

I n t e g r a t e d R e p o r t **2020**

Year ended
March 31, 2020



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Editorial Policy In fiscal 2017, the UBE Group began publishing an Integrated Report to replace its annual and CSR reports. The Integrated Report presents management policies, key risks and opportunities, materiality, environmental, social, and governance (ESG) information, and business model, as well as other non-financial and financial information that has significant impacts on corporate value.

Integrated Report 2020 comprises four sections to deepen understanding of the UBE Group's management policies and plans, key risks and opportunities, materiality, ESG strategies and initiatives, business model, strengths, results, and segment business strategies. These sections are Building Value to Materialize Sustainable Growth, Initiatives to Create Value and Drive Sustainable Growth, ESG: Underpinning Value Creation and Sustainable Growth, and the Financial Section.

Reference Guidelines International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC), and Ministry of Economy, Trade and Industry (METI) Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation

Reporting Period This report covers fiscal 2019, ended March 31, 2020, and also includes activities and information before and after that term.

Scope of Coverage Ube Industries, Ltd., consolidated subsidiaries, and non-consolidated subsidiaries

Investor Relations Management policies, finances, results, and shareholder information and investor relations (IR) materials are available in the Investor Relations section of the UBE Group's website:
<https://www.ube-ind.co.jp/ube/en/ir/>



CSR and Sustainability Information regarding corporate social responsibility (CSR) initiatives, environmental and safety initiatives, compliance, risk management, corporate governance, and human rights and labor are available in the CSR Activities section of the UBE Group's website:
<https://www.ube-ind.co.jp/ube/en/csr/>



Basic Approach to Sustainable Growth

Founding Principles of UBE

“Coexistence and Mutual Prosperity” “From Finite Mining to Infinite Industry”

UBE Corporate Philosophy

Pursue technology and embrace innovation to create value for the future and contribute to social progress

UBE Management Principles

- | | | | |
|-------------------------------|---|-------------------|---|
| 1. Ethics | Be highly ethical, comply with laws and regulations, and respect social norms | 3. Quality | Deliver quality that earns the trust of customers and society |
| 2. Safety and Security | Work to conserve the global environment and practice safe, secure manufacturing | 4. People | Respect individuality and diversity, and build healthy and comfortable workplaces |

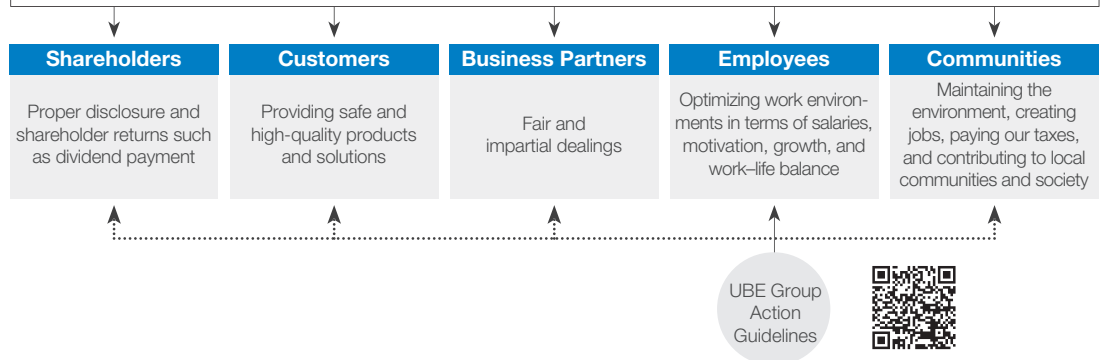
Vision for 2025: Vision UBE 2025

“We Continue to Create Value for All Stakeholders”

Medium-Term Management Plan

Three basic strategies of Vision UBE 2025 –Prime Phase–

- | | |
|---|---|
| 1. Strengthening the platform for business growth | 3. Address and be part of the solution to resource, energy, and global environmental issues |
| 2. Strengthening the management platform (corporate governance) | |



Detailed information on the UBE Group Action Guidelines is available on the UBE Group’s website.

Support for Task Force on Climate-related Financial Disclosures




In April 2020, the UBE Group announced its concurrence with the recommendations in the final report of the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD). As such, the Group will strengthen disclosure relating to governance, strategies, risk management, benchmarks, and goals, which were core elements of those recommendations.

Forward-Looking Statements

This report contains forward-looking statements regarding UBE’s plans, outlook, strategies, and results for the future. All forward-looking statements are based on judgments derived from information available to the Company at the time of publication.

Certain risks and uncertainties could cause the UBE Group’s actual results to differ materially from any projections presented in this report. These risks and uncertainties include, but are not limited to, the economic circumstances surrounding the Company’s business, competition, product development, exchange rates, and revision of related laws and regulations.

Fiscal years are years ended March 31 of the following calendar year: for example, fiscal 2019 in the text is the year ended March 31, 2020.

A professional photograph of Masato Izumihara, President & Representative Director and CEO. He is seated at a long wooden conference table, wearing a dark blue suit, white shirt, and blue patterned tie. He is smiling slightly and looking towards the camera. In the background, several other business professionals are seated at the same table, engaged in conversation. The setting is a bright, modern office with large windows and indoor plants.

Masato Izumihara
President & Representative Director
CEO

Accelerating Growth Primarily in the Chemicals Business and Stepping Up Efforts to Tackle Environmental Issues

Reflections on My First Year at the Helm

UBE's Strengths Are the Integrity of Its People and Its Corporate Sincerity

The business climate is constantly changing, and we cannot hope to continue growing if we are behind the curve. Since our establishment more than 120 years ago, we have constantly expanded operations by tackling transformations in the industrial structure while also cultivating new businesses. We are now at another turning point.

Looking back over fiscal 2019, my first year at the helm, I devoted the year to engaging with fellow executives while interacting and exchanging views with employees. It was in doing so that I was able to convey to each business the current circumstances and the need to ensure that everyone was on board with our updated corporate philosophy and management principles, and that we prioritize safety in everything we do in keeping with the UBE Group Environmental and Safety Guidelines. We also discussed how to address global warming, the greatest challenge for the UBE Group over the medium and long terms. We will continue to engage in dialogue and seek to steadily embed these values and situational perceptions throughout our organization through the statements and thoughts of leaders and employees who have been involved in ongoing talks.

It struck me in my opportunities for discussion over the past year that all employees seem to share my awareness of the issues and are earnestly endeavoring to better themselves. I believe UBE is a principled manufacturer, and

that one of the Company's great strengths is that its integrity is the fruit of the collective honesty of its people. This capability unites the entire Group to progress as it should.

I have become convinced that as long as we are truthful we can work to help resolve climate change, transform ourselves, and pioneer new territory to leap further forward.

Highlights of Vision UBE 2025 –Prime Phase–, Our Medium-Term Management Plan

Steadily Progressing toward the Next Stage of Growth and Business Structure Reforms

Laying the Foundation for the Next Stage of Growth in the Chemicals Business

The global economy trended downward after peaking in fiscal 2017, so we expected the operating climate during the three years of the current medium-term management plan to be less favorable than under the previous initiative. Still, conditions in fiscal 2019—the first year of this plan—were more adverse than expected. Key factors were China's economic slowdown and a manufacturing slump, particularly in automobiles, stemming from Sino-American trade friction. It was against this backdrop that we experienced particularly sluggish demand for such chemical products as nylon and caprolactam, and were consequently unable to reach our operating profit target for the year.

Despite our performance challenges, we progressed steadily toward our next stage of growth and business structure reforms.

One key growth initiative in the chemicals business was the acquisition of a North American compound manufacturer in March 2020, following our purchase of a similar European company a year earlier. We made these moves to bolster our downstream strategy in nylon and expand our global network. In industrial chemicals, we made an ammonia manufacturer a wholly owned subsidiary. In October 2020, we plan to fully absorb that entity into the parent company to streamline operational efficiency. In one effort to expand our fine chemicals globally, we began upgrading Thai manufacturing facilities for polycarbonate diol (PCD), a high-performance coating material. The new setup is expected to start production in August 2020. In pharmaceuticals, we decided to build a fifth pharmaceutical plant that should become operational in June 2021. The new facility will focus on manufacturing high-potency active pharmaceutical ingredients (APIs) in small lots.

Our basic policy approach remains unchanged despite results falling short of our goals. If anything, I am even more determined to accelerate growth initiatives.

Pressing Ahead with Business Structure Reforms to Propel Autonomous Growth in the Construction Materials and Machinery Businesses

The UBE Group's business structure reforms aim to reinforce the growth underpinnings

of each of our three internal companies. We are making steady progress not just in the chemicals business but also in our construction materials and machinery businesses.

Our biggest reform decision in fiscal 2019 was to integrate the cement and other businesses in our construction materials division with that of Mitsubishi Materials Corporation. We concluded a basic agreement on such integration. To date, the two companies have transferred and integrated their cement sales and logistics under UBE-MITSUBISHI CEMENT CORPORATION, a joint venture with each party owning a 50% stake, established in 1998. We have thus lowered logistics and business site costs.

Still, the business climate for the domestic cement business has changed tremendously, such as a huge plunge in demand for cement, since that entity's inception. To strengthen the cement businesses of UBE and Mitsubishi Materials in the years ahead, we needed to build a structure that would further the existing relationship between the two. Integrating the manufacturing and other aspects of the construction materials businesses of both partners should enable us to invest cash flows from our domestic cement business in Japanese and overseas operations that offer growth potential. We expect to keep delivering sustainable growth as an enterprise that contributes to social infrastructure and the development of a recycling-based society.

		Medium-term management plan Vision UBE 2025 –Prime Phase–		
		FY2019 (Results)	FY2021 Targets	Achievement rate
Economic Value	Net sales (Billions of yen)	¥667.8	¥770.0	87%
	Operating profit (Billions of yen)	34.0	55.0	62%
	Ordinary profit (Billions of yen)	35.7	58.0	62%
	Profit attributable to owners of parent (Billions of yen)	22.9	35.0	66%
	Return on sales (ROS)	5.1%	7%	72%
	Return on equity (ROE)	6.9%	10%	69%
	Total return ratio*	40%	more than 30%	—
Environmental and Social Value	Greenhouse gas (GHG) emissions (1,000t - CO _{2e} /y)	12,110		
	Percentage of female managers (Parent company)	2.6%		
	R&D expenses (Billions of yen)	12.8		

* Total return ratio = (Cash dividends + Share repurchase) / Profit attributable to owners of parent

We will focus on management so we can demonstrate the UBE Group's growth, principally in the chemicals business, internally and externally.



The construction materials business set up a waste heat-fueled generating facility at the Isa Cement Factory, helping cut carbon dioxide (CO₂) emissions and conserve energy. We also completed a wood biomass facility as a renewable energy alternative to coal, with full production slated to begin by the end of 2020.

In the machinery business, we decided to fully integrate our injection molding machine business in August 2020 with the one we acquired from Mitsubishi Heavy Industries, Ltd. In line with this move, in the same month we will start production at a new plant in Nagoya, thereby optimizing our production structure. It is also worth noting that we purchased the chemical equipment business of Hitachi Plant Mechanics Co., Ltd., to reinforce our industrial machinery business.

Stepping Up Our Approach and Speed in Driving the UBE Group's Growth, Principally in the Chemicals Business

Earnings have dwindled since the global recession began in the chemicals business, which supplies nylon, caprolactam, and other commodity chemicals, and in the machinery business, which supplies products for manufacturing for the automotive sector. At the same time, the performance of the specialty chemicals business has exceeded our targets. For example, results were outstanding for polyimide resins for flexible organic light-emitting diode (LED) and smartphone materials in the year under review. This is because we manufacture varnish and film from

our own raw materials and offer unparalleled thermal resistance and dimensional stability. Under our current medium-term management plan, we are pursuing growth in the chemicals business, especially in specialty offerings, and aim to accelerate expansion.

We plan to integrate the cement business in our construction materials division with that of Mitsubishi Materials in April 2022. Thereafter, the only UBE operation running autonomously will be the chemicals business. In other words, chemicals will be UBE's core independent business. Ube Industries will become a chemicals business holding company who is an investor of the construction materials and machinery businesses. We will accordingly focus on management so we can demonstrate solid chemicals business growth internally and externally.

Our ESG Approach

Cultivating Operations in Line with the UBE Group's ESG Principles and Founding Spirit

The UBE Group's Stance on ESG

Our founding principles of Coexistence and Mutual Prosperity and From Finite Mining to Infinite Industry remain fundamental to our operations. Coexistence and Mutual Prosperity originally encompassed progress for us and the



Under UBE Group Environmental Vision 2050,
we seek to reduce
GHG emissions 17% from
fiscal 2013 levels by fiscal 2030.

communities we served but now embodies our CSR commitment, covering shareholders, customers, business partners, employees, the environment, and all other stakeholders. The principle of From Finite Mining to Infinite Industry acknowledges that while we started out in coal mining, we eschew relying on limited coal resources and leverage technology to cultivate a range of businesses catering to contemporary needs and pursue sustainable growth while changing our business structure.

We are progressing by lowering our use of fossil resources while shifting to businesses that emit less CO₂ and consume less energy. To operate sustainably, we must naturally continue improving governance while ensuring compliance. Through such approaches, we have embedded the essence of ESG in our operations in line with our founding spirit.

For example, when pollution was a major social issue around Japan as its economy boomed, we collaborated with communities, local governments, and universities to cut coal ash emissions from factories, taking the lead with measures and achieving results. We garnered considerable attention throughout society for our successful environmental policy approach, which was called the Ube Method. We have accordingly tackled environmental issues while maintaining engagement with communities. We will continue to address such issues, noteworthy focuses being on cutting greenhouse gas (GHG) emissions, ensuring

biodiversity, safeguarding water resources, and dealing with marine plastics.

Seeking to Reduce GHG Emissions 17% from Fiscal 2013 Levels by Fiscal 2030

Environmental issues are a key ESG focus. The Japanese government's vision is to lower GHG emissions 80% over the long term. We accordingly formulated UBE Group Environmental Vision 2050 to address issues.

We have set two targets under our medium-term management plan, which ends in fiscal 2021. One is to reduce GHG emissions 15% from fiscal 2005 levels. The other is to have eco-friendly products account for more than 30% of net sales. We are on track to reach both goals. In view of this progress and the government's vision, we look to lower our GHG emissions 17% from fiscal 2013 levels by fiscal 2030.

As the target is feasible in terms of technological capability and cost effectiveness, we will explore measures encompassing business structure reforms that augment these targets. A driver in our focus on specialty offerings in the chemicals business is a commitment to addressing environmental issues.

We also note that in April 2020 we announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We will analyze scenarios for the business risks and opportunities of climate change and disclose the financial impacts.

Strengthening Quality Assurance Initiatives

Inappropriate quality inspection practices came to light around two years ago. We have since taken steps in two key respects to prevent a recurrence.

The first is to enhance awareness and educate. We have top management reiterate the importance of quality in its messaging. We also recognize that quality assurance is a challenge not just for manufacturing and quality assurance units but for the entire Company, including sales and administrative departments. It is in keeping with this stance that we educate all employees about quality in line with the requirements of their respective departments and job descriptions.

Our second step has been to prevent issues from personnel and organizational perspectives. We have increased the number of employees involved in quality assurance and quality control while clarifying the roles of quality assurance departments at plants and other sites, internal companies, and Companywide, establishing an overlapping check structure and employing internal controls.

By directly recording measured data, deploying a quality control system that prevents irregularities and errors, and bolstering audits, as well as undertaking all other related initiatives, we aim to earn a solid customer reputation for maintaining a robust quality assurance structure.

Corporate Growth Essential to Ensure Rewarding Workplaces

We are nothing without our people. It is accordingly an important priority for management to provide workplaces that are safe, secure, comfortable, and rewarding. People find that workplaces that experience steady growth are rewarding. We will keep creating programs that ensure people can work comfortably, notably by enhancing efficiency through work style reform and offering telework that harnesses information and communications technologies (ICT). At the same time, we believe all businesses must grow to be rewarding workplaces.

We also look to do more to be more inclusive for women, as they currently account for a small percentage of our employees and an even tinier proportion of our management pool. We will take the lead in identifying work that women find uncomfortable and exploring how we can improve our programs or facilities.

Message to Stakeholders

Addressing Current Challenges While Looking Beyond the COVID-19 Pandemic and Preparing for Growth

The world has suffered its greatest economic setback since the Great Depression as a result of the COVID-19 pandemic. A full-fledged recovery could take several years. It is impossible at this juncture to accurately predict the pandemic's economic impact.

In fiscal 2020, we will have to operate with great patience because of the pandemic's massive impact on our businesses and performance. We will endeavor to minimize its effects through a range of emergency measures, such as by first reducing fixed costs, but we will have to do more than that. Looking beyond the pandemic, we will continue preparing in various ways to progress to a growth trajectory as soon as possible.

We have built a healthy financial position to drive growth and are issuing bonds even under the current circumstances to secure sufficient financial flexibility. We will continue endeavoring to offer stable dividends while balancing growth investments and shareholder returns for the years ahead, and thank you for your ongoing support and encouragement.

July 2020



Masato Izumihara
President & Representative Director
CEO

Progress under the Medium-Term Management Plan, Vision UBE 2025 –Prime Phase–

Medium-Term Management Plan
Vision UBE 2025 –Prime Phase–



Although we were unable to reach our numerical targets in fiscal 2019 owing to an adverse economic environment, we will steadily implement measures in keeping with our basic policy. It will be difficult to reach our targets in fiscal 2021, the final year of our medium-term management plan, but we have not reset goals in view of the difficulty at this juncture of forecasting results for that year.

Please see Management Strategies and Medium-Term Management Plan on the UBE Group’s website for details on Vision UBE 2025 –Prime Phase–.

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

Basic Strategies

Notwithstanding the current climate, we are retaining our three basic strategies.



Progress and Numerical Targets

		Billions of yen		
		FY2019 (Results)	FY2020 (Plan)	FY2021 (Initial plan)
Key Figures	Net sales	¥667.8	¥614.0	¥770.0
	Operating profit	34.0	26.0	55.0
	Ordinary profit	35.7	23.5	58.0
	Profit attributable to owners of parent	22.9	14.0	35.0
Key Indicators	Return on sales (ROS)	5.1%	4.2%	7%
	Return on equity (ROE)	6.9%	4.2%	10%

Segments	Billions of yen					
	Sales			Operating profit		
	FY2019 (Results)	FY2020 (Plan)	FY2021 (Initial plan)	FY2019 (Results)	FY2020 (Plan)	FY2021 (Initial plan)
Chemicals	¥286.0	¥260.0	¥350.0	¥14.5	¥ 9.5	¥32.0
Construction Materials	303.0	290.0	330.0	14.5	13.5	16.5
Machinery	90.7	79.0	105.0	4.9	3.5	7.0
Others	4.5	3.0	5.0	0.5	0.5	0.5
Elimination & Corporate*	(16.5)	(18.0)	(20.0)	(0.6)	(1.0)	(1.0)
Total	667.8	614.0	770.0	34.0	26.0	55.0

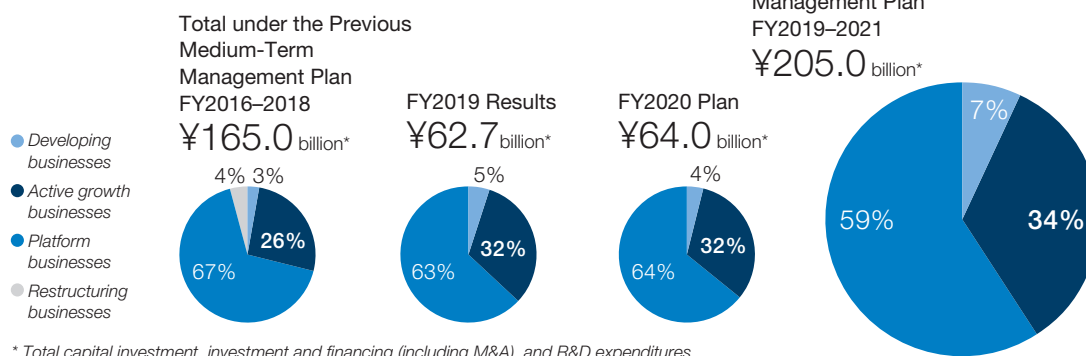
* Includes elimination of inter-segment transactions

Business Portfolio

● Developing businesses	Tyranno Fiber®, lithium titanium oxide (LTO)
● Active growth businesses	Nylon, fine chemicals, high-performance coatings, synthetic rubber, polyimides, separation membranes, separators Magnesia and calcia, biomass fuel, resource recycling
● Platform businesses	Caprolactam, industrial chemicals, electrolytes, pharmaceuticals Cement and ready-mixed concrete, energy Molding machines, industrial machines, steel products

Operating Resource Usage Plan and Progress by Portfolio

Lifting the investment ratio in active growth businesses



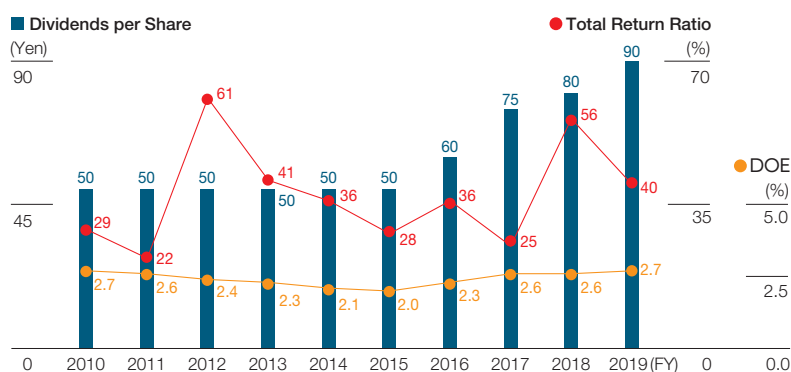
* Total capital investment, investment and financing (including M&A), and R&D expenditures

Acknowledging a need to enhance capital efficiency while pursuing sustainable growth and seeking to increase corporate value

With Revenues and Earnings Declining, Increasing Cash Holdings to Overcome Impact of the COVID-19 Pandemic

In fiscal 2019, the first year of our medium-term management plan, revenues and earnings both declined owing to deteriorating conditions in the chemicals market. Our results were thus significantly less than initially targeted. Return on equity (ROE) was accordingly just 6.9%.

We constrained working capital and optimized the implementation timing of primarily maintenance and upgrade investments. We also secured free cash flow of ¥27.8 billion, which exceeded our target. At the end of the term, we increased our cash holdings to prepare for a deteriorating financial climate owing to the COVID-19 pandemic. While interest-bearing debt was up somewhat, we were able to maintain our financial structure. The debt/equity ratio was unchanged, at 0.57 times, while the equity ratio improved slightly, to 45.7%.



Note: The Company consolidated every 10 shares into one share, effective October 1, 2017. Dividends per share for FY2016 and earlier have been converted based on the shares after the share consolidation.



Note: The Company consolidated every 10 shares into one share, effective October 1, 2017. Stock prices are adjusted for consolidation.



Masayuki Fujii

Director, Managing Executive Officer, CFO

Acknowledging a Need to Enhance Capital Efficiency While Continuing to Invest in Growth

It is exceedingly difficult to pinpoint how the global economy or business climate will fare in fiscal 2020 as a result of the COVID-19 pandemic. We will accordingly focus even more on our cash flows while maintaining financial discipline. At the same time, we will unhesitatingly invest in driving growth, reforming our business structure, and tackling environmental issues. We remain aware of capital cost in determining business expansion investments and seek to generate returns exceeding the cost. We will be even more conscious of delivering returns on invested capital, including in allocating business resources, and endeavor to boost capital efficiency while pursuing sustainable growth and seeking to increase corporate value.

Increasing Cash Dividends per Share to ¥10

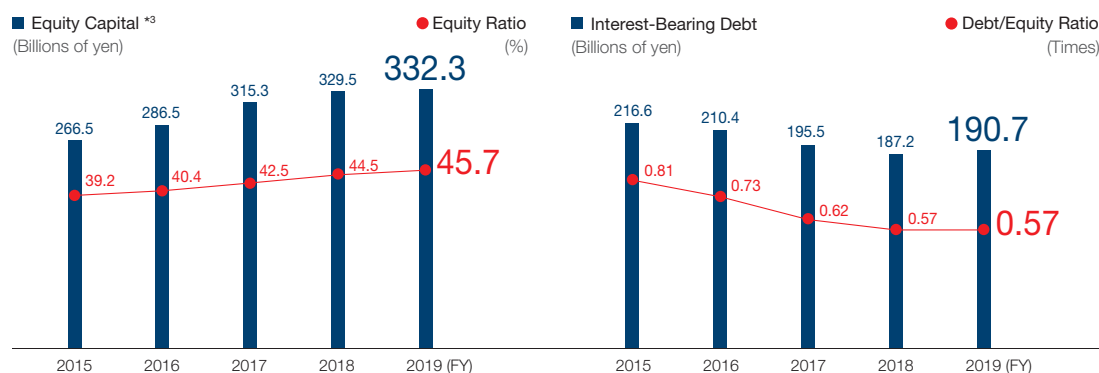
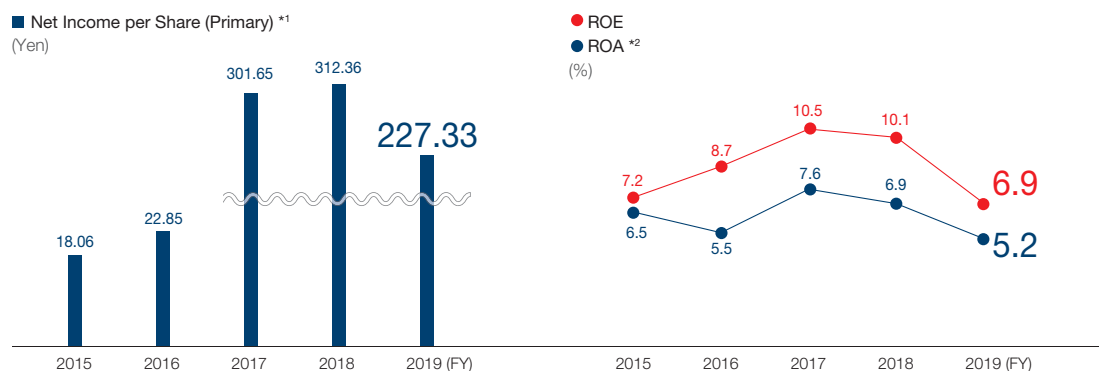
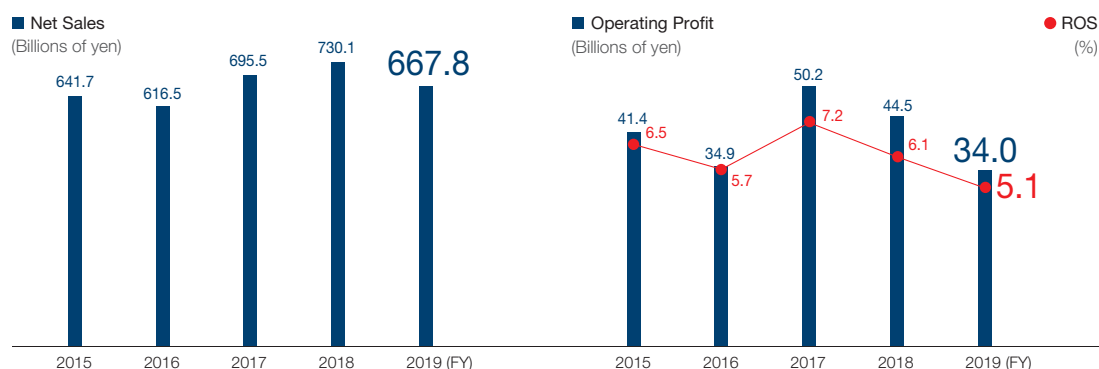
The basic stance of UBE's shareholder return policy is to deliver stable and sustainable dividends. One of our key performance indicators (KPIs) is a dividend on equity (DOE) ratio target of at least 2.5%. We also aim to maintain a consolidated total return ratio of 30.0% or more during our medium-term management plan.

In fiscal 2019, we paid interim cash dividends of ¥45 per share, and paid the same amount for the end of the year. The ¥90 annual total represents a ¥10 increase from a year earlier. The total return ratio would accordingly be 40%, with DOE being 2.7%.

In keeping with the above policy, we will strive to balance growth investments and internal reserves while further enhancing shareholder returns.

Consolidated Financial and Non-Financial Highlights

Financial Highlights



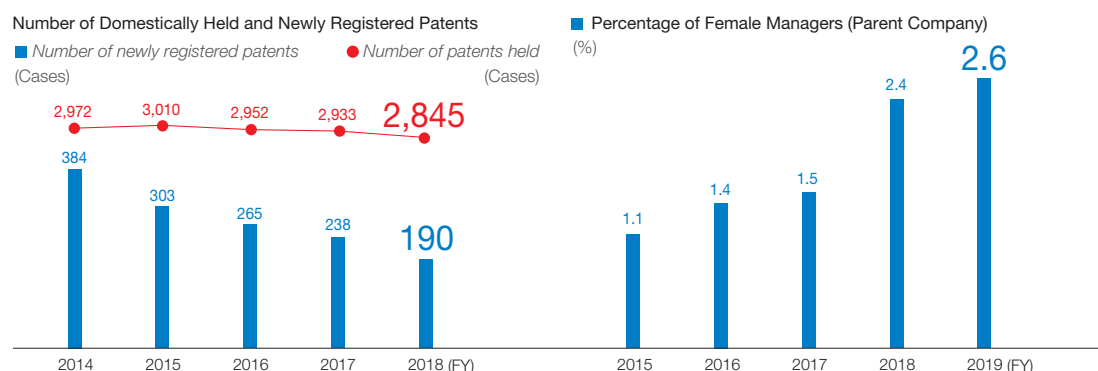
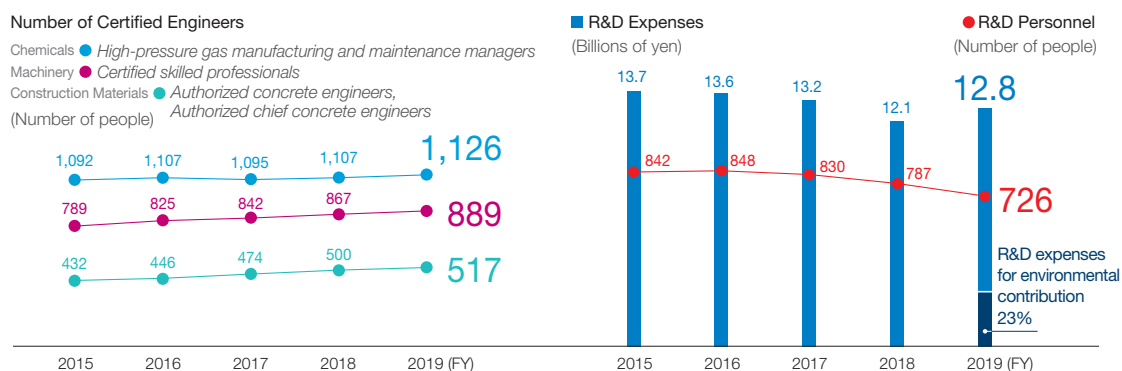
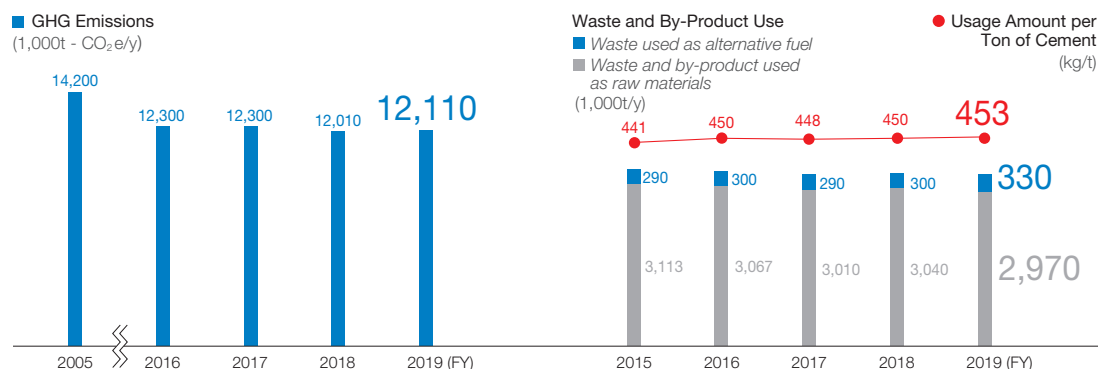
Notes: 1. The Company consolidated every 10 shares into one share, effective October 1, 2017.
 2. ROA = (Operating profit + Interest and dividend income + Share of profit of entities accounted for using equity method) / Average total assets
 3. Equity capital = Net assets - Share subscription rights - Non-controlling interests

Topics for Fiscal 2019

Year	Month	Category	Topic
2019	May	Chemicals	Decided to construct a fifth pharmaceutical plant
	June	R&D	Set up study group to develop CO ₂ immobilization and usage technologies
		Chemicals	UBE-MC Hydrogen Peroxide Limited obtained Halal certification
	August	Chemicals	Started exploring collaboration with several companies to gasify waste plastics and recycle them as chemicals
	September	Chemicals	Agreed to form joint venture with Kyocera Corporation to make ceramic filters for 5G base stations
		Chemicals	Began constructing PCD production facilities in Thailand
		CSR	Announced support for White Logistics Movement*

* An initiative launched by Japan's Ministry of Land, Infrastructure, Transport and Tourism in response to an increasingly dire shortage of truck drivers to improve productivity from this transportation mode, enhance logistics efficiency, and enhance work environments for women and male drivers aged 60 or over.

Non-Financial Highlights



	November	Chemicals	Granted license to Novo Nordisk A/S for a preclinical asset that could treat non-alcoholic steatohepatitis
	December	CSR	Decided to transfer golf course business
		Construction Materials	Completed wood biomass carbonized fuel demonstration facilities
2020	January	Machinery	Launched emIII, new injection molding machine series
	February	Machinery	UBE Machinery Corporation, Ltd., decided to reorganize its injection molding business by absorbing two subsidiaries
		Construction Materials	Signed letter of intent with Mitsubishi Materials Corporation to integrate cement businesses
	March	Machinery	Announced transfer of chemical equipment business from Hitachi Plant Mechanics Co., Ltd.
		Chemicals	Announced acquisition of compounds manufacturer Premium Composite Technology North America, Inc.
		Chemicals	Announced creation of joint lithium-ion battery (LiB)* electrolyte business with Mitsubishi Chemical Corporation

Note: The formal name for LiBs is lithium-ion secondary batteries.

Key Risks and Opportunities

In pursuing business sustainability and progress, the UBE Group acknowledges threats to the environment’s sustainability and the inherent risks of individual businesses, and recognizes the need to act. It is in keeping with this stance that the Group is extensively managing risks and undertaking initiatives that can generate new revenue opportunities.

Risk Management Policy and System

The UBE Group implements suitable risk countermeasures after assessing probabilities and impacts that might prevent it from reaching its business objectives in every decision-making process, including in gatherings of the Board of Directors and the Strategic Management Meeting.

We maintain Growth, Environment, Society, and Governance categories for risks that could

particularly affect operations. As a generator of GHG emissions, the greatest risk we present is environmental. We accordingly endeavor to cut such emissions and expand businesses that help reduce environmental impact in a drive to lower risks while turning them into opportunities.

We established a Companywide integrated management system to assess risks and gather information on probabilities and impacts.

Risk Management
(in Japanese only)



<https://www.ube-ind.co.jp/ube/jp/sustainability/risk-management/risk-management.html>

Risks with Especially Significant Operational Impacts, Countermeasures, and Opportunities

Please see pages 17–20 of the 114th Securities Report for information regarding other risks and details (in Japanese only).



Category	Risk Items	Risk Overview Examples
Growth	Deterioration of chemical business results	<ul style="list-style-type: none"> ● If supplies increase owing to capacity hikes at other companies and there is a dramatic change in prices of key raw materials owing to demand balance changes, a smaller price spread between products and raw materials ● It becomes impossible to secure the required raw materials owing to supplier accidents or other occurrences ● It becomes impossible to respond in a timely manner to customer demands for products for which generational changes are swift, causing sales volumes to decline and prices to drop amid intensified competition
	R&D	<ul style="list-style-type: none"> ● R&D themes do not proceed as planned, significantly delaying new product development and leading to a cessation in development ● Approvals for new drugs in the pharmaceutical business are postponed or revoked
Environment	Environmental issues	<ul style="list-style-type: none"> ● Costs increase significantly owing to the introduction of a carbon tax, as the Company has expanded its business while using coal effectively ● If the Company is deemed a laggard in addressing environmental issues, sales could languish, with corporate value being adversely affected
	Major natural disasters	<ul style="list-style-type: none"> ● Natural disasters that are larger than expected cause severe damage to domestic and overseas plants, causing production to halt at manufacturing sites and sales units to become inactive
Society	Major accidents (Explosions, fires, and leaks)	<ul style="list-style-type: none"> ● Large explosions, fires, and leaks occur as a result of facilities accidents or human error at plants that are heavy users of such resources as high-pressure gas and hazardous substances. Such accidents significantly affect the lives, property, and environments of employees and residents, resulting in accident response and recovery spending, opportunity costs, and compensation to customers and residents
	Difficulties in securing human resources	<ul style="list-style-type: none"> ● It becomes difficult to secure talented people to improve corporate value ● Vital people leave the Company, including those with experience and expertise
Governance	Major compliance violations	<ul style="list-style-type: none"> ● Inappropriately inspected products are shipped, leading to damage claims and other significant costs ● Business activities languish because compliance violations damage credibility ● The Company or its employees violate laws and regulations, making it subject to legal sanctions and constraints on business activities while undermining its social reputation

We also set up the Risk Management Department to centrally oversee related information, and maintain internal systems to manage the Group's risks.

Product Quality Initiatives

The UBE Group's products are used in everything from automotive parts and digital appliances to social infrastructure. Shipping defective products could have dire consequences for the Group even if there are no safety or health issues. Examples include the costs of recovering the defective products, compensation to customers, and loss of social credibility.

The UBE Group accordingly endeavors to provide top-quality products and services that are safe and reliable. It does this by ensuring robust manufacturing processes, maintaining equipment to manage processes, formulating proper inspection processes, improving operating manuals, educating employees, and building structures for thorough inspections that prevent defective products from reaching the market.

We adopted the following policies to prevent a recurrence of the inappropriate quality inspection issues that came to light two years ago.

Measures to prevent recurrence

- Step up governance of the Board of Directors, notably to monitor regular business and audit reports relating to quality
- Ensure all employees are quality-conscious, such as by overhauling management policies and continuing to disseminate messages from top management
- Continue to educate executives and all members of the Group, including through e-learning and training
- Strengthen internal quality management controls, examples being to set up quality management rules and conduct quality audits at the head office
- Bolster quality underpinnings by deploying such business resources, including to systematically develop and allocate human resources and automate processes

Countermeasures	Opportunities (➔ Materiality)
<ul style="list-style-type: none"> ● Apply a pricing formula regime to reflect changing raw materials costs in prices ● Secure sufficient raw materials inventories ● Extensively cut costs and differentiate products ● Accelerate growth of specialty products business by concentrating operating resources 	<ul style="list-style-type: none"> ● Implement reforms to create a business structure in which carbon productivity is high and realize stable growth ● Improve market competitiveness <p style="text-align: center;">↓</p> <p style="text-align: center;">Expanding the chemical business, centered on active growth businesses</p>
<ul style="list-style-type: none"> ● Concentrate operating resources based on business portfolio, swiftly materializing R&D results and endeavoring to enhance development precision 	<p style="text-align: center;">↑</p> <ul style="list-style-type: none"> ● Launch highly competitive new products
<ul style="list-style-type: none"> ● Determine management priorities regarding environmental issues, focusing on reducing GHG and their emissions while developing and popularizing products and technologies that help lower environmental impact ● Support the recommendations of TCFD ● Formulate UBE Group Environmental Vision 2050 and establish UBE Group Medium-Term Targets to reach those objectives by fiscal 2030 ● Suitably highlight waste treatment track record <p style="text-align: right; font-size: small;"><i>Please see ESG Strategies on pages 15–19 for details.</i></p>	<ul style="list-style-type: none"> ● Implement reforms to create a business structure in which carbon productivity is high and realize stable growth <p style="text-align: center;">↓</p> <p style="text-align: center;">Tackling environmental challenges</p>
<ul style="list-style-type: none"> ● Prepare disaster and other response manuals, undertake planned renovations and reinforcements at manufacturing and other facilities while conducting regular disaster drills ● Leverage risk management systems to identify specific risks and implement countermeasures ● Formulate business continuity plans (BCPs), regularly reviewing them and conducting drills 	<ul style="list-style-type: none"> ● Swift recoveries in the event of wide-ranging disasters will build market trust
<ul style="list-style-type: none"> ● Make safety a pivotal shared value for the UBE Group ● Rigorously comply with related laws and ordinances ● Regularly inspect, maintain, and repair facilities ● Secure educated and experienced employees, prepare management manuals, and conduct regular disaster drills and environmental safety audits 	<ul style="list-style-type: none"> ● Attract and retain talented people ● Create new businesses and products that embrace diverse perspectives <p style="text-align: center;">↓</p> <p style="text-align: center;">Hiring and cultivating people who can drive growth and innovation</p>
<ul style="list-style-type: none"> ● Formulate management policies that require respect for individuality and diversity and foster comfortable work environments and provide rewarding jobs ● Enhance work-life balance, improve wages and other terms, and shorten working hours ● Create work environments that are conducive to female employees <p style="text-align: right; font-size: small;"><i>Please see The UBE Group's Strengths: Human Resources on pages 28–29 and Human Resources / Human Rights on pages 50–53 for details.</i></p>	<ul style="list-style-type: none"> ● Cultivate a corporate culture that rebuilds credibility and consistently complies with laws and ordinances, thereby solidifying growth foundations <p style="text-align: center;">↓</p> <p style="text-align: center;">Strengthening our business foundations</p>
<ul style="list-style-type: none"> ● Strengthen the Board of Directors' governance ● Comply with laws and regulations and foster a compliance-oriented corporate culture ● Manage processes, maintain and upgrade facilities, and install suitable measuring equipment ● Create work manuals and educate employees ● Create and maintain an updated list of key domestic laws and regulations and share information on all laws and regulatory revisions and abolitions ● Identify and formulate measures for laws and regulatory risks using risk management systems 	<p style="text-align: center;">↓</p> <p style="text-align: center;">Strengthening our business foundations</p>

Materiality

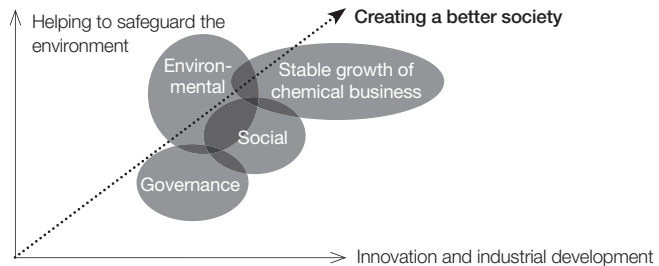
In light of environmental and other risks, global social trends, and its history of more than 120 years, the UBE Group identifies and focuses on tackling materiality impacts that affect its sustainable growth.

We will continue to help realize the Sustainable Development Goals (SDGs) by addressing these issues.

Determining Materiality

The UBE Group’s materiality encompasses growth as well as ESG factors which were reported to Board of Directors’ meetings. In determining materiality, the Group endeavors to contribute to social progress by employing the following two evaluation axes.

Materiality identification



Materiality within the UBE Group

Materiality	The UBE Group’s Measures	SDGs Items to Which We Contribute
Growth	<p>Expanding the chemical business, centered on active growth businesses*</p> <p>We will drive the expansion of active growth businesses and increase their weight in our business portfolio in an effort to build an operating structure that generates stable growth regardless of economic trends and improve profit margins. Active growth businesses encompass many operations that generate minimal GHG emissions, such as specialty chemicals. We look to lower emissions rates by lifting the contributions to sales of such businesses.</p> <p><i>* Nylon, fine chemicals, high-performance coatings, synthetic rubber, polyimide, separation membranes, separators, magnesia and calcia, biomass fuel, and resource recycling</i></p> <p>Please see pages 26–27, 30–31, and 34–35 for details.</p>	
Environment	<p>Tackling environmental challenges</p> <p>The key environmental challenges for the UBE Group are to help resolve global warming, safeguard biodiversity, address the issue of marine plastics, and conserve water resources. We consider it particularly important to deal with global warming. As well as lowering GHG emissions from our plants, we will help decarbonize the economy through ongoing efforts to cut these emissions across our supply chain.</p> <p>Please see pages 15–19, 30–31, and 58 for details.</p>	
Society	<p>Hiring and cultivating people who can drive growth and innovation</p> <p>People will be the engine of the UBE Group’s growth over the medium and long terms. We will hire more women and foreign nationals while educating employees to cultivate people with diverse values and perspectives, thereby enabling us to respond swiftly to changes in the business climate and pursue sustainable growth.</p> <p>Please see pages 28–29 and 50–53 for details.</p>	
Governance	<p>Strengthening our business foundations</p> <p>In fiscal 2018 and 2019, we strengthened proactive and reactive governance by revamping our corporate philosophy and management principles, transitioning to a Company with Audit & Supervisory Committee, and reorganizing into a three-company operating structure. In pursuing progress from these efforts, we will endeavor to strengthen our business foundations for further growth.</p> <p>Please see pages 40–49 for details. Please see page 13 for information on stronger internal controls for quality.</p>	



ESG Strategies (Policies, Goals, and Initiatives Centered on Addressing Climate Change)

The UBE Group believes that engaging in ESG initiatives is essential to materialize sustainable growth for society and itself. In May 2020, we announced Group initiatives to address environmental issues to step up efforts regarding materiality. In April 2020, we announced our support for TCFD recommendations, and are reinforcing disclosure relating to governance, strategies, risk management, benchmarks, and goals.

— This section presents our Group climate change policies, goals, and initiatives.



UBE Group Environmental Vision

We formulated UBE Group Environmental Vision 2050 to present our long-term approach to helping resolve environmental issues, particularly in view of the climate change crisis and biodiversity losses.

UBE Group Environmental Vision 2050

The UBE Group engages in corporate activities that are in harmony with nature in order to maintain an abundant global environment

The UBE Group aims to achieve an **80%** reduction in **greenhouse gas (GHG) emissions by 2050** and use UBE products and technologies to reduce GHG emissions throughout its supply chains, in order to contribute toward a carbon-free society



Our medium-term goal to address climate change by fiscal 2030 from fiscal 2013 levels

Lower GHG emissions 17%

Sales of environmentally friendly products and technologies

Accounting for more than **50%** of consolidated net sales

Including lithium-ion battery (LiB) materials, lightweight materials, and high-performance coatings

Hidetsune Miura

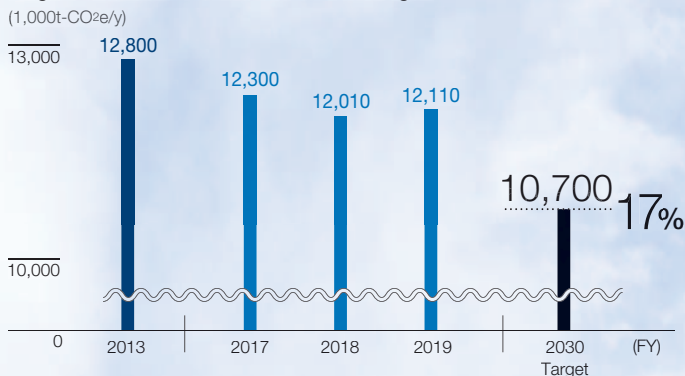
*Senior Executive Officer
with responsibility for
Environment & Safety Dept. and
Quality Management Dept.*



We will help lower GHG emissions across our supply chain through the use of our products and technologies.

Initiatives to Lower GHG Emissions — Defensive Strategies

Progress toward GHG Emissions Reduction Targets



Measures to lower GHG emissions 17%

- Keep improving and strengthening energy intensity through further efforts to conserve energy
- Use waste as energy and expand the use of renewable energy
- Explore measures to rebuild businesses that depend on fossil fuels
- Focus on developing technologies and new businesses that recover and use CO₂

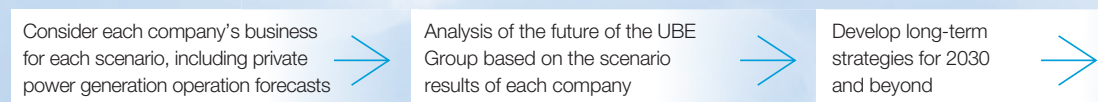
Scenario Analysis

Before establishing targets, we explored several post-2030 scenarios for transitioning to a low-carbon or decarbonized society as part of efforts to tackle climate change. We analyzed the risks and opportunities of those scenarios for us.

Climate Scenario Assumptions

- 2°C transition scenario**
 - World Energy Outlook: Sustainable development scenario of International Energy Agency (IEA)
 - Energy Technology Perspective: 2°C scenario from IEA
- 6°C physical scenario**
 - Representative Concentration Pathway (RCP) 8.5 scenario of Fifth Assessment Report of the United Nations Intergovernmental Panel on Climate Change (IPCC)

Examination steps



Results of Scenario Analysis (Risk Response and Opportunity Initiatives)

Risks

- Higher costs from adopting carbon pricing
- Lower sales of products that consume a lot of fossil fuels owing to rising demand for offerings that reduce CO₂ emissions impacts
- Coal-related businesses shrinking from changes in social structure and markets toward a decarbonized economy
- Stoppages at production facilities because of major natural disasters, logistics network shutdowns, and procurement difficulties

Risk Responses

- Continue and strengthen energy conservation
- Fuel conversion (expand waste usage and use renewable energy)
- Innovate low-carbonization and decarbonizing technologies (including for CO₂ recovery)
- Restructure businesses that rely on fossil fuel resources
- Bolster disaster response measures at production sites

Opportunities

- Expand sales of electric vehicle (EV) battery materials, products that help enhance fuel economy, composite cement, and other products stemming from social structure and market changes in progressing toward a decarbonized society
- Revitalize biomass fuel market by using more renewable energy

Opportunity Initiatives

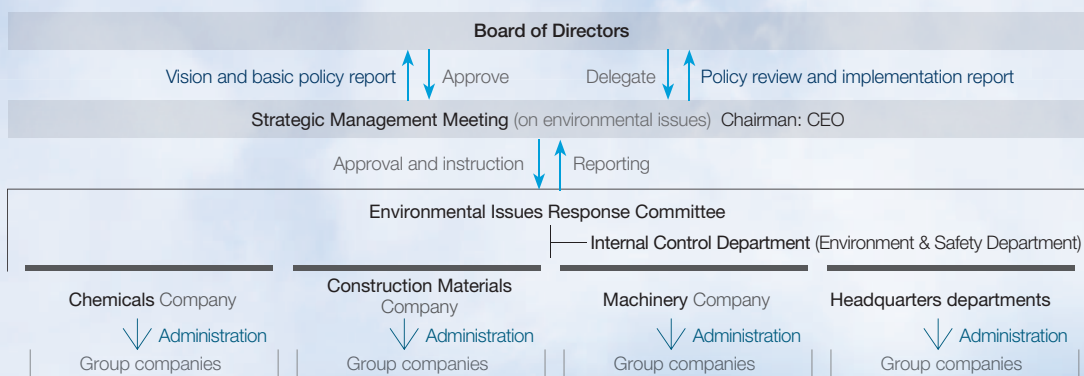
- Further expand and cultivate environmentally friendly products and technologies
- Create businesses that harness CO₂
- Expand use of biomass fuels

Support for TCFD Recommendations

The UBE Group expressed its support for TCFD proposals in April 2020. We will assess and analyze the business risks and opportunities of climate change to the Group, reflecting these factors in our business strategy and disclosing information.



Governance system for climate change



Leveraging Innovative Technological Capabilities to Reduce GHG Emissions

The Group is augmenting existing products and technologies by employing various technologies in long-term R&D to cut GHG emissions, a good example being carbon fixation.

Please see the UBE Group's Strengths: R&D and Intellectual Capital on pages 30-31 for details.



Initiative Example

Idemitsu Kosan Co., Ltd., Ube Industries, and the JGC HOLDINGS CORPORATION formed a study group to develop a technology that transforms waste CO₂ into a resource.

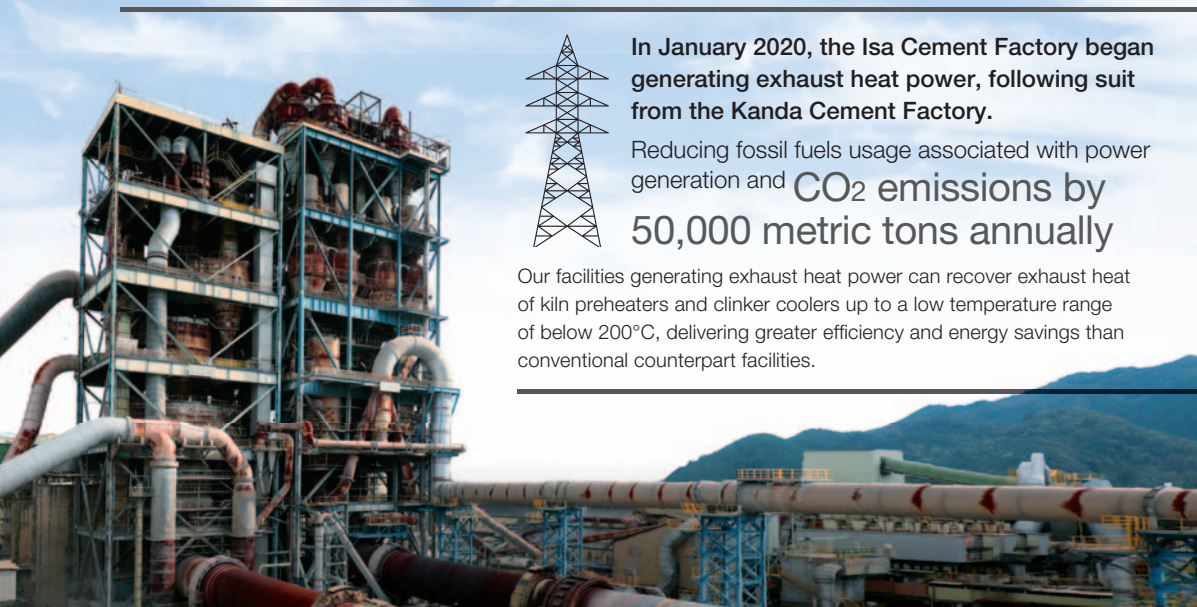
The idea is to use industrial waste incorporating a lot of calcium and other materials, reacting it with CO₂ to create carbonate and produce high added value. We look to use the carbonate and residues in construction, civil engineering, industrial, and other materials.



In January 2020, the Isa Cement Factory began generating exhaust heat power, following suit from the Kanda Cement Factory.

Reducing fossil fuels usage associated with power generation and **CO₂ emissions by 50,000 metric tons annually**

Our facilities generating exhaust heat power can recover exhaust heat of kiln preheaters and clinker coolers up to a low temperature range of below 200°C, delivering greater efficiency and energy savings than conventional counterpart facilities.



Cultivate Businesses That Help Reduce Environmental Impact

Proactive Strategies

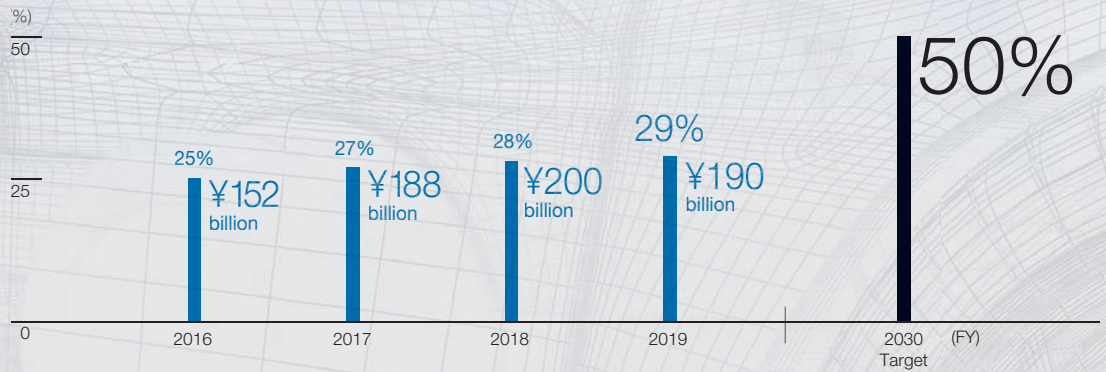
Developing and Marketing Environmentally Friendly Products and Technologies

The Group's growth strategy is to continue expanding sales of and developing environmentally friendly products and technologies that contribute to the environment. Such efforts will enable us to help decarbonize society by cutting GHG emissions across product lifecycles, notably for usage and disposal.

By fiscal 2030, we look for **environmentally friendly products and technologies to account for more than 50% of consolidated net sales.**

50%

Sales ratios of environmentally friendly products and technologies



Estimated contributions to GHG reductions of environmentally friendly products and technologies

Approx. 6 million metric tons of CO₂ in fiscal 2018*

Note: A quantity reflecting the UBE Group's environmentally friendly product share, based on CO₂ amount reductions compared with conventional offerings at usage stages for final offerings using the UBE Group's environmentally friendly products (The quantity of final products used extensively in fiscal 2018 is assessed on a CO₂ basis for reduction for a year of use in that term)

Separators



- 1 LiB materials
- 2 1994: Strengths in applications requiring outstanding safety and output, and expanding in automotive applications, centered on coated separator films
- 3 Planning to increase capacity to 320 million m² in 2020

Content Descriptions

- 1 Applications
- 2 Year production started and/or features
- 3 Group production capacity and/or market share

Environmentally Friendly Products

Separators and electrolytes for LiB materials underpin the development of EVs, constituting vital products and technologies for zero emission vehicles. Nylon lightens automobiles, helping boost fuel efficiency, while high-performance coating materials reduce coating processes, helping lower GHG emissions.

Our Criteria for Choosing Environmentally Friendly Products and Technologies

We base our selection criteria on our internal Guidelines for Determining Environmentally Friendly Products and Technologies. These guidelines define environmental impacts for everything from global warming from GHG emissions to the extent of ozone layer destruction, marine plastics, decreases in wildlife species, and water resource depletion. We choose environmentally friendly products and technologies that can potentially help lower environmental impact. Our selections encompass not only products and technologies that we have developed but also prospective environmental impact reductions from applications of existing product and technologies.

Tackling Environmental Issues

Recent years have seen a rapid expansion in SDGs endeavors and ESG investments, reshaping the business landscape. We have entered an era in which presenting a long-term approach to helping resolve environmental issues will further improve corporate value.

We deployed a basic policy of responding to and helping resolve resources, energy, and environmental issues under Vision UBE 2025 –Prime Phase–, which we launched in fiscal 2019.

The UBE Group Environmental and Safety Guidelines underscore a clear commitment to helping create a recycling-based society, and present our approach to initiatives to tackle four specific environmental issues. These are to respond to global warming, preserve biodiversity, tackle marine plastics, and conserve water resources.

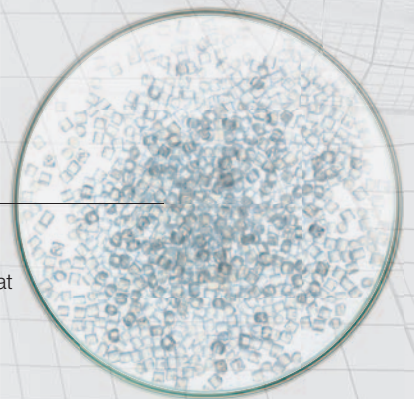
We will undertake a plan–do–check–act (PDCA) cycle based on a concerted Group approach to initiatives and endeavor to address environmental issues.

Lightweight parts



Nylon

- 1 Engineering plastics used extensively in automotive parts, food packaging films, and other applications
- 2 1959: Strengths in high-performance applications, high-quality automotive parts materials that are highly regarded among domestic and overseas automakers, and extrusion materials for which we seek to be the top global player (in films and monofilaments)
- 3 One of the world's top producers, at 198 kilotons (Global Nylon 6 market was 2.52 million metric tons in 2019)



High-performance coating materials

Polycarbonate diol (PCD) and polyurethane dispersion (PUD)

- 1 Automotive paints and floor coverings
- 2 PCD in 1995 and PUD in 2011: High margins from proprietary technology of PUD
- 3 Planning to boost PCD capacity to 18,000 metric tons in 2020, attaining the No.1 share in the PCD market
PUD 2,000 metric tons



The UBE Group's Evolution

1897 – The UBE Group started out in Ube, Yamaguchi Prefecture as a coal mining operation.

1914 – Machinery

Machinery business began by manufacturing and maintaining coal mining machinery



Machinery Company

●1954/Began manufacturing vertical mills

●1963/Developed and started manufacturing large die-casting machines

●1976/Developed and started manufacturing originally developed injection molding machines

●1981/Started extrusion press production

●1973/Launched bridge business

●1982/Completed and opened the Kosan-Ohashi Highway Bridge

1923 – Cement

Inaugurated cement operations by drawing on the abundant limestone resources of Ube's surrounding areas as well as coal



Construction Materials Company

●1951/Acquired control of Ube Chemical Industries Co., Ltd. (now Ube Material Industries, Ltd.)

●1977/Closed the last coal mine

●1952/Acquired control of Nippon Lime Industries Ltd. (now Ube Material Industries, Ltd.)

●1980/Completed the Okinoyama Coal Center

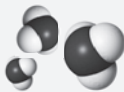
●1955/The Isa Cement Factory started production.

●1982/Completed a 145,000-kilowatt in-house power generation facility in the Ube area

●1964/Established the Kanda Cement Factory

1933 – Ammonia, fertilizers

Chemical business started by manufacturing ammonium sulfate for chemical fertilizers from coal



Chemicals Company

●1951/Opened the Central Research Laboratory (now the Strategic Core Technology Research Laboratory)

●1955/The Ube Caprolactam Factory started production.

●1967/The Sakai Factory started operations.

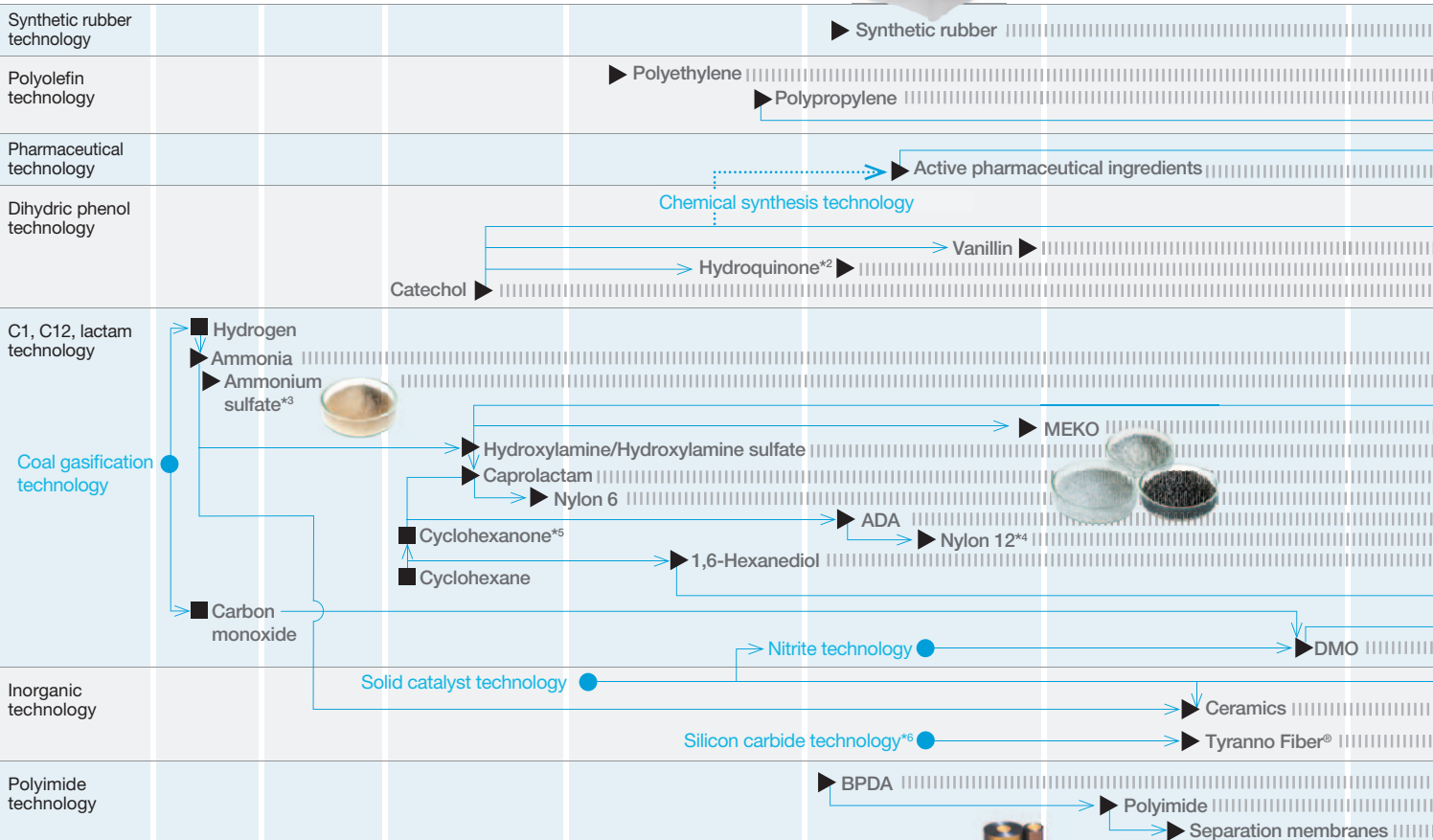
●1968/Opened the Polymer Laboratory (now the Frontier Technology Research Laboratory)

●1971/Started production at the polybutadiene plant (now the Chiba Petrochemical Factory)

1942
Established Ube Industries, Ltd.

1930 1940 1950 1960 1970 1980 1990

UBE Group Chemical Technology Record



The UBE Group's history over the more than 120 years since its establishment is one of relentless technological and manufacturing innovation.



- **1996**/Began manufacturing injection molding and die-casting machines in the United States
- **1999**/Established UBE Machinery Corporation, Ltd.
- **2001**/Established UBE Machinery (Shanghai) Ltd.
- **2014**/Concluded capital and business alliance with Toyo Machinery & Metal Co., Ltd.
- **2017**/Integrated our injection molding machinery business with that of Mitsubishi Heavy Industries, Ltd.

● **1998**/Established UBE-MITSUBISHI CEMENT CORPORATION

- **2004**/Started electricity wholesaling to Chugoku Electric Power Co., Inc.



● **2014**/Launched megasolar operations

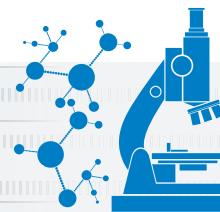
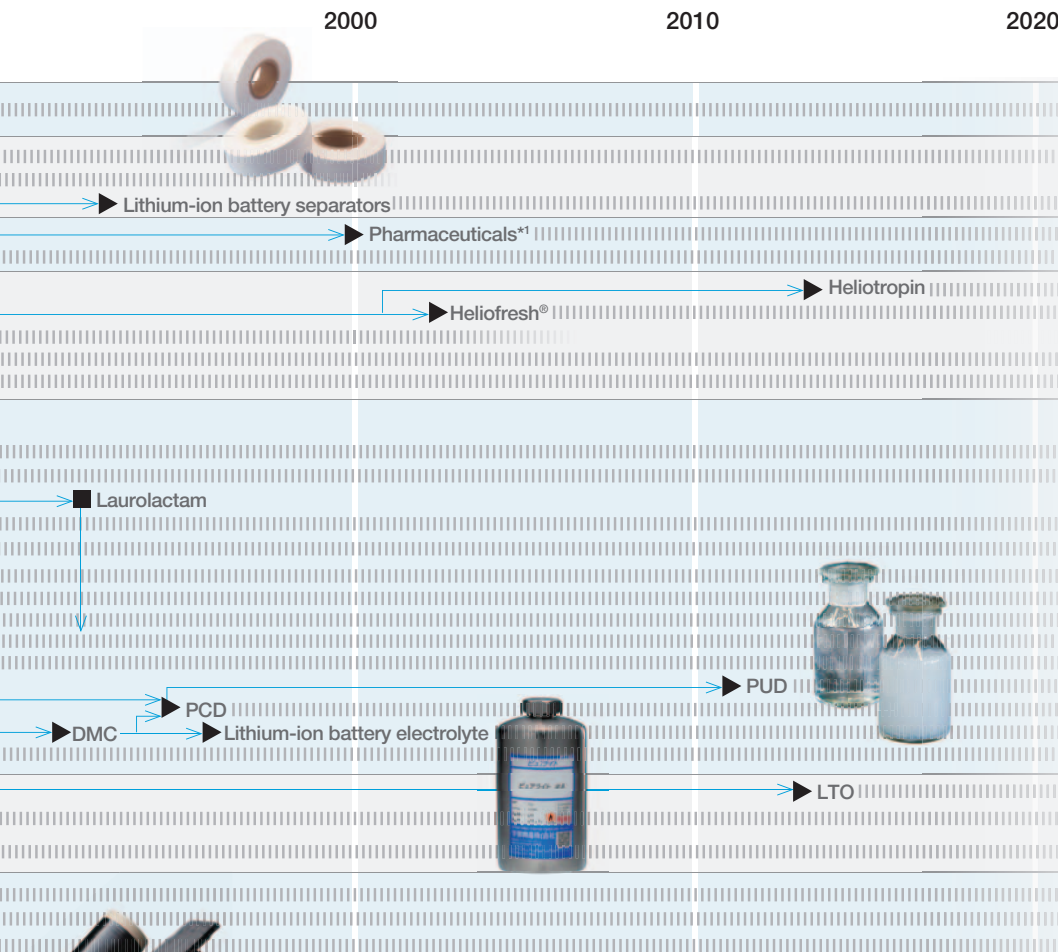
- **2020**/Signed letter of intent with Mitsubishi Materials Corporation to integrate cement and other businesses

- **1993**/Invested in PQM in Spain (now UBE Corporation Europe, S.A. Unipersonal)
- **1997**/Began production at Thai Caprolactam Public Co., Ltd., and Ube Nylon (Thailand) Ltd. (now UBE Chemicals (Asia) Public Company Limited)
- **1998**/Launched production at THAI SYNTHETIC RUBBERS COMPANY LIMITED
- **2000**/Started manufacturing Talion®, an anti-allergy agent (we have launched four in-house-developed drugs)



● **2013**/Opened the UBE-Fujimagari Factory

● **2016**/Opened the Osaka Research & Development Center



Our chemicals business began with fertilizer production, and has since expanded into a platform encompassing nylon, synthetic rubber, polyimide, separators, and fine chemicals that serve as bases for new products and businesses in the years ahead.

■ Raw materials

*1 Talion® launch
 *2 Co-production through catechol manufacturing process conversion
 *3 Now a caprolactam by-product
 *4 From the 1990s, converted some raw materials into lauro lactam
 *5 Now converting some raw materials into phenol
 *6 Developed at Tohoku University

Building Value to Materialize Sustainable Growth
The UBE Group's Business Model

The UBE Group concentrates its manufacturing facilities in the Ube area. Its chemicals, construction materials, and machinery business segments share such infrastructure as power plants and ports to ensure cost competitiveness. However, each business segment runs independently. We are building a business model that can generate sustainable value by swiftly addressing changes in individual businesses.



Chemicals Company

Role and positioning: Boost earnings stability and drive Groupwide growth

Resource allocations: Capital expenditures Approx. ¥26.5 billion
 (Active growth businesses Approx. ¥10.0 billion)

R&D expenses Approx. ¥11.0 billion

Employees 5,109

We have progressed over the years by sophisticating synthetics technologies cultivated through the manufacturing of fertilizer from coal to supply products that match contemporary needs. The broad lineup of the Chemicals Company extends from nylon and synthetic rubber to such advanced offerings as LiB materials, polyimide, and separation membranes, as well as environmentally friendly fine chemicals. We also maintain drug discovery and contract pharmaceuticals.



Construction Materials Company

Role and positioning: Generate consistent profits and cash flows and expand new businesses

Resource allocations: Capital expenditures Approx. ¥20.5 billion
 (Active growth businesses Approx. ¥6.0 billion)

Free cash flow Approx. ¥7.0 billion

Employees 3,270

Here, we progressed by focusing on the cement, calca, and magnesia businesses by drawing on the Ube area's abundant reserves of coal and on limestone from Ube's surrounding areas. We are endeavoring to maximize profitability by drawing on comprehensive strengths with Group companies in such areas as manufacturing ready-mixed concrete, transporting cement, and sales. We have developed numerous building materials products that draw on our chemicals business knowledge. The Construction Materials Company underpins social infrastructure and lifestyles.

Strength

Infrastructure



Enhance productivity by sharing infrastructure

Tap steam from a thermal power plant and waste heat from cement plants

Located favorably owing to its limestone, water resources, port, and other features



Energy Business

(Construction Materials Company)

We supply power and other resources to plants and offices in the Ube region. At the same time, we are endeavoring to reduce our environmental footprint through solar power, biomass, and other energy sources.



Machinery Company

We started out with coal mining machinery and refined our production technologies by manufacturing essential machinery for the cement and chemicals businesses. We make injection molding machines and die-casting machines that we supply to automobile manufacturers around the world, as well as such other offerings as transportation machinery, crusher equipment, and bridges. We also maintain machinery maintenance and improvement services. Advanced proprietary technologies underpin our high reputation.

Role and positioning: Undertake operations that match business characteristics and enhance business value

Resource allocations: Capital expenditures Approx. ¥2.0 billion
 Revenue increase through M&As Approx. ¥12.0 billion

Employees 1,855

Key Facilities in the Ube Area

- Chemicals Company
- Construction Materials Company
- Machinery Company



UBE Machinery Corporation, Ltd.

Ube Cement Factory

Thermal power plant

UBE Steel Co., Ltd.

Ube Head Office

Ube Material Industries, Ltd. (Plant 1)

Ube Chemical Factory

US Power Co., Ltd. Megasolar power plant

UBE-Fujimagari Factory

Strategic Core Technology Research Laboratory
 Pharmaceuticals Research Laboratory

Strategies Employing Our Strengths

Strength



Our people

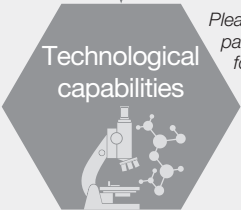
Please see pages 28–29 and 50–53 for details.

- Diversity
- Pleasant working environment

Motivated people with integrity

All employees are fully committed to collaborating and focusing on resolving tasks.

Strength



Technological capabilities

Please see pages 30–31 for details.

Synthetics technologies:

We started out by employing coal, which is difficult to use as a chemicals raw material, and amassed synthetics technologies that we have leveraged in downstream product development.

Strength



Our solid customer base

(Osaka Research & Development Center)
(Development centers in Thailand and Spain)

Please see pages 26–27 for details.



Addressing environmental issues

- Reduce GHG emissions
- Create and expand businesses that contribute to the environment
- Pursue the SDGs
- Declare support for TCFD

Products Leveraging Our Strengths

Nylon

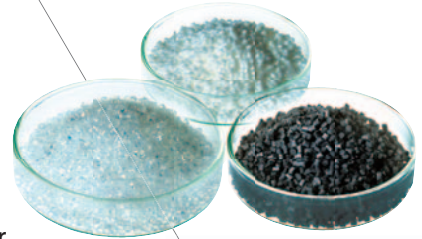
Continuous polymerization to stably produce high-quality nylon

Synthetic rubber

We specialize in making top-quality butadiene rubber using cobalt catalysts, and rank 5th worldwide in terms of annual production capacity.

Separators

We are one of a few dry separator manufacturers, and are highly regarded in automotive applications.



Stepping up business globalization

Strengthening proposal-based businesses

Medium-Term Growth Areas

Creating new businesses in four priority areas:

Environment and Energy

Conserving resources and energy, and new materials



Mobility

Automobiles, railways, and aerospace



Construction and Infrastructure

Infrastructure, living environments, and smart cities



Healthcare

Food, pharmaceuticals, and sophisticated lifestyles



Ready-mixed concrete

Nationwide plant network that uses cement transported throughout Japan in large ships



Die-casting machines and injection molding machines

We rank highly in global markets, including among automakers, with a large specialty lineup.



Sustainable growth

Polyimide

Films based on our thermal imide technique using biphenyltetracarboxylic dianhydride (BPDA) as a raw material are rated highly for high heat resistance and dimensional stability. We account for 80% of the global chip-on-film market.



The UBE Group's Value Creation Process

The UBE Group evaluates the risks and opportunities of environmental issues and other aspects of change in the business climate to identify materiality. We then plan and implement management strategies and deliver products and solutions, thereby delivering real value to society and helping to realize social sustainability in our drive to generate sustainable growth.

Changes in operating climate ➤ FY2019
Capital components of enterprise value

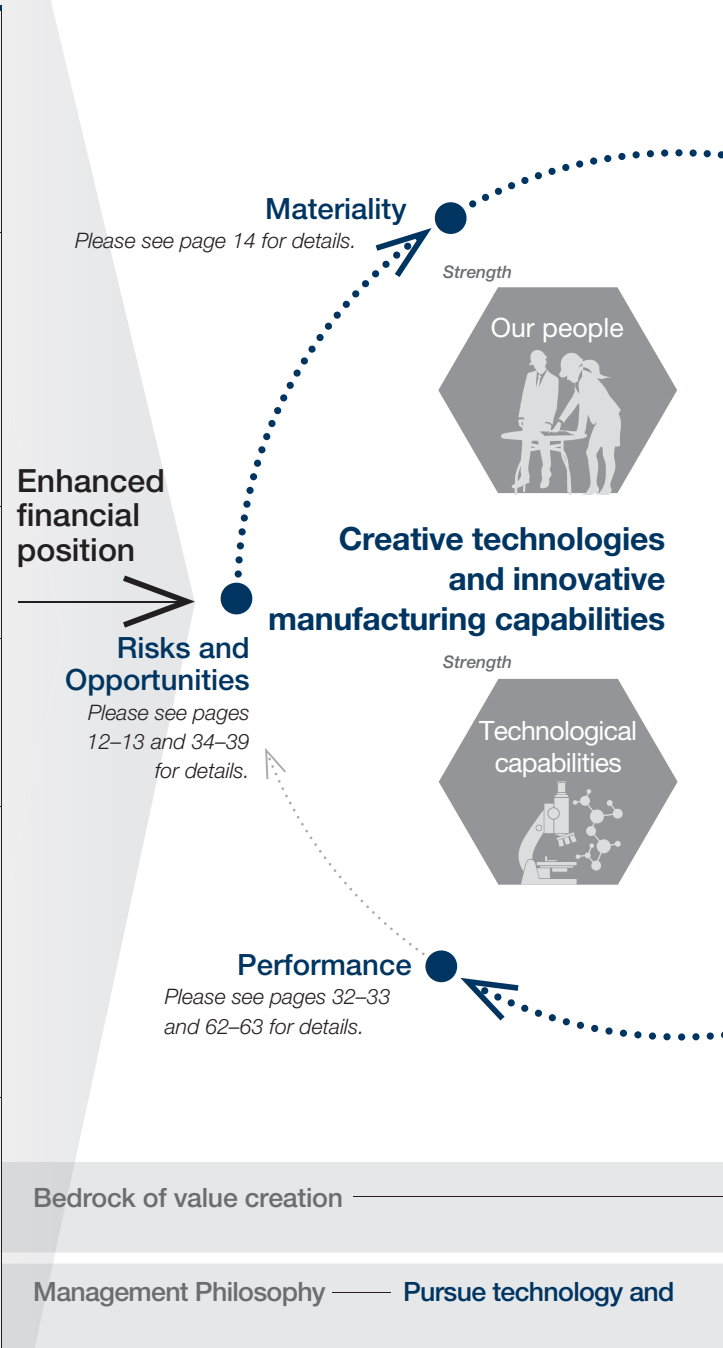
Global warming and other environmental issues
Toward a sustainable economy

Increasing incidence of natural disasters and aging infrastructure
Enhancing national resilience and rebuilding infrastructure to prevent and reduce disasters

Population growth in emerging nations, expansion of middle class, and urbanization
Food, water, resources, infrastructure, and energy shortages

Aging populations in developed nations
Diversifying work practices and accelerating globalization
Providing more opportunities for female employees
Fostering diversity
Cultivating global talent

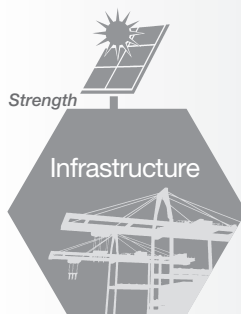
<p>Financial Capital Underpinning enterprise value with a sound financial position</p> <p>Equity Capital ¥329.5 billion* <small>* As of April 1, 2019 Please see page 9 for details.</small></p>
<p>Manufacturing Capital Infrastructure, businesses, human resources, and expertise concentrated in the Ube area</p> <p>5 sites in Japan 4 sites overseas</p> <p><small>Please see pages 22–23 and 26–27 for details.</small></p>
<p>Human Capital Respecting diverse people and values</p> <p><small>Please see pages 28–29 and 50–53 for details.</small></p>
<p>Intellectual Capital Broad technological foundations</p> <p>R&D Expenses ¥12.8 billion <small>Please see pages 30–31 for details.</small></p>
<p>Social Capital Emphasizing stakeholder engagement</p> <p>Number of one-on-one meetings with investors in fiscal 2019 Approx. 200</p> <p>Regional Responsible Care (RC) engagement since 1997 <small>Please see pages 26–27, 40–43, 48, and 54 for details.</small></p>
<p>Natural Capital Lowering environmental impact</p> <p>Abundant water resources (Yamaguchi Prefecture) Products and technologies that contribute to the environment</p> <p><small>Please see pages 18–19 and 57 for details.</small></p>



Vision for 2025
Vision UBE 2025
Medium-Term Management Plan
“Vision UBE 2025 –Prime Phase–”

Strategy and Resource Allocation

Please see page 8 for details.



Generating value

Products and Solutions

Please see pages 26–27 and 34–39 for details.

ESG

Please see pages 15–19 and 40–61 for details.

embrace innovation to create value for the future and contribute to social progress

FY2019
Impact on capital components of enterprise value

Value provided to society

SDGs initiatives

Profit before
Income Taxes ¥30.3 billion

Free
Cash Flow ¥27.8 billion

ROE 6.9%
ROE 5.2%

Number of People
Who Are Newly Qualified*
That Underpin Front-Line
Capabilities 93

* High-pressure gas manufacturing and
maintenance managers (Chemicals)
Authorized concrete engineers
Authorized chief concrete engineers
(Construction Materials)
Certified skilled professionals (Machinery)

Number of Patents
Granted 190*
* FY2018

Percentage of Total
Sales Derived from
Eco Businesses 29%

Savings from
Resource Reuse
and Energy
Conservation ¥6.3 billion

Addressing environmental issues

Environmentally friendly products and solutions (including LiBs, environmentally friendly tires, and high-performance coating materials)



Environmental contributions

Contributions to more compact, lighter, and more durable products (such as from replacing metals with resins, contributing to national resilience, building and maintaining infrastructure, and providing concrete pavement)



Addressing healthcare and food issues

Contributing to health, food hygiene, and food production (such as in terms of pharmaceuticals, food packaging films, and fertilizers)



Contributing to a recycling-based society

Pushing forward with resource cycles (such as using as raw materials for cement and using in the steel business)



Contributing to regional communities

Creating jobs, paying taxes, and engaging in regional development



Capital reinjections into new value creation



The UBE Group's Strengths: Providing Social Essentials

Maintaining robust ties with customers by leveraging proprietary technologies to deliver products and technologies that underpin society



Employed in Toyota Mirai's pressurized hydrogen tank liner



The UBE Group draws on its long history and diverse businesses to contribute to social progress by creating products in each of its business areas that are social infrastructure essentials. Another key strength is that we have amassed a range of technologies in moving forward with our customers over the years, thereby generating solid trust.

Proprietary Technologies and Products That Are Social Essentials

● The chemicals business helps resolve myriad social issues, notably by reducing environmental impacts, making living more convenient, and enhancing healthcare. We offer advanced food and other packaging films, for example, as well as nylon that help lighten automobiles. We provide separators for LiB materials underpinning vehicle electrification, and synthetic rubber that enhances fuel economy from tires. We also provide polyimide resins for ICT applications and high-performance coatings that extend the durability and service lives of paints and furniture. In addition, we produce pharmaceuticals that accelerate efforts to serve unmet medical needs and demand for small dosages and highly pharmacologically active agents.

Our outstanding chemical technologies stem from innovative research over the years to deliver high added value. Many of our businesses have operated for decades, earning solid reputations among customers worldwide for developing technologies matching their needs, amassing expertise, and building trust.

Our newest R&D facility is the Osaka Research & Development Center, which we opened in 2016. The center has enhanced collaboration with customers and universities in the Kansai area, and will contribute to our progress in the years ahead.

● Our construction materials business offers an array of social infrastructure products that foster economic progress and safeguard societies, including cement and ready-mixed concrete for buildings, bridges, dams, and seawalls. Various

Leveraging a long history and diverse proprietary technologies to help resolve social issues





UBE NYLON Employed in Toyota Mirai's Pressurized Hydrogen Tank

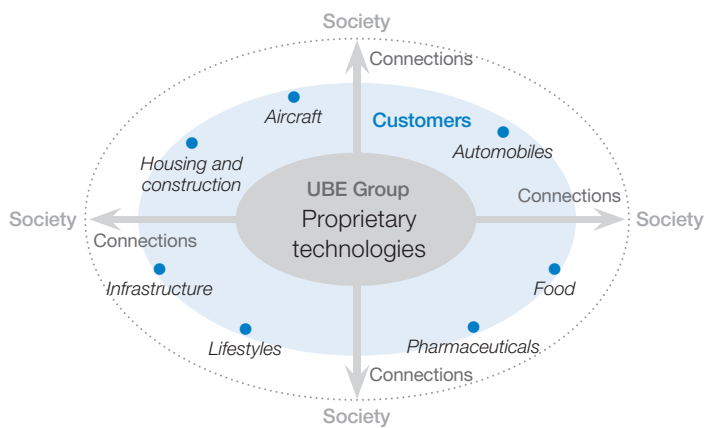
The Mirai fuel cell vehicle (FCV) employs a pressurized hydrogen tank incorporating UBE NYLON 1218IU, a material for hydrogen tank liners that Toyota jointly developed with us.

UBE NYLON 1218IU meets strict standards as a resin liner material for hydrogen tanks. It delivers outstanding hydrogen permeation prevention as a polyamide 6 (Nylon 6) resin, resists sudden tank temperature changes from injecting and releasing hydrogen, and offers excellent impact resistance and other mechanical benefits in the extreme cold.



industrial waste is reused as raw materials and thermal energy in the cement manufacturing process, also contributing to waste recycling. The Group also fulfills social needs by harnessing its extensive port facilities, large ships, and plant network to supply customers around the nation.

- In the machinery business, we manufacture injection molding machines that make parts that contribute to a better environment by helping lighten conventional automobiles and boost the efficiency of EVs. We also produce industrial machinery for steelmakers and electric power companies and steel bridges for social infrastructure. In recent years, we have focused on enhancing maintenance, upgrades, and other after-sales services to help customers stabilize production and cultivate more sophisticated businesses.



Mirai hydrogen FCV. This is a testament to our ability to meet that automaker's exacting requirements for the plastic lining in this high-pressure tank and thereby help it to realize a low-carbon economy.

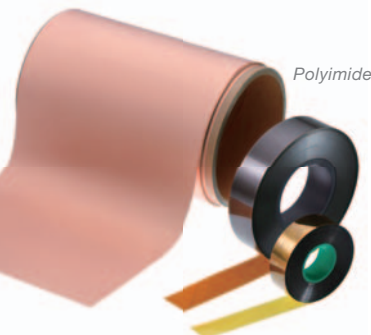
Collaborating with Customers to Contribute to Social Progress

Our technologies and quality help customers resolve social issues.

Toyota Motor Corporation, for example, employs our nylon in the hydrogen tank of its

The UBE Group will continue leveraging proprietary technologies and strong relationships with its customers to realize its corporate philosophy commitment to pursuing technology and embracing innovation to create value for the future and contribute to social progress.

Essential for social infrastructure and a recycling-based society



Polyimide

Cement, ready-mixed concrete



Highly regarded among automakers and other players in the global market for lineup that focuses on large models

Die-casting machines, injection molding machines



The UBE Group's Strengths: Human Resources



Katrin Schüller
Chemicals Company

Creating Better Workplaces for Women

Hideo Tamada

*Managing Executive Officer
CRO, CCO, with responsibility
for Risk Management Dept.,
Human Resources Dept.,
CSR & General Affairs Dept.
and Legal Dept.*



The UBE Group prioritizes attracting and cultivating people who can help enhance corporate value and contribute to sustainable growth. We accordingly endeavor to create attractive workplaces. We asked several female employees how we are faring in that respect.

Human Resources Development Stance

Hideo Tamada

Managing Executive Officer

We believe that people are crucial to driving sustainable growth. Diversity measures are vital for management, and female employees have led the way in such workplace reform initiatives as improving operational efficiency and reviewing work practices. We encourage women to play key roles in our organization through career development and work-life balance programs, notably for telework, taking annual leave by the hour, childcare and nursing care support, and self-improvement.

Roundtable Discussion about Positive Workplaces

What Is Your Role?

Narita: I work for the Legal Department. My role is primarily to review confidentiality, trade, and other agreements. I also oversee legal training.

Hatanaka: I help manage Group companies. This includes a subsidiary in China, which I visit frequently to identify operational issues and

formulate and propose solutions to local staff and then create a mechanism for these solutions to be implemented. Our local staff need to implement operational measures, so it's important they accept proposals and work through things until they bear fruit. This is extremely challenging because you have to deliver results, but I find it rewarding.

Schüller: I am part of the Chemicals Company, and look after two products. One is an organic compound that suppresses paint skinning. The world is full of paint manufacturers, so I find it interesting that we have prospective customers everywhere. The other product is for agrochemicals and API manufacturers. I find it fascinating to work with people from different industries with these two product lines.

About Ease of Working

Narita: I've found the Company easy to work for ever since I joined, and that's really helpful. Two years ago, I began looking after family members, so I took advantage of flextime to leave work early.

Hatanaka: When I joined the Company, people in my department didn't seem to use flextime,

Mizuki Hatanaka
Manager
Construction Materials
Company

Kyoko Narita
Legal Department



maternity leave, or childcare leave, but I think many take advantage of these programs these days. The Company began offering annual leave by the hour in fiscal 2019. I sense that there are more programs available to better balance professional and private commitments, so I feel increasingly able to work at my own pace.

Schüller: The telework program is useful. When I returned to Germany last year, I teleworked there on a trial basis and found it great, experiencing no work delays.

Positive Work Environment and Health Management

Narita: If there is a string of days in which I have to rush home from work to care for a family member, I tire mentally and physically, so I use flextime to recharge my batteries. I've been able to avoid catching a cold by feeling less stressed and having a time buffer.

Hatanaka: I take time off when I have to go to the hospital on weekdays. To continue working to the best of my abilities, I make sure that I maintain my health. I think the Company's programs are conducive to this.

Schüller: I don't think we can all use the same work practices because everyone is different. For example, I think it's great to try what suits you well, such as using flextime to start at 8:00 a.m. and leaving early or beginning at 10:00 a.m. after attending to family and other matters and clocking out late.

Aspirations

Narita: I want our people to learn more about legal affairs. In my department, people sometimes say that since I'm the youngest there and am a woman I'm more approachable for those seeking consultations about the law.

For example, it would be great if people could feel free to consult with us about using their personal seals. People can encounter problems if they haven't sought advice from the Legal Department. I think we can help prevent issues by being more approachable.

Schüller: I would like to contribute to diversity within the Company. I want to look after human resources development and recruiting and endeavor to improve the Company by looking after an increasing number of foreign employees and absorbing a range of opinions and ideas.

Hatanaka: I find it very rewarding helping Group companies to operate. Now, I'd like to be able to implement operational measures locally rather than providing assistance from headquarters, working in management, management planning, and administration. I want to do my part to help improve local operations in Japan and abroad.



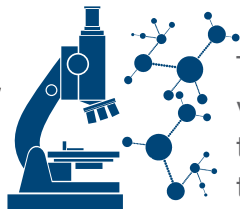
The UBE Group's Strengths: R&D and Intellectual Capital



R&D Helping Create Tomorrow's Businesses and Cut GHG Emissions

Masayoshi Ota

Senior Executive Officer,
General Manager,
Research & Development Div.,
with responsibility for
Technology Development
Dept. and
development section,
Chemicals Company, and
Intellectual Property Dept.



The UBE Group pursues R&D to create businesses that will be vital to its long-term growth. We are committed to cultivating technologies that help reduce GHG emissions and contribute to sustainable social growth.

R&D

We explore new business opportunities in our “environment and energy,” “mobility,” “construction and infrastructure,” and “healthcare” domains. The following are highlights of fiscal 2019 and plans for these domains.

Low Carbon Technology

In June 2019, we established the Carbon Dioxide Capture and Storage with Utilization Study Group with Idemitsu Kosan Co., Ltd., and JGC HOLDINGS CORPORATION to collaborate with universities and other research institutions in developing new technologies to immobilize and use CO₂.

One particular goal is to make industrial waste containing a considerable amount of calcium react with CO₂ from factories and other sources, and use the resulting carbonate as an

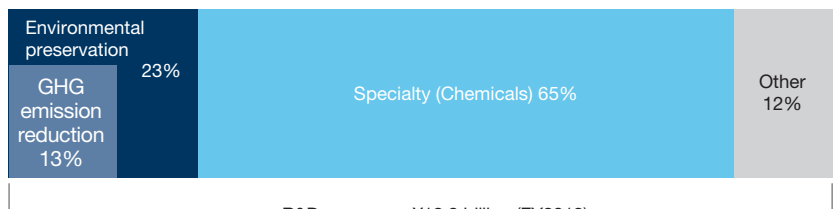
industrial material. A research study from Deloitte Tohmatsu Consulting LLC estimated that tapping waste as a raw material for carbonate could immobilize up to 9.8 million metric tons of CO₂, thereby helping to conserve the environment.

Advanced Maintenance Systems

We are developing chemicals for a new construction chemicals business by bringing together the organic materials design, synthesis, and dispersion technologies amassed in our chemicals business with the sales channels of our construction materials business.

Our first effort in this regard has been to develop a surface protection technique that lengthens the service lives of bridges and viaducts. We are preparing to obtain certification from an assessment institution to commercialize this technique. It eliminates the need for reinforcement mesh, as the resin offers excellent strength and extensibility. The technique

Breakdown of R&D expenses by research theme



Major Research Themes That the UBE Group Has Competitive Advantages

	R&D Theme	Objectives	Fiscal 2019 Progress
Environment and energy	Functional inorganic material (Strontium carbonate)	Expand existing applications (for optical films) and new applications (establishing development plans with customers, new resins, and processing techniques)	Studied adoption of several resin types for film, began assessing lenses and other injection molding applications
	Business contributing to low carbonization	Harness CO ₂ and recycle waste plastic (narrow themes down by undertaking cost-based feasibility assessments)	Established evaluation scheme for CO ₂ mineralization and electrolysis and waste plastic recycling
	Heat management materials (high-performance insulation materials)	Develop high-performance, easily installed insulation (establish materials concepts)	Chose target fields and established and verified materials concepts
Mobility	Light automotive parts	Develop automotive interior and exterior materials incorporating organic composites (assess properties of molded products and establish basic manufacturing techniques)	Collaborated with universities and other research institutions to identify compositions and improved properties through molding processes
Construction and infrastructure	Advanced maintenance systems	Build construction chemicals business that employs organic materials (commercialize surface protection technique and develop other applications)	Surface protection technique entered final assessment stage before commercialization Selected materials for other application themes, which were under consideration for collaboration
Healthcare	Drug discovery research	Please refer to the main text on this.	Please refer to the main text on this.
	Healthcare-related materials production system	Build materials production system using polyimide porous membranes (establish bioreactor system model and develop other applications)	Made progress, particularly overseas, in systems evaluation Confirmed significant property production in other application deployments

offers outstanding workability and maintenance, as simply coating concrete can prevent chunks from breaking off, while it can ensure the visibility of foundations because coatings are transparent.

We have begun developing other techniques that take advantage of features of the Company's resin materials, PCD among them, and seek to swiftly establish and expand our construction chemicals business.

Fostering Drug Discovery Research

We are engaging extensively in drug discovery research, leveraging our experience in commercializing four pharmaceuticals. In fiscal 2019, we licensed a candidate development compound for treating non-alcoholic steatohepatitis to a major European pharma. The licensee plans to push ahead with development for clinical trials. We also look to provide foreign pharmas with therapeutic drug candidates for cancer, fibrosis, and obesity, for which unmet medical needs remain high. We will endeavor to bolster our pharmacology and pharmacokinetics evaluation underpinnings and streamline the exploratory cycle to identify new candidates. We also plan to cultivate neural and other new treatment areas.

Intellectual Property (IP)

The UBE Group's initiatives to reinforce and optimally leverage IP aim to enable us to create new businesses and bolster competitiveness, thereby helping to build and expand enterprise value.

We seek to maximize our enterprise and IP value by formulating IP strategies according to our business strategies and by implementing the PDCA cycle of IP strategy activities. Furthermore, to strengthen IP research and analysis capabilities, we are working to improve operational efficiency, including in R&D departments, by utilizing tools with artificial intelligence (AI) functions and to utilize IP portfolios*¹ and open/close strategies*² while promoting IP activities that contribute to business revenue. At the same time, we are promoting global IP management as the UBE Group, and are advancing the sharing of activity policies and IP information with Group companies in Japan and overseas.

Osaka Research & Development Center

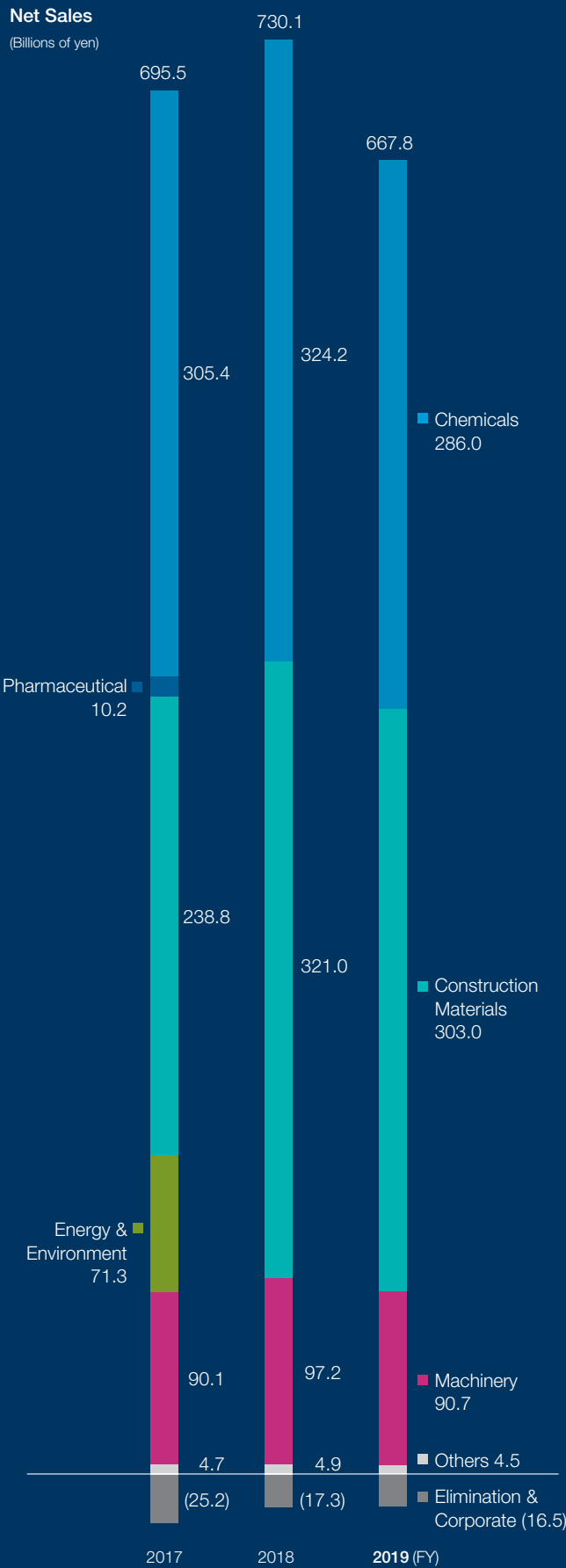
Glossary

*1 IP portfolios: Patents, copyrights, know-how, and other IP that corporations can use to formulate strategies and assess competitiveness

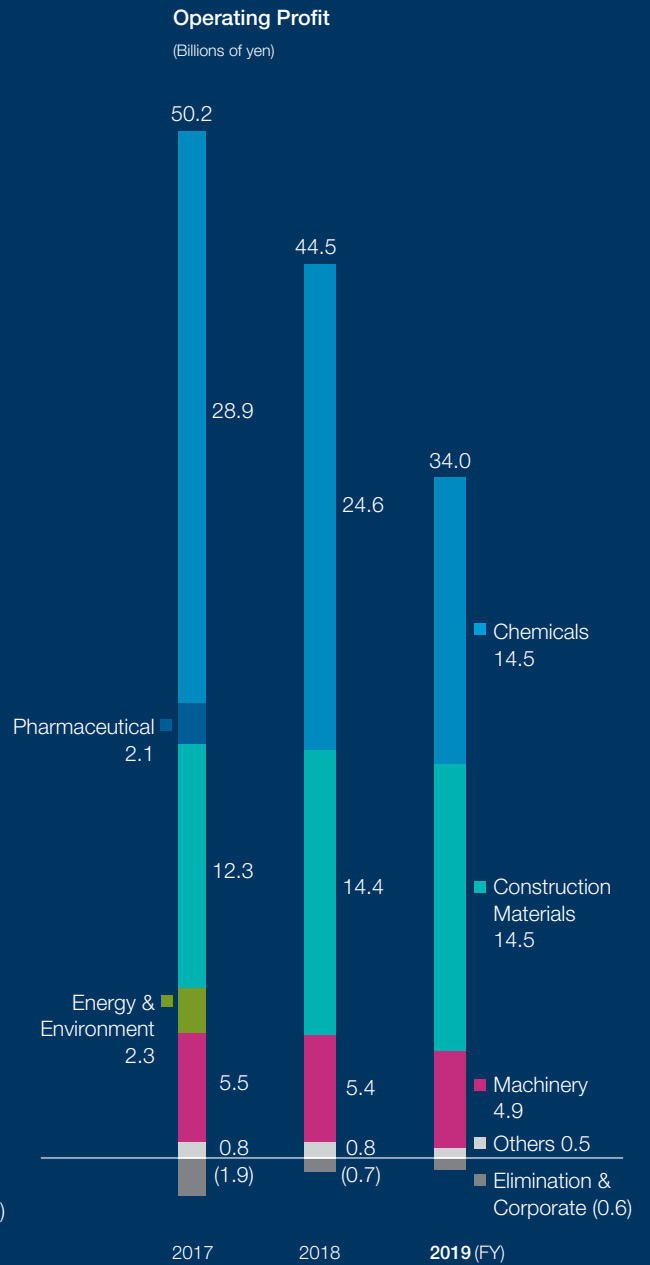
*2 Open/close strategies: Management strategies that give companies competitive edges by making IP open or closed



Overview



In fiscal 2019, we shifted the Pharmaceutical business into the Chemicals segment while also integrating the Energy & Environment business with the Construction Materials segment. We have accordingly restated the segment amounts for fiscal 2018 to enable comparisons with results in that year.



In fiscal 2019, consolidated net sales declined owing to lower prices of nylon, caprolactam, synthetic rubber, and other offerings, as well as a decline in volumes for coal and other products. Operating profit was down, as a demand slowdown for nylon, caprolactam, and other products outweighed the impact of lower prices of coal and other raw materials. Profit attributable to owners of parent decreased. This reflected a drop in non-operating income in the absence of proceeds from the previous year's equity-method affiliate business integrations and an increase in extraordinary losses from the transfer of the golf course business of a consolidated subsidiary.

The graphs on the page on the left show consolidated net sales and operating profit.

● Chemicals

Fiscal Year	Billions of yen			Revenues and earnings down Change from FY2018
	2017*	2018	2019	
Sales	¥305.4	¥324.2	¥286.0	(11.8)%
Operating Profit	28.9	24.6	14.5	(40.9)%

Engineering Plastics & Fine Chemicals Businesses

- Caprolactam sales declined amid lower prices, owing partly to slower growth in the Chinese and other markets, as well as falling volumes.
- Nylon sales were down owing to a drop in caprolactam prices and an easing in supply and demand amid slower growth in the Chinese and other markets.
- Industrial chemicals sales were down because a decrease in ammonia prices overshadowed the absence of biennial ammonia product plant repairs and higher production and shipment volumes.
- Fine chemicals sales dwindled. This was because although demand remained broadly solid, volumes dropped for some products amid intensifying competition.

Revenues and earnings were down for the engineering plastics & fine chemicals businesses overall, largely as a result of drops in nylon and caprolactam prices.

Synthetic Rubber Businesses

- Synthetic rubber businesses revenues and earnings were down. This was because demand stagnated and volumes declined as prices trended downward with decreasing butadiene costs.

Specialty Products Businesses

- Battery materials sales fell because volumes were off amid intensified competition in the Chinese market and owing to the impact of production adjustments among key customers.
- Polyimide sales rose because volumes were solid for chip-on-film for displays, while volumes increased amid greater demand for organic electroluminescent panel varnish in the Chinese market.

Specialty products businesses revenues and earnings were down overall because a decline in battery materials volumes overshadowed robust sales of some products.

Pharmaceutical Businesses

- Revenues and earnings climbed because sales of

drugs manufactured for UBE and under contract were solid to pharmaceutical companies that are key customers.

Chemicals segment revenues and earnings were down because the impact of declining nylon and caprolactam prices overshadowed gains from solid demand for polyimide and other offerings.

● Construction Materials

Fiscal Year	Billions of yen			Revenues down and earnings up Change from FY2018
	2017*	2018	2019	
Sales	¥238.8	¥321.0	¥303.0	(5.6)%
Operating Profit	12.3	14.4	14.5	0.5 %

- Sales of cement and ready-mixed concrete declined largely because this was an off period for domestic demand, particularly in the Tokyo metropolitan area. Other factors were natural disasters and construction delays.
- Sales of calcia and magnesia dropped because while UBE benefited from price revisions for magnesia for the steel and electric power sectors, volumes were down owing to lackluster demand for steel and refractory offerings.
- Energy sales were off because of lower coal volumes and prices.

Construction materials segment revenues were down but earnings were up, as lower coal costs offset the impact of lower volumes for cement and ready-mixed concrete, calcia, and magnesia.

● Machinery

Fiscal Year	Billions of yen			Revenues and earnings down Change from FY2018
	2017	2018	2019	
Sales	¥90.1	¥97.2	¥90.7	(6.6)%
Operating Profit	5.5	5.4	4.9	(8.7)%

- Molding machine shipments declined and industrial machinery shipments decreased slightly. This was because the order climate remained adverse from an economic slowdown stemming from Sino-American trade friction, which affected global capital expenditure.

Machinery segment revenues and earnings were down, as higher costs for supplies and outsourcing in the molding machine business offset the impacts of higher profitability in the steel products business and steadily solid conditions in the services business.

* FY2017 amounts are not restated to match the new reportable segments.

Business Strategies of the Chemicals Company



Chemicals are central to our growth. We accordingly will accelerate our operations to cater to near-term circumstances while deploying measures to drive expansion in the years ahead.

Masato Izumihara

President &
Representative Director
CEO
Company President,
Chemicals Company

Medium-Term Management Plan Policies

- Stabilize revenues through basic chemicals and reinforce growth from specialty chemicals businesses.
- Augment operations in Asia and Europe by improving presence in the United States to reinforce global market position.
- Improve labor productivity by more effectively harnessing human resources and reforming work practices.
- Further develop and expand sales of environmentally friendly products and technologies and create new businesses to serve a low-carbon society.
- Quickly materialize development themes through seamless cooperation among research, development, technology, production, and business, and create advanced businesses.



Principal Products and Businesses

Synthetic rubber	
Engineering plastics & fine chemicals	<ul style="list-style-type: none"> • Nylon • Caprolactam, ammonium sulfate • Industrial chemicals, high-purity chemicals • Fine chemicals • High-performance coatings
Specialty products	<ul style="list-style-type: none"> • Polyimide • Ceramics, boron trichloride • Separation membranes • Tyranno Fiber® • Battery materials (Electrolytes and separators)
Pharmaceuticals (Active ingredients, intermediates)	<ul style="list-style-type: none"> • In-house pharmaceuticals • Contract pharmaceuticals

Business Strategies for Fiscal 2020

Synthetic Rubber

We will actively codevelop with customers and identify their needs to supply high-value-added products on a timely basis. We will boost manufacturing capacity, centered on high-value-added products.

Engineering Plastics & Fine Chemicals

In caprolactam operations in Japan, Thailand, and Spain, we will cut costs by maintaining full production and sales while optimizing their benefits as a raw material for nylon. In the ammonium sulfate business, we will boost production and sales of high-value-added large-crystal ammonium sulfate.

In the nylon business, we will draw on compounding operations in Spain and the United States, where we acquired a production base, to accelerate efforts to build and expand composites solutions businesses.

Our focus in the industrial chemicals business is on solidifying our robust position in the domestic ammonia chain. In fine chemicals, we will step up the overseas development of our C1 chemicals business, which is a competitive strength.

In high-performance coatings, we will draw on the launch of phase 2 polycarbonate diol (PCD) facilities in Thailand to drive market expansion as a leading global manufacturer. We aim to upgrade polyurethane dispersion facilities to cater to growing demand.

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • Our product range is extensive, encompassing such basic chemicals businesses as our core lactam-nylon chains and synthetic rubber and such specialty chemicals businesses as specialty products, high-performance coatings, and battery materials. • We integrate diverse materials and technologies to supply differentiated products and services worldwide. • We have the technology and manufacturing capabilities to meet sophisticated customer needs as a trusted joint development partner, and to provide solutions to customers. 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Because our business emits a considerable amount of GHGs, we are exposed to regulatory risks, such as environmental taxes. <i>Countermeasures:</i> We will provide products and technologies that help reduce GHGs in the supply chain while reducing the UBE Group's overall emissions.
<p>Opportunities</p> <ul style="list-style-type: none"> • We anticipate favorable market expansion for functional products, high-performance coatings, and nylon. • Although the market conditions have deteriorated owing to plunging near-term automobile demand, demand will shift over the medium through long terms to electric and hybrid vehicles, with the market for coated separators expanding. • We are expecting business opportunities for environmentally friendly products for new battery materials, EVs, lighter mobility, and fuel economy improvements. 	<p>Threats</p> <ul style="list-style-type: none"> • Intensifying price competition from market entries of players in middle-income countries <i>Countermeasures:</i> We will extensively cut costs to improve our competitive position and ally with other companies. • Shorter product lifespans and swifter changes in the external environment <i>Countermeasures:</i> We will anticipate customer needs by providing joint product development and other solutions, and create new applications.

Specialty Products

We will overhaul our polyimide business structure, moving away from a focus on film sales by expanding sales of varnish monomer powder as part of efforts to drive ongoing earnings growth. We will also endeavor to optimize profits by investing in production increases. In separation membranes, we will continue to boost our competitiveness in mainstay nitrogen membranes while expanding sales in railways and aerospace applications for the mobility area and in biogas and bioethanol applications for the environment and energy area.

In ceramics, we will accommodate demand in the bearing, substrate, and other markets to maintain our superior position through high-end offerings. We will also reinforce our operational underpinnings by raising production capacity.

For the Tyranno Fiber® business, we will develop ceramic matrix composite fibers for civil aircraft engines and mass production technologies, establishing our position in next-generation sintered fibers.

In battery materials, we will leverage collaboration in China with Mitsubishi Chemical Corporation to build a global alliance structure. In separators, we will secure deals in advanced areas from key

customers and cultivate new customers while strengthening our supply capabilities and becoming more cost competitive.

Pharmaceuticals

We will embark on manufacturing nucleic acid APIs under contract and strengthen contract manufacturing efforts in fluorinated drug active ingredients, including for fluorination reactions. We will cater to the production of multiple varieties of active ingredients in small lots by establishing our fifth pharmaceutical plant while optimizing factories and our supply chain.

R&D

We will sustainably develop existing businesses and bolster peripheral areas while reinforcing technologies and intellectual property that is the foundation for creating new businesses. We will build a structure that encompasses everything from planning and proposing R&D themes that harness external sources through business creation. We will draw on collaboration within and outside the Group to contribute to progress in reducing carbon footprints, developing environmental technologies and products, and tackling waste plastic issues.

ESG-Related Initiatives

- We will supply products that lower environmental impact and contribute to society. Such offerings include environmentally friendly high-performance coating materials, synthetic rubber and nylon that improves the fuel economy and lowers the weight of automobiles, battery materials for electric and hybrid vehicles, nylon for FCV hydrogen tanks, Tyranno Fiber®, which helps enhance aircraft engine fuel economy, and Heliofresh®, a synthetic fragrance derived from catechol instead of from wood.
- We will undertake R&D and verification testing that contributes to mineralization and other CO₂ usage to reduce CO₂ footprints while contributing to society by lowering CO₂ emissions and creating new businesses. We will popularize the Ebara Ube Process, a materials recycling technology that breaks down waste plastics to produce a synthetic gas, and push ahead with R&D and verification testing into new recycling technologies.



Business Strategies of the Construction Materials Company



Makoto Koyama

*Representative Director
Senior Managing Executive Officer
Company President,
Construction Materials Company*



Medium-Term Management Plan Policies

- Strengthen business foundations.
- Enhance growth strategy.
- Pursue Group synergies.

Principal Products and Businesses

- Cement, ready-mixed concrete
- Biomass, industrial waste recycling
- Building materials (Self-leveling materials, waterproofing materials, and renovation)
- Magnesia and calcia
- Fine materials
- Energy (Coal and electricity)

Business Strategies for Fiscal 2020

Our construction materials are essential for society. We expect to remain profitable in the years ahead by expanding new businesses on top of stable business foundations. The outlook for fiscal 2020 is increasingly unclear reflecting the impacts of an economic slowdown from last year and the COVID-19 pandemic, so sales of our products will likely remain sluggish. While it will take time for an economic turnaround to materialize after the impact of the pandemic abates, we look for domestic demand for cement to recover to a certain level, with that situation continuing for a few years and automobile production also recovering.

So, although the Construction Materials Company will not dramatically alter its policies it will review priorities when implementing measures. It will flexibly accommodate changes in the business climate while accelerating efforts to boost the profitability of platform businesses and solidifying its footing, thereby reaching its Medium-Term Management Plan objectives.

1. Strengthen business foundations

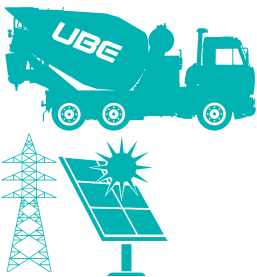
While building a stable shipment framework and conserving energy and costs in cement, ready-mixed concrete, magnesia and calcia, and energy operations, we will improve profitability by maintaining and correcting prices while continuing to cultivate new customers to overcome the challenges of a deteriorating business climate.

- We installed waste heat power facilities at the Isa Cement Factory to conserve energy and lower costs, with operations beginning in January 2020. We also installed a high-efficiency clinker cooler at the Kanda Cement Factory. This facility is expected to start operations in September 2021.
- Deploying Renewal Phase II (covering fiscal 2019–2021) at the Ube Factory of Ube Material Industries to maintain stable operations and deliver high added value for magnesia (fiscal 2019–2021).
- Rolling out environmental measures, aging facilities countermeasures, and efficiency improvements to maintain competitive and stable supplies of energy.

2. Enhance growth strategy

We have positioned fine materials, biomass, and recycling as growth businesses and are pursuing new ideas beyond existing business frameworks to expand by commercializing businesses and generating profits.

- In fine materials, we will strengthen sales and development for MOS-HIGE magnesium



SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • We can optimize Group synergies through our diverse Groupwide products and businesses. • We maintain a solid infrastructural setup through our coal and power supply structure and large port facilities. • We are able to harness a wide range of waste substances and draw on our advanced technical capabilities to conserve resources. 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Aging facilities <i>Countermeasures:</i> We will overcome this issue by lowering opportunity losses through formulating long-term facilities maintenance plans and using ICT to consolidate facilities maintenance information.
<p>Opportunities</p> <ul style="list-style-type: none"> • We anticipate demand for cement and solidifiers for redevelopment, the Chuo Shinkansen maglev line, the Osaka Expo, integrated resorts, and other large projects, as well as for disaster prevention and mitigation work. • We must ensure stable supplies of materials that are essential for building social capital and competitive energies. • The integration of our cement and related operations with those of Mitsubishi Materials Corporation should enable us to bolster our profitability. 	<p>Threats</p> <ul style="list-style-type: none"> • Sluggish domestic cement demand and lower sales of magnesia and calcia <i>Countermeasures:</i> We will tackle this challenge by maintaining and correcting prices and continuing to cultivate new customers while building solid, low-cost operating foundations. • Environmental issues <i>Countermeasures:</i> We will undertake the following energy-saving measures, which aim to (1) deploy high-efficiency facilities, (2) reuse waste heat, (3) use more biomass fuel in power generation, and (4) streamline kiln operations.



oxysulfate whiskers while cultivating new projects, lowering costs, and expanding applications.

- In biomass and recycling, we will expand sales of environmental materials, notably by increasing biomass incinerations at IPPs, and are looking to produce polybutylene terephthalate (PBT) overseas while creating new recycling operations and expanding sales of such environmental materials as neutral stabilizers and heavy metal immobilizers.

3. Pursue synergies: Integrate cement and related businesses with those of Mitsubishi Materials

In February 2020, UBE and Mitsubishi Materials concluded a basic agreement on integrating their cement and related businesses. The goal is to leverage the strengths of both parties and pursue

synergies while bolstering profitability. The two look to finalize the agreement in September and undertake specific deliberations to launch the integrated entity in April 2022.

4. Strengthen governance

The Construction Materials Company set up the Governance Control Department in April 2020 as part of efforts to reinforce governance, including for Group companies through direct controls and an environmental safety and quality assurance structure.

Finally, fiscal 2020 is the second year of our Medium-Term Management Plan, based on which we will flexibly and speedily deploy measures to overcome an adverse operating climate while endeavoring to build a robust business infrastructure in line with our Vision for 2025.

ESG-Related Initiatives

- Waste heat power facilities at the Isa Cement Factory began operating in January 2020. A high-efficiency clinker cooler at the Kanda Cement Factory is expected to start operations in September 2021.

We set up the Global Warming Countermeasures Group in April 2020 to steer efforts to conserve more energy, use waste energy, and expand the use of renewable energy as part of a drive to cut our GHG emissions by 15% from fiscal 2013 levels by 2030.

- We are endeavoring to greenify former limestone quarries. Since fiscal 2008, we have planted citrus trees, ivy, and other vegetation on the slopes of the Kanda Mine. Since fiscal 2011, we have planted wild cherry trees and round leaf holly on the slopes of the Ube Isa Mine.



Business Strategies of the Machinery Company



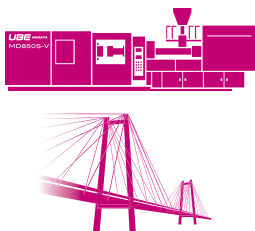
We will strive amid an adverse operating environment to strengthen our competitiveness and bolster our business structure in anticipation of a recovery in demand.

Tokuhisa Okada

Senior Managing
Executive Officer
Company President,
Machinery Company

Medium-Term Management Plan Policies

- Develop products and cultivate markets in response to the need for lighter automobiles and the emergence of EVs (die-cast and extrusion).
- Globally integrate business operations and reinforce overseas sales expansion associated with a business integration (injection molding).
- Enter new markets for environmentally friendly products and resource recycling (industrial machinery).
- Reinforce services and support capabilities at overseas service sites (machinery services).



Principal Products and Businesses

- Molding machines (Die-casting machines, extrusion presses, and injection molding machines)
- Industrial machinery (Kilns, vertical mills, transportation systems, water screen equipment, and crushers), bridges, deck machinery, grab buckets
- Machinery services
- Steel products (Billets and castings)
- Control boards

cement, steelmaking, shipbuilding, and other key markets for the company, and we expect competition to intensify. We will clarify our strategies and action plans in view of our forecasts and further reinforce our business structure.

Business Strategies for Fiscal 2020

An economic slowdown that started with Sino-American trade friction has affected global capital investments. The global business climate remains adverse in the automotive, electric power,

Molding Machinery Business

We look to a recovery in demand from the second half of the year. We will accordingly cut costs to be a winner in each product market, shorten production lead times, and focus on developing products that match market needs. At the same time, we will bolster production management to strengthen our business structure.

In die-cast machinery, we are developing and launching new equipment and processes that cater to a fast-growing need for lighter automobiles and vehicle electrification. We are integrating and reorganizing domestic and overseas injection molding machinery business sites. We will take advantage of the opening in August this year of a new plant (Nagoya Factory) to build an integrated and optimal global production structure and thereby streamline operations and reinforce competitiveness.



Injection molding machines

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • We have a robust record in serving the automotive, electric power, cement, steelmaking, and other key sectors, and have earned solid customer reputations for our efforts. • We can draw on numerous domestic and overseas operations to cater to customer needs in everything from development through after-service. • We have large processing facilities and skilled engineers and workers. 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Slow to take advantage of ICT because our business is based on manufacturing to order <p>Countermeasures: We have accordingly launched an ICT project to enhance product development and production efficiency.</p>
<p>Opportunities</p> <ul style="list-style-type: none"> • Customer needs and requests are diversifying as target markets globalize. • An extremely responsive global service and support framework is increasingly essential. • There is a growing need for technologies that help lighten the weight of automobiles and contribute to the environmentally friendly product and resource recycling fields. 	<p>Threats</p> <ul style="list-style-type: none"> • A sudden global economic slowdown could drive consolidations in key markets. <p>Countermeasures: We will leverage our strengths to reinforce our competitiveness and lift our presence when demand recovers.</p> <ul style="list-style-type: none"> • The COVID-19 pandemic could cause a global economic downturn, causing demand for equipment to plunge. <p>Countermeasures: We will cut product costs and shorten production lead times to secure business opportunities when a recovery materializes.</p>



Industrial Machinery Business

In fiscal 2020, we will focus on production processes and cost controls for mid and large projects, particularly for domestic electric power projects for which we have secured orders. Also, we will achieve results in environmental equipment and new product development and expand alliances and collaborations to enter environmentally friendly product and resource recycling markets, accelerating activities to contribute to earnings. We will also take advantage of the smooth transfer of the chemical equipment business of Hitachi Plant Mechanics Co., Ltd. (announced in fiscal 2019), and product lineup and human resources expansions to focus on improving earnings.

Machinery Services Business

We will further bolster services and support by training and hiring more local employees overseas and otherwise strengthening our structure while expanding our parts supply capabilities. We will

also reinforce our services capabilities by integrating and reorganizing business sites in the United States, China, and Asia, centered on injection molding machines. In industrial machinery, we will strengthen alliances to bolster services proposal activities overseas, and will strive to expand our business by providing support for the products of other companies.

Steel Products Business

We expect the business climate to remain adverse owing to the global economic downturn and excess production capacity. We have accordingly harnessed our manufacturing capacity in specialty, niche, and large offerings in which we have a competitive edge, steadily producing results in building an optimal business structure through which we have switched from quantity to quality. We will continue striving to create a stable profit structure. In addition, we will expand environmental recycling (industrial and medical waste treatment) to become a third core business.


ESG-Related Initiatives

- Companies in the Machinery segment are focusing on developing products that help protect the environment while providing services that apply to existing facilities.
- UBE Steel Co., Ltd., a subsidiary of the company, completely melts the industrial and medical waste in manufacturing processes, and is endeavoring to make environmental recycling a third core business.



Theme:


The Roles of Outside Directors in Enhancing Corporate Value




Yuzuru Yamamoto
Chairman of the Board



Kazuya Uesako
Senior Analyst
Head of Material Team and
Infrastructure Team
Research Department
Sumitomo Mitsui Trust Asset
Management Co., Ltd.



Keikou Terui
Outside Director



Mitsuhiro Kimura
Senior Equity Analyst
Equity Research Dept.
Nomura Asset
Management Co., Ltd.



Tetsuro Higashi
Outside Director



Roundtable Discussion between Directors, Institutional Investors, and the Chairman of the Board of Directors



UBE adopted a Company with Audit & Supervisory Committee structure in June 2019. As such, we are transferring authority to executives and enhancing management flexibility while bolstering Board of Directors' oversight. That entity comprises nine members, of whom four are outside directors. We aim to enhance corporate value by incorporating third-party perspectives.

Governance Structure and Positioning of Outside Directors

What do institutional investors think of UBE's shift to a Company with Audit & Supervisory Committee structure? What do you seek from outside directors in terms of governance?

Kimura: I think this is a big step forward structurally speaking because the Company has clearly segregated supervision and implementation while strengthening monitoring. The shift to a Company with Audit & Supervisory Committee structure and a consolidation into a three-company operating structure should make selection and concentration easier. I look for this arrangement to prove effective.

Uesako: I believe it's important to ensure that the Board of Directors is effective. The Corporate Governance Discussion section in last year's integrated report outlined its initial aims. The transition to a Company with Audit & Supervisory Committee structure was most likely the right move. Given changes in the auditing approach and an increasing reliance on internal control systems, we will look for the committee to ensure that the system is functioning well.

Yamamoto: The consciousness of directors has changed over the past year. We require executives to explain how they will increase corporate value. So, while they enjoy greater management

freedom, they also face the pressure of explaining their efforts to the Board of Directors. The nature of deliberations changed greatly during the year, as directors now ask executives on behalf of shareholders to explain what they will do over the medium and long terms.

Expansionary Perspectives

How are outside directors helping materialize Vision UBE 2025 –Prime Phase–, the medium-term management plan?

Higashi: I want executives to accord more time to explaining the background and direction of decisions rather than the details of implementation. That's a transformation of itself. The industry environment is changing rapidly, so we need to know if executives are identifying and responding to transitions. We also seek explanations in that respect, as business climate shifts could compel modifications to the medium-term management plan. Being an outsider makes you more sensitive to change.

Terui: Outside directors have varying backgrounds and experience, so I believe their role is to advise suitably and frankly about how best to create corporate value in view of the backdrop.

What do you seek from the Board of Directors to help foster growth for UBE?

Uesako: From a growth perspective, I would like the Board to help improve corporate value as a management supervisor. Instead of discussing details, I want it to advise accurately about areas relating to the overall essence of management.

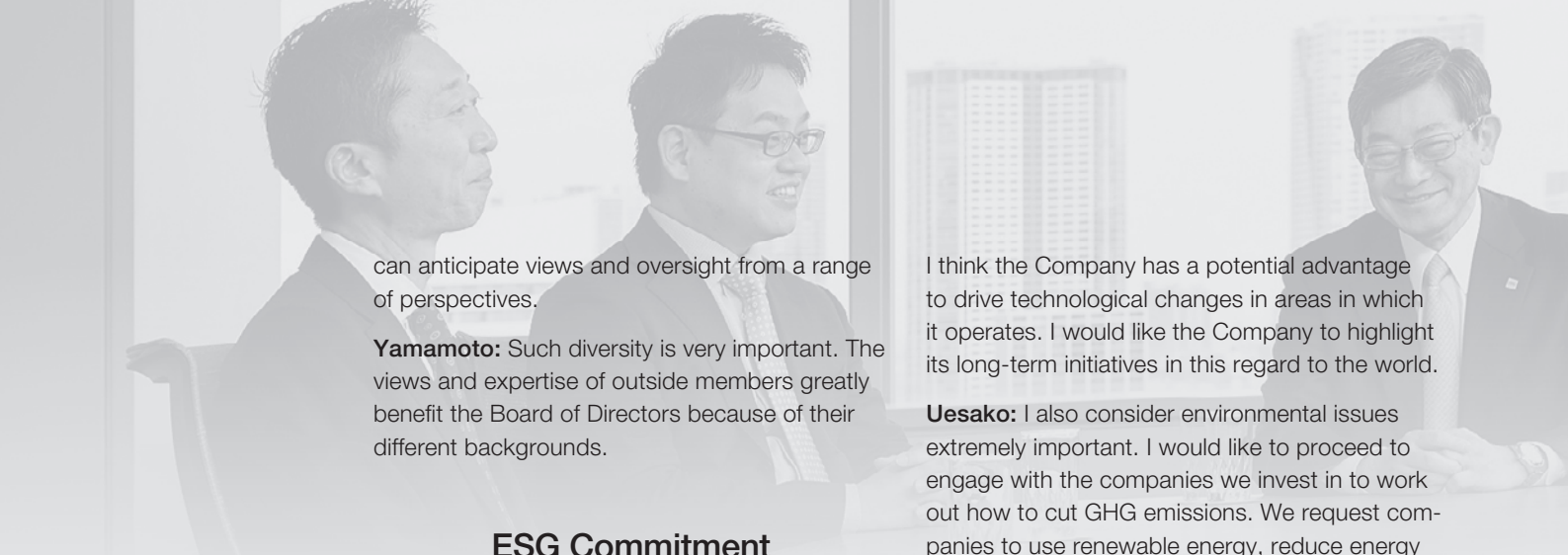
Kimura: Diverse perspectives are vital for outside directors. The customer base is particularly broad in the chemicals field, so there are tremendous opportunities there. At the same time, there is a risk of missing changes in the business climate. Many of UBE's outside directors have had solid experience in corporate management, so you

Profile of Kazuya Uesako

- 2001 Joined Sumitomo Trust Bank, Limited
- 2009 Securities analyst in Equity Investment Department
- 2012 Securities analyst in Equity Research Department of Sumitomo Mitsui Trust Bank, Limited
- 2015 Head of Material Team in Research Department
- 2018 Head of Material Team and Infrastructure Team in Research Department
- 2018 Head of Material Team and Infrastructure Team in Research Department of Sumitomo Mitsui Trust Asset Management Co., Ltd. (current position)

Profile of Mitsuhiro Kimura

- 1991 Joined Nomura Securities Investment Trust Co., Ltd. (now Nomura Asset Management Co., Ltd.), as Corporate Research Department analyst
- 1993 Portfolio manager in Investment Department
- 1999 Senior Equity Analyst in Equity Research Department of Nomura Asset Management (current position)



can anticipate views and oversight from a range of perspectives.

Yamamoto: Such diversity is very important. The views and expertise of outside members greatly benefit the Board of Directors because of their different backgrounds.

ESG Commitment

UBE emits a considerable amount of GHGs. How has the Board of Directors discussed this? And how do you think you will monitor efforts to reach your goals?

●

Terui: The Board often discusses environmental issues as important focuses for the Company. The future for coal is uncertain, so we need to work out where to take our business in that area. We have yet to determine a response timeframe, but we will set a course and act appropriately.

Cement is essential to society, but we generate CO₂ emissions through the production process. We naturally need to minimize emissions. I think the UBE Group has been more willing even than others, including companies in its industry, to make cuts.

At the same time, we've created numerous products and technologies that contribute to a better environment, so the Company can help resolve environmental issues by expanding such efforts. Our endeavors very much prioritize the environmental element of ESG.

Higashi: It is a top priority to address environmental issues, and we have discussed them frequently in Board of Directors' meetings. Individual businesses are exploring all sorts of ideas, such as by employing alternative, environmentally friendly materials, adopting alternative processes, and recycling resources. Still, if we fail to think of how to rebalance our business portfolio we will find it difficult to reach our goal of cutting our global GHG emissions under the Paris Accord and other agreements.

—

What do you seek from Ube Industries in terms of the environmental aspects of ESG?

●

Kimura: The issue of CO₂ emissions is the Company's greatest threat. It could also be an opportunity. Your emissions could be from energy or from manufacturing processes. It is impossible to resolve emissions from non-energy sources without major technological advances.

I think the Company has a potential advantage to drive technological changes in areas in which it operates. I would like the Company to highlight its long-term initiatives in this regard to the world.

Uesako: I also consider environmental issues extremely important. I would like to proceed to engage with the companies we invest in to work out how to cut GHG emissions. We request companies to use renewable energy, reduce energy usage intensity, and overhaul business portfolios. We also believe CO₂ emissions are an issue for humanity to address, including people consuming goods and services, and not just producers. So, I would like the Company to proactively collaborate with industry groups to tackle problems rather than being forced to do so.

Yamamoto: The environment is the greatest focus for the UBE Group from an ESG perspective, so efforts to lower environmental impact also serve as a growth strategy. People are coming to understand that. You cannot change conventional manufacturing processes by yourself. We will collaborate with other industries to roll out various technologies and change things with them. I think that's a mission for us.


Defensive Perspectives

Do you think your regular Evaluation Meeting for Effectiveness of the Board of Directors is worthwhile? What do you discuss?

●

Terui: Meeting attendees are non-executive directors, specifically Chairman of the Board Yuzuru Yamamoto, as well as Atsushi Yamamoto, who is director and a member of the Audit & Supervisory Committee, and four outside directors. So, none of the participants are UBE executives. The meeting discusses the composition of the Board of Directors, management approaches, the contents of its deliberations, and proactive and defensive governance from board perspectives. It also considers whether the Board of Directors properly supervises the execution of management. We conduct questionnaires first and discuss and evaluate findings in the meeting.

Yamamoto: Primarily, outside directors deliberate after seeing questionnaire findings. It is also worth noting that UBE belongs to the Japan Association of Corporate Directors. We study the effectiveness of other companies' evaluations and incorporate good practices. So, all in all,



I think we are assessing the current situation effectively.

Outside directors chair the Nominating Committee and the Compensation Committee. What are their decision-making processes and how are they related?

Terui: Each committee has two outside directors and a non-executive director of the Company. Outside directors chair both bodies. The President and CEO is not on either committee. Rather, he produces and explains drafts. Committee members point out issues, ask questions, advise, and make decisions.

Yamamoto: Outside directors are deeply involved with these committees. When we reviewed our executive compensation program last year, we reflected feedback from outside directors.

Uesako: From a defensive perspective, I particularly look for a solid compensation and nomination setup from outside directors. I want these people to fulfill a robust supervisory role.

Kimura: I think you disclose your compensation standards clearly and have solid goals. As such, if you maintain not only profit targets for your compensation standards but also your ESG perspectives you will make it clear that you are earnestly pursuing goals linked to remuneration. If you can emphasize that the Company has incorporated compensation standards in its specific initiatives, I believe you will further increase trust among external stakeholders.

Yamamoto: In reviewing our compensation program, we increased the number of qualitative elements of evaluation criteria for each year and over the medium and long terms. The criteria for assessing the President and CEO used to be exclusively management benchmarks, but we now also incorporate ESG and other qualitative factors in evaluations.

Challenges

How do you assess UBE's governance and growth, and what are the issues?

Terui: Last year, we shifted to a Company with Audit & Supervisory Committee structure and decided to accelerate management while solidifying defensive elements. The prime issue for

governance is to make this approach effective. On the growth front, the main challenge is to cultivate emerging opportunities, especially in chemicals. Also, we need to promote further globalization, overhaul our business portfolios, undertake extensive M&As, and drive growth.

Higashi: The journey between UBE's products and final markets is long. Given dramatic changes in the business environment, it will be extremely challenging to overcome the handicaps of such distances. It is also worth noting that it is tough to ensure complete governance for what is a very broad and deep supply chain. Management will need to strengthen its capabilities in that respect.

Kimura: CO₂ emissions are UBE's biggest issue from an investor's perspective. That's also a business opportunity. I hope you can translate that challenge into growth in the years ahead. Your adopting a Company with Audit & Supervisory Committee structure positioned you to progress in that regard, and having a three-company operating structure makes selection and concentration easier. Over the past year, you have built your underpinnings far faster than anticipated. One fruit of your efforts is that your Construction Materials Company began looking to reorganize its cement business. While you face many challenges, you have so many opportunities. I hope you can maintain the pace of the past year and keep the Company changing.

Uesako: We believe non-financial information is vital for delivering growth, which is why we adopted a Sumitomo Mitsui Trust Asset Management-created framework called MBIS (for management, business franchise, industry, and strategy). Under MBIS, the perfect score for the 500 companies in the First Section of the Tokyo Stock Exchange would be 20 points. UBE's score is 11.5 points, which is slightly below the average. That's largely because of the Company's high CO₂ emissions and shortfalls in terms of lowering emissions or in the previous planning for the future. On the upside, UBE rates highly in terms of its business strategy implementation. This is because of the people underpinning your ability to execute strategies. I have found through various contacts that your Company has many top-notch people. We hope you can bring together the strengths of all your people to deliver sustainable growth.

Yamamoto: Thank you all for your time today.

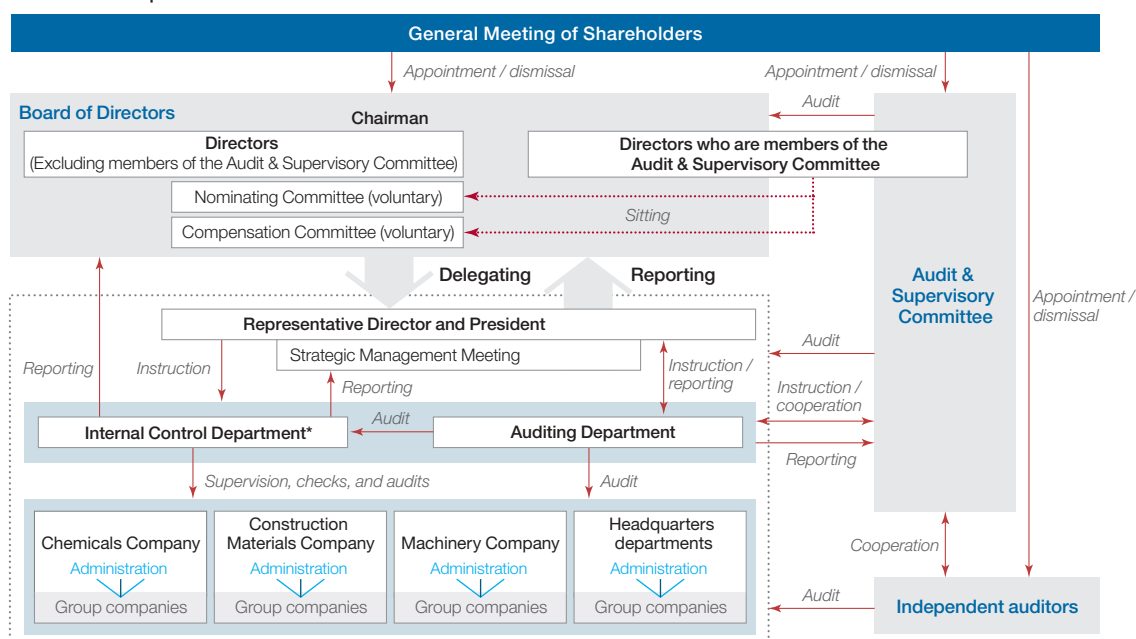
Corporate Governance Overview (Table 1)

Organizational structure	Company with Audit & Supervisory Committee
Chairman of the Board of Directors ^{Note 1}	Yuzuru Yamamoto
Number of directors (excluding members of the Audit & Supervisory Committee) ^{Note 1}	6 (of which 2 are outside directors)
Number of directors in the Audit & Supervisory Committee ^{Note 1}	3 (of which 2 are outside corporate auditors)
Independent officers appointed ^{Note 1}	4 outside directors
Determination of compensation for each director (excluding members of the Audit & Supervisory Committee and outside directors)	<ul style="list-style-type: none"> • Compensation consists of base compensation (fixed compensation and performance-linked compensation) and stock-based compensation. • Total compensation for the year ended March 31, 2020: ¥241 million (fixed compensation: ¥114 million; performance-linked compensation: ¥105 million; stock-based compensation: ¥21 million) • From April 1, 2019 to June 27, 2019: 4 directors From June 27, 2019 to March 31, 2020: 4 directors
Determination of compensation for each director in the Audit & Supervisory Committee (excluding outside directors)	<ul style="list-style-type: none"> • Compensation consists of base compensation (fixed compensation). • Total compensation for the year ended March 31, 2020: ¥43 million (fixed compensation: ¥43 million) ^{Note 2} • From April 1, 2019 to June 27, 2019: 2 directors From June 27, 2019 to March 31, 2020: 1 director
Determination of compensation for each outside director (excluding members of the Audit & Supervisory Committee) (Independent officers)	<ul style="list-style-type: none"> • Compensation consists of base compensation (fixed compensation). • Total compensation for the year ended March 31, 2020: ¥30 million (fixed compensation: ¥30 million) • From April 1, 2019 to June 27, 2019: 4 directors From June 27, 2019 to March 31, 2020: 2 directors
Determination of compensation for each outside director in the Audit & Supervisory Committee (Independent officers)	<ul style="list-style-type: none"> • Compensation consists of base compensation (fixed compensation). • Total compensation for the year ended March 31, 2020: ¥26 million (fixed compensation: ¥26 million) ^{Note 2} • From April 1, 2019 to June 27, 2019: 2 directors From June 27, 2019 to March 31, 2020: 2 directors
Independent auditors	Ernst & Young ShinNihon LLC

Note 1: From the end of the 113th Ordinary General Meeting of Shareholders held on June 27, 2019 to March 31, 2020

Note 2: In line with the transition to a Company with Audit & Supervisory Committee structure in June 2019, we show the remuneration of former internal corporate auditors together with that of directors (excluding outside directors) who are members of the Audit & Supervisory Committee, and remuneration of former external corporate auditors together with that of outside directors who are members of the Audit & Supervisory Committee.

Overview of Corporate Governance and Internal Control



* Internal Control Department
 Practical Operational Committees (Compliance, Regulated Cargo, Information Security, and Emergency Response) and Headquarters Internal Control Departments

Directors



Yuzuru Yamamoto
Director
Chairman of the Board



Masato Izumihara
President & Representative Director
CEO



Makoto Koyama
Representative Director



Masayuki Fujii
Director
CFO



Keikou Terui
Outside Director



Tetsuro Higashi
Outside Director



Atsushi Yamamoto
Director
Member of the Audit & Supervisory Committee



Seiichi Ochiai
Outside Director
Member of the Audit & Supervisory Committee



Takashi Shoda
Outside Director
Member of the Audit & Supervisory Committee

Corporate Governance

The UBE Group's fundamental mission is to achieve sustainable growth and increase the corporate value of the Group over the long term. As a Company with Audit & Supervisory Committee, we accordingly created a structure in which directors in the Audit & Supervisory Committee with rights to audit and state their opinions at the General Meeting of Shareholders can vote in Board of Directors' meetings, strengthening the Board's supervision of business execution, and delegating important business implementation decisions to the President and Representative Director. We consider it important to maintain appropriate business activities and fulfill our duties toward and gain the trust of all stakeholders, including shareholders, customers, business partners, employees, and communities, as well as shareholders, by creating an effective corporate governance, including to accelerate business execution.

Board of Directors

In principle, a director who does not serve concurrently as an executive officer serves as Chairman of the Board of Directors. The Board of Directors makes decisions about important management issues in accordance with laws, regulations, the Company's Articles of Incorporation, and the rules of the Board of Directors, and also supervises directors and executive officers to ensure they are

performing their duties appropriately and efficiently. As a Company with Audit & Supervisory Committee, we will accelerate operational execution by delegating decision-making on important operations to the President and CEO while consistently reinforcing supervision.

Audit & Supervisory Committee

The Audit & Supervisory Committee monitors and verifies the creation and running of internal control systems and oversees the execution of duties of directors and other executive officers, thereby contributing to the sound and sustainable expansion of the UBE Group and helping improve corporate value over the medium through long terms. The committee operates based on annual audit policies and plans. Directors on the committee attend and express their opinions at important meetings, including for the Board of Directors. They audit executive directors, executive officers, and Group companies, including their departments, and the Internal Control Department, to assess important decision-making processes and business execution. The committee also receives audit reports from the Auditing Department, issuing instructions as needed, and regularly engages with the President and Representative Officer to confirm management policies and exchange opinions about important issues. Directors on the committee are permitted to attend meetings of the Nominating Committee and Compensation Committee, which the Board of Directors

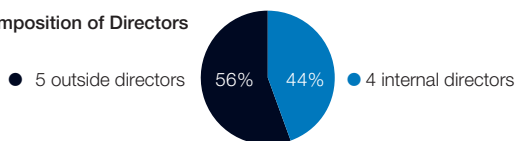
oversees, and express their opinions at the General Meeting of Shareholders as needed as part of their supervision of directors and their remuneration (excluding those who are Audit & Supervisory Committee members). The Audit & Supervisory Committee comprises three directors, including two outside ones, with an outside director serving as the chairman.

<i>Audit & Supervisory Committee</i>	Seiichi Ochiai (Chairman)	<i>Outside Director</i>
	Takashi Shoda	<i>Outside Director</i>
	Atsushi Yamamoto	<i>Director</i>

Outside Directors

UBE has appointed outside directors to add independent, third-party viewpoints to the decision-making process and to the monitoring of management to ensure efficiency, transparency, and objectivity from June 2005. In addition, UBE employs a Nominating Committee and Compensation Committee that report to the Board of Directors. Each comprises three members—two outside directors (excluding members of the Audit & Supervisory Committee) and one non-executive director (Chairman of the Board)—and is chaired by an outside director.

Composition of Directors



<i>Nominating Committee</i>	Keikou Terui (Chairman)	<i>Outside Director</i>
	Tetsuro Higashi	<i>Outside Director</i>
	Yuzuru Yamamoto	<i>Chairman of the Board</i>

<i>Compensation Committee</i>	Tetsuro Higashi (Chairman)	<i>Outside Director</i>
	Keikou Terui	<i>Outside Director</i>
	Yuzuru Yamamoto	<i>Chairman of the Board</i>

Effectiveness Assessment of the Board of Directors

Each year, we convene the Evaluation Meeting for Effectiveness of the Board of Directors for deliberations based on a self-assessment questionnaire. Meeting participants are outside and non-executive directors. The Board of Directors receives and assesses a report on those discussions.

The Board of Directors accordingly determined at a meeting in May 2020 that it had functioned effectively in fiscal 2019. It also found that this entity's composition and operations were appropriate and that it had engaged in vigorous debate and deliberations.

The shift to a Company with Audit & Supervisory Committee structure broadened the scope for delegating decisions on important business matters to the President and CEO. This move also led to the gradual deployment of a structure for operating and internal control unit business reports. The Board concluded that it had strengthened management oversight effectively.

The Board will endeavor to become more effective through its oversight focus to contribute to sustainable growth and enhance corporate value with respect to three key challenges. The first is to explore further broadening the scope of delegating decisions on important business matters to the

Directors' and Auditors' Attendance at Board Meetings and Committees

	Name	Attendance at meetings of the Board of Directors during fiscal 2019	Attendance at meetings of the Audit & Supervisory Committee during fiscal 2019	Attendance at meetings of the Compensation Committee during fiscal 2019	Attendance at meetings of the Nominating Committee during fiscal 2019
<i>Until June 26, 2019</i>	Directors	Yuzuru Yamamoto	3/3 times (100%)		2/2 times (100%)
		Masato Izumihara	3/3 times (100%)		1/1 time (100%)
		Michio Takeshita	3/3 times (100%)		2/2 times (100%)
		Tadashi Matsunami	3/3 times (100%)		1/1 time (100%)
	Outside Directors	Takashi Kusama	3/3 times (100%)		2/2 times (100%)
		Keikou Terui	3/3 times (100%)		1/1 time (100%)
		Takashi Shoda	3/3 times (100%)		1/1 time (100%)
	Auditors	Mahito Kageyama	3/3 times (100%)		2/2 times (100%)
		Takanobu Kubota	3/3 times (100%)	4/4 times (100%)	
	Outside Auditors	Atsushi Yamamoto	3/3 times (100%)	4/4 times (100%)	
Seiichi Ochiai		3/3 times (100%)	4/4 times (100%)		
	Miyako Suda	3/3 times (100%)	4/4 times (100%)		
<i>After June 27, 2019</i>	Directors	Yuzuru Yamamoto	11/11 times (100%)		1/1 time (100%)
		Masato Izumihara	11/11 times (100%)		2/2 times (100%)
		Makoto Koyama	11/11 times (100%)		
		Masayuki Fujii	11/11 times (100%)		
	Outside Directors	Keikou Terui	11/11 times (100%)		1/1 time (100%)
		Tetsuro Higashi	11/11 times (100%)		2/2 times (100%)
	Director, Member of the Audit & Supervisory Committee	Atsushi Yamamoto	11/11 times (100%)	12/12 times (100%)	
		Seiichi Ochiai	11/11 times (100%)	12/12 times (100%)	
	Outside Directors, Members of the Audit & Supervisory Committee	Takashi Shoda	11/11 times (100%)	12/12 times (100%)	

Outside Directors

Outside Director

Keikou Terui

- 1979 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry (METI))
- 2008 Director-General for Technology Policy Coordination, Minister's Secretariat, METI
- 2011 Director-General, Kanto Bureau of Economy, Trade and Industry, METI
- 2012 Director-General for Regional Economic and Industrial Policy, METI
- 2013 President, Japan Utility Telemetering Association. Non-Profit Organization (current position)
- 2014 Outside Director of the Company (current position)
- 2016 Outside Director, Bridgestone Corporation (current position)
Outside Director, Organo Corporation (current position)

Outside Director

Tetsuro Higashi

- 1977 Joined Tokyo Electron Limited
- 1990 Director, Tokyo Electron Limited
- 1996 Representative Director, President of Tokyo Electron Limited
- 2003 Representative Director, Chairman of the Board of Tokyo Electron Limited
- 2012 Outside Director of the Company Resigned (June 2014)
- 2013 Representative Director, Chairman and President of Tokyo Electron Limited
- 2018 Outside Director, Seven & i Holdings Co., Ltd. (current position)
- 2019 Outside Director, Nomura Real Estate Holdings, Inc. (current position)
Outside Director of the Company (current position)

Outside Director and Member of the Audit & Supervisory Committee

Seiichi Ochiai

- 1981 Professor, Seikei University Faculty of Law
- 1990 Professor, The University of Tokyo Graduate Schools for Law and Politics, and Faculty of Law
- 2007 Professor, Chuo Law School Registered as an attorney (Dai-Ichi Tokyo Bar Association)
Professor Emeritus, The University of Tokyo (current position)
- 2012 Outside Audit & Supervisory Board Member of Nippon Telegraph and Telephone Corporation
Outside Director of Meiji Yasuda Life Insurance Company (current position)
- 2013 Outside Auditor of the Company
- 2019 Outside Director and member of the Audit & Supervisory Committee of the Company (current position)

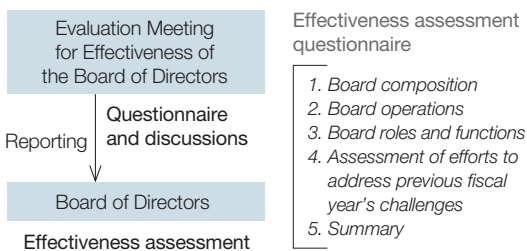
Outside Director and Member of the Audit & Supervisory Committee

Takashi Shoda

- 1972 Joined Sankyo Co., Ltd.
- 2001 Director, Sankyo Co., Ltd.
- 2003 President and Representative Director, Sankyo Co., Ltd.
- 2005 President & CEO, and Representative Director, Daiichi Sankyo Co., Ltd.
- 2010 Representative Director and Chairman, Daiichi Sankyo Co., Ltd.
- 2014 Senior Corporate Adviser, Daiichi Sankyo Co., Ltd.
- 2015 Outside Director of the Company
- 2017 Outside Director, Daito Trust Construction Co., Ltd. (current position)
- 2019 Outside Director and member of the Audit & Supervisory Committee of the Company (current position)
Outside Director, RIKEN Innovation Co., Ltd. (current position)

President and CEO and to keep improving business reporting approaches and other aspects of operations. The second is to step up Board deliberations relating to medium- and long-term management strategies and key management issues and more robustly monitor progress. Third, the Board will continuously monitor systematic risk management progress for the Group as a whole and strive to strengthen the effectiveness of internal control systems.

Effectiveness Assessment Process



Director and Executive Officer Remuneration

UBE revised its director and executive officer remuneration system effective April 1, 2019. The new system will apply to the target set for fiscal 2019, and evaluation of target achievements will be reflected in remuneration for fiscal 2020. Remuneration for fiscal 2019 was based on the old system is shown in Table 1 on page 44.

Please read Securities report for detailed information on the old system system (in Japanese only).

https://www.ube-ind.co.jp/ube/jp/ir/library/securities_report/index.html

The major differences from the old remuneration system include the simplification of various benchmarks to aid understanding, with the compensation ratio for performance-linked portions increasing.

A. Outline of director and executive officer remuneration

- (a) The remuneration structure for directors (excluding directors who are also members of the Audit & Supervisory Committee and outside directors who are not members of the committee) and executive officers at UBE consists of:

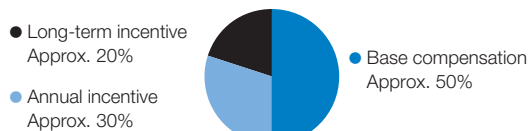
- (1) base compensation (fixed compensation),
- (2) an annual incentive (Companywide performance-linked compensation and annual individual target-based compensation), and
- (3) long-term incentives (medium-to-long term individual target-based compensation and stock options).

- (b) The ratios of base compensation and annual and long-term incentives are set to allocate about 50% for base compensation, 30% for annual incentives, and 20% for long-term incentives. The ratios of annual incentives for the President and the Chairman are higher, and base compensation lower, compared to those for other directors and executive officers.

- (c) Directors who are also members of the Audit & Supervisory Committee and outside directors receive fixed, base compensation only.

- (d) The objective validity of standards for director and executive officer remuneration is confirmed by constantly referring to remuneration study data from external research institutions and by making comparisons with levels at major manufacturers of similar sizes and in comparable industries.

Ratios of Base Compensation and Annual and Long-Term Incentives of Directors (excluding members of the Audit & Supervisory Committee and outside directors) and Executive Officer Remuneration^{Note}



Note: The ratios of annual incentives for the President and the Chairman are higher, and base compensation lower, compared to those for other directors and executive officers.

Securities Report



B. Procedure to determine director and executive officer remuneration

The amount of compensation for each director (excluding members of the Audit & Supervisory Committee) and executive officer will be deliberated by the Compensation Committee, which reports to

the Board of Directors and is chaired by an outside director and a majority of which is comprised of outside directors. After reviewing compensation, the committee forwards its recommendations and findings to the Board of Directors for a decision. The compensation of directors who are also members of the Audit & Supervisory Committee shall be decided through deliberations of members of the Audit & Supervisory Committee.

Procedure to Determine Director (excluding members of the Audit & Supervisory Committee) and Executive Officer Remuneration



Executive Officers

UBE has been using an executive officer system to separate supervision and business execution since June 2001. The President and CEO delegates authority to executive officers, who perform their duties based on management policies decided by the Board of Directors.

Directors, Auditors, and Executive Officers (As of June 26, 2020)

Directors

	Yuzuru Yamamoto
<i>Representative Director</i>	Masato Izumihara
<i>Representative Director</i>	Makoto Koyama
	Masayuki Fujii
	Keikou Terui *
	Tetsuro Higashi *
<i>Member of the Audit & Supervisory Committee</i>	Atsushi Yamamoto
<i>Member of the Audit & Supervisory Committee</i>	Seiichi Ochiai *
<i>Member of the Audit & Supervisory Committee</i>	Takashi Shoda *

* Outside and independent

Executive Officers

<i>President & Executive Officer</i>	Masato Izumihara
<i>Senior Managing Executive Officers</i>	Tokuhisa Okada
	Makoto Koyama
<i>Managing Executive Officers</i>	Masahiko Nojima
	Yukio Hisatsugu
	Hideo Tamada
	Genji Koga
	Masayuki Fujii
	Yuki Nishida
<i>Senior Executive Officers</i>	Hiroshi Nishida
	Hidetsune Miura
	Yoshiaki Ito
	Yuzo Hanamoto
	Hisaaki Yokoo
	Masayoshi Ota
	Keiichi Nagata

Executive Officers

Masarou Suehiro
Bruno de Bièvre
Shigeru Ouchi
Mitsuo Ono
Toshiyuki Mineishi
Hironori Miyauchi
Watchara Pattananijirundorn
Hiroaki Kojima
Yoichi Funayama
Futoshi Takase

General Meeting of Shareholders and Exercise of Voting Rights

The Notice of Convocation is sent out three weeks prior to the General Meeting of Shareholders, but its contents are posted on the UBE Group's website earlier. UBE provides access to mobile phone and internet voting in addition to voting by mail so that shareholders unable to attend can also exercise their voting rights. UBE also uses an electronic voting platform for institutional investors.

At the General Meeting of Shareholders held on June 27, 2019, a total of 14,821 shareholders exercised their voting rights (including 13,907 shareholders who exercised voting rights in writing and via the internet), representing 77.1% of total voting rights.

Engagement with Shareholders

Two-Way Communication through IR Activities

Principal IR activities in fiscal 2019 are listed below. The UBE Group conducts IR activities with the goal of timely, accurate, and fair disclosure, and believes that proactive communication and engagement with investors enhances corporate value.

- Earnings briefing for institutional investors and securities analysts (after main briefing)
- Telephone conference for institutional investors and securities analysts (held quarterly)
- Overseas IR (individual visits to and teleconferences with overseas investors four times annually to Europe, the United States, Asia*, and Australia*)
*These were teleconferences following the COVID-19 outbreak.
- Small meetings by the President and CEO (four times yearly)
- Individual meetings with institutional investors (about 200 times per year)

Detailed information is available in the Investor Relations section of the UBE Group's website:

<https://www.ube-ind.co.jp/ube/en/ir/>

Internal Control System

The Board of Directors has resolved the basic policies for the configuration of the UBE Group's internal control system.

Investor Relations



Detailed information on the Basic Policy for Establishing Internal Control is available on the UBE Group's website:

<https://www.ube-ind.co.jp/ube/en/corporate/management/internalcontrol.html>

Compliance

UBE established the UBE Action Guidelines as a code of conduct guiding basic behavior within the UBE Group and among constituent members. The guidelines outline the standards and criteria for compliance in corporate activities, which directors and employees are expected to adhere to.

UBE appoints a Compliance Officer for the UBE Group and maintains the UBE Group Compliance Committee including general counsels as an advisory body. Within the committee, it set up the UBE Group Competition Law Compliance Committee to prevent acts that impede fair competition and to ensure the soundness of business operations. It additionally set up the UBE Group Restricted Cargo and Export Management Committee to increase awareness within the Group of the need to prevent the unauthorized export or provision of goods and technology that are restricted under export control laws and regulations designed to maintain international peace and stability.

UBE is working to upgrade and strengthen structures and frameworks for compliance. Initiatives include the introduction of the "UBE C-Line," a hotline that allows executive officers and employees to directly report compliance issues without going through normal channels. This encourages the rapid finding and swift correction of compliance issues. By providing compliance-related information, e-learning, team coaching, and other programs, UBE continuously educates and enlightens its employees.

In fiscal 2019, UBE conducted internal training and education on laws and regulations such as the Antimonopoly Act, Subcontract Act, and Unfair Competition Prevention Act. The Company trained instructors for general compliance education at each office and facility to cultivate capabilities based in workplaces. We trained instructors to provide general compliance education at each business site and conducted workplace-based training. There were around 5,800 participants in fiscal 2018 and 2019.

UBE Group Compliance Committee

UBE Group Competition Law Compliance Committee

UBE Group Restricted Cargo and Export Management Committee

Preventing Corruption

Chapter 3 of the UBE Group Action Guidelines for Business Conduct, titled, Fairness and Integrity, states a commitment to maintaining healthy

relationships with governments and regulators. The objective is to prevent the bribery of public officials in Japan or abroad as well as other forms of corruption. We accordingly formulated the UBE Group Anti-Bribery Guidelines, and provide e-learning and collective training courses for executives and employees. We maintain a framework such that if matters of concern come to light through our internal hotline, compliance officers and departments collaborate to swiftly inquire into the facts and take the necessary measures. In fiscal 2019, there were no incidences of corruption, which would be subject to disciplinary action, or any penalties or other charges for corruption.

Please visit the Compliance section of the UBE Group's website for the UBE Group Anti-Bribery Guidelines (in Japanese only).

<https://www.ube-ind.co.jp/ube/jp/sustainability/compliance/>

Thorough Procurement in Line with Basic Purchasing Policies (Supply Chain Management)

The UBE Group endeavors to build fair and honest business relationships. We purchase in line with the Basic Purchasing Policies—Fair Transactions, Objective Selection of Suppliers, Compliance with Laws and Regulations and Confidentiality, Green Purchasing, and CSR Procurement*, as disclosed in the purchasing information on the UBE Group's website.

Detailed information on these policies is available on the UBE Group's website:

<https://www.ube-ind.co.jp/ube/en/koubai/index.html>

CSR Procurement

The UBE Group prepared CSR Procurement Policies and CSR Procurement Guidelines that encompass respecting human rights, complying with laws and social norms such as eliminating anti-social forces, and safeguarding the environment to foster CSR procurement that boosts standards across the entire supply chain.

In fiscal 2019, we conducted a third survey of 276 major business partners accounting for 90% of our procurement costs for materials, construction, packaging materials, and fuel oil. We compiled and analyzed the survey results, providing feedback Companywide. The goal of the survey was to assess CSR progress among business partners and seek improvements as needed. We spoke with business partners providing inadequate responses to drive improvements.

Please visit the Procurement Information section of the UBE Group's website for the survey results (in Japanese only).

https://www.ube-ind.co.jp/ube/jp/koubai/pdf/customer_01.pdf

Basic Policy for Establishing Internal Control



UBE Group Compliance Guidelines/UBE Group Anti-Bribery Guidelines



Procurement Information



The Third Survey of Major Business Partners on CSR





Human Resources

The UBE Group considers employees its most important resource for supporting sustainable growth.

We therefore devote considerable attention to human resources development, and are endeavoring to expand our personnel systems to ensure that all our employees are able to acquire the skills they need to continue doing great work.

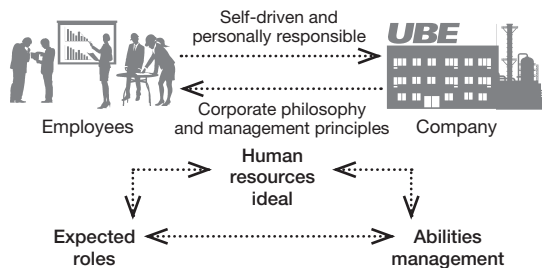


Personnel System

UBE maintains a personnel system in which it clarifies what it expects of employees and impartially evaluates individual effort. We seek to ensure that employees therefore fully understand what they need to do and create workplaces that are challenging and motivating for all our employees.

Detailed information about the Group's human resources management is available on the UBE Group's website (in Japanese only):

<https://www.ube-ind.co.jp/ube/jp/sustainability/laborrightrights.html#management>



Human Resources Development

As part of our personnel systems, we provide on-the-job training, workshops and other off-the-job training, and self-improvement support programs with systems that empower our employees to perform at their best in an array of businesses and in an increasingly global operating climate.

A good example of our approach is the Career Development Sheets that employees prepare every year, based on which they can discuss areas in which they should enhance their skills and their prospects with supervisors. We rotate employees in keeping with their aptitude to broaden their perspectives and expertise. For workshops and other off-the-job training, we keep pace with changes in the operating climate by providing employee training programs that reflect skills required for each job level. We offer a range of programs that help employees enhance their capabilities, such as distance



Usage of Main Work-Life Balance System (Fiscal 2019)

System	Description	Number of Employees Who Used It
Childbirth leave	Employees whose spouses have given birth can take four days of paid leave.	91 79.8% of those qualified
Childcare leave	Leave can be taken until the day before the child's first birthday (or the child's second birthday, in certain circumstances). The first seven days of leave are fully paid.	80 including 72 men 100% of qualified women 63.2% of qualified men
Family nursing leave	Employees can take leave to provide nursing care for family members (up to a total of 365 days).	0
Family nursing short leave	Employees can take leave on a half-day basis to provide nursing care for family members (up to a maximum of 5 days a year for one family member, 10 days a year for two or more family members).	4 including 3 men
Child nursing leave	Employees can take leave to nurse children in the third grade of elementary school or younger. (Five days per child can be taken each year, up to a maximum of 10 days a year.)	9 including 2 men
Shortened working time	The working hours of employees caring for children in the third grade of elementary school or younger, nursing family members, seeing a doctor, and going to school can be shortened by up to two hours per day on request.	24 including 1 man
Telework	Employees can work from home as a means to raise productivity, improve work-life balance, and prepare BCPs.	546

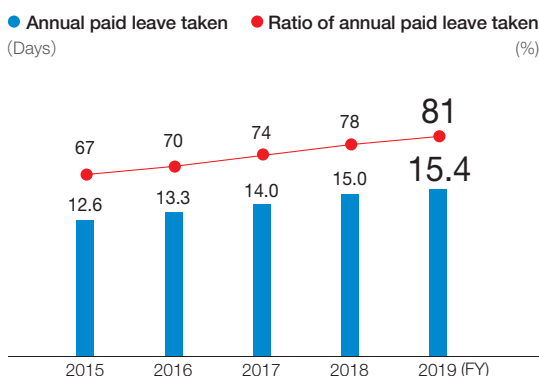
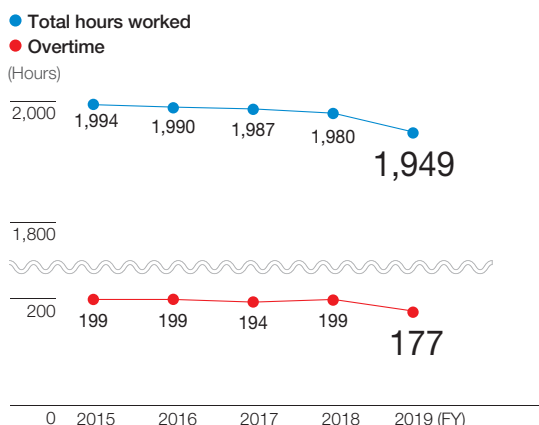
learning and in-house and external language courses. We foster employee retention by bolstering career development.

We are particularly determined to retain young employees, and are cultivating them as tomorrow's leaders at the UBE Group by helping them to experience their own growth and find satisfaction in their work.

Another way in which we endeavor to attract outstanding people is a program that we set up to prioritize rehiring individuals who resigned owing to family circumstances.

Enhancing Work Style Reform

Work style reform is an important management priority. As such, we strive to ensure high productivity by reviewing tasks from a range of perspectives, including through the use of ICT. At the same time, we offer telework, flextime outside core times, and other programs enabling more work practice diversity. We manage the time people spend working by PCs, set annual working hours targets through labor-management negotiation, and endeavor to lower overtime and encourage people to take annual paid leave. In the year under review, we endeavored to create working environments offering a healthy work-life balance by measures such as reducing working times by 31 hours from a year earlier.



Efforts to Maintain Operational Health

We endeavor to ensure the mental and physical health of employees through health and safety systems at each business site and efforts to encourage employees to engage in activities to maintain and enhance their health.

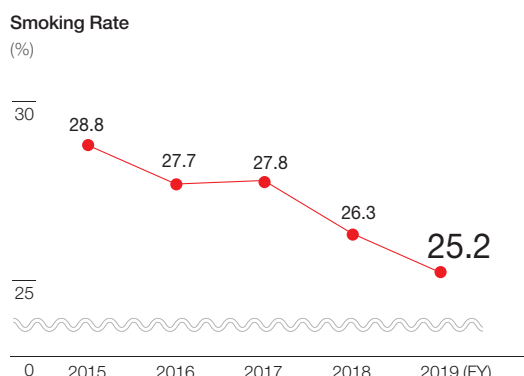
We provide mental health assistance through internal experts and through an externally run Employee Assistance Program that draws on highly experienced specialists, thus helping reduce incidences of new cases and long-term work absences. Our regular health checkups include tests for cancer and seek to identify early signs of illnesses. They also focus on improving conditions for checking for and raising awareness of female cancers and enhancing medical assessment rates.

Our endeavors to address occupational diseases entail undertaking medical checkups based on work records and findings from work environment measurements to deliver early detections and responses to any issues.

We have tackled cigarette smoking by formulating plans to eliminate passive smoking based on the Health Promotion Act. We are reducing the number of smoking areas at business sites and are remodeling smoking rooms. We additionally conduct health contests in which we employ health insurance subsidies to encourage people to smoke less or give up tobacco.

In fiscal 2019, we held 26 training and education seminars for 562 attendees on such topics as mental health, lifestyle diseases, and the use of health information.

Our health endeavors have earned recognition under the Ministry of Economy, Trade and Industry (METI)'s Certified Health and Productivity Management Organization Recognition Program. We also look to obtain certification under the White 500 category for large enterprises. We will internally and externally strengthen our disclosure of progress with our activities, organize



Companywide walking events in collaboration with the national health insurance system, and otherwise promote health.

Diversity Initiatives

Diversity is a key policy priority. We accordingly seek to build a corporate culture that respects individuality and broad perspectives and treasures creativity and ambition.

We endeavor to attract and retain diverse talent as part of efforts to overcome the looming challenges of a declining labor force and a changing business climate.

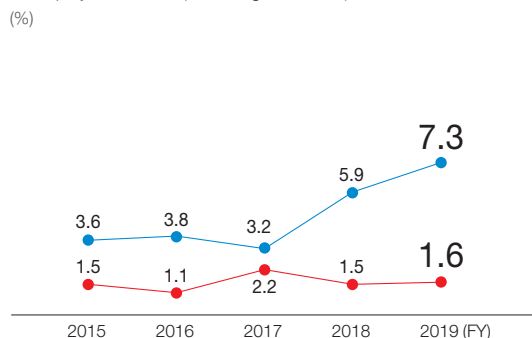
We recruit people with diverse talents regardless of career background, nationality, or gender. The management team engages closely with employees, including through meetings to exchange opinions and through labor-management council gatherings. We endeavor to create workplaces in which employees can fulfill their potential by performing great and satisfying work.

Hiring Breakdown

Fiscal Year	Number of People					
	2017		2018		2019	
New graduate hires (Generalist positions)	46	(10)	37	(9)	47	(8)
New graduate hires (Key employee positions)	63	(9)	30	(2)	56	(8)
Mid-career hires	12	(1)	58	(3)	50	(6)
Hires with disabilities	2	(1)	2	(0)	3	(2)
Hires of non-Japanese nationals	2	(2)	1	(1)	1	(0)

Employee Turnover

- Employee turnover in first three years
- Employee turnover (excluding retirement)



Addressing the Gender Gap

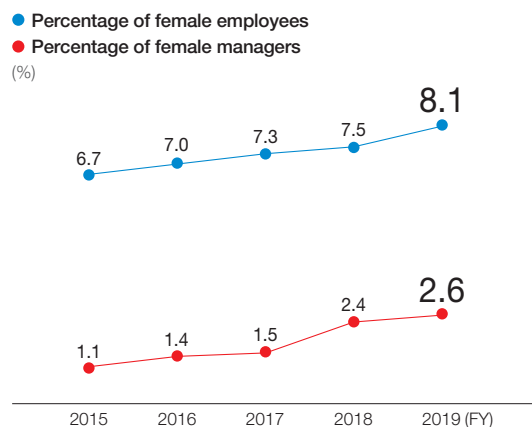
As of March 31, 2020, 8.1% of parent company employees were women, up from 7.5% a year earlier. Women represented 2.6% of our management pool, compared with 2.4% a year earlier. In fiscal 2019, we launched a three-year action plan

based on the Act on Promotion of Women's Participation and Advancement in the Workplace. The plan encompasses the following three benchmarks to realize more flexible working styles and provide greater opportunities for female employees.

- (1) A paid vacation usage rate of 80% or more
- (2) At least 70% of eligible male employees taking childcare leave
- (3) Women representing at least 20% of new graduate hires for generalist positions

As part of our efforts to be more inclusive for women, we have increased the number of female employees at our factories and overseas. Women are increasingly vital to our operations.

Most of our female employees return to work after maternity leave. The number of male and female employees balancing childcare and professional commitments is rising each year, driving efforts to make operations more efficient, review work practices, and otherwise undertake workplace reforms.



Employing Non-Japanese Nationals

To harness expertise from different values and cultures, we revised the global business leader program to include local training in Japan,



Global business leader program

Thailand, and Spain, and have expanded personnel exchanges with overseas members of the UBE Group. We hire foreign nationals every year in Japan, and engage extensively with overseas business sites.

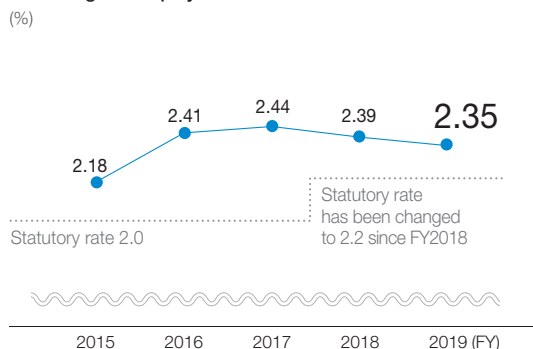
Rehiring Retirees

We maintain a program to rehire employees after they reach the standard retirement age of 60 so we can draw on their experience and skills and they can retain job security. We rehired 85.7% of new retirees in fiscal 2019. We are reviewing the roles and benefits of these people to enhance their work environments and motivation.

Recruiting People with Disabilities

We do much to foster the employment of people with disabilities, and maintain the UBE Group Support Network for Employment of People with Disabilities. We draw on the accumulated know-how of Libertas Ube, Ltd., a special-purpose subsidiary that we established in 1991, to hire these individuals and create workplaces for them Groupwide.

Percentage of Employees with Disabilities



Employees in a meeting using sign language

Human Rights

Respect for Human Rights

The UBE Group Action Guidelines state our respect for individuals while fostering mutual understanding and eliminating discrimination. The guidelines also state that we oppose forced and child labor and all other inhumane practices and reject any ties with individuals or organizations engaging in such practices.

We ensure that all employees understand and embody our stance on human rights in all aspects of business by providing executive, business site, and job classification-based training while offering Groupwide e-learning to further enhance issue awareness.

Detailed information about the Group's stance on human rights and labor is available on the UBE Group's website (in Japanese only):

<https://www.ube-ind.co.jp/ube/jp/sustainability/laborrights/>

Labor Rights

The UBE Group respects the basic rights of workers, including the freedom of association and the right to collective bargaining.

We have concluded an agreement with the Ube Industries Labor Union that encompasses worker rights. Management engages in negotiations and regular discussions with labor representatives to improve living standards and working conditions for union members and provide comfortable work environments. We endeavor to maintain and enhance healthy relationships between management and labor by having senior executives participate in conference sessions with labor to exchange and honestly discuss views about the Company's issues and direction and share management policies and plans with union members while reflecting their feedback in management.

Human Rights and Labor





Basic Guidelines for Social Contribution Activities

The UBE Group established a basic policy for its social contribution activities (in Japanese only).



The UBE Group formulated its Basic Guidelines for Social Contribution Activities to undertake initiatives in keeping with the spirit of coexistence and mutual prosperity that underpins its CSR efforts. This report focuses on our community engagement endeavors.

<https://www.ube-ind.co.jp/ube/jp/sustainability/communication/community.html>

Responsible Care (RC)*¹ Regional Dialogue Meetings

In fiscal 2019, we held our 12th RC Regional Dialogue Meetings*² in Western Yamaguchi and Sakai/Senboku regions to deepen mutual understanding with local residents about our environmental protection and other corporate activities.

These gatherings featured presentations by various experts. The Disaster Control Advisor of Ube City's General Strategy Bureau spoke at the meeting in Western Yamaguchi in November 2019 about lessons from recent natural disasters. At the Sakai/Senboku gathering in February 2019, the head of the RC Department of the Japan Chemical Industry Association (JCIA) introduced RC and outlined related communications initiatives. Another expert at this gathering was a representative of the Sakai City Fire Department, who highlighted preventive first aid basics in emergencies.

Corporate Citizenship

UBE Corporation Europe, S.A. Unipersonal (UCE) in Spain

After several years of exchanges, on April 4, 2019, the cities of Castellón and Ube formally signed a sister city agreement in Ube City. In attendance at the signing were the Ambassador of Spain to Japan and a delegation from the UBE Group. During 2019, UCE contributed to the exchange funding the dispatch of a Castellón University student to Yamaguchi University, receiving the Ube City official mission to Castellón and shooting a special

report by Yamaguchi Broadcasting Co., Ltd. The XXI Spain-Japan Forum was held in Castellón, at which UCE and city officials presented their case as an example of urban diplomacy and introduced the "Eco-Town model in Japan" as inspiration to advance the circular economy of plastics in Spain.

The Volunteer Promotion Group participated in various volunteer events, with a total of 360 hours of voluntary work by 94 UCE employees. The UCE Open Door days for employees and family was held with 430 visitors taking part in the event.

UBE Group in Thailand (See note)

UBE Group (Thailand) emphasizes social responsibility in its endeavors to engage with the community as a good corporate citizen.

On August 7, 2019, the Group held an open house for 50 local residents and government officials. This annual event is an opportunity for obtaining local feedback and sharing information, such as by explaining plant situations. Attendees take part in plant tours to deepen understanding of products, manufacturing processes, and safety initiatives.

The Group will continue to undertake activities in keeping with its guidelines and work to become an even better corporate citizen.

*Note: UBE Chemicals (Asia) Public Company Limited
THAI SYNTHETIC RUBBERS COMPANY LIMITED
UBE Fine Chemicals (Asia) Co., Ltd.
UBE Technical Center (Asia) Limited
RAYONG FERTILIZER TRADING CO., LTD.
UBE (Thailand) Co., Ltd.*



The 12th RC Regional Dialogue Meeting in Western Yamaguchi region



Participants in the UCE Open Door days in Spain



Opinion exchanges at the open house in Thailand

Glossary

*1 Responsible Care (RC): Under RC, corporations that handle chemical substances voluntarily preserve the environment, safety, and health throughout product lifecycles, from the development of chemicals through their manufacture, distribution, use, and final consumption to disposal and/or recycling, and communicate and engage with society by disclosing activity outcomes.

*2 RC Regional Dialogue Meetings: Regional corporate members of the JCIA's RC Committee undertake these gatherings to deepen mutual understanding among residents, citizens' groups, government officials, and other local stakeholders of environmental protection, security and disaster prevention, and other RC initiatives. These regional meetings are held once every two years.



The UBE Group has made safeguarding the environment, safety, and health top priorities so it can provide products and services that contribute to better lives and achieve solid and sustainable growth.

We defined priority environmental and safety measures under the UBE Group Environmental and Safety Guidelines to reflect the activities of business sites and partner companies.

UBE Group Environmental and Safety Guidelines

We will make it our shared value to prioritize safety in everything we do, realizing safety and security in the workplace and local communities, and conserving the global environment.

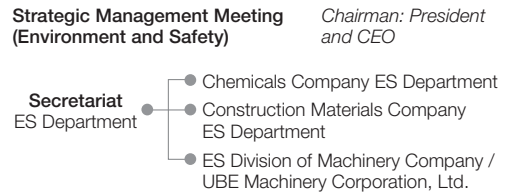
- (1) We will secure healthy, safe and comfortable working conditions, aiming to eliminate occupational accidents.
- (2) We will ensure the safety and security of facilities and operations, aiming to eliminate facilities accidents.
- (3) We will reduce our emissions of waste and chemical substances, and contribute to establishing a recycling-based society by recycling and effectively using resources.
- (4) We will voluntarily and continuously work to address global environmental issues in order to contribute to a sustainable society.
- (5) We will strive to maintain and improve the health of working persons, who give vitality to society and corporations.

Published on April 1, 2019
Revised on April 1, 2020

Environmental and Safety Organization

Policies and measures relating to such environmental safety components as occupational safety and health, process safety and disaster prevention, and environmental preservation are key management issues. The President and CEO chairs the Strategic Management Meeting (Environment and Safety), which deliberates and decides on these issues. The meeting also serves as a process safety headquarters prescribed in a ministerial order relating to high-pressure gas safety (HPGS), discussing and determining important matters relating to process safety at certified sites for high-pressure gas.

Structure of Environment and Safety-Related Meetings



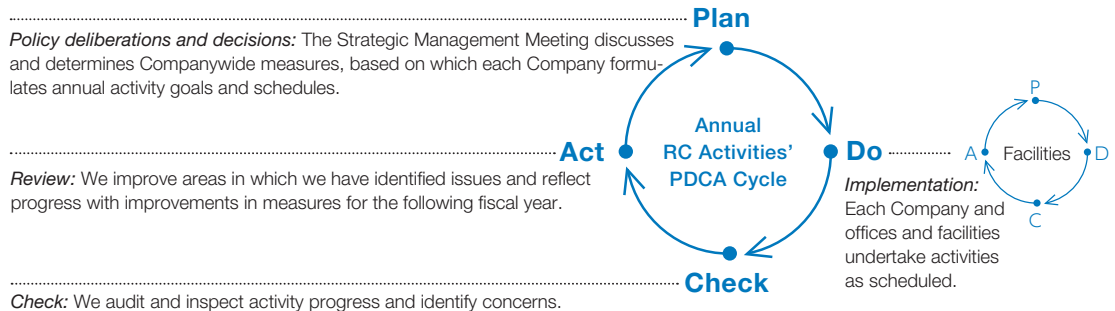
Responsible Care Activities Plans and Achievements
 Pages 1–2 of the 2020 Integrated Report Supplementary Information (Environment and Safety) presents activities plans and results for fiscal 2019.



Environmental Safety Measures

We engage in RC* activities through plan–do–check–act (PDCA) cycles in all businesses to drive continual improvements in areas related to occupational safety and health, process safety and disaster prevention, and environmental preservation.

https://www.ube-ind.co.jp/ube/en/ir/ir_library/integrated_report/pdf/2020/integrated_report_appendix_1.pdf



Glossary

* Responsible Care (RC): Please see the glossary on page 54.

Process Safety and Disaster Prevention



We endeavor to eliminate process accidents through initiatives that ensure our facilities are safe and secure. We also undertake activities to minimize damage in the event of major natural disasters. In fiscal 2019, we focused on comprehensive measures to address the risks of accidents at aging facilities, improving safety at certified high-pressure gas sites, and implementing natural disaster measures.

Measures to address the risks of accidents at aging facilities entail conducting inspections at each business site, choosing facilities and areas

not subject to inspection and audit over the long term, and formulating and executing inspection and audit plans. By undertaking comprehensive risk measures, we endeavor to build business sites that are impervious to accidents.

For certified high-pressure gas sites, we set up an improvement agenda in line with assessment findings from the Japan Safety Competency Center and engage in systematic improvement initiatives.

We push ahead with measures to address natural disasters by having each business site conduct self-assessments in line with self-assessment criteria for such measures, and pursue ongoing improvements. We also respond to the Industrial Process Safety Action Plan of the Japan Petrochemical Industry Association.

Industrial Safety Action Plans
 Page 3 of the 2020 Integrated Report Supplementary Information (Environment and Safety) presents these initiatives.



https://www.ube-ind.co.jp/ube/en/ir/ir_library/integrated_report/pdf/2020/integrated_report_appendix_2.pdf

Occupational Safety and Health



Measures to Prevent Occupational Accidents

Fostering a Safety-Driven Corporate Culture
 To make existing safety activities more comprehensive and effective, in fiscal 2016 we launched initiatives aimed at fostering a safety-driven corporate culture, encompassing eight elements. These are organizational governance, positive involvement, resource management, work management, motivation, learning and knowledge transmission, risk perception, and mutual understanding. In keeping with findings from assessments based on headquarters' evaluation standards, business sites identify issues and formulate and execute plans to cultivate a safety culture as part of ongoing improvement efforts.

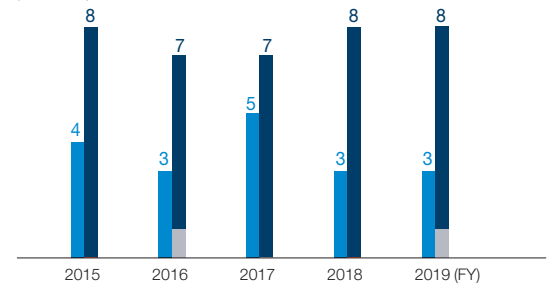
Eliminating Major Disasters

We have undertaken a range of activities to prevent occupational accidents. In fiscal 2018, we initiated efforts that centered on eliminating major incidents. We conduct risk assessments of work in which people might fall, be caught or entangled in machinery, or come into contact with hazardous materials. We implement systematic risk reduction measures and endeavor to make operations inherently safe.

We investigate the causes of all incidents regardless of whether they result in lost time, striving to prevent similar incidents by assessing and rolling out measures.

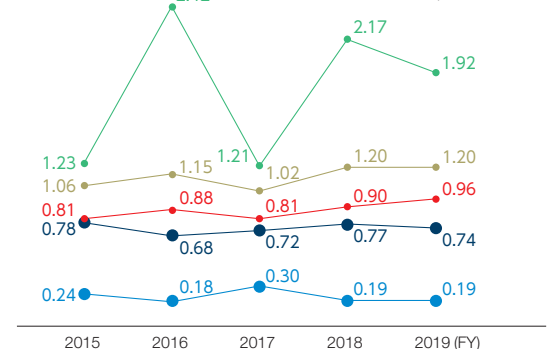
Number of Fatal and Lost-Time Incidents among Domestic Operations

Number of Lost-Time Incidents
 ■ UBE Group employees
 ■ Employees of partner companies of the UBE Group*
 (■ Number of fatal incidents)
 (Incidents)



Lost-Time Injury Frequency Rate

● UBE Group employees
 ● Employees of partner companies of the UBE Group*
 ● Cement industry and cement manufacturers
 ● Chemical industry
 ● Manufacturing industry (Ministry of Health, Labour and Welfare statistics)



* The partner company scope covers construction and other contractors.



Environmental Performance



The UBE Group believes that tackling environmental issues to ensure sustainable social progress and fostering stakeholder trust by announcing outcomes are vital for sustainable corporate growth.

Water Resource Usage
Page 8 of the 2020 Integrated Report Supplementary Information (Environment and Safety) details water resource usage by source and water discharges by discharge location.



Overview of Group Environmental Impact (Fiscal 2015 through 2019)

		2015	2016	2017	2018	Input 2019
Total energy (thousands of MWh)	As crude oil	22,930	22,070	21,980	21,970	22,140
Total raw materials (thousands of tons)		16,810	16,210	16,360	16,380	16,300
Water resources (million m ³)	Fresh water used	97	96	94	92	97
	Seawater used	115	108	115	106	115

https://www.ube-ind.co.jp/ube/en/ir/ir_library/integrated_report/pdf/2020/integrated_report_appendix_7.pdf



		2015	2016	2017	2018	Output 2019
Airborne emissions	GHG (1,000t - CO ₂ e/y)	12,600	12,300	12,300	12,010	12,110
	SOx* ¹ (t)	2,850	3,000	2,840	2,870	2,650
	NOx* ² (t)	15,910	14,860	14,970	16,170	16,070
	Dust (t)	409	393	341	356	371
	PRTR substances* ³ (t)	173	179	204	252	215
Soil emissions	PRTR substances (t)	0	0	0	0	0
Waterborne emissions	Wastewater (million m ³)	164	156	162	147	163
	COD* ⁴ (t)	737	724	747	642	705
	Total phosphorus (t)	12	10	11	9	11
	Total nitrogen (t)	554	500	519	468	466
	PRTR substances (t)	98	122	119	97	112
Industrial waste emissions	Off-site disposal volume (t)	8,290	7,550	6,560	6,730	6,460
	Recycled volume (t)	417,100	421,290	386,660	370,450	389,000

https://www.ube-ind.co.jp/ube/en/ir/ir_library/integrated_report/pdf/2020/integrated_report_appendix_5.pdf

Emissions Data by Facility
Page 6 of the 2020 Integrated Report Supplementary Information (Environment and Safety) presents facility-specific emissions of SOx, NOx, dust, COD, total phosphorus, and total nitrogen.



We endeavor to safeguard the environment and comply with levels set through agreements with government bodies or with voluntary standards by stabilizing plant operations and by extensively controlling air and water emissions of pollutants, and also undertake ongoing environmental impact reduction activities. UBE plants are located along rivers, so the risks of water shortages are small.

However, each plant manages water consumption and discharges to use water more efficiently.

We will continue to engage in business activities that contribute to a recycling-based economy as part of environmental management, such as by tackling environmental issues, reducing and recycling industrial waste, and lowering chemical substance emissions.

Scope of environmental presentation data: Ube Industries, Ltd., and Group companies covered in environmental performance data reporting*⁵

Glossary

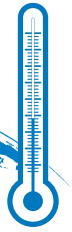
*1 Sulfur oxides (SOx) originate in the sulfur (S) component of fuels. Boilers are our main source of these oxides.

*2 Nitrogen oxides (NOx) stem from fuel combustion, primarily from Group boilers and cement kilns.

*3 Pollutant Release and Transfer Register (PRTR) Law: This legislation requires companies to identify business site chemical substance emissions and transfer volumes and report to the government. The Ministry of the Environment discloses the submitted information on its website. Such disclosure is designed to encourage voluntary efforts to improve chemical substance management.

*4 Chemical Oxygen Demand (COD): This is an indicator of water pollution by organic substances and represents the amount of oxygen consumed in the chemical oxidation of organic matter.

*5 For Group companies covered in environmental performance data reporting, please see page 10 of the 2020 Integrated Report Supplementary Information (Environment and Safety).



Addressing Environmental Issues

Our Stance on Environmental Issues

We have identified four aspects of global environmental issues for which we have formulated a unified Group stance. These are tackling global warming, protecting biodiversity, dealing with marine plastics, and safeguarding water resources.

Detailed information about our basic approach to tackling environmental issues is available on the UBE Group's website (in Japanese only):

<https://www.ube-ind.co.jp/ube/jp/sustainability/rc/environment/issues.html>



Employees participating in the 12th Forest Creation Experiential Activity for Water Conservation

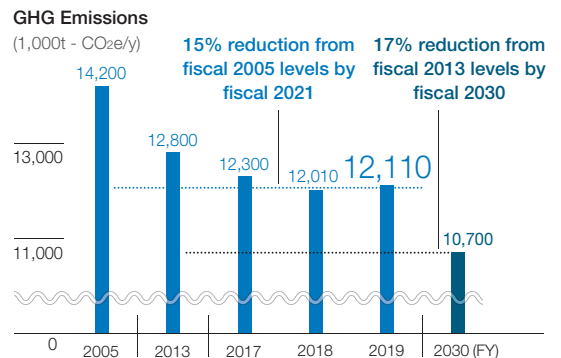
(3) Dealing with Marine Plastics and Conserving Water Resources

We use waste plastic as a source of energy for cement production, helping reduce the volume of this material going to landfills. We help prevent plastic from being discarded and flowing into the oceans by conducting cleaning along the industrial roads around our plants.

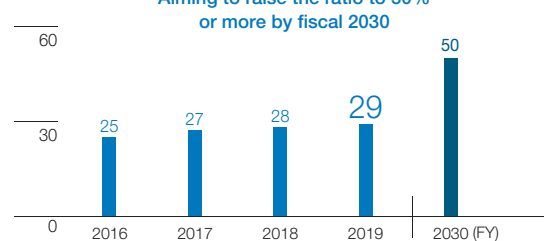
We will explore specific policies for our activities, including to conserve water resources.

Initiatives to Reduce GHG Emissions

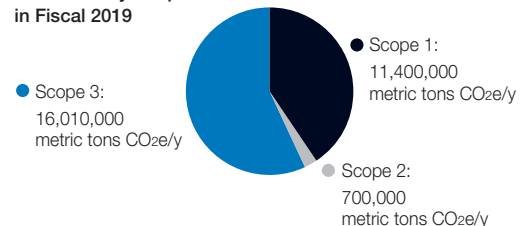
Progress toward GHG Emissions Reduction Targets



Progress in Creating and Expanding Our Lineup of Environmentally Friendly Products and Technologies (%)



Emissions by Scope in Fiscal 2019



The UBE Group's Basic Stance on Environmental Issues



Structure Relating to Environmental Issues

Please see page 17 for a chart on the structure relating to environmental issues.

(1) Tackling Global Warming

● Cutting GHG Emissions

We reached our fiscal 2021 goal of reducing GHG emissions by 15% from fiscal 2005 levels ahead of schedule. We are now striving to further conserve energy and recycle more waste so we can reach our goal of cutting emissions by 17% from fiscal 2013 levels by fiscal 2030. We will focus on developing technologies to recover and use CO₂, thereby helping lower the overall GHG emissions of our supply chain.

● Creating and Expanding New Products and Technologies to Help Reduce Environmental Impact

We look for such products and technologies to represent at least 30% of net sales by fiscal 2021 and at least 50% by fiscal 2030.

(2) Safeguarding Biodiversity

● Private Business Partnership to Preserve Biodiversity

We support the Declaration of Biodiversity by Keidanren (Japan Business Federation) and take part in its Business and Biodiversity Partnership.

● Forest Conservation Initiatives

In fiscal 2019, 101 employees took part in the 12th Forest Creation Experiential Activity for Water Conservation, thinning and logging bamboo. This annual initiative is for employees of companies using the Kotogawa River system in Yamaguchi Prefecture. It helps forests retain water and educates participants about the links between water and forests.

GHG Emissions

Page 5 of the 2020 Integrated Report Supplementary Information (Environment and Safety) presents GHG emissions by segment.



Using Resources Effectively



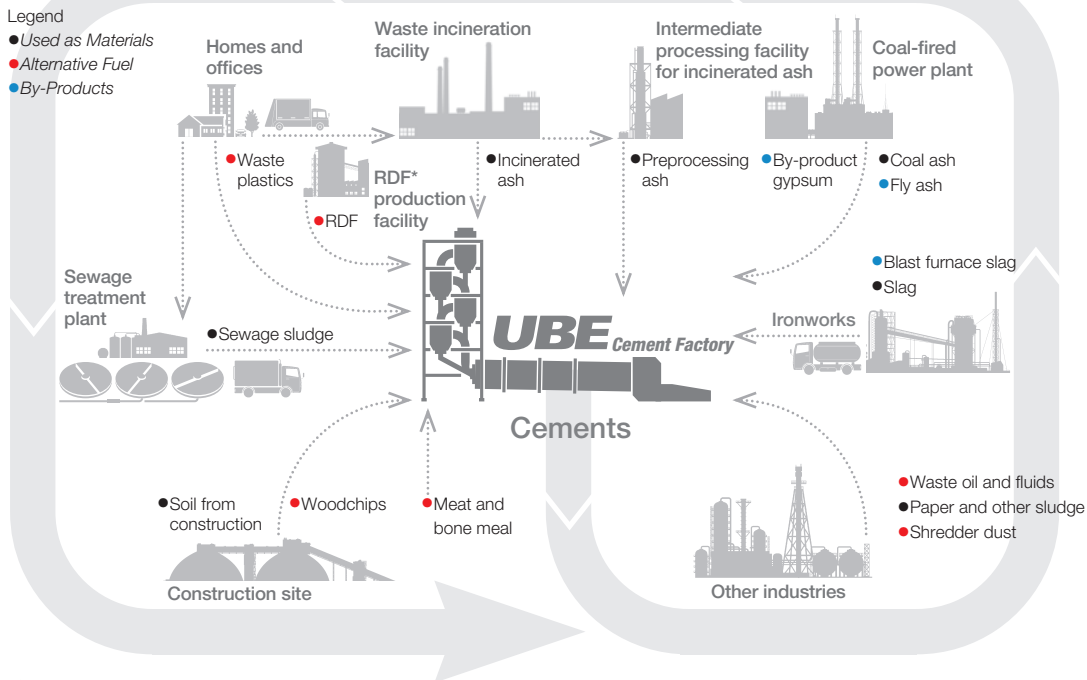
Our cement factories recycle diverse waste and by-products as raw materials (material recycling) and alternative fuels (thermal recycling). Our cement kilns operate at up to 1,450°C, so they can burn and detoxify substances that conventional counterparts could not handle. They can also process large waste volumes. It is also possible to use ash from incineration as an alternative to the clay used in cement, thereby eliminating the need to maintain final disposal sites.

In fiscal 2019, our three cement factories harnessed 3.30 million metric tons of waste and by-products, 2.91 million metric tons of which we sourced externally, contributing considerably to a recycling-oriented society.

We are developing new businesses to use waste materials in applications other than as materials for cement. For example, we recycle plasterboard, for which we expect demand to increase. We will continue to boost our capacity for handling various waste as part of efforts to expand our recycling business.

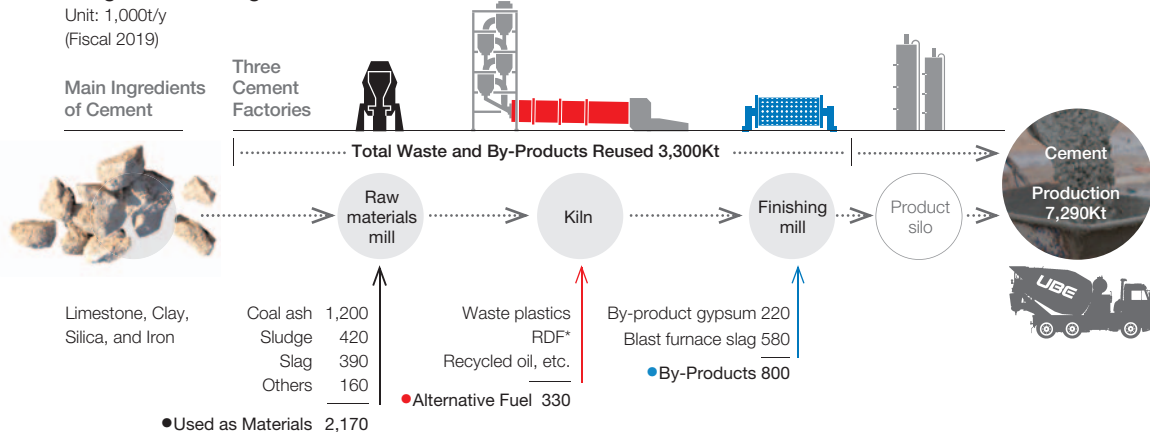
Please see Non-Financial Highlights on page 11 for details of our usage of waste substances and by-products.

Cement Factory Resource Recycling



Overview of Waste and By-Products Usage Flows during Cement Production

Unit: 1,000t/y
(Fiscal 2019)



Glossary

* Refuse-derived fuel (RDF): A solidified fuel made of waste plastic, woodchips, and household waste.

Reducing Industrial Waste

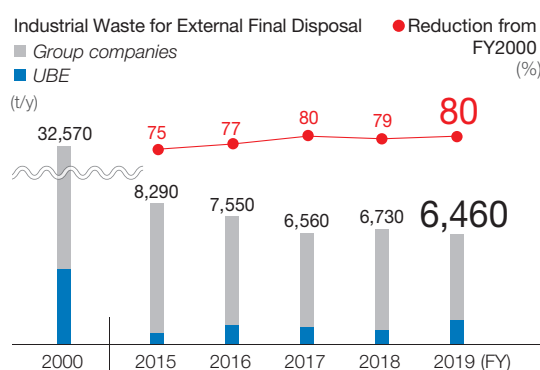
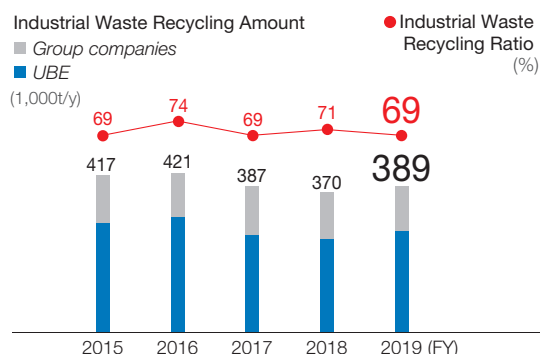
The Japanese government's 4th Fundamental Plan for Establishing a Sound Material-Cycle Society targets a 77% reduction in industrial waste landfill amounts from 2000 levels by 2025. The UBE Group endeavors to recycle such waste and cut landfill volume to contribute to a recycling-based society.

Industrial Waste Recycling

Our chemical factories, in-house power stations, machinery factories, and other facilities generate an array of industrial waste. We recycle most of this material at cement factories and other Group facilities.

Industrial Waste for External Final Disposal

In fiscal 2019, we lowered such waste by 80% from the fiscal 2000 level. We will keep endeavoring to cut volumes from fiscal 2020.



https://www.ube-ind.co.jp/ube/en/ir/ir_library/integrated_report/pdf/2020/integrated_report_appendix_6.pdf

Industrial Waste Treatment Flow
Page 7 of the 2020 Integrated Report Supplementary Information (Environment and Safety) presents the amounts of industrial waste generated, recycled, reduced, and emitted in fiscal 2019.



Suppressing Chemical Substance Emissions

The chemical industry complies with laws and regulations while endeavoring to voluntarily cut chemical substance emissions through a disclosure program based on the PRTR Law*1. The UBE Group chose 20 substances whose emissions are significant*2 from substances subject to the PRTR Law, as well as volatile organic compounds (VOCs)*3, and is striving Companywide to reduce emissions of these substances.

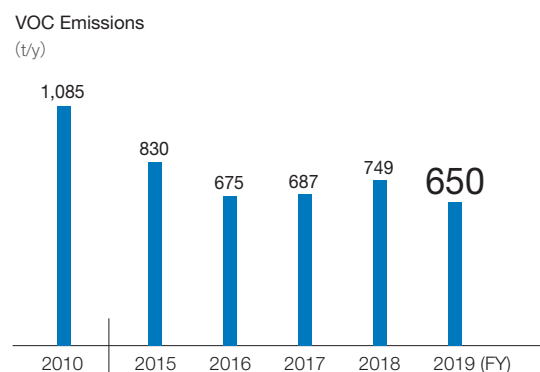
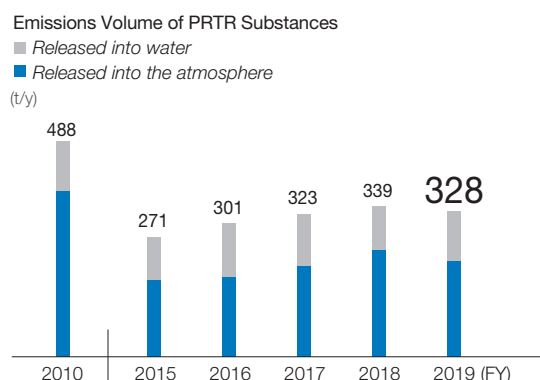
In fiscal 2019, we lowered emissions of these 20 substances by 29% from the fiscal 2010 level, suppressing emissions subject to the PRTR Law and VOC emissions.

Suppressing PRTR Substance Emissions

We handle 61 of the 462 substances subject to the PRTR Law. Our emissions of these substances in fiscal 2019 were down 33% from fiscal 2010.

Suppressing VOC Emissions

The UBE Group's VOC emissions in fiscal 2019 were 40% lower than those in fiscal 2010.



https://www.ube-ind.co.jp/ube/en/ir/ir_library/integrated_report/pdf/2020/integrated_report_appendix_6.pdf

PRTR Substances
Page 7 of the 2020 Integrated Report Supplementary Information (Environment and Safety) presents emissions and transfer volumes and other data on the top 10 substances in terms of emissions volume.

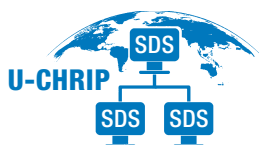


Glossary

*1 Pollutant Release and Transfer Register (PRTR) Law: Please see the glossary on page 57.

*2 UBE's 20 voluntarily selected chemical substances: Please see page 2 of the 2020 Integrated Report Supplementary Information (Environment and Safety).

*3 Volatile organic compounds (VOCs): These organic chemicals evaporate or sublime easily, entering the atmosphere as gases. They are factors in the forming of suspended particulate matter (PM) and photochemical oxidant pollution.



Product Safety

Complying with Chemical Substances Laws and Regulations

We are digitizing our systems to handle chemical substances laws and regulations. As well, we have constructed a domestic and overseas compliance structure that encompasses an SDS*¹ production support system; in-house-developed chemical safety information; and U-CHRIP, a comprehensive database for managing safety and regulatory information about chemical substances.

We manage hazardous substances in products to realize green procurement*².

U-CHRIP: UBE-Chemical Regulation Information Platform

Stepping Up Chemicals Management

We supply local-language versions of SDSs and product labels for all products, complying with regulations in Europe, the United States, and around Asia to ensure the safe use of chemical products throughout the supply chain, and maintain websites for key product SDSs.

Our sales and technical personnel obtain hazardous substances information on products through SDSs to get handling and disposal information that they convey as needed to customers.

Extensively Disclosing Safety Information

Since fiscal 2011, we have participated in the Japan Chemical Industry Association (JCIA)'s voluntary chemical substance risk management activities while gathering and disseminating hazard information*³ and risk assessments.

We support the International Council of Chemical Association (ICCA)'s voluntary Long-Range Research Initiative, which focuses on the effects of chemical substances on human health and the environment.

Transportation Safety

We ensure the safe distribution of chemical substances by preparing information that transportation companies and their drivers can use in the unlikely event of an accident.

Quality Assurance

Chemicals Company

Regaining Trust by Steadily Implementing Measures to Prevent Issues from Recurring

The Chemicals Company is deploying measures to prevent a recurrence of quality inspection improprieties. We will regain stakeholder trust by steadily implementing the measures.

To meet quality requirements specific to pharmaceuticals, the Pharmaceutical Division will remain committed to its Pharmaceutical Quality Policy through its proprietary pharmaceutical quality system.

We will continue creating unique customer value while constantly improving our capabilities in keeping with a high awareness of quality assurance among all employees.

Construction Materials Company

Maintaining Safe and Reliable Product Supplies

The Construction Materials Company looks after many of the Group's companies. As well as engaging in cement, resource recycling, and energy businesses, it supplies a range of social infrastructure products in Japan and overseas, including ready-

mixed concrete, magnesia and calcia, and construction material products.

This company's Quality Assurance Department oversees quality assurance and product safety. It disseminates and implements quality initiative measures within the company and audits product safety, contributing to society by constantly endeavoring to supply the safe and secure products that customers want.

Machinery Company

Continuing to Supply Quality Products and Services That Satisfy Customers and Build Trust

The Machinery Company develops products from customer-centric perspectives by amply identifying diverse needs and their underpinnings. It continues to provide safe and secure products and services across various fields, including molding machines, industrial machinery, bridges, and steel products. The company developed human resources to comply with and uphold regulations and standards relating to business activities while continuing to enhance quality management systems as part of an ongoing Groupwide pursuit of outstanding quality.

Glossary

*1 Safety Data Sheet (SDS): Documentation containing hazard and toxicity information about chemical substances that manufacturers disclose when supplying chemical substances and products incorporating them.

*2 Green procurement: Corporate purchases of raw materials, parts, and manufacturing facilities with minimal environmental footprints.

*3 Hazard information: Information on the inherent risks of chemical substances.

Consolidated 10-Year Financial Summary

Ube Industries, Ltd. and Consolidated Subsidiaries
For the years ended March 31

Results of Operations

(Millions of yen)

Breakdown of Net Sales by Reportable Segments

	Chemicals ¹	(Chemicals & Plastics)	(Specialty Chemicals & Products)	Pharmaceutical ²	Construction Materials	Machinery ³	Energy & Environment ²	Others	Elimination & Corporate
2011	¥ —	¥204,516	¥68,777	¥ 8,853	¥200,470	¥83,433	¥59,145	¥26,852	¥(35,984)
2012	—	231,026	64,368	11,186	209,155	72,575	62,518	25,911	(38,086)
2013	—	219,368	61,111	11,452	208,364	71,310	68,769	25,294	(39,646)
2014	—	230,585	63,160	9,706	223,513	75,511	59,073	28,816	(39,854)
2015	—	215,419	63,288	7,819	222,419	78,956	66,771	33,242	(46,155)
2016	266,736	—	—	9,280	237,343	73,435	69,066	16,792	(30,902)
2017	258,364	—	—	10,975	227,236	71,668	59,782	12,520	(23,982)
2018	305,432	—	—	10,213	238,854	90,140	71,361	4,797	(25,223)
2019	314,984	—	—	10,129	250,250	97,264	75,853	4,935	(23,258)
2020	286,041	—	—	—	303,037	90,799	—	4,576	(16,561)

(Millions of yen)

	Net sales	Cost of sales	Selling, general and administrative expenses	Operating profit	Non-operating income (loss) ⁴	Ordinary profit ⁴	Extraordinary items ⁴	Profit before income taxes	Profit attributable to owners of parent
2011	¥616,062	¥494,046	¥77,653	¥44,363	¥(5,263)	¥39,100	¥(10,353)	¥28,747	¥17,267
2012	638,653	512,447	80,200	46,006	(5,198)	40,808	(3,213)	37,595	22,969
2013	626,022	517,769	78,291	29,962	(1,917)	28,045	(12,203)	15,842	8,265
2014	650,510	546,340	79,757	24,413	(5,722)	18,691	975	19,666	12,623
2015	641,759	538,983	78,629	24,147	(919)	23,228	(4,737)	18,491	14,649
2016	641,750	519,960	80,382	41,408	(1,788)	39,620	(11,967)	27,653	19,111
2017	616,563	500,642	80,961	34,960	(1,612)	33,348	(415)	32,933	24,185
2018	695,574	560,100	85,224	50,250	478	50,728	(5,728)	45,000	31,680
2019	730,157	600,301	85,305	44,551	3,302	47,853	(3,175)	44,678	32,499
2020	667,892	549,698	84,161	34,033	1,691	35,724	(5,360)	30,364	22,976

Notes: 1. The Chemicals & Plastics segment and the Specialty Chemicals & Products segment were integrated into the Chemicals segment on April 1, 2015.

2. The Pharmaceutical segment was integrated into the Chemicals segment and the Energy & Environment segment was integrated into the Construction Materials segment on April 1, 2019.

3. The Machinery & Metal Products segment changed its name to the Machinery segment on April 1, 2016.

4. Based on Japanese GAAP

Financial Position

(Millions of yen)

	Assets				Liabilities and Net Assets			
	Total current assets	Total property, plant and equipment, net	Total investments and other assets	Total assets	Total current liabilities	Total long-term liabilities	(Non-controlling interests)	Total net assets
2011	¥281,701	¥313,945	¥65,866	¥661,512	¥249,701	¥200,362	¥24,048	¥211,449
2012	284,417	313,949	66,599	664,965	267,391	173,167	24,472	224,407
2013	287,399	323,717	74,768	685,884	250,936	184,195	34,736	250,753
2014	296,538	332,416	71,761	700,715	257,958	177,402	23,077	265,355
2015	282,816	347,438	81,292	711,546	239,500	182,436	25,718	289,610
2016	276,925	323,800	79,058	679,783	233,256	156,905	22,463	289,622
2017	295,041	331,443	82,895	709,379	245,828	153,150	23,179	310,401
2018 ⁵	316,876	334,262	91,307	742,445	253,098	152,486	20,837	336,861
2019	315,699	331,316	93,271	740,286	226,063	159,671	24,406	354,552
2020	303,956	330,042	93,271	727,269	199,336	173,486	21,479	354,447

General

	Per Share Data ⁶ (Yen)			Other Data						
	Net income, primary	Cash dividends applicable to the period	Net assets	Return on sales (ROS) (%)	Return on assets (ROA) ⁷ (%)	Return on equity (ROE) ⁸ (%)	Shares of common stock issued ⁶ (thousands)	Number of consolidated subsidiaries	Number of shareholders with voting rights	Number of employees
2011	¥ 17.18	¥ 5.00	¥ 186.02	7.2	7.2	9.4	1,009,165	66	57,537	11,026
2012	22.85	5.00	198.41	7.2	7.2	11.9	1,009,165	67	55,407	11,081
2013	8.22	5.00	214.35	4.8	4.8	4.0	1,009,165	67	57,243	11,090
2014	12.16	5.00	228.51	3.8	3.6	5.5	1,062,001	65	58,873	11,225
2015	13.85	5.00	248.89	3.8	3.8	5.8	1,062,001	71	64,449	10,702
2016	18.06	5.00	251.90	6.5	6.5	7.2	1,062,001	68	52,977	10,764
2017	22.85	6.00	270.76	5.7	5.5	8.7	1,062,001	70	51,769	10,928
2018	301.65	75.00	3,002.86	7.2	7.6	10.5	106,200	70	56,754	10,799
2019	312.36	80.00	3,261.23	6.1	6.9	10.1	106,200	71	54,748	11,010
2020	227.33	90.00	3,287.73	5.1	5.2	6.9	106,200	69	56,504	10,890

Notes: 5. We have restated financial position numbers for fiscal 2017 in line with a change in accounting standards.

6. The Company consolidated every 10 shares into one share, effective October 1, 2017.

7. ROA = (Operating profit + Interest and dividend income + Share of profit of entities accounted for using equity method) / Average total assets

8. ROE = Profit attributable to owners of parent / Average shareholders' equity

Network

(As of March 31, 2020)

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Major Consolidated Subsidiaries

Company Name	Business	Country	Net Sales			
			Currency	2018/3	2019/3	2020/3
UBE Corporation Europe, S.A. Unipersonal	Manufacture and sales of nylon, caprolactam, ammonium sulfate, and fine chemical products	Spain	EUR million	332.2	382.9	343.3
UBE Chemicals (Asia) Public Company Limited	Manufacture and sales of nylon, caprolactam, and ammonium sulfate	Thailand	THB billion	12.6	13.3	9.1
THAI SYNTHETIC RUBBERS COMPANY LIMITED	Manufacture and sales of polybutadiene rubber	Thailand	THB billion	4.7	4.6	3.6
UBE Fine Chemicals (Asia) Co.,Ltd.	Manufacture and sales of 1,6-Hexanediol (HDL), 1,5-Pentanediol (PDL), and polycarbonate diol (PCD)	Thailand	THB billion	1.1	1.1	1.0
UBE Film, Ltd.	Manufacture and sales of plastic film products	Japan	JPY billion	9.7	9.8	9.8
UBE EXSYMO CO., LTD.	Manufacture and sales of polypropylene molded products, fibers, and fiber-reinforced plastics	Japan	JPY billion	13.3	13.5	13.6
Ube Material Industries, Ltd.	Manufacture and sales of magnesia clinker, quicklime, slaked lime, etc.	Japan	JPY billion	45.5	49.9	47.6
UBE Shipping & Logistics, Ltd.	Domestic shipping, harbor transportation, shipping-agent services, and customs clearing	Japan	JPY billion	18.8	18.7	19.6
UBE Construction Materials Sales Co., Ltd.	Sales of cement, ready-mixed concrete, building materials, etc.	Japan	JPY billion	59.6	63.8	58.2
Sanshin Tsusho Co., Ltd.	Sales of building materials, public works materials, etc.	Japan	JPY billion	23.0	23.6	23.3
Kanto Ube Holdings Co., Ltd. (And 4 Other Subsidiaries)	Manufacture and sales of ready-mixed concrete	Japan	JPY billion	14.8	13.0	13.4
UBE Construction Materials Co., Ltd.	Manufacture, sales, and construction of construction materials	Japan	JPY billion	—	10.6	10.7
UBE Machinery Corporation, Ltd.	Manufacture and sales of and services for molding machines, industrial machinery, and bridges, etc.	Japan	JPY billion	44.1	44.8	46.8
UBE Steel Co., Ltd.	Manufacture and sales of cast iron and steel products and rolled steel billets	Japan	JPY billion	21.2	23.6	20.4
UBE Machinery Inc.	Manufacture and sales of and services for molding machines	U.S.A.	USD million	69.0	71.0	46.7
UBE Machinery (Shanghai) Ltd.	Manufacture of molding machines, and sales of and services for molding machines and industrial machinery	China	RMB million	124.9	177.2	144.4

Major Equity-Method Affiliates

Company Name	Business	Country
Techno-UMG Co., Ltd.	Business pertaining to ABS resin and ABS polymer alloy products	Japan
UBE-MARUZEN POLYETHYLENE Co., Ltd.	Development, manufacture, and sales of low-density polyethylene and HAO-LLDPE	Japan
Chiba Butadiene Industry Company, Limited	Manufacture and sales of butadiene	Japan
LOTTE UBE Synthetic Rubber SDN. BHD.	Manufacture and sales of polybutadiene rubber (synthetic rubber)	Malaysia
SUMaterials Co., Ltd.	Production of polyimide for substrates to be used in next-generation displays	Korea
UBE-MITSUBISHI CEMENT CORPORATION	Sales of cement, soil-stabilizing cement, slag, etc.	Japan

Investor Information

(As of March 31, 2020)

Ube Industries, Ltd.

Head Office	<i>Tokyo Head Office</i>	Seavans North Bldg., 1-2-1, Shibaura, Minato-ku, Tokyo 105-8449, Japan Phone: +81-3-5419-6110 Fax: +81-3-5419-6230
	<i>Ube Head Office</i>	1978-96, Kogushi, Ube, Yamaguchi 755-8633, Japan Phone: +81-836-31-2111 Fax: +81-836-21-2252
Establishment	1897	
Consolidated Companies	95 (69 consolidated subsidiaries and 26 equity-method affiliates)	
Fiscal Year	April 1 to March 31	
Common Stock	Outstanding: 106,200,107 shares	
Paid-in Capital	¥58.4 billion	
Number of Shareholders with Voting Rights	56,504	
Annual General Shareholders' Meeting	June	
Stock Exchange Listings	Tokyo Stock Exchange (Code: 4208) Fukuoka Stock Exchange	
Transfer Agent and Share Registrar	Mitsubishi UFJ Trust and Banking Corporation, 1-4-5, Marunouchi, Chiyoda-ku, Tokyo 100-8212, Japan	
Independent Auditors	Ernst & Young ShinNihon LLC	

Major Shareholders

Shareholder	Share Units Owned	Percentage of Voting Rights (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,788,000	8.67%
Japan Trustee Services Bank, Ltd. (Trust Account)	5,898,000	5.82%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	2,010,500	1.98%
SUMITOMO LIFE INSURANCE COMPANY	2,000,000	1.97%
JP MORGAN CHASE BANK 385151	1,922,468	1.90%
GOVERNMENT OF NORWAY	1,809,310	1.79%
JP MORGAN CHASE BANK 385771	1,650,827	1.63%
Nippon Life Insurance Company	1,600,009	1.58%
THE YAMAGUCHI BANK, Ltd.	1,548,264	1.53%
J.P. MORGAN BANK LUXEMBOURG S.A. 1300000	1,529,280	1.51%

Shareholder Composition



The UBE Group publishes information for its stakeholders through a variety of media.



Corporate Information <https://www.ube-ind.co.jp/ube/en/>



Investor Relations
 Management policies, finances, results, and shareholder information and IR materials are available in the Investor Relations section of the UBE Group's website:
<https://www.ube-ind.co.jp/ube/en/ir/>



CSR and Sustainability
 Information regarding CSR initiatives, environmental and safety initiatives, compliance, risk management, corporate governance, and human rights and labor are available in the CSR Activities section of the UBE Group's website:
<https://www.ube-ind.co.jp/ube/en/csr/>

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