFICES)
Junichi Ikeda (attorney, Nagashima Ohno & Tsunematsu)
Takashi Shoda (Independent Outside Director of Ube Industries)

Data for UBE-MARUZEN POLYETHYLENE

Company Name	UBE-MARUZEN POLYETHYLENE CO., LTD.
Head Office Location	21F Seavance North Building, 1-2-1, Shibaura, Minato-ku, Tokyo
President	Norihide Matsuo
Business Description	Production, marketing, and development of low-density polyethylene (LDPE) and UMERIT® metallocene catalyst L-LDPE (HAO-LLDPE)
Established	October 1, 2004
Capital Stock	490 million yen
Shareholders	Ube Industries, Ltd. (50%, UBE-MARUZEN POLYETHYLENE is an equity-method affiliate of Ube Industries), Maruzen Petrochemical Co., Ltd. (50%)
Net Sales	25 billion yen (FY2016)