Note: This English translation is for reference purposes only and is based on an original document submitted to the Tokyo Stock Exchange on December 21, 2018, in Japanese. In the event of any discrepancy between the Japanese original and this English translation, the original shall prevail. Ube Industries assumes no responsibility for this translation or for any direct, indirect or other form of damages arising from the translation.

Corporate Governance Report

Last Update: February 5, 2019
Ube Industries, Ltd.
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Securities Code: 4208
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The corporate governance of Ube Industries, Ltd. ("UBE" or the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

The basic mission of the UBE Group, comprising UBE and its Group companies, is to secure sustainable growth throughout the Group and enhance corporate value over the medium and long term. To achieve these goals, it is important to establish effective corporate governance to enable the UBE Group to ensure the sustainability of appropriate business activities, and fulfill its responsibilities to all stakeholders including shareholders, customers, business partners, employees, and communities, while striving to earn their confidence.

Going forward, UBE will continue striving to enhance corporate governance, which includes streamlining management, increasing transparency, speeding up decision making, clarifying management responsibility, and strengthening management oversight functions.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

[Supplementary Principle 4-8-1]
With the aim of exchanging information and creating a common awareness, UBE holds meetings between independent outside directors and outside corporate auditors regularly and when necessary, with the participation of non-executive directors (inside), in order to provide all of these outside officers with internal information and deepen discussion.

[Principle 4-11]
In order to achieve appropriate decision-making and management supervision for a wide range of business activities in sectors including chemicals, pharmaceuticals, construction materials, machinery, and energy and environment, UBE appoints and nominates persons with a wealth of business and operational experience as inside directors, and persons with an independent and objective viewpoint and a high level of insight who are able to actively express their opinions and make recommendations as outside directors. The number of directors is specified as 15 or less in the Articles of Incorporation, and the Board of Directors is currently composed of eight directors (four inside directors and four outside directors). UBE appoints and nominates persons with the appropriate experience and skills as well as the required knowledge of finance, accounting, and law as corporate auditors. One of the four corporate auditors has sufficient knowledge of the Company's finance and accounting related operations, having been involved in said operations over a long period.

[Disclosure Based on the Principles of the Corporate Governance Code]

[Principle 1-3]

UBE considers a balance of sustained growth and a stable financial base to be conducive to the interests of shareholders. Consequently, in view of the outcomes of financial structure reform to date, the Company plans to actively implement capital expenditure and M&As required to expand profits and strengthen the business base while being fully aware of the risks posed by a deterioration in the financial position over the long term.

UBE's basic policy is to pay dividends that are commensurate with earnings results while giving consideration to stable dividends and to implement buyback of shares in a flexible manner. In principle, the Company aims for a total return ratio (consolidated) that is 30% or higher of profit attributable to owners of parent under the current Medium-Term Management Plan.

[Principle 1-4]
UBE may hold listed stock when it is deemed necessary to maintain and strengthen business alliances and trading relationships and to smoothly promote the Company's business activities. Every year, the Board of Directors comprehensively verifies whether the objective of the cross-shareholding is appropriate and whether said objective is being achieved, as well as the risks and returns of each cross-shareholding, based on a policy of reducing cross-shareholdings for which there is considered to be insufficient justification.

Moreover, in the exercise of voting rights for strategic shareholdings, UBE determines its approval and disapproval for proposals after a comprehensive judgement based on whether the proposal will produce a return for the Company through an increase in the shareholder value of the investee company.

[Supplementary Principle 1-4-1]
When a cross-shareholder indicates an intention to sell shares, UBE accepts the sale without obstruction.

[Supplementary Principle 1-4-2]
UBE does not and will not engage in transactions with cross-shareholders which may harm the common interests of the companies or their shareholders by, for instance, continuing the transactions without carefully examining the underlying economic rationale.

[Principle 1-6]
UBE understands that its capital strategies have a major impact on the interests of shareholders and does not implement capital strategies that are likely to unfairly damage the interests of existing shareholders. When a capital increase is required such as for a large-scale M&A, the Board of Directors and the corporate auditors thoroughly study the necessity and rationality from the viewpoint of fulfilling the fiduciary responsibility to shareholders and ensure the appropriate procedures in addition to providing a full explanation to shareholders.

[Principle 1-7]
The Board of Directors has stipulated in the Regulations of the Board of Directors that transactions between directors and the Company shall be approved by the Board of Directors. With regards to an actual transaction, the Board of Directors will deliberate on and approve the appropriacy of the substance of the transaction in advance from the viewpoint of whether it will damage the common interests of the Company and the shareholders in addition to receiving a report on the outcome of the transaction. The same procedure shall also be followed when a transaction with a major shareholder is to take place.

[Principle 2-6]
UBE has established an Asset Management Committee composed of officers and employees with knowledge and experience in personnel, finance, and investor relations in order to ensure the appropriate management of pension fund assets. The Asset Management Committee has formulated a policy asset mix and investment style that forms the basis for controlling risk and achieving the prospective yield. Based on this, the committee entrusts asset management to asset management institutions and receives periodic reports from each institution on investment performance, management systems, status of stewardship activities, and so forth, so that it may perform comprehensive evaluations and remove or appoint asset management institutions. The committee also manages any conflict of interest that may arise between the beneficiaries of the corporate pension plan and the Company appropriately.

[Principle 3-1]
(1) The management philosophy has been set forth as "coexistence and mutual prosperity" and "from finite mining to infinite industry" since the foundation of the Company. UBE has also published its management strategy and management plan on its corporate website.

https://www.ube-ind.co.jp/ube/en/corporate/management/vision.html
https://www.ube-ind.co.jp/ube/en/corporate/management/strategy.html

(2) Basic approach and basic policy on corporate governance
The basic mission of the UBE Group, comprising UBE and its Group companies, is to secure sustainable growth throughout the Group and enhance corporate value over the medium and long term. To achieve these goals, it is important to establish effective corporate governance to enable the UBE Group to ensure the sustainability of appropriate business activities, and fulfill its responsibilities to all stakeholders including shareholders, customers, business partners, employees, and communities, while striving to earn their confidence.

Going forward, UBE will continue striving to enhance corporate governance, which includes streamlining management, increasing transparency, speeding up decision making, clarifying management responsibility, and strengthening management oversight functions based on the spirit of each principle of Japan's Corporate Governance Code.

(3) The policy and procedures for determining the remuneration of directors are as described in "Director Remuneration" of "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" in "1. Organizational Composition and Operation" under "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" in this document.

(4) In order to achieve appropriate decision making and management supervision for a wide range of business activities in sectors including chemicals, pharmaceuticals, construction materials, machinery, and energy and environment, UBE appoints and nominates persons with a wealth of business and operational experience as inside directors, inside corporate auditors and management executives, and persons with an independent and objective viewpoint and a high level of insight who are able to actively express their opinions and make recommendations as outside directors and outside corporate auditors. UBE also dismisses such persons when it is deemed that these functions are not adequately performed.

Moreover, in terms of the procedures for appointments, dismissals and nominations, the Board of Directors makes resolutions based on the proposals and reports from the Nominating Committee, which is under the Board of Directors. The Board of Directors also makes resolutions after obtaining the agreement of the Board of Auditors on a proposal to appoint or dismiss a corporate auditor.

(5) The reasons for the appointment or dismissal of directors and corporate auditors are published in the notice of convocation for the ordinary general meeting of shareholders.
https://www.ube-ind.co.jp/ube/en/corporate/shareinfo/meeting.html

[Supplementary Principle 3-1-1]
In disclosing the aforementioned information (including disclosures in compliance with laws and regulations), the Board of Directors strives to ensure accuracy while making the disclosures as easy to understand as possible.

[Supplementary Principle 4-1-1]
Under the Regulations of the Board of Directors, which were prepared based on legislation and the Articles of Incorporation, the Board of Directors judges and decides on key management matters (including management plans and budgets, and important matters from the viewpoint of monetary amounts and risks) and judgements and decisions for other matters are delegated to the Chief Executive Officer.

[Supplementary Principle 4-1-3]
The Nominating Committee, which is a subordinate committee to the Board of Directors, holds deliberations regularly on succession planning for the Chief Executive Officer and other officers, and the Board of Directors provides supervision based on these deliberations. The Nominating Committee ensures independent and objective advisory functions, since outside directors account for a majority of the members and an outside director serves as the chair.

[Supplementary Principle 4-2-1]
The Evaluation and Compensation Committee, which is a subordinate committee to the Board of Directors,

holds deliberations on compensation for the management team, which is determined by the Board of Directors. The Evaluation and Compensation Committee ensures independent, objective, and effective advisory functions, since outside directors account for a majority of the members and an outside director serves as the chair.

Compensation for UBE's management team is composed of (1) cash compensation: fixed compensation and performance-linked compensation (performance-linked compensation varies in conjunction with achievement of consolidated earnings and segment earnings indicators, achievement of job targets for each management team member, and achievement of industrial safety indicators); and (2) stock-based compensation: stock options. The ratio of the two types of compensation is roughly 9:1. The objective of the former is mainly to increase the incentive for achieving short-term consolidated earnings targets, and the objective of the latter is to align the interests of the management team with those of shareholders and to increase the incentive to achieve medium-to-long term targets.

[Supplementary Principle 4-3-2] and [Supplementary Principle 4-3-3]
The Nominating Committee, which is a subordinate committee to the Board of Directors, holds deliberations on the appointment or dismissal of the CEO, which is determined by the Board of Directors. The Nominating Committee ensures independent, objective, and effective advisory functions, since outside directors account for a majority of the members and an outside director serves as the chair.

[Principle 4-8]
UBE appoints four, or half, of its eight directors as independent outside directors who fulfill the standards on independence stipulated by financial instruments exchanges and the Company. The Company believes that the four independent outside directors contribute to its sustained growth and enhancement of corporate value over the medium and long term.

[Principle 4-9]
In addition to the standards of independence stipulated by financial instrument exchanges, UBE's criteria for independence include judgements based on the confirmation of current circumstances in the event that there has been any conflict with standards of independence in the past.

Moreover, in addition to independence, the Board of Directors endeavors to select persons who can be expected to contribute to constructive discussions at the Board of Directors in a candid and active manner as candidates for independent outside directors.

[Supplementary Principle 4-10-1]
UBE has adopted a "company with board of corporate auditors" system. Four of the eight directors are independent outside directors, which is not a majority. However, UBE has established a structure which obtains appropriate involvement and advice from independent outside directors through the Nominating Committee and the Evaluation and Compensation Committee. Both are optional committees under the law, and four of the six members of each committee are independent outside directors, accounting for a majority, and an independent outside director serves as the chair of each committee.

[Supplementary Principle 4-11-1]
In order to achieve appropriate decision making and management supervision for a wide range of business activities in sectors including chemicals, pharmaceuticals, construction materials, machinery, and energy and environment, the Board of Directors has a basic policy of appointing and nominating persons with a wealth of business and operational experience as directors (inside), and persons with an independent and objective viewpoint and a high level of insight who are able to actively express their opinions and make recommendations as outside directors. The number of directors is specified as 15 or less in the Articles of Incorporation, and the Board of Directors is currently composed of eight directors (four inside directors and four outside directors). Each candidate for director is discussed and approved by the general meeting of shareholders after a resolution of the Board of Directors following deliberation by the Nominating Committee.

[Supplementary Principle 4-11-2]
UBE reports on the situation of important concurrent service for directors and corporate auditors annually in the notice of convocation for the ordinary general meeting of shareholders.

https://www.ube-ind.co.jp/ube/en/corporate/shareinfo/meeting.html

Moreover, when an outside director or outside corporate auditor of UBE is to serve concurrently as an officer at another listed company, UBE confirms in advance that there will be no impediment to the Company's operations.

[Supplementary Principle 4-11-3]
UBE convenes a regular Evaluation Meeting for Effectiveness of the Board of Directors composed of outside directors, outside corporate auditors, and non-executive directors (inside) to hold deliberations on evaluating the effectiveness of the Board of Directors, based on directors' and corporate auditors' self-assessment of the Board of Directors (to be obtained through questionnaire, etc.). The Board of Directors receives a report on these deliberations and conducts an evaluation of its effectiveness. As a result, this fiscal year, an evaluation was obtained that the composition and operation of UBE's Board of Directors is appropriate and that vigorous discussion and deliberation is conducted, determining that the effectiveness of the Board of Directors is ensured. Going forward, UBE considers the following areas to be issues and will strive for improvements in order to further enhance the effectiveness of the Board of Directors:
(1) appropriate sharing of information between the Board of Directors and executive departments in the process of plan formulation in order to strengthen the supervision function for the implementation status of medium and long-term management plans;
(2) consistently constructing the risk management system and continually working to reinforce that system; and
(3) further deepening collaboration with the Strategic Management Meeting and working to enhance the discussions of the Board of Directors.

[Supplementary Principle 4-14-2]
UBE has a basic policy of providing opportunities for directors and corporate auditors to learn the knowledge necessary for the execution of their duties.

UBE provides opportunities for directors (inside) and corporate auditors (inside) to acquire new information by inviting outside instructors and sending the directors and auditors to seminars held by external organizations when necessary. The Company also provides outside directors and outside corporate auditors with explanations about the Company, management circumstances (business activities, business environment, industry trends, etc.) and the status of corporate governance, as well as opportunities to visit the main business sites and other activities at the time when they are appointed and as necessary after they are appointed.

Moreover, every autumn the Company holds an Executive Management Workshop with the participation of directors, corporate auditors, and executive officers to facilitate discussion and development of a common awareness on topical management themes.

[Principle 5-1]
In order to achieve sustained growth and enhancement of corporate value over the medium and long term, UBE believes that it is important to provide information to shareholders in a timely and appropriate manner and to engage in constructive dialogue. In order to achieve this, the Company actively engages in initiatives and establishment of systems, including the attendance of the Chief Executive Officer at forums for dialogue with shareholders to provide direct explanations and other varieties of communication. The specific details are as below.
(1) The officer in charge of the Corporate Planning & Administration Office carries out overall supervision of dialogue with shareholders.
(2) In order to assist with dialogue, the general manager of the Finance & Investor Relations Department, Corporate Planning & Administration Office considers measures in collaboration with each related department when necessary and makes recommendations to the officer in charge of the Corporate Planning & Administration Office.
(3) UBE holds financial results briefing sessions, medium-term management plan briefing sessions, small meetings and individual interviews for institutional investors, and also provides business briefing sessions and plant tours when necessary to enhance understanding of the Company. Moreover, the Chief Executive Officer explains the Company's challenges and countermeasures to individual investors after the general meeting of shareholders, and the Company also holds separate briefing sessions for individual investors.
(4) Opinions that have been identified in the dialogue with shareholders and investors are passed on to the management team, the Board of Directors and the relevant departments when necessary.
(5) In order to exhaustively manage insider information, Regulations on the Prevention of Insider Trading and

the Timely Disclosure of Internal Information are established, and executives and employees involved in dialogue with shareholders and investors are made to comply with the regulations.

[Principle 5-2]
When formulating its medium-term management plan, UBE conducts a review of business strategies and business plans and determines basic policy on earnings plans and capital policy taking into account the Company's cost of capital. UBE also reviews targets for management indicators and the business strategy and business portfolio for achieving these targets and determines and publishes the allocation of management resources, including capital investment and R&D investment. UBE takes measures to ensure that the explanations it provides are easy for shareholders to understand.

The current Medium-Term Management Plan is posted on the Company website.
http://www.ube-ind.co.jp/ube/en/corporate/management/strategy.html

2. Capital Structure

Foreign Shareholding Ratio	More than 30%

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,623,500	6.29%
Japan Trustee Services Bank, Ltd. (Trust Account)	6,330,000	6.01%
Mizuho Securities Co., Ltd.	2,540,532	2.41%
Japan Trustee Services Bank, Ltd. (Trust Account No.9)	2,412,000	2.29%
Japan Trustee Services Bank, Ltd. (Trust Account No.5)	2,015,900	1.92%
SUMITOMO LIFE INSURANCE COMPANY	2,000,000	1.90%
BBH BOSTON CUSTODIAN FOR BLACKROCK GLOBAL ALLOCATION FUND, INC. 620313	1,881,750	1.79%
Japan Trustee Services Bank, Ltd. (Trust Account No.4)	1,772,300	1.68%
Trust & Custody Services Bank, Ltd. (Investment Trust Collateral Account)	1,605,000	1.53%
Nippon Life Insurance Company	1,600,009	1.52%

Controlling Shareholder (except for Parent Company)	-
Parent Company	None

Supplementary Explanation

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section, Fukuoka Stock Exchange
Fiscal Year-End	March
Type of Business	Chemicals
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

-

5. Other Special Circumstances which may have Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Board of Corporate Auditors

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	Company Chairperson
Number of Directors	8
Number of Outside Directors	4
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Takashi Kusama	From another company					△						
Keikou Terui	From another company											
Takashi Shoda	From another company											
Mahito Kageyama	From another company					△						

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the listed company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/Corporate Auditor
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which and the Company outside directors/Corporate Auditors are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Takashi Kusama	○	Takashi Kusama previously served as an executive officer of The Industrial Bank of Japan (IBJ, now Mizuho Bank, Ltd.), which is one of UBE's main lenders, leaving IBJ in March 2000. As of March 31, 2018, UBE's balance of borrowings from Mizuho Bank, Ltd. stood at ¥13,501 million, accounting for 11.8% of the Company's total borrowings of ¥114,552 million.	Takashi Kusama was previously an executive officer of The Industrial Bank of Japan (IBJ, now Mizuho Bank, Ltd.), which was then one of UBE's main lenders. After leaving IBJ in March 2000, Kusama took a position as president of Shinko Securities Co., Ltd. and later became Chairman of the Board of Directors of Mizuho Securities Co., Ltd. It should be noted that lead underwriter and other business related to the issuance of straight bonds as part of the Company's fund procurement are conducted between UBE and Mizuho Securities Co., Ltd. However, as Mizuho Securities Co., Ltd. is one of a number of lead underwriters, there are no special-interest relationships between UBE and Mizuho Securities Co., Ltd. There is also no risk of a conflict of interest with general shareholders. Kusama brings valuable advice based on his expertise, to help UBE achieve sustainable growth and enhance its corporate value over the medium and long term. He also provides an independent and third party perspective on UBE's decision making and monitoring of management, playing an important role in helping to secure the efficiency, transparency, and objectivity of management.
Keikou Terui	○	-	During a long career with the Ministry of Economy, Trade and Industry, Keikou Terui held a number of important positions as an administrative official. He currently serves as director of the non-profit Japan Utility Telemetering Association, which has no major transactions with UBE. This ensures full independence from UBE and there is no risk of a conflict of interest with general shareholders. Terui brings valuable advice based on his expertise, to help UBE achieve sustainable growth and enhance its corporate value over the medium and long term. He also provides an independent and third party perspective on UBE's decision making and monitoring of management, playing an important role in helping to secure the efficiency, transparency, and objectivity of management.
Takashi	○		Takashi Shoda held a number of

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Shoda			management positions during a long career with leading pharmaceutical manufacturer Daiichi Sankyo Co., Ltd. He was appointed advisor to Daiichi Sankyo Co., Ltd. in June 2014. UBE has transactions with Daiichi Sankyo for pharmaceutical products, which accounted for less than one percent of UBE's net sales in the fiscal year ended March 31, 2015. As such, Daiichi Sankyo has no particular vested interest in UBE, nor is there a risk of conflict of interest with general shareholders. Shoda brings valuable advice based on his expertise, to help UBE achieve sustainable growth and enhance its corporate value over the medium and long term. He also provides an independent and third party perspective on UBE's decision making and monitoring of management, playing an important role in helping to secure the efficiency, transparency, and objectivity of management.
Mahito Kageyama	○	Mahito Kageyama previously served as an executive officer of UFJ Bank Ltd. (UFJ, now The Bank of Tokyo-Mitsubishi UFJ, Ltd.), which is one of UBE's main lenders, leaving UFJ in February 2003. As of March 31, 2018, UBE's balance of borrowings from The Bank of Tokyo-Mitsubishi UFJ, Ltd. stood at ¥14,530 million, accounting for 12.7% of the Company's total borrowings of ¥114,552 million.	Mahito Kageyama was previously an executive officer of UFJ Bank Ltd. (UFJ, now The Bank of Tokyo-Mitsubishi UFJ, Ltd.), which was then one of UBE's main lenders. After leaving UFJ in February 2003, Kageyama took up management positions with trading companies, including serving as president of Tomen Corporation and vice president of Toyota Tsusho Corporation. Toyota Tsusho has transactions with the Company for chemical products, which accounted for less than one percent of UBE's net sales in the fiscal year ended March 31, 2015. As such, Toyota Tsusho has no particular vested interest in the Company, nor is there a risk of conflict of interest with general shareholders. Kageyama brings valuable advice based on his expertise, to help UBE achieve sustainable growth and enhance its corporate value over the medium and long term. He also provides an independent and third party perspective on UBE's decision making and monitoring of management, playing an important role in helping to secure the efficiency, transparency, and objectivity of management.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nominating Committee	Evaluation and Compensation Committee
All Committee Members	6	6
Full-time Members	0	0
Inside Directors	2	2
Outside Directors	4	4
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation

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[Corporate Auditors]

Establishment of Board of Corporate Auditors	Established
Maximum Number of Corporate Auditors Stipulated in Articles of Incorporation	5
Number of Corporate Auditors	4

Cooperation among Corporate Auditors, Accounting Auditors and Internal Audit Departments

Corporate auditors regularly and when necessary meet with independent accounting auditors to receive updates about implementation and planning for audits, and receive reports from their counterparts at the Group companies on the implementation status of audits. Corporate auditors also conduct regular study meetings and feedback meetings to improve audit quality.

They also participate in regular study meetings and feedback meetings regarding audits to improve audit quality. Close cooperation is achieved through regular information exchange between corporate auditors and the Audit Department. Members of the Audit Department assist with audits conducted by corporate auditors as needed.

Appointment of Outside Corporate Auditors	Appointed
Number of Outside Corporate Auditors	2
Number of Independent Corporate Auditors	2

Outside Corporate Auditors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Seiichi Ochiai	Academic													
Miyako Suda	Academic							▲						

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary
b. Non-executive director or accounting advisor of the Company or its subsidiaries
c. Non-executive director or executive of a parent company of the Company
d. Corporate Auditor of a parent company of the Company
e. Executive of a fellow subsidiary company of the Company
f. A party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof
h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Corporate Auditor
i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Corporate Auditor himself/herself only)
k. Executive of a company, between which and the Company outside directors/Corporate Auditors are mutually appointed (the Corporate Auditor himself/herself only)
l. Executive of a company or organization that receives a donation from the Company (the Corporate Auditor himself/herself only)
m. Others

Outside Corporate Auditors' Relationship with the Company (2)

Name	Designation as Independent Corporate Auditor	Supplementary Explanation of the Relationship	Reasons of Appointment
Seiichi Ochiai	○	-	During a long career as a legal scholar, Seiichi Ochiai has held positions as a professor at The University of Tokyo and Seikei University. He currently serves as a Professor Emeritus at The University of Tokyo, as well as serving as an outside auditor of Nippon Telegraph and Telephone Corporation and outside director of Meiji Yasuda Life Insurance Company. Ochiai has never served as an executive officer of a main shareholder of UBE or a company having major transactions with UBE. There is also no risk of a conflict of interest with general shareholders. UBE considers Ochiai suitable to serve as an outside corporate auditor and further strengthen UBE's auditing, by auditing the execution of duties by directors from an independent and neutral standpoint, and giving feedback from his specialized expertise and extensive experience.
Miyako Suda	○	Until December 2002, Miyako Suda's husband served as an executive officer of The Industrial Bank of Japan (IBJ, now Mizuho Bank, Ltd.), which is one of UBE's main lenders. As of March 31, 2018, UBE's balance of borrowings from Mizuho	During a long career as an economist, Miyako Suda has held positions as a professor at Senshu University and Gakushuin University. She currently serves as a special advisor to The Canon Institute for Global Studies and outside director of Meiji Yasuda Life Insurance Company. Suda has never served as an executive officer of a main shareholder of UBE or a company having major transactions with UBE. There is also no risk of a conflict of

Name	Designation as Independent Corporate Auditor	Supplementary Explanation of the Relationship	Reasons of Appointment
		Bank, Ltd. stood at ¥13,501 million, accounting for 11.8% of the Company's total borrowings of ¥114,552 million.	interest with general shareholders. UBE considers Suda suitable to serve as an outside corporate auditor and further strengthen UBE's auditing, by auditing the execution of duties by directors from an independent and neutral standpoint, and giving feedback from his specialized expertise and extensive experience

[Independent Directors/Corporate Auditors]

Number of Independent Directors/ Corporate Auditors	6

Matters relating to Independent Directors/Corporate Auditors

UBE designates any and all outside directors as independent directors if they fulfill the qualifications for the position.
When none of the following apply to an outside director or outside corporate auditor at UBE, the outside director or outside corporate auditor concerned is deemed to be independent.

A. A person whose major customer is UBE or another person who executes business under such a person
B. A major customer of UBE or a person who executes business under such a person
C. A consultant, accounting professional, or legal professional who has obtained considerable money or other property from UBE other than director remuneration. (When the person who obtained the said property is a group such as a corporation or a union, etc., refers to a person who belongs to the said group.)
D. A person to whom any of A., B., or C. applied recently
E. A close relative of a person (excludes an inconsequential person) listed in any of (a) through (d) below.
   (a) A person listed in A. through D.
   (b) A person who executes business for a subsidiary of UBE
   (c) A non-executive director of a subsidiary of UBE
   (d) A person to whom (b) or (c) recently applied, or a person who recently executed business for UBE. (This includes non-executive directors when designating outside corporate auditors as independent officers.)
F. A person to whom any of A. through E. applied in the past and who can be deemed to be in the same position at present

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration, Stock Options

Supplementary Explanation

The structure of remuneration for officers at UBE consists of base compensation, stock options, and specifically is determined as below (published in "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods").

Recipients of Stock Options	Inside Directors, Other

Supplementary Explanation

The recipients of stock options are inside directors and executive officers. In order to ensure independence, stock options are not allotted to outside directors and corporate auditors.

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure

Supplementary Explanation

In fiscal 2017, the total amounts of remuneration, etc. for each category of officer, the total amounts for each type of remuneration, etc., and the number of eligible officers were as follows.

• Directors (Number of eligible officers: 4)
Total remuneration: ¥218 million (base compensation: ¥189 million, stock options: ¥29 million)

• Corporate Auditor (Number of eligible officers: 3)
Total remuneration: ¥57 million (base compensation: ¥57 million)

• Outside Directors / Outside Corporate Auditors (Number of eligible officers: 6)
Total remuneration: ¥68 million (base compensation: ¥68 million)

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

1. The structure of remuneration of directors (excluding outside directors) and executive officers at UBE consists of base compensation and stock options, and is specifically determined as below.

(1) Base compensation is calculated by the sum of the following components: a fixed compensation portion; a performance-linked portion based on achievement of designated consolidated earnings indicators such as operating income, net income and free cash flow; a portion based on achievement of job targets for each director/corporate auditor; and a portion based on achievement of performance indicators for safety.

(2) Stock options are awarded to provide an added incentive to achieve medium- and long-range targets consistent with the interests of shareholders.

2. Outside directors receive base compensation only, at a fixed amount.

3. In order to secure the transparency and objectivity of director and executive officers remuneration, compensation levels are reviewed by the Evaluation and Compensation Committee. The committee operates as an internal committee of the Board of Directors, and as a rule, its chair and a majority of the members are outside directors. After reviewing the compensation, the committee forwards its recommendations and findings to the Board.

4. Corporate auditors receive base compensation only, at a fixed amount. Since July 2016, internal corporate auditors have received a fixed amount the same as the outside corporate auditors.

5. External data is also referenced in order to objectively verify the suitability of compensation levels.

[Supporting System for Outside Directors and/or Corporate Auditor]

The Company assigns a secretary in charge of the outside directors to implement communication and coordination between the outside directors and other UBE officers (the management team and the corporate auditors and the Board of Auditors) based on the instructions of the independent outside directors. The Company also distributes meeting materials to the outside directors by the day prior to a meeting of the Board of Directors.

Outside corporate auditors are supported by dedicated staff in order to facilitate the efficient and smooth execution of audits.

[Status of Persons Who Retired as Representative Director and President, etc.]

Names, etc. of Senior Advisers/Executive Advisors, etc. who previously served as Representative Director and President

Name	Job title	Description of position	Form and conditions of work (full time/part time, compensated/uncompensated)	Date of retirement as President	Term of office
-	-	-	-	-	-

Total number of Senior Advisers/Executive Advisors, etc. who previously served as Representative Director and President	0

Other Matters

-

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

[System for Management Decision Making and Execution of Business]

(1) Decision Making
UBE uses the following system for meetings on management decisions, in order to separate governance and management in running the company and secure the transparent and efficient execution of management.

a. Board of Directors
The Board of Directors deliberates on and makes decisions about matters that are stipulated in the Companies Act of Japan and the basic corporate direction of the companies and important matters of business execution, from a medium- and long-range perspective on behalf of the interests of shareholders. Furthermore, UBE shall appoint outside directors in order to provide an independent, third party perspective for decision making and monitoring of management, and secure the efficiency, transparency, and objectivity of management. UBE also employs a Nominating Committee and an Evaluation and Compensation Committee, which are each made up of several directors and report to the Board of Directors.

b. Strategic Management Meeting
The Strategic Management Meeting deliberates on and makes decisions about allocation of resources for the entire UBE Group and matters needing coordination within the Group, as well as important matters that impact the entire Group, in accordance with the Group Management Guidelines and the Strategic Management Meeting Regulations.

The High Pressure Gas Safety Committee, together with the Management Council deliberates on and makes decisions about important matters having to do with the security of chemical plants, serving as the security measures headquarters called for in Japan's High Pressure Gas Safety Act.

c. Company Operating Committee and Division Operating Committee
The Company Operating Committee and Division Operating Committee deliberate and decide on important matters at the internal company and business division levels, including business strategy for UBE and its Group companies. These decisions are guided by the Group Management Guidelines and rules of each Operating Committee.

(2) Group Management and Consolidated Management of Internal Companies

a. Group management
The President is entrusted by the Board of Directors to serve as Group CEO in overseeing the business execution of the UBE Group. The Group CEO outlines the direction of business execution and sets objectives for internal companies, and determines the allocation of business resources in terms of distributing personnel, material, and financial resources to achieve the objectives of each internal company. Furthermore, the Group CEO endeavors to address important matters of business execution that are beyond the scope of the authority of internal companies.

b. Management of internal companies and business execution
Business resources are allocated to internal companies, guided by the direction agreed with Group management. Internal companies strive to effectively use these resources and execute their business autonomously to achieve their objectives.

c. Group administration
Corporate administrative departments within the UBE Group assist with the formulation of strategies for Group management and management of internal companies. These departments also procure business resources comprising personnel, material, and financial resources, to efficiently serve both the shared and specific needs of business departments.

[Status of Audits Conducted by Corporate Auditors, Internal Audits, and Accounting Audit]
(1) Internal Audits
Internal audits are conducted by UBE's Audit Department, which has a staff of 11 people and reports directly to the President as an independent organization. Internal audits cover the entire UBE Group including overseas subsidiaries, and are designed to check internal controls and verify regulatory compliance and adherence to internal rules and guidelines. The Audit Department seeks to identify potential risks in all business activities, and continually exchanges information with UBE's independent accounting auditors and consults with them regarding internal control systems and their operation. The general manager of the Audit Department also participates in company-wide risk management organizations such as the Compliance Promotion Committee and Information Security Committee, and works with other committee members to strengthen risk management.

(2) Audits Conducted by Corporate Auditors
Four corporate auditors including two outside auditors and four additional support staff work in the Corporate Auditor's Office to conduct management audits based on the audit policy and audit plan that are formulated each fiscal year. Corporate auditors attend meetings of the Board of Directors and other important meetings to provide input, and review important approval documents and receive business reports from directors and officers. These activities are designed to ensure that directors and executive officers suitably execute their duties.

(3) Accounting Audit
UBE has appointed Ernst & Young ShinNihon LLC to undertake audit operations for the accounting audit. The names of the certified public accountants who executed accounting audit operations in fiscal 2017 are as listed below.

Names and other details of certified public accountants		Name of the auditing firm
Designated Limited Liability Partner	Tomohiro Narita	Ernst & Young ShinNihon LLC
	Tatsuya Suzuki	
	Yasuhiro Kai	

Note: Years of continuous service for all concerned are less than seven years. Accordingly, details have been omitted.
Details of individuals assisting in accounting audit operations: Number of certified public accountants: 8; Number of other staff: 25

[Functions of Nomination and Determination of Remuneration, etc.]
UBE does not use a nominating committee management system, but operates a Nominating Committee and Evaluation and Compensation Committee, as mentioned earlier in this document, that report to the Board of Directors. As of the date of submitting the securities report, the committees are made up of six directors each, with each committee headed by an outside director. With regards to the determination of remuneration for the officers of UBE (directors and executive officers), refer to "Performance-linked remuneration" described in "Incentive Policies for Directors."

3. Reasons for Adoption of Current Corporate Governance System

UBE has maintained a board of company auditors to improve supervisory functions with the board of directors, thus promoting fairness and transparency of management, as well as a system for executive officers, since June 2001, with the aim of separating governance and management functions. As of the date of submitting annual security report, the management team comprises eight directors and 26 executive officers, three of whom are also directors. As a rule, the Board of Directors is chaired by a director who does not serve as an executive officer. The Board strives to achieve regulatory compliance and adhere to the articles of incorporation and Board rules, in making decisions about critical matters concerning the running of the Company. The Board also oversees the directors and executive officers to ensure that they execute their business in an appropriate and efficient manner. Executive officers are entrusted by the President and Representative Director to execute the Company's business, guided by the management policies decided by the Board.

UBE has appointed outside directors since June 2005, in order to secure an independent, third party perspective for decision making and monitoring of management, and secure the efficiency, transparency, and objectivity of management. Furthermore, UBE does not use a nominating committee management system, but operates a Nominating Committee and Evaluation and Compensation Committee that report to the Board of Directors. As of the date of submitting the securities report, the committees are made up of six directors each, with each committee headed by an outside director.

Directors and executive officers currently serve a term of one year. The shorter term was adopted at a general shareholder's meeting on June 28, 2007, in order to facilitate greater flexibility in the appointment of directors and executive officers, and reinforce a results-oriented approach in striving to improve the business results of the UBE Group for the short term as well as in the medium- and long-range future.

Under the current framework for corporate governance, UBE is striving to raise the efficiency of management and the speed of decision making, to increase the transparency of management, and to improve management supervision by incorporating outside perspectives.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	As a rule, notification is sent out three weeks before the meeting, one week earlier than the statutory requirement.
Allowing Electronic Exercise of Voting Rights	Electronic exercise of voting rights is possible by accessing UBE's specified voting rights exercise site from a PC, smartphone, or mobile phone.
Participation in Electronic Voting Platform	UBE adopted the electronic exercise of voting rights at the June 2010 General Shareholder Meeting along with the introduction of an electronic voting platform. Convocation notices are posted on the Company website as well as the Tokyo Stock Exchange website, making it easy to obtain the information. Resolution notices are also posted on the Company's website.
Providing Convocation Notice in English	English translations that summarize convocation and resolution notices are also posted on the UBE's website.
Other	UBE identifies the General Shareholder Meeting as an opportunity for IR targeting individual investors, and the President provides explanations about the Company's management challenges and countermeasures after the end of the meeting.

2. IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	UBE has prepared a disclosure policy and published it on the corporate website.
Regular Investor Briefings for Individual Investors	UBE regularly participates in briefings for individual investors that are organized by securities exchanges and securities companies.

Regular Investor Briefings for Analysts and Institutional Investors	In addition to briefings after the announcement of fiscal year financial results and online conferences for each announcement of quarterly financial results, UBE holds regularly business briefings and plant tours.
Regular Investor Briefings for Overseas Investors	UBE regularly visits the main investors in each region of Europe, the United States, and Asia.
Posting of IR Materials on Website	UBE posts materials in detail, including documents disclosed to the stock exchange, financial results bulletins, business reports, past financial statements, integrated report, materials for IR briefings, and materials on management plans, which cover its vision and management policy, IR policy, disclosure policy, policy on corporate governance, dividend policy, and information concerning risks.
Establishment of Department and/or Manager in Charge of IR	Department in charge: Finance & Investor Relations Department, Manager in charge: GM, Finance & Investor Relations Department

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Implementation of Environmental Activities, CSR Activities etc.	In the area of environmental preservation, the Environment & Safety Department has jurisdiction over group-wide activities. In the area of CSR activities, the CSR Department has been set up under the officer in charge of CSR, and a structure to promote CSR has been established. The *Integrated Report*, which replaced the *UBE Group CSR Report* published until 2017, includes reporting on the status of the Group's initiatives on environmental preservation activities and CSR activities. The content of the report is also published on the Company's website in Japanese and English.
Development of Policies on Information Provision to Stakeholders	The UBE Action Guidelines, which were created to establish corporate ethics in the UBE Group and are distributed to every single Group employee in pamphlet form, stipulate, "We will strive to protect information and engage in appropriate disclosure of corporate information, while actively and thoroughly facilitating communication with society."

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

The Board of Directors has outlined a basic policy for establishing an internal control system. Details are presented briefly as follows (date of initial resolution: May 11, 2006; most recent revision resolution date: September 28, 2018). Corporate organization details are covered under the decision-making meeting structure outlined in item 5 of the Basic Policy for Establishing Internal Control.

1. Securing Appropriate Business Execution by UBE and Group Companies

The basic mission of the UBE Group, comprising UBE and its Group companies, is to secure sustainable growth throughout the Group and enhance corporate value over the medium and long term. To achieve these goals, it is important to establish effective corporate governance to enable the UBE Group to ensure the sustainability of appropriate business activities, and fulfill its responsibilities to all stakeholders including shareholders, customers, business partners, employees, and communities, while striving to earn their confidence.

(1) Group Management and Consolidated Management of Internal Companies

a) Group management

The President is entrusted by the Board of Directors to serve as Group CEO in overseeing the business execution of the UBE Group. The Group CEO outlines the direction of business execution and sets objectives for internal companies, and determines the allocation of business resources in terms of distributing personnel, material, and financial resources to achieve the objectives of each internal company. Furthermore, the Group

CEO endeavors to address important matters of business execution that are beyond the scope of the authority of internal companies.

b) Management of internal companies and business execution
Business resources are allocated to internal companies, guided by the direction agreed with Group management. Internal companies strive to effectively use these resources and execute their business autonomously to achieve their objectives.

c) Group administration
Corporate administrative departments within the UBE Group assist with the formulation of strategies for Group management and management of internal companies. These departments also procure business resources comprising personnel, material, and financial resources, to efficiently serve both the shared and specific needs of business departments.

(2) Decision Making
UBE uses the following system for meetings on management decisions, in order to separate governance and management in running the company and secure the transparent and efficient execution of management.

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The Board of Directors deliberates on and makes decisions about matters that are stipulated in the Companies Act of Japan and the basic corporate direction of the companies and important matters of business execution, from a medium- and long-range perspective on behalf of the interests of shareholders. Furthermore, UBE shall appoint outside directors in order to provide an independent, third party perspective for decision making and monitoring of management, and secure the efficiency, transparency, and objectivity of management. UBE also employs a Nominating Committee and an Evaluation and Compensation Committee, which are each made up of several directors and report to the Board of Directors.

b) Strategic Management Meeting
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The High Pressure Gas Safety Committee, together with the Strategic Management Meeting deliberates on and makes decisions about important matters having to do with the security of chemical plants, serving as the security measures headquarters called for in Japan's High Pressure Gas Safety Act.

c) Company Operating Committee and Division Operating Committee
The Company Operating Committee and Division Operating Committee deliberate and decide on important matters at the internal company and business division levels, including business strategy for UBE and its Group companies. These decisions are guided by the Group Management Guidelines and rules of each Operating Committee.

2. Securing Regulatory Compliance and Adherence to the Articles of Incorporation by Directors and Employees Executing Duties at UBE and Group Companies

The UBE Group has developed a set of Personal Action Guidelines outlining the Company's corporate ethics. The guidelines outline the standards and criteria for compliance in corporate activities, which directors and employees are expected to adhere to.

UBE appoints compliance officers who are responsible for securing and promoting compliance throughout the Company, preventing acts that undermine fair and free market competition, and ensuring the soundness of corporate activities, and operates a Compliance Promotion Committee that includes a legal adviser and acts as an advisory body for compliance officers.

Furthermore, UBE shall make it a basic condition of export management to prohibit the illegal export or supply of restricted cargo and technology that are subject to export regulations aimed at maintaining international peace and safety, including foreign exchange and international trade legislation. The Company operates a Restricted Cargo and Export Management Committee to ensure that these restrictions are comprehensively communicated within the UBE Group.

In addition, UBE operates the UBE C-Line as a direct hotline for directors and employees to report on

compliance matters by surpassing normal channels. This encourages rapid reporting and swift correction of compliance issues.

The Personal Action Guidelines outlines the UBE Group's basic commitment to eradicating anti-social forces. In addition, the Board of Directors has established a Basic Policy for Anti-Social Forces. The policy outlines specific strategies to block relations with anti-social forces such as entities and organizations that threaten civil society, and directs the Company's steadfastly refuse to meet unreasonable demands.

UBE will furthermore ensure that there is an internal framework in place to secure compliance with accounting standards and other regulations, and ensure the reliability of financial reporting.

3. Preservation and Management of Information concerning Execution of Duties by Directors of UBE

Documentation including magnetic recordings are stored and also made viewable as needed, in accordance with regulatory requirements and internal rules relating to the Board of Directors, internal memos, Strategic Management Meeting and Company Operating Committee and Division Operating Committee.

UBE requires directors of its Group companies to report to UBE on essential matters in accordance with the rules of various committees stipulated by UBE. Additionally, UBE also requires them to immediately report on important events at their companies to UBE.

4. Rules and Other Measures for Risk Management at UBE and Group Companies

UBE identifies risks that could hinder the achievement of business objectives, and assesses the probability and impact of the risks in order to implement suitable measures, in the decision making by the Board of Directors and Strategic Management Meeting.

As internal structures related to managing the risk of losses at UBE and Group companies, UBE has established a unified company-wide management system that identifies risks and collects information on likelihood and impact of occurrence and creating a department that engages in integrated management of risk information.

The following committees also pursue risk management for specific areas of risks.

(1) Information Security Committee

The Information Security Committee develops information security policies, and endeavors to ensure that all employees are familiar with the policies while monitoring compliance. The committee also prepares rules and regulations for information security.

(2) Crisis Management Committee

The Crisis Management Committee operates a unified framework for internal and external crisis management. The committee prepares manuals that outline procedures for information gathering and prescribe the internal and external response to swiftly handle emergencies that arise in and outside of Japan.

5. Securing Efficient Execution of Duties by Directors of UBE and Group Companies

UBE uses a system of executive officers to separate governance and management in running the company. The framework enables executive offers to concentrate on executing business, and facilitates faster decision making. It also clarifies the role of the Board of Directors to maximize shareholder value from a medium- and long-range perspective, on behalf of the interests of shareholders.

The Board is chaired by a director who does not serve as an executive officer. By monitoring the suitability and efficiency of business execution, the Board endeavors to increase transparency and maximize shareholder value while minimizing risks.

UBE continually studies its corporate governance and strives to strengthen and speed up its business execution, to achieve strategic decision making and better corporate governance.

As written in the first basic policy ("Securing Appropriate Business Execution by UBE and Group Companies"), Group companies as part of the UBE Group will also endeavor to ensure that their directors efficiently execute their duties through Group management and management of internal companies.

6. Framework for Support Staff where Required by Corporate Auditors, Independence of Support Staff from Directors, and Securing the Effectiveness of Instructions from Corporate Auditors to Support Staff

UBE assigns dedicated staff to assist corporate auditors. The support staff assist with formulating audit plans and audits by corporate auditors, to facilitate the efficient and smooth execution of audits under the supervision of corporate auditors. Performance review of the support staff shall be conducted by a corporate auditor designated by the Board of Auditors, and personnel transfers and disciplinary actions against staff must

be authorized by said corporate auditor.

Corporate auditors consult with the representative director and outside directors with regards to enhancing support staff, securing independence from directors, and securing the effectiveness of instructions that corporate auditors issue to support staff.

7. Reporting by Directors and Employees of UBE and Group Companies, and Corporate Auditors of Group Companies, to UBE's Corporate Auditors; Prohibiting Adverse Treatment Due to Reporting

Directors and employees of UBE and its Group companies and corporate auditors of the Group companies shall immediately report to UBE's corporate auditors, if they uncover a major legal violation by UBE or a Group company, important facts related to compliance, or facts that could potentially be seriously damaging. UBE shall prohibit adverse treatment of personnel because of the reporting, and make UBE and its Group companies fully aware that such adverse treatment is prohibited.

8. Policy for Reimbursing (After or In Advance) Expenses for the Execution of Duties by Corporate Auditors, and Handling of Other Expenses and Liabilities from Execution of Duties

When a corporate auditor issues an invoice to be reimbursed in advance for executing duties, UBE shall pay the expenses or debts without delay, unless after discussions it is discovered that the expenses or liabilities connected with the invoice are not essential to the duties of the corporate auditor concerned.

9. Other Matters concerning Audit Execution by Corporate Auditors

To ensure that corporate auditors are kept aware of the process for important decisions and status of business execution, corporate auditors attend meetings of the Board of Directors and other important meetings to provide feedback. In addition, corporate auditors review important approval documents and can request business reports from directors, etc.

Corporate auditors regularly meet with directors including the representative director, to verify the management policy and exchange opinions on important issues. Corporate auditors regularly exchange information with internal audit departments and auditors of Group companies, and request internal audit departments to investigate matters as required.

Furthermore, corporate auditors receive briefings from UBE's independent accounting auditors on the accounting audit plan and audit results, and work collaboratively with independent accounting auditors through the regular exchange of information.

2. Basic Views on Eliminating Anti-Social Forces

1. Basic Views on Eliminating Anti-Social Forces

UBE created the UBE Action Guidelines in 1998 as the standard for the practice of compliance in the Group's business activities as well as the conduct of every officer and employee, and the UBE Group strives to promote compliance and ensure corporate ethics. Chapter 2 of the UBE Action Guidelines, "UBE Group and the Law," states, "We will comply with applicable legislation and our company regulations, conducting ourselves as a member of a sound society. We will refrain from any ties or transactions with antisocial forces, and will not bow to the unreasonable demands of antisocial forces," clearly expressing our basic views on eliminating anti-social forces.

Moreover, UBE has specified the Basic Policy for Anti-Social Forces below based on a resolution of the Board of Directors in April 2009.

a. We do not maintain relations of any kind or conduct transactions with anti-social forces.
b. We refuse to meet the demands of anti-social forces, and will pursue legal avenues against such demands through civil courts and criminal justice.
c. Under no circumstances will we pay money to or cover up transactions with anti-social forces.
d. We will work closely with external organizations, including police authorities, the National Center for the Elimination of Boryokudan, and attorneys, to protect against anti-social forces.
e. We will keep a unified corporate front in response to the demands of anti-social forces, to protect the safety of our officers and employees

2. Establishment of Internal Structure for the Elimination of Anti-Social Forces

(Development of Code of Ethics, Code of Conduct, and Internal Rules, Etc.)

In addition to the UBE Action Guidelines, which clearly state the Group's stance on anti-social forces, and the

Basic Policy for Anti-Social Forces based on the aforementioned resolution of the Board of Directors, the Group has established internal rules in order to prevent transactions with anti-social forces.

(Development of Internal Structures)
(1) Ordinary Response

a) Establishment of Department in Charge of Response and Manager in Charge of Preventing Unreasonable Demands
The department in charge of response is the CSR & General Affairs Department of the General Affairs & Human Resources Office, and the manager in charge of preventing unreasonable demands is the general manager of the General Affairs & Human Resources Office.

b) Collaboration with External Specialist Institutions
The Company builds close collaborative relationships while consulting with legal advisors and external consultants at all times.

c) Gathering and Management of Information Concerning Anti-Social Forces
The Company gathers the necessary information through participation in related bodies, including the police, and external seminars. Moreover, the department in charge (the CSR & General Affairs Department) strives to identify the latest trends related to anti-social forces and exchange information within the Group.

d) Preparation of Response Manual
The department in charge (the CSR & General Affairs Department) has prepared a response manual based on an anti-social forces scenario, which it has distributed to employees. The department is also committed to widely disseminating explanation of the policy for responding to anti-social forces as well as concrete case studies and precautions.

e) Implementation of Training Activities
The Company runs training (e-learning) for officers and all employees using PCs and training by internal and external instructors.

(2) Emergency Response
In the event that an unreasonable demand from anti-social forces is received, the Company responds as an organization as a whole.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation
-

2. Other Matters Concerning to Corporate Governance System

[Corporate Governance System, Including an Overview of Internal Control System]
Please refer to Appendix 1 for a schematic diagram.

[Overview of Timely Disclosure System]
The internal structure relating to the timely disclosure of the Company's corporate information is as described below. Please refer to Appendix 2 for a schematic diagram.

1. Basic Policy on Timely Disclosure
UBE is committed to achieving compliance with the Financial Instruments and Exchange Act and other related legislation, and discloses important corporate information in accordance with rules for timely disclosure

prescribed by the Tokyo Stock Exchange (TSE). Furthermore, it is the Company's basic policy to pursue active and fair disclosure of information that it deems to be useful in helping shareholders, investors, and other stakeholders to understand the Company, even beyond the scope of TSE rules for timely disclosure.

UBE has published the above policy on the Company's website as the Policy on Information Disclosure.

2. Internal Structure Relating to Timely Disclosure

The department with responsibility relating to timely disclosure is the Finance & Investor Relations Department of the Corporate Planning & Administration Office.

(1) Information on Decisions

Information on decisions where disclosure is required under timely disclosure regulations is included in the agenda of the Board of Directors meeting or the internal approval items based on legislation such as the Companies Act or the Company's regulations. In either case, the Finance & Investor Relations Department checks for the existence of items subject to timely disclosure and carries out timely disclosure after approval at the Board of Directors or internal approval.

(2) Information on Facts which Occurred

Information on facts which occurred where disclosure is required under timely disclosure regulations is promptly passed on by the department in which the fact occurred to the Finance & Investor Relations Department under internal regulations such as Regulations on the Prevention of Insider Trading and the Timely Disclosure of Internal Information. When the information is subject to timely disclosure, the Finance & Investor Relations Department reports to the representative director, the general manager of the Corporate Planning & Administration Office, and the general manager of the General Affairs & Human Resources Office in addition to carrying out timely disclosure.

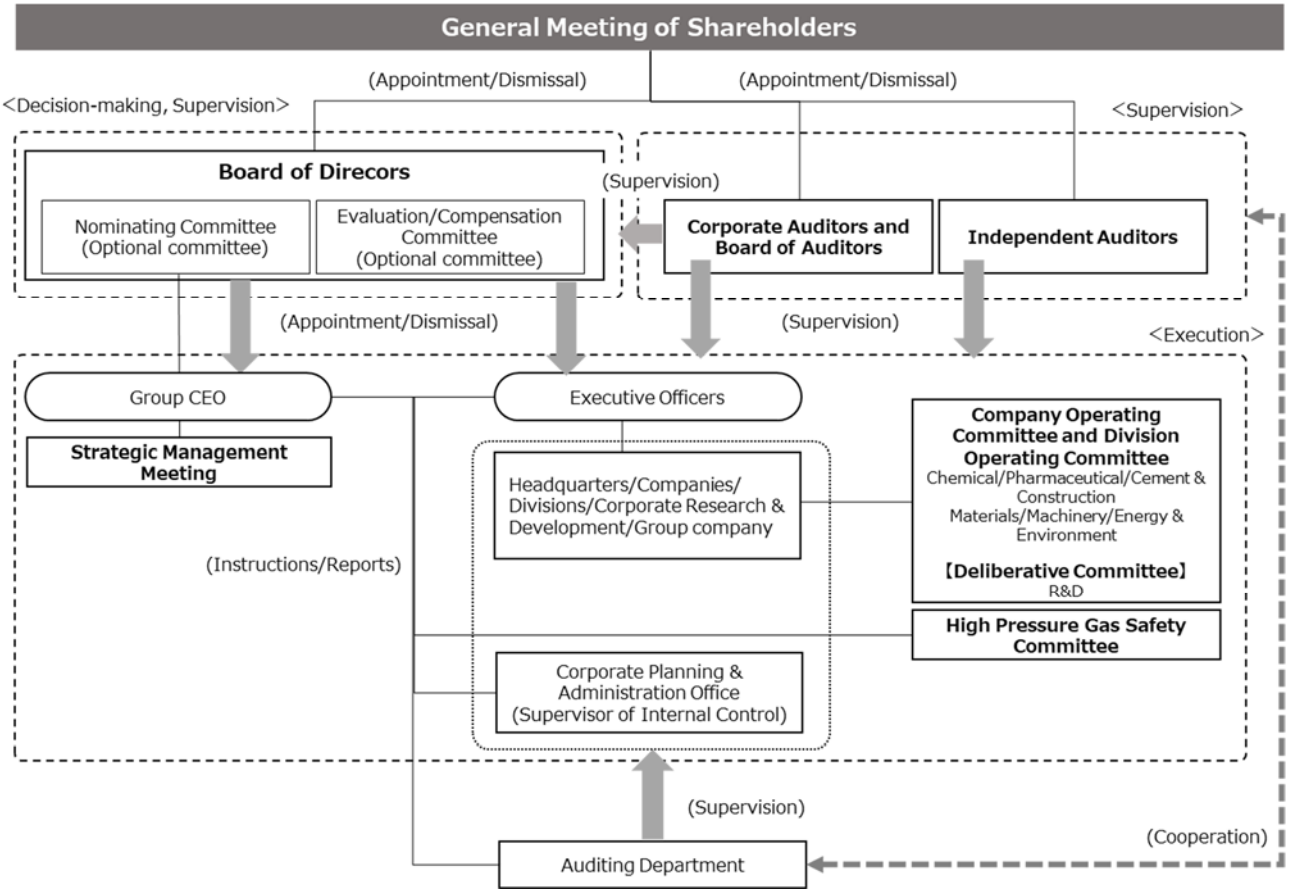
(3) Information on Earnings

Information on earnings where disclosure is required under timely disclosure regulations is an agenda item for the meeting of the Board of Directors, and the Finance & Investor Relations Department carries out timely disclosure after approval by the Board of Directors.

(4) Information on Subsidiaries

For information on subsidiaries where disclosure is required under timely disclosure regulations, the manager of the department at UBE with responsibility for the subsidiary concerned obtains the information and promptly contacts the Finance & Investor Relations Department under internal regulations such as Regulations on the Prevention of Insider Trading and the Timely Disclosure of Internal Information. When the information is subject to timely disclosure, the Finance & Investor Relations Department reports to the representative director, the general manager of the Corporate Planning & Administration Office, and the general manager of the General Affairs & Human Resources Office in addition to carrying out timely disclosure.

[Appendix 1] Schematic Diagram of Management System



Main topics of deliberation at Strategic Management Meeting

- Medium-Term Management Plan
- Financial projections and results
- Capital expenditure/investment and financing plans
- Research and development
- Working committee reports*
- Environment and safety
- Quality
- Risk management
- Compliance
- CSR policy
- Other important matters related to the execution of management

* Working committees

The working committees are convened regularly in key areas that require common company-wide management with the aim of sharing information and ensuring internal education and awareness. There are four working committees: the Compliance Promotion Committee, the Restricted Cargo and Export Management Committee, the Information Security Committee, and the Crisis Management Committee.

[Appendix 2] Schematic Diagram of Internal System Relating to Timely Disclosure of Corporate Information

