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Corporate Governance Report

Last Update: April 11, 2022

UBE Corporation

Masato Izumihara, President and Representative Director

Contact: Accounting & Finance Department.

Securities Code: 4208

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

The corporate governance of UBE Corporation (“UBE” or the “Company”) is described below.

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

1. Basic Views

The basic mission of the UBE Group, comprising UBE and its subsidiaries, is to secure sustainable growth throughout the Group and enhance corporate value over the medium and long term. To achieve these goals, as a company with an Audit and Supervisory Committee, UBE believes it is important to establish effective corporate governance to enable the UBE Group to ensure the sustainability of appropriate business activities, and fulfill its responsibilities to all stakeholders including shareholders, customers, business partners, employees, and communities, while striving to earn their confidence. This is achieved through the establishment of a system by which directors who are Audit and Supervisory Committee members with the right to conduct audits and state opinions have voting rights at the Board of Directors, thereby strengthening the supervisory function of the Board of Directors over business execution and speeding up business execution by delegating important decisions on business execution to the President and Representative Director.

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

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

The reasons described below are based on Japan’s Corporate Governance Code following the revision of June 2021 (including principles for the Prime Market applicable starting April 4, 2022).

[Supplementary Principle 3-1-3]

(1) UBE Group’s initiatives on sustainability

The UBE Group Basic Policies for Sustainability and framework for sustainability initiatives are reported on the Company’s website and in its Integrated Report. The Company also discloses and provides information on its efforts to address various sustainability issues, including materiality and stakeholder engagement related to its business strategies.

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

https://www.ube-ind.co.jp/ube/en/ir/ir_library/integrated_report/pdf/integrated_2021_en.pdf

(2) Investments in human capital and intellectual property

(Human capital)

UBE considers human resources to be the most important resource in supporting the sustainable growth of the UBE Group. One of the UBE Management Principles is “People,” and the UBE Group Human Resources Management Guidelines have been established to create an environment that enables employees to engage in

rewarding work. Information on these efforts is disclosed and provided on the Company's website and in its Integrated Report.

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

https://www.ube-ind.co.jp/ube/en/ir/ir_library/integrated_report/pdf/integrated_2021_en.pdf

(Intellectual property)

UBE formulates intellectual property strategy in line with management strategy and aims to maximize business value and intellectual property value. Information on these efforts is disclosed and provided in its Integrated Report.

https://www.ube-ind.co.jp/ube/en/ir/ir_library/integrated_report/pdf/integrated_2021_en.pdf

(3) Disclosure regarding impact of climate change-related risks and earning opportunities on UBE's business activities and earnings, etc.

UBE endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in April 2020 and has disclosed an overview of information related to the TCFD recommendations under the four thematic areas of Governance, Strategy, Risk Management, and Metrics and Targets in its Integrated Report.

https://www.ube-ind.co.jp/ube/en/ir/ir_library/integrated_report/pdf/integrated_2020_en.pdf

Based on the TCFD recommendations in the four thematic areas and guidance, UBE will strive to further disclose information on supervision by the Board of Directors and the impact of climate-related risks and opportunities on its business plans and responses.

[Principle 4-11]

In order to achieve appropriate decision-making and management supervision for business activities, UBE appoints and nominates persons with a wealth of business and operational experience as directors (excluding directors who are Audit and Supervisory Committee members and outside directors), and persons with an independent and objective viewpoint and a high level of insight who are able to actively express their opinions and make recommendations as outside directors. In addition, the Board of Directors is composed of directors with extensive experience and a high level of expertise in the areas of general business management and management strategy, finance and accounting, manufacturing, technology and research and development, sales and marketing, compliance and risk management, human resource management, and internationalization, which ensures diversity. UBE appoints persons with the appropriate experience and skills as well as the required knowledge of finance, accounting and law as directors who are Audit and Supervisory Committee members.

The number of directors is specified as 10 or less (excluding directors who are Audit and Supervisory Committee members), and the number of directors who are Audit and Supervisory Committee members is specified as five or less in the Articles of Incorporation. The Board of Directors is currently composed of six directors, two of whom are outside directors (excluding directors who are Audit and Supervisory Committee members), and three directors who are Audit and Supervisory Committee members, two of whom are outside directors. UBE has determined that the effectiveness of the Board of Directors and the Audit and Supervisory Committee can be ensured through these measures.

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

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

The reasons described below are based on Japan's Corporate Governance Code following the revision of June 2021 (including principles for the Prime Market applicable starting April 4, 2022).

[Supplementary Principle 1-2-4]

Since a significant number of shares are held by institutional investors and foreign investors, UBE uses an electronic voting platform, and posts an English translation of the notices of convocation for the ordinary general meeting of shareholders on the Company's website and the website of the Japan Exchange Group.

[Principle 1-3]

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

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

[Principle 1-4]

UBE may hold listed stock when it is deemed necessary to maintain and strengthen business alliances and trading relationships and to smoothly promote the Company's business activities. Every year, the Board of Directors verifies individual securities and comprehensively determines whether the shareholding is appropriate in consideration of the Company's capital costs, based on a policy of reducing cross-shareholdings for which there is considered to be insufficient justification.

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

[Supplementary Principle 1-4-1]

When a cross-shareholder indicates an intention to sell shares, UBE accepts the sale without obstruction.

[Supplementary Principle 1-4-2]

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

[Principle 1-6]

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

[Principle 1-7]

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

[Supplementary Principle 2-3-1]

The Board of Directors recognizes that addressing sustainability issues is an important management issue, and it has established the UBE Group Basic Policies for Sustainability, which clearly state UBE's commitment to continuously expanding revenues and enhancing corporate value. Based on the UBE Group Basic Policies for Sustainability, UBE has formulated basic policies on initiatives in these areas: global environmental issues, respect for human rights, occupational safety and health initiatives, sustainable procurement, and risk management.

The Board of Directors regularly receives reports on the initiatives related to these sustainability issues and verifies the status of the initiatives. Initiatives on these sustainability issues are also disclosed on the Company's website.

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

[Supplementary Principle 2-4-1]

The Company considers ensuring diversity to be one of its most important management policies. UBE accordingly seeks to build a corporate culture that respects individuality and broad perspectives including those of women, foreign nationals, and midcareer hires with diverse career backgrounds, and treasures creativity and ambition.

Based on the recognition that ensuring diversity in management positions is essential for sustainable growth of the company, UBE has set a target for the ratio of managerial positions held by women (15% by the end of FY2030), which is disclosed in the Integrated Report. Although UBE has not set numerical targets for the appointment of foreign nationals and midcareer hires to management positions, they are treated equally in appointment and promotion based on fair evaluation of individual ability. In addition, UBE has appointed two foreign nationals as Executive Officers.

UBE is also working to establish systems, including work-style reforms, to enable diverse employees to select work-styles that match their individual circumstances. With regards to women in the workforce, in addition to enhancing the Women's Leadership Development Program, which includes individual career development interviews and meetings to exchange opinions with senior management, UBE has disclosed its Voluntary Action Plan to Promote Women to Executive and Managerial Positions in the Integrated Report.

https://www.ube-ind.co.jp/ube/en/ir/ir_library/integrated_report/pdf/integrated_2021_en.pdf

[Principle 2-6]

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

[Principle 3-1]

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

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

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

(2) Basic approach and basic policy on corporate governance

The basic approach and policy on corporate governance of the UBE Group, comprising UBE and its Group companies, are as described in "I-1. Basic Views," "II-3. Reasons for Adoption of Current Corporate Governance System" and "IV-1. Basic Views on Internal Control System and the Progress of System Development" in this report.

(3) The policy and procedures for determining the remuneration of directors are as described in "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" in "Director Remuneration" under "II-1. Organizational Composition and Operation" in this document.

(4) In order to achieve appropriate decision-making and management supervision for business activities, UBE nominates and appoints persons with a wealth of business and operational experience as directors (excluding outside directors) as well as management executives, and persons with an independent and objective viewpoint and a high level of insight who are able to actively express their opinions and make recommendations as outside directors. UBE also dismisses such persons when it is deemed that these functions are not adequately performed.

Moreover, in terms of the procedures for appointments, dismissals and nominations of directors (excluding directors who are Audit and Supervisory Committee members), the Board of Directors makes resolutions following deliberations by the Nominating Committee, which is an advisory body to the Board of Directors, and the resolutions of the Board of Directors are discussed and approved by the general meeting of shareholders. For appointments, dismissals and nominations of directors who are Audit and Supervisory Committee members, the Board of Directors makes resolutions following deliberations by the Nominating Committee, and after obtaining the agreement of the Audit and Supervisory Committee, the resolutions of the Board of Directors are discussed and approved by the general meeting of shareholders. The Board of Directors determines appointments, dismissals and nominations of management executives following deliberations by the Nominating Committee.

(5) The reasons for the appointment or dismissal of directors (excluding directors who are Audit and Supervisory Committee members) and directors who are Audit and Supervisory Committee members are published in the notice of convocation for the ordinary general meeting of shareholders.

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

[Supplementary Principle 3-1-1]

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

[Supplementary Principle 3-1-2]

Bearing in mind convenience for foreign investors, UBE provides financial statements in English (via the TSE) and English-language disclosures of the necessary information in its disclosure documents, including the Company website, the notices of convocation for the ordinary general meeting of shareholders, the medium-term management plan and presentation materials for financial results, Integrated Report, and important press releases.

[Supplementary Principle 4-1-1]

In accordance with legislation, the Articles of Incorporation, and the Regulations of the Board of Directors, the Board of Directors decides on key management matters (including basic company policies and important matters from the viewpoint of monetary amounts and risks), and decisions for other matters are delegated to the President and Representative Director.

[Supplementary Principle 4-1-3]

The Nominating Committee, which is an advisory body to the Board of Directors, holds deliberations regularly on succession planning for the President and Representative Director and other officers, and the Board of Directors provides supervision based on these deliberations. The Nominating Committee ensures independent and objective advisory functions, since outside directors (excluding directors who are Audit and Supervisory Committee members) account for a majority of the members and an outside director serves as the chair.

[Supplementary Principle 4-2-1]

The Remuneration Committee, which is an advisory body to the Board of Directors, holds deliberations on remuneration for the directors (excluding directors who are Audit and Supervisory Committee members) and executive officers, which is then determined by the Board of Directors. The Remuneration Committee ensures independent, objective, and effective advisory functions, since outside directors (excluding outside directors who are Audit and Supervisory Committee members) account for a majority of the members and an outside director serves as the chair. Remuneration for directors who are Audit and Supervisory Committee members is determined by the Audit and Supervisory Committee. The details of remuneration are as described in

“Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods” in “Director Remuneration” under “II-1. Organizational Composition and Operation” in this document.

[Supplementary Principle 4-2-2]

The Board of Directors confirms the content of the UBE Group Basic Policies for Sustainability when they are formulated, which clearly state UBE’s commitment to continuously expanding revenues and enhancing corporate value, and supervises the status of its initiatives.

<https://www.ube-ind.co.jp/ube/en/sustainability/csr/csr.html#policy>

In addition, UBE formulates business strategies and plans, which include the allocation of management resources and business portfolio strategies, following discussion at the Board of Directors. The Board of Directors supervises the progress of these plans through quarterly business execution reports, which include business results, by the executive directors, and business execution reports by the Executive Officers.

[Supplementary Principle 4-3-2] and [Supplementary Principle 4-3-3]

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

[Supplementary Principle 4-3-4]

UBE has assigned a Chief Compliance Officer (CCO) and a Chief Risk Officer (CRO) and works to carry out Group-wide internal control and risk management via its internal control departments, including the Legal Department, the Risk Management Department, the Environment & Safety Department, and the Quality Assurance Department, in addition to working committees on compliance promotion, information security, restricted cargo and export management, and crisis management.

The Board of Directors receives regular reports from the aforementioned internal control departments and working committees and provides supervision, which includes taking appropriate measures when necessary.

In addition, the Auditing Department audits the status of compliance and response to risk, evaluates internal control of financial reporting, and reports to the Audit and Supervisory Committee.

UBE has published a diagram that outlines the internal control system on its website.

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

[Principle 4-8]

UBE appoints four of its nine directors as independent outside directors who fulfill the standards on independence stipulated by financial instruments exchanges and the Company. In addition, based on the status of the Company’s business and other factors, it is considered that the sufficient number of independent outside directors have been appointed at present.

[Supplementary Principle 4-8-3]

UBE did not have a controlling shareholder as of the date of submission of this report.

[Principle 4-9]

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

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

[Supplementary Principle 4-10-1]

UBE has adopted the “Company with Audit and Supervisory Committee” structure, and four of the nine directors are independent outside directors, which is not a majority. However, by establishing the Nominating Committee and the Remuneration Committee as discretionary advisory committees, UBE has a system for the Board of Directors to obtain appropriate involvement and advice from these committees.

UBE has also stipulated in its regulations that the majority of the members of both committees shall be independent outside directors and that the committee chair shall be an independent outside director in principle. At present, the committees are composed of three members, two independent outside directors and a non-executive inside director, and are chaired by independent outside directors. The Nominating Committee deliberates on the appointment and dismissal of directors and executive officers as well as succession planning, and the Remuneration Committee deliberates on matters related to remuneration for directors (excluding directors who are Audit and Supervisory Committee members), thereby providing independent, objective and effective advice to the Board of Directors.

[Supplementary Principle 4-11-1]

In order to ensure appropriate decision-making and management supervision for business activities, the Board of Directors has a basic policy of appointing and nominating persons with a wealth of business and operational experience as directors (excluding directors who are Audit and Supervisory Committee members), and persons with an independent and objective viewpoint and a high level of insight who are able to actively express their opinions and make recommendations as outside directors. In addition, UBE has published a skill matrix listing the knowledge, experience, and skills of each director in seven areas expected of directors in the notice of convocation for the ordinary general meeting of shareholders and the Integrated Report.

https://www.ube-ind.co.jp/ube/jp/ir/ir_library/integrated_report/index.html

The procedure for the appointment of candidates for director (excluding directors who are Audit and Supervisory Committee members) is through discussion and approval by the ordinary general meeting of shareholders after a resolution of the Board of Directors following deliberation by the Nominating Committee. The procedure for the appointment of candidates for director who are Audit and Supervisory Committee members is through discussion and approval by the ordinary general meeting of shareholders after a resolution of the Board of Directors based on the agreement of the Audit and Supervisory Committee following deliberation by the Nominating Committee.

At present, the Board of Directors is composed of nine directors, four of whom are independent outside directors. The independent outside directors include persons with management experience at other companies.

[Supplementary Principle 4-11-2]

UBE reports on the situation of important concurrent service for directors in the notice of convocation for the ordinary general meeting of shareholders.

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

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

[Supplementary Principle 4-11-3]

UBE convenes an annual Evaluation Meeting for Effectiveness of the Board of Directors composed of outside directors and non-executive inside directors to hold deliberations on evaluating the effectiveness of the Board of Directors, based on directors' self-assessment of the Board of Directors (to be obtained through questionnaire, etc.). The Board of Directors receives a report on these deliberations and conducts an evaluation of its effectiveness.

As a result, at the meeting of the Board of Directors held in May 2021, an evaluation of the Board of Directors in fiscal 2020 was obtained stating that the composition and operation of UBE's Board of Directors is appropriate and that active discussion and appropriate deliberation is conducted. Additionally, following the transition to a "company with an audit and supervisory committee" structure in June 2019, the Company is gradually expanding the scope of delegation of decisions on business execution. At the same time, the following actions are being steadily implemented to help improve the effectiveness of the Board of Directors: expansion of reporting on business execution by operational departments, expansion of reporting on the status of establishment and operation of internal control systems, and provision of advance briefings on agenda items. Further, it was judged that the Board of Directors has been effective in strengthening supervisory functions in management.

The Board of Directors is focused on performing its management supervisory function, looking ahead to the global trend toward decarbonization and the upcoming transformation of the Company's management structure. Going forward, UBE will strive to further enhance the effectiveness of the Board of Directors in order to contribute to the sustainable growth of the Company and increase corporate value over the medium and long terms. UBE considers the issues to be (1) further enhancement of discussion by the Board of Directors regarding key issues for medium- and long-term management and strengthening of the monitoring of execution status; (2) continuous improvement of the internal control and risk management systems throughout the UBE Group as a whole, and strengthening of supervision of their effectiveness; (3) continued examination of expansion in the scope of delegation of decisions on important business execution to the President and Representative Director in order to further enhance discussion on key issues for management strategy; and (4) promotion of initiatives and examination aimed at ensuring more diversity in the composition of the Board of Directors.

[Supplementary Principle 4-13-3]

The Auditing Department reports on its activities and results under the direct supervision of the President and Representative Director, conducts audits reflecting instructions and requests from the Audit and Supervisory Committee, and works in close cooperation with the Audit and Supervisory Committee by regularly reporting audit results and other information.

In addition, UBE has appointed staff in the Secretary Group, General Affairs Department and the Audit and Supervisory Committee's Office to support the outside directors by working to confirm the content of their requests and provide information smoothly.

[Supplementary Principle 4-14-2]

UBE has a basic policy of providing opportunities for directors to learn the knowledge necessary for the execution of their duties.

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

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

[Principle 5-1]

In order to achieve sustained growth and enhancement of corporate value over the medium and long term, UBE believes that it is important to provide information to shareholders in a timely and appropriate manner and to engage in constructive dialogue. In order to achieve this, the Company actively engages in initiatives and establishes systems, such as having the President and Representative Director and other directors including the outside directors attend forums for dialogue with investors and provide direct explanations, as well as engaging in other varieties of communication. The specific details are as below.

(1) The officer in charge of the Accounting & Finance Department carries out overall supervision of dialogue with shareholders.

(2) In order to assist with dialogue, the general manager of the Accounting & Finance Department considers measures in collaboration with each related department when necessary and makes recommendations to the officer in charge of the Accounting & Finance Department.

(3) UBE holds financial results briefing sessions, medium-term management plan briefing sessions, small meetings and individual interviews for institutional investors, and also provides business briefing sessions and plant tours when necessary to enhance understanding of the Company. Moreover, the Company holds separate briefing sessions for individual investors by the officer in charge of the Accounting & Finance Department and others.

(4) Opinions that have been identified in the dialogue with shareholders and investors are passed on to the management team, the Board of Directors and the relevant departments when necessary.

(5) In order to exhaustively manage insider information, Regulations on the Prevention of Insider Trading and the Timely Disclosure of Internal Information are established, and executives and employees involved in dialogue with shareholders and investors are made to comply with the regulations.

[Supplementary Principle 5-1-1]

When shareholders request an actual dialogue, UBE confirms the shareholders' wishes and concerns, etc., and holds a meeting between the directors, including outside directors, and senior management, etc., and the shareholders as appropriate.

[Principle 5-2]

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

The current Medium-Term Management Plan is posted on the Company website.

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

[Supplementary Principle 5-2-1]

UBE has disclosed the current medium-term management plan, entitled "Vision UBE 2025 Prime Phase," which describes its plans and strategies on investing management resources for each business portfolio as basic policies, such as allocating management resources to active growth businesses while focusing on capital efficiency. These plans and strategies indicate the qualitative and quantitative evaluation of the positioning of each business during the relevant period with a view to achieving the long-term vision. In addition, UBE conducts review of the current medium-term management plan as appropriate in light of changes in the business environment and the progress of business strategy, and discloses the status of the plan in Management Overview Briefings and the Integrated Report.

[https://www.ube-](https://www.ube-ind.co.jp/ube/en/ir/ir_library/presentation/pdf/keiei_prime_phase_2019_en_19061410.pdf)

[ind.co.jp/ube/en/ir/ir_library/presentation/pdf/keiei_prime_phase_2019_en_19061410.pdf](https://www.ube-ind.co.jp/ube/en/ir/ir_library/presentation/pdf/keiei_prime_phase_2019_en_19061410.pdf)

[https://www.ube-](https://www.ube-ind.co.jp/ube/en/ir/ir_library/presentation/pdf/keiei_prime_phase_2021_en_21051909.pdf)

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2. Capital Structure

| | |
|----------------------------|---------------------------|
| Foreign Shareholding Ratio | From 20% to less than 30% |
|----------------------------|---------------------------|

[Major Shareholders]

| Name / Company Name | Number of Shares Owned | Percentage |
|--|------------------------|------------|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 11,199,400 | 11.07% |
| Custody Bank of Japan, Ltd. (Trust Account) | 6,571,300 | 6.50% |
| SUMITOMO LIFE INSURANCE COMPANY | 2,000,000 | 1.98% |
| Nippon Life Insurance Company | 1,600,009 | 1.58% |
| THE YAMAGUCHI BANK, Ltd. | 1,548,264 | 1.53% |
| Custody Bank of Japan, Ltd. (Trust Account 5) | 1,513,600 | 1.50% |
| Custody Bank of Japan, Ltd. (Trust Account 6) | 1,344,300 | 1.33% |
| JP MORGAN CHASE BANK 385781 | 1,320,168 | 1.31% |
| THE BANK OF NEW YORK MELLON 140044 | 1,272,400 | 1.26% |
| The Norinchukin Bank | 1,237,409 | 1.22% |

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

| |
|---------------------------|
| Supplementary Explanation |
| - |

3. Corporate Attributes

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

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

| |
|---|
| - |
|---|

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

| |
|---|
| - |
|---|

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

1. Organizational Composition and Operation

| | |
|-------------------|--|
| Organization Form | Company with Audit & Supervisory Committee |
|-------------------|--|

[Directors]

| | |
|---|---------------------|
| Maximum Number of Directors Stipulated in Articles of Incorporation | 15 |
| Term of Office Stipulated in Articles of Incorporation | One year |
| Chairperson of the Board | Company Chairperson |
| Number of Directors | 9 |
| Appointment of Outside Director | Established |
| Number of Outside Directors | 4 |
| Number of Independent Directors | 4 |

Outside Directors' Relationship with the Company (1)

| Name | Attribute | Relationship with the Company* | | | | | | | | | | | |
|-------------------|----------------------|--------------------------------|---|---|---|---|---|---|---|---|---|---|--|
| | | a | b | c | d | e | f | g | h | i | j | k | |
| Keikou Terui | Others | | | | | | | | | | | | |
| Tetsuro Higashi | From another company | | | | | | | | | | | | |
| Takashi Shoda | From another company | | | | | | | | | | | | |
| Tadahiko Fukuhara | Scholar | | | | | | | | | | | | |

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

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

"▲" when a close relative of the director fell under the category in the past

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

Outside Directors' Relationship with the Company (2)

| Name | Audit and Supervisory Committee Member | Designation as Independent Director | Supplementary Explanation of the Relationship | Reasons of Appointment |
|-----------------|--|-------------------------------------|---|--|
| Keikou Terui | | ○ | - | <p>During a long career with the Ministry of Economy, Trade and Industry, Keikou Terui held a number of important positions as an administrative official. He currently serves as director of the non-profit Japan Utility Telemetering Association, which has no major transactions with UBE. This ensures full independence from UBE and there is no risk of a conflict of interest with general shareholders.</p> <p>As an outside director since June 2014, Terui has used his specialized expertise and wealth of experience to bring valuable advice based on his knowledge, helping UBE achieve sustainable growth and enhance its corporate value over the medium and long term. He also provides an independent, third-party perspective on UBE's decision-making and monitoring of management, playing an important role in helping to secure the efficiency, transparency, and objectivity of management.</p> |
| Tetsuro Higashi | | ○ | - | <p>Tetsuro Higashi held a number of management positions during his long career at Tokyo Electron Limited and retired as Corporate Director and Corporate Advisor of Tokyo Electron in June 2019. UBE has transactions with Tokyo Electron Limited for chemicals, which accounted for less than one percent of the Company's non-consolidated net sales in the fiscal year ended March 31, 2020. As such, Tokyo Electron has no particular vested interest in UBE nor is there a risk of conflict of interest with general shareholders.</p> <p>As an outside director since June 2019, Higashi has used his wealth of knowledge and experience in management to provide valuable advice, helping UBE achieve sustainable growth and enhance its corporate value over the medium and long term. He also provides an independent, third-party perspective on UBE's decision-making and supervision of management, playing an important role in helping to secure the efficiency, transparency, and objectivity of management.</p> |

| | | | | |
|-------------------|---|---|---|---|
| Takashi Shoda | ○ | ○ | - | <p>Takashi Shoda held a number of management positions during his long career with Daiichi Sankyo Co., Ltd. and retired as Senior Corporate Advisor at Daiichi Sankyo in June 2019. UBE has transactions with Daiichi Sankyo for pharmaceutical products, which accounted for less than one percent of the Company's non-consolidated net sales in the fiscal year ended March 31, 2020. As such, Daiichi Sankyo has no particular vested interest in UBE, nor is there a risk of conflict of interest with general shareholders.</p> <p>As an outside director who has been an Audit and Supervisory Committee member since June 2019, Shoda has used his wealth of knowledge and experience in management to provide valuable advice, helping UBE achieve sustainable growth and enhance its corporate value over the medium and long term. Shoda also duly performs his role as an outside director who is an Audit and Supervisory Committee member by further strengthening supervision and auditing functions of the execution of duties by executive directors from an independent and neutral standpoint.</p> |
| Tadahiko Fukuhara | ○ | ○ | - | <p>Tadahiko Fukuhara has held positions in various organizations as a legal scholar for many years and has also served as President of Chuo University. He is currently a Professor at Chuo Law School, Chuo University and is a licensed attorney-at-law. Fukuhara has never served as a business executive at a main shareholder of UBE or a company having major transactions with UBE. There is also no risk of a conflict of interest with general shareholders.</p> <p>Tadahiko Fukuhara has used his specialized expertise and wealth of experience to bring valuable advice based on his knowledge, helping UBE achieve sustainable growth and enhance its corporate value over the medium and long terms. Fukuhara also duly performs his role as an outside director who is an Audit and Supervisory Committee member by further strengthening supervision and auditing functions of the execution of duties by executive directors from an independent and neutral standpoint.</p> |

[Audit and Supervisory Committee]

Committee’s Composition and Attribute of Chairperson

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

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

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

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

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

The Audit Department conducts preliminary discussions about internal audit plans with the Audit and Supervisory Committee. The Audit and Supervisory Committee coordinates with the Audit Department in requesting investigations or giving instructions to the Audit Department, as necessary, on matters brought to the Committee’s attention through the Audit Department’s quarterly audit results reports, the monthly reports to the full-time Audit and Supervisory Committee members, and audits by the Audit and Supervisory Committee. The Audit Department continually exchanges information with UBE’s independent accounting auditors and consults with them regarding the improvement of internal control systems and their operation. The Audit and Supervisory Committee receives reports on accounting audit plans and the quarterly audit reviews from UBE’s independent accounting auditors, while the full-time Audit and Supervisory Committee members work collaboratively with UBE’s independent accounting auditors by exchanging detailed information.

[Voluntary Establishment of Committee]

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

Committee's Name, Composition, and Attributes of Chairperson

| | Committee Corresponding to Nomination Committee | Committee Corresponding to Remuneration Committee |
|-----------------------|--|--|
| Committee's Name | Nominating Committee | Remuneration Committee |
| All Committee Members | 3 | 3 |
| Full-time Members | 0 | 0 |
| Inside Directors | 1 | 1 |
| Outside Directors | 2 | 2 |
| Outside Experts | 0 | 0 |
| Other | 0 | 0 |
| Chairperson | Outside Director | Outside Director |

Supplementary Explanation

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

[Independent Directors/Corporate Auditors]

| | |
|---|---|
| Number of Independent Directors/ Corporate Auditors | 4 |
|---|---|

Matters relating to Independent Directors

UBE designates any and all outside directors as independent directors if they fulfill the qualifications for the position.

When none of the following apply to an outside director at UBE, the outside director concerned is deemed to be independent.

[Criteria for Determining Independence]

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

[Incentives]

| | |
|----------------------------------|--|
| Incentive Policies for Directors | Performance-linked Remuneration, Stock Options |
|----------------------------------|--|

Supplementary Explanation

UBE's officer remuneration system is composed of base compensation, annual incentives, and long-term incentives (that include share compensation-based stock options) and is determined specifically in accordance with the following (described in "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods").

| | |
|-----------------------------|-------------------------|
| Recipients of Stock Options | Inside Directors, Other |
|-----------------------------|-------------------------|

Supplementary Explanation

The recipients of stock options are directors (excluding directors who are Audit and Supervisory Committee members and outside directors) and executive officers (excluding foreign citizens). In order to ensure independence, stock options are not given to directors who are Audit and Supervisory Committee members or outside directors.

[Director Remuneration]

| | |
|--|--------------------------|
| Disclosure of Individual Directors' Remuneration | No Individual Disclosure |
|--|--------------------------|

Supplementary Explanation

In fiscal 2020, the total amount of remuneration, etc. for each category of officer, the total amount for each type of remuneration, etc., and the number of eligible officers were as published in "3. Total Amounts of Remuneration, etc. for Each Category of Officer, Total Amounts for Each Type of Remuneration, etc., and the Number of Eligible Officers" in "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" on the following pages.

| | |
|--|-------------|
| Policy on Determining Remuneration Amounts and Calculation Methods | Established |
|--|-------------|

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

1. Matters concerning Determination of the Total Amount of Remuneration for Directors

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

- Directors (excluding directors who are Audit and Supervisory Committee members): an annual amount up to 720,000,000 yen (includes an annual amount up to 85,000,000 yen for outside directors)
- Directors who are Audit and Supervisory Committee members: an annual amount up to 150,000,000 yen
- For stock options separate from the abovementioned amounts: Total amount of remuneration, etc., relating to share subscription rights to be allotted to directors (excluding directors who are Audit and Supervisory Committee members and outside directors) : an annual amount up to 130,000,000 yen

2. Policy on Determining Remuneration, etc., for Directors (excluding directors who are Audit and Supervisory Committee members)

In response to the revision of the Companies Act enacted on March 1, 2021, items 2-1 through 2-7 below were resolved as the Company’s “Policy on Determining Remuneration, etc., for Directors (excluding directors who are Audit and Supervisory Committee members)” at the meeting of the Board of Directors held on March 30, 2021.

2-1. Basic Policy

The remuneration of the Company’s directors (hereinafter referred to simply as “directors,” excluding directors who are Audit and Supervisory Committee members) consists of a remuneration structure that functions as a sufficient incentive for the continuous enhancement of corporate value and shareholder value. When determining the individual remuneration for directors, the basic policy is set at an appropriate level based on the responsibilities of each director within the limit of remuneration for directors resolved by the general meeting of shareholders.

With regard to the remuneration of directors who are inside directors (hereinafter referred to simply as “inside directors”), the Company will strengthen the linkage with company performance and reflect achievement of not only single fiscal-year company performance but also medium- and long-term targets in remuneration. The Company will also provide share compensation-based remuneration in addition to cash remuneration to ensure that the structure of remuneration incentivizes efforts to improve corporate value and shareholder value over the medium and long term.

More specifically, remuneration of inside directors consists of fixed remuneration for each position as base compensation as well as annual incentive and long-term incentives as company-performance-linked remuneration. Annual incentive is composed of remuneration based on company-wide performance-linked remuneration, and remuneration based on evaluation of achievement of annual individual performance targets. Meanwhile, long-term incentives are composed of remuneration based on evaluation of achievement of medium-to-long-term individual performance targets and share compensation-based stock options.

With regard to the remuneration of directors who are outside directors (hereinafter referred to simply as “outside directors”), the Company pays base compensation only, at a fixed amount.

Please refer to Appendix 1-1 for the diagram.

2-2. Policy on Determining the Amount of Base Compensation

The annual amount of base compensation for inside directors is determined according to the positions of the directors.

The annual amount of base compensation for outside directors is determined as a fixed amount.

2-3. Policy on Determining the Details of Performance-Linked Remuneration (Excluding Stock Options) and Method for Calculating the Amount

Of performance-linked remuneration for inside directors, company-wide performance-linked remuneration is calculated and determined by multiplying consolidated ordinary profit in the previous fiscal year by the coefficient for each position. Consolidated ordinary profit is used as the indicator because it also reflects the performance of equity-method affiliates, thereby incentivizing efforts to improve the performance of the entire UBE Group each fiscal year.

In addition, remuneration based on evaluation of achievement of annual individual performance targets and remuneration based on evaluation of achievement of medium-to-long-term individual performance targets are determined according to the level of achievement of the targets each officer set at the beginning of the fiscal year and the medium-to-long-term targets based on a pre-determined evaluation table for each position.

Please refer to Appendix 1-2 for the diagram.

2-4. Details of Non-Cash Remuneration and Policy on Determining Method for Calculating the Amount

Non-cash remuneration for inside directors consists of share compensation-based stock options. With the aim of increasing the incentive for insider directors to achieve medium-to-long-term targets and enhance shareholder value, share acquisition rights are allotted according to the positions of officers as rights to purchase the shares of the Company at a pre-determined price (1 yen per share). In addition, for the fiscal year following the three year Medium-Term Management Plan period of the Company only, the number of shares granted is adjusted by 80% to 130% depending on the level of achievement of the management indicators (consolidated ordinary profit, consolidated free cash flow, and consolidated ROE) during the period.

Please refer to Appendix 1-3 for the diagram.

2-5. Policy on Determining the Ratio for the Amount of Base Compensation, the Amount of Performance-Linked Remuneration, and Amount of Non-Cash Remuneration for Each Inside Director

The composition of the remuneration for each category of inside director is set appropriately, taking into consideration the balance between base compensation and performance-linked remuneration (including share compensation-based stock options) with an emphasis on enhancement of corporate value over the medium-to-long-term, while being based on the level and stability of base compensation.

More specifically, the payment ratios of the base compensation, annual incentive, and long-term incentive (including share compensation-based stock options) are set roughly at 50%, 30%, and 20% respectively, based on the past records of the average consolidated ordinary profit and the median amount of the annual and medium-to-long-term individual performance target evaluation.

Please refer to Appendix 1-4 for the diagram.

2-6. Policy on Determining the Timing and Conditions for the Granting of Remuneration, etc.

The individual remuneration for directors (excluding share compensation-based stock options for inside directors) is paid for a one-year term of office from July to June of the following year. The total amount is divided into 12 and paid monthly.

Share compensation-based stock options for inside directors are allotted within one year of the date of the general meeting of shareholders for each fiscal year.

2-7. Policy on Determining the Details of Individual Remuneration, etc., for Directors

The Remuneration Committee, which is an advisory body to the Board of Directors and chaired by an outside director with outside directors as a majority of its members, deliberates on the individual remuneration for

directors to ensure transparency and objectivity. The results of the committee's deliberations are proposed and reported to the Board of Directors, and the Board of Directors then determines the individual remuneration, etc., for directors.

The level of remuneration for directors is determined through comprehensive consideration while verifying its objective suitability with constant reference to officer remuneration research data from external research organizations and comparison with remuneration levels at major manufacturers that are similar to UBE in size and industry category.

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

Please refer to Appendix 1-5 for total amounts of remuneration, etc., for each category of officer, total amounts for each type of remuneration, etc., and the number of eligible officers.

3-1. Targets and Results for Indicators Relating to Abovementioned Performance-Linked Remuneration (Excluding Share Compensation-Based Stock Options)

Performance-linked remuneration is determined based on the following.

1. Evaluation of company-wide performance;
2. Evaluation of achievement of annual individual performance targets; and
3. Evaluation of achievement of medium-to-long-term individual performance targets.

Consolidated ordinary profit in the previous fiscal year is used as the indicator for remuneration based on item 1, "evaluation of company-wide performance."

The annual targets that each officer sets at the beginning of the fiscal year (achievement of basic budget, reinforcement of the four safety and compliance initiatives, restructuring of the quality assurance system, steady implementation of each business issue, etc.) are used as the indicator for remuneration based on item 2, "evaluation of achievement of annual individual performance targets."

The medium-to-long-term targets that each officer sets at the beginning of the fiscal year (enhancement of human and management resources, continuous efforts to address global environmental problems, reinforcement of governance functions, reform of corporate culture, etc.) are used as the indicator for remuneration based on item 3, "evaluation of achievement of medium-to-long-term individual performance targets."

For item 1, "evaluation of company-wide performance," the amount of remuneration is calculated based on a formula in which the indicator is multiplied by a coefficient for each position (consolidated ordinary profit in the previous fiscal year \times coefficient for each position). For item 2, "evaluation of achievement of annual individual performance targets" and item 3, "evaluation of achievement of medium-to-long-term individual performance targets," the amount of remuneration is determined by evaluating the level of achievement of the indicators.

Please refer to Appendix 1-6 for the indicator targets and results.

3-2. Overview of Procedure for Determining Remuneration, etc., for Officers

(a) The Remuneration Committee, which is an advisory body to the Board of Directors and chaired by an outside director and has outside directors as a majority of its members, deliberates on officer remuneration for individual directors (excluding directors who are Audit and Supervisory Committee members) and executive officers to ensure transparency and objectivity. The results of the committee's deliberations are proposed and reported to the Board of Directors, and the Board of Directors then determines the remuneration, etc., for directors and executive officers. The amount of individual remuneration for directors who are Audit and Supervisory Committee members is determined in consultation with the Audit and Supervisory Committee members.

(b) With regard to the activities of the Board of Directors and the Remuneration Committee in the processes for determining the amount of remuneration, etc., for officers, a meeting of the Remuneration Committee in June 2020 deliberated on the amount of remuneration, etc., for directors (excluding directors who are Audit and Supervisory Committee members) and executive officers for fiscal 2020. A meeting of the Board of Directors in June 2020 determined the amount of remuneration, etc., for directors (excluding directors who are Audit and Supervisory Committee members) and executive officers with consideration given to the report from the Remuneration Committee. The Board of Directors and the Remuneration Committee verified that the results for each indicator and the evaluations of each person were appropriate and that the calculation of remuneration was conducted in accordance with the abovementioned Policy on Determining Remuneration, etc., for Directors (excluding directors who are Audit and Supervisory Committee members), and it was judged that the amounts of individual remuneration are appropriate.

<Details of Activities by the Remuneration Committee, etc.>

Please refer to Appendix 1-7 for the activities of the committee, etc., for deliberating and determining remuneration, etc., for directors, etc., in fiscal 2020.

[Supporting System for Outside Directors]

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

Directors who are Audit and Supervisory Committee members are supported by the Audit and Supervisory Committee's Office in order to facilitate the efficient and smooth execution of audits.

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

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

| Name | Job title | Description of position | Form and conditions of work (full time/part time, compensated/uncompensated) | Date of retirement as President | Term of office |
|------------------|-----------|----------------------------|--|---------------------------------|-----------------------------------|
| Michio Takeshita | Advisor | Described in Other Matters | Part time, compensated | March 31, 2015 | One year (Maximum of three years) |

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

Other Matters

UBE has stipulated that an advisor may be appointed by resolution of the Board of Directors. Under internal regulations, as a rule, the term of office is one year, with a maximum of three years.

In addition to providing advice and support related to various corporate management problems based on expertise and experience as necessary, the advisor has responsibility for UBE's externally directed activities such as economic organization activities, social and community contribution activities, and cultural activities.

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

[System for Management Decision Making and Execution of Business]

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

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

(1) Audits Conducted by Audit and Supervisory Committee

i. The Audit and Supervisory Committee, as an independent body with a mandate from shareholders, monitors and verifies the development and operational status of internal control systems, and also supervises the directors and other business executives, in accordance with laws and regulations and the Regulations of the Audit and Supervisory Committee.

ii. Organization and Personnel of the Audits Conducted by Audit and Supervisory Committee

· The Audit and Supervisory Committee is composed of three Audit and Supervisory Committee members, two of whom are independent outside directors and one of whom is a full-time inside director. An outside director serves as the chairperson of the committee.

Audit and Supervisory Committee members:

Takashi Shoda (Committee Chairperson, Outside Director, Independent Director)

Tadahiko Fukuhara (Outside Director, Independent Director)

Atsushi Yamamoto (Inside Director)

· In order to strengthen the functions of the Audit and Supervisory Committee and the Audit and Supervisory Committee members, the Audit and Supervisory Committee’s Office, which is independent of executive departments, has been established. Four full-time staff members with experience in internal audits and finance departments have been assigned to the Audit and Supervisory Committee’s Office to provide support for the execution of the Audit and Supervisory Committee’s duties.

iii. Activity Status

(a) Meetings of the Audit and Supervisory Committee and Attendance Status of Audit and Supervisory Committee Members

· In principle, a meeting of the Audit and Supervisory Committee is held every month. Additional meetings are held any time deemed necessary. In the fiscal year ended March 31, 2021, the Audit and Supervisory Committee met 14 times. The attendance rate was 100% for all of the Audit and Supervisory Committee members.

(b) Overview of Audit Activities

· Based on the audit policy and audit plans, the Audit and Supervisory Committee members hold regular meetings for the exchange of opinions with the President and Representative Director, and they perform audits of the executive directors, executive officers, internal control departments, and others. In addition, the Audit and Supervisory Committee members gather necessary information by, for example, receiving audit reports from UBE’s independent accounting auditors and internal audit departments, attending the Strategic Management Meeting and other important meetings, inspecting important approval documents, and regularly exchanging information with the corporate auditors of subsidiaries.

· The outside Audit and Supervisory Committee members also attend meetings of the Nominating Committee and the Remuneration Committee to verify details and procedures in order to provide oversight of the appointment, dismissal, and remuneration, etc., of directors (excluding directors who are Audit and Supervisory Committee members).

(2) Internal Audits

Internal audits are conducted by UBE’s Audit Department, which has a staff of 10 people and reports directly to the President as an independent organization. Internal audits cover the entire UBE Group including overseas subsidiaries, and are designed to check internal controls and verify regulatory compliance and adherence to internal rules and guidelines. The Audit Department seeks to identify potential risks in all business activities. It performs audits based on an annual audit plan and reports the results of audits, including observations on matters requiring improvement, as well as the implementation status of internal audits, to the President and Representative Director, the Audit and Supervisory Committee and Strategic Management Meeting in a timely manner. The general manager of the Audit Department also participates in company-wide risk management

organizations such as the Compliance Promotion Committee and Information Security Committee, and works with other committee members to strengthen risk management.

(3) Accounting Audit

UBE has appointed Ernst & Young ShinNihon LLC to undertake audit operations for the accounting audit. The names of the certified public accountants who executed accounting audit operations in fiscal 2020 are as listed below.

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

Details of individuals assisting in accounting audit operations
 Number of certified public accountants: 5
 Number of other staff: 32

[Functions of Nomination and Determination of Remuneration, etc.]

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

3. Reasons for Adoption of Current Corporate Governance System

UBE aims to improve the management supervisory functions of the Board of Directors while promoting fairness and transparency of management. UBE transitioned to a company with an Audit and Supervisory Committee based on a resolution of the general meeting of shareholders on June 27, 2019. This change was made to separate the supervisory function from the business execution function more clearly in management, to strengthen the supervisory function by the Board of Directors and to speed up decision-making on matters of business execution. UBE also adopted an executive officer system in June 2001 as a system that allows executive officers to concentrate on business execution. The present management team comprises nine directors and 23 executive officers, three of whom are also directors.

As a rule, the Board of Directors is chaired by a director who does not serve as an executive officer. In accordance with legislation, the Articles of Incorporation, and the Regulations of the Board of Directors, the Board of Directors decides on basic company policies and key matters that should be decided by the Board of Directors, while other matters are delegated to the President and Representative Director. The executive directors and executive officers execute business for which the President and Representative Director delegates authority based on the management policy determined by the Board of Directors.

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

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

III. Implementation of Measures for Shareholders and Other Stakeholders

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

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

2. IR Activities

| | Supplementary Explanations | Briefing by the President |
|---|--|---------------------------|
| Preparation and Publication of Disclosure Policy | UBE has prepared a disclosure policy and published it on the corporate website. | |
| Regular Investor Briefings for Individual Investors | UBE regularly participates in briefings for individual investors that are organized by securities exchanges and securities companies. | No |
| Regular Investor Briefings for Analysts and Institutional Investors | In addition to briefings after the announcement of fiscal year financial results and online conferences for each announcement of quarterly financial results, UBE holds regularly business briefings and plant tours. | Yes |
| Regular Investor Briefings for Overseas Investors | UBE regularly visits the main investors in each region of Europe, the United States, and Asia. (During the COVID-19 pandemic, meetings are being held remotely.) | Yes |
| Posting of IR Materials on Website | UBE posts materials in detail, including documents disclosed to the stock exchange, financial results bulletins, business reports, past financial statements, integrated report, materials for IR briefings, and materials on management plans, which cover its vision and management policy, IR policy, disclosure policy, policy on corporate governance, dividend policy, and information concerning risks. | |
| Establishment of Department and/or Manager in Charge of IR | Department in charge: Accounting & Finance Department, Manager in charge: GM, Accounting & Finance Department | |

3. Measures to Ensure Due Respect for Stakeholders

| | Supplementary Explanations |
|--|--|
| Implementation of Environmental Activities, CSR Activities etc. | In the UBE Group’s sustainability activities (CSR activities), under the UBE Group Basic Policies for Sustainability, the EHS Department has overall responsibility for Group-wide environmental preservation activities, with the Human Resources Department, the Legal Department, and the Purchasing & Logistics Department having responsibility for Group-wide labor and human rights, compliance, and the supply chain respectively. The General Affairs Department is in charge of coordinating activities. The UBE Group’s activities to promote sustainability and environmental preservation initiatives are reported in the Integrated Report and on the Company’s website. |
| Development of Policies on Information Provision to Stakeholders | The UBE Action Guidelines, which were created to establish corporate ethics in the UBE Group and are distributed to every single Group employee in pamphlet form, stipulate, “We will provide stakeholders with accurate corporate information and disclose it in a timely and fair manner.” |

IV. Matters Related to the Internal Control System

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

The Board of Directors has outlined a basic policy for establishing an internal control system. Details are presented briefly as follows (date of initial resolution: May 11, 2006; most recent revision resolution date: March 30, 2022). Corporate organization details are covered under the decision-making system outlined in item 1-2 of the Basic Policy for Establishing Internal Control.

1. Securing Appropriate Business Execution by UBE and Its Subsidiaries

The basic mission of the UBE Group, comprising UBE and its subsidiaries, is to secure sustainable growth throughout the Group and enhance corporate value over the medium and long term. To achieve these goals, it is important to establish effective corporate governance to enable the UBE Group to ensure the sustainability of appropriate business activities, and fulfill its responsibilities to all stakeholders, including shareholders, customers, business partners, employees, and communities, while striving to earn their confidence. This is achieved through the establishment of a system by which directors who are Audit and Supervisory Committee members with the right to conduct audits and state opinions have voting rights at the Board of Directors. Thus, as a company with an Audit and Supervisory Committee, it will strive to strengthen the supervisory function of the Board of Directors over business execution and speed up business execution by delegating important decisions on business execution to the President and Representative Director.

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

(1) Group Management

The Board of Directors oversees the status of execution of important business based on the management strategy and operating results. The President and Representative Director is entrusted by the Board of Directors to oversee the business execution of the UBE Group. The President and Representative Director outlines the direction of business execution and sets objectives for business division, Production & Technology division, Research & Development division and head office, and determines the allocation of business resources in terms of distributing personnel, material, and financial resources to achieve the objectives of each division. In addition, the President and Representative Director endeavors to address important matters of business execution that are beyond the scope of the authority of divisions.

Furthermore, the President and Representative Director delegates authority to the executive directors and executive officers to make effective use of allocated management resources and execute business operations to achieve targets as well as reporting periodically on the status of business execution in the medium- and long-term management plans and the status of establishment and operation of the internal control system in order to ensure the effectiveness of the supervisory functions of the Board of Directors.

A management system that is appropriate for a holding company has been established for the Machinery segment, which consists of UBE MACHINERY CORPORATION, Ltd. and its subsidiaries, to maximize the corporate enterprise value of the UBE Group.

(2) Decision Making

UBE uses the following system for meetings on management decisions, in order to separate the supervisory function and the business execution function in running the company and secure the transparent and efficient execution of management.

a) Board of Directors

The Board of Directors deliberates on and makes decisions about matters that are stipulated in the Companies Act of Japan and Regulations of the Board of Directors, the basic corporate direction of the companies and important matters of business execution, from a medium- and long-range perspective on behalf of the interests of shareholders. Furthermore, UBE appoints outside directors in order to provide an independent, third-party perspective for decision-making and monitoring of management, and secure the efficiency, transparency, and objectivity of management. UBE also employs a Nominating Committee and a Remuneration Committee as discretionary advisory bodies within the Board of Directors.

b) Strategic Management Meeting

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

Strategic Management Meeting (Environment & Safety) deliberates on and makes decisions about important matters having to do with the security of high pressure gas equipment, etc., serving as the security measures headquarters called for in Japan's High Pressure Gas Safety Act.

c) Holdings Meeting

Important matters for the management of UBE Machinery Group and other especially important matters that affect the management as a holding company are deliberated and decided based on the Group Management Guidelines and Holdings Meeting Regulations.

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

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

UBE appoints compliance officers who are responsible for securing and promoting compliance throughout the Company, preventing acts that undermine fair and free market competition, and ensuring the soundness of corporate activities, and operates a Compliance Promotion Committee that includes a legal adviser and acts as an advisory body for compliance officers. Furthermore, UBE makes it a basic condition of export management to prohibit the illegal export or supply of restricted cargo and technology that are subject to export regulations aimed at maintaining international peace and safety, including foreign exchange and international trade legislation.

The Company operates a Restricted Cargo and Export Management Committee to ensure that these restrictions are comprehensively communicated within the UBE Group.

In addition, UBE operates the UBE C-Line as a direct hotline for directors and employees to report on compliance matters by surpassing normal channels. This encourages rapid reporting and swift correction of compliance issues.

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

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

3. Preservation and Management of Information concerning Execution of Duties by Directors of UBE and System for Reporting Matters concerning Execution of Duties by Directors of Subsidiaries to UBE

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

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

4. Rules and Other Measures for Risk Management at UBE and Its Subsidiaries

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

As internal structures related to managing any threat of losses at UBE and its subsidiaries, UBE has established a unified company-wide management system that identifies risks and collects information on likelihood and impact of occurrence, department that engages in integrated management of risk information, and a Risk Management Committee that deliberates on the appropriateness and effectiveness of risk management.

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

(1) Information Security Committee

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

(2) Crisis Management Committee

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

5. Securing Efficient Execution of Duties by Directors of UBE and Its Subsidiaries

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

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

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

Subsidiaries as part of the UBE Group will also endeavor to ensure that their directors efficiently execute their duties through Group Management which is written in the first basic policy (“Securing Appropriate Business Execution by UBE and Its Subsidiaries”).

6. Framework for Support Staff where Required by the Audit and Supervisory Committee, Independence of Support Staff from Directors (Excluding Directors who are Audit and Supervisory Committee members), and Securing the Effectiveness of Instructions from the Audit and Supervisory Committee to Support Staff

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

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

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

Directors (excluding directors who are Audit and Supervisory Committee members) and employees of UBE and its subsidiaries and corporate auditors of the subsidiaries immediately report to UBE’s Audit and Supervisory Committee if they uncover a major legal violation by UBE or a subsidiaries, important facts related to compliance, or facts that could potentially be seriously damaging. UBE prohibits adverse treatment of personnel because of the reporting and makes UBE and its subsidiaries fully aware that such adverse treatment is prohibited.

8. Policy for Reimbursing (After or In Advance) Expenses for the Execution of Duties by Directors Who Are Audit and Supervisory Committee Members, and Handling of Other Expenses and Liabilities from Execution of Duties

When a director who is an Audit and Supervisory Committee member issues an invoice to be reimbursed in advance for executing duties, UBE pays the expenses or debts without delay, unless it is discovered that the

expenses or liabilities connected with the invoice are not essential to the duties of the director who is an Audit and Supervisory Committee member concerned.

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

To ensure that directors who are Audit and Supervisory Committee members are kept aware of the process for important decisions and status of business execution, directors who are Audit and Supervisory Committee members attend important meetings to provide feedback. In addition, directors who are Audit and Supervisory Committee members review important approval documents and can request business reports from directors (excluding directors who are Audit and Supervisory Committee members), executive officers, and employees. The Audit and Supervisory Committee regularly meets with the President and Representative Director, to verify the management policy and exchange opinions on important issues.

The Audit and Supervisory Committee conducts preliminary discussions about internal audit plans with internal audit departments. It also receives regular reports, including the results of audits, and may provide instructions to internal audit departments as necessary. The Audit and Supervisory Committee exchanges information with corporate auditors at subsidiaries and may request internal audit departments to investigate or give them instructions as necessary.

Furthermore, the Audit and Supervisory Committee receives briefings from UBE's independent accounting auditors on the accounting audit plan and audit results, and works collaboratively with independent accounting auditors through the regular exchange of information.

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

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

1. Basic Views on Eliminating Anti-Social Forces

UBE created the UBE Action Guidelines in 1998 as the standard for the practice of compliance in the Group's business activities as well as the conduct of every officer and employee, and the UBE Group strives to promote compliance and ensure corporate ethics. Chapter 2 of the UBE Action Guidelines, "Legal Compliance," states, "We will comply with applicable legislation and our company regulations, conducting ourselves as a member of a sound society. We will refrain from any ties or transactions with anti-social forces," clearly expressing our basic views on eliminating anti-social forces.

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

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

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

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

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

In addition to the UBE Action Guidelines, which clearly state the Group's stance on anti-social forces, and the Basic Policy for Anti-Social Forces based on the aforementioned resolution of the Board of Directors, the Group has established internal rules in order to prevent transactions with anti-social forces.

(Development of Internal Structures)

(1) Ordinary Response

a) Establishment of Department in Charge of Response and Manager in Charge of Preventing Unreasonable Demands

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

b) Collaboration with External Specialist Institutions

The Company builds close collaborative relationships while consulting with legal advisors and external consultants at all times.

c) Gathering and Management of Information Concerning Anti-Social Forces

The Company gathers the necessary information through participation in related bodies, including the police, and external seminars. Moreover, the department in charge (the General Affairs Department) strives to identify the latest trends related to anti-social forces and exchange information within the Group.

d) Preparation of Response Manual

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

e) Implementation of Training Activities

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

(2) Emergency Response

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

V. Other

1. Adoption of Anti-Takeover Measures

| | |
|------------------------------------|-------------|
| Adoption of Anti-Takeover Measures | Not Adopted |
| Supplementary Explanation | |
| - | |

2. Other Matters Concerning to Corporate Governance System

[Corporate Governance System, Including an Overview of Internal Control System]

Please refer to Appendix 2 for a schematic diagram.

[Overview of Timely Disclosure System]

The internal structure relating to the timely disclosure of the Company's corporate information is as described below. Please refer to Appendix 3 for a schematic diagram.

1. Basic Stance on Timely Disclosure

The UBE Group emphasizes the importance of sincerity in its IR activities. It aims to provide timely, appropriate, and fair disclosure to promote understanding of the Group's management policies, strategies, and business status in capital markets, as well as to increase the transparency of management and earn greater trust from the market.

In addition, active engagement in bilateral communication between the Company and shareholders, investors, securities analysts, and other market participants fills mutual perception gaps and provides feedback for management on perceptions and evaluations in the market.

2. Scope of Information Disclosure

UBE is committed to ensuring compliance with the Financial Instruments and Exchange Act and other related legislation, and discloses important corporate information in accordance with rules for timely disclosure prescribed by the Tokyo Stock Exchange (TSE). Furthermore, the Company pursues active and fair disclosure of information that it deems to be useful in assisting all stakeholders, including shareholders and investors, to understand the Company, even beyond the scope of TSE rules for timely disclosure.

3. Method of Information Disclosure

UBE discloses information that is within the scope of the TSE rules for timely disclosure through publication on TDnet, which is operated by the Tokyo Stock Exchange, in addition to providing news releases for press clubs in the Tokyo and Ube regions. Information that has been disclosed is also promptly posted on the Company's website.

UBE also strives for fair and extensive disclosure of information beyond the scope of TSE rules for timely disclosure through the Company's website and the media.

4. Internal Structure Relating to Timely Disclosure

The department with responsibility relating to timely disclosure is the Accounting & Finance Department.

(1) Information on Decisions

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

(2) Information on Facts which Occurred

Information on facts which occurred is promptly passed on by the department in which the fact occurred to the Accounting & Finance Department under internal regulations such as Regulations on the Prevention of Insider Trading and the Timely Disclosure of Internal Information. When the information is subject to timely disclosure, the Accounting & Finance Department reports to the representative director, the executive officer

with responsibility for the Accounting & Finance Department, and the executive officer with responsibility for the General Affairs Department in addition to carrying out timely disclosure.

(3) Information on Earnings

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

(4) Information on Subsidiaries

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

[Appendix 1-1]

| Directors who are not Audit and Supervisory | Type of Remuneration | Structure of Remuneration | Name of Remuneration | Form of Payment |
|---|---------------------------------|---------------------------|---|--------------------|
| Inside Directors | Performance-linked remuneration | Long-term incentives | Share compensation-based stock options | Share compensation |
| | | | Remuneration based on evaluation of achievement of medium-to-long-term individual performance targets | Cash remuneration |
| | | Annual incentives | Remuneration based on evaluation of achievement of annual individual performance targets | |
| | | | Company-performance-linked remuneration | |
| | Base compensation | Base compensation | Fixed remuneration for each position | |
| Outside Directors | Base compensation | Base compensation | No name (base compensation only, at a fixed amount) | |

[Appendix 1-2]

| Name of Remuneration | Classification | Method of Calculation |
|---|------------------------|--|
| Company-Performance-Linked Remuneration | Company performance | Consolidated ordinary profit in the previous fiscal year × coefficient for each position |
| Remuneration Based on Evaluation of Achievement of Annual Individual Performance Targets | Individual performance | Level of achievement of annual targets for each officer |
| Remuneration Based on Evaluation of Achievement of Medium-to-Long-Term Individual Performance Targets | Individual performance | Level of achievement of three- to five-year medium-to-long-term targets for each officer |

[Appendix 1-3]

| Name of Remuneration | Classification | Method of Calculation |
|--|---------------------|---|
| Share Compensation-Based Stock Options | Company performance | <p>Ordinary year = A, Adjusted year = B</p> <p>A: Base amount for each position ÷ Average share price during the previous fiscal year + Number of shares carried over from the previous year</p> <p>B: Base amount for each position ÷ Average share price during the previous fiscal year × (100% + grant ratio – 20% - 30%)</p> <p>+ Number of shares carried over from the previous year</p> <p>(*Adjusted in a range from 80% to 130% depending on the level of achievement of the management indicators)</p> |

[Appendix 1-4]



*1 Base compensation is set at a lower percentage and annual incentive is set at a higher percentage for the President and the Chairman than the abovementioned figures.

[Appendix 1-5]

| Officers | Total Remuneration (Million yen) | Breakdown (Million yen) | | | | Number of Eligible Officers |
|---|----------------------------------|-------------------------|---------------------------------|----------------------|-----------|-----------------------------|
| | | Base Compensation | Performance-Linked Remuneration | | | |
| | | | Annual Incentives | Long-Term Incentives | | |
| | | | | Of | Which, | |
| | | Share Compensation | | | | |
| Directors (Excluding directors who are Audit and Supervisory Committee members) (Of which, outside directors) | 262 (24) | 147 (24) | 74 (-) | 40 (-) | 18 (-) | 6 (2) |
| Directors who are Audit and Supervisory Committee members (Of which, outside directors) | 67 (28) | 67 (28) | - (-) | - (-) | - (-) | 3 (2) |
| Total (Of which, outside directors) | 329 (52) | 214 (52) | 74 (-) | 40 (-) | 18 (-) | 9 (4) |

(Note)

1. There are no directors who serve concurrently as employees.
2. In accordance with accounting standards, share compensation (stock options) is the amount recorded as expenses in the fiscal year ended March 31, 2021. Consequently, stock options are not remuneration paid in cash and are not remuneration in which cash payment is guaranteed.
3. Directors who are Audit and Supervisory Committee members receive base compensation only, at a fixed amount.

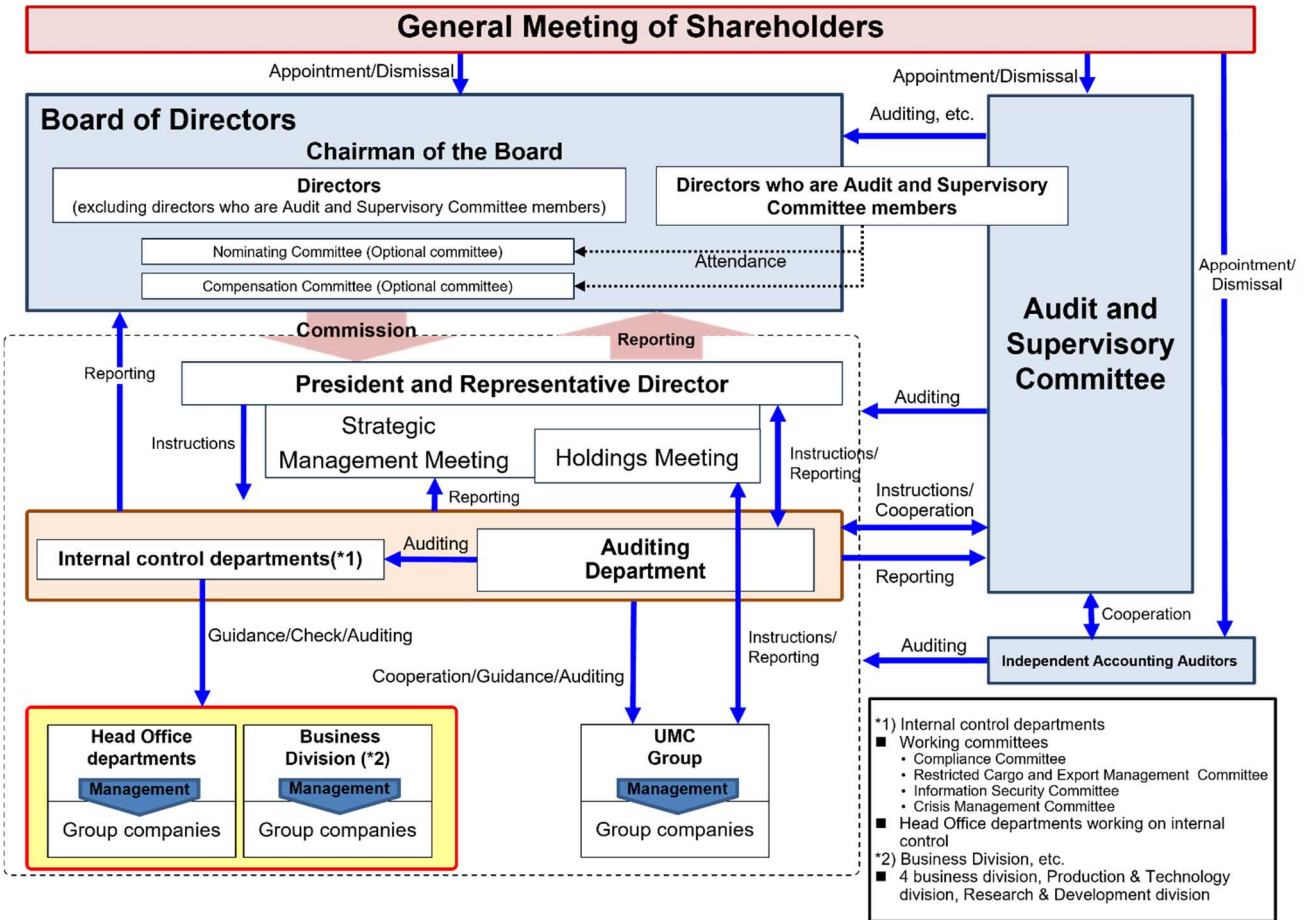
[Appendix 1-6]

| Indicator | Classification | Targets | Results |
|------------------------------|--------------------------|---------------------|----------------------------|
| Consolidated Ordinary Profit | Company-wide performance | ¥47.0 billion | ¥35.7 billion |
| Annual Targets | Individual performance | For each individual | Varies for each individual |
| Medium- to Long-Term Targets | Individual performance | For each individual | Varies for each individual |

[Appendix 1-7]

| Committee, etc. | Number of Meetings | Details of Discussion |
|------------------------|--------------------|---|
| Remuneration Committee | Three | <ul style="list-style-type: none"> • Evaluation of performance of officers in fiscal 2019 and deliberation and determination of amount of individual remuneration to be paid in fiscal 2020 • Deliberation on allotment of share compensation-based stock options in fiscal 2020 • Deliberation of partial revision of Policy on Determining Remuneration, etc., for Directors (excluding directors who are Audit and Supervisory Committee members) and Internal Rules on Officer Performance Evaluation and Remuneration |
| Board of Directors | Three | <ul style="list-style-type: none"> • Evaluation of performance of officers in fiscal 2019 and deliberation and determination of amount of individual remuneration to be paid in fiscal 2020 • Deliberation and determination of the amount of remuneration, etc., for each director and executive officer related to share acquisition rights • Solicitation of subscribers for share acquisition rights for each director and executive officer, and deliberation and determination of allotment • Deliberation and determination of partial revision of Policy on Determining Remuneration, etc., for Directors (excluding directors who are Audit and Supervisory Committee members) and Internal Rules on Officer Performance Evaluation and Remuneration |

Corporate Governance and Internal Control



[Appendix 3] Schematic Diagram of Internal System Relating to Timely Disclosure of Corporate Information

