

**Corporate Governance Overview**

Organizational structure	Company with Audit & Supervisory Committee
Chairman of the Board of Directors <sup>Note</sup>	Yuzuru Yamamoto
Number of directors (excluding members of the Audit & Supervisory Committee) <sup>Note</sup>	6 (of which 2 are outside directors)
Number of directors in the Audit & Supervisory Committee <sup>Note</sup>	3 (of which 2 are outside directors)
Independent officers appointed <sup>Note</sup>	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"> <li>• Compensation consists of base compensation and performance-linked compensation (annual and long-term incentives).</li> <li>• Total compensation for the year ended March 31, 2021: ¥238 million (base compensation: ¥123 million; performance-linked compensation: ¥115 million)</li> </ul>
Determination of compensation for each director in the Audit & Supervisory Committee (excluding outside directors)	<ul style="list-style-type: none"> <li>• Compensation consists of base compensation (fixed compensation).</li> <li>• Total compensation for the year ended March 31, 2021: ¥38 million (fixed compensation: ¥38 million)</li> </ul>
Determination of compensation for each outside director (excluding members of the Audit & Supervisory Committee) (Independent officers)	<ul style="list-style-type: none"> <li>• Compensation consists of base compensation (fixed compensation).</li> <li>• Total compensation for the year ended March 31, 2021: ¥24 million (fixed compensation: ¥24 million)</li> </ul>
Determination of compensation for each outside director in the Audit & Supervisory Committee (Independent officers)	<ul style="list-style-type: none"> <li>• Compensation consists of base compensation (fixed compensation).</li> <li>• Total compensation for the year ended March 31, 2021: ¥28 million (fixed compensation: ¥28 million)</li> </ul>
Independent auditors	Ernst & Young ShinNihon LLC

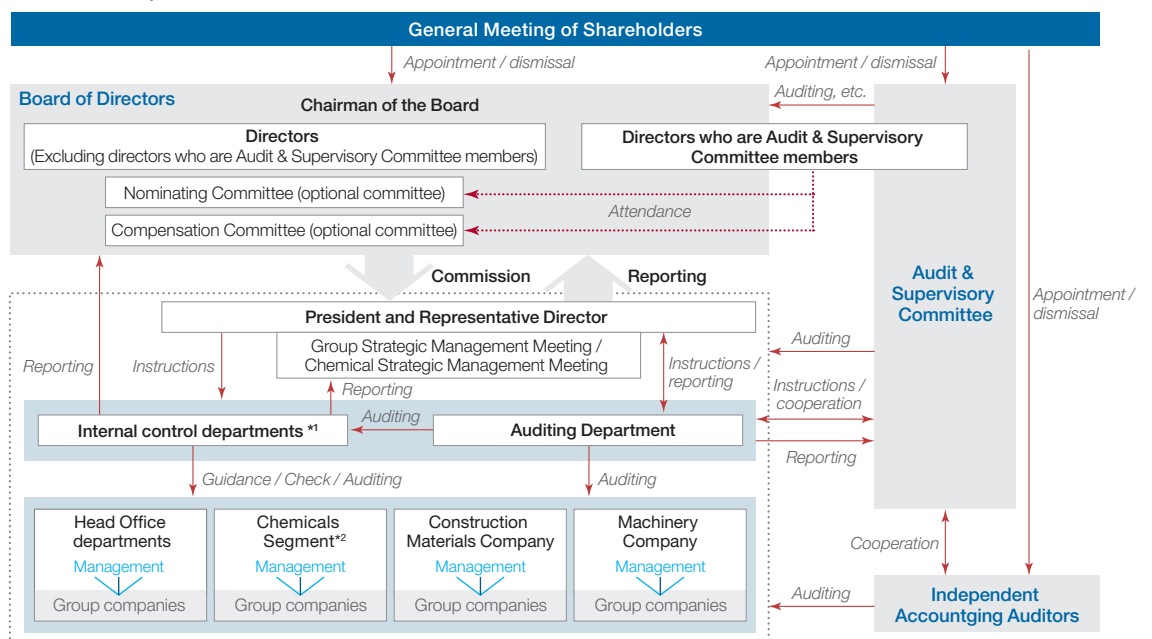
Note: From the end of the 114th Ordinary General Meeting of Shareholders held on June 26, 2020 to March 31, 2021

**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.

**Overview of Corporate Governance and Internal Control**



\*1 Internal control departments: Working Committees (Compliance, Restricted Cargo and Export Management, Information Security, and Crisis Management), Head Office Departments Working on Internal Control  
 \*2 Chemicals Segment: Synthetic Rubber, Engineering Plastics & Fine Chemicals, Specialty Products, Pharmaceuticals, Production, and Research & Development Division

## 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



Takashi Shoda  
Outside Director  
Member of the Audit &  
Supervisory Committee

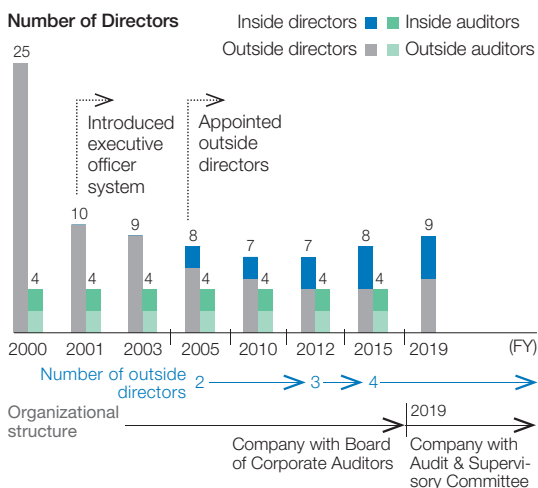


Tadahiko Fukuhara  
Outside Director  
Member of the Audit &  
Supervisory Committee

## 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.



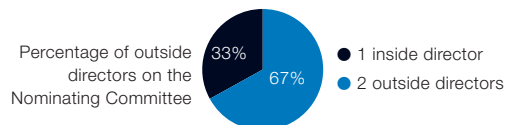
## Audit & Supervisory Committee

The Audit & Supervisory Committee monitors and verifies the establishment and operations of internal control systems and supervises directors and others executing business in line with laws and regulations and committee regulations. In addition to cooperating with the Auditing Department and Independent Auditors, the committee also exchanges views with the President and CEO, audits executive directors, executive officers, and business divisions, including subsidiaries, and the Internal Control Department, and expresses opinions as needed. Outside directors in the

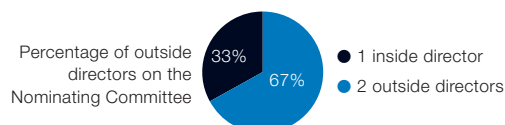
committee attend Nominating Committee and Compensation Committee meetings to confirm details and procedures and supervise selections and dismissals of directors (excluding those on the committee) and their remuneration.

Audit & Supervisory Committee	Takashi Shoda (Chairman)	Outside Director
	Tadahiko Fukuhara	Outside Director
	Atsushi Yamamoto	Director

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



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



### Directors' Attendance at Board Meetings and Committees

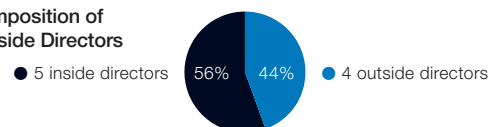
From April 1, 2020 to March 31, 2021

	Name	Board of Directors	Audit & Supervisory Committee	Nominating Committee	Compensation Committee
Directors	Yuzuru Yamamoto	13/13 (100%)		2/2 (100%)	4/4 (100%)
	Masato Izumihara	13/13 (100%)			
	Makoto Koyama	13/13 (100%)		2/2 (100%)	4/4 (100%)
	Masayuki Fujii	13/13 (100%)			
Outside Directors	Keikou Terui	13/13 (100%)		2/2 (100%)	4/4 (100%)
	Tetsuro Higashi	13/13 (100%)		2/2 (100%)	4/4 (100%)
Director, Member of the Audit & Supervisory Committee	Atsushi Yamamoto	13/13 (100%)	14/14 (100%)		
Outside Directors, Members of the Audit & Supervisory Committee	Seiichi Ochiai	13/13 (100%)	14/14 (100%)		
	Takashi Shoda	13/13 (100%)	14/14 (100%)		

### 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 Outside Directors



### Skills Matrix for Directors

Directors (excluding members of the Audit & Supervisory Committee)

Name	General Management / Business Strategy	Finance / Accounting	Manufacturing / Technology / R&D	Sales / Marketing	Compliance / Risk Management	Human Resource Management	Internationalization
Yuzuru Yamamoto	●		●		●		
Masato Izumihara	●	●		●			
Makoto Koyama	●		●	●			
Masayuki Fujii	●	●					●
Keikou Terui	●		●		●		
Tetsuro Higashi	●			●			●

Directors on the Audit & Supervisory Committee

Name	General Management / Business Strategy	Finance / Accounting	Manufacturing / Technology / R&D	Sales / Marketing	Compliance / Risk Management	Human Resource Management	Internationalization
Atsushi Yamamoto	●				●	●	
Takashi Shoda	●		●				●
Tadahiko Fukuhara	●				●	●	

### 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 that it had functioned effectively in fiscal 2020. It also found that this entity's composition and operations were appropriate and that it had engaged in vigorous debate and deliberations.

After transitioning to a Company with Audit & Supervisory Committee structure in June 2019, we gradually expanded the scope of delegating decision-making on business execution. The Board concluded that it had strengthened management oversight effectively.

### Director and Executive Officer Remuneration

On March 30, 2021, the Board of Directors resolved its policy for determining remuneration



for directors (excluding members of the Audit & Supervisory Committee). This was in response to the revised Companies Act that went into effect on March 1, 2021. Please see the 115th Securities Report for details.

[https://www.ube-ind.co.jp/ube/jp/ir/ir\\_library/securities\\_report/index.html](https://www.ube-ind.co.jp/ube/jp/ir/ir_library/securities_report/index.html) (in Japanese only)

**Ratios of Base Compensation and Annual and Long-Term Incentives of Director (excluding members of the Audit & Supervisory Committee and outside directors) and Executive Officer Remuneration<sup>Note</sup>**



Evaluations for long-term and annual incentives also encompass ESG-related initiatives.

*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.*

**A: Outline of director and executive officer remuneration**

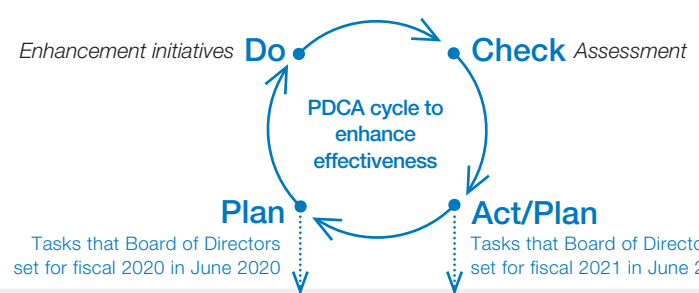
- (a) The remuneration structure for directors (excluding directors who are also members of the Audit & Supervisory Committee and outside directors who are not members of the committee) and executive officers at UBE consists of (1) base compensation (fixed compensation), (2) an annual incentive (Companywide 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) UBE uses consolidated ordinary profit as the benchmark for Companywide performance-linked remuneration and multiplies it by the coefficient for each position (Consolidated ordinary profit x Coefficient for each position). The annual targets that each executive officer sets (including to attain basic targets, reinforce four safety and compliance initiatives, overhaul the quality assurance structure, and implement each business issues) are indicators for evaluating remuneration for reaching annual individual performance targets. Indicators for evaluating

individuals' achievement of medium- and long-term performance goals are based on the medium- and long-term goals that each executive sets. These are notably to bolster human resources management, implement ongoing efforts to tackle environmental issues, reinforce governance, and reform the corporate culture. Remuneration amounts for the evaluation of the achievement of annual individual performance targets and medium- to long-term individual performance targets are according to achievement levels for each indicator.

- (c) The ratios of base compensation and annual and long-term incentives are set to allocate approximately 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.

**About the Effectiveness Assessment of the Board of Directors**

The Company distributes questionnaires to all directors about the effectiveness of the Board of Directors. Based on the findings, the Board of Directors makes resolutions in light of discussions in the Evaluation Meeting for Effectiveness of the Board of Directors, including the contents included in the Corporate Governance Report. We will further enhance our plan-do-check-act (PDCA) cycle and endeavor to make it more effective.



Look to expand the scope of delegation to the President and Representative Director for decision-making on important business matters	<ul style="list-style-type: none"> <li>● <b>Expanding Scope of Delegation</b></li> </ul>	<ul style="list-style-type: none"> <li>● Keep exploring the further expansion of the scope of delegating decision-making on important business matters to the President and Representative Director to enhance discussions on management strategies and other important matters</li> </ul>
Enhance deliberations about the Group's medium- and long-term management strategies and key management issues, and strengthen monitoring of implementation of initiatives	<ul style="list-style-type: none"> <li>● <b>Medium- to Long-Term Management Strategy</b></li> </ul>	<ul style="list-style-type: none"> <li>● Through formulating the next medium-term management plan, enhance deliberations about key medium- and long-term management issues and specific approaches to resolving these issues and the suitability of measures, and strengthen monitoring of implementation of initiatives</li> </ul>
Continue to monitor the effectiveness of systematic risk management efforts across the Group and boost and monitor the effectiveness of internal control systems	<ul style="list-style-type: none"> <li>● <b>Group Management</b></li> </ul>	<ul style="list-style-type: none"> <li>● Keep improving internal control and risk management systems for the Group overall and strengthen effectiveness oversight</li> </ul>
	<ul style="list-style-type: none"> <li>● <b>Diversity</b></li> </ul>	<ul style="list-style-type: none"> <li>● Consider and act on efforts to make the Board of Directors more diverse</li> </ul>



- (d) Directors who are also members of the Audit & Supervisory Committee and outside directors who are not members of the committee receive fixed, base compensation only.
- (e) 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.

#### 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



Investor Relations



#### Directors and Executive Officers (As of June 29, 2021)

##### Directors

Yuzuru Yamamoto	Masato Izumihara <i>Representative Director</i>	Makoto Koyama <i>Representative Director</i>
Masayuki Fujii	Keikou Terui <i>Outside and independent</i>	Tetsuro Higashi <i>Outside and independent</i>
Member of the Audit & Supervisory Committee Atsushi Yamamoto	Member of the Audit & Supervisory Committee Takashi Shoda <i>Outside and independent</i>	Member of the Audit & Supervisory Committee Tadahiko Fukuhara <i>Outside and independent</i>

##### Executive Officers

<i>President &amp; Executive Officer</i>	Masato Izumihara		
<i>Senior Managing Executive Officers</i>	Makoto Koyama	Hideo Tamada	
<i>Managing Executive Officers</i>	Yukio Hisatsugu	Genji Koga	Masayuki Fujii
	Yuki Nishida	Keiichi Nagata	
<i>Senior Executive Officers</i>	Hiroshi Nishida	Hidetsune Miura	Yoshiaki Ito
	Yuzo Hanamoto	Hisaaki Yokoo	Masayoshi Ota
<i>Executive Officers</i>	Masarou Suehiro	Bruno de Bièvre	
	Shigeru Ouchi	Mitsuo Ono	Hironori Miyauchi
	Watchara Pattananijirundorn	Hiroaki Kojima	
	Yoichi Funayama	Futoshi Takase	

#### 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.

#### 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 26, 2020, a total of 15,491 shareholders exercised their voting rights (including 15,460 shareholders who exercised voting rights in writing and via the internet), representing 80.9% of total voting rights.

#### Engagement with Shareholders

##### Two-Way Communication through IR Activities

Principal IR activities in fiscal 2020 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.
  - A small meeting by the President and CEO (one time)
  - Engagement meetings between outside directors and the Chairman of the Board of Directors and institutional investors (one time)
  - Individual meetings with institutional investors and securities analysts (about 200 times per year)
- In fiscal 2020, we held the first engagement meeting between outside directors and the Chairman of the Board of Directors and institutional investors. Feedback was favorable from participants, who noted that the gathering was the first of its kind in a materials sector and that it demonstrated that the views of outside directors and institutional investors were aligned.

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

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

## 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)
- 2020 Senior Director, Japan Chemical Innovation and Inspection Institute (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 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)

### Outside Director and Member of the Audit & Supervisory Committee Tadahiko Fukuhara

- 1995 Professor of Faculty of Law, Chuo University
- 2004 Professor of The Chuo Law School (current position)  
Registered as an attorney (Tokyo Bar Association) (current position)
- 2009 Director, The Investment Trusts Association (current position)
- 2010 Chairman of Japan Payment Service Association (current position)
- 2011 President of Chuo University (resigned in 2014)
- 2017 Outside Director, The Kyoei Fire and Marine Insurance Company, Limited (current position)
- 2018 President of Chuo University (resigned in 2021)
- 2018 Outside Director, INES Corporation (current position)
- 2021 Outside Director and member of the Audit & Supervisory Committee of the Company (current position)

## Internal Control System

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

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

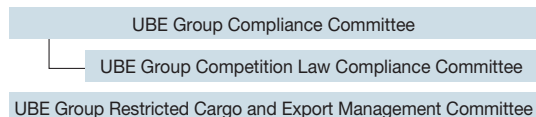
<https://www.ube-ind.co.jp/ube/en/corporate/management/internal-control.html>

## 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 (an executive officer whom the President and CEO appoints) 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 workplace harassment and labor problems, embezzlement and other misconduct, corruption such as bribery, collusion, and other corruption, and other compliance issues. By providing compliance-related information, e-learning, team coaching, and other programs, UBE continuously educates and enlightens its employees.

In fiscal 2020, UBE conducted online internal training and education on laws and regulations such as the Antimonopoly Act, Subcontract Act, and Unfair Competition Prevention Act. We trained instructors to provide general compliance education at each business site and conducted workplace-based training. There were approximately 8,000 participants in the three years from fiscal 2018 to 2020.

## 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 that if such matters of concern as suspected bribery of public officials, excessive entertainment with business partners, exchanges of money and goods, and collusion 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 2020, 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.

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

Basic Policy for Establishing Internal Control



UBE Group Compliance Guidelines / UBE Group Anti-Bribery Guidelines

