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Corporate Governance Report

Last Update: July 16, 2020
Ube Industries, Ltd.
Masato Izumihara, President and Representative Director
Contact: Finance & Investor Relations Department.
Securities Code: 4208
http://www.ube.co.jp

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, as a company with an Audit and Supervisory Committee, UBE believes 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. This is achieved through the establishment of a system by which directors who are Audit and Supervisory Committee members with the right to conduct audits and state opinions have voting rights at the Board of Directors, thereby strengthening the supervisory function of the Board of Directors over business execution and speeding up business execution by delegating important decisions on business execution to the President and Representative Director.

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 of independent outside directors, with the participation of the non-executive inside director (Chairman of the Board), in order to provide 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,, construction materials, and machinery, UBE appoints and nominates persons with a wealth of business and operational experience as directors (excluding directors who are Audit and Supervisory Committee members and outside 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. UBE appoints persons with the appropriate experience and skills as well as the required knowledge of finance, accounting and law as directors who are Audit and Supervisory Committee members. The number of directors is specified as 10 or less (excluding directors who are Audit and Supervisory Committee members), and the number of directors who are Audit and Supervisory Committee members is specified as five or less in the Articles of Incorporation. The Board of Directors is currently composed of six directors, two of whom are outside directors (excluding directors who are Audit and Supervisory Committee members), and three directors who are Audit and Supervisory Committee members, two of whom are outside directors. UBE has determined that the effectiveness of the Board of Directors and the Audit and Supervisory Committee can be ensured through these measures.

UBE convenes an annual Evaluation Meeting for Effectiveness of the Board of Directors composed of outside directors and non-executive inside directors to hold deliberations on evaluating the effectiveness of the Board of Directors, based on directors' self-assessment of the Board of Directors (to be obtained through questionnaires, etc.). The Board of Directors receives a report on these deliberations and conducts an evaluation of its effectiveness. As a result, an evaluation was obtained that the composition and operation of the Board of Directors is appropriate and that vigorous discussion and deliberation is conducted, determining that the effectiveness of the Board of Directors is ensured.

[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 stable dividends consistently. In principle, the Company will set a dividend on equity ratio (DOE) of at least 2.5% as well as a total return ratio (consolidated) combined with the buyback of shares that is 30% or higher over the three-year period of the Medium-Term Management Plan from 2019. The Company will also actively engage in growth investment in accordance with the status of equity capital and cash flow to contribute to the enhancement of corporate value, thereby further enhancing future shareholder returns.

[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 verifies individual securities and comprehensively determines whether the shareholding is appropriate in consideration of the Company's capital costs, 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 Audit and Supervisory Committee 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 approach and policy on corporate governance of the UBE Group, comprising UBE and its Group companies, are as described in “I-1. Basic Views,” “II-3. Reasons for Adoption of Current Corporate Governance System” and “IV-1. Basic Views on Internal Control System and the Progress of System Development” in this report.

(3) The policy and procedures for determining the remuneration of directors are as described in “Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods” in “Director Remuneration” under “II-1. Organizational Composition and Operation” 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, construction materials, and machinery, UBE nominates and appoints persons with a wealth of business and operational experience as directors (excluding outside directors) as well as 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. 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 of directors (excluding directors who are Audit and Supervisory Committee members), the Board of Directors makes resolutions following deliberations by the Nominating Committee, which is under the Board of Directors, and the resolutions of the Board of Directors are discussed and approved by the general meeting of shareholders. For appointments, dismissals and nominations of directors who are Audit and Supervisory Committee members, the Board of Directors makes resolutions following deliberations by the Nominating Committee, and after obtaining the agreement of the Audit and Supervisory Committee, the resolutions of the Board of

Directors are discussed and approved by the general meeting of shareholders. The Board of Directors determines appointments, dismissals and nominations of management executives following deliberations by the Nominating Committee.

(5) The reasons for the appointment or dismissal of directors (excluding directors who are Audit and Supervisory Committee members) and directors who are Audit and Supervisory Committee members 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]
In accordance with legislation, the Articles of Incorporation, and the Regulations of the Board of Directors, the Board of Directors decides on key management matters (including basic company policies and important matters from the viewpoint of monetary amounts and risks), and decisions for other matters are delegated to the President and Representative Director.

[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 President and Representative Director 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 (excluding directors who are Audit and Supervisory Committee members) account for a majority of the members and an outside director serves as the chair.

[Supplementary Principle 4-2-1]
The Remuneration Committee, which is a subordinate body to the Board of Directors, holds deliberations on remuneration for the directors (excluding directors who are Audit and Supervisory Committee members) and executive officers, which is then determined by the Board of Directors. The Remuneration Committee ensures independent, objective, and effective advisory functions, since outside directors (excluding outside directors who are Audit and Supervisory Committee members) account for a majority of the members and an outside director serves as the chair. Remuneration for directors who are Audit and Supervisory Committee members is determined by the Audit and Supervisory Committee. The details of remuneration are as described in “Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods” in “Director Remuneration” under “II-1. Organizational Composition and Operation” in this document.

[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 President and Representative Director, which is determined by the Board of Directors. The Nominating Committee ensures independent, objective, and effective advisory functions, since outside directors (excluding directors who are Audit and Supervisory Committee members) account for a majority of the members and an outside director serves as the chair.

[Principle 4-8]
UBE appoints four of its nine 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 an audit and supervisory committee" system. The Audit and Supervisory Committee consists of three directors including two outside directors. In addition, four of the nine directors at UBE 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 Remuneration Committee. Both are optional committees under the law, and two of the three 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 ensure appropriate decision-making and management supervision for a wide range of business activities in sectors including chemicals, construction materials, and machinery, the Board of Directors has a basic policy of appointing and nominating persons with a wealth of business and operational experience as directors (excluding directors who are Audit and Supervisory Committee members), 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 Articles of Incorporation specify the number of directors (excluding directors who are Audit and Supervisory Committee members) as 10 or less, and the number of directors who are Audit and Supervisory Committee members as five or less. The Board of Directors is currently composed of six directors, two of whom are outside directors (excluding directors who are Audit and Supervisory Committee members), and three directors who are Audit and Supervisory Committee members, two of whom are outside directors. The appointment of candidates for director (excluding directors who are Audit and Supervisory Committee members) is discussed and approved by the general meeting of shareholders after a resolution of the Board of Directors following deliberation by the Nominating Committee. The appointment of candidates for director who are Audit and Supervisory Committee members is discussed and approved by the general meeting of shareholders after a resolution of the Board of Directors based on the agreement of the Audit and Supervisory Committee following deliberation by the Nominating Committee.

[Supplementary Principle 4-11-2]
UBE reports on the situation of important concurrent service for directors 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 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 an annual Evaluation Meeting for Effectiveness of the Board of Directors composed of outside directors and non-executive inside directors to hold deliberations on evaluating the effectiveness of the Board of Directors, based on directors' 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, at the meeting of the Board of Directors held in May 2020, an evaluation of the Board of Directors in fiscal 2019 was obtained that the composition and operation of UBE's Board of Directors is appropriate and that vigorous discussion and deliberation is conducted. Additionally, in conjunction with the transition to a company with an Audit & Supervisory Committee, the following is being implemented in stages: expansion in the scope of delegation of decisions on important business execution to the President and Representative Director; and action toward the establishment and operation of a business execution reporting system by departments that execute business and internal control departments. Further, it was judged that the effectiveness of the Board of Directors in strengthening supervisory functions in management was secure.

Going forward, UBE will strive to further enhance the effectiveness of the Board of Directors in order to contribute to sustainable growth of the Company and further enhancement of corporate value as a Board that is focused on the management supervisory function. UBE considers the issues to be (1) examination of further expansion in the scope of delegation of decisions on important business execution to the President and Representative Director and promotion of continuous improvement in operational aspects, including the form of business execution reporting; (2) further enhancement of discussion by the Board of Directors regarding medium- and long-term management strategy and key issues for management and strengthening of the monitoring of execution status; and (3) strengthening and continuous monitoring of the operational status of systematic risk management and effectiveness of internal control systems in the UBE Group as a whole.

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

UBE provides opportunities for directors (excluding outside directors) to acquire new information by inviting outside instructors and sending the directors (excluding outside directors) to seminars held by external organizations when necessary. The Company also provides outside directors 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 outside directors, internal directors 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 establishes systems, including having the President and Representative Director attend forums to dialogue with shareholders and provide direct explanations, as well as engaging in other varieties of communication. The specific details are as below.
(1) The officer in charge of the Finance & Investor Relations Department carries out overall supervision of dialogue with shareholders.
(2) In order to assist with dialogue, the general manager of the Finance & Investor Relations Department considers measures in collaboration with each related department when necessary and makes recommendations to the officer in charge of the Finance & Investor Relations Department.
(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 President and Representative Director 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.
https://www.ube-ind.co.jp/ube/en/corporate/management/strategy.html

2. Capital Structure

Foreign Shareholding Ratio	More than 30%

[Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,788,000	8.27%
Japan Trustee Services Bank, Ltd. (Trust Account)	5,898,000	5.55%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	2,010,500	1.89%
SUMITOMO LIFE INSURANCE COMPANY	2,000,000	1.88%
JP MORGAN CHASE BANK 385151	1,922,468	1.81%
GOVERNMENT OF NORWAY	1,809,310	1.70%
JP MORGAN CHASE BANK 385771	1,650,827	1.55%
Nippon Life Insurance Company	1,600,009	1.50%
THE YAMAGUCHI BANK, Ltd.	1,548,264	1.45%
J.P. MORGAN BANK LUXEMBOURG S.A. 1300000	1,529,280	1.43%

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

-

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 Audit & Supervisory Committee

[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	9
Appointment of Outside Director	Established
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
Keikou Terui	Others											
Tetsuro Higashi	From another company											
Seiichi Ochiai	Scholar											
Takashi Shoda	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	Audit and Supervisory Committee Member	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
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. As an outside director since June 2014, Terui has used his specialized expertise and wealth of experience to bring valuable advice based on his knowledge, helping UBE achieve sustainable growth and enhance its corporate value over the medium and long term. He also provides an independent, 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.
Tetsuro Higashi		○	-	Tetsuro Higashi held a number of management positions during his long career at Tokyo Electron Limited and retired as Corporate Director and Corporate Advisor of Tokyo Electron in June 2019. UBE has transactions with Tokyo Electron Limited for chemicals, which accounted for less than one percent of the Company's non-consolidated net sales in the fiscal year ended March 31, 2020. As such, Tokyo Electron has no particular vested interest in UBE nor is there a risk of conflict of interest with general shareholders. As an outside director since June 2019, Higashi has used his wealth of knowledge and experience in management to provide valuable advice, helping UBE achieve sustainable growth and enhance its corporate value over the medium and long term. He also provides an independent, third-party perspective on UBE's decision-making and supervision of management, playing an important role in helping to secure the efficiency, transparency, and objectivity of management.
Seiichi Ochiai	○	○	-	During his 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 Professor Emeritus at The University of Tokyo, as well as serving as an outside director of Meiji Yasuda Life Insurance Company. Ochiai has never

Name	Audit and Supervisory Committee Member	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
				served as a business executive of a main shareholder of the UBE Group or a company having major transactions with UBE. There is also no risk of a conflict of interest with general shareholders. As an outside director who has been an Audit and Supervisory Committee member since June 2019, Seiichi Ochiai has used his specialized expertise and wealth of knowledge and experience to provide valuable advice, helping UBE achieve sustainable growth and enhance its corporate value over the medium and long term. Ochiai also duly performs his role as an outside director who is an Audit and Supervisory Committee member by further strengthening supervision and auditing functions of the execution of duties by executive directors from an independent and neutral standpoint.
Takashi Shoda	○	○	-	Takashi Shoda held a number of management positions during his long career with Daiichi Sankyo Co., Ltd. and retired as Senor Corporate Advisor at Daiichi Sankyo in June 2019. UBE has transactions with Daiichi Sankyo for pharmaceutical products, which accounted for less than one percent of the Company's non-consolidated net sales in the fiscal year ended March 31, 2020. As such, Daiichi Sankyo has no particular vested interest in UBE, nor is there a risk of conflict of interest with general shareholders. As an outside director who has been an Audit and Supervisory Committee member since June 2019, Shoda has used his wealth of knowledge and experience in management to provide valuable advice, helping UBE achieve sustainable growth and enhance its corporate value over the medium and long term. Shoda also duly performs his role as an outside director who is an Audit and Supervisory Committee member by further strengthening supervision and auditing functions of the execution of duties by executive directors from an independent and neutral standpoint.

[Audit and Supervisory Committee]

Committee's Composition and Attribute of Chairperson

	Audit and Supervisory Committee
Total Committee Members	3
Full-time Members	1
Inside Directors	1
Outside Directors	2
Chairperson	Outside Director

Directors and employees to assist the duties of the Audit and Supervisory Committee	Yes

Matters concerning the Independence of the Directors and Employees from Executive Directors

UBE has established the Audit and Supervisory Committee's Office to assist the Audit and Supervisory Committee, and its dedicated support staff assist with formulating audit plans and conducting audits by the Audit and Supervisory Committee, to facilitate the efficient and smooth execution of audits, under the supervision of the Audit and Supervisory Committee. Moreover, performance review, personnel transfers and disciplinary actions involving dedicated support staff must be authorized by the Audit and Supervisory Committee. The Audit and Supervisory Committee consults with the President and Representative Director with regard to enhancing support staff, securing independence from directors (excluding directors who are Audit and Supervisory Committee members), and securing the effectiveness of instructions that the Audit and Supervisory Committee issues to support staff.

Cooperation among Audit and Supervisory Committee, Accounting Auditors and Internal Audit Departments

The Audit and Supervisory Committee conducts preliminary discussions about internal audit plans with the Audit Department. The Audit and Supervisory Committee also coordinates with the Audit Department in requesting investigations or giving instructions to the Audit Department, as necessary, on matters brought to the Committee's attention through the Audit Department's quarterly audit results reports, the monthly report to the full-time Audit and Supervisory Committee member, and audits by the Audit and Supervisory Committee.

The internal control departments, which include EHS Department, the Quality Management Department, and the Corporate Planning Department, strive to ensure the appropriateness of operations, including legal compliance. The Audit and Supervisory Committee and the Audit Department work collaboratively on matters including receiving regular reports and briefings as necessary on the status of activities from the internal control departments and expressing opinions.

Furthermore, the Audit and Supervisory Committee receives reports on accounting audits and the implementation results of quarterly audit reviews from UBE's independent accounting auditors while the full-time Audit and Supervisory Committee member works collaboratively with UBE's independent accounting auditors through the close exchange of information.

[Voluntary Establishment of Committee]

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	Remuneration Committee
All Committee Members	3	3
Full-time Members	0	0
Inside Directors	1	1
Outside Directors	2	2
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation

1. Nominating Committee
(a) Members: Two outside directors (excluding directors who are Audit and Supervisory Committee members) and one non-executive inside director (Chairman of the Board)
Keikou Terui (Chairperson, Outside Director), Tetsuro Higashi (Outside Director), Yuzuru Yamamoto (Chairman of the Board of Directors)
*Outside directors who are Audit and Supervisory Committee members also attend
(b) Roles: The Nominating Committee deliberates on the appointment and dismissal of directors and executive officers as well as succession planning, and provides independent, objective, and effective advice to the Board of Directors.
2. Remuneration Committee
(a) Members: Two outside directors (excluding directors who are Audit and Supervisory Committee members) and one non-executive inside director (Chairman of the Board)
Tetsuro Higashi (Chairperson, Outside Director), Keikou Terui (Outside Director), Yuzuru Yamamoto (Chairman of the Board of Directors)
*Outside directors who are Audit and Supervisory Committee members also attend
(b) Roles: The Remuneration Committee deliberates on the remuneration of directors (excluding directors who are Audit and Supervisory Committee members) and executive officers, and provides independent, objective, and effective advice to the Board of Directors.

[Independent Directors/Corporate Auditors]

Number of Independent Directors/ Corporate Auditors	4

Matters relating to Independent Directors

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 at UBE, the outside director concerned is deemed to be independent.

[Criteria for Determining Independence]
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 a non-executive director when designating an outside director who is an Audit and Supervisory Committee member as an independent director.)
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

UBE's officer remuneration system is composed of base compensation, annual incentives, and long-term incentives (that include share compensation-based stock options) and is determined specifically in accordance with the following (described 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 directors (excluding directors who are Audit and Supervisory Committee members and outside directors) and executive officers (excluding foreign citizens). In order to ensure independence, stock options are not given to directors who are Audit and Supervisory Committee members or outside directors.

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure

Supplementary Explanation

In fiscal 2019, the total amount of remuneration, etc. for each category of officer (before revision of the officer remuneration system, before and after transition to a company with an Audit and Supervisory Committee), the total amount for each type of remuneration, etc., and the number of eligible officers were as published in "2. Total Amounts of Remuneration, etc. for Each Category of Officer, Total Amounts for Each Type of Remuneration, etc., and the Number of Eligible Officers" in "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" on the following pages.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

UBE revised its officer remuneration system, effective April 1, 2019, based on a resolution of the Board of Directors. The new system is applied starting from the establishment of the targets for fiscal 2019, and the evaluation of the target achievement level will be reflected in the amounts of remuneration to be paid in fiscal 2020. The amounts of remuneration paid in fiscal 2019 reflected the evaluation of the fiscal 2018 target achievement level and was determined in accordance with the former system.

Moreover, following the approval of the general meeting of shareholders on June 27, 2019, UBE has transitioned to a company with an Audit and Supervisory Committee, and does not have corporate auditors as of the date this document was updated.

The information described below concerns the new system, and the main differences with the old system are that it is easier to understand due to the simplification of the wide-ranging indicators for performance-linked remuneration and that the percentage of the performance-linked portion of remuneration has been increased.

<Information on the New Officer Remuneration System>

1. Matters concerning Policy on Determining Remuneration Amounts and Calculation Methods

(a) The structure of remuneration of directors (excluding directors who Audit and Supervisory Committee members and outside directors) and executive officers at UBE consists of (1) base compensation (fixed remuneration for each position), (2) annual incentive (company-performance-linked remuneration and remuneration based on evaluation of achievement of annual individual performance targets), and (3) long-term incentives (remuneration based on evaluation of achievement of medium-to-long term individual performance targets and stock options), and is specifically determined as below.

(1) Base compensation is paid in a fixed amount determined according to the positions of directors and executive officers.

(2) Annual incentive is paid calculated by the sum of a company-performance linked portion that reflects company performance in remuneration and a portion based on an evaluation of achievement of annual individual performance targets that reflects individual performance in remuneration.

i. The company-wide performance-linked portion is calculated by multiplying consolidated ordinary profit in the previous fiscal year by the predetermined coefficient for each position. Consolidated ordinary profit is used as the indicator because it also reflects the performance of equity-method affiliates.

ii. The portion based on an evaluation of achievement of annual individual performance targets is an amount of remuneration determined according to the level of achievement of the targets each officer set at the beginning of the fiscal year based on a pre-determined evaluation table for each position.

(3) Long-term incentives are made up of a portion based on evaluation of achievement of medium-to-long term individual performance targets and stock options.

i. The portion based on an evaluation of achievement of medium- and long-term individual performance targets is an amount of remuneration determined according to the level of achievement of the targets each officer set at the beginning of the fiscal year based on a pre-determined evaluation table for each position.

ii. Stock options are rights to purchase the shares of the Company at a pre-determined price (1 yen per share) and are allotted according to position with the aim of aligning the interests of officers with shareholders and increasing their incentive to achieve medium-to-long term targets. In addition, only for the fiscal year following the three year Medium-Term Management Plan period of the Company, the number of shares granted is adjusted by 80% to 130% depending on the level of achievement of the management indicators (consolidated ordinary profit, consolidated free cash flow, and consolidated ROE).

(b) The payment ratio of the base compensation, annual incentive, and long-term incentive are set roughly as 50%, 30%, and 20%, respectively, based on the past records of the average consolidated ordinary profit and the median amount of the annual and medium-to-long term individual performance target evaluation remuneration.
Base compensation is set at a lower percentage and annual incentive is set at a higher percentage for the President and the Chairman than for the other officers.

(c) Directors who are Audit and Supervisory Committee members and outside directors receive base compensation only, at a fixed amount.

(d) The objective suitability of the level of officer remuneration is verified with reference to officer remuneration research data from external research organizations and comparison with remuneration levels at major manufacturers that are similar to UBE in size and industry category.

(e) The total amount of remuneration for directors was determined at the general meeting of shareholders on June 27, 2019, as follows:

Directors (excluding directors who are Audit and Supervisory Committee members):
an annual amount up to 720,000,000 yen (includes an annual amount up to 85,000,000 yen for outside directors)

Directors who are Audit and Supervisory Board members:
an annual amount up to 150,000,000 yen

For stock options separate from the abovementioned amounts:
Total amount of remuneration, etc. relating to share subscription rights to be allotted to directors (excluding directors who are Audit and Supervisory Committee members): an annual amount up to 130,000,000 yen

2. Total Amounts of Remuneration, etc. for Each Category of Officer, Total Amounts for Each Type of Remuneration, etc., and the Number of Eligible Officers

(a) The remuneration, etc. for officers shown below are the actual figures for fiscal 2019. Also note that, following the approval of the general meeting of shareholders on June 27, 2019, UBE has transitioned to a company with an Audit and Supervisory Committee and does not have corporate auditors as of the date when this document was updated.
・ Before and on transition to a company with an Audit and Supervisory Committee (from April 1, 2019 to the conclusion of the 113th general meeting of shareholders (June 27, 2019))

Officers	Total Remuneration (Million yen)	Breakdown (Million yen)			Number of Eligible Officers
		Fixed Remuneration	Performance-Linked Remuneration	Stock Options	
Directors	70	29	35	5	4
Auditors	14	14	-	-	2
Outside Directors	12	12	-	-	4
Outside Auditors	6	5	-	-	2

· On and after transition to a company with an Audit and Supervisory Committee (from the conclusion of the 113th general meeting of shareholders (June 27, 2019) to March 31, 2020)

Officers	Total Remuneration (Million yen)	Breakdown (Million yen)			Number of Eligible Officers
		Fixed Remuneration	Performance-Linked Remuneration	Stock Options	
Directors (Excluding directors who are Audit and Supervisory Committee members)	171	84	69	16	4
Directors who are Audit and Supervisory Committee members	28	28	-	-	1
Outside Directors (Excluding directors who are Audit and Supervisory Committee members)	18	18	-	-	2
Outside directors who are Audit and Supervisory Committee members	21	21	-	-	2

Stock options are the amounts recorded as expenses in the year ended March 2020 in accordance with accounting standards. Consequently, stock options are not remuneration paid in cash and are not remuneration in which cash payment is guaranteed.

(b) Targets and Results for Indicators Relating to Abovementioned Performance-Linked Types of Remuneration

Performance-linked remuneration is determined based on the following.

1. Evaluation of company-wide performance;
2. Evaluation of segment performance; and
3. Evaluation of individual performance.

The following are used as the indicators for evaluating company-wide performance:

a) Ordinary profit;
b) Profit attributable to owners of parent;
c) Year-on-year improvement in profit attributable to owners of parent;
d) Operating profit to net sales (%); and
e) Year-on-year improvement in free cash flow.

The following are used as the indicators for evaluating segment performance:

a) Year-on-year improvement in segment ordinary profit;
b) Year-on-year improvement in segment operating profit to net sales (%); and
c) Level of overachievement of basic budget in segment operating profit.

Consolidated indicators are used for both the company-wide performance evaluation and the segment performance evaluation. Furthermore, targets set for each individual are used as the indicators for evaluating individual performance. The remuneration amounts for (1) evaluation of company-wide performance and (2) evaluation of segment performance are based on the quantitative assessment for each indicator, while that for (3) individual performance is based on the qualitative assessment for each indicator.

The indicator targets and performance are as follows.

Indicator (consolidated basis)	Category	Target	Results
Ordinary profit	Company performance	¥45.5billion	¥47.8 billion
Profit attributable to owners of parent	Company performance	¥30.5billion	¥32.4 billion
Year-on-year improvement in profit attributable to owners of parent	Company performance	(3.5)%	2.6%
Operating profit to net sale (%)	Company performance	5.9%	6.1%
Year-on-year improvement in free cash flow	Company performance	(79.7)%	(79.1)%
Year-on-year improvement in ordinary profit	Segment performance	For each segment	Varies for each segment
Year-on-year improvement in operating profit to net sales	Segment performance	For each segment	Varies for each segment
Level of overachievement of basic budget in operating profit.	Segment performance	For each segment	Varies for each segment
Individual performance evaluation	Individual performance	For each individual	Varies for each individual

3. Overview of Procedure for Determining Remuneration, etc. for Officers

(a) Before transition to a company with an Audit and Supervisory Committee, the Remuneration committees, which are subordinate bodies to the Board of Directors and chaired by an outside director with outside directors as a majority of their members, deliberated on officer remuneration for individual directors and executive officers to ensure transparency and objectivity. The results of the committees' deliberations were proposed and reported to the Board of Directors, and the Board of Directors then determined the officer remuneration for directors and executive officers.

(b) Corporate auditors received base compensation only, in a fixed amount. The amount of remuneration for individual corporate auditors was determined through consultation with the corporate auditors.

(c) After transition to a company with an Audit and Supervisory Committee, the Remuneration committees, which are subordinate bodies to the Board of Directors and chaired by an outside director and have outside directors as a majority of their members, deliberated on officer remuneration for individual directors (excluding directors who are Audit and Supervisory Committee members) and executive officers to ensure transparency and objectivity. The results of the committees' deliberations were proposed and reported to the Board of Directors, and the Board of Directors then determined the officer remuneration for directors and executive officers. The amount of individual remuneration for directors who are Audit and Supervisory Committee members is determined in consultation with the Audit and Supervisory Committee members.

(d) With regards to the activities of the Board of Directors and the Remuneration Committee in the processes for determining the amount of remuneration for officers, a meeting of the Remuneration Committee in June 2019 deliberated on the amount of remuneration for directors (excluding directors who are Audit and Supervisory Committee members) and executive officers in fiscal 2019. A meeting of the Board of Directors in June 2019 determined the amount of remuneration for directors (excluding directors who are Audit and Supervisory Committee members) and executive officers with consideration given to the report from the Remuneration Committee.

[Supporting System for Outside Directors]

The Company assigns a secretary in charge of the outside directors to provide support for the execution of business, including communication and coordination between the management team and the Audit and Supervisory Committee. The Company also distributes meeting materials in advance to all the directors, including the outside directors, prior to a meeting of the Board of Directors.

Directors who are Audit and Supervisory Committee members are supported by the Audit and Supervisory Committee's Office 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
Michio Takeshita	Advisor	Described in Other Matters	Part time, compensated	March 31, 2015	One year (Maximum of three years)

Total number of Senior Advisers/Executive Advisors, etc. who previously served as Representative Director and President	1

Other Matters

UBE has stipulated that an advisor may be appointed by resolution of the Board of Directors. Under internal regulations, as a rule, the term of office is one year, with a maximum of three years.
In addition to providing advice and support related to various corporate management problems based on expertise and experience as necessary, the advisor has responsibility for UBE's externally directed activities such as economic organization activities, social and community contribution activities, and cultural activities.

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]
System for management decision-making and execution of business are described in "IV-1. Basic Views on Internal Control System and the Progress of System Development" in this report.

[Status of Internal Audits and Accounting Audits including Audits Conducted by Audit and Supervisory Committee, etc.]

(1) Audits Conducted by Audit and Supervisory Committee
i. Organization and Personnel of the Audits Conducted by Audit and Supervisory Committee
- The Audit and Supervisory Committee is composed of three Audit and Supervisory Committee members, two of whom are outside directors and one of whom is a full-time inside director. An outside director serves as the chairperson of the committee.
  Audit and Supervisory Committee members: Seiichi Ochiai (Chairperson, outside director), Takashi Shoda (outside director), Atsushi Yamamoto (inside director)
- In order to strengthen the functions of the Audit and Supervisory Committee and the Audit and Supervisory Committee members, the Audit and Supervisory Committee's Office, which is independent from executive departments, has been established. Four full-time staff members with experience in

internal audits and finance departments have been assigned to the Audit and Supervisory Committee's Office to provide support for the execution of the Audit and Supervisory Committee's duties.

ii. Activity Status of the Audit and Supervisory Committee and the Audit and Supervisory Committee Members

- Based on the resolution of the 113th general meeting of shareholders on June 27, 2019, UBE transitioned from a company with a board of corporate auditors to a company with an Audit and Supervisory Committee on June 27, 2019.
- In principle, a meeting of the Audit and Supervisory Committee is held every month. Additional meetings are held any time deemed necessary. In the fiscal year ended March 31, 2020, the Audit and Supervisory Committee met 12 times. The attendance rate was 100% for all of the Audit and Supervisory Committee members. The Board of Corporate Auditors met three times between the beginning of the fiscal year ended March 31, 2020 and the date of transition to a company with an Audit and Supervisory Committee. The attendance rate was 100% for all of the Corporate Auditors.
- The Audit and Supervisory Committee has the role of contributing to the UBE Group's sound and sustainable growth and enhancement of corporate value over the medium- to long-term by supervising and verifying the establishment and operational status of the internal control system as well as playing a role in the oversight of business executives, including the directors. In the fiscal year ended March 31, 2020, the Audit and Supervisory Committee engaged in audit activities with a focus on confirming the effectiveness of recurrence prevention measures for "misconduct related to quality inspections," the establishment and operational status of the risk management system, the status of initiatives on work style reform, and the establishment and operational status of internal control systems at Group companies.
- The Audit and Supervisory Committee determines audit policy and audit plans, prepares audit reports, and makes decisions on matters related to the appointment and dismissal or non-reappointment of the accounting auditors and consent for audit compensation. The Audit and Supervisory Committee also holds regular meetings for the exchange of opinions with the President and Representative Director, performs audits of the main executive directors, executive officers, internal control departments, and others and expresses opinions as necessary. In addition, the Audit and Supervisory Committee receives audit reports regularly from UBE's independent accounting auditors and internal audit departments and engages in discussion of individual audit plans as appropriate. The Audit and Supervisory Committee reports regularly to the Board of Directors on the status of audits performed.
- The full-time Audit and Supervisory Committee member receives reports and briefings on the status of execution of duties and the establishment and operational status of internal control systems with regard to executive officers, internal control departments, business departments, and subsidiaries in Japan and overseas by way of on-site inspections and expresses opinions as necessary. The full-time Audit and Supervisory Committee member also attends the Strategic Management Meeting and other important meetings, holds monthly report meetings with internal audit departments, inspects important approval documents, and strives to collect information and exchanges information with independent accounting auditors at any time. These procedures aim to collect information and improve the audit environment. In addition, the full-time Audit and Supervisory Committee member regularly holds Group full-time corporate auditor meetings and Group non-full time corporate auditor meetings with the corporate auditors of UBE subsidiaries to communicate with one another and share information. Furthermore, the full-time Audit and Supervisory Board member reports the details of audit implementation to the Audit and Supervisory Committee and shares information.
- The Audit and Supervisory Committee has established the Audit and Supervisory Committee Reporting Hotline as part of the internal reporting system This enables direct internal reporting to the Audit and Supervisory Committee of serious legal violations and compliance incidents at the UBE Group as well as compliance violations involving UBE's directors and executive officers.
- Outside Audit and Supervisory Committee members Seiichi Ochiai and Takashi Shoda attend the Remuneration Committee and the Nominating Committee, respectively, expressing opinions as necessary.

(2) Internal Audits

Internal audits are conducted by UBE's Audit Department, which has a staff of 10 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. It performs audits based on an annual audit plan and reports the results of audits, including observations on matters requiring improvement, as well as the implementation status of internal audits, to the President and Representative Director, the Audit and Supervisory Committee and Strategic Management Meeting in a timely manner. The Audit Department 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.

(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 2019 are as listed below.

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

Details of individuals assisting in accounting audit operations
Number of certified public accountants: 8
Number of other staff: 36

[Functions of Nomination and Determination of Remuneration, etc.]
UBE operates Nominating and Remuneration Committees, as mentioned earlier in this document, that report to the Board of Directors. As of the time this report was updated, each committee is made up of three directors (excluding directors who are Audit and Supervisory Committee members) and is headed by an outside director. With regards to the determination of remuneration for the directors and executive officers of UBE, refer to "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" in "Director Remuneration" under "II-1. Organizational Composition and Operation" in this document.

3. Reasons for Adoption of Current Corporate Governance System

UBE aims to improve the management supervisory functions of the Board of Directors while promoting fairness and transparency of management. UBE transitioned to a company with an Audit and Supervisory Committee based on a resolution of the general meeting of shareholders on June 27, 2019. This change was made to separate the supervisory function from the business execution function more clearly in management, to strengthen the supervisory function by the Board of Directors and to speed up decision-making on matters of business execution. UBE also adopted an executive officer system in June 2001 as a system that allows executive officers to concentrate on business execution. The present management team comprises nine 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. In accordance with legislation, the Articles of Incorporation, and the Regulations of the Board of Directors, the Board of Directors decides on basic company policies and key matters that should be decided by the Board of Directors, while other matters are delegated to the President and Representative Director. The executive directors and executive officers execute business for which the President and Representative Director delegates authority based on the management policy determined by the Board of Directors.

UBE has appointed outside directors since fiscal 2005, in order to secure an independent, third-party perspective on decision-making and monitoring of management and to secure the efficiency, transparency, and objectivity of management. Furthermore, UBE has established a Nominating Committee and Remuneration Committee, which are subordinate bodies to the Board of Directors. As of the time this document was updated, the Nominating Committee and the Remuneration Committee were each made up of three directors (excluding directors who are Audit and Supervisory Committee members), and outside

directors serve as the chairs of both committees.

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 and monitoring 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 Corporate 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* 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 provide stakeholders with accurate corporate information and disclose it in a timely and fair manner."

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: June 27, 2019). Corporate organization details are covered under the decision-making system outlined in item 1-2 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. This is achieved through the establishment of a system by which directors who are Audit and Supervisory Committee members with the right to conduct audits and state opinions have voting rights at the Board of Directors. Thus, as a company with an Audit and Supervisory Committee, it will strive to strengthen the supervisory function of the Board of Directors over business execution and speed up business execution by delegating important decisions on business execution to the President and Representative Director.

The operational method and decision-making system of the UBE Group, which are a fundamental element for establishing corporate governance to realize this are as follows. The Group Management Guidelines are positioned as the basic policy for the implementation of this method and system.

(1) Group Management and Consolidated Management of Internal Companies

a) Group management

The Board of Directors oversees the status of execution of important business based on the management strategy and operating results. The President and Representative Director is entrusted by the Board of Directors to oversee the business execution of the UBE Group. The President and Representative Director 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. In addition, the President and Representative Director endeavors to address important matters of business execution that are beyond the scope of the authority of internal companies.

Furthermore, the President and Representative Director delegates authority to the executive directors and executive officers who report periodically on the status of business execution in the medium- and long-term management plans and the status of establishment and operation of the internal control system in order to ensure the effectiveness of the supervisory functions of the Board of Directors.

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 the supervisory function and the business execution function 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 Regulations of the Board of Directors, 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 appoints 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 a Remuneration 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 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 Management Meeting
The Company Management Meeting deliberates and decides on important matters at the internal company level, including business strategy for UBE and its Group companies. These decisions are guided by the Group Management Guidelines and rules of each Operating Committee.

d) Corporate Division Meeting
The Corporate Division Meeting deliberates on important matters such as business strategy for UBE and Group companies at the head office division level based on the Group Management Guidelines and Corporate Division Meeting regulations.

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 makes 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 and System for Reporting Matters concerning Execution of Duties by Directors of Group Companies to 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, Company Management Meeting and Corporate Division Meeting.

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

As a company with an Audit and Supervisory Committee, UBE clearly separates the supervisory function and business execution function in running the company with the aim of speeding up decision making as the Board of Directors. The Board of Directors plays a role as a body that promotes the maximization of shareholder value from a medium- and long-range perspective, on behalf of the interests of shareholders, concentrates on the supervisory function while delegating the authority to execute important business to the President and Representative Director. UBE has also introduced a system of executive officers, putting in place a system that allows executive officers to concentrate on executing business.

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 the Audit and Supervisory Committee, Independence of Support Staff from Directors (Excluding Directors who are Audit and Supervisory Committee members), and Securing the Effectiveness of Instructions from the Audit and Supervisory Committee to Support Staff

UBE assigns dedicated staff to assist the Audit and Supervisory Committee. The dedicated support staff assist with formulating audit plans and conducting audits by the Audit and Supervisory Committee, to facilitate the efficient and smooth execution of audits under the supervision of the Audit and Supervisory Committee. Moreover performance review, personnel transfers and disciplinary actions involving the dedicated support staff must be authorized by the Audit and Supervisory Committee.

The Audit and Supervisory Committee consults with the President and Representative Director with regard to enhancing support staff, securing independence from directors (excluding directors who are Audit and Supervisory Committee members), and securing the effectiveness of instructions that the Audit and Supervisory Committee issues to support staff.

7. Reporting by Directors (Excluding Directors Who Are Audit and Supervisory Committee Members), Executive Officers and Employees of UBE and Group Companies, and Corporate Auditors of Group Companies, to UBE’s Audit and Supervisory Committee; Prohibiting Adverse Treatment Due to Reporting

Directors (excluding directors who are Audit and Supervisory Committee members) and employees of UBE and its Group companies and corporate auditors of the Group companies immediately report to UBE’s Audit and Supervisory Committee 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 prohibits adverse treatment of personnel because of the reporting, and makes 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 Directors Who Are Audit and Supervisory Committee Members, and Handling of Other Expenses and Liabilities from Execution of Duties

When a director who is an Audit and Supervisory Committee member issues an invoice to be reimbursed in advance for executing duties, UBE pays the expenses or debts without delay, unless it is discovered that the expenses or liabilities connected with the invoice are not essential to the duties of the director who is an Audit and Supervisory Committee member concerned.

9. Other Matters concerning Audit Execution by Audit and Supervisory Committee

To ensure that directors who are Audit and Supervisory Committee members are kept aware of the process for important decisions and status of business execution, directors who are Audit and Supervisory Committee members attend important meetings to provide feedback. In addition, directors who are Audit and Supervisory Committee members review important approval documents and can request business reports from directors (excluding directors who are Audit and Supervisory Committee members), executive officers, and employees.

The Audit and Supervisory Committee regularly meets with the President and Representative Director, to verify the management policy and exchange opinions on important issues.

The Audit and Supervisory Committee conducts preliminary discussions about internal audit plans with internal audit departments. It also receives regular reports, including the results of audits, and may provide instructions to internal audit departments as necessary.

The Audit and Supervisory Committee exchanges information with corporate auditors at Group companies, and may request internal audit departments to investigate or give them instructions as necessary. Furthermore, the Audit and Supervisory Committee receives briefings from UBE's independent accounting auditors on the accounting audit plan and audit results, and works collaboratively with independent accounting auditors through the regular exchange of information.

Directors who are Audit and Supervisory Committee members may attend meetings of the Nominating Committee and the Remuneration Committee, which are subordinate bodies to the Board of Directors, in order to provide oversight of personnel matters and remuneration of directors (excluding directors who are Audit and Supervisory Committee members).

2. Basic Views on Eliminating Anti-Social Forces and Establishment of Internal Structure

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, "Legal Compliance," 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 anti-social 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.

The UBE Group will adhere to the following policies to protect against anti-social forces, including mobsters and groups or individuals who seek to use violence, threats or fraudulent means to pursue economic gain.

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, and the manager in charge of preventing unreasonable demands is the executive officer with responsibility for the CSR & General Affairs Department.

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
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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.

(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.

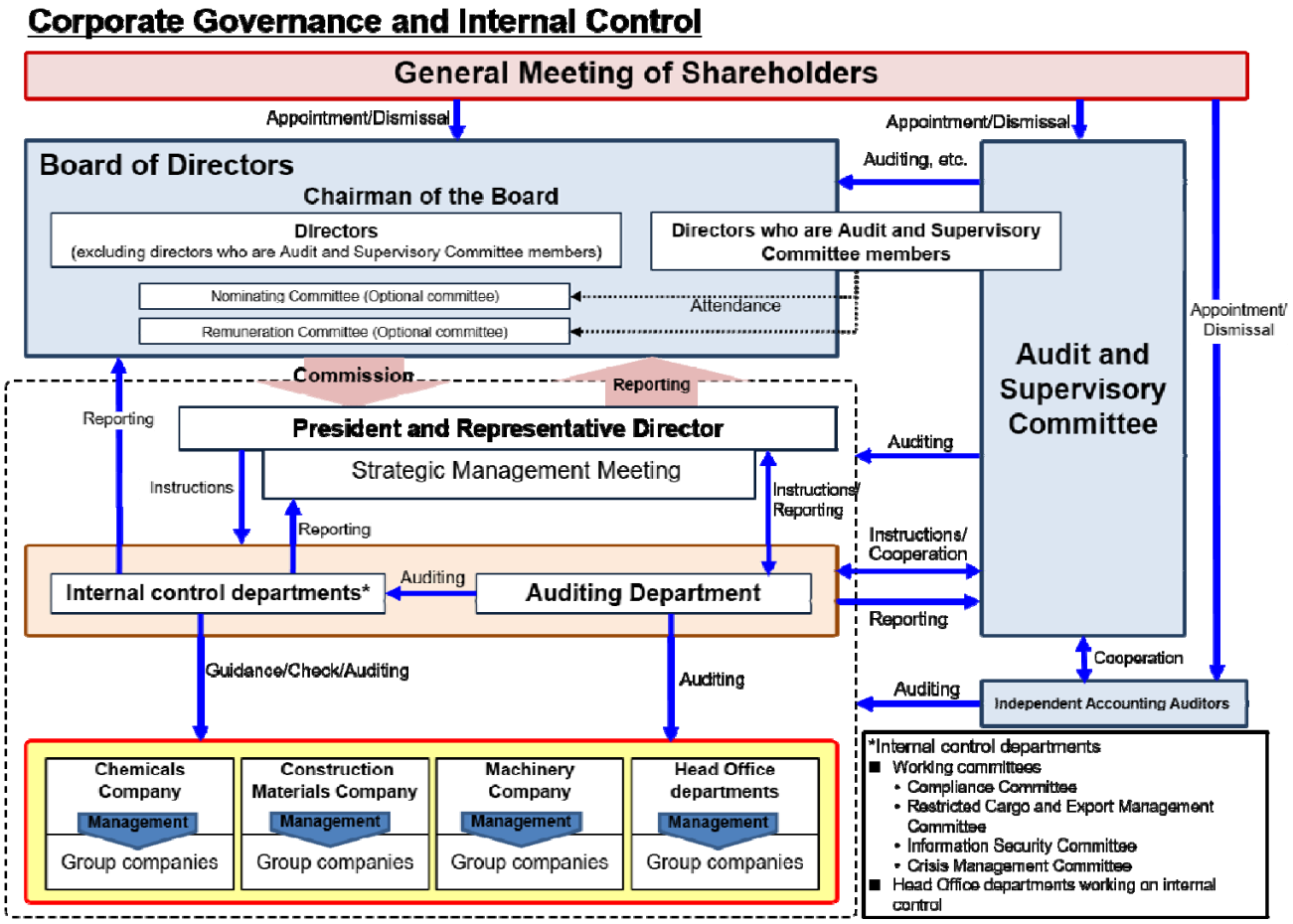
(2) Information on Facts which Occurred
Information on facts which occurred is promptly passed on by the department in which the fact occurred to the Finance & Investor Relations Department under internal regulations such as Regulations on the Prevention of Insider Trading and the Timely Disclosure of Internal Information. When the information is subject to timely disclosure, the Finance & Investor Relations Department reports to the representative director, the executive officer with responsibility for the Finance & Investor Relations Department, and the executive officer with responsibility for the CSR & General Affairs Department 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 executive officer with responsibility for the Finance & Investor Relations Department, and the executive officer with responsibility for the CSR & General Affairs Department in addition to carrying out timely disclosure.

[Appendix 1] Schematic Diagram of Management System



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

