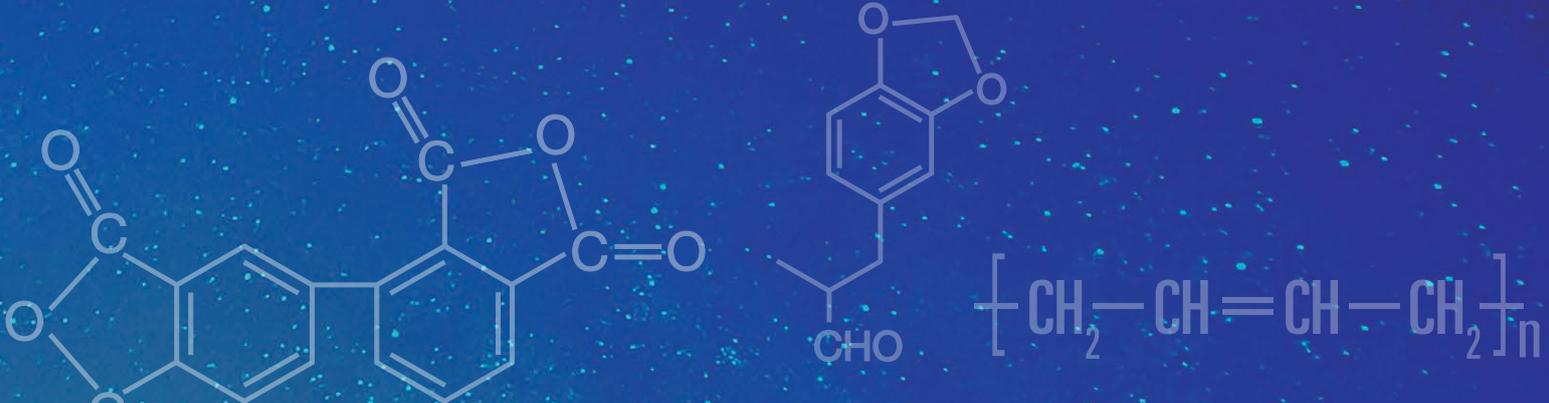


Integrated
Report

2022

Year ended
March 31, 2022



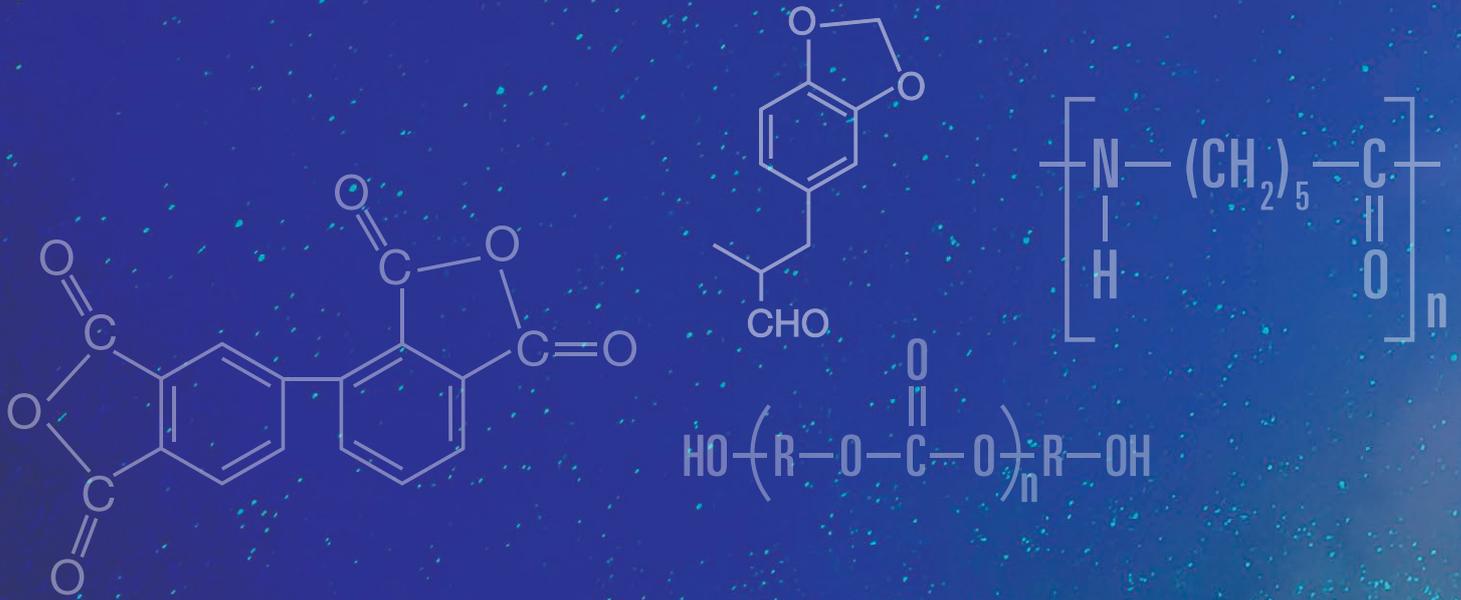
UBE

Transform
Tomorrow
Today

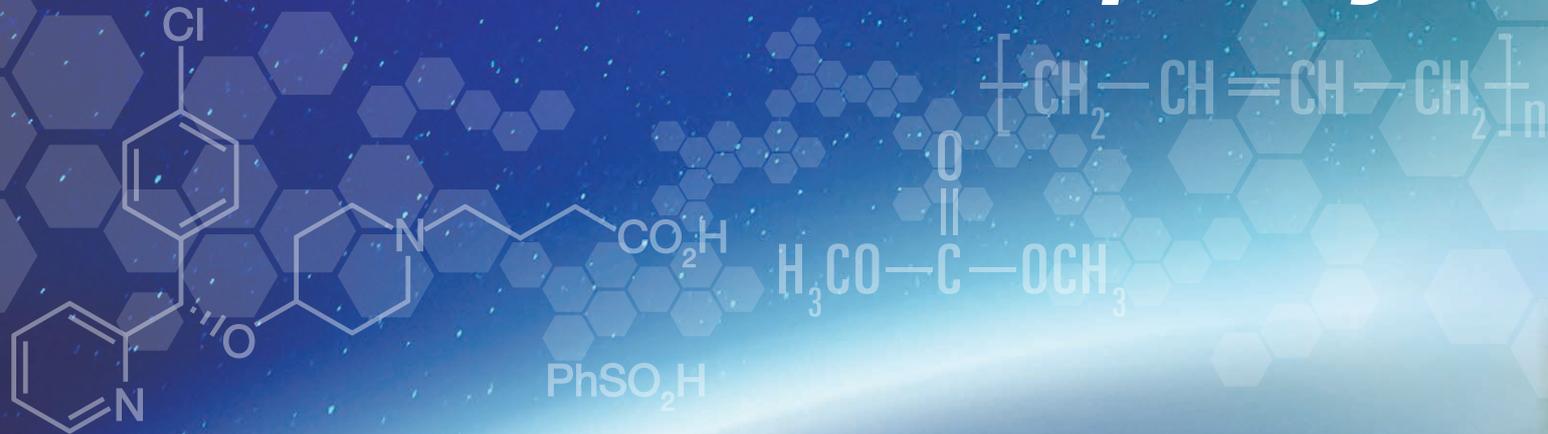


UBE Corporation





Chemicals Company



Editorial Policy The UBE Group publishes an integrated report that focuses on non-financial and financial information that shapes corporate value. This information includes management policies, key risks and opportunities, materiality, environmental, social, and governance (ESG) information, business model, and the value creation process.

Integrated Report 2022 focuses on strategies and initiatives that the UBE Group is employing in focusing on chemicals under its new long-term vision and medium-term management plan to expand sustainably by driving growth in specialty chemicals and addressing environmental issues.

The report presents important, carefully selected ESG information and improved content.

On April 1, 2022, the UBE Group transformed its business structure to become a corporate group that focuses on the chemicals business, from the combined businesses of chemicals, construction materials, and machinery.



UBE Transform Tomorrow Today

Ube Industries, Ltd., was accordingly renamed **UBE Corporation**

Reference Guidelines International Integrated Reporting Framework of the Value Reporting Foundation (VRF)
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 2021, ended March 31, 2022, and also includes activities and information before and after that term.

Scope of Coverage UBE Corporation consolidated subsidiaries, and non-consolidated subsidiaries

Building Value to Materialize Sustainable Growth

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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 2021 in the text is the year ended March 31, 2022.

Our Philosophical Framework

Founding Principles

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

Founder Sukesaku Watanabe believed that corporate and local progress were compatible, which is why he liked the notion of coexistence and mutual prosperity.

He devoted his energies to constructing ironworks and cement, chemicals, and other plants. He also helped develop all sorts of regional infrastructure, notably by building ports and railroads and setting up schools. As an entrepreneur, he sought to create an enduring enterprise whose development would foster community prosperity.

Today, the founding principle of Coexistence and Mutual Prosperity embodies our commitment to all stakeholders, from shareholders to customers, employees, and the environment.

Purpose

Leveraging the manufacturing technologies the UBE Group has cultivated throughout its long history, create the value required by society, in the safe and environmentally friendly manner demanded by society, and deliver that value to the people. And by doing so, help to solve global environmental issues, which have become a common issue for all humankind, and contribute to people’s lives and health, and an enriched future society.

Mission

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

Vision

Vision for 2030
A corporate group centered on specialty chemicals that contributes to the global environment, human health, and an enriched future society

Plan

Medium-Term Management Plan

Driving growth in specialty chemicals

Stretching our wings for ongoing prosperity

Please see pages 22–23 for details of our new business model.

Addressing environmental issues

UBE's Environmental Initiatives Yesterday and Tomorrow

The UBE Group has long tackled environmental issues as a good corporate citizen in keeping with its founding principle of Coexistence and Mutual Prosperity. It will maintain that approach for years to come.

Preventing pollution through collaboration between industry, government, academia, and citizens

The Ube Method, a pioneering approach to tackling pollution

With the rapid industrialization of Ube City, where the Company was founded, fly ash from burning coal became a major local issue.

In 1951, the city council launched a committee with representatives from business, government, academia, and the council itself to tackle this problem.

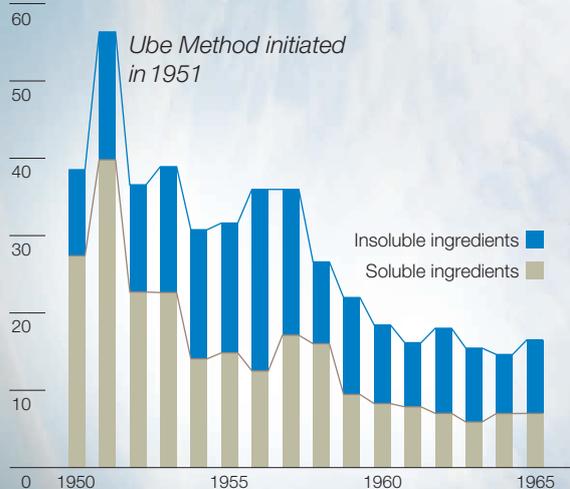
The committee's efforts originated what was later known as the Ube Method—bringing together diverse stakeholders to share and discuss information and collaborate in overcoming pollution. These were more than 15 years before Japan enacted its Basic Law on Pollution Control.

UBE played a key role in committee progress by seeking the understanding and cooperation of local officials and leading the way in installing equipment to capture fly ash at each of its plants.

Applying the Ube Method slashed air pollution in the city. Although pollution was not a grave social issue elsewhere at the time, academic and other bodies touted the successes of the Ube Method, which thus attracted attention nationwide. In 1997, the United Nations Environment Programme gave Ube City its Global 500 Award in recognition of the progress that stemmed from its initiatives.

Fly Ash Pollution Levels in Ube City

(t/km²/month)



(Source: UBE based on History of Ube City's Air Pollution Control Measures)

Ube Industries, Ltd., established ●

Business expanded during Japan's rapid economic growth period ●

Ube Method for preventing air pollution

- Advocated concept of Dust is Money
- Ube City's fly ash control committee set up technical subcommittee of UBE plant engineers from each of UBE's plants and other sites
- Committee sought to improve fly ash capture capabilities at UBE's cement, nitrogen, and other plants

Entering the petrochemicals industry ●

1964:

Built polyethylene plant in Chiba Prefecture, which was considered one of the most environmentally friendly facilities in the industry



For the Future

New beginnings

Renamed UBE Corporation ●

● Machinery business progress

Ube Machinery Works:
Marketed pulverized coal combustion facilities free of fly ash emissions

● Coal business development and cement business expansion

Ube Cement Production, Ltd.:
Built private power system tapping residual heat from kilns

From the Past

● Okinoyama Coal Mine established

Founding Principles
Coexistence and Mutual Prosperity
From Finite Mining to Infinite Industry

● Established infrastructure for comprehensive management system

1973:
Set up Environmental Management Department to create Companywide pollution-prevention framework

● Transitioning from Japan's Showa through Heisei eras: Restructuring operations

1990s:
From early in the decade, UBE stepped up its efforts in the environmental business, including by creating a material recycling program as a precursor to its thermal recycling system

1992:
Developed basic environmental security concept for Company's products

2009:
Established Global Warming Countermeasures Promotion Office

Taking environmental initiatives to the next level

With the world progressing toward carbon neutrality, the UBE Group revised its 2030 targets as below to help address environmental issues.

- Greenhouse gas (GHG) emissions: Cut 50% from fiscal 2013 level (target was previously a 20% reduction from Chemicals business)
- Environmentally friendly products and technologies to account for at least 60% of consolidated net sales (up from previous goal of at least 50%)

UBE also looks to cut domestic production of caprolactam by fiscal 2024 because of high energy consumption in its manufacture. By 2030, the Company plans to halt the domestic production of ammonia, whose processes generate high GHG emissions. The UBE Group will keep striving to help materialize a sustainable economy by undertaking a range of business structure reforms in response to environmental issues while developing and commercializing products and technologies that contribute to a better environment.

To the Present

● Entering Japan's Reiwa era: Seeking to become carbon neutral

2021:
Committed to becoming carbon neutral

125 Years of Progress

The history of the UBE Group is truly one of creating value by tackling challenges and constantly improving its business. Now in its 125th year, the UBE Group has turned a new page in its history, addressing environmental issues and reorganizing to focus on specialty chemicals.

Postwar reconstruction and modernization

We worked energetically to recover from the devastation of war by reconstructing and expanding operations while striving to rebuild living standards and modernize amid society's reconstruction.

High growth period: Entering the petrochemicals field and closing coal mines

As oil replaced coal as the prime source of energy, we invested extensively in various ways, including to enter the petrochemicals business and switch raw materials and fuels. The curtains began to come down on our coal business, the Group's founding business.

Responding to the oil shocks

Amid crises stemming from oil shocks, we became the first in our industry to resume using coal and developed new technologies while eliminating unprofitable facilities and otherwise pushing ahead with reforms to overcome challenges.

Chemicals

1897

● 1933

Ube Nitrogen Industry, Ltd., established

Producing ammonium sulfate fertilizer from coal



1950

1942

Established Ube Industries, Ltd.

● 1955—

Expanding the chemicals business

Expanded caprolactam, nylon, polyethylene, acrylonitrile butadiene styrene, polypropylene, and synthetic rubber businesses



1970



● 1973—

Began producing catechol with a new process
Diversified into fine chemical products

Machinery

1914

Established Ube Shinkawa Iron Works

Started the manufacture and maintenance of coal mining machinery

● 1954

Started sales of vertical mills

● 1962

Delivered first die-casting machine

● 1967

Delivered first injection molding machine

Construction Materials

1897

Okinoyama Coal Mine established

UBE Group's founding business

● 1946

Started developing limestone mine in Isa

● 1923

Ube Cement Production, Ltd., established

Tapped the region's abundant limestone resources

● 1977

Closed last coal mine
Ended our founding business

Transforming the business structure and restructuring management

The yen's appreciation and recession following the oil crises forced us to rationalize operations in various ways, and we steadily developed technologies and expanded our business to build the foundation of the specialty business.

Financial restructuring

We tackled an unprecedented crisis after Japan's bubble economy burst by pursuing ongoing efforts to improve our vulnerable financial structure and reinforce Group management, thereby building a stable earnings base.

Stepping up drive for sustainable growth

We responded to such paradigm shifts as the rise of emerging economies and growing environmental concerns by developing new strategies for growth, including through external collaborations and by tackling environmental issues.

Focusing on specialty chemicals

We embarked on a journey to attain sustainable growth by focusing on specialty chemicals, which have low energy impacts and are stable and profitable businesses, while addressing environmental issues.

1980

1990

2000

2010

2022



● 1983—
Developed specialty business
Including polyimide, separation membranes, silicon nitride, dimethyl carbonate (DMC), polycarbonate diol (PCD), and battery materials

● 1980—
Started full-scale pharmaceutical research

 ● 1993
Spain

 ● 1997
Thailand

Established a global caprolactam production structure



● 2011—
Grew by collaborating with other companies
Strengthened competitiveness through collaboration in such areas as separators (Maxell Ltd.), polyimide (Samsung Group), acrylonitrile butadiene styrene (JSR Corporation and Mitsubishi Chemical Corporation), and electrolytes (Mitsubishi Chemical Corporation)



● 2013
Integrated service business affiliates
Strengthened service business

● 1999
Established UBE Machinery Corporation, Ltd.
Pursued more dynamic business management structure

● 2017
Injection molding machinery business of Mitsubishi Heavy Industries, Ltd., became a subsidiary of UBE Machinery
Expanded product lineup and sales channels

● 1998
Established UBE-MITSUBISHI CEMENT CORPORATION
Integrated sales and logistics divisions of both UBE and Mitsubishi Materials Corporation to remain competitive under the dwindling domestic demand for cement

● 2022
Cement-related business spun off to Mitsubishi UBE Cement Corporation
Fully integrated cement manufacturing and related operations with those of Mitsubishi Materials Corporation to pursue sustainable growth under optimal business structure

● 1995
Started to handle waste from local municipality
Contributing to the environment by resource recycling

Renamed
UBE Corporation

Restructured to focus on the chemicals business, pursuing growth through specialty chemicals

The UBE Group Seeks to

UBE Transform
Tomorrow
Today

Masato Izumihara

*President & Representative Director
CEO*

To Our Stakeholders

Deliver Sustainable Growth by Expanding Its Specialty Chemicals Business and Tackling Environmental Issues

**From Ube Industries, Ltd.,
to UBE Corporation**

Embarking on a New Evolutionary and Growth Journey

Overview of Fiscal 2021

The fiscal year under review saw rapid changes in the business climate that indicated the times have changed.

Within two years, teleworking and web conferencing have become the norm as a result of the COVID-19 pandemic. Amid restrictions on international travel, we set up a structure that enabled us to keep our business on track. Management was able to resiliently address new developments and prevent them from undermining business continuity. Developments included the rising costs of raw materials and crude oil, coal, and other fuels, as well as the impact of Russia's invasion of Ukraine.

We strove tirelessly throughout fiscal 2021 to prepare for the future by addressing the steadily unfolding economic impacts of green and digital transformations.

Adopting a New Name

We once operated as a conglomerate with core chemicals, cement, and machinery businesses. We spun off one business as the wholly owned UBE Machinery Corporation, Ltd.

In April 2022, we transferred our cement-related business to Mitsubishi UBE Cement Corporation, a 50:50 joint venture with Mitsubishi Materials Corporation. We accordingly took this opportunity to rename ourselves UBE Corporation in view of Ube Industries becoming a chemicals company and Group operations fundamentally changing.

The new name underscores a robust commitment to further globalization and our transition to

a business structure that depends much less on fossil resources.

The UBE Group's Purpose

Our founding principles are Coexistence and Mutual Prosperity and From Finite Mining to Infinite Industry. Today, this means coexisting with all stakeholders and transitioning to a business structure that goes beyond fossil resources to meet contemporary needs.

Our purpose is to draw on the specialty chemicals and other technological capabilities that we have amassed from manufacturing over the years to cater to contemporary social needs safely and without harming the environment.

Reviewing Vision UBE 2025 –Prime Phase– (Please see page 26 for details.)

Chemicals Business Exceeding Targets in Final Year of Plan

Differing Situations in Chemicals, Construction Materials, and Machinery Businesses

The chemicals business experienced slowdowns in fiscal 2019 and fiscal 2020, one factor being its structural connections to the global economy. It exceeded its targets in fiscal 2021. This was partly because supply and demand were better than anticipated in basic chemicals. Even more important, sales of polyimide and other specialty chemicals outstripped expectations, underscoring efforts to strengthen that business area.

The construction materials business focuses on the domestic market. This business performed quite well in fiscal 2019 and fiscal 2020. It greatly underperformed in fiscal 2021, however, owing to soaring coal costs.

Results for the machinery business were slightly less than we targeted, reflecting the impact of the

global economy and lower automobile production volumes.

Delivering Solid Performance over Three Years Where Needing to Grow and Establish Structures

While the performances of our three core businesses varied, we progressed with efforts to prepare for future growth.

We reinforced the position of functional products in the drive to evolve and expand the specialty chemicals business. We did this by surpassing expectations in polyimide, as mentioned earlier, while expanding our business in gas separation membranes, an environmental area. A major development in the construction materials business after the close of the term was the launch of Mitsubishi UBE Cement. This new entity should empower us to overcome falling domestic cement demand, rising coal costs, and other challenges.

In the machinery business, we progressed further with the injection molding business. We acquired this business from Mitsubishi Heavy Industries, Ltd., as part of our fiscal 2016 through fiscal 2018 medium-term management plan, fully integrating it from 2019 through 2021. While under the previous medium-term management plan, we further implemented initiatives that put in place a structure to reinforce our industrial machinery business, including acquiring the chemical equipment business of Hitachi Plant Mechanics Co., Ltd.

On the downside, international travel restrictions owing to the pandemic caused slight delays in developing new businesses overseas.

Deploying UBE Vision 2030 Transformation—1st Stage
(Please see pages 27–29 for details.)

Minimizing Our Exposure to Changes in the Business Climate

First Stage Backcasts from 2030 Targets

We formulated our medium-term management plan for fiscal 2022 through fiscal 2024 by exploring what the business climate might look like by 2030, determining the UBE Group’s approach by then, and backcasting from that year.

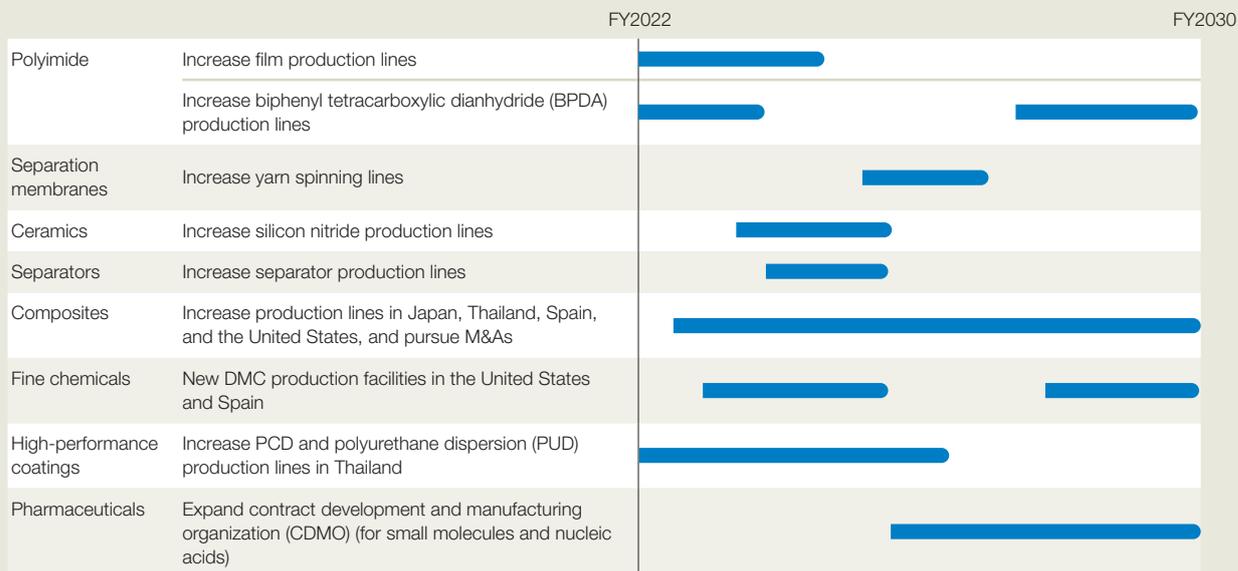
One of the four management measures under the plan is to address environmental issues. Global trends are likely to keep progressing as now, although major progress with green innovations is unlikely.

A transition will thus almost certainly occur, and what we do during that time will be pivotal. It will be important to avoid the distractions of fleeting change. Instead, we will choose to picture the operating climate across the medium through long terms, determine how to accordingly position ourselves, and progress steadily with measures toward 2030.

Reflections on Our Long-Term Vision

Our vision for 2030 is to become a corporate group that focuses on specialty chemicals and contributes to the environment, human health, and a better world. This vision stemmed from deliberations about prospective social needs by 2030 and the UBE

Growth Investment in Specialty Chemicals (Approx. ¥150 billion through 2030)





Growing by Integrating Efforts to Focus on Specialty Chemicals and Tackle Environmental Issues

A key consideration in addressing environmental issues is to assess the commercial viability of general-purpose products with significant environmental impacts. The UBE Group is accordingly focusing on specialty chemicals. Their manufacturing processes are more energy-efficient than those of commodity products, and thereby help lower CO₂ emissions, which is what customers seek.

Shifting to specialty chemicals will make the UBE Group more profitable and stabilize its operations while directly addressing environmental issues. So, under our current medium-term management plan we have committed ourselves to bringing together environmental action and specialty chemicals growth rather than making them separate efforts.

Group's contributions to the future through its existing businesses and technologies. We are tethering business development to specific products and technologies that meet future social needs and how we will deploy them.

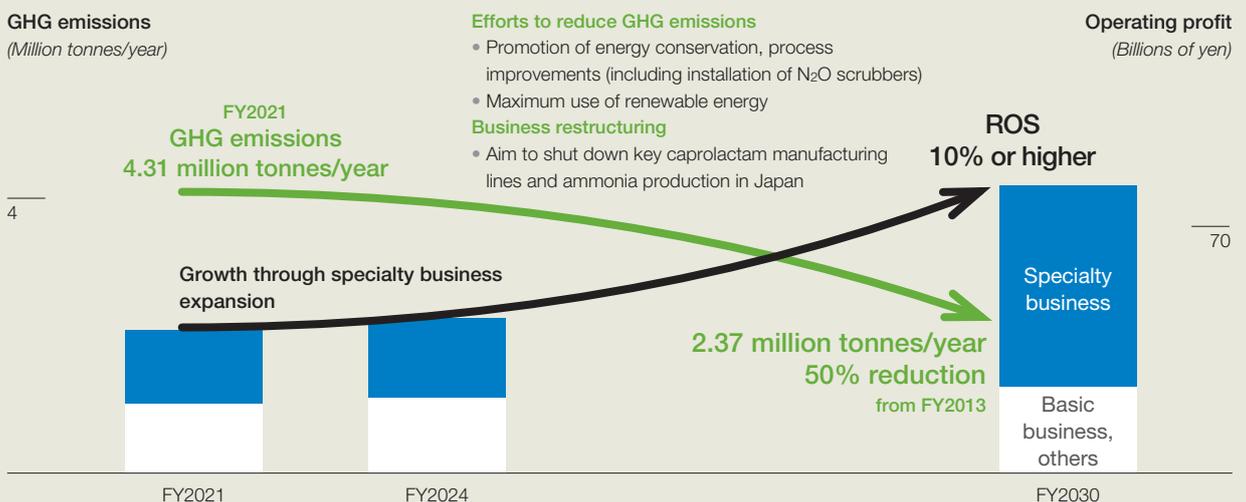
Prospective contributions to a better environment would include composites to lighten vehicles, nylon films to prevent food loss, and carbon dioxide (CO₂) gas separation membranes for biomethane. On the human health front, we could expand from our pharmaceuticals business to provide peripheral medical products. We look to contribute to social progress by doing more with polyimide for electronic components, which will be vital for digital economies.

Enhancing Human Capital and Pursuing DX for Sustainable Growth

Enhancing human capital and digitizing business processes will be essential underpinnings in focusing on specialty chemicals and tackling environmental issues.

In shifting to specialty chemicals, we will need to constantly engage with customers, anticipate their needs, and deliver a range of solutions. We will need to combine in-house and external technologies to formulate optimal customer solutions. We realize that there are limits to what corporate monocultures can achieve, and will do more to drive diversity and inclusion, notably by fostering women's equality and

Transform our business structure through aggressive investment in specialty chemicals to achieve both GHG emissions reductions and business growth





creating units and systems that tap the talents of all sorts of people.

Our digital transformation (DX) push accentuates efforts that build business value rather than just streamlining operations or stabilizing production through artificial intelligence (AI). This transformation should be about creating new value by embracing advanced digital technology to expand corporate potential in a digital economy. We must accordingly master new digitization tools to secure a competitive edge.

Strengthening Group Governance as a Chemicals Business Holding Company

As of April 2022, the UBE Group comprised three key companies. They are UBE Corporation, the holding company and our chemicals company, the wholly owned UBE Machinery, and the 50:50 joint venture Mitsubishi UBE Cement. The latter two companies will more autonomously explore ways to enhance business value in the years ahead. We will accordingly support these efforts while meeting our governance obligations as a shareholder. We will continue to fulfill our oversight responsibilities for Mitsubishi UBE Cement's drive to become carbon neutral.

The UBE Group's Sustainability Management Changing Our Business Structure to Reach High Environmental Targets

Looking to Halt Ammonia Production by 2030

In April 2021, the Japanese government lifted its target for cutting GHG emissions by 46% from fiscal 2013 levels by 2030. The initial reduction goal was 26%. We need to be part of a nationwide effort to reach that objective. Management deliberated on what tacks we should take given that reductions thus far of 20%

would not be enough. These cuts have come from conserving energy, improving processes, and maximizing the use of renewable energy.

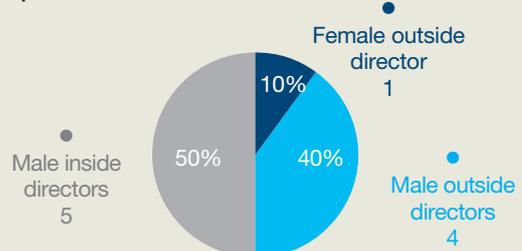
We concluded that we must reform our business structure, and look to halt domestic ammonia production by 2030. We are Japan's leading ammonia producer. The low costs of our existing manufacturing process contribute much to our competitiveness. Imposing carbon pricing because of environmental issues would erode our advantage. We built our ammonia facilities in the early 1980s. They are aging, so we face considerable maintenance and upgrade expenses. In any case, we aim to cease ammonia production by 2030 in view of where we wish to head.

We will accordingly reach our target of halving GHG emissions, greatly exceeding our initial 20% reduction goal, by overhauling our business structure. Our decision extends well beyond halting a business to preserve the environment, as it is the fruit of assessing the impact of social requirements for reducing GHG emissions on our business performance and viability. We are strategically integrating business structure reforms to focus on the specialty chemicals business and efforts to tackle environmental issues.

Appointing More Women to Management Posts

Since I took the helm three years ago, we have done more for female employee advancement in line with efforts to bolster human capital. Now, at least 30% of the parent company's new graduate recruits for

Composition of the Board of Directors





generalist roles are women. We aim to increase the proportion of women in management to 15% by 2030. We also seek to recruit more women mid-career for these positions. These are early days in our goal of having more female managers. We will continue to improve.

We signed the United Nations Global Compact, and will strive harder than ever to confirm that our supply chain is free of human rights issues and violations, check our internal structure, and prevent corruption.

Safety Will Always Remain a Top Priority

We are a manufacturing entity, so safety will always remain one of management's prime concerns. Our production facilities have become considerably less hazardous in recent years, and we are stepping up efforts to boost safety consciousnesses by assessing risks and predicting threats. As well as comprehensively enhancing the safety of manufacturing facilities and educating employees about safety, we will keep endeavoring to prevent accidents at high-pressure gas facilities and maintain other safety and disaster prevention programs to ensure the safety of local communities.

Continuing to Reinforce Corporate Governance

Outside directors account for half of our 10-person Board of Directors, whose members are conversant in a wide range of fields. I believe the Board is thus very well balanced. One issue was that only men served on the Board. We began addressing that issue through the election of a woman to that entity at the General Meeting of Shareholders held in June this year.

Under our setup, half of executive compensation is fixed, while the balance is performance-linked. We have decided to clearly reflect ESG factors in performance-linked compensation to fully incentivize executive efforts in that regard.

Message to Stakeholders

Constantly Addressing Social Needs and Reforming Business Structure in Keeping with Commitment to Coexistence and Mutual Prosperity

As mentioned earlier, we formulated and deployed a new medium-term management plan that backcasts based on a clear vision of where we want to head and our goals for 2030. While the three years of this plan will not deliver instant results, they represent an opportunity to strengthen our position and pave the way for business structure reforms that combine specialty chemicals growth strategies with efforts to tackle environmental issues, all directed to progressing toward 2030.

Our brand tagline of Transform Tomorrow Today signals our commitment to helping materialize a sustainable economy in the years ahead.

The medium-term goal and the way to get there are clarified. In focusing on specialty chemicals that contribute to the environment, human health, and a better world, we will leverage Coexistence and Mutual Prosperity with all stakeholders in moving steadily toward a sustainable economy.

We look forward to your ongoing support and encouragement for our efforts.

July 2022

A handwritten signature in black ink, appearing to read 'M. Izumihara'.

Masato Izumihara
President & Representative Director
CEO

Message from the CFO

While maintaining a sound financial position, we will increase growth investments in specialty chemicals business that contribute to a better environment and are highly profitable so that we can enhance corporate value.

Overview of Operating and Financial Performances in Fiscal 2021

Fiscal 2021 saw progress in recovering from the COVID-19 pandemic, with revenues and earnings exceeding initial targets. The debt/equity and equity ratios were lower than we initially planned. This reflected increases in trade receivables and inventories stemming from higher sales and raw materials costs and efforts to secure cash and deposits to prepare for a planned transfer of our cement-related business in April 2022. On the upside, return on sales (ROS) and return on equity (ROE) were each 6.7%, as projected from the outset.

The chemicals business performed well, exceeding the target for the final year of our medium-term management plan and registering a record-high operating profit. Profitability plummeted in the construction materials business, however, reflecting surging coal costs and other factors. We therefore failed to reach our targets of ¥55 billion in operating profit, ¥58 billion in ordinary profit, ROS of 7%, and ROE of 10%. Our operating cash flow across the three years of the plan was less than sought owing to lower earnings. Free cash flow was ¥43.7 billion, exceeding the three-year target of ¥40.0 billion. This was the fruit of investment plan reviews in line with the business climate. We implemented the shareholder returns policies of our three-year plan, delivering a dividend on equity (DOE) ratio of at least 2.5% in each of those years, producing a total return ratio of 53% for that period.

Financial Strategies and Investment Plans under the New Medium-Term Management Plan in Preparation for 2030

Heading toward 2030, we seek to secure ROS of at least 10% even in adverse operating climates. We aim

Masayuki Fujii

Director, Managing Executive Officer, CFO



to invest approximately ¥150 billion through 2030 to expand our specialty chemicals business. We are considering to terminate our domestic ammonia operations because of its high GHG emissions and aging facilities. We are also considering to lower our caprolactam production capacity in Japan, as profitability in that area is unlikely to improve in the medium through long terms. We expect prospective earnings growth and other factors to offset the financial impacts of these structural reforms.

Under our new medium-term management plan, we will prioritize growth investments in specialty chemicals while transforming our business portfolio. We are targeting operating profit of ¥40 billion, with specialty business accounting for ¥24 billion of that, ordinary profit of ¥47 billion, and ROS and ROE of 8% each.

We plan to make ¥130 billion in capital expenditures and investments and loans, greatly exceeding the ¥76.1 billion expended under the previous medium-term management plan after excluding the spun-off construction materials business. We will allocate roughly 50% of that amount to specialty chemicals business. We will continue expanding production capacity for polyimide film, raw materials monomers for polyimide, and semiconductor encapsulation materials, for which we expect demand to rise. We will also set up a fine chemicals site in the United States. We will undertake extensive investments and loans, including for M&As.

In making investment decisions, we factor in equity costs and the weighted average cost of capital, which

Progress with Goals under the Previous Medium-Term Management Plan

		FY2021	Targets	Difference
Key Figures	Operating profit	¥44.0 billion	¥55.0 billion	¥(11.0) billion
	Chemicals	35.5 billion	32.0 billion	3.5 billion
	Construction Materials	3.4 billion	16.5 billion	(13.1) billion
	Machinery	5.1 billion	7.0 billion	(1.9) billion
	Ordinary profit	41.5 billion	58.0 billion	(16.5) billion
Key Indicators	ROS	6.7%	7%	(0.3)%
	ROE	6.7%	10%	(3.3)%

Key Performance Indicators under the New Medium-Term Management Plan

Numerical Targets (FY2024)	Key Figures	
	Operating profit	¥40.0 billion
	Of which, specialty business	¥24.0 billion
	Ordinary profit	¥47.0 billion
Shareholder Returns	Key Indicators	
	ROS	8%
	ROE	8%
	DOE	2.5% or above
	Consolidated total return ratio	30% or higher*

* Average over three years

we estimate at 8% and 4%, respectively. We also consider the internal rate of return, net present value, and investment payback period, as well as business strategies and other qualitative factors. In addition, we factor in environmental costs based on an in-house carbon cost of ¥3,000 per metric ton of CO₂.

We seek to generate ¥150 billion in operating cash flow over three years. We will prioritize growth investments in the specialty chemicals business. We will also allocate ¥115 billion to investing cash flows and enhance returns to shareholders. Despite these growth investments, we are confident that we can maintain a sound financial position.

Business Portfolio Assessment Criteria

We position each operation and product within our business portfolio in keeping with comprehensive assessments of three perspectives. These are profitability, technological and other competitive edges, and contributions to resolving environmental issues. On the profitability front, we factor in current and prospective performances. The basic criteria for specialty chemicals business are whether they can achieve ROS and ROIC of at least 10% each. We regularly review the positionings of operations and products in our business portfolio in line with the competitive environment and changes in profitability, including in terms of prospects.

The Financial Impacts of Climate Change

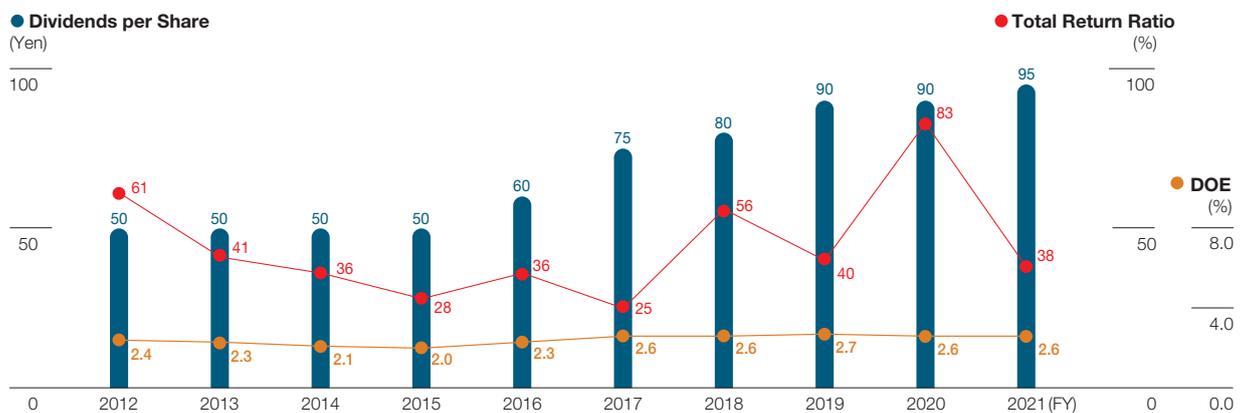
In terms of climate change issues, we are aware that one key risk is that the profitability of products employing fossil resources will deteriorate owing to carbon pricing. We will minimize such risk by downsizing or withdrawing from such businesses while lowering maintenance investments over the medium and long terms.

On the upside, specialty chemicals that contribute significantly to a better environment will offer more business expansion prospects, driving higher corporate value and earnings.

Shareholder Returns

Our policy on shareholder returns is to ensure stable and sustainable dividends. We will do this by maintaining a DOE ratio of 2.5% or above and by delivering a consolidated total return ratio of 30% or higher under our medium-term management plan. We will further enhance shareholder returns by exploring flexible share repurchases while comprehensively factoring in earnings and cash flow situations.

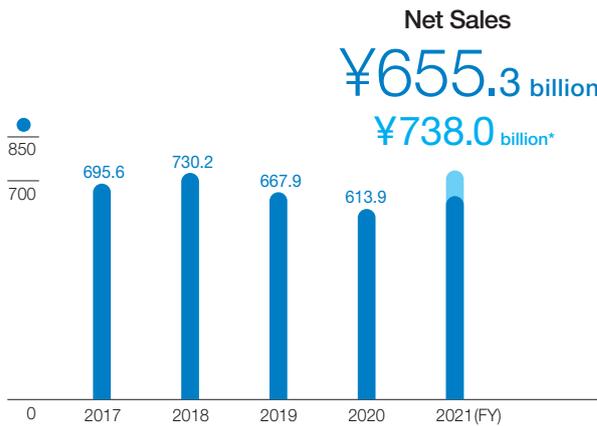
In fiscal 2021, we lifted annual cash dividends per share to ¥95, for a DOE ratio of 2.6%. We repurchased ¥10 billion in shares. For fiscal 2022, we look to lift annual cash dividends to ¥100 per share (from interim and year-end payments of ¥50 each).



Notes: 1. The Company consolidated every 10 shares into one share, effective October 1, 2017. Stock prices are adjusted for consolidation.
 2. Total return ratio was calculated to reflect the effects of the stock purchases of ¥5 billion in fiscal 2016 (implemented in fiscal 2017), ¥10 billion in fiscal 2018, and ¥10 billion in fiscal 2020 (implemented in fiscal 2021).

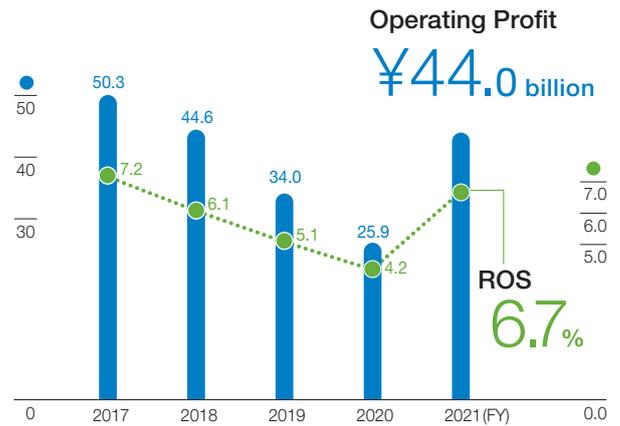
Consolidated Financial and Non-Financial Highlights

Financial Highlights

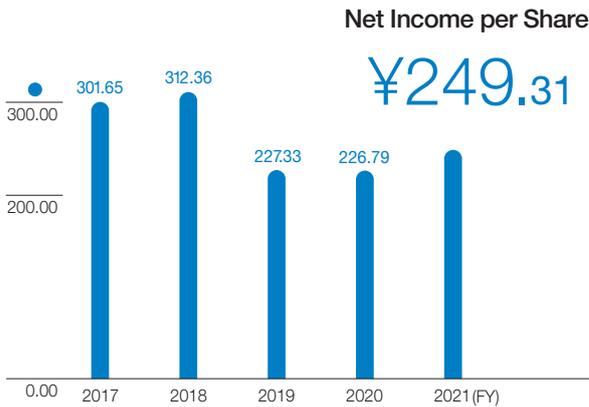


Net sales increased 20.2%* from a year earlier on robust sales volumes, particularly in the Chemicals segment. Other key contributors were higher prices of such offerings as nylon, lactam, and synthetic rubber.

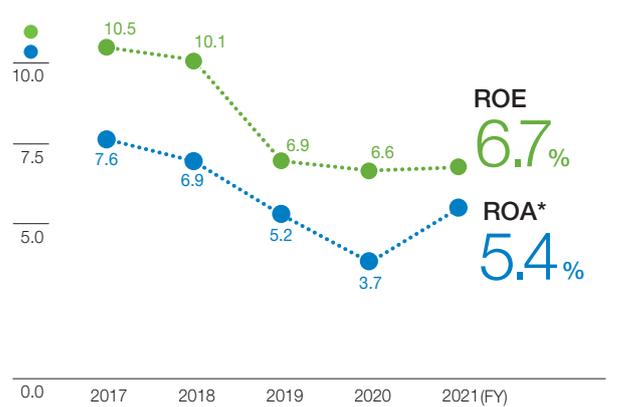
* Reference value for expected results if the Accounting Standard for Revenue Recognition is not adopted.



Operating profit surged 70.0% owing to higher sales, especially in the Chemicals segment. The return on sales (ROS) climbed 2.5 percentage points, to 6.7%.

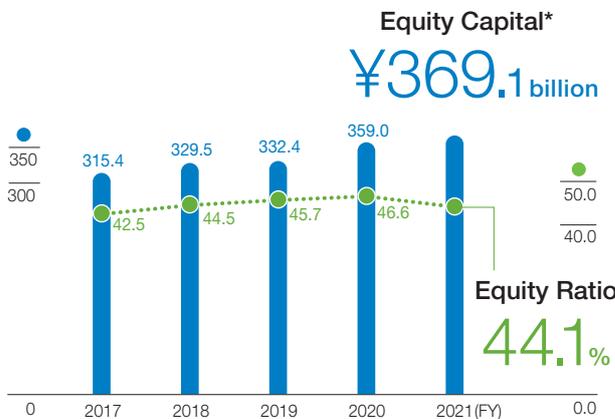


Net income per share rose ¥22.52, to ¥249.31.



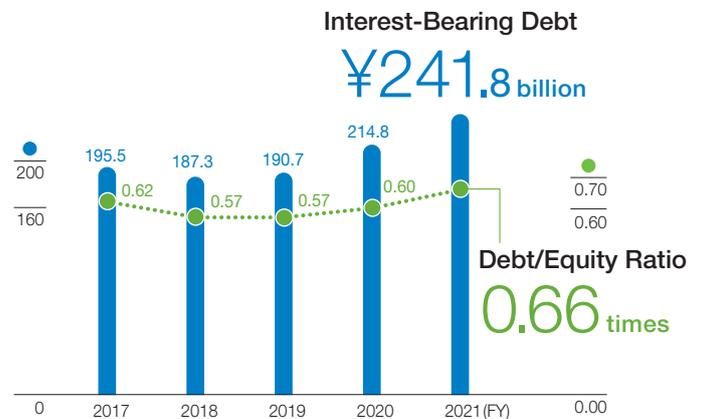
The return on equity (ROE) increased 0.1 percentage point, to 6.7%. The return on assets (ROA) was up 1.7 percentage points, to 5.4%, reflecting the operating profit surge.

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



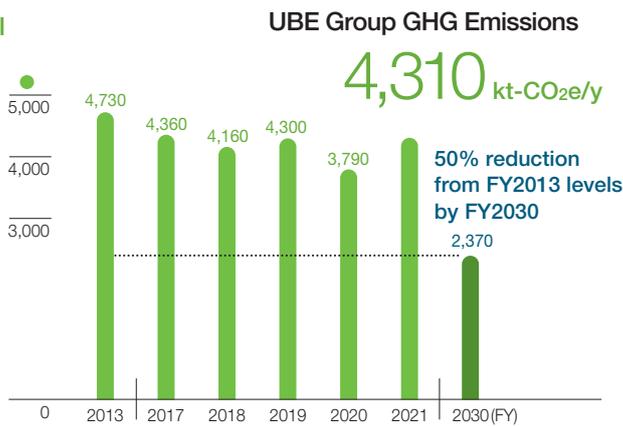
Equity capital was 2.8% higher than a year earlier. At the same time, the equity ratio dropped 2.5 percentage points, to 44.1%, owing to total assets growth.

* Equity capital = Net assets – Share subscription rights – Non-controlling interests



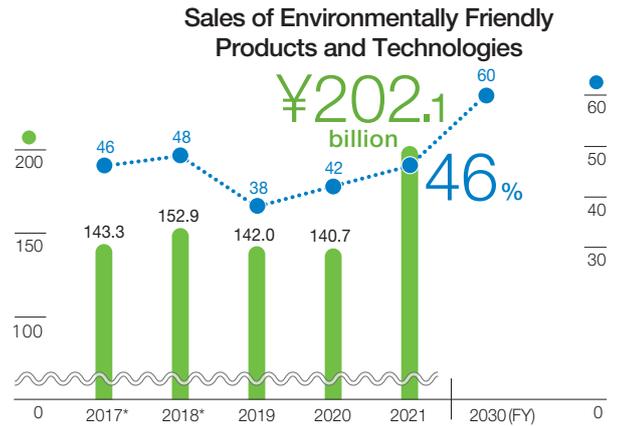
Interest-bearing debt rose 12.6%, owing largely to the issuance of commercial paper. UBE nonetheless maintained a solid financial position, with a debt/equity ratio of 0.66 times.

Non-Financial Highlights



GHG emissions increased 13.7%.

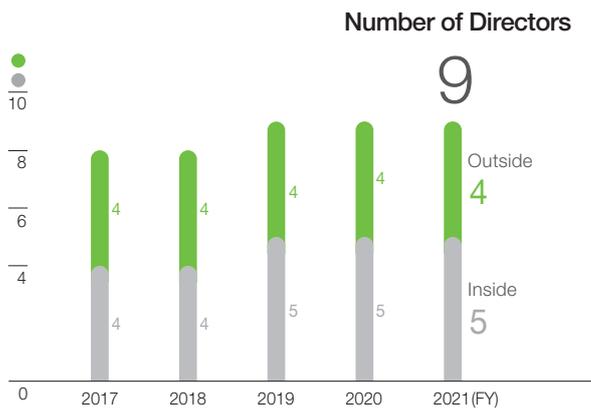
* Figures exclude those for cement-related business transferred to Mitsubishi UBE Cement.



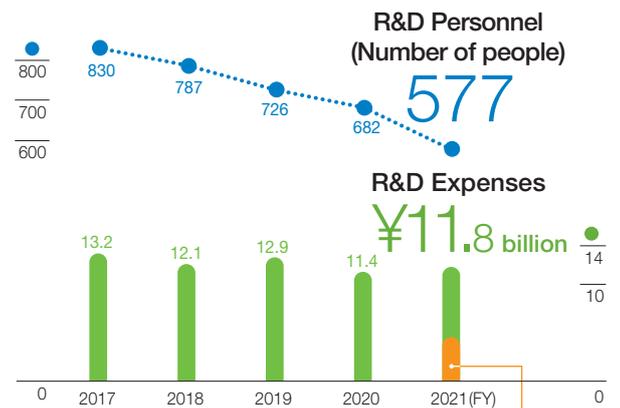
Sales of environmentally friendly products and technologies increased 43.6%, representing 46% of net sales.

*1 Figures exclude those for cement-related business transferred to Mitsubishi UBE Cement.

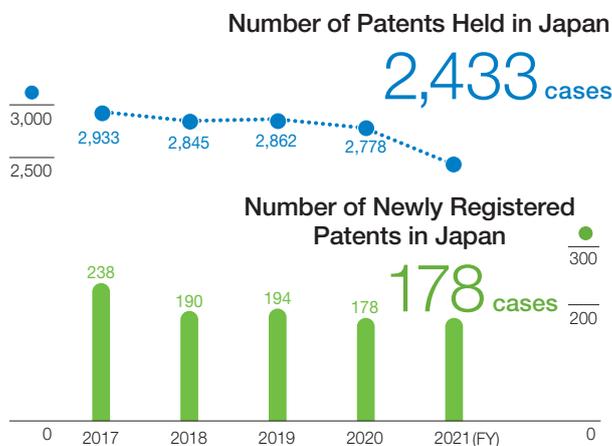
*2 Figures for fiscal 2017 and fiscal 2018 are references, and are based on different calculation criteria.



Five inside directors and five outside directors (of which one female director) were appointed at the Ordinary General Meeting of Shareholders held in June 2022.



While UBE's R&D expenses are around the same each year, the Company is allocating greater proportions of such spending to environmental contribution-related areas.



While the number of patents was down, the number of newly registered ones was basically unchanged on the strength of intellectual property strategy initiatives.



UBE is pursuing gender equality as a key diversity and inclusion priority. In the fiscal year under review, women held 4.2% of management positions, up 1.4 percentage points.

Key Risks and Opportunities / Materiality

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

UBE suitably manages risks to the UBE Group and stipulates risk management rules, based on the internal control framework established by the Board of Directors. In this way, risk management is implemented for all Group companies.

The President of UBE appoints a director or executive officer to serve as Chief Risk Officer (CRO). The CRO is responsible for promoting the implementation of risk management tasks for the UBE Group. The Risk Management Department provides administrative and other support for the CRO, as the secretariat for risk management.

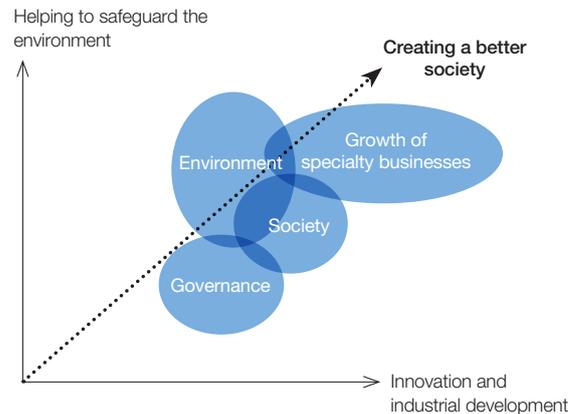
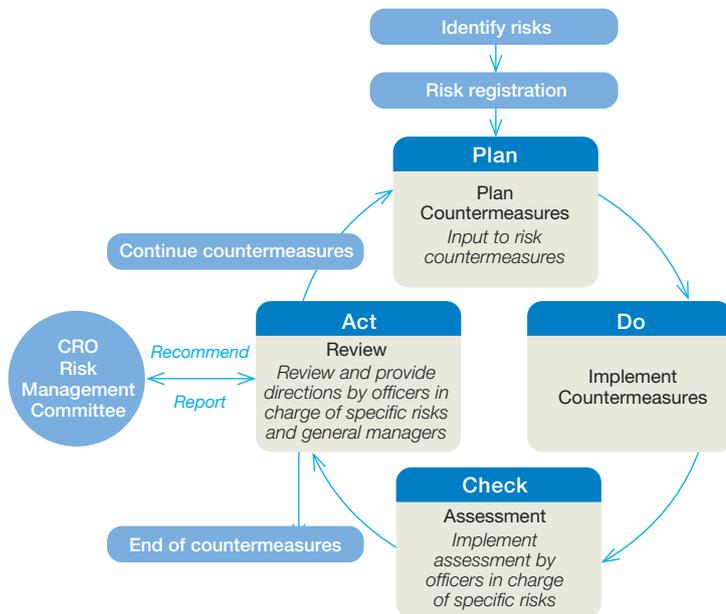
Serious (major) risks that impact the entire Group are reported to the Risk Management Committee for discussion. They are then submitted to the Strategic Management Meeting, where the members discuss approaches and effective measures based on the risk recognition. The details of these discussions are regularly reported to the Board of Directors, which monitors the risk management.

Individual officers are appointed to manage a particular serious (major) risk. Under this system, each officer evaluates the risk concerned along with the effectiveness of relevant risk management measures from a Groupwide perspective. The officer then provides guidance and instruction to relevant departments for risk management measure implementation in the following fiscal year.

Determining Materiality

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 comprehensively take into account environmental issues and other Group risks, the global consensus on sustainable social development, and the Group’s technological capabilities for helping lower environmental impact in identifying and focusing on materiality impacts that affect our sustainable growth.



Consensuses to which we have referred

- Sustainable Development Goals
- SASB Standards, Value Reporting Foundation
- Universal Declaration of Human Rights
- Guiding Principles on Business and Human Rights
- ISO 26000, a global standard for social responsibility
- Global Reporting Initiative standards



Risk Management
<https://www.ube.co.jp/ube/en/sustainability/risk-management/risk-management.html>

Please see pages 16–19 of the 116th Securities Report for information regarding other risks and details (in Japanese only).



Risk Overview Examples

Category	Risk Items	Examples
Growth	Deterioration of chemicals 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 ● A pandemic causing production to shut down or business activities to halt
	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 pharmaceuticals business are postponed or revoked
	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
Environment		<ul style="list-style-type: none"> ● Changing customer requirements for UBE Group products amid heightened interest in resource recycling, including with regard to the implementation of the Plastic Resource Circulation Act
	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
	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
Society		
	Human capital and human rights	<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 ● Failing to adequately address the human rights demands of society and stakeholders, eroding public trust
Governance	Product quality and liability	<ul style="list-style-type: none"> ● Inappropriately inspected products are shipped, leading to damage claims and other significant costs, eroding public trust
	Information security	<ul style="list-style-type: none"> ● A system shutdown from a cyberattack or other unforeseen event or critical information leaks, destruction, or other damage causing production to halt, leading to massive compensation claims
	Major compliance violations	<ul style="list-style-type: none"> ● 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

Category	Risk Items	Countermeasures	Opportunities
Growth	Deterioration of chemicals business results	<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 accelerate development Accelerate growth of the specialty products business by concentrating operating resources Establish a Crisis Response Committee to prepare response manuals and periodically review departmental and Group company business continuity planning and to respond flexibly to circumstances 	<ul style="list-style-type: none"> Implement reforms to create a business structure in which carbon productivity is high and realize stable growth Enhance market competitiveness by staying a step ahead of rivals on the development front
	R&D	<ul style="list-style-type: none"> Concentrate operating resources based on business portfolio, swiftly materializing R&D results and endeavoring to enhance development precision 	<ul style="list-style-type: none"> Strengthen specialty businesses and expand developing businesses
	Environmental issues	<ul style="list-style-type: none"> Determine management priorities regarding environmental issues, focusing on reducing GHG emissions while developing and popularizing products and technologies that help lower environmental impact and foster a carbon-neutral economy Support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) Announce policy for achieving carbon neutrality by 2050 and establish UBE Group Medium-Term Targets to reach those objectives by fiscal 2030 Suitably highlight waste treatment track record from circular economy perspectives 	<ul style="list-style-type: none"> Extensively conserve energy and improve processes Maximize the use of CO₂-free energy Implement reforms to create a business structure in which carbon productivity is high and realize stable growth Pursue R&D and commercialization for CO₂ usage and other technologies
Environment	Major natural disasters	<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
	Major accidents (Explosions, fires, and leaks)	<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 	
	Human capital and human rights	<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 Formulate UBE Group Human Rights Guidelines and engage in human rights due diligence Educate directors and employees about human rights 	<ul style="list-style-type: none"> Attract and retain talented people Create new businesses and products that embrace diverse perspectives
Society	Product quality and liability	<ul style="list-style-type: none"> Manage processes, maintain and upgrade facilities, and install suitable measuring equipment Create work manuals and educate employees Implement extensive measures to prevent inappropriate quality inspection practices that came to light in the past from recurring 	<ul style="list-style-type: none"> Build solid growth foundations by fostering a corporate culture that emphasizes compliance and builds customer trust
	Information security	<ul style="list-style-type: none"> Information Security Committee was established to step up efforts in the following respects: <ul style="list-style-type: none"> Formulate and disseminate related regulations and develop technical measures to detect and prevent unauthorized intrusions Provide security education and training for executives and employees Establish Computer Security Incident Response Team to minimize damage from security incidents 	
	Major compliance violations	<ul style="list-style-type: none"> 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 Provide regular e-learning and training programs for all employees 	
Governance	Product quality and liability	<ul style="list-style-type: none"> Manage processes, maintain and upgrade facilities, and install suitable measuring equipment Create work manuals and educate employees Implement extensive measures to prevent inappropriate quality inspection practices that came to light in the past from recurring 	<ul style="list-style-type: none"> Build solid growth foundations by fostering a corporate culture that emphasizes compliance and builds customer trust
	Information security	<ul style="list-style-type: none"> Information Security Committee was established to step up efforts in the following respects: <ul style="list-style-type: none"> Formulate and disseminate related regulations and develop technical measures to detect and prevent unauthorized intrusions Provide security education and training for executives and employees Establish Computer Security Incident Response Team to minimize damage from security incidents 	
	Major compliance violations	<ul style="list-style-type: none"> 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 Provide regular e-learning and training programs for all employees 	

Materiality

Driving growth, centered on specialty businesses*

The UBE Group's Measures

SDGs Items to Which We Contribute

Growth

We are working on structural reform to drive the expansion of specialty 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. Specialty businesses encompass many operations that generate minimal GHG emissions. We look to lower emissions rates by lifting the contributions to sales of such businesses.

* Polyimide, separation membranes, ceramics, semiconductor gas, separators, composites, fine chemicals, high-performance coatings, pharmaceuticals, phenolic resin

Please see pages 27–29, 38–41, and 44–47 for details.



Environment

The key environmental challenges for the UBE Group are to help resolve global warming, address marine plastic waste, safeguard biodiversity, 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.

Please see pages 30–31, 32–33, 34–37, and 56–57 for details.



Tackling environmental issues

Society

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.

Please see pages 48–50 and 59–60 for details.



Human capital enhancement

Governance

We have strengthened proactive and reactive governance by revamping our corporate philosophy and management principles, transitioning to a Company with Audit & Supervisory Committee, and enhancing group governance. In pursuing progress from these efforts, we will endeavor to strengthen our business foundations for further growth.

Please see pages 63–69 for details.



Strengthening our business foundations

The UBE Group's New Business Model

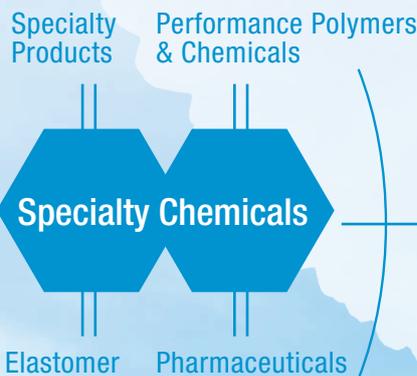
By transforming its business structure to focus on chemicals, the UBE Group will continue to expand globally aiming for pursuing and materializing its vision by **Driving Growth in Specialty Chemicals** and **Addressing Environmental Issues**.

Transitioning to a business structure whose products have minimal energy impacts leveraging PDCA cycles to deploy specialty chemicals growth strategies
Contribute to sustainable economic development by expanding range of environmentally friendly products and technologies

UBE Group's Chemicals Business

Focus on *Specialty Chemicals* based on UBE Group's technology platform

- Low energy impacts
- Impervious to market fluctuations
- Highly profitability



Driving Growth in Specialty Chemicals

Digital Transformation

- Improve productivity and efficiency by using digital technology and data
- Create new value

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 environmentally friendly product development.



Collaboration from development stage
Joint development with customers at the Osaka Research & Development Center and development centers in Thailand and Spain

Recruiting and Developing Human Resources

*Human capital enhancement
Diversity and inclusion*

Motivated people with integrity
All employees are fully committed to collaborating and focusing on solving tasks.

**UBE Group's
Vision**

A corporate group centered on specialty chemicals that contributes to the global environment, human health, and an enriched future society

Addressing Environmental Issues

Addressing Environmental Issues



For details, see New Medium-Term Management Plan on page 27, Pursuing Carbon Neutrality to Address Environmental Issues on page 30, Disclosure Based on TCFD Recommendations on page 32, and Roundtable Discussion: Capitalizing on Environmental Issues to Enhance Corporate Value on page 34.

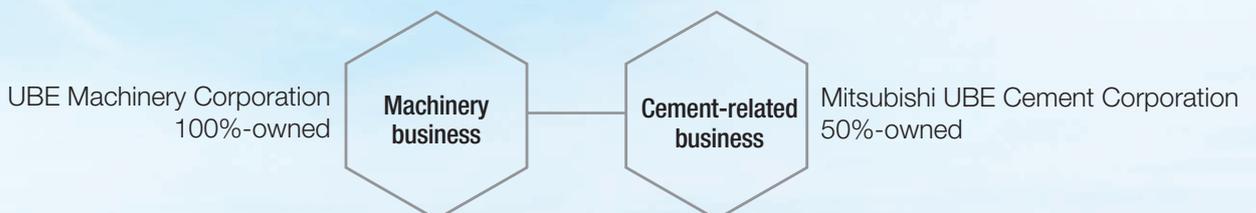
Help each business grow sustainably by implementing PDCA cycle to address environmental issues

- Cut costs directly with energy-saving technologies
- Contributing to lower GHG emissions offers business opportunities

Strengthen Business Foundations

Effective Group governance

**UBE Group
Businesses**



The UBE Group's Value Creation Process

The UBE Group evaluates the risks and opportunities of environmental issues and other aspects of changes 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 while tackling the negative impacts of climate change and helping to realize social sustainability in our drive to generate sustainable growth.

Changes in operating climate



FY2021
Capital components of enterprise value

Climate change and other environmental issues

- Accelerating green transformation to become carbon neutral

COVID-19 pandemic and other global outbreaks, increasing incidence of natural disasters and aging infrastructure

- Changing behavioral patterns to prevent infections and contain spreads
- 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

Russia's invasion of Ukraine

- Insecure access to food, resources, and energy

Aging populations in developed nations Diversifying work practices and globalization

- Providing more opportunities for female employees
- Fostering diversity
- Cultivating global talent

Digital transformation

- New business model
- Enhanced productivity
- Accelerated R&D

Financial Capital

Underpinning enterprise value with a sound financial position

Equity Capital **¥359.0 billion***

* As of April 1, 2021

Please see pages 14–15 for details.

Manufacturing Capital

Building a three-region chemical products manufacturing structure

Three plants in Japan and **two** overseas

Human Capital

Respecting diverse people and values

Please see pages 48–50 and 59–61 for details.

Intellectual Capital

Broad technological foundations

R&D Expenses **¥11.8 billion**

Please see pages 42–43 for details.

Social Capital

Emphasizing stakeholder engagement

Number of one-on-one meetings with investors in fiscal 2021

Approx. 200

Regional Responsible Care (RC) engagement Since **1997**

Please see pages 55, 62, and 68 for details.

Natural Capital

Lowering environmental impact

Initiatives to address global warming, marine plastic waste and conserve biodiversity and water resources

Products and technologies that contribute to the environment

Please see pages 30–31, 32–33, 34–37, and 56–57 for details.

Purpose

Leveraging the manufacturing technologies the UBE Group has cultivated throughout its long history, create the value required by society, in the safe and environmentally friendly manner demanded by society, and deliver that

UBE Vision 2030 Transformation, our long-term vision





value to the people. And by doing so, help to solve global environmental issues, which have become a common issue for all humankind, and contribute to people's lives and health, and an enriched future society.

A corporate group centered on specialty chemicals that contributes to the global environment, human health, and an enriched future society

Strategy and Resource Allocation

Please see pages 27–29 and 52–54 for details.

Addressing Environmental Issues

Generating value

Products and Solutions

Please see pages 38–41 and 52–54 for details.

ESG

Please see pages 30–31, 32–33, 34–37, and 55–69 for details.

Capital reinjections into new value creation

Profit before Income Taxes ¥36.8 billion

Free Cash Flow ¥(10.7) billion

ROE 6.7%
ROA 5.4%

Number of People Who Are Newly Qualified* that Underpin Front-Line Capabilities 25

* High-pressure gas manufacturing and maintenance managers

Number of Newly Registered Patents in Japan 178*

* FY2021

Percentage of Consolidated Sales Derived from Environmentally Friendly Products 46%

Note: Figure excludes cement-related business transferred to Mitsubishi UBE Cement

Savings from Resource Reuse and Energy Conservation ¥6.6 billion

Contributions to information and communications technology (ICT)

Developed organic electroluminescent displays and semiconductor manufacturing materials

Please see pages 38–39 and 44–47 for details.

Addressing environmental issues

Developing technologies to use CO₂ and waste plastic utilization, manage energy, and use natural raw materials

Please see pages 38–41, 42–43, 44–47, 52–54, and 57 for details.



Providing environmentally friendly products and solutions

(including lithium-ion batteries (LiBs), eco-tires, and lightweight automotive materials)

Please see pages 30–31 for details.

Please see pages 30–31, 32–33, 34–37, and 56–57 for more information about our efforts to address environmental issues.

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 circular economy

Recycling resources
Developing technologies to use CO₂ and waste plastics

Please see pages 42–43, 57, and 70–71 for details.



Contributing to regional communities

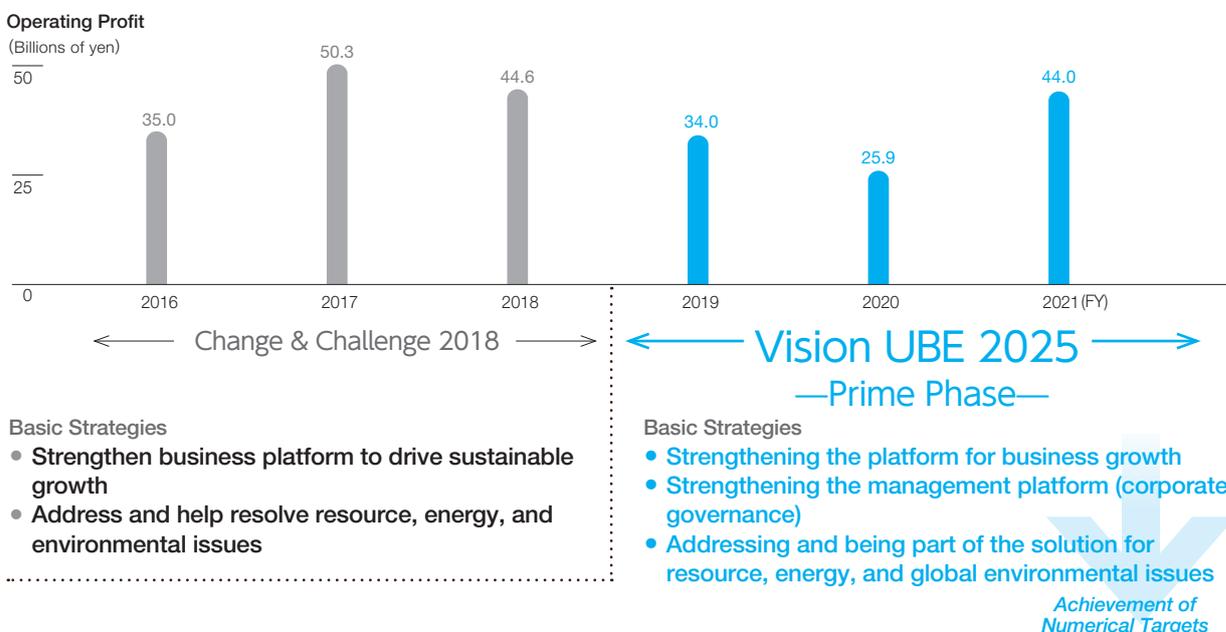
Creating jobs, paying taxes, engaging in regional development, and helping conserve regional environments

Please see pages 55–57 for details.



Overview of “Vision UBE 2025 – Prime Phase–”

Under this medium-term management plan, completed in March 2022, we strove to reinforce our growth foundations, particularly in the Chemicals business, with a view to reaching goals for fiscal 2025. While we did not reach our overall operating profit target, we attained our objective in that regard in the Chemicals business.



		FY2021	Targets	Difference
Key Figures	Operating profit	¥44.0 billion	¥55.0 billion	¥(11.0) billion
	Chemicals	35.5 billion	32.0 billion	3.5 billion
	Construction Materials	3.4 billion	16.5 billion	(13.1) billion
	Machinery	5.1 billion	7.0 billion	(1.9) billion
	Ordinary profit	41.5 billion	58.0 billion	(16.5) billion
Key Indicators	Return on sales (ROS)	6.7%	7%	(0.3)%
	Return on equity (ROE)	6.7%	10%	(3.3)%

Measures Taken

• Strengthening the platform for business growth

Investments and business restructuring were implemented to realize growth, particularly in the Chemicals segment

Capacity increases	Polyimide	BPDA production line (production capacity increased by 60%) and film production line (production capacity increased by 20%) commenced construction
	Separators	Separator production line in operation (total production capacity of 320 million m ²)
	Pharmaceuticals	Fifth pharmaceutical plant in operation
	High-performance coatings	Second PCD production line in operation (+4,000 tonnes; Thailand)
	Synthetic rubber	Capacity increases (+22,000 tonnes) and new value-added grade production line (both in Malaysia)
Alliances, mergers and acquisitions	Composites	Acquired Premium Composite Technology North America Inc. (now UBE Engineered Composites, Inc.; United States)
	Machinery	Chemical equipment business (acquired from Hitachi Plant Mechanics Co., Ltd.)
Business restructuring, etc.	Cement-related business	Integrated with Mitsubishi Materials Corporation and established Mitsubishi UBE Cement Corporation
	Electrolytes	Integrated with Mitsubishi Chemical Corporation
	Synthetic rubber	UBE Elastomer Co. Ltd established
	Phenolic resin	Absorbed Meiwa Plastic Industries, Ltd.
	Injection molding machines	Fully integrated with UBE MACHINERY CORPORATION, Ltd.

• Strengthening corporate governance

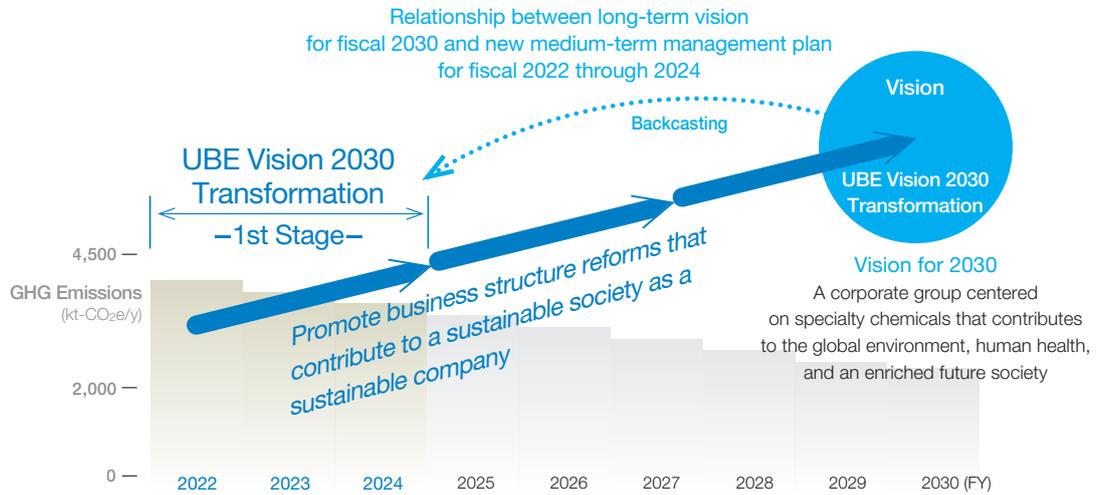
Transitioned to a company with Audit & Supervisory Committee, and improved quality management

• Addressing and being part of the solution for resource, energy, and global environmental issues

Announced the UBE Group Policy for Achieving Carbon Neutrality by 2050, and raised the 2030 interim target

New Medium-Term Management Plan: UBE Vision 2030 Transformation—1st Stage

We formulated this initiative, encompassing fiscal 2022 through 2024, to backcast from our long-term vision. We positioned it as a period for reinforcing our earnings base and investing in growth while undertaking ongoing business structure reforms to focus on specialty chemicals and address environmental issues.



Basic Policy and Priority Measures

Pursuing global profit growth driven by specialty chemicals

Specialty business expansion

- **Focusing investment of management resources to drive further growth and expansion:**
Increasing production lines for polyimide film and BPDA (Japan), and establishing a new DMC plant (United States)
- **Expanding bases outside Japan:**
Composites (United States and Thailand), high-performance coatings (PCD and PUD; Thailand)
- **Driving growth through M&As as well**

Strengthening the profitability of basic business

- **Securing stable cash flow and steady earnings growth:** *Fully utilizing facility capacity through safe and stable production*
- **Strengthening cost competitiveness further:** *Clarifying target costs and monitoring progress*
- **Expanding high-value-added grades, and developing and launching environmentally friendly products (shift to specialty chemicals):** *Nylon copolymers, large-grain ammonium sulfate, high-purity nitric acid, vinyl-cis rubber (VCR), etc.*

Business Portfolio The list below clarifies the positioning of UBE's major businesses and products in the chemicals field based on future market growth expectations, the UBE Group's strengths, profitability, and other factors, in addition to UBE's long-term vision. The Company uses this information to make decisions on the allocation of management resources.

	Business Portfolio Segmentation	Businesses
Specialty business	Aim for further growth and expansion in business that can create added value and achieve high profitability based on the Group's core technologies and strengths in the value chain	Polyimide, separation membranes, ceramics, semiconductor gas, separators, composites, fine chemicals, high-performance coatings, pharmaceuticals, phenolic resin
Basic business	Aim to steadily improve and add to profits	Nylon polymers, caprolactam, ammonium sulfate, industrial chemicals, elastomers, polyethylene films, processed resin products

Others: Sales companies outside Japan, logistics and analytical services, real estate business, machinery, etc.

Structural changes in response to global environmental issues

Structural change of the caprolactam chain in Japan

- Establishing a globally optimized production system, shifting production of nylon polymers outside of Japan
- Looking at decreasing production of caprolactam in Japan by shutting down production on key manufacturing lines, due to its high energy burden and uncertainty about improvement in medium- to long-term profitability

Reducing GHG Emissions

- Continuing initiatives on energy conservation and process improvements in production activities, as well as maximizing the use of renewable energy sources

Creating and expanding the provision of environmentally friendly products and technologies

Enhancing human capital for sustainable growth

Promoting diversity and inclusion and also striving to improve work engagement throughout the entire Group

- Providing greater opportunities for women: *Percentage of women in the workforce: 15%*
Percentage of women in management positions: 6%
(Indicators for fiscal 2024, on a consolidated basis in Japan)
- Percentage of mid-career recruitment in the workforce (generalist positions): 25% or more, percentage of non-Japanese recruitment in the workforce (generalist positions): 5% or more (same as above)
- Introducing specialist system, hiring highly specialized mid-career recruits, and enhancing measures for rehired retirees
- Creating motivating workplaces and increasing employee satisfaction

Enhancing corporate value and creating customer value by promoting DX

- Developing digital technology-savvy human resources
- Improving operational efficiency and productivity through the use of digital technology
- Accelerating the creation of new customer value and new businesses

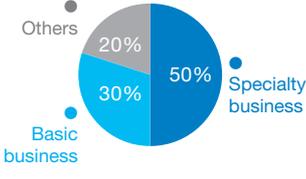
Further improving governance

- Improving the level of group governance
- Machinery business, cement-related business: *Developing and operating a governance system as a holding company*

Investments and R&D Expenses

UBE will accelerate the shift to the specialty business on a global basis, advance restructuring, and plan aggressive investment for further growth in the future

(Billions of yen)		Results from the previous medium-term management plan*
Investments over three years	¥130	¥ 76.1
Capital investment	110	69.4
Other investment (including M&As)	20	6.7
R&D expenses over three years	32	31.2
Total	¥162	¥107.3



Others 20%

Basic business 30%

Specialty business 50%

¥162 billion

* Excluding cement-related business

Three-Year Cash Flow Plan

(Billions of yen)		Results from the previous medium-term management plan
Operating cash flow	¥ 150	¥113.7
Investment cash flow	(115)	(76.7)
Free cash flow	¥ 35	¥ (37.0)

* Excluding cement-related business

FY2024 Numerical Targets

- **Key Figures**
 - Operating profit** ——— **¥40 billion** *Of which, specialty business: ¥24 billion*
 - Ordinary profit** ——— **¥47 billion** *Of which, ¥8 billion* factored in as equity method investment profit of the Mitsubishi UBE Cement Group*
- **Key Indicators**
 - Return on sales (ROS)** ——— **8%**
 - Return on equity (ROE)** ——— **8%**

Profit/Loss Projections

(Billions of yen)		FY2021 Results (1)	FY2022 Targets	FY2023 Targets	FY2024 Targets (2)	Difference (2)-(1)
● Profit/Loss Projections	Net sales	¥655.3	¥510.0	¥520.0	¥520.0	¥(135.3)
	Operating profit	44.0	34.5	41.0	40.0	(4.0)
	Ordinary profit	41.5	31.0	45.0	47.0	5.5
	Profit attributable to owners of parent	24.5	21.0	32.0	33.0	8.5

FY2023 and FY2024 assumptions (business factors)

Exchange rate at ¥120/USD Naphtha at US\$850/tonne (CIF) Australian coal at US\$280/tonne (CIF)

(Billions of yen)			FY2021 Results (1)	FY2022 Targets	FY2023 Targets	FY2024 Targets (2)	Difference (2)-(1)
● Net Sales and Operating Profit by Portfolio Segmentation	Net sales	Specialty business	¥123.1	¥149.0	¥154.0	¥167.0	¥ 43.9
		Basic business	239.7	268.0	279.0	267.0	27.3
		Machinery business	97.0	106.0	98.0	100.0	3.0
		Other businesses (incl. adjustment)	195.5*	(13.0)	(11.0)	(14.0)	(209.5)
		Total	¥655.3	¥510.0	¥520.0	¥520.0	¥(135.3)
	Operating profit	Specialty business	¥20.7	¥24.5	¥24.5	¥24.0	¥ 3.3
		Basic business	17.8	11.0	16.5	15.5	(2.3)
		Machinery business	5.1	5.0	5.5	6.0	0.9
		Other businesses (incl. adjustment)	0.3*	(6.0)	(5.5)	(5.5)	(5.8)
		Total	¥44.0	¥34.5	¥41.0	¥40.0	¥(4.0)

** Other businesses (incl. adjustment) in FY2021 includes cement-related business transferred to the Mitsubishi UBE Cement Group.*

(Billions of yen)			FY2021 Results (1)	FY2022 Targets	FY2023 Targets	FY2024 Targets (2)	Difference (2)-(1)
● Net Sales and Operating Profit by Segment	Net sales	Specialty Products	¥ 60.8	¥ 69.0	¥ 70.0	¥ 75.0	¥ 14.2
		Polymers & Chemicals	260.0	302.0	320.0	316.0	56.0
		Machinery	97.0	106.0	98.0	100.0	3.0
		Others	54.2	60.0	57.0	54.0	(0.2)
		Adjustment*	183.2	(27.0)	(25.0)	(25.0)	(208.2)
	Total	¥655.3	¥510.0	¥520.0	¥520.0	¥(135.3)	
	Operating profit	Specialty Products	¥11.6	¥13.0	¥12.5	¥13.0	¥ 1.4
		Polymers & Chemicals	23.5	18.5	24.0	22.0	(1.5)
		Machinery	5.1	5.0	5.5	6.0	0.9
		Others	3.5	2.5	3.5	4.0	0.5
Adjustment*		0.2	(4.5)	(4.5)	(5.0)	(5.2)	
Total	¥44.0	¥34.5	¥41.0	¥40.0	¥(4.0)		

** Adjustment includes elimination of inter-segment transactions. Adjustment in FY2021 includes cement-related business transferred to the Mitsubishi UBE Cement Group.*



In May 2021, the UBE Group declared its commitment to becoming carbon neutral by 2050. Carbon neutrality and environmental issues are challenges for us all. We cannot grow sustainably without addressing them.

We consider resolving environmental issues as an opportunity. So, under our new corporate name, from April 2022 we embarked on a quest to achieve sustainable growth worldwide as a specialty chemicals player. That month, we accordingly set new targets for fiscal 2030 in our drive to become carbon neutral by 2050. By fiscal 2030, we now seek to halve our GHG emissions from the fiscal 2013 level, with environmentally friendly products and technologies accounting for 60% or more of consolidated net sales.

All in, the UBE Group will collaborate to reach these goals by extensively conserving energy and delivering technological and fuel innovations. We will continue striving to overcome the challenges of leveraging technology to contribute to a carbon-neutral economy.



Hidetsune Miura

Senior Executive Officer
with responsibility for Environment & Safety Dept.,
Quality Assurance Dept., Purchasing & Logistics Dept.,
and Ube Corporate Service Dept.

Fiscal 2030 Targets

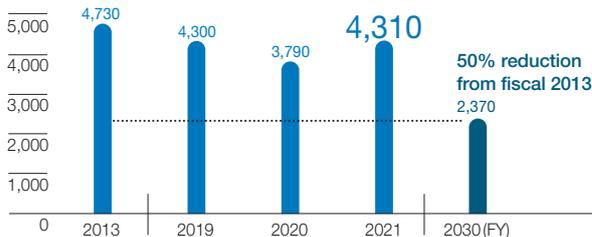
- 1. GHG emissions reduction target:** 50% reduction compared to FY2013 (previously 20% reduction in the Chemicals segment)
- 2. Target percentage of consolidated net sales comprising environmentally friendly products and technologies:** 60% or more (previously 50% or more)

Initiatives to Reduce GHG Emissions

Progress toward GHG Emissions Reduction Targets*1

GHG Emissions

(kt-CO₂e/y)



GHG Emissions in Fiscal 2021

Business sites	kt-CO ₂ e		
	Scope 1	Scope 2	Total
Chemicals business	3,590	510	4,100
Japan	2,790	200	2,990
Thailand	440	310	760
Spain	360	0 ²	360
UBE Machinery Group	200	10	210
Total	3,790	520	4,310

Note: Numbers may not add up due to rounding.

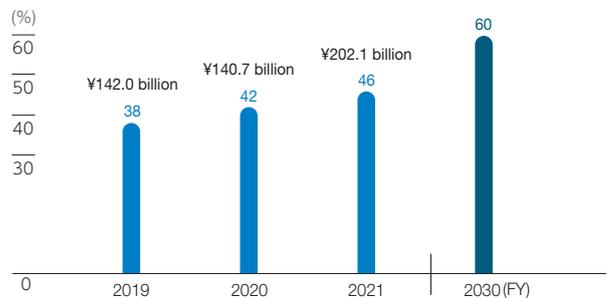
*1 Excluding cement-related business transferred to Mitsubishi UBE Cement Corporation.

*2 Electricity purchased from external sources was renewables based.

Emissions by Scope in Fiscal 2021



Sales of Environmentally Friendly Products and Technologies



Roadmap for Carbon Neutrality

GHG Emissions Reduction Targets

We will keep conserving energy and improving processes in production while maximizing the use of renewables and minimizing fossil resource usage.

Technological innovation is vital to becoming carbon neutral by 2050. We will accordingly undertake R&D and apply technologies to eliminate the use of fossil-based raw materials and harness CO₂ from medium- through long-term perspectives, including by collaborating with other companies and organizations.

Environmentally Friendly Products and Technologies

We look to contribute to the carbon neutrality of the UBE Group and the economy overall by developing

environmentally friendly products and technologies and supplying them to as many customers as possible.

**Estimated Contributions to
GHG Emissions Reductions of Environmentally
Friendly Products and Technologies
Fiscal 2020: Approx. 10,900 kt-CO₂e/y**

Note: Calculations based on the UBE Group's market shares and sales volumes of environmentally friendly products based on CO₂ reductions in usage stages compared with conventional counterparts for end products incorporating UBE Group environmentally friendly products (based on CO₂ reductions for one year of use based on volumes of end products used during fiscal 2020).

We formulated guidelines based on ISO 14001: 2015 to define environmentally friendly products and technologies.

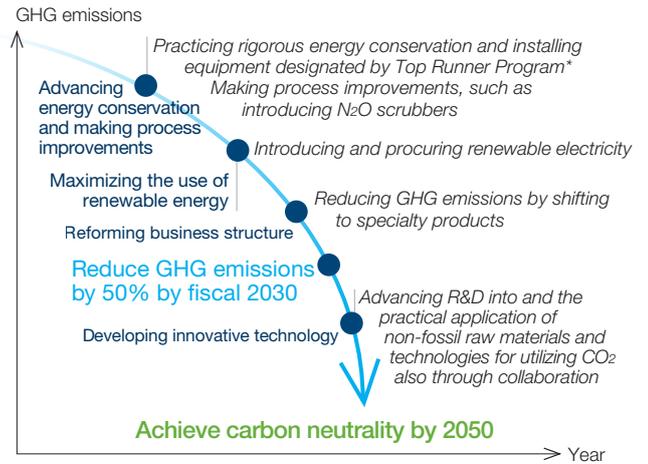
Business Restructuring

Shifting to specialty chemicals should lower GHG emissions by minimizing fossil resource usage and creating a business structure that is significantly less vulnerable to market conditions, including for raw materials and fuels. We aim to establish a business structure that minimally affects the environment, focused on specialty chemicals, from profitability and growth potential perspectives. We will also add value to basic chemicals products and restructure these businesses.

We aim to halt domestic ammonia production by 2030, as its processes generate high GHG emissions. We also look to shut down key manufacturing lines for caprolactam production in Japan by fiscal 2024 in view of the high energy consumption in processes and poor prospects for improving profitability in the medium through long terms.

Such business structure reforms should enable us to reach our goal of cutting GHG emissions by 50% by 2030.

Roadmap for carbon neutrality



Timeline for generating more than 60% of consolidated net sales from environmentally friendly products and technologies by fiscal 2030



Comments from Employees

Environment Initiative Promotion Group, Environment & Safety Department



Group Leader
Noriyasu Nishimura

Our business unit broadly undertakes two efforts. The first is to disclose UBE Group initiatives to internal and external stakeholders to demonstrate why it is valuable and sustainable. The second is to engage relevant internal departments in our endeavors to tackle environmental issues. We will balance plan-do-check-act (PDCA) efforts in these two respects in pursuing our goals for 2030 and 2050.



Marie Shigemoto

I aim to help enhance our corporate value in terms of helping resolve environmental issues. We will do that by catering to the needs of stakeholders regarding those issues and by properly disclosing our initiatives and other information. We will keep undertaking seminars and other activities for internal stakeholders relating to research and analysis about the climate so the UBE Group can operate sustainably with respect to environmental issues, becoming carbon neutral and contributing to a circular economy.

Glossary

* Under the Energy Conservation Act, Japan deployed the Top Runner Program designating equipment and facilities that deliver outstanding energy efficiency.



Disclosure Based on TCFD Recommendations

We endorse the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We established a governance structure, and are evaluating the risks and opportunities of climate change on our operations. We are reflecting this information in our business strategies and disclosing it externally.



Governance Structure

The UBE Group established the Environmental Issues Committee to identify and act on problems in that regard. The President and CEO chairs the Strategic Management Meeting, which receives deliberation reports from the Environmental Issues Committee, provides instructions as needed, and constantly monitors countermeasures progress. A report on important matters goes to the Board of Directors once annually.

Environmental Issues Governance Structure



Strategies

In view of efforts to tackle climate change and transition to a low-carbon, decarbonized economy, management assessed a range of scenarios for 2030 and beyond, analyzed risks and opportunities for the UBE Group under each scenario, and formulated the required strategies. The scenarios covered all business units, including for the Construction Materials Company, although the assessment findings on page 33 exclude information relating to that entity.

We explored and developed 2°C and 4°C transition scenarios and a physical scenario, and analyzed Group risks and opportunities in each scenario.

Analysis Assumptions and Details for Scenarios

2°C Scenario: We used the Sustainable Development Scenario and the New Policies Scenario of the World Energy Outlook, and the Reference Technology Scenario and the 2°C Scenario of the Energy Technology Perspectives as bases, augmented internal scenarios with other resources, and undertook a study.

Our risk analysis considered carbon pricing, coal price, and alternative fuel scenarios. We developed forecasts for 2030 and scenarios for private power generation based on 2025 and 2040 data projections.

Opportunity analysis encompassed forecasts for wider acceptance of electric vehicles (EVs) and alternative fuels through greater support for those vehicles and renewable energy. We also evaluated the risks and opportunities of policy scenarios supporting greater plastics recycling and industry deployments of carbon capture, usage and storage, and created assumptions about demand for our products and scenarios for R&D projects in coming years. We also analyzed energy system and CO₂ emission pathways presenting at least a 50% probability of limiting a global average temperature increase to 2°C by 2100.

4°C Scenario: We drew on the World Energy Outlook's New Policies Scenario and coal price scenarios from Japan's Nationally Determined Contribution and International Energy Agency.

Physical Scenario: We assumed and evaluated the impacts on UBE's infrastructure and employees of higher sea levels, extreme rains, more devastating typhoons, and other climate events associated with rising temperatures under long-term perspectives based on the Representative Concentration Pathways 8.5 Scenario in the Fifth Assessment Report of the United Nations Intergovernmental Panel on Climate Change. We also factored in local hazard maps and other information near plant locations.

Assessment Steps

- Evaluate business unit performances under each scenario, including forecasts for private power generation
- Analyze UBE Group prospects based on findings for each scenario
- Develop resilience strategy for 2030 in preparation for 2050

Findings from the Scenario Analysis

The chart on the next page summarizes findings from the scenario analysis, the financial impact in around 2030, and the prospective impact.

Although that impact is inevitable, we confirmed that we can expand by building growth opportunities in our specialty chemicals business. We will sustainably improve corporate value by contributing to the environment and

Scenario Analysis

Risk categories	Business risks	Impacts	Potential impacts	Responses	Timing	
Risks	Transition	Greater costs and impacts on product prices from adoption of carbon pricing	Operations	Major	<ul style="list-style-type: none"> Rigorously conserve energy and improve processes Maximize renewable energy usage Restructure businesses, including by shifting to specialty chemicals Innovate technologies 	Short to long terms Medium to long terms Medium to long terms Long term
	Transition	Adverse situation for coal-fired private power generation	Operations	Major	<ul style="list-style-type: none"> Switch to alternative fuels and produce and procure renewable electricity 	Medium to long terms
	Transition	Requests to expand renewable energy deployments	Products	Major	<ul style="list-style-type: none"> Produce and procure renewable electricity 	Medium to long terms
	Transition	Customers requesting disclosure of GHG emissions intensity by product and lower emissions	Products	Major	<ul style="list-style-type: none"> Rigorously conserve energy and improve processes Maximize renewable energy usage Use non-fossil-based fuels (including biomass and from recycled materials) 	Short to long terms Medium to long terms Medium to long terms
	Transition	Product sales falling from shift to EVs and less coal-fired power production	Products	Major	<ul style="list-style-type: none"> Undertake in-house and collaborative R&D to create and commercialize offerings that match market needs 	Short to long terms
	Physical	Shutdowns from more frequent and larger climate-related disasters	Operations	Major	<ul style="list-style-type: none"> Step up infrastructural and other disaster countermeasures 	Short to long terms
Opportunity categories	Business risks	Impacts	Potential impacts	Responses	Timing	
Opportunities	Transition	Boost sales of environmentally friendly products and technologies across the supply chain	Products	Major	<ul style="list-style-type: none"> Offer more environmentally friendly products, including composites, synthetic rubber, polyimide, battery materials, and high-performance coatings Launch energy management materials, including heat-dissipating composite and radiative cooling materials 	Short to long terms Medium to long terms
	Transition	New business growth and creation	Products	Major	<ul style="list-style-type: none"> Develop and market materials for CO₂ usage (electrolysis), lightweight materials for xEVs and fuel cell vehicles, and advanced battery materials Market recycled waste plastics and nylon recycled materials Market nature sustainability-related technologies, including the use of raw materials derived from natural products 	Medium to long terms Medium to long terms Medium to long terms

expanding our specialty chemicals business in keeping with our medium-term management plan.

Risk Management

We maintain a risk management system, for which the Risk Management Department serves as the secretariat, to register and centrally oversee risks. We identify pertinent risks for each division and business unit, classifying them as major, medium, and minor in line with their risk impacts. We define major risks as having financial impacts of at least ¥1 billion. The Strategic Management Meeting discusses major business risks, reflecting them in specific strategies and measures.

We registered and manage our climate change countermeasures in our risk management system. The Environmental Issues Committee, whose chair is the executive officer in charge of the Environment & Safety Department, is a Companywide entity. The committee formulates and implements measures and policies to address climate change-related risks that it has identified for the UBE Group overall.



Detailed information is available in the Risk Management section of the UBE Group's website: https://www.ube.co.jp/ube/en/sustainability/risk-management/risk-management.html#person_in_charge

Benchmarks and Targets

Following a review, we established the following fiscal 2030 goals for our efforts to tackle environmental issues.

- GHG emissions: Cut by 50% from fiscal 2013 level
- Environmentally friendly products and technologies as a percentage of consolidated net sales: At least 60%

Data scope: Scope 1 and Scope 2 on a consolidated basis for designated energy management companies and key overseas businesses (in Thailand and Spain).



Detailed information is available in the Global Environmental Issues section of the UBE Group's website: <https://www.ube.co.jp/ube/en/sustainability/rc/environment/issues.html>

We look to reach these GHG emissions reduction goals by halting ammonia production in Japan by 2030 and by transitioning to specialty chemicals.

Our fiscal 2021 GHG emissions were 4.31 million tons (excluding cement-related business that we transferred to Mitsubishi UBE Cement Corporation). This was 9% below the level of fiscal 2013, and reflected energy-saving and other initiatives.

Sales of environmentally friendly products and technologies rose approximately 4 percentage points in fiscal 2021, accounting for roughly 46% of consolidated net sales.



Theme:

Capitalizing on Environmental Issues to Enhance Corporate Value

The UBE Group became a corporate group centered on chemicals by transferring its cement-related business to Mitsubishi UBE Cement Corporation. Management took this opportunity to review its goals for addressing environmental issues through fiscal 2030. By that time, management aims to halve our GHG emissions from fiscal 2013 levels, with environmentally friendly products and technologies accounting for 60% or more of consolidated net sales. It was against this backdrop that the President and CEO, an outside director, and the senior executive officer overseeing Environment and Safety at UBE sat down with an institutional investor to respond to questions about how best to reduce and capitalize on risks and enhance corporate value through efforts to address environmental issues.

From an ESG investment perspective, how would you assess UBE's revised medium-term goals with respect to carbon neutrality?

Kim: We always factor ESG perspectives into making investment decisions. That is because we are a signatory to the Principles for Responsible Investment and because ESG issues are becoming increasingly important in the stock market. They shape corporate value.

UBE aimed to cut its chemical business emissions by 20% over the medium term in the drive toward attaining carbon neutrality by 2050. As an investor, we had concerns about that level as it was lower than the Paris Agreement target. We welcome the Company's move to set a more ambitious goal.

How does the Board of Directors view environmental issues?

Izumihara: Board deliberations focus on the chemicals business growth strategy and efforts to tackle

environmental issues. UBE considers these two areas integral to its strategy. They are not separate. They are also strategically central to the medium-term management plan that we adopted at the start of fiscal 2022.

Shoda: The Board realizes that tackling environmental issues is important to drive sustainable growth and enhance corporate value. It accordingly obtains regular reports on UBE's efforts to tackle environmental issues, confirming and monitoring progress.

What is UBE's stance on environmental issues?

Izumihara: Our growth strategies and the environment are key materialities and the prime challenges of our new medium-term management plan.

Under our vision, it will be vital to transition away from commodity chemicals, which are subject to intense cost competition and market fluctuations, to specialty chemicals. We must deliver sustainable growth while becoming more profitable.



Takashi Shoda
Outside Director



Masato Izumihara
President &
Representative Director,
CEO

That ultimately entails adopting a business structure that depends much less on fossil resources and has a low environmental impact. Customers will probably find it hard to buy and use products if they are not environmentally friendly. So, we believe that we have to take up the challenge, or tackle the risk if you will, of addressing environmental issues. This is also an opportunity to pursue expansion, which is intrinsically a growth strategy.

Shoda: To augment defensive strategies like cutting GHG emissions, there's been much discussion in the past few years about leveraging environmental issues in offensive strategies and growth strategies for specialty chemicals. Such efforts would include creating environmentally friendly products and technologies or engaging in R&D to address social issues.

Kim: What impressed me most about what Mr. Izumihara said was that he frames environmental issues as a risk or cost and as a growth opportunity. It was also noteworthy that Mr. Shoda stated that the Board and other entities are fully aware of the importance of environmental issues and are keeping close tabs on them.

Why did management decide to lift its fiscal 2030 GHG emissions reduction target to 50%?

Izumihara: Our targets used to be incremental. Examples included steadily conserving energy and improving processes and fully harnessing renewable energy.

In assessing our strategy to expand the specialty businesses and put the right business structure in place for fiscal 2030, we realized that we would have to gradually shift away from energy-intensive businesses.

So, we decided to lift our fiscal 2030 GHG emissions reduction target from 20% below fiscal 2013 levels to 50% by factoring in savings from business restructuring as well as from existing emissions reduction efforts.

Kim: You set the bar high with a 50% cut. I think the market would appreciate as much disclosure as possible about your annual progress.

Regarding your defensive strategy, how will you go about halving GHG emissions?

Izumihara: As we announced in our medium-term management plan, we are shifting to a business structure that focuses on specialty products that minimize energy consumption, resist market swings, and are highly profitable. We also look to overhaul our business structure by cutting domestic ammonia production by 2030 in view of business feasibility. That is because ammonia manufacturing processes generate a lot of GHG emissions. Properly undertaking these measures should enable us to halve these emissions.

Miura: Initiatives at our plants have included installing facilities to conserve energy and improve processes. Also, we're collaborating with units in Thailand and Spain to cut our worldwide GHG emissions.

June-Yon Kim Profile

Now at Lazard Japan Asset Management K.K., he was a portfolio manager and research analyst at Fidelity Investments Japan and a partner at Hachibushu Capital. He also served as chief investment officer and co-portfolio manager of a Japan-focused long/short fund at Azabu Value Fund.



Hidetsune Miura
Senior Executive Officer
(Overseeing Environment
and Safety)



June-Yon Kim
Managing Director,
Portfolio Manager/Analyst,
and Co-Head of Japanese
Equity Team
Lazard Japan Asset
Management K.K.

Shoda: As an outside director, I believe that integrity is one of the best aspects of UBE's corporate culture. In reviewing our medium-term goals, we have discussed specific ways to cut emissions and products we should pursue expansion with. I'm confident that management will reach its goals. The Board will continue monitoring these efforts to ensure progress.

Kim: As Mr. Izumihara mentioned, it makes more sense to cut GHG emissions by reforming the business structure. I note that worldwide efforts include cutting Scope 1 and Scope 2 emissions at UBE plants in Thailand and Spain, and I welcome management's global approach to such things.

In what ways will Mitsubishi UBE Cement contribute to GHG emissions reductions?

Izumihara: We transferred our cement-related business to Mitsubishi UBE Cement, which is an equity-method affiliate and not a consolidated subsidiary. As such, we don't count its emissions on a consolidated basis. Around two-thirds of our GHG emissions came from cement-related operations, so while the business transfer cut our consolidated emissions accordingly, that affiliate's emissions will not likely change very much.

Mitsubishi UBE Cement is Japan's second-biggest cement company, so it will need to take some steps to cut its GHG emissions. We will oversee that process as a 50% shareholder.

While Mitsubishi UBE Cement will remain an unlisted company, as a parent we will endeavor to ensure proper disclosure about its operations.

Kim: Mitsubishi UBE Cement is important to your corporate value. Proper disclosure shapes the market's assessment of UBE.

On the offensive strategy front, you now look for environmentally friendly products and technologies to account for 60% or more of consolidated net sales, up from the previous target of 50%. What's the specific growth trajectory for that to happen?

Izumihara: The products and technologies of specialty chemicals and environmentally friendly products and technologies virtually overlap. Expanding specialty chemicals operations should lead directly to higher environmentally friendly product and technology revenues, contributing to the environment in the process.

Customers won't find products valuable unless they are environmentally friendly. So, in view of future growth it is a matter of course to expand our lineup of environmentally friendly products and technologies.

Kim: I think it's good that you lifted the sales proportion of environmentally friendly products and technologies from 50% to 60%. They offer high margins, so they should contribute to earnings. Your overall profit structure should therefore change. And because you maintain a diverse product range, we anticipate contributions above and beyond GHG emissions reductions.

Izumihara: A higher environmentally friendly products and technologies ratio will translate into a higher specialty chemicals ratio, which should naturally drive greater earnings. As we indicated in our medium-term management plan, we look to boost profit contributions from specialty chemicals, representing 70% of earnings, by fiscal 2030.

Although we geared most of our environmentally friendly products and technologies toward cutting GHG emissions, we are also tackling the issues of marine plastic waste while striving to conserve biodiversity and water resources.

Shoda: Also, the Board constantly inquires about the profit contributions of specialty chemicals. Given its proactive technological innovation strategy, UBE has to undertake joint projects rather than go it alone. That's why we participate in the New Energy and Industrial Technology Development Organization's projects. We anticipate great progress with several of them.

In which respects will you track the financial impacts of carbon neutrality efforts?

Kim: I think the financial impact will be significant from ESG investment perspectives.

For example, the price-to-earnings ratio, a share valuation benchmark, is the share price divided by earnings per share. UBE's ratio is partly discounted because its business uses a lot of coal. I think the market will reassess the stock if you clarify your commitment to carbon neutrality. Carbon neutrality initiatives are both encumbrances and growth opportunities. If the market concludes that UBE can generate consistent growth with value-added products, its cost of capital will fall. That would automatically drive up its corporate value based on its discounted cash flow.

Izumihara: In other words, you mean the market worries about high risks associated with the imposing of such things as carbon pricing and taxes because our business structure is extremely energy-reliant. I think investors will see us differently as we lower the environmental impact of our business structure and depend less on coal and other fossil resources.

Also, while we'll need to invest in certain areas to cut GHG emissions, we won't invest simply to become carbon neutral. We'll prioritize investments that are financially beneficial and drive GHG emissions reductions. This spending would enable us to save energy, boost energy intensity, and improve processes to cut costs. We would also prioritize growth strategy investments for downstream products rather than just investing heavily to lower emissions upstream in energy and basic chemicals to keep operating.

We may incur some business withdrawal losses as we push ahead with restructuring, but we believe that we can fully offset such losses by pushing forward with our growth strategy. I also expect that we will generate cash flows without harming our financial position.

Kim: That makes a lot of sense. As an investor I feel very comfortable with the notion of limiting capital expenditures that are only for carbon neutrality and prioritizing spending that is financially beneficial.

Shoda: As an outside director, I recognize that risk premiums in the market reflect UBE's dependence on fossil resources. The Board is making sure that management aligns capital investments with growth strategies and that this spending isn't just for reaching carbon neutrality.

How are you tackling the challenges of delivering sustainable growth and bolstering corporate value?

Izumihara: It will take some time for society overall to address environmental issues, so our approach during its transition will be vital. Environmental costs will inevitably rise over the foreseeable future. It will be important to discuss how society as a whole should bear these costs.

As we transform our business structure, we'll need people who can help us manage change. The capabilities we need will also evolve. For example, we'll need to be able to provide continuing education for our people.

Shoda: Disseminating information is a challenge. I believe that we should comprehensively enhance disclosure to the market.

Miura: I think our environmental endeavors will also need to encompass our overseas operations. As these initiatives will continue for years to come, it will also be important to train our younger people.

Kim: What impressed me most today is that you're exploring ways to tackle environmental issues through business structure reforms. That's a very worthwhile process. It gives me high hopes for the future. If the market understands UBE's overall strategy, its risk premium will probably decline.

Izumihara: Thank you very much for speaking with us today, Mr. Kim. All throughout its 125 years, UBE has addressed changing energy circumstances by revamping its business structure. I believe that self-improvement remains central to our corporate DNA. It gives us the confidence to keep restructuring while overcoming environmental issues.



Segment Business Strategies

SWOT Analysis



Specialty Products

Principal Products and Businesses

- Polyimide
- Separation membranes
- Ceramics, boron trichloride, and RID (Exhaust gas treatment equipment)
- Tyranno Fiber®
- Battery materials (Separators)
- Phenol resin



Keiichi Nagata
Managing Executive Officer
General Manager,
Specialty Products Div.

Strengths

- Our product lineup harnesses proprietary technologies in everything from raw materials through final processing. We have high market shares in applications that take advantage of the superiority of our offerings.

Weaknesses

- In contrast to a strength in production technology expertise that adds functionality, a downside is that investments in expansion have lengthened delivery lead times for equipment, partly because of semiconductor shortages.
- Functional (specialty) products demand extensive export controls.

Opportunities

- Demand is surging for diverse environmentally friendly products.

Threats

- We must constantly monitor changes in prescribed properties in view of the potential of improvements and developments in technologies that supersede existing ones.

We will expand business with a focus on products for EVs, biofuels, and other contributors to cutting GHG emissions.

Business Policies under the New Medium-Term Management Plan

- In electronic component applications, we will promptly keep pushing ahead with production capacity enhancement work for polyimide raw materials and film that started under the previous plan while continuing to explore further production enhancement during subsequent medium-term management plans.
- We are responding to rising demand from a swift transition to EVs by setting up a structure to boost production for ceramics, semiconductor encapsulating materials, and etching gases. We will allocate resources to develop new products based on our demand outlook.
- We are catering to fast-growing demand for separation membranes as key environmentally friendly products for refining and reforming processes for methane, alcohol, and other biofuels and sustainable aviation fuel.

Business Strategies for Fiscal 2022

In fiscal 2021, we tackled such operating climate challenges as logistics bottlenecks associated with the pandemic, lower automotive production owing to semiconductor shortages, and soaring utilities and raw materials costs. We thereby boosted our share of the polyimide market and almost reached our annual battery materials sales targets despite a second-half downturn. Sales of ceramics and semiconductor encapsulating materials were also up on a recovery in machine tool demand and emerging EV demand. Sales of separation membranes

rose on surging European and North American biofuel production, growing environmental awareness, and LNG price hikes. The Specialty Products Division thus generally exceeded its targets.

Having already begun upgrading polyimide facilities to boost production, we look to set up supply structures for other businesses in fiscal 2022. We expect the transition to EVs to accelerate. Materials requirements will accordingly change because the drive systems of these vehicles differ radically from those of combustion engine vehicles. We aim to identify components that benefit from our technology and propel our sales expansion. In the fast-expanding biofuel industry, we will take advantage of our proprietary polyimide hollow-fiber technology to boost supplies of methane concentration, alcohol dehydration, and other offerings, thus contributing to a better environment.

We look to leverage DX efforts that we began under our previous medium-term management plan to enhance process capabilities, stabilize quality, and improve yields for functional products that employ complex manufacturing processes.

ESG-Related Initiatives

Markets with potential for greater specialty products sales include EVs, electronic components, semiconductors, and biofuels. The division will focus particularly on EVs and biofuels, which contribute significantly to a better environment. In biofuels, we have kept expanding sales, primarily in the key European and U.S. markets. We also look to boost biofuel sales in Asia to reinforce our environmental contribution credentials.

Employee Spotlight on Strengths

We have cultivated distinctive polyimide offerings by integrating production from monomers. We have achieved particularly high market shares in films for chip-on-film (COF) circuits and varnishes for flexible organic electrochromic substrates. We will keep developing rechargeable battery binders, organic solvent-free varnishes, and other unique products that contribute to a sustainable economy.

Ken Kawagishi
Polyimide Business Development Group, Polyimide Business Dept.





SWOT Analysis



Performance Polymers & Chemicals

Principal Products and Businesses

- Composites
- Fine chemicals
- High-performance coatings
- Nylon polymer
- Caprolactam, ammonium sulfate
- Industrial chemicals, high-purity chemicals



Masayoshi Ota
 Managing Executive Officer
 General Manager,
 Performance Polymers &
 Chemicals Div.

We are taking concrete steps to focus on specialty chemicals and are undertaking the first stage of our transformation.

Business Policies under the New Medium-Term Management Plan

- Globally expand composites, fine chemicals, and high-performance coatings businesses
- Develop and launch environmentally friendly products
- Optimize nylon polymerization structure and look further into downsizing caprolactam production

Business Strategies for Fiscal 2022

We will restructure operations to focus on specialty products. The second phase of our polycarbonate diol (PCD) expansion in Thailand is already fully operational. We will begin boosting our environmentally friendly product manufacturing capacity alongside downstream polyurethane dispersion (PUD). Demand is rising for high-purity dimethyl carbonate (DMC) for use in lithium-ion battery (LiB) electrolyte and other applications. We established a joint venture in China for that product and have started building a plant for it. We will step up considerations for constructing production facilities in North America and expand our business there by catering to local consumption.

Demand is brisk for high-purity nitric acid for semiconductor chemicals. We will start expanding facilities to maintain stable supplies as the nation's top manufacturer.

We will increase composites production facilities for fuel cell vehicle (FCV) hydrogen tank liners and for other

Strengths

- We develop products and provide solutions that contribute to the environment, people, and the economy.
- We offer an array of products, from chemicals to functional materials, and maintain key business units in Japan, Thailand, and Spain.

Weaknesses

- Petroleum coke used in ammonia production emits GHGs.
Countermeasures: We will reduce Groupwide GHG emissions, supply products and technologies that contribute to such cuts, and undertake business structure reforms that encompass looking to lower and halt domestic ammonia and caprolactam production.

Opportunities

- We will expand CASE-related businesses.
- Digitization is driving semiconductor demand expansion.
- Population growth is increasing food demand.

Threats

- Earnings impacts of market entries from emerging countries and intensifying competition.
Countermeasures: We will reinforce competitiveness by cutting costs and stabilizing operations, optimizing global production structure, and deploying specialty offerings.
- We face risks of fluctuations in markets for caprolactam, ammonium sulfate, nylon polymers, liquid ammonia, and other products.
Countermeasures: We aim to reduce risks by restructuring business and creating high-value-added products.

non-reinforced products that set us apart from rivals. In nylon polymers, we will expand Thai production facilities for copolymerization products while looking to downsize domestic polymerization capacity in line with a caprolactam restructuring upstream to optimize our production structure in Asia.

Under our current medium-term management plan, we will push ahead with these measures to build a global specialty chemicals business that is extremely profitable and less exposed to market swings.

ESG-Related Initiatives

Our environmentally friendly products include nylon for food wrapping that lowers food losses and composites, which help lighten automobiles. Other noteworthy offerings are large-crystal ammonium sulfate, which contributes to sustainable agriculture, DMC for LiB electrolytes, and PCD for water-based paints. As well as supplying these products, we will contribute to a sustainable future by investing extensively to develop new technologies that pave the way to a circular economy.

Employee Spotlight on Strengths

Composites leverage the capabilities of their constituent materials to deliver excellent performances. We have manufactured nylon, a key engineering plastic, for more than 60 years. We are drawing on our accumulated technical expertise in venturing beyond nylon business boundaries, drawing on flexible thinking and collaborating with other companies and industries on continuing to innovate value and products.

Yuya Kusumoto
 Marketing & Sales Group, Composites Business Dept.





Elastomer

Principal Products and Businesses

- Synthetic rubber (Butadiene rubber (BR, VCR))
Global expansion, primarily for tire applications



Hisaaki Yokoo
Managing Executive Officer
General Manager, Elastomer Div.
President and Representative Director,
UBE Elastomer Co. Ltd.

SWOT Analysis

Strengths

- A globally accepted UBEPOL brand
- Extensive product lineup specializing in BR and a lineup of proprietary-grade VCR

Weaknesses

- Our processes and equipment are outdated.
Countermeasures: We will improve process productivity and quality and reduce process failures.

Opportunities

- Our four Asian operations give us the world's fourth-largest BR supply capacity.
- We develop sustainable materials.

Threats

- We face soaring raw materials costs and international logistics disruptions and disputes.
Countermeasures: We will cultivate specialty products and reinforce collaboration among global sites.

We will enhance production safety and stability, cultivate specialty products, and accelerate action through business spin-offs.

Business Policies under the New Medium-Term Management Plan

- Enhance production safety and stability by making safety a top priority and reaping the rewards of greater production
- Cultivate specialty products by developing and expanding sales of high-value-added grades
- Enhance global operation by strengthening cooperation between sites

Business Strategies for Fiscal 2022

Despite a downturn in fiscal 2020 owing to the pandemic, global demand for BR is robust. In fiscal 2022, we will maintain production safety and stability to meet solid demand from customers, particularly tire manufacturers.

Surging raw materials costs, logistics disruptions, international disputes, and exchange rate fluctuations have caused significant swings in the operating climate. We will overcome these challenges, supporting customer production by accelerating decision-making; integrating production, sales, and engineering; and leveraging the capabilities of our production sites in Japan, Thailand, China, and Malaysia.

We are improving manufacturing processes to boost productivity and quality. We are also conserving energy and leveraging human resources.

In marketing and development, we are expanding sales of high-value-added products and creating new grades. We have broadened our efforts to include developing sustainable materials to match the increasingly complex needs of customers and to strengthen our business underpinnings.

ESG-Related Initiatives

Society overall is increasingly aware of the importance of sustainability. We will fulfill our mission of supplying sustainable materials as a specialized BR supplier by developing and supplying key tire manufacturer customers with materials that save energy, are more durable, and improve processability. We will also endeavor to qualify for International Sustainability & Carbon Certification in our drive to lower our environmental impact.

Employee Spotlight on Strengths

UBE elastomers is primarily for high-cis BR, which offers excellent abrasion resistance and generates little heat. Also, UBEPOL VCR polybutadiene incorporates high-crystalline syndiotactic polybutadiene (SPB) resin, making it possible to create highly elastic tires that are thinner and lighter. We will keep developing materials that better resist wear and create less heat to help tire manufacturer customers shrink their environmental footprints.

Mika Kondo
Business Planning & Management Group, UBE Elastomer Co. Ltd.





Pharmaceuticals

Principal Products and Businesses

- In-house pharmaceuticals (Active ingredients and intermediates)
Talion® (Registered trademark of Mitsubishi Tanabe Pharma Corporation)
Calblock® (Registered trademark of Daiichi Sankyo Company, Limited)
Effient® (Registered trademark of Daiichi Sankyo Company, Limited)
Eybelis® (Registered trademark of Santen Pharmaceutical Co., Ltd.)
- Contract pharmaceuticals (Active ingredients and intermediates)
Active pharmaceutical ingredients (APIs) and intermediates for pharmaceutical manufacturers



Yoichi Funayama
Senior Executive Officer
General Manager,
Pharmaceutical Div.

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • Drug discovery research and achievements based on organic synthesis technologies cultivated over the years as a chemicals producer • Top-shelf API manufacturing capabilities from diverse facilities, equipment, and advanced quality systems 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Declining ability to handle increasing sales volumes and new projects associated with increasing operations at existing facilities <p>Countermeasures: We will vertically launch and efficiently run the fifth pharmaceutical plant.</p>
<p>Opportunities</p> <ul style="list-style-type: none"> • Global growth in the pharmaceutical market amid sophisticated medical needs in developed countries and rising populations and healthcare standards in developing nations 	<p>Threats</p> <ul style="list-style-type: none"> • Delayed development schedules and pipeline depletion <p>Countermeasures: We will streamline drug discovery research by standardizing development priorities and bolstering open innovation.</p>

We will create a growth model by reinforcing the earnings bases of existing areas while entering new business areas.

Business Policies under the New Medium-Term Management Plan

- Improve commercialization probabilities and attain high-value-added drug discovery by developing small molecule drug discovery technology
- Boost profitability by reinforcing the revenue base in existing fields and acquire nucleic acid medicine and other new technologies

Business Strategies for Fiscal 2022

Drug discovery research

We will keep phase transitions in mind in efficiently undertaking new research themes and progressing in stages to bolster our pipeline. At the same time, we will keep strengthening basic drug discovery technologies by enhancing our toxin evaluation and pharmacological testing structures for the central nervous system.

We will broaden our out-licensing partner network by drawing on academic institutions, drug discovery and development ventures, and contract R&D and manufacturing arrangements to accelerate out-licensing.

API manufacturing

We will improve the profitability of existing offerings while creating a stable revenue base by bringing forward the operational launch of our fifth pharmaceutical plant. We will push ahead with business expansion measures. These include establishing nucleic acid medicine production technology and exploring new life sciences business areas.

We will keep providing reliable products and services for the government and customers by continuing to comply with domestic and international pharmaceuticals and chemicals laws and regulations. We will also focus on bolstering quality assurance and employee training.

ESG-Related Initiatives

As well as developing small molecule drugs, we will create such next-generation modalities as nucleic acid drugs, contributing to social progress by bringing better, more valuable pharmaceuticals to the world.

Employee Spotlight on Strengths

I work on developing manufacturing technologies for contract APIs and intermediates. The UBE API & Intermediates Factory features variable capacity reaction tanks and pulverizers, ultra-low temperature reaction tanks, and other facilities that enable us to manufacture products that meet customer needs. In 2021, we set up our fifth pharmaceutical plant, which focuses on making high-potency APIs. We will contribute to pharmaceutical business growth by developing increasingly diverse production technologies.

Yoshiki Iwabe
Pharmaceutical Production Technology Team, Pharmaceutical Production Technology Group,
UBE API & Intermediates Factory



Driving Growth in Specialty Chemicals **R&D and Intellectual Property**



The UBE Group will sharpen its focus on specialty chemicals and step up efforts to tackle environmental issues. The Group is striving to create new businesses by leveraging R&D to innovate. Efforts to create environmentally friendly products and technologies and harness CO₂ are good examples. Strategically using intellectual property (IP) helps to maintain and reinforce the competitive edge of our specialty chemicals business.

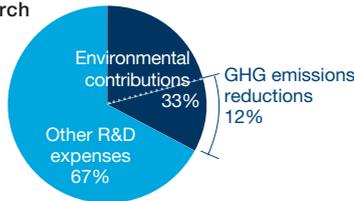


Masahiro Naiki
Executive Officer, General Manager,
Research & Development Div.,
with responsibility for development section and
Intellectual Property Dept.



R&D Expenses by Research Theme

R&D expenses:
¥11.8 billion (FY2021)



R&D

The UBE Group pursues R&D to create new businesses so it can make operating portfolio transformations that are essential for long-term growth.

Since we aim to become a specialty chemicals player and reach carbon neutrality, we will progress with R&D that matches those goals and provide materials that society demands.

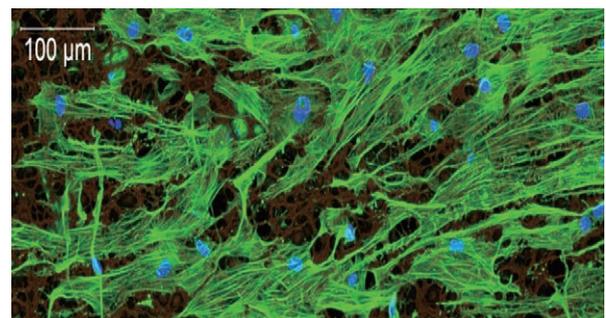
We will accordingly engage with prospective customers to determine promising R&D focuses for the medium through long terms. At the same time, we will draw on open innovation with universities and venture enterprises to integrate our molecular and materials design, functional evaluation, information, and other core technologies with external technologies. We will accelerate commercialization processes by prioritizing resource allocations to highly promising projects that draw on our strengths. We will therefore identify our technologies, define those that we should reinforce, and strategically train engineers overseeing these technologies.

We chose CO₂ and waste plastic utilization, energy management, environmental sustainability, and life sciences as specific R&D fields for creating new businesses. We will go through some of these areas below.

Key Examples of Specialty Chemicals R&D

Cell Culture Substrate

Technological innovation to deliver quality medical care affordably will be vital to creating a society conducive to healthy living. We drew on proprietary technology to develop a three-dimensional cell culture substrate that can stably culture animal cells over long periods. We are securing advice from university experts to create practical, commercial technology that steadily produces useful substances for medical supplies and cosmetics and stably cultivates cells for regenerative medicine.



Three-dimensional cell culture substrate

Heat-Dissipating Composite Materials

Popularizing renewable energy to rely less on fossil resources is urgent to cut GHG emissions. To promote the use of renewable energy, reducing power consumption is necessary by building smart grids and harnessing advanced power control and information technologies to use electricity efficiently. At the same time, we are striving to suppress heat from increasingly advanced power control devices and information and telecommunications equipment. We are doing that in

R&D projects for new business creation

CO₂ and waste plastic utilization

- CO₂ utilization (CO₂ electrolysis)
- Waste plastic utilization (hydrothermal reactions, waste carpet usage)

Environmental sustainability

- Bioplastics (biomass-derived polymers, silk proteins)
- Physical antimicrobial materials
- Aquaculture feed additives
- Insect feed
- Moisture absorbent for extracting water from the atmosphere

Energy management

- Heat-dissipating composite materials
- Radiative cooling materials

Life sciences

- Utilization of cell propagation technology

a drive to commercialize heat-dissipating composite materials based on world-class thermal conductivity materials that we jointly developed with Hiroshima-based Akane Co., Ltd.

Radiative Cooling Materials

We developed ceramic materials that helps combat global warming. It converts and radiates thermal energy into electromagnetic waves in an atmospheric window. This is a wavelength band in which the atmosphere does not absorb that energy. These materials make it possible to cool internal temperatures without using energy. We are proposing products using these advanced energy-saving materials that meet customer needs, and are developing new applications.



Radiative cooling materials

Solution Enhancing Land-Based Aquaculture Productivity

With a view to helping overcome protein shortages stemming from population growth and preventing marine pollution, we are developing solutions for circular land-based aquaculture, such as to improve the productivity of marine products, reduce and use waste, and improve the efficiency of aquaculture water purification by drawing on our expertise in organic, inorganic, and polymeric design and composite technologies. In the area of aquaculture feed, we are collaborating with partners to develop ingredients to boost the survival rates of aquacultured seafood.

Applying DX

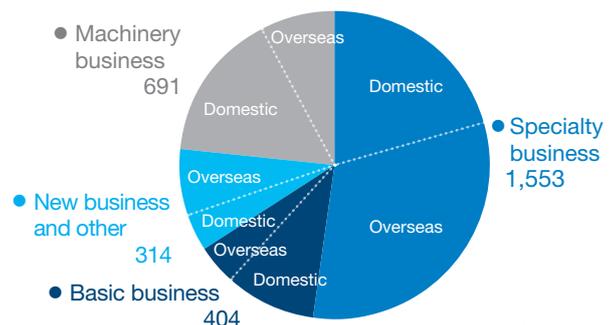
In a project for the New Energy and Industrial Technology Development Organization (NEDO), we used computation, process, and measurement tools to rapidly develop functional materials. We created a high-throughput flow apparatus for fast materials synthesis, precisely controlling synthesis parameters by combining a range of reactants. We thereby continuously synthesized metal nanocatalysts. We are applying the results of this study to build a prediction model to discover new catalysts that use materials informatics. We use these technologies to undertake R&D into new materials.

Intellectual Property

We believe that one path to gaining a sustainable competitive edge in the specialty chemicals business is to reinforce and strategically employ our IP capabilities. Business, R&D, and IP departments collaborate closely together to formulate IP strategy in IP strategy meetings and implement approaches that match business strategies.

We further deter imitations by acquiring and employing IP and building and reinforcing our portfolio of these assets in the drive to reach operational goals and maximize our business value. At the same time, we survey and analyze IP at each stage of R&D and commercialization, providing the latest IP and technological information and insights to R&D and business units. We conduct IP landscape analyses by employing a range of IP search and patent valuation systems. We use the information we accumulate to uncover new businesses, build an IP portfolio, and analyze competitor trends. IP landscape analyses are beneficial because they incorporate IP information in management and business data for formulating management and business strategies, sharing results (including for situational overviews and prospects) with senior executives and business heads. We comprehensively undertake patent clearance searches in the development and commercialization phases to minimize business risks.

Number of Registered Patents by Portfolio



As of April 2022

A Conversation about Growth in Specialty Chemicals

Theme:

Considering the UBE Group's Pathways to Sustainable Growth

In April 2022, the UBE Group embarked on a new journey to make specialty chemicals its core business. A securities analyst who is extremely knowledgeable about the chemicals sector and two executives overseeing this area sat down to exchange views about UBE's specialty chemicals prospects.

What's your stance as an analyst on the state of play in the chemicals industry?

Yamada: I see it from three perspectives. First, carbon neutrality is a huge challenge. The social issues associated with it are increasingly complex. I believe that the chemicals industry can provide solutions in that respect. Second, Japan is poor in natural resources. It must use its wits to compete. Third, the COVID-19 pandemic and Russia's invasion of Ukraine have fueled more uncertainties. I think chemicals have to play far greater roles in resolving social issues in that context.

How do you plan to develop UBE's specialty chemistry business?

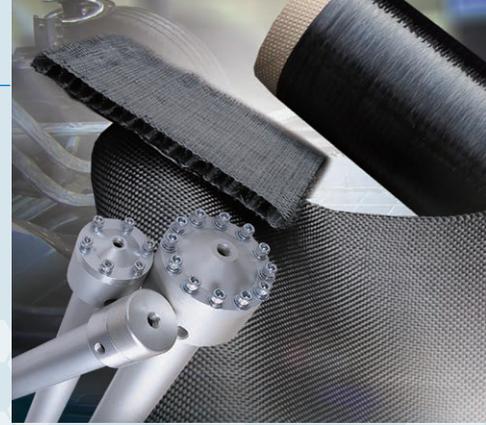
Nagata: Our specialty chemicals incorporate proprietary technologies that add superb value, setting them apart in cost-competitive markets. The Specialty Products Division's policies focus on three categories. The first is better lifestyle contributions, such as through smartphones and PCs. Devices in these areas usually employ polyimide, which offers excellent heat resistance

and accelerating business growth. The second category is mobility. EV battery materials are a good example. Beyond automotive applications there are also dehumidifiers for locomotive brake pneumatics and Tyranno Fiber® for aircraft engines. The third category is the environmental business, where demand has surged in recent years. We are expanding sales of polyimide chain gas separation membranes and other biofuel refining offerings. All three categories provide environmental benefits, energy and power savings in lifestyle contribution areas and batteries in the mobility category being examples.

Ota: We focus on products derived from the ammonia, lactam, and nylon chains. Our lineup encompasses composites, fine chemicals, high-performance coatings, nylon polymers, caprolactam and ammonium sulfate, and industrial chemicals. While these operations include basic businesses, we look for composites, fine chemicals, and high-performance coatings to grow as specialty businesses by harnessing our strengths and technological capabilities close to the downstream. As in Japan, we have nylon chain plants in Thailand and Spain, and will capitalize on them.

Masayoshi Ota
Managing Executive Officer
General Manager,
Performance Polymers &
Chemicals Div.

Keiichi Nagata
Managing Executive Officer
General Manager, Specialty Products Div.





What are your strategies and key considerations in positioning specialty chemicals to drive the UBE Group's sustainable growth?

Nagata: Polyimide is a typical example. We carefully modify it to offer the right properties, deploying it across a range of applications. These include flexible printed circuit boards, chip-on-film, varnishes, battery material binders, and solar cell substrates. We do this because we have some expertise in markets with different components. Market knowledge is a massive benefit. That's because it makes it easier for us to understand the required approach and characteristics and contributes directly to product development. Another strategy is to target promising markets and tailor our materials to them. When focusing on EVs, for example, a natural requirement is for battery materials. We offer polyimide for insulation and ceramics for thermal insulation boards.

Ota: Our technological prowess is vital to becoming a specialty chemicals player based on our existing business. A production and sales network centered in Thailand and Spain provides access to an array of market information. We have run our overseas units bases for many years, so we look to gradually deemphasize Japan's oversight role integrating the capabilities of all regions to help become a specialty chemicals entity.

Yamada: I believe markets truly need your technology, and that UBE's products can further popularize EVs. You could enhance the heat resistance of power semiconductor packages, for example, making it possible

to air-cool EV inverters. That could reduce electricity consumption for cooling water or other purposes, thereby extending cruising ranges.

How would your specialty chemicals' efforts help address environmental issues?

Nagata: As I mentioned earlier, a lot of the business areas we focus on as a specialty chemicals company relate to the environment. While bioenergy-related products are an extreme example, demand is rising for offerings that contribute to the environment.

Ota: High-performance coatings help resolve environmental issues through such applications as low volatile organic compound water-based and solvent-free systems. Composites lighten vehicles and can also serve in hydrogen tank liners that would contribute to a hydrogen economy. For DMC, carbon monoxide is used in these high-performance coatings and LiB electrolyte feedstock. We will keep expanding these businesses to help overcome environmental issues. We will position products and technologies related to bio-based raw materials and CO₂ usage as part of the

Mikiya Yamada Profile

Mikiya Yamada is a senior equity analyst in the Equity Research Department of Mizuho Securities Co., Ltd. Earlier in his career, he was a research chemist and Pacific Area/Japan financial planning manager at the Dow Chemical Japan. He later worked at Goldman Sachs, J.P. Morgan, Lehman Brothers, and Barclays. The Nikkei ranked him top in its Chemicals and Fibers Analyst category for four consecutive years.



Mikiya Yamada
Senior Equity Analyst,
Equity Research Department,
Mizuho Securities Co., Ltd.



specialty chemicals business, as they will become vital for shifting away from fossil fuels.

Yamada: I think shrinking environmental footprints would be impossible without the efforts of the chemicals industry. Demand is climbing for specialty chemicals because they are a must for lowering environmental impact while improving performance, streamlining downstream processes, and benefiting customers. I have high hopes for UBE because it is in the rare position in Japan of having syngas-based fine chemicals and nitrite technology.

In what respects is DX important to expand the chemicals business?

Nagata: The first step is to prevent defective product shipments by digitizing quality control systems. We had issues before in that respect. Since then, we made doing better a top priority and have made solid progress. The second move is to incorporate and manage digital data in each process to control them overall, boost yields, and stabilize quality. The third is to extend the operating lives of aging facilities by digitizing factors to detect prospective equipment issues. We are focusing particularly on the second and third steps.

Ota: I think we need to digitize processes to decarbonize. Our customers require data related to life-cycle assessments, and I sense we can't cater to them without systematizing that data. I believe that we will have to strengthen our framework for managing raw materials and product inventories globally through digital processes in view of supply chain disruptions.

Yamada: I think DX is extremely important for specialty chemicals. That's because it creates powerful experiences for customers when they find that UBE does wonderful things and maintains reliable, high-quality control standards. If you can detect facilities aging issues before they occur, capital markets will view UBE as a highly accident-free entity, one that does not need superfluous investments.

When striving to decarbonize, for example, I think providing life-cycle assessment-related information to customers and subcontractors that presents a general picture of environmental impacts would do much to reinforce customer and other stakeholder ties while fostering optimization overall. With specialty chemicals, information and knowledge accounts for much more of total value than with commodities. I think your explanation makes a lot of sense from the perspective of DX, which is about multiplying information and knowledge.

How are you progressing with R&D that is vital to specialty chemicals growth?

Ota: R&D often used to be quite target-centric. These days, we increasingly create new products by engaging with customers. Specific R&D focuses include bio-based monomers and polymers, materials recycling, chemicals recycling, and waste plastic recycling, with all of these efforts contributing to a better environment.

Nagata: If you derive a technology from polyimide or another existing technology chain, you can commercialize it quite fast. You need considerable time, however, to develop technologies and applications from basics. If a technology does not progress fast after getting to a certain level, we halt what we are doing to rigorously manage the history and data thus far. As I mentioned earlier, we would ideally enter the EV, environmental, and other promising markets with proprietary technology. Competition is intense, making our technological superiority extremely important.

Ota: While we haven't brought products to market, amassing our technology will be a tremendous asset for subsequent development stages. We emphasize data accumulation from the perspective of using materials informatics, and place importance on this. I think we have stockpiled a lot of such data.

What underpinnings and initiatives has UBE put in place to build a competitive edge in specialty chemicals in the global marketplace?

Ota: We have business sites in Thailand and Spain, so our first step should be to fully harness them. Our Spanish operation spearheaded efforts to expand our markets in Europe and South America. Our next major investments will likely be in the United States.

Nagata: Globalization seems a catch-all, but the reality is that situations differ for each product. In electronic component and display materials, for example, the key players are in Japan, Taiwan, Korea, and China. From logistics cost and information management perspectives, one wonders whether it is really necessary to manufacture overseas. That said, Japan sorely needs to shift aerospace and environmental operations abroad. These markets are much larger in Europe and the United States than in Japan. They necessitate technical communications with customers and local offices and personnel. But in view of web conferencing becoming all too common in the past few years, the geographical handicaps of being far from markets are less of an issue.

Yamada: Globalization isn't the same as localization in my view. As you just mentioned, as long as you can deliver value to customers worldwide through your technology, expertise, and business resources, it shouldn't matter where you base your operations. The specialty chemicals market scales aren't inherently large, so it will be vital to optimize production and sites.

How are you cultivating specialty chemicals experts who can operate globally?

Nagata: We appoint our people to responsible posts when they are young and energetic. We have significantly lowered the average ages of line managers. We are also looking to provide overseas experience to enhance their perspectives and experience and put them in the right positions on returning to Japan.

Ota: I agree. Overseas experience is valuable and will definitely be useful in coming years. It's also worth noting that even engineers should change jobs. Some say if you do that you'll be unable to retain your skills. But it's important to get a range of experiences and add value by changing jobs. We will need a lot of people in the years ahead as we globalize, so we will systematically develop human resources.

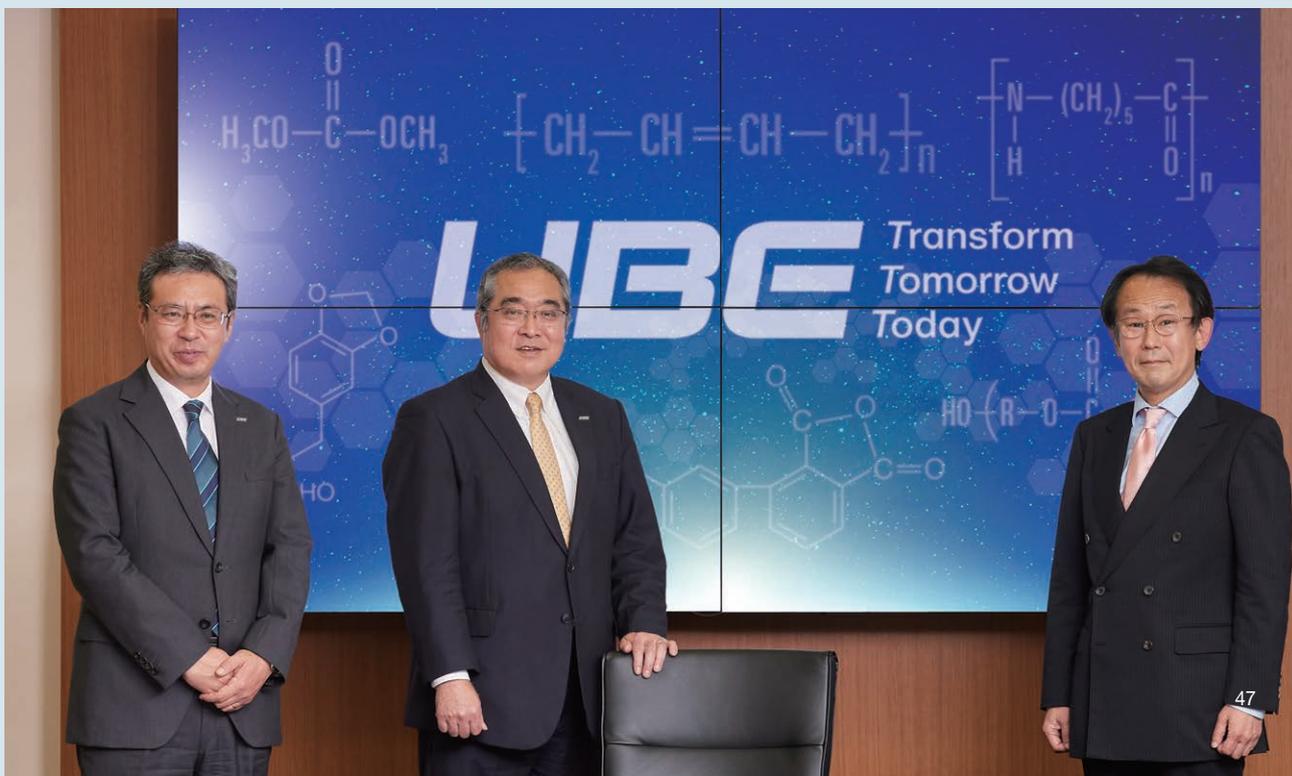
Yamada: In terms of people with global expertise, I think UBE should explore how to recruit talented local professionals while sending Japanese nationals abroad. People are the ultimate source of added value. I think UBE will become stronger and more resilient if it opens its doors wider overseas and increases the diversity of its people.

What challenges do you think UBE faces in its specialty chemicals business? What measures should it deploy to expand?

Nagata: Our product lineup encompasses everything from polyimides to ceramics, semiconductor etching gases, and gas separation membrane modules. We have to break down barriers between divisions and communicate across them to accelerate market development. While many products seem to be benefiting from rising demand for EVs and semiconductors, even if we strive to upgrade facilities we face rising costs and delivery delays. I sense that we need to factor all this into business development for the foreseeable future.

Ota: The business environment is increasingly uncertain, so we accordingly have to change specific solutions. Our technological and marketing prowess will empower us to overcome those challenges. We must reinforce our technological position while keeping pace with customer needs in a changing world. We will leverage our robust technologies and a sense of urgency to tackle a changing business climate.

Yamada: Society will ultimately become carbon neutral. I hope that UBE can leverage its capabilities as a chemicals industry player to help resolve social issues by increasing the number of specialty chemicals that satisfy customers' needs and raise prices while enhancing investor satisfaction. We also hope that UBE will inform capital markets that it has a compelling array of distinctive technologies and that it will leverage them to spread its wings in the years ahead.



Strengthening the Business Platform: Human Capital Enhancement

People are vital to our sustainable growth. We are cultivating new businesses that can generate value to accelerate the growth of specialty chemicals business and promotion of digitization.



Bolstering human capital is a key challenge for expanding sustainably. We are committed to diversity and inclusion, through which we can perform better as an organization. Diversity and inclusion can empower us to materialize our corporate philosophy goal of creating value for the future and contributing to social progress by drawing on collaboration between people with different backgrounds and ideas. Attaining gender equality is a particularly important priority. We have recalibrated percentage targets for women in managerial roles and as employees. We promote gender equality through roundtable meetings with the President and through career support interviews with the senior managing executive officer in charge of human resources and the head of the Human Resources Department.

Hideo Tamada

Representative Director, Senior Managing Executive Officer, CRO, CCO, with responsibility for Risk Management Dept., Human Resources Dept., General Affairs Dept., and Legal Dept.

Bolstering Human Capital for Sustainable Growth

We have made diversity and inclusion a top priority. We will innovate by integrating diverse technologies, knowledge, and perspectives to drive global business expansion and create new value.

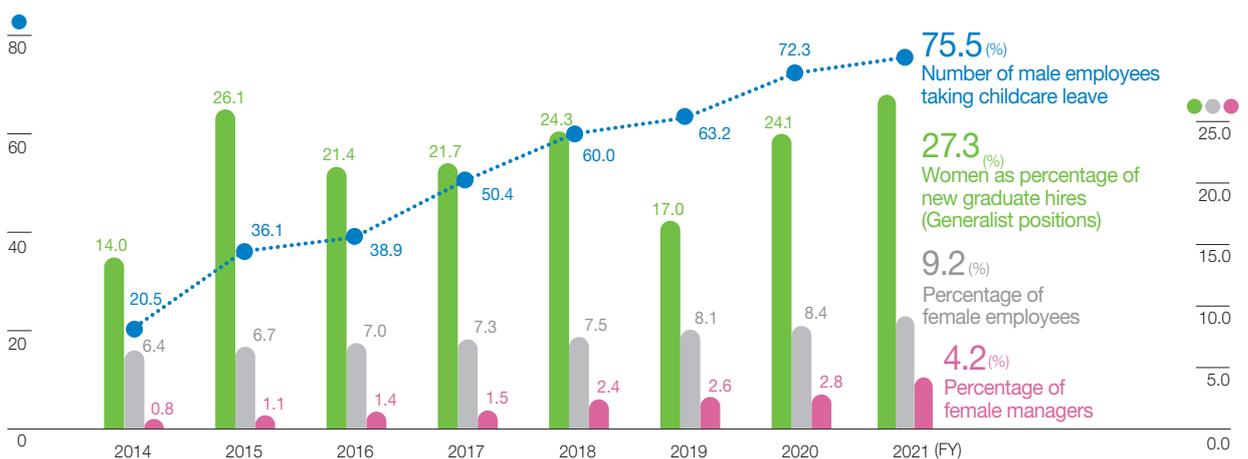
We will make diversity and inclusion a basic policy of the medium-term management plan that started from fiscal 2022 and will endeavor to improve work engagement across the Group.

We will push ahead with the following three priority measures.

1. Addressing the gender gap
 Percentage of women in the workforce: **15%**
 Percentage of women in management positions: **6%**
 (Fiscal 2024 targets on a consolidated basis in Japan)
2. Mid-career hire (career-track position) percentage: **25%** or more
 Non-Japanese national hire (career-track position) percentage: **5%** or more
 (Fiscal 2024 targets on a consolidated basis in Japan)
3. Maintaining the professional job system, hiring seasoned experts, and enhancing measures for senior employees

Targets (On a consolidated basis in Japan)	Fiscal 2021 results	Fiscal 2024 targets
Percentage of female employees	14.4%	15% or more
Percentage of female managers	3.3%	6% or more

Female Employee Activity Benchmarks (Parent company)





Initiatives in Fiscal 2021 (Parent company)

- **Held Roundtable Meetings (Number of participants: 33)**
These gatherings between the President and nine or so female employees each time used a free discussion format so that top management could directly convey its thoughts and answer questions from participants.
- **Conducted Career Support Interviews (Number of participants: 35)**
As well as offering routine interviews with direct supervisors, we provided career support interviews for employees with the executive director in charge of human resources and the human resources manager. These gatherings enabled participants to explore an array of career possibilities and follow up regularly with employees.
- **Provided Training**
E-learning about unconscious bias
- **Formulated General Business Owner Action Plan for Fiscal 2022 through Fiscal 2024**
Based the plan on the Act on Promotion of Women’s Participation and Advancement in the Workplace and the Act on Advancement of Measures to Support Raising Next-Generation Children
- **Expanded Women’s Work Opportunities**
Broadened assigned workplaces and job scopes
- **Improved Facilities**
Renovating factory rooms and restrooms
Reducing workloads through mechanization and IT



Plans and Policies for Fiscal 2022 (Parent company)

- **Revise Childcare Leave Rules**
Key initiatives were to extend leave period to when children reach the age of three and review child nursing leave system, lifting the limit from third grade at school to sixth grade
- **Establish Childcare Support Allowance**
- **Shorten Prescribed Working Hours (15 minutes at lunchtimes)**
- **Deploy Women’s Health Measures**
- **Build Female Employee Network**
- **Provide Training**
Training to support diverse careers for managers



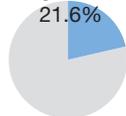
Diversity and Inclusion at Overseas Subsidiaries

Spain

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

- On March 8, International Women’s Day, we organized an open webinar about “Equality, the new normal.” Approximately 100 people participated in this event and we interviewed the President of the Chamber of Commerce of Castellon and local companies’ executives.
- Signed the second Equality Plan for the next four years with the worker’s committee at UCE
- Signed the first Equality Plan for the next four years with the worker’s committee at Repol S.L.U.
- Payroll audit with equality perspective
- More flexibility in the working hours either men or women fostering the co-responsibility in the community

Percentage of Female Managers at UCE

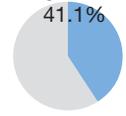


Thailand

UBE Group (Thailand) (UGT)

- In fiscal 2021, UGT hired 28 employees, eight of whom were women.
- In fiscal 2021, women accounted for roughly 40% of promotions in managerial and non-managerial positions.
- Pushed ahead with a hybrid work model to achieve work–life balance.
Conducted employee satisfaction surveys and one-on-one interviews that focused on progress with working from home.
In Bangkok, downsized office and renovated it as a coworking and team meeting space.

Percentage of Female Managers at UGT





Career Support Success Stories

Tokyo

Woman in Management

Shiho Otsu

Manager,
Life Sciences Market Development Group,
Pharmaceuticals Division

I have handled a range of tasks since joining UBE as a mid-career hire in 2007. I found it extremely challenging and rewarding to negotiate extensively with domestic and overseas customers as a thermal control materials sales representative. Knowledge about export controls is vital for our products, so I constantly studied related laws and regulations to enhance my practical skills.

I am drawing on such experience in taking on a new challenge with colleagues in the Life Sciences Market Development Group of the Pharmaceuticals Division of launching cell culture substrate products. I would like to help deliver new value in this field and help create work environments in which women and young employees can contribute more to corporate life.



Career path: Entered the Company in 2007, worked in the Specialty Products Division, transferred to the Strategic Operational Department of the Chemicals Company; now in the Pharmaceuticals Division

Regarding the future: Goal: I would like to help create work environments in which women and young employees can contribute more to corporate life.

Spain

Woman in Management at a Spanish Subsidiary

Rossana Martin

UBE Corporation Europe, S.A. Unipersonal (UCE)
Repol S.L.U. Deputy Managing Director

My name is Rossana, and I began working at UCE in 2010 as a QA Technician and became the QA Manager in 2015. Since April 1, 2022, I have been working at Repol* as the Deputy Managing Director with the goal of fostering its integration into the UBE Group and meeting customer needs with adequate quality/cost performance.

having lunch at a restaurant on the beach in Benicàssim, cooking, or going shopping.

The work schedule at UCE allows me to reconcile my work life with my time with family and friends in a healthy manner. The new flextime system and the possibility of teleworking supports, even more, the balance between both and allows me to take care of my children when they are sick, for instance.



I have three children, all of them teenagers. It is understandably a challenge to handle all of their daily activities—school, sports, and academies—while also finding the time to enjoy free time together, such as

* A plastic compound maker UCE acquired in 2019

Career path: Joined UCE in 2010, worked in the Quality Assurance Department; now Deputy Managing Director of Repol

Regarding the future: I would like to continue growing professionally and personally and motivate others to do the same based on respect and teamwork.

Ube

Woman in Management at Factory

Yoshie Yanai

Manager,
Environment & Safety Group, Environment & Safety
Department, Ube Chemical Factory
Production and Technology Division

Last year, UBE introduced shorter core working hours for those with childcare commitments. This has made it easier for me to work more efficiently. Although I now put in shorter hours, with the understanding and support of colleagues I oversee such essential factory operations tasks as safety activities and certification renewals.

Maintaining safe work environments and ensuring everyone understands that safety is a top priority is essential for the operational stability of our facilities. The factory has operated for a long time, and priorities have changed over the years. We want to foster a safety culture and respond swiftly to social changes so our factory is an excellent place for all of our workers.



Career path: Joined UBE in 2008, worked for Ube Industries Maintenance Co., Ltd., transferred to the Facilities Management Department of Ube Chemical Factory; now in the Environment & Safety Group

Regarding the future: I would like to handle a wide range of jobs and acquire the knowledge and skills needed to assist colleagues.

Strengthening the Business Platform: Digital Transformation Initiatives

Digital Transformation Vision

Our approach to digital transformation (DX) processes under UBE Vision 2030 Transformation is to enhance productivity and tap accumulated data, cultivating human resources to promote advances, innovating business processes, and generating new value by co-creating with customers. We will bolster our ability to offer customer solutions that leverage data and digital technologies based on our technological and innovative prowess.

The DX Promotion Office drives our DX vision, transforming our basic ICT into digital ones and applying them to operations.

DX Basic Approach and Initiatives

Our DX basic approach is to generate customer value and enhance corporate value by digitizing Company-wide knowledge, experience, technologies, and information. We organically link and analyze that data and draw on it to create measures.

We will expand our specialty chemicals business by consistently matching customer needs across the value chain. Efforts would encompass development, design, procurement, processing and manufacturing, sales, and recycling, and packaging applications development and solutions. We will drive business infrastructure advances by monitoring performance in real time and digitizing efforts to oversee and manage GHG emissions and environmental impacts. We will thereby achieve sustainable growth and enhance corporate value even in fast-changing business climates.

Our digitization efforts encompass the following domains:

1. Smart Factory
2. Digital Marketing
3. Velocity R&D
4. Digital Supply Chain Management
5. Digital Management
6. Digital Back Office
7. Environment and Sustainability

In the value chain, we will transform business by leveraging digital technology to combine business processes that belong to each other and clarify measures.

In implementing digital measures, we create roadmaps for each domain. We assess the financial impact and strategic importance of each theme in view of external and internal changes in the environment, and systematically progress while managing key performance indicators (KPIs) for processes, results, and uptake.

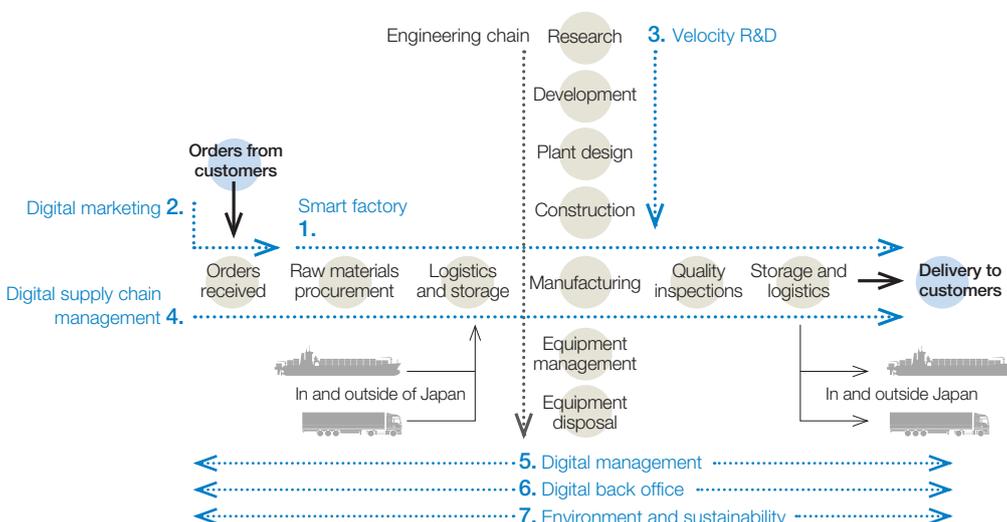
Developing Digital Professionals

We define knowledge and competency requirements for job descriptions, providing group and practical training, e-learning, and distance learning while helping people acquire qualifications.

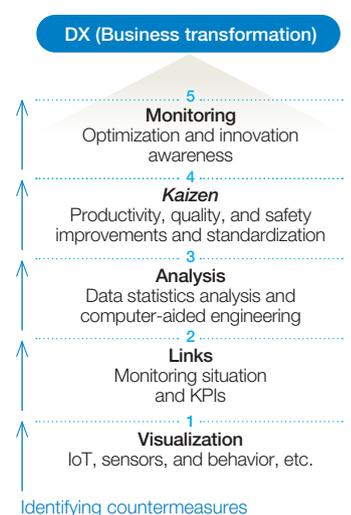
Noteworthy Successes

- We developed a contact-free body temperature measurement device by combining AI images of faces with and without masks and Internet of Things (IoT) technology, for which we received an award for endeavor from the Japan Institute of Plant Maintenance at its Karakuri Kaizen Exhibition in 2020.
- We deployed imaging AI at plants to automate quality inspections.

Interconnections with Seven Digital Measures Domains



Five Steps to Using Digital Processes



Machinery Business: UBE Machinery Corporation, Ltd.



Following the UBE Group’s reorganization, the Machinery Company embarked on new beginnings in April 2022 as the UBE Machinery Group.

We will contribute to a sustainable economy by developing carbon-neutral and other environmentally friendly products that meet market needs while digitizing processes to enhance our global market presence.

We will strive to reinforce our business structure and corporate governance in view of our great importance to the UBE Group.

In keeping with our slogan, We Deliver “World-Class” Performance, we will keep providing products and services that customers seek.



Yukio Hisatsugu
 Representative Director
 & Chairman of the Board
 UBE Machinery Corporation, Ltd.
 CEO of UBE Machinery Group

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, crushers, and chemical equipment), bridges, deck machinery, and grab buckets
- Machinery services
- Steel products (Billets and castings)
- Control boards

Long-Term Vision

Enhance business value by reinforcing the revenue base while becoming more autonomous and competitive

Goal: Contribute to customers with products and services offering brand value

Keep developing products that match market needs

Globally supply services that leverage ICT and AI and digitize after-service processes

Business Policies under the New Medium-Term Management Plan

Basic Policies

We seek to enhance the profitability of product businesses by capitalizing on globally expanding market needs, such as the shift to xEVs and carbon neutrality. At the same time, we look to expand service businesses by developing new proposals and catering to the products of other companies.

We will reinforce corporate governance and establish an independent business operation structure for the UBE Machinery Group.

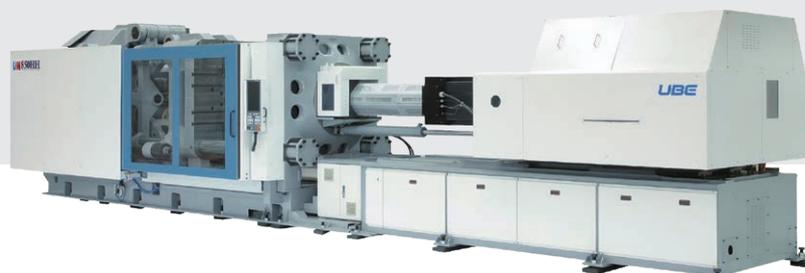
Numerical Targets

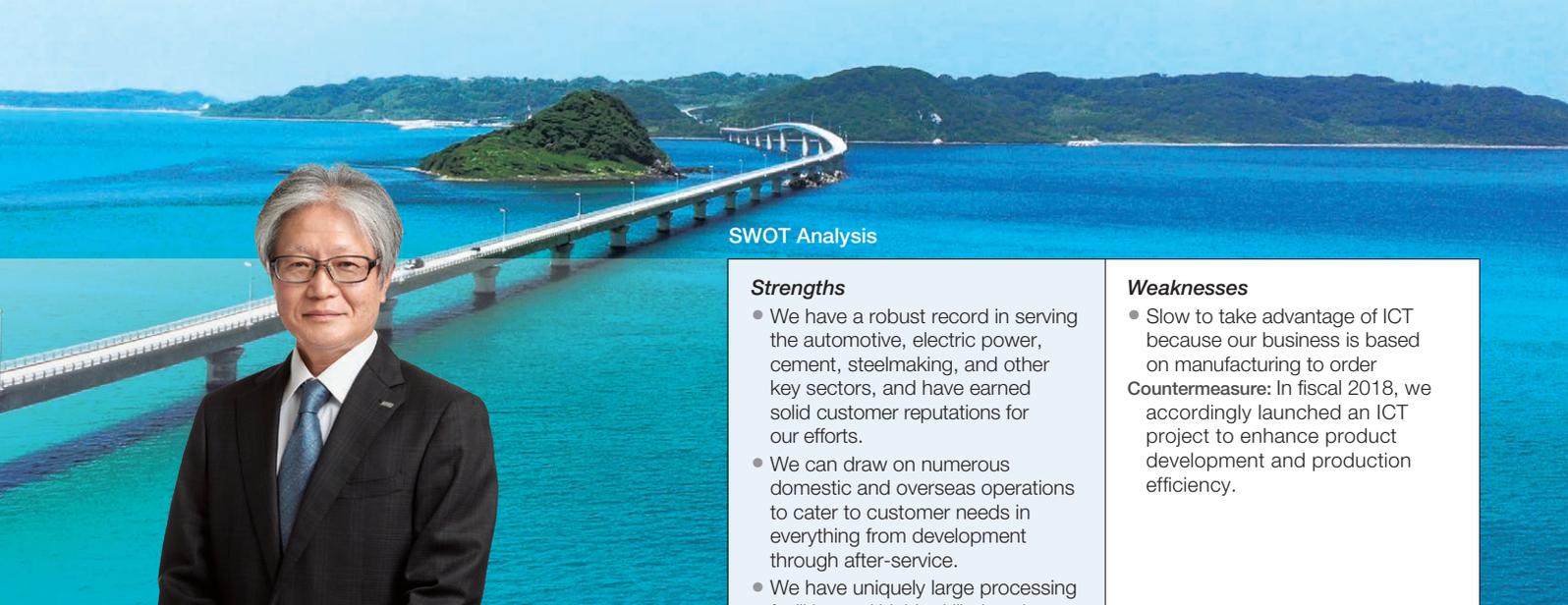
	(FY)		
(Billions of yen)	2022	2023	2024
Sales	¥106.0	¥98.0	¥100.0
Operating profit	5.0	5.5	6.0

Employee Spotlight on Strengths

I work for the U.S. unit of the UBE Machinery Group, which operates in key markets worldwide and has earned a robust reputation for customer satisfaction. I specialize in selling injection molding machines. Our lineup and technological capabilities have improved significantly as a result of the integration of our business with the counterpart unit of Mitsubishi Heavy Industries, Ltd. Our customer-centric approach will remain a key strength for years to come.

Masashi Kawada
 Injection molding machine sales specialist in the Sales Department of UBE Machinery Inc.





SWOT Analysis



Hironori Miyauchi
 Representative Director & President
 UBE Machinery Corporation, Ltd.
 COO of UBE Machinery Group



Air-Float Conveyor for Biomass Co-Firing Power Plants

<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 uniquely large processing facilities and highly skilled engineers. 	<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>Countermeasure: In fiscal 2018, we 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 slow-down could drive consolidations in key markets. <p>Countermeasure: We will strengthen competitiveness to increase our presence when demand recovers.</p> <ul style="list-style-type: none"> • The global economy will remain lackluster owing to the COVID-19 pandemic, delaying a recovery in capital equipment demand and intensifying price and delivery competition. <p>Countermeasures: We will cut product costs and shorten production lead times to secure business opportunities when a recovery materializes.</p>

Priority Measures

Molding machines

- Create new products in response to shift to xEVs
- Expand market share by developing attractive products that cater to demand for xEVs and weight reductions
 - Develop competitively priced products for the North American, Asian, and other markets
 - Invest and secure funds to expand sales in the Chinese market
 - Enhance proposals for improving preventive maintenance and facility performance

Industrial machines

- Expand business by developing products and processes for the renewable energy and product recycling markets
- Capture handling demand for power plant biomass fuels
 - Leverage large structure manufacturing technology to enter the offshore wind power and liquid ammonia facility markets
 - Look into strengthening alliances that help expand business

Steelmaking

Aim to become Japan's dominant player in special billets and the domestic leader in large castings, contributing to the economy and generating stable earnings through the environmental recycling business

Business Strategies for Fiscal 2022

Compounding economic slowdowns from U.S.–China trade friction, semiconductor and raw materials shortages and logistics disruptions owing to the pandemic and Russia's invasion of Ukraine have hampered capital investment worldwide. Business conditions remain challenging in our key domestic and overseas markets. These include automobiles, electric power, cement, steelmaking, and shipbuilding. We expect competition to intensify and will accordingly clarify our recovery period strategy and reinforce our business structure. We look for carbon neutrality demand to strengthen, and will keep responding to growing market needs.

Molding Machine Business

We will prepare for a demand recovery by focusing on setting competitive pricing and shortening manufacturing

lead times for each product while developing offerings that match market needs, and will strengthen our business structure. For die-casting machines, we are developing products and processes to cater to surging demand for lighter automobiles and xEVs, and will gradually launch them. For injection molding machines, we are integrating and reorganizing domestic and overseas units. We seek to enhance efficiency and competitiveness by globally integrating operations and optimizing production systems, launching new products for the global market.

Industrial Machinery Business

In fiscal 2022, we will continue to focus on managing processes and costs for current orders, primarily for the domestic electric power industry. We will accelerate environmental equipment and process development in light of rising demand for environmentally friendly products.

After-Service

We will strengthen after-service for molding machines in the United States, China, and elsewhere in Asia by bolstering technical staff capabilities, including by providing more training and hiring more personnel overseas, and by boosting our parts supply structure.

In industrial machinery, we will offer more services overseas by reinforcing alliances. We will provide more services for the products of other companies to expand business. We will further digitize processes, such as by leveraging ICT to provide remote construction support.

Steel Products Business

The business climate will likely remain adverse in fiscal 2022 owing to global overcapacity and other factors.

We will continue to transition from quantity to quality to optimize our business structure. We will do so by drawing on our manufacturing capacity in specialty and niche products, which are key strengths, while stabilizing our earnings structure. We will expand our medical and industrial waste treatment businesses to make environmental recycling a third operational pillar.

ESG-Related Initiatives

Environment

UBE Machinery Group companies focus on developing processes and products that contribute to carbon neutrality, expanding sales of environmentally friendly offerings, and providing services for existing facilities. UBE Steel Co., Ltd., contributes to the local communities and society by making steel from scrap and melting medical and industrial waste.

Society

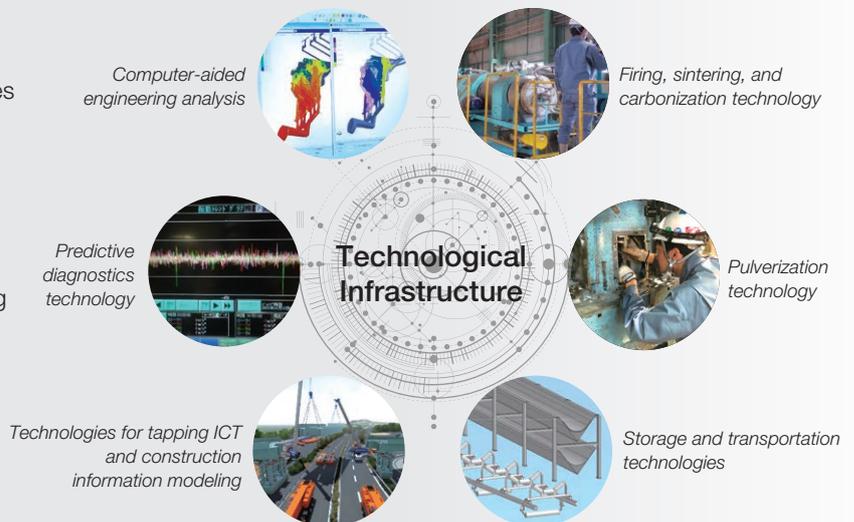
UBE Machinery’s development and engineering departments are recruiting more female engineers to offer new ideas and perspectives that contribute to new value. That business is also extensively hiring people with disabilities.

Governance

We are reinforcing governance within the UBE Machinery Group by creating a corporate governance structure centered on that company. Efforts include setting up an auditing office to tighten internal controls, formulating rules, and restructuring business processes based on them.

UBE Machinery Group’s Technological Infrastructure

The UBE Machinery Group undertakes extensive R&D into world-class technologies. It also engages in joint development, provides technical support, and supplies information services in collaborating with customers to tackle new manufacturing challenges. Its technological infrastructure extends beyond existing capabilities to encompass ongoing efforts to upgrade products and services that are valuable for customers.



Sustainability / Environmental Safety Management / Environmental Issues / Circular Economy

Sustainability

Approach to Sustainability

In order to fulfill its purpose (raison d'être) as a corporate group centered on specialty chemicals, the UBE Group aims to achieve sustainable growth by effectively utilizing its management resources and creating new value for society. The cornerstone of our efforts is a focus on realizing a sustainable world. Toward that end, we work to ensure that all executives and employees of the UBE Group are fully aware of the UBE Group Basic Policies for Sustainability, identifying material issues in the areas of growth, environment, society, and governance, and proactively seeking solutions to these issues.

UBE Group Basic Policies for Sustainability

The UBE Group lives up to its founding spirit and corporate philosophy by pursuing Group sustainability through its business activities. At the same time, we are focused on strengthening our efforts to address global environmental issues and contributing to the realization of a sustainable world that exists in harmony with nature.

1. We will secure safety and quality in providing products and technologies that contribute to the environment.
2. We will practice appropriate information disclosure for all stakeholders and readily communicate with society.
3. We will pursue corporate governance that is in keeping with the demands of society and strive to continuously expand revenues and enhance our corporate value.
4. In accordance with laws and regulations at home and abroad, and international norms and guidelines that should be observed, and with respect for human rights, we will pursue our corporate activities in a sound and fair manner.
5. We will respect the culture and customs of all countries and regions and contribute to the development of local communities.

United Nations Global Compact

In April 2021, we signed the United Nations Global Compact, the world's largest sustainability initiative, and joined Global Compact Network Japan to promote sustainable management. In keeping with our founding principles and corporate philosophy, we support and

implement the Ten Principles of the United Nations Global Compact in the four fields of human rights, labor, the environment, and anticorruption, and will help realize a sustainable economy through our business.



Environmental Safety Management

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 have made it our shared value to prioritize safety in everything we do. This includes ensuring safety and security in the workplace and in 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.

Glossary

* Partner companies: Including construction and other contractors

Environmental and Safety Organization

Policies and measures relating to such environmental safety components as occupational safety and health, process safety and disaster prevention, environmental preservation, and environmental issues 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



Environmental Safety Measures

We implement PDCA cycles based on our environmental safety measures to constantly improve efforts relating to occupational safety and health, process safety and

disaster prevention, environmental preservation, and environmental issues.



The Outline of Environment and Safety Activities on pages 1–2 of the 2022 Integrated Report Supplementary Information (Environment and Safety/Quality Assurance) presents our environmental safety activity plans and achievements.

https://www.ube.co.jp/ube/en/ir/library/integrated_report/pdf/2022/integrated_report_environmental_safety_qa_0.pdf

Annual RC Activities' PDCA Cycle



Environmental Issues

We have four key environmental issues: global warming, marine plastic waste, safeguarding biodiversity, and water resource conservation. For the latter three, we formulated a PDCA structure that encompasses analyzing materiality and understanding connections with business activities, identifying risks and opportunities, formulating strategies and setting KPIs, and measuring and managing those indicators. In fiscal 2021, we determined relevance and analyzed risks as part of efforts to safeguard biodiversity and conserve water resources.

Risk Analysis

We analyzed risks at each business site so we could safeguard biodiversity and conserve water resources.

	Ube Chemical Factory (Ube)	Sakai Factory (Osaka)	UBE Elastomer (Chiba Prefecture)	Thailand (Key business sites)	Spain (Key business sites)
Biodiversity risk assessment*1	Low/Medium	Very Low	Low	Low/Medium	Medium
Water risk assessment*2	Low-Medium	Low-Medium	Low-Medium	Medium-High	Low-Medium

*1 Using the Integrated Biodiversity Assessment Tool

*2 Data obtained from the total overall water risk assessment of Aqueduct, part of the World Resources Institute water program, on April 22, 2022

Biodiversity Risk Assessment Results

We used the Integrated Biodiversity Assessment Tool to analyze the locations of UBE Group sites with relation to the International Union for Conservation of Nature and Natural Resources (IUCN)'s protected areas. We found that two sites are in or beside that tool's key biodiversity areas. Another two sites are next to or in IUCN's Category IV areas. We will build a PDCA framework to analyze materiality and understand connections with business activities, identify risks and opportunities, formulate strategies and set KPIs, and measure and manage those indicators, with Groupwide deployments beginning in April 2023.

Water Risk Assessment Results

Our assessment revealed no significant water-related risks. We did, however, learn that water stress could become significant at overseas sites in 2030 and 2040. Water resource risks depend on regional supply, demand, and quality risks and their importance to our operations. We are accordingly working to establish a PDCA framework for near- and long-term water resources risks. The framework would analyze materiality and understand connections with business activities, identify risks and opportunities, formulate strategies and set KPIs, and measure and manage those indicators, with Groupwide deployments beginning in April 2023.

Water Withdrawals at the UBE Group*

	1,000 m ³				
	2017	2018	2019	2020	2021
Industrial water	81,500	79,500	85,100	82,000	83,400
Groundwater	1,980	1,960	2,040	2,040	2,150
Tap water	350	360	370	400	350

* Data covers seven domestic factories and laboratories and 10 key domestic consolidated subsidiaries with factories.

Fiscal 2021 Initiatives

We implemented measures and undertook the following activities to address marine plastic waste, safeguard biodiversity, and conserve water resources.

Marine Plastic Waste

We are developing and providing materials and products that are helping to resolve this issue while recycling plastics at our plants.

Ube Chemical Factory

- Participated in year-end street cleanups and patrolled waste dumps and other locations to check for plastic waste
- Recycled plastic and materials and undertook thermal recycling

Sakai Factory

- Cleaned roads around premises
- Implemented the “3Rs” (Reduce, Reuse, Recycle) and used recycled products

UBE Elastomer

- Installed equipment to collect polyethylene pellets from facility’s wastewater outlet to prevent spillage
- Collected and cleansed plastic and other waste and polyethylene pellets around facility



Polyethylene pellet collection equipment at UBE Elastomer Co. Ltd.

Biodiversity

Ube district

- Took part in afforestation efforts to protect water resources

Sakai Factory

- Planted and maintained trees in Symbiotic Forest
- Attended Sakai city environmental symbiosis unit seminars
- Distributed Sakai Ikimono Tsushin (a wildlife newsletter) to educate the public

UBE Elastomer

- Participated in Chiba Prefecture supporter group effort to protect Japanese white pine



Japanese white pines planted in 2016



Employees participating in the 14th Forest Creation Experiential Activity for Water Conservation

Water Resources

Ube Chemical Factory

- Voluntarily conserving 10% more of industrial water than required

Sakai Factory

- Installed automatic faucet sensors in office restrooms
- Automated watering of vegetation around facility to conserve this resource
- Inspected ultrasonic water leaks from buried piping and other sources
- Installed thermal insulators and other devices to reduce water consumed to prevent freezing in winter
- Reduced cooling water consumption by replacing water-cooled air compressors and other devices with air-cooled alternatives



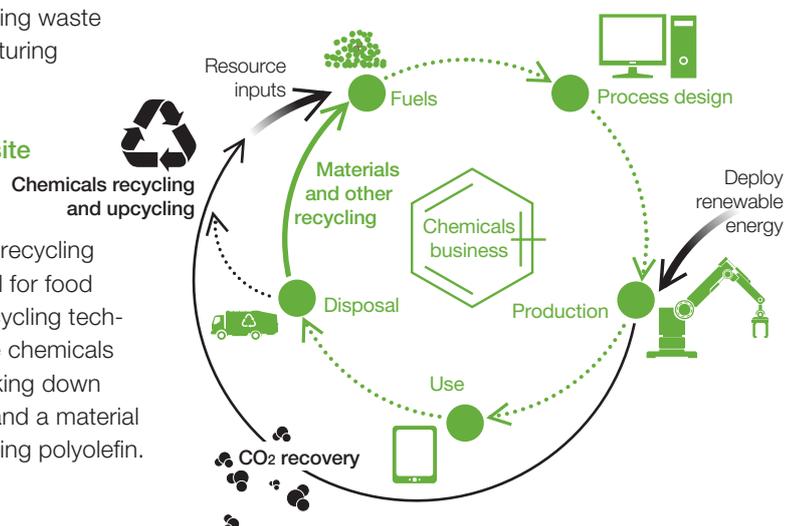
Circular Economy

We develop a range of technologies to help realize a circular economy. Technologies for tapping waste plastics and CO₂ and bioplastics manufacturing techniques are good examples.

A Technology to Decompose Composite Plastics to Recover and Reuse Important Elements

One UBE advantage has been to develop recycling technology for multilayer films that are vital for food packaging. This is an advanced hybrid recycling technology comprising a technology to recycle chemicals in polyolefin/nylon multilayer films by breaking down the nylon to return it to a monomer state and a material recycling technology to recycle the remaining polyolefin.

Chemicals Business Resources Cycle



Occupational Safety and Health / Process Safety and Disaster Prevention Product Safety and Quality Assurance



Occupational Safety and Health / Process Safety and Disaster Prevention

We undertake occupational safety and health as well as process safety and disaster prevention initiatives in keeping with the UBE Group Environmental and Safety Guidelines. The guidelines embody a firm commitment to prioritizing safety in everything we do by ensuring safety and security in workplaces and in communities while protecting the global environment.

Occupational Safety and Health

We aim to eliminate occupational accidents, and endeavor to reinforce and keep enhancing safety initiatives by fostering a culture of safety. We also strive to reduce risks in operations that are prone to major accidents and make them inherently safe.

From fiscal 2020, we began prioritizing undertaking safety initiatives in collaboration with partner

companies*. From fiscal 2021, we deployed education and training programs to increase safety awareness.

* Partner companies include those handling construction contracts

Process Safety and Disaster Prevention

We comprehensively identify and systematically address risks by taking decisive measures in building a structure to eliminate accidents at our business sites. We also undertake initiatives to minimize damage from natural disasters.



Please see pages 3–5 of the 2022 Integrated Report Supplementary Information (Environment and Safety/Quality Assurance) for details on occupational safety and health as well as process safety and disaster prevention activities and outcomes from initiatives in fiscal 2021.

https://www.ube.co.jp/ube/en/ir/ir_library/integrated_report/pdf/2022/integrated_report_environmental_safety_qa_1.pdf



Product Safety and Quality Assurance

We undertake product safety and quality assurance initiatives based on the UBE Group Fundamental Quality Guidelines.

Product Safety

We factor health, safety, and the environment into chemical substance management by complying with domestic and international chemical control regulations, closely overseeing these substances in the supply chain, and disclosing chemical product safety information.

We are enhancing logistics safety compiling emergency contact numbers that people can use following transport accidents, and will deploy our 24-hour emergency contact service worldwide in fiscal 2022.

Quality Assurance

We conduct and assess quality assurance activities in line with our quality management systems. The Pharmaceutical Division is continuing to build its pharmaceutical quality system to cater to the specific requirements of those offerings.

Please see pages 17–18 of the 2022 Integrated Report Supplementary Information (Environment and Safety/Quality Assurance) for details on product safety and quality assurance activities and outcomes from initiatives in fiscal 2021.



Product Safety

https://www.ube.co.jp/ube/en/ir/ir_library/integrated_report/pdf/2022/integrated_report_environmental_safety_qa_13.pdf



Quality Assurance

https://www.ube.co.jp/ube/en/ir/ir_library/integrated_report/pdf/2022/integrated_report_environmental_safety_qa_14.pdf

Comment from an Employee

My goal is to improve and enhance our quality management systems, as well as enlighten our people about these systems, by communicating closely with those involved so that stakeholders' perspectives can help inform all employees about the importance of quality. We constantly endeavor to build value by promoting the use of DX in production, inspection, and other quality management information so that society recognizes quality management as one of our strengths and continues to place its trust in us.

Mayu Horii
Quality Management Group,
Quality Assurance Dept.



Human Capital



We aim to remain an innovative organization that enables sustainable growth. We are pursuing Groupwide goals to foster diversity and inclusion, worker engagement, and good health. We formulated the UBE Group Human Resources Management Guidelines to provide fulfilling work environments.



Details about the Group's human capital are available on the UBE Group's website:
<https://www.ube.co.jp/ube/en/sustainability/laborrightrights/index.html>

Committed to Diversity and Inclusion and Creating Motivating Workplaces

Diverse perspectives and values that reflect differing experiences, skills, and views make it easier to deliver sustainable growth. We have stepped up efforts in Japan in particular to enhance diversity and inclusion, including by deploying measures to improve gender equality.

Promoting Gender Equality (Parent company)

As of March 31, 2022, 9.2% of our employees were women, up from 8.4% in the previous fiscal year, and women held 4.2% of management positions, up from 2.8%. We formulated an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace to enhance work environments for women.

From fiscal 2021, we enhanced our programs and raised awareness of women's issues through the following initiatives.

- (1) Roundtable meetings for current and prospective female managers
- (2) Career support meetings for current and prospective female managers

See page 49 for details.

- (3) Unconscious bias training for all directors and employees, including at Group companies

We used an e-learning format to help people become more aware of their unconscious bias and its impacts on others and the organization to help the Company progress and improve corporate value and competitiveness.

In keeping with the Act on Promotion of Women's Participation and Advancement in the Workplace, we set the following three goals under a three-year plan starting in fiscal 2022 (Parent company).

- (1) Have women account for 10% or more and 5% or more of our employees and managers, respectively, by the end of March 2025.
- (2) Boost the percentage of female new graduates hired for generalist positions to an average of 30% or more during the plan period.
- (3) Increase the percentage of male employees taking childcare leave during the plan period to 70% or more, with the average leave taken exceeding 15 days.

Hiring Breakdown

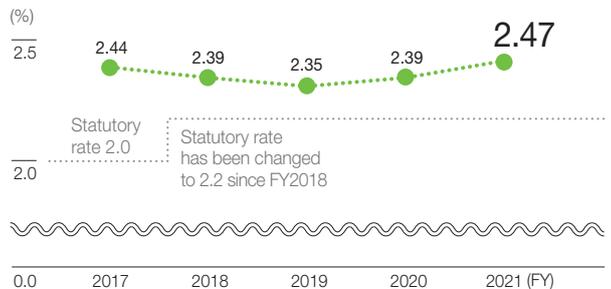
Fiscal Year	Number of People Figures in parentheses are the number of female employees hired		
	2019	2020	2021
New graduate hires	103 (16)	127 (24)	69 (16)
Mid-career hires	50 (6)	18 (1)	13 (3)
Hires with disabilities	3 (2)	1 (0)	1 (0)
Hires of non-Japanese nationals	1 (0)	1 (0)	2 (1)

Percentage of Employees with Disabilities (Parent company and two special-purpose subsidiaries)

We established the UBE Group Support Network for Employment of People with Disabilities. The entire UBE Group supports the employment and retention of people with disabilities.

Percentage of Employees with Disabilities

(Parent company and two special-purpose subsidiaries)



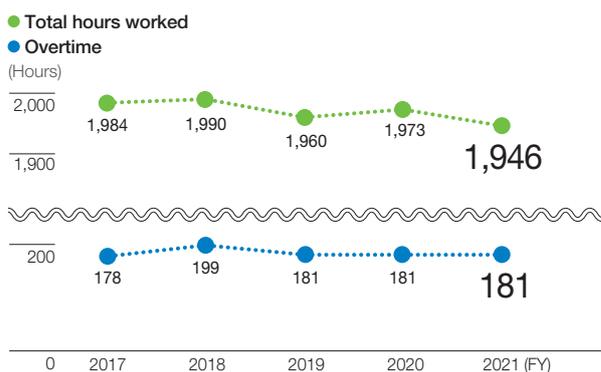
Diverse and Efficient Work Practices (Parent company)

We are creating flexible work programs and environments that enable diverse employees to fulfill their potential.

- Full flextime work program without core times, with a minimum daily requirement of one work hour (applying to 93% of day-shift employees as of March 2022)
- Shorter flextime work hours for childcare and eldercare leave (14 employees were using this program as of March 2022)

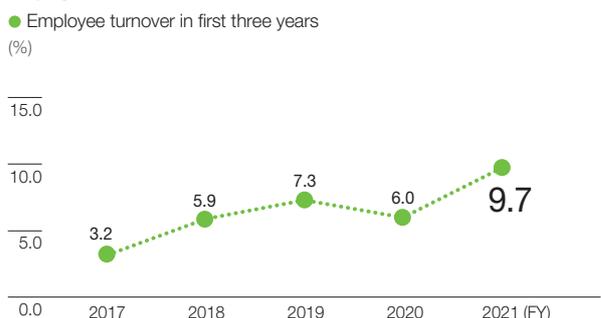
We additionally offer annual paid leave in half-day or hourly increments and a telework program that allows people to take time off for personal reasons. Such flexible work environments cater to the specific needs of diverse employees, not just those with childcare or eldercare commitments.

In April 2022, we shortened the prescribed working hours of employees on day shifts by 15 minutes daily to help them perform more efficiently and productively. For fiscal 2022, labor and management agreed to a target of 1,940 hours. We will keep striving to ensure a healthy work-life balance. We target 1,900 annual working hours by fiscal 2025.



New graduate turnover has become an issue. The employee turnover rate in fiscal 2021 was 9.7%. We endeavored to alleviate that situation by providing numerous opportunities for younger people to speak directly with seasoned employees in internships and during workplace tours to help eliminate perception gaps about jobs before and after joining the Company. We provided Companywide training for senior employees providing operational guidance and mental care for new employees.

Employee Turnover



Hiring and Career Development

We will step up efforts to recruit diverse people who can help us cultivate our specialty chemicals business, which is highly profitable and offers outstanding potential.

We look to reduce bulk intakes of new graduates and systematically hire more people mid-career, with such people accounting for 25% or more of placements for generalist positions under our medium-term

management plan. Our goal here is to hire individuals with high average abilities as well as the exceptionally talented.

We seek to optimize the efficiency and effectiveness of human resources development by focusing on online training while offering some in-person training to enhance communications with employees even during the pandemic. In fiscal 2021, we began offering mobile tools for online learning to foster career development.



Please visit the UBE Group's website for more information about human resources development and training initiatives.
<https://www.ube.co.jp/ube/en/sustainability/laborrightrights.html>



Employees undergoing training with prevention measures against COVID-19

Health Management Initiatives

We have deployed a range of health support measures for employees. In 2022, we were included in the White 500 list of companies with excellent health management records.



We will draw on ICT and other technologies and enhance workplace environments to foster employee health and improve job satisfaction. We will offer e-learning to all employees because we consider it vital for them to understand women's health issues so female workers can play key roles in diverse business areas. As well as assisting employees needing medical treatment, we set up employee consultation desks at each business site to help them maintain work-life balance. We have also declared our commitment to such a balance.

We will extend our endeavors Groupwide so each Group company can secure certification for health management excellence.



Details about the Group's health management initiatives are on the UBE Group's website:
<https://www.ube.co.jp/ube/en/sustainability/rc/environment/workplace.html>

Human Rights



Respect for Human Rights

The UBE Group has made respecting human rights central to its corporate activities. We formulated the UBE Group Human Rights Guidelines in line with the United Nations Guiding Principles on Business and Human Rights. We will fulfill our corporate social responsibilities.

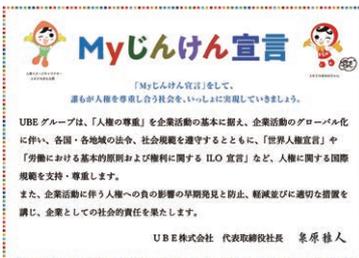


Details about the UBE Group Human Rights Guidelines are on the UBE Group's website:

<https://www.ube.co.jp/ube/en/sustainability/laborrights/respect-for-hr.html>

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, human trafficking, and all other inhumane practices and reject any ties with individuals or organizations

engaging in such practices. Specific initiatives in these regards included becoming a signatory to the My Declaration of Human Rights Project of Japan's Ministry of Justice and announcing a human rights manifesto.



Human Rights Training

We created a Groupwide framework to educate employees about human rights based on the UBE Group Human Rights Guidelines. We ensure that all employees understand and embody our stance on human rights in all aspects of business by providing ongoing executive, business site, and job classification-based training.

In fiscal 2021, we conducted e-learning in conjunction with Human Rights Week, providing videos to enlighten employees about ways to eliminate discrimination against people on the basis of sexual orientation, nationality, or disability.

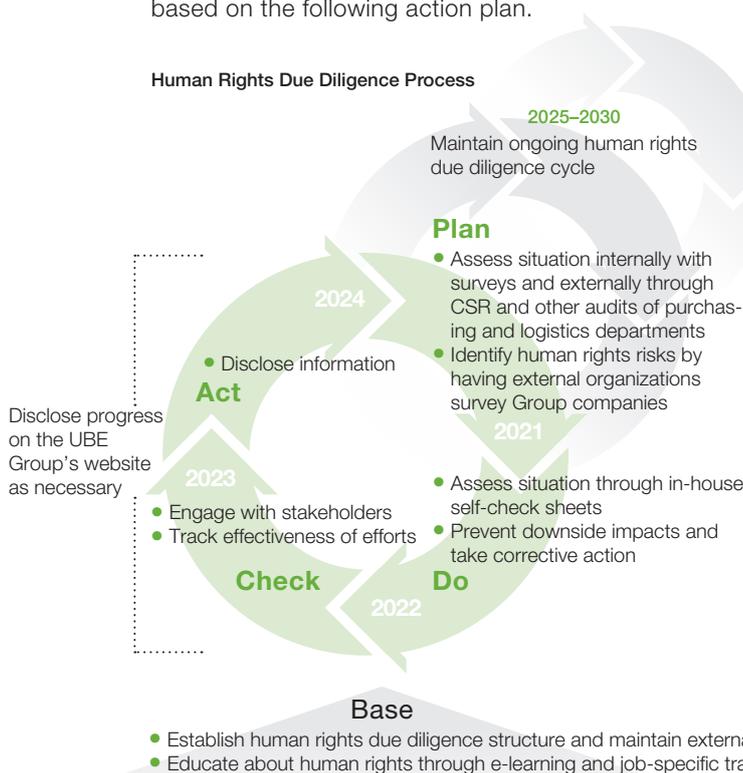
Human Rights Training Sessions in Fiscal 2021

e-learning	1	3,265 participants (UBE Group, in Japan)
Executive training	1	23 participants (Parent company)
New employee training	1	69 participants (Parent company)
Business site training	34	179 participants (Parent company)
Job-specific training	10	507 training (Parent company)

Human Rights Due Diligence Progress

We endeavor to identify, prevent, and address any human rights infringements in our activities. We will deploy a PDCA cycle through and beyond 2024 based on the following action plan.

Human Rights Due Diligence Process



Progress in Fiscal 2021

We initiated our human rights due diligence process in the fiscal year under review by surveying participants in human rights e-learning during Human Rights Week about risks that we might face in this respect. We will analyze responses to identify issues within the Group and factor them into future initiatives.

We commissioned an external firm to conduct a desktop study of human rights risks at 18 domestic and 21 overseas Group companies. It drew on information from leading NGOs around the world and key media outlets, and social media platforms, and uncovered no noteworthy issues.



Details about the Group's human rights due diligence initiatives are on the UBE Group's website:

<https://www.ube.co.jp/ube/en/sustainability/laborrights/respect-for-hr.html>

Supply Chain Management



Thorough Procurement in Line with Basic Purchasing Guidelines

The UBE Group endeavors to build fair and honest business relationships. We purchase in line with the Basic Purchasing Guidelines—Fair and Equitable Transactions, Objective Assessment in Selection of Business Partners, Legal Compliance and Confidentiality, Green Procurement, and Sustainable 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.co.jp/ube/en/koubai/>

Sustainable Procurement

The UBE Group prepared Sustainable Procurement Policies and UBE Group Sustainable 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 sustainable procurement that boosts standards across the entire supply chain.

We revised our guidelines and published them on the UBE Group’s website in April 2021.

We inform new suppliers that our basic purchasing guidelines and UBE Group Sustainable Procurement Guidelines are available on our Group website.



https://www.ube.co.jp/ube/en/koubai/pdf/csr_guideline.pdf

Declaration on Partnership Building



On April 1, 2022, the UBE Group joined the Declaration on Partnership Building*, through which it committed itself to focusing on the following endeavors to build new partnerships with supply chain partners and business operators that create value. Another aim is to promote UBE’s founding principle of Coexistence and Mutual Prosperity.

- Pursue coexistence and mutual prosperity throughout the supply chain and newly collaborate with entities of all sizes and affiliations
- Ensure that parent enterprises and subcontractors comply with desirable business practices (promotion standards based on the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises)

The UBE Group will keep enhancing collaboration with suppliers in keeping with its founding principle of Coexistence and Mutual Prosperity to add more value to the entire supply chain.



Please visit the UBE Group’s website for more information on the Declaration on Partnership Building.
https://www.ube.co.jp/ube/jp/news/2022/20220401_02.html (in Japanese only)

Business Partner Survey Regarding Sustainability

In fiscal 2021 we conducted a fourth survey of 271 major business partners accounting for 90% of our procurement costs for materials, construction, packaging materials, and fuel. We compiled and analyzed the survey results, providing feedback Companywide. The goal of the survey was to assess sustainability progress among business partners and seek improvements as needed. We spoke with business partners providing inadequate responses to drive improvements.

Question categories

1. Internal structure for practicing sustainability
2. Ensuring stable supply and quality
3. Corporate ethics, compliance with the law and social norms, and fair transactions
4. Consideration for the environment
5. Respect for human rights, safety, and health
6. Social contribution, communication with society, and information management and disclosure, etc.

The average score overall out of a maximum of 5 in self-evaluations for 34 questions in the six categories above was 3.8. This indicates some progress in tackling issues. The score was best in the category for Respect for human rights, safety, and health, at 4.3. The score for Consideration for the environment was relatively low, at 3.3.

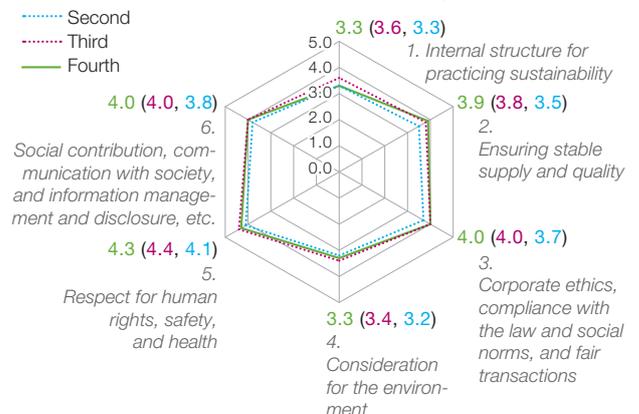
The survey also covered seven human rights-related areas, from three the previous time. These areas were bans on harassment and other inhumane acts, prohibitions on child and forced labor, prohibitions on overwork, the payment of fair wages, prohibitions on discrimination, and respect for such basic rights as freedom of association and the right to collective bargaining. Scores were 4 or higher in each of these areas.



Please visit the UBE Group’s website for more information on the results of the fourth survey of business partners on sustainability.

https://www.ube.co.jp/ube/en/koubai/pdf/customer_01.pdf

Comparison of the Past and the Fourth Survey Results



Glossary

Declaration on Partnership Building: The Council on Promoting Partnership Building for Cultivating the Future established this framework for building new partnerships. This entity’s members include the Cabinet Office and the Small and Medium Enterprise Agency. A company as the ordering party, declares to build a new partnership, by the name of the representative of the company.

Corporate Governance

Corporate Governance Initiatives

Appointing a female outside director

A female outside director was appointed at the Ordinary General Meeting of Shareholders held on June 29, 2022.

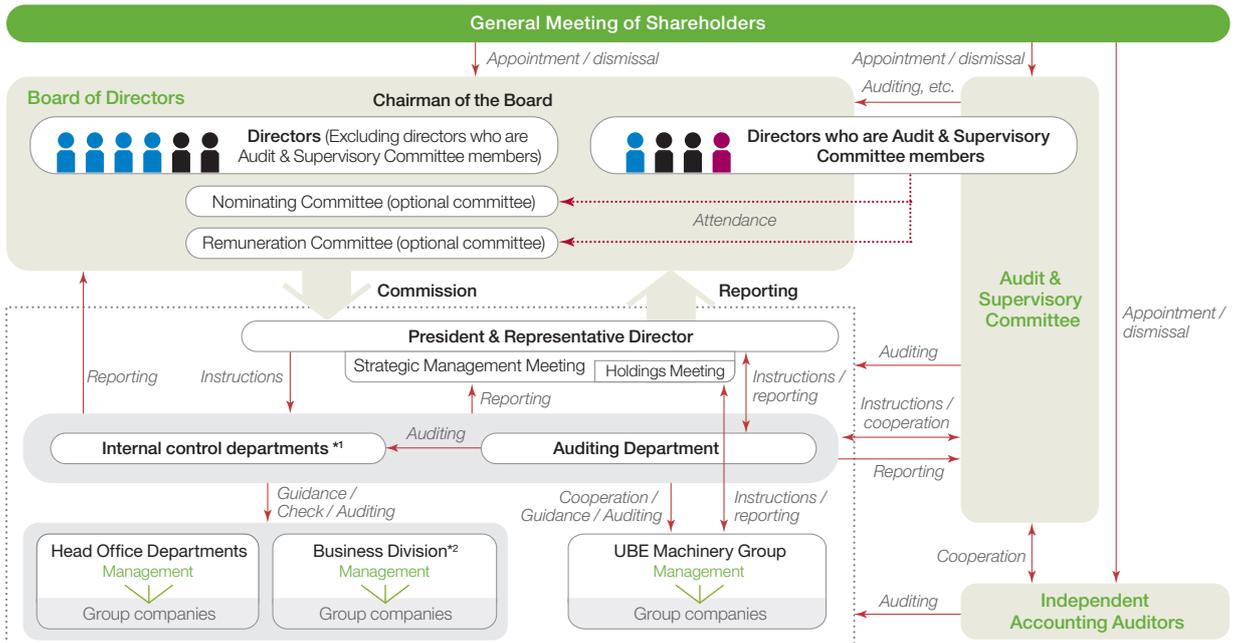
Boosting percentage of outside directors to 50%

Five outside directors and five inside directors were appointed at the aforementioned Ordinary General Meeting of Shareholders, increasing the ratio of outside directors to 50%.

Detailed information on UBE's corporate governance is available on the UBE Group's website: https://www.ube.co.jp/ube/en/corporate/management/governance_report.html



Overview of Corporate Governance and Internal Controls



Directors
 Inside ● Outside ● (Female) ●

*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 Business Division, etc.: Four Business Divisions, Production & Technology Division, and Research & Development Division

Framework for Basic Sustainability-Related Guidelines, Starting with the Corporate Philosophy, and Management Principles



Basic Approach to Corporate Governance

Our basic mission is to deliver sustainable growth Group-wide and increase corporate value over the medium to long terms. We accordingly deemed it vital to take the following steps to ensure effective corporate governance and operate sustainably to fulfill our responsibilities to all stakeholders, including shareholders, customers, business partners, employees, and communities, and gain their trust.

- Reinforce the Board’s business oversight by establishing a framework in which directors who are Audit & Supervisory Committee members with rights to audit and express their opinions can also vote in Board of Directors’ meetings
- Expedite implementation by delegating important business decisions to the President & Representative Director

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’s basic policy and 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 are accelerating operational execution by delegating decision-making on important operations to the President and CEO while consistently reinforcing supervision.

Key Agenda Items in Fiscal 2021

Formulating medium- and long-term management plans

- Practice sustainability management by reforming business structure with a view to pursuing specialty chemicals

business growth strategy and tackling environmental issues while undertaking initiatives to underpin those efforts, such as by bolstering human capital and promoting DX

Governance

- Evaluate Board effectiveness and policies to address issues
- Corporate governance report
- Broaden scope of delegation to the President & Representative Director
- Group governance (internal controls and risk management)

Business restructuring and other matters

- Integrate cement-related business with that of Mitsubishi Materials
- Spin off synthetic rubber business and establish UBE Elastomer Co. Ltd.
- Merge operations with those of Meiwa Plastic Industries, Ltd.

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 by implementing such initiatives as below.

- Cooperating with the Auditing Department and Independent Auditors
- Exchanging views with the President and CEO

Audit & Supervisory Committee	Takashi Shoda (Chairman)	Outside Director
	Tamesaburo Yamamoto	Outside Director
	Satoko Suzuki	Outside Director
	Atsushi Yamamoto	Director

Percentage of outside directors on the Audit & Supervisory Committee



Directors’ Attendance at Board and Committee Meetings

From April 1, 2021 to March 31, 2022

	Name	Board of Directors	Audit & Supervisory Committee	Nominating Committee	Remuneration Committee
Directors	Yuzuru Yamamoto	14/14 (100%)		4/4(100%)	7/7(100%)
	Masato Izumihara	14/14 (100%)			
	Makoto Koyama	14/14 (100%)			
	Masayuki Fujii	14/14 (100%)			
Outside Directors	Keikou Terui	14/14 (100%)		4/4 (100%)	7/7 (100%)
	Tetsuro Higashi	12/14 (86%)		4/4 (100%)	7/7 (100%)
Director, Member of the Audit & Supervisory Committee	Atsushi Yamamoto	14/14 (100%)	14/14 (100%)		
Outside Directors, Members of the Audit & Supervisory Committee	Takashi Shoda	14/14 (100%)	14/14 (100%)		
	Seiichi Ochiai*1	3/3 (100%)	3/3 (100%)		
	Tadahiko Fukuhara*2	11/11 (100%)	11/11 (100%)		

*1 Retired as of June 29, 2021 *2 Appointed as of June 29, 2021

Number of Directors



- Auditing executive directors, executive officers, and business divisions, including subsidiaries, and the Internal Control Departments, and expressing opinions as needed

Outside directors in the committee attend Nominating Committee and Remuneration Committee meetings

Nominating Committee Percentage of outside directors on the Nominating Committee	Tetsuro Higashi (Chairman) <i>Outside Director</i>
	Takefumi Fukumizu <i>Outside Director</i>
	Yuzuru Yamamoto <i>Chairman of the Board</i>
Remuneration Committee Percentage of outside directors on the Remuneration Committee	Takefumi Fukumizu (Chairman) <i>Outside Director</i>
	Tetsuro Higashi <i>Outside Director</i>
	Yuzuru Yamamoto <i>Chairman of the Board</i>

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

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 Remuneration Committee as advisory bodies 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.



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. The Board of Directors receives and assesses a report on these discussions, and the findings are reported in the corporate governance report.

Initiatives from June 2021 through May 2022 were as follows:

Theme	Bolster deliberations about key medium- and long-term management issues	Continuing to reinforce internal controls and risk management systems	Expanding delegation scope	Ensuring Board diversity
Plan <i>Setting the agenda for fiscal 2021</i> The Board of Directors' meeting held in June 2021	Further enhance these deliberations and strengthen implementation monitoring	Continue to improve Groupwide internal controls and risk management systems and more intensely monitor their effectiveness	The Board continued to explore expanding the scope for delegating important business implementation decisions to the President & Representative Director to enhance discussions about management strategies and other important issues.	Progress with efforts and assessments to increase Board of Directors' diversity
Do <i>Improvement initiatives</i>	In formulating the long-term vision and medium-term management plan, we augmented Board of Directors' meetings by enhancing discussions about important issues for the medium and long terms by providing opportunities for discussions at meetings to exchange views with individual business units and in executive management study group gatherings.	We improved reporting from Internal Control Departments and the Audit & Supervisory Committee to the Board of Directors. At the same time, we oversaw risk management systems through progress reports on improvements in risk management system operations and the activities of the Risk Management Committee, which we set up to assess the validity and the effectiveness of risk management.	The Board expanded the delegation scope after fully discussing how to handle decisions that a Company with Audit & Supervisory Committee structure can legally delegate.	Proposed the appointment of a female Audit & Supervisory Committee member and director at the Ordinary General Meeting of Shareholders
Check <i>Assessment</i>	Formulating a medium- to long-term management plan enabled us to step up discussions about key medium- and long-term management issues. One challenge will be to be more closely monitor the implementation of our strategies and plans and foster ongoing efforts in these regards.	We strengthened the Board of Directors' supervision of internal controls and risk management by enhancing Board deliberations and obtaining detailed reports from Audit & Supervisory Committee members. One challenge is to keep reinforcing Group governance as a chemicals business holding company.	The delegation scope that the Board has gradually expanded since transitioning to a Company with Audit & Supervisory Committee structure is basically suitable at this stage. The Board has enhanced discussions about management strategy and other important issues.	We are promoting and making progress with gender diversity.
Act <i>Setting the agenda for fiscal 2022</i> The Board of Directors' meeting held in June 2022	Step up implementation monitoring for important management issues to materialize medium- to long-term management plans and take swift action.	Keep improving Groupwide internal control and risk management systems as a chemicals company and reinforce monitoring of their effectiveness, while as a holding company reinforcing supervision of appropriate governance frameworks for the machinery and cement-related businesses		

Director Skills Matrix

Members of the Board of Directors have a wealth of experience and advanced expertise in general business management and sustainability, finance and accounting, manufacturing, technology, R&D, sales and marketing, compliance

and risk management, human resources management, and global business. We ensure diversity in gender as well as other areas, and choose directors who are members of the Audit & Supervisory Committee for their experience, capabilities, and knowledge of finance, accounting, and legal matters.

Skills Matrix for Directors

		General Business Management / Sustainability	Finance / Accounting	Manufacturing / Technology / R&D	Sales / Marketing	Compliance / Risk Management	Human Resources Management	Global Business
Directors	Yuzuru Yamamoto	●		●		●		
	Masato Izumihara	●	●		●			
	Hideo Tamada	●				●	●	
	Masayuki Fujii	●	●					●
Outside Directors	Tetsuro Higashi	●			●			●
	Takefumi Fukumizu	●		●		●		
Director, Member of the Audit & Supervisory Committee	Atsushi Yamamoto	●				●	●	
Outside Directors, Members of the Audit & Supervisory Committee	Takashi Shoda	●		●				●
	Tamesaburo Yamamoto	●				●	●	
	Satoko Suzuki	●	●			●		

Note: Up to three skills expected of director are indicated.

Anticipated Areas and Roles

- General business management/sustainability** Oversee efforts to resolve UBE's business issues and improve corporate value by leveraging corporate management experience at companies and knowledge of organizational operations and management strategies to drive sustainability management
- Finance/accounting** Draw on experience and expertise in finance and accounting to deliver sound judgments and advice regarding capital policies, financial strategies, and financial reporting.
- Manufacturing/technology/R&D** Draw on experience and expertise in technological fields to determine the suitability of advice regarding policies, strategies, and management resource investments in product manufacturing, technology development, and R&D
- Sales/marketing** Harness experience and expertise in sales and marketing to assess and advise on sales and marketing policies, strategies, and business resource investments
- Compliance/risk management** Oversee and advise on compliance and risk management initiatives based on experience and expertise in compliance and risk management
- Human resources management** Employ experience and expertise in human resources, labor relations, and human resources development to evaluate and advise on Group human resources management initiatives
- Global business** Draw on experience and expertise in global business to oversee and advise on the Group's global deployment and issue resolution efforts

Director and Executive Officer Remuneration

The Remuneration Committee advises the Board of Directors and comprises the chairman and a majority membership of outside directors. This body deliberates on the compensations of individual directors (excluding those of Audit & Supervisory Committee members) and executive officers, and presents its findings to the Board of Directors, which then makes decisions. Audit & Supervisory Committee members discuss and determine remunerations for directors who are committee members.



Director and Executive Officer Remuneration System and Method of Calculation

Base / Performance-Linked Remuneration	Structure of Remuneration	Name of Remuneration	Method of Calculation
Base Compensation		Fixed remuneration for each position	Fixed remuneration for each position
Performance-Linked Remuneration	Annual incentives	Company performance-linked remuneration	Consolidated ordinary profit in the previous fiscal year × Coefficient for each position
		Remuneration based on evaluation of achievement of annual individual performance targets	Level of achievement of annual targets for each officer
	Long-term incentives	Remuneration based on evaluation of achievement of medium- to long-term individual performance targets	Level of achievement of 3–5 year medium- to long-term targets for each officer
		Restricted stock remuneration	Ordinary year: Base amount for each position / Average share price during the previous fiscal year + Number of shares carried over from the previous fiscal year Adjusted year: Base amount for each position / Average share price during the previous fiscal year × (100% + Grant ratio - 20–30%*) + Number of shares carried over from the previous fiscal year

Note: Directors who are Audit & Supervisory Committee members and outside directors receive base compensation only, at a fixed amount.
* Adjusted in a range from 80% to 130% depending on the level of achievement of the management indicators

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: 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.

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

(Millions of yen)

Officers	Total Remuneration	Base Compensation	Breakdown			Number of Eligible Officers
			Performance-Linked Remuneration		Of Which, Share Compensation	
			Annual Incentives	Long-Term Incentives		
Directors (Excluding directors who are Audit & Supervisory Committee members)	¥255	¥150	¥58	¥46	¥22	6
(Of which, outside directors)	(24)	(24)	(—)	(—)	(—)	(2)
Directors who are Audit & Supervisory Committee members	67	67	—	—	—	4
(Of which, outside directors)	(28)	(28)	(—)	(—)	(—)	(3)
Total	322	217	58	46	22	10
(Of which, outside directors)	(52)	(52)	(—)	(—)	(—)	(5)

ESG Targets

Our annual and medium- to long-term targets include ESG-related initiatives. We draw on ESG initiatives in tackling the pivotal challenges of driving growth in specialty chemicals and addressing environmental issues. We set ESG targets for each director, evaluating performance and calculating compensation to build incentives to reach. ESG goals differ among directors. In fiscal 2021, progress with ESG targets accounted for approximately 10% of total compensation for directors. A similar setup applies to executive officers.

Fiscal 2022 ESG Targets

Materiality

- Expanding the specialty chemicals business
- Tackling environmental issues
- Hiring and cultivating people who can drive growth and innovation
- Strengthening our business foundations (Governance and DX)



* Environmental Issues: In April 2020, we identified four aspects of environmental issues for which we formulated a unified Group stance. These are helping resolve global warming, addressing marine plastic waste, safeguarding biodiversity, and conserving water resources.

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.

For the 115th Ordinary General Meeting of Shareholders held on June 29, 2021, we livestreamed the gathering to make it accessible for shareholders unable to attend in person.

At the General Meeting of Shareholders held on June 29, 2021, a total of 19,903 shareholders exercised their voting rights (including 19,844 shareholders who exercised voting rights in writing and via the internet), representing 78.2% of total voting rights.

Engagement with Shareholders

Two-Way Communication through IR Activities

Principal investor relations (IR) activities in fiscal 2021 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 three times annually to Europe, the United States, and Asia*)
- * These were teleconferences following the COVID-19 outbreak.
- Small meetings by the President and CEO (two times annually)
- Individual meetings with institutional investors and securities analysts (about 200 times per year)



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

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

Internal Control Systems

We have chief compliance and chief risk officers, and undertake Groupwide internal controls and risk management through the Legal Department, Risk Management Department, Environment & Safety Department, QA Department, and other internal control bodies, and through a range of operational committees and risk management committees overseeing compliance, information security, export controls, and crisis management.



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

<https://www.ube.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 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 2021, 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 9,300 participants in the four years from fiscal 2018 to 2021.

Compliance System



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, or 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 2021, 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.co.jp/ube/en/sustainability/compliance/index.html>

Directors

(As of June 29, 2022)



 Atsushi Yamamoto <i>Director Member of the Audit & Supervisory Committee</i>	 Masayuki Fujii <i>Director CFO</i>	 Hideo Tamada <i>Representative Director CRO and CCO</i>	 Yuzuru Yamamoto <i>Director Chairman of the Board</i>	 Masato Izumihara <i>President & Representative Director CEO</i>	 Tetsuro Higashi <i>Outside Director</i>	 Takefumi Fukumizu <i>Outside Director</i>	 Takashi Shoda <i>Outside Director Member of the Audit & Supervisory Committee</i>	 Tamesaburo Yamamoto <i>Outside Director Member of the Audit & Supervisory Committee</i>	 Satoko Suzuki <i>Outside Director Member of the Audit & Supervisory Committee</i>
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Profile of Outside Directors

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)

Takefumi Fukumizu

1976
Joined the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry)

2004
Director-General, Kinki Bureau of Economy, Trade and Industry

2006
Director-General, Regional Economic and Industrial Policy

2007
Director-General, Small and Medium Sized Enterprise Agency

2008
Deputy Director, NEDO

2013
Vice President, Japan Alcohol Corporation

2017
Director, Japan Testing Center for Construction Materials

2021
Advisor, Japan Testing Center for Construction Materials (current position)

2022
Outside Director of the Company (current position)

Profile of Outside Directors and Members 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)

Tamesaburo Yamamoto

1998
Professor, Faculty of Law, Keio University (current position)

2006
Examiner, Certified Public Accountant Examination
Examiner, New Bar Examination

2010
Director, Japan Association of the Law of Trust (current position)

2015
Director, Japan Association of Private Law

2022
Outside Director and member of the Audit & Supervisory Committee of the Company (current position)

Satoko Suzuki

1996
Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)

2003
Registered certified public accountant

2005
Representative, opened Suzuki Satoko CPA Office (current position)

2006
Registered tax accountant

2010
Auditor, NPO Machizukuri Information Center Kanagawa (current position)

2012
Director, NPO Accounting & Tax Professionals Network

2015
Supervisory Director, Ichigo Hotel REIT Investment Corporation (current position)

2019
Outside Director, Bull-Dog Sauce Co., Ltd. (current position)

2022
Outside Director and member of the Audit & Supervisory Committee of the Company (current position)

Executive Officers

(As of June 29, 2022)

President & Executive Officer	Senior Managing Executive Officers	Managing Executive Officers	Senior Executive Officers	Executive Officers
Masato Izumihara	Hideo Tamada Yuki Nishida	Masayuki Fujii Keiichi Nagata Hisaaki Yokoo Masayoshi Ota	Hidetsune Miura Bruno de Bièvre Watchara Pattananijirundorn Yoichi Funayama	Masarou Suehiro Futoshi Takase Masahiro Naiki

Aiming to become a global company that is the most efficient and profitable in the industry while contributing to social infrastructure and a circular economy and carbon neutrality

Establishing One of the World's Top Cement Producers

April 2022 saw the creation of Mitsubishi UBE Cement Corporation (MUCC), an equity-method affiliate, through the integration of the cement and related business of UBE Corporation and Mitsubishi Materials Corporation as part of a company split. The two companies set up UBE-MITSUBISHI CEMENT CORPORATION in 1998. That 50:50 joint venture thereafter did much to reduce logistics, business site, and other costs. The domestic cement business experienced significant demand declines and energy cost swings, however, and needed to tackle the increasingly grave issue of global warming. This situation prompted the two partners to set up a new structure to enhance their relationship and ensure the future growth of the cement business.

Through this new entity, we will reinforce our business underpinnings and enhance our position as an entity that helps develop social infrastructure and a circular economy and carbon neutrality. The new company will achieve that goal by integrating domestic cement manufacturing, sales, and technology; optimizing production; and restructuring its sales and distribution system including for the downstream ready-mixed concrete business, thus driving efficiencies across the value chain and maximizing synergies. It will increase its presence in growth overseas markets, including through its U.S. operations, and concentrate domestic resources on businesses with growth potential in Japan and abroad. These include environmental measures that help build a decarbonized, circular economy, overseas cement and

ready-mixed concrete businesses, and a high-performance inorganic materials business employing high-quality limestone. Such efforts will enable the affiliate to optimize its business management structure and

become a global company that is the most efficient and profitable in its industry while continuing to evolve.

Helping Build a Decarbonized, Circular Economy

GHG Emissions Reduction Initiatives

MUCC's exploration of environmental issues extends beyond production technology and R&D to encompass such diverse areas as addressing social needs and identifying external technologies. Under the direct control of its top management, that affiliate has embarked on a companywide, cross-organizational environmental measures project.

That initiative seeks to contribute to decarbonization by tapping energy in environmentally friendly ways and developing technologies to cut GHG emissions. It also looks to help create a circular economy by driving further advances in waste utilization technologies.

MUCC will explore further GHG emissions reduction measures in energy conversion, develop low-carbon cement and concrete, and capture and utilize CO₂ to become carbon neutral by 2050. These will be incorporated in its medium-term management plan which it is currently formulating.



Headquarters



Environmental Recycling Business Initiatives

Cement plants take industrial waste and other materials that are difficult for companies in other industries to treat. The company uses a 1,450°C incineration process to make these materials harmless. The cement business is vital to a circular economy because it does not generate secondary waste and uses alternatives to raw materials and thermal energy and is thus free of new waste.

MUCC accepted 6.9 million metric tons of waste and by-products in fiscal 2021. The company harnesses coal ash, construction soil, sludge, incinerator ash, copper slag, and gypsum from copper smelters as raw materials for cement and taps plastic, tire, wood, and other waste as thermal energy sources. It will continue to recycle waste and by-products, such as by expanding waste plastic usage by installing high-efficiency burners in kilns, and therefore contribute to a circular economy.

Initiatives for Global Environmental Conservation

Creating Renewable Energy

In the electric power business, the company augments wood chips by producing woody biomass fuel pellets that it burns at coal-fired thermal power stations, helping conserve the environment by creating renewable energy. It looks to also use palm kernel shells as biomass fuel.

Developing and Offering Environmentally Friendly Products

The MUCC Group will promote the development and the use of such environmentally friendly products as neutral solidifiers and heavy metal insoluble materials.

Safeguarding Biodiversity

The MUCC Group replants vegetation at former limestone mines in Japan and overseas that it can manage directly, and transplants rare plant species.

The group sometimes undertakes conservation measures for animal life at these sites.

UBE's Responsibilities as Joint Owner

While MUCC became an equity-method affiliate through a spin-off, its cement-related business remains important to the UBE Group. That affiliate maintains stable supplies of key materials that are essential for social infrastructure development. It also contributes significantly to materializing a circular economy by accepting and transforming all sorts of waste into cement.

As a holding company, we will create and run a suitable management structure and maintain and reinforce cooperation in resolving a range of issues to drive sustainable growth and increase corporate value for that affiliate and the UBE Group overall.

Corporate Profile (As of April 1, 2022)

Name	Mitsubishi UBE Cement Corporation (MUCC)
Location of Headquarters	Iino Building, 2-1-1, Uchisaiwaicho, Chiyoda-ku, Tokyo
Representative Directors	Makoto Koyama, President and Representative Director Kazuto Hirano, Vice President and Representative Director
Date of Establishment	April 14, 2021
Capital	¥50,250 million
Fiscal Year-End	March 31
Ratio of Equity Held	UBE 50%, Mitsubishi Materials 50%
Total Assets	Approx. ¥700.0 billion (consolidated)
Net Sales	Approx. ¥500.0 billion (consolidated)
Number of Employees	8,513 (consolidated) (As of June 30, 2022)
Businesses	Cement and ready-mixed concrete in Japan, the United States, and elsewhere overseas, limestone resources, coal, electric power, environmental recycling business, and other environmental energy-related businesses, building materials, and other related business
Number of Affiliated Companies	110



Consolidated 10-Year Financial Summary

UBE Corporation 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
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)
2021	259,380	—	—	—	282,855	78,727	—	3,117	(10,190)
2022	341,493 351,724 ⁴	—	—	—	221,476 296,196 ⁴	96,987 94,789 ⁴	—	3,411 3,417 ⁴	(8,102) (8,102) ⁴

(Millions of yen)

	Net sales	Cost of sales	Selling, general and administrative expenses	Operating profit	Non-operating income (loss) ⁵	Ordinary profit ⁵	Extraordinary items ⁵	Profit before income taxes	Profit attributable to owners of parent
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
2021	613,889	509,327	78,660	25,902	(2,609)	23,293	(860)	22,433	22,936
2022	655,265 738,024 ⁴	527,346	83,881	44,038	(2,489)	41,549	(4,755)	36,794	24,500

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. Reference values for expected results if the Accounting Standard for Revenue Recognition is not adopted.

5. 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
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 ⁶	295,041	331,443	82,895	709,379	245,828	153,150	23,179	310,401
2018	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
2021	331,727	331,223	106,760	769,710	200,440	188,635	21,075	380,635
2022	394,689	332,757	110,508	837,954	249,174	194,745	24,383	394,035

General

	Per Share Data ⁷ (Yen)			Other Data						
	Net income, primary	Cash dividends applicable to the period	Net assets	Return on sales (ROS) (%)	Return on assets (ROA) ⁸ (%)	Return on equity (ROE) ⁹ (%)	Shares of common stock issued ^{7, 10} (thousands)	Number of consolidated subsidiaries	Number of shareholders with voting rights	Number of employees
2013	¥ 8.22	¥ 5.00	¥ 214.35	4.8	4.8	4.0	1,007,017	67	57,243	11,090
2014	12.16	5.00	228.51	3.8	3.6	5.5	1,059,897	65	58,873	11,225
2015	13.85	5.00	248.89	3.8	3.8	5.8	1,059,955	71	64,449	10,702
2016	18.06	5.00	251.90	6.5	6.5	7.2	1,060,090	68	52,977	10,764
2017	22.85	6.00	270.76	5.7	5.5	8.7	1,060,316	70	51,769	10,928
2018	301.65	75.00	3,002.86	7.2	7.6	10.5	105,244	70	44,758	10,799
2019	312.36	80.00	3,261.23	6.1	6.9	10.1	101,258	71	43,013	11,010
2020	227.33	90.00	3,287.73	5.1	5.2	6.9	101,318	69	44,732	10,890
2021	226.79	90.00	3,549.52	4.2	3.7	6.6	101,144	66	54,045	10,897
2022	249.31	95.00	3,813.16	6.7 6.1 ⁴	5.4	6.7	96,807	65	55,590	9,849

Notes: 6. We have restated financial position numbers for fiscal 2017 in line with a change in accounting standards.

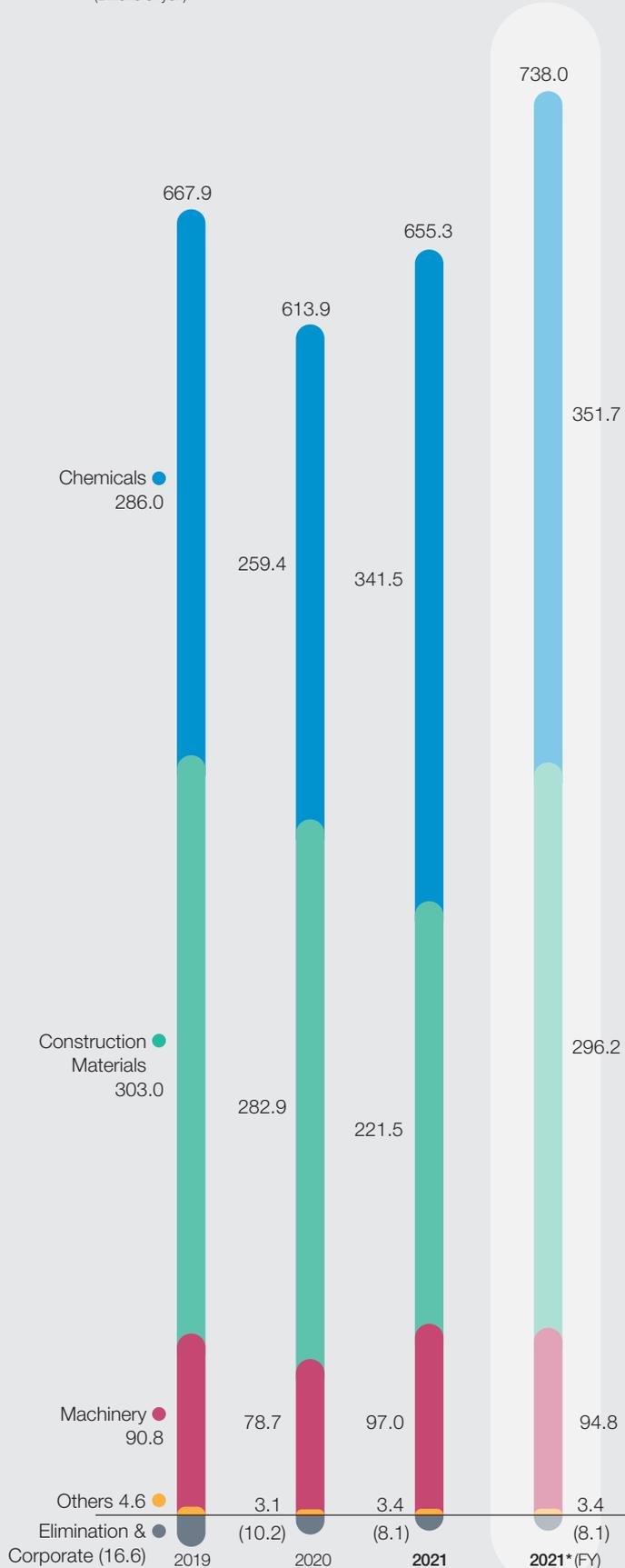
7. The Company consolidated every 10 shares into one share, effective October 1, 2017.

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

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

10. Shares of common stock issued excluded treasury stock

Net Sales
(Billions of yen)

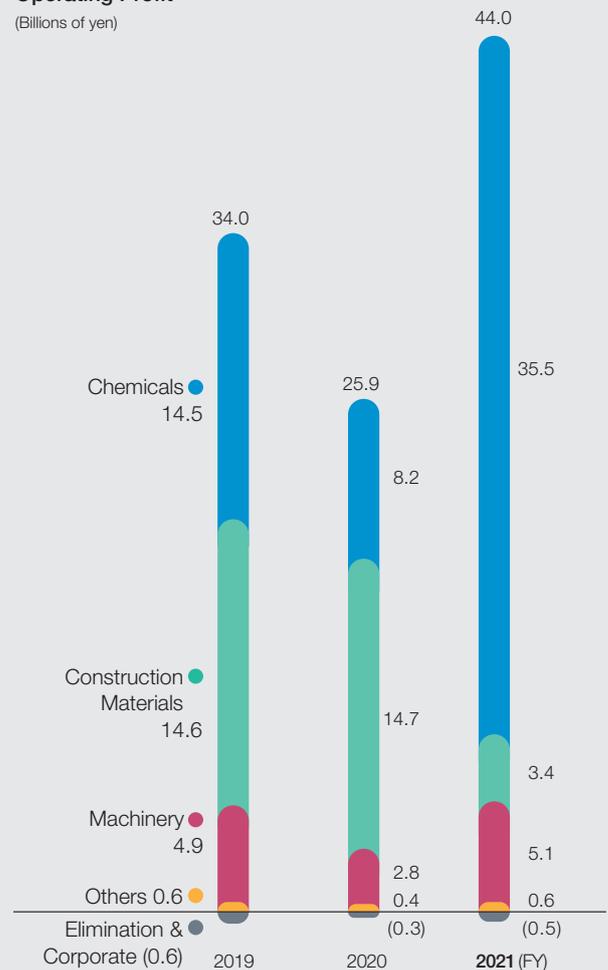


Consolidated net sales increased, although sales were affected by adoption of the Accounting Standard for Revenue Recognition, and sales volumes remained robust in response to recovery from a decline in demand that was the result of the COVID-19 pandemic, mainly in the Chemicals segment. Sales prices for nylon, caprolactam, and synthetic rubber rose significantly, which led to increased sales.

Operating profit and ordinary profit increased mainly due to the positive impact of increases in sales volumes, particularly in the Chemicals segment, as well as rising sales prices for nylon, caprolactam, and synthetic rubber, despite the negative impact of rising coal prices in the Construction Materials segment. Profit attributable to owners of parent increased despite a decrease in tax expenses following the reversal of deferred tax liabilities in the previous fiscal year and exclusion of extraordinary income as a result of the split of the electrolyte business, because an increase in ordinary profit had a significant effect on the outcome.

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

Operating Profit
(Billions of yen)



* Reference values for expected results if the Accounting Standard for Revenue Recognition is not adopted.

Chemicals

Fiscal Year	Revenues and earnings up			Change from FY2020
	Billions of yen			
	2019	2020	2021	
Sales	¥286.0	¥259.4	¥341.5 351.7*	— 35.6%
Operating profit	14.5	8.2	35.5	333.4%

Engineering Plastics & Fine Chemicals Businesses

- Caprolactam sales increased due to strong demand for textiles and a higher sales price due to higher market prices for raw materials such as benzene, as well as a rising price for ammonium sulfate, which is produced at the same time.
- In nylon, sales were up because of a sales volume increase supported mainly by a recovery in demand for products used in the automobile industry, as well as an increase in sales price thanks to higher market prices for caprolactam.
- In industrial chemicals, sales rose due to the lack of a biennial inspection for the ammonia product factory during the fiscal year, contributing to increases in both production and shipment volume, as well as increases in sales prices.
- Fine chemicals sales were up due to the stable sales volume of its products, particularly those used for automobiles, along with rising sales prices.

Engineering plastics & fine chemicals businesses posted higher revenues and earnings overall because sales volume continued to be strong supported by a recovery in demand, and sales prices also rose due to higher market prices for raw materials. In addition, there was no biennial inspection of the ammonia product factory.

Synthetic Rubber Businesses

- Synthetic rubber businesses posted increases in both revenues and earnings because shipment of the products mainly used for tires remained strong, as well as rising sales prices due to higher market prices for butadiene.

Specialty Products Businesses

- Battery materials business sales decreased despite a sales increase of separators due to demand recovery for automotive mounting products. This was also because exclusion of the electrolyte business from revenues and earnings starting from the second half of the previous fiscal year greatly affected the overall business performance.
- Polyimide business sales were up because sales volume of the COF films mainly used for displays increased and demand for varnish used for organic electroluminescent panels remained stable.

Specialty products businesses earnings were up overall. While sales remained at the same level as the previous fiscal year due to the exclusion of the electrolyte business from the consolidated results, overall demand for polyimide, separation membranes, and ceramics remained firm.

Pharmaceutical Businesses

- Pharmaceutical businesses posted higher revenues and earnings overall because royalty income continued to increase, and shipment volumes of drugs both developed by UBE and manufactured under contract remained firm.

Chemicals segment revenues and earnings increased overall as a result of both sales volume and sales prices increasing, due to recovery from the impact of the COVID-19 pandemic. In addition, there was no biennial inspection of the ammonia product factory.

Construction Materials

Fiscal Year	Revenues and earnings down			Change from FY2020
	Billions of yen			
	2019	2020	2021	
Sales	¥303.0	¥282.9	¥221.5 296.2*	— 4.7 %
Operating profit	14.6	14.7	3.4	(76.9)%

- Sales of cement and ready-mixed concrete decreased mainly due to a decline in shipment volume, which resulted from the slowdown of construction projects for earthquake disaster reconstruction, completion of construction works to extend the railways for bullet trains, negative impacts of weather conditions such as heavy rains, and the substantial negative impact that adoption of the Accounting Standard for Revenue Recognition had mainly on the Group's sales subsidiaries.
- Sales of calcia and magnesia were up due to increases in sales volumes of the quicklime used in the steel industry and the magnesia used in the steel and electric power industries, thanks to a recovery in demand.
- In the energy business, sales increased despite a decrease in electric power sales due to the biennial inspection of the IPP power plant. This was the result of rising coal prices due to soaring valuations in the coal market.

Construction materials segment revenues and earnings were down mainly due to adoption of the Accounting Standard for Revenue Recognition, the biennial inspection of the IPP power plant, and a cost increase which resulted from rising coal prices.

Machinery

Fiscal Year	Revenues and earnings up			Change from FY2020
	Billions of yen			
	2019	2020	2021	
Sales	¥90.8	¥78.7	¥97.0 94.8*	— 20.4%
Operating profit	4.9	2.8	5.1	81.2%

- Molding machine sales increased because sales of the products used in the automobile industry remained strong in the Chinese and North American markets, although recovery status of demand for the products differs depending on the market.
- Industrial machinery sales were up thanks to the strong sales of products such as conveyors used in the electric power industry.
- Steel products business sales were up due to rising sales prices mainly as a result of higher market prices for raw materials, as well as continued firm shipment volume of the products.

Machinery segment revenues and earnings increased because strong sales of molding machines and industrial machinery, as well as higher steel sales prices, greatly affected the overall business.

* Reference values for expected results if the Accounting Standard for Revenue Recognition is not adopted.

Network

(As of April 1, 2022)

Overseas Offices

		Phone
UBE Corporation Europe, S.A. Unipersonal	Poligono El Serrallo, 12100 Grao de Castellon, Spain	+34-964-738000
UBE Europe GmbH	Immermannstr. 65B, D-40210 Düsseldorf, Germany	+49-211-17883-0
UBE America Inc.	38777 Six Mile Rd., Suite 400, Livonia, MI 48152, U.S.A.	+1-248-869-0050
UBE Chemicals (Asia) Public Company Limited	18th Floor, Sathorn Square Office Tower, No. 98 North Sathorn Road, Silom Sub-District, Bangrak District, Bangkok 10500, Thailand	+66-2206-9300
THAI SYNTHETIC RUBBERS COMPANY LIMITED		+66-2206-9300
UBE (Shanghai) Ltd.	Room 2403, Shanghai International Trade Centre, Yan'an West Road 2201, Changning District, Shanghai 200336, China	+86-21-6273-2288
UBE TAIWAN CO., LTD	Room 902, 9F, No. 205, Dunhua N. Rd., Taipei 105, Taiwan	+886-2-8712-7600
UBE KOREA CO., LTD.	2nd Floor, Donghoo Tower, 317, Teheran-ro, Gangnam-gu, Seoul 06151, Korea	+82-2-557-7590
UBE INDUSTRIES INDIA PRIVATE LIMITED	Office No. 304, 3rd Floor, Times Tower, M.G. Road, Sector-28, Gurgaon 122001, Haryana, India	+91-124-422-7801~03
UBE Latin America Servicios Ltda.	Rua Iguatemi, 192-13th Floor, Room 134, CEP 01451-010, Itaim Bibi, São Paulo, SP, Brazil	+55-11-3078-5424

Major Consolidated Subsidiaries

Company Name	Business	Country	Net Sales (Billions of yen)		
			2020/3	2021/3	2022/3
UBE Corporation Europe, S.A. Unipersonal	Manufacture and sales of nylon, caprolactam, ammonium sulfate, and fine chemical products	Spain	¥41.5	¥37.9	¥57.5
UBE Chemicals (Asia) Public Company Limited	Manufacture and sales of nylon, caprolactam, and ammonium sulfate	Thailand	32.2	28.4	51.5
THAI SYNTHETIC RUBBERS COMPANY LIMITED	Manufacture and sales of polybutadiene rubber	Thailand	13.0	10.1	15.1
UBE Fine Chemicals (Asia) Co., Ltd.	Manufacture and sales of 1,6-Hexanediol (HDL), 1,5-Pentanediol (PDL), and polycarbonate diol (PCD)	Thailand	3.7	4.0	5.5
UBE Elastomer Co. Ltd.	R&D, manufacture, and sales of polybutadiene rubber (synthetic rubber) and its raw materials	Japan	—	—	—
UBE Film, Ltd.	Manufacture and sales of plastic film products	Japan	9.9	9.4	10.0
UBE EXSYMO CO., LTD.	Manufacture and sales of polypropylene molded products, fibers, and fiber-reinforced plastics	Japan	13.7	12.3	12.8
UBE Machinery Corporation, Ltd.	Manufacture and sales of and services for molding machines, industrial machinery, and bridges, etc.	Japan	46.8	42.2	51.8
UBE Steel Co., Ltd.	Manufacture and sales of cast iron and steel products and rolled steel billets	Japan	20.4	19.9	30.7
UBE Machinery Inc.	Manufacture and sales of and services for molding machines	U.S.A.	5.1	5.8	8.6
UBE Machinery (Shanghai) Ltd.	Manufacture of molding machines, and sales of and services for molding machines and industrial machinery	China	2.3	1.8	2.6

Major Equity-Method Affiliates

Company Name	Business	Country
Techno-UMG Co., Ltd.	Development, manufacture, and sales of 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
MU Ionic Solutions Corporation	Development, manufacture, and sales of electrolytes for lithium-ion batteries	Japan
TSRC-UBE (NANTONG) CHEMICAL INDUSTRIAL Co., Ltd.	Manufacture and sales of polybutadiene rubber (synthetic rubber)	China
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
Mitsubishi UBE Cement Corporation	Domestic and overseas cement and ready-mixed concrete business and its related business	Japan

UBE Corporation

(As of April 1, 2022)

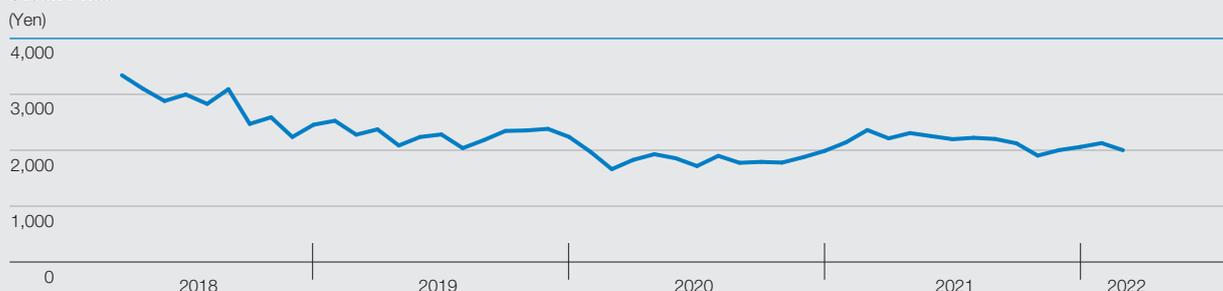
Head Office	<p><i>Tokyo Head Office</i> Seavans North Bldg., 1-2-1, Shibaura, Minato-ku, Tokyo 105-8449, Japan (General Affairs Dept.) Phone: +81-3-5419-6110 Fax: +81-3-5419-6230</p> <p><i>Ube Head Office</i> 1978-96, Kogushi, Ube, Yamaguchi 755-8633, Japan Phone: +81-836-31-2111 Fax: +81-836-21-2252</p>
Establishment	1897
Consolidated Companies	52 (37 consolidated subsidiaries and 15 equity-method affiliates)
Fiscal Year	April 1 to March 31
Common Stock	Outstanding: 96,807,364 shares (excluding treasury stock of 9,392,743 shares) (As of March 31, 2022)
Paid-in Capital	¥58.4 billion
Number of Shareholders with Voting Rights	55,590 (As of March 31, 2022)
Annual General Shareholders' Meeting	June
Stock Exchange Listings	Prime Market of 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 (As of March 31, 2022)

Shareholder	Share Units Owned	Percentage of Voting Rights (%)*
1 The Master Trust Bank of Japan, Ltd. (Trust Account)	17,205,000	17.77%
2 Custody Bank of Japan, Ltd. (Trust Account)	5,160,000	5.33%
3 SUMITOMO LIFE INSURANCE COMPANY	2,000,000	2.07%
4 Nippon Life Insurance Company	1,600,009	1.65%
5 THE YAMAGUCHI BANK, Ltd.	1,548,264	1.60%
6 STATE STREET BANK WEST CLIENT - TREATY 505234	1,260,300	1.30%
7 The Norinchukin Bank	1,237,409	1.28%
8 THE BANK OF NEW YORK MELLON 140044	1,122,273	1.16%
9 JP MORGAN CHASE BANK 385781	1,055,022	1.09%
10 UBE Industries, Ltd. Employee Stock Ownership Association	963,273	1.00%



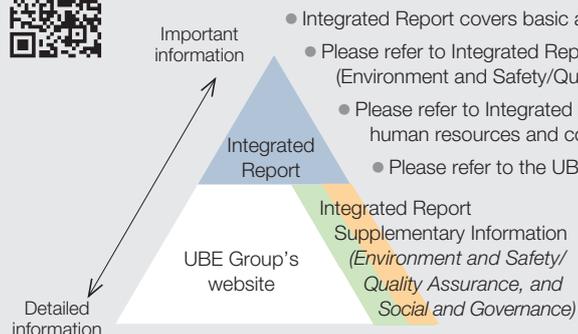
Stock Price



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



UBE Group's Website <https://www.ube.co.jp/ube/en/>



- Integrated Report covers basic and important information for our stakeholders.
- Please refer to Integrated Report Supplementary Information (Environment and Safety/Quality Assurance) for detailed information on environment and safety.
- Please refer to Integrated Report Supplementary Information (Social and Governance) for quantitative information on human resources and corporate governance.
- Please refer to the UBE Group's website for detailed information on specific areas.



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.co.jp/ube/en/ir/>



Sustainability

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

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Tokyo Head Office (Accounting & Finance Dept.)
Seavans North Bldg., 1-2-1, Shibaura, Minato-ku,
Tokyo 105-8449, Japan
Phone: +81-3-5419-6130
Fax: +81-3-5419-6234

Ube Head Office
1978-96, Kogushi, Ube, Yamaguchi 755-8633, Japan
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This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

